

THE LEVELLAND CITY COUNCIL MET IN A REGULAR MEETING ON MONDAY, THE 7th DAY OF AUGUST 2023, AT LEVELLAND CITY HALL, R. O. DENNIS COUNCIL CHAMBERS, 1709 AVENUE H, WITH THE FOLLOWING MEMBERS PRESENT:

Barbra Pinner	Honorable Mayor	Present
Jim Myatt	Council Member	Present
Max Ledesma	Council Member	Present
Breann Buxkemper	Mayor Pro Tem	Present
Michael Stueart	Council Member	Present
Matt Wade	City Attorney	Present
José Cavazos	Interim City Manager	Present
Andréa Corley	City Secretary	Present

The meeting was called to order at 6:01pm.

The Pledge was led by Mayor Barbra Pinner and the Invocation was given by Council Member Jim Myatt.

Statements by Citizens:

Statements were received by 17 citizens in regards to a red flour beetle pest problem in the Kaufman Addition.

FIRST ITEM OF BUSINESS:

Consider and take necessary action to approve the minutes of the July 24th, 2023, regular meeting

Motion by Michael Stueart

Seconded by Breann Buxkemper

To approve the minutes of the July 24th, 2023, regular meeting.

Motion carried unanimously.

SECOND ITEM OF BUSINESS:

Consider and take necessary action to propose a tax rate for Fiscal Year 2023-2024.

One of the first official steps in setting a tax rate for next year is for the Council to propose a tax rate. Proposing a tax rate initiates a process that can potentially include one required legal notice and one public hearing before the tax rate can be officially adopted. Council is not locked in to adopting the proposed tax rate. Council will have the option to adopt a lower tax rate without any change in the process when it adopts a final tax rate later in the process.

Council is scheduled to set the tax rate ceiling on August 7th. Please see below the meaning of each individual rates that will be discussed.

No-New-Revenue Tax Rate (formerly the effective tax rate): The no-new-revenue tax rate is the rate that would produce the same amount of taxes this year if applied to the same properties that were taxed last year.

- \$0.504558 (FY 2023-2024)

Voter-Approval Tax Rate (formerly the roll-back rate): The voter-approval tax rate would produce 3 ½ percent more tax revenue than was produced last year. If a taxing entity adopts a tax rate greater than the voter-approval tax rate, the tax rate must be approved by the voters by holding an election. However, for municipalities under 30,000 in population the voter-approval tax rate is the highest tax rate that may be adopted without holding an election to seek voter approval of the rate unless the de minimis tax rate exceeds the voter-approval tax rate.

- \$0.508254 (FY 2023-2024)

De Minimis Tax Rate (new): The de minimis tax rate applies to municipalities with a population of less than 30,000. The de minimis rate is the rate equal to the sum of the no-new revenue maintenance and operations rate, the rate that will raise \$500,000 more in revenue, and the current debt rate.

- \$0.557450 (FY 2023-2024)

Motion by Michael Stueart

Seconded by Breann Buxkemper

To approve the De Minimis Tax Rate of \$0.557450 as the tax rate ceiling for fiscal year 2023-24

Motion carried unanimously.

THIRD ITEM OF BUSINESS:

Consider and take necessary action on a resale property request for 103 Ave M, Levelland, Texas, Lot Two (2), Block Sixty-Seven (67), Original Town Addition to the City of Levelland, Hockley County, Texas (R29015).

At the end of 2019, the City entered into an agreement with Texas Communities Group (TCG). TCG's focus is to increase current tax values by addressing some of the city's lowest valued properties. They do so by focusing on dilapidated and abandoned structures, particularly properties that are back due on taxes and have liens. These properties often have demolition liens where the City demolished a substandard structure or a mowing lien where the property owner failed to address excess vegetation on their property and the City was forced to step in. These properties are also often past due on property taxes. TCG also helps market the current inventory of trust properties jointly owned by the taxing entities to get the properties back into compliance and back on the tax rolls.

We recently completed bidding one set of trust properties jointly owned by all the taxing entities. At this time there is one (1) property that has been paid for and is now pending approval from the taxing entities. Accordingly, we are now asking Council to consider approving the resale of this one property for a total of \$3,100. To date, TCG has assisted with the sale of 39 trust properties, that brought in \$84,397. We pay TCG \$7,500 annually,



Management Info:

Status: Trust

Best Process: Sold Best Process Type:

Progress: loaded 4/12/23, struck off April 2023, seizure

city lien - \$810.72

Per city, was demolished September 2022

Pending bid to Luis A Rondon and Elizabeth C Flores Rondon 7/20/23

Motion by Breann Buxkemper

Seconded by Jim Myatt

To accept a bid on the resale property for 103 Ave. M, Lot Two (2), Block Sixty-Seven (67), Original Town Addition to the City of Levelland, Hockley County, Tx (R29015).

Motion carried unanimously.

FOURTH ITEM OF BUSINESS:

Consider and take necessary action on Resolution No. 2023-24 denying Southwestern Public Service Company's proposed increase in rates.

On about February 8, 2023, Southwestern Public Service Company (SPS) filed with the City and the Public Utility Commission of Texas (“PUCT”) an application to increase its base revenues by approximately \$148.5 million, which represents an increase in base revenue of about 20.6% compared to its current base revenue. Including fuel factor and energy efficiency cost recovery factor, charges for advanced meters, and prior rate-case expenses SPS’s proposal is an overall increase of about 13.9%. SPS’s application to increase rates is based a test year of October 1, 2021, through September 30, 2022 (“Test Year”), which includes estimated data for an “update period” of October 1, 2022 through December 31, 2022 (“Update Period”), as allowed by state law.

On March 24, 2023, SPS updated the estimated data it presented in its initial application with actual data for the Update Period, which increased its proposed increase in rates to about \$158 million.

SPS requested an effective date of March 15, 2023, for its proposed increase in rates. By prior action the City suspended SPS’s proposed effective date for the statutorily allowed period, to July 28, 2023; but by agreement with SPS, the date for final action by the City was extended to August 25, 2023.

Since SPS filed its application, Special Counsel for the Alliance of Xcel Municipalities (AXM) and rate consultants engaged by AXM’s Special Counsel, have been reviewing SPS’s application to increase rates but have not yet completed their analysis. Their analysis is due for submission to the Public Utility Commission of Texas (PUCT) on August 4, 2023. SPS’ application to increase rates raises a host of revenue-requirement and cost-allocation/rate-design issues that are significant both with respect to their impact on the rates to be set in this case and for precedential reasons going forward. In its application SPS submitted the direct testimony of approximately 50 witnesses.

Areas of SPS’s applications that AXM’s Special Counsel and AXM’s consultants have been evaluating include SPS’s proposed profit margin (aka, its return on equity and overall rate of return); its depreciation rates for SPS’s plant assets, including SPS’s proposed early retirement of the Tolk generating plant; its operations and maintenance expenses, including executive-compensation packages, purchased-power expenses, transmission and distribution expenses; and SPS’s proposed rate design (that is, the actual rates) including its new proposed rate to recover property taxes through a “tracking” rate, and a new rate for electric vehicles.

Motion by Breann Buxkemper

Seconded by Jim Myatt

To approve Resolution 2023-24 denying Southwestern Public Service Company’s proposed increase in rates.

Motion carried unanimously.

FIFTH ITEM OF BUSINESS:

Consider and take necessary action on Ordinance No. 1073 approving a negotiated settlement with Atmos West Texas on a first reading.

Atmos West Texas (WTX) Cities have reached a settlement agreement with Atmos resolving the 2023 RRM filing. In its filing, the Company requested a \$12.1 million increase to the WTX Cities. This was reduced to \$11.4 million due to limitations in the RRM tariff. Our consultants conducted discovery and prepared a report detailing adjustments totaling \$2.2 million. This translates into a \$9.2 million increase (i.e., \$11.4 - \$2.2 = \$9.2). The Company has agreed to settle the case for \$8.4 million. This is a reduction of \$3.7 million to the Company's initial request. This includes payment of the Cities expenses. In addition, there is an additional \$2.7 million for the securitization regulatory assert expenses related to Winter Storm Uri. This was previously approved by the Texas Legislature and Railroad Commission. Based upon all the factors, we believe this is a very good outcome and recommend approval.

Motion by Breann Buxkemper

Seconded by Michael Stueart

To approve Ordinance No. 1073 approving a negotiated settlement with Atmos West Texas on a first reading.

Motion carried unanimously

SIXTH ITEM OF BUSINESS:

Consider and take necessary action to approve Ordinance No. 1074 amending Article 4.1400 of Chapter 4 of the Code of Ordinances regulating the operation of game rooms and amusement redemption machines in the City of Levelland on first reading.

The City Council adopted an ordinance that addressed the regulation and conduct of Game Rooms within the City of Levelland and established a licensing process. At this time, we are recommending some additional amendments to that ordinance that Council adopted.

One of the proposed changes is to increase the annual license fee for the game room permit to \$1,000. Currently the annual license fee is \$500. This is intended to cover the City's costs in inspecting and verifying that Game Rooms are compliant with our current code of ordinances. While the City would have additional costs in allocating resources to do another inspection before reissuing the permit, our current ordinance does not have any additional fees associated with this cost. As a result, we are recommending an additional fee to address this additional cost to the City.

In addition, to increase visibility to the public from a street, corridor, or lobby, we are also proposing to change the transparent unobstructed windows on the side facing the public to require a minimum of 30% of the surface area of that wall facing the public to be a transparent and unobstructed window(s).

In addition to verifying that the state occupation tax has been paid for each amusement redemption machine and that the tax permit issued by the state and seals required by the state are securely affixed to each machine, we are also proposing that the city of Levelland charge a fee of \$15 for each amusement redemption machine and sealed by the city of Levelland as proof that the fee has been paid to the city and that the amusement redemption machine is in compliance.

In addition, we also propose that it be required for the manager/operator of the game room to maintain a contemporaneous list of any prizes to be awarded and allow the city manager, chief of police, building official, code enforcement officer, etc. to visibly see the prizes that will be awarded to the patrons/customers.

Motion by Breann Buxkemper

Seconded by Michael Stueart

To approve Ordinance No. 1074 amending Article 4.1400 of Chapter 4 of the Code of Ordinances regulating the operation of game rooms and amusement redemption machines in the City of Levelland on a first reading.

Motion carried unanimously.

SEVENTH ITEM OF BUSINESS:

Consider and take necessary action to approve the updated projected fiscal year 2023/2024 budget and tax rate adoption process schedule and provide direction to staff regarding the budget.

Over the last couple of months staff has begun working through year end budget projections as well as working on next year's budget. As we move further into the budget process there are several steps required by law that the City must follow in developing and adopting both the budget and the tax rate. It is helpful for Council to know and approve a projected schedule of required actions ahead of time. While there may changes required as we work our way through the process, the updated schedule will meet our legal requirements.

Motion by Michael Stueart

Seconded by Breann Buxkemper

To approve the schedule as presented.

Motion carried unanimously.

EIGHTH ITEM OF BUSINESS:

Convene into executive session in accordance with Tex. Gov't Code §551.074 Personnel Matters to deliberate the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee. (City Manager)

Mayor Pinner declared Council to be in Executive Session at 7:20pm. She returned Council to regular session at 8:11pm.

NINTH ITEM OF BUSINESS:

Consider and take necessary action on items related to the executive session.

No Action Taken.

TENTH ITEM OF BUSINESS:

Hold a budget work session for Fiscal Year 2023/2024 Budget.

Council decided not to meet in regards to the budget.

There being no further business, the meeting was adjourned at 8:13pm.

Respectfully Submitted,

Andréa Corley, TRMC
City Secretary

Barbra Pinner, Mayor