

MINUTES
CITY COUNCIL OF THE CITY OF UNIVERSAL CITY, TEXAS
Regular Meeting, Tuesday, March 1, 2022

1. CALL TO ORDER: Mayor John Williams at 6:30 P.M.
2. QUORUM CHECK: Kristin Mueller, City Clerk

Present:

Mayor John Williams
Councilmember Tom Maxwell
Councilmember Paul Najarian
Councilmember William Shelby
Councilmember Beverly Volle

Present:

Kim Turner, City Manager
Megan Santee, City Attorney
Michael Cassata, Development Services Director
Randy Luensmann, Public Works Director
Kristin Mueller, City Clerk/Economic Dev Director

Absent:

Mayor Pro Tem Richard Neville
Councilmember Bear Goolsby

Mayor Williams noted a quorum was present.

3. INVOCATION: Councilmember Maxwell gave the invocation.
4. PLEDGE OF ALLEGIANCE TO THE U.S. AND TEXAS FLAG: Led by Mayor Williams.
5. VOTE TO CONSIDER THE EXCUSE OF ABSENT MAYOR/COUNCILMEMBERS:

Councilmember Maxwell moved to excuse the absence of Mayor Pro Tem Neville and Councilmember Goolsby. Councilmember Shelby seconded the motion.

Vote: Yeas: Maxwell, Shelby, Najarian, Volle
Nays: None

Motion to approve carried.

6. AWARDS/PROCLAMATION/INTRODUCTION OF GUESTS:

Mayor Williams thanked all the volunteers who helped to make Snowfest 2022 a success. He individually recognized the following US Air Force volunteers:

AB Elias Reyna	AB Nicholas Howard	AB Ethan Muck	AB James Hanson
AB Delilah Larsen	AB Christine Snyder	AB Beckham Ford	AB Olivia Torres
Amn Zeyvon Alves	Amn Olivia Massey	Amn Victor Cannon	Amn Carson Huber
Amn Nicolas Murray	Amn Jamie Maldonado	Amn Riley Archuleta	Amn Jordan Barr
A1C Jysmane Hodge	A1C Sydney Gore	A1C Dominique Lucero	A1C Alexandra Meeks
A1C Anabeth Coronado	A1C Dakota Neiswonger	A1C Isaiah Horne	A1C Sir French
A1C Lakija King	A1C Matthew Stark	A1C Bryson Caires	A1C Thomas Griskowitz
A1C Dominick Zolnar	A1C Joshua Lewis		A1C Kristian Pineiro-Negron

He also thanked SSGt Tyler Fisher and Tsgt Earl Joshua R. Swank for coordinating and supervising the airmen at Snowfest.

Additionally, he recognized Mary Eddy for continuing to coordinate and supervise volunteers with JBSA-Randolph and gave her a token of appreciation. She has continued to coordinate the volunteers even though she no longer serves on the Park and Recreation Commission. He also thanked her Ms. Eddy's grandchildren, Aiden and Michael Zua Zua and Riley Bonnette, for volunteering at the event.

7. CONSENT AGENDA:

Councilmember Najarian moved to approve the following consent agenda items:

- a.) Consider the minutes of the Tuesday, February 15, 2022 City Council Regular Meeting.
- b.) Discuss & Consider Ordinance 655-G-2022 (PC 552 SU 010): An Ordinance approving a Specific Use Permit to War Drum Mixing Studio LLC for a Personal Improvement Services use in a C1-Neighborhood Services District on property locates at 2060 Universal City Blvd, Suite A, Universal City, Texas (ACB 5047J BLK 1, Lot 17); providing for non-severability; and establishing an effective date. (2nd Reading).

Councilmember Shelby seconded the motion.

**Vote: Yeas: Najarian, Shelby, Maxwell, Volle
Nays: None**

Motion to approve carried.

8. CITIZENS TO BE HEARD:

- Phil Vaughn, 2801 Universal City Blvd, asked City Council to consider adding more requirements to the performance agreement for 1732 Pat Booker Rd. He would rather see the agreement tied to the sales tax or property tax in the form of a rebate. Additionally, he encouraged the City Council to tie some performance metrics to the performance agreement with the hotel. Lastly, he commented that the executive session discussion is regarding the last piece of commercial developable land in Universal City and said that land is very valuable and hopes that council is not considering gifting it or selling it submarket value.
- Richard K. Edwards, 209 Trudy Lane, asked how many years it would take for the UCEDC to raise \$500,000. He also wondered if the UCEDC had that amount or if it would require them to take on more debt. He wanted to know how many jobs would be new jobs and how many jobs would just be relocated. Lastly, he wanted to know how many years it would take the City to earn that month in property taxes from that property.
- Ashton Bulman, 12807 El Dorado, commented that her and her neighbors are disappointed in losing alley trash pick-up. She voiced her concern with logistics of a dead-end, the alley not being paved, and the elderly in her neighborhood not being able to move the new larger trash receptacles. She said the concern wasn't the width of the new trucks but the condition of the alleys themselves. Finally, she thanked Councilmember Shelby for answering her e-mail in a professional manner and for giving answers to the questions she asked.
- Nicholas Bulman, 12807 El Dorado, said that the City Charter and Development Services Departments says that Universal City is responsible for the maintenance of the alleys as it is owned by the City. A resident would not have permission to pave the alley themselves. He said he believed they have not been maintained since they were put in and wanted to know why the alley maintenance has not been included in the City's budget. If the alleys were properly

maintained, the trash issue would be a mute point. He asked City Council to put alley maintenance on the agenda when discussion the City's budget.

- Dewanna Lokey, 109 Sage Dr., said that she agreed with the two people who spoke before her. She asked Council to consider their concerns and to see what the City can do to meet Waste Management halfway and continue their alley service.
- Bernie Rubal, 635 Balboa, he said that one of the root cause issues of the Waste Management complaints is that it was a sole-source contract without a statement of work for the citizens. He asked Council to consider an item that says sole-source contract should only exist in the case of emergencies. He thanked Councilmember Maxwell for giving the heart of the residents back to Council at the last meeting by asking for consensus to revisit the Waste Management contract. Also, he asked Council to have a town hall meeting to discuss the management of the golf course. Finally, he asked for improved transparency by putting the more financial documents on the City's website and cited the Texas Comptrollers phone number to ask questions, 844-519-5676.
- Steven Buck, 8603 Phoenix, announced that he was running for council and invited residents to visit his website, www.BuckforUC.com. He welcomed the new City Attorney and gave a shout of for the ladies of Universal City in honor of the first day of Women's History Month. He said that he supports the grant, but he believes that the contract does not have enough conditions set for the approval. He thinks that council should send the contract back to the EDC for further consideration. He said that PFCs rarely go well for the granting authority. He said was against the PFC. Finally, he said he hoped that the community would work together to and have neighbors help neighbors with the trash if this change is unavoidable.
- Thomas Herndon, 311 Madrid Dr., vocalized that he was disappointed that he is losing alley trash service. He believes that is one thing that sets Universal City apart. He can walk up and down the streets without seeing trash cans. The potential of trash cans being left out or knocked over could lessen the beauty of the neighborhood. He also said he believes the elderly were not considered in negotiating this new contract. He asked Council to reconsider their decision.

Mayor Williams said that the trash contract will be on the March 15, 2022 City Council agenda. He said the input from the citizens on this topic is very valuable.

9. BUSINESS:

A. Discuss & Consider Resolution 924-2022: A Resolution authorizing a project at 1732 Universal City Blvd, which will facilitate the promotion and development of new or expanded commercial development, and which was approved by the Board of Directors of the universal City Economic Development Corporation on 10 February 2022; and providing an effective date. (1st Reading).

City Manager Kim Turner said the Universal City has been working to provide tenancy for some of the vacant buildings. The EDC likes to work on capital improvements to the building, that stay with the building should a tenant vacant. In this particular project, the EDC opted to work on the fire suppression system. In a building this size, a fire suppression system is required. This building was the second building built in Northlake and the existing suppression system is inadequate. The EDC Board of Directors recommendation is to approve the \$500,000 reimbursement. She reminded that the EDC never gives money upfront, but on a reimbursement bases.

Director of Economic Development Kristin Mueller stated that Cindy Cohn and Scott Klingler, who were in the audience, will be the future owners of 1732 Pat Booker Rd. Mrs. Cohn has

worked as a commercial real estate agent for over 30 years and she and her husband own MergeWorks, an ancillary office furniture manufacturing business that is currently located in Windcrest. 1732 Universal City Blvd is currently zoned C-4 Commercial, and their business type is permitted by right in that zone. MergeWorks is intending to occupy the front 40,000 sq ft of the building and then multitenant the remaining 60,000 sq ft with spec office/warehouse space. 1732 Universal City Blvd has been vacant since December of 2020.

When conducting her due diligence, Mrs. Cohn discovered that there was a significant amount of capital needed to cure the deferred maintenance of the building and to make the building suitable for multiple tenants. Some of the expenses that will be required to make the building attractive to her and future tenants would be to upgrade the fire suppression system, address existing code violations, add dock doors and an additional parking lot, split the electric and water meters, create the storefronts and complete the tenant improvements for MergeWorks and the spec space. Additionally, the roof is in fair to poor condition and will need to be replaced as well as she would like to paint the exterior of the building. At this time, Mrs. Cohn does not have prospective tenants for the back of the building, but by upgrading the suppression system to allow for a high-stack will allow for a wider variety of business uses. The proposed cost of those improvements are estimated at \$2.5M. Her total investment to for the property will be close to \$11M.

Mrs. Cohn thanked City Council for considering their project. She will be bringing the manufacturing business to the building. She commented that the money that will be provided by the EDC will help to increase the value of the building. She said the building is currently constructed for one tenant. If one tenant was to come into that building, they would bring only 20-30 employees. Currently, MergeWorks has 30 employees. By multi-tenanting the building, and extrapolating the employment numbers, it could mean an additional 30-90 new employees in that building, spending money in Universal City.

Councilmember Maxwell asked if MergeWorks was relocated or creating a new location. Mrs. Cohn confirmed that they would be relocating. He asked for her to clarify if she was spending \$11M and she confirmed that was her current budget number, that it could be a little more or a little less. Councilmember Maxwell said this process is vetted out and by obtaining a Certificate of Occupancy means the building is move-in ready. Additionally, he said the program is a reimbursement program that will help to upgrade a facility that needs it to meet code. He said it was City money that is well spent for the City that stays in and promotes the City for future development.

Councilmember Najarian asked if the business did not complete the improvements and did not move in, they would not receive the money. Mrs. Turner explained that Mrs. Cohn would have to obtain a Certificate of Occupancy as well as submit receipts for the improvements once they were complete. Mrs. Mueller would verify that the contractors were paid in full and then the reimbursement would be issued. Councilmember Najarian said that this is an investment in a very big, vacant building. He sees this investment as a win-win for the business and the City.

Councilmember Shelby asked what the current taxable value of the building is currently and it was estimated at about \$6M. He said the EDC is investing a small amount back into a building that is already worth \$6M. By investing this money, the value of the property should increase. Whereas a vacant building depreciates in value over time.

Mrs. Turner interjected that an unused building becomes quickly dilapidated and the longer it goes the more expensive it is to bring it up to date.

Councilmember Shelby reminded that the EDC recently invested into a dilapidated building and turned it into something amazing – 210 E. Aviation, from DaBunker to Gather Brewery. He said that if Gather was to leave, the City would still have the improved building.

Mrs. Turner said that the purpose of the EDC is to attract new business, expand existing business, and to reinvest in the commercial district. Their funding can not be used for community development. The EDC has been doing this program for over 25 years and has played a role in getting several big businesses to the City – HEB, Wal-Mart, Sonic, and just about every business in the Northlake Business Park.

Mayor Williams said there is no property tax money involved in this project at all.

Councilmember Shelby moved to approve Resolution 934-2022. Councilmember Maxwell seconded the motion.

**Vote: Yeas: Shelby, Maxwell, Najarian, Volle
Nays: None**

Motion to approve carried.

Mayor Williams called for a five-minute recess at 7:18 p.m.

Mayor Williams reconvened the meeting at 7:21 p.m.

B. Present & Discuss concept plan for Ironwood Apartments, 1950 Universal City Blvd.

Mrs. Turner said that there have been several developers approach City Council interested in doing a Public Facility Corporation to build apartments. A PFC is where the City would partner with a developer to have a facility constructed. Because of the City's participation it would allow for nearly 100% tax abatement. City Staff has been trying to identify the impact that a PFC would have on the existing apartment stock and if that would be a way that the City could reinvest into the community. She introduced Tim Palmquist, owner of the Ironwood Apartment complex, to present a concept plan for 1950 Universal City Blvd.

Mr. Palmquist said he has owned the property since 2016. They have been committed to improving the asset and increasing the quality of life for their residents. As a result, they have been able to reduce the double-digit economic loss. The apartments were built mid-1980s. To date, they have invested \$1.7M in capital improvements. Their desire is to continue to revitalize the property and benefit the community. While they have been able to generate positive rent growth, they are still being outpaced by the rising cost of insurance and taxes. Their challenge is that they need to stay competitive with surrounding apartment complexes, continue to make improvements, and manage the rising costs. He is concerned that a new apartment asset participating in a PFC would negatively affect the margin between the Class A and Class B and C apartments. Currently, the spread between Class A and Class C is approximately \$300. If a new apartment complex participated in a PFC, that spread would disappear and make staying competitive difficult for the lower-classed apartments.

However, if the lower-class apartments participated in the PFC, it would increase the spread and allow for revitalization of the existing housing stock. He asked if City Council would consider participating in a PFC with an existing apartment complex, like Ironwood Apartments.

Mayor Williams explained that the City has allowed developers to address City Council with their preliminary concept plans to get Council's initial feedback before the developer chooses to move forward with the development process.

Councilmember Maxwell asked if this was a rehash of previous PFC projects. Mrs. Turner said that the difference is that this is an existing complex. DNRBZ handles the apartment complex for the San Antonio Housing Trust, so they have more experience and background in the PFC process. Additionally, DNRBZ paired the City with a financial analyst that runs numbers for PFCs and provides consultation to City's so that there is a definite economic benefit for the City. The PFC concept can be attributed to existing apartment complex and the agreement be drafted in a way that benefits the City. Councilmember Maxwell asked if apartments would qualify for an EDC project. Mrs. Turner said while they are considered commercial, they serve a residential purpose and are not funded by the EDC. Councilmember Maxwell said he does not see the City needing to get into real estate at this time.

Councilmember Shelby asked what changed in the taxes. Mrs. Turner said that if the City participated in the PDC the property would receive 100% property tax abatement. The monies saved by the abatement would then be used to make improvements to the existing complex, extending the life and value of the property. He said the valuation on that property was \$8.5M according to Bexar County Appraisal District and that they paid \$107,000 to Judson ISD and \$49,000 to the City of Universal City. He asked if that money would go away. Mrs. Turner said that the City's portion of the tax revenue would be invested back into the property. The City would see the benefit in the increased rental rates and would recoup money through that. Councilmember Shelby said but the schools would not. Mrs. Turner said that Texas is a Robinhood state. The property tax money is collected at the State level for the school district then distributed to each school based on attendance. If the cap per child is met already, that money goes to another school district. If there is a shortfall in property tax revenue in an area, the State makes up the difference. Councilmember Shelby asked if this had to be structured for 75 years and if the City gets ownership. Mrs. Turner said for an older apartment stock, the term would be less. Once the City gets ownership, they could do another PFC or tear it down and redevelop it.

Councilmember Najarian said that using an existing complex is an interesting idea and he would be interested in seeing the terms and more details of the PFC.

Mrs. Turner commented that right now the City is going through its education process regarding a PFC. At some point, there may have to be a workshop to determine what the general feeling about a PFC and the impact to the community and which route would be most beneficial.

Councilmember Najarian asked Mr. Palmquist what type of improvements the tax abated monies would fund. Mr. Palmquist said that underpinning for the building, replacing railroad ties, and landscaping the building would be a starting point. Replacing the parking lot and upgrading each unit are also the type of things they are looking to invest in.

Councilmember Volle asked who and how would they determine how many years the project would be. Mrs. Turner answered that the loan amount and the investment amount and the taxing district are all factored into the agreement. The agreement must work financially for the City and the developer. There is still due diligence to on their end to determine the financial arrangement.

C. Consider Bid Acceptance of the 2022 Olympia Sanitary Sewer Pipe Bursting Project Emergency Work.

Public Works Director Randy Luensmann said that the Olympia Sanitary Sewer Pipe Bursting Project was declared an emergency project because the pipe had deteriorated. The project was put out to bid. Five bids were received and Staff is recommending approval of the low bid, in the amount of \$127,810 to Horseshoe Construction.

Councilmember Maxwell moved to award the 2022 Olympia Sanitary Sewer Pipe Bursting Project bid to Horseshoe Construction in the amount of \$127,810. Councilmember Shelby seconded the motion.

Vote: Yeas: Maxwell, Shelby, Najarian, Volle

Nays: None

Motion to approve carried.

D. Discuss & Consider Ordinance 640-B-2022: An Ordinance providing a Second Agreement to Ordinance 650 establishing a program under Texas Local Government Code Chapter 380 to provide economic incentives to Boulevard Development Company L.C., for the development, operations and marketing of a Townhome Suites by Marriot Hotel near the Olympia Hills Golf and Event Center; authorizing the City Manager to execute the Second Amendment to the original associated Hotel marketing Agreement and, providing an effective date. (1st Reading).

Mrs. Turner explained that the hotel project is nearing its completion and staff has been conducting inspections in order to ensure that the project amenities comport with the agreements authorized by the City and the EDC on the hotel property, which is located where hole 14 used to be on the golf course.

Since the hotel was built during the time of the pandemic, Marriot issued a notice advising hotel developers and operators that hot tubs would no longer be permitted for health reasons. The agreements for the UC Marriot TownePlace Suites called for a 2,000 sq. ft. pool to include a 10-person hot tub. With the change in Marriot corporate policy, the amenities were revised to have a 1,000 sq ft pool, increased the pool decking to 5, 000 sq. ft. and added in fire pits near the pool.

The other item that needed clarification was the term room service. In the traditional sense room service means calling the kitchen for food to be brought to the room. However, since the rooms are all extended stay, room service is to be defined as kitchenettes with a hot top (stove), microwave, dishwasher, coffee and in-room bar and food options. The breakfast bar and snack bar are open to guests, but the orders will not be delivered to their rooms.

Councilmember Shelby moved to approve Ordinance 640-B-2022. Councilmember Najarian seconded the motion.

Vote: Yeas: Shelby, Najarian, Maxwell, Volle

Nays: None

Motion to approve carried.

E. Discuss & Consider Ordinance 370-P-2022 : An Ordinance repealing Ordinances 370-J-2013, 370-K, 2014, 370-L-2015, 370-M-2015, 270-N02015, 370-O-2016, codified under the City's Code

of Ordinances, Part IV, Chapter 4-6, Articles II-VII and amending Article I to adopt various International Codes and Appendices relating to construction and inspection activities; establishing penalties thereto; providing for severability and open meeting; and providing an effective date. (1st Reading).

Mayor Williams announced that this item was pulled from the agenda and will be considered at a future meeting when all councilmembers are present.

- F. Closed Session pursuant to Tex. Gov't Code Sec. 551.072 regarding the purchase or value of real property if deliberation in open session would have a detrimental effect on the position of the corporation in negotiations with a third party; and for attorney consultation pursuant to Sec. 551.071(2); regarding the 43 acres of vacant land located southwest of Universal City Blvd, northeast of E. Loop 1604 N. and southeast of Kitty Hawk Road.**

Mayor Williams convened into Closed Session with City Council, City Manager Kim Turner, Economic Development Director Kristin Mueller, Public Works Director Randy Luensmann, Development Services Director Michael Cassata and City Attorney Megan Santee at 8:07 P.M.

- G. Reconvene into Open Session and take action on items discussed in Closed Session, if necessary.**

Mayor Williams reconvened into Open Session at 8:43 P.M. and announced that no action will be taken as a result of the Closed Session.

10. CITY MANAGER COMMENTS:

Mrs. Turner asked Mr. Luensmann to give a brief presentation on Snowfest. Mr. Luensmann announced that this was the 13th year hosting the SnowFest and there was about 9,000 people in attendance – the biggest event yet. He thanked the staff that worked the event as well as the volunteers.

Mayor Williams thanked the Public Works Department and Community Relations Specialist Regina Carmona for their work on the event.

12. COUNCILMEMBER COMMENTS:

Councilmember Maxwell said that he appreciated the audience staying to the end of the meeting and the input that each of the council candidates contributed the meeting tonight. He announced that he is not running for reelection so that there would be the opportunity for new people to join the council. Also, he announced today is his first official day of retirement.

Councilmember Shelby said that he stayed until the very end of SnowFest and expressed his thanks to everyone who made that event possible. The lines were long but there were no complaints. The food was amazing and even through challenges, the staff and volunteers made it happen.

Councilmember Volle said ditto to SnowFest. She said she drove by the park the very next day and she was impressed that the park was clean. Also, she used a plumber that commented that they liked the professionalism of the building official.

Councilmember Najarian welcomed the new Megan Santee, the new City Attorney. He said that he was at SnowFest all day volunteering with the Citizens Police Academy. He said he got to meet the volunteers from JBSA-Randolph and said that he appreciated them and their help. Also, he said that

the City will miss Councilmember Maxwell. Finally, he said that there are posts on social media calling for people to attend meetings with pitchforks and in outrage are uncalled for and inappropriate.

13. MAYORAL COMMENTS:

Mayor Williams announced that CPS has been investing some special funding to alleviate the downed power lines by removing broken tree limbs. Also, he read the TCEQ letter declaring water supply system in Universal City a Superior System.

14. ADJOURNMENT: Mayor Williams adjourned the meeting at 8:54 P.M.

ATTEST:

John Williams, Mayor

Kristin Mueller, City Clerk