

**SPECIAL TOWN COUNCIL
MEETING MINUTES
TUESDAY, AUGUST 23, 2016**

The Town Council met in special session on Tuesday, August 23, 2016 at 6:00 p.m. in Fairview Town Hall located at 372 Town Place, Fairview, Texas. Those present were Mayor Darion Culbertson; Mayor Pro Tem John Adler; Council Members Paul Hendricks, Frank O'Reilly, Pam Little and Renee Powell; Town Manager, Julie Couch; Assistant to the Town Manager, Adam Wilbourn; Chief Financial Officer, Jason Weeks; Town Engineer, James Chancellor; Economic Development Manager, Ray Dunlap; Police Chief, Granver Tolliver; and Town Secretary, Elizabeth Cappon. Councilmember Ron Samuels was absent.

Mayor Culbertson called the meeting to order at 6:01 p.m. and declared a quorum was present.

PROPOSED FY 2016-2017 PROPOSED PROPERTY TAX RATE PUBLIC HEARING

Conduct the second 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 second 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 rollback 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. He indicated that notice of these public hearings was published in the Allen American newspaper on August 4, 2016 as well as on the Town website.

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 including approximately 36 million in new properties. 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.

Mayor Culbertson opened the public hearing.

John Harkins, 411 Oakridge Drive, River Oaks II subdivision, asked if the Council has considered reducing the tax rate due to the increasing appraisals. Mr. Harkins stated that many seniors in Fairview are on a fixed income and have trouble keeping up with the increase in appraisals.

Mayor Culbertson stated that he was part of a Council that reduced taxes by a half cent but that the Town is aware of certain upcoming expenses for the Town that this increase in appraisals covers without tax increases. Mayor Culbertson added that he is not sure what future tax rates will be but at this time, the Town is able to keep the tax rate the same. Mayor Culbertson added there is a property tax rate reduction for seniors in the Town.

Mayor Culbertson closed the public hearing and announced that the vote regarding the tax rate would take place Tuesday, September 6 at 7:30 p.m. in the Town Hall Council Chambers located at 372 Town Place in Fairview.

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

Mr. Weeks reminded the Council that the budget and tax rate adoption would be held Tuesday, September 6, 2016 at 7:30 p.m. Mr. Weeks stated they would be amending the current year budget as well as approving the new fiscal year's budget. Ms. Couch added that as discussed at the budget retreat, the Council would be receiving information regarding staff salary adjustments at the next meeting for part of the budget consideration.

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

Mr. Weeks introduced Dan Jackson of Willdan/Economists.com, who gave a presentation regarding the water and sewer rate study, continued from the previous special Council meeting. Mr. Weeks stated that Mr. Jackson would quickly review of the presentation again for the current audience.

The presenter, Staff and the Council had an extended discussion regarding the water and sewer rate study.

John Harkins, 411 Oakridge Drive, River Oaks II subdivision, suggested that a flat rate across the board, similar to a flat tax, would be fairer. Mr. Harkins stated that he felt the modeling was understated if it is based on recent years when there have been heavy rains. Mayor Culbertson stated that the numbers show that during periods of drought citizens' use less water due to increased conservation efforts. Mr. Jackson later added that he used a normalized average year when creating the rate models including wet and dry years.

Councilmember Adler added that during drought years the Town is at risk of not making enough income from water from residents, as under the take or pay system, it still must be paid for to the North Texas Municipal Water District (NTMWD). Mr. Harkins stated he felt the take or pay system was an undue burden on the Town's residents. Mr. Harkins added he felt the contract needed to be renegotiated. Ms. Couch stated the Town is a customer city, rather than a member city, so the Town's agreement must be patterned after what the member cities have agreed to. Ms. Couch stated that a take or pay system is a common financing system for water districts as the District has a certain amount of fixed costs. Ms. Couch described the ongoing contract renegotiations currently occurring amongst the NTMWD and the member cities. Mayor

Culbertson stated he agreed with Mr. Harkins that the contract needs work amongst both the member and customer cities; he then described his recent discussions with neighboring communities.

Leland Payne, 398 Parkvillage Ave, stated he is a small lot water user. Mr. Payne asked about commercial water use. Mr. Payne then asked if the Villages of Fairview, not-for-profit HOA was getting the commercial or residential rate, as they pay approximately \$25,000 per year just to water their common space. Ms. Couch stated that all of the residential HOAs are charged a residential rate. Ms. Couch added that while the Town has commercial rates, the Town just does not have many commercial customers yet but that should improve over time. Mr. Payne stated he felt it was unfair for a non-for-profit to have to pay the higher tiers just to water common spaces.

Mr. Weeks described the solution proposed for the Villas in the Park HOA, which has an unusual loop irrigation system that waters not only the common area but also the individual lots that would normally be included in each homeowner's bill. Mr. Weeks stated that the Town had already switched the HOA from a commercial rate to residential. Mr. Weeks stated that due to their use of only four meters for their entire community the community is hitting the highest tier. Mr. Weeks stated that if the Council was interested, part of the new water rate ordinance could include a new alternative tier structure without the top tier to alleviate this community's issue. Ms. Couch further added that this HOA is particularly different because they maintain the lawns of all the homes in the community, rather than just common areas. Mayor Culbertson stated he felt this was a fair solution and requested that staff include this in the new ordinance.

David Grimes, 1120 Wynford Court, stated he felt the problem is the NTMWD. Mr. Grimes stated he felt the NTMWD is a nonregulated nonprofit monopoly. Mr. Grimes encouraged the member and customer cities to pressure the legislature to regulate the water districts. Mayor Culbertson stated he agreed with Mr. Grimes.

Elaine Belcher, 5691 Hummingbird Lane, treasurer of the Villas in the Park HOA, thanked the Council for their consideration of their 227 homeowners. She stated that as shared drip irrigation users, their subdivision is actually some of the best conservers of water in the Town. Ms. Belcher added that each home has its own water meter for their interior homes.

Ray Edwards, 481 Oakwood Trail, stated that while he understands conservation encouragement, he objects to the Mayor's comment that in the new proposed tier structures, the smaller lots were subsidizing the larger lots. Mr. Edwards stated he felt the subsidy was the other way around due to the Town's costs to provide water services to each user. Mr. Edwards stated that as he lives in a subdivision he felt he could not just water the land immediately surrounding his home and leave the rest of his grass brown. Mr. Edwards stated by his calculations 1 inch of water per week on a one acre lot, it is 129,000 gallons of use assuming no rain, well into the highest tier. Mr. Edwards stated he is glad that the Town is discussing the differing tier levels. Mr. Edwards then described some of the neighboring cities recent rates and rate increases. Mr. Edwards stated he agreed the NTMWD is a large part of the problem. Mr. Edwards suggested the rate changes be communicated well in order to encourage conservation.

Mayor Culbertson asked Mr. Edwards what his recommendation was between the two options. Mr. Edwards stated neither; he felt the costs of growth should be paid by new people coming into Town in order to moderate growth.

The Council had further discussion regarding the water and sewer rate study including water conservation and the Town's large lot policy. Some of the Council recommended to Mr. Weeks that another tier option be produced for consideration at the next meeting where the top tier would begin at 50,000 gallons. Councilmember Adler stated that he felt the Council should consider that the smaller lots were already facing a large bill increase due to the wastewater increases.

Elaine Belcher, 5691 Hummingbird Lane, suggested the Town hold a seminar regarding drip irrigation systems and conversation as they do in some other cities.

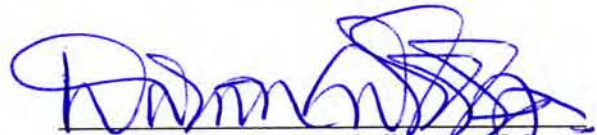
John Harkins, 411 Oakridge Drive, River Oaks II subdivision, stated he did not feel 50,000 gallons versus 40,000 gallons would make a large enough impact on large lot user. He asked when rates last increased. Mr. Weeks stated November 2014. Mr. Harkins objected to a 15 percent increase over two years. Mr. Jackson stated NTMWD costs had increased 20 percent in that time. Mr. Harkins stated he felt the increases are not in line with the residents' salary increases and he felt the NTMWD was spending too much. He also objected to water billing subsidizing Town expenses; Mayor Culbertson stated that it does not.

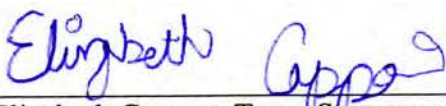
Mayor Culbertson asked Mr. Weeks have the new tier option ready to present to Council at the next meeting with the tiers up to 50,000 gallons but with no change for those below 10,000 gallons, and the Council would then decide amongst all the rate tier choices. Mayor Culbertson thanked all the residents in attendance for their feedback.

At 7:30 p.m., the Council then adjourned into executive session regarding property acquisition.

At 7:46 p.m., Mayor Culbertson reconvened back into regular session

Mayor Culbertson adjourned the meeting at 7:47 p.m.


Darion Culbertson, Mayor


Elizabeth Cappon, Town Secretary

