

CITY OF SANGER, TEXAS

MINUTES: CITY COUNCIL WORK SESSION
July 16, 2018 – 6:00 PM
502 Elm Street, Sanger, Texas

COUNCIL MEMBERS PRESENT: Mayor Thomas Muir, Councilman Bill Boutwell, Councilman Lee Allison, Councilman Allen Chick Councilman David Clark

COUNCIL MEMBERS ABSENT: Councilman Gary Bilyeu

The Mayor and four Council Members were present constituting a quorum.

STAFF MEMBERS PRESENT: Alina Ciocan, City Manager; Clayton Gray, Finance Director, Cheryl Price, City Secretary.

1. Call Meeting to Order

Mayor Muir called the Work Session to order at 6:02 PM on July 16, 2018.

2. Presentation on Potential Annexation of Property Located at the South East Corner of FM 2164 and FM 455.

Planner Muzaib Ruiz advised the applicant is present at the meeting and would like to make the introduction.

Mayor Muir noted that Councilman Lee Allison recused himself from the room because his engineering firm represents the applicant.

Engineer Shafer Harris of Allison Engineering was recognized to make the introduction and provided handouts to the Council. He noted that at the last City Council Meeting they were requested to go back and make a plan and come back with more details. He summarized the vision for the property. He noted that it is mainly divided into three lots. On Lot 1 there is an existing 50 x 50 foam insulation business which his client is currently operating. On Lot 2, they envision, with the proximity of the lake, that it would be advantageous to serve the lake visitors with a boat storage facility. He noted, the applicant has a large boat and it is hard to find a place to store it. For Lot 3, they are hoping to open it up for a commercial site for someone to come in and develop. Maybe a quick trip type service store, restaurant, car wash type facility. He will be getting two entrances from TxDOT – one on FM 2164 and one on FM 455 and also will have a private 24-foot-wide concrete drive. Possibly it will be widened in the future to a 46-foot drive. The property will be serviced by Green Springs Water Supply and they do not provide fire protection level of service. For his buildings they would not be sprinkled and for the commercial buildings they would just have to go by code. The sewer would be onsite septic and there is plenty of acreage for that service. As far as phasing, he is hoping to continue his business as is, as a means of economic venture and quickly put in the road, and then put in the boat storage and leaving Lot 3 for development as developers come in. He noted there are some other items that will be flushed out with staff. Such as when does he need to bring his site with the existing business up to code and into compliance, i.e. paved parking, etc. They are hoping for a 3-year to

5-year scenario. The question of the boat storage being paved or gravel was addressed. They are looking at a heavy gravel, with a six-inches on compacted sub base and some sort of stipulation on when they would have to pave that area. He noted they have met with staff regarding the process of annexation and are proposing to bring it in as Business District 2 (B-2) zoning. He noted that they would like to develop it in a Planned Development. Councilman Boutwell asked when they are planning to upgrade the site to code compliance. Mr. Harris noted that as they are annexed into the city they would ask for the time period which they would have for compliance. Mayor Muir shared his opinion and noted that the primary issue is to get the business compliant and in a jurisdiction that is going to be business friendly and help him grow. Mayor Muir noted that is to zone it in a Planned Development. Initially take in Lot 1 and let everything else come in under Agricultural leaving the other property as a blank canvas. That possibly, it may not need to be storage in the future. When they are ready to take phase 2 on, down the road, we can look at what is needed at that point. Councilman Chick asked what the burning purpose is. Mayor Muir noted that he there are some zoning issues and the would have to go in front of Lake Ray Roberts to get approval to have his existing business. Mr. Hendricks was recognized and stated that he had built in the County before and did not realize that Lake Ray Roberts had its own Planning and Zoning Board and he went to pull permits for his business and it was not the right permit. In the process of pulling the wrong permit it made some people upset and he does not feel he would get the same open-door policy he gets with Sanger. As of right now he does not have any options and they would like him to start over and they will not give him the zoning to have the business. It is built to code as far as the County goes. Ray Roberts wants it to be zoned commercial as soon as possible and they are not willing to do that. He noted that if they zoned it commercial that does not mean he will get the permits he needs to continue his business. Mayor Muir noted that the benefits to us would be control of the hard corner and also to see it develop into something. There was discussion as to what the property could hold with the prime location for the future. There was discussion as to the property being boat storage for such a prime piece of property. City Manager Alina Ciocan noted that staff could assist with working up a Planned Development with specific commercial uses, etc. Mayor Muir noted that the Council is probably going to be open to doing the annexation with a Planned Development Zoning but not just straight commercial zoning. There was extensive discussion regarding the zoning. Councilman Boutwell noted that it is important for the future development of the site that they need to have a water source for fire suppression. Councilman Clark noted for the record that he did not have heartburn regarding the boat storage. He stated that he felt the applicant is a smart businessman and if something else comes along that he will probably do something better. He noted he did not have any problem with the annexation and helping him with the firestorm he seems to be in. Mr. Harris summarized what he believed he was hearing from the Council. That the city is not looking for another boat storage in the area, long term. The SUP option would be a midterm use. He noted that the City does not have the infrastructure in place that would currently support a hotel or restaurant on that corner at this time. Mayor Muir noted that to get consensus, they need to figure out what they would like to do and draw it up with the energy tech portion and come back for zoning on the rest of the property. He noted it would go to Planning and Zoning and to the Council. Councilman Chick reiterated that if the boat storage was on a side road he would not mind but this is a prime visible location. Dotting the whole FM 455 with boat storage does not do any good

for the city. It does good for the owner getting the rental fee. He noted he would like to see it be beneficial for the area and not just the developer. Councilman Boutwell noted there may be several upscale homes being built and they may not be happy with the boat storage facility. There was brief discussion regarding the development of the property. Mr. Hendricks noted concern regarding the driveway and was told that the feeder driveway (farm drive) would go away after the property was zoned. It was noted that he would have to go to TxDOT and ask that question. Mr. Harris asked about the items that would be necessary regarding bringing the property up to compliance on the Energy Tech site and if they would be allowed some time to come into compliance. Mayor Muir suggested that could be written in black and white in the PD and there was a general consensus that this it could be amenable by the council members.

3. Presentation by Developer on Proposed Public Improvement District (PID) for the Lakes at Lane Ranch Development.

Mr. Ed McBirney was recognized and advised that they are presenting a Public Improvement District (PID) development for The Lakes at Lane Ranch. They have brought several people with them Homeyer Engineering, O'Brien Architects, TBG Partners – the land planning consultant, T. Wilson and Associates for the PID and FMSbonds Inc, for the bonds and Leadership Traffic Services representing the traffic study. He introduced Jennifer Butler to make the presentation. She summarized that they are proposing a new and improved 350-acre mixed use commercial and residential mixed-use community. She presented renderings noting there is 250,000 square feet of commercial office retail (medical, restaurants). The commercial being on the northwest part with a micro-hospital and medical office buildings, there will be restaurants overlooking the lake. There is a market with a grocer and the strip retail neighborhood, commercial providers. The silos and promenade with a barn, a farmer's market and splash pad. The northwestern part of the community is boat and RV storage. There is a senior living component with senior living patio homes which are assisted. Single family housing development with catch and release ponds, 2.5 acres of fully lit bike trails and lit dog park walking trails. The first phase of the project is the commercial aspect. The website is www.thelakesatlaneranch.com where there is further detail. They want to make this happen through a Public Improvement District and introduced T. Wilson and Associates to present the information on the PID and the time frame when everything would come into fruition with the Council guidance. Mr. Kirk Wilson was recognized and noted that at the last work session the Council was briefed by the City's financial adviser on two tools that are available to cities that are being used throughout the metroplex and the state, one being the Public Improvement District (PID) and the other being the Tax Increment Reinvestment Zone (TIRZ). These types of tools are used on this type of project, as large as it is, a large master planned community, which will be built out over a number of years. What they would like to do is over the next 60 to 90 days is negotiate a development agreement with the city that would include all of the components of what they will be building, how they will be building them; and, also the tools they would use developing the property. As discussed at the last work session the PID would be created just over their land area. All of the landowners in the public improvement district would be consenting to this improvement district. This would be a zone that would be entirely in the city boundary and the development agreement that would be negotiated would set out the terms that would

be levied on the property. In that particular discussion and dialogue the rate of taxation or assessment within the area will be studied and the city will make sure that it is appropriate for that particular land area. They will have to make sure that the level of assessment is appropriate for them to be able to sell property within the boundaries through the builders and the commercial properties as well. He noted that at the last meeting Councilmember Bilyeu asked what they are building and how will they get it done. He stated that this could be part of the dialogue and they can figure out what the items are. There are things that the developer needs done and they will be discussing those too. What they would like to do is have the City Council at the next meeting to approve a professional services reimbursement agreement that the City's financial mentioned last week. That agreement with Council approval would allow the developer to put a deposit up with the city and with that deposit the city would pay the professionals necessary so that the city is not out any funds during the negotiation process. As the professional's bill and the escrow is depleted the developer will then pay bills on a monthly basis through invoice. The people paid on the city side would be the financial advisor, the attorneys, or other consultants that the city chooses to bring in. On the developer side they would have obviously have their attorneys, consultants and through that process, this is something that cities do throughout the state on a regular basis. He noted he would answer any questions. Councilman Boutwell asked how many PID's T. Wilson has been involved with and were they all successful. Mr. Wilson stated 60 to 70; and, when you say "all successful" you have to talk about how the process works. He noted a public improvement district is created and then the next step is a levy is put in place and then from a levy perhaps bonds or issued or payments are made and the developer is made whole over a longer period of time. Some of the projects he has worked on have resulted in bonds being issued and noted that it was in Trophy Club with a project known as The Highlands. He mentioned other PIDs he was involved with, noting some are large and some are small, and when you talk about the success of a PID, the answer to that is no. The only one that is having financial problems right now is in Galveston. Councilman Boutwell stated that when he said successful he clarified that he wanted to know how many strenuous tasks they had to complete and ran smoothly with no legal battles, etc. Mr. Wilson stated he could not name one where there were any legal problems. Councilman Boutwell noted that they said it takes 50% of the landowners and asked how many landowners there are involved with the development of the property. Their approach is 100% of the property owners. There will be two basic entities the developer and the other parcels are subsidiaries of Lane Ranch. There are only two property owners involved. Councilman Allison asked for clarification regarding the agreement he is planning on bringing to the next Council meeting. That it is basically going to be a participation agreement to put monies aside from \$50,000 to \$100,000 for the city's expenses. After that there would actually be preparation of the actual developer's agreement itself. In that developer's agreement it would not have the final answers but would assess items such as the service area impact analysis. What is the impact on our water, wastewater, drainage and transportation systems, as well as a zoning package so we can get all of the zoning in place up front and maybe some kind of phasing so we can see that the amenities come sooner instead of later. Some idea from the developer where he plans on starting and bringing things in. Mr. Wilson noted that Councilman Allison touched all of the relevant points. They will be delving into every issue the city thinks is relevant to the project; and, they of course want their points addressed. They will go through the process and hopefully be successful

in bringing back a development agreement that the City Council will approve. Councilman Boutwell noted that he was told they have done an impact study. Mr. McBirney was recognized to answer the question and stated they have completing a traffic study and also doing a study on the water lines and the sewer. Everything related to Lane Ranch that the PID requirements ask for. All of those issues are being addressed. Councilman Boutwell asked if this would be Mr. McBirney's first PID. Mr. McBirney stated that it is his first one. Mr. McBirney has not track record with PIDs'. Mayor Muir noted that the initial agreement to proceed further needs to be material enough that we can engage appropriate representation. Councilman Allision said \$50,000 to \$100,000 and we need to make sure that is adequate before we even go forward. He noted that things that he sees are the RV sites and ultimately, we have to have some of those services and noted that he did not feel that the open-air market is the highest and best use. To the water and infrastructure, Bolivar Water has the CCN and it may have to be acquired somehow. It was noted that half of the property is the city's CCN and half Bolivar Water. He noted he has met with the school regarding school acreage. He noted firehouses, etc., all need to be on the wish list and that they have an obligation to include take care of thier partners in the community. Mr. McBirney noted that they would address everything and that he is having a difficult time with Bolivar Water, they are not a seller at this time. There are some legal ramifications they can explore as far as decertification. There was discussion regarding the problems with splitting of the water service area, that there would be areas where the water would be served by Bolivar Water and the sewer by the city of Sanger. There was brief discussion regarding the roads and impact on traffic. Mr. McBirney noted that it would take at least 60 days for the traffic study to be completed. Mayor Muir asked Ted Christensen the City's financial advisor who was present, if the Council has been asking all of the right questions. Mr. Christensen advised that the Council is asking the right questions; however, the developer is being a little optimistic to have a professional services agreement ready by the next meeting. He would need time to review it and this would not happen by the next meeting. Mr. Christensen noted that the developer needed to send him a draft of what they are proposing so he can review it with the attorneys and let them know what would be appropriate. Mr. Wilson noted that they would put together something very simple that the developer would pay within 30 days. Mr. McBirney noted that there are a lot of things that need to be addressed and what they are asking is that it be done all at one time. It was noted that it took 9 months to get the agreement done last time. As far as the professional services agreement Mr. Wilson stated he could send a copy tomorrow and the City could work with it.

4. Overview of Regular Items on the Agenda.

No items.

5. Adjourn.

There being no further business, Mayor Muir adjourned the Work Session at 7:04 PM.