

**MIDLAND CITY COUNCIL
MINUTES
August 21, 2012**

BRIEFING SESSION

The City Council convened in a Briefing Session in the basement conference room, City Hall, Midland, Texas, at ____ a.m. on August 21, 2012.

Council Members present: Mayor W. Wesley Perry, Mayor Pro Tem Jerry Morales (At-Large), Council Member Scott Dufford (At-Large), Council Member Jeff Sparks (District 1), Council Member Vicky Hailey (District 2), Council Member John James (District 3), and Council Member Michael Trost (District 4).

Council Members absent: None.

Staff members present: City Manager Courtney Sharp, City Attorney Keith Stretcher, Deputy City Manager Tommy Hudson, Assistant City Manager Jim Nichols, City Secretary Amy Turner, Police Chief Price Robinson, General Services Director Robert Patrick, Fire Chief Robert Patrick, Utilities Director Stuart Purvis, Administrative Services Director Catherine Clifton, Finance Director Bob McNaughton, Community Services Director Tina Jauz, Acting Engineering Director David Beard, Planning Division Manager Cameron Walker, Building Official Steve Thorpe, GIS Manager Bill Hodge, Public Information Officer Persephone Dakopolos, Multimedia Developer Ryan Stout, and Community Development Manager Sylvester Cantu.

The foregoing agenda items were discussed by the City Council with no formal action taken. The Briefing Session was adjourned at ____ a.m.

REGULAR SESSION

The City Council convened in regular session in the Council Chamber, City Hall, Midland, Texas, at ____ a.m., August 21, 2012.

Council Members present: Mayor W. Wesley Perry, Mayor Pro Tem Jerry Morales (At-Large), Council Member Scott Dufford (At-Large), Council Member Jeff Sparks (District 1), Council Member Vicky Hailey (District 2), Council Member John James (District 3), and Council Member Michael Trost (District 4).

Staff members present at the annex table: City Manager Courtney Sharp, City Attorney Keith Stretcher, Deputy City Manager Tommy Hudson, and Assistant City Manager Jim Nichols.

The Agenda Items were heard in the following order:

PUBLIC HEARINGS

1. At 9:00 a.m. hold a public hearing for the purpose of allowing the public and other interested groups to make comments regarding the proposed 2012 - 2013 City of Midland budget. (FINANCE)

MISCELLANEOUS

2. Consider an ordinance for the Fiscal Year 2012 - 2013 budget. (FINANCE)

ORDINANCE NO. 9052

AN ORDINANCE OF THE CITY OF MIDLAND PROVIDING FUNDS FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2012, AND ENDING SEPTEMBER 30, 2013, BY APPROVING THE BUDGET FOR SAID PERIOD AND APPROPRIATING AND SETTING ASIDE THE NECESSARY FUNDS OUT OF THE GENERAL AND OTHER REVENUES AND UNAPPROPRIATED FUND BALANCE OF THE CITY OF MIDLAND FOR SAID FISCAL YEAR FOR THE MAINTENANCE AND OPERATION OF THE VARIOUS DEPARTMENTS AND FOR VARIOUS ACTIVITIES AND IMPROVEMENTS TO THE CITY; AND PROVIDING FOR PARTICIPATION BY THE CITY OF MIDLAND IN THE SUPPLEMENTAL DEATH BENEFITS FUND OF THE TEXAS MUNICIPAL RETIREMENT SYSTEM, TO PROVIDE CERTAIN IN-SERVICE DEATH BENEFITS FOR EMPLOYEES, AND DEATH BENEFITS FOR ANNUITANTS WHOSE LAST EMPLOYMENT BEFORE RETIREMENT WAS WITH THE CITY OF MIDLAND, TEXAS; AND ORDERING PUBLICATION

Council Member Hailey moved approval of the first of two readings of Ordinance No. 9052 in accordance with the Charter of the City of Midland; seconded by Council Member Trost.

James suggesting on franchise fees is to have Council determine if want to move forward, compare with other airports to determine where we are. Where airport is concerned that's this budget year. Trost does anyone call the reason they are not paying the share. Bob goes back to mid 80's or late 70's. The philosophy is that the airport in and of itself has a property tax base associated with it such as hotels, rental car and businesses in that area already pay property tax. The airport already pays a property tax to the city because of those properties out there and they were given credit for the value of those properties that are generated because of airport itself. In dealing with airport. Their cost allocation plan is separate from the city because of federal grants associated with airport. Have been increasing the airports portion each year. Have to be careful because if increase that charge too much in any one year you would trigger an audit. Trost if everything is clean and nice and if it happens it happens. This is recovery from a Council philosophy dating back many many years. James that is a failing argument, this is a small number but when you get phone calls that says don't raise my taxes. When challenged with raising taxes on people when doing that the responsible thing to do is look at older more historical things and decide whether those are the policies we want to embrace or we've got to increase franchise fees of rental cars to have airport increase allocation into general fund. If there's 125,000 that could recover should lower amount and use those funds in the airport fund.

Morales when you say raising tax raising effective tax people are getting a very good return on investment. Secondly was legal reimbursement and franchise.

James suggest from Council perspective to ask staff to come back with a report on

Franchise fees.

James what is the little we can raise it? Morales that fire that is going to be on the west side of town will be put out quicker because new fire station. James isn't it conceivable to say a portion of what was going to be done to street maintenance could be deferred for one year.

Dufford when is last time looked at franchise fees? Courtney which fees? Dufford everything. Courtney - a lot have gone to state wide franchise for telephone and cable. As franchise agreement have come due they are addressed as needed. Courtney hotel/motel is set at max allowed by law. What about rental cars? Tommy 10% max is not known. Mayor where currently go? To airport. James connection between those two if it had more money it could pay total amount to general fund. Dufford the work that City Attorney's office does about \$200,000 worth of work for airport. James cost allocation determines that want to say it was \$150,000 shy of what study suggests that entity should be paying. Trost we don't have to make decision of which department or entity is more important. They are all as important because without one it would be a mess. However when have 4A 4B and Sanitation paying fair share, you are basically saying that if charge them fair share we could get audited? McNaughton number is bigger than that, went up on them this year \$50,000. Could get another \$100,000 this year and still be okay another \$90,000. How short are they? McNaughton what you are dealing with is a policy decision by council that needs discussion by Council. This might be a very good topic to discuss at next strategic planning session to understand revenue streams and determine the philosophy that Council wants to carry forward on that issue. It would put them in a deficit position because they just pulled money for space station.

James that raises other issue and got phone call about who should be paying the freight on xcor conversation that is an MDC fund expense not airport. Courtney have had those discussions with MDC. Courtney issue is it would cost about 200-250,000 for designation and airport was originally going to fund that would bring in economic development activity. Since learned that cost will be 600,650,000. 3 options is airport direct visit with FAA to see if it falls under another program where FAA pays 90%, if doesn't work opportunity to go to MDC haven't formally requested that but visited with some members.

Morales not so much an application but a study. there is 4.3M in airport fund that hasn't been utilized with possibility with that. James transferring \$600,000 dollars that says it's a done deal if not shouldn't articulate that in that way. Courtney Mrv's sense of urgency is to start project so city will transfer money.

Morales in favor of McNaughton and talk about at strategic plan. If not getting everything we can.

Dufford how many more meetings. Bob one next monday. Wes what if said this is strategic plan say it happens in December this is something we can do we can adjust the budget but cannot affect the tax rate. Courtney we start budget in January and run for several months. Can know philosophical stance in Jan-mar time frame to work on next budget.

James do agree with most of what Mr. Sharp said, but this topic was on strategic plan agenda and based on general directions heard will go a year and a half before address

issue. Shouldn't government move faster than that. Appreciate it might be difficult but being in our seats is difficult. Let's put it on topic in one of briefings in next 60 or 90 days and gets ball rolling.

Morales agree lets move on it in the next 30 days but don't have info in front of me. Dufford would be ready to move next week if knew what impact was. Just want to know what It's not Keith's office it's the whole general fund how hard it is to get that number? Give him dta and will make a determination next meeting. Perry hwo does it affect carriers and all peopl. McNaughton such a big picture and uncomfortable discussing without Marv here because it impacts a lot more than just the rent a car company. Dufford don't want to do anything to make an air carrier mad or rental car companie. Let's understand what it is. Tommy we spoke with Mr. James beaue already talking 10% and scheduling briefing on next meeting to discuss parking and can talk about those other things. Talk about on September 11th. James want to be careful fo homeowners should apply a greater burden to them as opposed to rental car company. Don't wnat to destroy airport but want to destroy homeowners?

Sparks when pass budget are we pssing what is in here. Want to understand why Chamber of commerce needed \$242,000 more this year than last year and would like to make an amendment that take go back to \$740,000 and take \$242,069 and put in unappropriated fund balance and give chance to talk about hwere these go and do not go into general fund unappropriated fund balance. Want reason why they go up 30% in a year. There are representatives from baord and have appointed a board that reviews all fo those enetities and board votes on taking funding allocation. These are recommendations and is ultimately Council discussion and part of a special process.

Gaylia Olivas, vp cvb, several different reasons why substantially increased. Have been behind for several years including sister city in Odessa. Haven't had a new video in 14 years to represent Midland. A great part of presentations reflect speaking everyday if have visual behind you helps. Need to uprade computers and come up to part of representing. On 20 yard line Odessa on 50 yard line and other city's are on 70 yard line. Doing renovations with Midland Center and it is substntially finally getting up to speed with times faced today. What are numbers with Odessa, In application comparisons with 2011-2012 Midland received 740,000. Odessa 912,000, Abiline received 1m sAN aNGELES RECEIVED 700,000. Lubbock 2.1 Amarillo 3M. Very far behind with funding to be able to compete with true competition with cities to go out and bid for business to come to Midland. If economy changes we dropped and hotelyers were very upset. Bid 2-5 years out. So what working on now impact 2-3 years down the road, face serious problem in hotel/motel tax fund.

James what were some of the questions that hotel/motel tax advisory board what were some of the questions. What is ratio of return for dollars received in 10 to 1. Another what is increase for and majority is for marketing and video and printed materials. The budget year Mr. Burns took over there was a request that was about this amount and were politely encouraged to pull that back. Is this number close to what that was back then? Gaylia yes. \$40,000 more than what requested.

Council Member Trost moved approval of the first of two readings of Ordinance No. 9052 in accordance with the Charter of the City of Midland; seconded by Council Member Dufford.

Trost as you recall back looked at item hotel/motel recommended funding for various org like to go through 1 by 1. How many have copies. Midland County Fair this was not funded by City last year thought rec to fund. Visitors Center but in view of things going on with going to rec leave it alone but would like to see what expense report on that.

Celebration for the Arts requested \$10,000 requested deferred to DMMD

Arts Council Subgranting

Trost not to sure not going to be enough money in there for people recommended. Subgranting form \$115,000 to 50,000. James Mayor comment is good and it stats with a philosophy and in effort to get mroe definition did take strict enteretation of law. With all of our boards our responsibility is to give them a philosophy and then let them do their work so they don't have to keep changing. Would appreciate hearing from us about what philosophy. there are allowable uses that is from state they key to promote tourism because challenge is to look at weekend destination point. They key is it is not a funding entitlement. There is confusion what is role how are we doing they want to be in sync with Council. If focused on heads in beds does not general tax. A lot of activities that can be funded that may not focus on the bed. Sparks the reason we have board is that they are going to make a recommendation and just because we agree in a different spot but a few things afree with funding based on heads in beds but a few things provide a lot of funding and don't provide heads in beds such as museums. Arts Council does things with Museum of Southwest and Petroleum Museum. Museum of Sw asked \$20,000 grnated \$15,000. If going to make amendmnet would like second Petroleum museum received \$15,000 lsat year requested \$20,712 and would like to funding requested.

Hailey estimated available fund of \$2,5 M. Advisory Board funded \$2.5 M. where will excess money come from. Do have \$2M that have not made into a project yet.

The motion carried by the following vote: AYE: Morales, Trost, Hailey, Dufford, James, Sparks. NAY: Perry. ABSTAIN: None. ABSENT: None.

James recommend restore funding to Arts council for arts subgranting program.

Council Member James moved approval of the first of two readings of Ordinance No. 9052 in accordance with the Charter of the City of Midland; seconded by Council Member Trost.

Morales reason of significant reducation? James groups they are granting money to don't comply with heads in beds. Do they comply with philosophy of hotel/motel tax and uses. Tommy in past hotel/motel tax funded arts assembly to do subgrants they would be inundated with numerous scholarships.

Courtney visited with Arts council and had visited at Arts Council visited with City of Austin and a struggle that Board had with headsin beds and does it promote tourism. Austin did as long as openly advertised to public and Josolve felt good caveat as long as open to public and advertised then it meets the criteria. Taking alook at subgrantees one or two that are questionable. Arts Council sees pushing limits for small ones and refret that and staff perspective rec that restore funding to last year also.

Trost need to do at some time is direction necessary of what Council expects and somewhere along the line sit down with them and have discussion. Sharp do what did with P&Z and let htem know what philosophy is. Perry feel uncomfortable going

outside their recommendations. and asked to meet with them.

James hotel/motel did great job based on tools had and we need to commend them.

Stretcher courts give leeway to city council decision about what does. promote

The motion carried by the following vote: AYE: Morales, Trost, Hailey, Dufford, James, Sparks. NAY: Perry. ABSTAIN: None. ABSENT: None.

James, couple of questions about \$2M for maintenance and consider a portion of that as capital because the cycle of doing maintenance and then lower tax rate accordingly. Sharp every 7 years try to touch every street every year doing maintenance and touch every street every 7 years. Should we consider a portion of those funds as one time funds? It is reasonable to assume some portion of that street maintenance can be considered capital. Maybe that's a way we can use some of the fund balance and effect the tax rate accordingly. Hailey asked if has to do with paving? Courtney no.

Morales why has that not ever been presented before? Courtney goes back to discussion opened up with don't want to use your saving to do maintenance want to do for one time capital expenses. Morales repercussion would be? Courtney if take out \$2M won't have \$2 next year unless get out of fund balance need \$2M for next year. Dufford how do you view \$100,000 for facility renovations - Courtney maint. Dufford how about technology enhancements or upgrades? Bob generally now paid out of technology fund and operating like garage fund as acquires piece of equipment lease to department to replace down the road. In general tech adv will be found in tech fund. Tommy in past has been from Capital.

James confur with philosophy about maint but occurs every 7years that tell me not maintenance it is a capital even though it looks like maint and smells like maint that's how most people capitalize in companies. Just threw out for Council to consider.

Sharp that is what the federal govt is doing is spending dollars out of rainy day funds. We are trying to avoid doing any salaries operation expenses out of rainy day fund and do through property tax and sales tax. Will come back from staff perspective to work on one time capital needs, what are they and prioritize. Will come back to council with needs maybe street paving or facility needs. will come back with recommendation. Dufford reason they get into trouble is they grow way faster than inflation and that's reason they overspend because take monies to fund very things and then don't have money when economy contracts. that's where think this body has always been very prudent in how use tax payer dollars and have kept it less than rate of inflation.

Dufford don't want to see unappropriated fund balance at 48% and need to look at doing those things sooner than later. James fully agree and instructive for all of us believe there is based on what staff has said opportunity to pull half million dollars out of fund balance because of cycle but if Council doesn't concur okay.

James asked last time is what doing with Code Enforcement remiss about development asked them to be more business friendly. Seeing growth for community. Didn't see augmenting of those areas that touched development. These are people we trust and do business with and say process is taking longer and longer. Sparks staff has addressed some of those concerns recently and have been involved with how

addressing it. Some of it is already taking place. Morales had some of talk about same concern and needed another engineer. code enforcement is how many do we need? On flip side developers are contractors are maxed out and moving slower and can't keep up with workload. Goes both ways.

James from moment you say go as a business it costs money. If our process is expanding and contracting process then its costing business money before they even hire contractor. Marketplace is going to dictate how fast you can get the building up. City has control of plan review, permitting, . courtney review of changes made to development process. Consultants are so busy they will send plans not complete for purpose of telling clients they submitted by City is making them change even though changes were standard. Has staff working overtime even on weekend to get plans reviewed. James are you comfortable that this budget reflects continued progress in Code Enforcement and Development to extent that it makes those improvements? The document needs to speak to concerns that citizens express about growth. Courtney, the budget does reflect that, proposing to add additional staff to departments and programs and doing subdivision ordinance and zoning ordinance. Won't tell you 6 months from now we may not have change. Limited to number of staff members can add to this building because of limited space. If you want to see activity go up to 4th floor and you can see the level of activity. Staff is to be commended. See unprecedented growth. James final questions is about police services. Calls hear not about taxes in last 3-5 months not about crime but traffic and the dramatic increase in traffic. A Police Officer is never at their corner and that is impractical. Important for citizens to hear and speak to that. Courtney, 2010 census had us at 111,000 estimating 115,000 not including 7-8,000 using hotels as temporary housing. Every morning there is a fatality out on some highway. Have addressed some increases to Police staff and patrol and working with patrol vision to make sure visible and issuing tickets. Best deterrent is the number of tickets that are issued. Want to make sure especially with school starting around the corner and could ask for double tax rates to double police force but not feasible but one of those 6 months from now if continue to see growth rate will come back and ask for more police if needed. For every police Officer initial capital cost is Dufford hired two new officers how many down in Police Department not down any but some in recruit phase. James put that in a one page memo. Trost did you say correlation between tickets being issued and accidents happened. Should have prefaced in his opinion. Gary Saunders will come up with traffic report and that is what police department looked at set up in particular enforcement for red light runners or speeders. Look at trouble spots and will set up police to enforce those areas in particular. Mayor do I feel safe, no because of traffic and need to address as a community.

Trost big trucks in residential areas. Courtney the roads are marked and it is up to police to enforce. Trost traffic calming devices those are one time capital that we can look at. Courtney the problem with roundabout in an existing thoroughfare that it takes up so much structure but are looking at in new developments. They are a lot easier to install in new developments than to try to retrofit. Blinking stop signs focus on things like that rather than staff time. James habits can generate calls with flashing stop signs.

The motion carried by the following vote: AYE: Morales, Trost, Hailey, Perry, Dufford, Sparks. NAY: James. ABSTAIN: None. ABSENT: None.

3. Consider an ordinance for the Fiscal Year 2012 - 2013 Tax Levy. (FINANCE)

ORDINANCE NO. 9053

AN ORDINANCE FIXING THE TAX LEVY FOR THE CITY OF MIDLAND, TEXAS, FOR THE FISCAL YEAR BEGINNING ON OCTOBER 1, 2012 AND ENDING ON SEPTEMBER 30, 2013

Council Member Hailey moved approval of the first of two readings of Ordinance No. 9053 in accordance with the Charter of the City of Midland; seconded by Council Member Dufford.

The motion carried by the following vote: AYE: Morales, Trost, Hailey, Perry, Dufford, Sparks. NAY: James. ABSTAIN: None. ABSENT: None.

EXECUTIVE SESSION

11L:16

4. Pursuant to Texas Government Code §551.101, the Council will hold an Executive Session which is closed to the public to discuss the following matters as permitted under the following Texas Government Code Sections:

All of the business at hand having been completed, the meeting adjourned at _____.m.

PASSED AND APPROVED the ____ day of _____, ____.

W. Wesley Perry, Mayor

ATTEST:

Amy M. Turner, City Secretary