**MINUTES**

**FOR THE WORKSHOP OF THE**

**CITY COUNCIL OF THE CITY OF BANDERA**

**JULY 2ND, 2015**

**AT 6:00 PM IN THE MUNICIPAL BUILDING**

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

1. Meeting called to order by Mayor John Hegemier at 6:07 pm. Council members Glenn Clark, Suzanne Schauman, Sheila Pumphrey, Charlotte Browning, and Jim Hannah were present. City Administrator, Lamar Schulz, and City Treasurer, Trinity Burnes were also present.
2. Visitors to be heard – No one signed up and no one spoke.
3. Discussion on the Following Topics:
4. Assistance and incentives for Business development in Bandera Texas

John Hegemier stated council has the paperwork that Gene Hartman provided back in April for this project and he is asking the city to give him some guidance on what incentives they are willing to offer. Martha Shoemaker asked can you read the list that was provided by Gene Hartman as the audience does not have the paperwork. John Hegemier stated the original request was to increase the Occupancy Tax to the maximum amount of 16 percent and currently we are at 13 percent. Patricia Moore stated the maximum is currently 18 percent and Bandera is currently at 15 percent. John Hegemier read from the request to fund and provide all required off site development improvements including offsite parking, and new offsite parking for the proposed one way Oak Street. Provide a Tax abatement for all personal and real property taxes for the first ten years of operation. Waive all of the fees for permits, utility connection fees, impact fees, tap fees, and offsite utility extensions, if needed. Provide $100,000 of onsite improvements to grade and build the building and parking lot pad sites for the building foundation and parking lot. Provide some offsite parking along Oak Street to be used, if needed, to meet city parking space requirements. They are also asking the CVB (Community Visitor Bureau) to execute a three year lease with the owner-developer to lease the conference center for $36,000 per year to be paid out of the Hot Fund or Hotel Occupancy Tax. John Hegemier stated what the owner-developer would contribute would be the land for this project and seek a conventional loan from a local lender, develop 12,000 square feet of retail and restaurant with drive through and office space, develop 32 furnished loft rentals with full kitchenettes, develop 21,006 square feet of conference space, warming kitchen, serving bar, and two water fountains. The owner-developer would manage day to day operations of Bandera Main Street Shops and Lofts.

John Hegemier stated maybe we should start with the tax abatements. Lamar Schulz stated we have given out a document from the City of Luling indicating what that city had offered to the developer of hotels. Council was also provided another sheet with more information of what other entities have provided. At the City of Luling they did a sliding tax abatement of 100 percent on down for each of the hotels for the incentives. John Hegemier stated he believes the consensus in the city would be a good thing for a hotel. The question would be how much we put in and how much we get back. John Hegemier stated Gene Hartman would like some direction from council about this and how to move forward with this current plan. Glenn Clark asked if the county has been approached with this and if they are aware of the requests on them. Gene Hartman replied we have just started with the City of Bandera but the plan is to go to the county and the school district. The focal point right now is to see if the City of Bandera has any interest with this project. Suzanne Schauman stated we have already looked at increasing the Hot Tax but we are already 2% higher than our neighboring communities and unless council is going to reconsider that is not going to happen. Gene Hartman stated he thought the Hot Tax and the CVB leasing the conference center would go hand in hand. Gene Hartman stated the two things he has heard in Bandera are there is no additional sign with this hotel and the need for hospitality rooms and a conference center. Suzanne Schauman stated she does not believe anyone is not in favor of the idea of a hotel but we are a long ways apart in an agreement of these conditions of 100% tax abatement with a sliding scale over 10 years. Looking at some of these things you are asking us to do we might as well build a hotel ourselves. The owner-developer is requesting $100,000 in site work, parking on Oak Street and allowing that to happen. Suzanne Schauman stated she does not feel we should not charge for any of the permits and we can build a hotel for that. Gene Hartman replied this is a $5.6 million dollar project at $150 per square foot. In the first year the performa for marketing the first year is $100,000 and that is employing a person to do the marketing ourselves for $36,000 budgeted with an additional $5,000 a month in marketing. This is a public-private venture and they would work with CVB and the City to accomplish their goals. Suzanne Schauman stated besides the cash the first five years we are out the tax but we would get sales tax dollars. The city is only one small entity and she believes the school is going to be a bigger portion of the dollars. Gene Hartman stated this is a starting point for them, they met initially back in April and met in May and have been interacting. Mr. Hartman does understand other taxing entities would need to be met with but it is in the City of Bandera. Mr. Grimes stated that Mr. Schulz has been doing what he has been doing at the county level as he has been looking into this for the county and the long term goals for structures for tax abatement and zones but the county last week had its first longer term planning session. Mr. Grimes stated they talked about economic development and the need to define what it means to each of them. Talking about tax abatements, nobody has ever asked the county for one. They have a ways to go to developing the process and it is a great opportunity for the city, county, and school district. Mr. Grimes stated we have some opportunities to have some changes here. Mr. Hartman stated he does want to have some type of Interlocal agreement and do a 380 or 381 and will be able to comply with it. Mr. Grimes stated they do not have any policies, procedures, and application process the commissioner’s court with tax abatements and other assistance. Rilla Stephens asked do other cities comply with these requests to get a hotel in their city. Mr. Hartman replied everything is negotiated but the example is from Luling and this is not reinventing the wheel with the private investor. The risk in Bandera is probably a little bit higher than other areas because of the limited population of Bandera but has a lot of tourism. Glenn Clark stated it was his understanding to meet with the other local entities to work these things out and see what concessions they are willing to make but they need to know what the school is going to do. Otherwise, they are wasting their time here. Mr. Hartman stated this is the first meeting of hopefully more. Glenn Clark stated we need to see what the others are willing to offer and if they say no right now we can just move on. Mr. Hartman stated Texas Capital Fund contacted him because they have money to spend and thought this might be a good opportunity to assist the City of Bandera with funding. Mr. Hartman stated they are willing to keep the western motif in anything that they are going to do. Glenn Clark stated this is something we need and if we address all of these items in one sitting we would not do it justice. This is strictly a workshop and no decisions are going to be made. Gene Hartman stated they have already met with Klein Engineering on getting started on the project. What he is looking for is some sort of direction and a monthly update. Genie Strickland asked how many places are going to be on the bottom level. Gene Hartman replied one restaurant and six retail places. Mr. Hartman stated they have one lady that wants 5,000 square feet and they are trying to work it in. Genie Strickland stated they want to have as many rentals as possible. Mr. Hartman stated they have planned 32 rooms. Toni Kunz stated she was impressed that they are doing a mix to be able to sustain the businesses and keep the building running. Patricia Moore stated she has done some analysis for the city with $47,000 for Sales Tax. 2,000 square feet for the conference center and the Purple Sage has 3,000 square feet and it would limit the number of people that can attend these meetings. Patricia Moore is not sure if this is going to be cost effective if these facilities are already available and bigger. Mr. Hartman responded they are looking at doing the extended care and families with rooms containing kitchenettes. Mr. Hartman has a floor plan that they are looking at using. Patricia Moore stated she uses Bandera County data information online to provide statistics of employment and other data. Rilla Stephens asked how many employees will this employ and she asked about the extended stay of the rooms if they are more like rentals. Mr. Hartman stated about 15 employees for the restaurant and 60 for the retail space but they are only part-time positions. Housekeeping for the hotel will be a mix of both full-time and part-time positions. Glenn Clark stated the city would be better served with more rooms and no conference room. The kitchenettes are not necessary as this will take away from the businesses in town. Can they add additional rooms for the reduction or elimination in the conference room? Charlotte Browning asked what makes up a kitchenette. Mr. Hartman replied dishwasher, warming plate, sink and refrigerator. Suzanne Schauman stated she would prefer a microwave, coffee pot and refrigerator. John Hegemier asked how interested council is in the project and what are they willing to give or help out with. Lamar Schulz stated the Texas Capital Fund needs to be researched to see if this would be feasible for Bandera. Patricia Moore stated she was cautious on her figures and very conservative on her estimates with the numbers that generate taxes for the City of Bandera. Jim Hannah stated he is interested but would like to know what the county or school district is interested in doing or negotiating with them. Mr. Hartman stated he is looking at council for some feedback and how to go to the county and the school district and what the people of Bandera want. Glenn Clark stated three of the things he is willing to negotiate on the parking, abatement and permitting fees. Suzanne Schauman asked if the tax abatement does this go to the leasee. Mr. Hartman replied no it does not because they are not putting up the large investment. Sheila Pumphrey asked what else do we have here in Bandera. Families bring kids and what do they have to do. They are working on a Skate Park. Mr. Hartman replied it is a diamond in the rough and it is mainly for the motorcycle rallies. Sheila Pumphrey stated we have a rodeo once in a while and some other special events. Genie Strickland stated the Cowboy’s on Main Street have two shows and they are counting the people at about 130 to 200 people a weekend for each show. The guys spend an additional time with the kids afterwards. They are building the Exotic Museum. Other attractions include the Heritage Museum, the River, and Disc Golf. Each includes events for the children or families to participate in. Mr. Hartman stated they are going to work with the CVB to bring more people to the Bandera area and will be working jointly with them. Genie Strickland asked is it common for hotels to increase the prices for the hotel on the big weekends or days. Mr. Hartman replied it is supply and demand. When they have a big event they could increase the prices and it is a very typical business practice. Patricia Moore stated people would prefer to go to Boerne and pay $69 instead of $149 in Bandera. Joe Hearn stated we have all of the information we need and the details can be worked out later after the initial construction project. Mr. Hartman stated he knows we are all green and he can work it out with Lamar Schulz on the details. Joe Hearn stated we need to do the total outlay of the whole project and the tax abatement. If the City leads the project they will follow. Mr. Hartman stated that is exactly his point and this hotel will be in the City of Bandera. Martha Shoemaker stated she knows he has his investors that will have to come up with the $5.6 million that is free enterprise. We as a city to have a fund source for space available and the profit center for the citizens of Bandera and we do not know that number. So we need to figure out those numbers to see if we are on equal footing with the $5.6 million investment. Mr. Hartman stated he completely appreciates her comments. Jim Hannah stated he believes they have a consensus and they want to continue talks. Mr. Hartman wanted to know if they will have minutes of the meeting and wants copies of them. Mr. Hartman’s background is in building and wants to know the consensus of the council. Jim Hannah stated yes but we have some negotiations to do. Glenn Clark stated it would be in the best interest of both parties to design the floor plans with more rooms and no stoves. Mr. Hartman stated he has learned a lot and he will be back to city hall to work on this.

1. Adjourn - **Council member Glenn Clark made a motion to adjourn at 7:20 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