

**M I N U T E S**

A regular meeting of the City Council of the City of Pinehurst was held on February 12, 2019 at 6:00 p.m. in the City Hall. A quorum having been established, Mayor Joseph L. Runnels called the meeting to order with the following council members present: John Zerko, T.W. Permenter, Dan Mohon, Sarah McClendon, and Cynthia Adams. The following business was transacted.

On a motion made by Councilman T.W. Permenter and seconded by Councilwoman Sarah McClendon, council members unanimously voted to approve the minutes of the Regular Session held on January 8, 2019.

At this time, council members reviewed the budgeted expenditures for December 2018. City Secretary Debbie Cormier began by noting that there were no capital outlays for December 2018. With regards to year to date (YTD) income comparison of December 2018 versus December 2017, Ms. Cormier advised that the General Fund reflected an increase of about \$74,000. She stated that the majority of that increase could be attributed to an increase in sales tax revenue. She then called attention to the Garbage Fund which showed an increase of approximately \$11,700. She mentioned that the Water & Sewer Fund revenues were running slightly behind the prior year. Ms. Cormier explained that the deficit was due to the City receiving insurance proceeds after Hurricane Harvey in December 2017. She commented that the overall revenues for December 2018 exceeded the December 2017 figure by slightly more than \$76,000. She continued by saying that the YTD expenditures exceeded the YTD revenues in the General Fund by more than \$99,000. She explained that this was expected in September through December each year. She noted that the deficit in November 2018 was \$134,000 and stated that the City was headed in the right direction. She advised that the YTD revenues exceeded YTD expenditures in the Garbage Fund by about \$20,000 and in the Water & Sewer Fund by approximately \$1,500. Ms. Cormier summarized by saying that the reserves in all three funds increased a little from the previous month and the City currently had slightly more than six months total reserves.

Joel Watts, Administrator of Pinehurst Nursing Rehab on Cardinal Street, addressed the Council under the Citizen Comments section of this agenda. Mr. Watts wanted to let citizens know that the facility was still functioning as a nursing home. In addition, he noted that some residents were there for rehabilitation and short stays while others were there for long term nursing care. He stated that the facility in Pinehurst doubled in size after Hurricane Harvey when its sister facility on Third Street was closed. He advised that the facility went from 40 to 80 residents overnight. He commented that the facility currently had 81 residents and had a maximum capacity of 95.

Rex Peveto, local attorney in Orange, addressed the Council under the Citizen Comments section of this agenda. Mr. Peveto advised that he would be running for the 163<sup>rd</sup> District Judge in Orange County. He noted that current Judge Dennis Powell would be retiring. Mr. Peveto stated that he was born and raised in Orange County and had been an attorney for 25 years. He remarked that he was on the Little Cypress Mauriceville School Board and was also the City Attorney for the City of West Orange.

At this time, Keri Michutka, CPA presented the annual audit report for fiscal year 2017-2018. Ms. Michutka started on Page 2 of the financial report, the Independent Auditor's Report. She read the portion of the report that stated, "In our opinion, the financial statements present fairly, in all material respects, the respective financial position of the City of Pinehurst." She advised that she was issuing an unmodified opinion and a clean audit report. On Page 3, she pointed out that there was a change in accounting principle that was implemented this year. She advised that financial reporting was now required for Postemployment Benefits Other Than Pensions or OPEB. She explained that this was necessary because of the \$7,500 life insurance policy that the City paid for retirees.

On Page 14, Ms. Michutka noted that as of September 30, 2018, the General Fund's fund balance was \$1,532,286, or about 9 months of expenditures. She commented that this was a very good financial position. On Page 16, she noted that the General Fund had a net increase in fund balance of \$190,854. On Page 18, she advised that the Water & Sewer Fund ended the fiscal year with a total net position of \$4.4 million and the Sanitation Fund ended with \$259,000. On Page 19, she remarked that the Water & Sewer Fund had a net position decrease of (\$11,000) and a prior period adjustment of (\$17,926) for the new OPEB reporting. She stated that the Sanitation Fund had an increase in net position of \$60,000 and a prior period adjustment of (\$3,000) for the OPEB reporting.

Ms. Michutka continued on to Page 27 where she noted that the carrying amount of the City's deposits at September 30, 2018 was \$3.3 million. On Page 30, she commented that ending capital assets for the Governmental activities, net of depreciation, was \$1.3 million. On Page 31, ending capital assets for the Business-Type activities, net of depreciation, was slightly less than \$3.6 million. On Page 33, with regards to long-term debt, Ms. Michutka stated that the ending long term liabilities for the Governmental activities were \$1.8 million and the ending long term liabilities for the Business-type activities were \$781,000.

On a motion made by Councilman Dan Mohon and seconded by Councilman T.W. Permenter, council members unanimously voted to accept the FY17-18 annual audit as presented by Keri Michutka, CPA.

On consideration of increasing the City's capitalization threshold for capital assets, Ms. Cormier explained that Ms. Michutka had made this recommendation during the audit process. Ms. Cormier advised that the current minimum amount for considering a piece of equipment as a capital asset was \$1,500. She stated that Ms. Michutka had recommended a \$5,000 minimum. Ms. Cormier called attention to a document in council members' packets from the Government Finance Officers Association (GFOA). She read an excerpt from the document that stated, "In no case should a government establish a capitalization threshold of less than \$5,000 for any individual item." Ms. Cormier noted that she recommended following Ms. Michutka's suggestion and increasing the threshold to \$5,000. On a motion made by Councilman T.W. Permenter and seconded by Councilwoman Cynthia Adams, council members unanimously voted to increase the capitalization threshold for capital assets to \$5,000.

On consideration of approving revisions to the City's Alcoholic Beverage Ordinance, City Administrator Robbie Hood thanked Mayor Runnels, Councilman Permenter, Code Enforcement

Officer Harry Vine, and TABC Agent Charles Falls for being on the committee to revise the ordinance. Mr. Hood requested that Agent Falls go through the revised ordinance and explain the changes to council members. Agent Falls advised that Item #2, Sales Near School, Church or Hospital on Page 1 remained the same. He noted that it prohibited the sale of alcoholic beverages within 300 feet of a church, public, or private school or public hospital. He stated that everything on the first page was taken directly from the Alcoholic Beverages Code and did not require any changes. Agent Falls noted that there were changes to section (e) on Page 2. He read the revision, "Subsections (a)(ii) and (iii) do not apply to the holder of (i) A retail on premises consumption permit or license in combination with a food and beverage permit." He explained that this meant that if an establishment has an on premises consumption permit, they must also have a food and beverage permit so that they are a restaurant that sells alcohol, not a bar that sells food. The second revision on Page 2 read, "A retail off-premises consumption permit or license in combination with a wine only or wine and beer retailer's off premise permit." Agent Falls stated that this part applied to retailers that sell wine and beer and used the example of a convenience store. He continued to Page 3 and stated that section (g) was added to cover the definition of a "school". On Page 4, Section 6-33, Sales locations, the location of alcoholic beverage sales was extended to Gunn Drive along Park Avenue. Section 6-34, Sales for on-premises consumption prohibited; exceptions, section (b) was revised to read, "The sale of wine, beer, and mixed beverages for consumption on the premises where sold is prohibited unless food and beverage permit has been issued." Agent Falls stated that this section simply reiterated that for on premises consumption, it must be a restaurant with a food and beverage permit. Under Section 6-35, License requires; fee, a \$250 application fee payable to the City was added for processing the alcohol application. Councilman Mohon wanted to know if the line for alcoholic beverage sales could be drawn between the former Casa Bella location and the monument sales location instead of all the way to Gunn Drive. He advised that he was against having the boundary right next to a residence. City Administrator Robbie Hood advised that Gunn Drive was simply a natural boundary rather than a property line. In addition, Mr. Hood stated that Robert's Restaurant, further down on the opposite side of Park Avenue, was directly adjacent to residences on both sides. Councilman Permenter commented that he felt the City should be as lenient as possible in order to promote growth. Councilman Permenter requested that this agenda item be tabled until next month. Robbie Hood explained that the moratorium previously placed on alcoholic beverage permitting expired on this very night. He stated that extending or requesting another moratorium was not an agenda item and could not be discussed at this meeting. City Attorney Tommy Gunn advised that the Council needed to take action to put something in place tonight. He explained that the Council could re-evaluate at a later date. Mr. Hood stated with the moratorium expiring and no ordinance in place, anyone could apply for any type of alcoholic beverage permit. On a motion made by Councilman T.W. Permenter and seconded by Councilwoman Sarah McClendon, council members approved the revisions to the ordinance by a 4-1 vote. The one opposing vote was cast by Councilman Dan Mohon.

Under the Department Head Reports section of this agenda, Public Works Director John Toney reported that his department had trimmed the trees in the ditch line in front of the future HEB location and Big Lots. Mr. Toney advised that April 6 would be Spring Cleanup from 8:00 a.m. until noon in the HEB parking lot. He noted that no hazardous material would be taken. He reminded everyone of the Shred It and Forget It Event to be held in conjunction with Sabine Federal Credit Union at the credit union parking lot on April 13 from 9:00 a.m. - noon.

Water/Wastewater Field Supervisor Charles Spain reported that Texas Commission on Environmental Quality (TCEQ) had recently performed an inspection at the wastewater plant. He stated that the only problem cited was vegetation in the fence. He advised that employees had been working on repairing some of the SSOI inflow and infiltration problems. Mr. Spain reported that the well that was rehabilitated using the Sabine River Authority grant was pumping better than ever. Mr. Hood commented that crews had just brought that well back online when a contractor decimated a 6-inch water main on Strickland Drive.

Fire Chief Shon Branham reported that there were 65 calls in November, 72 calls in December, and 52 calls in January. Chief Branham advised that the department had recently implemented an online certification course for Firefighter 1. He noted that the cost was \$38 per firefighter. He stated that the firefighters would have one year to complete the Firefighter 1 certification. Once completed, he remarked that they would implement a Firefighter 2 course. He advised that the cost for that course would be \$48 per firefighter. He explained that three of the firefighters would then be put through the instructor's course. Chief Branham reported that there would be four changes made to the department by laws. He commented that he would be applying for three grants; one through Firehouse Subs, one through the Forestry Service, and one through Super Wal-Mart. Chief Branham advised that he had plans for a 15' x 20' meeting room to be constructed in the fire department bay. He stated that he had spoken with Code Enforcement Officer Harry Vine to make sure that the plans were in compliance with current codes. He finished by saying that the department had recently purchased a laptop computer to aide them in the online training courses.

Police Chief Fred Hanauer reported that the police department went live with its new Tyler Technologies reporting system on January 21. He noted that purchase of the reporting system was made possible through a grant. He stated that the new system would keep much better records than the previous reporting system that had been used since 2005. Chief Hanauer advised that he had ordered three new radios courtesy of last year's Homeland Security Grant. He informed council members that his department had acquired an insulated, secure, armored building through the LESO program. He noted that the building would be used as part of the department's firing range located by the O&M building. He stated that the building would allow the department to store equipment at that site that was normally kept upstairs. He concluded by saying that his department was at full staff including six part-time officers.

At this time, Chief Hanauer presented the 2018 Racial Profiling Report. Chief Hanauer reported that there were 907 total contacts in 2018. Of those 907 contacts, 822 received citations only. 37 were arrests only while 31 were issued citations and arrested for additional charges. Of the 907 contacts, 266 were Black; 5 were Asian/Pacific Islander; 563 were White; 73 were Hispanic/Latino and; 0 were Alaska Native/American Indian. 356 were female and 551 were male. In only 25 incidences was the race or ethnicity known prior to the stop. The full report may be viewed in Chief Hanauer's office. Chief Hanauer stated that there was no evidence of racial profiling in Pinehurst. He concluded by saying that the department had its first formal complaint of racial profiling in 2018. He stated that an investigation was conducted and the result was that the complaint was unfounded. On a motion made by Councilman T.W. Permenter and seconded by Councilwoman Sarah McClendon, council members

unanimously voted to accept the 2018 Racial Profiling Report as presented by Chief Fred Hanauer.

It should be noted that Councilman Dan Mohon left this meeting at 7:02 p.m.

On consideration of applying for the 2019 Law Enforcement Terrorism Prevention Activities Grant (LETPA) and approval of the corresponding Resolution, Chief Hanauer explained that these grant funds would be used to purchase a radio. City Attorney Tommy Gunn read the resolution aloud and in its entirety. On a motion made by Councilwoman Sarah McClendon and seconded by Councilwoman Cynthia Adams, council members unanimously voted to approve the submission of the grant application and approval of the corresponding resolution.

On consideration of applying for the 2019 Homeland Security Grant (HSGP) and approval of the corresponding Resolution, Chief Hanauer advised that these grant funds would be used to purchase radios for the patrol units. City Attorney Tommy Gunn read the resolution aloud and in its entirety, noting that the minimum funding would be \$2,500. On a motion made by Councilman T.W. Permenter and seconded by Councilwoman Sarah McClendon, council members unanimously voted to approve the submission of the grant application and approval of the corresponding resolution.

On consideration of applying for the 2020 Justice Assistance Grant (JAG) and approval of the corresponding Resolution, Chief Hanauer advised that these grant funds would be used to purchase radios. City Attorney Tommy Gunn read the resolution aloud and in its entirety. On a motion made by Councilwoman Cynthia Adams and seconded by Councilwoman Sarah McClendon, council members unanimously voted to approve the submission of the grant application and approval of the corresponding resolution.

Regarding the discussion and possible action on approving the Engineering Contract for Engineering Services with Schaumburg & Polk, Inc. for the CDBG 7218361 project, City Administrator Robbie Hood advised that this was for the sewer rehab trunk line and pipe bursting just west of Waterford Gardens to the 34<sup>th</sup> Street lift station. He noted that this would help with the SSOI program to curtail inflow and infiltration. On a motion made by Councilwoman Sarah McClendon and seconded by Councilman T.W. Permenter, council members unanimously voted to approve the engineering contract.

Regarding the discussion and possible action on approving the Administration Contract for Grant Services with David J. Waxman, Inc. for the CDBG 7281361 project, City Administrator Robbie Hood explained that this was the same project as above. On a motion made by Councilman T.W. Permenter and seconded by Councilwoman Cynthia Adams, council members unanimously voted to approve the Administration contract.

Regarding the discussion and possible action on approving a Resolution and Civil Rights Documentation for the CDBG 7218361 project, City Attorney Tommy Gunn read the resolution aloud and in its entirety. On a motion made by Councilman T.W. Permenter and seconded by Councilman John Zerko, council members unanimously voted to approve the Resolution and Civil Rights Documentation.

Regarding the discussion and possible action on approving a Resolution authorizing depository/signatories for the CDBG 7218361 project, City Attorney Tommy Gunn read the resolution aloud and in its entirety. On a motion made by Councilwoman Sarah McClendon and seconded by Councilwoman Cynthia Adams, council members unanimously voted to approve the resolution.

Regarding the discussion and possible action on approving a Resolution authorizing submission of a CDBG FY2019-2020 grant application, City Administrator Robbie Hood stated that this was the next round of funding. He advised that the area on Mockingbird close to 37<sup>th</sup> Street had been identified by smoke testing as a problem area. He noted that this would fix the inflow and infiltration problem with pipe bursting and replacement of damage lines. City Attorney Tommy Gunn read the resolution aloud and in its entirety. On a motion made by Councilwoman Sarah McClendon and seconded by Councilman T.W. Permenter, council members unanimously voted to approve the resolution.

On consideration of authorizing the City Administrator to dispose of the inoperable 45KW Generac Generator from the 34<sup>th</sup> Street Lift Station, City Administrator Robbie Hood explained that the 34<sup>th</sup> Street lift station generator was flooded by Hurricane Harvey. He advised that the generator had been replaced with insurance proceeds. He stated that he was asking Council's permission to try to sell the damaged generator. On a motion made by Councilwoman Sarah McClendon and seconded by Councilman John Zerko, council members unanimously voted to authorize the City Administrator to dispose of the inoperable 45KW Generac Generator.

Regarding the discussion and possible action on approving Chapter 380 Economic Developments Program Policies and Procedures, City Administrator Robbie Hood advised that this allowed sales tax reallocations. He called attention to the program requirements of these policies. He noted that the capital investment must be at least a \$1 million project in order to qualify for sales tax reallocations. On a motion made by Councilwoman Cynthia Adams and seconded by Councilwoman Sarah McClendon, council members unanimously voted to approve the Chapter 380 Economic Developments Program Policies and Procedures.

Under the Announcements, Comments, and Requests from Council section of this agenda, City Administrator Robbie Hood advised that he had received an invitation from Kingdom Zoo owner, Chester Moore, regarding the zoo's five year anniversary on Saturday, March 2 from 10:00 a.m. to 1:00 p.m. at the Expo Center on FM1442. He invited all council members and employees to attend.

There being no further business to transact, Councilman John Zerko made a motion to adjourn. Councilwoman Sarah McClendon seconded the motion and the motion unanimously passed. Mayor Runnels adjourned the meeting at 7:32p.m.

/s/ Debbie Cormier  
City Secretary

/s/ Joseph L. Runnels  
Mayor