

REGULAR CITY COUNCIL MEETING AND CITY COUNCIL WORKSHOP

MAY 23, 2017

5:30 P.M.

COUNCIL CHAMBER, 110 NORTH 8TH STREET

GATESVILLE, TEXAS 76528

AN OPEN MEETING WAS HELD CONCERNING THE FOLLOWING SUBJECTS

1) CALL TO ORDER REGULAR CITY COUNCIL MEETING AT 5:33 P.M., THIS 23<sup>rd</sup> DAY OF MAY, 2017

PRESENT: Mayor Chumley, Council Members, Viss, Mitchell, Rainer, Doyle, Suson, and Hitt

OTHERS PRESENT: City Manager William H. Parry III, City Secretary Wendy Cole, City Attorney Sandy Gately, Nathan Gohlke, Danny Stroud, Cheri Shepherd, Bobby Buster, Billy Vaden, Roger

Miller, Bob Brown, Gil Gregory, Brenda Kiphen

2) HEAR VISITORS/CITIZENS FORUM: AT THIS TIME, ANY PERSON WITH BUSINESS BEFORE THE COUNCIL NOT SCHEDULED ON THE AGENDA MAY SPEAK TO THE COUNCIL FOR A MAXIMUM OF THREE (3) MINUTES. NO FORMAL ACTION CAN BE TAKEN ON THESE ITEMS AT THIS MEETING.

Visitors present were only concerned with an Agenda item.

3) CONSENT AGENDA (ALL CONSENT AGENDA ITEMS ARE CONSIDERED ROUTINE BY CITY COUNCIL AND WILL BE ENACTED BY ONE MOTION. THERE WILL BE NO

SEPARATE DISCUSSION OF THESE ITEMS UNLESS A COUNCILMEMBER REQUESTS

AN ITEM BE REMOVED AND CONSIDERED SEPARATELY.)

2017-35

APPROVAL OF MINUTES FROM PREVIOUS MEETING

2017-36

CONSIDER RE-APPOINTMENT OF CITY OF GATESVILLE'S ECONOMIC DEVELOPMENT BOARD MEMBERS

2017-37

CONSIDER INDUCTING SAM COCKRELL AND KEITH BELL INTO THE "GATESVILLE WALL OF HONOR"

Motion by Doyle, seconded by Suson, all voting "Aye" to approve:

Resolution Number 2017-35 approval of Minutes from May 9, 2017 Regular City Council Meeting

Resolution 2017-36 Consider Re-appointment of City of Gatesville's Economic Development Board Members to a two year term: William H. Parry III, Jack Doyle, Gary Chumley, and Alan Ivy to Positions 1,2,3, and 4 respectively.

Resolution 2017-37 Inducting Sam Cockrell and Keith Bell into the "Gatesville Wall of Honor".

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4) CONSIDER RESOLUTION NUMBER 2017-38 APPROVING A CHANGE IN ATMOS ENERGY CORPORATION, MID-TEX DIVISION'S (ATMOS) RATES AS A RESULT OF SETTLEMENT BETWEEN ATMOS AND THE ATMOS TEXAS MUNICIPALITIES (ATM) UNDER THE RATE REVIEW MECHANISM FOR 2017

City Manager William H. Parry III explained that this is an annual review and discussion between Atmos and Atmos Texas Municipalities (ATM) concerning rate changes. Atmos representative, Danny Stroud was present the meeting if the Council had any questions.

Mr. Parry said that essentially Atmos Gas is not a competitive market in Texas and their rates are regulated by the Railroad Commission. Each Year Atmos submits an application to the Railroad Commission for a system-wide rate increase which is based upon Atmos expenses. The increase has nothing to do with natural gas but with the amount of infrastructure being placed /replaced in the ground plus overhead and administrative costs. Atmos has completed five projects in Gatesville this year replacing 12,494 feet of gas lines at a cost of \$969,539. Instead of Gatesville trying to negotiate

alone, the City is a member of a consortium of fifty cities and is represented by the Herrera and Boyle law firm, who negotiates on the ATM's behalf.

Atmos has requested an 8.35% increase in rates for 2017 which amounts to \$57.4 million. Herrera and Boyle law firm has negotiated with Atmos and Atmos has agreed to an increase of \$48.0 million (7% increase) effective June 1, 2017.

The Council had no questions.

City staff recommends the passage of Resolution 2017-38 approving the settlement agreement between Atmos Energy Mid-Tex Division and the Atmos Texas Municipalities.

**Resolution no. 2017-38**

**a RESOLUTION BY the city of GATESVILLE, texas ("city"), approving A CHANGE IN THE RATES OF atmos energy corporation, mid-tex division ("ATMOS") AS A RESULT OF A SETTLEMENT BETWEEN ATMOS AND the ATMOS TEXAS MUNICIPALITIES ("ATM") under the Rate review mechanism; FINDING THE RATES SET BY THE ATTACHED TARIFFS TO BE JUST AND REASONABLE; FINDING THAT THE MEETING COMPLIED WITH THE OPEN MEETINGS ACT; DECLARING AN EFFECTIVE DATE; AND REQUIRING DELIVERY OF THE RESOLUTION TO THE COMPAnY AND LEGAL COUNSEL.**

**WHEREAS**, the City of Gatesville, Texas ("City") is a regulatory authority under the Gas Utility Regulatory Act ("GURA") and under § 103.001 of GURA has exclusive original jurisdiction over Atmos Energy Corporation – Mid-Tex Division's ("Atmos") rates, operations, and services within the municipality; and

**WHEREAS**, the City has participated in prior cases regarding Atmos as part of a coalition of cities known as the Atmos Texas Municipalities ("ATM"); and

**WHEREAS**, pursuant to the Rate Review Mechanism ("RRM") for 2017 filed with the City on or around March 1, 2017 for a proposed system-wide increase of \$57.4 million; and

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**WHEREAS**, experts representing ATM have analyzed data furnished by Atmos and interviewed Atmos' management regarding the RRM; and

**WHEREAS**, the Steering Committee of ATM and its counsel recommend approval of the attached tariffs, set forth as Attachment A, along with the proof of revenues set forth as Attachment B, which results in an increase in Atmos' revenue of \$48.0 million, and Attachment C, setting forth the beginning balance for purposes of determining pension and other post-employment benefits to be recovered in the next rate filing.

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

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

**Section 2.** The amended tariffs in Attachment A are hereby adopted to become effective on June 1, 2017.

**Section 3.** To the extent any Resolution previously adopted by the City Council is inconsistent with this Resolution, it is hereby superseded.

**Section 4.** The meeting at which this Resolution was approved was in all things conducted in strict compliance with the Texas Open Meetings Act, Texas Government Code, Chapter 551.

**Section 5.** If any one or more sections or clauses of this Resolution is judged to be unconstitutional or invalid, such judgment shall not affect, impair or invalidate the remaining provisions of this Resolution and the remaining provisions of the Resolution shall be interpreted as if the offending section or clause never existed.

**Section 6.** This Resolution shall become effective from and after its passage.

**Section 7.** A copy of this Resolution shall be sent to Atmos Mid-Tex, care of Christopher Felan, Vice President of Rates and Regulatory Affairs, Atmos Energy Corporation, 5420 LBJ Freeway, Suite 1600, Dallas, Texas 75240 and to Mr. Alfred R. Herrera, Herrera & Boyle, PLLC, 816 Congress Avenue, Suite 1250, Austin, Texas 78701.

**PASSED AND APPROVED** this 23rd day of May, 2017.

Motion by Mitchell, seconded by Viss, all voting "Aye" to approve Resolution Number 2017-38

RESOLUTION NUMBER 2017-38 - approve Resolution 2017-38 approving a change in the Atmos Energy Corporation, Mid-Tex Division's (Atmos) rates as a result of settlement between Atmos and the Atmos Texas Municipalities(ATM) under the rate review mechanism for 2017.

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5) CITY MANAGERS REPORT

--- City of Gatesville Comprehensive Plan/Fort Hood Joint Land Use Study Implementation(JLUS-1). Staff has started the initial planning for the JLUS implementation which in part includes developing comprehensive plan. Approximately \$15,000 in grant funding will be dedicated to assisting atesville with this task. Van Hansen from Benchmark Planning (the JLUS-1 contractor) will attend City Council meeting on June 13<sup>th</sup> to discuss the City's Comprehensive Planning process.

--- Energy Savings Performance Contract. Due to weather this week- installation of the two 15 ton ground units at the library have been delayed to the next week. The 3 ton unit will be replaced this week.

--- Reminder that Monday, May 29<sup>th</sup> is Memorial Day and the city offices will be closed.

--- Budget/Financial Report. Noted that the current Reserve Fund has increased to \$200,000. Mr. Parry reminded the council to please complete and return the budget satisfaction survey that was distributed at the last council meeting. Parry plans to incorporate the survey information into the future workshop.

--- Reminder of the Special Council Meeting on Tuesday, May 30<sup>th</sup> at 6:30p.m. This special meeting will address two Planning and Zoning issues that have to be settled within thirty days which is before the next council meeting.

--- Briefly discussed the Rental Property Regulation workshop scheduled for June 13<sup>th</sup>. City Manager Parry provided read ahead material to the council and asked them to think about implementing a rental property regulation policy by either following only state laws or implementing state laws and additional requirements established by a City ordinance. City staff estimates that there are 1200 rental properties in Gatesville.

--- Department Head Reports. Fire Department Chief Vaden has delivered letters signed by him and City Manager Parry to businesses in town requesting Volunteer Firefighters. Available volunteers over the past few years during normal working hours has been on a steady decline. Currently there are only four available volunteers able to respond to an emergency situation during the daytime on most days. It is estimated that a small department of 16 firefighters would cost approximately \$900,000 per year. Hopefully, this letter will generate interest in assisting the fire department with volunteerism.

--- Recreation Department. Recreation Director, Seth Phillips, has applied for the City to host the 10 and under baseball district tournament and has been selected for a tournament the week of July 4<sup>th</sup> and the week of July 10<sup>th</sup>. If the City gets selected for 10 or more district, state, or regional tournaments at the City's sports complex- which will drive people to stay at Gatesville hotels- Hotel/Motel Occupancy Tax can then be used to upgrade the facilities.

--- Convention and Visitors Bureau. A brochure was provided to all the council members that was prepared by the City and the Keep Gatesville Beautiful program. This brochure informs and educates citizens about trash pickup, recycling, and hazardous materials.

CVB Director, Cheri Shepherd, asked the Council to please let her know if they notice anything that needs to be corrected or information that they think needs to be included.

6) ADJOURN CITY COUNCIL MEETING AT 5:53 P.M. THIS 23<sup>rd</sup> OF MAY, 2017 AND CALL THE WORKSHOP TO ORDER

WORKSHOP:

1. Review City -Owned Properties

City Manager Parry provided a handout to the councilmembers which identified 13 properties currently owned by the City of Gatesville. Parry stated that he wanted the council to be aware of these City owned properties and to think about ways the City could derive some revenue from development or sale of these properties.

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Not included in this list of properties were the old city Gym lot, Rotunda property, and 808 Waco Street.

(Behind the Police Department).

Mr. Parry pointed out that none of these properties are producing tax revenue.

Following the workshop and brief discussion, Mr. Parry reminded the council that there is no action tonight but this issue would probably be addressed at a future council meeting.

7) ADJOURN WORKSHOP AT 6:12 P.M. THIS 23<sup>rd</sup> DAY OF MAY, 2017

ATTEST:

APPROVED:

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Wendy Cole  
City Secretary

Gary M. Chumley  
Mayor