

# DRAFT

## MINUTES REGULAR MEETING August 24, 2021

A Regular Meeting was held by the Schertz City Council of the City of Schertz, Texas, on August 24, 2021 at 6:00 p.m. in the Hal Baldwin Municipal Complex Council Chambers, 1400 Schertz Parkway, Building #4, Schertz, Texas. The following members present to-wit:

Present: Mayor Ralph Gutierrez; Councilmember Rosemary Scott; Councilmember Mark Davis; Councilmember Jill Whittaker; Mayor Pro-Tem Michael Dahle; Councilmember David Scagliola; Councilmember Tim Brown

Absent: Councilmember Allison Heyward

City      City Manager Dr. Mark Browne; Assistant City Manager Brian James;  
Staff:    Assistant City Manager Charles Kelm; City Attorney Daniel Santee; City  
            Secretary Brenda Dennis; Assistant to the City Manager Sarah Gonzalez;  
            Deputy City Secretary Sheila Edmondson

### **Call to Order**

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

### **Opening Prayer and Pledges of Allegiance to the Flags of the United States and State of Texas. (Councilmember Brown)**

Mayor Gutierrez recognized Councilmember Brown who provided the opening prayer followed by the Pledges of Allegiance to the Flags of the United States and State of Texas.

### **City Events and Announcements**

- Announcements of upcoming City Events (B. James/C. Kelm/S. Gonzalez)
- Announcements and recognitions by the City Manager (M. Browne)
- Announcements and recognitions by the Mayor (R. Gutierrez)

Mayor Gutierrez recognized Assitant to the City Manager Sarah Gonzalez who provided the following information:

**Friday, August 27th**

TML Region 7 Meeting  
Hilton Garden Inn, Live Oak  
4:30-7:30 PM

**Monday, September 6th**

Labor Day  
City Offices Closed

**Tuesday, September 7th**

Next regular scheduled Council Meeting.

**Tuesdays, September 7th through October 12th**

Fall 2021 Adult Cornhole League (Ages 21 and up)  
6:00-10:00 PM

**Saturday, September 11th**

Paws in the Pool  
Pickrell Park Pool  
10:00 AM – 4:00 PM  
Limited capacity sessions at 10 AM, 12 PM and 2 PM. Registration required on Schertz.com. \$3 per human, up to 2 dogs per human.

**Sundays, September 12th through October 17th**

Fall 2021 Adult Kickball League (Ages 21 and up)  
6:00-10:00 PM

**Tuesday, November 2nd**

The City of Schertz will be holding its General Election on Tuesday, November 2, 2021, for the purpose of electing Council Members in Place 6 and Place 7 for a three-year term, from November 2021 to November 2024.

**Hearing of Residents**

*This time is set aside for any person who wishes to address the City Council. Each person should fill out the speaker's register prior to the meeting. Presentations should be limited to no more than 3 minutes.*

*All remarks shall be addressed to the Council as a body, and not to any individual member thereof. Any person making personal, impertinent, or slanderous remarks while addressing the Council may be requested to leave the meeting.*

*Discussion by the Council of any item not on the agenda shall be limited to statements*

*of specific factual information given in response to any inquiry, a recitation of existing policy in response to an inquiry, and/or a proposal to place the item on a future agenda. The presiding officer, during the Hearing of Residents portion of the agenda, will call on those persons who have signed up to speak in the order they have registered.*

Mayor Gutierrez recognized the following resident:

Ms. Maggie Titterington, 1730 Schertz Parkway, Schertz, TX- provided an update on The Chamber's events:

The Chamber Bowl was held on August 20th, 2021 and it was a big success. They had 187 bowlers participate for raising funds for the DECA program.

Chamber Luncheon - Civic Leaders Luncheon on September 21, 2021

Candidates in Schertz, Cibolo, GVSUD and SCUCISD are welcome to set up a table at the luncheon.

Please contact the Chamber to register for a table.

Coffee with the Chamber on August 27, 2021 hosted by The Club at Garden Ridge.

Please stop by for a cup of coffee.

Ribbon Cutting Ceremony- September 3, 2021-for Watchdog Elite Services.

Ceremony will be held at the Chamber, located at 1730 Schertz Parkway.

## **Consent Agenda Items**

The Consent Agenda is considered self-explanatory and will be enacted by the Council with one motion. There will be no separate discussion of these items unless they are removed from the Consent Agenda upon the request of the Mayor or a Councilmember.

Mayor Gutierrez read Items 1-5 into record. Mayor Pro-Tem Dahle read Items 6-11 into record.

1. **Minutes** – Consideration and/or action regarding the approval of the minutes of the Regular City Council minutes of the August 10, 2021 meeting. (B. Dennis)
2. **Boards, Commissions and Committees**  
**Appointments/Reappointments/Resignations** - Consideration and/or action approving the appointment of Mr. Jimmy Odom as a regular member of the Planning & Zoning Commission filling the vacancy of Mr. Ken Greenwald, the appointment of Ms. Judy Goldick from Alternate #2 to Alternate #1 position, and the appoint of Mr. Richard Braud to the City Council and Planning and Zoning Comprehensive Land Plan Sub-Committee. (Mayor/Council)

3. **Ordinance No. 21-S-31** - Consideration and a recommendation on a request for a Specific Use Permit to allow a convenience store with gas pumps on approximately 8.5 acres of land, more specifically described as the northwest corner of the intersection between IH-35 and Schwab Road, City of Schertz, Comal County, Texas. (B. James/L. Wood/M. Harrison) *Final Reading*
4. **Resolution No. 21-R-80** - Consideration and/or action approving a Resolution by the City Council of the City of Schertz, Texas authorizing the acceptance of approximately one acre of property from Schertz 1518, Ltd. per the Development Agreement for the Reinvestment Zone Number Two. (M. Browne/ B. James)
5. **Resolution No. 21-R-83** - Consideration and/or action approving a Resolution by the City Council of the City of Schertz, Texas regarding the Schertz Parks & Recreation Master Plan 5-Year Update needed for grant applications to the TPWD Local Park Grants Program. (B. James/L. Shrum)
6. **Resolution 21-R-84** - Consideration and/or action approving a Resolution by the City Council of the City of Schertz, Texas authorizing expenditures in excess of \$50,000 with 4B Asphalt Paving in Fiscal Year 2020-21 regarding an emergency road repair on Wiederstein Road at FM 3009, and other Matters In Connection Therewith. (C. Kelm/S. Williams/D. Letbetter)
7. **Resolution No. 21-R-85** - Consideration and/or action approving a Resolution by the City Council of the City of Schertz, Texas, authorizing approval of the allocation of funds for the American Rescue Plan Act of 2021, and other matters in connection therewith. (M. Browne/S. Gonzalez)
8. **Resolution No. 21-R-89** - Consideration and/or action approving a Resolution by the City Council of the City of Schertz, Texas authorizing an additional six (6) employees to the EMS Department. (C. Kelm/J. Mabbitt)
9. **Resolution No. 21-R-90** - Consideration and/or action approving a Resolution by the City Council of the City of Schertz, Texas authorizing the City Manager to renew the agreement with Arthur J Gallagher and Co to provide Health Insurance Broker Services. (M. Browne/C. Kelm/J. Kurz)
10. **Resolution No. 21-R-91**- Consideration and/or action approving a Resolution by the City Council of the City of Schertz, Texas authorizing the City Manager to sign an Interlocal Agreement for Fire Protection Services in Guadalupe County between the, City of Schertz, and the City of Seguin. (C. Kelm/K. Long/G. Rodgers)

11. **Resolution 21-R-92** - Consideration and/or action approving a Resolution by the City Council of the City of Schertz, Texas authorizing approval of an Escrow Agreement for the QT on Schwab Road related to construction of a sewer line. (M.Browne/B. James)

Moved by Councilmember Jill Whittaker, seconded by Mayor Pro-Tem Michael Dahle To approve Consent Agenda Items 1-11.

AYE: Councilmember Rosemary Scott, Councilmember Mark Davis, Councilmember Jill Whittaker, Mayor Pro-Tem Michael Dahle, Councilmember David Scagliola, Councilmember Tim Brown

Passed

### Discussion and Action Items

12. **Ordinance No. 21-T-34** – Consideration and/or action approving an Ordinance by the City Council of the City of Schertz, Texas, authorizing a budget adjustment relating to the Aviation Heights Waterline Improvements (Phases 5, 6, & 7) construction project. **First Reading** (B. James/ K. Woodlee/ J. Shortess)

Mayor Gutierrez recognized City Engineer Jennifer Shortess. Ms. Shortess explained that the bids that came back for the Aviation Heights Waterline Improvements (Phases 5,6, &7) were more than what was originally budgeted. A budget adjustment is needed before they can award the contract.

Moved by Councilmember David Scagliola, seconded by Councilmember Rosemary Scott

AYE: Councilmember Rosemary Scott, Councilmember Mark Davis, Councilmember Jill Whittaker, Mayor Pro-Tem Michael Dahle, Councilmember David Scagliola, Councilmember Tim Brown

Passed

13. **Ordinance No. 21-T-35** - Consideration and/or action authorizing an adjustment to the fiscal year 2021 budget to provide services to Randolph JBSA. **First Reading** (M. Browne/B. James/J. Walters)

Mayor Gutierrez recognized EMS Director Jason Mabbit who explained that a budget adjustment is needed to hire six additional employees to provide services to Randolph JBSA.

Moved by Mayor Pro-Tem Michael Dahle, seconded by Councilmember Tim Brown

AYE: Councilmember Rosemary Scott, Councilmember Mark Davis,  
Councilmember Jill Whittaker, Mayor Pro-Tem Michael Dahle,  
Councilmember David Scagliola, Councilmember Tim Brown

Passed

## Public Hearings

- 14. Public Hearing on Proposed Budget for FY 2021-22** - Conduct a public hearing and presentation regarding the adoption of the FY 2021-22 Budget. (First required public hearing) (M. Browne/B. James/J. Walters)

Mayor Gutierrez recognized Finance Director James Walters who provided a presentation on the FY 2021-22 Budget.

(A complete copy of the FY2021-22 Budget can be found in the City Secretary's office)

FY 2021-22 Budget Highlights included:

- Expanded Programs
- Financial Software Replacement
- New Personnel
- Contracted Building/Facilities Cleaning
- Fleet programs
- Animal Care HVAC
- Additional SPAM Funding
- Increase Minimum Wage

General Fund Proposed Budget \$39,314,984

- Increase of \$1,012,404 or 2.7%, from FY 2020-21 Budget, not including infrastructure funding
- Non Personnel Budgets decreased 2.3% due to the falloff of business incentive payments, completion of the public safety restroom remodel, and the funding of the Comprehensive Land Use Plan update
- Personnel Budgets increase 5.4% to act on the Class & Comp Study, Minimum Wage update, Merit, insurance, 0.25% CI, and add 3 positions

Mayor Gutierrez opened the Public Hearing. No one spoke. Public Hearing closed.

Councilmember Scott was pleased that the minimum wage increased and the compression issue was addressed.

**15. Public Hearing on the Proposed Tax Rate** - Conduct a public hearing regarding the adoption of the FY 2021-22 Tax Rate. (*First public hearing*) (M. Browne/B. James/J. Walters)

Mayor Gutierrez recognized Finance Director James Walters who provided a presentation on the FY 2021-22 Tax Rate.

2021 Property Values:	
2020 Taxable value	\$3,963,694,728
2021 Equivalent Taxable Value	\$3,919,293,823
2021 New Taxable Development	+\$148,715,915
2021 Adjusted Taxable Value	\$4,068,009,738

Difference between Adjusted Taxable Values \$104,315,010

Tax Rate:	
No New Revenue:	\$0.5146
Voter Approval:	\$0.5242
Current:	\$0.5121
Proposed Max:	\$0.5121

\$0.01 is equal to \$406,000 revenue or \$26.25 on the average home

Target Tax Rate:			
Tax Rate	Current	Proposed	
		Maximum	
M&O	\$0.3470	\$0.3517	For day to day operations
I&S	\$0.1651	\$0.1604	To pay the City's debt
Total	\$0.5121	\$0.5121	

Average Home Value \$262,500

- Current Rate \$0.5121 = \$1,344
- No New Revenue Rate \$0.5146 = \$1,351
- Voter Approval Rate \$0.5242 = \$1,376

Mr. Walters also provided information on the Historic Tax Rates, a 5-Year Forecast for the General Fund, Long Term Debt Model, 5-Year Summary- I&S Fund and a Graph of Debt Service.

Mayor Gutierrez opened the Public Hearing. No one spoke. Public Hearing was closed.

Councilmember Whittaker asked Mr. Walters to explain the Veteran's Homestead Exemption Program. Veteran's who are 100% disabled are exempt from paying property taxes and this equates to approx 12% of taxable value lost to the city. Despite the lost revenue, Mayor Gutierrez stated it was a small price to give up for the veteran's service to our country.

Councilmember Scagliola stated the staff did a great job on the budget especially during these tough times.

## Workshop

### 16. **Workshop on City Merit Program** - Discussion regarding the City Merit Program. (M. Browne/C. Kelm/J. Kurz)

Mayor Gutierrez recognized Human Resources Director Jessica Kurz who provided a PowerPoint presentation on the City Merit Program.

#### Reasons for Workshop/Discussion

- Council interest
- Staff review of current merit program & alternatives

#### Program Objectives

- Primary: Pay for performance
- Secondary: Move employees through pay band

#### Current Merit Model

- Annual performance evaluations serve as basis for merit increases
- Merit may be awarded in any amount between 0% - 4% using 10th% increments (new in FY 20-21)
- Merit is awarded in the form of a permanent salary increase
- Employees maxed out of pay range receive merit in lump-sum form
- Sworn/Certified Public Safety Personnel have a different merit program
- Current Program Funding = 3%

Merit allocation by department is based upon 3% of total annual salaries of eligible employees

- 1.5% April – Sept (current FY)
- 1.5% Oct – Mar (next FY)

The following factors are the basis for awarding merit pay to employees:

- The employee's performance as reported in the annual performance review.
- Available merit funds

- Recommendations of supervisors, as approved by City Management

Pros:

- Rewards high performers
- Connects work to results
- Provides vehicle to move employees through the pay bands
- Unless maxed out, employees receive salary increase every year

Cons:

- Historically, just meeting minimum standards earns an employee a minimum 2% permanent salary increase so not perceived as a true merit system.
- Creates morale issues
- Perceived fairness issues

Current Merit Model-Employee Survey: 124 Responses

1. How satisfied are you with the City's current merit program?

- 1-Very Dissatisfied to #5-Very Satisfied
- The average from the 124 Responses was: Avg. 2.66

2. What do you like most about the City's current merit program:

3. How could the City's current merit program be improved?

4. Would you prefer a COLA system IN LIEU OF a merit program? Cost of Living Adjustment- All employees receive the same increase (i.e. 2%)

Ms. Kurz presented Benchmark Data for ECI, COLA, and MERIT compensation from other cities: Selma, Georgetown, Cedar Park, New Braunfels, San Marcos, Seguin and Round Rock. City of Schertz was in the middle compared to all the above cities.

Recommendation from Staff:

- Annual performance evaluations serve as basis for merit increases
- Merit is awarded in the form of a permanent salary increase
- Employees maxed out of pay range receive merit in lump-sum form
- Sworn/Certified Public Safety Personnel have a different merit program
- Minor Changes:
  - Implement standardized award criteria
  - Dispel past practice that meeting standards automatically earns a 2% increase
  - Maxed out employees eligible for permanent salary increase every 3 years

Ms. Kurz explained each of the Merit Options below:

- Maintain current merit program as is
- Move to straight ATBI\* program (Across The Board Increase)
- Adopt combination program: Merit and ATBI: Options A/B/C-different program designs

Councilmembers discussed the following concerns:

- The perceived "fairness" issues that includes human performance and human behavior
- The current 2% or 4% salary increase vs. the new 0%-4% salary increase. This gives supervisors a better range to reward their employees
- Standardized Award Criteria for Merit Pay
- Policy Performance Programs
- Merit Pay was not meant to be a permanent pay increase
- Lump sum vs. percentage for Merit Pay
- Compression concerns
- Measuring performance: Comparing each department with unique job responsibilities

Ms. Jessica Kurz will send out the raw data from the survey to the City Council to review.

### **Roll Call Vote Confirmation**

Mayor Gutierrez recognized City Secretary Brenda Dennis who provided the roll call vote confirmation for Agenda Items 1-11, 12, and 13.

### **Closed Session**

Mayor Gutierrez recessed the regular meeting into Closed Session at 7:33 p.m. and read the following items into record.

17. The City Council will meet in Closed Session as permitted by section 551.071 of the Texas Government Code to confer and receive legal advice about contemplated litigation and/or a settlement offer concerning the City of Schertz Animal Adoption Center.
18. The City Council will meet in Closed Session as permitted by section 551.071 of the Texas Government Code to confer and receive legal advice about the contemplated litigation and/or a settlement offer concerning the Opioid Litigation Settlement.

## **Reconvene into Regular Session**

Mayor Gutierrez reconvened back into regular session at 8:02 p.m.

17a. Take any action based on discussions held in closed session under Agenda Item 17.

Moved by Mayor Gutierrez, seconded by Councilmember Brown to approve the settlement offer concerning the City of Schertz Animal Adoption Center and authorize City Manager Dr. Mark Browne to sign the agreement.

AYE: Mayor Pro Tem Dahle, Councilmember Davis, Councilmember Scott, Councilmember Whittaker, Councilmemeber Scagliola, Councilmember Brown

Absent: Councilmember Heyward

Passed

18a. Take any action based on discussions held in closed session under Agenda Item 18.

No action taken.

## **Roll Call Vote Confirmation**

Mayor Guterrez recognized City Secretary Brenda Dennis who provided the roll call vote confirmation for Item 17a.

## **Requests and Announcements**

- Announcements by the City Manager.

Dr. Mark Browne announced that the city has received \$5.2 million from the American Rescue Plan.

- Requests by Mayor and Councilmembers for updates or information from staff.
- Requests by Mayor and Councilmembers that items or presentations be placed on a future City Council agenda.

Councilmember Scott asked if there could a venue or forum after 5:00 p.m. to have citizens meet the candidates for running for City Council.

- Announcements by Mayor and Councilmembers
  - City and community events attended and to be attended

- City Council Committee and Liaison Assignments (see assignments below)
- Continuing education events attended and to be attended
- Recognition of actions by City employees
- Recognition of actions by community volunteers

Mayor Pro Tem Dahle attended the Chamber Luncheon, NEP Luncheon and the CVLGC Meeting

Councilmember Whittaker attended the Chamber Luncheon, NEP Luncheon and the ChamberBowl

Councilmember Scagliola attended the Chamber Luncheon

### **Adjournment**

Mayor Gutierrez adjourned the meeting at 8:07p.m.

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Ralph Gutierrez, Mayor

ATTEST:

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Sheila Edmondson, Deputy City Secretary