



**REGULAR MEETING OF THE CITY COUNCIL
JUNE 14, 2022
MINUTES**

A meeting of the City Council ("Council") of the Village of The Hills ("the Village") was held in person and remotely. Mayor Wharton called the meeting to order, and the roll was called of the duly constituted officers and members of the Council to wit:

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| Greg Wharton, Mayor | Jim Nelson, Councilmember, Treasurer |
| Hilda Potsavich, Mayor Pro Tem | Sarah Carroll, Councilmember |
| Robert Smith, Councilmember, Secretary | Rick Van Dalen, Councilmember |

and all said persons were present, thus constituting a quorum.

Also present were Wendy Smith, City Manager, Sonja De La Fuente, City Secretary, Village of The Hills, and Luis Ozuna, Deputy Constable (via Zoom).

1. CALL TO ORDER

The meeting was called to order at 9:00 A.M.

2. EXECUTIVE SESSION

The Council went into Executive Session at 9:00 A.M.

The Mayor and City Council may adjourn into Executive Session at any time during the course of this meeting to discuss any matters listed on the agenda, as authorized by the Texas Government Code including, but not limited to, Sections §441.071 (Consultation with attorney), §551.072 (Deliberations about Real Property), §551.073 (Deliberations about Gifts and Donations), §551.074 (Personnel Matters), §551.076 (Deliberations about Security Devices), §551.087 (Economic Development), §418.183 (Deliberations about Homeland Security Issues), and as authorized by the Texas Tax Code including, but not limited to Section 321.3022 (Sales Tax Information).

- Short Term Rental Ordinance – §441.071 (Consultation with attorney)
- Hotel Occupancy Tax Collection Ordinance – § 441.071 (Consultation with attorney)

The City Council came out of Executive Session at 9:41 A.M. There was no reportable action. The Regular meeting reconvened at 9:42 A.M.

3. PLEDGE OF ALLEGIANCE

The Mayor led the Pledge of Allegiance.

4. PUBLIC COMMENT

Gary Weldon expressed concern with the short-term rental ordinance causing undue burden to the City with managing and costs. He recommended charging the homeowner.

Amy Weldon asked how many homes are currently operating short-term rentals. The Mayor advised informally usually less than 10, with the baseline increasing. She asked if there was a way to ensure weapons were not brought in.

Steve Dedear advised he is a local realtor and manages properties in The Hills. He explained that short term rentals are 30 days or less and that the typical tenants are looking for a home or building a home. He indicated there is a huge demand by people who want to live in The Hills and that a lot of tenants are visitors of families.

John Thomas advised that he and all of his neighbors are against short term rentals. He explained that the house turns over every couple days and there are a lot of parties, trash, etc. He asked how to see the proposed ordinance. The Mayor advised that the ordinance may be viewed on the Village website, on Nabr Network, or Email Helpdesk

Dirk Van Landuyt asked about the elevated road on the 17th green 18th tee box, who owns it, and when was it last inspected. He asked about a noise ordinance and how to enforce violating the 7am rule. The Mayor advised they are working on it and there would be no building on the dam until ownership is established. He asked Mr. Van Landuyt to keep track of the noise activity.

Bob, John Thomas' neighbor, advised that he has been renting his home out since 2008 in the summers and that he is good about vetting who is there. He indicated that he understands issues with new home rentals. However, he is concerned with the new short term rental process being too onerous. He recommended a warning first. He also recommended a citywide noise ordinance, not short term rentals only. In regard to the Hotel Tax Ordinance, he advised that HOT revenues need to be earmarked for promoting tourism and questioned this when trying to limit short term rentals. The Mayor advised there is no intention to ban short term rentals. He also informed that a noise ordinance passed last summer. He explained that fines would be applied to flagrant violations and the Village would follow a judicious application of the law. He noted that the fact that the tax could only be used to promote tourism, however it may be used to promote tourism within or without The Hills.

Sean Wilt advised that they enjoy being short term rental owners and that all are vetted carefully. He indicated that the vast majority of the guests follow the rules. He noted that a local person across the street cares for the home and that it is incumbent upon homeowners to police and vet their guests. He asked that the money they collect be used to improve The Hills. He understood issuing citations for a violation of rules, however he would request a hearing process. The Mayor expressed gratitude hearing from operators.

He explained the hearing opportunity would be to appeal to the City Council. He explained this is not a gotcha statute, rather ensuring responsible operation.

David Murray advised that he supports what Council is trying to do. He noted that he stands strongly against short term rentals.

John Dillon shared that he is a neighbor of the Glen Rock house and it is problematic. He shared his support of the ordinances.

5. CONSENT AGENDA

- A. Minutes of the May 10, 2022, Regular City Council Meeting
- B. Finance/Treasurer's Report for May 2022

Treasurer Jim Nelson provided the Treasurer's Report for May. He informed the Council that the Village is in a similar position as last month, which is running ahead on sales tax collection. He noted that franchise fees are coming in ahead of budget. He explained that general expenses overall are from catching up with a lot of work coming out of the winter months. He expects overruns in landscape and fixtures.

Mayor Pro Tem Potsavich moved approval of the consent agenda; Councilmember Smith seconded the motion, which carried 5-0.

6. REPORTS

- A. Law Enforcement

Deputy Constable Ozuna reported that he has been busy with traffic stops, with 54 in the month of May. The highest offense has been the improper left turns out of the main entrance (39). However, this is lower than last month.

- B. POA Liaison

Mayor Pro Tem Potsavich reported the Board met and discussed the following:

- Public Forum - John Thomas questioned the policy of having the guards check Drivers License and insurance of all pickup trucks and vans entering the gates even if the driver was listed on the resident's guest list. The Board said they would re-assess the policy to avoid the appearance of "profiling".
- Architectural Committee - will present the Committees recommendations for a rule change
- related to wooden fences at the June meeting. Mike Maroney resigned from the Committee and Mark Molkers was appointed to take his place.
- Landscape Committee - looking for someone to repair the bigger leak in the fountain.

- Road Committee - Roman Patten will take over as Chair of this Committee. Sam Brooks has resigned and Dirk VanLandyut has been appointed to take his place.
- Security Committee - there is an issue with Spectrum being able to program the new cameras. At meeting time, they were two weeks behind schedule. Joe Middlebrook was approved as a member of the committee.
- Manager's Report - PS Management is providing an Inspector to enforce rule violations.
- Assessments will be increased to \$1,050.00/year, starting with a \$100.00 increase in the July 1st bill.
- Short Term Rental section of the Master Declaration will be voted on at the Annual Meeting in January. Mandatory Club Membership will also be considered again.
- Mark Wolstromer, Treasurer, is working on the 2023 budget. He stated that it looked to be \$100K short.
- The Board accepted Corey Koberg's resignation and appointed Caleb Cunningham to fill the remainder of his elected term.
- Diane Thompson passed away. She was very involved in the community.

C. MUD Liaison

Mayor Pro Tem Potsavich reported that she attended the regular MUD Board meeting held on May 23, 2022, where the Board met with a quorum of three members. Wilson Smith was at an "emergency" dental appointment and Jim Wingard presided over the meeting with Bill Coskey and Mike Maroney in attendance.

- The drainage issue involving the PUE encroachment between 3 & 5 Stillmeadow Drive was discussed. The resident at 5 Stillmeadow did not appear as requested, so the Board agreed to proceed with enforcement of the rules to not allow permanent structures or landscaping to impede the flow of drainage in designated easements.
- The Effluent Interconnect with Lakeway MUD was discussed. After walking the entire project with the engineers, Earl Wood and Earl Foster of the LMUD met and agreed that the intersect at Trophy Dr. And Highland Blvd. was not a good spot, and the best option was to go all the way to the Lakeway pond. It will require obtaining some permits to go through a Lakeway City easement or LMUD PUE. Neither MUD managers could foresee any big problems.
- Painting the elevated tower has been postponed until better (cooler?) weather in the Fall when water usage should not be an issue and the desired paint color will be available.

- The Board agreed to wait until Wilson was available to accept Larry Kenner's resignation and consider the appointment of his replacement.
- The drainage project in the Common Area behind Camwood Trail is ongoing and should be completed in 2-3 weeks.

D. Club Liaison

Councilmember Van Dalen reported that the pool is not yet open, so the grand opening party was not held in May.

E. Park Liaison

Councilmember Carroll reported that the Snow Cone Social on June 8th was a success. At the meeting on June 13th they established the Beautification, Events, and Sponsorship/Support committees. They discussed rental rules and regulations and would like to make a recommendation to City Council.

F. Youth Advisory Commission

City Manager Smith reported that Splashfest is scheduled for July 16th and that date will be finalized at their meeting on June 15th. Applications for next school year are currently being accepted and the item will be on the July agenda.

G. City Manager's Report

City Manager Smith reported on the following:

- Dog Park – two rounds of tree trimming have been completed. Additional flagstone will be placed around the water bowl and entrance area.
 - The Mayor requested an emphasis be placed on regular inspection of the dog park.
- Walking Trail Phase 3 – Flatwork portion will be complete in the next couple of weeks. Stonework, irrigation and sod will follow. Driveway reconstruction will begin on Monday and will take approximately three weeks. Substantial completion of the project will be in four to six weeks.

H. Mayor's Report

Mayor Wharton reported on the following:

- He will bring forward a communication platform that would be no cost to the City. This would allow centralized communication for the City, MUD, POA, and the Club.
- He will attend the Lakeway 4th of July parade.

7. BUSINESS ITEMS

- A. Discussion and consideration of an Ordinance Amending Chapter 9, Planning And Development to Create a New Article 9.03, Regulation of Short Term Rentals, Providing for Definitions, Adding Short Term Rental Standards; Establishing the Requirements for the Issuance, Maintenance and Renewal of Short Term Rental Permits, Providing for the Revocation of Same; and Providing Penalties

The City Council discussed a possible 12-guest limitation, the difference between an event and a family gathering and establishing a baseline of accountable ownership, responsibility, and encouraging diligence. They also discussed effective communication with the Property Owners Association, all of the administrative pieces behind establishing the process, implementation, communication, administration and enforcement. The fee would be approximately \$450-\$600 per year (\$150 per room \$100 reinspection fee).

Councilmember Van Dalen moved to adopt an Ordinance Amending Chapter 9, Planning And Development to Create a New Article 9.03, Regulation of Short Term Rentals, Providing for Definitions, Adding Short Term Rental Standards; Establishing the Requirements for the Issuance, Maintenance and Renewal of Short Term Rental Permits, Providing for the Revocation of Same; and Providing Penalties with immediate effect, no enforcement until October 1, 2022 to complete administrative tasks and initiate a communication campaign outlining fees), fines, and timeline; Councilmember Smith seconded the motion, which carried 5-0.

- B. Hold a Public Hearing Related to an Ordinance Amending the Village of The Hills Code of Ordinances Chapter 5, Business Regulations; to Adopt a New Article 5.01 to be Entitled Hotel Occupancy Tax

The Mayor opened the Public Hearing.

John Thomas recommended passing the ordinance with little delay, as he would like it done as soon as possible.

City Manager Smith explained that if adopted the collection would begin with bookings after October 1, 2022.

The Mayor closed the Public Hearing.

- C. Discussion and consideration of an Ordinance Amending the Village of The Hills Code of Ordinances Chapter 5, Business Regulations; to Adopt a New Article 5.01 to be Entitled Hotel Occupancy Tax, to Provide for the Authorization, Collection, and Use of Such Tax; to Provide Definitions, a Tax Rate of Seven Percent of the Price of a Hotel, Motel, or Other Lodging Rooms; and Penalties for Violation

Mayor Wharton moved to adopt an Ordinance Amending the Village of The Hills Code of Ordinances Chapter 5, Business Regulations; to Adopt a New Article 5.01 to be Entitled Hotel Occupancy Tax, to Provide for the Authorization, Collection, and Use of Such Tax;

to Provide Definitions, a Tax Rate of Seven Percent of the Price of a Hotel, Motel, or Other Lodging Rooms; and Penalties for Violation; Councilmember Carroll seconded the motion, which carried 5-0.

D. Discussion and consideration of awarding a contract for Landscaping Services (RFP 2022-02)

The City Manager provided the report for this item.

Councilmember Carroll moved to award a contract to Brightview Landscape Services in the amount of \$59,555 for Landscaping Services for parks and greenbelts (RFP 2022-02); Councilmember Nelson seconded the motion, which carried 5-0.

E. Discussion and consideration of a variance request for 2 Chameleon Court, related to Walking Trail Project VTH.003

The City Manager provided the report for this item. She confirmed that the resident understands that once installed, it is their responsibility to maintain.

Councilmember Nelson moved to approve the variance request for 2 Chameleon Court related to Walking Trail Project VTH.003; Councilmember Smith seconded the motion, which carried 5-0.

F. Discussion and consideration of renewing the contract for professional Audit Services with Singleton Clark & Company

City Manager Smith provided the report for this item. She advised that the cost increased to \$10,000.

Councilmember Nelson moved to approve the renewal of the contract for professional Audit Services with Singleton Clark & Company in the amount of \$10,000; Councilmember Van Dalen seconded the motion, which carried 5-0.

G. Discussion and consideration of approving an Election Agreement with Travis County for the November 8, 2022, Election

City Manager Smith provided the report for this item.

Councilmember Nelson moved to approve an Election Agreement with Travis County for the November 8, 2022, Election; Mayor Pro Tem Potsavich seconded the motion, which carried 5-0.

H. Discussion and consideration of health insurance renewal with TML Health for Fiscal Year 2022-2023

City Manager Smith provided the report regarding this item.

Mayor Pro Tem Potsavich moved to approve the renewal with TML Health for Fiscal Year 2022-2023; Councilmember Nelson seconded the motion, which carried 4-0, with Councilmember Carroll abstaining.

- I. Discussion and consideration of an Interlocal Agreement between Village of The Hills and Travis County for an Update to the Hazard Mitigation Action Plan

City Manager Smith provided the report regarding this item.

Councilmember Nelson moved to approve an Interlocal Agreement between Village of The Hills and Travis County for an update to the Hazard Mitigation Action Plan; Mayor Pro Tem Potsavich seconded the motion, which carried 5-0.

- J. Discussion and consideration of cost estimates for a replacement cart path behind Stillmeadow Drive

City Manager Smith provided the report regarding this item. She advised that they have received two cost estimates at approximately \$10,000 and \$17,000 for concrete replacement. However, with rising costs this may increase by October 1st. Mayor Pro Tem Potsavich provided history on the building of the initial path, which was not done by the City. There was discussion held regarding the benefit to residents. It was recommended to continue to research other sound baffling substances that may fall between gravel and concrete, as the cost of concrete is too much without assistance from the Club or other sources.

- K. Discussion and consideration of policy and process changes recommended by the Parks and Recreation Commission

Councilmember Carroll provided the report regarding this item. She indicated that the Parks & Recreation Commission would like to change maximum attendance to 50. Anything over would require a special event permit. The non-refundable deposits would remain the same, but there would be an additional \$250 refundable deposit required for residents and \$500 refundable deposit required for non-residents. No holiday rentals will be allowed and organized sports would still not be allowed, but the court and field may be rented. No exclusive closures would be allowed.

Councilmember Nelson detailed explanation on the requirements to receive the refundable security deposit.

Councilmember Smith moved to approve the policy and process changes recommended by the Parks and Recreation Commission; Mayor Pro Tem Potsavich seconded the motion, which carried 5-0.

- L. Discussion and consideration of the Traffic Study by KSA Engineering and related recommendations

Mayor Wharton provided the report regarding this item. He explained that no additional intersections within The Hills warranted stop signs. An additional study will be done with

the Lohman's project in Lakeway, which would be more than a year out. He will continue to engage and monitor.

Councilmember Nelson moved to accept the Traffic Study by KSA Engineering; Mayor Pro Tem Potsavich seconded the motion, which carried 5-0.

M. Discussion and consideration of forming a committee for the 25th Anniversary event

There was a consensus of the Council that it was determined that this will fall under the Parks and Recreation Commission to work with the Club and coordinate into the Hillsfest program.

N. Discussion and consideration of scheduling a work session regarding the City's Strategic Plan Update

There was a consensus of the Council to discuss this item in September.

O. Discussion and consideration of the City Council's budget priorities for FY2022-2023

The City Manager reported that she is waiting for data points to calculate tax rate. The certified tax roll will be released on July 25th. The proposed budget will be provided in August, filed at the end August, and adopted at the end of September. Councilmember Nelson reminded the Council that he sent recommended budget priorities electronically and recommended sending their additional thoughts to Wendy. The Council discussed increased costs, park usage, infrastructure, additional clerical staff for additional responsibilities in the office, and getting and keeping services and amenities up to premier status.

8. ANNOUNCEMENTS AND REQUESTS

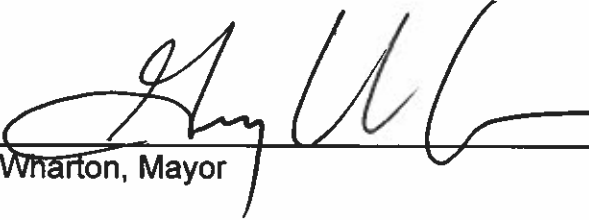
New business items to be included on the next agenda.

- Since there will not be a quorum available on July 12, 2022, the Council will meet on July 19, 2022 at 9:00 A.M.
- Election Ordinance
- Tree Trimming RFP

9. ADJOURNMENT

Mayor Pro Tem Potsavich moved to adjourn at 11:35 A.M.; Councilmember Van Dalen seconded the motion, which carried 5-0.

Signed this 19th day of July 2022.



Greg Wharton, Mayor (Seal)

ATTEST:



Sonja De La Fuente, City Secretary

