



Corpus Christi

1201 Leopard Street
Corpus Christi, TX 78401
cctexas.com

Meeting Minutes - Final City Council Workshop Session

Tuesday, June 18, 2013

11:00 AM

City Council Chambers

A. CALL MEETING TO ORDER.

Mayor Martinez called the meeting to order at 11:04 am.

B. ROLL CALL.

City Secretary Chapa verified that the necessary quorum of the Council and the required Charter Officers were present to conduct the meeting.

Charter Officers: City Manager Ron Olson, Assistant City Attorney Alison Logan, and City Secretary Armando Chapa.

Note: Council Member Magill arrived at 11:25 am.

Present 8 - Mayor Nelda Martinez, Council Member Mark Scott, Council Member David Loeb, Council Member Lillian Riojas, Council Member Chad Magill, Council Member Priscilla Leal, Council Member Colleen McIntyre, and Council Member Rudy Garza Jr.

Absent 1 - Council Member Kelley Allen

C. BRIEFINGS TO CITY COUNCIL:

1. Briefing and Discussion regarding Street Maintenance Fee

Mayor Martinez referred to Item No. 1, Street Maintenance Fee. Oscar Martinez, Assistant City Manager provided an overview of the street maintenance fee and discussed the calculation formula, Equivalent Residential Unit (ERU) 1,500 square feet x Trip Factor (TF) x Rate equals to the monthly bill, per month per meter. Mr. Martinez stated that the land use survey has been completed and under budget and discussed the different land uses, ITE codes and count. He then referred to the Rate Model Alternatives and discussed each of the five options, and stated that City staff is recommending Option E, Cap Trip Factor - 3.78, Cap Square Footage 59,000, and Rate \$5.99, to generate \$11,395,919 in revenue. Mr. Martinez discussed the basis for the recommended rate stating that capping the trip factor at 3.78 is consistent with methodology; capping of square footage at 59,000 captures 95% of population; meets targeted street maintenance requirements; promotes fairness; revenue requirement does not include administrative overhead, low income discounts, and uncollectibles; and billing would begin January 1, 2014.

After discussion, Council Member Loeb made a motion to direct staff to bring back the necessary amendments to institute Option E in the Street Maintenance Fee ordinance on second reading to be voted on during the meeting of June 25, 2013 and to be effective January 1, 2014, seconded by

Mayor Martinez. The motion passed with the following vote: Martinez, Garza, Leal, Loeb, Magill, McIntyre, Riojas, and Scott voting "Aye"; Allen was absent.

2. Wrap Up Report on the 83rd Regular Session of the Texas Legislature

Mayor Martinez referred to Item No. 3, Wrap Up Report on the 83rd Regular Session of the Texas Legislature. Mr. Tom Tagliabue, Director of Intergovernmental Relations stated that this legislature had 6,061 bills and joint resolutions filed during the regular session and more than 1,447 were passed. Mr. Tagliabue stated that the Council had adopted 50 policy issues to address during this session, and that 26 had outcomes that would be considered successful at the end of the session. He added that 14 issues were categorized as a "Priority", 19 issues were categorized as "Actively Support", 10 issues were categorized as "Actively Oppose", and 4 issues were categorized as "Support".

3. Enterprise Funds

Mayor Martinez referred to Item No. 3, Enterprise Funds Summary. Mr. Oscar Martinez, Assistant City Manager stated that enterprise funds are used for operations that are financed and operated in a manner similar to private business enterprises with the costs of providing goods or services being financed or recovered primarily through user charges. Mr. Martinez discussed the pinnacle issues for FY 2014; major accomplishments for FY 2013; number of employees in the enterprise fund; utility rate impact; revenue; total expenditures; summary of fund balances, and projected change in fund balance. Mr. Martinez stated that the approved decision packages for 2014 total \$2,984,016 for the water department, gas department, and wastewater department .

Mr. Martinez further discussed the increase in purification chemical costs to meet new regulatory permit requirement for effluent ammonia at Oso Wastewater Treatment Plant estimated at \$2,000,000. He stated that the prior permit did not contain an ammonia limitation. A discussion ensued regarding the chemical treatment requirements at Oso Treatment Plant and related costs, the requirements imposed by the Texas Commission on Environmental Quality, the permitting process mandated by EPA and TCEQ, and the Clean Water Act.

Council Member Loeb made a motion directing staff to converse with Texas Commission on Environmental Quality that the Council has approved making the alterations to the Plant, where in four years we will have the Plant in compliance, but the affect of making the capital project and interim project has caused the utility rate to increase 9% and the Council finds that unacceptable, can the City wait to come to compliance when we make the plant upgrades, instead of doing the interim project to make it work and then doing the long term project at the same time, seconded by Council Member McIntyre. The motion passed with the following vote: Martinez, Allen, Garza, Leal, Loeb, McIntyre, Magill, Riojas, and Scott voting "Aye".

4. Debt Service Funds

Mayor Martinez referred to Item No. 4, Debt Service Funds. Constance Sanchez, Director of Finance stated that these funds are used to account for the accumulation of resources for, and the payment of, general long-term debt

principal and interest. Ms. Sanchez then discussed the major revenues by category including the total for 2014, outstanding general obligation debt, outstanding utility revenue debt, debt ratings, impact of AAA rating, debt per capita, and the net direct as a percentage of full assessed values. Ms. Sanchez provided a history of the tax cap and stated that about 30 years ago, the voters voted to amend the City Charter to limit the City's ad valorem tax rate for all purposes, including debt service, to \$0.68 per \$100 assessed valuation.

Council Members discussed the \$0.68 tax cap, bond rating, and population growth.

5. Capital Budget

Mayor Martinez referred to Item No. 5, Capital Budget. Mr. Oscar Martinez, Assistant City Manager stated that the proposed utility rate request include a 5.9% increase for residential water, 8.67% for wastewater, and 2.50% for gas. Mr. Martinez stated that the capital budget approach involves: project included in the CIP budget are developed using master plans, studies, observation, and staff, council and citizen input; focus on completion of bond projects; continue with Broadway Wastewater Treatment Plant work; proactive approach for infrastructure replacement; focus on council directives and goals; and securing funding for projects with the least impact on utility rates and taxes.

Mr. Martinez then discussed the 2014 funding sources by type, funding uses by program, and revenues by type and program expenditures for three years. He provided an overview of the Bond 2012 for Propositions 1, 3 through 8. Mr. Martinez informed the Council of the Annual CIP for Airport totals \$28,198,400; Park and Recreation department totals \$5,475,000; Public Facilities totals \$5,300,000; Public Health and Safety totals \$18,487,000; Streets totals \$34,552,000; Gas totals \$4,621,000; Storm Water totals \$28,226,400; Wastewater totals \$40,090,200; and Water totals \$84,595,200. He then discussed the 10 year projects for Utility Rates by Utility, and 10 year Water Rate by Class. Mr. Martinez informed the Council that the Public Hearing is scheduled for July 9th, First Reading is scheduled for July 16th, and Second Reading is scheduled for July 30th.

D. ADJOURNMENT

There being no further business to come before the Council, Mayor Martinez declared the meeting adjourned at 3:10 pm.