

MINUTES
CITY COUNCIL OF THE CITY OF UNIVERSAL CITY, TEXAS
Regular Meeting, Tuesday, August 16, 2022

1. CALL TO ORDER: Mayor John Williams at 6:31 P.M.
2. QUORUM CHECK: Kristin Mueller, City Clerk

Present:

Mayor John Williams
Mayor Pro Tem Richard Neville
Councilmember Steven Buck
Councilmember Paul Najarian
Councilmember William Shelby
Councilmember Phil Vaughan

Present:

Kim Turner, City Manager
Megan Santee, City Attorney
Mateo Garcia, Finance Manager
Randy Luensmann, Public Works Director
Jessica Moore, Finance Director
Kristin Mueller, City Clerk/Economic Dev Director

Absent:

Councilmember Bear Goolsby

Mayor Williams noted a quorum was present.

3. INVOCATION: Lenny Dagg, Universal City United Methodist Church Lay Minister, 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 Shelby moved to approve the absence of Councilmember Goolsby. Mayor Pro Tem Neville seconded the motion.

Vote: Yeas: Shelby, Neville, Buck, Najarian, Vaughan
Nays: None

Motion to approve carried.

6. AWARDS/PROCLAMATION/INTRODUCTION OF GUESTS: None.
7. MINUTES OF THE PREVIOUS CITY COUNCIL MEETING:

Councilmember Najarian moved to approve the minutes of the Tuesday, August 2, 2022 City Council Regular Meeting. Councilmember Buck seconded the motion.

Vote: Yeas: Najarian, Buck, Neville, Shelby, Vaughan
Nays: None

Motion to approve carried.

8. CITIZENS TO BE HEARD:

- Ashton Bulman, 12807 El Dorado, invited people to donate to or participate in Santa Babies, a program to help low income families in Universal City by providing Christmas gifts to children. She said the goal is to help as many local families as possible.
- Nicholas Bulman, 12807 El Dorado, said that he would like City Council to postpone voting on the \$30M street bond until Council can consider reallocating the venue tax to pay for street maintenance. Also, he said that he would like Council to vote on option 4 of the tax rate, \$0.656205.
- Bill Fitzpatrick, 206 Quail Dr., said that he would save his words on the Venue Tax for now and invited everyone to attend the Casino Night hosting by the Universal City Citizens Police Academy Alumni Association at Olympia Hills Golf Course on Saturday, August 20, 2022.
- John Herberling, 8434 Ulysses, said that he would like to see more specific information from the City related to the \$30M street bond. He feels like if the residents had more information, they may support it. He also said that he would like Council to consider reallocating the venue tax to pay for street maintenance and that he was confused why the City was proposed a tax rate increase when the appraised values of homes increased so drastically.
- Jim Vinci, 8503 Aesop Lane, thanked Public Works for their great work on the roads and said that he was here to only get educated on the process and asked that discussion be kept as simple to understand as possible.
- Lois Guckian, 12205 Hollow Glen, Live Oak, asked that the Dog Park be cleaned up and that a safety concern on the small dog side be addressed. Lastly, she asked if more seating could be added and more features added for the dogs.
- Bernie Rubal, 635 Balboa, said that the consensus of the citizens is that the City needs to provide a plan for how they will use the \$30M street bond revenue. He would like to see what streets the City will repair and when so that there is a clear demonstration of what would be done and the residents won't feel like they are signing a blank check. He said there was nothing to be lost by postponing the bond vote. Also, he suggested that instead of proposing a tax increase, the budget should be adjusted to not need an increase.
- Tom Maxwell, 1251 Cibolo Trail, said that he was disappointed to see the councilmember's email that was posted to Nextdoor, with instructions to disseminate, with directions on how to vote and the words to use to do so. He said that the e-mail had disparaging words about staff, and it was an effort to circumvent the process to push an agenda and it was an act without integrity. He also suggested that if the venue tax was reallocated it should be reallocated to fund an Event Center.

9. BUSINESS:

A. Consideration and approval of an order calling a bond election to be held by the City of Universal City.

City Manager Kim Turner clarified that the bond fund would not be used to do road maintenance, but major road reconstruction by either a complete rebuild or a mill and overlay. She said that a traffic plan for improvements was completed in 2009 and it planned the street repairs for the next 50-60 years and identified an order for street improvements. She also said that for the 2010 bond election, where voters approved the issuance of \$20M street bond, the list of streets to be repaired was not identified because whether or not the street to be repaired is the street a voter lives on or not, the street needs to be repaired because everyone uses streets and street repair is a never ending process.

Victor Quiroga, Finance explained that the numbers that will be shared are best estimates and that future councils could change things down the line. He did iterate that the properties that

have the Over 65 and Disabled Persons exemption will not be impacted by the bond debt service. Mr. Quiroga gave a history of bond elections in Universal City as well as the I&S tax rate history and explained the factors that affect bond affordability factors. Some of the assumptions made in modeling the \$30M bond program was that the annual property value would grow 3% the first 5 years and then 2% thereafter. Also, it was assumed that the bond would be authorized in \$6M increments every 3 years. Based on the estimates, the I&S tax rate impact would grow incrementally for 13 years, for a maximum I&S increase of \$0.0118 by FY 2036 and the cumulative impact to a homeowner is approximately \$34.80 annually.

Rose Kunusky, attorney with McCall, Parkhurst, and Horton, explained the November 2022 election timeline and said that her office would work with City staff to ensure that all notice requirements are met. Also, she said that a \$30M street bond, issued over time, gives the City the ability to address problems as they come up as well as the flexibility to pivot if the need arises.

Public Works Director Randy Luensmann said that the \$30M bond monies would be used to pay for street and related drainage improvements. He said that the streets to be worked on will not be listed and they were not listed in 2010. Also, he has not engaged an engineer to calculate the costs of doing each street and said he will not do so until after the voters approve the bond.

Mrs. Turner said that when TxDot or Community Development Block Grant (CDBG) does a call for projects, the projects need to be shovel ready and the matching funds need to be available.

Councilmember Shelby asked if the rising interest rates will make the bond interest rates rise. Mr. Quiroga answered that the rates are 2% higher than they were last year. He also said that since the City has a AA+ rating, it will get the best rates available in the market at that time.

Councilmember Shelby asked how many streets were done with the 2010 bond monies and Mr. Luensmann answered 28 streets. Councilmember Shelby said basically the City is asking voters to approve a bond and trust City Council to issue the debt, not to exceed \$30M, when Council deems it necessary. Lastly, he said that for the voters over 65 years get to benefit from the bond projects, but the debt service doesn't affect them – essentially, free-to-them money.

Councilmember Vaughan asked if this election could be held in May and Mr. Quiroga replied that it could be held in May. Councilmember Vaughan asked if the tax freeze accounts were taken out when calculating the numbers and Mr. Quiroga answered that they used the numbers provided by the County. Next, Councilmember Vaughan asked if the I&S debt increases, then the revenue from the Over 65 exempt households would first go to the I&S debt, then the General Fund. Mr. Quiroga said question should be answered by a bond attorney.

Councilmember Vaughan asked what the I&S rate would be in 2036 if the City did not issue debt and Mr. Quiroga answered that he could not predict the future, but if the City did not issue any more debt between now and then, it would go down. City Manager Kim Turner added that if the City defeased or refinanced bonds during that time, it would also change the I&S rate.

Councilmember Vaughan asked why the City was waiting to the last minute to present this item to Council. Mrs. Turner replied that the City did not wait until the last minute, but has been discussing this with Council for about one year. She said that it would be shortsighted of staff and Council to not long-term plan.

Councilmember Buck asked if only the tax levy over the Over 65 and Disabled Persons how did the property valuation for the City decrease. Mrs. Turner explained that the City lost what the valuation would be without the freeze.

Councilmember Buck asked if the venue tax is reallocated to cover street repairs, he would like to consider a \$20M bond.

Mayor Williams said that the item being considered at this time is whether or not to call an election to ask voters to approve a \$30M street bond.

Councilmember Najarian agreed that the discussion related to reallocating the venue tax has not happened yet, so any option counting on that change should not be considered. He did ask what the downfall would be of a \$15M bond instead of \$30M. Mayor Williams responded that it would give the City more flexibility. Also, Councilmember Najarian commented that there would be a better cross section and higher voter turn out in a November election versus a May election.

Councilmember Vaughan asked to take a moment to recap what they are deciding and said he would prefer a \$15M bond election and allow time to find other revenue streams to cover street maintenance and give the City more time to explain how the money would be used.

Mayor Pro Tem Neville said that he understands Councilmember Vaughan's point, but suggested that the put the \$30M bond proposition on the ballot and let the voters decide whether it goes forward or not. And if not, then go back in May with a smaller request.

Councilmember Shelby moved to approve Ordinance 667. Councilmember Najarian seconded the motion.

VOTE: YEAS: Shelby, Najarian, Neville, Buck, Vaughan

NAYS: None

Motion to approve carried.

Mayor Williams called for an intermission at 8:11 p.m.

Mayor Williams reconvened the open meeting at 8:20 p.m.

B. Consideration and approval of a Financing Plan for the Issuance of Waterworks and Sewer System Revenue Bonds, Series 2022.

Public Works Director Randy Luensmann gave a presentation detailing the items that would be funded by the \$4.5M issuance. Those items were demolishing and replacing a million-gallon ground storage tank, a 3.9A land acquisition. for future elevated tank replacement, upgrading an 8' sewer line to a 12' sewer line, and the drilling and development of a new Well #12.

Mr. Quiroga clarified that by approving this agenda item, they are not finalizing interest rates, but authorizing him to move forward with the issuing process. If approved tonight, he will be back at the September 6th City Council meeting with set rates and to order the issuance.

Councilmember Buck moved to approve the Financing Plan for the issuance of Waterworks and Sewer System Revenue Bonds, Series 2022. Councilmember Shelby seconded the motion.

VOTE: YEAS: Buck, Shelby, Neville, Najarian, Vaughan
NAYS: None

Motion to approve carried.

- C. Consideration of Resolution DEAAG-2022: A Resolution by the City Councils, respectively, for the City of Universal City, Live Oak, and Schertz, Texas approving an application for a Defense Economic Adjustment Assistance Grant (DEAAG) related to the provision of goods and services to Joint Base San Antonio (JBSA); authorizing the Alamo Area Council of Governments (AACOG) to submit the application, and if awarded, administer the grant on behalf of the cities; and authorizing the procurement and installation of a traffic signal pre-emption system.**

Mrs. Turner explained that this resolution allows for an interlocal agreement for provision of services by AACOG to act as the grant writer, grant administrator, and fiscal agent for the 2022 DEAAG application for the traffic pre-emption system. The Traffic Pre-Emption project is being included in the DEAAG application with a war room and communication towers at Lackland. Live Oak and Schertz are also considering participation in the traffic pre-emption project.

Councilmember Shelby asked if this project was being funded with ARPA funds and Mrs. Turner confirmed.

Mayor Pro Tem Neville asked what the time frame of the project would be. Mrs. Turner answered that it is largely dependent on what other cities choose to participate.

Councilmember Najarian moved to approve Resolution DEAAG-2022. Councilmember Shelby seconded the motion.

VOTE: YEAS: Najarian, Shelby, Neville, Buck, Vaughan
NAYS: None

Motion to approve carried.

- D. Consideration of the Inter-Local Agreement for the provision of Grant Writing Administrative Services and Fiscal Services for the Defense Economic Adjustment Assistance Grant (DEAGG) by AACOG to the Cities of Live Oak, Schertz, and Universal City, Texas.**

Mrs. Turner explained that this item is the Inter-Local Agreement discussed previously.

Councilmember Shelby moved to approve the Inter-Local Agreement for the provision of Grant Writing Administrative Services and Fiscal Services for the Defense Economic Adjustment Assistance Grant (DEAGG) by AACOG to the Cities of Live Oak, Schertz, and Universal City, Texas. Mayor Pro Tem Neville seconded the motion.

VOTE: YEAS: Shelby, Neville, Buck, Najarian, Vaughan
NAYS: None

Motion to approve carried.

E. Presentation of the FY2022-2023 Budgets.

Finance Director Jessica Moore presented the proposed FY 2022-2023 budgets and answered questions accordingly.

Fund	Revenue	Expenditures
General Fund	\$23,013,116	\$22,757,846
Capital Projects	\$5,275,858	\$5,275,858
Debt Service	\$1,628,630	\$1,620,128
Utility Fund	\$10,659,445	\$10,659,445
Storm Water Utility	\$1,569,579	\$1,569,579
Golf Course	\$4,385,000	\$4,385,000

Councilmember Vaughan proposed that instead of Staff receiving a 5% COLA, that they receive a flat dollar amount so that it is equally proportionate to the lower paid staff.

Councilmember Buck asked how Universal City staff salaries compare to other City's staff salaries. Mrs. Turner said that Universal City pay rates are competitive to other cities similar in size.

F. Presentation of the Proposed 2022 Tax Rate to support the FY2022-2023 budget.

Finance Director Mateo Garcia presented the Proposed 2022 Tax rate:

	FY2022	Proposed FY 2023/ NNR	MID	Voter Approval Rate	Option Rate
Maintenance & Operation	0.488861	0.561581	0.575204	0.588826	0.544577
Debt Service	0.100537	0.111628	0.111628	0.111628	0.111628
Total	0.589398	0.673209	0.686832	0.700454	0.656205

Councilmember Shelby asked what services the City gave up to get the excess in revenue. Dr. Moore commented that no services were cut, but proposed Sales Tax Revenue was increased over prior year.

Councilmember Vaughan contended that the proposed tax rate, as presented, is incorrect. He suggested that there was an accounting error and that the proposed tax rate should be lower than prior year. Dr. Moore replied that the calculations were provided by Bexar County.

Councilmember Najarian commented that he did not understand the increase and if the proposed tax rate could be lowered, it should be.

Councilmember Shelby asked if the calculated proposed tax rate has been wrong in the past and Mrs. Turner answered that it has not been. He then commented that the amount of revenue to the City between option 1 and option 4 is substantial, but the amount of money the difference saves residents is nominal.

Councilmember Buck asked if the property tax notices sent to residents by the County were correct this year and Mrs. Turner answered that they were not. He made a point that the County

has made mistakes in the past. Secondly, he wanted an explanation on how, if the frozen properties are to pay the same amount of taxes as last year and everyone else's property values increased, then how is there a need to increase the tax rate.

Mrs. Turner said that Staff had the same questions and have asked the County multiple times and each time the County has confirmed that the numbers that they provided were correct.

G. Record vote on Proposed 2022 Tax Rate and schedule Public Hearings.

Councilmember Shelby moved to accept the Proposed 2022 Tax Rate of 0.656205 (0.544577 M&O; 0.111628 I&S) to support the FY 2023 Budgets. Councilmember Najarian seconded the motion.

**VOTE: YEAS: Shelby, Najarian, Neville, Buck, Vaughan
NAYS: None**

Motion to approve carried.

H. Consideration Resolution 941: A Resolution authorizing a project, which will facilitate the promotion and development of new or expanded commercial development, and which was approved by the Board of Directors of the Economic Development Corporation on 11 August 2022; and providing an effective date. (1st Reading).

Economic Development Director Kristin Mueller explained that the Economic Development Corporation (EDC) voted to approve the Storefront Improvement Project for 900-940 Pat Booker Rd at their last meeting. The project would consist of rehabilitating the one of the pole signs at the Randolph Plaza Shopping Center and adding an architectural feature on top of the pole sign that identifies the shopping center. The EDC agreed to reimburse Randolph Plaza Shopping center, LLC \$14,400 after all permits have been closed out provided that they spend \$24,000 on the project.

Councilmember Shelby moved to approve Resolution 941. Councilmember Najarian seconded the motion.

**VOTE: YEAS: Shelby, Najarian, Neville, Buck, Vaughan
NAYS: None**

Motion to approve carried.

I. Consideration of the FY2022-2023 UCEDC Budget.

Ms. Mueller gave an overview of the FY2022-23 UCEDC Budget and answered questions accordingly.

Councilmember Shelby moved to approve the FY22-23 UCEDC Budget. Councilmember Najarian seconded the motion.

**VOTE: YEAS: Shelby, Najarian, Neville, Buck, Vaughan
NAYS: None**

Motion to approve carried.

- J. **CLOSED SESSION** pursuant to Tex. Gov't Code Sec. 551.072 to deliberate on the purchase of approximately 3.9 acres of real property generally located northwest of the intersection of Athenian and Centerbrook, in Live Oak, Guadalupe County, Texas.

Mayor Williams and Councilmembers, City Manager Kim Turner, City Attorney Megan Santee, and Public Works Director Randy Luensmann convened into Closed Session at 9:45 p.m.

- I. **Reconvene into Open Session.**

Mayor Williams reconvened the meeting into Open Session at 10:03 p.m.

- K. **Consideration and appropriate action regarding the purchase of approximately 3.9 acres of real property generally located northwest of the intersection of Athenian and Centerbrook, in Live Oak, Bexar County, Texas.**

Councilmember Buck moved to approve Resolution 942, authorizing the purchase of approximately 3.9 acres of real property located northwest of the intersection of Athenian and Centerbrook, in Live Oak, Bexar County, Texas. Councilmember Najarian seconded the motion.

VOTE: YEAS: Buck, Najarian, Neville, Shelby, Vaughan
NAYS: None

Motion to approve carried.

10. CITY MANAGER COMMENTS:

Mrs. Turner had Mr. Luensmann give an update on the Edward Aquifer water restrictions and how they affect the City's allocation.

12. COUNCILMEMBER COMMENTS:

Councilmember Buck said that he would be out of town and unable to conduct his *Meet and Message* event at the Universal City Public Library on September 4th and asked for another Councilmember to host it. Councilmember Vaughan agreed to host it.

Mayor Pro Tem Neville thanked the residents who stayed until the end of the meeting.

Councilmember Najarian invited everyone to attend the Casino Night this Saturday.

Councilmember Vaughan made no comments.

Councilmember Buck made no comments.

13. MAYORAL COMMENTS:

Mayor Williams informed that he will be attending the 19th Air Force Change of Command ceremony on August 19th. Also, he announced that the Northside Herald no longer delivers to Universal City and that the City will post its legal notices in the San Antonio Express News and on the City's website.

14. ADJOURNMENT: Mayor Williams adjourned the meeting at 10:14 P.M.

ATTEST: _____
John Williams, Mayor

Kristin Mueller, City Clerk