

**SPECIAL MEETING OF THE CITY COUNCIL OF THE CITY OF LEON VALLEY, TEXAS,
AUGUST 27, 2007 AT 5:45 P.M.**

The City Council of the City of Leon Valley, Texas, met for a Special City Council Meeting on the 27st day of August 2007 at 5:45 p.m., at the Leon Valley City Council Chambers, at 6400 El Verde Road, Leon Valley, Texas, for the purpose of the following business, to-wit:

SPECIAL CITY COUNCIL MEETING - 5:45 P.M.

Call to order and Pledge of Allegiance.

Mayor Riley called the meeting to order at 5:50 p.m. and asked that the minutes reflect that the following members of Council were present: Manea, Reyna, Baldrige, Dean and Nelson.

City Manager Lambert, City Secretary Feutz, Fire Chief Irwin, Assistant Public Works Director Fred Stolz, HR Officer/Assistant City Secretary Caldera, and City Attorney Jacobson were also present.

Mayor Riley asked everyone to join her in reciting the Pledge of Allegiance.

Citizens to be heard.

Mayor Riley asked if anyone in the audience wished to address the Council.

Resident David Smith addressed Council reporting on his experiences with unsatisfactory service from Waste Management: unreturned phone calls, late recycling pickup, and missed garbage pickup.

David Garcia of AFCOM General Contractors, addressed Council introducing members of his project team and informing Council that they are considering a development project at Huebner and Evers Road. He stated that he would be getting together with the neighborhood first to discuss the project and would be returning to Council to ask them to waive the use fees for use of the City's Conference Center. Mayor Riley advised Mr. Garcia that the Council does not act upon items raised during this portion of the agenda and referred him to the Community Development Department. She thanked the team for considering Leon Valley for their project.

Action Agenda

Convene into executive session in accordance with the Texas Government Code, Section 551.074, "Personnel Matters" to discuss the selection for City Attorney Services.

Mayor Riley announced that Council would convene into executive session in accordance with the Texas Government Code Section 551.074, "Personnel Matters" to discuss the selection for City Attorney Services at 5:56 p.m.

Reconvene into open session.

Mayor Riley reconvened Council into open session at 7:14 p.m.

Consider discussion and any action as appropriate from executive session.

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Mayor Riley announced that there would be no discussion and no action taken by Council on the executive session discussion at this time.

Consider Ordinance ordering a Special Election to be held in the City of Leon Valley, Texas on Tuesday, November 6, 2007 for the purpose of allowing voters to vote for or against the adoption of a local sales and use tax in the City of Leon Valley, Texas at the rate of one-fourth of one percent to provide revenue for maintenance and repair of municipal streets.

Mayor Riley explained that language had been presented to Council for the Street Maintenance Sale Tax at the last City Council meeting. City Manager Lambert stated that in response to Council's concern from the last Council meeting, language had been added to the proposed ballot language to reflect the four-year sunset clause which indicates that the sales tax must be re-authorized by voters every four years.

Council discussed using the proposed Street Maintenance Sales tax revenue for the repair and maintenance of existing streets in the City and the added revenue from the sales tax would free up street repair money currently in the budget that could then be used for other needs of the City. Council discussed that the tax creates money from people who do not necessarily live in Leon Valley but who use our streets and purchase items in Leon Valley and reaffirmed that the law requires this tax to be authorized by the City's voters every four years.

Following discussion, a motion was made by Councilman Reyna, seconded by Councilmember Dean, to approve the ordinance as presented which orders a special election to be held on November 6, 2007 for the purpose of allowing Leon Valley voters to vote for or against the proposition for a Street Maintenance Sales Tax. Upon unanimous vote, Mayor Riley announced the motion carried.

Update and public hearing regarding a sales and use tax for economic development under the provisions of Section 4B of the Development Corporation Act of 1979 (ART. 5190.6, V.T.C.S.), including ballot language (Marin).

Nancy Marin, Chair of the Citizens Neighborhood Progress Committee (CNPC), reported to Council that the Committee had met on Friday, August 24, 2007 and after considering Council's comments and recommendations from the State Comptrollers office and other economic development authorities, the Committee was recommending changed language for the ballot for a Section 4B sales tax election. She stated that specific projects with specific dollar amounts could put the City in the position of not being able to spend the money or in the position of not having enough money to complete a project due to rising costs, or from trying to put together good faith estimates with insufficient time. She explained she had been informed by the State Comptrollers's office that projects which the Committee had previously recommended to Council for the ballot language for the Economic Development tax would not be allowed; therefore, the Committee voted to recommend broader language as included in the Attorney General's Handbook on Economic Development. Ms. Marin read the proposed ballot language:

"The adoption of a Section 4B sales and use tax at the rate of one-fourth of one percent to undertake projects as described in Section 2(11) and Section 4B of Article 5190.6 of Revised Civil Statutes, including but not limited to projects for:

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- The promotion of amateur athletics and sports,
- Projects related to entertainment, convention, tourist, and exhibition facilities,
- Public parks, park facilities, and events, open space improvements,
- Primary job training facilities for use by institutions of higher education,
- Research and development facilities, regional or national corporate headquarters facilities,
- Museums and related stores, restaurant, concession, and automobile parking facilities,
- Recycling facilities,
- Projects to promote new or expanded business enterprises that create or retain primary jobs,
- Public safety facilities, streets and roads, drainage, and related improvements, demolition of existing structures,

and targeted infrastructure and any other improvements, expenditures, or facilities that are related to any of the above projects and any other project that the board determines will promote new or expanded business enterprises that create or retain primary jobs, and the maintenance and operations expenses for any of the above described projects.”

Councilmembers expressed their reluctance for ballot language for broad projects, no sunset clause for the Section 4B sales tax, and no indication of the costs for the projects to be included in the language of the ballot in light of comments made following previous failed elections for the economic development sales tax. Mayor Riley felt that direction from initial reconsideration of the economic sales tax nine months ago indicated that the City would use what was learned from previous failed elections and the Mayor stated she wanted to hear more input from the public. Mayor Riley expressed her appreciation for all the work the CNPC had done, but also expressed her reservations on moving forward without narrowing the language and identifying the costs for specific projects.

Ms. Marin stated that restrictions on the use and types of projects for the economic sales tax are numerous and she stated using specific projects and costs on the ballot may not benefit the City as hoped for because some of the projects identified by surveys of citizens and businesses cannot be funded by the tax.

City Attorney Jacobson stated that if a project is put on the ballot, you are committed to spending the money specifically for that project. He stated that budget line item specifics should not be on the ballot, and he recommended using the legislature’s ballot wording rather than specific wording generated by citizens’ specific projects. Council expressed their concern for spending economic development tax money and then being told by the Attorney General that you cannot spend the money. City Attorney Jacobson stated that penalties could be assessed in addition to repaying the money from City funds, if it was determined that moneys were spent on projects not allowed under the statute for the economic development sales tax. Ms. Marin stated that the new proposed broad ballot language would meet the recommendations heard from the City Attorney and would allow the Council-appointed Economic Development Corporation to pick projects to fund that would be allowed under the law and as approved by Council.

Discussion with the City Attorney clarified that City funds could only be spent for non-partial educational materials to educate the voter on the election propositions. Mr. Jacobson indicated

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that a brochure could be distributed to educate the public that states what the tax is for and any statement on the brochure with language in favor of the proposition would require inclusion of an equally weighted statement in opposition to the proposition. Councilman Reyna expressed his concerns of the short time before the election to adequately educate the citizens on such broad language and getting the project list and good faith cost estimates in time for a November 2007 election.

Mayor Riley opened the public hearing at 8:17 p.m.

Citizen Hubert Lange addressed Council stating that he was one of the supporters of previous sales tax initiatives but stated that he felt that the call for the Section 4B sales tax election proposition was premature. He stated that the City could appoint an Economic Development Committee now to develop projects, hire project designers and get actual costs for those projects and then put it on the ballot at a later date.

Citizen Rudy Garcia, Chair of the Citizens Organized for Economic Development (COED), addressed Council reiterating his support for both the presented Section 4B Economic Development and the Street Maintenance Sales Tax initiatives to be placed on the November 2007 ballot. Council asked if he felt he had enough time to educate the public on the Economic Development sales tax issue rather than waiting until next year, to which Mr. Garcia stated that he didn't know if the Committee would remain active if delayed for another year.

Citizen Patty Manea addressed Council stating that she was a member of the CNPC and recommended that Council approve the call for the economic development sales tax election proposition.

Nancy Marin again addressed Council stating that developers use the State's listing of cities who have passed economic development sales tax and they regard those cities as places that are committed to having business come to their cities.

Mayor Riley asked if anyone else wished to address Council on the subject; seeing no one, she closed the public hearing at 8:40 p.m.

Consider Ordinance ordering a Special Election to be held on Tuesday, November 6, 2007 in the City of Leon Valley, Texas for the purpose of allowing its citizens to vote for or against the adoption of a sales and use tax under the provisions of Section 4B of the Development Corporation Act of 1979 (ART. 5190.6, V.T.C.S.) in the City of Leon Valley at the rate of one-fourth of one percent.

Members of City Council discussed the ballot language for the election proposition for the Section 4B sales tax for economic development. A motion was made by Councilmember Manea, seconded by Councilman Reyna, to approve the presented ballot language for the election for the Section 4B economic development as presented by Ms. Marin.

Council discussion continued about whether each portion of the ballot could be broken up with separate votes on each line item of the ballot language, to which the City Attorney indicated that would not be advised.

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Following discussion, Mayor Riley asked for a roll call vote on the Ordinance ordering a Special Election on November 6, 2007 for the Section 4B of the Development Corporation Act of 1979 at the rate of one-fourth of one percent. The roll call vote was as follows: Manea, Reyna, and Nelson in favor of the motion; Baldrige and Dean against the motion. Following the vote, Mayor Riley stated that the 4B sales tax issue would then be on the ballot for the November 6, 2007 election.

Consider M&C # 08-22-07 - a request to authorize expenditures for the Citizens Neighborhood Progress Committee to educate public on the Street Maintenance Sales Tax for the November 6, 2007 Special Election and for other related expenses.

Nancy Marin, Chair of the CNPC, addressed Council asking if both this M&C # 08-22-07 and the next M&C # 08-23-07 could be combined to be heard as one item. City Attorney Jacobson ruled that they would have to be heard separately.

Ms. Marin asked for moneys for educational purposes only and asked for funding of: a mail out, call outs, web page support, a public meeting at the Conference Center, and professional fees in the total amount of \$5,000. She explained that she had difficulty splitting that cost for two ballot issues as she could not cover the cost for a mail out, callout or other proposed educational efforts with one-half of the money needed, but she could cover both ballot issues within the requested \$5,000. Council questioned how it will be determined if the materials were educational or promotional. The City Attorney suggested that any handout should be reviewed by staff and if any question as to whether information was educational or promotional would be determined by the City Attorney.

After much discussion, Ms. Marin revised her request and asked for a total of \$3900 for the educational effort stating that the request would not include the web page or phone call support.

After continued discussion, a motion was made by Councilmember Dean, seconded by Councilman Manea, to authorize expenditures of \$1850 for educating the public on the Street Maintenance Sales Tax. Upon unanimous voice vote, the motion carried.

Consider M&C # 08-23-07 - a request to authorize expenditures for the Citizens Neighborhood Progress Committee to educate public on the Section 4B Sales Tax for economic development for the November 6, 2007 Special Election and other related expenses.

A motion was made by Councilmember Dean, seconded by Councilmember Nelson, to approve the expenditure of \$1850 to educate the public about the Section 4B Economic Development sales tax initiative. Upon vote, Mayor Riley announced the motion carried.

Consider M&C # 08-24-07 - a request to authorize the City Manager to enter into contract with the Bexar County Elections Administrator for election services for the November 6, 2007 Special Election (Feutz).

City Secretary Feutz addressed Council explaining that the proposed contract is for the same types of services the City received from Bexar County for the last General Election and the cost of the contract was included in the FY 2008 budget for professional services.

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A motion was made by Councilmember Baldrige, seconded by Councilman Reyna, to approve the request for the contract with Bexar County Elections Administration for the November 6, 2007 Special Election. Upon vote, the Mayor announced the request was approved.

A request for authorization to proceed with Requests for Proposals with Qualifications for the collection and disposal of solid waste and recycling services (Stolz).

Assistant Director of Public Works Stolz addressed Council stating that this request was a follow-on from previous Council meeting discussion. He reviewed the scope of services to be included in the Requests for Proposals (RFP). He stated that Waste Management would be notified that the City would seek RFP's for the collection and disposal of solid waste and recycling services. He stated that he anticipated returning to Council for final section from proposals submitted in mid-October 2007. Mr. Stolz stated that the RFP will include current services and requests each proposal to list the details of the services their company will provide. He added that the proposal will include a request for continued twice yearly large item/brush pick-up and the expanded recycling services. He reminded Council that the City has been using Waste Management for twenty years and this is the first time the City is going out for proposals since that time.

Mayor Riley reported that she had been informed by Waste Management that they would submit a proposal, but with increased fuel costs, Leon Valley will see higher services costs included in their proposal. Discussion followed about the City inspecting the service vehicles used for collection services and inspections of the actual landfill and processing sites for any final proposals considered.

A motion was made by Councilman Reyna, seconded by Councilmember Nelson, to approve the Request for Proposals for qualifications for the collection and disposal of solid waste and recycling services as presented. Upon vote, Mayor Riley announced the authorization to proceed was approved.

Discussion Agenda

Discussion on purchase options for fire truck.

Mayor Riley informed Council that she had discussed with the City Manager options for funding the fire truck purchase and she wanted to discuss those options with Council. She reminded them that funding for a Certificate of Obligation for \$1 million will require 20 years of payments and the FY 2008 budget includes a debt payment of \$90,000 for the fire truck purchase.

City Manager Lambert addressed Council stating that there are four methods used by cities to fund large purchases, such as the fire truck purchase of \$1 million: Certificates of Obligation which are authorized by Council; a General Obligation Bond which must be approved by the voters and which could be included in the November 6, 2007 Special Election; a Lease Purchase option which must be approved by the bank; or Time Warrants that are also called tax anticipation notes, which have a seven-year term and are not used very much anymore. Mr. Lambert explained the differences of each of the options and stated both the lease purchase option and the Certificate of Obligation can have 20-year payments, but the City would save some money from issuance costs for bonds by using the lease purchase option, but the City

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would need to consider the interest rates from the bank versus the bond cost to see which would be most cost effective.

Council agreed that the City should consider either the lease purchase option or the Certificate of Obligation, whichever route will be most cost effective for the City.

City Manager's report (Lambert).

City Manager Lambert reported that the City was notified that a trail grant submitted by Park Commissioner Al Uvietta had been approved and funded for \$59,000. The Mayor and Council thanked Mr. Uvietta and other Park Commissioners for their work on the grant application.

Citizens to be heard.

Resident Patty Manea addressed Council thanking Council for hearing the recommendations of the CNPC and giving the citizens a chance to vote on the economic development sales tax issue.

Resident Mike Davis echoed Ms. Manea's thanks and appreciation for Council listening to the citizens and announced that the first meeting of the COED would take place on August 28, 2007 at Thai Restaurant at Babcock and Callahan at 7:00 p.m.

City Manager Lambert asked the City Attorney if the Councilmembers can be involved in the COED, a PAC. Mr. Jacobson stated that Councilmembers could not promote an issue to be voted upon by the people.

Announcements by Councilmembers and Mayor.

Councilmember Nelson announced that the restaurant Dickie's Barbecue will officially open on Tuesday, August 28, 2007.

Councilman Reyna asked the City Attorney to provide a list of what Councilmembers can and cannot do in regards to the election issue. City Attorney stated that you cannot use any facility publically paid for to sound your position to support or defeat an issue to be voted on.

Adjourn.

A motion was made by Councilman Reyna, seconded by Councilmember Dean, to adjourn the meeting. Mayor Riley announced the meeting adjourned at 9:55 p.m.

ATTEST:

Chris Riley
Mayor

Marie Feutz
City Secretary

Approved by majority vote of Leon Valley City Council at the City Council Meeting of September 4, 2007.