

**CITY OF LUBBOCK
REGULAR CITY COUNCIL MEETING
NOVEMBER 8, 2007
7:30 A. M.**

The City Council of the City of Lubbock, Texas met in regular session on the 8th day of November, 2007, in the City Council Chambers, first floor, City Hall, 1625 13th Street, Lubbock, Texas at 7:30 A. M.

7:33 A.M. CITY COUNCIL CONVENED
City Council Chambers, 1625 13th Street, Lubbock, Texas

Present: Mayor David A. Miller, Mayor Pro Tem Jim Gilbreath, Council Member Linda DeLeon, Council Member Phyllis Jones, Council Member Todd R. Klein, Council Member John Leonard, Council Member Floyd Price

Absent: No one

1. CITIZEN COMMENTS

1.1. Jim Watters will appear to speak about the Atmos Energy rate schedule.

Citizen was not present.

- John Griggs appeared before Council to speak about HIV and AIDS, educating the public on HIV and AIDS, and to ask Council to recognize World AIDS Day on December 1, 2007.

2. EXECUTIVE SESSION was considered following Item 6.10.

3. PROCLAMATIONS AND PRESENTATIONS were considered following the Minutes (Item 4.1).

4. MINUTES were considered following Council reconvening at 9:23 a.m.

5. CONSENT AGENDA (Items 5.1, 5.4, 5.6-5.10, 5.12-5.17, 5.19-5.20)

Motion was made by Council Member DeLeon, seconded by Council Member Price to approve Items 5.1, 5.4, 5.6-5.10, 5.12-5.17, 5.19-5.20) on consent agenda as recommended by staff. Motion carried: 7 Ayes, 0 Nays.

5.1. Deferred Compensation Ordinance Amendment 2nd Reading - Risk Management: Consider Ordinance No. 2007-00109 amending Ordinance No. 2005-0064 to update the Deferred Compensation Plan.

City Council adopted a deferred compensation ordinance in 2005 allowing full-time employees the opportunity to make pre-tax contributions to a deferred compensation retirement plan in addition to contributions to the Texas Municipal Retirement System. Employee contributions to the deferred compensation plan are not matched by the City.

Primary changes include replacing and clarifying the definitions of the following terms with language from new IRS regulations: Beneficiary, Deferred Compensation Catch-up Limitation, Dollar Limitation, Eligible Rollover Distribution, and Includable Compensation. In addition, a definition for Qualified Military Service and Underutilized Limitation was added in accordance with new regulations. Clarifying language was added with regard to distribution of Pre-Retirement Death Benefits, and Section 8.02 was rewritten to clarify the process for distribution under a Qualified Domestic Relations Order. Specific treasury regulations were incorporated under these sections: Required Distributions and Outgoing Transfers. Finally, due to reorganization within the City organization since the previous amendment, the Director of Risk Management replaced the Benefits Coordinator of Human Resources as Plan Administrator and was added to the Oversight Committee.

The changes are necessary to comply with the Internal Revenue Service and the newly issued Deferred Compensation Rules effective January 1, 2008.

FISCAL IMPACT

No fiscal impact.

Staff recommended approval of the second reading of this ordinance.

- 5.2. This item was moved from consent agenda to regular agenda and considered following Item 5.20.**
- 5.3. This item was moved from consent agenda to regular agenda and considered following item 5.2.**
- 5.4. Military Leave Supplemental Pay Resolution - Risk Management: Resolution No. 2007-R0512 authorizing and directing the City Manager to grant Military Leave Supplemental Pay for two full-time employees and to extend Military Supplemental Pay for an additional twelve months, or until the employee is released from active duty, whichever comes first.**

Resolutions 2002-R0472, 2003-R0338, 2004-R0415, and 2005-R0456 authorize the City Manager to grant Military Leave to all full-time employees called to active duty after exhausting all accrued holiday, vacation, and compensatory time.

The City's Employee Policy Manual allows for pay during involuntary reserve activation not to exceed one year, or \$25,000. If the reservist's active duty extends beyond 12 consecutive months, City Council may extend the leave with or without pay.

On July 2, 2006, Michael Cardenas from the Water Department was called to active duty. Copies of orders were not received until late October 2006. Military Supplemental Pay was approved from July 2, 2006, but was not paid until November 17, 2006. Cardenas' supplemental pay is \$349.68 bi-weekly for 35 pay periods and to date he has been paid a total of \$12,238.80.

On October 28, 2006, Lawrence Garcia from Lubbock Power & Light was called to active duty receiving Military Leave Supplemental Pay in the amount of \$12.77 bi-weekly for 27 pay periods and to date he has been paid a total of \$344.79.

It is recommended that Michael Cardenas and Lawrence Garcia Military Leave Supplemental Pay be extended an additional 12 months, or until they are released from active duty, whichever comes first.

FISCAL IMPACT

This amount will be funded within the department's operating budget.

Staff recommended approval of this resolution.

5.5. This item was moved from consent agenda to regular agenda and considered following Item 5.3.

5.6. Commercial Tax Abatement Guidelines Resolution - Business Development: Resolution No. 2007-R0513 adopting Guidelines and Criteria for Commercial Tax Abatement agreements in accordance with the Property Redevelopment and Tax Abatement Act.

The City must re-adopt the criteria and guidelines for tax abatements every two years as required by Chapter 312 of the Tax Code. The following is a summary of the proposed commercial tax abatement guidelines:

General Purpose: To promote high quality commercial development and improved quality of life in designated enterprise zones.

Maximum Term: 5 Years

Eligible Property: Improvements to real property and tangible personal property

Non-Eligible Property: real property, inventories or supplies, tools, furnishings and other forms of movable personal property, vehicles, aircraft, housing, boats, property owned by the State of Texas or any state agency, and property owned or leased by a member of the affected jurisdiction that did not have an active tax abatement in place before they became a member of the governing body or commission.

Types of Companies: Retail, service, and office

Location: Allowed only in the following designated enterprise zone areas

Lubbock 2000 South Enterprise Zone until September 1, 2008

Lubbock 2000 North Enterprise Zone until September 1, 2008

EZ Block Groups:

Census Tract 1.0 Block Group 1

Census Tract 1.0 Block Group 4

Census Tract 2.01 Block Group 1

Census Tract 2.02 Block Groups 1 and 2

Census Tract 3.01 Block Groups 1, 2 and 3

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Census Tract 3.02 Block Groups 1, 2, 5, 7, and 9
Census Tract 6.07 Block Groups 1 and 2
Census Tract 9.00 Block Groups 1, 4 and 5
Census Tract 10.00 Block Groups 1, 2, and 4
Census Tract 12.00 Block Group 1 and 7
Census Tract 13.00 Block Groups 1
Census Tract 14.00 Block Groups 1, 2
Census Tract 24.00 Block Groups 1, 2, and 3
Census Tract 25.00 Block Group 1

Other Eligibility Requirements: To qualify for commercial tax abatement, a company must modernize or expand an existing facility or construct a new facility, and must clearly add to the Lubbock economic base. The company must show that, if the company is qualifying on the jobs requirement, the jobs being proposed will not simply displace other similar jobs in the community.

Investment/Job Criteria:

(a) \$100,000 investment, or (b) ten new permanent jobs and at least 30% of the company's new employees in the zone are residents of any zone within the governing body's or bodies' jurisdiction.

Qualifiers: Approving the guidelines does not obligate the jurisdiction to provide tax abatement to any applicant.

Variances: City Council can vary any of the requirements not required by statute, with a three-quarter vote.

Changes from September 2005 Approved Guidelines

Section II: Added a specific definition on which areas are designated enterprise zones

Section IV:

1. Corrected to specify that it only applies to those qualifying on the jobs criteria.
3. Added designated Enterprise Zone
6. Reworded to make allowances for businesses either outside LP&L certificated areas or where LP&L services are not available.
8. Added as defined in Section II(6) – definition of enterprise zones.
9. Combined required jobs with requirement that 30% must reside in an enterprise zone.

On October 15, 1993, the City adopted the first commercial tax abatement guidelines. The amount of commercial tax abatement for approved agreements from 1994 to 2006 is approximately \$315,732.

FISCAL IMPACT

No fiscal impact.

Staff recommended approval of this resolution.

5.7. Industrial Tax Abatement Guidelines Resolution - Business Development: Resolution No. 2007-R0514 adopting Guidelines and Criteria for Industrial Tax Abatement agreements in accordance with the Property Redevelopment and Tax Abatement Act.

The City of Lubbock must re-adopt the criteria and guidelines for tax abatement every two years if the City desires to continue to participate as required by Chapter 312 of the Tax Code. Following is a summary of the proposed industrial tax abatement guidelines:

General Purpose: To promote high quality development in all parts of the City.

Maximum Term: 10 Years

Eligible Property: Improvements to real property and tangible personal property

Non-Eligible Property: Real property, inventories or supplies, tools, furnishings and other forms of movable personal property, vehicles, aircraft, housing, boats, hotel accommodations, motel accommodations, retail businesses, property owned by the State of Texas or any State agency, and property owned or leased by a member of the affected jurisdiction that did not have an active tax abatement in place before they became a member of the governing body or commission.

Types of Companies: Advanced technologies and manufacturing, value-added agricultural production including food processing and machinery, research and development, medical services (as defined in Section II Definitions), warehouse/distribution, corporate headquarters of a regional/national service center, information and data centers, or the project is not included as a target industry, but has the potential of generating additional significant economic development opportunities to Lubbock.

Location: Allow industrial tax abatement anywhere within the jurisdiction in a reinvestment zone.

Other Eligibility Requirements: To qualify for industrial tax abatement, a company must modernize or expand an existing facility or construct a new facility and be a producer, manufacturer or distributor of goods and services of which 50% or more are distributed outside of Lubbock County.

Investment/Job Criteria:

- a) The project will add at least \$1 million in real property improvements, or \$2 million in new personal property, or 25 new permanent jobs if the facility is a new company to Lubbock.
- b) The project will add at least \$500,000 in real property improvements, or \$1 million in new personal property, or 15 new permanent jobs if the facility is an existing company.

Qualifiers: Approving the guidelines does not obligate the jurisdiction to provide tax abatement to any applicant.

Variances: City Council can vary any of the requirements not required by statute, with a three-quarter vote.

Changes from September 2005 Approved Guidelines

Section II: Added definitions for Advanced Technologies, Information and Data Centers, and Medical Services.

Section IV:

2. Added three target industries: Advanced Technologies, Medical Services, Information, and Data Centers
7. Reworded the LP&L requirement to make allowances for businesses either outside the LP&L certificated areas or where LP&L services are not available.

On January 3, 1991, the City adopted the first industrial tax abatement guidelines. The amount of industrial tax abatement for approved agreements from 1994 to 2006 is approximately \$3,610,867.

FISCAL IMPACT

No fiscal impact.

Staff recommended approval of this resolution.

5.8. Contract Resolution - Business Development: Resolution No. 2007-R0515 authorizing the Mayor to execute a contract with Sterling Company for North Point Public Improvement District Right-of-Way landscape maintenance, BID 07-087-MA.

This three-year contract is for the maintenance of the landscaping in the right-of-way for the North Point Public Improvement District.

The following companies submitted bids and annual pricing is shown:

Sterling Company	\$ 12,721
Star Landscaping	\$ 17,668
Community Lawn Care	\$ 35,505

Sterling Company currently provides right-of-way landscape maintenance in the Public Improvement District for a private property management company.

FISCAL IMPACT

Funds are available in the North Point Public Improvement District. There is approximately \$33,000 available in fund balance, with \$12,721 needed for the first year of the contract. The estimated annual Revenue from the PID for 2007-08 is \$60,970. The maximum amount of the contract over three years is \$38,163.

Staff recommended approval of this resolution.

- 5.9. Contract Amendment Resolution - Business Development: Resolution No. 2007-R0516 authorizing the Mayor to execute an amendment to the Foreign Trade Zone Management agreement with Market Lubbock Economic Development Corporation, dba Market Lubbock, Inc., dba Visit Lubbock, extending the agreement and adopting a new schedule of rates, fees, and charges.**

On February 9, 2006, City Council approved Resolution 2006-R0061 entering into an agreement with Market Lubbock, Inc. (MLI) wherein MLI agreed to operate Foreign Trade Zone 260 (FTZ-260).

This resolution amends the term of the FTZ-260 agreement as follows:

- The term of this agreement shall end December 31, 2010;
- The term shall automatically extend for successive one-year periods thereafter, unless a 30-day notice is given by either party as described in the agreement; and
- A new schedule of rates, fees, and charges is adopted as described in the agreement.

FISCAL IMPACT

No fiscal impact.

Staff recommended approval of this resolution.

- 5.10. Contract Resolution - Airport: Resolution No. 2007-R0517 authorizing the Mayor to execute an agreement with Abilene Aero, dba Lubbock Aero, for the lease of Hangar 20 and associated land at Lubbock Preston Smith International Airport.**

Under this agreement, the City will lease Hangar 20 and associated land to Lubbock Aero. Hangar 20 is 40,091 square feet and is leased at \$1.20 per square foot per year for an annual rent of \$48,109. The associated land of 47,668 square feet is leased at \$0.1472 per square foot per year for an annual rent of \$7,017. The rates are adjusted annually according to the Consumer Price Index. The term is ten years with four additional five-year options.

FISCAL IMPACT

This lease will generate \$55,126 annually for the Airport Fund.

The Airport Board and staff recommended approval of this resolution.

- 5.11. This item was moved from consent agenda to regular agenda and considered following Item 5.5.**

- 5.12. Contract Resolution - Airport: Resolution No. 2007-R0518 authorizing the Mayor to execute a contract with Kitten Fertilizer & Supply for the purchase of granulated urea, BID 07-084-FO.**

The contract establishes annual pricing for the purchase of up to 48 tons of granulated urea used at Lubbock Preston Smith International Airport by the Airfield Maintenance Department during winter operations to mitigate the

formation of ice on the paved runways, taxiways, and ramps. Purchases are made as winter conditions warrant.

The following company submitted the only bid for this item:

Kitten Fertilizer & Supply of Slaton, Texas

\$590/ton - \$28,320 for 48 tons

FISCAL IMPACT

Funds are appropriated in the adopted FY 2006-07 Airfield Maintenance Operating Budget.

The Airport Board and staff recommended approval of this resolution.

5.13. Right-of-Way Ordinance 2nd Reading - Right-of-Way: Ordinance No. 2007-O0110 Abandoning and closing a portion of Frankford Avenue located in Section 5, Block E-2, Lubbock County, Texas, street closure located at 2605 Frankford Avenue.

On October 25, 2007, City Council considered the first reading of this ordinance. Ordinance No. 2006-O0033 adopted by City Council on April 26, 2006, had an incorrect legal description of the street closure. This ordinance corrects the legal description.

FISCAL IMPACT

No fiscal impact.

Staff recommended approval of the second reading of this ordinance.

5.14. Right-of-Way Ordinance 1st Reading - Right-of-Way: Ordinance No. 2007-O0111 abandoning and closing an 8-foot by 8-foot switch enclosure easement and a 2-foot underground street light cable easement for Lubbock Power & Light located on Tract FF, Physician's Surgicenter of Lubbock, Texas, easement located at 208 North Utica Avenue.

The ordinance abandons and closes an 8-foot by 8-foot switching enclosure easement and a 2-foot underground street light cable easement for Lubbock Power & Light (LP&L) located in the north and northwest corner of Tract FF, Physician's Surgicenter of Lubbock, which is north of North Loop 289 and east of North Utica Avenue. The easements were dedicated by plat, and due to re-platting are no longer needed. New easements are dedicated to replace the easement closures. LP&L is in agreement with these closures.

FISCAL IMPACT

No fiscal impact.

Staff recommended approval of the first reading of this ordinance.

5.15. Right-of-Way Ordinance 1st Reading - Right-of-Way: Ordinance No. 2007-O0112 abandoning and closing a portion of a 15-foot wide water line easement located in Block AK, Section 21, easement closure located in the 5800 to 6500 block of 114th Street.

The ordinance abandons and closes the north 4.5-foot portion of a 15-foot wide water line easement located in Block AK, Section 21, along the north side of 114th Street between Frankford Avenue and Milwaukee Avenue. The developer has requested the closure due to the proposed construction of a new fence. The Water Utilities Engineering Department is in agreement with closing the north 4.5-foot portion of the easement.

FISCAL IMPACT

No fiscal impact.

Staff recommended approval of the first reading of this ordinance.

5.16. Street Use License Resolution - Right-of-Way: Resolution No. 2007-R0519 authorizing the Mayor to execute a street use license with Wylie & Son to use a portion of a street to install an overhead communication cable located at 4102 Globe Avenue.

Wylie & Son has requested a street use license to install an overhead communication cable over Globe Avenue approximately 326 feet south of East 40th Street and Globe Avenue. Wylie & Son has purchased the property to the west of its main building and desires to connect both buildings with communications. The charge for the license is \$50 minimum per year for 20 years, payable every five years in advance for the amount due of \$250. Lubbock Power & Light (LP&L) is in agreement to allow Wylie & Son to use LP&L poles for the communication cable. Licensee further agrees that any overhead communication cable shall adhere to any federal, state, and local safety standards, including, but not limited to, any minimum height or clearance standards established by the National Electric Safety Code.

FISCAL IMPACT

Annual income of \$50.

Staff recommended approval of this resolution.

5.17. Contract Resolution - Citibus: Resolution No. 2007-R0520 authorizing the Mayor to execute a purchase order contract with Mandry Technology Solutions for a voice communications system for Citibus, RFP 2007.3.

Citibus solicited proposals for a new voice communication telephone system because the current system is outdated and no longer meets the needs of Citibus. In addition, parts for the current system are no longer produced, and refurbished parts are difficult to find. A new system allows Citibus to consolidate the two systems at the Plaza and main offices to provide better management and efficient use of telephone lines. A new system provides every user with voicemail, complete reporting on all calls, and the ability to record calls. Reporting and call recording is especially important to help Citibus manage its Scheduling Call Center more efficiently.

Proposals were received from the following companies:

- Venture Communications
- Mandry Technology Solutions

The proposals were evaluated with the technical score based on:

- 1) Experience, understanding, and qualifications;
- 2) Operational benefits;
- 3) System administration; and
- 4) Training.

	Technical Score	Price/Price Score	Total Score
Mandry Technology	85.0	\$40,071 / 97.0	182.0
Venture Communications	59.9	\$38,888 / 100.00	159.9

The proposal from Venture Communications did not meet specifications.

Mandry Technology Solutions submitted a best and final offer of \$39,457.

On October 2, 2007, information was presented to the Lubbock Public Transit Advisory Board.

FISCAL IMPACT

Funds are available from the FY 2008 Section 5307 grant funds. The 20% local match is included in the adopted FY 2007-08 Citibus Operating Budget.

The Lubbock Public Transit Advisory Board and staff recommended contract award to the highest ranked firm, Mandry Technology Solutions of Lubbock, Texas for \$39,457.

5.18. This item was moved from consent agenda to regular agenda and considered following Item 5.11.

5.19. Contract Resolution - Health: Resolution No. 2007-R0521 authorizing the Mayor to execute a \$108,204 grant contract with the Texas Department of State Health Services for Document No. 2008-024521 and program attachment 2008-024521-001 Regional and Local Services Section Local Public Health System to fund activities and services that provide or support the delivery of essential public health services.

The contract with the Department of State Health Services (DSHS), Document No. 2008-024521, provides financial assistance to improve and strengthen local public health infrastructure by developing objectives to address public health issues and utilizing resources to conduct activities and services that provide or support the delivery of essential public health services. Programs assess, monitor, and evaluate the essential public health services, and develop strategies to improve the delivery of essential public health services to identified service areas. The contract period is September 1, 2007, through August 31, 2008.

The contract supports comprehensive public health services that are consistent with the Health Department Mission Statement in developing a functional and effective public health system with the specific goal of improving public health capacity to respond to both emerging and continuing public health threats. Grant objectives include Sexually Transmitted Disease (STD) treatment and education, performing laboratory testing on samples collected, providing immunizations and education, providing education and treatment for notifiable conditions, and providing cancer awareness education and health fairs as time allows. The STD Program is designed to stop the spread of disease by tracking down the partners of those diagnosed with sexually transmitted diseases and either treating them or referring them to another clinic or physician.

The \$108,204 in financial assistance provides salaries and fringe benefits for four full-time City employees. Of the four employees, two work in the STD program, one works in the laboratory, and another works in Health Education.

FISCAL IMPACT

The contract provides funding under the Regional and Local Services Section/Local Public Health System. The total amount approved for the entire contract year is \$108,204, which is level funding compared to the previous contract year in FY 2007. City Council appropriated the \$108,204 grant at the October 25, 2007, City Council meeting. The \$96,351 grant match is approved in the adopted FY 2007-08 Health Department operating budget.

Staff recommended approval of this resolution.

5.20. Contract Resolution - Water Utilities: Resolution No. 2007-R0522 authorizing the Mayor to execute a contract for underwater inspection and cleaning of water storage facilities, BID 07-082-MA.

This contract establishes annual pricing for underwater inspection and cleaning services performed at 22 water storage facilities. The Texas Commission on Environmental Quality (TCEQ) requires all water storage tanks be inspected annually for general condition, sanitary condition, structural integrity, and paint coating integrity. The contract includes cleaning of the tanks to remove any significant sand that has accumulated on the bottom of the tank. The work is performed by underwater divers under strict sanitary conditions. This allows the work to be done without removing the tanks from service during inspection and cleaning. All work is documented by video and written reports.

Bids were received from the following companies:

Waterfront Group of Irving, Texas - \$59,700

International Diving Services of Arlington, Texas - \$94,380

U.S. Underwater Services of Burleson, Texas - \$120,925

Waterfront Group had poor references, used work performed by another company as an example of their work, failed to sign the Bid Form, and has very little experience with municipal potable water inspections.

FISCAL IMPACT

\$99,395 is appropriated in the FY 2007-08 Water Utilities Operating Budget.

Staff recommended contract award to the lowest responsible bidder, International Diving Service of Arlington, Texas, for \$94,380.

6. REGULAR AGENDA

Note: Regular Agenda items, and Consent Agenda items moved to Regular Agenda, are listed in the order they were addressed (5.2-5.3, 5.5, 5.11, 5.18, 6.5-6.9). Note: Items 6.1-6.4 were considered following Council reconvening at 3:00 p.m. Item 6.10 was considered following Council reconvening at 9:23 a.m. Item 6.11 was deleted.

5.2. Benefit Plan Resolution - Risk Management: Resolution No. 2007-R0523; Resolution No. 2007-R0524 approving changes to the City of Lubbock Employee Benefit Plan administered by Blue Cross Blue Shield of Texas and MaxorPlus.

The proposed changes to the Employee Benefit Plan are designed to promote wellness. The Plan currently includes annual physicals, including mammograms, PAP smears, PSAs, routine labs, and cancer screenings; annual hearing tests; annual vision tests; immunizations for children ages 6 and up; and well baby care with immunizations at no co-pay. Enhancements to the Plan that will promote wellness include the addition of smoking cessation prescriptions, moving diabetic supplies from the medical benefits to the prescription benefits with a co-pay, and removing the exclusion of mouth guards and stress breakers from the dental coverage.

Also recommended is a change to the prescription benefit is a reduction in the generic co-pay from \$15 to \$5 for a 30-day supply and \$38 to \$12.50 for a 90-day supply. The City currently offers specific generic prescriptions through the City Clinic at no cost to the employee, which will end with the new Plan year. Current utilization of generic prescriptions through the clinic is over 60 percent. This change encourages the use of generic medications while maintaining a level of employee "ownership" of their health care needs and costs.

The last recommended changes are to increase the lifetime benefit limit from \$1 million to \$2 million and to reduce the maximum out-of-network, out-of-pocket cost from \$12,000 to \$6,000 per person and from \$24,000 to \$12,000 per family. These changes make the plan comparable to current market place standards.

FISCAL IMPACT

Included in item summary.

Staff recommended approval of these resolutions.

Leisa Hutcheson, Risk Management Coordinator, gave comments and answered questions from Council.

Motion was made by Council Member Price, seconded by Council Member DeLeon to pass Resolution No. 2007-R0523; Resolution No. 2007-R0524 as recommended by staff. Motion carried: 7Ayes, 0 Nays.

5.3. Military Leave Pay Resolution Amendment - Risk Management: Resolution No. 2007-R0525 amending Resolution 2002-R0472 to cover the time period from October 1, 2006, to its expiration date of September 30, 3008, and directing the City Manager to grant paid military leave and to pay supplemental pay in an amount necessary to ensure no loss in wages between military pay and employee's gross wages to all full-time employees who are called to active duty and authorizing the use of accrued leave balances after all military leave is used.

On October 24, 2002, City Council adopted Resolution 2002-R0472 directing the City Manager to grant military paid leave and supplemental pay sufficient necessary to ensure no loss in wages between military pay and the employee's gross wages to all full-time employees who are called to active duty. The supplemental pay begins from the date the full-time employee exhausts all vacation, holiday, and compensatory time. The resolution was extended annually through September 30, 2005.

Approximately 30 additional employees are eligible for active military duty. This resolution amends Resolution 2002-R0472 and is effective through September 30, 2008.

FISCAL IMPACT

Three full-time employees are on active duty at a cost of \$465.16 bi-weekly or \$1,007.85 monthly. Since the program inception in 2002, the City has paid 11 employees \$39,485 in military leave and supplemental pay.

The fiscal impact is contingent upon the number of full-time employees called, or re-called, to active duty. In the unlikely event all full-time employees are called at one time, the total impact could be as much as \$605,462.

Staff recommended approval of this resolution.

Leisa Hutcheson, Risk Management Coordinator, gave comments and answered questions from Council.

Motion was made by Mayor Pro Tem Gilbreath, seconded by Council Member Jones to pass Resolution No. 2007-R0525 as recommended by staff. Motion carried: 7 Ayes, 0 Nays.

5.5. Budget Amendment Ordinance 1st Reading - Finance: Ordinance No. 2007-O0113 Amendment No. 2 amending the FY 2007-08 budget respecting the Grant Fund and Capital Improvement Program.

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1. Accept and appropriate \$41,408 from the Texas Department of Transportation for the Traffic Safety Program. The "Teaching Kids to Be Street Smart Program" allows staff at Safety City to educate children about bicycle, car, and pedestrian safety and helps reduce the number of accidents involving children ages four to fourteen.

Grant period is through September 30, 2008 and funds part-time employee salaries, supplies, and equipment related to bicycle, pedestrian, and car safety.

The \$27,839 in-kind match is budgeted in the adopted FY 2007-08 Parks and Recreation Operating Budget.

2. Accept and appropriate \$37,888 from the Texas State Library and Archives Commission for the Loan Star Libraries grant. The grant provides funds to maintain, improve, and enhance local library services and provides Texas residents access to and services from participating public libraries. The grant funds library materials, one part-time Reference Librarian, and one part-time Library Aide I.
3. Accept and appropriate \$501,145 from the Governor's Division of Emergency Management for the Homeland Security grant program. The grant provides funds to carry out homeland security projects that will significantly improve local and regional terrorism prevention, preparedness, and response capabilities.
4. Amend Capital Improvement Project 91182, New Fire Station No. 17, by appropriating an additional \$2.25 million of FY 2008 Certificates of Obligation for land acquisition, design, engineering, construction, and furnishings for a fire station located in the vicinity of 63rd Street and Indiana Avenue, and renaming the project "Fire Station No. 17 – 63rd Street and Indiana." With the amendment, the total appropriation amount is \$2.4 million. The location of Fire Station No. 17 was originally 67th Street and Oakridge, but was changed due to recommendations related to the Insurance Services Office (ISO) fire study. If both Fire Stations 16 and 17 are completed concurrently, there will be a two-year tax rate impact of \$0.00172. The estimated tax rate impact on a \$100,000 home will be \$1.72 annually. This occurs because the current CIP schedules construction of this project in FY 2008-09.
5. Amend Capital Improvement Project 91214, New Fire Station No. 18, by changing the title of the project to "Fire Station No. 18 – 67th Street and Oakridge." The location of Fire Station No. 18 was originally 104th Street and Milwaukee Avenue, but has changed due to recommendations related to the ISO fire study. There is no fiscal impact related to this amendment.

FISCAL IMPACT

Included in item summary.

Staff recommended approval of the first reading of this ordinance.

Motion was made by Council Member Price, seconded by Council Member DeLeon to pass on first reading Ordinance No. 2007-O0113 as recommended by staff.

Jeff Yates, Chief Financial Officer, gave comments and answered questions from Council. Mayor Pro Tem Gilbreath offered a friendly amendment to eliminate Item 4 of the budget amendment ordinance, which would amend Capital Improvement Project 91182, New Fire Station No. 17, by appropriating an additional \$2.25 million of FY 2008 Certificates of Obligation for land acquisition, design, engineering, construction, and furnishings for a fire station located in the vicinity of 63rd Street and Indiana Avenue, and renaming the project "Fire Station No. 17 – 63rd Street and Indiana.", until the 2008-09 budget, so there would be no impact on the tax rate with an increase. After further discussions, Council Member Price did not accept the friendly amendment.

Rhea Cooper, Fire Chief, and Lee Ann Dumbauld, City Manager, then gave comments and answered questions from Council. Mayor Pro Tem Gilbreath offered another friendly amendment that, if the City cannot come to agreement with the developer of the property in Vintage Township within the next six months, then the City will move forward with completing Fire Station 17. Council Member Price again rejected the friendly amendment.

Mayor Pro Tem Gilbreath offered a third friendly amendment, "to allocate money, not to exceed \$120,000 to close the deal on Fire Station 17; then whichever land is acquired first, the fire station will be built there". First Assistant City Attorney Richard Casner recommended to Council that passing the ordinance on first reading with a conditional or unknown dollar figure is not prudent. It would be better for staff to bring it back on second reading with correct language. Council Member Price rejected the friendly amendment.

Motion was then made by Mayor Pro Tem Gilbreath, seconded by Council Member Leonard to amend the original motion and allocate money, not to exceed \$120,000, to close the deal on Fire Station 17; then, whichever land is acquired first, the fire station will be built there.

After further discussions, Council Member Jones called the question. Vote was taken on the amended motion, which failed: 3 Ayes, 4 Nays. Council Members DeLeon, Jones, Price, and Klein voted Nay.

Vote was then taken on the original motion to pass on first reading Ordinance No. 2007-O0113 as recommended by staff, which carried: 4 Ayes, 3 Nays. Mayor Miller, Mayor Pro Tem Gilbreath, and Council Member Leonard voted Nay.

- 5.11. Contract Resolution - Airport: Resolution No. 2007-R0526 authorizing the Mayor to approve lease agreement Amendment No. 2 to the agreement with Abilene Aero, dba Lubbock Aero, for lease of the Brick Hangar Building and associated land, amending the term expiration date to a month-to-month basis.**

Lubbock Aero has operated as a Fixed Base Operator on the west side of the airport for 17 years. The current agreement was executed in May 2002 for a term of 20 years. The agreement includes the lease of the Brick Hangar Building and associated land. This action will amend the term expiration date to a month-to-month basis.

FISCAL IMPACT

The lease generates \$21,084 annually to the Airport Fund.

The Airport Board and staff recommended approval of this resolution.

James Loomis, Assistant City Manager, gave comments and answered questions from Council.

Motion was made by Council Member Jones, seconded by Council Member Price to pass Resolution No. 2007-R0526 as recommended by staff. Motion carried: 7 Ayes, 0 Nays.

- 5.18. Grant Resolution - Emergency Management and Homeland Security: Resolution No. 2007-R0527 authorizing the Mayor to execute a 2007 sub-Recipient Agreement accepting a \$501,145 sub-grant through the Governor's Division of Emergency Management Homeland Security Grant Program to carry out homeland security projects that will significantly improve local and regional terrorism prevention, preparedness, and response capabilities.**

The City has been awarded a \$501,145 sub-grant through the Governor's Division of Emergency Management Homeland Security Grant Program to carry out homeland security projects that will significantly improve local and regional terrorism prevention, preparedness, and response capabilities.

FISCAL IMPACT

The \$501,145 from the Governor's Division of Emergency Management will be appropriated with the adoption of Budget Amendment Ordinance No. 2, with the second reading of that ordinance on the November 20, 2007 City Council Meeting.

Staff recommended approval of this resolution.

Kevin Overstreet, Emergency Operations Center Director, and Jeff Yates, Chief Financial Officer, gave comments and answered questions from Council. Yates explained to Council that a budget amendment will be brought back at a future date which will outline specifically where the money is going.

Motion was made by Council Member Price, seconded by Council Member Jones to pass Resolution No. 2007-R0527 as recommended by staff. Motion carried: 7 Ayes, 0 Nays.

- 6.5. Contract Amendment Resolution - Business Development: Resolution No. 2007-R0529 authorizing the Mayor to execute Amendment No. 1 to the Design Build Agreement with Turner Lee Lewis and Garfield Traub Development for construction of the Conference Center in Overton Park.**

This item was tabled until Council reconvened at 9:23 a.m.

- 6.6. Animals Ordinance Amendment 1st Reading - City Council: Ordinance No. 2007-O0114 amending Chapter 4 of the Code of Ordinances with regard to the animal shelter advisory committee.**

Section 4-27 of the Code of Ordinances is amended to add one at-large position and one animal welfare organization representative to the animal shelter advisory committee.

FISCAL IMPACT

No fiscal impact.

Motion was made by Council Member Klein, seconded by Council Member Price to pass on first reading Ordinance No. 2007-O0114 as recommended by staff. Motion carried: 7 Ayes, 0 Nays.

- 6.7. Administrative Ordinance 1st Reading - City Council: Consider an ordinance amending Chapter 2 of the Code of Ordinances with regard to the composition, appointment, and terms of members of the City of Lubbock Board of Health.**

This item was continued until the second Regular City Council Meeting in January 2008.

The amendment adds two members to the Board of Health.

FISCAL IMPACT

No fiscal impact.

Motion was made by Council Member Klein, seconded by Council Member Price to pass on first reading of this ordinance as recommended by staff.

After discussions, consensus from Council was to continue this item until the second regular meeting in January 2008. Council Member Klein suggested having the City Secretary's office survey each and every department that works under the guidance of a board or commission to see if they need to expand or shrink their board, change the term limits, and/or need more diversity.

Council Member Klein withdrew the motion.

Motion was then made by Council Member Klein, seconded by Mayor Pro Tem Gilbreath to continue this item until the second Regular City Council Meeting in January 2008. Motion carried: 7 Ayes, 0 Nays.

- 6.8. Administrative Ordinance 1st Reading - City Council: Consider an ordinance amending Chapter 2 of the Code of Ordinances with regard to the members, qualifications, and tenure of the Lubbock Public Transit Advisory Board.**

This item was deleted.

6.9. Board Appointment - City Secretary: Resolution No. 2007-R0528 to cast votes for candidates for the Lubbock Central Appraisal District Board of Directors.

Before December 15, the City of Lubbock, along with other governing bodies, is entitled to cast votes by resolution to elect five directors to the Lubbock Central Appraisal District Board of Directors. The five nominees include:

Brady Goen

Arlee Jackson

Greg Jones

Bobby McQueen

LeRoy Montoya

Beginning January 1, 2008, directors will serve a two-year term. Section 6.03, Property Tax Code, establishes the selection process for Appraisal District Directors. According to the section of the Code, the City is entitled to 903 votes of the total 5,000 votes. The City may cast all of its votes for one candidate or may distribute the votes among any number of candidates named on the ballot.

Before December 31, 2007, the Chief Appraiser will count the votes and declare the five candidates who receive the largest cumulative vote totals elected. The results are submitted to the governing bodies and to the candidates. If needed, the Chief Appraiser will resolve any tie votes.

FISCAL IMPACT

No fiscal impact.

Motion was made by Council Member DeLeon, seconded by Mayor Pro Tem Gilbreath to pass Resolution No. 2007-R0528 with the following votes cast:

Brady Goen – 181 votes

Arlee Jackson – 181 votes

Greg Jones – 181 votes

Bobby McQueen – 180 votes

LeRoy Montoya – 180 votes

Motion carried: 7 Ayes, 0 Nays.

6.11. Board Appointment - City Secretary: Consider 15 appointments to the Lubbock Street Naming Task Force.

This item was deleted.

2. EXECUTIVE SESSION

Mayor Miller stated: “City Council will hold an Executive Session today for the purpose of consulting with the City Staff with respect to pending or contemplated litigation; the purchase, exchange, lease, or value of real property; personnel matters; and competitive matters of the public power utility, as provided by Subchapter D of Chapter 551 of the Government Code, the Open Meetings Law.”

**8:20 A. M. CITY COUNCIL RECESSED TO EXECUTIVE SESSION
City Council Conference Room**

All council members were present.

- 2.1. Hold an executive session in accordance with V.T.C.A. Government Code, Section 551.071, to discuss pending or contemplated litigation or settlement agreement, hold a consultation with attorney, and reconvene in open session, as necessary, to declare client representatives. (Facilities Management, Finance, Water Utilities)**
- 2.2. Hold an executive session in accordance with V.T.C.A. Government Code, Section 551.072, to deliberate the purchase, exchange, lease, or value of real property. (Water Utilities)**
- 2.3. Hold an executive session in accordance with V.T.C.A. Government Code, Section 551.074 (a)(1), to discuss personnel matters (City Attorney, City Manager, City Secretary) and take appropriate action.**
- 2.4. Hold an executive session in accordance with V.T.C.A. Government Code, Section 551.086, on the following competitive matters (Electric Utilities):**
 - 2.4.1 to deliberate, vote and take final action on electric rates of Lubbock Power and Light**
 - 2.4.2 to discuss, vote and take final action on a competitive matter regarding operation, financial and capital statements and budgets, revenue and expense projections, strategic and business plans and studies of Lubbock Power and Light**
 - 2.4.3 to discuss and deliberate a competitive matter regarding the strategies, goals, funding and strategic purpose of the City of Lubbock's relationship with and membership in the West Texas Municipal Power Agency.**
- 2.5. Hold an executive session in accordance with V.T.C.A. Government Code, Section 551.074(a)(1), to discuss personnel matters regarding duties, responsibilities, and/or appointments to the Planning & Zoning Commission.**

**9:23 A.M. CITY COUNCIL REGULAR MEETING RECONVENED
City Council Chambers**

Regular City Council Meeting
November 8, 2007

Present: Mayor David A. Miller; Mayor Pro Tem Jim Gilbreath; Council Member Linda DeLeon; Council Member Phyllis Jones; Council Member Todd R. Klein; Council Member John Leonard; Council Member Floyd Price; Lee Ann Dumbauld, City Manager; Richard Casner, First Assistant City Attorney; and Rebecca Garza, City Secretary

Absent: City Attorney Anita Burgess

Mayor Miller reconvened the meeting at 9:23 a.m.

Council Member Jones arrived at 9:25 a.m.

6. REGULAR AGENDA (continued)

Item 6.5 was removed from the table.

6.5. Contract Amendment Resolution - Business Development: Resolution No. 2007-R0529 authorizing the Mayor to execute Amendment No. 1 to the Design Build Agreement with Turner Lee Lewis and Garfield Traub Development for construction of the Conference Center in Overton Park.

On September 13, 2007, City Council approved Resolution No. 2007-R0437 authorizing the Mayor to execute a Design Build Agreement with Turner Lee Lewis and Garfield Traub Development for construction of the Conference Center in Overton Park. The amendment identifies and defines the Guaranteed Maximum Price for the Conference Center.

FISCAL IMPACT

The guaranteed maximum price for the hard construction costs of the Conference Center is \$17,306,676. This amount does not include other expenses such as operating, supplies and equipment (OS&E); information technology (IT); furniture, fixtures and equipment (FF&E); and other soft costs such as engineering, marketing, technical fees, and overhead. The total budget for the Conference Center is \$23,632,637, with \$1,232,637 funded by the hotel owner and \$22.4 million by the City of Lubbock. \$22.4 million is funded from \$11.4 million North Overton TIF and hotel tax - a \$5 million grant from the Moody Foundation, and a \$6 million grant from the CH Foundation paid over the next four years (\$1.5 million per year starting in FY 2007-08).

Staff recommended approval of this resolution.

***Note: The following discussion occurred before this item was tabled.**

Motion was made by Council Member DeLeon, seconded by Council Member Price to pass Resolution No. 2007-R0529 as recommended by staff.

Rob Allison, Assistant City Manager, gave comments and answered questions from Council. City Manager Lee Ann Dumbauld explained to Council that copies were being made of documents pertaining to this item, and suggested tabling this item until those documents become available.

Motion was made by Council Member Price, seconded by Council Member Jones to table this item. Motion carried: 6 Ayes, 0 Nays.

Mayor Pro Tem Gilbreath recused himself.

The following action occurred after this item was removed from the table.

Council received the backup materials, and was ready to vote on the motion.

Motion carried: 5 Ayes, 0 Nays. Council Member Jones was away.

Mayor Pro Tem Gilbreath recused himself.

6.10. Board Appointment - City Secretary: Consider five appointments to the Planning and Zoning Commission.

Motion was made by Council Member DeLeon, seconded by Council Member Price to appoint Clay Condra and Greg Ricks, and reappoint Marc Chapman, Jewell Davis, and Jeff Lowry to the Planning and Zoning Commission. Motion carried: 7 Ayes, 0 Nays.

4. MINUTES

4.1. Approval of Prior Meeting Minutes: Regular City Council Meeting, October 11, 2007

Motion was made by Council Member Price, seconded by Council Member Jones to approve the minutes of the Regular City Council Meeting of October 11, 2007 as recommended by staff. Motion carried: 7 Ayes, 0 Nays.

3. PROCLAMATIONS AND PRESENTATIONS

3.1. Invocation by Pastor Wendell Davis, Lyons Chapel Baptist Church

3.2. Pledge of Allegiance to the Flags

Pledge of Allegiance was given in unison by those in the City Council Chambers to both the United States flag and the Texas flag.

3.3. Presentation of a special recognition to Municipal Court Judge Robert A. Doty commemorating November 5 - 9, 2007, as Municipal Court Week.

Mayor Miller presented special commemorating the week of November 5-9, 2007 as Municipal Court Week. Judge Doty was not present to accept. Accepting on his behalf were The Honorable Judge Jan Blacklock-Matthews, Sylvia Leal, Amy Tayag, Alice Bustillos, Ernest Ybarra, and Cameron Pritchard.

3.4. Presentation of a special recognition to Vista Care commemorating November 2007 as National Hospice Month.

Mayor Miller presented special recognition to Vista Care, commemorating November 2007 as National Hospice Month. Hospice and palliative care provides patients and families the highest quality care during life-limiting illness and at the end of life, allowing patients to live fully up until the final

moments. Accepting the special recognition were Diana Ragland of Vista Care, and Dr. Tommie Farrel, Medical Director. Dr. Farrel gave comments.

3.5. Board Recognitions

Electric Utility Board:

Mike Davis

West Texas Municipal Power Agency Board of Directors:

Gary Zheng

Citizens Photographic Traffic Signal Enforcement Committee:

Alicia Alvarez

9:40 A. M. CITY COUNCIL RECESSED TO EMERGENCY MEETING AT LUBBOCK COUNTY COURTHOUSE

3:00 P. M. CITY COUNCIL RECONVENED

6. REGULAR AGENDA (continued)

Note: Regular Agenda items are listed in the order they were addressed (6.1 -6.4).

6.1. Public Hearing 10:00 a.m. - Finance: Hold a public hearing to consider a property tax exemption for goods stored temporarily in warehouses within a city while awaiting shipment to other locations within or outside of Texas, otherwise known as "Super Freeport."

Mayor Miller opened the public hearing at 3:00 p. m. No one appeared to speak in favor or opposition of the "Super Freeport." Mayor Miller closed the hearing at 3:01 p. m.

"Super Freeport" is a property tax exemption for goods that reside temporarily in warehouses within a city while awaiting shipment to other locations within or outside of Texas as contrasted with the current-law freeport exemption, which covers only goods shipped outside of Texas. The exemption was approved by Texas voters in 2001 as an amendment to the Texas Constitution, but only this year did the Texas Legislature enact enabling legislation.

The Super Freeport exemption is best described as a local option property tax exemption of the "opt-out" variety. The exemption automatically applies to a city unless the city takes the following actions no later than December 31, 2007:

- (1) hold a public hearing at which citizens are allowed to speak for or against the taxation of Super Freeport goods; and
- (2) adopt an ordinance stating the City wishes to continue taxing super freeport goods for tax year 2008. The public hearing must take place prior to the adoption of such an ordinance.

A city that misses the December 31, 2007, deadline may choose to opt-out of the exemption in future tax years.

The exemption applies only to goods that are owned by someone other than the owner of the warehouse where the goods are temporarily stored. Some appraisers in Texas are predicting a large fiscal impact for the exemption based on the theory that retailers who currently own their own warehouses may be tempted by the language of the exemption to sell their warehouses to third-party "shell" corporations. Once ownership is thus separated, the retailer could claim the exemption at warehouses that essentially remain under the control of the retailer, which is not in keeping with the economic development spirit of the bill.

FISCAL IMPACT

Included in item summary.

6.2. Super Freeport Ordinance 1st Reading - Finance: Ordinance No. 2007-O0115 maintaining that goods-in-transit as amended by House Bill 621 and enacted by the 80th Texas Legislature shall remain subject to taxation by the City of Lubbock.

"Super Freeport" is a property tax exemption for goods that reside temporarily in warehouses within a city while awaiting shipment to other locations within or outside of Texas (as contrasted with the current-law freeport exemption, which covers only goods shipped outside of Texas). This exemption was approved by Texas voters in 2001 as an amendment to the Texas Constitution, but only this year did the Texas Legislature enact enabling legislation.

The Super Freeport exemption is best described as a local option property tax exemption of the "opt-out" variety. The exemption automatically applies to a city unless the city does each of the following two things no later than December 31, 2007:

- (1) hold a public hearing at which citizens are allowed to speak for or against the taxation of Super Freeport goods; and
- (2) adopt an ordinance stating the City wishes to continue taxing super freeport goods for tax year 2008. The public hearing must take place prior to the adoption of such an ordinance.

A city that misses the December 31, 2007, deadline may choose to opt-out of the exemption in future tax years.

The exemption applies only to goods that are owned by someone other than the owner of the warehouse where the goods are temporarily stored. Some appraisers in Texas are predicting a large fiscal impact for this exemption based on the theory that retailers who currently own their own warehouses may be tempted by the language of the exemption to sell their warehouses to third-party "shell" corporations. Once ownership is thus separated, the retailer could claim exemption at warehouses that essentially remain under the control of the retailer, which is not in keeping with the economic development spirit of the bill.

To further complicate matters, the bill that passed this year is arguably broader than the constitutional amendment adopted by voters in 2001. The amendment prohibits the exemption where the warehouses are owned or controlled by the owner of the goods, while the 2007 bill omits the language relating to control.

FISCAL IMPACT

Information received from the Lubbock Central Appraisal District shows that, based on the 2007 appraisal roll, approximately \$63,748,401 would qualify for the exemption had it been in effect at that time. Lost taxes on inventories will be approximately \$290,087 if the exemption is authorized.

Staff recommended an ordinance be considered maintaining that goods-in-transit as amended by House Bill 621 remain subject to taxation by the City. A vote in favor of the attached ordinance will continue the current taxation practices. A vote in opposition, or a lack of action, will exempt taxation on these goods.

Motion was made by Council Member Price, seconded by Council Member Leonard to pass on first reading Ordinance No. 2007-00115 as recommended by staff. Motion carried: 6 Ayes, 0 Nays.

Mayor Pro Tem Gilbreath was away from the dais.

6.3. Public Hearing 10:00 AM - Business Development: Hold a public hearing to consider the adoption of an ordinance nominating WesTx Packaging Company, to be located at 502 East Yucca Lane, Lubbock, Texas, as a state designated Enterprise Project.

Mayor Miller opened the public hearing at 3:01 p. m. No one appeared to speak in favor or in opposition of the nomination. Mayor Miller closed the hearing at 3:10 p. m.

The City received a request from Lubbock Economic Development Alliance and WesTx Packaging Company to nominate WesTx Packaging for an Enterprise Zone Project Designation. The nomination requires the City to hold a public hearing concerning the adoption of the ordinance nominating WesTx Packaging Company as a state designated enterprise project.

This item fulfills the requirement for the public hearing. The Ordinance is a separate item on the agenda that will be considered after the conclusion of the public hearing as required by law.

FISCAL IMPACT

No fiscal impact.

6.4. Ordinance Amendment 1st Reading - Business Development: Ordinance No. 2007-00116 approving the City's participation in the Texas Enterprise Zone Program pursuant to Texas Government Code Chapter 2303, providing tax incentives, designating a liaison for communication with interested parties and nominating WesTx Packaging Company to the Office of the Governor Economic Development & Tourism through the Economic Development Bank as an enterprise project.

The City received a request from Lubbock Economic Development Alliance and WesTx Packaging Company to nominate WesTx Packaging for consideration as an Enterprise Zone Project Design. The nomination requires the City to hold a public hearing to receive input concerning the adoption of an ordinance to nominate WesTx Packaging Company as a state designated enterprise project and adopt an ordinance nominating WesTx Packaging and setting out the incentives that are or will be made available to projects in the Enterprise Zones and outside the Enterprise Zones.

Below is a summary of the Enterprise Zone Project Nomination Ordinance and the incentives that are proposed to be offered in Enterprise Zones in the City of Lubbock.

General Purpose: To nominate Standard Bag (WesTx Packaging Company) as an Enterprise Zone Project to the State, which allows Standard Bag to compete for an Enterprise Zone Project designation that would give them access to State sales tax rebates and franchise tax fee refunds. The City of Lubbock can only nominate the project. It is a competitive process, so the application competes with any other applications submitted to the State in the December 1, 2007 round. Only the State can designate the enterprise zone project.

Requirements: After the law on enterprise zones changed in 2003, the City must now activate the new zones that were declared enterprise zone eligible, based on poverty rates. This means that the new zones must be a block group, as defined by the most recent federal decennial census available at the time of designation. At least 20 percent of the residents of the block group must have an income of, at, or below 100 percent of the federal poverty level. Activation is accomplished when a city passes an ordinance to nominate the first enterprise zone project.

The new requirements provide that the first time a city nominates an Enterprise Zone project, it must be authorized with an ordinance and must specify what incentives the City may offer in the new enterprise zone that is activated when approved by the City Council.

Options: Under the ordinance, the City can activate any of the areas that qualify under the new rules. This activation makes those areas reinvestment zones. Based on the new rules, there were a total of 74 block groups in the City of Lubbock that were enterprise zone eligible. After reviewing, staff recommended that only 30 of the block groups be activated. All of these

block groups are located in North and East Lubbock. The draft ordinance reflects this recommendation. Those block groups are as follows:

EZ Block Groups:

Census Tract 1.0 Block Group 1 and 4
Census Tract 2.01 Block Group 1
Census Tract 2.02 Block Groups 1 and 2
Census Tract 3.01 Block Groups 1, 2 and 3
Census Tract 3.02 Block Groups 1, 2, 5, 7, and 9
Census Tract 6.07 Block Groups 1 and 2
Census Tract 9.00 Block Groups 1, 4 and 5
Census Tract 10.00 Block Groups 1, 2, and 4
Census Tract 12.00 Block Groups 1 and 7
Census Tract 13.00 Block Group 1
Census Tract 14.00 Block Groups 1 and 2
Census Tract 24.00 Block Groups 1, 2, and 3
Census Tract 25.00 Block Group 1

Incentives: The statute requires that the City list the incentives that at the election of the governing body, are or will be offered in the enterprise zones and any incentives that at the election of the governing body are or will be offered outside the enterprise zones. Of the incentives listed, one has to be offered in the enterprise zone only, per the statute. The incentives listed that may be offered by the City in the draft ordinance are: Industrial Tax Abatement – jurisdiction wide, commercial tax abatement and building permit fee rebates only in the enterprise zones.

FISCAL IMPACT

No fiscal impact.

Staff recommended approval of the first reading of this ordinance.

Cheryl Brock, Senior Financial Analyst, gave a presentation on the Texas Enterprise Zone Project.

Motion was made by Council Member Jones, seconded by Council Member Price to pass on first reading Ordinance No. 2007-O0116 as recommended by staff. Motion carried: 6 Ayes, 0 Nays. Mayor Pro Tem Gilbreath was away from the dais.

3:11 P. M. COUNCIL ADJOURNED

There being no further business to come before Council, Mayor Miller adjourned the meeting.