

AUGUST 14, 2018

5:30 P.M.

COUNCIL CHAMBER, 110 NORTH 8TH STREET

GATESVILLE, TEXAS 76528

AN OPEN MEETING WAS HELD CONCERNING THE FOLLOWING SUBJECTS:

1) CALL TO ORDER REGULAR CITY COUNCIL MEETING AT 5:30 P.M., THIS 14TH DAY OF AUGUST, 2018

PRESENT: Mayor Gary Chumley, Council Members; Dwight Suson, Meredith Rainer, Ronnie Viss, Tim Woodlock, David Mitchell and Jack Doyle

OTHERS PRESENT: City Manager William H. Parry III, City Secretary Wendy Cole, Brenda Kiphen, Rene F. Ochoa, Robert Featherston, Cheri Shepherd, Bobby Buster, Nathan Gohlke, Berry Mansell, Jim Shepard, Seth Phillips, Faye Nichols, Billy Vaden, Patrice Gilbert, Kate Edwards

2) HEAR VISITORS/CITIZENS FORUM: AT THIS TIME, ANY PERSON WITH BUSINESS BEFORE THE COUNCIL NOT SCHEDULED ON THE AGENDA MAY SPEAK TO THE COUNCIL FOR A MAXIMUM OF THREE (3) MINUTES. NO FORMAL ACTION CAN BE TAKEN ON THESE ITEMS AT THIS MEETING.

City of Gatesville intern, Rene Ochoa, said that this is his last week at the City of Gatesville and his last Council meeting. Mr. Ochoa thanked the Council, City Staff and Department Heads for the opportunity to spend the last three months in Gatesville. He said he appreciated everyone who took the time to show him how municipal government works.

Mayor Chumley told Mr. Ochoa that Council and Staff appreciate all the work he has done and wished him all the best in future endeavors.

3) DISCUSSION AND POSSIBLE ACTION REGARDING THE CONSENT AGENDA: (ALL CONSENT AGENDA ITEMS ARE CONSIDERED ROUTINE BY CITY COUNCIL AND WILL BE ENACTED BY ONE MOTION. THERE WILL BE NO SEPARATE DISCUSSION OF THESE ITEMS UNLESS COUNCILMEMBER REQUESTS AN ITEM BE REMOVED AND CONSIDERED SEPARATELY.)

RESOLUTION 2018-57: Minutes from the Regular City Council meeting July 24, 2018

RESOLUTION 2018-58: Accept the resignation of Reid Feltmate from the Planning and Zoning Commission, Place 6

No Council Member asked to remove any items from the consent agenda for discussion.

Motion by Meredith Rainer, seconded by Dwight Suson; all six in favor, motion passed to approve consent agenda items.

Mr. Parry said that the Planning and Zoning (P & Z) vacancy will be posted on the website and in the newspaper. Parry also asked the City Council to help identify and locate interested individuals that would be willing and able to serve on the P & Z.

4) BRIEFING/DISCUSSION ON FISCAL YEAR 2019 PROPOSED BUDGET- CITY MANAGER

City Manager Parry said that this FY 2019 Budget is a balanced budget and he hoped everyone had the opportunity to read their copy of the budget. Parry said the normal budget timeline that the city follows, formally adopts the budget by the end of September. After the budget discussion tonight, the mandatory Budget Public Hearing will be held. The Department Heads were all present at the

meeting to answer any questions the Council might have concerning the budget. Parry said the narrative in the budget provides an economic outlook of the city. The narrative lays out the differences between

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the City's two main operating funds; General Fund and Enterprise Fund and reviews revenue projections, expenses by department, and changes by department in terms of increases and decreases versus the 2018 budget. The municipal debt and loans are also laid out in depth and detail.

Three things were added to the budget this year:

- The Fund Balance Policy: Which puts the city on the path towards creating a fund balance of two months of operating expenses in both the General Fund and the Enterprise Fund.
- The Capital Improvement Plan (CIP): Which shows the Capital replacement projects that the Council needs to consider through 2023.
- Short-Term Strategies: Which show the guiding principles from the Comprehensive Plan.

City Manager Parry stated that the annual budget is the single most important financial responsibility of local government which serves as a planning tool for the City Staff and the Council but also serves as a means of demonstrating to the citizens of Gatesville that the City Staff and Council are accountable in how the taxpayer's dollars are spent. The Municipal Budget process is governed by state and local law. After feedback from the City Council is considered and the public hearing has concluded, the Council may adopt, or defer decision on the proposed budget. The 2019 tax rate will also be discussed at this meeting with the Council proposing a tax rate. Parry reminded the Council that once a tax rate is approved it can be lowered but not increased.

Discussed were revenue trends in the General Fund and the Enterprise Fund with four (4) years of historical data. Historically, 75% of the revenue in the General Fund comes from property taxes and sales tax allocations. Likewise, the overwhelming amount of revenue in the Enterprise Fund comes from water and sewer charges to Gatesville residents, businesses, the prison units and water sales to five (5) Water Supply Corporations. Climate predictions could impact these revenue drivers.

These revenue estimates that fund city operations are reasonable but very conservative. Parry reminded the Council that approximately 35% of the General Fund revenue is not available to the city for expenses until property taxes begin to come in, which normally is within the December/January timeframe. Enterprise Fund revenues are driven by water sales which traditionally peaks in the summer months.

General Fund expenses are up about 2.6% in FY 2017-2018 and 3.2% in FY 2019. Enterprise Fund expenses are up 1.7% in 2017-2018 and .065% from 2018-2019. All of these numbers are well within the cost of inflation and the cost of doing business.

Parry reminded the Council that in the General Fund there is the Unassigned Fund Balance which is a reserve and is in the amount of \$403,748.00 which is not depicted on this chart and was not used to balance the budget.

The FY 2019 budget proposes General Fund revenues of \$5,414,566. Proposed in the Enterprise Fund is \$8,773,434 which makes the FY 2019 proposed total revenues \$14,188,000. The FY 2019 proposed total expenses in the General Fund and Enterprise Fund are proposed at \$14,188,000 which presents a balanced budget. This budget is not based on any changes in the water and sewer rates. The rate analysis that is currently being conducted is not complete yet but early indications show that Gatesville's water volumetric rate charge is a bit high for a city of Gatesville's size and within our region but the sewer rates were at the 59th percentile. Also high volume water users paid the same base and volumetric charge for water as residents who regularly use a much lesser amount of water.

Following the briefing there was a lengthy discussion regarding items that were cut from the budget:

- The 1904 Leon River Bridge rehabilitation
- The demolition of the Rotunda building. Asbestos in the building is a costly factor in this project. (the Brownsfield grant is difficult to obtain and currently has no funding).
- Additional Police Officer (will try to obtain with a grant)
- Replaster of the outdoor City Pool. An inspector is scheduled to assess the pool's problems after it

closes for the summer.

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Parry explained that changes can be made to the budget to fund these projects but there is only so much revenue in the General Fund to work with. Items would have to be cut such as fireworks, Christmas in the Park, possibly to close the library on Saturday, or close the outdoor swimming pool. Parry also pointed out that the city has the unassigned fund balance in the amount of \$403,748 that has been saved over the last three (3) years that could potentially be used for an issue deemed an emergency.

Mayor Chumley commented that even if the Council adjusted the budget to fix the bridge there would be no provision for prohibiting overweight vehicles from passing over the bridge. There would have to be balusters put in place to keep the big trailers out along with height restriction provisions. Since the bridge is a historical marker there are probably limitations on what can actually be installed on the bridge. These questions would need to be answered before the Council considers funding the bridge.

Mayor Chumley discussed the history of what has been demolished at the Rotunda building and noted all the difficulties and huge costs the city has faced with this project. Faced with the huge costs associated with the demolition, it would take too long by saving a little each year. If the council desires to continue this project next year, another way to accomplish would have to be decided. Mr. Parry said he will put on a future agenda to discuss other possibilities and options.

Also discussed were projects that were included in the budget that were a result of previous council discussions:

- Civic Center parking lot striping and repaving
- Ticket Writers for the Police Department

Mr. Parry noted that The Energy Saving Program that was implemented last year has been a huge success in savings for the city.

Also discussed:

Employing an Information Technology Administrator and a Public Works Director

There were no further comments or questions so Mayor Chumley concluded the proposed budget briefing.

5) RECESS REGULAR MEETING AT 6:33 P.M. AND CALL A-----

PUBLIC HEARING

Hear comments concerning the City of Gatesville proposed budget for Fiscal Year 2019

Mayor Chumley asked if there were any comments from the public and there were none.

6) END PUBLIC HEARING AT 6:34 P.M. AND RECONVENE REGULAR MEETING

7) DISCUSSION AND POSSIBLE ACTION TO ADOPT OR DEFER THE DECISION ON THE PROPOSED BUDGET

City Manager Parry said that the Council can make the decision to adopt the budget tonight or defer the decision until September 11, 2018 when the first reading of the ordinance to adopt the budget will be presented.

Councilmember Mitchell thought the decision needed to be deferred to consider the bridge options. Councilmember Rainer suggested that proposing the tax rate tonight could guide the Council on budget decisions.

RESOLUTION 2018-59: Motion by David Mitchell, seconded by Meredith Rainer; all six in favor, motion passed; to defer the decision on the proposed budget until September 11, 2018 at the first reading of the budget ordinance.

8) DISCUSSION AND POSSIBLE ACTION TO APPROVE THE PROPOSED TAX RATE, SCHEDULE TWO PUBLIC HEARINGS ON THE TAX RATE AND SET A DATE TO VOTE ON THE TAX RATE

City Manager Parry reminded the Council that the FY 2019 Budget has to be adopted before approving the tax rate which is scheduled to occur on September 25, 2018. Parry discussed the tax rates to consider:

- Current Tax Rate: \$0.51/\$100 valuation (Based on 2018 valuation appraisals)
- Effective Tax Rate: \$0.4921/\$100 valuation (would decrease General Fund revenue by approximately \$67,000 from the proposed budget)
- Rollback Tax Rate: \$0.5704/\$100 valuation

The Effective Rate = same amount of property tax revenue generated as last year.

The Rollback Rate = highest tax rate the taxing unit can set before taxpayers can start tax rollback procedures.

Adopting the Rollback Rate of \$0.5704 (additional \$0.0604/\$100 valuation) results in approximately \$225,465 additional ad valorem revenue (at 100% collection rate).

Parry reminded the Council that this proposed budget is based upon the current tax rate of \$0.51. According to the Coryell Central Appraisal District (at the current tax rate of \$0.51) the average residence for the mean price market value is \$87,593; which would increase a homeowner's taxes \$15.68 per year or \$1.31 per month. 22% of the housing stock claim the over- 65 tax exemption.

Parry presented a chart that compared local city's proposed tax rates with Gatesville which showed Gatesville's tax rate to remain significantly lower than the other cities if it stayed at the current rate of \$0.51. There was a discussion concerning other cities that have a paid fire department and Councilmember Rainer suggested that more comparable cities be presented such as Lorena or Robinson instead of larger cities like Temple or Waco. City Manager Parry stated that it is not so much as the size of the city but a function of the rate of the base. The base is significantly higher but these cities provide the same services that Gatesville is providing. Councilmember Rainer just thought it would be easier to compare cities that are more Gatesville's size. Councilmember Doyle stated that housing would need to be taken into consideration when comparing same size cities.

There was a lengthy discussion on hiring additional personnel such as an IT Administrator or a Public Works Director. Mr. Parry said that additional personnel is not included in the proposed budget.

Parry also showed a chart that compared all the taxing entities and how the taxes are divided and noted that Gatesville receives only 22.7%.

Following the discussion, City Manager Parry reminded the City Council that they cannot enact a tax rate higher than the proposed rate but can lower it. If the proposed rate is greater than the effective rate, two public hearings must be conducted and are proposed to be held August 28 and September 4.

Notice of proposed rate and hearings are proposed to be published in the Gatesville Messenger on August 18, 2018. The Council will adopt the tax rate on September 25.

Mayor Chumley reminded the Council that they raised the tax rate from \$0.46 to \$0.51 last year.

Councilmembers Rainer and Doyle commented that the Council wants the City of Gatesville and residents to get what they need. There was further discussion regarding budget requests and what was cut from the proposed budget. Mr. Parry said that if the Council decides to propose a tax rate above the current \$0.51, he could prioritize requests from the unfunded list and come back to present to the council if they desire. Following a lengthy discussion, Mayor Chumley asked for a motion.

RESOLUTION 2018-60: Motion by David Mitchell, seconded by Dwight Suson; all six in favor, motion passed; to approve the proposed tax rate of \$0.56/\$100 and approve the Public Hearings on the tax rate be held August 28, 2018 and September 4, 2018 at 5:30 p.m. in the City Council Chambers,

110 North 8th Street, Gatesville, and to approve the date of September 25, 2018 to approve the tax rate.

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9) CITY MANAGER'S REPORT:

1. -CAPITAL PROJECTS:

- Stillhouse WWTP Expansion: The City Staff had hoped that the Texas Water Development Board (TWDB) would consider the funding for the Stillhouse WWTP at their meeting today but was not on their agenda. City Staff has now been told that it will be on the September 6, 2018 agenda.
- Park Street Infrastructure Replacement: There was a town hall meeting with residents of Park Street regarding this project. Parry expressed his appreciation to the Councilmembers that were able to attend. A total of four (4) residents attended plus Kate Edwards from the newspaper but it was a good discussion with the engineers and the contractor. B Corp Utilities are mobilizing the equipment now with a projected start date of August 27, 2018.

Other activities/date of note:

- August 20, 2018 is the last day to file for Council/Mayor positions for the November election.

2. FUTURE COUNCIL MEETING AGENDA TOPICS:

Mr. Parry said that Council will need to make a decision on re-awarding the Leon WWTP solar array project at one of the next council meetings. The re-bids are due at City Hall August 20th.

3. BUDGET/FINANCIAL REPORT:

This evening at 10:30 p.m. in the vicinity of Wal-Mart, The Ranch and Holiday Inn Express, crews from the Gatesville Water Department, TTG Utilities and Hanson Pipe will replace three (3) valves on the transmission and distribution water lines coming into the city. These valves are approximately thirty (30) years old and affects the 23rd Street water tower which serves a significant amount of residents. Hopefully all will go well and conducting this project at night will impact a small amount of residents.

4. CORYELL CENTRAL APPRAISAL DISTRICT : Will be conducting a public hearing on August 22, 2018 at their office on Main Street. One of the topics of discussion will be a re-appraisal plan for FY 2019-2020. By law they are required to do a written plan on how they are going to re-appraise properties. Parry presented and discussed a detailed report regarding property values in Gatesville that intern Rene Ochoa developed.

10) RECESS REGULAR MEETING AND CALL AN EXECUTIVE SESSION AT 7:28 P.M. -----

THIS CLOSED SESSION IS IN ACCORDANCE WITH LOCAL GOVERNMENT CODE SECTION 551.072- REAL PROPERTY- DELIBERATION REGARDING THE POSSIBILITY OF SELLING REAL PROPERTY LOCATED AT 711, 713, AND 715 MAIN ST

11) END CLOSED SESSION AND RECONVENE REGULAR MEETING AT 7:59 P.M

12) DISCUSSION AND POSSIBLE ACTION TO LIST REAL PROPERTY FOR SALE LOCATED AT 711, 713, AND 715 MAIN STREET

There was no action concerning the real property located at 711, 713, and 715 Main Street.

13) MAYOR CHUMLEY ADJOURNED THE MEETING AT 8:00 P.M., THIS 14TH DAY OF AUGUST, 2018

ATTEST:

APPROVED:

Wendy Cole, City Secretary

Gary M. Chumley, Mayor