

MINUTES
CITY COUNCIL OF THE CITY OF UNIVERSAL CITY, TEXAS
Regular Meeting, Tuesday, 15 August 2023

1. **CALL ORDER:** Mayor John Williams at 6:30 P.M.

2. **QUORUM CHECK:** Kristin Mueller, City Clerk

Present:

Mayor John Williams
Mayor Pro Tem Goolsby
Councilmember Steven Buck
Councilmember Ashton Bulman
Councilmember Christina Fitzpatrick
Councilmember Paul Najarian
Councilmember Phil Vaughan

Staff Present:

Kim Turner, City Manager
Megan Santee, City Attorney
Kristin Mueller, City Clerk/Economic Dev. Director
Christine Green, Finance Director
Michael Cassata, Development Services Director
Randy Luensmann, Public Works Director
Robert Sam, Media Marketing Assistant
Maribel Garcia, Deputy City Clerk

Mayor Williams noted a quorum was present.

3. **INVOCATION and PLEDGE OF ALLEGIANCE:**

Councilmember Bulman gave the invocation. The Pledge of Allegiance to both the United States and Texas flags were led by Mayor Williams.

4. **VOTE TO CONSIDER THE EXCUSE OF ABSENT MAYOR/COUNCILMEMBERS:**

No action was necessary; all Councilmembers were present.

5. **AWARDS/PROCLAMATION/INTRODUCTION OF GUESTS:** None.

6. **MINUTES OF THE PREVIOUS MEETING:**

Councilmember Najarian moved to approve the minutes of the Tuesday, August 01, 2023 Regular Meeting with stated amendments. Councilmember Fitzpatrick seconded the motion.

Vote: Yeas: Najarian, Fitzpatrick, Goolsby, Buck, Bulman, Vaughan
Nays: None

Motion to approve carried.

7. **CITIZENS TO BE HEARD:**

- Tammy Banks, 529 Dukeway Dr., expressed concern about traffic obstruction at the Loop 1604/Byrd exit due to vehicles attempting right turns directly off the highway. She opined that it was dangerous and needed to be fixed.
- Melissa Carrillo-Cox, 219 Alexander Hamilton Dr., shared that she was interim Chair of the TriCounty Chamber. She thanked Universal City for participating in their chamber. She informed Council of upcoming events:

- o August 24th – Member Mixer
 - o September 12th – Hilton Garden Inn Luncheon
 - o October 19th – Glow Golf Tournament at Olympia Hills Golf Course
 - o November 15th – Elected Official Training.
- Bernie Rubal, 635 Balboa, gave suggestions for fence permit solutions. He also asked Council to be conservative in their spending and consider projects when deciding how much to increase taxes. He expressed concern that the City would either over- or underfund itself. He warned of “dead space” that would be created as a result of over- or underfunding.
 - Wendy Therion expressed frustration with the Universal City Municipal Court. She stated that court administration was unsatisfactory; she opined there were too many volunteers running court proceedings with false information. She asked Council to look at reviews on Google and read the amount of negative reviews about the Municipal Court.

8. BUSINESS:

Mayor Williams reorganized the agenda so that NO TAB 4 through TAB J were moved to the front of the agenda. The rest of the agenda would proceed from TAB B through TAB E, then move to TAB K. NO TAB 1 through NO TAB 3 would follow, with City Manager’s Comments, Councilmembers’ Comments, and Mayor’s Comments ending the meeting.

- N.T. 4. Public Hearing: P.C. 585 (ZC 247) – A request for an amendment to the Future Land Use Plan from R-Retail to NS-Neighborhood Services for an approximately 5-acre tract located at 1922 Pat Booker Road/2103 Universal City Boulevard [CB 5047AA BLK 1 LOT 21 (Universal Square Subd)], per Zoning Ordinance 581.**

Mr. Cassata stated the applicant had requested tabling the item due to project amendments between them and the property owner.

Mayor Williams opened the Public Hearing at 6:49 P.M.

There being no public comment, **Mayor Williams closed the Public Hearing at 6:50 P.M.**

- G. Discuss and Consider Ordinance No. 632-PC-585-FLUP-2023: An ordinance amending the Future Land Use Plan to change Land Use designation of property located at 1922 Pat Booker Road/2103 Universal City Boulevard, Universal City, Texas [CB 5047AA BLK 1 LOT 21 (UNIVERSAL SQUARE SUBD)] from R-Retail to NS-Neighborhood Services; providing for severability; and establishing an effective rate.**

Councilmember Buck moved to table TAB G to September 05, 2023. Councilmember Vaughan seconded the motion.

**Vote: Yeas: Buck, Vaughan, Goolsby, Bulman, Fitzpatrick, Najarian
Nays: None**

Motion to approve carried.

- N. T. 5. Public Hearing: P.C. 586 (ZC 248) – A request for a Zone Change from C2-Retail to PUD 2023-106 for an approximately 5-acre tract located at 1922 Pat Booker Road/2103 Universal City**

Boulevard [CB 5047AA BLK 1 LOT 21 (Universal Square Subd)], per Zoning Ordinance 581.

Mayor Williams opened the Public Hearing at 6:52 P.M.

There being no public comment, **Mayor Williams closed the Public Hearing at 6:53 P.M.**

- N. T. 6. Public Hearing: P.C. 587 (ZC 249) – A request for approval of PUD Preliminary and Final Plans (PUD 2023-106) for an approximately 5-acre tract located at 1922 Pat Booker Road/2103 Universal City Boulevard [CB 5047AA BLK 1 LOT 21 (Universal Square Subd)], per Zoning Ordinance 581.**

Mayor Williams opened the Public Hearing at 6:53:30 P.M.

There being no public comment, **Mayor Williams closed the Public Hearing at 6:53:40 P.M.**

- H. Discuss and Consider Ordinance No. 581-Y-PUD-2023-104: An ordinance of the City Council of City of Universal City, Texas amending the Zoning Map of the City of Universal City, Texas for an approximately 5-acre property, located at 1922 Pat Booker Road/2103 Universal City Boulevard, Universal City, Texas; rezoning said property from C2-Retail to PUD 2023-106 District, generally for religious assembly, schooling, medical services, and other church-related activities; adopting the PUD Final Plan related to PUD 2023-106; providing for severability; providing for the publication of the caption of this ordinance; and establishing an effective date.**

Councilmember Buck moved to table TAB H to September 05, 2023. Councilmember Vaughan seconded the motion.

**Vote: Yeas: Buck, Vaughan, Goolsby, Bulman, Fitzpatrick, Najarian
Nays: None.**

Motion to approve carried.

- N. T. 7. Public Hearing: P.C. 578 (ZC 241) – A request for an amendment to the Future Land Use Plan from CS-Commercial Services to GC-General Commercial and HDR-High Density Residential for an approximately 12-acre tract located at 2280 Pat Booker Road [CB 5047 P-30 & P-113 ABS 777], per Zoning Ordinance 581.**

Mr. Cassata gave background for the item. CLX Ventures applied for a FLUP to a vacant 12-acre unsubdivided tract of land. One lot of this land would be for high-density residential apartments and the other would be for self-storage. Mr. Cassata stated that the storage facility would be most amenable to the AICUZ Zone due to it not being residential space. The Planning and Zoning Commission approved the FLUP, Zone Change, and Preliminary and Final PUD as well as the Preliminary Plat of Subdivision. Mr. Cassata briefly went over the history of the project, including a Council concept presentation, preliminary work with Staff, and responding to Staff comments. He gave an overview of project specifications and stated the traffic analysis showed minimal impact. Mr. Cassata stated there were no responses to legal notices sent out.

Thomas Hill, a representative with CLX Ventures, displayed examples of developments completed by their company. He presented their company history and demonstrated their experience developing similar properties along the I-35 corridor. He shared market research

showing demand for both high-density residential housing and a self-storage facility.

Mayor Williams opened the Public Hearing at 7:08 P.M.

Patricia Donahue expressed concern for the three-story building not having elevators. She desired ADA compliance and accessibility and shared that many older residents have physical challenges making living on the second or third story challenging without an elevator. She also shared concerns about safety, stating she would rather live on a second or third story for security reasons, but that it would not be possible without elevator.

There being no further comment, **Mayor Williams closed the Public Hearing at 7:09 P.M.**

I. Discuss and Consider Ordinance No. 632-PC-578-FLUP-2023: An ordinance amending the Future Land Use Plan to change Land Use designation of property located at 2280 Pat Booker Road, Universal City, Texas [CB 5047 P-30 & P-113 ABS 777] from CS-Commercial Services to GC-General Commercial and HDR-High Density Residential; providing for severability; and establishing an effective date.

Councilmember Buck and David Strauss, another representative from CLX Ventures, discussed project specifics including the hackberry trees and placement of signage.

Mayor Williams asked that Mr. Strauss address Ms. Donahue's concern regarding elevators.

Mr. Strauss clarified there would be no elevators but the entire first floor would be accessible. He assured her of safety by adding that there would be a security fence and a courtesy officer.

Mayor Pro Tem Goolsby gained clarification regarding trees in the landscaping plan. He expressed concern regarding the way materials joined on the building.

Councilmember Fitzpatrick requested that a report be made after the development is finished stating the success rate of how many trees from the original area were saved and how many trees were additionally planted or replaced.

Mr. Strauss stated a surveyor would be utilized and buildings could be moved to maximize the amount of trees kept.

Councilmember Fitzpatrick asked for further clarification on the wall sign for the storage facility and was shown examples from other projects. She received an update on the Peppermill entry – CLX Ventures was unable to gain an easement or buy the entry.

Councilmember Fitzpatrick shared her support for Planning and Zoning Commissioner Sefton's remarks about historic architectural suggestions.

Mr. Strauss stated these were considered and were very helpful.

Councilmember Vaughan asked whether the CLX Venture market research shown for high-density residential development included recently approved PUDs of similar natures. He was concerned that there was not as much demand as was anticipated. He also expressed concern regarding decreasing available retail space.

Mr. Cassata explained that there would still be sufficient demand for high-density residential

housing even after the recent approval of similar PUDs. He shared a brief history of the property emphasizing the amount of time the property stayed vacant with several attempted developments on the property.

Mrs. Turner added there are still spaces that could be rehabilitated and revitalized that would serve as retail spaces. She stated that this lot would be the only vacant lot left in Universal City. All other lots were spaces in need of revitalization.

Mr. Strauss stated that it would not be in their company's own best interest to have the area overdeveloped either. He shared his confidence in the demand for their proposed development.

Councilmember Najarian noted that several retail spaces are currently vacant. He asked Mr. Strauss whether the storage facility was three buildings or one since the concept plan presentation had laid out three storage buildings.

Mr. Strauss clarified that they changed from three storage buildings to one due to their realization that one fully air-conditioned three-story building was more efficient than three one-story air-conditioned buildings. He stated there would be a landscape buffer to increase privacy.

Councilmember Bulman shared her belief that there were too many apartment complexes being approved in the city. She opined that there were better options for the land.

Mayor Pro Tem Goolsby asked that CLX Ventures attempt to save as many trees as possible, especially the older ones. He expressed his disagreement with a three-story storage facility and his support for three one-story storage facilities due to easier coverage through landscaping.

Councilmember Najarian stated that after conducting a public hearing on the request for an amendment to the Future Land Use Plan for property at 2280 Pat Booker Road, and receiving the Planning and Zoning Commission's recommendation, City Council has considered the request, and he moved to approve PC 578 (ZC 241) and the amendment to the Future Land Use Plan from CS-Commercial Services to GC-General Commercial and HDR-High Density Residential for the subject property with the following conditions:

1. Staff approval of outstanding PUD Final Plan comments
2. City Council approval of the FLUP amendment from C3-Commercial Services to PUD 2023-104 District
3. City Council approval of the PUD Final Plan
4. Planning and Zoning Commission approval of the Final Plat of Subdivision within two years of PUD Final Plan approval by City Council.

Thus, he moved to approve Ordinance No. 632-PC-578-FLUP-2023. Councilmember Buck seconded the motion.

**Vote: Yeas: Najarian, Buck, Goolsby, Fitzpatrick, Vaughan
Nays: Bulman.**

Motion to approve carried.

N.T. 8. Public Hearing: P.C. 579 (ZC 242) – A request for a Zone Change from C3-Commercial Services to PUD 2023-104 for an approximately 12-acre tract located at 2280 Pat Booker Road [CB 5047 P-30 & P-113 ABS 777], per Zoning Ordinance 581.

Mayor Williams opened the Public Hearing at 7:33 P.M.

There being no public comment, **Mayor Williams closed the Public Hearing at 7:33:20 P.M.**

- N.T. 9. Public Hearing: P.C. 580 (ZC 243) – A request for approval of PUD Preliminary and Final Plans (PUD 2023-104) for an approximately 12-acre tract located at 2280 Pat Booker Road [CB 5047 P-30 & P-113 ABS 777], per Zoning Ordinance 581.**

Mayor Williams opened the Public Hearing at 7:34 P.M.

There being no public comment, **Mayor Williams closed the Public Hearing at 7:34:10 P.M.**

- J. Discuss and Consider Ordinance No. 581-Y-PUD-2023-105: An ordinance of the City Council of City of Universal City, Texas amending the Zoning Map of the City of Universal City, Texas for an approximately 12-acre property, located at 2280 Pat Booker Road; rezoning said property form C3-Commercial Services to PUD 2023-104 District, generally for multi-family residential and convenience storage; adopting the PUD Final Plan related to PUD 2023-104 District; providing for severability; providing for the publication of the caption of this ordinance; and establishing an effective date.**

Mayor Pro Tem Goolsby asked for clarification on the PUD process. He continued to express concern for a three-story storage facility.

Mr. Cassata explained the layout of the lots and work done between Staff and the developer to create enough of a landscape buffer to make these facilities amenable to residents. He further explained the PUD process, which allows for flexibility of materials if they fit within the guidelines of the PUD.

Mayor Pro Tem Goolsby shared his desire for architectural elevations of the storage facility similar to those shared of the apartments. He gained confirmation that requiring architectural elevations of the storage facility could be an added condition to the PUD approval motion.

Councilmember Buck stated that after conducting a public hearing on the request for a Zone Change for the property at 2280 Pat Booker Road, and receiving the Planning and Zoning Commission's recommendation, City Council had considered the request, and he moved to approve PC 579 (ZC 242) and the Zone Change from C3-Commercial Services to PUD 2023-104 District for the subject property with the following conditions.

1. Staff approval of outstanding PUD Final Plan comments.
2. City Council approval of the FLUP amendment from CS-Commercial Services to GC-General Commercial and HDR-High Density Residential
3. City Council approval of the PUD Final Plan
4. Planning and Zoning Commission approval of the Final Plat of Subdivision within two years of PUD Final Plan approval by City Council.

Councilmember Najarian seconded the motion.

Vote: Yeas: Buck, Najarian, Goolsby, Fitzpatrick, Vaughan.

Nays: Bulman.

Motion to approve carried.

Mayor Pro Tem Goolsby stated that after conducting a public hearing on the request for approval of the PUD Preliminary and Final Plans and receiving the Planning and Zoning Commission's recommendation, City Council had considered the request, and he moved to approve PC 580 (ZC 243) and the associated PUD Preliminary and Final Plans and PUD Ordinance 581-Y-PUD-2023-105 for the property at 2280 Pat Booker Road with the following conditions:

1. Staff approval of outstanding PUD Final Plan comments.
2. City Council approval for the FLUP amendment from CS-Commercial Services to GC-General Commercial and HDR-High Density Residential
3. City Council approval of the Zone Change from C5-Highway Commercial and C4-General Commercial to PUD 2023-104 District
4. Planning and Zoning Commission approval of the Final Plat of Subdivision within two years of PUD Final Plan approval by City Council
5. City Council approval of the storage unit exterior design.

Councilmember Fitzpatrick seconded the motion.

**Vote: Yeas: Goolsby, Fitzpatrick, Buck, Najarian, Vaughan.
Nays: Bulman.**

Motion to approve carried.

Mayor Williams recessed the meeting at 7:46 P.M. He reconvened the meeting at 7:57 P.M.

- B. Discuss and Consider Ordinance 149-M-31-9-2023: An ordinance of the City of Universal City, Texas, amending Ordinance 149 Fee Schedules; amending Ordinance 149-M-31-9-2022 and repealing all ordinances or parts of ordinances in conflict; and amending the Universal City Code of Ordinances accordingly.**

Mrs. Turner gave a brief overview of the following three items – Ordinance 149-M-31-9-2023 regarding water rates, Ordinance 149-M-32-09-2023 regarding sewer rates, and Ordinance 570-D-2023 regarding storm water rates. She explained that the rate consultant that had previously presented to Council recommended a 3% increase of water rates, a 3% increase of sewer rates, and a 5% increase of stormwater rates.

Councilmember Vaughan moved to approve Ordinance 149-M-31-9-2023. Councilmember Buck seconded the motion.

**Vote: Yeas: Vaughan, Buck, Goolsby, Bulman, Fitzpatrick, Najarian
Nays: None.**

Motion to approve carried.

- C. Discuss and Consider Ordinance 149-M-32-09-2023: An ordinance of the City of Universal City, Texas, amending Ordinance 149 Fee Schedules; amending Ordinance 149-M-32-09-2022; repealing all ordinances or parts of ordinances in conflict; and amending the Universal City Code of Ordinances accordingly.**

Councilmember Vaughan moved to approve Ordinance 139-M-32-09-2023. Mayor Pro Tem Goolsby seconded the motion.

Vote: Yeas: Vaughan, Goolsby, Buck, Bulman, Fitzpatrick, Najarian

Nays: None.

Motion to approve carried.

D. Discuss and Consider Ordinance 570-D-2023: An ordinance of the City of Universal City, Texas, amending Ordinance 570-C-2022 to establish new Municipal Storm Water Utility Fees; and amending the Universal City, Texas, Code of Ordinances.

Councilmember Buck requested that the residential tiers be reviewed for accuracy.

Mrs. Turner stated that necessary changes to the residential tiers would be made.

Mayor Pro Tem Goolsby moved to approve Ordinance 570-D-2023 pending corrections. Councilmember Najarian seconded the motion.

**Vote: Yeas: Goolsby, Najarian, Buck, Bulman, Fitzpatrick, Vaughan
Nays: None.**

Motion to approve carried.

E. Discuss and Consider the FY 2023-2024 UCEDC Budget.

Ms. Mueller noted that there were some amendments to the budget presented in the packet. She noted a change in the bond interest affecting the contingency amount. She noted several differences between the FY 2023-2024 budget and prior year's budgets. She explained these differences citing rising costs due to inflation, adding a new employee, hosting more community events, rise in vendor costs, decrease in sponsor funds, and utilizing new subscriptions. She listed projects that were carried over from FY 2022-2023.

Councilmember Bulman suggested adding a business development workshop for local businesses.

Ms. Mueller explained there were projects in the works to create something similar. She shared that the EDC would be conducting a business survey to see what pull-factors brought them to Universal City, what issues they have encountered, and what help is needed to grow their businesses. After the survey is conducted, they will put together a workshop targeting said issues and needs.

Councilmember Vaughan shared his support for this project. He asked about the \$1.2 million in infrastructure projects.

Ms. Mueller explained that the amount is due to projects carried over from FY 2022-2023. The projects carried over are already funded and come with their own carry-over funds.

Councilmember Vaughan moved to approve the FY 2023-2024 UCEDC Budget. Councilmember Najarian seconded the motion.

**Vote: Yeas: Vaughan, Najarian, Goolsby, Buck, Bulman, Fitzpatrick.
Nays: None.**

Motion to approve carried.

K. Fence Permits Discussion.

Mr. Cassata presented options for fences based on feedback from Council's prior meeting. He presented four options:

1. No permit or inspection for fences 7 feet and lower.
2. No fee for permits or inspections; permits and inspections still required.
3. No permit or inspection for fence "maintenance;"
 - a) "Maintenance" defined as anything under two posts replacement.
4. No fee for permit or inspection for "Major Maintenance," but permits and inspections still required; no permit or inspection requirement for "Minor Maintenance."
 - a) "Major Maintenance" defined as replacing more than one post, more than 15 pickets, or alters fence-to-ground clearance
 - b) "Minor Maintenance" defined as power washing, painting, staining; repairing or replacing 15 or fewer pickets.

Councilmember Bulman asked whether the City checks that contractors are legitimately credentialed when they apply for a permit to conduct fence repair.

Mr. Cassata explained that a contractor that applies for a permit in the process of working on a fence receives a background check if they have not had a background check with the City for a certain amount of time.

Mrs. Turner explained that a contractor is allowed to refuse the permit and background check process. However, the resident would then have to apply for the permit as the contractor and retain the responsibility for the contractor's work on their fence.

Councilmember Bulman stated she favored option 1 with amending the height down to 6 feet and adding optional fees.

Mr. Cassata reminded Council that options would have to be legally reviewed.

Councilmember Vaughan stated he favored option 4 with repealing all permits, inspections, or fees required for maintenance, but adding optional permits and inspections with a fee.

Mayor Pro Tem Goolsby supported option 4 and did not want fees applied for optional permits and inspections. He indicated he wanted more discussion over this for clarification.

Councilmember Buck said that permits were in the best interest of the entire community considering that fences affect neighbors. He said residents seemed to be mainly frustrated with permit charges for minor repairs. He also noted Mr. Luensmann's comments from last meeting about utilities and drainage. He stated his support for option 4 and explained that, for the sake of utilities and drainage, permits and inspections should be required for Major Maintenance and new installations.

Councilmember Najarian vocalized his support for option 4 but wished that Minor Maintenance still require a permit without inspection. He opined that Universal City should maintain its high standards. He believed the resident should file a permit or written statement with the City indicating their Minor Maintenance to help the City if the City were to find the resident's

maintenance out of compliance.

Mr. Cassata and Mrs. Turner indicated to Council the need for consensus on one option with specific language to move forward with amending the ordinance.

Councilmember Fitzpatrick explained her position that she believed permit fees for maintenance of any sort should be repealed. She agreed with permit and inspection requirements with fees for new installations, and saw value added for the same requirements without the fees for Major Maintenance. She clarified that for Minor Maintenance, she did not prefer permit requirements or none, she only wanted to see the fee repealed.

Mayor Williams asked that for Major Maintenance there be a small fee if the City were to require permits and inspections. He preferred that City not pay the full cost, though the fee for the resident did not have to be the full \$85.

Councilmember Buck shared a summary of what seemed to be agreed upon by Council and asked for consensus that Council agreed to option 4 with the following changes:

- Major Maintenance would require a fee of \$25.
- Clarification that anything above what is included in the Major Maintenance definition including changing material, path, composition, etc. would change the classification to new installation requiring a fee, permits, and inspections.
- Major Maintenance would be defined as 17 or more pickets.
- Minor Maintenance would be defined as less than 17 pickets.

Councilmember Najarian continued to advocate for requiring a permit or written statement indicating intended Minor Maintenance.

Councilmember Bulman stated she was not in favor of option 4 and would vote against it.

Councilmember Vaughan stated he would most likely also vote against option 4 as it was proposed.

Staff indicated that there seemed to be consensus for Councilmember Buck's final proposal and that they would draft the ordinance with these guidelines. Mr. Cassata clarified that the draft of the ordinance would not include Councilmember Najarian's requirement for permits in Minor Maintenance.

Councilmember Najarian indicated that he would concede his point for the sake of compromise.

N.T. 1. Public Hearing for FY 2023-2024 Budget.

Ms. Green listed amended items in the proposed budget based on Council consensus from the Budget Workshop.

Mrs. Turner noted that the proposed budget on the City's website included totals with these amendments.

Mayor Williams opened the Public Hearing at 8:44 P.M.

Bernie Rubal, 635 Balboa, expressed worry that there did not seem to be a decrease in overtime for the Police Department despite having expanded their staff. He noted that the golf course

budget did not include the administrative overhead transfer that had been discussed in prior meetings. He also opined that the \$100,000 water use line item should be moved under irrigation as he assumed it was water recapture being used. He also found net earnings in the golf course actual budget for FY 2023 to be confusing and asked that they be considered. He noted that employees seem to be unaware of the College Tuition Reimbursement Fund. He discovered in his research that a detective is utilizing this program and opined that he is not accruing enough overtime to justify a new detective position. He questioned the use of the diesel mechanic due to his understanding that they would only be utilized by the Fire Department. He asked Council to consider that the Fire Department would have a local supplier to make necessary repairs. He also asked Council to consider the “dead space” he warned of in his Citizens to be Heard comments.

With no further comment, **Mayor Williams closed the Public Hearing at 8:49 P.M.**

F. Presentation on the Proposed 2023 Tax Rate to support the FY 2023-2024 Budget.

Mrs. Turner explained the budget process. She explained that the proposed budget would be considered and passed; this budget would set the Maintenance & Operations (M&O) and debt service amounts. After being set, Council would be required to vote on a tax rate that supports this budget. She reminded Council that they would have to be prepared for a Record Vote on the tax rate. The Record Vote would be published accordingly.

Ms. Green presented the 2023 proposed tax rates in comparison to 2022’s adopted tax rate. She explained the No New Revenue rate (0.502131), Voter Approval rate (0.653456), and De Minimis rate (0.517499). She showed the anticipated revenue for each tax rate and additional monthly expense to the resident accordingly. Both the De Minimis rate and No New Revenue rates decreased the monthly tax burden to the resident.

Councilmember Buck received clarification about differences shown in the worth of a penny for each tax rate.

Councilmember Vaughan confirmed that the \$100,000 Property Value estimations of savings were stated under the circumstance that the value of the home stayed at \$100,000. He noted most property values increased by 10% leading to more taxes even at the No New Revenue rate.

Councilmember Buck and Councilmember Vaughan discussed factors that would lead to changes in tax revenue.

Ms. Green continued her presentation by noting demographics in relation to property tax exemptions. She shared that residents who are 65 years of age or above would receive property tax exemptions and noted other exemptions as well. She emphasized that any tax increase would disproportionately affect those who do not qualify for tax exemptions and commercial properties. She presented the proposed 2023 tax rates in relation to how much revenue they would generate and how much excess or shortfall that revenue would create for the FY 2024 Proposed Budget. She listed items to consider, including uses for excess revenue, added long-term expenses like new positions, and the discontinuation of use of ARPA funds. She noted that the diesel mechanic would be utilized by multiple departments for necessary functions.

Councilmember Vaughan received clarification that surplus revenue calculations were made with updated information on restricted funds and additions to the budget.

Councilmember Buck and Ms. Green discussed methods of reducing the budget's total necessity in relation to the excess/short revenue numbers presented. Councilmember Buck asked the status of the operating fund balance according to the City's recently passed Fund Balance Policy.

Ms. Green stated that for FY 2024, the operating fund balance has the possibility of falling short. She explained that the current balance is slightly less than 12 months in operating costs (the Policy's requirement). The City currently has \$14 million in operating fund balance; \$15 million would fulfill the 12-month operating cost requirement of the Fund Balance Policy. Ms. Green clarified that the fund balance can include prepaid costs and other items not included in the budget, so they are two different things to consider.

Mrs. Turner clarified that the fund balance is monitored throughout the year with updates given to Council and suggestions made to meet the Fund Balance Policy requirements if there is a shortfall.

Councilmember Buck explained that his question was to see if excess fund balance could be used to meet needs if the No New Revenue tax rate was adopted. This rate would cause a revenue shortfall for the budget.

Ms. Green warned against using the fund balance for revenue shortfalls since this could lead to larger tax increases in future years. This would increase the burden of the tax increase on those who do not qualify for exemptions considering the number of people who will qualify for the 65 years of age or above exemption will continue to increase in the following years.

Mrs. Turner reminded Council that, by law, the Council must pass a balanced budget.

N.T. 2. Public Hearing for Proposed 2023 Tax Rate to support the FY 2023-2024 Budget.

Mayor Williams opened the Public Hearing at 9:10 P.M.

Bernie Rubal, 635 Balboa, noted that there are cost savings to be made in the budget to make up for the approximately \$92,000 revenue shortfall caused by the No New Revenue rate. He asked Council to consider changes in the budget to make up for this money.

Patricia Donahue stated she was a retired teacher on fixed income. She noted that retired teachers may receive a cost-of-living adjustment in their monthly income for the first time in years, and that teachers retire for a variety of reasons. She added that retired people on fixed income often do not qualify for the 65 years of age and above tax exemption. She asked Council to consider this and the fact that cost of living is increasing for residents on fixed incomes and asked them to make budget cuts to be able to keep taxes low.

With no further public comments, **Mayor Williams closed the Public Hearing at 9:14 P.M.**

Councilmember Vaughan proposed a \$0.49 tax rate. He explained his proposal citing several budgetary considerations. He explained maneuvering the City could do in the budget to offset the debt service tax rate to allow for a lower tax rate. He stated that by using some Debt Service Fund balance and making other proposed budgetary changes, the City would be able to meet its budgetary needs at his proposed tax rate with some surplus. He stated his goal for citizens to only pay as much taxes as they did the prior year. Due to all property values increasing by approximately 10%, the \$0.49 tax rate would allow residents to only pay as much tax as they did

the prior year. He added that businesses are suffering, and that the City has the 5th highest tax rate in the area. He stated that the City should attempt to lower taxes as much as possible to be more attractive and helpful to businesses. He asked Council to consider that businesses do not receive the benefit of a 10% cap on increased appraisal value. He addressed multiple concerns that Councilmembers may have had:

- Difficulties in increasing the tax rate later: the only limitation is on the M&O portion of the tax rate. The debt service portion of the tax rate can be increased without a cap.
- Going below frozen property values: the \$0.49 tax rate does not go below the tax frozen value currently in place. To do this, Council would have to adopt a \$0.48 tax rate.

He gave a brief history of past budget necessities and addressed yearly increases. He stated that the budget has increased steadily; this year is the most the City has ever needed. He opined that even with the increases, if the \$0.49 tax rate meets needs, it should be adopted.

Ms. Green warned that relying on the ability to increase the debt service tax rate in the future could hinder future City Councils and raise the tax rate an unnecessary amount.

Councilmember Buck inquired about the sales tax revenues considered in the budget.

Ms. Green reported the General Fund would have \$3.5 million in sales tax revenues. The budget had approximately \$7 million total in sales tax revenues including the half-cent EDC tax and half-cent Venue tax.

Councilmember Buck and Ms. Green discussed sales tax calculations in the budget. Councilmember Buck received clarification that the property tax rate set by Council is intended to fund the difference in existing revenue projections included in the budget and the net budget expenses.

Ms. Green reported that the net budget expenses would be approximately \$18.7244 million. She clarified for Councilmember Buck that the shortfall she presented for the No New Revenue rate would be if the City decides to not use funds from the Debt Service Fund to make up the difference.

Councilmember Buck confirmed that Debt Service Funds could be used to make up the difference and adopt Councilmember Vaughan's proposed rate.

Ms. Green confirmed but warned that there were items left out of the proposed budget that still need to be funded. She explained that there were errors made by her predecessor which left the budget in shortfall. This resulted in proposed item cuts for the FY 2024 budget. It was not until the City received the property tax roll that they realized some of the left-out items could be funded. Not receiving the property tax roll resulted in these items not being included in the proposed budget. She asked Council to consider this when making their decision.

Councilmember Buck asked for clarification on why future Councils would be disadvantaged in tax rate discussions if this year's tax rate was set at \$0.49.

Ms. Green and Councilmember Buck discussed the Voter Approval rate limitations and possible budget shortfalls resulting from not being able to raise the tax rate enough.

Mayor Pro Tem Goolsby expressed concern about hindering future Councils' ability to meet budgetary needs through setting the tax rate. He also commented that he did not support

decreasing the tax rate by so much if other budget necessities and public amenities were not addressed. He asked Councilmember Vaughan to address these concerns.

Councilmember Najarian expressed concern that a \$0.49 tax rate would place unnecessary pressure on future Councils by forcing them to make large tax increases. He received clarification on the 65 years old and above tax rate freezes.

Mayor Williams shared history regarding Council having to adjust the tax rate to the Voter Approval rate due to prior tax rates being set so low that the City could not meet budgetary needs otherwise. He noted that public amenities were not provided by the City in the past due to the lack of a budget for it. The tax rate affects this. He also reported that most cities are raising their tax rate above the No New Revenue rate. He said he would like to see a compromise between the De Minimis rate and the No New Revenue rate.

Councilmember Bulman stated that in her time observing Council, the Council seemed to be on the same page with the goal of being business friendly. She expressed her concern that raising the tax rate would not be friendly to businesses.

Councilmember Fitzpatrick expressed concern that there were budget shortages in FY 2023 leading to large budget cuts. She stated that she has considered residents, but asked Council to also consider what the City needs to operate effectively to provide public services. She opined it would be too aggressive to reduce the rate to \$0.49.

Councilmember Vaughan explained his \$0.49 tax rate proposal further. He reiterated the cap on the General Fund M&O rate with no cap on increasing the debt service rate. He stated that this provides Council the flexibility to increase the tax rate as much as needed in the future. He noted that the amount of revenue received by the City would not decrease; the City would receive the same amount of revenue as 2022. He opined that since the \$0.49 rate covers the budget through stated means, it should be adopted to ensure voters do not pay more taxes.

Ms. Green reiterated her concerns with setting the tax rate so low that it leaves the risk for budget shortfalls and hinders future Councils while increasing the impact of raised rates on the taxpayer.

Mrs. Turner explained how both lowering the tax rate and raising it to provide public services show benefits for the residents. She asked Council to also consider the benefit to both residents and businesses that raising the tax rate to provide sufficient funds for the City could provide.

Councilmember Buck received confirmation that there are a larger number of residents in Universal City that do not receive a property tax freeze, though they may receive homestead exemptions.

Councilmember Buck and Staff discussed the No New Revenue rate and causes for businesses still having such large property tax increases under this rate. It was explained this could be caused by properties falling under the 65 years old and over tax rate freeze.

Mayor Pro Tem Goolsby proposed a compromise between Councilmember Vaughan's proposed rate and the Staff proposed option of a \$0.52 rate.

N.T. 3. Record vote on Proposed 2023 Tax Rate and schedule Public Hearings.

Councilmember Vaughan moved to approve a \$0.49 2023 Tax Rate. Councilmember Bulman seconded the motion.

**Vote: Yeas: Vaughan, Bulman.
Nays: Goolsby, Buck, Fitzpatrick, Najarian.**

Motion to approve failed.

Councilmember Vaughan clarified that the proposed De Minimis rate of \$0.517499 would exceed required funds in the General Fund for not-yet-proposed projects.

Ms. Green responded that the excess he cited would be if the City used the Debt Service Fund.

Councilmember Fitzpatrick asked fellow Councilmembers to heavily consider that the City had presented a tax rate that they felt would adequately cover expenses. She said that the City are experts in running their business and should be heavily considered in decision making.

Councilmember Najarian moved to approve the De Minimis rate of \$0.517499 2023 Tax Rate. Councilmember Fitzpatrick seconded the motion.

**Vote: Yeas: Najarian, Fitzpatrick, Goolsby.
Nays: Buck, Bulman, Vaughan.**

Mayor Williams broke the tie by voting Yea.

Motion to approve carried.

Mrs. Turner stated that the Record Votes would be posted in the paper with September 5th, 2023, being the next date for the second Public Hearing on the Budget and Tax Rate.

9. CITY MANAGER COMMENTS:

Mrs. Turner asked Council to send their redlines and edits for the Council Rules and Procedures Resolution from the August 01, 2023, meeting.

10. COUNCILMEMBER COMMENTS:

Councilmember Bulman expressed concern for notification systems relating to watermain breaks.

Mrs. Turner stated there are two systems the City utilizes – an emergency notification system on the website that emails or calls residents, and the reverse 911 emergency notification system that calls residents to notify them of water main breaks and other emergencies.

Mr. Luensmann explained the City recently had three water main breaks happen at once which led to phone lines being overwhelmed. This caused the inability to activate the emergency notification system messaging. He added that the department only had time for was a Facebook post.

Councilmember Bulman received clarification that in the worst-case scenario where notification systems fail, residents should call dispatch to learn of the status of these emergencies.

Mrs. Turner stated that summer bring many watermain breaks that happen all over the general San Antonio area due to the expansion and shifting of the ground. This is caused by rain and drought seasonal shifting of the ground that moves the pipes.

Councilmember Vaughan requested consensus to place consideration of Orchard Park and the ETJ on the agenda. He questioned whether it was in their best interest to be serviced by Universal City or another neighboring community.

Mrs. Turner received clarification that the item would discuss the benefits and costs of the annexation of Orchard Park and the ETJ in that area. She cautioned Council that this would need to be legally reviewed due to Orchard Park residents petitioning the City to be annexed, making it a willful annexation.

Councilmember Najarian thanked the public for attending the meeting. He commented on a recent NE Partnership meeting where Representative Henry Cuellar stated there was money to be spent in this general area.

Councilmember Buck commented that the business of running a City can be complicated and that Council only has limited time to conduct business regarding the budget and tax rate. He expressed frustration about comments made by audience members off record.

11. MAYORAL COMMENTS:

Mayor Williams explained that the tax rate vote was a difficult decision that he voted on due to his belief that this was the compromise position. He opined that Council had done the best they believed for their City, and he appreciated Councilmembers' candidness during the process. On a separate note, he commented that the Veterans Park Playscape Ribbon Cutting was successful.

12. ADJOURNMENT: Mayor Williams adjourned the meeting at 10:16 P.M.

APPROVED:

Attest:

John Williams, Mayor

Kristin Mueller, City Clerk