

**MINUTES OF THE REGULAR MEETING OF THE
HIGHLAND VILLAGE CITY COUNCIL
HELD AT THE HIGHLAND VILLAGE MUNICIPAL COMPLEX
LOCATED AT 1000 HIGHLAND VILLAGE ROAD
TUESDAY, JULY 11, 2017**

The City Council of the City of Highland Village, Texas met in Early Work Session on the 11th day of July, 2017 prior to the Regular Council Meeting.

Call to Order

Mayor Charlotte J. Wilcox called the meeting to order at 6:00 p.m.

Roll Call

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|----------------|--|--|
| Present: | Charlotte J. Wilcox Michelle Schwolert Mike Lombardo Barbara Fleming Fred Busche Daniel Jaworski | Mayor Mayor Pro Tem Councilmember Deputy Mayor Pro Tem Councilmember Councilmember |
| Absent: | John McGee | Councilmember |
| Staff Members: | Michael Leavitt Ken Heerman Angela Miller Brad Goudie Mark Stewart Scott Kriston Linda Cornelius Jana Onstead Laurie Mullens Andrew Boyd Karen Bradley | City Manager Assistant City Manager City Secretary Fire Chief Assistant Police Chief Public Works Director Parks and Recreation Director Human Resources Director Public Affairs Manager Media Specialist Administrative Assistant |

EARLY WORK SESSION

1. Receive an Economic Development Update from BlackEagle Real Estate Partners

City Manager Michael Leavitt introduced Debra Morgan from BlackEagle Real Estate Partners.

Mayor Wilcox announced Council would convene into Closed Session and read Agenda Items #6(a) and #6(b).

CLOSED SESSION

Council convened into Closed Session at 6:01 p.m.

6. Hold a closed meeting in accordance with the following sections of the Texas Government Code:

(a) Section 551.071 – Consultation with City Attorney Concerning Pending or Contemplated Litigation and on any Regular Session or Work Session Agenda Item Requiring Confidential, Attorney/Client Advice Necessitated by the Deliberation or Discussion of Said Item (as needed)

(b) Section 551.072 – Deliberate the purchase, sale, lease, or value of real property generally located north of FM 407 and east of Highland Village Road

Council concluded Closed Session and reconvened into Open Session at 6:43 p.m.

2. Discuss Appointment to Fill a Vacancy for a City Representative Position on the Highland Village Community Development Corporation

City Secretary Angela Miller reported the Highland Village Community Development Corporation (HVDC) is composed of seven (7) members, with at least three (3) members of the board of directors being persons who serve as Citizen Members. The remaining four (4) members of the board of directors serve as City Representatives, which can include an employee, officer or member of the City Council.

Former Deputy Mayor Pro Tem William Meek was appointed to a City Representative position on the HVDC in September, 2015, for a term expiring on September 30, 2017. As a result of the May 6, 2017 General Election, Mr. Meek is no longer serving on City Council. Therefore a vacancy now exists on the HVDC for a City Representative position. Deputy Mayor Pro Tem Fleming, and Councilmembers Jaworski and Lombardo volunteered to serve.

3. Discuss Proposed Ordinance 2017-1228 Amending the Code of Ordinances by Increasing the City Homestead Exemption for Disabled Persons and Persons Age 65 and Over

Assistant City Manager Ken Heerman reported the Code of Ordinances currently provides for a \$50,000 exemption in the taxable value of a residence homestead owned by people age 65 & over and those with a disability, which has been in effect since 2000. With increases in real property valuation, it has been suggested the amount of that exemption be increased. In reviewing area cities with similar demographics to Highland Village, he reported most have adopted an exemption of \$75,000.

He further reported that based on the 2016 Certified Tax Roll, Highland Village showed a total of 1,167 residential properties having either the 65 and Over or Disabled Person exemption. Of the approximately 5,200 homes in Highland Village, this represents 22% of the City residents. The average assessed valuation of these properties is \$313,265, compared to the City average of \$344,913. Based on the average valuation of \$313,265, the properties having qualified for this exemption at the current \$50,000 exemption amount would see an annual savings of \$285 on their tax bill. Increasing the exemption to \$75,000 would provide an annual savings of \$427 on their tax bill.

With the current tax rate in effect, the annual budgetary impact would be a reduction in collected property taxes of \$166,000. Deputy Mayor Pro Tem Fleming mentioned the savings would help offset the recent utility rate increase. Councilmember Busche stated he would like to see the funds dedicated toward providing services for seniors, such as extending the trail system. Councilmember Jaworski asked if staff has tried to forecast what the population will look like in the future and what the impact might be. Based on information he received when serving on the Fire Department Service Level Task Force, in 2020 there would be approximately 2,100

residents of Highland Village between the ages of 65 and 85+. Councilmember Jaworski questioned how much the additional \$142 annual savings would help and if the exemption amount should be increased. Mr. Heerman stated the increase to \$75,000 would provide some relief and cautioned about increasing the exemption so much that it has to be scaled back later. Councilmember Lombardo stated he favors the exemption, but he and Councilmember Jaworski both voiced concern due to possible action resulting from the upcoming special session of the Texas Legislature and its potential impact on cities.

Councilmember Jaworski stated there are a lot of people who have raised their families in Highland Village who now want to downsize and stay in the city, but can't afford to stay and have moved out. He said he would like to keep them here in Highland Village. City Manager Michael Levitt and Mayor Wilcox agreed that any relief to those on a fixed income is good. Mr. Heerman stated the increase could go into effect in January, if Council would rather wait. He also reported, unlike a property tax freeze, exemption amounts can be re-examined in the future.

Mr. Heerman stated an ordinance has been prepared amending the Code of Ordinances to increase the exemption from \$50,000 to \$75,000 and providing a number of other clean ups to the section. The ordinance is written to be effective retroactively so that it applies to tax bills for the 2017 tax year. Denton County Appraisal District (DCAD) has a deadline of July 15th to make changes to the exemption amount to be reflected on the current year certified tax roll. As this is an ordinance, Council will have an opportunity to approve only one reading before the deadline. If it is desired by Council to include this on the 2017 tax roll, DCAD has agreed to accept notification of first read approval to make the change, to then be followed up with the final approved ordinance when passed.

4. Discuss the General Fund Budget for Fiscal Year 2017-2018

Mr. Heerman provided an overview of the general fund budget and reported above average increases in assessed valuation are expected for the next few years due to a strong market, barring any unforeseen disruptions. He reported the proposed increase in the homestead exemption will remove \$29 million from the tax roll, which will offset the increase resulting from new growth this year.

Due to time constraints, discussion on this item resumed during Late Work Session.

5. Clarification of Consent or Action Items listed on today's City Council Regular Meeting Agenda of July 11, 2017

No items were discussed.

OPEN SESSION

7. Call to Order

Mayor Charlotte J. Wilcox called the meeting to order at 7:37 p.m.

Roll Call

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|----------|---------------------|---------------|
| Present: | Charlotte J. Wilcox | Mayor |
| | Michelle Schwolert | Mayor Pro Tem |
| | Mike Lombardo | Councilmember |

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| Barbara Fleming | Deputy Mayor Pro Tem |
| Fred Busche | Councilmember |
| Daniel Jaworski | Councilmember |

Absent: John McGee Councilmember

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|----------------|-----------------|-------------------------------|
| Staff Members: | Michael Leavitt | City Manager |
| | Ken Heerman | Assistant City Manager |
| | Angela Miller | City Secretary |
| | Brad Goudie | Fire Chief |
| | Doug Reim | Police Chief |
| | Scott Kriston | Public Works Director |
| | Linda Cornelius | Parks and Recreation Director |
| | Jana Onstead | Human Resources Director |
| | Laurie Mullens | Public Affairs Manager |
| | Andrew Boyd | Media Specialist |

8. Prayer to be led by Deputy Mayor Pro Tem Barbara Fleming

Deputy Mayor Pro Tem Fleming gave the invocation.

9. Pledge of Allegiance to the U.S. and Texas Flags to be led by Deputy Mayor Pro Tem Barbara Fleming

Deputy Mayor Pro Tem Fleming led the pledge to the U.S. and Texas flags.

10. Visitor Comments

No one wished to speak.

11. City Manager/Staff Reports

- **2017 Utility Rate Video**

City Manager Michael Leavitt reported the City has enacted new water rates that go into effect October 1, 2017. A video was presented that explains the new rate structure and rate increase. Mr. Leavitt stated the video will be available on the City's website and social media. He also acknowledged Public Affairs Manager Laurie Mullens and Media Specialist Andrew Boyd for their hard work in preparing the video.

Mr. Leavitt reported on the following:

Volunteer for Boards or Commissions - Each year the City puts out a call for volunteers to serve on our various boards and commissions. As a volunteer, our residents' expertise and recommendations will be utilized by City Council and City staff to shape the future of Highland Village. To find out more about the different boards and commissions, or to sign up online, visit the City's website at www.highlandvillage.org. To be considered for an appointment, submit your application by July 31. City Council will appoint members in September.

Concert in the Park – The Summer Concert in the Park series kicks off on July 22 at Doubletree Ranch Park with country music from The Darrin Morris Band. Concerts begin at 7:00 pm and the Flour Shop Bakery will be operating the concession stand with their signature treats. Don't forget your lawn chairs or blankets!

Unity in Communities Luncheon - The Unity in Communities Luncheon is set for July 25 at the Hilton Garden Inn of Lewisville. The Highland Village Business Association is partnering with the Flower Mound and Lewisville Area Chambers of Commerce to host this year's luncheon. The luncheon recognizes the work of our local non-profit organizations who serve our community and honors one non-profit as "Non-Profit of the Year." To register to attend the luncheon, visit www.thehvba.com.

12. **Mayor and Council Reports on Items of Community Interest pursuant to Texas Government Code Section 551.0415 the City Council may report on the following items: (1) expression of thanks, congratulations or condolences; (2) information about holiday schedules; (3) recognition of individuals; (4) reminders about upcoming City Council events; (5) information about community events; and (6) announcements involving imminent threat to public health and safety**

Mayor Wilcox invited everyone to visit the Ben & Jerry's located at The Shops in Highland Village this Thursday between 4-5:00 p.m. There will be a scoop competition between the Cities of Highland Village, Flower Mound and Lewisville. Tip jars and donations will be accepted, with proceeds benefitting Your Home Team Cares.

Mayor Wilcox reminded everyone to check the settings on your irrigation system. She reported she had received a call from a resident regarding their water bill and it was determined the system was set to water more than needed. She also reminded everyone to help keep the dog park clean by cleaning up after your dog.

CONSENT AGENDA

13. **Consider Approval of Minutes of the Regular Meeting held on June 27, 2017**

Motion by Councilmember Lombardo, seconded by Mayor Pro Tem Schwolert, to approve Consent Agenda Item #13. Motion carried 6-0.

ACTION AGENDA

14. **Take action, if any, on matters discussed in closed session in accordance with the following sections of the Texas Government Code:**

(a) **Section 551.071 – Consultation with City Attorney Concerning Pending or Contemplated Litigation and on any Regular Session or Work Session Agenda Item Requiring Confidential, Attorney/Client Advice Necessitated by the Deliberation or Discussion of Said Item (as needed)**

NO ACTION TAKEN

(b) **Section 551.072 – Deliberate the purchase, sale, lease, or value of real property generally located north of FM 407 and east of Highland Village Road**

NO ACTION TAKEN

15. **Consider Ordinance 2017-1228 Amending the Code of Ordinances by Increasing the City Homestead Exemption for Disabled Persons and Persons Age 65 and Over (1st of two reads)**

APPROVED 1ST READ (5 – 1)

Assistant City Manager Ken Heerman reported there was significant growth in the assessed valuation over last year. In looking at how to reduce the tax burden for our seniors and disabled persons, the opportunity existed to increase the homestead exemption from \$50,000 to \$75,000. With the current tax rate, the annual budgetary

impact would be a reduction in collected property taxes of \$166,000. The total annual income reduction from the Disabled Persons / Age 65 and Over exemptions would now total \$500,000 annually. Mr. Heerman stated the proposed ordinance can be considered during this year's budget process or that it could be made effective beginning on January 1, 2018.

Motion by Deputy Mayor Pro Tem Fleming, seconded by Mayor Pro Tem Schwolert, to approve the first read of Ordinance 2017-1228 amending the Code of Ordinances by increasing the city homestead exemption for disabled persons and persons age 65 and over.

With the uncertainty of revenue caps that may be passed during the special session of the Texas Legislature, and not knowing about future property values, Councilmember Jaworski asked for assurance that staff is confident the City can absorb this in the future when the senior population expands. Mr. Heerman stated yes, based on the immediate outlook. He further stated that although he can't forecast ten years ahead, and even with possible legislative action, feels confident given the increases in valuation that the City can easily absorb this.

Mayor Pro Tem Schwolert stated she supports the increase and that, although the number of seniors was surprising, she feels something should be done to help. Councilmember Busche stated he feels action is premature and that more information is needed regarding our senior population, as well as needing to see the outcome of the special session. He also stated he has not heard any complaints from seniors in Highland Village regarding their property taxes and encouraged waiting another few months before making a decision. Councilmember Lombardo voiced concern due to a recent report of a grim financial future and the uncertainty of what the legislature will do during their special session. Mayor Wilcox reported she encouraged the City Manager to meet with a real estate professor located in Highland Village and the information he received was that it does not look as if there will be a downturn any time soon. She also voiced she feels something needs to be done to help seniors and those on fixed incomes. Councilmember Jaworski stated for months Council has been in opposition regarding the existing proposition for tax reform in the legislature. By increasing the exemption, he voiced concern this may send a mixed message to the legislature. Mr. Leavitt and Mr. Heerman responded they view this is a positive and that since the City has been fiscally responsible it has created this opportunity to provide something for our residents.

Mayor Wilcox called for a vote for the earlier motion. Motion carried 5-1, with the following votes:

***Ayes: Lombardo
Schwolert
Wilcox
Fleming
Jaworski***

Nay: Busche

16. **Consider Resolution 2017-2688 Appointing a Member to Fill a Vacancy for a City Representative Position on the Highland Village Community Development Corporation**

APPROVED (6 – 0)

Motion by Councilmember Jaworski, seconded by Mayor Pro Tem Schwolert, to approve Resolution 2017-2688 appointing Barbara Fleming to a City

Representative position on the Highland Village Community Development Corporation. Motion carried 6-0.

LATE WORK SESSION

City Manager Michael Leavitt announced discussion of Agenda Item #4 would continue during Late Work Session.

4. Discuss the General Fund Budget for Fiscal Year 2017-2018

The following Supplemental Requests were presented:

City Manager

- Economic Development Incentive (\$500,000)

Mr. Leavitt reported the City Attorney advised funds should be included in the fiscal year budget for economic development incentive(s). This is a contingency amount that will be used only if needed, possibly in the form of an incentive/development agreement, and would still come before Council for approval.

Human Resources

- Wellright Online Wellness Platform (\$8,600)
- Performance Management System (\$20,000)

Police

- Kawasaki Mule (\$17,000)
- Update Remaining PD Vehicles w/ New Graphics (\$2,100)
- Parking Canopy (\$100,000)

Fire

- Lucas Device (\$23,000)
- Parking Canopy (\$17,600)
- Department Painting (\$5,000)
- Emergency Operations Center Upgrade (\$15,000)
- Outdoor Warning System Siren Upgrade (\$52,800) – Add Two Additional Warning Sirens at Pilot Knoll and Sunset Point (\$38,000)

Parks

- Upgrade Musco Lights at Unity Park Ballfields (\$55,000)
- Shade Covers for Several Existing Playgrounds (\$63,609)
- Add Drinking Fountain at Village Park (\$7,000)
- Thor Guard Lightning Detection System for Brazos Park (\$11,000)

Mr. Leavitt reported staff will have received the Certified Tax Roll from DCAD prior to the July 25 City Council meeting. The budget work session for Council will continue at that meeting to review any updates in the General Fund Budget and to review the Special Revenue Funds. In addition, the HVDCD will be meeting before the next Council meeting to approve their budget and receive the FDCIP update.

17. Status Reports on Current Projects and Discussion on Future Agenda Items (A Councilmember may inquire about a subject of which notice has not been given. A statement of specific factual information or the recitation of existing policy may

be given. Any deliberation shall be limited to a proposal to place the subject on an agenda for a subsequent meeting.)

- **35Express Project Update**

Mr. Leavitt provided the following update:

The final surface paving for the northbound and southbound main lanes will continue through late summer. There will be various nightly main lane closures along the I-35E corridor for this work and motorists should be prepared for short term uneven pavement conditions.

The Oak Drive/Lake Dallas Drive intersection is scheduled to open in July. The northbound to southbound U-turn at the intersection will open later in the month.

The additional northbound and southbound I-35E main lanes, frontage road lanes and pedestrian/bike paths on the Lewisville Lake bridges are scheduled to open this summer.

Work on Highland Village Road at the southbound I-35E frontage road is scheduled to be completed in July.

18. Adjournment

Mayor Wilcox adjourned the meeting at 9:30 p.m.

Charlotte J. Wilcox, Mayor

ATTEST:

Angela Miller, City Secretary