

A Work Session of the Mayor and City Council of the City of Waxahachie, Texas was held at the Waxahachie Civic Center, Ballroom 1, 2000 Civic Center Lane, on Thursday, June 29, 2023 at 8:30 a.m.

Council Members Present: David Hill, Mayor, Council Member Place 1
Chris Wright, Mayor Pro Tem, Council Member Place 3
Patrick Souter, Council Member Place 2
Billie Wallace, Council Member Place 4
Travis Smith, Council Member Place 5

Others Present: Michael Scott, City Manager
Albert Lawrence, Deputy City Manager
Robert Brown, City Attorney
Amber Villarreal, City Secretary
Jami Bonner, Assistant City Secretary

1. Call to Order

Mayor David Hill called the meeting to order.

2. Discuss potential short-term rental ordinance

City Manager Michael Scott reviewed the goal for the Work Session is to receive Council direction on how to proceed with potentially regulating short-term rentals

City Attorney Robert Brown presented an overview of legal matters regarding Short Term Rentals (STR). He stated the debate around STRs revolves around two concepts – the rights of a property owner and the rights of the neighbors. The State does not provide any clear guidance on how to regulate STRs; however, several cities are navigating the process to support safe neighborhoods and curb STRs in single-family neighborhoods. Mr. Brown noted the main approaches to regulating STRs include:

- No regulations on STRs which may not address community concerns.
- Registration and traditional enforcement. Property owners that operate a STR would be required to register. Hotel occupancy taxes could be collected. Code enforcement and police response could be utilized to address problematic STR properties. This approach is relatively low cost and can be implemented quickly using existing resources.
- Evidence based local restrictions. Develop evidence-based ordinance to restrict STRs to certain portions of residential areas. This approach has high comparative costs, may require external consultants, extensive data collection, and a lengthy implementation period.
- Total ban of STRs. Completely bans STR uses in the community or in all single-family residential district. This approach may infringe on STR owner property rights and is unlikely to result in total compliance and risk of litigation.

Mr. Brown noted that many homeowner associations (HOA) are revising their rules and guidelines to ban STRs in their neighborhoods; however, this may not address current by operating STRs as it may be difficult to implement retroactively.

Shon Brooks, Executive Director of Development Services, introduced discussion topics to assist staff with direction.

What are short term rentals?

- Short-Term Rental (STR) is the rental of any residence of residential structure, or a portion of a residence or residential structure for a period of less than thirty consecutive days.
- STRs do not include non-residential units, a residential structure or portion of a residential structure that is not designed or intended for habitation purposes, a bed and breakfast as defined in Article IV of Appendix A (requires a Specific Use Permit), or a hotel.

Where are short term rentals?

- House
- Room in an occupied house
- Entire floor in an occupied house
- Multifamily unit
- Accessory dwelling unit
- Garage apartment
- Recreational vehicle

After further discussion, Council directed staff and Mr. Brown to prepare and present the following potential solutions:

- A short-term moratorium ordinance to immediately address citizen complaints at operating STRs while a long-term registration solution is being prepared.
- An ordinance to implement a short-term rental permit/license procedure requiring annual registration, inspection, local property management, and a system to monitor and record complaints. The ordinance may also include designated locations where STRs may operate.

City Manager Michael Scott noted the importance of citizens notifying the Waxahachie Police Department of disturbances that violate the City's noise and disorderly conduct ordinances.

3. Discuss City of Waxahachie Fiscal Year 2023-2024 Budget

Finance Director Chad Tustison presented the draft budget noting the certified tax roll and sales tax numbers are still pending. He explained the total preliminary working rate is calculated at .0611 (\$.02 decrease) which is made up of general fund (maintenance and operations), debt service, and the library. He noted Waxahachie has the lowest tax rate in relation to comparable cities and the City of Waxahachie tax exemptions equate to over \$900,000 in property tax relief and an additional \$1,000,000 foregone from the tax ceiling.

Mr. Tustison and Mr. Scott reviewed the following budget highlights for FY24:

- Base budget development
- Employee compensation: public safety pay plans, salary market adjustments
- One-time Capital outlay and equipment replacements
- Workforce needs including six firefighters, police records coordinator, buyer, Public Works director, utility maintenance technician, plan operator, and maintenance worker (Waxahachie Community Development Commission)

- Property tax rate and debt management
- FY24 working budget (General Fund, Water & Wastewater, and Restricted Funds)
- FY24 General Fund by function
- Preliminary net taxable values
- Tax rate by component (General Fund Maintenance & Operations, Debt Service, & Library)
- Sales tax allocation and projections
- Revenue summary (Current property tax, sales tax, franchise fees, licenses & permits, service charges, fines, miscellaneous, transfers in)
- Inflation and budget impact
- General fund requests (Replacement requests, Capital requests, Operating requests)
- Water budget (Additional debt service, budget requests, proposed budget)
- Wastewater budget (Additional debt service, budget requests, proposed budget)
- WCDC budget
- Sokoll water fund
- Airport fund
- Hotel tax fund
- Cemetery fund

Capital Improvement Plan (CIP) and Debt Service

- FY24 CIP Summary
- Streets projects
- Parks and Public Safety
- Water projects
- Wastewater projects

Council Member Chris Wright asked how many employees would benefit from certification pay. Mr. Scott responded it would depend on the scope of implementing certification pay. He noted he is working with the Human Resource Department to consider various certification pay plans and the compensation study will make recommendations.

Council Member Billie Wallace acknowledged implementing certification pay is a costly item, but she encouraged City staff to work on a solution to recommend to City Council for consideration.

Council Member Travis Smith inquired about the market study salary adjustment and how the recommended increase was concluded. Mr. Scott replied that the market study includes a comparative analysis of 31 cities and recommends increases by position, not across the board. Deputy City Manager Albert Lawrence noted the market salary adjustments will allow the City to be competitive and attract potential employees to Waxahachie. Human Resources Director Lindsey Mearns mentioned the City currently has 21 open positions.

Council Member Wright inquired about Chromebooks in the budget for City Council and P&Z Commission members. Mr. Scott replied that the iPads administered to members are aging and are no longer updating properly. The Chromebooks would replace the iPads for members that are interested in receiving their agenda packets digitally.

Council Member Wright inquired about the Inspection Lieutenant budget request on the “not funded” list. Fire Chief Ricky Boyd replied the goal of the position would be to inspect mid and high hazard occupancy every year and the low hazards every other year. He noted the number of planning reviews have increased 74% over the past five years.

Council Member Wallace asked if the Inspection Lieutenant is required to be a lieutenant position and asked for the mileage on the two Tahoes to be replaced. Chief Boyd replied the position does not have to be a lieutenant, but after consideration and discussion with City Management, lieutenant would be the best option. He noted the cost listed in the budget includes salary, benefits, training, and first year costs such as furniture, computer, etc. Chief Boyd stated the 2015 Tahoe has about 40,000 miles and the 2014 Tahoe has about 80,000 miles. Mr. Scott noted that staff looked at the Tahoes closely and believe they can be utilized another year.

Council Member Wright requested City staff to research the cost of adding lights to parks.

Mayor Hill asked City staff to research the cost of Wi-Fi music speakers for Downtown and an emergency generator for the Civic Center. Emergency Management Coordinator Thomas Griffith noted he has submitted two grant requests for Civic Center and Senior Center emergency generators, but is unsure when he will receive a response.

Council Member Wright inquired about a possible modular office for the Attendant Station at the Convenience Station. Parks Director Kyle Cooper replied there is a shade structure currently in place, but a more permanent solution will be considered as the Water Treatment Plant expansion is planned.

City Council discussed adding the following items to the proposed budget noting the importance to maintain a balanced budget:

- Inspection Lieutenant (\$210,521)

Mr. Tustison presented the budget timeline and next steps:

- August 1st: City Council budget update, if needed
- August 7th: Consider property tax rate and authorize bond issuance
- August: Public notices & hold public hearings
- September 5th: Budget and tax rate adoption

4. Comments by Mayor, City Council, City Attorney and City Manager

Mayor David Hill thanked City Departments for their efforts to prepare the proposed budget.

City Manager Michael Scott expressed gratitude to Chad Tustison and the Finance Department for their commitment to being fiduciarily responsible.

5. Adjourn

There being no further business, the meeting adjourned at 12:54 p.m.

Respectfully submitted,

City Council
June 29, 2023
Page 5

Jami Bonner
Assistant City Secretary