CITY OF ROCKPORT

MINUTES

CITY COUNCIL STRATEGIC PLANNING WORKSHOP
1:30 p.m., Tuesday, March 8, 2022
Rockport Service Center, 2751 State Highway 35 Bypass

On the 8th day of January 2022, the City Council of the City of Rockport, Aransas County, Texas, convened in a Strategic Planning Workshop at 1:30 p.m., at the Training Room of the Rockport Service Center, and notice of meeting giving time, place, date and subject was posted as described in V.T.C.A., Government Code § 551.041.

CITY COUNCIL MEMBERS PRESENT
Mayor Pat Rios
Council Member Katy Jackson, Ward 1
Council Member Brad Brundrett, Ward 3 – *Arrived at 2:00 p.m.*
Council Member Andrea Hattman, Ward 4

CITY COUNCIL MEMBER(S) ABSENT
Mayor Pro-Tem J.D. Villa, Ward 2

STAFF MEMBERS PRESENT
Interim City Manager Richard Morton
Assistant to City Manager Kimberly Henry
City Secretary Teresa Valdez
Parks & Leisure Services Director Rick Martinez
Director of Finance Katie Griffin
Director of Public Works & Building & Development Services Mike Donoho
Police Chief Greg Stevens
Finance Accountant Lorenzo Lara
Communications Center Director Lee Brown
Administrative Assistant/Acting Human Resources Manager Kaycee Eddins

ELECTED OFFICIALS

Opening Agenda

1. Call to Order.

With a quorum of the Council Members present, the Strategic Planning Workshop Session of the Rockport City Council was called to order at 1:30 p.m. on Tuesday, March 8, 2022, in the Training Room of the Rockport Service Center, 2751 State Highway 35 Bypass, Rockport, Texas.

2. Citizens to be heard.

At this time, comments limited to three (3) minutes will be taken from the audience from persons who have signed the speaker's card located on the table in the back of the Training Room of the Service Center and delivered to the City Secretary before the meeting begins, or written comments received by 10:00 a.m. on the day of the meeting, on any subject matter that is not on the agenda, will be read by the Mayor and summarized in the minutes of the meeting. Persons wishing to address the Council and who have registered using the Citizen Participation Form will have up to three minutes to speak. In accordance with the Open Meetings Act, Council may not discuss or take action on any item that has not been posted on the agenda. While civil public criticism is not prohibited; disorderly conduct or disturbance of the peace as prohibited by law shall be cause for the chair to terminate the offender's time to speak.

Jennifer Day, 912 E. Cornwall, addressed the Council. Ms. Day stated she is the Executive Director of the Rockport Cultural Arts District. Ms. Day gave a brief update of the Cultural Arts District projects and stated she looks forward to a continued partnership with the City of Rockport.

Kristie Rutledge, 1411 Dana Drive, addressed the Council. Ms. Rutledge voiced comments regarding transparency of Council meetings and Planning and Zoning Commission meetings.

Strategic Planning Workshop Agenda

Interim City Manager Richard Morton stated the City is a major business of which the Council is the Board of Directors elected by citizens. Mr. Morton said like most businesses, the Board needs to sit down from time to time and talk, plan, to discuss issues and think strategically about the future. Mr. Morton expressed that is what the Workshop today is about and asked the Council to pretend citizens are not here and don't be shy to ask questions or argue with each other. Mr. Morton reviewed the Workshop Agenda.

3. Council Visioning Exercise.

Mr. Morton led the Council through a Visioning Exercise with each of the Council Members answering the following questions:

1. What was the reason you first chose to run for the Council?

   Council Member Jackson – Ward 1 in its entirety has not been properly represented for some time. Saw that Council was rubber stamping spending, flooding and drainage issues.

   Council Member Hattman – Wanted to be involved with direction of City. Wish to be a voice for younger residents of Rockport raising families here. Working with non-profits I see they don't have a voice in local government.

   Mayor Rios – Started with City in 2011 by serving on Boards and volunteered for a couple of committees. I felt my Ward could be better represented. Hoping to bring my experience to help.

   Council Member Brundrett (answered when he arrived) – my family have been long-time residents of Rockport and I want my grandchildren to have the ability to grow up in the same place I did.

2. What do you love about Rockport?

   Council Member Hattman – People who live here. Compassionate people and quality of life, nature, art. Great town to raise family.

   Mayor Rios – Pretty much same reason as Council Member Hattman. The people, environment.

   Council Member Jackson – Small town, good Rockport folk, down to earth, always willing to help. Moved here sight unseen.

Council Member Brundrett (answered when he arrived) – Rockport is a special place surrounded by water on three sides. Environment here is very special. People come here and relax, slow down.

3. What do we need to make Rockport better?

Mayor Rios – Looked at this in different ways. Should we leave things well enough alone, don't take care of infrastructure? Make sure we take care of what we have and continue to make better. We need to work more together, get the facts.

Council Member Jackson – Good jobs and good wages. Workforce housing, drainage. We need to work together

Council Member Hattman – Start working together as a whole. Improve infrastructure. Plan as a team, not individually. Better job of listening to each other, the back/forth is not good, get the answers, more townhall meetings, ask for facts.

Council Member Brundrett (answered when he arrived) – Rockport has a few governmental entities and the better we can work together, the better we can make the community. Try to all be on the same page, but within own lanes. Always room for improvement. Open communication with each other, and entities, and the citizens.

Mr. Morton asked Council what do we need to do to work better together? Do you think other entities would sit down with us a few times per year? Typically, our joint meetings are subject oriented. We try to stress that we are all working for the same public.

Council Member Hattman: Having productive conversations. Town hall meetings may help. Reach out to me and I will try to get answers. We do try to get the answers.

Council Member Jackson: We do have to work together. There is entity(ies) who think they know better than the other. Maybe joint workshops/meetings. Should be all of us. More town hall meetings. Comes down to facts, not opinions. Various entities understanding that the answer is sometimes the answer is longer than the question asked; that is why I write the Blogs.

Mayor Rios: We are not enemies of each other. Just because something is said, it is not with animosity, it's fact. Just because it is posted on social media does not mean it is true. Have no reason to lie to you. Sometimes facts are difficult to accept.

Mr. Morton asked Council if they thought the other entities would be interested in a once-a-year meeting?

Mayor Rios: Typically, have been one subject meetings. Remind them we all live in Aransas County. A lot of myth about entities ability to work together. Protecting our base. Ability to speak and understand each other.

4. What are the top three to five issues facing Rockport?

Council Member Hattman - Manage growth responsibly; keep our coastal charm, infrastructure, environment; water quality, drainage and need to work better together.

Mayor Rios – Echo Council Member Hattman's response. Need to make sure we have great opportunities to better our community, school and workforce training.

Council Member Jackson – Infrastructure before development. Communications in all forms. Workforce housing - $1500 a month is not workforce rental. Bringing in industry that is not weather related. Short-term rentals – the more you have drives up appraisals in that area. Big issue people complain taxes go up – I can't do anything about appraised values. Recruiting and retention of City employees.

Council Member Brundrett (answered when he arrived) – Infrastructure repairs, all areas the community, not just one area. Manage growth we foresee coming down the road. What do we want to see that look like? Maintain charm. Recruitment and retention of City employees.

Mr. Morton asked Council if there is a balance between infrastructure and development?

Council Member Jackson: If we don't get a handle on it, it is going to be catch-up.

Council Member Hattman: A lot of our regulations are up to par. Trees – don't have updated ordinance.

5. What do you want Rockport to look like in ten years?

Mayor Rios – Look the way it does now and better. Hurricane free, infrastructure, drainage addressed. Schools taken care of.

Council Member Jackson – Career, profession jobs here. Roads in City Limits with proper width and ditching. Amenities for residents that tourists enjoy. Roads mitigated for proper erosion control.

Council Member Brundrett – Like now, but a little better. Have more careers available here in town and not going out of town to secure work. We are very diverse area. Keep people in our community.

Council Member Hattman – Jobs that people can afford to live here. Small businesses thrive. Keep up responsibility of protecting natural resources.

Mr. Morton said he did not hear any thoughts on population.

Council Member Hattman: We can't control that, but we can control what we do with it. Natural resources. Not over developed. Like small town feel.

Council Member Jackson: Think most are here and not have large population.

Mr. Morton stated if you want jobs, which creates population. Need to think about that as it relates to population.

Mayor Rios: Think about what we have. We are close to good paying jobs. Short-term our industry will be housing. We can keep small town feel but people will work in outlying communities.

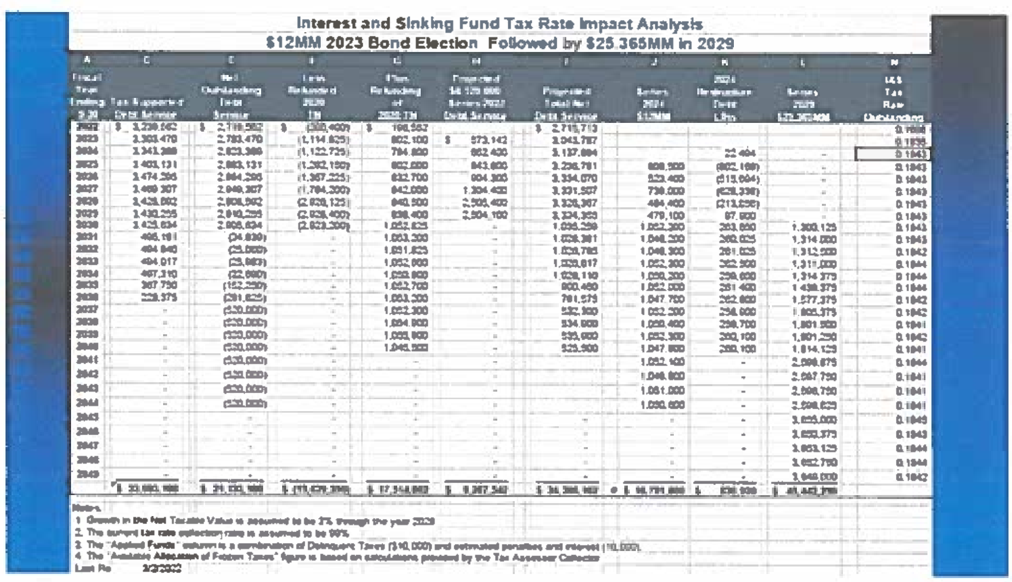
Council Member Jackson: Rockport is 87% residents and 13% business. We will continue to tax out our residents if we don't bring in more business. We all really want to go the same direction. It's a matter of how we get there.

Council took a break from 2:21 p.m. until 2:29 p.m.

4. Hear and deliberate on strategic planning items including but not limited to the following:
a. Possible future debt issuances – impact on tax rate.

Interim City Manager Richard Morton stated he had invited Bob Henderson, Managing Director RBC Capital Markets, to address Council and show how much debt the City may be able to issue in the future without a tax increase. Mr. Morton stated different bond election amounts analysis were prepared: $12 million, $15 million, $18.625 million, and $25 million. Mr. Morton said the City has many needs and a Capital Improvement Plan should be put together to take to the voters.

Bob Henderson addressed the Council. Mr. Henderson gave a presentation on "City Debt Capacity" and declared that this does not mean anyone is recommending issuing debt. Mr. Henderson said Council Member Jackson had asked him "If I were not worried about the I&S tax rate or how much other revenue is used to pay debt, how much debt could we the City of Rockport accumulate?", and he had answered her in an email that Mr. Morton had shared with the entire Council. Mr. Henderson explained that as it applies to utility systems, there is not set number. Mr. Henderson said what is going to be talked about today is that portion of debt just paid by taxes: public buildings, equipment, roads, drainage. Mr. Henderson then reviewed the Interest and Sinking Fund Tax Rate Impact Analysis for a $12 million 2023 Bond Election followed by $25.365 million in 2029 (below).


Interest and Sinking Fund Tax Rate Impact Analysis
$12MM 2023 Bond Election Followed by $25.365MM in 2029

A	C	E	F	G	H	I	J	K	L	M
Fiscal Year Ending 9/30	Tax Supported Debt Service	Net Outstanding Debt Service	Less Refunded 2020 [illegible]	Plus Refunding of 2020 [illegible]	Projected [illegible] Series 2022 Debt Service	Projected Total Net Debt Service	Series 2024 $12MM	2024 Restructure Debt [illegible]	Series 2029 [illegible]	I&S Tax Rate Outstanding
2022	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]		$ [illegible]				[illegible]
2023	[illegible]	[illegible]	[illegible]	[illegible]	$ [illegible]	[illegible]				[illegible]
2024	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	-	[illegible]
2025	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	[illegible]
2026	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	[illegible]
2027	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	[illegible]
2028	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	[illegible]
2029	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	[illegible]
2030	[illegible]	[illegible]	[illegible]	[illegible]	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2031	[illegible]	[illegible]	-	[illegible]	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2032	[illegible]	[illegible]	-	[illegible]	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2033	[illegible]	[illegible]	-	[illegible]	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2034	[illegible]	[illegible]	-	[illegible]	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2035	[illegible]	[illegible]	-	[illegible]	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2036	[illegible]	[illegible]	-	[illegible]	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2037	-	[illegible]	-	[illegible]	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2038	-	[illegible]	-	[illegible]	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2039	-	[illegible]	-	[illegible]	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2040	-	[illegible]	-	[illegible]	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2041	-	[illegible]	-	-	-		[illegible]	-	[illegible]	[illegible]
2042	-	[illegible]	-	-	-		[illegible]	-	[illegible]	[illegible]
2043	-	[illegible]	-	-	-		[illegible]	-	[illegible]	[illegible]
2044	-	[illegible]	-	-	-		[illegible]	-	[illegible]	[illegible]
2045	-	-	-	-	-	-	-	-	[illegible]	[illegible]
2046	-	-	-	-	-	-	-	-	[illegible]	[illegible]
2047	-	-	-	-	-	-	-	-	[illegible]	[illegible]
2048	-	-	-	-	-	-	-	-	[illegible]	[illegible]
2049	-	-	-	-	-	-	-	-	[illegible]	[illegible]
	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	

Notes:
1. Growth in the Net Taxable Value is assumed to be [illegible] through the year [illegible]
2. The current tax rate collection rate is assumed to be [illegible]
3. The "Applied Funds" column is a combination of Delinquent Taxes [illegible] and estimated penalties and interest [illegible]
4. The "Available Allocation of Frozen Taxes" figure is based on calculations provided by the Tax Assessor Collector
Last Re [illegible]

Mr. Henderson said there would be modest restructuring to keep the tax rate at $0.1825.

Mr. Henderson explained the City has always been very conservative and used a 3% growth rate per year, and this model (below) increased from 3% to 4% through a certain time, and there is a $3 million difference in the Bond Election amounts. Mr. Henderson stated if the City were to have a Bond Election in May 2023 this information (growth rate) would be updated. Mr. Henderson further explained Bond Elections are deemed valid for 10 years; you do not have to issue the debt all at one Time.

City of Rockport, Texas
GO Interest and Sinking Fund Tax Rate Impact Analysis
$15MM 2023 Bond Election Followed by $25MM in 2029

A	C	E	F	G	H	I	J	K	L	N
Fiscal Year Ending 9.30	Tax Supported Debt Service	Net Outstanding Debt Service	Less Refunded 2020 TN	Plus Refunding of 2020 TN	Projected $8,120,000 Series 2022 Debt Service	Projected Total Net Debt Service	Series 2024 $15MM	2024 Restructure Debt (Dec)	Series 2029 $25MM	I&S Tax Rate Outstanding
2022	$ 3,230,582	$ 2,710,582	$ (200,400)	$ 198,582		$ 2,718,713				0.1880
2023	3,303,470	2,783,470	(1,114,825)	802,100	$ 573,142	3,043,787				0.1817
2024	3,343,389	2,823,389	(1,122,725)	784,800	652,400	3,137,864		22,404	-	0.1814
2025	3,403,131	2,883,131	(1,292,150)	802,000	843,800	3,236,781	916,000	(802,169)	-	0.1840
2026	3,474,296	2,954,296	(1,357,225)	832,700	904,300	3,334,070	848,500	(515,694)	-	0.1840
2027	3,460,307	2,940,307	(1,784,200)	842,000	1,304,400	3,331,507	907,351	(628,338)	-	0.1842
2028	3,428,582	2,908,582	(2,828,125)	840,500	2,505,400	3,320,367	845,000	(213,056)	-	0.1844
2029	3,430,255	2,910,255	(2,828,400)	838,400	2,504,100	3,324,355	803,800	97,800	-	0.1843
2030	3,425,634	2,905,634	(2,823,200)	1,052,825	-	1,035,259	1,313,900	263,650	1,291,375	0.1842
2031	405,161	(24,839)	-	1,053,200	-	1,028,361	1,313,900	260,025	1,304,750	0.1843
2032	404,940	(25,060)	-	1,051,825	-	1,026,765	1,317,800	261,025	1,302,750	0.1844
2033	404,017	(25,983)	-	1,052,600	-	1,026,617	1,315,000	262,500	1,300,750	0.1842
2034	407,310	(22,690)	-	1,050,800	-	1,028,110	1,316,100	259,600	1,303,625	0.1843
2035	367,750	(152,250)	-	1,052,700	-	900,450	1,315,800	261,400	1,428,125	0.1843
2036	228,375	(291,625)	-	1,053,200	-	761,575	1,314,100	262,800	1,569,625	0.1842
2037	-	(520,000)	-	1,052,300	-	532,300	1,315,900	258,900	1,798,000	0.1842
2038	-	(520,000)	-	1,054,900	-	534,900	1,316,100	259,700	1,798,250	0.1844
2039	-	(520,000)	-	1,055,900	-	535,900	1,314,700	260,100	1,797,000	0.1844
2040	-	(520,000)	-	1,045,500	-	525,500	1,316,600	260,100	1,804,000	0.1843
2041	-	(520,000)	-	-	-		1,316,700	-	2,503,875	0.1845
2042	-	(520,000)	-	-	-		1,315,000	-	2,500,750	0.1843
2043	-	(520,000)	-	-	-		1,316,400	-	2,503,625	0.1845
2044	-	(520,000)	-	-	-		1,315,800	-	2,502,250	0.1844
2045	-	-	-	-	-	-	-	-	3,517,750	0.1060
2046	-	-	-	-	-	-	-	-	3,516,625	0.1060
2047	-	-	-	-	-	-	-	-	3,517,125	0.1059
2048	-	-	-	-	-	-	-	-	3,517,875	0.1060
2049	-	-	-	-	-	-	-	-	3,510,625	0.1056
	$ 33,893,188	$21,133,188	$ (15,829,350)	$ 17,514,882	$9,287,542	$ 34,386,182	$ 23,454,251	$ 830,938	$ 44,646,750	

Notes:
1. [illegible]
2. [illegible]
3. [illegible]
4. [illegible]

Mr. Henderson said the next assumption is for $18.625 million with assumptions of restructuring debt to keep tax rate the same; estimated tax rate increase is $.0263

Interest and Sinking Fund Tax Rate Impact Analysis
$18.625MM 2023 Bond Election Followed by $25.000MM in 2029

A	C	D	E	F	G	H	I	J	K	L	N	O
Fiscal Year Ending 9.30	Tax Supported Debt Service	Frozen Levy & Applied Funds	Net Outstanding Debt Service	Less Refunded 2020 TN	Plus Refunding of 2020 TN	Projected $8,120,000 Series 2022 Debt Service	Projected Total Net Debt Service	Series 2024 18.625MM	2024 Restructure Debt (Dec)	Series 2029 $25MM	I&S Tax Rate Outstanding	Tax I&S Tax Increase
2022	$ 3,230,582	$ (520,000)	$ 2,710,582	$ (200,400)	$ 198,582		$ 2,718,713				0.1880	
2023	3,303,470	(520,000)	2,783,470	(1,114,825)	802,100	$ 573,142	3,043,787				0.1835	
2024	3,343,389	(520,000)	2,823,389	(1,122,725)	784,800	652,400	3,137,864		22,404	-	0.1843	
2025	3,403,131	(520,000)	2,883,131	(1,292,150)	802,000	843,800	3,236,781	1,272,400	(802,169)	-	0.2106	$ 0.0263
2026	3,474,296	(520,000)	2,954,296	(1,357,225)	832,700	904,300	3,334,070	1,081,100	(515,694)	-	0.2107	
2027	3,460,307	(520,000)	2,940,307	(1,784,200)	842,000	1,304,400	3,331,507	1,226,100	(628,338)	-	0.2104	
2028	3,428,582	(520,000)	2,908,582	(2,828,125)	840,500	2,505,400	3,320,367	636,800	(213,056)	-	0.2106	
2029	3,430,255	(520,000)	2,910,255	(2,828,400)	838,400	2,504,100	3,324,355	751,800	97,800	-	0.2107	
2030	3,425,634	(520,000)	2,905,634	(2,823,200)	1,052,825	-	1,035,259	1,578,100	263,650	1,291,375	0.2104	
2031	405,161	(520,000)	(24,839)	-	1,053,200	-	1,028,361	1,572,100	260,025	1,304,750	0.2103	
2032	404,940	(520,000)	(25,060)	-	1,051,825	-	1,026,765	1,574,700	261,025	1,302,750	0.2103	
2033	404,017	(520,000)	(25,983)	-	1,052,600	-	1,026,617	1,573,700	262,500	1,300,750	0.2103	
2034	407,310	(520,000)	(22,690)	-	1,050,800	-	1,028,110	1,570,200	259,600	1,303,625	0.2101	
2035	367,750	(520,000)	(152,250)	-	1,052,700	-	900,450	1,578,000	261,400	1,428,125	0.2104	
2036	228,375	(520,000)	(291,625)	-	1,053,200	-	761,575	1,574,000	262,800	1,568,625	0.2102	
2037	-	(520,000)	(520,000)	-	1,052,300	-	532,300	1,579,200	258,900	1,798,000	0.2104	
2038	-	(520,000)	(520,000)	-	1,054,900	-	534,900	1,575,500	259,700	1,793,375	0.2102	
2039	-	(520,000)	(520,000)	-	1,055,900	-	535,900	1,575,900	260,100	1,792,375	0.2102	
2040	-	(520,000)	(520,000)	-	1,045,500	-	525,500	1,574,300	260,100	1,804,500	0.2102	
2041	-	(520,000)	(520,000)	-	-	-		1,575,600	-	2,589,500	0.2103	
2042	-	(520,000)	(520,000)	-	-	-		1,574,700	-	2,586,625	0.2101	
2043	-	(520,000)	(520,000)	-	-	-		1,576,500	-	2,589,750	0.2103	
2044	-	(520,000)	(520,000)	-	-	-		1,575,800	-	2,588,625	0.2102	
2045	-	(520,000)	-	-	-	-	-	-	-	3,543,625	0.1780	
2046	-	(520,000)	-	-	-	-	-	-	-	3,543,250	0.1780	
2047	-	(520,000)	-	-	-	-	-	-	-	3,540,500	0.1787	
2048	-	(520,000)	-	-	-	-	-	-	-	3,544,875	0.1780	
2049	-	(520,000)	-	-	-	-	-	-	-	3,433,750	0.1733	
	$ 33,893,188	$ (14,560,000)	$ 21,133,188	$ (15,829,350)	$ 17,514,882	$ 8,287,342	$ 34,386,182	# $ 38,817,400	$ 830,938	$ 44,645,750		

Notes:
1. Growth in the Net Taxable Value is assumed to be 3% through the year 2029
2. The current tax rate collection rate is assumed to be 99% $ 288,746,131
3. The "Applied Funds" column is a combination of Delinquent Taxes ($10,000) and estimated penalties and interest (10,000) 288451431 $ 294 better than $1.03
4. The "Available Allocation of Frozen Taxes" figure is based on calculations provided by the Tax Assessor Collector $ 294,700

Council Member Jackson asked if we do not have to issue entire sum, how does that work on paying that bond back, does our issue start with the first issuance or second issuance and the interest rates are the date of issuance?

Mr. Henderson answered typically it starts when each debt is issued and the direction from Council. Mr. Henderson said the interest rates are from the date of each issuance.

Mr. Morton said he did not include the spread sheet for the $25 million bond election in 2023 followed by a $25 million in 2029, because he thought that was too much to ask and I think that is beyond what the needs are.

Council Member Brundrett said he just received a question: On the tax debt service, is that column C, is that the entire debt; on the City's financial transparency page, in 2022 we are paying off $3.39 million in principal and paying $1.23 in interest?

Mr. Henderson answered the spread sheet that the multiple scenarios came off of had an additional tab that show all the City's debt service by source and what he shows is the total debt of all the City debt that includes what we call your constitutional debt (certificates of obligation & general obligation bonds), includes the energy lease obligations of the City, and the lease the City has in conjunction with the law enforcement center with the County. Mr. Henderson explained the number Council Member Brundrett just cited is related to that, and then he breaks that debt down to how much is paid from Interest & Sinking Fund taxes, how much is paid from water and sewer utility, how much is paid from gas system utility, and how much is paid from Hotel Occupancy taxes (some small sliver of that is being paid for from that). Mr. Henderson said he would have to refer to that spreadsheet tab and meet with you to go through that and what is cited is all that, but here is just that portion being paid out of taxes.

NOTE: A handout (below) showing totals of Capital Improvement needs for the Utility Fund and the General Fund, unspent Bond funds and Bond proceeds necessary for each year was distributed to Council.

Utility Fund	2022-23 Unspent Bond Funds	2023-24	2024-25	2025-26	2026-27	Total 2-5 Year 2023-27	Total 6-10 Year 2027-32	Total All Years
Water	$120,000	$1,345,000	$500,000	$500,000	$500,000	$2,845,000	$3,000,000	$5,845,000
Wastewater	$4,252,000	$620,000	$2,520,000	$500,000	$500,000	$4,140,000	$3,000,000	$7,140,000
Gas	$50,000	$4,200,000	$1,800,000	$1,800,000	$1,800,000	$9,600,000	$8,400,000	$18,000,000
Total Utility Fund	$4,622,000	$6,185,000	$4,820,000	$2,800,000	$2,800,000	$16,585,000	$14,400,000	$30,985,000

General Fund	2022-23 Unspent Bond Funds	2023-24	2024-25	2025-26	2026-27	Total 2-5 Year 2023-27	Total 6-10 Year 2027-32	Total All Years
Police		$362,500	$412,000	$120,000		$894,500		$894,500
Streets & Drainage	$1,561,845	$4,600,000	$1,000,000	$1,000,000	$1,000,000	$7,600,000	$5,500,000	$13,100,000
Fleet	$112,500	$86,500				$86,500		$86,500
Parks & Aquatics	$907,000**	$425,000	$300,000	$8,552,000	$0	$9,277,000		$9,277,000
IT		$200,000	$200,000	$200,000	$200,000	$800,000	$200,000	$1,000,000
Total General Fund	$2,581,345	$5,674,000	$1,912,000	$9,872,000	$1,200,000	$18,658,000	$5,700,000	$24,358,000
Total Both Funds	$7,423,345	$11,790,000	$6,732,000	$12,672,000	$4,000,000	$35,243,000	$20,100,000	$55,343,000*
Amount needed if we sell Gas plant and Park land development reduced by [illegible]								[illegible]
* Total amount of new debt needed does not include first column of unspent funds ** $500,000 possible park project from HOT Funds								

b. Capital Improvement Plan.

Mr. Morton said in January 2022 we identified that we had $4,494,287 of unspent bond proceeds and at that meeting Council said they needed a plan on how to spend that money to the benefit of the citizens so that is what this discussion is about. Mr. Morton stated that as of February of this year of that $4.4 million, Council had approved $200,000 for entry road and parking at Memorial Park, so the real number to work with is $4.2 million. Mr. Morton explained some of the bond's date back to 2005 and each bond issuance had bond covenants which said how you could spend these funds. Mr. Morton called the Council's attention to the handout (below) showing the breakdown of each of the unspent bond funds.

Capital Improvement Plan

Project Recommendations for Unspent Bond Funds and American Rescue Plan Funds

Outstanding Proceeds, less 2020 Tax Notes		
Amount Shared at Workshop at January 2022	$	4,494,287
Less Memorial Park Project FY 21/22 -Entry Road & Parking	$	(200,000)
Available Unpent Bond Proceeds as of 2/22	$	4,294,287
Total Unspent Bond Proceeds Available for Utilities	$	(2,186,499)
Total Unspent Bond Proceeds Available for Streets, Drainage & Parks	$	(1,702,324)
Total Unspent Bond Proceeds Available for Parks & Aquatics Only	$	(405,464)
American Rescue Plan Funds		
Phase 1 Received 8/2021	$	1,313,761
Phase 2 Expected August 2022	$	1,313,761
Total	$	2,627,522

Mr. Morton said he also wanted the Council to know the City applied for and received American Rescue Plan Funds and you see $1.3 million received in August 2021 and $1.3 million expected in August 2022.

Mr. Morton called the Council's attention to the handout (below) showing the utilities project recommendations for unspent bond funds and American Rescue Plan funds. Mr. Morton stated from staff's perspective, the number one project is the Wastewater Treatment Plant; it is in dire need of repair and upgrade if you don't fix this the community will be in trouble. Mr. Morton reviewed the project recommendations. Mr. Morton explained that what is not shown here are projects that we cannot afford to do with these funds.

Project Recommendations for Unspent Bond Funds and American Rescue Plan Funds

Utilities

		Unspent Bond Proceeds	ARP Funds
		$ 2,186,499	$ 2,627,522
Possible Utility Projects			
Waste Water Treatment Plant $3,625,000		$ 1,189,499	$ 2,435,501
Elevated Tank Rehabilitation	Rehab of RSC - will provide maintenance for 7-10 yrs	$ 320,000	
Force Main - Gagon to WWTP		$ 345,000	
SCADA - WWTP & Lift Stations		$ 230,000	
Check Valve RCC #1	Replacement of 35+ year old check valve	$ 52,000	
Natural Gas Industry Sales Consultant		$ 50,000	
Total Recommended		$ 2,186,499	$ 2,435,501

Council Member Brundrett asked if the Force Main project was one of the ones that Aransas County was applying for a CDBG grant? Council Member Brundrett asked about the tank rehabilitation project.

Public Works Director Mike Donoho answered it was not. Mr. Donoho said Tank Industry Consultants will do an inside and outside tank analysis and then do the repairs to make sure we are in compliance.

Council Member Brundrett asked if staff was comfortable with the $3.6 estimated for the wastewater treatment plant; are those numbers correct?

Mr. Donoho answered that was estimated in August 2021 and we could see it come in a little more and he believes we have the money in fund balance to cover that.

Mr. Morton asked Mr. Donoho to explain what a SCADA system was.

Mr. Donoho explained SCADA is an electronic monitoring system that we have on our elevated storage and ground storage tanks within the community, and we have a room in the Service Center where technicians monitor the system. Mr. Donoho stated the SCADA system proposed here will do the same thing for our lift stations.

Council Member Brundrett asked if new lift stations, when they come with development, will be required to use SCADA?

Mr. Donoho answered, "absolutely we are looking at upgrading our standards right now." Mr. Donoho explained developers are required to pay to install the infrastructure, once it is installed it is inspected and if accepted the City maintains from that date forward.

Council Member Brundrett stated recent legislation was passed regarding generators. Council Member Brundrett asked where the City stood on that?

Mr. Donoho answered there is legislation requiring backup generators on your water plants and wastewater treatment plants to ensure pumping and treatment of water if there is a power outage. Mr. Donoho said we are not currently 100% compliant and seeking alternate sources of funding such as grants. Mr. Donoho added we are in the process of looking at a large portable generator that we would be able to take from place to place.

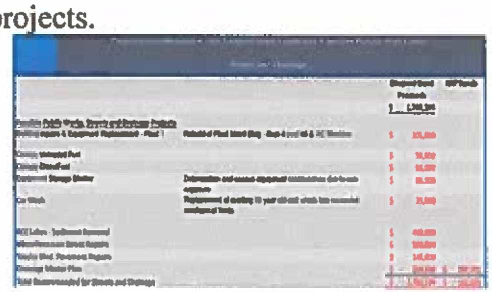
Mr. Morton said the next item is to replace a 35-year-old Check Valve in the Rockport Country Club area.

Council Member Hattman asked what is the normal life span of a Check Valve?

Mr. Donoho answered 25 to 30 years. Mr. Donoho said the City is looking at new technology and materials, so they do last longer than they did in the past.

Mr. Morton stated the next project is to hire a Natural Gas Industry Sales Consultant. Mr. Morton said the City owns the natural gas system and staff thinks it will cost upwards of $18 million to bring the system into compliance. Mr. Morton said a valid question is do we continue to operate that system or would we consider selling it. Mr. Morton added these dollars would bring a consultant to help us answer those questions.

Mr. Morton called the Council's attention to a handout (below) listing the streets and drainage project recommendations for unspent bond funds and American Rescue Plan funds. Mr. Morton reviewed the recommended projects.



Council Member Brundrett asked if building the canopies would still be cheaper than moving the unleaded and leaded fuel together.

Mr. Donoho said that is still be considered and we are doing some research and found out the underground fuel tanks at Laurel Street have been in the ground for over 40 years and it is probably time to be taking those up for TCEQ compliance and putting the tanks in the ground with the new standards and in one location together.

Council Member Brundrett asked if we revisit this; he doesn't want to build two canopies if they are not necessary.

Mr. Morton answered as project plans are developed, they will be brought to Council to approve the spending of these dollars.

Mayor Rios said we can look at the cost of putting those tanks together in one location.

Mr. Donoho said "absolutely" but the first thing is to have someone come and do an analysis of the tanks to ensure continued TCEQ compliance. Mr. Donoho stated if we are going to dig them up and put them both back in the ground the economy of scale should not be that much different.

Mr. Morton said the large item here is the sediment removal of some of the lakes in the Rockport County Club. Mr. Morton stated if we need to spend it all on sediment removal we can, if we don't use it for that we could use if for other things there for repair to the drainage system.

Council Member Hattman asked if we have a Drainage Master Plan with the County and Navigation District since it all works together, and could we do one?

Mr. Morton expressed he thought that would be absolutely wise and if Council approves the spending of these monies for the Drainage Master Plan, he thinks we ought to reach out to the County and work together for a County-wide plan and use these funds for that.

Mr. Donoho said the City is moving towards that; we've been meeting with Clean Coast Texas who is looking at drainage initiatives along the Texas Coast – looking at Aransas County and the Coastal Bend area. Mr. Donoho stated they met with the City, they met with the Navigation District, and they met with County representatives last week and we are strongly recommending continuing in the Aransas County Stormwater Advisory Committee; using that as a conduit for all things related to stormwater runoff and drainage in our community. Mr. Donoho added we have been working closely with County Road and Bridge since Hurricane Harvey to ensure our projects compliment one another, and we are looking at other strategies to ensure our drainage requirements are the same throughout the County.

Mayor Rios said all City projects are vetted through the Stormwater Advisory Committee.

Mr. Donoho stated all of the City's projects that are in the Drainage Master Plan have been vetted by the Stormwater Advisory Committee.

Council Member Jackson asked if the City had done a Drainage Master Plan since Hurricane Harvey?

Mr. Donoho answered we have not; originally in 2000 a Drainage Master Plan was developed for the City and in 2016 we did a Modeling Report where we added specific projects to the Drainage Master Plan. Mr. Donoho explained what is being proposed is to take a look at the Drainage Master Plan overall to determine whether we need to completely upgrade it or do another modeling report and then add drainage projects within the City that are in compliance with Aransas County and others within the community.

Council Member Jackson expressed as we all know drainage has changed since Hurricane Harvey.

Mr. Donoho stated what we are trying to do is get the best bang for our buck community wide, entire County, everyone inclusive. Mr. Donoho said another component of drainage is stormwater runoff and he has said it multiple times; we are a peninsula, surrounded on three sides by water, and when it rains, no matter what we do or the type of drainage system we have, the runoff is going to end up in our waterways, and we have a responsibility to try and control it the best we can, to slow it down, to filter it before it gets to our waterways and working in conjunction with our partners to ensure when it gets to our waterways that it as clean as it can possible be. Mr. Donoho added the other part of this is how much fresh water are we putting into our saltwater bays and harbor and those are all things we can look at with a drainage master plan; of course, it's all dependent on mother nature and what and how quickly she gives us at one time.

Mr. Morton called the Council's attention to the handout (below) listing the parks and aquatics project recommendations for unspent bond funds and American Rescue Plan Funds. Mr. Morton explained there are items that say Bent Oaks Rookery Park and you don't have any options there; this particular Bond specifically mentioned that Park, so those dollars have to be spent on that Park.

Project Recommendations for Unspent Bond Funds and American Rescue Plan Funds

Parks and Aquatics

		Unspent Bond Proceeds
		$ (405,464)
Possible Park Projects		
Bent Oaks Rookery Park: 1501 Maple at Broadway	Finish perimeter fencing on two remaining sides.	$ 40,000
Bent Oaks Rookery Park: 1501 Maple at Broadway	Additional fencing around property	$ 100,000
Bent Oaks Rookery Park: 1501 Maple at Broadway	Sidewalk and Observation deck	$ 30,000
Bent Oaks Rookery Park: 1501 Maple at Broadway	Standardized park signage.	$ 2,000
Community Aquatic Park: 2001 Stadium Drive	Connection concrete walkway from the existing parking area to the Tule Hike & Bike Trail. This is heavily used by park patrons.	$ 25,000
Memorial Park: 1801 N. Pearl / FM 2165 at Enterprise Blvd.	Install larger park signage at entry.	$ 5,000
Tule Hike & Bike Trail: Bus. Hwy. 35 North	[illegible] parking lot.	$ 10,000
Zachary Taylor Park: 702 S. Pearl Street	Improve parking.	$ 5,000
Magnolia Park: 908 N. Live Oak	Demolish existing structure.	$ 30,000
Austin Street Beautification: Austin Street	All small planters need to be replaced	$ 10,000
Community Aquatic Park: 2001 Stadium Drive	Parking lot overlay.	$ 50,000
Memorial Park: 1801 N. Pearl / FM 2165 at Enterprise Blvd.	Shade structure at [illegible] Court.	$ 50,000
Memorial Park: 1801 N. Pearl / FM 2165 at Enterprise Blvd.	Shade structure over basketball court.	$ 50,000
Total Parks Projects Recommended		$ 407,000

Mr. Morton said the total is $407,000 versus the unspent Bond proceeds in the amount of $407,000.

Council Member Jackson asked if the Magnolia Park project is the Boy Scout hut/building and that is because it is termite infested?

Director of Parks and Leisure Services Rick Martinez answered that was correct and it has not been inhabitable since Hurricane Harvey.

Council Member Brundrett said he thought there was another need; the water park needs a full resurfacing.

Mr. Morton stated these are recommendations on how to spend the unspent funds and that will be talked about with other needs.

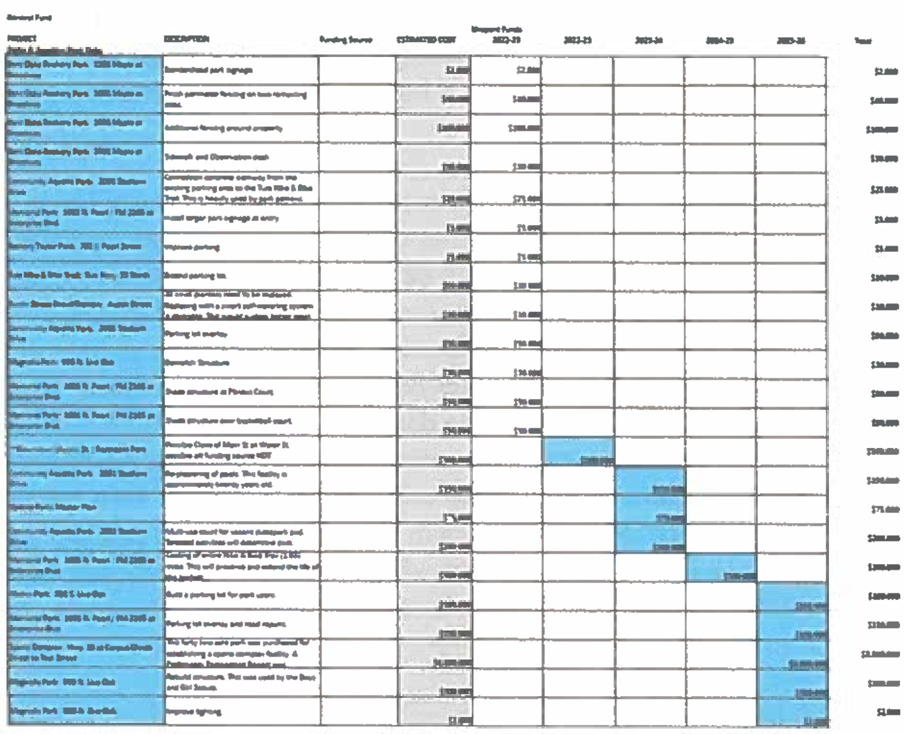
Mr. Morton explained the Council would now be talking about a Capital Improvement Plan for the next 5-10 years. Mr. Morton called the Council's attention to a summary page (below) and noted the Total 2-5 Year 2023-27 is $18,658,000 and how it is listed individually for the Police, Streets & Drainage, Fleet, Parks & Aquatics, and IT.

Capital Improvement Plan

General Fund 5 to 10 Year Plan
Possible GO Bonds

General Fund	2022-23 Unspent Bond Funds	2023-24	2024-25	2025-26	2026-27	Total 2-5 Year 2023-27	Total 6-10 Year 2027-32	Total All Years
Police		$362,500	$412,000	$120,000		$894,500		$894,500
Streets & Drainage	$1,561,845	$4,600,000	$1,000,000	$1,000,000	$1,000,000	$7,600,000	$5,500,000	$13,100,000
Fleet	$332,500	$86,500				$86,500		$86,500
Parks & Aquatics	$907,000**	$425,000	$300,000	$8,552,000	$0	$9,277,000		$9,277,000
IT		$200,000	$200,000	$200,000	$200,000	$800,000	$200,000	$1,000,000
Total General Fund	$1,894,345	$5,674,000	$1,912,000	$9,872,000	$1,200,000	$18,658,000	$5,700,000	$24,358,000

Mr. Morton called the Council's attention to the handout (below) listing the proposed Parks & Aquatics projects. Mr. Morton explained there is an estimated cost for each project and a column showing unspent funds.



Mr. Morton said on the list is "Downtown (Austin Street) Restroom Park" that is new and when a 5-10 year Capital Improvement Plan is adopted that does not mean it is set in stone; when a need arises and Council may say that is a high priority, and this Capital Improvement Plan is that right here and until we go to the voters for approval on how to spend the money, it is a plan. Mr. Morton reviewed the remaining projects and costs in the plan.

Council Member Jackson commented: "We're not going to push the re-plastering of the pools out much farther than 2023?"

Mr. Martinez said we have had professional pool contractors looking at this for the last five years and even though they say it looks okay for another year, we have been hearing that every year. Mr. Martinez stated there are some cracks in the large pool; it may go like that for another 2-3 years or it may breakdown tomorrow, so we have to do some maintenance on it before it gets to that point; once it gets to that point, we are looking at a whole lot of more money.

Mr. Morton said the next item is an updated Parks Master Plan and if we want to go after State funding, it has to be updated every five years.

Mr. Morton continued down the list with the costs of the projects.

Mr. Morton said the Sports Complex item is the 42 acres that was purchased for the purpose of establishing a sports complex, facilities, plus engineering. Mr. Morton stated that is a large number, $8 million, so that is something the Council should discuss. Mr. Morton said you could fully develop that as a sports complex; is that what the community needs and is that what this Council desires or could you spend less than that, $2 million and open up as green space, trails and that type of things – you have lots of options and it doesn't mean it is that dollar amount you have to use.

Mayor Rios stated the original plan was to develop that through grant money and that was prior to Harvey. Mayor said the only part accomplished was the gun range and we did get a bonus from Harvey when the Mennonites were there and built a building and that was money we did not have to spend.

Mr. Martinez said it was planned to be a true sports complex with softball fields and a concession area. Mr. Martinez stated two weeks prior to Harvey the plans were submitted to the Parks Board and estimated cost at that time was about $6 million. Mr. Martinez commented we do not have to spend $8 million, could spend $2 million and open up that property to be used as natural open spaces. Mr. Martinez expressed he has been approached by the disc golf people who would love to put an 18-hole course there that could possibly attract tournaments. Mr. Martinez added this property also offers other opportunities such as birding and there is plenty of that on that property. Mr. Martinez explained that what is happening now is we are kind of overcrowding Memorial Park with one interest over the other; birders like quiet areas and this property offers that; in Memorial Park we have walkers using the trails, and in his opinion, we have outgrown Memorial Park and we need to spread out. Mr. Martinez stated he thought the Council needed to think about the future before selling the property; people come to Rockport for quality of life and parks are a big part of that.

Mr. Morton said it had been asked if the City could sell that property and the answer is yes, you can, but you have to jump through hoops because you used bond funds to purchase it and you would have to use the proceeds for parks.

Discussion was held among Council, Mr. Martinez and Mr. Morton regarding the possible different park use for this property.

Council Member Brundrett said he thought the Memorial Park parking lot overlay and road repairs was taken care of in the 2021-2022 budget, he was remembering an overlay.

Director of Finance Katie Griffin stated the $200,000 included in the budget was to improve the entry into the park, the road going into the park and not the parking lot itself. Ms. Griffin said the Council does have the opportunity to reallocate that if you chose to do so.

Mr. Martinez said it was not an overlay, it was to add a new parking lot.

Council Member Brundrett asked what the $200,000 entry project was?

Mr. Martinez stated it is more of an exit lane out of Memorial Park – right turn only to make it safer.

Council Member Brundrett asked if the Texas Department of Transportation would participate.

Mr. Martinez answered they would have to because we are going to be exiting through their ditch.

Council Member Jackson so going back to the $8 million for the Sports Complex.

Mr. Morton said the spreadsheet on the $18 million includes the full $8 million for the Sports Complex so if you take that off then it is the $12 million.

Council Member Jackson said she did know that running a softball complex is expensive; we would have to add 2-3 more staff to maintain it and when you put in concessions, benches and all that stuff you just got rid of all your open space. Council Member Jackson expressed she liked the idea of open fields; you can do things in between and maybe going in the direction of open space is better, so we are getting some use out of the property.

Mr. Martinez stated Council Member Jackson was correct that running a true sports complex demands a lot more and if you go the route of open space everybody gets to use that park whatever their interest may be and stick to the natural look that people are starving for.

Mayor Rios stated he liked that idea, and it adds to the South side of Rockport.

Mr. Morton said it will be left in the Capital Improvement Plan and Council can direct staff at a later time.

Mr. Morton called the Council's attention to the handout (below) listing the Capital Improvement Plan for Streets and Drainage. Mr. Morton said one of the things built into this Capital Improvement Plan is ongoing replacement over time. Mr. Morton stated even if you have not identified a project, you should have an annual replacement program for your streets and drainage pipes in the ground, so we have included that in this plan at $500,000 a year. Mr. Morton reviewed the items and the costs on the list and the budget years for which the projects are proposed.

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]		[illegible]		[illegible]					[illegible]
[illegible]	[illegible]		[illegible]	[illegible]						[illegible]
[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]			[illegible]		[illegible]					[illegible]
[illegible]	[illegible]		[illegible]	[illegible]						[illegible]
[illegible]			[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]			[illegible]	[illegible]						[illegible]
			[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Discussion was held among Council, Mr. Donoho and Mr. Morton regarding the projects.

Council took a break from 3:54 p.m. to 4:07 p.m.

Mr. Morton called the Council's attention to the handout (below) of Capital Improvement Plan for Fleet. Mr. Morton reviewed the list.

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]		[illegible]
[illegible]	[illegible]	[illegible]		[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]		[illegible]
[illegible]	[illegible]	[illegible]	[illegible]		[illegible]
[illegible]	[illegible]	[illegible]	[illegible]		[illegible]
[illegible]	[illegible]	[illegible]	[illegible]		[illegible]
		[illegible]	[illegible]	[illegible]	[illegible]

Mr. Donoho said the City is researching grant funding for the generator.

Mr. Morton called the Council's attention to the handout (below) for the Capital Improvement Plan for the Police Department.

Rockport Police Department Capital Improvement Projects Plan

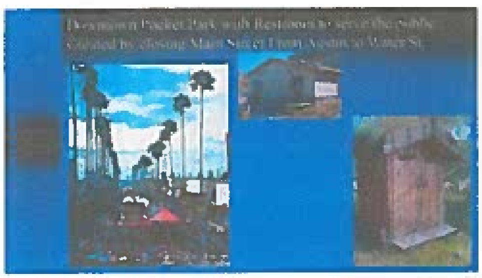
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	High	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	Moderate/ High	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	Moderate	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	Moderate	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	Low	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	Moderate	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	Moderate	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	High	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	Moderate/ Low	[illegible]	[illegible]

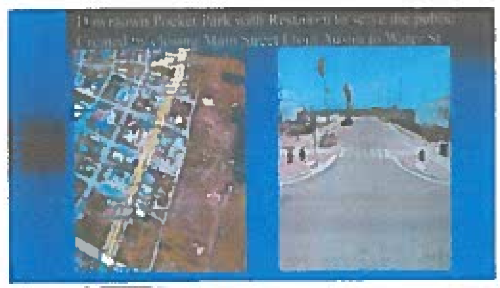
Discussion was held among Council and Police Chief Greg Stevens regarding the Capital Improvement Project Plan.

Chief Stevens said the big-ticket item is the radio tower upgrade and he is questioning why we are different from all other entities. Chief Stevens stated before we upgrade, he wants to know if that is the best thing; may be a cheaper way if we take a different route.

Mr. Morton stated the cost for the Capital Improvement Plan for the Information Technology Department is $200,000 a year because of the need for fiber throughout the City. Mr. Morton added this may be funded by the Council of Governments (COG).

Mr. Morton then called the Council's attention to the handout (below) of a project that popped up and was brought to staff by a Council Member who is close to the downtown merchants and there is a need for a restroom facility in that area. Mr. Morton said a meeting was held with staff and Council Member Jackson and we talked about ways to get there and what we zeroed in on was the possibility of closing Main Street from Austin Street to Water Street and place a bathroom facility on that location and that location could also be used for street festivals and merchant markets. Mr. Morton expressed there is no funding identified for it, and a possible option is to include it in the Capital Improvement Plan.





Mr. Morton said it was asked if Hotel Occupancy Tax funds could be used and the answer is they could be. Mr. Morton stated the estimated cost is $500,000; the bathroom alone is $200,000. Mr. Morton added it was said there is a Fund Balance in the Hotel Occupancy Tax Fund, and we could use that.

Council Member Jackson said the merchants have been trying for a long time to get bathrooms down there because there is a lot of foot traffic there and we really should be providing some type of restroom facilities as it is a major attraction to the City. Council Member Jackson stated if we put a bathroom there, maybe there could be a small stage area, tables and benches and we could do a whole lot of things and make it into a small pocket park that we need. Council Member Jackson expressed this is not a want, it is a need.

Mr. Morton said they looked at the City owned old gas building, but that is off the beaten path, and they looked at an existing building on Austin Street (CJ Sign building) but that would involve a purchase and we already own Main Street.

Discussion was held among Council and Mr. Morton regarding how the closure would affect the

Bass property and the Navigation District property.

Council Member Jackson suggested both the Bass Property owners and the Navigation District be approached regarding this.

Mr. Morton called the Council's attention to the handout (below) showing the summary of Capital Improvement Plan projects from the Utility Fund and possible revenue bonds. Mr. Morton said if you are looking at revenue bonds, they have to be supported with utility rates.

Capital Improvement Plan

General Fund 5 to 10 Year Plan

Possible Revenue Bonds

Utility Fund	2022-23 Unspent Bond Funds	2023-24	2024-25	2025-26	2026-27	Total 2-5 Year 2023-27	Total 6-10 Year 2027-32	Total All Years
Water	$320,000	$1,365,000	$500,000	$500,000	$500,000	$2,865,000	$3,000,000	$5,865,000
Wastewater	$4,252,000	$620,000	$2,520,000	$500,000	$500,000	$4,140,000	$3,000,000	$7,140,000
Gas	$50,000	$4,200,000	$1,800,000	$1,800,000	$1,800,000	$9,600,000	$8,400,000	$18,000,000
Total Utility Fund	$4,622,000	$6,185,000	$4,820,000	$2,800,000	$2,800,000	[illegible]	[illegible]	[illegible]
Total Both Funds	$7,423,345	$11,700,000	$4,732,000	$12,404,000	$4,000,000	$35,263,000	$20,100,000	$55,363,000*
Amount needed if we sell Gas plant and Park land development reduced by $4M								[illegible]

* Total amount of new debt needed does not include first column of unspent funds ** $300,000 possible park project from HOT Funds

Mr. Morton stated a large chunk of this is the gas company and you are looking at $18 million and the required compliance needs bring that up and that is why we built in the $50,000 for hiring a consultant.

Council Member Brundrett commented that if we are able to find a buyer for the gas company, he would like to see the City use that money to provide sewer to properties that were annexed that we do not provide City services too.

Mr. Morton said an annual replacement program for water and wastewater was building into this Capital Improvement Plan. Mr. Morton stated you could be a lot more aggressive than $500,000 a year, but rate payers have to be able to fund this.

Mr. Morton called the Council's attention to the Water Capital Improvement Plan project list (below). Mr. Morton reviewed the estimated cost for each of the items.

Utility Fund

PROJECT	DESCRIPTION	ESTIMATED COST	Unspent Funds 2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	Total
WATER DEPT									
[illegible] Water Line	Replacement of water line	[illegible]		[illegible]					[illegible]
Water Line Replacement Program		[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible] Tank Rehabilitation	[illegible]	[illegible]	[illegible]						[illegible]
		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Mr. Morton called the Council's attention to the handout (below) listing the Capital Improvement Plan project list for the Wastewater Department. Mr. Morton reviewed the list. Mr. Morton stated there is a new equipment purchase and Mr. Donoho is still evaluating whether we need that piece of equipment.

[This portion of page left blank intentionally]

Utility Fund

PROJECT	DESCRIPTION	ESTIMATED COST		Unspent Funds 2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	Total
WASTEWATER DEPT										
2021 WWTP Rehabilitation	Replacement or rehabilitation of multiple components of the plant to improve process	$1,625,000		$1,625,000						$1,625,000
Sewer Line Replacement Program		[illegible]			$500,000	$500,000	$500,000	$500,000	[illegible]	[illegible]
Equipment Purchase - Front end articulate [illegible]	Provide more efficient operations at plant	$120,000			$120,000					$120,000
Force Main - 1st St to Gagon	Increase capacity from South Side Sanitary Sewer improvements	$2,020,000				$2,020,000				$2,020,000
Force Main - Gagon to WWTP	Upgrade force main from Gagon St (old service center) to Wastewater Plant	$346,000		$346,000						$346,000
Check Valve RCC #1	Replacement of 30+ year old check valve	$52,000		$52,000						$52,000
WW SCADA System	Tie Lift Stations to SCADA system -	[illegible]		[illegible]						[illegible]
		$11,302,000		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	$11,302,000

Mr. Morton called the Council's attention to the handout (below) listing the Capital Improvement Plan project list for the Natural Gas Department. Mr. Morton stated it shows $18 million to come into mandatory compliance.

Utility Fund

PROJECT	DESCRIPTION	ESTIMATED COST		Unspent Funds 2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	Total
NATURAL GAS DEPT										
Natural Gas Industry Consultant	Investigate market and factors related to possible sale of the system	$50,000		$50,000						$50,000
Distribution Integrity Management - System replacement and upgrades	Mandatory compliance postponing for possible sell of system	$18,000,000			$4,200,000	$1,800,000	$1,800,000	$1,800,000	$8,400,000	18,000,000.00
		$18,000,000		$50,000	$4,200,000	$1,800,000	$1,800,000	$1,800,000	$8,400,000	$18,050,000

Council Member Jackson asked how many natural gas customers are there?

Ms. Griffin answered: 5,200 natural gas accounts; 4,400 active and 630 inactive.

Mr. Donoho explained the portion of the natural gas lines in Lamar needs the largest percentage of out of compliance repairs; the age and infrastructure is hurting us. Mr. Donoho informed the Council the biggest consumers on natural gas are the community pool, Walmart, and HEB. Mr. Donoho stated we are required to replace over 12 miles of steel pipe within our system, and we have to do a certain percentage of it every year. Mr. Donoho further explained we had three different points of entry into the City with three different pipeline providers that were bringing gas into the City. Mr. Donoho said after Hurricane Harvey we lost one entry gates, and last year during the Winter Storm Uri event we experienced low volumes and pressure and was close to having to shut that entry down, but we did not have to do that, but we stand the chance of that happening again. Mr. Donoho stated there have been people, over the years, who have expressed an interest in purchasing our gas system, and we considered selling just the Lamar portion of the system. Mr. Donoho expressed if the City sold the system gas rates increase for our customers. Mr. Donoho stated the Consultant we hired has done this for many communities and sent me a copy of the program he put together for the City of Falfurrias. Mr. Donoho said the regulatory compliance and the liability/safety of employees is what concerns him the most; in the last 10 years it has been hard to retain employees in the Natural Gas Department. Mr. Donoho added that once the consultant gives us a report, we will see what our options are.

Council Member Brundrett asked how many employees are in the Natural Gas Department.

Mr. Donoho answered 6 or 8.

Mr. Griffin stated one is administrative.

Mr. Morton said if the City issues debt it affects the utility rates. Mr. Morton called the Council's attention to the handout (below) showing how much rates would have to increase if debt is issued; for example – if you issue debt in the amount of $1,365,000 for the Water Department in the year 2023-2024 the rate increase would be $1.42. Mr. Morton explained he wanted Council to see this because we have Capital Improvement needs but we have to pay for it, and this is just for capital expenditures, does not include inflation for labor or materials and supplies.

Possible Utility Rate Impact of CIP

Utility	Current Base Rate	Year	Rate Increase	New Base Rate	Year	Rate Increase	New Base Rate
Water	$21.11	2023-24	$1.42	$22.53	2028-29	$1.59	$24.12
Wastewater	$22.36	2023-24	$4.40	$26.76	2028-29	$3.44	$30.20
Gas	$26.74	2023-24	$12.90	$39.64	2028-29	$13.34	$52.98

Council Member Brundrett stated it sounds like we really need to find a buyer for the natural gas system.

Mr. Morton stated even if the City finds a buyer, they still have to make improvements to the system and the rates will go up. Mr. Morton said you have the option of not supplying gas and getting out of that business.

c. City Manager search.

Mr. Morton called the Council's attention to the City Manager Search handout (below). Mr. Morton reviewed his suggested timeline and stated this is an aggressive schedule.

Mr. Morton said he will be here for as long as the City needs him, but July is the goal.

Discussion was held among Council, Mr. Morton and Kaycee Eddins, serving as the City's Human Resources representative, regarding citizen involvement/input and staff involvement/input.

Mr. Morton stated ultimately it is Council's decision, and you can do it anyway you choose.

Mr. Morton said we will advertise with Texas Municipal League, Texas City Managers Association, and International City Managers Association. Mr. Morton stated he would like to use a sort of hybrid search, where we are not using a search firm, but we are using some of the search firm's capabilities such as mass mailings to their data base and some other of their services. Mr. Morton informed the Council the cost for doing that would be about $6,000. Mr. Morton said for confidentiality purposes we may want to have the applications go to an outside third party to encourage people to apply.

Council Member Brundrett asked Ray Garza, Aransas County Independent School District Board Member, how the School Board conducted the search for the Superintendent.

Mr. Garza responded they worked with someone, had approximately 100 applicants, who reviewed the applications and selected about 20 that came to the Board, and we picked the top 10. Mr. Garza said there were 9 they wanted to interview and asked the person assisting them if there was anyone they had missed who they might recommend and they did recommend someone. Mr. Garza explained they did not involve the public because of the reasons the Council had just discussed.

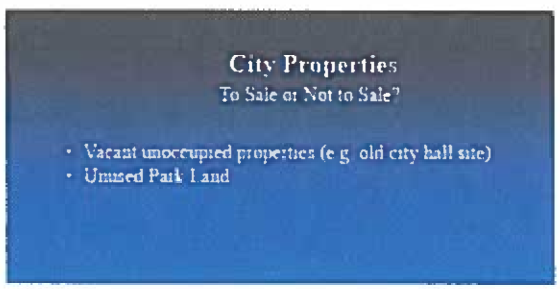
Council Member Brundrett said he had not thought about that part, but he understood.

Council Member Jackson asked if the Council reviews, or should they review the job description. Council Member Jackson expressed it would not hurt to look at that now.

Mr. Morton said he could email the job description to the Council. Mr. Morton stated the City Charter dictates the responsibilities and the only thing you may want to change is the years of experience.

d. City properties.

Mr. Morton called the Council's attention to the handout (below) regarding City properties. Mr. Morton said a couple of Council Members had asked to discuss this.



Council Member Jackson said the more she thought about selling the Sports Complex property, the more she likes the idea of an open park. Council Member Jackson stated that property can be developed into part for a more diverse group of people.

Council Member Hattman stated she agreed with Council Member Jackson, especially since the money that would be received from the sale of the property would have to be used for parks.

Mr. Morton stated it would be tough to sell and then 20 years down the road you would have a hard time buying another piece of property and paying a lot more for it.

e. Economic Development Incentives.

Mr. Morton stated economic development policies are just tools to grow your tax base when necessary and they provide your economic development group with guidance on which tools or strategies they may use to grow that tax base. Mr. Morton declared Council is not obligated to provide any of these incentives to anyone, but if an opportunity arises you have given your economic development corporation guidance on the tools to use. Mr. Morton informed the Council there are basically four different strategies you can use, and he had summarized them in an email to Council and he will review them now (below).

Mr. Morton said all of these tools have a chapter and that is a chapter out of the Texas Local Government Code which is State law and allows cities to provide these incentives and dictates how cities are to use them.

Council Member Jackson commented these policies are only good for two years and have to be updated or reapproved and gives us the option if it is not working to let it go. Council Member Jackson stated this is just a tool, we never have to use it, but in order for it to be offered the economic development corporation has to have a policy to use the tools. Council Member Jackson reiterated "It's just a tool."

Mr. Morton said Chapter 312 requires a two-year tool so when we drafted the policies, we said two years on everything. Mr. Morton stated you usually are not giving up anything for taxpayers.

Brief discussion was held among Council and Mr. Morton.

Mike Meeks, Interim President of the Aransas County Partnership Economic Development Corporation, addressed the Council. Mr. Meeks said two comments made today come to mind: 1) Mr. Morton said you cannot do anything without funding and that is why we need economic development to increase your tax base, and 2) Mike Donoho said anytime we can spend someone else's money we need to take advantage of that. Mr. Meeks said this will help this community solve some problems we look forward to you giving us the tools.

f. Possible items for future workshops.

There were no items suggested for future workshops.

5. Adjournment

At 5:17 p.m., Mayor Rios adjourned the Workshop.

CITY OF ROCKPORT, TEXAS

Patrick R. Rios, Mayor

ATTEST:

Teresa Valdez, City Secretary