

CITY OF HORSESHOE BAY
CITY COUNCIL MEETING
MINUTES

The City Council of the City of Horseshoe Bay held a Public Meeting at City Hall May 17, 2016, beginning at 3:00 p.m. in accordance with duly posted notice of said meeting with the following members present:

Stephen T. Jordan, Mayor
Craig Haydon, Mayor Pro Tem
Cynthia Clinesmith, Council Member
Jerry Gray, Council Member
Reagan Lambert, Council Member
David Pope, Council Member

The posted agenda for this meeting is made a part of these minutes by attachment and the minutes are herewith recorded in the order the agenda items were considered, with the agenda item number and subject shown preceding the applicable paragraph.

1. Call the Meeting to Order and Establish a Quorum: Mayor Jordan called the meeting to order at 3:00 p.m. stating a quorum was present. He said copies of the agenda were available on the podium and asked that anyone who would like to make comments please sign the sheet on the podium and go to one of the podium microphones when it was their turn to speak.
2. Invocation: Malcolm McQueen, Pastor at the Church at Horseshoe Bay gave the invocation.
3. Pledges to the Flags: Mayor Jordan led the pledges of allegiance to the United States flag and the Texas flag.
4. Public Comments: Diana Gonzales with Pedernales Electric Cooperative invited everyone to the PEC annual membership meeting to be held Saturday, June 18 beginning at 8:00 a.m. in Dripping Springs. Member voting will open on May 19 and she encouraged members who were unable to attend the meeting to vote for openings on the Board of Directors.
5. Staff Recognition:
 - a. Service Awards:
 - i. Keith Payne – 15 Year Service Award
 - b. Introduction of New Employee
 - i. Stefani Wright – Finance Department

Fire Chief Joe Morris presented Fire Department Engineer Keith Payne with a plaque for his 15 years of service.

City Manager Stan Farmer introduced new Accounting Supervisor Stefani Wright replacing Connie Harris who will be retiring at the end of the year. Stefani came to the City from

Whitehouse where she worked for 18 years having served as City Secretary and Finance Director.

6. Presentation of Proclamation Expressing Support of Central Texas–Gateway To The Hill Country Beautification Project: Mayor Jordan explained this proclamation was issued in support of beautification of the area around the intersection of Hwy 281 and Hwy 71.
7. Conduct Public Hearing Pursuant to Local Government Code Section 43.063 Giving the Public the Opportunity to be Heard Regarding the Intent to Annex Five Parcels Located in the City’s Extraterritorial Jurisdiction into the City Limits: Mayor Jordan convened the public hearing at 3:10 p.m. and asked if there were any comments. There were none and he adjourned the public hearing. No further action was required.
8. Discuss, Consider and Take Action Regarding a Request from the Horseshoe Bay POA to Defer Payment Due the City in Order to Commence Landscaping the Boulevard on Clayton Nolan Between the Two Ponds: Mayor Jordan reported that he had been contacted by Sam Morrison, president of the HSB POA, requesting they be allowed to defer their annual payment due the City in order to begin the landscaping on Clayton Nolan between the two ponds. No action was taken on this item.
9. Items to be removed from the Consent Agenda: Mayor Pro Tem Haydon requested that each item on the Consent Agenda be considered separately.
10. Consent Agenda Items:
 - a. Approve Minutes of the April 19, 2016 Regular Meeting: Council Member Pope made the motion to approve the minutes, seconded by Mayor Pro Tem Haydon. Motion passed unanimously (5-0).
 - b. Approve Hiring of Employee Related to Existing Employee: City Manager Stan Farmer explained Richard Baum was currently employed by the City as Code Enforcement Officer and the Finance Department would like to hire his wife Lezley Baum. He said there was no existing policy regarding the requirement that this come to the City Council for approval; however, he thought it should. Mayor Pro Tem Haydon made the motion to approve hiring of Lezley Baum, seconded by Council Member Gray. Gray asked that the policy be amended requiring this to come before Council. Motion passed unanimously (5-0).
 - c. Approve Amendment to the Building Permit Article to Require that Building Permit Plans be Submitted in Digital Format Prior to Issuance of a Certificate of Occupancy: Council Member Gray questioned how much this requirement would add to the building costs. Development Services Director Eric Winter said it would be approximately \$40. Council Member Gray made the motion to approve the amendment as presented, seconded by Mayor Pro Tem Haydon. Motion passed unanimously (5-0).
 - d. Approve Budget Amendment to Return Receptionist Customer Clerk I Position to Full-Time from Current Part-Time Status: Community Services Director Jeff Koska reported the receptionist position had been full-time until a couple of years ago and due to the decline in building, etc. the position was changed to half days; now however, the workload had

increased to the point where it would justify this being changed back to a full-time position. He said there was no need for a budget amendment for FY16 to cover the additional cost because due to the increased workload there was some overtime being required now which would end with this staffing change and the increase to salaries and benefits for next year would only amount to approximately \$14,000. Council Member Pope made the motion to approve this item as presented, seconded by Mayor Pro Tem Haydon. Motion passed unanimously (5-0).

- e. Approve Budget Amendment to Purchase Replacement Vehicle for Community Services Department: No action was taken on this item.

11. Monthly Statistical Departmental Data Reports:

- a. City Manager; Administration; Community Services; Development Services; Fire Dept.; and Police Dept.

City Manager Farmer reported the City would be participating in a Household Hazardous Waste Collection May 21 with Burnet County. He pointed out all residents of the City were eligible to participate in this event.

Mr. Farmer reported Water Conservation Inspector Bill Teeter would be hosting an Irrigation Workshop in conjunction with LCRA May 18 in the Council Chambers at City Hall. LCRA Water Conservation Coordinator Brett Briant would give a presentation along with Mr. Teeter.

Mr. Farmer reported treatment for milfoil would begin the first week in June. Last year the cost was approximately \$11,000 with half of that being paid by the LCRA; however, they are not providing matching funds this year and the cost would be approximately the same. He said he will bring a budget amendment to the Council for approval at the June Council meeting. Mayor Pro Tem Haydon stated he did not feel it would qualify as an emergency and the contingency fund line item should not be used to pay for this.

Mr. Farmer reported there were nine building permits issued in April for a year to date total of 31 and the number for the same time period last year was 27. Council Member Clinesmith questioned the timing of the requirements being completed and whether this completion should be required prior to Council approval of projects. Council Member Gray responded that Mr. Winter makes sure each item contingent for approval was done as part of his job responsibility.

Project Manager Tim Foran reported the sealcoat project for the area north of 2147 started on Monday and was delayed a short time due to rain; however, it was back on schedule as of his report. He then listed the efforts to notify residents regarding street closures included a large flashing sign and he encouraged everyone to sign up for Notify Me in order to stay informed on City events.

15. Public Hearing, Discuss, Consider and Take Action Regarding the Proposed Exhibit K Hidden Coves Planned Development, Rezoning the 10.43 acre Hidden Coves Subdivision from C-2 General Commercial, R-4 Multi-Family Residential and A-1 Recreational to Mixed Use Garden Home Lake Area Planned Development (MU-GH-LA PD). The Project Consists of a Total of 21 lots, 18 of Which Will Have Single Family Garden Homes, two That Will Have a Total of 37 Boat Slips, and one Large lot for 18 Additional Units in a Possible Second Phase Based on Market Demand, for a Total of 36 Units (10.43 Acre Area on the East Side of Fault Line Dr., Across From Nichola Gay, North and South of Diagonal

Dr., and North of Lost Echo): Development Services Director Winter gave an overview of the project. Mayor Jordan explained the 10.46 acre property was currently zoned as C2 commercial with an area of R4 multi-family in the center and had been zoned that way since the City incorporated in 2005. This project, if approved would change the property to GH garden home and LA lake area. The Mayor convened the public hearing at 4:00 p.m. Developer Sam Boyd said he was here requesting the zoning change and approval of the Planned Development ordinance. Mr. Boyd said he had made changes suggested by City staff regarding citizen concerns. He said because this would be a private street gated entrance all construction vehicles would be parked inside the gated area and not along Fault Line. Mr. Boyd reported he was currently having the entire lake area adjacent to this property dredged. He feels it will add approximately 2-3 feet in depth. He said there were concerns regarding congestion but he did not see a problem and he planned to place a no wake buoy at the entrance to the cove in order to slow boat traffic. Mr. Boyd said the boat stalls except possibly lot one and lot two would have the boat stalls recessed into the bank. Lot numbers one and possibly two have more shallow granite outcroppings and that was the reason for the boat slips at the back of the cove. He handed out an artist's rendering of the proposed homes and said after revisions suggested by the Architectural Control Committee, they had approved them as well as the rock wall at the gated entrance. Mr. Boyd explained further proposed specifications on this development and said that it would be a first class development. He said he was a hands-on developer and would see to it that it was do right. Engineer Tony Plumlee said the boat house plans were currently being reviewed by LCRA and indicated he thought he would receive the permit within the week. Rick Clark a neighborhood property owner spoke against the development noting concerns with safety within the narrow cove, losing the turning basin at the end of the cove, and the lack of a setback of the proposed garden homes. David McAlister a neighborhood property owner said his wife and he are not opposed to the project but there are things they are opposed to including the fact that not everything was addressed in the development agreement. He said they would prefer that lots one and two not be granted the ability to build separate, detached boat houses. The next speaker was Jim Long a resident of Annlies Landing who presented a petition signed by 37 property owners protesting the construction of boat houses backing up to Fault Line Drive and requested that boat houses not be allowed on Lot 1 or Lot 21. Mayor Jordan stated that he was going to interrupt this item and move to Item 12 because Matt Weatherly needed to catch a plane and this item would be continued following his presentation.

12. Presentation by Matt Weatherly with Public Sector Personnel Consultants Regarding City Salary Survey: Mayor Jordan reported the City conducts this survey every two years and it was initiated by the Lake LBJ Municipal Utility District prior to the City's incorporation. Mr. Weatherly reported the Council had before them in paper form the details of the survey. He said when he looked at the 2016 budget that salary and benefits made up about 45% of the general fund expenditures and as a service organization that would be on par if not a little bit low. Mr. Weatherly said they wanted their clients to be data driven and intentional with their choices as far as salaries and benefits are concerned. He gave credit to the City for taking a regular look at the market. Mr. Weatherly said the City had about 75 full-time and 15 part-time positions and about 45 different job descriptions and this process assures that the City was neither over-doing it or under-doing it in terms of the relative position to the market. He explained there was no money being spent at this time but he wanted to introduce the findings from their study and recommendations that would be a part of the

budget process. Mr. Weatherly gave an overview of the organizations they used for comparison and the job descriptions and reported there was about a 30-70 split with about 30% being competitive within 5% and 70% of the jobs had slipped past a 5% deficit. He said 2-3 years ago the market was not moving too swiftly for jobs and the City was in a little bit better position and 4-5 years ago the City was fairly competitive. Mr. Weatherly said this was a sign to him that the market had begun to move and in his world that was a positive side. He said performance standards dictate how the employee's salary moves. Mayor Jordan explained the Council would begin dealing with this in June at the budget meeting and at that time they would set aside a dollar amount they are willing to consider for merit increases and none of these adjustments would be made until January 2017.

15. Public Hearing, Discuss, Consider and Take Action Regarding the Proposed Exhibit K Hidden Coves Planned Development, Rezoning the 10.43 acre Hidden Coves Subdivision from C-2 General Commercial, R-4 Multi-Family Residential and A-1 Recreational to Mixed Use Garden Home Lake Area Planned Development (MU-GH-LA PD). The Project Consists of a Total of 21 lots, 18 of Which Will Have Single Family Garden Homes, two That Will Have a Total of 37 Boat Slips, and one Large lot for 18 Additional Units in a Possible Second Phase Based on Market Demand, for a Total of 36 Units (10.43 Acre Area on the East Side of Fault Line Dr., Across From Nichola Gay, North and South of Diagonal Dr., and North of Lost Echo): Mayor Jordan continued the discussion of this item and called upon Lynette Morrison to speak next. Ms. Morrison said she was a current member of the Planning and Zoning Commission and wanted to speak representing herself. She said she was the sole person to vote to not send this item on to the Council. During their meeting there were many changes to the ordinance and she did not want to see it passed on to the Council without the P & Z reviewing the revised ordinance. Ms. Morrison reported there was nothing in the City's ordinances that addressed a bank of boat slips and she said when there was a new project such as this it gave the City the opportunity to put into writing the development standards. Ms. Morrison asked Mr. Boyd the developer of this project and the Architectural Control Committee to get together and write up the standard for a bank of boat slips not only for the ones on Fault Line but the additional 12 slips on the other side of the development. She asked the Council to consider this when they were considering this ordinance. Council Member Gray asked what control the LCRA had over these type of boat slips. Engineer Tony Plumlee reported the LCRA has standards and if you build a boat slip over the water that is over 1500 square feet, or a residence above slip; the LCRA had to approve. He said in the past the LCRA had required permits and approval of a "marina complex" and this would be their decision. Mr. Plumlee said the LCRA required an engineer sealed drawing on anything over 1500 square feet. The final speaker was Tom Reeves and he owned property at 2801 Fault Line. He requested that the Council pull lots one and two out and defer consideration of those. Mayor Jordan adjourned the public hearing at 5:30 p.m. Council Member Clinesmith asked Development Services Director what his thinking as well as that of the P & Z Commission regarding their recommendation to approve this planned development project. Mr. Winter reported they did not see anything offensive in the project. Clinesmith asked if there were other free-standing boat slips in the City and Eric replied he did not know of others. Sam Tarbet stated this property had always been intended to be a marina and when the original developer initially excavated it, they did so in order to get as many boat slips in there as they could. He said the owners of the lots across from the developments only purchased the land up to the waterfront and Mr. Boyd owns a portion of the lakebed. Lynette Morrison reported the P & Z questioned if there were any development

standards, whether they were discussing boat slips or boat houses because there was a difference and they simply realized it was ok as it was but they were unclear if they were talking about boat slips or boat houses. Eric reported there was nothing in City ordinances restricting boat houses. Council Member Gray stated due to the lack of a permit from the LCRA, which would address the issues related to the concerns of the neighbors and other issues that need further attention, he did not believe it was appropriate to take action at this time and he made the motion to defer approval of this request for approval of the planned development ordinance until the June Council meeting when more complete information would be available to the Council. Motion died for lack of a second. Council Member Clinesmith made the motion to approve the ordinance but defer approval of lot numbers one and 21. Motion died for lack of a second. Developer Sam Boyd, when asked if it would affect his project, said it would affect it greatly. He asked the Council why they would want to defer approval of those lots. Council Member Clinesmith responded that she was concerned that the City had no standards and there was a lot of concern from the neighbors which seemed to be unresolved but she liked the overall project. Mayor Jordan suggested that it be approved on a contingency basis. City Attorney Rex Baker explained the Mr. Boyd had already filed his plan and was grandfathered; therefore, the City could not impose new rules governing this project. He said the City could define new requirements for boat houses or marinas and those could be applied to new developments going forward but anything that had already been filed could not be held to new rules. Mr. Baker said the developer was requesting a zoning change and that was a Council decision, but what rules apply, for instance if it were to stay zoned commercial the developer could put any commercial enterprise he wanted on that property as long as it met the City's requirements, no matter how offensive it might be to people the Council would have to approve it. He said the developer was asking for a zoning change today, the Council was considering the planned development ordinance to impose the new zoning and allow the project to go forward under the parameters of the PDO. Council Member Gray said he felt it was inappropriate to approve a PDO if the LCRA approval was not in hand. City Attorney Baker said the Council conditionally approves things all the time and this could be done subject to the LCRA giving its approval. Therefore, if the LCRA said you cannot build this here then the developer would have to come back to the City for approval of any change required by the LCRA. Developer Sam Boyd said as he understands it whatever LCRA requires for the boat house was just another step in the approval process the same as the Architectural Control Committee approval and asked that the Council approve this without another step in the process being approved first. He said as he was hearing the objections and concerns there were two that stood out to him. Mr. Boyd said the first being building a boat house and the people not wanting to look at it so he agreed to cover the back and sides, using a combination of a rock wall and landscaping. He said their second issue was the fact that they had driven by there for years and enjoyed seeing the water there but he felt by that same token any of them living on the water he could probably make the same statement of he used to drive by where their house was now and he could see the water before they built their house and could he ask them to tear their house down or not build it. He said residents had seen this property sitting in its natural state for many years and they could buy it from him, he would put a price on it and they could protect the view. Mr. Boyd said as a property owner he had a right to build on this property because he owns it as well as the property under the water in front of it. He said he respects the residents for their opinion but respectfully disagreed. Mr. Boyd said regarding the third concern of losing the turn-around basin as stated by Mr. Tarbet it was never intended to be a turn-around basin that Mr. Hurd intended to build boat slips or houses

there. Mr. Boyd said there was no plan to have anything projecting out past the shoreline except in the very back of the cove and he added that according to his surveyors there were several of the boat slips across the cove that protrude out 10-12 feet beyond their property line but those same residents did not want any of his development to stick out not past the shoreline. He added everyone tells him they are thrilled this property was not going to be commercial and multi-family, that it was not going to be a restaurant there with a band playing and that kind of thing and he agreed with them. He said he had made some compromises and then he asked the Council to approve as presented but if not, then he did not want a contingent approval regarding removal of Lot 1 and 21. Mr. Boyd said if that were the case he would honor their decision but would withdraw his request for rezoning. Council Member Lambert said in his experience he believed the Council had a responsibility to honor what Mr. Boyd had done and was attempting to do because he had done everything exactly as the City had asked him to do. He added not being able to see the water when driving past was not a valid point. Council Member Clinesmith noted that Mr. Boyd bought this property in good faith and had met the requirements and she thought it was a City issue and restrictions needed to be addressed by the Council at a future date. Mayor Jordan asked Mr. Winter to begin work on amending the City's ordinance adding boat houses and/or marinas. Council Member Pope made the motion to approve the Planned Development Ordinance as requested subject to the completion and final approval of the LCRA process and permit, seconded by Mayor Pro Tem Haydon. Motion passed unanimously (5-0). Mr. Boyd asked for clarification and Council Member Pope said the Council approved the ordinance as presented and when the LCRA approved the plan he had submitted to them, he could go ahead with his project.

13. Discuss, Consider and Take Action Regarding a Resolution Expressing Intent to Finance Expenditures to be Incurred: Finance Director Larry Anderson introduced Jennifer Douglas, the City's financial advisor with Specialized Public Finance. He reported everything done so far had been in consultation with Ms. Douglas and Glenn Opel the City's Bond Counsel. Mr. Anderson explained this was often referred to as a reimbursement resolution and would make it possible, if the City spent any money on the acquisition of fire trucks or any of the utility projects in Summit Rock such as the water plant expansion, and then the City issued debt the City could reimburse itself for those expenditures. He added this had been done several times in the past but it did not commit the City to spend money. Ms. Douglas said this was an IRS requirement in order to be able to use tax-exempt bonds. Council Member Pope made a motion to approve the ordinance as presented, seconded by Mayor Pro Tem Haydon. Council Member Gray noted the Council had approved financing of the fire engine so that financing would be separate and questioned why the fire engines were mentioned as part of this. Mr. Anderson said there was no intent at this time to spend any money on fire engines prior to issuance of debt; however, if the Council changed their mind and wanted to then the City could always reimburse itself. Motion passed (4-0-1 with Gray abstaining).
14. Discuss, Consider and Take Action Regarding a Resolution Relating to the Giving of Notice of Intention to Issue City of Horseshoe Bay, Texas Combination Tax and Revenue Certificates of Obligation, Series 2016; and Declaring an Effective Date: Finance Director Larry Anderson reported this item stated the City's intent to issue Certificates of Obligation to pay for these projects and a calendar had been proposed by Ms. Douglas to complete the sale in September and receive the proceeds in October. Once the City received the proceeds from the sale then the City could go forward with the purchase of the fire engines and

reimburse itself for anything that had been spent on the West Water Plant. Mr. Anderson explained that the Council had approved financing the fire engines with a private company; however, when he spoke to Ms. Douglas she pointed out that CO's could be issued for a 10 year term which would basically be the same as using a private company to finance but at a much better interest rate of approximately one-half the amount. Council Member Pope asked about an advantage of doing the placement in July as opposed to October and also expressed concern about deferring the purchase of the fire engines pushing the arrival of the fire engines several months behind what the Council had talked about. Mr. Anderson said that was a disadvantage; however, the way it was currently structured there would be no interest payment due until the following fiscal year of 2018. He proposed continuing to monitor the City's cash position due to several things the City would have no control over and if one or more of those happened then the calendar could be amended. Council Member Pope spoke in favor of purchasing the fire engines as soon as possible since the pay-off period would be the same ten years no matter when they were purchased. City Manager Stan Farmer reported Mr. Anderson was a little concerned regarding cash flow and the City might need the extra year prior to the first payment. Council Member Pope said he did not think it made a difference what fiscal year the first payment was in and Mr. Farmer said by waiting till October the City would avoid a debt payment and have another year to grow but still be able to purchase the fire engines and also Mr. Anderson was worried about the cash flow also. Council Member Gray asked if Mr. Anderson had forecasted out where the City would be 3-5 years from now and if the City would be looking at a possible tax increase as a result of this type of action. Mr. Anderson responded that in reality when the Street Improvement Plan was approved there was a proposal that would require a tax increase and the Council had made decisions along the way to use cash on hand to fund that project instead of a tax increase. He added that there was a 5 to 10 cent tax increase built into the project in the original projections. The Council, since then decided to use money from the Rate Stabilization Fund and other cash on hand to avoid a tax increase and so far the City had been able to avoid one; however, down the road when the City starts working on Capital Project items then either a tax increase, a utility rate increase or a combination of the two would probably be necessary. Mr. Anderson said in the next budget cycle the Council would see some of the CIP proposals by the staff and the Council would get an idea of the future expenses and what they would require. Council Member Pope made the motion to approve the resolution as presented, seconded by Mayor Pro Tem Haydon. Motion passed unanimously (5-0). Mr. Anderson said this would be watched closely and if it appeared the City could issue these sooner in order to get the acquisition of the fire engines started he would bring it back to the Council for earlier consideration.

16. Discuss, Consider and Take Action Regarding How to Improve Communication of Events in the City with Residents and Property Owners: City Manager Farmer reported staff was aware communication with the public was an ongoing issue. He said there had been a big improvement with Notify Me, CodeRed and placing information regarding these two programs in the utility bills for six months and publishing it in the newspaper and there are still people that do not see the information. Mr. Farmer said for the Street Seal Coating Project he was very mindful to education the public as thoroughly as possible using the newspaper, Notify Me, the HSB POA email blast, an alert on the City website, block captains and flyers at the Post Office. He also contacted The Resort so they could inform their membership and The Waters guests. Project Manager Tim Foran also went door-to-door with flyers and spoke to people, which allowed him to clarify any misunderstandings and also

allowed them to pass on the information to other residents. Council Member Clinesmith reported she had asked for this to be on the agenda for discussion and stated she was aware that if you wanted to be informed you could be due to all of the City's efforts. She said the reason she asked for this was she still received comments from people saying they don't read the newspaper or don't have a computer. Council Member Clinesmith said the two things she would like the staff to look at would be mailing a letter, one page, simple and clear with Urgent, Read This at the top and just tell them if you want to know anything sign up for Notify Me. In order to make it easier she asked that staff include screen shots of the step-by-step instructions. She said then when faced with complaints she could say she knew they received a letter. Secondly, she requested the City do research on a phone program that would allow areas to be petitioned off into certain sections so smaller areas could be notified. Mr. Farmer said the City had that capability with Code Red but it still required people to sign up. Fire Chief Morris confirmed Code Red could be used for general notifications. Mr. Farmer said the flyer that had been included in the utility bill for the past six months included information regarding Code Red on the opposite side of Notify Me. Council Member Clinesmith wanted to encourage consideration of her suggestions. HSB POA Board member Charlie Sugg said when they sent the notice via their email program to over 1,000 recipients it showed that 100% of the emails were opened. Several of the Council members said they felt the notification process was sufficient and anyone that wanted to receive news should be able to get it.

17. Update on Personnel Matters to Include the Deliberation of the Various Duties of All Department Directors: This item was postponed until the June Council meeting. No action was taken.
18. Adjournment: Mayor Pro Tem Haydon made the motion to adjourn at 6:25 p.m., seconded by Council Member Pope. Motion passed unanimously (5-0).

APPROVED this 21st day of June, 2016.

CITY OF HORSESHOE BAY, TEXAS


Stephen T. Jordan, Mayor

ATTEST:


Teresa L. Moore, TRMC
City Secretary

