

**MINUTES OF THE  
SPECIAL CITY COUNCIL MEETING  
MONDAY, SEPTEMBER 13, 2010 — 6:00 P.M.  
KAUFMAN CITY HALL  
209 S. WASHINGTON  
KAUFMAN, TEXAS 75142**

**CITY COUNCILMEMBERS**

<b>MAYOR</b>	<b>WILLIAM FORTNER</b>
<b>MAYOR PRO-TEM</b>	<b>BARRY RATCLIFFE</b>
<b>COUNCILMEMBER</b>	<b>GIL ALTOM JR.</b>
<b>COUNCILMEMBER</b>	<b>JEFF COUNCIL</b>
<b>COUNCILMEMBER</b>	<b>CHARLES GILLENWATER</b>
<b>COUNCILMEMBER</b>	<b>KENNETH MUNDEN</b>
<b>COUNCILMEMBER</b>	<b>LOUIS TIJERINA</b>

**CALL MEETING TO ORDER:** Mayor Fortner called the Meeting to order at 6:05 p.m. Councilmember's present were William Fortner, Barry Ratcliffe, Gil Altom Jr., Jeff Council, and Kenneth Munden. Mayor Fortner declared a quorum present. Louis Tijerina arrived at 6:09 p.m. and Charles Gillenwater arrived at 6:16 p.m. Also present were City Manager Curtis Snow, ACM/City Secretary Jo Ann Talbot, Director of Finance Cathy Cummins, Director of Development Services Marcy Ratcliff, Chief of Police Michael Holder and Director of Public Works Richard Underwood.

**SPECIAL RECOGNITION OF SERVICE KAUFMAN ECONMIC DEVELOPMENT - DIRECTOR JASON FELLER (FULL SIX YEAR TERM).**

Mayor Fortner recognized and thanked Jason Feller for his six years of service with the Kaufman Economic Development Corporation.

**CITIZENS COMMENTS (5 MINUTES)** Citizens may address the City Council on any subject but must first complete a Request to Speak Form. Comments are limited to five (5) minutes, but no more than five (5) minutes per individual, and are not transferable. Citizen's comments not to exceed a total of 15 minutes.

No citizen's comments.

**CONSENT AGENDA ITEMS #1 THROUGH #8**

**"All matters listed under the Consent Agenda, are considered to be routine by the City Council and will be enacted by one motion. There will not be separate discussion of these items. If discussion is desired, that item will be removed from the consent agenda and will be considered separately.**

**For a citizen to request removal of an item, a speaker card must be filled out and submitted to the City Secretary.”**

1. Consider approval of the minutes of the August 9, 2010, Joint City Council and Kaufman Economic Development Meeting.
2. Consider approval of the minutes of the August 23, 2010, Regular City Council Meeting.
3. Consider second reading and adoption of Ordinance O-13-10 for a Specific Use Permit for a Proposed Private Club (Restaurant with Alcoholic Beverage Sales) to be located at 101 N. Jackson Street, Zoned Central Business District; described as Lot 7 and a portion of Lot 8, Block 14, of the Original Town of Kaufman, City of Kaufman, Kaufman County, Texas. Case No. Z-07-10.
4. Consider second reading and adoption of Ordinance O-14-10 of the City of Kaufman, Texas, by adding Section 20.03 Social Media Use for the Personnel Policies Manual for the City of Kaufman.
5. Consider second reading and adoption of Ordinance O-15-10 of the City of Kaufman, Texas by amending Chapter 106 Utilities, Section 106-7 Water Rates, Paragraphs (f), (g) and (h); Section 106-8 Sewer Rates, Paragraph (e); Section 106-11 Deposit Requirements for Water System, Paragraph (c) Amount of Deposit, (1) Residential Service and (2) Commercial Service; Section 106-12 Billing and Collection for Services; Charges for returned checks; and Section 106-18 Notice of Termination and service charges; containing a severability clause; penalty clause; and providing for an effective date.
6. Consider Approval of Resolution R-18-10 of the City of Kaufman of the City Council for the purpose of approving the Chief of Police, Michael Holder as the Authorized Official as it relates to grant submissions and administration to the Office of the Governor, Criminal Justice Division, and State of Texas.
7. Bid Award – Fiscal Year 2010/2011 Motor Fuel and Oil.
8. Bid Award – Fiscal Year 2010/2011 Street Maintenance Materials.  
Councilmember Council moved and seconded by Councilmember Altom to approve the Consent Agenda Items #1 through Item #8. Mayor Fortner called for a vote with all voting AYE, the motion carried. Councilmember Gillenwater was absent.

**END OF CONSENT AGENDA**

Mayor Fortner asked the Council to move Agenda Item #18. NEAT PROGRAM to the beginning of the Agenda, with no objections the NEAT PROGRAM was presented by Director of Development Services Marcy Ratcliff.

18. PRESENTATION – UPDATE ON THE NEAT PROGRAM.

Director of Development of Services Marcy Ratcliff gave the Council an update on the first Neighborhood Enhancement Action Team (NEAT) that was held on April 26, 2010. The location was south of West 4<sup>th</sup> Street, West of S. Washington Street, North of U.S. Highway 175, and East of Austin Street. Staff focused on property maintenance code issues in this specific neighborhood. All City Departments combined resources with over 100 community volunteers to assist in cleaning up the neighborhood. Mrs. Ratcliff presented information showing the progress and accomplishments made and then discussed the failures and how to improve the program. She introduced the next neighborhood the City would target that will be held November 6, 2010. Listed below is the fact summary sheet for the first NEAT neighborhood program.

**Facts for NEAT Neighborhood #1:**

Boundaries: North - 4<sup>th</sup> St, South – US Hwy 175, West – Austin St, East – S. Washington

# of Lots:199

**Public Works: Grand Total Work Hours: 316**

Brush and Debris Removal – 30 yard dumpsters

11 dumpsters of brush

5 dumpsters of debris

Total Man Hours: 212

Tree Trimming:

Total Man Hours: 18

Public Safety Signage

17 post straightened

1 stop sign replaced                      5 more stop signs to be replaced

Total Man Hours: 14

Patch Potholes & Cover New Installation of Culverts

1 dump truck load of cold mix

Total Man Hours: 40`

Cleaning Ditches and Installing Culverts

300 feet cleaned    1000 feet more to go

2 culverts installed    4 culverts to be installed

Total Man Hours: 32

**Development Services & Administration: Grand Total Work Hours:  
Approx. 640**

199 lots inspected 3 times & took pictures of each lot  
150 hand delivered flyers  
5 in-depth maps of the neighborhood  
530 letters  
7 forms developed to coordinate inspections & group activities  
2 volunteer meetings  
1 complete contact list of volunteer groups or agencies  
1 neighborhood meeting – 18 guests  
3 tents borrowed  
2 golf carts borrowed  
2 houses and 1 garage to be demolished  
4 presentations seeking volunteers  
1 trip to Tyler to investigate clean up program  
144 volunteer t-shirts – ten left over  
6 staff t-shirts  
6 signs created

Mayor Fortner and the City Council thanked Mrs. Ratcliff for her presentation and the benefits that the City will achieve from the NEAT Program in the future.

**BID AWARDS**

9. Consider Bid Award for Building Inspections Services Contractors and the approval of contract.

City Manager Curtis Snow informed the Council that Staff submitted proposals (RFP) for professional building inspection services and the notice was published in the local newspaper on July 29, 2010. Staff also researched through the internet and by calling other cities to find at least five different local vendors to send RFP's. Building Code Consulting Services and Safebuilt are the two companies who responded to the request for service.

Development Services requested bid proposals for third party building inspection services, which includes residential and commercial plan review, building inspections, substandard building inspections, interpret the building codes, answer questions, provide tracking for all current and previous inspections, and coordinate construction plan reviews and some inspections with the Fire Department, Development Services and Public Works.

Development Services budgeted for FY 2009-2010 \$28,000 and for FY 2010-2011 \$29,100 for building inspection services. Development

Services, as of August 2010, issued 282 total permits. The current building inspection service company, Bureau Veritas, issued 110 of the 282 total permits. Bureau Veritas performed a total of 635 inspections.

After review of the proposals for building inspection services, Staff determined that Safebuilt's proposal is the most responsible and best fits the needs of the City of Kaufman. A comparison of building inspection charges between the two companies were presented. Staff recommends that Council award the bid and approve the contract for third party building inspection firm to Safebuilt Inc.

Councilmember Tijerina asked several questions from the recommended vendor, Safebuilt. Mr. Dale Jackson with Safebuilt reported their office is located in Rockwall, Texas. They currently have a Staff of four (4) people and he reported of the cities that they currently contract with. Mr. Jackson reported that inspections would be conducted the same day unless the call was after 4:00 p.m. and then it would be the next day.

Mayor Fortner asked City Manager about inspections for small jobs in town and if there was any thought of hiring a local person to conduct those small jobs. City Manager reported that he has not forgotten about this idea, but he has no answer to it yet, because it takes a certified inspector to conduct those inspections. He is not sure who would be interested doing small inspections jobs that is a certified inspector.

Discussion was held regarding that the City was open to business and that we wanted inspectors to be kind and courteous to the customers in the City.

Councilmember Tijerina commented the he wanted the inspectors to tell the customers how to fix the problem if there was a problem with the inspection.

After discussion, Councilmember Tijerina moved and seconded by Councilmember Altom to award Safebuilt Inc. for Building Inspections Services Contractors and approve an Agreement for Services. Mayor Fortner called for a vote with all voting AYE, the motion carried.

10. Consider Bid Award for a Ford F150 Pickup Truck for the Code Enforcement Officer.

City Manager Curtis Snow informed the Council that Staff prepared specifications and submitted them to Philpot Motors the awarded Ford vendor through the HGAC governmental purchasing program. Staff also submitted the specifications to ten local vendors, five companies returning

bids. After review of the specifications, Staff determined that Philpot Motors submitted the most responsible bid for this unit.

The 1998 Ford Explorer vehicle for Development Services' Code Enforcement Officer was proposed to be replaced in the FY 2010-2011 budget. The condition of the vehicle has deteriorated significantly in the last two months. It has been determined that the vehicle is unreliable and unsafe to continue operating in a normal capacity.

Philpot Motor Company, in Nederland, Texas submitted an HGAC program price of \$18,610.21 for this unit. No money was budgeted for a truck in the FY' 2009-2010. A total of \$17,140 was allocated in the FY' 2010-2011 budget for the truck. The money for the truck, during this fiscal year, is proposed to be coming from the Equipment Replacement Fund. The Equipment Replacement Fund will be reimbursed through the General Fund in next year's budget. The difference of \$1,470 between the budgeted price and the bid price will be absorbed by the Equipment Replacement Fund. Additionally, any money received for the existing vehicle, at the Capital Equipment Auction, would help to offset the \$1,470 difference and go back into the Equipment Replacement Fund.

Staff recommends that Council award the bid for the 2010 Ford F150 Truck to Philpott Motors, in Nederland, Texas for the total price of \$18,610.21.

Councilmember Council moved and seconded by Councilmember Gillenwater to approve the Bid Award for a Ford F150 Pickup Truck in the amount of \$18,610.21 for the Code Enforcement Officer. Mayor Fortner called for a vote with all voting AYE, the motion carried.

## **PUBLIC HEARINGS**

11. Conduct a Public Hearing regarding the City's Fiscal Year 2010-2011 Budget.

Mayor Fortner called the Public Hearing open at 6:51 p.m.

There were no comments from the public.

City Manager Curtis Snow reported that the total budget was \$7.19 million, an increase of \$265,100 or 3.83%. The General Fund for 2011, revenues are estimated at \$3,606,496 and expenditures of \$3,900,379 using \$293,883 of fund balance. The Utility Fund for 2011, revenues are estimated at \$2,927,154 and expenditures of \$2,906,698.

The City is adopting the Effective Tax Rate of \$0.6404, which is one third (1/3) from last years rate. There will be an increase in water and sewer rates. Also, there will be a fifteen percent (15%) increase on trash service.

The budget has increased by \$43,084 from its original filing after a Maintenance Technician position in the Water Department was reclassified to a Crew Leader position, a trench box was added, funding was increased for the City Council Retreat, and approximately \$30,000 was added to increase the Health Reimbursement Account contributions for employees. No raises were given to the employees. This is the second year in a row for no raises.

The Utility Fund has been hit hard this year due to major sewer lines collapsing, water lines breaking and major failures at the Waste Water Treatment Plant and heavy equipment breaking down. This has depleted all the reserves from the Utility Fund. The increases of the water and sewer rates will help offset the cost of operations for the Utility Department. The City anticipates a water rate increase from North Texas Municipal Water District. The sewer rates have not been raised since 2003. The Utility Fund has budgeted for a mixer to be replaced at the Wastewater Treatment Plant in the amount of \$80,000.00.

The General Fund has added a Communications position in the Police Department and well as an additional \$10,000 for overtime expenses in the Police Department.

Mayor Fortner closed the Public Hearing at 7:03 p.m.

## **DISCUSSION/ACTION ITEMS**

12. Consider adoption of Ordinance O-16-10 adopting the Annual Program of Services (Budget) for the City of Kaufman, Texas, for the Fiscal Year beginning on October 1, 2010, and ending on September 30, 2011.

City Manager Curtis Snow reported that he explained the Budget in the Public Hearing agenda item and if there were any further questions he would be glad to answer them.

Councilmember Gillenwater commented that he appreciates and recognizes how hard it is for Staff to balance the budget and Staff makes great sacrifices to accomplish the City's goals. Council recognizes that there are no raises for the employees, and this is the second year for no raises. City Manager Curtis Snow reported that the City was able to increase the Health Reimbursement Account for the employees.

Councilmember Gillenwater moved and seconded by Councilmember Tijerina the adoption Ordinance O-16-10 adopting the Annual Program of Services (Budget) for the City of Kaufman, Texas, for the Fiscal Year

beginning on October 1, 2010, and ending on September 30, 2011. Mayor Fortner called for a vote with all voting AYE, the motion carried.

13. Consider adoption of Ordinance O-17-10 levying the ad valorem tax of the City of Kaufman, Texas, for the year 2010; on all taxable property within the corporate limits of the City as of January 1, 2010; not exempt by law; providing revenues for payment of current municipal expenses; and providing for the collection of taxes and the enforcement of collection.

City Manager Curtis Snow informed the Council that the City is setting the tax rate at the effective tax rate of \$0.6404. The rate for the Maintenance and Operating expenditures (M&O) is \$0.5620 and \$0.0784 will be distributed to pay the City's debt service (I&S). There will be no increase in the taxes collected. Total Assessed Valuations for property in Kaufman decreased to where it would take \$0.6404 to collect the same revenue as last year's \$0.6371 tax rate.

Councilmember Altom moved and seconded by Councilmember Council to adopt Ordinance O-17-10 levying the ad valorem tax of the City of Kaufman, Texas, for the year 2010; on all taxable property within the corporate limits of the City as of January 1, 2010; not exempt by law; providing revenues for payment of current municipal expenses; and providing for the collection of taxes and the enforcement of collection. Mayor Fortner called for a vote with all voting AYE, the motion carried.

14. Consider adoption of Ordinance O-18-10 approving the 2010 Tax Rolls for the City of Kaufman, Texas.

City Manager Curtis Snow informed the Council that upon approval of the City Council, the Certified Tax Roll for 2010 would be formally adopted. Section 26.09(e) of the Texas Property Tax Code requires approval of the Certified Tax Roll. For 2010, the Kaufman County Appraisal District reports a certified roll of approximately \$267,145,317.00.

Councilmember Altom moved and seconded by Mayor Pro-Tem Ratcliffe to adopt Ordinance O-18-10 approving the 2010 Tax Rolls for the City of Kaufman, Texas. Mayor Fortner called for a vote with all voting AYE, the motion carried.

15. Consider adoption of Ordinance O-19-10 amending the 2009-2010 Fiscal Year Budget (Budget amendments #10-002 and #10-003) in regards to emergency expenditures for the Kaufman Alley Sewer Project; the Sewer Repair Beside Cates Steel; the Five Points Lift Station Repairs; Emergency Backhoe Repairs; and other Miscellaneous Emergency Repairs at the Wastewater Treatment Plant.

City Manager Curtis Snow informed the Council that the reasons for the Budget amendments were as follows:

The Rand Road Alley Sewer Project was the main line that collapsed in multiple locations and had to be replaced. 7-H Construction was contracted to complete this project in March 2010. The Council approved the use of \$52,497 remaining funds from the 2006 CO (water tower project) on February 22, 2010. However, a change order in the amount of \$16,200 approved by the Council on July 26, 2010 increased the total construction price payable to 7-H Construction to \$75,471.93. All remaining water tower funds have been depleted and it is necessary to use Enterprise Fund Balance for the remainder of the project. (\$22,975 use of Enterprise Fund Balance)

During the time of construction on the Alley Sewer project, emergency repairs were required beside Cates Steel Building Products where the main line had also collapsed. 7-H construction also made these repairs which involved the replacement of approximately 220 linear foot of 10 inch sewer main. (\$15,199 use of Enterprise Fund Balance)

The Five Points lift station got a short circuit in the control system and damaged a large amount of the operating controls in the control panel causing the unit to be completely out of service. Emergency upgrades and repairs were made by DNA Automation to put the unit back in operation. (\$5,650 use of Enterprise Fund Balance)

The emergency backhoe repairs were due to multiple major water main breaks behind the City Lake on SH 34 during major rains. The Department's New Holland backhoe became buried in approximately 5 feet of silt and mud. Insurance paid a portion of the needed repairs. Along with this, other emergency repairs were made to this unit and the John Deere backhoe. (\$14,782.50 insurance proceeds + \$12,599.50 use of Enterprise Fund Balance = \$27,382 total)

The last remaining emergency repairs involved miscellaneous unforeseen repairs at the WWT Plant. The repairs included a complete rotating equipment repair and replacement on the belt press; a replacement of the influent flow meter; multiple diagnostics and repairs to plant aerators; 2 pump motor replacements; and the replacement of 2 variable frequency drive units. (\$50,000 use of Enterprise Fund Balance)

Funds were not allocated in the current FY' 2009-2010 Water/Wastewater budget to cover these emergency repairs. The requested budget amendments total \$121,206. Funds to pay for this come from \$14,782.50 insurance proceeds and \$106,423.50 use of Enterprise Fund Balance.

Staff recommends that Council approve Fiscal Year 2010 Budget Amendments #10-002 and #10-003 for these unforeseen emergency repairs.

Councilmember Tijerina moved and seconded by Mayor Fortner to adopt Ordinance O-19-10 amending the 2009-2010 Fiscal Year Budget (Budget amendments #10-002 and #10-003) in regards to emergency expenditures for the Kaufman Alley Sewer Project; the Sewer Repair Beside Cates Steel; the Five Points Lift Station Repairs; Emergency Backhoe Repairs; and other Miscellaneous Emergency Repairs at the Wastewater Treatment Plant. Mayor Fortner called for a vote with all voting AYE, the motion carried.

16. Consider first reading and approval of Ordinance O-20-10 an Ordinance of the City Council of the City of Kaufman, Texas, ("city") approving a negotiated Resolution between the Atmos Cities Steering Committee ("ACSC" or "Steering Committee") and Atmos Energy Corp., Mid-Tex Division ("Atmos Mid-Tex" or "Company") regarding the company's third rate review mechanism ("RRM") filing in all cities exercising original jurisdiction; declaring existing rates to be unreasonable; requiring the company to reimburse cities' reasonable ratemaking expenses; adopting tariffs that reflect rate adjustments consistent with the negotiated settlement and finding the rates to be set by the attached tariffs to be just and reasonable; approving Atmos Mid-Tex's proof of revenues; extending the RRM process for two cycles and adopting a new RRM tariff; ratifying the settlement agreement, including cost recovery for a steel service line replacement program; adopting a savings clause; determining that this ordinance was passed in accordance with the requirements of the Texas Open Meetings Act; declaring an effective date; and requiring delivery of this ordinance to the company and the steering committee's legal counsel.

City Manager Curtis Snow informed the Council that the City, along with approximately 148 other cities served by Atmos Energy Mid-Tex Division ("Atmos Mid-Tex" or "Company"), is a member of the Atmos Cities Steering Committee ("ACSC" or "Steering Committee"). On or about March 15, 2010, Atmos Mid-Tex filed with the City an application to increase natural gas rates pursuant to the Rate Review Mechanism ("RRM") tariff approved by the City as part of the settlement of the Atmos Mid-Tex 2007 Statement of Intent to increase rates. This is the third RRM filing under a three year experimental program.

The Atmos Mid-Tex RRM filing sought a \$70.2 million rate increase. The City worked with ACSC to analyze the schedules and evidence offered by Atmos Mid-Tex to support its request to increase rates. The Ordinance and attached rate and RRM tariffs are the result of negotiations between ACSC and the Company to resolve issues raised by ACSC during the review and evaluation of ACSC's RRM filing. The Ordinance resolves the

Company's RRM filing by authorizing an increase in the Company's base rate of \$27 million effective for bills rendered on or after October 1, 2010. Additionally, the Ordinance authorizes supplemental revenue of \$3.4 million to be recovered through the customer charge component of rates to cover direct costs associated with a steel service line replacement program. The monthly bill impact for the average residential customer will be a \$1.40 increase (about a 3.15% increase in the total bill).

The ACSC Executive Committee and ACSC legal counsel recommend that all ACSC Cities adopt the Ordinance implementing the rate change.

The RRM tariff was approved by ACSC Cities as part of the settlement agreement to resolve the Atmos Mid-Tex 2007 system-wide rate filing at the Railroad Commission. Atmos Mid-Tex's current action represents the third filing pursuant to the three-year trial project known as the RRM process. The RRM process was created collaboratively by ACSC and Atmos Mid-Tex as an alternative to the legislatively authorized GRIP surcharge process. ACSC opposed GRIP because it constituted piecemeal ratemaking, did not allow any reasonableness review, and did not allow participation by cities or recovery of cities' rate case expenses. The RRM process has allowed for a more comprehensive rate review and annual adjustment as a substitute for GRIP filings during the three-year trial period specified by the tariff.

There are two components to the current RRM adjustment. The prospective component adjusts rates for known and measurable changes in operations and maintenance ("O&M") expense and net plant investment. Atmos Mid-Tex and ACSC agreed to cap changes to expenses and invested capital at no more than five percent per year. The true-up component evaluates whether the Company has over or underrecovered its earnings for the previous year. For purposes of the RRM true-up component, the Atmos Mid-Tex rate of return on equity and its capital structure are frozen to avoid the parent company from manipulating the overall rate of return. Costs expressly prohibited from recovery through the RRM include first-class air fare, travel, meals or entertainment for an employee's spouse, alcohol, sports events, entertainment, arts and cultural events, sponsorship of sports, arts or cultural events, and social club membership dues.

Rates cannot change and the Settlement Agreement with Atmos Mid-Tex cannot be implemented without passage of rate ordinances by cities. No related matter is pending at the Railroad Commission. The purpose of the Ordinance is to approve rate tariffs ("Attachment A") and Proof of Revenues ("Attachment B") that reflect the negotiated rate change pursuant to the RRM process and to ratify a Settlement Agreement recommended by the ACSC Settlement Committee and Executive Committee.

As a result of the negotiations, ACSC was able to reduce the Company's requested \$70.2 million RRM increase to \$27 million. Approval of the Ordinance will result in the implementation of new rates that increase Atmos Mid-Tex's revenues effective October 1, 2010.

The Settlement Agreement ("Attachment C") to be ratified by the Ordinance authorizes an extension of the RRM process, in modified form to eliminate the true-up component, for an additional two annual filings. The Settlement Agreement also addresses the Atmos Mid-Tex steel service line replacement program and authorizes current cost recovery via an adder to residential and commercial customer charges.

During the time that the City has retained original jurisdiction in this case, consultants working on behalf of ACSC cities have investigated the support for the Company's requested rate increase. While the evidence does not support the \$70.2 million increase requested by the Company, ACSC consultants agree that the Company can justify an increase in revenues of \$21 million. The agreement on \$27 million is a compromise between the positions of the parties.

The Settlement Agreement includes an allowance for recovery of direct costs, excluding overheads, of the steel service line replacement program. Current year recovery factors shall be \$00.15 for residential customers and \$00.41 for commercial customers per month. The rates will be adjusted annually, but shall be capped at \$00.44 cents for residential customers and \$1.22 for commercial customers.

The alternative to a settlement of the RRM filing would be a contested case proceeding before the Railroad Commission on the Company's current application, would take several months and cost ratepayers millions of dollars in rate case expenses, and would not likely produce a result more favorable than that to be produced by the settlement. The ACSC Executive Committee recommends that ACSC members take action to approve the Ordinance authorizing new rate tariffs.

Under pressure from the Railroad Commission to establish a comprehensive program to replace service lines that contain steel which is subject to corrosion and leaks, ACSC has worked with Atmos Mid-Tex to establish a risk based approach to steel service line replacement that accomplishes the following goals:

1. Replace all service lines throughout the Mid-Tex Region with the highest degree of risk within two years;
2. Coordination between ACSC city members and Atmos Mid-Tex to minimize disruption of rights of way without compromising safety;

3. To minimize and spread the rate impact on customers of the replacement program, the service lines with little relative risk of leaks should be replaced over a 10-year period; and

4. Current recovery of incremental (above and beyond normal maintenance and repair addressed in RRM proceedings) direct (excluding Atmos Mid-Tex overheads) cost of service line replacement should be permitted as an adder to customer charges.

Fulfillment of these goals in this case will lead to \$00.15 and \$00.41 added to residential and commercial customer charges, respectively. The customer charge assessment may not exceed \$00.44 and \$1.22 for residential and commercial customers, respectively, prior to the entry of a Final Order in the next system-wide Statement of Intent rate proceeding.

Pursuant to the Settlement Agreement, 100,000 steel service lines will be replaced prior to September 30, 2012.

After discussion, Councilmember Altom moved and seconded by Mayor Pro-Tem Ratcliffe to approve the first reading and approval of Ordinance O-20-10 an Ordinance of the City Council of the City of Kaufman, Texas, ("City") approving a negotiated Resolution between the Atmos Cities Steering Committee ("ACSC" or "Steering Committee") and Atmos Energy Corp., Mid-Tex Division ("Atmos Mid-Tex" or "Company") regarding the company's third rate review mechanism ("RRM") filing in all cities exercising original jurisdiction; declaring existing rates to be unreasonable; requiring the company to reimburse cities' reasonable ratemaking expenses; adopting tariffs that reflect rate adjustments consistent with the negotiated settlement and finding the rates to be set by the attached tariffs to be just and reasonable; approving Atmos Mid-Tex's proof of revenues; extending the RRM process for two cycles and adopting a new RRM tariff; ratifying the settlement agreement, including cost recovery for a steel service line replacement program; adopting a savings clause; determining that this ordinance was passed in accordance with the requirements of the Texas Open Meetings Act; declaring an effective date; and requiring delivery of this ordinance to the company and the steering committee's legal counsel. Mayor Fortner called for a vote with all voting AYE, the motion carried.

17. Consider first reading and approval of Ordinance O-22-10 Granting a 3-year Contract Extension to ETMC/EMS for Ambulance Service and Modifying Certain Sections Thereof.

Fire Chief Eddie Brown informed the Council that the Ambulance Service Agreement between the City and the ETMC expires in November, 2010. The City of Kaufman has maintained a service agreement with ETMC for

ambulance service since 1995. The City has approved several extensions and modifications to the agreement through the years.

The EMS Board met on July 27, 2010 and they approved the following changes to the agreement:

#### Section XII

12:01 Term of Agreement. Reduce the Term from the current five (5) years to three (3) year term.

12:02 Renewal Terms. The agreement shall automatically continue in force into a three year extension unless either party given written notice to the other. (The notice of termination was changed from three hundred sixty five days (365) to one hundred eighty days (180) prior to the end of the current term.

ETMC officials agreed upon the recommended changes.

Therefore, Ordinance O-22-10 amends the ETMC/EMS Ambulance Service Agreement with the above changes to the agreement.

Mayor Fortner inquired about ETMC transferring patients to and from Nursing Homes for daily health treatments. Fire Chief Eddie Brown reported that was a complaint. The Board discussed this complaint with ETMC and it has been rectified and they have agreed to transfer patients at a different charge.

Mr. Brown reported of no recent complaints and will continue to watch the response time reports.

Councilmember Council moved and seconded by Councilmember Munden to approve first reading of Ordinance O-22-10 Granting a 3-year Contract Extension to ETMC/EMS for Ambulance Service and Modifying Certain Sections Thereof. Mayor Fortner called for a vote with all voting AYE, the motion carried.

#### **ANNOUNCEMENTS FROM CITY MANAGER.**

The City Manager made the following announcements:

1. Solid Waste Disposal "RFP" were mailed out September 8, 2010
2. ACM/City Secretary out of office during Regular Meeting September 27<sup>th</sup>.
3. National Night Out sponsored by the Kaufman Police Department, Tuesday, October 5, 2010, at 6:00 p.m., Downtown Square.
4. Scarecrow Festival, Saturday, October 23<sup>rd</sup>, Downtown Square.

5. TML Conference, Corpus Christi, Tx. Tuesday, Oct. 26<sup>th</sup> through Friday, Oct. 29<sup>th</sup>.
6. Halloween on Houston Street, Sunday, October 31<sup>st</sup>.
7. No Work Session, Monday, October 11<sup>th</sup>, Observed Holiday, Columbus Day
8. North Central Texas Council of Governments Public Hearing being held tonight in Kaufman for the Regional Toll Revenue (RTR) funding in regards to Kaufman County transportation projects.
9. Sales Tax is up and higher than 2 years ago.
10. City Manager's Evaluation will be September 27<sup>th</sup> Agenda.

Mayor Fortner asked if Kaufman had any big steel gas lines in Kaufman. City Manager reported that he would research the question.

Councilmember Munden reported of vehicles speeding on 9<sup>th</sup> and Main Streets in the mornings during school time. Chief of Police reported he would address the matter.

**ADJOURNMENT.**

There being no further business, the meeting was adjourned at 7:42 p.m.

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**WILLIAM FORTNER  
MAYOR**

**ATTEST:**

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**JO ANN TALBOT  
CITY SECRETARY**