

**MINUTES OF THE REGULAR MEETING OF THE
HIGHLAND VILLAGE CITY COUNCIL
HELD AT THE HIGHLAND VILLAGE MUNICIPAL COMPLEX
LOCATED AT 1000 HIGHLAND VILLAGE ROAD
TUESDAY, JULY 24, 2018**

Mayor Charlotte J. Wilcox called the meeting to order at 6:00 p.m.

Roll Call

| | | |
|----------------|---------------------|-------------------------------------|
| Present: | Charlotte J. Wilcox | Mayor |
| | Jon Kixmiller | Councilmember |
| | Michael Lombardo | Councilmember |
| | Barbara Fleming | Deputy Mayor Pro Tem |
| | Fred Busche | Mayor Pro Tem |
| | Robert A. Fiester | Councilmember |
| | Daniel Jaworski | Councilmember |
| Staff Members: | Michael Leavitt | City Manager |
| | Julie Doshier | City Attorney |
| | Ken Heerman | Assistant City Manager |
| | Angela Miller | City Secretary |
| | Doug Reim | Chief of Police |
| | Brad Goudie | Fire Chief |
| | Jana Onstead | Human Resources Director |
| | Scott Kriston | Public Works Director |
| | Phil Lozano | Parks and Recreation Director |
| | Sunny Lindsey | Information Services Director |
| | Crystal Babcock | Marketing Administrative Specialist |
| | Andrew Boyd | Media Specialist |
| | Karen Bradley | Administrative Assistant |

EARLY WORK SESSION

1. Discuss the General Fund Budget and Special Revenue Funds for Fiscal Year 2018-2019

General Fund Budget

Assistant City Manager Ken Heerman reported Fiscal Year 2017-2018 is expected to have an ending fund balance of 37%, which is higher than originally anticipated. Relating to the proposed General Fund Budget for FY 2018-2019, Mr. Heerman stated the proposed base budget is \$17,413,424, which reflects a decrease of 1% from last year's budget. With the supplemental requests included in the proposed budget, there is a .9% increase. He reported the City received the final property tax roll from Denton CAD, which reflects a 5.6% increase in taxable property values.

Proposed Budget for FY 2018-2019

Staff recommendation for consideration by Council:

1. Purchase of a fire engine and ambulance (approximately \$1.1M) – this is currently on the replacement schedule in the following fiscal year, however it could be purchased next year and paid in full rather than having to incur extra costs if financed. Mr. Heerman stated the fire apparatus purchase does not change the bottom line of the Five-Year Outlook.

2. Two-stage tax decrease of 1%:

- ½ cent decrease to be implemented in FY 2018-2019; and
- Establish a benchmark for 2nd stage with implementation of a ½ cent decrease to be implemented in FY 2020-2021

Proposed General Fund Revenues

Mr. Heerman reviewed the City's revenue funds for year-end of FY 2017-2018 and FY 2018-2019, which includes property tax, sales tax, and the following fees: franchise, licenses/permits, public safety, parks & recreation, municipal court, and interest income. Mr. Heerman reported the opening of Painted Tree should help sales for other businesses located in the same area, and in light of a recent U.S. Supreme Court decision regarding sales taxes relating to online sales, staff projects an overall 3% increase in sales tax revenues.

With the final tax roll reflecting a 5.6% increase in taxable property value, the tax levy increased \$677,155 in total. However the majority of the increase is allocated to debt (\$361,289), leaving \$315,866 for the general fund. He further reported, with a proposed 1/2 cent reduction in the property tax rate, the general fund portion is reduced to \$203,096.

Expenditures

Mr. Heerman reviewed expenditures for the current year and next fiscal year. Relating to personnel costs, he reported a slight increase due to increases relating to some market adjustments, promotions, public safety salary, overtime costs – mostly for public safety and some in parks, and insurance. He voiced the importance of staying competitive regarding public safety wages.

Totals were also provided and a breakdown presented relating to services and supplies, which reflects an increase over last year's budgeted amount. Overall, a large percentage of the services and supplies budget relate to maintenance contracts (such as software contracts, street sweeping, street signals and right-of-way mowing) and street maintenance. He reported there are also recurring costs, which include the annual audit, IT/GIS consulting, EMS reporting/billing, and Children's Advocacy Center. Mr. Heerman reported there is an increase in next year's budget relating to the parks maintenance contract for FM 2499 landscape, increases in bank fees and liability insurance, and an anticipated higher cost for fuel.

Relating to the capital budget, a replacement fire engine and ambulance is included in next year's budget.

Council took a short break at 6:35 p.m. and reconvened at 6:41 p.m.

Supplemental Requests

Supplemental requests for the FY 2018-2019 Budget were shown, which reflect a total of \$335,558. City Manager Michael Leavitt reported the City would be requesting that Lewisville ISD provide 50% of the cost to fund an additional School Resource Officer, which is included with the supplemental requests.

Five-Year Forecast

Mr. Heerman reviewed the Five-Year Forecast. Councilmember Jaworski asked if FY 2023 is forecast as the time for build out; Mr. Heerman stated it is projected at that time.

Mayor Pro Tem Busche asked if staff had factored for potential revenue caps that could be imposed by future state legislation. Mr. Heerman stated keeping the City's fund balance and aggressively reducing it keeps the City from being too vulnerable. He did voice concern on the impact of a recession. Councilmember Kixmiller asked if the City would have been affected in past years if a revenue cap of 4% had been in place. Mr. Heerman reported it would have been a factor.

Mr. Leavitt stated that in looking ahead, staff recommends moving up the replacement purchase of the fire engine and ambulance. The future financial burden can be relieved by purchasing the equipment now when the City can pay cash rather than having to finance the purchase in the future. Mr. Leavitt voiced the importance of public safety having good equipment and being able to respond. In addition, Fire Chief Brad Goudie reported that by paying cash, there is a \$30,000 discount on the purchase.

Special Revenue Funds

The Debt Service Fund reflects an increase in expenditures in the proposed FY 2018-2019 budget due to last year's bond issue. Relating to the Corps Leased Parks Fund, Mr. Heerman reported there is an increase in revenues for FY 2018 due to the reopening of Copperas Branch Park. Expenditures include the rehab of Pilot Knoll restrooms, completion of the boat dock extension and gate entry system for Copperas.

Capital Projects Fund

Bond proceeds are included in the Capital Projects Fund. This includes the street reconstruction and park projects that were approved by voters last year. Some of the funds will be used this year for engineering costs and Brazos Park parking lot addition, with most of the funds being used next year.

Next Council Meeting

Mr. Heerman stated there would be a few other Special Revenue Funds presented at the next Council meeting, along with the Utility Fund Budget. Council will also set the dates for the public hearings relating to the budget, as well as vote on a maximum proposed tax rate. Mr. Leavitt asked if there was a consensus of Council to stay with the budget model that was presented. Council consensus is to stay with what was presented.

2. Clarification of Consent or Action Items listed on today's City Council Regular Meeting Agenda of July 24, 2018

Relating to Agenda Item #14, Mayor Wilcox reported at the May 14, 2018 meeting, Council nominated Jim Carter as a candidate for appointment to the Board of Managers (Board) for the Denco Area 9-1-1 District. Agenda Item #14 is on the Consent Agenda and is to cast the City's vote for a member to serve on the Board. Since Council nominated Mr. Carter, Mayor Wilcox stated that if the consensus were to vote for Mr. Carter to serve on the Board, the resolution would be reflected to cast the vote for him. There were no objections.

Relating to Agenda Item #16, Mr. Leavitt clarified the definition of permanent makeup, which is included in the ordinance. He stated artwork, graphics and symbols on the skin are not permitted. He also reported because the zoning for the Barnett Center is PD-C (Commercial) and not PD-R (Retail), permanent cosmetics and makeup is not presently permitted.

CLOSED SESSION

3. **Hold a closed meeting in accordance with the following sections of the Texas Government Code:**
(a) **Section 551.071 – Consultation with City Attorney Concerning Pending or Contemplated Litigation and on any Regular Session or Work Session Agenda Item Requiring Confidential, Attorney/Client Advice Necessitated by the Deliberation or Discussion of Said Item (as needed)**

Council did not meet in Closed Session.

OPEN SESSION

4. **Call to Order**

Mayor Charlotte J. Wilcox called the meeting to order at 7:30 p.m.

Roll Call

| | | |
|----------------|---------------------|-------------------------------------|
| Present: | Charlotte J. Wilcox | Mayor |
| | Jon Kixmiller | Councilmember |
| | Michael Lombardo | Councilmember |
| | Barbara Fleming | Deputy Mayor Pro Tem |
| | Fred Busche | Mayor Pro Tem |
| | Robert A. Fiester | Councilmember |
| | Daniel Jaworski | Councilmember |
| Staff Members: | Michael Leavitt | City Manager |
| | Julie Doshier | City Attorney |
| | Ken Heerman | Assistant City Manager |
| | Angela Miller | City Secretary |
| | Doug Reim | Chief of Police |
| | Brad Goudie | Fire Chief |
| | Scott Kriston | Public Works Director |
| | Phil Lozano | Parks and Recreation Director |
| | Sunny Lindsey | Information Services Director |
| | Crystal Babcock | Marketing Administrative Specialist |
| | Andrew Boyd | Media Specialist |

5. **Prayer to be led by Councilmember Robert Fiester**

Councilmember Robert Fiester gave the invocation.

6. **Pledge of Allegiance to the U.S. and Texas flags to be led by Councilmember Robert Fiester.**

Councilmember Robert Fiester led the Pledge of Allegiance to the U.S. and Texas flags.

7. **Visitor Comments**

No one wished to speak.

8. City Manager/Staff Reports

City Manager Michael Leavitt informed residents the City Secretary's Office is accepting applications for appointments to City boards and commissions. The application can be found on the City's website and the deadline to apply is July 31.

In addition, Mr. Leavitt reminded everyone the City has initiated Phase I of the Water Conservation/Drought Contingency Plan. He stated Phase II would probably go into effect late next week when repairs are done to the FM 407 water well.

Mayor Pro Tem Busche reminded everyone the Highland Village Lions Club Balloon Festival will be held at Unity Park on August 17-19.

- **Presentation of the 2018 Non-Profit of the Year Video**

The Highland Village Business Association collaborates with the Flower Mound and Lewisville Area Chambers of Commerce to recognize the work of local non-profit organizations who serve our community and honors one non-profit as "Non-Profit of the Year". This year's winner is Denton County Friends of the Family, whose work was featured in the video.

9. Mayor and Council Reports on Items of Community Interest pursuant to Texas Government Code Section 551.0415 the City Council may report on the following items: (1) expression of thanks, congratulations or condolences; (2) information about holiday schedules; (3) recognition of individuals; (4) reminders about upcoming City Council events; (5) information about community events; and (6) announcements involving imminent threat to public health and safety

- **Receive an Update from United Way of Denton County**

Gary Henderson, President and CEO for United Way of Denton County, and Courtney Cross, Director of Homelessness Initiatives, presented an update on their homelessness initiatives, which included information about the Denton County Homelessness Leadership Team, a partnership between the United Way of Denton County, the City of Denton, and the City of Lewisville.

- **Presentation of the Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award to the Finance Department**

Mayor Wilcox presented Assistant City Manager Ken Heerman with the Government Finance Officers Association of the United States and Canada (GFOA) Distinguished Budget Presentation Award for the Fiscal Year 2017-2018 Budget. She offered congratulations to all members of the Finance Department.

Mayor Wilcox stated this is the fourteenth year the City has received this award, which represents a significant achievement by the City. She explained that it reflects the commitment of the governing body and staff to meeting the highest principles of governmental budgeting. In order to receive the budget award, the City had to satisfy nationally recognized guidelines for effective budget presentation designed to assess how well an entity's budget serves the following four categories: as a policy document, a financial plan, an operations guide, and a communication device. Budget documents must be rated "proficient" in all four categories, and the fourteen mandatory criteria within those

categories, to receive the award. Mr. Heerman thanked Crystal Babcock and the rest of the Finance Department for their contributions.

CONSENT AGENDA

10. **Consider Approval of Minutes of the Regular City Council Meeting held on July 10, 2018**
11. **Consider Resolution 2018-2757 Authorizing the City Manager to Enter into an Interlocal Agreement with Denton County for Collection of Ad Valorem Taxes**
12. **Consider Resolution 2018-2761 Authorizing the Purchase of Digital Back Up Storage Devices from Soccour Solutions through the City's Cooperative Purchasing Agreement with the Government Services Administration Federal Cooperative (GSA)**
13. **Consider Resolution 2018-2762 Receiving an Annual Report from the Highland Village Community Development Corporation and Approving the Facilities Development Capital Improvement Program (FDCIP)**
14. **Consider Resolution 2018-2763 Casting the City's Vote for Representation to the Denco Area 9-1-1 District Board of Managers**

Relating to Agenda Item #14, Mayor Wilcox reported the consensus of the Council during the Early Work Session discussion was to cast a vote for Jim Carter to serve as a member of the Denco Area 9-1-1 District Board of Directors.

Motion by Councilmember Lombardo, seconded by Mayor Pro Tem Busche, to approve Consent Agenda Items #10 through #14. Motion carried 7-0.

ACTION AGENDA

15. **Take action, if any, on matters discussed in closed session in accordance with the following sections of the Texas Government Code:**
 - (a) **Section 551.071 – Consultation with City Attorney Concerning Pending or Contemplated Litigation and on any Regular Session or Work Session Agenda Item Requiring Confidential, Attorney/Client Advice Necessitated by the Deliberation or Discussion of Said Item (as needed)**

NO ACTION TAKEN

16. **Conduct a Public Hearing and Consider Ordinance 2018-1249 Amending the Development and Use Regulations relating to the Property located at Lot 1, Barnett Center, Phase I, said Property being located in the Barnett Center PD-C Planned Development District, more commonly known as 2910 Justin Road (1st of two reads)**

PUBLIC HEARING CONDUCTED

APPROVED 1ST READ (7 – 0)

Public Works Director Scott Kristin reported the City received an application requesting an amendment to the use and development regulations of the Barnett Center Planned Development District (PD-C) as they relate to the use and development of the property located at 2910 Justin Road (“the Property”). The applicant has contracted to purchase the Property, subject to a condition that the Property can be used and developed for a Salon Booth Rental Business and Permanent Cosmetics & Makeup Business, in association with the Applicant's Permanent Cosmetics equipment and supply distribution

business and Permanent Cosmetics School, which the applicant desires be located on the Property. The Permanent Cosmetics and Makeup school would consist of training, education, and certification of permanent cosmetic technicians.

Mr. Kriston stated staff had received one (1) inquiry from the adjacent property owner regarding traffic moving through the area of the cross access easements and suggested adding signage for children. The property owner agreed to install signs. The applicant was present for the meeting.

Mayor Wilcox opened the public hearing and with no one wishing to speak, the public hearing was closed.

Motion by Mayor Pro Tem Busche, seconded by Councilmember Jaworski, to approve the first read of Ordinance 2018-1249. Motion carried 7-0.

17. Consider Ordinance 2018-1250 Adopting Amendments to the Fiscal Year 2017-2018 Budget (1st of two reads)

APPROVED 1ST READ (7 – 0)

Mr. Heerman reported this is the first amendment presented to Council this fiscal year. This amendment mirrors the year-end projections detailed in the budget discussions. Some of the proposed adjustments reflect encumbrances from FY 2016-2017 that were actually paid in FY 2017-2018. This amendment is to ensure sufficient appropriation for the year-end projections. In total, projected expenditures of \$17,958,797 are more than the original budget of \$17,598,059. In addition, projected GF transfers to other funds totals \$66,000, compared to the original budgeted amount of \$16,000. Projected revenues of \$16,841,110 reflect an increase of \$186,972 over the original budget, which partially offset the expenditure increase. The projected FY 2018 year-end fund balance is \$6,742,272 – exceeding the original budgeted projected amount of \$4,512,361.

Motion by Councilmember Jaworski, seconded by Mayor Pro Tem Busche, to approve the first read of Ordinance 2018-1250. Motion carried 7-0.

LATE WORK SESSION

18. Status Reports on Current Projects and Discussion on Future Agenda Items (A Councilmember may inquire about a subject of which notice has not been given. A statement of specific factual information or the recitation of existing policy may be given. Any deliberation shall be limited to a proposal to place the subject on an agenda for a subsequent meeting.)

Parks and Recreation Director Phil Lozano reported beams were being set for the bridge at Copperas Branch. Per his discussion with the state, the project is estimated for completion no later than November.

Mayor Wilcox stated she has asked Mr. Leavitt to provide project updates and asked Council to email her or Mr. Leavitt if anyone has any specific project updates they would like to receive.

19. Adjournment

Mayor Wilcox adjourned the meeting at 8:18 p.m.

Charlotte J. Wilcox, Mayor

ATTEST:

Angela Miller, City Secretary