

MINUTES
REGULAR MEETING
MINERAL WELLS CITY COUNCIL
CITY HALL ANNEX
September 27, 2016 - 6:00 pm

City Councilmembers present were Mayor Pro-Tem John Upham, Councilmembers Clif Wright, Brian Reagan, Tammy Underwood, and Wayne Johnson. Mayor Allen was absent. There is one vacancy on the Council. A quorum of City Councilmembers was present.

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

The City's IT department made an attempt to video conference the Mayor, who was out of state, into the meeting, but there were technical problems and the attempt was aborted. Mayor Pro-Tem John Upham called the meeting to order in the absence of the Mayor, Councilman Brian Reagan gave the invocation, and the Pledges of Allegiance to the U.S. and Texas were recited.

Mr. Howerton advised for the record that tonight the City Council would be deliberating on the tax rate for 2016. According to state law, the tax rate must be passed with 60% of the City Council voting in favor, which is five (5) members of the Mineral Wells City Council. Because there is currently a vacancy on the Council and the Mayor is absent, five Councilmembers are present tonight, and they must vote unanimously in order to set a tax rate. In previous discussions, the City Council was not unanimous in their thoughts on the needed tax rate. If unanimous agreement is not possible, then the current tax rate must remain, according to state law. Because the tax rate (Item No. 2), is the topic to be primarily discussed, the Council will skip to Item No. 2, and if a unanimous agreement can be reached, action will be taken in the order items appear on the agenda.

Mayor Pro-Tem Upham opened the floor for discussion among the City Council.

Mrs. Underwood opened the comments by respectfully asking the two Councilmembers who had voted nay to the proposed rate of 58¢ at the previous meeting to please reconsider their position, and vote with the others to adopt 58¢ as the tax rate, and move the City forward.

Mr. Reagan (one of the dissenting voters) said that a number of people had appeared before the City Council protesting an increase in taxes. Regardless of what he might think the tax rate should be, he still believed in government by and for the people and believes those voices should be heard. However, he has had to ask himself if he wants to be the one who causes the tax rate to remain static, therefore

eliminating many expenditures that need to be made in the coming fiscal year.

Mr. Wright said that the people he has talked to do not want a tax increase of any size, but many of them have agreed that they would accept the 56¢ rate that was included in the City Manager's proposed budget, and Mr. Wright thought that rate was reasonable. One thing that has bothered him is several people who told him that their rent is being increased because of the tax rates going up for all taxing entities. He said his own aggregate tax bill will be increased because of increases by the various entities to whom he pays taxes. However, he noted that at the last election the voters chose to make no changes in the Council, which says to him they are happy with how the Council has been governing; therefore he feels he should agree with the other Councilmembers. He would vote for the 58¢, particularly because he wants to see the employee pay schedule adhered to.

Mr. Johnson liked the City Manager's proposal at 56¢ but felt that the City Council should be more assertive in saying what they want done regarding the Area Growth Council as well as with any potential bond election. He feels that it is short-term planning to make budgetary decisions from year to year instead of considering for several years out; and he feels that the Council is not taking enough responsibility.

Mr. Upham felt that the City is falling behind by keeping the tax rate low, that necessary projects cannot be undertaken unless there is adequate funding, and he cannot vote for 56¢ when there are so many needs - he still wants 58¢.

Mrs. Underwood observed that the most vocal people are the ones who are against it, though she feels that there are also many people who support a higher tax rate and the services it can buy, but they are not as vocal.

Much discussion centered around the Mineral Wells Industrial Foundation and the funding provided for it in the budget, and the wisdom of withholding that funding for this year. There was also discussion about adopting a lower tax rate (56¢) and bolstering the budget using funds from fund balance, enabling the purchase of needed items of equipment. Council looked at the "wish list" provided by the Department Heads and discussed which purchases might be postponed, and which they did not wish to forego.

Mr. Upham suggested a 57¢ tax rate, and there was discussion about how much revenue this would generate and what items on the "wish list" this would purchase. The City Manager and the Finance Director needed some time to recalculate the budget to reflect a 57¢ tax rate, one that had not been considered before, and to allow time for that, Mayor Pro-Tem Upham recessed the meeting at 7:13 pm. Following the break, the meeting was reconvened at 7:46 pm.

Mr. Howerton pointed out the changes in numbers that would result from a 57¢ tax rate, and pointed out the line items in the budget that would change, and by how much. The changes were only in the General Fund, as that is the fund supported by ad valorem tax revenue. He said that if the Council wanted to discuss any changes in the Water Fund, staff is prepared to make those changes. Mr. Reagan said that in view of a slightly higher tax rate, perhaps the water rates, which were recently the subject of a 10% increase, could be increased by only 6%; and this would change the line item for water sales. After a brief discussion, other Councilmembers concurred. Mr. Reagan made that a motion, to change budget line item 4400 in the Water Fund budget, water sales, to \$5,312,000, which will reflect a water rate increase of 6%. Mr. Wright seconded, and this motion carried 5-0.

Water restrictions were also discussed, the possibility of permitting unattended watering three days a week, or even/odd watering days, or changing the triggers for water restriction, and it was determined that this could be the subject of a future agenda item.

Mr. Howerton reviewed the changes in the Water Fund budget which would be affected by the 6% water rate increase discussed.

1. Following the deliberation, Mayor Pro-Tem Upham asked for action on item no. 1, the ordinance adopting the 2016-2016 annual budget. Mr. Reagan moved and Mr. Wright seconded to pass and approve an ordinance adopting the 2016-2017 budget for the City of Mineral Wells. The 2016-2017 budget is a 14.4% decrease in the amount budgeted for all funds compared to the preceding fiscal year. Motion carried 5-0.
2. Mayor Pro-Tem Upham asked for action regarding the tax levy ordinance. Mr. Reagan moved that the property tax rate increase by the adoption of a tax rate of \$0.5700, which is effectively a 7.5 percent increase in the tax rate, and Mr. Reagan further moved the approval of an ordinance levying ad valorem taxes on both real and personal property in the City of Mineral Wells for the year 2016, providing for the apportionment of such ad valorem taxes, providing for occupation taxes on every person, firm or corporation, pursuing any occupation, profession or business in the City of Mineral Wells subject to such taxes. Mr. Wright seconded and, by a show of hands, the motion carried 5-0 (Upham, Reagan, Wright, Johnson, and Underwood).
3. Mayor Pro-Tem Upham asked for action regarding a resolution ratifying the increase in property tax revenue reflected in the FY 2016-2017 budget. Mrs. Underwood moved to adopt the resolution, M. Reagan seconded, and the motion carried 5-0.

4. There was no further business to be considered, and the meeting was adjourned at 8:24 pm.

/s/ Mike Allen, Mayor

ATTEST:

/s/ Juanita Formby, City Clerk

APPROVED: 10-04-2016