



CITY OF BELLAIRE TEXAS

MAYOR AND COUNCIL

AUGUST 14, 2017

Council Chamber

Special Session (Public Hearing)

6:00 PM

7008 S. RICE AVENUE
BELLAIRE, TX 77401

SPECIAL SESSION (PUBLIC HEARING) - 6:00 P.M.

A. Call to Order - Andrew S. Friedberg, Mayor.

Andrew S. Friedberg, Mayor, called the Special Session of the City Council of the City of Bellaire, Texas, to order at 6:02 p.m. on Monday, August 14, 2017. The Special Session was held in the Council Chamber, First Floor of City Hall, 7008 South Rice Avenue, Bellaire, Texas 77401-4411.

B. Announcement of a Quorum - Andrew S. Friedberg, Mayor.

Mayor Friedberg announced that a quorum of the members of the City Council was present as set forth in the table below.

Name	Title	Status
Andrew S. Friedberg	Mayor	Present
Roman F. Reed	Mayor Pro Tem	Present
Trisha S. Pollard	Council Member	Absent
Gus E. Pappas	Council Member	Absent
Pat B. McLaughlan	Council Member	Absent
Michael Fife	Council Member	Present
David R. Montague	Council Member	Present

Other officials present were Paul A. Hofmann, City Manager; Diane K. White, Assistant City Manager; Terrence Beaman, Chief Financial Officer; and Tracy L. Dutton, City Clerk.

C. Reading of Notice of Public Hearing - Tracy L. Dutton, City Clerk.

Tracy L. Dutton, City Clerk, read the "Notice of Public Hearing" into the record. City Clerk Dutton advised that the notice was published in the legal notices section of the Southwest News and on the City's official bulletin board on Tuesday, July 25, 2017. The notice was also published through a newsflash on the home page of the City's website from July 19, 2017, through August 14, 2017.

D. Summary of Public Hearing Procedure - Paul A. Hofmann, City Manager.

Paul A. Hofmann, City Manager, summarized the public hearing procedure.

E. Presentation of Proposal:

Public hearing regarding the proposed budget for the City of Bellaire, Texas, for the fiscal year beginning October 1, 2017, and ending September 30, 2018 (FY 2018 Budget) - Submitted by Paul A. Hofmann, City Manager; Presented by Terrence Beaman, Chief Financial Officer.

Terrence Beaman, Chief Financial Officer, presented an overview of the proposed budget for the City of Bellaire for fiscal year 2018, with a focus on the City's two operating funds, the General Fund and the Enterprise Fund.

Resources and uses by function were reviewed, as well as proposed expenditures by category for the two operating funds. Budget highlights included a proposed General Fund revenue increase of 2.4% and a proposed tax rate of \$0.4142 for the General Fund. Uses were proposed to decrease by 2.9% for the General Fund. A proposed revenue increase of 7% was attributable to the Enterprise Fund, and uses were proposed to decrease by 1% for the Enterprise Fund.

Chief Financial Officer Beaman concluded his presentation with an overview of the tax dollars paid by a resident to various taxing entities.

F. Public Comment.

Mayor Friedberg recognized speakers who had completed a sign-up sheet prior to the commencement of the public hearing. He restated the time limit for each speaker.

Jim Balough:

Mr. Balough addressed City Council and indicated that he was speaking on behalf of his neighbors in protest of any increase in taxes. Mr. Balough advised that Mayfair Street was paying taxes, but had not seen any improvements over the past several years in their area of the City. For example, there were no sidewalks. The area was also constantly bombarded by traffic, in his opinion.

With respect to the nearby Chevron property, Mr. Balough indicated that he was surrounded by four remediation wells, which had devalued his property, in his opinion, and urged City Council to consider increasing taxes on the Chevron property.

Elaine Mowad:

Ms. Mowad addressed City Council and expressed her concern regarding property taxes. She advised that she took an opportunity to speak with her neighbors regarding proposed increased property taxes. Those neighbors were in agreement and concerned as well. Ms. Mowad stated that property taxes were a burden for many retired residents of Bellaire.

Jim Avioli, Sr.:

Mr. Avioli addressed City Council and complimented Chief Financial Officer Beaman on his budget presentation. He suggested that the City consider preparing some explanations for some of the items that were projected to increase by more than \$50,000, such as compensation increases for the Bellaire Fire Department (\$52,000) and Bellaire Police Department (\$250,000). Other expenditure increases were related to the Public Works Department (\$62,000) and to the Parks, Recreation and Facilities Department (\$48,000).

Mr. Avioli advised that from his perspective, the budget was clear with respect to the detail. In closing, he asked City Council to be conscious of tax increases that occurred as a result of the issuance of additional bonded indebtedness.

Catherine Lewis:

Ms. Lewis addressed City Council and stated that an overall increase of 7-8% was over the top in terms of budget, in her opinion. Ms. Lewis referred to valuation increases assessed by the Harris County Appraisal District each year, usually in the amount of 10%. That increase coupled with the City's budget increase totaled 17%.

Ms. Lewis stated that she felt that the budget was out of control and made reference to numerous expenditures that had increased significantly.

Andrew Jerige:

Mr. Jerige addressed City Council and advised that he had looked at what was going on around the City. He stated that an average home in Bellaire was \$843,000. Residents, on average, paid approximately \$19,638 in property taxes. The tax increase for Bellaire represented approximately \$243 per home.

Outside of Bellaire, Mr. Jerige advised that the current value of a home was approximately \$299,000. The current total tax rate was a little higher; however, homeowners outside of Bellaire paid approximately \$12,000 less in taxes. He asked why Bellaire could not manage on the additional portion of that \$12,000 they were receiving from its homeowners.

Barbara Jerige:

Ms. Jerige addressed City Council regarding the proposed tax increase for the City of Bellaire. She advised that the property valuations were where the majority of the taxes for the City came from, and that the reason property valuations had not increased as much as the City had hoped was because the Houston economy had declined over the year.

Ms. Jerige stated that many employees in the private sector did not receive raises or bonuses and some lost their jobs altogether. Many Bellaire residents had been affected by the slumping economy and had to adjust their spending in order to account for the lack of increases and, for some, even losses.

Ms. Jerige respectfully asked the City to take another look at the 2018 budget and adjust the planned spending down to match the City's current income. Residents were already paying so much in taxes in Bellaire that it was becoming increasingly less affordable and, for some, financially impossible to live in Bellaire versus Houston. She urged City Council to look at the budget and figure out where spending could be reduced.

Lynn McBee:

Ms. McBee addressed City Council regarding the tax rate. She indicated that her social security had not increased in three years. In order to live on her income, she compensated by taking cuts. The impact of what City Council did with the tax rate and budget was real.

She noted that City Council was elected to represent the residents and their first

obligation was to the residents. She advised that deliberations needed to be at a policy level.

G. Questions from the Mayor and City Council.

Mayor Friedberg opened the floor for questions of Staff from the City Council. Following questions, Mayor Friedberg closed the public hearing.

H. Close Public Hearing and Adjourn.

Mayor Friedberg advised that since the budget public hearing was strictly legislative in nature and not adjudicative, as most public hearings were, public comment would continue to be received on the proposed budget up until its final deliberation, which was anticipated to occur on Monday, September 18, 2017.

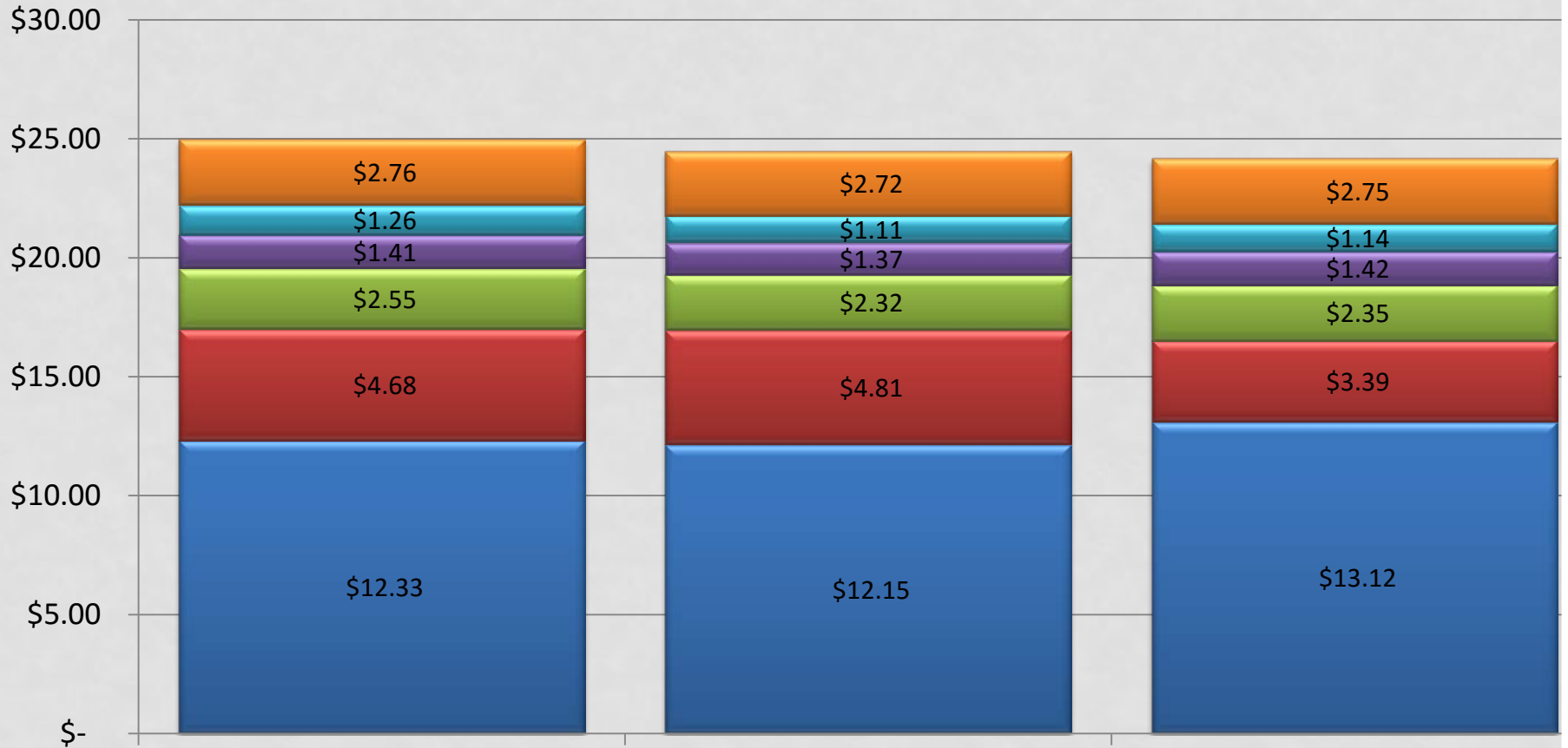
Mayor Friedberg announced that the Special Session (Public Hearing) was adjourned at 7:35 p.m. on Monday, August 14, 2017.

FY 2018 PROPOSED BUDGET
PUBLIC HEARING
MONDAY, AUGUST 14, 2017

PRESENTED BY:
TERRENCE BEAMAN – CHIEF FINANCIAL OFFICER

GENERAL FUND

General Fund Resources - 3.3% Decrease (millions)



■ Property Tax

■ Sales Tax

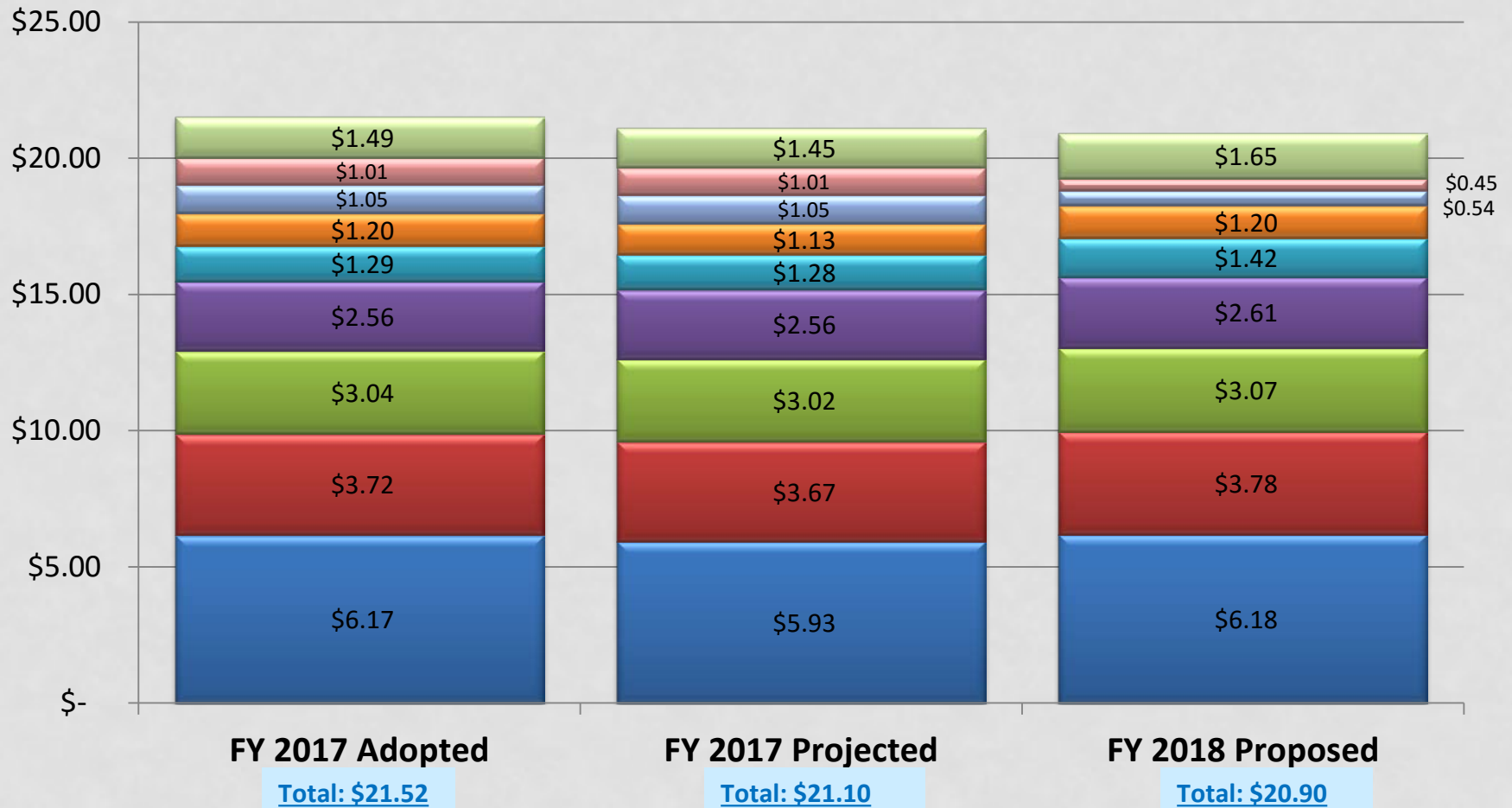
■ Permits and Licenses

■ Beginning Balance

■ Franchise Tax

■ Rec, Fines, Public Safety, Transfers, Other

General Fund Uses By Function - 2.9% Decrease (millions)

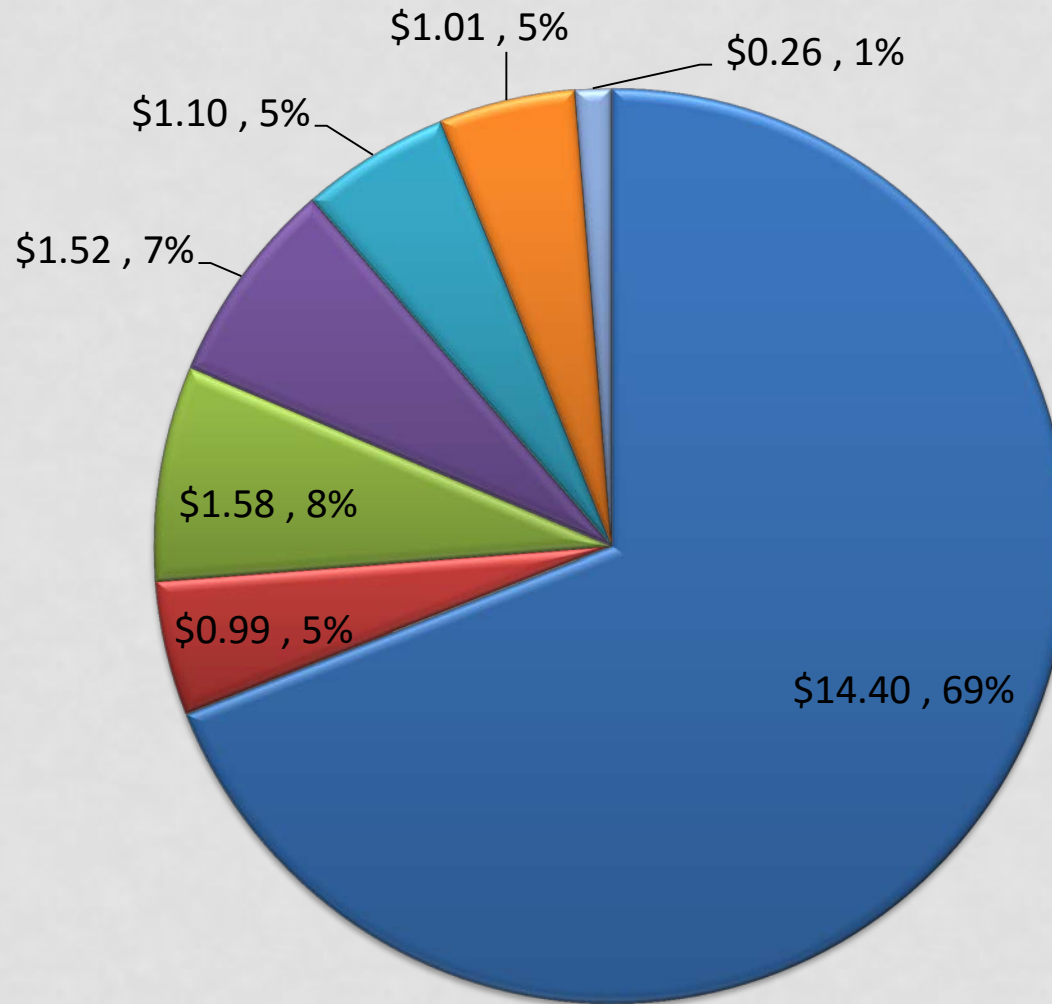


- Police
- Fire
- Finance and Courts
- CIP Transfers
- Other (DS, Library, Non-Departmental)

- Parks, Recreation, and Facilities
- City Manager's Office and Legal
- Public Works
- VERF Transfers

General Fund

FY 2018 Proposed Expenditures by Category (millions)



Salaries and Benefits

Capital Outlay

Professional Services

Maintenance

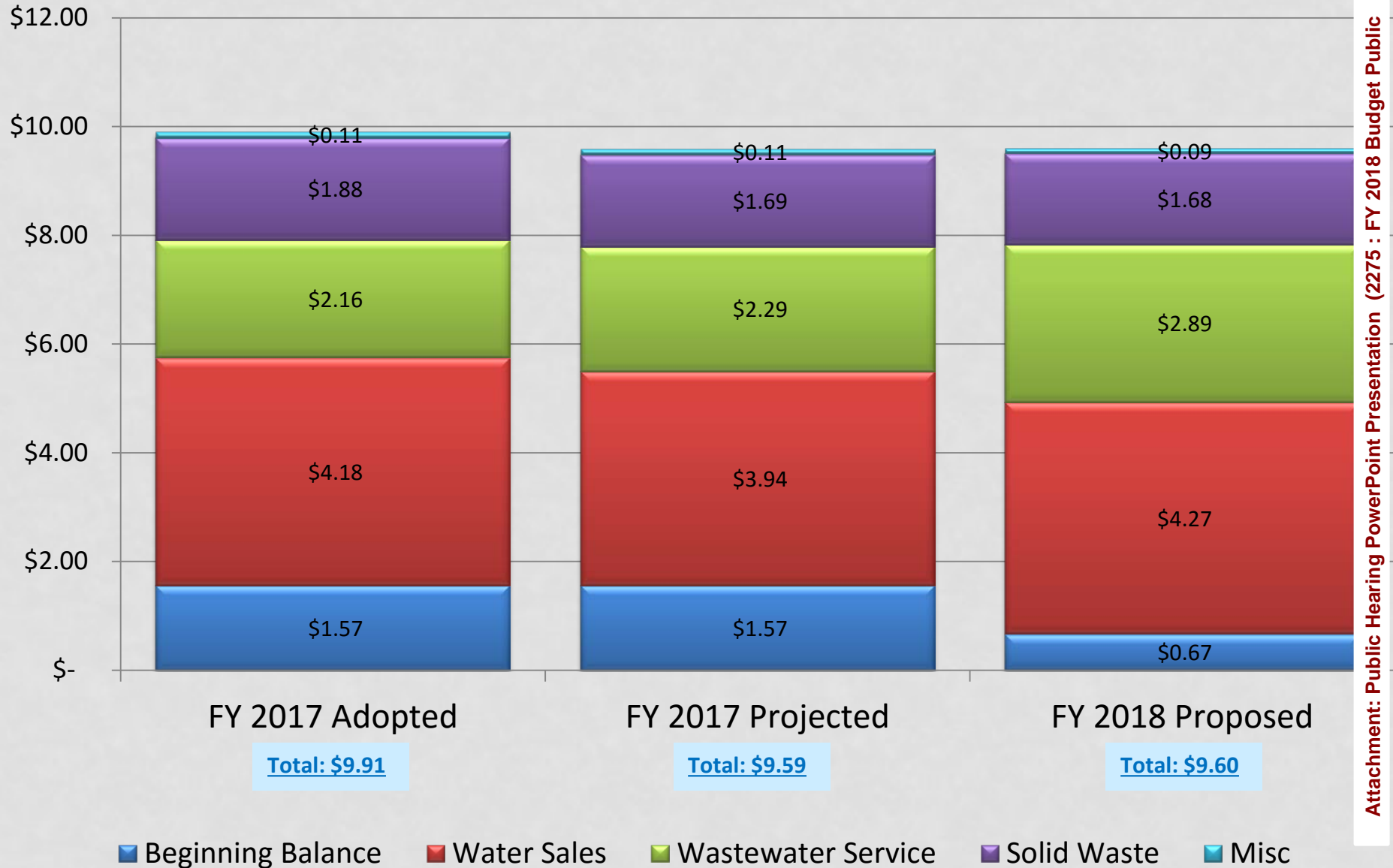
Materials and Supplies

Contractual Services

Other

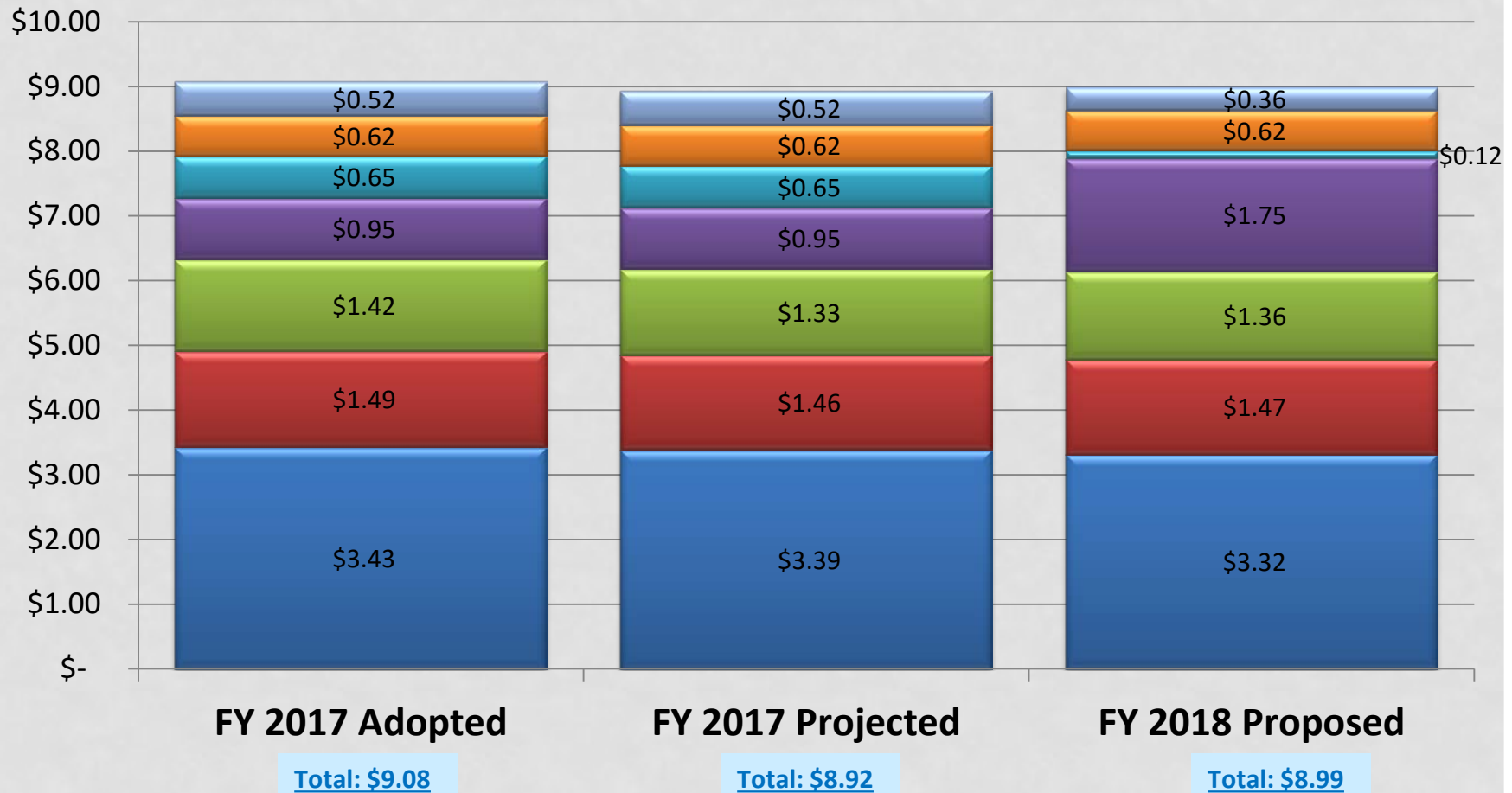
ENTERPRISE FUND

Enterprise Fund Resources - 3.6% Decrease (millions)



Enterprise Fund

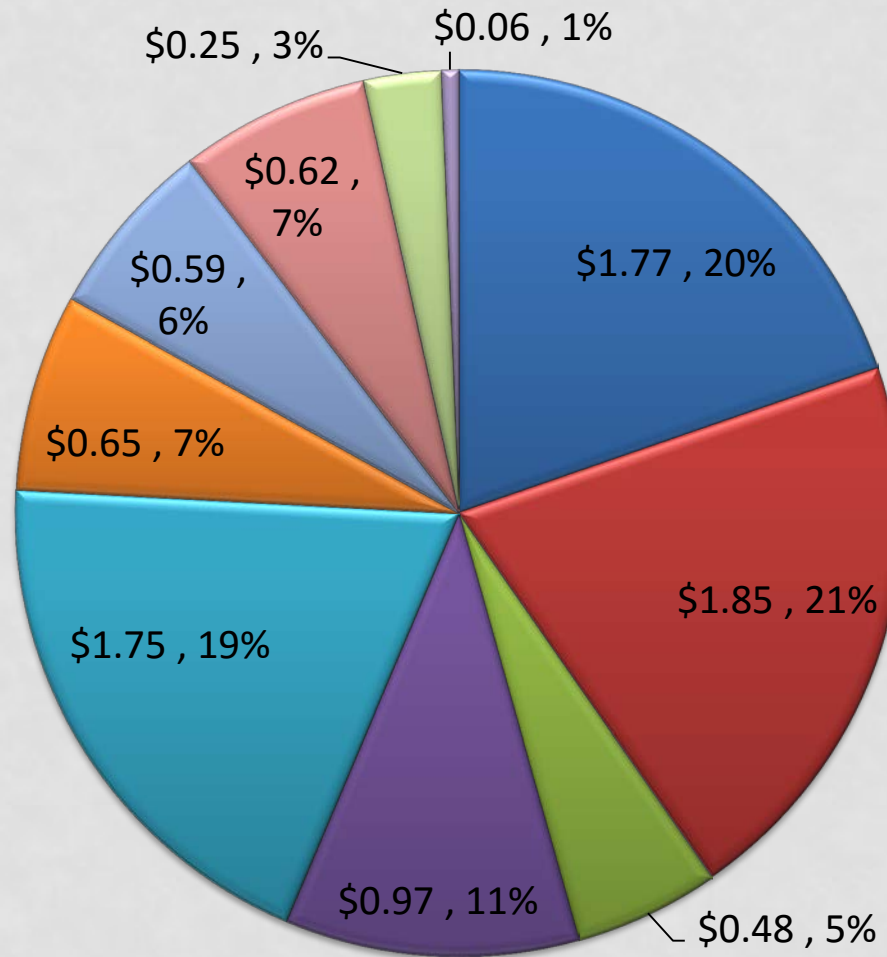
Uses by Function - 1% Decrease (millions)



■ Water
■ Solid Waste
■ Wastewater
■ Debt Service

■ CIP Transfer
■ Transfer to GF
■ VERF Transfer

Enterprise Fund FY 2018 Expenses by Category



■ Water Purchase from Houston
■ Materials and Supplies
■ Maintenance
■ Other

■ Salaries and Benefits
■ Debt Service
■ Transfer to GF

■ Capital Outlay
■ Professional Services
■ Contractual Services

BUDGET HIGHLIGHTS

FY2018 BUDGET HIGHLIGHTS

GENERAL FUND

- Proposed revenue increase of 2.4%
- Proposed total tax rate of \$0.4142 vs. current total tax rate of \$0.3874
- Proposed uses decrease of 2.9% vs. FY 2017 budgeted uses driven primarily by:
 - \$300,000 reduction in Non-recurring Pavement Maintenance funding
 - Approximately \$505,000 in compensation increases to align compensation to market study.
 - \$73,500 in proposed budget enhancements
 - \$207,574 decrease in CIP transfers
 - \$556,500 decrease in transfers to the Vehicle and Equipment Replacement Fund

FY2018 BUDGET HIGHLIGHTS

ENTERPRISE FUND

- Proposed revenue increase of 7.0% vs. FY 2017
- Transfers to Debt Service Fund to pay P&I on Enterprise-related debt to increase by 84% (\$800,436)
- Transfers to CIP fund are proposed to decrease 82% (\$530,000)
- Transfers to the Vehicle and Equipment Replacement Fund are proposed to decrease by 32% (\$165,000)
- Water purchases from Houston are anticipated to decrease 3.7% (\$67,161)
- Water main maintenance costs are proposed to decrease 29% (\$53,792)

TAX RATE

COMPARE TAX RATES

City	Rate
Bellaire	\$0.4142/100
State Average*	\$0.54669/100

*Cities which participated in the 2017 TML Taxation and Debt Survey which have a population between 15,000 and 20,000

Tax Year 2015	Tax Year 2016 (Current Rate)	Tax Year 2017 (Proposed Rate)
\$0.3805/100	\$0.3874/100	\$0.4142/100

Based on the preliminary roll provided on April 27, 2017:

Tax year 2017 - Average residential taxable value = \$843,000 @ \$0.4142/100 = \$3,491

Tax year 2016 - Average residential taxable value = \$778,442 @ \$0.3874/100 = \$3,015

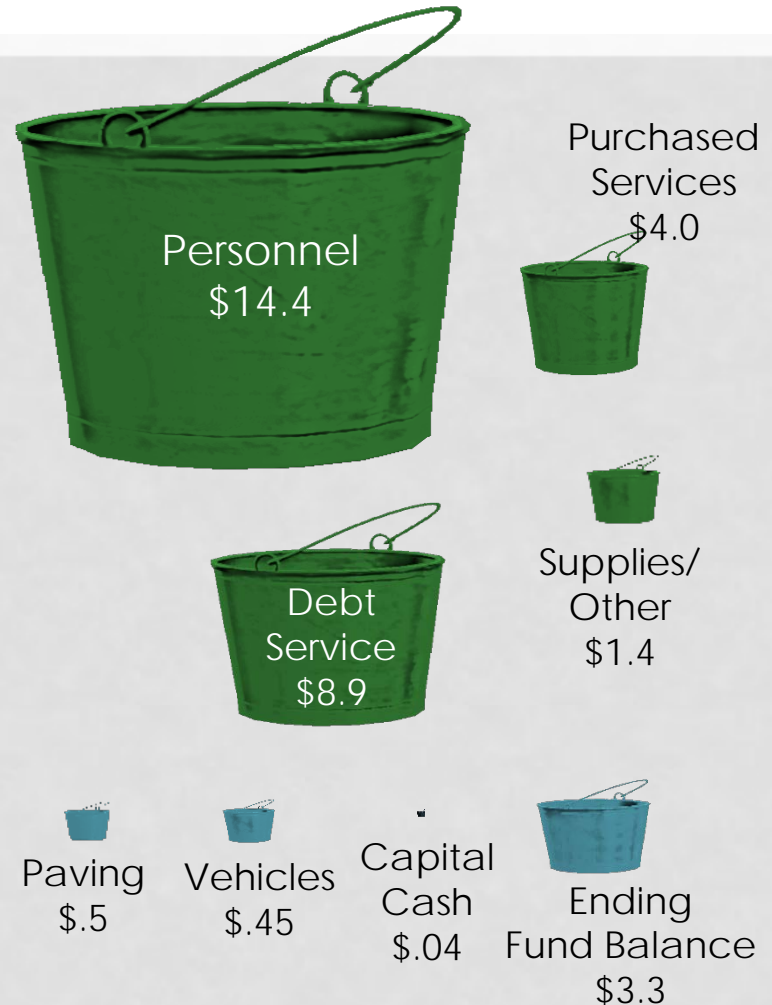
Tax year 2015 - Average residential taxable value = \$618,997 @ \$0.3805/100 = \$2,355

2018 BUDGET

Sources




Uses




Total Recurring Sources: \$29.8

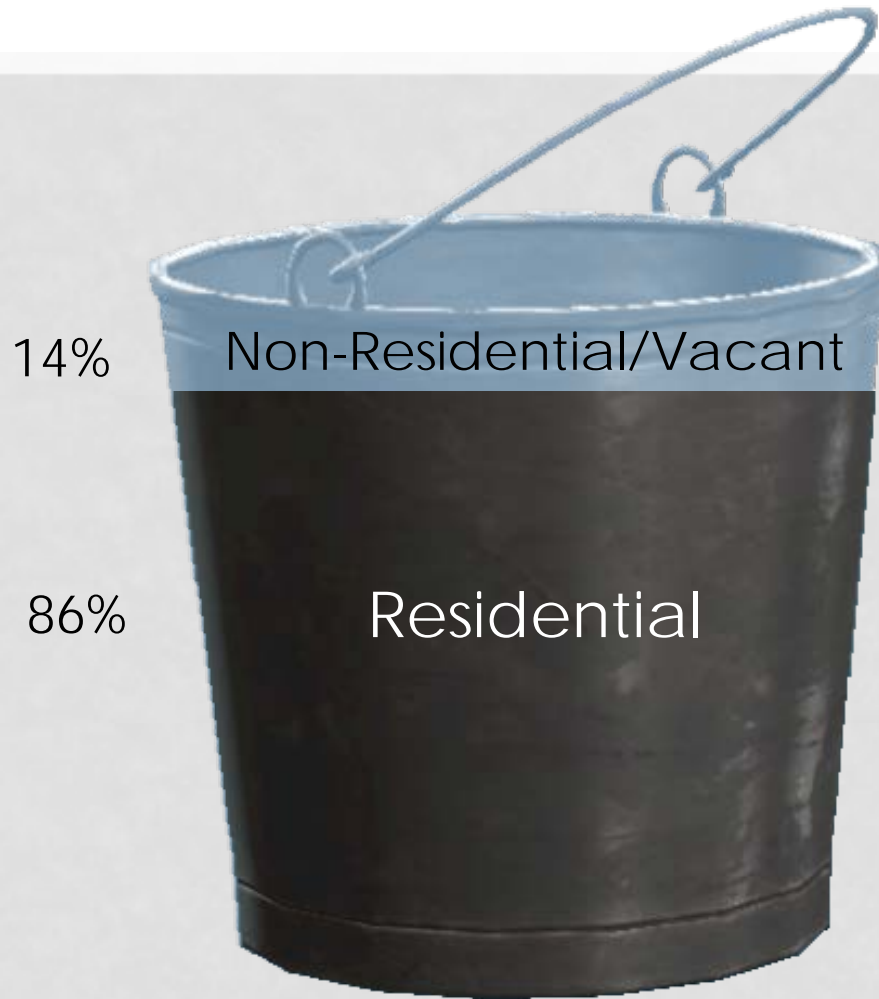
Total Recurring Uses: \$28.7

(Numbers in millions)

 Recurring

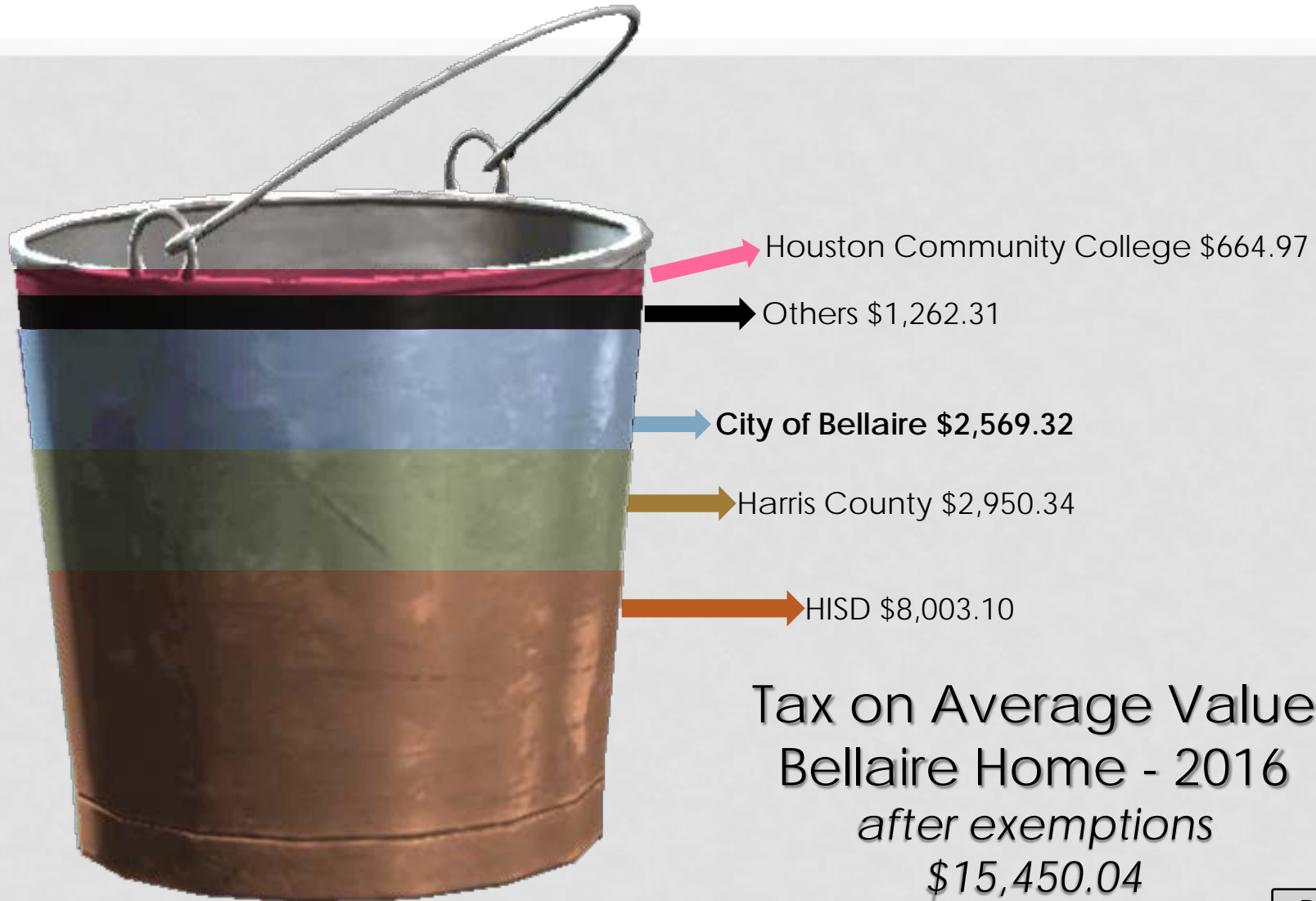
 Non-Recurring

2018 BUDGET

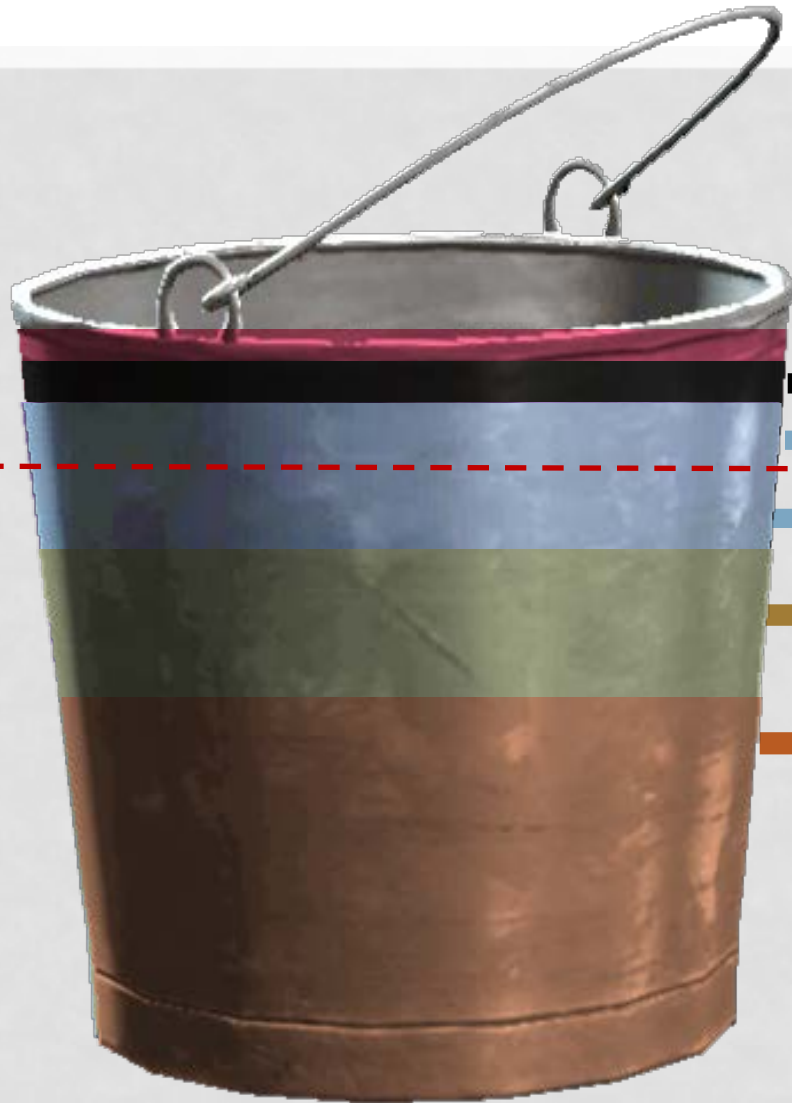


\$20.26 million in Property Taxes

2018 PROPERTY TAXES



2018 PROPERTY TAXES



Houston Community College \$664.97

Others \$1,262.31

City of Bellaire Debt \$877.44

City of Bellaire O & M \$1,691.88

Harris County \$2,950.34

HISD \$8,003.10

Tax on Average Value
Bellaire Home - 2016
after exemptions
\$15,450.04