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## REGULAR CITY COUNCIL MEETING AND WORKSHOP

AUGUST 8, 2017

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 5:33 P.M., THIS 8th DAY OF AUGUST, 2017

PRESENT: Mayor Chumley, Council Members, Viss, Mitchell, Suson, Doyle, Rainer and Hitt

OTHERS PRESENT: City Manager William H. Parry III, City Secretary Wendy Cole, City Attorney Sandy Gately, Brenda Kiphen, Cheri Shepherd, Liz Reinhardt, Seth Phillips, Robert

Featherston, Robert "Bobby" Buster, Berry Mansell, Nathan Gohlke, Rodney Murry, Chad Newman, Jim Shepard, Faye Nichols, Pete Weston, Patrice Gilbert, Billy Vaden, Larry Kennedy,

J.C. Buster

2) 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.)

2017-53

APPROVAL OF MINUTES FROM PREVIOUS MEETING, JULY 25, 2017

2017-54

APPROVAL OF APPOINTMENT OF DENNIS JONES TO THE PLANNING AND ZONING COMMISSION PLACE #2

Motion by Doyle, seconded by Suson, all voting "Aye" to approve:

Resolution Number 2017-53: Approve Minutes from the July 25, 2017 Regular City Council Meeting

Resolution 2017-54: Approve of appointment of Dennis Jones to the Planning and Zoning Commission Place #2

3) 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.

Visitors present were only concerned with an Agenda item.

## REGULAR CITY COUNCIL MEETING

AUGUST 8, 2017

PAGE 2

### 4) RECESS REGULAR MEETING AND HOLD A BUDGET WORKSHOP FOR THE 2018 FISCAL YEAR BUDGET

City Manager William H. Parry III presented a power point program and pointed out that all the Department Heads were present at this meeting in case any councilmembers had any questions for them. The proposed budget was provided to all the councilmembers at the beginning of the meeting. Mr. Parry said that when the preliminary budget was provided to the Council a month ago it was based on several assumptions and now those assumptions have been replaced with facts- mostly focused projected revenues from property taxes. Another change is that the City of Gatesville did not get funded for the 2017-2018 Community Development Block Grant because the project did not impact enough households.

Parry reviewed the budget calendar actions with the final action happening on September 12<sup>th</sup>

when the Council will adopt the Fiscal Year 2018 budget and tax rate.

Parry said that the annual budget is the single most important financial responsibility of our City's government and also allows council and staff to set goals, formulate plans, and establish priorities to determine what the City needs in terms of revenue to meet the expenses that the City has and to serve as a planning tool in day-to-day operations.

Parry discussed:

• Revenue sources for the General Fund: sales tax allocations, property tax, franchise fees,

transfers from water and sewer, licenses/permits, fines/forfeitures, cemetery lots, Civic Center

rentals, and grants.

• Revenue sources for the Enterprise Fund: residential/commercial water sales, wholesale water

sales, and sewer (residential/commercial/North Fort Hood).

• The revenue trends from years 2014 through 2016 and part of 2017 and how city staff must

analyze historical data to be able to make accurate revenue projections.

• To increase the revenue on the general fund side would require rebuilding or upgrading the

City's existing housing stock and to attract new or expand current businesses.

• That the principal revenue driver trends for the last five years has been sales tax allocations-not property taxes.

• The significant spread between the revenues for water sales and sewer sales probably need to

be analyzed to be sure that the correct amounts are being charged.

• Expense trends in the General Fund and Enterprise the past few years have been deferred for

capital projects due to overspending. Conservative and rational revenue projections are

important to consider as funds become available.

Mr. Parry said that this proposed budget was prepared with an ad valorem tax rate of \$0.46/\$100 valuation- the same as FY 2017 with no increase in water or sewer rates- for now. Rates could be proposed to be changed once the rate analysis study that is being conducted by WaterCARE is completed. The proposed budget includes fully funding the Charter mandated 3% reserve fund balance and paying off the 2015 operating loan. The 10% match for the Leon Wastewater Treatment Plant Solar project is included, as well as a 2% across-the-board cost of living increase for employees. The street replacement for Park Street is included but not the replacement of any water/sewer lines due to not being funded by the Community Development Block Grant with that estimated cost to be \$229,000 for material/labor less the engineering cost. Funding for the Airport runway/apron rehabilitation is also included.

Mr. Parry discussed the differences between the preliminary budget vs. proposed budget:

• Increased projected/budgeted ad valorem tax revenue

• Decreased transfer from the Water/Sewer fund to General Fund

• Added \$6000 to the Street Department to lease an additional vehicle

- ÿ Added funds to the Water Distribution Department to lease additional vehicles
- ÿ Added funds to the Wastewater Treatment Department to lease additional vehicles
- ÿ Increased the Enterprise Fund balance

REGULAR CITY COUNCIL MEETING

AUGUST 8, 2017

PAGE 3

There was a lengthy discussion on what was not included in the budget:

- ÿ Sewer/Water line replacement
- ÿ Additional Personnel
- ÿ Majority of Capital Purchase Requests
- ÿ Costs to renew 2021 Water Rights
- ÿ Continued demolition/removal of the Rotunda nursing home(Brownsfield grant is a possibility)

Mr. Parry discussed several options for funding the Park Street Project and noted that the proposed budget is based on deferring the funding shortfall for the Park Street water/sewer line & street replacement project to a future budget when funds become available or defer until mid-year 2018 budget review to fund if revenues exceed projections.

There was brief discussion with the Department Heads regarding their duties and if they felt that they had what they needed to accomplish their jobs. Mr. Parry was also asked about future personnel he would like to add to his staff. Parry said that a Community Development Planning Officer and an Information Technology administrator would be very beneficial.

5) END BUDGET WORKSHOP AT 6:25 P.M. AND CALL-----

Public Hearing\_

Hear comments on the proposed budget for 2018 Fiscal Year

There were no comments from the public or City Council during the Public Hearing

6) END PUBLIC HEARING AT 6:26 P.M.AND RECONVENE REGULAR MEETING

7) DISCUSS AND APPROVE PROPOSED TAX RATE, SCHEDULE TWO PUBLIC HEARINGS ON THE TAX RATE, AND SET A DATE TO VOTE ON THE TAX RATE

Mr. Parry stated that the City Council must adopt the FY 2018 Budget before approving the tax rate with the budget adoption scheduled for September 12, 2017. Tax rates to focus on are: Effective Tax Rate of \$0.4545/\$100 valuation which raises the same amount of tax revenue as last year.

Rollback Rate of \$0.5740/\$100 valuation which is the highest tax rate that a taxing unit can set before taxpayers can petition for a rollback election.

There was a lengthy discussion regarding how the tax rates are calculated, comparison of tax rate of other cities in the Gatesville area, funding a Fire Department, and how the property tax rate is divided in Gatesville.

Mr. Parry discussed and presented options of projected revenue from an increased/decreased tax rate and how the revenue differed from the current rate. The chart displayed rates ranging from the effective rate of \$0.4545 to the rollback rate of \$0.05740.

Mr. Parry said that tonight the council must approve a proposed tax rate for Fiscal Year 2018, schedule two public hearings on the tax rate and set a date to vote on the tax rate.

The Council cannot enact a tax rate higher than the proposed rate but can lower it. Following a lengthy discussion on the tax rate Mayor Chumley asked for a motion concerning the tax rate, two public hearings, and date to approve the tax rate.

Councilmember Viss made a motion to propose a tax rate of \$0.51/\$100 valuation with the Council knowing that the proposed amount could be adjusted down as the budget is fine tuned.

Motion by Viss, seconded by Hitt. Hitt, Viss, Suson, and Mitchell voting "Aye". Rainer and Doyle voted "Nay". Motion carried to approve Resolution 2017-55

## REGULAR CITY COUNCIL MEETING

AUGUST 8, 2017

PAGE 4

Councilmember Viss proposed the two public hearings to be August 22, 2017 and August 29, 2017 and approve the date of September 12, 2017 to approve the tax rate.

Motion by Viss, seconded by Suson, all voting "Aye" to approve:

RESOLUTION 2017-56- Approve two public hearings on the tax rate for August 22, 2017 and August 29, 2017 at 5:30 p.m. at the City Hall Council Chambers, 110 North 8<sup>th</sup> Street, Gatesville. Approve the date of September 12, 2017 to approve the tax rate.

### 7) CITY MANAGER'S REPORT

#### 1. INITIATIVES:

Comprehensive Plan/Fort Hood Joint Land Use Study Implementation: City Manager Parry said he will meet with Benchmark Planning on the afternoon of August 29<sup>th</sup> to move forward on the Comprehensive Plan. City Manager met with the Planning and Zoning Commission last night in a workshop and it went very well. The P & Z would like to also meet with Benchmark when they come on the 29<sup>th</sup>. It is probably time to meet with the public and get their input on the Comprehensive Plan and city staff will schedule two sessions for August 18<sup>th</sup> and August 21<sup>st</sup>.

This will give the community an opportunity to provide input about the Comprehensive Plan.

2. Budget/Financial Report. The balance still owed on the Live Oak infrastructure project is about \$172,000. The current balance in the Reserve Fund is \$240,000. July financials have not been reconciled yet but Council will receive them at the next City Council meeting.

3. Future Council Meeting Agenda Topics. Discussed a few upcoming agenda topics and Mr. Parry also noted that Councilmember Rainer signed up for re-election today.

Parry encouraged the Council to read The Texas Tribune article included in the read ahead books so they can be informed what the political climate looks like.

Councilmember Comments:

Councilmember Rainer asked for an update regarding the Texas Station topic brought up in the Citizen's Forum a few weeks ago.

City Manager Parry said that they have asked for copies of financial statements concerning the Civic Center and were directed by City Staff to look at the budget and the audited statements from last year. Mr. Parry said there is no state law that Mr. Smith was referring to during the Citizen's Forum. Texas State law allows Civic Center expenses to be paid by Hotel/Motel Occupancy taxes- not tax revenues. 95% of the Gatesville's Civic Center expenses to include a portion of the Civic Center manager's salary for her to manage the Civic Center is being paid with Hotel/Motel Occupancy taxes. Her position as the City of Gatesville's Convention & Visitor's Bureau coordinator, which is a separate function from the Civic Center, is funded through taxes.

So essentially this means that Civic Center expenses are paid by people that don't even live in Gatesville but stay in Gatesville's hotels.

The Civic Center has a different look, fit and feel than the Texas Station and City Staff has directed people to the Texas Station and other local rentals when they contact us to see what Gatesville has to offer for venues.

12. ADJOURN CITY COUNCIL MEETING AT 6:57 P.M. THIS 8th DAY OF AUGUST 2017

ATTEST:

APPROVED:

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Wendy Cole  
City Secretary

Gary M. Chumley  
Mayor