

MINUTES OF A STUDY SESSION OF THE TOWN COUNCIL OF THE TOWN OF HIGHLAND PARK, TEXAS, HELD AT TOWN HALL, 4700 DREXEL DRIVE, HIGHLAND PARK, TX, 75205 AT 8:33 A.M. ON TUESDAY, SEPTEMBER 6, 2022.

Present at the meeting were Mayor Will Beecherl, Mayor Pro Tem Craig Penfold and Town Council Members Marc Myers, Lydia Novakov, and Leland White. Council Member Don Snell was absent.

UPCOMING AGENDA DISCUSSION

Future Agenda Discussion

Review and discuss approval of an ordinance amending the Fiscal Year 2021- 22 Adopted Budget. Karen Kurtin, Deputy Chief Financial Officer, explained the current budget was adopted by the Town Council on September 14, 2021. Through the course of the year, Town staff identified amendments to the Adopted Budget for Town Council's consideration. The Department of Public Safety identified two areas in which funding is needed to address personnel costs that are not included in the Fiscal Year 2021-2022 ("FY 2022") budget. The overtime expenditures incurred during FY 2022 are expected to exceed the current budget of \$375,797 by \$270,000. Additionally, a personnel staffing and management analysis study for the DPS was approved at the Town Council meeting held July 22, 2022. In the Swimming Pool Department, assistant managers were hired for an additional week of lap swim at the beginning of the season and increases in hourly wages were provided to all positions to ensure sufficiency of staffing throughout the season. These steps resulted in the need for \$13,400 to fund salaries. Additionally, pool chemicals have exceeded the budget by \$5,000 and repairs have exceeded the budget by \$3,000. This is largely due to inflation as well as the needed replacement of a sand filter. In the Building Inspection Department, an update to the shared parking model at the Highland Park Shopping Village ("HPSV") was approved at the Town Council Meeting held May 17, 2022. The cost of this study is \$64,830. The proposed budget amendment increases appropriations of the Town's Adopted Budget for Fiscal FY 2022 by \$414,830; which is proposed to be funded through fund balance within the General Fund. In response to a question by Mayor Pro Tem Penfold, Ms. Kurtin explained that the funds for the Swimming Pool supplies does not cover the improvements requested earlier by a resident as those improvements are in the Fiscal Year 2022-23 Proposed Budget. She also confirmed for Council Member White that the shared parking model study is related to the HPSV, and is an update to the existing parking model that the Town is solely funding. Mayor Beecherl asked the Town Council if they had any further questions, to which there were none.

Review and discuss the proposed Combined Operating and Capital Budget for Fiscal Year 2022-23. Steven Alexander, Director of Administrative Services and CFO, explained that each year the staff develops a proposed budget to submit to the Town Council for the next fiscal year. The budget ultimately adopted by the Town Council is the result of a process that receives input from the Town's citizens, departments, management, and the Town Council. Mr. Alexander presented an overview of a historical look at changes in the taxable assessed value summary. He explained the proposed adjustments to the Town's utility bill of a rate increase from 5% to 7% to cover the increase to costs of the Dallas County Park Cities Municipal Utility District ("DCPCMUD") which will cover the increasing cost of chemicals to treat water. In response to a question raised by

Council Member White, Mr. Alexander explained that the modified increase would mean residents would see about a \$3.00 additional increase in their water portion of their utility bill. Council Member Novakov requested that residents be informed of why there is an increase, and Bill Lindley, Town Administrator, assured her that information will go out to residents through all of the Town's communication channels. This increase will also be reflected in the updated Master Fee Schedule that the Town Council will be considering for approval at the next Town Council Meeting. The Council wanted to discuss employee salary ranges proposed in the budget. Council Member Myers asked if the one-time 2.5% stipend was in the proposed budget, to which Mr. Alexander said that it was not. Council Members agreed they wanted to better understand who the "peer cities" are and see an in-depth report of a study showing salary comparisons. Mr. Lindley noted that the item can be brought back at a future meeting for possible consideration as a Budget Amendment. Mayor Beecherl asked the Town Council if they had any further questions, to which there were none.

Review, discuss, and consider an amendment to a water tower license agreement with Verizon Wireless. Steven Alexander, Director of Administrative Services and CFO, explained that T-Mobile, Verizon, and AT&T are all leasing space on the Town's water tower, located at 5005 Holland Avenue, for equipment that provides wireless services. The Town Council approved an agreement with Verizon Wireless in December of 2016, for a license to install and maintain a cellular site at the water tower. Over the past several months, at the request of Verizon, Town staff has negotiated an amendment to the existing agreement to allow Verizon to modify and add equipment to the water tower. The equipment is needed for 5G service and is expected to be installed in November of 2022. In order to install the equipment, Verizon must meet all of the requirements for equipment modification set out in the existing agreement. The existing agreement expires in October of 2026, but has opportunities to renew in 5-year increments with the approval of Town Council. The proposed amendment to the existing agreement authorizes the modification and addition of equipment, and increases the monthly lease paid by Verizon by \$1,000 per month. The Town Attorney has reviewed the proposed amendment. In reply to Mayor Beecherl's question, Bill Lindley, Town Administrator, confirmed that all carriers were notified of the scheduled water tower improvements, and they will have to temporarily relocate during the improvements project. On a motion by Council Member Marc Myers, seconded by Council Member Lydia Novakov, the Town Council voted unanimously to approve an amendment to a water tower license agreement with Verizon Wireless.

Review and discuss an ordinance approving a negotiated settlement between the Atmos Cities Steering Committee and Atmos Energy Corporation, Mid-Tex Division regarding 2022 Rate Review Mechanism filings. Steven Alexander, Director of Administrative Services and CFO, explained the Town, along with 181 other Mid-Texas cities served by Atmos Energy Corporation, Mid-Tex Division ("Atmos Mid-Tex" or the "Company"), is a member of the Atmos Cities Steering Committee ("ACSC"). In 2007, ACSC and Atmos Mid-Tex settled a rate application filed by the Company, 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. Since 2007, several modifications have been made to the original RRM Tariff. The most recent iteration of an RRM Tariff was reflected in an ordinance adopted by ACSC members in the early 2018. On or

about April 1, 2022, the Company filed a rate request pursuant to the RRM Tariff adopted by ACSC members. The Company claimed that its cost of service in a test year ending on December 31, 2021, entitled it to additional system-wide revenues of \$141.3 million. Application of the standards set forth in ACSC's RRM Tariff reduces Atmos' request to \$115 million, \$83.26 million of which would be applicable to ACSC members. ACSC's consultants concluded that the system-wide deficiency under the RRM regime should be \$95.8 million instead of the claimed \$141.3 million. The ACSC Executive Committee recommends a settlement at \$115 million. The Effective Date for new rates is October 1, 2022. ACSC members should act to approve the Ordinance before September 1, 2022. The rate increase would be about \$4.60, a 6.7% increase to residential accounts; and about \$14.34 to commercial accounts, which is a 4.5% increase. Mayor Beecherl asked the Town Council if they had any further questions, to which there were none.

ORDINANCE NO. 2109

AN ORDINANCE OF THE TOWN COUNCIL OF THE TOWN OF HIGHLAND PARK, TEXAS, APPROVING A NEGOTIATED SETTLEMENT BETWEEN THE ATMOS STERRING AND ATMOS ENERGY CORPORATION, MID-TEX DIVISION REGARDING 2022 RATE REVIEW MECHANISM FILINGS; DECLARING EXISTING RATES TO BE UNREASONABLE; ADOPTING TARIFFS THAT REFLECT RATE ADJUSTMENTS CONSISTENT WIT THE NEGOTIATED SETTLEMENT; FINDING 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 PENSION AND RETIREE MEDICAL BENEFITS; REQUIRING THE COMPANY TO REIMBURSE ACSC'S REASONABLE RATEMAKING EXPENSES; DETERMINING THAT THIS ORDINANCE WAS PASSED IN ACCRDANCE WITH THE REQUIREMENTS OF THE TEXAS OPEN MEETINGS ACT; ADOPTING A SAVINGS CLAUSE; DECLAIRING AND EFFECTIVE DATE; AND REQUIRING DELIVERY OF THIS ORDINANCE TO THE COMPANY AND THE ACSC'S LEGAL COUNCIL.

Review and discuss interlocal agreements with Dallas County for: (i) food establishment inspections and vector and/or mosquito control and (ii) health services. Chelsey Gordon, Assistant Director of Development Services, explained the Town contracts with the Dallas County Department of Health and Human Services (the "County") for (i) food establishment inspections and vector and/or mosquito control and (ii) a variety of general public health services. These services are provided under two separate agreements which will begin on October 1, 2022, and terminate on September 30, 2023. Under this Agreement, the County conducts a minimum of two inspections of each food establishment in the Town during the year at a cost of \$150.00 per establishment. The Town recovers this charge through the issuance of a health permit in the amount of \$200.00 per permit to each food establishment. If the County deems it necessary to conduct more than two inspections during the year, the County will charge the Town \$75.00 per inspection, which the Town subsequently bills to the food establishment. Under this agreement, the County may also provide additional environmental services such as vector control and/or mosquito

abatement as needed or identified. The County provides a variety of health-related services for the Town's residents including, but not limited to disease control services, laboratory services, immunizations, child health care, and others at an annual cost of \$132.00. Mayor Beecherl asked the Town Council if they had any further questions, to which there were none.

Review and discuss approval of a managed services agreement with Axxys Technologies. Shone Doville, Information Technology Manager, explained the Town released a Request for Proposal (“RFP”) for managed technology services on May 2, 2022. Three companies responded including Centre Technologies, GTS Technologies and Axxys Technologies. Of the three respondents, only Axxys Technologies submitted a proposal. Historically, the Town has utilized contract services to manage maintenance and support of the Town's technology infrastructure. Town staff has determined that the managed services agreement model serves the Town well, providing the most efficient and cost-effective method of meeting departmental needs. Axxys Technologies has proven to be an effective partner in meeting the technology needs of the Town and continues to be responsive in assisting Town staff on technology matters. Axxys Technologies has been the Town's managed service provider since 2013. The agreement, reviewed by the Town Attorney, is for three years at an annual cost of \$210,456.00 which is no increase from the current year agreement. The agreement provides for an annual escalator not to exceed 5% for each year the agreement is extended. Town staff has reviewed the scope of work and pricing, finding it is competitive with the market. Mayor Beecherl asked the Town Council if they had any further questions, to which there were none.

Reports

Review and discuss the monthly and/or quarterly Financial and Investment Reports for the period ending June 30, 2022. Karen Kurtin, CPA, Deputy Chief Financial Officer, presented highlights of the Financial and Investment Report. The Financial and Investment Report is for the period ending June 30, 2022, which marks the completion of the ninth month of Fiscal Year 2021-22 (“FY 2022”). Therefore, the Year-to-Date percentage for budgetary comparison purposes is 75.0%. General and Utility Fund combined revenues amount to \$32,781,295 which is 86.0% of the annual budgeted amounts. The General and Utility Fund combined expenditures and encumbrances amount to \$28,335,395 or 73.2% of the FY 2022 Combined Budget. The total market value of the Town's cash and investment portfolio on June 30th was \$57,714,458, yielding an average weighted return of 1.21%, with an average maturity of 120 days. The current quarter and fiscal year-to-date average yield for the portfolio are 1.21% and 0.68%, respectively. Quarterly and year-to-date investment income was approximately \$106,332 and \$205,460, respectively. These reports were provided to the Finance & Audit Advisory Committee on August 30, 2022. In response to a question raised by Mayor Beecherl, Ms. Kurtin explained that all investments in the IntraFi Network and other banks are all FDIC insured; in addition, the Town has a letter of credit. Council Member Myers asked if the Letter of Credit could be reviewed by the Town Attorney, to which staff agreed this can be done. Mayor Beecherl asked the Town Council if they had any further questions, to which there were none.

CLOSED SESSION

1. In accordance with the Texas Government Code Chapter 551, Subchapter D, Section 551.071 - CONSULTATION WITH ATTORNEY - the Town Council will convene into closed session for consultation with and to receive legal advice from the Town Attorney regarding structures in front yards and Ordinance No. 2080.

Mayor Beecherl recessed the study session at 9:56 a.m., and convened a closed session pursuant to: (1) Section 551.071 - CONSULTATION WITH ATTORNEY - the Town Council will convene into closed session for consultation with and to receive legal advice from the Town Attorney regarding structures in front yards and Ordinance No. 2080.

Mayor Beecherl ended the closed session at 10:46 a.m., and reconvened the study session in open session at 10:47 a.m. No final action, decision, or vote was taken during the closed session.

OPEN SESSION

Pursuant to Section 551.102 of the Texas Government Code, the final action, decision, or vote regarding Closed Session Item 1. above, shall be made, if any. No motion was made.

Mayor Beecherl adjourned the Town Council meeting at 10:47 a.m.

APPROVED on this 20th day of September 2022.

APPROVED:


Will C. Beecherl
Mayor

ATTEST:


Holly Russell
Interim Town Secretary