



# City of League City, TX

300 West Walker  
League City TX 77573

## Meeting Minutes City Council

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Tuesday, May 28, 2019

5:00 PM

Council Chambers  
200 West Walker Street

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### 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 5:00 p.m.

**Mayor:**

**Pat Hallisey**

**City Council Members:**

**Andy Mann  
Hank Dugie  
Larry Millican  
Todd Kinsey  
Greg Gripon  
Chad Tressler  
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:**

**Kristine Polian**

**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 Hallisey called the meeting to order at 5:00 p.m. and called the roll. All members of Council were present, with Mr. Dugie arriving at 5:01 p.m., Mr. Gripon arriving at 5:06 p.m., and Mr. Mann arriving at 5:14 p.m.

Present 8 - Mayor Pat Hallisey, Mr. Andy Mann, Mr. Hank Dugie, Mr. Larry Millican, Mr. Todd Kinsey, Mr. Greg Gripon, Mr. Chad Tressler and Mr. Nick Long

**2. DISCUSSION REGARDING SALES TAX ON RESIDENTIAL ELECTRICITY/GAS**

John Baumgartner, City Manager, - before Angie gets started, I'd just like to remind the Council how we ended up here and I think this is over the course of the last year or two, we've talked about diversifying our revenue, perhaps, and looking at ways to reduce the tax rate. So, some of those are change to funding sources, so Angie is going to go over, I think two or three of those tonight.

Angie Steelman, Director of Budget/Project Management – From last year's Strategic Plan, our Critical Success Factor #2: Financially Sustainable also had an Initiative #3 that was to develop a long-term financial plan to reduce tax and debt burden on residential property owners. In the handout, I listed all the different ways that we were going to work towards accomplishing Initiation #3.

- A. Propose electricity consumption tax and evaluate feasibility of reduction to proportionally cut property taxes.
- B. Propose engineering inspection fee updates to recover engineering costs associated with development and to proportionally cut property taxes – Council adopted new fees 1/8/19
- C. Propose building, planning, and zoning fee updates to recover full costs (overall) and to proportionally cut property taxes.
- D. Propose drainage utility fee and proportionally cut property taxes.
- E. Present proposed budget at the effective tax rate – Proposed Book to Council 7/9/19
- F. Propose ¼ cent sales tax for General Fund activities and explore the feasibility to proportionally cut property taxes – Passed 5/14/19
- G. Hold General Obligation (GO) bond election for roadway, drainage, facilities (including natatorium), arts, and parks based on input from citizen committee for improvements without dedicated funding sources – Passed 5/14/19

Several of them, we have already taken action or completed. One of them hasn't happened yet, that is actually presenting a proposed budget at the effective tax rate, which will happen in July. Tonight, we want to talk about three of them that we have not talked about recently. That would be A, C, and D.

The first on my agenda is A. Propose electricity consumption tax and evaluate feasibility of reduction to proportionally cut property taxes. The average residential monthly bill is estimated at \$150 for single-family and \$75 for multi-family. We did a 12 month estimate and took the City's portion of the tax and we're estimating that the General Fund portion of that tax would be a little over \$1 million.

Sales tax is something that is not currently charged on residential electricity and gas bills and this is something that we have the opportunity to do if we choose to do so. It's similar to what we did a couple of years ago with telecommunications. Commercial properties are not part of the exemption currently. They are already paying the sales tax.

3. **DISCUSSION REGARDING BUILDING FEES, PLANNING FEES, CODE FEES AND COST ANALYSIS**

Angie Steelman – Initiative #3, Item C. Propose building, planning, and zoning fee updates to recover full costs (overall) and to proportionally cut property taxes. We're still talking about the Strategic Plan and the items that we have under Financial Sustainable, and ways that we can make that happen. The Budget Office took a look at where we're at with, not only direct costs for a department, but also overhead costs. What that means is, we look at all of those departments, such as Purchasing, or Accounting, or Budget, that have something to do, or that provide a service to the Building and Planning Departments, so they can operate, and were not a direct cost to them, were an indirect cost. We looked at a total of all those administrative, or overhead, budgets. We took a proportionate amount based on the amount of the General Fund that Building has, so the percentage that Building's department budget is of the total General Fund is the percentage we use to allocate that overhead cost. Anybody that is consider a supervisory or support role, like an Admin, or Executive Assistant, they are also in the overhead cost category. Direct costs would be all of the employees, salaries, and benefits, and also the cost for equipment or training for those specific individuals that go out and their direct job brings in the revenue that we're comparing it to. So, when we look at the breakdown, that's the difference between that overhead cost and the direct cost. Looking at those, we have total costs for the Building Department, and we also have total costs for the Planning Department. Underneath there, we looked at the revenue that is brought in for all of the different fees that those departments' activities generate that come into the General Fund.

We wanted to look at what our building permit fees were and how those compare to area cities. We did a revenue study in 2015 and updated it through 2017. The Council had given us a list of 21 cities they felt like were comparable to us. Some were because of location, they were close by. Other cities were basically our same size, throughout the state. We have updated the list. This is the same list we used in the revenue study back in 2017, we just updated the information but kept the same cities so that we have lots of comparisons. League City is toward the higher end. We have the average at \$1245 and League City's right at \$1,826. This is actually based on a 2,421 square foot home. The reason we did that is because we had to do something to adjust to everyone's fees so that we are comparing apples to apples.

David Hoover, Director of Planning and Development, answered Council questions regarding Neighborhood Services Department costs and fees.

**4. DISCUSSION REGARDING DRAINAGE UTILITY FEES**

**Angie Steelman** - This is still on the same Critical Success Factor from the Strategic Plan. This is D. Propose drainage utility fee and proportionally cut property taxes.

This is a fee that we do not currently have. The budget office looked at what does the street and stormwater department spend on drainage. It is roughly one-third of their budget. One-third of their budget for 2019 is \$2.33 million. This is the crews that go out and clean the outfalls and ditches, anything that has to do with stormwater and drainage. When we look at just operating expenses we're saying that's roughly about the \$2.33 million number. This does not include any capital projects or capital costs. One of the things that we looked at was what type of fee structure would it take based on the types of accounts and the number of accounts that we have today, to just recoup just our operating expenses. For residential accounts, we have a little over 32,000 of those. This is utility accounts, water and sewer bills. It's \$4.83 per account/per month. The same thing for multi-family, commercial would be \$30.00 per account/per month and school sites, which are typically larger than a commercial tract, would be \$50.00 per account/per month. We also have a list of comparable cities and what they charge for stormwater fees. It ranges anywhere from \$14.00 a month down to \$1.24 and Tyler has 6% of water and sewer fees combined. So, they're charging 6% on top of their utility bill.

**John Baumgartner** - so there are lots of different ways to slice and dice this, this was kind of just a snapshot look. So, if this is something the Council wants to pursue. You know, some cities have, perhaps residential, maybe three tiers of residential charges based on lot sizes or impervious cover. A lot of times, what I see with commercial tracts is there's a cost per acre, then perhaps, a cap on that. I've seen numbers in excess of \$800 on commercial lots for this. And like evenness on the apartments, it's probably so much per unit or maybe so much per acre also, so it's not \$4.83 for one apartment complex. If this is something we want to pursue, we would refine these numbers to try to give us a whole magnitude of what it could look like.

**5. PUBLIC COMMENTS**

**6. ADJOURNMENT**

**At 5:44 p.m. Mayor Hallisey said, there being no further business this meeting is adjourned.**

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**PAT HALLISEY  
MAYOR**

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**DIANA M. STAPP  
CITY SECRETARY**

**(SEAL)**

**MINUTES APPROVED:**