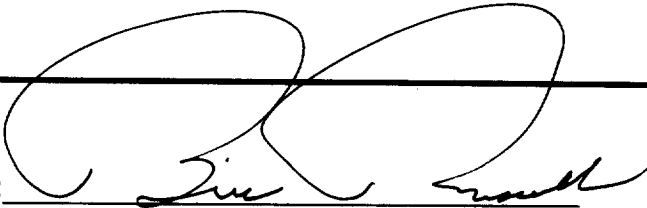



APPROVED:   
WILL ARMSTRONG, Mayor of the City of  
Victoria, Texas

ATTEST:   
SCARLET SWOBODA, City Secretary

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VICTORIA CITY COUNCIL  
August 2, 2005

**CALL TO ORDER**

A regular meeting of the Victoria City Council was called to order by Mayor Pro-Tem Bill Russell at 5:03 p.m. Tuesday, August 2, 2005 in the Council Chambers, 107 W. Juan Linn, Victoria, Texas. The pledge of allegiance was said, and all citizens were welcomed.

**MEMBERS PRESENT**

Bill Russell, Mayor Pro-Tem  
Philip Guittard  
Lewis Neitsch  
Shirley Buckert  
Jim Wyatt  
Tom Halepaska

**STAFF PRESENT**

Charles Windwehen, Assistant City Manager  
David A. Smith, City Attorney  
Miles Risley, Senior Assistant City Attorney  
John Johnston, Director, Public Works  
John Kaminski, Director, Planning  
Richard Jones, Chief of Police  
Doug Cochran, Director, Parks and Recreation  
Lynn Short, Director, Utilities  
Gilbert P. Reyna, Jr., Director, Finance  
Scarlet Swoboda, City Secretary

**MEMBERS ABSENT**

Will Armstrong, Mayor

**APPROVAL OF MINUTES**

The minutes of the regular meeting of July 19, 2005 were approved as presented.

**CITIZENS COMMUNICATION**

No one wished to address Council.

**PUBLIC HEARINGS**

Mayor Pro-Tem Russell opened a public hearing on the following items:

**RESOLUTION 2005-110R – APPROVING THE 2005-2010 CDBG CONSOLIDATED PLAN AND THE 2005-2006 ONE-YEAR ACTION PLAN**

The resolution considers approval of the 2005-2010 Community Development Block Grant (CDBG) Consolidated Plan and the Fiscal Year 2005-2006 One-year Action Plan, and authorizing the City Manager to submit the required documentation to the Housing and Urban Development (HUD) for the Fiscal Year 2005-2006 CDBG Program. John Kaminski.

John Kaminski, Director of Planning, advised that the five-year plan serves as a strategic plan and an application for funding for the program years 2005-2010. In addition to the five-year plan an annual action plan is also required for the coming Fiscal Year. The action plan represents the second year of the City's two-year target neighborhood program in the Mayfair/Meadowview Subdivision.

Mayor Pro-Tem Russell asked if there were any questions from Council or the audience. There were none.

## CITY COUNCIL MINUTES

August 2, 2005

**ORDINANCE 2005-12 – AMENDING SECTIONS 24-121 AND 24-122 OF THE VICTORIA CITY CODE TO MODIFY WATER AND WASTEWATER RATES FOR 6 INCH AND 8 INCH WATER METERS**

The ordinance considers amending Sections 24-121 and 24-122 of the Victoria City Code to modify water and wastewater rates for 6 inch and 8 inch water meters. Lynn Short.

Lynn Short, Director of Utilities, advised that under this proposal the base rate would be raised on a 6 inch water account from \$523.87 to \$721.50 per month and the base rate of a 6 inch sewer account from \$923.52 to \$924.00 per month. The 8 inch water base rate would increase from \$1,232.15 to \$2,308.80 per month and the 8 inch sewer rate would increase from \$2,178.13 to \$2,956.80 per month. He advised that these increases would keep in place the methodology that was established a year ago of setting base rates equivalent to the ratio of flow that is put through in comparison to a ¾ inch water meter.

Mayor Pro-Tem Russell asked if there were any questions from Council or the audience. There were none.

**ORDINANCE 2005-13 – AUTHORIZING ACQUISITION OF A 0.1700 ACRE DRAINAGE EASEMENT AND A .02513 ACRE ACCESS EASEMENT FOR THE LONE TREE ACRES SUBDIVISION**

The ordinance considers declaring a public necessity for the acquisition of a 0.1700 acre drainage easement and a 0.2513 acre access easement in the Patrick Dowlen Survey, Abstract 156, Victoria County, Texas, for the drainage of the Lone Tree Acres Subdivision. David A. Smith.

David A. Smith, City Attorney, advised that the property is essentially a ditch that staff has tried to get easements and a license agreement on, which would allow the City to clean the ditch. He reported that he was in receipt of a signed license agreement and the Public Works Department is proceeding to clean the ditch. He stated that he has also received one signed easement agreement.

Mayor Pro-Tem Russell asked if there were any questions from Council or the audience. There were none.

**ORDINANCE 2005-14 - AUTHORIZING ACQUISITION OF 210.90 ACRE TRACT OF LAND FOR THE EXPANSION OF VICTORIA'S LANDFILL**

The ordinance considers declaring a public necessity for the acquisition of 210.90 acre tract of land in the Polito Castillo Grant, Abstract 17 and the Desiderio Garcia Survey, Abstract 38, Victoria County, Texas, for the expansion of Victoria's landfill as prior negotiations have been unsuccessful. David A. Smith.

Mayor Pro-Tem Russell asked if there were any questions from Council or the audience. There were none, and Mayor Armstrong closed the public hearing.

**CITY MANAGER REPORTS****Delivery of Proposed Fiscal Year 2005-2006 Budget**

Charles Windwehen, Assistant City Manager, delivered the proposed Fiscal Year 2005-2006 Budget. In his presentation he pointed out the importance of maintaining a strong financial position. He advised that the current tax rate of 69¢ was used to develop the proposed budget. He went over priorities to accommodate a long-term capital improvement plan as well as the current year's priorities. He presented information on the historical count of employee positions, pointing out that the City currently had the same number of total employees as 20 years ago even though there had been a 16% increase in population. Mr. Windwehen advised that the challenges ahead were to make good long-term strategic decisions, protect the existing revenue base, grow the revenue base, and support economic development.

**Delivery of the Certified Tax Roll (Postponed)**

## CITY COUNCIL MINUTES

August 2, 2005

**Capital Improvement Plan Projects Quarterly Report**

John Johnston, Director of Public Works, reviewed the second quarter project status report that was delivered with the agenda packet and answered questions from Council.

**Federal Highway Administration Clean Air Award**

Jerry James, Director of Environmental Services, announced that Victoria's Air Quality Program had for the third time in two-years received national recognition. The program received the "National Air Excellence Award" from the Environmental Protection Agency (EPA). Victoria also received the "Community Partner Champion Award" from the Federal Highway Administration for the second time and is the only city to have received this recognition for two consecutive years.

**Distinguished Budget Presentation Award**

Charles Windwehen, Assistant City Manager, presented the "Distinguished Budget Presentation Award" to the Finance Department's Staff. He advised that this was the 20th consecutive year to receive this award, which is a peer review award from the National Association.

**RESOLUTION 2005-102R – GRANTING A VARIANCE TO THE ARTERIAL ACCESS REQUIREMENTS LOCATED AT 209 BELMOOR, OWNED BY CHRISTOPHER AND JENNIFER WAUSON**

The resolution grants a variance to Section 20-82(a) of the Victoria City Code, which prohibits residential access to an arterial if the residence is served by a local or collector street and requires residential lots accessing arterials to provide a paved turnaround area, to Lot 12, Block III of Highland Hills Subdivision, Section II, located at 209 Belmoor Lane, owned by Christopher and Jennifer Wauson. John Johnston.

Staff recommended denial of the variance request because of safety issues.

Cm. Wyatt moved that the resolution be adopted, with Cm. Neitsch seconding the motion. The resolution failed by the following vote:

AYES: Council Members Halepaska

NAYS: Council Members Guittard, Neitsch, Buckert, and Wyatt

ABSTENTION: Mayor Pro-Tem Russell

**RESOLUTION 2005-103R – AUTHORIZING A PROFESSIONAL SERVICES AGREEMENT WITH HARRISON, WALDROP & UHEREK, L.L.P FOR ANNUAL AUDITING SERVICES**

The resolution authorizes a professional services agreement with Harrison, Waldrop & Uherek, L.L.P., to perform the City's annual audit for the year ending September 30, 2005 in an amount not to exceed \$44,500. Gilbert P. Reyna, Jr.

Cm. Buckert moved that the resolution be adopted, with Cm. Wyatt seconding the motion. The resolution was adopted by the following vote:

AYES: Council Members Guittard, Neitsch, Buckert, Wyatt, Halepaska, and Mayor Pro-Tem Russell

NAYS: None

**RESOLUTION 2005-104R – CALLING A PUBLIC HEARING ON THE 2005-2006 CITY OF VICTORIA BUDGET ON AUGUST 23, 2005**

The resolution calls a Public Hearing on the 2005-2006 City of Victoria Budget on August 23, 2005, 5:00 p.m. at the Council Chamber, 107 West Juan Linn Street. Gilbert P. Reyna, Jr.

Cm. Wyatt moved that the resolution be adopted, with Cm. Neitsch seconding the motion. The resolution was adopted by the following vote:

AYES: Council Members Guittard, Neitsch, Buckert, Wyatt, Halepaska, and Mayor Pro-Tem  
Russell  
NAYS: None

**RESOLUTION 2005-105R – APPOINTING GILBERT P. REYNA, JR., C.P.A. AS THE CITY'S TAX REPRESENTATIVE**

The resolution appoints Gilbert P. Reyna, Jr., C.P.A. as the City's representative to perform the effective tax rate and rollback calculations according to Section 26.04(c) of the Texas Property Tax Code. Gilbert P. Reyna, Jr.

Cm. Buckert moved that the resolution be adopted, with Cm. Neitsch seconding the motion. The resolution was adopted by the following vote:

AYES: Council Members Guittard, Neitsch, Buckert, Wyatt, Halepaska, and Mayor Pro-Tem  
Russell  
NAYS: None

**RESOLUTION 2005-106R – AUTHORIZING THE PUBLICATION OF THE "NOTICE OF EFFECTIVE TAX RATE"**

The resolution authorizing the publication of the "Notice of Effective Tax Rate" schedules in accordance with Section 26.04 of the Texas Property Tax Code and State Property Tax Board Rules was postponed. Gilbert P. Reyna, Jr.

**RESOLUTION 2005-107R – PROPOSING A TAX RATE OF \$.69 PER \$100 VALUATION, AND PLACING THE ADOPTION OF THE RATE ON A FUTURE AGENDA**

The resolution proposing a tax rate of \$.69 per \$100 valuation, placing a proposal to adopt the rate on the agenda of a future meeting as an action item, and calling for public hearings for the proposed tax rate was postponed. Gilbert P. Reyna, Jr.

**RESOLUTION 2005-108R – AUTHORIZING THE ISSUANCE OF A WATER WELL PERMIT TO LOTS 13 AND 14 LOCATED NEAR COUNTRY LANE**

The resolution authorizes the Director of Utilities to issue a water well permit to Lots 13 and 14, Subdivision 22 out of lands purchased by James F. Welder, et al by Deed dated June 6, 1907, recorded in Volume 57, Page 617, Deed Records of Victoria County, Texas, and being the South quarter of the S.A. & M.G.R.R. Co. Survey, A-324, Victoria County, Texas, containing 16.87 acres of land, owned by Robert Cheshire and Barbara Reinhardt, located near Country Lane. Lynn Short.

Cm. Buckert moved that the resolution be adopted, with Cm. Neitsch seconding the motion. The resolution was adopted by the following vote:

AYES: Council Members Guittard, Neitsch, Buckert, Wyatt, Halepaska, and Mayor Pro-Tem  
Russell  
NAYS: None

**RESOLUTION 2005-109R – ABANDONING A 10' UTILITY EASEMENT LOCATED AT 5804 N. NAVARRO**

The resolution abandons a 10' utility easement located on Lot 1R, Block 1, Frels Subdivision #2, Resubdivision #1, Victoria County, Texas, also known as 5804 N. Navarro, and authorizes the City Manager to execute a Quitclaim Deed to the owner of the underlying fee estate. John Kaminski.

Cm. Wyatt moved that the resolution be adopted, with Cm. Buckert seconding the motion. The resolution was adopted by the following vote:

## CITY COUNCIL MINUTES

August 2, 2005

AYES: Council Members Guittard, Neitsch, Buckert, Wyatt, Halepaska, and Mayor Pro-Tem  
Russell

NAYS: None

**RESOLUTION 2005-110R – APPROVING THE 2005-2010 CDBG CONSOLIDATED PLAN AND THE 2005-2006 ONE-YEAR ACTION PLAN**

The resolution approves the 2005-2010 Community Development Block Grant (CDBG) Consolidated Plan and the Fiscal Year 2005-2006 One-year Action Plan and authorizes the City Manager to submit the required documentation to HUD for the Fiscal Year 2005-2006 CDBG Program. John Kaminski.

Cm. Buckert moved that the resolution be adopted, with Cm. Neitsch seconding the motion. The resolution was adopted by the following vote:

AYES: Council Members Guittard, Neitsch, Buckert, Halepaska, and Mayor Pro-Tem  
Russell

NAYS: None

ABSTENTION: Council Member Wyatt

**RESOLUTION 2005-111R – APPLYING AND ACCEPTING A SELECTIVE TRAFFIC ENFORCEMENT PROGRAM WAVE “STEP” WAVE GRANT FROM THE TEXAS DEPARTMENT OF TRANSPORTATION**

The resolution authorizes applying for and accepting a Selective Traffic Enforcement Program Wave “STEP Wave” Grant from the Texas Department of Transportation, in the amount of \$15,000, which will require a City match in an amount not to exceed \$1,667. Richard L. Jones.

Cm. Wyatt moved that the resolution be adopted, with Cm. Buckert seconding the motion. The resolution was adopted by the following vote:

AYES: Council Members Guittard, Neitsch, Buckert, Wyatt, Halepaska, and Mayor Pro-Tem  
Russell

NAYS: None

**ORDINANCE 2005-12 – AMENDING SECTIONS 24-121 AND 24-122 OF THE VICTORIA CITY CODE TO MODIFY WATER AND WASTEWATER RATES FOR 6 INCH AND 8 INCH WATER METERS**

City Attorney, David A. Smith, read the caption of Ordinance 2005-12, which amends Sections 24-121 and 24-122 of the Victoria City Code to change water and sewer fees therein. First Reading. Lynn Short.

Cm. Buckert moved that the ordinance pass on first reading, with Cm. Wyatt seconding the motion. The ordinance passed on first reading by the following vote:

AYES: Council Members Guittard, Neitsch, Buckert, Wyatt, Halepaska, and Mayor Pro-Tem  
Russell

NAYS: None

Caption:

**AN ORDINANCE AMENDING SECTIONS 24-121 AND 24-122 OF THE VICTORIA CITY CODE TO CHANGE WATER AND SEWER FEES THEREIN; REPEALING PARTS OF CONFLICTING ORDINANCES; PROVIDING FOR CODIFICATION AND SAVINGS; PROVIDING FOR SEVERABILITY; AND DECLARING AN EFFECTIVE DATE.**

**ORDINANCE 2005-13 – AUTHORIZING THE ACQUISITION OF A 0.1700 ACRE DRAINAGE EASEMENT AND A .02513 ACRE ACCESS EASEMENT FOR THE LONE TREE ACRES SUBDIVISION**

City Attorney, David A. Smith, read the caption of Ordinance 2005-13, which declares a public necessity for the acquisition of a 0.1700 acre drainage easement and a 0.2513 acre access easement in the Patrick Dowlen Survey, Abstract 156, Victoria County, Texas, as more particularly described in Attachment “A” of this ordinance for the public purpose of drainage of the Lone Tree Acres Subdivision, authorizes all appropriate action of the City of Victoria in the institution and prosecution of condemnation proceedings to acquire this needed property, authorizes the City Manager to execute offers and contracts for the purchase of property interests from the owners thereof, authorizes the acceptance of deeds and other instruments, authorizes the joinder of all persons with rights in the aforementioned property, authorizes all other lawful action necessary or incidental to such acquisitions or eminent domain proceedings to survey, test, specify, define and secure the necessary property rights, declares the sections of the ordinance to be severable one from the other in the event any section of this ordinance is determined to be invalid, and declares an effective date. First Reading. David A. Smith.

Cm. Wyatt moved that the ordinance pass on first reading, with Cm. Neitsch seconding the motion. The ordinance passed on first reading by the following vote:

AYES: Council Members Guittard, Neitsch, Buckert, Wyatt, Halepaska, and Mayor Pro-Tem Russell  
NAYS: None

Caption:

**AN ORDINANCE DECLARING A PUBLIC NECESSITY FOR THE ACQUISITION OF A 0.1700 ACRE DRAINAGE EASEMENT AND A 0.2513 ACRE ACCESS EASEMENT IN THE PATRICK DOWLEN SURVEY, ABSTRACT 156, VICTORIA COUNTY, TEXAS, AS MORE PARTICULARLY DESCRIBED IN ATTACHMENT “A” OF THIS ORDINANCE FOR THE PUBLIC PURPOSE OF DRAINAGE OF THE LONE TREE ACRES SUBDIVISION, AUTHORIZING ALL APPROPRIATE ACTION OF THE CITY OF VICTORIA IN THE INSTITUTION AND PROSECUTION OF CONDEMNATION PROCEEDINGS TO ACQUIRE THIS NEEDED PROPERTY, AUTHORIZING THE CITY MANAGER TO EXECUTE OFFERS AND CONTRACTS FOR THE PURCHASE OF PROPERTY INTERESTS FROM THE OWNERS THEREOF, AUTHORIZING THE ACCEPTANCE OF DEEDS AND OTHER INSTRUMENTS, AUTHORIZING THE JOINDER OF ALL PERSONS WITH RIGHTS IN THE AFOREMENTIONED PROPERTY, AUTHORIZING ALL OTHER LAWFUL ACTION NECESSARY OR INCIDENTAL TO SUCH ACQUISITIONS OR EMINENT DOMAIN PROCEEDINGS TO SURVEY, TEST, SPECIFY, DEFINE AND SECURE THE NECESSARY PROPERTY RIGHTS, DECLARING THE SECTIONS OF THE ORDINANCE TO BE SEVERABLE ONE FROM THE OTHER IN THE EVENT ANY SECTION OF THIS ORDINANCE IS DETERMINED TO BE INVALID, AND DECLARING AN EFFECTIVE DATE.**

**ORDINANCE 2005-14 – AUTHORIZING THE ACQUISITION OF 210.90 ACRE TRACT OF LAND FOR THE EXPANSION OF VICTORIA’S LANDFILL**

City Attorney, David A. Smith, read the caption of Ordinance 2005-14, which declares a public necessity for the acquisition of a 210.90 acre tract of land in the Polito Castillo Grant, Abstract 17 and the Desiderio Garcia Survey, Abstract 38, as more particularly described in Exhibit “A” of this ordinance for the public purpose of expanding Victoria’s landfill, authorizes all appropriate action of the City of Victoria in the institution and prosecution of condemnation proceedings to acquire this needed property, authorizes the City Manager to execute offers and contracts for the purchase of property interests from the owners thereof, authorizes the acceptance of deeds and other instruments, authorizes the joinder of all persons with rights in the aforementioned

## CITY COUNCIL MINUTES

August 2, 2005

property, authorizes all other lawful action necessary or incidental to such acquisitions or eminent domain proceedings to survey, test, specify, define and secure the necessary property rights, declares the sections of the ordinance to be severable one from the other in the event any section of this ordinance is determined to be invalid, and declares an effective date. First Reading. David A. Smith.

Cm. Wyatt moved that the ordinance pass on first reading, with Cm. Neitsch seconding the motion. The ordinance passed on first reading by the following vote:

AYES: Council Members Guittard, Neitsch, Buckert, Wyatt, Halepaska, and Mayor Pro-Tem Russell

NAYS: None

Caption:

**AN ORDINANCE DECLARING A PUBLIC NECESSITY FOR THE ACQUISITION OF A 210.90 ACRE TRACT OF LAND IN THE POLITO CASTILLO GRANT, ABSTRACT 17 AND THE DESIDERIO GARCIA SURVEY, ABSTRACT 38, AS MORE PARTICULARLY DESCRIBED IN EXHIBIT "A" OF THIS ORDINANCE FOR THE PUBLIC PURPOSE OF EXPANDING VICTORIA'S LANDFILL, AUTHORIZING ALL APPROPRIATE ACTION OF THE CITY OF VICTORIA IN THE INSTITUTION AND PROSECUTION OF CONDEMNATION PROCEEDINGS TO ACQUIRE THIS NEEDED PROPERTY, AUTHORIZING THE CITY MANAGER TO EXECUTE OFFERS AND CONTRACTS FOR THE PURCHASE OF PROPERTY INTERESTS FROM THE OWNERS THEREOF, AUTHORIZING THE ACCEPTANCE OF DEEDS AND OTHER INSTRUMENTS, AUTHORIZING THE JOINDER OF ALL PERSONS WITH RIGHTS IN THE AFOREMENTIONED PROPERTY, AUTHORIZING ALL OTHER LAWFUL ACTION NECESSARY OR INCIDENTAL TO SUCH ACQUISITIONS OR EMINENT DOMAIN PROCEEDINGS TO SURVEY, TEST, SPECIFY, DEFINE AND SECURE THE NECESSARY PROPERTY RIGHTS, DECLARING THE SECTIONS OF THE ORDINANCE TO BE SEVERABLE ONE FROM THE OTHER IN THE EVENT ANY SECTION OF THIS ORDINANCE IS DETERMINED TO BE INVALID, AND DECLARING AN EFFECTIVE DATE.**

### EXECUTIVE SESSION

Mayor Pro-Tem Russell announced that Council would recess into Executive Session at 5:49 p.m., in accordance with:

Section 551.071, Texas Government Code, consultation with attorney on matter involving litigation or potential litigation 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 the Texas Open Meetings Act (including, but not limited to, a potential gas rate case before the Texas Railroad Commission and legal issues concerning the acquisition of the Lone Tree Acres Ditch & landfill-related property). David A. Smith.

Section 551.072, Texas Government Code, to deliberate the purchase, exchange, lease, or value of real property interests due to the fact that deliberation in an open meeting would have a detrimental effect on the position of the City in negotiations with a third person (including, but not limited to, the value of landfill-related property & Lone Tree Acres Ditch). David A. Smith.

Section 551.074, Texas Government Code, with regard to personnel matters (including, without limitation, the appointment, employment, evaluation, and duties of the members of the Planning Commission, the Electrical Board of Adjustment and Appeals, and the Golden Crescent Regional Planning Commission). Scarlet Swoboda.

The Council reconvened in regular session at 6:24 p.m. and considered the following:

CITY COUNCIL MINUTES

August 2, 2005

**RESOLUTION 2005-112R – APPOINTING THREE MEMBERS TO THE PLANNING COMMISSION**

The resolution appoints Dennis Caka, Denise McCue, and Ben Watkins to the Planning Commission. Scarlet Swoboda.

Cm. Neitsch nominated the aforementioned, with Cm. Guittard seconding the nominations. They were appointed by acclamation

**RESOLUTION 2005-113R – APPOINTING ONE MEMBER TO THE ELECTRICAL BOARD OF ADJUSTMENTS AND APPEALS**

The resolution appoints Terrence Ellis to the Electrical Board of Adjustment and Appeals to fill an unexpired term. Scarlet Swoboda.

Cm. Wyatt nominated the aforementioned, with Cm. Guittard seconding the nomination. He was appointed by acclamation.

**RESOLUTION 2005-114R – APPOINTING TWO COUNCIL MEMBERS TO THE GOLDEN CRESCENT REGIONAL PLANNING COMMISSION (GCRPC) GENERAL ASSEMBLY AND ONE TO THE BOARD OF DIRECTORS**

The resolution reappoints Lewis Neitsch and Tom Halepaska to the Golden Crescent Regional Planning Commission (GCRPC) General Assembly and Lewis Neitsch to the GCRPC Board of Directors. Scarlet Swoboda.

Cm. Guittard nominated the aforementioned, with Cm. Buckert seconding the motion. The resolution was adopted by the following vote:

AYES: Council Members Guittard, Buckert, Wyatt, and Mayor Pro-Tem Russell

NAYS: None

ABSTENTION: Council Members Neitsch and Halepaska

**RESOLUTION 2005-115R – SUSPENDING THE EFFECTIVE DATE OF CENTERPOINT ENERGY’S REQUESTED RATE CHANGES**

The resolution **suspends** the effective date of Centerpoint Energy’s requested rate changes to permit the City time to study the request and to establish reasonable rates; approves cooperation with other cities within the South Texas Distribution System to create a steering committee to hire and direct the efforts of legal counsel and consultants necessary for ratemaking or litigation; requires reimbursement of cities’ rate case expenses; authorizes intervention in any ratemaking proceeding at the Railroad Commission that relates to the company’s filing; requires notice of this resolution to the company **or, in the alternative**, accepts natural gas service base rate adjustments filed by CenterPoint Energy. David A. Smith.

Kevin Bodden, CenterPoint Energy Representative, reviewed some points that were covered at the last City Council meeting. He reiterated that on June 30, 2005 CenterPoint Energy filed a statement of intent to update and uniform their rates to reflect the current cost of providing service to the customers. He stated that they have not had a general service rate increase in over 20 years. They are seeking to make their rates uniform for residential, commercial, and large volume customers so that they could establish the same base throughout the division. The rate increase would result in an increase of approximately \$2.87 per month for the typical residential customer, excluding the cost of gas. He stated that CenterPoint was also seeking in the rate filing to update service charges to reflect today’s cost of providing service. On October 13, 2004 CenterPoint Energy filed a statement of intent with the Railroad Commission to change rates for customers in the unincorporated towns, in that filing CenterPoint Energy filed for a revenue increase of \$10.5 million, and on April 5, 2005 after an extensive review the Railroad Commission approved a revenue increase of \$6.9 million, which was a 34% reduction from the original filing. A final hearing was held on February 5, 2005 and based on the examiners report the Railroad Commission approved the new base rate in April 2005. The rates went into affect in the unincorporated towns, which include Vanderbilt, Lolita, Inez, Louise, Midfield, Blessing, Bloomington, and Placedo. The rates proposed

CITY COUNCIL MINUTES

August 2, 2005

in CenterPoint's June 30<sup>th</sup> filing were set by the Railroad Commission based on data for the entire South Texas Division. Mr. Bodden stated that the incorporated areas represent about 95% of the total division wide customer base in the South Texas Division. CenterPoint's operations in the unincorporated areas had little effect on rates set by the Railroad Commission because these customers represent only 5% of the total customer base of this division. He state that the Railroad Commission has already concluded in its order that it is reasonable to establish rates on a division wide basis, and it has done so for years in setting division and state wide rates for other gas utilities. Since the filing on June 30<sup>th</sup> the base rates have been approved in the incorporated towns of El Campo, Port Lavaca, Point Comfort, Seadrift, Goliad, Palacios, and Ganado. Mr. Bodden stated that the Council may be questioning why such a large increase at this time. The answer is because CenterPoint has not proposed a rate filing in over 20 years. Since this proposed rate filing has already been through a hearing process of the Railroad Commission, CenterPoint asks that the Council approve the requested rate changes. He stated that CenterPoint is aware that consultants have encouraged Council to go through a rate case proceeding, however doing so could cause additional cost to be passed on to the Victoria customer.

Mayor Pro-Tem Russell made the observation that most of Victoria would agree that CenterPoint was a great corporate citizen, great member of the community, and has wonderful people that work for it. He stated that in terms of the Council's duty to represent the interest of the citizens and the public, if any of the Council votes in favor of the resolution to suspend, they the Council would be looking at the best interest of the citizens. He stated that it is an important burden for the Council to make sure that all the factors are completely considered and allow the Legal Department time and opportunity to study the issue, to make sure that the citizen's interests are taken care of. He stated that if the Council votes in favor of the suspension it would in no way be an indication of a negative towards CenterPoint Energy as a citizen, company, or any of its employees.

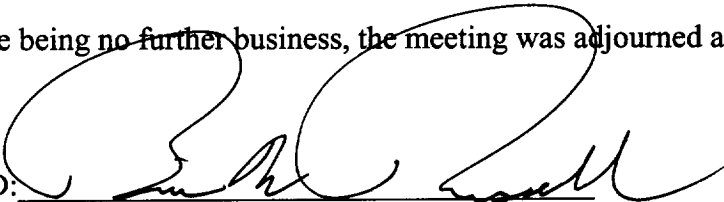
Cm. Wyatt moved that the resolution be adopted, with Cm. Neitsch seconding the motion. The resolution was adopted by the following vote:


- AYES: Council Members Guittard, Neitsch, Buckert, Wyatt, Halepaska, and Mayor Pro-Tem Russell
- NAYS: None

David A. Smith, City Attorney, advised that there was an error in the original resolution that was sent out to the Council in the packet; however, the one presented tonight had the correction. It was a date that was misstated in the first one, so he asked that the resolution considers only the one that was presented tonight.

Cm. Wyatt stated that the motion was made with the intent to adopt the one presented tonight, and Cm. Neitsch stated that was also his intent when he made the second to the motion. Council agreed that it was also their intent when voting on the resolution.

There being no further business, the meeting was adjourned at 6:37 p.m.

APPROVED:   
 BILL RUSSELL, Mayor Pro-Tem of the City of  
 Victoria, Texas

ATTEST:   
 SCARLET SWOBODA, City Secretary

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