

MINUTES
CITY COUNCIL MEETING
AUGUST 23, 2016

CALL TO ORDER – Roll Call and Determination of a Quorum

The Parker City Council met in a special meeting on the above date at Parker City Hall, 5700 E. Parker Road, Parker, Texas, 75002.

Mayor Z Marshall called the meeting to order at 6:30 p.m. Council members Scott Levine, Lee Pettle, Cleburne Raney, Ed Standridge, and Patrick Taylor were present.

Staff Present: City Administrator Jeff Flanigan, Finance/H.R. Manager Johnna Boyd, City Secretary Patti Scott Grey, City Attorney Jim Shepherd, Fire Chief Mike Sheff, Assistant Fire Chief Mark Barnaby, and Police Chief Richard Brooks

EXECUTIVE SESSION 6:30 P.M. TO 7:00 P.M. – Pursuant to the provisions of Chapter 551, Texas Government Code the City Council may hold a closed meeting

1. RECESS TO CLOSED EXECUTIVE SESSION IN ACCORDANCE WITH THE AUTHORITY CONTAINED IN:

Government Code Section 551.074 Personnel—To deliberate the appointment, employment, evaluation, compensation, and/or duties, of the city attorney.

Mayor Marshall recessed the regular meeting at 6:32 p.m.

2. RECONVENE REGULAR MEETING.

Mayor Marshall reconvened the regular meeting at 7:05 p.m.

3. ANY APPROPRIATE DELIBERATION AND/OR ACTION ON ANY OF THE EXECUTIVE SESSION SUBJECTS LISTED ABOVE.

No action was taken.

PLEDGE OF ALLEGIANCE

AMERICAN PLEDGE: Andy Piziali led the pledge.

TEXAS PLEDGE: Billy Barron led the pledge.

Andy Piziali, 6616 Estados Drive, stated he was opposed to the proposed tax increase to \$0.366 (rounded) per \$100. Property values in the City of Parker, as well as Collin County, have increased approximately ten percent (10%) per year for the past three (3) to four (4) years. This year, the property taxes increased eleven-point-seven percent (11.7%). Each of those increases resulted in a revenue increase for the City of Parker, with an unchanged tax rate. By increasing the tax rate from \$0.351 to \$0.366 (rounded), an increase of four-point-three percent (4.3%), the residents of Parker will pay an additional sixteen percent (16%) in their tax bill, starting next year. When Parker residents see expenses increasing and their income not, they reduce their expenses. They do this because they cannot reach into the pockets of someone else to make up the shortfall. Residents of Parker, especially the "old timers", retirement age or already retired, were being priced out of their homes, because they effectively lease their property from the tax entities, i.e., school districts, county, and city. Mr. Piziali encouraged City Council, rather than approving a \$0.366 per \$100 valuation, to choose the Effective Tax Rate of \$0.304 per \$100, leaving the tax rate neutral for 2016-2017, and adjust the expenses accordingly.

Cindy Meyer, 6618 Estados Drive, said she had a problem with the tax rate. With the significant increases in assessed value, there was no reason to increase the tax rate. In fact, she said she felt the tax rate should be lowered. The budget had numerous line items, specifically addressing city growth. Ms. Meyer said she wanted to remind City Council, some, if not all, ran on a platform, saying they agreed with and would stick with the original comprehensive plan of two (2) acre lots. She said it seemed once City Council took office all that changed. The quest was to have a home rule city or charter, but development was being increased at the expense of what the residents wanted. This City Council approved massive developments, with no apparent or reasonable plan for cost of infrastructure, such as employees, salaries, benefits, and associated costs to support a larger population. The difference in the 2015-2016 County effective tax rate and the proposed tax rate was a seventeen percent (17%) increase, which was outrageous. It was wrong to saddle the cost of growth on the backs of existing residents. The solution obviously was to take everything from road enhancements to engineering fees, water lines, sewerage, drainage, new pump station, new water tower, and everything allowable by law, and take those things out of the budget and roll them over into an impact fee. Although, this City Council discussed impact fees, she said she did not see impact fees on the future agenda items. The alternative would be that the residents of Parker petition for an election to limit the rate. She said it would only take 300 voters and she felt she could get that easily. So, rather than having the residents force the issue she encouraged City Council to rethink the budget, take a more responsible and reasonable approach, to the tax rate imposed on its citizens. Finally, Ms. Meyer asked why impact fees were not assessed before, when the City had significant developments. She also asked what the \$250,000 economic development line item was used for in this year's budget.

Mayor Marshall said those questions would be addressed during our FY2016-2017 Budget and Tax Rate public hearing.

Stephanie Casson, 1807 Dublin Road, commended Cindy Meyer for her comments and she said she whole-heartedly agreed. Ms. Casson said she felt the City was going in the wrong direction and she would help Ms. Meyer get the necessary signatures for a petition.

CONSENT AGENDA Routine Council business. Consent Agenda is approved by a single majority vote. Items may be removed for open discussion by a request from a Councilmember or member of staff.

4. REPUBLIC WASTE QUARTERLY REPORT. [BERNAS]
5. DEPARTMENT REPORTS-ANIMAL CONTROL, BUILDING, COURT, POLICE AND WEBSITE

Councilmember Taylor moved to approve the consent agenda items, as presented. Councilmember Standridge seconded with Councilmembers Levine, Pettle, Raney, Standridge, and Taylor voting for the motion. Motion carried 5-0.

INDIVIDUAL CONSIDERATION ITEMS

6. PUBLIC HEARING ON FY2016-2017 BUDGET AND TAX RATE. [MARSHALL]

Mayor Marshall said City Staff had a PowerPoint presentation to review, starting with the FY2016-2017 Budget and then the Tax Rate. He explained the process would be somewhat interactive; although he would like to review the PowerPoint first, get comments/questions from City Council, and then the public. The Mayor then opened the public hearing at 7:17 p.m.

Finance/H.R. Manager Johnna Boyd reviewed the PowerPoint, starting with the proposed Water Budget (Proprietary Fund) and then the General Fund. This was a balanced budget. The City received its annual consumption numbers from North Texas Municipal Water District (NTMWD) and the City will not break its "Take or Pay" this year. Finally, Ms. Boyd summarized revenues and debt service. (See Exhibit 1 – City of Parker Budget Presentation 2016/2017)

The Mayor asked City Administrator Flanigan to briefly review the cost and highlighted areas of the Water, Sewer, and Sanitation Departments, covered in the PowerPoint. Mr. Flanigan explained TxDot was working on FM 2551 (Parker Road) from Hogge Drive to CR 1378. TxDot realized, after digging up the pipe and surveying McCreary Road to Hogge Drive, the pipe was in conflict with construction of their road. TxDot agreed to reimburse the City of Parker for that \$1.7 million dollars. That project was not in the budget, so he was working with Collin County to front the City of Parker that money. When we do the construction, TxDot would reimburse the City and we would reimburse Collin County, so that money would not be taken from reserves. Next, the increase in repairs and maintenance was for aging water lines. The older the lines get the more repairs were needed. The engineering and design for the new pump station needed to be completed, because the City was getting closer to requiring a new pump station. Once we get past engineering, Certificate of Obligation (CO) bonds would be possible. That would be an \$8 million dollar project, located on Dillehay Drive a half mile north of Parker Road. Finally, the sixteen inch (16") upgrade, the City of Parker required a developer to install a sixteen inch (16")

water line, which was more than what was needed for the development, but what was needed for the future master plan for the water system for the new elevated tower. The City was responsible for the upsize costs. The City asked the developer to bid the project for a twelve inch (12") water line and a sixteen inch (16") water line, with the City being responsible for the difference. The City was not paying for the water line, but the cost associated with upsizing of the line. Mr. Flanigan explained the waterlines east of the pump station was where TxDot located their new right-of-way for construction of a road near 1378. A CVS Pharmacy would be going in at the intersection of Farm to Market Road (FM) 1378 and FM 2514. CVS acquired an easement for the City of Parker and we would relocate that waterline, feeding our pump station. Finally, Mr. Flanigan explained line looping would be for the new pump station as well as the sixteen inch (16") water line to get from Dillehay Drive to South Ridge Drive and from the pump station north to the sixteen inch (16") waterline.

Finance/H.R. Manager Boyd continued the PowerPoint with the General Fund, proposing a one and a half cent tax increase for a balanced budget. Ms. Boyd reviewed expenses by department, revenue sources, debt service and the proposed tax rate.

Mayor Marshall recapped and answered Cindy Meyer's public comment question, regarding the \$250,000 economic development line item. The City of Parker agreed to reimburse developer Steve Sallman for the King's Crossing Project and infrastructure he provided for the City at his expense, due to a development agreement that was signed in 2006. Funds were placed in the economic development line item. City Attorney Shepherd explained this was not tax money. The money came from fees collected from builders and developers. A previous City Council agreed to reimburse or pay Mr. Sallman for a number of fees to install certain infrastructure, water and sewer lines. This money should not be characterized as either money from the City's reserves and/or from the tax rate, because it is not.

To answer Cindy Meyer's other question, City Administrator Flanigan updated everyone on Water Impact Fees. The impact fees were close to being finalized by the Capital Improvements Advisory Council (CIAC) and then the City Engineer would review the information to make recommendations to City Council for a vote. If the Water Impact Fees were approved, those funds would strictly be used for the water department and new infrastructure. Those fees do not affect tax rate. Although impact fees were allowed for road issues and drainage, City Council voted to start with Water Impact Fees, due to the cost of the consultant's report and evaluation. Road, drainage and/or stormwater impact fees would be considered in the future.

David Leamy, 5801 Rathbone Drive, asked if the City maintained the same tax rate four years ago, rather than reducing it, would the City need to pull money from the reserves. Mayor Pro Tem explained that the City did not tax for future years' taxes. City Council tried to cover expenses and have a balanced budget with any unspent money from the fiscal year going into the reserve.

Cindy Meyer, 6618 Estados Drive, questioned increases for various departments. Ms. Meyer was asked to bring specific line item questions to our next budget hearing on August 30, 2016.

Hal Camp, 3505 Woodcreek Circle, asked how City Council and City Staff determine the proposed amount to be pulled from the City's reserve fund. He asked if there were additional funds in the reserves or this would deplete the fund. Mayor Marshall explained this was a balancing act. One of things discussed with Bond Counsel was how much could be depleted from the City's reserve funds and still maintain our AAA credit rating. There were only three (3) General Law Cities in Texas with this AAA credit rating. This was important when trying to do upcoming projects, especially when a bond was necessary. Bond Counsel recommended the City look at a combination, using some of the reserves as well as considering a tax increase, so it was a bit of a balancing act. Although we could fund all of the budget from the City's reserves that could hurt the City financially and hurt the City's credit rating.

Billy Barron, 6707 Overbrook Drive, asked what the balance was in the reserve account. Finance/H.R. Manager Boyd said she thought it was approximately \$3 million plus, \$2 million in Certificate of Deposit Account Registry Service (CDARS), plus what the City has in its operating accounts. Mayor Pro Tem Levine asked Ms. Boyd to have that information for the next hearing on August 30, 2016, specifically whether the reserve would increase by the end of the year, because all the money budgeted was not spent.

Mayor Marshall asked if anyone wanted to speak "For" or "Against" the item. No one came forward; the Mayor declared the public meeting closed at 8:12 p.m.

The Mayor then asked City Council if they had any questions and/or comments. Councilmember Standridge said he felt if City Council and Staff reviewed the budget and tax rate one additional time, explaining each one of the categories that would be good. He commended the Mayor, Councilmembers, and City Staff for excellent preparation and their ability to answer questions and explain the budget and tax rate.

Mayor Marshall said the next public hearing was the following Tuesday, August 30, 2016. City Council and City Staff will take the questions/comments and try to explain those items more thoroughly at our next meeting, such as the reserve funds and how it operated. The Mayor thanked City Administrator Flanigan and Finance/H.R. Manager Boyd for assimilating all the information and thanked City Council for their input.

ROUTINE ITEMS

7. FUTURE AGENDA ITEMS

Mayor Marshall asked that the impact fees be placed on the future agenda items, as requested by Cindy Meyer. City Staff was waiting to hear from the CIAC Chair to setup the next meeting. Councilmember Pettle asked that a Planning and Zoning (P&Z) Commission member appointment be added to replace new Councilmember Raney. City Administrator Flanigan also stated City Council had an updated Interlocal Agreement (ILA) between Collin County and the City of Parker, concerning the relocation of water utilities along FM 2514. Collin County recommended additional changes. Mayor Marshall inquired about the Southfork Ranch/Noise Ordinance and the ISO Presentation. Police Chief Brooks said he received a \$250

gift from the Dublin Park Addition Home Owner's Association for the Police Department.

Mayor Marshall asked everyone to keep former Councilmember Tom Stone and his family in their thoughts and prayers.

8. ADJOURN

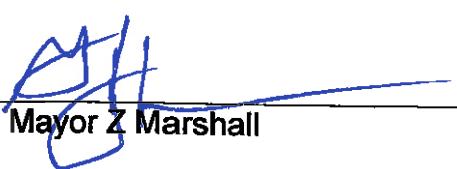
Mayor Marshall adjourned the meeting at 8:15 p.m.



ATTESTED:

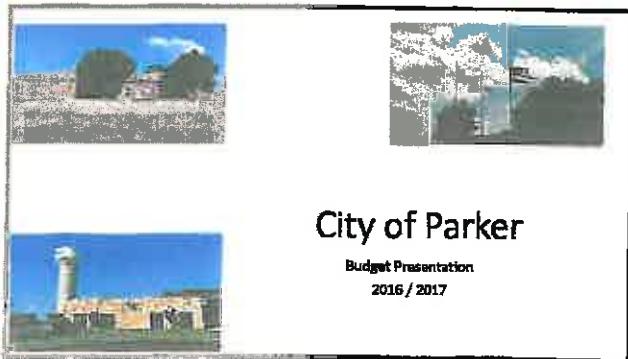

Patti Scott Grey, City Secretary

APPROVED:


Mayor Z Marshall

Approved on the 18th day
of October, 2016.

Exhibit 1





Starting Point : Balanced Budget		
	2015/2016 Budget	2016/2017 Budget
Revenue/Expense	\$2,786,910	\$3,434,914
Cap. Improv Alloc/Reserve Funds	\$0	\$1,650,000
Total Budget	\$2,786,910	\$5,084,914

A blue icon of a balance scale, symbolizing balance or justice.

Annual Consumption

2008	383,238,400 Gallons
2009	416,000,000 Gallons
2010	417,627,000 Gallons
2011	539,654,000 Gallons
2012	471,460,000 Gallons
2013	488,439,000 Gallons
2014	421,560,000 Gallons
2015	381,481,000 Gallons
2016	447,206,000 Gallons

Take or Pay Minimum

Budget Summary – Proprietary Fund

Revenue – All Sources	\$3,584,914
Expenses – Water Department	\$2,063,798
Expenses – Sewer Department	\$245,724
Expenses – Sanitation Department	\$118,774
Debt Service	\$180,020
Total Expenses	\$2,508,224

Revenue Sources

- Water Sales – \$2,663,164
 - 55 New Homes
- Meter Installation Fees - \$110,000
 - 55 homes @ \$2K each
- TXDOT – \$1,700,000
 - Waterline relocation



Highlights – Water Department

- Cost of Water
 - Increased rate to \$2.52 / 1000 gallons
 - 7.5% increase over last year
- Move Waterline (TxDot)
 - \$1,700,000
- Water Repairs & Maintenance
 - Increased \$35,000 for aging lines
- Design of New Pump Station
 - Engineering for Design - \$150,000
- Water Line Upgrade
 - 16" upgrade - \$100,000
 - Line Looping - \$290,000
 - Relocate line outside ROW - \$60,000



Highlights – Sewer Department

- Increase revenue by 5% - \$246,750
 - Includes Sewer Tap Fees
- Increased cost to NTMWD
 - Forecasting 55 new homes
 - New rates expected 10/1



Highlights – Sanitation Department

- Total budget - \$313,774
 - Increased by only .22%
- Collection costs remain flat



Debt Service

	2015/2016	2016/2017
2010 Refunding Bonds	\$150,111	\$110,640
2011 Refunding Bonds	\$249,968	\$247,480
Payng Agent Fees	\$1,500	\$1,500
Totals	\$401,174	\$359,620

General Fund**A LOOK at the BUDGET****Starting Point : Balanced Budget
Proposing a One and a Half Cent Tax Increase**

	2015/2016 Budget	2016/2017 Proposed
Revenue	\$3,546,881	\$3,979,077
Transfers: Bond Funds	\$1,447,500	\$1,483,085
Transfers: County Funds	0.00	\$539,073
Transfers: Court Funds	\$10,500	\$10,500
Transfers: Reserves	\$500,000	\$465,483
Total Budget	\$3,907,778	\$5,428,718
Increased		15.7%

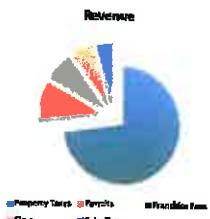


Budget Summary – General Fund

Category	Amount
Revenue – All Sources	\$4,263,253
Expenses – Administration	\$893,010
Expenses – Police Department	\$1,015,340
Expenses – Municipal Court	\$184,625
Expenses – Fire Department	\$364,201
Expenses – Code Enforcement	\$186,182
Expenses – Public Works	\$1,055,032
Expenses – City Property	\$120,750
Expenses – Street Projects	\$1,974,550
Debt Service	\$508,590
Total Expenses	\$4,263,253

Revenue Sources

- Property Taxes - \$2,808,541
 - Certified Value - \$767,419,941
- Building Permits - \$385,000
 - 55 New homes
- Franchise Fees - \$250,000
- Fines - \$200,000
- Sales Tax - \$150,000
- Other - \$186,036



Requested Additions – Public Works

- New Employee (split w/Building & Code)
 - Storm Water Manager/Building & Code
 - Salary plus benefits - \$62,200
- New Truck – Moved to Current Year Budget
 - Purchased 7/5/16



Requested Additions – City Property

- Modular Building – Police
 - \$2,500 rent per month - \$30,000
- Increased Maintenance / Operations
 - \$13,000
 - Aging City buildings



Police Department Overview

- Operations Budget Increased 8.82%
 - Personnel
 - Reduced Uniform cost by \$2,200
- Purchases Moved to Current Budget Year
 - New Tahoe – Purchased 7/15/16
 - Rifles – (4)
- COMMENTS?



Fire Department Overview

- Operations Budget Increased 18.04%
 - 7 Day Part-Time Paid Coverage
 - Reduced Reimbursement Per Call and Stipend Costs
- Comments?



Bond/County Funds – Street Projects

- County Funds for Springhill Widening
 - \$539,073 (50/50 split)
 - North of Chappell
- Bond Funds
 - Balance after split for other Street Projects



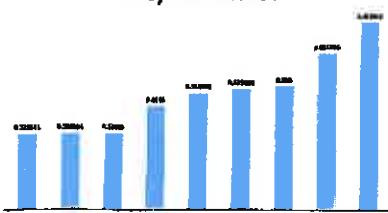
Debt Service

	2015 / 2016	2016 / 2017
2010 Refunding Bonds (07/15/2019)	\$104,814	\$ 76,886
2011 Refunding Bonds (02/15/2028)	\$267,180	\$264,901
2015 C/O – Streets (02/15/2025)	\$164,195	\$166,752
Total	\$535,489	\$506,539

Proposed Tax Rates

Proposed Tax Rate	.365984 per \$100
Preceding Year's Tax Rate	.350984 per \$100
Effective Tax Rate	.304124 per \$100
Rollback Tax Rate	.321153 per \$100

Current FY 15/16
City Tax Rates



Tax Rate Meetings
ALL MEETINGS REQUIRE SUPER QUORUM

- Meeting to discuss tax rate
- 1st Public Hearing
 - 08/23/16 – Today's meeting
- 2nd Public Hearing
 - 08/30/16
- Schedule to Vote on Tax Rate
 - 09/6/16

Thank you!

