



## **CITY OF ANNA AGENDA NOTICE – CITY COUNCIL WORKSHOP**

**May 13 2014**

**6:30 p.m. – Anna City Hall Administration Building**

The City Council of the City of Anna will meet in Workshop Session at 6:30 p.m., May 13, 2014, at the Anna City Hall Administration Building, located at 111 N. Powell Parkway (Hwy 5), regarding the following items:

1. Call to Order.
2. Roll Call and Establishment of Quorum.
3. Review Draft FY 2015 Department Budgets. (City Manager)
4. Consider/Discuss/Action regarding approving a Resolution canvassing the returns of May 10, 2014 General Election of two City Council Members, all for three year terms. (City Council)
5. **CLOSED SESSION (EXCEPTIONS):** Under Tex. Gov't Code Chapter 551, the City Council may enter into closed session to discuss any items listed or referenced on this agenda under the following exceptions:
  - a. consult with legal counsel regarding pending or contemplated litigation and/or on matters in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with Chapter 551 of the Government Code (**Tex. Gov't Code §551.071**); EMS Service; Park Land;
  - b. discuss or deliberate the purchase, exchange, lease, or value of real property (**Tex. Gov't Code §551.072**); acquisition of right-of-way, easements, and land for municipal facilities;

1. The Council may vote and/or act upon each of the items listed in this agenda.
2. The Council reserves the right to retire into executive session concerning any of the items listed on this agenda, whenever it is considered necessary and legally justified under the Open Meeting Act.
3. Persons with a disability who want to attend this meeting who may need assistance should contact the City Secretary at 972 924-3325 two working days prior to the meeting so that appropriate arrangements can be made.

- c. discuss or deliberate Economic Development Negotiations: (1) To discuss or deliberate regarding commercial or financial information that the City has received from a business prospect that the City seeks to have locate, stay, or expand in or near the territory of the City of Anna and with which the City is conducting economic development negotiations; or (2) To deliberate the offer of a financial or other incentive to a business prospect described by subdivision (1). (**Tex. Gov't Code §551.087**); proposed residential and retail developments;
- d. discuss or deliberate personnel matters: City Attorney Annual Review; City Secretary update. (**Tex. Gov't Code §551.074**).

The council further reserves the right to enter into executive session at any time throughout any duly noticed meeting under any applicable exception to the Open Meetings Act.

- 6. Consider/Discuss/Action on any items listed on posted agenda for May 13, 2014 City of Anna City Council Regular Meeting or any Closed Session occurring during this Workshop, as necessary.
- 7. Adjourn.

This is to certify that I, Natha Wilkison, City Secretary, posted this agenda at a place readily accessible to the public at the Anna City Hall and on the City Hall bulletin board at or before 5:00 p.m., May 9, 2014.

*Natha Wilkison*

Natha Wilkison, City Secretary

- 1. The Council may vote and/or act upon each of the items listed in this agenda.
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**City of Anna  
City Council Agenda  
Staff Report**

Council Meeting: May 13, 2014

Staff Contact: Clayton Fulton

Account Code #: N/A

Date Prepared: 05/08/14

Budgeted Amount: N/A

Exhibits:  Yes  No

**AGENDA SUBJECT:** Review Draft FY 15 Department Budgets.

**SUMMARY:** Staff will review the following draft budgets with the City Council:

- City Council
- City Manager
- City Secretary
- City Attorney
- Administrative Services
- Finance Department

These departments are being reviewed together as each department provides broad benefit to the entire City. The combined budget for these administrative functions is typically less than 25% of the General Fund Budget.

**RECOMMENDED ACTION:** None



## City of Anna City Council Agenda Staff Report

Council Meeting: May 13, 2014

Staff Contact: Philip Sanders

Account Code #: N/A

Date Prepared: 5-08-14

Budgeted Amount: N/A

Exhibits:  Yes  No

**AGENDA SUBJECT:** Consider/Discuss/Action regarding approving a Resolution canvassing the returns of General Election of Two City Council Members, all for three year terms. (City Council)

**SUMMARY:** On February 11, 2014 City Council passed Ordinance No. 650-2014 ordering a May 10, 2014 Election. Early voting was held for 8 days and Saturday, May 10, 2014 was Election Day. Because Election Day is Saturday, May 10, 2014 supporting documents were not available when putting the packet together. Supporting documents will be provided before Tuesday's meeting.

**RECOMMENDATION:** Staff recommends a motion to approve the resolution canvassing the returns of the City of Anna, May 10, 2014 Election.



## **CITY OF ANNA AGENDA NOTICE – CITY COUNCIL REGULAR MEETING**

**May 13, 2014**

**7:30 p.m. – Anna City Hall Administration Building**

The City Council of the City of Anna will meet in Regular Session at 7:30 p.m., May 13, 2014, at the Anna City Hall Administration Building, located at 111 North Powell Parkway (Hwy 5), to consider the following items.

*Welcome to the City Council Meeting. Please sign the Sign-In-Sheet as a record of attendance. If you wish to speak on an open-session agenda item please fill out the Opinion/Speaker Registration Form and turn it in to the City Secretary before the meeting starts.*

1. Call to Order.
2. Invocation and Pledge of Allegiance.
3. Citizen comments. *Citizens are allowed 3 minutes to speak. The Council is unable to respond to or discuss any issues that are brought up during this section that are not on the agenda, other than to make statements of specific factual information in response to a citizen's inquiry or to recite existing policy in response to the inquiry.*
4. Receive reports from Staff or the City Council about items of community interest. *Items of community interest include: expressions of thanks, congratulations, or condolence; information regarding holiday schedules; an honorary or salutary recognition of a public official, public employee, or other citizen (but not including a change in status of a person's public office or public employment); a reminder about an upcoming event organized or sponsored by the governing body; information regarding a social, ceremonial, or community event organized or sponsored by an entity other than the governing body that was attended or is scheduled to be attended by a member of the governing body or an official or employee of the municipality; and announcements involving an imminent threat to the public health and safety of people in the municipality that has arisen after the posting of the agenda.*
5. Administer the Statement of Elected Officer and the Oath of Office and present Certificate of Election to newly elected officials. (Mayor)

1. The Council may vote and/or act upon each of the items listed in this agenda.
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3. Persons with a disability who want to attend this meeting who may need assistance should contact the City Secretary at 972 924-3325 two working days prior to the meeting so that appropriate arrangements can be made.

6. Consider/Discuss/Action regarding electing the Mayor Pro Tem as directed in the City Charter. (City Council)
7. Consider/Discuss/Action regarding electing the Deputy Mayor Pro Tem as directed in the City Charter. (City Council.
8. Consent Items. *These items consist of non-controversial or "housekeeping" items required by law. Items may be considered individually by any Council member making such request prior to a motion and vote on the Consent Items.*
  - a. Approve City Council Minutes for April 22, 2014 Regular Meeting.
  - b. Approve an amendment to the FY 2014 budget of the Anna Community Development Corporation. (Jessica Perkins)
9. Consider/Discuss/Action regarding a Resolution approving a concept plan for Lakeview Park. (Maurice Schwanke)
10. (a) Public Hearing: To consider public comments on a request by Bloomfield Homes, owner of property, requesting an Exception to the Residential Architectural Standards by the approval of a Specific Use Permit from Section 35.04 (c) of the Anna Zoning Ordinance which sets the distance from front elevation to the garage front to a maximum distance of 10' to a requested distance of 13' on Bloomfield Bluebonnet Home model. The parcels are location in portions of West Crossing Phases 1, 2, 3 and future sections of West Crossing subdivision and part of Willow Creek Addition. The property is currently zoned as Planned Development Single Family Residential.(Maurice Schwanke)
 

(b) Consider/Discuss/Action regarding the request of a Specific Use Permit to allow the distance from front elevation to the garage front to a maximum distance of 13' on Bloomfield Bluebonnet Home Model on parcels located in portions of West Crossing Phases 1,2,3 and future sections of West Crossing subdivision and part of Willow Creek Addition. (Maurice Schwanke)
11. Briefing/Discussion regarding changing the names of certain streets in North Pointe Crossing. (Maurice Schwanke)
12. Consider/Discuss/Action regarding a Resolution approving an Interlocal Agreement with Collin County for Ambulance Services. (Chief Gothard)
13. Consider/Discuss/Action regarding an Ordinance updating the City's Purchasing Policies. (Clayton Fulton)

1. The Council may vote and/or act upon each of the items listed in this agenda.
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14. Consider/Discuss/Action regarding a Resolution authorizing approval of a benefits consulting Agreement with Wellspring Human Capital. (Clayton Fulton)
15. Consider/Discuss/Action regarding a Resolution denying the rate increase requested by Atmos Energy Corp., Mid-Tex Division under the company's 2014 annual rate review mechanism filing in all cities exercising original jurisdiction. (Jessica Perkins)
16. CLOSED SESSION (EXCEPTIONS): Under Tex. Gov't Code Chapter 551, the City Council may enter into closed session to discuss any items listed or referenced on this agenda under the following exceptions:
  - a. consult with legal counsel regarding pending or contemplated litigation and/or on matters in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with Chapter 551 of the Government Code (**Tex. Gov't Code §551.071**); EMS Service; Park Land;
  - b. discuss or deliberate the purchase, exchange, lease, or value of real property (**Tex. Gov't Code §551.072**); acquisition of right-of-way; easements; and land for municipal facilities;
  - c. discuss or deliberate Economic Development Negotiations: (1) To discuss or deliberate regarding commercial or financial information that the City has received from a business prospect that the City seeks to have locate, stay, or expand in or near the territory of the City of Anna and with which the City is conducting economic development negotiations; or (2) To deliberate the offer of a financial or other incentive to a business prospect described by subdivision (1). (**Tex. Gov't Code §551.087**); proposed residential and retail developments;
  - d. discuss or deliberate personnel matters: City Attorney Annual Review; City Secretary update. (**Tex. Gov't Code §551.074**).

The council further reserves the right to enter into executive session at any time throughout any duly noticed meeting under any applicable exception to the Open Meetings Act.

17. Consider/Discuss/Action on any items listed on posted agenda for May 13, 2014 Workshop Session or any closed session occurring during this Regular Meeting, as necessary.
18. Adjourn.

1. The Council may vote and/or act upon each of the items listed in this agenda.
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3. Persons with a disability who want to attend this meeting who may need assistance should contact the City Secretary at 972 924-3325 two working days prior to the meeting so that appropriate arrangements can be made.

This is to certify that I, Natha Wilkison, City Secretary, posted this agenda at a place readily accessible to the public at the Anna City Hall and on the City Hall bulletin board at or before 5:00 p.m. May 9, 2014.

*Natha Wilkison*

Natha Wilkison, City Secretary

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**City of Anna  
City Council Agenda  
Staff Report**

Council Meeting: May 13, 2014

Staff Contact: Natha Wilkison

Account Code #: N/A

Date Prepared: 5-8-14

Budgeted Amount: N/A

Exhibits:  Yes  No

**AGENDA SUBJECT:** Administer the Statement of Elected Officer and the Oath of Office and present Certificate of Election to newly elected officials. (Mayor)

**SUMMARY:** According to the City Charter each newly-elected person to the City Council is entitled to be inducted into office at the first regular City Council meeting following the election that the newly-elected member attends. Also according to the City Charter all elected and appointed officers of the City must take and sign an oath of office based on those prescribed for state elective and appointed offices, respectively, in the Constitution of the State of Texas.

The Statement of Elected Officer and the Oath of Office will be given to the newly elected officials.



**City of Anna  
City Council Agenda  
Staff Report**

Council Meeting: May 13, 2014

Staff Contact: Philip Sanders

Account Code #: N/A

Date Prepared: 5-8-14

Budgeted Amount: N/A

Exhibits:  Yes  No

**AGENDA SUBJECT:** Consider/Discuss/Action regarding electing the Mayor Pro Tem as directed in the City Charter. (City Council)

**SUMMARY:** According to the City Charter the Mayor Pro-Tem is a Council Member elected by the City Council at the first regular meeting after each election of Council Members and/or Mayor. The Mayor Pro-Tem must act as Mayor during the disability or absence of the Mayor, and in this capacity has the rights conferred upon the Mayor.

**RECOMMENDATION:** Staff recommends electing the Mayor Pro-Tem.



## City of Anna City Council Agenda Staff Report

Council Meeting: May 13, 2014

Staff Contact: Philip Sanders

Account Code #: N/A

Date Prepared: 5-8-14

Budgeted Amount: N/A

Exhibits:  Yes  No

**AGENDA SUBJECT:** Consider/Discuss/Action regarding electing the Deputy Mayor Pro Tem as directed in the City Charter. (City Council)

**SUMMARY:** According to the City Charter the Deputy Mayor Pro-Tem is a Council Member elected by the City Council at the first regular meeting after each election of Council Members and/or Mayor. The Deputy Mayor Pro-Tem must act as Mayor during the disability or absence of the Mayor and Mayor Pro Tem, and in this capacity has the rights conferred upon the Mayor.

**RECOMMENDATION:** Staff recommends electing the Deputy Mayor Pro-Tem.



## City of Anna City Council Agenda Staff Report

Council Meeting: May 13, 2014

Staff Contact: Philip Sanders

Account Code #: N/A

Date Prepared: 5-08-14

Budgeted Amount: N/A

Exhibits:  Yes  No

**AGENDA SUBJECT:** Consent Items. *These items consist of non-controversial or "housekeeping" items required by law. Items may be considered individually by any Council member making such request prior to a motion and vote on the Consent Items.*

- a. Approve City Council Minutes for April 22, 2014 Regular Meeting.
- b. Approve an amendment to the FY 2014 budget of the Anna Community Development Corporation. (Jessica Perkins)

**RECOMMENDATION:** Staff recommends approval of the consent items.



**City of Anna  
City Council Agenda  
Staff Report**

Council Meeting: May 13, 2014  
Exhibits: \_X\_ Yes         No

Staff Contact: Jessica Perkins

**AGENDA SUBJECT:** Approve an amendment to the FY 2014 budget of the Anna Community Development Corporation. (Jessica Perkins)

**SUMMARY:** The CDC budget needs to amend their fiscal year budget to cover the cost to retrofit the splash pad to a recirculating system.

**STAFF RECOMMENDATION:** Staff recommends you approve.



**City of Anna  
City Council Agenda  
Staff Report**

Council Meeting: May 13, 2014

Staff Contact: Maurice Schwanke

Account Code #: N/A

Date Prepared: 05/07/14

Budgeted Amount: N/A

Exhibits:  Yes  No

**AGENDA SUBJECT:** Consider/Discuss/Action regarding a Resolution approving a concept plan for Lakeview Park.

**SUMMARY:** Bloomfield Homes, owner of the property called Lakeview, is proposing to develop lots. As a part of development park land dedication and park fees are required. As part of the development the Developer is desirous of building a park for public use which would be located adjacent to and on a soil conservation lake. The facility would include trails, gazebo, playground with canopy, fishing pier, picnic tables, benches and a parking lot. The Staff is of the opinion that the proposal would be extremely beneficial to Anna residents. The park schematic has been reviewed by the Park Board and has been recommended for approval subject to some minor changes. The Developer has made the recommended changes where possible and has incorporated them into the Plan.

**RECOMMENDED ACTION:** Approval of the Concept Park Plan.



## City of Anna City Council Agenda Staff Report

Council Meeting: May 14, 2014

Staff Contact: Maurice Schwanke

Account Code #: N/A

Date Prepared: 05/07/14

Budgeted Amount: N/A

Exhibits:  Yes  No

**AGENDA SUBJECT:** a) Public Hearing: To consider public comments on a request by Bloomfield Homes, owner of property, requesting an Exception to the Residential Architectural Standards by the approval of a Specific Use Permit from Section 35.04 (c) of the Anna Zoning Ordinance which sets the distance from front elevation to the garage front to a maximum distance of 10' to a requested distance of 13' on Bloomfield Bluebonnet Home model. The parcels are location in portions of West Crossing Phases 1, 2, 3 and future sections of West Crossing subdivision and part of Willow Creek Addition. The property is currently zoned as Planned Development Single Family Residential.

(b) Consider/Discuss/Action regarding the request of a Specific Use Permit to allow the distance from front elevation to the garage front to a maximum distance of 13' on Bloomfield Bluebonnet Home Model on parcels located in portions of West Crossing Phases 1,2,3 and future sections of West Crossing subdivision and part of Willow Creek Addition.

**SUMMARY:** In October of 2012 the City Council passed an ordinance concerning residential building standards. One of the provisions goals was to eliminate snoot/garage construction where the garage sticks out 15' to 20' in front of the remainder of the structure so that when you drive by all you saw was the garage. Bloomfield homes has a home model called "Bluebonnet" which front elevation sets back 3 feet further than the 10 foot allowed. The front of the building is covered by an integrated front porch that serves as an outdoor living area and does not give the appearance that the garage is the dominant element on the lot. The areas in the request are areas that the Bluebonnet model could be used, however, the units cannot be placed side by side or across the street from each other but must be used within the parameters of the existing non repetitive standards. Therefore, the staff is recommending approval of this Specific Use Permit

**PLANNING AND ZONING ACTION:** The Planning and Zoning recommended approval of the proposed ordinance at their meeting on April 7th, 2014 meeting. The vote was unanimous.

**RECOMMENDED ACTION:** Approval of Ordinance



**City of Anna  
City Council Agenda  
Staff Report**

Council Meeting: May 13, 2014

Staff Contact: Maurice Schwanke

Account Code #: N/A

Date Prepared: 05/07/14

Budgeted Amount: N/A

Exhibits:  Yes  No

**AGENDA SUBJECT:** Briefing/Discussion regarding changing the names of certain streets in North Pointe Crossing.

**SUMMARY:** The goal of any addressing system is geared toward public safety to be usable and understandable to everyone. When an agency is responding to a 9-1-1 call for assistance, being able to locate an address is critical. Another important issue is ensuring that mail is delivered to the correct address.

The street names in the Northpointe Crossing North subdivision were assigned in year 2000 by the developer. There have been concerns/complaints expressed by citizens of Anna regarding streets North Belford Circle and South Belford Circle, North Carlyle Circle and South Carlyle Circle having the same street names and numbering.

This item is open for discussion on the possibility of changing two of the street names in order to better serve the community and to eliminate confusion now and in the future.





**City of Anna  
City Council Agenda  
Staff Report**

Council Meeting: May 13, 2014

Staff Contact: Chief Gothard

Account Code #: \_\_\_\_\_

Budgeted Amount: \_\_\_\_\_

Exhibits:  Yes       No

**AGENDA SUBJECT:** Consider/Discuss/Action regarding a Resolution approving an Interlocal Agreement with Collin County for Ambulance Services.

**SUMMARY:** The City of Anna provides ambulance services to our citizens through an Interlocal agreement with Collin County.

This agreement allows for the City Anna to enter into agreement with Collin County to provide Ambulance Services to the incorporated areas of Anna. The agreement shall be effective November 1, 2013 and shall continue for an initial term of one year.

**STAFF RECOMMENDATION:** Approve the interlocal agreement for the Provision of Ambulance Services.



## City of Anna City Council Agenda Staff Report

Council Meeting: May 13, 2014

Staff Contact: Clayton Fulton

Account Code #: N/A

Date Prepared: 5/8/2014

Budgeted Amount: N/A

Exhibits:  Yes       No

**AGENDA SUBJECT:** Consider/Discuss/Action regarding an Ordinance updating the city's Purchasing Policies

**SUMMARY:** Staff has been reviewing the current purchasing policies for the City of Anna to determine any changes necessary to reflect more current practices and operations.

The City has been continuing to grow both in size and in complexity. The growth has required staff to be more effective and efficient in our operations. In reviewing the purchasing policies staff identified areas of the policy to needed to be updated and clarified.

The substantive changes of the policy are outlined below:

- Purchasing threshold for good and services acquired without bids or quotes was increased from \$500 to \$999. This allows for department heads to obtain items required for operations more efficiently and expend staff time researching and obtain quotes for often marginal savings
- Various responsibilities have been clarified in the policy with a focus on ensuring reasonable and prudent steps are taken to assure that the best value is obtained for goods and services purchased by the City
- Clarification to purchase orders have been included in the policy

The changed reflected in the updated policy have been compared against other Cities to determine current and reasonable practices of other municipalities purchases processes.

**RECOMMENDATION:** Staff recommends that the Council approves the attached ordinance



## City of Anna City Council Agenda Staff Report

Council Meeting: May 6, 2014

Staff Contact: Clayton Fulton

Account Code #: Contingency

Date Prepared: 04/16/2014

Budgeted Amount: \$7,500

Exhibits:  Yes       No

**AGENDA SUBJECT:** Consider/Discuss/Action regarding a Resolution authorizing approval of a benefits consulting agreement with Wellspring Human Capital.

**SUMMARY:** City staff have been engaged in reviewing compensation and benefits offered to City employees to ensure that we are well placed in the market and that we are able to recruit and retain skilled and talented employees.

Staff has been working with Wellspring Human Capital to review our wage and classification plan and began a discussion about the health benefits the City offers. Staff knows that dependent coverage benefits offered by the City can be cost prohibitive to many City employees. Additionally, the employee coverage is also expensive and show signs of continuing to increase.

In order to solicit and analyze potential health plans the City may consider, staff determined the need to engage a consultant to manage the process. Given the current regulatory environment around health insurance and requirements of the Affordable Care Act a consultant specializing in health benefits is critical in evaluating our current plan and any potential plans the City may offer.

The proposed contract would engage Wellspring Human Capital to review our current health benefits and issue an RFP to determine if more cost effective plans are available to the City. This does not rule out continuing to use TML under the same benefits plan or moving to an alternate plan offered by TML.

Wellspring will assist in the enrollment process, provide assistance on claims issues, and shepherd employees through any potential changes in plans or coverage. Additionally, Wellspring will offer support to employee's dependents looking to purchase health coverage outside of the City's plan.

To effect this change Wellspring will support in the creation of an employee benefits advisory committee. This will help Wellspring understand employee's views of the current plan and potential challenges when changing plans. This committee will assist in the review and evaluation of responses to the RFP. Through this process, employees will help develop a greater understanding of the City's cost to provide health benefits and a better understanding of the plan(s) to be offered.

Under the proposed contract, the City will pay a monthly fee for the consulting and support services offered by Wellspring through the end of FY 14. Once our plan renews on Oct. 1, the fees are dependent upon the number of employees in the benefits pool at open enrollment. If the City has 50 employees or less, the insurance rates have a built-in commission that will be paid to Wellspring; therefore, the City will no longer pay a monthly fee. However, if the employee benefits pool exceeds 50, the City has the option to continue to pay the monthly fee or allow Wellspring to be compensated by the commission from the health insurance company.

In order to fund this service through the remainder of FY 14, the resolution does include the use of \$7,500 of the contingency appropriation. If authorized, the contingency appropriation will have a balance of over \$85,000, or just over 69% remaining.

**RECOMMENDED ACTION:** Approve the resolution authorizing the City Manager to execute an agreement with Wellspring Human Capital for benefits consulting services.



## City of Anna City Council Agenda Staff Report

Council Meeting: May 13, 2014  
Exhibits:  Yes     No

Staff Contact: Jessica Perkins

**AGENDA SUBJECT:** Consider/Discuss/Action regarding a Resolution denying the rate increase requested by Atmos Energy Corp., Mid-Tex Division under the company's 2014 annual rate review mechanism filing in all cities exercising original jurisdiction. (Jessica Perkins)

**SUMMARY:** The City, along with approximately 164 other cities served by Atmos Energy Mid-Tex Division ("Atmos Mid-Tex" or "Company"), is a member of the Atmos Cities Steering Committee ("ACSC"). On or about February 28, 2014, Atmos Mid-Tex filed with the City an application to increase natural gas rates pursuant to the Rate Review Mechanism ("RRM") tariff renewed by the City in 2013 as a continuation and refinement of the previous RRM rate review process. This is the second annual RRM filing under the renewed RRM tariff.

The Atmos Mid-Tex RRM filing sought a \$45.7 million rate increase system-wide based on an alleged test-year cost of service revenue deficiency of \$49 million. Of the total amount requested, almost \$37 million is attributable to the affected cities. The City worked with ACSC to analyze the schedules and evidence offered by Atmos Mid-Tex to support its request to increase rates. Although a good faith attempt was made by ACSC to reach a compromise with Atmos Mid-Tex, an agreement was not reached. In the absence of an agreement, the ACSC Executive Committee and ACSC's legal counsel have recommended that ACSC members adopt the attached Resolution denying the rate increase request.

The RRM tariff was adopted by the City as an alternative to the Gas Reliability Infrastructure Program ("GRIP"), the statutory provision that allows Atmos to bypass the City's rate regulatory authority to increase its rates annually to recover capital investments. In past years, cities have been able to reach a compromise with Atmos to reduce the rate impact from the requested RRM increases, and these compromises have also been lower than the rates that Atmos would have been entitled to under the GRIP filing. In this case, the Company would have been entitled to an increase from GRIP of no more than \$31.5 million. The magnitude of the requested increase under the 2014 RRM filing, and the wide differences between it and the ACSC consultants' recommendations made a compromise much more difficult and ultimately impossible. The Company demanded more than it would be entitled to if it had filed a GRIP case.

For this reason, the ACSC Executive Committee and ACSC legal counsel recommend that all ACSC Cities adopt the Resolution denying the requested rate change.

**RRM Background:**

The RRM tariff was originally 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. In early 2013, the City adopted a renewed RRM tariff for an additional five years. This is the second RRM filing under the renewed tariff. This filing was made by agreement less than one year after the first filing in order for the RRM rate-setting process to hereafter use a calendar year as the test period.

The RRM tariff and the process implementing that tariff were created collaboratively by ACSC and Atmos Mid-Tex as an alternative to the legislatively-authorized GRIP surcharge process. ACSC has opposed GRIP because it constitutes piecemeal ratemaking, does not allow any review of the reasonableness of Atmos' expenditures, and does not allow participation by cities or recovery of cities' rate case expenses. In contrast, the RRM process has allowed for a more comprehensive rate review and annual adjustment as a substitute for GRIP filings. ACSC's consultants have calculated that had Atmos filed under the GRIP provisions, it would have received additional revenues from ratepayers of approximately \$31.5 million.

**Purpose of the Resolution:**

Rates cannot change without the adoption of rate ordinances by cities. No related matter is pending at the Railroad Commission. The purpose of the Resolution is to deny the rate increase requested by Atmos. Under the RRM tariff, Atmos may appeal the rate decision of the cities to the Railroad Commission; such appeal must be filed within thirty (30) days of the City action.

The RRM tariff also allows Atmos to implement its requested rates effective June 1 while any appeal at the Commission is pending, subject to refunds based upon the outcome of the appeal. This would represent a monthly increase of approximately \$2.02 for the average residential customer, subject to any refund if the Commission reduces the rates implemented by Atmos. The actual impact will be slightly less than \$2.02 for most residential customers because the Company has indicated it will not appeal and thus concedes several of the issues raised by Cities. The Resolution also authorizes the City to participate as a party to the appeal in conjunction with the ACSC, and requires the Company to reimburse the City for its rate case expenses associated with the City's review of the RRM filing, and with the appeal of the City's denial of the rate increase.

**Rate Impact of Appeal by Atmos Effective June 1:**

The RRM tariff constrains the annual increase in the residential customer charge to no more than \$0.50. The current \$17.70 customer charge will be increased to \$18.22 per month with the addition of an energy conservation program surcharge of \$0.02. The current \$17.70 customer charge for unincorporated area customers will become \$20.32 per month because all of the increase associated with a GRIP filing, which is applicable

to all customers not covered by a RRM tariff, is placed on the customer charge. However, the commodity charge for unincorporated residential service will be less than one-half of the commodity charge for residents of incorporated areas—\$0.04172 per Ccf vs. \$0.08998 per Ccf.

A comparison of rates and rate impact of what Atmos initially proposed in its RRM filing is reflected in the following chart:

Customer Class	Current Bill	New Bill	Difference	New Customer Charge	New Commodity Charge	Base Rate Increase
Residential	48.09	50.11	2.02	\$ 18.22	\$0.08998 Ccf	9.41%
Commercial	254.85	260.91	6.06	\$ 38.85	\$0.07678 Ccf	9.59%
Industrial	4,680.30	4,837.10	156.80	\$675.00	declining block	9.70%
Transportation	2,836.84	2,993.64	156.80	\$675.00	declining block	9.70%

However, Atmos has indicated that it will not appeal all issues raised by Cities and thus the impact should be slightly less than what is reflected in the above chart. A precise impact statement cannot be presented until after the Company's appeal is filed.

**Reasons Justifying Approval of the Resolution:**

Consultants working on behalf of ACSC Cities have investigated the Company's requested rate increase. While the evidence does not support the \$45.7 million increase requested by the Company, ACSC's consultants agree that the Company can justify an increase in revenues of a much lesser amount—namely, an increase of only \$19 million. The Executive Committee authorized a settlement value considerably above the consultants' recommendation but it was insufficient to meet the Company's expectation. The Company and ACSC Cities were too far apart in their positions to reach a compromise, and rather than granting a partial increase that the Company will not accept, the option remaining is to deny the rate increase request in its entirety, and participate in the Company's appeal of this decision at the Railroad Commission.

**Explanation of "Be It Resolved" Paragraphs:**

1. This paragraph approves all findings in the Resolution.
2. This section denies the requested rate increase, finds the proposed rates to be unreasonable and not in the public interest, and finds the existing rates to be just and reasonable.
3. This section requires the Company to reimburse ACSC Cities for reasonable ratemaking costs associated with reviewing and processing the RRM application.
4. This section authorizes participation by the City in conjunction with ACSC in any appeal filed by the Company at the Railroad Commission, and authorizes

ACSC and its counsel to act on behalf of the City. This section also requires the Company to reimburse ACSC Cities for reasonable ratemaking costs associated with any appeal filed by the Company to the City's resolution.

5. This section finds that the meeting was conducted in compliance with the Texas Open Meetings Act, Texas Government Code, Chapter 551.

6. This section is a savings clause, which provides that if any section(s) is later found to be unconstitutional or invalid, that finding shall not affect, impair, or invalidate the remaining provisions of this Resolution. This section further directs that the remaining provisions of the Resolution are to be interpreted as if the offending section or clause never existed.

7. This paragraph directs that a copy of the signed Resolution be sent to a representative of the Company and legal counsel for ACSC.

**STAFF RECOMMENDATION:** Staff recommends you approve the Resolution.