**MINUTES**

**FOR THE SPECIAL MEETING & WORKSHOP OF THE**

**CITY COUNCIL OF THE CITY OF BANDERA**

**JULY 9th, 2015**

**AT 4:00 PM IN THE MUNICIPAL BUILDING**

**AT 511 MAIN STREET, BANDERA, TX**

1. Meeting called to order by Mayor Pro Tem Suzanne Schauman at 4:00 pm. Council members Glenn Clark, Sheila Pumphrey, Charlotte Browning, and Jim Hannah were present. City Administrator, Lamar Schulz, City Secretary, Karen Chesler and City Treasurer, Trinity Burnes were also present.
2. Invocation given by Roy Dugosh & all stood for the Pledge of Allegiance.
3. Visitors to be heard

Linda Stein stated she came into pay her water bill and found out they were having a meeting. She has some concerns about what she is hearing the city is doing. She worked at the Visitor’s Bureau and we already charge a high rate for Occupancy Tax. If they want to build a hotel they need to pay for it because no one else around here was given these services for free. Nikki Collins is building a drug store which will be locally owned and we did not do any of these things for them. We won’t have to wait a week to get a prescription filled here. Those of us who have paid taxes for years in this city that have wanted and discussed economic development. Don’t throw our tax dollars away on a whim. They might build it and they might own it but then they are gone. What they are asking for is appalling. Council needs to protect our tax dollars and not give it all away. They want the free bees and then they will be gone.

Tom Laxson stated we have Riverfront Motel and when they increased the bed tax you might have to have them take it out of the bottom line. He knows it looks like low flying fruit but there comes a point in time when you have to include it in the bed tax and it makes the overall cost of the base rate of the room higher.

1. Regular Meeting – Discussion and action on the Following Topic:
2. To appoint Patricia Moore to the EDC for the unexpired term of Lynn Palmer

**Council member Glenn Clark made a motion to appoint Patricia Moore to the EDC for the unexpired term of Lynn Palmer, seconded by Council Member Jim Hannah. All in favor none opposed. Motion carried.**

1. Workshop: Discussion on the following Topic:
2. Assistance and incentives for Business development in Bandera Texas

Suzanne Schauman stated she has a list of things on the agenda she would like to go over and discuss in the order they are listed. Suzanne Schauman stated she believes they came to the conclusion we do not want a convention center but get as many hotel rooms as possible. Mr. Hartman stated the other thing he really heard was the Hotel Occupancy Tax needs to be ditched. Mr. Hartman stated they are working towards a common goal and this was the first attempt but now we can continue and he felt the first meeting was productive. Gene Hartman introduced Gene Longoria as the chief investor of this venture. Mr. Hartman stated he heard loud and clear the Hotel Motel Occupancy Tax needs to be taken out and he was not sure if the conference center was totally out. Glenn Clark stated they wanted more rooms and can do away with the Conference Center. The kitchenettes create a conflict for the businesses in town and they had the discussion before that they are losing business to Kerrville and Hondo. The more rooms we can get the better in Bandera. Suzanne Schauman stated she knows the hotel rooms increases the occupancy ratio but the increased rooms and availability is better for the community. Gene Longoria stated by doing away with the conference center they can pick up 3 more hotel rooms and they are comfortable with doing that. Suzanne Schauman asked so you can only get 3 hotel rooms in 3,000 square feet. Gene Longoria stated it is four bays across the back of the hotel and four rooms. Glenn Clark asked if they still have the kitchenettes in the hotel rooms. Gene Longoria stated all of the rooms are oversized rooms that are 15 feet wide because of the building configuration and taking out the kitchenette it fits in there fine but it is not going to give any more rooms. The kitchenette is a short counter where you can have a sink, small dishwasher and two burners with a microwave above it. It is not going to cut into the restaurant business but more of a convenience for people and this is a standard in the industry for a Holiday Inn Express. When you have the larger rooms they expect you to have a mini refrigerator, microwave, coffee pot and sink. All of those amenities are expected in the hotel industry now. So the only thing this is adding is the two burners for people to heat up milk or oatmeal for families. Charlotte Browning stated she does not think it is safe and too big of a risk in Bandera. Gene Longoria stated they would be electric flats with an automatic shut off after a certain amount of time which is common in the Holiday Inn Express and Candlewood Suites. Charlotte Browning stated everything else is good but she is not comfortable with the burners. Rilla Stephens stated she stays in hotels often and the coffee pot, small refrigerator and microwaves are standard she believes. However, she believes it sounds like they want to have permanent residents like apartments on the third floor. She has a concern about the fire hazard with the burners and wants to know if they are planning on renting them for more than a month or two. Gene Longoria stated the hotel would be designed where it is daily, weekly, and weekend stay. They are not designed for monthly or longer. Sometimes people do use the hotel when they are having a house built or are in town on business. They are going to market it for a weekend or daily basis but you will always have that time when you might have an extended stay. Rilla Stephens asked are you putting in a dishwasher and a stove which sounds like an apartment. Gene Longoria replied right it is not really a stove it is two burners or cook top. Rilla Stephens stated but you are able to cook on it like a stove. Gene Longoria replied right and you have a microwave and refrigerator, also. The burners again are such that most people don’t use them but it is just more of a convenience. People do a lot more with microwaves then they have done before. So it is not as necessary as before but they are just trying to keep up with the amenities people are looking for. For example, the ironing board is provided in a lot of hotels and coffee makers. All these things are almost expected now. They are not going to have the free breakfast, and a pool like most other places. Rilla Stephens asked aren’t you going to have a restaurant. Gene Longoria replied it will be leased space on the first floor for a restaurant. Rilla Stephens stated is it defeating your purpose by allowing them to cook their own breakfast. Gene Longoria stated if they are going to heat up oatmeal it is really not designed for actual cooking. The cooking surface is just too warm stuff up but not to bake. Gene Hartman stated it does not stop those that can use the microwave to do these sorts of things and we hear what you are all saying about the fire hazard. Andy Wilkerson stated he is a long term traveler and stayed in many hotels. His experience is they have problems and they set off the fire alarm and they need someone to respond. The other thing is they do not want a conference center. Suzanne Schauman stated we already discussed this in the last meeting and for the size we have other buildings in the area that can hold more people. Andy Wilkerson stated what he has seen is other hotels cannot make it without other sources of income. Andy Wilkerson stated every place he goes around Texas has a conference center. Gene Longoria stated they are only adding three rooms in place of the conference center. Andy Wilkerson replied he just does not understand why you would not want this conference center and he is sorry his missed the other meeting. Suzanne Schauman stated they wanted the CVB to rent out the conference center for $36,000 and that is not going to happen. Thus, they changed it to be the hotel rooms and not a conference center. The retail space should offer some additional compensation for those down times. Glenn Clark asked are there some changes in the layout. Jim Hannah stated if things had gone different last year the meeting room could have been larger and it is up to the builders and developers to rethink whether we can move to no meeting space after you have heard from all of them. Mr. Hannah is challenging them to come back with something different. Gene Longoria stated they are going back and forth with the conference center but other locations can rent space from other venues. The city may need more guest rooms and the conference space is not as important. The hotel is a seasonal business but they are confident they will fill the rooms on weekends and big events. Charlotte Browning stated she can understand both ways with the rooms and conference center but is concerned with the stove. Sheila Pumphrey stated we are a small town for hunting and does not see a reason for the stoves and the conference rooms. The Mayan Ranch has other things that can attract visitors. You can do almost anything with a microwave if you need to. Sheila Pumphrey stated she travels a lot to Florida and she likes the coffee pot in the room. Gene Longoria stated they want to have the best accommodations to attract as many visitors for what they offer. Gene Longoria feels confident the stove or burner can be eliminated and the dishwasher. Gene Longoria stated even eliminating these items are not going to get more rooms in the layout of the rooms. Toni Kunz stated this does not add for the extra space. Gene Longoria stated it is an important factor in the overall success of the hotel for the number of rooms and profit. Gene Longoria stated sometimes the amenities cost additional money to be competitive in the market but it does not apply to here. When you go to a Motel Six you expect a coffee pot and refrigerator. Gene Longoria asked about the iron and ironing board which seem to be common now. Patricia Moore stated the hair dryer is needed. Gene Longoria stated they did not do the hair dryer in one hotel and they got complaints about it. Toni Kunz stated the iron and ironing board is only available upon requests in some hotels and a lot for the front desk to keep track of. Gene Longoria stated they are not going to have a 24 hour desk so they will have to put one in each room. Mike Armstrong stated he wants to see them get rid of the stove or burners because Bandera only has a volunteer fire department. Gene Longoria stated they are going to stress that so it should not be an issue. Gene Hartman stated they are sensitive to that issue and they are going to take it out of the plans. Andy Wilkerson asked who is going to monitor the system when you do not have a 24 hour person at the desk. Gene Longoria replied it is going to be a private company monitoring the system. Toni Kunz stated out of necessity we have had some great Bed and Breakfasts but her friends will not stay at the current hotels. Gene Longoria replied when your friends and family come to stay they will want to come back. Glenn Clark asked how many full and part time positions are going to be created for this facility. Gene Longoria replied the stores or retail will have five full or part time positions. Glenn Clark asked how about the hotel. Gene Longoria replied it is limited service but it is still a 24 hour operation with limited service so it will be 20 employees with a mix of full and part time. The restaurant component will have a bigger staff and extended hours. Bob Grimes asked you are indicating the room size of 15 by 33 which this room is 17 tiles and to about mid way to the door is about the size of the rooms. Gene Longoria replied yes. Bob Grimes asked what are you going to charge for the rooms. Gene Longoria stated these are not standard hotel rooms but suites. Bob Grimes asked how much are you looking at charging. Gene Longoria replied it is going to be seasonal and very similar to what the airlines charge based on the commodity and how many seats they have to sell. The average will be $69 to $139. It is not a standard hotel room but an extended room with the sleeper sofa in the room with about 500 square feet. Gene Longoria replied the reason the rooms ended up so large versus a standard hotel is in order for everything to line up with the bays for the retail shops on the bottom floor.

Suzanne Schauman stated moving on to number 2 – funding and providing all required off site development improvements including offsite parking, new offsite parking for the proposed one way Oak Street. Glenn Clark stated he would like to see a list of what is included in all required offsite parking, city services, and taps. Gene Longoria stated the majority of it will be the offsite parking on Main Street and Oak Street. All of the offsite parking because all of the onsite parking is separate. Suzanne Schauman asked if they have a site plan for this hotel and how much onsite parking is needed on the property because the Dollar Store has taken its portion on the one side. Gene Longoria replied we have about 45 parking spots on site. Suzanne Schauman asked what other onsite expenses are we talking about. Gene Longoria replied they want to make sure there is plenty of parking for the retail spots on Main Street. Just like in front of Dollar General that has the angled parking and down Oak Street. Suzanne Schauman asked if the parking is it going to meet the set back requirements. Gene Longoria replied they are meeting all of the set back requirements and they are not requesting any setback variances but have a need for more parking for the retail spots and restaurant at peak times. They want to make sure there is plenty of parking for the retail so they can be successful businesses. Glenn Clark stated as he understood the original proposal showed a facility with a drive thru and he is pretty easy to please but we already have enough fast food establishments in Bandera. Mr. Clark would prefer a nice steak house which is the main thing this town is missing. Gene Longoria stated he would like to get a nice steak house or sit down restaurant but they need to have a drive up window for pick up orders. They are not saying they want a fast food restaurant but if they cannot get a restaurant of that caliber they will have to see what franchises are interested in renting the space. A gentleman in the audience asked how much is the city going to have to do to put in the additional spaces. Gene Longoria responded it is really just stripping the street in front on Main Street and on Oak Street for angled spots on both sides of Oak Street. Rilla Stephens asked if the plan is contingent on renting the retail spaces and restaurant. Gene Longoria stated Bandera Bank is dictating what they have to have before they can get the financing. If they get a restaurant it might be enough to move forward with the project or if they can get 2 or 3 of the retail spaces rented then they won’t need to have the restaurant space leased. It is all about what the local lender requires for the loan. Gene Longoria stated they are using the hotel in high peak times and the retail to help cover the bills in other slower times. Suzanne Schauman asked are you going to equip the restaurant or do they have to bring in their own. Gene Longoria replied it just depends and they have done it both ways. Either they have their own equipment or we purchase it and lease it to them. It depends on the finance ability of the business. Suzanne Schauman stated she hopes that works for you because we probably will not have a PF Chang’s or Steak House willing to come into Bandera. Suzanne Schauman stated she also runs her own business and she leases the equipment but as she replaces the items. They are hers to take with her. It costs about $180,000 to purchase the equipment but if they rent it and at the end they still do not own the equipment. Gene Longoria replied they have also built it into the contract with the leasee and if they renew the lease after five years they could own the equipment as it is hard to lease it to someone else. Glenn Clark asked Lamar Schulz if we have any utility lines or anything. Lamar Schulz stated not on the property but in the roadway. Gene Longoria stated he also feels the same because of the demolition of the Purple Cow. Glenn Clark stated he heard something about a gas line that ran through the middle of the block. Gene Longoria replied it is dead. Glenn Clark stated he would like a list of the costs for offsite parking before making a decision. Lamar Schulz stated he wants to get into contact with the other owner on the street to see if they are still in agreement to turn Oak Street into a one way. Gene Longoria stated they are expecting an announcement on the 17th of this month for the other property where the Cabaret was. Gene Longoria asked about the one way and he was to have an answer next week after they were done settling what they need to.

Suzanne Schauman state number three on the list of requests from Gene Hartman is the tax abatement. Glenn Clark stated he would be in favor of a sliding scale for the abatements but cannot speak for the county and the school district. Suzanne Schauman stated her thoughts are they sitting on an empty lot and unless we help get a business going we will not get a return. The sliding scale would be appropriate because we are gaining nothing now. Suzanne Schauman asked what portion of the taxes does the city receives. Gene Longoria replied about $500-$700. Suzanne Schuaman replied yes, it is less than a $1,000. After the improvements are made the tax would go up. Jim Hannah stated we would get more in sales tax and hot tax. Gene Longoria replied a lot more money would be coming to this area. Suzanne Schauman replied she thinks this would be a big issue. Glenn Clark stated this is also his opinion as a county resident. Gene Longoria stated we have a couple county commissioners here in the audience today. They would like to then work with the county also. Andy Wilkerson stated he would disagree because when Johnny Boyle went and built they did not give him any incentives. So why would we be giving these people any discount on taxes or other items. Suzanne Schauman replied that is a county issue. Bob Grimes stated he is pulling together information he can present to the commissioners court for a template with a plan for tax abatements. Then they will have to decide what they are going to do. Toni Kunz stated just because the pharmacy did not ask for it does not mean that it is not the standard business practice and this can fill a huge void for our community and the space is not being used to its fullest. She thinks it is going to be a win-win situation. Jim Hannah stated he believes they will be ahead and it is a good idea. Gene Longoria stated the bigger business the greater need for additional funding due to the risk. Glenn Clark asked if Lamar Schulz can give them some numbers on the parking development and the city services to the development. Suzanne Schauman stated she does not understand how this can be done. Glenn Clark asked how much is it going to cost for the stripping, tap fees, and what they are asking for.

Suzanne Schauman stated next is the permits, utility connection fees, impact fees, tap fees, and offsite utility extensions if needed on the back page. This is a city and BEC issue. Suzanne Schauman asked if Mike Armstrong can give us some fees and information on the cost of these items at our next meeting. Sheila Pumphrey asked how many parking spaces are needed. Gene Longoria replied in peak times they need to make more and other times we will not need as many. They want to make sure it does not affect the business of the retail shops if they do not have enough parking for the businesses and people to get to the business.

Suzanne Schauman stated moving on to number five to provide $100,000 of onsite improvements to grade and build the building and parking lot pad sites for the building foundation and parking lot. Jim Hannah added he is going to have to be convinced because these are things that should go into the development of the property and land. Gene Longoria stated they are going to have to be able to carry that building and if the economy changes this can make things more difficult and they have to look at carrying this for three years even if the economy goes down or does work out. They are working on a $5.6 million deal and they need to make sure things will work out and if they won’t be able to pull any market share from other avenues. Suzanne Schauman stated she believes Lamar Schulz has done some research on the Texas Capital Fund and there are grants out there available but it is not necessarily tax dollars that are going into this. Suzanne Schauman stated we have an EDC who gets about a quarter of a million dollars from the city annually and if this is not a perfect project for them but can come out of these funds and not the city directly. Gene Longoria stated they have a large marketing budget for this project to bring people into this area. Lamar Schulz stated he would like to have Margaret Hardin come down because they write these grants about how things are paid and what jobs are created from the project. Jim Hannah replied the sooner the better. Rilla Stephens asked if Fredericksburg paid for these items specifically the pad site. Gene Longoria stated no they did not because they are a much bigger market with more tourism. Lamar Schulz asked where else are you working on getting a hotel and retail places. Gene Longoria stated they have 15 acres and did not want to disclose the location in North Texas and very similar building with retail space and the hotel to move into a smaller community.

Suzanne Schauman stated number six is to request some offsite parking along Oak Street be used if needed to meet City parking space requirements and we have already discussed this with item two.

Gene Longoria stated the other issue is the Hot Funds Tax and they want some type of input into the marketing. Other hotels are paying the taxes to the city. He wants all the hotel taxes tracked to make sure the funds are spent as required by State Law. Suzanne Schauman stated she cannot guarantee that the 3% collected from this hotel will be to promote just your hotel but the town as a whole. Gene Longoria stated he has run into other cities that do not actually get the heads into beds. Suzanne Schauman stated she can show you the BBA and other information where these funds are being spent. She can assure him that it is being spent as it should be. Gene Longoria stated and not for pet projects such as, small tractor museums and one idea to bring people to Bandera. Patricia Moore stated she can show you where they advertise Bandera in many different venues. Gene Longoria stated it sounds like you are measuring your advertising also. Patricia Moore stated some things are not quantifiable but they are willing to work at getting this worked out. Mike Armstrong stated he needs the estimate costs of building and will need the plans, parking and more information about the hotel to be able to pull together the figures. Suzanne Schauman stated they are just wanting a ball park estimates and not necessarily going through as if they were ready to start building the hotel.

1. Adjourn - **Council member Glenn Clark made a motion to adjourn at 8:08 pm, seconded by Council Member Suzanne Schauman. All in favor none opposed. Motion carried.**

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Karen Chesler John Hegemier

City Secretary Mayor