

# CITY OF ROCKPORT

## MINUTES

### CITY COUNCIL SPECIAL MEETING 6:30 p.m., Tuesday, September 15, 2020 Via Video Conferencing Application ZOOM

A temporary suspension of the Open Meetings Act to allow telephone or video conference public meetings was granted by Governor Greg Abbott. These actions were being taken to mitigate the spread of COVID-19 by avoiding meetings that bring people into a group setting and in accordance with Section 418.016 of the Texas Government Code.

Due to the COVID-19 pandemic, the attorney general has said: “statutes that may be interpreted to require face-to-face interaction between members of the public and public officials are suspended; provided, however, that the governmental bodies must offer alternative methods of communicating with their public officials.” Public participation is valued and citizens wishing to express their views on any topic or agenda item can either electronically submit a Citizen Participation Form in order to register to speak by going to <https://rockport.seamlessdocs.com/f/CouncilCitizenParticipation> or scanning the QR code provided on the posted Agenda. Using the same form, citizens can also provide written comments to the City Secretary by 4:00 p.m. on the day of the meeting. The Mayor will read the comments and they will be entered in the minutes of the meeting.

On the 15<sup>th</sup> day of September 2020, the City Council of the City of Rockport, Aransas County, Texas, convened in Special Session at 6:30 p.m., via video conferencing application ZOOM 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 Patrick R. Rios  
Mayor Pro-Tem J.D. Villa, Ward 2  
Council Member Michael Saski, Ward 1  
Council Member Bob Cunningham, Ward 3  
Council Member Andrea Hattman, Ward 4

#### CITY COUNCIL MEMBER(S) ABSENT

#### STAFF MEMBERS PRESENT

City Manager Kevin Carruth  
City Secretary Teresa Valdez  
Finance Director Katie Griffin  
Public Works Director Mike Donoho  
Assistant to the City Manager Kimberly Henry  
Police Chief Greg Stevens  
Parks and Leisure Services Director Rick Martinez

#### ELECTED OFFICIALS PRESENT

#### Opening Agenda

#### 1. Call to Order.

With a quorum of the Council Members present, the Special Meeting of the Rockport City Council was called to order by Mayor Rios at 6:30 p.m. on Tuesday, September 15, 2020, via video conferencing application ZOOM.

**2. Proclamation: Constitution Week September 17-23, 2020.**

Mayor Rios read the Proclamation proclaiming September 17-23, 2020 as Constitution Week in the City of Rockport, Texas.

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

**Public Hearing**

**3. Conduct a public hearing on City of Rockport Fiscal Year 2020-2021 budget.**

Mayor Rios opened the Public Hearing at 6:35 p.m.

Kristie Rutledge, 1411 Dana Drive, addressed the Council. Ms. Rutledge urged the Council to vote “no” on Agenda Items 4 and 5. Ms. Rutledge stated in May Governor Abbott ordered all State government offices to cut their budgets and prepare for economic shock and Governor Abbott warned local governments against increasing property taxes due to economic crisis caused by the pandemic. Ms. Rutledge said she emailed, earlier today, an analysis of downtown businesses showing the effects of the City’s increased tax levy. Ms. Rutledge expressed it was appalling to see that during economic hardship and government restrictions placed on businesses and commerce downtown commercial property owners are hit with higher tax levies from the City between 62% and 181% higher than last year. Ms. Rutledge said with this kind of economic policy it is no surprise that many shops are empty in the Downtown Heritage District. Ms. Rutledge said tax levies in the City of Rockport have increased 37% since Mayor Rios was elected to Council. Ms. Rutledge stated the City budget indicates there will be strong growth in the tax base which is necessary to repay the City’s debts; with increased tax levies on small businesses and home owners it appears your agenda is moving forward to ensure strong growth in the tax levy despite the economic crisis and warning from Governor Abbott. Ms. Rutledge said the 3.8% tax increase will generate 8.53% revenue increase for the City this year and there has been a 40% increase in general revenue spending since 2010. Ms. Rutledge stated according to the U.S. Census the population has increased 1.3% in this area in that time. Ms. Rutledge said the tax notes payments will stack up until the end and she asked what the taxes will be to make up for the deferment; are you going to continue increasing tax rates and appraisals? Ms. Rutledge expressed that last week a Council Member asked if you could reduce the budget by \$28,000. Ms. Rutledge stated Mayor Rios has ignored the Governor’s warnings and he continues to be out of touch with the people and small business owners in Rockport during economic hardships, first Harvey and now COVID. Ms. Rutledge declared “Vote no on the budget, cut it down to the 3.5% as requested by your Council Member last week.”

Council Member Cunningham stated he understood Ms. Rutledge to say that she had circulated, by email, something to the Council.

Ms. Rutledge said she had sent it to Council Member Cunningham and the City Secretary.

Council Member Cunningham said he had not received it.

Mayor Rios said the City Secretary had not received it.

Ms. Rutledge said she shows it was sent and she can try to reduce it.

Andrew Kane, 2106 Lakeview Drive, addressed the Council. Mr. Kane stated when you passed the tax notes, the tax advisor told us we were in great financial shape and we could afford to do this at this time. Mr. Kane said he wanted to point out a couple of things; he's not sure we can afford to do this at this time. Mr. Kane expressed our tax rate is at a historical high, we're 36% higher than 10 years ago and that does not account for the values going up. Mr. Kane said that last week Council Member Cunningham had said we were borrowing a million a year to operate the City which tells me we have a shortfall in our revenues; we don't expect to pay that money back, but what are we going to do when that million a year stops – how are we going to pay for that shortfall? Mr. Kane commented that on a \$14 million debt at about 2% interest for 10 years that is about a \$1.6 million a year mortgage payment; obviously we can't afford that – we couldn't even find \$28,000 last week to cut out of a \$40 million budget. Mr. Kane said we are in so much debt right now if a real disaster came through, I don't think we would have the credit to do something. Mr. Kane stated it sounds like you haven't saved any money. Mr. Kane said: "This Council is a tax more; borrow more and spend more – it's going to lead us into an economic disaster in the future in my opinion."

Mayor Rios asked if there was anyone else (there are 20 people attending the meeting via ZOOM) that would like to comment.

Council Member Hattman stated she would like to clarify her remarks from the last Council meeting. Council Member Hattman declared the reason she asked about the difference between the 3.5% and 4% rate is because I want everyone to understand what they are asking for. Council Member Hattman expressed we do have to run a City, we do have these budget meetings, special meetings, and we have been listening to everyone. Council Member Hattman said she wants to make sure everyone has the information and that was what her question was about. Council Member Hattman stated she understands that some citizens are upset but the Council has a financial responsibility to do the best thing for the City and it is not always going to be a pretty picture. Council Member Hattman expressed she was sorry that people were not understanding this. Council Member Hattman said her comments last week were made because she wants the City to be transparent and understand why the Council is choosing the 4%.

Mayor Rios closed the Public Hearing at 6:48 p.m.

#### Regular Agenda

- 4. Deliberate and act to adopt, on first and only reading, an Ordinance of the City of Rockport adopting a budget and appropriating resources for Fiscal Year 2020-2021, beginning October 1, 2020, and ending September 30, 2021; in accordance with existing**

**statutory requirements; repealing all conflicting ordinances; containing a severability clause; and providing for an effective date.**

Kristie Rutledge, 1411 Dana Drive, addressed the Council. Ms. Rutledge said regarding the tax note this year in the 2020 budget \$120,000 is going to be paid towards the principal and \$380,000 towards interest. Ms. Rutledge stated her question is if the City is already deferring payments on this \$14.7 million note to be spread out across 10 years for a small number of citizens in the City of Rockport, what will our tax increases be in a few years when these payments stack up and become due at the end of the note? Ms. Rutledge asked if the City will continue imposing increases in tax rates while appraisals increase. Ms. Rutledge said there has been a lack of transparency regarding the increases we are going to have to pay for this \$14.7 million. Ms. Rutledge stated she looked at the U.S. Census and the City has increased in size 1.3% in 10 years, as far as population. Ms. Rutledge said she understands that new plants are going to be built, but you also told us that new housing projects will not be on line for two to three years to help spread out the payment on this tax note. Ms. Rutledge expressed this has a lot of us very concerned that are already behind in the 2020 year and coupled with that we continue to face rising rates and appraisals. Ms. Rutledge said we do not know if this is going to tax us out of our homes and our businesses. Ms. Rutledge stated she has done a lot of analysis and she can see that the tax levies by the City of Rockport has been imposed at alarming rates, 181% on one property downtown this year alone, higher than last year; this has got to stop. Ms. Rutledge said if she wanted to cut out \$28,000 from the City budget, she would immediately stop the two step increases on the management team and stop increases very quickly on the consultants – it's not hard and we have all had to do it this year during the pandemic.

Council Member Cunningham said he shares Ms. Rutledge's concern about the future ability to deal with this debt; that was a large part, purpose of engaging Mr. Henderson in the discussion about Pearl Point coming on line right now and therefore starting the slide scale of tax abatement. Council Member Cunningham said in his mind a portion of that is significant enough in value to pay that debt we are taking on without having to burden the citizens.

Mayor Rios stated that is the plan; with the developments coming on line; Pearl Point is already on line, Logan's Crossing should be coming online before the end of the year, Kokomo project after the first of the year, and Gulf Shores Villas are already doing the land clearing. Mayor Rios said the City is looking for increased revenues and taxes from these properties. Mayor Rios explained the increase in revenue has been talked about and referred to as an 8.8% increase and right now of that increase 57% or \$275,128 is coming from property that was not on the ground last year; new buildings that were not paying tax last year and the existing properties are accounting for 43% or \$205,341, so you can already see where the new property values are starting to offset and hopefully we will see that trend all the way through as these new additions grow. Mayor Rios said the plan is to maintain the existing tax rate. Mayor Rios stated as we get more people into Rockport we will also see more sales tax; last month sales tax was 3% down, but overall we are a little bit ahead which is good news and we expect to see that increase as we get pass this pandemic.

Council Member Cunningham said that the theory on the net new revenue is that if you increase the size of the City you should not consider that in your rate projection because you have to increase City services in order to take on additional buildings. Council Member Cunningham

stated he was not sure that was really a one-for-one and Ms. Rutledge raises some real questions about regardless of how the State sets us up to calculate the revenue, we should also be looking at what our real costs are to address these new areas that come online.

Mayor Rios stated it is not only the *ad valorem* taxes and sales tax, but also the permitting fees and impact fees and sales of water and revenue generated from natural gas sales. Mayor Rios said that is where the City looks at additional revenues.

Council Member Cunningham said the other issue Ms. Rutledge raises, and he thinks it is a fair one, is the really high increases to commercial enterprises in Aransas County. Council Member Cunningham stated his understanding is that this is a new State imposed rule or at least the County Appraiser feels that it is imposed by the State. Council Member Cunningham explained we were left to not impose it a couple of years because of the hurricane but were told if we did not change the way commercial appraisals were done, in the form of the way the State wants it, the State would withhold funds to the school district.

Mayor Rios said that was correct; last year there was an increase in appraisals of RV parks and this year it is commercial businesses. Mayor Rios stated after discussions with the Chief Appraiser he explained it is a mandate from the State and it is being done statewide not just in the City of Rockport.

Council Member Cunningham expressed he has real issues with that, it is basically a hidden income tax because it is based on the income that a business could earn, rather than what it really does earn. Council Member Cunningham said if those values did increase that much then we really need to be looking at a lower rate and how the rate plays into the increased bodies; we're treating that increase in valuation as if it is a common occurrence we are really putting our businesses in a bad situation or making a bad situation worse for them.

Mayor Pro-Tem Villa stated the Council had a budget workshop on August 3<sup>rd</sup> and it is open to the public, anyone could have attended via ZOOM. Mayor Pro-Tem Villa expressed individuals want to wait until the eleventh hour to start questions and they had every chance to participate with the Council in August. Mayor Pro-Tem Villa said next year, come August, the Council will be working on the budget.

Mayor Rios said that the Council starts the process in February with the Planning Session where a lot of the items are discussed. Mayor Rios stated Mayor Pro-Tem Villa is correct, the meetings are open to the public and everyone could see how the City budget is developed; what is considered, what is asked for and what is necessary.

Council Member Cunningham said his understanding of how the City is using the loan money \$750,000 last year and \$1.6 million this year is that it can only be for operational purposes and that is the prime mover for the City's ability to put reserves away and claw our way back to where we were before the hurricane. Council Member Cunningham stated he did not think it was an issue with what are we going to do when the money runs out because by then we would have built up our reserves.

Mayor Rios said that is correct and during this time we are retiring other debts which will free up those pledged monies to pay off any future debt. Mayor Rios explained the Tax Notes will be drawn as we get to the projects; we don't have the money sitting there right now.

Mr. Kane stated in general, we have new development coming in, new houses being build, but just for the \$1.6 million how much new property must come on line to make up that \$1.6 million? Mr. Kane commented they show up for the public hearing and then are scolded for not showing up earlier at the budget workshops; that's not my job.

**MOTION:** Mayor Pro-Tem Villa moved to adopt on the first and only reading an Ordinance of the City of Rockport adopting a budget and appropriating resources for Fiscal Year 2020-2021, beginning October 1, 2020, and ending September 30, 2021; in accordance with existing statutory requirements; repealing all conflicting ordinances; containing a severability clause; and providing for an effective date. Council Member Saski seconded the motion. Motion carried unanimously.

- 5. Deliberate and act on second & final reading of an Ordinance of the City of Rockport approving the assessment and renditions for the 2020 taxable property as submitted by the Appraisal District; levying a tax rate for \$100.00 valuation for the City of Rockport, Aransas County, Texas, for the Tax Year 2020 of \$0.241668 for the purposes of Maintenance and Operation, \$0.179643 for the payment of Principal and Interest on debt of the City for a total tax rate of \$0.421311; and providing an effective date.**

**MOTION:** Council Member Saski moved to adopt on second & final reading of an Ordinance of the City of Rockport approving the assessment and renditions for the 2020 taxable property as submitted by the Appraisal District; levying a tax rate for \$100.00 valuation for the City of Rockport, Aransas County, Texas, for the Tax Year 2020 of \$0.241668 for the purposes of Maintenance and Operation, \$0.179643 for the payment of Principal and Interest on debt of the City for a total tax rate of \$0.421311; and providing an effective date. Mayor Pro-Tem Villa seconded the motion. Motion carried unanimously.

- 6. Deliberate and act to ratify the property tax increase reflected in the 2020-2021 Annual Budget and Capital Improvement Plan.**

Kristie Rutledge, 1411 Dana Drive, addressed the Council. Ms. Rutledge said she is going to second what Andrew Kane just said and she looked up the August 3<sup>rd</sup> budget workshop minutes which has no data and are not legible, so we have no idea. Ms. Rutledge stated the City post the meetings on Friday night for the Tuesday meetings; it's the oldest trick in the book - you put bad news out on a Friday night when everyone is busy with family and they are not ready to see it. Ms. Rutledge commented if the City wanted involvement you would give plenty of notice; you would circulate the information around, because when COVID information needs to get out, it goes out on Facebook and reaches the people. Ms. Rutledge stated it is insincere and condescending to be scolded for how we are not involved when the City is purposely making sure we are not involved. Ms. Rutledge said the tax increase of 40% in 10 years is too high and when is it going to stop. Ms. Rutledge stated she does not see any housing projects coming on line – Pearl Point is a 10-year abatement deal. Ms. Rutledge added it was shocking to see an average two-step pay increase and that is why there is this high tax increase. Ms. Rutledge said there are

ways to cut budgets and she did not think the Council tried very hard to do that and the rates keep going up during crises and there is no concern from the Council and Mayor about that.

Council Member Hattman told Ms. Rutledge that she has a good point, but she also has a family and small business in this town and she does pay taxes. Council Member Hattman expressed she finds it offensive when she is told she does not care because she does care greatly about this town. Council Member Hattman stated she has been on several boards and put her volunteer time in while having a full-time job and two children. Council Member Hattman declared she does care, and she is not here to make everyone leave town; we have developments coming into town, we have meetings and we have the same information that citizens can get. Council Member Hattman stated she tries to put out the same information she is receiving and she just like Ms. Rutledge wants more transparency with everything; she wants everyone to have all the information that is possible. Council Member Hattman expressed she hoped everyone could understand that. Council Member Hattman stated attending meetings is up to citizens and she would appreciate the involvement. Council Member Hattman reiterated that she did find it offensive when she is told she does not care because she does care; she has children growing up in this town, she has a business and she is involved in this town.

Council Member Cunningham said he appreciated Ms. Rutledge's different perspective that she is bringing to the budget process. Council Member Cunningham stated he would personally let Ms. Rutledge know when the planning workshop is scheduled in February and when the budget workshop is scheduled in August and anything that comes in between. Council Member Cunningham commented Ms. Rutledge has a valuable voice.

Mayor Pro-Tem Villa stated he was not going to buy the argument about the notice of meetings coming out on Friday night; this has been done this way for years. Mayor Pro-Tem Villa expressed it gets put out on Facebook, does not have to be the City putting it there, goes out to multiple people and people share it just like they share other things. Mayor Pro-Tem Villa added he gets the exact same information that everyone else is getting.

Council Member Hattman said if anyone has questions, she is always available.

**MOTION:** Mayor Pro-Tem Villa moved to ratify the property tax increase reflected in the 2020-2021 Annual Budget and Capital Improvement Plan. Council Member Saski seconded the motion. Motion carried unanimously.

**7. Deliberate and act on a Resolution expressing the City Council's support of local law enforcement and the Council's commitment to fully fund the Rockport Police Department.**

City Manager Kevin Carruth said Mayor Rios and Mayor Pro-Tem Villa sponsored this Resolution and it is appropriate for today since there was an incident in Aransas County today where a Deputy did get injured. Mr. Carruth stated Rockport Police Department provide backup for the Sheriff's Department. Mr. Carruth said that across the United States and State of Texas there has been unfortunate incidents involving law enforcement and some tragedies. Mr. Carruth expressed there have been some calls for defunding police departments, restrictions on police departments, and

restrictive oversight on police departments. Mr. Carruth commented that fortunately we do not have that here for the most part, although we have had some people locally start to make those kinds of comments. Mr. Carruth stated the intent from Council was to make a public display of support for not only the Rockport Police Department but for all local law enforcement.

Mayor Rios stated part of the Governor's re-election campaign is he has announced Texas Backs the Blue Pledge and he is encouraging all of Texas to support local law enforcement.

**MOTION:** Council Member Hattman moved to adopt a Resolution expressing the City Council's support of local law enforcement and the Council's commitment to fully fund the Rockport Police Department. Mayor Pro-Tem Villa seconded the motion. Motion carried unanimously.

Council Member Cunningham commented he thinks the City puts our money where our mouth is in respect to defunding because the Police Department is about 40% of our budget.

Mayor Rios read the Proclamation (below).

**RESOLUTION NO. 2020-28**

**A RESOLUTION OF THE CITY OF ROCKPORT, TEXAS, EXPRESSING THE CITY COUNCIL'S SUPPORT OF LOCAL LAW ENFORCEMENT AND THE COUNCIL'S COMMITMENT TO FULLY FUND THE ROCKPORT POLICE DEPARTMENT.**

**WHEREAS,** recent tragic events involving police and civilians in several communities across Texas and the United States have led to calls in some cities to reduce funding and otherwise negatively restrict their police departments or functions; and

**WHEREAS,** law enforcement officers in Rockport and Aransas County work daily to build community relationships and defend citizens against crime to keep our community safe; and

**WHEREAS,** professional, ethical, and properly funded law enforcement is critical to the community's prosperity, safety, and overall wellbeing; and

**WHEREAS,** the City Council wishes to reaffirm its longstanding support for local law enforcement and the Rockport Police Department specifically;

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY OF ROCKPORT, TEXAS:**

**Section 1.** That the matter and facts recited in the preamble hereof are found and determined to be true and correct.

**Section 2.** That the Rockport City Council, individually and collectively, declares its support for law enforcement officers throughout Rockport and Aransas County, including those employed by the City of Rockport Police Department, Aransas County Constables, Aransas County Sheriff's Office, Aransas County Independent School District, Texas Alcoholic Beverage Commission, Texas Department of Public Safety, Texas Parks and Wildlife Department, Town of Fulton Police Department, along with officers from other local, state and federal agencies who aid and assist our local officers as they work tirelessly to protect and serve the citizens and visitors of our wonderful community.

**Section 3.** That the Rockport City Council proclaims its support for any measure that discourages or stops efforts to diminish police departments in Rockport, Aransas County, the Coastal Bend Region, throughout Texas, and across our great nation and commits to fully fund the Rockport Police Department.

**Section 4.** That the Rockport City Council recognizes that failing to fully support honest and ethical law enforcement or supporting efforts to defund law enforcement agencies invites crime into our communities, places citizens in danger, inhibits economic development and the Rockport City Council understands that the absence of law enforcement encourages vigilantism and diminishes overall confidence in government.

PASSED and APPROVED the 15<sup>th</sup> day of September 2020.



ATTEST:

*Teresa Valdez*  
Teresa Valdez, City Secretary

CITY OF ROCKPORT, TEXAS

*Patrick R. Rios*  
Patrick R. Rios, Mayor



**8. Adjournment.**

At 7:23 p.m., Council Member Cunningham moved to adjourn. Motion was seconded by Mayor Pro-Tem Villa. Motion carried unanimously.



**APPROVED:**

  
Patrick R. Rios, Mayor

**ATTEST:**

  
Teresa Valdez, City Secretary