

MURPHY CITY COUNCIL AGENDA  
REGULAR CITY COUNCIL MEETING  
MAY 19, 2015 AT 6:00 P.M.  
206 NORTH MURPHY ROAD  
MURPHY, TEXAS 75094



Eric Barna  
Mayor

Scott Bradley  
Mayor Pro Tem

Owais Siddiqui  
Deputy Mayor Pro Tem

Ben St. Clair  
Councilmember

Betty Spraggins  
Councilmember

Sarah Fincanon  
Councilmember

Rob Thomas  
Councilmember

James Fisher  
City Manager

Susie Quinn  
City Secretary

NOTICE is hereby given of a meeting of the City Council of the City of Murphy, Collin County, State of Texas, to be held on May 19, 2015 at Murphy City Hall for the purpose of considering the following items. The City Council of the City of Murphy, Texas, reserves the right to meet in closed session on any of the items listed below should the need arise and if applicable pursuant to authorization by Title 5, Chapter 551, of the Texas Government Code.

**1. CALL TO ORDER**

**2. INVOCATION & PLEDGE OF ALLEGIANCE**

**3. ROLL CALL & CERTIFICATION OF A QUORUM**

**4. PUBLIC COMMENTS**

**5. PRESENTATIONS**

- A. Presentation of the Sergeant Kyle Kucauskas Scholarship.
- B. Presentation of financial report and investment report as of April 30, 2015.
- C. Presentation on emergency management awareness.

**6. CONSENT AGENDA**

All consent agenda items are considered to be routine by the City Council and will be enacted by one motion. There will be no separate discussion of these items unless a Councilmember so requests, in which event the item will be removed from the Consent Agenda and voted on separately.

- A. Consider and/or act upon the May 5, 2015 regular meeting minutes.
- B. Consider and/or act upon the May 11, 2015 special joint meeting minutes.
- C. Consider and/or act upon a Resolution authorizing continued participation with the Atmos Cities Steering Committee; and authorizing the payment of five cents per capita to the Atmos Cities Steering Committee to fund regulatory and related activities related to Atmos Energy Corporation.

- D. Consider and/or act upon a Resolution approving the settlement reached between the Atmos Cities Steering Committee (ACSC) and Atmos Energy Corp., Mid-Tex Division.
- E. Consider and/or act upon authorizing the City Manager to execute the renewal of the North Texas Municipal Water District Multijurisdictional Pretreatment Agreement.
- F. Consider and/or act upon authorizing the City Manager to execute the Memorandum of Understanding regarding the adoption of the Texas Department of Transportation's Federally- Approved DBE (Disadvantaged Business Enterprise) Program by City of Murphy, Texas.

## **7. INDIVIDUAL CONSIDERATION**

- A. Consider and/or act upon on the 2015 Planning Session.
- B. Discussion on the City's Fiscal Year 2015-2016 Annual Budget.
- C. Discussion on the hiring process for a new Chief of Police.

## **8. CITY MANAGER/STAFF REPORTS**

- A. Upcoming Town Hall Meeting – May 28, 2015
- B. Timbers Nature Preserve
- C. Betsy Lane Road Widening Project
- D. South Maxwell Creek Parallel Trunk Sewer Line
- E. North Murphy Road

## **9. EXECUTIVE SESSION**

The City Council will hold a closed Executive Session pursuant to the provisions of Chapter 551, Subchapter D, Texas Government Code, in accordance with the authority contained in:

- A. §551.072 To deliberate the purchase, exchange, lease, or value of real property, including fee simple and easements.

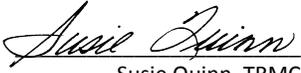
**10. RECONVENTE INTO REGULAR SESSION**

The City Council will reconvene into Regular Session, pursuant to the provisions of Chapter 551, Subchapter D, Texas Government Code, to take any action necessary regarding:

- A. §551.072 To deliberate the purchase, exchange, lease, or value of real property, including fee simple and easements.
- B. Take Action on any Executive Session Items.

**11. ADJOURNMENT**

I certify that this is a true and correct copy of the Murphy City Council Meeting Agenda and that this notice was posted on the designated bulletin board at Murphy City Hall, 206 North Murphy Road, Murphy, Texas 75094; a place convenient and readily accessible to the public at all times, and said notice was posted on May 15, 2015 by 4:30 p.m. and will remain posted continuously for 72 hours prior to the scheduled meeting pursuant to Chapter 551 of the Texas Government Code.

  
Susie Quinn, TRMC  
City Secretary

In compliance with the American with Disabilities Act, the City of Murphy will provide for reasonable accommodations for persons attending public meetings at City Hall. Requests for accommodations or interpretive services must be received at least 48 hours prior to the meeting. Please contact the City Secretary at 972.468.4011 or squinn@murphytx.org.

Notice of Possible Quorum: There may be a quorum of the Animal Shelter Advisory Committee, the Board of Adjustment, the Building and Fire Code Appeals Board, the Ethics Review Commission, the Murphy Community Development Corporation, the Murphy Municipal Development District Board, the Park and Recreation Board and/or the Planning and Zoning Commission members who may be present at the meeting, but they will not deliberate on any city or board business.

CITY COUNCIL MINUTES  
REGULAR CITY COUNCIL MEETING  
MAY 5, 2015 AT 6:00 P.M.

**1. CALL TO ORDER**

Mayor Eric Barna called the meeting to order at 6:00 pm.

**2. INVOCATION & PLEDGE OF ALLEGIANCE**

Police Chaplain Dan Rainey gave the invocation and Mayor Barna led the Pledge of Allegiance to the United States flag.

**3. ROLL CALL & CERTIFICATION OF A QUORUM**

Susie Quinn, City Secretary, certified a quorum with the following Councilmembers present:

Mayor Eric Barna

Mayor Pro Tem Scott Bradley

Deputy Mayor Pro Tem Owais Siddiqui

Councilmember Ben St. Clair

Councilmember Betty Nichols Spraggins

Councilmember Sarah Fincanon

Councilmember Rob Thomas

**4. PUBLIC COMMENTS**

Robb DeJean, an Austin resident and Maxwell Fisher, a Dallas resident were called upon to speak during agenda item 7.B.

**5. PRESENTATIONS**

A. Proclamation recognizing Motorcycle Safety Awareness Month.

Mayor Pro Tem Bradley presented the Proclamation to four different Motorcycle Groups. They included the Prodigal Sons, the Biker Church, the Dirty Bastards - McKinney Chapter and the Christian M/C's of Wylie.

- B. Proclamation recognizing National Public Service Recognition Week.

Mayor Barna presented this proclamation to all City employees in attendance.

- C. Proclamation recognizing Emergency Medical Services Week.

Mayor Barna presented this proclamation to Fire Chief Mark Lee.

- D. Proclamation recognizing National Police Week.

Councilmember St. Clair presented this proclamation to Police Chief Cox and several police officers and civilians who work and/or volunteer in the police department, who were in attendance.

- E. Presentation of the TPCA Recognition Best Practices Certificate.

Rockwall Police Chief Mark Moeller made the Texas Police Chief Association presentation to Council and Police Chief Cox recognizing the Murphy Police as the 11th Texas Police Department to receive the Law Enforcement Agency Best Practices Recognition. The Law Enforcement Recognition Program is a voluntary process where police agencies in Texas prove their compliance with 164 Texas Law Enforcement Best Practices. These Best Practices were carefully developed by Texas Law Enforcement professionals to assist agencies in the efficient and effective delivery of service, the reduction of risk and the protection of individual's rights.

Support Services Manager Kim Parker was recognized by Chief Cox as being very instrumental to make certain Murphy complied with all the 164 Texas Law Enforcement Best Practices.

- F. Presentation of the Sergeant Kyle Kucauskas Scholarship.

This item was postponed until next City Council meeting.

## **6. CONSENT AGENDA**

All consent agenda items are considered to be routine by the City Council and will be enacted by one motion. There will be no separate discussion of these items unless a Councilmember so requests, in which event the item will be removed from the Consent Agenda and voted on separately.

- A. Consider and/or act upon the April 7, 2015 regular meeting minutes.

- B. Consider and/or act upon the April 21, 2015 regular meeting minutes.

***COUNCIL ACTION (6.A. and 6.B.):***

***APPROVED***

**Mayor Pro Tem Bradley moved to approve a Resolution approving an Interlocal Agreement with Collin County Governmental Purchasers Forum and authorizing the City Manager to execute such agreement. For: Unanimous. The motion carried by a vote of 7 to 0.**

**7. INDIVIDUAL CONSIDERATION**

- A. Consider and/or act on the application of property owner McBirney 544 Joint Venture and applicant Honey Goel requesting approval of a site plan, landscape plan, building elevations and construction plat for Murphy Office Condos on property zoned PD 09-12-823 at the southeast corner of FM544 and Brand Road.

Director of Economic Development Kristen Roberts explained to council that the proposed construction will be directly west of Orchard Park, right behind Braum's. The building will be 16 thousand square feet; 8 thousand feet will be for professional use and 8 thousand feet will be for medical use. Roberts confirmed that the proposal meets all the requirements with the exception that staff is recommending placing it 15 feet from the road instead of 40 feet which is currently the set back. The reason for this is because Orchard Park was placed at 15 feet away from the road and they want continuity. The entrances will be facing north and south, located between the buildings with the two end building displaying windows towards their respective streets; the parking lot will be on the west side of the property. Council asked what will be facing Village Drive, and Roberts told them windows

Council asked for clarification of what the materials will be used on the outside of the building. Roberts explained that it is proposed to be cast stone and brick. Council also asked for clarification on what will be west of this development. Roberts explained that it will be more specific medical buildings according to the developer. By specific medical, she clarified it will be orthodontists, podiatrists etc. The building is proposed to compliment the aesthetics of the Orchard Park building. Council is concerned that none of the entrances will be facing the parking lot and that the back of the building will be facing FM 544; after talking it through they agreed that since it's behind Braum's it will be okay.

***COUNCIL ACTION (7.A.):***

***APPROVED***

**Mayor Pro Tem Bradley moved to approve the application of property owner McBirney 544 Joint Venture and applicant Honey Goel requesting approval of a site plan, landscape plan, building elevations and construction plat for Murphy Office Condos on property zoned PD 09- 12- 823 at the southeast corner of FMS44 and Brand Road. Councilmember St. Clair seconded the motion. For: Unanimous. The motion carried by a vote of 7 to 0.**

- B. Consider and/or act on the application of property owner Deborah R. Tafelski and applicant Ricky Jenkins requesting approval of a site plan, landscape plan and building elevations for a Jenkins Self Storage at 305 W. FM 544.

Director of Economic Development Roberts explained this still needs to go through the planning and zoning process; currently it is zoned as commercial and meets requirements. It only has one point of access and is required to have two, for emergency purposes. After discussions with staff, the property's neighbor, the property owner and the applicant; the Fire Chief and City Manager approved the use of "grass pave" which will not be a public access road, but will only be used for emergency vehicles to enter the property.

Roberts explained they proposed to use heavy landscaping in the front along 544 but staff requested them not to due to underground and above ground utilities. Maxwell Jenkins was present at the meeting and gave a brief slideshow presentation regarding his proposed building. He explained that they are not a first generation warehouse type storage unit. It will be more of an upscale storage facility. The challenge is the depth of the site, with 840 feet in depth, a storage facility is the best solution in his opinion or the land may never be developed to its full potential. Jenkins explained that they tried to make it as aesthetically appealing as possible, especially along the front.

Council asked for the reason they would want to put a storage facility next to a storage facility. Jenkins explained that it's an indicator of the economy thriving. It's the same marketing process of placing a gas station by a gas station, or fast food next to fast food.

Council asked for clarification on if it's one large building taking up the whole 800 feet of depth or two separate buildings. Jenkins confirmed it will be one building. No further conversation was held.

***COUNCIL ACTION (7.B.):***

***APPROVED***

**Mayor Pro Tem Bradley moved to approve the application of property owner Deborah R. Tafelski and applicant Ricky Jenkins requesting approval of a site plan, landscape plan and building elevations for a Jenkins Self Storage at 305 W. FM 544. Councilmember Spraggins seconded the motion. For: Unanimous. The motion carried by a vote of 7 to 0.**

- C. Consider and/or act on the award of the bid for the Betsy Lane Paving and Drainage Improvements.

City Manager, James Fisher explained when the city began this project; it was funded with surplus RTR funds (these were surplus funds from the State 121 road project). The estimated construction cost was 2.6 million dollars; the bid came in at 2.9 million dollars. We are requesting an extra \$300,000.00 to cover the difference. Advanced funding allows us to do this formally. The construction is set to start in June 2015 and will take one year to complete. The projected costs for engineering is \$252,000.00 and the right-of-way at \$290,000.00 those both came in under budget, so we do have some wiggle room from the budgeted amounts from funds allocated in 2008.

**COUNCIL ACTION (7.C.)****APPROVED**

Mayor Pro Tem Bradley moved to approve the award of the bid for the Betsy Lane Paving and Drainage Improvements to Tiseo Paving Company in the amount of \$2,970,831.80. Councilmember Spraggins seconded the motion. For: Unanimous. The motion carried by a vote of 7 to 0.

- D. Conduct a public hearing and consider and/or act upon approval of an ordinance continuing the juvenile curfew regulations.

Mayor Barna opened the public hearing at 7:01 pm. No one requested to speak, Mayor Barna closed the public hearing at 7:01 pm.

Police Chief Cox told council that every three years the state requires us to review this ordinance. Cox explained the reason last year they had 48 tickets to enforce this ordinance was due to some alcohol parties and all the attendees received tickets. Prior to last year the number of tickets was around eight to ten per year. Council agreed that there are not many complaints about this ordinance.

Parents are notified when a child violates the curfew ordinance.

**COUNCIL ACTION (7.D.)****APPROVED**

Mayor Pro Tem Bradley moved to approve Ordinance Number 15-05-992 continuing the juvenile curfew regulations. Councilmember Fincanon seconded the motion. For: Unanimous. The motion carried by a vote of 7 to 0.

- E. Discuss and/or consider implementing community blog(s) and regulations relating thereto for the City of Murphy social media platforms.

City Manager Fisher told the Council he wanted to bring this to them one last time before submitting it for formal adoption. He explained that as staff, we all need to know we cannot “take off our city hats” when responding/engaging with comments. We need to get better at listening and pulling information to keep citizens informed. These social media platforms will help greatly with that (Facebook, Tweet, Open Data, Mind Mixer, etc.). Council asked if it will be through a separate website; IT Manager, Wendle Medford explained that we have “Engage Murphy” and want to consolidate all the social media so that citizens can communicate on one platform. Council wanted to know how the city will monitor it. No anonymous posts are permitted. Medford explained that censors will be in place to flag the key words that we are set to assist with flagging inappropriate comments.

Council asked if a registered user writes something that is not using foul/hate speech exactly but substituting those words with words that will have the same effect. How will staff handle that? Fisher said we don’t want it to become a gripe board, we get a lot of gripes daily and we have thick skin. We won’t just take off something because it is negative; if we saw something that was

very worrisome we will get the leadership team together and figure it out. This will be coming back to council to formally adopt. Council requested a chance to formally look at and interact with this software and Medford confirmed that Council will have a chance to check it out and learn it. Council discussed several scenarios of various types of possible posts.

F. Discussion regarding the Body Camera Program of the Murphy Police Department.

Police Chief Cox explained the Body Cam Program is one more tool that helps our officers do their jobs better. Murphy purchased 22 cameras supplemented with forfeiture funds. Council asked about how retention will be done. Cox explained they are treating it like their car cameras; they will keep the footage for 90 days unless it is tagged for a case. The cameras are not voice activated or auto recording. In regards to privacy issues, there needs to be a happy medium. The Attorney General is the official who decides the open records and releasable guidelines. We are mainly concerned about the citizen's privacy; the Murphy Police Officers are all on board with this.

G. Discussion regarding North Murphy Road.

City Manager Fisher reported to council he had gone to and from Austin, Texas the morning of the council meeting to meet with the State Senator and State Representative. Fisher met with both of their Chiefs of Staff with a punch list and pictures of the TxDOT project. Fisher explained to the chiefs we need financial support for this project, financial assistance for the HOA's which were damaged significantly and a traffic signal at Glen Ridge. Currently, they are planning on opening the road without it, which will not allow our fire engine to cross safely. Fisher explained about his shock when he explained the state doesn't require contractors to warranty their work. This is a 16 million dollar project, and if we need to bring a resolution back to council if we feel it will be a huge financial burden. TxDOT has told us, the city's expectations are too high. We have told them our expectations are high from the very beginning. Council stated their concern in regards to Safe Routes to School (SRTS), there are not any lights, colored pavement or anything there is supposed to be in place for SRTS and the road is supposed to open in a week. Fisher explained with TxDOT trying to get the road open and release their contractor the SRTS will be initiated after the road is complete. Fisher stated that he doesn't like it, because it will cause lane closures especially since we've had this plan for two years.

Council stated they made a very hard decision by taking this offline because of the desire to have very safe crossings built into the road. Until that meets our expectations the agreement to take Murphy road out of the TxDOT system and place under the jurisdiction of the City of Murphy may have to be rescinded.

Fisher stated he was doing everything possible to keep from this happening; we don't want to get the road done only to tear out parts out and re do them. Council asked for clarification if the Chiefs of Staff gave us any sort of timeline or action items. Fisher confirmed they did not. He explained they said they would get back to us after reviewing it.

**8. CITY MANAGER/STAFF REPORTS**

## A. Timbers Nature Preserve

City Manager Fisher explained the construction is still on target to finish in August. A councilmember commented that it was not very aesthetically pleasing. Fisher explained it is still under construction and will look different when it is complete.

## B. South Maxwell Creek Parallel Trunk Sewer Line

City Manager Fisher gave an update on the progress; we are working with the contactor to figure out how to complete this due to the recent rain.

## C. 2015 Planning Session

City Manager Fisher sent the Planning Session PowerPoint after the last city council meeting and has not heard anything from any councilmember. After stating this, he stated we need council's thoughts on these items.

**9. EXECUTIVE SESSION**

The City Council convened into close Executive Session at 7:52 pm pursuant to the provisions of Chapter 551, Subchapter D, Texas Government Code, in accordance with the authority contained in:

- A. §551.087 Deliberation regarding economic development negotiations (1) to discuss or deliberate regarding commercial or financial information that the governmental body has received from a business prospect that the governmental body seeks to have locate, stay, or expand in or near the territory of the governmental body and with which the governmental body is conducting economic development negotiations; (2) to deliberate the offer of a financial or other incentive to a business prospect described by Subdivision (1).
- B. §551.072 To deliberate the purchase, exchange, lease, or value of real property, including fee simple and easements.
- C. §551.071 Consultation with Attorney on a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with this chapter in regard to Safe Routes to School and Open Records Act and procedures.

**10. RECONVENTE INTO REGULAR SESSION**

The City Council reconvened into open session at 8:16 pm with the Mayor’s announcement that no action was taken in Executive Session, pursuant to the provisions of Chapter 551, Subchapter D, Texas Government Code, in accordance with the authority contained in:

- A. §551.087 Deliberation regarding economic development negotiations (1) to discuss or deliberate regarding commercial or financial information that the governmental body has received from a business prospect that the governmental body seeks to have locate, stay, or expand in or near the territory of the governmental body and with which the governmental body is conducting economic development negotiations; (2) to deliberate the offer of a financial or other incentive to a business prospect described by Subdivision (1).
- B. §551.072 To deliberate the purchase, exchange, lease, or value of real property, including fee simple and easements.
- C. §551.071 Consultation with Attorney on a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with this chapter in regard to Safe Routes to School and Open Records Act and procedures.
- D. Take Action on any Executive Session Items.

**COUNCIL ACTION (10.A., 10.B., and 10.C.):**

**NO ACTION**

**11. ADJOURNMENT**

With no further business, the meeting was adjourned at 8:16 pm.

APPROVED BY:

\_\_\_\_\_  
Eric Barna, Mayor

ATTEST:

\_\_\_\_\_  
Susie Quinn, City Secretary

CITY COUNCIL MINUTES  
SPECIAL JOINT MEETING WITH MURPHY MUNICIPAL DEVELOPMENT DISTRICT  
MAY 11, 2015 AT 6:30 P.M.

**CALL TO ORDER**

Mayor Eric Barna called the meeting to order at 6:34 pm.

**ROLL CALL & CERTIFICATION OF A QUORUM**

Susie Quinn, City Secretary, certified a quorum with the following Councilmembers present:

Mayor Eric Barna

Mayor Pro Tem Scott Bradley

Deputy Mayor Pro Tem Owais Siddiqui

Councilmember Ben St. Clair

Councilmember Betty Nichols Spraggins

Councilmember Sarah Fincanon

Councilmember Rob Thomas

Tina Stelnicki, Community Development Coordinator, certified a quorum with the following Murphy Municipal Development District members present:

Chair John Daugherty

Secretary Jamie Nicholson

Board member Alain Dermarker

Board member Alex Acuna

Board member Eric Lopez

**EXECUTIVE SESSION**

The City Council convened into close Executive Session at 6:36 pm pursuant to the provisions of Chapter 551, Subchapter D, Texas Government Code, in accordance with the authority contained in:

- A. §551.087 Deliberation regarding economic development negotiations (1) to discuss or deliberate regarding commercial or financial information that the governmental body has received from a business prospect that the governmental body seeks to have locate, stay, or expand in or near the territory of the governmental body and with which the governmental body is conducting economic development negotiations; (2) to deliberate the offer of a financial or other incentive to a business prospect described by Subdivision (1).

**RECONVENTE INTO REGULAR SESSION**

The City Council reconvened into open session at 7:58 pm with the Mayor's announcement that no action was taken in Executive Session, pursuant to the provisions of Chapter 551, Subchapter D, Texas Government Code, in accordance with the authority contained in:

MURPHY CITY COUNCIL MINUTES  
SPECIAL JOINT MEETING WITH MURPHY MUNICIPAL DEVELOPMENT DISTRICT  
May 11, 2015

- A. §551.087 Deliberation regarding economic development negotiations (1) to discuss or deliberate regarding commercial or financial information that the governmental body has received from a business prospect that the governmental body seeks to have locate, stay, or expand in or near the territory of the governmental body and with which the governmental body is conducting economic development negotiations; (2) to deliberate the offer of a financial or other incentive to a business prospect described by Subdivision (1).

- B. Take Action on any Executive Session Items.

**COUNCIL ACTION:**

**NO ACTION**

**MMDD BOARD ACTION:**

**NO ACTION**

**ADJOURNMENT**

With no further business, the meeting was adjourned at 7:58 pm.

APPROVED BY:

\_\_\_\_\_  
Eric Barna, Mayor

ATTEST:

\_\_\_\_\_  
Susie Quinn, City Secretary

**City Council Meeting  
May 19, 2015**

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**Issue**

Consider and/or act upon a Resolution authorizing continued participation with the Atmos Cities Steering Committee; and authorizing the payment of five cents per capita to the Atmos Cities Steering Committee to fund regulatory and related activities related to Atmos Energy Corporation.

**Staff Resource/Department**

Linda Truitt, Finance Director

**Summary**

The City of Murphy, Texas is a member of a 165-member city coalition known as the Atmos Cities Steering Committee (ACSC). The resolution approves the assessment of five cents (\$0.05) per capita fee to fund the activities of the ACSC for 2015.

**Background/History**

Most municipalities have retained original jurisdiction over gas utility rates and services within municipal limits. The Atmos Cities Steering Committee ("ACSC") is composed of municipalities in the service area of Atmos Energy Corporation, Mid-Tex Division regardless of whether original jurisdiction has been retained. Atmos is a monopoly provider of natural gas. Because Atmos has no competitors, regulation of the rates that it charges its customers is the only way that cities can ensure that natural gas rates are fair. Working as a coalition to review the rates charged by Atmos allows cities to accomplish more collectively than each city could do acting alone. Cities have more than 100 years experience in regulating natural gas rates in Texas.

ACSC is the largest coalition of cities served by Atmos Mid-Tex. There are 165 ACSC member cities, which represent more than 60 percent of the total load served by Atmos-Mid Tex. ACSC protects the authority of municipalities over the monopoly natural gas provider and defends the interests of residential and small commercial customers within the cities. Although many of the activities undertaken by ACSC are connected to rate cases (and therefore expenses are reimbursed by the utility), ACSC also undertakes additional activities on behalf of municipalities for which it needs funding support from its members.

**The ACSC Membership Assessment Supports Important Activities:**

ACSC is actively involved in rate cases, appeals, rulemakings, and legislative efforts impacting the rates charged by Atmos within the City. These activities will continue throughout the calendar year. It is possible that additional efforts will be necessary on new issues that arise during the year, and it is important that ACSC be able to fund its participation on behalf of its member cities. A per capita assessment has historically been used, and is a fair method for the members to bear the burdens associated with the benefits received from that membership.

**Explanation of Resolution Paragraphs:**

- I. This paragraph authorizes the continuation of the City's membership in ACSC.
- II. This paragraph authorizes payment of the City's assessment to the ACSC in the amount of five cents (\$0.05) per capita.
- III. This paragraph requires notification that the City has adopted the Resolution.

**Board Discussion/Action**

N/A

**Financial Considerations**

The City's 2015 membership assessment is five cents (\$0.05) per population of 19,515 which equates to \$975.75

**Staff Recommendation**

Approval of the resolution as presented

**Attachments**

- 1) Resolution for 2015 Assessment
- 2) Memorandum regarding 2015 Assessment
- 3) 2015 Assessment Invoice
- 4) 2015 Members
- 5) 2014 ACSC Year In Review

**RESOLUTION NO. 15-R-818**

**A RESOLUTION AUTHORIZING CONTINUED PARTICIPATION WITH THE ATMOS CITIES STEERING COMMITTEE; AND AUTHORIZING THE PAYMENT OF FIVE CENTS PER CAPITA TO THE ATMOS CITIES STEERING COMMITTEE TO FUND REGULATORY AND RELATED ACTIVITIES RELATED TO ATMOS ENERGY CORPORATION**

**WHEREAS,** the City of Murphy is a regulatory authority under the Gas Utility Regulatory Act (GURA) and has exclusive original jurisdiction over the rates and services of Atmos Energy Corporation, Mid-Tex Division (Atmos) within the municipal boundaries of the city; and

**WHEREAS,** the Atmos Cities Steering Committee (ACSC) has historically intervened in Atmos rate proceedings and gas utility related rulemakings to protect the interests of municipalities and gas customers residing within municipal boundaries; and

**WHEREAS,** ACSC is participating in Railroad Commission dockets and projects, as well as court proceedings and legislative activities, affecting gas utility rates; and

**WHEREAS,** the City is a member of ACSC; and

**WHEREAS,** in order for ACSC to continue its participation in these activities which affects the provision of gas utility service and the rates to be charged, it must assess its members for such costs; **NOW THEREFORE,**

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MURPHY, TEXAS:**

Section I.

That the City is authorized to continue its membership with the Atmos Cities Steering Committee to protect the interests of the City of Murphy and protect the interests of the customers of Atmos Energy Corporation, Mid-Tex Division residing and conducting business within the City limits.

Section II.

The City is further authorized to pay its 2015 assessment to the ACSC in the amount of five cents (\$0.05) per capita.

Section III.

A copy of this Resolution and approved assessment fee payable to “*Atmos Cities Steering Committee*” shall be sent to:

David Barber  
Atmos Cities Steering Committee  
c/o Arlington City Attorney’s Office, Mail Stop 63-0300  
Post Office Box 90231  
Arlington, Texas 76004-3231

PRESENTED AND PASSED on this the 19th day of May, 2015, by a vote of \_\_\_ ayes and \_\_\_ nays at a regular meeting of the City Council of the City of Murphy, Texas.

\_\_\_\_\_  
Signature  
Eric Barna, Mayor

ATTEST:

\_\_\_\_\_  
Signature  
Susie Quinn, City Secretary

APPROVED AS TO FORM:

BY \_\_\_\_\_  
Signature  
Andy Messer, City Attorney

## MEMORANDUM

TO: Atmos Cities Steering Committee

FROM: Jennifer Richie and Odis Dolton, Co-Chairs, Atmos Cities Steering Committee

DATE: March 4, 2015

RE: **Action Needed - 2015 Atmos Cities Steering Committee Membership Assessment Invoice**

In December 2014, the Atmos Cities Steering Committee (“ACSC”) held a quarterly meeting with representatives from Atmos Energy. During the meeting, the group held a discussion of upcoming natural gas issues and approved the assessment for ACSC membership. Using the population-based assessment protocol previously adopted by ACSC, the assessment for 2015 is a per capita fee of \$0.05.

ACSC protects the authority of municipalities over the monopoly natural gas provider and defends the interests of the residential and small commercial customers within the cities. Cities are the only consumer advocates that work to keep natural gas rates reasonable. The work undertaken by ACSC has saved ratepayers millions of dollars in unreasonable charges. In order to continue to be an effective voice at the Railroad Commission, at the Legislature, and in the courts, ACSC must have your support. Please take action to pay the membership assessment as soon as possible. Payment of the membership assessment fee shall be deemed to be in agreement with the terms of the ACSC participation agreement.

Although ACSC does not require that your city take action by resolution to approve the assessment, some members have requested a model resolution authorizing payment of the 2015 membership assessment. To assist you in the assessment process, we have provided the following documents for your use:

- ACSC 2014 Year in Review
- Model resolution approving the 2015 assessment (optional, provided for those cities that have requested a resolution to authorize payment)
- Model staff report supporting the resolution
- List of Atmos Cities Steering Committee members
- 2015 Assessment invoice
- 2014 Assessment invoice and statement (only included if not yet paid)
- Blank member contact form to update the distribution lists

Please forward the membership assessment fee and, if applicable, the signed resolution to David Barber, Atmos Cities Steering Committee, c/o City Attorney’s Office, Mail Stop 63-0300, Post Office Box 90231, Arlington, Texas 76004-3231. Checks should be made payable to: *Atmos Cities Steering Committee*.

If you have any questions, please contact ACSC Co-Chairmen Jennifer Richie (254/750-5688), or Odis Dolton (325/676-6496). ACSC’s counsel, Geoffrey Gay (ggay@lglawfirm.com) and Thomas Brocato (tbrocato@lglawfirm.com) at 512/322-5857 are also available to assist you.

City of Arlington, c/o Atmos Cities Steering Committee  
 Attn: David Barber, Asst City Attorney  
 101 S. Mesquite, 3rd Floor  
 Arlington, TX 76010

# Invoice

Date	Invoice #
4/24/2015	15-109

Bill To
City of Murphy

Item	Rate	Population	Amount
2015 Assessment	0.05	19,515	975.75
<b>Total</b>			\$975.75

Please make check payable to: Atmos Cities Steering Committee. Mail to ACSC, c/o David Barber, Asst City Attorney, 101 S. Mesquite, 3rd Floor, Arlington, TX 76010

**ACSC Cities (165 Total)**

Abilene	Fairview	Oak Leaf
Addison	Farmers Branch	Ovilla
Allen	Farmersville	Palestine
Alvarado	Fate	Pantego
Angus	Flower Mound	Paris
Anna	Forest Hill	Parker
Argyle	Fort Worth	Pecan Hill
Arlington	Frisco	Petrolia
Aubrey	Frost	Plano
Bedford	Gainesville	Ponder
Bellmead	Garland	Pottsboro
Benbrook	Garrett	Prosper
Beverly Hills	Grand Prairie	Quitman
Blossom	Grapevine	Red Oak
Blue Ridge	Haltom City	Reno (Parker County)
Bowie	Harker Heights	Richardson
Boyd	Haskell	Richland
Bridgeport	Haslet	Richland Hills
Brownwood	Hewitt	River Oaks
Buffalo	Highland Park	Roanoke
Burkburnett	Highland Village	Robinson
Burleson	Honey Grove	Rockwall
Caddo Mills	Hurst	Roscoe
Canton	Hutto	Rowlett
Carrollton	Iowa Park	Royse City
Cedar Hill	Irving	Sachse
Celeste	Justin	Saginaw
Celina	Kaufman	Sansom Park
Centerville	Keene	Seagoville
Cisco	Keller	Sherman
Clarksville	Kemp	Snyder
Cleburne	Kennedale	Southlake
Clyde	Kerens	Springtown
College Station	Kerrville	Stamford
Colleyville	Killeen	Stephenville
Colorado City	Krum	Sulphur Springs
Comanche	Lakeside	Sweetwater
Commerce	Lake Worth	Temple
Coolidge	Lancaster	Terrell
Coppell	Lewisville	The Colony
Copperas Cove	Lincoln Park	Trophy Club
Corinth	Little Elm	Tyler
Corral City	Lorena	University Park
Crandall	Madisonville	Venus
Crowley	Malakoff	Vernon
Dalworthington Gardens	Mansfield	Waco
Denison	McKinney	Watauga
DeSoto	Melissa	Waxahachie
Duncanville	Mesquite	Westlake
Eastland	Midlothian	Westover Hills
Edgecliff Village	Murphy	Whitesboro
Emory	Newark	White Settlement
Ennis	Nocona	Wichita Falls
Eules	North Richland Hills	Woodway
Everman	Northlake	Wylie



# 2014 Year In Review

## *Atmos Cities Steering Committee Membership:*

This past year was a busy one for the Atmos Cities Steering Committee (“ACSC”), and with the Texas Legislature soon to be in session, things are only going to ramp up in 2015. This annual review highlights the significant events of 2014 that impacted ACSC and what’s on the horizon this year.

On a more personal note, we would like to offer a sincere thank you to the recently retired Jay Doegey, who served as ACSC chair since the Committee’s founding. Jay has been an immensely effective leader and much of the Committee’s success is owed to his tireless efforts, for which we are truly grateful. ACSC will miss Jay and wishes him the best for a happy retirement.

Sincerely,

Odis Dolton & Jennifer Richie, ACSC Co-Chairs

## **2015 Officers**

At the December meeting, ACSC members approved the budget and elected the following officers for 2015:

*Co-Chairs* — Odis Dolton (Abilene) &  
Jennifer Richie (Waco)

*Vice-Chair & Secretary* — Joel Welch (Ennis)

*Treasurer* — David Barber (Arlington)

Congratulations to the 2015 ACSC officers!



## **Significant Events of 2014**

### **ATMOS MID-TEX 2014 RRM**

On February 28, 2014, Atmos Energy Corp.—Mid-Tex Division, filed a Rate Review Mechanism (“RRM”) application with each of the ACSC members alleging a test year revenue deficiency of \$49 million for the Mid-Tex system. This would raise the average residential bill by roughly \$2 per month and the average business bill by about \$6 per month.

However, ACSC consultants reviewed and conducted discovery on Atmos’ application and concluded that Atmos qualified for a significantly lower level of rate increase—only \$19 million. The sizeable discrepancy is due in part to competing conclusions on the allowable rate of return Atmos can earn on

infrastructure upgrades and the necessity of increased executive bonuses and employee benefits.

Unfortunately, negotiations to reduce the gap between the two sides were unsuccessful, causing over 130 city councils to deny the RRM tariff request. Atmos appealed the denials to the Railroad Commission (“RRC” or “Commission”) on May 30, 2014 in GUD No. 10359. The RRC conducted a hearing on September 3, 2014 but has yet to issue a Proposal for Decision (“PFD”). The PFD is expected to be issued on January 7, 2015, following which parties will file exceptions in late January and replies in early February.

## EARTHQUAKES

In 2014, state regulators finally got serious about earthquakes. In January, to respond to public concern that fracking is to blame for earthquake occurrences in North Texas, the Texas Legislature announced the formation of the House Energy Resources Subcommittee on Seismic Activity. The Subcommittee, chaired by Myra Crowover (R-Denton), is charged with investigating increased seismic activity occurring in areas close to oil and gas production and oil and gas disposal wells, including the possibility that increased exploration and disposal well activity could impact seismic activity.

Likewise, in March, the RRC announced that it hired its own staff seismologist, Dr. David Craig Pearson, a Ph.D. geophysicist from Southern Methodist University ("SMU"). According to the Commission, Dr. Pearson was hired specifically to help investigate claims that oil and gas extraction activities are linked to earthquakes occurring in North Texas, where the majority of seismic activity in Texas has occurred.

The Subcommittee held its first public hearing in May and heard invited testimony from the mayors of

both Azle and Reno, the two communities most impacted by the earthquakes, as well as researchers from SMU and the RRC.

Researchers from SMU testified that North Texas had only one reported earthquake of magnitude 2.0 or greater before 2008. There have been 70 since. According to the researchers, it is generally accepted that disposal wells and earthquakes are connected. Indeed, the region experienced 26 earthquakes in 2014, including eight in the month of December alone. Thankfully, none have caused serious damage.

Dr. Pearson reportedly hopes to know what's causing the earthquakes within the year.



## MUNICIPAL PARTICIPATION RULES ADOPTED AT RAILROAD COMMISSION

At the December 9, 2014 Open Meeting, the RRC unanimously adopted rules that will severely impact cities' ability to participate in gas utility rate proceedings before the agency.

The Commission adopted new Texas Administrative Code §§ 1.86 and 1.87 requiring consolidation of all municipal intervenors and limiting discovery and amendments to § 7.5530 regarding cities' rate case expenses. Among other things, the rate case expense rule requires cities to pay their own rate case expense reimbursement prior to seeking reimbursement or to expressly obligate themselves by ordinance to pay irrespective of reimbursement.

ACSC maintains that the rules are designed to discourage municipal participation in gas utility rate cases by unfairly impairing cities' ability to participate while doing nothing to constrain utilities. Ratepayers

will ultimately suffer because without cities' involvement, utility applications will receive less scrutiny, which over time, could

lead to higher gas utility rates.

ACSC has vocally opposed the rules since their proposal, and has not been alone. In August, cities and legislators filed comments opposing the proposed rules. ACSC commented that the rules would establish punitive and unnecessary obstacles to cities performing their functions as local regulatory authorities. In September, the RRC held a hearing where officials representing more than 200 cities across the state testified that the rule changes could deter challenges and lead to inflated gas rates.

Again at the December 9<sup>th</sup> Open Meeting, the Commission took comments from legislators and city officials opposing the rules, including Representative Jim Keffer, chairman of the House Energy Resources Committee, who warned the Commission that adopting the rules would guarantee legislation. However, despite the widespread opposition, the Commission adopted the rules with little discussion. This may be because the Commission adopted the rules with a September 1, 2015 effective date, giving the legislature the opportunity to outlaw the rules in the upcoming session. ACSC is actively pursuing such legislative remedies and will continue these efforts into the session.



**AMARILLO AND LUBBOCK APPEAL RRC DECISION  
TO MOVE TOWARDS SYSTEM-WIDE RATES**

In April, a Travis County District Court heard oral argument in the appeal of GUD No. 10174, the 2012 Atmos West Texas Division rate case. On May 6, the District Court judge affirmed the RRC's Final Order approving the implementation of system-wide rates that, for the first time, eliminated the rate differentials between the cities in the Atmos West Texas Division



service area including Lubbock, Amarillo, Channing and Dalhart.

The cities appealed the district court's decision and filed their Initial Brief with the Eighth Court of Appeals on October 20, 2014. The Steering Committee of Cities Served by Atmos West Texas, filed a brief in support of the RRC Final Order in November. The appellate court has yet to set a hearing date.

**What to Expect in 2015?**

**LEGISLATIVE AGENDA**

By far the hottest topic of 2015 is the 84<sup>th</sup> Texas Legislative Session, which begins January 13, 2015 and runs through June 1, 2015. ACSC representatives have spent the past year actively preparing a full agenda and are hopeful the session will prove successful. As in the past, this session's agenda is primarily focused on defensive issues, however, the Steering Committee will also be advocating for city protective legislation, particularly in light of the newly adopted RRC rules.

As mentioned above, the new RRC rules effectively inhibit municipal participation in gas utility rate cases by limiting discovery and litigation expense recovery, which ACSC strongly opposes. In addition to advocating for legislation to block these rules, ACSC will pursue action to change the standard of review at the RRC from de novo to substantial evidence, to reduce litigation and costs and give greater deference to municipal decisions. ACSC will also push for transferring gas utility distribution ratemaking authority from the RRC to the Public Utility Commission, or transferring gas utility distribution ratemaking hearings to the State Office of

Administrative Hearings, so consumers can benefit from greater evaluation of gas utility issues. Additionally, cities support revising the Gas Reliability Infrastructure Program to allow for municipal contest and review in a manner similar to rate cases, as well as changing the name of the RRC to more accurately represent the Commission's current responsibilities.

Defensively, ACSC will oppose audit based rate-making proposals or other piecemeal ratemaking efforts to the extent that they reduce the ability of cities and the Commission to effectively fulfill their regulatory functions, any effort to reduce or eliminate cities' original jurisdiction in rate cases, legislation that would erode franchise fee payments, and legislation that would be detrimental to cities' position on utility relocations.

Please keep in mind that this is a working agenda and is subject to additional research and evaluation as the session progresses. If there are any other issues that you would like to see added to the agenda, please feel free to contact us at any point.



**2015 ACSC MEETINGS SCHEDULE**

Thursday, April 9	Thursday, September 10
Thursday, July 2	Thursday, December 10

**Questions?**

For questions or concerns regarding any ACSC matter or communication, please contact the following representatives, who will be happy to provide assistance:

**Geoffrey Gay**  
512-322-5875  
ggay@lglawfirm.com

**Thomas Brocato**  
512-322-5857  
tbrocato@lglawfirm.com



Lloyd Gosselink Rochelle and Townsend, P.C.

816 Congress Avenue Suite 1900

Austin, Texas 78701

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**Issue**

Consider and/or act upon a Resolution approving the settlement reached between the Atmos Cities Steering Committee (ACSC) and Atmos Energy Corp., Mid-Tex Division.

**Staff Resource/Department**

Linda Truitt, Finance Director

**Summary**

The City of Murphy, Texas is a member of a 165-member city coalition known as the Atmos Cities Steering Committee (ACSC). The resolution approves the settlement reached between the ACSC and Atmos Energy Corp., Mid-Tex Division.

**Background/History**

The City, along with other similarly situated cities served by Atmos Energy Corp., Mid-Tex Division ("Atmos Mid-Tex" or "Company"), is a member of the Atmos Cities Steering Committee ("ACSC"). The RRM Tariff was adopted by the City as an alternative to the Gas Reliability Infrastructure Program ("GRIP"), the statutory provision that allows Atmos to bypass the City's rate regulatory authority to increase its rates annually to recover capital investments. In February 2014, Atmos Mid-Tex filed its second annual filing under the Rate Review Mechanism ("RRM") Tariff, seeking an increase of \$45.7 million. Although ACSC attempted to reach a settlement with the Company as it had in past years, the wide differences between the Company and ACSC's consultants' recommendations made a compromise impossible. On the recommendation of the ACSC Executive Committee and ACSC's legal counsel, the City of Murphy adopted a Resolution on May 6, 2014 denying the requested rate increase.

The Company appealed the City's denial to the Railroad Commission of Texas ("Commission"), and revised its requested increase to \$43.8 million. A hearing was held on the Company's appeal on September 3, 2014. On April 28, 2015, the Commission's Hearings Examiner issued his Proposal for Decision ("PFD") in the Company's appeal of the City's denial of the 2014 RRM rate increase. This PFD was not favorable to ACSC, but did recommend a reduction of approximately \$860,000 to the Company's adjusted 2014 filing.

While the parties were waiting for the PFD from the Hearings Examiner in the appeal of the 2014 RRM filing, on February 27, 2015, Atmos Mid-Tex filed with the City another rate increase request under the RRM Tariff, seeking additional revenues in the amount of \$28.762 million (total system) or \$24.0 million (affected cities). The City worked with ACSC to analyze the schedules and evidence offered by Atmos Mid-Tex to support its 2015 request to increase rates. The Resolution and attached Settlement Agreement and tariffs are the result of negotiation between the Mid-Tex Executive Committee and the Company to resolve issues raised by ACSC during the review and evaluation of Atmos Mid-Tex's filing. The recommended Settlement Agreement also requires Atmos to abate its appeal of the City's rejection of the 2014 RRM rate increase pending approval by all ACSC cities of the Settlement Agreement. The Agreement requires Atmos to give the City the benefit of the adjustments to the 2014 rate increase recommended by the PFD.

The Resolution and Settlement tariffs approve rates that will increase the Company's revenues by \$65.7 million for the Mid-Tex Rate Division, effective for bills rendered on or after June 1, 2015. The monthly

residential customer charge will be \$18.60. The consumption charge will change from \$0.08819 per Ccf to \$0.09931 per Ccf. The monthly bill impact for the typical residential customer consuming 60 Ccf will be an increase of \$1.14 (about a 1.59% increase in the base bill). The typical commercial customer will see an increase of \$2.69 or 0.96%.

The ACSC Executive Committee and its designated legal counsel and consultants recommend that all Cities adopt the Resolution approving the negotiated Settlement Agreement resolving both the 2014 and the 2015 RRM filings, and implementing the rate change.

#### **RRM Background:**

The RRM tariff was originally approved by ACSC Cities as part of the settlement agreement to resolve the Atmos Mid-Tex 2007 system-wide rate filing at the Railroad Commission. In early 2013, the City adopted a renewed RRM tariff for an additional five years. This is the third RRM filing under the renewed tariff. The RRM tariff and the process implementing that tariff were created collaboratively by ACSC and Atmos Mid-Tex as an alternative to the legislatively-authorized GRIP surcharge process. ACSC has opposed GRIP because it constitutes piecemeal ratemaking, does not allow any review of the reasonableness of Atmos' expenditures, and does not allow participation by cities or recovery of cities' rate case expenses. In contrast, the RRM process has allowed for a more comprehensive rate review and annual adjustment as a substitute for GRIP filings. ACSC's consultants have calculated that had Atmos filed its 2015 case under the GRIP provisions, it would have received additional revenues from ratepayers of approximately \$10 million.

#### **Purpose of the Resolution:**

The purpose of the Resolution is to approve the Settlement Agreement and the resulting rate change under the RRM tariff. As a result of the negotiations, the Executive Committee was able to reduce the Company's requested \$28.8 million rate increase for Mid-Tex cities to \$21,962,784. When added to the settlement of the 2014 RRM filing and the adjustments recommended by the PFD, the Company will receive total additional annual revenues of \$65.7 million. Because the 2014 rates have been in effect since June 1, 2014, the increase to currently-billed rates is \$21 million. Approval of the Resolution will result in rates that implement an increase in Atmos Mid-Tex's revenues effective June 1, 2015.

#### **Why Approve the Settlement Agreement:**

While it is annoying and disconcerting to annually consider rate adjustments from Atmos Mid-Tex, the Texas legislature has granted gas utilities the right, through the GRIP process, to an annual increase based on increases in invested capital. GRIP is piecemeal ratemaking and ignores increases in revenues and declines in O&M expenses that may be associated with plant additions. ACSC found it preferable to negotiate with Atmos to substitute an expedited comprehensive review process that includes consideration of revenues and expenses as well as invested capital for the GRIP process.

Compelling reasons for approving the Settlement include:

1. While the 2015 RRM system-wide filing exceeded \$28 million, a comparable GRIP filing would have been in excess of \$38 million. ACSC has negotiated a reduction to the 2015 filing of approximately \$6 million. Therefore, the 2015 RRM result is approximately \$16 million better for ratepayers within municipal limits than ratepayers within Environs.

2. ACSC counsel is convinced that the Proposal for Decision (“PFD”) by Railroad Commission Examiners in the 2014 RRM appeal will not improve if we file Exceptions and Replies to Exceptions. Counsel recommends action to avoid the PFD becoming a final order that would serve as precedent in future rate proceedings.
3. The token benefit to ratepayers authorized in the PFD to the 2014 appeal has been incorporated into the Settlement Agreement.
4. Atmos will file its formal withdrawal of its 2014 appeal only after all ACSC members approve the Settlement Agreement.
5. The alternative to approval of the Settlement Agreement would be another contested case hearing on appeal of the 2015 filing, implementation of interim rates on June 1, 2015 at the full value of the Company’s request (or \$6 million higher than proposed by the Settlement) and continuation of the 2014 appeal with resulting rate case expenses borne by ratepayers.

**Explanation of “Be It Resolved” Sections:**

1. This section approves all findings in the Resolution.
2. This section finds the Settlement Agreement (attached to the Resolution) to be a comprehensive settlement of gas utility rate issues arising from Atmos Mid-Tex’s 2014 and 2015 RRM filings, and that such settlement is in the public interest and consistent with the City’s statutory authority.
3. This section finds the existing Atmos Mid-Tex rates to be unreasonable, and approves the new tariffed rates providing for additional revenues over currently-billed rates of \$21 million and adopts the attached new rate tariffs.
4. This section establishes the baseline for pensions and other post-employment benefits for future rate cases.
5. This section renews the Atmos Mid-Tex RRM Tariff for an additional period of time, commencing with the filing to be made on March 1, 2016, and continuing until the RRM Tariff is suspended by ordinance of the City.
6. This section requires the Company to reimburse Cities for reasonable ratemaking costs associated with reviewing and processing the RRM filing.
7. This section repeals any resolution that is inconsistent with this Resolution.
8. This section finds that the meeting was conducted in compliance with the Texas Open Meetings Act, Texas Government Code, Chapter 551.
9. This section is a savings clause, which provides that if any section(s) is later found to be unconstitutional or invalid, that finding shall not affect, impair or invalidate the remaining provisions of this Resolution. This section further directs that the remaining provisions of the Resolution are to be interpreted as if the offending section or clause never existed.
10. This section provides for an effective date upon passage which, according to the Cities’ ordinance that adopted the RRM process, is June 1, 2015.

11. This paragraph directs that a copy of the signed Resolution be sent to a representative of the Company and legal counsel for the Steering Committee.

**Board Discussion/Action**

N/A

**Financial Considerations**

N/A

**Staff Recommendation**

Approval of the resolution as presented.

**Attachments**

1) Resolution with Attachments A through D

**RESOLUTION NO. 15-R-817**

**AN RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MURPHY, TEXAS, APPROVING A NEGOTIATED SETTLEMENT BETWEEN THE ATMOS CITIES STEERING COMMITTEE (“ACSC”) AND ATMOS ENERGY CORP., MID-TEX DIVISION REGARDING THE COMPANY’S 2014 AND 2015 RATE REVIEW MECHANISM FILINGS; APPROVING A SETTLEMENT AGREEMENT WITH ATTACHED RATE TARIFFS AND PROOF OF REVENUES; DECLARING EXISTING RATES TO BE UNREASONABLE; ADOPTING TARIFFS THAT REFLECT RATE ADJUSTMENTS CONSISTENT WITH THE NEGOTIATED SETTLEMENT; FINDING THE RATES TO BE SET BY THE SETTLEMENT TARIFFS TO BE JUST AND REASONABLE AND IN THE PUBLIC INTEREST; REQUIRING THE COMPANY TO REIMBURSE ACSC’S REASONABLE RATEMAKING EXPENSES; DETERMINING THAT THIS RESOLUTION WAS PASSED IN ACCORDANCE WITH THE REQUIREMENTS OF THE TEXAS OPEN MEETINGS ACT; ADOPTING A SAVINGS CLAUSE; DECLARING AN EFFECTIVE DATE; AND REQUIRING DELIVERY OF THIS RESOLUTION TO THE COMPANY AND THE ACSC’S LEGAL COUNSEL.**

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

**WHEREAS**, the City is a member of the Atmos Cities Steering Committee (“ACSC”), a coalition of similarly-situated cities served by Atmos Mid-Tex (“ACSC Cities”) that have joined together to facilitate the review of and response to natural gas issues affecting rates charged in the Atmos Mid-Tex service area; and

**WHEREAS**, ACSC and the Company worked collaboratively to develop a new Rate Review Mechanism (“RRM”) tariff that allows for an expedited rate review process by ACSC Cities as a substitute to the Gas Reliability Infrastructure Program (“GRIP”) process instituted by the Legislature, and that will establish rates for the ACSC Cities based on the system-wide cost of serving the Atmos Mid-Tex Division; and

**WHEREAS**, the initial RRM Tariff was in effect for four (4) years; and

**WHEREAS**, ACSC Cities and Atmos Mid-Tex entered into another settlement agreement and revised the RRM Tariff; and

**WHEREAS**, ACSC Cities and Atmos Mid-Tex compromised and reached agreements on the amount of the rate increases to be in effect for the RRM Tariff filings for 2012 and 2013; and

**WHEREAS**, ACSC Cities and Atmos Mid-Tex were unable to reach an agreement on the 2014 RRM Tariff filing, resulting in the ACSC Cities' rejection of the 2014 RRM filing; and

**WHEREAS**, Atmos Mid-Tex appealed the ACSC Cities' actions rejecting its 2014 RRM filing to the Railroad Commission of Texas ("Commission"), pursuant to the provisions of the RRM Tariff; and

**WHEREAS**, Atmos Mid-Tex and ACSC litigated the appeal of the 2014 RRM filing at the Commission; and

**WHEREAS**, on February 27, 2015, Atmos Mid-Tex filed its 2015 RRM Tariff filing, requesting to increase natural gas base rates system-wide by \$28.762 million; and

**WHEREAS**, ACSC coordinated its review of Atmos Mid-Tex RRM filing through its Executive Committee, assisted by ACSC's attorneys and consultants, to resolve issues identified in the Company's RRM filing; and

**WHEREAS**, Atmos Mid-Tex has agreed to withdraw its appeal of ACSC's rejection of its 2014 RRM Tariff rate increase; and

**WHEREAS**, the Executive Committee, as well as ACSC's counsel and consultants, recommend that ACSC Cities approve the attached Settlement Agreement (Attachment A to this Resolution) as well as the tariffs attached thereto, resolving both the 2014 and the 2015 RRM Tariff filings, which together will increase the Company's revenues by \$65.7 million over the amount allowed under City-approved rates set in 2013; and

**WHEREAS**, the attached tariffs implementing new rates are consistent with the negotiated Settlement Agreement and are just, reasonable, and in the public interest; and

**WHEREAS**, the RRM Tariff should be renewed for a period of time commencing in 2016 and continuing until the RRM Tariff is suspended by ordinance of the City; and

**WHEREAS**, the RRM Tariff contemplates reimbursement of ACSC's reasonable expenses associated with RRM applications;

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MURPHY, TEXAS:**

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

**Section 2.** That the City Council finds that the Settlement Agreement (Attachment A to this Resolution) represents a comprehensive settlement of gas utility rate issues affecting the

rates, operations, and services offered by Atmos Mid-Tex within the municipal limits arising from Atmos Mid-Tex's 2014 and 2015 RRM filings, is in the public interest, and is consistent with the City's authority under Section 103.001 of the Texas Utilities Code.

**Section 3.** That the existing rates for natural gas service provided by Atmos Mid-Tex are unreasonable. The new tariffs attached hereto and incorporated herein as Attachment C, are just and reasonable, and are designed to allow Atmos Mid-Tex to recover annually an additional \$65.7 million in revenue over the amount allowed under currently approved rates, or \$21 million over currently-billed rates, as shown in the Proof of Revenues attached hereto and incorporated herein as Attachment B; such tariffs are hereby adopted.

**Section 4.** That the ratemaking treatment for pensions and other post-employment benefits in Atmos' next RRM filing shall be as set forth on Attachment D, attached hereto and incorporated herein.

**Section 5.** That in an effort to streamline the regulatory review process, the Atmos Mid-Tex RRM Tariff is renewed for a period commencing with the Company's March 1, 2016 RRM filing for calendar year 2015, effective June 1, 2016, and continuing thereafter until such time as the City adopts an ordinance suspending operation of the RRM Tariff.

**Section 6.** That Atmos Mid-Tex shall reimburse the reasonable ratemaking expenses of the ACSC in processing the Company's RRM application.

**Section 7.** That to the extent any resolution previously adopted by the Council is inconsistent with this Resolution, it is hereby repealed.

**Section 8.** That the meeting at which this Resolution was approved was in all things conducted in strict compliance with the Texas Open Meetings Act, Texas Government Code, Chapter 551.

**Section 9.** That if any one or more sections or clauses of this Resolution is adjudged to be unconstitutional or invalid, such judgment shall not affect, impair or invalidate the remaining provisions of this Resolution and the remaining provisions of the Resolution shall be interpreted as if the offending section or clause never existed.

**Section 10.** That consistent with the City ordinance that established the RRM process, this Resolution shall become effective from and after its passage with rates authorized by attached tariffs to be effective for bills rendered on or after June 1, 2015.

**Section 11.** That a copy of this Resolution shall be sent to Atmos Mid-Tex, care of Chris Felan, Vice President of Rates and Regulatory Affairs Mid-Tex Division, Atmos Energy Corporation, 5420 LJB Freeway, Suite 1862, Dallas, Texas 75240, and to Geoffrey Gay, General Counsel to ACSC, at Lloyd Gosselink Rochelle & Townsend, P.C., 816 Congress Avenue, Suite 1900, Austin, Texas 78701.

PASSED AND APPROVED this \_\_\_\_\_ day of \_\_\_\_\_, 2015.

\_\_\_\_\_  
Eric Barna, Mayor

ATTEST:

\_\_\_\_\_  
Susie Quinn, City Secretary

APPROVED AS TO FORM:

\_\_\_\_\_  
Andy Messer, City Attorney

**SETTLEMENT AGREEMENT BETWEEN ATMOS ENERGY CORP., MID-TEX  
DIVISION AND ATMOS CITIES STEERING COMMITTEE**

WHEREAS, this agreement (“Settlement Agreement”) is entered into by Atmos Energy Corp’s Mid-Tex Division and Atmos Cities Steering Committee (“ACSC”) whose members include the Cities of Abilene, Addison, Allen, Alvarado, Angus, Anna, Argyle, Arlington, Aubrey, Bedford, Bellmead, Benbrook, Beverly Hills, Blossom, Blue Ridge, Bowie, Boyd, Bridgeport, Brownwood, Buffalo, Burkburnett, Burleson, Caddo Mills, Canton, Carrollton, Cedar Hill, Celeste, Celina, Centerville, Cisco, Clarksville, Cleburne, Clyde, College Station, Colleyville, Colorado City, Comanche, Commerce, Coolidge, Coppell, Copperas Cove, Corinth, Corral City, Crandall, Crowley, Dalworthington Gardens, Denison, DeSoto, Duncanville, Eastland, Edgecliff Village, Emory, Ennis, Euless, Everman, Fairview, Farmers Branch, Farmersville, Fate, Flower Mound, Forest Hill, Fort Worth, Frisco, Frost, Gainesville, Garland, Garrett, Grand Prairie, Grapevine, Gunter, Haltom City, Harker Heights, Haskell, Haslet, Hewitt, Highland Park, Highland Village, Honey Grove, Hurst, Hutto, Iowa Park, Irving, Justin, Kaufman, Keene, Keller, Kemp, Kennedale, Kerens, Kerrville, Killeen, Krum, Lake Worth, Lakeside, Lancaster, Lewisville, Lincoln Park, Little Elm, Lorena, Madisonville, Malakoff, Mansfield, McKinney, Melissa, Mesquite, Midlothian, Murphy, Newark, Nocona, North Richland Hills, Northlake, Oakleaf, Ovilla, Palestine, Pantego, Paris, Parker, Pecan Hill, Petrolia, Plano, Ponder, Pottsboro, Prosper, Quitman, Red Oak, Reno (Parker County), Richardson, Richland, Richland Hills, Roanoke, Robinson, Rockwall, Roscoe, Rowlett, Royse City, Sachse, Saginaw, Sansom Park, Seagoville, Sherman, Snyder, Southlake, Springtown, Stamford, Stephenville, Sulphur Springs, Sweetwater, Temple, Terrell, The Colony, Trophy Club, Tyler, University Park, Venus, Vernon, Waco, Watauga, Waxahachie, Westlake, White Settlement, Whitesboro, Wichita Falls, Woodway, and Wylie.

WHEREAS, on February 28, 2014, Atmos filed with the ACSC Cities an application, hereinafter referred to as the 2014 RRM filing, to adjust rates pursuant to Rider RRM - Rate Review Mechanism, which were subsequently consolidated into GUD No. 10359 at the Railroad Commission of Texas; and

WHEREAS, on February 27, 2015, Atmos filed with the ACSC Cities an application, hereinafter referred to as the 2015 RRM filing, to adjust rates pursuant to Rider RRM - Rate Review Mechanism; and

WHEREAS, the Settlement Agreement resolves all issues between Atmos and ACSC (“the Signatories”) regarding the 2014 RRM filing, which is currently pending before the Commission, and the 2015 RRM filing, which is currently pending before the ACSC Cities, in a manner that the Signatories believe is consistent with the public interest, and the Signatories represent diverse interests; and

WHEREAS, the Signatories believe that the resolution of the issues raised in the 2014 RRM filing and the 2015 RRM filing can best be accomplished by each ACSC City approving this Settlement Agreement and the rates, terms and conditions reflected in the tariffs attached to this Settlement Agreement as Exhibit A;

NOW, THEREFORE, in consideration of the mutual agreements and covenants established herein, the Signatories, through their undersigned representatives, agree to the

following Settlement Terms as a means of fully resolving all issues between Atmos and the ACSC Cities involving the 2014 RRM filing and 2015 RRM filing:

Settlement Terms

1. Upon the execution of this Settlement Agreement, the ACSC Cities will approve an ordinance or resolution to approve the Settlement Agreement and implement the rates, terms and conditions reflected in the tariffs attached to the Settlement Agreement as Exhibit A. (Attachment A to the Ordinance ratifying the Agreement). Said tariffs should allow Atmos to recover annually an additional \$65.7 million in revenue over the amount allowed under currently approved rates by implementation of rates shown in the proof of revenues attached as Exhibit B. (Attachment B to the Ordinance ratifying this Agreement). The uniform implementation of gas rates, terms and conditions established by the Settlement Agreement shall be effective for bills rendered on or after June 1, 2015. Consistent with the City's authority under Section 103.001 of the Texas Utilities Code, the Settlement Agreement represents a comprehensive settlement of gas utility rate issues affecting the rates, operations and services offered by Atmos within the municipal limits of the ACSC Cities arising from Atmos' 2014 RRM filing and 2015 RRM filing. No refunds of charges billed to customers by Atmos under the RRM in past periods shall be owed or owing.
2. In an effort to streamline the regulatory review process, Atmos and the ACSC Cities have agreed to renew the Rate Review Mechanism ("Rider RRM") for a period commencing with the Company's March 1, 2016 filing under this mechanism for the calendar year 2015, effective June 1, 2016, and continuing thereafter until such time as either the ACSC Cities issue an ordinance stating a desire to discontinue the operation of the tariff or Atmos files a Statement of Intent. Atmos and the ACSC Cities further agree that the RRM tariff shall remain in effect until such time as new, final rates are established for Atmos. Upon approval of this Settlement Agreement by the ACSC Cities, Atmos shall file an updated RRM Tariff with each city reflecting the provisions of this agreement.
3. Atmos and the ACSC Cities agree that rate base as of December 31, 2014 in the amount of \$1,955,948,256 is just and reasonable and shall be recovered in rates.
4. Atmos and the ACSC Cities agree that a pension and other postemployment benefits balance as of December 31, 2014 in the amount of \$18,284,949 is just and reasonable and shall be used as the beginning balance for purposes of determining pension and other postemployment benefits to be recovered in the next RRM filing (Attachment D to the Ordinance ratifying the Agreement).
5. With regard to the treatment of Atmos' Rule 8.209 regulatory asset under the RRM, Atmos and the ACSC Cities agree to the following with respect to any pending and future RRM filings:
  - a. the capital investment in the Rule 8.209 regulatory asset in the 2014 RRM filing and 2015 RRM filing is reasonable and consistent with the requirements of Rule 8.209;

- b. the classification of projects included in the Rule 8.209 regulatory asset in the 2014 RRM filing and 2015 RRM filing is reasonable and consistent with the requirements of Rule 8.209 and shall serve as a basis for classification of projects in future RRM filings;
  - c. the treatment of blanket replacement projects, system upgrades, relocations, and transmission line replacements in the Rule 8.209 regulatory asset in the 2014 RRM filing and 2015 RRM filing is reasonable and consistent with the requirements of Rule 8.209 and shall be included in future RRM filings.
  - d. the incurred expenses included in the Rule 8.209 regulatory asset in the 2014 RRM and the 2015 RRM are reasonable and consistent with the requirements of Rule 8.209 and shall be included in future RRM filings;
  - e. interest on the Rule 8.209 regulatory asset account shall be calculated using the pre-tax cost of capital most recently approved by the Commission. The use of the pre-tax cost of capital is consistent with Rule 8.209. A return on Rule 8.209 capital investment is only earned once the investment is included in rate base. No change in the Company's calculation of the interest component in its Rule 8.209 regulatory asset accounts is warranted through the period ended May 31, 2015. Beginning June 1, 2015, interest expense shall be calculated monthly using simple interest (*i.e.* 11.49% divided by 12, or approximately 0.96% per month) applied to the total value of the Rule 8.209 asset investment (exclusive of interest) until such time the Rule 8.209 regulatory asset is approved for inclusion in the Company's rate base.
  - f. While Atmos and the ACSC Cities agree to apply the treatments and methodologies set forth in this paragraph, subsections (a) – (e) in all future RRM filings, the regulatory authority retains its right to disallow any capital investment that is not shown to be prudently incurred, and any expense not shown to be reasonable and necessary, in future RRM filings.
  - g. Atmos and the ACSC Cities acknowledge that their agreement regarding the treatment and methodologies applicable to Rule 8.209 capital investments under the RRM tariff shall not prejudice the right of either party to argue for different treatments or methodologies in a future statement of intent proceeding.
6. Revenues approved pursuant to Paragraph 1 of the Settlement Agreement include reimbursement of rate case expenses owed to the ACSC Cities in connection with the 2014 RRM filing.
  7. The Signatories agree that each ACSC city shall approve this Settlement Agreement and adopt an ordinance or resolution to implement for the ACSC Cities the rates, terms, and conditions reflected in the tariffs attached to the Settlement Agreement as Exhibit A. Atmos and ACSC further agree that at such time as all of the ACSC Cities have passed an ordinance or resolution consistent with the Settlement and Atmos has received such ordinance or resolution, Atmos shall withdraw its appeal of the currently pending RRM filing before the Railroad Commission of Texas in connection with the 2014 RRM filing.

8. Atmos and the ACSC Cities further agree that the express terms of the Rider RRM are supplemental to the filing, notice, regulatory review, or appellate procedural process of the ratemaking provisions of Chapter 104 of the Texas Utilities Code. If the statute requires a mandatory action on behalf of the municipal regulatory authority or Atmos, the parties will follow the provisions of such statute. If the statute allows discretion on behalf of the municipal regulatory authority, the ACSC Cities agree that they shall exercise such discretion in such a way as to implement the provisions of the RRM tariff. If Atmos appeals an action or inaction of an ACSC City regarding an RRM filing to the Railroad Commission, the ACSC Cities agree that they will not oppose the implementation of interim rates or advocate the imposition of a bond by Atmos consistent with the RRM tariff. Atmos agrees that it will make no filings on behalf of its Mid-Tex Division under the provisions of Section 104.301 of the Texas Utilities Code while the Rider RRM is in place. In the event that a regulatory authority fails to act or enters an adverse decision regarding the proposed annual RRM adjustment, the Railroad Commission of Texas shall have exclusive appellate jurisdiction, pursuant to the provisions of the Texas Utilities Code, to review the action or inaction of the regulatory authority exercising exclusive original jurisdiction over the RRM request. In addition, the Signatories agree that this Settlement Agreement shall not be construed as a waiver of the ACSC Cities' right to initiate a show cause proceeding or the Company's right to file a Statement of Intent under the provisions of the Texas Utilities Code.
9. The Signatories agree that the terms of the Settlement Agreement are interdependent and indivisible, and that if any ACSC city enters an order that is inconsistent with this Settlement Agreement, then any Signatory may withdraw without being deemed to have waived any procedural right or to have taken any substantive position on any fact or issue by virtue of that Signatory's entry into the Settlement Agreement or its subsequent withdrawal. If any ACSC city rejects this Settlement Agreement, then this Settlement Agreement shall be void *ab initio* and counsel for the ACSC Cities shall thereafter only take such actions as are in accordance with the Texas Disciplinary Rules of Professional Conduct.
10. The Signatories agree that all negotiations, discussions and conferences related to the Settlement Agreement are privileged, inadmissible, and not relevant to prove any issues associated with Atmos' 2014 RRM filing and 2015 RRM filing.
11. The Signatories agree that neither this Settlement Agreement nor any oral or written statements made during the course of settlement negotiations may be used for any purpose other than as necessary to support the entry by the ACSC Cities of an ordinance or resolution implementing this Settlement Agreement.
12. The Signatories agree that this Settlement Agreement is binding on each Signatory only for the purpose of settling the issues set forth herein and for no other purposes, and, except to the extent the Settlement Agreement governs a Signatory's rights and obligations for future periods, this Settlement Agreement shall not be binding or precedential upon a Signatory outside this proceeding.

Attachment A

[Agenda Item 6.D.](#)

13. The Signatories agree that this Settlement Agreement may be executed in multiple counterparts and may be filed with facsimile signatures.

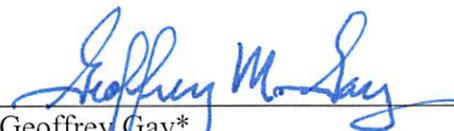
Agreed to this 7 day of May, 2015.

ATMOS ENERGY CORP., MID-TEX DIVISION

By: John A. Paris  
John A. Paris  
President, Mid-Tex Division

Agreed to this 7th day of May 2015.

ATTORNEY FOR ATMOS CITIES STEERING COMMITTEE, WHOSE MEMBERS INCLUDE THE CITIES OF ABILENE, ADDISON, ALLEN, ALVARADO, ANGUS, ANNA, ARGYLE, ARLINGTON, AUBREY, BEDFORD, BELLMEAD, BENBROOK, BEVERLY HILLS, BLOSSOM, BLUE RIDGE, BOWIE, BOYD, BRIDGEPORT, BROWNWOOD, BUFFALO, BURKBURNETT, BURLESON, CADDO MILLS, CANTON, CARROLLTON, CEDAR HILL, CELESTE, CELINA, CENTERVILLE, CISCO, CLARKSVILLE, CLEBURNE, CLYDE, COLLEGE STATION, COLLEYVILLE, COLORADO CITY, COMANCHE, COMMERCE, COOLIDGE, COPPELL, COPPERAS COVE, CORINTH, CORRAL CITY, CRANDALL, CROWLEY, DALWORTHINGTON GARDENS, DENISON, DESOTO, DUNCANVILLE, EASTLAND, EDGECLIFF VILLAGE, EMORY, ENNIS, EULESS, EVERMAN, FAIRVIEW, FARMERS BRANCH, FARMERSVILLE, FATE, FLOWER MOUND, FOREST HILL, FORT WORTH, FRISCO, FROST, GAINESVILLE, GARLAND, GARRETT, GRAND PRAIRIE, GRAPEVINE, GUNTER, HALTOM CITY, HARKER HEIGHTS, HASKELL, HASLET, HEWITT, HIGHLAND PARK, HIGHLAND VILLAGE, HONEY GROVE, HURST, HUTTO, IOWA PARK, IRVING, JUSTIN, KAUFMAN, KEENE, KELLER, KEMP, KENNEDALE, KERENS, KERRVILLE, KILLEEN, KRUM, LAKE WORTH, LAKESIDE, LANCASTER, LEWISVILLE, LINCOLN PARK, LITTLE ELM, LORENA, MADISONVILLE, MALAKOFF, MANSFIELD, MCKINNEY, MELISSA, MESQUITE, MIDLOTHIAN, MURPHY, NEWARK, NOCONA, NORTH RICHLAND HILLS, NORTHLAKE, OAKLEAF, OVILLA, PALESTINE, PANTEGO, PARIS, PARKER, PECAN HILL, PETROLIA, PLANO, PONDER, POTTSBORO, PROSPER, QUITMAN, RED OAK, RENO (PARKER COUNTY), RICHARDSON, RICHLAND, RICHLAND HILLS, ROANOKE, ROBINSON, ROCKWALL, ROSCOE, ROWLETT, ROYSE CITY, SACHSE, SAGINAW, SANSOM PARK, SEAGOVILLE, SHERMAN, SNYDER, SOUTHLAKE, SPRINGTOWN, STAMFORD, STEPHENVILLE, SULPHUR SPRINGS, SWEETWATER, TEMPLE, TERRELL, THE COLONY, TROPHY CLUB, TYLER, UNIVERSITY PARK, VENUS, VERNON, WACO, WATAUGA, WAXAHACHIE, WESTLAKE, WHITE SETTLEMENT, WHITESBORO, WICHITA FALLS, WOODWAY, AND WYLIE.

By:   
Geoffrey Gay\*

\* Subject to approval by ACSC City Councils

**MID-TEX DIVISION  
ATMOS ENERGY CORPORATION**

**RRC Tariff No:**  
Agenda Item 6.D.

<b>RATE SCHEDULE:</b>	<b>C – COMMERCIAL SALES</b>	
<b>APPLICABLE TO:</b>	<b>ALL CUSTOMERS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS AND UNINCORPORATED AREAS</b>	
<b>EFFECTIVE DATE:</b>	<b>Bills Rendered on or after 06/01/2015</b>	<b>PAGE:</b>

**Application**

Applicable to Commercial Customers for all natural gas provided at one Point of Delivery and measured through one meter and to Industrial Customers with an average annual usage of less than 30,000 Ccf.

**Type of Service**

Where service of the type desired by Customer is not already available at the Point of Delivery, additional charges and special contract arrangements between Company and Customer may be required prior to service being furnished.

**Monthly Rate**

Customer's monthly bill will be calculated by adding the following Customer and Ccf charges to the amounts due under the riders listed below:

<b>Charge</b>	<b>Amount</b>
Customer Charge per Bill	\$ 40.00 per month
Rider CEE Surcharge	\$ 0.00 per month <sup>1</sup>
<b>Total Customer Charge</b>	<b>\$ 40.00 per month</b>
Commodity Charge – All Ccf	\$ 0.08020 per Ccf

Gas Cost Recovery: Plus an amount for gas costs and upstream transportation costs calculated in accordance with Part (a) and Part (b), respectively, of Rider GCR.

Weather Normalization Adjustment: Plus or Minus an amount for weather normalization calculated in accordance with Rider WNA.

Franchise Fee Adjustment: Plus an amount for franchise fees calculated in accordance with Rider FF. Rider FF is only applicable to customers inside the corporate limits of any incorporated municipality.

Tax Adjustment: Plus an amount for tax calculated in accordance with Rider TAX.

Surcharges: Plus an amount for surcharges calculated in accordance with the applicable rider(s).

**Agreement**

An Agreement for Gas Service may be required.

**Notice**

Service hereunder and the rates for services provided are subject to the orders of regulatory bodies having jurisdiction and to the Company's Tariff for Gas Service.

**MID-TEX DIVISION  
ATMOS ENERGY CORPORATION**

**RRC Tariff No:**  
Agenda Item 6.D.

<b>RATE SCHEDULE:</b>	<b>I – INDUSTRIAL SALES</b>	
<b>APPLICABLE TO:</b>	<b>ALL CUSTOMERS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS AND UNINCORPORATED AREAS</b>	
<b>EFFECTIVE DATE:</b>	<b>Bills Rendered on or after 06/01/2015</b>	<b>PAGE:</b>

**Application**

Applicable to Industrial Customers with a maximum daily usage (MDU) of less than 3,500 MMBtu per day for all natural gas provided at one Point of Delivery and measured through one meter. Service for Industrial Customers with an MDU equal to or greater than 3,500 MMBtu per day will be provided at Company's sole option and will require special contract arrangements between Company and Customer.

**Type of Service**

Where service of the type desired by Customer is not already available at the Point of Delivery, additional charges and special contract arrangements between Company and Customer may be required prior to service being furnished.

**Monthly Rate**

Customer's monthly bill will be calculated by adding the following Customer and MMBtu charges to the amounts due under the riders listed below:

<b>Charge</b>	<b>Amount</b>
Customer Charge per Meter	\$ 700.00 per month
First 0 MMBtu to 1,500 MMBtu	\$ 0.2937 per MMBtu
Next 3,500 MMBtu	\$ 0.2151 per MMBtu
All MMBtu over 5,000 MMBtu	\$ 0.0461 per MMBtu

Gas Cost Recovery: Plus an amount for gas costs and upstream transportation costs calculated in accordance with Part (a) and Part (b), respectively, of Rider GCR.

Franchise Fee Adjustment: Plus an amount for franchise fees calculated in accordance with Rider FF. Rider FF is only applicable to customers inside the corporate limits of any incorporated municipality.

Tax Adjustment: Plus an amount for tax calculated in accordance with Rider TAX.

Surcharges: Plus an amount for surcharges calculated in accordance with the applicable rider(s).

**Curtailement Overpull Fee**

Upon notification by Company of an event of curtailment or interruption of Customer's deliveries, Customer will, for each MMBtu delivered in excess of the stated level of curtailment or interruption, pay Company 200% of the midpoint price for the Katy point listed in *Platts Gas Daily* published for the applicable Gas Day in the table entitled "Daily Price Survey."

**Replacement Index**

In the event the "midpoint" or "common" price for the Katy point listed in *Platts Gas Daily* in the table entitled "Daily Price Survey" is no longer published, Company will calculate the applicable imbalance fees utilizing a daily price index recognized as authoritative by the natural gas industry and most closely approximating the applicable index.

**MID-TEX DIVISION  
ATMOS ENERGY CORPORATION**

**RRC Tariff No:**  
[Agenda Item 6.D.](#)

<b>RATE SCHEDULE:</b>	<b>I – INDUSTRIAL SALES</b>	
<b>APPLICABLE TO:</b>	<b>ALL CUSTOMERS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS AND UNINCORPORATED AREAS</b>	
<b>EFFECTIVE DATE:</b>	<b>Bills Rendered on or after 06/01/2015</b>	<b>PAGE:</b>

**Agreement**

An Agreement for Gas Service may be required.

**Notice**

Service hereunder and the rates for services provided are subject to the orders of regulatory bodies having jurisdiction and to the Company’s Tariff for Gas Service.

**Special Conditions**

In order to receive service under Rate I, Customer must have the type of meter required by Company. Customer must pay Company all costs associated with the acquisition and installation of the meter.

**MID-TEX DIVISION  
ATMOS ENERGY CORPORATION**

**RRC Tariff No:**  
Agenda Item 6.D.

<b>RATE SCHEDULE:</b>	<b>R – RESIDENTIAL SALES</b>	
<b>APPLICABLE TO:</b>	<b>ALL CUSTOMERS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS AND UNINCORPORATED AREAS</b>	
<b>EFFECTIVE DATE:</b>	<b>Bills Rendered on or after 06/01/2015</b>	<b>PAGE:</b>

**Application**

Applicable to Residential Customers for all natural gas provided at one Point of Delivery and measured through one meter.

**Type of Service**

Where service of the type desired by Customer is not already available at the Point of Delivery, additional charges and special contract arrangements between Company and Customer may be required prior to service being furnished.

**Monthly Rate**

Customer's monthly bill will be calculated by adding the following Customer and Ccf charges to the amounts due under the riders listed below:

<b>Charge</b>	<b>Amount</b>
Customer Charge per Bill	\$ 18.60 per month
Rider CEE Surcharge	\$ 0.02 per month <sup>1</sup>
<b>Total Customer Charge</b>	<b>\$ 18.62 per month</b>
Commodity Charge – All <u>Ccf</u>	\$0.09931 per Ccf

Gas Cost Recovery: Plus an amount for gas costs and upstream transportation costs calculated in accordance with Part (a) and Part (b), respectively, of Rider GCR.

Weather Normalization Adjustment: Plus or Minus an amount for weather normalization calculated in accordance with Rider WNA.

Franchise Fee Adjustment: Plus an amount for franchise fees calculated in accordance with Rider FF. Rider FF is only applicable to customers inside the corporate limits of any incorporated municipality.

Tax Adjustment: Plus an amount for tax calculated in accordance with Rider TAX.

Surcharges: Plus an amount for surcharges calculated in accordance with the applicable rider(s).

**Agreement**

An Agreement for Gas Service may be required.

**Notice**

Service hereunder and the rates for services provided are subject to the orders of regulatory bodies having jurisdiction and to the Company's Tariff for Gas Service.

<sup>1</sup>Reference Rider CEE - Conservation And Energy Efficiency as approved in GUD 10170. Surcharge billing effective July 1, 2014.

**MID-TEX DIVISION  
ATMOS ENERGY CORPORATION**

**RRC Tariff No:**  
Agenda Item 6.D.

<b>RATE SCHEDULE:</b>	<b>T – TRANSPORTATION</b>	
<b>APPLICABLE TO:</b>	<b>ALL CUSTOMERS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS AND UNINCORPORATED AREAS</b>	
<b>EFFECTIVE DATE:</b>	<b>Bills Rendered on or after 06/01/2015</b>	<b>PAGE:</b>

**Application**

Applicable, in the event that Company has entered into a Transportation Agreement, to a customer directly connected to the Atmos Energy Corp., Mid-Tex Division Distribution System (Customer) for the transportation of all natural gas supplied by Customer or Customer's agent at one Point of Delivery for use in Customer's facility.

**Type of Service**

Where service of the type desired by Customer is not already available at the Point of Delivery, additional charges and special contract arrangements between Company and Customer may be required prior to service being furnished.

**Monthly Rate**

Customer's bill will be calculated by adding the following Customer and MMBtu charges to the amounts and quantities due under the riders listed below:

<b>Charge</b>	<b>Amount</b>
Customer Charge per Meter	\$ 700.00 per month
First 0 MMBtu to 1,500 MMBtu	\$ 0.2937 per MMBtu
Next 3,500 MMBtu	\$ 0.2151 per MMBtu
All MMBtu over 5,000 MMBtu	\$ 0.0461 per MMBtu

Upstream Transportation Cost Recovery: Plus an amount for upstream transportation costs in accordance with Part (b) of Rider GCR.

Retention Adjustment: Plus a quantity of gas as calculated in accordance with Rider RA.

Franchise Fee Adjustment: Plus an amount for franchise fees calculated in accordance with Rider FF. Rider FF is only applicable to customers inside the corporate limits of any incorporated municipality.

Tax Adjustment: Plus an amount for tax calculated in accordance with Rider TAX.

Surcharges: Plus an amount for surcharges calculated in accordance with the applicable rider(s).

**Imbalance Fees**

All fees charged to Customer under this Rate Schedule will be charged based on the quantities determined under the applicable Transportation Agreement and quantities will not be aggregated for any Customer with multiple Transportation Agreements for the purposes of such fees.

**Monthly Imbalance Fees**

Customer shall pay Company the greater of (i) \$0.10 per MMBtu, or (ii) 150% of the difference per MMBtu between the highest and lowest "midpoint" price for the Katy point listed in *Platts Gas Daily* in the table entitled "Daily Price Survey" during such month, for the MMBtu of Customer's monthly Cumulative Imbalance, as defined in the applicable Transportation Agreement, at the end of each month that exceeds 10% of Customer's receipt quantities for the month.

**MID-TEX DIVISION  
ATMOS ENERGY CORPORATION**

**RRC Tariff No:**  
Agenda Item 6.D.

<b>RATE SCHEDULE:</b>	<b>T – TRANSPORTATION</b>	
<b>APPLICABLE TO:</b>	<b>ALL CUSTOMERS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS AND UNINCORPORATED AREAS</b>	
<b>EFFECTIVE DATE:</b>	<b>Bills Rendered on or after 06/01/2015</b>	<b>PAGE:</b>

#### **Curtailement Overpull Fee**

Upon notification by Company of an event of curtailment or interruption of Customer's deliveries, Customer will, for each MMBtu delivered in excess of the stated level of curtailment or interruption, pay Company 200% of the midpoint price for the Katy point listed in *Platts Gas Daily* published for the applicable Gas Day in the table entitled "Daily Price Survey."

#### **Replacement Index**

In the event the "midpoint" or "common" price for the Katy point listed in *Platts Gas Daily* in the table entitled "Daily Price Survey" is no longer published, Company will calculate the applicable imbalance fees utilizing a daily price index recognized as authoritative by the natural gas industry and most closely approximating the applicable index.

#### **Agreement**

A transportation agreement is required.

#### **Notice**

Service hereunder and the rates for services provided are subject to the orders of regulatory bodies having jurisdiction and to the Company's Tariff for Gas Service.

#### **Special Conditions**

In order to receive service under Rate T, customer must have the type of meter required by Company. Customer must pay Company all costs associated with the acquisition and installation of the meter.

**MID-TEX DIVISION  
ATMOS ENERGY CORPORATION**

Agenda Item 6.D.

<b>RIDER:</b>	<b>WNA – WEATHER NORMALIZATION ADJUSTMENT</b>	
<b>APPLICABLE TO:</b>	<b>ALL CUSTOMERS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS AND UNINCORPORATED AREAS</b>	
<b>EFFECTIVE DATE:</b>	<b>Bills Rendered on or after 11/01/2015</b>	<b>PAGE:</b>

Provisions for Adjustment

The Commodity Charge per Ccf (100 cubic feet) for gas service set forth in any Rate Schedules utilized by the cities of the Mid-Tex Division service area for determining normalized winter period revenues shall be adjusted by an amount hereinafter described, which amount is referred to as the "Weather Normalization Adjustment." The Weather Normalization Adjustment shall apply to all temperature sensitive residential and commercial bills based on meters read during the revenue months of November through April. The five regional weather stations are Abilene, Austin, Dallas, Waco, and Wichita Falls.

Computation of Weather Normalization Adjustment

The Weather Normalization Adjustment Factor shall be computed to the nearest one-hundredth cent per Ccf by the following formula:

$$WNAF_i = R_i \frac{(HSF_i \times (NDD-ADD))}{(BL_i + (HSF_i \times ADD))}$$

Where

- $i$  = any particular Rate Schedule or billing classification within any such particular Rate Schedule that contains more than one billing classification
- $WNAF_i$  = Weather Normalization Adjustment Factor for the  $i^{th}$  rate schedule or classification expressed in cents per Ccf
- $R_i$  = Commodity Charge rate of temperature sensitive sales for the  $i^{th}$  schedule or classification.
- $HSF_i$  = heat sensitive factor for the  $i^{th}$  schedule or classification divided by the average bill count in that class
- $NDD$  = billing cycle normal heating degree days calculated as the simple ten-year average of actual heating degree days.
- $ADD$  = billing cycle actual heating degree days.
- $BL_i$  = base load sales for the  $i^{th}$  schedule or classification divided by the average bill count in that class

The Weather Normalization Adjustment for the  $j$ th customer in  $i$ th rate schedule is computed as:

$$WNA_j = WNAF_i \times q_{ij}$$

Where  $q_{ij}$  is the relevant sales quantity for the  $j$ th customer in  $i$ th rate schedule.

**MID-TEX DIVISION  
ATMOS ENERGY CORPORATION**

Agenda Item 6.D.

<b>RIDER:</b>	<b>WNA – WEATHER NORMALIZATION ADJUSTMENT</b>	
<b>APPLICABLE TO:</b>	<b>ALL CUSTOMERS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS AND UNINCORPORATED AREAS</b>	
<b>EFFECTIVE DATE:</b>	<b>Bills Rendered on or after 11/01/2015</b>	<b>PAGE:</b>

Base Use/Heat Use Factors

Weather Station	<u>Residential</u>		<u>Commercial</u>	
	Base use Ccf	Heat use Ccf/HDD	Base use Ccf	Heat use Ccf/HDD
Abilene	10.22	0.1404	98.80	0.6372
Austin	11.59	0.1443	213.62	0.7922
Dallas	14.12	0.2000	208.11	0.9085
Waco	9.74	0.1387	130.27	0.6351
Wichita Falls	11.79	0.1476	122.35	0.5772

Weather Normalization Adjustment (WNA) Report

On or before June 1 of each year, the company posts on its website at [atmosenergy.com/mtx-wna](http://atmosenergy.com/mtx-wna), in Excel format, a *Weather Normalization Adjustment (WNA) Report* to show how the company calculated its WNAs factor during the preceding winter season. Additionally, on or before June 1 of each year, the company files one hard copy and a Excel version of the *WNA Report* with the Railroad Commission of Texas' Gas Services Division, addressed to the Director of that Division.

ATMOS ENERGY CORP., MID-TEX DIVISION  
 PROOF OF REVENUES AND PROPOSED TARIFF STRUCTURE  
 TEST YEAR ENDING DECEMBER 31, 2014

	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1 Proposed Change In Rates:			\$21,066,527	Schedule A			
2 Proposed Change In Rates without Revenue Related Taxes:			\$19,757,254	Ln 1 divided by factor on WP_F-5.1			
3							
4							
5							

	Revenue Requirements	Allocations	
6			
7 Residential	\$ 338,431,486	77.95%	Per GUD 10170 Final Order
8 Commercial	\$ 84,223,622	19.40%	Per GUD 10170 Final Order
9 Industrial and Transportation	\$ 11,490,316	2.65%	Per GUD 10170 Final Order
10 Net Revenue Requirements GUD No. 10170	\$ 434,145,424		

18	Rate Class	Current	Proposed Change	Proposed Rates	Proposed Change In Revenues	Proposed Revenues	Proposed Rates with Rate Case Expenses
19							
20	Residential Base Charge	\$ 18.20	\$ 0.36	\$ 18.56	\$ 6,351,350	\$ 327,447,398	\$ 18.60
21	Residential Consumption Charge	\$ 0.08819	\$ 0.01112	\$ 0.09931	\$ 9,049,383	\$ 80,817,829	\$ 0.09931
22	Commercial Base Charge	\$ 38.50	\$ 1.37	\$ 39.87	\$ 2,000,584	\$ 58,221,364	\$ 40.00
23	Commercial Consumption Charge	\$ 0.07681	\$ 0.00339	\$ 0.08020	\$ 1,834,968	\$ 43,411,339	\$ 0.08020
24	I&T Base Charge	\$ 675.00	\$ 22.35	\$ 697.35	\$ 220,192	\$ 6,870,292	\$ 700.00
25	I&T Consumption Charge Tier 1 MMBTU	\$ 0.2807	\$ 0.0130	\$ 0.2937	\$ 142,055	\$ 3,209,350	\$ 0.2937
26	I&T Consumption Charge Tier 2 MMBTU	\$ 0.2056	\$ 0.0095	\$ 0.2151	\$ 117,051	\$ 2,650,282	\$ 0.2151
27	I&T Consumption Charge Tier 3 MMBTU	\$ 0.0441	\$ 0.0020	\$ 0.0461	\$ 42,703	\$ 984,314	\$ 0.0461
28					\$ 19,758,287	\$ 523,612,169	
29							

Data Sources:  
 GUD10170\_FINAL.xlsm

ATMOS ENERGY CORP., MID-TEX DIVISION  
 PROOF OF REVENUES AND PROPOSED TARIFF STRUCTURE  
 TEST YEAR ENDING DECEMBER 31, 2014

(a)	(b)	(c)	(d)	(e)	(f)	(g)	
1 Proposed Change In Rates:		\$21,066,527	Schedule A				
2 Proposed Change In Rates without Revenue Related Taxes:		\$19,757,254	Ln 1 divided by factor on WP_F-5.1				
3							
4							
5							
6							
		Revenue					
		Requirements	Allocations				
7 Residential	\$ 338,431,486		77.95%	Per GUD 10170 Final Order			
8 Commercial	\$ 84,223,622		19.40%	Per GUD 10170 Final Order			
9 Industrial and Transportation	\$ 11,490,316		2.65%	Per GUD 10170 Final Order			
10 Net Revenue Requirements GUD No. 10170	<u>\$ 434,145,424</u>						
11							
12							
17							
18	Rate Class	Current	Proposed Change	Proposed Rates	Proposed Change In Revenues	Proposed Revenues	Proposed Rates with Rate Case Expenses
19							
20 Residential Base Charge	\$ 18.20	\$ 0.36	\$ 18.56	\$ 6,351,350	\$ 327,447,398	\$ 18.60	
21 Residential Consumption Charge	\$ 0.08819	\$ 0.01112	\$ 0.09931	\$ 9,049,383	\$ 80,817,829	\$ 0.09931	
22 Commercial Base Charge	\$ 38.50	\$ 1.37	\$ 39.87	\$ 2,000,584	\$ 58,221,364	\$ 40.00	
23 Commercial Consumption Charge	\$ 0.07681	\$ 0.00339	\$ 0.08020	\$ 1,834,968	\$ 43,411,339	\$ 0.08020	
24 I&T Base Charge	\$ 675.00	\$ 22.35	\$ 697.35	\$ 220,192	\$ 6,870,292	\$ 700.00	
25 I&T Consumption Charge Tier 1 MMBTU	\$ 0.2807	\$ 0.0130	\$ 0.2937	\$ 142,055	\$ 3,209,350	\$ 0.2937	
26 I&T Consumption Charge Tier 2 MMBTU	\$ 0.2056	\$ 0.0095	\$ 0.2151	\$ 117,051	\$ 2,650,282	\$ 0.2151	
27 I&T Consumption Charge Tier 3 MMBTU	\$ 0.0441	\$ 0.0020	\$ 0.0461	\$ 42,703	\$ 984,314	\$ 0.0461	
28				<u>\$ 19,758,287</u>	<u>\$ 523,612,169</u>		
29							

Data Sources:  
 GUD10170\_FINAL.xlsm

<b>RATE SCHEDULE:</b>	<b>C – COMMERCIAL SALES</b>	
<b>APPLICABLE TO:</b>	<b>ALL CUSTOMERS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS AND UNINCORPORATED AREAS</b>	
<b>EFFECTIVE DATE:</b>	<b>Bills Rendered on or after 06/01/2015</b>	<b>PAGE:</b>

**Application**

Applicable to Commercial Customers for all natural gas provided at one Point of Delivery and measured through one meter and to Industrial Customers with an average annual usage of less than 30,000 Ccf.

**Type of Service**

Where service of the type desired by Customer is not already available at the Point of Delivery, additional charges and special contract arrangements between Company and Customer may be required prior to service being furnished.

**Monthly Rate**

Customer's monthly bill will be calculated by adding the following Customer and Ccf charges to the amounts due under the riders listed below:

<b>Charge</b>	<b>Amount</b>
Customer Charge per Bill	\$ 40.00 per month
Rider CEE Surcharge	\$ 0.00 per month <sup>1</sup>
<b>Total Customer Charge</b>	<b>\$ 40.00 per month</b>
Commodity Charge – All Ccf	\$ 0.08020 per Ccf

Gas Cost Recovery: Plus an amount for gas costs and upstream transportation costs calculated in accordance with Part (a) and Part (b), respectively, of Rider GCR.

Weather Normalization Adjustment: Plus or Minus an amount for weather normalization calculated in accordance with Rider WNA.

Franchise Fee Adjustment: Plus an amount for franchise fees calculated in accordance with Rider FF. Rider FF is only applicable to customers inside the corporate limits of any incorporated municipality.

Tax Adjustment: Plus an amount for tax calculated in accordance with Rider TAX.

Surcharges: Plus an amount for surcharges calculated in accordance with the applicable rider(s).

**Agreement**

An Agreement for Gas Service may be required.

**Notice**

Service hereunder and the rates for services provided are subject to the orders of regulatory bodies having jurisdiction and to the Company's Tariff for Gas Service.

<b>RATE SCHEDULE:</b>	<b>I – INDUSTRIAL SALES</b>	
<b>APPLICABLE TO:</b>	<b>ALL CUSTOMERS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS AND UNINCORPORATED AREAS</b>	
<b>EFFECTIVE DATE:</b>	<b>Bills Rendered on or after 06/01/2015</b>	<b>PAGE:</b>

**Application**

Applicable to Industrial Customers with a maximum daily usage (MDU) of less than 3,500 MMBtu per day for all natural gas provided at one Point of Delivery and measured through one meter. Service for Industrial Customers with an MDU equal to or greater than 3,500 MMBtu per day will be provided at Company's sole option and will require special contract arrangements between Company and Customer.

**Type of Service**

Where service of the type desired by Customer is not already available at the Point of Delivery, additional charges and special contract arrangements between Company and Customer may be required prior to service being furnished.

**Monthly Rate**

Customer's monthly bill will be calculated by adding the following Customer and MMBtu charges to the amounts due under the riders listed below:

<b>Charge</b>	<b>Amount</b>
Customer Charge per Meter	\$ 700.00 per month
First 0 MMBtu to 1,500 MMBtu	\$ 0.2937 per MMBtu
Next 3,500 MMBtu	\$ 0.2151 per MMBtu
All MMBtu over 5,000 MMBtu	\$ 0.0461 per MMBtu

Gas Cost Recovery: Plus an amount for gas costs and upstream transportation costs calculated in accordance with Part (a) and Part (b), respectively, of Rider GCR.

Franchise Fee Adjustment: Plus an amount for franchise fees calculated in accordance with Rider FF. Rider FF is only applicable to customers inside the corporate limits of any incorporated municipality.

Tax Adjustment: Plus an amount for tax calculated in accordance with Rider TAX.

Surcharges: Plus an amount for surcharges calculated in accordance with the applicable rider(s).

**Curtailement Overpull Fee**

Upon notification by Company of an event of curtailement or interruption of Customer's deliveries, Customer will, for each MMBtu delivered in excess of the stated level of curtailement or interruption, pay Company 200% of the midpoint price for the Katy point listed in *Platts Gas Daily* published for the applicable Gas Day in the table entitled "Daily Price Survey."

**Replacement Index**

In the event the "midpoint" or "common" price for the Katy point listed in *Platts Gas Daily* in the table entitled "Daily Price Survey" is no longer published, Company will calculate the applicable imbalance fees utilizing a daily price index recognized as authoritative by the natural gas industry and most closely approximating the applicable index.

<b>RATE SCHEDULE:</b>	<b>I – INDUSTRIAL SALES</b>	
<b>APPLICABLE TO:</b>	<b>ALL CUSTOMERS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS AND UNINCORPORATED AREAS</b>	
<b>EFFECTIVE DATE:</b>	<b>Bills Rendered on or after 06/01/2015</b>	<b>PAGE:</b>

**Agreement**

An Agreement for Gas Service may be required.

**Notice**

Service hereunder and the rates for services provided are subject to the orders of regulatory bodies having jurisdiction and to the Company's Tariff for Gas Service.

**Special Conditions**

In order to receive service under Rate I, Customer must have the type of meter required by Company. Customer must pay Company all costs associated with the acquisition and installation of the meter.

<b>RATE SCHEDULE:</b>	<b>R – RESIDENTIAL SALES</b>	
<b>APPLICABLE TO:</b>	<b>ALL CUSTOMERS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS AND UNINCORPORATED AREAS</b>	
<b>EFFECTIVE DATE:</b>	<b>Bills Rendered on or after 06/01/2015</b>	<b>PAGE:</b>

**Application**

Applicable to Residential Customers for all natural gas provided at one Point of Delivery and measured through one meter.

**Type of Service**

Where service of the type desired by Customer is not already available at the Point of Delivery, additional charges and special contract arrangements between Company and Customer may be required prior to service being furnished.

**Monthly Rate**

Customer's monthly bill will be calculated by adding the following Customer and Ccf charges to the amounts due under the riders listed below:

<b>Charge</b>	<b>Amount</b>
Customer Charge per Bill	\$ 18.60 per month
Rider CEE Surcharge	\$ 0.02 per month <sup>1</sup>
<b>Total Customer Charge</b>	<b>\$ 18.62 per month</b>
Commodity Charge – All <u>Ccf</u>	\$0.09931 per Ccf

Gas Cost Recovery: Plus an amount for gas costs and upstream transportation costs calculated in accordance with Part (a) and Part (b), respectively, of Rider GCR.

Weather Normalization Adjustment: Plus or Minus an amount for weather normalization calculated in accordance with Rider WNA.

Franchise Fee Adjustment: Plus an amount for franchise fees calculated in accordance with Rider FF. Rider FF is only applicable to customers inside the corporate limits of any incorporated municipality.

Tax Adjustment: Plus an amount for tax calculated in accordance with Rider TAX.

Surcharges: Plus an amount for surcharges calculated in accordance with the applicable rider(s).

**Agreement**

An Agreement for Gas Service may be required.

**Notice**

Service hereunder and the rates for services provided are subject to the orders of regulatory bodies having jurisdiction and to the Company's Tariff for Gas Service.

<sup>1</sup>Reference Rider CEE - Conservation And Energy Efficiency as approved in GUD 10170. Surcharge billing effective July 1, 2014.  
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<b>RATE SCHEDULE:</b>	<b>T – TRANSPORTATION</b>	
<b>APPLICABLE TO:</b>	<b>ALL CUSTOMERS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS AND UNINCORPORATED AREAS</b>	
<b>EFFECTIVE DATE:</b>	<b>Bills Rendered on or after 06/01/2015</b>	<b>PAGE:</b>

**Application**

Applicable, in the event that Company has entered into a Transportation Agreement, to a customer directly connected to the Atmos Energy Corp., Mid-Tex Division Distribution System (Customer) for the transportation of all natural gas supplied by Customer or Customer’s agent at one Point of Delivery for use in Customer’s facility.

**Type of Service**

Where service of the type desired by Customer is not already available at the Point of Delivery, additional charges and special contract arrangements between Company and Customer may be required prior to service being furnished.

**Monthly Rate**

Customer’s bill will be calculated by adding the following Customer and MMBtu charges to the amounts and quantities due under the riders listed below:

<b>Charge</b>	<b>Amount</b>
Customer Charge per Meter	\$ 700.00 per month
First 0 MMBtu to 1,500 MMBtu	\$ 0.2937 per MMBtu
Next 3,500 MMBtu	\$ 0.2151 per MMBtu
All MMBtu over 5,000 MMBtu	\$ 0.0461 per MMBtu

Upstream Transportation Cost Recovery: Plus an amount for upstream transportation costs in accordance with Part (b) of Rider GCR.

Retention Adjustment: Plus a quantity of gas as calculated in accordance with Rider RA.

Franchise Fee Adjustment: Plus an amount for franchise fees calculated in accordance with Rider FF. Rider FF is only applicable to customers inside the corporate limits of any incorporated municipality.

Tax Adjustment: Plus an amount for tax calculated in accordance with Rider TAX.

Surcharges: Plus an amount for surcharges calculated in accordance with the applicable rider(s).

**Imbalance Fees**

All fees charged to Customer under this Rate Schedule will be charged based on the quantities determined under the applicable Transportation Agreement and quantities will not be aggregated for any Customer with multiple Transportation Agreements for the purposes of such fees.

**Monthly Imbalance Fees**

Customer shall pay Company the greater of (i) \$0.10 per MMBtu, or (ii) 150% of the difference per MMBtu between the highest and lowest “midpoint” price for the Katy point listed in *Platts Gas Daily* in the table entitled “Daily Price Survey” during such month, for the MMBtu of Customer’s monthly Cumulative Imbalance, as defined in the applicable Transportation Agreement, at the end of each month that exceeds 10% of Customer’s receipt quantities for the month.

<b>RATE SCHEDULE:</b>	<b>T – TRANSPORTATION</b>	
<b>APPLICABLE TO:</b>	<b>ALL CUSTOMERS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS AND UNINCORPORATED AREAS</b>	
<b>EFFECTIVE DATE:</b>	<b>Bills Rendered on or after 06/01/2015</b>	<b>PAGE:</b>

**Curtailment Overpull Fee**

Upon notification by Company of an event of curtailment or interruption of Customer’s deliveries, Customer will, for each MMBtu delivered in excess of the stated level of curtailment or interruption, pay Company 200% of the midpoint price for the Katy point listed in *Platts Gas Daily* published for the applicable Gas Day in the table entitled “Daily Price Survey.”

**Replacement Index**

In the event the “midpoint” or “common” price for the Katy point listed in *Platts Gas Daily* in the table entitled “Daily Price Survey” is no longer published, Company will calculate the applicable imbalance fees utilizing a daily price index recognized as authoritative by the natural gas industry and most closely approximating the applicable index.

**Agreement**

A transportation agreement is required.

**Notice**

Service hereunder and the rates for services provided are subject to the orders of regulatory bodies having jurisdiction and to the Company’s Tariff for Gas Service.

**Special Conditions**

In order to receive service under Rate T, customer must have the type of meter required by Company. Customer must pay Company all costs associated with the acquisition and installation of the meter.

**MID-TEX DIVISION  
ATMOS ENERGY CORPORATION**

Agenda Item 6.D.

<b>RIDER:</b>	<b>WNA – WEATHER NORMALIZATION ADJUSTMENT</b>	
<b>APPLICABLE TO:</b>	<b>ALL CUSTOMERS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS AND UNINCORPORATED AREAS</b>	
<b>EFFECTIVE DATE:</b>	<b>Bills Rendered on or after 11/01/2015</b>	<b>PAGE:</b>

Provisions for Adjustment

The Commodity Charge per Ccf (100 cubic feet) for gas service set forth in any Rate Schedules utilized by the cities of the Mid-Tex Division service area for determining normalized winter period revenues shall be adjusted by an amount hereinafter described, which amount is referred to as the "Weather Normalization Adjustment." The Weather Normalization Adjustment shall apply to all temperature sensitive residential and commercial bills based on meters read during the revenue months of November through April. The five regional weather stations are Abilene, Austin, Dallas, Waco, and Wichita Falls.

Computation of Weather Normalization Adjustment

The Weather Normalization Adjustment Factor shall be computed to the nearest one-hundredth cent per Ccf by the following formula:

$$WNAF_i = R_i \frac{(HSF_i \times (NDD-ADD))}{(BL_i + (HSF_i \times ADD))}$$

Where

- $i$  = any particular Rate Schedule or billing classification within any such particular Rate Schedule that contains more than one billing classification
- $WNAF_i$  = Weather Normalization Adjustment Factor for the  $i^{th}$  rate schedule or classification expressed in cents per Ccf
- $R_i$  = Commodity Charge rate of temperature sensitive sales for the  $i^{th}$  schedule or classification.
- $HSF_i$  = heat sensitive factor for the  $i^{th}$  schedule or classification divided by the average bill count in that class
- $NDD$  = billing cycle normal heating degree days calculated as the simple ten-year average of actual heating degree days.
- $ADD$  = billing cycle actual heating degree days.
- $BL_i$  = base load sales for the  $i^{th}$  schedule or classification divided by the average bill count in that class

The Weather Normalization Adjustment for the  $j$ th customer in  $i$ th rate schedule is computed as:

$$WNA_j = WNAF_i \times q_{ij}$$

Where  $q_{ij}$  is the relevant sales quantity for the  $j$ th customer in  $i$ th rate schedule.

**MID-TEX DIVISION  
ATMOS ENERGY CORPORATION**

Agenda Item 6.D.

<b>RIDER:</b>	<b>WNA – WEATHER NORMALIZATION ADJUSTMENT</b>	
<b>APPLICABLE TO:</b>	<b>ALL CUSTOMERS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS AND UNINCORPORATED AREAS</b>	
<b>EFFECTIVE DATE:</b>	<b>Bills Rendered on or after 11/01/2015</b>	<b>PAGE:</b>

Base Use/Heat Use Factors

Weather Station	<u>Residential</u>		<u>Commercial</u>	
	Base use Ccf	Heat use Ccf/HDD	Base use Ccf	Heat use Ccf/HDD
Abilene	10.22	0.1404	98.80	0.6372
Austin	11.59	0.1443	213.62	0.7922
Dallas	14.12	0.2000	208.11	0.9085
Waco	9.74	0.1387	130.27	0.6351
Wichita Falls	11.79	0.1476	122.35	0.5772

Weather Normalization Adjustment (WNA) Report

On or before June 1 of each year, the company posts on its website at [atmosenergy.com/mtx-wna](http://atmosenergy.com/mtx-wna), in Excel format, a *Weather Normalization Adjustment (WNA) Report* to show how the company calculated its WNAs factor during the preceding winter season. Additionally, on or before June 1 of each year, the company files one hard copy and a Excel version of the *WNA Report* with the Railroad Commission of Texas' Gas Services Division, addressed to the Director of that Division.

**ATMOS ENERGY CORP., MID-TEX DIVISION  
PENSIONS AND RETIREE MEDICAL BENEFITS FOR CITIES APPROVAL  
TEST YEAR ENDING DECEMBER 31, 2014**

Line No.	Description	Shared Services		Mid-Tex Direct			Adjustment Total
		Pension Account Plan ("PAP")	Post-Retirement Medical Plan ("FAS 106")	Pension Account Plan ("PAP")	Supplemental Executive Benefit Plan ("SERP")	Post-Retirement Medical Plan ("FAS 106")	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	Fiscal Year 2014 Towers Watson Report (excluding Removed Cost Centers)	\$ 6,388,826	\$ 4,542,023	\$ 9,481,670	\$ 165,758	\$ 8,736,645	
2	Allocation to Mid-Tex	46.26%	46.26%	71.70%	100.00%	71.70%	
3	FY14 Towers Watson Benefit Costs (excluding Removed Cost Centers) Allocated to MTX (Ln 1 x Ln 2)	\$ 2,955,304	\$ 2,101,021	\$ 6,798,531	\$ 165,758	\$ 6,264,334	
4	O&M and Capital Allocation Factor	100.00%	100.00%	100.00%	100.00%	100.00%	
5	FY14 Towers Watson Benefit Costs To Approve (excluding Removed Cost Centers) (Ln 3 x Ln 4)	\$ 2,955,304	\$ 2,101,021	\$ 6,798,531	\$ 165,758	\$ 6,264,334	\$ 18,284,949
6							
7							
8	<b>Summary of Costs to Approve:</b>						
9							
10	Total Pension Account Plan ("PAP")	\$ 2,955,304		\$ 6,798,531			\$ 9,753,835
11	Total Post-Retirement Medical Plan ("FAS 106")		\$ 2,101,021			\$ 6,264,334	8,365,356
12	Total Supplemental Executive Retirement Plan ("SERP")				\$ 165,758		165,758
13	Total (Ln 10 + Ln 11 + Ln 12)	\$ 2,955,304	\$ 2,101,021	\$ 6,798,531	\$ 165,758	\$ 6,264,334	\$ 18,284,949
14							
15							
16	O&M Expense Factor	95.82%	95.82%	43.03%	21.00%	43.03%	
17							
18	Expense Portion (Ln 13 x Ln 16)	\$ 2,831,859	\$ 2,013,260	\$ 2,925,600	\$ 34,809	\$ 2,695,721	\$ 10,501,250
19							
20	Capital Factor	4.18%	4.18%	56.97%	79.00%	56.97%	
21							
22	Capital Portion (Ln 13 x Ln 20)	\$ 123,445	\$ 87,761	\$ 3,872,930	\$ 130,949	\$ 3,568,614	\$ 7,783,699
23							
24	Total (Ln 18 + Ln 22)	\$ 2,955,304	\$ 2,101,021	\$ 6,798,531	\$ 165,758	\$ 6,264,334	\$ 18,284,949

**City Council Meeting  
May 19, 2015**

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**Issue**

Consider and/or act upon authorizing the City Manager to execute the renewal of the North Texas Municipal Water District Multijurisdictional Pretreatment Agreement.

**Staff Resource/Department**

James Fisher, City Manager

**Summary**

The City of Murphy has been contracting with the North Texas Municipal Water District since 1991. This agreement complies with all the necessary federal and state regulations, the agreement has been reviewed by the City Attorney.

**Background/History**

At the September 16, 1991 Council meeting the Council approved a contract with the North Texas Municipal Water District with an amendment in Section 10 to change three years to four years. But it was not done in time for the Water District Board to meet, so in 1994, the contract was extended. The contract has been renewed several times throughout the years.

**Board Discussion/Action**

Approve authorizing the City Manager to execute the renewal of the North Texas Municipal Water District Multijurisdictional Pretreatment Agreement as presented.

**Attachments**

October 8, 1991 original North Texas Municipal Water District Agreement.  
Proposed North Texas Municipal Water District Multijurisdictional Pretreatment Agreement.

## NORTH TEXAS MUNICIPAL WATER DISTRICT

CITY OF WYLIE - CITY OF MURPHY  
SEWAGE TREATMENT SERVICES CONTRACT

THE STATE OF TEXAS       §

THE COUNTY OF COLLIN   §

WHEREAS, the North Texas Municipal Water District hereinafter referred to as the NTMWD, a conservation and reclamation district, the City of Wylie, a home rule city in Collin County, Texas, and the City of Murphy, a general law city in Collin County, Texas, desire to enter into this agreement;

WHEREAS, the NTMWD is a regional wastewater treatment plant operator that owns and operates the Wylie Wastewater Treatment Plant located in Wylie and the Murphy Wastewater Treatment Plant located in Murphy;

WHEREAS, all of the capacity of two million gallons per day in the Wylie Wastewater Treatment Plant is pledged and contracted to the City of Wylie and the 250,000 gallon per day Murphy Wastewater Treatment Plant is totally pledged and contracted to the City of Murphy;

WHEREAS, the Murphy Wastewater Treatment Plant is at design capacity and Murphy desires to contract to place flows above the capacity of the Murphy Wastewater Treatment Plant in the Wylie Wastewater Plant;

WHEREAS, Wylie is currently using an average of approximately 800,000 gallons per day of the two million gallons per day available in the Wylie Treatment Plant and is agreeable to the NTMWD contracting with Murphy for a portion of capacity at the Wylie Wastewater Treatment Plant conditioned on Murphy's willingness to participate with Wylie in a future regional plant when the joint capacities require the construction of additional facilities.

IT IS THEREFORE CONTRACTED AND AGREED BETWEEN THE THREE PARTIES AS FOLLOWS:

SECTION I. Definitions - The terms and expressions used in this contract, unless the contract shows clearly otherwise, shall have meaning as follows:

- a. Fiscal Year - Fiscal Year means the NTMWD Fiscal Year, currently the year beginning October 1 of each calendar year and ending on September 30 of the following calendar year.
- b. Minimum - The minimum flow for the calculation of the annual payment by the City of Murphy shall be based on a minimum flow of 25,000 gallons per day and shall never be less than this amount; however, the minimum shall increase any year in which Murphy flows greater than 25,000 gallons per day and shall continue at the

higher amount from then on but the minimum or allowable average day flow shall never exceed an annual average of 250,000 gallons per day without the express permission of the NTMWD and Wylie.

- c. **Murphy Connecting Interceptor** - The Murphy connecting interceptor shall refer to the necessary pipeline from the Murphy Wastewater Treatment Plant to the Wylie 15" Phase II line on Hensley Lane. It is not the intent of this agreement to provide for the construction or contractual arrangements for service concerning the construction of this pipeline which will be solely the responsibility of the City of Murphy.
- d. **Murphy Wastewater Treatment Plant** - The Murphy Wastewater Treatment Plant is to be referred to as the Murphy Plant and is a 250,000 gallon per day treatment unit constructed and owned by the NTMWD for use of the City of Murphy under a contract dated December 1976.
- e. **Operation and Maintenance Expense** - Operation and maintenance expense means all costs and expenses required for the successful treatment of wastewater at the Wylie Plant including but not limited to the cost of utilities, cost of personnel, engineering, legal services, supplies, contractual services, insurance premiums, repairs and replacements of equipment, and all debt service and capital expenses pertaining directly to the Wylie Plant.
- f. **Wylie Sewer Collection System** - The Wylie sewer collection system shall mean the pipelines constructed and owned by the City of Wylie for the collection of sewage that carries the sewage to the Wylie Plant. It would be the intent of the program for the Murphy connecting interceptor to connect to the Wylie sewer collection system at an agreed point for transportation on to the Wylie Plant Site.
- g. **Wylie Wastewater Treatment Plant** - The Wylie Wastewater Treatment Plant referred to as the Wylie Plant, is the modified Wylie Plant after being expanded by the NTMWD under a contract with Wylie dated June 1987. The Wylie Plant has a current capacity of two million gallons per day.

**SECTION 2. Volume Discharge Requirements.** Murphy shall have the right to discharge to the Wylie Sewer collection system through the Murphy connecting interceptor and then to the Wylie Plant up to a maximum average annual daily flow of 250,000 gallons with a max day flow not to exceed 2.5 times daily average. Murphy shall have the responsibility for payment on the basis of a minimum of 25,000 gallons per day commencing on the first day that

flow is introduced to the Wylie Plant, and the minimum shall be escalated based upon the highest annual daily average utilized by Murphy during the wastewater year (August 1 through July 31). Should Murphy max day flow exceed 2.5 times daily average of the wastewater year the annual minimum would be increased for the next year and years thereafter based on max day flow divided by 2.5 to establish "average" day minimum until the actual average day flow exceeds the calculated amount.

SECTION 3. Metering and Point of Delivery. Murphy shall be required to build the Murphy connecting interceptor pipeline to the Wylie collection system totally at the expense of Murphy. At the intersection of the Murphy connecting interceptor and the Wylie Sewer collection system a meter would be installed as approved by the NTMWD with the total construction expense provided by Murphy. It shall be the responsibility of the NTMWD to maintain and read the meter which would be utilized by the NTMWD for billing purposes to Murphy and credit to Wylie for services rendered and calculations on quantity flow. Should a disagreement develop over the meter reading either Wylie or Murphy could employ at their expense an outside consultant to work with the NTMWD and evaluate the accuracy of the meter. If disagreement continues over the meter reading a formal report would be prepared and submitted to the NTMWD Board of Directors whose decision would be final concerning the accuracy of the meter readings. In no case would adjustments be made for a greater period of time than six months.

The location of the meter will be the point of delivery for Murphy to the Wylie collection system and all payments and billing for services will be based on this volume.

SECTION 4. Discharge Quality. Murphy agrees to limit discharges into the Wylie plant system to wastewater that complies with quality requirements the NTMWD finds it necessary from time to time to establish at the Wylie Plant in order to meet standards imposed by state and federal regulatory agencies having appropriate jurisdiction or to protect the treatment capacities of the wastewater treatment plant. Quality restrictions of the NTMWD would be applicable to both Wylie or Murphy. Further, industrial pretreatment requirements of the state and federal authorities must be complied with in Wylie and Murphy to avoid penalties of the regulatory agencies.

SECTION 5. Annual Budget. The NTMWD shall prepare an annual operating budget reflecting all anticipated costs in connection with the operation and maintenance of the Wylie Plant in sufficient detail to justify expenditures for salaries, materials, supplies, contractual services, and debt service. The allocation between Murphy and Wylie shall be submitted in a preliminary proposed annual budget to Wylie and Murphy on or before August 1 each year. If a protest or request for additional information is not presented prior to September 1 the proposed budget, on adoption by the NTMWD Board of Directors, shall be considered the annual budget for the ensuing fiscal year. In the event

either city does not agree on the annual budget prior to September 1 a hearing would be held before the NTMWD Board of Directors concerning objections to either the budget or allocation of cost. After hearing all evidence from the parties involved, the NTMWD Board of Directors shall be responsible for the allocation of cost between participants and establishing the budget necessary to pay all of the operation and maintenance expense including debt service on the Wylie Plant. Included in the budget for Murphy shall be an item for collection system service at the rate of 18 cents per one thousand gallons with minimum established on same volume and method as wastewater treatment minimum. This item shall be adjusted to actual flow, if greater than the minimum each year. This item charge to Murphy shall be an add on to annual payment.

SECTION 6. Annual Payments. Wylie is responsible under the contractual agreement between the NTMWD and Wylie for the expansion of the Wylie Plant dated June 1987 and nothing in this agreement shall relieve Wylie from this responsibility; however, all payments received from the City of Murphy shall be utilized as a credit from the charges to Wylie. The annual payments shall be based on all operation and maintenance expense of NTMWD, including debt service, on the Wylie Plant and shall be made by each city equal to its proportional flow to plant (or in the case of Murphy its contractual minimum whichever is greater) as its proportional part of the total operating budget divided by twelve, these payments to be made monthly in advance on or before the 10th day of each month. The first monthly payment due October 10 of each year shall be twice the calculated monthly payment with no payment due in September of each ensuing year except for any adjustments necessary during any fiscal year. At the end of each fiscal year any surplus balance shall be carried forward to reduce the overall cost during the next budgetary period. Emergency expenditures not budgeted may be required due to unforeseen or unexpected conditions but each city shall be notified of such emergency with the right to appeal to the NTMWD Board of Directors on any request for adjustments in the monthly payments in the same manner as the original budget. If Murphy shall fail to make any monthly payment by the 20th day of the month in which due, after notice to Murphy, the NTMWD could terminate services as of the 10th day of the following month and will be required as a condition of this contract to terminate service by the 10th day of the second month following the nonpayment. Further, the NTMWD may take legal action to acquire payments due under this agreement and shall be entitled to recover reasonable attorney fees plus ten percent on all overdue charges.

SECTION 7. Regional Program. It is agreed by all parties to this agreement that the long range goal for wastewater treatment service for Wylie and Murphy shall be a regional facility serving these two cities and others. It is understood by all parties that when the Wylie Plant reaches 75% of capacity, or such other

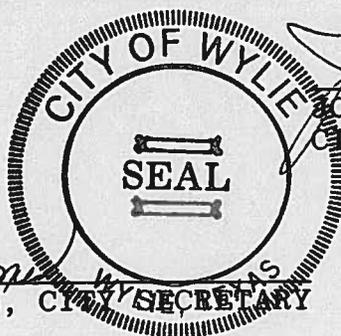
requirements as may be made by state and federal regulatory agencies, planning for an additional facility to treat the combined wastewater flows will be necessary and that construction must begin on said facility on or before the time the Wylie Plant reaches 90% of design capacity. The regional program would be funded by each entity paying its fair share of the cost based on proportional flow to the system. Should a regional program not be developed Murphy and Wylie agree to pay for the necessary future facilities based on a proportional flow contract agreement.

SECTION 8. Indemnity. Each party to this agreement agrees to indemnify and hold harmless each other from any and all causes for loss, liability or damages, arising out of the operation of the Wylie Plant.

SECTION 9. NTMWD Financial Obligation. Nothing in this agreement shall be construed as requiring the NTMWD to expend funds from any source other than the revenues received under this agreement and the Wylie - NTMWD Agreement dated June 25, 1987. All cost required by valid rules, regulations, laws or orders passed or promulgated by the United States of America, the State of Texas, and regulatory judicial branches thereof having lawful jurisdiction shall be the responsibility of the cities of Wylie and Murphy.

SECTION 10. Term. This agreement shall be in effect until superseded by a regional agreement approved by all parties, or thirty years from the date of execution, whichever occurs first. Should Murphy not construct the Murphy connecting interceptor system and start service within thirty-six months from the date of the execution of this agreement, then this agreement is null and void.

THIS AGREEMENT APPROVED BY THE RESPECTIVE GOVERNING BODIES BY ADOPTION OF APPROPRIATE RESOLUTIONS AUTHORIZING THE UNDERSIGNED TO EXECUTE IN BEHALF OF EACH ENTITY ON THIS THE 8 DAY OF October, 1991.



John W. Akin  
JOHN W. AKIN, MAYOR  
CITY OF WYLIE

ATTEST:

Carolyn Jones  
CAROLYN JONES, CITY SECRETARY

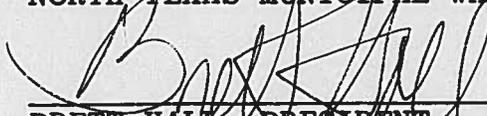
Reginald W. George  
REGINALD W. GEORGE, MAYOR  
CITY OF MURPHY

ATTEST:

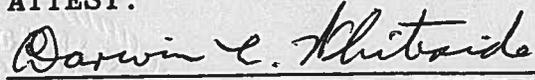
Linda B. Marley  
LINDA B. MARLEY, CITY SECRETARY

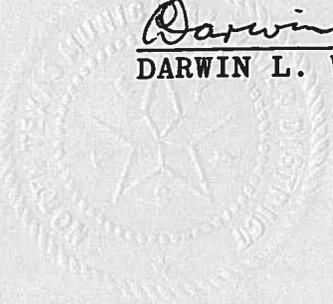
NTMWD CITY OF WYLIE - CITY OF MURPHY  
SEWAGE TREATMENT SERVICES CONTRACT  
PAGE SIX

NORTH TEXAS MUNICIPAL WATER DISTRICT

  
BRETT HALL, PRESIDENT

ATTEST:

  
DARWIN L. WHITESIDE, SECRETARY



## NORTH TEXAS MUNICIPAL WATER DISTRICT

AUGUST 1994

ADMINISTRATIVE MEMORANDUM NO. 1646

TIME EXTENSION  
MURPHY-WYLIE SEWAGE TREATMENT SERVICE CONTRACT

During the July 1994 Regular Meeting of the North Texas Municipal Water District, the items on the Sale of Contract Revenue Bonds and the Award of a Construction Contract for the City of Murphy Maxwell Creek Trunk Sewer Line were tabled after it was determined that the project would not be complete in accordance with the original contract for service. This memorandum will request authorization for the Executive Director to execute a time extension agreement as prepared by the City of Wylie for the Murphy Maxwell Creek Trunk Sewer Line.

The original agreement was a three-party contract between the City of Wylie, City of Murphy, and the North Texas Municipal Water District. The NTMWD owns and operates the Wylie Wastewater Treatment Plant and assisted in negotiation of the contract between the two cities. The contract allows Murphy to construct a line and utilize up to a maximum average of 250,000 gallons per day in the City of Wylie plant. The term of the contract was until a regional plant was developed or for a period of thirty years, whichever came first. The agreement would essentially allow Murphy to avoid the expansion and allow for eventual abandonment of the existing Murphy Wastewater Treatment Plant which is owned and operated by the NTMWD in the City of Murphy.

Another provision of the agreement was that the project would be completed and in service no later than thirty-six months after the execution of the agreement. The original agreement was executed on the 8th day of October 1991. Due to delays by the City of Murphy to implement the program, it was obvious that the project could not be completed in accordance with the terms of the agreement. The City of Murphy and the city management of Wylie had agreed to the time extension but had not formalized the action by the time of the NTMWD Board Meeting in July. Unfortunately, Bond Counsel determined the sale of bonds could not be consummated until the agreement was extended and, therefore, a contract award could not be made to the contractor.

On August 9, 1994, the City Council of the City of Wylie authorized by Resolution an extension of the contract. The City of Murphy had previously authorized the Mayor to obtain the extension, and it is requested at this time that the NTMWD Board of Directors authorize the Executive Director to execute the time extension. Attached is a copy of the City of Wylie Resolution authorizing the time extension.

AD. MEMO. NO. 1646  
PAGE TWO

RECOMMENDATION

It is recommended by the NTMWD Staff and Executive Director that the Board authorize the Executive Director to execute the Resolution No. 94-17 prepared by the City of Wylie extending the time for the construction to be complete in the City of Wylie-City of Murphy Sewage Treatment Services Contract until April 8, 1995. This will be an item on the August 1994 Agenda.

City of Wylie  
RESOLUTION NO. 94-17

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WYLIE, TEXAS, EXTENDING A SEWAGE TREATMENT SERVICES AGREEMENT WITH THE CITY OF MURPHY, MAKING CERTAIN AMENDMENTS TO THE AGREEMENT, AND AUTHORIZING THE CITY MANAGER TO EXECUTE SAME

WHEREAS, The City Council of the City of Wylie approved an agreement with the City of Murphy for sewage treatment services and executed same on October 8, 1991, and

WHEREAS, Said agreement was extended by the City Council of the City of Wylie has previously extended and sees fit to further extend the termination date of said contract, and

WHEREAS, The City Council deems certain amendments to the agreement to be in order

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Wylie, that:

SECTION 1. The agreement with the City of Murphy attached hereto as Exhibit "A" provides in Section 10 termination unless connection is made within thirty-six months which is hereby extended to April 8, 1995.

SECTION 2. Section 5, page 3, beginning on line 10 shall read "rate of 18 cents per one thousand (1000) gallons maintenance costs & also include \$1.02 per one thousand (1000) gallon minimum per one thousand (1000) gallon usage for the first year, which will be adjusted annually in accordance with this section."

SECTION 3. The City Manager is duly authorized to execute said agreement on behalf of the City Council of the City of Wylie and to amend the contract as reflected by the intent of this resolution.

DULY PASSED AND APPROVED on this the 9th day of August, 1994.

Attest

Mary Nichols  
Attest

Linda B. Marley  
Attest

Steven P. Norwood  
Steven P. Norwood, City Manager  
City of Wylie

Reginald W. George  
Reginald W. George, Mayor  
City of Murphy

Carl W. Riehn  
Carl W. Riehn, Executive Director  
North Texas Municipal Water District

CITY OF WYLIE - CITY OF MURPHY  
SEWAGE TREATMENT SERVICES CONTRACT

THE STATE OF TEXAS §

THE COUNTY OF COLLIN §

WHEREAS, the North Texas Municipal Water District hereinafter referred to as the NTMWD, a conservation and reclamation district, the City of Wylie, a home rule city in Collin County, Texas, and the City of Murphy, a general law city in Collin County, Texas, desire to enter into this agreement;

WHEREAS, the NTMWD is a regional wastewater treatment plant operator that owns and operates the Wylie Wastewater Treatment Plant located in Wylie and the Murphy Wastewater Treatment Plant located in Murphy;

WHEREAS, all of the capacity of two million gallons per day in the Wylie Wastewater Treatment Plant is pledged and contracted to the City of Wylie and the 250,000 gallon per day Murphy Wastewater Treatment Plant is totally pledged and contracted to the City of Murphy;

WHEREAS, the Murphy Wastewater Treatment Plant is at design capacity and Murphy desires to contract to place flows above the capacity of the Murphy Wastewater Treatment Plant in the Wylie Wastewater Plant;

WHEREAS, Wylie is currently using an average of approximately 800,000 gallons per day of the two million gallons per day available in the Wylie Treatment Plant and is agreeable to the NTMWD contracting with Murphy for a portion of capacity at the Wylie Wastewater Treatment Plant conditioned on Murphy's willingness to participate with Wylie in a future regional plant when the joint capacities require the construction of additional facilities.

IT IS THEREFORE CONTRACTED AND AGREED BETWEEN THE THREE PARTIES AS FOLLOWS:

SECTION I. Definitions - The terms and expressions used in this contract, unless the contract shows clearly otherwise, shall have meaning as follows:

- a. Fiscal Year - Fiscal Year means the NTMWD Fiscal Year, currently the year beginning October 1 of each calendar year and ending on September 30 of the following calendar year.
- b. Minimum - The minimum flow for the calculation of the annual payment by the City of Murphy shall be based on a minimum flow of 25,000 gallons per day and shall never be less than this amount; however, the minimum shall increase any year in which Murphy flows greater than 25,000 gallons per day and shall continue at the

higher amount from then on but the minimum or allowable average day flow shall never exceed an annual average of 250,000 gallons per day without the express permission of the NTMWD and Wylie.

- c. **Murphy Connecting Interceptor** - The Murphy connecting interceptor shall refer to the necessary pipeline from the Murphy Wastewater Treatment Plant to the Wylie 15" Phase II line on Hensley Lane. It is not the intent of this agreement to provide for the construction or contractual arrangements for service concerning the construction of this pipeline which will be solely the responsibility of the City of Murphy.
- d. **Murphy Wastewater Treatment Plant** - The Murphy Wastewater Treatment Plant is to be referred to as the Murphy Plant and is a 250,000 gallon per day treatment unit constructed and owned by the NTMWD for use of the City of Murphy under a contract dated December 1976.
- e. **Operation and Maintenance Expense** - Operation and maintenance expense means all costs and expenses required for the successful treatment of wastewater at the Wylie Plant including but not limited to the cost of utilities, cost of personnel, engineering, legal services, supplies, contractual services, insurance premiums, repairs and replacements of equipment, and all debt service and capital expenses pertaining directly to the Wylie Plant.
- f. **Wylie Sewer Collection System** - The Wylie sewer collection system shall mean the pipelines constructed and owned by the City of Wylie for the collection of sewage that carries the sewage to the Wylie Plant. It would be the intent of the program for the Murphy connecting interceptor to connect to the Wylie sewer collection system at an agreed point for transportation on to the Wylie Plant Site.
- g. **Wylie Wastewater Treatment Plant** - The Wylie Wastewater Treatment Plant referred to as the Wylie Plant, is the modified Wylie Plant after being expanded by the NTMWD under a contract with Wylie dated June 1987. The Wylie Plant has a current capacity of two million gallons per day.

**SECTION 2. Volume Discharge Requirements.** Murphy shall have the right to discharge to the Wylie Sewer collection system through the Murphy connecting interceptor and then to the Wylie Plant up to a maximum average annual daily flow of 250,000 gallons with a max day flow not to exceed 2.5 times daily average. Murphy shall have the responsibility for payment on the basis of a minimum of 25,000 gallons per day commencing on the first day that

either city does not agree on the annual budget prior to September 1 a hearing would be held before the NTMWD Board of Directors concerning objections to either the budget or allocation of cost. After hearing all evidence from the parties involved, the NTMWD Board of Directors shall be responsible for the allocation of cost between participants and establishing the budget necessary to pay all of the operation and maintenance expense including debt service on the Wylie Plant. Included in the budget for Murphy shall be an item for collection system service at the rate of 18 cents per one thousand gallons with minimum established on same volume and method as wastewater treatment minimum. This item shall be adjusted to actual flow, if greater than the minimum each year. This item charge to Murphy shall be an add on to annual payment.

**SECTION 6. Annual Payments.** Wylie is responsible under the contractual agreement between the NTMWD and Wylie for the expansion of the Wylie Plant dated June 1987 and nothing in this agreement shall relieve Wylie from this responsibility; however, all payments received from the City of Murphy shall be utilized as a credit from the charges to Wylie. The annual payments shall be based on all operation and maintenance expense of NTMWD, including debt service, on the Wylie Plant and shall be made by each city equal to its proportional flow to plant (or in the case of Murphy its contractual minimum whichever is greater) as its proportional part of the total operating budget divided by twelve, these payments to be made monthly in advance on or before the 10th day of each month. The first monthly payment due October 10 of each year shall be twice the calculated monthly payment with no payment due in September of each ensuing year except for any adjustments necessary during any fiscal year. At the end of each fiscal year any surplus balance shall be carried forward to reduce the overall cost during the next budgetary period. Emergency expenditures not budgeted may be required due to unforeseen or unexpected conditions but each city shall be notified of such emergency with the right to appeal to the NTMWD Board of Directors on any request for adjustments in the monthly payments in the same manner as the original budget. If Murphy shall fail to make any monthly payment by the 20th day of the month in which due, after notice to Murphy, the NTMWD could terminate services as of the 10th day of the following month and will be required as a condition of this contract to terminate service by the 10th day of the second month following the nonpayment. Further, the NTMWD may take legal action to acquire payments due under this agreement and shall be entitled to recover reasonable attorney fees plus ten percent on all overdue charges.

**SECTION 7. Regional Program.** It is agreed by all parties to this agreement that the long range goal for wastewater treatment service for Wylie and Murphy shall be a regional facility serving these two cities and others. It is understood by all parties that when the Wylie Plant reaches 75% of capacity, or such other

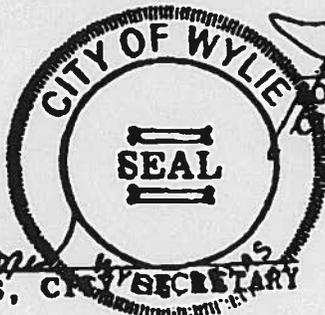
requirements as may be made by state and federal regulatory agencies, planning for an additional facility to treat the combined wastewater flows will be necessary and that construction must begin on said facility on or before the time the Wylie Plant reaches 90% of design capacity. The regional program would be funded by each entity paying its fair share of the cost based on proportional flow to the system. Should a regional program not be developed Murphy and Wylie agree to pay for the necessary future facilities based on a proportional flow contract agreement.

SECTION 8. Indemnity. Each party to this agreement agrees to indemnify and hold harmless each other from any and all causes for loss, liability or damages, arising out of the operation of the Wylie Plant.

SECTION 9. NTMWD Financial Obligation. Nothing in this agreement shall be construed as requiring the NTMWD to expend funds from any source other than the revenues received under this agreement and the Wylie - NTMWD Agreement dated June 25, 1987. All cost required by valid rules, regulations, laws or orders passed or promulgated by the United States of America, the State of Texas, and regulatory judicial branches thereof having lawful jurisdiction shall be the responsibility of the cities of Wylie and Murphy.

SECTION 10. Term. This agreement shall be in effect until superseded by a regional agreement approved by all parties, or thirty years from the date of execution, whichever occurs first. Should Murphy not construct the Murphy connecting interceptor system and start service within thirty-six months from the date of the execution of this agreement, then this agreement is null and void.

THIS AGREEMENT APPROVED BY THE RESPECTIVE GOVERNING BODIES BY ADOPTION OF APPROPRIATE RESOLUTIONS AUTHORIZING THE UNDERSIGNED TO EXECUTE IN BEHALF OF EACH ENTITY ON THIS THE 8 DAY OF October, 1991.



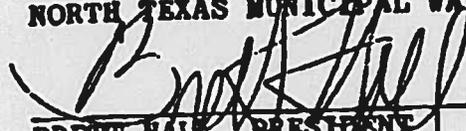
John W. Akin  
JOHN W. AKIN, MAYOR  
CITY OF WYLIE

ATTEST:  
Carolyn Jones  
CAROLYN JONES, CITY SECRETARY

Reginald W. George  
REGINALD W. GEORGE, MAYOR  
CITY OF MURPHY

ATTEST:  
Linda B. Marley  
LINDA B. MARLEY, CITY SECRETARY

NORTH TEXAS MUNICIPAL WATER DISTRICT

  
BRETT HALL, PRESIDENT

ATTEST:

  
DARWIN L. WHITESIDE, SECRETARY

**MULTIJURISDICTIONAL PRETREATMENT AGREEMENT**

STATE OF TEXAS	§	CITY OF MURPHY
	§	
	§	
	§	NORTH TEXAS MUNICIPAL
COUNTY OF COLLIN	§	WATER DISTRICT

WHEREAS, the City of Murphy, Texas, (the “City”) has duly executed and entered into an Agreement dated the 8th day of October, 1991, with the North Texas Municipal Water District (the “NTMWD”) providing for wastewater service to the City through the Muddy Creek Regional Wastewater Treatment Plant (“WWTP”), such Agreement which is incorporated herein by reference;

WHEREAS, the U.S. Environmental Protection Agency (“EPA”) has promulgated regulations, 40 C.F.R. pt. 403, which establish mechanisms and procedures for enforcing National Pretreatment Standards controlling the introduction of wastes from non-domestic (*i.e.*, industrial) sources into Publicly Owned Treatment Works (“POTWs”); and

WHEREAS, the Texas Commission on Environmental Quality (“TCEQ”) has promulgated regulations entitled “Pretreatment Regulations for Existing and New Sources of Pollution,” 30 TEX. ADMIN. CODE ch. 315, which incorporate by reference 40 C.F.R. pt. 403; and

WHEREAS, NTMWD owns and operates the Muddy Creek Regional WWTP which provide wastewater treatment services to the City; and

WHEREAS, applicable EPA and TCEQ regulations and Texas Pollutant Discharge Elimination System (“TPDES”) Permit Nos. WQ0014216001 and WQ0010384001 require that a Pretreatment Program be developed for the Muddy Creek Regional WWTP and the Wylie WWTP and be updated as needed; and

WHEREAS, NTMWD, as the owner and operator of the Muddy Creek WWTP and operator of the Wylie WWTP, and the City as the owner and operator of a wastewater collection system, both choose to enter into an agreement as to the duties and responsibilities of each entity in the conduct of the required Pretreatment Program.

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein, the City and NTMWD agree as follows:

SECTION I. That the following definitions, as defined in the City’s Industrial Waste Ordinance, apply:

- a. Industrial User or User (“IU”) – Any source of indirect discharge.
- b. Significant Industrial User (“SIU”) –
  - (1) Except as provided in part (2) the term shall mean:
    - (a) An Industrial User subject to Categorical Pretreatment Standards; or
    - (b) Any other Industrial User that:
      - (i) discharges an average of 25,000 gallons per day (gpd) or more of process wastewater to the POTW (excluding sanitary, non-contact cooling and boiler blowdown wastewater);
      - (ii) contributes a process wastestream which makes up five (5) percent or more of the average dry weather hydraulic or organic capacity of the POTW treatment plant; or
      - (iii) is designated as such by the Environmental Officer on the basis that the Industrial User has a reasonable potential for adversely affecting the POTW’s operation or for violating any Pretreatment Standard or Requirement (in accordance with 40 C.F.R. § 403.8(f)(6)).
  - (2) Upon finding that an Industrial User meeting the criteria in part (1)(b) has no reasonable potential for adversely affecting the POTW’s operation or for violating any Pretreatment Standard or Requirements, the Environmental Officer may at any time, on his/her own initiative or in response to a petition received from an Industrial User, and in accordance with 40 C.F.R. § 403.8(f)(6), determine that such Industrial User is not a Significant Industrial User.
- c. Act – The Federal Water Pollution Control Act, Public Law No. 92-500, also known as the Clean Water Act (“CWA”), as amended, 33 U.S.C. § 1251 *et seq.*
- d. Pretreatment Program – A program administered by a POTW that meets the criteria established in 40 C.F.R. §§ 403.8 and 403.9, and which has been approved by the Approval Authority (TCEQ) in accordance with 40 C.F.R. § 403.11.
- e. Indirect Discharge or Discharge – The introduction of pollutants into the POTW from any non-domestic source regulated under section 307(b), (c), or (d) of the Act (33 U.S.C. § 1317).

- f. Interference – A discharge which, either alone or in conjunction with a discharge or discharges from other sources, both:
- (1) inhibits or disrupts the POTW, its treatment processes or operations, or its sludge processes, use or disposal; and
  - (2) is the cause of a violation of any requirement of TPDES Permit Nos. WQ0014216001 and WQ0010384001 (including an increase in the magnitude or duration of a violation) or of the prevention of sewage sludge use or disposal by the POTW in compliance with the following statutory provisions and regulations or permits issued thereunder (or more stringent State or Local regulations): Section 405 of the Act (33 U.S.C. § 1345); the Solid Waste Disposal Act (“SWDA”) (including Title II, more commonly referred to as the Resource Conservation and Recovery Act (“RCRA”), and including State requirements contained in any State sludge management plan prepared pursuant to Subtitle D of the SWDA); the Clean Air Act; the Toxic Substances Control Act; and the Marine Protection, Research, and Sanctuaries Act.
- g. National Pretreatment Standard, Pretreatment Standard, or Standard – Any regulation containing pollutant discharge limits promulgated by EPA in accordance with Section 307(b) and (c) of the Act, which applies to Industrial Users. This term includes prohibitive discharge limits established pursuant to 40 C.F.R. § 403.5.
- h. New Source –
- (1) Any building, structure, facility, or installation from which there is or may be a discharge of pollutants, the construction of which commenced after the publication of proposed Pretreatment Standards under Section 307(c) of the Act (33 U.S.C. § 1317), which will be applicable to such source if such Standards are thereafter promulgated in accordance with that Section, provided that:
    - (a) The building, structure, facility, or installation is constructed at a site at which no other sources is located; or
    - (b) The building, structure, facility, or installation totally replaces the process or production equipment that causes the discharge of pollutants at an existing source; or
    - (c) The production or wastewater generating processes of the building, structure, facility, or installation are substantially independent of an existing source at the same site. In determining whether these are substantially independent factors, such as the extent to which

the new facility is integrated with the existing plant, and the extent to which the new facility is engaged in the same general type of activity as the existing source, will be considered.

- (2) Construction on a site at which an existing source is located results in a modification rather than a New Source if the construction does not create a new building, structure, facility or installation meeting the criteria of (b) or (c), above, but otherwise alters, replaces, or adds to the existing process or production equipment.
- (3) Construction of a New Source as defined has commenced if the owner or operator has:
  - (a) Begun, or caused to begin, as part of a continuous on-site construction program:
    - (i) Any placement, assembly, or installation of facilities or equipment; or
    - (ii) Significant site preparation work including clearing, excavation, or removal of existing buildings, structures, or facilities which is necessary for the placement, assembly, or installation of New Source facilities or equipment;
  - (b) Entered into a binding contractual obligation for the purchase of facilities or equipment which is intended to be used in its operation within a reasonable time. Options to purchase or contracts which can be terminated or modified without substantial loss, and contracts for feasibility, engineering, and design studies do not constitute a contractual obligation under this definition.
- i. Pass Through – A discharge which exits the POTW into waters of the United States in quantities or concentrations which, alone or in conjunction with a discharge or discharges from other sources, is a cause of a violation of any requirement of TPDES Permit Nos. WQ0014216001 or WQ0010384001 (including an increase in the magnitude or duration of a violation).
- j. Publicly Owned Treatment Works or POTW – A treatment works as defined by Section 212 of the Act (33 U.S.C. § 1292), which is owned by the City or other governmental entity. This definition includes any devices and systems used in the storage, treatment, recycling and reclamation of municipal sewage or industrial wastes of a liquid nature. It also includes lift stations, sewers, pipes and other conveyances only if they convey wastewater to a POTW. For the purposes of the Industrial Waste Ordinance, POTW shall also include sewers that convey

wastewaters to the POTW from persons outside the City who are, by contract or agreement with NTMWD, users of NTMWD's POTW.

- k. Treatment Plant or Wastewater Treatment Plant or WWTP – That portion, or those portions, of the POTW which is designed to provide treatment of domestic sewage and industrial waste.
- l. Pretreatment or Treatment – The reduction of the amount of pollutants, the elimination of pollutants, or the alteration of the nature of pollutant properties in wastewater to a less harmful state prior to or in lieu of discharging or otherwise introducing such pollutants into the POTW. The reduction or alteration can be obtained by physical, chemical or biological processes, or process changes, or by other means, except by diluting the concentration of pollutants unless allowed by an applicable pretreatment standard (as prohibited by 40 C.F.R. § 403.6(d)).
- m. Pretreatment Requirements – Any substantive or procedural requirement related to pretreatment imposed on an Industrial User, other than a pretreatment standard.
- n. Environmental Officer – The Director of Public Works of the City or his/her duly authorized representative, which may be any entity with which the City has contracted for operation of the POTW or a treatment plant and/or with which the City has entered into a multijurisdictional, or interjurisdictional, agreement providing for wastewater service and/or a pretreatment program, or a particular officer or employee thereof.

SECTION II. The effects of certain types of industrial waste upon wastewater, wastewater treatment processes, and wastewater treatment facilities require that careful consideration be made of each industrial connection. This is a matter of concern both to NTMWD and to the City. The City covenants that it has adopted and will continue to enforce an Industrial Waste Ordinance in a manner acceptable to Federal and State agencies or departments having lawful jurisdiction to set standards for waste discharges. Through such Industrial Waste Ordinance, the City will carry out a Pretreatment Program in compliance with applicable Federal and State laws and regulations. Such Program shall include the following activities:

- a. The City shall require SIUs to comply with applicable Federal Categorical Pretreatment Standards, local limits, and the City's Industrial Waste Ordinance, as well as any applicable state and local standards.
- b. The City shall maintain certain information contained in permit applications as confidential at an SIU's request insofar as said request may be honored under the provisions of the Texas Public Information Act.
- c. The City shall disallow dilution as a means of reducing pollutant concentrations in an SIU's waste stream.

- d. The City and/or NTMWD shall be authorized to enter IU premises at any reasonable time for independent monitoring, sampling, inspection, or review of applicable records, or to conduct metering operations to determine compliance. Visits/inspections may be conducted jointly by the City and NTMWD, when feasible. As identified in the City's Industrial Waste Ordinance, authorized representatives of EPA, TCEQ, the Texas Department of Health, or any successor agencies, bearing proper credential and identification, also shall be permitted to enter the premises of any Industrial User at any reasonable time for the purpose of independent monitoring, sampling, inspection, review of applicable records, or to conduct metering operations to determine compliance.
- e. The City shall require adherence to SIU compliance schedules, where necessary.
- f. The City shall annually provide public notification for instances of significant violation, as required, by the City's Industrial Waste Ordinance and applicable federal and state regulations.
- g. The City shall deny/revoke an Industrial User Wastewater Discharge Permit, disallow/disconnect service, assess civil or criminal penalties, and/or seek other available legal and equitable remedies against an SIU for:
  - 1. Discharge to the wastewater collection system resulting in violations of the POTW's discharge permit conditions.
  - 2. Hazard to health or life of NTMWD or City personnel or users of receiving waters.
  - 3. Violation of any applicable ordinance or regulation.
  - 4. False information transmitted to the City, NTMWD, EPA, or TCEQ through permit application, monitoring, reports, etc.
- h. The City shall furnish to NTMWD all documents and records, in addition to those outlined herein, as necessary to demonstrate compliance by all IUs.
- i. The City shall provide NTMWD with a list of all non-residential (commercial) water users annually. In addition, the City shall provide on an annual basis lists of businesses and industries, as prepared by the local Chamber of Commerce and Economic Development Board, if such lists are available. The City shall provide NTMWD with the following information on a quarterly basis: a list of all building permits and certificates of occupancy and a list of all water and sewer connection requests. Upon request, the City shall provide to NTMWD a map of its sewer/wastewater collection system and a zoning map of the City.

- j. The City may request before March 1 of each year that NTMWD amend this agreement to redefine or change the City's or NTMWD's responsibilities and activities. Upon the approval of NTMWD, such changes will be implemented on or before October of that year.
- k. The City shall designate NTMWD to be its authorized agent to administer the provisions of its Industrial Waste Ordinance as outlined in Section III below.

SECTION III. NTMWD covenants that it will administer a Pretreatment Program as required by applicable Federal and State laws and regulations (including the provisions of TPDES Permit Nos. WQ0014216001 and WQ0010384001) and that it will be the City's authorized agent to administer the Pretreatment Program as contemplated by the City's Industrial Waste Ordinance with the following responsibilities:

- a. NTMWD shall identify all SIUs and at least every three (3) years update their Industrial User Inventory.
- b. NTMWD shall review local phone books and available commercial/industrial listings (such as the Directory of Texas Manufacturers) annually to gather information to update the list of industrial users.
- c. NTMWD shall notify all IUs of applicable pretreatment standards.
- d. For each existing and future SIU, NTMWD shall require said user to complete and submit a permit application meeting TCEQ and EPA requirements. After NTMWD approval of the application, NTMWD shall develop a draft Industrial User Wastewater Discharge Permit. NTMWD shall provide to the City a copy of the permit application and the draft Industrial User Wastewater Discharge Permit for review. The City may provide comments on said application and draft Industrial User Wastewater Discharge Permit to NTMWD within fifteen (15) days of receipt of same. Failure to comment within fifteen (15) days of receipt of the application and draft Industrial User Wastewater Discharge Permit shall be construed as concurrence by the City. The City is not required to provide comments on a permit application and the draft Industrial User Wastewater Discharge Permit to NTMWD. After review of the permit application and the draft Industrial User Wastewater Discharge Permit, the City shall issue the Industrial User Wastewater Discharge Permit. Said permit to discharge shall be required of all SIUs before said User will be allowed to discharge industrial wastes into the wastewater collection system. A copy of the issued Industrial User Wastewater Discharge Permit shall be sent to NTMWD by the City.
- e. For all SIUs, NTMWD and/or the City shall conduct scheduled and unscheduled inspections and sampling.

- f. NTMWD shall require all SIUs to self-monitor and report, as needed. NTMWD shall require all SIUs to install monitoring equipment and facilities, as needed.
- g. NTMWD shall choose or approve laboratories to analyze industrial wastes for self-reporting.
- h. NTMWD shall require all IUs to notify NTMWD, the City, and the POTW promptly upon the discharge of any slug load or spill that might contribute to an interference of the POTW.
- i. NTMWD shall have the authority to deny or condition new or increased contributions of pollutants to the POTW by IUs where such contributions do not meet applicable pretreatment standards and requirements or could cause the POTW to violate its TPDES permit.
- j. NTMWD shall have the authority to change or add to local limits to prevent exceedances of stream standards for specific pollutants as promulgated by TCEQ, or to prevent interference with the operation of the POTW (including sludge treatment processes, use, and disposal). Such changes to the local limits must be included in the City's Industrial Waste Ordinance and approved by TCEQ.
- k. NTMWD shall establish monitoring methods and minimum sampling frequency for SIU self-monitoring as prescribed in the approved NTMWD Pretreatment Program and the City's Industrial Waste Ordinance.
- l. NTMWD shall analyze or cause to be analyzed all industrial waste samples collected by NTMWD personnel (not the IUs). NTMWD will annually establish as part of the budget, the cost for the scheduled analyses, but reserves the right to charge according to an agreed fee schedule for demand or other samples.
- m. NTMWD shall provide interface with all regulatory personnel of both TCEQ and EPA with regards to required recordkeeping, reporting, and audits.
- n. NTMWD shall apprise the City as to changes in Pretreatment Guidance and rules that will require amendments or changes to the Pretreatment Program and provide expertise in the implementation of these changes.
- o. NTMWD shall maintain certain information contained in permit applications as confidential at a SIU's request, insofar as said request may be honored under the Texas Public Information Act.
- p. NTMWD shall develop SIU compliance schedules and meet with the City and the SIU in determining the conditions of the schedule.

- q. NTMWD shall provide the required public notification for the City to publish, as per 40 C.F.R. pt. 403.
- r. NTMWD shall aid the City in legal actions by providing expert testimony regarding sample analyses and custody transfer, the pretreatment program, etc.
- s. NTMWD shall provide the City all documents and records submitted to TCEQ and EPA regarding pretreatment activities involving the City and its IUs.
- t. NTMWD will assist the City in public information activities regarding the Pretreatment Program.
- u. NTMWD may request before March 1 of any year that the City amend this agreement to redefine or change the City’s or NTMWD’s responsibilities and activities. Upon the approval of the City, such changes will be implemented on or before October of that year.

IN WITNESS HEREOF, the parties hereto, acting under authority of their respective governing bodies, have caused this Multijurisdictional Pretreatment Agreement to be duly executed in several counterparts, of which shall constitute an original, the day and year as set forth below.

**NORTH TEXAS MUNICIPAL WATER DISTRICT**

By: \_\_\_\_\_ Date: \_\_\_\_\_  
 President, Board of Directors

ATTEST:

\_\_\_\_\_  
 Secretary, Board of Directors

APPROVED AS TO FORM:

\_\_\_\_\_  
 NTMWD Attorney

CITY OF MURPHY

By: \_\_\_\_\_ Date: \_\_\_\_\_  
James Fisher, City Manager

ATTEST:

\_\_\_\_\_  
Susie Quinn, City Secretary

APPROVED AS TO FORM:

\_\_\_\_\_  
Andy Messer, City Attorney

**City Council Meeting  
May 19, 2015**

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**Issue**

Consider and/or act upon authorizing the City Manager to execute the Memorandum of Understanding regarding the adoption of the Texas Department of Transportation's Federally-Approved DBE (Disadvantaged Business Enterprise) Program by City of Murphy, Texas

**Staff Resource/Department**

James Fisher, City Manager  
Bernie Parker, Director of Public Services

**Summary**

The MOU (Memorandum of Understanding) allows the City of Murphy to adopt TXDOT's DBE guidelines. These guidelines require DBE contractors to employ construction management practices that comply with federal regulations. The MOU is required to receive federal funding.

**Board Discussion/Action**

Staff is requesting Council to authorize the City Manager to execute the Memorandum of Understanding regarding the adoption of the Texas Department of Transportation's Federally-Approved Disadvantaged Business Enterprise Program by City of Murphy, Texas

**Attachments**

Copy of the Texas Department of Transportation (TxDOT) Memorandum of Understanding



**MEMORANDUM OF UNDERSTANDING  
REGARDING THE ADOPTION OF THE TEXAS DEPARTMENT OF  
TRANSPORTATION'S FEDERALLY-APPROVED DISADVANTAGED BUSINESS  
ENTERPRISE PROGRAM BY CITY OF MURPHY, TEXAS**

This Memorandum of Understanding (MOU) is by and between the **TEXAS DEPARTMENT OF TRANSPORTATION (TxDOT)**, an agency of the State of Texas; and CITY OF MURPHY, TEXAS, a political subdivision of the State of Texas.

Whereas, from time to time CITY OF MURPHY, TEXAS receives federal funds from the Federal Highway Administration (FHWA) through TxDOT to assist CITY OF MURPHY, TEXAS with the construction and design of projects partially or wholly funded through FHWA; and

Whereas, CITY OF MURPHY, TEXAS, as a sub-recipient of federal funds, is required by 49 CFR 26, to implement a program for disadvantaged business enterprises (DBEs), as defined by 49 CFR 26 (DBE Program); and

Whereas, TxDOT has implemented a Disadvantaged Business Enterprise Program (DBE Program) that is approved by the FHWA pursuant to 49 CFR part 26; and

Whereas, certain aspects of CITY OF MURPHY, TEXAS's procurement of construction and design services are subject to review and/or concurrence by TxDOT as a condition of receiving federal funds from FHWA through TxDOT; and

Whereas, CITY OF MURPHY, TEXAS and TxDOT undertake substantially similar roadway construction projects and design projects and construct and design their respective projects using substantially the same pool of contractors; and

Whereas, CITY OF MURPHY, TEXAS desires to implement a federally compliant DBE Program by adopting the TxDOT approved program, as recommended by FHWA; and

Whereas, TxDOT and CITY OF MURPHY, TEXAS find it appropriate to enter into this MOU to memorialize the obligations, expectations and rights each has as related to CITY OF MURPHY, TEXAS's adoption of the TxDOT DBE's Program to meet the federal requirements;

Now, therefore, TxDOT and CITY OF MURPHY, TEXAS, in consideration of the mutual promises, covenants and conditions made herein, agree to and acknowledge the following:

- (1) TxDOT has developed a DBE Program and annually establishes a DBE goal for Texas that is federally approved and compliant with 49 CFR 26 and other applicable laws and regulations.
- (2) CITY OF MURPHY, TEXAS is a sub-recipient of federal assistance for construction projects and design projects and, in accordance with 49 CFR § 26.21, must comply with a federally approved DBE Program. The CITY OF MURPHY, TEXAS receives its federal assistance through TxDOT. As a sub-recipient, CITY OF MURPHY, TEXAS has the option of developing its own program or adopting and operating under TxDOT's federally approved DBE Program. The FHWA recommends that sub-recipients, such as CITY OF MURPHY, TEXAS, adopt the DBE program, administered through TxDOT, and CITY OF MURPHY, TEXAS by its prescribed protocol adopted the TxDOT DBE Program as of the date when adoption occurred.

(3) This MOU evidences FHWA's and TxDOT's consent to the adoption of the TxDOT DBE Program by CITY OF MURPHY, TEXAS to achieve its DBE participation in federally assisted Construction and Design Projects.

(4) The parties will work together in good faith to assure effective and efficient implementation of the DBE Program for CITY OF MURPHY, TEXAS and for TxDOT.

(5) CITY OF MURPHY, TEXAS and TxDOT have agreed upon the following delegation of responsibilities and obligations in the administration of the DBE Program adopted by CITY OF MURPHY, TEXAS:

(a) CITY OF MURPHY, TEXAS will be responsible for project monitoring and data reporting to TxDOT. CITY OF MURPHY, TEXAS will furnish to TxDOT any required DBE contractor compliance reports, documents or other information as may be required from time to time to comply with federal regulations. TxDOT will provide the necessary and appropriate reporting forms, to CITY OF MURPHY, TEXAS.

(b) CITY OF MURPHY, TEXAS will recommend contract-specific DBE goals consistent with TxDOT's DBE guidelines and in consideration of the local market, project size, and nature of the good(s) or service(s) to be acquired. CITY OF MURPHY, TEXAS's recommendation may be that no DBE goals are set on any particular project or portion of a project or that proposed DBE goals be modified. CITY OF MURPHY, TEXAS and TxDOT will work together to achieve a mutually acceptable goal, however, TxDOT will retain final decision-making authority regarding DBE goals.

(c) TxDOT will cooperate with CITY OF MURPHY, TEXAS in an effort to meet the timing and other requirements of CITY OF MURPHY, TEXAS projects.

(d) CITY OF MURPHY, TEXAS will be solely responsible for the solicitation and structuring of bids and bid documents to procure goods and services for its projects that use federal funds and will be responsible for all costs and expenses incurred in its procurements.

(e) The DBEs eligible to participate on TxDOT construction projects or design projects also will be eligible to participate on CITY OF MURPHY, TEXAS construction projects or design projects subject to the DBE Program. The DBEs will be listed on TxDOT's website under the Texas Unified Certification Program (TUCP).

(f) CITY OF MURPHY, TEXAS will conduct reviews and provide reports with recommendations to TxDOT concerning any DBE Program compliance issues that may arise due to project specific requirements such as Good Faith Effort (GFE), Commercially Useful Function (CUF), etc. CITY OF MURPHY, TEXAS and TxDOT will work together to achieve a mutually acceptable goal, however, TxDOT will retain final decision-making authority on those issues and reserves the right to perform compliance reviews. CITY OF MURPHY, TEXAS shall provide TxDOT with a listing of sanctions that will be assessed against contractors for violation of federal DBE regulations and its procedures for investigation of violations and assessment of sanctions for documented violations. CITY OF MURPHY, TEXAS will require contractors for its FHWA federally assisted projects to use the attached forms as follows:

Attachment 1 – Disadvantaged Business Enterprise (DBE) Program Commitment Agreement Form SMS 4901

Attachment 2 – DBE Monthly Progress Report Form SMS 4903

Attachment 3 – DBE Final Report Form SMS 4904

Attachment 4 – Prompt Payment Certification Form (Federal-air Projects) 2177

(g) CITY OF MURPHY, TEXAS will designate a liaison officer to coordinate efforts with TxDOT's DBE Program administrators and to respond to questions from the public and private sector regarding CITY OF MURPHY, TEXAS's administration of the DBE Program through TxDOT.

(h) CITY OF MURPHY, TEXAS will be responsible for providing TxDOT with DBE project awards and DBE Commitments, monthly DBE reports, DBE Final Reports, DBE shortfall reports, and annual and updated goal analysis and reports.

(i) TxDOT will be responsible for maintaining a directory of firms eligible to participate in the DBE Program, and providing business development and outreach programs.

CITY OF MURPHY, TEXAS and TxDOT will work cooperatively to provide supportive services and outreach to DBE firms in CITY OF MURPHY, TEXAS area.

(j) CITY OF MURPHY, TEXAS will submit DBE semi-annual progress reports to TxDOT.

(k) CITY OF MURPHY, TEXAS will participate in TxDOT sponsored training classes to include topics on Title VI of the Civil Rights Act of 1964, DBE Annual Goals, DBE Goal Setting for Construction Projects and Design Projects, DBE Contract Provisions, and DBE Contract Compliance, which may include issues such as DBE Commitments, DBE Substitution, and Final DBE Clearance. TxDOT will include DBE contractors performing work on CITY OF MURPHY, TEXAS projects in the DBE Education and Outreach Programs.

(l) The Executive Director of CITY OF MURPHY, TEXAS will implement all federal requirements, including those stated in Attachments A through F, which are incorporated as though fully set out herein for all purposes.

(m) In accordance with 23 CFR 200.1, CITY OF MURPHY, TEXAS shall develop procedures for the collection of statistical data (race, color, religion, sex, and national origin) of participants in , and beneficiaries of Sate highway programs, i.e., relocatees, impacted citizens and affected communities; develop a program to conduct Title VI review of program areas; and conduct annual reviews of special emphasis program areas to determine the effectiveness of program area activities at all levels. TxDOT, in accordance with federal law, may conduct compliance reviews by TxDOT's Office of Civil Rights (OCR).

(n) CITY OF MURPHY, TEXAS will comply with 49 CFR 26.29 as stated in Attachment F.

(6) In the event there is a disagreement between TxDOT and CITY OF MURPHY, TEXAS about the implementation of the TxDOT DBE Program by CITY OF MURPHY, TEXAS the parties agree to meet within ten (10) days of receiving a written request from the other party of a desire to meet to resolve any disagreement. The parties will make good faith efforts to resolve any disagreement as efficiently as is reasonably possible in consultation with FHWA. Non-compliance by CITY OF MURPHY, TEXAS can result in restitution of federal funds to TxDOT and withholding of further federal funds upon consultation with FHWA.

(7) This MOU becomes effective upon execution by all parties and automatically renews each year unless a party notifies the other parties of its intent to terminate the agreement.

(8) If this MOU is terminated for any reason, CITY OF MURPHY, TEXAS will be allowed reasonable time in which to seek approval from FHWA for an alternative DBE Program, without being deemed non-compliant with 49 CFR Part 26.

(9) This MOU applies only to projects for which CITY OF MURPHY, TEXAS is a sub-recipient of federal funds through TxDOT. CITY OF MURPHY, TEXAS may also implement a Minority and Women-Owned Small Business Enterprise (M/W/SBE) policy and program that applies to projects for which it is not a sub-recipient of federal funds through TxDOT and which are not subject to the TxDOT DBE Program. CITY OF MURPHY, TEXAS may, at its option, use some aspects of the TxDOT DBE Program and other similar programs in implementing its other policies and programs for its non-federally funded projects.

(10) The following attachments to this MOU are also incorporated as if fully set out herein for all purposes:

Attachment A – FHWA Memorandum HCR-1/HIF-1 (relating to access required by the Americans with Disabilities Act of 1990 and Section 504 of the Rehabilitation Act of 1973);

Attachment B – SPECIAL PROVISION – LOCAL GOVERNMENT / RMA / NON-STANDARD CONTRACTS

Attachment C – 49 CFR §26.13 (contractual assurances)

Attachment D – DBE Program Compliance Guidance for Local Government Agencies

Attachment E – FHWA Form 1273

Attachment F – Texas Department of Transportation (TxDOT) Disadvantaged Business Enterprise (DBE) Program with attachments as follows:

Attachment F1 – DBE Regulations: 49 CFR Part 26

Attachment F2 – DBE Special Provisions 000-1966

Attachment F3 – TxDOT's Organizational Chart

Attachment F4 – Measurement and Payment Special Provision 009-007

Attachment F5 – Texas Unified Certification Program (TUCP) DBE directory example and website address to the directory

Attachment F6 – DBE Goal Methodology

Attachment F7 – DBE Bidder Certification

Attachment F8 – DBE Joint Check Approval Form

Attachment F9 – TUCP Standard Operating Procedures (SOP)

Attachment F10 – TUCP Memorandum of Agreement (MOA)

Attachment F11 – Forms list

(11) The following procedure shall be observed by the parties in regard to any notifications:

(a) Any notice required or permitted to be given under this MOU shall be in writing and may be effected by personal delivery, by hand delivery through a courier or a delivery service, or by

registered or certified mail, postage prepaid, return receipt requested, addressed to the proper party, at the following address:

CITY OF MURPHY, TEXAS

James Fisher  
City Manager

Hand Delivery:

Registered or Certified Mail (Return receipt requested):

206 North Murphy Road, Murphy, Texas 75094

TEXAS DEPARTMENT OF TRANSPORTATION  
DBE Liaison  
Office of Civil Rights  
Address: 125 E. 11th Street  
Austin, Texas 78701

(b) Notice by personal delivery or hand delivery shall be deemed effective immediately upon delivery, provided notice is given as required by Paragraph (a) hereof. Notice by registered or certified mail shall be deemed effective three (3) days after deposit in a U.S. mailbox or U.S. Post Office, provided notice is given as required by Paragraph (a) hereof.

(c) Either party hereto may change its address by giving notice as provided herein.

(12) This MOU may be modified or amended only by written instrument, signed by both

CITY OF MURPHY, TEXAS and the TxDOT and dated subsequent to the effective date(s) of this MOU. Except as authorized by the respective parties, no official, employee, agent, or representative of the parties has any authority, either express or implied, to modify or amend this MOU.

(13) The provisions of this MOU are severable. If any clause, sentence, provision, paragraph, or article of this MOU, or the application of this MOU to any person or circumstance is held by any court of competent jurisdiction to be invalid, illegal, or unenforceable for any reason, such invalidity, illegality, or unenforceability shall not impair, invalidate, nullify, or otherwise affect the remainder of this MOU, but the effect thereof shall be limited to the clause, sentence, provision, paragraph, or article so held to be invalid, illegal, or unenforceable, and the application of such clause, sentence, provision, paragraph, or article to other persons or circumstances shall not be affected; provided, however,

CITY OF MURPHY, TEXAS and TxDOT may mutually agree to terminate this MOU.

(14) The following provisions apply in regard to construction of this MOU:

(a) Words of any gender in this MOU shall be construed to include the other, and words in either number shall be construed to include the other, unless the context in this MOU clearly requires otherwise.

(b) When any period of time is stated in this MOU, the time shall be computed to exclude the first day and include the last day of the period. If the last day of any period falls on a Saturday, Sunday, or national holiday, or state or county holiday, these days shall be omitted from the computation. All hours stated in this MOU are stated in Central Standard Time or in Central Daylight Savings Time, as applicable.

(15) This MOU shall not be construed in any way as a waiver by the parties of any immunity from suit or liability that parties may have by operation of law, and the parties hereby retain all of their respective affirmative defenses.

EXECUTED in duplicate originals by TxDOT and CITY OF MURPHY, TEXAS, acting through each duly authorized official and effective on the latest date signed.

The signatories below confirm that they have the authority to execute this MOU and bind their principles.

TEXAS DEPARTMENT OF TRANSPORTATION

CITY OF MURPHY, TEXAS

By: \_\_\_\_\_  
LtGen J.F. Weber, USMC (Ret)  
Executive Director

By: \_\_\_\_\_  
James Fisher  
City Manager

Date: \_\_\_\_\_

Date: \_\_\_\_\_

[Contact/Help](#)

**City Council**  
**May 19, 2015**

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**Issue**

Consider and/or act upon on the 2015 Planning Session

**Staff Resource/Department**

James Fisher, City Manager

**Summary**

The City Council met earlier this year to discuss the City's vision, goals, principles and planning for the next 3 – 5 years. The council strengthened the City's Vision and adopted principles to support the key values within the Vision Statement. The principles will also serve as a guide as the city develops it's short/ long range goals and its Annual Budget.

**Background/History**

The City Council has already initiated (or will) some critical steps to implementing the City's strategy for the next 3 – 5 years. These steps are:

1. Community Survey
2. Update of City's Comprehensive plan
3. Recodification of City's ordinances
4. Appointment of a Community Improvement Program Committee

I believe the Council could consider these actions as steps for FY15 and allow them to materialize. Later this year, the City Council could use the information from the Community Survey to finalize the Comprehensive Plan Update, the Community Improvement Program and to develop the remaining goals for the City Councils 3 – 5 year Strategic Plan.

Also, the City Council and staff could use the principles that were drafted this past Spring, as a guidepost for the FY16 Budget. How does the Annual Budget support and/ or enhance the principles that define our Vision? This question will allow us to move forward with the planning and preparation of the FY16 Annual Budget.

**Action**

Consider formally adopting the Vision Principles, Community Survey, Comprehensive Plan Update, Recodification and appointment of the Community Improvement Program Committee as the first initiatives of the City Councils 2020 Strategic Vision Plan.

**City Council Meeting  
May 19, 2015**

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**Issue**

Discussion on the City's Fiscal Year 2015-2016 Annual Budget.

**Staff Resource/Department**

James Fisher, City Manager

**Summary**

The City's Annual Budget Year is October 1<sup>st</sup> – September 30<sup>th</sup>. The staff traditionally begins working on the budget in February and has a draft available for City Council review in early June. The Budget is the most critical document that the City Council and staff create together. The dollars allocated in the budget provide the necessary support to accomplish the Vision and Goals established by the City Council.

The Collin County Appraisal District has released their certified preliminary net taxable number at \$1,943,000,000. I have also included the raw numbers from CCAD that reflect the 2015 Preliminary numbers. These numbers show more detail of the assessment and are different than the CCAD Net Taxable Value due to the fact of constant change; i.e. protests. The City will receive our final numbers for budgetary purposes near the end of July. The appraised value is an approximate increase of 8% above last year. The City more than likely will see a decrease in the property tax rate due to this increase in value and possible actions at the State Legislature.

The staff's budgets are due the week of May 18<sup>th</sup>. I have tentatively set 6 budget work sessions; May 26<sup>th</sup>, June 4<sup>th</sup>, June 16<sup>th</sup>, July 13<sup>th</sup>, July 14<sup>th</sup> and July 21<sup>st</sup>. The FY 16 Annual Budget will be submitted to the City Council on Tuesday, August 4<sup>th</sup>. Public Hearings will be in August and September with adoption scheduled for September 22<sup>nd</sup>.

**Action Requested**

Confirm FY 16 Budget work session dates.

**Attachments**

- CCAD 2015 Preliminary Totals
- FY 2015 Budget Letter

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## 2015 PRELIMINARY TOTALS

CMR - MURPHY CITY  
Grand Totals

Property Count: 6,682

5/11/2015 10:50:14AM

Land		Value				
Homesite:		410,963,241				
Non Homesite:		109,729,841				
Ag Market:		11,316,211				
Timber Market:		0		<b>Total Land</b>	(+)	<b>532,009,293</b>
Improvement		Value				
Homesite:		1,396,308,083				
Non Homesite:		207,620,194		<b>Total Improvements</b>	(+)	<b>1,603,928,277</b>
Non Real		Count	Value			
Personal Property:		445	53,520,557			
Mineral Property:		0	0			
Autos:		0	0	<b>Total Non Real</b>	(+)	<b>53,520,557</b>
				<b>Market Value</b>	=	<b>2,189,458,127</b>
Ag	Non Exempt	Exempt				
Total Productivity Market:	11,316,211	0				
Ag Use:	18,312	0		<b>Productivity Loss</b>	(-)	<b>11,297,899</b>
Timber Use:	0	0		<b>Appraised Value</b>	=	<b>2,178,160,228</b>
Productivity Loss:	11,297,899	0		<b>Homestead Cap</b>	(-)	<b>25,054,516</b>
				<b>Assessed Value</b>	=	<b>2,153,105,712</b>
Exemption	Count	Local	State	Total		
DP	65	3,012,500	0	3,012,500		
DV1	26	0	179,000	179,000		
DV2	12	0	103,500	103,500		
DV2S	1	0	7,500	7,500		
DV3	11	0	104,000	104,000		
DV3S	1	0	10,000	10,000		
DV4	29	0	192,000	192,000		
DV4S	4	0	42,000	42,000		
DVHS	17	0	4,644,973	4,644,973		
EX-XV	148	0	125,482,249	125,482,249		
EX366	189	0	1,201,368	1,201,368		
LVE	4	1,151,715	0	1,151,715		
OV65	592	28,431,161	0	28,431,161		
OV65S	3	150,000	0	150,000		
SO	1	23,016	0	23,016	<b>Total Exemptions</b>	(-)
						<b>164,734,982</b>
					<b>Net Taxable</b>	=
						<b>1,988,370,730</b>

APPROXIMATE TOTAL LEVY = NET TAXABLE \* (TAX RATE / 100)  
 10,936,039.02 = 1,988,370,730 \* (0.550000 / 100)

Collin CAD

## 2015 PRELIMINARY TOTALS

CMR - MURPHY CITY  
Grand Totals

Property Count: 6,682

5/11/2015 10:51:13AM

### State Category Breakdown

State Code	Description	Count	Acres	New Value Market	Market Value
A	Single-Family Residential	5,851		\$28,074,185	\$1,796,368,981
C1	Vacant Lots and Tracts	62		\$0	\$13,852,741
D1	Qualified Open-Space Land	25	147.6622	\$0	\$11,316,211
D2	Improvements on Qualified Open-Space Lan	6		\$0	\$30,263
E	Rural Land, Non Qualified Open-Space Land,	30		\$0	\$8,322,427
F1	Commercial Real Property	64		\$6,907,375	\$164,021,668
F2	Industrial and Manufacturing Real Property	4		\$0	\$8,760,211
J2	Gas Distribution Systems	2		\$0	\$1,714,550
J3	Electric Companies and Co-Ops	5		\$0	\$3,875,131
J4	Telephone Companies and Co-Ops	18		\$0	\$4,990,425
J6	Pipelines	1		\$0	\$58,050
J7	Cable Television Companies	1		\$0	\$2,017,003
L1	Commercial Personal Property	228		\$273,436	\$38,868,696
O	Residential Real Property Inventory	85		\$2,809,134	\$7,300,644
S	Special Personal Property Inventory	1		\$0	\$125,794
X	Totally Exempt Property	340		\$9,766,514	\$127,835,332
	<b>Totals</b>		147.6622	\$47,830,644	\$2,189,458,127

Collin CAD

**2015 PRELIMINARY TOTALS**

CMR - MURPHY CITY  
Effective Rate Assumption

Property Count: 6,682

5/11/2015 10:51:13AM

**New Value**

TOTAL NEW VALUE MARKET: \$47,830,644  
TOTAL NEW VALUE TAXABLE: \$38,064,130

**New Exemptions**

Exemption	Description	Count	2014 Market Value	2014 Market Value
EX-XV	Other Exemptions (Including public, religious, c	2		\$1,075
EX366	House Bill 366 - Under \$500	171		\$11,806,850
<b>ABSOLUTE EXEMPTIONS VALUE LOSS</b>				<b>\$11,807,725</b>

Exemption	Description	Count	Exemption Amount
DP	Disabled Person	1	\$50,000
DV2	Disabled Veterans 30% - 49%	1	\$7,500
DV3	Disabled Veterans 50% - 69%	2	\$20,000
DV4	Disabled Veterans 70% - 100%	3	\$36,000
OV65	Over-65	3	\$150,000
<b>PARTIAL EXEMPTIONS VALUE LOSS</b>			<b>10</b>
<b>TOTAL EXEMPTIONS VALUE LOSS</b>			<b>\$263,500</b>
<b>TOTAL EXEMPTIONS VALUE LOSS</b>			<b>\$12,071,225</b>

**New Ag / Timber Exemptions**

**New Annexations**

**New Deannexations**

**Average Homestead Value**

**Category A and E**

Count of HS Residences	Average Market	Average HS Exemption	Average Taxable
4,760	\$314,684	\$5,264	\$309,420

**Category A Only**

Count of HS Residences	Average Market	Average HS Exemption	Average Taxable
4,752	\$314,858	\$5,270	\$309,588

**Lower Value Used**

Count of Protested Properties	Total Market Value	Total Value Used
98	\$32,026,723.00	\$28,563,727



August 5, 2014

Mayor Eric Barna  
Murphy City Council  
206 N. Murphy Road  
Murphy, TX 75094

Dear Mayor Barna and Members of the City Council:

In accordance with the City of Murphy's Charter, Section 7.02, and with the financial policies of the City, I am pleased to submit the FY15 Annual Budget for the period of October 1, 2014 through September 30, 2015.

The Leadership Team began developing the FY 15 Budget in February of this year and used the department's "Roadmaps to Greatness" as the foundation. The "Roadmaps" are a rolling 5 year organizational, financial and departmental plan that details where the department is going, what it will take to get there and how it will meet the community expectations of great customer service. The team used conversations of City Council, the 2012-2015 City Council Strategic Direction, their understanding of community expectations, their employees, and the individual wisdom and municipal experience of the team members as guides for these roadmaps. The roadmaps provide a good, solid foundation to build our community upon, as well as establish financial insight and forecasting to prepare us for tomorrow.

During the past couple of months, the City Council and staff have met to discuss the proposed FY 15 Annual Budget and to review the departmental budgets. One of the first initiatives expressed by the City Council was ensuring that the municipal employees were compensated according to the cost of living index since 2010. This has been addressed in the proposed budget and the staff will be developing a formal plan this fall that will consider this factor and a market analysis to determine appropriate pay ranges with steps for the employees. The City Council also focused on the cost of services and determined after several adjustments that the City was providing great services at a fair price for our residents. This will continue to be a challenge for our city as community expectations will increase while the cost for these services will be strongly debated. Murphy is a great community and continued investment back into the

City of Murphy FY2015 Approved Annual Budget

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community in the provision of services, community events and good governance is paying dividends. Murphy was recently recognized as the 5<sup>th</sup> best suburb in the Dallas/Ft. Worth by *D Magazine* and has been in the top 10 rankings for the past eight years.

The following is an overview of the proposed FY15 Annual Budget for the City of Murphy.

**FINANCIAL SUMMARY**

Total budget for FY15 is \$34,660,400 and is an increase of 15.2% from the FY14 adopted budget. The following table illustrates the adopted budgets for FY14 and FY15 as well as the percent change from one fiscal year to the next.

	FY14 Adopted	FY15 Proposed	Percent Change
<i>General Fund</i>	\$ 12,127,750	\$ 13,308,500	9.74%
<i>Court Technology Fund</i>	12,300	6,200	-49.60%
<i>Building Security Fund</i>	20,000	16,700	-17.00%
<i>Judicial Efficiency Fund</i>	1,000	1,000	0.00%
<i>JUV Case Manager Fund</i>	30,000	30,000	0.00%
<i>Utility Fund</i>	7,338,400	8,078,200	10.08%
<i>Capital Project Fund</i>	55,000	-	-100.00%
<i>Municipal Development Fund</i>	227,800	493,400	117.00%
<i>Community Development Fund</i>	795,300	938,600	18.00%
<i>Debt Service Fund</i>	3,743,200	3,846,700	2.77%
<i>Capital Construction Fund</i>	4,163,200	3,648,300	-12.37%
<i>Utility Capital Construction Fund</i>	1,108,000	3,830,000	245.00%
<i>Impact Fund</i>	464,100	462,800	-0.28%
<b>Total Budget</b>	<b>\$ 30,086,050</b>	<b>\$ 34,660,400</b>	<b>15.20%</b>

**PROPERTY VALUES**

The City of Murphy saw a strong increase in appraised valued this year, approximately 9.78%. This increase in value is allowing the City to decrease its property tax rate by 2 cents. The increase in property value has been a trend since 2008 and this increase has helped the City increase services while maintaining the tax rate at near 55 cents over the past 6 years. Another contributing factor to the consistent tax rate is that the City has refinanced several debt issues

and that has resulted in a lower debt service rate. The lower rate has occurred despite the issuance of \$16 million dollars in voter approved General Obligation bonds in 2008, \$1.5 million Certificate of Obligation in 2009 for public safety, \$1.075 million Tax Notes in 2010 for the purchase of an ambulance and fire truck and \$150,000 Tax Notes in 2014 for the construction of the Animal Shelter.

The table below reflects the Operations & Maintenance and Debt Service Tax Rates which makes up the total Property Tax Rate for the past six years and the Proposed Property Tax Rate for FY 2014-2015.

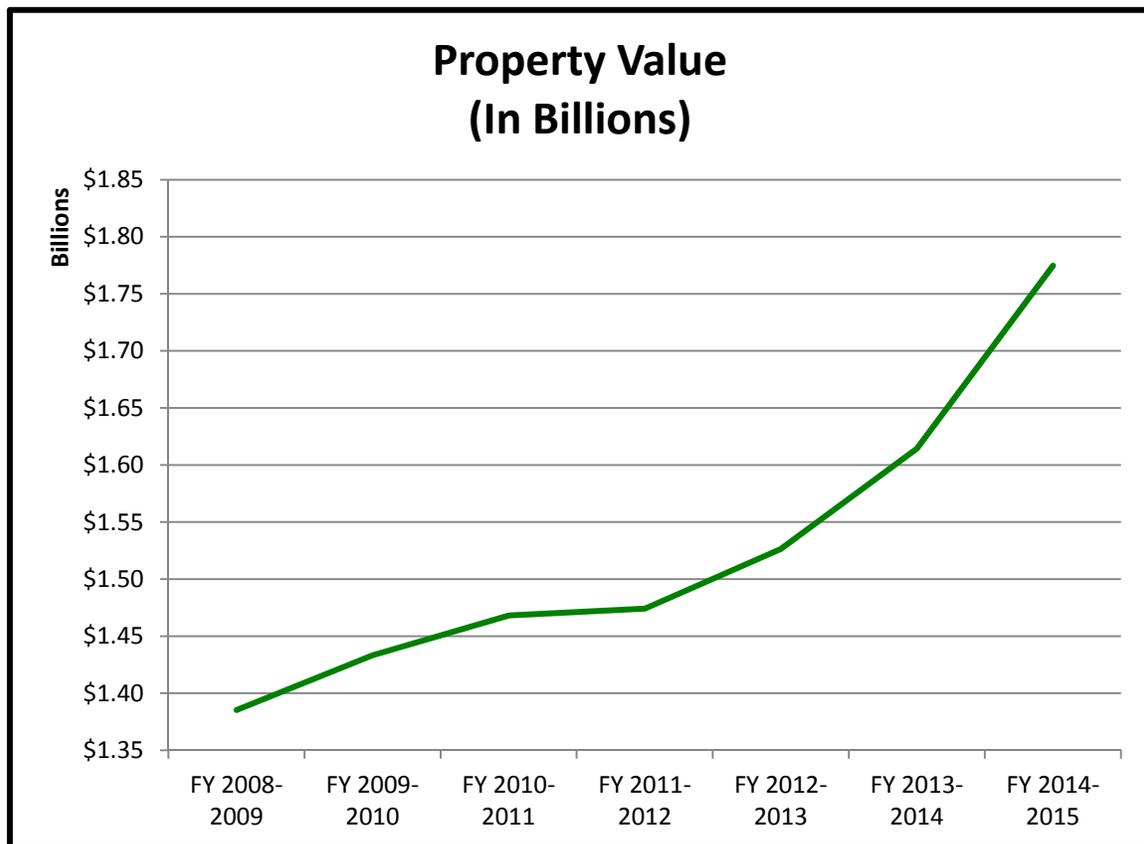
FISCAL YEARS	O&M	Debt Service	Total
FY 2008-2009	0.3341	0.1842	0.5183
FY 2009-2010	0.3341	0.2043	0.5384
FY 2010-2011	0.3174	0.2476	0.5650
FY 2011-2012	0.3100	0.2550	0.5650
FY 2012-2013	0.3295	0.2405	0.5700
FY 2013-2014	0.3415	0.2285	0.5700
FY 2014-2015 (Proposed)	0.3363	0.2137	0.5500

The table below reflects the certified property values at July 25<sup>th</sup> for the past seven years and the property values under review at that time.

FISCAL YEARS	CERTIFIED	UNDER REVIEW	TOTAL
FY 2008-2009	1,385,330,641	27,514,094	1,412,844,735
FY 2009-2010	1,433,169,326	35,975,582	1,469,144,908
FY 2010-2011	1,468,140,104	3,786,377	1,471,926,481
FY 2011-2012	1,474,146,277	25,468,692	1,499,614,969
FY 2012-2013	1,526,307,177	18,353,253	1,544,660,430
FY 2013-2014	1,614,305,560	24,392,305	1,638,697,865
FY 2014-2015	1,774,655,435	25,968,662	1,800,624,097

The total certified property value for the FY15 Budget is \$1,774,655,435. This is an increase of approximately 9.93% over the current year. The City has seen an increase in residential building permits this year and has seen several new businesses open.

The below chart illustrates the steady increase in property tax valuations since 2008. This is likely to continue through residential and commercial build out.



**GENERAL FUND BUDGET**

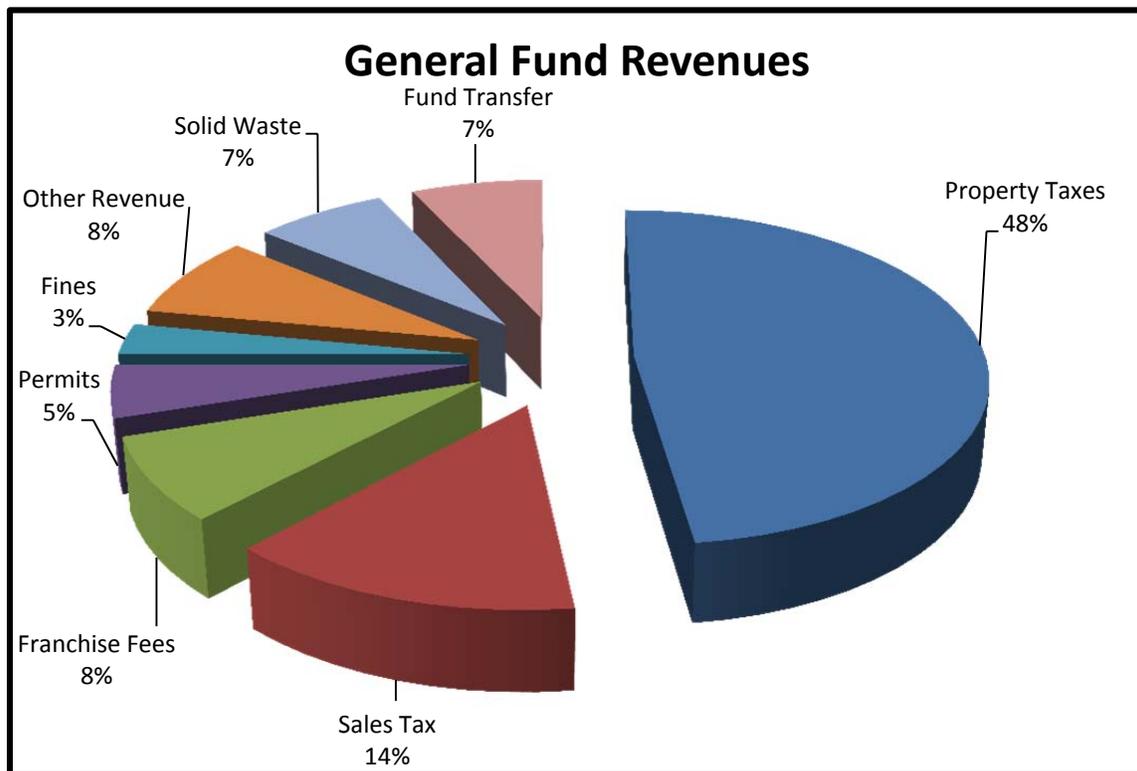
**REVENUES**

The City of Murphy receives approximately 48% of the budgeted revenues from property taxes. The City’s property taxes are divided into two components: Maintenance and Operations (M&O) and Debt Service. The M&O portion funds the daily operations of City government, such as administration, fire, parks, police, streets and sanitation. Debt service is the portion that pays for debt the City has incurred to provide essential services to our community. The proposed tax rate for FY15 is \$0.5500 per \$100 valuation. The M&O rate is \$0.336270 (a decrease of \$0.005251) and the debt service rate is \$0.213730 (a decrease of \$0.014749).

The average single family home is currently valued at \$284,931 and will pay approximately \$1,567.12 in City property tax.

Sales Tax revenue is budgeted at a 2.5% increase as the economy continues to improve and will generate approximately 14% of the General Fund revenue. This number should continue to increase as new businesses open. Other Revenue generates approximately 8% of General Fund revenue, matched by Franchise Fees at 8%, followed by Solid Waste at 7%, Permits & Licenses at 5% and Municipal Court Revenue at 3%.

The General Fund also receives an \$850,000 transfer from the City’s Utility Fund and a \$30,000 transfer from the City’s Juvenile Case Manager Fund (funded from court costs). The transfer from the Utility Fund is used to offset expenses incurred in the General Fund for the benefit of the Utility Fund and will allow the City to purchase the needed capital without increasing taxes. The transfer from the City’s Juvenile Case Manager Fund will pay a portion of the Municipal Court Juvenile Case Manager’s salary and benefits. These transfers are approximately 7% of the General Fund revenue.



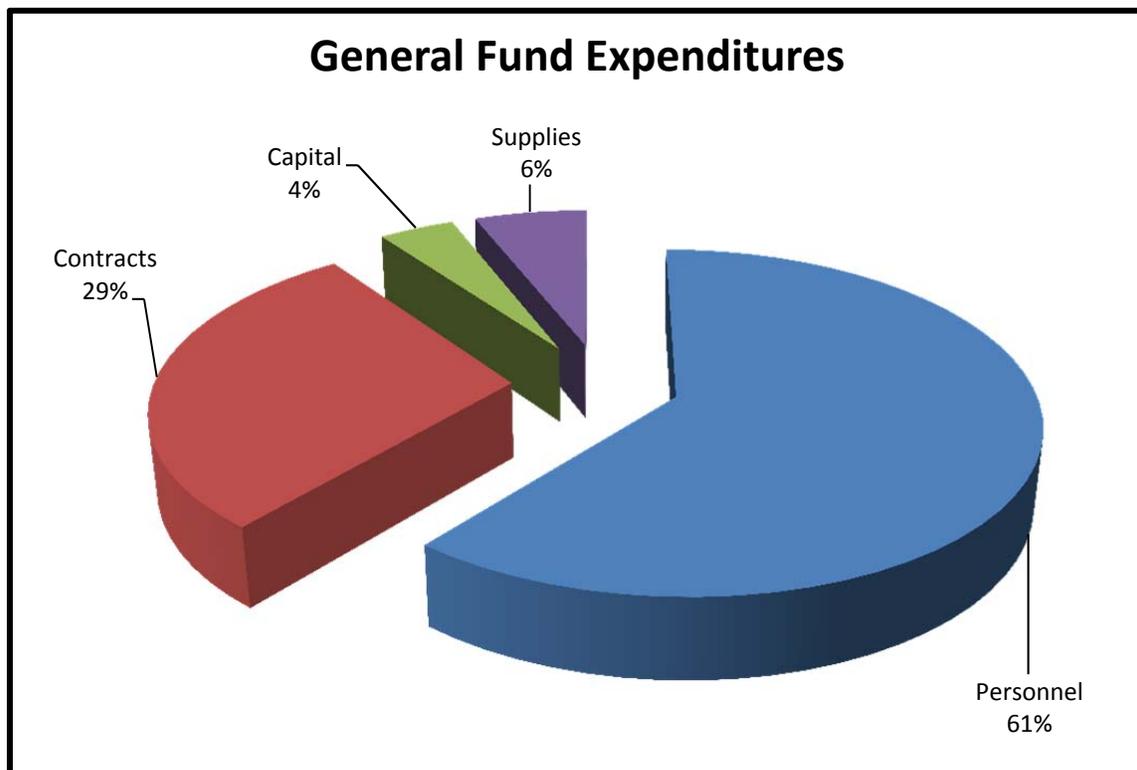
As you can see, the City is heavily dependent on property taxes for General Fund revenue. The City must continue to diversify revenue sources by growing the commercial businesses which

generate sales tax. However, we must be careful in the area of economic development. The City should encourage businesses that are unique and complement our community. They should not only increase sales taxes but also increase property values for them and surrounding neighbors.

**EXPENDITURES**

The greatest asset of the City of Murphy is our employees. They are the ones that provide the exceptional service that our citizens expect and deserve. Personnel costs represent approximately 61% of the approved expenditures. This is a significant cost in the General Fund and one that must be examined closely every year. The required pay plan for uniformed police and fire personnel became effective on April 1, 2013.

Contractual services are the second greatest expenditures at approximately 29%. This is due to outsourcing of park mowing, right-of-way maintenance and service contracts for City facilities. Supplies accounts for 6% matched with capital purchases for 4% of the expenditures.



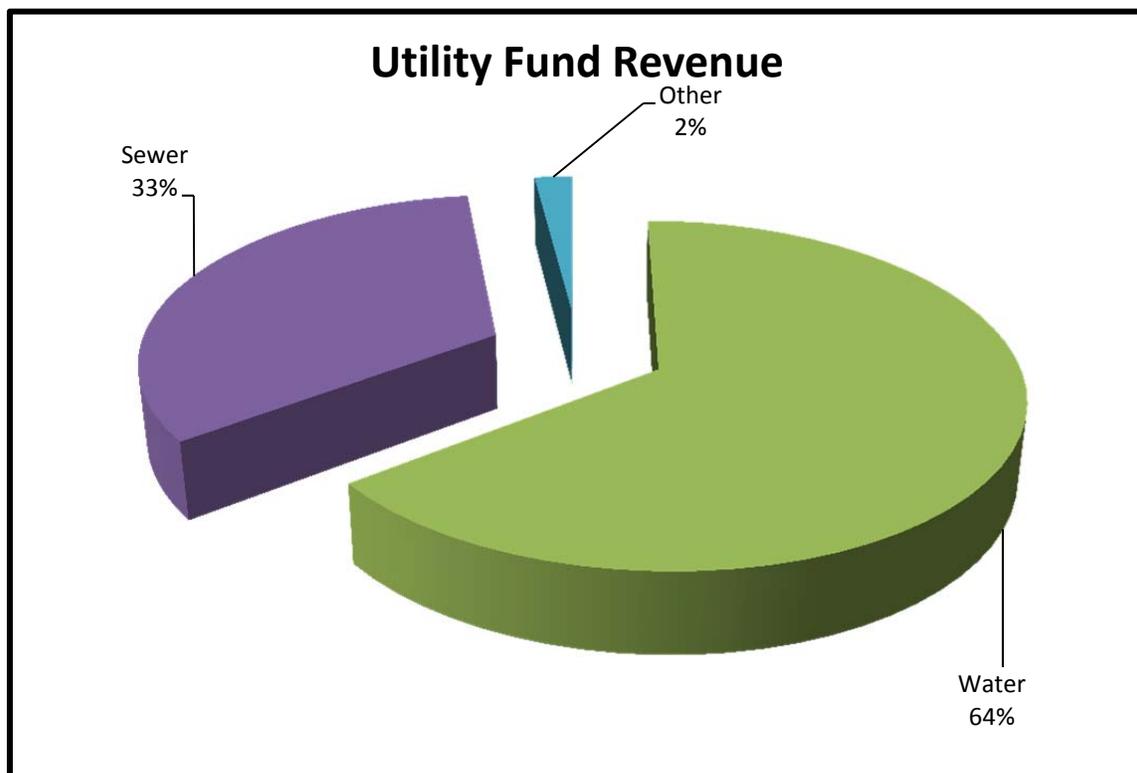
**UTILITY FUND BUDGET**

In February 2014 the City Council approved a contract with NewGen Strategies & Solutions to perform a utility rate study. The purpose of the study was to review the City’s current rate structure to determine if the rates were paying for the system and if not what adjustments need to be made. Also, the City Council challenged NewGen to separate out the charges that the City incurs for the purchase of water from North Texas Municipal Water District. NewGen presented its findings to City Council in May and the City Council adopted a rate structure in July 2014.

The Utility Fund accounts for the water and waste water services provided to the residents of the City of Murphy. All activities necessary to provide such services are accounted for in this fund, including construction, financing and related services. No taxes are used to support these services.

The following departments are funded through the Utility Fund:

- Water Distribution
- Wastewater Collection
- Customer Service



The main focuses for the Utility Fund are to maintain current levels of service, provide services for the continued residential growth, and improve commercial development within the City.

Total expenditures for the FY15 budget are \$7,228,200 which includes \$2,920,400 for the purchase of water and \$837,600 for the treatment of wastewater from North Texas Municipal Water District.

The City's Utility fund is our enterprise fund and should generate enough revenue to ensure the investment in infrastructure is adequate for current and future use. The fund should also provide for the expenses of personnel, customer services, development and maintenance.

### **COMMUNITY IMPROVEMENT FUND BUDGET**

The citizens of Murphy approved a \$16 million bond program in November 2008. During the past four years, the City built new parks, revitalized existing parks, remodeled and opened a Community Center, beautified medians and streetscapes, purchased land for parks and repaired various streets throughout the City. The bond program has cost the taxpayers approximately \$.05 cents per \$100 valuation to cover the cost of the issued debt. As these projects continue to come online, the City will need additional revenue sources to fund the operations and maintenance of these projects. The City has also issued additional \$2.750 million of debt which replaced the radio system for the Fire and Police Departments, purchased a new ambulance and fire truck and provided additional funds for the construction of the new Animal Shelter.

### **MUNICIPAL DEVELOPMENT DISTRICT FUND BUDGET**

The Murphy Municipal Development District (MDD) was formed in April 2012 to allow the City of Murphy to adopt a sales tax to fund the district. The Corporation receives funds from a half-cent sales tax generated within the city limits. The MDD can undertake a variety of projects with high flexibility using the sales tax proceeds, similar to a Community Development Corporation. The revenues are used to promote economic growth, carry out programs related to community development, and promotion of new and expanded business enterprises. Total revenues for FY15 are projected at \$886,200.

## **COMMUNITY DEVELOPMENT CORPORATION FUND BUDGET**

The Murphy Community Development Corporation (MCDC) is a Community Development Sales Tax Corporation whose purpose is to promote projects to enhance the community's image through beautification, parks and open space ventures. The MCDC was created in June 2003 by the Murphy City Council and residents who recognize the need to set aside the money for these important public services. Total revenues for FY15 are projected at \$883,900.

## **DEBT SERVICE FUND BUDGET**

The total general obligation outstanding is \$40,024,980.78 payable over the next 17 years. The portion of the debt payable in FY15 is \$2,680,000 in principal and \$1,163,900 in interest. The tax rate necessary to generate the appropriate amount of taxes to pay the debt service requirement is \$0.213730 per \$100 valuation.

## **IMPACT FUND BUDGET**

An "Impact Fee" is a charge or assessment imposed by a political subdivision for new development within its service area in order to generate revenue for funding or recouping the costs of capital improvements or facility expansions necessitated by and attributable to the new development. The City of Murphy water and wastewater service area is all land within the City limits. The first step in determining an impact fee is to prepare land use and growth assumptions for the service area for the next ten years. Next, a Capital Improvement Plan must be created to describe the water and wastewater infrastructure that will be necessary to serve the anticipated land uses and growth. The following items can be included in the impact fee calculation:

- The portion of the cost of the new infrastructure that is to be paid by the City, including engineering, property acquisition and construction costs;
- Existing excess capacity in lines and facilities that will serve future growth and which were paid for in whole or part by the City; and
- Interest and other finance charges on bonds issued by the City to cover its portion of the cost.

The City's current Capital Improvement Plan is good through 2016 when it must be reviewed and updated to accommodate the needs of the City. Staff will begin this process in the next couple of years.

Water and Sewer impacts fees are currently funding a portion of the debt incurred by North Texas Municipal Water District for the construction of the Muddy Creek Waste Water Treatment Plant and various waste water collection lines and the debt incurred by the City for the construction of the elevated water storage tank on Rodeo Drive. With the anticipated build-out of the City within the next five years, impact fees may no longer be available to fund the debt for the Muddy Creek Waste Water Treatment Plant, waste water collection lines and the elevated water storage tank. The funding of this debt will be the responsibility of the Utility Fund and will require adjustment to the water and sewer rates.

### **CONCLUSION**

This is a strong budget that will enable the staff the opportunity to provide exceptional customer and community services to our citizens. However, the budget is not without challenges. The staff will continue to monitor and manage the budget throughout the fiscal year. The staff will also make the necessary adjustments to ensure our compliance with the FY15 Annual Budget.

I would like to thank the City Council and Leadership Team for their contributions and support in the development of the FY15 Annual Budget. I especially want to thank Linda Truitt, Finance Director, and Steven Ventura, Assistant Finance Director, for their tireless hours and dedication to the preparation of the budget.

Sincerely,



James Fisher  
City Manager

**City Council**  
**May 19, 2014**

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**Issue**

Discussion on the hiring process for a new Chief of Police.

**Staff Resource/Department**

James Fisher, City Manager

**Summary**

Chief Cox submitted his notice of retirement on Wednesday, May 13<sup>th</sup> effective July 1<sup>st</sup>. His last day in the office will be Thursday June 4<sup>th</sup>. He will be on vacation and then available to advise on issues that may need his insight. The City will hold a retirement reception for him tentatively scheduled for Thursday, June 4<sup>th</sup>.

Chief Cox became the Murphy Chief of Police in October 2008. The department at the time of his hiring was in desperate need of a leader who could help them find their way. Under his leadership, Murphy Police Department has helped make Murphy one of the safest cities, not only in Texas, but in the nation. Chief Cox has lead by example. He is a man of integrity, character, hard work, compassion and will do what he says he will do. He is a mentor, coach and team player within the City's organization, the community and throughout law enforcement circles. He will be a hard man to replace. However, I believe that the city will have a strong applicant pool to fill this position. Based on what Chief Cox has built and lead, I believe Murphy Police Department is a preferred place to work and is well respected.

**Action**

The City will begin advertising for this position on May 22<sup>nd</sup> and will accept applications through June 22<sup>nd</sup>. I hope to narrow the applicant pool down to 7 – 10 semifinalists before I leave on vacation on June 27<sup>th</sup> for two weeks. During my vacation time, I will have extensive background and reference checks performed on the semifinalists. Interviews for the semifinalists will begin around July 14<sup>th</sup> and will be conducted by a panel of 6 -7 people consisting of City Council, City employees, community and outside people. The Finalists will be chosen the week of July 20<sup>th</sup> and will be invited back to the city July 30<sup>th</sup> – August 1<sup>st</sup>.