

MINUTES OF THE CITY COUNCIL

CITY OF AUSTIN, TEXAS

Special Called Council Meeting

January 18, 1980
12:00 Noon

City Hall Conference Room
124 West Eighth Street
and
Council Chambers
301 West Second Street

The meeting was called to order with Mayor McClellan presiding.

Roll Call:

Present: Mayor McClellan, Councilmembers Cooke, Goodman, Himmelblau,
Mayor Pro Tem Mullen, Councilmembers Snell, Trevino

Absent: None

Mayor McClellan opened the meeting scheduled for 12:00 Noon, announcing the meeting place would be changed to the Council Chamber because of the large number of people in attendance. The meeting reconvened in the Council Chamber for discussion of two items, which, due to the late hour, were not discussed during the regularly called Council Meeting on January 17, 1980.

NORTHWEST TRAVIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 2

Mr. J.H. McCullick was scheduled to appear before Council for approval of a resolution consenting to the creation of Northwest Travis County Municipal District No. 2 to serve 251.57 acres of undeveloped land in the Spicewood at Balcones Subdivision.

MR. BERT HOOPER, attorney representing Mr. McCullick appeared in his place. He pointed out that one of the provisions of their resolution relates to out of district service. The proposed district adjoins Spicewood at Balcones and is a part of the progressive development in the area. The provision requests authorization from Council to serve on an out of district basis a 15 acre tract of land which sits in a corner of the proposed district and is somewhat land-locked. It is anticipated that sometime district service to that area will be requested, therefore the logical place for it to be served would be through the district. In addition the District has requested authorization for a proposal to serve a school and a church which are right next to the boundaries of the district which would not be incorporated and made a part of the district. The other provision that we've discussed with the staff, and to which there is disagreement, relates to the matter of establishing an interest reserve out of bond proceeds to pay the interest on that part of the bonds that is applicable to the wastewater treatment and disposal system. The concept here is that the waste will be treated by a district owned wastewater treatment plant and disposed of by irrigation on the golf courses at Spicewood, so that the treatment system and disposal system in our view corresponds to the treatment system and disposal system authorized by the City in connection with the creation of Northwest Travis County MUD 1, which is the Balcones West Subdivision and Springwood MUD.

Councilmember Himmelblau asked if that is the one that will hook up with Lateral A. Mr. Hooper said that one did, but the one he is speaking to today will not. On the concept of comparable kinds of facilities to serve the area, in lieu of hook up to Lateral A, this provides for an internal, locally controlled wastewater package. That is the reason for authorization for the request to establish an interest reserve fund as to those costs, up to a maximum of \$200,000.00. Councilmember Himmelblau asked, "Are there any other tracts that would want annexation to this MUD and to this package treatment plant?" Mr. Hooper said there is a land area that possibly could receive water from the system but nothing specific on that is proposed at this time. Councilmember, after looking at a map, stated, "I have no problem with the MUD" and pointed to a map to show which areas she would not want included. She continued, "Will the capacity of the package treatment plant be planned to serve more than what you are anticipating now?" Mr. Hooper answered, "No, it is designed to serve the area and district, depending on the type of development in the area in the district there could be additional capacity available. It could be enlarged, but the permit is sized to serve the land area that is proposed for the district. This is an integrated system with two other plants that are already in existence so these will be operated jointly as a single system by the district." Councilmember Himmelblau asked staff to speak to the points they are not in favor of.

Curtis Johnson, Director of Water and Wastewater, stated, "Mr. Hooper has quite accurately stated the one point we have trouble agreeing with the proponents of this MUD on. This is concerning the interest during construction item. As they have proposed it was about the ceiling of \$200,000.00 on it.

The two MUD's that are in existence, which Mr. Hooper referred to, did in fact have allowable bond expenses for interest during construction. In my view it is slightly different than the situation which they had. Regarding Northwest Travis County MUD No. 1, this was a situation in which the Northwest Balcones Subdivision had made application for a discharge permit from the Department of Water Resources, and was granted that discharge permit, and in some re-hearings during the time scheduled for re-hearing the MUD proponents and the City were able to negotiate a settlement which led to the formation of the MUD and as a part of that package there was interest during construction allowed. It was staff's intent at that time that particular item would not be setting precedent for future requests, however it was simply an extra inducement for Northwest-Travis County MUD 1 to not discharge its waste water effluent into Bull Creek and in turn pump their sewage back into the Lateral A system. With regard to the second Mud referred to, the Springwood MUD, again, a portion of the interest during construction, relative to their total construction package was allowed. However, the interest during construction which was allowed to be the bond expense did not cover that portion of construction from which the MUD itself would benefit. The system that was installed would handle several times more capacity than the MUD itself. The MUD proponents were picking up the interest during construction on that portion of the system which would benefit the MUD. The allowable bond expenses were simply for that part which was over and above the capacity needed to serve the capacity within the MUD. In this case, with the proposal before you today, we feel that this total system is strictly for the benefit of the area to be included within the MUD and is slightly different."

City Manager Davidson added, "And therefore we don't recommend the interest during construction."

Mr. Johnson continued, "In our view it certainly is preferable to allow the creation of the MUD as opposed to the almost certain creation of an additional private system at this location."

Motion

Mayor Pro Tem Mullen moved that the Council adopt a resolution consenting to the creation of Northwest Travis County Municipal District No. 2 to serve 251.57 acres of undeveloped land in the Spicewood at Balcones Subdivision with interest during construction not allowed. The motion was seconded by Councilmember Himmelblau.

Councilmember Goodman asked, "In the original proposal submitted to us by Mr. Reed the figure was \$3.8 million and you indicated you were going to be able to bring that figure down even further."

Mr. Reed said, "At the time I talked to you we had reduced it to \$2.8 million dollars. There is a further reduction and the figure now that we are recommending is \$2,032,000 maximum. That would be with the inclusion of the \$200,000 interest."

Roll Call on Motion

Roll Call on Motion showed the following vote:

Ayes: Mayor McClellan, Councilmembers Cooke, Goodman, Himmelblau,
Mayor Pro Tem Mullen, Councilmember Trevino

Noes: None

Not in Council Chamber when roll was called: Councilmember Snell

ELECTRIC RATE STRUCTURE

The Council had before it for consideration a resolution for adoption of the following items related to the Electric Rate Structure.

1. Methodology used to allocate plant costs and operating expenses;
2. Customer classifications;
3. System revenue requirements by customers classification; and
4. Rate design policies

Mr. Peterson of the Electric Department reviewed the four items and Jorge Carrasco, Electric Department, reviewed the overall picture with use of slides.

Councilmember Himmelblau questioned rates for large primary users and said she would prefer that residential users get a break on rates rather than the large users. There was discussion on this point between Councilmember Himmelblau, Mayor McClellan and Mr. Carrasco.

Councilmember Goodman questioned life line rates and wanted to know what impact 500 kw monthly would have. Mr. Carrasco said they have not designed a rate tariff yet for that. Discussion followed concerning what would constitute a life line rate.

Council unanimously decided to continue discussion on the Electric Rate Structure on Monday, January 21, 1980 at 6:30 P.M.

January 18, 1980

ADJOURNMENT

Council adjourned its Special Called Meeting at 2:00 p.m.

APPROVED

Carole Keeton McClellan
Mayor

ATTEST:

Grace Mourse
City Clerk