

CITY OF HORSESHOE BAY

CITY COUNCIL PUBLIC MEETING

July 8, 2008

The Council of the City of Horseshoe Bay held a Public Meeting at City Hall, located at #1 Community Drive, Horseshoe Bay, Llano County, Texas, July 8, 2008, in accordance with duly posted notice of said meeting. Mayor Bob Lambert called the meeting to order at 3:05 p.m. with a quorum of Council Members present as follows:

Robert W. Lambert, Mayor
James E. Babcock, Mayor Pro Tem
John Bird, Alderman
Claudia Haydon, Alderwoman
Jeff Robinson, Alderman

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 subject and item number shown preceding the applicable paragraph.

1. Call to Order and Establish a Quorum: Mayor Bob Lambert called the Public Meeting to order at 3:05 p.m. with a quorum present. Reverend Johnny White, from the Church at Horseshoe Bay led the invocation. Mayor Lambert then led the pledge of allegiance to the United States Flag and the Texas Flag. He welcomed everyone to the meeting and asked that anyone who wanted to make comments please sign the sheet on the podium.
2. Comments from Mayor: Mayor Lambert said the July 4th activities were the best ever held in Horseshoe Bay. He thanked the HSB POA, the Resort and most importantly the City employees for the great job they did over the weekend. Mayor Lambert said the Council held a budget workshop July 7, 2008. The preliminary budget will be on the City's website by August 15, 2008. There will be two more budget workshops with the objective of approving the budget at the regular meeting September 16, 2008. Also, three of the Aldermen's two year terms will be up this November so there will be a formal election process. Sunday, July 27, 2008 is the first day to file an application. The Council will call for an election on Tuesday, August 19, 2008. Tuesday, August 26, 2008 is the last day to file for a place on the ballot and Friday August 29, 2008 is the last day to file as a write-in candidate. Alderman Dick Rantzow has advised Mayor Lambert that he will seek re-election.
3. Comments from Aldermen: Alderman Babcock said he distributed to the Council today an outline of the procedure that the City would need to undertake to convert to home rule status. Copies are available to anyone from the public who would like one. The procedure he has presented would allow a vote by the citizens of Horseshoe Bay on the May election cycle following a three or four month period of input by a citizens' committee on drafting a charter. He asked each of the Council members to review the procedure and he would like to have it on the August 19, 2008 agenda. He feels this is a good time to go forward with this

process. Alderman Babcock also pointed out to the Council that there has been some inconsistency by TxDOT in allowing entrances to potential commercial developments on Hwy. 2147. He has done research and has worked with the Texas Municipal League and the TxDOT legal department and there is a procedure whereby the City can file its own access plan and take over the responsibility for making decisions regarding access on Hwy. 2147 within the City limits if the City chooses to do so. He has copies of several access plans other cities have done and he will forward those to City Manager, Stan Farmer to check with the City engineer to see if they have done one of these plans before in order to get an idea of what might be involved and also the cost. Alderman Babcock also announced he will be running for re-election. Alderman Robinson stated in order to make it unanimous, he will also run for re-election.

4. Public Comments: Sam Martin, developer of Skywater over Horseshoe Bay said there is quite a bit of discussion in the area regarding Skywater and he is here today to give an update. First of all, the rumor regarding Skywater being bankrupt is not true. They are currently dealing with circumstances related to the downturn in the market that have necessitated they do some refinancing of the project and they have been working on that for a period of time and continue to work on it. They have had good news in the last week to that end. They are very confident they have facilities available to them that will get everything back on track within the next couple of weeks. He said he also wanted to address the persistent rumors relating to their relationship with Progeny. They did have some issues back in April; however they both took the appropriate steps to deal with the problem and it has been resolved to their complete satisfaction. Progeny representative, David Oberle was present and affirmed Mr. Martin's statement.

Richard Waters had signed up to speak regarding the brush disposal issue. He asked that it be put on the August 19, 2008 agenda.

City Attorney, Monte Akers said that the City found out today that the City of Cottonwood Shores has filed an application for a CCN, a Certificate of Convenience and Necessity to provide water and wastewater service to approximately 2500 acres. The CCN is essentially the authorization from the State of Texas to be the sole provider of, in this case water and wastewater (sewer) services within the confined service area. Mr. Akers said in this case the application as it has been filed, will infringe upon both the City of Horseshoe Bay and the City of Marble Falls. He said he did not know if this was intentional or accidental but by filing the application, it started a thirty day time period in which any interested party can file a protest to the application that will require the cities see if they can reach an agreement. If they are unable to do so, they will have to go to a full contested case hearing. It is all very preliminary and he wanted the Mayor and Council to be made aware. Mayor Lambert said several citizens have also received notices and asked if they need to take action on their own or if the City's action will take care of them also. Attorney Akers said in his opinion, if you own a great deal of property that you intend to develop and intend to be served by the City of HSB in the future, then this would certainly be of interest to you. It would suggest that you would not be able to get your utilities from HSB and you would have to get them from Cottonwood Shores if they are successful with the application. If you are just a homeowner and don't have a utility or large area that is going to need service in the future then everything the City of HSB does should take care of your problems as well. He added this is

not any kind of promise or substitution for council on their individual problem but the matter will probably go to a hearing or at least to further discussions even if they do nothing. Mayor Lambert said he thought most of these people were presently customers of the City of Horseshoe Bay. Attorney Akers said they are not supposed to be able to serve within another city's corporate boundaries without that city's permission. He suspects that someone drawing the boundaries made a mistake.

5. Items to be Removed from the Consent Agenda: Mayor Lambert asked the Council if there were any items they would like to remove from the consent agenda. He said he would like to remove items 6c, 6h and 6j for discussion.

- 6c. Purchase of Telephone Equipment Upgrade: Mayor Lambert said they considered putting the upgrade to the phone system in next year's budget; however they decided to go ahead and finance it in the current year's budget. Administration Manager, Toni Vanderburg introduced Ron McReynolds with Telstar Communications, the vendor that installed and has serviced the existing phone system. Mr. McReynolds gave a description of the current as well as the proposed system to the Council. The proposed system is state of the art and will solve many problems the City currently experiences. He said the current system which is twelve years old, is no longer manufactured and parts are very difficult to obtain. He then answered questions from the Council. Alderwoman Haydon made the motion to approve purchase of the telephone equipment upgrade. The motion was seconded by Alderman Robinson. The motion passed unanimously (4-0).

- 6h. Request for Approval of Hiring FUGRO Consultants, Inc. for Street Study: Mayor Lambert explained this item is regarding hiring consultants for the street study. The City Engineer strongly recommends that the City obtain core samples from several of the streets. Alderman Bird explained the Council needs to approve funds to do this and the City has a proposed contract in hand; however in his opinion there are some items regarding liabilities that need further discussion with FUGRO prior to finalizing. Alderman Bird has discussed this with City Attorney Akers and he agrees this is something we should probably not accept in its current form. There is also a problem with timing, in that if something is not approved today, there would be a six to eight week delay in starting the project. Alderman Bird made the motion to approve \$25,000 for the service based on approval of a revised contract by Mr. Babcock, City Attorney Akers, City Manager, Stan Farmer and himself. The motion was seconded by Alderman Robinson. The motion passed unanimously (4-0).

- 6j. General Fund Budget Amendment for Line Item Transfer of \$35,000 from Contingency to Street Study: Mayor Lambert said City Manager Stan Farmer has an additional item that will require contingency funds. Mr. Farmer said there is an emergency with the emergency communications system used by the police and fire departments. The system is patched now and is working; however it needs to be repaired. Mayor Lambert explained this is equipment on a tower that allows the police, fire and EMS department to communicate with each other and various dispatch services. City Attorney Akers said the Council can approve transfer of funds for this item with the caveat that Stan Farmer is authorized to look into and take care of any additional funding that may be necessary

and if he needs to bring it back to Council at the next meeting for authorization and approval he can do so. Alderwoman Haydon made the motion to approve the funds for this item. The motion was seconded by Alderman Robinson. Alderman Bird asked for further explanation of the funds to be spent. Mayor Lambert stated the repairs to the radio equipment will cost \$26,000. This will be in addition to the \$35,000 that needs to be authorized for the street study. Mayor Lambert said he recommends a budget amendment on the August 19, 2008 agenda to formalize approval of the funds to repair the radio equipment. The motion passed unanimously (4-0).

6. Consent Agenda Items:

- a. Minutes of the June 17, 2008 Public Workshop and the June 17, 2008 Public Meeting
- b. Approve Contract for Assessment and Collection Service between the City of Horseshoe Bay and the Llano County Tax Assessor and Authorize the City Manager to Execute the Contract
- d. Skywater Over Horseshoe Bay Annexation Amendment Ordinance
- e. Appointment of Stan Farmer to Replace Mike Thuss as City's Representative to CAPCOG General Assembly
- f. Request for Approval of Construction of a Residence that Exceeds 10,000 Square Feet of Covered Area at 103 Near North Circle – Lot H12018
- g. Sign Ordinance Variance Request By Central Texas Land & Title at 6810 RM 2147
- i. Request for Approval of Hiring LAN Engineering Firm for Street Study
- k. Friends of the Marble Falls Library Contribution Request
- l. Revise Exhibit A to Compensation Policy to Change the Title of Public Works Director to Utilities Director

Alderwoman Haydon made the motion to approve the remainder of the consent agenda. The motion was seconded by Alderman Robinson. The motion passed unanimously (4-0). Alderman Babcock stated that the donation for the Marble Falls Library is one he is pleased to be making again this year. He explained cities can contribute to various charitable operations if those charitable operations are providing services to the community that communities normally provide themselves. He further stated the Marble Falls Library certainly meets those criteria. He added if any other organizations would like to request a donation from the City, there is an application procedure they can follow in order to be considered. Becky Robinson said representatives of the Friends of the Marble Falls Library in attendance wanted to thank the Council for their support.

7. Monthly Staff Reports: City Manager, Stan Farmer said this was his first 4th of July in Horseshoe Bay and he wanted to thank the Police Chief and his department, the Fire Chief and his department as well as Animal Control Officer, Randy Lane for their help with the parade. Mr. Farmer stated due to this meeting being held early in the month several of the staff reports are not in the packet, but will be distributed to Council when they are ready. He added Development Services Manager, Eric Winter has completed his first year with the City.

8. Public Hearing and Consideration Regarding a Zoning Ordinance Amendment to Rezone Lot No. 28030, Horseshoe Bay Plat No. 28.1, Horseshoe Bay, Llano County, Texas from R-4 Multi-Family to R-1 Single Family (500 Block of Free Rein): Mayor Lambert convened the public hearing at 3:45 p.m. He asked if there were any comments, there were none and he adjourned the public hearing. He explained this rezoning is being done at the City Council's request because the individual had requested that the lot be replatted. The Council preferred if it was replatted that it be rezoned to R-1 as well. The owner was agreeable. Alderman Babcock made the motion to approve the zoning ordinance amendment. The motion was seconded by Alderman Bird. The motion passed unanimously (4-0).
9. Replat of Lot No. 28030, Horseshoe Bay Plat No. 28.1, Llano County, Texas (500 Block of Free Rein): Alderwoman Haydon made the motion to approve the replat. The motion was seconded by Alderman Babcock. The motion passed unanimously (4-0).
10. Continuation of Action to Adopt Ordinance Annexing the 5.44 acre Horseshoe Bay Center Tract (Space Center Property on Hwy. 2147): Mayor Lambert stated this is the continuation of the action to annex a 5.44 acre tract that is to be known as the Horseshoe Bay Center. There are some problems with road access onto Hwy. 2147 that are still not resolved and the developer has asked that this be continued until the August 19, 2008 Council meeting. Alderman Robinson made the motion to continue this action. The motion was seconded by Alderman Bird. The motion passed unanimously (4-0).
11. Continuation of Public Hearing and Discussion Regarding Zoning Ordinance Amendment to Provide Regulations for Accessory Buildings and Structures, Including Swimming Pools, Fences, Retaining Walls, Decks, Pool Enclosures, and Bulkheads (Discussion Only): Mayor Lambert convened the public hearing at 3:48. He asked if there were any comments, there were none and he said he would like to continue this public hearing until August 19, 2008. This version of the proposed ordinance will be placed on the City's website for public comment and will be considered for action at the August 19, 2008 Council meeting.
12. Conduct a Public Hearing and Consideration of Preliminary Plats:
 - a. Replat of Lot Nos. C-62 Through C-66, C-69 Common Area and Exclusive Use Easement (E.U.E.)-32 of Escondido, Plat No. 3.3, to be Known as Escondido, Plat No. 3.4, 4.03 acres out of the John Bratton Survey No. 2, Abstract No. 39, Horseshoe Bay, Llano County, Texas (El Rey/La Serena Loop)

Mayor Lambert convened the public hearing at 3:53. He asked if there were any comments, there were none and he adjourned the public hearing. Alderman Babcock made the motion to approve the preliminary plat. The motion was seconded by Alderman Robinson. The motion was passed unanimously (4-0).
13. Propose Tax Rate: Mayor Lambert said the Council held a budget workshop yesterday and the unanimous consensus of all five aldermen was that the fiscal year 2009 tax rate not exceed \$0.35 per \$100 evaluation. This rate is below both the effective and rollback rates. The current rate is \$0.40 and with this year not being higher than \$0.35, that is a

12.5% reduction in the tax rate. From the conversation yesterday he feels it will not go lower; however it will not be in excess of \$0.35/\$100. Alderwoman Haydon said she wanted to go on record as saying she would have liked to have kept the tax rate at \$0.40 in order to dedicate the additional tax revenue to the road improvement program. Alderman Robinson stated he does not totally disagree and wants to stress the fact that the City has reduced the tax rate by a cumulative 30% in the last two years and that is a big decrease. He wants everyone to understand that the time may come when the tax rate may have to be increased.

14. Schedule Public Hearings on Proposed Tax Rate: Mayor Lambert said with the tax rate not in excess of \$0.35, no public hearings will be required.
15. Discussion Regarding Streets in the City: Alderman Babcock said the Council is waiting on the engineers to give an estimate of what the total costs might be to repair, upgrade and maintain the streets. This should give the Council a fair idea of what it will cost the City. He added one thing he has been working on in anticipation of the numbers being much larger than anyone expected is the use of a facility available to cities known as a Property Improvement District or PID which will accomplish the same goal of improving the roads. He has discussed this with City Attorney Akers as well as other cities and he feels it could be used for this purpose. It would allow the assessment period to be increased beyond the five years that the POA is limited to if there significant increase in the cost of upgrading and repairing the streets. Mayor Lambert added the City will hold another workshop on the streets, September 4, 2008 at 2:00 p.m. and he will call this as a Special Meeting. The City Engineer believes he will have the cost information by this time.
16. Adjournment: Alderwoman Haydon made the motion to adjourn the meeting at 4:04 p.m. The motion was seconded by Alderman Robinson. The motion passed unanimously (4-0).

APPROVED this 19th day of August, 2008.

/S/
Robert W. Lambert, Mayor

ATTEST:

/S/
Teresa L. Moore, City Secretary