

MINUTES OF A STUDY SESSION OF THE TOWN COUNCIL OF THE TOWN OF HIGHLAND PARK, TEXAS, HELD AT THE TOWN HALL, 4700 DREXEL DRIVE, ON TUESDAY, SEPTEMBER 3, 2019, AT 8:00 A.M.

Present at the meeting were Mayor Margo Goodwin, Mayor Pro Tem John McKnight, and Town Council Members Eric Gambrell, Jimmy Grisham, and Craig Penfold. Absent from the meeting was Town Council Member David L. Dowler.

PUBLIC HEARING

“Conduct a public hearing to receive public comments regarding the Proposed Combined Operating and Capital Budget for Fiscal Year 2019-20.” Mayor Goodwin recessed the Town Council study session at 8:00 a.m. and opened a public hearing to receive public comments regarding the Proposed Combined Operating and Capital Budget for Fiscal Year 2019-20. She asked if anyone in the audience wished to comment. Hearing none, Mayor Goodwin closed the public hearing at 8:01 a.m. and reconvened the study session.

“Conduct a public hearing to receive public comments regarding the 2019 Tax Year Proposed Property Tax Rate.” Mayor Goodwin recessed the Town Council study session at 8:01 a.m. and opened a public hearing to receive public comments regarding the 2019 Tax Year Proposed Property Tax Rate. Steven Alexander, Director of Administrative Services and Chief Financial Officer, explained that at its meeting on August 12, 2019, the Town Council set a preliminary tax rate of \$0.232433 per \$100 of taxable assessed value, which is the same as the rollback tax rate. The effective tax rate is the calculated tax rate that, when applied to the current year’s taxable value, minus the taxable value of new construction, would generate the same tax dollars as levied in the prior year. The rollback tax rate is equal to the effective tax rate plus 8%, and is the rate that can, if exceeded, initiate voter action to reduce any tax increase back to the rollback rate. The Proposed Budget is based on a property tax rate of \$.23 per \$100 of taxable assessed value. Mr. Alexander stated that two more public hearings are scheduled on Monday, September 9, prior to the Town Council considering the Proposed Budget. Mayor Goodwin asked if anyone wished to comment. Jill Tananbaum, 4324 Livingston Avenue, thanked the Town Council for capturing more money for future investments and inquired why not assess the preliminary tax rate. Mayor Goodwin explained that according to Mr. Alexander, the \$.23 is adequate to cover the Town’s needs and future investment; as such, it seemed to be the fair thing to do while maintaining the quality of services the Town provides. Ms. Tananbaum remarked that the difference between \$0.23 and \$0.232433 seemed to be an incremental increase that she believed most residents would not notice. Mayor Pro Tem McKnight remarked that based on forecasts, the \$.23 provides funds for the Capital Improvement Plan for the next 10 year, and is consistent with a fiscally sound approach to the Budget. Mayor Goodwin asked if anyone else wished to comment. Hearing none, she closed the public hearing at 8:04 a.m. and reconvened the study session.

UPCOMING AGENDA DISCUSSION

Action

“Review and discuss an ordinance adopting the Fiscal Year 2019-20 Proposed Budget.” Steven Alexander reviewed the Compensation Program and explained that the Proposed Budget includes an Updated Service Credit (USC) for employees at 75% and a 75% Transfer Credit through the

Texas Municipal Retirement System (“TMRS”). The benefit for employees is that TMRS will average the employee’s salary over the last 3 years to determine their future retirement annuity. The rate of 75% is the most affordable to accommodate associated costs to the Town. Included in the Proposed Budget is a change in the compensation structure for at least the next year to a 2.5% annual adjustment for exempt employees, with hourly employees at the top of their salary range remaining at 3% and the Pay For Performance stipend at 6% versus the current 7%. In response to questions, Mr. Alexander stated that the last time the Town updated service credits was in 2008. Bill Lindley added that in 2008, the USC was funded at 100%. Mayor Goodwin asked for questions, and commented that the CIP projects were reviewed rigorously last year, and she encouraged the Town Council to review before voting on the Budget. She added that she wants the Town Council to be comfortable with the tax rate, the decision to pay out of pocket for the P25 radio system, the CIP, and providing funds for elementary school campus safety prior to the vote. Steven Alexander referenced the radio system and explained that it currently is listed in the Proposed Budget as a “lease payment,” and explained how converting it to a cash payment could be allocated this year, next year, and the year after; it is possible to amend the Budget later. Cash payments versus accumulated interest expense would save the Town approximately \$500,000. The Finance and Audit Advisory Committee seemed to prefer financing infrastructure-related projects if the Town decides to incur debt. Following the discussion and in response to a question for the Town Council, Council Member Gambrell, Council Member Grisham, and Council Member Penfold indicated a preference to utilize cash; Mayor Pro Tem McKnight voiced that he was leaning toward a lease, but saving \$500,000 by utilizing cash made sense. Mayor Goodwin expressed agreement with the decision to utilize cash.

“Review and discuss an ordinance setting the Town’s 2019 ad valorem tax rate of all taxable property for the 2019 Tax Year, as determined by the Dallas Central Appraisal District.” No discussion – incorporated in Budget discussion.

Consent

Review and discuss an ordinance approving a negotiated settlement between the Atmos Cities Steering Committee and Atmos Energy Corporation, Mid-Tex Division regarding 2019 Rate Review Mechanism filings.” Steven Alexander explained that the Rate Review Mechanism filings were thoroughly reviewed by the Atmos Cities Steering Committee (“ASCS”), whose expert consultants negotiated and recommended the proposed settlement. The impact of the settlement on average residential rates results in an increase of \$2.05 on a monthly basis, or 3.7 percent. The increase for average commercial usage will be \$6.18 monthly, or 2.31 percent. The new rates will be effective October 1; the Town is required to approve the ordinance by the end of September.

Review and discuss engaging BKD, LLP as the Town’s independent auditor to conduct the annual audit for the fiscal year ending September 30, 2019.” Karen Kurtin, Controller, explained that if approved, this will be the fifth and final year. The terms of the engagement letter provide a fee of \$43,500 for the audit; preliminary work will begin at the end of September/first of October. The Finance and Audit Advisory Committee recommended continuing with BKD.

“Review and discuss an ordinance amending the Fiscal Year 2018-19 Adopted Budget.” Steven Alexander explained that the ordinance increases appropriations by \$3,319,461, which is funded through current revenues and/or excess fund balance. In the Capital Projects Fund, the addition of Preston Road Phase B, the re-do of Phase I, and the purchase of the radio system in the current fiscal year comprised some of the components that necessitated the amendments. He added that

rather than several amendments to the Budget during the year, he presents a consolidated amendment at the end of the year.

FUTURE AGENDAS DISCUSSION

No items assigned to this category.

REPORTS

“Review and discuss plans for the Monarch Pecan Tree.” Kathleen Stewart, Director of Town Services stated that on June 10, 2019, Micah Pace, Arborist with Preservation Tree, recommended that the Town plan for the removal of the Monarch Pecan Tree (the “Tree”). The Town Council accepted Mr. Pace's recommendation, and directed staff to investigate and report back on the process for removing the Tree. Preservation Tree will remove the Tree under its current contract with the Town. Urban Timber Harvest has been selected to mill, kiln-dry, and store the recovered timber in a weather-controlled facility. Staff will schedule the removal and milling of the Tree the first week in October. In response to questions, Mrs. Stewart explained that the amount of wood will not be known until the Tree is down; the milling company will make a recommendation for utilizing the wood for large commemorative pieces or smaller ones; the process to remove the tree will take three days, including one day to remove the root ball; and Preservation Tree will determine a traffic plan. Mayor Goodwin added that the plan is to remove the tree and the stump, level the ground and install new sod, install lighting on the Sister Tree for the Town's tree lighting ceremony in December, and determine use of the vacant space at a later time.

“Review and discuss the Town's swimming pool operations and other recreational programs.” Kathleen Stewart reported on a successful pool season that featured two new events, Swim-a-Poolooza, on May 25, and Shark Week, July 16 – 20, with fun activities spotlighting water safety awareness. Water aerobics was extended through September; Lap Swim was highly successful; and the Labor Day Luau was well attended. For next year, holiday hours for Lap Swim will open from 7:00 a.m. to 10:00 a.m.; opening at 8:00 a.m. results in clogged lanes. In response to questions, Mrs. Stewart stated that during the pre-season and the post-season, 15–22 lap swimmers participated, and during the regular season, up to 50, with an average of 25, and most usually had their own lane. Plans for next year are to have abbreviated hours on Saturday and Sunday through September; weekend hours in May could be difficult due to Prom, exams, and senior activities. The Council discussed the possibility of recruiting moms, referencing the success in certifying Jody Ladet, Assistant Manager, and the possibility of opening the Pool to residents of University Park when their pool has closures due to mechanical or other problems. Kathleen Stewart stated that she will present the schedule for Spring 2020 in February or March next year.

“Review and discuss the status of the current construction projects.” Lori Chapin, Director of Engineering, stated that concrete will be poured within the next day on the Preston Road project, and the eastbound lanes of Armstrong will be closed beginning today for removing the concrete. Preston Road is scheduled for completion on the first of October.

“Review and discuss the status of construction at 4509 Mockingbird Lane.” Kirk Smith, Assistant Director of Town Services, reported that limited activity was observed the previous week. The first goal is getting the electrical installed properly, and he anticipated that would be completed this week. In response to questions, Mr. Smith stated that the electrical was a mechanical issue

due to safety reasons; a car is intermittently observed in the driveway; a motorcycle with grass growing around it is still present; and the trashcans were moved from the front of the house.

Mayor Goodwin adjourned the meeting at 9:22 a.m.

APPROVED on this the 5th day of May, 2020.

BY:


Margo Goodwin
Mayor

ATTEST:


Gayle Kirby
Town Secretary