



City of Farmers Branch Meeting Minutes City Council

Farmers Branch City Hall
13000 Wm Dodson Pkwy
Farmers Branch, Texas
75234

Wednesday, September 11, 2019

6:30 PM

Study Session

Special Called Meeting - Budget

A. CALL TO ORDER - (6:30 P.M.)

Presiding: 1 - Mayor Robert Dye

Present: 5 - Mayor Pro Tem John Norwood, Council Member Bronson Blackson, Council Member Mike Bomgardner, Deputy Mayor Pro Tem Terry Lynne and Council Member Cristal Retana

Staff: 18 - City Manager Charles Cox, Deputy City Manager John Land, Assistant City Manager Benjamin Williamson, City Secretary Amy Piukana, City Attorney Peter G. Smith, City Attorney Kevin Laughlin, Police Chief David Hale, Fire Chief Steve Parker, Director of Human Resources Brian Beasley, Director of Public Works Marc Bentley, Director of Sustainability & Health Shane Davis, Director of Planning & Zoning AICP Tina M. Firgens, Director of Economic Development Allison Cook, Director of Library Denise Wallace, Building Official Hugh Pender, Director of Information Services Mark Samuels, Director of Communications Tom Bryson and Director of Fleet & Facilities Kevin Muenchow

19-441

Discuss the City Manager's Proposed Fiscal Year 2019-20 balanced budget

Director of Finance Sherrelle Evans-Jones briefed City Council regarding this item. She reviewed a tax comparison table with nearby cities.

Ms. Evans-Jones reviewed the following budget options.

PROPOSED 19-20 BUDGET	PROPOSED 19-20 BUDGET V.2	EFFECTIVE TAX RATE	ONE CENT REDUCTION	JUST UNDER THE ROLLBACK RATE
Tax Rate: No change Results in annual property taxes increase of \$60 for average property value due to increase in valuation.	Tax Rate: No change Increase: Park Improvements - \$300K Rawhide Creek Lighting - \$170K Stormwater Pay-Go Funding - \$500K Decrease: Library Pay-Go Funding - \$746K	Tax Rate: \$0.583953 Decrease: Tax rate reduction of \$0.015554 Revenue Reduction of \$958,769 Need specifics of which Expenditures/Programs would be reduced to accommodate this change.	Tax Rate: \$0.589507 Decrease: Tax rate reduction of \$0.01 Revenue Reduction of \$586,640 Need specifics of which Expenditures/Programs would be reduced to accommodate this change.	Tax Rate: \$0.61 Increase: Tax rate increase of \$0.010493 Revenue Increase of \$646,802 Creek Spending Decrease: Decrease GF Expenditures by \$1M - Employee Increases, Fire Station #2 Landscaping, etc.

The City Council discussed homestead exemptions and how it affects their tax bills and tax reductions verses increases.

Mayor Dye asked City Council if they would consider amending the Farmers Branch Chamber Contract to allow funding to be utilized for the new Chamber Director Grace Speese to receive training for her new role.

The City Council agreed to amend the contract and authorize a portion of the funding to be utilized for training of the new Farmers Branch Chamber Director Grace Speese.

Mayor Dye asked for each Council Member to state their position on the tax rate proposals then he would allow citizen comments afterwards.

Mayor Dye stated he supports a one cent tax reduction and taking a conservative approach noting with the growth of the new construction, we can capitalize into new revenue. He suggested operational expenses be capped at 3% then change Police

and Fire to 4.5 %. He stated we need to look at Capital debt long term.(15-20+ years). He explained small projects are best utilized with the pay as you go philosophy; however, larger items are not sustainable. He recommended not exceeding 18% in debt allocation.

Mayor Pro Tem Norwood stated he agrees with a one cent tax decrease noting, this sends a "feel good" message to our citizens. He noted without pressure to the budget, you limit innovative ideas.

Council Member Bomgardner explained after reviewing the tax chart, Farmers Branch citizens are taxed less than surrounding cities. He stated he would support a tax increase to .61 cents, which would allow review of other initiatives such as Creeks, Parks, and Police needs. He noted even though he prefers to increase the taxes he would support the consensus of the Council.

Council Member Blackson stated he supports adopting the effective rate in order to give control back to residents.

Council Member Retana stated she supports a leaner approach to the budget however; disagrees with limiting staff's budget, noting monies are necessary to implement innovative projects. She further stated it's the City Council's responsibility to educate residents on City taxes and on the importance of City services. She agreed with Mayor Dye on utilizing the pay as you go philosophy on smaller projects. She stated she would support maintaining the current tax rate. She expressed concerns with infrastructure funding and noted the growth is inevitable. She suggested being more innovative with rebate programs and creating a sidewalk program to assist residents.

Deputy Mayor Pro Tem Lynne stated he supports maintaining the tax rate. He stated cuts could be made at a later time and suggested raising the senior tax exemption to offset costs. He noted the City has many programs to consider such as creek, sidewalk programs, landfill closure costs, and recommended adjusting the demo rebuild program and increasing incentives, and EDC funds. He suggested reviewing staff benefits and possibly creating a committee to review employee pay and benefits.

The City Council discussed the number of employees, benefits, retirement contributions and staff salaries.

Director of Human Resources Brian Beasley explained the City is in a tight labor market and currently runs with lean staff. He further stated City Staff is some of the best he has every worked for and delivers exceptional service at all levels of the city.

Council Member Retana stated she supports City Staff and would like to see additional inspectors to assist with the growth.

Mayor Dye opened citizen comments, noting a 3 minute time limit would be allowed for each speaker. The following citizens wished to speak:

Dr. Joyce Benwah spoke explaining people moving to Farmers Branch look at look at City services, Public Safety, Fire services, and growth, noting the tax rate isn't the first thing new residents look at when relocating the area.

Mike Harrison spoke suggesting the old debt services be refinanced.

Mr. Cox explained the city utilizes a financial advisor that reviews debt annually.

Kristen Bickham spoke regarding concerns with inflation due to the Federal Reserve's monetary policy and the devaluation of the dollar. She discussed rates and the new SB 2 legislation on rate increases. She asked the following questions regarding the budget: 1) Does the 2019-2020 budget include Certificates of Obligation? If yes, what would the proceeds be used for, 2) There was \$14.4 mill of "unassigned funds" reported in the 2018 CAFR, how were those spent., 3) What is the projected "unassigned fund" balance by the end of this fiscal year (September 30, 2019) and how will the unassigned fund be spent after 9/30/19, 4) With a target of unassigned funds being 15-20% of the operating budget, as stated in the proposed budget on page 10 of 160, how are these funds used each year and why can't these funds be used to give tax payers major tax cuts the following fiscal year if there is no emergency need.

Ms. Evans-Jones replied explaining reserve funds are held in case of an emergency and the City Council has the authority to decide how these funds will be spent.

Mr. Cox explained these reserve monies can't be used to offset taxes, and are held as an emergency fund since the amount is flat.

Ms. Evans Jones explained there are no new Certificate of Obligations being proposed. She noted debt issuance for the quality of life bonds approved in 2017, will be issued in May 2020. Ms. Evans Jones noted the Council has to approve the issuance of the debt at the time Council reviews.

Council Member Bomgardner explained the City recently had to transfer \$2 mill out of the rainy day fund.

Ms. Evans Jones explained whatever the ending balance is from the fund balance rolls forward.

Resident Vicki Harrison spoke noting the money seems to move. Mr. Cox explained this movement is due to expenditures.

Ms. Harrison expressed concerns with using the words "feel good", she states in her opinion it's insulting to citizens, she explained budget cuts create innovation, and there are other ways the City can request money. She had concerns with the 3.5% noting the growth rate excludes new construction.

Resident Jan Burke spoke stating state legislature took action due to citizens, noting Texas has second highest debt.

Mr. Cox spoke stating Farmers Branch is low on debt issuance and noted that the City has held to the same number of employees since 2014. He explained the City has not increased employees in the past five years, noting 9 total employees are being proposed, noting most are due to the growth of the west side development.

Council Member Bomgardner stated he would support keeping the tax rate the same but asked for a \$1 million budget cut. He suggested delaying on PD and Fire pay increases, noting a 6 month delay could generate a 25% savings over a 2 year period, and the possibility of reducing merit increases for City staff.

Mayor Pro Tem Norwood stated he would not support cutting merit increases for employees.

Council Member Retana stated she does not support cutting merit

Mayor Dye stated the goal was to reduce by \$1 million and that has been accomplished.

After discussion, City Council agreed to remove \$300,000 from the Fire Station No. 2 landscaping (will consider a phased approach in future) and remove Library funding in the amount of \$746,000, and remove \$250,000 for monument signs. This would reduce the budget by \$1.3 million.

Council Member Bomgardner stated we would apply the \$500,000 from the \$1.3 million to the storm water fund and keep park improvements at \$300,000, and add in Rawhide Creek lighting of \$170,000 plus \$370,000 for future infrastructure projects for a total of \$1,340,000.

Mr. Cox stated we have a phased approach plan with Freese and Nichols and monies in the fund balance could be utilized at Council's discretion.

B. CITIZEN COMMENTS

All citizen comments were made during the Council discussion item.

C. ADJOURNMENT

Mayor Dye made a motion to adjourn the meeting. Motion seconded by Mayor Pro Tem Norwood. Motion approved unanimously.

The meeting adjourned at 9:43 p.m.

Approved by: _____

Attest: _____