

**REGULAR CALLED MEETING MINUTES
OF THE LLANO CITY COUNCIL
TUESDAY
SEPTEMBER 20, 2010
5:30 P.M.**

CALL TO ORDER – The meeting was called to order with the following council members present: J.R. Decker, Jeanne Puryear, Mike Hazel and Gordon Hefner. Councilman Tom Dalrymple was absent.

PLEDGE OF ALLEGIANCE – Led by Councilman J.R. Decker.

PUBLIC COMMENTS – Tom Suarez of 500 E. Luce, Llano, Texas, was present and advised Council that he had read about a rebate the City of Llano will receive from LCRA. He advised that he had two ideas for Council's use of the rebate:

Give the rebate back to the electric customers in the form of a rebate on the utility bill, or purchase a street roller to take care of the loose gravel on the road beds.

PUBLIC HEARINGS – City Ad Valorem Tax Rate for FY 2010-2011. Public Hearing opened at 5:35 p.m. With there being no comments or testimony, the Public Hearing was closed at 5:36 p.m.
Request by Mrs. Sue Houston and Mr. John Wedekind to vacate, abandon, close and sell alley in Block 55 of Letchers Addition between Ford Street and Oatman Street between Lots 1, 2, 3, 4 and Lots 9, 10, 11, and 12. Public Hearing opened at 5:37 p.m. City Manager Finley deGraffenried advised that this alley is not used for utilities and that the alley is 19.5 feet wide. He also advised that the East end of the alley between lots 5,6, and 7,8 are not included in the Agenda language for consideration at this time. With there being no further testimony or comments, the hearing was closed at 5:40 p.m.

PROCLAMATION - Proclamation declaring Llano the Official Home of the Texas State Gold Panning Championship and the Prospecting Center of Texas. Read by Mayor Mike Reagor and presented to Frank Rowell.

DISCUSSION/ACTION

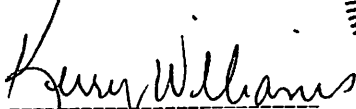
1. **CONSENT AGENDA** – All consent agenda items listed are considered to be routine by the City Council and will be enacted by one motion. There will be no separate discussion of these items unless a Council member so requests, in which event the item will be removed from the Consent Agenda and considered in its normal sequence on the Agenda. Information concerning Consent Agenda items is available for public review. Consider approval of Consent Agenda.
 - a. Discuss and consider approval of Regular Called City Council Meeting Minutes of September 7, 2010.
 - b. Discuss and consider Interlocal Agreement between the City of Llano and Llano County for Dispatch Services.
 - c. Discuss and consider Interlocal Agreement between the City of Llano and Llano County for Jail Services.
 - d. Discuss and consider Interlocal Agreement between the City of Llano and Llano County for on-site sewage facilities (OSSF).
 - e. Discuss and consider Interlocal Agreement between the City of Llano and Llano County for provision of Street Seal coating & Maintenance.
 - f. Discuss and consider Interlocal Agreement between the City of Llano and Llano County regarding the cooperative use of manpower and equipment, and to provide under terms of fair contract a governmental function or service each party is authorized to perform.

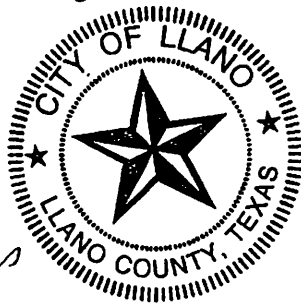
A motion was made by Mayor Pro Tem Mike Hazel and seconded by Councilman J.R. Decker to approve the Consent Agenda. This motion carried.

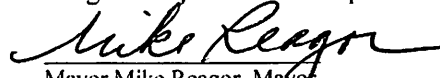
4. Discuss and consider Ordinance No. 1163 approving Specific Use Permit No. 332 for a manufactured home in a Single-Family 3 (SF-3) area. Legal description is Block 10, Davis Addition, Lots 5 & 6. Physical address: 1001 W. Luce, Llano, Texas. A motion was made by Councilman J.R. Decker and seconded by Councilman Tom Dalrymple to approve Ordinance No. 1163 with the Planning/Zoning Commission stipulation of stucco, brick or rock underpinning. This motion carried.
5. Discussion and reading of Resolution 2010-09-08 a Resolution of the City Council of the City of Llano, Texas, approving Llano Economic Development Corporation projects per Texas Local Government Code Section 505.158. Mayor Mike Reagor read the Resolution. Second reading will be 09-20-2010.
6. Discuss and consider direction to staff on solid waste contract – renew or seek Request for Proposals. A motion was made by Mayor Pro Tem Mike Hazel and seconded by Councilman Tom Dalrymple to direct City staff to accept proposals for the collection of solid waste. This motion carried.
7. Discussion only – Terms of City Board/Commission members. Mayor Mike Reagor advised Council that he is working with the City Secretary to assure that all Boards and Committee members' terms are within State guidelines or according to By-laws of the Boards and Committees, whichever may be the case. He also advised that some Boards may not have By-laws and that those issues are being addressed.
8. Discuss and consider Hangar Homes. Mr. Jeff Hopf, Chairman of the Airport Advisory Committee advised Council that the Committee. Mr. Jeff Hopf advised Council that the Airport is out of hangars. He advised that hangar homes would create some permanent residents and that should decrease cases of vandalism. The Airport Committee is putting information together in a packet to bring back to the City Council in the future. No action was taken on this item by Council.
9. Discuss and consider shared cost of fencing at Llano City Cemetery. A motion was made by Councilman Tom Dalrymple and seconded by Councilman J.R. Decker to deny request. This motion carried with Councilman Tom Dalrymple, Councilman J.R. Decker and Mayor Pro Tem Mike Hazel voting to deny the request. Councilman Gordon Hefner voted against denying the request.
10. Discuss and consider modifications to proposed budget for FY 2010-2011. A motion was made by Mayor Pro Tem Mike Hazel and seconded by Councilman Tom Dalrymple to accept modification #1 for the proposed budget. This motion carried.
11. Discuss and consider increase in revenue from property taxes in the proposed budget for FY 2010-2011. A motion was made by Councilman J.R. Decker and seconded by Councilman Gordon Hefner to increase revenue from property taxes in the proposed budget for FY2010-2011. This motion carried.
12. Discuss and consider Ordinance No. 1162 establishing the FY 2010-2011 City Budget. A motion was made by Councilman Tom Dalrymple and seconded by Councilman J.R. Decker to approve Ordinance No. 1162 with the inclusion of Modification #1. This motion carried.

ADJOURNMENT – With there being no further business, the meeting was adjourned at 6:50 p.m.

ATTEST:


Kerry Williams, City Secretary




Mayor Mike Reagor, Mayor

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NEW BUSINESS

2. Discuss and consider Ordinance No. 1166 vacating, abandoning, closing and selling alley in Block 55 of Letchers Addition between Ford Street and Oatman Street between Lots 1,2,3,4 and Lots 9, 10, 11, and 12.

City Manager Finley deGraffenried advised Council that it is an option to close $\frac{3}{4}$ of the alley. The alley can be abandoned and never conveyed if property owners do not buy. Input from property owners:

Mr. John Wedekind of 1604 Ford Street, Llano, Texas, testified that when his property was developed, his residential drive-way was paved on the alleyway. His house was built in 1945.

Mrs. Esther Laird of 1600 Ford Street, Llano, Texas, testified that she understands where the driveway is. Head Start has a building in the alley and the Laird's have a trailer in the alley. Mrs. Laird stated that the alley is of no use to her, but that she will not allow trucks and trailers to come through her property. She stated that she does not know exactly where the property line is.

Mayor Reagor stated that the City will not warrant where the alley is. He stated that the alley probably needs to be surveyed and that the City will not pay for it. He also stated that there is nothing on the Agenda regarding the alley between lots 5, 6 and 7, 8. That portion of the alley will need to be addressed at a later date. He stated, "We are not guaranteeing your driveway is all on $\frac{1}{2}$ of the alley".

City manager Finley deGraffenried advised that County Commissioner Jerry Don Moss did not indicate what the County wants to do. Mayor Pro Tem Mike Hazel advised that the County does understand the issue.

Mrs. Sue Houston of 1604 Ford Street advised that it is a narrow driveway and she wants to keep the driveway as it is.

A motion was made by Councilwoman Jeanne Puryear to consider closing the alley between Lots 1,2,3,4, and Lots 9,10,11 and 12. This motion died for lack of a second.

A motion was made by Councilwoman Jeanne Puryear and seconded by Councilman J.R. Decker to pass on this option until the landowners can get together and discuss this issue. This motion carried.

3. Discussion only – Sewage odor problem at Main and Hickory.

Mr. Roger Pinckney of 801 Hickory Street, Llano, Texas, advised Council that four property owners were present regarding the odor at this location. Councilman Tom Dalrymple is a neighbor, but was not present.

Mr. Pinckney noted that there is a long-standing problem with methane gas coming out of the manhole and that there have been numerous sewage back-ups. He stated that all the sewage on the North side of the River goes into the Orbs lift station, goes under the Llano River up to Hickory and Main Street and takes a direct Right turn at Main Street. He stated that years ago the City Engineer had been contacted about the problem but that there were no funds to address it. He stated that this problem is a safety issue and would make it difficult for anyone in the area to sell their property.

Mrs. Linda Gammage of 404 E. Main, Llano, Texas, stated that she recently became physically ill due to the odors. Mr. Bob Gammage noted that they have had methane gas bubble up in their commodes.

Mr. Pinckney praised City staff for their efforts.

Mayor Mike Reagor advised that dead water in sewer systems causes gas. Ventilation and raising one end of the 15" sewer line will help.

Mayor Pro Tem Mike Hazel said that it was very unfortunate that these smells are in a prominent neighborhood. Councilman J.R. Decker advised that a meeting with Dan Hejl, City Engineer, needs to be set up for a time table. City Manager Finley deGraffenried advised that we will get our heads together on two to three options. He also advised that he will have the City Secretary notify the property owners regarding the options. Two possible options to consider are: bio filter and vent the manhole.

4. Discuss and consider reconsideration of shared cost of fencing at Llano City Cemetery. Due to the property owner adjoining the cemetery not being able to attend the City Council meeting, this item was passed over by Council and no action was taken.

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5. Discussion and reading of Resolution 2010-09-22 a Resolution of the City Council of the City of Llano, Texas, approving Llano Economic Development Corporation projects per Texas Local Government Code Section 505.158. Mayor Mike Reagor read Resolution 2010-09-22. This was the second reading. First reading occurred on September 7, 2010. A motion was made by Mayor Pro Tem Mike Hazel and seconded by Councilwoman Jeanne Puryear to approve Resolution 2010-09-22. Mayor Mike Reagor called for discussion. None occurred. This motion carried.
6. Discuss and consider appointments to the Llano Economic Development Corporation Board. A motion was made by Councilman J.R. Decker and seconded by Councilwoman Jeanne Puryear to appoint Jim Thomas, Stan Venable and Fred Smith to serve on the Llano Economic Development Corporation Board. Mayor Mike Reagor called for discussion. None occurred. This motion carried. Mayor Mike Reagor expressed his appreciation for Sharon Keilin's service on the LEDC. Mayor Pro Tem Mike Hazel advised that he knew that Sharon Keilin had poured her heart and soul into the Event Center and that he hoped she would be asked to continue to help with the Multi Purpose Event Center. Mr. Hazel also advised that he is in the process of presenting to the LEDC a change in their by-laws allowing a County Commissioner to sit on the Llano Economic Development Corporation Board as an ex-officio member. He advised that he had spoken to the County Judge and the County Commissioner and they are excited about the possibility.
7. Discuss and consider Ordinance No. 1164 establishing the Ad Valorem Tax Rate for the City of Llano. A motion was made by Councilman J.R. Decker and seconded by Councilman Gordon Hefner to approve Ordinance No. 1164 that the property tax rate be increased by the adoption of a tax rate of \$.39 per \$100,000 valuation, which is effectively a 5.6% increase or \$7.10 per year for the average home owner. Mayor Mike Reagor called for discussion. Councilman J.R. Decker advised that this is a fraction of a cent increase. This motion carried with Councilman J.R. Decker, Councilwoman Jeanne Puryear, Mayor Pro Tem Mike Hazel and Councilman Gordon Hefner voting for. A positive vote of three-quarters of the City Council is necessary to establish the Ad Valorem Tax Rate for the City of Llano.
8. Discuss and consider Ordinance No. 1165 establishing Fee in Lieu for the City of Llano. Finance Director Lynda Kuder was available to answer questions. She advised that 16.5% will come out of utility funds in lieu of a franchise tax. A motion was made by Mayor Pro Tem Mike Hazel and seconded by Councilwoman Jeanne Puryear to approve Ordinance No. 1165 establishing Fee in Lieu for the City of Llano. This motion carried.
9. Discuss and consider Ordinance No. 1167 an ordinance to enlarge and extend the boundary limits of the City of Llano to include the following described territory belonging to: Lee and Virginia Duncan, 2004 Ranch Road 152, Llano, Texas. The tract of land hereon being one (1) acre of land, more or less, out of the Daniel T. Fitchett Survey No. 220, Abstract No. 209, situated in Llano County, Texas on the South side of the Llano River, adjacent to the Town of Llano, Llano County, Texas. A motion was made by Mayor Pro Tem Mike Hazel and seconded by Councilman Gordon Hefner to approve Ordinance No. 1167 an ordinance to enlarge and extend the boundary limits of the City of Llano. Mayor Mike Reagor called for discussion. None Occurred. This motion carried.
10. Discuss and consider Ordinance No. 1168 Golf Course Rates. City Manager Finley deGraffenried advised Council that this ordinance repeals the old Ordinances, but that the City Council still has oversight of rates. A motion was made by Council J.R. Decker and seconded by Councilman Gordon Hefner to approve Ordinance No. 1168. This motion carried. A motion was made by Councilman J.R. Decker and seconded by Councilman Gordon Hefner to put Golf Course Policy into effect. This motion carried.

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11. Discuss and consider Ordinance No. 1169 an Ordinance of the City of Llano, Texas amending the charges to be paid for electricity furnished to the Residential Consumer of the Electric Distribution System of the City of Llano, Texas; Providing for a repealer clause; providing for an effective date; providing for a severability clause.

City Manager Finley deGraffenried advised Council that due to the decrease in wholesale cost of electricity, Council's action to increase residential rates ¼ cent will actually result in a ¼ decrease in rates. Mr. deGraffenried stated rates are adjusted automatically based on the wholesale cost, Finley further stated the net result to businesses will be a ½ cent reduction in the per Kwh charge.

A motion was made by Councilman J.R. Decker and seconded by Councilman Gordon Hefner to approve Ordinance No. 1169. Mayor Reagor asked for discussion. None occurred. This motion carried.

12. Discuss and consider Resolution No. 2010-09-20 authorizing submission of a Texas Community Development Program application to the Texas Department of Rural Affairs, authorizing the Mayor to act as the City's authorized representative, and committing the City's local share toward the grant.

Mayor Reagor advised that this is a \$275,000 grant for improved waterline on Chattanooga.

A motion was made by Councilwoman Jeanne Puryear and seconded by Mayor Pro Tem Mike Hazel to approve Resolution No. 2010-09-20. This motion carried.

13. Discuss and consider Resolution No. 2010-09-21 approving a change in the Tariffs of Atmos Energy Corporation, Mid-Tex Division ("Atmos") as a result of a settlement between Atmos and the Atmos Texas Municipalities ("ATM"). Mr. Randy Hartford of Atmos Energy, Round Rock, Texas, was present to answer any Council questions. City Manager Finley deGraffenried advised that the City of Llano is not a member of any Coalitions and that staff recommends approval of the Resolution. A motion was made by Councilman J.R. Decker and seconded by Mayor Pro Tem Mike Hazel to approve Resolution No. 2010-09-21. This motion carried.

14. Discuss and consider Hotel/Motel tax disbursement methods for FY2011.

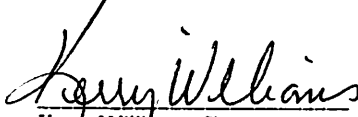
A motion was made by Councilman J.R. Decker and seconded by Councilman Gordon Hefner to have City staff research how other cities disburse Hotel/Motel tax. This motion carried.

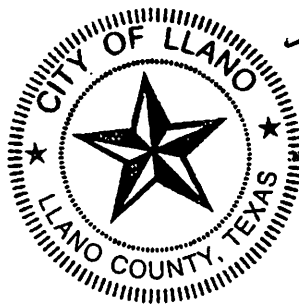
ITEMS FROM COUNCIL – None

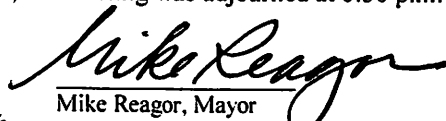
COUNCIL AND STAFF REPORTS – City Manager Finley deGraffenried advised Council of an upcoming Clean-up Event sponsored by LCRA.

ADJOURNMENT – With there being no further business, the meeting was adjourned at 6:50 p.m.

ATTEST:


Kerry Williams, City Secretary




Mike Reagor, Mayor

10-4-2010
Date

RESOLUTION NO. 2010 – 09-20

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LLANO, TEXAS, (“CITY”) APPROVING A CHANGE IN THE TARIFFS OF ATMOS ENERGY CORPORATION, MID-TEX DIVISION (“ATMOS”), AS A RESULT OF A SETTLEMENT BETWEEN ATMOS AND THE ATMOS TEXAS MUNICIPALITIES (“ATM”); FINDING THE RATES SET BY THE ATTACHED TARIFFS TO BE JUST AND REASONABLE; FINDING THAT THE ADDITIONAL COST FOR REPLACING STEEL SERVICE LINES IS APPROPRIATE AND IS APPROVED SUBJECT TO A PRUDENCE REVIEW; FINDING THAT THE CONTINUATION OF THE RATE REVIEW MECHANISM (“RRM”), AS AMENDED, FOR TWO YEARS IS REASONABLE; REQUIRING DELIVERY OF THE RESOLUTION TO THE COMPANY AND LEGAL COUNSEL; DETERMINING THAT THE MEETING AT WHICH THIS RESOLUTION WAS APPROVED COMPLIED WITH THE OPEN MEETINGS ACT; MAKING OTHER FINDINGS AND PROVISIONS RELATED TO THE SUBJECT; AND DECLARING AN EFFECTIVE DATE.

WHEREAS, the City is a regulatory authority under the Gas Utility Regulatory Act (“GURA”) and under §103.001 of GURA has exclusive original jurisdiction over Atmos Energy Corporation – Mid-Tex Division (“Atmos”) rates, operations, and services as a gas utility within the municipality; and,

WHEREAS, the City has participated in prior cases regarding Atmos as part of a coalition of cities known as the Atmos Texas Municipalities (“ATM”), and,

WHEREAS, on or about April 15, 2010 Atmos filed for an increase in rates, pursuant to the Rate Review Mechanism (“RRM”), of approximately \$70 million; and,

WHEREAS, almost one-half of the increase for RRM this year is the result of the rate of return true-up component of RRM; and

WHEREAS, the rate of return true-up component of RRM has been controversial and difficult to apply; and

WHEREAS, over the past few years there have been explosions of Atmos' steel service lines in the Mid-Tex Division which have caused serious property damage and loss of life; and

WHEREAS, the most at-risk steel service lines need to be replaced over the next two years; and

WHEREAS, after months of negotiations and after months of reviewing Atmos' books and records by ATM's experts , a settlement was agreed to by Counsel for ATM, acting on behalf of ATM's Executive Committee, with Atmos, which provides for: (1) the replacement of the most at-risk steel service lines, to be paid for with a small increase in the customer charge for residential and commercial customers; (2) a reduction of 61% of Atmos' requested increase in rates for 2010; (3) the continuation of RRM for two more years but without the rate of return true-up and (4) the filing of a general rate case by Atmos on or before June 1, 2013; and

WHEREAS, the Executive Committee of ATM and its lawyers recommend that Council approve the attached settlement as set forth in Attachment A along with the attached tariffs which are set forth as Attachment B.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LLANO, TEXAS THAT:

Section 1. That the findings set out in the preamble to this resolution are hereby in all things approved and adopted.

Section 2. That the settlement agreement, Attachment A, on balance is in the public interest and is approved.

Section 3. The rates contained in the attached tariffs, Attachment B, are just and reasonable and are hereby approved subject to a prudence review of the steel pipe replacement expenditures in the next general rate proceeding.

Section 4. That a copy of this Resolution shall be sent to Mr. David Park, Vice President for Rates and Regulation, Mid-Tex Division, Atmos Energy Corporation, 5420 LBJ Freeway, Suite 1800, Dallas, Texas 75204, and to Jim Boyle, Counsel for ATM, at Herrera & Boyle, PLLC, 816 Congress Avenue, Suite 1250, Austin, TX 78701.

Section 6. That the meeting at which this resolution was approved was in all things conducted in strict compliance with the Texas Open Meetings Act, Texas Government Code, Chapter 551.

Section 7. That this resolution shall become effective immediately from and after its passage.

PASSED and APPROVED this 20TH day of September, 2010.

Mayor

ATTEST:

City Secretary

