

REGULAR CITY COUNCIL MEETING  
AUGUST 28, 2018  
5:30 P.M.

COUNCIL CHAMBER, 110 NORTH 8TH STREET  
GATESVILLE, TEXAS 76528

AN OPEN MEETING WAS HELD CONCERNING THE FOLLOWING SUBJECTS:

1) CALL TO ORDER REGULAR CITY COUNCIL MEETING AT 5:32 P.M., THIS 28TH DAY OF AUGUST, 2018

PRESENT: Mayor Gary Chumley, Council Members; Dwight Suson, Meredith Rainer, Ronnie Viss, David Mitchell, Tim Woodlock, and Jack Doyle

OTHERS PRESENT: City Manager William H. Parry III, City Secretary Wendy Cole, Brenda Kiphen, Kate Edwards, Kaleb Hitt, Billye Rhudy, Sam Rhudy, Nathan Gohlke, Don Norman, Randy Hitt, Joyce Woodlock, Howard (Scott) Arey, Billy Vaden, and Joe Patterson

2) HEAR VISITORS/CITIZENS FORUM: AT THIS TIME, ANY PERSON WITH BUSINESS BEFORE THE COUNCIL NOT SCHEDULED ON THE AGENDA MAY SPEAK TO THE COUNCIL FOR A MAXIMUM OF THREE (3) MINUTES. NO FORMAL ACTION CAN BE TAKEN ON THESE ITEMS AT THIS MEETING.

Mayor Chumley noted that Kaleb Hitt wished to address the Council but told Mr. Hitt that he would need to wait until the Tax Rate Public Hearing since that is the topic he wished to speak about.

3) DISCUSSION AND POSSIBLE ACTION TO APPROVE THE MINUTES FROM THE REGULAR CITY COUNCIL MEETING AUGUST 14, 2018

RESOLUTION 2018-61: Motion by Ronnie Viss, seconded by Tim Woodlock; all six in favor, motion passed to approve the minutes from the Regular City Council meeting August 14, 2018.

4) DISCUSSION AND POSSIBLE ACTION TO AWARD THE BID FOR THE SOLAR ARRAY PANEL SYSTEM PROJECT AT THE LEON WASTEWATER TREATMENT PLANT UNDER THE TEXAS COMMUNITY DEVELOPMENT BLOCK GRANT #7216028

City Manager Parry reminded the Council that they withdrew the previously awarded solar array contract on July 24, 2018 because of a threat of protest by one of the non-selected contractors. The Council then directed KSA Engineering to modify the contract specifications for the solar array project to reflect the best value (total price/KWH produced.) KSA Engineering modified the contract specifications and re-advertised for bids. The bids were opened and read aloud on August 20, 2018 at 2:00 p.m. Four bids were submitted and are listed in the order received:

Bidder	Bid Amount	kWh Produced	Total Cost/kWh
Bannister Electric	\$537,000	272,173	\$1.97/kWh
Performance Contracting	\$538,037	279,400	\$1.93/kWh
Axium Solar	\$535,535.59	268,701	\$1.99/kWh
Solar Centex, LLC	\$450,000	341,222	\$1.32/KWh

KSA Engineers evaluated the bids and determined that the best-value bidder was Solar CenTex, LLC with a total bid of \$450,000 and a price per kWh of \$1.32. KSA Engineering recommends the solar array contract be awarded to Solar CenTex, LLC.

There was a brief discussion regarding the stand alone structure that will hold the solar array and the metal structure to hold the solar panel above the sludge drying pit, the 10 year warranty on the moving parts and the guarantee on the total cost of kWh hours. Mr. Howard Arey of Solar CenTex LLC was present at the meeting and discussed the different aspects of the array that are considered when determining the total cost of kWh.

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RESOLUTION 2018-62: Motion by Meredith Rainer, seconded by Jack Doyle; all six in favor, motion passed; to award the bid for the Solar Array Panel System Project at the Leon Wastewater Treatment Plant under the Texas Community Development Block Grant #7216028 to Solar CenTex, LLC in the amount of \$450,000.00.

5) RECESS REGULAR MEETING AT 5:43 P.M. AND CALL A -----

PUBLIC HEARING

HEAR COMMENTS ON THE PROPOSAL TO SET TAX RATE AT \$0.5600 PER \$100 OF  
TAXABLE VALUE

City Manager Parry presented a power point program and stated that he updated the slides that were reviewed at the last meeting in accordance to council direction. Because the tax rate that the Council proposed exceeds the effective rate, two public hearings are required on the proposed tax rate. Parry reminded the Council that any change in the property tax rate (reduce or raise) only impacts the General Fund departments in terms of revenues and expenses. Property tax rates cannot be used to fund water or sewer infrastructure projects. Historically, the ad valorem collection rate has only been at a 97% to 98% rate.

A chart was discussed which presented other local cities that are relative to the size of Gatesville which showed proposed tax rates and where Gatesville fit in – in comparison to Gatesville’s budgeted tax rate (\$0.5100) and Gatesville’s proposed tax rate (\$0.5600.) Also discussed was the median value of an owner- occupied home in each city that was shown on the chart. When reviewing property taxes there are two components that must be considered :

- 1. Tax rate: which is the adopted rate per \$100 valuation
- 2. Tax base: which is the value of a home

Therefore, a city can raise taxes on a low tax base and not generate as much general fund revenue.

A chart was displayed that showed how the property tax rate is divided in Gatesville. A tax payer in the city of Gatesville currently pays \$2.2435/ \$100 valuation which is 22.7%. At the proposed tax rate of \$0.56 the number goes up slightly to 24.4% with the tax payer paying \$2.2935/\$100.

At this point in the public hearing, Mayor Chumley invited Kaleb Hitt to the podium to address the Council. Kaleb Hitt of 201 North 7<sup>th</sup> Street, Gatesville, said he was the appointed speaker for the citizens that are in attendance tonight and asked the Council to reconsider increasing the current tax rate. The tax rates continue to go up and the roads of Gatesville are worse than ever. Mr. Hitt was told that the last tax increase caused a surplus which is fantastic. The citizens of Gatesville are already struggling to make ends meet and the answer to problems can’t always be to increase taxes. Even more surplus will be created if the taxes are raised next year. Mr. Hitt said he was anti-tax increase.

Mayor Chumley thanked Mr. Hitt and commented that the surplus funds that the city was able to generate last year was used to fund two months of operating expenses for the city that could be used if there ever was a disaster. The city hadn’t had any surplus funds for quite some time.

Additionally, if a city tries to purchase a bond, the rating is based on surplus funds. It was imperative that the city generate surplus funds to be able to achieve a better bond rating before attempting to move ahead with any projects.

Mayor Chumley stated that the roads are just a symptom of what lies beneath. The aging water and sewer lines must be rehabilitated/replaced before the streets are fixed. Mayor Chumley said the Council appreciates citizen’s comments and wants residents to become involved and come to meetings so they can fully understand the challenges and decisions the Council faces.

Mr. Parry reminded the Council that the second required public hearing on the tax rate will be next Tuesday, September 28, 2018.

6) END PUBLIC HEARING AT 5:50 P.M. AND RECONVENE REGULAR MEETING

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7) DISCUSSION AND POSSIBLE ACTION ON TERMINATING THE ADVANCED FUNDING AGREEMENT WITH TEXAS DEPARTMENT OF TRANSPORTATION FOR A REPLACEMENT BRIDGE ON WEST LEON

City Manager Parry asked the Mayor to please pull that agenda item, pending additional information from the Texas Department of Transportation (TxDOT). Parry said that he should be able to present the agenda item at one of the next few council meetings.

8) BRIEFING/DISCUSSION REGARDING THE LEVEL OF DEPARTMENT FUNDING AT AN AD VALOREM TAX RATE OF \$0.56 OR LESS

City Manager Parry said that he wanted to clarify that any surplus funds that were created were generated from sales tax allocations and or fines/forfeitures- not out of the property taxes. Mr. Parry discussed the formula for calculating ad valorem tax revenue which must include taxes on frozen accounts for residents that are over 65 and exemptions for disabled veterans. Revenues from increased or decreased tax rates ranging between the effective rate of \$0.4921/\$100 to the rollback rate of \$0.574/\$100 were depicted on a chart showing the estimated revenue that could be generated. Adopting the proposed rate of \$0.56/\$100 would generate an additional \$181,043.50.

Parry presented the projected FY 2018 General Fund balance and then added the election expenses back in since the upcoming election is uncontested and then added in the increased revenue at the proposed rate of \$0.56 which totaled \$245,622.58.

There was a lengthy discussion on the City Staff proposed FY 2019 budget items that were funded, the FY 2019 items that weren't funded and items that were considered but cut from the 2019 proposed budget. A City of Gatesville Capital Improvement Plan (CIP) was also presented to the Council which outlined the projects to be considered to spend funds on within the next five years. Water rights, the water/sewer rate analysis, Police Department wages and the functions of an Information Technology Network Manager were discussed, along with other funding options at tax rates of \$0.56 to \$0.52/\$100 and what the city staff considered to be priorities. The Council will need to decide which items to fund and how these options should be prioritized. Parry also reminded the Council of the unassigned General Fund balance/reserve of \$403,748.00, which is not quite two months of operating expenses, but is unassigned and could be used for an option that the Council decides is a priority.

Councilmember Woodlock departed the meeting at 6:35 p.m. and quorum was maintained.

There was a discussion regarding what additional amount that a property tax payer (based on the median value of an owner-occupied home) would have to pay if the tax rate of \$0.56/\$100 were adopted. It was determined to be approximately \$3.50 per month.

Mr. Parry stated that the first reading of the ordinance to adopt the tax rate will be presented at the September 11, 2018 meeting.

Mayor Chumley said that since there were no other agenda items to be voted on he needed to leave as he was late for another engagement and excused himself from the meeting. Chumley asked Mayor Pro-Tem Viss to take over the meeting. Mayor Chumley departed at 6:49 p.m.

Mr. Parry said that further assessment of the bridge will be necessary to determine the actual amount that would need to be spent if the Council decides to open up the old bridge. TxDOT hasn't inspected the bridge since it has been closed so TxDOT will need to come and re-inspect the bridge. As far as

liability is concerned, TxDOT says that as long as signs are posted that it is load limited, the City will have no liability if someone disregards the notice.

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9) CITY MANAGER’S REPORT:

1. -CAPITAL PROJECTS:

- Park Street Infrastructure Replacement: B-Corp started this project yesterday. Walker Partners Representative Project Representative, Wyllis Ament, is the quality control inspector for this project and sends a daily report to the City Manager.

Other activities/date of note:

October 23, 2018: NewGen Strategies briefing to the City Council on the water/sewer rate study. This rate study will provide the council with information needed to make a decision on water/sewer rates. The Council can then determine how the City will be able to generate sufficient revenues to cover the cost of services and to be able to start seriously recapitalizing some of the aged infrastructure.

2. DEPARTMENT HEAD REPORTS:

- Discussed the Municipal Court report and the process from start to finish for persons that have failed to appear. The accused has 10 days after issuance of the citation to make a plea or settle; a reminder granting a 10-day extension is issued which sets a mandatory court date. State law requires the court to give 60 days to the accused after the court date is set to pay the fine or enter a plea before a warrant can be issued. City staff has discovered that the long time span in this process usually results with the person failing to appear hard to find.
- Thanks to the Gatesville Messenger for donating the proceeds from the Marshall Day Memorial Softball Tournament to the City to install more bleacher covers.
- Pointed out a fact sheet included in the council book regarding the TexShare program utilized at the Library. One of the benefits for the Gatesville Public Library being State-accredited is the ability to participate in the TexShare program which allows patrons to access library holdings across the State and from neighboring states.

Briefed on the status of the city in terms of water conservation since Stage One of the Drought Contingency Plan was implemented. The Water Production Department reported that the amount of water treated/pumped has not changed significantly. However, less water is used on days that there is rain. Stage One is voluntary but the City residents need to be mindful of this situation as Stage Two is more restrictive. Several local newspaper polls indicated that only about 60% of residents are taking the drought seriously.

Lastly, briefed the Council on the Energy Savings Project. The construction period savings from June 2017 through May 2018 showed:

Electricity:	\$103,318.00
Tax Savings:	\$66,000.00
M&O/Capital:	\$69,595.00 (the 2 A/C’s at the library & the fitness center pool dehumidifier)
<b>Total:</b>	<b>\$238,913.00</b>

10) MAYOR PRO –TEM VISS ADJOURNED THE MEETING AT 6:58 P.M., THIS 28TH DAY OF AUGUST, 2018

ATTEST:

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Wendy Cole, City Secretary

APPROVED:

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Gary M. Chumley, Mayor