



City of Corpus Christi

1201 Leopard Street
Corpus Christi, TX 78401
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Meeting Minutes

City Council Workshop Session

Wednesday, July 19, 2017

2:00 PM

Basement Training Room
1201 Leopard Street

THE USE OF CELLULAR PHONES AND SOUND ACTIVATED PAGERS ARE PROHIBITED IN THE TRAINING ROOM DURING MEETINGS OF THE CITY COUNCIL.

A. Mayor Joe McComb to call the meeting to order.

Mayor Pro Tem Hunter called the meeting to order at 2:09 p.m.

B. City Secretary Rebecca L. Huerta to call the roll of the required Charter Officers.

City Secretary Rebecca L. Huerta called the roll and verified that a quorum of the City Council and the required Charter Officers were present to conduct the meeting.

Charter Officers:

City Manager Margie C. Rose, City Attorney Miles Risley, and City Secretary Rebecca L. Huerta.

Present 8 - Mayor Joe McComb, Council Member Rudy Garza, Council Member Paulette Guajardo, Council Member Michael Hunter, Council Member Debbie Lindsey-Opel, Council Member Ben Molina, Council Member Lucy Rubio, and Council Member Greg Smith

Absent 1 - Council Member Carolyn Vaughn

Council Member Guajardo arrived at 2:11 p.m. Mayor McComb arrived at 3:04 p.m.

C. BRIEFINGS TO CITY COUNCIL:

1. Corpus Christi Convention & Visitors Bureau (CCCVB) - Convention and Hospitality Market Study recommendations as presented by selected Chicago-based HVS Consultants

Mayor McComb referred to Item 1. City Manager Margie C. Rose provided opening remarks regarding the Corpus Christi Convention and Visitors Bureau (CCCVB) and the Convention and Hospitality Market Study recommendations as presented by selected Chicago-based HVS Consultants.

Chief Executive Officer of the CCCVB Paulette Kluge presented information on the following topics: the American Bank Center (ABC) Feasibility Study's scope

and timeline.

Managing Director of HVS Convention, Sports and Entertainment Facilities Consulting of Chicago Tom Hazinsk presented information on the following topics: role of a convention center; importance of a headquarters hotel; the impact of conventions and events; 2016 economic impact of the ABC; the ABC market and feasibility study's scope, background and outline; consequences of doing nothing is negative, not neutral; key findings of Phase One research; and convention event planners' need for adjacent hotel rooms.

Partner at Trahan Architects' Chicago Studio Leigh Breslau presented information on the following topics: ABC expansion concept; area diagram; planning; site B hotel study; hotel/conference center connection; and stacking diagram of hotel.

Council members, presenters and staff discussed the following topics: the importance of a hotel connected to the convention center; that the convention center does not, "pay for itself"; return on investment at the convention center and downtown; and that gulf beaches are a primary tourist attraction.

Mr. Hazinsk presented information on the following additional topics: the impact of expanding the convention center; limited air service in Corpus Christi; limitations inherent in Corpus Christi's geographical location; that approximately 27 new events, 74,000 additional attendees and 42,000 more room nights are estimated possible with the proposed expansion of the ABC and the economic impact of same; estimated project costs and source of funds; that public incentives are needed to make the approximately \$69.6 million hotel viable; that the approximately \$75.1 million proposed expansion of the ABC can be funded by Hotel Occupancy Taxes (HOT); that there are not sufficient monies to fund the approximately \$10.8 million in proposed improvements to the Auditorium; HOT revenue capacity without a tax increase; a summary of HVS's findings and recommendations; and next steps.

Council members, the presenters and staff discussed the following topics: opportunities missed with current configurations; weekday versus weekend hotel occupancy; that the meeting industry is vital to local hotels' success; cash flow analysis; the importance to convention organizers of revenue from exhibit space; that this project creates/induces new demand; the differences between limited- versus full-service hotels; that the proposed improvements will not create better/expanded air service to Corpus Christi; there are currently approximately 11,000 hotel rooms in Corpus Christi; how existing vacant rooms may be filled by implementing the proposed improvements; the size of conventions that Corpus Christi attracts; monies spent per person during regional versus national conventions; hotel requirements for regional, statewide and national conventions; maintaining fiscal responsibility; Corpus Christi's position relative to other Texas cities regarding its convention center operations; further evaluating the viability of the proposed improvements to the convention center; ownership of property around the convention center; leisure versus business travel versus conventions; uses for sales taxes versus HOT funds; sources of available funds; that ad valorem taxes are not used to support the City's convention center; and that all convention centers are subsidized by the city in which they are located.

MOTION OF DIRECTION

Council Member Lindsey-Opel made a motion directing the City Manager to provide the City Council with more information, including funding sources, for the convention center improvements, as proposed, including the proposed headquarters hotel, seconded by Council Member Rubio and passed unanimously (Council Member Vaughn absent).

2. Water Utility Rate Update

Mayor McComb referred to Item 2.

Assistant Director of Support Services for Utilities Treatment Reba George presented information on the following topics: rate review schedule; assumptions from June 21, 2017 city council workshop; treated water usage; percentage of water usage and revenue by types of users; and Water Fund expenditures.

In response to a question from a council member, Ms. George stated that increased personnel costs were, in large part, due to increased health care costs and an increase in the number of full-time equivalent (FTE) positions that have been filled.

Ms. George presented information on the following additional topics: Wastewater Fund expenditures; assumptions for flat water rates; effects of keeping water rates level; Water and Stormwater Capital Improvement Projects (CIP); inside-city-limits residential water rate options; water rates for all rate classes; and sample bills for inside-city-limits residential water rate options.

Council members and staff discussed the following topics: increasing water rates 4% across-the-board over the next two years (2% per year) and rounding up; reasons raw water is listed separately on bills; rolling the cost of raw water into the water line-item on customers' bills; and covering system costs.

MOTION OF DIRECTION

Council Member Smith made a motion directing the City Manager to raise rates, to create zero operating deficit, with the percentage increase consistent with all rate classes, with the exception of the raw water rate, seconded by Council Member Lindsey-Opel.

Council members and staff discussed the following topics: costs to be covered in the City's water system; incentivizing water use; large-volume water users paying more for water; that under the current rate model, large-volume water users subsidize low-volume water users, many of whom are low-/fixed-income customers; that large-volume users tend to be more socio-economically affluent; and that the percentage by which water rates are increased will result in large-volume customers paying a larger dollar amount than low-volume customers.

The Motion of Direction passed with the following vote: Mayor McComb and Council Members Guajardo, Hunter, Lindsey-Opel, Molina and Smith voting Aye; Council Member Rubio voting No; and Council Members Garza and Vaughn absent.

Ms. George presented information on the following additional topics:

assumptions for and effects of tiered wastewater rates; inside-city-limits residential wastewater rate options; wastewater rates for all rate classes; inside-city-limits residential wastewater rate options; treated water volume by water rate class billed; and projected Water Fund revenue, budgeted versus estimated actual.

Council members and staff discussed the following topics: monies estimated to be realized from rounding-up water and wastewater rates; current financial policy requirements regarding revenues over expenditures; and that the wastewater component of customers' bills is based on the volume of water used.

D. ADJOURNMENT

The meeting was adjourned at 5:23 p.m.