

HEWITT TEXAS

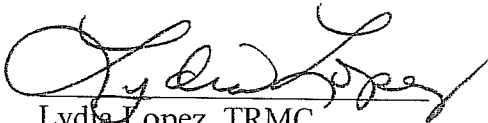
NOTICE OF MEETING OF THE GOVERNING BODY

Notice is hereby given that a **Dinner Workshop** meeting of the governing body of the City of Hewitt will be held on the **6th day of May, 2013 at 5:30 PM in Hewitt City Hall, 105 Tampico Drive**, Hewitt, Texas, at which time the following subjects will be discussed:

1. City Manager's update on municipal business:
 - a. Report from City Engineer including review and discussion of Capital Improvement Projects
 - b. Briefing and discussion concerning Fire and Police Facility
 - c. Public Safety Fire & Police (Fire response outside city limits)
2. Interview of prospective board members for service on the Board of Adjustment.
3. Review regular meeting agenda items.
4. Convene Executive Session pursuant to the Open Meetings Act, Chapter 551, Texas Government Code to discuss the following:
 - Pursuant to §551.072 of the Open Meetings Act. *Tex. Gov't Code*, Council will meet in Executive Session to discuss the purchase, exchange, lease, or value of real property.
5. Close Executive Session.
6. Adjourn.

I, the undersigned authority, do hereby certify that the above Notice of Meeting of the governing body of the City of Hewitt, Texas was posted on the Public Notice Board located in front of City Hall at 11:00 AM PM on May 3, 2013.

CITY OF HEWITT



Lydia Lopez, TRMC
City Secretary

Persons with disabilities who plan to attend this meeting and who may need auxiliary aids or services such as interpreters for persons who are deaf or hearing impaired, readers, large print or Braille, are requested to contact the Hewitt City Secretary at (254) 666-6171 at least 24 hours prior to the meeting, so that appropriate arrangements can be made.

HEWITT TEXAS

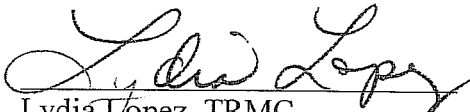
NOTICE OF MEETING OF THE GOVERNING BODY

Notice is hereby given that a **Regular** meeting of the governing body of the City of Hewitt will be held on the **6th day of May, 2013 at 7:00 PM in the City Council Room at Hewitt City Hall, 105 Tampico Drive, Hewitt, Texas**, at which time the following subjects will be discussed:

1. Consider approval of minutes of the City Council Dinner Workshop/Regular Meeting of April 15, 2013.
2. Hear visitors on matters pertaining to city business.
3. Consider appointments to the Board of Adjustment.
4. Administer oath of office to newly appointed members of the Board of Adjustment.
5. Authorize Contract Change Order Number 1 with Barnett Contracting, Inc. for Wastewater to WMARSS South-Phase 2B project in the total amount of \$19,543.00.
6. Authorize Contract Change Order with JNB Construction for Sun Valley Water Line Replacement, Phase 1 project in the total amount of \$22,569.75.
7. Consider award of bid for Devonshire Road - Street and Drainage Improvements to Barnett Contracting Inc. in the total amount of \$401,477.55.
8. Authorize City Manager to negotiate and execute a contract with K4 Construction for Construction Manager at Risk services related to the Police and Fire Facility project.
9. Consider and take appropriate action concerning Interlocal Agreement with McLennan County for use of inmate labor for park maintenance during the month of May 2013.
10. Consider an ordinance approving and adopting the rate schedule "RRM – Rate Review Mechanism" for Atmos Energy Corporation, Mid-Tex Division to be in force in the city for a period of time as specified in the rate schedule.
11. Adjourn.

I, the undersigned authority, do hereby certify that the above Notice of Meeting of the governing body of the City of Hewitt, Texas was posted on the Public Notice Board located in front of City Hall at 11:00 AM PM on May 3, 2013.

CITY OF HEWITT


Lydia Lopez, TRMC
City Secretary

Persons with disabilities who plan to attend this meeting and who may need auxiliary aids or services such as interpreters for persons who are deaf or hearing impaired, readers, large print or Braille, are requested to contact the Hewitt City Secretary at (254) 666-6171 at least 24 hours prior to the meeting, so that appropriate arrangements can be made.

HEWITT TEXAS

WORKSHOP ITEM #2

APPLICATION FOR BOARDS & COMMISSION TO THE CITY OF HEWITT

The City of Hewitt appreciates your interest in serving the community. A listing of the boards and commissions is found behind your application. Appointments are made during the year as vacancies occur. This is great opportunity for to play a vital role in shaping your community.

NAME OF APPLICANT: BRADLEY T. TURNER
HOME ADDRESS: 600 Yukon PASS Hewitt, Texas 76643
DAYTIME TELEPHONE NUMBER: 723-4912 E-MAIL ADDRESS: brturner@mclennan.edu

PLEASE CHECK APPROPRIATE STATEMENTS: ☒ I reside within the city limits of Hewitt, Texas.*
☒ I do ☐ I do not . . . own property located in Hewitt, Texas.

* **IMPORTANT** - - By checking this box and signing this form, you are indicating that your legal residence or domicile - your home and fixed place of habitation to which you intend to return after any temporary absence - is located within the city limits of Hewitt, Texas.

LENGTH OF TIME APPLICANT HAS RESIDED IN THE HEWITT CITY LIMITS: 30 years

PLEASE INDICATE BELOW HOW YOU WOULD LIKE TO SERVE THE CITY OF HEWITT. (**IMPORTANT**: IF MORE THAN ONE AREA IS INDICATED, **NUMBER YOUR PREFERENCES** WITH "1" BEING YOUR FIRST CHOICE, "2" BEING YOUR SECOND CHOICE, ETC.). PLEASE SEE REVERSE SIDE FOR DESCRIPTIVE INFORMATION.

- ☒ Board of Adjustment (must be resident and owner of property in Hewitt)
☐ Civil Service Commission (must be resident of Hewitt)
☐ Library Board (must be resident of Hewitt)
☐ Parks and Beautification Committee (must be resident of Hewitt)
☐ Planning and Zoning Commission (must be resident and owner of property in Hewitt)

OTHER WAYS YOU SERVE YOUR COMMUNITY: Write for Chamber, Serve on Waco's Recycling Board.

SPECIAL INTERESTS/SKILLS/EXPERIENCE/EDUCATION YOU FEEL MAY BE HELPFUL: _____

I hold a B.A. in Political Science & two grad degrees

OCCUPATION/EMPLOYER: Asst. Professor of Eng. Science, McLennan Community College

REFERENCES (MUST BE HEWITT RESIDENTS): Charles Turner TELEPHONE #: 666-0087
TELEPHONE #: _____

SIGNATURE OF APPLICANT: Bradley T. Turner DATE: January 28, 2013

Return Application to:
Lydia Lopez, City Secretary
P.O. Box 610
105 Tampico Dr.
Hewitt, Texas 76643
(Fax # 666-6014)

OFFICE USE ONLY

Date attended board meeting: 4-11-2013

Date Interviewed by Council: _____

Date appointed by Council: _____

Date sworn in by Council: _____

Reappointed: _____

Term to expire: _____

Term to expire: _____

APPLICATION FOR BOARDS & COMMISSION TO THE CITY OF HEWITT

The City of Hewitt appreciates your interest in serving the community. A listing of the boards and commissions is found behind your application. Appointments are made during the year as vacancies occur. This is great opportunity for to play a vital role in shaping your community.

NAME OF APPLICANT: L. BRUCE DOLLENS

HOME ADDRESS: 1217 DARBYTON HEWITT, TX 76643

DAYTIME TELEPHONE NUMBER: 254-644-9437 E-MAIL ADDRESS: bdollens@mygrande.net

254-644-9437

PLEASE CHECK APPROPRIATE STATEMENTS: ☒ I reside within the city limits of Hewitt, Texas.*
☒ I do ☐ I do not ... own property located in Hewitt, Texas.

* **IMPORTANT** -- By checking this box and signing this form, you are indicating that your legal residence or domicile - your home and fixed place of habitation to which you intend to return after any temporary absence - is located within the city limits of Hewitt, Texas.

LENGTH OF TIME APPLICANT HAS RESIDED IN THE HEWITT CITY LIMITS: 10 Years

PLEASE INDICATE BELOW HOW YOU WOULD LIKE TO SERVE THE CITY OF HEWITT. (**IMPORTANT**: IF MORE THAN ONE AREA IS INDICATED, **NUMBER YOUR PREFERENCES** WITH "1" BEING YOUR FIRST CHOICE, "2" BEING YOUR SECOND CHOICE, ETC.). PLEASE SEE REVERSE SIDE FOR DESCRIPTIVE INFORMATION.

- 1 Board of Adjustment (must be resident and owner of property in Hewitt)
- 5 Civil Service Commission (must be resident of Hewitt)
- 3 Library Board (must be resident of Hewitt)
- 2 Parks and Beautification Committee (must be resident of Hewitt)
- 4 Planning and Zoning Commission (must be resident and owner of property in Hewitt)

OTHER WAYS YOU SERVE YOUR COMMUNITY: _____

SPECIAL INTERESTS/SKILLS/EXPERIENCE/EDUCATION YOU FEEL MAY BE HELPFUL: Eagle Scout,
Business Admin degree, IT Background

OCCUPATION/EMPLOYER: TEXAS FARM BUREAU

REFERENCES (MUST BE HEWITT RESIDENTS): HARVEY AUZENS TELEPHONE #: 254-644-8419
MICHAEL BANCALC 254-751-2502
RICHARD HOLSCHER 254-751-2511 CARLOS MACK TELEPHONE #: 254-498-7457

SIGNATURE OF APPLICANT: [Signature] DATE: 11/1/12

Return Application to:
Lydia Lopez, City Secretary
P.O. Box 610
105 Tampico Dr.
Hewitt, Texas 76643
(Fax # 666-6014)

OFFICE USE ONLY

Date attended board meeting: 4/25/2013

Date Interviewed by Council: _____

Date appointed by Council: _____

Date sworn in by Council: _____

Reappointed: _____

Term to expire: _____

Term to expire: _____



COUNCIL AGENDA ITEM FORM

MEETING DATE: May 6, 2013

AGENDA ITEM #: 1

SUBMITTED BY: Lydia Lopez, City Secretary

ITEM DESCRIPTION:

Consider approval of minutes of the City Council Dinner Workshop/Regular Meeting of April 15, 2013.

STAFF RECOMMENDATION/ITEM SUMMARY:

Attached is a draft copy of the minutes of the meeting. Please review and advise if any corrections are needed.

ATTACHMENTS:

Draft minutes

HEWITT TEXAS

**MINUTES OF A CITY COUNCIL
DINNER WORKSHOP/REGULAR MEETING
HEWITT CITY HALL – 105 TAMPICO DRIVE
April 15, 2013 - 5:30/7:00 PM**

Members Present: Mayor Wilbert “Walky” Wachtendorf (presiding); Mayor Pro Tem Ed Passalugo; Council Members Vincent R. “Pike” Anderson, Charles D. “Charlie” Turner, Bill Fuller, James Vidrine, and Ronnie McNiel

Staff Present: City Attorney Charlie Buenger, City Manager Adam Miles, Assistant City Manager James Barton, City Engineer Bill Aston, Engineer in Training Miles Whitney, Utilities Director James Black, Finance Director Lee Garcia, Community Development Coordinator Denise Rodriguez, and City Secretary Lydia Lopez

Workshop – 5:30 PM

1. City Manager presented an update on municipal business:
 - a. Briefing and discussion concerning water rates including a FY 2013-2014 Water and Wastewater Rate Plan Update presentation by Dan Jackson with Economist.com
 - b. Briefing and discussion concerning proposed memorandum of understanding with Midway Independent School District (MISD) for law enforcement services (Dr. Jeanie Johnson presented a draft Interlocal Cooperation Agreement for Council to review and consider.)
 - c. Report from City Engineer including review and discussion of Capital Improvement Projects
 - d. Briefing and discussion concerning Fire and Police Facility
 - e. Public Safety Fire & Police
2. The regular meeting agenda items were reviewed.

Mayor Wachtendorf recessed the Workshop at 6:59 pm to convene the Regular Session.

Note: The Executive Session was held after the adjournment of the Regular Session.

REGULAR SESSION – 7:00 PM

1. **CONSIDER APPROVAL OF MINUTES OF THE CITY COUNCIL WORKSHOP/REGULAR MEETING OF APRIL 1, 2013.** *Motion was made by Charlie Turner, second by Ed Passalugo to approve the minutes as submitted but allow for additional corrections; all seven in favor, motion passed.*
2. **SPECIAL PRESENTATION OF PROCLAMATION IN RECOGNITION OF “MOTORCYCLE AWARENESS MONTH”.** Mayor Wachtendorf presented the proclamation to members to Sandra Lynch, Texas Motorcycle Rights Association District Advisor and Steven Cochran, Texas confederation of Clubs and Independents and the Texas US Defenders.
3. **HEAR VISITORS ON MATTERS PERTAINING TO CITY BUSINESS.**
NONE
4. **CONSIDER A RESOLUTION IN SUPPORT OF THE SUBMITTAL OF AN APPLICATION FOR NON-HISTORIC USE PRODUCTION PERMIT (NHUPP) AND APPLICATION FOR WELL DRILLING PERMIT TO THE SOUTHERN TRINITY GROUNDWATER CONSERVATION DISTRICT.** *Motion by Charlie Turner, second by Pike Anderson to approve; seven in favor, motion passed.*
5. **ADJOURN.** *Motion was made by Ed Passalugo, second by Charlie Turner to adjourn at 7:04 pm, all seven in favor, motion passed.*

Mayor Wachtendorf reconvened the Workshop at 7:05 pm.

The following Executive Sessions were conducted after the adjournment of the Regular Session:

3. *Motion was made by Ed Passalugo, second by Charlie Turner to convene Executive Session at 7:14 pm pursuant to the Open Meetings Act, Chapter 551, Texas Government Code to discuss the following:*
 - Pursuant to §551.072 of the Open Meetings Act. *Tex. Gov’t Code*, Council will meet in Executive Session to discuss the purchase, exchange, lease, or value of real property.
 - Pursuant to § 551.071(1)(A), consultation with Attorney regarding pending or contemplated litigation.
4. *Motion was made by Ed Passalugo, second by Charlie Turner to close the Executive Session at 7:55 pm.*
5. *Adjourn. Motion was made by Ed Passalugo, second by Pike Anderson to adjourn the meeting at 7:56 pm.*

Approved: May 1, 2013

Lydia Lopez, City Secretary

Wilbert Wachtendorf, Mayor

HEWITT TEXAS

ITEM #2 – HEARING OF VISITORS

CITIZEN PARTICIPATION AT MEETINGS

1. All citizens are encouraged to discuss matters of concern with the staff and individual council members prior to placing items on the agenda. Many times this will expedite a resolution or allow proper investigation of the matter for presentation to the entire council.

NO CITIZEN NOR STAFF MEMBER MAY SPEAK NOR OTHERWISE INTERRUPT ANY MEETING UNTIL RECOGNIZED BY THE PRESIDING OFFICER.

2. To maintain decorum at public hearings, the mayor will ask the citizens present if they wish to speak for or against the item on the agenda. If so, they will be given an opportunity to do so at the proper time, when recognized by the chair. If more than five citizens wish to address the council on any single agenda item, those citizens are advised to select spokespersons to present their case.
3. Citizens who wish to bring up a matter that pertains to city business or address an item on the agenda may do so, but only under the agenda item "Hear Visitors." **The council is prohibited by law from discussing or acting on any item that has not been posted on the agenda.**
4. **Citizens addressing the city council on items not on the agenda shall be limited to five minutes each. Total time for presentations on any one item or topic shall be limited to twenty-five minutes. The city council members shall not enter into discussion on any subject not properly placed on the agenda; however, the council members may ask questions for clarification purposes.**
5. As a general rule, citizens may not participate in the discussion of the council workshop session.



COUNCIL AGENDA ITEM FORM

MEETING DATE: May 6, 2013

AGENDA ITEM #: 3

SUBMITTED BY: Lydia Lopez, City Secretary

ITEM DESCRIPTION:

Consider appointments to the Board of Adjustment.

STAFF RECOMMENDATION/ITEM SUMMARY:

Mr. Brad Turner and Mr. Bruce Dollens have expressed an interest in serving on the Board of Adjustment. Mr. Turner and Mr. Dollens attended a meeting of the BOA. To expedite the appointment process, their interviews have been scheduled to be conducted during the workshop and the following agenda item completes the administration of the oath of office. Both gentlemen have met the qualifications. Mr. Turner will serve to replace the regular member vacancy and Mr. Dollens has agreed to serve as an alternate.

ATTACHMENTS:

Certificates of Appointment

HEWITT TEXAS

This is to certify that

Bradley T. Turner

*has been appointed by the Hewitt City Council for the
prescribed term, as a member of the*

Board of Adjustment

*a group of outstanding citizens voluntarily dedicated to
the task of assisting the Hewitt City Council in providing
the best possible government for the City of Hewitt.*

Dated this 6th day of May, 2013.

Wilbert Wachtendorf, Mayor

Attest:

Lydia Lopez, City Secretary

HEWITT TEXAS

This is to certify that

L. Bruce Dollens

*has been appointed by the Hewitt City Council for the
prescribed term, as a member of the*

Board of Adjustment

*a group of outstanding citizens voluntarily dedicated to
the task of assisting the Hewitt City Council in providing
the best possible government for the City of Hewitt.*

Dated this 6th day of May, 2013.

Wilbert Wachtendorf, Mayor

Attest:

Lydia Lopez, City Secretary



COUNCIL AGENDA ITEM FORM

MEETING DATE: May 6, 2013

AGENDA ITEM #: 4

SUBMITTED BY: Lydia Lopez, City Secretary

ITEM DESCRIPTION:

Administer Oath of Office to newly appointed member of the Board of Adjustment.

STAFF RECOMMENDATION/ITEM SUMMARY:

Mr. Brad Turner and Mr. Bruce Dollens fulfill all qualifications and will be present to be sworn in as an official members.

ATTACHMENTS:

Oath of Office

This space reserved for office
use

Submit to:
SECRETARY OF STATE
Government Filings Section
P O Box 12887
Austin, TX 78711-2887
512-463-6334



OATH OF OFFICE

Filing Fee: None

IN THE NAME AND BY THE AUTHORITY OF THE STATE OF TEXAS,
I, Bradley T. Turner, do solemnly swear (or affirm), that I will faithfully
execute the duties of the office of Board of Adjustment of
the State of Texas, and will to the best of my ability preserve, protect, and defend the Constitution and laws
of the United States and of this State, so help me God.

Signature of Officer

.....
State of Texas)
County of McLennan)

Sworn to and subscribed before me
this

6 day of May, 20 13.

(seal)

Signature of Notary Public or Other Officer
Administering Oath

Printed or Typed Name

This space reserved for office
use

Submit to:
SECRETARY OF STATE
Government Filings Section
P O Box 12887
Austin, TX 78711-2887
512-463-6334



OATH OF OFFICE

Filing Fee: None

IN THE NAME AND BY THE AUTHORITY OF THE STATE OF TEXAS,

I, L. Bruce Dollens, do solemnly swear (or affirm), that I will faithfully execute the duties of the office of Board of Adjustment of the State of Texas, and will to the best of my ability preserve, protect, and defend the Constitution and laws of the United States and of this State, so help me God.

Signature of Officer

.....
State of Texas)
County of McLennan)

Sworn to and subscribed before me
this

6 day of May, 20 13.

(seal)

Signature of Notary Public or Other Officer
Administering Oath

Printed or Typed Name



COUNCIL AGENDA ITEM FORM

MEETING DATE: May 6, 2013

AGENDA ITEM #: 5

SUBMITTED BY: Adam Miles, City Manager

ITEM DESCRIPTION:

Authorize Contract Change Order with Barnett Contracting, Inc. for Wastewater to WMARSS South-Phase 2B project in the total amount of \$19,543.00.

STAFF RECOMMENDATION/ITEM SUMMARY:

During construction of improvements related to this wastewater interceptor project additional work outside the original scope of the project related to the removal of the old Lift Station Number 4 were identified. Barnett Contracting provided the cost summary shown in the back-up material which is related to taking the old lift station out of service. While this work has been completed, this is the first and only change order on this project. With the addition of this change order the total contract amount would be \$834,203.00.

ATTACHMENTS:

Contract Change Order summary

CONTRACT CHANGE ORDER

ORDER NO.:	One & Final
DATE:	3/25/2013
STATE:	Texas
COUNTY:	Mclennan

OWNER: CITY OF HEWITT

CONTRACT FOR: WASTEWATER TO WMARSS SOUTH-PHASE 2B

TO: BARNETT CONTRACTING, INC.

You are hereby requested to comply with the following changes from the Contract Plans and Specifications:

Description of Changes	Quantity	Unit	Unit Price	DECREASE in Contract Price	INCREASE in Contract Price
Add Manhole Drop Fixtures	2	EA	\$1,250.00		\$2,500.00
Add New Manhole Bases	2	EA	\$750.00		\$1,500.00
15" SDR 26 Pipe	15	LF	\$73.00		\$1,095.00
8" SDR 26 Pipe	76	LF	\$48.00		\$3,648.00
Add Flat Top Lid on Ex. Manhole	1	EA	\$1,800.00		\$1,800.00
Add 12" Gate Valves on Water Line	3	EA	\$3,000.00		\$9,000.00
				\$0.00	\$19,543.00
NET CHANGE IN CONTRACT PRICE:					\$19,543.00

JUSTIFICATION: Sewer changes were made to provide a more efficient way to tie in to the existing system.
The water line change was requested by the City of Hewitt.

The amount of the Contract will be (~~Decreased~~) (Increased) by the Sum Of: \$19,543.00

The Contract Total including this and previous Change Orders will be: \$834,203.00

The Contract Period Provided for Completion Will Be (~~Increased~~) (~~Decreased~~) (Unchanged): 90 Days
This document will become a supplement to the Contract and all provisions will apply hereto.

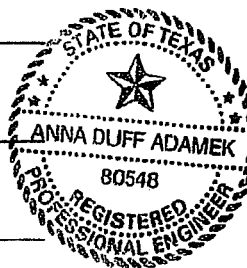
Requested:

(Owner)

(Date)

Recommended:

Anna Duff Adamek, P.E.
(Engineer)



3-26-13
(Date)

Accepted:

[Signature]
(Contractor)

3-26-13
(Date)

Duff Consulting Engineers F-400
Hewitt Wastewater to WMARSS - South-2B - Barnett CO #1



COUNCIL AGENDA ITEM FORM

MEETING DATE: May 6, 2013

AGENDA ITEM #: 6

SUBMITTED BY: Adam Miles, City Manager

ITEM DESCRIPTION:

Authorize Contract Change Order with JNB Construction for Sun Valley Water Line Replacement, Phase 1 project in the total amount of \$22,569.75.

STAFF RECOMMENDATION/ITEM SUMMARY:

During construction of these water line improvements, additional items were identified based on field conditions present at time of construction. The water line improvements were concurrent with improvements made by Valero at the corner of Spring Valley Blvd. and Sun Valley Blvd. Due to time constraints, much of the improvements to landscaping made by Valero had to be removed and replaced by the city contractor. More than half of the cost of this change order is related to removal, storage, and re-installation of grass and landscaping. A description of the changes to the scope of work is provided in back-up material. Like the other change order contemplated at this Council meeting, this work is complete. However, this is the first and final change order for this project. With the addition of this change order the total contract amount would be \$240,949.75.

ATTACHMENTS:

Contract Change Order summary

CONTRACT CHANGE ORDER

ORDER NO.:	1 & Final
DATE:	4/18/2013
STATE:	Texas
COUNTY:	McLennan

OWNER: **CITY OF HEWITT**CONTRACT FOR: **Sun Valley Water Line Replacement - Phase 1**TO: **JNB CONSTRUCTION**

You are hereby requested to comply with the following changes from the Contract Plans and Specifications:

Description of Changes	Quantity	Unit	Unit Price	DECREASE in Contract Price	INCREASE in Contract Price
Add'l Cost for 10" in lieu of 8" Pipe	15	LF	\$ 23.00		\$ 345.00
16" Valve (City Provided)	1	EA	\$2,900.00		\$ 2,900.00
Add'l cost for connecting 10" to 16"	1	EA	\$1,000.00		\$ 1,000.00
16" x 6" Tee	1	EA	\$650.00		\$ 650.00
6" Valve & Fire Hydrant Anchor	1	EA	\$975.00		\$ 975.00
Relocate Fire Hydrant	1	EA	\$1,500.00		\$ 1,500.00
Fire Hydrant Extensions	3	EA	\$875.00		\$ 2,625.00
Remove & Re-install Grass,Sand,Etc.	LS	LS	\$11,500.00		\$ 11,500.00
Additional Bond Cost	LS	LS	\$1,074.75		\$ 1,074.75
Totals:				\$ -	\$ 22,569.75
NET CHANGE IN CONTRACT PRICE:					\$ 22,569.75

JUSTIFICATION: To adjust final quantities for additional work due to field conditions and requests by City staff. The landscape work was added because the Valero had just landscaped at new store and Contractor had to remove, store & re-install as new pipeline was constructed.

The amount of the Contract will be (Decreased) (Increased) by the Sum Of: \$ 22,569.75

The Contract Total including this and previous Change Orders will be: \$ 240,949.75

The Contract Period Provided for Completion Will Be (Increased) (Decreased) (Unchanged): 0 Days

This document will become a supplement to the Contract and all provisions will apply hereto.

Requested:

(Owner)

(Date)

Recommended:

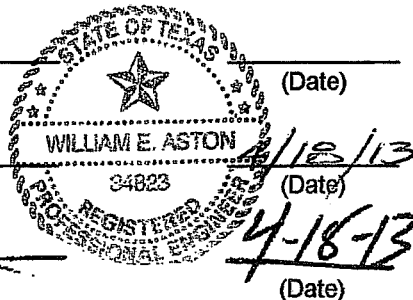
(Engineer)

(Date)

Accepted:

(Contractor)

(Date)



City of Hewitt
Sun Valley Water Line Repl
CO1 Final

Duff Consulting Engineers
F-400

HEWITT TEXAS

COUNCIL AGENDA ITEM FORM

MEETING DATE: May 6, 2013

AGENDA ITEM #: 7

SUBMITTED BY: Adam Miles, City Manager

ITEM DESCRIPTION:

Consider award of bid for Devonshire Road Street and Drainage Improvements to Barnett Contracting Inc., in the total amount of \$401,477.55.

STAFF RECOMMENDATION/ITEM SUMMARY:

Sealed Bids for this project were received and opened on Wednesday, May 2, 2013 at 10:30 a.m. This project is for major improvements to Devonshire Street as well storm water drainage in the immediate area. Four bids were received. Barnett Contracting was the low bidder on this project, submitting a bid in the total amount of \$401,477.55.

ATTACHMENTS:

Bid Tabulations

BID TABULATION: CITY OF HEWITT - DEVONSHIRE ROAD - STREET & DRAINAGE IMPROVEMENTS
Project No. 2013-01

Bid Date: 10:30 a.m., May 2, 2013, City Hall, City of Hewitt

ITEM NO.	EST. QTY. & UNIT	DESCRIPTION	BARNETT UNIT PRICE	KNIFE RIVER UNIT PRICE	BEAR UNIT PRICE	H & B UNIT PRICE
STREET:						
1.	6,400 S.Y.	Unclassified Street Excavation	\$ 2.65	2.80	5.95	5.10
2.	6,251 S.Y.	6" Depth Lime Stabilized Subgrade, including 28 Lb. of Lime per Square Yard	5.00	5.20	5.20	4.95
3.	4,335 L.F.	Reinforced Concrete Ribbon Curb	7.00	9.30	8.70	7.55
4.	2,060 S.F.	Remove & Replace Reinforced Concrete Driveway	6.50	10.20	8.30	8.85
5.	5,760 S.Y.	6" Compacted Thickness Cement Stabilized Gravel Base	9.00	10.80	11.25	9.70
6.	4 Each	Relocate Brick Mailbox	1,000.00	1,050.00	902.50	1,350.00
7.	480 Ton	1½" Compacted Thickness, Hot-Mixed, Asphaltic Concrete Surface (TxDOT "D" Crushed Stone Aggregate)	90.00	83.00	104.50	89.10
STREET SUBTOTAL:			190,990.00	218,000.70	243,967.70	218,582.70
DRAINAGE:						
8.	3,265 C.Y.	Unclassified Channel Excavation	13.00	6.75	3.85	9.85
9.	254 L.F.	30" Dia. Cl. III, Reinforced Concrete Pipe (0' to 5' Cut), incl. Excavation & Backfill	70.00	72.00	70.00	68.80
10.	1 Each	30" RCP, Safety End Treatment, incl. Excavation & Backfill	3,000.00	1,525.00	2,310.00	2,135.00
11.	12,143 S.F.	Reinforced Concrete Channel & Rip-Rap	4.25	5.50	4.25	6.25
12.	2,272 S.F.	Reinforced Concrete Overflow Flume	5.00	6.00	4.25	6.35
13.	1 Each	New 30" RCP into Existing Inlet	1,000.00	980.00	1,520.00	400.00
14.	11,972 S.Y.	Hydro-mulch Seeding (Entire Project)	0.90	0.80	1.25	1.00

			<u>BARNETT</u> UNIT PRICE	<u>KNIFE RIVER</u> UNIT PRICE	<u>BEAR</u> UNIT PRICE	<u>H & B</u> UNIT PRICE
		DRAINAGE SUBTOTAL:	137,967.55	132,827.85	110,409.00	154,463.40
WATER:						
15.	20 L.F.	12" AWWA C-900, DR-18, PVC Pipe with Tracer Wire	100.00	41.00	64.00	44.10
16.	74 L.F.	10" AWWA C-900, DR-18, PVC Pipe with Tracer Wire	80.00	58.00	56.00	39.10
17.	40 L.F.	20" Steel Encasement Pipe, Open Cut, including Excavation & Gravel Trench Backfill, with 12" C-900 DR-18, Restrained Joint Carrier Pipe	110.00	123.00	165.00	128.30
18.	40 L.F.	20" Steel Encasement Pipe, Open Cut, incl. Excavation & Gravel Trench Backfill, with 10" C-900 DR-18 Restrained Joint Carrier Pipe	105.00	113.00	156.00	114.10
19.	200 L.F.	3" SDR, PVC Encasement Pipe, Open Cut, incl. Excavation and Gravel Trench Backfill	10.00	20.00	43.00	20.60
20.	1 Each	12" Gate Valve and Box	2,500.00	2,150.00	2,850.00	1,875.00
21.	1 Each	10" Gate Valve and Box	2,200.00	1,850.00	1,950.00	1,575.00
22.	1 Each	Connect New 12" Pipe to Existing 16" Pipe, with 16x16x12 Tee	3,500.00	3,600.00	4,750.00	3,590.00
23.	1 Each	Connect New 10" Pipe to Existing 16" Pipe, with 16x16x12 Tee	3,200.00	3,200.00	4,780.00	3,650.00
24.	1 Each	Connect New 12" Pipe to Existing 6" Pipe	1,500.00	1,300.00	2,500.00	1,415.00
25.	5 Each	New 1½" Service Line, with Wet Tap Connection to Existing 16" Pipe & Reconnect Existing Double Service Meters	2,800.00	2,600.00	3,600.00	2,265.00
26.	1 Each	Reconnect Existing Meter to New 6" Pipe	900.00	1,000.00	1,380.00	722.00
27.	1 Each	Cap Existing 10" Line	1,000.00	400.00	840.00	112.00
28.	2 Each	Cap Existing 6" Line	600.00	200.00	390.00	54.00

			BARNETT UNIT PRICE	KNIFE RIVER UNIT PRICE	BEAR UNIT PRICE	H & B UNIT PRICE
		WATER SUBTOTAL:	\$ 48,520.00	\$ 45,452.00	\$ 64,694.00	\$ 41,963.40
29.	1 L.S.	Storm Water Pollution Prevention Plan and Implementation (Entire Project)	4,000.00	5,600.00	1,615.00	6,440.00
30.	1 L.S.	Mobilization (Not To Exceed 10% of Project Cost)	20,000.00	37,000.00	38,000.00	43,176.00
		TOTAL AMOUNT OF BID:	\$ 401,477.55	\$ 438,880.55	\$ 458,685.70	\$ 464,625.50

Prepared By:


 William E. Aston, P.E. #34823

Date: May 2, 2013

Texas Registered Engineering Firm - F-400



DUFF CONSULTING ENGINEERS, INC.

4201 N. 19th St., Waco, Tx 76708 (254)756-5414 FAX: (254)753-2642



COUNCIL AGENDA ITEM FORM

MEETING DATE: May 6, 2013

AGENDA ITEM #: 8

SUBMITTED BY: Adam Miles, City Manager

ITEM DESCRIPTION:

Authorize City Manager to negotiate and execute a contract with K4 Construction for Construction Manager at Risk services related to the Police and Fire Facility project.

STAFF RECOMMENDATION/ITEM SUMMARY:

Sealed proposals to serve as the Construction Manager at Risk for the Police and Fire Facility were received and opened on April 24, 2013. An evaluation panel conducted interviews with four of the five prospective firms submitting proposals. After careful consideration and deliberation the panel has recommended K4 Construction of Waco for this project. If approved, the City Manager would work with K4 Construction to negotiate a contract for services and project timeline. Keith Helpert with K4 Construction has indicated he is ready to begin working with the City's architect immediately.

For full and complete copy of all proposals submitted, contact the City Secretary.

ATTACHMENTS:

K4 Construction Company Information

April 24, 2013

City of Hewitt
105 Tampico Drive
Hewitt, Texas 76643

**RE: Request for Qualifications for Construction Manager at Risk
for Construction of the New Police and Fire Building**

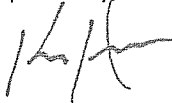
Transmitted herewith please find five (5) copies of K4 Construction's RFQ response pertaining to your City of Hewitt New Police and Fire Building Project. This proposal remains effective for a period of 60 calendar days.

K4 Construction is the most qualified Construction Manager @ Risk firm for this project for multiple reasons:

- our recent successful experience working with the City of Hewitt and rbdr Architects
- our recent experience in Police Department Facility Construction (Corsicana Police Department)
- our un-matched ability to openly communicate with design professionals and owners (clients)
- our ability as a smaller firm to dedicate a lot of attention to each project we do and have top level management be the day to day face of our company for your project
- our extremely organized management approach to commercial construction
- our reputation in the Central Texas subcontractor and supplier community as being an honest Construction Manager that subs and suppliers WANT to do business with
- our un-matched passion for the work we do

We feel that the most important thing we have in this industry is our reputation. The members of K4 Construction are well-known in the Central Texas construction community for our values, our honesty, our involvement in the community, AND our reputation. Please feel free to call or email if you have any questions.

Respectfully,



Keith Helpert
President

K4 Construction, LLC

2. FIRM INFORMATION

A. Firm Name, Address, and Telephone Number:

K4 Construction, LLC
1620-A West Loop 340, Waco, Texas 76712
Phone (254)662-9311
Fax (254)662-9274

B. Structure and Size of Firm:

1. K4 Construction is a Limited Liability Company (LLC)
2. K4 Construction is a mid-size Construction Manager / General Contractor for the Central Texas Area. K4 Construction is 1 of only 6 local firms approved to bid on work at Baylor University and 1 of the few local firms approved to bid on work at the L3 Communications Facility in Waco. K4 Construction handles projects ranging from \$100,000 (and even less) to over \$10,000,000.00.

C. Principals:

1. Keith Helpert, President
2. Mark Perry, Vice-President

D. Primary Contact:

Keith Helpert, President
Office: (254)662-9311 Cell: (254)749-7647
Email: keith@k4construction.net

E. Organizational Description:

K4 Construction is a Construction Manager / General Contractor located in Waco (actually about 5 miles from the project site). The majority of K4 Construction's work has been for municipalities on projects very similar to this new Police and Fire Department Building. K4 Construction has worked with the City of Hewitt, the City of Corsicana, and the City of Groesbeck all within the past 6 months alone.

K4 Construction was founded by owners / partners Keith Helpert and Mark Perry in the fall of 2011. Although the firm is somewhat new, the key players and their relationships with the central Texas construction industry are anything but new. In Keith Helpert's 13+ years as the leading estimator / project manager at Barsh Company (a local large contracting firm), he estimated and successfully managed over 60 million dollars in construction (approximately half of which was negotiated / construction manager at risk type projects with the value engineering process taking place on most projects). After persuasion from many clients, design professionals, and subcontractors in the community,

Keith chose to move out on his own and created K4 Construction, LLC with partner Mark Perry in the fall of 2011. Mark Perry brings great financial stability to the company (along with over 20 years of construction knowledge) which has allowed K4 Construction to bond multi-million dollar projects like this project.

K4 Construction has a lean overhead structure which allows them to offer VERY competitive pricing in the hard-bid market and great value to the client in the Construction Manager at Risk format. Where K4's services differ from the competition is the level of organization they bring to a project, the amount & quality of communication between them and the project architect during both design and construction, and the detailed management of the project that is provided during construction. All of these can be attested to by the City of Hewitt Administration that worked with K4 Construction on the Community Services project recently completed by K4 Construction.

K4 Construction's safety record is flawless. In over 1.5 years of business, there have been NO reported on-site injuries, NO workers comp claims, and NO OSHA violations. K4 Construction also drug tests all employees before they set foot on the project site.

F. Description of Firm's Philosophy:

K4 Construction's philosophy on construction management is that with a great TEAM (architect, construction manager, and client), any project can be successfully completed to the ultimate satisfaction of the owner. Keith Helpert and the K4 Construction team have been recommended by many local architects and engineers to clients because of our ability to work so well with the design professionals AND the owners / clients both during design and during construction. It is the ultimate compliment (in K4 Construction's opinion) when design professionals are excited to work with you on a project. We complete every project with the goal of creating a relationship with the architect and owner so that in the future they will want to call us back for the next project.

3. GENERAL COMPANY HISTORY / QUALIFICATIONS

A. How many years has your organization been in business in its current capacity?

K4 Construction, LLC has been in business in its current capacity for 1.5 years; however the two owners of K4 Construction have a combined experience of over 35 years in the local construction industry.

B. How many years has your organization been in business under its present name?

K4 Construction, LLC has been in business under its present name for 1.5 years also.

C. Under what other or former names has your organization operated?

The organization has not operated under any other names.

D. Provide a brief history of the construction manager at risk and the services routinely provided in-house on civic building projects.

Construction Manager at Risk is a wonderful contract format to use on a project like yours. It allows the contractor to be picked while design is still ongoing and that is so crucial to keeping the project on budget and on schedule. Simple, non-complex projects lend themselves to being able to be hard-bid instead of using the Construction Manager at Risk approach; however, your New Police and Fire Building is complex enough that it needs to have a contractor thoroughly involved during the design process to help RBDR Architects keep the project in budget. It is the design firm's job to make the building look beautiful and give the client everything they want in regards to function, but it is the contractor's job to make sure the dream does not grow too far out of the budget and to keep everyone involved on schedule. Those two parts of the team (each doing their job) working with each other is what makes the Construction Manager at Risk method work. But it takes a design firm / contractor team that works well together to make it all work --- and no one can say they work together better than K4 Construction & RBDR Architects.

The Construction Manager at Risk services routinely offered by K4 Construction on civic building projects include the following:

- extensive project budgeting and project estimating (K4 Construction can provide very detailed cost estimating / budgeting and will share all information with the architect and owner). K4 typically does this 2 to 3 times throughout the design process --- not just once.
- extensive construction consultation with the design firm to aid in determining budgets, constructability, types of materials most fitting for the project, etc.
- value engineering (this is one of the areas that Keith Helpert and Justin Jimenez excel in --- it takes "out of the box" thinking some times to truly get the best value for the owner)
- creation of subcontract and purchase order agreements
- project scheduling (and updating of the project schedule)

- submittal review and processing – NOT just “passing” the submittals through to the architect without review
- submitting and responding to project RFIs (requests for information)
- preparing and reviewing change orders
- management and short-term scheduling of subcontractors
- on-site project meetings with subcontractors, vendors and clients (owners)
- review / approval / rejection of subcontractor and vendor pay applications

K4 Construction will also provide any other requested services (within reason) if it helps the project in moving forward (we are open minded). Once on board, we are a part of your TEAM.

Where K4's services differ from the competition is the level of organization K4 brings to a project, the amount & quality of communication between K4 and the project architect, and the detailed management of the project that K4 provides. It was stated several times during the construction of the City of Hewitt Community Services building that the project was the smoothest run project the City had ever seen.

We believe our mission statement sums it up:

K4 Construction's Mission Statement: Providing a less stressful construction experience for our clients by providing superior project management.

- E. Provide an organizational chart that explains team member responsibilities.
See attached organizational chart at the back of this divider section
- F. Include the resumes of all persons to be assigned to the project with their prospective roles identified.

Project Manager / Estimator for this project will be:

Keith Helpert, President of K4 Construction (see attached resume)--- Keith Helpert was the Project Manager on the City of Hewitt Community Services project recently completed ahead of schedule and on time (please ask City of Hewitt references regarding his performance on this recent project for the City). Unlike most firms competing for this project, the company President will be involved with this project on a DAILY basis from start to completion. The project will not be handed off to a less experienced manager once contract negotiations are completed.

Keith graduated from Baylor University Summa Cum Laude with a degree in Business Management while at the same time working almost full time in the construction industry. Upon graduation, Keith continued to work in the Central Texas construction industry (a total of over 14 years) and has successfully managed over sixty (60) million dollars in construction (over half of which was construction manager / negotiated-type

projects where he was involved in the preliminary stages of the project). In 2011, Keith left his role as lead estimator / project manager for one of the major contractors in Central Texas and partnered with Mark Perry to organize K4 Construction, LLC. The company has already seen great success in both the hard-bid market and the Construction Manager negotiated market. Keith's philosophy on construction management is to be more organized and detail oriented than his competition so that the construction process is less stressful and chaotic for the client.

Project Superintendent for this project will be:

Steve Houle (see attached resume) --- Steve Houle was the Project Superintendent on the City of Hewitt Community Services project recently completed and did an exceptional job. Steve Houle has a Bachelor of Science in Building Construction from Texas A&M (not many jobsite superintendents in Central Texas can say that) and is one of the most knowledgeable and organized jobsite superintendents Keith Helpert has ever worked with over the past 14 years. The City of Hewitt Community Services project that Steve recently ran had a schedule that even many members of the City Council doubted could be met when it was awarded; however, Keith Helpert and Steve Houle worked together to not only meet the project schedule, but beat it. The City of Hewitt administration was extremely happy with Steve's attention to detail and his ability to work with them on a daily basis. Please contact Adam Miles (City of Hewitt City Manager) or Bruce Braley (City of Hewitt Head Building Official) as a reference for Steve Houle and Keith Helpert.

Assistant Project Manager for this project will be:

Justin Jimenez (see attached resume) --- Justin has numerous years of experience working side-by-side with Keith Helpert and also working with RBDR Architects. He would assist Keith on this project in documentation, submittal review, scheduling, etc. as needed. Justin graduated from Baylor University with a degree in Business Administration and has over 8 years of construction experience.

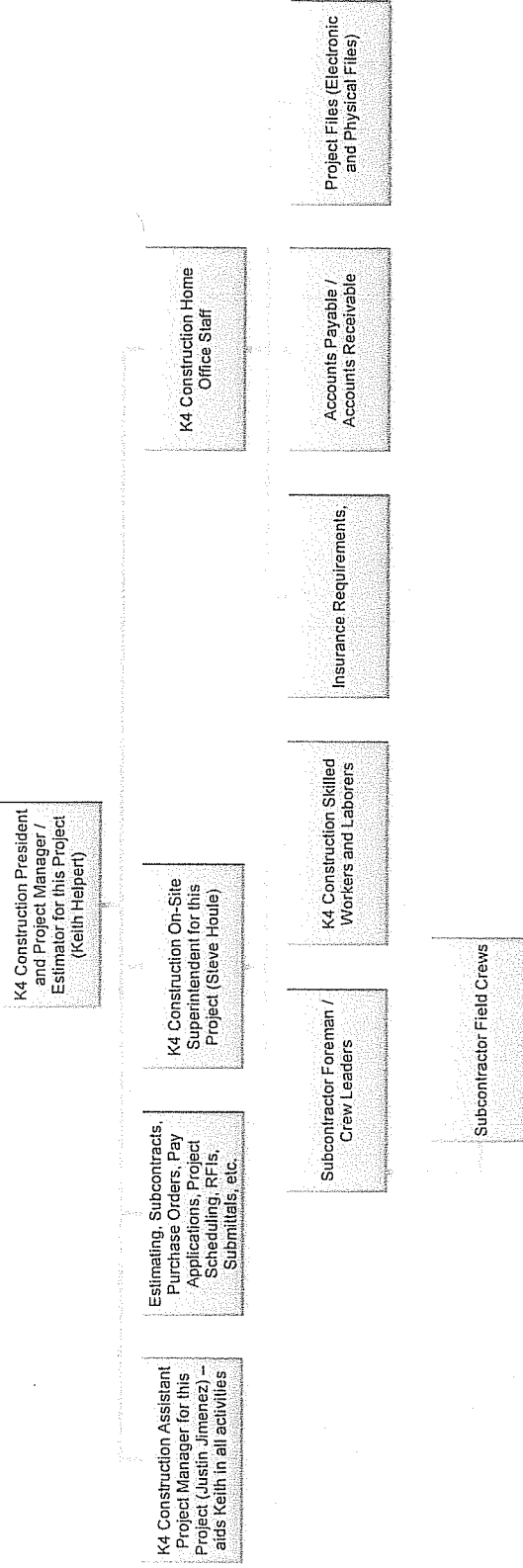
G. List of all related design awards and recognition that the Construction Manager or key team members of the construction management firm have received.

K4 Construction has not received any design awards since K4 Construction is a Construction Manager / General Contractor firm and not a licensed architect / engineer firm. This project's design will be headed up by RBDR Architects and K4 Construction will work hand-in-hand with them during the design phase to keep the project within budget and to offer advice on constructability, options on materials to use, possible structural options, etc. K4 Construction has worked with RBDR Architects on numerous projects throughout the past 14 years and has experience that is second to none when it comes to working with RBDR Architects to achieve a stunning and on-budget project.

- H. List jurisdictions and trade categories in which your organization is legally qualified to do business and indicate registration or license numbers, if applicable.

K4 Construction is legally qualified to do business in the City of Hewitt and all surrounding municipal entities. There is currently no state or local license requirements for Construction Managers / General Contractors. K4 Construction has recently worked with the City of Hewitt, the City of Corsicana, and the City of Groesbeck just within the past year.

K4 Construction, LLC



Keith Helpert

Education

08/1997 – 05/2001

Baylor University

Waco, TX

- ♦ Bachelor of Business Administration from the Hankamer School of Business
- ♦ Majored in Business Management
- ♦ Graduated Summa Cum Laude (3.98 GPA) while working 30+ hours a week
- ♦ Received Top Business Management Graduate Award

08/1993 – 05/1997

Robinson High School

Waco, TX

- ♦ Graduated 3rd in a class of 150+
- ♦ Student Body Vice President / Honors Society / Student Council / Baseball / Basketball

Experience

10/2011 – Present

K4 Construction, LLC

Waco, TX

President / Part Owner

- ♦ Resigned from 13+ years at Barsh Company (as top producing Estimator / Project Manager) in October of 2011 to pursue the opportunity of owning and managing a general contracting business.

06/1998 – 10/2011

Barsh Company, General Contractor Inc.

Waco, TX

Project Manager / Estimator

- ♦ Estimated and Managed well over \$50 million in construction in the Central Texas area over the past 13+ years.
- ♦ Top producing estimator / project manager over the past 10 years
- ♦ Prepared RFP / RFB and estimates for all scopes of work for securing new business for the company
- ♦ Prepared scopes of work and determined the most responsible low subcontractor / vendor bidders
- ♦ Negotiated with bidders and issued awards for subcontracts or purchase orders
- ♦ Directed field personnel to achieve completion of the project on schedule, within budget and with quality workmanship that conformed to original plans and specifications
- ♦ Effectively managed and scheduled sub-contractors to complete all projects on time and within budget

Other

- ♦ Greater Waco Chamber of Commerce Board of Directors (2011 and then again 2013 through 2015)
- ♦ YMCA of Central Texas Board of Directors (2009 through 2012)
- ♦ St. Jerome Catholic Church Master Planning Committee (2010 to present)
- ♦ Knights of Columbus (2008 to present)
- ♦ Co-Chairman and Co-Founder of the TriWaco Triathlon (annual fundraising event for the Greater Waco Chamber of Commerce which has raised over \$100,000 total for the Chamber over the past 4 years)
- ♦ Little League Baseball Coach
- ♦ Robinson Youth Basketball Coach
- ♦ Select Baseball Coach

STEVE HOULE

PO Box 218, Lorena, TX 76655
Home Phone: 254-857-3813
Cell Phone: 254-652-9877

QUALIFICATIONS

- 32 years of experience in commercial construction including field work and office management work
- Experience as a Quality Control Manager/Safety Officer on Corps of Engineers projects.
- Able to work with others and communicate ideas.
- Willing to try new things and am interested in improving efficiency on assigned tasks.
- Organized and planned mission trip as church youth director.

WORK HISTORY

- 2012 to Present, Project Superintendent , K4 Construction, LLC
- 1997 to 2012, Project Manager & Estimator, Goodwin Plumbing Service, Inc.
Responsibilities: estimating plumbing and HVAC from job blueprints, attending project meeting, organizing submittal for material data, interacted with architects, engineers, and company owners, and schedule city inspections and material deliveries.
- 1994 to 1997, Quality Control Manager, Silverton Construction
Responsibilities: reviewing shop drawings and material data, scheduling inspections and overseeing the construction and conformity of project at Ft. Hood Army Base.
- 1992 to 1994, Project Manager, Global Roof Consultants
Responsibilities: Inspected roofs and oversaw installation of new roofs.
- 1991 to 1992, Quality Control Manager, FlintCo
Responsibilities: reviewing shop drawings and material data, scheduling inspections and overseeing the construction and conformity of \$32 million barrack project at Sheppard Air Force Base.
- 1980 to 1991, Project Engineer and Quality Control Manager, Hill Constructors
Responsibilities: reviewing shop drawings and material data, scheduling inspections, building lay-out and overseeing the construction and conformity of project.

EDUCATION

1975 to 1980, Bachelor of Science in Building Construction, Texas A & M University

Justin Jimenez

<u>Education</u>	08/2001 – 05/2005	Baylor University	Waco, TX
	♦ Bachelor of Business Administration from the Hankamer School of Business ♦ Majored in Business Management ♦ Courses studied included ○ Negotiation & Conflict Resolution ○ Organizational Behavior, Strategic & Operations Management ○ Personnel Human Resource ○ Resource Staff & Labor Relations ○ Training/Development In Business & Industry		
	06/1999 - 05/2001	McLennan Community College	Waco, TX
	♦ General academics focused on obtaining a Bachelor of Business Administration (BBA)		
<u>Experience</u>	10/2011 – Present	K4 Construction, LLC	Waco, TX
	Project Manager / Estimator / Field Project Superintendent ♦ Resigned from 4 year position at Barsh Company in October of 2011 to pursue a similar position at K4 Construction (due to more growth potential)		
	08/2007 – 10/2011	Barsh Company, General Contractor Inc.	Waco, TX
	Project Manager / Estimator / Field Project Superintendent ♦ Preparation of RFP / RFB and estimates for all scopes of work for securing new business for the company ♦ Prepare scope of work and determine the most responsible low subcontractor / vendor bidders ♦ Negotiate with bidders and issue awards for subcontracts or purchase orders ♦ Direct field personnel to achieve completion of the project on schedule, within budget and with quality workmanship that conforms to original plans and specifications ♦ Effectively manage and schedule sub-contractors to complete all projects on time and within budget ♦ Placing, Scheduling, and Receiving orders / bids ♦ Construction projects include: ○ Coca Cola Enterprises – New Sales Facility & Distribution Center • Field Project Superintendent / Estimator • Design-Build • > \$5 Million • 11 acre site and 60,000 SF building ○ WISD – Administration Building Improvements • Project Manager / Estimator • > \$2.5 Million • Complete MEP and Architectural renovation project to a 10 story high rise building ○ Dawson ISD 2009 Renovations • Project Manager / Estimator • > \$500,000 • Site earthwork and grading, Exterior finishes, Interior finishes and HVAC / Mechanical installation ○ Prime Retail Space At Hewitt Crossing • Project Manager / Estimator • Design-Build • > \$1.4 Million • 8,900 SF building with site work and tenant finish-out(s)		
	05/1999 - 08/07	Jimenez Flooring & Counter-Tops	Waco, TX
	Project Manager / Estimator / Field Superintendent ♦ Participate in all daily activities from bidding jobs, installation, and collection of payment in construction of residential and commercial flooring projects ♦ Manage crews that range from 4-6 employees ♦ Handle purchasing of materials, job scheduling, and employee compensation		

HEWITT TEXAS

COUNCIL AGENDA ITEM FORM

MEETING DATE: May 6, 2013

AGENDA ITEM #: 9

SUBMITTED BY: Adam Miles, City Manager

ITEM DESCRIPTION:

Consider and take appropriate action concerning Interlocal Agreement with McLennan County for use of inmate labor for park maintenance during the month of May 2013.

STAFF RECOMMENDATION/ITEM SUMMARY:

Coordinating with the Sheriff's office, McLennan County Commissioner of Precinct 4, Ben Perry, has offered the City of Hewitt an opportunity to use supervised jail inmate labor for cleaning and maintenance of Warren Park. The proposed agreement indicates the inmates would be available for the remaining Fridays during the month of May. If approved, city staff would coordinate with County officials concerning the schedule and location of work.

ATTACHMENTS:

Interlocal Agreement

INTERLOCAL COOPERATION AGREEMENT

This agreement is made by and entered into between the City of Hewitt, Texas, (hereinafter "City") and McLennan County, (hereinafter "County"), Texas, on the 1 day of May, 2013.

WHEREAS, it is in the best interests of the citizens of McLennan County for the various governmental entities located in this County to cooperate in the provision of governmental services where such cooperation will result in a more efficient, higher quality and/or more cost-effective provision of such services; and

WHEREAS, with regard to the project defined below, these governmental functions and services can be more efficiently provided by the City and County working cooperatively; and

WHEREAS, the provision of recreational opportunities to children is a public purpose of both parties; and

WHEREAS, City and County have found it advisable to enter into an Interlocal Cooperation Act agreement wherein the City and the County agree to provide the governmental functions described below as authorized by the Interlocal Cooperation Act, Chapter 791, Local Government Code, V.T.C.A. and other applicable law.

NOW, THEREFORE, in consideration of the promises, covenants and agreements contained herein, the parties hereto mutually agree as follows:

1. Project. General maintenance at city parks. Pick up trash and help clean Warren Park & Creek.
2. County Obligations. The County through Precinct 4 and the McPUPS program will provide a County Jail inmate work crew to perform labor tasks in support of the Project. Furthermore, in accordance with its inmate work program, the County will provide a certified officer to supervise the inmate work crew. Inmates will provide manual labor. Use of hand tools is allowed subject to on-site decisions of the supervising officer. Operation of motor-driven equipment other than standard push or riding lawnmowers and weed-eaters is not allowed. The foregoing is subject to inmate crew availability and cooperative scheduling. All inmate work projects are subject to Sheriff's Office authority and may be discontinued or modified by the Sheriff.
3. City's Obligations. The City will provide all equipment, fuel, supplies, tools, and non-inmate labor necessary for the Project at its sole cost and expense.
4. Term. May 7, 2013 through May 31, 2013 every Friday. Either party may cancel this Agreement on 10 days written notice to the other.
5. Warranty Regarding Property to be Improved. City and County both warrant that the work to be performed under this contract will only improve property being utilized for public purposes and is not for the enhancement of private property. The City warrants that it owns the property

upon which the work is to be performed.

6. Current Revenues. Any payments or expenditures under this agreement shall be from current revenues available to the City and the County.
7. Special Terms. Work must be scheduled for times when children are not present on the property.

EXECUTED on the ____ day of _____, 2013.

CITY OF HEWITT

By: _____
Printed Name: _____
Title: _____

ATTEST:

City Secretary

MCLENNAN COUNTY, TEXAS

By: _____
Scott Felton, County Judge

ATTEST:

County Clerk



COUNCIL AGENDA ITEM FORM

MEETING DATE: May 6, 2013

AGENDA ITEM #: 10

SUBMITTED BY: Adam Miles, City Manager

ITEM DESCRIPTION:

Consider an ordinance approving and adopting the rate schedule "RRM – Rate Review Mechanism" for Atmos Energy Corporation, Mid-Tex Division to be in force in the city for a period of time as specified in the rate schedule.

STAFF RECOMMENDATION/ITEM SUMMARY:

Included as backup is a model staff report and ordinance that is recommended by the Atmos Cities Steering Committee (ACSC) and legal counsel. City Staff has reviewed the settlement agreement and ordinance and are in agreement with the recommendation for the Steering Committee and legal counsel. Approval of this item is requested prior to July 15.

ATTACHMENTS:

Model Staff Report
Ordinance

MODEL STAFF REPORT

The City, along with 154 other cities served by Atmos Energy Corporation, Mid-Tex Division (“Atmos Mid-Tex” or “Company”), is a member of the Atmos Cities Steering Committee (“ACSC” or “Steering Committee”). In 2007, ACSC and Atmos Mid-Tex agreed to implement an annual rate review mechanism for Atmos Mid-Tex, known as the Rate Review Mechanism (“RRM”), as a temporary replacement for the statutory mechanism known as GRIP (the “Gas Reliability Infrastructure Program”). This first RRM tariff expired in 2011, and although ACSC and Atmos Mid-Tex met many times to attempt to reach an agreement on a renewed or replacement tariff, they were unable to do so. Atmos Mid-Tex filed a full rate case in 2012. The resulting rates were approved by the Railroad Commission in December 2012 in G.U.D. No. 10170.

ACSC and the Company renewed discussions to develop revisions to the RRM tariff, and have reached a tentative agreement on the form of the RRM tariff to be in effect for a four-year period from 2013 to 2017. If the RRM process is to continue to function as a substitute for the GRIP process, cities that exercise original jurisdiction must adopt a tariff that authorizes the process. For the reasons outlined below, the ACSC Executive Committee and ACSC legal counsel recommend approval of the new RRM tariff by all ACSC member cities.

RRM Background:

The RRM tariff was originally approved by ACSC member cities as part of the settlement agreement resolving the Atmos Mid-Tex 2007 system-wide rate filing at the Railroad Commission. The RRM process was created collaboratively by ACSC and Atmos Mid-Tex as an alternative to the legislatively-authorized GRIP rate adjustment process. GRIP, like the RRM, is a form of expedited rate relief for gas utilities that avoids the long and costly process of a full rate filing. However, ACSC strongly opposes the GRIP process because it constitutes piecemeal ratemaking, does not allow any review by cities of the reasonableness of capital expenditures, and does not allow participation by cities in the Railroad Commission’s review of the annual GRIP filings, or recovery by cities of their rate case expenses. The Railroad Commission undertakes only an administrative review of GRIP filings (instead of a full hearing) and the rate increases go into effect without any material adjustments. In ACSC’s view, the GRIP process unfairly raises customers’ rates without any real regulatory oversight. In contrast, the RRM process has allowed for a more comprehensive rate review and annual adjustment as a substitute for GRIP filings.

Purpose of the Ordinance:

The purpose of the Ordinance is to approve the RRM tariff (“Attachment A”) that reflects the negotiated RRM process. For the RRM process to continue, cities exercising original jurisdiction must approve a tariff that authorizes the process.

Reasons Justifying Approval of the Negotiated RRM Tariff:

In the opinion of ACSC's Executive Committee, the RRM process is a better deal for customers than the GRIP process. Atmos Mid-Tex has stated if it were to file for a rate adjustment in 2013 under the GRIP provisions, it would request approximately \$5 million more in rate relief than it plans to request in a filing under this revised RRM tariff. ACSC assumes that is because the GRIP process only evaluates changes to capital investment. The RRM process looks at revenues (that may be increasing) and expenses (that may be declining), as well as capital investment.

Additionally, the statute authorizing the GRIP rate adjustment process allows the Company to place the entirety of any rate increase in the unavoidable monthly customer charge portion of its rates. If the Company were to file for an increase under the GRIP provisions, the entire amount of the increase would be collected through the fixed portion of the bill, rather than the volumetric charge that varies by a customer's usage. Between 2007 and 2012, ACSC was able to negotiate rate design results that constrained residential customer charges to the \$7.00 to \$7.50 range. However, the Railroad Commission has recently raised the residential customer charge to \$17.70.

The Company has agreed that for the first filing under the revised RRM tariff, there will be no increase to the residential customer charge. Thus, some of the primary benefits of the attached RRM tariff are that it moderates the impact of rate adjustments on residential customers by not changing the residential customer charge for the first RRM period. In subsequent years only 40% of the proposed increase in revenues to the residential class will be recovered through the fixed customer charge, and in no event will the residential customer charge increase by more than \$.50 per month. No such constraints exist under the GRIP process.

Additionally, the attached RRM tariff provides a discount as an incentive for cities permitting the Company annual rate relief. The RRM tariff includes an adjustment amount that is a reduction to the Company's requested increase. The adjustment lowers the Company's rate request by at least \$3 million each year. Additional reductions will also be made each year depending on the size of the Company's requested increase. The attached RRM tariff also caps at 55% the percentage of equity that can be used to calculate the Company's capital structure. Railroad Commission policy allows rates to be based on a parent company's actual capital structure, which for Atmos could mean increases in equity above the most recent level of 52%.

Under the RRM tariff, cities are also able to review the Company's annual expenses and capital investments and make adjustments, or disallowances, for any such expenses or investments that are considered to be unreasonable or unnecessary. The cities' costs in reviewing the annual filings, such as fees associated with the hiring of expert consultants and legal counsel, will be reimbursed by the Company on a monthly basis.

If cities do not approve the RRM tariff, the Company has stated that it will reinstitute its annual filings under the GRIP provisions. The anticipated GRIP adjustment for 2013 would be approximately \$5 million higher than the Company anticipates requesting through an RRM filing. Additionally, GRIP rate adjustments would place the entire amount of the Company's

requested increase into the customer charge. The ACSC Executive Committee recommends that ACSC city members take action to approve the Ordinance authorizing the RRM tariff.

Explanation of “Be It Ordained” Paragraphs:

1. This section approves all findings in the Ordinance.
2. This section adopts the attached RRM Tariff (“Attachment A”) and finds the adoption of the tariff to be just, reasonable, and in the public interest. Note that only the new tariff being revised is attached to the Ordinance. The initial RRM Tariff has expired by its own terms, and other existing tariffs not being changed in any way are not attached to the Ordinance.
3. This section repeals any resolution or ordinance that is inconsistent with this Ordinance.
4. This section finds that the meeting was conducted in compliance with the Texas Open Meetings Act, Texas Government Code, Chapter 551.
5. This section is a savings clause, which provides that if any section is later found to be unconstitutional or invalid, that finding shall not affect, impair, or invalidate the remaining provisions of this Ordinance. This section further directs that the remaining provisions of the Ordinance are to be interpreted as if the offending section or clause never existed.
6. This section provides for an effective date upon passage.
7. This section paragraph directs that a copy of the signed Ordinance be sent to a representative of the Company and legal counsel for ACSC.

ORDINANCE NO. 2013-05-06-1

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF HEWITT, TEXAS, (“CITY”) APPROVING AND ADOPTING RATE SCHEDULE “RRM – RATE REVIEW MECHANISM” FOR ATMOS ENERGY CORPORATION, MID-TEX DIVISION TO BE IN FORCE IN THE CITY FOR A PERIOD OF TIME AS SPECIFIED IN THE RATE SCHEDULE; ADOPTING A SAVINGS CLAUSE; DETERMINING THAT THIS ORDINANCE WAS PASSED IN ACCORDANCE WITH THE REQUIREMENTS OF THE TEXAS OPEN MEETINGS ACT; DECLARING AN EFFECTIVE DATE; AND REQUIRING DELIVERY OF THIS ORDINANCE TO THE COMPANY AND ACSC LEGAL COUNSEL.

WHEREAS, the City of Hewitt, Texas (“City”) is a gas utility customer of Atmos Energy Corp., Mid-Tex Division (“Atmos Mid-Tex” or “the Company”), and a regulatory authority with an interest in the rates and charges of Atmos Mid-Tex; and

WHEREAS, the City is a member of the Atmos Cities Steering Committee (“ACSC”), a coalition of cities, most of whom retain original jurisdiction over the rates and services of Atmos Mid-Tex; and

WHEREAS, in 2007 ACSC member cities and Atmos Mid-Tex collaboratively developed the Rate Review Mechanism (“RRM”) Tariff that allows for an expedited rate review process controlled by cities as a substitute for the legislatively-constructed Gas Reliability Infrastructure Program (“GRIP”); and

WHEREAS, the GRIP mechanism does not permit the City to review rate increases, and constitutes piecemeal ratemaking; and

WHEREAS, the RRM process permits City review of requested rate increases and provides for a holistic review of the true cost of service for Atmos Mid-Tex; and

WHEREAS, the initial RRM tariff expired in 2011; and

WHEREAS, ACSC's representatives have worked with Atmos Mid-Tex to negotiate a renewal of the RRM process that avoids litigation and Railroad Commission filings; and

WHEREAS, the ACSC's Executive Committee and ACSC's legal counsel recommend ACSC members approve the negotiated new RRM tariff; and

WHEREAS, the attached Rate Schedule "RRM – Rate Review Mechanism" ("RRM Tariff") provides for a reasonable expedited rate review process that is a substitute for, and is superior to, the statutory GRIP process; and

WHEREAS, the expedited rate review process as provided by the RRM Tariff avoids piecemeal ratemaking; and

WHEREAS, the RRM tariff reflects the ratemaking standards and methodologies authorized by the Railroad Commission in the most recent Atmos Mid-Tex rate case, G.U.D. No. 10170; and

WHEREAS, the RRM Tariff provides for an annual reduction in Atmos Mid-Tex's requested rate increase of at least \$3 million; and

WHEREAS, the RRM Tariff provides for a lower customer charge than if Atmos Mid-Tex pursued GRIP filings; and

WHEREAS, the attached RRM Tariff as a whole is in the public interest;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF HEWITT, TEXAS:

Section 1. That the findings set forth in this Ordinance are hereby in all things approved.

Section 2. That the City Council finds that the RRM Tariff, **which is attached hereto and incorporated herein as Attachment A**, is reasonable and in the public interest, and is hereby in force and effect in the City.

Section 3. That to the extent any resolution or ordinance previously adopted by the City Council is inconsistent with this Ordinance, it is hereby repealed.

Section 4. That the meeting at which this Ordinance was approved was in all things conducted in strict compliance with the Texas Open Meetings Act, Texas Government Code, Chapter 551.

Section 5. That if any one or more sections or clauses of this Ordinance is judged to be unconstitutional or invalid, such judgment shall not affect, impair or invalidate the remaining provisions of this Ordinance and the remaining provisions of the Ordinance shall be interpreted as if the offending section or clause never existed.

Section 6. That this Ordinance shall become effective from and after its passage.

Section 7. That a copy of this Ordinance shall be sent to Atmos Mid-Tex, care of Christopher Felan, Vice President of Rates and Regulatory Affairs for Atmos Mid-Tex Division, Atmos Energy Corporation, 5420 LBJ Freeway, Suite 1600, Dallas, Texas 75240, and to Geoffrey Gay, General Counsel to ACSC, at Lloyd Gosselink Rochelle & Townsend, P.C., 816 Congress Avenue, Suite 1900, Austin, Texas 78701.

PASSED AND APPROVED this _____ day of _____, 2013.

Wilbert Wachtendorf, Mayor

ATTEST:

Lydia Lopez, City Secretary

APPROVED AS TO FORM:

O. Charlie Buenger, City Attorney

RATE SCHEDULE:	RRM – Rate Review Mechanism	
APPLICABLE TO:	ALL AREAS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS CUSTOMERS	
EFFECTIVE DATE:	Bills Rendered on and after October 15, 2013	PAGE 1 OF 6

I. Applicability

Applicable to Residential, Commercial, Industrial, and Transportation tariff customers in the Mid-Tex Division of Atmos Energy Corporation ("Company") except such customers within the City of Dallas. This Rate Review Mechanism ("RRM") provides for an annual adjustment to the Company's Rate Schedules R, C, I and T ("Applicable Rate Schedules"). Rate calculations and adjustments required by this tariff shall be determined on a System-Wide cost basis.

II. Definitions

"Test Period" is defined as the twelve months ending December 31 of each preceding calendar year.

The "Effective Date" is the date that adjustments required by this tariff are applied to customer bills. The annual Effective Date is June 1. The 2013 filing Effective Date is October 15, 2013.

Unless otherwise noted in this tariff, the term "Final Order" refers the final order issued by the Railroad Commission of Texas in GUD 10170.

The term "System-Wide" means all incorporated and unincorporated areas served by the Company.

"Review Period" is defined as the period from the Filing Date until the Effective Date.

The "Filing Date" is as early as practicable but no later than March 1 of each year with the exception of 2013, which shall have a Filing Date of July 15, 2013. The last annual Effective Date is June 1, 2017.

III. Calculation

The RRM shall calculate an annual, System-Wide cost of service ("COS") that will be used to adjust applicable rate schedules prospectively as of the Effective Date. The annual cost of service will be calculated according to the following formula:

$$\text{COS} = \text{OM} + \text{DEP} + \text{RI} + \text{TAX} + \text{CD} - \text{ADJ}$$

Where:

OM = all reasonable and necessary operation and maintenance expenses from the

RATE SCHEDULE:	RRM – Rate Review Mechanism	
APPLICABLE TO:	ALL AREAS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS CUSTOMERS	
EFFECTIVE DATE:	Bills Rendered on and after October 15, 2013	PAGE 2 OF 6

Test Period adjusted for known and measurable items and prepared consistent with the rate making treatments approved in the Final Order. Known and measurable adjustments shall be limited to those changes that have occurred prior to the Filing Date. OM may be adjusted for atypical and non-recurring items. Shared Services allocation factors shall be recalculated each year based on the latest component factors used during the Test Period, but the methodology used will be that approved in the Final Order.

DEP = depreciation expense calculated at depreciation rates approved by the Final Order.

RI = return on investment calculated as the Company's pretax return multiplied by rate base at Test Period end. Rate base is prepared consistent with the rate making treatments approved in the Final Order, except that no post Test Period adjustments will be permitted. Pretax return is the Company's weighted average cost of capital before income taxes. The Company's weighted average cost of capital is calculated using the methodology from the Final Order including the Company's actual capital structure and long term cost of debt as of the Test Period end (adjusted for any known and measurable changes) and the return on equity from the Final Order. However, in no event will the percentage of equity exceed 55%. Regulatory adjustments due to prior regulatory rate base adjustment disallowances will be maintained. Cash working capital will be calculated using the lead/lag days approved in the Final Order. With respect to pension and other postemployment benefits, the Company will record a regulatory asset or liability for these costs until the amounts are included in the next annual rate adjustment implemented under this tariff. Each year, the Company's filing under this Rider RRM will clearly state the level of pension and other postemployment benefits recovered in rates.

TAX = income tax and taxes other than income tax from the Test Period adjusted for known and measurable changes occurring after the Test Period and before the Filing Date, and prepared consistent with the rate making treatments approved in the Final Order.

CD = interest on customer deposits.

ADJ = Downward adjustment to the overall, System-Wide test year cost of service in the amount of \$3,000,000.00, adjusted by a percentage equal to the total percentage increase in base-rate revenue sought pursuant to this tariff.

RATE SCHEDULE:	RRM – Rate Review Mechanism	
APPLICABLE TO:	ALL AREAS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS CUSTOMERS	
EFFECTIVE DATE:	Bills Rendered on and after October 15, 2013	PAGE 3 OF 6

IV. Annual Rate Adjustment

The Company shall provide schedules and work papers supporting the Filing's revenue deficiency/sufficiency calculations using the methodology accepted in the Final Order. The result shall be reflected in the proposed new rates to be established for the effective period. The Revenue Requirement will be apportioned to customer classes in the same manner that Company's Revenue Requirement was apportioned in the Final Order. For the Residential Class, 40% of the increase may be recovered in the customer charge. The increase to the Residential customer charge shall not exceed \$0.50 per month in any given year. The remainder of the Residential Class increase not collected in the customer charge will be recovered in the usage charge. The Company will forgo any change in the Residential customer charge with the first proposed rate adjustment pursuant to this tariff. For all other classes, the change in rates will be apportioned between the customer charge and the usage charge, consistent with the Final Order. Test Period billing determinants shall be adjusted and normalized according to the methodology utilized in the Final Order.

V. Filing

The Company shall file schedules annually with the regulatory authority having original jurisdiction over the Company's rates on or before the Filing Date that support the proposed rate adjustments. The schedules shall be in the same general format as the cost of service model and relied-upon files upon which the Final Order was based. A proof of rates and a copy of current and proposed tariffs shall also be included with the filing. The filing shall be made in electronic form where practical. The Company's filing shall conform to Minimum Filing Requirements (to be agreed upon by the parties), which will contain a minimum amount of information that will assist the regulatory authority in its review and analysis of the filing. The Company and regulatory authority will endeavor to hold a technical conference regarding the filing within ten (10) calendar days after the Filing Date.

The 2013 Filing Date will be July 15, 2013.

A sworn statement shall be filed by an Officer of the Company affirming that the filed schedules are in compliance with the provisions of this Rate Review Mechanism and are true and correct to the best of his/her knowledge, information, and belief. No testimony shall be filed, but a brief narrative explanation shall be provided of any changes to corporate structure, accounting methodologies, allocation of common costs, or atypical or non-recurring items included in the filing.

VI. Evaluation Procedures

RATE SCHEDULE:	RRM – Rate Review Mechanism	
APPLICABLE TO:	ALL AREAS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS CUSTOMERS	
EFFECTIVE DATE:	Bills Rendered on and after October 15, 2013	PAGE 4 OF 6

The regulatory authority having original jurisdiction over the Company's rates shall review and render a decision on the Company's proposed rate adjustment prior to the Effective Date. The Company shall provide all supplemental information requested to ensure an opportunity for adequate review by the relevant regulatory authority. The Company shall not unilaterally impose any limits upon the provision of supplemental information and such information shall be provided within seven (7) working days of the original request. The regulatory authority may propose any adjustments it determines to be required to bring the proposed rate adjustment into compliance with the provisions of this tariff.

The regulatory authority may disallow any net plant investment that is not shown to be prudently incurred. Approval by the regulatory authority of net plant investment pursuant to the provisions of this tariff shall constitute a finding that such net plant investment was prudently incurred. Such finding of prudence shall not be subject to further review in a subsequent RRM or Statement of Intent filing.

During the Review Period, the Company and the regulatory authority will work collaboratively and seek agreement on the level of rate adjustments. If, at the end of the Review Period, the Company and the regulatory authority have not reached agreement, the regulatory authority shall take action to modify or deny the proposed rate adjustments. The Company shall have the right to appeal the regulatory authority's action to the Railroad Commission of Texas. Upon the filing of an appeal of the regulatory authority's order relating to an annual RRM filing with the Railroad Commission of Texas, the regulatory authority having original jurisdiction over the Company's rates shall not oppose the implementation of the Company's proposed rates subject to refund, nor will the regulatory authority advocate for the imposition of a third party surety bond by the Company. Any refund shall be limited to and determined based on the resolution of the disputed adjustment(s) in a final, non-appealable order issued in the appeal filed by the Company at the Railroad Commission of Texas.

In the event that the regulatory authority and Company agree to a rate adjustment(s) that is different from the adjustment(s) requested in the Company's filing, the Company shall file compliance tariffs consistent with the agreement. No action on the part of the regulatory authority shall be required to allow the rate adjustment(s) to become effective on June 1. To the extent that the regulatory authority does not take action on the Company's RRM filing by May 31, the rates proposed in the Company's filing shall be deemed approved effective June 1. (2013 filing RRM rate will be effective October 15, 2013 if no action is taken). Notwithstanding the preceding sentence, a regulatory authority may choose to take affirmative action to approve a rate adjustment under this tariff. In those instances where such approval cannot reasonably occur by May 31, the rates finally approved by the regulatory authority shall be deemed effective as of June 1.

RATE SCHEDULE:	RRM – Rate Review Mechanism	
APPLICABLE TO:	ALL AREAS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS CUSTOMERS	
EFFECTIVE DATE:	Bills Rendered on and after October 15, 2013	PAGE 5 OF 6

To defray the cost, if any, of regulatory authorities conducting a review of the Company's annual RRM filing, the Company shall reimburse the regulatory authorities on a monthly basis for their reasonable expenses incurred upon submission of invoices for such review. Any reimbursement contemplated hereunder shall be deemed a reasonable and necessary operating expense of the Company in the year in which the reimbursement is made. A regulatory authority seeking reimbursement under this provision shall submit its request for reimbursement to the Company no later than August 1 of the year in which the RRM filing is made and the Company shall reimburse regulatory authorities in accordance with this provision on or before August 30 of the year the RRM filing is made.

To the extent possible, the provisions of the Final Order shall be applied by the regulatory authority in determining whether to approve or disapprove of Company's proposed rate adjustment.

This Rider RRM does not limit the legal rights and duties of a regulatory authority. Nothing herein shall abrogate the jurisdiction of the regulatory authority to initiate a rate proceeding at any time to review whether rates charged are just and reasonable. Similarly, the Company retains its right to utilize the provisions of Texas Utilities Code, Chapter 104, Subchapter C to request a change in rates. The provisions of this Rider RRM are implemented in harmony with the Gas Utility Regulatory Act (Texas Utilities Code, Chapters 101-105).

The annual rate adjustment process set forth in this tariff shall remain in effect during the pendency of any Statement of Intent rate filing.

VII. Reconsideration, Appeal and Unresolved Items

Orders issued pursuant to this mechanism are ratemaking orders and shall be subject to appeal under Sections 102.001(b) and 103.021, et seq., of the Texas Utilities Code (Vernon 2007).

VIII. Notice

Notice of each annual RRM filing shall be provided by including the notice, in conspicuous form, in the bill of each directly affected customer no later than forty-five (45) days after the Company makes its annual filing pursuant to this tariff. The notice to customers shall include the following information:

- a) a description of the proposed revision of rates and schedules;

RATE SCHEDULE:	RRM – Rate Review Mechanism	
APPLICABLE TO:	ALL AREAS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS CUSTOMERS	
EFFECTIVE DATE:	Bills Rendered on and after October 15, 2013	PAGE 6 OF 6

- b) the effect the proposed revision of rates is expected to have on the rates applicable to each customer class and on an average bill for each affected customer;
- c) the service area or areas in which the proposed rates would apply;
- d) the date the annual RRM filing was made with the regulatory authority; and
- e) the Company's address, telephone number and website where information concerning the proposed rate adjustment be obtained.