

City of Pilot Point, Texas

Minutes of the August 10, 2020

City Council Budget Work Session Meeting

The City Council of the City of Pilot Point, Texas met on this date at 5:30 p.m. for a City Council Budget Work Session. City Council members present were Mayor Pro Tem Jim Porter, Andy Singleton, Whitney Delcourt and Matt McIlravy. City Staff members present were City Manager Britt Lusk, Planning and Development Director John Taylor, Finance Manager Lana Ensminger, Capital Projects Manager Matt Kaminski, Public Works Director Trent Vandagriff, CPA Consultant Cheryl Davenport and Acting City Secretary JoAnn Wright. Mayor Shea Dane-Patterson arrived at 5:55 pm. Councilmember Pearlie Simpson and Dean Cordell were not present.

AGENDA

A. ROLL CALL/CALL TO ORDER

Mayor Pro Tem Porter announced a quorum and called the meeting to order at 5:45 pm.

B. REGULAR AGENDA

1. Budget Workshop

City Manager Lusk stated the need for a higher tax rate. House Bill Number 2 was passed that gives cities with 30,000 population or less the ability to adopt a property tax rate equal to \$0.803683 per \$ 100 value. This is called a de minimis tax.

De Minimis Rate:

The staff were asked to turn in a needs and wants list to work off of for the budget. The Cities reserves are down. With the de minimis rate the budget shows putting \$190,000 into reserves. This is only about half of the reserves. It will take two years to pay back reserves. That will still leave the City having to make \$350,000 in cuts out of the General Fund. Fund two (Utility Fund) is coming out \$290,000 ahead.

Voter Approved Rate:

The same cost. The revenue would have to be cut \$1,000,000 from the General Fund. That does include all the wants and needs so there is some room for adjustments. Utility Fund would be untouched.

No New Tax Rate:

The revenue amount jumps to \$1,100,000 from the General Fund.

With the de minimis rate the average home in Pilot Point is about \$200,000, which translates into the City portion of their taxes going up approximate \$493.00 per year or \$37.00 per month. Because of the savings the City would be able to suspend the water and sewer rates going up. By not raising the rates that would allow the average house using 10,000 gallons of water to save \$185.00 for the year or \$15.00 per month.

Mayor Dane-Patterson arrived at the meeting at 6:35 pm.

City Manager Lusk stated that if the Council decided to go with the de minimis rate they would have to do so 71 days before the November 3rd election. The next Council Meeting, August 24, 2020 is exactly to the date. At the time of passing it would start another clock of 90 days for voters to petition for and election on the rate. The Texas Election Laws requires 78 days for something to be put on a ballot. This means that it would have to be on the May 2021 election ballot. This means that the City would have to operate on the voter approved rate until the election could be held. If there is no petition the rate would go through, but we would not know until the 90 days is up.

Mayor Dane-Patterson stated that for those one a fixed income, this would keep the utility rates the same.

City Manager Lusk stated he has not increased any of the with the de minimis rate it would not raise any of the service fees. A person 65 or older exemption would not see an increase. Due to COVID-19 most of the review that would have been impacted have been cut.

Mayor Dane-Patterson asked where the City was on the impact fee study, because it would bring in more review on new construction.

City Manager Lusk stated the impact fee study should be completed in January 2021 and the finance department would create a line item so the City could start applying them immediately.

Development Services Director Taylor stated that when anything that is final platted after the impact fee study is done will be subject to the fee. If it is already platted the builder would have a year from the adoption of the impact fee study to get a permit or they will have to pay the impact fee.

Councilmember Singleton asked if there was anywhere else the City could cut the budget.

City Manager Lusk stated that \$300,000 has already been cut from the budget and we may be able to cut another \$200,000 more.

D. ADJOURN

Mayor Dane-Patterson moved to adjourn at 6:30 pm. Councilmember Singleton seconded the motion. The motion passed unanimously.



Shea Dane-Patterson, Mayor

ATTEST:



Lenette Cox, Acting City Secretary