

REGULAR CITY COUNCIL MEETING

MAY 8, 2018

5:30 P.M.

COUNCIL CHAMBER, 110 NORTH 8TH STREET

GATESVILLE, TEXAS 76528

AN OPEN MEETING WAS HELD CONCERNING THE FOLLOWING SUBJECTS:

1) CALL TO ORDER REGULAR CITY COUNCIL MEETING AT 5:30 P.M., THIS 8TH DAY OF MAY, 2018

PRESENT: Mayor Chumley, Council Members; David Mitchell, Dwight Suson, Meredith Rainer, Tim Woodlock, and Jack Doyle

ABSENT: Council Member Ronnie Viss

OTHERS PRESENT: City Manager William H. Parry III, City Secretary Wendy Cole, Kate Edwards, and Brenda Kiphen

2) HEAR VISITORS/CITIZENS FORUM: AT THIS TIME, ANY PERSON WITH BUSINESS BEFORE THE COUNCIL NOT SCHEDULED ON THE AGENDA MAY SPEAK TO THE COUNCIL FOR A MAXIMUM OF THREE (3) MINUTES. NO FORMAL ACTION CAN BE TAKEN ON THESE ITEMS AT THIS MEETING.

Visitors present were only concerned with an Agenda item.

3) DISCUSSION AND POSSIBLE ACTION REGARDING THE CONSENT AGENDA: (ALL CONSENT AGENDA ITEMS ARE CONSIDERED ROUTINE BY CITY COUNCIL AND WILL BE ENACTED BY ONE MOTION. THERE WILL BE NO SEPARATE DISCUSSION OF THESE ITEMS UNLESS COUNCILMEMBER REQUESTS AN ITEM BE REMOVED AND CONSIDERED SEPARATELY.)

RESOLUTION 2018-36: Minutes from the Regular City Council meeting April 24, 2018.

RESOLUTION 2018-37: Appointment/Reappointment of four Gatesville Housing Authority Board Commissioners

Motion by Meredith Rainer, seconded by David Mitchell, to approve Resolution 2018-36: Minutes and Resolution 2018-37: approve the appointment of Charles Scheiner and Jimmie Kleshick and Re-appointment of Bob Meharg and Gene Wolske to the Gatesville Housing Authority Board and authorize the Mayor to sign the Certificate of Appointment; all five in favor, motion passed.

4) DISCUSSION AND POSSIBLE ACTION TO AUTHORIZE CITY STAFF TO SOLICIT BIDS FOR REHABILITATION/REPAIR OF 250,000 GALLON GROUND STORAGE TANK AT BOOSTER PUMP STATION #2.

City Manager Parry stated that this agenda item will be for discussion purposes only with no action required at this meeting.

Every three years the City's water system is inspected by the Texas Commission on Environmental Quality (TCEQ) for compliance with state and federal regulations. During the last inspection conducted

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by TCEQ on the 250,000 gallon ground storage tank at the Pancake Booster Pump #2, which is designed to receive water and send up the hill to Coryell City Water Supply Corporation, it was found to be in violation of maintenance standards. The tank has since been inspected and was found to have much more significant amount of deterioration than city staff first thought. City staff has received one bid to repair the tank and another company that came and inspected did not want to submit a bid to repair as they thought it was beyond rehabilitation and recommended tank replacement. A third company is anticipated to be coming to inspect the tank this week and submit a bid. The estimated repair of \$65,000 to restore the tank will exceed the City Manager's authority to approve and would need to be approved by the City Council. Since there is only one bid at the current time, city staff decided to defer any action to a future Council meeting when there would be at least two bids. The plan is to bring bids for council approval at the next Council meeting.

There was a lengthy discussion regarding the history of this ground storage tank and how the City's proposed Regional Water Supply Corporation needed to include Coryell City Water Supply and Mountain Water Supply to be able to secure funding in the 1980's to get Gatesville and the communities of Grove, Flat, and Fort Gates off wells and onto a water system. Because of elevation changes, the system had to be designed with the ability to store water at the Pancake ground storage tank and then to pump up the hill to Coryell City.

The option of cost sharing between all the entities for this project was discussed and could be a possibility.

### 5) BRIEFING AND DISCUSSION ON MIDYEAR BUDGET REVIEW – CITY MANAGER

City Manager Parry reminded the council that there is no charter or state law requirement to conduct a mid-year financial review but is a beneficial starting point as staff and council prepare for the fiscal year 2019 budget.

The power point presentation started with discussion regarding the two primary funds that the city operates:

General Fund – the City's main operating fund

Enterprise Fund – which governs the City's business activities - which receives a major portion of the funding from charges.

There is no state law that says these revenues must come from these sources but this is just the way that the city's budget has been structured for many years. The structure could be changed if council decided to make adjustments.

84% of General Fund Revenues come from a combination of property taxes, sales tax allocations and franchise fees paid by utility companies utilizing city's right-of-ways. These revenues fund the Police Department, Volunteer Fire Department, Street Department, City Administration, Library, Code Enforcement, Parks & Recreation, Civic Center and outdoor swimming pool.

Approximately 88% of Enterprise Fund revenues are derived from water sales to 5 Water Supply Corporations, Gatesville residents/businesses, Texas Department of Criminal Justice (TDCJ) units and North Fort Hood. Also charges to treat wastewater from residents, businesses, TDCJ, and North Fort Hood contribute to this fund. These revenues fund Water Distribution, Sewer Department, Water Production, Solid Waste collection (97% pass through), Fitness Center, and the Airport.

Parry then addressed the General Fund revenues and expenses for the first six months of 2018:

Revenues -

Sales tax allocations have exceeded budget for the first six months of 2018 which is up 2.5% above budget for the first six months of the year – if this trend continues the city could derive more revenue than budgeted.

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Property tax rates are currently about \$38,000 short of the target but city staff is confident that the budgeted targets will be met by the end of the fiscal year. The city collects some back taxes every year which also is included in the anticipated target.

Franchise fees only comprise 6.5% of total General Fund revenues and are currently lagging, mostly due to decreases in revenues (reduction of rates) generated by Atmos Gas. While the franchise fees may not reach the budgeted target it is anticipated that sales tax should make up for the shortfall.

Expenses -

At this fiscal year mid-point, General Fund expenses are less than 50% except for the library. In this case, the auditors are requiring the city to carry the Library's lighting retrofit and HVAC replacement for the Energy Savings Contract as a Capital Outlay in the General Fund. Capital Outlays typically are only carried in Enterprise Fund not General Fund since Capital Outlay normally only applies to business activities in the Enterprise Fund. The library expenses would currently only be operating at 52% (well within Budget tolerance) if the Energy Savings Contract were removed. Carrying the Energy Savings Contract as a Capital Outlay in General Fund should just be for this fiscal year only.

Next, the Enterprise Fund revenues and expenses for the first six months of 2018 were reviewed:

Revenues:

Water and Sewer revenues are both within 5% (plus or minus) of the 50% fiscal year budget projections. Higher temperatures that are predicted for the coming months will drive more demand for water at both the wholesale and retail levels which also affects the sewer charges.

The water/sewer rate study that is in progress is going well. City staff has compiled significant data for this study and anticipate preliminary findings within the next 30-60 days.

Expenses:

In the aggregate, Enterprise Fund expenses are currently staying within tolerance at mid-year and mostly below the 50% straight line with the exception of the above normal expenses at the Fitness Center which was attributed to the replacement of the indoor pool humidifier, roof-top air conditioners, and new lights included in the Energy Savings Contract. Higher Airport expenses are a result of the runway and taxiway rehabilitation that was performed earlier this year.

City Manager Parry compared mid-year points concerning cash on-hand for the current year and five past fiscal years. Also discussed were the two months operating expenses fund balance goal, reserve fund and positive unassigned fund balances and the fact that TMRS liability was required to be counted against the fund balance. General Fund is very close to the 2 months operating expense goal with the Enterprise Fund not far behind. Approximately \$700,000 is required to meet the fund balance goal.

In conclusion, City Manager Parry said that the cash-on-hand is positioned to meet projected expenses through the end of fiscal year 2018. There was a lengthy discussion on Fiscal Year 2018 unfunded Capital Outlay requests submitted by the Police Department, Fire Department, Street Department, Wastewater Treatment Plant and Water Production. An unbudgeted, but needed expense of \$15,000 for pump and sand filter replacement and repairs to the outdoor swimming pool was also discussed.

Parry recommended deferring Capital Outlay spending pending assessment of Water and Sewer infrastructure requirements such as the 250,000 gallon ground storage tank that was noted as a deficiency during a TCEQ inspection. There may be additional revenue later in 2018 pending the results of the Water and Sewer rate study and how the council decides to move forward.

At the next city council meeting a budget questionnaire will be distributed to the Council members that will look at the level of service and level of satisfaction of the city departments. The council's feedback on the scope and quality of City services will help prioritize how to utilize projected revenues.

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6) CITY MANAGER'S REPORT:

1. INITIATIVES:

City of Gatesville Comprehensive Plan Update:

The Comprehensive Plan Town Hall meeting at the Civic Center on April 26th was attended by over 50 people. The Gatesville Messenger published an excellent story in Wednesday's paper. (copy of story included in the council book). Mr. Parry said that he will be meeting with Benchmark Planning next Monday morning to plan out the next steps associated with the plan. About 1/3 of the people that came to this meeting thought it was a meeting to complain. It might be a good idea to plan a Town Hall meeting where citizens can come and ask questions and evaluate council and city staff performance.

-CAPITAL PROJECTS:

• Stillhouse Waste Water Treatment Plant Expansion:

The Texas Water Development Board application process is still in the works. The current issue is that TWDB is requesting a revenue guaranty from TDCJ. TDCJ has not responded to any of Mr. Parry's emails. The TWDB has scheduled a decision on the application at the June 11, 2018 meeting.

Other activities/dates of note:

- City Manager will be out of town on vacation May 14-17.
- The water and sewer rate analysis is progressing nicely.
- North Fort Hood Warrior Salute will be July 1st at 5:00 p.m.

2. LEON RIVER BRIDGE UPDATE:

Moving the utilities will cost the City approximately \$126,000 and that is just for the water and sewer lines. A decision to go forward on this project will need to be decided by the council very soon as TxDot will be requesting a decision. Walker Partners will need to validate the costs regarding the utility line location- whether it be suspended lines or directionally bored.

3. FUTURE COUNCIL MEETING AGENDA TOPICS:

- Public Hearing and decision on a substandard structure at 510 N. 12th at the next meeting.
- Tentative for the next meeting – the Texas Water Development Board is looking for a Water Conservation Plan in accordance with their formatted process and also a Drought Contingency Plan which would require council approval.
- Planning and Zoning Chairman, Roger Miller, will come to the next meeting to present an annual P & Z report as directed by City Ordinance. On behalf of the P & Z, Mr. Miller would also like to submit a formal response to the City Council regarding Resolution 2018-21 that the council recently approved which authorized the City Manager to approve amended plats and is in accordance with Local Government Code 212.0065.

4. SIGNAGE:

The City of Gatesville began regulating signs in 1973 with the City's very first zoning ordinance. By 1993 there was a revision where business owners could apply for a special exception for their signs if they were nonconforming and could be grandfathered in. When the Zoning Ordinance was revised in 1995, the grandfathering clause was taken out of the zoning ordinance and all signs had to comply with the City's zoning rules. In 2006, the Planning & Zoning Commission recommended changes to the signage section of the ordinance. The first reading to approve was on September 12, 2006 and

second reading was on September 26, 2006. At the meeting on September 26th the council directed a committee be formed of city council members and city staff with input from business owners to look at this ordinance. The committee came back in May of 2007 with the revised sign ordinance that is currently Chapter 12 in the Code of Ordinances. The ordinance was approved but the Mayor had to vote to break the tie. The current Ordinance prohibits: Any programmable sign with a moving, crawling, scrolling or “ticker-tape” style messages, unless it is an electronic programmable sign that periodically changes the message such as a time or temperature display. LED- type signs have been

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permitted, but due to inconsistent enforcement of prohibited signs, there are now numerous permitted signs in the City that do not comply with the ordinance as currently written. At this point, city staff needs guidance on feasible options. Staff needs council feedback on whether to strike the prohibitions in an amended Ordinance, enforce the Ordinance as written, or some point in the middle. The signs were permitted by the City with the promise from the businesses that the sign will never scroll but over time someone else at the business or organization is in charge of the sign and realizes what the sign can do and then changes to scroll. Does the Council wish to issue a citation to a church or business for violating the City’s Sign Ordinance? City Manager Parry said he wanted to make the council aware of this issue and that city staff would come back at a future meeting with additional information and to present options.

7) MAYOR CHUMLEY ADJOURNED THE MEETING AT 6:50 P.M., THIS 8TH DAY OF MAY, 2018

ATTEST:

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Wendy Cole, City Secretary

APPROVED:

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Gary M. Chumley, Mayor