

**City Council Minutes**  
**Wednesday, August 12, 2020**

On the 12<sup>th</sup> day of August 2020, at 6:33 p.m., the City Council of the City of Hurst, Texas, convened in a Special Meeting at City Hall, 1505 Precinct Line Road, Hurst, Texas in person and by telephone conference to advance the public health goal of limiting face-to-face meetings to slow the spread of the Coronavirus (COVID-19) with the following members present:

Henry Wilson	)	Mayor
Jon McKenzie	)	Mayor Pro Tem
David Booe	)	Councilmembers
Larry Kitchens	)	
Cathy Thompson	)	
Bill McLendon	)	
Cindy Shepard	)	
Clay Caruthers	)	City Manager
Clayton Fulton	)	Assistant City Manager
Malaika Marion Farmer	)	Assistant City Manager
Rita Frick	)	City Secretary
Sunny Patel	)	Information Technology Director
Rob Duncan	)	Information Technology Manager

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

The meeting was called to order at 6:33 p.m.

Mayor Pro Tem Kitchens gave the Invocation.

Mayor Wilson noted the public and telephonic meeting due to the COVID-19 pandemic provided rules of procedure for the meeting including how online attendees can request to speak.

**PRESENTATION(S)**

1. Presentation of the Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award

Assistant City Manager Clayton Fulton reviewed the Government Finance Officers Association Distinguished Budget Award received for the 32<sup>nd</sup> year. He explained the criteria for receiving the award which represents significant achievements to satisfy nationally recognized guidelines for effective budget presentation. The guidelines are designed to assess how well an entity's budget serves as a policy document, financial plan, operations guide and communications device. He thanked the finance staff for their hard work. Mayor Wilson expressed appreciation for staff's work and noted not many cities have this level of quality document.

**CONSENT AGENDA**

2. Consider Resolution 1775 ratifying the actions of the Hurst Community Services Development Corporation
3. Consider Ordinance 2439, second reading, adopting the Crime Control and Prevention District budget for fiscal year beginning October 1, 2020 and ending September 30, 2021

Councilmember McKenzie moved to approve the consent agenda. Motion seconded by Councilmember Thompson. Motion prevailed by the following vote:

Ayes: Councilmembers Booe, Kitchens, Thompson, McLendon, McKenzie and Shepard  
No: None

**PUBLIC HEARING(S) AND BUDGET RELATED ITEM(S)**

4. Conduct a Public Hearing to consider the budget for fiscal year beginning October 1, 2020 and ending September 30, 2021
5. Conduct a Public Hearing to consider tax rate for the City's 2020-2021 Fiscal Year Budget

Mayor Wilson announced a public hearing to consider the budget for fiscal year beginning October 1, 2020 and ending September 30, 2021 and a public hearing to consider the tax rate for the City's 2020-2021 fiscal year budget. He stated that after staff presentation, citizens will be allowed to address either item.

City Manager Clay Caruthers noted City Charter and state law was followed in preparing and presenting the tax rate and tonight Assistant City Manager Clayton Fulton will provide the presentation on Agenda Items 4 and 5. Mr. Fulton reviewed the proposed budget and proposed tax rate noting the budget is the single most important action the Council will take this year and sets the service levels. He advised the budget presentation could be followed on the City's website at [hursttx.gov/budget](http://hursttx.gov/budget) presentation. He reviewed the annual strategic process noting it begins and ends with citizen input. Mr. Fulton stated, this year the pandemic had an impact on the process and created a temporary shift in priorities. He noted altered operations but that staff did their best to continue to follow Council's strategic priorities. Mr. Fulton noted the proposed operating budget of \$71.5 million for all funds. He noted 80% of the operating budget is four major funds, General, Enterprise, Anti-Crime and 4B Funds, and several other smaller funds are the other 20%. Mr. Fulton stated the main focus this evening will be the major funds and the proposed General Fund budget is \$36,327,774, which is a -3.14% decrease from the current budget. He stated the total proposed tax rate to fund is \$0.625159 per \$100 valuation. The maintenance and operations rate is \$0.504186 per \$100 valuation. He stated this is an increase in the total tax rate. Mr. Fulton provided a 10-year budget history and Municipal Cost Index noting over the 10-year period, the City's average percent change was 1.66% compared to MCI of 1.72%. He reviewed the 10-year history of the General Fund budget changes noting a decrease in the budget for the first time in ten years. He reviewed

revenue sources noting the majority is from ad valorem, 44% and sales tax 22%, which is 66% of the total budget. Also noted were other revenue sources including indirect cost, franchise tax, charges for services, fines, license/permits, and miscellaneous. Mr. Fulton reviewed changes in the General Fund revenues of a total decrease in revenue of \$1,176,748, a tax rate equivalent of 3.5 cents on the tax rate. He reiterated in order to just maintain, an additional 3.5 cents on the tax rate is required. City Manager Caruthers also noted \$996,576 in decreased sales tax revenue, and that the General Fund also absorbed a \$1,041,764 impact to the other funds. Mr. Fulton reviewed the tax base noting the appraised value and sales tax base has not grown at the same rate, which means the City is more reliant on property tax. Mr. Fulton reviewed the proposed tax rate of \$0.625159, No-New-Revenue Tax Rate of \$0.606234 and Voter-Approval-Tax Rate of \$0.625159. He explained the rate is two part, Maintenance and Operations (M&O) \$0.504176 and Interest and Sinking (I&S) \$0.120973, which is about \$20 million in tax levy. He reviewed the impact to the average value home based on the current rate, No-New-Revenue and Voter-Approval rates. Mr. Fulton noted over \$25 million in property tax savings since 1992, due to Council lowering the rate. He reviewed the various tax relief measures for churches, non-profit, homestead, etc., and these measures are over \$8 million in tax relief. Mr. Fulton stated that 58% of households on the average would pay between \$2.00 and \$2.99 per day with the proposed rate of \$0.625159. He reviewed tax levy comparison to area cities explaining the tax rate doesn't really tell the story in that different cities have varying growth and exemptions. Mr. Fulton explained the sales tax is more volatile than property tax and that Hurst's General Fund sales tax is 12% of the total sales tax. Mr. Fulton reviewed General Fund expenditures noting the majority in Public Safety and Judicial Services. He reviewed changes in General Fund expenditures with decreases in personnel from vacancies, re-organizations and benefit reductions, program reductions including, among others, street maintenance, aquatics schedule adjustment and other reductions in hours, and one cost increase for the fire truck.

Mr. Fulton reviewed the proposed Debt Service Fund budget of \$3,944,434, a 2.20% increase to fund debt service for a new fire engine and the I&S rate of \$0.120973 per \$100 valuation. He explained the City's debt management including an annual review and refunding issues that have saved \$44.9 million since fiscal year 2004 and, the I&S rate is less than 25% of the total tax rate and that future debt service obligations shows capacity in the debt rate. Also reviewed was the proposed Enterprise Fund budget with an operating fund of \$20,987,524, which is a decrease of -1.64% and recommendation for no increase in water rates. He explained the fund is currently in a healthy position with new customers creating capacity and that even though the City has traditionally utilized a rate smoothing philosophy, the City's consultant believes there is capacity for no increase this year. Mr. Fulton reiterated that wholesale costs are the highest pressure in this fund and that the City is basically supporting other cities growth through being in the consortium through the City of Fort Worth.

Mr. Fulton noted the Crime Control and Prevention District \$4.56 million budget, which was recently adopted by the Board and Council and that it would be an additional 12.5 cents on the tax rate. He stated this budget had an 18% reduction. Also reviewed was the Community Services Half Cent Fund budget of \$4.19 million that was adopted by the Community Services Development Board and ratified by the City Council previously.

That this fund is an equivalent of approximately 13 cents to the tax rate and is a 14.5% budget reduction.

Mr. Fulton provided a summary of the other funds noting all total funds are \$8.8 million. He noted future fee considerations, which are not in the proposed budget, and that staff will bring these items back at a future date for Council consideration. He also noted that he failed to mention that although there is no retail water rate increase, the City does pass through the wholesale to commercial.

Mayor Wilson again announced the public hearings and requested those in attendance in person speak first, then those that dial-in would be allowed to speak.

Mayor Wilson recognized the following individuals who expressed their concerns regarding property value increases, COVID-19 pandemic impact and joblessness, a tax increase in hard economic times, and that reserves should be utilized prior to a tax rate increase consideration and not approving of credit card convenience fees: Sonia Hoyle, 421 Elmview, Hurst, Texas; Ray Patterson, 704 Ellen, Hurst, Texas and Dion Duarte, 1061 Liberty Circle, Hurst, Texas.

There being no one else to speak, Mayor Wilson closed the public hearings.

Mayor Wilson noted Hurst is in a very unusual situation in that senior property taxes are frozen and that includes about 1/3 of Hurst citizens, which affects the overall tax rate. He stated that once you are 65 your rate will not increase. Councilmember Kitchens stated his appreciation for the citizen comments and that this budget was one of the toughest decisions for him. He explained the City has already tapped into reserves and noted the 90-day reserve policy to keep in case of disaster. He stated the budget presentation is very informative and noted the presentation shows Hurst has tax relief of \$8 million because of exemptions and other tax relief offered. He explained the problem trying to compare Hurst's tax rate to other cities is that many do not offer the same homestead exemptions, they have higher revenue because of higher values and are paying a higher per capita rate at that point. He stated approximately 50% of an individual's tax bill is paid to the school district, not the city and a lot of the school district increase is due to unfunded mandates being placed on the schools. Councilmember Kitchens noted there have already been a lot of cuts to the budget and if we truly want to have a City to live in in the future, thinking long term, this is probably the best decision, but not easy and is being taken very seriously.

6. Consider Ordinance 2441(a), first reading, adopting budget for fiscal year beginning October 1, 2020 and ending September 30, 2021

Councilmember Shepard moved to accept Ordinance 2441(a) on first reading. Motion seconded by Councilmember Booe. Motion prevailed by the following vote:

Ayes: Councilmembers Booe, Kitchens, Thompson, McLendon, McKenzie and Shepard  
No: None

- 10. Review of upcoming calendar items – City Manager Caruthers noted City offices will be closed Monday, September 7, 2020 for the Labor Day holiday.
- 11. City Council Reports - Items of Community Interest – Councilmember Kitchens noted he had forwarded information regarding a recent Court decision on small cell control by cities.

**PUBLIC INVITED TO BE HEARD – A REQUEST TO APPEAR CARD MUST BE COMPLETED AND RETURNED TO THE CITY SECRETARY TO BE RECOGNIZED.** No one spoke

**ADJOURNMENT** – The meeting adjourned at 7:55 p.m.

**APPROVED** this the 25<sup>th</sup> day of August 2020.

**ATTEST:**

  
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Rita Frick, City Secretary

**APPROVED:**

  
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Henry Wilson, Mayor