

City of Beach City

City Council Special Meeting Minutes

The City of Beach City Council met for a Special Called Meeting on Tuesday, August 6, 2013, 6:00pm at the Beach City Community Building.

Those present were:

MAYOR: Billy Combs

MAYOR PRO TEM: Jackey Lasater

ALDERMAN: Paul Newman; Dana Colquitt, Doug Walker, Ray Smith

CITY ATTORNEY: Daniel Jackson

CITY SECRETARY: Evonne Donnelly

ASSISTANT SECRETARY: Marjorie Bercaw

I. Call to order:

Mayor Combs called the meeting to order Tuesday, August 6, 2013 at 6:02 pm and offered prayer. Mayor Combs led the Pledge of Allegiance to the United States and Texas flags.

II. Citizens Comments:

None

III. Authorize Order of Election and Notice of Election for November 5, 2013.

Mayor Combs reviewed with Council that during the Regular City Council Meeting on July 23, 2013, there was a two part agenda item. Council never finalized the Motion to include the Order for November Elections.

Motion to order Elections:

Motion: Smith

Second: Lasater

Approved: 5-0

IV. Discuss options before council on flow through charges from The Natural Gas Company to its rate payers and hear citizen comments and suggestions:

Mayor Combs reviewed with Council The Natural Gas Company's (TNGC) proposal to pass through an approximate cost of \$60,000 to its customers over a period of 24 months at actual cost, plus an interest rate of prime plus 2%. This would be billed at a cost of \$4.50 per thousand cubic feet, which would equate to, 0.45 cents per hundred cubic feet. The added monthly charge per customer could average out to be approximately \$14.00 per month, per customer, for an approximate time frame of 24 months.

A Barrow Ranch Customer asked if there is a way to ensure that The Natural Gas Company has a back-up plan so this does not happen again? The Mayor responded that he, City Attorney Daniel Jackson and Mayor Pro-Tem Jackey Lasater met with The Natural Gas Company and there were three points of discussion: First point: is regarding the flow

through charge. Second Point: is how to keep this from happening again. Third point: is the gas quality.

Mayor Combs added, since the gas is coming straight off the wells it's not what you call processed gas. A few months ago TNGC provided Mayor Combs and the Gas Committee with test results from an independent lab. The results showed that the natural gas was within the typical pipeline quality gas ranges.

Another question from a Barrow Ranch resident: "Would it be worthwhile for the City to invite CenterPoint to run lines out here in the City?" Mayor Combs stated that the City has invited CenterPoint to run lines throughout the City but, the City can in no way be involved in any negotiations between CenterPoint and The Natural Gas Company.

Commissioner Senac asked if the Council could extend The Natural Gas Company's Franchise Agreement in order to extend the length of time the pro-ration would be paid back to TNGC. Mayor Combs said, the Franchise Agreement is a ten year agreement, and it will not expire until September 26, 2016. Alderman Smith asked if the Franchise Agreement locks a company into being a sole supplier? Mayor Combs answered that these are not sole supplier franchises. Both CenterPoint and The Natural Gas Company have Franchise Agreements to utilize the Rights-of-Ways within the City Limits of Beach City. It does not define what areas they can serve or not serve.

The Mayor explained that now there are approximately 182 customers within Barrow Ranch who use TNGC. At the beginning of the year when The Natural Gas Company lost their gas supplier there were approximately 168 customers. The Mayor raised the question how do the rate payers feel the flow thru charges should be billed? Is it fair to bill ratepayers that have just moved in and were not here when the outage happened? If not, how do we keep the new customers from having to pay back the proposed pro-rated fee without it becoming an accounting nightmare? Alderman Newman and Mayor Combs met with the Barrow Ranch Home Owners Association on Sunday, August 4, 2013. Alderman Newman spoke about some of the issues the Barrow Ranch residents had with The Natural Gas Company. One resident noted that no-one ever received any notification from TNGC regarding the loss of the gas supplier. The feeling is, if they had been notified they could have made some adjustments to their gas usage at the time. Alderman Newman noted the homeowners do not feel that they should have to pay interest on the loan since this was not their fault.

The residents want to make sure that any costs on their bill will be itemized. The residents asked the Council if they could pay TNGC in one lump sum payment. Mayor Combs responded, yes.

- V. Executive Session Authorized by Chapter 551 of the Texas Government code:**
 - a) Section 551.071, Consult with Attorney concerning legal issues with The Natural Gas Company.**

Adjourned for Executive Session: 6:28pm
Special Meeting called to back order: 7:34pm

- VI. Discussion and possible action on city's proposal for an agreed settlement with The Natural Gas Company for flow through charges to its rate payers.**

Mayor Combs reminded everyone that while there are ongoing legal negotiations with The Natural Gas Company, Council cannot reveal publicly any information that could impede those negotiations.

Motion to authorize the City Attorney to enter into settlement discussions with The Natural Gas Company, within the parameters identified during the Executive Session.

Motion: Newman

Second: Walker

Approved: 5-0

VII. Council Member Comments:

None

VIII. Adjournment:

Meeting adjourned at **7:41pm**

ATTEST TO:



Evonne Donnelly
City Secretary

APPROVED BY:



Billy Combs
Mayor