

**MINUTES
HURST CITY COUNCIL
SPECIAL SESSION
SATURDAY, AUGUST 18, 2018**

On the 18th day of August 2018, at 7:41 a.m., the City Council of the City of Hurst, Texas, convened in Special Session at Hurst City Hall, 1505 Precinct Line Road, Hurst, Texas, with the following members present:

Henry Wilson)	Mayor
David Booe)	Mayor Pro Tem
Larry Kitchens)	Councilmembers
Cindy Shepard)	
Cathy Thompson)	
Jon McKenzie)	
Bill McLendon)	
Clay Caruthers)	City Manager
Allan Heindel)	Deputy City Manager
Clayton Fulton)	Executive Director Fiscal and Strategic Services
Rita Frick)	City Secretary
Paul Brown)	Managing Director of Finance
Joni Baldwin)	Budget Director

with the following members absent: none, constituting a quorum; at which time, the following business was transacted:

CALL TO ORDER – Mayor Wilson called the meeting to order at 7:41 a.m.

1. Presentation and Discussion of FY 2018-2019 Proposed Budget and consider designation of time and place for a public hearing on the proposed budget.

City Manager Clay Caruthers noted the tax rate and budget public hearing notices were in the paper and also noted staff prepared the proposed budget in a new format utilizing a publisher. He stated this was the draft document and staff would address some formatting items.

City Manager Clay Caruthers and Executive Director Strategic and Fiscal Services Clayton Fulton provided an overview of both the revenues and expenditures for the proposed Fiscal Year (FY) 2018-2019 budget. City Manager Caruthers provided a brief highlight of the budget and changes made from the multi-year financial planning meeting. He stated the main change made to the budget includes a quarter million added for street maintenance. Mr. Caruthers also highlighted key expenditure items in the General Fund including an increase of \$180,000 for fire personnel overtime and a 2.5% COLA for employees. Mr. Caruthers expressed staff's appreciation for Council's support of a competitive pay and benefit package. He noted the complexity of the Enterprise Fund with the increase in water rates at 1.5%, which he believes is fiscally responsible to the citizens and provides for the system to be maintained.

Executive Director of Strategic and Fiscal Services Clayton Fulton reviewed the budget development process beginning and ending with citizen input and engagement during the Town Hall meeting, Council's Strategic Planning Session, then staff's preparation of the budget for Council's and Citizen's input. Also reviewed were comments from the Citizen Survey noting 90% of citizens responding were satisfied with the quality of life in Hurst. Mayor Wilson and Councilmembers expressed how well Public Information Officer Kara McKinney narrated the new budget introduction video on Facebook.

City Manager Caruthers noted the action item to designate the time and place for the public hearing on the proposed budget. Councilmember Kitchens moved to hold a Public Hearing on the proposed budget on August 28, 2018, at 6:30 p.m. at City Hall. Mayor Pro Tem Booe seconded the motion. Motion prevailed by the following vote:

Aye: Council Members McLendon, Booe, Kitchens, McKenzie, Thompson, and Shepard
No: None

Mr. Fulton noted a total operating budget of \$76.9 million and reviewed the budget calendar and the Municipal Cost Index (MCI) noting, on average, the City is just slightly below. He stated the proposed General Fund budget totals \$37,045,966, representing a 2.98% increase with a proposed tax rate of \$0.58 per \$100 value, an M&O rate of \$0.471551 per \$100 value for a reduction in the total tax rate, but above the effective rate and below the rollback rate. Staff noted the biggest changes to the budget the last few years, is employee cost of living and market adjustments, health care costs and other operating of costs, especially those impacting public safety operations. Mr. Fulton also reviewed the revenue sources to the City, noting property tax is the primary revenue source, presented the value changes in the City, a 7.7% increase and mentioned the large revenue received from consumer taxes. Reviewed were appraised property values, sales tax revenues and primary revenue and expenditure changes. Mr. Fulton noted the Hurst General Fund Sales Tax is 12% of the total Sales Taxes collected in the state of 8.25% and that the State of Texas keeps 76% of the funds collected. Staff reviewed the departmental budgets.

In response to Councilmembers' questions regarding several of the presentation charts, Mr. Caruthers stated staff will provide copies of the map indicating the dollar value changes in the City. Councilmember Kitchens also noted the maps and charts showing the tax rate history and property tax relief would be beneficial for the State of the Cities. Also discussed is the volatility of sales tax revenue in the current competitive market. Staff reviewed Pay As You Go expenditures and the Debt Service Fund. Staff also reviewed Capital Improvement Funding, and bonded debt per capita. Staff reviewed the City's exemption comparison to other taxing entities noting the City is only 20% of the average total tax bill. Mr. Fulton also reviewed the daily value of the General Fund Services, noting the value of City services for the average homeowner is \$2.31 a day, and compared this to buying a cup of coffee.

Mayor Wilson recessed the meeting at 9:09 a.m. and reconvened the meeting at 9:21 a.m. City Manager Caruthers introduced Hurst Conference Center General Manager Chris Connolly who provided an overview of the Conference Center's proposed budget and operations. Mr. Connolly explained the philosophy for bookings and how the larger events were typically high revenue events. Also noted was the steadily increasing revenue allowing

profits to fund needed facilities maintenance. Mr. Connolly reviewed proposed purchases through year end revenue surplus and hotel-motel tax and also noted the need for new carpet, furniture and AV System upgrades.

Deputy City Manager Allan Heindel provided a brief overview of the proposed projects included in the Hurst Community Development Half Cent Fund and City Manager Caruthers stated the full presentation will be at the August 28, 2018 meeting. Mr. Fulton explained a 15% allocation from the hotel motel fund revenues could be utilized for the arts and Councilmembers discussed possible expenditures, joint projects and events that could be funded including a possible Arts District. Mayor Wilson stated this could be a work session discussion.

Staff reviewed the FY 19 proposed debt service fund budget of \$3,226,086, a 0.3% increase. Noted refunding savings for the City of \$4.9 million since FY 2004. Council discussed refunding is similar to refinancing your home to achieve interest savings. Staff reviewed future projects for funding including an animal control center and streets and the need to continue to evaluate future refunding opportunities. Also reviewed was the FY 19 Enterprise Fund Budget of \$20,986,995, a 2.97% increase. Staff noted 43% of expenditures are wholesale cost and that wholesale costs have risen 34% and consumption has decreased 5% since FY 2012-13. City Manager Caruthers explained the challenges being in the consortium purchasing water from the City of Fort Worth, because the City is paying for the capital and operation costs for other area cities' growth. Mr. Fulton reviewed rate payer impacts based on average volume usage and noted the value of Hurst water service is a penny per gallon compared to \$1.00 if purchased in the store.

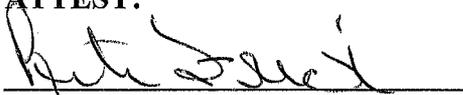
2. Discussion of short term rental regulations – Mayor Wilson noted the increased activity of short term rentals in the City and regarding citizen concerns and regulation. Council discussed how other cities are regulating and prohibiting short term rentals and requested staff prepare an ordinance for future consideration.
3. Informational Items – Items of Community Interest and review of City Council calendar of meetings. No items were discussed.

ADJOURNMENT

The meeting was adjourned at 11:04 a.m.

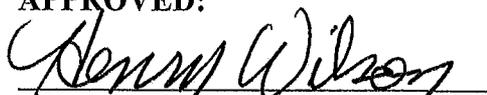
APPROVED this the 28th day of August 2018.

ATTEST:



Rita Frick, City Secretary

APPROVED:



Henry Wilson, Mayor