

CITY OF FORT STOCKTON, TEXAS
 MINUTES OF: REGULAR CITY COUNCIL MEETING
 DATE OF MEETING: MARCH 26, 2019
 TIME OF MEETING: 5:30 P.M.
 PLACE OF MEETING: CITY HALL COUNCIL CHAMBER

MOVED
 VOTED AYE
 VOTED NAY
 VOTED AYE
 VOTED NAY

ROLL CALL WAS ANSWERED BY COUNCIL MEMBERS:
 RUBEN FALCON, JAMES WARNOCK, MIKE URETA, JR. &
 PAM PALILEO, & DINO RAMIREZ

MAYOR: JOE CHRIS ALEXANDER
 CITY MANAGER: FRANK RODRIGUEZ III
 CITY SECRETARY: DELMA A. GONZALEZ
 CITY ATTORNEY: JESSE GONZALES, JR.

Mayor Alexander called the Regular Meeting to order at 5:30 p.m. after declaring a quorum present.

Mayor Pro-Tem Ureta gave the Invocation.

Council Member Palileo led the Pledge of Allegiance & Pledge to the Texas Flag.

Mayor Alexander read the Mission Statement:

"The Mission of the City of Fort Stockton Municipal Government is to Promote & Value Public Confidence and Trust by the Accountable and Responsible Use of Community Resources; to Ensure Public Safety; Improve Public Services; Promote Local Recreation and Entertainment; and Generate Economic Development."

FIRST ORDER OF BUSINESS:

1. CONSENT AGENDA:

Minutes:

- Regular Meeting Minutes of Fort Stockton City Council, 03/12/2019
- Regular Meeting Minutes of Fort Stockton 4-A Economic Development Corp., 02/21/2019
- Regular Meeting Minutes of Fort Stockton 4-B Economic Development Corp., 02/21/2019
- Regular Meeting Minutes of Intergovernmental Recreation Board, 02/20/2019
- Regular Meeting Minutes of Fort Stockton Housing Authority Board, 02/20/2019
- Regular Meeting Minutes of Convention & Visitor's Bureau, 02/19/2019
- Regular Meeting Minutes of Fort Stockton Downtown Advisory Board, 02/19/2019
- Regular Meeting Minutes of Cemetery Advisory Board, 10/03/2018

Accounts Payable Total: ~~\$265,094.51~~ \$264,994.51

Assistant Director of Finance Salinas reported that a correction of \$100 was applied to an invoice which decreased the Accounts Payable Total to \$264,994.51.

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Motion was made, seconded & carried unanimously to approve the Consent Agenda with Correction to the Accounts Payable Total.

SECOND ORDER OF BUSINESS:

2. City Water Attorney Harral —

✚ Existing Water Rates and Sales in the North-Western Portion of Pecos County.

Kirby Warnock, 142 Warnock Road, Fort Stockton, Texas, stated that there were several resolutions or presentations that needed to be tabled that evening by City Council until they resolved what he believed was a "conflict of interest."

He commented "Good drinking water that is used for fracking is no longer drinkable and ends up at a disposal well. No one is saying that we should stop fracking but we need to stop the destruction of good water that comes from water pumped from the Edwards Trinity Aquifer. Once that water is taken out of the water cycle it can no longer return because it will never evaporate back into the atmosphere. Water is life and we cannot live without it and precious to us in Pecos County due to only 13" of rain per year. Especially when out of state or even foreign corporations are purchasing land here and pumping good water to sell to fracking operations.

Worse yet, some of these entities are selling this as an investment opportunity. We do not need to see Fort Stockton enable destruction of our groundwater but worse yet we do not need the conflict of interest that comes from someone representing those out of state companies and also acting as an advisor to the City Council. He is advising City Council of water matters while he is accepting legal fees from Charlton Resources in Canada, Crawford & Crawford in Fort Worth, & WaterBridge who is planning to sell water from land owned by the City.

If Fort Stockton plans to sell water, should probably write a check to every citizen because the water belongs to all of us. The only water that you can produce is unfit for human consumption.

The more prudent thing to do is to eliminate what appears to be a conflict of interest or the least something that does not look very good.

FALCON
 WARNOCK
 URETA
 PALILEO
 RAMIREZ

MOVED	SECONDDED	VOTED AYE	VOTED NAY
	X	X	
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		X	
X			

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We are probably going to hear that our water table is rising and that we can afford to pump all of this water. This reminded me when Comanche Springs dried that it was not fed by an aquifer but it percolated within the ground.

Let's stop being part of the problem and be part of the solution. We lost our oasis in the desert Comanche Springs some 50 years ago and if Fort Stockton loses what groundwater remains then we have nothing left.

The people that pump it do not care because they do not live here. We can demand that water sold for fracking taken from City property come from the Rustler or Capitan Reef formations which are undrinkable already and stop taking from the Edwards Trinity formation.

Who does the City of Fort Stockton serve; the people who live here or will be here years later or the ones that live in Canada, Colorado, or Fort Worth? It should not be that hard of a choice."

City Water Attorney Harral provided maps with management zones in Pecos County. His intent was to inform City Council of the water prices throughout the county and how the City compared with other water sellers.

On the Southeastern Portion of the County, this management zone did not encompass any City property and pumping did not impact the city. He and his family owned 55 sections of land with their own water price due to the availability of water, etc.

On the Northern Portion of the County (Imperial area), a management zone did not exist. The City owned approximately 5 acres of land at this location which was submerged under a lake due to uncontrolled pumping. The water price at this location was entirely different from where the City's properties were throughout this county. Anything that occurred here did not impact the city or any of the other properties the City owned.

Management Zone 3 (Coyanosa area), management zones were created in these areas because this is where defined pumping can impact each other. The City did not own any property in this location.

Management Zone 1 - The City owns property in Belding, Stockton Farms, & Riley Farms. Pumping in this location could impact the city. There were others at this location besides the City.

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He emphasized that the City of Fort Stockton was not selling water for fracking purposes out of the Edwards Trinity aquifer but from the Pecos Valley Aquifer on Blue Ridge.

The City had the best price of water sales than anyone that he knew of in the entire county including his own family which was for on-site water use.

In 2013 the City was selling water at less than 5¢ a barrel - 35¢ a barrel depending on what contract was being viewed. It was also being sold at approximately \$15,000 per frack to Halcon which was extremely low and unheard of.

At the time, the City was approached by various farmers in the Cayanosa area and this area of the county because the saying at the time was that the City was undercutting the price and they wanted everyone to sell a barrel of water at 50¢ because that was what the oil and gas companies needed to pay. The City eventually increased its water price to one of its operators at Blue Ridge to 50¢ a barrel although the Halcon agreement remained at 15¢ a barrel in 2014. As soon as the City did this, everyone in the area decreased their price to 35¢ a barrel which remained like this for 2 years.

In contacting several individuals, the current price for pumping for the City on Blue Ridge property is 50¢ a barrel. If water is taken off of lease it is 12¢ a barrel which assists a driller in completing large scale work. These generated funds are geared toward infrastructure projects, etc. to lower the cost to City taxpayers.

Coyanosa's prices are actually decreasing and becoming much more competitive. Some owners with large tracts of land are selling water at 35¢ a barrel and not providing electricity but requiring operators to provide generators at their own expense for the placement of pumps in the ground. Pumping can add an additional 5¢-10¢ per barrel. This has made it cost prohibitive for some operators.

There are also other owners that are selling water at 35¢ a barrel and paying for electricity, pumps, water wells, and other operational expenses that one normally incurs.

Then there are others that are extremely aggressive at 25¢ a barrel and paying for all of the associated costs and completing high volume water sales to major operators in that area.

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He affirmed once again as he did 3 years earlier that he has never received any money from WaterBridge or Fort Stockton Holdings. This has never happened or occurred. As for him representing other people; he represents people when there is not a conflict of interest as per the Ethics Rules of the State of Texas for Attorneys. He does not represent other individuals in other management zones and has never represented anybody whose pumping will impact Fort Stockton. He asked that this be stated clearly in the record and that was that!

THIRD ORDER OF BUSINESS:

3. City Water Attorney Harral --

- ✦ Land Survey indicating that the City of Fort Stockton Owns Three (3) Water Wells on Section 71.

City Water Attorney Harral conveyed that in procuring a \$7,500 survey of the western half of Section 71, as required by the MPGCD, the 3 water wells that are on that property belong to the City. It clearly indicates that the 3 water wells are within the property description of the survey location. The City unquestionably owns them and that information, to include the deed, has been provided to the MPGCD and awaiting the required documents to resolve this.

Originally, TDCJ permitted these 3 wells under their name and failed to request that these wells include production permits for public supply which is a problem because all of the City's wells are for public supply. The 3 water wells are permitted for irrigation-use only and the City will now be required to complete the appropriate process to tie them into the city's main wellfield.

The long-term infrastructure plan completed in 2017 includes the connection of additional raw water wells to the city's main water collection system. The reason for this is because additional production is needed to resolve major storm issues, etc. now that the main 30" pipeline will come online. Production becomes the next major issue that will be dealt with because the main pipeline adds additional storage capabilities.

FOURTH ORDER OF BUSINESS:

- 4. Discuss and Act upon Ordinance No. 19-103, Adopting Amendment No. 1 for Fiscal-Year 2018-2019 to the City of Fort Stockton Personnel Policies & Procedures Manual; Chapter II. Classification, Compensation & Performance, Section 2.5 Compensation Plan, & Incorporating Sub-**

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Section 2.5(a) "Retention Stipend;" Containing a Savings Clause and Providing for the Publication and Effective Date Thereof.

City Manager Rodriguez reported that in an Endeavor to Retain Valued Personnel, City Council has the authority, as recommended by the City Manager, to approve a Retention Stipend(s) to every Full-Time Employee that is actively employed with the City on October 1st of its Current Fiscal-Year Budget. Furthermore, to collect this Stipend an Employee needs to be actively employed when approved by City Council AND actively employed on the Payout Date. As lawfully made, City Council has the authority to approve this Stipend from budgeted funds, appropriated funds, or from available funds generated from enhanced revenue sources during the specified budget year.

He asked City Council to approve this amendment for incorporation into the City's Personnel Policies & Procedures Manual.

Motion was made, seconded & carried unanimously to approve Ordinance No. 19-103, Adopting Amendment No. 1 for Fiscal-Year 2018-2019 to the City of Fort Stockton Personnel Policies & Procedures Manual; Chapter II. Classification, Compensation & Performance, Section 2.5 Compensation Plan, & Incorporating Sub-Section 2.5(a) "Retention Stipend;" Containing a Savings Clause and Providing for the Publication and Effective Date Thereof.

FIFTH ORDER OF BUSINESS:

5. Discuss and Act upon Resolution No. 19-106R, Requesting the 86th Texas Legislature to Strongly Support and Approve 86(R) HB No. 726 Related to the Regulation of Groundwater which will Directly Support Interstate Commerce on I-10, TDCJ Prisons, Pecos County Water Users, and All Public Water Utilities Relying on Brackish Water to Support the Growing Texas Economy.

MPGCD General Manager Tye Edwards, 415 N. Edwards Road, Fort Stockton, Texas, reported that before City Council took action on the proposed bills, both of them already had numerous substitutes filed.

HB 726 passed for the committee substitute and passed out of the House Natural Resources Committee that day and more than likely was going to change substantially before it was considered in the Senate. If approved by City Council

FALCON
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MOVED	SECOND	VOTED AYE	VOTED NAY
		X	
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		X	

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 SECONDED
 MOVED

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that evening, this bill could entirely ^{change} where the City will oppose it. Both Bills will affect the District substantially.

City Water Attorney Harral expressed that both of these bills covered factors that would have impacted the City in the past specifically with what we are dealing with as well as with the creation of the Reeves County Water District whose rules are entirely different than the MPGCD's rules regarding the amount of acre feet that can be requested on a per acre basis. There is a major difference between the two and why he brought these bills for City Council's consideration.

HB 726 specifies that when an individual/entity submits a Groundwater District Production Permit Application, rules at the time when the production application is submitted are set. If new rules are approved thereafter, those rules will not apply to that individual's/entity's production permit application. He understood that rule changes would be implemented at the MPGCD or of different rule interpretations that Director Edwards previously informed him about. The City needed to be concerned being that it provides water to the majority of people in the county.

Also in exporting groundwater, an individual/entity needed to be treated the same as everyone else in the county. This was extremely important at Blue Ridge because the county line ran in between a frack pit. Putting water in it from one side of the county will nevertheless flow to the other side of the county. No one knows how production permit holders are going to be treated but everyone needs to be treated the same in the same aquifer that is side by side. This is a prime example of future problems.

This frack pit which is connected to some of the Pecos County wells was purchased by WaterBridge from Halcon and plans are to begin filling it in April. This is not something that is hypothetically going to happen but is already happening and the City needs to be prepared. This bill explicitly states that everyone needs to be treated the same.

The other aspect of this bill is a moratorium for issuing permits. In the past the City partook in a project with the City of Odessa to use the Capitan Reef. During that project a moratorium was placed for a long period and the City's efforts on developing the Capitan Reef were damaged by the restriction. The legislature has recognized that other groundwater districts as well as the MPGCD have encountered issues with moratoriums. This bill outlines the rules that apply for a moratorium, etc. to ensure that everyone is treated the same.

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He recommended that the City support this bill; he will stay abreast of any changes that transpire in the Senate. They can also postpone this for another two weeks. If the resolution is approved that evening, they can return to retract it if they opt to but these rules are being proposed at the State level.

Council Member Falcon asked Director Edwards if the MPGCD took action on this bill.

Director Edwards replied that they were remaining neutral and elected not to take action on both of the bills. Some of the language in HB 726 was okay but could change once it got to the Senate.

Motion was made, seconded & carried unanimously to Table Resolution No. 19-106R, Requesting the 86th Texas Legislature to Strongly Support and Approve 86(R) HB No. 726 Related to the Regulation of Groundwater which will Directly Support Interstate Commerce on I-10, TDCJ Prisons, Pecos County Water Users, and All Public Water Utilities Relying on Brackish Water to Support the Growing Texas Economy; at least until the week before it goes in for the full floor vote.

SIXTH ORDER OF BUSINESS:

6. Discuss and Act upon Resolution No. 19-107R, Requesting the 86th Texas Legislature to Strongly Support and Approve 86(R) HB No. 2123 Related to Authorizing Petitions to Change Certain Rules Adopted by Groundwater Conservation Districts which will Directly Support Interstate Commerce on I-10, TDCJ Prisons, Pecos County Water Users, and All Public Water Utilities Relying on Brackish Water to Support the Growing Texas Economy.

City Water Attorney Harral commented that he previously referenced the Reeves County Groundwater District permitting rules who were issuing permits at 6 acre feet of water rights per acre per aquifer in Reeves County. These rules could change and were entirely different than what the MPGCD did from a permitting standpoint.

The City owns continuous acreage and it is entirely possible that when the rules are published that the continuous tract of land will be treated entirely different amongst themselves. This is not necessarily good but nevertheless if the City

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MOVED	SECOND	VOTED AYE	VOTED NAY
X		X	
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wants the rules to resemble Reeves County's or the MPGCD's it still needs to have the ability to petition for that rule change, etc.

Director Edwards commented that Reeves County was still having hearings and had not adopted its rules. They were not going to approve 6 acre feet per aquifer for continuous acres but 6 acre feet for that property for all the aquifers. The City could ask for additional water.

As with the MPGCD, there is not a cap on the amount that can be obtained for the quantity of acreage owned. If additional water is needed, when a well is pumped it will indicate the amount of water that can be requested but it has to be verified as a beneficial need. In some cases the MPGCD granted 7 acre feet per acre for historical-use and Reeves County did the same.

City Water Attorney Harral conveyed that in his seven discussions with the Reeves County legal counsel, rules were different. The attorney indicated that the rules were supposed to have been published last month but were delayed until this month. He was expecting to get a pass this month or next month. He was seriously concerned that if rules were not passed fairly quickly that their entire district could be abolished and therefore were "under the gun" to get everything approved in order to meet this requirement. He knew that Reeves County wanted these rules published because they wanted a groundwater district created in the county.

Motion was made, seconded & carried unanimously to Table Resolution No. 19-107R, Requesting the 86th Texas Legislature to Strongly Support and Approve 86(R) HB No. 2123 Related to Authorizing Petitions to Change Certain Rules Adopted by Groundwater Conservation Districts which will Directly Support Interstate Commerce on I-10, TDCJ Prisons, Pecos County Water Users, and All Public Water Utilities Relying on Brackish Water to Support the Growing Texas Economy; until after it clears committees.

SEVENTH ORDER OF BUSINESS:

- 7. Discuss and Act upon Two (2) Easements, Right-of-Way Agreements, and Surface Use Easements with SCM Crude Midstream, LLC and Salt Creek Midstream, LLC regarding 648.20 Acres, More or Less, "Being All of Section 10, Block 50, Township 9 of the T&P Railway Company Survey, Abstract 5926, Pecos County, Texas.**

FALCON
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RAMIREZ

VOTED NAY
VOTED AYE
SECONDED
MOVED

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City Water Attorney Harral reported that Salt Creek Midstream has been a beneficial partner with the City in regards to new pipelines. They are servicing Halcon's acreage on the east to the City's property and needed a compressor station to boost their capacity to place that line.

In their discussions regarding the location of the new compressor station, both parties agreed that the proposed funds needed to be paid to the City instead of to Halcon. It was negotiated that the compressor station will be located on the City's property that serves its existing customer base which is Halcon and which will allow them to complete additional fracks that are there.

The rate that will be paid to the City is the highest per acre rate that he knew of in the county. This agreement is very similar to previously approved agreements and better than the U.T. Rate Schedule. Payment to the City will be close to four times (4x) more than what the U.T. Rate Schedule requires.

R.O.W. Supervisor Nicki Ahrns expressed her gratitude to the City for being courteous & supporting their projects and conveyed that the check to the City that evening totaled \$32,714.00. More than likely, this would be the end of their project in this area for acquiring easements. She would continue to recommend the City as much as possible and trusted that Salt Creek Midstream had been beneficial to the City and citizens.

Council Member Falcon asked for the total amount paid by Salt Creek to the City for easements. The City and citizens valued Salt Creek because the monies that were generated assisted in preparing the City's fiscal-year budget i.e. Establishment of the first homestead exemption (County & School previously adopted) & municipal taxes did not increase.

Supervisor Ahrns replied \$1.4 million since June 2018.

Motion was made, seconded & carried unanimously to approve Two (2) Easements, Right-of-Way Agreements, and Surface Use Easements with SCM Crude Midstream, LLC and Salt Creek Midstream, LLC regarding 648.20 Acres, More or Less, Being All of Section 10, Block 50, Township 9 of the T&P Railway Company Survey, Abstract 5926, Pecos County, Texas.

FALCON
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 RAMIREZ

VOTED NAY
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 MOVED

X X
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EIGHTH ORDER OF BUSINESS:**8. Discuss and Act upon Designating the Eastern 900 Feet of Sections 3, 10 & 46 of the City of Fort Stockton's Blue Ridge Property to be Used Exclusively for Oil, Gas, and Other Commercial Purposes.**

City Water Attorney Harral stated that the City had become a throughway for major pipelines in this area going north – south as well as east – west.

With the Salt Creek pipeline, approximately 300' was used traveling through City property which had all been around the north of the eastern portion of the property. He believed that an additional pipeline would also be traveling through this property in the next two years; either Salt Creek or another company. Even at \$45 per barrel of oil and with the continued growth in this area for the following 5-10 years, additional pipelines will be needed. If the same pipeline is followed that Salt Creek just took, they are going to need this area to go through and will likely use the same path.

His recommendation was to designate this land for pipelines, etc. being that the City has seen the benefit of numerous activities. If an easement, etc. is requested, the City needs to promptly endorse it due to the substantial amount that is being paid for these easements plus companies will go to the path of least resistance. Salt Creek returned a second time because the City was easy to work with and the path of least resistance.

Council Member Falcon asked if anything needed to be moved.

City Water Attorney Harral responded that not immediately but the City's property needed to be available once the pipeline companies started to call. Currently, there was seed in the ground that will be harvested later this year.

Motion was made, seconded & carried unanimously to approve the Eastern 900 Feet of Sections 3, 10 & 46 of the City of Fort Stockton's Blue Ridge Property to be Used Exclusively for Oil, Gas, and Other Commercial Purposes.

NINTH ORDER OF BUSINESS:**9. Discuss and Act upon Authorizing the City Manager and City Attorney City Water Attorney to Notify All Surface Users of Blue Ridge regarding**

VOTED NAY
VOTED AYE
SECONDDED
MOVED

FALCON
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URETA
PALILEO
RAMIREZ

X
X
X
X
X
X

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the Designation of the Eastern 900 Feet of Sections 3, 10 & 46 of the City of Fort Stockton's Blue Ridge Property to be Used Exclusively for Oil, Gas, and Other Commercial Purposes.

City Attorney Gonzales clarified that the agenda item should read City Water Attorney instead of City Attorney.

City Water Attorney Harral reported that he and City Manager Rodriguez would contact everyone: Salt Creek Midstream, Halcon, Oxy, Schuyler Wight through his attorney, WaterBridge. Document copies will be provided for City files.

Motion was made, seconded & carried unanimously to Authorize the City Manager and City Water Attorney to Notify All Surface Users of Blue Ridge regarding the Designation of the Eastern 900 Feet of Sections 3, 10 & 46 of the City of Fort Stockton's Blue Ridge Property to be Used Exclusively for Oil, Gas, and Other Commercial Purposes.

TENTH ORDER OF BUSINESS:

10. Discuss and Act upon the City of Fort Stockton's Infrastructure Rates Impacting Local Residents, Hotels, & RV Parks.

City Water Attorney Harral reported that the reason the City implemented an Infrastructure Rate Fee was so that the City can pay for its infrastructure costs for citizens to have access to water supply and to be able to use the landfill because the current one is at the end of its lifespan plus there is a TDCJ issue with the Lynaugh Unit wastewater plant in addition to smaller projects that need to be dealt with. This Council inherited 40 years of issues because the City did not have the fire power to solve them years earlier nor the funds to do it.

Interstate commerce and the continued growth in this area have created a burden on our local citizens and the reason for the infrastructure fund which contains a fee to local residents, local businesses, R.V. Parks, hotels, and apartment complexes.

The first project that the City was required to handle was the 30" pipeline that should be completed in April. At times, many with the City have "taken bullets" due to this infrastructure fee because it has not been identified exactly how much money will be needed to solve these major issues.

FALCON
 WARNOCK
 URETA
 PALILEO
 RAMIREZ

MOVED	SECOND	VOTED AYE	VOTED NAY
		X	
		X	
		X	
X		X	
	X	X	
		X	

CITY OF FORT STOCKTON, TEXAS
 MINUTES OF: REGULAR CITY COUNCIL MEETING
 DATE OF MEETING: MARCH 26, 2019
 TIME OF MEETING: 5:30 P.M.
 PLACE OF MEETING: CITY HALL COUNCIL CHAMBER

VOTED NAY
 VOTED AYE
 SECONDED
 MOVED

ROLL CALL WAS ANSWERED BY COUNCIL MEMBERS:
 RUBEN FALCON, JAMES WARNOCK, MIKE URETA, JR. &
 PAM PALILEO, & DINO RAMIREZ

MAYOR: JOE CHRIS ALEXANDER
 CITY MANAGER: FRANK RODRIGUEZ III
 CITY SECRETARY: DELMA A. GONZALEZ
 CITY ATTORNEY: JESSE GONZALES, JR.

He believed that this fee begin on January 2017 and the focus has been to aggressively solve this infrastructure issue with the 30" pipeline, as well as finding ways to offset costs to taxpayers that are inside the city limits. Thus far, the City has generated plenty of funds from the infrastructure fee to also pay the overage for the 30" pipeline.

The City has also been successful in attracting oil and gas companies to use the City's property at Blue Ridge through pipeline easements as well as selling water there. These funds are offsetting costs to our local ratepayers. The prime goal of the City is to find ways of solving the community's problems without placing the entire burden on its local ratepayers.

Earlier this year after reviewing figures, the City believes that it can lower the infrastructure fee to benefit citizens. After consultation with Director of Finance Rodriguez and City Manager Rodriguez the consensus is that the infrastructure fee on the utility bill can decrease monthly for hotels by \$5 per room, \$5 per space for R.V. Parks, and \$2.50 per meter for commercial & residential customers. This reduction will continue to maintain ample funds to reimburse the Certificate of Obligation that was obtained to assist in solving several of the long-term concerns still remaining.

This infrastructure fee will need to be re-accessed yearly because if funds decline at Blue Ridge and other locations from what has been generated, more than likely the City will be required to increase rates once again. At his point, plenty of funds have been generated and the City believes that it is in a decent point to solve the landfill, wastewater plant, 30" water line, etc.

He asked City Manager Rodriguez to confirm what he stated and that this recommendation could be made. He wanted to ensure that he, City Manager Rodriguez, and Director of Finance Rodriguez were on the same page.

City Manager Rodriguez responded "Yes, sir." The only fees that are still being reviewed are the adjusted rates for commercial. He wanted to ensure that this modification was clarified. That evening's discussion needed to only focus on hotels, R.V. Parks, and residential customers. An ordinance will be considered during the April 9th Regular City Council Meeting.

Mayor Pro-Tem Ureta expressed that this fee could increase or decrease depending on the economy. If the economy suddenly "tanks," the City will consider lifting the burden on some of its citizens in residential and commercial.

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MOVED
 SECOND
 VOTED AYE
 VOTED NAY

ROLL CALL WAS ANSWERED BY COUNCIL MEMBERS:
 RUBEN FALCON, JAMES WARNOCK, MIKE URETA, JR. &
 PAM PALILEO, & DINO RAMIREZ

MAYOR: JOE CHRIS ALEXANDER
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City Water Attorney Harral replied that in reviewing the City's long-term sales tax revenue and long-term water use, its trajectory has increased by 9.9% each year due to the growth in Fort Stockton. There are oil and gas surges but a large portion has been Interstate 10, sales tax, & new hotels. Fort Stockton has this interstate burden that is being placed on residents and the City has attempted to allocate much where the burden originated from. They are the ones that should be paying to help cover the infrastructure costs.

Mayor Alexander expressed that the City would like to give everyone a decrease due to the extra funds that were primarily generated from Blue Ridge. The City also planned to repay the 20-year CO note for the 30" pipeline in 10 years. This rate decrease will revert the note to a 20-year trajectory; a Catch 22.

Hotel Owner Vic Bhakta, 901 E. Dickinson Blvd., Fort Stockton, Texas, reported that since 2018, the revenue for his 3 local hotels decreased 25% - 28%. Last year he paid in excess of \$50,000 on infrastructure improvements alone to obtain the utilities for these hotels. Business decreased last year and he asked that some adjustments be made to the infrastructure fee. Not only did his rates decrease but so did his occupancy.

Mayor Pro-Tem Ureta questioned if without a doubt that the CO would revert to 20 years because he understood differently. It's a *possibility* that it could but that was not what he was advised.

City Manager Rodriguez replied that according to the revenue business model that the City generates from its utility services ... if projecting in the same course as the City is currently progressing, the payments and adjustments can be completed plus the trajectory for the CO can be 10 years.

According to the City's Business Plan, utilities are to be stair stepped to keep up with rates and repairs. A prime example on this pipeline for an approximate 4-block radius is roughly \$520,000 for the material. What concerned him were unexpected expenses.

In preparing the Investment Plan, proposed was \$3.3 million in 24 months which excluded imposing a cost to citizens or obtaining a loan. If the City can operate without any emergencies, he could not promise but would attempt to repay the CO in 10 years. If 10 years is impossible, can target for 15 years and then 20 years, if need be.

CITY OF FORT STOCKTON, TEXAS
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MOVED
SECOND
VOTED AYE
VOTED NAY

ROLL CALL WAS ANSWERED BY COUNCIL MEMBERS:
RUBEN FALCON, JAMES WARNOCK, MIKE URETA, JR. &
PAM PALILEO, & DINO RAMIREZ

MAYOR: JOE CHRIS ALEXANDER
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CITY ATTORNEY: JESSE GONZALES, JR.

Council Member Falcon reported that in 2014, 2015, & 2016 when the industry declined, nearby Cities inquired how Fort Stockton's sales tax revenue remained steady. This has transpired for the past 10 years because the City considers everything from interstate, local events, temporary construction of windmills, solar panels, etc. The City has always studied or explored different means to maintain a steady sales tax. This City has never used its former revenue or natural gas revenue when considering its budget but prepares it on revenues generated from water, landfill, sewer, and garbage collections.

Also, some of the income that is generated at Blue Ridge from WaterBridge, infrastructure, easements, sales, etc. is used for purchasing large equipment which frees the cost(s) to citizens.

The City strives to survive on a day by day basis but nonetheless large commerce has settled with twice as many people as there are citizens plus they do not work in our community yet reside in local R.V. Parks, apartments, hotels, etc. Use of the City's infrastructure is justification for the fee and why it is being directed to those with accommodation/lodging establishments.

Mayor Alexander declared that the City was not "out of the woods." The 30" pipeline is almost complete, the landfill will hopefully be completed by the end of this year with another \$1 million + cost, the sewer treatment plant at the Lynaugh Unit will be \$500,000, and the other sewer treatment plant will be \$500,000 - \$1 million. Another big ticketed item is the longstanding and overly small main sewer line that travels from the east end of town, around town, and to the sewer treatment plant. Employees are required to clean out manholes on Main Street on a daily basis because the sewer backups.

Council Member Ramirez reminded everyone of the countless large water trunk lines that have also been neglected for years.

Mayor Pro-Tem Ureta recalled that they previously indicated that these adjustments would be made to the infrastructure fee.

City Manager Rodriguez reported that figures were reviewed for approximately 1½ months. The City will be fine and can continue with its proposed projects. Hopefully, Blue Ridge will continue in its same path.

RUBEN FALCON, JAMES WARNOCK, MIKE URETA, JR. &
PAM PALILEO, & DINO RAMIREZ

MAYOR:	JOE CHRIS ALEXANDER
CITY MANAGER:	FRANK RODRIGUEZ III
CITY SECRETARY:	DELMA A. GONZALEZ
CITY ATTORNEY:	JESSE GONZALES, JR.

Motion was made, seconded & carried unanimously to approve the City of Fort Stockton's Infrastructure Rates Impacting Local Residents, Hotels, & RV Parks.

11. Discuss and Act upon Completion of a Hydrology Test & Preliminary Study of the City of Fort Stockton's Three (3) Water Wells on Section 71/Adjacent to the TDCJ Wastewater Treatment Plant by the Thornhill Group for \$15,000.

City Water Attorney Harral commented that this item was in regards to the 3 water wells that the City owns at the Lynaugh Unit on Section 71. Currently, the City cannot touch these wells for its intended purpose because they are only permitted for irrigation-use. The City needs to complete a hydrology study and a pump test prior to submitting a permit application later in the year. This will be the exact process that FSH completed with their applications.

Hydrologist Mike Thornhill represented FSH and is the individual that developed the groundwater model currently being used by both the MPGCD and FSH. He is a subject-matter expert in this field and can complete the City's study for \$15,000. If any other hydrologist prepares this study the fee will range between \$50,000 - \$60,000.

He was informed that Cockrell Investments intended to protest the City's application to amend its H&E Permits from irrigation-use which means that the City needs a subject-matter expert such as Hydrologist Thornhill to represent the City in its initial hearing. This individual is the only one that he can recommend because he is already prepped with Cockrell's & FSH's processes plus he received a waiver from FSH to represent the City.

This item needs to be considered because the MPGCD is going to get stricter and problematic in the next 6-12 months. If the City waits to complete this process, the fee will increase.

The City has owned these 3 water wells for a very long time and needs to be able to use them to serve its citizens. The addition of 2-3 more wells to the water collection system at Belding is in the City's long-term business plan that was prepared in 2016-2017.

FALCON
WARNOCK
URETA
PALILEO
RAMIREZ

VOTED NAY
VOTED AYE
SECONDED
MOVED

X	X
	X
	X
	X
	X

CITY OF FORT STOCKTON, TEXAS
MINUTES OF: REGULAR CITY COUNCIL MEETING
DATE OF MEETING: MARCH 26, 2019
TIME OF MEETING: 5:30 P.M.
PLACE OF MEETING: CITY HALL COUNCIL CHAMBER

MOVED
SECOND
VOTED AYE
VOTED NAY

ROLL CALL WAS ANSWERED BY COUNCIL MEMBERS:
RUBEN FALCON, JAMES WARNOCK, MIKE URETA, JR. &
PAM PALILEO, & DINO RAMIREZ

MAYOR: JOE CHRIS ALEXANDER
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Council Member Falcon inquired if the bidding process was required for this.

City Manager Rodriguez replied that it was \$15,000.

Mayor Pro-Tem Ureta responded that the fee was below the \$50,000 threshold.

MPGCD Director Edwards reiterated that the MPGCD did not require a hydrological report to file permits. They only require some pump tests to demonstrate that the 3 wells are capable of pumping "that amount" of water and therefore a firm will be needed for that process. With the possibility of the application being protested by Cockrell Investments, it might be a good idea to complete pump tests.

City Water Attorney Harral emphasized that if Cockrell Investments plans to protest the application and if the City does not engage a subject-matter expert, the City is going to lose and will be forced to file suit against the MPGCD.

Council Member Falcon recommended the solicitation of proposals. He could not imagine why anybody or the MPGCD would have an issue with the City acquiring additional water wells for its citizens.

Director Edwards reported that the City currently had less than 1,000 acre feet of H&E Permits. These wells were not hooked to the city's water supply line when they completed their H&E Program so they would not have obtained H&E permits for public supply but only for farming because that is what those wells were being used for at the time. "This is a new use and to not get and say that not to get a permit is ridiculous."

Council Member Falcon responded "This is what I am saying but I think your board work."

City Water Attorney Harral stated that the process for an RFP would take approximately 2 months and if rules change between now and then he will not be able to assist the City.

Council Member Falcon asserted once again that even if the rules change, he cannot imagine anyone in Fort Stockton having an issue with citizens having access to more water.

MAYOR: JOE CHRIS ALEXANDER
CITY MANAGER: FRANK RODRIGUEZ III
CITY SECRETARY: DELMA A. GONZALEZ
CITY ATTORNEY: JESSE GONZALES, JR.

No Action Taken.

12. Discuss and Act upon the Pecos County State Bank Originator Agreement between the City of Fort Stockton and Pecos County State Bank.

Asst. Director of Finance Salinas stated that this agreement specified the dollar amount that the City can send in ACH files. A consideration is to set the total amount to \$750,000 in any given day to cover CO payments when they are due. If an ACH file needs to be sent that exceeds the \$750,000 limit, the bank will be contacted to request permission for the additional amount. Currently, there is not a limit.

Motion was made, seconded & carried unanimously to approve the Pecos County State Bank Originator Agreement between the City of Fort Stockton and Pecos County State Bank.

13. Discuss and Act upon Awarding of Bid for Routine Maintenance & Repairs Service Contractor for City of Fort Stockton Air-Conditioning & Heating Systems. Bids: Control and Equipment Company, West Techs Chill Water Specialist, LLC.

City Manager Rodriguez requested a motion to reject bids received because the bid amounts exceed the established yearly amount for that expense. A local contractor is currently being used to assist with needed functions.

Motion was made, seconded & carried unanimously to Reject Bids for Routine Maintenance & Repairs Service Contractor for City of Fort Stockton Air-Conditioning & Heating Systems.

FALCON
WARNOCK
URETA
PALILEO
RAMIREZ

X

	X
	X
X	X
	X
	X

FALCON
WARNOCK
URETA
PALILEO
RAMIREZ

x

	X
	X
	X
X	X
	X

ROLL CALL WAS ANSWERED BY COUNCIL MEMBERS:
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PAM PALILEO, & DINO RAMIREZ

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FOURTEENTH ORDER OF BUSINESS:

14. Discuss/Act upon Deed Without Warranty from the City of Fort Stockton for Lot 10, Block 13, Old Fort Addition to the Fort Stockton 4-A Economic Development Corporation.

EDC Director Ramos commented that this building behind City Hall on the corner of Main Street & Second Street was originally/formerly a bank. As the Police Department relocates from this building to another location, the EDC's goal is to rehab or sell this building to continue business development in the downtown area.

Council Member Falcon inquired if the auditors approved of this transaction? He merely wants to ensure that the City is not circumventing the sale process.

City Manager Rodriguez replied that this property would not be any different than any other property that the City owns. The City will need to approve the business plan/model when presented by the EDC.

EDC Director Ramos remarked that the EDC will require specific guidelines and a contract to approve the sale and development of this building. Also, this property cannot be purchased & held or sold to someone that does not intend to create jobs.

The sale process will stipulate that a business be generated in the downtown district that is advantageous to the area; a business that will encourage travelers to exit the interstate to visit the historic part of our community and that will encourage overnight stops versus the quick stop on the interstate.

Motion was made, seconded & carried unanimously to approve Deed Without Warranty from the City of Fort Stockton for Lot 10, Block 13, Old Fort Addition to the Fort Stockton 4-A Economic Development Corporation.

FIFTEENTH ORDER OF BUSINESS:

15. Questions from the Media on Agenda Items.

Several agenda item inquiries were made by the Media.

FALCON
WARNOCK
URETA
PALILEO
RAMIREZ

VOTED NAY
VOTED AYE
SECONDED
MOVED

		X
		X
X		X
	X	X
		X

CITY OF FORT STOCKTON, TEXAS
 MINUTES OF: REGULAR CITY COUNCIL MEETING
 DATE OF MEETING: MARCH 26, 2019
 TIME OF MEETING: 5:30 P.M.
 PLACE OF MEETING: CITY HALL COUNCIL CHAMBER

ROLL CALL WAS ANSWERED BY COUNCIL MEMBERS:
 RUBEN FALCON, JAMES WARNOCK, MIKE URETA, JR. &
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SIXTEENTH ORDER OF BUSINESS:

16. Adjourn.

There being no further business, motion was made, seconded and carried unanimously to adjourn the Regular City Council Meeting @ 6:55 p.m.

ATTEST


 Delma A. Gonzalez, City Secretary


 Joe Chris Alexander, Mayor

FALCON
 WARNOCK
 URETA
 PALILEO
 RAMIREZ

	MOVED	SECOND	VOTED AYE	VOTED NAY
FALCON			X	X
WARNOCK			X	X
URETA			X	X
PALILEO	X		X	X
RAMIREZ			X	X