

MINUTES: CITY COUNCIL WORKSESSION
February 17, 2009

MEMBERS

PRESENT: Mayor Pro-Tem Glenn Ervin, Councilman Robert Patton, Councilman Mike Walker, Councilman Thomas Muir

MEMBERS

ABSENT: Mayor Joe Higgs, Councilman Andy Garza

OTHERS

PRESENT: Mike Brice City Manager, Rose Chavez City Secretary/Asst. City Manager, City Engineer Rob Woods, Director of Developer Services Joe Iliff

1. Call Meeting to Order.

Mayor Pro-Tem Ervin called meeting to order.

2. Discussion on Implementing an Annual Road Reconstruction Program.

City Manager discussed the annual implementation of a road reconstruction program. He expressed a concern that the City can't sell enough bonds to keep up with capital improvements for the reconstruction of streets in Sanger. The streets in Sanger have been a major issue. The one thing that can be done to ease the burden for the next few years, in an effort to get caught up, is for the City to do some road reconstruction on existing roadways. City Manager discussed the opportunity for the City to purchase an asphalt zipper. This piece of machinery mills the existing surface and creates a solid base that will allow for the overlay on the street. The savings for the City is that the employees can do the road mill to create the base for the overlay. The overlay can be contracted at a lesser cost. The City Manager continued with a discussion concerning the cost savings to the City. He advised the Council that a company did come and demonstrate the machine. They worked on Pecan Street and staff was impressed by the end result. A new machine runs about \$90,000, and Denton County has one for sell for \$50,000. The County wants to sell this equipment since it did not meet their needs for their construction projects. The machine has about 1 ½ hour of time used. In his opinion this is the best way to proceed in an effort to get caught up with street repairs. The purchase of this equipment will allow the City to implement a program for street construction. The first area they would like to work on is Holt and Berry.

Discussion continued concerning the cost to rent a front end loader to be able to use the asphalt zipper, and allocation of funds for the purchase. The life span for this equipment is 10-15 years. City Manager advised if the Council did not have any objections, he would like to proceed with the purchase of this equipment.

3. Discussion on Purchasing of Property by the 4A Board for Economic Development Purposes.

City Manager advised that this property (103 Bolivar) has been vacant for a long time. There have been several companies who were interested in the building, but those have fallen out. The owner had contacted him sometime in December and wanted to know that if the sale price was reduce significantly would the City be interested in purchasing the property. He advised the owner that from the City's standpoint we would not be interested; however, from an economic development perspective it might be a possibility.

He scheduled a meeting with the 4A Board and they agreed that the City Manager pursue the purchase of this property. He negotiated a price of \$825,000 for the purchase of this property, and after another scheduled meeting of the 4A Board the members agreed to move forward with the purchase.

The City Manager advised he called the owner to let him know. At that time, the owner notified him he had received another proposal from a potential buyer with a range of creating 100 jobs. This was the intent of the 4A Board in purchasing this property for economic development. The realtor advised him today that the property is still in sale negotiations with the potential buyer.

Councilman Muir inquired on the square footage of the building.

City Manager advised the building has 51,000 square ft. There was a discussion concerning the improvements that have been made to the building, which included a new roof. City Manager also advised that Elk River had contacted him concerning the marketing of this property on a national level. He advised that either way, this is good move for the City.

Discussion continued concerning financing and the interest rates. City Manager advised that Prosperity Bank had the best interest rate of 4.6% for a 15 year term.

4. Discussion on Wholesale Electric Purchase Options.

The City Manager discussed that on the regular agenda this is an action item for the Council to authorize him to research alternative wholesale electric providers and to notify Brazos of the City's intent to switch providers. He has talked to other providers concerning locking in a base rate. The current agreement with Brazos specifies a 3 year notice to terminate contract. Brazos is willing to let the City terminate the contract at a cost. The savings to switch providers will outweigh the cost to get out of the contract. City Manager recommended this is the time to make the move. He has been in discussion with AEP who is one of the largest nationwide

electric producers and suppliers of electricity. He indicated that if the City could get a locked rate it will also benefit the customers.

Councilman Patton asked the City Manger if he had any idea on how much the buy-out would be.

City Manager advised the buy-out cost is \$350,000 and this represents the initial demand charge for this summer. He advised that this cost will be made up the first year in the savings. He discussed the buy-out could possibly be paid over a year.

The discussion continued concerning the buy-out agreement with Brazos and the possibility of paying a lesser amount.

Councilman Patton indicated that in the utility audit conducted by Mr. Baines he had recommended the City conduct a rate analysis since the City was not making any money.

City Manager advised he had conducted a rate analysis last year and with the economy taking such a hit, it was put on the shelf. He did not think Council would consider raising the rates at that time.

5. Overview of Items on Regular Agenda.

There were no other items discussed.

6. Adjournment.

Mayor Pro-Tem adjourned the meeting.