

MINUTES

BRENHAM COMMUNITY DEVELOPMENT CORPORATION

June 22, 2023

A regular meeting of the Brenham Community Development Corporation was held on Thursday, June 22, 2023 at City Hall, Conference Room 2A, 200 W. Vulcan, Brenham, Texas beginning at 7:30 a.m.

Board members present were Charles Moser, Darrell Blum, John Hasskarl, Bill Betts, Jim Kolkhorst Gary Crocker, and Ken Miller

Board members absent: None

City of Brenham staff members present were Carolyn Miller, Jeana Bellinger, Stephanie Doland, Dane Rau. Debbie Gaffey, Teresa Rosales and Tim McRoberts

Others present: Mayor Pro Tem Kolby, James Whatley, Wesley Brinkmeyer, Justin Jersey, Jay Alexander, Richard Rolland and Luis Herrera

1. **Chairman Charles Moser called the meeting to order**
2. **Invocation and Pledges to the U. S. and Texas Flags – City Manager Carolyn Miller**

WORK SESSION

3. **Discussion and Presentation Related to a Request from Capital Westview Partners, LLC for Variances to the Restrictions, Covenants, Easements, and Conditions of the Brenham Business Center**

Director of Development Services Stephanie Doland presented this item. Doland explained that on May 24, 2023 City Staff received written correspondence from Richard Rolland, Managing Partner of Capital Westview Partners, LLC (CWP) requesting formal variances be considered by the BCDC for three development criteria of the CCR's. The variances requested by CWP were as follows:

- **Variance #1:** A request for a reduction to the minimum building square footage (SF) to acreage ratio from the minimum of 7,000 SF building per acre to 3,800 SF building per acre.
- **Variance #2:** A request for four (4) driveway entrances along a Lot frontage of approximately 640-feet where one (1) driveway is permitted per lot in accordance with the recorded CCR's.
- **Variance #3:** A request to allow the use of mercantile/retail use in addition to manufacturing and warehouse use where retail sales are currently disallowed per the recorded CCR's.

Doland stated that the CCR’s read in Section 4: *“The BCDC or its designated committee may, in its sole and absolute discretion, grant a variance to these covenants, conditions and restrictions where enforcement of one or more of the same would result in hardship to the lot owner, provided that such variance will not adversely affect the development plan of the Brenham Business Center.”* Therefore, the BCDC has the authority to grant or deny one or any combination of the variances requested by CWP. The Board then discussed the details of each variance.

4. Discussion and Presentation of the 5-Year Financial Outlook

Strategic Budget Officer Tim McRoberts presented this item. McRoberts provided the Board with the following information related to a five-year financial outlook and forecast:

- **Purpose of the Five-Year Forecast**
 - Help analyze revenue trends and major expenditures over the course of several years to better prepare and forecast future BCDC operations.
 - Forecasting several years ahead can help give context beyond just current obligations and operations.
 - Although BCDC has independent revenue streams, economic development and recreation decisions can directly affect both the City’s General & Utility funds.
- **Overall Financial Outlook**
 - Main source of BCDC revenue, sales tax, is very strong,
 - Partnership with Washington County allows our economic development dollars to go further.
 - BCDC has been able to fund major Parks & Recreation improvements while also being instrumental as an economic activity driver for both new and existing businesses.
- **Five-Year Financial Outlook & Forecast**
 - Financial outlook for BCDC is very healthy. As Brenham continues to attract new development these estimates should prove to be conservative.
 - There is opportunity for new programs and growth within this fund. However, in light of this good news it is critical to examine the challenges other City entities are currently facing.

	RECREATION			ECONOMIC DEVELOPMENT		
	Revenue	Expense	Surplus(Deficit)	Revenue	Expense	Surplus(Deficit)
2023	\$ 1,627,875	\$ 1,247,229	\$ 380,646	\$ 1,468,151	\$ 1,582,584	\$ (114,433)
2024	\$ 1,642,160	\$ 1,158,780	\$ 483,380	\$ 1,162,164	\$ 700,000	\$ 462,164
2025	\$ 1,779,995	\$ 1,200,000	\$ 579,995	\$ 1,108,459	\$ 735,000	\$ 373,459
2026	\$ 1,836,320	\$ 1,200,000	\$ 636,320	\$ 1,138,788	\$ 771,750	\$ 367,038
2027	\$ 1,894,334	\$ 1,200,000	\$ 694,334	\$ 1,170,026	\$ 810,338	\$ 359,689
2028	\$ 1,954,089	\$ 1,200,000	\$ 754,089	\$ 1,202,202	\$ 850,854	\$ 351,348

- **Long-Term General and Utility Fund Challenges to Note**
 - Public Safety Programs
 - Property Tax Relief
 - Inflation, labor shortages, supply chain issues
 - Legislative changes on the horizon
 - Water Plant/Capacity Expansion
 - Impact Fees
- **Long-Term General and Utility Fund Strategies**
 - Revenues
 - Current and proposed limitations on the City's ad valorem tax, will make the City more reliant on other revenue streams. Sales tax (retail) will prove to be the most important revenue moving forward.
 - Increases for charges for service, and growth-related fees must be increased to offset rising costs.
 - Intergovernmental agreements must be looked at to make sure they are fair and equitable.
 - Expenditures
 - Personnel remains the single biggest cost for the City moving forward (70% of budgets with constant upward pressure). Most of the City's future M&O property tax and sales tax revenue increases will have to go towards maintaining our existing staff.
 - Funding and issuing debt for the Water Plant expansion will be a significant challenge and will include a multitude of strategies to accomplish.
- **General Fund Snapshot Cost by Department**
 - Top 5 departments and their total cost to operate are:
 - Police: \$5,706,308
 - Parks: \$2,928,741
 - Fire: \$2,915,112
 - Streets: \$2,817,299
 - Aquatics: \$1,432,599
- **How Does This Relate to BCDC**
 - A new approach, not only to show BCDC a wider financial picture, but to also to tie in the long-term outlook of all City entities.
 - It is helpful to understand the challenges the City faces on a whole when formulating policies and strategies.
 - Vital to look at the issues through a collective lens.

McRoberts advised the Board that the FY2023-24 budget needs to have some sort of subsidy from the BCDC to help cover the maintenance and operations cost of aquatics and parks. McRoberts explained that as the costs of providing parks and aquatic services has increased it is getting more difficult for the City to carry the full financial burden of these operations.

5. Discussion and Update on Property Owned by B. L. Smith d/b/a Brenham Kitchens in the Brenham Business Center

City Secretary and Director of Administrative Services Jeana Bellinger presented this item. Bellinger explained that Chairman Moser requested information on how the 18-month option period outlined in Section 5 of the Restrictions, Covenants, Easements, and Conditions for the Brenham Business Center affects the 2.787-acre tract purchased by Brenham Kitchens in February, 2022.

Bellinger advised that the 18-month period on the Brenham Kitchens property will expire on/or around August 24, 2023 and that the tract was sold for \$139,350.00 (\$50,000 per acre). Bellinger stated that the Restrictions state that if the BCDC would like to exercise their right to repurchase any property due to the Owner's failure to construct, BCDC shall notify the owner in writing; however, if the BCDC fails to notify the Owner within six months after the expiration of the 18-month period, the right to re-purchase is waived.

The Board asked Community and Economic Development Director Teresa Rosales to reach out to Brenham Kitchens and see what their plans are for the tract and to bring this item back for an update in August.

6. Discussion and Update on the Lease Agreement with Irby Construction Company for Approximately 28.7 Acres of Land in the Southwest Industrial Park, Section III

Community and Economic Development Director Teresa Rosales presented this item. Rosales explained that on August 11, 2022, the BCDC entered into a one-year lease with Irby Construction Company on 28.67 acres in the Southwest Industrial Park.

Rosales advised that the terms of the lease are \$137,375.15 (\$0.11 per square foot) for the initial term of one (1) year, paid in advance. The agreement also notes, "Thereafter, in the event the Lease Agreement is continued on a month-to-month basis, the monthly rental amount shall be \$11,447.93, paid in advance, on or before the first day of each month." Rosales stated that staff is seeking direction on whether BCDC has an interest in continuing or terminating the lease. The termination date of the lease is August 14, 2023.

The Board advised that Rosales reach out to Irby Construction and see how much longer they need the property and to bring back an update in August.

The Board adjourned into Executive Session at 8:15 a.m.

EXECUTIVE SESSION

7. Texas Government Code, Section 551.071 – Consultation with Attorney – Consultation with Legal Counsel Regarding the Development of Approximately 6.413 Acres in the Brenham Business Center, Owned by Capital Westview Partners, LLC

8. **Texas Government Code, Section 551.071 - Consultation with Attorney and Texas Government Code, Section 551.072 – Deliberation Regarding Real Property – Consultation with Legal Counsel and Deliberation Regarding Approximately 44.068 Acres in the Southwest Industrial Park, Section III, in the City of Brenham, Texas, and Associated Matters**

Executive Session adjourned at 10:08 a.m.

REGULAR SESSION

9. **Discuss and Possibly Act Upon a Resolution Related to a Request from Capital Westview Partners, LLC for Variances to the Restrictions, Covenants, Easements, and Conditions of Brenham Business Center**

A motion was made by Darrell Blum and seconded by John Hasskarl to deny the variances to the Restrictions, Covenants, Easements, and Conditions of Brenham Business Center submitted by Capital Westview Partners, LLC on May 24, 2023.

Chairman Moser called for a vote. The motion passed with the Board voting as follows:

Chairman Charles Moser	Yes
Vice Chairman Darrell Blum	Yes
Board Member Bill Betts	Yes
Board Member Gary Crocker	Yes
Board Member John Hasskarl	Yes
Board Member Jim Kolkhorst	Yes
Board Member Ken Miller	Yes

The meeting was adjourned.

Charles Moser

Chairman

ATTEST:

Jeana Bellinger, TRMC, CMC

City Secretary/BCDC Secretary