

MINUTES
SPECIAL MEETING
MINERAL WELLS CITY COUNCIL
CITY HALL ANNEX
August 9, 2016 - 6:00 pm

City Councilmembers present were Mayor Mike Allen, Mayor Pro-Tem John Upham, Councilmembers Clif Wright, Brian Thomas, Tammy Underwood, and Wayne Johnson. A quorum of City Councilmembers was present.

Staff members present were City Manager Lance Howerton, Police Chief Dean Sullivan, Fire Chief Mike Pool, Finance Director John Moran, Public Works Director Kelly Jones, and City Clerk Juanita Formby. City Attorney George Gault was absent.

Mayor Allen called the meeting to order, gave the invocation, and the Pledges of Allegiance to the U.S. and Texas were recited.

The only item on this special agenda was conduct a public hearing regarding the proposed FY 2016-2017 annual operating budget and discuss the ad valorem tax rate for 2016. If the Council proposes to increase the tax rate above the effective rate, they must set dates for two public hearings. Mayor Allen opened the public hearing at 6:02 pm. Mr. Howerton mentioned the inadvertent omission of a small amount of revenue from the proposed budget. He said the City received \$2,379.72 from Law Enforcement Officers Standards and Education funds from the Texas State Comptroller for use in law enforcement training. It would actually be revenue neutral because a like expenditure would be shown. This must be included in the final draft, and notice of public hearings must make mention of this increase, per Charter requirement. Mr. Reagan moved to make a change in the proposed 2016-2017 budget to include \$2,379.72 in Law Enforcement Officers Standards and Education funds and to include that amount as revenue in and revenue out. Mrs. Underwood seconded, and this motion carried 6-0.

Mr. Reagan asked Chief Sullivan his thoughts about the effectiveness of speed bumps or rumble strips on S.E. Martin Luther King Jr. Street at its approach to S.E 25th Avenue, to reduce accidents there. Chief Sullivan said in his experience, speed bumps or humps are not used on thoroughfares, but are mostly seen in residential areas. They are expensive to maintain. He has no knowledge of rumble strips and their effectiveness, but offered to do some research. He said it is within the Council's purview to reduce the speed limit, and mentioned the plan for strobe lights in the area to get motorists' attention. Mr. Reagan said that answered his question for now. Councilman Clif Wright says he still gets calls from citizens who want a signal there, and acknowledged the extreme cost of that. He said he appreciated the study that Chief Sullivan did regarding the intersection in question.

In regard to discussion of ad valorem tax rate for 2016, Mr. Howerton reminded the Council that the new budget contemplates a tax rate of 56 cents per \$100 valuation, which is a slight increase over last year's

rate and above the effective rate of 54 cents, and well below the rollback rate of \$0.617358. There was some feeling among the City Council that, while tax increases are always painful, the City is not making any progress by maintaining consistently low tax rates, and not investing in the community. Councilman Upham suggested proposing a tax increase to 60 cents per \$100 valuation. Mrs. Underwood said she agreed with this, saying that keeping the tax rate too low hampers the City's ability to do street reconstruction, to reconstruct infrastructure, that we are simply not making progress. Mr. Howerton said a 60 cent rate would generate about \$200,000 to \$240,000 of additional revenue, or perhaps \$70 additional tax on a \$100,000 home. Mayor Allen also liked the proposal for additional tax revenue. Mr. Reagan also mentioned the City's inability to provide for construction of infrastructure, citing the MH 379 project as an example. That project was a bit too ambitious for the City crews to do in-house, resulting in it being made one-way for a protracted period of time. If we must have a tax increase anyway, we should be able to generate enough revenue to at least repair some streets. Mr. Howerton talked about Fund Balance. The next few years will be very tight and we will probably have to dip into Fund Balance for various things. He suggested that perhaps any additional revenue be placed in Fund Balance against lean times ahead; and as always, staff would advocate a fiscally conservative position. If Council doesn't want to do that, he would suggest that the Street Department budget is very tight and could use some additional revenue, and Police and Fire have needs that are not being met. Mr. Reagan said he certainly supports the notion of maintaining a healthy Fund Balance, but would prefer to see a visible project, one that the Council can point to when asked where the money was being spent. Mrs. Underwood said she would like to see it spent on streets. Mr. Howerton said staff would work up a list of possible projects on which extra money could be used, and present that to the City Council at the next public hearing. Ryan Roach of the Chamber of Commerce was present, and in response to a question from the Council, he said he felt his Board would be favorable to any tax increase. He said a city that shows a willingness to invest in the community is more attractive to businesses. Councilmen Wright and Johnson expressed concern about a tax increase, that there are many citizens who can ill-afford more expense. Mr. Wright spoke about the people he knew who worked more than one job to get by. He also expressed frustration that anticipated economic development projects, such as the Baker Hotel, are progressing so slowly, and there is no visible progress. The American Precision Ammunition project is exciting, and they say they will create 300 jobs, but it's expected to be five years out. Other taxing entities are also increasing taxes, and he warned the other Councilmembers that the City will be criticized. He did mention that he knows the City's inability to afford some things has a negative result. He would like to hire a grant writer, but the City cannot afford it. Other discussion among the Council was to actually set the tax rate near the roll-back rate; that way it can be reduced as the budget process progresses, if that is deemed prudent. Mr. Upham asked Mr. Howerton to create the

projects list based on the rollback rate and the extra money that might generate.

Council then discussed water/sewer rates. It was discussed that after the utility rates were reduced to pre-drought rates, water conservation measures caused revenues to be low. A 10% increase in rates was discussed. Mr. Howerton said additional revenue in the Water Fund could be used to replace aging equipment and vehicles. In response to a question from Councilman Reagan, Mr. Howerton said that staff would probably recommend against an increase in sewer rates, as those are somewhat high in Mineral Wells as compared to similar cities. Mr. Reagan asked for inclusion of storm water and drainage projects.

No one was present at the meeting to speak, and the public hearing was closed at 7:15 pm.

Following the discussion, Mr. Upham moved and Mrs. Underwood seconded to propose a tax rate for 2016 at the rollback rate of \$0.617358, and to further propose a 10% increase in water rates for 2016, and further to set dates for public hearings for August 23 and September 6, 2016. Motion carried 6-0. Mr. Reagan clarified for the record; the City Council is not setting tax rate or water rate at this meeting, they are simply proposing the rates, which will be the subject of future public hearings.

There was no further business to be considered, and the meeting was adjourned at 7:17 pm.

/s/ Mike Allen, Mayor

ATTEST:

/s/ Juanita Formby, City Clerk

APPROVED: 08-16-2016