

On this the 18th day of September, 2023 at 6:30 p.m., the City Commission of the City of Hereford, Texas, convened in a regular session in the Commission Chamber in City Hall, the meeting being open to the public and notice of said meeting having been given as prescribed by Chapter 551 of the Government Code, with the following members being present and in attendance, to-wit:

Cathy Bunch, Mayor
 Rose Mary Barrett, Commissioner Place One
 Angie Alonzo, Commissioner Place Two
 Mark Collier, Commissioner Place Four
 James Stow, Commissioner Place Five
 Rocky Bhakta, Commissioner Place Six
 Steve Bartels, City Manager
 Suzanne Finch, City Secretary
 Audie Sciumbato, City Attorney

Absent: Clint Savoini, Commissioner Place Three

Jim Steiert was in attendance from the Hereford Brand to witness the proceedings.

Also, in attendance were Dean Turney, Wade Hawkins, Kurt Jones, Landon Swan, Sky Holcomb, B. J. Gililand, Margaret Del Toro, Ramon Nunez, and Dolores Gonzalez.

Mayor Bunch voiced the invocation and then asked Commissioner Bhakta to lead the Pledge of Allegiance to the United States flag. She called the meeting to order, welcomed those in attendance, and introduced each item on the agenda.

REGULAR HEARINGS:

ITEM 1 – Public Comments.

Mayor Bunch reminded everyone of the new rule: no one allowed to approach the dais after the meeting without permission; the public will be escorted out when the meeting adjourns.

There were no public comments.

ITEM 2 – Consider approval of minutes for the August 21st, 2023 Special meeting.

Commissioner Bhakta made a motion to approve the minutes as presented. Commissioner Collier seconded the motion and it passed with the unanimous vote of the Commission.

(Mayor Bunch opened the public hearing at 6:36 p.m.)

PUBLIC HEARINGS:

ITEM 3 - Consider approval of zoning change request (Ordinance No. 09.18.23) for property located at 203 N. 25 Mile Avenue (Welsh West Acres, Lots 1-2) from “C-1”

Commercial Retail District to "CB" Central Business District. (Requested by Freddie Escobal)

ORDINANCE NO. 09.18.23

AN ORDINANCE AMENDING ORDINANCE NO. 1193, THE COMPREHENSIVE ZONING ORDINANCE OF THE CITY OF HEREFORD REZONING CERTAIN DESCRIBED PROPERTY FROM "C-1" COMMERCIAL RETAIL DISTRICT TO "CB" CENTRAL BUSINESS DISTRICT

Mayor Bunch stated C-1 is more restrictive than CB and the owner of the property is wanting to add a drive through window.

Mayor Bunch then asked for public comments. There were none.

Commissioner Bhakta made the motion to approve the zoning request to rezone property located at 203 N. 25 Mile Avenue from "C-1" Commercial Retail District to "CB" Central Business District. Commissioner Barrett seconded the motion and it passed with the unanimous vote of the Commission.

ITEM 4 - Consider approval of zoning change request (Ordinance No. 09.18.23A) for property located at 221 N. 25 Mile Avenue (Welsh West Acres Lots 3-4) from "C-1" Commercial Retail District to "CB" Central Business District. (Requested by Freddie Escobal)

ORDINANCE NO. 09.18.23A

AN ORDINANCE AMENDING ORDINANCE NO. 1193, THE COMPREHENSIVE ZONING ORDINANCE OF THE CITY OF HEREFORD REZONING CERTAIN DESCRIBED PROPERTY FROM "C-1" COMMERCIAL RETAIL DISTRICT TO "CB" CENTRAL BUSINESS DISTRICT

Mayor Bunch stated this rezoning request is for the same reason and by the same owner.

Commissioner Collier made the motion to approve the zoning request to rezone property located as 221 N. 25 Mile Avenue from "C-1" Commercial Retail District to "CB" Central Business District. Commissioner Alonzo seconded the motion and it passed with the unanimous vote of the Commission.

ITEM 5 – Hear public comments regarding the proposed budget for 10/01/23-09/30/2024.

Margaret Del Toro spoke in favor of giving city employees a cost-of-living adjustment.

Dolores Gonzalez stated she is a retired city employee and also spoke in favor of a cost-of-living adjustment for employees.

ITEM 6 - Hear public comments regarding the proposed tax rate for 2023.

Margaret Del Toro stated taxes are going up and urged the Commission to use the money wisely.

(Mayor Bunch closed the public hearing at 6:43 p.m.)

REGULAR HEARINGS:

ITEM 7 - Consider approval of award of bid for group health insurance.

B. J. Gililand of Gililand Insurance thanked the City Commission and presented the health insurance renewal information and went over how a partially self-funded plan works. He then recommended the City Commission renew again with IMS.

Commissioner Collier made the motion to approve the award of bid to IMS. Commissioner Barrett seconded the motion and it passed with the unanimous vote of the Commission.

ITEM 8 - Consider approval of re-appointment of member to the Hereford Beautification Advisory Board.

Commissioner Bhakta made the motion to re-appoint Marisela Nanez to the Hereford Beautification Advisory Board. Commissioner Stow seconded the motion and it passed with the unanimous vote of the Commission.

ITEM 9 - Consider approval of appointments of members to the Hereford Beautification Advisory Board.

Commissioner Collier made the motion to appoint two new members, Monica Cepeda and Kim Bigham, to the Hereford Beautification Advisory Board. Commissioner Alonzo seconded the motion and it passed with the unanimous vote of the Commission.

ITEM 10 - Consider approval of façade grant application approved by the Hereford Beautification Advisory Board at their regular meeting on September 5, 2023. (Requested by Jo Ann Morales / JJ's Convenience Store)

Mayor Bunch stated JJ's is wanting to repaint their store with a "HERD" motif.

Commissioner Alonzo made the motion to approve the façade grant application approved by the Hereford Beautification Advisory Board at their regular meeting on September 5, 2023 for JJ's Convenience Store. Commissioner Collier seconded the motion and it passed with the unanimous vote of the Commission.

ITEM 11 - Hear report from Hereford Economic Development Corporation.

HEDC Executive Director Kurt Jones reported on the following:

- Things are going well
- No major discussions at this time
- EDC monies will be used for ball park if election passes
- Completed 3 of the 9 Lunch & Learns
 - Junie of the Chamber is hosting the next one as he will be out of town
 - Advertised on Facebook, the newspaper, Chamber

- Usually have a few in attendance as well as some on-line
- Videos available to view afterwards
- Topics chosen to help entrepreneurs looking to start a new business
 - How to put plan into action
 - Incorporations
 - Business planning
 - No legal advice given
- Leadership Hereford students have not attended in the past, but might be something to consider
- Re-organizing board at the October meeting as they will be losing two officers

ITEM 12 - Consider approval of appointment of members to the Hereford Economic Development Corporation Board.

Commissioner Collier made the motion to fill the vacancies by appointing Luis Arias and Robert de la Cruz to the Hereford Economic Development Corporation Board. Commissioner Alonzo seconded the motion and it passed with the unanimous vote of the Commission.

ITEM 13 - Consider approval of Resolution No. 09.18.23 approving a negotiated settlement between the Executive Committee of Cities served by Atmos West Texas ("Cities") and Atmos Energy Corp., West Texas Division regarding the Company's 2023 Rate Review Mechanism Filing; declaring existing rates to be unreasonable; adopting tariffs that reflect rate adjustments consistent with the negotiated settlement; finding the rates to be set by the attached settlement tariffs to be just and reasonable and in the public interest; approving an attachment establishing a benchmark for pensions and retiree medical benefits; requiring the Company to reimburse Cities' reasonable ratemaking expenses; determining that this resolution was passed in accordance with the requirements of the Texas Open Meetings Act; adopting a savings clause; declaring an effective date; and requiring delivery of this resolution to the Company and the Cities' legal counsel.

RESOLUTION NO. 09.18.23

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF HEREFORD, TEXAS, APPROVING A NEGOTIATED SETTLEMENT BETWEEN THE EXECUTIVE COMMITTEE OF CITIES SERVED BY ATMOS WEST TEXAS ("CITIES") AND ATMOS ENERGY CORP., WEST TEXAS DIVISION REGARDING THE COMPANY'S 2023 RATE REVIEW MECHANISM FILING; DECLARING EXISTING RATES TO BE UNREASONABLE; ADOPTING TARIFFS THAT REFLECT RATE ADJUSTMENTS CONSISTENT WITH THE NEGOTIATED SETTLEMENT; FINDING THE RATES TO BE SET BY THE ATTACHED SETTLEMENT TARIFFS TO BE JUST AND REASONABLE AND IN THE PUBLIC INTEREST; APPROVING AN ATTACHMENT ESTABLISHING A BENCHMARK FOR PENSIONS AND RETIREE MEDICAL BENEFITS; REQUIRING THE COMPANY TO REIMBURSE CITIES' REASONABLE RATEMAKING EXPENSES; DETERMINING THAT THIS RESOLUTION WAS PASSED IN ACCORDANCE WITH THE REQUIREMENTS OF THE TEXAS OPEN MEETINGS ACT; ADOPTING A SAVINGS CLAUSE; DECLARING AN EFFECTIVE DATE; AND REQUIRING DELIVERY OF THIS RESOLUTION TO THE COMPANY AND THE CITIES' LEGAL COUNSEL.

WHEREAS, the City of Hereford, Texas ("City") is a gas utility customer of Atmos Energy Corp., West Texas Division ("Atmos West Texas" or "Company"), and a regulatory authority with an interest in the rates and charges of Atmos West Texas; and

WHEREAS, the City is a member of Cities Served by Atmos West Texas ("Cities"), a coalition of similarly-situated cities served by Atmos West Texas that have joined together to facilitate the review of, and response to, natural gas issues affecting rates charged in the Atmos West Texas service area; and

WHEREAS, Cities and the Company worked collaboratively to develop a new Rate Review Mechanism ("RRM") tariff that allows for an expedited rate review process by Cities as a substitute to the Gas Reliability Infrastructure Program ("GRIP") process instituted by the Legislature, and that will establish rates for Cities based on the system-wide cost of serving the Atmos West Texas service area; and

WHEREAS, the RRM tariff was adopted by the City in a rate ordinance in 2018; and

WHEREAS, on about March 31, 2023, Atmos West Texas filed its 2023 RRM rate request with Cities based on a test year ending December 31, 2022; and

WHEREAS, Cities coordinated its review of the Atmos West Texas 2023 RRM filing through its Executive Committee, assisted by Cities' attorneys and consultants, to resolve issues identified in the Company's RRM filing; and

WHEREAS, the Executive Committee, as well as Cities' counsel and consultants, recommends that Cities approve an increase in base rates for Atmos West Texas of \$8.4 million with an Effective Date of October 1, 2023; and

WHEREAS, the attached tariffs (Attachment 1) implementing new rates are consistent with the recommendation of the Cities' Executive Committee, are agreed to by the Company, and are just, reasonable, and in the public interest; and

WHEREAS, the settlement agreement sets a new benchmark for pensions and retiree medical benefits (Attachment 2) and

WHEREAS, the RRM Tariff contemplates reimbursement of Cities' reasonable expenses associated with RRM applications;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF HEREFORD, TEXAS:

Section 1. That the findings set forth in this Resolution are hereby in all things approved.

Section 2. That, without prejudice to future litigation of any issue identified by Cities, the City Commission finds that the settled amount of an increase in revenues of \$ 8.4 million for Cities represents a comprehensive settlement of gas utility rate issues affecting the rates, operations, and services offered by Atmos West Texas within the municipal limits arising from Atmos West Texas' 2023 RRM filing, is in the public interest, and is consistent with the City's authority under Section 103.001 of the Texas Utilities Code.

Section 3. That the existing rates for natural gas service provided by Atmos West Texas are unreasonable. The new tariffs, attached hereto and incorporated herein as Attachment 1, are just and reasonable, and are designed to allow Atmos West Texas to recover annually an additional \$8.4 million in revenue from customers in Cities, over the amount allowed under currently approved rates. Such tariffs are hereby adopted.

Section 4. That the ratemaking treatment for pensions and retiree medical benefits in Atmos West Texas' next RRM filing shall be as set forth on Attachment 2, attached hereto and incorporated herein.

Section 5. That Atmos West Texas shall reimburse the reasonable ratemaking expenses of the Cities in processing the Company's 2023 RRM filing.

Section 6. That to the extent any resolution or ordinance previously adopted by the Commission is inconsistent with this Resolution, it is hereby repealed.

Section 7. That 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 8. That if any one or more sections or clauses of this Resolution is adjudged 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 9. That consistent with the City Ordinance that established the RRM process, this Resolution shall become effective from and after its passage with rates authorized by attached tariffs to be effective for bills rendered on or after October 1, 2023.

Section 10. That a copy of this Resolution shall be sent to Atmos West Texas, care of Philip Littlejohn, Vice President of Rates and Regulatory Affairs, West Texas Division, 6606 66th Street, Lubbock, Texas 79424, and Thomas Brocato, General Counsel to Cities, at Lloyd Gosselink Rochelle & Townsend, P.C., 816 Congress Avenue, Suite 1900, Austin, Texas 78701.

PASSED AND APPROVED this 18th day of September, 2023.

/s/ Cathy Bunch
Cathy Bunch, Mayor

ATTEST:

/s/ Suzanne Finch
Suzanne Finch, City Secretary

City Manager Bartels went over this item stating the cities join with an attorney hired by the West Texas Cities and work together to negotiate a better rate.

Commissioner Bhakta made the motion to approve Resolution No. 09.18.23 approving the negotiated settlement. Commissioner Stow seconded the motion and it passed with the unanimous vote of the Commission.

ITEM 14 - Consider approval of Ordinance No. 09.18.23B amending the Schedule of Rates for the furnishing of water by the City of Hereford, Texas, amending Subsection (1)(B), Subsection (1)(C), Subsection (1)(D), and Subsection (2)(B) of 13.02.122 of the Code of Ordinances and establishing new rates for such water services effective October 1, 2023.

ORDINANCE NO. 09.18.23B

AN ORDINANCE OF THE CITY OF HEREFORD, TEXAS, AMENDING THE SCHEDULE OF RATES FOR THE FURNISHING OF WATER BY THE CITY OF HEREFORD, TEXAS, AMENDING SUBSECTION (1) (B), SUBSECTION (1) (C), SUBSECTION (1) (D), AND SUBSECTION (2) (B) OF 13.02.122 OF THE CODE OF ORDINANCES AND ESTABLISHING NEW RATES FOR SUCH WATER SERVICES EFFECTIVE OCTOBER 1, 2023

City Manager Bartels stated the budget includes a 5% increase on water rates (3 tier), wastewater service, and garbage; however, the base rate is not affected on the water and wastewater rates. He noted someone using the minimum amount of water would see an increase of \$1.22 (due to the garbage increase) and someone using an average of 10,000 gallons of water would see an increase of \$3.14 on their bill.

Commissioner Collier made the motion to approve Ordinance No. 09.18.23B. Commissioner Barrett seconded the motion and it passed with the unanimous vote of the Commission.

ITEM 15 - Consider approval of Ordinance No. 09.18.23C amending the Schedule of Rates for the furnishing of wastewater service by the City of Hereford, Texas, amending Subsection (1)(B) of Sec. 13.02.124 of the Code of Ordinances, and establishing new rates for such wastewater service effective October 1, 2023.

ORDINANCE NO. 09.18.23C

AN ORDINANCE OF THE CITY OF HEREFORD, TEXAS, AMENDING THE SCHEDULE OF RATES FOR THE FURNISHING OF WASTEWATER SERVICE BY THE CITY OF HEREFORD, TEXAS, AMENDING SUBSECTION (1) (B) OF SEC. 13.02.124 OF THE CODE OF ORDINANCES, AND ESTABLISHING NEW RATES FOR SUCH WASTEWATER SERVICE EFFECTIVE OCTOBER 1, 2023

City Manager Bartels stated the base rate of \$14.35 does not change. He also noted usage for wastewater services is based on average usage for the months of December, January, and February.

Commissioner Bhakta made the motion to approve Ordinance No. 09.18.23C. Commissioner Alonzo seconded the motion and it passed with the unanimous vote of the Commission.

ITEM 16 - Consider approval of Ordinance No. 09.18.23D amending the Schedule of Service Fees for the collection and disposal of municipal solid waste, amending Subsection (1)(A), Subsection (1)(B), and Subsection (2) of Sec. 13.03.005 of the Code of Ordinances and establishing new fees for such collection and disposal services effective October 1, 2023.

ORDINANCE NO. 09.18.23D

AN ORDINANCE OF THE CITY OF HEREFORD, TEXAS, AMENDING THE SCHEDULE OF SERVICE FEES FOR THE COLLECTION AND DISPOSAL OF MUNICIPAL SOLID WASTE, AMENDING SUBSECTION (1) (A), SUBSECTION (1) (B), AND SUBSECTION (2) OF SEC. 13.03.005 OF THE CODE OF ORDINANCES AND ESTABLISHING NEW FEES FOR SUCH COLLECTION AND DISPOSAL SERVICES EFFECTIVE OCTOBER 1, 2023

City Manager Bartels stated no base rate on this one – just \$1.22 increase.

Commissioner Stow made the motion to approve Ordinance No. 09.18.23D. Commissioner Collier seconded the motion and it passed with the unanimous vote of the Commission.

ITEM 17 - Consider approval of nominations for the 2024-2025 term on the Deaf Smith County Appraisal District Board.

Commissioner Collier made the motion to nominate the current board members: Allison Edward, Carey Black, David Brown, Mike Brumley, and Mike Bryant (no additional nominations were made by the Commission). Commissioner Barrett seconded the motion and it passed with the unanimous vote of the Commission.

ITEM 18 - Consider approval of 2024 Recommended Budget for Deaf Smith County Appraisal District.

City Manager Bartels stated the City's share of the DSCAD budget is \$45,160.00 (6.04% of the total budget).

Commissioner Bhakta made the motion to approve the 2024 recommended budget for the Deaf Smith County Appraisal District. Commissioner Alonzo seconded the motion and it passed with the unanimous vote of the Commission.

ITEM 19 - Consider and adopt budget Ordinance No. 09.18.23E approving the budget and making appropriation for support of the City Government and approving the budget for the Hereford Economic Development Corporation for the fiscal year beginning October 1, 2023, and ending September 30, 2024.

ORDINANCE NO. 09.18.23E

AN ORDINANCE OF THE CITY OF HEREFORD, TEXAS APPROVING THE BUDGET AND MAKING APPROPRIATION FOR SUPPORT OF THE CITY GOVERNMENT AND APPROVING THE BUDGET FOR THE HEREFORD ECONOMIC DEVELOPMENT CORPORATION FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2023, AND ENDING SEPTEMBER 30, 2024

Mayor Bunch stated when addressing Margaret's and Dolores' concerns, the Commission had originally considered a 4% cost-of-living adjustment. She noted Commissioner Alonzo suggested in order to bring it in line with inflation, the cost-of-living adjustment should be raised to 6%.

Mayor Bunch stated this item includes both the City and the HEDC budgets.

Commissioner Alonzo made the motion to approve this year's budget. Commissioner Bhakta seconded the motion and it passed with the unanimous vote of the Commission.

ITEM 20 - Consider and adopt Ordinance No. 09.18.23F setting the 2023 tax rate.

ORDINANCE NO. 09.18.23F

AN ORDINANCE OF THE CITY OF HEREFORD, TEXAS SETTING THE TAX RATE FOR THE YEAR

Commissioner Stow moved that the property tax rate be increased by the adoption of a tax rate of \$0.2750 / \$100 valuation, which is effectively a 3.2 percent increase in the tax rate. Commissioner Alonzo offered an amendment of 3.62 percent and Commissioner Stow changed the motion to 3.62%. Commissioner Alonzo seconded the motion and it passed with the unanimous vote of the Commission.

ITEM 21 - Consider authorizing the city manager to execute an engineer contract for the ball park.

Mayor Bunch gave a brief summary of how we ended up with the estimate from Hellas and how they had whittled it down from almost \$10 million for the ball park to \$6.498 million.

She stated Hellas wants \$19,500.00 to get started on the project.

Mayor Bunch stated an election has been called to put it to a vote to see if the citizens want to use \$6.5 million of the combined HEDC and City funds to build a ball park. She stated she is hoping to raise another \$1 million through donations to be able to add some of the items they had to cut (in order to get the cost down) to make it really nice.

Commissioner Alonzo made the motion to authorize the city manager to execute an engineer contract for the ball park. Commissioner Barrett seconded the motion and it passed with the following vote of the Commission: Cathy Bunch – aye; Rose Mary Barrett – aye; Angie Alonzo – aye; Mark Collier – nay; James Stow – aye; and Rocky Bhakta - aye.

Commissioner Collier explained his reason for voting no is that money is guaranteed and if the election does not pass the City will be out the \$19,500.00 in engineer services.

City Manager Bartels stated the reason he is asking to do this is to speed up the process by a couple of months – if it passes – we could start immediately to build.

Mayor Bunch stated DSC Kids, Inc. will be a priority.

Commissioner Alonzo stated it is embarrassing to invite people to our current facilities because they are in such poor condition.

ITEM 22 - Consider authorizing the city manager to solicit bids for the replacement of sidewalks on Main Street.

Commissioner Stow made the motion to authorize the city manager to solicit bids for the replacement of sidewalks on Main Street. Commissioner Collier seconded the motion and it passed with the unanimous vote of the Commission.

ITEM 23 - Consider approval of request for extension of water service outside city limits for property located at 926 18th Street. (Requested by Rebecca Noggler/Rocking R Stables)

Commissioner Collier made the motion to grant the request for extension of water services outside the city limits to Rebecca Noggler of Rocking R Stables for property located at 926 18th Street. Commissioner Barrett seconded the motion and it passed with the unanimous vote of the Commission.

ITEM 24 - Announcements and comments from Mayor and City Commissioners.

Commissioner Barrett would like for the City to come up with an idea to get comments from the locals on what they would like to do with the old community center property – what would they like to see placed there or the property to be used for – such as a full-sized basketball court, roller rink, etc.

Commissioner Stow thanked City Manager Bartels and City Staff for the resurfaced pickleball courts on Ironwood; they look very nice and he has seen people using them.

Mayor Bunch stated her concerns are for the employees – want officers/firefighters to have the best possible vehicles to drive, the best equipment for employees to do their jobs, money enough to buy groceries, and an insurance plan that will help retain good employees.

ITEM 25 - Announcements and comments from City Staff.

City Manager Bartels thanked the Commission on behalf of all the city employees.

City Manager Bartels suggested a Facebook poll or maybe putting something in the utility bills to get citizen input on uses for the old community center property.

Jim Steiert stated the gentleman that runs the Texas Junior Anglers community fishing event told him that nobody supports the TJA like the City of Hereford. Mr. Steiert stated this time the competition was really close and it is a great, great program.

There being no further business before the Commission, the meeting was adjourned at approximately 7:30 p.m.