

## CITY OF DENTON CITY COUNCIL MINUTES

May 24, 2016

After determining that a quorum was present, the City Council convened in a Work Session on Tuesday, May 24, 2016 at 3:00 p.m. in the Council Work Session Room at City Hall.

PRESENT: Council Member Bagheri, Mayor Watts, Council Member Hawkins, Council Member Briggs.

ABSENT: Mayor Pro Tem Roden, Council Member Gregory, and Council Member Wazny.

### 1. Work Session Reports

- A. ID 16-658 Receive a report, hold a discussion, and give staff direction regarding a request on behalf of the Denton County Behavioral Health Leadership Team with backbone support from United Way of Denton County in collaboration with the Dallas VA North Texas Health Care System for use of a portion of City Hall West.

Joe Mulroy, representing Denton County Behavioral Health Leadership Team, stated that the City had three members on the team - Mayor Watts, Bryan Langley, and Chief Howell. He stated that Veteran's Association had a clinic on Colorado Blvd. but there was only 400 square feet that was available for mental health services. The VA was currently working on an RFP for a new clinic. The VA anticipated that it would take two to three years to get the RFP completed.

Gary Henderson, United Way of Denton County, stated that there were currently 46,000 veterans in Denton County. The VA was committed to increasing the capacity of mental health services if they could be provided a 5,000 square foot facility in the interim pending their new facility. The VA estimated that based on current projected data a 3,000-person mental health services opportunity existed among current VA enrollees due to limited facility space. In 2015, the VA reported 1,800 Denton County veterans received mental health services in the Denton CBOC, while 4,800 Denton County veterans were in need of mental health services.

Henderson stated that they were seeking facility space from the community and this would be an opportunity for the City to engage with the VA and provide immediate access to mental health services to citizens and others who might be travelling to Dallas and Ft. Worth for services.

The Council discussed staffing of physicians and office staff for the clinic, technology, and services provided for military-related duty. General Consensus of the Council was to move forward with the request.

Following the completion of the Work Session, the City Council convened in a Closed Meeting at 3:31 p.m. to consider the specific items listed below under the Closed Meeting section of this agenda.

### 1. Closed Meeting:

- A. ID 16-632 Deliberations Regarding Certain Public Power Utilities: Competitive Matters - Under Texas Government Code Section 551.086. Receive a presentation from Denton Municipal Electric staff ("DME") regarding public power competitive and financial

matters pertaining to plans, strategies, opportunities, and developments for generation improvements to the DME system; discuss and deliberate strategies regarding same; discuss and deliberate opportunities and strategies for the City to acquire purchased power and enter into agreements regarding the same, in order to meet its future energy needs. Discuss, deliberate and provide Staff with direction.[TMPA]

Special Called Meeting of the City of Denton City Council at 4:25 p.m. in the Council Work Session Room at City Hall.

**1. PLEDGE OF ALLEGIANCE**

The Council and members of the audience recited the Pledge of Allegiance to the U.S. and Texas flags.

**2. ITEMS FOR INDIVIDUAL CONSIDERATION**

Resolution No. R2016-012

A.ID 16-642 Consider approval of a resolution by the City of Denton, Texas ("City"), approving a change in the rates of Atmos Energy Corporation, Mid-Tex Division ("Atmos") as a result of a settlement between Atmos and the Atmos Texas Municipalities ("ATM") under the rate review mechanism; finding the rates set by the attached tariffs to be just and reasonable; finding that the meeting complied with the Open Meetings Act; requiring delivery of the resolution to the company and legal counsel; and declaring an effective date.

Anita Burgess, City Attorney, stated that this was a proposed settlement between Atmos and the Atmos Texas Municipalities.

John Knight, Assistant City Attorney, stated that around March 1 of this year, Atmos filed a rate case with the City and asked for a rate increase of over 6%. The ATM cities had retained the law firm of Herrera & Boyle to assist with the Atmos rate case discussions. The ATM's counsel presented its findings to Atmos. Atmos did not agree with that and negotiations continued. Atmos has agreed to the compromise offer of 5.5%. Staff recommended approval.

Council Member Hawkins motioned, Council Member Briggs seconded to approve the resolution. On roll call vote, Council Member Bagheri "aye", Mayor Watts "aye", Council Member Hawkins "aye", and Council Member Briggs "aye". Motion carried unanimously (4-0).

Approved the noise exception request listed below.

B.ID 16-665 Consider a request for an exception to the Noise Ordinance for the purpose of the Last of the Rubber Gloves live music event to be held outdoors in the fenced yard of Rubber Gloves Rehearsal Studio (RGRS), located at 409 E. Sycamore St., on Friday, June 3, Saturday, June 4, and Sunday, June 5, 2016, from 1:00 p.m. to 2:00 a.m. RGRS specifically requested an exception to increase sound levels from 70 to 75 decibels and for an extension for hours from 1:00 p.m. to 2:00 a.m.

George Campbell, City Manager, stated that staff was not certain the event was going to proceed as planned but recommended the Council approve the request for the exception.

Council Member Briggs motioned, Hawkins seconded to approve the noise exception. On roll call vote, Council Member Bagheri "aye", Mayor Watts "aye", Council Member Hawkins "aye", and Council Member Briggs "aye". Motion carried unanimously (4-0).

### **3. PUBLIC HEARINGS**

#### Ordinance No. 2016-149

- A. ID 16-634 Hold a public hearing and consider adoption of an ordinance of the City Council of the City of Denton, Texas ordaining the City's participation in the Texas Enterprise Zone Program pursuant to the Texas Enterprise Zone Act, Chapter 2303, Texas Government Code ("Act"), providing tax incentives, designating a liaison for communication with the interested parties, and nominating WinCo Foods, LLC to the Office of the Governor, Economic Development and Tourism (OOGEDT) through the Economic Development Bank (the "Bank") as an Enterprise Project ("Project").

The Mayor opened the public hearing.

Caroline Booth, Assistant Director for Economic Development, stated that she would provide a brief overview of the WinCo Foods Distribution Center Project. She stated that this project was on a 77-acre site in the Westpark Business Park. This was the City of Denton's largest economic development project to date, both in terms of capital investment and in square footage under roof. The company invested about \$130 million in this project or would by its completion. The facility would have more than 850,000 square feet under roof. The project would create more than 165 jobs with an estimated annual payroll of \$7.2 million. She stated that WinCo had assumed responsibility for completion of the Westpark Tax Increment Reinvestment Zone Project Plan Phase I which included improvements to roadways, drainage, water, wastewater infrastructure along Western Boulevard in the Westpark Business Park.

Booth stated that the Texas Enterprise Zone Program was created as a tool for local communities to partner with the State to promote job creation and capital investment in economically distressed areas. The first step in the application process was that the local community nominated a company as an Enterprise Project. The nominating community must also offer some form of local tax incentives to the project. Nominated projects were then eligible to apply for state sales and use tax refunds on qualified expenditures. Applications were scored on criteria that reflected the distress of the area, state priority, and local and private effort. These applications were taken on a quarterly basis by the State and WinCo was aiming for a June 1 deadline. WinCo Foods' site at 300 S. Western Boulevard was within an existing Enterprise Zone.

Booth stated that a local tax incentive was a pre-requisite for a company being nominated for the program and reiterated what the Council had adopted as WinCo's reimbursement and incentive. There were four mechanisms by which WinCo would be reimbursed. Total reimbursement for public infrastructure costs to WinCo by implementing Phase I of the TIRZ Project Plan was an estimated \$7.4 million. Once WinCo was fully reimbursed for those project costs, the economic

development incentive would kick in and that total incentive over four years was estimated at \$1.7 million.

Booth stated there would be some benefits to WinCo Foods if this project was approved by the State. WinCo would be designated as an Enterprise Project from June 1, 2016 to June 1, 2021. They could potentially receive a state sales and use tax refund of about \$412,500 – which was based on 165 new full-time jobs at \$2,500 per job. Twenty-five percent of the new jobs created by the project must be filled by people who were either economically disadvantaged or were residents of an enterprise zone within the City’s jurisdiction - which was about 42 full-time jobs. It was also beneficial to the City to be in partnership with the State on a significant economic development project like this. Nominating WinCo as an Enterprise Project had no fiscal impact to the City because the reimbursements that would be made to WinCo would come from the State. The nomination simply enabled the project to be eligible to apply to the program and receive reimbursement from the State.

Council Member Hawkins asked what was meant by economically disadvantaged.

Booth stated that some of the criteria listed for what made someone economically disadvantaged included people that had been unemployed for at least 3 months, people that were homeless, people that had a physical or mental disability, people that received public assistance, or people whose total family income met low or moderate income limits under Section 8.

Council Member Briggs asked if the City had nominated any other companies for this program.

Booth stated that the City had entered into the process of nomination with Aldi Foods, but they had requested to stop the nomination process. The City had also submitted an application for Target Distribution Center and that was not accepted by the State.

Council Member Bagheri asked who provided the economic development incentive reimbursement.

Booth stated that was not a reimbursement, it was part of the 380 agreement with the City. WinCo would be refunded a portion of their taxes after they had paid them.

The Council discussed aspects of the jobs the company could receive reimbursement for.

Reece McDonald, with Bryan LLC and a consultant on behalf of WinCo, stated that the jobs the company would be reimbursed for must pay above the county average wage and WinCo’s exceeded that number.

Watts asked for a follow-up email with the county’s average wage.

Bagheri asked if WinCo was receiving incentives from anyone else.

Booth stated that the County was participating in an incentive. They were contributing 40% of the TIRZ reimbursement for the WinCo site.

The following individuals spoke during the public hearing.

Carol Soph, 1620 Victoria, shared other types of incentives that could be offered to other businesses looking to locate in Denton.

Ed Soph, 1620 Victoria, shared some information regarding corporate involvement with solar installations and thought it would be valuable to look into a company's background and check their commitment to energy conservation and being environmentally conscious.

Ken Gold, 2512 Natchez Trace, asked if there was anything learned from the previous nominations for Aldi and Target.

The Mayor closed the public hearing.

Council Member Bagheri asked that the same data in the presentations be made available in the Agenda Information Sheet particularly the funding information.

Council Member Hawkins motioned; Council Member Bagheri seconded to adopt the ordinance. On roll call vote, Council Member Bagheri "aye", Mayor Watts "aye", Council Member Hawkins "aye", and Council Member Briggs "aye". Motion carried unanimously (4-0).

#### 4. CONCLUDING ITEMS

- A. Under Section 551.042 of the Texas Open Meetings Act, respond to inquiries from the City Council or the public with specific factual information or recitation of policy, or accept a proposal to place the matter on the agenda for an upcoming meeting AND Under Section 551.0415 of the Texas Open Meetings Act, provide reports about items of community interest regarding which no action will be taken, to include: expressions of thanks, congratulations, or condolence; information regarding holiday schedules; an honorary or salutary recognition of a public official, public employee, or other citizen; a reminder about an upcoming event organized or sponsored by the governing body; information regarding a social, ceremonial, or community event organized or sponsored by an entity other than the governing body that was attended or is scheduled to be attended by a member of the governing body or an official or employee of the municipality; or an announcement involving an imminent threat to the public health and safety of people in the municipality that has arisen after the posting of the agenda.

Council Member Briggs asked for a discussion regarding planting fruit trees in parks.

Council Member Bagheri asked if Keep Denton Beautiful could include fruit trees in their giveaway program.

With no further business, the meeting was adjourned at 5:22 p.m.

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CHRIS WATTS  
MAYOR  
CITY OF DENTON, TEXAS

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JANE RICHARDSON  
ASSISTANT CITY SECRETARY  
CITY OF DENTON, TEXAS