

REGULAR CITY COUNCIL MEETING AND WORKSHOP

MAY 24, 2016

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 AT 5:30 P.M., THIS 24th DAY OF MAY, 2016

PRESENT: Mayor Gary M. Chumley, Council Members, Inmon, Rainer, Mitchell, Viss, Shepherd-Cain and Doyle

OTHERS PRESENT: City Manager William H. Parry III, City Secretary Wendy Cole, City Attorney Sandy Gately, Berry Mansell, K. C. Johnson, Judy Langford, Brenda Kiphen, Don Norman, Kathy Harte, Billy Vaden, Larry Kennedy, and Cody Mungia

2) APPROVAL OF MINUTES FROM PREVIOUS MEETING

Motion by Rainer, seconded by Inmon, all voting "Aye" to approve Resolution Number 2016-43

RESOLUTION NUMBER 2016-43- approve Minutes of May 10, 2016 Regular City Council Meeting

3) 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.

4) RECESS REGULAR MEETING AND -----

CALL PUBLIC HEARING

HEAR COMMENTS CONCERNING THE CLOSE-OUT OF THE TEXAS COMMUNITY DEVELOPMENT BLOCK GRANT #7214189 – SEWER IMPROVEMENT PROJECT

City Manager William H. Parry III said that this is a State of Texas required public hearing that must be conducted when a Community Development Block Grant (CDBG) project has been completed and closes out. This public hearing recognizes that all administrative and legal requirements of the grant have been satisfied. Langford Community Management Services served as the City's grant administrator and Judy Langford is present to answer any questions.

Mr. Parry said that the City of Gatesville received a 2013-14 CDBG grant in the amount of \$275,000 with a \$55,000 local match requirement to upgrade the sewer lines on Live Oak Street and West Leon/South Levita. The work was completed in March 2016. This grant replaced almost four thousand linear feet of seventy year old 4 and 6 inch clay tile sewer line and installed three new manholes.

Ms. Langford told the Council that Langford Community Management Services are planning to come back to the Council in June with a public hearing to introduce the next grant application.

5) END PUBLIC HEARING AND RECONVENE REGULAR MEETING

6) CONSIDER APPROVAL OF PROPOSED RE-APPOINTMENT OF CITY OF GATESVILLE'S ECONOMIC DEVELOPMENT BOARD'S MEMBERS

City Manager Parry reminded the Council that the City of Gatesville Economic Development Board and guidelines were approved in June 2012 with the seven board members approved in July of 2012. Positions 5, 6, and 7's terms expire in June 2016 and Amanda Summers, Ronnie Sullins, and Ken Poston have all agreed to serve another term if approved.

Motion by Shepherd-Cain, seconded by Doyle, all voting "Aye" to approve Resolution Number 2016-44

RESOLUTION NUMBER 2016-44 - approve the re-appointment of City of Gatesville's Economic Development Board's members; Amanda Summers, Ronnie Sullins, and Ken Poston to positions 5, 6, and 7 respectively for another two year term.

7) CONSIDER APPROVAL OF 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 2016

City Manager Parry stated that this is an annual requirement for the City Council to consider a rate change for Atmos Energy Corporation. Atmos Energy Corporation applies to the Public Utility Commission of Texas every year for a rate increase. There are fifty cities, including Gatesville, that are members of the Atmos Texas Municipalities (ATM) Corporation which is represented by the Herrera and Boyle law firm who negotiates with Atmos and the Commission. Herrera and Boyle negotiated Atmos's request down from 6.04% to 5.5% effective June 1, 2016. Atmos doesn't control the cost of natural gas – they only control the transmission and distribution of the gas to the customers. This increase is for the cost of infrastructure only. Atmos reported that over the last three years they have replaced almost seven thousand linear feet of gas lines at a cost of about 1.207 million dollars. Each city in the ATM must accept or reject Atmos request, but if any city opts to deny the increase the cost of the appeal would be funded by the city or cities that denied the rate increase. It is Herrera and Boyle's opinion that this is the best negotiated settlement.

Motion by Shepherd-Cain, seconded by Mitchell, all voting "Aye" to approve Resolution Number 2016-45

RESOLUTION NUMBER 2016-45 - approve Resolution 2016-45 which approves the settlement agreement and rate change between Atmos Energy Corporation and the Atmos Texas Municipalities consortium.

RESOLUTION NO. 2016-45

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 ("Atmos") rates, operations, and service of a gas utility 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 2016 filed with the City on or around March 1, 2016 for a proposed system-wide increase of \$35.4 million; and

WHEREAS, experts representing ATM have been analyzing data furnished by Atmos and interviewing 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 \$29.9 million, and Attachment C, setting forth the beginning balance for purposes of determining pension and other postemployment benefits

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, 2016.

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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.

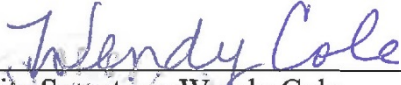
Section 5. If any one or more sections or clauses of this Resolution is judged to be unconstitutional or invalid, such judgment shall not affect, impair or invalidate the remaining provisions of this Resolution and the remaining provisions of the Resolution shall be interpreted as if the offending section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

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

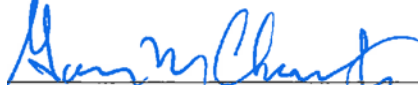
Section 7. A copy of this Resolution shall be sent to Atmos Mid-Tex, care of Christopher Felan, Vice President of Rates and Regulatory Affairs, Atmos Energy Corporation, 5420 LBJ Freeway, Suite 1600, Dallas, Texas 75240 and to Mr. Alfred R. Herrera, Herrera & Boyle, PLLC, 816 Congress Avenue, Suite 1250,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

PASSED AND APPROVED this 24Day of May, 2016.

ATTEST:



City Secretary, Wendy Cole





8) CITY MANAGERS REPORT

- WaterCARE Communities Program. Spoke to WaterCARE point of contact Heather Himmelberger and she has proposed to conduct a Kick-off meeting in Gatesville, June 14th at 9:30 a.m. here in the City Council Chambers for the Mayor and Council. This meeting is to brief the Council what the WaterCARE program is about and answer any questions and discuss any concerns and input from the Council. The department heads would meet with Ms. Himmelberger later that afternoon to discuss issues.
- Zoning Ordinance Revision. Meeting with the Planning and Zoning Commission tomorrow to get the zoning ordinance revision project re-energized and moving forward.
- Budget/Financial Report. The financial report is included in the read ahead book but just wanted to point out that the reason we are slightly above straight line in salaries is because there were extra paydays in October and April. The General Fund balance is in good shape.
- FEMA Funding to Repair Flood Damage. TCEQ has to approve the site where the logjam debris removed from the river can be burned. TCEQ did not approve the city's site so we are working through the permit process for another site.
- Department Head Report Highlights:

Gatesville Volunteer Fire Department is in the process of testing fire hydrants and there was a brief discussion concerning this annual project.

The Street Department has been clearing drainage ditches on the southeast side of town where drainage is a significant issue. They have found numerous culverts that were covered up and full of debris. The County has been assisting with this project per the City's interlocal agreement with the County the Council approved a few months ago.

9) RECESS MEETING AT 5:55 P. M. AND CALL THE WORKSHOP TO ORDER

WORKSHOP:

1. MID-YEAR BUDGET REVIEW

City Manager Parry conducted a power point program which reviewed the Fiscal Year 2016 Mid-Year Finances and Budget. Mr. Parry said he wanted to present a snapshot of the City's current fiscal situation, discuss the budget process, and examine priorities for next year.

The following points were outlined and discussed:

- Revenues and Expenses for the General Fund and Enterprise Fund and how these funds are budgeted.
- Reserve Fund
- FY 2016 Revenue Projections
- Capital Outlay Projects
- Debt Service
- Water Rights
- Comprehensive Improvement Plan concerning drainage
- Capital Improvement Five Year Plan

At the conclusion of the workshop City Manager Parry recapped by saying that the City's expenses at the mid-year point are tracking within tolerances and that the City's revenues point to a positive fund balance. Mr. Parry said that with continued careful budgeting and prudent purchasing the City will stay on track.

2 ADJOURN WORKSHOP AT 6:45 P.M.

Following the workshop, Councilmember Shepherd-Cain questioned why the Way Services Contract at the previous meeting was turned down. (Councilmember Shepherd-Cain was not present at the previous meeting).

City Manager Parry explained that the contract was tabled – not turned down. The Council voted to table the letter of intent pending additional information from other comparable companies.

City Manager Parry said that the City staff will seek “Requests for Qualifications” from other companies next week.

10) ADJOURN CITY COUNCIL MEETING AT 6:47 P.M., THIS 24^h DAY OF MAY, 2016

ATTEST:

APPROVED:

Wendy Cole
City Secretary

Gary M. Chumley
Mayor

