MINUTES
of the
KEENE CITY COUNCIL
THURSDAY, JUNE 20, 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 meeting to order at 7:00 PM.

Invocation & Pledge of Allegiance & Texas Pledge
Mayor Heinrich gave the invocation and led the Pledge of Allegiance and Texas Pledge.

1. Public Comments.

No public comments.

2. Mayor’s Comments.

Mayor Heinrich asked Don Martin about procedures for cleaning gutters on the street. We would like homeowners to clean them, but they don’t and that is why we have grass growing in the gutter. Some of that comes from people mowing and blowing their clippings into the street.

Don Martin stated we use an environmentally friendly grass killer that we spray on the streets. We can go by with a tractor and scrape them. However, right now, we do not have the manpower or the time to do it.

Mayor Heinrich asked what they would use to clean them.

Don Martin stated that they would use flat shovels.

Mayor Heinrich asked if that was on the schedule for the near future.

Don Martin stated that he would get it on the schedule.

Cheryl Schram announced the Chamber Luncheon on June 27th.
Mayor Heinrich announced that interviews for the City Manager have started.

3. Discussion and possible action regarding the cancellation of the July 4, 2019 Regular Council Meeting.

James Belz made a motion to cancel the July 4, 2019 Regular Council Meeting. Seconded by Gwen Beeson. The motion carried unanimously, 6-0-0.

4. Discussion and possible action regarding Animal Control.

Chief Emmitt Jackson discussed the policy on picking up aggressive dogs only versus strays. Formerly, Animal Control picked up all dogs which resulted in two to five dogs on a regular basis. That was when we had a full time Animal Control personnel that was able to dedicate forty hours a week to just Animal Control. When Tracey Glenn left Animal Control and just before Christina Austin was hired, the position of Code Enforcement was added to the duties. That is when the policy changed to only pick up aggressive dogs. Another reason for the change was due to the condition of the shelter. Improvements have been made but not enough to begin housing dogs again. Dogs were leaving sick because of the floor but that has been taken care of. However, the insulation, the A/C and heat and additional items still need to be taken care before the shelter should be operational.

Lisa Parrish would like some changes to allow Christina some discretion to pick up strays that are not aggressive. I realize that Christina already uses some discretion but that is in violation of our ordinance. That is why the ordinance needs to be changed so that in incidents such as with Opossum. This dog could have been picked up and returned.

Chief Jackson stated that there is no reason to change the ordinance. The ordinance says “shall” pick-up aggressive animals. It doesn’t preclude her from picking up strays.

Lisa Parrish stated but she didn’t with Opossum.

Chief Jackson stated that Christina made every effort to contact the owner and the owner was not available.

Mayor Heinrich stated that the ordinance doesn’t need to be changed to use discretion.
Cheryl Estes stated that the ordinance also says, that after three days if the dog is still in the shelter, the dog must be euthanized. So, Christina is very selective about the dogs that she picks up.

Lisa Parrish stated that the owner of Opossum would have rather known that her dog was picked up and euthanized than still out there and not knowing.

Mayor Heinrich stated that is one of about fifty. We need employees that can use discretion.

Cheryl Schram stated that this has always been an issue. I’ve had citizens tell me that they are willing to volunteer at the shelter. Do we have policy that would allow that?

Christina Austin stated that volunteers must be supervised.

Rob Foster asked if that was law or something that the City implements.

Christina Austin stated it is a safety issue so that the volunteers don’t get bit and because of the drugs that are in the refrigerator.

Rob Foster stated that if a volunteer is there, they are there to help not steal.

James Belz stated that a decision needs to be made.

Mayor Heinrich asked about volunteers and liability.

Cheryl Estes stated that she would investigate the liability.

Mayor Heinrich stated that he believes volunteers are covered. We need to enlist volunteers.

Larry Wright stated that volunteers sign waivers for such events and the volunteers need to be trustworthy enough to be left alone when necessary.

Chief Jackson stated that if Council wants this shelter, then Council needs to be all in. Some of the responsibility needs to go back on the dog owners. If an owner’s dog gets picked up, they need to be responsible enough to come in and pay for the time that their dog was
here where they were fed, housed, possibly vaccinated and microchipped.

Mayor Heinrich asked if microchipping was in the ordinance.

Chief Jackson stated no. However, that will be coming before Council soon.

Gwen Beeson asked if that needs to be in the ordinance.

Mayor Heinrich stated yes.

Chief Jackson stated that the reason it needs to be in the ordinance is because a fee is involved.

Cheryl Estes stated that during budget she will put in what it will cost to have a full time Animal Control Officer and a full time Code Enforcement along with rehabbing the Animal Shelter.

Cheryl Estes asked if chipping is available now.

Christina Austin stated yes.

Don Martin clarified the reason for volunteer supervision. Our contract with Johnson County for community service stated that volunteers must be supervised by City personnel.

Mayor Heinrich agreed. However, there is a reason for community service volunteers to be supervised.

5. Discussion and possible action regarding Splash Station project.

Mayor Heinrich stated that he spoke with someone from Joshua. They run about 85,000 gallons of water monthly through their splash pad. They don’t save the water, but they do use it to irrigate the park. They don’t store it because of the cost to chlorinate and move it back through is a lot more. That is a lot of water to waste especially if we are having trouble with our wells and having to buy water. The old Council passed this before they left office.

Cheryl Schram asked Holly Owens for clarification.
Holly Owens stated that it was for the B Board to move forward with it. It was for the study and allow for the budget to be appropriated for the project.

Cheryl Schram clarified that was to keep the discussion moving.

Holly Owens stated that is correct.

Robert Cooper stated that B Board should be allowed to plan.

Cheryl Estes stated that B Board is under contract with Jacobs Martin to do a Master Park Plan. They are also under contract to apply for a grant with Texas Parks and Wildlife.

Mayor Heinrich verified that B Board would then need to come to Council for final approval.

Cheryl Estes stated that they would need to come before Council to get approval to apply for the grant.

Cheryl Schram stated that after last night we are going to be talking about a lot of different things in a different way. I am on that board and we have tried to save our money so that we can build something significant that would enrich the community and increase the quality of life. There are members that have been on that board more than three years that have talked about a splash station. So, we started the study. We have looked at everything and talked about the water, but we have never finalized on it. The study includes the Master Park Plan. The splash pad can still be in there in the future along with the bathrooms and everything else. I was glad to hear about the pavilion last night. Otherwise, we have had no show up to our meetings to discuss anything until James Belz came to a meeting.

James Belz stated that this a delicate item. I was glad to see people show up last night. A lot of what I heard was about the pavilion, sidewalks, lighting and basketball courts. It seems that the pavilion is a separate issue from the splash station. In government, people try to piggy back items with something else, but it is two different things. I see no way that our water system can handle this. This needs to be looked at again in about a year.

Cheryl Schram stated that the Celebration Committee had a design and concept plan done to raise interest. The pavilion is part of the Master
Park Plan. If some of these items are placed on the back burner, then we should meet soon with Derek Turner before all this work goes into applying for a grant. There are splash pads out there that use significantly less water than what Joshua is talking about. I haven't seen that information. I believe the board is open. They want to be a part of something significant.

Mayor Heinrich asked about the current master plan and if there was a pavilion in it.

Cheryl Schram stated no. The pavilion hadn't come up yet when it was developed. We have even looked at getting paid sponsors for the pavilion that could have their name on it.

Gwen Beeson stated that these are the same engineers that work on our water wells and how much they produce. They know how many gallons of water they will take. They need to be the ones that say that our wells are not enough.

Lisa Parrish asked what the motion was before we came into office.

Holly Owens stated that she cannot read the motion, but I remember the meeting. Michael Talley brought it to the Council to approve a budget amendment to the B Board to allocate funds for a splash pad.

Cheryl Schram stated that allowed the board to move forward.

Lisa Parrish asked if the Council decides to not build the splash pad, does that motion need to be undone to stop it now so that no more money can be spent.

Mayor Heinrich stated no. The Board needs to do the study so that we can decide.

Lisa Parrish stated that she doesn't believe a splash pad is a good idea. I don't want the Board to spend money on something that four of us will turn down.

Cheryl Schram stated that the Board will propose a budget with whatever they plan to do. If Council doesn't like their budget, it is up to them to defend their budget. There are people in town that would like a splash pad and a pavilion. The community needs to be involved in the process. Years before the park was done, we received complaints and concerns.
that the park will never be used and the liability. The Board is a corporation and there is only so much control Council has.

Larry Wright asked about the peripheral cost of the splash pad. There is not only the cost to build it and the water but who pays for the insurance and maintenance. Who's going to manage it?

Lisa Parrish stated that according to the B Board minutes, they want the City to maintain it and the City pay for the water.

Larry Wright asked how they are going to keep dogs out and other animals. Someone needs to check the water and keep up with the chemicals.

Cheryl Estes stated that city pools have minimum insurance if the correct posters are up.

**Robert Cooper made a motion to table Item 5. Seconded by Rob Foster. The motion carried unanimously, 6-0-0.**

Gwen Beeson asked about the size of the splash pad in Joshua. I have also reached out to Cleburne.

6. Discussion and possible action regarding ratification of contract with Palestine Drilling & Well Services to repair Well 1 in the amount of $78,000.

**Robert Cooper made a motion to approve the ratification of contract with Palestine Drilling & Well Services to repair Well 1 in the amount of $78,000.**

Lisa Parrish asked about other bids.

Cheryl Estes stated that this was an emergency expenditure.

Lisa Parrish stated that she had sent in a recommendation of another person, Associates of Well Service out of Stephenville.

Cheryl Estes stated that was after staff had started working with Palestine. However, staff will look at them further for future projects.

**Seconded by Rob Foster. The motion carried unanimously, 6-0-0.**
7. Presentation and discussion regarding FY 19-20 proposed budget for the City's Debt Service Fund.

Cheryl Estes stated that no action is necessary for this item. One of the processes in the budget is the different funds that we must look at. Tonight's presentation is the proposed budget for the debt services fund. What Council will do at the end of the budget process, the Council will vote on the proposed budget at one time. We need to know where we are going to be standing regarding our debt payments for the next fiscal year, how we plan to pay for those debt payments and with what funds, so that we can calculate how much the I&S debt tax rate will be for the upcoming year. When you adopt the property tax rate, there is two different parts to that tax rate. The M&O which is the property tax that goes into the general fund and then there is the I&S part of the tax rate which goes into the debt service fund to pay our debt. In this schedule that is being presented it includes all debt. Debt from the general fund that is paid with property taxes, water/sewer debt that is paid with revenue from the water fund, and debt for the economic development corporations. When we issue our financial statements, the Corporations are considered a major fund of the City. Due to the Council's control over these boards it is called a blended component unit. It is like having another department. When we present in our notes all the City's debt, Type A and Type B debt is also noted with it. The first section is property tax only. The yellow highlighted is what it would cost if we added new debt for an ambulance, including the stryker cot with the assist that goes along with that. The original loan amount is $225,000, but according to the companies that we have talked to, they will finance all the equipment that goes with it, so the amount is $275,000. Also shown is the debt for a new Animal Control/Code Enforcement truck. The reason we chose to put this in here is because the truck currently being used is a 2008 Ford F150. It has lots of maintenance issues and staff wanted Council to consider it through the budget process. We pay off two of the notes that we have with Pinnacle Bank this fiscal year. So, by adding these two notes or leases into this schedule, it is taking the place of those notes that we are paying off but will not add any affect on the I&S debt tax rate. According to the schedule that is being presented, right now the I&S portion of the tax rate is .057255. By adding this new debt in and using some of our fund balance that we have in our debt service fund to pay the debt next year, we can adopt the same I&S tax rate next year as we have for this year. I would like to reiterate we had a workshop last month with the City's financial advisors and we talked about all the different options the City has moving forward with our current debt. We mainly discussed the 2016 bond that was used to build the City Hall and
Community Center and the 2017 CO bond that was issued to do the technology, IT and street/sewer projects. Those two bonds themselves, must be restructured in 2021, so that we can get a fixed interest rate. Also, we need to extend the term of the loan for the 2 million dollars. We are doing that so that we can make the annual payments moving forward. We have set the City up right now because we have funds left over from the construction of the City Hall. The funds we had left over, we moved over to the debt service fund. When we decided that the water/sewer fund was going to fund their own projects, we had a lot of loan money left over. Council approved to move over $250,000 into the debt service fund to assist the City in making payments for the future. Because we have done that, we have been able to put off having to restructure the debt until 2021 or 2022. That gives us breathing room and time to be able to get this all done. I ran this debt service schedule through our financial advisor and asked with adding the new debt and the sources that I am using to pay for this debt, did it change anything based on the scenario he gave us. This scenario was done based on there will be no increase in taxable value. However, if there is no increase in taxable value by 2022 the I&S tax rate will need to be increased by .05 cents. That is just to cover the debt we already have. We will go through many scenarios during the budget process.

Mayor Heinrich asked how many miles were on the Animal Control truck.

Cheryl Estes stated that we have had maintenance issues with the A/C, and the battery going dead. We would reuse the box on the truck. According to the paperwork, it is a F150.

Chief Jackson stated 160,000 miles.

James Belz asked what can be done in the meantime.

Cheryl Estes stated that it only gets used when Christina must pick up a dog. Otherwise she uses one of the Public Works trucks.

Lisa Parrish asked if we were still looking at a grant for the ambulance.

Chief Warner stated that we applied for a grant for staffing.

Ray Johnson asked if it would be cheaper to fix the truck than to buy a new one.
Cheryl Estes stated that it depends on the annual debt for maintenance versus the annual payment for a new truck.

Gwen Beeson asked about restructuring the debt in 2021. The interest rate is low right now. Would it be better to work on that now while it is low?

Cheryl Estes stated that the rate we have now is very low but will change in 2021/2022. The revenue only supported debt is the USDA loan for the water line project. That was paid from water revenue. It also shows all the debt that Type A and Type B Board have. That is all paid with sales tax from Type A and Type B. The last section property tax and revenue supported debt and the 2016/2017 debt is paid from different sources. Part of it is paid from fund balance. The Community Center debt is paid by Type B. A portion is paid from the water/sewer fund.

No action taken.

8. Presentation and discussion regarding Five-Year Capital Improvement Plan.

Cheryl Estes stated that according to the City Charter, the City Manager shall propose a five-year capital program for consideration by the City Council ninety days prior to the submission of the budget. These are large projects that over $5,000. I mainly concentrated on the fiscal year 2019-2020 since we plan to hire a City Manager soon. The City Engineer just presented a ten-year plan for street maintenance. What is shown is the cost for the City’s website. The upgrade cost is $32,000 which will be paid over the next four years. Included is the cost to separate Code Enforcement and Animal Control. Council asked me to talk to Christina about her job functions. One of the main things that I learned is that Christina is doing everything manually. She has no technologies for her to use for tracking purposes, letters, along with permits. Our website offers software to aid in this for $18,000. If she had this software, she would be working smart not hard. This will cut the time in half. The police chief has a vehicle replacement plan and fire chief has building improvements plan. There is not much in the water/sewer CIP because we are waiting on Derek Turner’s report. I asked Don Martin about Public Works and he asked if we can afford it, he would like a bobcat skid steer.

No action taken.
9. Discussion and possible action regarding use of remaining loan proceeds from 2017 Certificates of Obligation bonds to fund water and sewer capital projects.

Cheryl Estes stated that during the last meeting we talked about the $198,300 that the City Engineer said it would take to rehab all the wells. At the time, I told you that the water/sewer fund did have it in the fund balance. Council voted to go ahead on those projects. At the time, I was talking to Andre and working on the debt service schedule. I know in the past when we got all the audits back, Mr. LaBorde and pervious Mayor had gone out and borrowed 2 million dollars because there was a lot of projects that needed to be done. They weren’t sure how much money the City had because they were behind on the audits. We borrowed the 2 million dollars and we got all the audits caught up and realized the water/sewer fund is healthy. I made a recommendation to the Council to let water/sewer fund their own projects and not use the loan proceeds. That way it would free it up to use on street projects. After working with Andre and restructuring the City’s debt, the only way we are going to make these debt payments is if we commit about $100,000 a year. If we’re going to have to pay the debt, we might as well spend the money. After looking at this and looking at the fund balance and the fact that the water/sewer fund is going to have to pay a portion of this debt going forward then I am recommending to Council that instead of using your fund balance and water/sewer to cover the cost of these projects that we are currently working on, go ahead and use the loan proceeds. That way it is more justifiable for the water/sewer fund to pay a portion of the debt. We do have it in fund balance if Council chooses to go that way. We do not have to spend these bond proceeds and later we refinance less money. We would still have to use part of the water/sewer money to make the debt payments every year. That is my recommendation for what we must fix now. We talked about just under $200,000 for the work that needs to be done on the water system. That very weekend after that, we had a well go down that we just approved $78,000 to fix. It is fixed, they took a water sample today and are waiting on it to come back. They finished fixing, flushed it and took a water sample. The results for that come back tomorrow then they will turn the pump back on. We are now looking at trying to fix one of the storage tanks. It is leaking. For us to use it to store water, it must be fixed. We don’t know what the cost is right now. We are trying to find companies that will do it. We are waiting on estimates for that. If it is more than $50,000, that will be brought to Council. Because of the $198,000, the $78,000 for the well and now this, I am recommending we use the remainder of the bond proceeds.
Rob Foster asked which way Andre advised us to go.

Cheryl Estes stated that he said that if we used the bond proceeds that it was not going to change the scenario for us to restructure going forward. Because of the proposed increase tax value this year, that all offsets its and we would still be on schedule with only the .05 cents increase. If we didn’t spend it, I can get him to go back and run that scenario to see. I would think it would be more .02 cents/.03 cents increase if tax values do not increase. By doing this, it leaves the fund balance healthy.

James Belz asked if we were paying interest on the full amount.

Cheryl Estes stated no. We only pay interest on what we have drawn. Right now, we have $403,562 that we have not drawn. In this budget, the previous Council approved to spend $325,000 on a street project. It was in the capital projects budget to do that. What that street project consisted of was SWAU had come to the City about fixing the streets around the college. They said that they would match the City dollar for dollar. SWAU has come to us since then and are unable to do the project.

James Belz asked if we use the money from water/sewer will that make it unhealthy.

Cheryl Estes stated no. Even if we use the water/sewer money, that fund will still have to contribute $100,000 a year towards these two bonds.

Mayor Heinrich clarified that the two bonds are for this building.

Cheryl Estes stated it was this building plus the 2 million dollars that was originally borrowed to do water/sewer projects. We currently have $533,000 that has not been drawn down. We still have an outstanding invoice on Shady Oak, the OSSI conversion, and the purchase order module.

Rob Foster asked what the water/sewer fund was.

Cheryl Estes stated about $1.4 million dollars with 90 days reserve.

Lisa Parrish asked if we use the fund balance can we drawn down on it later if needed.

Cheryl Estes stated yes.
Rob Foster stated with the cost of the projects, it would still leave $1.1 million dollars.

Rob Foster made a motion to spend the money to make the repairs using fund balance. Seconded by Lisa Parrish. The motion carried unanimously, 6-0-0.

10. Executive Session.

Council entered into Executive Session at 7:39 PM.

11. Reconvened into Open Session for possible action resulting from any item posted discussed in Executive Session.

Council reconvened into Open Session at 8:25 PM. No action was taken.


The meeting adjourned at 8:30 PM.

By: [Signature]
Gary Heinrich, Mayor

Attest: [Signature]
Holly Owens, T.R.M.C., City Secretary