

THE STATE OF TEXAS §
COUNTY OF ANDERSON §
CITY OF PALESTINE §

The City Council of the City of Palestine, Texas convened in a Regular Meeting on Monday, July 23, 2018 at 3:30 p.m. for the Work Session in the City Hall Conference Room, and at 5:30 p.m. for the Regular Meeting in the Council Chambers at City Hall, 504 N. Queen Street, Palestine, Texas, with the following people present:

- Steve Presley, Mayor
- Mitchell Jordan, Mayor Pro Tem
- Larissa Ray Loveless, Councilwoman
- Vickey L. Chivers, Councilwoman
- Joe Baxter, Councilman
- Dana Goolsby, Councilwoman
- Ann Connor, Councilwoman

- Michael Hornes, City Manager
- Teresa D. Herrera, City Secretary
- Ronald D. Stutes, City Attorney

Others present: Development Services Director Jeffrey Lyons, Public Works Director Tim Perry, Communications Officer Nate Smith, Police Chief Andy Harvey, HR Manager Susie Streb, PEDC Director Gayle Cooper, and other interested citizens;

with the following member absent: Councilwoman Chivers was absent for the work session.

WORK SESSION

With a quorum present, Mayor Presley called the work session to order at 3:31 p.m.

Discuss amendments to the 2012 International Energy Conservation Code.

Building Official Mark Miears explained that the current code require that contractors obtain certifications that are costly and difficult to obtain. The recommended amendments will avoid burdensome regulations in instances where the public benefit to those regulations is outweighed by the burdens of compliance.

Discuss Hotel Occupancy Tax Policy Item F2 Award of Funding to remove the cap of \$10,000 per event/function per year.

Marketing Manager Mary Raum explained that after review of the HOT Policy with the needs of the community staff has identified some recommended updates to the policy, removing the cap of \$10,000 per event/function per year. Discussion was held.

Discuss a final draft copy of the amended Financial Oversight Advisory Committee ordinance and potential modifications to the draft. (addendum)

Councilmember Joe Baxter explained that he would like to have the ordinance changed. He feels the changes he proposed are necessary. City Manager Hornes advised that Financial Oversight Advisory Committee has met twice and the meetings have been very productive. Discussion was held.

Discuss proposed budget for Fiscal Year 2018-2019.

City Manager Michael Hornes provided a summary of the proposed budget. General Fund estimated revenue for FY 18-19 at \$13,715,000. Council needs to consider whether they would want to fully fund PD patrol with eight current vacancies and keep the total tax rate the same as this year. There will be health insurance savings. However, because of the shorter plan year, fully funded options presented considerable challenges. Therefore, a self-funded option for nine months to get the health insurance on a fiscal-year basis has become the best option.

Water Fund: to pay for new water meters on a cash basis over the next several years, rate increase is proposed.

Sanitation Fund summary was provided. Some changes to consider: based on gasoline projections a substantial rate increase is anticipated. However, if garbage pickup is reduced to once per week, ratepayers and the city could see potential savings. Council directed staff to setup a town hall meeting to hear from the taxpayers.

Retail Fund: capital costs for the mall have been delayed due to funding and putting the all or part of the mall for sale is still on the table.

HOT Funds summary was provided.

Palestine EDC budget will place a renewed focus on infrastructure. \$300,000 will be budgeted for infrastructure improvements.

With no other business to come before the Council, the work session was adjourned at 5:15 p.m.

CALL TO ORDER - REGULAR MEETING

Mayor Presley called the Regular Meeting to order at 5:30 p.m.

INVOCATION AND PLEDGE OF ALLEGIANCE

The invocation was given by Rev. Roy Duncan, and was followed by the Pledge of Allegiance.

PROPOSED CHANGES OF AGENDA ITEMS

There were no proposed changes.

PUBLIC COMMENTS, PUBLIC RECOGNITION, AND ANNOUNCEMENTS

Dale Coleman spoke regarding saving money by eliminating fluoride in City's water.

Rev. Roy Duncan spoke regarding new construction in Old Town.

Carey McKinney spoke regarding Anderson County Football League and Palestine Athletic Complex with the City of Palestine.

Mike Kelly spoke regarding Palestine Athletic Complex.

Melvin Coleman spoke regarding Anderson County Football League.

Eddie Hollingsworth spoke regarding Anderson County Football League.

James Smith spoke regarding City government.

Brandon Nicholson was recognized for his promotion from Officer to Corporal.

Certified Officer Justin Carlson was recognized, he is a new officer for Police Department.

Mary Raum was recognized for obtaining Texas Destination Marketer Certification.

CONFLICT OF INTEREST DISCLOSURES

Mayor Pro Tem Jordan filed affidavit on abstention from voting on Item 1 of the Regular Agenda.

PUBLIC HEARING

- 1) Public hearing regarding specific use permit to allow propane sales and distribution on property zoned C-4, highway commercial located at 6010 N. Loop 256. Applicant W&I Propane Properties, LLC/Nelson Propane.

Development Services Director Jeffrey Lyons informed that the property is zoned Highway Commercial and there is an existing commercial building currently unoccupied. Five notices were mailed to property owners

within 200-feet of the location. One was returned in favor of the request. None have been returned in opposition. The Planning and Zoning Commission reviewed the request and voted unanimously to approve the request.

Mayor Presley opened the public hearing at 6:14 p.m. and asked for anyone speaking for or against the request to do so. Jeff Nelson spoke in favor. With no one else speaking, Mayor Presley closed the public hearing at 6:16 p.m.

2) Public hearing regarding specific use permit to allow a tattoo parlor on property zoned RPO, restricted professional office at 1010 N. Church Street. Applicant Kyle Williams.

Development Services Director Jeffrey Lyons informed that the property is Restricted Professional Office and there is an existing commercial building currently unoccupied. 13 notices were mailed to property owners within 200-feet of the location. One was returned in opposition of the request. None have been returned in favor. The Planning and Zoning Commission reviewed the request and voted unanimously to approve the request.

Mayor Presley opened the public hearing at 6:17 p.m. and asked for anyone speaking for or against the request to do so. Kyle Williams spoke in favor. With no one else speaking, Mayor Presley closed the public hearing at 6:18 p.m.

3) Public hearing regarding zoning change from I-1, general industrial to R-3, single family detached, high density district on Lot 1 of the Thomas Plumbing Addition being 2.163 acres located at the southeast corner of Academy Drive and Murchison Street. Applicant Alex Claymon.

Development Services Director Jeffrey Lyons informed that the property is General Industrial and the property is currently undeveloped; the applicant proposes to subdivide the property and place approximately 10 new single-family homes. Six notices were mailed to property owners within 200-feet of the location. None were returned in favor or in opposition. The Planning and Zoning Commission reviewed the request and voted unanimously to approve the request.

Mayor Presley opened the public hearing at 6:20 p.m. and asked for anyone speaking for or against the request to do so. Gayle Cooper and Alex Clayman spoke in favor. With no one else speaking, Mayor Presley closed the public hearing at 6:23 p.m.

MAYOR'S REPORT

Mayor Presley informed that the City is not trying to decrease the participation of Anderson County Football League at the complex. He added that it is only fair to the taxpayers that more groups have access to the complex, to increase the use of the complex.

ITEMS FROM COUNCIL

Councilwoman Goolsby informed that the Palestine Community Theater's summer production "Peter Pan Broadway's Timeless Musical" will be the weekends of July 27th and August 3rd.

Mayor Pro Tem Jordan informed that he will host Councilman Jordan's Community Engagement and Back to School Bash at Willie Myers Park on August 5th starting at 10:00 a.m. and soap box race during Hot Pepper Festival. He added that Waste Connection needs to be on the next agenda.

Councilwoman Loveless wants to know what the Financial Oversight Committee considers best practices for credit cards and what they believe about full encumbrance accounting. Also, she asked to see the list provided to me according to Tax Code 351.108. A municipality or entity that spends revenue derived from the tax imposed under this chapter shall, before making an expenditure, specify in a list each scheduled activity, program, or event that: 1) is directly funded by the tax or has its administrative costs funded in whole or in part by the tax; and 2) is directly enhancing and promoting tourism and the convention and hotel industry. The list required should be provided to the office of the city secretary or to the city secretary's designee.

CITY MANAGER'S REPORT

Communications Officer Smith provided an update on the demolition of Old Memorial Hospital. He added that asbestos abatement will begin on Monday and as of right now there will not be any street closures.

City Manager Hornes informed that a budget work session is scheduled for Monday, July 30th and he provided an update on proposed budget for Fiscal Year 2018-2019. The estimated revenue for the General Fund is \$13,715,000, which is a decrease of \$315,000. This budget includes \$500,000 in fund balance reserve. He stated that Gallagher Benefits will be present at Monday's work session to present health care options for the City. He provided information on water fund, sanitation fund, retail fund, HOT fund, and Palestine EDC. Also, town hall meeting will be scheduled for Monday.

Interim Finance Director Mary Morgan provided background information for herself, which includes a significant background in audits and governmental accounting. She provided an update of the City's finances. She has found significant problems, bank reconciliations are seven months behind, checks not recorded, transfers in and out not recorded, items not coded correctly, system not being used to full capacity, training of staff to use the software system, and internal controls need to be in place, and processes and procedures need to be created within the department to create efficiency. She recommends that bank reconciliations need to be done on a daily basis. She added that the prior bank reconciliations are not correct because they were forced.

City Manager Hornes informed that department directors were present to address questions from Council regarding reports.

Finance (Municipal Court & Utility Billing), Police June Stats, Library June Report & July Calendar, Public Works (Fleet, Airport, Streets, Utilities, Facilities, Waste/Refuse, & Dedicated Property Tax/Street Maintenance), PEDC Quarterly Report, Tourism, and Main Street departmental reports were provided.

CONSENT AGENDA

- 1) Consider approval of invoices over \$25,000. Finance Accountant Jim Mahoney
- 2) Consider adopting an ordinance amending the Membership and Attendance Requirement for the Tourism Advisory Board, the Public Health Advisory Board, the Arts Advisory Board, the Library Board, the Main Street Advisory Board, and the Parks Board. City Secretary Teresa Herrera
- 3) ~~Consider awarding Bid RFB-03-18 Sale of Real Property located at northwest corner of M.L. Cary Drive and Reagan Street to KMR Enterprises of Texas for \$2,010. Development Services Director Jeffrey Lyons~~

Mayor Pro Tem Jordan made a motion, seconded by Councilwoman Chivers, to approve the Consent Agenda Items 1 and 2 as presented adopting **Ordinance No. O-25-18**. Upon vote, motion carried unanimously 7-0.

REGULAR AGENDA

Consider awarding Bid RFB-03-18 Sale of Real Property located at northwest corner of M.L. Cary Drive and Reagan Street to KMR Enterprises of Texas for \$2,010.

Development Services Director Jeffrey Lyons informed that they have not been able to make contact with KMR Enterprises of Texas.

Councilman Baxter made a motion, seconded by Councilwoman Chivers, to reject the bid that was received by KMR Enterprises of Texas. Upon vote, motion carried unanimously 7-0.

- 1) Second reading and approval of Resolutions regarding Palestine Economic Development Corporation and City of Palestine notice of intention to grant:
 - a. \$2,000 to the Museum for East Texas Culture; Resolution No. R-20-18
 - b. \$5,000 to the Texas Youth Advocates; Resolution No. R-21-18
 - c. \$4,385 to G4orce Athletics; Resolution No. R-22-18
 - d. \$4,615 to Meals on Wheels of Palestine; and Resolution No. R-23-18
 - e. \$34,000 to the City of Palestine. Resolution No. R-24-18

Mayor Pro Tem Jordan stepped out at 7:14 p.m.

PEDC Asst. Director Greg Laudadio provided a summary. The first reading of the resolutions was done on July 9th. Awards are granted to projects that will promote growth of business and economic activity, tourism,

athletics, city infrastructure, and quality of life in our community. Discussion was held. Grants are reimbursable; they must pay for the project upfront.

Councilwoman Chivers made a motion, seconded by Councilman Baxter, to approve the resolutions as presented. Upon vote, motion carried unanimously 6-0.

Mayor Pro Tem Jordan returned at 7:28 p.m.

- 2) Consider adopting an ordinance amending Chapter 22, Building and Building Regulations, Section 22-45, Amendments to the Codes by adopting amendments to the 2012 International Energy Conservation Code.

Building Official Mark Miears explained the adoption of the recommended amendments will avoid burdensome regulations in instances where the public benefit to those regulations is outweighed by the burdens of compliance.

Councilman Baxter made a motion, seconded by Councilwoman Loveless, to adopt **Ordinance No. O-26-18** as presented. Upon vote, motion carried unanimously 7-0.

- 3) Consider adopting an ordinance for specific use permit to allow propane sales and distribution on property zoned C-4, highway commercial located at 6010 N. Loop 256. Applicant W&I Propane Properties, LLC/Nelson Propane.

Development Services Director Jeffrey Lyons provided a summary.

Councilwoman Connor made a motion, seconded by Councilman Baxter, to adopt **Ordinance No. O-27-18** as presented. Upon vote, motion carried unanimously 7-0.

- 4) Consider adopting an ordinance for specific use permit to allow a tattoo parlor on property zoned RPO, restricted professional office at 1010 N. Church Street. Applicant Kyle Williams.

Development Services Director Jeffrey Lyons provided a summary.

Councilwoman Goolsby made a motion, seconded by Councilman Baxter, to adopt **Ordinance No. O-28-18** as presented. Upon vote, motion carried 6-1 with Councilwoman Connor voting nay.

- 5) Consider adopting an ordinance for zoning change from I-1, general industrial to R-3, single family detached, high density district on Lot 1 of the Thomas Plumbing Addition being 2.163 acres located at the southeast corner of Academy Drive and Murchison Street. Applicant Alex Claymon.

Development Services Director Jeffrey Lyons provided a summary.

Mayor Pro Tem Jordan made a motion, seconded by Councilman Baxter, to adopt **Ordinance No. O-29-18** as presented. Upon vote, motion carried unanimously 7-0.

- 6) Discuss and take any necessary action regarding proposed amended Financial Oversight Advisory Committee Ordinance. (addendum)

Councilman Joe Baxter made a motion, seconded by Mayor Pro Tem Jordan, to place this item in work session and regular agenda for the next regular City Council meeting. Upon vote, motion carried unanimously 7-0.

CLOSED SESSION

Mayor Presley announced that Council would go into Closed Session pursuant to Section 551.074 regarding personnel matters and Section 551.071 to consult with city attorney to receive legal advice, including consultation regarding pending or contemplated litigation. The time was 7:42 p.m.

- 1) Discuss the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of Municipal Court Judge.
- 2) Discussion and update regarding *Johnson et al. v. Union Pacific Railroad Company, et al.*; Cause No. 6:17-CV-00653, in the United States District Court, Eastern District of Texas.

- 3) Discussion and update regarding *City of Palestine v. Jerry Laza, Cause No. DCCV 16-359-349, 349th District Court, Anderson County; and Jerry Laza v. City of Palestine, Cause No. 6:17-CV-00533-RWS* in the U.S. District Court, Eastern District of Texas. (addendum)

RECONVENE IN REGULAR SESSION

Mayor Presley reconvened Council into open session at 9:05 p.m.

Councilman Baxter made a motion, seconded by Councilwoman Goolsby, to appoint Brenda Johnston as Municipal Court Judge. Upon vote, motion carried unanimously 7-0.

Mayor Pro Tem Jordan made a motion, seconded by Councilwoman Chivers, to approve **Resolution No. R-25-18**, that the City of Palestine supports and endorses the residents' motion to strike the Union Pacific Railroad Company's designation of the City of Palestine as a responsible third party, and respectfully urges the Court to grant the residents' motion to strike the designation of the City of Palestine as a responsible third party as presented. Upon vote, motion carried unanimously 7-0.

ADJOURN

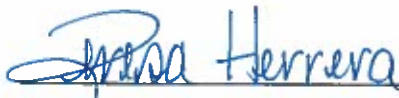
With no other business to come before the Council, the meeting was adjourned at 9:08 p.m.

PASSED AND APPROVED THIS 27TH DAY OF AUGUST, 2018.



Steve Presley, Mayor

ATTEST:



Teresa Herrera, City Secretary

