

KENNEDALE CITY COUNCIL MINUTES
SPECIAL MEETING | AUGUST 8, 2019 AT 5:30 PM
CITY HALL COUNCIL CHAMBERS, 405 MUNICIPAL DRIVE

I. CALL TO ORDER

Mayor Brian Johnson called the meeting to order at 5:30 p.m.

II. ROLL CALL

Present: Mayor Brian Johnson; Mayor Pro Tem Sandra Lee, Place 3; Josh Altom, Place 1; Chris Pugh, Place 2; Linda Rhodes, Place 4; Chad Wandel, Place 5; **Absent:** NONE.

Staff: City Manager George Campbell, City Secretary & Communications Coordinator Leslie E. Galloway, Finance Director Lakeita Sutton, Director of Planning & Economic Development Melissa Dailey, Public Works Director Larry Hoover, Library Director Amanda King, Fire Chief James Brown, Police Chief Tommy Williams, and Accounting Technicians Debby Scott and Tanisha Cunningham

III. WORK SESSION

- A. Receive a report and hold a discussion regarding the City Manager's Proposed Fiscal Year 2019-2020 annual budget

City Manager George Campbell stated that the Proposed Fiscal Year 2019-2020 Budget was not required to be filed with the City Secretary until August 17, and that the Council should view the version distributed prior to this meeting as a draft. He noted that several adjustments were expected, including the health insurance increase (now projected at ~4.5% rather than 3%) and compensation numbers. Campbell stated his intention to schedule further discussion of the budget proposal during the Work Session of the August 20 Regular Meeting, adding that Directors were available tonight to answer questions and urging the Council to forward any additional questions to staff that might arise between now and the next meeting.

He went on to discuss the significant challenges resulting from, primarily, the adoption of the FY18-19 Budget but not the tax rate necessary to support it. He added that the General Fund balance was projected to be roughly 22% at the end of FY18-19 (due to savings in salary costs via turnover and the purposeful delay of certain projects); however, if the Proposed Budget were adopted in its current form, the fund balance was projected to drop below 3% for two years.

Campbell then presented highlights of the Proposed FY19-20 Budget and he and the Directors were available to answer questions from the Council. Discussion included:

- Overview of Budget Process and Next Steps
- Funds Structure and a Review of Individual Funds
- Major Assumptions and Highlights
- Budget Enhancements (New or Expanded Programs)
- Five-Year Projections

Specific discussion items included the water contracts with the City Arlington; the delay of both the civilian compensation adjustments and the continued and planned implementation of the public safety step plan that were included in the FY18-19 Adopted Budget; delays in transfers from the General Fund to the Capital Replacement Fund; end-of-year balance projections for various funds; the proposed implementation of a street maintenance fee; the 9% increase in property valuations and a proposed ~\$0.01 increase in the ad valorem tax rate (from \$0.725714/\$100 to \$0.734970/\$100); \$208,000 in other new programs (including incremental replacement of self-contained breathing apparatus for the Fire Department and an added Police Officer and Planner I

position); a projected drawdown of \$854,000 in FY19-20 (leaving the General Fund balance at an estimated 8.05% (with a plan to recover to 15-17% in a few years); the negotiations to terminate the City's contract with Global Water FATHOM; a recommended increase in the transfer (from 5% to 7%) from the Water Fund to the Street Fund; a recommendation against adjusting water utility rates at this time; staff's research into the possibility of moving the Streets Department back under the General Fund; a recommended \$1.00 increase in the Stormwater Fee (to \$4.50); a projected 4% increase in sales tax revenue; the potential issuance of \$2 million in tax notes before the end of the calendar year (with no impact to the debt service portion of the tax rate); development within the TIRZ; assumptions behind the five-year projections; and potential impacts on the bond rating.

Mayor Johnson requested that staff present a comparison of other Cities' Stormwater Fees. Councilmember Rhodes suggested raising that fee by \$0.50 rather than \$1.00. There was a consensus among the Council that employee compensation and benefits should be prioritized; and they thanked the staff for their time and dedication throughout the budget process.

Finance Director Lakeita Sutton noted that by decreasing the FY18-19 tax rate (via adoption of the Effective Rate) – the City had reduced revenues by almost \$400,000, and should now aim to recover lost ground.

City Manager George Campbell thanked Sutton for her time and expertise and recognized Accounting Technician Debby Scott for guiding staff through the development of this budget in her role as Interim Finance Director.

IV. REGULAR SESSION

V. DECISION ITEMS

- A. Discuss and consider approval of a Resolution of the City Council of the City of Kennedale, Texas, approving the placement of a proposal on the September 17, 2019 City Council Public Meeting agenda to adopt a 2019 tax rate that may exceed the lower of the rollback rate or the effective tax rate; calling public hearings on September 5, 2019 and September 13, 2019 (if necessary)

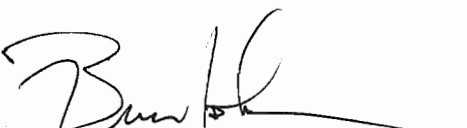
Motion To Approve. Action Approve, Resolution 555 of the City Council of the City of Kennedale, Texas, approving the placement of a proposal on the September 17, 2019 City Council Public Meeting agenda to adopt a 2019 tax rate that may exceed the lower of the rollback rate or the effective tax rate; calling public hearings on September 5, 2019 and September 13, 2019 (if necessary). **Moved By Pugh. Seconded By Altom. Motion passes unanimously.**

VI. ADJOURNMENT

Motion To Adjourn. Action Adjourn. Moved By Mayor Pro Tem Lee. Seconded By Wandel. Motion passes unanimously.

Mayor Johnson adjourned the meeting at 7:03 p.m.

APPROVED:


BRIAN JOHNSON, MAYOR

ATTEST:




LESLIE E. GALLOWAY, CITY SECRETARY