

MINUTES OF A SPECIAL MEETING OF THE CITY COUNCIL OF THE CITY OF PEARLAND, TEXAS, HELD ON MONDAY, AUGUST 20, 2018, AT 6:30 P.M. IN THE COUNCIL CHAMBERS, CITY HALL, 3519 LIBERTY DRIVE, PEARLAND, TEXAS.

Mayor Reid called the meeting to order 6:30 p.m. with the following present:

Mayor	Tom Reid
Mayor Pro-Tem	Trent Perez
Councilmember	Tony Carbone
Councilmember	Derrick Reed
Councilmember	Gary Moore
Councilmember	J. David Little
Councilmember	Woody Owens
City Manager	Clay Pearson
City Attorney	Darrin Coker
City Secretary	Young Lorfing

Absent: Councilmember Adrian Hernandez.

Others in attendance: Daniel Baum Deputy Fire Chief, Jon Branson Deputy City Manager, Matt Buchanan President of EDC, Trent Epperson Assistant City Manager, Roland Garcia Assistant Chief-Community Risk Reduction, Michelle Graham Director of Human Resource, John McDonald Director of Community Development, John McCarter Budget Officer, Chris Orlea Director of Parks and Recreation, Cynthia Pearson Director of Finance, Vance Riley Fire Chief, Kim Sinistore Executive Director CVB, Johnny Spires Police Chief, Robert Upton Director of Engineering, Jennifer Huhn Court Administrator, Joshua Lee Communication Director, Daniel McGhinnis Chief Information Officer and Lawrence Provins Deputy City Attorney.

PURPOSE OF THE MEETING

Council Input and Discussion: Discussion #2, Fiscal Year 2018 – 2019 Budget.

City Manager Clay Pearson stated he would be presenting on the Budget questions that came up during the August 11, 2018 meeting. He further stated there would be a pause intermittently for Council questions. City Manager Clay Pearson presented on Harvey Impacts, General Fund Policy Minimum Fund Balance and Updated Multi-Year to reflect taxable value scenarios.

Councilmember Carbone and City Manager Clay Pearson discussed growth estimates remaining conservative since Permit revenue is slowing down, in addition to the proposed bond programs.

Mayor Pro-Tem Perez stated there needs to be workshops going forward so that staff is made aware of Council suggestions rather than address the budget yearly. He further stated because one Bond Agency made a comment on how the City should move funds is not reason enough to make changes unless the credit rating is affected.

City Manager Clay Pearson presented on Pearland Economic Development Corporation Debt Defeasance, Fiscal Year 2018 supplementals and Community Development fee structure expansion.

Councilmember Carbone stated on the Pearland Economic Development Corporation debt the City is paying off debt, on the Multi-Year Fund balance he does not see where the ending year fund balance is rolling over to the beginning fund balance.

Budget Officer John McCarter stated it does not show but there is a 10% fund balance set aside in the Multi-Year Fund balance, but is included into the Pearland Economic Development Corporation Fund balance.

Councilmember Carbone stated the surplus that is created by the set aside could be used to pay off debt sooner rather than letting the debt life exceed beyond what the City could payoff.

Councilmember Moore stated he is in agreement with Councilmember Carbone to pay off debt early rather than set aside an amount to roll over yearly and does not want to hold on to the surplus.

Mayor Pro-Tem Perez stated it makes sense to hold on to the surplus to fund other projects that could have a higher interest rate for the City and continue to pay on the debt with lower interest rates. He further stated it does look bad to have a balance to pay off debt and not use it, but is more cost effective.

Councilmember Carbone stated the City may have to borrow in the future but the amount would be less and the City would save interest fees if outstanding debt is paid off.

Councilmember Reed stated the City does not know if any money will need to be borrowed and there is no reason to pay off a low interest debt and have to borrow more in the future.

Councilmember Carbone stated staff is presenting a scenario where the City may or may not have to borrow money, but for sure the City has a debt that can be paid off and interest fees saved.

Pearland Economic Development Corporation President Matt Buchanan stated the fund balance for Pearland Economic Development Corporation was meant to fund cash projects and not to pay off long standing debt for past projects.

Councilmember Carbone stated he would like staff to present on the projections with the 10% set aside showing so that it can capture all of the expenses.

Mayor Pro-Tem Perez stated to avoid this issue in the future better Fund Balance policies and a methodology need to be discussed to give the Pearland Economic Development Corporation direction on when money is held and for what reason.

Mayor Pro-Tem Perez stated he supports the Community Development fee structure for splitting the fee into a non-refundable portion to offset the cost of follow up by the City.

City Manager Clay Pearson presented on the Fiscal Year 2017 taxable value compared to the Fiscal Year 2018 taxable value, the Capital Improvement Project total debt and the total outstanding debt including new issuances.

Conversation ensued with Councilmember Little and staff regarding the adjustable taxable value in 2017 compared to 2018 and where in the presented documents the Tax Increment Reinvestment Zone adjustment is shown.

Assistant Finance Director Rhonda Daugherty provided to Council an explanation of how the effective tax rate is calculated for the Budget and the taxes the City paid into the Tax Increment Reinvestment Zone.

City Manager Clay Pearson presented on Water and Sewer Rate comparable to other cities, Water and Sewer revenue growth assumptions and meter impact on the Multi-Year budget.

Councilmember Owens asked staff if there is a total amount of water that the City requires since it is being pulled from multiple locations and how long does the City expect to have to pull from the City of Houston.

Assistant City Manager Trent Epperson stated the City will still need that water for max day use and the City needs that connection to properly supply the residents. He further stated that as years pass the amount the City uses from the City of Houston will decrease.

Mayor Pro-Tem Perez stated he would like to discuss the addition of the Traffic Engineer position and how it could be added into the budget.

Clay Pearson stated right now the City has a contract for that service currently, it has been estimated at \$50,000 yearly and the contract would be ended with the current contractor. He further stated that if Council sees the addition of that position as a priority that they vote on it so it can be added into the final budget documents and the General Fund could be expanded to meet that salary.

Mayor Pro-Tem Perez made the motion seconded by Councilmember Carbone to add the Traffic Engineer and associated software into the budget for Fiscal Year 2018.

City Attorney Darrin Coker stated the Council can provide direction to staff but it cannot be put to a formal vote at this time.

Mayor Pro-Tem Perez stated the Traffic Engineer is needed because of the cost for a contractor and staff having to work on traffic plans when projects involving thoroughfares come up. He further stated the Traffic Engineer could focus on improving traffic and retiming lights, provide better traffic studies and work to improve travel times.

Mayor Reid asked staff how adding that position would affect the budget.

City Manager Clay Pearson stated the budget is currently balanced and if that position is added, it would require the revenue to match, possibly from sales tax increases.

Councilmember Owens stated in the past the City has worked with the Texas Department of Transportation (TXDoT) and asked staff if there would be any issue with the City having its own Traffic Engineer.

Assistant City Manager Trent Epperson stated TXDoT gave ownership of traffic signals to the City and can do whatever is deemed necessary by the City, bringing a Traffic Engineer would be looked at favorably.

Councilmember Little asked staff what the five year impact would be with the City adding a Traffic Engineer, would the funds currently being paid to a consultant cover the salary or would it need an allocation of tax revenue.

Director of Engineering Robert Upton stated the Traffic Engineer position would pay for itself over time with the ability to do some services in house and being able to work with the current consultants.

Councilmember Carbone stated the 2017 Citizen's Surveys had safety and mobility as top concerns

and even with the tight budget, the City needs the Traffic Engineer.

Budget Officer John McCarter provided to Council the cost to add that position and its effect on the General Fund over a five year period.

Mayor Pro-Tem Perez and Director of Engineering Robert Upton discussed the fees associated Transportation Impact Analyst reviews.

Council Action - Resolution No. R2018-156 - A Resolution of the City Council of the City of Pearland, Texas, placing on the agendas of September 17, 2018 and September 24, 2018 City Council meetings, consideration of the proposed fiscal year 2018-2019 budget and setting the public hearing on the budget for September 10, 2018.

Councilmember Little made the motion, seconded by Mayor Pro-Tem Reed to approve Resolution No. R2018-156.

City Manager Clay Pearson stated this action is required to place the budget on the Agenda and set the Public Hearing.

Voting "Aye" Councilmember Carbone, Perez, Reed, Little, Moore and Owens.

Voting "No" None.

Motion passed 6 to 0, with Councilmember Hernandez absent.

Council Action - Resolution No. R2018-154 - A Resolution of the City Council of the City of Pearland, Texas, voting on a proposed tax rate of 0.709158, the effective tax rate, and placing on the agendas of September 17, 2018 and September 24, 2018 City Council meetings, consideration of the proposed fiscal year 2018-2019 tax rate.

Councilmember Moore made the motion, seconded by Councilmember Moore to approve Resolution No. R2018-154.

City Manager Clay Pearson stated this is the notice to the Public for the City's property tax rate and staff is recommending a \$02.4 cent increase.

Councilmember Owens stated he would like to know the revenue coming off the appraisal of property and what the percentage is if it went up.

Budget Officer John McCarter stated the money coming into the City would be 5.6% more than last year, which is driven by new construction.

Voting "Aye" Councilmember Carbone, Reed, Perez, Little and Moore.

Voting "No" Councilmember Owens.

Motion passed 5 to 1, with Councilmember Hernandez absent.

PUBLIC COMMENT: None

ADJOURNMENT

Meeting was adjourned at 8:00 p.m.

Minutes approved as submitted and/or corrected this the ____ day of _____, A.D., 2018

Tom Reid
Mayor

ATTEST:

Young Lorfing, TRMC
City Secretary