SPECIAL TOWN COUNCIL
MEETING MINUTES
MONDAY, AUGUST 14, 2017

The Town Council met in special session on Monday, August 14, 2017 at 6:00 p.m. in Fairview Town Hall located at 372 Town Place, Fairview, Texas. Those present were Mayor Pro Tem John Adler; Councilmembers Bill Nicol, Henry Lessner, Pam Little and Paul Hendricks; 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; Fire Chief, Jeff Bell; and Town Secretary, Elizabeth Cappon. Mayor Darion Culbertson and Councilmember Powell were absent.

Mayor Pro Tem Adler called the meeting to order at 6:02 p.m. and declared a quorum was present.

PUBLIC HEARING: PROPOSED FY 2017-18 PROPOSED PROPERTY TAX RATE: Mr. Weeks gave a presentation regarding agenda item 2, the first public hearing regarding the Fiscal Year 2017-18 proposed property tax rate.

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 $0.340066. Mr. Weeks stated the proposed tax rate consists of an interest and sinking (I&S) rate of $0.127542 and a maintenance and operations (M&O) rate of $0.231409.

Mr. Weeks stated that the state tax code requires that the Council hold two public hearings on the tax rate and this was the first of the two public hearings with the second on August 21. Mr. Weeks added the rate could not be adopted at the same meeting as either of these hearings and would be ratified and adopted by ordinance at the regular September 2017 Council meeting.

Mr. Weeks stated that this increase in valuation increases the effective M&O rate of property taxes on a $100,000 home by about 8 percent or approximately $3.55.

Mr. Weeks stated the town's assessed valuation has increased to 1.761 billion from the prior tax year's 1.585 billion, which is an increase of 11.2 percent.

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

Mayor Pro Tem Adler opened the public hearing.

John Harkens, 411 Oakridge Drive, River Oaks II, asked about timing of the next possible tax increase; he stated he felt many in the community were having a difficult time paying their current property taxes.

Mayor Pro Tem Adler stated that as a part of the Town's 10-year Capital Improvement Program (CIP), the Town Council would soon be voting on whether to have a November bond election for a replacement Fire Station 1 and a Public Works facility. Mayor Pro Tem Adler stated that the Council would be discussing it later in the meeting.

Ross Fasolino, 1380 Camino Real, stated that he felt the Fire Station 1 building was newer than his home. Mr. Fasolino asked why the building was not maintained. Mr. Fasolino stated his dissatisfaction with Staff for allowing it fall into disrepair.

Mayor Pro Tem Adler stated that the building was previously maintained and expanded by Staff members such as volunteer firefighters. Mayor Pro Tem Adler stated that with the amount of structural issues, the Council decided it would make more sense to replace the building than to fix it. Ms. Couch added that the building was originally a home constructed in the late 1950s that was poorly added onto over time. Ms. Couch added that the building is undersized for the current needs of the Town. Ms. Couch stated that full presentations regarding the proposal would be given at upcoming Council meetings and ultimately the voters will decide whether it is approved.

Mayor Pro Tem Adler closed the public hearing and announced that the second public hearing on the tax rate would be held on Monday, August 21 at 6 p.m. in the Town Hall Council Chambers and action would be taken on the budget at the Tuesday, September 5, 2017 Council meeting.

PUBLIC HEARING: PROPOSED FY 2017-18 BUDGET: Mr. Weeks gave a presentation regarding agenda items 3 and 4, a public hearing and discussion regarding the Fiscal Year 2017-18 proposed budget.

Mr. Weeks stated that the Town Manager filed the proposed budget as required with the Town Secretary on July 28, 2017 Mr. Weeks stated that although the Council has already held their annual budget work session on July 31, 2017, the Town is also required to hold one public hearing on the budget separate from the meeting where the budget will be adopted.

Mr. Weeks stated that this year's budget would raise 7.9 percent more tax revenue due to increased appraisals and new property added to the tax roll. Mr. Weeks described all the new developments added to the tax roll and some projects soon to be completed.

Mr. Weeks described key budget items and stated that the budget keeps the tax rate at $0.35999. Mr. Weeks stated this is the second year of the Town's 10-year Capital Improvements Program.

Mr. Weeks stated that the budgeted 15 percent increase to the water rate is as recommended by the prior year's water and wastewater study to cover the North Texas Water District (NTMWD) increases and continue to work to start making the water and wastewater fund responsible for all of its debt. Mr. Weeks added that this year the general fund subsidized $233,000 in debt for the water fund. Councilmember Lessner added that previous Councils had allowed NTMWD to be funded by general taxation rather than through water billing and the Council has been working toward having the water fund pay for its own debt and infrastructure.

Mr. Weeks stated the reserve fund balance is 48 percent, which is above the 25 percent

requirement for the general fund and 91 days of working capital in the water/wastewater fund when the requirement is 60 days.

Mr. Weeks stated that the budget includes an average of 3 percent merit increases for staff and recommended staffing adjustments including public safety increases. Mr. Weeks explained for Councilmember Little how the evaluation process for merit increases is completed.

Mr. Weeks described additionally budgeted projects from the Town's Strategic Plan including Fairview Parkway improvements, website improvements, utility infrastructure improvements and road maintenance. Mr. Weeks described the TIF funds and usage.

Mr. Weeks and the Council discussed tax revenue sources versus expenditures from FY 2016-17. Mr. Weeks explained changes to expenditures for various departments and funds.

John Harkens, 411 Oakridge Drive, River Oaks II, stated his dissatisfaction with the NTMWD take or pay system. Mr. Harkens stated that many cities are lobbying to their state representatives for assistance and wanted an update regarding the Town's activities. Ms. Couch stated, as the Town is a customer city rather than a member city, the Town is no part of the contract, so it will be revised by the member cities and they are still working toward revising it. Councilmember Lessner added that it is not a legislative action, but a contractual dispute between the member cities and the NTMWD. Mayor Pro Tem Adler explained the tax or pay system.

Mr. Harkens, Mr. Weeks and the Council discussed the water fund's debt service costs due to infrastructure improvements. Mr. Weeks stated that the Town would never issue debt for maintenance and operations, just capital projects.

Councilmember Little asked about the property taxes on the hotels. Mr. Weeks stated that the Town still receives all of their property taxes as well as hotel occupancy taxes and sales taxes would apply to the 380 Agreement. Mr. Weeks added that those property taxes would fall into the TIRZ #1 zone.

Mr. Weeks stated that the agreement with Republic Services including a 3 percent annual increase that will be passed along to the residents.

Mr. Weeks and several audience members discussed being able to take loads of trash to the Collin County dump in Melissa on the first weekend of the month. Ms. Couch stated that for residents to be able to drop off trash at the transfer stations the Town would have to be a member city as the member cities fund the cost of the transfer stations.

Mr. Weeks stated that of the $1.3 million in staff supplemental requests, $0.5 million was funded, mostly related to salaries and public safety additions.

Mr. Weeks stated that only one public hearing is required on the budget but that the Council could discuss it and make staff recommendations at the next special Council meeting before it is adopted at the regular September Town Council meeting.

Mayor Pro Tem Adler opened the public hearing.

Leland Payne, 398 Parkvillage Ave, asked Mr. Weeks about the upcoming hotel revenue and the effect of their incentive agreements.

Mr. Weeks stated that the Town hired a Special Event Coordinator in 2016 that was to be funded out of the general fund to be reimbursed by future Hotel/Motel Occupancy Tax (HOT) revenue, as HOT funds can only be utilized for generating tourism within the Town. Ms. Couch added that incentives were granted rebating a portion of the HOT taxes to the hotels for specific periods but HOT funds are limited in use to the Town for tourism regardless. Ms. Couch added that the Town also receives sales and property taxes and potentially earns from revenue generated by increased traffic in the shopping center.

John Harkens, 411 Oakridge Drive, River Oaks II, asked about Town services provided to outside entities. Mr. Harkens, the Council and Ms. Couch discussed the mutual aid process and the Lovejoy High School student resource officer (SRO). Ms. Couch stated that Lovejoy is paying for their portion of the SRO.

Mr. Harkens and The Council discussed the Town's plan for controlling Town debt. Councilmember Lessner stated that the I&S rate is sinking as it is being paid off through general revenues. Ms. Couch added that debt is typically issued by municipalities for 20 or 30 years. Mr. Weeks added that a large portion of the debt drops off in 2029. Ms. Couch stated that this does not include future debt such as the amount proposed in the upcoming November bond election. Mr. Weeks stated that staff frequently looks for opportunities to refund or refinance the debt with similar or shorter terms. Mr. Weeks stated that when the town refunded debt in 2016, the Town saved $0.5 million in future interest.

Mr. Harkens stated his dissatisfaction with the Collin County Appraisal District.

Mayor Pro Tem Adler closed the public hearing and stated that the Council would not take action on this item until the regular Tuesday, September 5, 2017 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.

TOWN FACILITIES PLANNING: Town Manager Couch introduced a presentation regarding agenda item 5, planning for future town facilities and introduced the Town's consultants, Hal Sargent, President and CEO of Brinkley Sargent Wiginton Architects, 5000 Quorum Drive, Suite 600 in Dallas as well as Martin Lehman, President of North Texas and Daniel Anderson, Senior Estimator and Director of Virtual Design and Construction of T.S. Bryne Construction, 2601 Scott Avenue Suite 300 in Fort Worth.

Ms. Couch described the cuts made to the budget of the project including removing the Public Works truck wash and changes to the site grading to reduce costs by $0.5 million. Ms. Couch stated that the current estimate is not the final cost but ensures the Town will have enough funds to complete the project and that detailed construction drawings to refine the numbers would be completed depending on the result of the bond election.

Mr. Sargent gave a presentation on the cost analysis on future town facilities for fire, fire administration, public works and an EOC/training room/public meeting room.

Ms. Couch stated that the current total with issuance costs was approximately $25.3 million to be finalized when the election is ordered at the special meeting on August 21.

Councilmember Hendricks asked if other department heads had reviewed their costs as Public Works did by removing the truck wash but also to ensure they have everything they need. Mr. Sargent stated that Staff has gone further though the design process than is typical to ensure the costs of each specific aspect and even equipment to ensure the costs are refined as possible. Mr. Sargent stated that code requirement changes for energy are a large factor in the increased cost. Chief Bell added that every department head has reviewed in depth to sure they have everything needed without excess. Ms. Couch added that the Municipal Complex has been in development for several years to ensure the facility was appropriate for the Town currently and at build out.

John Harkens, 411 Oakridge Drive, River Oaks II, asked about the specifications of the project. Ms. Couch stated that the construction manager at risk (CMAR) was selected early in the process to ensure correct pricing in advance of the election and that if the bond passes then construction drawings will be finalized and the work will be bid out to contractors by the CMAR.

Councilmember Lessner, Ms. Couch and the consultants discussed the at-risk portion of the agreement versus the insurance coverage on the project.

Councilmember Little asked about the art budget shown. Ms. Couch stated that amount was to meet the Town's requirement for projects to have 1 percent public art. Ms. Couch stated the Council has the discretion not to follow the ordinance if the Council wants to cut that budget.

Ms. Couch explained that the municipal complex would need to be presented as one bond proposition as all the facilities are interconnected as one facility. Councilmember Hendricks asked Ms. Couch to explain the tax impact of the bond election. Ms. Couch stated that the current estimated maximum would be 7.5 cents, to be communicated to the residents once the bond election is called. Ms. Couch added that if the election is successful the tax impact would not be felt by residents until FY2019 and construction would begin in the summer 2018.

Leland Payne, 398 Parkvillage Ave, asked if the entirety of the property was being utilized for this project. Ms. Couch stated that the design utilizes 11 of the 15 acres in the two tracts. Ms. Couch stated no decisions have been made if any other future facilities may go there but the space could be utilized if future Councils deems it appropriate. Ms. Couch and Mr. Payne discussed the screening of the public works facilities. Ms. Couch stated a site plan would be shown at a future council meeting.

Mike VanNatta, 5141 Stream Crest Way, suggested at the upcoming meetings that the Town have storyboards explaining the tax rate and the senior tax exemption as well as a report explaining the difference in response times and number of calls in each fire district. Mr. VanNatta suggested utilizing iPads to aid residents with tax calculating at the meetings. Mr. VanNatta added that as the Town is landlocked, the only future growth would be in District 1.

Mayor Pro Tem Adler stated the upcoming bond website would additionally include the engineering report on the current building.

Mr. VanNatta stated that he would be providing the Council with a list of suggestions for future bond communications. Ms. Cappon requested Mr. VanNatta send them to her as well for the frequently asked questions document that she would be building.

Mr. Payne asked about potential traffic increases along State Highway 5 as well as the potential for additional stoplights. Ms. Couch stated that SH5 is a state-owned road but that the Town is requesting TxDOT conduct a traffic study at SH5 and Meandering Way to see if they will add a stoplight. Ms. Couch then discussed the planned upcoming changes to Fairview Pkwy and SH5. Ms. Couch stated that Staff was also considering adding an emergency stoplight for fire access.

Mr. Harkens stated his concern about damage being caused to Meandering Way due to fire trucks and construction vehicles using them. Ms. Couch stated that construction traffic to projects on Meandering Way could not be limited but Staff could look into possible pass-through traffic. Ms. Couch added that once Stacy Road construction is complete, that would be the easier route for traffic to follow.

Mayor Pro Tem Adler adjourned the meeting at 7:50 p.m.

Elizabeth Cappon, Town Secretary

John Adler, Mayor Pro Tem

TOWN OF FAIRVIEW