

**Village of Salado
Salado Municipal Building
301 North Stagecoach Road
Salado, Texas
Minutes of Regular Meeting of Board of Aldermen
June 2, 2022 at 6:30 p.m.**

The Board of Aldermen meeting was called to order at 6:30 p.m. by Mayor Michael Coggin. *The meeting was conducted in person and using videoconferencing. Public participation was available via videoconference.*

Mayor Coggin gave the Invocation and the Board of Aldermen led the Pledge of Allegiance to the United States and Texas flags.

Board Members Present: Mayor Michael Coggin, Mayor Pro-tem Rodney Bell, Aldermen John Cole, Paul Cox, D. Jasen Graham, and Jason Howard attended in person.

Staff Present: Village Administrator Don Ferguson, Assistant Village Administrator Stacey Ybarra, City Secretary Cara McPartland, and Tourism Director Andrea Howard.

1. Citizens Communications

No comments were heard.

2. Consent Agenda

Approval of minutes of the Regular Board of Aldermen meeting of May 19, 2022.

Alderman Graham moved to approve the Consent Agenda, as presented. Alderman Cox seconded. Motion carried on a vote of 5-0.

3. Discuss and Consider Possible Action Regarding any Item Removed from the Consent Agenda

No items were removed.

4. Status Reports

A. Village Administrator's Status Report

- Main Street Light Repairs

Village Administrator Ferguson reported the street light maintenance contractor and manufacturer have ruled out the driver as the cause of lighting problems, are focusing on the actual street light head, and working with the Village and TxDOT on this issue.

- Sales Tax and Hotel Occupancy Tax Collections

Village Administrator Ferguson reported May's sales tax check (representing March collections) totaled \$78,524.56 and year-to-date collections totaled \$501,202.00, up 11 percent and 17 percent, respectively, from the same period last year, with collections running ahead of budget. He reported that year-to-date Hotel Occupancy Tax (HOT) collections total \$154,815 and are anticipated to continue trending upward. He noted that 99 percent of HOT collections come from hotels/boutique hotels, not short-term rentals, as only about 5 short-term rental properties are currently paying the HOT.

- April Storm Repairs

Village Administrator Ferguson reported Bell County has established a long-term needs committee as tornado recovery efforts continue. He said the committee will help determine allocation of donated funds and provide additional support for victims. He advised that "211" is the number for tornado victims to call for assistance. He noted significant hail damage to roofs in Salado resulting in the issuance of 84 roof replacement/repair permits to date at a value of just over \$1,500,000. He reminded that contractor registration and permit applications are required prior to roofing work being done and strongly advised residents to get multiple quotes and check on permit fees before hiring a contractor. He noted that a permit is required for companies that want to conduct door-to-door solicitation for their services.

- Subdivision Ordinance Review

Village Administrator Ferguson reported that the Planning & Zoning Commission will be recommending a "cluster" subdivision design to help promote green space, walkability, and enhance property values, as opposed to the standard rectilinear design in the current Subdivision Ordinance. He advised that Planning & Zoning Commission members are also currently discussing the addition of tree protection regulations, with sidewalk discussions to follow.

- Police Chief Search

Village Administrator Ferguson reported that Gary McHone has been hired as the Village's new police chief, who is expected to start on June 15, 2022. He spoke highly of his background, qualifications, and community policing approach. He thanked Dr. Michael Novotny and Fire Chief Jim Franz for their participation and input in the interview process.

- Website Redesign Update

Assistant Village Administrator Ybarra reported on plans to launch the newly redesigned website on June 15, 2022. She noted user-friendly features, updated photos/forms/applications, and site testing prior to launch. Village Administrator Ferguson thanked Ms. Ybarra and Alderman Howard for their work on this project.

In addition, he reported on the May 31st ceremony recognizing the first graduates of the Salado Community Institute and highlighted the curricula and activities. He thanked all Village staff and Board of Aldermen members who participated.

Discussion established that any revisions resulting from the Subdivision Ordinance review cannot be made retroactive to apply to existing plats and addressed the status/timeframe of Salado Plaza Drive re-surfacing and West Village stop signs.

B. Salado Police Department Status Report

- Calls for Service
- License Plate Reader Program Update
- Citizens on Patrol Program (COP)

Village Administrator Ferguson advised that this item will be continued until the Board's first July meeting.

C. Salado Fire Chief Status Report

- Calls for Service

Village Administrator Ferguson advised that this item will be continued until the Board's first July meeting.

D. Tourism Director's Report

- Salado Marketing Activities

Tourism Director Andrea Howard reported on the following May marketing statistics: number of website/app users (236), including number of new (108)/returning (128) visitors. She stated the new visitor's guide is being distributed statewide visitor centers/chambers/travel centers, and to our lodging partners and local businesses. She advised that the ad for the fall edition of Texas Events magazine has been submitted and that free listing information was sent to those hosting events during the fall months.

- Visitors Center Activities

Tourism Director Howard reported that 562 visitors stopped in the Visitors Center during May and provided available historical May data for 2018 through 2021. She reported on shuttle usage and thanked all of the volunteer drivers and visitor center volunteers. She advised the shuttle will be running Saturdays from 10 a.m. – 4 p.m. through August 7, 2022.

- Upcoming Events
 - June 18: Salado Springs Beer Festival; Barrow Brewing
 - June 24-27: A Bluebonnet Evening; Salado Museum

- July 23, 30 and August 6: Salado Legends; Tablerock Amphitheatre
- August 6-7; Art Show; Salado Chamber of Commerce
- 4th Friday of the month, February – October: Royal Street Art Walk

Discussion addressed lack of impact on visitation trends due to gas prices and recruitment of volunteer shuttle drivers.

5. Resolution

Consider action regarding a resolution of the Board of Aldermen of the Village of Salado, Texas finding that Oncor Electric Delivery Company LLC's ("Oncor" or "Company") application for approval of a distribution cost recovery factor pursuant to Tex. Admin. Code 23.243 to increase distribution rates within the Village of Salado should be denied; requiring notice of this resolution to the company; finding that the meeting at which this resolution is passed was noticed and is open to the public as required by law. (*Village Administrator*)

Village Administrator Ferguson introduced Oncor representatives Michael Baldwin and Jose Guzman. Mr. Baldwin spoke on reasoning for the denial request to help facilitate establishment of statewide system rates. He noted the filing reflects a proposed overall rate increase of 4.1 percent for an average residential customer or about 20 cents per day or \$6.02 per month. He stated that with the proposed increase, Oncor's rates will still be among the lowest electric delivery rates among investor owned utilities in Texas. He stated the last time Oncor went before the PUC for a rate increase was in 2017. He cited specific infrastructure improvements made by Oncor. He explained that denial will allow the PUC to hear the case to establish statewide rates.

Discussion addressed lack of progress on working with Oncor to replace overhead power lines along Main Street with underground lines; strategy of denial request by Oncor to expedite PUC hearing of case; prior outcomes of similar requests from past years; infrastructure improvements made in the Salado area; future infrastructure plans; and cost issues with switching from overhead to underground lines.

Mayor Pro-tem Bell moved to approve the resolution to deny Oncor's application for approval of a distribution cost recovery factor, as presented. Alderman Cole seconded. Discussion clarified the motion as approving the resolution to deny the application. Motion carried on a vote of 5-0.

6. Discussion and Possible Action

- A. Discuss and consider possible action regarding the proposed construction/final plat and construction plans for Drake's Landing Phase II, a residential development located near the northeast corner of the intersection of Royal Street and Smith Branch Road within the corporate limits of the Village of Salado, Texas. (*Village Administrator*)

Village Administrator Ferguson explained that Phase I is under construction and the developer is ready to move forward with Phase II consisting of 60 residential lots on approximately 18.742 acres that is zoned Single Family Residential (SF-7A). He noted that water and wastewater

services will be provided by Salado Water Supply Corporation and the Village of Salado, respectively. He anticipated presentation of a wastewater agreement to the Board of Aldermen at its next regular meeting pending receipt of information from the developer. He advised the Village's Engineer has reviewed the plat and plans and found them to be in conformance with all Village technical standards and subdivision requirements. Once approved, public infrastructure construction may commence and once completed and inspected, the plat will be filed at the Bell County Clerk's office. He stated that the Planning and Zoning Commission voted unanimously to recommend approval of the plat/plans at its May 25th meeting.

Discussion addressed minimum lot size requirements; larger than anticipated average lot sizes submitted for Phase II; and developer's payment of impact fees for every lot based on the developer's construction of collection system infrastructure from the Village's wastewater line to the development.

Alderman Cox moved to approve the construction/final plat and construction plans for Drake's Landing Phase II, as presented. Alderman Cole seconded. Motion carried on a vote of 5-0.

- B. Discuss and consider possible action regarding a proposed ordinance regulating short-term rentals within the corporate limits of the Village of Salado. (*Village Administrator*)

Mayor Coggin explained this is a draft ordinance that has been approved by the Village's legal counsel, with tonight's discussion to determine whether the Board wants to move forward on this issue.

Village Administrator Ferguson provided background information on certain definitions and State requirements, including Hotel Occupancy Tax (HOT) collections. He advised the Village does not prohibit short-term rentals (STRs), but does require the collection and reporting of HOT. He said the Village has received complaints regarding existing STRs relating to parking and noise and in response has drafted an ordinance for consideration. He explained there has been significant movement by State courts to restrict regulations on STRs that are not being enforced on other single-family residences. For example, if on-street parking is prohibited for STRs then the same prohibition would apply to non-STR single-family residences. He noted the same applies for any other restrictions, such as size of gatherings and noise and highlighted key provisions included in the draft ordinance relating to annual permitting/inspections; local responsible party designation and provision of said party's name to neighboring property owners; restrictions on number of occupants in accordance with the 2009 International Building Code; parking restrictions (including prohibition on parking vehicles/boats, etc. on unapproved surfaces such as yards); proof of insurance requirements; non-transferable permits; minimum 24-hour stay requirement; prohibition on converting a garage to a living space for use as a short-term rental; compliance with the Village's noise ordinance; trash pick-up requirements; notice of "host rules" to occupants; on-site display of permit; grounds for permit revocation and appeals process; enforcement deadlines; penalties for non-compliance; and permitting versus zoning action as a regulatory tool.

Mayor Coggin said the three main types of complaints are related to after-hours noise, parking, and trash pick-up. He invited public comments and highlighted speaker procedures.

Thomas Lopes of 19416 Sea Island Drive in Pflugerville spoke in opposition to the proposed ordinance and cited the Texas 3rd Court of Appeals decision in *Zaatari v. City of Austin*, 615 S.W.3d 172 (Tex. App. 2019) ruling in favor of STR property owners. Mr. Lopes spoke of his substantial property investments and intent to use legal action to protect his property rights. He stated his opinion that the proposed permit is unconstitutional and said existing ordinances deal with parking, noise, and trash. He felt that Article V of the proposed ordinance violated his civil rights. He spoke highly of his realtor, Paul Williams, and suggested recusal of an alderman.

Pflugerville resident Paul Williams, owner of 1203 Chisholm Trail, spoke of his own STR and cited the existence of other long-term operations of STRs in Salado. He said that Alderman Howard, his wife, and their neighbor came to his home resulting in a heated exchange of comments. He referenced Mrs. Howard's remark that she did not know there were over 20 STRs in Mill Creek, which he said is because STRs do not cause problems or rampant crime. He said there was only one guest who was in town for a fishing tournament, who parked a boat in the yard. He said signs were put in neighborhood yards creating a fearful narrative about STRs, while his immaculately maintained home sat empty for 15 out of 30 days in May. He questioned the need for implementing and enforcing an ordinance when there has not been an actual problem and felt he was being bullied into leaving. Mr. Williams said the Howards are free to have their opinions, just as he and his wife are free to peacefully and lawfully do what they want with their property.

Ranee Williams of 1207 Chisholm Trail opposed the proposed ordinance as an extreme overreach on all accounts and expressed concerns that restrictions would apply to her as a home owner whether or not she was renting her property. She felt targeted by the proposed ordinance, objected to penalty/fine provisions, and to language that she said excuses any liability for persons enforcing the ordinance. She said her home is used by her family and only occasionally rented. Ms. Williams expressed concerns about possible harassment and feared that she could be fined \$2,000 for putting her trash out a little early. She said she would be happy to cooperate with the Howards and her neighbors to come to a solution and has already made adjustments to her listing. She closed by stating her family's love for Salado and did not see the need for an ordinance.

Todd Bradfute of 33 Morgan's Point Boulevard in Belton spoke of his investment in a townhome across from the Mill Creek golf course that was furnished using local stores and now complements the Village. He raised the following three points about his STR: he is not a huge corporation; his STR is not a drain on the community and brings more business to Salado; and his guests are high quality. He spoke of neighbors watching over each other's properties and referenced his elderly neighbors whose son and daughter-in-law come from Houston to maintain the property. Mr. Bradfute said he uses security cameras and the neighborhood app, puts out brochures for guests who patronize local restaurants/businesses, and helps to promote events. He was concerned that an ordinance could increase costs, thereby causing him to possibly lower his requirements and accept more renters. He encouraged small scale management and working with area STR owners, rather than passing an ordinance.

Courtne Bagley of 1207 Ambrose Drive spoke also on behalf of her husband. She stated she was upset with the tone of the Board and said she already does everything in compliance with the proposed ordinance. She spoke of her history as a Salado resident and long-/short-term rental property owner in Texas and South Carolina, though she currently does not own an STR within

Salado. She stated her belief in “government that governs least governs best.” She felt the ordinance is an overreach restricting private property use, entrepreneurship, and small business ownership, which she said is counter to voting trends in Salado. Ms. Bagley spoke of her pride in providing a safe and clean environment for her guests, her priority on maintenance, and setting rates as a filter against undesirable situations. She noted that STR sites provide owners with access to information on renters who have caused problems in other homes. She said Salado prides itself on being a destination community that attracts vacation rental guests, did not understand what the difference is between a short-term guest and a long-term renter, and cited her observation of street parking and noise (at non-STR properties) on her way to tonight’s meeting. She reiterated her core issues as free enterprise, private property ownership, and entrepreneurship.

Deborah Stevenson of 1501 Bishop Drive spoke positively of her past experience as a bed and breakfast renter who was warmly welcomed. She opposed the proposed ordinance as a shocking overreaction to one dispute involving one property that she said has resulted in a littering of signs telling tourists who Salado has worked hard to attract to “go home.” She said the State does not allow a ban on vacation rentals, which have become the preferred family travel mode. She said vacation rentals in bustling destinations like Salado bring with them non-homestead property tax income, hospitality taxes, and sales tax revenue. She spoke of useful rating systems used by STR platforms that allow guests to rate hosts and hosts to rate guests on adherence to their rules, and cited Airbnb statistics on denial of guests who habitually break rules. As a host, Ms. Stevenson said she can make renters aware of Salado ordinances regarding noise and parking and place limitations on guests. If the proposed ordinance is implemented, she said her property will be reset for traditional tenancy and stripped of anything attractive that can be damaged or neglected. She said a future long-term tenant could be a nuisance for a year or more, instead of a weekend. She asked the Board to choose wisely whether it wants Salado to be a tenant occupied suburb or the beautiful tourist attraction it has become.

Tim Fleischer of 912 Cedar Park Circle spoke of his recent discovery that there was an Airbnb property on his cul-de-sac located in the historic district, which he was not aware of due to lack of issues. He referenced case law relating to STRs in the City of Austin mentioned by a previous speaker that he described as very informative. He spoke of the Texas Attorney General’s defense of property owners and commented on the Texas Appeals Court’s ruling that restricting the right to assembly on STR properties was unconstitutional. He said there could be problems with trying to uniformly limit the number of people allowed on properties, whether or not such properties are STRs. He stated that the Village needs to engage the public and cited the 7-plus public hearings held by Fredericksburg on a potential STR ordinance. He said there are times when he does not put his trash out at 7 p.m. and feared he could be fined \$2,000.

Jack Comeaux of 1618 Mill Creek Drive spoke of his background and experience living and working in Rogers in law enforcement. He spoke of uniform traffic laws requiring roads to be free and clear for emergency vehicles. He said there might be a conflict with homeowners claiming homestead exemptions to reduce their taxes for properties they rent short-term. He noted that police officers have the power to cite those responsible for obstructing roads or for noise ordinance violations. Since moving here four years ago, Mr. Comeaux said he loves Salado, but would like to suggest that aldermen not get personally involved with problems that may be dealt with by the city manager or chief of police. He felt that Salado does not need another ordinance.

Jim Farrell of 512 Creek Run Circle spoke of observing verbal confrontations between the Williams' and the Howards and past conversations he had with the Williams when they stated their intent to use their property as a weekend home, not as a STR. He said deed restrictions forbid starting a business and he does not want to live next door to a hotel where he has no control over guests he does not feel are adequately vetted. He expressed safety concerns and objected to wealthy people from Pflugerville making money operating STRs that he felt destroys the peace and quiet of the neighborhood. He closed by stating single family residential zoning should be enforced, with no businesses allowed.

Linda Reynolds of 1110 Mill Creek Drive spoke of her own purchase of a Salado home in a single family residentially zoned neighborhood and felt that there could be problems with putting businesses in a neighborhood where children play and families enjoy peace and quiet. She spoke of her own experience operating a STR out of state that made a lot of money in just two weeks and understood why STRs are becoming more popular, especially in places like Salado that have cheaper real estate prices than Georgetown or Round Rock. She was fine with the permitting provision, but said the Village needs to make sure hotel occupancy taxes are being collected and reported. She spoke of the need for maintaining a balance to keep single family residential zoning, while making tax-paying residents feel secure in their neighborhoods. She also stressed the need to inform renters of STRs how septic systems work.

Joann Wiley of 300 O.W. Lowery spoke of a beautifully furnished home inherited from her mother that she operates as a STR called the "Happy House." She recalled many happy memories there that she wanted to share with others. She said she does not want to get rid of her home and beautiful furniture. She stated her use of a company that has rules for renters that protects her and takes out taxes. She said her renters are high quality people who come to Salado to have family time together. She spoke of limits on the number of people and vehicles, which must be parked in the driveway, with no street parking allowed. She said there may have been some misconceptions about the number of guests and parking due to the recent influx of people, including roofers, and their vehicles after the recent tornado event. She spoke of having great guest reviews and maintaining communication with wonderful neighbors by sharing of phone numbers. She pointed out that she also sometimes rents long-term to people who are waiting for homes to be built in the Salado area and asked the Board to carefully consider action on the proposed ordinance.

Karen Hankamer spoke via Zoom regarding her history as a visitor to Salado for many years and as an owner of an STR on Old Mill Road. She said her renters are upper class families who pay hotel and sales taxes and are well-informed of guest rules, patronize local stores and restaurants, and practice safeguards for the on-site septic system. She stated a high guest return rate and said due to COVID, guests prefer staying in homes, rather than hotels, and also contribute to Salado's economy. She spoke of the special qualities of her STR and stressed it is family-oriented. She said she already adheres to many rules, including HOA and VRBO and felt that an additional ordinance is unnecessary.

Hearing no further speakers, Mayor Coggin offered clarification that the proposed ordinance has been in the drafting process for the past six months and this is the first discussion of STRs. He said he was astonished to find there were 22 STRs in Salado, with knowledge of only 2 incidents. He reminded that Salado is a tourist destination and STRs are to be expected. In response to Tim

Fleischer's previous comments, Mayor Coggin stressed that this is just the first discussion of a draft ordinance, with no action to be taken without lengthy public comment opportunities.

Mayor Coggin entertained a motion. Alderman Cole moved to proceed with continued discussions of the proposed ordinance, which he said needs "wordsmithing," and would help preserve the integrity of Salado. Alderman Graham seconded.

Discussion addressed what possible revisions might be needed to the proposed ordinance; public input before any action is taken; need to ensure the Village receives hotel occupancy tax revenue from all applicable STRs; existing VRBO rules; misunderstanding about and validity of certain provisions in the proposed ordinance; existing hotels/bed and breakfasts zoned for such use and registered for payment of hotel occupancy tax; ways to check if appropriate taxes are being paid by STR owners; permit/inspection fees that would need to be set by the Board of Aldermen, if an ordinance is approved; possible overreach of provision prohibiting conversion of spaces for the purpose of creating a STR; possible deletion of criminal penalties and reduction of maximum civil penalty; concern that ordinance is too restrictive given the number of STR issues; ability of the Board to identify problems, determine the magnitude of problems, and work methodically through any proposed regulations before adoption; getting STR owners to cooperate in collecting and reporting hotel occupancy tax; and lack of regulations required for homeowners who long-term rent for 30 days or more.

Acknowledging that he is not a voting member, Mayor Coggin wished to express his opinion that he does not support the proposed ordinance, which he described as intrusive and not well-received by many people in Salado.

Mayor Coggin called for a vote to pursue discussion and possible future revisions to the proposed ordinance, as follows: Alderman Cox, nay; Alderman Cole, aye; Alderman Graham, aye; Mayor Pro-tem Bell, nay; and Alderman Howard abstained. Motion tied on a 2-2 vote, with one abstention. Casting the tie-breaking vote, Mayor Coggin voted against. Motion failed on a vote of 2-3.

Mayor Coggin thanked everyone for attending and being respectful during the public process.


Adjournment

Mayor Pro-tem Bell moved to adjourn. Mayor Coggin called the meeting adjourned at 8:40 p.m.

Recorded by:
Cara McPartland

These minutes approved on the 16th of June, 2022.

APPROVED:


Michael Coggin, Mayor

ATTEST:

Cara McPartland
Cara McPartland, City Secretary

