

**MINUTES
CITY OF GAINESVILLE
CITY COUNCIL MEETING
200 South Rusk
Gainesville, Texas 76240
June 7, 2011**

The City Council of the City of Gainesville, Texas met in regular session on June 7, 2011 at 6:30 p.m. with the following persons in attendance.

MEMBERS PRESENT: Mayor Jim Goldsworthy
Carolyn Hendricks, Ken Keeler, Philip Neelley, Ray Nichols,
Vince Rippy, Beverly Snuggs

STAFF PRESENT: Barry Sullivan, City Manager; Kay Lunnon, City Secretary; Bill Harris, City Attorney; Steven Fleming, Police Chief; Dave Vinton, Airport Director; Kent Sharp, Executive Director, GEDC

OTHERS PRESENT: Phill Schenk, Colleen Clark Carri, Heather Pilkington, Gabrielle Fletchers, Jan Fox, Kelly Fiore-Watson, Joe Connor, Jeffrey Watson, Lydia Ansley, Margie Askew, Linda Lutkenhaus Coursey, Dean Patterson, Tommy James, Janet and Frank Morris, Rebecca Lawson, Karen Fuller

CALL TO ORDER

Mayor Jim Goldsworthy called the meeting to order at 6:30 p.m., with all Council members present.

INVOCATION & PLEDGE OF ALLEGIANCE

Pastor Garry Way, Cornerstone Baptist Church gave the invocation. Mayor Goldsworthy led in the pledge to the flag.

REPORTS

City Manager Barry Sullivan gave an update on the City's electric supply agreement through the Cities Aggregation Power Project, Inc. (CAPP). In 2008 the City Council approved a five-year contract for power supply through 2013. In December 2010, due to a decrease in the price of natural gas, Council authorized CAPP to negotiate a new contract, blending current contract rates with the new lower rates, and extending the contract term. Sullivan said negotiations for the new contract have been finalized and City of Gainesville will realize a savings of 11.5% over the next three years on the blend and extend contract. The new contract blends rates from the earlier contract with current rates through the end of 2013, and extends the term of the contract until December 2017.

Dave Vinton, Airport Manager, gave a report on the Gainesville Municipal Airport taxiway overlay project, currently under construction through a 90/10 match grant agreement with Texas Department of Transportation/Aviation Division (TXDOT/AV). He said the City has recently paid in an additional \$8,010 as its ten percent portion, due to TXDOT's termination of the contractor, Bluebay Construction, who was approved for the project in March 2011. TXDOT subsequently found Bluebay to be ineligible and replaced them with Lane Construction, the next lowest bidder. Replacement of the contractor resulted in a contract increase of \$80,100, making the City responsible for an additional 10%. The City's portion for this project has been paid

from the airport projects fund, which was established from proceeds from the sale of airport property.

Kelly Fiore-Watson presented a funding request from Hotel Motel Tax Occupancy Revenues, on behalf of the Cooke County Arts Council for the fiscal year budget 2011-2012, requesting \$4,500. Arts Council organizations included in the funding request are Cooke County Orchestra/Gainesville Swing Orchestra, North Central Texas Chorale, Gainesville Area Visual Arts Association (GAVA).

Colleen Carri presented funding requests on behalf of the Cooke County Heritage Society for the next fiscal year from Hotel Motel Tax Occupancy Revenues, requesting \$18,000 for the Morton Museum, and \$25,000 for the Santa Fe Depot Museum.

CONSENT AGENDA

Council reviewed the Minutes of the regular City Council Meeting of May 17, 2011 and approved them as written.

Councilmember Nichols **moved to approve the Consent Agenda**, and was seconded by Councilmember Neelley. Motion carried by vote of 7 Ayes, 0 Nays, 0 Abstentions, and 0 Absent.

RESOLUTION NO. 06-07-2011– AUTHORIZE SIGNATORY OFFICERS OF THE CITY FOR BANKING ACTIVITIES

RESOLUTION DESIGNATING AUTHORIZED SIGNATORY OFFICERS OF THE CITY OF GAINESVILLE TO TRANSACT BANKING ACTIVITIES ON BEHALF OF THE CITY OF GAINESVILLE.

Council authorized as signatory officers for City bank accounts, the Mayor, City Manager, Finance Director, and City Controller. Due to election of a new Mayor, bank signature cards needed to be re-approved.

Councilmember Snuggs **moved to approve the Resolution**, and was seconded by Councilmember Keeler. Motion carried by vote of 7 Ayes, 0 Nays, 0 Abstentions, and 0 Absent.

RESOLUTION NO. 06-07-2011 A - AUTHORIZE CONTRACT FOR TASK ORDER NO. 13 FOR PLANNING AND ENVIRONMENTAL SERVICES FOR THE GAINESVILLE WATER TREATMENT PLANT EXPANSION AND NORTHWEST DISTRIBUTION SYSTEM IMPROVEMENTS 2010

A RESOLUTION AUTHORIZING THE CITY MANAGER, FOR AND ON BEHALF OF THE CITY OF GAINESVILLE, TO EXECUTE AN AGREEMENT FOR PROFESSIONAL SERVICES WITH HDR ENGINEERING, INC. FOR TASK ORDER NO. 13 FOR PLANNING AND ENVIRONMENTAL SERVICES FOR THE GAINESVILLE WATER TREATMENT PLANT EXPANSION AND NORTHWEST DISTRIBUTION SYSTEM IMPROVEMENTS 2010.

Task Order No. 13 agreement with HDR Engineering was authorized in the amount of \$107,001.00 for Planning and Environmental Services for the Moss Lake Water Treatment Plant expansion and Northwest Distribution System Improvements. The planning services are needed to prepare for expansion of the water treatment facility to a capacity of two million gallons per day, and for the pipeline improvements to serve the northwest quadrant of Gainesville. Environmental data gathering is necessary in support of preparation of environmental permit documents for the project. The services provided will correlate with funding requirements by the Texas Water Development Board / Water Infrastructure Fund (WIF). The City Manager said

environmental services for the project will be reduced by \$12,000 through a contract amendment which he is prepared to sign for the previously approved Task Order No. 12.

Councilmember Hendricks **moved to approve the Resolution**, and was seconded by Councilmember Keeler. The motion carried by vote of 7 Ayes, 0 Nays, 0 Abstentions, and 0 Absent.

ORDINANCE NO. 1273-06-2011 - - APPROVING AND ADOPTING NEGOTIATED SETTLEMENT FOR ONCOR ELECTRIC DELIVERY COMPANY RATE TARIFF ADJUSTMENTS

FIRST READING OF AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF GAINESVILLE, TEXAS, (“CITY”) APPROVING A NEGOTIATED RESOLUTION BETWEEN THE STEERING COMMITTEE OF CITIES SERVED BY ONCOR (“STEERING COMMITTEE”) AND ONCOR ELECTRIC DELIVERY COMPANY LLC (“ONCOR” OR “COMPANY”) REGARDING THE COMPANY’S APPLICATION TO INCREASE ELECTRIC RATES 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 ONCOR’S PROOF OF REVENUES; 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.

Ordinance was approved and adopted for a negotiated settlement agreement for Oncor Electric Delivery rate adjustments. The City worked with the Steering Committee to negotiate the settlement agreement, which reduced Oncor’s original request from a \$353 million increase to a \$136.7 million increase. This rate adjustment results in a system-wide rate increase of 6.1%. Oncor residential customers will see an increase of 6.2%, about \$2.35 per month for the average customer. Street lighting rates will increase 13.8%. Oncor plans to implement the new rates in two phases: \$93.7 million effective July 1, 2011; and \$43 million effective January 1, 2012. The Steering Committee recommended approval of the negotiated agreement because it is a compromise between the positions of the parties and the alternative would be a contested case proceeding before the Public Utility Commission of Texas that would take months, cost ratepayers millions of dollars, and would not likely produce a more favorable result. Oncor has agreed that it will not file another general base rate case prior to July 1, 2013.

Councilmember Nichols **moved to suspend the Charter**, and was seconded by Councilmember Rippy. The motion carried by vote of 7 Ayes, 0 Nays, 0 Abstentions, and 0 Absent.

Councilmember Nichols **moved to adopt the ordinance**. The motion was seconded by Councilmember Keeler and carried by vote of 7 Ayes, 0 Nays, 0 Abstentions, and 0 Absent.

FIRST READING OF GEDC APPROVAL OF ECONOMIC DEVELOPMENT INCENTIVE FOR IFS COATINGS, INC.

FIRST READING OF A RESOLUTION APPROVING ACTIONS OF THE GAINESVILLE ECONOMIC DEVELOPMENT CORPORATION WHICH APPROVED AN ECONOMIC

DEVELOPMENT INCENTIVE FOR IFS COATINGS INC. (PER STATE LAW, COUNCIL TAKES NO ACTION ON FIRST READING)

First reading was completed on a resolution approving the decision of the Gainesville Economic Development Corporation to provide an economic development incentive for IFS Coatings Inc. for an amount not to exceed \$125,000. IFS Industries is a powder coating manufacturer located at 3601 North I-35, which has been in operation for several years and currently employs 49 individuals at the Gainesville plant. IFS desires to expand their present facility of 50,000 square feet with an addition of 22,000 square feet, and additional machinery and equipment at approximately \$1,300,000.00. IFS Industries will create 25 additional jobs at the Gainesville plant. The GEDC Board of Directors approved an incentive for IFS of \$5,000 per job up to a maximum of 25 additional jobs over and above the current 49 employees. To be eligible for the incentive, the new job must pay no less than \$11.00 per hour, and the new employee must be full time (40 hours per week) and reside within Cooke County. Council stipulated that the incentive contract, stating the incentive requirements, be included with second reading of the resolution as "Attachment B". Per State law, the GEDC project must receive two readings by the City Council prior to approval. Council takes no action on first reading. Second reading is scheduled for June 21.

FIRST READING OF GEDC APPROVAL OF ECONOMIC DEVELOPMENT INCENTIVE FOR ALAN RITCHEY, INC.

FIRST READING OF A RESOLUTION APPROVING ACTIONS OF THE GAINESVILLE ECONOMIC DEVELOPMENT CORPORATION WHICH APPROVED AN ECONOMIC DEVELOPMENT INCENTIVE FOR ALAN RITCHEY INC. (PER STATE LAW, COUNCIL TAKES NO ACTION ON FIRST READING)

First reading was completed on a resolution approving the decision of the Gainesville Economic Development Corporation to provide an economic development incentive for Alan Ritchey, Inc. for an amount not to exceed \$125,000. Alan Ritchey, Inc. is in the process of remodeling their 97,000 square foot Gainesville facility at 2300 North I-35 to accommodate two industrial types of operations. The first is a manufacturing line to fabricate and weld oil field equipment such as frac tanks as well as other possible industrial equipment. The second operation will be to inspect oil field pipe and tubing for industrial energy sector clients. Alan Ritchey, Inc. will expend between \$500,000 and \$1,000,000 for remodeling, machinery and equipment in this facility. The GEDC Board of Directors approved an incentive for Alan Ritchey, Inc. of \$5,000 per job up to a maximum of 25 newly created jobs. To be eligible for the incentive, the new job must pay no less than \$12.00 per hour, and the new employee must be full time (40 hours per week) and reside within Cooke County. Council stipulated that the incentive contract, stating the incentive requirements, be included with second reading of the resolution as "Attachment B". Per State law, the GEDC project must receive two readings by the City Council prior to approval. Council takes no action on first reading. Second reading is scheduled for June 21.

EXECUTIVE SESSION

Council did not convene into Executive Session.

ADJOURN

With no further business to come before the City Council, the meeting was adjourned at 7:15 p.m.

Respectfully submitted,

/S/
Kay Lunnon, City Secretary

/S/
Jim Goldsworthy, Mayor