

CITY COUNCIL MEETING
July 3, 2008, 8:30 a.m.

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

The City Council of the City of Abilene, Texas, met in Special Session on July 3, 2008, at 8:30 a.m. in the Council Chambers at 555 Walnut Street. Mayor Archibald was present and presiding with Councilmen Sam Chase, Stormy Higgins, Joe Spano, Robert Briley, and Councilwoman Laura Moore. Absent Councilman Anthony Williams. Also present were City Manager Larry Gilley, City Attorney Dan Santee, City Secretary Danette Dunlap, and various members of the City staff.

Councilwoman Laura Moore gave the invocation.

Mayor Archibald led the Pledge of Allegiance to the Flags of the United States of America and the State of Texas.

Item 4 - Jon James Director of Planning and Development Services, briefed the council on the zoning regulations that relate to short-term rental of residential properties.

Short -Term Rental Units

Residential accommodations designed or occupied for transitory period of time (typically 30 days or less)

Examples:

Hotels	Motels
Boarding Houses	Bed & Breakfast
RV Parks	Tourist Cabins/Homes

Situation

There is an existing SF home in RS-12 District, that is being rented as a whole unit and the rent is by the day. Location is in an existing Residential Neighborhood.

Question

Is this a Bed &Breakfast or Single Family Home?

Result

A ruling by the Staff and concurred with the Director is that it meets the definition of a Single Family Home under the Zoning Ordinance. It was appealed to the Board of Adjustment and the Board concurred with the finding of the Staff and Director.

Definition of Bed and Breakfast

Current Ordinance:

- A single building in which there are no more than five (5) guest rooms for living or sleeping accommodations which are (a) for transient occupancy; (b) must be rented on a daily basis; (c) do not have kitchen facilities in guest rooms; and, (d) may have a maximum of one meal per 24 hour period provided for guests and staff only.

Dwelling, Single-Family

Current Ordinance Definition:

- A building containing only one dwelling unit. The term is general and includes such specialized forms as single-family detached, single-family attached, and patio homes. For regulatory purposes, the term shall not be construed to mean mobile homes, modular homes, travel trailers, housing mounted on self-propelled or drawn vehicles, tents, or other forms of portable or temporary housing

Potential Concerns

with Short Term Rentals

Noise	Security/Safety
Parties	Parking
Traffic	Property Values
Commercial Encroachment	
Neighborhood Character	

Questions

Is the use by its very nature more or less likely to have negative impacts than a SF home?

Is this type of use more like a SF home or a Bed and Breakfast?

Is the use primarily commercial or residential?

Are the potential negative impacts enough to warrant additional regulation of short-term rentals?

Finally, should the zoning ordinance be amended to accomplish this?

Options

- Current ordinance is OK (no change needed)
- Define this use as a Bed & Breakfast
- Create a new use classification for "Short Term Rental Unit"
 - Limit to certain zoning districts only
 - Limit concentration or spacing

- Require special exception from Board Of Adjustment
- Require certain conditions, such as minimum parking requirements, screening from adjacent properties, etc.
- Limit parties, events, etc.

Staff and Council discussion included: 1) do we need to change the current ordinance? 2) do we need to add the definition of lodging/cabin to the ordinance?; 3) not a typical Single Family; 4) which elements are true concerns; 5) if the ordinance changed this particular home would be grandfathered; 6) concerns could apply across the entire community i.e. noise, parties etc.; and 7) careful to define the term single family.

Mayor Archibald opened up the meeting to give an opportunity for both sides of the issue to voice their concerns. Each side was given 5 minutes to speak.

- John Iman – voiced his concern. The residents of the area had taken a vote of the Amarillo Highland Association and the results had not been made known at the meetings. They feel that this is commercial encroachment and sited evidence from a sales tax report showing that sales tax had been collected. Mr. Iman also stated that this had split the neighborhood. He didn't object to the grandfathered status of this particular home but had concerns that other homes are becoming the same way for example home at 10th Street and Santos.
- Tom Choate – representing the Browder's. Mr. Choate stated that this is a whole house rental and that there is significant difference between this and a Bed Breakfast. Bed & Breakfast has a staff etc. Administration has been upheld in their findings. Don't create an ordinance where it is not needed. There is a Bed and Breakfast within 2 blocks of this location and there has not been anyone against it.

Mayor Archibald announced that this item was for discussion only.

Item 5 - Tommy O'Brien Director of Water Utilities, briefed the council on the water and sewer rate adjustments proposed.

Fund Balance Designations

- The Water Operating Fund has two Fund Balance Designations:
 - Unrestricted
 - Designated for fiscal contingencies
 - Should equal three months of operating expenses
 - Restricted for Capital Projects
 - Dollars set aside for the Department's Capital Projects
 - Used to reduce the financing costs of major capital projects

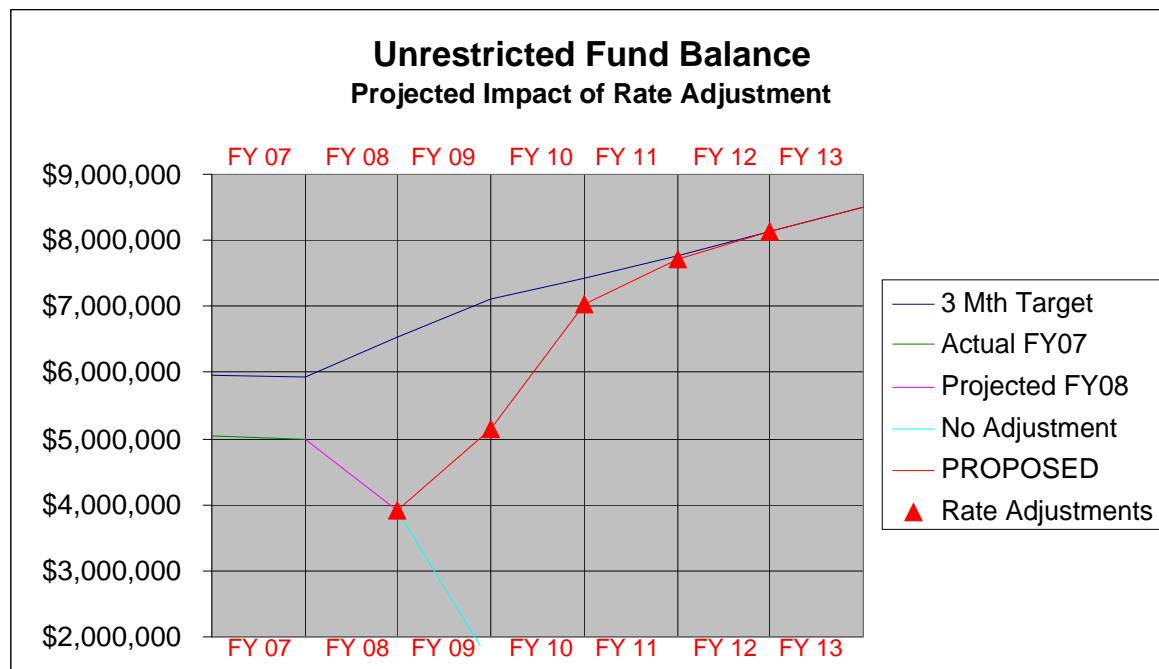
Multi-Year Rate Strategy

- Rate Adjustment needed for FY 08/09

- Cover increasing costs of Operations
- Begin to fund Capital Improvements Program
- Incremental Rate Adjustment Strategy
 - Continue annually to restore Unrestricted Fund Balance
 - Continue to fund CIP
- Continue Proactive Rate Review Strategy
 - Small Annual/Bi-Annual Adjustments

Contract Customer Rates

- Wholesale Water Contract Rates follow the City's Commercial Rates
- Wholesale Sewer Contract Rates follow the City's Sewer Rates
- Dyess AFB Contract Rates follow the City's Industrial Rates
- Reuse Contract Rates are based on Cost of Service
 - No Reuse Rate adjustment recommended



Without a Rate Adjustment, the Unrestricted Fund Balance is projected to drop below \$2.0 Million.

This Proposal includes 5 consecutive Rate Adjustments which restore the Unrestricted Fund Balance and allows for funding of the CIP.

Proposed Rate Adjustment (for FY 08/09)

- | | | |
|--|---|--|
| Water Rates <ul style="list-style-type: none"> • Base Rates – Weighted Adjustment • Residential <ul style="list-style-type: none"> – 1st Tier – 15% | * | Sewer Rates <ul style="list-style-type: none"> • Base Rates - \$.70 • Cons. Rates 24% |
|--|---|--|

- 2nd Tier – 24%
 - 3rd Tier – 24%
- Commercial
 - Both Tiers – 24%
- Industrial
 - Single Tier – 24%

Future Rate Considerations

- Consider a multi-year Rate Strategy.
- FY 08/09
 - Adopt Rate Adjustment
 - Begin to Fund Capital Projects
- FY 09/10 Forward
 - Annual Rate Review
 - Continue to Move Toward 3 Mth Target
 - Continue to Fund Capital Projects.

Staff and Council discussion included: 1) the driving force of increases includes Texas Commission on Environmental Quality tightening regulations; 2) increase in costs; 3) adding Cedar Ridge Reservoir; 4) the importance of increasing the 3months of operating expense; 5) continuance of funding CIP projects; 6) rate adjustment each year; 7) can be built into the Ordinance passed during Budget time to have the automatic rate adjustment; 8) base rate – a fixed cost in order to provide service and the demands on the system; 9) capitol projects have been postponed because the rates didn't increase last year; 10) incorporate the rate structure in the budget process, will allow customers to plan ahead.

This item was for discussion only. Council took a brief break, after the break the Council preceded to the next agenda item.

Item 6 – Don Green, Director of Aviation brief the council on the oral resolution approving lowering the landing fees and fuel flowage fees charged to signatory airlines for diversion aircraft only.

The airport currently charges a landing fee of \$.43 per 1000lbs of an aircraft's maximum allowable landing weight and it charges a fuel flowage fee of \$.0675 for every gallon of fuel dispensed into aircraft on the airport.

Abilene Regional Airport is a preferred diversion airport for times when D/FW International is closed to arriving aircraft due to weather or other circumstances. American Airlines has asked the City of Abilene and other preferred diversion cities to consider eliminating or reducing the above fees charged to diverted aircraft only to help the airline reduce its operating costs in this time of increased fuel prices. The City relies on these charges to help pay for the airport's operating expenses, so eliminating these charges is not recommended. In the spirit of cooperation and partnership with our signatory (tenant) airlines, we recommend the following fee reductions for diverted signatory aircraft only:

Landing Fee of \$.215 per 1000 lbs (50% reduction); and Fuel Flowage Fee of \$.04 per gallon (40% reduction). In fairness, we cannot offer this diversion fee reduction to American Airlines only, so we will extend this reduction to Continental Airlines too because they are also a signatory airline here. Airlines that are not signatories and divert here will pay the full landing fee and fuel flowage fee.

This fee reduction will not apply to regular scheduled airline operations at Abilene Regional Airport. Also, the fee reduction will be evaluated annually by the Director of Aviation and the Airport Development Board to determine if continuation is warranted.

American Airlines has also asked that, if approved, this fee reduction be backdated to May 27 to cover diverted aircraft from that date forward.

Projected revenues from diverted aircraft are difficult to predict due to their irregular occurrence; therefore, this reduction's impact can best be explained by historical data. The City invoiced approximately \$4,500 in diversion Landing Fees to American Airlines in the previous 12 months. A 50% reduction would have reduced that amount to \$2,250. The Fuel Flowage Fee is a pass-through fee collected by Abilene Aero. The reduction in the Fuel Flowage Fee would have reduced the amount invoiced from \$8,704.60 to \$5,158.28; a difference of \$3,546.32.

Staff recommends that City Council approve the reduction in Landing Fees and Fuel Flowage Fees for diverted signatory airline aircraft only and that the fee reduction be backdated to an effective date of May 27, 2008.

The Airport Development Board originally considered this at its May 14, 2008 meeting and recommended City Council approval. The ADB also considered the backdated effective date at its June 11 meeting and amended its recommendation to City Council to approve this item.

Councilman Briley made the motion to approve the Oral Resolution approving lowering the landing fees and fuel flowage fees charged to signatory airlines for diversion aircraft only. Councilman Spano seconded the motion and the motion carried.

AYES: Councilmen Chase, Spano, Briley, Higgins and Councilwoman Moore. Mayor Archibald

NAYS: None

There being no further business the meeting was adjourned at 10:44 a.m.

Danette Dunlap
City Secretary

Norm Archibald
Mayor