

**City of Alpine
Regular City Council Meeting
Tuesday, March 18th, 2014
6:00 P.M.
Minutes**

- 1. Call to Order, Invocation and Pledge of allegiance to the flag – Mayor Rangra called the City Council meeting to order. Mr. Zimmer gave the invocation. Mayor Rangra led the pledge of allegiance to the flags.**
- 2. Determination of a quorum and proof of notice of the meeting – There was a quorum present. Mayor Rangra, Councilors Bermudez, Davidson, Fitzgerald, Gonzales and Castelli were present. The City Secretary said the notice had been posted at 3:00 P.M. on March 14th, 2014. City Manager Zimmer, City Attorney William “Mick” McKamie and City Secretary Taylor were also present.**
- 3. Presentations, recognitions and proclamations – None**
- 4. Reports –**

City Mayor’s Report - The Mayor said he would waive his comments until the next meeting.

City Attorney Report – The City Attorney said he had nothing major to Report but he was working on some issues reported to him by the City Staff including some records requests and pending litigation from years past. He said basically they are supporting the staff in their day to day activities.

City Manager Report – City Manager Zimmer said he wanted to start off this meeting talking about what they were doing in the finance department. He said the last two months have been extremely busy and data gathering representation of the data and answering questions from our auditors. He said this has been a real marking point for us and is going to allow us to expand our horizons and work more diligently with some of the process and procedures that we want to do. He said we are glad to see the audit somewhat behind us. He said obviously with the audit there will be action items related to it. He said many of these were already in motion but it is important that we complete them in a timely fashion. He said we are also gearing up heavily for the account transitions with the enterprise accounts which will occur on April 1st, 2014. He said as we do the transition to the enterprise accounts we have to really focus on clarity and training within the staff to make sure that we are taking each expense to the appropriate account. He said as we all know from some of our recent discussions, using the one fund approach was not healthy and we are really working

through the segmentation and it is a lot tougher than just sitting here and saying that we are going to do this. He said it requires training and documentation and process development at a staff level. He said we are also pushing heavily on documentation and we get different department heads that might bring in an expense. He said if it does not have the appropriate documentation and does not meet the need of the business, we are declining expenses. He said that is up to and including payroll. He said our time sheets have to be accurate. He said we are now using a three step process where we have two people going through payroll and then he reviews the trial run. He said all these things are important steps for us right now from a finance perspective. He said we also will be addressing contracts and vendors in the April time frame. He said he would have liked to have started that in the February/March time frame but there was a lot of work that we needed to do to assimilate information for the audit and there are only three people in the finance department. He said the audit took precedence over that. He said on the positive side, our asset count is complete. He said we went through and looked at all of our physical assets in the field. He said these were primarily in our enterprise accounts. He said we are also looking at what we are going to do as far as declaring a surplus of those and going to auction. He said be prepared over the next couple of meetings. He said we will be presenting those data and those statistics to council.

He said concerning the 180 day plan progress, today marks his fourth month on the job. He said starting tomorrow we will be in month five. He said we really called out and approved 15 items in the month of January. He said we are making great progress on all fifteen items. He said we have solid completion on four or five of them and partial completion on the rest of them. He said what his concern is though, if he could state one, is the audit is creating a cadre of additional items. He said we are not going to be able to sit and wait two months. He said he would classify the output from the audit in two different categories. He said some of those items will coincide with our 180 day plan and some will be new and require immediate attention. He said provided the council approves the audit today, April 1st he will present an updated version of the 180 day plan. He said we really want to put time frames around the items that come out from the audit so that we are all in lock step and make sure that we get them all complete.

He said on the technology side, we did deploy the new website. He said we finally got the ability to migrate the domain from the old website. He said that is ci.alpine.tx.us. He said we will be redirecting that domain to our new website. He said we are continuously working on ways to make the experience better for the public as they come to the City of Alpine website. He said up to and including looking at a web form out there so when people need new services like water, sewer or gas, they can go online and create the request online. He said that will drive an email to those respective departments. He said we have been able to develop a person

that was already on staff in our records department. He said we have done all of this work in house. He said we are not paying other people to do this. He said we are doing it all in house. He said that has saved considerable dollars for the City and we are getting a product that is more robust than what we had in the past. He said we are very pleased with that.

He said as far as Planning and Zoning, we have had some questions and concerns come in about a couple new developments that are going in and we kind of scratched the surface and looked a little deeper and found an ordinance from the beginning of 2011 creating a historic preservation district. He said we have asked the chair of the P&Z Committee to address this particular ordinance in the upcoming P & Z meeting. He said we really need to review the language of the ordinance to provide more specifics on how that review process should work. He said the different authority levels need to be looked at. He said we have to do that quickly because we do have a person who is looking to build on some property within the historic preservation district. He said we have to make some decisions at the P&Z Committee so that we can get that up in front of the council. He said we wanted to make you aware that this has been an Ordinance that has come up lately of interest. He said there will also probably be some discussion around the zoning associated with that historic district.

He said on the City Administration side, Mr. McKamie had indicated that our public information requests have been very high recently. He said we are working very diligently at addressing those as they come in. He said the process flow as it comes in is to him or Molly and we work through Mick if there are any concerns about the type of information that is being requested. He said we let Mick work through the law and the state statutes on that for us.

He said Molly has been diligent in ordering the ballots for the May elections, now that we have the sequence of the candidates.

He said Mick had indicated that he has gotten quite a few questions from us on clarity on points. He said it has really been very beneficial to have him as an asset for the city.

He said on the public works side we have aerated a majority of the parks. He said they are starting to get green. He said we are moving into our paving season on Brown Street which will start in the next month or so. He said Brown Street will be the first course of action and that was on the list of blocks that we discussed probably a month and one half ago. He said that particular street has been beat up recently. He said we have had a main bust there during the ice storm during the holidays and it is a heavily traversed road. He said we really need to put some focus on that first. He said on the April 1st meeting, we have invited TxDot to speak in the information session to talk about the Avenue E project., as well as the Hwy. 118 project that is set to commence in late April or early May. He said any residents in the community that want to come, Chris Weber is committed to be here on April 1st.

He said concerning the dog park, over at Kokernot Park, when he came

into the role in November, we were getting very close. He said we had the fence up. He said we have now got some elements in there and we have the surface material and they are very close to the last work project which will occur this month and get that surface material down. He said we absolutely have to post the rules there for the dog park. He said a primary concern is always that people will clean up after their animals. He said we do not want to make it an encumbrance on others and get people to obviously follow the rules of that park.

The City Manager said concerning Pueblo Nuevo Park, which is our veteran's park on the south side of town, our park committee has met there recently and we are in the design stages of looking at some of the refresh on that park as well.

He said next is keep Alpine Beautiful. He said the Texas Trash Off is the first Saturday in April. He said TDS is committed to have 6 roll offs for us. He said he does have an agenda item later to talk about this in more detail. He said we are also continuing every week to address the illegal dumping that occurs around town. He said we get our public works folks out there cleaning up around these dumpsters and you drive back by it five days later and somebody has gone back and dumped a whole bunch of stuff there too. He said we obviously try to identify who has done this. He said we fine people in the past. He said it is a \$500 fine. He said they are not always doing it out in the middle of the day. He said we do need some conscientious awareness and we do ask citizens that if they see people illegal dumping, that they call city hall and let us know who and where and we will address that.

He said TxDot is part of the Governor's Achievement Award that we just received. He said TxDot will be here in the April time frame to take some pictures and some video of the city. He said this will part of the awards ceremony in June. He said they will show a nice little video clip of the city. He said Martha, as we all know, is retiring at the end of this month. He said we are going to have an appreciation reception this Friday here in Council Chambers at 10 A.M. He said anyone who has worked with Martha or been on a board with her, this would be a great time to come and tell her thanks for her years of service here in the City.

He said as always, we are the best city in all of Texas.

Councilor Fitzgerald asked if the City Manager had an information to share with the Council or the Public about the investigations. The City Manager said there was nothing that could be shared from the last meeting.

Councilor Fitzgerald said he did not know if the City Manager had considered doing this but he may have read in the newspaper about there being a nuclear event in New Mexico and of course they are downplaying that. He said if you look the dispersion maps it is going to be well north of Alpine but he thought we might want to think about testing our water for radioactivity. He said it is a very secure facility out there but it did happen and everybody downplays it. He asked if it would hurt to err on the side of caution and maybe ask Virgil to do that. The City Manager said he was

always glad to keep an eye out and work with the Director of Utilities. He said he was in New Mexico for the past four or five days. He said his father is actually a retired engineer. He said they did talk a little bit about WHIP and the impacts on the region. He said there has not been anything concrete that has come out as far as impacts but it is always wise for us to keep tabs on this. Councilor Davidson said the latest thing he read on that was they were having a hard time identifying the disintegration events with WHIP and because of the atmospheric testing and the nuclear weapons in the 50's when the wind blows it picks up remnants of that stuff so there is a lot of noise in the signal. Councilor Fitzgerald said he figured it would not hurt to do that. He said he knows that we test the water a couple of times a week but if that is not part of the testing maybe we should add that in, just to keep the public satisfied. The City Manager said we did test a couple of times a week and we will continue to not only look at it from an Alpine perspective but also visit with our neighbors in El Paso, who are a little closer to Carlsbad about this.

City Staff Updates – None

5. Citizens Comments (on agenda items) – None

6. Public Hearings – None

7. Consent Agenda – (Minutes, Financial reports, Department Written Reports, board appointments, etc.) –

A. Approve accounts payable. (E. Zimmer, CM)

B. Approve Council Minutes of January 21st, January 22nd and February 12th, 2014. (A. Rangra, Mayor)

Motion was made by Councilor Gonzales, by Resolution 2014-03-08, to approve the Consent Agenda. Motion was seconded by Councilor Fitzgerald. Motion carried unanimously.

8. Information or Discussion items –

A. Final FY 2012-2013 Audit to be discussed b Craig Gibson of Gibson, Ruddock, Patterson, LLC, Audit Firm hired by the City of Alpine. (E. Zimmer, CM) - The City Manager said at the last meeting we were able to go through the draft. He said Mr. Gibson and Marlene are back today to go through the highlights of the audit. He said he would venture to say that going through a hundred pages, we would have needed to start at 1:00 this afternoon. He said they do have some visuals that he will have available on the screen for the audience. Mr. Gibson introduced Marlene and himself. He said he handed out a hard copy of the graphs to all of the Council members and a booklet which will be shown on the

screen here. He said the first graph is a comparison of the governmental revenue and this is coming from page 18 of the booklet so they are trying to summarize some of the information. He said what you can see in 2013 we have a dip in the revenue. He said in looking at the different categories, the blue section on the bottom, represents property taxes and almost the same amount as the prior year. He said sales tax actually went up a little bit and that was the yellow section. He said the green section went up a little bit as other revenue. He said where we went down was in the red section, which is inter governmental which is primarily the grants. He said we did not have much grant revenue this past year. He said that is where the change in our governmental revenue is. He said the governmental is the general fund and other little funds. He said it does not include the enterprise fund which is the water, gas and airport. He said next is a comparison of the general fund expenditures. He said now we are looking at the current expenditures of just the general fund and not all the other funds. He said you can see, like the revenue, the expenditures went down as well. He said the blue section on the bottom represents the general government. He said you will see a little bit of a decrease there. He said the yellow section is the public works like the street department and you see a decrease there. He said the red is the health and human services and again there is a decrease. He said the gray section below the green is parks and recreation and there you see a decrease. He said the one area that did have an increase is the public safety which is police, fire and code enforcement. He said we had a little bit of an increase in that area. He said the Municipal Court stayed just about the same. He said even though revenues went down, you can see that our expenditures went down as well. He said however this is the general fund equity. He said this is what he was talking about last meeting how it dropped down significantly this year. He said you can see the zero line is right here. He said this is broken down into two categories. He said the blue is unassigned and the red is the committed or restricted for certain purposes. He said our other category actually grew a little bit over last year but the net is a negative of just under a million dollars in the equity section. He said how this came about, they touched on last time. He said you have other general fund sources and what that is, is it shows the blue as the transfer in, the red as transfers out and the yellow is debt proceeds. He said remember in a governmental fund, when you borrow money or issue bonds or whatever, that is basically revenue to that fund. He said that is why the yellow section is there back in 2011. He said we issued a good bit of debt then. He said what you see different here is that in 2013 the transfers in dipped down but we also had transfers out which we did not have in the previous four years. He said transfers out, what you have is most of the grants that you are able to get have a matching component. He said let's say you have a project that is \$500,000. He said the granting agency says okay, we will give you

half of that but you are committed for the other half. He said that other half typically comes out of the general fund as a transfer out. He said in this case we had a little over \$150,000 that had to be transferred to the Texas Parks and Wildlife Grant. He said part of it was the swimming pool and trails. He said we got grant money for \$152,000 and then the general fund puts in \$152,000. He said also there was a \$78,000 transfer to the water fund and he has no idea why that occurred but it was recorded so that is what we are presenting. He said this happened at the first of the year. He said he is not sure exactly what was going on with that. He said the combination of the current year activity and as we discussed earlier, the city was in a little bit of a turmoil when they were having the turnover and you have staff here who were trying to take care of the day to day activity but they did not really have the leadership. He said they were just trying to keep band aids on the operation. He said it is a totally different situation now. He said he cannot stress this enough. He said they are very impressed with the current management. He said the city council did an excellent job landing this fella and bringing Megan on board. He said they are very impressed with the improvement that they have made so far. He said they have given the city a laundry list of things to work on. He said this will impact the 180 day goal but these are things that need to be addressed immediately because they are internal control and process issues so we can be getting reliable reports every month. He said he knows they have already implemented some reporting and we are hoping that this is a continual improvement and they will be working with the city to make sure the monthly reports that they are giving the Council information so that when the Council receives the annual report, there are no surprises. He said in that way everybody understands where we stand. Mr. Gibson said he thinks we have a good handle on how we got to this situation and what he would really encourage is not to dwell on how we got here but concentrate on what do we do to continue to improve and he thinks that is what Erik and Megan are on board for. He said they do need the Council's support but he is sure the Council will be on board with that as well. He said the other section is the enterprise fund. He said that is just a comparison of the water, sewer and sanitation funds. He said there is not a lot of fluctuation in here. He said the thing that is different this year is that we did not get the transfer from water and sewer into the general fund which is part of our problem as to why we went into a deficit. He said he thinks we have come up with a good solution. He said he knows that Erik is working on presenting a method of reimbursing the general fund with the support we give to the enterprise fund. He said the last graph is a comparison of the gas utility fund and you see the disparity between years. He said remember that the previous year only had a half a year activity, once the district is closed out. He said that is the numbers in a nutshell. You said you can see how our last year measures up with previous years. He said as he mentioned they have some findings and

some management comments so there are a number of findings back in the back of the bound schedule that starts on page 65. He said he is not going to put everybody to sleep by going through each one. He said they are very self explanatory and they have given a good bit of detail. He said they said what should occur and what they found. He said a few pages back on page 72 is the management response to these as to what they are going to do to fix the situation and in many cases have already implemented. He said the other letter that they handed out to the Council, which was separate, on their letterhead, is what they refer to as the Management Letter. He said this is a required communication between the auditor and the City Council where they discuss the audit in general and talk about any major issues. He said also if there was any difficulty working with management they would indicate it in this letter. He said that was not the case. He said he found the personnel very eager to provide them with the information. He said unfortunately there was a lot of information that they needed to dig up. He said he is sure that they were burning the midnight oil. Mr. Gibson said starting on page 4 of that letter they have their management comments. He said these are suggestions for improvement to processes and procedures that are not quite as strong but also areas for improvement. He said also each one has a management response to these. Councilor Fitzgerald asked about Payroll Advances. He said they do not go into a great level of detail in the general audit. He said he is not on a witch hunt but just wanted to make sure the money came back to the city. He asked Mr. Gibson if he determined what he answered last time through journal entries or did he see checks, deposit slips and receipts. Mr. Gibson said they are just looking at the activity within the year. Mr. Gibson said from what they can determine, the city was made whole. Councilor Fitzgerald said his concern was that the city got their money back. He said this had been going on for years and we do not want to go around crucifying everyone but we want to make sure the citizens got their money back. Councilor Gonzales asked Mr. Gibson to say that one more time. Mr. Gibson said from what they could see with the activity within this year, the city was made whole. Councilor Davidson asked if Mr. Gibson saw that from journal entries that had balanced out or were there actual deposits, and check stubs where the advances were paid back. Mr. Gibson said they went with the reimbursements and he believed that there was an individual that spent quite a bit of time looking at everything as well. Councilor Fitzgerald said he gets asked a lot and that is why he wanted that clarified. Mayor Rangra said he would like to go back to the payment of the money that was borrowed or loaned out to the employees. He said it is an important question that the two Council members have asked because there is still the perception out there and he wants to see if he understands this correctly. He said one of the comments that he has heard floating around is that the loans were paid out by employees with their vacation hours. Mr. Gibson said we do have

a comment in there concerning the reporting of vacation hours and that there was some lax areas in that. He said they did not look to see if someone actually abused the system. He said what they looked for was the control in place where they saw there was an area where it could have been abused but they did not find anything. Vacation use was further discussed, both for salaried employees and employees who were not employed in city hall, at one of the other locations. He said their concern would be that taking vacation and reporting vacation was not always reported correctly. Mayor Rangra asked if Mr. Gibson saw any evidence that any "Godfather" made a payment to pay off these loans for any employees. Mr. Gibson said no. Mayor Rangra asked what "unmodified" meant on page 64. Mr. Gibson said on the auditor's report and the opinion on the financial statements, it used to be that they had unqualified and qualified. He said qualified was the bad one and unqualified sounded bad. He said this past year the industry changed it so now if you have a clean opinion, it is referred to as unmodified and if you have issues that you have to mention in the opinion letter, it is a modified report. He said the thinking was that would raise fewer questions. Mayor Rangra said that is good. Mr. Gibson said absolutely. Councilor Davidson said he would like to follow by asking if a modified opinion would be one where, perhaps, you would question some data that was missing and you did not have the whole story so you could only comment on the part that you knew and identify what you did not have. Mr. Gibson said exactly. Councilor Davidson said, so you found all the data that you needed? Mr. Gibson said it did take a good bit of piecing together, because of the situation we were in, but once we did get all the information and it was all put together, we believe the financial statements are a fair presentation. Mayor Rangra said last year the council was informed in a meeting about \$31 million dollars missing which of course is capital assets. He asked Mr. Gibson if he had found any money missing. Mr. Gibson said he had not found any money missing. Mayor Rangra asked if there was any credit card abuse or anything like that. Mr. Gibson said no, not that any of their tests indicated. Mayor Rangra asked again if Mr. Gibson found any money missing or if there was any abuse of credit cards. Mr. Gibson said no. Mayor Rangra said we are talking about the audit for 2012/2013, right? Mr. Gibson said right. Mr. Gibson said honestly, he thinks what the council really needs to concentrate on is moving forward. He said we know where we were but what we want to do is make it better, and he thinks that is what management on board will do. Mayor Rangra thanked Mr. Gibson for pointing out that the council did a wonderful job in selecting Mr. Zimmer as the City Manager. Manfred Fritsche said as we discussed earlier this afternoon, he had asked for the opportunity to get a look at the audit report and the matter was referred to Mr. McKamie, the City Attorney and Mr. McKamie is absolutely right. He said before the Council approves the audit report, it is considered a working

document, and he looked it up for reference, and it is not accessible to the public. He said the real question was why would anyone take that position. He said we heard the auditor make his report, two graphs were shown and the meat of the report and the findings of fact, which you gentlemen and ladies have in front of you. He said the audience and anyone who is watching this meeting on television does not know what are in the findings. He said likewise the management letter. He said no one knows except for the council. He said the previous audit reports from Mr. Skinner were gone through item by item for 60 pages. He said all we have heard here is - look on page 65 for the findings and look on page 72 for management response. He said the public knows nothing. He said the council represents the public. He said he supposed he could come in with a TPIA and ask for the audit report but he could not follow up with any questions that might occur to him. He said concerning the payroll advances, Mr. Gibson said everything has been paid back. He said his audit report is for the FY 2012/2013. He said he had a graph that was provided to him where the payroll advances went back to 2004. City Attorney McKamie said the audit report was presented to the Council and not to the public. He said it was inappropriate for the public to ask Mr. Gibson questions concerning the audit. Councilor Davidson said the city is still under investigation under the Texas Rangers and the FBI.

B. Discuss income statements/budget variance, October 2013 – February 2014 (E. Zimmer, CM) – City Manager Zimmer said 88 to 89% of the tax money had been collected. He said the water and sewer systems continue to operate. He said we are \$410,000 to the positive with the water, sewer and sanitation and \$493,000 to the positive in the gas department. He said we had \$733,000 in debt payments to make. He said concerning profit and loss in our income statements and our budget variance, our supplies are over by 42%. He said we are suggesting to buy in bulk, once a month. He also asked everyone to check the supply closet in City Hall, where they might find the supplies that they need. He said the gas company has two invoices that were not encumbered. He said the Fire Department has been over on line items. He said their equipment purchases are at 81%. He said we need better details from them and they need to have better guidelines.

C. Discuss Impact Fees for Construction. (M . Davidson) – Councilor Davidson said the city infrastructure needs to be upgraded. He said developers add to the stress of our systems. He said that determines the impact fees. He said we are talking about creating a comprehensive plan, including paving streets and everything. He said he just wanted to open up this conversation. He said we are eligible for borrowing money for improvements. He said it is important that we have fees for meters, etc. up front. Councilor Fitzgerald said that is exactly the approach that we need to take. He said we need a comprehensive 20 year plan.

D. Discuss Water Conservation Initiatives. (M. Davidson) – Councilor Davidson said the City is over using our water. He said one example is our City parks. He said there is technology which will automatically turn on and turn off our water using sensors. He said half of our water goes on the concrete or condenses in the air. He said xerascapes should be done more in our area to eliminate so much grass. He said we need to find ways so the city can save millions of gallons of water every year. He said there are new developments in down that do xerascaping. He said we need to use our gray water system. The City Manager said the day after the last Council meeting, he visited with all of the sophomores at the high school. He said they sent letters to the media and city hall about the wasted water in the City of Alpine. He said it was very enlightening. He said we may have field trips to the wastewater treatment plant and look at the spillage for our sprinkler systems. He said we are planning to use our affluent water at the golf course. He said in New Mexico they outlawed Mulberry trees. He said there are things we can do at low or no cost. He said the sophomores of the High School and the questions they asked were important. He said we need to get them thinking that way because they are the future of Alpine. Low flush toilets were also discussed.

E. Trash off Challenge for City Council. (E. Zimmer, CM) – The City Manager said the Trash Off will be on the first Saturday in April, on April 5th. He said we all really need to participate since this year the trash off has been made into a challenge for the City Council. He said there will be dumpsters for each ward and maps will be available at 8:00 A.M. at City Hall from Robert Polanco.

F. Discuss disconnect/late and other related fees and rates for water and gas utilities. (A. Rangra, Mayor) - Mayor Rangra said due to the length of this meeting, he will postpone this item until a later meeting.

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 FY 2012-2013 Audit. (E. Zimmer, CM) – Motion was made by Councilor Fitzgerald, by Resolution 2014-03-09, to approve the FY 2012-2013 Audit. Motion was seconded by Councilor Davidson. Motion carried unanimously.**
- 10. Discuss and Consider Impact Fees for Construction. (M. Davidson) – Motion was made by Councilor Davidson to approve impact fees for construction and begin the process after the 180 day plan. Motion was seconded by Councilor Fitzgerald. It was discussed that certain parts of town were at their limit and that we needed a new master plan. It was talked**

about that the old plan was 40 years old. Councilor Castelli said this was an excellent idea. He said this would need to be in the future at some point. Councilor Davidson amended his motion to state that after the completion of the 180 day plan, we should begin the process to update our city plan. Motion was seconded by Councilor Fitzgerald. The 180 plan will be up in the middle of May, 2014. Councilors Davidson and Fitzgerald voted in favor. Councilors Bermudez, Gonzales and Castelli voted against. Motion failed.

11. Discuss and Consider increase in Airport Hangar lease for all hangars at Alpine Casparis Municipal Airport (existing leases). (J. Fitzgerald) –

Councilor Fitzgerald said this has been vetted with the City Manager and the City Attorney. He said there is a provision in the lease to increase hangar fees from the ridiculously low, 10 cents a square foot, one cent a year. He said that has not been done at all. He said the City Manager, a couple of City Managers ago, made it very clear that he did not want a thing to do with the airport. He said none of that was ever pursued. He said it is in the lease and we have a perfect right to do that. He said that was the opinion of the attorney. He said he thinks we should start doing it. He said just because it has not been done in the past, that is revenue that we do not get. Motion was made by Councilor Fitzgerald, by Resolution 2014-03-10, to follow the provisions of the lease and maximize the lease rental as legally allowed with an annual increase of one cent per year. Councilor Fitzgerald asked if we were restricted from being able to do this from this point forward. He said he believed that we were able to go back and say the lease had been there for ten years, so we increased the individuals fee for a penny for each of those years. The City Attorney said the lease terms are that you can increase one cent per year, but you are not required to. He said you can elect not to increase it one year but that does not forgo increasing it the next year two cents. He said apparently the city has allowed those leases to continue for a number of years and lessees have enjoyed the lower rent. You said you are allowed to increase one cent per year. He said if the lease was to be one cent each increment, after each raise, they would have said so and it does not say that. He said it says you are allowed to one cent per year. He said if the lease has been in effect for 5 years that is 5 cents. He said you do not have to raise it the five cents but that would be up to your motion. Councilor Fitzgerald said he thought we should raise it as much as we can. Councilor Castelli said we are asking for something and there is still something gray out there. He said if we waited for two weeks could we get a motion that would maximize the amount of money that the city is entitled to. The City Attorney said we could do that now. He said the leases all started at different times and he believed they all had the same language. He said his partner in the firm had done dozens of airport leases that required TxDot and FAA approval in the last couple of years. He said he thinks the council could use that terminology to maximize the lease rental for each lease. Councilor Fitzgerald said he believes the city should get

every dime they are entitled to. Motion was seconded by Councilor Castelli. Councilor Castelli said it is unfortunate that this has gone on for this long without being addressed. He said it is revenue that is due the City, that the City is entitled to and the taxpayers are entitled to and if you look at the amount of income that we are receiving from this airport facility, it is a shame. He said it is a shame that our citizens or even people who are not citizens of our city are entitled to get this property at these rates and he thinks that it is about time that this changes. He said he applauds Councilor Fitzgerald for getting this item on the agenda. Dr. Steve Posner said he would like to give the Council a little factual background on this issue. He said the city does not lease any hangars at the airport. He said the city does not own any hangars at the airport. He said every hangar at the airport is built by private funds from individual owners. He said the only thing that is being leased is the dirt on the ground that the hangar is built on. He said the lease fee for that was made in agreement with TxDot Aviation and the FAA many years ago and the reason the rates are set low is because the pilots and the owners of the hangars have already paid for that dirt that it is built on. He said besides property tax on the hangar structure, they have to pay aviation fuel tax, which goes to the FAA and then comes right back to the city to support the ground that the hangars are built on. He said when the City Attorney said members of his law firm have researched this and worked with other airports, his educated guess is that they work for airports that own hangars that lease to citizens. He said many cities do own the hangars and lease to the citizens. He said that is not the case in Alpine. He said with no exceptions, every hangar out there is individually owned by someone who spent \$100,000 or more to build it so the city does not deserve exorbitant pay back for this. He said it is almost like a courtesy that they are paying the meager amount that they are paying. He said yes, you can increase it, according to the lease, one cent per square foot. He said fine, the FAA will not allow you to go back on a 30 lease after 20 years and add all those years up after the fact. He said you can do it from now going forward. He said there is also a maximum of 40 cents a square foot and you can never, in the history of the world exceed that, unless you want to pay penalties to the FAA which is about 6 million dollars in Federal Funding that they gave us to support that dirt that the hangars are built on. Kevin O’Cuilinn said he wished to address this. He said he has asked himself if this stems from Mr. Fitzgerald’s long standing ill feeling regarding several hangar owners. He said Mr. Fitzgerald often refers to himself as a bean counter. He said with that in mind he asks the council to consider the beans that Alpine Casparis Airport brings into our city and tri-county area each year. He said the answer to that is millions of dollars annually as documented by TxDot. He said at what cost to the city? None. He said it has been proven year after year the airport has been a profitable self sustaining enterprise. He said also is Mr. Fitzgerald aware of how many tax premiums the city and county take in each year from the hangar owners. He said the answer is over \$18,000. He said they are taxed the same as you are for your

home or your business building structure. He said this does not include the revenue from the individual lease for the dirt beneath each hangar. He said this ground has already been paid for by the aviation fuel tax. He said the city does not have to pay for that. He said additionally consider the jobs created, homes purchased, city taxes generated, etc. because of the hangar subleases to custom border protection agents, DH2 CVS Aviation Support Group, and the Texas Department of Public Safety, Helicopter Division. He said that is a lot of beans. He said our airport is a jewel in the city's crown as well as the tri-county area. He said in order to keep it that way it must be vibrant and progressive. He said to do this we must look at the big picture and not the mess that the city finds itself in. he said instead we should address the neglected improvements to our airport that will generate a great many more beans. He said not drive away potential investors. He said these investors are individuals looking to move to the tri-county area with their airplanes. He said they will build new modern hangars. He said as you know Mr. Zimmer, you have already been contacted by somebody that wants to build a big hangar and bring his airplane here. He said these hangars are being built now and in the future. He said they won't be the old hangars that we have out there now. He said they will be new modern hangars. He said the average cost of these hangers will be plus, plus, plus, plus \$100,000 so it could be a multi-million dollar hangar that goes up. He said the city would be getting the taxes, not the one cent a square foot dirt lease, but the taxes and each structure and land would revert back to the city after the leases. He said they paid for their hangars and after the leases are over, they revert back to the city. He said it is a plus, plus for the city. He said 10 cents a square foot is the high end norm throughout the country. He said the airport lease ground on which to build a hangar and that is a fact. He said he has been in aviation over 57 years and he knows this to be a fact. He said why do anything that would reduce incentive to build out there? City Manager asked Mayor Rangra to reread the "no personal attacks" portion on Council members or City Staff. Mayor Rangra said to keep the message professional and no personal attacks. Walt Pyle said what we are looking at here now is Mr. McKamie's firm believes that you can make retroactive back to the commencement of each individual lease as we did on Hangar #31, at the last council meeting. He said he never did understand why the Trans Pecos Bank loaned money on a hangar when it says in the leases that you cannot borrow money on a hangar. He said you can get an interim finance but you cannot maintain a mortgage on a hanger. He said his question is if you make that retroactive on that particular hangar, we can't borrow any money on our hangars and that is a violation right there. He said instead of making retroactive, why didn't the city just void that lease? He said that would have been the proper way to do it because it is in clear violation. He said his question tonight, for Mr. McKamie is what makes it legal to make this retroactive. He said where does it say in our contract that the city can increase one cent per square foot per year. He said just because the city has not done it in prior years,

you cannot make that retroactive and come back and assess the lease holders. Walt said what he wanted to do was do the right thing. He said he wanted this airport to make money. He said he wanted them to be treated right at the airport too. He said his question or opinion is that you can increase this rent tonight, one cent per square foot for the coming year but that is all. He said that is all you can do. City Attorney said he did not believe there were any motions to make this retroactive but it could be considered retroactive if you were making a motion tonight to impose rent on prior years. He said say an increase, as if it had been made, in 2012. He said any increase that you make tonight or implement tonight would only be going forward and not backward. He said one cent per year is the way the contract reads and if that is not what the parties intended when the contract was written, he said it could have been written in different language. He said many, many cities, especially this size, do indeed require the company or individual to build a hangar and at the end of a long term lease it reverts to the city. He said that is the most common form of lease that they prepare or review. He said but this particular lease, the way it is written, is not what the individuals thought. He said it does not change the language. He said it does allow a one cent per year increase. He said if that was only one percent after the implementation of a new lease it would have said so in so many words. He said he has seen some language, not exactly like this one but in other leases that is similar. He said there is no retroactive application. He said in other words the current lessees would not owe money from previous years but only in upcoming years that it would apply. Councilor Davidson said just for clarification, what we are talking about is that if there has been no increase in fees for ten years, we are talking about increasing the fee by ten cents. Councilor Fitzgerald said he wants the most that the city can get, whatever is legally acceptable. He said if we can do that from this point forward, that is fine. He said he did not want to get into a legal battle. He said he just wanted to get as much money as we are entitled to. Councilor Gonzales said the beginning of the lease says 10 cents and they are leasing it for 30 years. He said at the end of 30 years the rate would be 40 cents and that is the maximum. He said it is already saying that is how much they will pay at the end of the period. He said we have not been charging that for the ten years so he thinks the question is where is it that you start charging the extra one cent. Mick McKamie said that is for the council to decide. He said it is not coincident that the ten cent and the one cent per year at the end of 30 years adds up to 40 cents per year. He said that was designed in the lease. He said it is up to the council to implement the increase at their discretion. Mayor Rangra asked If we should start today. Mick said you cannot send them a bill for the previous years and there cannot be charge for the previous years. He said there can be a calculation of the increase based on the number of years. Councilor Fitzgerald said going forward do they pay 10 or 20? Councilor Castelli said if he signed a lease 10 years ago and for 10 years he has been paying 10 cents a square foot for a year, next year he will pay, because it is 10 years

at a penny a year, 20 cents a square foot. Mick said that is what the motion said. He said that is the motion that was made. He said there are different start dates to the lease. Councilor Castelli said he acknowledged what the airport lessees had to say and nobody likes their bills to go up. He said that is just human nature. He said we have leases in place that people signed that allow for a penny a year increase to a maximum of 40 cents. He said this is no surprise that we got our act together. He said he does acknowledge what they have said but he does acknowledge that we are making a good move for the city. Motion unanimously carried.

12. Discuss and Consider Water Conservation Initiatives. (M. Davidson) – Councilor Davidson said in light of the council voting against even talking about comprehensive planning he will withdraw this for now and we can proceed to the next item.
13. Discuss and Consider Election Agreement between City of Alpine and Brewster County Clerk and Voter Registrar. (E. Zimmer, CM) - City Manager Zimmer said this item was put in the council's packet. He said it is basically the election agreement between the city and the Brewster County Clerk and the Brewster County Voter Registrar. Motion was made by Councilor Fitzgerald, by Resolution 2014-03-11, to accept the Election Agreement between the City of Alpine and Brewster County Clerk and Voter Registrar. Motion was seconded by Councilor Gonzales. Motion unanimously carried.
14. Discuss and Consider approving Election Agreement between City of Alpine and Alpine Independent School District. (E. Zimmer, CM) - Motion was made by Councilor Bermudez, by Resolution 2014-03-12 to approve the Election Agreement between the City of Alpine and Alpine Independent School District. Motion was seconded by Councilor Davidson. Motion carried unanimously.
15. Discuss and Consider approving Resolution 2014-03-01, setting hourly rate of compensation for Election Judges and Clerks. (E. Zimmer, CM) – City Manager said this was the third document that was presented to the Council and it recommends setting an hourly rate of compensation for the judges and clerks for the election. Motion was made by Councilor Bermudez to approve Resolution 2014-03-01, setting hourly rates of compensation for Election Judges and Clerks. Motion was seconded by Councilor Gonzales. Councilor Davidson said these election judges work long hours and work really hard and they are a part of our democracy and they get paid peanuts. The City Secretary said we pay better than any other entity in the county. Motion carried unanimously.
16. Citizen's Comments (limit 3 minutes) This is the opportunity for visitors and guests to address the City Council on any issue. City Council may not discuss any presented issue, nor may any action be taken on any issue at

this time. (Texas Attorney General Opinion JC-0169) – There were no citizens comments.

17. Council Member's Comments –

Councilor Bermudez said she wanted to thank all of the council that voted for our very good city manager and Megan Antrim as our finance director. She said that is all they have heard about the two of them, good stuff, and she thinks they make a very good addition and it is something to be proud about.

Councilor Davidson said he said the information that we get in advance from the City Manager and our finance director reports are excellent, comprehensive, thorough and really what we need. He said after having said that, he had an announcement to make. He said we did a little five minute spot on Today In America which is a program that airs from time to time on Fox Business network. He said it is has been running from time to time and part of the contract was to run it once nationally. He said on Sunday, March 30th at 3 P.M. Central time this will air nationwide on the Fox news network. He said there are 80,000,000 subscribers to services that have Fox news network.

Councilor Fitzgerald said he agrees. He said as he has said many times before and he does want to relay for the record that these 21 items will clear up what we are doing here. He said the City Manager has already set out a very ambitious schedule for himself with the 180 day plan and all these 21 are not going to get done in 21 days. He said everyone has to realize that. He said that will be folded in to what he is doing and he will get it done. He said look at what he has done so far. He said this guy is amazing. He said it will take him time to do this and he hopes everyone will cut him some slack.

Councilor Gonzales said he is really pleased with the audit and like we have said before we knew that there would be places where we needed to address and make it better but based on the improvement that he has seen he thinks we are moving in the right direction and we are going to be successful.

Councilor Castelli said thanks for coming and thanks for watching.

Mayor Rangra said he needs to brag about a councilman. He said he wants everyone to know how dedicated this person is. He said she had to drive to Midland/Odessa today, this morning, because her husband had an appointment with the Doctor at 1:00 and she made it back. He said she did this so she could be here, representing her constituents and participating in the discussions that we had. He thanked her again. He thanked everyone for coming.

18. Executive Session – None

19. Action After Executive Session - None

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

NOTICE: The City Council reserves the right to adjourn into Executive Session at any time during the course of this meeting to discuss any of the matters listed on the posted agenda, above, as authorized by the Texas Government Code, Sections 551.071 (consultation with attorney), 551.072 (deliberations about real property), 551.073 (deliberations about gifts and donations), 551.074 (personnel matters), 551.076 (deliberations about security devices), and 551.086 (economic development).

I certify that this notice was posted at 3:00 P.M. on March 14th, 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 March 14th, 2014, and remained so posted continuously for at least 72 hours preceding the scheduled time of said meeting.

Margaret "Molly" Taylor, City Secretary