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KENNEDALE CITY COUNCIL MINUTES

REGULAR MEETING | July 17, 2017
CITY HALL COUNCIL CHAMBERS, 405 MUNICIPAL DRIVE
WORK SESSION - 5:30 PM
REGULAR SESSION - 7:00 PM

I. CALL TO ORDER

Mayor Johnson called the meeting to order at 5:34 p.m.

II. WORK SESSION

A. Overview and updates about the Texas Open Meetings and Public Information Acts

City Attorney Wayne Olson (TOASE) provided a presentation and review of the Open Government Update to include:

- Texas Open Meetings Act (Chapter 551 of the Texas Government Code)
- Texas Public Information Act (Chapter 552 of the Texas Government Code)
- Disclosure of Certain Relationships (Chapter 176 of the Texas Government Code)
- Disclosure of Interested Parties (Sec. 2252.908 of the Texas Government Code)
- Conflicts of Interest (Chapter 171 of the Texas Government Code)

B. Receive a report, hold a discussion, and provide staff direction regarding an amendment to the water and sewer rate schedules

This report was postponed until Regular Session (Decision Item A).

C. Discussion of items on regular agenda

Nothing was discussed at this time.

III. REGULAR SESSION

Mayor Johnson opened the regular session at 7:05 p.m.

IV. ROLL CALL

Present: Mayor Brian Johnson, Rockie Gilley (Place 1), Sandra Lee (Place 3), Kelly Turner (Place 4), Mayor Pro Tem Jan Joplin (Place 5); **Absent:** Liz Carrington (Place 2)

Staff: *City Manager George Campbell, Deputy City Secretary Kathy Moore, Human Resources Director Kelly Cooper, Finance Director Brady Olsen, Community Development Director Rachel Roberts, Police Chief Tommy Williams, Public Works Director Larry Ledbetter, Public Works Superintendent Larry Hoover, City Attorney Wayne Olson, EDC Director Jack Thompson*

V. INVOCATION

Pastor Greg Adams of Covenant Life Baptist Church provided the invocation.

VI. UNITED STATES PLEDGE AND TEXAS PLEDGE

VII. VISITOR/CITIZENS FORUM

At this time, Mayor Johnson read aloud and presented a proclamation to Loretta Hulce in honor of her 100th birthday. *(This item was taken out of order; appears on the agenda under Reports/Announcements.)*

1. Andrew Schaffer, Arlington, stated that he is in the process of building a home at 1045 Fox Wood in Kennedale, and asked the Council to consider developing the land currently occupied by the racetrack for residential neighborhoods, as it would add to the property tax revenue.

2. Greg Adams, 704 Crestview Drive, stated that it had been announced on social media that Texas Raceway was approved to reopen, but that there had been no public action, debate, or discussion by Council. He stated that the Council needed to continue valuing transparency. He proposed that a study be conducted to look at how not developing this property might affect property and sales tax revenue and loss of business.

3. Frank Fernandez, 911 Shady Vale Drive, stated that in June Texas Raceway announced that they would be reopening, and asked when Council held a meeting to approve that.

4. John Hivale, 418 Coker Valley Drive, called for a study of the Economic Development Corporation (EDC) financials, including potential conflicts of interests.

5. Chris Pugh, 715 Timberline Drive, spoke in support of the $0.33 trash rate increase requested by Progressive Waste (WC of Texas). He added that the City offers many services, and not every household will utilize everything offered, but the community shares the cost for all, regardless. He requested that the City continue the recycling program.

VIII. REPORTS/ANNOUNCEMENTS

A. Updates from the City Council

- **Sandra Lee (Place 3)** stated that she attended a minority small business meeting in Mansfield and a TML (Texas Municipal League) workshop for Newly Elected Officials.
- **Mayor Pro Tem Jan Joplin (Place 5)** stated that she met with department heads; attended EDC, BOA, and KKB meetings; attended a Council and staff workshop; attended the TML Workshop with Sandra; and attended the Senior Center's Summer of Seventeen event and the Bird Workshop.

B. Updates from the Mayor

- Proclamation presentation in recognition of Watch Your Car Month
- Proclamation in recognition of the 100th Birthday of Loretta Hulce
  (This item was taken out of order, preceding the Visitor/Citizen Forum.)
- Mayor Johnson stated that he spent the last week at Camp Hope, which is a camp for children who have experienced domestic violence. He noted that they had 100 participants, double the number of previous years, and that you can donate to this cause through One Safe Place.
- Mayor Johnson stated that he attended the first community theater meeting, adding that they will have their first production, *The Music Man*, in April 2018 in TownCenter Park.

- Mayor Johnson stated that he attended the Council-Staff Retreat, and stated that staff is doing more and wearing many hats and their dedication should be appreciated.
- The Mayor read and presented a Proclamation to the Tri-County Auto Theft Task Force in honor of July being named Watch Your Car Month.

C. Updates from the City Manager

There were no updates from the City Manager at this time.

IX. MONITORING INFORMATION

The related documents were included in the packet for Council review. There was no discussion of these items at this time.

A. Monthly Financials – June 2017

X. INCIDENTAL ITEMS

XI. REQUIRED APPROVAL ITEMS (CONSENT)

Council member Gilley requested that item D be removed from the consent agenda for separate consideration. Council member Joplin requested that items B and C be removed from the consent agenda for separate consideration.

A. Consider approval of minutes from June 19, 2017 regular meeting

Motion To approve the minutes from the June19, 2017 Regular Meeting. **Action** Approve, **Moved By** Jan Joplin, **Seconded By** Sandra Lee.
Motion passed Unanimously

B. Consider approval of minutes from July 7, 2017 special meeting

Mayor Pro Tem Jan Joplin requested that approval of the minutes from the August 7, 2017 Special Meeting be postponed, pending corrections to the verbiage. Council agreed.

No official motion was made on this item.

C. Approve Schedule of Investment Activity for quarter ending June 30, 2017

Finance Director Brady Olsen provided an overview of the report and answered questions.

Motion To approve the Schedule of Investment Activity for quarter ending June 30, 2017. **Action** Approve, **Moved By** Jan Joplin, **Seconded By** Kelly Turner.
Motion passed Unanimously

D. Consider authorizing City Manager to enter into a contract for Professional Auditing Services, pursuant to engagement letter

There was some discussion about the length of time the City had contracted with Pattillo, Brown, & Hill for auditing services and whether it would be feasible to contract a third-party firm to perform additional auditing services. City Manager George Campbell advised Council that it would be possible, but would, of course, come with added costs.

Motion To authorize the City Manager to enter into a contract for Professional Auditing Services, pursuant to engagement letter. **Action** Approve, **Moved By** Kelly Turner, **Seconded By** Sandra Lee.
Motion passed with a vote of 3-1; with Rockie Gilley voting against approval.

XII. DECISION ITEMS

A. Hold a Public Hearing and consider adoption of Ordinance 633, revising the rates for water service and sanitary sewer service

1. Staff presentation
2. Public hearing
3. Staff response and summary
4. Action or direction by the City Council

Mayor Johnson noted that the presentation was not done during the Work Session, as was called for by the Agenda.

Finance Director Brady Olsen provided a presentation that included a history of the situation and a detailed breakdown of the Water and Wastewater rate options being considered, including:

- Timeline of Relevant Events
- FY16-17 Water Fund Budget Snapshot
- Government Resource Associates (GRA) Report Findings
- Working Capital Calculations
- June 19, 2017 Policy Discussions
- Policy Assumptions Included in Rate Proposals
- History of Water/Wastewater Rate Changes
- How Utility Rates Work
- The Three Current Rate Proposals
- Impact of Each Potential Rate Change

Mayor Johnson opened the Public Hearing.

1. John Hivale, 418 Coker Valley Drive, stated that the amount of information was overwhelming. He added that the $4.5M revenue seems to be consistent with all three options. He requested that staff present additional workable numbers and allow more discussion, but in the meantime, asked that Council reduce by a specific percent across the board.

2. Lary Adkins, 619 Averett Road, feels the Water Fund has been used for unrelated projects, including the TIRZ and EDC. He stated that he supports the Council in reducing the rates more slowly because the alternative would likely be new taxes. He added that the City is not adequately focusing on overall problems and he is against more development.

3. Andrew Schaffer, Arlington, stated that he is building a home at 1045 Fox Wood in Kennedale and that he is a tax attorney. He provided handouts to Council with his findings for the three options that are being considered. He acknowledged staff's estimate that Option Two would leave the fund at a $600,000 deficit. He provided his suggestions to Council and stated that he looked forward to being a Kennedale resident.

4. Chris Pugh, 715 Timberline Drive, questioned who put together the committee that provided Option Two for the water rates, and on what authority. Councilmember Rockie Gilley stated that it was merely a fresh set of eyes looking at an old problem. Pugh stated that Option Two leaves the City with a $600,000 deficit, and added that we need to look at where we are currently and look forward, rather than conducting a look-back analysis.

5. Greg Adams, 704 Crestview Drive, questioned why this was not sent to the Utility and Infrastructure Board (UIB) for review. He added that Option Two was discussed with the previous Water Rate Review Committee. He questioned how Council plans to address the deficit – possibly a tax increase or police and fire cuts. Councilmember Gilley stated that he would like to review what makes up the deficit before making any decisions.

6. Frank Fernandez, 911 Shady Vale Drive, stated that he was part of the old guard that he feels is being blamed and that he feels insulted. Fernandez stated that the new Councilmembers ran on promises of rolling the rates back to 2013 levels, but that's not been done.

7. John Clark, 100 Meadowlake Court, stated that we are putting things out of order, and not allowing the public enough time for discussions. He asked how the Council can look at putting new water rates into effect, without first seeing the full budget for next year. He stated that discussions about how to gap the deficit need to take place first; that everyone wants a water rate reduction, but the rate change options being proposed are not financially viable. He urged Council to not only look at today, but rather years down the road.

Mayor Johnson closed the Public Hearing.

Finance Director Brady Olsen provided some customer statics to the Council, including the fact that 1" meters make up less than 10% of customers. He closed by restating that staff recommends Option One (maintaining the current rates) first and Option Three (staff's rate proposal) second. He stated that staff recommends against Option Two (rate structure proposed by citizen), as staff believes it would be fiscally damaging to the fund.

Councilmember Turner pointed out that acting too quickly would, in his opinion, be making the same mistake as had been made by Council when adopting the initial rate increase. He suggested that Council take the time to have more discussion and see the budget numbers before making a decision.

City Manager George Campbell noted that the first presentation on the FY17-18 Budget would be Friday, August 11.

Motion To postpone action until after the August 11 Special Meeting on the City Manager's Budget Proposal. **Action** Postpone, **Moved By** Kelly Turner, **Seconded By** Jan Joplin.

Motion passed with a vote of 3-0; with Rockie Gilley abstaining; and None voting against approval.

XIII. EXECUTIVE SESSION

Mayor Johnson recessed into Executive Session at 9:30 pm

A. The City Council will meet in closed session pursuant to Section 551.071 of the Texas Government Code for consultation with the City Attorney pertaining to any matter in which the duty of the City Attorney under the Texas Disciplinary Rules of Professional Conduct may conflict with the Open Meetings Act, including discussion of any item posted on the agenda.

- Texas Raceway Development Agreement
- Altom claim regarding drainage easement at 1033 and 1041 Estates Drive
- Agreement between Kennedale Economic Development Corporation and Kennedale Development Partners, Series LLC regarding a loan and reimbursement for tenant improvements in Building 1 of Kennedale TownCenter, located at 201 W Kennedale Parkway

XIV. RECONVENE INTO OPEN SESSION, AND TAKE ACTION NECESSARY PURSUANT TO EXECUTIVE SESSION, IF NEEDED

Mayor Johnson reconvened into Open Session at 10:45 p.m.

Motion To approve the EDC agreements with Kennedale Development Partners. **Action** Approve, **Moved By** Kelly Turner, **Seconded By** Sandra Lee.
Motion passed with a vote of 3-0; with Rockie Gilley abstaining; and None voting against approval.

XV. ADJOURNMENT

Motion To adjourn. **Action** Adjourn, **Moved By** Kelly Turner, **Seconded By** Rockie Gilley.
Motion passed Unanimously.

Mayor Brian Johnson adjourned the meeting at 10:49 p.m.

APPROVED:

BRIAN JOHNSON, MAYOR

ATTEST:

LESLIE GALLOWAY, CITY SECRETARY