MINUTES
of the
KEENE CITY COUNCIL

THURSDAY, FEBRUARY 21, 2019

PRESENT: Mayor Gary Heinrich, James Belz, Lisa Parrish, Robert Cooper, Rob Foster, Cheryl Schram, and Gwen Beeson.

ABSENT: None

CALLED TO ORDER: Called the Regular meeting to order at 6:00 p.m.

Invocation & Pledge of Allegiance & Texas Pledge – Mayor Gary Heinrich

1. Public Comments.

No public comments.

2. Mayor's Comments.

Cheryl Schram announced the Business and Health Expo on February 24, 2019 and the Chamber Luncheon on February 28, 2019.


Robert Cooper made a motion to approve the minutes dated January 27, 2019. Seconded by Lisa Parrish. The motion carried unanimously, 6-0-0.

4. Discussion and possible action regarding the purchase of a vehicle for Public Works (including but not necessarily limited to a discussion on purchase of a FY 18-19 budget approved vehicle).

Amber Bransom and Andy Wolfe came forward to present the purchase of a vehicle for Public Works. Amber Bransom gave the Council options given by Huffins. Option 1 is $63,500 and Option 2 is $64,070. Both are new.

Rob Foster made a motion to move forward with the Dodge truck, Option 1. Seconded by James Belz. The motion carried unanimously, 6-0-0.

5. Discussion and possible action regarding the awarding of engineer services for the Texas Community Development Block Grant.

Item 5 and Item 6 were discussed together.

Cheryl Schram made a motion to deny. Seconded by Rob Foster. The motion carried unanimously, 6-0-0.
6. Discussion and possible action regarding an update on the Texas Community Development Block Grant application.

Brian LaBorde updated Council on the grant application regarding the survey and updated cost. Staff was close to the 80%, short one household. Out of the 80%, 60% is required to be in a specific income level. We came in at 22.69% which makes the City not eligible for the grant.

Mayor Heinrich stated that he would like staff to bring to Council an option to upgrade the lift station and phases of running a line in sections.

Rob Foster asked how much upgrading the lift station would cost.

Brian LaBorde stated about $85,000 and with a generator, $120,000.

Derek Turner stated that you can either have a permanent generator with a concrete pad or a mobile generator with a transfer switch on the lift station.

Mayor Heinrich asked if a transfer switch would need to be added to all the lift stations eventually. Keene has four lift stations.

Derek Turner stated that transfer switches cost $3,500 each.

Mayor Heinrich asked about the voltage.

Derek Turner stated 300V.

James Belz asked what all needed to be done to the lift station.

Derek Turner stated adding a second wet well, replacing the pumps, the electrical and plumbing and controls.

James Belz asked how long that would take.

Derek Turner stated three months.

Mayor Heinrich asked how that worked.

Derek Turner stated that they would move over, set a new basin, set the plumbing for the new basin and then take it down and do the electrical and finish the plumbing. The down time would be minimal.

Brian LaBorde asked if Council would like to look at other funding alternatives for Hyline.

Cheryl Schram clarified that an alternative is to do this in phases.

Brian LaBorde stated yes.
Lisa Parrish asked if the lift station could wait until next fiscal year budget. The lift station is not part of this fiscal year budget.

Brian LaBorde stated that the lift station was not specifically budgeted, It was part of the Hyline project that was part of the budget.

Cheryl Schram asked what the advantage is to get it done now versus next fiscal year.

Derek Turner stated that the lift station is working but is in very poor condition.

No Action.

7. Discussion and possible action regarding Resolution No. 2019-355, a resolution authorizing the submission of a Texas Community Development Block Grant Program application to the Texas Department of Agriculture for the Community Development Fund.

James Belz made a motion to deny. Seconded by Rob Foster. The motion carried unanimously, 6-0-0.

8. Discussion with direction to staff regarding the Departmental financial report for December 2018.

Cheryl Estes stated we are looking to be at 25% of the budget by the end of December. We ended the month in general/expenditures at 21.93%, water/sewer at 23.84%, and debt services at 24.56%. This puts the City well under expectations. Sales Tax revenue did decrease by $4,955 compared to previous years. Municipal Court warrants and fines ended at 56.72%. Water revenue is at 23%.

Rob Foster asked what water supply inventory was.

Cheryl Estes stated that Public Works uses water supply inventory to code items and parts to fix the water system.

Lisa Parrish asked about the administrative allocation under revenue. How do you come up with that figure?

Cheryl Estes stated that we take what we expect our ending budgeted revenue to be as far as percentage which we calculated on the budgeted amount for general fund and water/sewer fund. That came in 50/50 so what we do is take those departments that we determine that would be allocated to water/sewer which would is the city manager’s office, city secretary, finance, human resources, development services and put them in the non-departmental budget. Take those expenditures and whatever the percentage and that is how much we allocate.

Lisa Parrish would like to understand the allocation because it shows that it has gone up over the last couple of years. We are taking money from the water/sewer fund and putting it in the general fund for personnel cost.
Cheryl Estes stated yes. All departments mentioned are scheduled to be paid 100% out of the general fund. However, these departments work from time to time for the water/sewer.

Cheryl Schram clarified that the 50% comes from revenue but would like to make sure that 50% of the work is being done on behalf of water/sewer.

Cheryl Estes stated that staff does more for water/sewer than general if not more than 50%, especially in Finance.

Cheryl Schram requested a cheat sheet regarding this. This always comes up from citizens.

Cheryl Estes stated that there is a worksheet in the budget that was adopted that explains how this is calculated. We use actual expenditures but estimated revenue. All the general fund revenue comes in January. We use estimated revenue numbers and at the end of the year, we “true up”.

Gwen Beeson believes the mythology that is currently being used is a fair estimate.

Lisa Parrish asked about the audit.

Cheryl Estes stated that the audit firm is waiting on Finance. The financial portion of the audit is done.

9. Discussion and possible action regarding awarding an economic development incentive.

Michael Talley started out with the actual incentive program due to most of the council being newly elected. This was passed in June of 2018. This was created to encourage more development and assist with 380 Agreements. The proposed agreements were made part of the packets and are permanent record. Michael Talley continued to cover the property tax income comparison and the rebate amounts based on the appraisal district tax amounts.

Gwen Beeson asked if the land is included in the rebate.

Michael Talley stated that it can be. Each agreement is specific to the property and the development.

Gwen Beeson requested clarification on the rebate only being applied if there are improvements on the property.

Michael Talley stated that it can be done either way. However, there is no point of rebating any property without improvements.

Cheryl Schram clarified that the rebate will be based on the value of the property and the value of the improvements.
Michael Talley stated yes. Most important is that this allows us to be flexible on the rebate and unique to each development.

Gwen Beeson asked where the information is located.

Michael Talley stated that the Cleburne Times did an article on it and the application is online.

James Belz asked about eligibility and who wrote that portion.

Michael Talley stated that he worked with the City Manager and the former Mayor.

James Belz asked about variances and all 380 agreements must be in place before any permits can be issued. How does that work?

Michael Talley stated that in the case with Mr. Cabansag who wanted to move forward, the City Manager agreed that the 380 Agreements can be worked with to accommodate the developer.

James Belz stated that incentive program packet is not worded that way. Regarding number eight on no undocumented workers. James Belz stated that you can't build a house without undocumented workers.

Michael Talley stated that he is unable to answer that.

James Belz stated that he would like the City to be easy to work with, but this document doesn't seem that way.

Michael Talley stated that this is a working document that can be changed to better fit our community. The intent is to bring in more builders.

James Belz asked if the eligibility can be changed.

Michael Talley stated that changes can be made. However, regarding undocumented workers, that would have to go through the attorney.

Mayor Heinrich asked if this was the attorney's requirement or a state requirement.

Michael Talley stated that it is a state requirement.

Brian LaBorde stated that the applicant would have to sign an affidavit stating that they are not using undocumented workers.

James Belz asked Wayne Cabansag if he could build a house without undocumented workers.

Mr. Cabansag stated he can, however, he cannot speak for his subs.

Mayor Heinrich asked if we can hold Mr. Cabansag to that disregarding his subcontractors.
Michael Talley stated that he would need to ask the attorney.

Mayor Heinrich asked what the threshold on the dollar was or is on a sliding scale.

Michael Talley stated there is a minimum. On residential development it is $10,000 or 15% of the project. On commercial development it is $500,000 or 15% of the project.

Mayor Heinrich asked if the minimum on residential is for improvements.

Michael Talley stated yes.

Mayor Heinrich stated that amount should be higher and how much is the minimum for a new house.

Michael Talley stated that there is no minimum. However, with new construction, there is a minimum square footage.

Rob Foster asked about tap fees and sewer fees. Why aren't the rebates the same?

Michael Talley stated the rebate is based on the value of the home and only if a sewer is being put in. Some homes will be septic.

Rob Foster stated that should be in the worksheet.

Cheryl Schram asked who determines the fees.

Brian LaBorde stated a fee schedule is presented with budget.

Mayor Heinrich clarified that the only rebate is for permit fees, sewer/tap fees and inspections. This will be refunded to the builder within five years or less.

Michael Talley stated yes.

Gwen Beeson asked what timeframe the builder must build the six houses.

Michael Talley stated five years.

Mayor Heinrich asked about all city fees being included.

Michael Talley stated that all city fees are included in the packet.

Cheryl Schram asked about if a road needs to be constructed for a development.

Michael Talley stated that can be included and part of the rebate.

James Belz made a motion to table all three rebate items. Seconded by Lisa Parrish. The motion did not carry, 2-3-1. Robert Cooper, Rob Foster and Cheryl Schram opposed, and Gwen Beeson abstained.
Mayor Heinrich asked for another motion.

Robert Cooper made a motion to approve the $3,620.75 rebate for 105 E First Street. Seconded by Rob Foster. The motion carried, 4-2-0. James Belz and Lisa Parrish opposed.

Gwen Beeson verified that this rebate will be in two years.

Michael Talley stated that if the builder meets the requirements.

Mayor Heinrich asked for a motion on 2151 CR 805B but first the right-of-way needs to be discussed. The street is owned by the property owner.

Brian LaBorde stated that an agreement of conditions can be made with approval with Wayne Cabansag regarding the right-of-way.

Wayne Cabansag stated that he didn’t own that lot.

Brian LaBorde clarified the remaining lots that Mr. Cabansag owns that are adjacent to CR 805B.

Mayor Heinrich stated that those lots include the road and come all the way onto City Hall’s property line.

Brian LaBorde stated that staff can talk to the owner.

Robert Foster made a motion to table 2151 CR 805B for further discussion regarding the right-of-way dedication. Seconded by Cheryl Schram. The motion carried, 4-2-0. James Belz and Lisa Parrish opposed.

Robert Foster made a motion to approve the $3,228.00 rebate for 802 W Fourth Street. Seconded by Robert Cooper. The motion carried, 4-2-0. James Belz and Lisa Parrish opposed.

Gwen Beeson asked if construction had already started at 802 W Fourth Street.

Michael Talley stated no.

Gwen Beeson asked how there is no right-of-way dedication.

Brian LaBorde stated that the right-of-way is recognized but not deeded with the County. There is nothing on record with no formal dedication.

Gwen Beeson is concerned about whether the owner would require money for the dedication.

Brian LaBorde stated that the City has ordinances in place. They still must have setbacks that do not encroach on any rights-of-way or public access. There is recognized public access.
Mayor Heinrich stated that the streets are deeded to the City.

10. Discussion and possible action to remain with Pinnacle Bank for investments.

Cheryl Estes stated that Pinnacle Bank can offer 2.4%. Logic is offering 2.6%. For every million dollars that is $2,000 interest a year. Our average is between $2 million to $3 million. Pinnacle’s rate is fixed, and Logic is not due to the market.

Gwen Beeson asked if Pinnacle is guaranteeing the 2.4% for a period of time.

Cheryl Estes stated she doesn’t have a time period.

Mayor Heinrich asked about a contract.

Cheryl Estes stated that usually when Pinnacle gives us a percentage it stays there for a long time.

Robert Cooper asked about Logic’s percentage history in the last year.

Cheryl Estes stated that is has steadily increased.

Mayor Heinrich asked about what services Pinnacle offers on the City’s regular account.

Cheryl Estes stated that the City receives interest on the pool account at .2%. They do not charge the City fees on any account.

Rob Foster would like to know the length of the agreement.

Rob Foster made a motion to table Item 10 until the City can get clarification on the length of the agreement. Seconded by Gwen Beeson. The motion carried, 5-1-0. Robert Cooper opposed.

11. Discussion and requests for future items on the agenda.

No requests.


The meeting adjourned at 7:40 p.m.

By:  

Gary Heinrich, Mayor

Attest:  

Holly Owens, T.R.M.C., City Secretary