



City of Rowlett

Meeting Minutes

City Council

4000 Main Street
Rowlett, TX 75088
www.rowlett.com

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Tuesday, August 6, 2013

5:30 P.M.

Municipal Building – 4000 Main Street

As authorized by Section 551.071 of the Texas Government Code, this meeting may be convened into closed Executive Session for the purpose of seeking confidential legal advice from the City Attorney on any agenda item herein.

The City of Rowlett reserves the right to reconvene, recess or realign the Regular Session or called Executive Session or order of business at any time prior to adjournment.

Present: Mayor Gottel, Mayor Pro Tem Kilgore, Deputy Mayor Pro Tem Gallops, Councilmember Phillips, Councilmember Dana-Bashian, Councilmember Pankratz and Councilmember Bobbitt

1. CALL TO ORDER

Mayor Gottel called the meeting to order at 5:30 p.m. and Council immediately convened in Executive Session.

2. EXECUTIVE SESSION (5:30 P.M.)

- 2A.** The City Council shall convene into Executive Session pursuant to the TEXAS GOVERNMENT CODE, §551.074, Personnel, to deliberate the appointment, employment, evaluation, assignment, duties, of the City Manager and to consider an employment agreement for the Interim City Manager. (20 minutes)

Upon close of Executive Session, Council reconvened in open session at 6:05 p.m.

3. WORK SESSION ITEMS (5:50 P.M.)

- 3A.** Presentation of the FY2014 Budget. (90 minutes)

Brian Funderburk, Interim City Manager and Alan Guard, Director of Financial and Information Services presented the FY2014 Budget. Mr. Funderburk began by thanking the Council for their dedication and stewardship. Staff spoke briefly regarding the declining average taxable values.

Mayor Gottel questioned staff regarding the various exemptions that affect the taxable values.

Staff stated the tax dollars that the City receives provides for a wonderful library on Main Street, parks and recreational amenities, police and fire protection, and street and alley maintenance for the residents. Spoke to the common myths about Rowlett including having the highest tax rate in north Texas; citizens pay Rowlett too much in taxes; Rowlett has too many employees; Rowlett pays its employees too much; and, Rowlett is a poor community.

Staff spoke regarding Rowlett's future. Stated the City has waited decades for the President George Bush Turnpike (PGBT) and the DART Blue Line Light Rail, but now they are here. Rowlett now has a vision for the future with Realize Rowlett 2020 and has established a desire for high quality development with the adoption of Form Based Codes. Spoke regarding Rowlett's residential land inventory. Given the fact that only 10 percent of the remaining property left to develop is zoned for commercial or industrial development, Rowlett will always be a residential, suburban bedroom community, but it is time for Rowlett to own this moment in time.

Mr. Funderburk addressed the question, "What's wrong with just getting by?" Stated as a community, Rowlett is aging. Subdivisions built in the 1990's now have infrastructure that needs significant repair. These repairs require funding for a level of ongoing maintenance, not currently funded in the tax rate. Playgrounds built 20-30 years ago in the height of our growth cycle have reached the end of their useful life and need to be replaced.

Mr. Funderburk addressed the question, "How did we get here?" Stated there was significant growth in the community. Between 1990 and 2000, the community's population doubled and between 2000-2010, the population increased by twenty-five percent. Spoke regarding the reallocation of the Cash CIP. Stated beginning in 2007, Council made a concerted effort to fund a \$3.2 million Cash CIP to improve streets, alleys, sidewalks and screening walls. By doing so, staff was reduced by 19 positions and numerous other programs and services no longer had adequate funding to meet their ongoing maintenance needs or to operate on a long-term sustainability basis. However, the Cash CIP serves as a great testimony as to why funding maintenance at a financially sustainable level is critically important.

Staff spoke regarding community decisions. Stated residents often ask why our property tax rate is so high. There are three reasons for this. First, Rowlett citizens voted to give up one of its two sales tax pennies for DART. Second, Rowlett has the third highest senior tax exemption in Dallas County. And lastly, Rowlett is one of only seven cities out of 31 in Dallas County where property taxes paid by seniors are frozen. Stated the value of the revenues waived for DART and tax exemptions equals \$9.4M annually.

Spoke regarding the recession and stated Rowlett cut 40.75 full-time employees between 2007 and 2012.

A member of Council questioned staff regarding the City's vacancy savings.

Staff stated when the City exceeds the budgeted amount, vacancy savings is used for one-time dollars or they go back into the City's reserves. If the savings is within the limits of the budget, that already funds the City's operations.

Spoke concerning the lack of options in Rowlett's housing stock. Stated the market analysis conducted by Ricker+Cunningham, national real estate economists, as a part of Realize Rowlett 2020, has now shown that the decline in property valuations are being driven by a factor more significant than just the overall decline in national home prices with a much longer term. The single biggest driver of this decline is the lack of options in Rowlett's housing stock. Stated only 11.3 percent of homes in Rowlett have a taxable value in excess of \$200,000. Yet, the City's service levels have been maintained thanks to a great team of employees.

Volunteers make a difference and supplement what the City would not be able to do otherwise. This year, it is expected that our dedicated volunteers will donate 26,600 hours, which is the equivalent of 13 full-time employees, totaling a cost savings of \$602,619.

Spoke as to what will happen if nothing changes between now and FY15. Spoke regarding both ends of the spectrum – if the City were to raise taxes and fees or if the City were to cut services.

A member of Council asked what services would be cut if taxes are not raised or is this the realization that this is the "new normal"?

Mr. Funderburk stated this next year, staff will need to take the community on a journey. As we take the journey over the next year to determine what we want our vision to be for Rowlett, citizens will angst over what is the right answer – higher taxes/fees or reduced services. Rowlett cannot continue to "make-do" waiting for PGBT and DART Light-rail to arrive. They are now here and the ability to "bridge" our financial gap will no longer exist by FY2015. As a result, the City Council and its citizens will have to make strategic decisions to determine what our community's future will be.

A member of Council stated there is only so much that can be cut from the Parks and the Library. Everything will have to be put on the table to discuss.

Staff spoke regarding the organization's strengths and weaknesses. Stated internal strengths include:

- High level of financial stewardship and a strong financial position provides opportunity to maintain the same tax rate in FY2014 for the 9th straight year and "bridge" the financial gap to FY 2015
- Outstanding talent on the Executive Team and real depth in the organization provides the foundation for our "citizen-centered government"

Stated internal weaknesses include:

- Competitiveness of employee pay in relation to DFW market hurts the ability to recruit and retain talented employees
- Turnover rate impacts ability of the City to deliver essential services
- Just as a lack of financial resources means less money to spend on maintaining the amenities our community enjoys, fewer employees also affects the ability to maintain those amenities
- Lack of funding in prior years has resulted in obsolete technology and equipment that will take additional resources and time to improve

Spoke regarding external opportunities and threats. Stated external opportunities include:

- Positive economic development opportunities are available now that PGBT and DART are complete
- Realize Rowlett 2020 creates a positive vision and regulation plan for the community and enhances development opportunities for the Downtown, Strategic Gateway, Healthy Living, and Woodside Living areas
- Relative wealth of the community provides capacity to provide additional resources for community services and amenities if so desired

Stated external threats include:

- Financial capacity for incentive-based development is limited, which can impact future growth
- Taxes paid per capita provides less resources for community services and amenities
- Similarity of value and housing structures impacts ability to sustain tax values over the long-term
- The combination of the increasing senior population and senior tax freeze approved in 2004 will continue to erode the City's tax base
- Remaining proceeds from bonds issued in prior years are nearly gone providing the impetus to hold a future bond election in 2015

Spoke regarding some of the policy challenges we will need to address over the coming year.

These issues include:

- Research the current market and determine the level of competitiveness Rowlett is willing to provide for employee compensation
- Evaluate staffing needs to determine the number of employees necessary to meet the community's prevailing standards for programs and services
- Evaluate current maintenance efforts to establish the level of effort necessary to meet the community's prevailing standards for amenities and infrastructure

A member of Council questioned staff regarding the funding for the market competitiveness study.

Staff continued the presentation.

- Improve and enhance technology to meet customer needs
- Replace obsolete vehicles and equipment and possible annual impact (range)
- Prepare for a bond election in May 2015 and possible annual impact (range)
- Evaluate the Senior Tax Exemption
- Potential increases in taxes or fees

Alan Guard, Director of Financial and Information Services, spoke regarding the history of property values, the cumulative impact of declining values from FY2010 – FY2014, General Fund revenues, and sales tax projections. Spoke regarding the subsidy to the Rowlett Community Centre. Discussion continued regarding the General Fund expenditures and Utility Fund revenues. Spoke concerning the new base prices for residential water and residential sewer rates beginning FY2014. Continued with discussion focusing on Utility Fund expenditures and Utility Revenue Debt Service

Interim City Manager Funderburk spoke regarding the Capital Improvement Plans, the \$10 million revenue bond issue, Cash CIP for streets and alleys, and Cash CIP for water and sewer.

Members of the Council provided comments regarding the presentation. Comments included thanking staff for the presentation, emphasizing we must have a clear vision or decisions cannot be made about where we go, understanding and maximizing our resources, and the potential of a tax increase must be weighed with the potential damage that could occur.

4. DISCUSS CONSENT AGENDA ITEMS

At the request of Councilmember Bobbitt, item 7C was removed from the Consent Agenda to be considered individually.

CONVENE INTO THE COUNCIL CHAMBERS (7:30 P.M.)

Convened into the Council Chambers at 7:31 p.m.

INVOCATION

The invocation was led by Reverend Kason Huddleston, In the River Church.

PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by the City Council.

TEXAS PLEDGE OF ALLEGIANCE

The Texas Pledge of Allegiance was led by the City Council.

5. PRESENTATIONS AND PROCLAMATIONS