

**ABILENE CITY COUNCIL
MINUTES OF:
REGULAR CITY COUNCIL MEETING
June 26, 2003**

Item No. 2.0

CITY COUNCIL MEETING
June 26, 2003, 8:30 a.m.

CITY COUNCIL OF THE CITY OF ABILENE, TEXAS
CITY COUNCIL CHAMBERS OF CITY HALL

The City Council of the City of Abilene, Texas, met in Regular Session on June 26, 2003, at 8:30 a.m. in the City Council Chambers of City Hall. Mayor Grady Barr was present and presiding with Councilmen Kris Southward, Anthony Williams, John Hill, Jimmy McNeil and Councilwoman Kay Alexander. Also present were City Manager Larry Gilley, City Attorney Sharon Hicks, City Secretary Jo Moore, and various members of the City staff. Councilman Norm Archibald was absent.

Councilman John Hill gave the invocation.

The Pledge of Allegiance was led by Afton Duttlinger. Afton is a 4th grader at Bassetti Elementary and the daughter of David and Cheryl Duttlinger. Mrs. Duttlinger is an Accountant in the City's Accounting Division and was also present.

DISPOSITION OF MINUTES

2.0 There being no corrections, additions, or deletions to the June 12, 2003 Regular City Council Meeting minutes, Councilman Southward made a motion to approve the minutes as printed. Councilman Hill seconded the motion and the motion carried.

AYES: Councilmen Southward, Williams, Hill, McNeil, Councilwoman Alexander, and Mayor Barr.

NAYS: None.

CONSENT AGENDA

Councilman Williams made a motion to approve consent agenda items 3.1 through 3.9, as recommended by staff. Councilman McNeil seconded the motion and the motion carried.

AYES: Councilmen Southward, Williams, Hill, McNeil, Councilwoman Alexander, and Mayor Barr.

NAYS: None.

Resolutions:

3.1 Resolution designating names for access ways on private property for addressing purposes (Hendrick Home for Children).

The Resolution is numbered 17-2003 and captioned as follows:

A RESOLUTION DESIGNATING NAMES OF INTERNAL ACCESS WAYS FOR 911 AND OTHER ADDRESSING PURPOSES IN THE HENDRICK HOME FOR CHILDREN CAMPUS.

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pg. 1

- 3.2 Oral resolution approving a request for a fireworks display permit from Tommy Simons of Abilene Dragstrip for July 3, 2003 at 9:15 p.m.
- 3.3 Oral resolution authorizing the City Manager to execute Task Order 5 to the Landslide Engineering Contract with Hibbs and Todd, Inc.
- 3.4 Oral resolution authorizing the City Manager to execute a renewal contract for an amount not to exceed \$54,000 with federal funding consultants, Winston & Strawn.

Bid Awards:

- 3.5 **Bid #CB-3059** - Weed Mowing Contract. The bid was awarded to the low bidder, Karen Chambers.
- 3.6 **Bid #PA-3009** - CPR Training for CityLink employees. The bid was awarded to West Texas CPR & Safety Training Associates in the total amount of \$495.00, for a minimum of 33 employees at the rate of \$15.00 per person.
- 3.7 **Bid #CB-3046** - Security Fencing, Phase I at Abilene Regional Airport. The bid was awarded to the low responsible bidder Viking Fence Company of Austin, Texas.
- 3.8 **Bid #CB-3045** - Construction of a water tower, to be located near Hwy. 707 and Buffalo Gap Road. The Council authorized by Oral Resolution the City Manager to execute a contract with CB&I Constructors, Inc. Conroe, Texas, in an amount not to exceed \$730,000.00.
- 3.9 **Bid #CB-3060** - Elm Creek Cleaning, Phase II – from South 7th Street to South 14th Street. The bid was awarded to J.R. Ramon and Sons of San Antonio, Texas in the amount of \$171,543.00.

REGULAR AGENDA

Resolutions:

- 4.1 Larry Gilley, City Manager, briefed the Council on the West Central Texas Municipal Water District Contract Amendment #2. The proposed contract amendment provides that the City of Abilene, as a member city of the West Central Texas Municipal Water District, will be entitled to withdraw water from Hubbard Creek Reservoir at volumes to be determined based on the water surface elevation of the reservoir. In addition, the contract amendment provides for an annual allocation period, which will provide greater flexibility for the City to withdraw water when it is most needed.

Mr. Gilley noted as long as the water surface elevation of Hubbard Creek Reservoir is at or above 1170 ft. msl., the City may withdraw 125% of 72.98% of the Allocated Safe Yield. When the water surface level of the lake is below 1170 msl., but at or above 1155 ft. msl., the City may

withdraw 100% of 72.98% of the Allocated Safe Yield. So long as the water surface elevation of the reservoir remains below 1155 ft. msl., the amount of water, which the City may withdraw during any Annual Allocation Period, shall be determined by a formula of declining percentages as the reservoir levels continue to drop. When the water surface elevation of the reservoir remains below 1148 ft. msl., the City shall not be entitled to receive water from Hubbard Creek Reservoir. The Allocated Safe Yield of Hubbard Creek Reservoir as of October 1, 2003 is 27,900 acre-feet per year. The Annual Allocation period is the 12-month period beginning on October 1 of each year. The proposed contract amendment also provides for a Water Delivery Electric Charge attributable solely to the additional cost to the District of electric service required to pump and deliver water from Hubbard Creek Reservoir to the City. It is estimated that the changes in the Water Delivery Electric Charge distribution of the member cities will result in additional costs to the City of Abilene of \$46,500.00 per year. Staff recommends approval of the Amendment No. 2 to the Contract with the West Central Texas Municipal Water District contingent upon approval of similar amendments by the governing bodies of all member cities.

Council and staff discussion included: 1) the current lake levels; and 2) the negotiations that resulted in the proposed Contract Amendment.

Mr. Gilley and Mayor Barr stated appreciation to the city representatives serving on the WCTMWD Board for having moved this process forward and the Mayor noted the positive effect of the City also having gone forward in considering the needs of the member cities.

Councilwoman Alexander made a motion to approve by Oral Resolution the West Central Texas Municipal Water District Contract Amendment #2, as recommended by staff. Councilman Hill seconded the motion and the motion carried.

AYES: Councilmen Southward, Williams, Hill, McNeil, Councilwoman Alexander, and Mayor Barr.

NAYS: None.

4.2 David Wright, Finance Director, briefed the Council on the tax-exempt lease financing for equipment and vehicle purchase agreement - **Proposal #CB-3058**.

Mr. Wright explained that one of the budget issues this year is the financial stability of the Equipment Replacement Fund. To address this issue for FY 03 and potentially subsequent years, replacement of equipment is proposed to be financed utilizing existing cash and a lease purchase financing method. Lease financing proposals were solicited for an anticipated average of \$3 million per year for the next three (3) years with an aggregate of \$10,000,000. Each funding would be for sixty (60) months with the purchase option of \$1.00 at the end of the lease. Interest rates are fixed at the time of funding and are based on an index.

Advertisements were published on May 11 and May 18, 2003. Proposals were accepted until May 27, 2003, with five (5) financial institutions submitting proposals. Proposals were received from J.P. Morgan Leasing, Ashford Capital, Bank One, Koch Financial, and Banc of America Leasing & Capital. Banc of America Leasing has offered the best terms and conditions including the most favorable interest rate index. The rate index is 65% of the 5-Year U.S. Treasury Bond Obligation plus .8025 spread. As of Wednesday, June 18, 2003, the fixed rate

would be 2.265% with Banc of America Leasing and would range from 2.38% to 2.97% from the other proposals. While the Request for Proposal allows for a three-year allotment not to exceed \$10 million, the City is not obligated to borrow any funds.

Mr. Wright further clarified that lease financing would not be used on equipment that has an estimated life of less than five (5) years such as police patrol sedans, trimmers, small mowers, etc. These items would be purchased on a cash basis.

Mr. Wright explained that assuming an interest rate of 2.3% on \$3,040,000 for FY 03, annual debt service would be \$644,208 with the General Fund portion being \$589,450 and Water Utilities Fund being \$54,758. This will be funded utilizing annual appropriations to the Equipment Replacement Fund. Staff recommends the City Council, by Oral Resolution, authorize the City Manager to execute all required documents with Banc of America Leasing & Capitol L.L.C. for a lease financing agreement.

Mr. Wright distributed and reviewed with Council an Equipment Replacement Fund, Cash Flow Analysis and Lease Financing handout. Reviewed information included: 1) a Replacement Fund Summary; 2) Actions Being Taken; 3) Objectives FY03-FY05; 4) Projected Cash Basis and Proposed Cash and Financing for Fiscal years 2003 through 2005; 5) Projected Cash Basis and Proposed Cash for Fiscal year 2006; and 6) Cash Basis for Fiscal years 2007 through 2018.

Council and staff discussion included: 1) the increase in revenue over the past 10 years; 2) good quality used vehicles versus purchasing new vehicles; 3) status of take home vehicles; 4) locking in current interest rate; 5) when cities are authorized to issue debt without voter approval; and 6) the proposed agreement having no affect on the City's bond rating.

Council commended Mr. Wright on working toward a financially sound equipment/vehicle replacement program and the excellent presentation to Council in explaining that program.

Councilman Southward made a motion to authorize by Oral Resolution the City Manager to execute all required documents with Banc of America Leasing & Capitol L.L.C. for a lease financing agreement, as recommended by staff. Councilman Hill seconded the motion and the motion carried.

AYES: Councilmen Southward, Williams, Hill, McNeil, Councilwoman Alexander, and Mayor Barr.

NAYS: None.

EXECUTIVE SESSION

Mayor Barr recessed the Council into executive session pursuant to Sections 551.071, 551.074, and 551.072 of the Open Meetings Act, to seek the advice of the City Attorney with respect to pending and contemplated litigation, to consider the appointment and evaluation of public officers, and to consider the purchase, exchange, lease or value of real property.

Councilman Williams left the meeting after Executive Session.

The Council reconvened from Executive Session and reported no action taken.

5.4 Councilman Southward made a motion to approve Mayor Barr's appointments to Frontier Texas! Board of Directors as follows:

Frontier Texas! Board of Directors

Appoint:

George Newman, Taylor County Judge

Kathy Merrill, City of Abilene

Don Frazier, Citizen (McMurry University/McWhiney Foundation)

Bill Hale, Texas Department of Transportation

Colonel Bill Foote, Dyess Air Force Base

Councilman Hill seconded the motion and the motion carried.

AYES: Councilmen Southward, Hill, McNeil, Councilwoman Alexander, and Mayor Barr.

NAYS: None

There being no further business, the meeting was adjourned at 10:33 a.m.

Jo Moore
City Secretary

Grady Barr
Mayor