



CITY COUNCIL
City of McLendon-Chisholm, Texas
September 27, 2016
Minutes

City Council Present:	Gary Lovell	Mayor Pro Tem, Presiding
	Jerry Klutts	Council Member
	Wayne Orchard	Council Member
	Patrick Short	Council Member
	Robert Steinhagen	Council Member
City Council Absent:	Nathan Hodges	Mayor
Staff Present:	David Butler	City Administrator
	Stephanie Galanides	City Secretary

Mayor Pro Tem Lovell called the meeting to order at 6:31 p.m. Short delivered the invocation. Attendees recited the Pledges of Allegiance to the United States and Texas flags.

CITIZENS COMMENTS

Gary Nickel, 612 Kentwood Drive, invited friends & neighbors via email to attend tonight's budget meeting to voice their opinions to the Council, yet none took the opportunity and citizens present are the same as are typically present and then posed questions to the Council about what input members of the council received from citizens, most especially the two newest members, regarding their processes for determining priorities and making budget decisions questioning that in the event members sought and received little or no feedback, then how do members decide what is important to citizens, rather than doing what past council's have done by doing what they "felt" was right verses what citizens are telling them. Nickel expressed concern regarding transferring funds from reserves to balance the budget.

Discussion and action regarding Ordinance 2016-12, approving and adopting the City's annual budget for the fiscal year beginning October 1, 2016 and ending September 30, 2017.

Steinhagen read an email that he sent to his supporters inviting input regarding the budget and setting the 2016 tax rate. Steinhagen stated that the response was overwhelming, receiving 67 responses out of 89 sent, and that while two recommended lowering the tax-rate to the effective rate, all others that responded were in support of a proposal to approve a balanced budget by maintaining the current tax rate of \$0.152025 per \$100 valuation and allocate \$265,175 to the McLendon-Chisholm Volunteer Fire Department (MCVFD) which represented a 22% increase over the previous year's allocation. Steinhagen is proposing that the city conduct a citizen survey to invite input that, in addition to topics such as tax rate, budget, MCVFD, desired services and future vision for the City, also give citizens the opportunity to weigh-in on whether the city should allocate this year's budget surplus to increase the public safety budget line-item to support the fire department, which could meet the MCVFD's projected 2016/2017 fiscal budget. Steinhagen stipulated that a survey could help when the council and the MCVFD meet to gain an understanding of future plans and relationship with the City. Steinhagen stated that his proposal would result in a balanced budget with no transfer of funds from reserves. Short argued that the proposal would cut the MCVFD's budget. Steinhagen stated further that if citizens were in support and in the instance that conceivable cost savings were realized, the MCVFD could end up being funded at \$320,650 as requested. Klutts voiced agreement with Steinhagen's proposal. Orchard and Short expressed support for approving the budget as drafted at the current tax rate of \$0.152025 with \$320,650 allocated to the MCVFD, since the added funding from the reserve account would essentially be this year's surplus, further stating that while the reserve account would not truly realize an increase over the previous year, the balance of the reserve account would also not

be diminished. There was discussion regarding the MCVFD funding and budget allocation, use of reserve balance and recommendations for healthy reserve balances. Steinhagen noted that a delay in acquiring a new accounting firm has made it unlikely that a new one would be able to serve us at this late date, which means that the City would use the same accounting firm for the annual audit, funding in line item 63002, which was increased to accommodate a new audit firm, could be reduced from \$17,500 to \$11,500 and the difference of \$6000 could be allocated to the MCVFD.

MOTION: APPROVE ORDINANCE 2016-12 APPROVING AND ADOPTING THE CITY'S ANNUAL BUDGET FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2016 AND ENDING SEPTEMBER 30, 2017 AS AMENDED IN EXHIBIT A AS FOLLOWS:

- **LINE ITEM 63002 (AUDIT) TO SPECIFY \$11,500; AND**
- **LINE ITEM 60502 (MCVFD) TO SPECIFY \$271,175.**

MOTION MADE: STEINHAGEN
SECONDED: KLUTTS

There was discussion regarding the motion and an apparent discrepancy in the numbers that resulted in the budget as amended by Steinhagen's motion not being balanced. The numbers were reviewed. The Mayor called for a vote on the motion. Steinhagen expressed the intent to make a new motion immediately to follow the current one to approve with amendments to the numbers that balanced the budget.

MOTION FAILED: FOR: NONE
OPPOSED: UNANIMOUS

MOTION: APPROVE ORDINANCE 2016-12 APPROVING AND ADOPTING THE CITY'S ANNUAL BUDGET FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2016 AND ENDING SEPTEMBER 30, 2017 AS PROPOSED.

MOTION MADE: ORCHARD
SECONDED: SHORT
APPROVED: FOR: LOVELL, ORCHARD, SHORT
OPPOSED: KLUTTS, STEINHAGEN

Discussion and action regarding Ordinance 2016-13, fixing, adopting and levying the ad valorem tax rate for the City on all taxable property for the fiscal year beginning October 1, 2016 and ending September 30, 2017; providing for a penalty and interest for delinquent taxes.

MOTION: APPROVE ORDINANCE 2016-13 FIXING, ADOPTING AND LEVYING THE AD VALOREM TAX RATE of \$0.152025 PER \$100 VALUATION ON ALL TAXABLE PROPERTY FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2016 AND ENDING SEPTEMBER 30, 2017; PROVIDING FOR A PENALTY AND INTEREST FOR DELINQUENT TAXES.

MOTION MADE: ORCHARD
SECONDED: SHORT
APPROVED: FOR: LOVELL, ORCHARD, SHORT
OPPOSED: KLUTTS, STEINHAGEN

Discussion and action regarding Ordinance 2016-14 ratifying the property tax increase reflected in the City's annual budget for the fiscal year beginning October 1, 2016 and ending September 30, 2017 and that raises more revenue from property taxes than in the previous fiscal year.

MOTION: APPROVE ORDINANCE 2016-14 RATIFYING THE PROPERTY TAX INCREASE REFLECTED IN THE CITY'S ANNUAL BUDGET FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2016 AND ENDING SEPTEMBER 30, 2017 AND THAT RAISES MORE REVENUE FROM PROPERTY TAXES THAN IN THE PREVIOUS FISCAL YEAR.

MOTION MADE: ORCHARD
SECONDED: SHORT
APPROVED: FOR: LOVELL, ORCHARD, SHORT
 OPPOSED: KLUTTS, STEINHAGEN

MOTION: DEFER DISCUSSIONS REGARDING AD-HOC AUDIT REVIEW COMMITTEE AND AUDITING SERVICES TO A FUTURE MEETING IN ORDER THAT THE MAYOR CAN PARTICIPATE IN THE DISCUSSIONS.

MOTION MADE: SHORT

The motion died for lack of a second.

Discussion regarding an ad-hoc audit review committee.

Discussion regarding auditing services.

Steinhagen recommended formation of a temporary ad-hoc audit review committee that would meet with the City's auditing firm and serve as a second set of eyes during the annual audit process. Further discussion and possible action regarding both items was deferred to October 11.

Discussion and action regarding November and December meeting dates.

MOTION: SCHEDULE ONE CITY COUNCIL MEETING IN NOVEMBER ON THE 8TH AND ONE MEETING IN DECEMBER ON THE 13TH AND FURTHER, RECOGNIZE THAT SHOULD THE NEED ARISE, A SPECIAL MEETING MAY BE SCHEDULED.

MOTION MADE: SHORT
SECONDED: KLUTTS
APPROVED: UNANIMOUS

Discussion and action regarding the Minutes of August 23, September 13 and September 20, 2016.

MOTION: DEFER ACTION REGARDING THE MINUTES OF SEPTEMBER 13 TO OCTOBER 11 AND APPROVE THE MINUTES OF SEPTEMBER 20, 2016.

MOTION MADE: STEINHAGEN
SECONDED: SHORT
APPROVED: UNANIMOUS

Reports and Announcements;

- a) Financial Reports for August 2016.
- b) Building Official Report for August 2016.
- c) Rockwall County Sheriff Activity for August 2016.
- d) MCVFD and EMS Activity for August 2016.

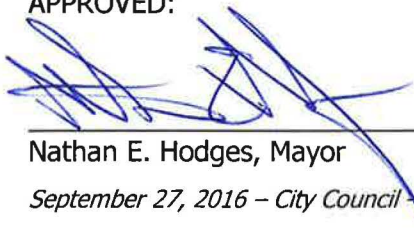
The reports were included in the meeting packet.

MOTION: ADJOURN THE MEETING (8:33 P.M.).

MOTION MADE: SHORT
SECONDED: KLUTTS
APPROVED: UNANIMOUS




APPROVED:



Nathan E. Hodges, Mayor

ATTEST:



Stephanie Galanides, City Secretary