

**MIDLAND CITY COUNCIL
MINUTES
May 3, 2018**

The City Council, pursuant to Texas Government Code §551.041, met in Special Session at the Hispanic Cultural Center, 1311 East Wadley, Midland, Texas, at 8:00 a.m. on May 3, 2018.

Council Members present: Mayor Jerry F. Morales, Mayor Pro Tem Sharla Hotchkiss (District 3), Council Member Spencer Robnett (At-Large), Council Member Jeff Sparks (District 1), Council Member John B. Love III (District 2), and Council Member J.Ross Lacy (District 4).

Council Members absent: Council Member Scott Dufford (At-Large) (arrived at 8:17 a.m.)

Staff members present: City Manager Courtney Sharp, City Attorney John Ohnemiller, Assistant City Manager Frank Salvato, Assistant City Manager Robert Patrick, City Secretary Amy Turner, Presiding Judge Sharon Hatten, Interim Police Chief Seth Herman, Fire Chief Chuck Blumenauer, Utilities Director Laura Wilson, Administrative Services Director Mark Widmann, Finance Director Pam Simecka, Development Services Director Charles Harrington, Community Services Director Tina Jauz, Engineering Services Director Jose Ortiz, Director of Airports Justine Ruff, General Services Director Fred Reyes, Solid Waste Director Morris Williams, Auditor Debbie Gotovac, and Public Information Officer Elana Ladd.

Mayor Morales called the meeting convened at 8:09 a.m.

SPECIAL SESSION

1. The City Council will meet together with its Council appointees, administrative staff, department managers and others in a workshop to discuss and consider public policy, personnel issues, annexation issues, water-related issues, land acquisition and disposition issues, leasing city owned property for oil and gas development, park development and funding issues, street and road issues, infrastructure needs, privatization of City services and recreational activities, development issues, economic development issues, public health issues, public safety issues, and operational procedures of the City; and to develop priorities for the upcoming year and for long-term planning. The City Council shall also discuss and consider the goals and development of the City.

WELCOME: Mayor Morales welcomed all and made introductions. He emphasized the need to keep up with major growth and provided an overview of what would be discussed.

CIP PRIORITIES BY DEPARTMENT: City Manager Courtney Sharp reported he asked each of his Department Managers to review all capital improvement projects outlining where we have come from and where we are headed. He thanked staff for their work.

Community Services – Community Services Director Tina Jauz reported they completed the Scharbauer Sports Complex Auxiliary Fields and the Washington Park Aquatic Center. Their ongoing projects include Dennis the Menace Park and Midland Convention Center. Her priority for future projects include a new Animal Shelter Facility (\$5 million), driving range at Hogan Park (\$500,000), renovation of neighborhood park playgrounds (\$2,450,000), ballfield lighting improvements (\$750,000), sports field improvements (\$1,250,000), Quail Cart Paths at Hogan Park Golf Course (\$1,000,000), redo pro shop, snack bar, pavilion, and cart storage at Hogan Park Golf Course (\$5,500,000), and Dennis the Menace Phase III (\$800,000).

Engineering – Engineering Services Director Jose Ortiz reported on completed projects including Beal Parkway, and Compass 2017. Ongoing projects include the Carver Project, Highway 349 Project, and Tradewinds. Future projects include ROW - Fairgrounds North of Loop 250 (\$ TBD), ROW - Avalon Drive (\$600,000), and ROW - Mockingbird Lane (\$750,000).

General Services – General Services Director Fred Reyes reviewed projects completed to date including the Bank of America land purchase. Their ongoing projects include Fire Station 6, elevator replacement at City Hall, and abatement of Building of the Southwest. Their future projects include design and build of Fire Station 11 (\$4,500,000), design and build of Fire Station 5 (\$4,500,000), and mechanical, electrical and plumbing improvements to City Hall (\$2,066,010). Fred briefly addressed the fire that that occurred on Sunday at Vehicle Services. Fire Chief Chuck Blumenauer reported the video shows it started in the wiring of a truck.

Fire – Fire Chief Chuck Blumenauer reported their future needs include emergency power (\$305,000), security (\$190,000), and a new regional training facility (\$9.5 million).

Police – Interim Police Chief Seth Herman reported their focus is on training and their need for a new Police training facility (\$850,000), an emergency driving track (\$1.2 million), a ballistic firearms training building (\$1.25 million), and a new mobile command post (\$408,865).

CISD – Assistant City Manager Frank Salvato reported that Communications has put in over \$12 million worth of improvements in the last year. Their future needs include the Communication Ring and Opticom (\$3.1 million), single-sign on/two factor authentication to provide better security (\$75,000), and Public Wi-Fi (\$27,400).

Water & Wastewater Utilities – Utilities Director Laura Wilson reported they completed the Water Tower Rehab Project and the Paul Davis Expansion Study. Their ongoing projects include Spraberry Rehab, the Water Distribution System and Wastewater Modeling and Flow Study, Water Plant Conversion, and Water Plan Oversight Project. Their future projects include new infrastructure for water and sewer in northeast Midland (\$18,000,000 - TCEQ driven), re-chlorination stations Wadley/Edgewood/Northwest (3 @ \$900,000/each), line effluent ponds at the plant farm (\$2.5 million), and the T-Bar Booster Station (\$1.8 million).

Stormwater Utility – Engineering Services Director Jose Ortiz referred to the projects listed in the book and shared pictures of drainage issues that would be covered under the bond projects including Garfield and D Street. He shared a 5-year map of the drainage projects that would add capacity to the channels.

Sanitation – Solid Waste Director Morris Williams reported they completed the scale house and entrance facilities and the lines are moving faster all due to technology. Their ongoing projects include the Citizen Collection/Recycle Center and Landfill Cell 7. He reported that future

projects include additional office space and paint shop (\$500,000) and the Southwest Citizen Collection Center (\$1 million). Litter issues were briefly discussed.

Airport – Director of Airports Justine Ruff reported the projects they have completed include rehabilitation of entrance road pavement, HVAC upgrade, and aircraft ramp lighting improvements. She reviewed the list of ongoing projects noting that the majority use FAA grant money and when a match is needed they are able to use the passenger facility fee for those projects. Their future projects include parking lot pavement rehab (\$4.1 million) and removal of terminal fire stairs (\$830,000).

Mayor Morales called for a brief recess at 10:54 a.m. The meeting reconvened at 11:08 a.m.

FUNDING OPTIONS:

Certificate of Obligations - Finance Director Pam Simecka reported she was tasked with looking at the debt structure and noted that she is only referring to tax supported debt as all of the enterprise funds pay for projects out of their own funds. The City has an internal policy that it will not incur more than 10 cents in debt noting that we just entered into debt for the road bond. She reviewed the chart showing the various debt payments that would be incurred if certificate of obligations were taken out to cover the general fund projects discussed. She noted that the City could potentially end up at 11 cents debt in four years. The second scenario ended up with 10.5 cents and the third ended up with 10 cents but pushes out paying off the principal.

City Manager Courtney Sharp emphasized that the 10 cent debt ceiling is not in the charter but just a policy. He suggested that if Council would like to pursue going over 10 cents, discussion should be held with the bond attorney first as it might affect the City's bond rating. He cautioned that the golf course improvements would need to be included in general fund tax rate. This is not the only tool, but one that could be used. He also discussed the possibility of using Hotel/Motel funds for some recreational sports facilities.

Oil and Gas Royalty – Staff reported they are beginning to look at how to track oil royalties and are now tracking it closer than ever before. A graph was shared showing they estimate \$5.5 million at the airport and about \$1.5 million for the general fund. It was noted the estimate is based on oil at \$50/barrel.

Mr. Sharp reviewed the rankings from staff noting the "Must Do" list equate to \$35.8 million. If Council gives the go ahead, staff will begin to chip away with the unappropriated fund balance.

Council Member Robnett suggested forming an Oil & Gas Royalty Advisory Committee that would direct Council on the use of those funds annually. He suggested having each of the four districts appoint one member and the fifth member be appointed by the at-large members. It was noted that the airport revenues are required to stay inside the airport. Council was in consensus with moving forward with forming an advisory committee.

Non-CIP Funding Needs

Administrative Director Mark Widmann reported that many departments are understaffed, especially those that require commercial drivers' licenses. The City has 1052 full time equivalent positions and 128 vacancies. He reviewed their recruiting practices. Council Member Dufford read an article in the Wall Street journal reporting there are cities all over the country paying down student loans for new employees. It was suggested to try a similar program with the requirement of staying for a specific length of time.

Mr. Widmann reported that in 2014 a full employee compensation study was conducted. At that time Council chose to implement keeping employee pay at the 50th percentile. Staff recommends moving toward the 75th percentile over time as a way to keep employees. Each percentile represents about \$2 million. He also recommended doing an updated study to find out the City's current standing and to ensure we are in the right market. We need to take into consideration local factors such as cost of living. He noted that Lubbock's cost of living is 14% less and Dallas is 3% less. Housing is up 19% from one year ago and apartments now rent for \$1.25 per square foot. Private sector pay should also be considered as Midland has the lowest unemployment rate in the state at 2.4% and the nationwide rate is 4.1%. Past strategies for employee retention included pay progressions, 5% COLA at one year, and a lump sum payment for CDL drivers. Adjustments have been made to public safety but they still lag behind and need adjustments to remain competitive. Interim Police Chief Seth Herman reported they are down 17 positions largely due to apartment rate increases. When they recruit from outside of Midland, once they are trained they tend to go to other agencies where the cost of living is lower. They are losing potential local candidates to higher paying jobs in Midland. Assistant City Manager Robert Patrick reported that during the last boom the City offered up to \$1,500 per month for sworn officers, depending on family status, to help ease the housing cost.

Mr. Widmann reported on group health concerns noting the lack of local providers, lack of speedy claim processing, and high cost of health care. They are going out for RFP for the administration of group health. Since the adoption of the Affordable Health Care Act, the City has seen a 10-12% increase per year which is industry standard.

Mayor Morales called for a brief recess at 12:02 p.m. The meeting reconvened at 12:15 p.m.

POLICY DISCUSSION

Truck Ordinance – Interim Police Chief Seth Herman noted that if we use the City's current truck ordinance we would need to hang signs in town designating local truck routes. The option is to seal off the internal portion of town keeping truck traffic only on Loop 250, I-20 and Fairgrounds. Engineer Services Director Jose Ortiz reported that the current signage is confusing and that Fairgrounds and Loop 250 are the better options as those roads are equipped to handle the traffic. The fine is \$500 for driving in town and if a commercial driver is driving without a commercial driver's license the fines are very substantial. It was also noted that some trucks are substantially over weight and that full inspections should be done on commercial vehicles. Council suggested bringing in trucking companies to keep them informed. Consensus was to keep the current truck ordinance and fix the signage keeping as much truck traffic out of the interior of the City as possible.

Sign Ordinance – Development Services Director Chuck Harrington reported he has been short-staffed three planners and they are spending their efforts on day-to-day operations. They are almost back to full staff and anticipate moving forward with the sign ordinance after the first of June. They will schedule meetings and review the issues.

Spaceport – Council Member Robnett reported the Spaceport license is up for renewal next year and it should be discussed. Council Member Love noted that the quarterly meetings are not being held. Staff noted there is nothing to discuss at this time so meetings have not been held. Mayor Morales reported he attended the space symposium to get a better understanding of where the spaceport is on the national scene. There were 14,000 attendees. Midland was

the only City present and he received feedback that Midland Texas is so far ahead of everyone else and they expect the spaceport industry to explode in the next 5-6 years.

Director Contracts – Staff reported that the current director contract dates back to 1991 or 1992. The contract is an important recruiting tool for directors who are coming from out of state, selling their homes and uprooting their families. The contract gives assurance that if political winds change they would be compensated. Council Member Robnett didn't think anyone would have a problem if the director were terminated without cause, but their issue is for termination with cause and for violations to policy. City Manager Sharp reported that he and the City Attorney would work on tweaking the contract and bring it back for discussion. City Attorney John Ohnemiller reported he would include not paying severance for felony, moral turpitude or policy violation.

Wrap up – City Manager Sharp reported that staff will send out an email of action items.

Mayor recessed the meeting to Executive Session at 12:42 p.m.

EXECUTIVE SESSION

2. Pursuant to Texas Government Code §551.101, the Council will hold an Executive Session which is closed to the public to discuss the following matters as permitted under the following Texas Government Code sections:
 - a. Personnel Matters, Section 551.074
 - a.1. Deliberate the employment, evaluation, and duties of the City Manager, City Attorney, City Secretary, Municipal Court Presiding Judge, and Municipal Court Associate Judge.
 - b. Deliberate Regarding Economic Development Negotiations, Section 551.087
 - b.1. Discuss business prospects that the City seeks to have, locate, stay, or expand in or near the City of Midland, Texas, and discuss possible incentives.

All of the business at hand having been completed, the meeting adjourned at 2:39 p.m.

PASSED AND APPROVED the 12th day of June, 2018.

Jerry Morales, Mayor

ATTEST:

Amy M. Turner, City Secretary