

On this the 16th day of September, 2024 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
Angie Alonzo, Commissioner Place Two
Clint Savoini, Commissioner Place Three
Mark Collier, Commissioner Place Four
James Stow, Commissioner Place Five
Deven Black, Commissioner Place Six
Steve Bartels, City Manager
Franchesca Jimenez, City Secretary
Audie Sciumbato, City Attorney

Absent: Rose Mary Barrett, Commissioner Place One

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

Also, in attendance were Wade Hawkins, Todd Murray, Kurt Jones, B.J. Gililand, Erin Byers, Matthew Pederson, Brian Cornelius, Margaret Del Toro, Ramon Nunez, and Chris Grotegut.

Mayor Bunch voiced the invocation and then asked Commissioner Savoini 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 the audience of the 3-minute limit and also the rule that the public is not allowed to approach the dais and will be escorted out of the chamber after the meeting adjourns.

There were no public comments.

ITEM 2 – Consider approval of minutes for the August 19th, 2024 Special Meeting.

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

PUBLIC HEARINGS:**ITEM 3 – Hear public comments regarding the proposed budget for 10/01/24-09/30/2025.**

Commissioner Collier stated he does not want to approve the splash pad when the money can be well spent elsewhere without using a valuable resource - water conservation has been an issue and we need to think about the future.

ITEM 4 – Hear public comments regarding the proposed tax rate for 2024.

There were no comments.

REGULAR HEARINGS:**ITEM 5 – Consider approval of award of bid for group health insurance.**

B.J. Gililland of Gililland Insurance thanked the City Commission and gave the Commission a pen as a token of appreciation. He then presented the health insurance renewal information and explained how a partially self-funded plan works. He stated there would be a 6.35% increase with a \$500 deductible and a \$1,000 out-of-pocket maximum. Mr. Gililland presented various options, including increasing the deductible and the out-of-pocket maximum, as well as a dual option plan.

Commissioner Collier stated only 9% of employees met the out-of-pocket maximum, and there is a \$200,000 difference per year between a \$2,500 deductible and a \$500 deductible. The suggestion is to utilize the money and pass it on to the employees.

Mayor Bunch stated she wants to keep the insurance affordable for city employees.

Commissioner Savoini made the motion to approve the award of bid to IMS. Commissioner Stow seconded the motion and it passed with the following vote of the Commission: Cathy Bunch – aye, Angie Alonzo – aye, Clint Savoini – aye, Mark Collier – nay, James Stow – aye, and Deven Black – aye.

ITEM 6 - Consider approval of Resolution No. 09.16.24 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 2024 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. 09.16.24

A RESOLUTION OF THE CITY COUNCIL 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 2024 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 April 1, 2024, Atmos West Texas filed its 2024 RRM rate request with Cities based on a test year ending December 31, 2023; and

WHEREAS, Cities coordinated its review of the Atmos West Texas 2024 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 \$4.3 million with an Effective Date of October 1, 2024; 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 Council finds that the settled amount of an increase in revenues of \$4.3 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' 2024 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 \$4.3 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 2024 RRM filing.

Section 6. That to the extent any resolution or ordinance previously adopted by the Council 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, 2024.

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 16th day of September 2024.

/s/ Cathy Bunch
Cathy Bunch, Mayor
City of Hereford, Texas

ATTEST:

APPROVED AS TO FORM

/s/ Franchesca Jimenez /s/ Audie Sciumbato
Franchesca Jimenez, City Secretary Audie Sciumbato, City Attorney

City Manager Bartels went over the item stating Atmos requested a 6.7 million increase and a rate of 4.3 million was negotiated by an attorney representing 67 West Texas cities. As a result, there will be a \$1.27 increase in residential bills.

Commissioner Collier made the motion to approve Resolution No. 09.16.24 approving the negotiated settlement. Commissioner Savoini seconded the motion and it passed with the unanimous vote of the Commission.

ITEM 7 - Discuss and consider approval of Resolution No. 09.16.24A denying Southwestern Public Service Company's proposed surcharge in connection with final rates approved related to its Statement of Intent submitted on about July 16,2024; authorizing the city's continued participation with other cities in the alliance of Xcel Municipalities ("AXM") and participation in related rate proceedings; authorizing the hiring of attorneys and consultants; requiring reimbursement of reasonable legal and consultant expenses; finding that the meeting complies with the open meetings act; making other findings and provisions related to the subject.

RESOLUTION NO. 09.16.24A

A RESOLUTION BY THE CITY OF HEREFORD, TEXAS ("CITY") DENYING SOUTHWESTERN PUBLIC SERVICE COMPANY'S PROPOSED SURCHARGE IN CONNECTION WITH FINAL RATES APPROVED RELATED TO ITS STATEMENT OF INTENT SUBMITTED ON ABOUT FEBRUARY 8, 2023; AUTHORIZING THE CITY'S CONTINUED PARTICIPATION WITH OTHER CITIES IN THE ALLIANCE OF XCEL MUNICIPALITIES ("AXM") AND PARTICIPATION IN RELATED RATE PROCEEDINGS; AUTHORIZING THE HIRING OF ATTORNEYS AND CONSULTANTS; REQUIRING REIMBURSEMENT OF REASONABLE LEGAL AND CONSULTANT EXPENSES; FINDING THAT THE MEETING COMPLIES WITH THE OPEN MEETINGS ACT; MAKING OTHER FINDINGS AND PROVISIONS RELATED TO THE SUBJECT

WHEREAS, Southwestern Public Service Company ("SPS" or the "Company") filed a Statement of Intent with the City and with the Public Utility Commission

of Texas ("PUCT") on or about February 8, 2023, to increase its base revenues for its Texas retail service area by approximately \$148.5 million; and

WHEREAS, the Public Utility Commission of Texas ("PUCT") approved a settlement reached by SPS, the Alliance of Xcel Municipalities ("AXM"), and other parties granting SPS an increase of \$65.0 million; and

WHEREAS, under state law and under the terms of the settlement reached in SPS's general rate case, SPS filed its request for a net surcharge of about \$36.4 million, including interest related to PUCT Docket Nos. 54634 and 53766; and

WHEREAS, SPS also proposes to implement the net surcharge over a one-year period, from October 1, 2024 through September 30, 2025, and to true up the amounts actually surcharged or refunded against the amounts authorized by the Commission to be surcharged or refunded; and

WHEREAS, the City is a regulatory authority under the Public Utility Regulatory Act ("PURA") and under Chapter 33, §33.001 et seq. of PURA has exclusive original jurisdiction over SPS's rates, operations, and services within the municipality; and

WHEREAS, under PURA § 33.025(a), the City has standing in each case before the Public Utility Commission of Texas that relates to an electric utility providing service in the City; and

WHEREAS, in order to maximize the efficient use of resources and expertise in reviewing, analyzing, and investigating SPS's rate request and its changes in tariffs it is prudent to coordinate the City's efforts with a coalition of similarly situated municipalities; and

WHEREAS, the City, in matters regarding applications by SPS to change rates, has in the past joined with other local regulatory authorities to form the Alliance of Xcel Municipalities ("AXM") and hereby continues its participation in AXM; and

WHEREAS, SPS's request for a surcharge consists of numerous complex calculations premised on various billing determinants and corresponding rates; and

WHEREAS, after review of SPS's application for a surcharge, SPS failed to establish that its requested surcharge is just and reasonable.

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

Section 1. The findings set out in the preamble are in all things hereby approved.

Section 2. SPS's application fails to provide sufficient information to justify the adoption of SPS's proposed surcharges and thus SPS failed to show that its proposed surcharges are just and reasonable.

Section 3. The City hereby **DENIES** SPS's proposed surcharges.

Section 4. The City authorizes intervention in proceedings related to SPS's application before the Public Utility Commission of Texas and any related proceedings in any courts of law.

Section 5. The City continues its participation with other cities in a coalition of cities known as the Alliance of Xcel Municipalities ("AXM") with the understanding that the Steering Committee of AXM is to provide direction and guidance to Special Counsel representing AXM.

Section 6. The City, as part of AXM, hereby retains Herrera Law & Associates, PLLC as Special Counsel to represent the City with regard to SPS's requested increase in rates and related proceedings before local and state regulatory authorities and any court of law and authorizes Special Counsel to employ such rate experts as may be necessary for review and evaluation of SPS's rate application.

Section 7. The City, in coordination with the Steering Committee, shall review the invoices of the lawyers and rate experts for reasonableness before submitting the invoices to SPS for reimbursement.

Section 8. SPS shall reimburse the City on a monthly basis, through AXM's coordinating city, the City of Amarillo, Texas, for the reasonable costs of attorneys and consultants and expenses related thereto, upon the presentation of invoices reviewed by the City of Amarillo.

Section 9. The City Secretary or other appropriate city official shall provide a copy of this Resolution to **Mr. Alfred R. Herrera, Herrera Law & Associates, PLLC, P.O. Box 302799, Austin, Texas 78703**, and as a courtesy, provide SPS a copy of this Resolution by **sending a copy of the Resolution to Jeremiah W. Cunningham, Rate Case Manager, Southwestern Public Service Company, 790 S. Buchanan St. Amarillo, Texas 79101.**

Section 10. 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 11. To the extent any Resolution previously adopted by the City is inconsistent with this Resolution, it is hereby superseded.

Section 12. The findings set out in the preamble are in all things hereby approved.

Section 13. This Resolution shall become effective from and after its passage.

PASSED AND APPROVED this 16TH day of SEPTEMBER, 2024.

/s/ Cathy Bunch _____

Cathy Bunch, Mayor
City of Hereford, Texas

ATTEST:

/s/ Franchesca Jimenez _____
Franchesca Jimenez, City Secretary

City Manager Bartels stated Xcel has requested all cities to deny Southwestern Public Services Company’s proposed rate increase until they reach a negotiated settlement.

Commissioner Alonzo made the motion to deny Southwestern Public Services Company’s proposed rate increase. Commissioner Savoini seconded the motion and it passed with the unanimous vote of the Commission.

ITEM 8 - Consider approval of solid waste contract with Republic Services.

City Manager Bartels called upon Matthew Pederson from Republic Services.

Mr. Pederson introduced himself and the General Manager, Ryan Cornelius. Republic Services is seeking ways to catch up with the rising cost of inflation by increasing prices, which have gone up over the past five years. He thanked the city for the support and ability to continue servicing Hereford. He stated since the last time he was in town he has seen significant improvement

particularly in the condition of containers. He stated their goal is to make progress over the course of time and make a definite effort to improve.

Mr. Pederson stated the annual rate increase is part of the contract effective October 1st. He stated in 2021 there was a missed price increase and the current increase does account for a portion of the missed price increase. He noted the cost has increase 30% to 35% and it allows us to get caught up .

Commissioner Savoini expressed his concern about the 20% initial increase which results in a 50% increase after five years which seems like a lot .

Mr. Pederson stated the bids from neighboring cities are higher and they negotiated an offer at these rates and they are willing to work hand and hand with the city.

Commissioner Stow inquired about the wording on the last page of the contract which states "providing no guarantees in respect to service"

Mr. Pederson stated it is a broad statement and they work hard to address anything that may come up.

Commissioner Collier questioned if the city would be able to get out of the contract if service issues arise . Mr. Pederson stated if there is a breach of contract the agreement may be terminated.

City Manager Bartels stated Republic Services is responsive to getting issues resolved. The biggest complaint was the lack of communication between the drivers and reporting to their supervisors, but they have improved.

Mr. Pederson stated that their team is working on making improvements and changes. This includes counting cans for billing purposes, adding details to mapping, conducting an audit report on container conditions and branding, and updating containers on a regular basis.

Commissioner Alonzo urged Mr. Pederson to think about the future, a 50% increase is high. It is forcing cities to go back into business.

Mr. Pederson stated they are recovering service costs and continuing to advance in service delivery.

Commissioner Collier made the motion to approve the solid waste contract with Republic Services. Commissioner Savoini seconded the motion and it passed with the following vote of the Commission: Cathy Bunch – aye; Angie Alonzo – nay; Clint Savoini – aye; Mark Collier – aye; James Stow – aye; and Deven Black – aye.

ITEM 9 - Consider approval of Ordinance No. 09.16.24 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, 2024.

ORDINANCE NO. 09.16.24

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, 2024

City Manager Bartels stated the contract includes a 20% increase with a 6% annual increase. Rates will increase \$5.00 for each household and \$1.84 every year after.

Commissioner Collier made the motion to approve Ordinance No. 09.16.24. Commissioner Stow seconded the motion and it passed with the following vote of the Commission: Cathy Bunch – aye; Angie Alonzo – nay; Clint Savoini – aye; Mark Collier – aye; James Stow – aye; and Deven Black – aye.

ITEM 10 - Consider approval of 2024 Recommended Budget for Deaf Smith County Appraisal District.

Commissioner Collier 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 11 - Consider and adopt budget Ordinance No. 09.16.24A 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, 2024, and ending September 30, 2025.

Commissioner Collier stated a splash pad is not a priority and he hopes that putting it in the budget does not make it automatic.

City Manager Bartels stated it is a significant expenditure and would require the approval of the Commission before moving forward.

Commissioner Stow made the motion to adopt budget Ordinance No. 09.16.24A approving the budget for the fiscal year.

ITEM 12 - Consider and adopt Ordinance No. 09.16.24B setting the 2024 tax rate.

City Manager Bartels stated the current tax rate is \$0.275 per \$100 valuation and the proposed tax rate is \$0.28000 per \$100 valuation. He noted we are the 2nd lowest city on the tax rate survey, even with the raise.

Commissioner Collier moved that the property tax rate be increased by the adoption of a tax rate of \$0.28000 / \$100 valuation, which is effectively a 3.52 percent increase in the tax rate. Commissioner Stow seconded the motion and it passed with the following vote of the Commission: Cathy Bunch – aye; Angie Alonzo – nay; Clint Savoini – aye; Mark Collier – aye; James Stow – aye; and Deven Black – aye.

ITEM 13 – Hear report from Hereford Economic Development Corporation.

HEDC Executive Director Kurt Jones reported on the following:

- The incentive is generating interest in small businesses.
- Lunch and Learn will be held in October.
- HEDC Board Member Stacy Knight's term is up and she will not be running again.
- The election of officers will be in October.

Commissioner Collier inquired about the search process for new board members and suggested having a standard application for interested applicants.

ITEM 14 – Consider approval of Hereford Economic Development Corporation's Incentive for Element 26 Gym.

HEDC Executive Director Kurt Jones stated this item must be reconsidered by the HEDC board and requested to postpone it.

Commissioner Savoini made the motion to postpone this item. Commissioner Black seconded the motion and it passed with the unanimous vote of the Commission.

ITEM 15 – Announcements and comments from Mayor and City Commissioners.

Commissioner Savoini thanked the public and Republic Services for their attendance.

Commissioner Collier thanked everyone for being at the meeting. He thanked the Commission for being able to have difficult discussions, resolve differences, and leave as a unified group.

Commissioner Alonzo thanked those in attendance.

Commissioner Stow expressed his appreciation for everyone being at the meeting. He thanked B.J. Gililand, Commissioner Collier, and Mayor Bunch for their knowledge.

Commissioner Black thanked the public and commended the Commission for being able to settle differences.

City Manager Bartels thanked the Commission for all their work and questions they had about the healthcare insurance for city employees and thanked the city staff. He announced after 40 years he has decided to retire on May 30th, 2025. Mayor Bunch stated next month we will have a special meeting with an executive session to decide on how to move forward.

Mayor Bunch gave an update on the ballfield. Caviness has agreed to finish the parking lot as a donation. She stated they did a walk through and there were several concerning issues. In the electrical room, the electrical and water heater are only 12” away which is a major safety concern. The men's bathroom has only one stall and two urinals, which is not sufficient. She urged City Manager Bartels not to pay Hellas until they address every issue at the ballfield.

There being no further business before the Commission, the meeting was adjourned at approximately 7:59 p.m.