

# CITY OF ROCKPORT

## MINUTES

### CITY COUNCIL REGULAR MEETING 6:30 p.m., Tuesday, August 9, 2016 Rockport City Hall, 622 East Market Street

On the 9<sup>th</sup> day of August 2016, 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 Barbara Gurtner, Ward 4

#### CITY COUNCIL MEMBER(S) ABSENT

Council Member J. D. Villa, Ward 2

#### STAFF MEMBERS PRESENT

City Manager Kevin Carruth  
City Attorney Terry Baiamonte  
City Secretary Teresa Valdez  
Finance Director Patty Howard  
Police Commander Larry Sinclair  
Public Works Director Mike Donoho  
Parks & Leisure Services Director Tom Staley  
Parks Maintenance Superintendent Rick Martinez

#### ELECTED OFFICIALS PRESENT

#### 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 6:30 p.m. on Tuesday, August 9, 2016, 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 Council Budget Workshop Meeting Minutes of July 25, 2016, and Council Regular Meeting Minutes of July 26, 2016.**
- 5. Deliberate and act on 3<sup>rd</sup> quarter hotel occupancy tax report from Texas Maritime Museum for 2015-2016 marketing expenditures.**
- 6. Deliberate and act on 3<sup>rd</sup> quarter hotel occupancy tax report from Friends of Fulton Mansion State Historic Site for 2015-2016 marketing expenditures.**
- 7. Deliberate and act on Resolution authorizing publication of delinquent taxpayers' names.**

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

### **Public Hearing**

- 8. Conduct a Public Hearing on proposal to increase water, wastewater, and natural gas rates for all customers.**

At 6:34 p.m., Mayor Wax opened the Public Hearing.

There were no public comments.

At 6:35 p.m., Mayor Wax closed the Public Hearing.

### **Regular Agenda**

- 9. Deliberate and act on second and final reading of an Ordinance pursuant to Article 23 "Conditional Use Permit", Rockport Zoning Ordinance Number 1027, granting a Conditional Use Permit to property located at 1515 Sixteenth Street; also described as Lot 76, Block 250, Swickheimer Subdivision (10 acres), Plat Records of Aransas County, Texas, for the purpose of establishing a Bed and Breakfast/Multi-Family Ranch with farm animals, subject to compliance with the conditions stated in said Ordinance, as well as those stipulated under Article 23, Rockport Zoning**

**Ordinance Number 1027; repealing all ordinances in conflict therewith; providing for severability; and providing an effective date.**

Mayor Wax stated there had been no change in format or content since the first reading of the Ordinance on July 26, 2016.

**MOTION:** Council Member Day moved to approve the second and final reading of an Ordinance pursuant to Article 23 “Conditional Use Permit,” Rockport Zoning Ordinance Number 1027, granting a Conditional Use Permit to property located at 1515 Sixteenth Street; also described at Lot 76, Block 250, Swickheimer Subdivision (10 acres), Plat Records of Aransas County, Texas, for the purpose of establishing a Bed and Breakfast/Multi-Family Ranch with farm animals, subject to compliance with the conditions stated in said Ordinance, as well as those stipulated under Article 23, Rockport Zoning Ordinance Number 1027; repealing all ordinances in conflict therewith; providing for severability; and providing an effective date. Council Member Gurtner seconded the motion. Motion carried unanimously.

**10. Deliberate and act on presentation of proposed Fiscal Year 2016-2017 budget.**

City Manager Kevin Carruth addressed the Council. Mr. Carruth stated the proposed Fiscal Year 2016-2017 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 \$0.389283 and had a net result on the median residential property of increasing *ad valorem* taxes by \$48.60. Mr. Carruth then presented his budget letter for Fiscal Year 2016-2017 proposed budget.



August 9, 2016

To the Honorable Mayor and City Council Members

**Introduction**

In accordance with Article VII of the City of Rockport Charter and Chapter 101 of the Texas Local Government Code, I am pleased to present to your consideration the proposed annual budget for fiscal year 2016-2017, beginning October 1, 2016. This balanced budget is submitted to you as:

1. A plan of financial operations reflecting the estimate of expected revenues for the next fiscal year and the means of financing them;
2. A management and operational plan for submission of revenues during FY 2016-2017.

The budgetary and operating policies contained in the budget continue to generally adhere to the principles of the City of Rockport's Adopted Annual Budget (AAB). The revenues of the City are generated on the basis of bonds and various groups, each of which is prepared a separate budgetary and accounting entry. Within the budget, the City's various funds are grouped into general fund, special fund, 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.

Members of Council 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 of service that contribute to a pleasant, safe, and healthy community. In addition to maintaining this role, the City is given the charge of the budgeting of the budget process in (1) continue to both the efficient and economical, (2) reduce expenses where possible, and (3) maintain levels of service. Consequently, each developed budget proposal for the departments covering necessary the same level of service as indicated in FY 2015-2016. Requests for additional items were collected with justifications and were reviewed by the City Manager and Director of Finance. The following sections highlight points of interest in the budget.

**Revised 10-10-16**

Rockport is fortunate to have some opportunities to that we are a progressive price for services and annual voters throughout the year. Consequently, we continue residents and around \$357 per year to have the physical and health care services to approximately 15,000 - 20,000 people regularly and to many in 100,000 - the special needs and budgets. This opportunity has a dollar impact on the City's total costs. In addition, the all other level programs, Rockport has numerous programs that are financially higher than state criteria and national averages. The U.S. National Cost Index (developed by American City and County) designed to show the effect of inflation on the cost of providing services averaged over a 10 year for the 12-month period ending in May, with the U.S. Consumer

Fiscal Index (CPI) was a 1.4 percent higher during the same period. This means only the final time since the CPI was established in 1979 for the CPI was more than the CPI.

Despite the overall positive economic indicators, some major economic challenges remain as the economy continues to grow. In 2016, the City's revenue is expected to be \$10.5 million, which is a 1.4 percent increase over the 2015-2016 budget. The City's revenue is expected to be \$10.5 million, which is a 1.4 percent increase over the 2015-2016 budget. The City's revenue is expected to be \$10.5 million, which is a 1.4 percent increase over the 2015-2016 budget.

**Notable Policies and Programs**

**Fund Balance Policy**

The City is committed to maintaining a healthy fund balance, the generally accepted practice and rate of change is to have a fund balance of about 10-15% of the total fund balance. The City's fund balance is expected to be \$10.5 million, which is a 1.4 percent increase over the 2015-2016 budget. The City's fund balance is expected to be \$10.5 million, which is a 1.4 percent increase over the 2015-2016 budget.

**Health-Community Plan Policies**

Rockport has historically achieved a high level of health care services for its residents. The City's health care services are expected to be \$10.5 million, which is a 1.4 percent increase over the 2015-2016 budget. The City's health care services are expected to be \$10.5 million, which is a 1.4 percent increase over the 2015-2016 budget.

In addition, prior to FY 2012-2013, several capital items have been evaluated on their merits for the past several years. The City's capital items are expected to be \$10.5 million, which is a 1.4 percent increase over the 2015-2016 budget. The City's capital items are expected to be \$10.5 million, which is a 1.4 percent increase over the 2015-2016 budget.

The implementation of the budget for Rockport in 2016. With the FY 2015-2016 budget, the City established an unreserved fund balance of \$10.5 million. The City's unreserved fund balance is expected to be \$10.5 million, which is a 1.4 percent increase over the 2015-2016 budget.

Each year the City Council has targeted 245 days of 1400 fiscal balance on a paid or unpaid in various revenue. The City's revenue is expected to be \$10.5 million, which is a 1.4 percent increase over the 2015-2016 budget.

**Health Insurance**

Employees are provided medical insurance through the Texas Municipal League Incorporated Employee Health Plan (TLM-HEP). Premiums will increase by 2.2% in 2016-2017, a 1.4 percent increase over the 2015-2016 budget. The City's health insurance is expected to be \$10.5 million, which is a 1.4 percent increase over the 2015-2016 budget.

**Personnel**

The City has a very tight position for a certain adjustment. While 75% percent of positions listed are to be covered by permanent funds, the General Fund permanent count account for 22.1 percent of positions, 18.1 percent in the Utility Service Fund, 14.1 percent in the Gas System Fund, and 13.1 percent overall rates percentages do not factor in cost of the capital projects, which would drive the percentage even lower. Although very low, permanent funds still represent the single largest cost source and are further attempts to decrease expenses without raising the rate.

Council implemented the Budget of a compensation study last year and indicated in adopting the overall pay scale by the end of 2015. The M21 for FY 2015-2016 is 1.8 percent, which is incorporated into the FY 2016-2017 budget. Paying for employee wage increases is reflected by will vary by department from 1.5 percent to 3.75 percent (one and three steps, respectively), requiring adjustment to be made depending on their individual of personnel.

**General Fund**

**Revenues**

- 1. **Tax Rate:** The effective tax rate is a the same that previous approximately the same amount of revenue to FY 2015-2016 is \$1,107,750 and the subject rate is \$2,109,215. Since the City requested the effective tax rate for the seven years prior to FY 2013-2014, the subject of inflation cost that later due to create an operational decrease on the level of services. The body of the voluntary commitment of previous years, the proposed budget assumes a 0.0 percent increase in the effective tax rate to \$2,109,215 and has a net result on the median residential property of increasing of million dollars by \$41.5M.
- 2. **Adm. Taxes:** As a source of revenue, which been not be a direct indicator of the local economy. Rates for collection in 2012, 2013, and 2014 were reported and, based on available local indicators, there is a high degree of confidence that rate for majority will continue to improve, albeit at a slower pace. The FY 2016-2017 budget includes a 0.26 percent increase, reflecting the positive economic indicators and previous revenues.

**Expenditures**

- 1. **Police Administration:** The exercise of the Police Safety Council, shared equally with Attorney General, requires new items and other reports at a cost to the City of \$25,000.
- 2. **Police CTR:** Publicly available cameras to assist in criminal investigations and crime prevention are included for \$10,700.
- 3. **Building and Development Administration:** Each year Adams County Appraisal District (ACAD) Main staff design of the entire county to meet them with approvals. These budgets are also used by various city departments, primarily Building and Development and Public Works. The budget funds an opportunity to have higher resolution through that what is required by ACAD. The \$21,800 additional cost will be split equally between Building and Development and Public Works.
- 4. **Building and Development Code Enforcement:** One new full-time position will be split evenly with inspectors to provide redundancy with inspectors and to address additional code enforcement volume of a total of \$26,000 in each section.

- 5. **Building and Development Inspections:** One new full-time position will be split evenly with Code Enforcement to provide redundancy with inspectors and to address additional code enforcement volume of a total of \$26,000 in each section.
- 6. **Building Operation and Maintenance:** The FY 2016-2017 a conservatorship for our major electrical load lines in some buildings. These items have been added both in a cost of \$36,000.

**Utility Service Fund**

**Revenues**

Changes for Services: The water department continues implemented due to production through conditions since 2010 continues to improve water consumption, as planned. Unfortunately, this has the effect of forcing head rates over lower gas fees and necessitating a rate increase. The annual water and wastewater cost of service study recommended increasing the demand charge and reducing the water and wastewater rates by 2.5 percent and 3.0 percent respectively for FY 2016-2017. The new budget also includes the plan to of higher water rates to drive the wastewater revenue into operations and maintenance self-sufficiency and offsetting the utility by the water rates. With the new rate schedule the fiscal balance will be 200 days exceeding the 180-day goal by 49 days, and will give the fund a debt service coverage ratio of 1.36. The net effect of the new rates on an average 4,000-gallon residential water and sewer consumer would be an increase to \$4.18 and \$1.40 for a consumer outside the city limits.

**Water Gas System Fund**

**Revenues**

Changes for Services: An administratively more rate in 2013 resulted in lower than projected revenues. The 2013 rate study recommended an increase in gas rates of 7.2 percent. The final balance with the new rates is expected to be 107 days, 107 days above the 180-day goal, and a debt service coverage ratio of 1.11.

**Special Revenue Funds**

**Expenses**

Plant Operations and Maintenance: Replacement of the water fire hydrants in 2016 provided an opportunity to address the problem with a Plant Manager. There remains a need for a special shop contract, which is included in the budget at \$42,000.

**Conclusion**

The duties of City Council to establish the budget and oversee its use possible in understandable and important by showing analysis and resources to have a way and services that are competitive with other communities. The City of Rockport has attempted to do this for several years prior to FY 2013-2014 by maintaining the effective tax rate (i.e. the rate that costs the same amount of services and paying operating, business, creating an artificially low tax rate by delaying maintenance and/or failing to plan for future 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 (1) not be in debt (2) not be in debt (3) not be in debt (4) not be in debt (5) not be in debt (6) not be in debt (7) not be in debt (8) not be in debt (9) not be in debt (10) not be in debt (11) not be in debt (12) not be in debt (13) not be in debt (14) not be in debt (15) not be in debt (16) not be in debt (17) not be in debt (18) not be in debt (19) not be in debt (20) not be in debt (21) not be in debt (22) not be in debt (23) not be in debt (24) not be in debt (25) not be in debt (26) not be in debt (27) not be in debt (28) not be in debt (29) not be in debt (30) not be in debt (31) not be in debt (32) not be in debt (33) not be in debt (34) not be in debt (35) not be in debt (36) not be in debt (37) not be in debt (38) not be in debt (39) not be in debt (40) not be in debt (41) not be in debt (42) not be in debt (43) not be in debt (44) not be in debt (45) not be in debt (46) not be in debt (47) not be 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Mr. Carruth thanked staff for their efforts during preparation of the proposed budget under another year of difficult fiscal circumstances.

Mayor Wax stated that on behalf of the Council, he thanked staff for: 1) Preparation of an excellent budget; and 2) execution of last year's budget.

Mayor Pro-Tem Rios thanked Mr. Carruth for the recap of the budget presented tonight, stating it made the proposed budget simple to follow and provided logic. Mayor Pro-Tem Rios thanked the department heads for staying within their budgets and he is sorry that some of the additional personnel requested could not be funded.

Council Member Day stated he is always impressed with the budget process here and the dedication of the department heads to stay on budget and accurately plan and execute the budget.

Council Member Gurtner stated the budget was beautifully done and she wished there were funds to add more personnel. Council Member Gurtner stated this year's budget is really lean.

**MOTION:** Mayor Wax moved to approve the proposed Fiscal Year 2016-2017 budget as presented. Mayor Pro-Tem Rios seconded the motion. Motion carried unanimously.

**11. Deliberate and act by taking record vote on proposed 2016 property tax rate for Fiscal Year 2016-2017 budget and scheduling dates for two required public hearings on the proposed tax rate.**

Mayor Wax stated the proposed tax rate is \$0.389283 per \$100.00 of valuation.

**MOTION:** Mayor Wax moved that the property tax rate be increase by adoption of a tax rate of \$0.389283, which is an 8% increase in the tax rate; and schedule the first public hearing at 1:30 p.m. on August 23, 2016, at the Council Workshop meeting, and the second public hearing at 6:30 p.m. on September 13, 2016, at the Council Regular meeting. Mayor Pro-Tem Rios seconded the motion. Roll Call record vote conducted as follows:

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

**AGAINST MOTION:** none

Motion carried unanimously.

**12. 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.**

**MOTION:** Mayor Pro-Tem Rios 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.

- 13. 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.**

**MOTION:** Mayor Pro-Tem Rios moved to approve the first reading of 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.

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

**MOTION:** Council Member Day moved to approve the first reading of an Ordinance amending the City of Rockport Code of Ordinances Chapter 102 "Utilities," Article V, "Natural Gas Service," Division 3. "Service Charges" by amending natural gas rates for all customers; providing for the validity of said Ordinance; repealing all prior ordinances in conflict herewith; and providing for publication and an effective date. Mayor Pro-Tem Rios seconded the motion. Motion carried unanimously.

## **15. 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; 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 Development 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 stated he had been visited today by Felix Arambula representing the San Antonio Water System (SAWS). Mayor Wax said Mr. Arambula had informed him that SAWS had received 17 resolutions supporting its application to use the bed and banks of the San Antonio River and Guadalupe River to transport, divert and reuse 50,000 acre-feet of groundwater based reclaimed water solely for instream use. Mayor Wax added that the City of Rockport was the first City to adopt the supporting resolution.

### **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:**

- 16. Section 551.071(1)(A) Consultation with Attorney on pending or contemplated litigation: (A) Bay Education Center, (B) Texaz Construction and AZ Southwest Properties.**
- 17. Section 551.072 Deliberation regarding real property – deliberate the purchase, exchange, lease, or value of real property: (A) 5001 Loop 1781, (B) 2401 and 2403 Patton Street, (C) Sweet Bay Avenue ROW from Lady Claire Street to approximately 190 feet west of Patton Street.**
- 18. Section 551.087 Deliberation Regarding Economic Development Negotiations: Project Cardinal.**

At 7:25 p.m., Mayor Wax convened the Rockport City Council into an executive session pursuant to provisions of Chapter 551 of the Texas Government Code, in accordance with the authority contained in Section 551.071910(A) Consultation with Attorney on pending or contemplated litigation: (A) Bay Education Center, (B) Texaz Construction and AZ Southwest Properties; Section 551.072 Deliberation regarding real property – deliberate the purchase, exchange, lease, or value of real property: (A)5001 Loop 1781, (B) 2401 and 2403 Patton Street, and (B) Project Cobia, and (C) Sweet Bay Avenue ROW from Lady Claire Street to approximately 190 feet west of Patton Street; and Section 551.087 Deliberation Regarding Economic Development Negotiations: Project Cardinal.

### **Open Session**

**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 8:27 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 necessary actions related to the executive sessions noted herein, or regular agenda items, noted above, and/or related items.

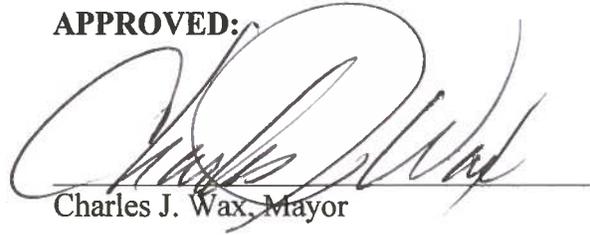
No action was taken.

### **19. Adjournment**

At 8:28 p.m., Council Member Day moved to adjourn. Motion was seconded by Mayor Pro-Tem Rios and carried unanimously.



**APPROVED:**



Charles J. Wax, Mayor

**ATTEST:**



Teresa Valdez, City Secretary