



Austin City Council MINUTES

For SEPTEMBER 24, 1985 - 1:00 P.M.
SPECIAL CALLED MEETING

Council Chambers, 307 West Second Street, Austin, Texas

City Council

Frank C. Cooksey
Mayor

John Treviño, Jr.
Mayor Pro Tem

Council Members
Mark Rose
Smoot Carl-Mitchell
Sally Shipman
George Humphrey
Charles E. Urdy

Jorge Carrasco
City Manager

Elden Aldridge
City Clerk

Memorandum To:

Mayor Cooksey called to order the Special Called Meeting of the Council, noting the absence of Councilmember Urdy. He entered the Council Chamber later in the day.

PUBLIC HEARING - NEW UTILITY SERVICE REGULATIONS AND ELECTRIC RATE CHANGES

Mayor Cooksey opened the public hearing set for the New Utility Service Regulations and Electric Rate Changes.

Peck Young, Electric Utility Commission Chairman, recommended the ordinance as drafted. He said it is close to the standards set for the state, and reviewed the proposed ordinance. He said the residential rates will be lower for those using less than 1000 kwh. Mr. Young said the large users of electricity, such as industry, will have higher rates.

Shudde Fath, Electric Utility Commission, discussed residential rates. Merle Moden reviewed the details of the recommendation of the Electric Utility Commission.

City Manager Carrasco said they had recommended rates on August 12, 1985, that outlined the proposed rate changes to the electric utility. Mr. Carrasco passed out copies of the recommendation. (ON FILE IN CITY CLERK'S OFFICE) Mr. Carrasco shewed the difference in staff recommendations and the EUC recommendations.

Councilmember Rose stated, "I have been conferring with the City Attorney about this. The water system that I own on Loop 360 is a commercial customer of the Utility, therefore, the City Attorney has advised me that I should

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not vote on any particular vote that would show a differentiation between commercial and residential class because it would be almost impossible for me to vote either way that doesn't have a positive or a negative impact, therefore, I will not be able to vote and must abstain from voting on the proposed rate classes."

John Moore, Electric Utility Department, discussed the difference between Electric Utility Commission recommendation and staff recommendations. He said they feel the rate structure should be stabilized and recommend taking a slight step back to rate of service.

Joe Mangum, Utility Customer Services, reviewed.

Bob Mossman, representing Texas Instruments, submitted for the record a letter objecting to the rate change for industry, which represented the views, also, of IBM, and Micro Devices. The letter is as follows:

September 23, 1985

VIA HAND DELIVERY

The Honorable Frank Cooksey
Mayor, City of Austin
124 West 8th Street
Austin, Texas 78701

Re: Request of Texas Instruments, IBM, Motorola, and
Advanced Micro Devices for Deferral of Action by City
Council on Proposed City of Austin Electric Utility
Rate Increase

Dear Mayor Cooksey:

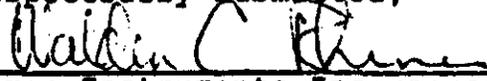
This letter is submitted to you and the Austin City Council by Texas Instruments Incorporated, IBM Corporation, MOTOROLA Inc., and Advanced Micro Devices, Inc. As members of Large Primary Service customer class E-15, we hereby request that the Austin City Council defer taking action on the pending proposal to increase the rates charged by the City of Austin Electric Utility Department ("the Department") until we and other affected customers have had a reasonable opportunity to obtain, analyze, and respond to the final recommendations to the Council of the City's Electric Utility Commission ("EUC"), which are not expected to be finalized and released to the public until tonight, September 23, 1985, only hours before the Council is currently scheduled to receive comments from the public and to consider a final ratemaking ordinance on first reading.

Prior to this time, and specifically prior to action taken by the EUC this past Wednesday, September 18th, substantially revising the original rate increase proposal of the Department released on August 12, 1985 ("the August 12th proposal"), we had not opposed the proposal prepared by the staff of the Department. Although the August 12th proposal (1) maintained a very high relative rate or index of return for E-15 customers of 1.36, and (2) would result in a quite substantial, 37.44% base rate increase for the class, we nevertheless did not oppose it because it would at least represent a small first step in attempting to move City electric rates toward a cost of service basis (in our case, by lowering the relative rate of return for the E-15 class from 1.48 to the 1.36 level, still well above the cost of serving the class). Regrettably, however, based on the EUC meeting of September 18th and the limited information made available to us at that time, it appears that the EUC will recommend electric rates moving further away from the cost of service and more than doubling the increase recommended by the Department. Adoption of such rates would represent a step backward, exacerbating the inequities embodied in the City's existing rate structure. In this regard, we wholeheartedly agree with City Manager Carrasco and Department Director Moore, who observed as follows in their transmittal letter to the Council which accompanied the Department's August 12th proposal (at p.3):

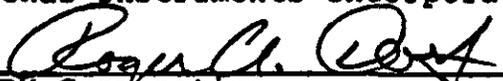
Recent rate comparison surveys indicate that while Austin's residential and small commercial rates are among the lowest, large user rates are among the highest. It is important to avoid changes that create a further imbalance in the burden on various classes.

We believe that principles of sound ratemaking procedure, good government, fundamental fairness, and due process of law obligate the Council to afford us and other adversely affected citizens and ratepayers a reasonable opportunity to obtain, evaluate, and respond to the EUC recommendation once it is finalized. For this reason, we hereby request that the Council postpone action on the pending request for a period of thirty (30) days, which would be consistent with the procedures followed by other public ratemaking authorities. It would cast the City in a most unfavorable light if action were to be taken by the Council without first allowing adversely affected ratepayers, including the large industrial firms who have been good corporate citizens of this community for many years, a reasonable opportunity to participate in the Council's decision-making process.

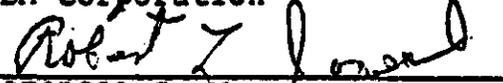
Respectfully submitted,



Texas Instruments Incorporated



IBM Corporation



MOTOROLA Inc.



Advanced Micro Devices, Inc.

Mr. Mossman said Bergstrom Air Force Base agrees with the letter. He said they have had only five days since EUC made their first announcement and 12 hours since their final conclusion concerning a rate structure. He commented that Texas Instruments pays higher rates in Austin, now, than in any other city they where they are located.

Mr. Robert Jones, Motorola, told Council they are already paying \$200,000.00 more per month here than they are in their Phoenix plant and have to pass on the cost to the consumer, and "that is tough!"

Edward Nixon, Advanced Micro Devices told Council, "We are corporate citizens of Austin, we are not 'rich guys' as Peck Young said. If these rate changes as recommended by Peck Young continue, we will be an anti-business society in Austin". Mr. Nixon went on to say they support the staff recommendation rather than the one by the Electric Utility Commission.

Allen Hobren, representing IBM, said they support the request for a delay in the rate proposal before Council and agrees with Texas Instruments. He said his plea is for fundamental fairness, and asked for a 30 day delay in setting of rates.

Council requested some further figures and Council recessed.

RECESS

Council recessed its meeting at 3:00 p.m. and resumed its recessed meeting at 3:15 p.m.

Mayor Cooksey announce Council would take action at the Special Called Meeting on September 25, 1985 concerning electric rate increases.

Motion

The Council, on Councilmember Carl-Mitchell's motion, Councilmember Humphrey's second, closed the public hearing, waived the requirement for three readings and finally passed an ordinance approving new utility service regulations. (6-0 Vote, Councilmember Urdy absent.)

ITEM POSTPONED

Council postponed until September 25, 1985 consideration of amending Ordinance No. 840717-A, relating to the assessment of Capital Recovery Fees.

ECONOMIC DEVELOPMENT AND INTERNATIONAL TRADE DEPARTMENT

Council had before them an ordinance establishing an economic development and international trade department.

Motion

The Council, on Councilmember Carl-Mitchell's motion, Mayor Pro Tem Trevino's second, waived the requirement for three readings and finally passed an ordinance establishing an Economic Development and International Trade Department, but removing the protocol officer position from that department and putting it in Public Information Office. (6-0 Vote, Councilmember Urdy absent.)

ADOPTION OF FY 1985-86 FINANCIAL PLAN

Council had before them for consideration the first, second, and/or third reading of the ordinances adopting the FY 1985-86 Financial Plan.

Discussion ensued concerning how the process of adding and subtracting to the plan should be accomplished.

Mayor Cooksey said Council would stop discussing the budget for a short time in order to take up another matter.

ACTION ON SALVATION ARMY SITE

Council was scheduled to take action, at 4:00 p.m., on the Salvation Army Site.

Mr. Dick Rathgeber, Salvation Army representative, announced, "The Executive Committee of the Salvation Army Advisory Board has

determined it would be in the best interest of the Salvation Army to own their own land on 8th Street and therefore they have accepted the generous offer of Mr. John Joseph and other members of the Joseph family to trade for another piece of land made available to the Salvation Army for that purpose. At noon today the following resolution was passed:

The Executive Committee of the Salvation Army approves the proposal to purchase the downtown site for \$1,000,000 cash, plus the trade of the land as agreed to by Mr. Joseph, subject to approval by the Salvation Army Advisory Board and the Salvation Army trustees and subject further to an agreement between the Salvation Army legal counsel and the City, including, but not limited to the issuance of a building permit for the downtown site within 30 days of submission of architects plans to the City.

Mr. Rathgeber said "Our actions do not imply that the Salvation Army alone can continue to meet the urgent needs of the homeless of this community....." He said it is imperative the City and county take immediate steps to help solve the problem of the homeless. "I would urgently request that additional land on the block between 7th and 8th Streets and Red River and Neches be purchased so space can be provided for employment counseling as well as alcohol and drug rehabilitation and medical services." He also encouraged added police patrol around the new shelter as well as considering more stringent policies concerning vagrancy and public drunkenness.

Mayor Cooksey thanked Mr. Rathgeber for his statement and said it would be necessary for him to check with the Manager's office concerning some of the conditions outlined to determine how the City can respond to the needs.

Motion

The Council, on Councilmember Rose's motion, Councilmember Carl-Mitchell's second, accepted the recommendation of the Salvation Army Task Force for the site based on the offer of the Salvation Army. (7-0 Vote.)

Councilmember Shipman stated, "Throughout the entire process pertaining to the City's responsibility for the selection of a location for the Salvation Army the overwhelming concern voiced by citizens in every phone call, every letter, every personal statement, was concern for the vagrants, the transients and the bums in our community. Neighborhoods feel threatened and they feel like these people are a threat to their quality of life. They feel a harm to family, property and businesses, all caused not by the Salvation Army. They are trying to solve the problems caused by these unemployed and unemployable people. I would like for Council to direct the City Manager and the police chief to deal directly with this problem. I am not talking about the temporarily unemployed, the abused or the needy. We're

talking about the 24 hour a day drunks and pan-handlers. I think it imperative that we deal not only with the location of the Salvation Army but let's also deal with the cause of concern voiced by so many of our citizens."

Motion

The Council, on Councilmember Shipman's motion, Councilmember Humphrey's second, instructed the City Manager to instruct staff and police officers to deal with transients who make a nuisance of themselves. (7-0 Vote)

RETURN TO BUDGET HEARING

The Council continued to discuss the Financial Plan and went over a list of budget cuts provided to them by the City Manager.

The Mayor, at 5:30 p.m., announced the Planning Commission had a scheduled meeting in the Council Chambers. He said Council would recess its meeting and resume their recessed meeting in the first floor conference room in the Municipal Annex.

RECESS - Council recessed its meeting from 5:30 to 5:55 p.m.

MEETING CONTINUED

Council continued their meeting in the first floor conference room of the Municipal Annex and continued discussion of the Financial Plan.

(As a matter of record, recordings of the meeting in the conference room were done on a cassette recorder.)

Motion

The Council, on Councilmember Rose's motion, Councilmember Shipman's second, adopted \$6,344,009 in cuts as listed by the City Manager and instructed that the fee for child immunization fees shall not be raised. (7-0 Vote)

EXECUTIVE SESSION

Mayor Cooksey announce Council would go into Executive Session pursuant to Article 6252-17, Texas Revised Civil Statutes Annotated, to discuss the following matters; and action, if any, on the matters will be taken during the public meeting after the conclusion of the Executive Session: a. Board and Commission Appointments, Section 2, Paragraph g; b. Pending Litigation, including but not limited to Houston Lighting & Power Co. et al v. Brown & Root, et al in Matagorda County, & City of Austin vs. Houston Lighting & Power Company in Travis County - Section 2, Paragraph e.

RECESS - Council recessed its meeting at 7:05 for an executive session which continued until 10:00 p.m. The Mayor announced the Council Meeting would be continued on September 25, 1985 at 1:00 p.m.