

MINUTES OF THE CITY COUNCIL

CITY OF AUSTIN, TEXAS

Regular Meeting

August 12, 1976  
10:00 A.M.

Council Chambers  
301 West Second Street

The meeting was called to order with Mayor Friedman presiding.

Roll Call:

Present: Mayor Friedman, Mayor Pro Tem Snell, Councilmembers  
Himmelblau, Hofmann, Lebermann, Linn, Trevino

Absent: None

The Invocation was delivered by REVEREND MERLE G. FRANKKE, First English Lutheran Church.

APPROVAL OF MINUTES

Councilmember Himmelblau moved that the Council approve the Minutes for August 5, 1976. The motion, seconded by Mayor Pro Tem Snell, carried by the following vote:

Ayes: Mayor Friedman, Mayor Pro Tem Snell, Councilmembers  
Himmelblau, Hofmann, Lebermann, Linn, Trevino  
Noes: None

EXECUTIVE SESSION ACTION

Mayor Friedman announced that the Council had met in an Executive Session prior to the meeting to discuss real estate matters; however, no formal decision was reached.

Civil Service Commission

At this time, City Manager Dan Davidson asked that the Council confirm the appointment of FATHER LONNIE C. REYES as a member of the Austin Civil Service Commission for a term that would end in May, 1978.

Councilmember Trevino moved that the Council confirm the appointment of Father Lonnie C. Reyes to the Civil Service Commission. The motion, seconded by Councilmember Himmelblau, carried by the following vote:

Ayes: Mayor Pro Tem Snell, Councilmembers Himmelblau, Hofmann,  
Lebermann, Linn, Trevino, Mayor Friedman  
Noes: None

## OPERA DAY

Mayor Friedman read and then presented a proclamation to Mr. David Beckett and Mr. Mark Welch, members of Opera As Performance, Experience and Recreational Activity, proclaiming August 15, 1976, as "Opera Day" in Austin and urged all citizens to join the Council in welcoming this new contribution to the cultural arts of our community and in applauding the efforts to share the beauty and drama of opera with all citizens. Mr. Beckett thanked the Council for the proclamation and invited everyone to attend the two evenings of Opera free on August 15 and 21.

## ZONING HEARING

Mayor Friedman announced that the Council would hear the zoning case scheduled for 10:00 a.m. for public hearing at this time. Pursuant to published notice there of, the following zoning case was publicly heard:

EMERALD T. WRAY,	4603-4609 North IH 35	From "A" Residence
ET AL	1100 Bentwood Road	1st Height and Area
By Robert L. Davis		To "O" Office
CI4-76-050		6th Height and Area
		(as amended)
		RECOMMENDED "O" Office, 6th
		Height and Area subject to 14 feet of
		"A" Residence at the rear of the property
		where adjacent to "A" Residence use and
		a restrictive covenant providing for no
		commercial access from Bentwood Road, as
		recommended by the Planning Commission

Mr. Dick Lillie, Director of Planning, reviewed the application and its location as being on Interstate 35 just north of Airport Boulevard. He noted that the initial application was for "GR" General Retail zoning, and after public hearing the Planning Commission felt that this type of zoning was too permissive and requested that a more restrictive zoning be considered. The Planning Commission recommended "O" Office with a further restriction that the rear 14 feet of the lots that back up to the residential subdivision be left "A" Residence. Since there are two other lots along this strip of frontage

that have been zoned "O" Office by Councils in the past, the Commission felt that the "O" was more compatible with that type of zoning than the "GR" General Retail.

Mr. Lillie stated that the owner is requesting that the current houses on the property be permitted to convert to more permissive uses because of the impact of I.H. 35 and the traffic volume generated by that facility. He commented that the petition that has been filed only contains 14% of the property owners within 200 feet of the property, so only a majority of the Council is required to grant or deny the request.

The Planning Commission also expressed concern that no commercial traffic would enter to the corner lot from Bentwood, so they requested that the Council consider a covenant whereby access to that corner lot of Bentwood and I.H. 35 be restricted to the Interstate 35 frontage.

In response to Councilmember Himmelblau's question regarding the location of a privacy fence, Mr. Lillie stated that a fence would certainly help, thereby creating a situation where there would be a strip of "A" and then a privacy fence. Mr. Lillie noted that the applicant had agreed to the amendments that the Planning Commission recommended.

MR. DAVID ARMBRUST, representing the applicant, stated that the property is part of the Delwood Subdivision, Section II, and the original plat was filed in 1946. From looking at the map, Mr. Armbrust pointed out that at that time the lots fronted on East Avenue, a neighborhood collector street. Now the lots front on Interstate 35 and he felt that there had certainly been a change in condition. Mr. Armbrust explained that due to Interstate 35, these lots were no longer suitable for residential use. In referring to a 1976 traffic count, he noted that the average daily traffic on the east access road between Airport and 53rd was 12,300 cars per day. On the west access road, there were 8,700 cars per day; on Congress Avenue between 7th and 8th Streets, there are approximately 12,800 cars per day.

He stated that due to the location of these properties on Interstate 35, they are no longer residential properties and the lots are oriented away from the neighborhood. He asked that the Council grant the "O" Office zoning since it would be the only reasonable use of the property. Mr. Armbrust noted that the 14 feet of buffer at the rear of the property will be provided.

In response to Mayor Friedman's question as to whether or not the applicant would be willing to close off traffic to Bentwood, Mr. Armbrust stated he was in agreement with this. In response to Councilmember Himmelblau's question as to the privacy fence, he commented he was in agreement with this also.

Mayor Pro Tem Snell stated that he noticed when buffers are used to protect the neighbors, businesses don't seem to have a pattern of trying to keep up that buffer. He certainly did not wish to see this happen with this buffer, if this zoning were granted. Mr. Armbrust agreed with Mayor Pro Tem Snell that if a buffer is present, then it should be maintained.

DORA HERNANDEZ, 1100 Bentwood Road, stated that the traffic was terrible and she would like to sell her home, but due to its location being so near I.H. 35 no one would buy it.

MR. KEITH KISNER appeared in opposition to the zoning change and stated that he was representing several of the area residents in opposition. Mr. Kisner noted that there had been a petition filed that contained 150 names opposing this zoning change. In reviewing his reasons for opposing this zoning change, Mr. Kisner commented he felt that this area was a community and wanted it left that way without any encroachments. By placing an office in the area, he felt that the traffic problem would increase and create hazardous conditions.

Mayor Friedman pointed out that the "O" zoning that has already been granted in the area has not caused a major encroachment into the neighborhood. Mr. Kisner reiterated that the "O" Office zoning would increase traffic and by granting this zoning change, he felt a precedent would be set for future zoning of this type. Mayor Friedman stated that certain zoning laws will prevent this from happening and the point in question here is only the property facing the roadway, which at the present time is uninhabitable.

#### Motion - Died

Councilmember Linn moved that the zoning request be denied. The motion died for lack of a second.

MR. DAN KILLEN, a resident in the area, felt that this area was not suitable for anything except a green area. Mr. Killen stated that this was not a dead neighborhood and granting this zoning change would only create spot zoning and traffic problems.

#### Motion

Councilmember Himmelblau moved that the Council grant "O" Office, 6th Height and Area as recommended by the Planning Commission, subject to 14 feet of "A" Residence at the rear of the property and with the additional conditions of no curb cuts on Bentwood and a six-foot privacy fence on the rear of the property line and on the Bentwood street side. The motion was seconded by Councilmember Lebermann.

In response to Mayor Friedman's question concerning the zoning being 5th Height and Area instead of 6th Height and Area, Mr. Lillie stated that the 5th Height and Area was a more permissive zoning which would allow a 60-foot building height. Councilmember Himmelblau pointed out that this refers to the setback of the buildings themselves. Mr. Lillie pointed out that if this were zoned "LR" Local Retail or "GR" General Retail, 6th Height and Area District, the gasoline pumps would be required to be setback a certain distance. Under the "O" Office, they can't be installed regardless.

#### Roll Call on Motion

Ayes: Councilmembers Hofmann, Lebermann, Trevino, Mayor Friedman\*, Councilmember Himmelblau  
Noes: Councilmember Linn\*, Mayor Pro Tem Snell\*

\*Councilmember Linn stated she voted "no" because she felt this was a mistake and would be harmful to the neighborhood.

\*Mayor Friedman pointed out that these same arguments were heard five years ago and there has been no detriment to the neighborhood, and to think that the noise from 12,000 cars per day would be a help to the neighborhood is a little out of point.

\*Mayor Pro Tem Snell commented that he voted "no" because of the job he is presently doing involving East Austin.

The Mayor announced that the change had been granted to "O" Office, 6th Height and Area District, subject to conditions, and the City Attorney was instructed to draw the necessary ordinance to cover.

#### HONORARY CITIZENSHIP AWARDS

At this time, Mayor Friedman took the opportunity to introduce several distinguished visitors at the Council meeting that were visiting from San Jose, Costa Rica. Mayor Friedman stated that the delegation was representing government officials throughout Costa Rica. He then presented the Honorary Citizenship Certificates to the following:

<u>NAME</u>	<u>PROFESSION</u>	<u>POSITION</u>
Jorge Arturo Castro Herrera	Civil Engineer	Executive President of IFAM
Elias Soley Soler	Lawyer	Vice President of Legislative Assembly
Juan Carlos Fernandez Saberio	Degree in Political Sciences	Especial Advisor of the President of the Republic
Jose Luis Gonzalez Ramos	Degree in Social Sciences	Vice Minister, in Representation of the Minister of Internal Affairs
Tirsa Bustamanta Guerrero	Degree in Philosophy	Legislative Assembly Representative
Juan Jose Echeverria Brealey	Lawyer	Legislative Assembly Representative
Guillermo Villalobos Arce	Lawyer	Legislative Assembly Representative
Claudia Mora Madriz	Administrator	Member of the Board of Directors of IFAM
Santiago Valenzuela Montero	Professor	Member of the Board of Directors of IFAM
Rodrigo Arias Sanchez	Lawyer	Municipal Councilman

<u>NAME</u>	<u>PROFESSION</u>	<u>POSITION</u>
Jose Antonio Fallas Diaz	Central Bank Officer	Municipal Councilman
Alfredo Aymerich Fernandez	Certified Public Accountant	General Comptroller of IFAM and Coordinator of the Group
Heriberto Rodriguez	U. S. Agency for International Development	
Carlos Culina Vargas	Coordinator for Delegation	

Mr. Jose Luis Gonzalez, Vice Minister of Government of the Republic of Costa Rica, expressed his appreciation for the welcome he received here in Austin as well as in Texas. He stated that he had gained many experiences through his travels in the United States that would help him in his country. Mr. Gonzalez felt that the Council is the key to Democratic government, and that this trip has also renewed his belief in a Democratic form of government. He stated that the certificates presented to him and the others in the delegation would be treasured as moments of their visit to the United States. (Mr. Vargas translated for Mr. Gonzalez.)

#### PUBLIC HEARING ON AMENDING ZONING ORDINANCE PERTAINING TO SIGNS

Mayor Friedman opened the public hearing scheduled for 10:30 a.m. to consider amending the Zoning Ordinance modifying setback requirements for certain signs to conform with Chapter 3 of the Austin City Code of 1967; extending the period in which a temporary sign pertaining to the sale of an addition or subdivision shall be permitted in certain zoning districts and passage of the Ordinance.

Mr. Lonnie Davis, Director of Building Inspection, stated that this is the culmination of the Sign Committee's original recommendations. The recommendations before the Council today pertain to Chapter 45, which is a Zoning Ordinance. It has been heard and recommended by the Planning Commission. Mr. Davis then reviewed the recommendations with the Council as follows:

1. Part 1, Subsection 45-31(d) - A change in the Temporary sign as it pertains to the sale of a subdivision. The new proposal would permit a temporary sign not to exceed sixty-four square feet pertaining to the sale of an addition or subdivision, for a period not to exceed four years from the date of the first construction permit, or until the addition or subdivision is 95% sold, whichever occurs first.
2. Part 2, Subsection 45-31(f) - The change in this section would prohibit a sign from extending over the sidewalk area or the public right-of-way in all areas of the City except in those areas where it is permissible for a building to be built directly on the property line.

3. Part 2, Subsection 45-31(f)-2 - The change here would properly define what an off-premise billboard is and adds a new sentence that explicitly prohibits under any and all circumstances for a billboard to extend over a public right-of-way.
4. Definition Section - A new definition was added in this section whereby advertising would mean the act of directing attention.
5. Section 45-31(f)e, Beer and Wine - The Sign Ordinance adopted by the Council in January, 1976, puts a limitation for on-premise signage for all signage in the front setback not to exceed one square foot of signage for each lineal foot of street frontage. (Mr. Davis stated that either of these could be more restrictive but he could see no problem with both being available since the most restrictive provision would apply.)
6. Section 45-31(f) - The Sign Committee and the Planning Commission felt that some provision needed to be made for subdivision sale signs since they had been used for many years without being provided for in the Zoning Ordinance. Therefore provisions have been made whereby signs for sale of offices and model homes in a real estate additions and subdivisions may have (1) not more than two flags no larger than 3' x 5' may be located behind the property line on each street frontage of the lot; (2) in addition to the signs provided for in Chapter 13-B6, up to three free-standing signs may be located 15 or more feet behind the property line; however, no one sign may exceed 12 square feet and the sum total of all three signs may not exceed 27 square feet. A provision was also included here for private directional signs which should not exceed 3 square feet.

Another provision in this same section was included referring to stake signs whereby the signs would be no larger than 5-1/2 square feet with a maximum height limitation of 54 inches.

7. This change refers to signs in residential "B" and more restrictive use districts and was directly addressed to the churches. Nearly all of the churches are located in "B" Residential or more restrictive use districts and all of them do use signs that are in excess of six square feet. The vast majority of those signs are well designed and compatible with the area, but they do not comply with the Zoning Ordinance. A new provision has been added that permits the Board of Adjustment to grant a special exception as to the size, shape, and number concerning on-premise church accessory signs exceeding six square feet in area and located in a "B" Residence or ~~more~~ more restrictive district subject to special terms and conditions as it deemed necessary to insure compatibility of the proposed signs with the adjacent property.

MR. BOB MILLER, a member of the Sign Committee, stated that these recommendations conform to what the Sign Committee recommended, and he felt that this would help in enforcing the Ordinance by having the zoning in coordination with the Sign Ordinance. Councilmember Himmelblau extended her thanks to the Sign Committee and stated that this was something that has been needed for a long time.

In response to Councilmember Linn's question, Mr. Davis stated that the Board of Adjustment would regulate church signs if they are over six square feet. Other companies that have larger signs can go before the Board of Adjustment, but they would have to request a variance which would require that the applicant show a hardship or unusual circumstances. The same procedure is not required of the churches because they are usually located in a residential-type neighborhood.

Councilmember Hofmann moved that the Council close the public hearing on amending the Zoning Ordinance modifying setback requirements for certain signs to conform with Chapter 3 of the Austin City Code of 1967; extending the period in which a temporary sign pertaining to the sale of an addition or subdivision shall be permitted in certain zoning districts and instructed the Legal Department to bring back the completed Ordinance for final passage. The motion, seconded by Councilmember Himmelblau, carried by the following vote:

Ayes: Councilmembers Lebermann, Linn, Trevino, Mayor Friedman,  
Mayor Pro Tem Snell, Councilmembers Himmelblau, Hofmann  
Noes: None

#### CHANGE ORDER FOR CERTAIN CONSTRUCTION AT BRACKENRIDGE HOSPITAL

The Council had before it for approval a Change Order No. 4 in the amount of \$667,496.00 to ROBERT E. McKEE, INC., in connection with the contract for construction of Phase 2B expansion of Brackenridge Hospital. In response to Councilmember Linn's question, Mr. A. M. Eldridge, Director of Construction Management, stated that the total of all of the change orders anticipated so far have been approximately \$1,158,000. Additional change orders should not exceed \$150,000.

In response to Councilmember Linn's question concerning the drainage changes that are proposed, City Manager Davidson noted that at the time this project was contracted, it was explained that the architect had not completely finished all of the plans for the project; in order to take advantage of an opportune bidding and in order to get the contract underway as soon as possible, all parties involved decided that it would be to the City's advantage to undertake the contract even though a large amount of change orders were anticipated as the plans became available and completed.

In response to Councilmember Hofmann's question, Mr. Eldridge stated that the Monorail is a transportation system that will be installed in the future and will be used to transport supplies. Councilmember Hofmann was concerned that this system could possibly eliminate employees.

Councilmember Linn asked why the roof-top enclosures were not included in the specs, and Mr. Eldridge stated that they were to protect the air handling units located on the roof. The architects felt that it would be a savings to locate them on the roof and at the time of bidding certain information was not available concerning these enclosures.

In conclusion, Mr. Eldridge noted the Hospital Board had reviewed all of the changes and approved them.



Councilmember Linn moved that the Council adopt a resolution approving the Change Order No. 4 in the amount of \$667,496.00 to ROBERT E. McKEE, INC., in connection with the contract for construction of Phase 2B expansion of Brackenridge Hospital. The motion, seconded by Councilmember Himmelblau, carried by the following vote:

Ayes: Councilmembers Linn, Trevino, Mayor Friedman, Mayor Pro Tem Snell, Councilmembers Himmelblau, Hofmann, Lebermann  
Noes: None

#### AMENDMENTS TO THE AIRPORT PARKING COMPANY AGREEMENT

The Council had before it for consideration an amendment to the Airport Parking Company of America agreement to provide for expansion of Airport parking lot, establish new public parking fees effective October 1, 1976, provide for a mutually agreed upon rate adjustment October 1, 1978, and provide for mutual consent option. MR. ROY BAYLESS, Director of Aviation, stated that it was in the City's best interest to make a one-year pay back and this would permit the project to proceed.

City Manager Davidson noted that concern has been expressed regarding any long-term commitment by the City to pay out an extensive amount of interest, and he certainly would not recommend doing this. Mr. Davidson commented that the parking is needed now and recommended that the project proceed.

In response to Councilmember Hofmann's question, Mr. Davidson stated that it possibly would be cheaper for the City to operate the parking at the Airport; however, the current contract with this company is effective until 1983. At that time, the City might want to consider this idea.

Councilmember Linn moved that the Council adopt a resolution for authorization to amend the agreement with Airport Parking Company of America to provide for expansion of Airport parking lot, establish new public parking fees effective October 1, 1976, provide for a mutually agreed upon rate adjustment October 1, 1978, and provide for mutual consent option. The motion, seconded by Councilmember Trevino, carried by the following vote:

Ayes: Councilmember Trevino, Mayor Friedman, Mayor Pro Tem Snell, Councilmembers Himmelblau, Hofmann, Lebermann, Linn  
Noes: None

#### SETTING PUBLIC HEARING ON USING A PORTION OF KEALING PARK FOR CARVER BRANCH LIBRARY

Mayor Pro Tem Snell moved that the Council set a public hearing on September 16, 1976 at 7:30 p.m. to consider using a portion of Kealing Park as a site for a new Carver Branch Library. The motion, seconded by Councilmember Linn, carried by the following vote:

Ayes: Mayor Friedman, Mayor Pro Tem Snell, Councilmembers Himmelblau, Hofmann, Lebermann, Linn, Trevino  
Noes: None

## CONTRACTS AWARDED

Councilmember Linn moved that the Council adopt a resolution awarding the following contracts:

## Bid Award:

- Office Supplies, General Services Division. To be used by all City Departments

LINDSAY OFFICE PRODUCTS  
1620 Manor Road  
Austin, Texas

- Items 8, 9, 10, 19, 20, 23, 24, 27, 28, 30, 31, 34 through 38, 42, 43, 51 through 55, 58, 59, 60, 71, 74, 77 through 84, 86, 87, 88, 91, 92, 93, 94, 122, 123, 124, 127, 129, 130, 181, 135, 138, 139, 141, 155, 156, 157, 160, 161, 162, 167, 173, 174, 177 through 182, 185, 191, 198, 207, 210, 212, 213, 216, 247, 249 through 255, 267, 268, 271, 272, 273, 277, 278, 279, 280 and 166 - \$12,275.23.

ABEL STATIONERS  
416 Congress Avenue  
Austin, Texas

- Items 1, 3 through 7, 11, 12, 14 through 18, 21, 22, 25, 26, 29, 39, 40, 41, 44 through 50, 56, 57, 72, 73, 75, 76, 85, 89, 90, 95, 99 through 107, 132 through 134, 136, 142, 143, 144, 158, 163, 164, 165, 183, 184, 189, 190, 192, 193, 194 through 197, 199, 200, 201, 208, 209, 214, 215, 245, 246, 256, 257, 258, 260, 262 through 266, 269, 275, 276, 281, 282, 283 and 284 - \$26,189.39.

AUSTIN PAPER COMPANY  
1501 West 5th Street  
Austin, Texas

- Items 2, 168, 169, 170, 171, 172, 259 and 261 - \$1,705.31.

L.L. RIDGWAY  
6555 Burnet Road  
Austin, Texas

- Items 13, 32, 128, 137, 186, 188, 202, 203, 204, 205, 211 and 270 - \$1,281.07.

BURKS REPRODUCTION & SUPPLY  
COMPANY  
4402 North Lamar  
Austin, Texas

- Items 33, 125, 126, 206 and 248 - \$103.13.

VON BOECKMAN JONES  
310 South Congress Avenue  
Austin, Texas

- Items 61 through 70 and 97 - \$1,529.61

Councilmember Linn complimented ~~Burks~~ Reproduction and Von Boeckman Jones for their minority hiring.

MILLER BLUE PRINT  
501 West 6th Street  
Austin, Texas

- Items 96 and 98 - \$213.71

OLIVETTI CORPORATION OF  
AMERICA  
1016 West 6th Street  
Austin, Texas

- Items 217 through 240, 243 and 244 -  
\$4,056.55.

OFFICE COMPANY  
4011 Marathon Road  
Austin, Texas

- Items 121, 145 through 154, 175,  
176 and 274 - \$1,714.81.

EASTBURN'S  
2610 Euclid Avenue  
Austin, Texas

- Item 241 - \$56.00.

HART GRAPHICS AND OFFICE  
CENTERS  
8000 Shoal Creek Boulevard  
Austin, Texas

- Items 108 through 120 - \$636.57.

DUNCAN TYPEWRITER COMPANY  
3013 North Lamar  
Austin, Texas

- Item 242 - \$252.00.

IBM CORPORATION  
1609 Shoal Creek Boulevard  
Austin, Texas

- Item 140 - \$231.00

The motion, seconded by Councilmember Trevino, carried by the following vote:

Ayes: Councilmembers Himmelblau, Hofmann, Lebermann, Linn,  
Trevino, Mayor Friedman, Mayor Pro Tem Snell

Noes: None

Councilmember Linn moved that the Council adopt a resolution awarding the following contract:

SOUTHWAY ELECTRICAL UTILITY  
SERVICE  
3201 Longhorn Boulevard  
Austin, Texas

- Suspension Insulators, Central Stores.  
Items Nos. 1, 2 and 3 - \$17,690.40.

The motion, seconded by Councilmember Trevino, carried by the following vote:

Ayes: Councilmembers Himmelblau, Hofmann, Lebermann, Linn,  
Trevino, Mayor Friedman, Mayor Pro Tem Snell

Noes: None

Councilmember Linn moved that the Council adopt a resolution awarding the following contract:

PRIESTER MELL COMPANY, INC.  
601 East 51st Street  
Austin, Texas

- 1440 ft. EP, 500 MCM Cable, Electric  
Department  
Item No. 1 - \$21,415.06.

The motion, seconded by Councilmember Trevino, carried by the following vote:

Ayes: Councilmembers Himmelblau, Hofmann, Lebermann, Linn,  
Trevino, Mayor Friedman, Mayor Pro Tem Snell  
Noes: None

Councilmember Linn moved that the Council adopt a resolution awarding the following contract:

AUSTIN ROAD COMPANY  
428 East Anderson Lane  
Austin, Texas

- Street and Drainage Improvements in  
Rundberg Lane from Lamar Boulevard to  
I.H. 35 - \$184,304.39.

The motion, seconded by Councilmember Trevino, carried by the following vote:

Ayes: Councilmembers Himmelblau, Hofmann, Lebermann, Linn,  
Trevino, Mayor Friedman, Mayor Pro Tem Snell  
Noes: None

Councilmember Linn moved that the Council adopt a resolution awarding the following contract:

PUROLATOR SECURITY, INC.  
78 East Avenue  
Austin, Texas

- Security Guards, Uniformed, Armed and  
Unarmed; General Services Division and  
Health Department.  
Twelve Months Agreement including  
options for two (2) one(1) year ex-  
tensions and incorporated additional  
City locations subject to availability  
of funds.  
Item No. 1 estimated 11,450 hours  
@ \$3.30  
Item No. 2 estimated 6,254 hours  
@ \$3.50  
Item No. 3 estimated 1,008 hours  
@ \$3.30  
Estimated total annually \$63,000.40.

The motion, seconded by Councilmember Trevino, carried by the following vote:

Ayes: Councilmembers Himmelblau, Hofmann, Lebermann, Linn,  
Trevino, Mayor Friedman, Mayor Pro Tem Snell  
Noes: None

Councilmember Linn moved that the Council adopt a resolution awarding the following contract:

POWERS REGULATOR COMPANY  
6901 North Lamar  
Austin, Texas

- Installation of Pneumatic Tube System  
at Police Training and Parking  
Facility - \$13,000.00

The motion, seconded by Councilmember Trevino, carried by the following vote:

Ayes: Councilmembers Himmelblau, Hofmann, Lebermann, Linn,  
Trevino, Mayor Friedman, Mayor Pro Tem Snell

Noes: None

Councilmember Hofmann expressed concern that the use of this system would possibly eliminate employees, and Councilmember Himmelblau pointed out that this was discussed during the Capital Improvements Program sessions last year and it was agreed that this was the best way to handle the situation. Mayor Friedman stressed that employees would not be eliminated.

Councilmember Linn moved that the Council adopt a resolution awarding the following contract:

AUTOMATIC SIGNAL COMPANY  
LFE TRAFFIC CONTROL DIVISION  
2715 Avenue E. East, Suite 604  
Arlington, Texas

- Traffic Signal Heads, Urban  
Transportation Department  
Items 1 and 2 - \$37,740.00

The motion, seconded by Councilmember Trevino, carried by the following vote:

Ayes: Councilmembers Himmelblau, Hofmann, Lebermann, Linn,  
Trevino, Mayor Friedman, Mayor Pro Tem Snell

Noes: None

Councilmember Linn moved that the Council adopt a resolution awarding the following contract:

KEENE CORPORATION  
TRANSIT SYSTEMS DIVISION  
4619 North Ravenswood Avenue  
Chicago, Illinois

- 5 Bus Fare Boxes, Urban Transportation  
Department.  
Item 1 - \$7,750.00

The motion, seconded by Councilmember Trevino, carried by the following vote:

Ayes: Councilmembers Himmelblau, Hofmann, Lebermann, Linn,  
Trevino, Mayor Friedman, Mayor Pro Tem Snell

Noes: None

## PUBLIC HEARING ON AN APPEAL REGARDING A SPECIAL PERMIT

Mayor Friedman opened the public hearing scheduled for 11:30 a.m. to consider an appeal from the decision of the Planning Commission, denying a special permit to Schlotzsky's Inc., 1727 East Riverside Drive to permit on-premises consumption of alcoholic beverages in a restaurant. (File C14p-76-025) Mayor Friedman pointed out that due to previous legal work with Schlotzsky's Inc. he would not participate in the discussion or the vote.

Mr. Dick Lillie, Director of Planning, reviewed the location of the application and noted that it was located within an existing shopping center. The request involves expansion of the existing operation to include the sale of beer and wine for on-premise consumption, secondary to the sale of food. The use is allowed in this "LR" Local Retail District with a special permit because this tract is located across the street from "GR" General Retail and "C" Commercial zoning. The special permit has been reviewed by a number of City departments, and there are certain technical requirements that would have to be met by the applicant prior to the release of the special permit. Mr. Lillie stated that two petitions were received on this case; one supported the application and contained over 500 signatures; one petition opposed the application and contained 45 signatures.

During the testimony at the Planning Commission meeting, reference was made to a driveway located at the corner of the property and accessing to Lupine Lane to the east. The driveway has been checked and it is a legal driveway. The Planning Commission denied the special permit, and the staff recommended that the special permit be granted in conformance with departmental requirements.

MR. RICK SKINNER, representing Schlotzsky's Inc., commented that he did not receive any notice of this meeting until early this morning. Mr. Lillie stated that it is the responsibility of the applicant to be present when the public hearing is set by the Council. Mr. Skinner reiterated that this application is to enable them to sell beer and wine secondary to the sale of food. He pointed out that the lease on the property prohibits the sale of beer by itself, and states that it must be accompanied by food. He stressed the fact that this establishment is not in the business of operating a bar but does operate restaurants. Mr. Skinner then responded to several statements that were made at the Zoning Committee hearing which involved the following:

1. The comment that every businessman in the community surrounding this area was opposed to the sale of beer and wine. Mr. Skinner noted this was not true.
2. Reference was made that the apartment dwellers at Casa Roca were opposed to this application, and he noted this was not true.
3. All of the property owners in the area were opposed, and again this was not true. Mr. Skinner stated that an opinion survey was conducted in the area regarding this application and 96% favored the sale of beer and wine.

MR. C. BEN HIBBETTS, owner of the property under consideration, stated that he purchased this tract of land in 1964 and had Commercial development at this location for a long time. He noted that he did not condone a beer tavern, but could see no reason to deny this application since it was only to serve beer and wine in conjunction with the food.

MR. WILLIAM HECK, a property owner approximately 150 feet from this property being discussed, appeared before the Council in opposition to this special permit. He stated that in July, 1971, and April, 1975, zoning changes on this property were brought before the Council and were denied in both instances. Mr. Heck referred to the signatures received by Mr. Skinner and noted that they were collected while standing in the lot at the nearby Safeway store. Mr. Heck pointed out that the signatures he had were from the residents and property owners in the area. He stated that in his opinion on-premise consumption would devalue his home. In conclusion, Mr. Heck stated that he opposed any type of on-premise consumption of alcoholic beverages. In response to Councilmember Trevino's question, Mr. Heck commented that if this special permit is granted, within one year another application will come about requesting "C-1" zoning and felt that this would only lead to "C-2" zoning to which he was also opposed. In response to Councilmember Linn's question, Mr. Heck stated that it was his understanding that Schlotzsky's was not even operating a business at this location at the present time.

Councilmember Himmelblau requested to see a zoning map which showed what zonings had been processed in this area before.

MRS. JOANN RAY, 1621 Sunnyvale, pointed out that she had a petition signed by all of the homeowners in the community who are opposed to this zoning request. She then presented a chart showing all of the homeowners that are opposed to any change that would allow for the sale of alcoholic beverages this close to their homes. She also felt that this would be a step in the direction of spot zoning.

Councilmember Trevino asked if there was a possibility of closing the driveway located at Loma and Lupine Streets, and Mrs. Ray stated that the community would not compromise and the majority of the homeowners are against closing the driveway. In conclusion, Mrs. Ray stated that she did not receive any notices regarding the hearing before the Planning Commission or this one before the Council.

In referring to the statement that Schlotzsky's Inc., was not operating at this location being discussed, Mr. Skinner stated that he had a signed lease to operate at this location and would do so regardless of whether or not the special permit was granted.

MRS. WADE CLEM, 1602 Sunnyvale, stated that she resented the fact that the neighborhood was not contacted for their opinion regarding this application by the representatives of Schlotzsky's Inc., and she also stated that she did not receive any notification of the hearing.

SOPHIE GREEN, 1301 Loma, commented that this was the only residential area left located near Riverside Drive, and referred to Mr. Sid Jagger's comment at the Planning Commission meeting which noted that there are already enough places in this area already zoned for this type of thing and did not think it was necessary to change the zoning.

Mr. Skinner again stressed that this permit was not for a rezoning but for the sale of beer and wine and did not think that excessive noise would be created if the special permit is granted. In response to Mayor Pro Tem Snell's question as to contacting the residents in the neighborhood regarding this, Mr. Skinner commented that he talked with three residents on Loma Drive and one supported this request and two opposed it.

Councilmember Hofmann moved the public hearing be closed and that the decision of the Planning Commission be upheld, thereby not granting the special permit to Schlotsky's Inc., 1727 Riverside Drive, to permit on-premises consumption of alcoholic beverages in a restaurant. (File No. C14p-76-025). The motion, seconded by Councilmember Trevino, carried by the following vote:

Ayes: Councilmembers Hofmann, Lebermann, Linn, Trevino, Mayor  
Pro Tem Snell, Councilmember Himmelblau  
Noes: None  
Abstain: Mayor Friedman

AFTERNOON SESSION  
2:00 P.M.

Mayor Friedman called the afternoon session to order.

ACCEPTANCE OF GRANT TO COVER EXPENSES OF INTERLIBRARY LOAN OFFICE

Councilmember Linn moved that the Council adopt a resolution for acceptance of a grant of \$53,092 to cover the expenses of the Interlibrary Loan Office, in the provision of services to Austin Public Library and the 31 other members of the Central Texas Library System, funded under the Federal Library Services and Construction Act. The motion, seconded by Councilmember Trevino, carried by the following vote:

Ayes: Mayor Pro Tem Snell, Councilmembers Himmelblau, Hofmann,  
Lebermann, Linn, Trevino, Mayor Friedman  
Noes: None

RENEWAL OF MEDICAL TRANSPORTATION SERVICES CONTRACT

Councilmember Linn moved that the Council adopt a resolution authorizing the renewal of the Medical Transportation Services Contract with the State Department of Public Welfare to provide medical transportation services to the Department of Public Welfare clients in Austin and Travis County. The motion, seconded by Mayor Pro Tem Snell, carried by the following vote:

Ayes: Councilmembers Linn, Trevino, Mayor Friedman, Mayor Pro  
Tem Snell, Councilmembers Himmelblau, Hofmann  
Noes: None  
Not in Council Chamber when roll was called: Councilmember Lebermann



## PARKING METER ZONES

Councilmember Himmelblau moved that the Council adopt a resolution authorizing the following Parking Meter Zones:

DELETE

<u>ZONE</u>	<u>STREET</u>	<u>SIDE</u>	<u>BLOCK</u>
Zone 30/60	E. 9th Street	North and South	100

INSTALL

Zone 15	Congress Avenue	East	900
Zone 15	East 9th Street	North	100
Zone 30/60	East 9th Street	South	100

The motion, seconded by Councilmember Linn, carried by the following vote:

Ayes: Councilmembers Linn, Trevino, Mayor Friedman, Mayor Pro Tem Snell, Councilmembers Himmelblau, Hofmann

Noes: None

Not in Council Chamber when roll was called: Councilmember Lebermann

In response to Councilmember Linn's question as to whether or not the merchants in the area have been notified, Mr. Joe Ternus, Director of Urban Transportation, stated that they were notified and that most of the meters are located in front of their businesses. Councilmember Linn expressed concern that the downtown area would become a banking institution and not enough time would be allowed for people to shop.

Mr. Ternus commented that in his opinion the shopping would be improved because the longer period meters that are presently operating tend to cause people to take advantage of the time period. By installing the shorter time periods, more people will be given the opportunity to shop.

Councilmember Linn requested that when these Parking Meter Zones are changed in the future, she would like to see a survey of the merchants in a 2-block radius of the area, to the north and to the south. Mr. Ternus stated he would contact these merchants in the future when this is done to obtain their opinions concerning the change in the parking zones.

## LEASE AGREEMENT FOR SPACE IN ROSEWOOD VILLAGE SHOPPING CENTER

The Council had before it for consideration approval of a Lease Agreement for space in the Rosewood Village Shopping Center for use as a Dental Clinic.

Motion

Councilmember Linn moved that the Council adopt a resolution approving a Lease Agreement for space in the Rosewood Village Shopping Center for use as a Dental Clinic. The motion was seconded by Mayor Pro Tem Snell.

In response to Councilmember Trevino's question concerning the Housing and Community Development money, Mr. Larry Sullivan, Deputy Director of the Health Department, stated that the Model Cities budget contained about \$90,000 to maintain approximately one dentist capacity at the dental clinic. In order to manage on the out-patient clinic budget, it was recommended that the \$90,000 be taken out of that budget so it could be reduced down. There was a separate item of about \$154,000 in the second year HCD proposal, and the net effect of the reduction in the out-patient clinic budget and the addition of about a two-dentist capacity is an increase of about one dentist at the Austin Dental Clinic.

Councilmember Trevino asked the Council to postpone a decision on this until he had the opportunity to study the breakdown of the figures.

Withdrawal of Motion

Councilmember Linn withdrew her motion, and Mayor Pro Tem Snell withdrew his second.

Mayor Friedman stated that consideration of this item would be postponed until August 19, 1976.

EXTENSION OF TEMPORARY CONSTRUCTION LICENSE FOR WEST AUSTIN WATER  
TRANSMISSION LINE

Councilmember Linn moved that the Council adopt a resolution authorizing execution of an amendment to extend Temporary Construction License for West Austin Water Transmission Line. The motion, seconded by Councilmember Trevino, carried by the following vote:

Ayes: Mayor Friedman, Mayor Pro Tem Snell, Councilmembers  
Himmelblau, Hofmann, Linn, Trevino

Noes: None

Not in Council Chamber when roll was called: Councilmember Lebermann

SELECTION OF A FIRM TO PERFORM AN ANNUAL AUDIT

Councilmember Linn moved that the Council adopt a resolution selecting the firm of SEIDMAN & SEIDMAN to perform the annual audit for fiscal year ending September 30, 1976. The motion, seconded by Councilmember Hofmann, carried by the following vote:

Ayes: Mayor Pro Tem Snell, Councilmembers Himmelblau, Hofmann,  
Linn, Trevino

Noes: None

Abstain: Mayor Friedman\*

Not in Council Chamber when roll was called: Councilmember Lebermann

\*Mayor Friedman stated that he does not work for this firm in any capacity at the present time; however, there was some concern last year.

#### APPROACH MAIN CONTRACT

The Council had before it for consideration authorizing the following approach main contract:

WESTOVER HILLS, INC.  
Robert T. Mayfield,  
President

- Construction of an 8-inch wastewater approach main to serve Twin Mesa in accordance with the proposed approach main policy.

In response to Mayor Friedman's question as to whether or not this approach main contract had followed the necessary procedures in order to obtain approval, Mr. Curtis Johnson, Director of Water and Wastewater, stated that this contract has cleared the Planning Commission.

Councilmember Linn asked if an environmental assessment was performed by the Environmental Resource Management Department, and Mr. Johnson stated that Dr. Maureen McReynolds, Director of that department, had minimum concern about the project but has asked for an environmental assessment. The assessment suggested for this project would go along with the design and so it was never intended that the assessment be completed at this stage of the progress for the project. City Manager Davidson pointed out that the design work on the project should not be done until the Council has authorized this action; the engineering is associated with the environmental assessment.

In response to Councilmember Linn's question, Dr. McReynolds commented that this project follows all of the guidelines of the new Approach Main Policy. From an environmental standpoint, there is really no objection to placing an approach main in this particular location. The specific route of the sewer line needs to be watched very closely because there is a creek associated with this which contains certain areas that are undisturbed and natural. Dr. McReynolds stated that when the engineering drawings are done that this would be the time that an assessment needs to be done in order to protect the necessary areas.

Mr. Dick Lillie indicated that the Planning Commission voted unanimously to support this project.

Councilmember Himmelblau moved ~~that~~ the Council adopt a resolution authorizing the aforementioned Approach Main Contract. The motion, seconded by Councilmember Trevino, carried by the following vote:

Ayes: Councilmembers Himmelblau, Hofmann, Linn, Trevino,  
Mayor Friedman, Mayor Pro Tem Snell

Noes: None

Not in Council Chamber when roll was called: Councilmember Lebermann

## APPROACH MAIN CONTRACT - WITHDRAWN

The following Approach Main Contract was withdrawn:

FIRST SERVICE CORPORATION  
John T. Mahone, President

- Construction of 12, 16, and 24-inch water approach mains to serve Lakewood Subdivision in accordance with the proposed approach main policy.

Mr. Curtis Johnson noted that the Planning Commission did not act upon this approach main contract due to the need for additional information. City Manager Davidson requested that this item be withdrawn until it had been reviewed by the Planning Commission and all necessary processes completed. Mr. Lillie stated also that consideration of the Lakewood project would be considered by the Planning Commission at a later date.

## AMENDING AGREEMENT CREATING AUSTIN TRANSPORTATION STUDY

Councilmember Lebermann had requested that the Council consider amending the Joint Agreement creating the Austin Transportation Study; however, he requested that this item be postponed until August 19, 1976.

## SCHOOL ZONES SPEED LIMITS

The Council had before it for consideration an ordinance setting the following speed ~~zones~~:

DELETING

<u>ON</u>	<u>FROM</u>	<u>TO</u>
Peyton Gin Road (Wooldridge School)	Clarewood Drive	Brookfield Drive
Peyton Gin Road (Lanier School)	300' east of Parkfield	200' east of Jamestown Drive
Jones Road (Sunset Valley School)	200' east of Westgate Boulevard	Sunset Valley City limits
Mesa Drive (Doss School)	100' south of the center line of Far West Boulevard	100' north of the center line of Far West Boulevard

ADDING

Peyton Gin Road (Laneir School)	166' east of Collinfield	310' east of Parkfield
Holly Street (Sanchez School)	59' east of East IH 35 Service Road	158' west of Cross Street

Waller Street (Sanchez School)	186' south of Holly Street	76' north of Spence Street
San Marcos (Sanchez School)	35' north of Holly Street	62' north of Spence Street
Rundberg Lane (Dobie School)	200' west of Teasdale Drive	404' west of Marl- borough Drive
West 5th Street (Austin High School)	150' east of Campbell	150' west of Campbell
West 6th Street (Austin High School)	150' west of Campbell	150' east of Campbell

Mayor Friedman introduced the following ordinance:

AN ORDINANCE AMENDING SECTION 21-41, SUBSECTION (d), OF THE AUSTIN CITY CODE OF 1967, MAKING CERTAIN ADDITIONS AND DELETIONS TO SAID SUBSECTION, IN ACCORDANCE WITH THE PROVISIONS OF THE "UNIFORM ACT REGULATING TRAFFIC ON HIGHWAYS" (VERNON'S ANN. CIV. ST. ART. 6701d); REPEALING ALL ORDINANCES IN CONFLICT WITH THIS ORDINANCE; SUSPENDING THE RULE REQUIRING THE READING OF ORDINANCES ON THREE SEPARATE DAYS; AND DECLARING AN EMERGENCY.

Councilmember Linn moved that the Council waive the requirement for three readings, declare an emergency and finally pass the ordinance. The motion, seconded by Councilmember Trevino, carried by the following vote:

Ayes: Councilmembers Lebermann, Linn, Trevino, Mayor Friedman,  
Mayor Pro Tem Snell, Councilmembers Himmelblau, Hofmann  
Noes: None

The Mayor announced that the ordinance had been finally passed.

#### ZONING ORDINANCE

Mayor Friedman brought up the following ordinance for its second reading:

AN ORDINANCE ORDERING A CHANGE IN USE AND CHANGING THE USE MAPS ACCOMPANYING CHAPTER 45 OF THE AUSTIN CITY CODE OF 1967 AS FOLLOWS:  
LOT 17, AND THE NORTH 74 FEET OF LOT 18, BLOCK 1, (SAVE AND EXCEPT THE WEST 40 FEET WHICH SHALL REMAIN ZONED "A" RESIDENCE, FIRST HEIGHT AND AREA DISTRICT), OUTLOTS 51 AND 52, DIVISION "B," CREST HAVEN SUBDIVISION, LOCALLY KNOWN AS 2108-2202 REDWOOD AVENUE, FROM "A" RESIDENCE DISTRICT TO "GR" GENERAL RETAIL DISTRICT; SAID PROPERTY BEING LOCATED IN AUSTIN, TRAVIS COUNTY, TEXAS. (Ella Pfeffer, Annie Kiecke, Henry Herring, Otto Lehman, Albert Brown, George Miller, May Olive Miller and Vivian Habener, Joint Heirs of the Estate of Thelma Herring, C14-76-007)

was read the second time, and

Mayor Pro Tem Snell moved that the Council deny the second and third readings of this ordinance. The motion was seconded by Councilmember Linn.

Substitute Motion

The ordinance was read the second time, and Councilmember Himmelblau moved that the ordinance be passed to its third reading. The substitute motion, seconded by Councilmember Trevino, carried by the following vote:

Ayes: Councilmembers Himmelblau, Trevino, Hofmann, Lebermann

Noes: Mayor Pro Tem Snell, Mayor Friedman, Councilmember Linn

The Mayor announced that the ordinance had been passed through its second reading only.

ZONING ORDINANCE

Mayor Friedman brought up the following ordinance for its third reading:

AN ORDINANCE ORDERING A CHANGE IN USE AND HEIGHT AND AREA AND CHANGING THE USE AND HEIGHT AND AREA MAPS ACCOMPANYING CHAPTER 45 OF THE AUSTIN CITY CODE OF 1967 AS FOLLOWS:

TRACT 1: A 155.962 ACRE TRACT OF LAND; AND

TRACT 2: A 61.23 ACRE TRACT OF LAND; AND,

TRACT 3: A 2.00 ACRE TRACT OF LAND; AND,

TRACT 4: A 7.00 ACRE TRACT OF LAND; AND,

TRACT 5: A 3.00 ACRE TRACT OF LAND;

FROM INTERIM "AA" RESIDENCE, INTERIM FIRST HEIGHT AND AREA DISTRICT TO "D" INDUSTRIAL, FIRST HEIGHT AND AREA DISTRICT; ALL OF SAID PROPERTY BEING LOCALLY KNOWN AS 3501 ED BLUESTEIN BOULEVARD; SAID PROPERTY BEING LOCATED IN AUSTIN, TRAVIS COUNTY, TEXAS. (East Industrial District [Motorola Tract], C14-75-126)

The ordinance was read the third time, and Councilmember Himmelblau moved that the ordinance be finally passed. The motion, seconded by Councilmember Hofmann, carried by the following vote:

Ayes: Mayor Friedman, Councilmembers Himmelblau, Hofmann, Lebermann, Trevino

Noes: Mayor Pro Tem Snell

Abstain: Councilmember Linn

The Mayor announced that the ordinance had been finally passed.

REPORT OF COMMITTEE TO ESTABLISH A REVOLVING FUND FOR HISTORIC  
PRESERVATION

Councilmember Lebermann stated that this item is going to be reviewed by the Landmark Commission before it is presented to the Council.

PUBLIC HEARING ON THE PROPOSED AUSTIN WATER AND  
WASTEWATER BOND PROGRAM

Mayor Friedman opened the public hearing scheduled for 2:30 p.m. to discuss the proposed 1976-1979 Water and Wastewater Bond Program. Mayor Friedman noted that this was the fourth additional hearing held on the proposal.

MR. STEVE ROSENBAUM of the Coalition for Progressive Government stated that he did not think the 92 million dollar bond program was only a get-by program. Mr. Rosenbaum questioned the need for a 57% increase in water servicing capacity over the next six (6) years and the necessity of a second Ullrich Water Treatment plant which, he stated, would account for 54% of the total increase in water capacity. Mr. Rosenbaum also questioned the extension of the Southwest Austin Transmission Main that would service the area provided with extra water by the Ullrich plant. Mr. Rosenbaum also questioned the necessity of the proposed Onion Creek Water Treatment plant that would replace the current Williamson Water Treatment Plant.

Assistant City Manager Homer Reed stated that the Ullrich Water Treatment Plant, Phase Two, can serve any part of the system where there is a capacity to deliver water and that the Ullrich plant is not intended for any particular part of town although its primary flow is into south Austin and central Austin. He also stated that presently the City has capacity for 81,000 customers and that there are 90,000 active customers on line already. He stated that the additional capacity has been sized to serve those areas to which the City is already committed. Mr. Reed stated that the City currently has 15,000 acres of land annexed and is anticipating an increase of 31,500 additional customers. He stated that the calculations submitted by the Planning Department were based on a 3% growth increase per year. He also stated that the Williamson Water Treatment plant is currently inadequate and that the Onion Creek Water Treatment Plant would provide the needed increased capacity.

Mr. Curtis Johnson, Director of the Water and Wastewater Department, stated that one of the reasons for the extension of the southwest Austin Transmission Main is the rate at which water must be pumped through during the time in which the reservoirs have to be replenished.

MR. JEFF JONES spoke against the bond proposal stating that it was designed to promote what he termed the growth industry in Austin. His main objections were as follows:

1. Most Austinites did not want to see the City expand to a populace of half a million people.
2. Paying of higher utility rates so more people can move to the City.
3. The Council making it easier rather than more difficult to rape the environment.
4. A bond package based on the same philosophy as last December's bond proposal.
5. The lack of a mechanism to find out what the citizens think about the growth situation in Austin.

Mr. Jones cited Santa Barbara, California, as a model city to be followed. He suggested that the Council set up a commission that is representative of all segments of the Austin community to look into the growth question.

Mr. Curtis Johnson responded to an assumption made by Mr. Jones that the bond program would serve 530,000 people. He stated that there would not be enough line to serve but a small percentage addition to what is now served. He also stated that the Govalle Water Treatment Plant which serves 140,000 of the 530,000 people, would go gradually out of operation over a 10-year period for rejuvenation.

MR. JOHN ALBACH stated that he thought the citizen's commission, mentioned earlier by Mr. Jones, would be a good idea. He asked if all the city water lines were interlinked and Mr. Curtis Johnson replied that the lines were inter-connected and flexible and water could be routed in whatever direction it was needed. Mr. Albach then questioned if it would be economically feasible to put such a tremendous increase in the Ullrich Water Treat Plant to the south, if it turned out that City growth was to the northwest. Mr. Homer Reed stated that the system would be designed to serve the south, central and north service zones without going to extremities in either direction. Mr. Albach asked the possibility of postponing the bond program to a later date. Mayor Friedman responded by stating that the need for additional water capacity will be between now and 1982.

MR. WOODROW SLEDGE urged the Council to listen to the advice of their expert staff on the water and wastewater matter.

MR. MIKE EAKIN of Citizens for Fiscal Responsibility stated that his organization would be happy to go over the transportation study and the growth control situation with the Council. Mr. Eakin cited the Santa Barbara, California study which concluded that growth was in no way directly compatible with increased employment and for people's per capita amount spent on taxes, it was far in excess of what people paid originally as the City grew.

MR. DALE NAPIER of the Environmental Board asked about the construction of Water Treatment Plant No. 4. Mr. Reed stated that there was no plan at all for Plant 4 at present except the projection that some day a plant may be needed.

Mayor Friedman concluded the hearing by scheduling another hearing on Water and Wastewater for 4:30 p.m., Thursday, August 19, 1976. Mr. Reed also added that his office would be available to confer with any of the groups that have further questions on the matter.

#### PUBLIC HEARING ON PROPOSED NEW ELECTRIC RATE STRUCTURE

Mayor Friedman opened the public hearing scheduled for 3:00 p.m. to consider a proposed new electric rate structure.

Mr. Kenneth Nowotny, representing Chairperson Pam Giblin of the Mayor's Commission on Electric Rates, submitted to the Council the Final Report of the Mayor's Commission on Electric Rates. Mr. Nowotny made the following comments regarding the Commission's summary of recommendations:



1. Electric Rate Structure - Various elements of the 1976-1977 electric utility budget of \$136,415,000 were allocated into monthly charges for fuel, distribution, generation, and operation and maintenance to produce the following monthly electric rates (based on projected fuel costs):

October through May	- \$ .0388382/kwh for off-peak season plus monthly distribution charge from \$1.30 to \$40.30.
June through September	- \$ .0308041/kwh for First 200 kwh; \$ .0516887/kwh above first 200 kwh for peak season charge plus monthly distribution charge from \$1.30 to \$40.30.

The higher peak season charges for usage above 200 kwh were based on the system's uneconomic load factor of 45%.

2. Retain the current 4% primary discount for all non-fuel items.
3. New connection service fee of \$7.50.

In response to Mayor Friedman's question, Mr. Nowotny stated that the fee could be split between turn-on and turn-off to avoid having the customer pay the entire amount at one time, but they preferred it be paid at the time of connection.

4. New service fees for installing electric meters - Present City policy of installing new meters at no charge should be replaced by new service fees to cover actual installation cost of new City-owned electric meters from the new customer's meter location to the first multi-customer City distribution line or to the first City easement having a distribution line.
5. Relief for Indigent Electric Utility Customers - Proposed an interest-free credit plan to retire past due bills for indigents as qualified by the Travis County Welfare Agency.
6. Electric Utility Commission - Creation of a permanent 9-member Commission with 2-year staggered terms to review, advise, and analyze all matters pertaining to the Electric Utility Department, related City departments and citizens' groups and to advise the City Council, City Manager, Electric Utility Department, Planning Commission and others of its findings and recommendations. The Commission shall serve as interpreter and sounding board between the Electric Utility and ratepayers, through monthly meetings, public hearings and public information. It may initiate internal or external reviews of the Electric Utility and shall supply at least three names from which the City Council shall hire an outside consultant to review the electric utility every 5 years.

7. Service Regulations - Proposed rules of service are based upon rules recently passed by the Public Utility Commission. The rules provide standards for refusal and discontinuance of service and encourage the Electric Utility to offer deferred payment plans, set maximum amounts of security deposits, provide standards for exemption from security deposits and abolish late payment penalties. The proposed rules also provide a procedure for settlement of a disputed bill and require periodic notice of customer rights. Since the proposed electric rate structure would abolish class categories, it was recommended that references to differences between classes within the rules (of the Public Utility Commission) also be stricken.
8. Cost Accounting System - Whenever feasible, the City of Austin Electric Utility Department should develop and implement revised accounting methods and procedures which would allow, when possible, actual cost of service calculations for its services and products consumed by various types of users. Such procedures should conform with those standards outlined by the American Society of Certified Public Accountants and the Federal Power Commission's procedures for Class A privately-owned utilities. Such procedures should facilitate marginal cost analysis, unit cost analysis, and variance analysis for demand, energy, and customer related functions and services. Finally, all procedures and cost accounting methods should be studied by the Finance and General Accounting departments and they should make specific recommendations for implementation, review and cost effectiveness.
9. Public Information and Education Recommendations - The proposed Electric Utility Commission, the existing Public Information Department, and the existing Consumer Service Office shall use all possible methods to inform the electric utility ratepayers of the electric rate structure and its components; Electric Utility operations, policies, and proposals; conservation measures and results; City finances and effects on electric utility customers; public hearings to be conducted by the proposed Electric Utility Commission; and all other related matters.  
  
if All of this information shall be disseminated through radio and TV spots (on public service time, when possible); news releases; newspaper advertisements; locally-originated programs and speaking engagements before civic, professional, school, and other groups; stuffers in monthly utility bills; literature made available in libraries and City offices; and all other helpful avenues.

#### Minority Reports

##### Minority Report on South Texas Nuclear Project

MR. VICTOR NIEMEYER, Ex-Officio member of the Commission, and an economist with the University of Texas Center for Energy Studies, stated that he and Bill Gurasich both agreed that Austin should remain in the South Texas Nuclear Project and should participate in Fayette II. Participation in Fayette II should be contingent upon Austin's getting a favorable coal contract (less than \$1.20 per million BTU).

Mr. Niemeyer stated that growth was not the issue, but substitution of fuel. It was not a problem of coal versus nuclear, but finding ways not to use gas, due to its cost and Railroad Commission restrictions against using gas as a boiler fuel in the near future. Four parameters were important when deciding what fuel to use:

1. Cost of the South Texas Nuclear plant (not over \$210 million)
2. Cost of uranium (escalates from \$75 to \$125 per pound by 1991)
3. Plant factor of the South Texas plant (less than 60%)
4. Coal contract for Fayette II (90¢ per million BTU)

The South Texas Project would be a break-even proposition only if all four of the preceding limits were met. Mr. Niemeyer did not believe that the cost of the South Texas plant would reach \$210 million, that the cost of uranium would go nowhere near \$75 to \$125 per pound by 1991, that the plant factor would be above 60% and that a coal contract for Fayette II would be less than 90¢ per million BTU. Mr. Niemeyer felt that the Council should diversify and not rely solely on coal, because transportation costs and mining costs could increase the cost of coal. He also felt that members of the Commission had approached the problem as an adversary proceeding, that evidence had not been weighed. He saw the matter as an attempt to document a brief against the South Texas Nuclear Project.

In response to Councilmember Linn's question, Mr. Niemeyer stated that he was not proposing a referendum on Fayette I. He did not think it would be worthwhile because no one would buy the plant. In response to Councilmember Linn's question, Mr. Niemeyer stated that it appeared that there was a buyer for the City's nuclear interest. In response to Councilmember Linn's question, Mr. Niemeyer stated that he believed it would be easier to get uranium than coal. The uranium market presently was tight, but the first two core loadings would cost only \$9.50 per pound, which was well below market price. More uranium would not be needed until the early 1980's, and by then new mining should occur. In conclusion, Mr. Niemeyer stated that he supported the Commission on all points except the South Texas Nuclear Project.

#### Minority Report

#### ~~Electric Rate~~ Structure

Mr. Bill Gurasich, Member of the Mayor's Commission on Electric Rates, stated that when the original motion was made by the Commission on withdrawing from the South Texas Nuclear Project, he was out of town on business. In subsequent hearings, he requested that the subject be brought up again, and that some form of technical qualification be given to the recommendation. He felt that economic considerations should be qualified and that the Commission should consider it on that basis.

The Commission had agreed on the projected plant capacity and the price of uranium. There was serious question about the cost of capital escalation. The maximum additional escalation was projected to be similar to the one which occurred during 1974-1975 in a period of double-digit inflation.

When the vote was taken by the Commission, Mr. Gurasich offered a friendly amendment that the vote be based on evidence submitted to the Commission in that it reflect the best or maximum escalation which would occur. He requested that if additional information were made available to the Commission documenting better evidence, then that evidence should be submitted. About two months after that recommendation, after reading a report submitted by Mr. Huffman, Mr. Gurasich recommended that the Huffman report be submitted as evidence. Mr. Gurasich felt that Mr. Huffman had documented plant escalation and capacity factors of Westinghouse plants over 1,000 megawatts, and that those factors reflected new evidence. He requested that the Commission invite Mr. Huffman to answer questions about his report. At a subsequent meeting, the Commission decided not to invite Mr. Huffman or John Gordon (from the Center for Energy Studies). Mr. Gurasich voted against the motion. The subject was not brought up again by the Commission by vote, so Mr. Gurasich felt that the only expression he had regarding that decision was to submit a minority report.

Regarding the electric rate structure of Austin, Mr. Gurasich then reviewed his minority report on that subject. He pointed out that the Commission voted 5 to 4 for the Majority report. Mr. Gurasich believed that the proposed rate structure violated the inherent differences in serving various customers of the system, in that the rate did not consistently allocate costs based on the cost of service concept. Under the proposed rate, large volume users would be arbitrarily discriminated against. About 60% of the system-wide operation and maintenance expenses would be paid by approximately 2% of the system users.

Mr. Gurasich stated that his Minority rate proposal tried to be consistent when allocating costs. The cost analysis underlying his rate proposal tried to identify all direct and indirect labor, materials and overhead expenses and distributed them according to customer specific and non-customer specific categories, which, to the best of his knowledge, reflected valid cost of service. The substantial difference between the Majority and Minority proposals was the method which was followed in the allocation of operation and maintenance expenses.

Under the Majority rate proposal, all operation and maintenance expenses were treated on a per-kwh basis. Under the Minority rate proposal, all operation and maintenance expenses were broken down as carefully as possible among distribution, generation and customer specific functions and those costs were allocated where they could be documented. When certain items were determined to be energy-related, they were billed on a per-kwh basis. When they were judged to be distribution items, they were to be recouped in the distribution schedule. When they were judged to be generation items, they were based on per-kwh based on the peak off-season loading factors, which were the same for the Majority and Minority reports.

Mr. Gurasich stated that any rate-making procedure involved:

1. Cost analysis to determine where cost centers lie.
2. General discussion of rate-making.
3. Test of reasonableness or validation of the figures in the report.

No member of the Commission had had the opportunity to exhaustively study or validate the reasonableness of any of the expenses involved in the City's electric utility, particularly operation and maintenance expenses. There had been no comparison of those expenses between the City's electric utility and any other electric utility. He felt that such a comparison should be a critical part of any rate-making procedure. He recommended that the Council, a citizens' group, the permanent commission or an independent management consultant group, undertake the task. Mr. Gurasich also recommended that the permanent commission examine peak load pricing, since neither the Majority nor the Minority reports contained that proposal.

Mr. Gurasich stated that according to accepted convention, a public utility's rate structure should try to accomplish the following general objectives:

1. Produce revenues equivalent to an approved cost of service and an approved rate of return on invested capital.
2. Maximize the utilization of the net plant.
3. Assure maximum stability of revenues.
4. Distribute the total cost of service in a reasonable manner to all customers.
5. Promote and retain the economic viability of the market place.

He felt that with regard to objection (5), it would be a good procedure to test the economic impact of the proposed new rate before implementing it. His personal opinion was that the economic impact would be somewhat slight.

#### Specific Objections to Majority Rate Proposals:

One major objection which the Minority had to the Majority's rate proposal concerned the arbitrary allocation of operation and maintenance expenses as a separate rate category. Almost all of those costs can and have been allocated directly on the accounting records of the City between the distribution function, which generates largely customer-related costs, and the generation function, which generates demand-related costs. The Majority would allocate all of those costs to a separate charge based on consumption and the customer-related aspects of the distribution costs would thereby be ignored. Since the proposed distribution schedule was based to a large extent on consumption, the energy demand and customer costs aspects of those costs will be treated as energy costs alone. The Minority's proposal would allocate demand, customer and energy-related costs to the appropriate categories while the Majority's report ignored them.

Another basic problem with the Majority's proposal involved the method of calculating the return on the investment for the system. Ordinarily, the return is calculated mathematically as the last step in the process of determining the total cost of service. This calculation is made only after the rate base and the allowable rate of return have been determined by commission, regulatory authority or City Council. In this instance, however, the first step in the process was to determine the dollar amount of return which was desired and the rate of return was calculated backwards from that point.

Another problem with the Majority's proposal relates to the treatment of bond principal and interest. Those items were not included in the total cost of service in normal regulatory practice, as shown by the schedules from the Annual Report for Class A and B Electric Utilities to the Texas Public Utility Commission. Although those amounts are clearly obligations which have to be paid, they have to be paid out of the operating profits or return from the system, and not as operating expense items.

As shown in the schedules, the indicated rate of return exceeded 21.11% per annum. It simply may be the case that the electric system is being expected to contribute too much to the cost of running the City. In addition, a number of the expense items and other factors which were utilized in the calculations were estimates and no independent inquiry had been made as to the reasonableness or accuracy of those amounts. For that reason, it was the position of the Minority that we were only at the beginning, and not at the end of the process that should be utilized to evaluate the present electric rate structure and to recommend changes in that structure.

Mr. Gurasich reiterated that his basic objection with the Majority report was that all costs for distribution, generation and operation of the system were allocated on a per-kwh, and that the accounting records of the City did not justify that method. There was a difference of \$3.5 million between his distribution charges and the distribution charges of the Majority. In conclusion he stated that due to the current energy situation, cost accounting methods should be developed which would lend themselves to cost analysis.

Mayor Friedman moved that the Council close the public hearing and set another public hearing on the proposed New Electric Rate for 7:30 p.m., August 19, 1976. The motion, seconded by Councilmember Linn, carried by the following vote:

Ayes: Mayor Pro Tem Snell, Councilmembers Himmelblau, Hofmann,  
Linn, Trevino, Mayor Friedman

Noes: None

Not in Council Chamber when roll was called: Councilmember Lebermann

#### ADJOURNMENT

The Council adjourned at 4:20 p.m.

APPROVED

Mayor

ATTEST:

  
City Clerk