

August 14, 2023

On this the 14<sup>th</sup> day of August, 2023 at 6:30 p.m. the City Council of the City of Friona, Texas, convened in regular session at the regular meeting place thereof, in the Friona City Council Chambers, 619 Main Street, 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 members being present and in attendance, to wit:

Greg Lewellen, Mayor  
Bruce Fleming, Council Member  
Brent Loflin, Council Member  
Esmeralda Mills, Council Member  
Alan Monroe, Mayor Pro-tem  
Cindy Moreno, Council Member  
Leander Davila, City Manager

Others present included: Sandra Busch, Assistant to the Manager  
Rosa Mendez, City Secretary  
Emma Rector, FEDC Director  
Clint Mears, Friona Star  
Danny Campbell, FVFD Chief  
Fernando Moreno, citizen  
Mariza Licerio, Happy Tribe Academy  
Maria Mendoza, citizen  
Michael Gonzales, Atmos Energy, manager of Public Affairs

Mayor Lewellen called the meeting to order.

**ITEM 1 ROLL CALL**

The Mayor called roll and announced that a quorum was present.

**ITEM 2 INVOCATION AND PLEDGE OF ALLEGIANCE.**

Mayor Pro-tem Monroe gave the Invocation and Council Member Loflin led the Pledge of Allegiance to the United States Flag.

**ITEM 3 HEAR PUBLIC COMMENTS**

No public present.

**REGULAR HEARING: (6:31)**

**ITEM 4 CONSIDER AND TAKE ACTION ON APPROVAL OF MINUTES OF THE JULY 10, 2023 REGULAR CITY COUNCIL MEETING**

**MOTION** A motion was made by council member Monroe to approve the minutes of the July 10, 2023 Regular City Council Meeting. The second to the motion was made by Council member Loflin and the motion passed with a unanimous vote of 5/0.

**ITEM 5 CONSIDER AND TAKE ACTION ON CONTRACT FOR PURCHASE AND SALE OF REAL PROPERTY WITH KENDRICK OIL LOCATED AT 824 MAIN STREET, ORIGINAL TOWN (N 10' OF LOT 16, ALL OF LOTS 17 - 24 OF BLOCK 35) OF THE TOWN OF FRIONA, PARMER COUNTY, TEXAS**

Item 5 was tabled. It was suggested by Council member Fleming to attach to the contract, the appraisal that was done on September 28, 2022. In addition, Council member Fleming would like a phase 2 by “seller” added to the contract. After these 2 items are attached to the contract, city council will take action.

**ITEM 6 CONSIDER AND TAKE ACTION ON A REQUEST FROM ERIKA MALDONADO, AURELIO SILVA, LUIS HERNANDEZ AND MIGUEL LOPEZ TO RECEIVE CITY WATER AS WELL AS THE COST FOR SUCH SERVICE AT 800 EAST 14TH STREET FRIONA, TEXAS**

Item 6 was tabled. Council member Moreno submitted a recusal for this item. On August 8, 2023 the Planning & Zoning Commission met and voted to approve the request from the 4 individuals to receive city water as well as the cost for such service at 800 East 14<sup>th</sup> Street, Friona, Texas. Council member Fleming would like the city to develop a written policy regarding request made for city water outside city limits and their indifference to annex with the city. City staff will follow up with peer city research. This item will be considered in September meeting.

**ITEM 7 CONSIDER AND TAKE ACTION ON REQUEST FROM FERNANDO MORENO TO RECEIVE CITY WATER AS WELL AS THE COSTS FOR SUCH SERVICE AT 2433 CR 19 FRIONA, TEXAS**

No action was taken on Item 7. Council member Moreno submitted a recusal for this item. On August 8, 2023 the Planning & Zoning Commission met and voted to approve the request from Fernando Moreno to receive city water as well as the costs for such service at 2433 CR 19 Friona, Texas. The same course of action will be taken as with Item 6. This item will be considered in September meeting.

**ITEM 8 CONSIDER AND TAKE ACTION ON APPROVAL OF BID FROM VAZQUEZ BUILDERS FOR BATHROOM REMODEL/REPLACEMENT PROJECT FOR FRIONA COMMUNITY CENTER LOCATED AT 601 W 15TH STREET**

The Visitor Impact Commission met on August 8, 2023 and the bid was approved. Completion date for the bathrooms will be November or December 2023. Vazquez Builders stated that they will tile in the walls at no additional cost.

**MOTION** The motion was made by Council member Fleming to approve the bid from Vazquez Builders for bathroom remodel/replacement project for Friona Community Center located at 601 W 15<sup>th</sup> Street. The second to the motion was made by Council member Monroe and the motion was passed with a vote of 5/0.

**ITEM 9 CONSIDER AND TAKE ACTION ON APPROVAL OF BID FROM BERMEA CONSTRUCTION INC. FOR THE STREET CONSTRUCTION PROJECT ON 8TH STREET BETWEEN GRAND AND ASHLAND AVENUE**

Bermea Construction will pave 8<sup>TH</sup> Street with curbing and gutters at a cost of \$66,740.00. Sealed bids were received until 10:00 a.m. on Friday July 21, 2023. Bermea Construction was the only bid submitted.

**MOTION** Council member Fleming made the motion to approve the bid from Bermea Construction Inc. for the street construction project on 8<sup>th</sup> Street between Grand and Ashland. Council member Moreno made the second to the motion and the motion passed with a vote of 5/0.

**ITEM 10 CONSIDER AND TAKE ACTION ON ACCEPTING PARTIAL PROPERTY FROM JAYSON GRIMSLEY**

Item 10 was tabled. The amount of land needed by the Llano Group was surveyed on August 10, 2023. Plans for an August special called meeting to accept this land is tentative for the week of August 22<sup>nd</sup> – August 24<sup>th</sup>.

**ITEM 11 DISCUSS REPORT FROM PARMER COUNTY APPRAISAL DISTRICT REGARDING THE 2023 EFFECTIVE TAX RATE AND CONSIDER AND TAKE ACTION ON THE PROPOSED 2023 TAX RATE AND SETTING DATES FOR REQUIRED PUBLIC HEARINGS IF NEEDED**

**MOTION** Council member Monroe made the motion to approve the voter-approved tax rate of \$0.5900/\$100 and Council member Fleming seconded the motion. The motion passed with a unanimous vote of 5/0. Council member Fleming made the motion to set the public hearing on Friday August 25<sup>th</sup>. Council member Moreno second the motion and it was unanimously agreed that the Proposed Tax Rate Hearing will take place on Friday August 25<sup>th</sup>, 2023 at 8:00 a.m.

**ITEM 12 CONSIDER AND TAKE ACTION ON RESOLUTION #23.08.14 A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FRIONA, 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 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. 23.08.14**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FRIONA, 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 Friona, 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 COUNCIL OF THE CITY OF FRIONA, 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 \$ 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 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, 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 \_\_\_\_\_ day of \_\_\_\_\_, 2023.

\_\_\_\_\_  
Mayor

**ATTEST:**

**APPROVED AS TO FORM:**

\_\_\_\_\_  
City Secretary

\_\_\_\_\_  
City Attorney

**MOTION** Upon a motion by Council member Monroe and a second by Council member Fleming, Resolution #23.08.14 a resolution of the city council of the City of Friona, Texas, approving a negotiated settlement between the executive committee of cities served by Atmos West Texas (“cities”) and Atmos Energy Corp., West Texas Division was approved. The motion was passed with a unanimous vote of 5/0.

**ITEM 13 CONSIDER, DISCUSS, AND TAKE ACTION ON COUNCIL BUDGET WORKSHOP MONDAY, AUGUST 28 2023 OR TUESDAY, AUGUST 29, 2023 OR WEDNESDAY, AUGUST 30, 2023**

Council agreed to hold the budget workshop on Wednesday, August 30, 2023.

**MOTION** Council Member Monroe made the motion to approve the date of Wednesday, August 30, 2023 for the Budget Workshop. The second to the motion was made by Council Member Loflin and the motion passed with a vote of 5/0.

**ITEM 14 CONSIDER AND TAKE ACTION ON APPROVAL OF ACCOUNTS PAYABLE FOR JULY 2023**

City Secretary Mendez reviewed Accounts Payable with City Council.

**MOTION** The motion was made by Council Member Fleming to approve the payables for July 2023. The second to the motion was made by Council Member Loflin and the motion passed with a vote of 5/0.

**ITEM 15 CONSIDER AND TAKE ACTION ON APPROVAL OF THE FINANCIAL STATEMENT FOR JULY 2023**

**MOTION** A motion was made by Council Member Monroe to approve the Financial Statement for July 2023. Council Member Moreno made the second to the motion and the motion passed with a unanimous vote of 5/0.



**ITEM 16      CONSIDER AND TAKE ACTION ON APPROVAL FOR FINANCIAL ASSISTANCE WITH THE COMMUNITY CENTER FROM THE FEDC MADE BY THE CITY MANAGER IN THE AMOUNT OF \$18,000**

The community center project exceeded the original budget of \$327,500 by about \$70,000. In order to close the gap, the city asked the FEDC to use surplus “end of the year” funds to help close the gap. On August 10, 2023 the FEDC met and approved a request made by city manager for financial assistance in the amount of \$18,000 for the community center renovation project.

**MOTION**      Council member Fleming made the motion on approval for financial assistance with the community center form the FEDC made by the city manager in the amount of \$18,000. The second to the motion was made by Council member Monroe and the motion passed with a vote of 5/0.

**ITEM 17      CONSIDER AND TAKE ACTION ON APPROVAL OF CONTRACT BETWEEN FEDC AND HAPPY TRIBE ACADEMY**

The Friona Economic Development Corporation previously approved financial assistance in the amount of \$37,581.00 for start up cost. The contract is structured as a 5-year, 0% forgivable loan.

**ITEM 18      CONSIDER AND TAKE ACTION ON APPROVAL OF CONTRACT BETWEEN FEDC AND MEXI-Q**

The FEDC previously approved financial assistance in the amount of \$1,440.73 for restaurant supplies. The contract is structured as a 12-month, 0% forgivable loan, with the full amount being forgiven after 1 year.

**MOTION**      A motion was made by Council member Monroe to approve the contract between Friona Economic Development Corporation and Mexi-Q proprietor, Franklin Baker. The second to the motion was made by Council member Moreno and the motion passed with a vote of 5/0.

**ITEM 19      DISCUSSION REGARDING SETTING THE FISCAL YEAR 2023-2024 CITY COUNCIL PRIORITIES**

A public discussion was held as to what everyone’s priorities are and decided what projects or items are most critical to the city as a group and determine which projects are most feasible for the upcoming year. The council had a total of 17 projects on the priority list.

**ITEM 20      CONSIDER AND TAKE ACTION ON APPROVAL OF AN  
ENGAGEMENT LETTER WITH A QUALIFIED AUDITOR FOR THE  
COMPLETION OF THE 2022 AUDIT FOR THE CITY OF FRIONA**

Item 20 was tabled.

**ITEM 21      BRIEFING ON THE AUGUST 2, 2023 FIRE THAT IMPACTED  
PROPERTIES ON THE 500 BLOCK OF MAIN STREET AND  
REOPENING THE DISCUSSION OF A RENTAL ORDINANCE**

Mayor Greg Lewellen, Acting City Manager Sandra Busch, and Fire Marshall Danny Campbell, were on hand to brief the city council on the impact the fire event had on properties on the 500 block of Main Street.

**ITEM 22      ADJOURNMENT**

With no further business at hand, the meeting adjourned at 8:44 p.m.

**NOTE:** CONCLUDING THE CITY COUNCIL MEETING, THE CITY COUNCIL AND STAFF WILL TAKE A TOUR OF RECENT CONSTRUCTION PROJECTS TO INCLUDE THE WOMEN'S FEDERATED CLUBHOUSE, THE BUENA TIERRA HOUSING COMPLEX AND THE HAPPY TRIBE DAYCARE FACILITY.

APPROVED:

\_\_\_\_\_  
Greg Lewellen, Mayor

ATTEST:

\_\_\_\_\_  
Rosa Mendez, City Secretary