

**WORK SESSION AGENDA OF THE CITY COUNCIL OF
HURST, TEXAS
CITY HALL, 1505 PRECINCT LINE ROAD
FIRST FLOOR CONFERENCE ROOM
TUESDAY, SEPTEMBER 10, 2024 – 5:30 P.M.**

I. Call to Order

II. Informational Items

- **Update and discussion of upcoming Calendar Items**
- **Update and discussion of Façade Improvement Program regarding 420 Grapevine Highway**

III. Update and discussion of Regular Agenda Items

IV. Discussion of Agenda Item(s) 2

Consider Resolution 1867 approving a negotiated settlement between the Atmos Cities Steering Committee (“ACSC”) and Atmos Energy Corp., Mid-Tex Division regarding the company’s 2024 rate review mechanism filing

EXECUTIVE SESSION in Compliance with the Provisions of the Texas Open Meetings Law, authorized by Tex. Government Code Section 551.087 deliberation and conducting of economic development negotiations regarding financial information relative to prospective business expansion in the City, Section 551.072 deliberation of the purchase, exchange, lease, or value of real property (Pipeline Road Project), Section 551.071 Consultation with and legal advice from the City Attorney regarding community improvement alternatives and Section 551.071 Consultation with attorney on a matter in which the duty of the attorney to the government body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with the Open Meetings Act (zoning, land use, and permits) and to reconvene in Open Session at the conclusion of the Executive Session

V. ADJOURNMENT

Posted by: _____

This the 6th day of September 2024, by 5:00 p.m., in accordance with Chapter 551, Texas Government Code.

Any item on this posted agenda could be discussed in executive session as long as it is within one of the permitted categories under sections 551.071 through 551.076 and section 561.087 of the Texas Government Code.

This facility is wheelchair accessible and accessible parking spaces are available. Requests for accommodations or interpretive services must be made 48 hours prior to this meeting. Please contact the City Secretary’s office at (817) 788-7041 or FAX (817) 788-7054, or call TDD 1-800-RELAY-TX (1-800-735-2989) for information or assistance.

**REGULAR MEETING AGENDA OF THE CITY COUNCIL OF HURST, TEXAS
CITY HALL, 1505 PRECINCT LINE ROAD
TUESDAY, SEPTEMBER 10, 2024**

AGENDA:

5:30 p.m. - Work Session (City Hall, First Floor Conference Room)

6:30 p.m. - City Council Meeting (City Hall, Council Chamber)

CALL TO ORDER

INVOCATION (Councilmember Cathy Brotherton)

PLEDGE OF ALLEGIANCE

PRESENTATION(S)

CONSENT AGENDA

1. Consider approval of the minutes for the August 27, 2024 Council meetings

RESOLUTION(S)

2. Consider Resolution 1867 approving a negotiated settlement between the Atmos Cities Steering Committee (“ACSC”) and Atmos Energy Corp., Mid-Tex Division regarding the company’s 2024 rate review mechanism filing

OTHER BUSINESS

3. Review of upcoming calendar items
4. City Council Reports - Items of Community Interest

PUBLIC INVITED TO BE HEARD – A REQUEST TO APPEAR CARD MUST BE COMPLETED AND RETURNED TO THE CITY SECRETARY TO BE RECOGNIZED. CITIZEN COMMENTS ARE LIMITED TO A MAXIMUM OF 3 MINUTES PER SPEAKER

EXECUTIVE SESSION in Compliance with the Provisions of the Texas Open Meetings Law, authorized by Tex. Government Code Section 551.087 deliberation and conducting of economic development negotiations regarding financial information relative to prospective business expansion in the City, Section 551.072 deliberation of the purchase, exchange, lease, or value of real property (Pipeline Road Project), Section 551.071 Consultation with and legal advice from the City Attorney regarding community improvement alternatives and Section 551.071 Consultation with attorney

on a matter in which the duty of the attorney to the government body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with the Open Meetings Act (zoning, land use, and permits) and to reconvene in Open Session at the conclusion of the Executive Session

5. Take any and all action necessary ensuing from Executive Session

ADJOURNMENT

Posted by: _____

This 6th day of September 2024, by 5:00 p.m., in accordance with Chapter 551, Texas Government Code.

Any item on this posted agenda could be discussed in executive session as long as it is within one of the permitted categories under sections 551.071 through 551.076 and section 561.087 of the Texas Government Code.

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Minutes
Hurst City Council
Work Session
Tuesday, August 27, 2024

On the 27th day of August 2024, at 5:30 p.m., the City Council of the City of Hurst, Texas, convened in Work Session at City Hall, 1505 Precinct Line Road, Hurst, Texas, with the following members present:

Henry Wilson	)	Mayor
John Miller	)	Mayor Pro Tem
Cathy Brotherton	)	Councilmembers
Cindy Shepard)	
Jon McKenzie)	
Gary N. Waldron)	
Jimmy Meeks)	
Clay Caruthers	)	City Manager
Matthew Boyle	)	City Attorney
Clayton Fulton	)	Assistant City Manager
Rita Frick	)	City Secretary
Chris Connolly	)	Executive Director of Economic Development
Greg Dickens	)	Executive Director of Public Works
Duane Hengst	)	City Engineer
Kyle Gordon	)	Executive Director of Community Services

With the following Councilmembers absent: none, constituting a quorum; at which time, the following business was transacted:

I. Call to Order - The meeting was called to order at 5:30 p.m.

The Work Session items were discussed in the following order: II, VIII, VI, V, VII, IX, X, XI, XII. The remaining items were not discussed.

II. Informational Items

- **Update and discussion of upcoming Calendar Items** – City Manager Clay Caruthers reviewed upcoming calendar items noting numerous community events and golf tournaments. Executive Director of Community Services Kyle Gordon briefed council on the upcoming Senior Games event on September 13 noting the deadline to register to participate is September 6.

III. Update and discussion of Regular Agenda Items

IV. Discussion of Agenda Item(s) 5

Consider Resolution 1866 appointing a voting member and an alternate member to the City of Fort Worth’s Wholesale Water and Wastewater Customer Advisory Committee

V. Discussion of Agenda Item(s) 6, 7, 8, 9 and 10

Consider Ordinance 2577, second reading, adopting the Crime Control and Prevention

District budget for fiscal year beginning October 1, 2024 and ending September 30, 2025

Consider Ordinance 2578 (a), second reading, adopting the budget for fiscal year beginning October 1, 2024 and ending September 30, 2025

Consider Ordinance 2578 (b), second reading, ratifying the Property Tax Revenue Increase reflected in the Fiscal Year 2024-2025 Budget

Consider Ordinance 2579, second reading, setting the tax rate for the 2024 tax year

Consider Ordinance 2580, second reading, adopting water and wastewater rates for Fiscal Year 2024-2025

City Manager Clay Caruthers noted there are no changes regarding the budget and tax rate items from the first reading.

VI. Discussion of Agenda Item(s) 11

Conduct a Public Hearing and consider Ordinance 2583, first and final reading, for SITE-2024-00025, Ryan Wayne Salon, a Site Plan Revision for wall materials on Lot AR, Block 44 Shady Oaks Addition, being .96 acre located at 450 Harwood Road

City Manager Clay Caruthers briefed Council on the proposed site plan revision. Mr. Caruthers noted the fencing requirements and materials on the original application, which were amended to allow a CMU decorative split face. He stated staff received a call from a resident informing them the new fence being constructed was single side split face towards the residents. He stated staff visited with the owner and found a mistake had been made with the order and advised a new site plan amendment would need to be considered. He stated the Planning and Zoning Commission heard the amendment last night and voted 4 to 1 to allow the single sided split face CMU with the decorative side facing the residents. Mr. Caruthers also noted various Planning and Zoning Commission comments regarding the color and durability and that staff indicated the fence did meet all other regulations.

VII. Discussion of Agenda Item(s) 12

Consider Resolution 1865 adopting the City of Hurst Investment Policy

City Manager Clay Caruthers noted no changes to the proposed Investment Policy.

VIII. Discussion of Agenda Item(s) 13

Consider authorizing the city manager to enter into a performance contract with Ameresco for implementation of an automatic metering infrastructure system for the City of Hurst

Assistant City Manager Clayton Fulton briefed Council on the proposed contract with Ameresco for implementation of an automatic metering infrastructure system noting this project will replace every meter in the City. He noted cities have been moving to these systems for a number of years and that the City's system has become antiquated. He reviewed the benefits of smart meters noting enhanced customer service while also providing system information to assist managing the water delivery system. He stated the initial audit by Ameresco indicated an approximate \$250,000 added revenue with the increased accuracy of the meter, which is approximately \$1.60 per month per customer. He also noted staff's

intent to minimize the impact on water rates on the customer. He reviewed the four main pieces of the system including Diehl meters for residential, Neptune meters for commercial, Aclara for the data collection, and SEW for the customer portal, noting this combination provides the greatest flexibility for the future, and the project cost is a little over \$9.9 million or about \$800 per connection. Also included in the project is a component for compliance with the recent mandate of a lead and copper survey. Mr. Fulton stated funding is in reserve and is not debt funded. In response to Council questions, Mr. Fulton reviewed the time line and the total project time is projected to be 14–17 months. He reviewed customer billing processes and that a paper bill could still be produced if desired and that on a typical residential install the water would be shut off approximately 15 minutes. Mr. Fulton also reviewed how a customer could view their data and billing information and that replacement of the meters will depend upon the life cycle of the battery. City Manager Caruthers noted staff will have to set aside funds to anticipate meter replacement in the future. Ameresco representative Chad Nobles explained the typical change out process and noted the data feed is in 15 minute increments pushed out four times a day and not a real time read; the customer can view when they log in to view consumption.

IX. Discussion of Agenda Item(s) 14

Consider authorizing the city manager to enter into a contract with Bernal Commercial Construction, Co. for the Lorean Branch Repair and Bank Stabilization upstream of Cannon Drive

Executive Director of Public Works Greg Dickens briefed Council on the proposed contract noting preliminary study of area drainage ditches and erosion, and the seemingly rapid erosion in this area. He stated he is recommending utilizing Scourlok, Flexamat, and Armormax to repair the bank slope on the west side of the creek just upstream of Cannon Drive. Mr. Dickens further explained bids were received and Bernal Commercial Construction is the low bidder and right in line with the engineer's estimate.

X. Discussion of Agenda Item(s) 15

Consider engagement with Forvis Mazars for Professional Auditing Services

City Manager Clay Caruthers briefed Council on the engagement for Professional Auditing Services noting the merger of Forvis Mazars.

XI. Discussion of Agenda Item(s) 16 and 17

Consider casting vote for the election of Region 8 director of the TML Board of Directors

Consider casting votes for candidates to the Texas Municipal League Intergovernmental Risk Pool Board of Trustees Election

Mayor Wilson suggested the incumbents for the TML Intergovernmental Risk Pool Board of Trustees and Councilmember McKenzie for the Region 8 Director of the TML Board of Directors.

XII. Discussion of Agenda Item(s) 18

Consider Order of Cancellation of the November 5, 2024 Special Election and declare each unopposed candidate elected

EXECUTIVE SESSION in Compliance with the Provisions of the Texas Open Meetings Law, authorized by Tex. Government Code Section 551.087 deliberation and conducting of economic development negotiations regarding financial information relative to prospective business expansion in the City and Section 551.072, deliberation of the purchase, exchange, lease, or value of real property (Pipeline Road Project) to reconvene in Open Session at the conclusion of the Executive Session

Mayor Wilson recessed the meeting to Executive Session at 6:22 p.m. in compliance with the provisions of the Texas Open Meetings Law, authorized by Tex. Government Code Section 551.087 deliberation and conducting of economic development negotiations regarding financial information relative to prospective business expansion in the City and Section 551.072, deliberation of the purchase, exchange, lease, or value of real property (Pipeline Road Project) and reconvened Open Session at 6:24 p.m.

City Attorney Matthew Boyle introduced Alex Crowley, a new attorney with his firm.

XIII. ADJOURNMENT –The Work Session adjourned at 6:25 p.m.

APPROVED this the 10th day of September 2024.

ATTEST:

APPROVED:

Rita Frick, City Secretary

Henry Wilson, Mayor

City Council Minutes
Tuesday, August 27, 2024

On the 27th day of August 2024, at 6:30 p.m., the City Council of the City of Hurst, Texas, convened in a Regular Meeting at City Hall, 1505 Precinct Line Road, Hurst, Texas, with the following members present:

Henry Wilson	)	Mayor
John Miller	)	Mayor Pro Tem
Cathy Brotherton	)	Councilmembers
Cindy Shepard)	
Jon McKenzie)	
Gary N. Waldron)	
Jimmy Meeks)	
Clay Caruthers	)	City Manager
Matthew Boyle	)	City Attorney
Clayton Fulton	)	Assistant City Manager
Rita Frick	)	City Secretary
Chris Connolly	)	Executive Director of Economic Development
Greg Dickens	)	Executive Director of Public Works
Duane Hengst	)	City Engineer

With the following Councilmembers absent: none, constituting a quorum; at which time, the following business was transacted:

The meeting was called to order at 6:30 p.m. and Councilmember Gary Waldron gave the Invocation.

The Pledge of Allegiance and Texas Pledge were given.

PRESENTATION(S)

1. Presentation of City of Hurst Flag flown in memory of former Councilmember David Booe

Mayor Wilson presented the flag flown at half-staff in memory of former Councilmember David Booe to his wife Joy Booe noting David's contribution to the community.

Presentation of Annual Report on the Storm Water Management Plan

City Engineer Duane Hengst provided a presentation of the Annual Storm Water Management Plan noting it is a requirement under the Federal Clean Water Act. Mr. Hengst reviewed the regulations, permit and reporting requirements and best management practices implemented for achievement.

CONSENT AGENDA

2. Consider approval of the minutes for the August 13, 2024 Council meetings

3. Consider Ordinance 2576, second reading, amending Chapter 26 by modifying Section 26-56 and Section 26-62 concerning wastewater pretreatment standards
4. Consider Ordinance 2581, second reading, to consider SITE-2024-00023 McDonald's, a Special Use Permit on Lot 3B, Block 1 Uptown Business and Professional Center Addition, being 2.75 acres located at 201 E. Pipeline Road
5. Consider Resolution 1866 appointing a voting member and an alternate member to the City of Fort Worth's Wholesale Water and Wastewater Customer Advisory Committee

Mayor Pro Tem Miller moved to approve the consent agenda. Motion seconded by Councilmember Waldron. Motion prevailed by the following vote:

Ayes: Councilmembers Miller, Brotherton, Shepard, McKenzie, Waldron, and Meeks
No: None

BUDGET RELATED ITEMS(S)

6. Consider Ordinance 2577, second reading, adopting the Crime Control and Prevention District budget for fiscal year beginning October 1, 2024 and ending September 30, 2025

Mayor Pro Tem Miller moved to approve Ordinance 2577, second reading, adopting Fiscal Year 2024-2025 Crime Control Budget. Motion seconded by Councilmember McKenzie. Motion prevailed by the following vote:

Ayes: Councilmembers Miller, Brotherton, Shepard, McKenzie, Waldron, and Meeks
No: None

7. Consider Ordinance 2578 (a), second reading, adopting the budget for fiscal year beginning October 1, 2024 and ending September 30, 2025

Councilmember McKenzie moved to approve Ordinance 2578 (a), second reading, adopting the budget for fiscal year beginning October 1, 2024 and ending September 30, 2025. Motion seconded by Councilmember Meeks. Motion prevailed by the following vote:

Ayes: Councilmembers Miller, Brotherton, Shepard, McKenzie, Waldron, and Meeks
No: None

8. Consider Ordinance 2578 (b), second reading, ratifying the Property Tax Revenue Increase reflected in the Fiscal Year 2024-2025 Budget

Councilmember Shepard moved in compliance with the Local Government Code, adoption of Ordinance 2578 (b), second reading, will ratify the Property Tax Revenue Increase in the Fiscal Year 2024-2025 Budget. Motion seconded by Councilmember Brotherton. Motion prevailed by the following vote:

Ayes: Councilmembers Miller, Brotherton, Shepard, McKenzie, Waldron, and Meeks
No: None

9. Consider Ordinance 2579, second reading, setting the tax rate for the 2024 tax year

Councilmember Shepard moved with the adoption of Ordinance 2579, “I move that the property tax rate be increased by the adoption of a tax rate of 0.591324 which is effectively a 2.6 percent increase in the tax rate.” Motion seconded by Councilmember Waldron. Motion prevailed by the following vote:

Ayes: Councilmembers Miller, Brotherton, Shepard, McKenzie, Waldron, and Meeks

No: None

10. Consider Ordinance 2580, second reading, adopting water and wastewater rates for Fiscal Year 2024-2025

Councilmember Brotherton moved to approve Ordinance 2580, second reading, including the proposed Water and Wastewater rates effective October 1, 2024, to be included in all City utility bills processed on, or after, November 1, 2024. Motion seconded by Councilmember Meeks. Motion prevailed by the following vote:

Ayes: Councilmembers Miller, Brotherton, Shepard, McKenzie, Waldron, and Meeks

No: None

PUBLIC HEARING(S) AND RELATED ITEM(S)

11. Conduct a Public Hearing and consider Ordinance 2583, first and final reading, for SITE-2024-00025, Ryan Wayne Salon, a Site Plan Revision for wall materials on Lot AR, Block 44 Shady Oaks Addition, being .96 acre located at 450 Harwood Road

Mayor Wilson announced the public hearing to consider Ordinance 2583, first and final reading for SITE-2024-00025, Ryan Wayne Salon, a Site Plan Revision for wall materials on Lot AR, Block 44 Shady Oaks Addition and recognized City Manager Clay Caruthers who reviewed the proposed site plan revision. Mr. Caruthers noted the fencing requirements and materials on the original application, which was amended to allow a CMU decorative split face. He stated staff received a call from a resident informing them the new fence being constructed was single side split face towards the residents. He stated staff visited with the owner and found a mistake had been made with the order and advised a new site plan amendment would need to be considered. He stated the Planning and Zoning Commission heard the amendment last night and voted 4 to 1 to allow the single sided split face CMU with the decorative side facing the residents. Mr. Caruthers also noted various Planning and Zoning Commission comments regarding the color and durability and that staff indicated the fence did meet all other regulations.

Mayor Wilson recognized owner, Joseph Hughes, 450 W. Harwood Road who stated he had every intention to follow through with the double-sided split face fence, but unfortunately there was mishap and when it was discovered it was too late, already ordered and delivered and the cost to correct the issue would be thousands of dollars. He stated they are happy to give the residents the decorative side and they are happy with the smooth side on their side, noting it is basically invisible to Harwood Road. He indicated his belief this is very fair and is the same strength and durability.

There being no one else to speak, Mayor Wilson closed the public hearing.

Councilmember McKenzie moved to approve Ordinance 2583, first and final reading, for SITE-2024-00025, Ryan Wayne Salon, a Site Plan Revision for wall materials on Lot AR, Block 44 Shady Oaks Addition, being .96 acre located at 450 Harwood Road with the stipulation the decorative side face the residents. Motion seconded by Mayor Pro Tem Miller. Motion prevailed by the following vote:

Ayes: Councilmembers Miller, Brotherton, Shepard, McKenzie, Waldron, and Meeks
No: None

RESOLUTION(S)

12. Consider Resolution 1865 adopting the City of Hurst Investment Policy

Assistant City Manager Clayton Fulton reviewed the proposed Investment Policy noting no proposed changes and that the main focus of the policy is to ensure safety, liquidity, diversification, yield and public trust.

Mayor Pro Tem Miller moved to approve the City of Hurst Investment Policy by Resolution 1865, as required by Section 2256.005, Texas Government Code. Motion seconded by Councilmember McKenzie. Motion prevailed by the following vote:

Ayes: Councilmembers Miller, Brotherton, Shepard, McKenzie, Waldron, and Meeks
No: None

OTHER BUSINESS

13. Consider authorizing the city manager to enter into a performance contract with Ameresco for implementation of an automatic metering infrastructure system for the City of Hurst

Assistant City Manager Clayton Fulton reviewed the proposed contract with Ameresco for implementation of an automatic metering infrastructure system noting this project will replace every meter in the City. He noted cities have been moving to these systems for a number of years and that the City's system has become antiquated and reached a point where the meters already have this type capability. He reviewed the benefits of smart meters noting enhanced customer service while also providing system information to assist managing the water delivery system. He stated the initial audit by Ameresco indicated an approximate \$250,000 added revenue with the increased accuracy of the meter, which is approximately \$1.60 per month per customer. He also noted staff's intent to minimize the impact on water rates on the customer. He reviewed the four main pieces of the system including Diehl meters for residential, Neptune meters for commercial, Aclara for the data collection, and SEW for the customer portal, noting this combination provides the greatest flexibility for the future, and the project cost is a little over \$9.9 million or about \$800 per connection. Also included in the project is a component for compliance with the recent mandate of a lead and copper survey. Mr. Fulton stated funding is in reserve and is not debt funded. In response to Council questions, Mr. Fulton reviewed the time line noting mapping and GPS surveys to start quickly and meter implantation to start as early as February. He stated the total project time is projected to be 14–17 months. Executive Director of Public Works Greg Dickens

stated staff has no expectation they will find any lead pipes and briefly reviewed federal requirements.

Councilmember McKenzie moved to authorize the city manager to enter into a performance contract with Ameresco for implementation of an automatic metering infrastructure system for the City of Hurst. Motion seconded by Councilmember Brotherton. Motion prevailed by the following vote:

Ayes: Councilmembers Miller, Brotherton, Shepard, McKenzie, Waldron, and Meeks
No: None

14. Consider authorizing the city manager to enter into a contract with Bernal Commercial Construction, Co. for the Lorean Branch Repair and Bank Stabilization upstream of Cannon Drive

Executive Director of Public Works Greg Dickens reviewed the proposed contract noting preliminary study of area drainage ditches and erosion, and the seemingly rapid erosion in this area. He stated he is recommending utilizing Scourlok, Flexamat, and Armormax to repair the bank slope on the west side of the creek just upstream of Cannon Drive. Mr. Dickens stated bids were received and Bernal Commercial Construction is the low bidder and right in line with the engineer's estimate.

Councilmember Waldron moved to authorize the city manager to enter into a contract with Bernal Commercial Construction, Co. for the Lorean Branch Repair and Bank Stabilization upstream of Cannon Drive, in the amount of \$282,565.00 with a contingency of \$17,435.00 for a total budget amount of \$300,000.00 and a construction contract duration of 60 calendar days. Motion seconded by Councilmember Brotherton. Motion prevailed by the following vote:

Ayes: Councilmembers Miller, Brotherton, Shepard, McKenzie, Waldron, and Meeks
No: None

15. Consider engagement with Forvis Mazars for Professional Auditing Services

Assistant City Manager Clayton Fulton reviewed the proposed engagement with Forvis Mazars for professional auditing services noting a new five-year fee proposal and introduced Partner and Market Industry leader Rachel Ormsby who noted the name of Forvis Mazars but that it will still be the same team. Also noted was the 5% reduction in pricing.

Councilmember McKenzie moved to engage the services of Forvis Mazars to audit the City's financial records for the fiscal year ending September 30, 2024 for an overall base and Single Audit fee not to exceed \$100,000. Motion seconded by Councilmember Meeks. Motion prevailed by the following vote:

Ayes: Councilmembers Miller, Brotherton, Shepard, McKenzie, Waldron, and Meeks
No: None

16. Consider casting vote for the election of Region 8 director of the TML Board of Directors

Mayor Wilson recommended Jon McKenzie for the City's votes for the Region 8 Director of the TML Board of Directors.

Councilmember Brotherton moved to cast all City votes for Jon McKenzie. Motion seconded by Councilmember Waldron. Motion prevailed by the following vote:

Ayes: Councilmembers Miller, Brotherton, Shepard, McKenzie, Waldron, and Meeks
No: None

17. Consider casting votes for candidates to the Texas Municipal League Intergovernmental Risk Pool Board of Trustees Election

Mayor Wilson recommended the following for the City's votes for candidates to the Texas Municipal League Intergovernmental Risk Pool Board of Trustees: Place 11 – Randy Criswell, Place 12 – Allison Heyward, Place 13 – Harlan Jefferson, Place 14 – Mike Land

Councilmember Waldron moved to cast votes as recommended by Mayor Wilson. Motion seconded by Councilmember Shepard. Motion prevailed by the following vote:

Ayes: Councilmembers Miller, Brotherton, Shepard, McKenzie, Waldron, and Meeks
No: None

18. Consider Order of Cancellation of the November 5, 2024 Special Election and declare each unopposed candidate elected

Mayor Wilson congratulated and welcomed Trasa Cobern back to the dais and noted she will take office after the November 5, 2024 election.

Councilmember Meeks moved to approve the Order of Cancellation of the November 5, 2024 Special Election and declare each unopposed candidate elected. Motion seconded by Mayor Pro Tem Miller. Motion prevailed by the following vote:

Ayes: Councilmembers Miller, Brotherton, Shepard, McKenzie, Waldron, and Meeks
No: None

19. Board, Commission, and Committee Minutes – Council reviewed the following minutes:

- Library Board
- Parks and Recreation Board
- Hurst Community Arts and Historic Landmark Preservation Committee

20. Review of upcoming calendar items – City Manager Clay Caruthers reviewed the Future Events Calendar.

21. City Council Reports - Items of Community Interest – no reports given.

PUBLIC INVITED TO BE HEARD – A REQUEST TO APPEAR CARD MUST BE COMPLETED AND RETURNED TO THE CITY SECRETARY TO BE RECOGNIZED. CITIZEN COMMENTS ARE LIMITED TO A MAXIMUM OF 3 MINUTES PER SPEAKER – No one spoke.

EXECUTIVE SESSION in Compliance with the Provisions of the Texas Open Meetings Law, authorized by Tex. Government Code Section 551.087 deliberation and conducting of economic development negotiations regarding financial information relative to prospective business expansion in the City and Section 551.072, deliberation of the purchase, exchange, lease, or value of real property (Pipeline Road Project) to reconvene in Open Session at the conclusion of the Executive Session. Mayor Wilson did not recess to Executive Session.

- 22. Take any and all action necessary ensuing from Executive Session – No action was taken

ADJOURNMENT

The meeting was adjourned at 7:35 p.m.

APPROVED this the 10th day of September 2024.

ATTEST:

APPROVED:

Rita Frick, City Secretary

Henry Wilson, Mayor



City Council Staff Report

SUBJECT: Consider Resolution 1867 approving a negotiated settlement between the Atmos Cities Steering Committee ("ACSC") and Atmos Energy Corp., Mid-Tex Division regarding the company's 2024 rate review mechanism filing.

Supporting Documents:

Resolution 1867

Meeting Date: 9/10/2024

Department: Fiscal and Strategic Services

Reviewed by: Clayton Fulton

City Manager Review:

Background/Budget Analysis:

The City of Hurst, along with 181 other Mid-Texas Cities Served by Atmos Energy Corporation, Mid-Tex Division ("Atmos"), is a member of the Steering Committee of Cities Served by Atmos ("ACSC"). In 2007, the ACSC and Atmos settled a rate application filed by the Atmos pursuant to Section 104.301 of the Texas Utilities Code for an interim rate adjustment commonly referred to as a GRIP filing (arising out of the Gas Reliability Infrastructure Program legislation). That settlement created a substitute rate review process, referred to as Rate Review Mechanism ("RRM"), as a substitute for future filings under the GRIP statute.

The most recent iteration of an RRM Tariff was reflected in an ordinance adopted by ACSC members in 2018. On or about April 1, 2024, Atmos filed a rate request pursuant to the RRM Tariff adopted by ACSC members. Atmos claimed that its cost-of-service in a test year ending December 31, 2023, entitled it to additional system-wide revenues of \$196.8 million. Application of the standards set forth in ACSC's RRM Tariff initially reduced the request to \$182.5 million. Subsequent reviews conducted by ACSC consultants concluded that the additional revenues should be \$149.6 million. After several meetings, the parties have agreed to settle the case at \$164.7 million, a reduction of \$32.1 million from the original request.

The impact of the settlement on average residential rates is an increase of \$5.52 on a monthly basis, or 6.84%. The increase for average commercial usage will be \$13.39 or 3.44%. Atmos provided bill impact comparisons containing these figures.

Given Atmos Mid-Tex's claim that its historic cost of service should entitle it to recover \$196.8 million in additional system-wide revenues, the RRM settlement at \$164.7 million for ACSC members reflects substantial savings to ACSC cities. Settlement at \$164.7 million is fair and reasonable. The ACSC Executive Committee consisting of city employees of 18 ACSC members has urged all ACSC members to

pass the Resolution/Ordinance before September 30, 2024. New rates become effective October 1, 2024.

No funding is required for this item.

Hurst Way/Strategic Priorities:

We believe this item fits well within our **strategic priorities** and the **Hurst Way**. Through approving the RRM, the City will maintain its ability to influence the actions of Atmos and provide greater **public service** to our community by ensuring proposed rate changes get fully reviewed.

Recommendation:

Staff recommends City Council **adopt Resolution 1867 approving the negotiated settlement between the Atmos Cities Steering Committee and Atmos Energy Corp., Mid-Tex Division.**

RESOLUTION 1867

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HURST, TEXAS, APPROVING A NEGOTIATED SETTLEMENT BETWEEN THE ATMOS CITIES STEERING COMMITTEE (“ACSC”) AND ATMOS ENERGY CORP., MID-TEX 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 ACSC’S 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 ACSC’S LEGAL COUNSEL.

WHEREAS, the City of Hurst, Texas (“City”) is a gas utility customer of Atmos Energy Corp., Mid-Tex Division (“Atmos Mid-Tex” or “Company”), and a regulatory authority with an interest in the rates, charges, and services of Atmos Mid-Tex; and

WHEREAS, the City is a member of the Atmos Cities Steering Committee (“ACSC”), a coalition of similarly-situated cities served by Atmos Mid-Tex (“ACSC Cities”) that have joined together to facilitate the review of, and response to, natural gas issues affecting rates charged in the Atmos Mid-Tex service area; and

WHEREAS, ACSC and the Company worked collaboratively to develop a Rate Review Mechanism (“RRM”) tariff that allows for an expedited rate review process by ACSC Cities as a substitute to the Gas Reliability Infrastructure Program (“GRIP”) process instituted by the

Legislature, and that will establish rates for the ACSC Cities based on the system-wide cost of serving the Atmos Mid-Tex Division; and

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

WHEREAS, on about April 1, 2024, Atmos Mid-Tex filed its 2024 RRM rate request with ACSC Cities based on a test year ending December 31, 2023; and

WHEREAS, ACSC coordinated its review of the Atmos Mid-Tex 2024 RRM filing through its Executive Committee, assisted by ACSC's attorneys and consultants, to resolve issues identified in the Company's RRM filing; and

WHEREAS, the Executive Committee, as well as ACSC's counsel and consultants, recommend that ACSC Cities approve an increase in base rates for Atmos Mid-Tex of \$164.7 million on a system-wide basis with an Effective Date of October 1, 2024; and

WHEREAS, ACSC agrees that Atmos' plant-in-service is reasonable; and

WHEREAS, with the exception of approved plant-in-service, ACSC is not foreclosed from future reasonableness evaluation of costs associated with incidents related to gas leaks; and

WHEREAS, the attached tariffs (Attachment 1) implementing new rates are consistent with the recommendation of the ACSC 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 ACSC's reasonable expenses associated with RRM applications.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF HURST, 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 ACSC, the City Council finds that the settled amount of an increase in revenues of \$164.7 million on a system-wide basis represents a comprehensive settlement of gas utility rate issues affecting the rates, operations, and services offered by Atmos Mid-Tex within the municipal limits arising from Atmos Mid-Tex's 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 despite finding Atmos Mid-Tex's plant-in-service to be reasonable, ACSC is not foreclosed in future cases from evaluating the reasonableness of costs associated with incidents involving leaks of natural gas.

Section 4. That the existing rates for natural gas service provided by Atmos Mid-Tex are unreasonable. The new tariffs attached hereto and incorporated herein as Attachment 1, are just and reasonable, and are designed to allow Atmos Mid-Tex to recover annually an additional \$164.7 million on a system-wide basis, over the amount allowed under currently approved rates. Such tariffs are hereby adopted.

Section 5. That the ratemaking treatment for pensions and retiree medical benefits in Atmos Mid-Tex's next RRM filing shall be as set forth on Attachment 2, attached hereto and incorporated herein.

Section 6. That Atmos Mid-Tex shall reimburse the reasonable ratemaking expenses of the ACSC in processing the Company's 2024 RRM filing.

Section 7. That to the extent any resolution or ordinance previously adopted by the Council is inconsistent with this Resolution, it is hereby repealed.

Section 8. 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 9. 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 10. 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 11. That a copy of this Resolution shall be sent to Atmos Mid-Tex, care of Chris Felan, Vice President of Rates and Regulatory Affairs Mid-Tex Division, Atmos Energy Corporation, 5420 LBJ Freeway, Suite 1862, Dallas, Texas 75240, and to Thomas Brocato, General Counsel to ACSC, at Lloyd Gosselink Rochelle & Townsend, P.C., 816 Congress Avenue, Suite 1900, Austin, Texas 78701.

DULY PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF HURST,
TEXAS, BY A VOTE OF ____ TO ____, ON THIS THE 10th DAY OF SEPTEMBER, 2024.

Mayor

ATTEST:

City Secretary

APPROVED AS TO FORM:

City Attorney

Future Events Calendar

September 10, 2024

Regular City Council meetings are held on the second and fourth Tuesday of each month. Following are additional meetings, canceled meetings and public event dates.

<u>DATE AND TIME</u>	<u>ACTIVITY</u>
Saturday, October 5, 2024	Extra Bulk Collection, Residents NORTH of HWY 121
Saturday, October 12, 2024	Extra Bulk Collection, Residents SOUTH of HWY 121
Saturday, October 12, 2024 8:00 – 11:00 a.m.	Household Hazardous Waste Collection, Hurst Service Center, 2001 Precinct Line Rd.