AGENDA

CITY OF TAYLOR, TEXAS

CITY COUNCIL MEETING

CITY HALL, COUNCIL CHAMBERS, 400 PORTER STREET

MAY 10, 2012, 6:00 P.M.

CALL TO ORDER AND DECLARE A QUORUM

INVOCATION

PLEDGE OF ALLEGIANCE

CITIZENS COMMUNICATION

(The City Council welcomes public comments on items not listed on the agenda. However, the Council cannot respond until the item is posted on a future meeting agenda. Registration forms are available at the sign in table.)

CONSENT AGENDA

(The Consent Agenda includes non-controversial and routine items that the Council may act on with one single vote. The Mayor or any Council member may pull any item from the Consent Agenda to discuss and act upon individually on the Regular Agenda.)

1. Minutes for April 26, 2012. (Susan Brock)
2. Consider accepting public improvements from Gemini Industries for fire protection infrastructure. (Danny Thomas)

PROCLAMATION

3. Proclamation: In recognition of community tax assistance program providers to citizens of Taylor. (Karen Ellis, Library Director and Mayor)

ORDINANCE

4. Consider introducing Ordinance 2012-16 amending the Fee Ordinance regarding unmetered fire protection systems. (Jeff Straub)

REGULAR AGENDA; REVIEW/DISCUSS AND CONSIDER ACTION

5. Consider accepting a trailer for the Taylor Fire Department from the Taylor Area Business Women. (Chief Ekiss)
6. Consider accepting quarterly report from and amending the contract with the Taylor Chamber of Commerce. (Thomas Martinez, President)
7. Consider recommendation from the Parks and Recreation Advisory Committee to delete the indoor pool at the recreation center and include a gymnasium. (Jim Dunaway)
8. Consider waiving tier two fees for treated water for the City of Hutto. (Jim Dunaway)
9. Discuss and consider possible charter amendments. (Jeff Straub)

ADJOURN

The Council may vote and/or act upon each of the items listed in this Agenda. The Council reserves the right to retire into executive session concerning any of the items listed on this Agenda, whenever it is considered necessary and legally justified under the Open Meetings Act. I certify that the notice of meeting was posted in the Taylor City Hall Lobby before 6:00 pm on May 7, 2012 and remained posted for at least 72 hours continuously before the scheduled time of said meeting. I further certify that the following news media was notified of this meeting: Taylor Daily Press.

In compliance with the ADA, the City Hall and Council Chambers are wheelchair accessible. Reasonable accommodations will be provided for persons attending city council meetings in need of special assistance. Please contact Susan Brock, City Clerk, at least 24 hours prior to the meeting for special assistance.

Posted By: Susan Brock Date 5/7/12

Susan Brock, City Clerk

City Council Meeting
May 10, 2012
Agenda Item Transmittal

Agenda Item #:	**1**
Agenda Title:	Minutes for April 26, 2012.
Council Action:	Motion to approve or approve with corrections
Initiating Department:	City Management/City Clerk
Staff Contact:	**Susan Brock, City Clerk**

1. INTRODUCTION/PURPOSE

Pursuant to the Open Meetings Law, Chapter 551, Local Government Code and in accordance with the authority contained in Section 551.021 and the City Charter, the "Minutes" of each City Council must be recorded, compiled and approved by the City Council in subsequent meetings. The purpose of this item is to conform to these legal requirements.

2. DESCRIPTION/ JUSTIFICATION

N/A

3. FINANCIAL/BUDGET

N/A

4. RECOMMENDATION

Approve as submitted or amend with changes noted.

5. REFERENCE FILES

1a. Minutes, April 26, 2012.

The City Council of the City of Taylor met on April 26, 2012, at City Hall, 400 Porter St., Taylor, Texas. Mayor Donald Hill declared a quorum and called the meeting to order at 6:00 p.m. with the following present:

Mayor Pro Tem, Chris Gonzales	City Manager, Jim D. Dunaway
Council Member Jesse Ancira	Assistant City Manager, Jeff Straub
Council Member John McDonald	City Attorney, Ted Hejl
Council Member Chris Osborn	City Clerk, Susan Brock

INVOCATION

Jeff Straub led the group in prayer.

PLEDGE OF ALLEGIANCE

CITIZENS COMMUNICATION

Mr. Joe Naizer, 701 Sloan Street, provided comments regarding agenda item number 7. The following citizens came forward to comment on the YMCA Pool Rental Agreement for individuals to use the city pool to teach swim lessons: Ms. Stayci Roznovak Burris, 700 Drake Lane; Ms. Pam O'Conner, 6912 Langston Drive; Mr. Jason Ball, 708 W. 11th Street; and Ms. Donna Suderman, 1801 Lexington.

CONSENT AGENDA

1. MINUTES APRIL 12, 2012.
2. APPROVE ORDINANCE 2012-11 REGARDING A REQUEST TO REZONE LOTS 1, 2, 13, AND 14 IN THE JOHN O. BAKER SUBDIVISION FROM MH (MANUFACTURED HOUSING) TO BP-2 (BUSINESS PARK 2).

ORDINANCE NO. 2012-11

AN ORDINANCE REZONING PROPERTY LOCATED ON AN UNNAMED STREET IN THE JOHN O. BAKER SUBDIVISION, FROM M-H, MANUFACTURED HOUSING, TO BP-2, BUSINESS PARK 2: AND PROVIDING A SAVINGS CLAUSE

3. CONSIDER RETAINING LANGFORD COMMUNITY MANAGEMENT SERVICES TO ADMINISTER THE DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS HOUSING TRUST FUND AMY YOUNG BARRIER REMOVAL PROGRAM.
4. AUTHORIZE THE CITY MANAGER TO EXECUTE A REIMBURSEMENT AGREEMENT WITH THE TAYLOR ECONOMIC DEVELOPMENT CORPORATION FOR IMPROVEMENTS ASSOCIATED WITH MCCOY'S LUMBER INCORPORATED.
5. CONCUR WITH PRELIMINARY FINANCIALS FOR MARCH, 2012.

   Mayor Pro Tem Gonzales moved to approve the consent agenda as presented and Council Member McDonald seconded the motion. VOTE: Five voted AYE. Motion passed.

PROCLAMATION

6. PROCLAMATION: MAY IS NATIONAL HISTORICAL PRESERVATION MONTH.
   Mayor Hill presented a proclamation to Deby Lannen recognizing May as National Historical Preservation Month.

PUBLIC HEARINGS/ORDINANCES

7. CONSIDERATION AND ACTION WITH RESPECT TO ORDINANCE 2012-15 AUTHORIZING THE ISSUANCE OF $3,000,000 CITY OF TAYLOR, TEXAS COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2012; LEVYING AN AD VALOREM TAX AND PLEDGING CERTAIN SURPLUS REVENUES IN SUPPORT OF THE CERTIFICATES; APPROVING AN OFFICIAL STATEMENT, A PAYING AGENT/REGISTRAR AGREEMENT AND OTHER AGREEMENTS RELATING TO THE SALE AND ISSUANCE OF THE CERTIFICATES; AND ORDAINING OTHER MATTERS RELATING TO THE ISSUANCE OF CERTIFICATES.
   Ms. Rosemarie Dennis, Finance Director, invited Ms. Jennifer Douglas with Specialized Public Finance to provide information regarding the future issuance of debt. Ms. Douglas provided an overview of the sale summary the morning of the meeting and indicated that the lowest interest rate was 2.680027% and is considered extremely good. The city also received its bond rating from Standard and Poor's and received an A+ rating based on a number factors reflecting very positively on the financial stability of the city.

   Council Member Osborn expressed his concern regarding the amount of the debt under consideration and a preference to borrow less money to be used specifically for drainage projects. At a previous council meeting he had requested that $2 million in debt be considered rather than $3 million. However, at that meeting the final vote of the Council was 3 to 2 to move forward with the issuance of $3 million in debt.

   Mayor Pro Tem Gonzales expressed his concern that the $1 million portion of the debt issuance not be redirected to other projects and that the focus remains on drainage issues. With no further comment or discussion Council Member McDonald moved to approve Ordinance 2012-15 as presented and Mayor Hill seconded the motion. VOTE: Four voted AYE; one vote NO (Osborn). Motion passed.

ORDINANCE 2012-15

ORDINANCE AUTHORIZING THE ISSUANCE OF $3,000,000 CITY OF TAYLOR, TEXAS COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2012; LEVYING AN AD VALOREM TAX AND PLEDGING CERTAIN SURPLUS REVENUES IN SUPPORT OF THE CERTIFICATES; APPROVING AN OFFICIAL STATEMENT, A PAYING AGENT/REGISTRAR AGREEMENT AND OTHER AGREEMENTS RELATING TO THE SALE AND ISSUANCE OF THE CERTIFICATES; AND

ORDAINING OTHER MATTERS RELATING TO THE ISSUANCE OF THE CERTIFICATES

8. CONDUCT PUBLIC HEARING AND CONSIDER APPROVING ORDINANCE 2012-12 TO NAME STREETS WITHIN THE JOHN 0. BAKER SUBDIVISION. Mr. Bob vanTil, Director of Planning and Development, presented a request to conduct a public hearing regarding the naming of streets located behind the Davita Dialysis Center at 3100 W. 2nd Street. This ordinance was introduced at the March 22, 2012 meeting which also opened a thirty day comment period. No comments were received.

   Mayor Hill opened the Public Hearing; hearing no comments or further discussion Mayor Hill closed the Public Hearing and Council Member Osborn moved to approve Ordinance 2012-12 as presented. Mayor Pro Tem Gonzales seconded the motion. VOTE: Five voted AYE. Motion passed.

ORDINANCE 2012-12

AN ORDINANCE PROVIDING FOR THE NAMING OF CERTAIN UNNAMED STREETS IN THE JOHN O. BAKER SUBDIVISION; PROVIDING FOR A PUBLIC HEARING; PROVIDING A REPEALING CLAUSE; AND PROVIDING A SEVERABILITY CLAUSE

REGULAR AGENDA – REVIEW/DISCUSS & CONSIDER/ACTION:

9. CONSIDER APPROVING A CONTRACT WITH SPAWGLASS CONTRACTORS, INC. FOR SERVICES AS CONSTRUCTION MANAGER AGENT FOR CONSTRUCTION OF THE CITY OF TAYLOR RECREATION CENTER. Mr. Sledge presented Council with an agreement for SpawGlass Contractors, Inc. to serve as construction manager agent for the recreation center project. Mr. Pat Williams, President and Regional Manager of SpawGlass, provided an overview of the proposed timeline for the project and what his role will be in managing the project.

   Council Member McDonald moved to approve the agreement with revisions to be made by the City Attorney and authorized by the City Manager. Mayor Pro Tem Gonzales seconded the motion. VOTE: Five voted AYE. Motion passed.

10. CONTINUE DISCUSSION ON STREET MAINTENANCE PROGRAM. Mr. Straub presented Council with a number of options to move forward with developing a plan for street construction as well as a funding mechanism for a maintenance program. Possible options presented included the creation of a Street Utility Fee similar to the MDUS fee used for drainage, the amount of increase that would be necessary if funding were to come from property taxes, and the creation of a fully functional city street department. Citing various pros and cons for each option as well as future needs Mr. Straub recommended the street utility fee as the best option to continue to research.

Council Member Osborn moved to direct staff to develop a proposal to address the creation of a street maintenance utility fee, provide a plan of action for a November, 2012 election and to set a date for a special meeting at the May 24th council meeting once the newly elected council member is in place. Council Member McDonald seconded the motion. VOTE: Five voted AYE. Motion passed.

ADJOURN

With no further business; Mayor Hill adjourned the meeting at 7:40 p.m.

____
Don Hill, Mayor

ATTEST:

____
Susan Brock, City Clerk

City Council Meeting
March 8, 2012
Agenda Item Transmittal

Agenda Item #: **2**

Agenda Title: Consider accepting public improvements from Gemini Industries for fire protection infrastructure.

Council Action to be taken: Approve by consent

Initiating Department: Public Works

Staff Contact: **Danny Thomas, Director of Public Works**

1. INTRODUCTION/PURPOSE

To consider accepting ownership of public improvements regarding the extension of an 8” water main for the fire suppression line project at Gemini, Inc., 1610 East 4th Street, Taylor, Texas.

2. DESCRIPTION/ JUSTIFICATION

The public improvements include installation of:
- Five hundred eighty linear feet (580 L.F.) of eight inch (8”) water main including all parts. And tapping sleeves, “MJ” flanges, mega lugs, adapters, etc.
- One fire hydrant and cut-off valves

3. FINANCIAL/BUDGET

These improvements are valued at $22,500.

4. TIMELINE CONSIDERATIONS

This project has been successfully completed.

5. RECOMMENDATION

Staff recommends formal acceptance of the public improvements listed above.

6. REFERENCE FILES

City Council Meeting
May 10, 2012
Agenda Item Transmittal

Agenda Item #:	**3**
Agenda Title:	Proclamation in recognition of Tax Assistance Volunteers.
Council Action to be taken:	Presentation
Initiating Department:	Taylor Public Library
Staff Contact:	**Karen Ellis, Library Director**

1. INTRODUCTION/PURPOSE

For many years the Taylor Public Library has coordinated with the AARP's Tax-Aide program to provide free tax assistance for area residents. City Hall provided a second location for tax assistance for the second year. This effort has been tied together under the Williamson County Financial Stability Coalition, who coordinated two sites in Taylor and five sites elsewhere in the county. Over 678 volunteer hours were logged for tax assistance at both Taylor locations.

Volunteers who assisted at Taylor City Hall include:

Kristee Watts, Coordinator
Danita Hutto
Jerry Sellner
Alejandra Murillo
Hannah Frels
Ernest Rector
Marie Stein
Jamie Decker
Eva Rivera

Volunteers who assisted at the Taylor Public Library include:

Jose Orta, Coordinator
Shirley Campbell
Bill Porter
Kent Toomey
Harlan Hoppestead
Steve Harr

2. DESCRIPTION/ JUSTIFICATION

The AARP Tax-Aide program has worked in coordination with the Taylor Public Library for many years. Continuing for a second year, an additional service point at the City Hall Auditorium utilized VITA volunteers (IRS Volunteer Income Tax Assistance Program). Tax assistance at both City Hall and the Library ran from January through the end of filing in April.

At Taylor Public Library 290 people were served, with a total of 188 returns filed. Refunds from electronic returns totaled **$220,338.00.** Typical charges for getting professional help for tax returns run $250 per person. Free tax services at the Library saved these individuals **$47,000.00.**

At Taylor City Hall 360 people were served, with a total of 213 returns filed. Total refunds were **$310,577.** Those who filed their taxes for free with assistance from volunteers saved **$53,250.00.**

From January through the filing deadline on April 17, 2012, the Williamson County Financial Stability Coalition provided free tax assistance with two sites in Taylor plus five more in other parts of the county and served **2,958 people** and facilitated refunds totaling over **$4,574,418.00.**

The Williamson County Financial Stability Coalition includes the following organizations:

- United Way of Williamson County
- AARP Tax-Aide
- Williamson Burnett County Opportunities
- Internal Revenue Service
- Literacy Council of Williamson County

3. FINANCIAL/BUDGET

4. TIMELINE CONSIDERATIONS

5. RECOMMENDATION

City staff recommends that the Williamson County Financial Stability Coalition and the tax assistance volunteers be recognized for their vital work for the citizens of Taylor.

6. REFERENCE FILES

3a. Proclamation

Proclamation

WHEREAS, volunteers provided valuable tax preparation, filing services, and tax related financial advice to the citizens of Taylor at the Taylor City Hall and the Taylor Public Library from January to April 17th 2012; and

WHEREAS, these volunteers worked on behalf of the Williamson County Financial Stability Coalition, the AARP-Tax-Aide program and the IRS Volunteer Income Tax Assistance Program; and

WHEREAS, these volunteers provided assistance to 650 individuals who received these services and expert assistance at no cost to them.

NOW THEREFORE, on this 10th day of May, 2012, and on behalf of the City Council of the City of Taylor, Texas, we take great pride in recognizing the work of the Williamson County Financial Stability Coalition tax aide volunteers and proclaim our appreciation and gratitude for the valuable assistance provided to our community.

____

Don Hill, Mayor

City Council Meeting
May 10, 2012
Agenda Item Transmittal

Agenda Item #:	**4**
Agenda Title:	Consider introducing Ordinance 2012-16 amending the Fee Ordinance regarding unmetered fire protection systems.
Council Action to be taken:	Introduce Ordinance 2012-16
Initiating Department:	**City Administration**
Staff Contact:	**Jeff Straub, Assistant City Manager**

1. INTRODUCTION/PURPOSE

A new commercial business questioned the fee we charge for unmetered fire protection systems (sprinkler systems). A benchmarking of other cities revealed that only Hutto has a similar fee. In our effort to be as business friendly as possible, staff recommends this fee be deleted from our fee ordinance.

2. DESCRIPTION/ JUSTIFICATION

Having a unique fee for unmetered fire protection systems is an anomaly. It also seems less than fair in that we require such fire systems be installed in certain buildings.

3. FINANCIAL/BUDGET

There is a nominal financial impact of $7,656 of $3.7 Mil. Total revenue to the Utility Fund. A rate study is now underway that should be ready for implementation with the next budget year. This study will insure that we are charging a sufficient amount for services to remain solvent.

4. TIMELINE CONSIDERATIONS

5. RECOMMENDATION

Staff recommends ordinance be introduced and subsequently passed at a later meeting.

6. REFERENCE FILES

4a. Ordinance 2012-16

4b. Amended Fee chart

ORDINANCE NO. 2012-16

AN ORDINANCE OF THE CITY OF TAYLOR, TEXAS AMENDING ORDINANCE NO. 2011-28 ADOPTED ON SEPTEMBER 22, 2011, MAKING APPROPRIATIONS FOR THE SUPPORT OF THE CITY FOR FISCAL YEAR BEGINNING OCTOBER 1, 2011 AND ENDING SEPTEMBER 30, 2012; BY AMENDING THE AMOUNT OF APPROPRIATIONS FOR THE GENERAL FUND AS WELL AS OTHER FUNDS THAT PROVIDE FOR THE PAYMENT OF OPERATING EXPENSES AND CAPITAL OUTLAY AND BY CHANGING THE AMOUNT APPROPRIATED FOR VARIOUS DEPARTMENTS OF THE CITY.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF TAYLOR:

SECTION 1.0: That the appropriations for the fiscal year beginning October 1, 2011 and ending September 30, 2012, for the support of the general government of the City of Taylor, Texas be amended for said term in accordance with the change in expenditures shown in the attached Exhibit A.

SECTION 2.0: That the amendment, as shown in words and figures in Exhibit A, is hereby approved in all aspects and adopted as an amendment to the City budget for the fiscal year October 1, 2011 and ending September 30, 2012.

SECTION 3.0: In accordance with Article 8 of the City Charter, this ordinance was introduced before the City Council of the City of Taylor, Texas on the 10th day of May, 2012.

PASSED, APPROVED, and **ADOPTED** on the **______** day of May, 2012.

____
Donald R. Hill, Mayor
City of Taylor, Texas

ATTEST:

____
Susan Brock, City Clerk

"EXHIBIT A"

City of Taylor - Adopted Fee Schedule for City Services 2011-12

UTILITIES

Deposits for all single family, commercial, industrial, irrigation accounts per connection.

Deposits waived on additional connections to those customers that have a current City of Taylor utility account with good payment history during the last five years. Good payment history is no disconnections for non-payment and no outstanding balances.

Meter Size	Avg. Gallons consumption/month**	Deposit Amount
5/8" x 3/4"	<10,000	$ 100.00
3/4"	<10,000	$ 120.00
1"	<10,000	$ 130.00
1½"	<15,000	$ 175.00
2"	<15,000	$ 225.00
3"	<15,000	$ 275.00
4"	<25,000	$ 425.00
6"	<25,000	$ 625.00
8"	<50,000	$ 1,025.00
10"	<75,000	$ 1,525.00
12"	<150,000	$ 2,525.00

**If average monthly consumption is found to be in excess of minimum, customer may be assessed additional deposit as determined by the City Manager.

Deposits for all multi-family dwelling accounts per connection.

Deposits waived on additional connections to those customers that have a current City of Taylor utility account with good payment history during the last five years. Good payment history is no disconnections for non-payment and no outstanding balances.

Meter Size	Avg. Gallons consumption/month**	Deposit Amount calculated as follows:
5/8" x 3/4"	<10,000	$100 +(((# units -1) x 0.7)x$100)
3/4"	<10,000	$120 +(((# units -1) x 0.7)x$100)
1"	<10,000	$130 +(((# units -1) x 0.7)x$100)
1½"	<15,000	$175+(((# units -1) x 0.7)x$100)
2"	<15,000	$225 +(((# units -1) x 0.7)x$100)
3"	<15,000	$275 +(((# units -1) x 0.7)x$100)
4"	<25,000	$425+(((# units -1) x 0.7)x$100)

**If average monthly consumption is found to be in excess of minimum, customer may be assessed additional deposit as determined by the City Manager.

Tap Fees

Water Taps		
1"	$ 1,048.00	per tap
1½"	$ 1,480.00	per tap
2"	$ 1,668.00	per tap
Sewer Taps		
2"	$ 800.00	per tap
4"	$ 929.00	per tap
6"	$ 993.00	per tap

Backflow Prevention

Initial Permit	$ 25.00

Water Rates

Rates for all single family, commercial, industrial and irrigation accounts per connection.

Total Month Charges include monthly minimum charge + $5.01 per 1,000 gallons in excess of 2,000 gallon minimum per billing period.

Meter Size	For the First 2,000 gallons in billing period	Monthly Minimum Charge
5/8" x 3/4"		$ 24.54
1"		$ 33.79
1½"		$ 56.71
2"		$ 84.33
3"		$ 148.80

4"	$ 240.89
6"	$ 470.90

Rates for all multi-family dwelling accounts per connection.

Total monthly charge includes monthly minimum plus$5.01 per 1,000 gallons in excess of 2,000 gallon minimum per billing period plus $9.67 LUE charge per unit minus 1.

Meter Size	For the First 2,000 gallons in billing period	Monthly Minimum Charge	
5/8" x 3/4"		$ 24.54	+ $9.67 for each LUE
1"		$ 33.79	+ $9.67 for each LUE
1½"		$ 56.71	+ $9.67 for each LUE
2"		$ 84.33	+ $9.67 for each LUE
3"		$ 148.80	+ $9.67 for each LUE
4"		$ 240.89	+ $9.67 for each LUE
6"		$ 470.90	+ $9.67 for each LUE

~~**Rates for unmetered fire protection system per connection.**~~

~~Service Size~~	~~Minimum Charge~~
~~2"~~	~~$ 8.00~~
~~6"~~	~~$ 20.00~~
~~8"~~	~~$ 30.00~~

Bulk Water Rate	$ 5.00	per 1,000 gallons

Sewer Rates

Rates for all Single Family Dwelling accounts per connection.

Total "charge" includes monthly minimum **plus $5.31** per 1,000 gallons in excess of 2,000 gallon minimum. Excess usage (above the 2,000 gallon minimum) is based on three consecutive months average water billing during low use period (December, January and February).

Meter Size	For the First 2,000 gallons in billing period	Monthly Minimum Charge
5/8" x 3/4"		$ 16.40
1"		$ 16.40
1½"		$ 16.40
2"		$ 16.40
3"		$ 16.40
4"		$ 16.40
6"		$ 16.40

Rates for all multi- family dwelling, commercial and industrial accounts per connection.

Total monthly charge includes monthly minimum **plus $5.31** per 1,000 gallons in excess of 2,000 gallon minimum per billing period.

Meter Size	For the First 2,000 gallons in billing period	Monthly Minimum Charge
5/8" x 3/4"		$ 16.40
1"		$ 16.40
1½"		$ 16.40
2"		$ 16.40
3"		$ 16.40
4"		$ 16.40
6"		$ 16.40

Additional Utility Service Fees:

Administrative/Processing Fee	$ 25.00
After Hours Connection Fee	$ 50.00
Connect Fees	$ 25.00
Fire Hydrant Meter-Base Fee (no consumption included)	$ 100.00
Fire Hydrant Meter-Deposit	$ 600.00
Late Fee (Applied to balance of account if not paid by due date indicated on bill)	10%
Lock Fee	$ 25.00
Meter Fees	$ 200.00
Meter Flow Test-In-House	$ 40.00

City of Taylor - Adopted Fee Schedule for City Services 2011-12

Plugged/Pulled Meter Fee	$ 75.00	
Reconnect Fee	$ 25.00	
Reread Fees	$ 20.00	
Return Check & NSF Electronic Draft Fees	$ 30.00	
Return Trip Fee	$ 20.00	
Third Party Meter Flow Test-Commercial	$ 175.00	
Third Party Meter Flow Test-Residential	$ 95.00	
Transfer Fee	$ 20.00	
Unauthorized Usage Fee (customer turns water back on to avoid the after charge)	$ 75.00	
Municipal Drainage Utility System		
Equivalent Residential Unit (ERU)	Monthly Rate	
Residential (includes multi-family) = 1 ERU/Unit	$ 2.00	Per ERU
Non-residential= $2.00 per 2,500 sq ft of impervious area	$ 2.00	minimum fee

City Council Meeting
May 10, 2012
Agenda Item Transmittal

Agenda Item #: **5**

Agenda Title: Consider accepting a trailer for the Taylor Fire Department from the Taylor Area Business Women.

Council Action to be taken: Approve/accept the donation of a gift in the form of a from the Taylor Area Business Women to the City of Taylor

Initiating Department: Fire Department

Staff Contact: **Pat Ekiss, Chief**

1. INTRODUCTION/PURPOSE

The Taylor Area Business Women recently voted to show their support of the City of Taylor Fire Department Honor Guard by making a donation of a trailer to assist the group with transporting their supplies to various events or memorials.

2. DESCRIPTION/ JUSTIFICATION

The Fire Chief and representatives of the Taylor area Business Women will give a brief history of the Honor Guard, its functions and further explain the need for this trailer.

3. FINANCIAL/BUDGET

The trailer was purchased for a price of $2000.00 and an additional $450.00 was given to include the City of Taylor Fire Department lettering and logo to the sides of the trailer. The entire funding amount was covered by the generous donations made possible through the Taylor Area Business Women's Association. There will be a minimal annual cost to provide insurance for the asset.

4. TIMELINE CONSIDERATIONS

The trailer is in-house, insured and ready for deployment.

5. RECOMMENDATION

Staff recommends acceptance of this gift.

6. REFERENCE FILES

5a. Photos


Sponsored by
TAYLOR AREA BUSINESS WOMEN
CITY OF TAYLOR
PROUDLY SERVING
FTD
SINCE 1886
FIRE DEPARTMENT
HONOR
GUARD


Sponsored by
TAYLOR AREA BUSINESS WOMEN
CITY OF TAYLOR
PROUDLY SERVING
FTD
SINCE 1886
FIRE DEPARTMENT
HONOR
GUARD
E11


TEXAS BUYER
38D9211
EXPIRES 05-29-2012
2012 OTHER
CAUTION


Sponsored by
TAYLOR AREA BUSINESS WOMEN
CITY OF TAYLOR
PROUDLY SERVING
FTD
SINCE 1886
HONOR
GUARD
FIRE DEPARTMENT
TRUE VINE
CHURCH OF GOD IN CHRIST

City Council Meeting
May 10, 2012
Agenda Item Transmittal

Agenda Item #: **6**

Agenda Title: Consider accepting quarterly report from and amending the contract with the Taylor Chamber of Commerce.

Council Action to be taken: Accept report as presented

Initiating Organization: Taylor Chamber of Commerce

Staff Contact: **Thomas Martinez, President**

1. INTRODUCTION/PURPOSE

The purpose of this agenda item is present to the City Council a Report of Activities and Budget for the Chamber of Commerce.

2. DESCRIPTION/ JUSTIFICATION

Section 3.3 of the Agreement between the City of Taylor and the Taylor Chamber of Commerce states in part, "The Chamber of Commerce shall prepare written reports for submission to the City Council on a quarterly basis, during the months of January, April, July, and October". The attached report is meant to fulfill this requirement. Staff would also ask that you consider amending our current contract to provide that the Chamber provide updates every six months rather than every quarter. Mr. Martinez has done an excellent job with compiling and presenting the information required and Staff feels that his presentations could extend to twice a year rather than quarterly.

3. FINANCIAL/BUDGET

4. TIMELINE CONSIDERATIONS

Last Report was presented to Council on February 9, 2012.

5. RECOMMENDATION

Accept report as presented and instruct Staff to amend our contract with the Chamber to provide for semi-annual rather than quarterly reporting.

6. REFERENCE FILES

6a. Taylor Chamber of Commerce Report
6b. Excerpt from current Chamber agreement on "reporting" requirements

Taylor Chamber of Commerce – Report to Taylor City Council

Presented Thur., May 10, 2012 - Report time span from 010112 to 033112
Prepared by Thomas E. Martinez, President Taylor Chamber of Commerce

Agenda items:

1. **Deposits and Expenditures**
   a. Report from Jan. 1st – March 31st of 2012, detailing deposits & expenditures (XL spreadsheet)
      i. 42% - Advertising
      ii. 0% - Promoting local events/businesses
      iii. 0% - "HOT" Funds Awards
      iv. 22% - chamber membership fees in organizations
      v. 36% - building & furniture

2. **Hotel/Motel Tax funds awards**
   a. 2012 Hotel/Motel funds applications
      i. Creating new application form & post-event reporting forms.
         1. Pre-2012 Hotel Occupancy Tax Forms
         2. New Hotel Occupancy Tax Funding Application
         3. New Post Event Reporting Form
   b. Involvement of local hotel/motel/bed&b'fast owners
         1. Partnerships w/chamber via Texas Hotel & Lodging Association
         2. Discounted Chamber membership.

3. **Taylor Regional Park**
   a. The "Taylor Lodging Report" and "TRP Impact on Local Businesses" reports will be provided in the report for the quarter ending in June, 2012 (every 6 months).

4. **Additional Taylor Chamber reports & information**
   a. Taylor Chamber Business Expo –
      i. 2012 Business Expo scheduled – Sat., Sept 22nd.
   b. Chamber QR Code now available for use.
   c. Promoting Taylor –
      i. 2012 Festivals of Central Texas Brochures (sample provided) –
         1. Lists seven Taylor events.
      ii. Texas Hill Country Region Map –
         1. Partnership of 33 Hill Country Chambers & Visitors Bureaus
         2. Contains Texas BBQ Trail ad
         3. Numerous great photos and references to Jaycees Taylor International BBQ Cook-off.

Questions or comments
- ➢ Council questions or comments?

Thomas E. Martinez
President – Taylor Chamber of Commerce

Tourism Account - Deposits and Expenditures, 010112-033112

Jan. 1, 2012 to March 31, 2012	Date	Deposit	Comments	Expenditure	Check #	Comments	Total
End of Dec. Balance	12/31						$2,631.89
Jan. - bank postings	1/5			$236.00	1175	Chamber web site updates - Nov. 2011	$2,395.89
	1/25	$7,766.31	70% check #120289 70% check #120290 70% check #120291 70% check #120292				$10,162.20
	1/31			$309.75	1177	Chamber web site updates - Dec. 2011	$9,852.45
Feb. - bank postings	2/9			$50.00	1179	Rural Texas Tourism Membership dues	$9,802.45
	2/10			$350.00	1178	Texas Hill Country Trail Membership dues	$9,452.45
March - bank postings	3/1			$103.25	1180	Chamber web site updates - Jan. 2012	$9,349.20
	3/7			$655.00	1181	New computer for receptionist desk	$8,694.20
	3/14	$3,315.00	70% check #120925 70% check #120926				$12,009.20
	3/20			$118.00	1182	Chamber web site updates - Feb. 2012	$11,891.20

Totals		$11,081.31		$1,822.00		$11,891.20

2011 APPLICATION
HOTEL/MOTEL TAX FUNDS FOR TOURISM

Name of Organization ____

President (or equivalent) ____

Mailing address for organization ____

Name, address and phone number(s) of the person to contact concerning this event:

Name ________________________________ Phone ______________________

Address ____

Please fill out one form for each event if applying for more than one.

Name of event	Date(s)
Year the event was first held	How many times has it been held?
Paid attendance last year	Estimated attendance of no charges
Total attendance (paid & unpaid)	What percent were NOT from Taylor?
How much of the funds raised was given back to the community? How was it given back?	Total amount of funds you are requesting.

Please attach the following information to this form:

- A brief history and description of the event.
- A clear financial statement from the most recent past event, including expenses, income and net. Include also an itemized list of advertising expenses.
- A proposed financial statement for the upcoming event, including estimates of expenses, income and net. Include an itemized list of proposed advertising expenses.
- A proposal to utilize a specific amount of the “Hotel/Motel Occupancy Tax” funds to increase out of town attendance. Include a cost estimate from appropriate supplier(s).
- A brief statement of why you feel the increased advertising expenditures will increase out of town attendance.
- A brief statement about projects that your organization contributes to.

PLEASE RETURN FORM TO THE TAYLOR CHAMBER OF COMMERCE
NO LATER THAN WEDNESDAY, JUNE 15, 2011
IF YOU NEED HELP, PLEASE CALL THE CHAMBER OFFICE AT 352-6364

2011 APPLICATION PROCESS

1. Fill out the enclosed application and return to the Chamber no later than Wednesday, June 15, 2011.

2. Watch your mail for a letter to confirm your grant award and a grant reimbursement form.

3. Promote your event remembering to include the new Taylor "Zest of Texas" brandmark and chamber web address as shown on the bottom of this page.

4. **Within 90 days of your event**, return copies of your paid receipts with the completed reimbursement form to the Chamber.

5. Watch your mail for a check from the Chamber.

Guidelines for Organizations using Hotel/Motel Grants

When preparing event specific advertising and promotion materials, the organization must agree to use the Taylor "Zest of Texas" brandmark at the bottom of each advertisement, brochure, website, flyer, poster, billboard, banner etc.

The "Zest of Texas" brand mark may be in color or black and white.

If requested, the chamber will provide a clean print copy or "e file" of the brandmark to the organization or advertising market for which it is being used.

No requests for reimbursements will be granted for print advertising that does not include the brandmark.

Updated May, 2011

Sample Award Amount Letter

Date Sept. 9, 2011

Mr. Ronnie Rieger
Taylor SPJST Lodge #29
P.O. Box #69
Taylor, TX 76574

Dear Mr. Rieger,

This letter is to inform you of the decision made by the Taylor Chamber of Commerce Board of Directors regarding your request for 2011 Hotel/Motel Tax Funds. Your organization requested $1,500.00 and you have been awarded $1,000.00 for the 2011 SPJST 10th Annual BBQ Cook-Off.

Attached you will find a reimbursement form for your use. After your event occurs, please pay any bills and submit a copy of the invoice with the attached form to the chamber staff. Advertising receipts should be out of the 76574 zip code. Paid invoices should be turned in to the Chamber office no later than December 31st, 2011 for reimbursement. All receipts must be from a valid vendor (having a tax ID number) for reimbursement. The Taylor Chamber of Commerce will then reimburse your organization directly.

Please note that we are also currently revamping the process to apply for these funds in 2012. The 2012 application process will happen much earlier in the year, will require more detailed information in regards to events and will have much more stringent application requirements. Details on the 2012 process changes will follow at a later date.

If you have further questions or concerns, please feel free to call our offices at 352-6364.

Regards,

Thomas E. Martinez
President - Taylor Chamber of Commerce

James Preece
Chamber Board of Directors

Taylor Chamber of Commerce
2011 Hotel/Motel Grants
Reimbursement Form

Date Submitted: ____

Name of Organization: ____

Event: ____

Mailing Address: ____

____

Amount Awarded:

Amount of bill submitted: ____

Amount of bill submitted: ____

Amount of bill submitted: ____

Amount of bill submitted: ____

Amount of bill submitted: ____

Amount of bill submitted: ____

Total Amount Requested:

____

Please note that if the bill(s) submitted is more than the award amount, the chamber will only pay up to the amount awarded. Please attach a copy of all bills to this form. Make sure to include tear sheets for print advertising.

Sample Tourism Application Cover letter

Date: May 6, 2011

Friends of the Moody Museum
Attn: Susan Komandosky
P.O. Box 669
Taylor, TX 76574

Dear Friends of the Moody Museum,

Tourism is the largest industry in Texas and the City of Taylor has many special events that draw out of out of town visitors. The "Hotel-Motel Occupancy Tax" funds are collected to help organizations advertise and promote events, which draw out of town visitors. The Chamber administers these funds under contract with the City of Taylor.

If your organization would like to apply for funds, please review the attached documents, then fill out and return the enclosed application as instructed to the Taylor Chamber, no later than Wednesday, June 15, 2011.

A committee selected by the chamber will review applicants and make recommendations to the Chamber Board of Directors. Upon approval by the board, you will be notified of the amount of funds granted to your organization.

The purpose of the funds is to draw out of town visitors to your event and the City of Taylor. Funds may be used for promotional printing, advertising or mailings for events you selected. Checks will be issued to the organization or club, not vendors.

After your event, copies of your paid invoices should be submitted to the Chamber with the "Request for Reimbursement Form" that will come with the letter stating your award amount. A check will be issued and mailed to the organization based on the returned form and proper invoices. Per guidelines set by the Hotel/Motel committee, invoices must be submitted within 90 days of the event for payment. The chamber in turn has 90 days to then pay out the grant fund award.

If you have any questions, please contact the chamber office at 352-6364 for assistance,
Regards,

Thomas E. Martinez
President - Taylor Chamber of Commerce

POST EVENT REPORT FORM

HOTEL OCCUPANCY TAX FUNDING

By law of the State of Texas, the City of Taylor collects a Hotel Occupancy Tax (HOT) from hotels, motels, and bed & breakfast inns. The revenue from the HOT may be used only to directly promote tourism and the convention and hotel industry. The use of HOT funds is limited to:

i) the acquisition of sites for and the construction, improvement, enlarging, equipping, repairing operation and maintenance of convention center facilities or visitor information centers, or both;

ii) the furnishing of facilities, personnel, and materials for the registration of convention delegates or registrants;

iii) advertising and conducting solicitations and promotional programs to attract tourists and convention delegates or registrants to the municipality or its vicinity;

iv) the encouragement, promotion, improvement, and application of the arts, including instrumental and vocal music, dance, drama, folk art, creative writing, architecture, design and allied fields, painting, sculpture photography, graphic and craft arts, motion picture, radio, television, tape and sound recording, and other arts related to the presentation, performance, execution, and exhibition of these major art forms, and

v) Historical restoration and preservation projects or activities or advertising and conducting solicitation and promotional programs to encourage tourists and convention delegates to visit preserved historic sites or museums.

vi) Sporting related expenses if the majority of the participants are tourists and if the event substantially increases economic activity at area hotels.

The Taylor Chamber of Commerce & Visitor Center accepts applications from groups and businesses meeting the above criteria and wishing to receive HOT funds. **All entities that are approved for such funds must submit a Post Event Report Form within 60 days of each funded event.** The report will be reviewed by the Taylor Chamber of Commerce & Visitor Center to determine how well the entity met its goals and be used in consideration of future hotel occupancy tax funding requests. Priority will be given to those events that demonstrate an ability to generate overnight visitors to the City of Taylor, Texas.

Post Event Report Form

ORGANIZATION INFORMATION

Date: ______________________________

Name of Organization: ____

Address: ____

City, State, Zip: ____

Contact Name: ____

Contact Phone Number: _____________________

PROJECT OR EVENT

Name of Event or Project:____

Date of Event or Project:___________________________

Primary Location of Event or Project: ____

Primary Purpose of Funded Event/Project: ____

Amount Received from Hotel Occupancy Tax Funds:____________________

Amount Used from Hotel Occupancy Tax Funds: _______________________

How were the Funds Actually Used? ____

____

____

____

____

Actual percentage of funded Event costs covered by hotel occupancy tax: ___________________________

Actual percentage of Facility costs covered by hotel occupancy tax (if applicable): ___________________

Actual percentage of Staff costs covered by hotel occupancy tax (if applicable): ______________________

If staff costs were covered, estimate of actual hour's staff spent on funded Event: ____________________

How many years have you held this Event or Project: ____

How many people did you predict would attend this Event? (Number submitted in the application for hotel occupancy tax funds): _________________________

What would you estimate was the actual attendance at the Event? _____________________

How many room nights were generated at Taylor hotels, motels or bed & breakfasts by attendees of this Event or Project?

If this Event has been funded by hotel occupancy tax in the last three years, how many room nights were generated at Taylor hotels, motels, or bed & breakfasts by attendees of this Event or Project?

Last Year ______________________

Two Years Ago ________________

Three Years Ago _______________

What method did you use to determine the number of people who booked rooms at Taylor hotels, motels, or bed & breakfasts (e.g.; room block usage information, survey of hoteliers, etc.)?

____

____

____

Was a room block established for this Event at an area hotel (hotels), and if so, did the room block fill? __
If the room block did not fill, how many rooms were picked up? _________________

Please check all efforts your organization actually used to promote this Event and how much was actually spent in each category:

Newspaper - $___________________ TV -$___________________________

Radio - $_______________________ Press Releases - $___________________

Direct Mail - $__________________ Other - $___________________________

What new marketing initiatives did you utilize to promote hotel and convention activity for this Event?

____

____

____

____

**Please attach samples of documents showing how Taylor was recognized in your advertising/promotional campaign

****Please attach at least one sample of all forms of advertising/promoting used in your campaign. If the sample itself does not indicate the medium (radio, TV, print, or mail) used or where the advertising took place (e.g. a city's newspaper, or a radio spot that does not indicate the city where the spot was played), please include other information that would show location of the advertising and medium utilized.**

What Taylor businesses did you utilize for food, supplies, materials, printing, etc?

If the Event funded by hotel occupancy tax was a sports-related function/facility, how many individuals actually participated in this event? ________________

If the event was a sporting-related function/facility, how many of the participants were from another city or county?________________

If the event was a sporting-related function/facility, quantify how the activity substantially increased economic activity at hotel and motels within the city or its vicinity?

____

____

____

____

Please Submit completed form to:

Taylor Chamber of Commerce
Attn: Hotel/Motel Funds Committee
1519 N. Main St.
Taylor, TX. 76574

any state, local, or national circumstances beyond the control of the Chamber of Commerce negatively affect the Chamber of Commerce performance under this Agreement, the City Council shall take the factors into consideration in evaluating the Chamber of Commerce annual performance under this Agreement. In addition the Chamber of Commerce shall conduct a survey and generate a report of the survey as a result of all events held on Taylor Regional Park and Sports Complex's facilities. The survey shall be a regular and ongoing survey to sufficiently allocate all hotel/motel tax derived from such sporting events from other hotel/motel tax.

Section 3.3 REPORTING:

The Chamber of Commerce shall prepare written reports for submission to the City Council on a quarterly basis, during the months of January, April, July and October and shall, in addition, present the reports verbally before the Council. The quarterly reports shall include, but are not limited to, the following information:

1) a description of the activities undertaken by the Chamber of Commerce to benefit the City during the preceding quarter which shall include a Post Event Report Form for each activity receiving Hotel Motel Funds in the form attached hereto as Exhibit "A" and incorporated by reference herein;

2) an updated financial statement that indicates how the Chamber of Commerce has expended hotel/motel occupancy tax funds provided by the City on the development of tourism and promotion of local events and on activities, businesses, and organizations, pursuant to the Chamber of Commerce's annual tourism budget as previously approved by the City Council; and,

3) other information the City Council may request after reviewing the reports presented to ensure City Council's understanding of the activities undertaken by the Chamber of Commerce in performance of the terms of the Agreement.

All reports and records related to hotel/motel occupancy tax funds shall be maintained and available to the City for a period of five (5) years after receipt of approval from the City.

IV.

TAYLOR CHAMBER OF COMMERCE AGREEMENT 2011/2012

City Council Meeting
May 10, 2012
Agenda Item Transmittal

Agenda Item #: **7**

Agenda Title: Consider recommendation from the Parks & Recreation Advisory Committee to delete the indoor pool at the Recreation Center and and include a gymnasium.

Council Action to be taken: Accept or deny recommendation

Initiating Department: City Administration

Staff Contact: Jim D. Dunaway, City Manager

1. INTRODUCTION/PURPOSE

Last Wednesday night, the Parks & Recreation Advisory Committee held a special meeting to discuss a couple of items: the proposed recreation center and our pool contracts with the YMCA. While no recommendation for the Council was provided regarding our pool contracts, the Board did vote (4-3) to forward a recommendation to you asking that you delete the indoor pool feature of the recreation center and add a gymnasium. I advised the Board that Staff's direction was to develop an indoor pool with the center and design a gymnasium that could be added when funding was available. I also spoke briefly about the added benefits of the pool versus a gymnasium; however, the majority of those in attendance (4 of the 7 attending – this Board has 11 members) felt that a gymnasium was of more value than the indoor pool feature. Given my history with the success of indoor pools, I advised them that Staff would recommend that you not accept their recommendation.

2. DESCRIPTION/ JUSTIFICATION

3. FINANCIAL/BUDGET

Preliminary estimates show the pool feature being slightly more expensive than the gymnasium (pool feature estimated at $1.08 million and the gymnasium estimated at $975K – very preliminary estimates)

4. TIMELINE CONSIDERATIONS

Timing is of extreme importance as we have almost finished the original design that included an indoor pool feature.

5. RECOMMENDATION

Since adding a gymnasium at a later date is easier and less costly than adding an indoor pool feature at a later date, I would recommend that you not accept their recommendation and allow completion (expected at the end of this month) of the plans as originally directed.

6. REFERENCE FILES

City Council Meeting
May 10, 2012
Agenda Item Transmittal

Agenda Item #:	**8**
Agenda Title:	Consider waiving tier two fees for treated water for the City of Hutto.
Council Action to be taken:	Approve or deny
Initiating Department:	City Administration
Staff Contact:	**Jim D. Dunaway, City Manager**

1. INTRODUCTION/PURPOSE

As you have already been notified, the Brazos River Authority (BRA) will be conducting a thirty (30) day chlorine "burnout" of the City's and Jonah SUD's distribution systems. Accordingly, everyone we sell water to is notified of the "burnout" so they will be aware of this event in case they experience a slight odor or minor discoloration in the water we sell them. The City of Hutto not only purchases treated water from us, but also from Manville WSC and the Heart of Texas Water System. Manville WSC has chosen not to participate in the "burnout", so the City of Hutto must increase their purchase of treated water from either us or the Heart of Texas system. I visited with the Hutto City Manager, Mr. David Mitchell, regarding this and he felt that the vast majority, if not all, of the additional water needed would come from the Heart of Texas system. Hutto; however, is asking that we consider waiving their tier two fees during this thirty day "burnout" period. What this means is that they would (during the thirty day "burnout" period only) pay us a rate of $2.04 per thousand gallons taken. Under our existing contract, the tier two fee of $3.06 per thousand gallons kicks in after they have taken in excess of 300,000 gallons in any 24 hour period of time. The City of Hutto did assist us, by providing us needed treated water, in our most critical time when BRA lost their intake structure during the floods a few years ago.

2. DESCRIPTION/ JUSTIFICATION

3. FINANCIAL/BUDGET

No estimate of lost revenues is available since the amount of water they take from us varies from month to month. This fiscal year, they have exceeded the tier one amounts only twice.

4. TIMELINE CONSIDERATIONS

Time is of the essence in this matter since the "burnout" begins on May 15^{th} and continues for a thirty day period. This waiver, if granted, will not extend past June 15^{th}.

5. RECOMMENDATION

I would recommend approval of this waiver as requested.

6. REFERENCE FILES

8a. BRA Burnout Notice
8b. Hutto Water Contract - 2002
8c. Hutto Rate Increase - 2010

Public Notice for Chlorine Burnout of Water Distribution System

At the request of the City of Taylor, the Brazos River Authority will be conducting a 30-day chlorine "burnout" of the City of Taylor and Jonah Water Special Utility District's water distribution systems beginning on Tuesday, May 15th. This activity will also impact any entities that purchase potable water from either the City of Taylor or Jonah Water SUD.

As a general practice the Brazos River Authority uses a "chloramine" based compound to kill pathogens and disinfect water intended for human consumption. Residual amounts of this compound are present in the water as it moves through the pipelines used to transport it to homes and businesses. Despite this, organic material does accumulate in the systems used to distribute the water, and this organic material also needs to be disinfected occasionally to maintain public health. This disinfection is performed by using "free chlorine" as an alternative disinfecting chemical for 30 days in what is known as a "burnout" process. During this process the public water supply may develop a slight odor or discoloration, though the safety of the water will not be affected. You will be notified by your billing entity once the 30 days are over and BRA has again resumed the use of chloramines as a disinfection chemical.

Should you have any additional questions or concerns, please feel free to contact the Brazos River Authority's Public Information Office at 1-888-922-6272 or email information@brazos.org.

COPY

Wholesale Water Services Agreement
Between
City of Taylor and City of Hutto

WHOLESALE WATER SERVICES AGREEMENT
BETWEEN
CITY OF TAYLOR AND CITY OF HUTTO

THIS WHOLESALE WATER SERVICES AGREEMENT (this "Agreement") is made and entered into by and between the CITY OF TAYLOR, a Texas municipal corporation and political subdivision of the State of Texas ("Taylor") and the CITY OF HUTTO, a Texas municipal corporation and political subdivision of the State of Texas ("HUTTO").

RECITALS

1. Taylor owns and operates a regional water supply system consisting of a raw water intake and pumping system, a raw water transmission main, a water treatment plant, treated water storage facilities and treated water transmission and distribution facilities to serve the needs of its retail and wholesale customers.

2. Hutto owns and operates a water supply system consisting of a water treatment facility, treated water storage facilities and treated water transmission and distribution facilities to serve the needs of its retail customers. In recognition of the need to increase their supply of treated water and improve the reliability of source of supply, Hutto is seeking other sources of potable water.

3. The City of Taylor and the City of Hutto now desire to enter into an Agreement by which Taylor will provide wholesale water service to Hutto.

AGREEMENT

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements set forth herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Taylor and Hutto agree as follows:

ARTICLE I
DEFINITIONS

Section 1.01. Definitions of Terms. As used in this Agreement, except as otherwise provided herein, the following terms have the meanings ascribed in this section.

"Agreement" means this agreement.

"Construction Costs" means cost of design and construction of the transmission line identified and as shown in Exhibit B as attached hereto and incorporated by reference herein, but specifically excludes the cost of right-of-way or easement acquisition.

"Costs of the System" means all costs of acquiring, constructing, developing, permitting, implementing, expanding, improving, enlarging, bettering, extending, replacing, repairing, maintaining and operating the Taylor System, including, without limiting the generality of the foregoing, the costs of property, interests in property, capitalized interest, land, easements and rights-of-way, damages to land and property, leases, facilities, equipment, machinery, pumps, pipes, tanks, valves, fittings, mechanical devices, office equipment, assets, contract rights, wages and salaries, employee benefits, chemicals, stores, material, supplies, power, supervision, engineering, testing, auditing, franchises, charges, assessments, claims, insurance, engineering, financing, consultants, administrative expenses, auditing expenses, legal expenses and other similar or dissimilar expenses and costs required for the Taylor System. "Costs of the System" shall include reasonable amounts for an operation and maintenance reserve fund, debt service reserve fund, required coverage of debt service, working capital and appropriate general and administrative costs. Notwithstanding the foregoing, because Taylor is providing wholesale water services to Hutto, ~~and~~ retail potable water service to other customers from the system and wholesale water services to other customers, the term "Costs of the System" (shall be allocated so that the cost of system as it applies to this agreement shall be the percentage of which the numerator is the Hutto's wholesale consumption of the system and the denominator is the total retail and wholesale consumption of the Taylor system) not include any costs properly attributed to provision of retail potable water service by Taylor from the system, the costs of retail distribution lines, retail meters and taps, individual retail customer service lines and retail billing costs.

"Delivery Point" means the point at which Hutto may withdraw water from Taylor's System for distribution within Hutto's System. The "Delivery Point" shall consist of a meter located at State Highway 79 and CR101, that point being more particularly described on **Exhibit A** attached hereto.

"Emergency" means a sudden unexpected happening; an unforeseen occurrence of condition; exigency; pressing necessity; or a relatively permanent condition of insufficiency of service or of facilities resulting in social distress. The term includes *Force Majeure* and acts of third parties which cause the Taylor System to be unable to provide the water services agreed to be provided herein.

"*Force Majeure*" means acts of God, strikes, lockouts, or other industrial disturbances, acts of the public enemy, orders of any kind of any governmental entity or any civil or military authority, acts, orders or delays thereof of any regulatory authorities with jurisdiction over the parties, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, hurricanes, floods, washouts, droughts, arrests, restraint of government and people, civil disturbances, explosions, breakage or accidents to machinery, pipelines or canals, or any other conditions which are not within the control of the party.

"Hutto's Service Area" means its certificated service area, as now in effect and as may be amended hereafter.

"Hutto's System" means the City of Hutto's water distribution and delivery system.

"Reserved Quantity" initially means 175,000 gallons per day, to be measured on an average daily basis over a monthly billing period, the amount being the quantity of water reserved by Taylor for Hutto and the minimum quantity of water services that Hutto agrees to purchase from Taylor hereunder. This quantity may be increased or amended by written request as specified in Section 2.01.a therein.

"Meter" means the meter located at the point at which the Taylor System connects to Hutto's System, which point is also the Delivery Point.

"Management Fee" means a fee of five percent (5%) of the Volume Rate, as more particularly described in **Section 3.01.c.** of this Agreement.

"Monthly Charge" means the charge described in **Section 3.0l.a** of this Agreement.

"Taylor System" means all water treatment, transmission and distribution facilities, lines, mains, reservoirs, pump stations, residential, commercial and industrial connections and any other parts or components that comprise the public water system of Taylor, together with all extensions, expansions, improvements, enlargements, betterments and replacements thereof.

"Volume Rate" means the charge described in **Section 3.01.b.** of this Agreement.

Section 1.02. Captions. The captions appearing at the first of each numbered section or paragraph in this Agreement are inserted and included solely for convenience and shall not be considered or given any effect in construing this Agreement.

ARTICLE II

DELIVERY OF WATER

Section 2.01. Quantity and Pressure.

a. Subject to the limitations set forth herein, Taylor agrees to sell to Hutto all water needed and requested by Hutto for its Service Area in an amount not less than one hundred seventy-five thousand (175,000) gallons per day, and up to, but not in excess of a peak daily flow rate of three hundred thousand (300,000) gallons per day. Taylor shall make the water available at the Delivery Point at a minimum pressure of thirty-five (35) psi. This pressure is not guaranteed until such time that a second pressure plane is established within the Taylor System and the transmission line serving Hutto is tied into the higher pressure plane. The parties may increase the maximum service level hereunder by entering into a written amendment of this Agreement as approved by the City Council of the City of Taylor.

b. Delivery of potable water to meet the requirements of Hutto is subject to and limited by Taylor's available system supply and system treatment and transportation capabilities. As a result, Hutto acknowledges and agrees that Taylor shall furnish the water to be provided hereunder at the Delivery Point for acceptance by Hutto within the hours and the amounts specified as follows:

   1. A minimum of 60% of the total volume of water taken within a 24hr. period of any day beginning at 10:00 p.m. must be taken between the hours of 10:00 p.m. and 4:00 a.m. of the following day.

   2. No more than 10% of the total volume of water taken within a 24hr. period of any day beginning at 10:00 p.m. shall be taken at the peak flow hours of the City of Taylor which are 5:00 a.m. to 9:00 a.m. and 5:00 p.m. to 9:00 p.m.

   Volumes of water taken in excess of the percentages described in Section 2.01.b.1 and 2.01.b.2 shall be charged under the terms and conditions specified in Section 3.01.g of this agreement.

c. Taylor reserves the right to require Hutto, at Hutto's sole expense, to install flow restriction devices, at locations which Taylor may hereafter specify, in order to restrict the flow of water to Hutto at the levels and times agreed to herein.

<u>Section 2.02. Use of Water and Alternative Water Supplies.</u> Hutto agrees to use water provided by Taylor under this Agreement only for distribution to its retail customers or for its own use. Nothing in this Agreement, however, shall prohibit Hutto from supplementing its supply from other wholesale water suppliers during the term of this agreement.

<u>Section 2.03. Nondiscrimination.</u> Water service provided to Hutto by Taylor shall be nondiscriminatory and consistent with Taylor's policies, ordinances and regulations now in effect or as amended from time to time in the future.

<u>Section 2.04. Delivery Point.</u> Water delivered by Taylor shall be delivered at the Delivery Point specified in Exhibit A and at no other points. Hutto shall be solely responsible for conveying its water from the Delivery Point to Hutto's intended place of use for the water. New points of delivery may be added by written agreement between Taylor and Hutto. In the event that a point of delivery is changed or added, the party initiating the change shall pay all costs associated therewith. Any change in the Delivery Point must be approved by both parties to this agreement. Establishment of the Delivery Point as specified in Exhibit A shall not imply or be construed by either party as establishing anything other than a Delivery Point for water under the terms of the wholesale water agreement described herein. Notwithstanding this agreement, each party shall be free to expand its boundaries and concomitantly its ETJ in accordance with the laws of the State of Texas.

<u>Section 2.05. Quality of Water Delivery to Hutto.</u> The water delivered by Taylor hereunder at the Delivery Point shall be potable water of a quality conforming to the requirements of any applicable federal or state laws, rules, regulations or orders including requirements of the Texas Natural Resource Conservation Commission, or its successors, for human consumption and other domestic use. Each party agrees to provide to the other party, in a timely manner, any information or data regarding this Agreement or the quality of treated water provided through this Agreement as required for reporting to state and federal regulatory agencies.

<u>Section 2.06. Limits of Water Delivery to Hutto.</u> Notwithstanding anything stated herein to the contrary and as a condition precedent and subsequent to the obligations of Taylor to perform under this Agreement, Taylor has proposed expansion of its water plant necessary to meet its obligations imposed by this Agreement with the knowledge and consent of Hutto. The conditions and obligations of Taylor under this Agreement are abated and shall be reduced in a manner deemed reasonable and necessary by Taylor until the expansion is complete and Taylor has increased the capacity of its water treatment, or if and when Taylor's existing water treatment plant limits or prevents Taylor's performance under this Agreement. Reduction in Taylor's performance and obligations caused by incapacity of Taylor to provide water from its present water treatment plant shall not be a default and shall automatically reduce the supply to Hutto until the supply is restored in Taylor's existing water treatment plant or until Taylor completes expansion of its water treatment plant in a manner to comply with this Agreement, whichever is earlier.

ARTICLE III
CHARGES, BILLING AND FINANCIAL MATTERS

Section 3.01. Fees and Rates.

a. Commencing on the first day of the first full month after the date of completion of the tie-in by Hutto to the Taylor System as specified in Section 5.01. of this Agreement, Hutto shall pay Taylor a monthly charge (the "Monthly Charge") for each month during which this Agreement remains in effect, regardless of whether or how much water is taken during that month by Hutto. The Monthly Charge shall be designed primarily to recover Hutto's allocable share of the capital related Costs of the System. The Monthly Charge to be assessed at initiation of water sales under this Agreement, shall be calculated based on the method specified in Section 3.01.e herein. As an example, at the time of execution of this Agreement the Monthly Charge is calculated at eight hundred three and ninety one hundredths dollars ($803.91) per month. This amount however, is for illustrative purposes only and is not to be construed as the amount that will be charged at such time as charges for services are initiated.

b. Hutto also shall pay Taylor a volumetric rate (the "Volume Rate") for water delivered to Hutto as measured through the Delivery Point, including all water used or lost due to leakage or for any other reason. The Volume Rate shall be designed primarily to recover the operation and maintenance related Costs of the System together with any other Costs of the System not recovered through the Monthly Charge. The Volume Rate to be assessed at initiation of water sales under this agreement shall be calculated based on the method specified in Section 3.01.e herein. As an example, at the time of execution of this agreement the Volume Rate is calculated at one and thirty seven hundredths dollars ($1.37) per one thousand (1,000) gallons. This amount however, is also for illustrative purposes only and is not to be construed as the amount that will be charged at such time as charges for services are initiated.

c. Hutto agrees that, in addition to all other compensation or reimbursement authorized and required to be made by Hutto as otherwise provided in this Agreement, Hutto shall pay to Taylor a monthly fee in the amount of five percent (5%) of the monthly Volume Rate to compensate Taylor for agreeing to provide water service hereunder and to compensate Taylor for the increased responsibility, financial risk and regulatory risk borne by Taylor in fulfilling its obligations under this Agreement. Taylor may use the Management Fee for any lawful purpose.

d. Hutto recognizes and agrees that Taylor has reserved water for Hutto in the amount of the Reserved Quantity, and Hutto has an obligation to purchase water services in an amount not less than the Reserved Quantity. For the purpose of calculating the minimum amount of payment to be made by Hutto to Taylor each month (in addition to the Monthly Charge), Hutto shall be deemed to have taken and used not less than the Reserved Quantity (regardless of whether or not the amount is or was actually taken or used by Hutto). As a result, the amount owed by Hutto each month for the Volume Rate shall be not less than the product obtained by multiplying the Volume Rate by the Reserved Quantity.

e. At the time that charges for services are initiated or at any time while this Agreement is in effect but no more often than every twelve months, Taylor, subject to applicable law, may modify the Monthly Charge and the Volume Rate to recover the Costs of the System in a just and reasonable manner from Hutto and the other customers of the System. Not later than sixty (60) days prior to initiating the Monthly Charge and Volume Rate or making any changes in such Charges or Volume Rates, Taylor will provide to Hutto a cost of service study reflecting the Costs of the System. A copy of the cost of service study utilized as a model to generate the initial Volume Rate and Monthly Charge is attached hereto as **Exhibit B**. Calculation of the "Volume Rate" and "Monthly Charge" that was used for illustrative purpose to generate the monthly charge and volume rate illustrations in Section 3.01.a and b. respectively is attached hereto as **Exhibit C** . The parties agree that the method utilized therein is just and reasonable and shall be employed in future cost of service studies.

f. Recognizing the possibility that suppliers of certain commodities may raise prices at anytime that would in turn significantly increase the cost of providing water to its customers, Taylor reserves the right to pass on the *pro rata* share of such increases to its wholesale customers in the form of a surcharge for as long as the increase is being charged to Taylor or until the Volume Rate is recalculated and the increase included in the cost element of the cost of service study. Commodities covered under this provision of the agreement include and are limited to raw water purchased from Brazos River Authority, any chemical used in the treatment process and energy costs. In order to qualify for a pass through surcharge to wholesale water customers, the increase in the unit cost of the covered commodity must be a minimum of fifteen percent (15%) above the price in effect at the time of the increase. The amount of the surcharge shall be calculated each month utilizing the following formula:

$$\text{Tot Comm. Cost} \times \text{\% increase in cost} \times \frac{\text{Total consumption by Hutto}}{\text{Total Consumption}}$$

g. In addition to any other rights set forth herein, it is agreed by the parties that actual damages that might be sustained by Taylor by reason of violating provisions of Section 2.01.a and 2.01.b, are uncertain and would be difficult to ascertain. Therefore, it is agreed that Hutto shall be charged an amount equal to one and one-half (1.5) times the Volume Rate for each 1,000 gallons that exceeds either the stated peak daily quantity as it may be amended from time-to-time (2.01.a) or the maximum volumes that may be taken within the hours specified in Section 2.01.b. If such charges shall be made, the monthly bill containing such charges shall specify the amounts, the day(s) and times of day that water was taken by Hutto in excess of the maximums allowed. It is further understood that this provision shall also apply to conditions under which the peak daily quantity may be adjusted under drought conditions to be the peak daily quantity in effect at the time minus a percentage equal to that target percentage set as a rationing goal for a specified period of time.

Section 3.02. Impact Fees. Hutto agrees to collect the impact fee for each service unit of new development thereafter connected to Hutto's System with the amount of the water capital recovery fee and the number of service units for each new connection determined in accordance with the capital recovery fee ordinance adopted by Taylor, as amended from time to time. Hutto shall forward to Taylor on a monthly basis all water impact fees collected pursuant to this provision during the preceding month.

Section 3.03. Billing and Payment. Taylor shall bill Hutto one time each month for the amount owed for the Monthly Charge and the Volume Rate in effect at the time of the billing. The Volume Rate shall be multiplied by the actual amount of water (not less than the Reserved Quantity) delivered by Taylor to Hutto for the previous billing cycle determined by the readings by Taylor at the Meters. Each bill submitted to Hutto shall be paid to Taylor at its office in Taylor, Texas, by check or bank wire transfer on or before thirty (30) days from, the date of the invoice. In the event Hutto fails to make payment of a bill within the thirty (30) day period, Hutto shall pay interest on the unpaid balance at a rate equal to twelve percent (12%) per annum. If the bill has not been paid by the due date, Hutto further agrees to pay all costs of collection, including reasonable attorney's fees.

Section 3.04. Hutto Water Rates.

a. Hutto shall determine and charge its retail customers the rates as Hutto shall determine; provided, however, Hutto agrees that during the term of this Agreement it shall fix and collect the rates and charges for retail and wholesale water service so as to produce revenues in an amount equal to at least all of its operation and maintenance expenses of Hutto's System, including the cost of wholesale water from Taylor hereunder, together with all other amounts required to pay all principal and interest on any debt obligations issued by Hutto. Failure to collect from its customers will not affect Hutto's obligation to make all payments due to Taylor.

b. The parties agree and Hutto represents and covenants that all moneys required to be paid by Hutto under this Agreement shall constitute an operating expense of Hutto's waterworks system authorized by the Constitution and laws of the State of Texas, including Chapter 67, Texas Water Code, as amended.

c. Hutto covenants and agrees to compute, ascertain, fix, levy and collect the rates and charges for the facilities and services provided by its waterworks system which will be adequate to permit Hutto to make prompt and complete payments under this Agreement.

d. The requirements of this **Section 3.04** shall not make Taylor a party to or an agent for Hutto and this agreement shall always be construed as an independent contractual water supply agreement.

ARTICLE IV
METERING; ESTIMATING WATER DELIVERIES

Section 4.01. Water Meter. Hutto agrees to own, maintain, repair and replace the Meter. Taylor shall be granted access to the meter without limits, for the purpose of obtaining readings used in the billing process and for verification of proper operation.

Section 4.02. Meter Accuracy; Calibration.

a. The Meter may be calibrated at any reasonable time by either party to this Agreement, provided that the party making the calibration shall notify the other party at least two (2) weeks in advance and allow the other party to witness the calibration. Further, the Meter shall be tested for accuracy by, and at the expense of, Taylor, at least once each calendar year, at intervals of approximately twelve (12) months, and a report of the test shall be furnished to Hutto. In the event any question arises at any time as to the accuracy of the Meter, then the Meter shall be tested promptly upon demand of Hutto. The expense of the test shall be borne by Hutto if the tested meter is found to be within 2% of the test result and by Taylor if the tested meter is found to not be within 2% of the test result.

b. If, as a result of any test, the Meter is found to be registering inaccurately (in excess of 2%), the readings of the Meter shall be corrected at the rate of their inaccuracy for any period which is definitely known or agreed upon or, if no such period is known or agreed upon, the shorter of:

1. a period extending back either sixty (60) days from the date of demand for the test or, if no demand for the test was made, sixty (60) days from the date of the test; or

2. a period extending back one half of the time elapsed since the last previous test.

ARTICLE V
Construction, Operation and Maintenance

Section 5.01 Transmission Line Connecting Delivery Point with Taylor System.

a. The distance between the tie-in location specified in Exhibit A and the end point of Taylor transmission line that will connect the Taylor System to the Delivery Point is approximately two (2) miles in length. This section of transmission line is segmented into three parts(Segments A, B and C) as illustrated in the diagram in Exhibit D. Hutto agrees to construct the transmission line at its own expense and risk with reimbursement of the Construction Costs of said line being paid by Taylor to Hutto as specified herein. Reimbursable costs of each segment shall be calculated by multiplying the total Construction Costs of only that portion of the transmission line from the Delivery Point specified in Exhibit A to the connecting point to the Taylor System at its westernmost terminus, by the percentage that each segment represents of the total section. Such percentages being defined in Exhibit D. Upon completion of said transmission line, Hutto agrees to convey title and ownership of Segments A and B of the transmission line to Taylor, without limitation, upon payment by Taylor to Hutto of the amount owed for Segment A as described in Section 5.01.b. of this agreement.

b. Reimbursement for Construction Costs of **Segment A**, that segment being the line between the existing end point of the Taylor System and the westernmost boundary of the existing Taylor City limits (approximately 1,200 linear feet), shall be paid by Taylor, in one lump sum payment within 30 days of completion and acceptance of the transmission line by the Public Works Director/City Engineer of Taylor.

c. Reimbursement for Construction Costs of **Segment B**, that segment being the line beginning at the westernmost Taylor City limit and extending one mile into the Extra-territorial Jurisdiction (ETJ) of Taylor (5,280 linear feet), shall be paid all or in part by Taylor within a time period not to exceed 20 years. Payments will be made in quarterly installments beginning at the end of the first full calendar year quarter after wholesale water service has commenced to Hutto. The amount paid to Hutto each quarter will be equal to 50% of the amount collected during the preceding quarter, for impact fees from new developments (residential, commercial or industrial) that tie directly to **Segment B** of the transmission line or whose water meters are located within a distance of 1 mile of **Segment B** and outside of Taylor City Limits on the date of this Agreement. Payments shall continue on a quarterly basis until such time that the total amount due is paid or 20 years have elapsed, whichever comes first.

d. Reimbursement for Construction Costs of **Segment C**, that segment being the line beginning at the existing westernmost boundary of Taylor's ETJ at the time of execution of the agreement and running westward to the Delivery Point specified in Exhibit B, shall be paid by Taylor on the following conditions:

1. Taylor formally annexes an area within its ETJ that would extend its new ETJ boundary westward to include all or part of the transmission line identified as **Segment C.** The cost of all or any part of **Segment C of the** transmission line so acquired would be reimbursed as specified in section 5.01.c above with payments beginning the first full quarter after the annexation was formally adopted, and the 20 year time frame beginning from the date of said annexation.

2. Hutto agrees to convey title and ownership of all or part of Segment C of the transmission line to Taylor, without limitation, upon formal extension of Taylor's ETJ under conditions specified in **Section 5.01.d.1**. above.

3. Hutto agrees to support Taylor's application to expand its CCN to the extent necessary to serve any new customers in its expanded ETJ.

Section 5.02 Tie In . Subject to the Hutto's constructing the necessary transmission line from its distribution point to the tie–in location specified in Exhibit A of this agreement and the transmission line identified in Section 5.01 above and shown as Segments A, B and C in Exhibit B, the City of Taylor shall authorize the physical tie-in of the transmission line to the City of Taylor's transmission line, under the supervision and in accordance with specifications and plans approved by the Public Works Director-City Engineer of the City of Taylor.

Section 5.03. Construction of Chart Metering Device. At the time scheduled for the tie in, Hutto agrees to install at the Delivery Point a chart metering device capable of recording and measuring the times during which Hutto receives water from Taylor at the Delivery Point, and the quantity of water received by Hutto at such times. The proposed type of metering device shall be approved by Taylor, which approval shall not be unreasonably withheld, and Hutto shall give not less than forty-eight (48) hours' written notice of the installation of the devices. Taylor shall be entitled to have a representative present during the installation of the metering devices.

Section 5.04. Maintenance and Operation; Future Construction. Taylor shall be responsible for operating, maintaining, repairing, replacing, extending, improving and enlarging the Taylor System and shall promptly repair any leaks or breaks in Taylor's System. Hutto shall be responsible for operating, maintaining, repairing, replacing, extending, improving and enlarging Hutto's System, including the Meter, and shall keep the Hutto System in good working condition and shall promptly repair any leaks or breaks in Hutto's System.

Section 5.05. Rights and Responsibilities in Event of Leaks or Breaks.

Hutto shall be responsible for paying for all water delivered to it under this Agreement at the Delivery Points regardless of the fact that the water passed through the Delivery Points as a result of leaks or breaks in Hutto's System. In the event a leak, break, rupture or other defect occurs within Hutto's System which could either endanger or contaminate the Taylor System or prejudice Taylor's ability to provide water service to its other customers, Taylor, after providing reasonable notice to Hutto and opportunity for consultation, shall have the right to take whatever actions Taylor reasonably considers appropriate to protect the public health or welfare of the Taylor System or the water systems of Taylor's customers including, without limitation, the right to restrict, valve off or discontinue service to Hutto until the leak, break, rupture or other defect has been repaired.

Section 5.06. Curtailment and Conservation Restrictions.

a. Taylor shall have the right to curtail or ration wholesale service to Hutto in times of high system demand. Hutto agrees to impose on its customers and enforce all voluntary and mandatory conservation and use restrictions imposed by Taylor on its own customers.

e. The parties hereby agree that if it is ever reasonably determined by Taylor during the term of this Agreement that it is unable to adequately provide water or water services to the Taylor Service Area or its existing committed customers because of an Emergency or shortage of water supply, production, treatment, storage or transportation capability in the Taylor System, or if Taylor needs to cause repairs to be made to the Taylor System to repair, replace or improve the level of water service to its customers, then Taylor shall have the right to curtail or limit service to Hutto. Taylor agrees to provide notice thereof as soon as reasonably practicable. Hutto further agrees, in times of the Emergency or shortage or the need for repair, replacement or improvement of the Taylor System, to take appropriate action to curtail or limit all usage in Hutto's Service Area. Any measures taken by Hutto will be at least as stringent as those adopted by Taylor for the Taylor's Service Area. The parties agree that domestic uses of water shall have priority in times of Emergency or shortage over uses of water for construction or commercial uses and that construction or commercial uses shall have priority over irrigation uses from the Taylor System. Further, both parties agree that use of water for outdoor watering shall have the lowest priority in times of Emergency or shortage. Notwithstanding anything herein to the contrary, if it is ever determined by any governmental or regulatory authority that provision of water services by Taylor under this Agreement or curtailment or limitation of water or water services by Taylor to any of its customers is in violation of applicable law, regulation or order, then Taylor, after reasonable notice to Hutto and opportunity for consultation, may take such action as will best effectuate this Agreement and comply with applicable law. Hutto, by signing below, certifies that it has adopted or will adopt a water conservation plan and a drought contingency plan in compliance with Texas Natural Resource Conservation Commission rules, 30 TAC chapter 288, and that the provisions of its drought contingency plan shall be as stringent, or more stringent, than the provisions of the Taylor's drought contingency plan for Taylor's System.

Section 5.07. Backflow Prevention.

Hutto shall install such backflow prevention devices, if any, as are deemed reasonably necessary for the protection of the public water supply by Taylor, the Texas Natural Resource Conservation Commission, the Texas Department of Health, or other regulatory agencies. Taylor shall make its backflow prevention policy available to Hutto upon written request therefor.

Section 5.08. Plumbing Regulations. To the extent Taylor and Hutto have the authority, both covenant and agree to adopt and enforce adequate plumbing regulations with provisions for the proper enforcement thereof, to ensure that neither cross-connection or other undesirable plumbing practices are permitted, including an agreement with each of their respective water customers that allows the retail provider to the customer to inspect individual water facilities prior to providing service to ensure that no substandard materials are used and to prevent cross-connection and other undesirable plumbing practices.

Section 5.09. Taylor System to be Self-Sufficient. The Taylor System shall be comprised of the facilities as are considered reasonable and necessary by Taylor to provide water or water services to the Taylor Service Area. The parties agree that Taylor is authorized to issue such indebtedness as it may deem appropriate to pay for any Costs of the Taylor System or, in lieu of issuing indebtedness, to provide for the borrowing of internal Taylor funds from Taylor resources other than the Taylor System and, in such events, the Costs of the Taylor System borne by the customers, including Hutto, shall include debt service, paying agent/registrar fees and reasonable coverage on any indebtedness issued by Taylor or the recovery (amortized over a reasonable period) of any internal Taylor funds utilized together with reasonable interest and coverage thereon to be established in accordance with Taylor policy as now or hereafter implemented.

ARTICLE VI
TERM; DEFAULT; REMEDIES

Section 6.01. Term. This Agreement shall be effective upon execution by the authorized representatives of Taylor and Hutto and shall continue in effect for a period of forty (40) years from the date delivery of water is initiated to Hutto, unless earlier terminated in accordance with the provisions hereof.

Section 6.02. Termination.

Without prejudice to any provision hereof setting forth terms for automatic expiration or expiration in the event of a default by Hutto or Taylor, this Agreement may also be terminated at the option of either party by giving thirty six (36) months written notice to the other party. If Agreement is terminated by either party, both parties agree to abide by all provisions of this agreement through the end of a thirty-six (36) month period beginning on the date that written notification is delivered by the terminating party or at a date specified in the notice which does not pre-date delivery of the notice.

a. In the event of termination hereunder for any reason by Taylor, Taylor:

1. shall not be responsible for any costs or expenses to Hutto related, directly or indirectly, to securing alternative water service to Hutto;

2. agrees to reimburse Hutto for Segment B and all or part of Segment C as specified and in compliance with Sections 5.01.c and 5.01.d of this Agreement; and the provisions of this Section 6.02.a and Sections 5.01.c and 5.01.d shall survive termination of this agreement.

3. agrees to reimburse Hutto for up to 70% on a sliding scale, of the Construction Costs of its ground storage facilities located at the Delivery point identified in Exhibit A, with such Construction Costs being determined, agreed upon and recorded by both parties at the time that such facilities are placed in use. The sliding scale begins at the end of the first year the agreement is in effect in the amount of 70% of the agreed upon Construction Costs and is reduced by 5 % annually until such time as the percentage reaches zero. In the event that Hutto contracts in the future to receive water from some source other than Taylor, that would include said ground storage facilities as an integral part of the water storage and distribution system for Hutto, both parties agree to renegotiate this provision of the agreement taking into account the value of the storage facilities under the new conditions.

b. In the event of termination hereunder for any reason by Hutto, Hutto:

1. shall accept all monies paid up to the end of the thirty-six (36) month period to Hutto for reimbursement of Construction Costs for segments B and all or part of Segment C of the transmission line identified in Exhibit D of this agreement, as full and final payment for said lines.

2. shall hold the City of Taylor harmless and not seek recovery of any costs and expenses to Hutto related, directly or indirectly, to securing alternative water service to Hutto.

3. shall in the event that Hutto provides Taylor less than thirty six (36) months notice of termination hereof pay Taylor for each month the notice is deficient, not as a penalty but as liquidated damages, an amount equal to Taylor's billings for water service for the corresponding month in the year preceding the deficient notice.

Section 6.03. Default.

a. In the event Hutto defaults on the payment of any amount due Taylor under this agreement, Taylor shall furnish Hutto written notice of the default and a thirty day opportunity to cure the default. In the event Hutto defaults in any other of its obligations under this agreement, Taylor shall furnish written notice and provide a 180 day opportunity to cure the default. In the event Hutto fails to cure the default noticed by Taylor to Hutto within the cure period, then Taylor shall be entitled to receive the amounts and payments allowed in paragraph 6.02.b above and shall also be entitled to seek all other relief provided to Taylor in law and by equity.

b. In the event Taylor defaults on the payment of any amount due Hutto under this agreement, Hutto shall furnish Taylor written notice of the default and a thirty day opportunity to cure the default. In the event Taylor defaults in any other of its obligations under this agreement, Hutto shall furnish written notice and provide a 180 day opportunity to cure the default. In the event Taylor fails to cure the default noticed by Hutto to Taylor within the cure period, then Hutto shall be entitled to receive the amounts and payments allowed in paragraph 6.02.a above and shall also be entitled to seek all other relief provided to Hutto in law and by equity.

ARTICLE VII
MISCELLANEOUS PROVISIONS

Section 7.01. Records. Taylor and Hutto each agree to preserve, for a period of at least two years from their respective dates of preparation, all books, records, test data, charts and other records pertaining to this Agreement. Taylor and Hutto shall each, respectively, have the right at all reasonable business hours to inspect the records to the extent necessary to verify the accuracy of any statement, charge or computation made pursuant to any provisions of this Agreement.

Section 7.02. *Force Majeure.* If any party is rendered unable, wholly or in part, by *Force Majeure* to carry out any of its obligations under this Agreement other than an obligation to pay or provide money, then the obligations of that party, to the extent affected by the *Force Majeure* and to the extent that due diligence is being used to resume performance at the earliest practicable time, shall be suspended during the continuance of any inability so caused to the extent provided but for no longer period. The cause, as far as possible, shall be remedied with all reasonable diligence. It is understood and agreed that the settlement of strikes and lockouts shall be entirely within the discretion of either party hereto, and that the above requirements that any *Force Majeure* shall be remedied with all reasonable dispatch shall not require the settlement of strikes and lockouts by acceding to the demand of the opposing party or parties when the settlement is unfavorable to it in the judgment of either party hereto.

Section 7.03. Severability. The provisions of this Agreement are severable, and if any provision or part of this Agreement or the application thereof to any person or circumstance shall ever be held by any agency or court of competent jurisdiction to be unenforceable, invalid or unlawful for any reason, the remainder of this Agreement and the application of the provision or part of this Agreement to other persons or circumstances shall not be affected thereby, provided, however, in the event the parties mutually covenant and agree to attempt to implement the unenforceable, invalid or unlawful provision in a manner which is enforceable, valid or lawful.

Section 7.04. No Verbal Agreements; Modification. There are no verbal agreements between the parties hereto with respect to the subject matter hereof. This Agreement shall be subject to change or modification only with the mutual written consent of Taylor and Hutto.

Section 7.05. Addresses and Notices. Unless otherwise notified in writing by the other, the addresses of Taylor and Hutto are and shall remain as follows:

Taylor:

City of Taylor
P.O. Box 810
Taylor, Texas 76574

Hutto:

City of Hutto
P.O. Box 280
102 Highway 79 East
Hutto, Texas 78634

Section 7.06. Assignability. This Agreement may be assigned by either party to any other entity with the express written consent of either party, which consent shall not be unreasonably withheld or delayed.

Section 7.07. Good Faith. Each party agrees that, notwithstanding any provision herein to the contrary, neither party will unreasonably withhold or unduly delay any consent, approval, decision, determination or other action which is required or permitted under the terms of this Agreement, it being agreed and understood that each party shall act in good faith and shall at all times deal fairly with the other party.

Section 7.08. Counterparts. This Agreement may be executed in as many counterparts as may be convenient or required. All counterparts shall collectively constitute a single instrument, and it shall not be necessary in making proof of this Agreement to produce or account for more than a single counterpart.

Section 7.09. Governing Law. The terms and provisions hereof shall be governed by and construed in accordance with the laws of the State of Texas and the United States of America from time to time in effect. Williamson County, Texas shall be a proper place of venue for suit hereon.

Section 7.10. Authority of Parties Executing Agreement. By their execution hereof each of the undersigned parties represent and warrant to the parties to this document that he or she has the authority to execute this agreement in the capacity shown.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in multiple copies, each of which shall be deemed to be an original and of equal force and effect this 24 day of September, 2002.

CITY OF TAYLOR

BY: [illegible]
Mayor, City of Taylor

Barbara S Belz
City Clerk

CITY OF HUTTO

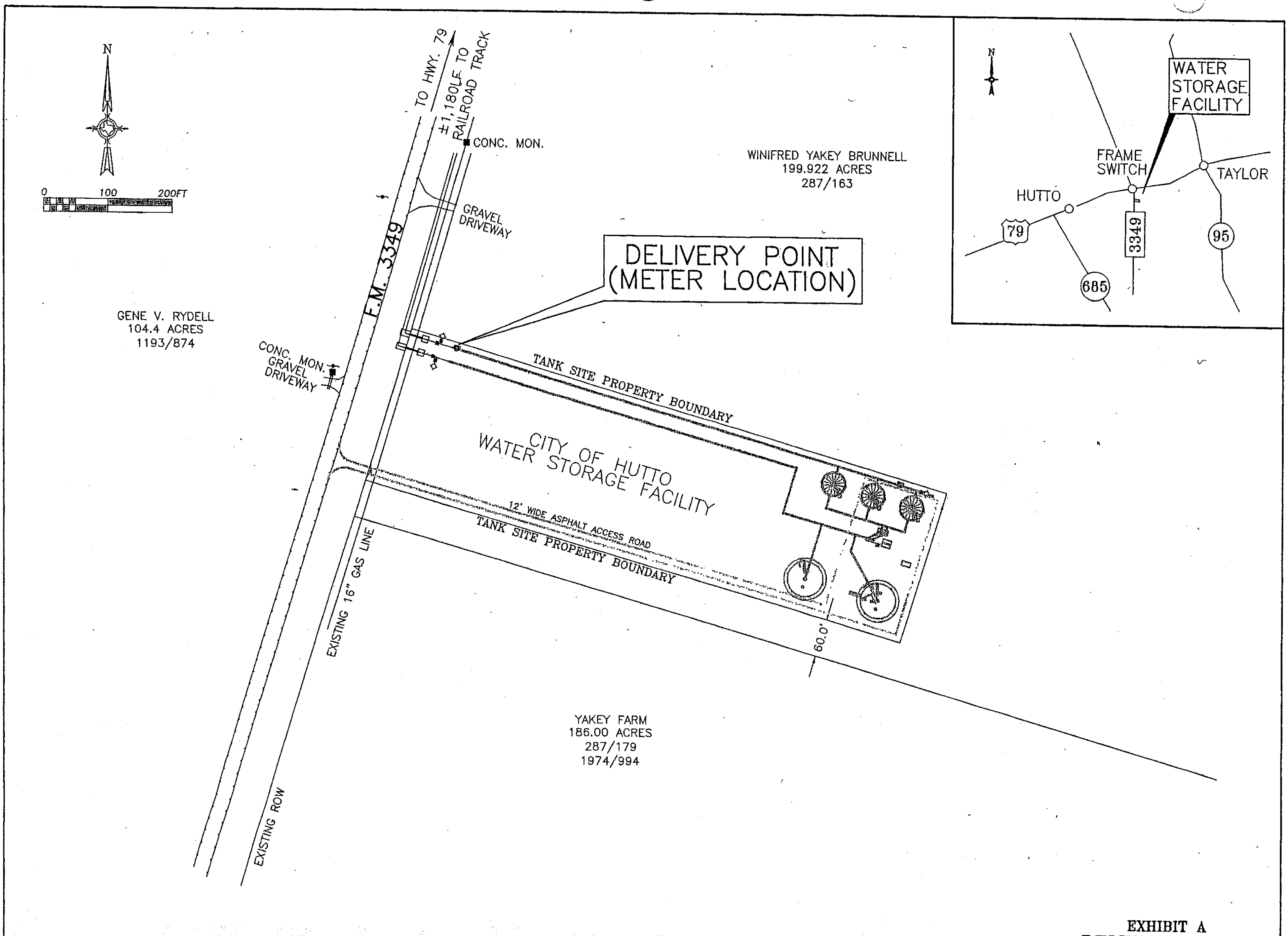
BY: Mike Fowler
Mayor, City of Hutto

ATTEST:

Nelissa L. Perry
City Clerk

EXHIBIT A

DELIVERY POINT



WILLIAMSON COUNTY

EXHIBIT A
DELIVERY POINT

7-23-02 EXHIBIT A - DELIVERY POINT HLA Project No. 11150 PAW

Exhibit B

Willis and Graves Wholesale Water Rate Study Dec. 2000

City of Taylor
Utility Rate Study
for
Water and Sewer Utilities
Fiscal Years 2000-01 to 2004-05

Prepared by

Willis, Graves & Associates, Inc.
6101 W. Courtyard Dr. #221
Austin, TX
Telephone (512) 346-8240

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SECTION I

INTRODUCTION

The City of Taylor owns and operates its water and wastewater systems which serve approximately 4,814 water and 4,658 wastewater connections, including residential and commercial connections, a school district, and 29 unbilled municipal connections. In addition, there is 1 major wholesale treated water customer served on a contractual basis. Water is supplied from Lake Granger under terms of a contract with the Brazos River Authority and treated in a 4.0 million gallons per day (mgd) water treatment plant. Sewage is treated at a wastewater treatment plant with an original capacity of 2.7 mgd, but which has recently been expanded to 4.0 mgd.

The City's **water rates** were last revised in December 1994. Minimum bills for standard 5/8" or ¾" meters is $19.50 for the first 2,000 gallons and increase progressively with the customer's meter size. Consumption in excess of the minimum is billed at $2.25 per 1,000 gallons. Included in each minimum bill is a $5.00 monthly charge for one "living unit." Multi-family customers are billed the appropriate minimum based on their meter size plus an additional charge for each "living unit" served by the meter.

The City's **wastewater rates** were last revised in June 1996. The minimum bill is $12.00 for the first 2,000 gallons and $2.78 per 1,000 gallons for consumption above the minimum. Residential billing is based on three winter month's average water consumption.

The **wholesale treated water** contract mentioned above initially established the wholesale rate at $0.65 per 1,000 gallons. The contract provides for periodic rate adjustments, but none have been made as of this date. In September 2000, the City authorized a study to examine the overall rate structure, including **wholesale water rates,** and to make recommendations for revisions to all existing rate schedules. In November 2000, a report entitled "Wholesale Water Rates- Fiscal Year 2001" was submitted in draft form and finalized for presentation to the Board of Commissioners on December 14, 2000. The recommended **wholesale rate** showed a significant increase over the current rate.

Water and sewer rate design in this study is consistent with the current rate structure. This report presents results of the rate study along with a description of various assumptions and methodologies used in calculating the final results.

SECTION II

SUMMARY OF FINDINGS

In summary, the study supports the following findings:

1. Demand for water and sewer service, as discussed in Section III, is projected to increase in the future. Providing for this increased demand will necessitate a continued investment in capital improvements.

2. The City has a capital improvements plan, which identifies $9,559,172 in improvements to the water and sewer system over the next five years. These improvements are to be funded through a variety of sources including debt issues, operating income, utility reserves, and grants. This study incorporates additional debt service beginning in Fiscal Year 2000-2001, plus additional amounts to be funded through rates.

3. The cost of providing utility service continues to increase due to inflationary factors, growth, and cost of additional debt.

4. One of the goals of this study was to produce rates which generated revenue from each of the utilities based on the cost of providing that service, i.e., water revenues pay for water service and wastewater revenues pay for wastewater service. This is an equitable arrangement because not all customers receive both services. In order to achieve this goal, various cost elements have been directly identified as either water or wastewater related or have been allocated between the two utilities.

5. As shown in the top portion of Table 1, no change in water or wastewater rates is indicated for Fiscal Year 2000-01. For Fiscal Year 2001-02, however, adjustments shown here would realign the water and sewer rates to reflect the costs for each utility.

Table 1 shows the calculated minimum bill for 2,000 gallons of water for a standard 5/8" or 3/4" meter at $19.01 per month. For multi-family units, the minimum bill, with no consumption included, is calculated by multiplying the number of units times the "living unit" cost of $9.41 per month per unit and adding the billing charge of $.97 per month. In order to include 2,000 gallons in the multi-family minimum bill,

$4.60 ($2.30/1,000 gal x 2,000 gal) may be added to the minimum calculated above. Projected minimum bill rates will increase with meter size. A volumetric charge of $2.30 per 1,000 gallons of consumption is projected beginning September 2001. Rates for wastewater service are composed of a minimum bill for all customer classes of $12.85 per month for 2,000 gallons and $3.42 per 1,000 gallons in excess of the minimum. Again, rates are shown to be effective September 2001. Billing for the volumetric portion of residential customers is to continue to be based on three winter month's average usage.

6. The middle portion of the table shows the projected minimum bill, volume charge, and total monthly bill over the study period for the average residential customer based on usage of 8,500 gallons per month for water consumption, and 4,900 gallons per month of wastewater. Rates for the following three years are shown in the following columns. These rates indicate another 5% increase in Fiscal Year 2002-03. In the final two years of the study period there are no additional increases indicated due to the reduced level of capital improvements supported by rates as can be seen in the capital improvements plan.

The bottom portion of Table 1 shows a comparison of monthly bills for various meter sizes at various levels of consumption. For example, the minimum bill of an average residential customer for water and sewer combined would increase from $31.50 per month to $31.86, an increase of $0.36. An average residential user's bill would increase from $54.19 per month to $56.73, an increase of $2.54 or 4.7%. There is a 0.5% decrease for the average residential water customer and a 13.5% increase for the average residential wastewater customer, combining for the 4.7% increase. Monthly bill comparisons are shown for other types of customers with various combinations of meter sizes and consumption levels with increases ranging form 4.7% to 10.5%.

If proposed rates are adopted they should be placed in effect at least one month before the beginning of the Fiscal Year so that a full year of revenues will be collected under new rates.

7. Currently, the City appears to have adequate water supply to meet peak seasonal demands. Should adequate supply become a concern, conservation measures might become necessary. Residential lawn metering is typically the prime contributing

factor causing peak demands, particularly in the summer months. One common way of addressing the problem is to institute a volumetric surcharge during peak summer months for consumption above 10,000 gallons per month. This surcharge could range from $0.25 to $1.00 per 1,000 gallons depending on the level of curtailment that might be desired. The effect of such a charge is to recover additional revenues from those customers who create excess system demands and to send signals to these customers to moderate these demands. The details of this plan could be addressed more fully in a future rate study.

8. During preparation of this study, statistical charts were developed to compare current and proposed water and sewer rates to rates of various surrounding municipalities. This information is included in Exhibit 1 of this report. This is presented for informational purposes only. Rates for the City need to reflect costs of providing service given the local situation. Other cities may not have the same capital requirements. Some of them may support a portion of utility costs through taxes. More significantly, they may not be providing for their future supply of water and treatment of sewage. The City is committing to a significant capital improvements program and must be committed to adjusting rates as required to provide adequate funding for ongoing operation and maintenance expenses as well as a prudent capital improvement program.

Table 1
City of Taylor
Summary of Projected Rates
Study Period 2001-2005

WATER RATES:	Present	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05
Base Rate - inc. 2,000 gal						
5/8" x 3/4"	$ 19.50	$ 19.50	$ 19.01	$ 19.82	$ 19.50	$ 19.36
1"	$ 32.10	$ 32.10	$ 28.01	$ 29.23	$ 28.71	$ 28.45
1 1/2"	$ 68.10	$ 68.10	$ 50.33	$ 52.56	$ 51.51	$ 50.98
2"	$118.50	$118.50	$ 77.21	$ 80.66	$ 78.99	$ 78.12
3"	$262.50	$262.50	$139.97	$ 146.27	$ 143.16	$ 141.49
4"	$464.10	$464.10	$229.61	$ 239.98	$ 234.81	$ 232.00
6"	$ -	$ -	$453.53	$ 474.06	$ 463.71	$ 458.08
LUE Surcharge	$ 5.00	$ 5.00	$ 9.41	$ 9.84	$ 9.62	$ 9.50
Multi-family billing			$ 0.97	$ 0.99	$ 1.02	$ 1.05
Volume Charge per 1,000 gal	$ 2.25	$ 2.25	$ 2.30	$ 2.39	$ 2.37	$ 2.37

WASTEWATER RATES:*	Present	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05
Base Rate - inc. 2,000 gal	$ 12.00	$ 12.00	$ 12.85	$ 13.45	$ 13.40	$ 13.47
Volume Charge per 1,000 gal	$ 2.78	$ 2.78	$ 3.42	$ 3.64	$ 3.53	$ 3.48

* Residential charge is based on winter months average water usage

IMPACT OF NEW RATES ON AVG. CUSTOMER:	Present	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05
Water Minimum (incl. 2,000 gal.)	$ 19.50	$ 19.50	$ 19.01	$ 19.82	$ 19.50	$ 19.36
Water Volume Charge per 1,000 gal.	$ 2.25	$ 2.25	$ 2.30	$ 2.39	$ 2.37	$ 2.37
Average Residential Customer (8,500 gal/mo.)	$ 34.13	$ 34.13	$ 33.96	$ 35.36	$ 34.91	$ 34.77
Sewer Minimum (incl. 2,000 gal.)	$ 12.00	$ 12.00	$ 12.85	$ 13.45	$ 13.40	$ 13.47
Sewer Volume Charge per 1,000 gal.	$ 2.78	$ 2.78	$ 3.42	$ 3.64	$ 3.53	$ 3.48
Average Residential Customer (4,900 gal./mo.)	$ 20.06	$ 20.06	$ 22.77	$ 24.01	$ 23.64	$ 23.56
Average Residential Customer - Total	$ 54.19	$ 54.19	$ 56.73	$ 59.36	$ 58.54	$ 58.33
Percentage Increase			5%	5%	-1%	0%

COMPARISON OF REPRESENTATIVE BILLS:

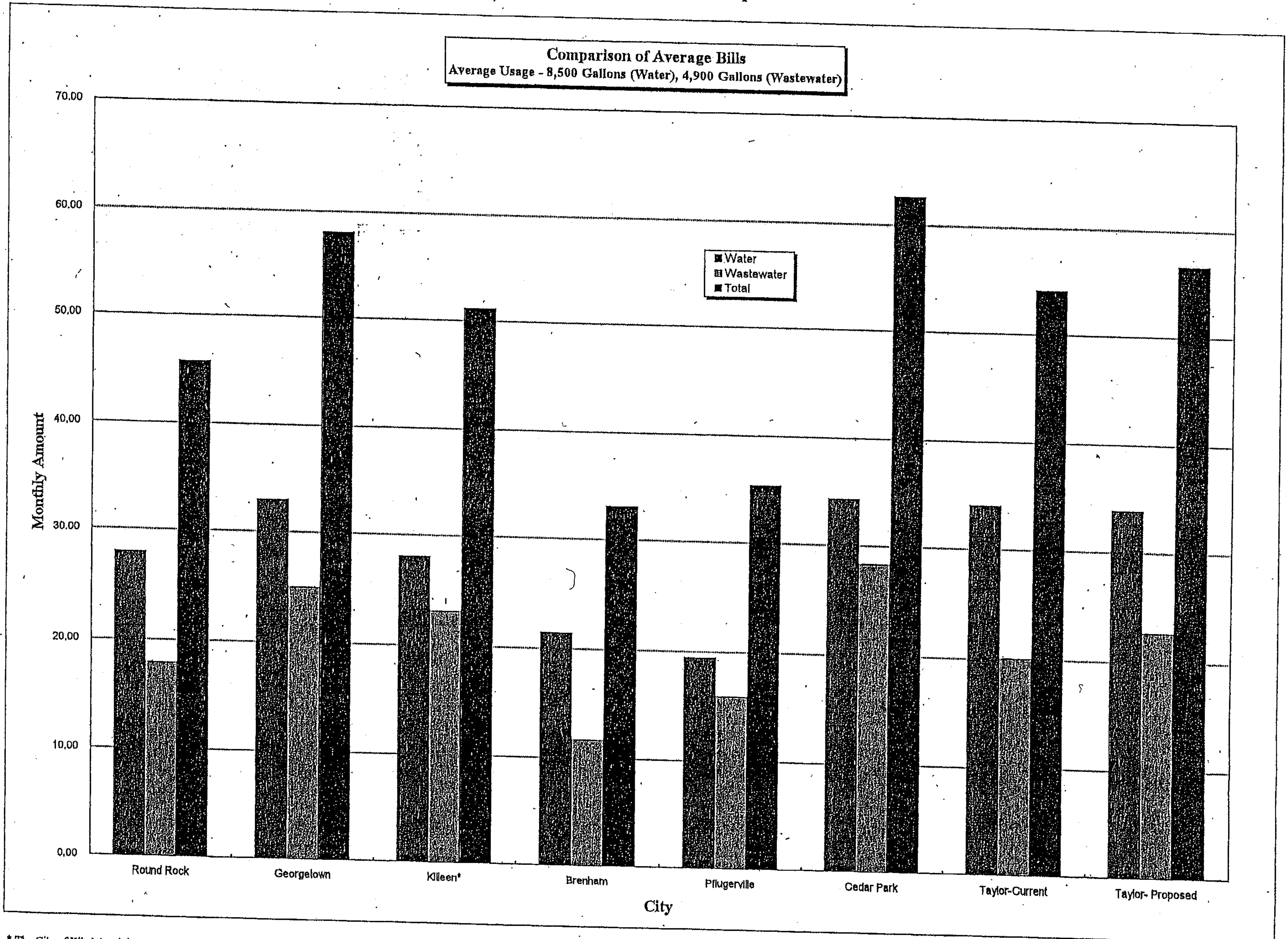
Average Residential (5/8" & 3/4" meters)	Current 2000-01	Projected 2001-02	Percent Increase
Water			
Base Rate	$ 19.50	$ 19.01	-2.51%
Consumption (8,500 gal.)	$ 14.63	$ 14.95	2.22%
Subtotal Water	$ 34.13	$ 33.96	-0.48%
Sewer			
Base Rate	$ 12.00	$ 12.85	7.08%
Consumption (4,900 gal.)	$ 8.06	$ 9.92	23.02%
Subtotal Sewer	$ 20.06	$ 22.77	13.49%
Total Utility Bill	$ 54.19	$ 56.73	4.69%

Small Comm. (1" meters)	Current 2000-01	Projected 2001-02	Percent Increase
Water			
Base Rate	$ 32.10	$ 28.01	-12.73%
Consumption (50,000 gal.)	$ 108.00	$ 110.40	2.22%
Subtotal Water	$ 140.10	$ 138.41	-1.20%
Sewer			
Base Rate	$ 12.00	$ 12.85	7.08%
Consumption (50,000 gal.)	$ 133.44	$ 164.16	23.02%
Subtotal Sewer	$ 145.44	$ 177.01	21.71%
Total Utility Bill	$ 285.54	$ 315.42	10.47%

Large Residential (5/8" & 3/4" meters)			
Water			
Base Rate	$ 19.50	$ 19.01	-2.51%
Consumption (25,000 gal.)	$ 51.75	$ 52.90	2.22%
Subtotal Water	$ 71.25	$ 71.91	0.93%
Sewer			
Base Rate	$ 12.00	$ 12.85	7.08%
Consumption (15,000 gal.)	$ 36.14	$ 44.46	23.02%
Subtotal Sewer	$ 48.14	$ 57.31	19.05%
Total Utility Bill	$119.39	$ 129.22	8.23%

Large Comm. (2" meters)			
Water			
Base Rate	$ 118.50	$ 77.21	-34.85%
Consumption (200,000 gal.)	$ 445.50	$ 455.40	2.22%
Subtotal Water	$ 564.00	$ 532.61	-5.57%
Sewer			
Base Rate	$ 12.00	$ 12.85	7.08%
Consumption (200,000 gal.)	$ 550.44	$ 677.16	23.02%
Subtotal Sewer	$ 562.44	$ 690.01	22.68%
Total Utility Bill	$1,126.44	$ 1,222.62	8.54%

xhibit 1
Comparison to Other Municipalities



* The City of Kileen's minimum bill is $35.99 for water, wastewater, and solid waste service. For comparison purposes, this amount has been split between water and wastewater based on gallonage rates.

SECTION III

DEMAND AND BILLING FACTORS

In order to design retail water and wastewater rates, certain water and wastewater usage factors must be determined. The City's Utility Billing Section of the Finance Department is the source of historical data used in the projecting number of customers and usage for each of the customer classes. Table 2 shows projections for both water and wastewater for the study period (FY's 2000-01 through 2004-05).

The upper portion of Table 2 shows the projection of water billing determinants or water usage data. The starting point for projections was the FY 1999-2000 average count of connections and total billing volumes for the year for each class of customers. Connections and water sales for Fiscal Years 2000-01 through 2004-05 are then projected from the FY 1999-2000 base. The customer classifications shown on Table 2 are those classifications, which are available from the City's billing data. These classifications consist of residential, commercial, wholesale, compound (school), and unbilled (municipal) accounts.

In projecting number of connections and water consumption for Fiscal Years 2000-01 through 2004-05, an annual growth rate of 3.941% was used. This growth rate was provided by the City Staff.

The lower portion of Table 2 shows the computation of the wastewater billing determinants for various customer classifications, which are provided with wastewater service. The number of wastewater connections is less than the number of water connections because of water-only customers (some of which have septic systems or have separate meters for lawn sprinklers). Wastewater usage for residential customers is less than water consumption because not all water consumption is billed. Data shown in Table 2 for residential customers is based on the current method of billing for wastewater service, which uses three winter month's average water usage to determine a fixed average for each month for the entire year. The reasoning for this method is that water consumption for the three winter months is a good representation of year-round water usage which returns to the wastewater system, since outside water usage is usually at a minimum during this time period.

Table 3 shows the calculation of "meter size equivalents". Factors for calculating meter size equivalents are provided by TNRCC. This calculation is necessary to equitably apportion fixed costs to customers on the basis of the customers' imposition of demands upon the system. For example, a 1" meter has the water delivery capability or capacity of about 1.67 standard 5/8" meters. Each 1" meter represents 1.67 equivalent units, and is therefore responsible for 1.67 units of service availability costs. For multi-family units, a standard factor of .7 living unit equivalents has been applied to the incremental number of units to be billed. This assumes that multi-family customers will be billed on the basis of their number of units rather than meter size.

As explained in Section V, service availability cost constitutes the base or minimum bill, and represents a fixed monthly charge. This procedure is consistent with the current rate structure, which includes a larger minimum bill to customers who have larger meters. The first column on Table 3 is the current number of various sizes of meters plus the number of incremental multi-family units. As mentioned above, multi-family accounts would be billed on the basis of the number of "living units" with a minimum bill based on the calculated amount less a billing charge. The second column is the equivalent, which is applied to the number of meters from the first column to get total meter size equivalents shown in column 3. Using the growth factor discussed above, the number of equivalents was then projected through FY 2004-05 in the remaining columns.

Table 2
City of Taylor
Computation of Billing Determinants
Study Period 2001-2005

Particulars	Base Year 1999-00	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05
WATER:						
Number of Connections:						
Residential	4,219	4,385	4,558	4,738	4,924	5,119
Commercial	490	509	529	550	572	594
Wholesale	2	2	2	2	2	2
Compound (School)	1	1	1	1	1	1
Unbilled (Municipal)	30	30	30	30	30	30
Total	4,742	4,928	5,120	5,321	5,529	5,746
Consumption (x 1,000):						
Residential	431,006	447,992	465,647	483,998	503,073	522,899
Commercial	176,884	183,855	191,101	198,632	206,460	214,597
Wholesale	26,877	27,150	27,426	27,705	27,987	28,272
Compound (School)	682	709	737	766	796	827
Unbilled (Municipal)	5,692	5,692	5,692	5,692	5,692	5,692
Total	641,141	665,398	690,603	716,794	744,008	772,287
Total Wholesale	635,449	659,706	684,911	711,102	738,316	766,595
Total Retail	608,572	632,556	657,485	683,396	710,329	738,323
WASTEWATER:						
Number of Connections:						
Residential	4,131	4,293	4,462	4,638	4,821	5,011
Commercial	453	471	489	509	529	550
Total	4,584	4,764	4,952	5,147	5,350	5,561
Consumption (x 1,000):						
Residential	269,447	280,066	291,103	302,575	314,500	326,894
Commercial	145,340	151,068	157,021	163,210	169,642	176,327
Total	414,787	431,133	448,124	465,785	484,142	503,222
Wastewater Loadings (mgl/1,000 gal):						
Residential/Apts - BOD (250)	67,361,687	70,016,411	72,775,758	75,643,851	78,624,975	81,723,585
Residential/Apts - TSS (250)	67,361,687	70,016,411	72,775,758	75,643,851	78,624,975	81,723,585
Commercial - BOD (250)	36,334,996	37,766,959	39,255,354	40,802,408	42,410,431	44,081,826
Commercial - TSS (250)	36,334,996	37,766,959	39,255,354	40,802,408	42,410,431	44,081,826
Total - BOD	103,696,683	107,783,370	112,031,112	116,446,258	121,035,406	125,805,411
Total - TSS	103,696,683	107,783,370	112,031,112	116,446,258	121,035,406	125,805,411
Growth Rates:						
Percentage Growth- Taylor *	3.941%	3.941%	3.941%	3.941%	3.941%	3.941%
Percentage Growth-Noack WSC **	1.017%	1.017%	1.017%	1.017%	1.017%	1.017%

* Source: Populations Projections for City of Taylor;08/02/00 David Weber

** Source: Population Projections- City of Taylor and Possible Regional Water Supply Participants; 11/00 HDR Engineering

Table 3
City of Taylor
Computation of Meter Size Equivalents
Study Period 2001-2005

Meter Size	Base Year 1999-00 Actual	Equivalent Factor *	Base Year 1999-00 Equivalents	FY 2000-01 Equivalents	FY 2001-02 Equivalents	FY 2002-03 Equivalents	FY 2003-04 Equivalents	FY 2004-05 Equivalents
5/8"	4,618	1.00	4,800	4,989	5,186	5,390	5,602	5,823
1"	128	1.67	222	231	240	249	259	269
1 1/2"	16	3.33	55	57	59	61	63	65
2"	42	5.33	233	242	252	262	272	283
3"	10	10.00	104	108	112	116	121	126
4"	2	16.67	35	36	37	38	39	41
6"	1	33.33	35	36	37	38	39	41
Total	4,817		5,484	5,699	5,923	6,154	6,395	6,648
Plus Apartment Minimums	805	0.70	564	586	609	633	658	684
Total Billing Units			6,048	6,285	6,532	6,787	7,053	7,332

* Based on TNRCC Factors

** Proposed rates will consider these units as .7 LUE's of a single family dwelling with a 5/8" meter.

SECTION IV

COST OF SERVICE PROJECTIONS

In order to set rates for utility service, cost of providing service must be projected. The components of cost of service for retail rates are based on the "cash basis" concept and include operation and maintenance expenses, debt service requirements, overhead expenses, and capital expenditures funded from current revenues.

Table 4 shows projections of operating and maintenance expenses for the study period. The starting point of the projections is the Fiscal Year 2000-2001 Budget. Projections are based on growth rate, inflation rate, or a combination of the two. In addition, some accounts are estimated to remain constant. Growth and inflation factors are shown at the bottom of the second page of Table 4. The demand growth rate is derived from City estimates based on historical data and the annual inflation rate is assumed to be 3%. These two combine for a total growth rate of 6.94%. Budget data are broken down into divisions and functional classifications within division in order to allocate cost and design rates.

Allocation of costs between water and sewer functions is necessary to ensure that rates for each utility recover true costs of providing service. For some departments, costs are specifically identified as either sewer or water related, but several divisions require allocation. Allocation ratios used in this study are shown on the two right-most columns on Table 4. Costs are allocated on the basis of the number of water and sewer connections for the Water/Sewer Administration Division and most functional classifications of the Non-departmental Division. Water/Sewer Maintenance Division costs are allocated on the basis of the ratio of direct costs of other departments. Costs of the Facilities O&M- Light and Power, and Facilities O&M-Other of the Non-departmental Division are allocated based on data provided by the City. Debt service is not allocated on this schedule, as it is specifically divided between water and sewer. While these allocations are not shown on Table 4, debt service amounts are carried forward from Table 5 directly to Tables 7 and 8, which shows additional cost allocation and rate design for water and sewer, respectively.

Table 5 shows the projection of debt service for the study period, divided between water and sewer on the basis of how bond funds were spent. The upper portion of the table shows existing debt. Additional financing will be necessary to fund the City's five-year capital improvements plan. Amounts to be funded by additional debt issues are shown, assuming a 6% interest rate for a 20-year term. No specific debt coverage is required, as the City issues Certificates of Obligation, which generally have no coverage requirements.

Table 5a is a summary of the City's current five-year CIP, which has been rearranged to split water and sewer projects by year. The color codes from the City's original schedule have been maintained to show the priority assigned to various projects. The upper portion of the table shows water projects by year and then by source of funding. For most projects, funding is from one source and relatively easy to follow. For "annexation water lines," sources are two bond issues with the remainder funded from reserves. For "utility line replacement," sources are the two bond issues, reserves, and operating income. Amounts for some of the projects from the City's original CIP have been split between water and sewer. In addition, minor amounts of the line replacement requirements have been moved to other years to flatten out the rate adjustment for the last two years of the study period.

The next portion of the table shows various wastewater projects, laid out in the same manner as the water projects. Two additional sources of funds for wastewater projects are grants and Texas Water Development Board Bonds.

The lower portion of the table shows a summary of funds from reserves and from rates with the latter reflected as projected operation and maintenance expenses in the Capital Outlay-CIP line item of the Water/Sewer System Maintenance Division on Table 4.

Table 6 shows a projection of Other Revenues and Water Sales. This projection is necessary because a portion of the total cost of providing service is recovered through these sources, thereby reducing amounts required to be recovered through basic water and sewer rates. The table shows other revenues associated with service charges, miscellaneous income, interest income, and revenues from wholesale water sales discussed in the wholesale rate report. It has been assumed that wholesale revenues will increase as a result of recommendations found in the wholesale water rate study. If a lesser amount is agreed upon, revenues will be less. These projections are based on Fiscal Year 2000-01 Budget projections and are allocated between water and sewer as appropriate. Reconnect and transfer fees and miscellaneous revenue are allocated 50% to both water and sewer. Penalties, interest income, and other interest are allocated between water and sewer on the ratio of FY 2000 water and sewer revenues, as calculated at the bottom of Table 4.

Table 4
City of Taylor
Operation & Maintenance Expense Projections
Study Period 2001-2005

Particulars	Base Year 1999-00 Budget *	FY 2000-01 Budget	FY 2001-02 Estimate	FY 2002-03 Estimate	FY 2003-04 Estimate	FY 2004-05 Estimate	Water Percent	Sewer Percent
Water/Sewer Administration (701):								
100 - Employee Services		$168,036	$179,699	$192,172	$205,511	$219,776	51%	49%
200 - Operational Supplies		6,300	6,737	7,205	7,705	8,240	51%	49%
300 - Facilities Oper/Maint.		0					51%	49%
400 - Equipment Oper/Maint.		2,450					51%	49%
500 - Contract Services/Fees		45,500	35,825	38,312	40,971	43,815	51%	49%
600 - Capital Outlay		11,100	10,000	10,000	10,000	10,000	51%	49%
Subtotal	0	233,386	232,261	247,689	264,187	281,831		
Water Operations (704):								
100 - Employee Services	$224,133	$89,713	95,940	102,599	109,720	117,336	100%	0%
200 - Operational Supplies - Chemicals	130,000	125,000	133,676	142,954	152,876	163,487	100%	0%
200 - Operational Supplies - Raw Water	182,644	200,000	213,882	228,728	244,604	261,582	100%	0%
200 - Operational Supplies - Other	7,550	750	802	858	918	982	100%	0%
300 - Facilities Oper/Maint.	0	0	0	0	0	0	100%	0%
400 - Equipment Oper/Maint.	22,500	3,250	3,476	3,717	3,975	4,251	100%	0%
500 - Contract Services/Fees	23,000	12,000	12,833	13,724	14,677	15,696	100%	0%
600 - Capital Outlay	36,100	3,300	4,000	4,000	4,000	4,000	100%	0%
Subtotal	625,927	434,013	464,609	496,580	530,770	567,334		
Sewer Treatment Plant Operations (706):								
100 - Employee Services	199,154	145,513	155,613	166,414	177,965	190,318	0%	100%
200 - Operational Supplies (Chem & Lab)	20,700	18,000	19,249	20,585	22,014	23,542	0%	100%
300 - Facilities Oper/Maint.	1,500	0	0	0	0	0	0%	100%
400 - Equipment Oper/Maint.	3,800	1,700	27,000	27,000	27,000	27,000	0%	100%
500 - Contract Services/Fees - Testing Certification	25,000	30,000	32,082	34,309	36,690	39,237	0%	100%
500 - Contract Services/Fees - Sludge Disposal	25,000	27,000	28,874	30,878	33,021	35,313	0%	100%
500 - Contract Services/Fees - Other	2,000	5,000	5,347	5,718	6,115	6,539	0%	100%
600 - Capital Outlay	21,500	2,500	4,000	4,000	4,000	4,000	0%	100%
Subtotal	298,654	229,713	272,165	288,904	306,805	325,949		
Water/Sewer System Maintenance (724):								
100 - Employee Services	212,993	519,254	573,295	631,087	674,891	721,735	65%	35%
200 - Operational Supplies	58,160	61,200	65,448	69,991	74,849	80,044	65%	35%
300 - Facilities Oper/Maint.	3,500	36,800	32,025	32,025	32,025	32,025	65%	35%
400 - Equipment Oper/Maint.	16,000	56,500					65%	35%
500 - Contract Services/Fees	0	0					65%	35%
600 - Capital Outlay - Routine	123,200	171,000	175,000	175,000	175,000	175,000	100%	0%
600 - Capital Outlay - CIP		0	150,000	350,000	270,000	230,000	50%	50%
Subtotal	413,853	844,754	995,768	1,258,103	1,226,765	1,238,804		
Nondepartmental								
300 - Facilities Oper/Maint. - Light & Power	122,500	196,800	210,460	225,068	240,690	257,396	58%	42%
300 - Facilities Oper/Maint. - Other		6,300	6,737	7,205	7,705	8,240	72%	28%
500 - Contract Services/Fees	48,030	34,700	37,109	39,685	42,440	45,386	51%	49%
800 - Contributions/Contingencies - Transfer	0	200,000	213,882	228,728	244,604	261,582	51%	49%
800 - Contributions/Contingencies - Services	315,200	688,687	736,489	787,609	842,277	900,739	51%	49%
800 - Contributions/Contingencies - Contingencies		20,000	21,388	22,873	24,461	26,159	51%	49%
900 - Debt Service - Lease		31,321	31,321	31,321	31,321	31,321	51%	49%
900 - Debt Service	792,729	1,243,452	1,619,734	1,618,223	1,619,582	1,618,483	0%	0%
Subtotal	1,278,459	2,421,260	2,877,120	2,960,712	3,053,080	3,149,306		
Total Water (exc Debt Svc)	1,185,021	1,742,196	1,929,094	2,154,217	2,236,255	2,346,763		
Total Sewer (exc Debt Svc)	1,431,872	1,177,478	1,293,095	1,479,548	1,525,770	1,597,978		
Total Utility, Water & Sewer (exc P&I)	2,616,893	2,919,674	3,222,189	3,633,765	3,762,025	3,944,741		
Total Capital Expenditures	180,800	187,900	343,000	543,000	463,000	423,000		
Demand Growth			3.94%	3.94%	3.94%	3.94%		
Inflation rate			3.00%	3.00%	3.00%	3.00%		
Growth factor			6.94%	6.94%	6.94%	6.94%		

* Accounting System revised FY 2001

Ratios	Water	Sewer	
Revenue (FY 2000 Est)	2,426,869	1,505,320	3,932,189
	62%	38%	
Connections (9/30/2000)	4,891	4,660	9,551
	51%	49%	
Direct Expenses	434,013	229,713	663,726
	65%	35%	

Table 5
City of Taylor
Debt Service Requirements
Study Period 2001-2005

Particulars	Base Year 1999-00	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05
C. O.Bonds - Existing*:						
Water	$630,731	$686,557	$761,950	$759,920	$761,490	$761,341
Sewer	478,361	556,895	621,950	622,469	622,258	621,308
C. O. Bonds - Proposed:						
FY 2002 WW/SS Bonds - Water			157,368	157,368	157,368	157,368
FY 2002 WW/SS Bonds - Sewer			78,466	78,466	78,466	78,466
Total Proposed WW/SS Bonds - Water	0	0	157,368	157,368	157,368	157,368
Total Proposed WW/SS Bonds - Sewer	0	0	78,466	78,466	78,466	78,466
Total Debt Service	1,109,092	1,243,452	1,619,734	1,618,223	1,619,582	1,618,483
Interest Rate	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Term of bonds	20	20	20	20	20	20

* Source: Attachment A1a- Debt Service Schedule provided by the City.

Table 5a
City of Taylor
Capital Improvements
Study Period 2001-2005

Particulars	2001 Projected	2002 Projected	2003 Projected	2004 Projected	2005 Projected	Total	Funding Source: 2000 C.O.	2002 C.O.	Ut. Reserves	Op. Income	Grants	TWDB Bonds	Total
Water Projects:													
Davis Street Line Replacement	524,470					524,470	524,470						524,470
North Drive Line Replacement		560,862				560,862	560,862						560,862
Howard Street Utility Line Replacement			456,120			456,120	456,120						456,120
Annexation Water Lines	700,000	965,000	604,500			2,269,500	900,000	965,000	404,500				2,269,500
Utility Line Replacement Program	234,000	225,000	175,000	135,000	115,000	884,000	150,000	150,000	84,000	500,000			884,000
Sloan Street Line Replacement				268,720		268,720	268,720						268,720
Water Plant - Emergency Generators						0							0
Turner Rd. Water Line	40,000					40,000		40,000					40,000
Water System Masterplan		40,000				40,000			40,000				40,000
High Plane Elevated Tank						0							0
High Plane Transmission Line						0							0
Water Plant Carbon Feed						0							0
Airport Utilities		600,000				600,000	200,000	400,000					600,000
Water Plant - 2 MGD Expansion						0							0
Water Plant - Intake Relocation						0							0
West Loop Transmission Main						0							0
Water Plant Clarifier Painting		250,000				250,000		250,000					250,000
Total Water	1,498,470	2,640,862	1,235,620	403,720	115,000	5,893,672	3,060,172	1,805,000	528,500	500,000	0	0	5,893,672
Wastewater Projects:													
Annexation Sewer Ext. / Vacuum Truck	150,000					150,000		150,000					150,000
Utility Line Replacement Program	234,000	225,000	175,000	135,000	115,000	884,000	150,000	150,000	84,000	500,000			884,000
Royal Street WW Improvements	400,000					400,000			150,000		250,000		400,000
South Doak WW improvements		404,000				404,000			154,000		250,000		404,000
Mustang Creek Interceptor Des. Phase 1	118,000					118,000						118,000	118,000
TEDC/Limmer Lift Station	50,000					50,000			50,000				50,000
WWTP - Lab Building	99,500					99,500						99,500	99,500
Wasterwater Masterplan		40,000				40,000			40,000				40,000
Infiltration/Inflow Study		20,000				20,000						20,000	20,000
Mustang Creek Interceptor - Phase I						0							0
Manhole Remediation Project - Phase 2			150,000			150,000						150,000	150,000
Mustang Creek Interceptor II			0			0							0
TDHCA WW Line Replacement Ph 2 & 3		350,000		350,000		700,000			200,000		500,000		700,000
WWTP - Clarifier Painting		50,000				50,000			50,000				50,000
Second Street Utility Relocations			600,000			600,000		600,000					600,000
Total Sewer	1,051,500	1,089,000	925,000	485,000	115,000	3,665,500	150,000	900,000	728,000	500,000	1,000,000	387,500	3,665,500
Grand Total	2,549,970	3,729,862	2,160,620	888,720	230,000	9,559,172	3,210,172	2,705,000	1,256,500	1,000,000	1,000,000	387,500	9,559,172
Requirement from Reserves	284,000	484,000	404,500										
Total Water & Sewer - Funded in Rates		150,000	350,000	270,000	230,000								
Water Projects		75,000	175,000	135,000	115,000								
Sewer Projects		75,000	175,000	135,000	115,000								

Table 6
City of Taylor
Other Revenues
Study Period 2001-2005

Particulars	Base Year 1999-00	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05
Other Revenues:						
Reconnect Charges - Water	$16,000	$7,500	7,796	8,103	8,422	8,754
Reconnect Charges - Sewer		7,500	7,796	8,103	8,422	8,754
Transfer Fees - Water	7,000	3,500	3,638	3,781	3,930	4,085
Transfer Fees - Sewer		3,500	3,638	3,781	3,930	4,085
Penalties - Water	165,000	93,000	96,665	100,475	104,434	108,550
Penalties - Sewer		57,000	59,246	61,581	64,008	66,531
Interest Income - Water	25,000	46,500	48,333	50,237	52,217	54,275
Interest Income - Sewer	100,000	28,500	29,623	30,791	32,004	33,265
CO I&S Fund Interest - Water	16,000	0	0	0	0	0
CO I&S Fund Interest - Sewer	75,000		0	0	0	0
Other Interest - Water	7,000	4,340	4,511	4,689	4,874	5,066
Other Interest - Sewer		2,660	2,765	2,874	2,987	3,105
Wholesale Water Revenues	17,730	63,532	64,178	64,831	65,490	66,156
Miscellaneous Revenue - Water	20,201	3,750	3,898	4,051	4,211	4,377
Miscellaneous Revenue - Sewer		3,750	3,898	4,051	4,211	4,377
Total Water	273,931	222,122	229,018	236,167	243,579	251,263
Total Sewer	175,000	100,250	104,201	108,307	112,576	117,012
Total	448,931	325,032	335,984	347,348	359,142	371,380
Computation of Interest Income:						
Cash Balance - Beginning		$179,665	$179,665	$179,665	$179,665	$179,665
Income						
Cash Balance - Ending		179,665	179,665	179,665	179,665	179,665
Average Cash Balance		179,665	179,665	179,665	179,665	179,665
Interest Rate		6.00%	6.00%	6.00%	6.00%	6.00%
Interest Income - Total *		$10,780	$10,780	$10,780	$10,780	$10,780
Interest Income - Water		5,390	5,390	5,390	5,390	5,390
Interest Income - Sewer		$5,390	$5,390	$5,390	$5,390	$5,390

SECTION V

COST ALLOCATION & RATE DESIGN

The set of rates reflected in this study are based on Fiscal Year 2001-02 budgeted cost of service, which corresponds to the time period in which rates are projected to become effective. Cost of service consists of operation and maintenance expenses, including administrative overheads, capital expenses from current revenues, and debt service. In designing retail rates, wholesale water revenues and other miscellaneous revenues are deducted from total cost of service. In other words, recommended retail rates are designed to recover all costs not recovered from wholesale water sales and other revenue sources.

Cost allocation and rate design for Fiscal Year 2001-02 for water service is shown on Table 7. Operation and maintenance expense are taken from Table 4, debt service from Table 5, and other revenues from Table 6. The net cost of service amounts to $2,619,394.

The various elements have been allocated to the functions of (i.) fixed cost, (ii.) variable cost, and (iii.) customer service cost on the basis of allocation ratios. These are shown in columns 3, 4 & 5. **Fixed costs** are those that tend not to vary with the rate of water consumption and are recovered in the service availability part of the minimum bill. **Variable costs** are costs that vary with the rate of water production. Examples of truly variable costs are power and chemicals. Variable costs are recovered through the volume charge. **Customer service costs** are those associated with functions of administration, billing and collection and tend to vary with the number of accounts. These costs are also recovered in the minimum bill.

As can be seen in the table, many operating accounts are allocated 50% to the fixed function and 50% to the variable function. Several accounts, primarily chemical and water supplies and power, are allocated 100% to the variable function. Accounts in the Water/Sewer Administration department are allocated 50% to the fixed function and 50% to the customer service function.

Applying the various cost allocation ratios results in the costs which are shown in columns 6, 7 & 8 of Table 7. Debt service has been allocated evenly between fixed and variable costs.

The net cost of service allocated to the fixed function is $1,053,487. This amount is divided by the number of connection equivalents, including the net additional number of multi-family units from Table 3, for a monthly service availability charge of $13.44 per connection equivalent. The "living unit" charge for multi-family customers is based on a .7 factor or a monthly charge of $9.41 per unit plus the billing charge of $.97. Therefore, a multifamily customer with 20 units would have a monthly minimum of $189.17 (20 x $9.41 plus $.97)

The net cost of service allocated to the variable function is $1,506,683. This amount is divided by the number of billing units expressed in 1,000 gallons for a unit rate of $2.30 per 1,000 gallons. The net cost of service allocated to the customer service function is $59,226. This amount is divided by the number of connections resulting in a monthly customer service component of $0.97 per connection.

The computation of the minimum bill for all applicable meter sizes is shown on the lower portion of Table 7. The minimum bill for each meter consists of the meter size equivalent factor times the service availability charge, the volumetric charge for 2,000 gallons of water, and one unit of customer service charge. This results in a minimum bill of $19.01 for the standard residential meter, and a proposed volumetric charge of $2.30 per 1,000 gallons of consumption above the 2,000 gallon minimum.

The calculation of the service availability charge is modified so that the cost of service amount is divided by the connection equivalents, including the net additional number multi-family units from Table 3. This calculation yields a monthly charge of $13.44 per connection equivalent.

Cost allocation and rate design for Fiscal Year 2001-02 for wastewater service is shown on Table 8. Operation and maintenance expenses are taken from Table 4, debt service from Table 5, and other revenues from Table 6. The net cost of service for rate design is $1,889,311. For basic wastewater rate design, detailed cost allocation is not necessary. The only allocation necessary for basic wastewater rates is the allocation between customer service and all other functions. Additional allocations, explained below, are for industrial surcharge factors only.

The net cost of service allocated to the customer service function is $356,890, which is divided by the number of connections to produce a monthly customer service cost of $6.01. The remainder of the net cost of service is $1,532,420, which is divided by annual billing volumes in 1,000 gallons to give a cost of $3.42 per 1,000 gallons. The monthly minimum bill of $12.85 consists of one customer service charge and a volumetric charge for 2,000 gallons.

Section 29-50 of the City's current code of ordinances, which relates to industrial waste, provides for charges at levels of BOD and TSS that require special consideration. The lower portion of Table 8 shows the computation of BOD and TSS surcharge factors for the City's industrial waste ordinance expressed in units of BOD and TSS. Total BOD cost of $173,676 is divided by total number of units of BOD treated for a rate of $0.00155 per mgl of BOD per 1,000 gallons. Total TSS cost of $173,676 is divided by total number of units of TSS treated for a rate of $0.00155 per mgl of TSS per 1,000 gallons. These rates should be applicable to any industrial waste exceeding the base strength of 250 mgl of BOD or TSS.

Rate computations are shown for each other year of the study period utilizing the same cost of service and allocation methods. Detailed water rate calculations are shown on Tables 7a through 7c, and detailed wastewater rate calculations are shown on Tables 8a through 8c.

Table 7
City of Taylor
Water Cost Allocation & Rate Design
Test Year 2001-02

Particulars	Test Year 2001-02	Fixed Ratio	Variable Ratio	Cust. Svc. Ratio	Fixed Amount	Variable Amount	Cust Svc Amount
Water/Sewer Administration (701):							
100 - Employee Services	$91,646	50	0	50	$45,823	$0	$45,823
200 - Operational Supplies	3,436	50	0	50	1,718	0	1,718
300 - Facilities Oper/Maint.	0	50	0	50	0	0	0
400 - Equipment Oper/Maint.	0	50	0	50	0	0	0
500 - Contract Services/Fees	18,271	50	0	50	9,135	0	9,135
600 - Capital Outlay	5,100	50	0	50	2,550	0	2,550
Water Operations (704):							
100 - Employee Services	95,940	50	50	0	47,970	47,970	0
200 - Operational Supplies - Chemicals	133,676	0	100	0	0	133,676	0
200 - Operational Supplies - Raw Water	213,882	0	100	0	0	213,882	0
200 - Operational Supplies - Other	802	50	50	0	401	401	0
300 - Facilities Oper/Maint.	0	50	50	0	0	0	0
400 - Equipment Oper/Maint.	3,476	50	50	0	1,738	1,738	0
500 - Contract Services/Fees	12,833	50	50	0	6,417	6,417	0
600 - Capital Outlay	4,000	50	50	0	2,000	2,000	0
Water/Sewer System Maintenance (724):							
100 - Employee Services	374,880	50	50	0	187,440	187,440	0
200 - Operational Supplies	42,797	0	100	0	0	42,797	0
300 - Facilities Oper/Maint.	20,941	50	50	0	10,471	10,471	0
400 - Equipment Oper/Maint.	0	50	50	0	0	0	0
500 - Contract Services/Fees	0	50	50	0	0	0	0
600 - Capital Outlay - Routine	175,000	50	50	0	87,500	87,500	0
600 - Capital Outlay - CIP	75,000	50	50	0	37,500	37,500	0
Nondepartmental							
300 - Facilities Oper/Maint. - Light & Power	122,067	0	100	0	0	122,067	0
300 - Facilities Oper/Maint. - Other	4,851	50	50	0	2,425	2,425	0
500 - Contract Services/Fees	18,926	50	50	0	9,463	9,463	0
800 - Contributions/Contingencies - Transfer	109,080	50	50	0	54,540	54,540	0
800 - Contributions/Contingencies - Services	375,609	50	50	0	187,805	187,805	0
800 - Contributions/Contingencies - Contingenc	10,908	50	50	0	5,454	5,454	0
900 - Debt Service - Lease	15,974	50	50	0	7,987	7,987	0
Subtotal	1,929,094				708,337	1,161,533	59,226
Revenue Bond Debt Service - Existing	761,950	50	50	0	380,975	380,975	0
Revenue Bond Debt Service - Proposed	157,368	50	50	0	78,684	78,684	0
Less: Other Revenues	(229,018)	50	50	0	(114,509)	(114,509)	0
Total Cost of Service	$2,619,394				$1,053,487	$1,506,683	$59,226
Billing Determinants					6,532	657,485	5,120

	Fixed Amount	Variable Amount	Cust Svc Amount
Service Availability Charge	$13.44		
Volume Charge		$2.30	
Customer Service Charge			$0.97
Minimum Bill - 5/8" Meter	$19.01		1.00
1"	28.01		1.67
1 1/2"	50.33		3.33
2"	77.21		5.33
3"	139.97		10.00
4"	229.61		16.67
6"	453.53		33.33
Apartment LUE Surcharge	9.41		0.70

EXHIBIT C

Method of Calculating :

"Volume Rate"
"Monthly Charge"

Exhibit C

City of Hutto

Wholesale Cost Allocation & Rate Study- Summary Results

Cost Elements	Tot. Factored Avg. Cost Actual '01/Proj '02	Common-to-all Ratio	Common-to-all Amount	Ratio Base	Ratio Extra Cap.	Ratio Billing/Coll	Amount Base	Amount Extra Capacity	Amount Billing/Collectin
Water/Sewer Administration (701)									
100 - Employee Services	$ 77,985	79.84%	62,262	47.52%	52.48%	0%	29,588	32,674	-
200 - Operational Supplies	$ 3,249	79.84%	2,594	47.52%	52.48%	0%	1,233	1,361	-
300 - Facilities Oper/Maint.	$ 1,499	79.84%	1,197	47.52%	52.48%	0%	569	628	-
400 - Equipment Oper/Maint.	$ 1,205	79.84%	962	47.52%	52.48%	0%	457	505	-
500 - Contract Services/Fees	$ 13,583	79.84%	10,845	47.52%	52.48%	0%	5,154	5,691	-
600 - Capital Outlay	$ 5,076	79.84%	4,053	47.52%	52.48%	0%	1,926	2,127	-
Subtotal	$ 102,597		81,912				38,926	42,986	-
Water Operations (704):									
100 - Employee Services	$ 109,561	100%	109,561	47.52%	52.48%	0%	52,066	57,496	-
200 - Oper. Supplies - Chemicals	$ 102,197	100%	102,197	100%	0%	0%	102,197	-	-
200 - Oper. Supplies - Raw Water	$ 234,949	100%	234,949	100%	0%	0%	234,949	-	-
200 - Operational Supplies - Other	$ 7,061	100%	7,061	47.52%	52.48%	0%	3,355	3,705	-
300 - Facilities Oper/Maint.	$ 71,562	100%	71,562	47.52%	52.48%	0%	34,007	37,554	-
400 - Equipment Oper/Maint.	$ 15,979	100%	15,979	47.52%	52.48%	0%	7,593	8,385	-
500 - Contract Services/Fees	$ 18,741	100%	18,741	47.52%	52.48%	0%	8,906	9,835	-
600 - Capital Outlay	$ 15,745	100%	15,745	47.52%	52.48%	0%	7,482	8,263	-
Subtotal	$ 575,794		575,794				450,556	125,238	-
Water/Sewer System Maintenance (708):									
100 - Employee Services	$ 155,662	60.04%	93,455	42.77%	47.23%	10%	39,970	44,139	9,346
200 - Operational Supplies	$ 39,259	60.04%	23,570	47.52%	52.48%	0%	11,201	12,369	-
300 - Facilities Oper/Maint.	$ 10,590	60.04%	6,358	47.52%	52.48%	0%	3,021	3,336	-
400 - Equipment Oper/Maint.	$ 16,452	60.04%	9,877	47.52%	52.48%	0%	4,694	5,183	-
500 - Contract Services/Fees	$ 7,525	60.04%	4,518	47.52%	52.48%	0%	2,147	2,371	-
600 - Capital Outlay - Routine	$ 18,173	60.04%	10,911	47.52%	52.48%	0%	5,185	5,726	-
600 - Capital Outlay - CIP	$ 20,439	60.04%	12,271	47.52%	52.48%	0%	5,831	6,439	-
Subtotal	$ 268,100		160,959				72,050	79,564	9,346
Nondepartmental:									
300 - Facilities Oper/Maint.-Elect	$ 72,470	100%	72,470	100%	0%	0%	72,470	-	-
300 - Facilities Oper/Maint. - Other	$ 2,682	100%	2,682	47.52%	52.48%	0%	1,275	1,408	-
500 - Contract Services/Fees	$ 14,244	85.58%	12,191	47.52%	52.48%	0%	5,793	6,397	-
800 - Contri./Contingencies - Transfer	$ 66,743	100%	66,743	47.52%	52.48%	0%	31,717	35,025	-
800 - Contri./Contingencies - Services	$ 403,066	85.58%	344,948	35.64%	39.36%	25%	122,944	135,767	86,237
800 - Contri./Contingencies	$ 23,008	100%	23,008	47.52%	52.48%	0%	10,934	12,074	-
900 - Debt Service - Lease	$ 14,710	100%	14,710	47.52%	52.48%	0%	6,990	7,719	-
Subtotal	$ 596,924		536,752				252,124	198,391	86,237
Debt Service:									
Revenue Bond Debt Service - Existing	$ 761,950	79.84%	$ 608,329	47.52%	52.48%	0%	289,089	319,240	-
Revenue Bond Debt Serv. - Prop.	$ -	79.84%	-	47.52%	52.48%	0%	-	-	-
Less: Other Revenues	$ (255,934.32)	100%	$ (255,934)	47.52%	52.48%	0%	(121,625)	(134,309)	-
Total Cost of Service	$ 2,049,430		$ 1,707,812				$ 981,120	$ 631,109	$ 95,583

Common-to-all Ratio		
Nondepartmental Services	34,104	86%
	5,746	
	39,850	

Billing Determinants	713,645	2.1591055	4,963
Cost Per 1,000 gal (volume Rate)	1.3748017		
Cost of Excess demand per MGD		$ 292,301	
Billing Charge Per Month			$ 1.60

HUTTO TOTAL CHARGES

				Annual	Monthly
Volume	67,863	x	1.37480165	$ 93,297.48	$ 7,774.79
Excess Demand	0.0330033	x	$ 292,301	$ 9,647	$ 803.91
Billing Cost	12	x	$ 1.60	$ 19.26	$ 1.60
			Total	$ 102,963.64	$ 8,580.30

Charge per 1,000 gallons 1.517239146

Exhibit C

Table A 1

Factor Calculations - for Distributing Operating Costs

	Actual 2000-01	Projected 2001-02	Total 2000-02	Average 2000-02	Dist Factor Water/Sewer	(C)* (DE)**
Connections - "C"						
Water	4,900	5,026	9,926	4,963	54%	C
Sewer	4,239	4,348	8,587	4,294	46%	C
Total	9,139	9,374	18,513	9,257		
Direct Expenses- "DE"						
Water- Operating Expenses - 704	490,235	661,353	1,151,588	575,794	65%	(DE)
Sewer Operating Expenses - 706	197,359	422,769	620,128	310,064	35%	(DE)
Total	687,594	1,084,122	1,771,716	885,858		
Water Operations (704):						
100 - Employee Services	94,714	124,408	219,122	109,561		
200 - Oper. Supplies - Chemicals	89,035	115,358	204,393	102,197		
200 - Oper. Supplies - Raw Wate	254,898	215,000	469,898	234,949		
200 - Operational Supplies - Oth	8,511	5,611	14,122	7,061		
300 - Facilities Oper/Maint.	6,581	136,542	143,123	71,562		
400 - Equipment Oper/Maint.	10,923	21,034	31,957	15,979		
500 - Contract Services/Fees	13,883	23,600	37,483	18,741		
700 - Capital Outlay	11,690	19,800	31,490	15,745		
Subtotal	490,235	661,353	1,151,588	575,794		
Sewer Operations (706):						
100 - Employee Services	122,336	164,138	286,474	143,237		
200 - Oper. Supplies - Chemicals	14,602	17,176	31,778	15,889		
300 - Facilities Oper/Maint.	5,957	120,498	126,455	63,228		
400 - Equipment Oper/Maint.	6,291	19,832	26,123	13,062		
500 - Contract Services/Fees	48,143	80,600	128,743	64,371		
700 - Capital Outlay	30	20,525	20,555	10,278		
Subtotal	197,359	422,769	620,128	310,064		
Total	687,594	1,084,122	1,771,716	885,858		

Exhibit C

Table A2

Factor Calculations - Expenses

Expenses	Actual 2000-01	Projected 2001-02	Total 2000-02	Average 2000-02	Distrib. Factor	(C) (DE)**	Tot. Factored Avg. Cost Actual '01/Proj ' 02
Water/Sewer Administration (701)							
100 - Employee Services	126,397	162,436	288,833	144,417	54%	(C)	$ 77,985
200 - Operational Supplies	5,734	6,300	12,034	6,017	54%	(C)	$ 3,249
300 - Facilities Oper/Maint.	-	5,552	5,552	2,776	54%	(C)	$ 1,499
400 - Equipment Oper/Maint.	2,711	1,750	4,461	2,231	54%	(C)	$ 1,205
500 - Contract Services/Fees	39,809	10,500	50,309	25,155	54%	(C)	$ 13,583
700 - Capital Outlay	-	18,800	18,800	9,400	54%	(C)	$ 5,076
Subtotal	174,652	205,338	379,990	189,995			$ 102,597
Water Operations (704):							
100 - Employee Services	94,714	124,408	219,122	109,561	100%		$ 109,561
200 - Op. Supplies - Chemicals	89,035	115,358	204,393	102,197	100%		$ 102,197
200 - Op. - Raw Water	254,898	215,000	469,898	234,949	100%		$ 234,949
200 - Operational Supplies - Other	8,511	5,611	14,122	7,061	100%		$ 7,061
300 - Facilities Oper/Maint.	6,581	136,542	143,123	71,562	100%		$ 71,562
400 - Equipment Oper/Maint.	10,923	21,034	31,957	15,979	100%		$ 15,979
500 - Contract Services/Fees	13,883	23,600	37,483	18,741	100%		$ 18,741
600 - Capital Outlay	11,690	19,800	31,490	15,745	100%		$ 15,745
Subtotal	490,235	661,353	1,151,588	575,794			$ 575,794
Water/Sewer System Maintenance (708):							
100 - Employee Services	388,242	569,680	957,922	478,961	33%	(DE)	$ 155,662
200 - Operational Supplies	73,747	167,848	241,595	120,798	33%	(DE)	$ 39,259
300 - Facilities Oper/Maint.	25,602	39,566	65,168	32,584	33%	(DE)	$ 10,590
400 - Equipment Oper/Maint.	53,544	47,696	101,240	50,620	33%	(DE)	$ 16,452
500 - Contract Services/Fees	9,659	36,650	46,309	23,155	33%	(DE)	$ 7,525
700 - Capital Outlay - Routine	81,734	30,100	111,834	55,917	33%	(DE)	$ 18,173
700 - Capital Outlay - CIP	100,376	25,400	125,776	62,888	33%	(DE)	$ 20,439
Subtotal	732,904	916,940	1,649,844	824,922			$ 268,100
Nondepartmental							
300 - Facilities Oper/Maint. - Elec	249,897	-	249,897	124,949	58%		$ 72,470
300 - Facilities Oper/Maint. - Other	7,451	-	7,451	3,726	72%		$ 2,682
500 - Contract Services/Fees	14,757	38,000	52,757	26,379	54%	(C)	$ 14,244
800 - Cont/Contingencies - Transfer	137,195	110,000	247,195	123,598	54%	(C)	$ 66,743
800 - Contri./Contingencies - Services	688,687	804,150	1,492,837	746,418	54%	(C)	$ 403,066
800 - Contri./Contingencies -	657	84,559	85,216	42,608	54%	(C)	$ 23,008
900 - Debt Service - Lease	29,481	25,000	54,481	27,241	54%	(C)	$ 14,710
Subtotal	1,128,125	1,061,709	2,189,834	1,094,917			$ 596,924
Revenue Bond Debt Service - Existing	761,950	761,950	1,523,900	761,950	100%		$ 761,950
Revenue Bond Debt Serv. - Prop.	-	-	-	-	100%		-
Less: Other Revenues	255,934	255,934	511,869	255,934	100%		255,934
Total Cost of Service	3,543,800	3,863,224	7,407,025	3,703,512			$ 1,629,518

% of Costs between water and sewer

Exhibit C

Table B

Factor Calculations - Other Revenue

Billing Determinants Ratios	Actual 2000-01	Projected 2001-02	Total 2000-02	Average 2000-02	Dist Factor Water/Sewer
Total Revenue from Water Sales	$ 2,309,221	$2,498,000	$ 4,807,221	$ 2,403,611	61%
Total Revenue from Sewer Service Charges	$ 1,529,256	$1,600,000	$ 3,129,256	$ 1,564,628	39%
Total Revenue	$ 3,838,477	$4,098,000	$ 7,936,477	$ 3,968,239	100%

Particulars	Total	Distributed	Total	Distributed	Total	Average
Other Revenues:						
Reconnect Charges - Water	$ 13,945	$ 8,506	$ 15,000	$ 9,150	$ 17,656	$ 8,828
Reconnect Charges - Sewer						
Transfer Fees - Water	$ 1,320	$ 805	$ 7,000	$ 4,270	$ 5,075	$ 2,538
Transfer Fees - Sewer						
Penalties - Water	$ 200,000	$ 122,000	$ 150,000	$ 91,500	$ 213,500	$ 106,750
Penalties - Sewer						
Interest Income Op Fund- Water	$ 230,067	$ 140,341	$ 125,000	$ 76,250	$ 216,591	$ 108,295
Interest Income - Op Fund Sewer						
CO I&S Fund Interest - Water	$ -	$ -	$ -	$ -	$ -	$ -
CO I&S Fund Interest - Sewer						
Other Interest - Water	$ -	$ -	$ -	$ -	$ -	$ -
Other Interest - Sewer						
Wholesale Water Revenues	$ 5,700	$ 5,700	$ 45,000	$ 45,000	$ 50,700	$ 25,350
Miscellaneous Revenue - Water	$ 6,182	$ 3,771	$ 7,500	$ 4,575	$ 8,346	$ 4,173
Miscellaneous Revenue - Sewer						
Total Water		$ 281,124	$ 349,500	$ 230,745	$ 511,869	$ 255,934
Total	$ 457,214				$ 511,868.65	$ 255,934

Exhibit C

Table C

Summary of Invested Capital

Particulars	Original Cost	Acc. Depreciation	Net Plant	Common-to-all Ratio	Net Plant
Water Department					
Distribution Water Lines	3,933,587	1,617,617	2,315,970	25%	578,993
Distribution Water Valves	44,177	14,542	29,635	25%	7,409
Treated Water Line	2,600,000	364,000	2,236,000	100%	2,236,000
Fire Hydrant	196,165	76,672	119,493	0%	-
Total Distribution	6,773,929	2,072,831	4,701,098		2,822,401
	Water/Sewer System Maint. Common-to-all Ratio				**60.04%**
Wells #1	0	0	0	100%	0
#2	0	0	0	100%	0
#3	18,666	18,666	0	100%	0
#4	44,055	44,055	0	100%	0
#5	40,936	40,936	0	100%	0
#6	460,957	181,935	279,022	100%	279,022
Total Wells	564,614	285,592	279,022		279,022
Raw Water Pump Station	393,039	194,684	198,355	100%	198,355
Treatment Plant	4,293,169	654,565	3,638,604	100%	3,638,604
Storage Tanks					
Murphy Park	13,423	13,423	-	100%	-
Southwood Hills	499,044	37,428	461,616	100%	461,616
Mallard	82,010	67,658	14,352	100%	14,352
Ford	53,851	52,505	1,346	100%	1,346
Total Storage Tanks	648,328	171,014	477,314		477,314
Meters	153,647	153,647	-	0%	-
Buildings	49,983	8,875	41,108	100%	41,108
Office Furniture	24,516	23,897	619	50%	310
Vehicles	87,423	76,370	11,053	50%	5,527
Total Water Department	12,988,648	3,641,475	9,347,173		7,462,640
Overall Common-to-all Ratio					**79.84%**

Exhibit C

Table D

Excess/Base Demand Ratio Calculations

Particulars	Noack WSC Gals x 1000	Granger Gals x 1000	**Hutto** Gals x 1000	Commercial* Gals x 1000	Residential Gals x 1000	Total Gals x 1000	
1 October (000's)	3,983	3,000	5,338	20,776	71,302	104,398	
2 November	2,279	3,000	5,338	16,512	34,830	61,958	
3 December	2,567	3,000	5,338	14,880	27,927	53,711	
4 January	2,438	3,000	5,338	14,368	29,972	55,115	
5 February	1,822	3,000	5,338	11,217	22,213	43,589	
6 March	1,776	3,000	5,338	10,810	20,362	41,286	
7 April	2,083	3,000	5,338	13,304	25,532	49,256	
8 May	1,866	3,000	5,338	13,083	23,496	46,782	
9 June	1,300	3,000	5,338	12,688	25,430	47,756	
10 July	2,252	3,000	5,338	16,036	32,810	59,435	
11 August	3,083	3,000	5,338	18,883	45,353	75,656	
12 September	2,640	3,200	9,150	15,962	43,751	74,703	
13 Total	28,087	36,200	67,863	178,520	402,977	713,645	
14 Av. Daily Consumption	76.9	99.2	185.9	489.1	1,104.0	1,955.2	
15 Avg. Day in Month of Max Day (Sept.)	88.0	106.7	305.0	532.1	1,458.4	2,490.1	
16 Max. Daily Consumption	109.0	132.2	378.0	879.1	2,409.6	4,114.3	3,530.0
17 Date of Max Daily	1-Sep-02	1-Sep-02	1-Sep-02	1-Sep-02	1-Sep-02		
18 Extra Capacity	32.1	33.0	192.0	390.0	1,305.6	2,159.1	
19 Ratio Extra Capacity	29.42%	24.97%	50.81%	44.37%	54.18%	52.48%	
20 Ratio Base Capacity	70.58%	75.03%	49.19%	55.63%	45.82%	47.52%	

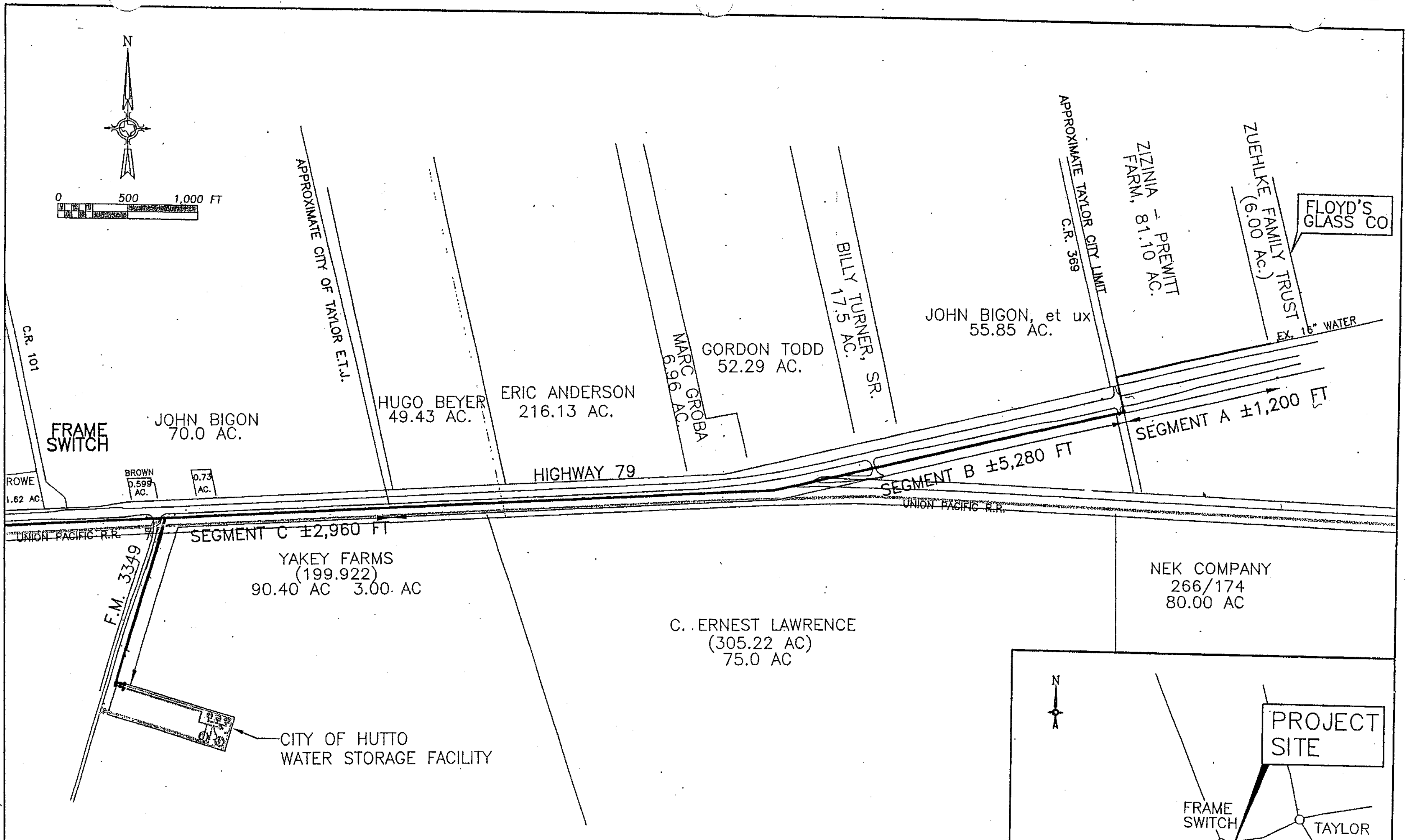
Total System Peak Water Produce
Sept 1, 2000

21 Total System	4,840.4	
22 Losses (.06%)	(726.1)	4,114.3

* Includes commercial, school, and municipal volumes

Exhibit D

Line Segment Definition



	Length	Percentage
Segment A	1,200 ft	12.71%
Segment B	5,280 ft	55.93%
Segment C	2,960 ft.	31.36%
Total	9,440 ft.	100.00%

WILLIAMSON COUNTY

EXHIBIT D
WATER TRANSMISSION MAIN SEGMENTS

7-23-02 EXHIBIT D - WATER TRANSMISSION MAIN SEGMENTS HLA Project No. 11150 PAW

July 19, 2010

Mr. Edward A. Broussard, City Manager
City of Hutto
401 West Front Street
Hutto, Texas 78634-0639

Re: Notice of Rate Increase

Dear Ed:

In accordance with the enclosed contract (copy enclosed) between the City of Taylor and the City of Hutto, please be advised that the City of Taylor will implement a rate increase, effective October 1, 2010, on treated water sold in accordance with the enclosed contract. The volume rate will increase from $1.37 per 1,000 gallons to $2.04 per 1,000 gallons. This applies to the first 175,000 gallons and the rate thereafter will increase from $2.05 per 1,000 gallons to $3.06 per 1,000 gallons. All other applicable rates will increase proportionally.

Please don't hesitate to contact me with questions or comments regarding this matter.

Sincerely,

Jim D. Dunaway
City Manager

City Council Meeting
May 10, 2012
Agenda Item Transmittal

Agenda Item #:	**9**
Agenda Title:	Discuss and consider possible charter amendments.
Council Action to be taken:	Conduct discussion.
Initiating Department:	City Administration
Staff Contact:	**Jeff Straub, Assistant City Manager**

1. INTRODUCTION/PURPOSE

A council member has requested that the discussion regarding possible Charter amendments be conducted at this time.

Council requested that we publicize and set a single point of contact for Charter feedback, announcing this contact on our website and in the newspaper. This has been accomplished and three individuals responded and sent suggestions to staff.

2. DESCRIPTION/ JUSTIFICATION

Suggestions received via email from the public for Charter amendments were:

EMAIL 1

1. Any bond issuing request for voter authorization shall be limited to one purpose, project, scope or job.
2. All funds raised by the issuance of voter approved bonds shall not used for any other purpose but the single purpose for which the bond was advertized prior to the election.
3. Any funds remaining from the issuances of bonds after the project is complete shall be returned to the tax payers in the form of a tax rate reduction.
4. No new taxing entity, such as the drainage utility district, shall be created and any that is already created shall not be permitted to issue bonds or use its revenue for any purpose other than that for which it was advertised.

EMAIL 2
Provide a recall provision.

EMAIL 3
That the City Manager or any other high office holder should own property and live in Taylor.

Previous Council Discussions:

Term Limits; Creation of a Streets Utility; Mayor Elected at large; Council Members elected by majority and not plurality; City Manager vested with hiring and firing authority; Removal of a council member for incapacitation; Removal of a council member for bad conduct.

3. FINANCIAL/BUDGET

The cost of a municipal election which when conducted jointly with other entities can range from $7,000 to $10,000.

4. TIMELINE CONSIDERATIONS

The latest date to call a November 6, 2012 election is August 20, 2012.

5. RECOMMENDATION

6. REFERENCE FILES