

**City of Alpine
Regular City Council Meeting
February 4th, 2014
6:00 P.M.
Minutes**

1. Call to Order, Invocation and Pledge of allegiance to the flag – Mayor Rangra called the meeting to order. The invocation was given by Damien Grout with Holy Cross Anglican Church. The Pledge of allegiance to the flags was led by Mayor Rangra.

2. Determination of a quorum and proof of notice of the meeting – Mayor Rangra and Councilors Bermudez, Fitzgerald, Gonzales and Castelli were present. Councilor Davidson was absent. The meeting notice had been posted at 3:00 P.M. on January 31st, 2014.

3. Presentations, recognitions and proclamations –

A. Proclamation for American Cancer Society proclaiming February as National Cancer Prevention month. (A Rangra, Mayor) – Mayor Rangra presented a Proclamation to the American Cancer Society proclaiming February as National Cancer Prevention month.

4. Reports –

City Mayor's Report - Mayor Rangra said Sul Ross is looking for a new President. He said he met with Vice Chancellor Dr. Perry Moore and other officials for an hour and one half and they talked about issues about the community. He said Sul Ross is important for us. He said not only for Alpine but for all the outlying areas. He said that was very fruitful.

City Attorney Report – Mick McKamie met with the council remotely. He said his firm has met with the City Manager and they have received assignments from the staff and their attorneys are engaged on working on some of those projects. He said they hoped to have some results by the next meeting.

City Manager Report – The City Manager said a lot of our focus has been with the finances and the budget as well as the audit. He said he did want to report on our bulk trash pickup that occurred over a three week period in January. He said it was very well advertised. He said the first week we picked up 7.87 tons of bulky material, the second week we picked up 5.39 tons of brush and the third week 2.28 tons of metal. He said we worked with the staff and Ron Poor who is with TDS, and who is here tonight, to really work back the community on the schedule and pickup. He said a lot of calls came in to both

the city and TDS. He said they put out their stuff on Sunday night and come Tuesday or Wednesday it still had not been picked up. He said what we are really engaging on for our April pickup is to focus on getting that pickup schedule out there so that people know when Ron and their team are going to be by. He said it was a very much successful bulky trash pickup. He said at the last Council meeting we talked about the Governor's Community Achievement Award. He said the final proposal was submitted this last week. He said he provided a copy for the council to see what that finished product looked like. He said notification to recipients is due by March 4th of this year. He said we feel like we have a good shot at receiving this award. He said the anticipated award amount would be \$130,000 in landscaping here in Alpine. He said that would be a real shot in the arm for us and we cannot go on enough about the work that Martha did in putting that proposal together. He said concerning Code Enforcement, we had 26 code violations this week, 8 investigations initiated and 9 court cases are pending. He said 6 building permits, 7 plumbing permits and 6 electrical permits were issued. He said we are continuing to see increased usage of the website that Mr. Polanco constructed this last year. He said he is also posting history of code violations, permits issued and Q and A's for residents. He said it is not only a great asset and a great site to go to, a lot of questions that residents have can be answered simply by going to that website. He said concerning law enforcement, the big note here is we completed a traffic study. He said Councilor Castelli had requested it last fall and it was on the 1100 Block of East Avenue B. He said for those of you who do not know the area it is up there adjacent to the University. He said it is kind of a downhill run so there is definitely a concern there as far as speed goes. He said we focused the study from January 24th through January 28th and felt like SRSU was in session and we would collect the best data. He said mean speed varied daily between 20 to 23 miles per hour in a 20 mph zone. He said the average speed was over the posted speed limit. He said in that span we did record 4 vehicles over 40 mph. He said Chief Scown put some additional patrols there issuing warnings and citations as appropriate and did provide copies of the detailed data for councilors to read through. He said to please feel free to ask questions. He said last council meeting we committed to providing the full construction list for our road projects this year. He said we are targeting 38 streets in the city. He said these are what Hector and his team decided, and also he went out with them and gave his opinion, and input from other departments, as well as community residents have expressed their opinion as far as our key needs in the city. He said he would be posting this on our city of Alpine website so residents can look in. He said he always welcomes phone calls or visits if people feel like maybe there is a road that we possibly missed. He said he knows a lot of residents will also talk to their councilor about this. He said we feel like this is an aggressive push to get 38 roads done this year and we are very excited about the progress there. He said we have to get the list out early so that we can have our gas company and water company go

through and really look at the infrastructure. He said we got initial feedback from our gas company outlining where the infrastructure is and their needs are concerned. He said obviously with a project like this the last thing we want to do is cut the water or gas and make somebody out for a day or two. He said TCEQ was scheduled to come out this past week to provide a follow up for our sanitation facility, our wastewater treatment plant. He said they had some illnesses within their staff and had to push their visits out. He said we were hoping that later on this week or next week they will come and based on Virgil's analysis last fall, we had some key initiatives we were working on at the wastewater treatment plant and so this is TCEQ coming back with a follow up visit. He said he has also reached out to Pamela Aguirre there and it looks like she will come down in a couple of weeks and visit with him and the water department too. He said we feel like we are on track with making any additional corrections or modifications.

He said the water department has been hit hard with illnesses across town and we have a lot of people sick in the water department, especially. He said it has slowed us down a little bit on some of our proactive initiatives. He said one of the things we are targeting is how to reinstate the affluent water usage to the area between East Brown, Fighting Buck Avenue and Loop Road. He said you are looking at the golf course, Kokernot Park area. He said right now we are pushing affluent water down the creek outside the wastewater treatment plant. He said once we get in compliance of what we can push back into the community area we are going to do that. He said we think that is a great way to green up Alpine. He said we are dispensing the water anyway. He said it is only the power, cost of energy, to get it back here which is very minimal.

He said concerning the finance department, a lot of audit questions continue to come in. He said Megan told him today for every 20 they answer, it seems like they get 40 more. He said initially we were targeting for Craig Gibson to present the audit to us at the next council meeting but they have asked to move that out to the first week of March. He said the inclination there is to get this one right. He said it has been a lot of information from the past management of the bookkeeping and accounting to the conversion to a new system and the audit in 2013 is very important to the city. He said we need to make sure we get it right and that it is accurate, and that the action plan is a good robust plan. He said W-2's and 1099's went out this past week and we have developed our equipment disposal forms and process of our purchase order forms. He said he is listing these things because he is continually amazed at how much our finance department is getting accomplished right now. He said our new finance director Megan is doing a wonderful job and inspiring her team as well as the budget revisit that we will review this evening. He said we have a lot of tasks coming out of the holidays and they are executing very well in getting things started. He said we also distributed budget variance reports to our department heads this morning. He said another commitment we made is on the second meeting of every month to go through our budget variance and show how we are doing according to the

adopted budget. He said working on that, to be ready for the meeting in two weeks. He said there is a super effort by our finance team over the last several weeks. He said they are doing a great job. He said in the midst of some of the challenges that we have had here in Alpine when folks step up to the plate they really produce great work and he thinks it is important that we recognize them. He said thank you to Megan and her team. Councilor Fitzgerald asked if there was anything new that he could share with the Council and with the public on the status of the investigations. The City Manager said as far as individual employees, we cannot share anything from a privacy standpoint. He said we continue to make progress each week on defining what he would categorize as all of the repayments based on any payroll loans or payroll advances with an anticipated date of completion of that by the middle of February. Bob Litton asked if there were 38 streets or blocks that the city was going to start working on. The City Manager said blocks. Manfred Fritsche said he wanted to point out that effluent was spelled wrong. Mayor Rangra asked if any staff members were going to speak. The City Manager said we asked a couple of staff members to be here this evening based on what is on the agenda. He said we covered everything.

City Staff Updates –

Megan Antrim, Interim Finance Director
Robert Polanco, Code Enforcement
Judge Schlosser, Municipal Judge
Russell Scown, Chief of Police
Virgil Clark, Interim Utilities Director
Randy Guzman, Gas Department Manager
Martha Latta, Recycling Coordinator
Hector Ramirez, Director of Public Works
Johnny Galvan, Airport Manager

5. Citizens Comments (on agenda items) – None

6. Public Hearings –

- A. Public Hearing to obtain citizens comments and questions for zoning change requested from R-4 to C-1. Owner wants to open a restaurant/bakery on the corner of South 11th and Gallego. Property identification /street address is S. 11th and Gallego. Legal description is Gillis 3rd Addition, Block 9, Lot 1. Record owner is Rudy Baeza and Agent is Julian Baeza. (E. Zimmer, CM) – The City Manager said we had our Planning and Zoning meeting this past week and the Planning and Zoning Commission asked Mr. Baeza and Mr. Baeza to provide a more detailed plan of what they wanted to do at the next planning and zoning meeting but since we had already posted the public hearing we had to include it on the agenda this evening but it will come back to us next**

month. He said we should pass on this, this evening. Mayor Rangra asked for any public comment on this item but there was no public comment.

- B. Public Hearing to obtain citizens comments and questions concerning the replat of the North part of Block 6, Means A Addition. The property was initially platted as one complete block and submitted to the county in February of 2006. The proposed replat of the property is consistent with, and exceeds the requirements of the zoning related to the area, R-2. The owners intended use will be for single family residences, whose requirement of a 7,000 square foot lot minimum is easily met. (E. Zimmer, CM)** – The City Manager said he would make some comments and the property owners are here, who might want to make additional comments. He said the Planning and Zoning Commission met on this item as well. He said it was also recommended for approval by our Code Enforcement Official, Mr. Polanco. He said we had a robust discussion at the Planning and Zoning meeting around what the property owners wanted to do and how infrastructure was being handled there and how our utilities were being delivered to the property. He said there is a new road or a road that is less than three years old that is in front of that property and we had some discussion about the impacts of moving water and sewer under the property. He said post the discussion the planning and zoning committee recommended it to be submitted to the City Council and they approved it. There was no other discussion on this item.
- C. Public Hearing to obtain citizens comments and questions for Home Occupation Permit Application for Shanna Cowell Hickle for White Crane Acupuncture Clinic. Residence and Clinic is located at 303 E. Sul Ross Avenue. This application is for a licensed professional. The request also contains a sign variance. (E. Zimmer, CM)** – The City Manager said Ms. Hickle previously had the sign at a similarly zoned residence about two blocks to the East of where she moved to. He said upon discussion with Mick McKamie, our City Attorney, any time a resident wants to move or an office business wants to move from one location to the next if they have a variance, the variance does not trail them or follow them to the new residence. He said Ms. Hickle was asking for a couple of things. He said one was the home occupation permit application to be approved which our Code Enforcement Officer and he reviewed as well. He said both of them approved that there was one exception on that and that was the variance for the sign itself. He said by Ordinance the sign needs to be, on a home occupation, one foot by one foot, mounted on the side of the residence. He said this one is a sign that is in the front part of her yard. He said there was a large amount of support present at the Planning and Zoning Commission meeting for Ms. Hickle. He said the Planning and Zoning Commission talked about it and felt comfortable in

recommending that the variance be granted and for this to be passed on to City Council. He said Ms. Hickle has provided documents for everyone and he believes that she is here and would be willing to say a couple of words. Shanna Hickle asked if anyone had any questions. Mayor Rangra said the Council cannot ask questions at the public hearing. Shanna said she would like to thank the Council for allowing her to be here today so that they could consider her application. She said she realizes her sign is in non-compliance. She said if the irregularity of her sign causes the City Council to vote against approval of her application, she said she would be perfectly willing to move her sign. She said she has been in residence and business on Sul Ross Avenue since January of 2006. She said in 2006 she met with the City Code Enforcement officer at the time and she does not remember his name. She said she was in an R-2 location at 505 E. Sul Ross in 2006. She said the Code Enforcement Officer at that time stated that she could operate her business there with the condition that it was also her home. She said she placed her sign there believing it to be okay and did business there from 2006 to 2013. She said it is her understanding that at some point, during that time, after she had established her business at 505 E. Sul Ross, her sign was grandfathered in and adjustments were made to the zoning enforcement in the neighborhood. She said during 2012 she was informed by her landlord that the property at 505 E. Sul Ross was up for sale and that she would be forced either to purchase the property or to move. She said she did not wish to purchase the property so she waited and watched for an investment opportunity to appear before there was a contract on the house. She said in the fall of 2012, she was contacted by her current landlord who was in the process of purchasing the property two blocks away at 303 E. Sul Ross. She said that is two blocks closer to the business district than where she was previously. She said apparently her new landlord had been informed by the previous owners and someone at the County that the building was zoned commercial which led her to believe that neither the business or the sign would be an issue. She said however, they were obviously mistaken as she found out a few weeks ago. She said Robert Polanco came by and said the property was actually in an R-2 zoning status just like her last location was. She said she realized that it was her responsibility to contact the Code Enforcement Officer before she agreed to move. She said she is throwing herself on the mercy of this Council and ask for consideration of the following: A) according to the special exception clause in the appendix "c" of the zoning ordinance, under home occupation and signs, "A special exception is a use that would not be appropriate generally or without restriction throughout the zoning commission or district but which if controlled as to number, area, location or relationship of the neighborhood would promote the health, safety, welfare, goal, order, comfort, convenience, appearance, prosperity or general welfare. Such use may be permitted in such zoning commission

or district as a special exception if the special exception is made in a zoning ordinance.” B) She said her sign was previously grandfathered in. C) None of her neighbors object to her sign or business as it stands now. She said it would be kind of a hardship for her to put acupuncture on a small sign because the word is eleven letters long. She said she sees between 5 and 10 patients every day, Monday through Friday, and she fears that some percentage of them may experience confusion and not be able to find her office and end up bothering her neighbors or end up knocking on the wrong door. She said this goes to order, safety and convenience under the special exceptions. She said her business brings in 5 to 20 people each week from the surrounding towns to bring sales tax revenue and business to our area. She said that goes to prosperity under special exceptions. She said the consensus that she has heard from the people that she has talked to is that they find the sign aesthetically pleasing and in keeping with a more artsy appearance here in our community which goes to appearance under special exceptions. She said she would be willing to make any kind of compromise to reduce the size of the sign a little bit in any way. She said she was currently in negotiations with the artist who did her original sign. She said the day before Robert visited her she was in negotiations with him. She said he lives in Mexico and he was coming here to work and she was going to get him to paint her a new sign. She said she is going to be making a new sign sometime this year but it will be something along the same lines or smaller but pretty much exactly like the old one. Rick Stephens said he is speaking in support on behalf of Shanna’s proposal. He said he is on the Board for the Regional Rehabilitation Institute in Chicago, the number one recognized neurological rehabilitation in the nation for the last 22 years. He said what Shanna is bringing to Alpine is pretty important and it is recognized by the medical communities as an important medical practice and he would urge the City Council to approve this. Carl Fleming said he would speak in support of Shanna’s proposal. He said Shanna’s sign does not stand out on Sul Ross Avenue. He said acupuncture is not main stream yet. He said it will not be long before people accept it.

7. Consent Agenda - (Minutes, Financial reports, Department written reports, Board appointments, etc.) -

A. Approve Accounts Payable (E. Zimmer, CM) – Motion was made by Councilor Gonzales to approve the accounts payable, by Resolution 2014-02-01. Motion was seconded by Councilor Fitzgerald. Motion unanimously carried.

8. Information or Discussion items –

A. Karen Brown, Director of Alumni Affairs of Sul Ross State University to

discuss upcoming events. (E. Zimmer, CM) – The City Manager said he had the pleasure this past week in speaking to Karen concerning an event that they are hosting at Sul Ross. Karen Brown said the Council may have seen the signs or the newspaper ads concerning the 5K run on February 15th. She said it is a collaboration between the Alumni Association and SRSU and Chamber of Commerce. She said that the Relay for Life, wanted to do something that was healthy and also would raise money for good projects here in town and in our community. She said also all proceeds would go to the Food Pantry and Sul Ross local scholarships. She said the money will be earmarked for kids from Jeff Davis, Brewster and Presidio Counties. She said donors have the option of choosing whether they want to make a donation to one or both causes. She said so far she believes they have about 100 participants. She said they are hoping for some more participants. She said if you are interested, it is really easy to sign up. She said the information is on the back of this card and you can always call the Alumni office. She said as soon as you are registered they set up a fund raising page for you. She said they have some great prizes. She said they are being sponsored by some generous sponsors, Big Bend Regional Medical Center, Tallent Roofing, Alpine Medical Center, West Texas National Bank, Aramark and Porter's Thriftway. She said if for some reason on that day you cannot participate or walk or run, or you don't want to, you can still participate as a virtual runner/walker and fundraiser. She said she thinks this is the right kind of thing to get involved in, getting the students from Sul Ross and everybody, including the students from the local High School involved in caring and sharing.

B. Revisit FY 2013/2014 City of Alpine Budget. (E. Zimmer, CM) – The City Manager said a lot of time and effort went into this budget revisit and the Council and the Mayor were provided packets on Friday. He said there would not be enough time this evening to go through line item by line item. He said we worked very hard to get the Budget revisit in front of the Council, in outlining down to the level where the changes were. He said what he would like to do is talk through some of the significant changes that were made, the reasons we made them, and talk about what we believe will be a positive story for our budget this year. He said then we will answer any questions from that point. He said the budget revisit was done basically using two snapshots. He said we looked at it 80 days into this fiscal year cycle and then we looked at it again 115 days into the cycle. He said at the 80 day point, Deborah Pattison was still our interim finance director, so he and she went through all the items and then at the 115 day point, Megan Antrim and he went through them. He said what they feel, is that taking this look twice at this, they understand the trending to spend, and they have been able to look at a lot of the details as far as what we are spending. He said we are curbing a lot of items right now, items that historically have been run rate spending. We are

now asking our departments to go back and curtail some of that spending. He said the worksheets that were provided all showed our previous three year actual, FY 2011, FY 2012 and FY 2013. He said also what we had spent through January 29th of this fiscal year. He said we really looked at our unemployment claims. He said historically if an employee has been terminated for whatever reason, especially for last year, we have not challenged these unemployment claims and we continue to pay them out. He said we saw that in increased unemployment expenditures and the original budget had the higher level of unemployment claim dollar amounts. He said we went ahead and brought all that back and it is his opinion that if an employee is terminated, 9 times out of 10 it is for cause. He said we do not have an employee reduction plan going on right now. He said if we terminate an employee for cause and they file unemployment, then we challenge that claim. He said we definitely throttle back those. He said also, we got pretty strict on our salaries, overtime, social security and really pulled back a couple of the groups on their spending there. He said we still believe we can under run in the departments. He said right now what we are hoping to be able to do is any under runs on the salaries or overtime, social security and insurance that we would build those into a reserve account for our healthcare. He said we do utilize a partially self funded health care program and because of that the health care plan covers up to a certain dollar amount but then the city is liable, after that point, so we need to establish some monies in reserve and currently we have zero allocated in reserve, for health care. He said we want to utilize any excess to build up the reserve accounts there. He said that is a critical piece that we are looking at. He said we are also looking at, what he and Megan term methodology, that we will use on our enterprise departments where we have revenues that exceed our expenses. He said it appears that historically in the past they have just done budget transfers over to the general fund, or shown a transfer and have assigned it as a transfer in lieu of a franchise fee. He said what we are looking to really demonstrate is how each of our enterprise departments...how profitable are they? He said where our revenues exceed our expenses, then take that and move that into a reserve account. He said that is going to be important from a visibility perspective for the Council as we think about the future, what proactive projects we are wanting to do in the community and which particular enterprises are performing well and how they are performing. He said alongside that we are looking at cost allocations for our four city Staff members. He said for people who work here in City Hall, Texas Water Development Board has recommended that you take allocations of that cost against your different enterprise functions out there. He said we are working on what those allocation percentages would look like. He said that is not being presented this evening but within a couple of months Megan and he look to present what those allocation percentages will look like. He said we feel very comfortable with this budget revisit,

what we are proposing to the council. He said it really sets us up to be able to have a very good budget process for the next fiscal year and we will start in June of this year. He said the other key thing to know which has caused a little bit of confusion with a couple of our departments, and that is on October 22nd at the City Council meeting there was authorization to set up separate accounts for each of these enterprise business units. He said that did not get executed on. He said currently all of our expenses are being paid out of our general fund. He said all of our revenues, with the exception of the gas department, come into the general fund. He said the gas department actually comes into its own checking account. He said ultimately by April 1st, which is our target date, we will be able to follow through with the council's recommendation and resolution to set up the separate checking accounts. He said the reason why we are targeting April 1st is because it is the middle of the year in the financial cycle and if there is any fallout, it is easier for us to identify at a mid-year conversion, vs. a mid-month or a mid-quarter conversion. He said it also gives us an opportunity to get through this past year's fiscal audit. He said we feel that getting into that environment will also help us from our reporting perspective, be more clear and transparent to the council and to the community as well. He said we are very committed to executing on that. Mike Perry asked when the resolution was passed. City Manager Zimmer said October 22, 2013 in a special council meeting. He said he cannot go without saying here is the good news. He said when we look at this budget revisit, we ask ourselves if the revenue going to exceed the expenses. He said the answer is absolutely yes. He said what we are targeting across the city is to have our revenues exceed our expenses by \$644,000 this year, which is significant. He said he does have some risk there. He said we have a very aggressive street and maintenance program. He said we have asked our director of public works to be very tight on his salaries. He said we feel that we need to challenge ourselves as a city staff to run our expenses as low as possible this year and be able to run in the black and have some excess that we can start building up reserve accounts with. He said that will then allow our council to make some decisions positively on how we will spend money to improve our infrastructure. He said as he noted earlier, we have to build up some reserve in our healthcare. He said we have to build back some of our customer liability accounts for our water and gas department. He said we should be able to do that this year provided we do not have anything unforeseen. He said this is also making all of our debt obligations this year. He said the major risk is the unknown, but what we challenge ourselves from a staff perspective is to really be very careful on how we spend our money. He said part of rolling out a new purchase order to invoice process and part of rolling out this budget variance process and part of rolling out our asset control process is to be sure our department heads absolutely understand how they are spending money and they are absolutely accountable for that. He said

our budget variance reports that went out today went to the department heads. He said they did not go to our finance department to figure it out, they went to our department heads, because they want the accountability. He said they want to know how much they have in their budget and if they are spending within those amounts. He said unforeseen things can hit us, but we still need to put a target up on the wall and shoot for it. He said with that being said, he would be glad to answer any questions. Councilor Fitzgerald asked if when he was going through this process if he had the opportunity to evaluate his suggestion of using some of the sales tax to fix the roads this fiscal year. The City Manager said first of all we went back up to \$100,000 in road materials. He said it had been significantly cut for this fiscal year so we wanted to reinstate and that was about a sixteenth of a percent for what we reinstated. He said with what we anticipate running in the black this year, it will be an opportunity for the council, at their discretion, to say they would like to target some of these extra dollars at road projects. Manfred Fritsche said he and the Mayor served on a Charter Review Commission many years ago and they spent a lot of time on the financial and budgeting part of the City Charter. He asked the City Council and City Manager to refer to Article 5 of the City Charter. He said this required an Ordinance to amend the budget. The City Manager said the Council would only take action by means of a City Ordinance to amend the budget. He said we went ahead and went back to this past year what revenues we attained out of 2012/2013 and then put a little bit of stretch target on that. He said the reason we put stretch target on that is we did feel like there were some under billings going on. He said we had done some meter change outs with some folks that had zero billings and they would then start billing. He said we felt that there was an upside to it and that was a critical element in providing a stretch target there. Mayor Rangra said we also cut the expense account by \$220,000. The City Manager said that was correct, to get more in alignment with our expenditures from the year before as well. Mayor Rangra said related to that is a question on water. He said we also projected increased revenues in water. The City Manager said the water revenues were kind of tricky for us because of the volatility from year to year. He said if you get into a water rationing environment too then all of a sudden that puts a real impact on your ability to bill revenue. He said we really looked at what that last three year average was and felt like that would be a solid projection to make. He said ultimately, what we want to get to is a month over month view and a quarter over quarter view. He said we think that will be the most healthy view to have as we extrapolate. He said if the council will have him work here for many years then that is his goal too, building that over time. He said that is really what we need to do. Mayor Rangra asked if money was transferred from the enterprise fund to the non-enterprise fund. The City Manager said this has been an evolving learning process for himself and for our finance team as we are trying to

navigate through how the accounting and bookkeeping was handled in the past and how the interim team handled it and what was the right process moving forward. He said what had happened toward the tail end of this last fiscal year is the notion around how do we track budget transfers within the budget and make sure that we are making declarations and not just moving money around. He said and absolutely, the transfer requires council approval. He said as a City Manager or finance director you do not just go in there and start moving money from account to account. He said what we started seeing and what kind of came out this last week was that the gas company in particular, was set up awkwardly, in the sense that it had its own checking account to receive monies in, but all of our expenses were paid out of the general fund so all of a sudden we start building up this account here but we are not paying any bills out of it. He said then you have to make a transfer out of that account back into your general fund where you have set up paying all of your bills out of. He said because we were so concerned about showing the transfer and making sure that the transfer was documented because past practice was just to float money around, it got documented as an additional expense. He said you paid all of your expenses which showed in your income statements and then you did this budget transfer which was just taking money out of an account to cover these expenses and we showed it as an additional expense and so ultimately the councils notion of setting up the separate checking accounts for enterprise funds was really the absolute right guidance. He said doing that and allowing us to receive the monies in one account and then paying the expenses out of that account as they come in is really critical and that is why we are targeting trying to accomplish that by April 1st. He said it has been a learning experience for his virtually and as he has shared with some folks the past kind of accounting and bookkeeping and cash flow was what he would call awkward at best. He said he has never seen anything like it and it does not make sense to him. He said we are making sense of it and so as we move into this budget cycle now we feel very good and very comfortable that we have a beat on these expenses and a beat on the movement of money and that we understand the elements in presenting it to the council so the council can make a good decision and authorize the spending as necessary. Mayor Rangra said money transfers sometimes are to take care of expenditures that should have actually have been deducted from the proper account. He said that was no amendment last year and that was the big issue. He said Texas Water Development Board was concerned about it and it was a question on how this was explained. He said he is glad that the City Manager is providing the explanation. Joseph Goldman said the City Manager mentioned the revenue over expenses in the amount of \$644,000 and asked what percent that was of the entire budget. The City Manager said it was about 6% of the budget. Mr. Goldman said maybe it is the next item that is going to be discussed but he wanted to know if he was tying

any of the utility uses and expected revenue to the actual weather and climate conditions that have occurred in the last 3 to 4 years. The City Manager said that is why we look at 3 years plus how we are trending this year. He said we know we had very much of a drought and fire issues a couple of years ago and in the winter you have cold spells and we are really trying to look at that trending over a period of time. He said the goal is over the next several years to even narrow that down to a month over month so if we see an ice storm like we had in November we would anticipate a peak in gas sales and a reduction in water usage because we had so many people without power.

C. Performance of gas department for the first four months of current fiscal year. (E. Zimmer, CM and J. Gonzales) – Councilor Gonzales said on January 22nd, 2014, we held a special meeting which was a training meeting which was to learn to read and better understand the Hill Country Software and the information it provides. He said he is looking for transparency. He said he wants to be able to determine what he is reading. He said the item on the gas expenditures spoken about was not on the agenda, alleging clear evidence of utility loss but with no proof. He said it is no longer known as Southwest Municipal Gas Corporation. He said it is the City of Alpine Gas Department as of February 22nd, 2012. He said he asked if we could review this subject and asked that it be placed on the agenda so that it could be discussed. He said we must follow the rules and keep from violating TOMA. He said we must follow the rules on how council members are to question items instead of using the media to make allegations and implications of loss. He said we must use the chain of command and ask the City Manager to talk to the financial director to find the facts. He said it should not be personal and downgrade fellow councilmen, councilwomen and the Mayor. He said it should not be grandstanding or political. He said our charter says that the City Council can investigate and that is in Section 3.11 of our charter but it does not single out one councilman to investigate information to be shared with all the city council enacted as a group. He said basically he thinks we need to follow the procedures that we have been trained on to do our job as city councilmen and not be trying to be a leader in the sense that they are the one who has the information and they want to share it with the rest of them. The City Manager said the performance of the gas department for the past four months, one of the things that he wants to try to go through, because there has been heightened visibility to it, the other element is that our spot rate came in a little higher so the community is experiencing a little bit of an increase. He said the spot rate came in higher prior to any of the recent conversations. He said increasing is going to happen regardless. He said the first quarter of our fiscal year is always going to be a slower quarter for us on the revenue perspective because we are basically looking at gas usage from September, October and November. He said we also try to do some of our proactive work

during our off times so our expenses tend to be a little bit higher. He said with that being said we did operate at a negative in the first quarter. He said \$18,000 in the negative in the first quarter for the gas department. He said we also had this thing that we talked about earlier, the budget transfer. He said that created a confusing piece in the sense that we were taking money out of this checking account to pay bills and so it adds to the expense and it really appears like we were running very poorly in the gas department. He said as we sorted that out and sorted through some of the, what he would categorize as poor ways, that our interim financial team had set up some of the procedures within our new software system, we found where these challenges had come from. He said what he can say is, when we move into our fourth month, our revenues did come in higher in January as we anticipated and our expenses were consistent to what we expected as well. He said with that being said, through January, we are \$90,500 to the positive in our gas department. He said if you look at \$18,000 negative to \$90,000 positive we made a \$108,000 turnaround in January. He said the gas company in that enterprise piece of the business was not one that he had on the 180 day plan as far as a keep focus area. He said on the financial side we really focused on reconstructing the budget and understanding the budget and also understanding some of our previous obligations, the CO 2011 and the Texas Parks and Wildlife Grant. He said the gas company also, as it was digested by the city and kind of split up a couple of years ago, as we are looking at budget and cash flow, it gets a little harder for us to even see the history because one company operated it and then we brought it in and then we updated the software program. He said that has caused a lot of different things for Megan and he to have to go through. He said they are very committed to going in and looking at the history of the gas company. He said four of the items that people point out are this kind of service delivery up charge that went from \$5.00 per mcf to \$8.00 per mcf. He said it would appear that when that occurred we should be able to operate in a stronger profit mode in that enterprise unit. He said he cannot sit here and tell the council his opinion on it until he has a chance to go through that history from 2010 moving forward. He said he is very agreeable, if it is the council's wish to add that to the 180 day plan. He said he would always ask that when we add something, we remove something too. He said that is a fair request. He said he thinks that is what is wrong with corporate America is that they continue to lob stuff on and they forget that you have to deselect something too. He said in life in general you can only do so much. He said we are very agreeable to replacing that and providing more of a focus. He said he and his staff want to feel like they are very available to the council and that we can sit down and visit and clear through some of these challenges. He said we knew it would be a bumpy road coming in. He said there are things that we learn every day. He said his goal is to provide everybody who sits up there with good information so you can make good decisions on a day to

day basis. He said we strive to do that but we are not perfect. He said he thinks we are making some headway in that. He said he is very pleased with our performance out of our gas account or gas company over the last month. He said he thinks it is important to share that. He said Megan and he talked today about how do we make sure in the software if we do transfers that we have approved at the council level, how do we make sure it does not show a duplicative expense in the chart of accounts. He said she and I have some homework to do to figure this out. He said at the end of the day, the better information we provide to the council, the better decision making the council can make.

Action Items to be accompanied by a brief statement of facts, including where funds are coming from, if applicable. (Action items limited to 15 per meeting.)

9. **Discuss and Consider approving replat of the North part of Block 6, Means A Addition in Alpine, Texas, as recommended by the Planning and Zoning Commission. (E. Zimmer, CM)** – The City Manager said this is the property that Ms. Wimberly and Doctor Manning spoke earlier about. He said it was recommended by our Planning and Zoning Commission. He said we had a very healthy dialogue. He said our only concern from a city perspective was how we could minimize any cuts in the road and he felt that Ms. Wimberly and Dr. Manning would agree that as they sell off those plots of land to make sure that we really hold to the integrity of this recent ordinance. He said his recommendation was to approve this. Motion was made by Councilor Fitzgerald, by Resolution 2014-02-02 to approve the replat of the North part of Block 6, Means A Addition in Alpine, Texas as recommended by the Planning and Zoning Commission. Motion unanimously carried.

10. **Discuss and Consider approving Home Occupation permit application and sign variance for Shanna Cowell Hickie, who operates White Crane Acupuncture Clinic, as recommended by the Planning and Zoning Commission. Residence and Clinic are located at 303 East Sul Ross Avenue in Alpine, Texas. (E. Zimmer, CM)** – The City Manager said Shanna came up and spoke with us earlier today and shared with the council really almost the same comments that she had shared with the Planning and Zoning Commission. He said he spoke with Shanna before the Planning and Zoning meeting. He said he was very impressed with the diligence of going through and really looking at our city ordinance, looking at why she wanted to request the variance as well as the importance of the sign in the community. He said we should identify other similar areas within that ward that have similar type signs so it would be nothing of any major discourse in that area. He said also she did her homework in communicating with the residents adjacent to her. He thought it was very healthy so that there were no surprises and nobody

coming in and saying “I absolutely hate this and I don’t want this”. He said he absolutely appreciates the diligence and he thinks that it does fall within the variance guidelines. He said most importantly he thinks her home occupation permit should be passed so he recommends that the council approve it. Motion was made by Councilor Gonzales by Resolution 2014-02-03 to approve the Home Occupation permit application and sign variance for Shanna Cowell Hickle, who operated White Crane Acupuncture Clinic, as recommended by the Planning and Zoning Commission. Motion was seconded by Councilor Fitzgerald. Councilor Fitzgerald said she has been in business a long time and the sign has been there and if none of the neighbors object to it, he thinks it should be approved. Motion unanimously carried.

11. Discuss and Consider amending FY 2013/2014 City of Alpine Budget. (E. Zimmer, CM) – The City Manager said as we went through the information in the discussion item, the recommended changes to amend the FY 2013/2014 City of Alpine Budget we feel it really falls in alignment of how we will spend and we also feel like we have done our diligence and we have been very assertive in working across our different departments to feel comfortable with the ability to hold in our expenses and provide a product that is really operating in the black for the community. Motion was made by Councilor Bermudez to amend FY 2013/2014 City of Alpine Budget. Motion was seconded by Councilor Fitzgerald. Councilor Bermudez said this budget was a lot better than the one that we have. Councilor Fitzgerald said the City Manager has obviously done a lot of work on this. He said this was not just haphazard. Councilor Gonzales said he would like to point out that the City Manager did maintain what we had before and obviously he studied it. Manfred Fritsche said he had before him the City Charter. He said in section 5.06 it talks about Budget amendments after adoption. He said an amendment is being offered and considered by the council. He said a motion has been made and seconded. He said the public has none of the details about what is being amended. He said as he pointed out in his earlier comments Section 5.06 (d) calls for a city ordinance. He said it calls for a city ordinance during which the public gets a chance to look at what the details of the amendment are, make comments, publicize and none of this has been done. He said he does not know what the City Manager has in mind in the way of budget amendments but this appears to him to be a clear violation of the city charter. He said the council needs to consider that. Mayor Rangra asked the City Attorney, Mick McKamie for advice. Manfred Fritsche said he could not believe that the City Manager had not familiarized himself with the city charter. The City Attorney said he understands the question to be whether or not the charter requires an ordinance to amend the budget. He said the charter and state law both do require an ordinance to amend the budget. He said the budget can only be adopted by ordinance and amended by ordinance. He said he understood

from the discussion tonight was to allow the City Manager to make any changes to the budget and we can certainly have an ordinance drafted for the next meeting to be approved by the council. Councilor Gonzales said he had before him the charter and it says that any time during the fiscal year the manager may transfer part or all of any unencumbered appropriation balance among programs within his departments. He said we still have an opportunity to create an ordinance. The City Attorney said yes, it can happen any time during the year. Councilor Gonzales said since we are still in discussion maybe we can make an amendment to allow the City Manager to create an ordinance to amend the budget. The City Attorney said any change to the budget that constitutes an amendment would need to be done by ordinance. He said it appears that after the discussion tonight there are items that need to be transferred and it would require an amendment so we need an ordinance at the next meeting. He said the council can determine tonight the items that need to be included in the ordinance. Councilor Bermudez made an amended motion, by Resolution 2014-02-04, to allow the City Manager to create an ordinance to amend the budget as reflected in his presentation at tonight's meeting. Councilor Castelli said he had a question along those lines. He said Manfred Fritsche made a big point about information for the public. He asked if this was something that we could put on the website in a reasonable fashion so that it could be reviewed. He asked if it was reasonable that we could do that. The City Manager said we created an electronic copy to send to the City Attorney and we can definitely post that to the website as well. He said it is close to 100 pages. Motion was seconded by Councilor Gonzales. Motion carried unanimously.

12. Discuss and Consider setting reserve level for Hotel/Motel funds recommended level is \$80,000. (E. Zimmer, CM) - The City Manager said as we look at the hotel/motel funds, this year we enter the year with \$100,000 in reserve and a \$380,000 projection of revenue into that hotel fund. He said currently we have allocated about \$405,000. He said in in the council's packet he provided some background information on the overview that we had done on the hotel funding usage and some deeper background in history. He said what we are trying to do right now is understand if there is a reserve level that the council would like to manage to so that we do not overallocate from this account. He said as we exit one year and move into the next year, we have some early year expenditures that typically hit, like the funding of our tourism adjacent to the Chamber of Commerce. He said what we are envisioning is

setting our reserve level so that we do not over allocate from that fund during the year and that was the thought at recommending \$80,000. He said the idea around this was to set a reserve level of about \$80,000 and we really wanted to understand if the Council is comfortable with that or if there is a different level that the council wanted to set. He said the reason why this is important to us on the city administration side is throughout the course of the year we will continue to get requests that will come in for events and if we hit that threshold we want to make sure that the council understands where we are at in our projected status so we do not over allocate. Motion was made by Councilor Gonzales by Resolution 2014-02-05, to approve setting the reserve level for the Hotel/Motel funds at \$80,000. Motion was seconded by Councilor Fitzgerald. Councilor Gonzales said going through the list he saw a lot of people who barely qualified. He said we need to address that and probably let everybody know that this is what is happening. The City Manager said Beth Nobles is hosting a conference here at the Civic Center at the end of this month that is more of a regional conference talking about promoting tourism in Southwest Texas, Big Bend Region, but we have invited everybody that has received an allocation and the real idea is to talk to them like Councilor Gonzales recommended, on the usage of the fund, to make sure that they are submitting receipts. He said we are setting up a booklet so that in the future if an auditor comes in and says how are you utilizing the hotel fund, we can basically hand them the booklet and say these are all the events that were awarded funding and here are the receipts of how they spent the money and ensure that it is within alignment of the guidelines. He said we are confident that we will have that whole book for this year's fiscal budget. Councilor Gonzales said there is also an advertising

percentage that we are supposed to spend and asked what the percentage was.

The City Manager said 50% and 15% on the arts. Councilor Bermudez asked if the Council could attend the conference and if it was for everybody. The City Manager said he thought if we invited council we would need to post it as a meeting. Councilor Bermudez said she thought it would be helpful. The City Manager said we can and will do that. Motion unanimously carried.

13. Citizen's Comments (limit 3 minutes) –

Dale Christopherson - said he thought this was a good meeting.

14. Council Member's Comments and Answers -

Councilor Castelli - said once again the City Manager has taken us another step in the right direction and he does appreciate his service.

Councilor Gonzales - said he really appreciates the City Manager's hard work.

Councilor Fitzgerald - said the City Manager also has good staff and good people too and he has good organization going on. He said it is a welcome change.

Councilor Bermudez - thanked the City Manager for everything he is doing and has done.

Mayor Rangra - Mayor Rangra said he had coffee with some people who said that the City Manager had attended a Planning and Zoning Commission meeting and they were so impressed with that. He said everything went smooth and the right questions were asked and they had all of the information. He said the City Manager and his staff provided the all the right information.

Motion was made by Councilor Fitzgerald to enter into executive session. Motion was seconded by Councilor Gonzales. Motion unanimously carried.

15. **Executive Session - Pursuant to Texas Government Code, Subsection 551.074, Personnel Matters –**

A. **Discuss and Consider pay raise for city employee. (E. Zimmer, CM)**

16. **Action - Executive Session –**

A. **Take Action, if any concerning pay raise for city employee. (E. Zimmer CM) - Motion was made by Councilor Fitzgerald, by**

Resolution

2014-02-06 to accept the City Manager's recommendation in respect to this employee. Motion was seconded by Councilor Bermudez. Motion unanimously carried.

14. **Adjournment– There being no further business, meeting was adjourned.**

I certify that this notice was posted at 3:00 P.M. on January 31st, 2014, pursuant to Texas Open Meetings Act. (Texas Vernon's Annotated Civil statutes, section 551.043 Texas Government Code.) This facility is wheelchair accessible and accessible parking space is available. Requests for accommodations or interpretive services must be made 48 hours prior to this meeting. Please Contact the city secretary's office at (432) 837-3301 or fax (432) 837-2044 for further information.

Dr. Avinash Rangra, Mayor

Attest:

Margaret "Molly" Taylor, City Secretary

I, Margaret "Molly" Taylor, City Secretary, do certify that this notice was posted at 3:00 P.M. on January 31st, 2014, and remained so posted continuously for at least 72 hours preceding the scheduled time of said meeting.

Margaret "Molly" Taylor, City Secretary