MINUTES
of the
KEENE CITY COUNCIL

THURSDAY, MAY 23, 2019

PRESENT: Mayor Pro-Tem, Gwen Beeson, James Belz, Robert Cooper, Rob Foster, and Cheryl Schram.

ABSENT: Mayor Gary Heinrich and Lisa Parrish

CALLED TO ORDER: Called the Special meeting to order at 7:00 PM

Invocation & Pledge of Allegiance & Texas Pledge
Robert Cooper gave the invocation and Gwen Beeson led the pledge.

1. Public Comments.

Brian LaBorde read aloud a letter to the City of Keene and Council received by Gradie Wetmore.

2. Mayor's Comments.

Mayor Pro-Tem Gwen Beeson presented the EMS Proclamation to Chief Dan Warner with Fire and Rescue.
Mayor Pro-Tem Gwen Beeson thanked the 4th grade class at KAES for all the volunteer work at the park. The group came up and had their picture taken.
Mayor Pro-Tem Gwen Beeson recognized Nick Chesney for the award he received at 2019 Great First Responder.

3. Discussion and possible action regarding the minutes dated April 18, 2019 and May 2, 2019.

Robert Cooper made a motion to approve the minutes dated April 18, 2019. Seconded by Rob Foster. The motion carried unanimously, 5-0-0.

Robert Cooper made a motion to approve the minutes dated May 2, 2019. Seconded by James Belz. The motion carried unanimously, 5-0-0.
4. **PUBLIC HEARING:** Discussion for a Zoning Change of property described as Abstract 114, Tract 1, 1A, and 2, BBB & C RR CO being 2.21 acres and located at 402 S College Drive, Keene, Johnson County, Texas 76059. The current zoning is “SF-2” – Single Family Residential District -2. The requested zoning is “MF” – Multi-family Residential District.

Mayor Pro-Tem Gwen Beeson opened the public hearing at 6:09 PM.

Don Martin and applicant Cody Weiss presented the zoning change. The applicant is not requesting any variances for the development.

James Belz asked Mr. Weiss where the concrete will go.

Cody Weiss stated that it will go through a recycler.

James Belz asked about the soil being tested or if any hazardous material is on site.

Don Martin stated that he didn’t believe there was any hazardous material present.

James Belz asked Mr. Weiss if he was a developer and if so, where.

Mr. Weiss stated that he has a single-family development in Alvarado and commercial developments in surrounding cities.

Cheryl Schram asked about a return on the investment. Please talk about that more.

Mr. Weiss stated that it will cost $40k to remove the concrete slab. The property has already been purchased without the zoning change.

Cheryl Schram stated that she liked the presentation for the apartments. However, how many single-family homes can go on the property.

Mr. Weiss stated maybe 4.

Robert Cooper stated that the concept plan shown at Planning and Zoning showed 5 buildings. Mr. Weiss expressed that he was willing to do away with one of the buildings on the SW corner of the plat.
Mr. Weiss stated that he wanted the parking in the middle to keep parking hidden. Once the zoning change is approved, the final blue prints will be drawn up. The blue prints and engineering plans will be $80k.

Cheryl Schram likes the sidewalks shown on the concept plans.

Mr. Weiss stated that he would like to add the sidewalks. It only enhances the property.

Cheryl Schram asked if he was interested in developing homes in Keene.

Mr. Weiss stated that he has looked around and yes. It must be the right property at the right price.

Cheryl Schram asked if he plans to market it to another owner.

Mr. Weiss plans to maintain a portion of the ownership.

James Belz asked for clarification on what Mr. Cooper said about one of the buildings.

Mr. Weiss stated that the way the concept plan is drawn it has the development at 18 units per acre and the ordinance states 15 units per acre. Then there is some discrepancy regarding the green space.

James Belz asked what happens if the zoning change is not approved.

Mr. Weiss stated that he will have to remarket the property.

James Belz asked if Mr. Weiss is interested in buying property or buying lots.

Mr. Weiss stated either one.

Samantha Gillin came forward. The City already has a multi-family development coming in. That is a lot of apartments and how are they going to get filled up.

Dwayne Barnes came forward. Mr. Barnes believes a 4-way stop or a light where the school is on Fourth Street due to the amount of traffic.

Mayor Pro-Tem Gwen Beeson closed the public hearing at 6:30 PM
5. Discussion and possible action for a Zoning Change of property described as Abstract 114, Tract 1, 1A, and 2, BBB & C RR CO being 2.21 acres and located at 402 S College Drive, Keene, Johnson County, Texas 76059. The current zoning is “SF-2” – Single Family Residential District -2. The requested zoning is “MF” – Multi-family Residential District.

Robert Cooper made a motion to approve Ordinance No. 2019-594 a Zoning Change of property described as Abstract 114, Tract 1, 1A, and 2, BBB & C RR CO being 2.21 acres and located at 402 S College Drive, Keene, Johnson County, Texas 76059. The current zoning is “SF-2” – Single Family Residential District -2. The requested zoning is “MF” – Multi-family Residential District. Seconded by James Belz.

Cheryl Schram asked about Palladium and whether we are locked into that agreement.

Don Martin stated that staff will not know if they were approved for their grant until August.

Rob Foster asked if Keene is locked in on the agreement if they get the grant.

Brian LaBorde stated that he would follow up on that information with the City Attorney.

Cheryl Schram liked Mr. Weiss’s layout and concept plan.

James Belz agrees with Cheryl Schram.

The motion carried unanimously, 5-0-0.

6. PUBLIC HEARING: Discussion for a Special Use Permit for Southwestern Adventist University located at 100 W Hillcrest Street, Keene, Texas 76059. Southwestern Adventist University is requesting a special use permit for a digital sign at 100 block of North Old Betsy Road.

Mayor Pro-Tem Gwen Beeson opened the public hearing at 6:34 PM.

Don Martin gave a brief presentation of the SUP requested for the digital sign with a site plan.
Cheryl Schram asked if it was close to the sidewalk.

Don Martin stated yes.

Kylie Brown with Mello Signs came forward to answer any questions.

Gwen Beeson asked if it was more of an informational digital sign.

Kylie Brown stated yes.

Cheryl Schram asked if the picture matches the actual product.

Kylie Brown stated it was sandstone and concrete.

Robert Cooper stated it will be facing north and south.

James Belz verified that it was 7’, 6”.

Mayor Pro-Tem Gwen Beeson closed the public hearing at 6:39 PM.

7. Discussion and possible action for a Special Use Permit for Southwestern Adventist University located at 210 W Hillcrest Street, Keene, Texas 76059. Southwestern Adventist University is requesting a special use permit for a digital sign at 100 block of North Old Betsy Road.

Rob Foster made a motion to approve Resolution No. 2019-361. Seconded by Cheryl Schram. The motion carried unanimously, 5-0-0.

8. Discussion and possible action regarding a variance for Pinnery to City Ordinance No. 2016-542.

James Belz made a motion to deny the variance request for Pinnery to City Ordinance No. 2016-542. Seconded by Robert Cooper.

Rob Foster asked for more information.

Brian LaBorde gave a brief history of the Ordinance restricting vehicle weight on certain roads. Within the ordinance is a variance option.
Cheryl Schram asked what happens if this is denied. Those trucks still need to get to their destinations. They are not here so we can’t ask them.

Don Martin stated that they were informed that they would be on this month’s agenda.

Gwen Beeson asked if the police write tickets for these violations.

Brian LaBorde stated yes.

**The motion carried 3-2-0. Gwen Beeson and Rob Foster against.**

9. Presentation and discussion with possible action regarding the final audit report for the fiscal year ending September 30, 2018.

David Coleman gave the presentation for the final audit report with a brief overview for the FY ending September 30, 2018.

Cheryl Schram asked for clarification on the statement “cleaned up”.

David Coleman stated that there was no fraud, the money was just in the wrong “buckets”.

**Cheryl Schram made a motion to accept the final audit report for FY ending September 30, 2018. Seconded by James Belz. The motion carried unanimously, 5-0-0.**

10. Discussion and possible action regarding the March 2019 financial reports.

Cheryl Estes gave a report on the financials for March 2019. This is the halfway point for expenditures. The general fund expenditures are at 42.75%. The debt services fund expenditures are at 61.69%. Higher than expected is normal for this fund as some debt will be paid before year end. Capital projects are reported over the life of the project which may cross multiple years. All ongoing projects are within budget: Purchase order module, harmony AMI project, Shady Oak street project, OSSI project, and FY 18-19 street projects. Individual revenue line items worth noting are as follows: Sales tax revenue increased by $11,930, or 5.8%, when compared to sales tax revenue for the same time last fiscal year. Municipal court fines and warrant revenue ended at
124% of budgeted revenue. Other projected changes in revenue includes a $10,833 increase for monthly payments from EDC for loan repayments that were not included in the original budget and a $39,633 projected decrease in administrative allocations due to decreases in projected expenditures for those departments allocated to WS fund. Individual expenditures line items worth noting are as follows: Weather siren capital outlay. Management has approved quote to purchase and install new weather siren at an estimated total cost of $45,000 which is budgeted in the Fire Department. Code revisions budget of $100,000. All but $6,865 has been reallocated to other line items with the general fund. The remaining amount of $6,865 was moved to the non-departmental department and coded as contingency. The last two pages cover the FY 18-19 Administrative allocation budget.

No action required.

11. Presentation and discussion with direction to staff regarding the City’s water supply and distribution system.

Derek Turner with Jacobs Martin gave a presentation on the City’s water supply and distribution system. Historically, systems use chlorine to disinfect the water in the distribution system. Overtime, it was discovered that chlorine reacts to organic material and forms disinfection by-products that overtime can be harmful. Regulations were set in place to monitor and regulate the by-products that can be formed and that led to other types of disinfection that had to be used. The most effective is chloramines which is chlorine and ammonia mixed.

Mr. Turner covered the proposed pump station improvements. The priorities are to make necessary improvements with an estimated cost of $17,500, replace non-operational pumps and control valves with an estimated cost of $6,000, and get well 11 pump station up and running with an estimated cost of $95,000. At well 1 and 5 pump station it appears that the facilities at the pump station site for wells 1 and 5 have generally declined in condition and need repair. The station would require some upgrade to the chemical feed rooms and equipment to enable proper feed of chlorine and LAS. These are the chemical components necessary for chloramine disinfection which is the City’s current disinfection protocol. One of the existing high service pump control valves needs rehabilitation and one of the high service pumps needs replacement. The existing pump station building doors have rusted out and need to be replaced and the fencing around the station needs repair. The total estimated cost for these improvements is $32,100. Well 6 pump station facility has deteriorated to some extent. The station does
not currently have LAS feed equipment and would require that this be installed. The existing chlorine feed plumbing needs rehabilitation. The fencing around the station needs repairs. The total estimated cost for these improvements is $18,500. The well 7 facilities include two pump stations. One station is intended to convey groundwater from well 7 into the distribution system. The second station is intended to convey surface water purchased from JSUD into the distribution system. This second station was taken offline at some point in the past and needs rehabilitation to be put back online. This would be necessary for the system to operate as intended. The JSUD station does not currently have LAS feed equipment and would require that to be installed. The existing chlorine feed plumbing needs rehabilitation. An existing gate valve on the ground storage tank does not work and needs to be replaced. A fan is needed in the chlorine room. Miscellaneous building rehab is needed due to age and deterioration. The well pump station needs rehabilitation for the electrical system as well. The total estimated cost for these improvements is $31,600. Well 11 facilities have also deteriorated significantly. The high service pumps, valves, header piping, and isolation valves are all in need of replacement. The station does not currently have LAS feed equipment and would require that this be installed. The existing chlorine feed needs an air supply fan. The electrical system needs to be reworked and there are miscellaneous issues with the building that need to be addressed. The total estimated cost for these improvements is $95,700. The well 12 pump station site appears to only need some fencing improvements. The total estimated cost for those improvements is $2,600. The well 14 pump station needs upgrade to the existing LAS and chlorine feed. The fencing around the station needs repair. The total estimated cost for these improvements is $10,300. The City's active water wells are, for the most part, in good condition. I am not aware of any issues with wells 1 and 5. Wells 6 and 7 may have some naturally occurring iron that could require filtration or chemical treatment. Some of the improvements described may be required before the iron issue can be fully investigated. Well 9 is currently not operational as the well production has declined significantly. It is recommended that an inspection be performed by a professional well rehabilitation company to determine what the cause of the production decline may be. The cost of such an investigation is anticipated to be $7,500. Based on the results of that investigation, it can be determined whether well 9 would warrant rehabilitation. Well 11, one of the City's highest producing wells, is in good operational condition. However, the identified improvements to that station are needed for the well to be used. Well 12, also one of the higher producing wells, is in good operational condition. Well 14 is in good condition. The estimates
discussed are based on turnkey pricing from a contractor and may be mitigated if some of the minor work is performed by City personnel. These prices also include engineering costs associated with the various improvements. The difference between operating a well, specifically well 11 versus purchasing water from JSUD is about $3.50. Purchasing 45 million gallons of water could potentially save the City $150,000.

James Belz asked Mr. Turner to explain the equation for JSUD.

Derek Turner stated that currently the City is pay $4.55 per 1,000 gallons from JSUD.

Cheryl Schram clarified that the high producing well is a trinity.

Derek Turner stated yes.

Rob Foster asked about drilling from the paluxy down to the trinity level.

Derek Turner stated that they could drill next to it.

Gwen Beeson stated that it seems that all of ours have problems. Is it because the maintenance has been slack?

Derek Turner stated that it is mainly a maintenance item.

Brian LaBorde asked where the City is regarding being compliant with TCEQ.

Derek Turner gave a brief priority and stated that for the most part, the City is compliant.

Brian LaBorde asked Cheryl Estes about funding for the priorities.

Cheryl Estes stated that $325,000 is left in the water sewer fund. This is an agenda item regarding budget amendments.

Brian LaBorde asked Derek Turner about TCEQ’s position regarding these priorities.

Derek Turner stated that if TCEQ knows that the City is aware of the issues and is working to repair them. That will figure into their inspections.
James Belz asked how often the City pays JSUD.

Cheryl Estes stated monthly.

Gwen Beeson asked about water rates.

Brian LaBorde stated that Derek Turner is working on a water rate study that will be presented in June.

James Belz asked if Council decided today to fix well 11, how long would it take to get it back online.

Derek Turner stated that there would be a mandatory bid period. Three weeks to get plans out and twenty-one days for bid. Three months construction.

Brian LaBorde stated that he could ask the attorney if this can be considered an emergency repair which would allow the City to bypass the bid process and go straight to a contractor.

James Belz stated that it doesn’t shave off the time for construction. Mr. Belz asked Cheryl Estes if she was comfortable using the $325,000.

Cheryl Estes asked for time to make a good decision.

Gwen Beeson asked if they were going to get all the wells taken care of or just the priorities.

James Belz stated just the priorities.

No action and no direction currently.

12. Discussion and possible action regarding an ordinance disannexing certain corporate territory comprising approximately 102.08 acres from the city’s corporate limits (save and except certain designated roads) and retaining such land in the city’s extraterritorial jurisdiction.

Rob Foster made a motion to approve Ordinance No. 2019-596. Seconded by Robert Cooper. The motion carried unanimously, 5-0-0.

13. Discussion and possible action regarding an ordinance releasing
certain designated extraterritorial jurisdiction comprising approximately 40.67 acres from the city's extraterritorial jurisdiction.

Brian LaBorde explained that if you go back to the previous agenda item, their exhibit B, the diannexation of property of parcel 4 which took in some southern property and this cleans up the lines of what is in Keene.

**Robert Cooper made a motion to approve Ordinance No. 2019-597. Seconded by Rob Foster. The motion carried unanimously. 5-0-0.**

**14.** Discussion and possible action regarding Animal Control.

Brian LaBorde requested that this item be tabled. Lisa Parrish requested this item be on the agenda and she is not here tonight.

**Robert Cooper made a motion to table item 14. Seconded by James Belz. The motion carried unanimously, 5-0-0.**

**15.** Discussion and possible action regarding budget amendments to the FY 2018-2019 Budget regarding:

a) Economic Development Director salary and benefits  
b) Water supply purchase expenditure

Cheryl Estes stated that Type A and Type B made a motion to approve the salary for the new Economic Development Director that is coming in and was going to be a budget amendment since it is an increase in salary. However, after re-calculating what is already in their budget because we haven't been paying an ED Director for the last few months, there is no requirement to do a budget revision for this FY because there is enough savings to pay that salary increase for the remainder of the FY. However, it will need to be voted on when acting on the new budget.

James Belz asked if the ED Director's salary and benefits a part of item 15.

Cheryl Estes stated no.

James Belz asked how it got removed from the posted agenda.

Brian LaBorde stated that this was an original draft. This was prior to Cheryl Estes re-calculating their budget.
James Belz stated that the agenda that he was issued, item 18, selection of director for economic development is an item and it was posted and cannot magically disappear.

Brian LaBorde stated that it is on the agenda but the budget amendment itself does not reflect an amendment to their budgets.

James Belz stated that he reserves the right, at the end of this meeting, to talk about this some more.

Cheryl Estes stated that the majority of this budget amendment is related to JSUD. A little history, Andy did some rehab on well 12 last year with the intention that he was planning on getting all the wells up and running this year to save money from JSUD. When he prepared the budget thinking that he was going to fix the wells this FY. Streets became a priority. Last year's budget, there was enough money to pay JSUD which was $637,000. Andy cut that amount in half thinking that he was going to get this high producing well fixed this year. When that did not happen, we are half through the year and that number will need to be adjusted back up to what it was last year. A few other line items that need to be adjusted is the utility administration department with a decrease in expenditures consisting of an increase in personnel costs, increase in merchant service fees, increase in annual principal payment to USDA and decrease in administrative allocation paid to general fun. The water department is an increase in expenditures consisting of reallocation of personnel costs to sewer department, increase in purchased water from JSUD, increase in Prairielands GCD fees, and increase in transfer to water/sewer capital projects fund to complete the AMI meter project. The sewer department is an increase in expenditures consisting of reallocation of personnel costs from the water department, increase in capital outlay for emergency sewer projects, and transfer to water/sewer capital projects fund. The water/sewer capital projects fund is an increase in capital projects consisting of an increase for Hyline sewer project phase I, an increase for CR 805A sewer line and an increase to complete AMI meter project. There is a mobile home park switching to a RV park called RV Ranch. Each trailer had a meter, but RV parks are only allowed one meter. They are in the process of changing out 88 meters which the City will be pulling.

Cheryl Schram asked how quickly they are going to change from having permanent residence to temporary residence.
Cheryl Estes stated that they are dragging their feet right now. They will be given a timeline to finish it out.

Cheryl Schram stated that the RV ordinance needs to be looked at to make sure that it is truly temporary housing.

Don Martin stated that he plans on sitting down with the owner to discuss the ordinance with them.

Brian LaBorde stated that there is a registration component in the ordinance.

Gwen Beeson stated that when the gas business started, a lot of RV parks opened.

Robert Cooper stated that the whole ordinance needs to be looked at.

Cheryl Estes stated that if the amendment is approved, it can be approved with the AMI project being omitted.

Rob Foster asked if the amendment includes the ED Director’s salary?

Cheryl Estes stated no, that was supposed to come off the agenda. There is no budget revision for the ED Director. If you approve the amendment, it only includes the water department, sewer department and water/sewer capital projects fund.

James Belz asked how can item 15 be approved when it has two items.

Brian LaBorde stated that regardless of what the agenda says, the ordinance is the document to be considered. Mr. LaBorde asked Derek Turner about the Hyline project. What is the portion for the lift station improvements and the portion to run the line and stub it out?

Derek Turner stated that he didn’t have the figures with him. Out of the $277,000, two-thirds of that was the lift station.

Rob Foster made a motion to approve Ordinance No. 2019-595 with the correction that the AMI meter project be omitted. Seconded by Cheryl Schram. The motion carried 4-1-0. James Belz against.

16. Presentation and discussion with direction to staff regarding FY 2019-2020 Budget Calendar.
Cheryl Estes went over the budget calendar with Council. This calendar includes meetings for the budget committee. The budget committee needs to have three council members, but the committee is not required by the charter.

Cheryl Schram stated that the Mayor needs to be consulted because the workshops need to start at 6 PM followed by Council at 7 PM.

No action.

17. Discussion and possible action on removing Brian LaBorde as an authorized signer to all the accounts at Pinnacle Bank for the City of Keene.

Cheryl Schram made a motion to approve Resolution No. 2019-362 removing Brian LaBorde from all accounts at Pinnacle Bank for the City of Keene. Seconded by Robert Cooper. The motion carried unanimously, 5-0-0.


Derek Turner stated that currently nine projects are being worked on at this time. The Hyline project, the lift station improvements, Texas capital funds project for Louis Vuitton, distribution improvements, utility rate study, proposals for a generator for City Hall, completed water/sewer CIPs, Shady Oak street improvements finalization, street maintenance contract, and development projects.

James Belz asked about the company that is working on CR 805B. Some citizens believe that they will be continuing up the hill.

Brian LaBorde stated that the scope of that project will end at the bend of CR 805B.

Brian LaBorde announced Don Martin as the Public Works Director. Mr. LaBorde also recommended that Don Martin’s position in Development Services be filled with a City Planner.

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

James Belz stated that what he is about to say is directly about item 18 on the agenda and noted with item 15 on the agenda. I am not
necessarily in agreement with the manner it was taken care of. That is the reason for my vote. As many of you know, I am not an advocate for the Economic Development Boards also known and referenced further by me as the EDC. Since being elected, I have made it clear my feelings about the lax and sometimes carefree spending habits of these boards. We have arrived at a crossroads and the feasibilities of these boards and it’s time to take a closer look at some of their spending habits and future intentions. Tonight, the question arises before the Council agreeing to the salary for the new director, let’s look at some of these facts about this and my opinion. We are being asked to agree to an annual salary that was more than the previous director. I cannot agree to an annual salary with benefits over $100,000, providing a lavish vehicle with fuel and maintenance cost, along with an expense account that allows for food and drinks and who knows what else for potential investors and developers. It is a very sad fact our previous attempts of our director had dismal results. In my opinion, nothing has been accomplished by these lavish salaries, since most improvements would have come to the City without any rewards or directors. I find it interesting that a meet and greet of potential candidates was held and each Council member was present. However, at no time, Council was not asked their opinion of these candidates. It was casually mentioned why should they ask, since the EDC is its own entity and makes their own decisions. If you are taking taxpayer money, it’s not your opinion alone. To add fuel to this raging inferno, it has been proposed to build a splash station with EDC taxpayer money. Initial estimates are over a quarter of a million dollars. Something to add to our burden on our failing water system. Since none of the EDC board members have been present except Cheryl Schram at our budget meetings how are they to know that our water systems projected repairs are $200,000. It is an immediate $118,000 repair. This brings up another subject, since none of our EDC board have not attended our budget meetings, how can they know that we have over ten million dollars in existing debt. How can they know that we have been given a necessary proposed ten-million-dollar budget for our sewer system? How can they know our proposed ten-million-dollar budget for street repair over the next ten years? It has been reported to me that B Board has roughly half a million dollars in an account and each meeting consists of fabulous ways to spend money to better the community. Suggestions to buy land, build building and all sorts of ideas. Please let me help you. Our infrastructure is melting beneath our feet, our streets are pot hole filled. I lose sleep at night trying to think of ways to provide ambulance service to our citizens, add firemen to our understaffed fire department all the while your meetings are filled with how to spend surplus cash. It is time
for the taxpayers to vote on what they want. Do they want to continue spending lavish amounts through these boards or do they want daily amenities like water and sewer, a well-staffed fire department, a working animal shelter and improvements to our poor streets? I am asking for the agenda item to be added to our next regular meeting to discuss and approve bringing this to the citizens to vote in November of bringing back the sales tax collected by these boards to be in control of your conservative Council. We talked about several of these things tonight and it's a monster. We do have money to pay our bills currently, but this monster we have by the tail is making me lose sleep at night. I don't think these boards are losing sleep at night over spending this money.

Brian LaBorde stated that Animal Control will be placed on the agenda again.

Wayne Childs, 220 E Oakdale Street. I just moved here for family. I spoke to Don Martin already regarding the City's requirements. The first day that I moved into town, I parked my vehicles on the grass, so the mover could have my driveway to put my furniture in the house. I received a violation letter. That is unacceptable to me. Where am I supposed to park my vehicles while they unload my furniture? I couldn't park in the street because the movers already had the street blocked.

20. Adjournment.

The meeting adjourned at 8:45 PM.

By: [Signature]
Gary Heinrich, Mayor

Attest: [Signature]