

**CITY OF HORSESHOE BAY**  
**CITY COUNCIL PUBLIC MEETING**  
**MINUTES**

September 21, 2010

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, September 21, 2010, in accordance with duly posted notice of said meeting. Mayor Bob Lambert called the meeting to order at 3:00 p.m. with a quorum of Council Members present as follows:

Robert W. Lambert, Mayor  
James E. Babcock, Mayor Pro Tem  
Claudia Haydon, Councilperson  
Phillip Lee, Councilperson  
Jeff Robinson, Councilperson  
Steve Spence, Councilperson

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 3:00 p.m. with a quorum present.
2. Invocation: Reverend Pete Christy from The Church at Horseshoe Bay gave the invocation.
3. Pledges to the Flags: Mayor Lambert led the pledges 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.
4. Public Comments (Those speaking are asked to limit their comments to three minutes): Drew Crosby with the HSB Business Alliance said they are now 501(C)(6). He also invited City leaders and residents to the Taste of Thyme on Wednesday at 9:00 a.m. for their monthly meeting.
5. Items to be removed from the Consent Agenda: There were no items removed from the Consent Agenda.
6. Consent Agenda Items:
  - a. Minutes of the August 24, 2010 Public Meeting, the September 7, 2010 Public Workshop and the Special Public Workshop September 14, 2010
  - b. Interlocal Agreement with Llano County for Jail Services
  - c. Ordinance Amending ORD 10-08-24B Ordering General Election
  - d. Contracts for Election Services and Joint Election Agreements with Llano County and Burnet County for November 2, 2010 General Election

- e. Contract for the Administration of Llano and Burnet County Emergency Services Districts #1
- f. Ordinance Updating the Escondido Public Improvement District of the City of Horseshoe Bay Service and Assessment Plan and Assessment Roll
- g. General Fund Budget Amendment for a Line Item Transfer of \$65,000 from the Contingency Line Item to Capital Outlay for the Police Department Building Project
- h. Engagement Letter with Neffendorf, Knopp, Doss and Company, P.C. to Conduct the FY2010 Audit
- i. Personnel Policy Revisions: Article XIII, Appendix B: Salary Tables; Article XIII, Appendix C: Merit Table

Councilperson Lee made the motion to approve the Consent Agenda. The motion was seconded by Councilperson Babcock. The motion passed unanimously (5-0).

- 7. Amendment to Agreement with HSB POA Regarding Deferral of Payment: Tom Schmersahl, President of the HSB POA, requested that the Council amend the agreement approved in August. The original agreement between the City and the HSB requires the POA pay 39.5% of its maintenance fees received annually to the City in return for the various functions the City took over from the POA which included the ownership of the HSB POA streets. The agreement approved in August allowed the HSB POA to pay 19.5% in 2011 and repay that amount by paying 59.5% in 2012. However, their bids came in significantly higher than the estimated \$800,000. Mr. Schmersahl said the Board of Directors of the HSB POA has committed to enhancing and expanding Quail Point, and they have looked at the bids and are working with the potential contractor to find savings there. He requested that the City defer the entire amount due in 2011. These funds would be paid back to the City in 2012 and 2013. Councilperson Babcock said he did not believe there would be any disadvantage to the City by doing this. Councilperson Haydon made the motion to authorize Mayor Lambert to sign this agreement with the changes indicated if the document is also approved by Councilperson Babcock and City Attorney Rex Baker. The motion was seconded by Councilperson Lee. The motion passed unanimously (5-0).
- 8. Annual Contract to Provide Fire Fighting Services Between the City of Horseshoe Bay and Oak Ridge POA, Llano County MUD #1, The Hills Section I & II POA, The Hills Section III POA, and Deerhaven Water Control and Improvement District: Mayor Lambert explained that the City has been approached in the past to provide fire-fighting services to Deerhaven and declined. The concern is that their water distribution system is not adequate to provide the amount of water necessary to fight a fire. Fire Chief Jim Fiero said the City's two engines have 1,000 gallons tanks which would last approximately 10-14 minutes. He added that if the HSB Fire Department is notified early this might be adequate; however if not, it would not do much good. Deerhaven has formed a Water Control and Improvement District (WCID) in an attempt to fund an upgrade to their distribution system. The deficiencies in their system are noted in the draft contract. Councilperson Babcock suggested the City require the Deerhaven WCID indemnify the City and its Fire Department for liability. Councilperson Robinson made the motion to approve the agreement with all the entities with the addition of a Hold-harmless clause to the proposed agreement with Deerhaven WCID and that City Manager Stan Farmer communicate to the WCID that the City will require progress

be made on improving their water distribution system if the contract with the Deerhaven WCID is to be renewed next year. The City will send letters to all property owners in Deerhaven outlining the terms of the agreement and the shortcomings of their distribution system. The motion was seconded by Councilperson Jim Babcock. The motion passed unanimously (5-0).

9. Public Hearing Regarding Proposed Budget: Mayor Lambert convened a public hearing at 3:28 p.m. He asked if there were any comments. There were none, and he adjourned the public hearing.
  
10. Ordinance to Adopt Budget for Fiscal Year 10-01-10 through 09-30-11: Mayor Lambert stated the City Council has held three budget workshops and he would like to thank the Council and Staff for a great deal of work on the budget. He added that there are two amendments that need to be made to the budget prior to adoption. The first is to reduce the HSB POA revenue account number 40210 by \$200,000 which will bring the total to zero. The Fire Department revenue account number 40506 needs to be increased by \$35,000 for the additional revenue from Deerhaven WCID. The total would then be \$210,000. Councilperson Haydon expressed her dissatisfaction with lowering the tax rate to \$0.25/\$100 due to her desire to be more aggressive in the upgrade program of the HSB POA streets the City took ownership of in 2009. She stated she feels the City should use ad valorem tax to fund the upgrade. Councilperson Lee stated he opposed lowering the tax to anything less than \$0.27/\$100 and would prefer \$0.29/\$100. He thought after the last workshop that several Councilmembers had something more conservative in mind in order to spend the available funds to upgrade the streets. Councilperson Babcock said that according to the City Charter the Council has to study and justify spending money for capital projects. They are then required to look at the City's total overall requirements for other capital expenditures and determine how that balances with other capital expenditure requirements. Next the Council has to evaluate the various ways of funding the expenditure and then, according to the charter, it is appropriate to include it in the capital plan. Mayor Lambert stated that the City Council had voted unanimously at a previous meeting to not do anything further on the street upgrade plan until the economy improved. Councilperson Babcock said the City has \$1.5 million in the budget this year for street maintenance which is four times the amount the POA could spend. Councilperson Robinson said he agrees the streets need to be done; however if the City takes the current funds and upgrades streets it will only do ten miles of streets and that is all they can do until the accumulate funds to do more. He said he thought the Council agreed to consider using ad valorem taxes in conjunction with a bond issue and that the \$0.25 tax rate will pay for the bond issue if the City does 20 miles of streets. Councilperson Robinson said he believed the Council needs to determine if they want to do it with a bond issue and offer it to the citizens to vote on. Councilperson Babcock made the motion to accept the budget with the amendment to reduce revenue by \$200,000 for the HSB POA item and increase income for the Fire Department by \$35,000 for the Deerhaven WCID Fire Protection contract. The motion was seconded by Councilperson Robinson. The motion passed (4-1) with Haydon voting against.

11. Ordinance to Adopt Tax Rate for 2010: Councilperson Babcock made a motion to approve the ordinance to adopt the tax rate of \$0.25/\$100 for 2010. The motion was seconded by Councilperson Robinson. The motion passed (3-2) with Haydon and Lee voting against.
12. Ordinance to Adopt Revised Schedule for Services and Rates to be Effective October 1, 2010: Utilities Director Jeff Koska said it is his intention to set up a program where they can continually keep the water and wastewater model updated. Councilperson Spence made the motion to approve the ordinance. The motion was seconded by Councilperson Haydon. The motion passed unanimously (5-0). Councilperson Robinson confirmed that these rates will be sufficient to make the Utility Fund self-sufficient.
13. Monthly Statistical Departmental Data Reports:
  - a. City Manager; Administration; Community Services; Development Services; Fire Dept.; and Police Dept.

City Manager Stan Farmer told the Council he will be attending a class next week along with Utilities Director Jeff Koska to learn more about rate design. He added Burnet County is conducting a one day scrap tire collection Saturday, October 19<sup>th</sup> from 9:00 am till noon or until the trucks are full. The collection site will be at the Burnet County Fair Grounds. Mr. Farmer said, barring rain, the southbound lane of Bay West Blvd will be open on Sunday and the paving will begin next week. Llano County is scheduled to begin chip sealing Wednesday, September 22<sup>nd</sup>. The City has recently sent out 1,300 letters for lot mowing and of those, 157 have been mowed. Earlier in the year the number of letters mailed for mowing was 827 and in late 2009 it was 667. When going into areas to clear contractors are seeing lots that need to be mowed but are not on the list of lots to mow so the mowing list is being updated to include these lots. Mr. Farmer said they have recently mailed 1,200 letters regarding lot clearing and 100 of those have been done. The prior nine phases have only totaled 1,300 over the past year and 860 of those have been cleared. There is still some clearing being done in West but the contractors are now expanding to the area by the airport. Mr. Farmer confirmed they are following up on lots where the owners are responsible for clearing their own lots to insure they are being cleared. Councilperson Lee stated there continues to be a problem with dead trees that need clearing. Mayor Lambert went back over the procedure for doing this. Mr. Farmer is going to attempt to contact the person that the HSB POA used who would remove the trees for the wood. The City will then contact the homeowner to notify them of the dead trees and affirm they agree to have them removed. None will be removed without homeowner consent. Mayor Lambert said this needed to be done immediately because when they lose their leaves it is much more difficult to determine if they are dead. Mr. Farmer said the bid opening for both the bridge and the police building will be Friday, October 8<sup>th</sup>. He said the pre-bid conference for the bridge was this morning and next Monday, September 27<sup>th</sup> is the pre-bid conference for the police building. Mr. Farmer said Horseshoe Bay is one of only fourteen cities in Texas that have recently received the inaugural award as a Texas certified *Scenic Cities*. He then presented Mayor Lambert with the plaque. Mayor Lambert thanked Mr. Farmer for being alert to this type award and then pursuing the award for the City.

14. Public Hearing and Possible Consideration of Preliminary and Final Plats:

- a. Replat of Lot No. 128 of Horseshoe Bay Applehead Island Plat No. 7.128 and Lot No. 130 of Horseshoe Bay Applehead Island Plat No. 6.130 to be Known as Horseshoe Bay Applehead Island Plat No. 6.130A (130 Applehead Island Drive)
- b. Replat of Lot Nos. 208 through 218 of Horseshoe Bay Applehead Island Plat No. 20.3 to be Known as Horseshoe Bay Applehead Island Plat No. 20.4 (208 - 218 Dominion Drive)
- c. Replat of Lot Nos. 300 and 302 Horseshoe Bay Applehead Island Plat No. 19.1 and a 0.20 Acre Tract and a Portion of a 0.36 Acre Tract and Reduce the Width of Lots 300 and 302 to 73 feet to Create new Lot No. 300-A to be Known as Horseshoe Bay Applehead Island Plat No. 19.2 (300-A, 300 and 302 Island Court)
- d. Replat of Lot Nos. 19151, 19152, 19154, 19155 and 19156 of Horseshoe Bay Plat No. 19.4, and Lot No. 19153-A of Horseshoe Bay Plat No. 19.11, and an Additional 3.22 Acre Tract out of a 3.419 Acre Tract, and a 1,037 Square Foot Tract, all out of the Nicholas Mendez Survey No. 3 Abstract No. 506, to be Known as Horseshoe Bay Plat No. 19.151, Horseshoe Bay, Llano County, Texas (105, 107, 109, 111, 113 and 115 Cardinal and Community Drive)

Mayor Lambert convened a public hearing at 4:13 p.m. He asked if there were any comments. There were none, and he adjourned the public hearing. Councilperson Lee made the motion to approve the replats on a preliminary and final basis. The motion was seconded by Councilperson Babcock. The motion passed unanimously (5-0).

15. Public Hearing and Recommendation to the City Council for an Amendment to the Zoning Map for Zone 4A Horseshoe Bay Proper Regarding the City's Request to Rezone Lot Nos. 19151, 19152, 19154, 19155 and 19156 of Horseshoe Bay Plat No. 19.4, and Lot No. 19153-A of Horseshoe Bay Plat No. 19.11 from R-2 Two-Family Residential to GUI Governmental Utility or Institutional (105, 107, 109, 111, 113 and 115 Cardinal): Mayor Lambert convened a public hearing at 4:18. He asked if there were any comments. There were none, and he adjourned the public hearing. He advised the Council that these are the lots the City plans to use for the new police building and other City uses and the Planning and Zoning Commission recommended approval of this amendment. Councilperson Haydon made the motion to approve the amendment. The motion was seconded by Councilperson Lee. The motion was approved unanimously (5-0).

16. Continue Public Hearing and Recommendation to the City Council regarding an Amendment to Ordinance No. 10-06-15C, Section IV(b) to change the Subsection Number in Section IV(b) from 14.02.406(j)(2) to 14.02.406(j)(4) and to Change the Subsection Number in Section IV(c) from 14.02.406(j)(2)(A) to 14.02.406(j)(4)(A): Mayor Lambert convened a public hearing at 4:22. He asked if there were any comments. There were none, and he adjourned the public hearing. He advised the Council that the Planning and Zoning Commission had recommended approval of this amendment. Councilperson Lee made the motion to approve the amendment. The motion was seconded by Councilperson Spence. The motion was approved unanimously (5-0).

