300 West Walker
League City TX 77573

City of League City, TX

Meeting Minutes
City Council

Tuesday, February 4, 2020	**6:00 PM**	**Johnnie Arolfo Civic Center 400 West Walker Street**

Council Workshop

The City Council of the City of League City, Texas, met in a workshop in the Johnnie Arolfo Civic Center at 400 West Walker Street on the above date at 6:00 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**
Executive Director of Development Services	**David Hoover**
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 Public Works:	**Jody Hooks**

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 with Todd Kinsey attending by videoconference call.

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. SUSTAINABLE CITIES PRESENTATION BY VERDUNITY

Assistant City Manager Michael Kramm made a few opening remarks and introduced Kevin Shepherd, Founder and CEO of Verdunity, who gave a presentation on Cultivating Financially Strong and Resilient Communities.

Every city strives to be fiscally solvent, environmentally resilient, and socially inclusive but the daily decisions and investments rarely align with these desired outcomes. We are left with fragile local economies, escalating service costs, and disconnected residents, while frustrated city staff are stuck administering policies that create generic places citizens and businesses struggle to connect with and invest in. Does your community have enough money to pay for basic services and infrastructure maintenance? What about 10 year from now? 20?

Addressing increasing needs with limited resources

Race to be the Best Place to Live, Work and Play
Post WW2, cities have aggressively pursued fast growth and higher quality of life in the short-term without fully considering long-term fiscal impacts.

What about Maintenance AFTER Growth?
Long-Term Impacts of Rate and Pattern of Growth (chart)

Increasing street maintenance needs (Richardson)
Unlike the past seven years, this year Richardson will not increase its allotment toward street and alley maintenance. This is to prepare for the budgetary impacts of Senate Bill 2. Senate Bill 2 limits property tax revenue collected by cities. As a result, this year Richardson is funneling money normally used for streets toward public safety. The majority of Richardson's concrete streets are past their useful like of 25 years. City officials say this poses specific maintenance challenges.

Revenue/Infrastructure Cost Gap (Fate, TX example)
Taxable Value: $747,552
Tax Received: $ 2,176
Cost of Repair: $36,484
Life Expectancy: 5 – 7 years

Based on the current taxable value and the current tax rate, it would take 16.77 years for the properties to repay the repairs – that is assuming all of the future tax revenues are dedicated to the replacement costs and no other city services are provided during that same period.

Revenue/Infrastructure Cost Gap (Brownsville, TX example)
Taxable Value: $953,441
Tax Received: $ 6,114
Cost of Repair: $206,876
Life Expectancy: 40 years

Based on the current taxable value and the current tax rate, it would take 33.84 years for the properties to repay the repairs – that is assuming all of the future tax revenues are dedicated to the replacement costs and no other city services are provided during that same period.

The post WW2 (auto centric) development pattern does not generate enough wealth to pay for the costs required to maintain and serve residents at current expectation levels.

Shifting to a More Financially Re3silient Growth Model (chart)
Is there a better/smarter way our cities can develop so that the cost of services aligns with what residents are willing and able to pay for?

Our Approach to Cultivating Stronger Communities
We provide fiscally-informed planning, design and engagement that helps city leaders align your community's vision and development with what residents are willing and able to pay for – now and in the future.
Do The Math – To understand the true costs of your city's business model
Identify, Connect and Align People and Resources – To build consent and make meaningful process right now
Build Human-Scale Neighborhoods and Cultivate a Self-Sustaining Local Economy – By prioritizing people and place-based development

Connecting Development Patterns to Revenue and Costs (from City of Fort Worth)
LU1 Single Family – Added Population 10,568 – Projected Tax Rate $0.786
LU2 Apartments – Added Population 14,331 – Projected Tax Rate $0.775
LU3 Condos – Added Population 15, 156 – Projected Tax Rate $0.763
LU4 Mixed Use – Added Population 18,256 – Projected Tax Rate - $0.557

Appraised Value vs. Revenue/Acre (graph)
Revenue Per Acre = Levy collected by the City for the parcel (divided by) Parcel Area (acres)

Comparing the Value of Development Patterns – Old and blighted - Shiny and new
Old and Blighted Block – Taxable Value = $1,136,500 per acre
New Fast Food Restaurant – Taxable Value = $803,200 per acre

Levy Revenue per Acre Mapping (graph/maps)

Quantifying and Mapping Your Resource Gap
Level 1: Current Budget/Conditions
Map existing levy $ minus current operating budget
Level 2: Deficit/What You Need
Adds projected general fund costs and unfunded street replacement costs spread over future years
Level 3: Scenario Planning
Project fiscal performance of FLUP and development alternatives

Most city managers understand they have a resource gap, but when it's not quantified and shared publicly, it's easier to defer to next year. Once you put a number to it and see how large that number is, it creates an ethical obligation and urgency to address it immediately. (Lynda Humble, former City Manager, Bastrop, TX)

A FEW THOUGHTS ON SALES TAX
- **Where property tax revenues are predictable and somewhat controllable by a city, sales tax revenue is somewhat volatile and difficult to count on.**
- **A development pattern should produce enough property tax revenue to cover basic services and street reconstruction. When it doesn't, these costs must be subsidized with sales tax and debt.**
- **Sales tax revenue should ideally be used to fund growth and quality of life improvements in the community – not basic services and infrastructure.**
- **There's a win-win opportunity. By prioritizing more dense development, a city can increase it property tax revenue/acre and grow demand for more commercial by adding more people into an area.**

Closing the Gap: Options for Communities
1. **Keep development patterns and service levels where they are - but charge more (via higher taxes and fees) to cover the true costs.**
2. **Keep tax rate where it is - but cut services to align with revenues.**
3. **Shift development pattern and infrastructure design to - enable an affordable balance of services and taxes.**

Our goal is to help you align your development pattern and service levels with what citizens are willing and able to pay for – now and in the future.

Identifying High Perform Development Patterns (graph)

Levy per Acre by Lot Size (Residential) (graph)
Pflugerville, Texas
Understanding future infrastructure needs and maximizing value capture of key corridors
(Charts and Graphs)

Brownsville, Texas
Prioritizing infill to close infrastructure funding gap and increase return on service investments
(Charts and Graphs)

COMMON THEMES FROM OUR ANALYSIS WORK

- **The overwhelming majority of cities in Texas and across the country are facing resource shortages and mounting infrastructure maintenance liabilities.**
- **Auto-centric suburban style development performs well when it's new but is much more expensive to serve and maintain over time due to the expanded geographic footprint and infrastructure.**
- **High Return on Investment (ROI) parcels and developments typically have the following characteristics:**
  - **High ratio of building footprint to lot size (shared parking, stormwater detention and greenspace/parks)**
  - **Multi-story structures**
  - **Narrow lot frontage and smaller lots (higher density)**
  - **Shorter blocks, narrower streets, and limited cul-de-sacs.**

BRIDGING THE GAP
Leveraging community partnerships and incremental development

Cultivating Community Capital
Everyone has time, talent or treasure they would like to contribute to their community. They just aren't confident where or how to help.
Connect the people, organizations and resources in your community together to make incremental progress toward shared goals.

OUTCOME BASED BUDGETING
"City on the Line" – How Baltimore transformed its Budget to Beat the Great Recession and Deliver Outcomes
"Trying Hard is not Good Enough" – How to Produce Measurable Improvements for Customers and Communities (Mark Friedman)

OUTCOME BASED BUDGETING
Baltimore's Outcome Budget Process

	OLD WAY	NEW WAY
Starting Point:	Last Year's Spending	Next Year's Goals
Funding Targets:	By Agency	By Priority Outcome
Agency Submission:	How Allocation will be Spent	Proposal to Achieve Results
Debate:	What to Cut	What to Keep

Community Partnerships
Civic Innovation Fellowship – City of Tulsa
Leveraging Citizen Participation - Shreveport

Micro Spaces for Commercial AND Residential
Not every resident or business needs a large space. Small scale work/live buildings can grow the city's tax base, provide affordable housing and business startup opportunities, and bring more people to an area to support additional growth.

5 THINGS TO REMEMBER
1. **Problem: Our current pattern of development is creating large gaps between available resources and service liabilities, driving cities to insolvency.**
2. **Key Concept to Know: Where, when and how you add people and development has a direct relationship to your city's liabilities, tax rate, and financial health.**
3. **Response: The "sweet spot" to improve ROI and grow tax base is to prioritize maintenance and small-scale development to add population, housing and micro commercial space into existing neighborhoods.**
4. **How?: Use fiscal sustainability as a common language to educate, build consent, and inform decisions and investments.**
5. **First Step: Do the math to quantify and communicate your city's resource gap and identify low cost, high return opportunities to prioritize.**

3. PUBLIC COMMENTS

4. ADJOURNMENT

At 7:38 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: April 14, 2020