

**SPECIAL TOWN COUNCIL
MEETING MINUTES
TUESDAY, AUGUST 16, 2016**

The Town Council met in special session on Tuesday, August 16, 2016 at 6:00 p.m. in Fairview Town Hall located at 372 Town Place, Fairview, Texas. Those present were Council Members Ron Samuels, Frank O'Reilly, Pam Little, Paul Hendricks and Renee Powell; Town Manager, Julie Couch; Assistant to the Town Manager, Adam Wilbourn; Chief Financial Officer, Jason Weeks; Planning Manager, Israel Roberts; Town Engineer, James Chancellor; Economic Development Manager, Ray Dunlap; Police Chief, Granver Tolliver; and Town Secretary, Elizabeth Cappon. Mayor Darion Culbertson and Mayor Pro Tem John Adler were absent.

Councilmember Hendricks called the meeting to order at 6:00 p.m. and declared a quorum was present.

PROPOSED FY 2016-2017 PROPOSED PROPERTY TAX RATE PUBLIC HEARING

Conduct the first public hearing regarding the Fiscal Year 2016-2017 proposed property tax rate.

Mr. Weeks stated that the state code requires that the Council hold two public hearings on the tax rate and this was the first of the two hearings. Mr. Weeks added the rate cannot be adopted at the same meeting as either of these hearings and would be ratified and adopted by ordinance at the regular September 2016 Town Council meeting.

Mr. Weeks stated that while the property tax rate remains the same, the property tax revenue is increasing due to growth and increases in property values. Mr. Weeks indicated that due to the growth, the current and proposed tax rate of \$0.35999 per \$100 property value exceeds the effective tax rate of \$0.3336289. Mr. Weeks stated the proposed tax rate consists of an interest and sinking (I&S) rate of \$0.132143 and a maintenance and operations (M&O) rate of \$0.227856. Mr. Weeks stated that this increase in valuation increases the effective rate of property taxes on a \$100,000 home by about 8 percent or approximately \$2.00. Mr. Weeks stated the town's assessed valuation has increased 10.34 percent to 1.585 billion from 1.437 billion. Mr. Weeks said the average taxable value of a residence in the town had increased, which resulted in the average tax levy increasing about 9 percent from \$1500 in 2015-16 to \$1600 in 2016-17.

Mr. Weeks stated that notice of these public hearings was published in the Allen American newspaper on August 4, 2016 as well as on the Town website.

Councilmember Hendricks opened the public hearing. There were no speakers. Councilmember Hendricks closed the public hearing and announced that the second public hearing on the tax rate would be held on Tuesday, August 23 at 6 p.m. in the Town Hall Council Chambers.

PROPOSED FY 2016-2017 BUDGET PUBLIC HEARING: Conduct a public hearing regarding the proposed Fiscal Year 2016-2017 budget.

PROPOSED FY2016-17 BUDGET: Discuss the proposed Fiscal Year 2016-2017 budget and take any necessary action.

Mr. Weeks had provided a presentation regarding the Fiscal Year 2016-2017 proposed budget. Mr. Weeks stated that although the Council has already held their annual budget work session on August 1, 2016, the Town is also required to hold one public hearing on the budget separate from the meeting where it will be adopted.

Mr. Weeks stated the proposed budget had been properly filed with the Town Secretary's office on July 29, 2016 and notice of the public hearing regarding the proposed budget was published on August 4, 2016 in the Allen American newspaper. The proposed budget presentation and notice of the public hearing also were posted to the Town's website.

Mr. Weeks discussed some of the new developments in the Town that would increase town revenue during fiscal year 2016-17. Mr. Weeks gave an overview of the proposed budget, including the General Fund and Water/ Wastewater Fund. Mr. Weeks stated that the Water/Wastewater Fund currently includes a revenue increase to cover the North Texas Water District increases. However, Mr. Weeks continued that staff is working with a water and wastewater rate consultant for an analysis of water rates before deciding on any potential rate increases. He stated that the fund balances in the General Fund are at 50 percent. Mr. Weeks also stated the Water/Wastewater Fund reflects 92 days of working capital. Mr. Weeks explained the net loss in the water and wastewater fund and the need for water rate increases. Mr. Weeks states that the Town's S&P rating of AA+ is related to the Town's high fund balances.

Mr. Weeks stated that the budget includes an average of 3 percent merit increases for staff, market salary adjustments as well as the addition of new positions. Mr. Weeks stated this is the first budget to implement items from the Town's new 10 year Capital Improvements Program. He also mentioned the costs related to new police and public works vehicles. Mr. Weeks stated that the EDC and CDC boards have approved their budgets, which included funds for a new EDC website. Mr. Weeks discussed the addition of Hotel Occupancy Tax (HOT) and the Tax Increment Reinvestment Zone (TIRZ) funds.

There was general discussion about the budget with the council and staff including the staff salary increases, the CIP plan expenditures, the recently issued certificate of obligation bonds,

Councilmember Hendricks opened the public hearing. There were no speakers. Councilmember Hendricks closed the public hearing. Councilmember Hendricks stated the Council would not take action on this item until the regular Tuesday, September 6, 2016 meeting. Councilmember Hendricks stated that the second public hearing on the tax rate would be held on Tuesday, August 23 at 6 p.m. in the Town Hall Council Chambers.

WATER AND SEWER RATE STUDY: Hear a presentation regarding the water and sewer rate study; consider, discuss and take any necessary action.

Dan Jackson and Dan Lanning of Willdan/Economists.com gave a presentation regarding the water and sewer rate study. The presenters and the Council had an extended discussion regarding the water and sewer rate study.

Elaine Belcher, 5691 Hummingbird Lane, treasurer of the Villas in the Park HOA, described their shared irrigation system within their community for the Council. Ms. Belcher explained that the community is being penalized by the current rate structure for being great conservers and that the HOA would like to see this remedied in the new rate structure. Ms. Belcher stated that the HOA appreciated the Council's goal to make the Water and Wastewater Fund self-sufficient. Ms. Belcher described the Villas in the Park common areas to be watered. Ms. Belcher added that Villas in the Park is 4 percent of the Town's population but only uses 1.5 percent of the Town's water. Ms. Couch asked that the Council be prepared at the next meeting to give direction to Staff regarding the rate structure, so that the proposed ordinance will be ready for the September meeting.

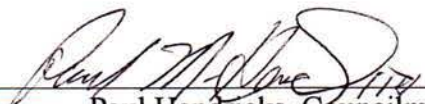
Mr. Weeks stated it is a policy decision on the part of the Council if they would like Staff to ready a special rate for Villas in the Park to include in the updated water rate ordinance. Mr. Weeks stated that the Town Council would discuss this further at the August 23, 2016 special Council meeting, so to include any absent Councilmembers in the discussion. Councilmember Hendricks added that the Council would not take action on this item until the September regular Council meeting.

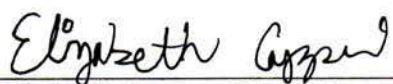
Councilmember Little stated she recently attended a North Texas Municipal Water District meeting on their upcoming new reservoir and stated her concerns about establishing a multiyear structure as NTMWD costs could increase higher. Mr. Jackson agreed it is a strong possibility that rates from the district could increase further due to the cost of the reservoir. Ms. Couch stated that the district has provided relatively inexpensive water for many years but that costs will continue to increase as they are required to pull in water from further away due to growth.

At 7:24 p.m., the council then adjourned into executive session regarding property acquisition.

At 7:35 p.m., Councilmember Hendricks reconvened back into regular session

Councilmember Hendricks adjourned the meeting at 7:36 p.m.


Paul Hendricks, Councilmember


Elizabeth Cappon, Town Secretary