CITY OF WEST LAKE HILLS, TEXAS
NOTICE OF CITY COUNCIL WORKSHOP
Wednesday, September 2, 2026 at 12:00 PM

Notice is hereby given that the City Council of the City of West Lake Hills, Texas, will hold a Workshop on the 2nd day of September 2026 at 12:00 p.m., in the Council Chambers, Municipal Building, 4010 Bee Cave Road, West Lake Hills, Texas, at which time the following items will be discussed, to-wit:

1. Call to Order

2. Citizen Communications The City Council welcomes public comments at this point on any issue. If the issue is listed on the agenda, the speaker may choose to comment during the Public Comment period or when the specific agenda item is taken up by the Council later in the meeting. The Council cannot respond to or discuss matters not listed on the agenda. The Council may provide factual information, refer the item to a staff member, or request the item be added to a future meeting agenda. Speakers shall limit their comments to five (5) minutes each.

3. Public Hearing Discuss and consider action on Ordinance 2026-013 approving a Franchise Agreement with One Gas, Inc., acting by and through its Texas Gas Service Company Division.

4. Public Works Discuss street maintenance standards and policy.

5. Land Use Discuss policy on issuing a temporary certificate of occupancy.

6. Administration Discuss the Short-term Rental Permit process as adopted in Article 6.04 of the Code of Ordinances.

7. Executive Session In accordance with Texas Government Code, Section 551.001, et seq, the City Council will recess into Executive Session (closed meeting) to discuss the following:

   a. Section 551.074 - Discuss and consider action on the City Administrator hiring process.

8. Executive Session Reconvene into open session and consider action on matters discussed in Executive Session.

9. Adjournment

Approved by: James Vaughan, Mayor

<u>Certificate</u>

I certify that the above Notice of the September 2, 2026 City Council Workshop was posted on the bulletin board at the Municipal Building, 4010 Bee Cave Road, West Lake Hills, Texas on Thursday, August 27, 2026 at 5:00 p.m. and will remain posted continuously until said meeting is convened.

Signed by: Makayla Rodriguez, City Secretary

The City of West Lake Hills is committed to compliance with the Americans with Disabilities Act. Reasonable accommodation and equal access to communications will be provided upon request.

All items on the agenda are for discussion and/or action. City Council reserves the right to adjourn into executive session at any time during the course of this meeting to discuss any of the matters listed above, as authorized by Texas Government Code Sections 551.071 (Consultation with Attorney), 551.072 (Deliberations about Real Property), 551.073 (Deliberations about Gifts and Donations), 551.074 (Personnel Matters), 551.076 (Deliberations about Security Devices), and 551.086 (Economic Development).

City *of* West Lake Hills
City Council

AGENDA REPORT

Meeting Date:	September 2, 2026	**Item Number:**	4
Department:	Administration		
Prepared By:	Jennifer C. Bills	**Cost / Budget:**	Revenue
Exhibits:	Ordinance 2026-012	**Source of Funds:**	Revenue – 01-42043

Subject

Discuss and consider action on Ordinance 2026-012 approving a Franchise Agreement with One Gas, Inc., acting by and through its Texas Gas Service Company Division.

Recommendation

Staff recommends approval of Ordinance No. 2026-012, granting a new 25-year natural gas franchise to ONE Gas, Inc., acting through its Texas Gas Service Company division.

Discussion

The City's current natural gas franchise agreement was approved in 2001 for a 25-year term and expires on September 1, 2026. The proposed ordinance establishes a new franchise agreement with ONE Gas, Inc., acting through its Texas Gas Service Company division, to allow Texas Gas Service to continue using the City's public rights-of-way to provide natural gas service within West Lake Hills.

The proposed ordinance grants Texas Gas Service a non-exclusive 25-year franchise to install, operate, and maintain its natural gas distribution system within City streets and other public rights-of-way. The agreement establishes the responsibilities of both the City and Texas Gas Service related to construction, permitting, maintenance, relocation of facilities, restoration of public rights-of-way, insurance, and indemnification.

Under the agreement, Texas Gas Service must obtain City approval before constructing new mains or service lines within the public right-of-way and must restore disturbed areas in accordance with City standards. The agreement also includes indemnification and insurance provisions intended to protect the City from claims associated with Texas Gas Service's facilities and operations.

As consideration for use of the City's public rights-of-way, Texas Gas Service will collect and remit to the City a franchise fee equal to 5% of gross receipts from natural gas sales, transportation, and certain regulated service charges within the City. Payments will be made twice annually, in January and July. The agreement also provides an opportunity for the City and Texas Gas Service to review the financial terms, including the franchise fee, during the fifteenth year of the agreement.

Approval of the ordinance will replace the franchise agreement approved in 2001 and provide for the continued operation of Texas Gas Service facilities within City rights-of-way under updated terms. The new franchise will remain in effect for 25 years following its effective date and acceptance by Texas Gas Service.

ORDINANCE NO. 2026-013

AN ORDINANCE GRANTING TO ONE GAS, INC., ACTING BY AND THROUGH ITS TEXAS GAS SERVICE COMPANY DIVISION, AND ITS SUCCESSORS AND ASSIGNS, FOR A PERIOD OF TWENTY-FIVE (25) YEARS FROM APPROVAL AND ACCEPTANCE OF THIS ORDINANCE, A NON-EXCLUSIVE FRANCHISE AND RIGHT TO ENTER THE PUBLIC WAYS TO INSTALL, OPERATE AND MAINTAIN A DISTRIBUTION SYSTEM WITHIN, ALONG, ACROSS, OVER AND UNDER THE PUBLIC WAYS OF THE CITY OF WEST LAKE HILLS, TRAVIS COUNTY, TEXAS FOR THE TRANSPORTATION, DISTRIBUTION AND/OR SALE OF GAS TO CUSTOMERS AND THE PUBLIC GENERALLY IN THE CITY; DEFINING THE WORDS AND PHRASES THEREIN; PROVIDING FOR ASSIGNMENT, SALE OR LEASE OF THE FRANCHISE; PROVIDING THAT THE CITY MAY ENACT AN ORDINANCE CHARGING PERSONS TRANSPORTING GAS THROUGH GRANTEE'S DISTRIBUTION SYSTEM A FEE ON THE CALCULATED VALUE OF SUCH TRANSPORTED GAS; PROVIDING FOR USE AND REPAIR OF THE PUBLIC WAYS; PROVIDING FOR REGULATION OF SERVICE; ESTABLISHING DEPTH OF PIPELINES; ESTABLISHING RIGHTS AND DUTIES IN THE MOVEMENT AND ALTERATION OF PIPELINES; PROVIDING FOR INDEMNIFICATION OF THE CITY OF WEST LAKE HILLS; PROVIDING FOR GRANTEE'S RULES AND REGULATIONS; PROVIDING FOR INSPECTION OF GRANTEE'S RECORDS; REQUIRING GRANTEE TO PAY A FRANCHISE FEE; PROVIDING FOR CONDITIONS OF THE FRANCHISE; PROVIDING FOR CONSTRUCTION OF THIS ORDINANCE UPON THE INVALIDITY OF ANY PART THEREOF; PROVIDING FOR ACCEPTANCE OF THIS FRANCHISE BY GRANTEE AND BOTH AN EFFECTIVE AND AN OPERATIVE DATE THEREOF; REPEALING ALL OTHER ORDINANCES DIRECTLY IN CONFLICT HEREWITH; AND PROVIDING FOR SEVERABILITY.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF WEST LAKE HILLS, TEXAS:

SECTION 1. DEFINITIONS

As used in this Ordinance, the following words and phrases shall have the following meanings:

A. "City" means the City of West Lake Hills, in Travis County, Texas, a municipal corporation, hereinafter also referred to as "Grantor".

B. "City Clerk" means the City Clerk of the City or other such officer of the City designated to serve as the filing officer for official documents and records of the City.

C. "City Council" means the City Council of the City as the governing body of the City.

D. "City Engineer" means the City Engineer of the City or such other officer of the City designated to approve engineering plans and designs for construction within Public Ways.

E. "City Manager" means the City Manager of the City or such other chief administrative officer of the City designated to hear appeals from the decisions of other City officers.

F. "Customer" means any individual person, corporation, company, partnership, firm, unincorporated association, trust, municipality, or public or private entity located within the municipal corporate limits of the City and serviced by the Grantee through any use of the Public Ways.

G. "Franchise Fee" or "Franchise Fees" shall mean the sum of fees to be paid to the City by Grantee under Section 11 of this Ordinance.

H. "Gas Sales" means the sale of natural gas to Grantee's Customers located within the corporate limits of the City by use of the System.

I. "Gas Transportation" means the transportation of Transport Gas for redelivery to Customers with re-delivery points located within the corporate limits of the City.

J. "Grantee" shall mean ONE Gas, Inc., an Oklahoma corporation acting by and through its Texas Gas Service Company division, and its successors and assigns.

K. "Gross Receipts from Gas Sales" shall constitute and include Grantee's total receipts from the sale, distribution or transportation of gas to Grantee's Customers. Grantee's Gross Receipts from Gas Sales subject to the Franchise Fee shall specifically exclude, without limitation:

[1] receipts from gas sales or services to Customers located at delivery points outside the corporate limits of the City;

[2] receipts from gas consumed or transported by Grantee for its own use;

[3] bad debt or uncollected accounts;

[4] receipts collected for gas utility taxes;

[5] receipts for any taxes, assessments, charges or fees of any kind charged by a governmental entity and collected by Grantee from the Customer by a pass-through charge on the gas bill, except for Franchise Fees and gross receipts taxes;

[6] receipts for construction advances or contributions in aid of construction;

[7] receipts for maintenance of appliances, machinery or equipment;

[8] receipts for compensation for damage to Grantee's property;

[9] receipts from sales of materials, appliances or equipment, and

[10] receipts from any non-regulated utility or non-regulated services or products.

L. “Gross Receipts from Gas Transportation” shall constitute and include Grantee’s total receipts from its transportation of Transport Gas, consisting of receipts from cost of service. Grantee’s Gross Receipts from Gas Transportation subject to the Franchise Fee shall specifically exclude, without limitation:

[1] receipts from gas transportation services to Customers located at delivery points outside the corporate limits of the City;

[2] receipts from gas transported by Grantee for its own use;

[3] bad debt or uncollected accounts;

[4] receipts collected for gas utility taxes;

[5] receipts for any taxes, assessments, charges or fees of any kind charged by a governmental entity and collected by Grantee from the Customer by a pass-through charge on the gas bill, except for Franchise Fees and gross receipts taxes;

[6] receipts for construction advances or contributions in aid of construction;

[7] receipts for maintenance of appliances, machinery or equipment;

[8] receipts for compensation for damage to Grantee’s property; and

[9] receipts from any non-regulated utility or non-regulated services or products.

M. “Permit” means the authorization to Grantee:

[1] for the opening of the streets, avenues, alleys, other public places or Public Ways shown on maps or plans submitted by Grantee to the City Engineer, showing the streets, avenues, alleys, and other public places and the locations thereon wherein Grantee proposes to construct new mains and pipes,

[2] for the new construction or laying of the new mains, service lines and pipes by Grantee as shown on plans, and

[3] to perform all work on existing Grantee facilities or the System within the Public Ways or other City rights-of-way.

N. “Public Ways” means the present and future streets, avenues, boulevards, parkways, lanes, alleys, bridges, sidewalks, parks, easements, highways, and any other public place within the municipal corporate limits of the City, whether dedicated or not.

O. “System” means Grantee’s system of mains, pipelines, conduits, valves, feeders, regulator stations, laterals, service lines, measuring devices, and all other necessary plants, attachments, land, structures, facilities and appurtenances for the purpose of selling, storing, supplying, conveying, transmitting, distributing, and/or transporting natural gas and any gas, including the equivalent substitutes, for all other lawful purposes in, through, upon, under, and along the present and future streets, avenues, alleys, bridges, sidewalks, parks, easements, highways, and any other public place within the municipal corporate limits of the City.

P. "Transport Gas" means gas owned or controlled by a user or its designee (i.e., gas that is purchased or otherwise acquired by a user from someone other than Grantee) and delivered by such user or its designee to Grantee at a point on Grantee's System, such point of delivery to be defined by Grantee, and carried, delivered or transported through Grantee's System at a point of redelivery within the municipal corporate limits of the City by Grantee to the user for a fee.

Q. "Utility Regulated Service Charges" shall consist of charges for services (but not for natural gas sales or transportation services) that:

[1] Grantee provides to its Customers located within the corporate limits of the City and

[2] which are or may, from time to time, become subject to the rate regulation of the applicable regulatory authority.

Such Utility Regulated Service Charges shall not include receipts by Grantee from its Customers in the City, if applicable, for appliance sales, appliance light-ups, maintenance of Customer equipment or facilities and any other receipts that are not legally subject to the rate regulation of the applicable regulatory authority.

SECTION 2. GRANT OF FRANCHISE

A. The Grantor hereby grants to Grantee for the term of twenty-five (25) years from the passage and approval of this Ordinance and the filing of a written acceptance by the Grantee, the right to enter upon the Public Ways to install, operate and maintain a System along, across, over and under the Public Ways for the privilege of transporting, distributing and/or selling gas to Customers and the public generally within the municipal corporate limits of the City, and including any territory that the City may hereafter annex, acquire, purchase; and to distribute, sell, store, supply, transport, carry and/or convey natural gas and any gas through Grantee's System in the City to other cities, towns, communities and areas outside the City and to inhabitants thereof, for the full term of this Franchise Ordinance.

B. The Ordinance shall have the effect of and shall be a contract between Grantor and Grantee and shall be the measure of the rights and liabilities of Grantor as well as Grantee.

C. The Franchise granted by this Ordinance shall in no way affect or impair the present or future rights, obligations, or remedies of the City or Grantee under the Texas Gas Utility Regulatory Act, as amended.

SECTION 3. FRANCHISE ASSIGNMENT, SALE OR LEASE

Grantee shall not sell, transfer, assign, sublet, or lease this Franchise, or any rights or privileges granted hereunder, in whole or in part, without the prior written consent of the City Council, which consent shall not be unreasonably withheld, conditioned, or delayed. Any request for consent shall be accompanied by such information regarding the proposed transferee's financial condition, technical qualifications, regulatory standing, and operational capacity as the City reasonably requests. The City Council shall act on a complete request within sixty (60) days. Notwithstanding the foregoing, Grantee may, upon thirty (30) days' prior written notice to the City and without City consent, (i) assign or transfer this Franchise to a parent, subsidiary, or affiliate under common control with Grantee, provided that Grantee remains liable for performance hereunder, or (ii) pledge, mortgage, or grant a security interest in its assets for bona fide financing purposes. Any attempted assignment, transfer, sublease, or other disposition in violation of this Section shall be void and shall constitute a material breach of this Franchise.

SECTION 4. USE AND REPAIR OF THE PUBLIC WAYS

A. Grantee's System shall be erected, placed, and laid or otherwise installed, operated and maintained in such a manner as will, consistent with reasonable necessity, least interfere with other public uses of the Public Ways. This Ordinance shall constitute the Permit to perform all work on existing Grantee facilities or the System within the Public Ways or rights of way.

B. Except in the case of an emergency, within the City's full purpose jurisdiction, when Grantee desires to lay any new mains or service lines hereunder, and before commencing its new construction work on mains or service lines, it shall submit to the City Engineer, or other proper authority, a map or plan showing the streets, avenues, alleys, and other public places and the locations thereon wherein it proposes to construct such new mains and pipes. The City Engineer, or other proper authority, shall by written notice, either issue or deny the Permit to Grantee. Approval by the City Engineer, or other proper authority, shall constitute the Permit to Grantee for the opening of the streets, avenues, alleys and other public places shown on the map or plan, and for the new construction or laying of the new mains and pipes by Grantee as shown on the plan. If the City Engineer, or other proper authority, does not issue or deny the Permit, or request additional information from Grantee, in writing within thirty (30) calendar days after submission of a complete Permit application, the Permit shall be deemed granted. However, the thirty (30) business day period shall be tolled during any period in which the City has requested additional information from Grantee and is awaiting a response. If the City Engineer fails to act within the time prescribed above, Grantee may proceed under the appeal process set forth below.

In the event that the Permit is denied, the City Engineer, or other proper authority, shall advise Grantee of the reasons for the denial and all necessary steps to secure approval of the Permit. Grantee shall have the right to appeal the non-issuance of the Permit to the City Administrator, and if not approved within thirty (30) calendar days by the City Administrator, Grantee may appeal to the City Council and be heard at the next regularly scheduled City Council meeting for which the matter can be properly posted under the Texas Open Meetings Act following the filing of the appeal. If the City Council fails to act on the appeal within forty-five (45) days, the appeal shall be deemed to be approved, unless otherwise in writing by Grantee and the City. Appeal of any decision made by the City Council shall be made to the District Court of Travis County, Texas, and an appeal from any decision of the District Court shall be as in all other civil actions.

This Subsection 4 (B) shall also apply to all other facilities and equipment of Grantee to be constructed or installed on public property within the City's full purpose jurisdiction.

C. It shall be necessary for Grantee to secure a Permit for the laying of service pipes from the mainline pipes of Grantee to its Customers if any part of the service line is within the right-of-way.

D. After any excavation or disturbance, Grantee shall, with due diligence and dispatch, place the Public Way in a condition in compliance with the Grantor's standards and specifications as adopted in the West Lake Hills Code of Ordinances.

SECTION 5. REGULATION OF SERVICE

The System of Grantee shall at all times be installed, operated and maintained in accordance with accepted good practice and in such condition as will enable the Grantee to furnish adequate and continuous service as required by the orders, rules and regulations of the Railroad Commission of Texas or other regulatory authority having jurisdiction. The requirements set forth in this Section shall not relieve Grantee of any other obligations set forth herein.

SECTION 6. DEPTH OF PIPELINES

After the operative date of this franchise, Grantee's main or lateral lines installed or replaced in Public Ways shall be installed or replaced at depths which comply with all applicable state and federal rules and regulations establishing minimum safety standards for the design, construction, maintenance and operation of pipelines. Depth shall be measured from the lower of existing grade or proposed future grade as set forth on plans or other specifications existing at the time such lines are installed or replaced.

SECTION 7. DUTY TO MOVE OR ALTER LINES

A. Grantor reserves the right to lay or permit to be laid cables, electric conduits, water, sewer, gas or other pipelines and to do or permit to be done any underground work deemed necessary and proper by the Grantor, along, across, over or under the Public Ways. Nothing in this Section shall be construed as a waiver of the governmental, sovereign, or official immunity of the City, its officers, employees, agents, or representatives, all of which are expressly retained. Liability of the City, if any, for damage to Grantee's facilities shall be governed by, and limited to the extent provided in, the Texas Tort Claims Act, Chapter 101 of the Texas Civil Practice and Remedies Code, and other applicable Texas law. With respect to work performed by the City's independent contractors, Grantee shall look solely to such contractors for any claim of damage to Grantee's facilities, and the City shall require its contractors to carry commercially reasonable insurance and indemnification obligations consistent with City practice.

B. When Grantee is required by Grantor to remove or relocate its mains, laterals, and other facilities to accommodate construction of streets and alleys by the Grantor, and Grantee is eligible under federal, state, county, local or other programs for reimbursement of costs and expenses incurred by Grantee as a result of such removal or relocation, and such reimbursement is required to be handled through Grantor, then Grantee's costs and expenses shall be included in any application by Grantor for reimbursement. Grantee will provide the Grantor its appropriate cost and expense documentation prior to the filing of the application.

C. When Grantee is required to remove or relocate its mains, laterals or other facilities to accommodate construction of streets or alleys by the Grantor without reimbursement, Grantee shall have the right to seek a surcharge to recover relocation costs pursuant to Section 104.112 of the Texas Utilities Code or any other applicable law or regulations.

D. If Grantor shall require the Grantee to adapt or conform its System or in any way to alter, relocate or change its property to enable any other person, firm, corporation or entity (whether public or private), other than the Grantor, to use the Public Ways, the Grantee shall be reimbursed by the person, firm corporation or entity desiring or occasioning such change for any and all loss, cost or expense occasioned thereby.

SECTION 8. INDEMNIFICATION

Grantee shall defend, indemnify, and hold harmless the City, its officers, officials, employees, agents, contractors, and volunteers (collectively, the "Indemnified Parties") from and against any and all claims, demands, suits, causes of action, losses, damages, fines, penalties, liabilities, judgments, settlements, and expenses (including reasonable attorneys' fees, expert fees, and court costs) arising out of, resulting from, - (i) the construction, installation, operation, maintenance, repair, removal, of the System or any of Grantee's facilities in or on the Public Ways; (ii) any act or omission, whether negligent, intentional, or otherwise, of Grantee or its officers, employees, agents, contractors, or subcontractors in connection with this Franchise; or (iii) any breach by Grantee of this Franchise or violation of applicable law. This indemnity expressly includes claims based on strict liability, products liability, or statutory liability. This indemnity shall not apply to the extent any claim or liability is caused by the negligence or willful misconduct of the Indemnified Parties. Grantee shall, upon written notice from the City, assume the defense of any claim subject to this indemnity with counsel reasonably acceptable to the City. The City shall have the right, at its own expense, to participate in the defense with counsel of its choosing. Grantee shall not settle or compromise any claim in a manner that imposes any non-monetary obligation on, or admission of liability by, the City without the City's prior written consent, which shall not be unreasonably withheld. The provisions of this Section shall survive the expiration or termination of this Franchise.

Grantee will maintain a level of insurance in consideration of Grantee's activities, obligations and risks undertaken pursuant to this Franchise that is consistent with best industry practices, naming the City as additional insured, and providing the City a copy of a current certificate or endorsement upon execution of this Franchise.

Grantee's undertakings shall be subject to its ability, by use of due diligence and normal business methods, to obtain and place in service the necessary materials and facilities. Moreover, Grantee shall be excused from failure or delay in performing such obligations if and to the extent occasioned by an act of nature or "act of God," fire, explosion, flood, act of a public enemy, contagion or contamination hazardous to human life or health, legal restraints, labor difficulties, material shortages, interruption or deficiency of gas supply not attributable to default of Grantee or, without limitation, any other cause or combination of causes not reasonably within Grantee's ability to anticipate or control. The Company shall notify the City promptly and in any event no later than thirty days after Grantee becomes aware of its intent to utilize this provision of this Ordinance.

SECTION 9. GRANTEE'S RULES AND REGULATIONS

The Grantee shall have the right to make and enforce such reasonable rules and regulations as it may deem necessary for the extension of its facilities, the sale of its gas and the conduct of its business, provided that such rules and regulations shall neither be in conflict with the laws of the State of Texas, with the orders, rules or regulations of the Railroad Commission of Texas or other regulatory authority having jurisdiction, nor with the ordinances and regulations of the Grantor insofar as they are consistent with the jurisdiction of the Railroad Commission of Texas or such other regulatory authority. Grantee shall supply natural gas and provide regulated services at the rates and under the terms and conditions specified by such rules, its tariffs filed with the City, and as provided herein.

SECTION 10. INSPECTION OF RECORDS

Grantee shall permit Grantor or its agents to inspect, during regular business hours, the books, papers and records kept by Grantee in the ordinary course of business and pertaining to the natural gas business carried on by it in the City, such as plats, maps and atlases identifying Grantee's pipelines in the City, and the books and records necessary to verify the franchise fee payment provided for in Section 11 hereof. Notwithstanding the obligation herein, Grantee shall have the right to the reasonable protection of proprietary information and to provide redacted documents or require Grantor or its agents to enter into such agreements pertaining to confidentiality as may reasonably protect the proprietary information of Grantee but which do not unreasonably frustrate the purposes of this Section. Grantor shall promptly notify Grantee in writing of areas newly annexed into or de-annexed from the corporate limits of Grantor, and Grantee shall update its records for the purpose of payment of franchise fees as soon as reasonably practicable after receiving such notice.

SECTION 11. CONSIDERATION FOR FRANCHISE: FRANCHISE FEE

A. As full consideration for the rights and privileges conferred by this Ordinance, Grantee agrees to pay Grantor as follows:

(1) Grantee shall collect the Franchise Fee from its Customers and shall pay Grantor a Franchise Fee the sum of which is equal to Five Percent (5%) of the Gross Receipts received by Grantee, per billing period, from the transportation,

distribution, and sale of natural gas for consumption within the municipal corporate limits of the City. The Franchise Fee shall include only Gross Receipts from Gas Sales to Customers located in the City; Gross Receipts from Gas Transportation to Transport Gas Customers with re-delivery points located in the City; plus, Gross Receipts from Utility Regulated Service Charges. All sums due from Grantee shall be in lieu of all other franchise fees, licenses, or occupational taxes, which may be levied or attempted to be levied on Grantee by the City.

(2) Grantee shall pay such Franchise Fee collected from its Customers to the Grantor under the terms of this Ordinance, based upon meters read on or after the effective date of this Ordinance. During the term of this Ordinance, Grantee shall collect from its Customers and pay the City in January and July for the preceding six months. Grantee shall include with the Franchise Fee payment a statement showing its collections of Gross Receipts from Gas Sales and Gas Transportation in the City, and Utility Regulated Service Charges in the City, including the calculation of the Franchise Fee for the subject time period. Collection and payment of Franchise Fee shall be final as to both parties unless questioned by written notice provided by one party to the other within three (3) years after payment thereof has been made.

It is expressly agreed that the Franchise Fee payments shall be in lieu of any payments for the right to use the Public Ways or other public rights-of-way of the City, including expressly the charge permitted to be levied by the Texas Tax Code Sections 182.021-182.026 and 182.081-182.082, or any successor statute permitting such a charge, however designated. The Franchise Fee shall be in lieu of and accepted as payment of all of Grantee's obligations to pay all other franchise fees, licenses, easement or occupation taxes, levies, exactions, rentals, street cut fees, inspection fees, right of way inspection fees, Permit fees, franchise fees, easement taxes, or charges of any kind whatsoever which may be levied or attempted to be levied in general by the City for the use of City's Public Ways and other rights-of-way, with the sole exception of sales taxes, ad valorem taxes, fees or penalties assessed for failure to comply with local regulations and requirements, and special assessments which are made without reference to or dependence upon Grantee's franchise or occupancy of the streets and public right of way, e.g., special assessment paving liens.

The rights, privileges, and franchises granted by this Ordinance are not to be considered exclusive, and City hereby expressly reserves the right to grant, at any time as it may see fit, like privileges, rights, and franchises to any other person or corporation for the purpose of furnishing gas in the City. In the event any similarly situated entity (other than Grantee) providing gas sales or gas transportation service to Customers within the City under a franchise of comparable scope and duration is subject to a lesser franchise fee than is required to be collected and paid by Grantee in this Ordinance, then with respect to such gas sales or transportation service to those Customers, Grantee's Franchise Fee obligation on sales or transportation service to those Customers will be reduced to a rate equal to the franchise fee rate required to be paid by such other entity, prospectively and only for so long as such lesser rate remains in effect.

Unless expressly set forth herein, or otherwise provided by law, by accepting this Ordinance, Grantee does not agree to be responsible for the payment of franchise fees other than as expressly set forth herein, or for the payment of franchise fees owed to the City by any other entity, corporation or firm.

Mid-Term Review of Franchise Fee. Notwithstanding any other provision of this Ordinance, the parties shall have the opportunity to conduct a mid-term review of the financial terms of this Franchise during the fifteenth (15th) year of the term. The mid-term review shall be initiated by either party by written notice to the other party delivered no earlier than fourteen (14) years and six (6) months after the effective date of this Ordinance and no later than fifteen (15) years and six (6) months after such date. The scope of the mid-term review shall be limited to (i) the Franchise Fee rate established in this Section 11; (ii) the definitions of “Gross Receipts from Gas Sales,” “Gross Receipts from Gas Transportation,”; and (iii) the audit and payment provisions of this Section 11. The scope of the mid-term review shall not extend to the term of this Ordinance, the grant of franchise in Section 2, or any other operational provision of this Ordinance. Following delivery of the notice, the parties shall negotiate in good faith for a period of no greater than one hundred eighty (180) days (or such longer period as the parties may agree in writing), to determine whether amendment of the foregoing provisions is appropriate in light of then-current market conditions, statutory authority, inflation, comparable Texas municipal franchise fees, and changes in the natural gas industry. If the parties reach agreement, the agreed terms shall be incorporated into this Ordinance by amendment adopted by the City Council and accepted in writing by Grantee in the manner provided in Section 15. If the parties fail to reach agreement within the 180-day period (or such longer period as the parties may agree in writing), the existing terms of this Section 11 shall continue in full force and effect for the remainder of the term, and each party shall retain all rights and remedies available to it under applicable law, including the City’s right to exercise any franchise fee authority then available under Texas law upon expiration of this Franchise. Neither party’s participation in the mid-term review shall constitute a waiver of any right or remedy, and the conduct of the review shall not be deemed to suspend, toll, or modify any obligation of the parties under this Ordinance during the pendency of the review.

SECTION 12. CONDITIONS OF FRANCHISE

This contract, franchise, grant and privilege is granted and accepted under and subject to all applicable laws and under and subject to all of the orders, rules, and regulations now or hereafter adopted by governmental bodies now or hereafter having jurisdiction.

To the extent that all or any other existing ordinance shall conflict with any provision of this Ordinance, this Ordinance shall prevail upon passage, adopting and acceptance of this Ordinance.

SECTION 13. INVALIDITY OF ORDINANCE

If any clause, sentence, or section of this Ordinance shall be held to be invalid, it shall not affect the remaining portions of this Ordinance, which shall remain valid and effective as if such invalid provision did not exist, although the parties shall be entitled to a judicial interpretation or construction of this Ordinance to address the validation of such provision by minimal amendment thereof. Further, should any court of competent jurisdiction or the Railroad Commission of Texas issue a final, non-appealable order determining that Grantee shall not be permitted to collect in whole or in part the compensation due Grantor by others for Transport Gas as set forth in Paragraph

(2) of Subsection A of Section 11 of this Ordinance, Grantee shall thereafter have no obligation to make such payment to Grantor and Paragraph (2) of Subsection A of Section 11 shall be of no force and effect with regard to the sale of Transport Gas; provided, however, that in the event of such a determination, the parties shall negotiate in good faith to amend this Ordinance to provide equivalent consideration to the City to the extent permitted by law.

SECTION 14. EFFECTIVE DATE AND TERM

This Ordinance shall take effect and be in full force from and after its final passage and approval by the City Council and the acceptance hereof in writing by Grantee as herein provided. This Franchise Ordinance shall continue and remain in full force and effect for a period of twenty-five (25) years from the effective date.

SECTION 15. ACCEPTANCE BY GRANTEE

Grantee shall have sixty days from the execution of this Ordinance within which to file in the office of the City Clerk its consent to and written acceptance of provisions and conditions of this Franchise Ordinance.

SECTION 16. REPEALER

Each and every other ordinance or part thereof which is directly in conflict with any provision herein as to the grant of a franchise for natural gas services and the regulation thereof is hereby repealed.

SECTION 17. SEVERABILITY

The provisions of this Ordinance are severable, and if any part or provision hereof shall be adjudged invalid by any court of competent jurisdiction, such adjudication shall not affect or impair any of the remaining parts or provisions hereof.

READ, PASSED, ADOPTED AND APPROVED by the City Council of the City of West Lake Hills, Texas, on this ______________ day of _______________________________, 2026.

____
James Vaughan
Mayor of West Lake Hills, Texas

ATTEST:

____

Makayla Rodriguez
City Secretary

APPROVED AS TO FORM:

____
Charles Zech
City Attorney

The above and forgoing Franchise Ordinance and the grants, franchise, powers, rights and privileges thereto were accepted by Grantee on ________________________________.

TEXAS GAS SERVICE COMPANY,
a division of ONE Gas, Inc.

By: ____

Alejandro Limon
Vice President Operations
ONE Gas, Inc.

City *of* West Lake Hills
City Council Workshop
AGENDA REPORT

Meeting Date:	September 2, 2026	**Item Number:**	4
Department:	Administration		
Prepared By:	James Vaughan, Mayor	**Cost / Budget:**	None
Exhibits:	N/A	**Source of Funds:**	N/A

Subject

Discuss street maintenance standards and policy.

Recommendation

Discuss and provide direction.

Discussion

Street maintenance is a surprisingly controversial topic and I am aesthetically challenged. Council needs to provide clear guidance to staff about the aesthetic it wants to achieve in the annual street maintenance project and how it wants street work to be communicated. We've discussed this at meetings and a workshop in the past but need to confirm it clearly.

The main questions:

1. What type of crack seal application do we use? What is the cost difference between the two?
   a. Overband - the wide band of sealant smeared over and beside the crack.

   b. Squeegee - more carefully placing the sealant into the crack.

2. Should we continue to crack-seal at all? If so, what percentage of the road should be crack sealed before we simply put it on standby for mill-overlay? Recall that crack seal applications are the tar lines that run like a spiderweb across the road, mill-overlay looks like a new road.

   a. How many years of life does crack-sealing buy us? If I recall, it's not many.

   b. Should we go straight to mill-overlay? How many crack seal applications are the equivalent of one additional street that's milled and overlaid? This appears to be the policy of Paradise Valley, Arizona.

   c. The downside of banning crack-seal is that the road base can be damaged in a hard freeze, requiring a complete rework.
3. Striping
   a. The State of Texas adopts no striping requirement for local residential streets. A centerline is mandatory only on a paved arterial or collector road that is 20 feet or wider and carries 6,000 vehicles a day or more.

   b. The City's code (Chapter 36) sorts streets into classes: arterial, collector, and minor or residential.

c. The simplest policy to adopt would be: no striping on residential or minor streets as classified in Chapter 36, striping on arterial or collector streets that are over 20 feet wide per Chapter 36.

d. On curves on residential streets that engineering deems dangerous through what's called a speed test with a ball-bank indicator (a device that measures how much a vehicle leans on a curve), does council prefer chevron signs to a reflective stripe? What are our other options?

e. Stripe design: stick to the minimum legal width of a stripe (4 inches).

f. Stripe type:
   i. Preformed Tape - the cleanest option which gives the crispest line as its factory cut runs about 30x the cost of paint and lasts about 4 years.
   ii. Thermoplastic - which I believe we used this summer runs about 3x paint.
   iii. Paint - cheapest and needs to be replaced frequently.

4. Signs
   a. Sign minimization overall. Texas' manual states that the use of warning signs should be "kept to a minimum," because unnecessary signs "breed disrespect for all signs." Texas also does not require a city to put up signs (Transportation Code 544.002(b)), and the choice to not place one is protected discretion (Civil Practices and Remedies Code 101.060(a)(1)). However, once the signs are up, we are required to have a sealed engineer's opinion that taking them down is not unsafe.

   b. Should every street that gets maintained have a signs analysis done so we can cull the unnecessary signs as part of the program?

5. Notice
   a. Almost every city tells residents about street maintenance after the decision and before the trucks arrive via a door hanger or letter. Residents receive the notice 48 hours to 2 weeks in advance. The policy we are attempting to stand up with workshops and active input would put us at the front of the pack.

Street Maintenance Sale Tax Program:
https://www.westlakehills.org/307/Street-Maintenance-Sales-Tax

City *of* West Lake Hills
City Council Workshop
AGENDA REPORT

Meeting Date:	September 2, 2026	**Item Number:**	5
Department:	Administration		
Prepared By:	James Vaughan, Mayor	**Cost / Budget:**	None
Exhibits:	N/A	**Source of Funds:**	N/A

Subject

Discuss policy on issuing a temporary certificate of occupancy.

Recommendation

Discuss and provide direction.

Discussion

A Temporary Certificate of Occupancy allows a business operator or homeowner to occupy a building before finishing all required work. Our code currently lets the City issue a temporary certificate of occupancy in one sentence:

22.03.014 (d) “A temporary certificate of occupancy may be issued by the city inspector or city administrator for the use of a portion or portions of a building or structure prior to the completion of the entire building or structure.”

The adopted 2021 International Residential Code includes the following:
The *building official* is authorized to issue a temporary certificate of occupancy before the completion of the entire work covered by the *permit*, provided that such portion or portions shall be occupied safely. The *building official* shall set a time period during which the temporary certificate of occupancy is valid.

Temporary Certificates of Occupancy are typical in similar cities for businesses. They are far less typical for residences. To enforce the terms of the TCO and require a business owner to finish construction and close permits, the City can lock the doors of the business. To enforce against a resident is an eviction/fines process which is often fraught. In cities with utilities, the city can cut the water or power. We cannot do so - perhaps we could with an interlocal agreement with WD10.

When and why do residences get TCO’s in other cities?

- TCOs are typically issued by other cities to allow for a resident to move in when construction cannot be completed due to factors beyond their control. The simplest example being - planting season misaligning with landscaping requirements.

When and why do businesses get TCO’s in other cities?

- Portland Oregon’s commercial guide explains TCO’s well: a TCO “provides flexibility to customers and decreased construction times, while maintaining compliance with critical fire and life safety requirements.”
- Essentially, a commercial TCO can be issued once all health and safety requirements have been met.

Why are TCOs more common for commercial than residential?

- Per the above, enforcement is just easier. Especially in a city where many homes have cash buyers.
    - To enforce the remaining requirements on a commercial operator, the city can shut down the business.
    - To enforce the remaining requirements on a residence, the city must evict the resident or turn off utilities (which we don't have access to).
    - A mortgage lender will not issue on a mortgage on a house with a TCO; however, with cash buyers that backstop isn't as reliable.
    - TCOs require a rigorous process in the code and a lot of staff time in order to be used legally and correctly.

Today's discussion is to learn more about TCOs and their benefits/drawbacks.

Code Sections:
Section 22.03.014(d) – Temporary Certificate
2021 International Residential Code R110.4 Temporary occupancy.

City *of* West Lake Hills
City Council Workshop
AGENDA REPORT

Meeting Date:	September 2, 2026	**Item Number:**	6
Department:	Administration		
Prepared By:	James Vaughan, Mayor	**Cost / Budget:**	None
Exhibits:	N/A	**Source of Funds:**	N/A

Subject

Discuss the Short-term Rental Permit process as adopted in Article 6.04 of the Code of Ordinances.

Recommendation

Discuss and provide direction.

Discussion

This item was added to the agenda as a consequence of a new Short Term Rental (STR) on the North side of the City. The home received its STR permit via an administrative process. The City removed the SUP requirement for STRs and made it administrative as their approval at Council became ministerial - if the applicant meets the criteria, the matter is ministerial.

Select portions of our STR rules. Full rules in Appendix:

§ 6.04.003 — Criteria applicable to short-term rentals

2. Only one permit shall be issued to an applicant per homestead for a resident of the city. The permit may only be used for the rental of the homestead or for another property owned by the resident whose homestead is also located in the city. A permit shall not be used for rental of a guesthouse.

8. Total adult guest occupancy shall be limited to two times the number of bedrooms to be rented in the permit. Only bedrooms that meet the definition in section 1.01.003 of this at the time the room was constructed or converted and listed as rentable in the owner's permit application shall be counted in the total number of rentable bedrooms on the property.

(11) Complaint procedure:

A. Any resident or employee of the city may submit a written complaint to the city. Each written complaint shall be forwarded to the city administrator for review. The city administrator shall inform the short-term rental permit holder of any written complaint and inform the permit holder of when said complaint shall be reviewed.

B. The city administrator shall make a final finding determining whether a submitted complaint is substantiated. If the city administrator finds that a short-term rental permit holder has received three (3) substantiated complaints in one twelve (12) month period, the short-term rental permit shall be revoked. A short-term rental permit holder whose permit is revoked for three (3) substantiated complaints must wait twelve (12) months to reapply for a new permit. If a permit is revoked, the city administrator shall notify a short-term rental holder that the permit has been revoked and the process for appealing the revocation.

C. Substantiated complaints shall be defined as any written complaint submitted to the city administrator and determined to be an ordinance violation, including a violation of this section, or state law violation that is supported or verified by corroborating information, for example the report of an investigating police officer or an audio or video recording. The allegations in the complaint do not have to be the subject of a criminal complaint or result in a criminal conviction for the complaint to be substantiated.

I do not know the history of why we began allowing STRs in the City of West Lake Hills; however, when we did the permit required owner occupancy and/or primary residency in the City of West Lake Hills (i.e. the applicant is a resident and has another property which she uses as an STR). Additionally, the permit could ban large gatherings. Two Court decisions have called those provisions into question.

1. Fifth Circuit Court of Appeals: Hignell-Stark v. City of New Orleans
    a. New Orleans allowed an STR permit only to an owner whose property was their primary residence, shutting out non-residents. The court struck that residency requirement as discrimination against interstate commerce under the federal dormant Commerce Clause, calling such rules "virtually per se invalid."
2. Texas Third Court of Appeals: Zaatari versus City of Austin
    a. Austin banned non-owner-occupied rentals, phased out existing ones, and capped occupancy and gatherings. The court voided the ban as an unconstitutionally retroactive law because it destroyed a use owners were already lawfully exercising. It separately struck the occupancy and gathering caps as violating the Texas constitutional right of assembly. The caps applied "without regard to the peacefulness of" the gathering

Rollingwood simply bans STRs; however, it's likely that route is legally closed to us even if it were politically popular. Because Rollingwood never allowed STRs, Zaatari's finding that the vested rights of the plaintiffs were unconstitutionally eliminated might not apply. No such right was ever created. If there's no option to be an STR, there's no owner-occupancy rule and therefore Hignell-Stark's findings might not apply. I'm unsure if banning them would be politically popular or generally wise. However, it doesn't appear to be an option.

So, our two best clear hooks for denying a permit are legally suspect. Our enforcement measures - other than verified complaints about equitable code violations are fairly vague. We have a number of options to strengthen the ordinance. Today, the goal is to get input and advise staff/police how to proceed.

Options:

1. Tie occupancy to on-site parking places.
2. Tie occupancy to septic capacity.
3. Switch number of violations for revocation from 3 to 2.
4. Direct police to enforce overnight parking rules, cite equitably but consistently.
5. Direct police on how to enforce noise ordinance.
6. Clarify evidentiary standards for neighbor submitted photos.

7. Streamline citation process.

A more complete write-up will be distributed at the workshop.

Code Sections:
Article 6.04 Short-Term Rentals
Section 38.03.032 R-1 One Family Residential District (Zoning)