CITY COUNCIL MEETING MINUTES
TUESDAY, SEPTEMBER 28, 2010

The City Council of the City of Bellaire, Texas, met in Special Session on Tuesday, September 28, 2010, in the Council Chamber, First Floor of City Hall, 7008 South Rice Avenue, Bellaire, Texas 77401, for the following purpose(s):

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

Mayor Siegel called the City Council of the City of Bellaire, Texas, to order at 7:04 p.m. on Tuesday, September 28, 2010.

Also present were Councilmen Will Hickman, James P. Avioli, Sr., and Andrew Friedberg, City Manager Bernard M. Satterwhite, Jr., City Clerk Tracy L. Dutton, and Chief Financial Officer Donna Todd. Councilman Corbett Daniel Parker arrived at 7:25 p.m. Mayor Pro Tem Phil Nauert and Councilwoman Mandy Nathan were absent.

B. READING OF NOTICE OF PUBLIC HEARING – City Clerk Tracy L. Dutton.

City Clerk Dutton read the Notice of Public Hearing into the record.

C. SUMMARY OF PUBLIC HEARING PROCEDURE – City Manager Bernard M. Satterwhite, Jr.

City Manager Satterwhite summarized the public hearing procedure for the evening.

D. PRESENTATION REGARDING THE PROPOSED TAX INCREASE FOR THE CITY OF BELLAIRE, TEXAS* - Chief Financial Officer Donna Todd.

*The City of Bellaire, Texas, is proposing a property tax rate of $0.3999. That rate would raise $12,859,662 in revenue, which is $322,150 more than taxes imposed last year.

City Manager Satterwhite noted that this evening was the first of two public hearings to be held on the proposed tax rate increase. The second public hearing was scheduled on Monday, October 4, 2010, at 6:00 p.m. in the Council Chamber, First Floor of City Hall, 7008 South Rice Avenue, Bellaire, Texas.
City Manager Satterwhite next provided a brief summary to inform City Council of the budgetary challenges that led to the proposed tax rate increase. He began by noting that the budget for fiscal year 2011 (commencing on October 1, 2010, and ending on September 30, 2011) was unanimously approved by City Council on Monday, September 20, 2010. That budget showed a projected 4.8% decrease in General Fund revenues due to a decrease in the tax base and a decrease in sales tax revenues. It was noted that fines, fees, and investment earnings had also decreased over the past few years.

To balance the budget without having to deficit spend and without raising the General Fund tax rate or water rates, City Staff implemented significant policy changes and substantial cuts in the General Fund and Enterprise Fund. Such changes and/or cuts included hiring freezes in all City Departments, except for positions deemed critical. The funding for 11½ full-time positions had been eliminated since 2009. Overtime was reduced in all departments and some part-time hours and part-time positions had been eliminated.

The approved budget reflected no pay increase for any employees. Over the past year, the City had to increase employees’ out-of-pocket costs for health care premiums and deductibles, effectively decreasing the employees’ disposable income. City Staff was not certain what would happen with health insurance costs this year. It was anticipated that health insurance premium costs would increase. The employees would share in any health insurance premium increases.

Training and associated travel for employees was eliminated except as required for licensing and certification purposes.

The Bellaire Family Aquatic Center would be closed from November to March. Park rights-of-way and Interstate Highway 610 Service Road landscape maintenance were reduced. Litter pickup along the Interstate Highway 610 Service Road would continue.

City Council compensation and meals were eliminated. Memberships and associations were reduced, as were materials and supplies.

Transfers from the General Fund to the Capital Improvement Program Fund and the Vehicle, Equipment, and Technology Fund for future purchases were eliminated in the approved budget.

With respect to the Enterprise Fund (which did not affect property taxes, but would affect user fees), the numbers of garbage bags to be distributed to residents were reduced.

As for the tax rate, City Staff was proposed a 2.4 cent increase in the tax rate from $0.3759 to $0.3999 due to a 2.4% decline in total taxable value and a 10% increase in the Debt Service Fund on the City’s outstanding bonds. The
2000 and 2005 bond referendums overwhelmingly approved by the voters included the possibility of a five cent tax increase if the tax base did not grow sufficiently to satisfy the Debt Service Fund requirements. Since the initial approval of the bond referendums, the tax base had grown steadily until last year when the growth was less, but still above the conservative model the City had developed for the 2000 and 2005 bond proposals. The City had not anticipated a tax base decrease, which did occur this year.

It was stated that the proposed tax rate of $0.3999 was split between the General Fund in the amount of $0.2639 and the Debt Service Fund in the amount of $0.1360. The total amount that the City needed to pay its outstanding bond obligations was actually greater than what the $0.1360 in property tax revenue would provide. The remainder needed would come from the Debt Service Fund Balance (i.e., $250,000).

In summary, City Staff had proposed to not change the General Fund tax rate of $0.2639 from the prior year. The proposed increase in the Debt Service Fund tax rate was due to the increase in debt service requirements for the City’s bonds at a time when the tax base had actually declined. It was noted that even if the City issued no bonds this coming year, the Debt Service Fund tax rate would still go up in the next year.

City Staff had recommended a tax rate slightly above the effective tax rate. The effective tax rate was noted to be $0.393. The recommended tax rate was $0.3999, a 2.4 cent tax rate increase (1.7% increase) over the effective tax rate and a 6.38% increase over last year’s tax rate. Under the 2.4 cent tax rate increase, the average homeowner of an average home would pay an additional $78 in property taxes. That increased amount would be applied to the Debt Service Fund.

E. RECOGNITION OF CITIZENS AND/OR OTHER INTERESTED PARTIES – Mayor Cindy Siegel.

Robert Riquelmy, 506 Winslow Lane, Bellaire, Texas:

Mr. Riquelmy addressed City Council and noted that the City had experienced a problem because it had borrowed imprudently.

He referred to and read the City’s Mission Statement. Mr. Riquelmy advised that he was willing to pay for outstanding services and facilities. He was not interested in paying for second class services and facilities. He urged City Council to go out and look for what they could do better.

Lynn McBee, 5314 Evergreen Street, Bellaire, Texas:

Ms. McBee stated that there was an article in the newspaper regarding what the Metropolitan Transit Authority of Harris County, Texas (METRO), was doing with its budget. In that article, it indicated that the new President and
Chief Executive Officer would require senior managers to ride the bus or light rail at least 40 times per month. Some of those same executives would have to give up their company cars or car allowances.

Everyone employed by the City of Bellaire was going to give something up under the budget, which was reflected by the proposed tax rate. Since the City Manager’s Employment Agreement authorized him to receive a car allowance and a 5% deferred compensation, she suggested that a cut might be made so that the public’s printed City calendars could be provided.

Ms. McBee asked City Council to consider other increases that residents had to face. She noted that due the change in flood zones, her flood insurance premium had increased by 350%. She indicated that she looked to City Council to see what they could do for the residents. She believed that there was still some room to cut in the budget.

**Madeline Dube, 4625 Beech Street, Bellaire, Texas:**

Ms. Dube advised that she had attended the debate when members of City Council were running for office. Each of the candidates knew the crisis Bellaire was in and many actually touted that they would fight to keep Bellaire’s taxes low.

She suggested that Bellaire be inventive like the City of West University Place who had proposed to keep money that they were giving METRO. They were looking at a tax decrease. She expressed dismay that Bellaire’s tax rate would be above the tax rate to be levied by the City of West University Place.

Ms. Dube pled City Council to look at ways to cut back in some way. When she voted for concrete roads, she did not get them. The portion of Beech Street that she resided on was asphalt. The remainder of Beech Street was concrete.

**Mayor Siegel** read written comments received by the Bellaire City Council in care of the City Clerk into the record at this point in the meeting. Written comments were received from the following:

**Sandeep Seth, 4341 Cynthia Street, Bellaire, Texas:**

Mr. Seth advised that now was not the time to increase taxes in Bellaire. He expressed concern over people struggling all over the nation in terms of low business revenues.

**Tim McGann, 614 Mulberry Lane, Bellaire, Texas:**

Mr. McGann advised that it would be extremely imprudent to raise Bellaire’s tax rate in the present economic environment. He did not believe people were making 6.4% more than one year ago.
Citizens were being forced to tighten their belts, do with less, and live within their means. He questioned when government would do the same.

He urged City Council to look for ways to cut spending.

Tim Myers, 4803 Valerie Street, Bellaire, Texas:

Mr. Myers asked City Council not to support a tax increase. He advised that the City of Bellaire had enjoyed years of increased revenues from increasing property values. Property values were now down because the citizens of the community had been affected by the recession. An increase in the tax rate would make Bellaire less affordable and depress property values further.

He urged City Council to hold the line on most budget categories and to cut expenses in less critical areas.

Keith Bowers, 4909 Jessamine Street, Bellaire, Texas:

Mr. Bowers stated that he would support a tax rate increase deductible against federal income tax only if the flat monthly charge on his water bill, which was nondeductible, was reduced by an equal amount. The present Bellaire tax structure was not efficient and cost the citizens extra money.

He urged City Council to consider the following: 1) charge for garbage pickup by container and not by the month; 2) permanent reduction in headcount in all departments; 3) postponement of elective capital expenses; 4) a freeze on salaries for one year; and 5) elimination of unfilled positions open for three or more months.

Linda Wilhelm, 143 Beverly Street, Bellaire, Texas:

Ms. Wilhelm advised that she was against the tax rate and as far as she could tell no property values had decreased in Bellaire. She questioned why taxes should rise and urged City Council to find another way to cover the basics.

Brigitte Minkowitz, 5108 Valerie Street, Bellaire, Texas:

Ms. Minkowitz referred to the proposed tax increase and noted that it represented a 6.4% increase compared to last year’s tax rate. She opposed the increase in view of the economic times. She stated that her own revenues were down as well. She indicated that if the City needed to fund more projects, then those projects should be funded through a bond issuance, another creative way, or a delay until the economy turned around.
Rhonda Hill, 1016 Howard Lane, Bellaire, Texas:

Ms. Hill advised that she was against the proposed tax increase. She referred to Howard Lane and noted that the street received very little, if at all, in the way of improvements while many other areas of the City had concrete streets with beautiful brick insets. She resented funding tremendous upgrades on infrastructure while her street flooded during every heavy rain.

Andrea Blitzer, 5416 Patrick Henry Street, Bellaire, Texas:

Ms. Blitzer referred to the fact that the country was not enjoying great economic stability now. Restaurants and stores had complained about dwindling patronage. She did not believe an increase in taxes for residents would help the situation.

She urged City Council to re-evaluate its redevelopment plan and cut back. She indicated that citizens looked to City Council to spend their money wisely and strongly urged City Council not to raise taxes.

Dave Browne, President, Browne Consulting, 5304 Evergreen Street, Bellaire, Texas:

Mr. Browne advised that he was a small business owner in Bellaire and had been hit hard by the economy. An increase in property taxes would put his business in jeopardy and possibly put him out of business. He was also a property homeowner and protested the proposed tax increase.

F. QUESTIONS FROM THE CITY COUNCIL OF THE CITY OF BELLAIRE, TEXAS – Mayor Cindy Siegel.

City Manager Satterwhite answered questions posed by members of City Council regarding the tax rate as it applied to budgetary matters.

G. CLOSE OF PUBLIC HEARING – Mayor Cindy Siegel.

Mayor Siegel closed the public hearing before City Council regarding the proposed tax increase for the City of Bellaire, Texas, at 8:13 p.m. on Tuesday, September 28, 2010. It was noted that no oral comments would be accepted after the close of the public hearing. Written comments to be read in the record during the public hearing on October 4, 2010, could be submitted to City Council in care of the City Clerk until noon on Thursday, September 30, 2010, in order to be considered for the record.

H. ADJOURNMENT.

Councilman Parker moved to adjourn the Special Session (Public Hearing) before the City Council of the City of Bellaire, Texas, at 8:15 p.m. on Tuesday, September 28, 2010. Councilman Friedberg
seconded the motion. The motion carried unanimously on a 5-0 vote as follows:

FOR: Mayor Siegel, Councilmen Hickman, Avioli, Parker, and Friedberg

OPPOSED: None

ABSENT: Mayor Pro Tem Nauert and Councilwoman Nathan

Respectfully submitted,

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

Approved:

____________________________
Cynthia Siegel, Mayor
City of Bellaire, Texas