

MINUTES
REGULAR CITY COUNCIL MEETING
September 20, 2022 – 6:00 p.m.

PRESENT: Mayor Teddy Reel
Mayor Pro Tempore Anthony Henry
Council Members: Jim Ayres, Stephanie Muller and Beckey Thompson
City Manager Howdy Lisenbee
City Attorney Charles Anderson
Finance Director Jamie Campbell
Director of Administrative Services Molly Jacobsen
Director of Public Safety Chris Bassham

ABSENT: None

1. Call to Order.

Mayor Teddy Reel called the meeting to order at 6:00 p.m.

2. Invocation.

Reverend Cheryl Murray of First United Methodist Church led the moment of invocation.

3. Pledges of Allegiance.

The Captain Charles Croxall Chapter of the Texas Daughters of the American Revolution led the pledges to the American and Texas flags. The Daughters of the American Revolution was founded on October 11, 1890. The Captain Charles Croxall Chapter of Commerce was chartered 95 years ago on October 21, 1927.

4. Consent Agenda.

Acceptance of Minutes:

- Building Standards Commission Meeting-July 21, 2022
- Commerce Economic Development Corporation Meeting-July 26, 2022
- Planning and Zoning Commission Meeting-August 2, 2022
- Parks & Recreation Advisory Board Meeting Minutes-August 10, 2022
- City Council Meeting-August 16, 2022
- Building Standards Commission Meeting-August 18, 2022

Consider and Take Action on:

- Motion authorizing Appointment of Brett Scroggins to the Parks & Recreation Advisory Board.
- A Resolution Authorizing the Approval of an Agreement for the Shade T-Hangar #2 at the Commerce Municipal Airport between the City of Commerce and Alan Hendricks; and Authorizing the City Manager to Execute all Necessary Documentation.
- Discussion and Possible Action on a Resolution Awarding the Contract for Health Insurance Benefits to Blue Cross Blue Shield of Texas; Awarding the Employee Dental Insurance Benefits to Blue Cross Blue Shield of Texas; Awarding the Employee Vision Insurance Benefits to Blue Cross Blue Shield of Texas; Awarding the Employee Benefits for Life/Disability Insurance to Blue Cross/Dearborn; Awarding the Employee Benefit of Telehealth Services to First Stop Health; Awarding the Employee Benefit of Mental Telehealth Services to Supportline; Awarding a Contract of COBRA through TASC; Awarding a Contract for HSA Services through Optum Bank; and Authorizing the City Manager or his Designee to Execute all Necessary Documentation related to this Resolution for Fiscal Year 2023.
- Approval of the FY 2022 Hunt County EMS First Responder Contract between the City of Commerce Fire Department and Hunt Regional Hospital District.

Council Member Jim Ayres made a motion to approve the consent agenda as presented. Council Member Beckey Thompson seconded, and the motion carried unanimously.

- 1 5. **Presentation to City Council by members of the Public. (To be conducted as close to 6:05 p.m. as**
2 **possible with a three-minute limit per person. Public Comments will cease at 6:20 p.m.) This period**
3 **is reserved for citizens to discuss items not on the listed agenda. The response to Public Comments**
4 **will be limited to: 1) A statement of fact or policy; 2) Direction to take up the issue with a city staff**
5 **member; 3) An offer to place the item on a future Council Agenda.**

6
7 Frank Higgins addressed the Council expressing concern about street damage on North Neal caused by
8 heavy trucks driving on it despite signs that indicate truck traffic isn't allowed.
9

10 Connie W. Taylor asked if the Council could consider freezing property taxes for Commerce citizens over
11 the age of 65. Ms. Taylor lives on Aldridge Street, and her second concern was about the no parking on her
12 side of the street. She said that there are essentially three lanes of width across that street, so she didn't
13 understand why there needed to be no parking. She said that she needs to be able to park in the front of her
14 house during bad winter weather because previously a frozen tree had fallen, blocked her in her driveway
15 and destroyed her car. She was concerned because she has another tree in her yard that could fall if we have
16 another significant winter weather event.
17

18 City Manager Howdy Lisenbee reminded Ms. Taylor, regarding freezing property taxes for Commerce
19 citizens over the age of 65, that the Council is not allowed to discuss or consider the issues because it is not
20 specifically listed on the agenda. However, he briefly noted it has been discussed in the past about a tax
21 freeze for those over 65. That has never been adopted by the city of Commerce, but it could be. He noted
22 we could place that on a future agenda should the Council choose to. The city has worked with the
23 appraisal district, and we have the numbers and the estimates of what that impact would be on our budget.
24 It was a somewhat trivial amount, so staff would support making that move, should the Council opt to in
25 the future.
26

- 27 6. **Presentation of Proclamation for Constitution Week.**

28 Mayor Teddy Reel read aloud a proclamation for United States Constitution Week.
29

30 "Whereas, September 17, 2022, marks the two hundred thirty-fifth anniversary of the drafting of the
31 Constitution of the United States of America by the Constitutional Convention; and
32

33 Whereas, the Constitution of the United States of America, the guardian of our liberties, embodies the
34 principles of limited government in a Republic dedicated to rule by law; and
35

36 Whereas, it is the privilege and duty of the American people to accord official recognition to this
37 magnificent document and its memorable anniversary, and to the patriotic celebrations which will
38 commemorate the occasion; and
39

40 Whereas, Public Law 84-915 guarantees the issuing of a proclamation each year by the President of the
41 United States of America designating September 17 through 23 as Constitution Week; now
42

43 Therefore, I, Teddy Reel, by virtue of the authority vested in me as Mayor of the City of Commerce, do
44 hereby declare the week of September 17 through September 23, 2022, as United States Constitution Week
45 in the City of Commerce, Texas.
46

47 We urge all citizens to study the Constitution and reflect on the privilege of being an American with all the
48 rights and responsibilities which that privilege involves. We also ask our citizens to reaffirm the principles
49 the Framers of the Constitution intended in 1787, by vigilantly protecting the freedoms guaranteed to us
50 through this guardian of our liberties, remembering that lost rights may never be regained."
51

52 Mayor Teddy Reel then presented the proclamation to the Captain Charles Croxall Chapter Texas
53 Daughters of the American Revolution.
54

- 55 7. **Receive a Report, Discussion and Consideration of a Resolution of Intent to establish a City of**
56 **Commerce Property Assessed Clean Energy ('PACE') Program.**

1 City Manager Howdy Lisenbee said that conversations had been held with NEXI, the manufacturer that
2 purchased the old Covidien building. They are looking to complete their capital funding portfolio and they
3 have begun renovations of that old building. They are looking to complete all of their capital acquisitions
4 by the end of the year (2022).
5

6 One component of their capital financing plan would require PACE funding, which is a program authorized
7 by the state of Texas in 2013. It is not available to people within our jurisdiction, unless the City Council
8 formally adopts the program. We have done some research, and we have asked Mr. Doug Taylor with the
9 Texas PACE Authority to come and give a brief presentation on the background of what the program is.
10 Then if the Council wishes to consider adopting it, there are two steps. One step tonight would be a
11 resolution that is our notice of intent to establish a Commerce PACE Program. Then next month we would
12 have a public hearing, and we would actually take action to formally establish the program.
13

14 Mr. Taylor addressed the Council. He noted that he has spent almost thirty years in public service with the
15 state of Texas. He is now with the Texas PACE Authority serving as the chief operating officer. The
16 problem that PACE was designed to address is that property owners know that they can save energy or save
17 money over the long run by investing in more efficient systems in their buildings, energy systems, water
18 systems, etc. However, these projects have a high capital cost and a very long payback, so that is a
19 disincentive. Business owners typically want to reinvest in things that grow the business, so that is a
20 challenge. Over time, this means that buildings fall into worse and worse disrepair. They have higher utility
21 costs, and they probably should end when equipment goes out, which inevitably will.
22

23 PACE is an innovative financing program that was authorized by the state legislature in 2013. There are 38
24 states that have passed PACE enabling legislation, and about 30 have operational programs. It is a means of
25 providing long-term financing for 100% of the cost of certain projects that have energy and water savings
26 benefits. It is private financing that is secured by a special assessment that is in place over the financing
27 term, so it does not use public funds, city funds or government funds. It is private capital that is secured by
28 a local governmental assessment. It is state authorized under Chapter 399 of the local government code.
29 Local governments then enable PACE programs either at the city level or the county level. It is a voluntary
30 and open market. That means that any property owner with an eligible property can utilize it. Any
31 contractor can do the work. Any lender can provide the financing. There is no predetermined list.
32

33 The types of eligible properties are any sort of commercial property including multi-family, nonprofit
34 facilities and industrial and manufacturing, like the NEXI project that we are talking about tonight. If the
35 project reduces energy or water usage or generates power on site, it is potentially eligible.
36

37 What makes PACE different is that if you were to borrow money for an equipment upgrade, typically that
38 would be a very short-term loan, five to six years and probably require 20% down. PACE allows you to
39 actually have the financing over a long-term repayment so that your net operating income is higher, and it
40 is budget neutral or cash flow positive. The first couple of PACE projects were about six years ago, and it
41 has been growing steadily. About half of the projects have been energy efficiency, about a third were water
42 conservation projects and about 12% have been in commercial retail, some in manufacturing, multi-family,
43 etc.
44

45 As far as where PACE is offered, there are now 80 cities and counties around the state that have established
46 PACE programs. This covers almost three-quarters of the population of the state. The process is that there
47 is typically a public briefing or discussion which is what we are having now. The second is posting a report
48 on how the program will work. Mr. Taylor noted that they have a standard report that has been used in
49 cities and counties across the state that meets requirements under the statute. Then a resolution of intent
50 would be passed establishing the City's intent to create the program. This has a public hearing notice and
51 signals to the public that the city is considering offering PACE, then the public hearing and after that,
52 considering any comments that might come in, then considering a resolution to establish the program. After
53 that an administrator would be selected to run the program. That is the role of the Texas PACE Authority.
54 They are a non-profit that was set up about seven years ago to provide PACE administrative support
55 services for cities and counties. That is all they do; they are not a lender, a contractor or an owner. They
56 simply serve that outsourced governmental function.

1
2 The process would be: an owner finds a contractor, selects a project, identifies a lender and applies to the
3 program. If the project meets all the requirements, then they agree through two contracts, an owner contract
4 and a lender contract. The capital provider then provides the funding, essentially a construction line of
5 credit. The contractor completes the project. Then the owner pays the installments back directly to the
6 lender. The money does not flow through the city or the county; it goes directly back to the lender. Some
7 of the criteria include A PACE loan can be for up to 25% of the appraised post-project construction value.
8 The savings to investment ratio is another criterion. Another is, if there is a mortgage on the property, the
9 mortgage holder has to provide consent. This becomes a senior lien which is superior to the mortgage one.

10
11 Another commonly raised question is, how do we know that the projects are going to save energy or water?
12 The calculation procedure is based on national standards. The other thing that we have in Texas is that there
13 is a requirement that an independent third-party reviewer review the savings that are projected to make sure
14 that all of that looks in order. Then once the project is completed, that same independent third-party
15 reviewer, which is a Texas licensed professional engineer, goes back to the site to make sure everything
16 was installed properly. This provides a sort of checks and balances.

17
18 PACE provides win-win situations. Property owners benefit from lower utility bills by upgrading their
19 assets and their equipment. The contractor may propose a project to an owner, but the owner says, "How do
20 I pay for that?" PACE is a means of getting those projects moving forward. For lenders, this is a low-risk
21 product that they can offer. For the state, we are reducing peak demand on the electric grid. For
22 communities, this is an excellent tool for economic development that does not cost the city any money.

23
24 Council Member Stephanie Muller made a motion to approve the Resolution of Intent to establish a PACE
25 Program in Commerce. Mayor Pro Tem Anthony Henry seconded the motion, and it carried unanimously.

26
27 **8. First Reading-Public Hearing and Consideration of an Ordinance Approving a Conditional Use**
28 **Permit to Allow Mini-Warehouse(s) for the Property located at 2301 Mangum St. Commerce, Texas**
29 **75428; Property ID 30389, Legal Description: A0675 MARLER H (HUNT COUNTY), TRACT 26,**
30 **ACRES 4.823, General Business District.**

31
32 City Manager Howdy Lisenbee said that this request was submitted by a property owner wanting a
33 conditional use permit to build a self-storage property with 200 units. This would not take up the entire size
34 of the lot. They are looking to use about a third of the property to put in the first phase of the development
35 which would be the self-storage units. Then, depending on how the market moves, they want to do sine
36 form of housing on the other two-thirds of the property. The property is currently zoned as General
37 Business, and this is not a use allowed by right; it is a use that is allowed if there is a conditional use
38 permit. This would give the Planning and Zoning and the City Council the opportunity to review the
39 proposal, look at what is intended to be done and how it would impact the surrounding properties before
40 making a final decision.

41
42 This particular lot does abut to a residential neighborhood. There was some conversation at the Planning
43 and Zoning Commission about potential impacts that this new facility would have on those residential
44 homes to the east of the property. The Planning and Zoning Commission determined that they would
45 recommend approval of the conditional use permit with some very specific conditions. One being that there
46 be a visible screen along the eastern boundary between the storage units and the residential neighborhood.
47 That screen could either be a fence or the back side of the storage buildings. The second condition was that
48 any external lighting has to be pointed away from those residential areas. With those conditions, this would
49 be a use that is permitted and would have minimal impact on that residential area. Staff agrees with that
50 recommendation, so staff is recommending approval of the conditional use permit with those two
51 conditions for screening and external lighting restrictions.

52
53 A public hearing was opened at 6:39 p.m. No one came forward, and the public hearing was closed at 6:40
54 p.m.
55

Council Member Jim Ayres made a motion that the Ordinance for a Conditional Use Permit be approved on first reading. Council Member Beckey Thompson seconded the motion, and it carried unanimously.

9. **Consideration of an Ordinance Amending “Ordinance No. 21-23” which Adopted the Fiscal Year 2021-2022 (‘Fiscal Year 2022’) Budget, providing for the adoption of amendments to the FY 2022 Budget thereto as set forth in Exhibit “A”; and providing for an effective date.**

Finance Director Jamie Campbell stated that this item would be for a budget adjustment for the current year that we are living in now (Fiscal Year 2022) which ends on September 30th. Typically, Director Campbell noted that the City’s process is to forecast the remainder of the year with department heads and look at any open invoices and open purchase orders and take a look at anything that any fund balance or fund expenditure that we feel may be over the budgeted amount. After we come up with what those numbers are, the Council is presented with what that budget amendment would be.

There are no budget amendments for the General Fund, which is our main maintenance and operations funding. She stated that she actually expects for us to be under budget when it comes to the expenses. The majority of that is due to employee turnover and vacancies and things like that because we always budget as if we are 100% staffed for 100% of the year with no lags in hiring.

The first amendment this includes is to our Public Utility Fund. The only thing that needs adjusting is our solid waste. For the line item of our Solid Waste Contract, we adopted a budget of \$970,000. We are requesting to amend the budget to be \$1.2 million for solid waste. That change is mainly due to the contract price change that we gave to city sanitation midway through the year, consistent with the terms of their contract. Not only did the rates change midway through the year, but she believes that we just underestimated what that would be. However, the revenue will cover the expenses.

She continued by saying that we only have three other funds that need amending, and these are called minor funds. Fund Six and Fund Nine are related and are the next part of the budget amendment presented tonight. Fund Six is our Debt Service Fund. That is our fund that we pay our debt from. We also received the I & S portion of everybody’s property tax. Fund Nine is our Capital Project Fund. That is where all of the capital projects expenses are paid from- the I & S (interest and sinking) bonds that we have. The expenses were recorded in the right place, but they were budgeted in the wrong place. This amendment would correct that.

The last amendment is for Fund 14, which is the Recreation Fund. This fund is not our normal parks and recreation as it does not have salaries included in it; it is just the recreation programs. We did not budget anything for this fund because we have the Boys’ and Girls’ Club. While they were going through personnel changes during the basketball process, we came to an agreement that we would purchase certain items and help with getting referees, etc. The Boys’ and Girls’ Club agreed to reimburse us for those expenses. They were invoiced, and they paid, so that expense and that revenue have netted out. Because we expensed something that was zero, Director Campbell wanted to make sure that we have on record that we should amend that budget so that it matches.

Council Member Stephanie Muller made a motion that the Ordinance amending the Fiscal Year 2022 budget be accepted as presented. Mayor Pro Tem Anthony Henry seconded the motion, and it carried unanimously.

10. **Receive a Report, Conduct a Public Hearing and Consider Action on an Ordinance Adopting the Fiscal Year 2023 Operating Budget.**

City Manager Howdy Lisenbee noted that he recognizes that the Council has seen the Fiscal Year 2023 Operating Budget and that there have been several workshops about the budget. He continued that there had been many conversations about this budget and the numbers that are contained within it but noted that others attending tonight’s meeting or watching the recording of tonight’s meeting have not been through all of those meetings about the budget. He wanted to walk through what this budget is for those people. He

1 wanted to go over the services that we are proposing to provide to the community and what the impact
2 would be on them. He reminded everyone that the digital budget book is available on the City's website.
3

4 There are some legal statements that are required by the state of Texas. One of those was that this budget
5 would raise more revenue from property taxes than last year's budget by an amount of \$528,801 which is a
6 15.5% increase from last year's budget. Property tax revenue to be raised from this new property tax is
7 \$32,138. This calculation uses last year's property values and last year's rate compared to this year's
8 property values and this year's proposed rate. Of the \$528,801 raised in excess relative to last year,
9 \$322,000 is for maintenance and operation, and \$206,000 is for debt service. Manager Lisenbee noted that
10 we have been asked by the community to invest in streets, so this budget reflects increased street
11 reconstruction, which we have to fund through Certificates of Obligation. Thus, we are not raising our
12 operating budget by \$528,000.
13

14 Manager Lisenbee noted some of the key tax numbers that we are required to prepare. Last year's property
15 tax rate was \$0.82 cents. We are proposing a reduction in the tax rate to \$0.769326. That is the first
16 reduction in the tax rate that this community has seen in almost 20 years. However, there is a difference
17 between the tax rate and tax revenue. While the tax rate is dropping, we are raising tax revenue through this
18 process due to increased property appraisals across the city. If we were going to raise the exact same
19 revenue as we did last year with these new valuations, a tax rate of \$0.69 would accomplish that. We are
20 not proposing a tax rate of \$0.69; we are proposing a tax rate of \$0.76 and some change. That additional tax
21 that we are recommending, some of it is for operations, and some of it is for debt service for the street
22 reconstruction that we are taking on.
23

24 The maintenance and operation (M&O) portion of what would be a "no new revenue" rate is \$0.51. The
25 voter approval tax rate is assuming a three and a half percent increase, which would be \$0.74. We are
26 actually requesting a little higher than the \$0.74 because we qualify for a "de minimis" tax rate because we
27 have less than 30,000 people in population. Our debt rate as it is currently proposed is \$0.21. Of the
28 proposed tax rate, \$0.769326, \$0.21 of that is debt service (I&S) and \$0.55 is the maintenance and
29 operation (M&O) tax rate.
30

31 Overall, the total budget that is being proposed for the City, the General Fund, Utility Funds and Special
32 Funds, is \$21,495,607. That is broken out into three groups. Number one is the General Fund, which is
33 where all the tax revenues and general services and general charges live. Last year's budget for the General
34 Fund was \$6.6 million. This year we are proposing \$7.1 million. That is an increase of about \$490,000 that
35 we are proposing to increase for the expense budget in the General Fund. Number two is the Enterprise
36 Funds which include water, sewer, sanitation, and the new street maintenance fee. That fund is the Utility
37 Fund. Last year we had a budget of \$5.8 million, and we are proposing \$6.5 million, which is an additional
38 \$739,000 in the Public Utility Fund. Of that, \$250,000 is the street maintenance fee, so between water,
39 sewer and trash, that is an increase of about \$500,000 from last year's budget. Group three includes the
40 other funds. These are smaller groups of accounting books that do not have as much of the activity. There is
41 a significant drop in that budget from \$10.3 million to \$7.8 million. That reduction primarily is a reflection
42 of fewer capital projects that we are going to be taking on, relative to last year's budget.
43

44 The General Fund is looking at about a \$490,000 increase. Of that, personnel costs make up about
45 \$335,000. We are a service organization; we provide services to the citizens of our community, and you
46 provide that service with people. Therefore, the biggest portion of our operating budget in the General Fund
47 is salaries. In this proposed budget, we have a couple of things that are putting pressure on those salaries. It
48 is not requesting new positions. One, is the cost of health insurance. Coming out of COVID, our insurance
49 brokers told us to expect a 35% increase in premiums for the cost of covering health insurance for our
50 employees. Some organizations pay the cost of insurance for their employees, some pay only a portion of
51 the cost for the employees, and the employees have to make up the difference. Some organizations, when
52 they see a 35% premium increase, choose to pass some of that increase on to their employees, effectively
53 making all of their staff take a pay cut. We chose not to pass those costs on to our employees, so we wrote a
54 budget in which we could absorb that increased premium cost. JBA Financial, a local company, is our
55 insurance broker. They worked hard for us, and they took that 35% rate adjustment and turned it into 17%.
56 Still, a 17% increase to a major benefit for your employees is going to impact your budget.

1
2 The other thing we are asking for is to recognize that the inflation environment in which we are all living is
3 hitting the pocketbooks of our staff. Many of them are low- and middle-income families, and it is hitting
4 them harder. Thus, we are looking at a 3% salary adjustment across the board for our employees. The way
5 we implement that is through a merit system. We have done the first set of performance evaluations for our
6 staff. We have employees that have been here for 17 years that have never been given a performance
7 review. Based on those findings, they will get different degrees of salary adjustment, assuming this budget
8 gets adopted. The overall impact on the budget would be 3%. The biggest change is financially taking care
9 of the people that are taking care of us.

10
11 Another factor within the General Fund is operating supplies. We talked about inflation, and for us, fuel
12 and oil are some of the supplies that we use to provide those services. That is a \$52,000 increase, so the
13 majority of increase in the General Fund is personnel and inflationary costs.

14
15 Enterprise funds are the water, sewer, sanitation and the new street maintenance. Those funds have gone up
16 \$739,000 of increased expenditure; \$248,000 of that is in personnel. While water utility is a service
17 organization, if you look at it, it is more of a manufacturing industry. Thus, staffing in the General Fund is
18 70% of our budget; in the utility fund, it is closer to 50% of our budget because we still have people
19 providing the services, but we are actually producing a product that the City uses. There is about \$250,000
20 of increased personnel costs again because of an increase in benefits costs and a 3% raise. We are seeing
21 rising of costs in our operating supplies. Fuel is one, but also chemicals. Chemicals are a major component
22 of what we do in the water and sewer business, and those costs continue to rise. A bigger portion of this
23 change though is going to be debt service. In this year's proposed budget, we will be investing about \$5
24 million in our two treatment plants, the water treatment plant and the wastewater treatment plant. There is
25 debt service associated with that \$5 million investment that impacts this budget. Creating the new street
26 maintenance fund requires us to create a budget for that fund. That is about \$250,000 of that \$739,000
27 increase.

28
29 The rest of our other funds are going down by about \$2.5 million. The bulk of that is because we are doing
30 fewer capital projects in this proposed budget.

31
32 Within all of our funds, the City Council recently adopted and updated some of our financial policies. One
33 of those is fund balance policy, which is in the General Fund. We want to maintain a fund balance of 25%
34 at a minimum, with a target of 35%. The reason you carry those fund balances is so that you can respond to
35 catastrophic events such as losses in service. Having some cash reserves allows you to react and respond to
36 those without having to turn around and having to pass the plate and ask for offerings. Within our General
37 Fund, we are carrying a fund balance of about 40%, which is in excess of our target goals, so the General
38 Fund is very healthy right now. In terms of revenue for the General Fund, 64% of our revenues to the
39 General Fund come from a combination of property taxes, sales taxes, franchise taxes and some other
40 minor taxes. Then we have some charges for services, licenses and permits.

41
42 For expenditures within the General Fund, salaries and wages are 70%. As we mentioned, the City is a
43 service organization. It is people providing services to the members of our community. If you look at the
44 departments, there are three things ultimately that we are called on and required to do. One of which is
45 public safety. We have a community of people who have chosen to live together in close proximity and we
46 have to keep them safe. Public safety is a little over 50% of our budget invested in police and fire and the
47 safety of the members of our community. Another thing that we have to provide is public infrastructure.
48 You have to have streets to move around on and to have commerce. Business happens in Commerce
49 because of the street network. There is infrastructure that we provide that facilitates that, and we have to
50 take care of that infrastructure; streets, water, sewer and all of those things that get taken for granted until
51 they are not working. Thirdly, we have public health. Our budget is about 50% public safety and 20% to
52 30% for public infrastructure and quality of life.

53
54 Our policy for the Utility Fund says that we want a minimum of 25% of our budget in fund balance. Our
55 target it 35%. Our utility funds do not meet that standard right now. It is at 18% now; and we want to try to
56 build it up to 22%. For years, the city of Commerce has been like many other cities across the state of

1 Texas. With the utility fund, it is easier to raise rates on water than it is to raise taxes, so cities will transfer
2 money that they made from a utility fund to the general fund to pay for general fund services so that they
3 do not have to raise taxes. Over a number of years, they have been charging the water department for
4 services and not making rate adjustments to keep up with that. Thus, as the infrastructure declined in the
5 utilities, the rates were held constant for almost ten years, and that has pulled our fund balances down. We
6 are in the process of building those fund balances back up and addressing infrastructure needs within our
7 utilities as the same time. We are not trying to get to fund balance in one year; we are working on it a few
8 bites at a time.

9
10 Revenue in the Utility Fund is slightly different than in the General Fund. Ninety-three percent of our
11 revenue in the Utility Fund comes from charges for service. If you use water, you pay for water. If you use
12 the sewer, you pay for sewer. If you use trash service, you pay for trash service. There are services and fees
13 associated with this, so all of our relative revenue from these utility funds comes from those charges for
14 service.

15
16 Twenty-five percent of the money from the Utility Fund is spent on miscellaneous expenses; that is
17 primarily debt service. Then salaries and wages make up another 21%. Professional services, contractors
18 and things like that are 20%, capital outlays make up about 15%. Within the Utility Fund, there is just a
19 handful of departments. Water production is where we bring the raw water into the community through the
20 water treatment plant, and it gets sent into the community. Distribution and collection are the piping and the
21 meters that move water to homes and businesses. Collection is the sewer lines that take it back from homes
22 and businesses and takes it to the wastewater treatment plant, where we take all of those flows plus storm
23 water and treat them so that they are environmentally safe to release back into Sulfur River. You also see
24 solid waste or trash collection, which happens in the Utility Fund. We are creating a new part of the Utility
25 Fund, which is for our streets.

26
27 Manager Lisenbee noted, regarding the demographics of our community, we are and have always been a
28 service organization. We serve the taxpayers, the rate payers and the visitors within our community, so it is
29 helpful to understand who those members are of our community. Within Commerce, we have about 2,800
30 households. If we look at how those households break out, 38% of the households within our community
31 are families, which is 24% lower than the state average. Thirty-three percent of our households are married
32 couples, which is 36% lower than the state average. Singles make up 5% of households and seniors living
33 alone are 19%, which is 39% higher than the state average for a community of our size. You will notice
34 within our budget are things to begin to address the service needs of our senior citizens, including
35 recreation opportunities, because seniors living alone need opportunities to get out and interact with others
36 as this is a quality-of-life issue. We do not need to provide the services, but we need to help provide spaces
37 for those things to happen.

38
39 Looking at our community economically, 2% of our households have a total household income of \$200,000
40 or greater per year. That is 76% lower than the state average. The average median household income in
41 Commerce is \$34,946 is 45% lower than the state average. From a socio-economic point of view, the
42 people that live within our community have a much lower household income than you would find in an
43 average community within our state. This number is actually an improvement over last year because last
44 year it was over 40%. Thirty-eight percent of our households have a total household income of \$25,000 or
45 less per year. As we look at the services that we provide and the cost that we charge for those services, we
46 need to be mindful that 38% of our households are probably going to struggle to pay those costs. Thus, we
47 need to factor that into how we establish and structure those rates.

48
49 Average home values continue to rise. Over the years within our community, we have gone from \$76,000
50 as the average home value to almost \$135,000 now. The trend is positive for the resources in our
51 community. Housing is getting better; values are getting better. However, that does not mean that the
52 people are becoming financially more well off.

53
54 City Manager Lisenbee concluded by saying that every dollar that we spend is somebody else's dollar, and
55 we take that reality very seriously. When we write budgets and when we put plans together for how we are
56 going to provide those services, we have a sobriety about that because it is somebody else's money that

1 they have trusted us to use on their behalf. We believe that this budget honors that requirement. It honors
2 that commitment to serve our community and to raise the level of service that we provide to the community
3 while still being mindful of the affordability.
4

5 A public hearing related to the adoption of the Fiscal Year 2023 budget was opened at 7:17 p.m. No one
6 came forward, and the public hearing was closed at 7:18 p.m.
7

8 Mayor Pro Tem Anthony Henry made a motion to approve the Ordinance adopting the Fiscal Year 2023
9 Operating Budget. The motion was seconded by Council Member Stephanie Muller, and a roll call vote
10 was held.
11

12 Mayor Pro Tem Anthony Henry- voted "Yea"
13 Council Member Stephanie Muller- voted "Yea"
14 Mayor Teddy Reel-vpted "Yea"
15 Council Member Beckey Thompson- voted "Yea"
16 Council Member Jim Ayres- voted "Yea"
17

18 The motion carried unanimously for the adoption of the Fiscal Year 2023 Budget.
19

20 **11. Consideration of and Possible Action on an Ordinance Ratifying the Property Tax Revenue Increase**
21 **Reflected in the adopted Fiscal Year 2023 Operating Budget as a Result of the City requiring more**
22 **revenue from Property Tax than in the Fiscal Year 2022 Budget.**
23

24 City Manager Howdy Lisenbee said that this is a fairly new requirement from the state of Texas. If we are
25 adopting a budget that requires more property tax revenue than the prior year, we have to ratify, and
26 basically publicly admit, that we are adopting a budget that is going to require more revenue from property
27 taxes. We are not proposing a budget that is sustained by the "no new revenue" rate. Again, with the
28 environment in which we are working, our employees are experiencing significantly greater costs of living
29 as well as all of the other citizens within our community. We feel it would not be responsible for us to
30 adopt last year's budget because the cost of operating in this next year is going to be greater than it was last
31 year. The impact for our employees and their household budgets is different than it was last year. Thus, if
32 we are going to continue to serve our community well, we have to put a reasonable budget together that
33 provides those services, and to do that, we are asking for a tax rate of \$0.769326. Within that, the
34 maintenance and operation (M&O) rate is \$0.552469, and the interest & sinking (I&S) portion is
35 \$0.216857. This is the property tax rate that we are proposing to support the services that we are providing
36 to our community.
37

38 Council Member Stephanie Muller made a motion to approve the Ordinance. The motion was seconded by
39 Council Member Jim Ayres, and a roll call vote was held.
40

41 Mayor Pro Tem Anthony Henry- voted "Aye"
42 Council Member Stephanie Muller- voted "Aye"
43 Mayor Teddy Reel- voted "Aye"
44 Council Member Beckey Thompson- voted "Aye"
45 Council Member Jim Ayres- voted "Aye"
46

47 The motion carried unanimously.
48

49 **12. Receive a Report, Conduct a Public Hearing and Possible Action on an Ordinance Adopting the Tax**
50 **Rate of \$0.769326 per \$100 of assessed valuation as of January 1, 2022 for Fiscal Year 2023.**
51

52 City Manager Howdy Lisenbee said that this is the actual adoption of that tax rate, so the last piece of
53 information is that we are adopting a rate that is higher than the no new revenue rate. For example, if you
54 have a home valued at \$100,000, the annual cost of this tax rate would be \$40.92. The tax rate that is being
55 proposed will require of citizens to pay an additional \$40 a year over what they would have paid last year.
56

1 A public hearing related to the tax rate was opened at 7:23 p.m. No one came forward, and the public
2 hearing was closed at 7:24 p.m.

3
4 Council Member Jim Ayres made a motion to approve the Ordinance. Council Member Beckey Thompson
5 seconded the motion. A roll call vote was held.

6
7 Mayor Pro Tem Anthony Henry- voted "Aye"
8 Council Member Stephanie Muller- voted "Aye"
9 Mayor Teddy Reel-voted "Aye"
10 Council Member Beckey Thompson- voted "Aye"
11 Council Member Jim Ayres-voted "Aye"

12
13 The motion carried unanimously.

14
15 **13. Receive a Report, Conduct a Public Hearing, Discussion and Possible Action on an Ordinance by the**
16 **City Council of the City of Commerce, Texas Accepting the Fiscal Year 2023 Capital Improvement**
17 **Plan (CIP).**

18
19 City Manager Howdy Lisenbee said that as we adopt an operating budget, we also look to adopt a capital
20 improvements budget, which outlines how we will be investing public funds within the infrastructure and
21 the facilities of our community. Last year, within our Capital Improvement Projects (CIP), we had \$6.5
22 million worth of projects based on the tax valuations and the tax rate that was adopted. Some of those
23 expenditures were on city facilities and some were on city streets. We also had some infrastructure
24 investments on the water and sewer systems.

25
26 The capital improvement plan for Fiscal Year 2023 anticipates an investment in streets of \$2,675,000. We
27 will begin design on East Sterling Hart, which connects to Bus Barn Road and goes next to Commerce
28 Elementary and travels east to Oak Lane. We will begin design on replacing Oak Lane from Sterling Heart
29 north to Highway 11. The design of those two street segments will be in response to the new housing
30 development which is East Oak Creek being developed by Bloomfield Homes. Phase One of that
31 development will be 110 homes, and many of those homes will exit from that development onto Sterling
32 Heart. If you attempt to drive down Sterling Heart in the morning, or in the afternoon when the elementary
33 school is receiving kids or releasing kids, it is a circus. Thus, if you add additional traffic with the new
34 housing development, that street is definitely going to need some thought and redesign. This item proposes
35 to start that design process.

36
37 We will also be working on Monroe Street south of Culver. By Brookshire's, Monroe Street has the traffic
38 signal. If you travel south all the way to Charity Road, there is a significant amount of traffic that travels up
39 and down Monroe. The quality of that street and that construction is poor. Also, there is inadequate storm
40 water drainage, and that impacts many other homes throughout the Washington Street area. In the next
41 year, we are looking to begin work on East Sterling Hart, Oak Lane and south Monroe, so those are the
42 next streets that we propose for reconstruction within this CIP plan.

43
44 Looking out into future years, Fiscal Year 2024 and Fiscal Year 2025, we will probably be looking at about
45 \$2 million of capacity in 2024 and \$4 million of capacity in 2025, all of which we are proposing to be
46 invested in streets. Over a five-year period of this CIP plan, we would be investing \$10,640,000 in streets.
47 We feel that we are being responsive to the feedback that the community has given us.

48
49 Regarding some of the other future street reconstructions, we continue to focus on the major throughfares
50 within our community. We will additionally be looking at Charity Road starting at Highway 24 and
51 traveling east to Bus Barn Road. That has become a major traffic throughfare. Because that road is not wide
52 enough and there is inadequate storm water drainage there it is a problem. Finally, there is Washington
53 Street, going south. If you travel south from Washington Street off Culver, all the way down to Charity
54 Road, the street surface is actually in decent shape, but the elevations in storm water drainage contribute to
55 drainage problems throughout the southern part of our community. Although the street is in decent shape,

1 the one thing that causes the failure of streets is water, so we need to improve how we move water through
2 our community during significant storm events.

3
4 The final piece of the CIP plan for this coming year is our utility fund. We have some utility projects that
5 are going to require some investment in new water and sewer mains and extensions to support the growth
6 of our community. A water master plan will look at not only where we are getting water from but also how
7 we are going to treat it and move it throughout our distribution system as our community grows. Then we
8 have a sewer lift station that is at the point of failure that needs to be renovated.

9
10 For the final part of this five-year CIP plan, at the water treatment plant, we believe that we have a need for
11 additional water storage with a groundwater storage tank for treated potable water, so that project is on the
12 list as well.

13
14 Overall, over the five-year period of this CIP plan, we will be investing \$8.4 million in our water and sewer
15 utility system.

16
17 A public hearing was opened at 7:31 p.m. No one came forward, and the public hearing was closed at 7:32
18 p.m.

19
20 Council Member Stephanie Muller made a motion to accept the Ordinance adopting the FY 2023 CIP plan.
21 Mayor Pro Tem Anthony Henry seconded the motion. A roll call vote was held.

22
23 Mayor Pro Tem Anthony Henry- voted "Aye"
24 Council Member Stephanie Muller-voted "Aye"
25 Mayor Teddy Reel- voted "Aye"
26 Council Member Beckey Thompson- voted "Aye"
27 Council Member Jim Ayres- voted "Aye"

28
29 The motion carried unanimously.

30
31 **14. Second Reading-Discussion and Possible Action on an Ordinance amending Chapter 82 of the City of**
32 **Commerce Code of Ordinances by adding Article VI, 'Street Maintenance Fund', Section 82-150,**
33 **'Street Maintenance Fee'; providing for a severability clause; and providing for an effective date.**

34
35 City Manager Howdy Lisenbee said that this is the second reading of this Ordinance to create a new utility
36 fund that would manage our street network. The activities within the street maintenance fund will primarily
37 do exactly that, street maintenance. There is a difference between maintenance and reconstruction which is
38 bulleted on the one-page handout the Council members were given (attached as Exhibit). We are
39 responding to a survey that the community did and feedback that they gave us in April. They were most
40 vocal about their dissatisfaction with the quality of our streets. They requested that we commit more
41 funding and more resources to the maintenance of those streets.

42
43 The only way to effectively make that happen is that we have to find resources. We have to find funding for
44 that additional street work. If we are going to do more maintenance than we have done, we either have to
45 take funding away from another department, or we have to find new funding. Streets are historically
46 managed through the general fund, which is supported by property tax and sales tax. However, cities are
47 finding that tax support for street maintenance is not necessarily effective. One reason being that revenues
48 generated by tax can be spent on any general service that is provided, so communities across the nation and
49 specifically in Texas have balanced their budgets over the years by cutting street maintenance rather than
50 raising taxes. Therefore, communities everywhere have underfunded their street maintenance activities. If
51 we are going to start adding back activities and services to improve our streets and look for funding in those
52 taxes, that would require an election because you cannot continue to raise property taxes over certain limits
53 without an election. It would be hard to get an election passed for property taxes to support street
54 maintenance.
55

1 One of the things that has begun to happen in the state of Texas is that there is precedent being set that if
2 you establish a utility, and you can determine the cost of operating that utility, those utility costs can be
3 used and recovered through a fee rather than a tax. One of the questions that will come up and that we will
4 continue to address is that for residential customers it will be \$5.00 a month that will show up on the utility
5 bill. Someone will say that it is just a tax with a different name. A fundamental difference between a tax
6 and a fee is that when you as a local government, a state, a county or a federal government adopt and
7 implement and levy a tax, the intent of that tax is to raise revenue. The revenue is then used to fund a host
8 of general services, so the cost of the tax is in no way connected to the cost of providing the service.
9 Therefore, you cannot really draw a line between the two. Tax is not designed to recover cost; it is designed
10 to raise revenue. In contrast, a fee is specifically designed to recover the cost of a service. If we know a
11 service costs \$100, we can develop a fee that recovers the \$100 that is used in that service, and it is
12 collected from the users of that service. That is the second difference between a tax and a fee. Taxes are
13 charged whether you use that service or not. As an example, most everyone is familiar with the property tax
14 you pay for schools. We have senior citizens that live in our community that have not had a kid in the
15 school district in a generation. They do not have any kids in the school system, but they pay a property tax.
16 The tax is levied regardless of whether you use the service or not. However, if you are running a utility, you
17 typically want the cost of that utility to be paid by those who use the utility. That is a difference between a
18 tax and a fee. We charge the people that use the streets for the activity of street maintenance within that
19 utility. The final piece is that revenues raised through a fee have to be spent on the service that it is
20 providing. If we raise property taxes to increase street maintenance, we today can vote and approve that.
21 However, a future Council can take those revenues by that property tax and reallocate it to any other
22 general service that they feel is important. If you raise revenue from a street fee, the revenue from that fee
23 has to be spent on the street utility that it is supporting, and so you cannot reallocate those funds to other
24 programs. It has to be spent on your street maintenance program, and so we feel that there is a greater sense
25 of accountability using this method to fund street maintenance.

26
27 The rates that we are proposing will cause some questions. How do you determine who pays and how much
28 they pay? From an administrative point of view, it would be difficult to differentiate from one residential
29 customer to the next residential customer. For example, who has how many cars and how often they drive.
30 We went to the Institute of Traffic Engineers, which is a nationally respected engineering institute that
31 studies and evaluates traffic patterns and traffic generations. We looked at the number of accounts in our
32 community that are residential in nature, and we determined an impact that all of those residential
33 combined have on our streets. With that total population of residential accounts and the impact that they
34 have on their streets, we backed that cost into a recovery from those residential customers. Under this
35 model, 60% of the cost of our street maintenance is going to be recovered from residential and multi-family
36 accounts. That works into a rate of \$5.00 per month for every residential account. There are multi-family
37 accounts, such as apartments, that have multiple units on one account, so it would be \$5.00 per unit per
38 month. Residential customers are the ones that are typically driving the most within our streets, so we will
39 recover 60% of the cost under this model.

40
41 Non-residential customers are going to be those commercial, industrial and institutional customers that also
42 generate traffic. Some of their traffic may not even be residents, but people are coming through town and
43 visiting town. How do you determine how much Business A uses our street versus how much Business B
44 uses our street. A small CPA office will generate less traffic than a McDonald's. You do not want to charge
45 the CPA office the same fee that you charge McDonald's because they have different amounts of traffic
46 that they generate. Thus, once again we would rely on a statistical analysis done by a reputable group called
47 the Institute of Traffic Engineers. They have evaluated a multitude of commercial and non-residential land
48 uses and for a given type of use, they have determined how much traffic you can reasonably assure that
49 they generate. We have developed a model in which 40% of our maintenance costs will be recovered from
50 these non-residential customers.

51
52 Based on the traffic they generate, there are four tiers. A small CPA firm would be in Tier One, and we
53 would ask that business to pay \$15.00 per month. Those businesses that are in Tier Two would be charged
54 \$25.00 per month. Tier Three would be \$35.00 per month. Tier Four, which would be the highest traffic
55 generator, would be \$45.00 per month.
56

1 The last point that needs to be addressed is- how do we include the university in this program? If we used
2 property taxes to raise revenues for street maintenance, as a state entity, the university is exempt from
3 property taxes, so they do not pay into our services through any form of property tax. However, they are
4 required, as an entity of the state, to pay user fees. If we adopt this street utility, and we implement a
5 maintenance fee to support and recover the cost of that utility, the university does have to participate. We
6 have had a number of conversations with the university. They continue to express that they are willing to
7 participate in this program. There have just been some questions as to how. We have really two options. In
8 both of them, you need to recognize that a university campus is somewhat unique because it is a mixture of
9 multi-family housing and a broad assortment of business uses. It is a hybrid organization that you have to
10 figure out because if you only apply the commercial side of this, they would pay a very low fee that would
11 not be reflective of the impact they have on our community. However, if you treat the whole campus as
12 just a housing, then there would be a lot of non-residential things that happen, like football and basketball
13 games. There would be a lot of traffic generated that would not get accounted.

14
15 The first option would be to use an interlocal agreement in which we would outline specifically how we
16 would calculate their fee. They have said that they are willing to consider an interlocal agreement, but then
17 they have been non-responsive in negotiating the terms of that interlocal agreement, so we do not have that
18 option nailed down yet.

19
20 The second way to do this would be just write into the Ordinance specific language of how the university
21 would be calculated. Staff recommendation at this point in time is to create a rate structure for the dorms
22 that exist on campus. Then all other buildings that they have on campus would be calculated consistent
23 with every other business in town. Specifically for the dorms in the housing units, dorms are not open all
24 year. They are only open a portion of the year when school is in session, so we do not want to treat them
25 like an apartment complex because you assume an apartment complex has the ability to be occupied year-
26 round while dorms are not. Also, there is significant data to indicate that people living in dorms do not
27 necessarily drive cars. We have no way of taking an inventory of every occupant of the dorm to find out
28 whether they drive a car or not. Staff recommendation is \$2.50 per unit per month for every dorm room that
29 the university has. That data is published on their website, and we have already gone through the process of
30 modeling what that revenue would be. It would be a significant impact and benefit to our program. Thus,
31 we can wait for an interlocal agreement, or we can add at the second reading specific language for
32 dormitories that would be \$2.50 per unit per month. If we go with the dormitories option, we can include
33 the university in this process without an interlocal agreement, and they can start paying at the same time
34 everybody else does. Staff is willing to go either direction, but with the lack of response from them in the
35 negotiating of an interlocal agreement, staff recommends just writing it into the Ordinance and moving on
36 with that.

37
38 Council Member Stephanie Muller made a motion to accept the second reading of the Ordinance with the
39 amendments for the university. Council Member Jim Ayres seconded the motion, and it carried
40 unanimously.

41
42 **15. First Reading-Discussion and Possible Action on an Ordinance Amending Ordinances 2021-08 &**
43 **Ordinance 2021-22 to reflect modified City of Commerce Water and Wastewater Rates.**
44

45 City Manager Howdy Lisenbee stated that as a part of adopting this budget, we have to look at the activities
46 within the water and sewer utility and what the costs are of running that utility and if we are recovering
47 those costs sufficiently through the fees and the charges that we have. As we mentioned, we are investing a
48 little over \$8 million into our utility over this five-year period because the treatment plants in our
49 infrastructure have reached an advanced state of decline. We have to respond to that. Additionally, we have
50 the pressure from almost 10 years where no adjustments were made to the rates. Rate payers love that; they
51 love when you do not raise the rates. However, when you start losing money every year on your utility,
52 someone has got to stop that somewhere.

53
54 Last year, we did a fairly substantial adjustment and change to how we calculate our rates. This is a fairly
55 small rate adjustment that we are proposing. What is being proposed is a \$1.00 a month increase to the base
56 charge and \$1.00 per thousand gallon increase for everything over 5,000 gallons of consumption. When we

1 restructured our utility rates last year for residential customers, we created what we call a lifeline rate.
2 When we talked about the demographics of our community, 38% of our households have a total annual
3 income of \$25,000 a year. That means that their ability to pay for the utilities is harder for them than it is
4 for the rest of our community. Therefore, when we look at the basic lifeline use of water for a residential
5 home, studies show it is about 5,000 a month or less. When you start getting over 5,000 a month, then you
6 have started moving into some discretionary use of water depending on the size of your household. If you
7 evaluate the users within our distribution system, 60 to 65% of our households never use more than 4,000
8 gallons. That is a significant number because well over half of our households never use more than 4,000
9 gallons. If you look at the impact sheet for residential customers using 4,000 gallons, their bills will go up
10 only \$1.00 a month because we want to protect that lifeline rate for basic domestic use. If you combine this
11 with the street maintenance fee, where we are asking them to pay \$5.00 a month, then they are going to
12 have about a \$6.00 a month impact for all the rate things that we are talking about. For residential users
13 with 6,000 gallons of use, it will go up about \$3.00 a month. Residential users with 10,000 gallons of use
14 will have an increase of about \$7.00 a month.

15
16 Surprisingly, residential customers that use more than 10,000 gallons a month is a small portion of our
17 population. Our residential customers just do not use a lot of water. Impact for commercial and industrial
18 customers will be a little greater. Commercial customers that regularly use over 125,000 gallons a month
19 will increase by \$261 dollars because they are using significantly more water than anybody else. Our
20 average industrial customer uses 425,000 gallons of water per month.

21
22 The bottom line is that we have got to adjust our rates to recognize the rising costs and to start building
23 back our fund balance. Also, we have to do it in a responsible manner that takes into account that 38% of
24 our households are at the low end of our social economic conditions. Using a lifeline rate is a great way to
25 accomplish that. These rates support the budget that we just proposed and adopted, so staff is asking the
26 Council to approve these rates, on first reading. It will require another reading at next month's meeting.

27
28 Mayor Pro Tem Anthony Henry made a motion that the Ordinance amendment be approved on the first
29 reading. Council Member Stephanie Muller seconded the motion, and it carried unanimously.

30
31 **16. First Reading-Discussion and Possible Action on the Adoption of an Ordinance amending Appendix**
32 **"C", "Fees, Rates & Charges" of the City of Commerce Code of Ordinances Fee Schedule and**
33 **Providing an Effective Date.**
34

35 Director of Public Safety Chris Bassham said that Chapter 42 of the Code of Ordinances, Article 4, Section
36 42-7 sets different fees and ordinances charged by the fire marshal's office and the fire department, such as
37 inspections, mitigation rates for insurance companies and different things. For example, when the City goes
38 out on large incidents, such as a Hazmat incident with a rollover. In 2006, when this fee ordinance was last
39 updated, it was supposed to be in Appendix C. Somehow when it was passed by Council, it never made it
40 into the online version. This is an amendment to bring those fees up to code with FEMA regulations. This
41 also amends Chapter 42 to add a few more incidents on there of which we can try to reclaim some of the
42 costs. It includes equipment fires, gas leaks, industrial and commercial incidents, and changes those
43 permitting fees on some of the larger incidents that Commerce Fire responds to.

44
45 City staff had had to get more inventive in the ways that we recoup these costs. This week, the fire
46 department was out on a call for 19 hours straight caused by lack of preparation and not paying attention.
47 Those kinds of costs will not ever be passed on to our taxpayer citizens. However, on these large incidents,
48 the insurance companies on Chapter 42 allow us to bill the insurance companies and go after some of those
49 costs. This is just an update of that ordinance and changes those fees to a more modern version.

50
51 City Manager Howdy Lisenbee asked if there was anything within these fees that would allow us to charge
52 the university when we respond to calls for service as they currently do not contribute to the fire
53 department.

54
55 Director of Public Safety Chris Bassham replied that the only thing so far that he knows we charge them for
56 is the commercial fire alarm. Back in 2013 or 2014, we had many instances where cricket invasions set off

1 alarms, and the university decided that they did not want to maintain those. This does allow a fee if those
2 fire alarms go off.

3
4 Council Member Stephanie Muller made a motion to approve the first reading of amending the Ordinance.
5 The motion was seconded by Mayor Pro Tem Anthony Henry, and it carried unanimously.
6

- 7 **17. Second Reading-Consideration and Possible Action on an Ordinance amending Chapter 90, 'Traffic**
8 **and Vehicles,' Subsections 90-101 (a)(2) and (a)(3) of the Code of Ordinances of the City of**
9 **Commerce to amend the official Traffic Parking Map and the official Traffic 'No Parking' Map to**
10 **designate a 'No Parking Zone' on both sides of Sycamore Street, beginning at Park Street on the**
11 **north side, but excluding the south side of the roadway directly in front of 1011 Sycamore (Property**
12 **ID #54366), and starting 57 feet from the intersection on the south side, and continuing east to the**
13 **railroad tracks; Providing a Penalty and Providing for an Effective Date.**
14

15 Director of Public Safety Chris Bassham said that nothing had changed since the first reading of this item.
16 He noted that staff went out and tried to come up with some different alternatives for Council to consider
17 including options to cut the curb and make parallel parking right there. At this time, staff does not feel that
18 it is a good option. They measured it allowing for a normal 96-inch parking space. To put those in, it would
19 take a good bit of concrete work as well as removing the steps to the residence. This would basically put
20 the right-hand side of a vehicle right up against a person's house.
21

22 Council Member Jim Ayres made a motion to accept the amendment of the Ordinance on the second
23 reading. Council Member Beckey Thompson seconded the motion. Mayor Pro Tem Anthony Henry voted
24 "Nay" on the motion. All other Council members voted "Aye". The motion carried.
25

- 26 **18. Second Reading-Discussion and Possible Action on amending the 'Resident-Only Parking'**
27 **Ordinance 2021-18 to include the south side of Sycamore Street. The exemption will start at Park**
28 **Street and continue east for 57 feet, terminating at the property line and including the street directly**
29 **in front of 1011 Sycamore (Property ID #54366). The residents only permitted parking model will**
30 **allow residents at 1011 Sycamore Street to continue to park on the street once Sycamore becomes no**
31 **parking.**

32 Director of Public Safety Chris Bassham said that nothing has changed since the first reading. This is
33 simply going along with the previous agenda item allowing us to amend that Ordinance and allow the
34 residents of 1011 Sycamore to receive a "no parking" exemption and continue to park in front of their
35 residence as there is physically nowhere else for them to park.
36

37 Council Member Jim Ayres made a motion to accept the amendment of the "Resident-Only" Parking
38 Ordinance on the second reading. Council Member Beckey Thompson seconded the motion. Mayor Pro
39 Tem Anthony Henry voted "Nay" on the motion. All other Council members voted "Aye" and the motion
40 carried.
41

42 **19. COUNCIL COMMENTS**

43 **Pursuant to Texas Local Government Code 551.0415(b), The purpose of this section is to allow the**
44 **Mayor and each City Council Member the opportunity to announce city events/community interests**
45 **and request that items be placed on future City Council agendas.**

46 **City Council Comment Guidelines:**

- 47
 - Expression of thanks, congratulations, or condolences
 - 48 • Information regarding holiday schedules
 - 49 • An honorary or salutary recognition of a public official, public employee or other citizen (Except
 - 50 that a change in status of a person's public office or public employment is not honorary or salutary
 - 51 recognition for purposes of this subdivision)
 - 52 • A reminder about an upcoming event organized or sponsored by the governing body
 - 53 • Information regarding a social, ceremonial or community event organized or sponsored by an
 - 54 entity other than the governing body or an official or employee of the municipality or county; and

- Announcements involving an imminent threat to the public health and safety of people in the municipality or county that has arisen after posting the agenda.

-Council Member Stephanie Muller said that the Northeast Texas Children's Museum will celebrate its 20th birthday. The birthday party will be on September 28th at the Northeast Texas Children's Museum and it will start at 5:30 p.m. The public is invited to attend. She continued saying that the Class of 2022 Commerce Leadership Institute is currently selling raffle tickets instead of providing their usual barbecue sandwich lunch fundraiser for the Bois d'Arc Bash. The raffle tickets are for a \$3,000 gift certificate that will be split up into three different gift certificates for one lucky winner.

-Council Member Beckey Thompson stated that she would like to thank our fire department for helping with the big fire that happened in Neylandville. It was a two-day event. She thanked Commissioner Steve Harrison for volunteering his time as well. He was out there for the better part of two days with his county equipment helping our fire department.

-Council Member Jim Ayres said that for the fourth year, the Rotary Club will be having the Waves of Glory. This is an opportunity to honor veterans and first responders who serve our county. The opening ceremony will be on November 5th at 10:00 a.m. at City Park. A little over 200 flags will be on display November 7th through the 11th.

20. City Manager's Report; discussion of same.

• Public Input Feedback

-City Manager Howdy Lisenbee said that the Council has discussed before the option of the City electing to extend that tax freeze for citizens over 65. Within our demographics, 19% of our households are seniors living alone. That is a fairly significant part of our population. Looking at the impact that this move would have and talking with the appraisal district, the number is not a major number. It is something that we would be able to work with. We would be willing to put this on a future agenda for discussion and action when that time comes.

There was a comment about truck traffic on some of our residential streets. He said that he was in a meeting with TxDOT recently with some other communities and the concept of truck routes and truck traffic came up. TxDOT's position was that it is very hard to enforce truck routes. You can designate them and TxDOT will put the signs out, however, there are all kinds of little loopholes that people can find so that it is actually fairly difficult to enforce. There are some options that we have, and we will take a look at what some of those could be, but it is not as easy as saying, "Don't do that." We also recognize that streets that are traveled by this heavy truck traffic probably need to be designed so that they can withstand that. At the point in our process when we look at North Neal, we will probably put design criteria in to help it survive.

• Finance Update

-Finance Director Jamie Campbell addressed the City Council.

- **Financials-** As of July 2022, we are under budget on expenses, and we are over budget on revenue. Revenue has been forecasted all the way through September.
- **Property Tax-** We have just about hit our budget for property tax. We have reached about 98% of our I&S tax levy as of August. We have received enough to make all of our I & S payments, and that comes from delinquent payments that are made. We have hit \$3.36 million in property tax revenue as of August.
- **Sales Tax-** We have surpassed our budget numbers, and we have actually surpassed our revenue as of last year. We have hit \$1.3 million in sales tax revenue. We have one more month of sales tax revenue in September, so we are going to finish the year strong. Retail, accommodations and food continue to be strong.
- **New Utility Bill Proof-** People will start seeing in their mail their new utility bill. We have been working with a company to print and mail out the utility bills. This will give us an e-bill platform that if you sign up for it, you will be sent an email or a text message saying that your bill is ready to view. People may view their bill online, and they can still come in to pay it if they'd like. This is exciting because one of the things that we hear most is people requesting that they get an email

1 notification that their bill is ready. Another thing that we are hearing is people are not even getting
2 their bills in the mail. About a month ago, we got an entire cycle of people that came in with the
3 previous month's bill at the exact same time they got the new month's bill. Even though we can
4 provide proof to our citizens that we sent out the bill on time and that they can go online to view
5 their bill and they can call us, we have to find ways to be more effective. We have to find ways to
6 help our citizens. We do not want them to have past due payments. We do not want them to get
7 their water cut off. We want to be responsive; we want to be able to do those things right. This
8 new bill is an actual letter bill that will come in. It has QR codes that they can scan to pay the bill
9 online. They can sign up for the e-bill and say that they do not want to get letter bills anymore.
10 Also, on the bottom of the bill, we will have QR codes that they can scan if they want to
11 disconnect service, transfer service or they need to update their IRIS alert information. The new
12 bill will give us two distinct areas that we can put information. We can also do mail outs. For
13 example, for the street maintenance fee we could for a couple of months mail that out. We could
14 just upload that into their software. The great thing about it is that outside of an annual small cost,
15 it would not cost any more than the postage that we have already been paying at the post office.
16 Therefore, we will be more efficient with Rita's time; we are going to be more efficient with
17 getting people their bills and helping people get their payments to us on time. The whole point of
18 this is to be able to cut down on the accounts receivable time and accounts receivable turnover.
19 We want to be able to help our citizens and for them to feel like that we are hearing them. We are
20 hoping that by November this will be working. It is a good thing, and we are excited about it.
21

22 • **Calendar of Upcoming Events and Meetings**

23 -Director of Administrative Services Molly Jacobsen addressed the City Council.

- 24 1. 36th Annual Bois d'Arc Bash-Friday, September 23rd, 5 p.m. to 10 p.m. and Saturday,
25 September 24th, 10 a.m. to 10 p.m.
- 26 2. National Voter Registration Day is today- Tuesday, October 11th is the last day to register to
27 vote in the upcoming November 8th election.
- 28 3. North Texas Giving Day-September 22, 2022 is North Texas Giving Day. Some local groups to
29 give to include: Northeast Texas Children's Museum, Commerce Food Pantry, A&M
30 University-Commerce, Commerce High School Roaring Tiger Band, Boys & Girls Clubs of
31 Northeast Texas, 88.9 KETR radio station, and Commerce Public Library.
- 32 4. **Mosquito Spraying**-Section D on Wednesday, September 21st and Section C on Thursday,
33 September 22nd.
- 34 5. **National Night Out**-Commerce Police & Fire Celebrates-Free for Everyone-Tuesday, October
35 4th, 5:30 p.m. to 8:30 p.m.at Centennial Park for food, games and great family fun. Contest:
36 Take a photo of or with a Commerce police officer doing something silly. Contestants Pre-K
37 through 12th grade. Photos due by October 3rd by 9:00 a.m. Email photos to
38 JBRAINCEFIELD@COMMERCEPOLICE.NET or
39 NMCKEITHEN@COMMERCEPOLICE.NET
- 40 6. **Pop-up Shops Inside Downtown Commerce Businesses**-Thursday, October 6th at 5:00 p.m.
41 to 8:00 p.m.
- 42 7. **Rotary Club Great Bowls of Fire**-1st Annual Bike Run & Chili Cook Off to benefit CASA for
43 Hunt County Christmas Wish List, Saturday, October 8th in downtown Commerce. Rider-
44 \$30/Passenger-\$10 (includes chili ticket)/Person, Chili-\$10 (served from noon until gone).
45 Chili: Registration, Prep & Cook 7:00 a.m. to 9:00 a.m./Judging 11:30 a.m. / Run: Registration
46 9:00 a.m./Kick Stands Up 10:30 a.m./Return & Lunch 12:00.
47

48 • **Personnel**

49 None

50 • **Projects Update**

51 The downtown library design has been completed, and the Texas Historical Commission has given
52 approval to proceed with the project to remodel and rebuild the back side of the library. We are talking
53 with the library board now about how to operate while that construction project is going on. They are
54 looking at a possible location to relocate temporarily.
55
56

1 The airport fuel farm is officially out for bids. Bids are due October 20.

2
3 • **Intergovernmental Events & Issues**

4 The Big Six used to have a series of meetings that happened prior to COVID in which the City, the
5 Chamber of Commerce, the Economic Development, the University, the School District and the Hospital
6 District met quarterly. The Big Six all have an impact on our community and used to meet once a quarter.
7 We have started meeting again. We had our first meeting last month at the school. The next quarter
8 meeting in December, will be hosted here at City Hall.
9

10 **21. Recess into Executive Session: PURSUANT TO THE OPEN MEETINGS ACT, CHAPTER 551,**
11 **TEXAS GOVERNMENT CODE, THE CITY COUNCIL WILL RECESS INTO EXECUTIVE**
12 **SESSION (CLOSED MEETING) TO DISCUSS THE FOLLOWING:**
13

- 14 • **§551.072: DELIBERATION REGARDING REAL PROPERTY; CLOSED MEETING. A**
15 **governmental body may conduct a closed meeting to deliberate the purchase, exchange,**
16 **lease, or value of real property if deliberation in an open meeting would have a detrimental**
17 **effect on the position of the governmental body in negotiations with a third person.**
18

19 Council Member Jim Ayres made a motion to recess into Executive Session. Council Member Stephanie
20 Muller seconded the motion, and it carried unanimously. The Council recessed into Executive Session at
21 8:29 p.m.

22 **13. Reconvene into Open Session: In accordance with Texas Government Code, Chapter 551, the City**
23 **Council will reconvene into Regular Session to consider any action, if any, on matters discussed in**
24 **Executive Session.**
25

26 The Council reconvened into Open Session at 8:46 p.m. Council Member Stephanie Muller made the
27 motion to authorize the city manager to negotiate on behalf of the City for the purchase of the downtown
28 property. The motion was seconded by Mayor Pro Tem Anthony Henry, and the vote carried unanimously.
29

30 **14. Adjourn.**

31 Mayor Teddy Reel adjourned the Council meeting at 8:46 p.m.

32
33
34
35 
Teddy Reel, Mayor

36
37 
38 Molly Jacobsen, City Secretary

39
40 10/18/2022
41 Date

42
43 9.20.2022.MINS