

LAKEWOOD VILLAGE TOWN COUNCIL

COUNCIL MEETING

AUGUST 11, 2016

Council Members:

Dr. Mark Vargus, Mayor
Ed Reed – Mayor Pro-Tem
Clint Bushong
Gary Newsome
Ray Duff - Absent
Dan Tantalo

Town Staff:

Linda Asbell, TRMC, Town Secretary

REGULAR SESSION - 7:00 P.M.

With a quorum of the Council Members present, Mayor Vargus called the Regular Session of the Town Council to order at 7:00 p.m. on Thursday, August 11, 2016, in the Council Chambers of the Lakewood Village Town Hall, 100 Highridge Drive, Lakewood Village, Texas.

PLEDGE TO THE FLAG:

(Agenda Item A)

Mayor Vargus led the Pledge of Allegiance

PUBLIC HEARING:

(Agenda Item B)

A public hearing was held to provide an opportunity for citizens to comment on the proposed budget for Fiscal Year 2016-2017. Mayor Vargus opened the public hearing at 7:02 p.m.

No one asked to speak

MOTION: Upon a motion made by Mayor Pro-Tem Reed and seconded by Councilman Newsome, council voted four (4) “ayes”, no (0) “nays” to close the public hearing at 7:02pm. *The motion carried.*

PUBLIC HEARING:

(Agenda Item C)

A public hearing was held to provide an opportunity for citizens to comment on the proposed tax rate for Fiscal Year 2016-2017. Mayor Vargus opened the public hearing at 7:03.

No one asked to speak.

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MOTION: Upon a motion made by Councilman Bushong and seconded by Mayor Pro-Tem Reed, council voted four (4) “ayes”, no (0) “nays” to close the public hearing at 7:03pm. *The motion carried.*

VISITOR/CITIZENS FORUM:

(Agenda Item D)

No one requested to speak.

CONSENT AGENDA:

(Agenda Item E)

1. Minutes of July 14, 2016 Council Meeting (Asbell)
2. Minutes of August 1, 2016 Council Meeting (Asbell)
3. Appointment of Gary Newsome, Darrell West, and Abdiel Garza to Capital Improvements Advisory Committee (Asbell)
4. Resolution setting September 22, 2016 for Public Hearing on Land Use Assumptions and Capital Improvement Projects as Required by Local Government Code §395.042 (Vargus)

Mayor Vargus requested Item 3 be pulled and discussed separately

Councilman Bushong requested Item 2 be pulled and discussed separately

Town Secretary Asbell requested item 1 be pulled due to changes requested by Councilman Tantalo

MOTION: Upon a motion made by Councilman Bushong and seconded by Mayor Pro-Tem Reed, council voted four (4) “ayes”, no (0) “nays” to approve consent item 4, Resolution setting September 22, 2016 for Public Hearing. *The motion carried.*

MOTION: Upon a motion made by Councilman Tantalo and seconded by Councilman Newsome, council voted three (3) “ayes”, no (0) “nays”, with Councilman Bushong abstaining, to approve the minutes of August 1, 2016 as presented. *The motion carried.*

Mayor Vargus discussed the requirements of membership on the CIAC and possible schedule conflicts. Councilman Tantalo expressed concern that the committee members be advised of all legal responsibilities. Councilman Bushong reported that Town Engineer, Todd Strauss would be attending the CIAC meeting to provide instruction on the responsibilities of the committee.

MOTION: Upon a motion made by Councilman Bushong and seconded by Mayor Pro-Tem Reed, council voted three (3) “ayes”, no (0) “nays”, with Councilman Newsome abstaining, to appoint Gary Newsome, Darrell West, and Abdiel Garza to Capital Improvements Advisory Committee. *The motion carried.*

REGULAR AGENDA:

(Agenda Item F)

**Consideration of a Variance Request for
Lot11 ,Block F, Section 1 for Front Yard Set-
Back (Asbell)**

(Agenda Item F.1)

Mayor Vargus reported that the prior owner of the lot requested and was approved for a variance due to the shape of the lot. The new owner of the property has designed a house and needs a variance for the front yard setback. A fire hydrant is in the front and there are two utility/drainage easements in the back. Mayor Vargus distributed an elevation rendering of the proposed house. Mayor Vargus reported that the front of the house will be 30' off of the street on the front and both sides do comply with the side setbacks. The requested variance would allow the house to be built with a 10' setback on the front

MOTION: Upon a motion made by Councilman Bushong and seconded by Councilman Newsome, council voted four (4) "ayes", no (0) "nays" to approve the variance request to allow a 10' front yard setback for Lot 11, Block F, Section 1. *The motion carried.*

**Presentation by Patterson Professional
Services on Status of Water and Wastewater
Systems (Asbell)**

(Agenda Item F.2)

Mayor Vargus introduced Mark Patterson of Patterson Professional Services. Mr. Patterson stated that the town is doing a very good job of maintaining the infrastructure. Mr. Patterson stated that all TCEQ requirements are met. Last year many improvements were made to the Wastewater Plant. This year the town received a perfect score on the water inspection. In the last two years the town has spent \$300,000 water and sewer upgrades and the town has a very healthy system. The wastewater re-permit is in the final stages and will be approved with no changes in the very near future. The EPA instituted new E.coli rules, which required E.coli testing if tests show positive for BacT. Patterson reported that the town has never had a positive test for BacT. Mr. Patterson reported on distribution map requirements which Lakewood Village will easily be able to comply with due to the GIS mapping the town has completed.

Mr. Patterson reported that the Rocky Point system is also in full compliance with the state requirements and is doing very well.

There was some discussion on the status of the lift stations. Mr. Patterson reported that the gasses in lift stations are extremely corrosive but the town of Lakewood Village has replaced and updated the components and the town is "years" away from needing to replace a lift station. Mayor Vargus reported that the lift station on Stowe has already been replaced and there are

several parts in inventory to allow for immediate replacement of components that might fail. There was some discussion about the plan for installation of pressure sensors at the bottom of the lift stations to replace the floats. Mayor Vargus reported that the next lift station that will need to be replaced is the one located at the sewer plant. Mr. Patterson reported that based on the current condition of the equipment he does not anticipate any replacements being necessary in the near future.

Mr. Patterson reported that the Town qualifies for a “superior water system” designation. The Town will need to send a letter to the Austin office of TCEQ indicating that the town desires the designation. The next scheduled inspection would be more complex and if passed the town would receive the designation. Mr. Patterson reported that the “superior water system” designation is a prestigious title and is highly desirable. There was some discussion about using recycled and reclaimed water and the daily required E.coli testing.

**Discussion of Impact Fee Implementation
(Vargus)**

(Agenda Item F.3)

Mayor Vargus introduced Town Engineer, Mr. Todd Strouss of Kimley Horn. Mr. Strouss provided an overview of impact fee basics. Mr. Strouss reviewed the costs that are recoverable through impact fees and the components of impact fees. Impact fees can be extended to the ETJ. Mr. Strouss reviewed the Land Use Assumptions with development in the ETJ connecting to the town’s wastewater system. Impact fees must be reviewed and readopted every five years. There was discussion about the application of impact fee assessments only on new development. There was some discussion about the criteria for inclusion of a property in the waste water impact fee area. There was some discussion about the status and findings of the well study. Mayor Vargus reported that with the completion of this process the town will have, for the first time in its history, an integrated plan for all future development.

Mr. Strouss reviewed the project schedule. Mayor Vargus reported on the use of impact fees as a tool for development. There was some discussion on the cost to the town of new infrastructure and the recoverable percentage of that cost. There was some discussion on the financial risk to the town of not implementing impact fees.

**Discussion of Past and Current Town
Financial Performance (Vargus)**

(Agenda Item F.4)

Mayor Vargus reported that the town attempted to have an audit conducted in 1996. The auditor in 1995 reported that because the town had no records or functional accounting system they were unable to perform an audit. In the late 1990s, the then town secretary began embezzling funds and that continued until 2005. Even after the embezzlement there was still no audit performed.

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In 2007 Mayor Vargus reported that he and the current town secretary, Linda Asbell made hundreds of corrections and built a new and accurate accounting system. Mayor Vargus spent a year compiling the necessary information to provide an auditor to value the infrastructure and report on the financial status of the town. In 2008, the town received a clean audit and has received a perfect audit every year since 2008. Mayor Vargus reviewed the historical changes in property taxes and revenues. Mayor Vargus reported on the history of revenues received from building permits. Mayor Vargus reviewed the process he and Town Secretary Linda Asbell undertook to critically review every single bill and expenditure the town had. Mayor Vargus reviewed the audited historical maintenance and operations revenues, which went from \$255,018 in 2007 to \$79,069 in 2016 due to the economy down turn and the lack of new residential construction. Road repair is a priority but the council has to work within the reality of the available funds. There was some discussion on the reserve funds for the Utility Fund. There was some discussion on the prioritization of projects due to limitation of available funds. Councilman Tantalo expressed concern that the limitations of available funds should require council to hold budget workshops and review every single line item on the budget. There was some discussion about the town council working hard not to raise the tax rate versus the typical municipality in Texas, which automatically raises tax rates to the maximum allowable amount each year. Mayor Vargus reported that the town carried approximately \$110,000 of debt in 2006. Councilman Tantalo stated that the town has a choice to provide services or not and expressed his desire to over communicate the issues to the citizens and make informed decisions. There was some discussion on the requirements of the town to provide services and the State mandated standards for sizing on water and sewer infrastructure. Linda Ellis, 818 Carrie, asked about the sustainability of the town. There was some discussion on other options for providing water to the town. There was some discussion about following the same or similar financial practices of other towns. Mayor Vargus stated that the financial practice of the typical municipality is to issue debt and raise the tax rate. Lakewood Village has the opportunity to solve creatively the financing of new infrastructure because of the low tax rate. Mayor Pro-Tem Reed stated that the discussion has drifted from the stated agenda item and he would like council to return to the agenda.

EXECUTIVE SESSION:

(Agenda Item G)

At 8:57 p.m. Mayor Vargus recessed into executive session in compliance with (1) § 551.074 Texas Government Code to wit: Personnel Matters, Evaluation of the Town Secretary; Evaluation of the Administrative Assistant.

RECONVENE:

(Agenda Item H)

Mayor Vargus reconvened the regular session of the Lakewood Village Town Council at 9:26 pm. No action was taken.

REGULAR AGENDA:

(Agenda Item I)

**Consideration of Municipal Development
District Budget for Fiscal Year 2016-2017
(Asbell)**

(Agenda Item I.1)

Mayor Vargus reviewed the proposed MDD budget. Councilman Tantalo expressed concern with the transfer of funds from the MDD to the town and stated that he checked with TML and TML stated that the transfer of the funds was not appropriate. Councilman Tantalo stated that he has requested a letter from Town Attorney Andy Messer for an official opinion. Mayor Vargus stated that there is an Attorney General opinion that specifically addresses residential roads and the use of sales tax revenue as being an approved project.

MOTION: Upon a motion made by Mayor Pro-Tem Reed and seconded by Councilman Bushong, council voted three (3) “ayes”, one (1) “nays” (Councilman Tantalo) to approve the Municipal Development District Budget for Fiscal Year 2016-2017 as presented. *The motion carried.*

**Consideration of Fiscal Year 2016-2017
Budget (Vargus)**

(Agenda Item I.2)

Mayor Vargus reviewed the budget summary and the capital improvement expenses. Mayor Vargus reviewed the General Fund Revenues and highlighted the major changes in numbers from the previous year’s budget and stated this is a very conservative budget. There was some discussion about the audit process and the final audited numbers. There was some discussion about future budget amendments if necessary. Council discussed the possibility of requiring a citizen to reimburse the town for the cost of emergency services if the cause of the emergency response is due to a violation of a law or town ordinance. There was some discussion about improvements to Witt Park. There was some discussion about the budget process and steps taken to support each proposed number. Council discussed the availability of reserve funds in the event of an unanticipated expense. There was some discussion about the slight increase in the water system operator contract rate. There was some discussion about the engineering expense in the Utility Fund. Council discussed the cost of sewer repairs. There was some discussion about the previous approval of the emergency interconnect for water service to the Town of Little Elm’s surplus well on Eldorado Parkway near the Lakewood Village entrance. There was some discussion about utility fund capital improvement projects approved and completed over the last two years. Mayor Vargus reviewed the Road Maintenance Road Fund. There was some discussion about the use of the revenues in the Road Maintenance Fund.

MOTION: Upon a motion made by Mayor Pro-Tem Reed and seconded by Councilman Bushong, council voted three (3) “ayes”, one (1) “nays” (Councilman Tantalo) to approve the Fiscal Year 2016-2017 budget as discussed. *The motion carried.*

**Discussion of 2016-2017 Ad Valorem Tax
Rate (Vargus)**

(Agenda Item I.3)

Mayor Vargus distributed and reviewed the Town’s Truth in Taxation statement. The effective tax rate is \$0.242, the rollback rate is \$0.46 which would result in an 8% increase in revenues. Mayor Vargus proposed the town keeps the rate at \$0.30, which is \$0.25 for maintenance and operations and \$0.05 for debt servicing. There was some discussion about the processing for adopting the proposed tax rate.

**Consideration of Nuisance Ordinance
Relating to Bulk Trash (Vargus)**

(Agenda Item I.4)

Mayor Vargus reported on a problem with citizens putting bulk trash out as early as one month ahead of the bulk trash pick-up date. This ordinance restricts setting out bulk trash to 10 days prior to the date of pick-up. There was some discussion about the criminal penalty associated with violation of the ordinance. Council discussed considering the ordinance for passage at the September meeting.

MOTION: *There was no motion*

**Discussion of Budget Workshop Findings
and Next Steps (Tantalo)**

(Agenda Item I.5)

Councilman Tantalo stated that he expected the council to review the budget line by line for extensive review prior to passage. Councilman Tantalo reported that the council should have between 8 and 10 budget workshops to properly outline priorities and reveal them to the public. There was some discussion about preparation for the budget workshop. There was some discussion about the prioritization of street repairs. There was some discussion about the possibility of scheduling future meetings to workshop budget amendments and the possibility of considering a proposal by Councilman Tantalo to begin the budget review process for the next fiscal year earlier in the year.

**Discussion of Ordinance 07-09, Section 3
Compliance (Tantalo)**

(Agenda Item I.6)

Councilman Tantalo reported that the town has a financial disclosure ordinance that the town is not following. Councilman Tantalo requested the council comply with the existing ordinance. There was some discussion about the original reason for the creation of the ordinance. Mayor Vargus reported that he created the ordinance less than three months after he took office because there was no accurate accounting system and the previous Town Administration had never completed a financial audit. Mayor Vargus reported that he wanted to improve the transparency and gain the confidence of the town after the embezzlement and lack of financial accountability. After the town had annual audited financial reports, there was no ongoing need for the reports. Councilman Bushong reported that when the financial controls ordinance was passed a few months ago this ordinance would have been repealed but it was overlooked. Councilman Bushong stated that he would support following the ordinance and track the following of the reports. If the interest drops off then council should consider repealing it.

COUNCIL AND STAFF COMMENTS

(Agenda Item J)

Town Secretary, Linda Asbell, thanked Mayor Pro-Tem Reed and called attention to the reclaimed wood Texas flag and the wooden case for neat organization of the letters for the marquee, both made by Mayor Pro-Tem Reed.

Town Secretary, Linda Asbell, thanked Mayor Pro-Tem Reed, Councilman Bushong, and Mayor Vargus for replacing the broken and scratched cover on the marquee.

Town Secretary, Linda Asbell, reported to the council that the Texas Municipal League annual conference will be October 4-7 in Austin.

Town Secretary, Linda Asbell reported that she donated personal funds, in the name of the Town of Lakewood Village, to a special account that had been set up to directly support the families of the Dallas Police Officers murdered on July 7, 2016. The organization sent bracelets showing support for the Dallas and DART Police Officers. Town Council members and Town Secretary Asbell posed for a picture wearing the bracelets to send the Dallas Police Department.

ADJOURNMENT

(Agenda Item J)

MOTION: Upon a motion made by Councilman Bushong and seconded by Mayor Pro-Tem Reed council voted four (4) “ayes” and no (0) “nays” to adjourn the Regular

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Session of the Lakewood Village Town Council at 11:27 p.m. on Thursday, August 11, 2016. The motion carried.

These minutes approved by the Lakewood Village Town Council on the 8th day of September 2016.

APPROVED

Dr. Mark E. Vargus
MAYOR

ATTEST:

Linda Asbell, TRMC
TOWN SECRETARY