CALL TO ORDER
CALL OF ROLL

PRESENT:  Mayor Powell
        Mayor Pro Tem Coon
        Council Members, Gibson, McDonald, Ham, and Czajkoski
        City Administrator Paul Virgadamo
        City Attorney Marcus L. Winberry
        City Secretary Soco M. Gorjón

A quorum being present, the meeting was called to order at 9:30 a.m. by Mayor Powell.

The meeting agenda, which was posted in accordance with the Texas Government Code, Chapter 551, was presented.

Agenda folders containing data relating to agenda items had been furnished to Council Members prior to the meeting of the Council.

Agenda items were considered by the Council. The action taken concerning such item is shown on the official Council Action Sheet attached hereto and made a part of these Minutes.

After all business properly brought before the Council had been considered, City Council adjourned.

Toby Powell, Mayor

ATTEST:

Soco M. Gorjón, City Secretary
CITIZEN INQUIRY

John Nicks addressed Council and asked for the proposed budget to be rejected. Mr. Nicks asked Council to not increase taxes and to stop wasteful spending. He stated that a tax rate increase would be very hard for citizens. Mr. Nicks pointed out that he would be more than happy to apply for the Downtown Manager Position for only $28,000 a year. He furthermore asked Council to set a policy that no city vehicles be parked in the City parking garage below the building. He also requested a traffic light be added on several areas of Conroe. Mr. Nicks noted that the City’s mission statement was a joke.

RATIFY PROPERTY TAX REVENUE INCREASE FOR FY 2019-2020

Mayor Powell pointed out that the staff recommended the City Council ratify the increased property tax revenues reflected in the FY 2019-2020 proposed budget. City Administrator Paul Virgadamo and Assistant Finance Director Collin Boothe pointed out that this was a housekeeping item dictated by House Bill 3195, which was passed by the Texas Legislature in 2007, amending the budget process and requiring that the City Council take a separate vote to ratify increased property tax revenues that are reflected in a budget and since the FY 2019-2020 Proposed Budget included more property tax revenues than in FY 2018-2019, Council must take this action.

Councilman Ham was not happy with the way the agenda items were presented and was not happy with the tax increase proposal. Assistant City Administrator/CFO Steve Williams agreed with the previous statement made by Mr. Virgadamo and Mr. Boothe stating that this was only a housekeeping item to acknowledge the property tax revenues.

Councilman McDonald made a motion to ratify the increased property tax revenues reflected in the FY 19-20, as discussed and presented. Councilman Gibson seconded the motion. Motion passed unanimously.

ADOPT FISCAL YEAR 2019-2020 OPERATING BUDGET

Councilman McDonald made a motion to approve the proposed Ordinance adopting the Operating Budget for the Fiscal Year beginning October 1, 2019, and ending September 30, 2020, as previously discussed and presented. Councilman Czajkoski seconded the motion. Mayor Pro Tem Coon and Councilman Ham voted against the motion. Motion passed.

ADOPT DEBT SERVICE TAX RATE FOR THE 2019 TAX YEAR

Assistant Finance Director Collin Boothe pointed out that this item was to adopt the fiscal year 2019-2020 (i.e. 2019 tax year) debt service tax rate, which being proposed at $0.1250 per $100 assessed valuation. Mr. Boothe pointed out that this was not an increase from last year.

Councilman Gibson made a motion to approve the Debt Service Tax Rate for the 2019 tax year to be set at $0.1250 per $100 assessed valuation, as discussed and presented. Councilman Czajkoski seconded the motion. Motion passed unanimously.

ADOPT THE MAINTENANCE AND OPERATIONS TAX RATE FOR THE 2019 TAX YEAR

Assistant Finance Director Collin Boothe informed Council that this item was to adopt the fiscal year 2019-2020 (i.e., 2019 tax year) Maintenance and Operations Tax Rate, which was being proposed at $0.3125 per $100 assessed valuation. Mr. Boothe pointed out that last year’s M&O rate was $0.2925, which made this year a .02 cent tax increase from last year.

Councilman McDonald made a motion to approve the Maintenance and Operation Tax Rate for the 2019 Tax Year to be set, as discussed and presented. Councilman Gibson seconded the motion. Mayor Pro Tem Coon and Councilman Ham voted against the motion. Motion passed.
ADOPT THE TAX RATE FOR THE 2019 TAX YEAR

Assistant Finance Director Collin Boothe informed Council that this item was to adopt the Fiscal Year 2019-2020 (i.e. 2019 tax year) tax rate, which was a combination of the debt service component of the tax rate of $0.1250, and the M&O portion of the tax rate of $0.3125 for a total tax rate of $0.4375 per $100 assessed valuation.

Councilman Gibson made a motion that the Property Tax Rate for the 2019 Tax Year be increased by the adoption of the Tax Rate of $0.4375, which is effectually a 10.48% increase in the tax rate, as discussed and presented. Councilman Czajkoski seconded the motion. Mayor Pro Tem Coon voted Nay. Motion passed.

Councilman McDonald pointed out it was really disingenuous to place things in a budget and to plan to implement new services without a rate increase. He noted that the City has operated for many years with a very low tax rate and he was very proud for that; but if we wanted to keep this great City moving forward, we had to stand with courage and walk together to keep this City as the great City that it was.

Councilman Ham pointed out that he was not happy with the way the items were placed on the agenda, but understood that this was a hard place to be and a difficult decision to make. He stated the City was behind the 8-ball and could not figure out how to fix it without making this hard decision. He pointed out that many of the City employees were behind their pay scale, including Firefighters, Police staff, Public Works staff, Engineering staff, and Park staff. He also noted that several City employees were way ahead of their pay scale.

ADOPT THE FISCAL YEAR 2019-2020 CAPITAL BUDGET

Councilman Czajkoski made a motion to adopt the Fiscal Year 2019-2020 Capital Budget, as presented and discussed. Councilman McDonald seconded the motion. Mayor Pro Tem Coon and Councilman Ham voted against the motion. Motion passed.

Mayor Pro Tem Coon pointed out that the City’s financial position had changed dramatically over the past six months due to the decrease of sale tax revenues and that changed his belief in implementing a salary compensation plan. He noted that we needed to be cautious and observe the market and revenue stream for another year. Mayor Pro Tem Coon furthermore stated that there was a plan before Council that could accomplish most of the City’s objectives without the need of increasing any taxes and would also allow building Fire Station Eight at some point with surpluses for now until 2025. At this time, he stated that he could not vote to raise taxes since there were other options related to surpluses available. He mentioned that even the City’s bond representatives stated that the market was in turmoil and possibly a recession. He noted that the pay study was very important, but he could not approve this budget without more time to try to fix the deficits. He thanked staff for all of their hard work.

Additional questions were addressed to Mr. Boothe for clarification.

Mayor Powell pointed out that year after year Council and staff try to work on a budget that is beneficial for all of our citizens and it is a time consuming project that takes several months to put together. He pointed out that when budgets are set, several things are taken into consideration and needed to remember that numerous things were regulated by the State, and if we wanted to continue giving the same quality of services to our citizens, we would have to make hard decisions.

AMEND CITY ORDINANCE TO REFLECT AN INCREASE IN WATER AND SEWER RATES

It was noted that as per the results of the City’s 2019 water and sewer rate study, and as well as the proposed FY 19-20 Budget, the City must increase its sewer rates by 20% beginning October 1, 2019. It was stated that there would be no increase to the City’s water rates. Staff stated that the increase would be necessary to cover the rising costs of maintaining and operating the City’s water and sewer system as well as to cover necessary improvements and modifications to our current water and sewer infrastructure. It was
also noted that the Surface Water fee (SJRA pass-through fees) would increase from $3.15 to $3.40 to
cover the increased expenses related to the SJRA contract.
Councilman McDonald stated that this was the item that bothered him the most because this would affect
everyone across the board no matter what size of homes they have, and we needed to find a way to
address this and find a way to limit these increases. He was very concerned that rates continue to rise.
Mayor Pro Tem clarified that this item was only amending the Ordinance with a zero water increase and
with a 20% increase on sewer.

After a lengthy discussion to clarify many concerns, Assistant Finance Director Collin Boothe concurred with
Mayor Pro Tem Coon stating that there would be no increase in water rates, only a 20% in sewer rates, and
a SJRA pass-through fee increase from $3.15 to $3.40.

Mayor Pro Tem Coon made a motion to amend the City Ordinance to reflect an increase in
water and sewer rates, as discussed and presented. Councilman McDonald seconded the
motion. Councilman Czajkoski and Councilman McDonald voted against the motion. Motion
passed.

Mayor Pro Tem Coon asked Assistant City Administrator/CFO Steve Williams and Assistant Finance
Director Collin Boothe to formulate a plan to re-evaluate the future deficits. Mr. Williams pointed out that the
FY 2019-2020 would be a balanced budget and they would continue to bring a plan to present a balanced
budget every year in the future.

Councilman McDonald informed the public that the entire budget numbers were thought out very carefully
before any decision was ever considered.

Mayor Powell thanked Council and staff for all of the hard work in keeping our budget balanced.

There being no further business to be presented to Council, there was a motion from Councilman
Ham, seconded by Councilman Czajkoski, to adjourn. Motion carried unanimously.