CITY COUNCIL MEETING MINUTES
MONDAY, OCTOBER 4, 2010

The City Council of the City of Bellaire, Texas, met in Special Session on Monday, October 4, 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 6:01 p.m. on Monday, October 4, 2010.

Also present were Mayor Pro Tem Phil Nauert, Councilmen Will Hickman, James P. Avioli, Sr., and Corbett Daniel Parker, Councilwoman Mandy Nathan, City Manager Bernard M. Satterwhite, Jr., City Clerk Tracy L. Dutton, and Chief Financial Officer Donna Todd. Councilman Andrew Friedberg arrived at 6:04 p.m.

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 the City was conducting a second public hearing this evening in compliance with truth-in-taxation legislation. Truth-in-taxation legislation required that an entity proposing a tax rate above either the lower of the effective tax rate or rollback rate, hold two public hearings. The first public hearing was held last Tuesday on September 28, 2010. Action by City Council on the proposed tax rate would be scheduled on an agenda in two weeks.
Under state legislation, the budget had to be adopted first, which the City did on September 20, 2010. After that time, the tax rate could be set. The tax rate had to be set within 60 days within receipt of the certified tax rolls or the end of September, which was later. In Bellaire’s case, the certified rolls were received on September 2, 2010, so the City had until November 1, 2010, to set its tax rate.

City Staff was proposing a 2.4 cent increase in the tax rate from $0.3759 to $0.3999 due to a 2.42% decline in total taxable value and a 9.6% increase in debt service on the City’s outstanding bonds. The 2.4 cent increase would be allocated in its entirety to the Debt Service Fund, which meant that the City anticipated a decrease in tax revenues and total revenues in the General Fund (operating fund). Not only did tax revenues decrease in the General Fund, but other revenues decreased overall in the General Fund, primarily in fines, interest, and other fees.

City Manager Satterwhite referred to a few questions that had arisen during the public hearing on the tax rate increase held during the previous week. One question related to the impact to the City’s revenues if the tax rate were set at $0.3759. The total impact to the revenues would be a decrease of $786,000. All but $7,400 of that amount would impact the General Fund. In other words, General Fund revenues would decrease from what the City had approved in the budget by $778,577.00.

Another question related to what other cities were doing and/or not doing and how their rates compared with Bellaire’s rates, as well as the impact of the homestead exemption on those rates. Even though West University Place’s tax rate was proposed to be lower than Bellaire’s, a resident’s actual tax bill would be higher on a similarly priced residence. This was also the case with Southside Place. City Manager Satterwhite indicated that he looked up Houston, West University Place, and Southside Place for comparative data. Houston’s current rate was $0.63875 per $100 valuation. Houston did have a homestead exemption. In Houston, the tax on a $100,000 homestead would be $511 per $100,000 valuation. In West University Place, the current rate was $0.35875 per $100 valuation. The tax on a West University Place homestead per $100,000 would be $358.75. In Southside Place, the tax rate this year was $0.347833, so the tax on a Southside Place homestead would be $347.83 per $100,000 valuation. In Bellaire, the current rate was $0.3759, so the tax on a homestead in Bellaire was $300.72.

Going into the proposed rate, City Manager Satterwhite indicated that he could not find Houston’s proposed rate, so he assumed they were leaving it the same of $0.63875, so their tax would be $511. West University Place had proposed a rate of $0.38805. If the proposed rate were set, their tax bill would be $388.05 per $100,000 valuation. Southside Place was adopting the same rate as the previous year, so their tax would still be $347.83. Bellaire would still be less than any of those three cities.
City Manager Satterwhite referred additionally to a letter from a citizen who indicated that it appeared that there were employee raises in the budget. It did appear that way, but an explanation was given during the budget process. The reason that the salaries appeared a bit higher was due to the way in which step increases were processed for employees. For 2010, step increases were approved for all employees. If an employee met the minimum acceptable performance, that employee would get a step increase of 3-1/2% on the anniversary of their employment date with the City. If an employee received their step increase in February, for example, that employee was paid at the 2009 rate up to that point, then paid at the fiscal year 2010 rate all the way through to the next February.

City Manager Satterwhite stated that no employee would receive any type of salary increase whatsoever in 2011.

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

**Win Frazier, 4721 Jessamine Street, Bellaire, Texas:**

Mr. Frazier addressed City Council and advised that as a Bellaire resident for nearly 22 years, he had paid more than his share of taxes. No one truly liked a tax increase; however, some things were necessary. Mr. Frazier stated that he had attended budget workshop and numerous cuts had been made by City Staff.

Additionally, in 2000 and 2005, Bellaire bond referendums were overwhelmingly approved by Bellaire voters, which included the possibility of a five cent tax increase. Residents could not now pretend to be surprised about this. The debt service payments were not discretionary.

In closing, Mr. Frazier advised that he did not want his quality of life reduced and he wanted his property values to remain high. If any more funds were cut from the budget, he was afraid those things might happen. He advised that he supported the increase in the tax rate.

**Richard Franke, 1104 Howard Lane, Bellaire, Texas:**

Mr. Franke addressed City Council and advised that City Council had done a great job evaluating and discerning the budget. If he had to say anything about it, he thought City Council went too far. He expressed concern with a reduction in staff in some areas of the City.

With respect to Bellaire’s quality of life, public safety, and protection of the tax base, the City seemed to be all over the map. To that regard, the City needed some type of town hall meeting with outside consultation from the corporate world leading the City in some type of overall risk assessment of the issues facing the City of Bellaire. For example, what were Bellaire’s
standards, objectives, and things that could adversely or positively influence issues?

Because the City did not have a comprehensive plan for incurring debt, to set a standard for all infrastructure and all buildings and getting it done in a certain timeframe, some people were being left out. All City Council had to do was to travel from Beechnut up to the 1200 block of Mulberry Lane and Howard Lane to see what was happening east of Newcastle Drive. There was no hope for getting those streets reconstructed.

Mr. Franke advised that he had no problem with the tax increase that was proposed. He felt that residents were paying too little as it was.

[The Speaker’s allotted time ended at this point]

Madeline Dube, 4625 Beech Street, Bellaire, Texas:

Ms. Dube addressed City Council and thanked each member for supporting the City and working for the residents. She indicated that she was not for a tax increase. She was for lowering the budget and finding ways to cut. The country was in a bad economy right now. She suggested deferring advances in technology. The technology that the City desired to purchase today would be so much cheaper next year.

Ms. Dube stated that she loved the City’s parks; however, the park maintenance seemed to be the largest expense. She inquired as to whether there was anything that could be done to lower that. For example, volunteers might consider helping out in the parks to lessen those expenses.

She referred to a suggestion made by Councilman Parker in the previous week to shift the budget so that residents paid more for water. She urged City Council not to place that burden on residents.

In closing, Ms. Dube advised that she hoped City Council could amend the budget and lower costs.

Lynn McBee, 5314 Evergreen Street, Bellaire, Texas:

Ms. McBee addressed City Council and advised that she knew, as City Council knew, that the budget was not going to be changed. The City blamed it on debt service, but it should really be blamed on the City’s hunger for debt. Between 2003 and 2009, the City’s debt had almost doubled. The point was that the City borrowed for things such as a new Aquatic Facility and new Fire Station.

She urged City Council to share the governance with the residents. She indicated that one question would be whether or not the City should incur any further debt. The reality was what the community wanted.
Ms. McBee referred to the many cutbacks made this year and indicated that she did not know how or where to challenge those. The audit indicated that the total number of City positions between 2000 and 2009 had varied very little. The City started with 177 full-time equivalents and ended up in 2009 with 173 full-time equivalents. Management always wanted more as did the citizens. City Council was caught in-between.

In closing, Ms. McBee urged City Council to do some referenda and surveys to determine who Bellaire really wanted to be.

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:

David Freeman, 7405 South Rice Avenue, Bellaire, Texas:

Mr. Freeman was opposed to the proposed tax increase.

Cynthia Freeman, 5009 Mayfair Street, Bellaire, Texas:

Ms. Freeman was opposed to the proposed tax rate increase.

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

Ms. Blitzer advised that she understood the City’s predicament from a financial standpoint (i.e., the need to increase the tax rate), but urged City Council to make future fiscally sound decisions.

Michael Hiller, 4806 Palm Street, Bellaire, Texas:

Mr. Hiller stated that he guessed we built up when values were high and now we were paying.

Nancy Lomax, 4801 Maple Street, Bellaire, Texas:

Ms. Lomax supported the proposed tax increase, but opposed deficit spending, reserve depletion, staff pay cuts or layoffs, or service cuts.

Pat McLaughlan, 5207 Pine Street, Bellaire, Texas:

Mr. McLaughlan supported the proposed tax increase.

Charles Cozewith, 4810 Welford Drive, Bellaire, Texas:

Mr. Cozewith supported the proposed tax increase.
Gordie Beittenmiller, 537 South Third Street, Bellaire, Texas:

Mr. Beittenmiller supported the proposed tax increase as it stood, but generally believed that tax increases were to be avoided in favor of spending cuts.

David Schlosberg, 4539 Beech Street, Bellaire, Texas:

Mr. Schlosberg supported the proposed tax increase.

Hana Ginzbarg, 4520 Oleander Street, Bellaire, Texas:

Ms. Ginzbarg supported the proposed tax increase, but encouraged City Council to look for areas where efficiency could be improved.

Kathy Biddle, 4811 Welford Drive, Bellaire, Texas:

Ms. Biddle supported the proposed tax increase.

Hal and Debbie Sharp, 4610 Valerie Street, Bellaire, Texas:

The Sharps supported the proposed tax increase.

Karen Erwin, 5212 Grand Lake Street, Bellaire, Texas:

Ms. Erwin supported the proposed tax increase.

Doug Christians, 4913 Palmetto Street, Bellaire, Texas:

Mr. Christians supported the proposed tax increase.

Pat and Bob Lunn, 5214 Pine Street, Bellaire, Texas:

The Lunns supported the proposed tax increase.

Peggy Rutledge, 5323 Pine Street, Bellaire, Texas:

Ms. Rutledge supported the proposed tax increase.

Eric Geisler, 4320 Lafayette Street, Bellaire, Texas:

Mr. Geisler supported the proposed tax increase.

Scott Rubenstei, 4612 Cedar Oaks Street, Bellaire, Texas:

Mr. Rubenstein supported the proposed tax increase.
Glen and Brenda Hakemack, 4511 Pine Street, Bellaire, Texas:

The Hakemacks supported the proposed tax increase.

Brenda Cauthen, 5409 Valerie Street, Bellaire, Texas:

Ms. Cauthen supported 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 7:19 p.m. on Monday, October 4, 2010. It was noted that no oral comments would be accepted after the close of the public hearing. Written comments could be submitted to City Council in care of the City Clerk until noon on Thursday, October 14, 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 7:19 p.m. on Monday, October 4, 2010. Councilwoman Nathan seconded the motion. The motion carried unanimously on a 7-0 vote as follows:

FOR: Mayor Siegel, Mayor Pro Tem Nauert, Councilmen Hickman, Avioli, Parker, and Friedberg, and Councilwoman Mandy Nathan

OPPOSED: None

ABSENT: None

Respectfully submitted,

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Tracy L. Dutton, TRMC
City Clerk
City of Bellaire, Texas
Approved:

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Cynthia Siegel, Mayor
City of Bellaire, Texas