

**Council Minutes September 6, 2016**

**STATE OF TEXAS           §**

**COUNTY OF TARRANT   §**

**CITY OF BEDFORD       §**

**The City Council of the City of Bedford, Texas, met in Special Session at 6:30 p.m. in the Council Chambers of City Hall, 2000 Forest Ridge Drive, on the 6th day of September, 2016 with the following members present:**

Jim Griffin	Mayor
Steve Farco	Council Members
Roger Fisher (appeared via videoconference)	
Dave Gebhart	
Rusty Sartor	
Roy W. Turner	

constituting a quorum.

Councilmember Champney was absent from the meeting.

Staff present included:

Roger Gibson	City Manager
Kelli Agan	Assistant City Manager
Michael Wells	City Secretary
Cliff Blackwell	Administrative Services Director
Jeff Gibson	Police Chief
Meg Jakubik	Strategic Services Manager
Jill McAdams	Human Resources Director
Kenny Overstreet	Public Works Director
Maria Redburn	Library Director
Bobby Sewell	Interim Fire Chief
Bill Syblon	Development Director

**SPECIAL SESSION**

The Special Session began at 6:30 p.m.

**CALL TO ORDER/GENERAL COMMENTS**

Mayor Griffin called the meeting to order. He stated that Councilmember Champney is still recuperating from surgery and extended prayers to him. He also stated that Councilmember Fisher is appearing via videoconference.

**NEW BUSINESS**

**1. Second public hearing to consider the proposed 2016 tax rate.**

Strategic Services Manager Meg Jakubik stated that a second public hearing on the tax rate is required for any rate above the effective rate. The Council has not yet set a tax rate, only the maximum rate they would consider. The tax rate will be set at a Special Council Meeting on Wednesday, September 14, 2016 at 7:00 p.m. At the maximum tax rate to be considered, there would be a decrease in the debt rate of just over two cents, while the maintenance and operations portion would increase to 32 cents. The maximum

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rate Council can consider is the current rate of \$0.494830 per \$100 valuation. The Council can adopt anything up to that rate when it is finalized at the September 14 meeting.

Mayor Griffin stated the City's tax rate has remained constant or decreased over the previous five years. The Council has set the maximum not-to-exceed rate at the current tax rate. By bringing in the same revenue as the previous year, increases in costs and decreases in buying power would not be addressed. Health care costs increased by 38 percent, which had to be absorbed through a combination of the City and employees. In asking for feedback and input from constituents, Council has heard that they want a focus on infrastructure improvements and retention of public safety employees. The City is 28 out of 29 communities in regard to the starting salary of public safety employees. Voters approved bond packages for the new Library and Boys Ranch Park, which came with the idea of adding those to the tax burden, but were instead absorbed into the budget with no overall tax hike. In regard to being responsible with debt, the debt rate would decrease from 19 cents to 17 cents. Staff has worked tirelessly to come up with a lean budget and the City has the lowest amount spent per capita in comparison with the ten cities against which it benchmarks itself.

Mayor Griffin opened the public hearing at 6:38 p.m.

Heather Prough-Brown, 1712 Monette Drive, Bedford – Ms. Prough-Brown asked if the City had shopped around to find insurance for a better price and coverage. In response, it was stated that the City does do that and there is a firm that helps the City shop for coverage; however, there are not many vendors that insure cities. The City has tried different alternatives to maximize the funds spent on insurance. Ms. Prough-Brown further asked if business could help, and used the mall in Hurst as an example. She lived in Hurst and it was perfect, and she was reluctant to move to Bedford due to problems a decade ago. She asked what efforts the City has taken to be business friendly, so businesses want to come to Bedford. There was discussion on the City taking steps and attracting new businesses; the City having no land to create a mall; maximizing the vacant spaces the City has; money coming from investors and businesses, not the people; Bedford Commons; the City not needing the turmoil from a decade ago; property values increasing 11 percent; and Hurst's debt rate and tax rate compared to Bedford's, even with the mall.

Richard McCook, 3220 Vintage Way, Bedford – Mr. McCook stated that he has lived at his address since 1994 and in Bedford since 1985. In dealing with complex issues, there is a tendency to look inward for solutions. He discussed perpetuating an upwards cost spiral by trying to compete with other cities, and such competition resulting in higher costs and taxes. The Council should look outward to the people paying for the budget. The economy in the private sector since 2008 has been dismal with stagnant wages, interest rates at or near zero, real employment being down and underemployment being common place. The Consumer Price Index has been rising and the purchasing power of the dollar has eroded to \$0.73. Many taxpayers have to pay for their own insurance and their own retirement, maybe with a small company match. He asked why the Council, under these circumstances, would consider a higher tax rate than was requested by staff. A majority of Council expressed support for a 10 percent tax increase above the rollback rate, which is more than staff says it needs. He asked that the rate be set at the real effective tax rate, which gives the same amount of money as the previous year, along with any new additions. When conditions improve, Council should consider adding a homestead exemption and dropping the \$1M loan proposal. He stated that the City should not take money by force-of-law through taxes and gifting that money to private organizations without citizen consent, regardless of their good works. He does not need the City to make charitable donations for him. The City should advertise more boldly a system by which one can donate for parks, the Animal Shelter and the Library, and it should be expanded to include other departments and the donations reported periodically to encourage others.

In response, Councilmember Fisher stated that he tended to agree with Mr. McCook and would love to leave the tax rate at the effective rate and collect same amount of revenues as the previous year; however, expenses are different, including an increase in health care costs of \$1M. Further, there are employees that are way underpaid. He did agree with Mr. McCook on the tax note. Mr. McCook stated that everybody has those same problems and that Council needs to look at the people that are paying for the taxes, who are unable to come back and raise their own salary, they have to make it work with what they have. There

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is a built-in increase because of new properties. He stated that he treasures the City's employees but they have to understand they are not the only ones in the game and that taxpayers need to be considered. Many residents do not have insurance, and he asked what should be done for those people, and discussed adding a tax increase on top of that situation. Councilmember Fisher stated that the City cannot budget in a vacuum when health care costs continue to increase and there are needs for fire trucks and ambulances. Mr. McCook stated that the budget requires a certain amount of money, and Council has authorized a maximum tax rate that is over what staff asked for. Tax payers, many on a fixed income, are under pressure as well as the City. He stated the Federal economy is propped up by the Federal Reserve and if they decide to increase interest rates, the economy is going to crash and people will lose their homes. Councilmember Fisher stated that the Council is looking at two options: staying at the current rate without debt or going to the effective rate with debt. Mr. McCook stated that a 10.5 increase in volume seems excessive. He asked if the City should go with the 10.5 percent increase and put the strain on the taxpayer, or if there is something in-between, such as was suggested by a speaker at a previous meeting of \$0.46. Councilmember Fisher asked what would be more conservative: the higher tax rate or the debt. In regards to a question from Mr. McCook about how the City was able to operate on the effective tax rate the previous year, he stated that there was not a \$1M increase in health care costs the previous year. There was discussion on what to do for residents without insurance, providing health insurance to employees, and the costs for health care increasing in following years. Mr. McCook stated that the current tax rate is a tax increase of 10.5 percent in volume because of the increase in valuations of the homes, and most bodies are lowering their rate to compensate for the increase in valuations. Council is taking the inflation of home values and putting it to the current tax rate. Councilmember Fisher stated he is recommending the current tax rate because the proposed budget contains \$1M in short-term debt that he is opposed to. There was discussion on the \$1M debt paying for public safety requirements. Mr. McCook asked why the City has to borrow money and that there has to be a rate between \$0.44 and \$0.49.

Councilmember Farco stated that for the previous five years, the City was able to raise taxes but stayed at the same tax rate comparable to what it needed to do. There are employees that are underpaid, facilities that are dilapidated, and increased costs. Taxable values have gone up, but so has insurance and the cost to train people. The City has become a revolving door to constantly train new Fire and Police personnel instead of keeping them. There are 30-year Police employees that could make more with five years of experience in Lewisville. He asked if the City should keep being a revolving door and have those increased training costs, or if it should take care of its Police and Fire personnel. People demand services and facility needs, and ask why they are not being improved. The City needs to look to the future and he stated the City either needs to do a little now or there may be a major tax increase to take care of facilities and services in the future. The City is asking for input from citizens, many of whom are saying to do what needs to be done to improve the City and pay for Police and Fire. The City has done more with less for the longest time. Mr. McCook stated that he remembered when the tax rate was 36 cents and asked what facilities need improvement. Facilities such as the Parks Department office and the Library are well taken care of, and Meadow Park looks better than at any time with new turf. He discussed contributing to the upward spiral of costs. The City should do what it can do for the employees, but it should also look at the taxpayers and their situation. Even though everybody is moving to Texas because there are no jobs elsewhere does not mean there is an unlimited job market. The only source of money the City has to pay employees more is through fees and taxes.

Councilmember Turner discussed the classic dilemma of government, being the conflict between what the City does for people and what it costs. There is a disconnect with a lot of people who do not relate services to taxes. People that complain the most about taxes are frequently those that complain about the City not doing things. He stated the City needs to keep public safety employees. He stated he does not care about the pay in other cities but asked if anybody would do the job of a Police Officer or Firefighter for \$47,000 a year. The number one reason he would support maintaining the current tax rate is to better pay Fire and Police. With the proposed budget, the City could afford the first year of the five-year step plan, but it is not funded beyond that. Maintaining the current tax rate would allow the City to fund the step program for another year and maybe beyond. He stated the average house in Bedford increased from \$151,000 to \$168,000. The difference between the original proposed tax rate of \$0.476 and the \$0.495 rate would be an increase of \$31 a year, or ten cents a day, which would help pay for the City's needs in the

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future. Bedford Commons will help the City bring in sales tax but there needs to be money to do that project. If in the future there is a need for all of these type of necessities, there would be a need to raise the tax rate much higher. He discussed talking to somebody from Finland about being happy in how much they get in services from paying 82 percent of their income in taxes.

Councilmember Farco stated that the City needs to take care of Police, Fire and support staff, and he wants to treat people fairly. For the prices they have, the City has the best services and staff in this area. Mr. McCook stated that nobody has complained about the Police and Fire services and they do an excellent job. He wished Council had the same attitude towards the taxpayers. Councilmember Farco stated the City is in the middle of the Metroplex, is not a rural community, and that houses in the City have been selling for \$25,000 to \$50,000 above asking price. Mr. McCook stated that the only way to get value out of that is for the owner to sell their house.

Councilmember Sartor stated that when the City loses a police officer, they do not get people to apply to fill the position since they can go to Eules and be paid \$10,000 more from the start. This would slow down response times and the City needs to be sensitive to the needs of community to provide staff to respond to 911 when residents call. The cost of keeping a public safety employee is drastically lower than training a new one, which is approximately \$99,000, opposed to the few thousand dollars in the step plan. There was discussion on the improvements at Meadow Park, including that the ballfields were done with private funds; and staff doing an excellent job of taking care of the soccer fields. Mr. McCook stated that no one has said that employees do not deserve what they get, but the money has to come from somewhere. Council needs to look at the situation of the people paying those taxes, as they are not doing any better since the economic decline that started in 2008. The City needs to consider both what the taxpayer and the tax receiver are facing. The City does not need to be borrowing any money because of the tenuous economy. He stated he was not there to criticize anybody, but to present a point-of-view for the standpoint of the taxpayer. Councilmember Sartor stated that the most frugal thing the City can do with its money is to keep officers and not pay the costs to train new officers.

Councilmember Gebhart stated that he has faith in Bedford and loves living in the City, as it is a great place to live. He believes that everybody working for the City has faith in Bedford as well. The City is trying to balance the needs of the City with the needs of the taxpayers to hold on to as much of their money as they can. Taxes are a necessary evil to fund things people cannot afford on their own, such as ambulances, fire trucks, streets, parks and libraries. The last thing he wants to see is the community split apart and be divided without cause. Council wants the best possible future for Bedford and to balance that with the needs of the citizens. There are people who are passionate for Police and Fire but he does not want to see a division by people castigating those that want a more responsible tact on the taxing structure as being against Police and Fire. It is Council's responsibility to make sure Police and Fire receive equitable benefits as much as they are able to do so responsibly. He favors the position proposed by staff. Council believes in supporting Police and Fire, and getting them in a more equitable position compared to other departments around the Metroplex, which the rate proposed by staff would do. He stated the City should not hold onto money because of fear of the future. Costs will inevitably increase, but if they do their jobs right, the City will get more businesses and homes. He does not think it too optimistic to keep with the proposed plan, as it provides a good balance between being responsible to the citizens and ensuring they provide for needed increases and to cover costs outside of the City's control. He would like to have a zero-based budget system but it would take a while to implement. He stated that by everybody being present at the meeting, they show an interest in the business-at-hand. He believed everybody can work together to balance the City's needs and he looked forward to continued dialogue.

Kim Brown, 3748 Ashford Drive, Bedford – Ms. Brown stated that she was one of two people who spoke at the previous meeting about wanting to keep the tax rate the same. Fire and Police are her passions, she volunteers because she likes it, and they have become her second family. Every other employee gives their all and they need to be compensated, and the City cannot sit by and say the employees cannot be helped year after year. She does not want to go through what happened ten years ago, and the City has been paying for that. She will fight that battle again if she needs to though. She stated that the people who are saying not to keep the current tax rate are those that have had their tax rate frozen because they are 65 years of age or older. They will not have the impact of the tax rate, as their tax rate will remain the

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same. They will pay more because their property values have risen but their tax rate will not change. People like herself who are less than 65 will be paying the additional rate and increase, which is due to the increase in property values. She stated it was a sad commentary that there are 30-year employees not making comparable wages to their peers in other cities.

Gary Morlock, 2910 Wayside Drive, Bedford – Mr. Morlock stated he lives at the west end of Harwood Road and is not happy with the way it looks. The City has developed a conceptual plan for a Harwood Road project, and that the water and sewer infrastructure underneath will need to be redone before the road itself is redone. The City has been smart in getting the first State Water Implementation Fund for Texas (SWIFT) loan to do the infrastructure work before they do the Harwood Road project. He asked about the relationship between the tax rate and when the Harwood Road project is done. He asked what monies in the current budget are allocated for the design and planning of the project, and stated he would support whatever tax rate is needed so that the project is not delayed. In response, Mayor Griffin stated that the content and the components of the project do not have a direct impact on the proposed budget. Ms. Jakubik stated there is a piece in the 4B budget in the amount of \$250,000 to continue the planning of the project, which was built on previous years' amounts. The City is working and coordinating with the Council of Governments to access additional funding to help with construction. The project is still moving along the timeline established by staff and the main construction is slotted for FY 2018. Mr. Morlock stated that he liked the answer and asked that Council let nothing delay the project.

Janna Easton, 2213 Wembley Wood Lane, Bedford – Ms. Easton stated that Council does great work, which they do for free. As a strong conservative, she does not mind the City keeping a little extra money for such things as Fire, Police and insurance; however, she did not want to see it go all the way to the top and she would like to see the Council work with them.

Mayor Griffin closed the public hearing at 7:32 p.m.

Mayor Griffin stated that the Council will officially decide on the tax rate and budget on September 14 and he appreciated the audience coming, listening and giving the Council input. Councilmember Fisher thanked Information Technology Manager Gary Clopton and his staff, Public Information Officer Natalie Foster, Communications Coordinator Ryan Fraley, Ms. Jakubik and the City Secretary's Office for being able to make the connectivity for videoconferencing possible.

### **ADJOURNMENT**

Mayor Griffin adjourned the meeting at 7:33 p.m.

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Jim Griffin, Mayor

ATTEST:

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Michael Wells, City Secretary