CITY OF BELLAIRE
CITY COUNCIL

Minutes of Meeting
Monday, October 6, 2008

REGULAR SESSION – 7:00 P.M.

A. CALL TO ORDER AND ANNOUNCEMENT OF A QUORUM – Mayor Cindy Siegel.

Mayor Cindy Siegel called the City Council of the City of Bellaire, Texas, to order at 7:00 p.m. on Monday, October 6, 2008. The Bellaire City Council met at that time and on that date in Regular Session in the Council Chamber, First Floor of City Hall, 7008 South Rice Avenue, Bellaire, Texas 77401. Mayor Siegel announced that a quorum was present consisting of herself and the following members of City Council:

- Councilman James P. Avioli, Sr., Position No. 2;
- Mayor Pro Tem Peggy Faulk, Position No. 3;
- Councilman Phil Nauert, Position No. 4;
- Councilman Pat McLaughlan, Position No. 5; and
- Councilman John Jeffery, Position No. 6.

Councilman Will Hickman, Position No. 1, was absent. Other officials present were City Manager Bernard M. Satterwhite, Jr., City Attorney Alan P. Petrov, and City Clerk Tracy L. Dutton.

B. INSPIRATIONAL READING AND/OR INVOCATION – Councilman James P. Avioli, Sr.

Councilman James P. Avioli, Sr., referred to Hurricane Ike, which Bellaire experienced a little over three weeks ago. It turned out to be a total disaster and it was hard to come away with any positive from that disaster. One positive observation was the fact that we saw people helping people. We saw our neighbors, Mayor Cindy Siegel, City Manager Bernard M. Satterwhite, Jr., Assistant City Manager Diane K. White, and all of the people on City Staff giving up their time to help people come through the ordeal even though they had situations of their own to deal with. This was a very commendable thing. He stated that he had come across a thought on “giving” in The Daily Book of Positive Quotations by Linda Picone that he wished to share this evening as follows:

Giving.

We are impressed by people who manage to give of themselves even though they seem just as busy and overwhelmed as we are. Their willingness to help others, to exert themselves to make the world a better place, shows us what individuals can do against considerable odds. When we have opportunities to
give, we should take advantage of them. We will never regret having given of ourselves.

Councilman Avioli closed with a quotation from Calvin Coolidge, Thirtieth President of the United States, 1923-1929, as follows:

No person was ever honored for what he received. Honor has been the reward for what he gave.

C. PLEDGES TO THE FLAGS – Councilman James P. Avioli, Sr.

1. U.S. Pledge of Allegiance.

2. Pledge to the Texas Flag.

    Councilman James P. Avioli, Sr., led the audience and City Council in the U.S. Pledge of Allegiance and the Pledge to the Texas Flag.

D. PERSONAL/AUDIENCE COMMENTS.

Lynn McBee, 5314 Evergreen Street, Bellaire, Texas:

Ms. McBee addressed City Council and advised that for the first time in eight years she thought she saw a written communication that was representative of the kind of humility and recognition rarely seen. She wanted the City to know that Bellaire’s City Manager put himself in print, which he rarely did. She particularly enjoyed his recognition of Mayor Cindy Siegel in last week’s local newspaper. She advised that she hoped he would do so more often as it made him much more human than he liked to be seen.

Ms. McBee next referred to today’s stock market drop, along with the busyness of Congress last week, and noted that it could only be equaled with the kind of dirt that we were going to see in the last 30 days of the Presidential election by whomever was perceived to be the losing candidate. She hoped that we could rise above both equally. The stock market always went up and came down, although perhaps not as dramatically. She extended the thought that we could coast past this with less fear and less trepidation because the world would get better. She advised that we could also rest assured that Bellaire was a great place to live.

In closing, she referred to an item on City Council’s agenda related to a final payment on a contract that once again saved the City approximately $250,000. She advised that she would prefer to see the City engage in a tighter bidding process so as not to come out with $250,000 sitting there waiting for a contract to end. Since it was a savings of $250,000, it was almost equal to one penny of tax. This would almost give City Council one cent more to reduce on the property tax rate.
E. REPORT:

CITY MANAGER’S REPORT – Presented by City Manager Bernard M. Satterwhite, Jr.

City Manager Bernard M. Satterwhite, Jr., presented the City Manager’s Report to City Council and began by noting that City Staff was starting to get back to a normal operating mode.

Construction Projects

City Manager Satterwhite advised that City Council had approved the Newcastle Drive Reconstruction Project several weeks ago and that it would get underway before the end of the month. He noted that traffic would be a challenge throughout this project. There was a traffic control plan in place and the residents in the area would be contacted regarding that plan. He advised that there would be one-way traffic on Newcastle Drive, with detours to Avenue B. The project would proceed, one section at a time, from Bellaire Boulevard south to Cypress Ditch. The project was currently phased such that construction in the area of Horn Elementary School would occur during the summer. The total construction timeline for the project was approximately one year. In other words, expected completion was October of 2009.

With respect to the Rebuild Bellaire Program, Phase One Project, City Manager Satterwhite noted that construction work was progressing. The 4500 block of Beech Street continued to progress, and work had been started on Fifth Street south of Beech Street. Within approximately one month, work would start on Evergreen Street from Renwick Drive to Alder Street. This project included the installation of a major drainage system, which would impact the traffic coming to and from Renwick Drive, and especially on Renwick Drive as the City would be hooking into a major City of Houston storm sewer at that location. The contractor was currently working on acquiring a permit from the City of Houston for that hook up.

The Congestion Mitigation and Air Quality Improvement Program (CMAQ) Traffic Signalization Rehabilitation Project would rehabilitate or completely replace traffic signals at 11 intersections in Bellaire. All signals would have LED heads and all of the pedestrian crossings would have LED countdown timers. The cost of this project was $2.5 million, with $2 million coming from a grant from the federal government and $500,000 coming from the City of Bellaire. It was noted further that the design for the project had been approved by the State and had gone out for bid. The Texas Department of Transportation (TXDOT) was administering the bid process. The bid would come back to City Council for approval and, at that time, the City would have an opportunity to look at a few options with regard to poles to see if the City would like to upgrade any of them. It was noticed that the upgrades would
cost more than the standards that were bid. The project based on current construction costs was predicted to come in under or right at budget.

**Parks & Recreation Department Awards**

City Manager Satterwhite referred to some awards that the City’s Parks & Recreation Department had received from Region 4 of the Texas Recreation and Park Society (TRAPS). It was noted that Region 4 covered 21 counties in the Gulf Coast Area. The three awards to be received and presented to the Parks & Recreation Department in January of 2009 were noted to be the “Innovations in Park and Facility Development Award” for the Bellaire Town Square Family Aquatic Center, the “Advocate of the Year Group Award” for the Patrons for Bellaire Parks, Inc., and the “Part-Time Employee of the Year Award” for Pauline McRae. It was noted that the presentation of these awards were originally supposed to be made in October, but Hurricane Ike had curtailed those presentations.

**Hurricane Ike**

City Manager Satterwhite indicated that the City had begun its reimbursement process through the Federal Emergency Management Agency (FEMA), and noted that there was a great deal of paperwork and documentation involved in the process and that two different disaster declarations had been made. The Finance Department, led by Chief Financial Officer Donna Todd, was on top of the process and was coordinating the effort throughout the City. He felt that the reimbursement effort would take some time due to the magnitude of paperwork to be processed by FEMA.

With respect to debris removal, the City did very well on its first pass through the City. The process had not been totally without problems. On the other hand, with the amount of debris the City had removed, the process had gone very well. The first pass was complete last Thursday morning. The City had planned was to start the second pass, construction debris removal, immediately thereafter. The City agreed, however, to let the crews go home and get their equipment serviced and rest a little bit. The crews were back on the streets today and would be picking up construction materials and tree debris. There would be a third pass thereafter and everything should be completed by the 15th of October instead of the 10th of October. He advised that the City should look pretty clean by the end of this week.

**Flood Hazard Mitigation Plan**

City Manager Satterwhite referred to the City’s Flood Hazard Mitigation Plan, which consisted of a set of action steps to help mitigate the impact of flooding in Bellaire. One of the goals of the plan was to get an upgraded Community Rating System (CRS) rating. The City’s rating was a “9,” which was fairly common throughout the area. There were very few cities with a rating better than a “9,” but as of Wednesday, the City received a rating of “8.” He
advised that former Director of Community Development Derhyl Hebert and Building Official Lee Cabello had put together a great deal of documentation to help the City achieve this lower rating. The result of this reduction in rating was a reduction in flood insurance premiums for the residents. He advised that the City would be getting the appropriate communications out to both the public and the insurance companies.

**Fire Station Architectural Design Consultant**

With respect to architectural design services for the Fire Station, City Staff had interviewed two of the short-listed firms. City Staff was very impressed with both firms. A third interview was scheduled for Tuesday, October 7, 2008, which would probably make the final decision as to selection even tougher.

**Upcoming Meetings/Events**

The following meetings were noted to be upcoming for the month of October 2008:

<table>
<thead>
<tr>
<th>Date</th>
<th>Time</th>
<th>Type of Meeting</th>
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<tbody>
<tr>
<td>10/20/2008</td>
<td>7:00 p.m.</td>
<td>Regular Session</td>
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<tr>
<td>10/27/2008</td>
<td>6:30 p.m.</td>
<td>Workshop Session – Compensation Study Review</td>
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**QUESTIONS/COMMENTS FROM CITY COUNCIL:**

{Legend:  A – Answer; C – Comment; Q – Question; R – Response}

**Q:** Councilman John Jeffery referred to crime activity and asked if the City Manager had seen any trends in robberies that were any different than usual.

**A:** City Manager Satterwhite indicated that he had not received the end of September crime activity report, but had not been informed of any unusual trends.

**C:** Councilman Jeffery advised that he brought this up because it hit close to home. He noted that this was the second time that his children's home had been broken into in the last five months. The same scenario had occurred with respect to the breaking of a window to enter the home.

**R:** City Manager Satterwhite advised that it was scary, but home burglaries did occur. He stated that there were not a large amount of burglaries, but the amount had been steady. He advised that he would look into Councilman Jeffery’s concern.
Q: Councilman Phil Nauert referred to the debris removal process and inquired as to whether there had been any recurrent themes that the public needed to know about to help the process along. In other words, was there something that the City could be telling people to do that was not being done?

A: City Manager Satterwhite advised that people needed to be aware of the need to separate their construction material from their tree debris. Those two types of materials could not be taken in the same load. Additionally, if people chose to bag up their leaves, that pile needed to be separated from the tree debris. The debris removers were not picking up the bagged leaves, the City was picking up the bagged leaves. On Saturday, the City’s Solid Waste Department picked up debris that was bagged—approximately 30 tons of bagged debris.

Q: Mayor Cindy Siegel inquired as to whether Director of Parks & Recreation Jane L. Dembski had been able to get in contact with local Boy Scout Troops who might be willing to provide assistance to those people who were having difficulty getting their debris out to their front yard.

A: City Manager Satterwhite advised that Director Dembski had talked with the Boy Scouts, and they were willing to provide assistance to those in need.

C: Mayor Siegel advised that for those elderly and disable residents that were having difficulty moving tree debris out themselves, the Boy Scouts would come in and help move it to their front yards. Those residents needed to contact either Director Dembski or City Hall for assistance.

R: City Manager Satterwhite advised that this assistance was reserved for those that were really in need.

Q: Mayor Pro Tem Peggy Faulk inquired as to where the City stood with respect to hiring someone to head up the Community Development Department.

A: City Manager Satterwhite advised that he was not ready to announce anything this evening, but had offered the position to a gentleman that he was very excited about. That gentleman had accepted the position. He noted that the acceptance just occurred today.

Q: Mayor Pro Tem Faulk inquired as to the status of the fences constructed on City property that faced Fournace Place. She inquired as to how many months this situation had been going on.
A: City Attorney Alan P. Petrov indicated that the situation had been going on for many months. He had conversations with the attorney representing the residents, and they were getting their petitions together. The hurricane actually gelled some of their desire to get more neighbors together to approach the City at one time versus a piecemeal approach.

Q: Mayor Pro Tem Faulk inquired as to whether those residents had a time limit on submitting their petitions.

A: City Manager Satterwhite stated that there was really no point in putting a time limit out there because he was not sure what the City was going to do once the time limit ended. The City told them that they could have an opportunity to petition City Council to buy the property.

City Attorney Petrov stated that he expected to see those petitions this month.

C: Mayor Pro Tem Faulk advised that it would be her personal preference for the City to receive those petitions this month. The City had ordinances in place and if the City did not want to enforce them, then the City should not have those ordinances in place.

R: City Attorney Petrov indicated that some of the fences had been removed by the storm, which would give the City an opportunity to enforce the ordinance.

MOTION TO ACCEPT REPORT INTO THE RECORD:

A motion was made by Councilman Phil Nauert and seconded by Councilman Pat McLaughlan to accept the City Manager’s Report as presented by City Manager Bernard M. Satterwhite, Jr., into the record.

VOTE ON MOTION TO ACCEPT REPORT INTO THE RECORD:

Motion carried unanimously on a 6-0 vote as follows:

FOR: Siegel, Cindy
Avioli, James P., Sr.
Faulk, Peggy
Nauert, Phil
McLaughlan, Pat
Jeffery, John

OPPOSED: None

ABSENT: Hickman, Will
F. NEW BUSINESS:

1. CONSENT AGENDA:

   **Bid Award(s)/Rejection(s)**

   a. **CONSIDERATION** of and possible action on a recommendation from the Bellaire Public Works Department to reject the bid received for Bid No. 08-014, 1.5 Mil Polyethylene Density Bags (Garbage Bags), and authorization for the Bellaire Public Works Department to re-bid this item – *Item submitted by Director of Public Works Joe Keene.*

   **Final Payment on Project**

   b. **CONSIDERATION** of and possible action on the adoption of an ordinance of the City Council of the City of Bellaire, Texas, authorizing the Mayor of the City of Bellaire, Texas, to execute a **Final Change Order (No. 1)** with Conrad Construction Co., Ltd., to a contract for the Bellaire Millennium Renewal Program, Phase Seven, Contract One, consisting of a net decrease in said contract of $253,413.19, and approval for the City of Bellaire, Texas, to make the final payment to Conrad Construction Co., Ltd., on said contract in an amount not to exceed $398,744.08 – *Item submitted by Director of Public Works Joe Keene.*

   Councilman James P. Avioli, Sr., requested separate discussion of the second item listed under the Consent Agenda related to the final payment on a contract for the Bellaire Millennium Renewal Program, Phase Seven, Contract One.

**MOTION TO APPROVE A PORTION OF THE CONSENT AGENDA:**

A motion was made by Mayor Pro Tem Peggy Faulk and seconded by Councilman John Jeffery to approve a portion of the Consent Agenda consisting of the following item: approval of a recommendation from the Bellaire Public Works Department to reject the bid received for Bid No. 08-014, 1.5 Mil Polyethylene Density Bags (Garbage Bags) and authorization for the Bellaire Public Works Department to re-bid this item.
VOTE ON MOTION TO APPROVE A PORTION OF THE CONSENT AGENDA:

Motion carried unanimously on a 6-0 vote as follows:

FOR:
Siegel, Cindy
Avioli, James P., Sr.
Faulk, Peggy
Nauert, Phil
McLaughlan, Pat
Jeffery, John

OPPOSED: None

ABSENT:
Hickman, Will

DISCUSSION RELATED TO FINAL PAYMENT ON BELLAIRE MILLENNIUM RENEWAL PROGRAM, PHASE SEVEN, CONTRACT ONE:

Councilman James P. Avioli, Sr., advised that he thought it was great that the contract was completed under budget. He inquired as to what had initiated the change order. In other words, did the City do less work?

City Manager Satterwhite advised that the contract was a unit price contract. The numbers of units for the contract were estimated. Basically, the contractor used fewer units of those materials than what was bid originally. The City tried to estimate conservatively, while not being overly conservative. Either the amount of materials used was less or the cost of that material was less throughout the project.

Councilman Avioli asked for confirmation that the change order was related to materials. He also asked if the City would or should see any reduction in the engineering costs associated with this project.

City Manager Satterwhite advised that the City would not see a reduction in the engineering costs associated with this project.

Councilman Avioli asked for confirmation that the reason the City would not see a reduction in engineering costs was based on the fact that the change order was related to a reduction in materials used.
City Manager Satterwhite advised that Councilman Avioli was correct.

**MOTION TO ADOPT ORDINANCE AND AUTHORIZE FINAL PAYMENT:**

A motion was made by Councilman Phil Nauert and seconded by Councilman John Jeffery to adopt an ordinance of the City Council of the City of Bellaire, Texas, authorizing the Mayor of the City of Bellaire, Texas, to execute a Final Change Order (No. 1) with Conrad Construction Co., Ltd., to a contract for the Bellaire Millennium Renewal Program, Phase Seven, Contract One, consisting of a net decrease in said contract of $253,413.19, and approval for the City of Bellaire, Texas, to make the final payment to Conrad Construction Co., Ltd., on said contract in an amount not to exceed $398,744.08.

**DISCUSSION ON MOTION TO ADOPT ORDINANCE AND AUTHORIZE FINAL PAYMENT:**

Councilman Phil Nauert noted that there was a great deal of metal from the demolition phase, such as manhole covers, signs, sign posts, and steel pipes. That metal was mentioned in both the demolition phase, as well as the replacement phase. He asked if it were common or possible in a similar contract to include a benefit to the City to recycle those materials. He noted that the cost of steel right now was $40 per ton.

City Manager Satterwhite indicated that he really did not have an answer and deferred to Director of Public Works Joe Keene.

Director of Public Works Joe Keene stated that the City could certainly include recycling of materials in a future contract, but what the City would end up “paying” for was the removal and storage, as well as getting approval from City Council to dispose of those materials. The City would then have to pay a loading and transportation fee to someone to take the materials.

He advised that with the project before City Council approximately 50-60 manhole frames and covers were demolished.

Councilman Nauert indicated that if it made sense financially to recycle the demolished materials, then he would like to do
so. If it cost more than the return, then it was probably not a good idea.

VOTE ON MOTION TO ADOPT ORDINANCE AND AUTHORIZE FINAL PAYMENT:

Motion carried unanimously on a 6-0 vote as follows:

FOR: Siegel, Cindy
     Avioli, James P., Sr.
     Faulk, Peggy
     Nauert, Phil
     McLaughlan, Pat
     Jeffery, John

OPPOSED: None

ABSENT: Hickman, Will

{Ordinance was subsequently numbered: 08-064}

2. ADOPTION OF ORDINANCES:

a. Property Taxes:

Submittal of Tax Roll/Tax Rate Calculations

1. PRESENTATION, CONSIDERATION, and possible action on the submittal of the Certified 2008 Tax Roll and the 2008 Property Tax Rates in the City of Bellaire, Texas – Item submitted by Chief Financial Officer Donna Todd.

Chief Financial Officer Donna Todd presented the Truth-In-Taxation for tax year 2008, which was the City’s fiscal year 2009. She noted that “Truth-In-Taxation” was a guide for setting tax rates and was prescribed in the Texas Constitution and Texas Property Tax Code. In addition, it required compliance with certain steps in adopting the tax rate.

The purpose of Truth-In-Taxation was twofold as follows:

- To make the taxpayers aware of the tax rate proposals; and
• To allow the taxpayers, in certain cases, to roll back or limit a tax increase.

Truth-In-Taxation Overview

Chief Financial Officer Todd noted that two rates were calculated after the City received its certified tax or appraisal rolls from the Harris County Appraisal District. Those rates were identified as the effective tax rate and the rollback tax rate.

The City was then required to publish the tax rates and to hold public hearings, if the City desired to adopt a tax rate that was higher than the lower of either the effective tax rate or rollback rate. After publication and public hearings, if required, the City could adopt its tax rate.

This year, the City received the certified tax or appraisal rolls on August 28, 2008, which was two weeks sooner than received the previous year. The City was not proposing a tax rate that was in excess of the effective or rollback tax rates, so there would not be a need to hold any public hearings.

Tax Rate Calculations

Chief Financial Officer Todd reviewed the tax rate calculations for the effective tax rate and the rollback tax rate.

The effective tax rate was defined as the calculated rate that would provide about the same amount revenue received the year before based on properties taxed in both years. Therefore, if the appraised value increased, the effective tax rate would decrease and vice versa.

The rollback tax rate was calculated a little differently and was defined as the calculated rate that would provide about the same amount of tax revenue spent the previous year for operations and maintenance, plus an 8% increase, plus any debt service requirements. The rollback rate was the maximum rate allowed by law without a voter approval.
Deadline to Adopt Tax Rate

The deadline to adopt the tax rate was before September 30th or by the 60th day after receipt of the certified tax roll, whichever date was later. Bellaire fell into the second scenario, as the certified tax rolls were not received until late in August. The 60-day deadline was noted to be October 27, 2008, and by that date, the City must adopt a tax rate. Chief Financial Officer Todd indicated that a separate agenda item had been placed on City Council’s agenda this evening to consider adopting a tax rate.

Calculation of the Effective Tax Rate

In order to calculate the effective tax rate, adjusted taxes for the prior year and adjusted taxes for the current year were reviewed. The adjusted 2007 taxes were calculated as follows:

2007 Taxes (on date of calculation) $11,611,728
Taxes on 2007 values lowered in court decisions 38,130
Taxes refunded for tax years preceding tax year 2007 76,012
Taxes on deannexed territory (0)
Taxes on property value not taxable in 2008 (70,752)
Adjusted 2007 Taxes $11,655,118

The adjusted 2008 taxable values were calculated as follows:

Total value on 2008 Certified Appraisal Roll $3,011,963,051
Estimated value of property under protest or not on roll 174,248,908
Value of property annexed after January 1, 2007 (1,509,946)
Value of new improvements after
January 1, 2007  (98,122,580)

Value of first time pollution control exemptions  (0)

Total 2008 Taxable Values  $3,186,211,959

The effective tax rate was, therefore, calculated by dividing the adjusted 2007 taxes by the adjusted 2008 taxable values and multiplying by $100 or $11,665,118 divided by $3,086,579,433 x $100 = $0.377606.

Calculation of the Rollback Tax Rate

The calculation of the rollback tax rate included two components: the maintenance and operations component and the debt component. The maintenance and operations component was increased by 8% more than the prior year, and the debt component actually covered what the City’s debt service costs would be in the new fiscal year and did not include funds from any other sources, such as the annual transfer from the Enterprise Fund of $950,000.

The maintenance and operations component was calculated by multiplying the adjusted 2007 value by the 2007 maintenance and operations rate per $100 and adding the refunds for tax years preceding tax year 2007 divided by the adjusted 2008 taxable values and multiplied by 1.08 or $2,894,776,696 x $0.275 divided by $100 + $52,258 divided by $3,086,579,433 multiplied by $100 multiplied by 1.08 = $0.280372.

The debt component was calculated by taking the 2008 debt payments minus the 2007 excess debt tax collections divided by the 2008 anticipated collection rate (which was typically 100%) and dividing by the 2008 taxable values and multiplying that result by $100 or $3,666,904 - $0 divided by 100% divided by $3,186,211,959 multiplied by $100 = $0.115086.

The rollback tax rate was the addition of the maintenance and operations component and the debt component or $0.280372 plus $0.115086 = $0.395458.
Determination of Tax Rate

Chief Financial Officer Todd noted that typically in the budget process, the tax rate was determined and a budget prepared based on the tax rate. Because of the delays we had seen in getting the tax rolls in recent years, we did things a bit out of sequence. City Staff came up with an estimate in preparing the budget based on preliminary information received from the Harris County Appraisal District and Harris County Tax Office. In this case, the City was coming to City Council with a proposal that was slightly different than that budgeted.

Tax Year 2008 Certified Tax Rolls

Over the last five years, the City’s total appraised values were increasing. In tax year 2008, the total appraised values increased 9.32%. It was noted that this was a lower increase than the increase seen last year, but the City’s total appraised values were healthy at $3.8 billion.

The total taxable value for tax year 2008 was noted to be $3.1 billion. This represented an 8.64% change from the prior year. The total taxable value on new property peaked in 2006. This year the total taxable value of new property was slightly lower than last year by 10%. The total taxable value of new property was noted to be $98 million.

Chief Financial Officer Todd presented some comparative information between the current tax year, 2008, and the previous tax year with respect to total taxable value as follows:

Total taxable value for 2008 was noted to be $3,186,211,959 as compared to $2,932,928,633 for tax year 2007. The total taxable value of new property for tax year 2008 was noted to be $98,122,580 as compared to $109,188,951 for tax year 2007. The total value of annexed property for tax year 2008 was noted to be $1,590,946 as compared to $2,831,771 for tax year 2007. The estimated taxable value of properties under protest for tax year 2008 was noted to be $113,761,915 as compared to $38,409,791 for tax year 2007. The estimated taxable values of properties not certified was noted to be $60,486,933 for tax year 2008 as compared to $82,154,890 for tax year 2007.
With respect to homesteads, Chief Financial Officer Todd indicated that the number of residential homesteads for tax year 2008 was 4,801 as compared to 4,946 for tax year 2007. The average appraised value per homestead was $562,934 for tax year 2008 and $508,087 for tax year 2007.

The effective tax rate per $100 for tax year 2008 was noted to be $0.377606 as compared to $0.409331 for tax year 2007. The rollback tax rate per $100 for tax year 2008 was noted to be $0.395458 as compared to $0.419667 in tax year 2007. The maximum tax rate before notices and public hearings was noted to be $0.377606 for tax year 2008 as compared to $0.409331 for tax year 2007. This was a reduction of 7.75%.

**Proposed Tax Rate**

Chief Financial Officer Todd advised that City Staff, in its budget proposal, had proposed a total tax rate of $0.4000 in the fiscal year 2009 budget, apportioned as follows: $0.2750 to the General Fund and $0.1250 to the Debt Service Fund.

City Staff, after reviewing the Truth-In-Taxation calculations, wished to submit the following tax rate proposal: total rate of $0.3775, apportioned as follows: $0.2650 to the General Fund and $0.1125 to the Debt Service Fund.

**Impact of Proposed Tax Rate**

The impact of the proposed tax rate on the average tax year 2007 homestead appraised value of $508,087 would be an increase of about $75 per year or 4.62%.

**Truth-In-Taxation Process Summary**

Chief Financial Officer Todd summarized the Truth-in-Taxation process as follows:

- Calculation of tax rates (i.e., effective tax rate and rollback tax rates) based on information received from the Harris County Appraisal District and Harris County Tax Office. It was noted that the City’s calculations were completed on September 2, 2008;
• Publication of tax rates. It was noted that the tax rates were published in the September 30, 2008, edition of the Southwest News;

• Holding public hearings. The City of Bellaire did not have to hold public hearings, but if the City were proposing a rate higher than the effective tax rate, hearings would be required; and

• Adoption of tax rate. It was noted that a separate agenda item was included this evening for this purpose. Chief Financial Officer Todd advised that there was a requirement that certain language be included in the motion to adopt the tax rate as follows: This year’s proposed tax rate does not exceed the effective tax rate.

QUESTIONS/COMMENTS FROM CITY COUNCIL:

{Legend:  A – Answer; C – Comment; Q – Question; R – Response}

Q: Councilman James P. Avioli, Sr., noted that Chief Financial Officer Todd had pointed out that there was a considerable increase in the value of property under protest. He inquired as to whether this would impact Chief Financial Officer Todd’s calculations.

A: Chief Financial Officer Todd indicated that the numbers were actually added in. She felt that it was necessary to point out the fact that the numbers were estimated and obtained from the Harris County Appraisal District. The numbers could change once the properties were certified and protests completed.

Q: Councilman Avioli referred to the fourth page in her agenda packet information, which related to a $1 million item identified as “amount paid from other resources.” He inquired as to what that resource was.

A: Chief Financial Officer Todd stated that the majority of the resource she referred to was the transfer of $950,000 from the Enterprise Fund to the Debt Service Fund and the remainder consisted of delinquent tax revenue projections.
Q: **Mayor Pro Tem Peggy Faulk** thanked Chief Financial Officer Todd for the report and inquired as to what made up the City’s “annexed property.”

A: **Chief Financial Officer Todd** stated that the Harris County Tax Office defined “annexed property” as the current year taxable value that they added by annexations from the prior tax year. Any boundary adjustments that they had made in their Geographic Information System (GIS) or jurisdiction code corrections for a previously unrecognized boundary error were considered “annexed property.”

Q: **Mayor Pro Tem Faulk** asked for confirmation that the Harris County Tax Office refined the boundaries and the City of Bellaire gained $1.5 million in property value.

A: **City Manager Satterwhite** indicated that this was an immaterial gain when looking at the big picture of $3.1 billion.

**Chief Financial Officer Todd** advised that she tried to get more detailed specifics on the annexed property, but the Harris County Tax Office was not able to provide those specifics to her.

C: **City Manager Satterwhite** referred to the graph presented by Chief Financial Officer Todd depicting total taxable value of new property and noted that it mirrored the City’s graph for building permits one year later.

**MOTION TO ACCEPT THE SUBMITTAL OF THE 2008 TAX ROLL/TAX RATE CALCULATIONS:**

A motion was made by Mayor Pro Tem Peggy Faulk and seconded by Councilman Phil Nauert to accept the submittal of the **Certified 2008 Tax Roll and the 2008 Property Tax Rate Calculations** as presented by Chief Financial Officer Donna Todd into the record.
VOTE ON MOTION TO ACCEPT THE SUBMITTAL OF THE 2008 TAX ROLL/TAX RATE CALCULATIONS:

Motion carried unanimously on a 6-0 vote as follows:

FOR:  Siegel, Cindy
       Avioli, James P., Sr.
       Faulk, Peggy
       Nauert, Phil
       McLaughlan, Pat
       Jeffery, John

OPPOSED:  None

ABSENT:  Hickman, Will

Tax Rate and Tax Levy

2. CONSIDERATION of and possible action on the adoption of an ordinance of the City Council of the City of Bellaire, Texas, fixing the tax rate and tax levy for the City of Bellaire, Texas, for tax year 2008 (fiscal year beginning October 1, 2008, and ending September 30, 2009), upon all taxable property in said City – Item submitted by Chief Financial Officer Donna Todd.

Note: The rate recommended by City Staff is $0.37750 per $100 valuation, with $0.2650 per $100 valuation apportioned to the General Fund and $0.1125 per $100 valuation apportioned to the Debt Service Fund.

MOTION TO ADOPT ORDINANCE FIXING TAX RATE AND TAX LEVY FOR TAX YEAR 2008:

A motion was made by Councilman James P. Avioli, Sr., and seconded by Councilman John Jeffery to adopt an ordinance of the City Council of the City of Bellaire, Texas, fixing the tax rate and tax levy for the City of Bellaire, Texas, for tax year 2008 (fiscal year beginning October 1, 2008, and ending September 30, 2009), upon all taxable property in said City of $0.37750 per $100 valuation and this rate does not exceed the effective tax rate of $0.377607 per $100 valuation.
DISCUSSION ON MOTION TO ADOPT ORDINANCE FIXING TAX RATE AND TAX LEVY FOR TAX YEAR 2008:

Mayor Cindy Siegel advised that Councilman Will Hickman had asked previously if the tax rate could be set such that the average homeowner was paying the same amount as the previous year.

City Manager Bernard M. Satterwhite, Jr., stated that the average homeowner would pay $75 more in taxes than the previous year. What was not taken into account with the average homeowner was a factor for new construction. The average value of approximately $502,000 in 2007 to $562,000 in 2008 factored in new construction. Anyone with an existing property that was on the tax rolls last year going into this year would not see a tax increase unless there were major improvements made to the existing property.

He noted further that the exemption increased for seniors and disabled residents, so they would not see a tax increase.

Mayor Siegel referred to the Debt Service Fund and asked for confirmation that the tax rate for that fund would be sufficient to keep the City at a point in terms of reserves where it could pay for the next year and the next without having to raise taxes.

City Manager Satterwhite stated Mayor Siegel was correct if taking into account the foreseeable future. With this change, the Debt Service Fund balance would decrease to $1.5 million, which was still a very healthy fund balance. However, City Staff was looking at the possibility of issuing revenue bonds for water and wastewater improvements and might need to stop making the transfer of $950,000 from the Enterprise Fund to the Debt Service Fund. He believed that the apportionment of the tax rate to the Debt Service Fund was prudent at this point in time.

VOTE ON MOTION TO ADOPT ORDINANCE FIXING TAX RATE AND TAX LEVY FOR TAX YEAR 2008:

Motion carried unanimously on a 6-0 vote as follows:

FOR: Siegel, Cindy
FOR (CONT.): Avioli, James P., Sr.  
Faulk, Peggy  
Nauert, Phil  
McLaughlan, Pat  
Jeffery, John  

OPPOSED: None  

ABSENT: Hickman, Will  

{Ordinance was subsequently numbered: 08-065}  

Budget Amendment  

b. CONSIDERATION of and possible action on the adoption of an ordinance of the City Council of the City of Bellaire, Texas, amending the budget for the City of Bellaire, Texas, for the fiscal year beginning October 1, 2007, and ending September 30, 2008, for the purpose of creating an emergency account entitled “Disaster Related Expenditures,” in both the General Fund and in the Enterprise Fund in order to fund emergency repairs, rehabilitation, and/or replacement of City facilities, equipment, furniture, vehicles and/or other City assets, as well as debris cleanup and removal services, related to Hurricane Ike and by transferring $100,000 from the General Fund Reserve Balance to the General Fund Disaster Related Expenditures account and by transferring $900,000 from the Enterprise Fund Working Capital to the Enterprise Fund Disaster Related Expenditures account – Item submitted by Chief Financial Officer Donna Todd.  

MOTION TO ADOPT ORDINANCE AMENDING THE BUDGET:  

A motion was made by Councilman John Jeffery and seconded by Mayor Pro Tem Peggy Faulk to adopt an ordinance of the City Council of the City of Bellaire, Texas, amending the budget for the City of Bellaire, Texas, for the fiscal year beginning October 1, 2007, and ending September 30, 2008, for the purpose of creating an emergency account entitled “Disaster Related Expenditures,” in both the General Fund and in the Enterprise Fund in order to fund emergency repairs, rehabilitation, and/or
replacement of City facilities, equipment, furniture, vehicles and/or other City assets, as well as debris cleanup and removal services, related to Hurricane Ike and by transferring $100,000 from the General Fund Reserve Balance to the General Fund Disaster Related Expenditures account and by transferring $900,000 from the Enterprise Fund Working Capital to the Enterprise Fund Disaster Related Expenditures account.

SUMMARY:

City Manager Bernard M. Satterwhite, Jr., advised that the purpose of the ordinance before City Council this evening was to allow for a line item to be set up for the purpose of tracking and expending disaster related expenditures, such as debris pickup and tree trimming. It would be necessary to bring forward a budget amendment for fiscal year 2009 once City Staff got a clearer idea of what the amount would be. This action would not adversely test the City’s fund balances, as the Federal Emergency Management Agency (FEMA) or the City’s insurance company would reimburse most of the expenditures.

DISCUSSION ON MOTION TO ADOPT ORDINANCE AMENDING THE BUDGET:

Councilman John Jeffery inquired as to what authority City Staff had in emergency situations to expend funds that were not necessarily budgeted or allocated for emergencies.

City Manager Satterwhite stated that the line item requested this evening was only for items that were necessary to be expended under a declared disaster.

Chief Financial Officer Donna Todd stated that in emergency situations, the City was allowed to suspend its typical requirements to obtain three bids if it were a genuine emergency for public health or safety. She noted that one such purchase was related to the Recreation Center wherein action had to be taken to mitigate mold that had arisen as a result of damage to their roof structure.
Councilman Jeffery inquired as to whether future emergency expenditures would be drawn from the line item accounts set up this evening by this ordinance.

City Manager Satterwhite advised that Councilman Jeffery was correct, and that every purchase order to hit the account would be annotated as related to “Hurricane Ike.”

Councilman Phil Nauert noted that this agenda item was discussed by City Manager Satterwhite in his last City Manager’s Report. He noted further that none of this was anticipated to impact the City’s budget. This was simply an accounting task so that the City could keep track of expenditures that the City fully expected to be reimbursed either through its insurance carrier or through FEMA.

City Manager Satterwhite advised that Councilman Nauert was correct. There would probably be a small impact when it was all said and done because he doubted that the City would get a 100% reimbursement for all expenditures. He noted, too, that there might be some deductibles as well on items covered by the City’s insurance carrier.

Councilman Nauert inquired as to whether it would be good idea to include this line item in every year’s budget so that City Council would not have to amend the budget subsequent to a disaster.

City Manager Satterwhite advised that he would hate to say “no,” but that was his answer. He did not believe it was a good idea to do what he called “rainy day” budgeting. The City had healthy fund balances and good cash flow policies so that if the “rainy day” came, those things could be taken care of. He advised that he was not closed minded to Councilman Nauert’s suggestion, however.

Councilman Nauert inquired as to whether City Manager Satterwhite was afforded enough latitude and timing by handling the emergency budget amendment in this fashion.

City Manager Satterwhite advised that he did under the City’s emergency latitude.
City Attorney Alan P. Petrov indicated that this amendment was necessary for compliance with state law, to some degree, since municipalities could not “deficit spend.” The City was backtracking a little bit in order to comply with state law requirements.

Mayor Cindy Siegel advised that if the City Manager had felt that he needed to make a very large expenditure for public health and safety prior to this request for a budget amendment, the City could have posted and held an emergency meeting with a two-hour notice.

VOTE ON MOTION TO ADOPT ORDINANCE AMENDING THE BUDGET:

Motion carried unanimously on a 6-0 vote as follows:

FOR: Siegel, Cindy
     Avioli, James P., Sr.
     Faulk, Peggy
     Nauert, Phil
     McLaughlan, Pat
     Jeffery, John

OPPOSED: None

ABSENT: Hickman, Will

{Ordinance was subsequently numbered: 08-066}

3. ADOPTION OF RESOLUTION:

Houston-Galveston Area Council 2009 General Assembly

CONSIDERATION of and possible action on the adoption of a resolution of the City Council of the City of Bellaire, Texas, designating a Representative and Official Alternate to the General Assembly of the Houston-Galveston Area Council for the year 2009 – Item submitted by City Clerk Tracy L. Dutton on behalf of the Houston-Galveston Area Council (H-GAC).

SUMMARY:

Mayor Cindy Siegel advised that every year the City was asked to appoint a Representative and an Official Alternate to the General Assembly of the Houston-Galveston Area Council. This year, the appointment would be made for the 2009 year. She noted that
Councilman Pat McLaughlan was the City’s current Representative and had been elected by the General Assembly to the Houston-Galveston Area Council Board, which met on a monthly basis. Councilman Will Hickman had been serving as the City’s Official Alternate to the General Assembly. Mayor Siegel asked Councilman McLaughlan if he would be willing to serve again, if nominated.

**Councilman Pat McLaughlan** advised that he would like to serve one more year.

**Mayor Siegel** advised that, if nominated, Councilman Will Hickman would also be willing to serve as Official Alternate.

**MOTION TO ADOPT RESOLUTION DESIGNATING A REPRESENTATIVE AND OFFICIAL ALTERNATE TO THE H-GAC GENERAL ASSEMBLY FOR 2009:**

A motion was made by Councilman Phil **Nauert to adopt a resolution** of the City Council of the City of Bellaire, Texas, designating **Pat McLaughlan as Representative and Will Hickman as Official Alternate to the General Assembly of the Houston-Galveston Area Council for the year 2009.** Mayor Pro Tem Peggy **Faulk seconded** the motion.

**VOTE ON MOTION TO ADOPT RESOLUTION DESIGNATING A REPRESENTATIVE AND OFFICIAL ALTERNATE TO THE H-GAC GENERAL ASSEMBLY FOR 2009:**

Motion **carried** unanimously on a **6-0** vote as follows:

**FOR:** Siegel, Cindy  
Avioli, James P., Sr.  
Faulk, Peggy  
Nauert, Phil  
McLaughlan, Pat  
Jeffery, John  

**OPPOSED:** None  

**ABSENT:** Hickman, Will  

{Resolution was subsequently numbered: 08-06}

**H. COUNCIL CORRESPONDENCE AND COMMENTS.**

Discussion only.
I. ADJOURNMENT.

MOTION TO ADJOURN:

A joint motion was made by Councilman Pat McLaughlan and Councilman John Jeffery and seconded by Councilman Phil Nauert to adjourn the Regular Session of the City Council of the City of Bellaire, Texas, at 8:07 p.m. on Monday, October 6, 2008.

VOTE ON MOTION TO ADJOURN:

Motion carried unanimously on a 6-0 vote as follows:

FOR:
Siegel, Cindy
Avioli, James P., Sr.
Faulk, Peggy
Nauert, Phil
McLaughlan, Pat
Jeffery, John

OPPOSED:
None

ABSENT:
Hickman, Will

Respectfully submitted,

____________________________
Tracy L. Dutton, TRMC
City Clerk
City of Bellaire, Texas

Approved:

____________________________
Cynthia Siegel, Mayor
City of Bellaire, Texas