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**CITY OF PALACIOS
REGULAR CITY COUNCIL MEETING**

AGENDA

**THURSDAY, MAY 11, 2023
6:00PM**

REGULAR CITY COUNCIL MEETING

**City of Palacios Council Chambers
311 Henderson
Palacios, Texas 77465**

CALL TO ORDER:

- a. Quorum Call.
- b. Invocation. Councilmember Donna Schulman.
- c. Pledge of Allegiance to the United States Flag.
- d. Pledge of Allegiance to the Texas Flag.
- e. Pledge of Allegiance to the Palacios Flag.

ACTION ITEMS

- **Resolution No. 2023-R-13 to Canvass Votes for May 6th Special and General Election and Declare Candidates Elected** Discuss and approve A Resolution of the City Council of the City of Palacios, Matagorda County, Texas, Canvassing the Returns and Declaring the Results of the General Election and Special Election of the City Of Palacios held May 6, 2023, for the Purpose of Generally Electing the City Council Members for Place Nos. 3, 4, And 5 for Two Year Terms Ending in May 2025 And Specially Electing the City Council Member for Place 6 for the Term of One Year Ending in May 2024. *Presented by Mayor Gardner*

CEREMONIES

- **Oaths of Office for New Council Members** *Aleigha Galvan*

ANNOUNCEMENTS:

With respect to items not listed on this agenda, Council Members may announce community events or announce community recognitions.

1. Mayor's Announcements

2. Council Member's Announcements

CITIZEN COMMUNICATION FORUM:

The public is invited to address the City Council and speak on any matter. Please note Council Members may not deliberate on topics not included on this agenda. The presentation shall be no longer than three (3) minutes.

PRESENTATIONS

- **Recycle Center Update** *Peggy Georgi and Zoe Killian with Keep Texas Beautiful/ Recycling*
- **Lion's Club 4th of July** *Roberta Brieden*
- **City Manager Update** *City Manager, Cynthia Raleigh*

DISCUSSION AND ACTION ITEMS

1. **Minutes** Discuss and approve the regular council meeting minutes of April 27, 2023. *Presented by Mayor Jim Gardner.*
2. **Appoint Airport Board Chair** Discuss and approve appointment of Chairman for the Airport Board. *Presented by Mayor Gardner*
3. **Resolution No. 2023-R-14 Transportation Alternatives Grant** Discuss and approve HR/Grant Manager to apply for Transportation Alternatives Grant Second Phase, to add sidewalks/ bike paths from one side of town to the other. *Presented by HR/Grant Manager Tammy McDonald*
4. **Ad Hoc Code Committee** Discuss and approve adding Thomas Chando to the Ad Hoc Code Committee. *Presented by Councilmember Woolf*
5. **Establishing an Audit/Finance Committee** Discuss and approve establishing a committee to be a part of the budgeting process for the City of Palacios choosing three councilmembers to sit on the committee. *Presented by City Manager, Cynthia Raleigh*
6. **Resolution No. 2023-R-18 AEP Texas Distribution Cost Recovery Factor Filing** Discuss and approve a Resolution to join other local communities in challenging the proposed AEP rate increase for cost recovery. *Presented by Cynthia Raleigh*
7. **Ratify Agreement for On-Call Mechanic Services** Discuss and ratify an agreement between the City of Palacios, and K3 Mechanic Services to provide regular maintenance and repair services for the City of Palacios for a term of one year. *Presented by, Chief Bias, and Public Works Director, Ryan Adams*

EXECUTIVE SESSION

- Texas Government Code § 551.072, to deliberate the purchase, exchange, lease, or value of real property interests, due to the fact that deliberation in an open meeting would have a detrimental effect on the position of the City in negotiations with a third party.

RECONVENE OPEN SESSION

- City Council shall reconvene in Open Session and may discuss, consider, and take possible action on any item listed above that was considered and discussed in Executive/Closed Session (If necessary).

ADJOURNMENT

AGENDA NOTICES:

Action by Council Authorized: The City Council may vote and act upon any item within this Agenda. The Council reserves the right to retire into executive session concerning any of the items listed on this Agenda, pursuant to and in accordance with Texas Government Code Section 551.071, to seek the advice of its attorney about pending or contemplated litigation, settlement offer or on a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas conflict with the Open Meetings Act and may invoke this right where the City Attorney, the Mayor or a majority of the Governing Body deems an executive session is necessary to allow privileged consultation between the City Attorney and the governing body if considered necessary and legally justified under the Open Meetings Act. The City Attorney may appear in person or appear in executive session by conference call in accordance with applicable state law.

Attendance By Other Elected or Appointed Officials: It is anticipated that members of other city boards, commissions, and committees may attend the meeting in numbers that may constitute a quorum of the other city boards, commissions, and committees. Notice is hereby given that the meeting, to the extent required by law, is also noticed as a meeting of the other boards, commissions, and committees of the City, whose members may be in attendance. The members of the boards, commissions, and committees may participate in discussions on the same items listed on the agenda, which occur at the meeting. Still, such in attendance will not take any action unless such item and action are expressly provided for on the agenda for that board, commission, or committee subject to the Texas Open Meetings Act.

Executive Sessions Authorized: This agenda has been reviewed and approved by the City's legal counsel, and the presence of any subject in any Executive Session portion of the agenda constitutes a written interpretation of Texas Government Code Chapter 551 by legal counsel for the governmental body and constitutes an opinion by the attorney that the items discussed therein may be legally addressed in the closed portion of the meeting considering public views of a court of record and opinions of the Texas Attorney General known to the attorney. This provision has been added to this agenda to meet all elements necessary to satisfy Texas Government Code Chapter 551.144(c). The meeting is conducted by all participants in reliance on this opinion.

Certification of Posting: This is to certify that the above notice of a Regular Called Council Meeting was posted on the front bulletin board of the City Hall of the City of Palacios, Texas, on **Monday, May 8, 2023, before 6:00 PM**. If you have any questions concerning the above items, please contact City Manager Cynthia Raleigh at (361) 972-3605. This Notice was posted under the Texas Open Meeting Act (TEXAS GOVERNMENT CODE, Chapter 551) and recent guidelines from the Texas Attorney General.

Posting of Agenda Packet: The posting of the agenda packet on the City's website is for transparency and convenience of the public. All documents such as ordinances and resolutions are presented in draft form in the packet and are presented to City Council for use in their deliberations at the council meeting. It is not the intent of the City Administration or City Council to consider the draft documents as adopted or not subject to revision. All draft documents discussed at duly called city council meetings will be revised pursuant to action taken at the meeting and the final form of such adopted documents are subject to review by the public through the public information act.

Aleisha C. Galvan
Aleisha C. Galvan, City Secretary

This facility is accessible in accordance with the Americans with Disabilities Act. Accessible parking spaces are available. If you require special assistance or have a request for sign interpretative services or other services, please call 361-972-3605 at least 24 hours before the meeting.

The next regular City Council meeting will
be held on MAY 25, 2023, at 6:00 p.m.

RESOLUTION 2023-R-13

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALACIOS, MATAGORDA COUNTY, TEXAS, CANVASSING THE RETURNS AND DECLARING THE RESULTS OF THE GENERAL ELECTION AND SPECIAL ELECTION OF THE CITY OF PALACIOS HELD MAY 6, 2023, FOR THE PURPOSE OF GENERALLY ELECTING THE CITY COUNCIL MEMBERS FOR PLACE NOS. 3, 4, AND 5 FOR TWO YEAR TERMS ENDING IN MAY 2025 AND SPECIALLY ELECTING THE CITY COUNCIL MEMBER FOR PLACE 6 FOR THE TERM OF ONE YEAR ENDING IN MAY 2024.

WHEREAS, it is hereby found and determined that notice of the general and special election was duly given in the form, manner and time required by law, and the general and special elections were in all respects legally held and conducted in accordance with applicable laws of the State of Texas and the proceedings calling and governing the holding of such general and special elections; and,

WHEREAS, as required by Texas Elections Code §67.004, the City Council of the City of Palacios met to canvass the general and special election returns;

WHEREAS, the canvass was performed to consider the returns of the general and special elections on May 6, 2023, for the purpose of electing the hereinafter named officials and,

WHEREAS, the returns of said general and special elections have been duly and legally made and submitted to the City Council for canvassing, and a tabulation of the returns for the polling place and for early voting, as canvassed and tabulated by the governing body as follows:

	Absentee Votes Cast	Early Votes Cast	Regular Votes Cast	Total Votes Cast
GENERAL ELECTION				
Councilmember Place 3:				
Chip Woolf	2	190	88	280
Councilmember Place 4:				
Margie Wier	2	190	92	284
Councilmember Place 5:				
Roy Barnett	1	74	45	120
Jason Hink	1	171	72	244

SPECIAL	ELECTION			
Councilmember Place 6:				
Joe Monk	1	54	35	90
Donna Harvey-Schulman	2	198	84	284

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF PALACIOS, MATAGORDA COUNTY, TEXAS, THAT:

SECTION 1. Said general and special elections were duly called, that notice of said general and special elections were given in accordance with law, and that said general and special elections were held in accordance with law, and that following a canvass of the results of the general and special elections:

(a) **Chip Woolf** was duly elected Councilmember Place No. 3 for a term of 2 years ending May 2025; and

(b) **Margie Wier** was duly elected Councilmember Place No. 4 for a term of 2 years ending May 2025; and

(c) **Jason Hink** was duly elected Councilmember Place No. 5 for a term of 2 years ending May 2025; and

(d) **Donna Harvey-Schulman** was duly elected Councilmember Place No. 6 for a term of 1 year ending May 2024.

Above named parties are hereby declared duly elected Councilmembers for Place Nos. 3, 4, 5, and 6, subject to the taking of the oath-of-office as provided by the laws of the State of Texas.

SECTION 2. It is further found and determined that in accordance with the order of this governing body, the City Secretary posted written notice of the date, place and subject of this meeting on the bulletin board located at City Hall, a place convenient and readily accessible to the general public, and said notice having been so posted and remaining posted continuously for at least 72 hours preceding the scheduled time of said meeting.

SECTION 3. This resolution shall become effective immediately from and after its passage.

DULY PASSED AND APPROVED BY A VOTE OF _____ IN FAVOR AND _____ OPPOSED BY THE CITY COUNCIL OF THE CITY OF PALACIOS, MATAGORDA COUNTY, TEXAS, ON THIS 11TH DAY OF MAY 2023.

APPROVED:

Jim Gardner, Mayor

Alegha Galvan, City Secretary

CITY OF PALACIOS, TEXAS
REGULAR CITY COUNCIL MEETING

MINUTES

April 27, 2023

REGULAR CITY COUNCIL MEETING

A regular City Council meeting was held by the City Council of the City of Palacios on April 27, 2023, at 6:00 p.m., in Council Chambers located at 311 Henderson, Palacios, Texas 77465.

CALL TO ORDER

Mayor Jim Gardner called the City Council meeting to order at 6:00PM.

CERTIFICATION OF A QUORUM

Mayor Jim Gardner certified a quorum was present.

ATTENDANCE ROLL CALL

*Mayor, Jim Gardner, Present
Councilmember Place 6, Donna Schulman, Present
Councilmember Place 5, Raylynn Samora, Present
Councilmember, Place 4, Troy Lewis, Present
Councilmember Place 3, Chip Woolf, Present
Councilmember, Place 2, Sharon Trainor, Present
Councilmember Place 1, Larry Glenn, Present*

CITY STAFF IN ATTENDANCE:

*Cynthia Raleigh, City Manager
Anne Marie Odefey, City Attorney
Tammy McDonald, HR / Finance
Maria Ayala, Office Manager / Finance Director
Tobie Bias, Palacios Police Chief
Nicole Brown, Executive Assistant
Stuart Foley, Animal Care Services
Suzie Thompson, Municipal Court Judge
Manuel Guevara, Public Works Foreman*

INVOCATION & PLEDGES

Councilmember Samora led the Council, Staff, and Citizens in prayer and pledges to the U.S., Texas, and Palacios Flags.

ANNOUNCEMENTS:

- Mayor's Announcements ~ *Mayor Gardner spoke about various events going around in town.*
- Council Members Announcements ~ *None*

CITIZEN COMMUNICATION FORUM: ~ *Public Comments*

1. *Jim Motz spoke about his frustration with the City regarding a water meter he moved from one location to another.*
2. *Connie Overton spoke about issues with her driveways on East Bayshore Drive next to the bridge.*
3. *Mark Garrett gave a recommendation to the City to fix Perryman Ave. Garrett handed out photos of his street, and claimed the road needs to be fixed due to water leaks and heavy traffic.*

4. *Janet Brister notified the public about the National Day of Prayer to take place on May the 4th, 2023, and encouraged the public to attend. Brister said a prayer for the City of Palacios.*
5. *Carissa Spradlin with the Palacios City Pound and owner of Misfits and Creatures animal rescue notified the public of the collaboration with the Palacios Vet Clinic to have a low cost spay and neuter program for citizens of Palacios.*
6. *Edith Gower spoke about a new exhibit to entice heritage tourists working with the City by the Sea Museum and surrounding cities. Gower also thanked the City and the PEDC for their letters of support for this project.*

PROCLAMATION

- **Day of Prayer** *Janet Brister accepted this proclamation on behalf of the First Baptist Church*

PRESENTATIONS:

- **Municipal Court Update** *Municipal Court Judge S. Thompson notified Council about improvements that have been made to the Palacios Municipal Court system.*
- **Employee Handbook** *Tammy McDonald notified Council of the changes and updates the City has made to the employee handbook, and asked Council to review it and speak with her about any changes or concerns they may have with the handbook.*
- **Employee Insurance** *Tammy McDonald and Allison insurance group answered questions about the switch from TML health insurance to Allison Insurance.*
- **CenterPoint Energy, AEP, and Public Utility Commission Rate Notifications** *City Manager, Cynthia Raleigh explained rate increases for CenterPoint Energy, AEP, and the PUC telephone rates.*

DISCUSSION AND ACTION ITEMS:

1. **Minutes** *Discuss and approve the regular meeting minutes of April 13, 2023. Councilmember Schulman made a motion to accept the minutes as written. Councilmember Samora seconded the motion. Motion passed unanimously.*
2. **March Financials/ Bills Paid** *Discuss and approve financials and bills paid for March 2023. Presented by Office/Finance Manager, Maria Ayala. Ayala presented bills paid and financials for the month of March. Councilmember Lewis made a motion to accept financials and bills paid as presented. Councilmember Samora seconded the motion. Motion passed unanimously.*
3. **Acting City Manager** *Discuss and approve establishing an acting City Manager in the event of the City Manager's absence. Presented by City Manager, Cynthia Raleigh. Raleigh explained the need to designate a city employee to serve as Active City Manager in the event of her absence. Councilmember Glenn made a motion to approve Chief Bias as acting City Manager. Councilmember Woolf seconded the motion. Motion passed unanimously.*
4. **ILA County Burn Site** *Discuss and approve Interlocal Agreement for use of burn site location by and between the City of Palacios and Matagorda County. Presented by City Manager, Cynthia Raleigh. City Manager Raleigh explained details of the interlocal agreement with the County. Burn site will be shared between the City of Palacios, and Matagorda County Precinct 3. Schedule to be determined, and costs will be shared. Councilmember Lewis made a motion to accept ILA with Matagorda County Precinct 3 for a burn site. Councilmember Glenn seconded the motion. Motion passed unanimously.*
5. **PEDC Amended Budget** *Discuss and approve proposed amended budget from the Palacios Economic Development Corporation. Presented by DC Dunham, EDC Chair. Dunham presented proposed budget to Councilmembers. Councilmember Schulman made a motion to accept PEDC amended budget as presented. Councilmember Samora seconded the motion. Motion passed unanimously.*
6. **First Reading Ordinance No. 2023-O-09 Game Room** *Discuss and approve an ordinance of the City of Palacios, Texas, placing location requirements for game rooms and amusement redemption machines; providing a penalty; and providing an effective date. Presented by Police Chief Tobie Bias. Chief Bias presented the Game Room ordinance and answered questions from Council. Council requested the definition of "game room" be placed in the ordinance, as well as further details regarding allowed locations of game rooms. Councilmembers also requested possible collaboration with Matagorda County Commissioners. After discussion Councilmember Trainor made a motion to postpone*

indefinitely and bring before Council with more detail at a future meeting. Councilmember Woolf seconded the motion. Motion passed unanimously.

- 7. Final Reading Ordinance No. 2023-O-07 Stop Sign** Discuss and approve final reading of an ordinance of the City of Palacios, Texas, authorizing the placement of stop signs for northbound and southbound traffic on 4th Street at the intersection of Lucas Avenue, making said intersection a 4-way stop intersection. *Presented by Police Chief, Tobie Bias. Chief Bias explained the need to place stop signs at the intersection of Lucas and 4th Street brought on by citizen's concerns. Councilmember Schulman made a motion to approve second and final reading of Stop Sign Ordinance No. 2023-O-07. Councilmember Glenn seconded the motion. Councilmember Glenn made a motion to amend the following phrase "Now therefore be it resolved by the City of Palacios that it hereby resolves as follows:" to read; "Now therefore be it ordained by the City Council of the City of Palacios, Texas, as follows:". Councilmember Schulman seconded the motion. Motion to amend passed unanimously. City Manager Raleigh polled the votes to show Councilmembers Glenn, Trainor, Woolf, Lewis, Samora, Schulman, and Mayor Gardner all voting "aye", and no councilmembers voting "nay". Motion passed.*
- 8. Final Reading Ordinance No. 2023-O-02 Jake Brake** Discuss and approve final reading of an ordinance of the City of Palacios, Texas, amending the code of ordinances by adding section 8.09, "Engine Braking Prohibited"; to provide for the prohibiting of engine braking, commonly referred to as Jake Braking, in the city limits. *Presented by Police Chief, Tobie Bias. Chief Bias explained the need for Jake Brake ordinance was brought on by citizen's complaints. Councilmember Lewis made a motion to approve final reading of Ordinance No. 2023-O-02. Councilmember Glenn seconded the motion. City Manager Raleigh polled the votes to show Councilmembers Glenn, Trainor, Woolf, Lewis, Samora, Schulman, and Mayor Gardner voting "aye", and no councilmember voting "nay". Motion passed.*
- 9. Resolution 2023-R-12** Discuss, consider, and adopt a resolution to designate authorized signatories for the 2022 Texas CDBG program, grant agreement number CDV21-0027. *Presented by Grant/HR Manager, Tammy McDonald. McDonald explained resolution to Council regarding a grant the City was awarded. Councilmember Schulman made a motion to accept Resolution No. 2023-R-12. Councilmember Glenn seconded the motion. Motion passed unanimously.*

ADJOURNMENT

Meeting Adjourned by Mayor Gardner at 7:59 PM.

Jim Gardner, MAYOR

ATTEST:

Aleighta Galvan, CITY SECRETARY

CITY COUNCIL MEMORANDUM

City Council Meeting: May 11, 2023
Department: Mayor
Subject: Appoint a Chair to the Airport Advisory Committee

BACKGROUND

Under Section 3.01 of the City Charter, the City Council may establish boards, commissions, or committees and appoint individuals thereto as shall be required by law or deemed necessary by the City Council.

The City Council selected individuals to serve on the Airport Advisory Committee at their regular meeting on March 9, 2023. At their first meeting on April 17, the committee elected Gary George as their chairman. This action ratifies the selection of the committee and confirms Gary George as chair of the Committee.

GOALS

To establish a chair for the Airport Advisory Committee

FISCAL IMPACT

None

RECOMMENDATION

Staff recommends Council ratify Gary George as chair of the Airport Advisory Committee

CITY COUNCIL MEMORANDUM

City Council Meeting: April 13, 2023
Department: HR/Grant Manager
Subject: 2023-2024 TRANSPORTATION ALTERNATIVES PHASE 2 APPLICATION RESOLUTION

BACKGROUND

The Fixing America's Surface Transportation Act (FAST) established the Transportation Alternatives (TA) Set Aside Program as part of the Surface Transportation Block Grant. The TA program provides funding for a variety of alternative transportation projects and is codified in 23 USC section 133(h).CDBG represents an opportunity to fund strategic and high-impact activities identified by a community.

Alternative transportation is considered bike and walking paths including sidewalks. The grant is based on connectivity of activities and businesses. The grant involves connecting disadvantaged communities to parts of town that have not had previous access.

GOALS

The goal of the project is for the City of Palacios to connect more communities to recreation areas, downtown businesses, and the bay. The grant is up to \$5,000,000. and the project proposed is approximately \$5,000,000.

FISCAL IMPACT

There is a match but Transportation Credits can be used as the match and the City of Palacios will be using Transportation Credits for this match.

“Projects in a community of 50,000 or less in population located outside a designated Transportation Management Area (TMA) may be eligible to use state Transportation Development Credits (TDCs) that allow for 100% federal TA funds to be applied to the project in lieu of a local match.”

What are Transportation Development Credits (TDCs)? *Toll or transportation development credits are a federal transportation funding tool used to meet federal funding matching requirements. State credits are accrued when capital investments are made in federally approved tolled facilities including toll roads and bridges.*

RECOMMENDATION

Staff recommends that the city move forward with Application of the 2023 Transportation Alternatives Phase 2 Application.

ATTACHMENT

See attached Resolution 2023-R-14.

RESOLUTION 2023-R-14

A RESOLUTION SUPPORTING THE CITY OF PALACIOS'S APPLICATION TO THE TEXAS DEPARTMENT OF TRANSPORTATION'S 2023 TRANSPORTATION ALTERNATIVES SET-ASIDE (TA) CALL FOR PROJECTS

WHEREAS, the Texas Department of Transportation issued a call for projects in December 2022 for communities to apply for funding assistance through the Transportation Alternatives Set-Aside (TA) Program; and

WHEREAS, the TA funds may be used for development of preliminary engineering (plans, specifications, and estimates and environmental documentation) and construction of pedestrian and/or bicycle infrastructure. The TA funds require a local match, comprised of cash or Transportation Development Credits (TDCs), if eligible. The City of Palacios would be responsible for all non-reimbursable costs and 100% of overruns, if any, for TA funds; and

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF PALACIOS THAT: The City of Palacios supports funding this project as described in the 2023 TA Detailed Application (including the preliminary engineering budget, if any, construction budget, the department's direct state cost for oversight, and the required local match, if any) and is willing to commit to the project's development, implementation, construction, maintenance, management, and financing. The City of Palacios is willing and able to enter into an agreement with the department by resolution or ordinance, should the project be selected for funding.

DULY PASSED by majority vote of all members of the City Council of the City of Palacios on the 11th day of May, 2023.

James Gardner
City of Palacios, Mayor

Aleigha Galvan
City of Palacios, City Secretary

CITY COUNCIL MEMORANDUM

City Council Meeting: May 11, 2023
Department: Mayor
Subject: Appoint to Ad Hoc Committee

BACKGROUND

Under Section 3.01 of the City Charter, the City Council may establish boards, commissions, or committees and appoint individuals thereto as shall be required by law or deemed necessary by the City Council.

The City Council selected individuals to serve on Ad Hoc Code Committee at their regular meeting on January 26, 2023. Since that time, another individual has stepped up interested in serving on the committee. Action would appoint another member to serve on the committee.

GOALS

Appoint Thomas Chando to the Ad Hoc Code Committee

FISCAL IMPACT

None

RECOMMENDATION

Staff recommends Council appoint Thomas Chando to the Ad Hoc Code Committee

CITY COUNCIL MEMORANDUM

City Council Meeting: May 11, 2023
Department: Mayor
Subject: Establishing an Audit/Finance Committee

BACKGROUND

Under Section 3.01 of the City Charter, the City Council may establish boards, commissions, or committees and appoint individuals thereto as shall be required by law or deemed necessary by the City Council.

Three main groups are responsible for the quality of financial reporting: the governing body, financial management, and the independent auditors. Of these three, the governing body must be seen as first among equals because of its unique position as the ultimate monitor of the financial reporting process. An audit committee is a practical means for a governing body to provide much-needed independent review and oversight of the government's financial reporting processes, internal controls, and independent auditors. An audit committee also provides a forum separate from management in which auditors and other interested parties can candidly discuss concerns. By effectively carrying out its functions and responsibilities, an audit committee helps to ensure that management properly develops and adheres to a sound system of internal controls, that procedures are in place to objectively assess management's practices, and that the independent auditors, through their own review, objectively assess the government's financial reporting practices.

A Finance Committee is generally a standing committee of the governing body that works with the City Manager and the financial staff to monitor the finances of the organization.

Responsibilities of a Finance Committee:

Depending upon the will of the council, an Audit/Finance Committee can have its finger in many pies. Common responsibilities of Finance Committees include:

Overseeing the financial dealings of the organization in this capacity, the committee might:

- Be familiar with, approve, and review periodically the organization's annual budget
- Make sure funds are being expended according to funders' requirements
- Oversee cash flow and other money management issues
- Monitor debt and debt payback
- Flag potential problems. There are numerous such problems that might come up. Income might look like it's going to be lower than anticipated, or expenses higher. Income-producing activities - fundraising, paid services - might be delayed, or not proceeding according to plan. There may be unnecessary, or unnecessarily high expenditures. Finance Committees are expected to catch and deal with these kinds of issues.

- Act as a resource to help correct fiscal problems and/or discuss fiscal issues. If the members of the committee have the right expertise, they can help to correct or restructure the organization's books and accounting procedures, for instance.
- Ensure that financial reporting requirements are being met per charter
- Catch any illegal, unethical, or incompetent financial dealings engaged in by the executive director, fiscal or other staff, or board members. A Finance Committee can really prove its worth in a situation where the organization is placed in jeopardy by the actions of an individual.
- Help to present and explain the budget, audit, and budgeting process to fellow councilmembers and the community.

GOALS

Establish an Audit/Finance Committee for the City of Palacios.

FISCAL IMPACT

None

RECOMMENDATION

Staff recommends Council discuss and appoint three members of the City Council to the Audit/Finance Committee.

References: Government Finance Officers Association of Texas

CITY COUNCIL MEMORANDUM

City Council Meeting: May 11, 2023
Department: City Manager
Subject: AEP Texas's Distribution Cost Recovery Factor Filing

BACKGROUND

On April 5, 2023, AEP Texas Inc. ("AEP" or "Company") filed an Application to Amend its Distribution Cost Recovery Factor ("DCRF") to increase distribution rates within each of the cities in their service area. In the filing, the Company asserts that it is seeking an increase in distribution revenues of approximately \$39.7 million (an approximately \$1.63 increase to the average residential customer's bill from the rates approved in the Company's most recent DCRF case). Moreover, the Company is seeking to impose Rider Mobile TEEE Facilities ("Rider") to recover revenue related to mobile generation unit leasing and operation. The Rider would recover approximately \$30.67 million (an approximately \$1.30 increase to the average customer's bill).

The resolution authorizes the City to join with the Cities Served by AEP ("Cities") to evaluate the filing, determine whether the filing complies with law, and if lawful, to determine what further strategy, including settlement, to pursue.

Purpose of the Resolution:

The purpose of the Resolution is to deny the DCRF application proposed by AEP.

Explanation of "Be It Resolved" Paragraphs:

1. This section authorizes the City to participate with Cities as a party in the Company's DCRF filing, PUC Docket No. 54824.
2. This section authorizes the hiring of Lloyd Gosselink and consultants to review the filing, negotiate with the Company, and make recommendations to the City regarding reasonable rates. Additionally, it authorizes Cities to direct any necessary administrative proceedings or court litigation associated with an appeal of this application filed with the PUC.
3. This paragraph finds that the Company's application is unreasonable and should be denied.
4. This section states that the Company's current rates shall not be changed.

5. The Company will reimburse Cities for their reasonable rate case expenses. Legal counsel and consultants approved by Cities will submit monthly invoices that will be forwarded to AEP for reimbursement.

6. This section recites that the Resolution was passed at a meeting that was open to the public and that the consideration of the Resolution was properly noticed.

7. This section provides that AEP and counsel for Cities will be notified of the City's action by sending a copy of the approved and signed Resolution to counsel.

GOALS

Staff is asking Council to make a determination on proceeding with joining the case.

FISCAL IMPACT

Legal fees to be paid and later reimbursed by AEP for costs. Amount is unknown. Depends on number of participants and time spent.

RECOMMENDATION

Staff recommends that the council discuss and make the best decision for the community as whole.

ATTACHMENT

See attached Resolution 2023-R-18.

RESOLUTION NO. 2023-R-18

A RESOLUTION OF THE CITY OF PALACIOS, TEXAS FINDING THAT AEP TEXAS INC.'S APPLICATION TO AMEND ITS DISTRIBUTION COST RECOVERY FACTORS TO INCREASE DISTRIBUTION RATES WITHIN THE CITY SHOULD BE DENIED; AUTHORIZING PARTICIPATION WITH THE CITIES SERVED BY AEP TEXAS; AUTHORIZING HIRING OF LEGAL COUNSEL; FINDING THAT THE CITY'S REASONABLE RATE CASE EXPENSES SHALL BE REIMBURSED BY THE COMPANY; FINDING THAT THE MEETING AT WHICH THIS RESOLUTION IS PASSED IS OPEN TO THE PUBLIC AS REQUIRED BY LAW; REQUIRING NOTICE OF THIS RESOLUTION TO THE COMPANY AND LEGAL COUNSEL.

WHEREAS, the City of PALACIOS, Texas ("City") is an electric utility customer of AEP Texas Inc. ("AEP" or "Company"), and a regulatory authority with an interest in the rates and charges of AEP; and

WHEREAS, the City is a member of the Cities Served by AEP ("Cities"), a membership of similarly situated cities served by AEP that have joined together to efficiently and cost effectively review and respond to electric issues affecting rates charged in AEP's service area; and

WHEREAS, on or about April 5, 2023 AEP filed with the City an Application to Amend its Distribution Cost Recovery Factor ("DCRF"), PUC Docket No. 54824, seeking to increase electric distribution rates by approximately \$39.7 million (an approximately \$1.63 increase to the average residential customer's bill from the rates approved in the Company's most recent DCRF case) and impose a Rider Mobile TEEE Facilities to recover \$30.67 million (an approximately \$1.30 increase to the average residential customer's bill) related to mobile generation facilities; and

WHEREAS, all electric utility customers residing in the City will be impacted by this ratemaking proceeding if it is granted; and

WHEREAS, Cities are coordinating its review of AEP's DCRF filing with designated attorneys and consultants to resolve issues in the Company's application; and

WHEREAS, Cities members and attorneys recommend that members deny the DCRF.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF PALACIOS, TEXAS:

Section 1. That the City is authorized to participate with Cities in PUC Docket No. 54824.

Section 2. That subject to the right to terminate employment at any time, the City hereby authorizes the hiring of the law firm of Lloyd Gosselink and consultants to negotiate with the Company, make recommendations to the City regarding reasonable rates, and to direct any necessary administrative proceedings or court litigation associated with an appeal of this application filed with the PUC.

Section 3. That the rates proposed by AEP to be recovered through its DCRF and Rider Mobile TEEE Facilities charged to customers located within the City limits, are hereby found to be unreasonable and shall be denied.

Section 4. That the Company shall continue to charge its existing rates to customers within the City.

Section 5. That the City's reasonable rate case expenses shall be reimbursed in full by AEP within 30 days of presentation of an invoice to AEP.

Section 6. That it is hereby officially found and determined that the meeting at which this Resolution is passed is open to the public as required by law and the public notice of the time, place, and purpose of said meeting was given as required.

Section 7. That a copy of this Resolution shall be sent to Leila Melhem, American Electric Power Service Corporation, 400 West 15th Street, Suite 1520, Austin, Texas 78701 and to Thomas Brocato, General Counsel to the Cities, at Lloyd Gosselink Rochelle & Townsend, 816 Congress Ave., Suite 1900, Austin, Texas 78701.

PASSED AND APPROVED this _____ day of _____, 2023.

Mayor, JIM GARDNER

ATTEST:

City Secretary, ALEIGHA GALVAN

APPROVED AS TO FORM:

City Attorney, ANNE MARIE ODEFEY

CITY COUNCIL MEMORANDUM

City Council Meeting: May 11, 2023
Department: Police and Public Works
Subject: Ratify Agreement with K3 Mechanic Services

BACKGROUND

After the retirement notice of Larry Glenn who cared for our fleet for over 27 years, the city released a request for qualifications for an on-call mechanic who could maintain, repair, and/or assess-send out repairs of vehicles and equipment.

We received one response, which was from K3 Mechanic Services who is a mobile mechanic and will work on our equipment and vehicles on-site. K3 carries a \$1M liability insurance policy, and provides their own tools and equipment for the work to be completed. The city will provide oil, filters, and other fluids necessary for routine maintenance. For major repairs that can be performed by K3, a parts list will be provided, and the city will purchase the necessary items. If a repair cannot be handled on-site, K3 will recommend a mechanic or company that can provide the proper service needed.

The Public Works Director and Chief of Police have interviewed, tested, and reviewed credentials with K3 and feel that he is the best option for the position based on his experience, availability, and location.

K3 is a registered DBA business in the state of Texas and will complete all proper forms to become a registered business in the City of Palacios.

GOALS

To properly maintain, repair, and care for our fleet of vehicles and equipment.

FISCAL IMPACT

A flat rate of \$70.00 per SCHEDULED standard oil change (minor service).

Major and unscheduled maintenance as required by vehicle and equipment needs will be billed on a case-by-case basis with a MINIMUM of \$100 initial diagnostic fee and \$100.00 per hour labor fee thereafter.

K3 does not presently provide vehicle inspection service, this service will need to be outsourced.

RECOMMENDATION

Staff recommends ratifying the agreement for one year with K3 Mechanic Services.

ATTACHMENT

Agreement with Exhibit

Exhibit A

Police Department Vehicles

○ Chevy 1500 Quad Cab	3GCPCNEC1JG223540	2018
○ Dodge Ram 1500 Quad Cab	1C6RD6KT1C5221676	2012
○ Chevy Malibu	1G1ZC5ST1HF225662	2017
○ Chevy 1500 Quad Cab	3GCPCNEC7HG261641	2017
○ Chevy 1500 Quad Cab	1GCPCNEC3HG256842	2017
○ Dodge Charger	2C3CDXAT2KH685320	2019
○ Dodge Charger	2C3CDXAT6KH685319	2019
○ Ford Explorer	1FM5K8AB2LGC63077	2020
○ Chevy HHR	3GNBAADB2AS524260	2010
○ Dodge Ram 1500 Quad Cab 4x4	1C6RR7XT4MS561390	2021
○ Dodge Ram 1500 Quad Cab 4x4	1C6RR7XT6MS561391	2021

Public Works Vehicles and Equipment

- 2015 FORD F-250
LP: 1334111
- 2018 FORD L F-150
LP: 1410576
- 2018 FORD F-150
LP:1456590
- 2020 FORD F-150
LP: 1420439
- 2004 GMC SIERRA
LP: NPG7434
- 2004 FORD F-150 XL
LP:1361769
- 2022 FORD F-150
LP: 1437614
- 1999 DODGE RAMP 2500
LP: 140435
- 2020 FORD F-150
LP: 142035
- 2019 FREIGHTLINER 108SD
LP: 1420449
- 1996 GMC TOP KICK
LP: 707965
- 2010 FORD F750 XLT SUPER DUTY
LP: 1088316
- GRADALL XL 3100
- JOHN DEERE 870/3TN84-RIK
- JOHN DEERE 6110M
ALAMO SAMURAI 25' BOOM
- SUPER X-ONE 940056
- SUPER Z 941146
- KUBOTA ZG227 SFZG-F222
- KUBOTA (MOWER)
- BOBCAT E20 (EXCAVATOR)

K3 MECHANIC SERVICES FLEET SERVICE AGREEMENT

This Fleet Service Agreement is presented on 4/11/2023 as part of a bid for services to the City of Palacios located at 311 Henderson Palacios, Texas 77465.

BETWEEN: K3 Mechanic Services – Dustin Wayne Krouse (Owner-Operator)

AND: City of Palacios – Cynthia Raleigh (City Manager)

DUSTIN WAYNE KROUSE referred to as **MECHANIC**, and City of Palacios, referred to as **FLEET OWNER**, agree:

TERM

MECHANIC shall provide regular maintenance and repair services to FLEET OWNER for a period beginning on 5/1/2023 for a period of 12 months in which the agreement for services will renew on an annual basis. FLEET OWNER and MECHANIC reserve the right to terminate this agreement within 30 calendar days of agreement signing date for ANY reason and must provide written notice to opposite party on or before the 30th day.

VEHICLES & EQUIPMENT LIST

FLEET OWNER operates the following types of vehicles & equipment as seen in Exhibit A (attached) to which MECHANIC is providing services for. The list shall contain the vehicle/equipment VIN#/model #, make, model & year.

AUTHORIZATION

FLEET OWNER hereby certifies that they have the legal right to authorize repairs/maintenance for the above listed vehicles & equipment, either through legal ownership, lease rights, or written authorization from the vehicle/equipment owner. FLEET OWNER authorizes MECHANIC to take the steps necessary to perform the repairs/maintenance listed in this agreement, including any necessary on-road vehicle testing.

MECHANIC will NOT perform any services on vehicles or equipment that are on temporary rental status by the FLEET OWNER and/or under RENTAL agreements with the rental company in which provides their own service, repair & maintenance.

MOBILE

MECHANIC provides mobile repair/maintenance services. On-site delivery and/or availability locations shall be pre-determined. All vehicles & equipment subject to repairs/maintenance as outlined in this agreement shall be made available to MECHANIC at an accessible & safe location. Delivery/availability location(s) shall be agreed to prior to the scheduled services. Vehicle & equipment shall be available with keys and a minimum of ¼ tank of fuel when being delivered to the on site location or being made available for scheduled maintenance or scheduled repair. Keys to all vehicles & equipment being serviced shall be provided to MECHANIC by FLEET OWNER via a secure lock box for key access. MECHANIC will return keys to the secure lockbox when services are complete. MECHANIC shall be provided 24/7 access to vehicle & equipment delivery location by the FLEET OWNER.

SERVICES

MECHANIC shall perform all regularly scheduled minor & major services to all vehicles & equipment (see attached listed provided by FLEET OWNER) as outlined in this agreement according to the manufacturer's guidelines. FLEET OWNER shall deliver or make available all vehicles & equipment to MECHANIC within 125 miles for vehicle service, and within 10 hours for equipment service of the scheduled REQUIRED intervals for service as suggested by the manufacturer.

MECHANIC shall perform regularly scheduled minor mechanical service within 1 working day from delivery, and any scheduled major service within 1-2 working days from delivery including provision of oil, filters and other parts

specified for scheduled service IF NOT MADE AVAILABLE by FLEET OWNER. Delay in parts/material by FLEET OWNER could delay services provided by MECHANIC.

MECHANIC is to be informed in writing via email/text when a non-scheduled service is needed by the FLEET OWNER in which the MECHANIC will SCHEDULE a time for providing a diagnostic service and will then schedule the required repairs/maintenance with the FLEET OWNER.

MECHANIC shall be available to FLEET OWNER for emergent same-day services but shall be subject to the on call rate to be determined and quoted by the MECHANIC to FLEET OWNER before agreeing to provide such services.

MECHANIC shall maintain complete records of all services performed and shall retain these records for a period of two years after performance and shall permit inspection of the same by FLEET OWNER at all reasonable times.

As to all services provided herein, MECHANIC shall give priority to the work of FLEET OWNER.

FEES

MECHANIC shall charge a flat rate of \$70.00 per SCHEDULED standard oil change (minor service) FLEET OWNER will provide necessary parts/materials for this scheduled minor service.

MECHANIC will provide major and unscheduled maintenance as required by vehicle and equipment needs and will be billed on a case-by-case basis with a MINIMUM of \$100 initial diagnostic fee and \$100.00 per hour labor fee thereafter.

FLEET OWNER shall pay directly for all parts & materials required for all maintenance & repairs and provided to or made available at an agreed location to MECHANIC prior to scheduled services.

Parts not provided by the FLEET OWNER will be sourced by MECHANIC as needed from manufacturers and/or dealers or local parts houses such as Napa, O'Reilly, etc. at their most advantageous rate at the discretion of the MECHANIC and billed to FLEET OWNER for reimbursement accordingly.

Any additional services that may need to be performed will be agreed upon between the parties and incur an additional mutually accepted fee.

WARRANTY

To maintain the vehicle or equipment warranty validity, several auto/equipment makers demand that only OEM components be used for any type of repairs. Use of unauthorized components might breach a vehicle or equipment's warranty. In consideration of the above risks, MECHANIC shall not use any non-OEM parts for repairs unless those parts are approved for use by FLEET OWNER. It is advisable for FLEET OWNER to take the aforementioned risks into account when choosing parts for necessary repairs. While FLEET OWNER has the right to select which parts should be used for the repairs, MECHANIC also reserves the right to evaluate the consequences of their usage and refuse to make repairs with those parts if they are considered inadequate or unsafe.

LABOR WARRANTY

MECHANIC shall provide a limited warranty to FLEET OWNER for the repairs performed under the terms of this agreement. Following the conclusion of all the above maintenance & repairs, this guarantee will remain in effect for a term of 120 calendar days. The MECHANIC warrants that, at its own cost and expense, it will make any repairs made in connection with this agreement that are found to be defective during the warranty term. This labor warranty does not cover any parts/materials used for repairs/maintenance; it only covers labor costs. If MECHANIC deems the defects are as a result of neglect, operator error or age/condition of the vehicle/equipment caused by or related to the FLEET OWNER then MECHANIC shall inform FLEET OWNER that the defect is not covered under the MECHANIC labor warranty before any services is provided related to the defect as is may incur additional fees.

ADDITIONAL SERVICE AGREEMENTS

No services outside of those described in this auto service maintenance & repair agreement will be performed by MECHANIC without prior written approval from FLEET OWNER.

Unless delayed by the unavailability of parts, or by force majeure, if MECHANIC fails to perform major or minor service in the time specified herein, MECHANIC owner agrees to pay as liquidated damages, and not as a penalty, 50% of the average rental rate of the type of vehicle out of service per single day delay to FLEET OWNER via an invoice credit. The average rental rate shall be determined by obtaining the maximum allowance permitted by the United States of America for its employees for such vehicles in the same city. Such liquidated damages shall be deducted from the next monthly invoice by MECHANIC.

LIABILITY

MECHANIC shall at all times maintain commercial liability insurance in a minimum amount of \$1,000,000.00 with a carrier reasonably acceptable to FLEET OWNER.

PAYMENT

FLEET OWNER will be notified via an invoice from MECHANIC when the services that are scheduled and requested are completed on a monthly basis. Prior month service invoice will be provided by the 10th day of the following month. FLEET OWNER agrees to pay the invoice in full by the 15th of the month, on a monthly basis.

AMENDMENT

This agreement may be modified or amended in writing if both parties agree to and sign the amended portion of the agreement.

SIGNATURES

Both parties have read and agreed to this agreement as of the day and year first above written.

Witnessed or attested by:

MECHANIC

FLEET OWNER

X

X

Signature

X

X

Printed Name & Date