

AGENDA FOR REGULAR MEETING

KERRVILLE CITY COUNCIL

TUESDAY, JULY 24, 2012, 6:00 P.M.

KERRVILLE CITY HALL COUNCIL CHAMBERS

800 JUNCTION HIGHWAY, KERRVILLE, TEXAS

KERRVILLE CITY COUNCIL AGENDA
REGULAR MEETING, TUESDAY, JULY 24, 2012, 6:00 P.M.
CITY HALL COUNCIL CHAMBERS
800 JUNCTION HIGHWAY, KERRVILLE, TEXAS

CALL TO ORDER

INVOCATION offered by Mr. Eldon Sheffer, Director of Church Relations, Schreiner University.

PLEDGE OF ALLEGIANCE TO THE FLAG led by Keith Ellis of the Military Officers Association of America.

Those in attendance may stand if they wish.

1. VISITORS/CITIZENS FORUM:

Any citizen with business not scheduled on the agenda may speak to the Council. Prior to speaking, each speaker must fill out the speaker request form and give it to the City Secretary. Council may not discuss or take any action on an item but may place the issue on a future agenda. The number of speakers will be limited to the first ten speakers and each speaker is limited to four minutes.

2. RECOGNITION:

2A. Aquatics staff for lifeguard competition achievements. (staff)

3. PRESENTATIONS:

3A. Presentation by Sheriff Hierholzer regarding operations at the Kerr County Jail. (Mayor Pratt)

3B. Presentation by Bob Treacy with City-County Benefits Services on the Patient Protection and Affordable Care Act of 2010. (staff)

4. CONSENT AGENDA:

These items are considered routine and can be approved in one motion unless a councilmember asks for separate consideration of an item. It is recommended that council approve the following items which will grant the mayor or city manager the authority to take all actions necessary for each approval:

The facility is wheelchair accessible and accessible parking spaces are available. Requests for accommodations or interpretive services must be made 48 hours prior to this event. Please contact the City Secretary's Office at 830-258-1117 for further information.

I do hereby certify that this notice of meeting was posted on the bulletin board at the city hall of the city of Kerrville, Texas, and said notice was posted on the following date and time, July 20, 2012 at 3:00 p.m. and remained posted continuously for at least 72 hours preceding the scheduled time of the meeting.

Brenda Craig
City Secretary, City of Kerrville, Texas

4A. Minutes of the regular city council meetings held June 12, and June 26, 2012, and special meeting held June 19, 2012. (staff)

4B. Approval of Agreement For Services with National Sign Plazas, Inc. for wayfinding sign project. (staff)

4C. Settlement and Mutual Release Agreement with Windstream Communications, Inc. (staff)

END OF CONSENT AGENDA

5. ORDINANCE, SECOND AND FINAL READING:

5A. An ordinance amending the budget for fiscal year 2012 to account for the redesign and revised cost estimates for the Birkdale lift station/force main project. (staff)

7:00 P.M. APPROXIMATELY

6. CITY COUNCIL RECESS:

THE CITY COUNCIL WILL RECESS THE REGULAR MEETING TO CONVENE A MEETING OF THE CITY OF KERRVILLE EMPLOYEE BENEFITS TRUST (see separate posted agenda).

THE KERRVILLE CITY COUNCIL WILL RECONVENE INTO REGULAR SESSION FOLLOWING THE MEETING OF THE CITY OF KERRVILLE EMPLOYEE BENEFITS TRUST.

7. CONSIDERATION AND POSSIBLE ACTION:

7A. A resolution authorizing the transfer of the ownership of funds from the City of Kerrville to the City of Kerrville Employee Benefits Trust to pay for employee related benefits for fiscal year 2013. (staff)

7B. Execute construction contracts with i) BRB Contractors, Inc. for the "lift station package" in the amount of \$4,476,154.00; and ii) Pesado Construction Company, Inc. for the "force main package" in the amount of \$1,468,929.00 for the Birkdale lift station, force main and emergency flow diversion structure project, and authorize City Manager to execute additional change orders under each contract, where a change order may exceed \$50,000.00, but the total amount of such orders may not exceed \$354,000.00 for a total project amount of \$6,299,083.00. (staff)

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City Secretary, City of Kerrville, Texas

7C. LCRA Transmission Services Corporation and its proposed adjustment of its CREZ (Competitive Renewable Energy Zone) I-10 route and impact on City's landscaping and welcome sign. (staff)

7D. A resolution providing for the city's approval or disapproval of the Kerr Central Appraisal District's fiscal year 2013 budget. (staff)

7E. Report from Kerr Economic Development Corporation (Jonas Titas, KEDC)

7F. Kerrville's Convention and Visitors Bureau (CVB) contract. (Councilmember Conklin)

7G. A resolution appropriating all revenue from the hotel occupancy tax for fiscal year 2013 pursuant to state law and city policy. (staff)

7H. Appropriate the disbursement of hotel occupancy tax funds for the fiscal year 2013. (staff)

7I. Authorize the city to submit funding applications to the City of Kerrville, Texas Economic Improvement Corporation for i) a pavilion and parking lot improvements at the Scott Schreiner Golf Course; ii) improvements at the City's soccer complex; and iii) a downtown wireless internet project. (staff)

7J. Presentation of the City's Fiscal Year 2013 proposed budget and direction to staff regarding same. (staff)

8. INFORMATION AND DISCUSSION:

8A. Report on Kerr Economic Development Corporation activities. (Councilmember Conklin)

8B. Update on river trail project. (staff)

8C. Budget and economic update. (staff)

9. ITEMS FOR FUTURE AGENDAS

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Brenda Craig
City Secretary, City of Kerrville, Texas

10. ANNOUNCEMENTS OF COMMUNITY INTEREST:

Announcement of items of community interest, including expressions of thanks, congratulations, or condolences; information regarding holiday schedules; honorary recognitions of city officials, employees, or other citizens; reminders about upcoming events sponsored by the city or other entity that is scheduled to be attended by city officials or employees; and announcements involving imminent threats to the public health and safety of the city. No action will be taken.

11. EXECUTIVE SESSION:

The City Council reserves the right to adjourn into executive session at any time to discuss any of the matters listed as permitted by law including if they meet the qualifications in Sections 551.071 (consultation with attorney), 551.072 (deliberation regarding real property), 551.073 (deliberation regarding gifts), 551.074 (personnel matters), 551.076 (deliberation regarding security devices), and 551.087 (deliberation regarding economic development negotiations) of Chapter 551 of the Texas Government Code, including the following matters:

Section 551.071:

- Settlement and Mutual Release Agreement with Windstream Communications, Inc.
- LCRA Transmission Services Corporation and its proposed adjustment of its CREZ (Competitive Renewable Energy Zone) I-10 route and impact on City's landscaping and welcome sign.

12. ACTION ON ITEMS DISCUSSED IN EXECUTIVE SESSION

13. ADJOURNMENT.

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Brenda Craig
City Secretary, City of Kerrville, Texas

Agenda Item:

2A. Aquatics staff for lifeguard competition achievements. (staff)

**TO BE CONSIDERED BY THE CITY COUNCIL
CITY OF KERRVILLE, TEXAS**

SUBJECT: Recognition of the Aquatics Staff for Lifeguard Competition Achievements

FOR AGENDA OF: July 24, 2012

DATE SUBMITTED: July 17, 2012

SUBMITTED BY: Malcolm Matthews,
Director of Parks & Recreation



CLEARANCES: Kristine Ondrias, Asst. City
Manager



EXHIBITS:

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER:



Expenditure Required:	Current Balance in Account:	Amount Budgeted:	Account Number:
\$	\$	\$	

PAYMENT TO BE MADE TO:

REVIEWED BY THE DIRECTOR OF FINANCE:

SUMMARY STATEMENT

The City of Kerrville, for the first time, has created a Lifeguard Competition team. The 4 member team is made up of the lifeguard staff from the Olympic Pool. On July 16, 2012, the team competed at the Central Texas Lifeguard Competition in New Braunfels. The City of Kerrville placed 1st in the First-Aid / CPR event and 3rd overall, in a field of 20 teams, which qualified them for the Texas State Lifeguard Championship in Corpus Christi on July 30, 2012.

The Lifeguard Competition team, in its first year, consists of two male lifeguards and two female lifeguards. At these competitions, each team competes in several unknown scenarios and simulations that encompass first-aid, CPR, spinal injury management, conscious/unconscious guests, and additional lifesaving techniques with rescue equipment such as oxygen and an automated external defibrillator (AED). Teams are judged on their ability to recognize and react to each emergency, problem solving, confidence, teamwork, rule enforcement, triage, overall skill level, and management of scenarios. The Olympic Pool lifeguards have done a great job in representing the City of Kerrville, especially with this being their first year to compete.

RECOMMENDED ACTION

It is recommended that the Parks and Recreation Department's Lifeguard Competition Team be recognized by the City Council for their hard work and achievement at the Central Texas Lifeguard Championship.

Agenda Item:

3A. Presentation by Sheriff Hierholzer regarding operations at the Kerr County Jail. (staff)

**TO BE CONSIDERED BY THE CITY COUNCIL
CITY OF KERRVILLE, TEXAS**

SUBJECT: Presentation by Sheriff Hierholzer regarding operations at the Kerr County Jail

FOR AGENDA OF: July 24, 2012

DATE SUBMITTED: July 18, 2012

SUBMITTED BY: Jack Pratt
Mayor

CLEARANCES:

EXHIBITS: PowerPoint Presentation by Sheriff Hierholzer

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER:

Expenditure	Current Balance	Amount	Account
Required:	in Account:	Budgeted:	Number:
\$0.00	\$0.00	\$0.00	TBA

PAYMENT TO BE MADE TO:

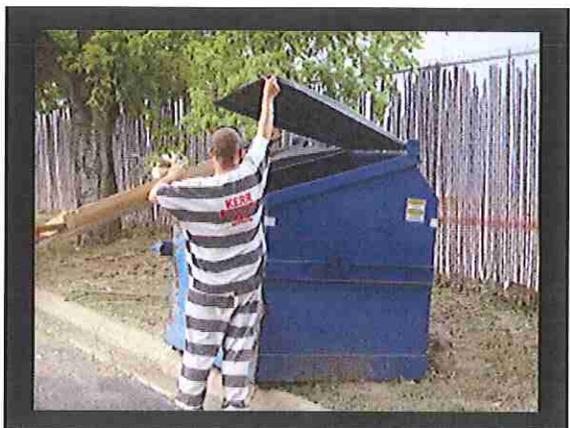
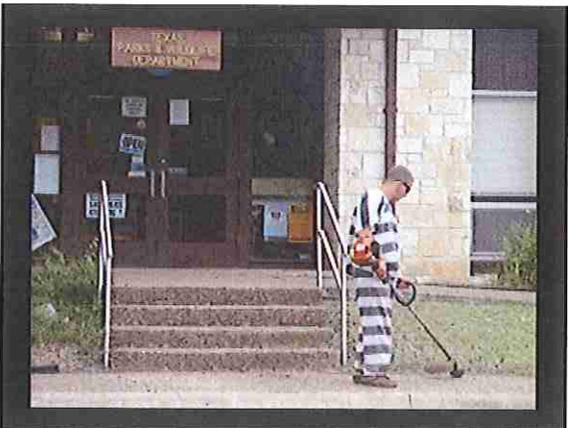
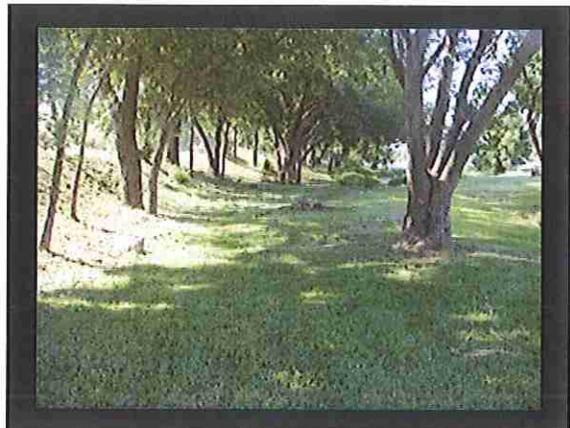
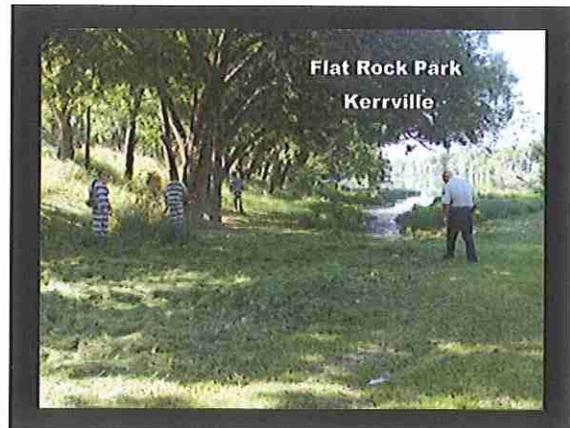
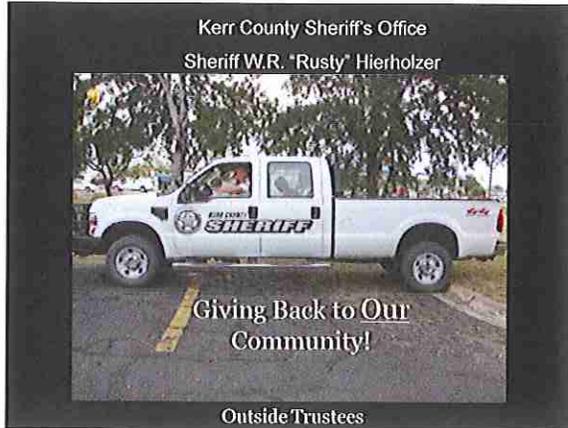
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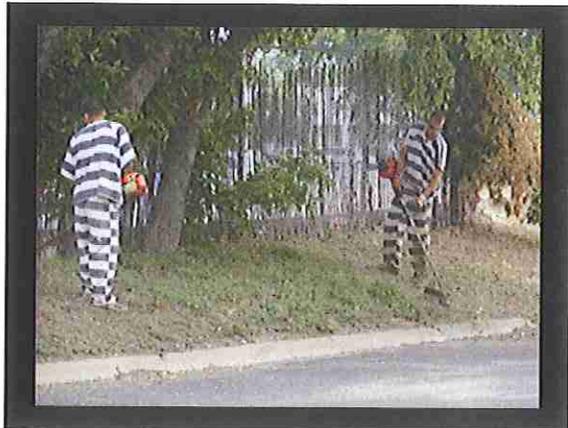
SUMMARY STATEMENT

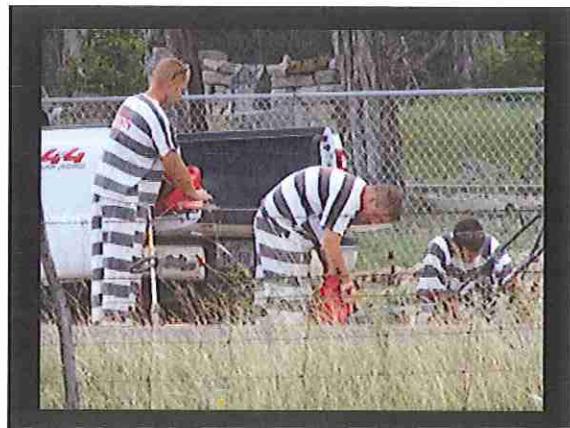
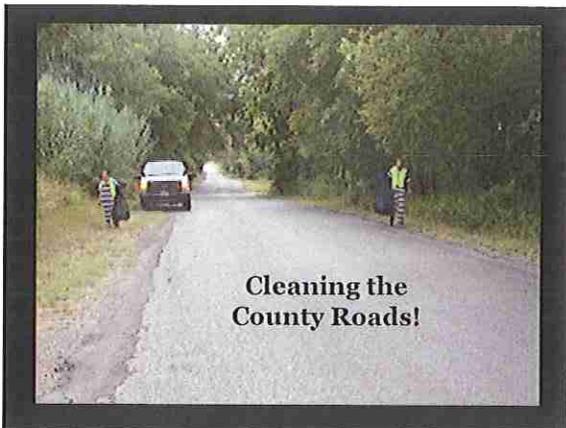
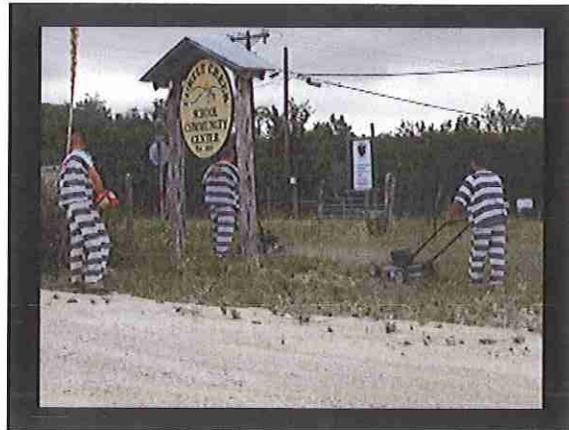
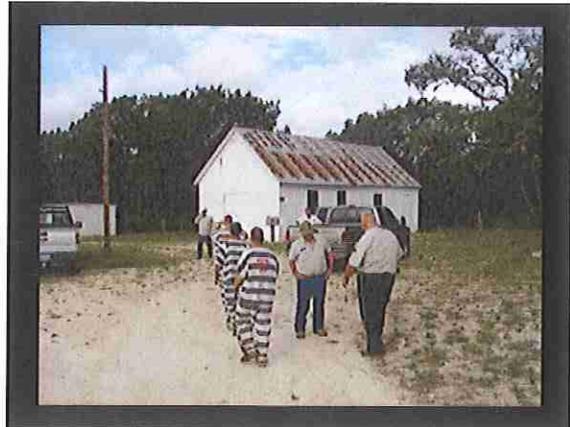
Sheriff Hierholzer will make a presentation to the City Council regarding Kerr County Jail operations. This is an informational presentation intended to describe the operations and provide some insight into the corrections operations within Kerr County.

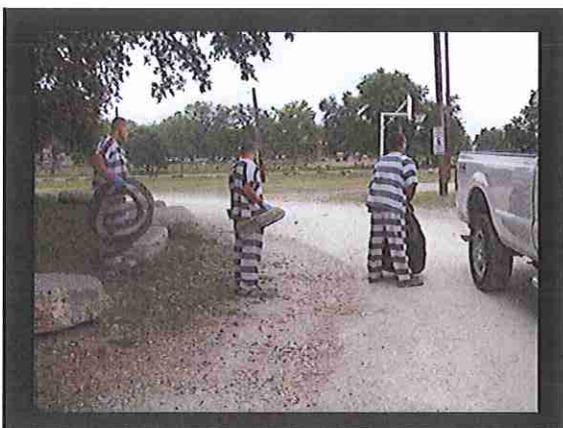
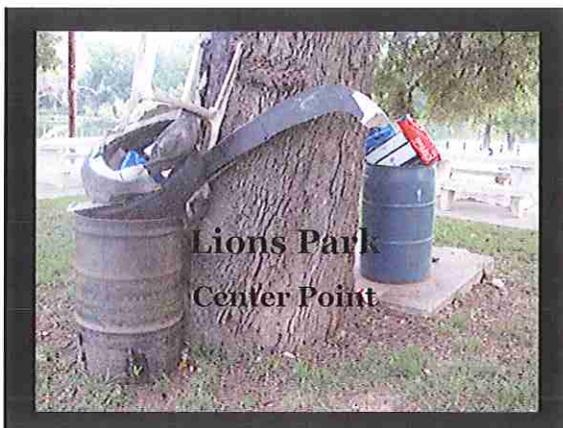
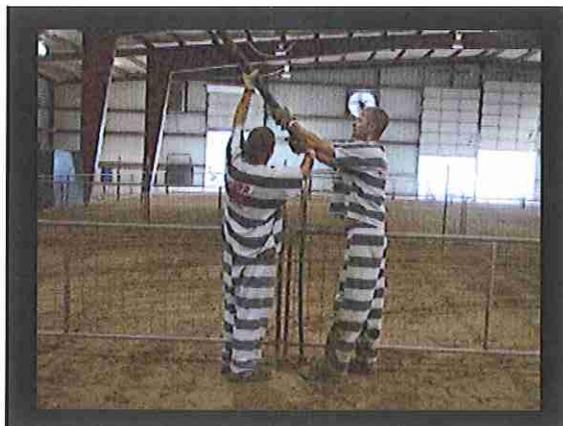
RECOMMENDED ACTION

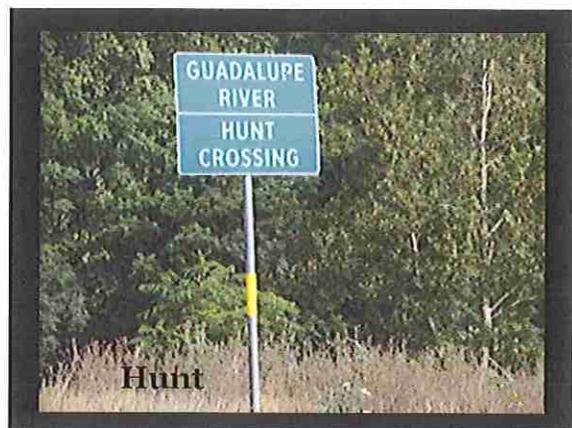
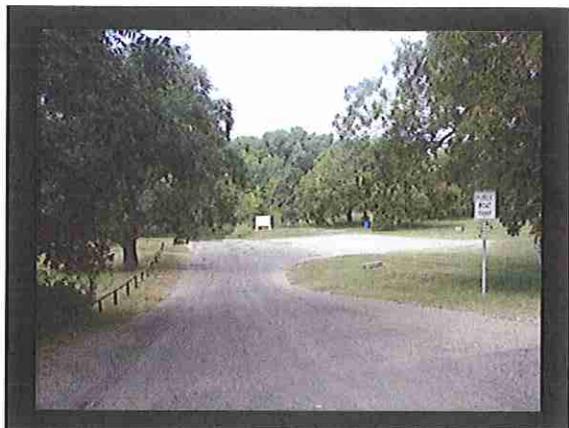
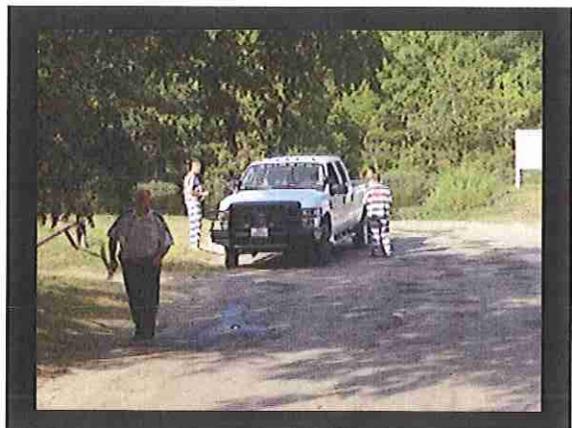
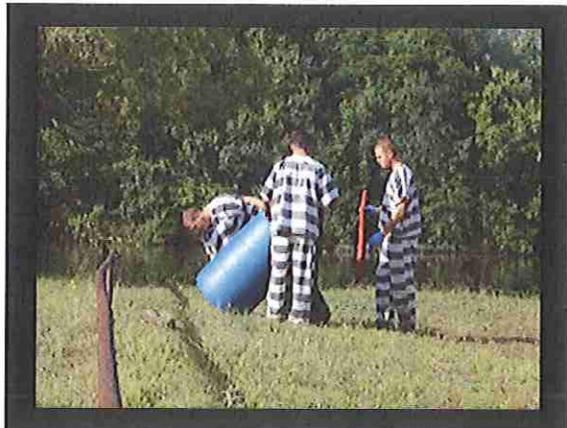
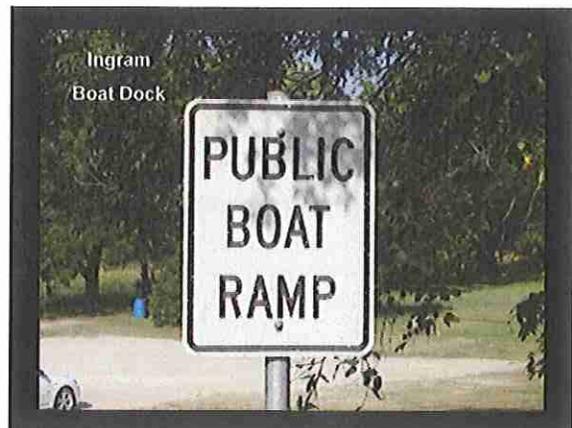
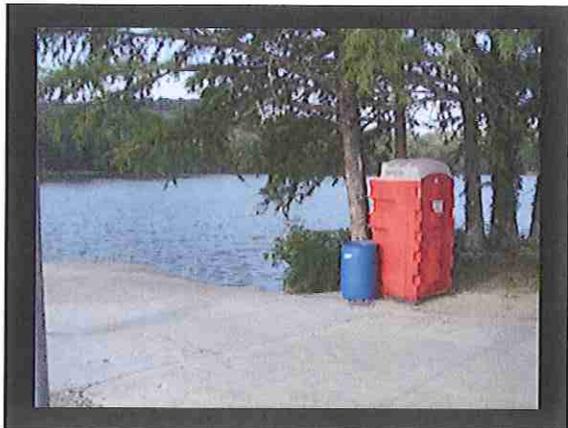
This presentation is for informational purposes only and no City Council action is required.

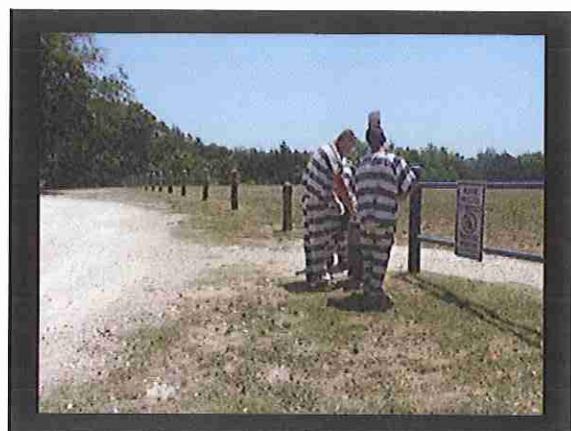
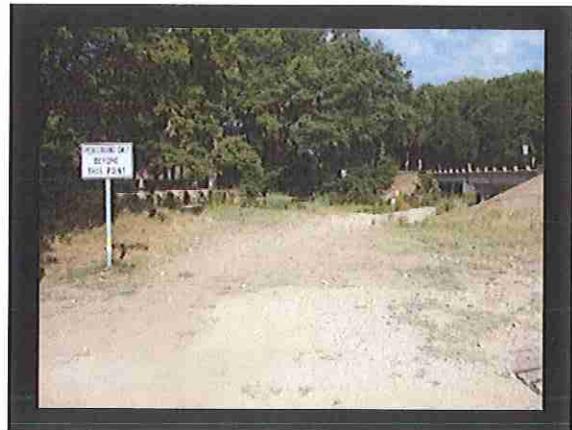
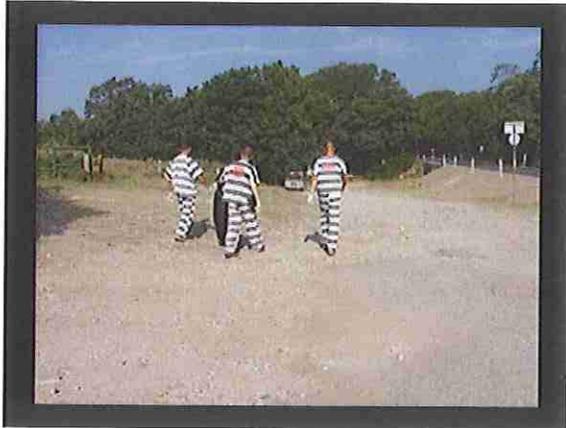












Agenda Item:

3B. Presentation by Bob Treacy with City-County Benefits Services on the Patient Protection and Affordable Care Act of 2010. (staff)

**TO BE CONSIDERED BY THE CITY COUNCIL
CITY OF KERRVILLE, TEXAS**

SUBJECT: Presentation by Bob Treacy with City-County Benefits Services on the Patient Protection and Affordable Care Act of 2010.

FOR AGENDA OF: July 24, 2012 **DATE SUBMITTED:** July 17, 2012

SUBMITTED BY: Kimberly Meismer *KM* **CLEARANCES:** Todd Parton
Director of General Operations City Manager

EXHIBITS: Overview of Patient Protection and Affordable Care Act of 2010

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER: *TP*

Expenditure	Current Balance	Amount	Account
Required:	in Account:	Budgeted:	Number:
\$	\$	\$	

PAYMENT TO BE MADE TO:

REVIEWED BY THE DIRECTOR OF FINANCE:

SUMMARY STATEMENT

Bob Treacy, the City's Benefits Consultant, will be presenting an overview of the Patient Protection and Affordable Care Act of 2010 and its potential impact on the City of Kerrville.

RECOMMENDED ACTION

This is a presentation only. No action by Council is requested.

PATIENT PROTECTION AND AFFORDABLE CARE ACT 2010

Presented by



City-County Benefits Services

**Robert J. Treacy, LHIC
Burke O. Sunday, LHIC
245 Commerce Green Blvd., Suite 290
Sugar Land, Texas 77478**

[281] 295-3000 (Phone)

[281] 295-3020 (Fax)

www.c-cbs.org

CONGRESS PASSES LANDMARK HEALTH INSURANCE CHANGES

March 30, 2010

Congress Passes Landmark Health Insurance Changes

Immediate and Long-Term Implications for Employer-Sponsored Group Health Plans

President Obama signed the new law, which will extend health care coverage to an additional 32 million Americans. It expands Medicaid, reforms the individual and small group insurance markets, and provides government subsidies for middle income people to afford coverage. The law also contains many provisions that will impact employers and employer plans; some of which take effect soon.

2010

Eliminates Tax Exemption for Retiree Drug Subsidy Program (RDS)

Beginning January 1, 2013, the Internal Revenue Service (IRS) will consider federal reimbursements to employers offering primary prescription drug coverage to Medicare-eligible retirees, or the retiree drug subsidy, as taxable income.

- Companies that receive subsidies must post the additional accounting charge in their 1st Quarter 2010 earnings reports.

Reinsurance Program for Early Retirees

Effective Date: No later than 90 days after enactment of the law (i.e.; before July 1, 2010)

- The federal government will provide reinsurance to qualified employer plans for early retiree coverage for 80% of claim costs between \$15,000 and \$90,000. The program expires at the end of 2011, or sooner if the government pays out \$5 billion allocated for the coverage.

2010 / 2011

Employer Benefit Mandates That Apply to Private/Public Self-Funded Plans and Fully Insured Plans

Effective Date: 1st plan year after September 23, 2010:

- Group health plans must cover dependent children until their 26th birthday:
 - Regardless of student status; and
 - Regardless of marital status; unless
- Dependent children are eligible for other group coverage.

- Plans can have **no annual or lifetime maximum limits**, in general, on overall benefits. Not sure if this is in-network only, hoping that plan sponsors will have the ability to still have limits on out-of-network.
- Plans may have annual and lifetime limits on certain specific benefits; BUT cannot have unreasonable **annual** limits on essential benefits. Future regulations will specify what constitutes "reasonable" annual limits and the "essential" medical services to which they apply. This probably continues to allow limits on Bariatric surgery, but not sure at this point.
- Employer-sponsored plans must have an HHS-approved external review processes for disputed claims.
- Coverage for Emergency Services: Participants may use emergency room services without the need for prior authorization. In addition, plans may not impose any additional co-payments or coinsurance requirements if the emergency facility is not part of the plan's network.
- **Pre-Existing Conditions**: Plans may not impose pre-existing condition limitations on enrollees who are under the age of 19. Note: This requirement expands to apply to all enrollees beginning in 2014.
- Plans must offer preventive health services without certain cost sharing requirements (non-grandfathered plan).

New Federal Disability Benefit Program – Community Living Assistance Services and Supports (CLASS Act) (INDEFINITELY SHELVED)

Effective Date: January 1, 2011: (Has since been delayed)

- Employers must auto-enroll employees in the program and begin deducting monthly premiums from employees' paychecks (pre-tax under IRC125).
- Employees can opt out of the program at any time and later re-enroll (within 5 years of first participating and receive credit for prior monthly contributions) but they will be treated as new entrants and subject to premium adjustments if they have not participated in 90 days.
- It is likely that implementing regulations will include model notice, election and opt out forms that employers can use for employees to notify employers that they would like to opt out.
- The Secretary of Health and Human Services (HHS) will set premium rates according to actuarial projections that assure solvency of the program for at least 75 years.
- The government will collect premiums for 5 years before participants' benefits are vested. Participating employees will not be eligible for benefits until they have contributed for at least five years.
- At this time, the program does not envision refunds of premiums inadvertently collected before employees opt out. Any prior payroll deductions will only be credited toward the program requirements on behalf of participants re-enrolling (within 5 years of opting out).
- After 5 years, and an additional 90-day waiting period from the onset of disability until participants are eligible for benefits (elimination period), the program will pay \$50 a day to people with limitations in at least 2 activities of daily living (ADLs).
- Claimants can still work full or part-time.
- Beneficiaries can use benefits to pay for non-medical and support services in the home or community.

- Employer-sponsors may coordinate CLASS Act benefits with other disability, daily indemnity, and income replacement benefits (when allowed under the coordination of benefits provisions of the other coverage).

No Tax Exemption for Over-the-Counter (OTC) Prescriptions

Effective Date: January 1, 2011:

- The IRS will no longer consider over-the-counter (OTC) medications as qualified medical expenses that can be paid using tax advantaged funds through health accounts, unless they comply with procedures reflecting those that the pharmacy currently follows when selling prescribed medications or drugs.
- Includes flexible spending accounts (FSA's), health reimbursement arrangements (HRA's), and health savings accounts (HSA's).
- The penalties for non-qualified purchases through HSAs made prior to age 65 increases from 10% to 20%.
- Insurers will be required to meet minimum ratios of expense to revenue.

2012 / 2013

- Employers must report the aggregate value of health benefits on all employees' Department of Treasury W-2 forms beginning January 1, 2012 (includes both employer and employee contributions for certain coverages). Employers should determine the aggregate value of health benefits using employees' applicable COBRA rates (minus the 2% administrative fee if charged).

Comparative Effectiveness Research Fees

- Effective Date: 1st plan year after September 30, 2012 (January 1, 2013 for calendar-year plans)
- Employer-sponsored self-funded group health plans must pay \$2 per covered life for the first year
 - The government will use the fees to help fund comparative effectiveness research.
 - Fees fall to \$1 per covered life per year for subsequent plan years.
 - Group health plans will pay these additional fees until 2019.

Auto-Enrollment Required for Group Health Plans (Delayed until 2014)

Effective Date: Expected in 2013:

- Employers with 200 or more employees must auto-enroll all newly-hired employees in one of their group health plans, subject to the allowable 90-day waiting period.
- Employers must provide notice to employees with instructions on how to opt out of the automatic enrollment.
- Employers may select the plan in which they auto-enroll new hires.

Medicare Surtax for Higher Income Earners

Effective Date: January 1, 2013:

- Applies to individuals with adjusted gross incomes (AGIs) over \$200,000 and families with AGIs over \$250,000.
- 0.9% surtax on all earned income over \$200,000 for individual / \$250,000 for families (e.g.; wages and salaries).

- **3.8% surtax on net unearned income** (e.g.; interest, rent and other investment income). The tax applies to the lesser of unearned income or modified adjusted gross income in excess of \$200,000 for individuals / \$250,000 for families.
- Distributions from 401(k) and similar types of qualified plans do not count toward income thresholds and are not subject to any surtax.
- No payroll tax implications for employers.
- May apply to certain employees when their AGI exceeds the thresholds because of additional unearned income (and not necessarily based on annual salary).

Contribution Limits to Flexible Spending Accounts (FSAs)

Effective Date: January 1, 2013:

- **Annual maximum employee contributions for FSAs limited to \$2,500 (adjusted for inflation beginning in 2014).**

2014

Pay or Play Mandate for Employers (Free Rider Assessment)

- Effective Date: January 1, 2014
 - Employers may be subject to assessments in certain circumstances:
 - Applies to companies with **50 or more Full Time employees** working at least 30 hours per week.
 - Part-time employees are included in the calculation (on an aggregated basis of hours worked divided by 120 hours per month) only to determine whether employers meet the minimum threshold of 50 full-time equivalent employees (FTEs).
- EXAMPLE**
- (35) Full Time Employees and (20) Part Time Employees working 24 hours/week or or 96 hours/month
- (20) Part Time Employees x 96 Part Time Hours/120 Full Time Hours = (16) FTE equivalents
Total Full Time Equivalents = (41) Full Time Employees
- **Employees hired for less than 120 days**, seasonal employees, and retail workers employed exclusively during the holiday season are not included in the calculation to determine FTEs.
- Only applies to companies if at least one employee earns up to **400%** of the federal poverty level (FPL), ranging in 2010 from **\$43,000** individual to \$88,000 for a family of four (the government adjusts the FPL annually), AND who also receives a federal tax credit to purchase coverage through the state health insurance exchanges.

AND

- **If government deems coverage not comprehensive or affordable enough, employers will be assessed \$3,000, for each employee** receiving a subsidized tax credit because their income is less than or equal to 400% of the FPL and:
 - Employers offer health coverage but do not pay at least 60% of the costs of the coverage; and / or

- Employees must make premium contributions for coverage that exceed 9.5% of their household incomes.

OR

- If employers do not offer any coverage, employers will be assessed **\$2,000 per full-time employee** when they do not offer group health care coverage AND they have at least 1 employee who receives a tax credit (because their income is less than or equal to 400% of the FPL).
- Employers can exclude the first 30 FTEs from the calculation if they must pay either type of free rider assessment.
- Employers cannot take tax deductions for free rider assessments

Vouchers for Certain Employees When Coverage Approaches Unaffordability

Effective Date: **January 1, 2014:**

Applies to:

- Employees earning up to 400% of the federal poverty level (ranging in 2010 from \$43,000 individual to \$88,000 for a family of four), AND
- They must also be required to make premium contributions for group health plan coverage between 8% and 9.8% of their household incomes; AND
- Employees request that employers provide them with the vouchers to purchase coverage through an exchange (qualifying employees do not have to request vouchers and may decide to remain covered under their employers' plans).
- Employees using vouchers to purchase exchange coverage cannot also receive low-income tax credits.
- Employers cannot take tax deductions for the vouchers.

Employers should be aware that employees who do not participate in their group health plans may qualify for vouchers which will require new employer contributions to pay for the vouchers.

Employers should consult with their underwriters and actuaries to evaluate this potential increase in expenses and possible participation changes stemming from employees dropping employer-sponsored coverage in order to purchase exchange plans.

Individual Coverage Mandate

Effective: January 1, 2014:

- All adults must have health coverage for themselves and their dependent children.
- **Penalty Structure**
 - **\$95 per adult in 2014.**
 - **\$325 per adult in 2015.**
 - **\$695 per adult in 2016** (calculated on 2.5% of gross income for 2016 and future years).
- Penalties after 2016 will be increased by an annual cost of living adjustment.
- Exceptions for low-income people (incomes under 100% FPL), those with religious objections, and for unaffordable coverage costs:

- Unaffordable Coverage – employees are required to make premium contributions for coverage that exceed 9.5% of their household incomes and / or their employers do not pay at least 60% of the costs of the coverage.
- In certain instances, people under age 30 may purchase catastrophic coverage when they have a hardship or cannot otherwise afford coverage.

State Health Insurance Exchanges

Effective Date: January 1, 2014

- States will create health insurance exchanges for people without access to group plans or those with small group options.
- Qualified employees earning up to 400% of the federal poverty level, ranging in 2010 from \$43,000 individual to \$88,000 for a family of four, will be eligible for coverage when
 - Employer contributions do not equal 60% of the total coverage costs; or
 - Plans require contributions that exceed 9.5% of employees' household income; or
 - Plans require contributions ranging from 8% to 9.8% of employees' household income (employees qualify for employer vouchers to purchase exchange coverage).
- Employers must provide notification to employees qualifying for tax credits (or employer vouchers) and the exchange will communicate to employers those qualifying employees to notify.
- Beginning in 2017, employer-sponsors of any size may purchase coverage for their employees through the state exchanges.

Medicare Expansion Under Health Care Reform

- The newly eligible Medicaid recipient nineteen years (19) or older, but under the age of 65, not pregnant, not entitled to, or enrolled for, benefits under part A of Medicaid or part A or B of Medicare. The eligibility income is raised to 133% of the federal poverty level. There are income adjustments along the way, but preliminary levels are a single person making \$14, 404 a year and a family of four (4) making \$29, 327 a year.

2014 / 2015

Additional Employer Benefit Mandates Include Self-Funded Health Plans

Effective Date: 1st plan year after July 1, 2014 (January 1, 2015 for calendar-year plans):

- Out-of-pocket limits no greater than the current year's maximum out-of-pocket limits for HSA qualified high deductible health plans.
- No waiting periods longer than 90 days.
- No pre-existing conditions exclusions.

Expanded Wellness Incentives

Effective Date: 1st plan year after July 1, 2014 (January 1, 2015 for calendar-year plans):

- Incentives allowed under the voluntary wellness program exceptions to Health Insurance Portability and Accountability Act (HIPAA) nondiscrimination rules increases from 20% to 30% of total plan coverage costs.

2018

40% "Cadillac Plan" Excise Tax

Effective Date: January 1, 2018

- Imposed on plans (or administrators of self-funded plans) on the value of coverage in excess of \$10,200 for Single and \$27,500 for Family.
- Indexed annually to general inflation beginning in 2020 (not medical inflation).
- Thresholds will be increased if premiums for the Federal Employees Health Benefits Plan's (FEHBP) Blue Cross Blue Shield (BCBS) standard option increases by more than 55% for the period 2010 to 2018.
- Higher thresholds for those employed in specific high-risk professions and industries (\$11,850 Single / \$30,950 Family):
 - Law enforcement officers.
 - Employees in fire protection activities – firefighters, paramedics, emergency medical technicians, rescue workers, ambulance personnel, and hazardous materials workers employed by a fire department.
- People who provide out-of-hospital emergency medical care – paramedics, emergency medical technicians, and first responders.
- Employees performing longshore work.
- Employees in the construction, mining, and agriculture (not food processing), forestry, and fishing industries.
- People who install electrical or communications lines.
- Also applies to all coverage for retirees over age 55.
- Plans with significantly older, or more female, participants than the national average may also qualify for higher thresholds.
- Included in calculating the value of coverage:
 - Health plans and other supplemental coverage.
 - Amounts in Flexible Spending Accounts (FSA's) and Health Reimbursement Arrangements (HRA's).
 - Employer contributions towards Health Savings Accounts (HSA's) (Employee contributions not counted)
 - Typically calculated based on the rules for COBRA without the 2% allowable administrative fee.
- Excluded from the calculation:
 - Dental, vision, and disability insurance.
 - Excess surplus lines and property / casualty coverage.

TAXES, TAXES, AND MORE TAXES

Health Care Reform at a Glance

Effective Date	Taxes	Provision
2010	Tax on Indoor Tanning Services	10% tax on indoor tanning services, starting in July, 2010
2011	Pharmacy Manufacturer Tax	\$2.58 in 2011 increasing to \$4.28 in 2018; \$2.88 in 2019+
2013	Comparative Effectiveness Research	Tax on insured and self-funded plans of \$1/ee/yr first year; \$2 second year; indexed thereafter
2013	Income Tax Provisions	Itemized medical deduction threshold increased from 7.5% to 10%
2013	Medicare Hospital Insurance Tax	Tax rate increased from 1.45% to 2.35% starting for high income earners. A new 3.8% tax on net investment income. (Income in excess of \$250K joint filers; \$200K others)
2013	Medical Device Excise Tax	2.3% excise tax
2014	Health Insurance Industry Tax	\$88 in 2014 increasing to \$14.38 in 2018; trended after 2018
2014	Exchange Reinsurance Program	\$258 tax on insurers and TPAs from 2014 to 2016 for Exchange reinsurance program

SMALL EMPLOYER TAX CREDIT
UNDER PPACA

SMALL BUSINESS TAX CREDIT

TYPE OF CREDIT

Under PPACA, certain small employers will be eligible for a tax credit, provided they contribute a uniform percentage of at least 50% toward their employees' health insurance. For nonprofit (tax-exempt) organizations, the credit will be in the form of a reduction in income and Medicare tax the employer is required to withhold from employees' wages and the employer share of Medicare tax on employees' wages (with the credit thus limited by these amounts). For all other qualifying employers, it will be in the form of a general business credit.

ELIGIBLE SMALL EMPLOYERS

Full Credit

In each of the four (4) years 2010 through 2013, the full (or maximum) credit will cover up to 35% of a qualified for-profit employer's contributions to health insurance. In this case, assume the average total premium for this employer was \$7,500, and the employer's contribution was \$4,500 (60%) per FTE, the maximum tax credit would be \$1,575 per FTE (35% of \$4,500). For nonprofit employers, the maximum credit through 2013 is 25% (rather than 35%) of the employer's contribution.

Beginning in 2014, for for-profit employers, the maximum credit is 50% of the employer's contribution toward premiums, and 35% of employer contributions for nonprofit organizations.

Small employers can claim the full credit amount if they meet the following two criteria:

- The employer has 10 or fewer full-time equivalent employees (FTEs). FTEs are calculated by dividing the total hours worked by all "employees" during the tax year by 2,080 hours.
- The employer's average taxable wages are \$25,000 or less. This is calculated by dividing the aggregate amount of wages paid to the "employees" during the year by the number of FTEs.

Partial Credit: Phase-Out

The credit is phased out as the number of FTEs increases from 10 to 25 and as average employee compensation increases from \$25,000 to \$50,000.

Small Employer Tax Credit under PPACA

Small employers that employ LESS than 25 employees with an average wage of less than \$50,000 are potentially eligible for an employer tax credit on account of their contributions toward their employees' health insurance premiums.

Please review the information below, which has been edited from guidance that was released on Friday, April 2, 2010 by the IRS.

Your company / organization will not benefit from the tax credit provided under PPACA under the following circumstances:

1. An employer that employs 25 or more full time employees (calculation provided below)
2. An employer that maintains an average wage (excluding owner income) of more than \$50,000
3. An employer that does not contribute a minimum of 50% toward the total health insurance premiums.
4. An employer that is a "for profit company" that does not have taxable income

Small Employer Tax Credit under PPACA - Q&A

The new health reform law gives a tax credit to certain small employers that provide health care coverage to their employees, effective with tax years beginning in 2010. The following questions and answers provide information on the credit as it applies for 2010-2013, including information on transition relief for 2010. A revised version of the credit will be effective beginning in 2014.

Employers Eligible for the Credit

1. Which employers are eligible for the small employer health care tax credit?

Small employers that provide health care coverage to their employees and that meet certain requirements ("qualified employers") generally are eligible for a Federal income tax credit for health insurance premiums they pay for certain employees.

In order to be a qualified employer...

- must have fewer than 25 full-time equivalent employees ("FTEs") for the tax year
- the average annual wages of its employees for the year must be less than \$50,000 per FTE (see question 9 to 15)
- must pay the premiums under a "qualifying arrangement" (see question 3).

2. Can a tax-exempt organization be a qualified employer?

YES. The same definition of qualified employer applies to an organization described in Code section 501(c) that is exempt from tax under Code section 501(a). However, special rules apply in calculating the credit for a tax-exempt qualified employer (See question 6).

Calculation of the Credit

3. What expenses are counted in calculating the credit?

Only premiums paid by the employer under an arrangement meeting certain requirements (a "qualifying arrangement") are counted in calculating the credit. Under a qualifying arrangement, the employer pays premiums for each employee enrolled in health care coverage offered by the employer in an amount equal to a uniform percentage (not less than 50 percent) of the premium cost of the coverage (See question 22 for information on transition relief for tax years beginning in 2010 with respect to the requirements for a qualifying arrangement).

If an employer pays only a portion of the premiums for the coverage provided to employees under the arrangement (with employees paying the rest), the amount of premiums counted in calculating the credit is only the portion paid by the employer. For example, if an employer pays 80 percent of the premiums for employees' coverage, the 80 percent premium amount paid by the employer counts in calculating the credit. For purposes of the credit (including the 50-percent requirement), any premium paid pursuant to a salary reduction arrangement under a section 125 cafeteria plan is not treated as paid by the employer.

In addition, the amount of an employer's premium payments that counts for purposes of the credit is capped by the premium payments the employer would have made under the same arrangement if the average premium for the small group market in the State (or an area within the State) in which the employer offers coverage were substituted for the actual premium. If the employer pays only a portion of the premium for the coverage provided to employees (for example, under the terms of the plan the employer pays 80 percent of the premiums and the employees pay the other 20 percent), the premium amount that coverage if the average premium for the small group market in the State were substituted for the actual premium.

4. What is the average premium for the small group market in a State (or an area within the State)?

The average premium for the small group market in a State (or an area within the State) will be determined by the Department of Health and Human Services (HHS) and published by the IRS. Publication of the average premium for the small group market

on a State-by-State basis is expected to be posted on the IRS website by the end of April.

5. What is the maximum credit for a qualified employer (other than a tax-exempt employer)?

For tax years beginning in 2010 through 2013, the maximum credit is 35 percent of the employer's premium expenses that count towards the credit.

Example. For the 2010 tax year, a qualified employer has 9 FTEs with average annual wages of \$23,000 per FTE. The employer pays \$72,000 in health care premiums for those employees (which does not exceed the average premium for the small group market in the employer's State) and otherwise meets the requirements for the credit. The credit for 2010 equals \$25,200 (35% x \$72,000).

6. What is the maximum credit for a tax-exempt qualified employer?

For tax years beginning in 2010 through 2013, the maximum credit for a tax-exempt qualified employer is 25 percent of the employer's premium expenses that count towards the credit. However, the amount of the credit cannot exceed the total amount of income and Medicare (i.e., Hospital Insurance) tax the employer is required to withhold from employees' wages for the year and the employer share of Medicare tax on employees' wages.

Example. For the 2010 tax year, a qualified tax-exempt employer has 10 FTEs with average annual wages of \$21,000 per FTE. The employer pays \$80,000 in health care premiums for those employees (which does not exceed the average premium for employer's income tax and Medicare tax withholding plus the employer's share of the Medicare tax equals \$30,000 in 2010.

The credit is calculated as follows:

- (1) Initial amount of credit determined before any reduction: $(25\% \times \$80,000) = \$20,000$
- (2) Employer's withholding and Medicare taxes: \$30,000
- (3) Total 2010 tax credit is \$20,000 (the lesser of \$20,000 and \$30,000).

7. How is the credit reduced if the number of FTEs exceeds 10 or average annual wages exceed \$25,000?

If the number of FTEs exceeds 10 or if average annual wages exceed \$25,000, the amount of the credit is reduced as follows (but not below zero). If the number of FTEs exceeds 10, the reduction is determined by multiplying the otherwise applicable credit amount by a fraction, the numerator of which is the number of FTEs in excess of 10 and the denominator of which is 15.

If average annual wages exceed \$25,000, the reduction is determined by multiplying the otherwise applicable credit amount by a fraction, the numerator of which is the amount by which average annual wages exceed \$25,000 and the denominator of which is \$25,000. In both cases, the result of the calculation is subtracted from the otherwise applicable credit to determine the credit to which the employer is entitled. For an employer with both more than 10 FTEs and average annual wages exceeding \$25,000, the reduction is the sum of the amount of the two reductions. This sum may reduce the credit to zero for some employers with fewer than 25 FTEs and average annual wages of less than \$50,000.

Example. For the 2010 tax year, a qualified employer has 12 FTEs and average annual wages of \$30,000. The employer pays \$96,000 in health care premiums for those employees (which does not exceed the average premium for the small group market in the employer's State) and otherwise meets the requirements for the credit.

The credit is calculated as follows:

- (1) Initial amount of credit determined before any reduction: $(35\% \times \$96,000) = \$33,600$
- (2) Credit reduction for FTEs in excess of 10: $(\$33,600 \times 2/15) = \$4,480$
- (3) Credit reduction for average annual wages in excess of \$25,000: $(\$33,600 \times \$5,000/\$25,000) = \$6,720$
- (4) Total credit reduction: $(\$4,480 + \$6,720) = \$11,200$
- (5) Total 2010 tax credit: $(\$33,600 - \$11,200) = \$22,400$.

8. Can premiums paid by the employer in 2010, but before the new health reform legislation was enacted, be counted in calculating the credit?

Yes. In computing the credit for a tax year beginning in 2010, employers may count all premiums described in question 3 for that tax year.

Calculating FTEs and Average Annual Wages

9. How is the number of FTEs determined for purposes of the credit?

The number of an employer's FTEs is determined by dividing (1) the total hours for which the employer pays wages to employees during the year (but not more than 2,080 hours for any employee) by (2) 2,080. The result, if not a whole number, is then rounded to the next lowest whole number (See question 12 through 14 for information on which employees are not counted for purposes of determining FTEs).

Example. For the 2010 tax year, an employer pays 5 employees wages for 2,080 hours each, 3 employees wages for 1,040 hours each, and 1 employee wages for 2,300 hours.

The employer's FTEs would be calculated as follows:

(1) Total hours not exceeding 2,080 per employee is the sum of:

- a. 10,400 hours for the 5 employees paid for 2,080 hours each (5 x 2,080)
 - b. 3,120 hours for the 3 employees paid for 1,040 hours each (3 x 1,040)
 - c. 2,080 hours for the 1 employee paid for 2,300 hours (lesser of 2,300 and 2,080)
- These add up to 15,600 hours.

(2) FTEs: 7 (15,600 divided by 2,080 = 7.5, rounded to the next lowest whole number)

10. How is the amount of average annual wages determined?

The amount of average annual wages is determined by first dividing (1) the total wages paid by the employer to employees during the employer's tax year by (2) the number of the employer's FTEs for the year. The result is then rounded down to the nearest \$1,000 (if not otherwise a multiple of \$1,000). For this purpose, wages means wages as defined for FICA purposes (without regard to the wage base limitation). See question 12 through 14 for information on which employees are not counted as employees for purposes of determining the amount of average annual wages.

Example. For the 2010 tax year, an employer pays \$224,000 in wages and has 10 FTEs.

The employer's average annual wages would be: \$22,400 (\$224,000 divided by 10 = \$22,400, rounded down to the nearest \$1,000)

11. Can an employer with 25 or more employees qualify for the credit if some of its employees are part-time?

Yes. Because the limitation on the number of employees is based on FTEs, an employer with 25 or more employees could qualify for the credit if some of its employees work part-time. For example, an employer with 46 half-time employees (meaning they are paid wages for 1,040 hours) has 23 FTEs and therefore may qualify for the credit.

12. Are seasonal workers counted in determining the number of FTEs and the amount of average annual wages?

Generally, no. Seasonal workers are disregarded in determining FTEs and average annual wages unless the seasonal worker works for the employer on more than 120 days during the tax year.

13. If an owner of a business also provides services to it, does the owner count as an employee?

Generally, no. A sole proprietor, a partner in a partnership, a shareholder owning more than two percent of an S-corp, and any owner of more than five percent of other businesses are not considered employees for purposes of the credit. Thus, the wages or hours of these business owners and partners are not counted in determining either the number of FTEs or the amount of average annual wages, and premiums paid on their behalf are not counted in determining the amount of the credit.

14. Do family members of a business owner who work for the business count as employees?

Generally, no. A family member of any of the business owners or partners listed in question 13, or a member of such a business owner's or partner's household, is not considered an employee for purposes of the credit. Thus, neither their wages nor their hours are counted in determining the number of FTEs or the amount of average annual wages, and premiums paid on their behalf are not counted in determining the amount of the credit.

For this purpose, a family member is defined as a child (or descendant of a child); a sibling or step-sibling; a parent (or ancestor of a parent); a step-parent; a niece or nephew; an aunt or uncle; or a son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law or sister-in-law.

15. How is eligibility for the credit determined if the employer is a member of a controlled group or an affiliated service group?

Members of a controlled group (e.g., businesses with the same owners) or an affiliated service group (e.g., related businesses of which one performs services for the other) are treated as a single employer for purposes of the credit. Thus, for example, all employees of the controlled group or affiliated service group, and all wages paid to employees by the controlled group or affiliated service group, are counted in determining whether any member of the controlled group or affiliated service group is a qualified employer. Rules for determining whether an employer is a member of a controlled group or an affiliated service group are provided under Code section 414(b), (c), (m), and (o).

How to Claim Credit

16. How does an employer claim the credit?

The credit is claimed on the employer's annual income tax return. For a tax-exempt employer, the IRS will provide further information on how to claim the credit.

17. Can an employer (other than a tax-exempt employer) claim the credit if it has no taxable income for the year?

Generally, no. Except in the case of a tax-exempt employer, the credit for a year offsets only an employer's actual income tax liability (or alternative minimum tax liability) for the year. However, as a general business credit, an unused credit amount can generally be carried back one year and carried forward 20 years. Because an unused credit amount cannot be carried back to a year before the effective date of the credit, though, an unused credit amount for 2010 can only be carried forward.

18. Can a tax-exempt employer claim the credit if it has no taxable income for the year?

Yes. For a tax-exempt employer, the credit is a refundable credit, so that even if the employer has no taxable income, the employer may receive a refund (so long as it does not exceed the income tax withholding and Medicare tax liability, as discussed in question 6).

19. Can the credit be reflected in determining estimated tax payments for a year?

Yes. The credit can be reflected in determining estimated tax payments for the year to which the credit applies in accordance with regular estimated tax rules.

20. Does taking the credit affect an employer's deduction for health insurance premiums?

Yes. In determining the employer's deduction for health insurance premiums, the amount of premiums that can be deducted is reduced by the amount of the credit.

21. May an employer reduce employment tax payments (i.e., withheld income tax, social security tax, and Medicare tax) during the year in anticipation of the credit?

No. The credit applies against income tax, not employment taxes.

Anticipated Transition Relief for Tax Years Beginning in 2010

22. Is it expected that any transition relief will be provided for tax years beginning in 2010 to make it easier for taxpayers to meet the requirements for a qualifying arrangement?

Yes. The IRS and Treasury intend to issue guidance that will provide that, for tax years beginning in 2010, the following transition relief applies with respect to the requirements for a qualifying arrangement described in question 3:

(a) An employer that pays at least 50% of the premium for each employee enrolled in coverage offered to employees by the employer will not fail to maintain a qualifying arrangement merely because the employer does not pay a uniform percentage of the premium for each such employee. Accordingly, if the employer otherwise satisfies the requirements for the credit described above, it will qualify for the credit even though the percentage of the premium it pays is not uniform for all such employees.

(b) The requirement that the employer pay at least 50% of the premium for an employee applies to the premium for single (employee-only) coverage for the employee. Therefore, if the employee is receiving single coverage, the employer satisfies the 50% requirement with respect to the employee if it pays at least 50% of the premium for that coverage. If the employee is receiving coverage that is more expensive than single coverage (such as family or self-plus-one coverage), the employer satisfies the 50% requirement with respect to the employee if the employer pays an amount of the premium for such coverage that is no less than 50% of the premium for single coverage for that employee (even if it is less than 50% of the premium for the coverage the employee is actually receiving).

"GRANDFATHER" STATUS UNDER PPACA

On June 14, 2010, the Department of Health and Human Services ("HHS"), the Department of Labor ("DOL"), and the Internal Revenue Service ("IRS"), jointly released their highly-anticipated "Interim Final Rule For Group Health Plans and Health Insurance Coverage Relating to Status as a Grandfathered Plan under the Patient Protection and Affordable Care Act" (the "Rule" or the "IFR"). The Rule addresses what changes an insurer or plan sponsor may make to health insurance coverage or a group health plan without loss of its "grandfather" status under the Patient Protection and Affordable Care Act ("PPACA") and what administrative steps a plan must take to maintain grandfather status.

BACKGROUND

PPACA requires that insurers and plan sponsors modify their coverage to comply with significant new insurance market reforms, many of which are effective the first plan year on or after September 23, 2010 (*i.e.*, September 1, 2011 for calendar year plans). However, PPACA "grandfathers" certain plans that were in existence on the date of enactment from some of the insurance market reform requirements. Generally, a grandfathered plan will be exempt from certain insurance market reform provisions of PPACA, including requirements related to preventive care, internal and external review, non-discrimination based on income, choice of providers, emergency care, clinical trials, cost sharing and deductibles, guaranteed issue/renewal, and rating restrictions. Grandfathered plans are not exempt from requirements related to annual and lifetime limits, dependent coverage to age 26, rescission, pre-existing condition exclusions, waiting periods, employer mandates, and tax provisions.

PPACA COMPLIANCE PROVISIONS

Projected Claim Impact <1%

PPACA Compliance Date September 1, 2011	Current Benefit Schedule
Dependent Children Coverage until their 26 th birthday	Dependent Children Coverage until their 25 th birthday
No Annual or Lifetime Maximum Limits	No Annual or Lifetime Maximum Limits on HMO; \$1,000,000 Lifetime Maximum Limits on PPO
No Pre-existing Condition Limitations on Members under the age of 19	HMO Guidelines preclude any pre-existing conditions at any age; PPO plan accepts HIPAA certificates of coverage for pre-existing condition limitations

"GRANDFATHERED" RULE APPLICATIONS

The rule provides that the following changes to one or a combination of any/all provisions will cause a policy or plan to lose its "grandfathered" status.

- **Elimination of Particular Benefit:** A policy or plan will lose its grandfathered status if it eliminates all or substantially all benefits to diagnose or treat a particular condition (including a necessary element to diagnose or treat a condition).

Example: A plan covers mental health benefits, which include counseling and prescription drug benefits. The plan eliminates the counseling benefit. According to the Rule, the plan has eliminated "an element that is necessary to treat the condition," and therefore has eliminated substantially all benefits to treat a condition. Accordingly, the plan loses its grandfather status.

- **Increase in Coinsurance:** A policy or plan will lose grandfather status if it increases its coinsurance percentage by any amount above the level at which it was set on 9/23/10.
- **Increase in Deductible or Out-of-Pocket Maximum:** A policy or plan will lose its grandfather status if it increases a deductible or out-of-pocket maximum by more than medical inflation plus 15%, as measured from 9/23/10.
- **Increase in Copayment:** A policy or plan will lose its grandfather status if it increases a copayment for any service by more than greater of: (1) \$5 (adjusted for medical inflation), or (2) medical inflation plus 15%, as measured from 9/23/10. The Rule contains a complex formula and examples that illustrate how to apply this requirement.
- **Decrease in Employer Contribution:** A policy or plan will lose grandfather status if an employer (or employee association) decreases its contribution rate toward the cost of any tier of coverage (e.g., self or family) by more than five percent (5%) below the contribution rate on 9/23/10.
- **Changes in Annual Limits:**

A policy or plan that did not impose an overall annual or lifetime limit on the dollar amount of all benefits on 9/23/10 will lose grandfather status if the policy or plan thereafter imposes an overall annual limit on the dollar value of benefits.

IMPACT OF LOSING "GRANDFATHER" STATUS

Projected Claim Impact < 1%

- A plan (whether insured or self-funded) must cover preventive services without any cost-sharing (e.g., deductibles, co-payments). Preventive services include, for example, immunizations and mammograms.
- A plan (whether insured or self-funded) that provides emergency service benefits (e.g., emergency room visits) must do so without requiring pre-authorization and imposing a different cost-sharing amount if the emergency service provider is Out-of-Network.
- A plan (whether insured or self-funded) must have written internal *and external* appeals procedure.

On November 15, 2010, the Departments of Labor, Health and Human Services, and the Treasury (collectively, the Departments) issued an Amendment to the interim final rule relating to a group health plan's status as a "grandfathered" plan under the Patient Protection and Affordable Care Act (PPACA). The interim final rule, which was published by the Departments on June 17, 2010, provides that if an employer or employee organization enters into a new policy, certificate or contract of insurance after March 23, 2010, the policy, certificate or contract of insurance would cease to be a grandfathered plan, and thereby, lose the plan's exemption from several coverage mandates under the PPACA (although an exception applied to collectively bargained insured plans). The Amendment to the interim final rule reverses this position and permits an insured group health plan to change health insurance coverage without ceasing to be a grandfathered plan. The change provides parity with self-insured group health plans, which are permitted under the interim final rule to change third-party administrators without losing grandfathered status.

IRS RELEASES NEW NOTICE ON W-2 REPORTING REQUIREMENTS WITH FEW CHANGES

January 26, 2012

Employers that filed 250 or more W-2 forms in 2011 will be responsible for reporting to employees the total cost of their group health benefit plan coverage on their 2012 W-2 forms issued in January 2013. This reporting requirement is informational only and does not mean that coverage will be subject to income tax.

On Jan. 4, 2012, the IRS issued Notice 2012-9 on the W-2 Reporting Requirement of the Patient Protection and Affordable Care Act. See how this recent notice and the W-2 requirement may affect your clients filing more than 250 W-2 forms in 2011.

Reporting Requirements

Employers that are required to file fewer than 250 W-2 forms in 2011 will not be required to report the cost of health coverage under the Patient Protection and Affordable Care Act. This transition relief will continue until further guidance is issued. Any additional guidance will not apply to any calendar year beginning within six months of the date the guidance is issued.

Employers are not required to report the cost of health benefit coverage on any W-2 forms furnished to employees prior to January 2013.

It's important to note that only covered employees that elect the coverage and pay the premiums or contribution amounts will receive cost of coverage information on their W-2 forms. For example, if a husband and wife work for the same company and are covered under the same health benefit plan, and the husband signed up for the plan and pays the premiums, he is considered the covered employee. Only the husband, in this case, would have the cost of coverage reported on his W-2. The wife is considered a beneficiary or dependent on the plan and would not have the cost of coverage on her W-2.

Cost of coverage is reported on W-2 forms for 2012 in box 12, using code DD.

Calculating Cost of Coverage

The cost of coverage generally includes both the portion of the cost paid by the employer and the portion of the cost paid by the employee, regardless of whether the employee paid for that cost through pre-tax or after-tax contributions.

Coverage that Does Not Need to be Reported

Notice 2012-9 confirms that applicable employer-sponsored coverage does *not* include:

- Coverage for excepted benefits under the Health Insurance Portability and Accountability Act (HIPAA) (such as long-term care, accident, disability income,

liability and supplemental liability insurance, automobile medical payments, and workers' compensation insurance)

- Coverage for a specific disease or illness or hospital indemnity insurance
- Coverage provided by the federal government, state government or agency of the government under a plan that is maintained primarily for members of the military and their families
- Coverage under a self-funded plan that is not subject to any federal continuation requirements Consolidated Omnibus Budget Reconciliation Act (COBRA), Public Health Services Act (PHSA) continuation, Federal Employee Health Benefits Program (FEHBP) continuation, such as a group health benefit plan sponsored by a church
- Coverage under a health reimbursement account (HRA)
- Contributions to a health savings account (HSA) or Archer medical savings account (MSA)
- Salary reduction contributions to a health flexible spending account (FSA) unless the amount of the FSA benefit exceeds the salary reduction election. In this case, the reportable cost would include the amount that exceeds the salary reduction election.
- Coverage under a "stand-alone" dental or vision plan if the plan satisfies the requirements for being excepted benefits for purposes of HIPAA
- Coverage for employee assistance program (EAP), wellness program, or on-site medical clinic, if that employer does not charge a premium for this type of coverage under COBRA

Ultimately, it is the employer's responsibility to accurately determine which employees should receive cost of coverage information. At this time, employers are encouraged to consult with their legal counsel or tax preparer for advice on who should be included and what should be reported to meet the W-2 reporting requirement.

THE IRS W-2 REPORTING GUIDANCE
ON PPACA
NO TAX IMPLICATION; REPORTING
ONLY !

NEW MLR GUIDANCE REVISES REBATE SCENARIO

In new regulations released by the U.S. Department of Health and Human Services (HHS) at the end of 2011, the federal government established new guidelines for how rebates related to medical loss ratio (MLR) results will be handled.

Previous HHS interim regulations required that group policy subscribers receive premium rebates if health insurers failed to meet or exceed MLR percentage thresholds established by group size.

Under the provisions of the Affordable Care Act, health insurance companies are required to spend a certain percentage of premium dollars on medical claims and activities that improve health care quality.

MRL Calculations

The MLR is calculated by insurance legal entity, state of group contract issuance and group size (individual, small group, large group) for each state in which an insurer writes fully insured business. Based on those criteria, employers will be placed in an aggregation set to determine eligibility for rebates.

MLR percentages are calculated on a calendar year basis. For 2011, which is the first rebate period. Calculations utilizing 2011 financial data will identify which aggregation sets qualify for rebates.

Rules Now Vary on Plan Type

Rules regarding the issuance of rebates now vary, depending upon whether a group is a plan governed by ERISA, a government plan or neither. In most circumstances, an issuer must provide a rebate to each applicable group policyholder if the issuer's relevant MLR does not meet or exceed the minimum MLR percentage required during the MLR reporting year.

Rebate Conditions

In very limited circumstances, rebates will be required to be sent to group policy subscribers instead of the group policyholder. For policies in the individual market, rebates will be paid directly to individual policyholders. All group and individual policyholder rebates must be paid prior to Aug. 1, 2012.

Most group policyholders have the obligation to use a portion of the rebate to benefit their subscribers. For example, plans governed by ERISA must follow U.S. Department of Labor requirements for handling rebates that qualify as a "plan asset."

The Affordable Care Act (the Act) includes a provision calling for fully insured health plans and issuers to annually calculate the medical loss ratio (MLR) to show the percentage of premium dollars spent on medical claims, clinical services and activities designed to improve health care quality. Insurers are required to spend a minimum percentage of premium dollars in these areas in a given calendar year, beginning January 1, 2011.

The Act specifies a target of an 80% MLR for individual and small group markets and 85% for large group markets. The Act defines "Small Group" as plans having one to 100 total average employees based on the preceding calendar year. However, if a state's current definition of Small Group for other purposes includes an upper limit of 50 employees, the state will have to affirmatively elect to use the Act's definition until 2016. After January 1, 2016, Small Group will be defined pursuant to the Act's provisions for all states. Large Group will be determined based on the upper limit established by the Small Group rules. The Interim Final Rule (IFR) defines a "plan year" as the calendar year, which will be the basis for MLR reporting. MLR is based on the aggregate experience of the issuer, by state, by insurance legal entity and by segment (individual, small, and large).

Failure to achieve the designated MLR in a given year will result in payment of rebates to individual and group policyholders in most circumstances depending on the type of plan. The rebate will be based upon the percentage by which the insurer did not achieve the standard and the related amount of premium represented by that percentage.

In most cases, the group policyholders will have restrictions on how they can use the rebate, which are designed to assure that the subscribers receive an appropriate benefit. Rebates owed in the individual market will be paid to the individual policyholder.

The MLR standard applies to health insurance plans offering group or individual coverage, including those designated "grandfathered plans." It does not apply to self-insured plans. In order to avoid market destabilization, special considerations for individual plans, small blocks, new plans, mini-med and expatriate plans are accounted for in the program.

For each state in which health insurers write coverage, they must submit data on aggregate premiums, claims experience, quality-improvement expenditures and non-claims costs incurred in the large group, small group and individual markets. Part of the MLR provision calls for health insurers to report annually to HHS on the percent of total premium revenue spent on activities that improve health care quality.

These activities must meet the following requirements:

1. Be designed to improve health quality;
2. Be designed to increase the likelihood of desired health outcomes in ways that can be objectively measured and produce verifiable results;
3. Be directed toward individual health plan members, incurred for the benefit of specified member segments or provide health improvements to the general population;
4. Be grounded in evidence-based medicine, widely accepted best clinical practice or criteria established by recognized health care quality organizations.

HHS has worked with the National Association of Insurance Commissioners (NAIC) to establish uniform definitions of activities reported in calculating the MLR, as well as methodologies for the calculation.

The MLR calculation is defined as the medical numerator divided by the premium denominator.

Medical numerator: Incurred claims and expenses for activities that improve health care quality;

Premium denominator: Premium revenue less federal and state taxes, licensing and regulatory fees, with adjustments for risks, risk corridors and reinsurance. As part of the calculation, the NAIC developed a "credibility adjustment," designed to allow smaller plans to adjust their MLR to take into account the special circumstances of smaller plans, different types of plans and newer plans. The intent of the adjustment is to address the impact of claims variability that smaller plans can experience. State insurance commissioners can request a waiver from the 80% MLR requirement for the individual market if the insurance commissioner determines there is a "reasonable likelihood" that destabilization may occur in the individual market without the adjustment.

Maximum Health FSA Salary Reductions in 2013

Maximum Health FSA Salary Reductions in 2013

As a result of the Patient Protection and Affordable Care Act of 2010 (PPACA), health flexible spending account (FSA) salary reductions are being limited to \$2,500 for taxable years beginning on or after January 1, 2013. Until recently, the term "taxable year" had yet to be defined. However, the IRS released [Notice 2012-40](#), which clarifies the term and provides guidance on the effective date of the statutory limit, the deadline for plan amendments, and relief for contributions that mistakenly exceed the maximum limit. In addition, the Notice requests comments on the modification of the use-it-or-lose-it rule as it applies to health FSAs.

Taxable Year Definition

A taxable year in Internal Revenue Code Section 125(i) refers to the plan year of the cafeteria plan. The elected health FSA salary reductions apply for this period.

Compliance with the \$2,500 Salary Reduction Limit

The \$2,500 limit on health FSA salary reduction contributions applies on a plan year basis, and the new statutory limit does not apply for plan years that begin before January 1, 2013. The Notice provides the clarification needed for FSA plans that do not follow a calendar year, and such plans do not need to adopt the maximum limit until the beginning of their 2013 plan year. Plans with a short plan year that begins after December 31, 2012 must prorate the \$2,500 limit based on the number of months in the short plan year.

The new health FSA election limit applies on an employee-by-employee basis, so \$2,500 is the maximum amount each employee can contribute for a plan year beginning on or after January 1, 2013. This is regardless of the number of other individuals (i.e., spouse, dependents, or adult children) whose health care expenses are reimbursable under the employee's health FSA. In addition, if each of two spouses is eligible to elect salary reduction contributions to a health FSA, each spouse may elect to contribute up to \$2,500 to his or her health FSA. This applies even if both participate in the same health FSA sponsored by the same employer.

After December 31, 2012, a plan that fails to comply with the health FSA statutory limit will not be considered a Section 125 cafeteria plan. If applicable, the value of the taxable benefits that the employee could have elected under the plan during the plan year must be included in the employee's gross income.

Please note: The \$2,500 limit applies on a plan year basis and is effective for plan years beginning after December 31, 2012. The statutory limit will be indexed for cost-of-living adjustments for plan years beginning after December 31, 2013.

Cafeteria Plan Amendments

Employers offering health FSA plans must take action and adopt the required cafeteria plan amendments to reflect the \$2,500 limit. Typically, cafeteria plan amendments can only be made on a prospective basis; however, this new plan amendment deadline is December 31, 2014, and the amendment may be retroactive only if the FSA plan adopts and operates in accordance with the statutory requirements for plan years beginning after December 31, 2012.

Health FSA Plans with a Grace Period

For health FSAs with plan years beginning in 2012, unused salary reduction contributions to a health FSA plan may be carried over into the two-month and 15-day grace period for that plan year. The funds carried over into the grace period for the 2012 plan year will not count against the \$2,500 limit for the 2013 plan year.

Relief for Contribution Mistakes

For certain salary reduction contributions that exceed the \$2,500 limit, relief is available if due to a reasonable mistake and not intentional neglect. If applicable, the employer (or the employer's agent) must address and correct the mistake. Additional guidance is available in the Notice.

Exceptions to the Capped Maximum

The statutory \$2,500 limit only applies to salary reduction contributions under a health FSA and does not apply to certain employer non-elective contributions (sometimes referred to as "flex credits"). The provision does not apply to contributions made to other types of FSAs (i.e., dependent care FSA), health savings accounts (HSAs), or health reimbursement arrangements (HRAs). In addition, salary reduction contributions to cafeteria plans that are used to pay for an employee's share of health coverage premiums (or the corresponding employee share under a self-insured employer-sponsored health plan) are not affected.

Use-it-or-lose-it Rule Comments

The Treasury Department and the IRS are considering modifications to the use-it-or-lose-it rule for health FSAs. Under this rule, unused health FSA funds are forfeited at the end of the plan year. A request for comments has been released to gather input regarding if the proposed regulations should be modified to provide additional flexibility for carried-over health FSA funds and how modification would interact with the \$2,500 limit. Comments must be submitted to the IRS by August 17, 2012 and should include reference to Notice 2012-40.

Please review [Notice 2012-40](#) on the IRS website for further guidance. Within the Notice, you can also find the submission details for use-it-or-lose-it comments.

FOR MORE INFORMATION PLEASE FEEL FREE TO CONTACT US



CITY-COUNTY BENEFITS SERVICES

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FEDERAL MENTAL PARITY ACT

FEDERAL MENTAL HEALTH PARITY ACT

Overview:

The Emergency Economic Stabilization Act of 2008, HR 1424, included provisions that amend the existing federal mental health parity requirements. The existing law required parity between medical/surgical benefits and mental health benefits in annual and lifetime dollar limits. The new law requires that the same treatment and financial limits that apply to medical and surgical benefits also apply to mental health and substance abuse benefits.

The effective date of the Act will be the plan year renewal anniversary date of the employer sponsored health plan beginning January 1, 2010.

Application of Mental Health Parity

The new law applies to group health plans with 51 or more employees for fully-insured or self-funded groups. This legislation applies to groups identified below:

- Private-sector employers;
- Non-federal governmental employers (cities, counties, school districts, etc.), except if the plan is self-funded and the employer opts out of providing the coverage required by Federal Mental Health Parity Act;

A self-funded, non-government plan can opt out of the law, but must do the following:

- File an election with CMS prior to the beginning of each plan year;
- Notify employees in writing, on an annual basis and at enrollment of the opt-out election.

Coverage Requirements

The following coverage requirements apply; however, employers and /or group health plans are not required to provide mental health or substance abuse coverage. The requirements are as follows:

Financial:

- Cannot be more restrictive than the predominant financial requirements applied to substantially all medical/surgical benefits;
- No separate cost sharing requirements applicable only to mental health and substance use disorder benefits.

Treatment:

- Cannot be more restrictive than the predominant treatment limitations applied to substantially all medical/surgical benefits;
- No separate treatment limitations that apply only to mental health and substance use disorder benefits.
- Plans are permitted to define mental health conditions, taking into account any applicable state or federal law such as those mandating coverage for serious mental illness or biologically based mental illness.

- Existing state mental health laws that prevent the application of the new federal requirements are preempted and no longer apply. State laws that do not prevent the application of the federal requirements are not preempted and continue to apply.

Agenda Item:

4A. Minutes of the regular city council meetings held June 12 and June 26, 2012, and the special meeting held June 19, 2012. (staff)

CITY COUNCIL MINUTES
REGULAR MEETING

KERRVILLE, TEXAS
JUNE 12, 2012

On June 12, 2012, the Kerrville City Council meeting was called to order by Mayor Pratt at 6:00 p.m. in the city hall council chambers, 800 Junction Highway. The invocation was offered by Reverend Fern Lancaster of the First Assembly of God Church, followed by the Pledge of Allegiance led by Mr. Grover Crocker of the Military Officers Association of America.

COUNCILMEMBERS PRESENT:

Jack Pratt	Mayor
Stacie Keeble	Mayor Pro Tem
Carson Conklin	Councilmember
Justin MacDonald	Councilmember

COUNCILMEMBER ABSENT:

Gene Allen	Councilmember
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CITY EXECUTIVE STAFF PRESENT:

Todd Parton	City Manager
Mike Hayes	City Attorney
Brenda G. Craig	City Secretary
Kristine Ondrias	Assistant City Manager
Travis Cochran	Director of Information Technology
Mike Erwin	Director of Finance
Mark Beavers	Assistant Fire Chief
Stuart Barron	Water/Wastewater Division Manager
Malcolm Matthews	Director of Parks and Recreation

VISITORS PRESENT: List on file in city secretary's office for the required retention period.

1. VISITORS/CITIZENS FORUM:

1A. Kristan Craddock, representing the Kerr Area Chamber of Commerce, invited the public to the Kerr Fest event to be held on August 10 and 11, 2012.

2. PRESENTATION:

2A. Presentation of a portrait of Major James Kerr by Joe Herring, Jr. was accepted by Mayor Pratt.

3. CONSENT AGENDA:

Mr. Conklin moved for approval of items 3A through 3E; Ms. Keeble seconded the motion and it passed 4-0:

3A. Minutes of the special city council meeting held at 10:00 a.m. on May 22, 2012, and the regular city council meeting held at 6:00 p.m. on May 22, 2012.

3B. A one year extension to an interlocal cooperation contract for City of

Kerrville ambulance/emergency medical services to the Department of State Health Services on behalf of its facility, Kerrville State Hospital located at 721 Thompson Drive in Kerrville, Texas.

3C. Council authorization for City Manager to purchase a dump truck from Austin Freightliner in the amount of \$80,978.00.

3D. Updating the financial policy of the City of Kerrville.

3E. Resolution No. 017-2012 adopting amendments to the City's purchasing policy and procedures manual.

END OF CONSENT AGENDA

4. DISCUSSION AND POSSIBLE ACTION:

4A. Appointment of a City Council Member to the Kerrville Convention and Visitors Bureau Executive Director Recruitment and Selection Committee.

Mr. Parton announced that Sudie Burditt, executive director of the CVB, was retiring in December after 28 years of service. The CVB Board invited the city to have a member on the recruitment and selection committee along with three CVB members. The committee had begun meeting and was preparing a candidate profile and reviewing the current job description.

Mr. MacDonald moved to appoint Jack Pratt to serve on the selection committee; Mr. Conklin seconded the motion and it passed 4-0.

4B. Review the status and funding commitments for the river trail and Louise Hays Park capital projects and provide direction to city staff.

Ms. Keeble was concerned that at the workshop on May 31 the council may not have given staff clear direction after evaluating several options for three segments of the river trail route. Council directed staff to talk with the affected property owners but did not designate the preferred route for each segment. She reviewed the history of the project as it evolved over several years with public meetings and support. Bonds issued in 2011 and 2012 were restricted to river trail and parks improvements. The river trail project had been a well-planned and organized project based on public input before issuance of the debt.

The financing plan had been structured in such a way as to have no effect on the ad valorem tax rate, and where EIC payments would be less than EIC was currently paying on past debt service obligations and equated to only 20% of EIC overall revenue, and the project would enhance tourism and increase sales tax revenue. Tourism was a large source of the city's revenue and one major developer had already begun advertising the river trail in their publication that was distributed nationally. To re-designate the bonds to other projects would violate the bond ordinances and the funding agreements with EIC, and EIC could then decide not to pay the debt and the city would then be required to pay the debt out of the general fund and water and sewer rate. She cautioned that the city should proceed timely to meet the requirements under the bond covenants, i.e. 5% in the first year, bonds were issued in December 2011, and full project within three years, or the city could be in default. The design team had been

hired and was awaiting council's direction on the route before they could proceed.

Council discussed the following:

- The wiring and conduit was included in the cost of the project; a list of items included in the project was provided in the scope of work. Mr. Matthews noted that lighting was included only at trailheads as the trail was designed for daytime use only. Monthly electricity would be built into the annual budget.
- Were operating costs included in the city's budget; concern that the costs were unknown? Mr. Matthews noted the construction and operating costs for future phases were largely unknown because there was not a project design yet and design could not begin until a route had been determined. The operating budget for lighting and electrical, once the project was totally complete, could possibly increase from the current \$10,000 up to about \$20,000 annually.
- How many employees will be added to staff to maintain the river trail? Mr. Matthews estimated up to five additional employees would be needed over time for the river trail and improvements in Louise Hays Park. Mr. Parton estimated annual cost at \$51,000 per person with benefits.
- How many employees would be added to the police department for security? Chief Young estimated 1-1.5 employee in the bike patrol; estimated annual cost of \$51,000 per person with benefits. Mr. Parton noted the cost for additional personnel and equipment needed for the project was included in the five year sustainability model.
- What was the life expectancy of the construction of the project? Mr. Matthews estimated 60-75 years on the concrete trail; amenities and trailheads may have to be upgraded and electric wiring may have to be replaced over time; may be some maintenance expense due to vandalism and repairs.
- Mayor Pratt requested letters of approval from the Corps of Engineers and other agencies before proceeding. Mr. Matthews noted the city had already received letters of approval regarding Package A, which included the pedestrian bridge at Lemos Street from TxDOT, Texas Parks and Wildlife, General Land Office, Corps of Engineers, and a review letter about the Americans with Disabilities Act. Mayor Pratt requested letters from these agencies to confirm this.
- Mayor Pratt requested an evaluation by the Corps of Engineers in case a section of the concrete trail broke loose and hit the dam. Mr. Matthews stated that no such discussions had been held with any agency and at issue would be how far an at-grade concrete slab would move. He noted that during floods, most turbulence and destruction would be at the top of the water; therefore, the potential for damage to the river trail would more likely result from smaller floods. Mr. Matthews will discuss this possibility with the consulting engineers.
- What funds were set aside for repairs due to flood damage? Mr. Matthews noted that nothing could be installed in the flood plain that would raise the level of flood water; construction in the flood plain would be limited to flat work, i.e. concrete, pavement, infrastructure, etc. The city would continue to use licensed professional civil and structural engineers on all phases and meet flood plain construction standards.

- The river trail was designed for day use; what policy was in place to enforce daytime use of the trail and river? Mr. Matthews the policies would be the same as currently established for other parks, i.e. close at sunset; pedestrian and bike only; and no mechanical equipment except motorized vehicles that met ADA requirements and city maintenance equipment.
- What would keep kids from jumping into the river from the trail? Mr. Matthews noted the city would expand current signage along the trail and not construct the trail too close to river, but the river was owned by the state and the city could not prohibit public access.
- Was signage included in the project cost? Mr. Matthews confirmed it was.
- What were the on-going costs of the trail? Mr. Matthews noted that monthly electricity and water for drinking fountains; also maintenance due to vandalism and the purchase of tools for brush clearing was not in the project.
- How would the city manage vandalism? Mr. Matthews stated that maintenance and enforcement of vandalism and graffiti would be handled the same as in public parks now; in areas where vandalism is frequent, monitoring cameras could be installed, but cameras were not included in the project.
- Had the city conducted a river erosion study? Mr. Matthews noted that an official study had not been done; however, in comparing old aerials with current conditions, most erosion has occurred as a result of urban development.
- Construction estimates and annual operating costs could not be determined until the design had been completed; engineers and consultants were waiting for the route to be determined before they could begin the design work.
- Reaffirmed council's previous actions to move forward expeditiously, staff contact property owners to see what their issues are, and put routing options on website.

The following persons spoke:

1. Jimmie Spradling questioned how the city would enforce keeping people off the trail at night. Mr. Matthews noted it would not be any different than other city parks, i.e. close any gates and enforcement by patrols.
2. Scott Gross stated that the river trail would be the biggest economic generator for the community.

Mr. Conklin stated his recollection of council's previous routing preferences:

Package C: option 1 with option 2 as a very acceptable second option; Package B: option 1, not interested in option 2; Package F: option 2 preferred, but option 1 as alternative if easement could not be secured.

Ms. Keeble moved that council: 1) reaffirm its commitment to completing the river trail project; 2) direct staff to complete discussions with landowners; 3) Schedule a meeting to finalize routing and initiate the design by the budget meeting in late June/early July; and 4) direct staff to provide routine progress reports at the second council meeting of each month.

Mayor Pratt requested item 1 of the motion be separated from 2, 3, and 4, stating he was in favor of the river trail but wanted more information about the costs and continuing budget impact. Ms. Keeble stated the cost was limited to \$6 million as that was all of the funds available. Mr. Conklin noted that the construction and future budget impact could not be determined without the design plans and documents, which could not be determined without a route.

Ms. Keeble agreed to the amendment, that is, council reaffirm its commitment to completing the river trail project. Mr. Conklin seconded the amended motion, and the motion passed 3 to 1 with Members Keeble, Conklin, and MacDonald voting in favor of the motion and Mayor Pratt voting against the motion.

Ms. Keeble moved to direct staff to complete discussions with landowners; schedule a meeting to finalize routing and initiate the design by the budget meeting in late June/early July; and direct staff to provide routine progress reports at the second council meeting of each month. The motion was seconded by Mr. Conklin and passed 4-0.

4C. Receive a report from city staff regarding amendments to the City of Kerrville Sign Regulations and schedule a special meeting on June 19, 2012, to hold the first reading of an ordinance to amend the City of Kerrville Sign Regulations.

Mr. Parton noted the sign committee held several meetings to address current sign technology and electronic lighted message boards at the request of persons in the sign industry; the sign committee also added definitions for clarity and made recommendations on other types of signs. The city council previously established a moratorium on signs, and that moratorium extension would expire June 30, 2012. The objective was to have a review of the code amendments and the first reading of the ordinance at this meeting; however, the committee requested direction from the city council before proceeding.

Mr. Parton read a letter from Bob Waller; he thought there may be some areas of conflict, he suggested illustrations showing types of signs contemplated, and overall thought it was a good sign code amendment.

Mr. Parton discussed some of the amendments:

- Temporary construction signs: Currently 32 sq. ft. limit, proposed to be 64 sq. ft.
- Flags: Current ordinance allowed up to six individual flags without a size limit; proposed limit to three flags up to 150 sq. ft. per flag; exemptions for holidays, special events, and properties along I-10.
- Political Signs: Follow state law.
- Free standing signs: Currently based on street frontage and zoning district; proposed size to be based on type of road and street frontage.
- Roof signs: Currently exempt from code; proposed to allow with additional limitations and be permitted when free standing signs are not allowed, cannot extend beyond the apex of the building's roof.

- Wall signs: Currently exempt from code; cannot be painted directly on to the building and size would be limited to the percentage of the building façade.
- Awnings, canopies, projecting signs: Currently exempt from code; proposed to limit the amount of advertising space to the amount for free standing signs, limit equivalent to amount of advertising space for free standing signs but it would not be cumulative.
- Electronic signs: Currently no size limitation other than the overall sign limit, instant transition, traveling message allowed, not limited by type of sign, no light intensity limitation, and no limitation on hours of operation. Proposed 32 sq. ft., 8 second static message cycle, with one second screen transition, use of motion prohibited, may be used as a wall or window sign, limit intensity and hours within 200 ft. of residential area. Allows for replacement of existing electronic message boards that exceed 32 sq. ft., but replacement is limited to the electronic message center; however, a new sign would have to be constructed under the new standards.
- Mobile signs: Currently prohibited; propose to create definition for vehicular signs, continue to prohibit, but exclude vehicles used in commercial activities.
- Balloons/inflatables: Currently not addressed; proposed to be prohibited.
- Beacons: Currently not addressed; proposed to be prohibited.
- Posters, pennants, ribbons, streamers, spinners, flutter flags, pleated fans, windsocks, strings, or similar: Under current code devices that rotate, revolve, whirl, spin or use motion to attract attention are prohibited, exception of barber shops; proposed to be prohibited, except barber shops.
- Banners: currently no limit on the number of banners or the number of days, 80 sq. ft. maximum size, must be securely anchored or attached and remain in good condition, and a permit is not required; proposed one per establishment, 120 calendar days, 80 sq. ft. maximum size, securely anchored or attached and remain in good condition, permit required, not less than five days, and must be removed by responsible party upon termination of permit; propose permit process and permit fee.

Council and staff discussed the following:

- Would these changes result in any churches being in non-compliance? One church sign would be in non-compliance but a sign company representative who served on the sign committee believed that all existing electronic message centers could come into compliance because of the way message centers operated. The sign was meeting compliance now by turning the light off at night.
- Existing signs that exceeded 32 sq. ft. could remain and parts could be replaced, but only for the electronic message center portion of an internally lit sign; however, new signs replacing existing signs that exceeded 32 sq. ft. would have to be constructed in accordance with the sign code. If an existing internal lit sign did not have a message center and exceeded the allowable square footage for sign allowance, parts could be replaced, but signs could not be replaced at that same non-conforming size. If an existing message center portion exceeded 32 sq. ft., it would be grandfathered and parts could be replaced, but the remainder of the sign could not be replaced without coming into compliance.

- TxDOT's standard time for electronic message boards was 8 seconds.
- The amendment would prohibit abandonment of motor vehicles with a sign being used as an off-premise sign on property that was not owned or controlled by the vehicle's owner or employee; the issue was vehicles used for the purpose of selling advertising, versus vehicles under the control of the owner or employee of a company that was advertising their own business. Abandonment was defined as two hours. The current code did not allow mobile billboards, and portable signs were not allowed under the current code and would not be allowed under the new code except in the core business district. Mr. Hayes would review the issue of political signs placed on vehicles.
- Would signs that are constructed and/or painted on the walls of businesses be allowed under the new code? Mr. Hayes noted they were allowed in the current ordinance.
- Concern about charging a fee for temporary banners, undue burden and cost for businesses, and only one per establishment even if on a corner lot. Staff noted temporary signs would allow a business to have more than the maximum signage. Mr. Hayes advised that if a time limit was assigned to a temporary banner, the city would need a permit process as enforcement would be difficult without a documented start date. The fee was intended to make the city whole for time spent on permitting, regulation and enforcement.
- The city council had already extended the moratorium once and did not want to extend the moratorium again.

Mr. Hayes noted in the 1980s the council adopted an amortization schedule to eliminate off premise signs (billboards), and over the past years the city had gone through a lengthy and costly process with property owners to have them removed; only two off premise signs remained in non-compliance on I-10.

The consensus of the council was to allow full color static images, and not to allow both a 100 sq. ft. free standing off premise sign and a 32 sq. ft. sign on the same property. A special meeting was scheduled for June 19 at 5:30 p.m. for first reading of the sign ordinance and second reading at the June 26 regular meeting.

The following person spoke:

1. Ruth Spradling questioned whether the amendment would restrict bread trucks from parking in residential neighborhoods at night. Mr. Hayes noted that take home vehicles used for business was allowable in residential districts.

5. INFORMATION AND DISCUSSION:

5A. Water resources report.

Mr. Barron noted the following: on June 5 the US Drought Monitor model moved Kerr County into severe drought condition; Kerr County was 9-12 inches behind normal; river flow was well below average; ASR was at 736 mg; the city received credit for the water put back into the river, but it did not affect the amount that the city could take out. The city was currently in stage 1; he anticipated stage 2 by

July; and Stage 3 by the end of summer; the various stages were determined by the city's safe operating capacity (SOC) and ability to get water to the public, not by demand or availability. When ASR wells 3 and 4 come on line, he anticipated production would increase 1 mgd for each well, and the city's need to go into more restrictive stages would be reduced.

5B. Budget and economic update.

Mr. Erwin noted that national indicators were about the same. Monthly sales tax was flat; June 2012 sales tax was 5% over June 2011. Expenditures in both the general fund and water and sewer fund were below budget.

6. ITEMS FOR FUTURE AGENDAS

- The June 29 budget workshop was rescheduled to July 3, 9 a.m.
- Update on drainage issues and build-up of debris on Town Creek.

7. ANNOUNCEMENTS OF COMMUNITY INTEREST:

- Mayor Pratt noted in the past week disgusting flyers depicting two city employees had been circulated; this type of behavior was unacceptable and was not representative of Kerrville's citizens and he apologized to the employees.

8. EXECUTIVE SESSION: None

9. ACTION ON ITEMS DISCUSSED IN EXECUTIVE SESSION: None.

10. ADJOURNMENT. Mr. MacDonald moved to adjourn the meeting; the motion was seconded by Mr. Allen and passed 5-0. The meeting adjourned at 8:27 p.m.

APPROVED: _____

Jack Pratt, Jr., Mayor

ATTEST:

Brenda G. Craig, City Secretary

CITY COUNCIL MINUTES
REGULAR MEETING

KERRVILLE, TEXAS
JUNE 26, 2012

On June 26, 2012, the Kerrville City Council meeting was called to order by Mayor Pratt at 6:00 p.m. in the city hall council chambers, 800 Junction Highway. The invocation was offered by City Attorney Mike Hayes, followed by the Pledge of Allegiance led by Art Modgling of the Vietnam Veterans Post #863 of Kerrville.

COUNCILMEMBERS PRESENT:

Jack Pratt	Mayor
Stacie Keeble	Mayor Pro Tem
Gene Allen	Councilmember
Carson Conklin	Councilmember
Justin MacDonald	Councilmember

COUNCILMEMBER ABSENT: None

CITY EXECUTIVE STAFF PRESENT:

Todd Parton	City Manager
Mike Hayes	City Attorney
Brenda G. Craig	City Secretary
Kristine Ondrias	Assistant City Manager
Charvy Tork	Information Technology Systems Administrator
Mike Erwin	Director of Finance
Robert Ojeda	Fire Chief
John Young	Police Chief
Kim Meisner	Director of General Operations
Mindy Wendele	Director of Business Programs
Jason Lutz	Senior Planner
Malcolm Matthews	Director of Parks and Recreation
Pat Dunlap	Fire Marshal

VISITORS PRESENT: List on file in city secretary's office for the required retention period.

1. VISITORS/CITIZENS FORUM

1A. Barbara Burton asked what county precinct her property was in and was concerned that the county burn ban had been lifted in unincorporated areas of the county. She noted the water level in the lake was dropping and the city had not gone to Stage 2. She questioned several aspects of the river trail project, i.e. trail route, lighting costs, reserve fund set aside for flood damage, how far a concrete slab at grade would move in a flood, and felt that some information from the city was contradictory. At the last meeting, council stated that Guadalupe Street residents would be contacted, but she had not been contacted by staff; also, the map on the city's website was not correct. Staff asked Ms. Burton to contact the county for information regarding their burn ban and to determine what county precinct she was in. The city's water stages were based on safe operating capacity and not on river flow; however, the city may consider Stage 2 in the future if it did not rain. Council discussed her specific concerns regarding the river trail and noted that staff was in the process of contacting property owners.

2. CONSENT AGENDA:

Mr. Allen moved for approval of items 2A through 2D; Mr. Conklin seconded the motion and it passed 5-0:

2A. Minutes of the City Council meeting on May 31, 2012.

2B. Authorization for City Manager to enter into a lease agreement with PNC Equipment Finance LLC for the Schreiner Golf Course cart fleet.

2C. Agreements between the City and Riverside Nature Center Association, Incorporated, pursuant to the River Trail to include an Amendment to Lease, Recreation Easement, Special Warranty Deed, and Subordination and Consent.

2D. Agreement renewal with the Texas Parks and Wildlife Department for the 2012 Kerrville-Schreiner Park Managed Bow Hunt.

END OF CONSENT AGENDA

3. PUBLIC HEARINGS AND RESOLUTIONS:

3A. Resolution No. 19-2012 granting a Conditional Use Permit for an approximately 1.34 acre tract of land consisting of lots 1, 2 and 3, and portions of lots 12, 13, 14, and 15, Block 1 of the B.F. Cage Addition, a subdivision of the City of Kerrville, Kerr County, Texas, otherwise known as 505 Sidney Baker Street (State Highway 16) and located within the City's central business zoning district (CBD); by permitting said property to be used for a gasoline station (sales) with convenience store and making said permit subject to certain conditions and restriction.

Mr. Lutz presented the proposed CUP and noted that gasoline sales were allowed in the CBD under certain conditions. The planning and zoning commission (PZC) approved the CUP June 7 subject to conditions stated in the resolution, and Valero had already completed all but two of the conditions: emergency shut-off switch, and lighting to prevent glare or light from being emitted onto adjacent properties; those conditions would be addressed during the building and permitting process. The project conformed to the comprehensive plan and utilities were available to the site. He noted that one letter of protest had been received from a neighboring property owner.

Council discussed the following:

- Landscaping. Mr. Lutz noted the applicant provided a site plan depicting landscaping along all four property lines and that would become part of the CUP.
- Screening. Mr. Lutz noted a 6 ft. solid wooden fence would be required along the property line adjacent to the residential district.
- Underground electric utility service. Harvey Brinkman, real estate broker, stated they would investigate the possibility with KPUB.

Mayor Pratt declared the public hearing open at 6:18 p.m., no one spoke, and Mayor Pratt closed the public hearing at 6:18 p.m.

Mr. Conklin moved for approval of Resolution No. 19-2012; Mr. MacDonald seconded the motion and it passed 5-0.

3B. Resolution 20-2012 granting a Conditional Use Permit for an approximately 1.15 acre tract of land consisting of part of Lot 2, Block 1 of the Bryant Addition, a subdivision of the City of Kerrville, Kerr County, Texas, and located in the 1800 block of Junction Highway (State Highway 27) and located within the City's 3-W zoning district; by permitting said property to be used for agricultural services (kennels/animal shelters); and making said permit subject to certain conditions and restrictions.

Mr. Lutz noted Dr. David Cardwell proposed to build a veterinary clinic (4,200 sq. ft. clinic and 1,200 sq. ft. kennels) in the 1800 block of Junction Highway; 12 kennels were currently allowed; however, Dr. Cardwell requested a CUP for agricultural services in order to increase the number of kennels to 50. The subject property adjoined a residential neighborhood to the south and would require Type B screening along the property line and a 50 ft. setback. The PZC approved the CUP at their June 7 meeting subject to the conditions stated in the resolution and not to exceed 50 kennels. He noted one letter of protest from an adjacent property owner.

Mayor Pratt declared the public hearing open at 6:27 p.m., and the following persons spoke:

1. Dr. David Cardwell noted the animals would be allowed outside only two hours a day (8:00-9:00 a.m. and 4:30-5:30 p.m.) for exercise and to allow the kennels to be cleaned. He clarified that he treated large animals, but no large animals would be housed at this facility. He planned to employ 4-5 additional staff and use local engineers and contractors to build his facility, and the project would add to the city's tax base.
2. Carolyn Lipscomb stated that Dr. Cardwell had been her vet for over ten years and she spoke of the cleanliness of his facility and friendliness of his staff.

Mayor Pratt closed the public hearing at 6:30 p.m.

Council discussed imposing greater restrictions but noted the business closed at 5:30 p.m. and all animals housed overnight were inside.

Mr. Allen moved for approval of Resolution No. 20-2012; Mr. Conklin seconded the motion and it passed 5-0.

4. PUBLIC HEARING:

4A. Annexation and zoning of approximately 9.83 acre tract of land, out of the F. Rodriguez Survey No. 72, Abstract No. 280, within Kerr County, Texas and consisting of the property addressed as 5623 State Highway 27.

Mr. Lutz noted the applicant requested annexation to meet the requirements of the EIC funding agreement with Fox Tank Company for the manufacturing of oilfield storage tanks and equipment. Utilities were available from Hwy. 27. No objections had been received from the public. PZC recommended approval of

the annexation; proposed zoning would be 26-E heavy industrial, which was in compliance with the comprehensive plan.

Mayor Pratt declared the public hearing open at 6:35 p.m.; no one spoke and Mayor Pratt closed the public hearing at 6:35 p.m.

5. ORDINANCE SECOND AND FINAL READING:

5A. An ordinance repealing and replacing the City's sign regulations found in Article II of Chapter 6 of the City's Code of Ordinances and repealing Section 27 of Ordinance No. 85-59 and all ordinances which amended Section 27 and pertain to the regulation of signs; adopting new regulations concerning the installation and maintenance of signs within the City of Kerrville, Texas and within the extraterritorial jurisdiction of the City; containing a cumulative clause; containing a savings and severability clause; providing for penalties not to exceed \$2,000.00; ordering publication, providing an effective date; and providing other matters related to the subject. Mayor Pratt read the ordinance by title only.

Mr. Conklin noted the transcript of his motion on June 19 specified the limitation at 32 sq. ft. for electronic signs; and 32% overall for signs between 100-200 sq. ft.; however, he wanted to clarify that his intent was that electronic portion of electronic message boards not exceed 32 sq. ft. for a sign up to 100 sq. ft.; signs between 100-200 sq. ft. overall, the electronic portion could be 32% of the total sign area allowable, but it first had to be eligible for a sign that large. Regarding signs less than 32 sq. ft. that used scrolling text, 4 seconds transition time would be acceptable, but scrolling was not allowed.

Council and staff also discussed the following:

- No restriction on the display of the US or Texas flag. Mr. Hayes noted government flags were already exempted in the proposed sign ordinance amendment.
- Difficulty in balancing advertising with sign pollution and aesthetics.
- The moratorium on electronic message signs expired once and was extended, and the extension would expire June 30.

The following persons spoke:

1. James Kessler, chairman of the planning and zoning commission and member of the sign ordinance committee, noted the committee spent 150 hours researching and reviewing sign ordinances of over 15 other cities, and he requested that council reconsider items that council previously changed:
 - Limit the size of electronic message boards to 32 sq. ft.; the committee felt this was sufficient based on a demonstration at one of their meetings.
 - The hold over time for electronic message signs should be 8 seconds; TxDOT recommended 8 seconds primarily for public safety.
 - Regarding US flag, under the existing ordinance businesses can display balloons on vehicles, etc., but cannot display the US flag except on a flag pole.

2. Mike Walker opined that graphics on message boards were distracting and dangerous, and he recommended 8 second minimum transition time. He noted that studies found motion and lit signs to be dangerous. Based on the proposed sign ordinance amendment and using the county courthouse as an example, that block could have eight signs and poles could be higher than the courthouse. Also, he would like to see the city clean up utility pole clutter.

3. Vickie Love stated she appreciated council for being patient and listening to the public; council worked with a spirit of compromise and decisions would better promote the community.

4. Richard Ferris, questioned whether signs painted on walls would be allowed, and if they could be repaired/repainted, or if he would have to remove his from his building. Mr. Hayes stated the sign on Mr. Ferris' building would be classified as non-conforming, and if it was not damaged more than 50%, he could repaint it. The intent of classifying signs as non-conforming was to have them replaced when repairs exceeded more than 50% of value. As long as existing signs were painted and maintained and the use continued to exist, they would be grandfathered as non-conforming signs, but the sign could not be expanded. Mr. Ferris stated that under the sign ordinance off premise signs could not exceed 100 sq. ft., and noted that billboards in the extraterritorial jurisdiction exceeded 100 sq. ft. Mr. Conklin noted there were no changes proposed for billboards, and billboards had been phased out in past years.

5. Scott Peschel, a member of the sign ordinance committee, stated that the committee did not intend for electronic signs to be larger than 32 sq. ft., and recommended timing at 8 seconds as stated by TxDOT. Some smaller electronic signs did not hold much content. Mr. Conklin noted timing was a programming issue and not a cost of sign issue and could be changed later.

Mr. Hayes noted if the amendments contemplated today were more restrictive than what was presented to the public in the current draft, a third reading of the ordinance would be required. If someone applied for a sign permit after the moratorium expired and before the new ordinance was adopted, they would be applying under the old ordinance.

Ms. Keeble moved to adopt the sign ordinance on second reading with the following exceptions: electronic signs be limited to 32 sq. ft., and the Texas and American flags would be allowed without any restrictions. Mr. Conklin seconded the motion and it passed 5-0.

Third reading of the ordinance was scheduled for July 3, 2012.

6. CONSIDERATION AND POSSIBLE ACTION:

6A. Resolution No. 18-2012 approving the Alamo Area Council of Governments (AACOG) Regional Multi-Hazard Mitigation Plan.

Mr. Parton noted a federal act required municipalities to have a hazard mitigation plan that identified and addressed potential hazards. He recommended adopting the AACOG regional plan, which was adopted by Kerr County in May; otherwise, the city would have to devise its own plan. If the city did not have a plan, it would be in default of the federal act and would not be eligible to receive federal funds.

Mr. Dunlap noted the city had participated in the AACOG regional plan since 2005; the plan included other AACOG cities and counties. The plan presented for adoption had been reviewed by member cities and counties for over a year, and had been forwarded to Federal Emergency Management Administration and Texas Department of Emergency Management. AACOG was notified that the plan must be adopted by individual cities and counties, and must be submitted by June 30. He noted that several members of the Kerrville Fire Department had participated in creating the AACOG plan.

Mr. Conklin moved for approval of Resolution No. 18-2012; Mr. MacDonald seconded the motion and it passed 5-0.

6B. Direct staff to investigate the condition of that portion of the Town Creek drainage channel located south of Main Street and provide a report to City Council on the parties who have maintenance responsibility and the City's options for ongoing maintenance and repair.

Mayor Pratt noted that Town Creek, and possibly other areas, had become overgrown with vegetation that could impede drainage.

Council and staff discussed the following:

- City's role at this point should be limited to investigating property ownership and responsible parties, determine problem areas and prioritize, and recommend options; it was clear that staff was not being instructed to do any work on privately owned property.
- Need to establish a policy setting out the city's role in management and maintenance of drainage ways city-wide; policy should take into consideration potential for embankment erosion.

The following person spoke:

1. Barbara Burton noted Quinlan Creek had been a greater problem in 2000 before a community cleanup project. The 2002 flood that damaged many homes was largely caused by log jams that accumulated. Property owners responsible for maintenance may not have the resources or ability to maintain their property.

Council consensus was to instruct staff to report on the Town Creek area from Main Street to the Guadalupe River at the July 10 meeting, i.e. evaluate issues, identify roles and responsibilities of parties, present options for discussion, and report on the level of work and resources that would be required for the city to handle this type of work.

6C. Creation of a task force to review the City's long-term financial situation and

develop recommendations.

Mayor Pratt noted that many cities were facing significant budgetary challenges and financial difficulties. He proposed creating a financial management task force to gather information on the financial position of the city, including unfunded liabilities, unfunded mandates, infrastructure needs, pension plans and benefits, indebtedness, and any long term financial obligations. The task force would review the city's financial situation, formulate alternatives for the city to consider when making decisions, and recommend a long-term plan of action. Data gathered would be used to create a sound business plan to help council make informed decisions. He presented a plan for the appointment of citizen experts to the task force. The task force would present its report to the mayor, followed by a meeting of the council by December 1, 2012. The report would include a recommendation on the continuance of the task force. The task force would be advisory only and their report and any information used to compose the report would be maintained as privileged and confidential, in particular matters that were deemed confidential by law such as matters that would occur in executive session. The task force would be similar to other city advisory boards, and more citizen involvement would result in a more transparent city government.

Mr. Pratt stated he had not been able to get a clear analysis of the issues proposed for discussion by the task force from city staff, especially regarding unfunded liabilities and mandates, and he wanted a whole picture of what the city's total exposure was for the next 20 years. The number one charge of the city council was to protect the citizens; council should find ways to reduce expenses without affecting services to citizens. A finance plan could identify areas where money could be saved, and council could give raises to employees.

Council also discussed the following:

- The city council was elected by the citizens and charged with the responsibility of the city's financial stability and long range planning, and councilmembers took this responsibility seriously.
- If the goal was to achieve open government and transparency, interested citizens should be encouraged to attend council meetings and workshops; all meetings were open to the public.
- Questioned if a committee's reports and findings would remain confidential; concerned about privacy issues related to information on employees.
- Would create another layer of government.
- Would cause extreme hardship on staff time that would be required to prepare information and respond to requests of the committee.
- Under the plan proposed, the mayor would appoint a representative to the task force, and the council would not appoint a representative, although one councilmember would serve on the task force.
- The city already had planning documents established that accomplished all of the topics proposed for discussion, i.e. comprehensive plan, economic development plan, economic incentive plan, utility master plan and capital improvement plan that addressed infrastructure projects and funding for the next

20 years.

- The topics proposed for discussion were council level decisions and council should not abdicate their responsibility to a committee.
- No problems had been identified that were not already being addressed, and the city did not have any significant unfunded liabilities thanks to sound financial policies and planning.
- The city council past and present were meeting the obligation of keeping the city financially secure.
- The city continuously receives awards from financial organizations for sound financial management. The city records are audited annually, and the city is financially sound.
- Never requested data from staff that had not been provided in a timely manner.
- Some parts of the task force plan as presented violated the open meetings act.
- Questioned where was the problem? The city maintained a steady tax rate for several years. When revenues fell the last two years, instead of raising taxes, the city council reduced the city's budget 15% by cutting personnel and services, and even increased the reserve fund; also, the city had not given employees raises for several years. The city maintained an excellent finance rate, brought in two new businesses that would benefit the community economically, funded the river trail without increasing EIC debt service payments, and achieved excellent service with less money through interlocal agreements. Also, thanks to the past council's relationship with the Cailloux Foundation \$300,000 had been added to the street budget for the next three years, and the newly renovated library opened and was packed with people, thanks to the generosity of the HE Butt Foundation. Many years ago the council tried to fund the city on a pay as you go plan, and the city fell behind on infrastructure needs; now the city was doing infrastructure projects and still keeping taxes and rates down.

The following person spoke:

1. Rex Boyland, commended the 2010-2011 city council and staff that prepared the 2011 budget. He noted that in the three budgets prior to the 2011 budget the city had balanced the budgets by using the reserve fund, which had been built up over 15 years. In 2011 the city council not only balanced its budget, but began to put funds back into the reserve fund. The Municipal Advisory Council of Texas showed Kerrville had a debt to assessed value of .81% that was subject to ad valorem. The pension plan was funded 100%, actually slightly overfunded. The City Charter states the mayor is one member of city council, who presides at council meetings and represents the city for ceremonial purposes. The City Charter states that no councilmember is allowed special appointments or allowed to exclusively receive special reports. Privileged and confidential information runs counter to public policy of transparency and open government. He reviewed a list of matters that could be brought up in executive session, and none of those would be applicable to a committee as proposed. If such a finance committee was established, the finance director should be on that committee. Responsibility for the city's revenue and expenses should be vested only in elected officials.

Mayor Pratt asked that the record show that city council turned down the proposal.

Mr. Allen moved to not allow a finance task force to be assembled. Ms. Keeble seconded the motion and it passed 4-1 with Councilmembers Allen, Keeble, Conklin, and MacDonald voting in favor of the motion and Mayor Pratt voting against the motion.

6D. The city's oversight of private halfway houses in Kerrville.

Mayor Pratt noted a significant number of halfway houses in Kerrville, and while the city understood the need for housing and assistance to help people reenter society, there was limited oversight by the city. He suggested permitting of halfway houses, inspection of facilities, fines for noncompliance, and reporting of violations to the city manager and city council.

Mr. MacDonald noted that the zoning ordinance input committee (ZOIC) had discussed how to address halfway houses in the new zoning code, i.e. zoning classification, investigation process, and possible regulations; research was underway.

Council and staff also discussed the following:

- Difficulty in not knowing where halfway houses were located.
- Permitting process would establish a means by which the city could monitor and inspect houses.
- Occupancy level of homes located in single family residential areas.
- Legality of several aspects associated with regulating halfway houses; must be careful not to discriminate or violate any federal laws; also, some houses may be supported by religious agencies.

Chief Young noted the police department's calls related to halfway houses dealt more with residents, i.e. calls for service, medical, assistance, disturbance, etc. He stated that KPD files revealed 22 known halfway houses.

The consensus of the council was to monitor progress and recommendation from ZOIC and staff.

7. INFORMATION AND DISCUSSION:

7A. Implementation of zero based budgeting (ZBB) practices to the City of Kerrville Annual Budget to contain costs and better serve the city's residents.

Mayor Pratt proposed the city implement ZBB and felt it would result in a better review of expenses in line items and avoid baseline assumptions, resulting in improved budgeting and savings to the city.

Mr. Erwin noted that the city manager and budget staff already followed the process of reviewing each proposed expenditure in all line items before something was put into the budget document; the detailed information used to compile the budget was not included in the actual budget document.

Mr. Parton noted staff had to provide justification for each line item, and he and Mr. Erwin personally reviewed every item before it was included in the budget; the key component used in the preparation of the budget was the council's goal statement and prioritized programs established by the council. He reviewed the five year forecast model and noted in 2011 the city council adopted the FY12 budget based on sustainability, expenditures did not exceed revenue, increase in the fund balance, and the same tax rate. The 2013 draft budget was nearing completion and would be presented to council in July. He discussed several items where staff identified and implemented cost savings and noted the budget followed guidelines set out in the city's long range planning documents.

Mr. Conklin noted he reviewed the Government Finance Officers Association report and noted of 413 cities only 2 were using ZBB. He noted there were several variations of ZBB and questioned which variation Mayor Pratt was proposing. Mr. Conklin believed the city was already using the same method and felt there was not a problem to be solved.

7B. Budget and economic update

Mr. Erwin noted local employment was at 5.3%; June sales tax was down from May, but still above June 2011; HOT was down from last year; revenue exceeded expenditures in the general fund and water/sewer fund.

7C. River trail update

Mr. Matthews noted the contractor would begin work on the Package A pedestrian bridge near Lemos Street, connecting to Tranquility Island next week; Package A should be complete by September. Upcoming phases include Package C from Tranquility Island to G Street, including \$2 million for Louise Hays Park renovation, based on projects identified in the 2008 parks master plan. He noted the utility project scheduled for December in Rio Robles Mobile Home Park would be completed before the trail and park improvements would be started. Regarding routing options for Packages B, C, and F, he met with about half of the affected property owners and was continuing to set up meetings with others.

7D. Report on Kerrville Economic Development Corporation activities

Mr. Conklin reported KEDC supported a new housing development in the county; the project was an agreement between the county and the developer. An offer had been made and accepted to a new executive director and KEDC would be making an announcement soon. Economic packages were being accepted and reviewed. State Comptroller Susan Combs spoke earlier this day at the chamber of commerce office and KEDC supported her visit to Kerrville.

8. ITEMS FOR FUTURE AGENDAS

- Report from Kerr Economic Development Corporation, July 24.
- Discuss fees for use of Kerrville Schreiner Park, no date specified.

9. **ANNOUNCEMENTS OF COMMUNITY INTEREST:**

9A. Kerrville's 4th on the River event on June 29; discussed activities scheduled from 2 p.m. to midnight including 8 bands, fireworks, and kids play area.

10. **EXECUTIVE SESSION:** None

11. **ACTION ON ITEMS DISCUSSED IN EXECUTIVE SESSION:** None.

12. **ADJOURNMENT.** Mr. MacDonald moved to adjourn the meeting; the motion was seconded by Mr. Conklin and passed 5-0. The meeting adjourned at 9:48 p.m.

APPROVED: _____

Jack Pratt, Jr., Mayor

ATTEST:

Brenda G. Craig, City Secretary

CITY COUNCIL MINUTES
SPECIAL MEETING

KERRVILLE, TEXAS
JUNE 19, 2012

On June 19, 2012, the Kerrville City Council meeting was called to order by Mayor Pratt at 5:30 p.m. in the city hall council chambers, 800 Junction Highway.

COUNCILMEMBERS PRESENT:

Jack Pratt	Mayor
Stacie Keeble	Mayor Pro Tem
Carson Conklin	Councilmember
Justin MacDonald	Councilmember
Gene Allen	Councilmember

COUNCILMEMBER ABSENT:

None

CITY EXECUTIVE STAFF PRESENT:

Todd Parton	City Manager
Mike Hayes	City Attorney
Cheryl Brown	Administrative Assistant to the City Secretary
Kristine Ondrias	Assistant City Manager
Travis Cochran	Director of Information Technology
Mike Erwin	Director of Finance
Jeff Finley	Chief Building Official
Kimberly Meisner	Director of General Operations

VISITORS PRESENT: List on file in city secretary's office for the required retention period.

PUBLIC HEARING:

Proposed amendments to the city's sign regulations as found in Article II, Chapter 6 of the City of Kerrville's Code of Ordinances .

Staff presented proposed amendments to the current sign ordinance code, and answered questions.

Mayor Pratt declared the public hearing open at 6:01 p.m. and the following persons spoke:

1. Harold Buell stated for electronic message signs the 8 second interval was too long and should be 4 seconds, the 1 second change of message time was unnecessary, and the "fade in and out" feature was not distracting to traffic. He felt that balloons should be allowed for special occasions for a 24 or 48 hour period. Some businesses could not afford big signs and a banner was the only type of sign in their budget; one banner per establishment was too restrictive; and permits for banners would be too expensive for some business owners and would be too expensive for the city.

2. Kent McKinney, representing Guadalupe National Bank, opined that the changes to the sign ordinance were going too far and the city should be business friendly. Signs were necessary for conducting business, which helped the community and city. He did not understand what flags were hurting and asked if there were safety issues. He believed the 8 second display time was too long, and 4 seconds was more reasonable. Balloons were useful and brought people into businesses and created sales. The city should be careful in making changes to the sign ordinance.

3. Traci Carlson asked why the sign ordinance did not allow both a roof sign and a wall sign. She wanted a sign painted on the side of her building, which was less expensive. The city was in danger of overregulating the sign process and requiring a permit for banners would be acceptable as long as the permit process was a short one, otherwise the process would be less effective. Business owners should have enough pride in their business to not allow their banners to become tattered or worn and would voluntarily replace tattered banners, flags and signs. She did not believe that signs painted onto the businesses should be regulated because business owners would not hire someone who did not know what they were doing, and regulating those types of signs was a slippery slope.

4. Denny Foster felt the sign ordinance was too restrictive and if he owned an electronic sign, he would be disappointed with the ordinance. Regarding electronic sign restrictions, TXDOT's 8 seconds was only a suggestion and not a rule. Businesses would not get their money's worth out of the signs if people could not read the messages, and signs cost \$30,000-\$50,000. He felt that 32 sq. ft. was too small, the 8 second message time was too long, and the motion signs should be allowed. Fixed message signs were a pain to change, and he understood the desire for electronic signs. Many of the business signs also depicted community events and did not just promote the business. He wanted Kerrville to be more business friendly.

5. Gina Buell stated she made banners and signs, and she had a problem with the way the ordinance dealt with banners. Some business owners used banners while they were saving for a more permanent sign. Some banners were two sided, and she questioned how the city would charge for that type of permit. She questioned how the city would enforce banners and how much the permit fee would be. If people wanted to get around the banner regulations, they would find a way to do so. A few years ago, there was a picture in the newspaper that depicted some signs in Kerrville, and she thought the power lines in the picture were unattractive; she thought the city should spend money to beautify the city in that way.

6. Bruce Stracke questioned why the city classified vacant land in the extraterritorial jurisdiction (ETJ) as residential when it was more similar to agricultural and was concerned with the section of the ordinance that pertained to signs in the ETJ; he opined that vacant land was the perfect place for off-premise

signs. Mr. Conklin noted that a sign on property in the ETJ would be considered an off-premise sign and off-premise signs were not allowed on residential property. Mr. Conklin noted a discrepancy in the definition, and that would be addressed by council before the ordinance was passed. Mr. Stracke questioned the definition of a banner; he proposed to have a 4' x 4' banner attached to plywood to advertise a particular piece of property on which the sign stood. Staff read the ordinance pertaining to real estate signs. Mr. Stracke stated he had understood that the most restrictive covenant applied, which meant that half of his 32 square foot sign that had the property information on the banner would not be allowed since it would be considered a banner and not an affixed sign. Mr. Hayes noted that the section Mr. Stracke referred to was carried over from the previous ordinance and was regarding signs on property that had been vacant for 12 months or more; Mr. Hayes said he would review that language. Council discussed exempting real estate signs as it was not uncommon for properties to be for sale for more than 12 months. Mr. Stracke questioned signs painted on buildings and gave an example of historic murals. Mr. Hayes said he would clarify the difference between art or murals painted on buildings versus signs advertising the business.

7. Scott Peschel, a member of the sign committee, stated he agreed with the need for a new sign ordinance, but thought more clarification was needed, i.e. what constituted a banner; banners were temporary. He questioned why the city proposed restricting banners, noting the current ordinance already stated that banners must be in good condition. Restricting the use of banners would be difficult and costly to enforce. Regarding vehicle signs, the ordinance referred to fleet vehicles parked on a lot or job site when not in use; the ordinance went beyond that purpose and could also apply to a contractor who had his name on his truck and may be the contractor's only advertising; this should be clarified. Mr. Peschel opined that 32 sq. ft. was too small and the committee had discussed 42 sq. ft. Regarding electronic signs, 8 seconds was TxDOT's recommendation, but that was not feasible and most signs he observed changed every 4 seconds. Mr. Peschel did not agree with the 120 day limitation on banners; some committee members wanted 60 days, but 120 days was a compromise.

8. Vicky Love noted the new ordinance stated a sign may not extend beyond the roof apex; her building had a flat roof which did not have an apex. She asked what size sign would be allowed on her roof. She was shown illustrations of the various roof types and sizes and what signs would be allowed.

9. Mark Tuschak, President of the Kerrville Area Chamber of Commerce, thanked the council for including the chamber in the sign ordinance process and asked council to consider the public's comments. Mr. Tuschak stated that the chamber did not have an official position regarding the ordinance.

10. Cory Traub, owner of Pro Tech Signs and Graphics and a member of the sign committee, questioned the type of banner material and mounting, and noted some

businesses were using banners as relatively permanent signs and the new banner restrictions would affect them. He agreed with billboards not being allowed in the city; however, billboards on I-10 would bring business into town and businesses should be able to take advantage of it, and this would not affect the vision of Kerrville. The average highway billboard was 15'x30', which was 450 sq. ft. The committee was diverse with varying ideas about sign regulations; they spent over 100 hours deliberating the ordinance. After each meeting the committee members would apply the suggestions in the community to see how they would work, consequently, the ordinance changed many times. Mr. Traub opined that the 32 sq. ft. allowance for electronic signs would work for a business whose sign allowance under the ordinance was 100 sq. ft.; however, a large building whose sign allowance was 200 sq. ft., 32 sq. ft. would not be enough; the electronic signage allowance should be based on a percentage of the size of the building. Mr. Traub wanted Kerrville to be on the cutting edge of technology. Regarding banners, he opined that it would hinder businesses and it was not worth the city's time to enforce banners. He preferred the transition time for electronic signs be 4 seconds instead of 8 seconds.

11. Mike Walker stated his concern about the visual effect the community portrayed. 32 years ago he owned a business that had a billboard on it that caused him much consternation. At that time, Kerrville had many trailer signs, billboards, and banners. He was on the first sign amortization board. The issues council was dealing with today were the same issues of 32 years ago; the only new issue was electronic signs. He stated that whatever council enacted would be selectively enforced and gave two examples of selective enforcement and influence. Regarding the 32 sq. ft. limit, the council could grandfather the 32 sq. ft. limit and businesses could get a variance for larger buildings. Regarding signs painted on buildings, this was allowed in small towns everywhere and looked good. Billboards on the highway were a slippery slope because it was difficult to differentiate between signs that direct people into town and advertisements. He suggested banners be left alone, and if banners became old and tattered, make the business take them down. He offered to assist with the sign ordinance process and to give the city history about the sign ordinance.

No one else spoke and Mayor Pratt closed the public hearing at 7:47 p.m.

Councilmembers noted that the proposed amendments to the sign ordinance were a compromise between two extreme viewpoints. Council discussed the issues that were raised and clarifications needed for banner and wall signs.

3. ORDINANCE, FIRST READING:

3A. An Ordinance repealing and replacing the City's sign regulations found in Article 11 of Chapter 6 of the City's Code of Ordinances and repealing Section 27 of Ordinance No. 85-59 and all ordinances which amended Section 27 and pertain to the regulation of signs; adopting new regulations concerning the installation and maintenance of signs within the City of Kerrville, Texas and within the

extraterritorial jurisdiction of the city; containing a cumulative clause; containing a savings and severability clause; providing for penalties not to exceed \$2,000.00; ordering publication, providing an effective date; and providing other matters related to the subject. Mayor Pratt read ordinance by title only.

Mr. Conklin moved to adopt the ordinance on first reading subject to the following changes: message boards would be 32% electronic signage for signs between 100-200 sq. ft. to allow for a better proportion; transition be changed from 8 seconds to 4 seconds for electronic message boards; section for vehicular signs should clarify that personal use of commercial vehicles be allowed for a business' employees; remove the requirement for permits on banners; add balloons to the feather flag permit process for 20 days; murals be identified as art work and wall signs not be allowed to be painted onto the face of a building; semi-permanent signs such as banners be allowed to be mounted on plywood; and other items that the city attorney may feel are needed. Mr. Allen seconded the motion and it passed 5-0.

Mr. Hayes noted that second reading of the revised ordinance would be held on June 26, 2012.

4. ADJOURNMENT. Mr. Conklin moved to adjourn the meeting; the motion was seconded by Mr. Allen and passed 5-0. The meeting adjourned at 8:37 p.m.

APPROVED: _____

Jack Pratt, Jr., Mayor

ATTEST:

Cheryl Brown
Administrative Assistant to City Secretary

Agenda Item:

4B. Approval of Agreement For Services with National Sign Plazas, Inc. for wayfinding sign project. (staff)

**TO BE CONSIDERED BY THE CITY COUNCIL
CITY OF KERRVILLE, TEXAS**

SUBJECT: Wayfinding Sign Project agreement for design services with National Sign Plazas, Inc.

FOR AGENDA OF: July 24, 2012

DATE SUBMITTED: July 11, 2012

SUBMITTED BY: Mindy N. Wendele **CLEARANCES:** Todd Parton
Director of Business Programs City Manager

EXHIBITS: Agreement for service

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER: 

Expenditure	Current Balance	Amount	Account
Required:	in Account:	Budgeted:	Number:
\$20,000.00	\$20,000.00	\$20,000.00	TBA

PAYMENT TO BE MADE TO:

REVIEWED BY THE FINANCE DIRECTOR:

SUMMARY STATEMENT

Staff was directed to research and develop a plan to erect wayfinding signs along our major corridors. Discussions have begun with TxDot officials and National Sign Plazas (NSP). During preliminary staff discussions buildings and/or venues were identified along with the need to work in phases.

Representatives from NSP have initiated research for locations and types of signs for the locations. They have provided a report for a master plan for the project to include costs and a timeline from approval to installation. The total estimated project cost is \$99,000-\$118,000 and includes design, planning, fabrication, installation and service. The city will need to budget an amount equal to 3% to 5% of the project cost annually for maintenance. This will cover sign replacement, vandalism, weather related repairs, etc.

Once the master plan has been completed the city will initiate a bid process for the fabrication and installation of the signs. This will be a standard bid process that follows all of the public advertising and selection processes.

This agreement launches the design component of this process. It includes design of the wayfinding sign system, sign placement and planning. It will also take into account conflicts with items like landscape and/or traffic control devices.

Deliverables will include construction documents and a final design manual. The completed manual will be used in the bid process.

Through a budget amendment, hotel occupancy tax funds have been set aside for the design phase of the project. The agreement has a not to exceed clause of \$20,000.

RECOMMENDED ACTION

Approve agreement.

AGREEMENT FOR SERVICES
(National Sign Plazas, Inc. Wayfinding Sign Program)

This AGREEMENT made this twenty fourth day of July, 2012, between:

City: City of Kerrville, Texas, having a principal place of business at
800 Junction Highway, Kerrville, Texas

and Consultant: National Sign Plazas, Inc., a California corporation, having a principal
place of business at 7076 South Alton Way, Building E-2, Centennial, CO.

ARTICLE 1. TERM OF AGREEMENT

This Agreement will become effective on July 24, 2012 ("Effective Date") and will continue in effect through July 1, 2014 unless terminated in accordance with the provisions of Article 7 of this Agreement.

ARTICLE 2. INDEPENDENT CONTRACTOR STATUS

It is the express intention of the parties that Consultant is an independent contractor and not an employee, agent, joint venturer or partner of City. Nothing in this Agreement shall be interpreted or construed as creating or establishing the relationship of employer and employee between City and Consultant or any employee or agent of Consultant. Both parties acknowledge that Consultant is not an employee for state or federal tax purposes. Consultant shall not be entitled to any of the rights or benefits afforded to City's employees, including, without limitation, disability or unemployment insurance, workers' compensation, medical insurance, sick leave, retirement benefits or any other employment benefits. Consultant shall retain the right to perform services for others during the term of this Agreement.

ARTICLE 3. SERVICES TO BE PERFORMED BY CONSULTANT

A. Specific Services

Consultant agrees to perform the "Services" as outlined in Exhibit A ("Specific Provisions") and Exhibit B ("Scope of Services"), subject to the payment terms and conditions described Exhibit C and Exhibit C-1 ("Payment Schedule").

B. Method of Performing Services

Consultant shall determine the method, details and means of performing the above-described Services. City shall have no right to, and shall not, control the manner or determine the method of accomplishing Consultant's Services.

C. Employment of Assistants

Consultant may, at the Consultant's own expense, employ such assistants as Consultant deems necessary to perform the Services required of Consultant by this Agreement, subject to the prohibition against assignment and subcontracting contained in Article 5 below. City may not control, direct, or supervise Consultant's assistants in the performance of those Services. Consultant assumes full and sole responsibility for the payment of all compensation and expenses of these assistants and for all state and federal income tax, unemployment insurance, Social Security, disability insurance and other applicable withholding.

D. Place of Work

Consultant shall perform the Services required by this Agreement at any place or location and at such times as Consultant shall determine is necessary to properly and timely perform Consultant's Services.

ARTICLE 4. COMPENSATION

A. Consideration

In consideration for the Services to be performed by Consultant, City agrees to pay Consultant a sum of Twenty Thousand Dollars (\$20,000) ("Fixed Price") for the Services described in Exhibit B, and as and when set forth in Exhibit C-1 ("Payment Schedule"). In no event however shall the total compensation paid to Consultant exceed the Fixed Price, unless approved by City in a written authorization.

B. Invoices

Consultant shall submit invoices for all Services rendered.

C. Payment

Payment of the Fixed Price shall be due according to the payment schedule set forth in Exhibit C-1. No payment will be made unless Consultant has first provided City with a written receipt of invoice describing the work performed and any approved direct expenses (as provided for in Exhibit A, Section IV) incurred during the preceding period. If City objects to all or any portion of any invoice, City shall notify Consultant of the objection within thirty (30) days from receipt of the invoice, give reasons for the objection, and pay that portion of the invoice not in dispute.

D. Expenses

Consultant shall be responsible for all costs and expenses incident to the performance of Services for City, including but not limited to, all costs of equipment used or provided by Consultant, all fees, fines, licenses, bonds or taxes required of or imposed against Consultant and all other of Consultant's costs of doing business. City shall not be responsible for any expenses incurred by Consultant in performing Services for City, except for those expenses constituting "direct expenses" referenced on Exhibit A.

ARTICLE 5. OBLIGATIONS OF CONSULTANT

A. Tools and Instrumentalities

Consultant shall supply all tools and instrumentalities required to perform the Services under this Agreement at its sole cost and expense. Consultant is not required to purchase or rent any tools, equipment or Services from City.

B. Workers' Compensation

Consultant agrees to provide workers' compensation insurance for Consultant's employees and agents and agrees to hold harmless, defend with counsel acceptable to City and indemnify City, its officers, representatives, agents and employees from and against any and all claims, suits, damages, costs, fees, demands, causes of action, losses, liabilities and expenses, including without limitation reasonable attorneys' fees, arising out of any injury, disability, or death of any of Consultant's employees.

C. Insurance.

In addition to any other obligations under this Agreement, Consultant shall, at no cost to City, obtain and maintain throughout the term of this Agreement: (a) Commercial Liability Insurance, including coverage for owned and non-owned automobiles, with a minimum combined single limit coverage of \$1,000,000 per occurrence for all damages due to bodily injury, sickness or disease, or death to any person, and damage to property, including the loss of use thereof; and (b) Professional Liability Insurance (Errors & Omissions) with a minimum coverage of \$1,000,000 per occurrence and aggregate. As a condition precedent to City's obligations under this Agreement, Consultant shall furnish evidence of such coverage (naming City, its officers and employees as additional insureds on the Comprehensive Liability insurance policy referred to in (a) immediately above) and requiring thirty (30) days written notice of policy lapse or cancellation, or of a material change in policy terms.

D. Assignment

Notwithstanding any other provision of this Agreement, neither this Agreement nor any duties or obligations of Consultant under this Agreement may be assigned or subcontracted by Consultant without the prior written consent of City, which City may withhold in its sole and absolute discretion.

E. State and Federal Taxes

As Consultant is not City's employee, Consultant shall be responsible for paying all required state and federal taxes. Without limiting the foregoing, Consultant acknowledges and agrees that:

- City will not withhold FICA (Social Security) from Consultant's payments;
- City will not make state or federal unemployment insurance contributions on Consultant's behalf;
- City will not withhold state or federal income tax from payment to Consultant;

- City will not make disability insurance contributions on behalf of Consultant;
- City will not obtain workers' compensation insurance on behalf of Consultant.

ARTICLE 6. OBLIGATIONS OF CITY

A. Cooperation of City

City agrees to respond to all reasonable requests of Consultant and provide access, at reasonable times following receipt by City of reasonable notice, to all documents reasonably necessary to the performance of Consultant's duties under this Agreement.

B. Assignment

City may assign this Agreement or any duties or obligations thereunder to a successor governmental entity without the consent of Consultant. Such assignment shall not release Consultant from any of Consultant's duties or obligations under this Agreement.

ARTICLE 7. TERMINATION OF AGREEMENT

A. Sale of Consultant's Business/ Death of Consultant.

Consultant shall notify City of the proposed sale of Consultant's business no later than thirty (30) days prior to any such sale. City shall have the option of terminating this Agreement within thirty (30) days after receiving such notice of sale. Any such City termination pursuant to this Article 7.A shall be in writing and sent to the address for notices to Consultant set forth in Exhibit A, Subsection V.H., no later than thirty (30) days after City' receipt of such notice of sale.

B. Termination by City for Default of Consultant

Should Consultant default in the performance of this Agreement or materially breach any of its provisions, City, at City's option, may terminate this Agreement by giving written notification to Consultant. For the purposes of this section, material breach of this Agreement shall mean Consultant's repeated failure to professionally and/or timely perform any of the Services contemplated by this Agreement within a reasonable period of time after receiving a written notice of such breach from City.

C. Termination for Failure to Make Agreed-Upon Payments

Should City fail to pay Consultant all or any part of the compensation set forth in Article 4 of this Agreement on the date due, then if and only if such nonpayment constitutes a default under this Agreement, Consultant, at the Consultant's option, may terminate this Agreement if such default is not remedied by City within thirty (30) days after demand for such payment is given by Consultant to City.

ARTICLE 8. GENERAL PROVISIONS

A. Amendment & Modification

No amendments, modifications, alterations or changes to the terms of this Agreement shall be effective unless and until made in a writing signed by both parties hereto.

B. Americans with Disabilities Act of 1990

Throughout the term of this Agreement, the Consultant shall comply fully with all applicable provisions of the Americans with Disabilities Act of 1990 ("the Act") in its current form and as it may be amended from time to time. Consultant shall also require such compliance of all subcontractors performing work under this Agreement, subject to the prohibition against assignment and subcontracting contained in Article 5 above.

C. Attorneys' Fees

If any action at law or in equity, including an action for declaratory relief, is brought to enforce or interpret the provisions of this Agreement, the prevailing party will be entitled to reasonable attorneys' fees, which may be set by the court in the same action or in a separate action brought for that purpose, in addition to any other relief to which that party may be entitled.

D. Captions

The captions and headings of the various sections, paragraphs and subparagraphs of the Agreement are for convenience only and shall not be considered nor referred to for resolving questions of interpretation.

E. Conflict of Interest

Consultant certifies that to the best of its knowledge, no City employee or officer of any public agency interested in this Agreement has any pecuniary interest in the business of Consultant and that no person associated with Consultant has any interest that would constitute a conflict of interest in any manner or degree as to the execution or performance of this Agreement.

F. Entire Agreement

This Agreement supersedes any and all prior agreements, whether oral or written, between the parties hereto with respect to the rendering of Services by Consultant for City and contains all the covenants and agreements between the parties with respect to the rendering of such Services in any manner whatsoever. Each party to this Agreement acknowledges that no representations, inducements, promises or agreements, orally or otherwise, have been made by any party, or anyone acting on behalf of any party, which are not embodied herein, and that no other agreement, statement or promise not contained in this Agreement shall be valid or binding.

No other agreements or conversation with any officer, agent or employee of City prior to execution of this Agreement shall affect or modify any of the terms or obligations contained in

any documents comprising this Agreement. Such other agreements or conversations shall be considered as unofficial information and in no way binding upon City.

G. Governing Law

This Agreement will be governed by and construed in accordance with the laws of the State of Texas, without reference to its conflict of laws principles. Any action relating to the Agreement shall occur in Kerr County, Texas.

H. Notices

Any notice to be given hereunder by either party to the other may be effected either by personal delivery in writing or by mail, registered or certified, postage prepaid with return receipt requested. Mailed notices shall be addressed to the parties at the addresses appearing in Exhibit A, Section V.H. but each party may change the address by written notice in accordance with this paragraph. Notices delivered personally will be deemed delivered as of actual receipt; mailed notices will be deemed delivered as of three (3) days after mailing.

I. Partial Invalidity

If any provision in this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions will nevertheless continue in full force without being impaired or invalidated in any way.

J. Time of the Essence

All dates and times referred to in this Agreement are of the essence.

K. Waiver

Consultant agrees that waiver by City of any one or more of the conditions of performance under this Agreement shall not be construed as waiver(s) of any other condition of performance under this Agreement.

Consultant:

National Sign Plazas, Inc.

City:

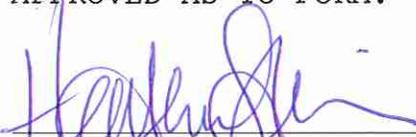
CITY OF KERRVILLE

By: _____
Name: Grant Hayzlett
Title: Director of Operations

By: _____
Name: Todd Parton
Title: City Manager

Taxpayer
Identification Number 77-0471997

APPROVED AS TO FORM:



Heather Stebbins
Assistant City Attorney

ATTEST:

Name: Brenda G. Craig
Title: City Secretary

EXHIBIT A

SPECIFIC PROVISIONS

I. PROJECT MANAGER

Consultant shall provide the Services indicated on the attached Exhibit B, Scope of Services ("Services"). To accomplish that end, Consultant agrees to assign Grant Hayzlett, Director of Operations, who will act in the capacity of Project Manager, and who will personally direct such Services.

Except as may be specified elsewhere in this Agreement, Consultant shall furnish all technical and professional Services including labor, material, equipment, transportation, supervision and expertise to perform all operations necessary and required to complete the Services in accordance with the terms of this Agreement.

II. NOTICE TO PROCEED/COMPLETION OF SERVICE

A. NOTICE TO PROCEED

Consultant shall commence the Services upon delivery to Consultant of a written "Notice to Proceed", which Notice to Proceed shall be in the form of a written communication from designated City contact person(s). Notice to Proceed may be in the form of e-mail, fax or letter authorizing commencement of the Services. For purposes of this Agreement, Mindy Wendele, Director of Business Programs, shall be the designated City contact person(s). Notice to Proceed shall be deemed to have been delivered upon actual receipt by Consultant or if otherwise delivered as provided in the Section V.H. ("Notices") of this Exhibit A.

B. COMPLETION OF SERVICES

When City determines that Consultant has completed all of the Services in accordance with the terms of this Agreement, City shall give Consultant written Notice of Final Acceptance. Consultant may request this determination of completion when, in its opinion, it has completed all of the Services as required by the terms of this Agreement and, if so requested, City shall make this determination within two (2) weeks of such request, or if City determines that Consultant has not completed all of such Services as required by this Agreement, City shall so inform Consultant within this two (2) week period.

III. PROGRESS SCHEDULE

The extent of the work of Consultant included within the Fixed Price will be as set forth in the attached Exhibit B and Exhibit C.

IV. PAYMENT OF FEES AND DIRECT EXPENSES

Payments shall be made to Consultant as provided for in Article 4 of this Agreement.

Direct expenses are charges and fees not included in Exhibit B. City shall be obligated to pay only for those direct expenses which have been previously approved in writing by City. Consultant shall obtain written approval from City prior to incurring or billing of direct expenses.

Copies of pertinent financial records, including invoices, will be included with the submission of billing(s) for all direct expenses.

V. OTHER PROVISIONS

A. STANDARD OF WORKMANSHIP

Consultant represents and warrants that it has the qualifications, skills and licenses necessary to perform the Services, and its duties and obligations, expressed and implied, contained herein, and City expressly relies upon Consultant's representations and warranties regarding its skills, qualifications and licenses. Consultant shall perform such Services and duties in conformance to and consistent with the standards generally recognized as being employed by professionals in the same discipline as Consultant.

Any plans, designs, specifications, estimates, calculations, reports and other documents furnished under this Agreement shall be of a quality reasonably acceptable to City. The minimum standard of appearance, organization and content of the drawings shall be that used by City for similar purposes.

B. RESPONSIBILITY OF CONSULTANT

Consultant shall be responsible for the professional quality, technical accuracy, and the coordination of the Services furnished by it under this Agreement. Consultant shall not be responsible for the accuracy of any project or technical information provided by the City. The City's review, acceptance or payment for any of the Services shall not be construed to operate as a waiver of any rights under this Agreement or of any cause of action arising out of the performance of this Agreement, and Consultant shall be and remain liable to City in accordance with applicable law for all damages to City caused by Consultant's negligent performance of any of the Services furnished under this Agreement.

C. RIGHT OF CITY TO INSPECT RECORDS OF CONSULTANT

City, through its authorized employees, representatives or agents, shall have the right, at any and all reasonable times, to audit the books and records (including, but not limited to, invoices, vouchers, canceled checks, time cards, etc.) of Consultant for the purpose of verifying any and all charges made by Consultant in connection with this Agreement. Consultant shall maintain for a minimum period of three (3) years (from the date of final payment to Consultant), or for any longer period required by law, sufficient books and records in accordance with standard accounting practices to establish the correctness of all charges submitted to City by Consultant, all of which shall be made available to City at the City's offices within five (5) business days after City's request.

D. [Intentionally Omitted]

E. NO PLEDGING OF CITY'S CREDIT.

Under no circumstances shall Consultant have the authority or power to pledge the credit of City or incur any obligation in the name of City.

F. OWNERSHIP OF MATERIAL.

Work Product. All drawings, specifications and other documents and electronic data furnished by Consultant to City under the Contract Documents ("Work Product") are deemed to be "Instruments of Service" and Consultant shall retain the ownership and property interests therein, including the copyrights thereto. Consultant acknowledges that such information and documents may be subject to public disclosure by City in accordance with the Texas Public Information Act.

City's Limited License After Completion. City shall have a license to use the Work Product in connection with City's ownership, use, and occupancy of the land and the improvements comprising the project contemplated by the Services following the completion of the project, conditioned on City's express understanding that such use of the Work Product is, except to the extent Consultant is involved in such use, at City's sole risk and without liability or legal exposure to Consultant or anyone working by or through Consultant, including design consultants of any tier. In its understood and agreed in this respect that the City may use the Work Product (including without limitation Work Product prepared by Consultant, or Consultant's subcontracted architects and consultants), for construction, reconstruction, or renovations of and additions to said buildings and improvements (including tenant improvements), and the City may permit qualified professionals to reproduce all or portions of the Work Product (including the design embodied in that Work Product) for incorporating into renovations of or additions to the buildings and property if those professionals assume all responsibility for the resulting instruments of service and all references to the Consultant and the Consultant's consultants are removed from the resulting instruments of service.

G. NO THIRD PARTY BENEFICIARY.

This Agreement shall not be construed or deemed to be an agreement for the benefit of any third party or parties, and no third party or parties shall have any claim or right of action hereunder for any cause whatsoever.

H. NOTICES.

Notices are to be sent as follows:

City:

City of Kerrville
Todd Parton, City Manager
800 Junction Highway
Kerrville, TX 78028
(830) 792-8305

Consultant:

National Sign Plazas, Inc
Grant Hayzlett, Director of Operations
7076 South Alton Way, Building E-2
Centennial, CO 80112
(720) 482-9293

EXHIBIT B

SCOPE OF SERVICES

In developing a wayfinding program for the City of Kerrville, Consultant shall perform the following actions.

Design Phase: Design and Related Consulting Services

SYSTEM DESIGN

Design the wayfinding sign system and the associated elements. This includes the contemplative and thematic design of signs, furniture, sculpture, landscaping, and/or similar elements that will be included in the finished wayfinding system. Consultant agrees to present multiple concepts and ideas that are relevant to City's expressed interest(s).

PLANNING

Plan the strategic placement of each element of the program. This includes the creation of maps, site plans and the like that will identify set-backs, exact locations and the connectivity of the system as a whole. Consultant shall create the maps in a format that they deem most appropriate to the project.

PROGRAMMING

Develop message schedule and orientation of directional routes. This includes the organization, placement, font characteristics, and other actions associated with the system's content. Some programming elements may be graphic in nature and others may be text. The development of unique or common logo elements may also be required here.

CONSTRUCTION PREPARATION

Develop construction documents for each program element. This includes the development of scale drawings that identify the form and type of construction necessary to create the signage and other wayfinding elements. This may also include field analyses that identify problems or requirements with grading, soil or the like.

MEETINGS

Meet with interested parties such as City staff, chamber of commerce, business community and the like to present progress reports or final determinations. This will include the presentation of planned events, progress reports, conflicts, delays, changes or any other action that will affect the development of the City's wayfinding system. Consultant may produce reports or samples if necessary.

FINAL PRESENTATION

Consultant shall host a final presentation that will conclude the Design phase overall. At this presentation Consultant shall present the City with the Wayfinding Manual as prepared by Consultant. Said manual will include and all of the work associated with the Design Phase, RFP and/or ITB document(s) and other information necessary for the City to develop construction phase(s).

EXHIBIT C

CONSULTANT'S WORK/ALLOCATION OF FEE(S)

Consultant shall provide a wayfinding sign program to City generally in accordance with the program sequence and elements outlined in the attached Exhibit B.

City has committed to pay Twenty Thousand Dollars (\$20,000) ("Fixed Price") to Consultant, which shall be invoiced to City based upon Consultant's generally applicable fee schedule for the Design Phase. City acknowledges that the Fixed Price shall cover an initial design phase as referenced in Exhibit B. At the completion of the Design Phase, Consultant shall provide a final design services invoice to City.

City shall pay Consultant the full amount of the Fixed Price following Consultant's performance of the services outlined in Exhibit B and attached hereto. Consultant cannot guaranty that the Fixed Price will accomplish a particular result given the variety of factors, elections, and site constraints to be presented during the Design Phase. Consultant shall receive the written authorization of City prior to delivering services that would cause the cost of Consultant's work to exceed the Fixed Price.

EXHIBIT C-1

PAYMENT SCHEDULE

<u>Payment Date</u>	<u>Payment Amount</u>
30 Days after Agreement date	\$5,000.00
Completion of thematic design and associated elements	\$2,500.00
Completion of planning and associated tasks	\$7,500.00
30 Days after final acceptance of wayfinding manual	\$5,000.00 (or remaining balance)
Total:	\$20,000.00

Agenda Item:

4C. Settlement and Mutual Release Agreement with Windstream Communications, Inc. (staff)

SETTLEMENT AND MUTUAL RELEASE

This SETTLEMENT and MUTUAL RELEASE AGREEMENT ("Release") is made and entered on July 10, 2012, by Windstream Communications, Inc., its parent companies and all affiliates ("Windstream") and City of Kerrville ("Customer") and collectively referred to herein as the Parties.

RECITALS

WHEREAS Customer and Windstream entered into a Customer Service Agreement ("Agreement") in which Windstream agreed to provide Customer with certain telecommunications services and Customer agreed to pay for such services; and

WHEREAS the Parties are engaged in a dispute related to billing issues identified beginning in April 2011 and ending, as of January 2012 under the Agreement, on various Customer accounts listed in Appendix A, which is hereby incorporated, as part of this Release. (hereinafter collectively "the Dispute").

NOW, THEREFORE, in consideration of the mutual covenants and promises herein set forth, the Parties agree (with no admission regarding liability) as follows:

1. Upon Windstream's receipt of this Release executed by Customer, the Parties agree that a credit of \$28,967.30 which Windstream makes to Customer's account number 830-257-8000 fully resolves the Dispute. Within ten (10) business days of the execution of this Agreement, Windstream will forward payment in the amount of \$28,967.30 to Customer. Additionally, the Parties agree that as of July 10, 2012, Windstream has corrected any billing issues and Customer has approved such billing corrections.
2. After satisfaction of the conditions in paragraph 1, the Parties release, acquit and forever discharge each other and any and all other persons, firms or corporations whomsoever, including, but not limited to their affiliates, subsidiaries, predecessors, successors, assigns, shareholders, officers, directors, attorneys, insurers or other agents of and from any and all causes of action, claims, demands, costs, and all claims arising out of or in any way relating to the Dispute.

3. This Release shall inure to the benefit of and be binding upon the Parties hereto and their respective heirs, successors, legal representatives, and assigns.
4. This Release constitutes the entire agreement between and among the Parties, and the Release shall not be amended or modified except in writing and signed by each of the Parties. Facsimile or email signatures shall be deemed binding for all purposes.
5. The undersigned having read the foregoing and fully understanding it and agreeing to its terms have caused this Release to be duly executed as of the date set forth below.
6. The undersigned have the requisite authority to execute this Agreement and bind the Parties to the terms in this Agreement.

DATED: _____, 2012

Windstream

BY: _____

Written Name: _____

DATED: _____, 2012

City of Kerrville

Todd Parton, City Manager

APPROVED AS TO FORM



Michael C. Hayes, City Attorney

City of Kerrville accounts included in the Settlement and Mutual Release Agreement

Account Number	Telephone Number
125979518	830-257-5333
125980554	830-257-6705
125992832	830-895-9806
125996960	830-896-5334
125966058	042-111-7245
125979566	830-257-5378
126252577	830-896-1199
125979455	830-257-5255
125981730	830-257-8455
125996959	830-896-5333
125981722	830-257-8449
125970102	830-257-6779
125997135	830-896-5550
125981510	830-257-8181
125976012	042-111-6953
125976013	042-111-6954
125981687	830-257-8422
125981978	830-257-8817
125970126	830-257-7300
125976066	042-111-7059
125976048	042-111-7033
125966072	042-111-7278
125966031	042-111-7201
125975755	042-111-5081
125969986	830-257-5392
125976932	830-257-1493
125968633	042-111-7552
126058462	830-257-9809
125968632	042-111-7551
125980826	830-257-7131
125994916	830-896-2687
125976015	042-111-6959
125975594	042-111-4037
125968600	042-111-7470
125969936	830-257-4668
126265775	140-013-0066
125975880	042-111-6077
125999441	830-896-8816
125969763	830-257-2388
125979217	830-257-4982
125976828	830-257-1267
125966033	042-111-7204
125976047	042-111-7032
125975348	042-111-2068
125975349	042-111-2069
125966032	042-111-7203
125966011	042-111-7142
125975494	042-111-3085
125998706	830-896-7747
125978132	830-257-3473
126002064	830-257-8000

Agenda Item:

5A. An ordinance amending the budget for fiscal year 2012 to account for the redesign and revised cost estimates for the Birkdale lift station/force main project.
(staff)

**TO BE CONSIDERED BY THE CITY COUNCIL
CITY OF KERRVILLE, TEXAS**

SUBJECT: Second Reading of an Ordinance Amending the FY 2012 Budget

FOR AGENDA OF: July 24, 2012 **DATE SUBMITTED:** July 18, 2012

SUBMITTED BY: Todd Parton **CLEARANCES:**
City Manager

EXHIBITS: Ordinance

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER: 

Expenditure	Current Balance	Amount	Account
Required:	in Account:	Budgeted:	Number:
\$	\$	\$	(SEE ATTACHED ORDINANCE)

PAYMENT TO BE MADE TO:

REVIEWED BY THE DIRECTOR OR FINANCE:

SUMMARY STATEMENT

Staff requests to amend the FY 2012 City of Kerrville's budget to increase the project budget for the Birkdale Lift Station/Force Main from \$5,171,000.000 to \$6,300,000.00. City Council rejected the first bids for this project due to the fact that the lowest bid submitted totaled approximately \$5.8 million. The project has been rebid and it is anticipated that costs could be as high as \$6.0 million. The increased allocation to \$6,300,000.00 will help ensure that adequate funds are appropriated and provide for a 5% contingency so that a contract can be executed and the project can commence pending City Council action.

Without this allocation, staff anticipates that the low bid will exceed the project allocation. Bids may not be awarded and a contract executed until the budget has been amended and could cause a delay for up to 6 weeks.

Additional allocations for this project are entirely from existing bond funds. The proposed amendment is as follows:

I & I Construction 2009 (Project W78) – this project has a balance of \$973,096.55. The FY2013 budget allocated \$829,000 for Phase 4. This amendment will leave a remaining balance of \$144,096.55 and allow for the completion and acceptance of Phase 4.

Existing Cash Balance – there is an existing cash balance in the Water and Sewer Capital Improvement Projects – Fund 71 in the amount of \$315,004.00. These funds are comprised of interest earnings, remaining fund balances from completed projects, and approximately \$200,000 of unallocated bond proceeds from the Series 2012 issuance.

This amendment will allocate \$300,000 of this available, unallocated cash.

Birkdale Lift Station/Force Main (Project W96) – this project budget would be increased by \$900,000 to \$6,071,000.00. Based on bid history and redesign, it is anticipated that this will provide adequate funding to provide the City Council the opportunity to initiate construction if incoming bids are accepted.

RECOMMENDED ACTION

Staff recommends the City Council approve the second reading of an ordinance amending the FY 2012 budget and authorize staff to make all necessary entries and adjustments to reflect the attached changes.

CITY OF KERRVILLE, TEXAS
ORDINANCE NO. 2012-_____

**AN ORDINANCE AMENDING THE BUDGET FOR FISCAL YEAR 2012 TO
ACCOUNT FOR THE REDESIGN AND REVISED COST ESTIMATES FOR
THE BIRKDALE LIFT STATION/FORCE MAIN PROJECT**

WHEREAS, Ordinance No. 2011-19, dated September 27, 2011, adopted the Fiscal Year 2012 Budget; and

WHEREAS, the City Council of the City of Kerrville, Texas, finds that amending the City's Fiscal Year 2012 Budget is in the best interest of the citizens of the City of Kerrville;

**NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY
OF KERRVILLE, KERR COUNTY, TEXAS:**

In accordance with Section 8.07 of the City Charter, the Official Budget for Fiscal Year 2012 shall be amended as set forth in **Exhibit A**.

PASSED AND APPROVED ON FIRST READING, this the 10th day of July, A.D., 2012.

PASSED AND APPROVED ON SECOND AND FINAL READING, this the ___ day of _____, A.D., 2012.

Jack Pratt, Jr., Mayor

APPROVED AS TO FORM:



Michael C. Hayes, City Attorney

ATTEST:

Brenda G. Craig, City Secretary

FY2013 Budget Amendment
Water and Sewer Capital Improvements Projects - Fund 71

Original Budget

G/L Project Number	Project Line Item Number	Project Name	Approved Project Budget	Funding Sources					Project Cash Deposited To Date	Project Expense To Date	Project Cash Balance To Date	Bond Issuance Date	Unspent Bond Proceeds
				W/S Fund	EIC Fund	Other Funds	Grants	TxDOT					
W78	71-09005	I & I Construction 2009	\$ 1,954,604.28						\$ 2,654,604.28	\$ 1,681,507.73	\$ 973,096.55	2012	\$ 973,096.55
W96	71-11005	Birkdale Lift Station/Force Main	\$ 5,171,000.00						\$ 5,171,000.00	\$ 401.50	\$ 5,170,598.50	2011/2012	\$ 5,170,598.50

Amended Budget

G/L Project Number	Project Line Item Number	Project Name	Approved Project Budget	Funding Sources					Project Cash Deposited To Date	Project Expense To Date	Project Cash Balance To Date	Bond Issuance Date	Unspent Bond Proceeds
				W/S Fund	EIC Fund	Other Funds	Grants	TxDOT					
W78	71-09005	I & I Construction 2009	\$ 1,354,604.28						\$ 1,825,604.28	\$ 1,681,507.73	\$ 144,096.55	2012	\$ 144,096.55
W96	71-11005	Birkdale Lift Station/Force Main	\$ 6,300,000.00						\$ 6,300,000.00	\$	\$ 6,299,598.50	2011/2012	\$ 6,299,598.50

Agenda Item:

7A. A resolution authorizing the transfer of the ownership of funds from the City of Kerrville to the City of Kerrville Employee Benefits Trust to pay for employee related benefits for fiscal year 2013. (staff)

TO BE CONSIDERED BY THE CITY COUNCIL

CITY OF KERRVILLE, TEXAS

SUBJECT: Approve the Resolution Authorizing the Transfer of Funds from the City of Kerrville to the City of Kerrville Employee Benefits Trust to Pay for Employee Related Benefits for FY 2013

FOR AGENDA OF: July 24, 2012

DATE SUBMITTED: July 17, 2012

SUBMITTED BY: Kimberly Meisner
Director of General Operations

CLEARANCES: Todd Parton
City Manager

EXHIBITS: Resolution

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER: 

Expenditure Required:	Current Balance in Account:	Amount Budgeted:	Account Number:
<i>(Fees are a part of the Group Insurance line item and are spread among all divisions.)</i>			

PAYMENT TO BE MADE TO:

REVIEWED BY THE FINANCE DIRECTOR:

SUMMARY STATEMENT

Due to the action taken by the Trustees of the Employee Benefit Trust to accept the contracts and authorize the City Manager to sign such contracts for FY 2013 employee benefits, Council will now need to consider approval of the resolution authorizing the transfer of funds from the City of Kerrville to the City of Kerrville Employee Benefits Trust to pay for the employee benefits for FY 2013.

RECOMMENDATION

Staff recommends City Council authorize the transfer of funds in the amount not to exceed \$7,100 per employee from the City of Kerrville to the City of Kerrville Employee Benefits Trust to pay for employee benefits for FY 2013.

**CITY OF KERRVILLE, TEXAS
RESOLUTION NO. -2012**

**A RESOLUTION AUTHORIZING THE TRANSFER OF THE OWNERSHIP
OF FUNDS FROM THE CITY OF KERRVILLE TO THE CITY OF
KERRVILLE EMPLOYEE BENEFITS TRUST TO PAY FOR EMPLOYEE
RELATED BENEFITS FOR FISCAL YEAR 2013**

WHEREAS, the City Council created an Employee Benefits Trust (the "Trust") for the administration of employee benefits; and

WHEREAS, the City Council of the City of Kerrville, Texas, finds it in the public interest to transfer the ownership of the City's fund where gross premiums and revenue are maintained for the City's various life, disability, sick, accident, and other health benefits to the Trust;

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY
OF KERRVILLE, KERR COUNTY, TEXAS:**

The City Council of the City of Kerrville, Texas, authorizes the transfer of the ownership of the City of Kerrville Internal Service Fund to the City of Kerrville Employee Benefits Trust.

PASSED AND APPROVED ON this the ___ day of _____, A.D., 2012.

Jack Pratt, Jr., Mayor

ATTEST:

Brenda G. Craig, City Secretary

APPROVED AS TO FORM:



Michael C. Hayes, City Attorney

Agenda Item:

7B. Execute construction contracts with i)BRB Contractors, Inc. for the "lift station package" in the amount of \$4,476,154.00; and ii) Pesado Construction Company, Inc. for "force main package" in the amount of \$1,468,929.00 for the Birkdale lift station, force main and emergency flow diversion structure project, and authorize City Manager to execute additional change orders under each contract, where a change order may exceed \$50,000.00, but the total amount of such orders may not exceed \$354,000.00 for a total project amount of \$6,299,083.00. (staff)

**TO BE CONSIDERED BY THE CITY COUNCIL
CITY OF KERRVILLE, TEXAS**

SUBJECT: Council authorization for the City Manager to execute construction contracts with BRB Contractors, Inc. for the "Lift Station Package" in the amount of \$4,476,154.00 and with Pesado Construction Company, Inc. for the "Force Main Package" in the amount of \$1,468,929.00 for the Birkdale Lift Station, Force Main and Emergency Flow Diversion Structure Project, and authorize the City Manager to execute additional change orders which may exceed \$50,000.00 but not exceed \$354,000.00 for a total project amount of \$6,299,083.00.

FOR AGENDA OF: July 24, 2012

DATE SUBMITTED: July 12, 2012

SUBMITTED BY: Dieter Werner, P.E.
Director of Engineering

CLEARANCES: Kristine Ondrias 
Assistant City Manager

EXHIBITS: Contracts and Bid Tabulations
Recommendation of Award of Contract

APPROVED FOR SUBMITTAL BY CITY MANAGER: 

Expenditure	Current Balance	Amount	Account
Required:	in Account:	Budgeted:	Number:
\$6,299,083.00	\$6,299,821.80*	\$6,300,000.00*	W96

*After 7-24-12 Budget Amendment Ordinance – 2nd Reading

PAYMENT TO BE MADE TO: BRB Contractors, Inc.
3805 NW 25th Street
Topeka, Kansas 66618

Pesado Construction Company, Inc.
7054 Pipestone
Schertz, TX 78154

REVIEWED BY THE FINANCE DIRECTOR:

SUMMARY STATEMENT

Birkdale was listed as the number one wastewater system priority in the 2008 Utility Master Plan. The construction of this lift station, gravity mains, and force mains will free up capacity in Legion and Quinlan lift stations and allow for new development in the Birkdale, Broadway, Comanche Trace, G Street, Jefferson, and Legion Basins. The development of the Birkdale system is the cornerstone in the city's ability to supply wastewater services throughout the City.

This project includes the construction of a new 9.79 MGD (6800 gpm) lift station, 20" force

main, a 20" force main bore under the Guadalupe River and a Flow Equalization Basin (FEB) at the WWTP. The project was advertised on June 16th and June 22nd in accordance with requirements. A pre-bid meeting was held on June 27th with the bid opening on July 3, 2012.

The lowest qualified bidder for the lift station package was BRB Contractors, Inc. with a base bid plus alternate bid items A1 and A5 in the amount of \$4,476,154.00. The lowest qualified bidder for the force main package was Pesado Construction Company, Inc. in the amount of \$1,468,929.00. The total recommended amount for this project (Lift Station + Force Main) is \$5,945,083.00. Staff also recommends City Council authorize the City Manager to execute change orders on the project which may exceed \$50,000.00 but not to exceed \$354,000.00 for a total project cost of \$6,299,083.00.

RECOMMENDED ACTION

The Director of Engineering recommends that City Council authorize the City Manager to execute construction contracts with BRB Contractors, Inc. for the "Lift Station Package" in the amount of \$4,476,154.00 and with Pesado Construction Company, Inc. for the "Force Main Package" in the amount of \$1,468,929.00 for the Birkdale Lift Station, Force Main and Emergency Flow Diversion Structure Project, and authorize the City Manager to execute additional change orders which may exceed \$50,000.00 but not exceed \$354,000.00 for a the total project amount of \$6,299,083.00.



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www.freese.com

July 12, 2012

Mr. Dieter Werner, P.E.
City Engineer
City of Kerrville, Texas
200 Sidney Baker North
Kerrville, Texas 78028

Re: Recommendation of Award of Contract
Birkdale Lift Station, Force Main and Emergency Flow Diversion Structure
FNI Project No. KER09334

Dear Mr. Werner,

Bids on the above referenced project were received by the City of Kerrville on July 3, 2012 at 3:30 p.m. A copy of the bid tabulation for this project has been completed by Freese and Nichols and is attached for your information.

The bid form allowed Contractors to provide a bid for work indicated as the "Lift Station Package", the "Force Main Package" or a bid for both packages. The bids were evaluated in accordance with the bid documents. Based on our evaluation of the information we have obtained at this time, we recommend the award of contract for the above mentioned project as follows:

We recommend the "Lift Station Package" be awarded to BRB Contractors, Inc. for the base bid amount, plus alternate bid items A1 and A5 for a total contract price of \$4,476,154.00.

We recommend the "Force Main Package" be awarded to Pesado Construction Company, Inc. for the total bid amount of \$1,468,929.00.

The total recommended amount for the project (Lift Station Package + Force Main Package) is \$5,945,083.00.

If you have any questions concerning this recommendation please contact me at your convenience.

Sincerely,
FREESE AND NICHOLS, INC.

A handwritten signature in cursive script, appearing to read 'Charles Kucherka'.

Charles Kucherka, P.E.
Project Manager

xc: FNI File: KER09334-4.11

Attachments

{KER09334} T:\Construction\RoA.docx

ALTERNATE BID ITEMS

Item No.	Description	Unit	Quantity	Unit Cost	Total Cost	Other Bid Item No.	Unit Cost	Total Cost	Other Bid Item No.	Unit Cost	Total Cost
A1	Add/Reduce Provide a single 20-inch diameter PVC line near across the Gladesville River in line of dike 14-inch from make as indicated on sheet C-224. By providing a cost for the alternate bid item the contractor shall be responsible for the design and construction of the alternate design and project finish, complete as specified and indicated in the plans.	1-L.S.		-\$300,000.00	-\$300,000.00						
A2	Add/Reduce Provide groutwork placed in accordance with specifications Section 25 22 13.10, 2.02, K.2, (in line of Section 25 22 13.10, 2.02, K.1) and all appurtenances required complete as specified	1-L.S.		\$77,000.00	\$77,000.00						
A3	Add/Reduce Provide 24" x 24" concrete coating system in line of Bid Item No. 10, to complete as specified and indicated in the plans.	1-L.S.		-\$57,000.00	-\$57,000.00						
A4	Add/Reduce Provide 24" x 24" concrete coating system in line of Bid Item No. 10, to complete as specified and indicated in the plans.	1-L.S.		-\$170,000.00	-\$170,000.00						
A5	Add/Reduce Provide 24" x 24" concrete coating system in line of Bid Item No. 10, to complete as specified and indicated in the plans.	1-L.S.		-\$162,000.00	-\$162,000.00						
TOTAL ALTERNATE ITEMS A1 - A5					-\$527,000.00						
TOTAL LEFT STATION BID (Grand Bid - ALTERNATE ITEMS)					\$4,000,000.00						

Item No.	Description	Unit	Quantity	Unit Cost	Total Cost	Other Bid Item No.	Unit Cost	Total Cost	Other Bid Item No.	Unit Cost	Total Cost
1	Permit/Obtain and Demobilization determined in the Contract Documents for the Ramp Lane (Maximum 5% of total contract fee from (max) provided \$1	1-L.S.		\$100,000.00	\$100,000.00						
2	Design, install, maintain and remove 24" x 24" concrete coating system for use and drainage, complete as specified and indicated in the plans.	1-L.S.		\$100,000.00	\$100,000.00						
3	Design, install, maintain and remove Traffic Control Signs and markers, complete as specified and indicated in the plans.	1-L.S.		\$27,000.00	\$27,000.00						
4	Per development, design and implementation of a trench safety system as required by the Occupational Safety and Health Administration and the assumption of responsibility for said system, including all required materials, labor, equipment, and all other appurtenances, complete as specified and indicated in the plans. Contractor shall insure quantity of trench safety required for the project. Contractor shall only be paid for trench safety provided.	4,000-L.F.		\$0.01	\$40.00						
5	Furnish and install by open cut, 20-inch diameter AWWA C-905, D18-25 (from main, including open cut sections, bedding, backfill, testing, development, asphalt roadway repair, driveway repair, and all other appurtenances) work not specifically indicated in other bid items, complete as specified and indicated in the plans.	5,011-L.F.		\$220.50	\$1,110,025.50						
6	Furnish and install by open cut, 20-inch diameter AWWA C-905, D18-25 (from main, including open cut sections, bedding, backfill, testing, development, asphalt roadway repair, driveway repair, and all other appurtenances) work not specifically indicated in other bid items, complete as specified and indicated in the plans.	300-L.F.		\$480.00	\$170,520.00						
7	Furnish and install by open cut, 20-inch diameter AWWA C-905, D18-25 (from main, including open cut sections, bedding, backfill, testing, development, asphalt roadway repair, driveway repair, and all other appurtenances) work not specifically indicated in other bid items, complete as specified and indicated in the plans.	410-L.F.		\$215.00	\$200,020.00						
8	Furnish and install by open cut, 14-inch diameter AWWA C-905, D18-25 (from main, including open cut sections, bedding, backfill, testing, development, asphalt roadway repair, driveway repair, and all other appurtenances) work not specifically indicated in other bid items, complete as specified and indicated in the plans.	30-L.F.		\$480.00	\$14,400.00						
9	Furnish all labor, materials, and equipment required to connect to existing 14-inch force main, complete as specified and indicated in the plans.	2-L.F.		\$1,000.00	\$2,000.00						

00 42 23 BID FORM

ARTICLE 1: BID RECIPIENT

1.01 This Bid is submitted to:

City of Kerrville, Texas
City Hall
800 Junction Highway
Kerrville, Texas 78028
Attention: City Secretary

1.02 The undersigned Bidder proposes and agrees, if this Bid is accepted, to enter into an Agreement with Owner in the form included in the Bidding Documents to perform all Work as specified or indicated in the Bidding Documents for the prices and within the times indicated in this Bid and in accordance with the other terms and conditions of the Bidding Documents.

ARTICLE 2: BIDDER'S ACKNOWLEDGMENTS

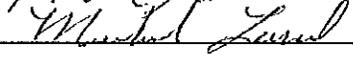
2.01 Bidder accepts all of the terms and conditions of the Invitation for Bids and Instructions to Bidders, including without limitation those dealing with the disposition of Bid security. The Bid will remain subject to acceptance for 60 days after the Bid opening, or for such longer period of time that Bidder may agree to in writing upon request of Owner.

2.02 Bidder accepts the provisions of the Agreement as to liquidated damages in the event of its failure to complete Work in accordance with the schedule set forth in the Agreement.

ARTICLE 3: BIDDER'S REPRESENTATIONS

3.01 In submitting this Bid, Bidder represents, as set forth in the Agreement, that:

A. Bidder has examined and carefully studied the Bidding Documents, the other related data identified in the Bidding Documents, and the following Addenda, receipt of all of which is hereby acknowledged.

Addendum No.	Addendum Date	Signature Acknowledging Receipt
ONE	June 25, 2012	
TWO	June 28, 2012	

B. Bidder has visited the Site and become familiar with and is satisfied as to the general, local and Site conditions that may affect cost, progress, and performance of the Work.

C. Bidder is familiar with and is satisfied as to all federal, state and local Laws and Regulations that may affect cost, progress and the furnishing of Goods and Special Services.

D. Bidder has carefully studied all: (1) reports of explorations and tests of subsurface conditions at or contiguous to the Site and all drawings of physical conditions in or relating to existing surface or subsurface structures at or contiguous to the Site (except Underground Facilities) which have been identified in SC-4.02, and (2) reports and drawings of Hazardous Environmental Conditions that have been identified in SC-4.06.

- E. Bidder has obtained and carefully studied all additional or supplementary examinations, investigations, explorations, tests, studies and data concerning conditions including surface, subsurface and Underground Facilities at or contiguous to the Site which may affect cost, progress, or performance of the Work or which relate to any aspect of the means, methods, techniques, sequences, and procedures of construction to be employed by Bidder, including applying the specific means, methods, techniques, sequences, and procedures of construction expressly required by the Bidding Documents to be employed by Bidder, and safety precautions and programs incident thereto or accepts the consequences for not doing so.
- F. Bidder does not consider that any further examinations, investigations, explorations, tests, studies, or data are necessary for the determination of this Bid for performance of the Work at the prices bid and within the times and in accordance with the other terms and conditions of the Bidding Documents.
- G. Bidder is aware of the general nature of work to be performed by Owner and others at the Site that relates to the Work as indicated in the Bidding Documents.
- H. Bidder has correlated the information known to Bidder, information and observations obtained from visits to the Site, reports and drawings identified in the Bidding Documents, and all additional examinations, investigations, explorations, tests, studies, and data with the Bidding Documents.
- I. Bidder has given Engineer written notice of all conflicts, errors, ambiguities, or discrepancies that Bidder has discovered in the Bidding Documents, and the written resolution thereof by Engineer is acceptable to Bidder.
- J. The Bidding Documents are generally sufficient to indicate and convey understanding of all terms and conditions for the performance of the Work for which this Bid is submitted.
- K. Bidder will submit written evidence of its authority to do business in the state where the Project is located not later than the date of its execution of the Agreement.
- L. Bidder further represents that this Bid is genuine and not made in the interest of or on behalf of any undisclosed individual or entity and is not submitted in conformity with any agreement or rules of any group, association, organization or corporation; Bidder has not directly or indirectly induced or solicited any other Bidder to submit a false or sham Bid; Bidder has not solicited or induced any individual or entity to refrain from bidding; and Bidder has not sought by collusion to obtain for itself any advantage over any other Bidder or over Owner.

ARTICLE 4: BASIS OF BID

- 4.01 The beginning of the Force Main Package is indicated on sheet C-8, Sta. 14+20 and the scope continuous to sheet C-20, Sta. 72+50. All other items of work shall be included in the Lift Station Package complete as specified and as indicated in the plans.

Bidder may bid the "Lift Station Package" the "Force Main Package" or "Combined Lift Station and Force Main Package".

If Bidder chooses to bid only the Lift Station Package, then Bidder shall leave the other two packages blank in the attached Section 00 42 23.01 "Bid Form Exhibit A."

If Bidder chooses to bid only the Force Main Package, then Bidder shall leave the other two packages blank in the attached Section 00 42 23.01 "Bid Form Exhibit A."

If Bidder chooses to bid both the Lift Station Package and the Force Main Package, then Bidder shall complete all three packages in the attached Section 00 42 23.01 "Bid Form Exhibit A."

- 4.02 Bidder will complete the Work in accordance with the Contract Documents for the prices shown in the attached Section 00 42 23.01 "Bid Form Exhibit A."
- 4.03 Extended amounts have been computed in accordance with Paragraph 11.03 of the General Conditions
- 4.04 Bidder acknowledges that the estimated quantities are not guaranteed, and final payment will be based on actual quantities provided, measured as provided in the contract documents
- 4.05 Unit Price and figures column will be used to compute the actual bid price.

ARTICLE 5: TIME OF COMPLETION

5.01 Lift Station Package

Bidder agrees the Work will be substantially complete and ready for operation within 330 consecutive calendar days from the date of the notice to proceed for the Lift Station Package and will be completed and ready for final payment within 30 consecutive calendar days of the substantial completion date in accordance with Paragraph 14.07 of the General Conditions.

5.02 Force Main Package

Bidder agrees the Work will be substantially complete and ready for operation within 270 consecutive calendar days from the date of the notice to proceed for the Force Main Package and will be completed and ready for final payment within 30 consecutive calendar days of the substantial completion date in accordance with Paragraph 14.07 of the General Conditions.

5.03 Combined Lift Station and Force Main Package

Bidder agrees that the Work will be substantially complete and ready for operation within 330 consecutive calendar days from the date of the notice to proceed for the Combined Lift Station and Force Main Package and will be completed and ready for final payment within 30 consecutive calendar days of the substantial completion date in accordance with Paragraph 14.07 of the General Conditions.

ARTICLE 6: ATTACHMENTS TO THIS BID

6.01 The following documents are attached to and made a condition of this Bid:

- A. Section 00 42 23.01 "Bid Form Exhibit A."
- B. Section 00 42 23.02 "Vendor Compliance to State Law Certificate."
- C. Section 00 42 23.03 "Contractor Compliance to Texas Sales Tax Code."
- D. Section 00 42 23.04 "Conflict of Interest Questionnaire – Form CIQ"
- E. Section 00 45 16 "Statement of Qualifications"
- F. Required Bid Security.

ARTICLE 7: DEFINED TERMS

7.01 The terms used in this Bid have the meanings indicated in the General Conditions and the Supplementary Conditions. The significance of terms with initial capital letters is described in the General Conditions.

ARTICLE 8: STATEMENT OF MATERIALS AND OTHER CHARGES

8.01 Provide the following information with this Bid:

Statement of Materials and Other Charges	
Materials Incorporated into the Project	\$ 3,572,000
All Other Charges	\$ 3,314,100
Total Contract Amount	\$ 6,886,100

ARTICLE 9: VENUE

9.01 Bidder agrees that venue shall lie exclusively in Kerr County, Texas in which the Owner's Office is located for any legal action.

ARTICLE 10: BID SUBMITTAL

10.01 This Bid submitted by: BRB Contractors, Inc.

If Bidder is an Individual:

Name: N/A
(typed or printed)

By _____
(Individual's Signature)

Doing business as: _____

Business address: _____

Phone: _____ Facsimile: _____ E-mail _____

Bid Submitted on the following Date _____

A Partnership

Partnership Name: N/A
(typed or printed)

Name of General Partner: _____
(typed or printed)

By _____
(Signature of general partner -- attach evidence of authority to sign)

Doing business as: _____

Business address: _____

Phone: _____ Facsimile: _____ E-mail _____

Bid Submitted on the following Date _____

A Corporation

Corporation Name: BRB Contractors, Inc.
(typed or printed)

State of Incorporation: Kansas

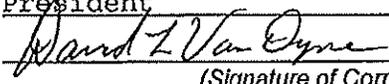
Type: General Business
(General Business, Professional, Service, Limited Liability)

Date of Qualification to do business in Texas is November 3, 1980

By 
(Signature -- attach evidence of authority to sign)

Name: Michael Laird
(typed or printed)

Title: President

Attest: 
(Signature of Corporate Secretary)

Business address: David L. VanDyne
3805 NW 25th Street
Topeka, Kansas 66618

Phone: 785-232-1245 Facsimile: 785-235-8045 E-mail: mikelaird@brbcontractors.com

Bid Submitted on July 3, 2012

JointVenture

Joint Venturer Name: N/A
(typed or printed)

By _____
(Signature of joint venture partner -- attach evidence of authority to sign)

Name: _____
(typed or printed)

Title: _____

Business address: _____

Phone: _____ Facsimile: _____ E-mail _____

Bid Submitted on _____

Joint Venturer Name: N/A
(typed or printed)

By _____
(Signature of joint venture partner -- attach evidence of authority to sign)

Name: _____
(typed or printed)

Title: _____

Business address: _____

Phone: _____ Facsimile: _____ E-mail _____

Bid Submitted on _____

Contact for receipt of official communications

Name: Michael Laird, President
(typed or printed)

Business address: 3805 NW 25th Street
Topeka, Kansas 66618

Phone: 785-232-1245 Facsimile: 785-235-8045 E-mail: mikelaird@brbcontractors.com

END OF SECTION

LIFT STATION PACKAGE BASE BID ITEMS					
Item No.	Description	Unit	Estimated Quantity	Unit Price	Extended Amount
1	For Mobilization and Demobilization described in the Contract Documents for the lump sum (Maximum 5% of total contract of Lift Station Package) of:	LS	1	\$ 235,000 ⁰⁰	\$ 235,000 ⁰⁰
2	Design, install, maintain and remove Storm Water Pollution Prevention Plan and structures, complete as specified and indicated in the plans.	LS	1	\$ 25,500 ⁰⁰	\$ 25,500 ⁰⁰
3	Design, install, maintain and remove Traffic Control Plan and devices, complete as specified and indicated in the plans.	LS	1	\$ 1,080.88	\$ 1,080.88
4	For development, design and implementation of a trench safety system as required by the Occupational Safety and Health Administration and the assumption of responsibility for said system, including all required trench safety for alternate bid items, and structures complete as specified and indicated in the plans. (Contractor shall insert quantity of trench safety required for the project. Contractor shall only be paid for trench safety installed)	LF	500 *500 LF minimum	\$ 1.00	\$ 500 ⁰⁰
5	For construction of the Birkdale Lift Station, including installation of submersible sewage pumps, piping, rails, valves, gauges, air release valves, fittings, yard piping, site grading, site paving, fencing, excavation, wetwell and slab structural concrete, access hatches, handrails, stairs and grating at generator, pump monorail with electric hoist, bollards, coating and painting, by-pass pumping for tie-ins, dewatering, testing, electrical building foundation, transformer pad foundation, generator pad foundation, 20-inch AWWA C-905, DR 25 PVC force main, all other appurtenant work and items not specifically included in other bid items complete as specified and indicated in the plans.	LS	1	\$ 1,823,462 ⁰⁰	\$ 1,823,462 ⁰⁰
6	Furnish and install gravity wastewater lines, all depths and diameters, including tie-in at existing wastewater lines, ductile iron fittings, manholes, demolition and plugging of force main vault, 8-inch plug valve, and all appurtenant work complete as specified and indicated in the plans.	LS	1	\$ 265,000 ⁰⁰	\$ 265,000 ⁰⁰
7	24-inch diameter drilled shafts at the Birkdale Lift Station, complete as specified and indicated in the plans.	VF	96	\$ 42.50	\$ 4,080 ⁵⁶
8	For construction of dual 14-inch diameter force mains under the Guadalupe River, including bored and open cut sections, bedding, backfill, trench repair, valves, fittings, testing, dewatering, and all other appurtenant work complete as specified and indicated in the plans.	LS	1	\$ 837,000 ⁰⁰	\$ 837,000 ⁰⁰

Item No.	Description	Unit	Estimated Quantity	Unit Price	Extended Amount
9	For construction of Emergency Flow Diversion Structure, including installation of manual bar screens, 20" AWWA C-905, DR 25 PVC force main, yard piping, tie-ins, plug valves, telescoping valve, ductile iron fittings, structural concrete, bollards, coating and painting, ladders, gratings and handrails, demolition and backfill of existing concrete waste basin, relocation of light pole, site grading, site rehabilitation, by-pass pumping for tie-ins, dewatering, testing and all appurtenant work complete as specified and indicated in the plans.	LS	1	\$ 252,000 ⁰⁰	\$ 252,000 ⁰⁰
10	Provide Chesterton's ARC 791 Concrete Lining System for Birkdale Lift Station and Flow Diversion Structure, complete as specified and indicated in the plans.	LS	1	\$ 281,000 ⁰⁰	\$ 281,000 ⁰⁰
11	Demolition of the existing Birkdale Lift Station complete as specified and indicated in the plans.	LS	1	\$ 16,000 ⁰⁰	\$ 16,000 ⁰⁰
12	For the installation of all electrical equipment, lighting and conduit and wiring improvements, generator sized in accordance with Specification Section 26 32 13.13, 2.02.K.1, pre-engineered metal building, and all appurtenant work complete as specified and indicated in the plans.	LS	1	\$ 4,097,500 ⁰⁰	\$ 4,097,500 ⁰⁰
13	Allowance for BLOC Design-Build, LLC to provide SCADA complete as specified and indicated on the drawings, specifications and addenda.	LS	1	\$45,031.12	\$ 45,031.12
LIFT STATION PACKAGE TOTAL BASE BID ITEMS 1-13					\$ 4,883,184 ⁰⁰
LIFT STATION PACKAGE BID ALTERNATE ITEMS					
Item No.	Description	Unit	Estimated Quantity	Unit Price	Extended Amount
A1	Add/Deduct Provide a single 20-inch diameter PVC force main across the Guadalupe River in lieu of dual 14-inch force mains as indicated on plan sheet C-22A. By providing a cost for this alternate bid item the contractor is in agreement with the design of the 20-inch force main and agrees that the 20-inch force main is constructible by bore within the current design and project limits, complete as specified and indicated in the plans.	LS	1	\$ 216,000 ⁰⁰	\$ 216,000 ⁰⁰
A2	Add/Deduct: Provide generator sized in accordance with Specification Section 26 32 13.13, 2.02.K.2 (in lieu of Section 26 32 13.13, 2.02.K.1) and all appurtenances required complete as specified and indicated in the plans.	LS	1	\$ 91,500 ⁰⁰	\$ 91,500 ⁰⁰

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Item No.	Description	Unit	Estimated Quantity	Unit Price	Extended Amount
A3	Add/Deduct: Provide Chesterton's ARC 125 concrete coating system in lieu of Chesterton's ARC 791 concrete coatings system as indicated in Base Bid Item No. 10 complete as specified and indicated in the plans.	LS	1	\$ 73,000 ⁰⁰	\$ 73,000 ⁰⁰
A4	Add/Deduct: Provide Raven 405 concrete coating system in lieu of Chesterton's ARC 791 concrete coatings system as indicated in Base Bid Item No. 10 complete as specified and indicated in the plans.	LS	1	\$ 208,000 ⁰⁰	\$ 208,000 ⁰⁰
A5	Add/Deduct: Provide Spectrashield concrete coating system in lieu of Chesterton's ARC 791 concrete coatings system as indicated in Base Bid Item No. 10 complete as specified and indicated in the plans.	LS	1	\$ 191,000 ⁰⁰	\$ 191,000 ⁰⁰
LIFT STATION PACKAGE TOTAL BID ALTERNATE ITEMS A1 THROUGH A5					\$ 596,500 ⁰⁰
LIFT STATION PACKAGE TOTAL BID (TOTAL BASE BID ITEMS+TOTAL BID ALTERNATE ITEMS)					\$ 4,286,654 ⁰⁰

FORCE MAIN PACKAGE BASE BID ITEMS					
Item No.	Description	Unit	Estimated Quantity	Unit Price	Extended Amount
1	For Mobilization and Demobilization described in the Contract Documents for the lump sum (Maximum 5% of total contract for force main package) of:	L.S	1	\$ 87,000 ⁰⁰	\$ 87,000 ⁰⁰
2	Design, install, maintain and remove Storm Water Pollution Prevention Plan and structures, complete as specified and indicated in the plans.	L.S	1	\$ 39,400 ⁰⁰	\$ 39,400 ⁰⁰
3	Design, install, maintain and remove Traffic Control Plan and devices, complete as specified and indicated in the plans.	L.S	1	\$ 15,900 ⁰⁰	\$ 15,900 ⁰⁰
4	For development, design and implementation of a trench safety system as required by the Occupational Safety and Health Administration and the assumption of responsibility for said system, including all required trench safety for alternate bid items, and structures complete as specified and indicated in the plans. (Contractor shall insert quantity of trench safety required for the project. Contractor shall only be paid for trench safety installed).	LF	5000 *4,000 LF minimum	\$ 1.00	\$ 5,000 ⁰⁰
5	Furnish and install by open cut, 20-inch diameter AWWA C-905, DR 25 force main, including open cut sections, bedding, backfill, testing, dewatering, asphalt roadway repair, driveway repair and all other appurtenant work not specifically included in other bid items, complete as specified and indicated in the plans.	LF	5,011	\$ 157.00	\$ 786,727 ⁰⁰
6	Furnish and Install by bore, 20-inch diameter AWWA C-905, DR-25 FPVC, including testing, dewatering, and all other appurtenant work complete as specified and indicated in the plans.	LF	398	\$ 900.00	\$ 358,200 ⁰⁰
7	Furnish and Install by bore, 30-inch diameter steel casing pipe with 20-inch diameter AWWA C-905, DR-25 FPVC, including restrained joints, testing, dewatering, and all other appurtenant work complete as specified and indicated in the plans.	LF	410	\$ 900.00	\$ 369,000 ⁰⁰
8	Furnish and Install by open cut, 14-inch diameter AWWA C-905, DR-18 force main, including bedding, backfill, testing, dewatering, asphalt roadway repair, driveway repair and all other appurtenant work complete as specified and indicated in the plans.	LF	20	\$ 76.50	\$ 1,530 ⁰⁰
9	Furnish all labor, materials, and equipment required to connect to existing 14-inch force mains, complete as specified and indicated in the plans.	EA	2	\$ 1,400 ⁰⁰	\$ 2,800 ⁰⁰

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Birkdale Lift Station, Force Main and Emergency Flow Diversion Structure

FNI Project Number: KER09334

Item No.	Description	Unit	Estimated Quantity	Unit Price	Extended Amount
10	Furnish all labor, materials, and equipment required to connect to existing 20-inch force main, complete as specified and indicated in the plans (includes 20-inch tie-in for Lift Station Package Alternate Item A1).	EA	2	\$ 3,100 ⁰⁰	\$ 6,200 ⁰⁰
11	Furnish and Install 14-inch Plug Valves, vaults, and all other appurtenant work complete as specified and indicated in the plans.	EA	2	\$ 9,700 ⁰⁰	\$ 19,400 ⁰⁰
12	Furnish and Install 20-inch Plug Valves, vaults, and all other appurtenant work complete as specified and indicated in the plans (includes 20" valve at tie-in for Lift Station Package Alternate Item A1).	EA	6	\$ 13,000 ⁰⁰	\$ 78,000 ⁰⁰
13	Furnish and Install 3-inch combination air release valve, including fittings and vault, and all other appurtenant work complete as specified and indicated in the plans.	EA	4	\$ 22,010 ⁰⁰	\$ 88,040 ⁰⁰
14	Furnish and install all ductile iron fittings as specified and indicated in the plans.	LS	1	\$ 187,000 ⁰⁰	\$ 187,000 ⁰⁰
15	Furnish, install and maintain hydromulch seed for all disturbed areas, complete as specified and shown on the plans.	LS	1	\$ 79,000 ⁰⁰	\$ 79,000 ⁰⁰
16	Furnish and install TxDOT Item 169: Class 1, Type D Erosion Control Mat and Channel Liner for disturbed areas within TxDOT ROW, complete as specified and indicated in the plans.	LS	1	\$ 36,000 ⁰⁰	\$ 36,000 ⁰⁰
17	Rehabilitation of Riverside Drive from Loop 534 TxDOT ROW to SH-27 TxDOT ROW and all disturbed areas of Riverside Drive east of Loop 534, associated driveways and appurtenant work: Unit price will be full compensation for removal of existing HMAC, complete as specified and indicated in the plans.	SY	4,600	\$ 3.72	\$ 17,112 ⁰⁰
18	Rehabilitation of Riverside Drive from Loop 534 TxDOT ROW to SH-27 TxDOT ROW and all disturbed areas of Riverside Drive east of Loop 534, associated driveways and appurtenant work: Unit price will be full compensation for TxDOT Item 310 - Prime Coat (Cutback Asphaltic Material). The quantity for this bid item is based on 0.15 gallons per square yard, complete as specified and indicated in the plans.	GAL.	690	\$ 7.30	\$ 5,037 ⁰⁰
19	Rehabilitation of Riverside Drive from Loop 534 TxDOT ROW to SH-27 TxDOT ROW and all disturbed areas of Riverside Drive east of Loop 534, associated driveways and appurtenant work: Unit price will be full compensation for TxDOT Item 340 - Hot Mix Asphaltic Concrete Pavement, Type D, 2-inches thick with PG 64-22 binder, complete as specified and indicated in the plans.	TON	510	\$ 94.00	\$ 47,940
FORCE MAIN PACKAGE TOTAL BASE BID ITEMS 1-19					\$ 2,229,246 ⁰⁰

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FORCE MAIN PACKAGE SUPPLEMENTARY UNIT PRICES					
Item No.	Description	Unit	Estimated Quantity	Unit Price	Extended Amount
S1	Rehabilitation of Riverside Drive from Loop 534 TxDOT ROW to SH-27 TxDOT ROW and all disturbed areas of Riverside Drive east of Loop 534, associated driveways and appurtenant work: TxDOT Item 247 Type A, Grade 2 Base: Payment shall be made per ton of material. Unit price will be full compensation for additional base required to supplement existing conditions for the rehabilitation of Riverside Drive indicated in the Base Bid, including installation and compaction as approved by the City and the Engineer. This item shall be considered as a supplementary item and shall not be used without approval by the Owner.	TON	950	\$ <u>56.00</u>	\$ <u>53,200</u> ⁰⁰
FORCE MAIN PACKAGE TOTAL SUPPLEMENTARY ITEM S1					\$ <u>53,200</u> ⁰⁰
FORCE MAIN PACKAGE TOTAL BID (TOTAL BASE ITEMS+TOTAL SUPPLEMENTARY ITEM S1)					\$ <u>2,282,446.00</u>

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COMBINED LIFT STATION AND FORCE MAIN PACKAGE	
LIFT STATION PACKAGE TOTAL BID	\$ 4,286,654.00
FORCE MAIN PACKAGE TOTAL BID	\$ 2,282,446.00
COST INCREASE/REDUCTION (IF ANY) TO COMBINE LIFT STATION AND FORCE MAIN PACKAGES	\$ 255,000.00
TOTAL BID (TOTAL BID LIFT STATION PACKAGE + TOTAL BID FORCE MAIN PACKAGE +/- COST INCREASE/REDUCTION TO COMBINE LIFT STATION AND FORCE MAIN PACKAGES)	\$ 6,314,100.00

00 42 23 BID FORM

ARTICLE 1: BID RECIPIENT

1.01 This Bid is submitted to:

City of Kerrville, Texas
City Hall
800 Junction Highway
Kerrville, Texas 78028
Attention: City Secretary

1.02 The undersigned Bidder proposes and agrees, if this Bid is accepted, to enter into an Agreement with Owner in the form included in the Bidding Documents to perform all Work as specified or indicated in the Bidding Documents for the prices and within the times indicated in this Bid and in accordance with the other terms and conditions of the Bidding Documents.

ARTICLE 2: BIDDER'S ACKNOWLEDGMENTS

2.01 Bidder accepts all of the terms and conditions of the Invitation for Bids and Instructions to Bidders, including without limitation those dealing with the disposition of Bid security. The Bid will remain subject to acceptance for 60 days after the Bid opening, or for such longer period of time that Bidder may agree to in writing upon request of Owner.

2.02 Bidder accepts the provisions of the Agreement as to liquidated damages in the event of its failure to complete Work in accordance with the schedule set forth in the Agreement.

ARTICLE 3: BIDDER'S REPRESENTATIONS

3.01 In submitting this Bid, Bidder represents, as set forth in the Agreement, that:

A. Bidder has examined and carefully studied the Bidding Documents, the other related data identified in the Bidding Documents, and the following Addenda, receipt of all of which is hereby acknowledged.

Addendum No.	Addendum Date	Signature Acknowledging Receipt
1	June 25, 2012	
2	June 28, 2012	

- B. Bidder has visited the Site and become familiar with and is satisfied as to the general, local and Site conditions that may affect cost, progress, and performance of the Work.
- C. Bidder is familiar with and is satisfied as to all federal, state and local Laws and Regulations that may affect cost, progress and the furnishing of Goods and Special Services.
- D. Bidder has carefully studied all: (1) reports of explorations and tests of subsurface conditions at or contiguous to the Site and all drawings of physical conditions in or relating to existing surface or subsurface structures at or contiguous to the Site (except Underground Facilities) which have been identified in SC-4.02, and (2) reports and drawings of Hazardous Environmental Conditions that have been identified in SC-4.06.

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LIFT STATION PACKAGE BASE BID ITEMS					
Item No.	Description	Unit	Estimated Quantity	Unit Price	Extended Amount
1	For Mobilization and Demobilization described in the Contract Documents for the lump sum (Maximum 5% of total contract of Lift Station Package) of:	LS	1	\$ <u>200,000.00</u>	\$ <u>200,000.00</u>
2	Design, install, maintain and remove Storm Water Pollution Prevention Plan and structures, complete as specified and indicated in the plans.	LS	1	\$ <u>20,000.00</u>	\$ <u>20,000.00</u>
3	Design, install, maintain and remove Traffic Control Plan and devices, complete as specified and indicated in the plans.	LS	1	\$ <u>20,000.00</u>	\$ <u>20,000.00</u>
4	For development, design and implementation of a trench safety system as required by the Occupational Safety and Health Administration and the assumption of responsibility for said system, including all required trench safety for alternate bid items, and structures complete as specified and indicated in the plans. (Contractor shall insert quantity of trench safety required for the project. Contractor shall only be paid for trench safety installed)	LF	<u>587</u> *500 LF minimum	\$ <u>2.00</u>	\$ <u>1,174.00</u>
5	For construction of the Birkdale Lift Station, including installation of submersible sewage pumps, piping, rails, valves, gauges, air release valves, fittings, yard piping, site grading, site paving, fencing, excavation, wetwell and slab structural concrete, access hatches, handrails, stairs and grating at generator, pump monorail with electric hoist, bollards, coating and painting, by-pass pumping for tie-ins, dewatering, testing, electrical building foundation, transformer pad foundation, generator pad foundation, 20-inch AWWA C-905, DR 25 PVC force main, all other appurtenant work and items not specifically included in other bid items complete as specified and indicated in the plans.	LS	1	\$ <u>1,740,097.00</u>	\$ <u>1,740,097.00</u>
6	Furnish and install gravity wastewater lines, all depths and diameters, including tie-in at existing wastewater lines, ductile iron fittings, manholes, demolition and plugging of force main vault, 8-inch plug valve, and all appurtenant work complete as specified and indicated in the plans.	LS	1	\$ <u>232,800.00</u>	\$ <u>232,800.00</u>
7	24-inch diameter drilled shafts at the Birkdale Lift Station, complete as specified and indicated in the plans.	VF	96	\$ <u>80.00</u>	\$ <u>7,680.00</u>
8	For construction of dual 14-inch diameter force mains under the Guadalupe River, including bored and open cut sections, bedding, backfill, trench repair, valves, fittings, testing, dewatering, and all other appurtenant work complete as specified and indicated in the plans.	LS	1	\$ <u>846,886.00</u>	\$ <u>846,886.00</u>

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City of Kerrville

Birkdale Lift Station, Force Main and Emergency Flow Diversion Structure

FNI Project Number: KER09334

Item No.	Description	Unit	Estimated Quantity	Unit Price	Extended Amount
9	For construction of Emergency Flow Diversion Structure, including installation of manual bar screens, 20" AWWA C-905, DR 25 PVC force main, yard piping, tie-ins, plug valves, telescoping valve, ductile iron fittings, structural concrete, bollards, coating and painting, ladders, gratings and handrails, demolition and backfill of existing concrete waste basin, relocation of light pole, site grading, site rehabilitation, by-pass pumping for tie-ins, dewatering, testing and all appurtenant work complete as specified and indicated in the plans.	LS	1	\$ <u>431,289.⁰⁰</u>	\$ <u>431,289.⁰⁰</u>
10	Provide Chesterton's ARC 791 Concrete Lining System for Birkdale Lift Station and Flow Diversion Structure, complete as specified and indicated in the plans.	LS	1	\$ <u>265,000.⁰⁰</u>	\$ <u>265,000.⁰⁰</u>
11	Demolition of the existing Birkdale Lift Station complete as specified and indicated in the plans.	LS	1	\$ <u>35,000.⁰⁰</u>	\$ <u>35,000.⁰⁰</u>
12	For the installation of all electrical equipment, lighting and conduit and wiring improvements, generator sized in accordance with Specification Section 26 32 13.13, 2.02.K.1, pre-engineered metal building, and all appurtenant work complete as specified and indicated in the plans.	LS	1	\$ <u>1,299,000.00</u>	\$ _____
13	Allowance for BLOC Design-Build, LLC to provide SCADA complete as specified and indicated on the drawings, specifications and addenda.	LS	1	\$ <u>45,031.12</u>	\$ <u>45,031.12</u>
LIFT STATION PACKAGE TOTAL BASE BID ITEMS 1-13					\$ <u>5,143,957.12</u>
LIFT STATION PACKAGE BID ALTERNATE ITEMS					
Item No.	Description	Unit	Estimated Quantity	Unit Price	Extended Amount
A1	Add/Deduct: Provide a single 20-inch diameter PVC force main across the Guadalupe River in lieu of dual 14-inch force mains as indicated on plan sheet C-22A. By providing a cost for this alternate bid item the contractor is in agreement with the design of the 20-inch force main and agrees that the 20-inch force main is constructible by bore within the current design and project limits, complete as specified and indicated in the plans.	LS	1	\$ <u>170,000.⁰⁰</u>	\$ <u>170,000.⁰⁰</u> DEDUCT
A2	Add/Deduct: Provide generator sized in accordance with Specification Section 26 32 13.13, 2.02.K.2 (in lieu of Section 26 32 13.13, 2.02.K.1) and all appurtenances required complete as specified and indicated in the plans.	LS	1	\$ <u>100,000.00</u>	\$ <u>100,000.00</u>

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Item No.	Description	Unit	Estimated Quantity	Unit Price	Extended Amount
A3	Add/Deduct: Provide Chesterton's ARC 125 concrete coating system in lieu of Chesterton's ARC 791 concrete coatings system as indicated in Base Bid Item No. 10 complete as specified and indicated in the plans.	LS	1	< \$ 65,000.00 >	< \$ 65,000.00 > DEDUCT
A4	Add/Deduct: Provide Raven 405 concrete coating system in lieu of Chesterton's ARC 791 concrete coatings system as indicated in Base Bid Item No. 10 complete as specified and indicated in the plans.	LS	1	< \$ 175,285.00 >	< \$ 175,285.00 > DEDUCT
A5	Add/Deduct: Provide Spectrashield concrete coating system in lieu of Chesterton's ARC 791 concrete coatings system as indicated in Base Bid Item No. 10 complete as specified and indicated in the plans.	LS	1	< \$ 149,000.00 >	< \$ 149,000.00 > DEDUCT
LIFT STATION PACKAGE TOTAL, BID ALTERNATE ITEMS A1 THROUGH A5					\$ < 459,285.00 > 285
LIFT STATION PACKAGE TOTAL, BID (TOTAL BASE BID ITEMS+TOTAL BID ALTERNATE ITEMS)					\$ 464,672.12

FORCE MAIN PACKAGE BASE BID ITEMS					
Item No.	Description	Unit	Estimated Quantity	Unit Price	Extended Amount
1	For Mobilization and Demobilization described in the Contract Documents for the lump sum (Maximum 5% of total contract for force main package) of:	LS	1	\$ <u>65,000.00</u>	\$ <u>65,000.00</u>
2	Design, install, maintain and remove Storm Water Pollution Prevention Plan and structures, complete as specified and indicated in the plans.	LS	1	\$ <u>10,000.00</u>	\$ <u>10,000.00</u>
3	Design, install, maintain and remove Traffic Control Plan and devices, complete as specified and indicated in the plans.	LS	1	\$ <u>20,000.00</u>	\$ <u>20,000.00</u>
4	For development, design and implementation of a trench safety system as required by the Occupational Safety and Health Administration and the assumption of responsibility for said system, including all required trench safety for alternate bid items, and structures complete as specified and indicated in the plans. (Contractor shall insert quantity of trench safety required for the project. Contractor shall only be paid for trench safety installed).	LF	<u>5011</u> *4,000 LF minimum	\$ <u>2.00</u>	\$ <u>10,022.00</u>
5	Furnish and install by open cut, 20-inch diameter AWWA C-905, DR 25 force main, including open cut sections, bedding, backfill, testing, dewatering, asphalt roadway repair, driveway repair and all other appurtenant work not specifically included in other bid items, complete as specified and indicated in the plans.	LF	5,011	\$ <u>112.00</u>	\$ <u>561,232.00</u>
6	Furnish and Install by bore, 20-inch diameter AWWA C-905, DR-25 FPVC, including testing, dewatering, and all other appurtenant work complete as specified and indicated in the plans.	LF	398	\$ <u>500.00</u>	\$ <u>199,000.00</u>
7	Furnish and Install by bore, 30-inch diameter steel casing pipe with 20-inch diameter AWWA C-905, DR-25 FPVC, including restrained joints, testing, dewatering, and all other appurtenant work complete as specified and indicated in the plans.	LF	410	\$ <u>575.00</u>	\$ <u>235,750.00</u>
8	Furnish and Install by open cut, 14-inch diameter AWWA C-905, DR-18 force main, including bedding, backfill, testing, dewatering, asphalt roadway repair, driveway repair and all other appurtenant work complete as specified and indicated in the plans.	LF	20	\$ <u>85.00</u>	\$ <u>1,700.00</u>
9	Furnish all labor, materials, and equipment required to connect to existing 14-inch force mains, complete as specified and indicated in the plans.	EA	2	\$ <u>1,000.00</u>	\$ <u>2,000.00</u>

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Item No.	Description	Unit	Estimated Quantity	Unit Price	Extended Amount
10	Furnish all labor, materials, and equipment required to connect to existing 20-inch force main, complete as specified and indicated in the plans (includes 20-inch tie-in for Life Station Package Alternate Item A1).	EA	2	\$ <u>1,500.00</u>	\$ <u>3,000.00</u>
11	Furnish and Install 14-inch Plug Valves, vaults, and all other appurtenant work complete as specified and indicated in the plans.	EA	2	\$ <u>6,000.00</u>	\$ <u>12,000.00</u>
12	Furnish and Install 20-inch Plug Valves, vaults, and all other appurtenant work complete as specified and indicated in the plans (includes 20" valve at tie-in for Lift Station Package Alternate Item A1).	EA	6	\$ <u>15,000.00</u>	\$ <u>90,000.00</u>
13	Furnish and Install 3-inch combination air release valve, including fittings and vault, and all other appurtenant work complete as specified and indicated in the plans.	EA	4	\$ <u>7,500.00</u>	\$ <u>30,000.00</u>
14	Furnish and install all ductile iron fittings as specified and indicated in the plans.	LS	1	\$ <u>86,000.00</u>	\$ <u>86,000.00</u>
15	Furnish, install and maintain hydromulch seed for all disturbed areas, complete as specified and shown on the plans.	LS	1	\$ <u>4,000.00</u>	\$ <u>4,000.00</u>
16	Furnish and install TxDOT Item 169: Class 1, Type D Erosion Control Mat and Channel Liner for disturbed areas within TxDOT ROW, complete as specified and indicated in the plans.	LS	1	\$ <u>40,000.00</u>	\$ <u>40,000.00</u>
17	Rehabilitation of Riverside Drive from Loop 534 TxDOT ROW to SH-27 TxDOT ROW and all disturbed areas of Riverside Drive east of Loop 534, associated driveways and appurtenant work: Unit price will be full compensation for removal of existing HMA, complete as specified and indicated in the plans.	SY	4,600	\$ <u>4.75</u>	\$ <u>21,850.00</u>
18	Rehabilitation of Riverside Drive from Loop 534 TxDOT ROW to SH-27 TxDOT ROW and all disturbed areas of Riverside Drive east of Loop 534, associated driveways and appurtenant work: Unit price will be full compensation for TxDOT Item 310 - Prime Coat (Cutback Asphaltic Material). The quantity for this bid item is based on 0.15 gallons per square yard, complete as specified and indicated in the plans.	GAL.	690	\$ <u>7.50</u>	\$ <u>5,170.00</u>
19	Rehabilitation of Riverside Drive from Loop 534 TxDOT ROW to SH-27 TxDOT ROW and all disturbed areas of Riverside Drive east of Loop 534, associated driveways and appurtenant work: Unit price will be full compensation for TxDOT Item 340 - Hot Mix Asphaltic Concrete Pavement, Type D, 2-inches thick with PG 64-22 binder, complete as specified and indicated in the plans.	TON	510	\$ <u>95.00</u>	\$ <u>48,450.00</u>
FORCE MAIN PACKAGE TOTAL BASE BID ITEMS 1-19					\$ <u>1,445,179.00</u>

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 City of Kerrville
 Birkdale Lift Station, Force Main and Emergency Flow Diversion Structure
 FNI Project Number: KER09334

FORCE MAIN PACKAGE SUPPLEMENTARY UNIT PRICES					
Item No.	Description	Unit	Estimated Quantity	Unit Price	Extended Amount
S1	Rehabilitation of Riverside Drive from Loop 534 TxDOT ROW to SH-27 TxDOT ROW and all disturbed areas of Riverside Drive east of Loop 534, associated driveways and appurtenant work: TxDOT Item 247 Type A, Grade 2 Base: Payment shall be made per ton of material. Unit price will be full compensation for additional base required to supplement existing conditions for the rehabilitation of Riverside Drive indicated in the Base Bid, including installation and compaction as approved by the City and the Engineer. This item shall be considered as a supplementary item and shall not be used without approval by the Owner.	TON	950	\$ <u>25.00</u>	\$ <u>23,750.00</u>
FORCE MAIN PACKAGE TOTAL SUPPLEMENTARY ITEM S1					\$ <u>23,750.00</u>
FORCE MAIN PACKAGE TOTAL BID (TOTAL BASE ITEMS+TOTAL SUPPLEMENTARY ITEM S1)					\$ <u>1,168,929.00</u>

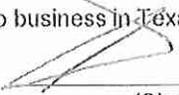
A Corporation

Corporation Name: Pesado Construction Company, Inc
(typed or printed)

State of Incorporation: Texas

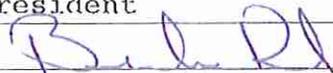
Type: Construction
(General Business, Professional, Service, Limited Liability)

Date of Qualification to do business in Texas is May 17, 1991

By 
(Signature -- attach evidence of authority to sign)

Name: Shane Hutson
(typed or printed)

Title: President

Attest: 
(Signature of Corporate Secretary)

Business address: 7054 Pipestone
Schertz, TX 78154

Phone: 210-651-4452 Facsimile: 210-651-4492 Email: shane@pesadoconstructionco.com

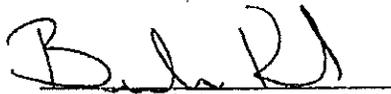
Bid Submitted on 7/3/12

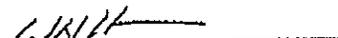
SPECIAL MEETING OF THE BOARD OF DIRECTORS
PESADO CONSTRUCTION COMPANY
7054 PIPESTONE, SCHERTZ, TEXAS
JANUARY 1, 2012

ON JANUARY 1, 2012, A SPECIAL MEETING WHICH INCLUDED WILLIAM HUNTER-
PRESIDENT, SHANE HUTSON-VICE PRESIDENT AND STEVE ROSS. WAS HELD TO AMEND THE
"ARTICLES OF CORPORATION" TO REFLECT THE CHANGE OF TITLES OF PESADO
CONSTRUCITON COMPANY, INC., SIGNATURES FOR THE CORPORATION.

AFTER A BRIEF PERIOD OF DISCUSSION, IT WAS NOTED THAT NOW WILLIAM H. HUNTER,
WILL BE VICE PRESIDENT, SHANE HUTSON IS NOW PRESIDENT AND BRENDA REAL STILL
SECRETARY/TREASURER WOULD ALL BE APPROVED FOR SIGNATURE AUTHORIZATION
REGARDING PAPERWORK FOR PESADO CONSTRUCTION CO., INC.

THERE BEING NO FURTHER BUSINESS, THE MEETING WAS ADJOURNED WITH STEVE ROSS
MOTIONING TO ADJOURN.


BRENDA REAL
SECRETARY/TREASURER


WILLIAM H. HUNTER
VICE PRESIDENT


SHANE HUTSON
PRESIDENT


STEVE ROSS

00 42 23.02 VENDOR COMPLIANCE TO STATE LAW

Chapter 2252 of the Texas Government Code applies to the award of government contract to non-resident bidders. This law provides that:

"a government entity may not award a governmental contract to a nonresident bidder unless the nonresident underbids the lower bid submitted by a responsible resident bidder by an amount that is not less than the amount by which a resident bidder would be required to underbid the nonresident bidder to obtain a comparable contract in the state in which the nonresident's principal place of business is located."

"Nonresident Bidder" refers to a person who is not a resident of Texas

"Resident Bidder" refers to a person whose principal place of business is in this state, including a contractor whose ultimate parent company or majority owner has its principal place of business in this state.

Check the statement that is correct for Bidder.

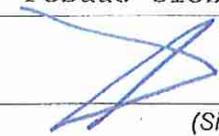
Non-resident bidders in _____ (give state), our principal place of business, are required to be _____ percent lower than resident bidders by State law. A copy of the statute is attached.

Non-resident bidders in _____ (give state), our principal place of business, are not required to under bid resident bidders.

Our principal place of business or corporate offices are in the State of Texas.

Bidder:

Company Name: Pesado Ciostruction Company, Inc
(typed or printed)

By 
(Signature -- attach evidence of authority to sign)

Name: Shane Hutson
(typed or printed)

Title: President
(Signature of Corporate Secretary)

Business address: 7054 Pipestone
Schertz, TX 78154

Phone: 210-651-445 Facsimile: 210-651-445 Email shane@pesadoconstructionco.com

END OF SECTION

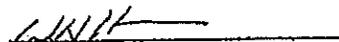
SPECIAL MEETING OF THE BOARD OF DIRECTORS
PESADO CONSTRUCTION COMPANY
7054 PIPESTONE, SCHERTZ, TEXAS
JANUARY 1, 2012

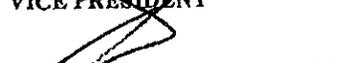
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MOTIONING TO ADJOURN.


BRENDA REAL
SECRETARY/TREASURER


WILLIAM H. HUNTER
VICE PRESIDENT


SHANE HUTSON
PRESIDENT


STEVE ROSS

00 42 23.03 CONTRACTOR COMPLIANCE TO TEXAS SALES TAX CODE

Comply with all requirements of the Texas Sales Tax Code. The Contractor hereby certifies that the Contract Amount is divided as follows:

Material permanently incorporated into the Project and resold to the Owner as defined in Tax Code.

\$ 450,000.00

All other charges and costs

\$ 6,012,886.12

Total (Total must equal the Contract Price)

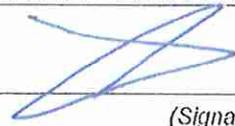
\$ 6,462,886.12

Contractor:

Company Name: Pesado Construction Company, Inc

(typed or printed)

By



(Signature -- attach evidence of authority to sign)

Name: Shane Hutson

(typed or printed)

Title: President

(Signature of Corporate Secretary)

Business address: 7054 Pipestone
Schertz, TX 78154

Phone: 210-651-4452 Facsimile: 210-651-4452 E-mail: shane@pesadoconstructionco.com

Execute this form at time of execution of contract and make a part of the contract.

Notes:

1. The Total Amount of Bid for Materials and Services must equal the sum of the Total Amount Bid for Materials and the Total Amount Bid for Services as well as the sum of all individual bid items.
2. Materials are those items which are tax exempt and are physically incorporated into the facilities constructed for the OWNER. Materials include, but are not limited to, purchased items such as pipe, embedment, concrete, manholes, asphalt, road base, machinery, and equipment, etc.
3. Services are those items which are not tax exempt and are used by the CONTRACTOR but are not physically incorporated into the OWNER'S facilities and/or items that are consumed by construction. Services include, but are not limited to, supplies, tools, concrete forms, scaffolding, temporary buildings, the rental of equipment, skill, and labor, etc.

END OF SECTION

CONFLICT OF INTEREST QUESTIONNAIRE

FORM CIQ

For vendor or other person doing business with local governmental entity

This questionnaire reflects changes made to the law by H.B. 1491, 80th Leg., Regular Session. This questionnaire is being filed in accordance with Chapter 176, Local Government Code by a person who has a business relationship as defined by Section 176.001(1-a) with a local governmental entity and the person meets requirements under Section 176.006(a).
 By law this questionnaire must be filed with the records administrator of the local governmental entity not later than the 7th business day after the date the person becomes aware of facts that require the statement to be filed. See Section 176.006, Local Government Code.
 A person commits an offense if the person knowingly violates Section 176.006, Local Government Code. An offense under this section is a Class C misdemeanor.

OFFICE USE ONLY

Date Received

1 Name of person who has a business relationship with local governmental entity.

N/A

2 Check this box if you are filing an update to a previously filed questionnaire.

(The law requires that you file an updated completed questionnaire with the appropriate filing authority not later than the 7th business day after the date the originally filed questionnaire becomes incomplete or inaccurate.)

3 Name of local government officer with whom filer has employment or business relationship.

N/A

Name of Officer

This section (Item 3 including subparts A, B, C & D) must be completed for each officer with whom the filer has an employment or other business relationship as defined by Section 176.001(1-a), Local Government Code. Attach additional pages to this Form CIQ as necessary.

A. Is the local government officer named in this section receiving or likely to receive taxable income, other than investment income, from the filer of the questionnaire?

Yes No

B. Is the filer of the questionnaire receiving or likely to receive taxable income, other than investment income, from or at the direction of the local government officer named in this section AND the taxable income is not received from the local governmental entity?

Yes No

C. Is the filer of this questionnaire employed by a corporation or other business entity with respect to which the local government officer serves as an officer or director, or holds an ownership of 10 percent or more?

Yes No

D. Describe each employment or business relationship with the local government officer named in this section.

N/A

4

Signature of person doing business with the governmental entity
 Shane Hutson - President

7/3/12

Date

Agenda Item:

7C. LCRA Transmission Services Corporation and its proposed adjustment of its CREZ (Competitive Renewable Energy Zone) I-10 route and impact on City's landscaping and welcome sign. (staff)

**TO BE CONSIDERED BY THE CITY COUNCIL
CITY OF KERRVILLE, TEXAS**

SUBJECT: LCRA Transmission Services Corporation and its proposed adjustment of its CREZ (competitive renewable energy zone) I-10 route and impact on City's landscaping and welcome sign

FOR AGENDA OF: July 24, 2012

DATE SUBMITTED: July 18, 2012

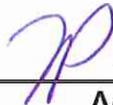
SUBMITTED BY: Todd Parton
City Manager

CLEARANCES:

EXHIBITS: Settlement Agreement with LCRA TSC

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER:



Expenditure Required:	Current Balance in Account:	Amount Budgeted:	Account Number:
\$0.00	\$0.00	\$0.00	TBA

PAYMENT TO BE MADE TO:

REVIEWED BY THE FINANCE DIRECTOR:

SUMMARY STATEMENT

Representatives of LCRA Transmission Services Corporation ("LCRA") met with the Mayor and City Manager to provide an update on the CREZ project. LCRA plans to initiate construction this September. In that meeting, LCRA showed its plan for the poles and the path of the power lines. A copy of that plan was not provided to the city.

The plan showed the location of a power pole within very close proximity to the Kerrville sign. This location is significantly closer to the intersection than was shown on the map included with the settlement agreement negotiated between the City of Kerrville and LCRA. This settlement agreement was negotiated so that the City of Kerrville would withdraw its complaint with the Texas Public Utility Commission (PUC).

LCRA staff also mentioned that the vegetation would have to be cleared from the landscaped area since the LCRA does not allow plant materials that exceed 14 to 15 feet in height under or within 100 feet of the centerline of their power lines. LCRA stated that they would compensate the city for the value of the landscaping removed and irrigation system damage resulting from the project; they propose that the City of Kerrville establish the value.

Responses by the Mayor and City Manager to LCRA's layout were that the project needed to be re-engineered to move the power pole to a location that would be consistent with the settlement agreement, that impact to the landscaped area should be

kept to the absolute minimum, and compensation should include value for the removed materials and damaged irrigation system in addition to replacement with new plant materials and irrigation system at LCRA's expense. Compensation to the city would be based upon the actual cost of installation and design.

City staff has been in contact with LCRA staff since that meeting. LCRA staff has stated that they are redesigning the facility to address the comments and are scheduled to have new plans to present to the city by July 20.

RECOMMENDED ACTION

City staff recommends the following:

1. Placement of the poles at the intersections of IH-10/SH-16 and IH-10/Harper Highway be consistent with the final settlement agreement;
2. Placement of the pole at IH-10/SH-16 be located as far from the entryway monument as possible;
3. Impacts to existing landscaping be limited to the minimum extent possible;
4. Compensation to the City of Kerrville for damage would be based on the actual cost of construction and design for the landscaping and the irrigation system; and
5. LCRA replace the damaged irrigation system and removed landscaping at its cost, in addition to compensation per 3 above.

Should LCRA fail to meet these conditions city staff further recommends that the City Council pursue other means to ensure compliance with the settlement agreement.

PUC DOCKET NO. 39516

COMPLAINT OF CECIL R.	§	BEFORE THE
ATKISSON AND CITY OF	§	
KERRVILLE AGAINST LOWER	§	PUBLIC UTILITY COMMISSION
COLORADO RIVER AUTHORITY	§	
TRANSMISSION SERVICES	§	OF TEXAS
CORPORATION	§	

SETTLEMENT AGREEMENT

Cecil R. Atkission, City of Kerrville (“Kerrville” or “City”), Kerr County (collectively referred to herein as “Joint Complainants”), and LCRA Transmission Services Corporation (“LCRA TSC”) (collectively referred to herein as “the Parties”) enter into this Settlement Agreement resolving all issues concerning the complaint filed by Mr. Atkission, Kerrville, and Kerr County against LCRA TSC. Accordingly, the Parties respectfully request dismissal of this docket with prejudice. As part of this Settlement Agreement, the Parties agree as follows:

I. RECITALS

1. Cecil R. Atkission, Kerrville, and Kerr County are the Joint Complainants in PUC Docket No. 39516, said docket being the complaint of Joint Complainants against LCRA TSC. On January 24, 2011, the Commission ordered LCRA TSC to construct a 345 KV CREZ transmission line from LCRA TSC’s McCamey D (now Big Hill) substation to LCRA TSC’s Kendall substation in PUC Docket No. 38354 along the route identified in that proceeding as modified Route MK63 (also referred to herein as the “Transmission Line”).

2. On September 29, 2011, LCRA TSC and the Texas Department of Transportation (“TxDOT”) entered into an Acknowledgement of Concurrence on Conceptual Design (“Acknowledgment”) on the route and conceptual design for numerous locations at which the Transmission Line impacts the TxDOT right-of-way along Interstate Highway I-10 (“I-10”), including the intersection of I-10 and Texas Highway 16. The Acknowledgement, which

Contract 2011-70

includes conceptual transmission line adjustments at these numerous locations along I-10, is dated September 29, 2011, and is attached to this Settlement Agreement as Exhibit A and incorporated herein.

II. AGREEMENT

The Parties agree as follows:

1. The Acknowledgment accurately sets out and describes the alignment of the Transmission Line at I-10 and Texas Highway 16 that has been agreed to by the Joint Complainants and LCRA TSC. In particular, the parties agree that the "Green/Purple" route modification discussed on page 2 of the Acknowledgment, and as further shown and described on Exhibit 17 of the Acknowledgment, is the best option for placement of the Transmission Line. However, the parties also acknowledge that the ultimate placement of the Transmission Line in the locations depicted in Exhibit A is a matter to be worked out between LCRA TSC and TxDOT during the detailed design phase of this Transmission Line project.

2. LCRA TSC will diligently pursue obtaining final permitting documentation from TxDOT in order to construct the Transmission Line in the vicinity of the intersection of I-10 and Texas Highway 16 consistent with the routing agreement set forth in the Acknowledgment.

3. Each of the Parties represents that he or it is fully authorized to execute this Settlement Agreement.

4. Approval of this Settlement Agreement by the Parties and dismissal of Docket No. 39516 with prejudice will resolve all issues presented in this proceeding. Upon execution of this Agreement by Parties' representatives, Parties will file this Agreement and a Joint Request for Dismissal of the Complaint in PUC Docket No. 39516, with prejudice.

SIGNED AND AGREED on the dates indicated below:

LLOYD GOSSELINK
ROCHELLE & TOWNSEND, P.C.
816 Congress Avenue, Suite 1900
Austin, Texas 78701
(512) 322-5800
Fax: (512) 472-0532
gcrump@lglawfirm.com
emcphée@lglawfirm.com

Date: _____

GEORGIA N. CRUMP
State Bar No. 05185500

EILEEN McPHEE
State Bar No. 24060273

**ATTORNEYS FOR CECIL R. ATKISSON
AND THE CITY OF KERRVILLE, TEXAS**

Date: _____

ROBERT HENNEKE
State Bar No. 24046058
Kerr County Attorney
Kerr County Courthouse
700 Main Street, Suite BA103
Kerrville, Texas 78028
Telephone: (830) 792-2220
Facsimile: (830) 792-2228

ATTORNEY FOR KERR COUNTY

John W. Rubottom
General Counsel
State Bar No. 17363100
William T. Medaille
Associate General Counsel
State Bar No. 24054502
Fernando Rodriguez
Associate General Counsel
State Bar No. 17145300
Lower Colorado River Authority
P.O. Box 220
Austin, Texas 78767-0220
Telephone: (512) 473-3354
Facsimile: (512) 473-4010 FAX
ferdie.rodriquez@lcra.org
bill.medaille@lcra.org

Date: _____

FERNANDO RODRIGUEZ

**ATTORNEYS FOR LCRA TRANSMISSION
SERVICES CORPORATION**



EXHIBIT "A"

September 29, 2011

Mr. Toribio Garza, Jr., P.E.
Director, Maintenance Division
Texas Department of Transportation
150 E. Riverside Dr., North Tower
Austin, Texas 78704

RE: Concurrence on Conceptual Design of LCRA's McCamey D to Kendall 345-kV
Transmission Line Project in TxDOT Right-of-Way

Dear Mr. Garza:

This letter is a follow-up to my previous letter to update you on continuing meetings of staff from LCRA Transmission Services Corporation (LCRA TSC), the Texas Department of Transportation (TxDOT), and the Federal Highway Administration (FHWA) about the placement of certain transmission line components for LCRA TSC's McCamey D to Kendall 345-kV line in TxDOT Right-Of-Way (ROW). As I stated in my previous letter, the transmission line will parallel or be constructed in the vicinity of I-10 for approximately 85 miles, and discussions have involved the possibility of temporary construction access arrangements, aerial overhangs of the LCRA TSC lines, and placing short lengths of the line within TxDOT ROW in very constrained areas where other options are not available. The discussions to date have been very positive and productive, and LCRA TSC would once again like to thank TxDOT for its willingness to consider options that allow safe and efficient construction while limiting the impact of this transmission line on private property.

Ideas from both TxDOT and LCRA TSC staff have resulted in conceptual solutions to all of the constrained areas along the I-10 corridor of the transmission line project. These conceptual solutions at 18 locations have been reviewed jointly by TxDOT and LCRA TSC staff with agreement to proceed with detail data collection and design activities.

The locations vary in specificity on a case by case basis, but most can be grouped as follows:

- Temporary construction access from I-10 facilities, which will be defined in detail, will include appropriate traffic safety measures as determined by TxDOT, and will be removed after construction activities are completed.
- Permanent access to private property from non high speed or controlled access facilities which will be acquired via the TxDOT driveway permit process.

C 2011-70

- Overhang or displacement of wires into the TxDOT ROW when paralleling IH-10 for short distances in constrained areas due to required transmission line placement or irregularity in the TxDOT property line.
- Structure and transmission line placement in TxDOT ROW in extremely constrained areas or at rural interchange locations preferable to simply spanning the interchange outside of controlled access locations.

In my previous letter, two locations in the Kerrville area were left to further study to determine the most effective solution for all parties involved. At the most recent meeting on September 13th, 2011, among TxDOT, LCRA TSC, and FHWA an alignment for the transmission line facilities was agreed to at both locations, as follows:

- In the Harper Road (FM 783) area (See Exhibit 16), a route adjustment that will take the line across the intersection in TxDOT ROW in a way where hazards to traffic will be minimal. This will reduce the impact of the transmission line project on nearby landowners, and benefit the City of Kerrville from a development potential standpoint.
- At the intersection of I-10 and State Highway 16, all parties agreed that a variation on the "Green/Purple" route modification, which takes a straight path across the intersection is the best option for the line (See Exhibit 17). This option places 4-5 poles in TxDOT right-of-way, including one behind the "Welcome to Kerrville" sign, which is in accordance with the wishes of the City of Kerrville as expressed in their letter addressed to TxDOT on August 11th, 2011 (See Exhibit 19). LCRA TSC also agreed to place the poles in such a way where TxDOT will be able to lengthen and straighten its existing westbound exit ramp into the intersection into the future without conflict between the facilities. In sum, this alternative will allow the LCRA TSC facilities to be located in TxDOT right-of-way in a safe, reliable and acceptable way to both parties while greatly reducing impacts on several landowners and area structures, including 17 trailer homes that would have otherwise been relocated or moved to another location on the property.

For all 18 locations reviewed by TxDOT, FHWA and LCRA staff, the following tasks will be completed as part of the detailed design of the transmission line:

- Locations involving more than temporary construction access will require permit applications with appropriate exception requests, when necessary, based on the Texas Administrative Code, as with any utility infrastructure in TxDOT ROW.
- Some locations may require review and approval by the FHWA.
- LCRA TSC will prepare a Vegetation Management Plan for the areas where TxDOT ROW may be impacted by vegetation management required for the safe and reliable operation of the transmission line.
- LCRA TSC and TxDOT will develop a document detailing future cost obligations should TxDOT require relocation of any of the LCRA TSC facilities to be located within the TxDOT ROW.

As you know, the Public Utility Commission (Commission), which ordered LCRA TSC to construct this transmission line, believed that I-10 formed the most natural corridor through the Hill Country, and has expressed great interest in seeing LCRA TSC coordinate its construction activities with TxDOT. This intent is clearly stated in Paragraph 21 of the Commission's Order in Docket No. 38354 where the Commission added what to LCRA TSC's knowledge is an unprecedented ordering paragraph requiring best efforts by LCRA TSC to coordinate and reach agreement with TxDOT where possible: Ordering Paragraph 21 reads:

LCRA shall engage in discussions with the Texas Department of Transportation and use its best efforts to reach agreement with the Department to use state right-of-way along the proposed project where it parallels I-10. These discussions shall not unreasonably delay the completion of this project and, in any event, if agreement has not been reached on or before September 1, 2011, then LCRA shall proceed with construction on the proposed project.

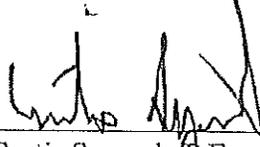
At this point in time, LCRA TSC believes that acknowledgement of the substantial progress and the conceptual approval of these alternatives is appropriate and should be reported to the PUC. We understand, as does TxDOT staff, that there is still much detailed design work ahead which will continue in the same constructive and cooperative manner that we have experienced to date.

LCRA TSC proposes that this document serve as an acknowledgement of concurrence on the route and conceptual design at the 18 locations and the anticipated development of the necessary steps to complete the detailed design and execute the necessary permitting documentation as the detailed design is completed for the transmission line. To that end, I have included an acknowledgement signature for TxDOT. As with the previous letter, LCRA TSC proposes to file a copy of this document with attachments with the PUC to document the progress on this project in compliance with Ordering Paragraph 21 in the Final Order of PUC Docket 38354.

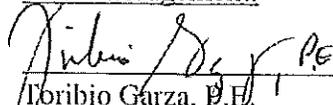
Again, LCRA TSC continues to appreciate the interest as well as the time and effort that TxDOT has invested in the collaborative process for this project, and stands ready to help in any way going forward

If you or your staff have any questions or desire any additional information, please feel free to contact me at (512) 369-4485, or Nathan Laughlin at (512) 369-4505.

Very truly yours,



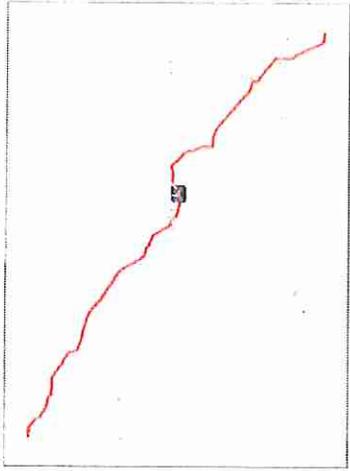
Curtis Symank, P.E.
Engineering Supervisor
Transmission Line Design

Acknowledgement:


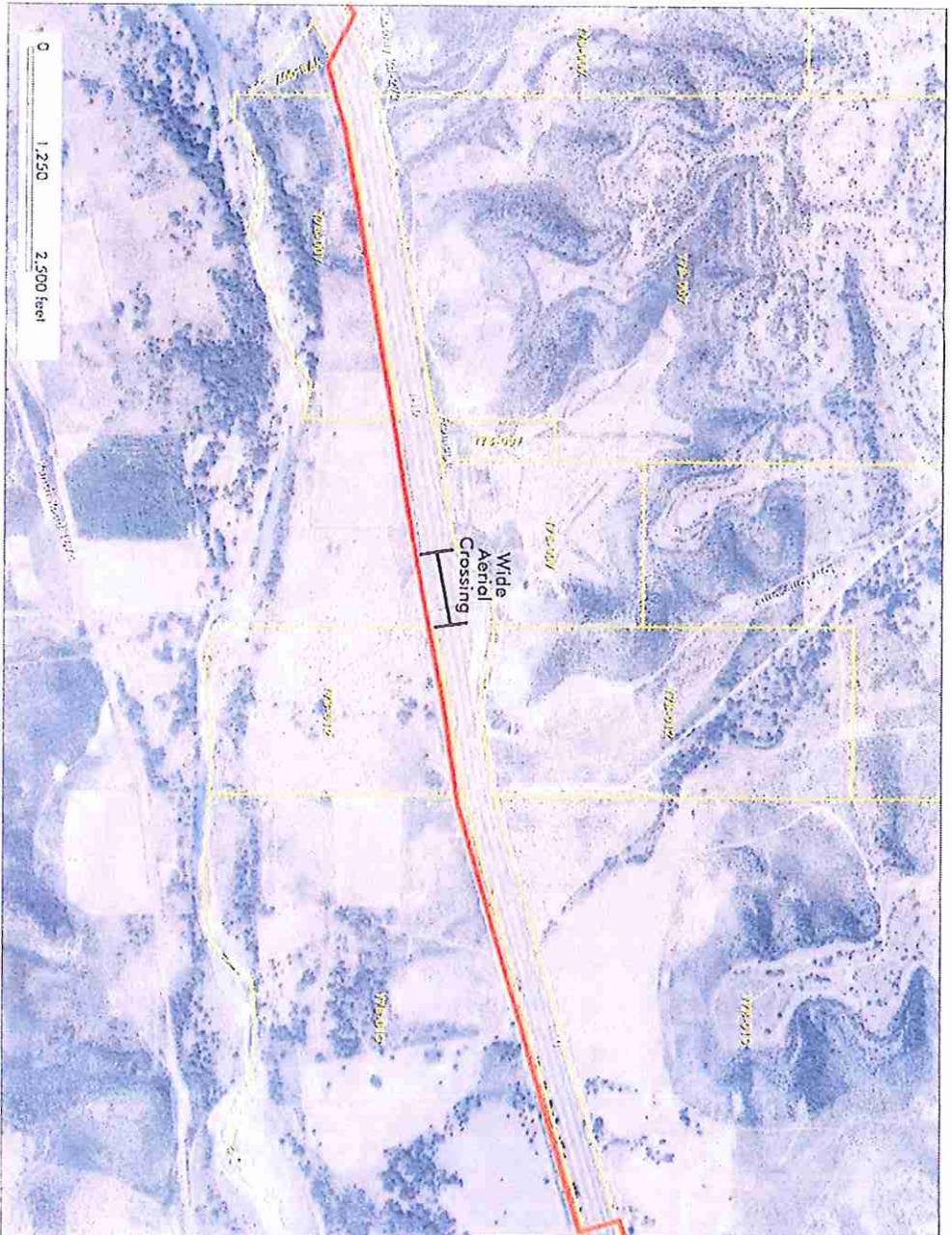
Toribio Garza, P.E.
Director, Maintenance Division
Texas Department of Transportation

Attachments

Mudjoe



- Wide aerial crossing of ramp area.
- Exception for aerial crossing of ramp will be requested.
- No structures in TXDOT ROW.



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Moff

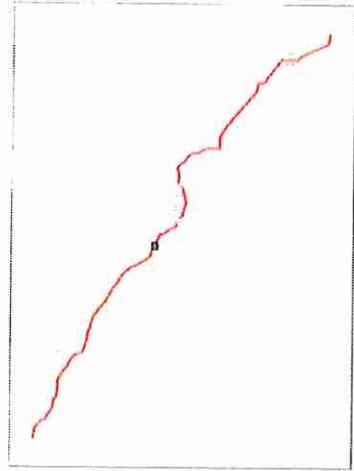


- 2 miles west of Junction
- May overhang out 10-15 feet of TXDOT right-of-way to avoid conflict with circle-pivot irrigation
- No structures in TXDOT right-of-way

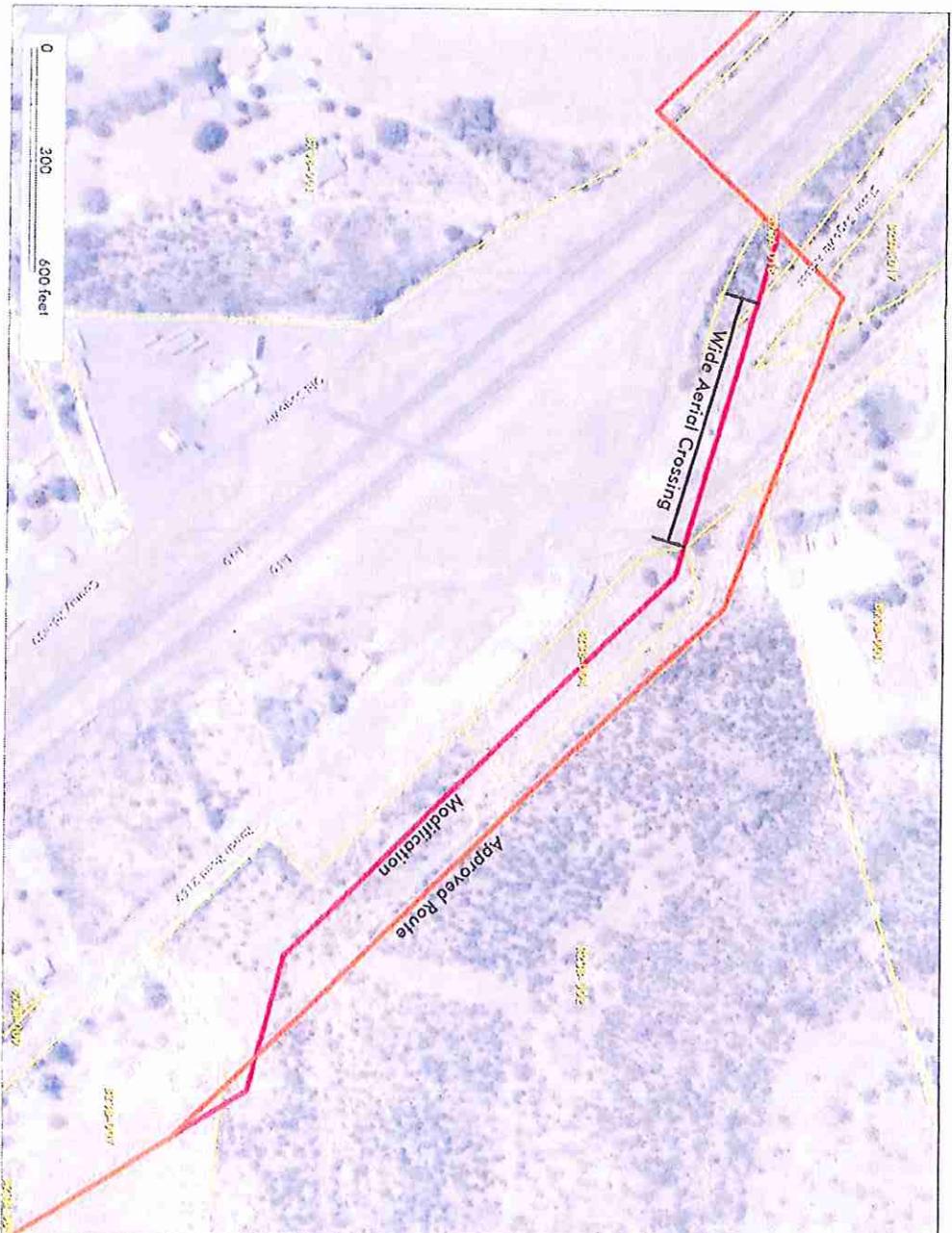


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Segovia

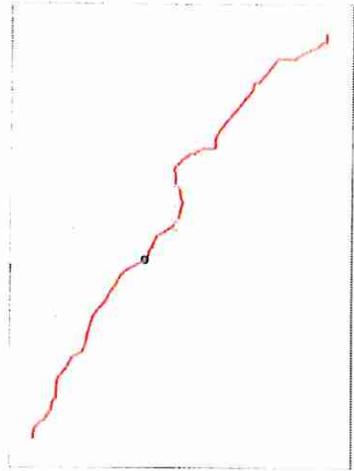


- Wide aerial crossing of TXDOT right-of-way and small laydown yard in Segovia.
- Width of crossing approx. 700 ft.
- Avoids conflict with existing transmission line.
- LCRAs will design line with enough clearance over yard to allow a gravel truck to lift bed.

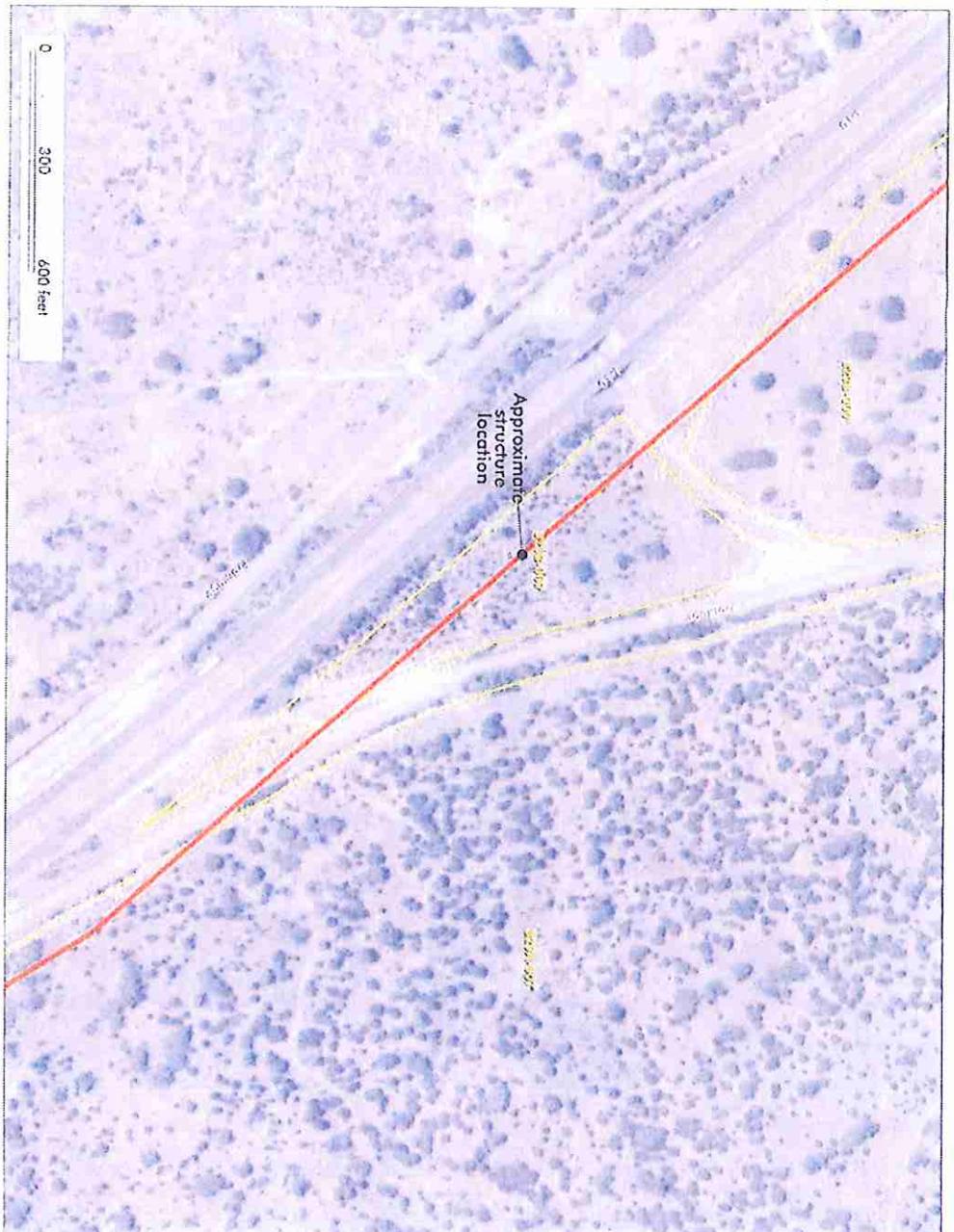


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FM 2169

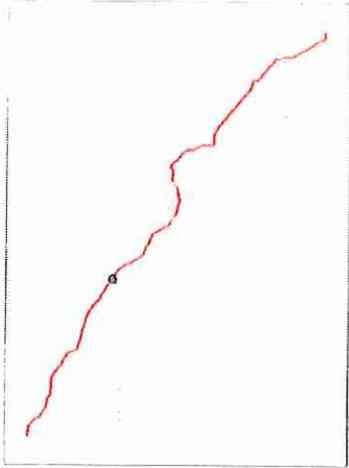


- Tract B23B-009 owned by TXDOT
- LCRA proposes to cross tract aerially and locate one tangent structure within it.
- Total crossing width approximately 1,750 ft.
- Single structure can be polestructure instead of lattice structure if desired.
- Access from frontage.

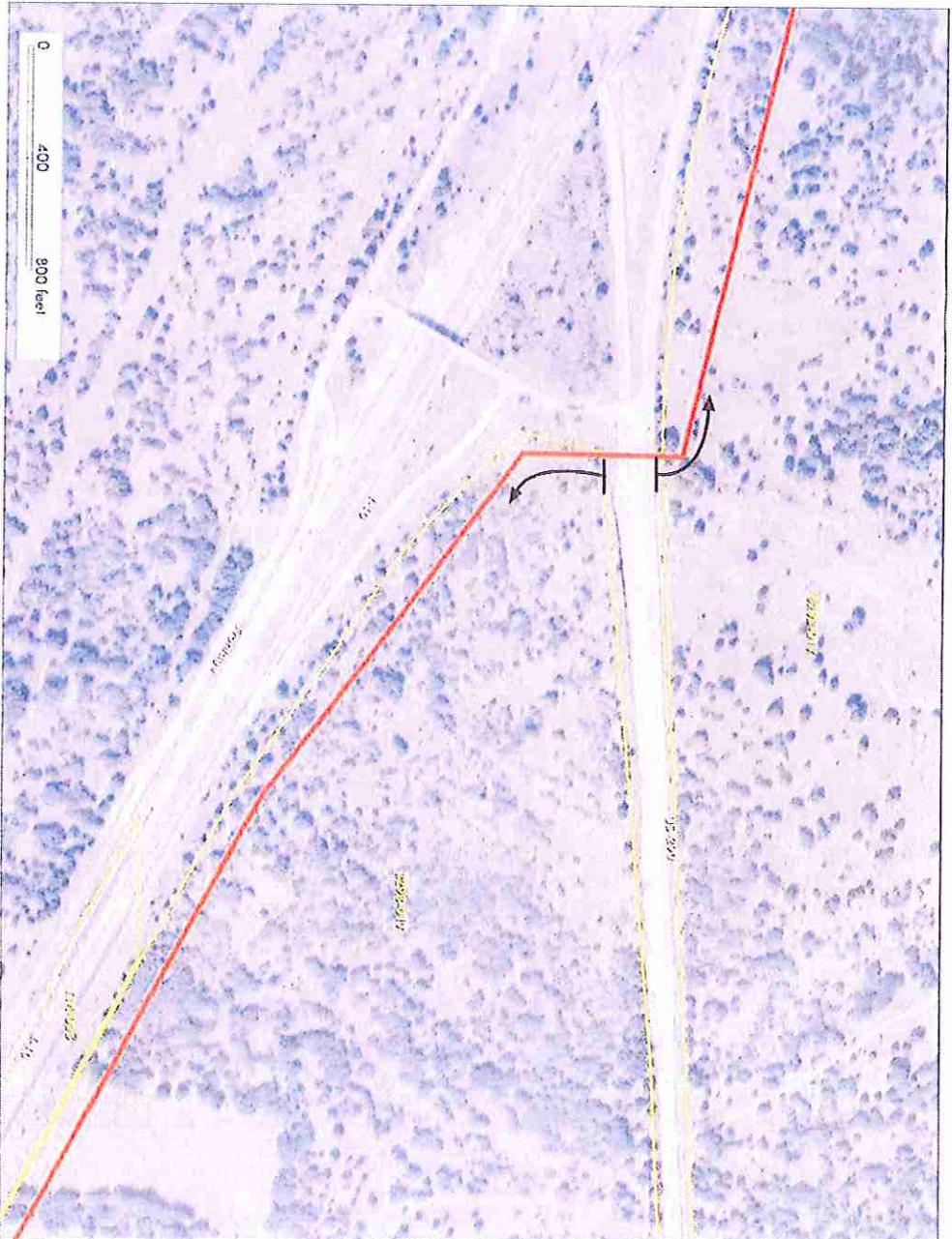


C2011-70

US 290 Access



- Access from US 290, near intersection with I-110
- Would build stabilized construction entrances
- Provides primary access to approximately 5 miles of the line.
- LCRA will request driveways at access locations.

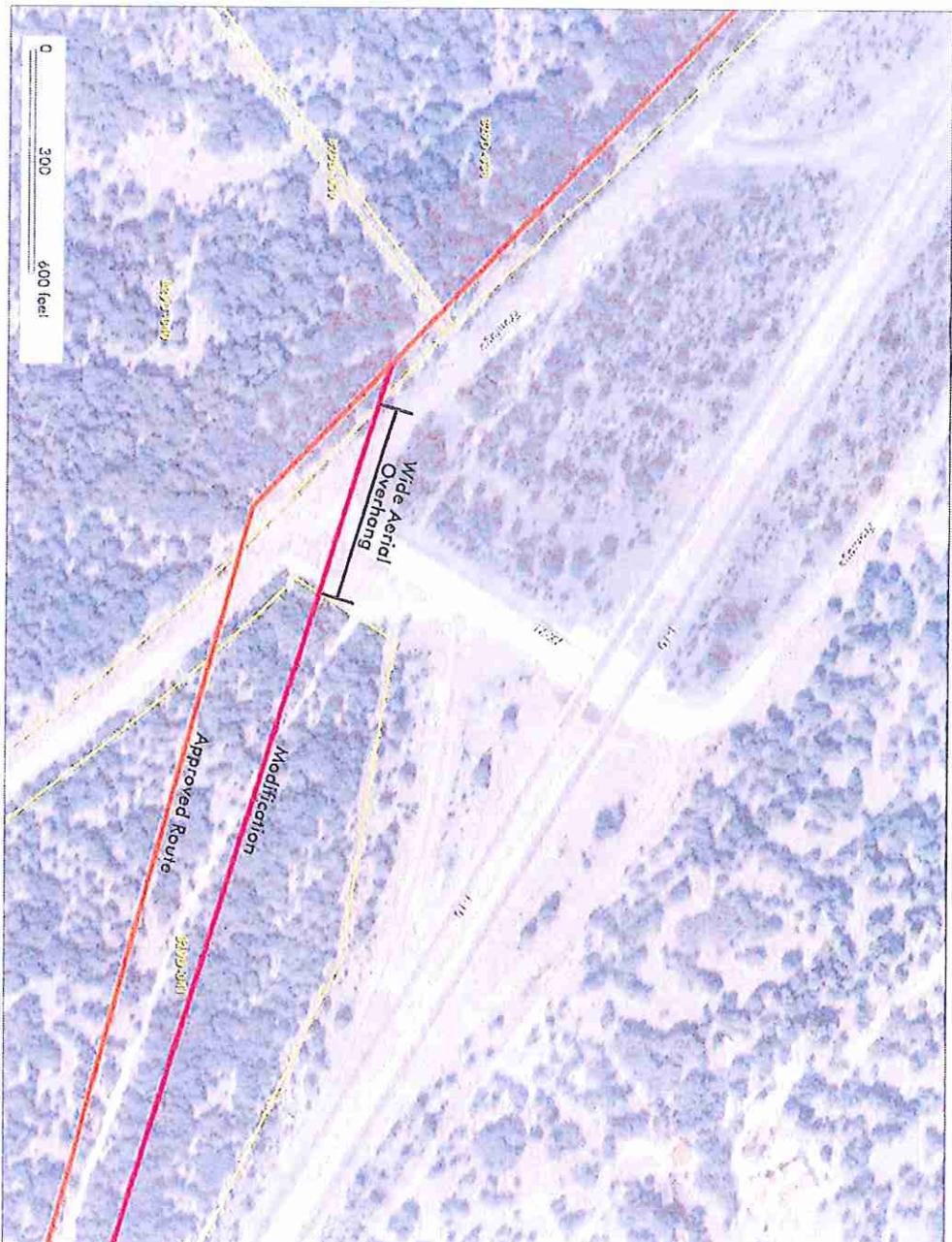


CA011-70

SH 27

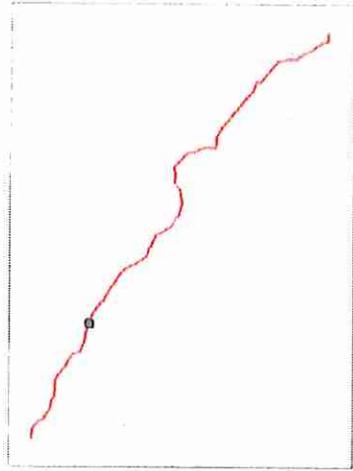


- Wide aerial overhang at intersection of SH27 and I-10 near Mountain Home
- Width of overhang 550 ft.
- Minimum clearance of 35 ft. over roadway would be maintained.

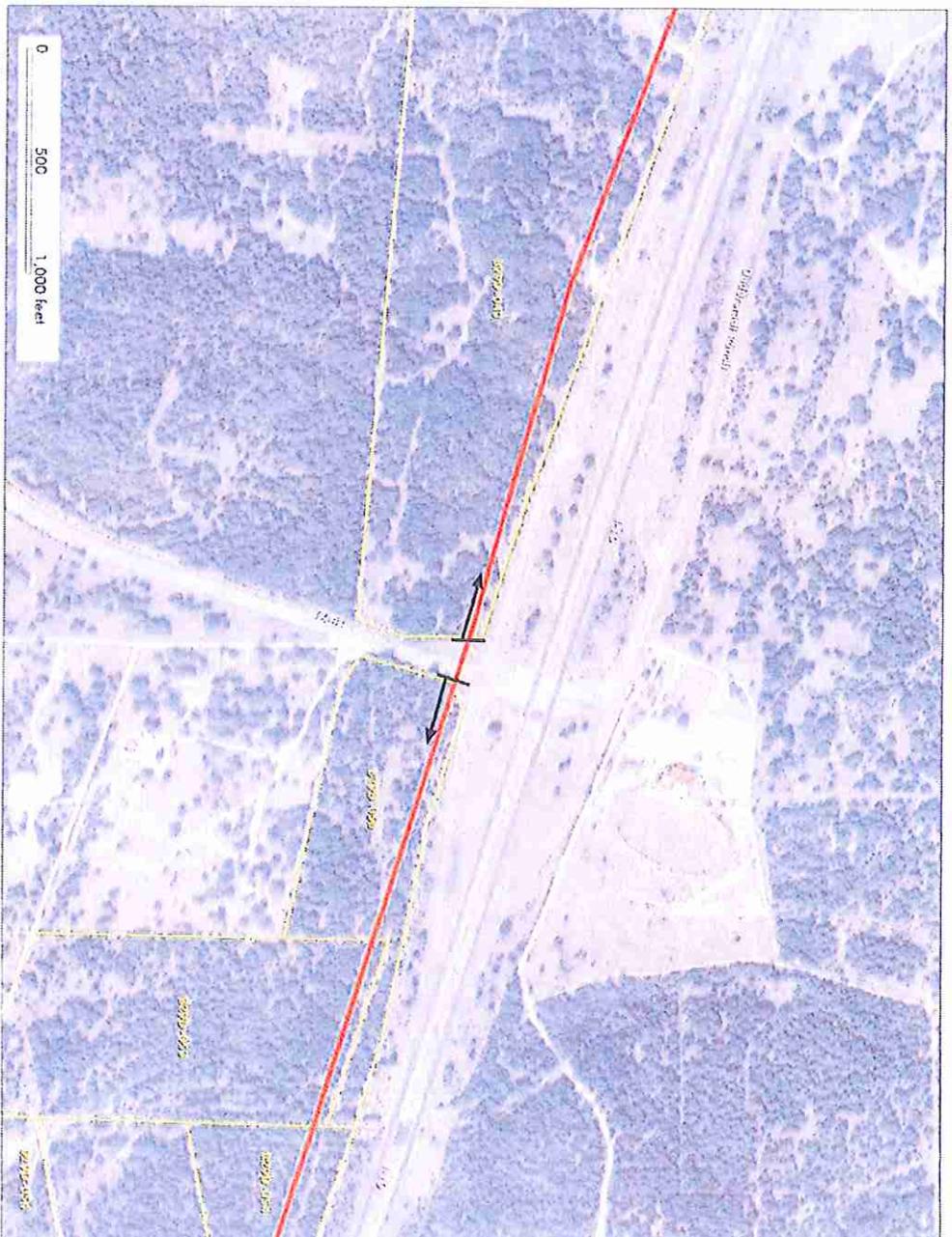


Ca011-70

SH 41 Access

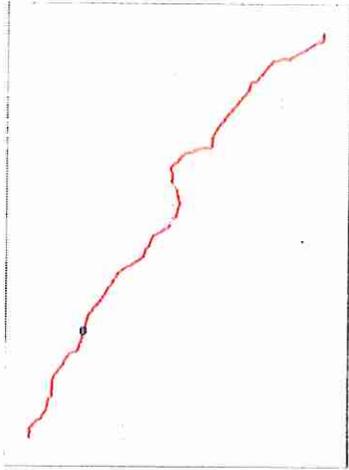


- Access from SH41 near intersection with I-10
- Would build stabilized construction entrances.
- Provides primary access to approximately 3 miles of the line.
- LCRA will request driveways at access locations.

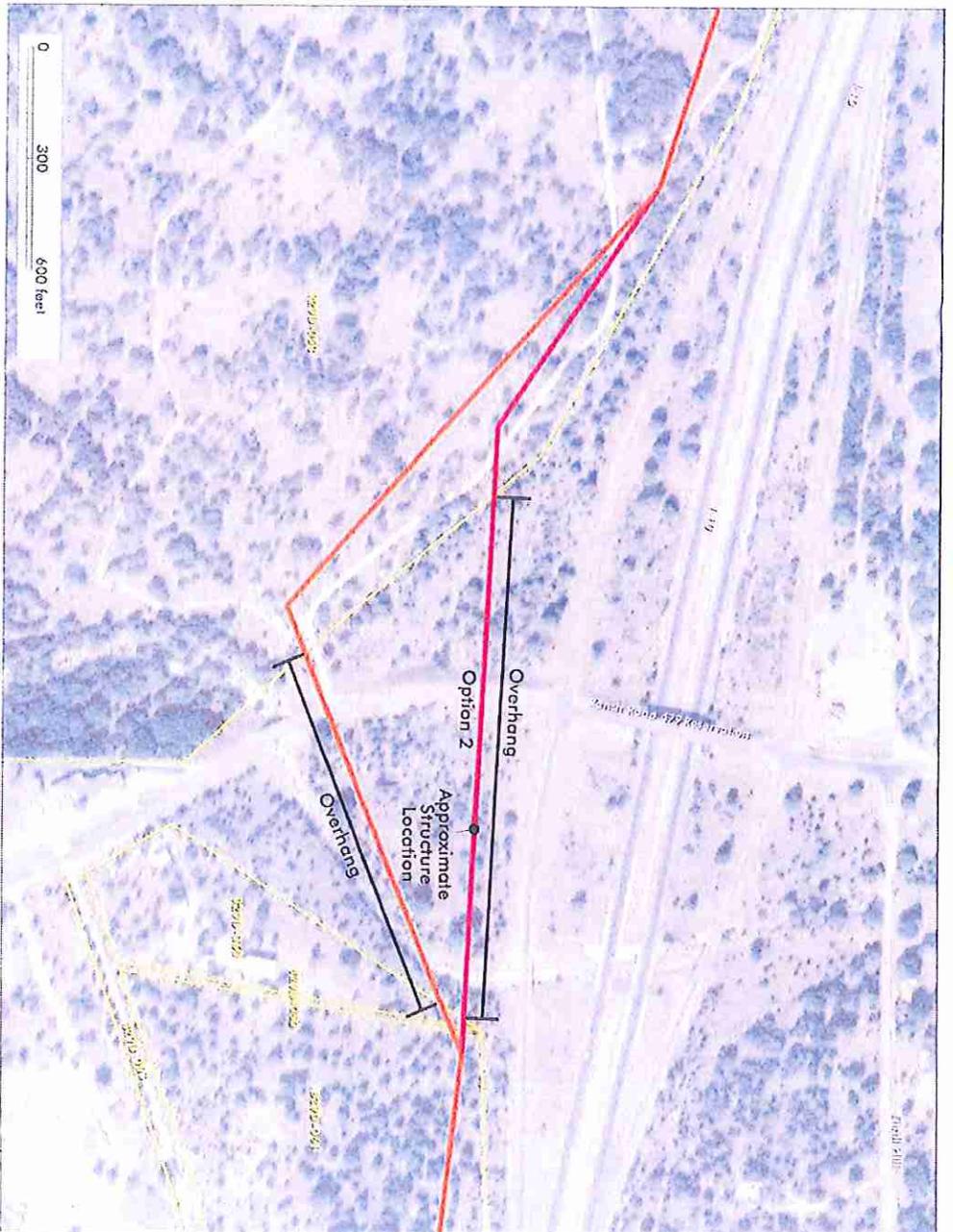


©2011-70

RR 479

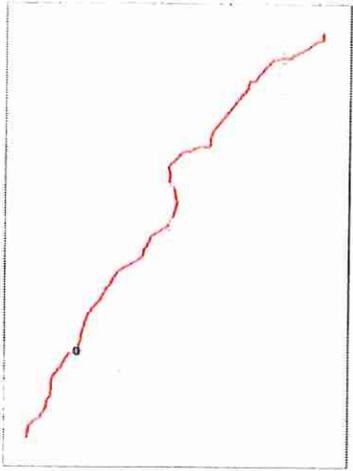


- Two alternatives at intersection of RR479 and I-10 near Mountain Home
- Option 1 would be wide areal overhang of approximately 1000 ft. over TXDOT right-of-way.
- Option 2 would place structure in field near creek in TXDOT right-of-way, increasing distance from homes in area.
- LCRA will request exception for single tangent pole in TXDOT ROW for Option 2.
- LCRA will request right to manage vegetation in TXDOT ROW.

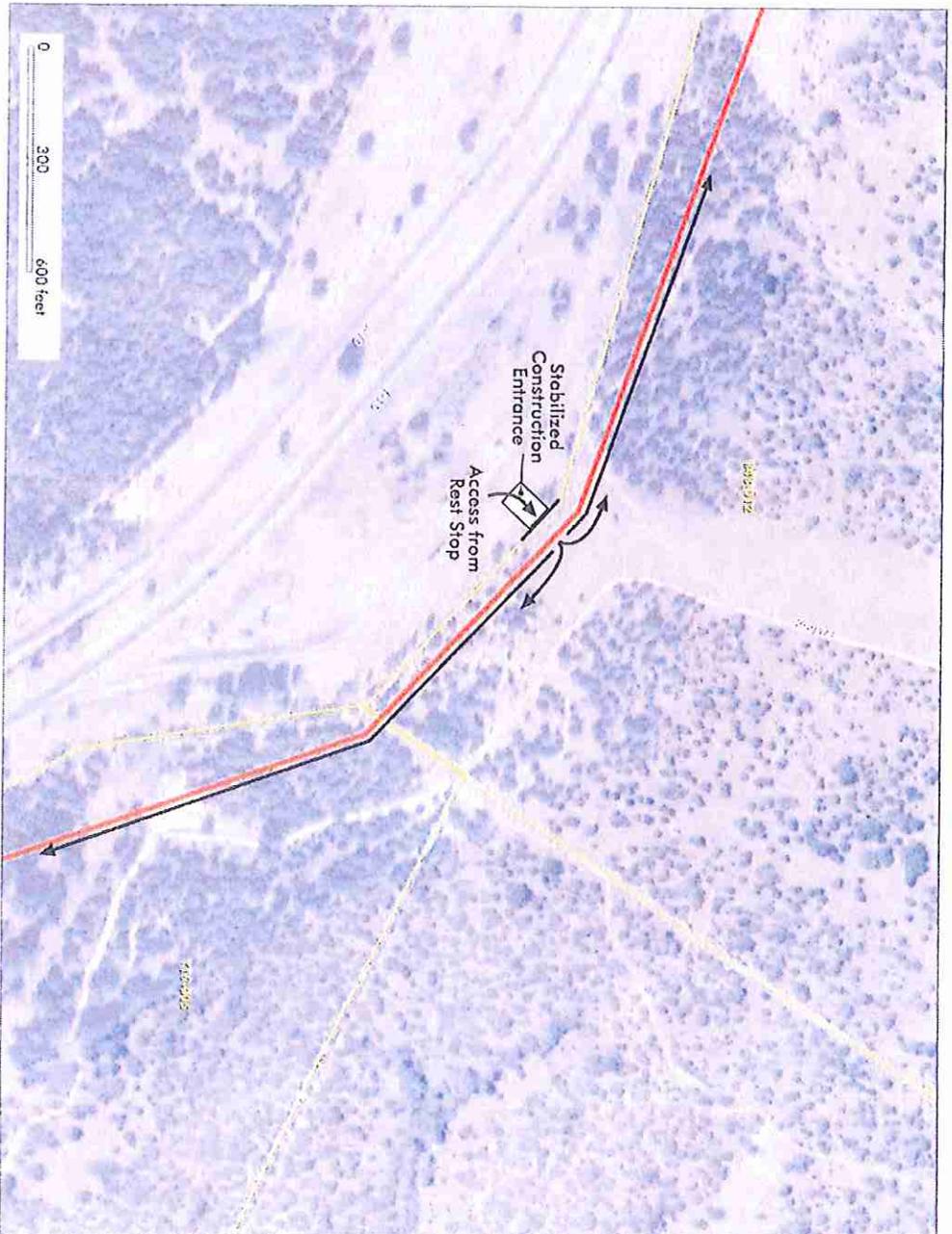


C2011-70

Rest Stop Access Kerrville West

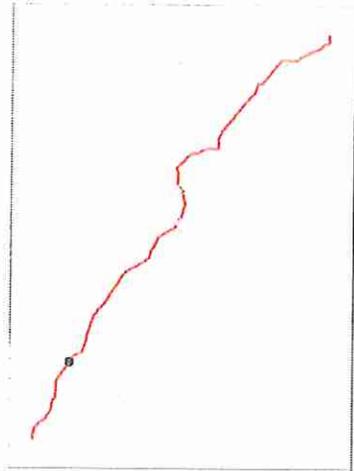


- Access through back of reststop 10 miles northwest of Kerrville along I-10.
- LCRA would build stabilized construction entrance through back of rest stop and install gate to access transmission line right-of-way
- Would provide primary access to 6 miles of transmission line along section where there is no access road, no nearby local roads, and terrain is rugged.
- LCRA would restore rest stop after construction.

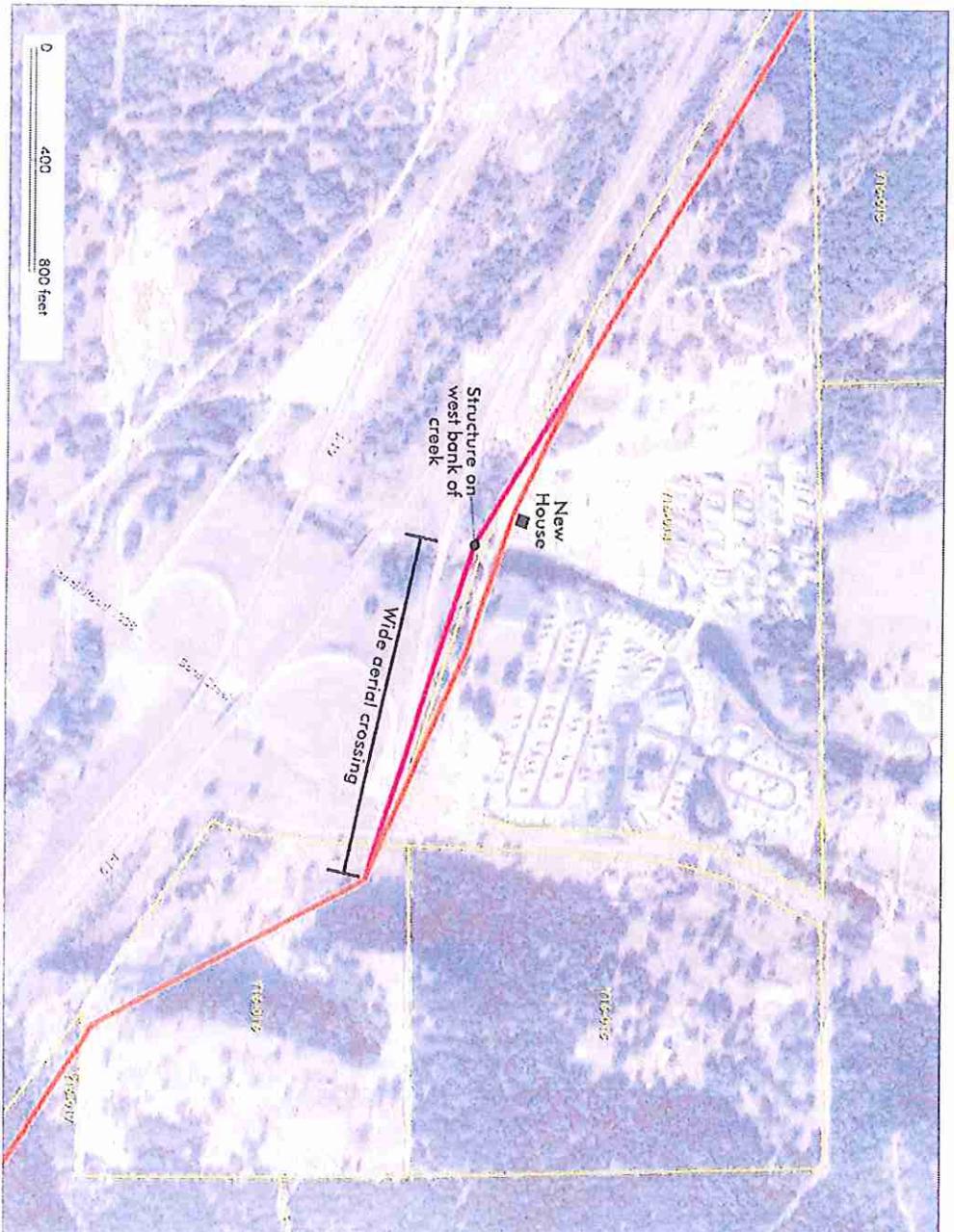


C 2011-70

Buckhorn - FM 1338

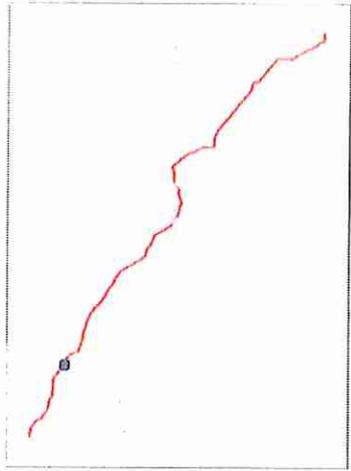


- This modification would involve placing one angle monopole within TXDOT right-of-way next to an entrance ramp to avoid a newly built small home.
- Wide aerial crossing of approximately 1200' over FM 1338 intersection.
- Structure is behind creek and part of existing guardrail which reduces the hazard to traffic.
- Can be accessed from private property instead of ramp.
- LCRA will request exception for pole in TXDOT ROW and for location of wires.

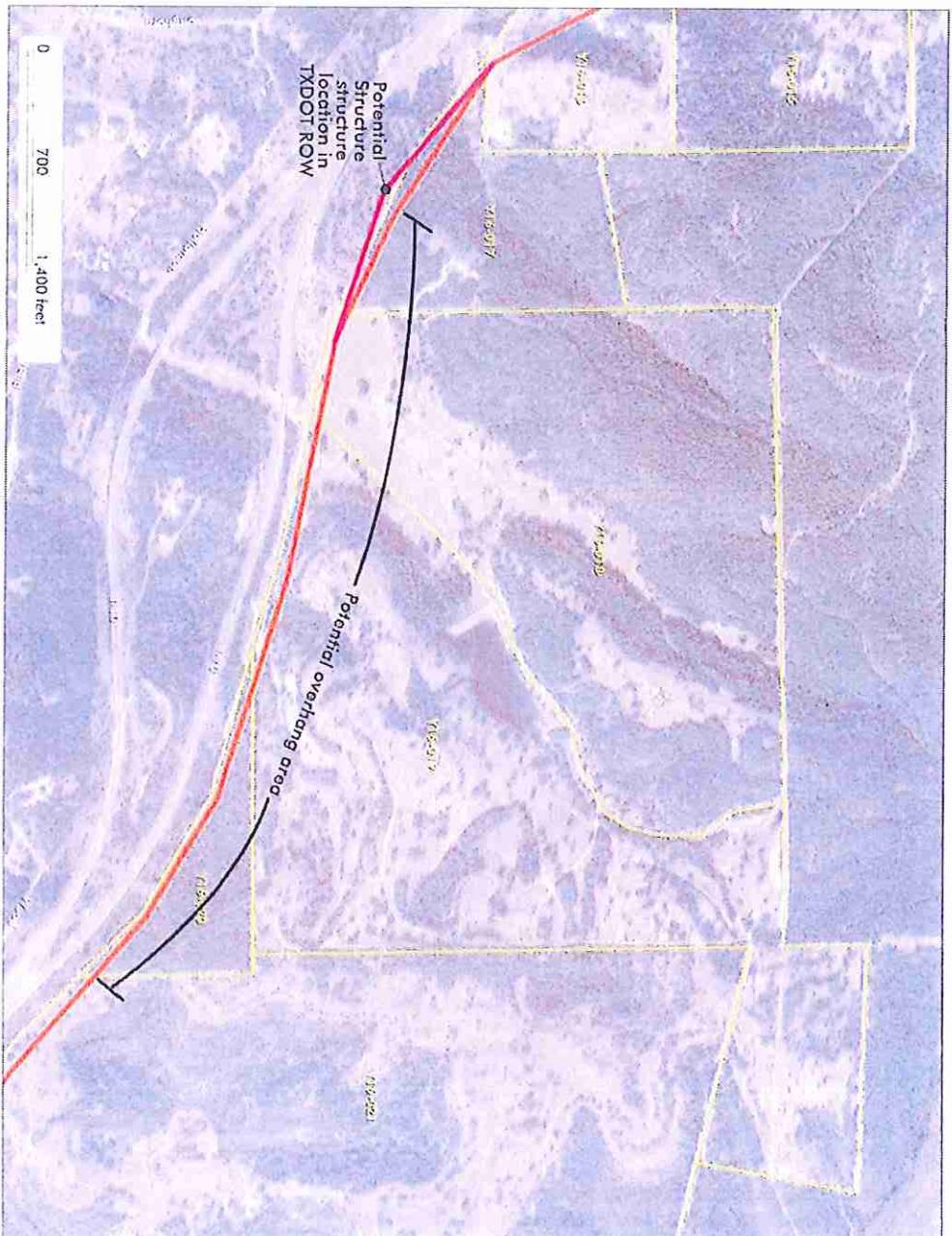


C2011-70

Emshoff-Davis-Garcia Area

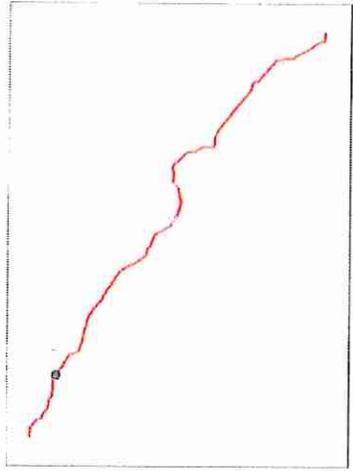


- Baseline proposal: can locate structures in such a way where wire zone may overlap TXDOT ROW on a limited basis.
- Landowner suggested option of one structure on wide, flat, elevated area in TXDOT ROW.

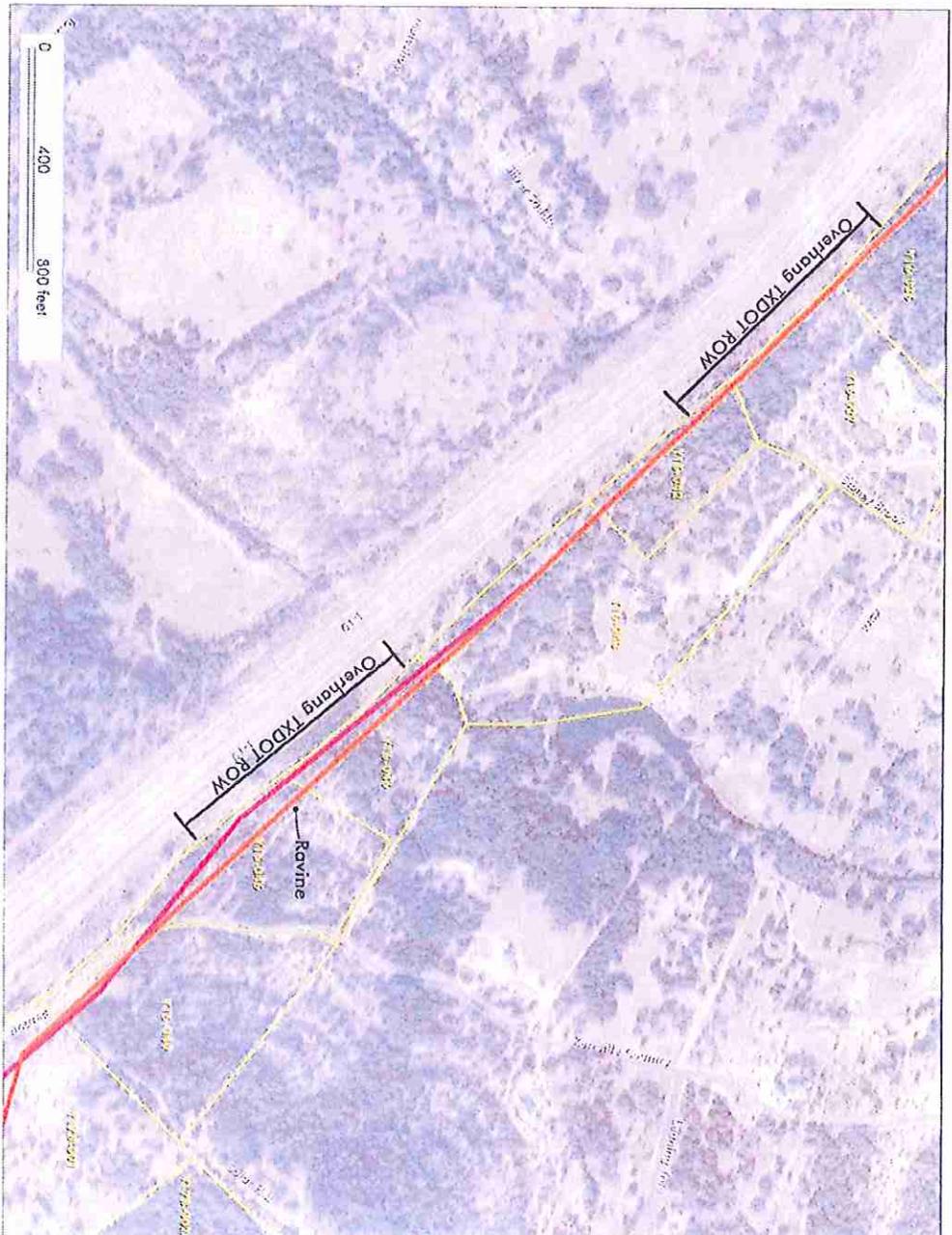


Ca011-70

Kerrville Country Area

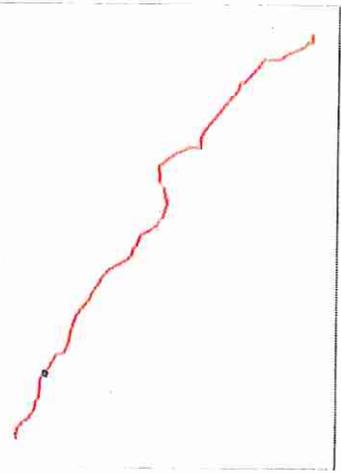


- Overhang of TXDOT right-of-way and access within TXDOT right-of-way from local road.
- Would place structures closer to TXDOT right-of-way on private property to avoid steep hillside and deep ravine.
- No structures within TXDOT right-of-way



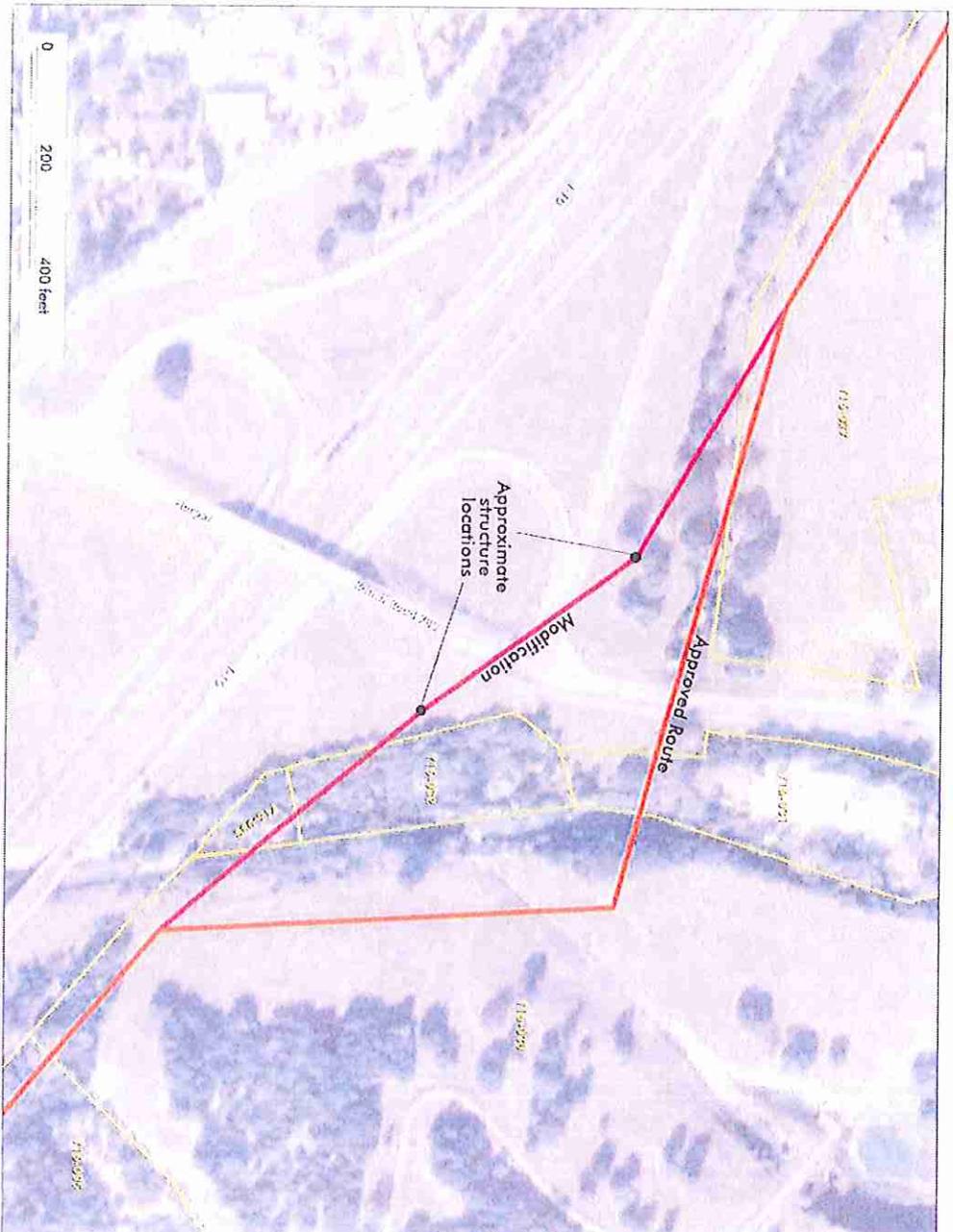
2011-70

Harper Road (FM 783)



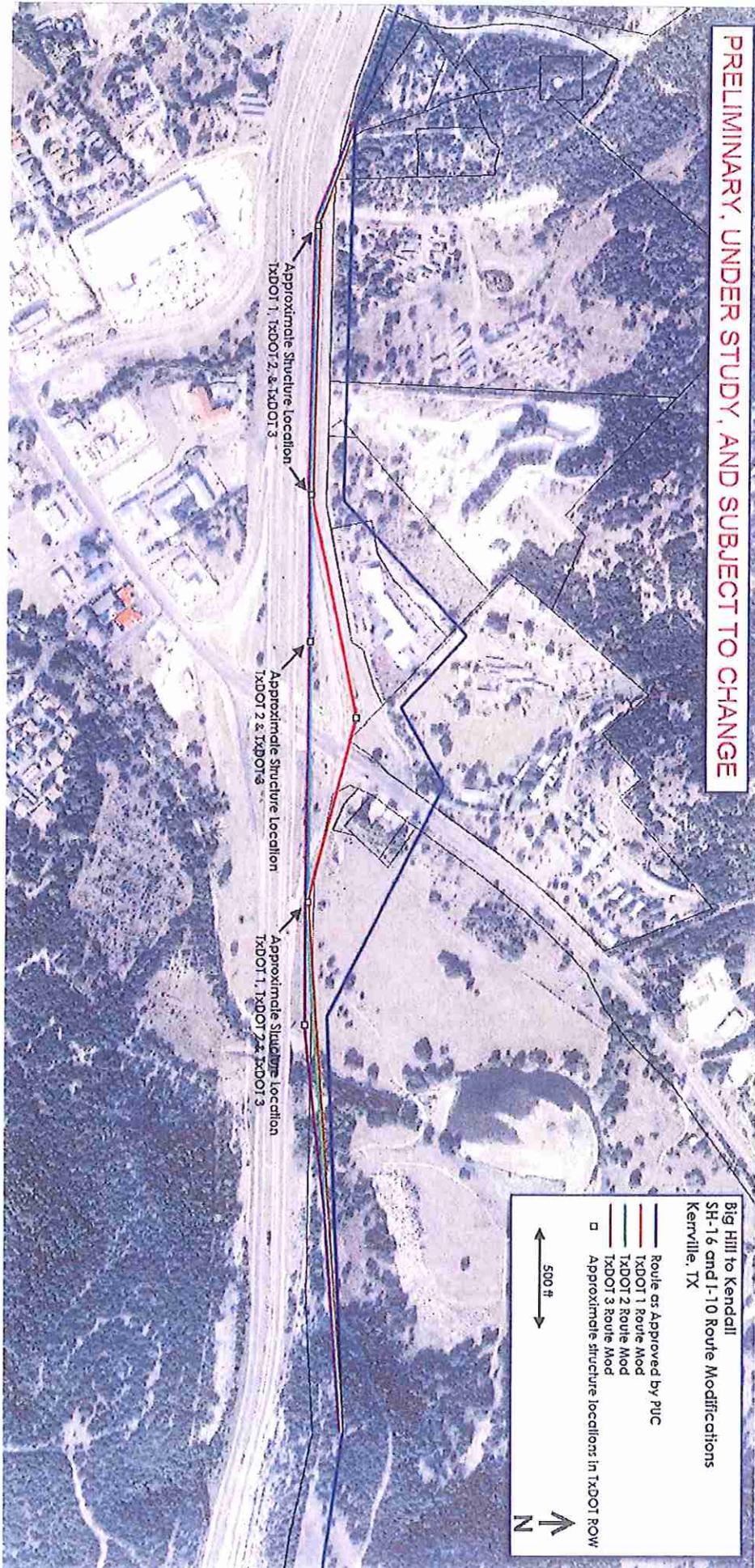
- Would place two pole structures in TXDOT ROW to avoid development and drainage.
- Access from Harper Road or private property.

Preliminary -
Under field review and subject to change



C2011-70

PRELIMINARY, UNDER STUDY, AND SUBJECT TO CHANGE



Big Hill to Kendall
SH-16 and I-10 Route Modifications
Kerrville, TX

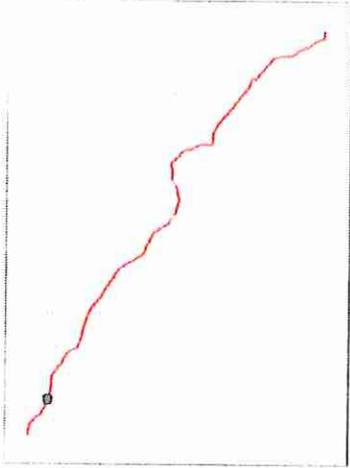
- Route as Approved by PUC
- TXDOT 1 Route Mod
- TXDOT 2 Route Mod
- TXDOT 3 Route Mod
- Approximate structure locations in TXDOT ROW

500 ft

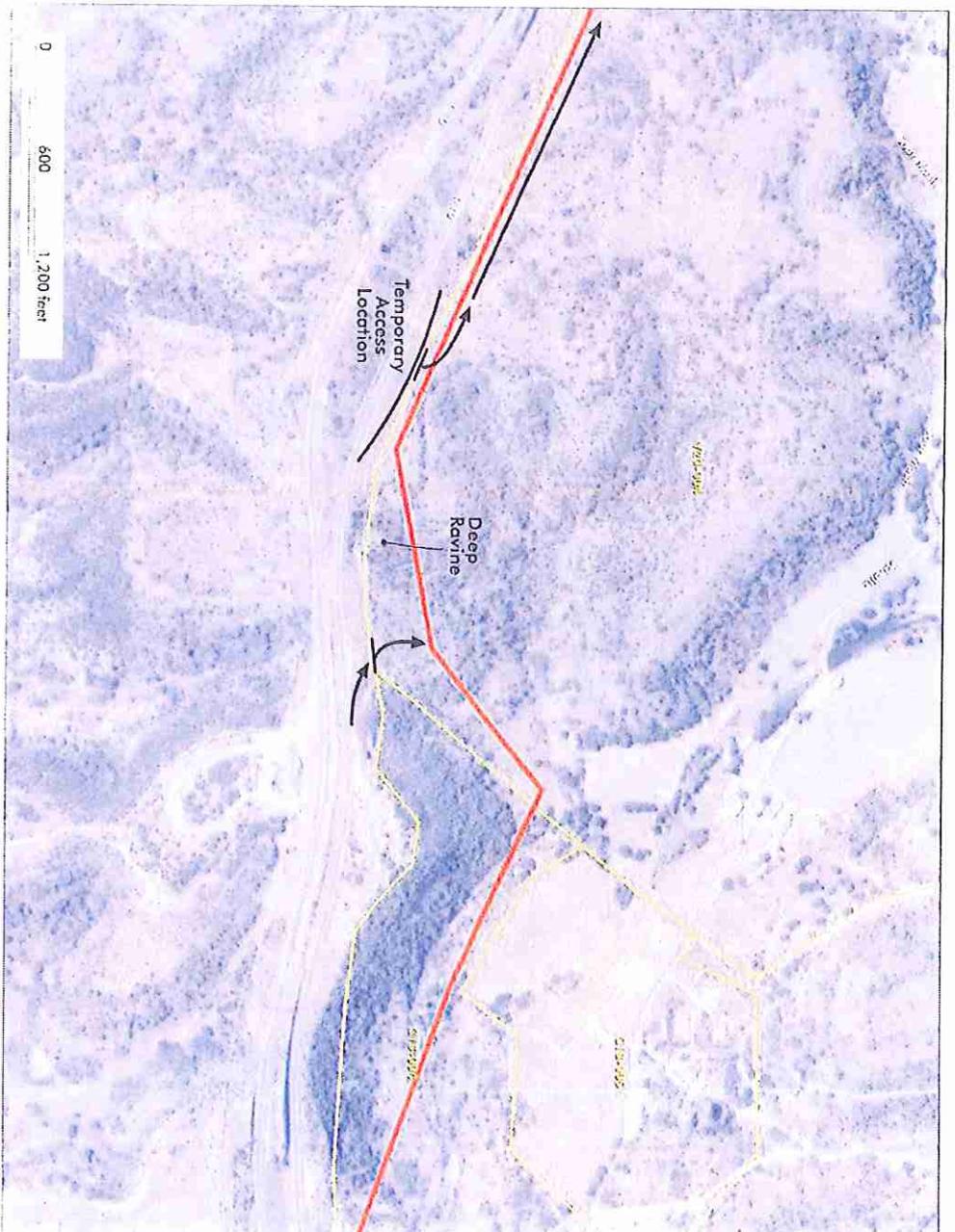


C2011-70

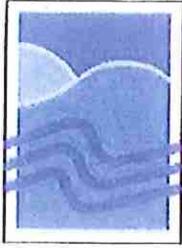
Kerrville East Rest Stop Temporary Access



- Local access to single structure through back of rest stop on steep isolated hill.
- Local temporary access approximately 5 miles of line along right-of-way in very rugged terrain with no access road or local roads nearby.
- Temporary access arrangements may include traffic controls, law enforcement, gates that would be installed and later removed or any other measures that would be necessary for the safety of the public and LCRA contractors.



2011-70



CITY OF KERRVILLE

CITY MANAGER

800 Junction Highway

Kerrville, Texas 78028

830-257-8000 / www.kerrvilletx.gov

August 11, 2011

Via Facsimile (512) 475-3072 (w/2 Attachments)

Mr. Amadeo Saenz Jr., P.E.
Executive Director
Texas Department of Transportation
125 East 11th Street
Austin, Texas 78701

RE: LCRA TSC's Use of TxDOT Right-of-way

Dear Mr. Saenz:

In a letter to you dated June 17, 2011, I expressed the City of Kerrville's opposition to LCRA TSC's use of TxDOT owned property for the construction of a Competitive Renewable Energy Zone ("CREZ") project. Kerrville has litigated to oppose those portions of the CREZ line that affect its city limits and extraterritorial jurisdiction. The ruling in our case went against the city and LCRA TSC is now able to move forward with construction.

Kerrville now has to do its best to mitigate the detrimental impacts that this project will have on the community. To that end, I am writing to request that TxDOT provide LCRA TSC access to TxDOT owned property to minimize the impact to private property, protect the City's gateways, and to avoid existing residential structures.

City representatives have had several discussions with LCRA TSC concerning the options for the location of the transmission line through Kerrville along the IH-10 corridor. LCRA TSC has expressed to the City that several options are available that would potentially lessen the impact to the City and the property owners at the intersections of IH-10 at SH-16 and IH-10 at Harper Highway. In order to avoid impacting the properties at these two locations, it is the City of Kerrville's strong preference that TxDOT grant to LCRA TSC the authority to route the transmission line as described herein.

For purposes of describing the City's preferences, I have included with this letter two maps that were provided to us by LCRA TSC approximately two weeks ago. The maps are marked "confidential," and LCRA TSC has expressed to us that it wishes these maps to remain confidential and not released to the public. However, LCRA TSC has consented to our use of the maps for purposes of this communication to you. I understand that these maps have subsequently been updated to make them more precise, but believe that they are sufficiently detailed to clearly indicate the City's preferences.

C2011-70

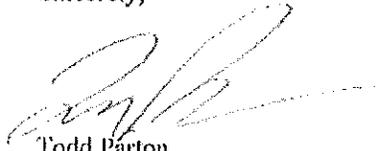
IH-10 at SH-16 – The City strongly prefers the use of the green route, designated as TxDOT 2 Route Mod, instead of the red line (TxDOT 1 Route Mod). Kerrville also requests that TxDOT work with LCRA TSC along that portion of the line identified as Segment Y20 to allow the CREZ project to be located within or immediately parallel to the IH-10 right-of-way as it extends east of SH-16 in order to minimize the amount of private property affected. Toward that end, it is the City's position that the purple route (TxDOT 3 Route Mod) is preferable to the green line in the area east of SH-16.

IH-10 at Harper Highway – At the City's request, LCRA TSC proposed an alternative routing that essentially flies over the Harper Road – IH-10 interchange. It is the City's strong preference that the Harper Road TxDOT 1 Route Mod be used at this location.

There has been an investment of more than \$200,000 in state and local tax dollars to construct the gateway feature at the northwest corner of IH-10 and SH-16. It is the City's preference that the power poles be located in a manner that provides for no visual obstruction of the gateway feature for west-bound traffic and to not impact the maturing plant materials and irrigation and other related infrastructure.

Kerrville understands that TxDOT is allowing an unprecedented amount of access to its right-of-way for this project and appreciates the department's assistance to minimize these very significant negative impacts to our community. Please feel free to contact me with any questions or if I need to provide any additional clarification.

Sincerely,



Todd Parton
City Manager

Attachments: IH-10/SH-16 Route Map
IH-10/Harper Highway Route Map

CC: Commissioners, Texas Transportation Commission
City Council
Judge Pat Tinley, Kerr County Judge

CONFIDENTIAL. PREPARED FOR SETTLEMENT PURPOSES

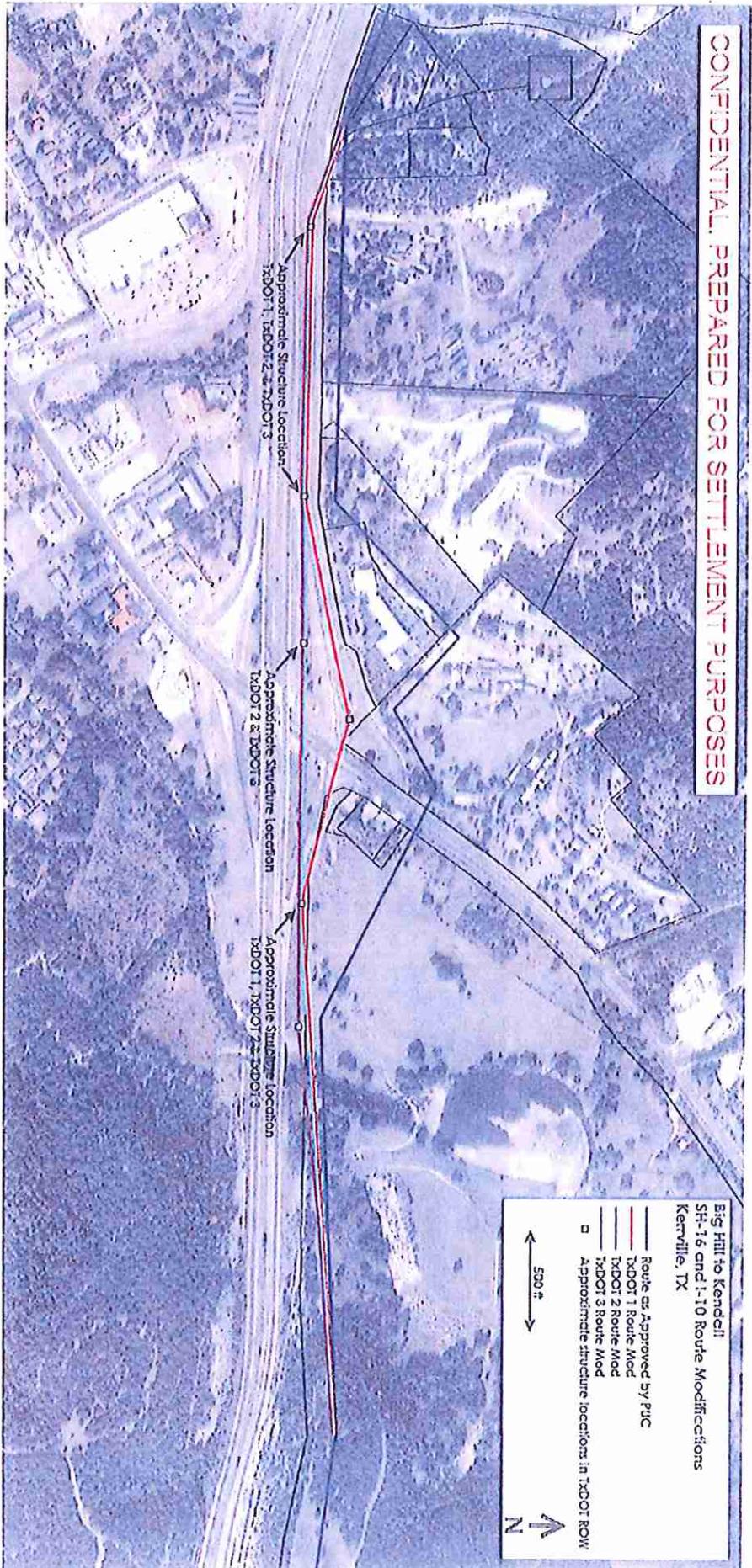


Fig Hill to Kendall
SH-16 and I-10 Route Modifications
Kerrville, TX

- Route as Approved by PUC
- TxDOT 1 Route Mod
- TxDOT 2 Route Mod
- TxDOT 3 Route Mod
- Approximate structure locations in TxDOT ROW

500 ft



2011-70

CONFIDENTIAL, PREPARED FOR SETTLEMENT PURPOSES



Big Hill to Kendall
Harper Road Route Modifications
Kerrville, TX

- Route as Approved by PUC
- Harper Road TXDOT 1 Route Mod
- Approximate structure locations in TXDOT ROW

500 ft

N

2011-70

DOCKET NO. 39516

COMPLAINT OF CECIL R.
ATKISSON AND CITY OF
KERRVILLE AGAINST LOWER
COLORADO RIVER AUTHORITY
TRANSMISSION SERVICES
CORPORATION

§
§
§
§
§
§

PUBLIC UTILITY COMMISSION
OF TEXAS

RECEIVED
NOV 16 PM 2:29
FILING CLERK

**ORDER NO. 9
DISMISSING COMPLAINT**

On October 21, 2011, Cecil R. Atkisson, City of Kerrville, Kerr County, and LCRA Transmission Services Corporation (collectively, Movants) filed a joint motion to dismiss this complaint with prejudice. Movants entered into a settlement agreement that resolves all of the outstanding issues in this proceeding. The settlement agreement was filed concurrently with the joint motion to dismiss. Movants represented that Commission Staff supports the joint motion to dismiss.

Based upon the foregoing representations, this complaint is dismissed with prejudice pursuant to P.U.C. PROC. R. 22.181(a)(1)(B).

SIGNED AT AUSTIN, TEXAS on the 16th day of November 2011.

PUBLIC UTILITY COMMISSION OF TEXAS


IRENE MONTELONGO
DIRECTOR, DOCKET MANAGEMENT

Agenda Item:

7D. A resolution providing for the city's approval or disapproval of the Kerr Central Appraisal District's fiscal year 2013 budget. (staff)

**TO BE CONSIDERED BY THE CITY COUNCIL
CITY OF KERRVILLE, TEXAS**

SUBJECT: Resolution providing for the city's approval or disapproval of the Kerr Central Appraisal District's fiscal year 2013 budget.

FOR AGENDA OF: July 24, 2012

DATE SUBMITTED: July 13, 2012

SUBMITTED BY: Mike Erwin 
Director of Finance

CLEARANCES: Todd Parton
City Manager

EXHIBITS: Resolution, FY 2013 Budget

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER: 

Expenditure	Current Balance	Amount	Account
Required:	in Account:	Budgeted:	Number:
\$	\$	\$	

PAYMENT TO BE MADE TO:

REVIEWED BY THE FINANCE DIRECTOR:

SUMMARY STATEMENT

The Kerr Central Appraisal District has submitted its FY 2013 Proposed Budget for approval by the Kerrville City Council. The FY 2013 budget is \$894,073, which is \$36,407 or 4.24% more than FY 2012. The increases included salaries and software support. The City of Kerrville's estimated allocation for the FY 2013 budget is \$123,692 which is \$1,991 more than FY 2012's allocation of \$121,701.

RECOMMENDED ACTION

The Director of Finance recommends Council take action to approve or disapprove the FY2013 Kerr Central Appraisal District budget.

**CITY OF KERRVILLE, TEXAS
RESOLUTION NO. ____-2012**

**A RESOLUTION PROVIDING FOR THE CITY'S APPROVAL OR
DISAPPROVAL OF THE KERR CENTRAL APPRAISAL DISTRICT'S
FISCAL YEAR 2013 BUDGET**

WHEREAS, the Kerr Central Appraisal District ("KCAD") submitted its proposed fiscal year 2013 budget to the City Council for consideration; and

WHEREAS, pursuant to state law, the City Council must consider KCAD's budget and in the event Council does not approve, it must indicate this action via a resolution; and

WHEREAS, the City Council of the City of Kerrville, Texas, finds it to be in the public interest to either approve or disapprove of said proposed budget as indicated below;

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY
OF KERRVILLE, KERR COUNTY, TEXAS:**

The Kerr Central Appraisal District's proposed fiscal year 2013 budget, as set forth in Exhibit A, is _____ (APPROVED OR DISAPPROVED).

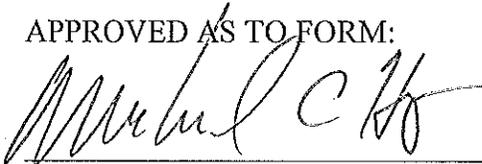
PASSED AND APPROVED ON this the ____ day of _____, A.D., 2012.

Jack Pratt, Jr., Mayor

ATTEST:

Brenda G. Craig, City Secretary

APPROVED AS TO FORM:



Michael C. Hayes, City Attorney

KERR CENTRAL APPRAISAL DISTRICT
Board of Directors
P.O. BOX 294387
1836 JUNCTION HIGHWAY
KERRVILLE, TEXAS 78029

To: Governing Bodies of Taxing Entities Served by Kerr CAD
Re: Kerr CAD 2013 Proposed Budget & Hearing and 2012 Preliminary Values
Date: June 25, 2012

Attached is a copy of the Proposed 2013 Kerr CAD Budget. The KCAD Board of Directors has set Thursday, July 12th at 10 A.M. for the public hearing and adoption of the Budget. The Budget Hearing will be held at the Kerr CAD Office at 1836 Junction Highway in Kerrville, Texas.

I have also included the most recent Preliminary Values for your entity. The 12th of June was the deadline for most taxpayers to protest. There may be some additional reductions in value due to the Appraisal Review Board process.

Budget Adoption -- "If a majority of the voting taxing units adopt and file resolutions disapproving a budget within 30 days after its adoption, the budget does not take effect. The board must adopt a new budget within 30 days of disapproval. The board may amend the approved budget at any time. The secretary of the board must deliver a written copy of a proposed amendment to the each participating taxing unit not later than the 30th day before the date the board acts on it."

Thank you,


Raymond H. Orr
Secretary

PHONE 830-895-5223
FAX 830-895-5227

EXHIBIT A

2013 Proposed Budget

Kerr Central Appraisal District

P.O. Box 294387
1836 Junction Highway
Kerrville, TX78029
(830) 895-5223

BOARD MEMBERS

Kirk Griffin, Chairman
Charles Lewis, Vice Chair
Ray Orr, Secretary
William H. "Hank" Moody
Mark Bigott
Diane Bolin, CTAC

P. H. Coates, IV
Chief Appraiser

Sharon E. Capeheart
Deputy Chief

<u>Line</u>	<u>Item</u>	<u>2012</u>	<u>2013</u>	<u>\$ Diff</u>	<u>% Diff</u>	<u>% Total</u>
5006	Salaries	\$495,448	\$514,311	\$18,863	3.81%	57.5%
5010	Employer Portion of Ret	\$41,116	\$42,625	\$1,509	3.67%	4.8%
5012	Medicare Insurance	\$7,186	\$7,458	\$272	3.79%	0.8%
5015	Employee Medical Insur	\$94,608	\$103,256	\$8,648	9.14%	11.5%
5016	TX Employment Commiss	\$2,970	\$3,132	\$162	5.45%	0.4%
5017	Disability Insurance	\$8,000	\$8,000	\$0	0.00%	0.9%
5030	Appraisal Review Board	\$12,500	\$12,500	\$0	0.00%	1.4%
5034	Vehicle Replace. Reserve	\$8,000	\$8,000	\$0	0.00%	0.9%
5035	Travel & Mileage & Maint.	\$15,000	\$18,000	\$3,000	20.00%	2.0%
5040	Annual Audit	\$5,450	\$5,750	\$300	5.50%	0.6%
5045	Mapping Expense	\$11,093	\$11,093	\$0	0.00%	1.2%
5060	Deed Copies	\$1,000	\$1,000	\$0	0.00%	0.1%
5070	Leased Equipment	\$5,688	\$6,051	\$363	6.38%	0.7%
5075	Telephone	\$7,400	\$3,000	(\$4,400)	-59.46%	0.3%
5080	Utilities	\$9,000	\$9,000	\$0	0.00%	1.0%
5085	Grounds & Building Maint.	\$4,050	\$4,050	\$0	0.00%	0.5%
5090	Consultant - Appraisal	\$15,000	\$15,000	\$0	0.00%	1.7%
5100	Legal & Consultants	\$10,000	\$10,000	\$0	0.00%	1.1%
5102	Legal ARB	\$0	\$2,000	\$2,000	100.00%	0.0%
5105	Liab./Workers Compensat	\$5,000	\$5,000	\$0	0.00%	0.6%
5110	Publishing/Publications	\$3,500	\$3,500	\$0	0.00%	0.4%
5120	Schools/Employee Ed.	\$6,550	\$6,550	\$0	0.00%	0.7%
5130	Postage	\$15,000	\$15,000	\$0	0.00%	1.7%
5135	Printing	\$5,000	\$5,000	\$0	0.00%	0.6%
5136	Professional Dues	\$2,285	\$2,285	\$0	0.00%	0.3%
5140	Office Supplies	\$7,000	\$7,000	\$0	0.00%	0.8%
5145	Furniture, Fixtures & Equip	\$7,000	\$7,000	\$0	0.00%	0.8%
5150	Board of Directors	\$3,200	\$3,200	\$0	0.00%	0.4%
5155	Equip. Maint and Reserve	\$1,500	\$1,500	\$0	0.00%	0.2%
5170	Building Reserve	\$7,000	\$7,000	\$0	0.00%	0.8%
5180	Software Support	\$25,505	\$31,195	\$5,690	22.31%	3.5%
5185	Debt Ser App System	\$15,497	\$0	(\$15,497)	100.00%	0.0%
5186	App. System Expenses	\$0	\$15,497	\$15,497	0.00%	1.7%
5200	Banking Fees	\$120	\$120	\$0	100%	0.0%
TOTAL	TOTALS	\$857,666	\$894,073	\$36,407	4.24%	104.2%

Expenditures Per Line Item Comparison

5006 Salaries:

	Positions	2012	COLA 3%	Merit/Desig	2013
IV	Chief Appraiser	\$80,840	\$2,425	\$ -	\$83,265
Sharon	Deputy Chief	\$55,790	\$1,674	\$ -	\$57,464
Mike	Senior Appraiser	\$52,000	\$1,560	\$ -	\$53,560
Jesse	Agr App RPA	\$38,000	\$1,140	\$ -	\$39,140
Jason	Field App RPA	\$37,000	\$1,110	\$ 500	\$38,610
Kathy L	Com App RPA	\$35,018	\$1,051	\$ -	\$36,069
Michael	Field App RPA	\$35,500	\$1,065	\$ 500	\$37,065
Russell	Field App III	\$28,250	\$848	\$ 2,500	\$31,598
D.J.	Abstractor	\$32,000	\$960	\$ -	\$32,960
Rob	GIS Manager	\$46,550	\$1,397	\$ -	\$47,947
Kathy J	Exemp Spec II	\$29,500	\$885	\$ 500	\$30,885
Collin	Exemp Spec I	\$25,000.00	\$750	\$ -	\$25,750
	TOTALS	\$495,448	\$14,863	\$ 4,000	\$514,311

<u>Position</u>	<u>2013 Sal</u>	<u>Med Ins</u>	<u>Retire</u>	<u>Medicar</u>	<u>Unemp</u>	<u>Disabilit</u>	<u>Totals</u>
Chief Appraiser	\$83,265	\$8,605	\$6,661	\$621	\$261	\$667	\$100,079
Deputy Chief	\$57,464	\$8,605	\$4,597	\$621	\$261	\$667	\$72,214
Senior App	\$53,560	\$8,605	\$4,285	\$621	\$261	\$667	\$67,998
Agr. App RPA	\$39,140	\$8,605	\$3,131	\$621	\$261	\$667	\$52,424
Field Appr. RPA	\$38,610	\$8,605	\$3,089	\$621	\$261	\$667	\$51,852
ComAppr. RPA	\$36,069	\$8,605	\$2,886	\$621	\$261	\$667	\$49,107
Field Appr. RPA	\$37,065	\$8,605	\$2,965	\$621	\$261	\$667	\$50,183
FiedAppr. III	\$31,598	\$8,605	\$2,528	\$621	\$261	\$667	\$44,279
Abstractor	\$32,960	\$8,605	\$2,637	\$621	\$261	\$667	\$45,750
GIS Manager	\$47,947	\$8,605	\$3,836	\$621	\$261	\$667	\$61,936
Exemp Spec II	\$30,885	\$8,605	\$2,471	\$621	\$261	\$667	\$43,509
Exemp Spec I	\$25,750	\$8,605	\$2,060	\$621	\$261	\$667	\$37,963
Totals	\$514,311	\$103,256	\$41,145	\$7,447	\$3,132	\$8,000	\$677,293

It is in the best interest of tax payers as well as the taxing entities for the district to keep well trained and educated employees as long as possible. Hiring competition from other districts for appraisers with an RPA designation and employees with experience and training in their area is stiff. There was a 3% C.O.L.A. applied to this year's salaries. Last year no C.O.L.A. or merit increases were allowed. We have an appraiser who will attain his level IV certification and for that reason will have a salary increase of \$2,500.

Three other employees will be receiving merit increases for excellent job performance and added work related responsibilities. It is imperative that Kerr CAD remain competitive with other appraisal districts. There will be a total of 12 staff members for this year and the total salary line item is **\$514,311**. We are required by the Methods Assistance Program administered by the State of Texas Property Tax Assistance Division to display each employee's salary and benefits as well as the total salary and benefits for each employee. The total for salaries plus benefits is **\$677,293**.

5010 - Employers Retirement: KCAD has an independent employee retirement plan through John Hancock. All employees are required to participate in this plan. The Kerr CAD Board of Directors has elected to fund 8% of the employee's salary for their retirement plan. Employees also match an 8% contribution from their salary. Details as shown below:

Total 2013 Salaries	\$	514,311
KCAD Matching Percentage	\$	<u>X 0.08</u>
KCAD Contribution	\$	41,145
Administration Fee	\$	<u>1,480</u>
TOTAL	\$	42,625

5012 - Employer Medicare: KCAD is responsible for the Medicare tax on each of the employee's wages. This rate is equal to 1.45 percent of the first \$125,000 paid to each employee per year. Details of this item are as follows:

Total 2013 Salaries	\$	514,313
Medicare Rate	x	<u>0.0145</u>
TOTAL	\$	7,458

5015 - Employee Medical Insurance: Kerr CAD provides health insurance to its employees through the Texas Association of Counties. The carrier for Texas Association of Counties is Blue Cross / Blue Shield. Per employee payments for 2013 are \$717.05 per month. The Texas Association of Counties has informed us there will be an expected increase in the premiums for 2013. Details of this estimated expenditure follow:

KCAD Contribution Per Month	\$	717.05
Number of Employees		<u>x 12</u>
Total Monthly Contribution		\$8,604.66
Number of Months		<u>x 12</u>
TOTAL 2013 Estimate	\$	103,256

5016 - Texas Employment Commission: KCAD is responsible for the payment of each employee's unemployment tax through the Texas Workforce Commission. This tax is a percentage of the first \$9,000 of the employee's quarterly salary. These rates change annually and are based on the number of employees hired and fired during the previous year. This line item will be **\$3,132**.

5017 - Disability Insurance: The KCAD Board of Directors has elected to pay disability insurance in lieu of social security for KCAD employees. New employees will be under the same vesting requirements as other benefits. The line item for this year will be **\$8,000**.

5030 - Appraisal Review Board: KCAD is responsible for the Appraisal Review Board member's

stipends. The reimbursement covers the ARB member's salary, travel, and training expenses related to serving on this board. The Board of Directors has decided Kerr CAD's ARB would benefit from additional training above and beyond the required rudimentary training required by the State estimated at \$2,500. The line item for the ARB will remain at \$12,500.

Reimbursement per Member	\$2,000
Number of Members	X 5
TOTAL	\$10,000
Education	+ \$2,500
TOTAL	\$12,500

5034 - Vehicle Replacement Reserve: The allocated amount for vehicle replacement will remain at \$8,000 for this year.

5035 - Travel and Mileage: The heaviest driving period for the CAD is the fall and winter months during our appraisal period. This line item also includes maintenance and tires. This item also includes other travel expense and also pertains to meals and hotel expense when employees are sent to school. Three additional employees will be participating in the certification and licensing process for appraisers. Because of this the line item will be increased for 2013 to \$18,000.

5040 - Annual Audit: Section 6.063 of the Property Tax Code requires that the district have an annual audit by a Certified Public Accountant. The 2012 financial year audit will be conducted in 2013. The current contract amount for this audit is \$5,750.

5045 - Mapping Expense: In the past the district has cost shared with Kerr County 911 as well as The City of Kerrville and KPUB in acquiring a new GIS mapping system called Pictometry. This system is a patented information system that combines aerial imaging with a state of the art software system allowing an appraiser to view and measure any structure, intersection, fire hydrant, tree or any feature in the county from a laptop or workstation. This technology has enabled the district to increase productivity, cut down on field trips and enhance appraisal of existing as well as the discovery of new taxable property. The investment in this system began in 2009 at a cost \$8,093 per annum for Kerr CAD's portion. New photos were flown in March of 2012. Negotiations are complete it is recommended the line item for the new flights to remain at \$8,093 for 2013 which added to the existing GIS system cost of \$3,000 will total \$11,093.

5060 - Deed Copies: In order to maintain correct property ownership, KCAD is required to purchase copies of real property deeds from the Kerr County Clerk. In 2008 the County Clerk began supplying the district with a CD format instead of paper. This resulted in a significant cost savings to the district. This item will remain at \$1,000 for this year.

5070 - Leased Equipment: The CAD leases a copy machine and a postage machine. This line item is \$6,051 for this year.

5075 - Telephone: This item includes basic telephone equipment lease and service, long distance service, and Internet subscription. This item will be \$3,000 for this year.

5080 - Utilities: The District's utility expense covers city water and electricity. Anticipated water and sewer

costs are \$400 per year. Electricity costs are running approximately \$725 per month. The amount for this year is unchanged at \$9,000.

5085 - Building and Grounds Maintenance: Building and grounds maintenance includes trash pickup, building cleaning, lawn care, and pest control. The details of this maintenance are as follows:

<u>Expense</u>	<u>\$/Month</u>	<u>\$/Year</u>
Trash Pickup	\$150	\$1,800
Building Cleaning	\$150	\$1,800
Pest Control	\$25	\$ 300
Termite Inspection		\$ 150
TOTAL		\$4,050

5090 - Consultant – Appraisal: KCAD contracts out the appraisals on utilities, minerals, pipelines, and industrial properties to the industrial appraisal firm, Capitol Appraisal had a cost of \$15,000 for 2011 and an increase is not anticipated for 2012. The total amount is \$15,000.

5100 - Consultant – Legal & Expert Witness: KCAD maintains a contract with the Law Office of Peter Low. The monthly retainer fee is \$150. The hourly fees are \$150 for litigation and \$100 for non-litigation fees such as travel. Other related expenses such as hotel room fees are paid by the district. The line item for this year is \$10,000.

5102 – Legal ARB : This is a new line item for 2013. Recent legislation has mandated Appraisal Review Boards retain separate legal counsel from Appraisal Districts. Historically the need for legal counsel for the Kerr Appraisal Review Board has been minimal. This line item is \$2,000.

5105 - Liability and Workers Compensation: This line item covers workers compensation, general liability, automotive liability, errors and omissions, and real and personal property insurance. The carrier for this insurance is the Texas Municipal League Intergovernmental Risk Pool (TML). This line item will be \$5,000.

5110 - Publishing and Publications: This line item includes required newspaper advertisements, property asset listings, and appraisal guides. This line item has a total of \$3,500.

5120 - Schools and Employee Education: According to Section 5.04, of the Property Tax Code, an appraisal district shall reimburse an employee for all actual and necessary expenses, tuition, other fees and costs of materials incurred in attending, with the chief appraiser's approval, a course or training program conducted or by the Texas Department of Licensing and Regulation. This item is a total of \$6,550.

5130 - Postage: Kerr CAD uses an outside mailing firm to print and mail the required appraisal notices. This saves the district some postage and helps ensure a timely mailing of appraisal notices. The district is currently charged \$.70 for each address correction from the Post Office. Kerr CAD elected to mail notices only to property owners whose values changed last year or due to a change of ownership or per request by the taxpayer. Significant savings have occurred since this practice was initiated therefore this line item will be \$15,000.

5135 - Printing: This line item includes expenses such as printing of Notices of Appraised Value, Appraisal Rolls and envelopes. This item is estimated at **\$5,000**.

5136 - Dues: This line item is devoted to the registration of the district and employees with different state agencies and trade organizations. Registration with the Texas Department of Licensing and Regulation is a requirement by law. Affiliation with the Texas Association of Appraisal Districts allows KCAD to enroll in state classes for reduced tuition and keeps the district informed of changing rules and laws. Being a member of TAAD also requires us to be a member of the local Southwest Chapter. Membership in the International Association of Assessing Officers is now required by the MAPS review and also requires membership in the Texas Association of Assessing Officers. The district receives most of the sales data used in appraisals of real property from the Kerrville Board of Realtors Multiple Listing Service. The district receives a discounted price for items purchased through the Texas Building & Procurement Commission. The district also pays a membership for the Visa charge card. A detailed cost description of this line item follows:

Texas Department of Licensing & Regulation	\$ 680
Texas Association of Appraisal Districts	\$ 900
Texas Association of Appraisal Districts Southwest Chapter	\$ 15
International Association of Assessing Officers	\$ 175
Texas Association of Assessing Officers	\$ 80
Kerrville Board of Realtors M.L.S. Membership	\$ 300
Texas Building & Procurement Commission	\$ 100
Visa Charge Membership	\$ 35
TOTAL	\$2,285

5140 - Office Supplies: This line item includes all miscellaneous office supplies used in the district. These items include paper, writing utensils, film, toner cartridges, and other supplies. The amount this year is **\$7,000**.

5145 - Furniture and Fixtures: This line item includes upgrading and replacement of computers and as well as desk, chairs and other office related furniture and fixtures. Kerr CAD is designating \$4,500 of its self-generated income from property record card sales, computer generated lists, map sales, and bank interest towards this line item. There is a \$2,500 allotted for desks, chairs, filing cabinets and other office related furniture and fixtures. The amount for this line item is **\$7,000**.

5150 - Board of Directors: This line item is utilized to purchase director manual and reference material for the Board of Directors. A portion of this line item is also utilized to purchase awards of appreciation to outgoing board members and name plaques. Because of increased duties, responsibilities as well as increased liability associated with being a board member this line item includes education for board members. The average cost for a board member to attend a TAAD conference is approximately \$1,000, A Rural Chief Appraisers Conference is approximately \$500 per person. This addition would allow 3 members to attend a TAAD Conference or all six members to attend a Rural Chief's Conference. This line item is **\$3,200**.

5155 - Equipment Maintenance: This item includes the maintenance of PC computers, networks,

postage machine and copy machines. This line amount will be \$1,500.

5170 - Building Reserve: A building reserve of \$3,500 per year was established when KCAD purchased the current building. This fund is reserved and cannot be utilized for any purpose other than replacement or repair to major items regarding our facilities. The building was constructed in the mid 1970s and is in need of repairs and renovation. In 2006 the board elected to replace the existing roof with a new metal roof. In 2010 the septic system failed and due to the City of Kerrville's sanitary sewer rules the building's effluent was connected to the City of Kerrville's sewer system at cost near \$30,000. Other renovations are being considered such as parking lot resurfacing, floor coverings, wall coverings, window replacement or repair as well as energy efficiency improvements to the aging building. In order to ensure available funds will be available for the much needed renovations this amount will remain at \$7,000 this year.

5180 - Software Support – True Automation: Kerr CAD converted their old appraisal computer system to True Automation in October of 2006. True Automation is the largest CAD appraisal software company in the state True Automation calls their system the PACS System. This line item provides for continuing maintenance and support of the PACS System by True Automation. This system is the lifeblood of the district. Every property account is recorded, updated, and appraised through this system and the tax roll is generated resulting in the values used to levy taxes for every taxing entity serviced by Kerr CAD. True Automation has notified the district that due to a new release the software support and maintenance for this year will be \$31,195.

5186 Appraisal System Expenses: Kerr CAD's appraisal system provider is True Automation. This system began implementation in October of 2006. The total cost of this system was \$144,049. The purchase of this system included the PACS Software, a SQL Server, appraisal user licenses, GIS Appraiser license, conversion, software installation, training, hardware installation, required third party software, a database server, a job server, PC memory upgrades, a firewall device, a 16 port switch and a communications rack. Kerr CAD financed this system with Capital City Leasing in Austin, Texas with a note of \$107,000 for six years at 5.3% fixed interest with quarterly payments of \$5,165.50. This note was paid off in September 2012. Because our system is at the end of its life and because the district is anticipating hosting the Kerr County Tax collection data and are also negotiating to host Kerrville I.S.D.'s collection data as well on our site, additional costs will be incurred for 2013. For those reasons this line item will remain at \$15,497.

5200 – Banking Fees: We are being assessed service charges on our bank account for \$120 annually.

Agenda Item:

7E. Report from Kerr Economic Development Corporation. (Jonas Titas, KEDC)

**TO BE CONSIDERED BY THE CITY COUNCIL
CITY OF KERRVILLE, TEXAS**

SUBJECT: KEDC

FOR AGENDA OF: July 24, 2012

DATE SUBMITTED: July 10, 2012

SUBMITTED BY: Don Barnett

CLEARANCES:

EXHIBITS: None

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER: 

Expenditure	Current Balance	Amount	Account
Required:	in Account:	Budgeted:	Number:
\$	\$	\$	

PAYMENT TO BE MADE TO:

REVIEWED BY THE DIRECTOR OR FINANCE:

SUMMARY STATEMENT

KEDC would like to update stakeholders on business activity and introduce our new Executive Director, Jonas Titas.

RECOMMENDED ACTION

Agenda Item:

7F. Kerrville's Convention and Visitors Bureau (CVB) contract. (Councilmember Conklin)

TO BE CONSIDERED BY THE CITY COUNCIL
CITY OF KERRVILLE, TEXAS

SUBJECT: Discussion Regarding Renewal of the Contract with Kerrville CVB

AGENDA DATE: 7/24/2012

DATE SUBMITTED: 7/18/2012

SUBMITTED BY: Carson Conklin

PHONE: 830.895.5202

EXHIBITS/INFORMATION: None

APPROVED FOR SUBMITTAL BY CITY MANAGER: 

**WILL THIS ITEM REQUIRE CITY COUNCIL TO AUTHORIZE THE
EXPENDITURE OF CITY FUNDS? YES: _____ NO: X**

IF YES, STATE AMOUNT REQUESTED: \$ _____

DESCRIPTION OF REQUEST

Discussion regarding renewal of the existing Kerrville Convention and Visitors Bureau contract and the structure of the organization.

RECOMMENDED COUNCIL ACTION

Agenda Item:

7G. A resolution appropriating all revenue from the hotel occupancy tax for fiscal year 2013 pursuant to state law and city policy. (staff)

**TO BE CONSIDERED BY THE CITY COUNCIL
CITY OF KERRVILLE, TEXAS**

SUBJECT: Appropriate the disbursement of Hotel Occupancy Tax funds for the fiscal year 2013.

FOR AGENDA OF: July 24, 2012 **DATE SUBMITTED:** July 19, 2012

SUBMITTED BY: Mike Erwin  Director of Finance **CLEARANCES:** Todd Parton
City Manager

EXHIBITS: Spreadsheet
AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER: 

Expenditure Required:	Current Balance in Account:	Amount Budgeted:	Account Number:
\$	\$	\$	

PAYMENT TO BE MADE TO:

REVIEWED BY THE DIRECTOR OR FINANCE:

SUMMARY STATEMENT

On July 19, 2012, the Council and the CVB Board met and the consensus from the Council was to fund the CVB @ \$775,000, Arts Co-op @ \$50,000 and Special Services @ \$10,000 for collection and audit services. The amount of funding available for FY 2013 is \$835,000. The proposed numbers are included in the FY 2013 Proposed Budget and will be appropriated through the budget process as in previous years.

RECOMMENDED ACTION

Staff recommends Council approve appropriation of the Hotel Occupancy Tax funds for FY2013.

**Hotel Occupancy Tax
Revenues by Account**

Acct.	Account Name	FY 11 Actual	FY 12 Approved	FY 12 Amended	FY12 Actual 05/31/12	FY 12 Estimated	FY 13 Proposed
6116	Occupancy Tax	\$846,163	\$855,000	\$855,000	\$517,029	\$855,000	\$835,000
Total Tax Revenue		\$846,163	\$855,000	\$855,000	\$517,029	\$855,000	\$835,000
6911	Interest Revenue	\$0	\$215	\$215	\$0	\$215	\$100
Total Interest & Miscellaneous		\$0	\$215	\$215	\$0	\$215	\$100
7016	Transfers In - HOT Reserve	\$0	\$55,000	\$135,000	\$36,667	\$135,000	\$0
Total Transfers In		\$0	\$55,000	\$135,000	\$36,667	\$135,000	\$0
HOT TOTAL		\$846,163	\$910,215	\$990,215	\$553,695	\$990,215	\$835,100
Planned Use of Fund Balance		\$0	\$0	\$0	\$0	\$0	\$0
Total HOT Revenue		\$846,163	\$910,215	\$990,215	\$553,695	\$990,215	\$835,100

Hotel Occupancy Tax

Expenditures by Line Item

Acct.	Account Name	FY 11 Actual	FY 12 Approved	FY 12 Amended	FY12 Actual 05/31/12	FY 12 Estimated	FY 13 Proposed
306	Special Services	\$0	\$0	\$60,000	\$20,000	\$60,000	\$10,000
Total Services		\$0	\$0	\$60,000	\$20,000	\$60,000	\$10,000
405	Other Charges	\$15,989	\$10,000	\$30,000	\$0	\$30,000	\$0
410	Contingency	\$0	\$900,000	\$0	\$0	\$0	\$0
Total Other Expenses		\$15,989	\$910,000	\$30,000	\$0	\$30,000	\$0
704	Hill Country Arts Foundation	\$17,000	\$0	\$0	\$0	\$0	\$0
706	Convention & Visitor's	\$725,000	\$0	\$741,250	\$569,375	\$741,250	\$775,000
707	Event Planner	\$0	\$0	\$105,000	\$0	\$105,000	\$0
716	Texas Arts & Crafts	\$27,257	\$0	\$0	\$0	\$0	\$0
717	Texas Folk Music Foundation	\$3,800	\$0	\$0	\$0	\$0	\$0
722	Museum of Western Art	\$5,714	\$0	\$0	\$0	\$0	\$0
725	Riverside Nature Center	\$4,200	\$0	\$0	\$0	\$0	\$0
728	Kerr Arts & Cultural Center	\$6,610	\$0	\$0	\$0	\$0	\$0
732	Playhouse 2000	\$0	\$0	\$0	\$0	\$0	\$0
733	Symphony of the Hills	\$2,114	\$0	\$0	\$0	\$0	\$0
740	Kerr County Fair	\$2,000	\$0	\$0	\$0	\$0	\$0
741	Arts Co-op	\$53,134	\$0	\$53,750	\$26,875	\$53,750	\$50,000
Total HOT Participants		\$846,829	\$0	\$900,000	\$596,250	\$900,000	\$825,000
916	HOT Reserve Fund	\$0	\$0	\$0	\$0	\$0	\$0
Total Transfers Out		\$0	\$0	\$0	\$0	\$0	\$0
Department Total		\$862,818	\$910,000	\$990,000	\$616,250	\$990,000	\$835,000

Agenda Item:

7H. Appropriate the disbursement of hotel occupancy tax funds for the fiscal year 2013. (staff)

**TO BE CONSIDERED BY THE CITY COUNCIL
CITY OF KERRVILLE, TEXAS**

SUBJECT: Approval of a resolution appropriating all 7% of the hotel occupancy tax rate received in FY 2013 to fund requests.

FOR AGENDA OF: July 24, 2012 **DATE SUBMITTED:** July 19, 2012

SUBMITTED BY: Mike Erwin 
Director of Finance **CLEARANCES:** Todd Parton
City Manager

EXHIBITS: Resolution
AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER: 

Expenditure Required:	Current Balance in Account:	Amount Budgeted:	Account Number:
\$	\$	\$	

PAYMENT TO BE MADE TO:

REVIEWED BY THE DIRECTOR OR FINANCE:

SUMMARY STATEMENT

The City collects 7% for hotel occupancy tax from the occupancy of hotel rooms within the City; Resolution 064-2005 directed 1% of the 7% tax rate to go to the historic restoration and preservation of the Arcadia Theatre. This resolution was repealed with the passage of Resolution No. 041-2009. The resolution 041-2009 stated, "...to be determined by Council at a later date that is compliant with Chapter 351 of the Texas Tax Code and that substantially benefit the convention, hotel and tourism industry."

Resolution 028-2011 appropriated all of fiscal year 2012 revenue generated from the imposition of the City's hotel occupancy tax rate for the purposes of funding uses, services, programs and events that are compliant with Chapter 351 of the Texas Tax Code. Staff is bringing forward a resolution to use the 1% in the FY 2013 budget for the funding of hotel occupancy tax requests. This would be a one year only action and would not repeal resolution 041-2009.

RECOMMENDED ACTION

Staff requests approval of this resolution.

**CITY OF KERRVILLE, TEXAS
RESOLUTION NO. -2012**

**A RESOLUTION APPROPRIATING ALL REVENUE FROM THE HOTEL
OCCUPANCY TAX FOR FISCAL YEAR 2013 PURSUANT TO STATE LAW AND
CITY POLICY**

WHEREAS, Chapter 351 of the Texas Tax Code authorizes a municipality to impose a tax on the occupancy of hotel rooms within the City; and

WHEREAS, City Council has previously enacted Chapter 94, Article III of the Code of Ordinances of the City of Kerrville, Texas, which imposes a tax on the occupancy of hotel rooms within the City and its extraterritorial jurisdiction; and

WHEREAS, in November 2004, City Council, pursuant to the state law, raised the hotel occupancy tax rate from six percent to seven percent for the purpose of generating funding for the historical restoration and preservation of the Arcadia Theatre; and

WHEREAS, following the City's conveyance of the Arcadia Theatre, the City Council adopted Resolution 041-2009, which reappropriated the additional one percent and the accumulated reserve, subject to compliance with Chapter 351 of the Texas Tax Code; and

WHEREAS, the City Council now wishes to appropriate all fiscal year 2013 revenue generated by the imposition of the seven percent hotel occupancy tax for the purpose of funding appropriate uses, services, programs, and events in accordance with state law and City code and policy; and

WHEREAS, the City Council of the City of Kerrville, Texas, finds it to be in the public interest to appropriate all fiscal year 2013 hotel occupancy tax revenues collected by the City for the purpose of funding appropriate uses, services, programs, and events as provided herein;

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF
KERRVILLE, KERR COUNTY, TEXAS:**

SECTION ONE. The City Council authorizes the appropriation of all fiscal year 2013 revenue generated from the imposition of the City's hotel occupancy tax rate for the purpose of funding uses, services, programs, and events that are compliant with Chapter 351 of the Texas Tax Code, and that substantially benefit the convention, hotel, and tourism industry.

SECTION TWO. The City will consider funding requests for hotel occupancy tax revenues and then award and distribute such funding in accordance with the process and timelines set forth in Chapter 94, Article III of the Code of Ordinances of the City of Kerrville, Texas, and the City's *Policies and Procedures Regarding the Allocation of Hotel Occupancy Tax Revenues*.

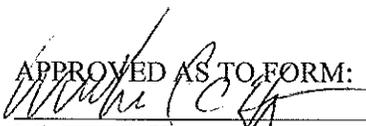
PASSED AND APPROVED ON this the ____ day of _____, A.D., 2012.

Jack Pratt, Jr., Mayor

ATTEST:

Brenda G. Craig, City Secretary

APPROVED AS TO FORM:



Michael C. Hayes, City Attorney

Agenda Item:

71. Authorize the city to submit funding applications to the City of Kerrville, Texas Economic Improvement Corporation for i) a pavilion and parking lot improvements at the Scott Schreiner Golf Course; ii) improvements at the City's soccer complex; and iii) a downtown wireless internet project. (staff)

**TO BE CONSIDERED BY THE CITY COUNCIL
CITY OF KERRVILLE, TEXAS**

SUBJECT: Authorization for the City Manager to submit Funding Applications to the Economic Improvement Corporation for a pavilion and parking lot improvements at the Scott Schreiner Golf Course, improvements at the soccer complex and a downtown wireless project.

FOR AGENDA OF: July 24, 2012 **DATE SUBMITTED:** July 17, 2012

SUBMITTED BY: Kristine Ondrias **CLEARANCES:** Todd Parton

- EXHIBITS:**
- Golf Course Parking Lot Project
 - Final Concept for Parking Lot Improvement
 - Engineering Design Proposal
 - Preliminary Engineer's Estimate
 - Golf Course Pavilion Project
 - Pavilion Concepts
 - Architect Design Proposal
 - Soccer Complex Improvements
 - Preliminary Scope of Possible Improvements and Cost Estimates
 - Downtown Wireless Project
 - Wireless Coverage Options

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER: 

Expenditure	Current Balance	Amount	Account
Required:	in Account:	Budgeted:	Number:
\$	\$	\$	

PAYMENT TO BE MADE TO:

REVIEWED BY THE DIRECTOR OF FINANCE:

SUMMARY STATEMENT

The Economic Improvement Corporation, after discussion at the Joint City Council/EIC meeting held in May 2012, asked staff to bring back more specific details concerning improvement projects at the golf course, the soccer complex and the downtown wireless project. Staff presented the following and attached information for each project to the EIC at their July 16, 2012 meeting. At the conclusion of the discussion, EIC directed staff to bring back funding applications for the Golf Course Parking Lot Project, the Golf Course Pavilion Project, Soccer Complex Improvements 1-8 (on the attached list), and the Downtown Wireless Project.

Golf Course Parking Lot Project

In May 2009, staff engaged Halff Associates Engineering and Landscape Architecture firm to address on-going parking concerns and future development of the entrance site to the

golf course in anticipation of the opening of Golf Ave (FM1341) to Holdsworth Drive. The original concept through discussions with the Golf Course Advisory Board was to close Country Club Drive. Halff Associates provided six conceptual drawings for staff and the Golf Course Board to consider and the attached was selected as the final concept for the parking lot improvement project. This option provided for the best access to the site and surrounding residences as well as increased parking for the golf course and improved aesthetics for the site.

Staff asked Hewitt Engineering to provide a preliminary cost estimate and a design proposal cost estimate for the final concept plan. (Attached for review) The following are costs associated with this project:

Engineering Design	\$ 23,800
Construction Estimate	\$308,341
Materials Testing	\$ 5,000
 Total Project Cost	 \$337,141

This project, if approved, would consist of approximately 100 parking stalls increasing roughly 30 parking spots from the current configuration, one main entrance into the golf course simplifying circulation, landscape median to provide aesthetics and shade, plaza area in front of the pro shop and a screen for the adjacent residences.

Potential Timeline

July 16, 2012	Presentation to EIC / Receive Direction to move forward
July 24, 2012	Approval from City Council to submit application
August 20, 2012	EIC application for project
September 17, 2012	EIC Funding Agreement for project
October 23, 2012	City Council approval of Funding Agreement for project
November 1, 2012	Begin engineering design
December 31, 2012	Complete engineering design
January 4, 2013	1 st Advertisement for bid
January 11, 2013	2 nd Advertisement for bid
January 15, 2013	Pre- Bid meeting with potential contractors
January 22, 2013	Open Bids for project
February 12, 2013	City Council awards construction of project
February 22, 2013	Pre-Construction Meeting
February 25, 2013	Construction begins
March 29, 2013	Construction completed
April 1, 2013	Parking opens for use

Golf Course Pavilion Project

In 2005, the Kerrville Golf Association and the Golf Course Advisory Board asked Peter

Lewis Architect + Associates to provide conceptual drawings for the addition of a pavilion on the former number one tee box outside of the golf course pro-shop. This pavilion would be used as a gathering space for participants of tournaments to eat and have award ceremonies.

Staff asked Peter Lewis Architect + Associates to provide updated conceptual drawings and a design proposal cost estimate for a pavilion project not to exceed a budget of \$250,000. (Attached for review) The following are costs associated with this project:

Architectural Design	\$ 18,500
Construction Estimate	\$250,000
Materials Testing	\$ 2,500
 Total Project Cost	 \$271,000

This project, if approved, would consist of approximately a 40x40 covered pavilion or 1600 square feet of covered space with a standing seam roof to match the pro-shop, rehabilitation of the retaining wall below pavilion area, cart path connection from pavilion area to the course, electrical outlets, lights, ceiling fans, score board for tournaments and stone/brick on the pavilion columns to bring the pro-shop building and the pavilion together.

Potential Timeline

July 16, 2012	Presentation to EIC / Receive Direction to move forward
July 24, 2012	Approval from City Council to submit application
August 20, 2012	EIC application for project
September 17, 2012	EIC Funding Agreement for project
October 23, 2012	City Council approval of Funding Agreement for project
November 1, 2012	Begin design
December 31, 2012	Complete design
January 4, 2013	1 st Advertisement for bid
January 11, 2013	2 nd Advertisement for bid
January 15, 2013	Pre- Bid meeting with potential contractors
January 22, 2013	Open Bids for project
February 12, 2013	City Council awards construction of project
February 22, 2013	Pre-Construction Meeting
February 25, 2013	Construction begins
March 29, 2013	Construction completed
April 1, 2013	Pavilion opens for use

Soccer Complex Improvements Project

Staff has provided the attached preliminary projects and cost estimates as possible updates to the soccer facility used by Hill Country Youth Soccer Association and Hill Country Crush Soccer Association. Each cost estimate includes architectural and engineering design fees as well as estimated contingencies for each project listed.

Potential Timeline

July 16, 2012	Presentation to EIC / Receive Direction to move forward
July 24, 2012	Approval from City Council to submit application
August 20, 2012	EIC application for project
September 17, 2012	EIC Funding Agreement for project
October 23, 2012	City Council approval of Funding Agreement for project
November 2012	Begin working with each organization to develop construction timelines for approved projects

Total Project Cost \$477,000 for items 1-8 on the proposed list

Downtown Wireless

In June 2012, staff began engaging vendors in discussions regarding a downtown wireless concept. As we visited with vendors no one was willing to provide detailed design work for free with no guarantee they would receive the contract for this project. At their meeting on July 16th, EIC asked staff to go out for proposals on this project.

Since we do not have a cost estimate to work with, we will ask vendors to provide proposals for 3 coverage areas:

- Option 1 – The Downtown Core District
- Option 2 – The Downtown Core Distract, Louis Hays Park, and a few additional blocks adjacent to the Downtown Core District
- Option 3 – The entire Central Business District and Louis Hays Park

We will also ask for vendors to provide costs for varying levels for service and maintenance as well as purchase and leasing options. This will allow EIC to select the solution that best fits their goals.

Throughout discussions with EIC we roughly estimated this project would cost around \$100,000. Since we must have funding available prior to going out for proposals we would use this as the project budget.

Potential Timeline

July 16, 2012	Presentation to EIC / Receive Direction to move forward
July 24, 2012	Approval from City Council to submit application
August 20, 2012	EIC application for project
September 17, 2012	EIC Funding Agreement for project
October 23, 2012	City Council approval of Funding Agreement for project
November 1, 2012	Begin RFP Period
November 15, 2012	Pre-proposal meeting with potential bidders
November 29, 2012	RFP's are due to the city
December 17, 2012	Presentation to EIC and vendor selection
January 1, 2013	Start Wireless Build-out

February 29, 2013
March 1, 2013

Complete Wireless Build-out
Wireless ready for public use

RECOMMENDED ACTION

Staff direction and approval needed to submit a funding application on the above projects.



Hewitt Engineering Inc.

Consulting Engineering Services

July 12, 2012

Mr. Dieter Werner, P.E.
Director of Engineering
City of Kerrville
800 Junction Highway
Kerrville, TX 78028-5069

Re: Schreiner Golf Course Parking Lot Improvements—Final Design Fee Proposal

Dear Dieter,

Per your request, I have prepared a scope and fee schedule for the preparation of final design plans and specifications associated with the Scott Schreiner Golf Course parking lot improvements. The project will consist of approximately 5,555 square yards of asphalt pavement for 100 parking stalls and required drainage improvements, irrigation and landscaping. The proposed design services include field surveying by Voelkel Land Surveying, PLLC and geotechnical borings and an engineering report from Rock Engineering & Testing Laboratory, Inc. The scope of services includes the following tasks:

1. Prepare Final Plan Sheets and Details (approximately 11 sheets)
2. Prepare Technical Specifications and Bid Documents
3. Submit 60%, 90% and 100% Plans and Specifications to the City
4. Prepare Project Scheduling, Bid Quantities, and Cost Estimates
5. Coordinate with City staff and Subconsultants
6. Provide topographic survey and geotechnical analysis
7. Attend Prebid conference, evaluate bids and prepare contractor recommendation
8. Provide Construction Phase Services including meetings, site visits and as-built drawings

The final result of this project will be one set of signed and sealed original drawings (approximately 11 sheets), three sets of full size and five sets of half size drawings, and technical specifications in order to solicit contractor bids. The total lump sum fee to perform these tasks including Basic and Additional Services including all expenses is \$23,800. This fee consists of Basic Design Services of \$17,550, Additional Design Services of \$3,000 which includes \$1,350 for surveying and \$1,650 for geotechnical design by Rock Engineering and \$3,250 for Construction Phase Services. Exhibit "A" provides a detailed man hour estimate of the fees associated with each of the individual design and coordination tasks. The subconsultant proposals are attached.

Please feel free to contact me at 315-8800 or by email at jmhewitt@hewitt-inc.com if you have any questions.

Sincerely,

John M. Hewitt, P.E., CFM
Hewitt Engineering, Inc.

Attachments

EXHIBIT A
DESIGN FEE SUMMARY
SCHREINER GOLF COURSE IMPROVEMENTS

Sht	Description	Total Labor Cost	Eng Hours	CADD Hours	Total Hours
BASIC DESIGN SERVICES					
1	Cover Sheet, Sheet Index & Location Map	\$610	2	6	8
2	General Notes	\$980	4	8	12
3	Survey Control Sheet (Benchmarks and Baseline)	\$245	1	2	3
4	Dimension Control Sheet	\$245	1	2	3
5	Drainage Area Map	\$980	4	8	12
6	Paving, Grading and Drainage Plan Sheets (2)	\$4,900	20	40	60
7	Erosion Control Plan	\$730	2	8	10
8	Erosion Control Details	\$490	2	4	6
9	Paving Details	\$1,100	4	10	14
10	Miscellaneous and Drainage Details	\$1,100	4	10	14
11	Coordination, Meetings w/City Staff and Subconsultants	\$1,000	8		8
12	Drainage and Paving Calculations	\$1,250	10		10
13	Prepare Specifications & Cost Estimates	\$3,000	24		24
14	Attend Prebid & Prepare Recommendation Letter	\$375	3		3
15	Expenses (Reproduction and Mileage)	\$545			
	SUBTOTAL	\$17,550	89	98	187
CONSTRUCTION PHASE SERVICES					
16	Attend Preconstruction & Progress Meetings	\$750	6		6
17	Construction Site Visits and Submittal Reviews	\$1,500	12		12
18	Prepare As-Built Drawings	\$1,000	8		8
19	Expenses (Mylar As Builts and Mileage)	\$400			
	SUBTOTAL	\$3,250	26	0	26
ADDITIONAL SERVICES					
20	Surveying (Voelkel)	\$1,350			
21	Geotechnical (Rock Engineering)	\$1,650			
	SUBTOTAL	\$3,000			
	TOTAL	\$23,800	115	98	213



- GEOTECHNICAL ENGINEERING
- CONSTRUCTION MATERIALS ENGINEERING & TESTING
- SOILS • ASPHALT • CONCRETE

July 9, 2012

Hewitt Engineering
716 Barnett Street
Kerrville, TX 78028

Attention: John Hewitt, P.E.

**SUBJECT: PROPOSAL TO PERFORM A SUBSURFACE INVESTIGATION FOR THE
PROPOSED PARKING LOT REPLACEMENT PROJECT
SCHRIENER GOLF COURSE
KERVILLE, TEXAS
RETL Proposal Number: P070912B**

Dear Mr. Hewitt,

Introduction

Rock Engineering and Testing Laboratory, Inc. (RETL) is pleased to provide this proposal to perform a subsurface investigation for the Proposed Parking Lot Replacement Project at Schriener Golf Course in Kerrville, Texas. It is understood that the existing HMAC parking lot will be removed and replaced with a new HMAC parking lot and pavement section thickness recommendations are requested.

Based on the parking lot size, RETL proposes to perform two (2) test borings at the site, each drilled to a depth of 5-feet with a hand auger. The subsurface investigation, laboratory testing program, and geotechnical engineering scope of work will be as follows:

Scope of the Subsurface Investigation

The field work will consist of the following:

- RETL will locate the test borings at the time of the investigation.
- RETL will notify the "Texas 811" System to locate underground utilities.
- RETL requests that a representative of the golf course who is familiar with the property be present at the site at the time of the drilling operations.
- An RETL representative will be present at the site to coordinate the drilling and sampling activities, as well as prepare field boring logs.
- Two (2) test borings will be completed to a depth of 5-feet with a hand auger.
- Soil samples will be obtained at one-foot intervals unless subsurface conditions warrant additional sampling.
- The boreholes will be backfilled with excavated soil.

ROCK ENGINEERING & TESTING LABORATORY, INC. (TBPE NO. 2101)
18847 Redland Rd.; Suite 202 • San Antonio, Texas, 78259
Office: (210) 495-8000 • Fax: (210) 495-8015 • www.rocktesting.com

Scope of the Laboratory Testing Program

The laboratory-testing program will consist of the following:

- Visual classification (ASTM D2487)
- Moisture content tests (ASTM D2216)
- Atterberg limits tests (ASTM D4318)
- Percent material finer than the #200 sieve tests (ASTM D1140)

All phases of the laboratory-testing program will be performed in general accordance with applicable ASTM Specifications

Geotechnical Engineering Report

In addition to the field and laboratory testing, a geotechnical engineering letter report will be prepared that includes a description of the field exploration and laboratory tests, boring logs, a discussion of the engineering properties of the subsurface materials encountered, and flexible HMA paving recommendations.

Fee and Limitations

The total lump sum fee to perform the scope of work outlined above will be \$1,500.00. If desired, RETL can provide verbal findings of the investigation as field and laboratory test results become available.

Services provided by RETL under this Agreement will be performed in a manner consistent with the degree of care and skill ordinarily exercised by members of the same profession currently practicing under similar circumstances. The Client shall provide for RETL's right to enter the site and that the test boring locations are accessible to the drilling equipment and clear of utilities in order for RETL to fulfill the Scope of Services included hereunder.

In addition, and notwithstanding any other provisions of this Agreement, the Client agrees, to the fullest extent permitted by law, to indemnify and hold harmless RETL, his or her officers, directors, employees, agents and sub consultants from and against all damage, liability or cost, including reasonable attorneys' fees and defense costs, arising out of or in any way connected with this project or the performance by any of the above named parties of the services under this Agreement, excepting only those damages, liabilities or costs attributable to the sole negligence or willful misconduct of RETL.

The Parties to this agreement agree that if any claim is made that RETL failed to comply with any term of this agreement or that it failed to perform its work and/or duties under this agreement properly, the client, upon proof that there was some failure to comply or some mistake in the performance of the work, shall not be entitled to recover any sum greater than the amount paid by the client to RETL for the service performed by RETL.

Either the Client or RETL may terminate this Agreement at any time with or without cause upon giving the other party 10-calendar days prior written notice. The Client shall within 10 calendar days of termination pay RETL for all services rendered and all costs incurred up to the date of termination, in accordance with the compensation provisions of this contract.

July 9, 2012
John Hewitt, P.E.
RETL Proposal No.: P070912B

PARKING LOT REPLACEMENT
Schriener Golf Course
Kerrville, Texas

Closing

If you are in agreement with our proposed scope of work and fee, please provide authorization to proceed by signing below and returning one copy to us. Thank you for your consideration of our firm to assist you with this project. If you have any questions, or comments, please call at (210) 495-8000 or (210) 365-9311.

Sincerely,



Kyle D. Hammock, P.E.
Vice President - San Antonio

ACCEPTED AND APPROVED

By: _____

Date: _____

Terms: 30 Days after receipt of report

Schreiner Golf Course Parking Lot Improvements Preliminary Engineer's Estimate

ITEM	QUANTITY	UNITS	UNIT PRICE	TOTAL PRICE
Mobilization and Bonds (5% of Base Bid)	1	LS	\$15,000	\$15,000
Drainage/Grading Improvements	1	LS	\$10,000	\$10,000
Asphalt Paving Replacement	5555	SY	\$42	\$233,310
Concrete Curb Replacement	100	LF	\$10	\$1,000
Concrete Sidewalk Replacement	25	SY	\$40	\$1,000
Landscaping Allowance	1	LS	\$15,000	\$15,000
Erosion Control Plan	1	LS	\$2,000	\$2,000
Material Testing	1	LS	\$2,000	\$2,000
Construction Staking	1	LS	\$1,000	\$1,000
TOTAL				\$280,310
Contingency (10%)	1	LS	\$28,031	\$28,031
TOTAL				\$308,341

FINAL CONCEPT



APPROXIMATELY 100 PARKING STALLS
ONE MAIN ENTRANCE INTO THE GOLF COURSE
NO PULL-THROUGH PARKING
ONE-WAY PARKING SIMPLIFIES CIRCULATION
LANDSCAPED MEDIAN TO PROVIDE AESTHETICS AND SHADE
CREATES A LARGE PLAZA AREA
SCREEN PROVIDED FOR ADJACENT RESIDENCES



SCOTT SCHREINER GOLF COURSE PARKING LOT
KERRVILLE, TEXAS

MAY 2009



PETER LEWIS
ARCHITECT + ASSOCIATES

July 12, 2012

Kristine Ondrias, Assistant City Manager
City of Kerrville
800 Junction Highway
Kerrville, TX 78028

RE: Professional Design Services Proposal
Scott Schreiner Golf Course Pavilion
Kerrville, Texas

Dear Kristine:

Thank you for the continuing opportunity to be of service to the City of Kerrville

Based generally upon preliminary Design drawings prepared in October of 2005 and my meeting with Scott McDonough, on April 13, 2012, we have prepared this Proposal. Please allow the following to document our understanding of Scope, Services and Fee.

I. Work Scope

- A. 40'x40' covered area with concrete slab
- B. Site grading and retaining wall
- C. Sidewalk connection to parking area
- D. Lighting and ceiling fans
- E. ADATAS compliance

II. Scope of Services

- A. Meet with Assistant City Manager, City staff and EIC representative, as required
- B. Meet with Scott Schreiner Golf Course staff, as required
- C. As-built survey and documentation
- D. Schematic Design Services
 - 1. Site Plan
 - 2. Architectural Floor Plan
 - 3. Exterior Elevations
 - 4. Presentation Drawings
- E. Construction Document Services (DD/CD)
 - 1. Demolition Plans
 - 2. Site Grading and Retaining Wall : Maxwell Engineering, PLLC
 - 3. Architectural
 - 4. Electrical: ESA Mechanical & Electrical Engineering, Inc.
 - 5. Foundation and Framing Plans: Maxwell Engineering, PLLC.
 - 6. Project Specifications
 - 7. Assist City of Kerrville during Bid Phase, as required
- F. Construction Contract Administration Services (CCA)
 - 1. Periodic Site Visits
 - 2. Office Construction Administration
 - 3. Shop Drawing and Submittal Review
 - 4. Project Meetings with Owner and Contractor
 - 5. Review Applications for Payment and issue Certificates for Payment
 - 6. Issue Certificate of Substantial Completion

PWL

III. Fixed Fee

Our services will be provided for a Fixed Fee of Eighteen thousand Five hundred and no/100 dollars \$18,500.00

Architect	\$ 12,500.00
Civil	\$ 1,250.00
Structural	\$ 3,250.00
Electrical Engineer	\$ 1,500.00

IV. Reimbursable Expenses

Reimbursable expenses will be billed at a multiple of 1.15 times cost (invoice): reproduction of documents, shipping and mailing expenses, long distance telephone and fax, Consultants not included above. Project related mileage will be billed at current Standard Rate.

Estimated Reimbursable Expenses \$ 500.00

V. Additional Services, if requested and approved in writing, will be provided on an Hourly basis according to our Hourly Fee Schedule

Principal/Overall Project Manager	\$ 135.00/Hr.
Project Architect	\$ 110.00/Hr.
Professional Intern	\$ 75.00/Hr.
Project Technician	\$ 60.00/Hr.
Admin./Clerical	\$ 35.00/Hr.

This Professional Design Services Proposal generally describes the Services to be provided and their associated Fees. If we are in agreement on both of these items, please indicate so by signing and returning a copy of this Proposal. Please call me, if you have any questions.

We look forward to getting started!

Very truly yours,



Peter W. Lewis, Architect
Principal

Accepted for City of Kerrville

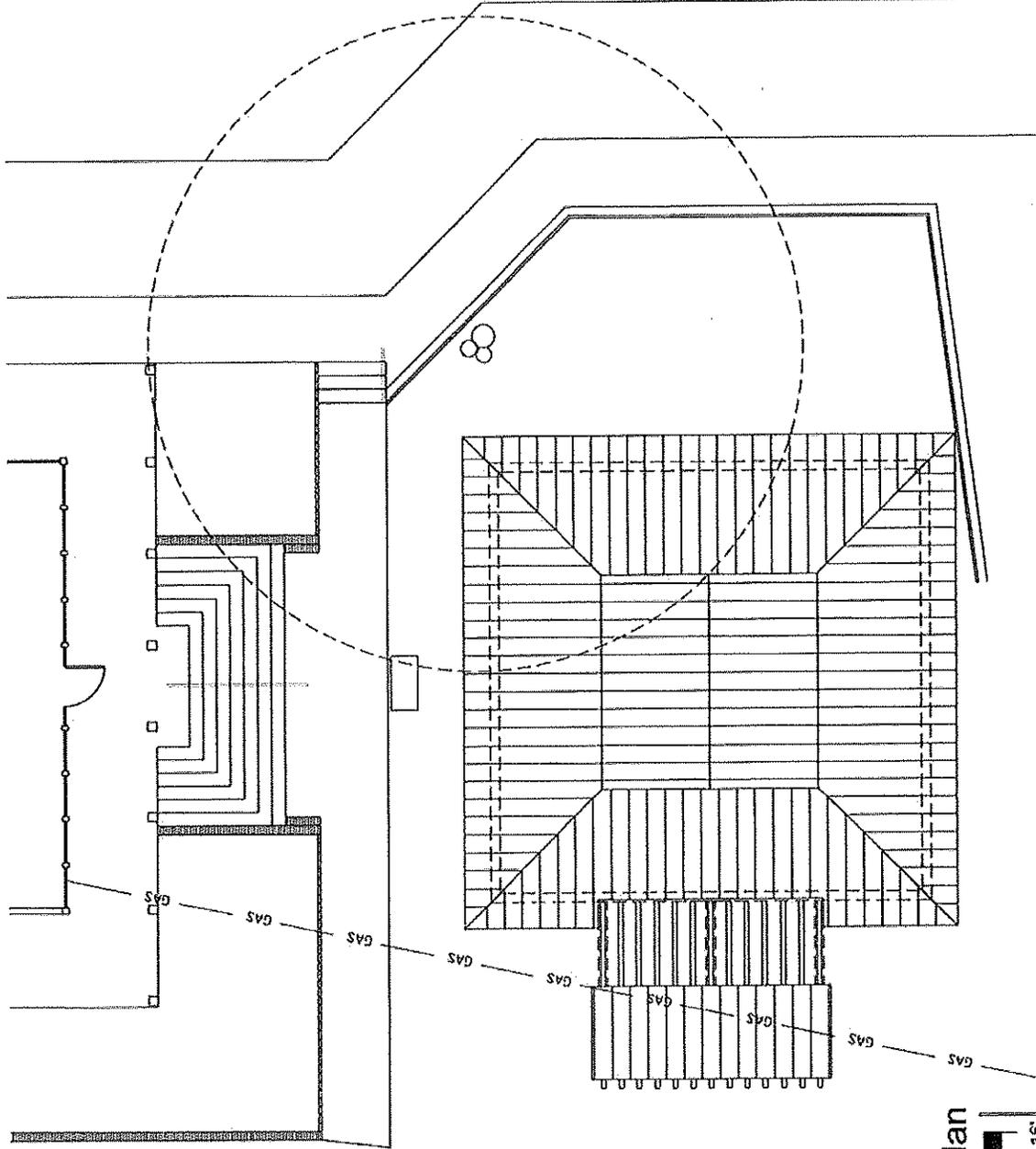
Date

Schreiner Scott
Municipal Golf Course
Pavilion

1 Country Club Drive
Kerrville, Texas 78028

20-0523 9-16-05

PETER LEWIS
ARCHITECT + ASSOCIATES



Proposed Site Plan

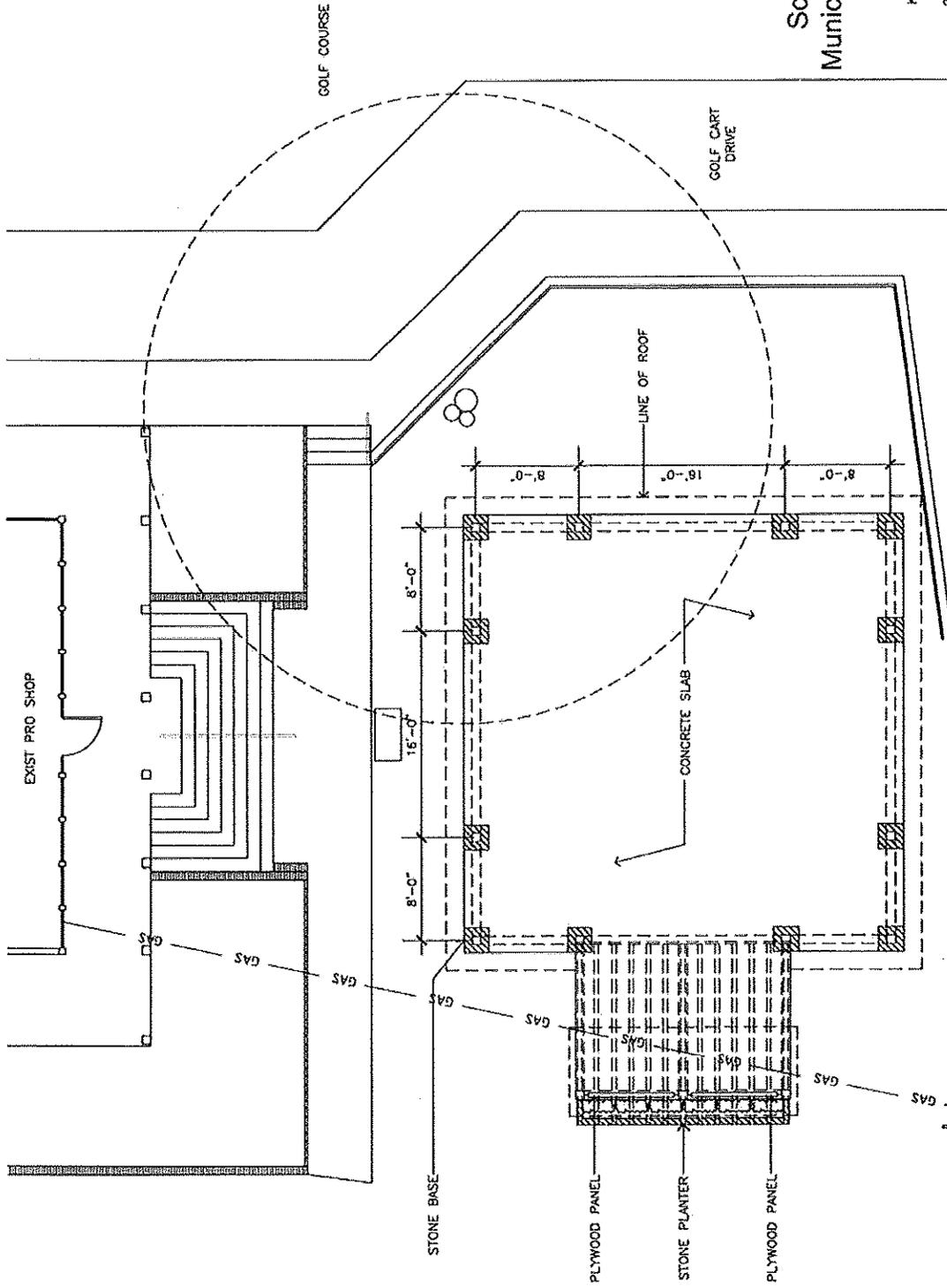
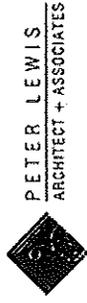


North
0 8' 16'

Scott Schreiner
Municipal Golf Course
Pavilion

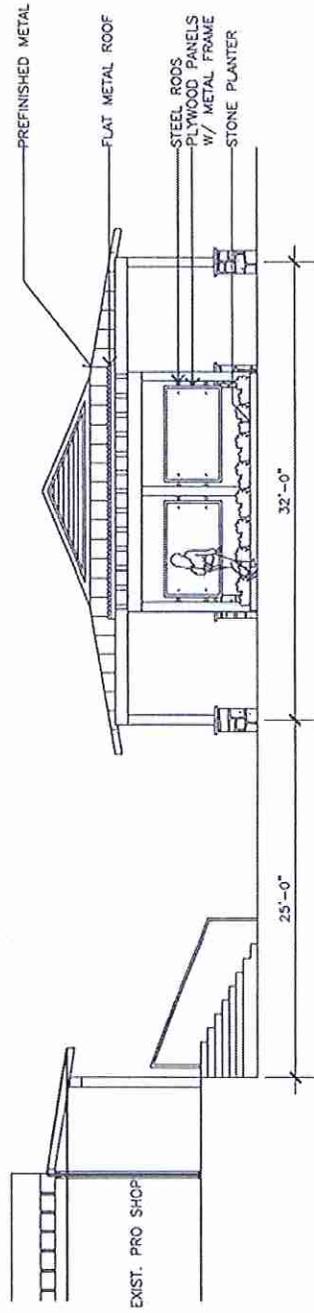
1 Country Club Drive
Kerrville, Texas 78028

20-0523 10-6-05

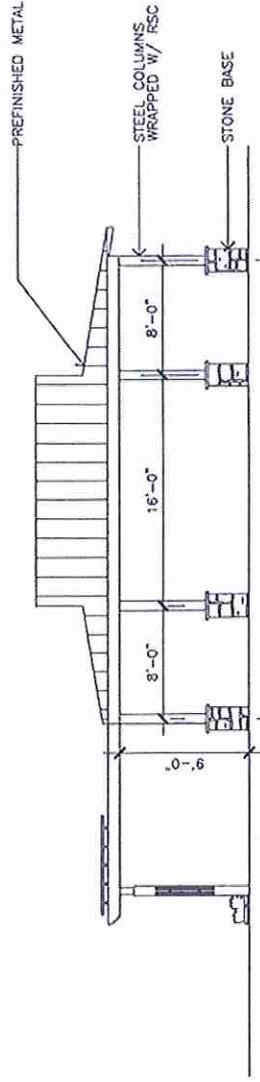


Proposed Floor Plan





Proposed Northwest Elevation



Proposed Southwest Elevation

Proposed Elevations



Scott Schreiner
Municipal Golf Course
Pavilion

1 Country Club Drive
Kerrville, Texas 78028

20-0523 10-6-05



PETER LEWIS
ARCHITECT + ASSOCIATES

Soccer Complex Improvements (Landfill Road, Kerrville Texas)
Preliminary Scope of Possible Improvements and Cost Estimates
for Hill Country Youth Soccer Assoc. (HCYSA) and CRUSH Soccer Academy (CRUSH)

item	scope	cost estimate
Local Use Improvements (in priority)		
1. support bldg. for north area of complex (CRUSH)	approx. 1500 sf for restroom/concession/meeting room/storage bldg.; ADA compliance; site grading; utility extension/connection (water, wastewater, & electrical)	\$230,000
2. surface existing parking (both organizations)	asphalt paving* (± 11,000 sy), curb stops, signage; ADA compliance	\$100,000
3. existing fields improvements (both organizations)	soil/turf improvements, leveling; goal stabilization; seating upgrades; ADA compliance; upgrade ex. effluent irrigation	\$ 50,000
4. south support bldg. upgrades (HCYSA)	bldg. upgrades; ADA compliance	\$ 25,000
5. fencing/gates improvements (both organizations)	upgrade ± 1200 lf of perimeter fence; demo/grading; replace 3 pairs of gates/posts	\$ 28,000
6. front entry improvements (both organizations)	improve front entry/signage on Loop 534	\$ 6,000
7. security lighting upgrades (both organizations)	improve/expand security lighting	\$ 18,000
8. shade structures/trees (both organizations)	Install shade canopies; plant trees w/ drip irrigation	\$ 20,000
construction subtotal (all item cost estimates include A/E and contingency)		<u>\$477,000</u>
Tournament Related Improvements		
9. new field construction (both organizations)	add 1 multi-purpose field to the east; grading, irrigation extension, turf install, goals	\$ 35,000
10. additional parking (both organizations)	excavation/base/paving*(± 2200 sy), curb stops, signage; ADA compliance	\$ 35,000
11. pavilion for tournaments (both organizations)	approx. 1500 sf covered pavilion, ADA compliance; electrical service extension	\$ 135,000
12. signage (both organizations)	field numbering, directional signs, operational signs	\$ 4,000
construction subtotal (all item cost estimates include A/E and contingency)		<u>\$209,000</u>
Local Use Improvements and Tournament Related Enhancements		Total \$686,000

*to be completed by City forces; all other work by construction contract

Agenda Item:

7J. Presentation of the City's Fiscal Year 2013 proposed budget and direction to staff regarding same. (staff)

**TO BE CONSIDERED BY THE CITY COUNCIL
CITY OF KERRVILLE, TEXAS**

SUBJECT: Submission of the City Manager's FY 2013 Proposed Budget

FOR AGENDA OF: July 24, 2011 **DATE SUBMITTED:** July 12, 2011

SUBMITTED BY: Mike Erwin  Director of Finance **CLEARANCES:** Todd Parton
City Manager

EXHIBITS: FY 2013 Proposed Budget, presented at meeting

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER: 

Expenditure	Current Balance	Amount	Account
Required:	in Account:	Budgeted:	Number:

PAYMENT TO BE MADE TO:

REVIEWED BY THE FINANCE DIRECTOR:

SUMMARY STATEMENT

As required by the City Charter, the City Manager will submit the City of Kerrville's FY 2013 Proposed Budget and accompanying budget message to the City Council and the City Secretary.

RECOMMENDED ACTION

Accept the City Manager's FY 2013 Proposed Budget for review.

Agenda Item:

8A. Report on Kerr Economic Development Corporation activities.
(Councilmember Conklin)

**TO BE CONSIDERED BY THE CITY COUNCIL
CITY OF KERRVILLE, TEXAS**

SUBJECT: Update on Kerrville Economic Development Corporation (KEDC) activities.

FOR AGENDA OF: July 24, 2012 **DATE SUBMITTED:** July 18, 2012

SUBMITTED BY: Carson Conklin
Councilmember,
Place 1 **CLEARANCES:** Todd Parton
City Manager

EXHIBITS:

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER: 

Expenditure Required:	Current Balance in Account:	Amount Budgeted:	Account Number:
\$	\$	\$	

PAYMENT TO BE MADE TO:

REVIEWED BY THE FINANCE DIRECTOR:

SUMMARY STATEMENT

Councilmember Conklin is the City Council representative to the Kerrville Economic Development Corporation (KEDC) Board of Directors. One of the functions of each board member is to provide an update on KEDC activities, programs and initiatives. In accordance with his board duties and responsibilities, Councilmember Conklin will brief the City Council regarding KEDC matters.

RECOMMENDED ACTION

This is a routine report and no action will be required.

Agenda Item:

8B. Update on river trail project. (staff)

**TO BE CONSIDERED BY THE CITY COUNCIL
CITY OF KERRVILLE, TEXAS**

SUBJECT: River Trail Status Monthly Report

FOR AGENDA OF: July 24, 2012 **DATE SUBMITTED:** July 16, 2012

SUBMITTED BY: Malcolm Matthews **CLEARANCES:** Kristine Ondrias *KO*

EXHIBITS: Monthly Report

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER: *M*

Expenditure Required:	Current Balance in Account:	Amount Budgeted:	Account Number:
\$	\$	\$	

PAYMENT TO BE MADE TO:

REVIEWED BY THE FINANCE DIRECTOR:

SUMMARY STATEMENT

Monthly Report to the City Council on the status of the River Trail project.

RECOMMENDED ACTION

No action required.

Monthly Status Report

River Trail Project

July 24, 2012

4B Funds

\$6,000,000 (River Trail)

\$2,000,000 (Louise Hays and Lehmann & Monroe Parks Renovation)

Status Report Kerrville River Trail

Package A

SCOPE

Package A extends from a new trailhead at the Riverside Nature Center parking lot, along the west property line of the RNC, down to the river's edge, under the Lemos St. Bridge, construction of a trail bridge across the river, through Tranquility Island, to the west end of the parking area in Louise Hays Park. The 10' wide trail will be constructed of concrete, except for the segment that runs along the RNC western property line. Total trail length: 0.6 miles

Amenities

Trailheads with lighting, observation areas, seating areas, trail bridge, drainage, and signage. [Note: additional amenities, such as trail entries, kiosks, and interpretive signage, will be added, once designed.]

PHASING	Action Item	Schedule (Status)	Task/Issues	Comments/Risks
Recreation easements or Property Agreements	easement to CoK from RNC	(complete)	RNC to provide easement to City	requires RNC approval
	lease renewal to RNC of CoK property	(complete)	City to provide lease to RNC	requires City Council approval
	approval from TxDoT and GLO for use of state property	(complete)	TxDoT approval of plans and Const./Maint. Agreement	SA office approval; include in MMA
Property Survey	construction easements, if needed	NA	NA	NA
Misc. Reports/Permits	M&B and Topo surveys	(complete)	identify property boundary and grades	
	LOMR	submit 7/31/12	flood level impact, if any	submittal to FEMA
	TPWD (land & water permit)	(complete)	coffer dam - bridge construction review	review by TPWD
	USACE	(complete)	involves jurisdictional waters of the US	no USACE individual permit required
Design Routing	under contract - Hewitt Engineering			
	location of trail	(complete)	define gradients and layout (complete)	
Preliminary Design	schematic plans with amenities; prelim. costs	50% review - 12/2/11 (complete) 75% review - 1/13/12 (complete) 90% review - 2/20/12 (complete)	all project elements all project elements all project elements	
	final plans/specs/costs/ documents	(complete)	all project elements	
	secure contractor	Bid March 2012; award May 2012 to Westar Construction	bid process, contract prep	project delay, bid cost, permit approvals, etc.
Construction Bidding/Contracts	build project	began May 2012; 30% complete; completion in Sept. 2012	sequencing of work	typical delays/field alterations

FUNDING - BUDGET		Allocation	Expended - Encumbered	Balance	Cost Est. for Package	Needed to Complete Package
G.O. bonds (2002) Park Dedication Funds	\$500,000 <u>25,000</u> \$525,000	2002 bonds \$147,112 [includes completion of the River Trail Master Plan and survey work]	\$377,888	Construction bid: \$667,427 plus 10% contingency \$735,000	2002 bonds \$377,888 2011 bonds \$357,112 (includes contingency)	
COs (4B)	\$357,112					

Status Report Kerrville River Trail

Package B and Parks Project

SCOPE

Package B and Parks Project connects to Package A at the west end of the Louise Hays Park parking lot, through Louise Hays Park and Lehmann & Monroe Park, to G St. r.o.w. The 10' wide trail will be constructed of concrete. This Package will be coordinated with the Jefferson Wastewater Project and Water transmission Line Project, both slated for completion in the first half of 2013. This Package will include the entire scope of work for the Louise Hays Park/Lehmann & Monroe Park Project, as funded by 4B. Total trail length: 1 mile

Amenities

Trail - trailheads with lighting, observation areas, seating areas, bridging, drainage, signage, trail entries, kiosks, and interpretive signage.
Parks - park amenities, amphitheater/stage, playground/sprayground, picnic areas, group pavilion upgrades, river access, restrooms, parking, lighting, utilities, landscaping, and signage.

PHASING	Action Item	Schedule (Status)	Task/Issues	Comments/Risks
Recreation easements or Property Agreements	easements to CoK from property owners	complete by 1/31/13	CoK to secure easements from property owners; title work and surveys	requires property owner approval, purchase, or other
	construction easements, if needed	complete by 1/31/13	determine need by 11/30/12	requires property owner approval
	M&B and Topo surveys	(partially complete)	identify property boundary and grades	
Misc. Reports/Permits	LOMR		flood impact, if any	may require submittal to FEMA
	TPWD (land & water permit)		if needed	review by TPWD
	GLO (state property use)	12/1/12	routing preference	approval by State, if needed
Design	-Trail Routing Options/Cost agreement - Half team	complete	define route options w/ costs	complete June; prior to final design contract
	-Final Design Contract - Half Team	complete by 8/31/12	all remaining design phases	requires Council approval
Preliminary Design	schematic plan with amenities; prelim. costs	50% review - (partially complete) 75% review - 90% review -	all project elements all project elements all project elements	coord. with utilities projects
Construction Drawings	final plans/specs/costs/ documents	complete by early 2013	all project elements	project delay assoc. with approvals
Bidding/Contracts	secure contractor	mid 2013	bid process, contract prep	project delay, bid cost, etc.
Construction	build project	late 2013	sequencing of work	typical delays/field alterations

Agenda Item:

8C. Budget and economic update. (staff)

**TO BE CONSIDERED BY THE CITY COUNCIL
CITY OF KERRVILLE, TEXAS**

SUBJECT: Kerrville Budget/Economic Update

FOR AGENDA OF: July 24, 2012 **DATE SUBMITTED:** July 12, 2012, 2012

SUBMITTED BY: Mike Erwin *ME*
Director of Finance

CLEARANCES: Todd Parton
City Manager

EXHIBITS: Economic Update
AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER: *TP*

Expenditure Required:	Current Balance in Account:	Amount Budgeted:	Account Number:
\$	\$	\$	

PAYMENT TO BE MADE TO:

REVIEWED BY THE DIRECTOR OR FINANCE:

SUMMARY STATEMENT

The City of Kerrville staff will present and update Council on a biweekly basis as to the status of the City's budget and current economic trends affecting the City.

RECOMMENDED ACTION

No action required information purposes only.

