



City of League City, TX

300 West Walker
League City TX 77573

Meeting Minutes City Council

Monday, March 19, 2018

6:00 PM

Council Chambers
200 West Walker Street

Special Council Meeting

The City Council of the City of League City, Texas, met in a special meeting in the Council Chambers at 200 West Walker Street on the above date at 6:00 p.m.

Mayor:

Pat Hallisey

City Council Members:

**Dan Becker
Hank Dugie
Larry Millican
Todd Kinsey
Greg Gripon
Keith Gross
Nick Long**

City Manager:

John Baumgartner

Assistant City Manager

Bo Bass

Assistant City Manager

Michael Kramm

City Attorney:

Nghiem Doan

City Secretary:

Diana M. Stapp

Chief of Police:

Gary Ratliff

Director of Budget/Project Management

Angie Steelman

Director of Engineering:

Christopher Sims

Director of Finance:

Allena Portis

Director of Human Resources/Civil Service:

Janet Shirley

Director of Parks & Cultural Services:

Chien Wei

Director of Planning/Development:

David Hoover

Director of Public Works:

Jody Hooks

1. CALL TO ORDER AND ROLL CALL OF MEMBERS

Mayor Pro Tem Kinsey called the meeting to order at 6:00 p.m. and called the roll. All members of Council were present except Mayor Hallisey and Mr. Gross.

Absent 2- Mayor Pat Hallisey and Mr. Keith Gross

Present 6 - Mr. Dan Becker, Mr. Hank Dugie, Mr. Larry Millican, Mr. Todd Kinsey, Mr. Greg Gripon and Mr. Nick Long

2. **DISCUSSION REGARDING THE FUTURE GROWTH AND DEVELOPMENT IN LEAGUE CITY AND FISCAL IMPACT LAND USE ANALYSIS**

- 2A. **18-0141** Discussion regarding the future growth and development in League City and fiscal impact land use analysis (Director of Planning & Development and Director of Economic Development)

David Hoover, Director of Planning/Development presented:

The City is growing and growing at a fast pace. We are at the point where some decisions are going to have to be made about where we are headed in the future to be able to have an impact on what that future is. If we wait another 2-3 years in some instances it may be too late, it will already be on the ground. What I am talking about predominantly is the growth of residential. If we continue to just have houses, with the retail that comes along with it, we are going to start having impacts that will be difficult to fix. Residents want certain services, and it is a little more expensive to maintain services for the residential community than it is for the commercial or office community. If you look at the future land use map that was recently updated there is a focus on commercial i.e. retail and that was because retail has sales tax. If you have the commercial that is taken up the retail that limits the amount of office development that will come with that commercial development. We have some current rules where in fact an office complex would be penalized in lieu of having retail within 300 ft of a major corridor and that is somewhat counterproductive in that the office environment is one of the key ingredients for a self-sustaining full operational functional city. You need places for people to work, live and play. Play covers a whole lot of arenas whether it is going out to eat, going to the park, going to some type of amusement. It needs to be there. We have numbers that Scott Livingston has presented before that talks about 85% of our resident's commute to go to work some place else. The process to start to change the direction and go after the office market takes a conscious effort of what and how you are going to do it. Classic examples in the Houston area are Sugarland and The Woodlands, both have the highest absorption rate of office space. Examples of how a focused vision can help. The market for us to be successful is the smaller components, the targeted industries, the environments that have 20-50 employees. You attract them by having the facilities for them to move into as opposed to encouraging them to come and build their facility. It is more of a partnership with developers rather than with individual corporate headquarters. I think from the perspective of the growth possibilities it is more effective. Also having a directed approach, such as biotechnical, medical, medical support, technology, aerospace, those types of facilities have a lot of smaller environmental office facilities that can fit in with mixed use environments which have residential, office, restaurant components. It encourages a development from the development community, that covers multiple facets, so it is easier to take advantage of at the pocket book.

The point of all of this is when we start to look at the Grand Parkway and how that is going to fit in with the community and the different intersections and cross streets that are going to be developed, how we treat those. Whether they have service lanes, roads, feeders or not, and how we develop around whether they do or don't is going to give us an opportunity to create that office complex environment that we currently don't have.

Another piece of that puzzle is looking at what we have currently, and the opportunity to redevelop. We have areas along some of our major corridors, especially along I-45, where some of the uses that are there could be a little different with the right paring and partnership to make different. When you look at the new developments coming in those are all great eye-opening curb appeal facilities being built. By revisiting the Future Land Use Plan we can also have the opportunity to create some corridor plans, whether it is along Main Street, FM 518 West, or Hwy 3. Each of those currently have a different identity and look, we could capitalize on their different components and come up with plans that will give them opportunities for better utilization and tax base. We have areas that we haven't even thought about, at least from the code perspective, such as autonomous vehicles, artificial intelligence, electrical vehicle charging stations. The whole millennial generation has different thoughts, values, wants and needs than some of us who are a little older and that creates an opportunity for us to go after the types of things that are important to them. What we do as a community to create an environment at various locations, attractive for developers to come in and build products that will cater to the next wave of people coming in with the creativity and abilities that they bring. Several things that attract that office environment is better school districts, amenity rich areas, affordable but quality housing, proximity to live, work and play opportunities, easy access to the rest of the region (freeways and good roads), and high/low end restaurants and bars. So how does all this happen? I think the shift comes from a vision where you have to decide what direction you want to go. It takes an intense economic development recruitment and diversification, which comes from targeted industries. You have to decide what arenas and areas you want to get into and create the environment that is going to be suited for them to come. Another piece to all of this is how do you pay for it, and right now as a community it seems to have been an accepted way of doing business where we have a lot of municipal utility districts (MUD's). I am not saying that MUD's are good or bad, but a different distinct way of developing. Not having MUD's means people all pay the same tax rate in the same community. Having MUD's means different tax rates. They are a financing tool, just like PID's, TIRZs, and 380 agreements. The difference between a management district, a PID or MUD is they are paid by an add on tax that the end user pays whether a residence or business. The 380 agreements and TIRZ's are not paid by the end user but by the development growth itself. As we start to change the focus of development or as we continue how we are developing we are getting requests to either expand MUD's, to extend the life or create new MUDs, or alter what the generally expected components of the MUD's in the past have been. Those are decisions as a council and community that need to come to the forefront, whether we want to continue down that path or change the direction. It all comes back to the land use and who is going to build what and where.

Several of our existing older PUD's have come back up, those that have sat dormant for several years, wanting to talk about development. It is an opportunity to discuss with the owners, land planners and engineers of those PUD's perhaps making changes in what is there because they were predominantly residential when they were approved. The odds of all the current rules and regulations being just right for development today is pretty minuscule. I haven't seen one yet that hasn't had changes being requested or adjustments that need to be made. There is this opportunity to sit down and have real discussions about changing some of the residential and create the opportunity to put in some other types of uses (office, office components) especially at intersections with mixed use developments that have the whole component. Water is clearly a big deal and will have an impact on the land use, on what the end users are and how we make that navigation between the residential and office environment. Residential neighborhoods clearly use more water and all those decisions play on each other and have impacts of what we are going to be doing in the future. Even something as simple as landscaping, the more requirement for water. Another component that needs to be looked at is the development regulations and processes. The system that we have isn't as user friendly as it could be, and I think there is opportunity to smooth the system out and create a unified development code.

Scott Livingston, Director of Economic Development presented three questions and bullet point answers to the rhetorical questions.

How may we ensure that future tax revenues will support the city's future cost of infrastructure and an increase in the quantity and quality of city services?

- a. Create more value in League City for our citizens, tourists, and growth partners.
- b. Attract and invest in quality commercial development and primary jobs. (Tax Revenue Inputs, Cost of Service -- \$1.20 vs. \$0.44/\$1, Tax Base Proportion, Daytime Impact)
- c. Require (and wait for) high quality commercial and residential development.
- d. Tax value of \$220,000 needed for city services; \$310,000 tax value of homes today.
- e. Impact of new infrastructure on this \$90,000 cushion? Inflation?

What is our financial plan to support new development, increase tax revenue, increase the quantity and quality of city services, and lower the tax rate? By what basis may we make fiscally profitable, future land use and investment decisions?

- a. Cost of new infrastructure in W. League City and aging infrastructure city-wide
- b. Financial plan to re-coup infrastructure costs (i.e. TIRZ, MUD, PID, Management District, P3, etc.) that will also allow sustained increases in the quantity and quality of city services?
- c. Fast-growing bedroom communities are prone to deteriorating financially because their residential base grows more quickly in proportion to the commercial and industrial tax base needed to offset the city's cost of services.

- d. Quality public school system depends upon superior city services.
- e. Cost of significantly increasing CRFs/Impact Fees to support new development?
- f. Cost of city services to support future development? Cost to increase city services?
- g. Future Zoning and Uses (i.e. willing to say “No” and wait for higher/better uses?)
- h. Fiscal Impact Land Use Analysis assists a community in understanding the relationship between land use and its direct impact to the city’s budget.

How might we alter our growth to preserve and increase our superior quality of life and customer service for many years to come?

- a. Quality public school system depends upon superior city services.
- b. Desire an increase in amenities/assets and both quantity and quality of city services.
- c. Growth (Altered), Quality (Up), Tax Revenue (Up), Services/Quality (Up), Tax Rate (Down)
- d. Consider “altering” League City’s growth so that future tax revenue sufficiently covers the city’s cost of infrastructure and increase in the quantity and quality of city services.

David Hoover – we are at a population of about 105,000 and statistics say that if we continue the way that we are going we will be at 205,000 – 210,000 which means we will need twice as much as we have now. That would include city services, police, fire, water, roads, infrastructure and all that comes with it. This is one of the things that we have been talking about, how do we get that and who pays for it. Those are land use decisions based on what goes where and by who. Part of the way to have an impact on that end game is to think about population and how we might alter whether we end up with 210,000 people or not. I am suggesting the thought process about altering what the land uses are. If we have more office buildings and more facilities that will contribute more to the tax base than more residential neighborhoods, then that also means there is less people. We end up with less people which cuts down on infrastructure expense on the back end. Is there a magic number? It is really more about working backwards from the pieces of what you actually want in the city in the first place. When people are shopping somewhere else there is a leakage in your bucket, there is money going to another community. If people are working somewhere else, they are shopping where they work, and all of those things have an impact especially in sales tax. The hope from this conversation is to get some comments from the council about how you feel about moving more towards the office arena, or if moving along with the residential rate is fine. What are your thoughts about MUDs, we have several out there where there is some activity coming forward. We are looking for your thoughts and comments about what was presented tonight.

3. PUBLIC COMMENTS

4. **ADJOURNMENT**

At 7:19 p.m. Mayor Pro Tem Kinsey said, there being no further business this meeting is adjourned.

**TODD KINSEY
MAYOR PRO TEM**

**DIANA M. STAPP
CITY SECRETARY**

(SEAL)

MINUTES APPROVED: April 24, 2018