

REGULAR MEETING
MONDAY, AUGUST 8, 2011
6:00 P.M.

A Regular Meeting of the Anahuac City Council was held in the Council Chambers of Anahuac City Hall located at 501 Miller Street, Anahuac, Texas on Monday, August 8, 2011 at the above noted time.

There were present:

Sue Hawthorne
Cheryl Sanders
Linda Palmer
Danny Thompson
Hall Whitley
Miguel Anderson
Lance Nauman
Kimberly Upston
Richard Ferguson
Dan Irby

Mayor
Mayor Pro Tem
Councilwoman
Councilman
Councilman
Appointed Councilperson
City Administrator
City Secretary
City Attorney
Public Works Director

Those not present:

Sharon Brown

Councilwoman

Guests:

Dana Evans
A. Lynette Parsons
Dayna Haynes
Jamie Codey
Tucker Jefferson
David Hatfield
Don Langford
Jim Kasserman
David Baker
Rick Bourque
Ben Tinsley
Mr. Sayers
Mrs. Sayers
Citizen
Citizen
The Progress
Sampson Lone Star, LLC
Sampson Lone Star, LLC
Chambers County Sheriff's Dept.
Constable
James Construction Group
Public Management
Schaumburg & Polk
The Baytown Sun
Citizen
Citizen

At 6:00 p.m. Mayor Hawthorne called the regular meeting to order and led the invocation. Councilwoman Sanders led the pledges to the American and Texas flags.

There were no comments from the audience.

The request for a seismic permit from Sampson Lone Star, LLC was discussed. Councilwoman Sanders said she did not believe there should be any charges allowed. Mayor Hawthorne asked if it would only include geophones. A representative from Sampson stated that was correct.

Councilwoman Sanders asked when the testing would start. The representative said it would begin late this year in November or December or possibly the first part of next year.

Councilwoman Sanders made a motion to approve the seismic permit request from Sampson Lone Star, LLC on the condition they approve the addendum that will only allow geophones and no charges within the City limits. Councilman Whitley seconded the motion. All in favor and motion carried.

Mayor Hawthorne took the next item out of order. Discussion was held on the Mayor appointing a committee to address standards set forth in the Fair Housing Act to be part of the due diligence as part of FEMA Round Two. David Baker was on hand to explain.

Mr. Baker explained the FEMA Round 2 money is set to release. He said December is when they will start taking new applications. He said initially the City had received three million dollars from HGAC but, that may change because of new procedures. He said they would need to review the Cities ordinances, procedures, and activities.

Mr. Baker said the first step in the process is for the committee to be formed and for them to attend training on August 30, 2011. At that time there will be a needs assessment done and a FAS form filled out.

Mayor Hawthorne asked how the time line was for the committee to be formed and the training carried out. David Baker said they would like the committee formed by August 25th and the training will be held in Houston on August 30th and at least a couple of members of the committee need to attend. He said the assessment needs to be done by September 9th and the FAS form needs to be submitted by September 23rd.

David Baker said there are a lot of Cities that are not going to be taking part of the Round 2 money. He said he would apply for more than the previous allocation of three million.

Councilwoman Palmer asked how long the training was. David Baker said it was for one day. He said it was going to be held on August 30th in Houston at the Hobby Marriot and then the next day at the hotel Elegante in Beaumont.

Mayor Hawthorne asked who should be on the committee. Mr. Baker said one staff member, one elected official and then three other persons.

Councilwoman Sanders made a motion to authorize Mayor Hawthorne and Lance Nauman to appoint people to the committee. Councilman Thompson seconded the motion. All in favor and motion carried.

At the request of Councilman Thompson, Mayor Hawthorne then took the resignation of Councilwoman Sharon Brown out of order. She explained that Councilwoman Brown had turned in her resignation because she had moved out of the City limits. Councilwoman Sanders made a motion to accept Councilwoman Sharon Brown's resignation. Councilman Whitley seconded the motion. All in favor and motion carried.

Council did not adjourn into closed session. The appointment of Public Officer was discussed. Councilwoman Palmer nominated Miguel Anderson to fill Position 3 of the Council.

Councilman Thompson made a motion to appoint Miguel Anderson to Position 3 of the Council. Councilwoman Palmer seconded the motion. All in favor and motion carried.

City Secretary Kimberly Upston administered the oath of office to Mr. Anderson. He took his seat on Council.

Discussion was held on the appointment of one position to the AMDD board. Councilman Thompson said the person the board has chosen is Sally McGee. She will be filling Paul Quin's position on the board because he is moving away. Councilman Thompson said she is the wife of a current board member. Councilwoman Palmer asked if the board had a nepotism policy. Councilman Thompson said they did not.

Councilwoman Sanders made a motion to appoint Sally McGee to the AMDD board. Councilwoman Palmer seconded the motion. All in favor and motion carried.

The request from Chambers Liberty Counties Navigation District (CLCND) for right of entry permission for the East Shoreline Project was discussed next. Lance Nauman explained that CLCND was working with the Corps of Engineers to build a levee on the east side of Lake Anahuac. He said part of the project is to have a path to move equipment in and out of the area.

Mr. Nauman said they have as for permission to use our land on the lake to move equipment up and down the shoreline. He said it would benefit the City because in order to move the equipment they will have to clear the land.

Councilman Whitley made a motion to grant the request from Chambers Liberty Counties Navigation District for right of entry for their East Shoreline Project to use our property to move equipment in and out of the site temporarily. Councilwoman Sanders seconded the motion. All in favor and motion carried.

Discussion was held on contracting with Valerie Jensen for City website services. Mayor Hawthorne explained that the current person handling the website has expressed interest in not going forward with managing the site. Ms. Jensen has volunteered to take the job and she would like \$20.00 a month for the services. Lance Nauman said he could draft a contract for Ms. Jensen to sign. Councilman Thompson made a motion to contract with Valerie Jensen for City website services. Councilman Whitley seconded the motion. All in favor and motion carried.

The bids for the Belton Lane Drainage project, Disaster Recovery Project DRS010007 and awarding the contract was discussed next. Mayor Hawthorne explained the project to Councilman Anderson. Rick Bourque was on hand to explain the bids received. He said it was his recommendation to award the project to James Construction Group, LLC.

James Kasserman from James Construction Group, LLC was present to explain their qualifications for the project. He stated the company was currently doing job for Galveston County and had performed many state projects also. Councilwoman Palmer asked if they sub contract the work to anyone else. Mr. Kasserman said they do everything but, the asphalt work themselves and there may be some of the bores under the roads they will not perform.

Councilwoman Palmer asked what the time line was for completion. Mr. Kasserman said he believes it will take around eight months. Mr. Kasserman explained where the drainage project would be placed. He also said there would be some culverts replaced on FM 563. Councilman Whitley asked about the culverts on Belton at S. Kansas. Rick Bourque said himself and the County had worked those together and everything was fine.

Councilwoman Palmer said the project was to elevate the flooding and she asked if there was a guarantee that it will drain. Rick Bourque said yes. Councilwoman Sanders asked if the County needed to do anything like cleaning out ditches. Mr. Bourque said there isn't anything they need to do.

Councilwoman Sanders asked when the project was going to start. Rick Bourque said around the first of September. James Kasserman said after the award of the bid they would order the boxes and start as soon as they are ready.

Councilman Whitley made a motion to award the bid to James Construction Group, LLC for the Belton lane Drainage project, Disaster Recover Project DRS010007. Councilwoman Sanders seconded the motion. All in favor and motion carried.

Discussion was held on the contract with Trinity Bay Conservation District for water services. Lance Nauman explained the final numbers will be \$3.00 a

thousand with a 5% increase each year. He said the City would have to raise water rates. Mayor Hawthorne explained the situation and the contract to Councilman Anderson.

Mr. Nauman said we currently produce 10 million gallons of water and we sell around 4 1/2 million. He said staff is looking at meter read systems that will capture some of the lost water. He said he is budgeting to capture around 15 percent. He said out of the four companies that they have spoken to that is a conservative number. He said it would translate to around \$168,000 in revenue.

Mr. Nauman said he will be bringing more information and a proposal to Council in the upcoming months. He said the water loss right now is at 43 percent. He said the water loss is coming from leaks, old meters, and old lines. He said with the captured revenue he would like to replace water lines. Mr. Nauman recommends the terms of the contract at \$3.00 per thousand with a 5 percent increase each year.

Mr. Nauman said there are three different types of meters in the City. He said some meters are stuck open. Councilwoman Sanders asked what the normal percent of water loss is. Mr. Nauman said it is between six to eight percent. Dan Irby said the new meters will work with our existing fire hydrants. The auto read devices will be fitted to the hydrants and it will radio the reads back to City Hall.

Lance Nauman said with the new system staff will be able to turn on and off someone's water with the push of a button. He said we can also set perimeters on the usage so it will alarm the office to notify citizens of possible leaks. Councilwoman Sanders asked what would happen in the event of a hurricane and we have no electricity. Mr. Nauman said that from the office we can turn the system off and isolate different parts of the City. City Hall has a generator that will keep the computers working to be able to do this.

Councilwoman Palmer asked when the water rates would have to be raised. Lance Nauman said we would have to raise the rates three to four percent every other year. He also said the rates need to be raised. Councilman Whitley asked when the meter replacement would take place meaning the whole project to be complete. Mr. Nauman said after the presentation of the proposal and the contract agreement it would be 60 to 90 days. He also said staff has already started identifying types, locations, and conditions of meters throughout the City.

Councilwoman Sanders asked how much it would cost to get connected with Trinity Bay. Mr. Nauman said that part of the rate is their gain sharing on a 10 inch transmission line. He also said they are providing the construction of the line. He said the meter for the line will be inside gates at the water plant.

Councilwoman Sanders asked if the injection sites would still be necessary. Mr. Nauman said the injection site would be moved to the water plant. Mayor Hawthorne said we would be able to fill our ground storage tank. Dan Irby said it would put the City back on the Cities pumps.

Councilman Thompson asked if the water bill for \$30,000 was going to be paid at the rates we have now. Mr. Nauman said the bill was going to be worked out. Mr. Nauman said if the contract was not approved then we would possibly be subject to the \$5.80 rate. Councilman Thompson asked how much money would be paid to Trinity Bay throughout a year. Mr. Nauman said around \$281,000 assuming we run at the same consumption rate. Councilwoman Sanders asked if there was a minimum amount that needed to be purchased from Trinity Bay. Mr. Nauman said there wasn't.

Councilman Thompson asked what the City would pay Trinity Bay over 10 years. Mr. Nauman said we would be paying them \$436,000 in year 10.

Councilman Thompson asked how much money it would be to refurbish the water plant.

Rick Bourque said to build a new plant it would be around three million dollars but, you would need to include the reservoir and that would make the total around 30 million dollars. Councilman Thompson asked how much water cost to produce per 1000 gallons when we took the plant out of operation. Rick Bourque said it was \$1.60 per 1000. Councilman Thompson expressed his desire to refurbish the water plant. He also said he did not feel comfortable entering into an agreement without having a cost analysis done.



Lance Nauman said there are something that needs to be cleared like insurance and indemnity. Councilman Whitley asked how long it would be until we could cancel the contract. Mr. Nauman said it would be nine and a half years until we could cancel the contract.

Councilwoman Sanders made a motion to approve the Trinity Bay Conservation District contract. Councilman Whitley seconded the motion. The motion carried with one nay vote from Councilman Thompson.

Replacing one member of the fraud committee as stated in the fraud policy of the City of Anahuac temporarily was discussed next. Councilman Thompson said he would like to replace the Mayor with the Mayor Pro Tem for the remainder of the Mayor's term and add Councilman Whitley to the fraud committee.

Councilwoman Palmer asked the reasoning behind this decision. Councilman Thompson said he would like the committee to investigate the Claud Arnold incident. The Mayor then explained to Councilman Anderson what the incident was.



Councilman Thompson made a motion to replace Mayor Hawthorne with the Mayor Pro Tem for the remainder of the election cycle and add Councilman Whitley to the fraud committee. Councilman Whitley declined to be on the committee. Councilwoman Palmer also declined. Motion died due to lack of second.

Councilwoman Palmer said there was no money lost by the City and she sees no need to change the committee. She said she has looked at the incident and believes that with the City Administrator being on the team if there was an issue, he would enlist help from Council. She believes there was no intent with the incident.

Councilman Thompson made another motion to replace the Mayor with the Mayor Pro Tem for the remainder of the Mayor's term. Motion died due to lack of second.

Discussion moved to the renaming of the Fraud Policy. Councilman Thompson made a motion to rename the Fraud Policy something other than Fraud Policy. Mayor Hawthorne asked if he had another name in mind. Councilman Thompson said maybe misconduct.



Councilman Thompson changed his motion to rename the Fraud Policy the Misconduct Policy. Councilwoman Sanders asked if staff had reviewed other policies from other cities. Lance Nauman said he had reviewed other policies and the policies varied. Councilwoman Sanders suggested that the item be brought back into a workshop to discuss further.

Councilman Thompson said a letter to the fraud committee had been sent for the investigation to start and that the Mayor would be investigating herself. The Mayor asked for a second to Councilman Thompson's motion to rename the Fraud Policy the Misconduct Policy. Motion died due to lack of second.

Mayor Hawthorne took Lance Nauman's report out of turn. Mr. Nauman explained that adjustments are made to citizen's water bills when there is a leak but, the policy does not speak to garden meters. He explained that the Sayers' water bill is usually between 17 to 18 thousand gallons for the garden meter. He said their last bill was for 100,000 gallons of water for their garden meter.

He said they had a leak in a hidden place and it went unnoticed. He said when that happens he would like to take a three month average of water usage and give an adjustment to the citizen.



Mrs. Sayers said she felt like someone from the city should have told them about the usage when the meter was read for billing. Lance Nauman said he would draft a policy that deals with adjustment to garden meters on the next agenda.

Discussion moved to accounts payable. Mayor Hawthorne explained the accounts payable process to Councilman Anderson. Councilwoman Sanders asked about the unemployment payment to the Texas Workforce Commission. Lance Nauman said it was the unemployment taxes of the City. Councilwoman Sanders asked if staff had found out anything about moving the accounting in house. Mr. Nauman said staff had been on conference calls previewing new systems and that he would be presenting information to Council at the next meeting.

Councilwoman Palmer asked if the computers in the office would need to be replaced to handle all of the new systems that will be added to them. Lance Nauman said that he would be getting with our technology company and new computers are something that is being looked into.



Councilwoman Palmer asked what the cost savings would be with bringing the bookkeeping in house. Mr. Nauman said that at the moment the City spends around \$30,000 in bookkeeping services. He said the new system will cost around \$13,000-14,000. He said that there will still be the expense of the audit firm from around \$10,000-15,000. He said he felt this was a good time to go out for bid on our audit services because the contract with the current auditors has expired.

Councilwoman Palmer also asked if there was going to be separation of duties when it comes to the accounting. Mr. Nauman said he is looking at hiring an extra person to share between administration and public works. He said with that person would be in the front office and they would be task driven. He said we could create a utility billing format to stay on top of the program when we have alerts to notify the customer. He said the system does have an audit trail that will record all changes made within the system and the log in of the person that made the changes.

Councilwoman Sanders asked how much a mini-excavator cost. Lance Nauman said the cost would be around \$10,000-15,000 for a mini and around 30 thousand for a medium duty. Dan Irby said they were looking at a piece of equipment that would trench and dig.

Councilwoman Sanders made a motion to approve accounts payable. Councilman Thompson seconded the motion. All in favor and motion carried.



The bookkeeper's report from June 2011 was discussed. Councilwoman Sanders asked if the City could collect interest from the meter deposits. Lance Nauman said he believes we are "a little light" on meter deposits. He said he would like to do a study on the water deposits. Councilwoman Sanders would like to collect interest on them. Mr. Nauman said he would follow up on the issue.

Councilwoman Palmer asked Richard Ferguson if the City would be able to collect interest. He said he believes the Local Government Code addresses it but, he would have to check on it. After more discussion, Councilwoman Sanders made a motion to approve the bookkeeper's report from June 2011. Councilwoman Palmer seconded the motion. All in favor and motion carried.

Discussion moved to the Quarterly Investment Report for the period ending June 30, 2011. Mayor Hawthorne asked if the accounting was brought in house would we have to name another investment officer. Mr. Nauman said that we would and that there are some training hours that the person would have to take and he would be willing to do it.

Councilwoman Sanders asked about the pledged securities. Councilwoman Palmer said it was the banks money that they have to pledge to cover our deposits. She said the money is mortgages and as the mortgages are paid down or sold the balance changes. Councilwoman Sanders asked what the report tells us. Councilwoman Palmer said it means our money is safe at that bank because they have taken securities and set them aside in case they go out of business there is money there to cover our accounts.

Councilman Thompson made a motion to approve the Quarterly Investment Report for the period ending June 30, 2011. Councilwoman Palmer seconded the motion. All in favor and motion carried.

Adopting a City Vehicle Policy was discussed next. Lance Nauman directed Council's attention to the draft policy that was presented. He said at this time, the City's vehicle policy consisted of about two or three sentences. He said we can amend the policy and it will be presented to employees to sign.

Mayor Hawthorne asked if there was something already in place about using tobacco in city vehicles. Lance Nauman said there is reference to it. Mayor Hawthorne asked it be added to the vehicle policy. Councilwoman Sanders asked about employees that use their personal vehicles for city business. Mr. Nauman said he drives his vehicle for city business and also the office staff drives theirs.

Councilwoman Sanders asked if something happened to an employee while in their personal vehicle but, they were doing official city business would it be considered a on the job injury. Mr. Nauman said it would. Councilwoman Sanders asked about the part of the policy that speaks to employees using city vehicles for personal use. Mr. Nauman said in emergency situations it would be permitted for an employee to use a city vehicle with the permission of their supervisor. He said he believes the reason should be very clear and the permission given should be for that specific reason and there shouldn't be any deviation from that reason.

Mr. Nauman said the only people that would be permitted to ride in a city vehicle would be vendors to look at job sites or other specific situations where the employee has the consent of their supervisor. Councilwoman Palmer asked if there would be documentation on the reason and permission given to the employee to use a City vehicle or to have someone other than another City employee in the vehicle. Mr. Nauman said if there was an issue there would be questions asked of the employee and the supervisor.

Councilwoman Palmer made a motion to approve the vehicle policy with the addition of tobacco use in vehicles and more defined language about unauthorized people in City vehicles. Councilman Anderson seconded the motion. All in favor and motion carried.

Discussion moved to a possible ordinance to regulate golf carts on city streets. Councilman Thompson said he had received 10 complaints about golf carts from citizens. Officer David Hatfield with the Chambers County Sheriff's Department was on hand to discuss state regulations. Officer Hatfield said

state regulations state golf carts are legal on roads during daytime hours on roads that have a speed limit posted of 35 miles per hour or less but, the City can regulate the use of the carts.

Councilwoman Palmer said she can see why people would be using golf carts. She also said they cut down on pollution and save money on gas. Councilwoman Sanders said she is okay with golf carts but, she does believe they need to be regulated. Officer Hatfield said the Sheriff's Department is getting complaints everyday about golf carts on the roads.

Officer Hatfield said the City can pass an ordinance that regulates the use of golf carts on city streets and we can call Constable Langford to enforce it. Discussion was had on the state requirement for golf carts to be legal on the streets. Council decided to have the City Administrator come back at the next meeting with examples of ordinances and maybe add the item to a workshop agenda.

Councilman Thompson withdrew the item from the agenda until more information can be found. There was no action on this item.

A policy for landlord's water accounts and usage was discussed next. Mayor Hawthorne explained there is not a policy on landlord water accounts. Richard Ferguson said no amendment would need to be done to the ordinance for the landlord's policy. Kimberly Upston explained what is done for landlords currently. Council talked about having landlords put a deposit on file and register the account as a landlord account and when renters move in put the account on vacation and when renters move out turn the account back to active.


It was decided to place the item on a workshop agenda at a later date. No action was taken on this item.

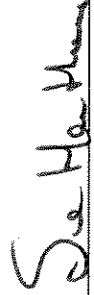
Reports were discussed next. Constable Langford said he was on vacation and did not bill any hours to the City. Dan Irby stated the fire hydrants have been tested and they are in working order. Lance Nauman said staff has reached out to the fire department on several occasions to help with the process and have gotten no response.

Mr. Nauman said his items were spoken about earlier but, he did want to add that an e-mail would be sent out at the end of the week to report progress on certain items.

Mayor Hawthorne said she is a member of a Chambers County Mayor's group and their main job is to appoint a person to the Gulf Coast Waste Disposal Authority. She said the group meets every couple of months to network. She said the City of Anahuac hosted the last lunch. It was held at the Wellness Center and they provided lunch also. She said it was a very nice lunch, Mr. Nauman gave a presentation on city projects, and the Wellness Center gave a tour of their facilities.

With no other business to come before Council, Councilwoman Palmer made a motion to adjourn. Councilman Anderson seconded the motion. At 8:35 p.m. the Regular Meeting of the City of Anahuac City Council was adjourned.


Kimberly Upston, City Secretary
City of Anahuac


Sue Hawthorne, Mayor
City of Anahuac