



City of League City, TX

300 West Walker
League City TX 77573

Meeting Minutes City Council

Monday, April 24, 2017

6:00 PM

Council Chambers
200 West Walker Street

Council Work Session

The City Council of the City of League City, Texas, met in a work session in 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/Director of Finance:

Rebecca Underhill

City Attorney:

Nghiem Doan

City Secretary:

Diana M. Stapp

Chief of Police:

Michael Kramm

Director of Human Resources/Civil Service:

Janet Shirley

Director of Parks & Cultural Services:

Chien Wei

Director of Planning/Development:

Paul Menzies

Director of Public Works:

Gabriel Menendez

1. CALL TO ORDER AND ROLL CALL OF MEMBERS

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

Absent 1 - Mr. Nick Long

Present 7 - Mayor Pat Hallisey, Mr. Dan Becker, Mr. Hank Dugie, Mr. Larry Millican, Mr. Todd Kinsey, Mr. Greg Gripon and Mr. Keith Gross

2. PUBLIC COMMENTS

No one spoke.

3. **DISCUSS LIST OF MOBILITY, DRAINAGE AND FACILITY IMPROVEMENT PROJECTS FOR SUBMITTAL TO GALVESTON COUNTY FOR FUTURE COUNTY-WIDE BOND ISSUE**

John Baumgartner, City Manager said just for an introduction, a few weeks ago we received a letter from Galveston County Judge Henry asking us to come up with a list of projects. It was relatively a short notice, not that we aren't thinking about that all the time and Mr. Menendez and his team looked at projects that would benefit us the most. Such as some corridor improvements on League City Parkway, east and west sides, some support to the Reinvestment Program with Dickinson Avenue and some new roads. We distributed a list to the Council on Friday. Our deadline response to Judge Henry is May 6 so we will introduce it tonight and ask for your comments, additions or subtractions so we can modify it for some kind of action at your meeting tomorrow evening.

Gabriel Menendez, Director of Public Works presented the following project list in priority order:

Dickinson Avenue Reconstruction (RE1702C)

- Design in FY2017
- ROW Acquisition FY2018
- Construction Late FY2018/2019
- Project Total: \$11,000,000
- *GCGO Bond: \$7,500,000

League City Parkway, Corridor Improvements East Side

Right Turn Lanes, League City Parkway/SH96 at I-45

- Design in FY2018
- Construction FY2019
- *GCGO Bond: \$450,000

Intersection Improvements, SH96 at W. Walker Street

- Design in FY2018
- ROW Acquisition 2019
- Construction FY2020
- *GCGO Bond: \$1,020,000

Intersection Improvements, SH96 at SH3

- Design in FY2018
- Construction FY2019
- *GCGO Bond: \$815,000

League City Parkway, Corridor Improvements, West Side**New Traffic Signal – League City Parkway @ Brittany Lakes Dr.**

- Design in FY2018
- Construction FY2019
- *GCGO Bond: \$800,000

New Traffic Signal – League City Parkway @ Landing Blvd

- Design in FY2018
- Construction FY2019
- *GCGO Bond: \$750,000

New Traffic Signal – League City Parkway @ Magnolia Meadow Ln

- Design in FY2018
- Construction FY2019
- *GCGO Bond: \$575,000

New Traffic Signal – League City Parkway @ Bay Area Blvd

- Design in FY2018
- Construction FY2019
- *GCGO Bond: \$575,000

New Traffic Signal - Calder Road @ FM517

- Design in FY2018
- Construction FY2019
- *GCGO Bond: \$575,000

Palomino Lane Extension – Clear Creek HS to Grissom

- Design in FY2018
- ROW Acquisition 2019
- Construction FY2020
- Total: \$15,000,000
- *GCGO Bond: \$ 7,500,000

Bay Area Blvd Extension – League City Parkway to FM517 (ED1701)

- Design in FY2018
- ROW Acquisition 2019
- Construction FY2020
- Total: \$7,500,000
- Developer: \$1,500,000
- *GCGO Bond: \$6,000,000

League City Parkway – Misty Trails to Maple Leaf

- Design in FY2018
- Construction FY2019
- *GCGO Bond: \$1,500,000

4. **PRESENTATION OF THE LONG RANGE FINANCIAL FORECAST FOR FISCAL YEARS 2018-2022**

Rebecca Underhill, Assistant City Manager gave the following presentation.

This analysis is prepared in compliance with City financial policies and Government Finance Officers Association “Best Practices”. The Long Range Financial Forecast (LRFF) is a starting point for FY 2018 budget preparation, in context of the 5 year horizon. Economic Outline – we look at the Houston metro area economy and are mindful of the continued low oil prices and the accompanying impact on jobs in that sector. This forecast projects an increase in population and factors related thereto at approximately 3% per year. A steady, conservative growth rate of 860 homes per year is included for the full five year term.

Forecast Assumptions – Revenue, property tax revenue is based upon the current combined total rate of \$0.5700 throughout the forecast period. Growth is based upon 5 year historical trends for taxable property value currently at 4.85%; sales tax at 5.00% for FY18-20 and 9.00% for FY21-22. The FY18-20 decrease in sales tax rate of growth is in anticipation of the sales disruption during the IH45 construction. Water revenue is based upon the current rate and new customer growth. There is no consideration given in the models for growth in the commercial sector. Forecast Assumptions – Operating Expenditures, cost increases are based on projected inflation applied to the base budget only – no expanded operating programs or staff. Debt costs are based upon current debt outstanding and new debt as scheduled in the FY2017 - 2021 CIP. In the graph we provided you will see by FY2022 total debt service payments will have escalated from about \$25 to \$40 million. That is based on current CIP which is adjusted and amended as we go. We have done a good job over the last few years in maintaining the debt at the level of \$245-\$250 million. We have not sold more debt than we have retired. I have made the comment before that that cannot hold with the large utility projects that are coming.

The General Fund Forecast includes the assumptions we talked about previously plus a 5% compensation increase in FY2018. This is in anticipation of recommended results from the compensation study to be performed this year. There is a 3% compensation increase for the remainder of the years in the period. The annual civil service step increases are included and other expenditure increases are based upon inflation assumptions as outlined. We also included increased funding for capital reinvestment projects each year of the forecast: FY2017 \$9.1 million actual; FY2018 and FY2019 \$12 million; FY2020 \$13 million; FY2021 \$14 million; FY2022 \$15 million. Staff will evaluate and develop recommendations on the expansion of programs and staffing over time.

So the results of all this is shown in the graph provided. If you will recall the FY2017 budget budgeted a decrease in fund balance of \$3.74 million. That was available because we had added to the fund balance the last two years a significant portion. So we are using that money to invest in the reinvestment program. The projection reflects that in Fiscal Years 2018 - 2020 the funding gap would be supplemented with fund balance. In years FY 2020 and FY 2021, the policy goal of 110 days of working capital is not met based on the forecast assumptions. These expenses are the baseline budget adjusted for inflation with no additional programs, staff, etc.

Closing the Gap - Increase available resources through strategic economic development initiatives, increase that commercial base that is not included in the projection. We are still evaluating the outcomes of the revenue study implementation and continue to conservatively manage operations. Utility Fund, the fund balance has been in excess of policy requirements in the past. This will no longer be the case due to the significant capital projects moving forward. The projection reflects that under existing assumptions, all balance will be expended by FY2022. This condition is driven by the capital demands as defined in the FY 2017 - 2021 CIP. We are projecting to continue cash funding for capital projects at \$3 million per year which is our current level of operational funding. The projection does not include any adjustment to utility rates over the term of the forecast. The debt is scheduled out in the FY2017-2021 CIP.

John Baumgartner, City Manager said if I could add one thing related to the debt in the water and sewer fund in particular, as we look forward and we have to increase water usage from 25 million gallons per day to 50 million gallons per day, there is a significant capital demand on that. One of the things that we are working on today is a water/sewer master plan update. Right behind that is the next year is an update to the capital recovery fees. As you can imagine most of the new water supply is attributed to growth and we as a community will need to make a decision to the greatest extent possible. How much of that new debt issued to support new water supply should be recovered through capital recovery fees and how much should be recovered through rates. So we looked that the rate study, long range financial plan for water/sewer, and they projected rate increases through the course of the 10-year planning period. Those are not reflected in the numbers tonight, nor are any increase to capital recovery fees. Those are the tough decisions that we are going to have to make as we secure water supply.

Ms. Underhill continued, we are beginning the FY 2018 budget process. The departments are putting together their requests which will go through review with the Finance Department and City Manager. FY 2018 Budget Schedule, meetings with City Council will begin in July and proceed through final adoption on September 12. All council budget discussions are planned within the standard work session meeting schedule with 2 extra meetings planned at this time. The schedule has flexibility for additional meetings if needed. A Public Hearing is scheduled for August 8, followed by the first reading of the ordinance on August 22 and second reading on September 12. Per City Charter the budget must be adopted by September 19th. This schedule does

not include additional meetings that may be required in order to adopt the property tax rate.

5. **CITY COUNCIL ANNUAL ETHICS AND ROBERT'S RULES OF ORDER TRAINING**

Nghiem Doan, City Attorney presented annual training to the City Council as required by City ordinance.

Part I. Robert's Rules of Order

City Code Sec. 2-32 adopts Robert's Rules of Order, 11th Edition and designates the City Attorney as parliamentarian. It provides that the Mayor shall decide all questions of parliamentary procedure, subject to appeal to the rest of the Council. History of the Rules - they were authored by US Army Brigadier General Henry M. Robert, first published in 1876, and sought to create uniformity in the conduct of meetings.

Quorum - City Charter Art. II, Sec. 11 sets the quorum at 5, unless vacancies leave fewer than 5 members of council remaining. Quorum must be established and maintained during the entire meeting.

Role of the Chair - To preside over the meeting, ensure that discussion and debate are orderly and concise. The Mayor serves as the Chair. The Mayor Pro-Tem serves as the Chair in the Mayor's absence. If both Mayor and Mayor Pro-Tem are absent, the members present shall elect a temporary chair.

Taking Action - City Council conducts business by voting on ordinances, resolutions and minute orders. A motion and a second are required to vote to take an action. Motions should be made in the affirmative and should clearly state the action proposed to be taken. Types of Motions - A main motion transacts the City's business and only one main motion allowed at a time. Parliamentary motions are procedural motions that modify the main motion. These must be voted on before moving to main motion or another parliamentary motion. Common parliamentary motions include: Amend - amends the main motion on the floor. No vote is needed if "friendly" amendment. Lay on the table (to "table") - sets aside pending item to take up urgent matter and is not debatable. Postpone - to/for a time certain (no later than next regular meeting). To Postpone Indefinitely - effectively kills the main motion without a vote on the merits thereof. Previous question - ends debate and forces immediate vote on the pending question. It is not debatable and requires 2/3 vote. Reconsider - brings back for further consideration a motion already voted on and can only be made by someone on the prevailing side. It must be made at the same session as the vote to be reconsidered. Suspend the rules - allows an action ordinarily not allowed by Robert's Rules or rules of procedure and is not debatable. Appeal - appeals the Chair's decision immediately preceding the appeal. The vote is on whether the Chair's decision shall be sustained. A majority or tie vote sustains the Chair's decision.

Voting - A motion only passes upon receiving a majority vote of the members of Council present. Charter Art. II, § 13 requires each member to cast a vote unless the question involves his/her conduct, financial interests, or “other good and valid reasons”. A 4/5 supermajority of Council present is needed to adopt an ordinance upon one reading (Art. II, § 22), appoint the presiding judge of the court (Art. V, § 4), or make emergency appropriations (Art. VII, § 8). The caption of any ordinance that that imposes a penalty, fine, or forfeiture is to be published (Art. II, § 23).

Part II: Code of Ethics

Conflicts of Interests - Governed by state law Under LGC Ch. 171 and Code of Ethics (Code of Ordinances, Ch. 2, Article II, Division 2. Under LGC CH. 171, a conflict exists if the official (or parents, spouse, or children) has substantial interest in: a) a business entity: ownership of 10% or \$15,000 of fair market value, or received more than 10% of previous year’s gross income from business; b) real property: ownership of interest worth \$2500 or more. If substantial interest exists and Council action would have a special economic effect, the conflicted member of Council must file an affidavit stating the nature of the interest and must refrain from discussion and voting on matter. Under the Code of Ethics, a conflict exists if the action being voted on would have a special economic effect on the official; the official’s parents, spouse, children, or client/employer; or a business entity for which the official (or spouse, parent, or child) serves as a director, partner, or officer. “Business entity” has the definition from LGC 171.001 (2): any entity recognized by law, which includes non-profit entities like 501(c) corporations. A conflict exists if the action being voted on involves a person or business entity with whom the official (or a family member) had a business relationship (>\$2500 in taxable income) or a “gifting friendship” (>\$100) in the preceding 12 months that was required to be disclosed under LGC Ch. 176. A conflict exists if the action being voted on involves a business entity with which a second business entity has done more than \$10K of business in the preceding 12 months, and the official (or spouse, parent, or child) has a substantial interest in the second business.

If a conflict exists under state law or the Code of Ethics, the conflicted member of Council must file an affidavit with the City Secretary stating the nature of the interest. The conflicted member of Council must leave the room during discussion of and vote on the matter. Voluntary recusal sometimes appropriate, even if actual conflict does not exist, to avoid the mere appearance of impropriety. Other Ethical Constraints, State law prohibits accepting any item worth \$50 or more, or money in any amount. Under the Code of Ethics, a city official must a written disclosure of any gift of food, lodging, transportation, or entertainment that reasonably appears to exceed \$500 in value. A member of Council may not represent another person’s (except spouse or minor children) or entity’s interests before the Council or any City board. City officials cannot disclose confidential information. No city official or Council candidate may meet with a City employee for political campaigning when that employee is on duty. No city official may pressure a City employee to engage in or refrain from political activity. City assets (facilities, personnel, equipment, supplies) may not be used to promote a position in a

political campaign. City officials subject to TOMA may not during a meeting “deliberate” via cell phone. No former member of Council may disclose confidential information obtained during his/her term of service. No former member of Council may have a financial interest in a contract with the City worth >\$1,000 within 13 months of the end of his/her term. If a former city official becomes employed by an entity within two years of the execution of a contract between the City and said entity, and the former official was involved in negotiating the contract, the contract is voidable and the entity may be banned for 3 years.

Part III: Liability of Members of City Council

Governmental Immunity applies if performing a governmental function, action by the Council, not individual member. It may be defeated if action taken was arbitrary & capricious such as: casting a vote based on personal animus, imposing requirements not supported by law, refusal to perform ministerial duty City provides defense if sued for official acts

Texas Open Meetings Act - requirements of the Act.

Meetings are public and notice must be posted in advance for public. A “meeting” consists of a quorum of the body, which is 5; cannot meet in numbers less than a quorum to circumvent the Act; cannot discuss City business in a setting where a quorum is present; cannot discuss City business via email amongst a quorum; can only discuss items on the agenda that was posted in advance. The Act provides criminal sanctions for violations: Fine between \$100 and \$500, confinement in jail for 30-180 days. Public officials must complete Open Meetings training within 90 days of taking office.

Texas Public Information Act - requirements of the Act:

Records held by the City, the Council, or individual members of Council are presumed to be public. Such records are subject to state retention guidelines. Any person can make a public information request seeking access to public information. City handles responses to PIRs, gather records for release, seek AG opinion if an exception might apply. The Act provides criminal sanctions for destruction, alteration, or concealment of public records. Fine between \$25 and \$4,000, confinement in jail for 3-90 days. Public officials must complete Public Information Act training within 90 days of taking office.

6. **CONDUCT A WORK SESSION OF THE CITY COUNCIL TO RECEIVE INFORMATION CONCERNING AGENDA ITEMS APPEARING ON THE MEETING AGENDA FOR THE APRIL 25, 2017 MEETING OF THE CITY COUNCIL OF THE CITY OF LEAGUE CITY.**

NO VOTE OR ACTION WILL BE TAKEN ON ANY ITEM UNDER CONSIDERATION

7. **ADJOURNMENT**

At 7:25 p.m. Mayor Hallisey said, there being no further business this meeting is adjourned.

PAT HALLISEY
MAYOR

DIANA M. STAPP
CITY SECRETARY

(SEAL)

MINUTES APPROVED: May 23, 2017