

DEE MARGO
MAYOR

TOMMY GONZALEZ
CITY MANAGER



CITY COUNCIL
PETER SVARZBEIN, DISTRICT 1
ALEXSANDRA ANNELLO, DISTRICT 2
CASSANDRA HERNANDEZ, DISTRICT 3
SAM MORGAN, DISTRICT 4
MICHEL R. NOE, DISTRICT 5
CLAUDIA ORDAZ PEREZ, DISTRICT 6
HENRY RIVERA, DISTRICT 7
CISSY LIZARRAGA, DISTRICT 8

**CITY COUNCIL WORK SESSION MINUTES
MAIN CONFERENCE ROOM, 2ND FLOOR
APRIL 16, 2018
9:05 AM**

The City Council met at the above place and date. Meeting called to order at 9:46 a.m. Mayor Margo present and presiding and the following Council Members answered roll call: Peter Svarzbein, Cassandra Hernandez, Alexsandra Annello, Sam Morgan, Michiel Noe, Claudia Ordaz Perez, Henry Rivera, and Cissy Lizarraga.

AGENDA

1. For Notation Only: Formal Report of the Financial Oversight and Audit Committee meeting held on March 26, 2018.

- a. Discussion on 2018 External Financial and Grants Audits.
 - b. Presentation and Discussion on the Importance of Audit Committees.
 - c. Discussion on Audit Plan Updates.
 - d. Discussion on Client Surveys.
 - e. Cyber Security Assessment. (551.089)
- Motion made by Representative Ordaz-Perez, seconded by Representative Morgan and approved by Representative Morgan, Representative Brown, Representative Ordaz-Perez and Representative Rivera to postpone Cyber Security Briefing until a subsequent FOAC meeting.

Mr. Edmundo Calderon, Chief Internal Auditor, gave a brief explanation of the item.

NO ACTION was taken on this item

2. Presentation on Reimagined Cohen Master Plan and other City project initiatives.

Mr. Sam Rodriguez, City Engineer, presented a PowerPoint presentation (copy on file in the City Clerk's Office).

Representative Morgan stated staff had done a great job and mentioned he spent the last 9 months working on the plan and funding options; he stated he hopes the City Manager and staff continue working on this Master Plan and hopes Council will support the plan.

Mayor Pro Tempore Noe asked how long it would take for the plan to start once it's approved by Council.

Mr. Rodriguez replied that he would bring back the funding recommendation to Council on April 30 for the site readiness money. He explained the property is already zoned as C4 and the contract award for the construction manager at risk for the water park is scheduled to be presented in May since the design is complete.

Mayor Pro Tempore Noe asked when the project will be ready to go.

Mr. Rodriguez said commitment is still needed from a private developer; currently only the water park site is ready for construction.

Mayor Pro Tempore Noe inquired about the amphitheater

Mr. Rodriguez replied that it is part of the Urban Plaza.

Mayor Pro Tempore Noe asked if there was also money to fund the one on the Eastside since there was also mention of a police substation.

Mr. Rodriguez said a Master Plan for Public Safety would be needed.

Representative Annello asked about the funding for the big screen.

Mr. Rodriguez replied that it would be funded from the Public Education Government Fund.

Mr. Robert Cortinas, Interim Director of Municipal Financial Operations, explained that the funds come from a 1% franchise fee added to the AT &T and Time Warner franchise agreement.

Representative Annello asked what the best practice has been for the use of those funds.

Ms. Tammy Fonce, Lead Public Affairs Coordinator, explained that the funds are used to promote government channels, create media studios, and basically to promote government access channels.

Representative Hernandez inquired about the funding needed for the grading of the site.

Mr. Rodriguez explained that the funding for the development of the site would be brought back to Council for approval.

Representative Hernandez stated she would like to see a list of funds already approved and would like to stay true to the approved items. She asked when the master plan would be brought back for final approval.

Mr. Rodriguez explained they would want flexibility on the master plan in order to work

with private investors.

Representative Hernandez stated she wants to be sensitive to the community's preference.

Mr. Tommy Gonzalez, City Manager, explained that Council had approved the Master Plan and stated a police station would be addressed way into the future. He stated the far Eastside is first priority in terms of public safety; the dollars Council approved for Cohen is for canopy repairs from insurance funds.

Representative Hernandez stated she would not like to see the aquatics park by itself.

Mr. Gonzalez agreed and stated that the regional water park was already approved and that the Master Plan would be contingent on funds. He explained that they need to be cautiously optimistic and would need to make sure everything is aligned before making a commitment.

Mayor Margo stated that a public/private partnership is what is needed.

Representative Annello asked if the site would need to be cleared prior to bringing in a partner.

Mr. Gonzalez explained that minor repairs had been made to Cohen in order to allow for events to take place.

Mr. Rodriguez explained that they prefer not to remove the parking if plans for development are not ready.

Representative Morgan stated that the site preparation would make it more attractive for developers and asked what portion of the 50 acre site is on the plan.

Mr. Rodriguez replied that 30-33 acres are on the plan.

Representative Annello asked for clarification on the amount previously approved for the study.

Mr. Rodriguez explained that \$900,000 had been approved for the canopy repairs and the Master Plan study and stated \$300,000 would be for the Master Plan study.

3. Presentation and discussion by Central Appraisal District

Mr. Robert Cortinas, Interim Director of Municipal Financial Operations, presented a PowerPoint presentation, (copy on file in the City Clerk's Office) and introduced members from the Central Appraisal District.

Representative Svarzbein asked if the amount allowed for Over 65/Disabled Exemptions is set by the City or the State.

Mr. Cortinas replied that is set by the City.

Representative Svarzbein asked about the breakdown of exemptions between the Over 65 exemptions and Disabled exemptions.

Mr. Cortinas stated he would provide Council with the information and mentioned that the Over 65/Disabled exemption increase from \$30,000 to \$40,000 resulted in a decrease of \$3.2 million in property tax revenue.

Mr. Gonzalez stated they would also provide Council with the detail regarding what the actual reduction looks like for the resident and clarified that the number of \$40,000 exemptions given to residents total about \$12.8 million.

Ms. Dinah Kilgore, Executive Director, Central Appraisal District (CAD), presented a PowerPoint presentation (copy on file in the City Clerk's Office).

Representative Hernandez inquired about the confidence level in appraisals compared to Cities our size across Texas.

Ms. Kilgore replied that the confidence level overall is 95% and it is 99% compared to Cities our size which are considered large districts.

Mayor Margo inquired if the CAD believes they are at 99% of fair market value given the difference between appraisals and tax rolls.

Ms. Kilgore replied that the information is obtained from property owners and evaluating the neighborhoods as a whole to determine values.

Representative Annello inquired about real estate inventory.

Ms. Kilgore replied that those are home not on the market yet which currently total 8,419 lots. She stated that they do not have access to MLS listings.

Mayor Margo believed they had access before and questioned why they did away with that.

Ms. Kilgore replied they used to have access back in the 90's and did not know why they don't have access anymore. She mentioned realtors can't give out sales information.

Mayor Margo stated he believes realtors would like to discuss that with her and that CAD needs to accelerate that discussion.

Ms. Kilgore agreed and explained that there is currently four months of inventory and this means the price of homes are going up. She explained that reappraisals for residential are only conducted as needed and commercial properties are reappraised yearly.

Mayor Margo questioned if multifamily homes are included in the residential category.

Ms. Kilmore replied that multifamily apartments are not however condos and duplexes are.

Mayor Margo inquired about the percentage of multifamily homes.

Ms. Kilgore replied that it is a small percentage.

Mr. Gonzalez inquired if they break it down by residential units in apartment complexes.

Ms. Kilgore replied they don't value the individual units and stated that residential properties total 55% versus 45% in commercial properties.

Mr. Gonzalez inquired about the increase in property values resulting from current appraisals.

Ms. Kilgore replied that the average increase is 7% and that 77% of protests result in favor of the property owner.

Mayor Margo asked about the amount in lost revenue as a result of the 77% protests.

Ms. Kilgore replied she does not have the 2017 total.

Mr. Cary Westin, Deputy City Manager, asked if she had data on other big cities.

Ms. Kilgore replied that per state legislation they don't have to determine market value first and explained that commercial property owners hire tax agents which go before the Appraisal Review Board (ARB).

Representative Svarzbein asked about the percentage of residential property protests that go before the ARB.

Ms. Kilgore replied that only 18% of those protests are settled by the ARB.

Representative Annello inquired about the number of residential protests.

Ms. Kilgore stated they received 17,422 protests out of 214,339 residential properties.

Mayor Margo asked about the qualification and payment of the ARB members.

Ms. Kilgore explained that they receive a per diem of \$150 per day and receive training conducted by the State Comptroller for a day and another day conducted by fee appraisers.

Representative Perez asked if there is legislation that allows these positions to be elected.

Ms. Kilgore replied that the legislation is for the board of directors not ARB members.

Representative Perez asked about the total litigation budget.

Ms. Kilgore replied that the budget totals \$485,000.

Mayor Margo inquired about the success rate related to litigation.

Ms. Kilgore replied that most protests are settled out of court through mediation.

Mayor Margo stated that last year there was only a 1.4% increase in valuations compared to double digit increases in other cities.

Mr. Cortinas explained that in 10 years the valuations in El Paso only increased 18% overall compared to almost double digit growth in other cities annually.

Mr. Gonzalez stated that's the reason State legislation is trying to lower the tax increase limit since other cities are increasing valuations annually.

Ms. Kilgore explained that other cities are selling homes at a faster rate such as Austin and Dallas and that their commercial dollars come from multi-million dollar companies.

Representative Perez asked if the 7% increase in valuations was across the board.

Ms. Kilgore replied that business personal property bills will not be out until the end of May.

Mr. Cortinas stated that certified valuations will not be received until July 25.

Mayor Margo asked how CAD accounts for a \$10,000 decrease in a property in the Rim Road area.

Ms. Kilgore stated she would need to look at the particular property.

Representative Perez stated there should be a shift from commercial to residential so that people pay their fair balance and believes the CAD litigation budget is not enough. She asked if there was live streaming available on protest hearings.

Ms. Kilgore explained that live streaming is not available however hearings are recorded and ARB agendas are available on the CAD website.

Representative Perez stated she would like transparency so the public knows which businesses are impacting property owners.

Ms. Kilgore replied the code allows for protests each year and that they look at the data received for protests to determine if an adjustment needs to be made.

Mayor Margo stated he believes that if market values were true they would be doing tax reductions and that the City's trying to take care of the basics in the budget.

4. Presentation by City Attorney Sylvia Borunda Firth regarding Municipal Utility Districts (MUD).

Ms. Sylvia Firth, City Attorney, presented a PowerPoint presentation at the request of Mayor Pro Tempore Noe, (copy on file in City Clerk's Office) and stated the

presentation was requested by Mayor Pro Tempore Noe.

Mayor Pro Tempore Noe inquired about the MUDS forming next to City limits and stated that their funds don't pay for all of the costs. He explained that the City does not annex them and believes it's not fair to take on the costs of completing them in terms of parks and such.

Ms. Firth replied that there was a MUD where the City provided the funds up front but explained that's not the preferred model.

Mayor Pro Tempore Noe stated that if the MUD is outside the City limits then a fee should be paid for City services.

Representative Hernandez inquired if the contract can include amenities.

Ms. Firth affirmed and stated those are not the most successful since the County doesn't want to take over the maintenance for example in the parks.

Representative Hernandez inquired if signs can be installed noting that the area is not City property.

Ms. Firth replied "yes".

Mayor Pro Tempore stated a lot of MUDs are forming on the Eastside touching the City however they can't force an annexation and their funds can't cover everything. He believes they need to come up with a solution such as working with developers.

Representative Perez stated there is opportunity for the City and County to partner on MUDS since they're both losing tax base and asked how they could encourage people to live within the City limits.

Mr. Gonzalez stated there are strategies for developments outside the City limits that don't include MUDs such as Tax Increment Financing (TIF) or Public Improvement Districts (PID).

EXECUTIVE SESSION

Motion made by Mayor Pro Tempore Noe, seconded by Representative Svarzbein, and unanimously carried that the City Council retire into **EXECUTIVE SESSION** at 11:45 a.m. pursuant to Section 3.5A of the El Paso City Charter and the Texas Government Code, Sections 551.071 - 551.087 to discuss the following:

Section 551.071	CONSULTATION WITH ATTORNEY
Section 551.072	DELIBERATION REGARDING REAL PROPERTY
Section 551.073	DELIBERATION REGARDING PROSPECTIVE GIFTS
Section 551.074	PERSONNEL MATTERS
Section 551.076	DELIBERATION REGARDING SECURITY DEVICES
Section 551.087	DELIBERATION REGARDING ECONOMIC DEVELOPMENT NEGOTIATIONS
Section 551.089	DELIBERATION REGARDING SECURITY DEVICES OR SECURITY AUDITS;

CLOSED MEETING

Motion made by Mayor Pro Tempore Noe, seconded by Representative Ordaz Perez and unanimously carried to adjourn the Executive Session at 11:55 a.m. and **reconvene** the meeting of the City Council, during which time motions were made.

- EX1.** Monthly Update from Legal Department regarding pending litigation and claims. (551.071)

NO ACTION was taken on this item

ADJOURN

Motion made by Mayor Pro Tempore Noe, seconded by Representative Morgan and unanimously carried to **ADJOURN** this meeting at 11:55 a.m.

AYES: Representatives Svarzbein, Morgan, Noe, Ordaz Perez, Rivera, and Lizarraga

NAYS: None

NOT PRESENT FOR THE VOTE: Representatives Annello and Hernandez

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APPROVED AS TO CONTENT:

Laura D. Prine, City Clerk