



City of League City, TX

300 West Walker
League City TX 77573

Meeting Minutes City Council

Monday, June 26, 2017

6:00 PM

Johnnie Arolfo Civic Center
400 West Walker Street

Council Work Session

The City Council of the City of League City, Texas, met in a work session in Johnnie Arolfo Civic Center at 400 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

Assistant City Manager:

Bo Bass

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. Mr. Becker attended via videoconference.

The Mayor announced this was to be a joint meeting with the Planning & Zoning Commission and the City Council. The Planning & Zoning Commission does not have a quorum at this time. As we discuss these issues we will treat them as general citizens in the audience and give them opportunity to speak.

Present 8 - Mayor Pat Hallisey, Mr. Dan Becker, Mr. Hank Dugie, Mr. Larry Millican, Mr. Todd Kinsey, Mr. Greg Gripon, Mr. Keith Gross and Mr. Nick Long

2. PUBLIC COMMENTS

NAME

Laura Teatsworth

Melissa Kelly

3. CONDUCT A JOINT SESSION WITH PLANNING AND ZONING COMMISSION**PRESENTATION BY CITY'S CONSULTANT REGARDING THE PROPOSED DEVELOPMENT REGULATIONS FOR NEW CONSTRUCTION WITHIN THE DOWNTOWN REDEVELOPMENT AREA**

Paul Menzies, Director of Planning and Development gave opening remarks. The downtown presentation presented a little more than a year ago included renderings of what our downtown corridor could look like. The idea at the time as a vehicle to get us there was to amend the zoning ordinance and incorporate what is called a form based code, where form takes precedence over use. At the time, I committed two things to the citizens in carrying this out. One we would to the maximum extent practical protect the adjacent residential areas adjacent to our downtown; and secondly these regulations would only apply to new construction. If you didn't want to do anything to your building in this area the code would not apply. Those two things are being incorporated into the draft amendment to the code. The idea is to present this to both boards and make sure we are going in the right direction before sending it through the public hearing process with the Planning & Zoning Commission for their recommendations to the Council. This has already been received positively by the City's Historic Commission. We asked them to be the working group as we were coming forth with the draft amendments.

Brad Lonberger with Gateway Planning Group, Inc. gave a presentation. I participated in the Livable Centers study in 2012 when we did the Main Street Implementation Plan, where these visions took hold in 2016 that became the fresh look of Main Street. Our Main area was focused the center core of the downtown. Some issues and opportunities include: Improve connection between League Park and Perkins Station; Reinvent Park Street to improve park for festivals, etc, (traffic operations impact on Michigan and Second Street); For live performances and other park activities, coordinate with Butler's Courtyard, Helen's Garden and other key businesses through a formal protocol for access and way-finding signage, shared parking; Development potential of 'water tower' and old City Hall properties. We went through a lot of design concepts for League Park and started to focus on what development opportunity could be. This was the predecessor to the zoning map in the presentation today.

We talked about what type of housing would fit in the area - more of a row house, live-work or townhouse approach that is on the street. We talked about a Main Street Retail Commercial corridor from State Highway 3 up to the railroad tracks and how you fit Professional Office in as a transition between some of the light industrial and homes. We want to make sure your regulations address what your vision was for those areas. Key implementation strategies from the Main Street Plan include predictable city commitments, coordination with Union Pacific, ongoing partnership with TxDOT, design of League Park and FM 518 as Main Street, regulatory refinements to implement the plan, fiscal strategy and governance of district. Updates since the Historic Commission review include organized to fit standard format, adjusted flow of standards to reflect the typical development research format for a developer of land owner, and adjusted concerns of language to better clarify various elements (such as existing residential).

The zoning map in the package of regulations becomes one district with two parts. You have your core Olde Towne and then you have an Olde Towne Transition along the edges, because you have a significant amount of single family one parcel in from Main Street. The core commercial area is from Park Street going west. A big question has been 'what does that mean for my current building'. The answer is your building stays the same, you don't have to come up to or meet the code unless you are making new additions to it. If you have a historic commercial structure we want you to add to the back of that, not to the side or front because we want to maintain the historic precedent for that building. If it is a non-historic structure, we will look at ways to bring the building to conformance with the new rules (set back or build to area). If adding on, it creates opportunities to bring that new improvement up to code with the new regulations. For commercial structures, we would not allow for those additions to not meet the standards. For existing residential we anticipate them being able to expand as needed, and it is more about them defaulting to their current residential zoning that they have today. In terms of next steps, we want to receive comments from this joint session up until we start going through a public hearing process and would love to get those in writing. Then there would be a hearing and recommendations from the Planning Commission, and then the hearing and adoption vote at City Council.

4. **DISCUSSION AND POSSIBLE DIRECTION TO STAFF REGARDING PROPOSED AMENDMENTS TO THE ECONOMIC DEVELOPMENT STRATEGIC PLAN**

Scott Livingston, Director of Economic Development gave a presentation. Tonight, we will certainly talk about the idea of investing in public funds and getting a return on investment but I want to set the table because the context is very important. Economic development is not all about money, it is not about throwing money at things. You have to understand the problem and address it with the right solution.

Economic development is about environment, business climate, context. Definition of Economic Development – the creation and retention of both quality, high paying jobs and investment which seek to improve a community's quality of life. Principles for success in economic development – you need vision/mission, priority/value, community support, personnel and partners, funding and resources, realistic expectation, a strategic plan, program/action steps, accountability/measurement and adjustment. What are we trying to achieve? We seek to create and retain quality, high-paying jobs; we seek to minimize the tax burden on residential taxpayers; we provide tax revenue for city services and infrastructure; we provide places to live, work, shop, eat, and play; we seek to improve a healthy tax base; stimulate entrepreneurship, innovation, R&D, and education; invest public funds to receive a direct, financial, and multiplicative return on investment (ROI). Our Economic Development Strategic Plan and Investment Policy was last approved by the City Council on May 10, 2011.

How can we attract more investment to League City? We can focus on commercial and industrial investment, attract high quality residential investment, attract outside investment, attract quality high-paying jobs, invest in infrastructure/land, and support training/workforce development. Attract commercial and industrial investment - if you look at our tax base according to the 2016 CAFR (consolidated annual financial report) basically 80% of our tax base is borne by a residential tax rate and about 20% is borne by commercial taxpayers. The idea is to try and flip that around the other way. When we look at our non-enterprise revenue sources for the General Fund we see Ad Valorem Taxes 57%, Franchise and Local Taxes 10%, Sales Tax 25%, Investment Earnings 2%, Hotel Occupancy Tax 1% and other sources. Attract high quality residential investment – why is this important? If you look at the cost of city services, for every dollar of tax revenue that the city receives per residential unit, it costs the city \$1.18 to provide services. On a commercial unit, for every dollar of tax revenue the city receives it costs \$.44 to serve the commercial customer. The reason for the difference is residents generally demand more city services such as police, fire, roads, library, parks, pools more so than the employees of a commercial business. For League City, the breakeven point where every home is paying its own way, the taxable value is about \$210,000 - \$220,000. Estimates from multiple, national meta-data studies show a lot of the new homes put on the ground today have an average value of \$310,000.

What is the cost of community service study? It is a key component of Fiscal Impact Analysis to integrate land use with budget considerations to make balanced growth decisions, compares tax expenditures to tax revenues to support various land uses, and provides information to guide policy decisions regarding local land use. We talk about the importance to attract outside investment and quality, high-paying jobs. The Texas Workforce Commission reports that of our 100,000 we have about 45,000 that work full time. Of those that work full time 5,500 stay in the city for their primary employment and 40,000 leave the city for their primary employment. About 19,000 people outside the city come here for their primary employment. What I want to focus on is where the 40,000 are going outside the city. They are going to Houston, north to Clear Lake, south to Galveston and Texas City.

The point is a lot of the income that we enjoy here is League City, the basis for a lot of our wealth is not coming from within the City but from the primary jobs outside the city. Why is that important? Because if we attract commercial and industrial investment, quality residential development, outside investment and quality high-paying jobs and bring jobs to League City then we can accomplish all of these things.

The ingredients needed to attract commercial and industrial investment, outside investment, and quality high-paying jobs include: having available land/sites/building; appropriate zoning; infrastructure (water, gas, roads, fiber); available workforce; transportation access; workforce development; education; community; and public funds for business investment. Available Workforce – within a 45-minute drive of League City there are 900,000 highly trained, paid professionals in the following categories: Aerospace 202,922; Transportation & Logistics 188,755; Professional Services 134,877; Medical & Life Sciences 134,871; Petrochemical 97,594; Maritime 94,822; Medical Device & Equipment Mfg. 79, 195. I think we have an opportunity to bring a lot of those employees to League City if we can get employers to relocate here. Community – when we talk about community support we are talking about the community attitude or perception about businesses, and their mindset about being business friendly. When we talk about business friendly we are talking about giving money to companies or facilitating their relocation to this community by investing funds that will show the community we are proactively recruiting them. Available Land/Sites/Buildings – basically in League City we have a lack of the simple tracts of land that are zoned for commercial and particularly industrial development with infrastructure over which we have control by ownership or option.

Zoning – just a few ideas that have come up in the comprehensive master plan task force, there is a need to zone the land for the desired use. For Limited Industrial, these uses should be required to acquire an SUP in General Commercial zones and should not be allowed by right. It is an opportunity that we increase the intensity of the zoning to require an SUP. Same with General Industrial, it should require an SUP if it is going to be in a less intensive area. Conspicuously Zone? General Commercial - Retail, services, office, auto-related businesses, eating and drinking, recreation and entertainment, public and semi-public uses. Office Commercial - Large-scale integrated professional office development of quality design in a landscaped setting serving high technology, and research and development. Secondary support uses such as business services and institutional uses are encouraged. Mixed Use Commercial - Large and small retail, office and business services, commercial lodging, office-oriented research and development, recreation and entertainment. While office, office development and office business services are allowed by right, other uses such as high technology, and research and development, or office-oriented research and development would require an SUP (special use permit). Limited Industrial – Large-scale industrial development with limited off-site impacts, including research and development, high technology, biotechnology, small-scale distribution, and activities requiring flexible floorspace. Secondary uses like office, business services, and institutional uses are encouraged.

General Industrial – Large-scale industrial development with potentially significant off-site impacts, including manufacturing, processing, and assembly; warehouse and distribution; large equipment supply and sales; etc. Such uses may occur outside buildings and may require heavy truck and/or rail access. For limited industrial, all uses are allowed by right. The problem is we have a limited amount of industrial limited land available for development. In general industrial, for large-scale we don't have any land in the city which is zoned for that so the possibility exists to put those industries out in ETJ's.

Infrastructure – water, sewer, gas, roads and fiber. We have pockets around the city where all these are needed. One of the more notable areas is in neighborhood empowerment zone, between Highway 3 and Dickinson Avenue, and between Walker and FM 646. We have a program available by which we will contribute funds for infrastructure development that facilitates industrial companies coming in. The problem is they need a trunk line into which to connect and that is a big weakness.
Business Targets – Corporate Offices/Headquarters, Advanced Manufacturing, Technology, Research & Development, and Education in: Aerospace, Medical/Life Sciences, Petrochemicals & Energy, Professional Services, Transportation/Logistics.

Public Funds for Business Investment. Why invest public funds to attract commercial and industrial development? How do we attract quality residential development? How do we develop a highly-rated school system? How do we support fire service, parks, police, water and wastewater systems, and roads? We invest funds into these projects because they're important to us, and they improve our quality of life. If investing funds to attract commercial and industrial investment, outside investment, and quality, high-paying jobs will improve our quality of life, then why would we not do it? Investing public funds to attract commercial and industrial investment, outside investment, and quality, high-paying jobs to improve our quality of life is predicated upon the following scenario: Investment yields Return = Return on Investment. Soft return on investment in terms of Public Service, Police, Fire, Administration = Customer Satisfaction. When we start talking about funds for economic development we are talking about a hard return on investment in terms of dollar for dollar comparison of investment and return on that investment. Our current policy is called an Incentive Policy but is deliberately as a result of the meetings of the League City Comprehensive Task Master Plan Taskforce. We want to get away from that and exchange it for Proposed Investment Policy to go back to our commitment to get a firm hard return on investment. Our current policy basically requires minimum thresholds, minimum requirements, written policy, qualified projects, application, public process and 'come 1 come all'. We would proposed taking away the 'come 1 come all' and add maximum limits, guidelines, qualified expenditures, requires a "but for..", selective methodology using an objective model to calculate economic and fiscal impact analysis, quantifies ROI, NPV, payback, and includes cost of city services.

Basically, the taskforce talked about an Investment Box, the idea is you have project inputs that goes into the economic and fiscal analysis model and then you have project

outputs. The box would have six sides to include the maximum limits as to what they can get, minimum requirement that they need to qualify, a policy that dictates how the program would work, guidelines to operate the process, qualifying expenditures and qualifying projects. In summation, we can attract more investment to League City by commercial and industrial investment; high quality residential investment; outside investment; quality, high-paying jobs; invest in infrastructure/land; and support training/workforce development. Areas in which League City may wish to improve to attract opportunities include available land/sites/buildings; appropriate zoning; infrastructure (water, sewer, gas, roads, fiber; community (i.e. support); and public funds for business investment. Principles for success in economic development which League City may wish to improve: priority/value; community support; funding & resources; realistic expectations; strategic plan (revised); and program/action steps (revised).

Next steps: Findings/Recommendation of the League City Comprehensive Master Plan Taskforce. By October 31, 2017 staff will present the City Council with a proposed, revised Economic Development Strategic Plan and Investment Policy.

5. CONDUCT A WORK SESSION OF THE CITY COUNCIL TO RECEIVE INFORMATION CONCERNING AGENDA ITEMS APPEARING ON THE MEETING AGENDA FOR THE JUNE 27, 2017 MEETING OF THE CITY COUNCIL OF THE CITY OF LEAGUE CITY.

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

6. ADJOURNMENT

At 8:53 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: July 25, 2017