

## MINUTES

A special and workshop meeting of the City Council of the City of Pinehurst was held on August 6, 2020 at 5:30p.m. via teleconference. A quorum having been established, Mayor Dan Mohon called the meeting to order with the following council members present: T.W. Permenter, J. Michael Shahan, John Zerko, and Cynthia Adams. Councilwoman Sarah McClendon was absent. Mayor Dan Mohon led the invocation and then Dan Perrine of KOGT radio recited the United States and Texas Pledges of Allegiance. The following business was transacted.

Under the Workshop portion of this agenda, City Secretary Debbie Cormier presented the 2020 Property Tax documents as received from the Orange County Tax Assessor-Collector and required by Property Tax Code 26.04. Ms. Cormier explained that there were three separate documents to be presented. First, she went through the important figures in the Certified Totals for 2020 as prepared by Scott Overton, Chief Appraiser of the Orange County Appraisal District. She stated that Mr. Overton submitted the documents to Karen Fisher, Orange County Tax-Assessor Collector (OCTAC) who then summarized the information and passed it along to all of the taxing entities. She pointed out key information, such as total taxable value, average taxable homestead values, freeze ceilings for the Over 65 and Disabled exemptions, and the freeze adjusted taxable value that is used in property tax rate calculations. Ms. Cormier read the second document, the Certification of the 2020 Anticipated Collection Rate and 2019 Excess Debt Collection, aloud and in its entirety. OCTAC Karen Fisher prepared this document and certified that the anticipated collection rate for 2020 City of Pinehurst Debt Service was 100% and the excess debt service funds collected in 2019 was \$0.00. Ms. Cormier noted that the last set of documents, also prepared by OCTAC Karen Fisher, provided the possible tax rates for 2020 property taxes. She explained that the wording on the tax rate types had been changed. She advised that the former Effective Tax Rate was now called the No New Tax Rate. In addition, she stated that the former Rollback Tax Rate was now called the Voter Approval Tax Rate. She informed that, Pinehurst as a small city with a population of less than 30,000, had an extra rate to calculate due to Senate Bill 2. Ms. Cormier read aloud the following tax rates from Ms. Fisher's documents:

|                              |         |
|------------------------------|---------|
| 2020 No New Tax Rate         | 0.71619 |
| 2020 Voter Approval Tax Rate | 0.81483 |
| 2020 De Minimis Rate         | 1.61988 |

Ms. Cormier explained that the De Minimis Rate was defined as the rate that is equal to:

- (a) a taxing unit's no-new-revenue maintenance and operations rate, plus
- (b) the rate that when applied to a taxing current total value, will impose an amount of taxes equal to \$500,000, plus
- (c) a taxing unit's current debt rate.

She informed that the De Minimis Rate was part of Senate Bill 2 and was designed to give small cities some relief from the 3.5% cap. Ms. Cormier advised that no vote was required on these documents. She stated that members of the Council were simply required to acknowledge the receipts and presentation of these documents. Each Council member affirmed that they received the documents.

At this time, Mayor Mohon advised that Ms. Cormier was going present and review the proposed budget for fiscal year 2020-2021. He stated that Council members would have the opportunity to ask questions. Ms. Cormier began with the required budget coversheet. She read the following budget statement:

This budget will raise more total property taxes than last year's budget by \$32,275 or 5.438%, and of that amount, \$521 is tax revenue to be raised from new property added to the tax roll this year.

She stated that the remainder of the coversheet contained a comparison of tax rates for FY2020-2021 versus tax rates for FY2019-2020. She noted that the total debt obligation for the FY2020-2021 was required on this coversheet. She advised that the next page was simply a table of contents and the two pages after that were comparison pages for revenues and expenditures in FY2019-2020 versus FY2020-2021. She called attention to Page 1, General Fund Recap, and noted that the Net Gain would be slightly more than \$3,000. She stated that the budget was balanced but it would be a very tight budget. On page 2, General Fund Revenues, she pointed out that this budget would require a \$5,000 increase in the transfer from the Water/Sewer Fund for FY2020-2021. She noted that \$35,000 had been transferred from Reserves in the current fiscal year and this proposed budget would not be transferring any Reserves in order to balance the budget. She informed that the bottom line showed less anticipated revenues in FY2020-2021 than the FY2019-2020 budget. There were no questions from Council to this point.

Ms. Cormier continued to the next page, which she noted was not actually part of the budget but rather a worksheet used to calculate M&O and Debt Service taxes. She stated that this budget was based on a Maintenance & Operations tax rate of 0.66215 and a Debt Service tax rate of 0.09598, for a total tax rate of 0.75813. She noted that the current FY2019-2020 rates were 0.64215 for Maintenance & Operations and 0.07178 for Debt Service for a total tax rate of 0.71393. She informed that the proposed tax rates needed to balance the FY2020-2021 budget would be an increase of 0.0442 in the total tax rate. She advised that the majority of the increase was due to an increase in the amount of the debt service payments. She noted that a city could charge whatever tax rate was needed in order to meet its debt obligations. She explained that the debt was originally structured to have a low repayment amount in the beginning, then a substantial increase in the repayment amounts starting after the seventh year, FY2020-2021. She stated that the repayment amounts would continue to increase through payoff in 2030. Mayor Mohon asked if the debt could be refinanced in order to get a lower repayment rate. Ms. Cormier stated that Council certainly had that option but she did not know if that would be advisable. She stated that a portion of the 2013 Refunding Certificates of Obligation had already been refinanced once causing a longer timeframe before the payoff date.

On the next page, which was also not a budget page, she stated that transfers from other funds would be less in FY2020-2021 due to the zero transfer from Reserves. Ms. Cormier advised that Page 3, City Administrator budget, reflected a substantial decrease from the current year budget. She stated that was due to the waiver of medical insurance and substantially lower salary of the Interim City Administrator. Page 4, City Secretary, reflected an approximate \$1,000 decrease for the proposed year's budget. Page 5, Legal, showed a slight increase due to the 6% increase in Health insurance rates. Page 6, Municipal Court, showed an approximate \$20,000 increase due to State Tax on Fines. She advised that the State received more of the City's fine collections

than the City was allowed to keep in some cases and those fees were constantly rising. She also pointed out that more revenue from court fines for the City translated into more money being owed to the State. Page 7, Fire Protection, reflected an increase of about \$3,000 due to increases in Workers Compensation Insurance fees, Contract Dispatch Service fee, and Radio Lease fees. Page 8, City Inspector/Code Enforcement, Ms. Cormier stated that Mr. Vine had requested a computer software program that would cost several thousand dollars. She explained, in order to balance the budget, that request had been removed. She advised that this budget had several increases. She pointed out the vehicle insurance line item that increased due to the newly leased vehicle in this department. In addition, she noted the Property Maintenance Enforcement line item that increased due to an additional mowing of abandoned properties. Lastly, she informed that the Building Demolition line item had substantially increased due to Council's wish to demolish more condemned structures within the City. Ms. Cormier asked if there were any questions to this point. Mayor Pro Tem T.W. Permenter stated that he noticed that the Training budgets for the last three departments seemed to be high and requested an explanation. Ms. Cormier explained that the increase in the City Inspector/Code Enforcement Training budget was to provide training for Justin Trahan who was training to assume Mr. Vine's position upon his retirement. Mayor Pro Tem Permenter asked about the Fire Department Training budget. Ms. Cormier advised that there had been a plan for the volunteer firefighters to become certified firefighters. She stated that she did not know if that was still a viable plan, but she did not want to change the training budget in case that was still the plan. Mayor Pro Tem Permenter asked about the Municipal Court Equipment Repairs and Maintenance budget line. Ms. Cormier stated that line was for all of the software agreements within the municipal court and the software agreement for the handheld ticket-writers used by the Police Department. She noted that the software for the ticket-writers was on the Municipal Court Clerk's computer so the fee for the maintenance agreement was taken from that budget rather than the Police Department. Regarding the Municipal Court Training budget, Ms. Cormier advised that there was mandatory training that both Michele Andreu and Misty Wiggins were required to attend each year. In addition, she informed that Judge Dunn was also required to have certain training annually.

Page 9, Fleet Services, Ms. Cormier attributed the \$1,000 increase to the 6% increase in Health insurance premiums. Page 10, General Government, she advised that the \$4,000 increase was due to the City holding TWO elections, November 2020 and May 2021, within the proposed budget year. In addition, she stated that the Advertising line item had been increased to cover additional publications that would be required in association with the \$6.8 million GLO grant. She noted that publications were not covered by the grant funds.

Page 11, Police Department, Ms. Cormier started at the bottom of the page and worked back to the top. She called attention to the Capital Lease Payment line item and stated that the Police Department had originally requested another leased vehicle. In addition, Chief Hanauer had requested a \$15,000 increase in the Vehicle Repair and Maintenance line item to pay for equipping the new leased vehicle with emergency lights, cage, graphics, radio, etc. She advised that the additional leased vehicle had been eliminated from this budget. Consequently, the \$15,000 for equipment would not be needed. She noted that the amount listed in the Capital Lease Payment line item now reflected only the existing leased vehicle. She stated that Chief Hanauer had originally requested an increase in Field Supplies but that had also been eliminated in order to balance the budget. Council members had no additional questions at this point.

Page 12, Street Department, Ms. Cormier stated that a new ZTR lawnmower had originally been requested but was eliminated from this budget. She advised that the bottom line on this budget reflected a substantial increase. She explained that former Street Department employee Darren May had 'C' Water and Wastewater licenses. Mr. May was a backup for the two Water/Wastewater Operators. As such, a portion of his salary was charged to the Water/Sewer Fund. She noted that the individual who would be hired to replace Mr. May would very likely not be licensed in Water and Wastewater operations and therefore would be charged completely to the Street Department. Page 13, Animal Control, Ms. Cormier informed that this department's proposed budget had decreased substantially. She reminded everyone that the City's Animal Control Officer was also the Public Works Director. She stated that Mr. Toney spent about 80% of his time performing Public Works duties and only about 20% performing Animal Control duties. She advised that Mr. Toney would be moved to the Water/Sewer Fund effective October 1, 2020. She explained that Mr. Toney was the City's only Animal Control Officer so 20% of his salary and his Animal Control Certification would be charged to the Animal Control Department. Council members had no additional questions to this point.

Regarding Page 14, Water and Sewer Fund Recap, Ms. Cormier informed that the increase in the Water & Sewer Revenue line was to account for the increased fees that were recently approved at one of the prior meetings. The net gain on this proposed budget was projected to be \$12,158.25. Ms. Cormier directed attention to Page 16, Water and Sewer Expenses. She noted that there had been an original request for a ZTR lawnmower in this department. She advised that the Capital Outlay line item reflected the removal of that requested equipment. In addition, she noted that this department had requested another leased vehicle, which was also removed from this proposed budget. She stated that the Capital Lease Payments line item reflected only the two current leased vehicles. She called attention to the bottom line of this department, which appeared to show a large decrease in the proposed budget. However, she advised that the difference was due to the Sewer Rehab Trunk Line grant that had been completed in the current fiscal year. Page 17, Water/Sewer Billing Clerk, Ms. Cormier noted that the 6% increase in Health insurance premiums accounted for the small increase in this budget. Page 18, Garbage Fund, she stated the proposed budget reflected the increase in revenues for the previously approved increase in Garbage Collection fees from Republic Services. Also, she advised that this budget showed the increase in Garbage Disposal Expenses due to the Republic Services fee increase. She noted the Net Gain of \$12,803.77 for this proposed budget.

Ms. Cormier proceeded to Page 19, General Fund Debt Service. She called attention to the current Expenses budget versus the Proposed Expenses budget and again noted the substantial increase. She again stated that the increase was due to the way that the debt repayment had been structured. Page 20, Water/Sewer Debt Service, she pointed out the Case Backhoe payment that began in the current fiscal year. She stated that the \$19,000+ payment had been made with Water/Sewer Capital Equipment funds in the current year. She explained that only \$27,000 was put into that fund each year and \$15,000 of that was earmarked for Series 2014 COs-Whippoorwill repayment. She noted by taking \$19,000 to pay for the backhoe, that fund was being depleted by \$7,000 each year. She stated that she would like to use at least part of the \$12,000 gain in the Water/Sewer Fund to help pay for the backhoe and slow the depletion of the Water/Sewer Capital Equipment Fund.

Ms. Cormier proceeded to Pages 21 and 22, Capital Outlay & Lease Schedule. She advised that there were no new Capital Outlays or Leases. She noted that currently leases and capital outlay payments for the General Fund were \$38,983.30 and for the Water/Sewer Fund were \$32,927.84. Ms. Cormier informed that Pages 23 through 31 were Restricted Funds. She defined Restricted Funds as money that could only be spent for a specific purpose and/or department. She noted that budgets for these funds were strictly “guesstimates.” She explained the source of income and the specific purpose of each of the nine funds. She informed that the last four pages reflected salaries and benefits. She stated that she would not review these pages because everything on them (salaries, FICA, Retirement, insurance premiums, etc.) was already reflected in the individual departments. There being no further questions, Ms. Cormier concluded the proposed budget presentation.

At this time, Mayor Mohon moved to the Special Agenda items. Regarding the discussion and possible action to approve the recommendation of the City Administrator to fill the position of Interim Fire Chief and Interim Assistant Fire Chief of the Pinehurst Volunteer Fire Department, Interim City Administrator Jerry Hood recommended the appointment of the current Fire Marshal Giron Hadnott as Interim Fire Chief and Lewis Hogan as the Interim Assistant Fire Chief. Mr. Hood noted that Mr. Hadnott would continue to fill the duty of Fire Marshal in addition to the duties of Fire Chief. On a motion made by Councilman J. Michael Shahan and seconded by Mayor Pro Tem T.W. Permenter, council members unanimously voted to approve Mr. Hood’s recommendations for Interim Fire Chief and Interim Assistant Fire Chief.

Regarding the discussion and possible action to authorize the City Administrator, with the guidance of the Interim Fire Chief and Interim Assistant Fire Chief, to place permanent officers and staff into position until the next election is conducted by the Pinehurst Volunteer Fire Department (PVFD), Interim City Administrator Jerry Hood addressed the Council. Mr. Hood advised that he was seeking the authority to place officers and staff into position until the next election of the PVFD. He explained that the PVFD normally selected potential officers at the end of the year and made appointments at the beginning of the following year. Mayor Mohon informed that the City was moving forward with the reorganization of the PVFD. He stated that he hoped that the department would be fully staffed by yearend. On a motion made by Mayor Pro Tem T.W. Permenter and seconded by Councilman J. Michael Shahan, council members unanimously voted to authorize Mr. Hood to place the PVFD officers and staff into position until the next PVFD election.

There being no further business to discuss, Mayor Mohon adjourned the meeting at 6:22p.m.

/s/ Dan Mohon  
Mayor

/s/ Debbie Cormier  
City Secretary