

CITY OF ROCKPORT

MINUTES

CITY COUNCIL REGULAR MEETING 6:30 p.m., Tuesday, August 11, 2015 Rockport City Hall, 622 East Market Street

On the 11th day of August 2015, the City Council of the City of Rockport, Aransas County, Texas, convened in Regular Session at 6:30 p.m., at the regular meeting place in City Hall, and notice of meeting giving time, place, date and subject was posted as described in V.T.C.A., Government Code § 551.041.

CITY COUNCIL MEMBERS PRESENT

Mayor Charles J. Wax
Mayor Pro-Tem Pat Rios, Ward 3
Council Member Rusty Day, Ward 1
Council Member J. D. Villa, Ward 2
Council Member Barbara Gurtner, Ward 4

CITY COUNCIL MEMBER(S) ABSENT

STAFF MEMBERS PRESENT

City Manager Kevin Carruth
City Secretary Teresa Valdez
Police Chief Tim Jayroe
Public Works Director Mike Donoho
Finance Director Patty Howard

ELECTED OFFICIALS

Opening Agenda

1. Call to Order.

With a quorum of the Council Members present, the Regular Meeting of the Rockport City Council was called to order by Mayor Wax at 6:37 p.m. on Tuesday, August 11, 2015, in the Council Chambers of the Rockport City Hall, 622 E. Market Street, Rockport, Texas.

2. Pledge of Allegiance.

Council Member Gurtner led the Pledge of Allegiance to the U.S. flag.

3. Citizens to be heard.

At this time comments will be taken from the audience on any subject matter that is not on the agenda. To address the Council, please sign the speaker's card located on the table outside the Council Chamber and deliver to the City Secretary before the meeting begins. Please limit comments to three (3) minutes. In accordance with the Open Meetings Act, Council may not discuss or take any action on any item that has not been posted on the agenda.

There were no citizen comments.

Consent Agenda

All consent agenda items listed are considered to be routine by the City Council and will be enacted by one motion. There will be no separate discussion of these items unless a Council Member so requests, in which event the item will be removed from the Consent Agenda and considered in its normal sequence on the agenda.

4. Deliberate and act on approval of City Council Budget Workshop Meeting Minutes of July 20 and July 22, 2015, and Regular Meeting Minutes of July 28, 2015.

5. Deliberate and act to appoint a citizen to Rockport Parks & Leisure Services Board.

Mayor Wax called for requests to remove any item from the Consent Agenda for separate discussion. There being no requests, Mayor Wax called for a motion.

MOTION: Council Member Villa moved to adopt the Consent Agenda Items as presented. Mayor Pro-Tem Rios seconded the motion. Motion carried unanimously.

Public Hearing

6. Conduct a Public Hearing on proposal to increase water, wastewater, and solid Waste collection rates for all customers.

At 6:38 p.m., Mayor Wax opened the Public Hearing.

There were no public comments.

At 6:39 p.m., Mayor Wax closed the Public Hearing.

Regular Agenda

7. Deliberate and act on presentation of proposed Fiscal Year 2015-2016 budget.

City Manager Kevin Carruth addressed the Council. Mr. Carruth stated the proposed Fiscal Year 2015-2016 budget is based on discussions held with the Council during the budget workshops. Mr. Carruth said the budget assumes an 8.0 percent increase in the *ad valorem* tax rate to \$0.364858 and has a net result on the median residential property of increasing *ad valorem* taxes by \$57.38. Carruth then presented a PowerPoint presentation on the budget (next page).

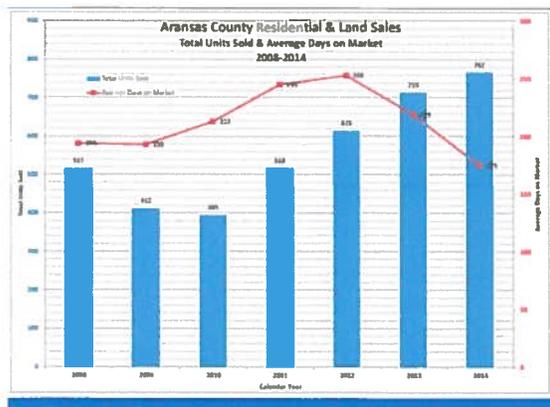
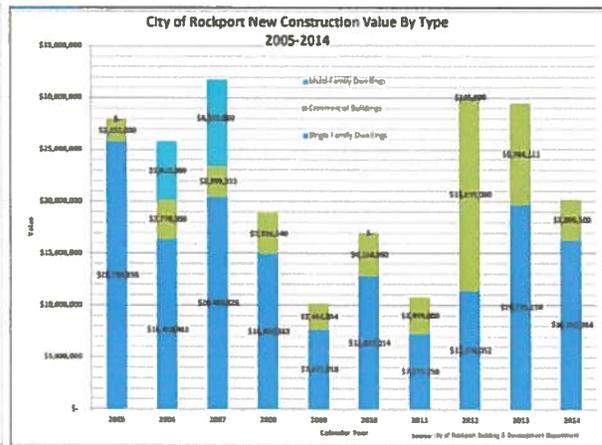
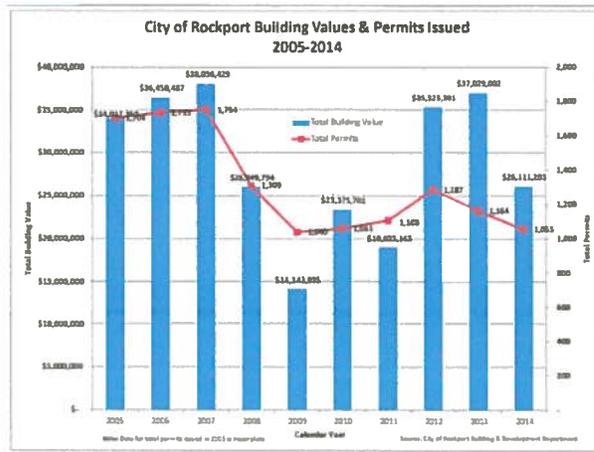
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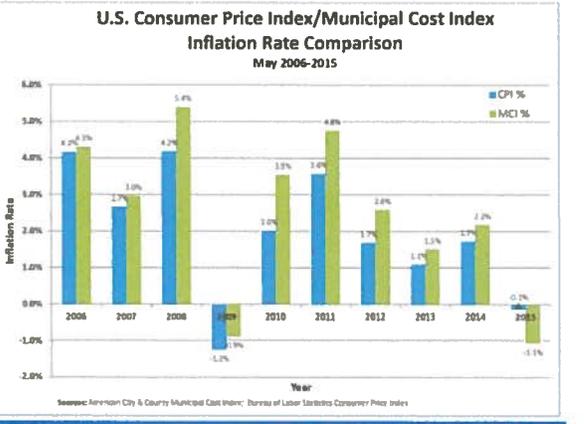
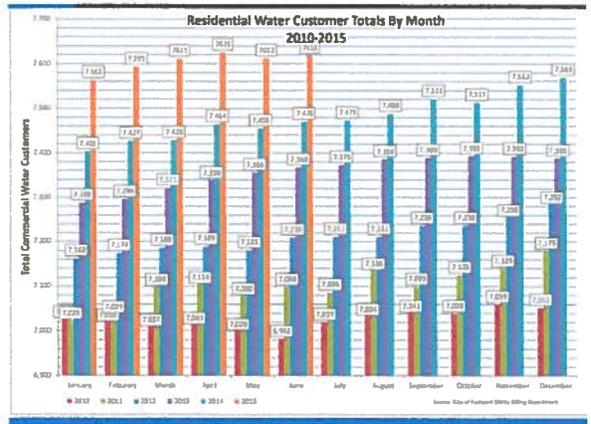
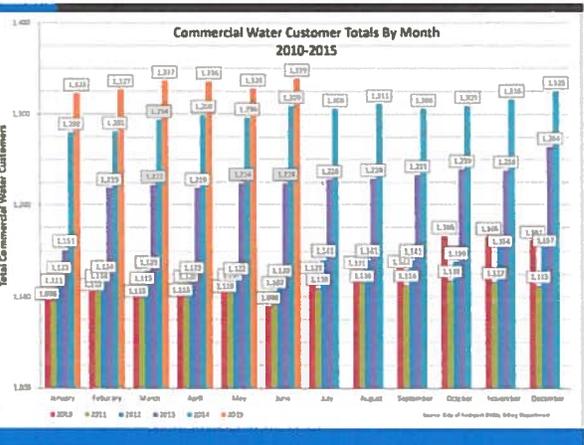
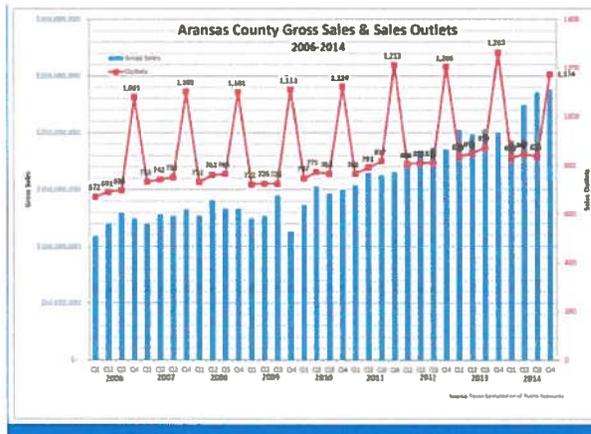
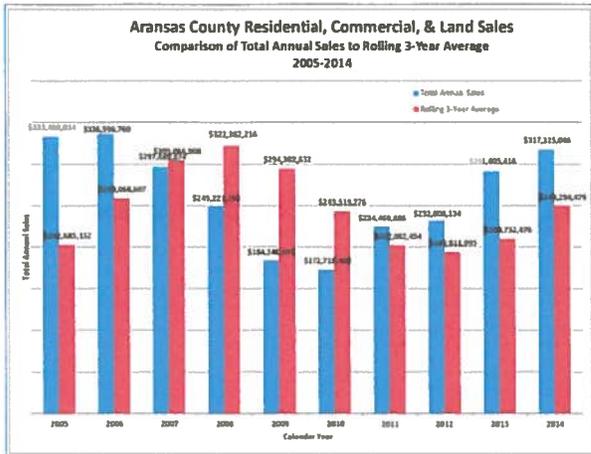
FY 2015-2016 Budget Presentation

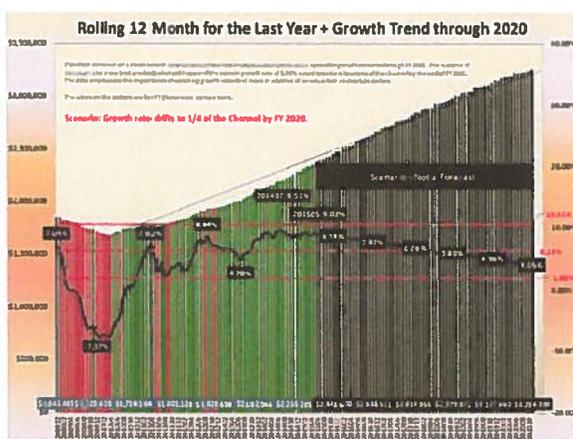
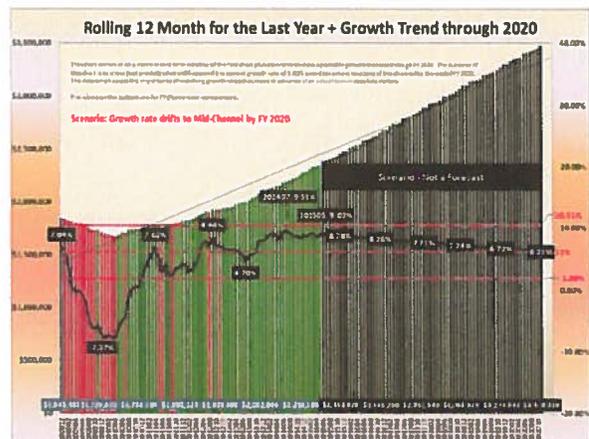
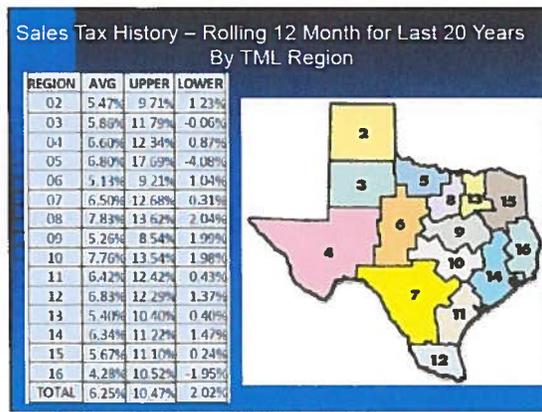
August 11, 2015

Assumptions

- Tax Rate – 8% Over ETR
- Sales Tax – 7.67% Increase
- Group Medical Insurance – 5% Increase (split evenly with employees)
- Merit Raises – 3%
- Compensation Plan Phase 1 – 5% @Q2
- Utility Rate Increases
 - ◆ Water – 5.39% Increase + Lowering Minimum 2K to 1.5K
 - ◆ Sewer – 11.7% Increase + Increasing cap 10K to 15K







Discussion was held among Council and Mr. Carruth regarding the proposed budget.

Mr. Carruth said his budget letter (below) had been distributed to the Council. Mr. Carruth asked if the Council had any questions regarding the proposed budget.

August 11, 2015

To the Honorable Mayor and City Council Members

Introduction

In accordance with Article VII of the City of Rockport Charter and Chapter 103 of the Texas Local Government Code, I am pleased to present for your consideration the proposed annual budget for fiscal year 2015-2016 beginning October 1, 2015. This balanced budget is intended to serve as:

1. A plan of financial operations embodying an estimate of expenditures for the next fiscal year and the means of financing them.
2. A management and operational plan for allocation of resources during FY 2015-2016.

The budgetary and accounting policies contained in the budget conform to generally accepted accounting principles (GAAP) as established by the Governmental Accounting Standards Board (GASB). The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate budgetary and accounting entity. Within the budget, the City's various funds are grouped into general fund types and proprietary fund types. The budget is prepared on the GAAP basis, with all governmental funds accounted for using the modified accrual basis of accounting and proprietary funds accounted for using the accrual basis of accounting.

Citizens of Rockport are proud of and enjoy the high quality of life they have come to expect. The City plays an important role in defining quality of life by developing and maintaining standards that contribute to a pleasant, attractive, dynamic and healthy community. In addition to continuing this role, staff was given the charge at the beginning of the budget process to (1) continue to look for efficiencies in operations, (2) reduce expenses where possible, and (3) maintain levels of service. Consequently, staff developed budget proposals for their departments assuming essentially the same expenditures as allocated in FY 2014-2015. Requests for additional items were submitted with justifications and were reviewed by the City Manager and Director of Finance. The following sections highlight points of interest in the budget.

Economic Outlook

Rockport is somewhat unique from most communities in that we are a destination point for tourists and seasonal visitors throughout the year. Consequently, our permanent residents total around 9,357 but we have the physical and human infrastructure to accommodate 15,000 - 20,000 people regularly and as many as 35,000 for special events and holidays. This uniqueness has a definite impact on the City's fiscal needs. In addition, like all other local governments, Rockport faces inflationary pressures that are historically higher than most citizens and businesses experience. The U.S. Municipal Cost Index (developed by *American City and County* magazine to show the effects of inflation on the cost of providing municipal services) was 11 percent lower for the 12-month period ending in May, while the U.S. Consumer Price Index (CPI) was lower by 0.1 percent during the same period. This small amount of

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In addition, prior to FY 2012-2013, annual requests have been evaluated on their merits for that year regardless of funding in previous years. The FY 2012-2013 budget adopted a policy stating that a new award should be waived from HOT funding over one to three years after it has received funding for several years (particularly in cases where the City helps fund new events and those events have become successful). In light of healthy prospects for HOT revenue, the FY 2013-2014 and FY 2014-2015 budgets did not exercise the policy of waiving. With another record year for HOT revenue expected, the FY 2015-2016 budget does not implement the waiving policy either.

The reorganization of the funding of Rockport in 2020. With the FY 2015-2016 Budget City Council establishes an encumbered Sesqui-centennial Fund in order to begin building a funding source for Sesqui-centennial events. The budget includes a \$25,000 transfer into this fund.

Lastly, the City Council has targeted 365 days of HOT fund balance as a goal in order to sustain tourism following a significant weather related or manmade disaster. The fund balance on September 30, 2016, is estimated to be 486 days.

Health Insurance

Employees are provided medical insurance through the Texas Municipal League Intergovernmental Employee Benefit Pool (TML-IEBP). Premiums will increase by \$25.20 (\$0.9 percent) to \$339.04 per month. The City will continue the practice it began in FY 2011-2012 and split the increase evenly with employees so that the City and employees will both pay an additional \$12.60 per month.

Personnel

The City has a very lean operation for a service organization, where 70-75 percent of expenses would not be unusual for personnel costs. In the General Fund personnel costs account for 54.3 percent of expenditures, 18.7 percent in the Utility System Fund, 23.4 percent in the Gas System Fund, and 23.0 percent overall (these percentages do not factor in most of the capital requests which would drive the percentage even lower). Although very lean, personnel costs still represent the single largest cost center and any further attempts to decrease expenses cannot ignore that fact. Funding for employee merit increases up to 3 percent is included as is 5 percent beginning in the second quarter as part of the first phase of implementing recommendations from a compensation study expected to be completed by the beginning of September.

General Fund

Revenues

1. **Tax Rate.** The effective tax rate, i.e. the rate that generates approximately the same amount of revenue as FY 2014-2015 is \$0.331181 and the rollback rate is \$0.364858. Since the City maintained the effective tax rate for the seven years prior to FY 2012-2013, the impact of inflation over that time was to create an operational decrease in the level of service. To help offset the inflationary consequences of previous years, the proposed budget assumes an 8.0 percent increase in the ad valorem tax rate to \$0.364858 and has a net result on the median residential property of increasing ad valorem taxes by \$17.38.
2. **Sales Taxes.** As a tourist destination, sales taxes can be a direct indicator of the local economy. Sales tax collections in 2012, 2013, and 2014 were records and, based on multiple local indicators, there is a high degree of confidence that sale tax receipts will continue to improve. The FY 2015-2016 budget includes a 7.67 percent increase, reflecting the positive economic indicators and previous revenues.



inflation is unusual in historical terms as the MCI is always higher than CPI, except for two other periods since 1978.

In 2014 Rockport's recovery from the national economic recession continued as demonstrated in the following economic indicators (see additional detail in supporting graphs in the Statistical Section):

- Total residential and land sales and average sales price increased 7.3 percent in 2014 compared to 2013.
- Residential, commercial, and land sale values surged 27.3 percent in 2014 over a three-year rolling average.
- The average days on market for residential and land sales dropped by 20.1 percent in 2014 compared to the previous year.
- Commercial water accounts increased by 1.9 percent year-to-date July 2014 to 2015.
- Gross retail sales increased 10.9 percent from 2013 to 2014.
- Sales tax collections in 2014 beat the 2013 record by 8.9 percent, and
- Hotel occupancy taxes (HOT) continue to climb, besting 2013's record with an additional 14.9 percent increase in 2014.

Furthermore, average annual growth in assessed value since 2010 has been 1.7 percent with a cumulative increase of 10.6 percent. According to the Aransas County Appraisal District Chief Appraiser, assessed value is expected to remain stable with continued slight growth from year to year into the foreseeable short- and medium-term future.

Despite the overall positive economic indicators, some caution is warranted in looking longer term as there are indications nationally and in Texas of slowing growth due, in part, to a drop off in the price of oil. With a strong reliance on tourism, Rockport is more susceptible to decisions by families to withhold spending on vacations. On balance, however, the prospects for the immediate year are still positive.

Notable Policies and Programs

Fund Balance Policy

While there is no statutory or regulatory requirement for a minimum fund balance, the generally accepted practice and rule of thumb is to have a fund balance of about 90-120 days. It has been several decades since Rockport was hit by a catastrophic storm, however, as a coastal community surrounded on three sides by water, such a storm is always a dangerous possibility. Consequently, Rockport has felt a need to have a fund balance greater than 90-120 days so that the City is better prepared to respond to a disaster and maintain continuity of government and operations. The FY 2012-2013 budget first established the policy of maintaining a minimum fund balance of 180 days. While the City continues to add to the total number of dollars in its fund reserve, the daily cost of operations has also increased, but in larger proportions to the total dollars. Consequently, the FY 2015-2016 budget decreases the estimated fund balance on September 30, 2015 by 9 days, for an estimated total of 155 days.

Hotel Occupancy Tax Policies

Rockport has historically allocated all of its accepted hotel occupancy tax (HOT) funds and not maintained a budgeted fund balance or contingency limiting the City's ability to accommodate unplanned opportunities. The FY 2012-2013 budget established a policy of budgeting a contingency to give the City some flexibility throughout the year and that policy continues in the FY 2015-2016 budget.

3. **Municipal Court Fines.** Revenue from Municipal Court fines is budgeted 33.3 percent lower than FY 2014-2015, reflecting an overly aggressive estimate for last year. In addition, vacancies in the Police Department's Patrol Division contributed to a decrease in the number of citations issued.

Expenditures

1. **Training.** Most departments show increased amounts for training, reflecting a continued emphasis on increasing the effectiveness and efficiency of personnel.
2. **Legal.** In prior years, legal services were charged to the non-departmental accounts in the General Fund and Utility Fund. In order to make it easier to track utilization of legal services by department, each department in the budget has a line item for legal services. Most of the line items do not have amounts because the previous accounting method did not show sufficient data to predict utilization by department.
3. **Police Administration.** Higher Aransas County Jail fees have increased that expense allocation to \$30,000 and completion of the Texas Municipal Police Chiefs Association recognition program has added \$7,064.
4. **Police Patrol.** The proposed budget includes a continuation of the Police Officers added as a result of the April 2013 interlocal agreement with the Town of Fulton for law enforcement services, as well as two new Patrol Officers to be funded through a COPS Grant application. Replacement of eight Tazers and providing individual first aid kits for officers are included. Electronic ticket writer hardware and software will be paid for through the Municipal Court Technology Fund.
5. **Building and Development Administration and Inspections.** The cost of a new clerical position will be split 25/75 with Building Inspections.
6. **Streets and Drainage.** Funding for a part-time employee to assist with seasonal mowing of right-of-way is included as is the cost of higher fees charged to the City by Aransas County for their assistance with the City's annual street seasonal project.
7. **Building Operation and Maintenance.** The City has historically charged fire station maintenance expenses to a general account. This budget creates a new expenditure account (632-2050) so that fire station specific expenses can be tracked more easily. This line item is budget neutral as no additional expenses over last year are included, but rather budgeted amounts from last year are consolidated into this item.
8. **Parks and Leisure Services.** A fulltime Maintenance Technician has been added to assist with the additional duties related to Aransas Pathways projects. The City maintains and the additional maintenance burden from hike and bike trails and other projects added over the last two years. Most of the cost of the new position will be covered by service fees charged to Aransas County for maintenance of their site inside the city limits. Replacement of the play unit at Spencer Park is included in order to complete rehabilitation of this neighborhood park.
9. **Sports Complex.** The City took advantage of a unique opportunity to secure slightly over 40 acres of land in 2014 and plans to build a sports complex on the site. There are no immediate

plans to begin construction of the complex but nonetheless the property will still incur minor maintenance and operations expenses.

10. **Hotel Occupancy Tax Administration.** Administration of the Hotel Occupancy Tax (HOT) is an eligible expense under state statute. The FY 2015-2016 Budget allocates 25 percent of the Assistant City Secretary's personnel costs to this fund since that position spends about that amount of time administering the HOT program.

Utility System Fund

Revenues

Charges for Services. The water conservation measures implemented due to persistent drought conditions since 2013 continues to suppress water consumption, as planned. Unfortunately, this has the effect of forcing fixed costs over fewer gallons and necessitating a rate increase. The annual water and wastewater cost of service study recommended increasing the demand (base) and volumetric water and wastewater rates by 5.39 percent and 11.7 percent respectively for FY 2015-2016. In addition, the minimum gallons for water decreases from 2,000 to 1,500 and the cap on wastewater increases by 5,000 gallons to 15,000 gallons. With the new rate schedule the fund balance will be 194 days, exceeding the 180 day goal. The net effect on an average 7,000 gallon residential water and sewer customer inside the city limits is \$3.48 and \$4.87 for a customer outside the city limits.

Expenditures

Utility Customer Service. A Utility Billing Clerk position that has been vacant and unfunded for the previous tax years will be filled. Also, in 2014 the City added the ability of customers to pay their utility bills (and Municipal Court fines and building permit fees) by credit card. The credit card payment option has been very popular with customers and has resulted in additional merchant fees for the City.

Natural Gas System Fund

Revenues

Charges for Services. Two consecutive cold winters have resulted in higher than predicted revenues and no need to increase rates. The fund balance is expected to be 213 days, 33 days above the 180 day goal.

Conclusion

The desire of city councils to maintain the lowest ad valorem tax rate possible is understandable and important for attracting residents and businesses to have a tax rate and services that are competitive with other communities. The City of Rockport has attempted to do this for several years prior to FY 2012-2013 by maintaining the effective tax rate (i.e. the rate that raises the same amount of revenue) and cutting expenses; however, creating an artificially low tax rate by deferring maintenance and/or failing to plan for known future expenses is not successful in the long-term and usually creates a more painful fiscal environment for the future. Fortunately over the years the City of Rockport has recognized the need to reinvest in its infrastructure continually and, beginning in FY 2012-2013 and lasting through FY 2015-

2016, has adopted tax rates that are higher than the effective rate in order to position the City for the future.

There are seven issues with revenue and expense impacts that bear consideration in the short- to medium-term, specifically:

1. Necessary investment in the City's information technology.
2. Planning for annexation of the area north and south of Market Street more or less between Highway 35 Business and Highway 35 Bypass.
3. Additional statutory obligations incurred by passing the threshold of 10,000 citizens.
4. The ongoing, near record drought has resulted in revised, more restrictive drought contingency and water conservation plans that will lead to reduced water consumption and a corresponding change in base and volumetric rates. In addition, overall demand and availability of supply may lead to higher costs to the City from our supplier, San Patricio Municipal Water District.
5. Repair and stabilization of the shoreline along Bay Shore Drive on Key Allegre.
6. Repair or rehabilitation of the Key Allegre bridge, and
7. Development of a street reconstruction plan.

Each of these issues will require thoughtful and deliberate consideration by the City Council, together with city staff, for development and commitment to a budget strategy to meet these future demands.

Despite the improved economy, the proposed FY 2015-2016 budget is conservative in its revenue estimates and expenditures. The budget maintains a high level of reserves in order to mitigate the risks posed by Rockport's somewhat limited economy, modest scale, reliance on tourism, and threat of strong storms. In 2015, the City's conservative fiscal policies and budgeting resulted in Fitch Ratings and Standard and Poor's both reaffirming the City's 2013 rating increase from AA- to AA with a stable outlook, recognizing the City's healthy financial flexibility.

City government is the form of government that has the widest ranging impact on the daily lives of our citizens. Meeting the fundamental health, safety, and welfare needs of our citizens is essential to a progressive and successful community and as presented, this budget will ensure the safety of our citizens and enhance their quality of life while providing an environment for successful development.

I appreciate the efforts of staff during preparation of the proposed budget under another year of difficult fiscal circumstances. In addition, I wish to extend my thanks to the City Council for its willingness to take the time at the annual planning retreat and the budget workshops to understand each department's operations and share the Council's vision with staff. Such understanding provides context and background to better understand the budget and also enlightens staff's understanding of Council's priorities.

Respectfully,



Kevin Carruth
City Manager

Mayor Wax thanked Mr. Carruth and Finance Director Patty Howard for a great piece of work and stated the clarity enhances it. Mayor Wax added that Mr. Carruth has provided significant leadership and only professionals can provide this kind of work.

MOTION: Mayor Wax moved to approve the proposed Fiscal Year 2015-2016 budget as presented. Council Member Villa seconded the motion. Motion carried unanimously.

8. Deliberate and act by taking record vote on proposed 2015 property tax rate for Fiscal Year 2015-2016 budget and scheduling dates for two required public hearings on proposed tax rate.

Finance Director Patty Howard addressed the Council. Ms. Howard stated the Agenda briefing sheet contained in the packet was slightly incorrect. Ms. Howard said that since the Council already has a scheduled workshop for August 25th at 1:30 p.m., she was recommending the first public hearing on the tax rate be conducted at that workshop and then the second public hearing be held on September 8, 2015, at the regular Council meeting at 6:30 p.m.

Mayor Wax stated the proposed tax rate is \$0.364858 per \$100.00 of valuation.

MOTION: Mayor Wax moved that the property tax rate be increased by adoption of a tax rate of \$0.364858, which is an 8% increase in the tax rate. Mayor Pro-Tem Rios seconded the motion. Roll Call record vote conducted as follows:

FOR MOTION: Mayor Wax, Mayor Pro-Tem Rios, Council Member Villa,
Council Member Day and Council Member Gurtner.

AGAINST MOTION: none

Motion carried unanimously.

MOTION: Mayor Wax moved to schedule the first public hearing at 1:30 p.m. on August 25, 2015, at the Council Workshop meeting and schedule the second public hearing at 6:30 p.m. on September 8, 2015, at the Council Regular meeting. Mayor Pro-Tem Rios seconded the motion. Motion carried unanimously.

- 9. Deliberate and act on first reading of a proposed Ordinance amending the City of Rockport Code of Ordinances Chapter 102 "Utilities," Article II, "Water Service," Division 3, "Service Charges" by amending water rates for all customers; providing for the validity of said Ordinance; repealing all prior ordinances in conflict herewith; and providing for an effective date.**

Finance Director Patty Howard addressed the Council. Ms. Howard stated the City's rate consultant Robert McLain has recommended amending the water volumetric and minimum rate by 4.87% and lowering the minimum charge to 1,500 gallons.

MOTION: Council Member Villa moved to approve the first reading of an Ordinance amending the City of Rockport Code of Ordinances Chapter 102 "Utilities," Article II, "Water Service," Division 3, "Service Charges" by amending water rates for all customers; providing for the validity of said Ordinance; repealing all prior ordinances in conflict herewith; and providing for an effective date. Council Member Day seconded the motion. Motion carried unanimously.

- 10. Deliberate and act on first reading of a proposed Ordinance amending the City of Rockport Code of Ordinances Chapter 102 "Utilities," Article III, Wastewater Service," Division 4, "Service Charges" by amending wastewater rates for all customers; providing for the validity of said Ordinance; repealing all prior ordinances in conflict herewith; and providing for an effective date.**

Finance Director Patty Howard addressed the Council. Ms. Howard stated the City's rate consultant Robert McLain also recommended amending the wastewater volumetric and minimum rate by 11.15% and lowering the minimum to 1,500 gallons and raising the cap to 15,000 gallons for residential customers. Ms. Howard added that this increase is slightly higher than others as the City moves forward in the utility services being self-funding.

Brief discussion was held among Council, Mr. Carruth and Public Works Director Mike Donoho in regard to major capital improvements in the future.

MOTION: Mayor Pro-Tem Rios moved to approve the first reading of a an Ordinance amending the City of Rockport Code of Ordinances Chapter 102 "Utilities," Article III, Wastewater Service," Division 4, "Service Charges" by amending wastewater rates for all

customers; providing for the validity of said Ordinance; repealing all prior ordinances in conflict herewith; and providing for an effective date. Council Member Gurtner seconded the motion. Motion carried unanimously.

11. Deliberate and act on first reading of a proposed Ordinance amending the City of Rockport Code of Ordinances Chapter 102 "Utilities," Chapter 82 "Solid Waste," Article II, "Refuse Collection," Section 82.39 "Fee Schedule"; repealing all prior ordinances in conflict herewith; and providing for publication and an effective date.

Finance Director Patty Howard addressed the Council. Ms. Howard stated Republic Services Municipal Marketing Manager Mike Reeves had addressed the Council at the July 28, 2015, Council meeting and requested a 4.15% increase in rates due to increases in the Consumer Price Index and gasoline or a second option of 1.76% using a new method for calculating the consumer price index. Ms. Howard said approval of the 1.76% increase using the new methodology will require an amendment to the Republic Services contract.

Brief discussion was held among Council.

MOTION: Council Member Villa moved to approve the first reading of an Ordinance amending the City of Rockport Code of Ordinances Chapter 102 "Utilities," Chapter 82 "Solid Waste," Article II, "Refuse Collection," Section 82.39 "Fee Schedule"; repealing all prior ordinances in conflict herewith; and providing for publication and an effective date. Council Member Day seconded the motion. Motion carried unanimously.

12. Reports from Council.

At this time, the City Council will report/update on all committee assignments, which may include the following: Aransas Pathways Steering Committee, Building and Standards Commission; Coastal Bend Bays and Estuaries Program; Coastal Bend Council of Government; Environmental Committee for Water Issues; Keep Rockport Beautiful Advisory Board; Parks & Leisure Services Advisory Board; Planning Zoning Commission; Rockport Heritage Board; Rockport-Fulton Chamber of Commerce; Aransas County Storm Water Management Advisory Committee; Swimming Pool Operations Advisory Committee; Tourism Development Council; Tree & Landscape Committee; YMCA Project Committee; Texas Maritime Museum; Fulton Mansion; Rockport Center for the Arts; Aransas County; Aransas County Independent School District; Aransas County Navigation District; Town of Fulton; and Texas Municipal League. No formal action can be taken on these items at this time.

Mayor Wax introduced Tom Bridges. Mayor Wax stated Mr. Bridges has agreed to serve as the Interim City Attorney.

Mayor Wax asked *The Rockport Pilot* editor Mike Probst about the newspaper's policy regarding letters to the editor. Mayor Wax asked Mr. Probst if the newspaper had someone performing due diligence. Mayor Wax added that sometimes there are letters to the editor that can be called a rumor, which spreads through the community and has no basis of fact or credibility.

The Rockport Pilot editor Mike Probst stated that most letters to the editor are based on opinion.

Adelaide Marlatt addressed the Council and asked if the budget fund balances would be available.

Mayor Wax stated the City Manager's budget message and proposed budget will be on the City's website tomorrow.

Executive Session

City Council will hold an executive session pursuant to the provisions of Chapter 551 of the Texas Government Code, in accordance with the authority contained in:

- 13. Section 551.072 Deliberate about Real Property: (a) 302 E. Liberty; and (b) 820 N. Pearl.**
- 14. Section 551.074 Personnel Matters: Appointment and duties of an Interim City Attorney/City Prosecutor.**
- 15. Section 551.087 Deliberation Regarding Economic Development Negotiations: Project Cardinal.**

At 7:19, Mayor Wax convened the Rockport City Council into an executive session pursuant to the provisions of Chapter 551 of the Texas Government Code, in accordance with the authority contained in Section 551.072 Deliberate about Real Property: (a) 302 E. Liberty; and (b) 820 N. Pearl; Section 551.074 Personnel Matters: Appointment and duties of an Interim City Attorney/City Prosecutor; and Section 551.087 Deliberation Regarding Economic Development Negotiations: Project Cardinal.

Open Session

- 17. City Council will reconvene into open session pursuant to the provisions of Chapter 551 of the Texas Government Code to take any actions necessary related to the executive sessions noted herein, or regular agenda items, noted above, and/or related items.**

At 7:45 p.m., Mayor Wax reconvened the Rockport City Council into open session pursuant to the provisions of Chapter 551 of the Texas Government Code to take any actions necessary related to the executive sessions noted herein, or regular agenda items, noted above, and/or related items.

MOTION: Mayor Wax moved to direct the City Manager to take such actions as necessary for disposition of property known as 302 E. Liberty and 820 N. Pearl, Rockport, Texas. Council Member Villa seconded the motion. Motion carried unanimously.

MOTION: Mayor Wax moved that the City Manager prepare for signature a document formalizing a contractual agreement with Tom Bridges to serve as Deputy City Attorney.

Mayor Pro-Tem Rios seconded the motion. Motion carried unanimously.

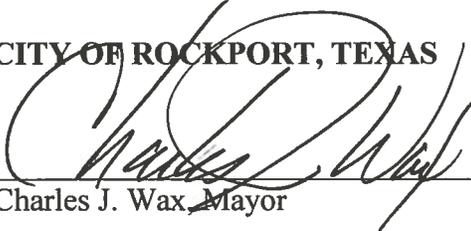
Mayor Wax stated he had an additional item of information for the Council that he forgot to mention under Council Reports. Mayor Wax said he had recently had a conversation in regard to the Bass Family property and he has been told that the Bass Family does not intend to develop their property; they intend to sell it or lease it.

18. Adjournment

At 7:51 p.m., Council Member Villa moved to adjourn. Motion was seconded by Mayor Pro-Tem Rios and carried unanimously.



CITY OF ROCKPORT, TEXAS



Charles J. Wax, Mayor

ATTEST:



Teresa Valdez, City Secretary