CITY COUNCIL MEETING MINUTES  
TUESDAY, MAY 24, 2011

The City Council of the City of Bellaire, Texas, met in Special Session on Tuesday, May 24, 2011, 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 6:08 p.m. on Tuesday, May 24, 2011.

Also present were Mayor Pro Tem Phil Nauert, Councilmen James P. Avioli, Sr., Corbett Daniel Parker, and Andrew Friedberg, Councilwoman Mandy Nathan, City Manager Bernard M. Satterwhite, Jr., City Attorney Alan P. Petrov, and City Clerk Tracy L. Dutton. Councilman Will Hickman was absent.

Specific Use Permit Amendment

B. CONSIDERATION of and possible action on the adoption of an ordinance of the City Council of the City of Bellaire, Texas (“City Council”), amending Ordinance No. 04-094, previously approved and adopted by City Council on December 20, 2004, for the purpose of granting a Specific Use Permit S-66 to Southwest Presbyterian Church, Inc., said amendment of which would include the construction of a new 3,500 square foot one-story structure (Administration/Education Building) on the property just south of the existing Chapel located at 6033 South Rice Avenue, Bellaire, Texas 77401, in the R-3 Residential Zoning District in the City of Bellaire, Texas – Item submitted by City Clerk Tracy L. Dutton on behalf of the City Council.

Councilwoman Nathan moved to adopt an ordinance of the City Council of the City of Bellaire, Texas (“City Council”), amending Ordinance No. 04-094, previously approved and adopted by City Council on December 20, 2004, for the purpose of granting a Specific Use Permit S-66 to Southwest Presbyterian Church, Inc., said amendment of which would include the construction of a new 3,500 square foot one-story structure (Administration/Education Building) on the property just south of the existing Chapel located at 6033 South Rice Avenue, Bellaire, Texas 77401, in the R-3 Residential Zoning District in the City of Bellaire, Texas. Councilman Parker seconded the motion.
Councilman Friedberg began discussion related to the ordinance wherein he indicated that he wished to suggest an amendment to the ordinance to include an additional condition to serve to protect the residents immediately behind on the east side of the church property.

Councilman Friedberg moved to amend the ordinance to include an additional condition in Section 3, page 3 of 5, said Section 3 to read in its entirety as follows (amended portion is set forth below in bold print; one word, “is,” was struck through and replaced with the word “are”; the word “a” was struck through):

Section 3. THAT (1) the condition recommended by the Commission for the installation and maintenance of a vegetative buffer between the existing Church parking lot and the adjacent residential neighborhood (east side of the Church parking lot) consisting of the crepe myrtles (to be maintained at an approximate height of sixteen (16) feet), evergreen shrubs, with an average height of between five (5) feet and ten (10) feet at maturity, to be planted mid-point between the existing crepe myrtles no later than thirty (30) days after approval of the amendment to Specific Use Permit S-66 and prior to the issuance of a building permit for construction of the proposed building, and (2) an additional condition that the structure will not have any windows facing the adjacent single-family homes on the east side of the church property, are hereby considered a requirement of said amendment to Specific Use Permit S-66.

Councilman Parker seconded the amendment to the motion.

Following a brief discussion of the amendment, a vote was taken, which carried unanimously (6-0) as follows:

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

OPPOSED: None

ABSENT: Councilman Hickman

Mayor Siegel, after noting no further discussion on the ordinance, as amended, called for a vote on the ordinance, as amended, which carried unanimously (6-0) as follows:

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

OPPOSED: None
ABSENT: Councilman Hickman

{Ordinance was subsequently numbered: 11-043}

**Budget Guidelines and Parameters**

C. **CONSIDERATION of and possible action on the adoption of a resolution of the City Council of the City of Bellaire, Texas, setting forth guidelines and parameters for City Staff for the budget for the City of Bellaire, Texas, for the fiscal year commencing October 1, 2011, and ending September 30, 2012 – Item submitted by City Manager Bernard M. Satterwhite, Jr.**

**Summary:**

City Manager Satterwhite indicated that for the last eleven (11) years, the City Council had adopted guidelines and parameters in the form of a resolution to give City Staff direction in preparing the City's budget for the upcoming fiscal year.

He indicated further that the guidelines submitted in the proposed resolution were based on assumptions that City Staff considered to be current fiscal realities, and that the purpose of the resolution was to set the foundation for the annual budget.

City Staff, based on preliminary tax rolls, estimated that there would be a one-half percent (1/2%) decrease in the overall values of the tax base, although the commercial areas in Bellaire appeared to have increased by two and one-half percent (2-1/2%).

**Revenues**

Preliminary estimates of other revenues were not assumed to change dramatically from the previous fiscal year. Fines and permit fees had trended upward, and the City was hopeful that revenues for the Parks and Recreation Department would increase as a result of the new fee structure that City Council recently approved.

**Expenditures**

With respect to expenditures, costs were definitely trending up. City Manager Satterwhite advised that, in the past, the City had based its anticipated General Fund growth on the Municipal Cost Index (MCI). In other words, a level was set wherein the General Fund would not increase at a rate higher than the MCI. The MCI was currently at four and one-half percent (4-1/2%) annualized. Since City Staff did not expect the General Fund to increase at that magnitude, if at all, in the next fiscal year, that particular guideline/parameter was not included in the proposed resolution.
Debt Service

City Manager Satterwhite indicated that the first thing the City had to do with respect to its budget was to pay its debt. To meet the City’s 2012 debt requirement, revenues would have to increase with or without a bond issuance. He noted further that, in the previous year, the City did not fully fund its debt service. The City increased the tax rate in the Debt Service Fund by 2.4 cents; however, the increase did not fully fund the debt service requirement. The City elected to draw down its fund balance in the Debt Service Fund to pay for the remainder of the debt service requirement. This year, the debt service requirement would have to be fully funded.

City Staff proposed transferring $950,000 from the Enterprise Fund to the Debt Service Fund as had been done over the past several years to finance previous water/wastewater projects funded by long-term general obligation bonds.

A new parameter/guideline was added this year as follows: “Maintain a fund balance of not less than 5% of total Debt Service expenditures.” City Manager Satterwhite stated that he believed that maintaining a fund balance of 5% of expenditures was reasonable (approximately $285,000).

In the previous year, the total debt requirement was $5,697,220. This requirement was funded with $4,337,129 of property taxes (76% of debt), $973,000 from other revenues, as well as a transfer from the Enterprise Fund, and $386,591 from the fund balance (Debt Service Fund). This year, the City expected a $20,000 increase in the debt requirement of $5,716,958. Since the City no longer had additional funds in its fund balance to pay the debt requirement, approximately 83% would need to be funded through property taxes.

At the current tax rate of 13.6 cents with a proposed tax base decrease, the property tax revenue for the coming fiscal year would be $4.3 million (slightly less than the previous year by $30,000). To make up that difference, it would take one-tenth of one cent to get to last year’s property taxes for the Debt Service Fund or 13.7 cents. To make up the difference in fund balance, an additional 1.22 cents would be needed.

In summary, the preliminary or estimated total tax rate needed for the debt service requirement, assuming bonds for the Baldwin Avenue Project would not be issued, was approximately 1.3 cents higher than the current tax rate. If bonds were issued for the Baldwin Avenue Project, the debt service requirement would increase by $194,910 or a little over one-half cent in the tax rate. The total debt service tax rate would then total 15.5 cents per $100 or a two cent increase in the Debt Service Fund.
General Fund

The first parameter in the General Fund was to maintain a minimum fund balance of two months working capital.

The second parameter was stated as follows: “Expenditures shall not exceed current year revenues.” City Manager Satterwhite indicated that he expected the General Fund revenues to decrease slightly, which meant that the General Fund expenditures would probably decrease slightly. There was no requirement in the City Charter or City Code (Code of Ordinances of the City of Bellaire, Texas) to have a balanced budget. City Manager Satterwhite felt personally that the City did need to work toward a balanced budget, which was also his goal.

The third parameter was noted to be “expenditures shall not exceed the fiscal year 2011 budget, as amended.” It was noted further that the limitations/parameters in the proposed resolution were maximum limitations.

City Manager Satterwhite advised that he would like to transfer excess balances to the Capital Improvement Program (CIP) Fund and the Vehicle, Equipment and Technology (VET) Fund. He stated that the fund balance could always be pulled back if it were needed.

The final parameter set forth in the proposed resolution for the General Fund was stated as “competitive employee compensation and benefit programs, commensurate with current market and economic conditions, shall be maintained.” He indicated that during the previous year, the step increase in the City’s pay plan was suspended, and employees had not received a market adjustment for the past two years.

With respect to benefits, the City had seen health insurance cost increases, which the employees had shared.

Essentially, the City had effectively reduced the compensation over the past two years for the employees due to increases in health and other benefits.

Capital Improvement Program (CIP) Fund and Vehicle, Equipment and Technology (VET) Fund

The City had obviously cut back on spending in the CIP and VET Funds, but hoped to utilize any excess funds in the General Fund to fund current and future projects. The City would continue to seek alternative funding, where possible, for projects in the CIP and VET Funds (recent examples of which were the a Congestion Mitigation Air Quality grant for traffic signals and stimulus funds for emergency backup generators). A parameter to continue to fund the commitment to the Rebuild Bellaire Program pay-as-you-go component was also included in the proposed resolution.
Enterprise Fund

The parameters included in the proposed resolution for the Enterprise Fund were noted to be fairly simple. The City wished to set rates sufficient to provide for costs and recapitalization priorities. Rates for services would be reviewed this year and appropriate recommendations made to City Council. Rates had not been raised since 2006 and the City was still recapitalizing with working capital. The City had not issued any debt for its recent water and wastewater projects.

A parameter was also included for the Enterprise Fund to provide for a transfer not to exceed $950,000 to the Debt Service Fund to be applied toward existing debt arising from previously funded water/wastewater system projects.

Budget Contingencies

Parameters related to budget contingencies were stated as follows:

1. Develop contingency plans to deal with uncertainties in the current economic environment in the event planned revenues fall short of expectations; and

2. Present contingency plans in conjunction with the presentation of the annual budget to City Council.

Priorities

A new parameter related to priorities was added this year as follows: “work closely with City Council to develop priorities to facilitate decision-making necessary to meet the guidelines and parameters contained herein.

Mayor Siegel recognized members of City Council at this time for questions prior to getting a motion on the floor related to the resolution.

Following questions of City Manager Satterwhite by members of City Council, Councilman Parker moved to adopt a resolution of the City Council of the City of Bellaire, Texas, establishing guidelines and parameters for City Staff for the budget for the City of Bellaire, Texas, for the fiscal year commencing October 1, 2011, and ending September 30, 2012 (fiscal year 2012). Mayor Pro Tem Nauert seconded the motion.

Following discussion related to the tax rate, Councilman Parker moved to amend the resolution to include the following subsection before the “Debt Service” subsection under Section 2 as follows:
Overall Tax Rate

- The overall tax rate (Debt Service and General Fund rates) will not increase over the fiscal year 2011 overall tax rate.

Mayor Siegel seconded the amendment.

Following a suggestion by City Manager Satterwhite, the amendment was reworded and accepted by Councilman Parker and Mayor Siegel to read as follows:

Overall Tax Rate

- The fiscal year 2012 budget will be developed at a total tax rate not to exceed the fiscal year 2011 total tax rate.

Following discussion related to the amendment, a vote was taken on the amendment, which carried unanimously (6-0) as follows:

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

OPPOSED: None

ABSENT: Councilman Hickman

Councilman Avioli proposed an amendment to the third bullet point under Section 2 of the General Fund subsection to amend the bullet point to read as follows:

Expenditures shall not exceed fiscal year 2011 actual expenditures.

Councilman Parker seconded the amendment.

Following discussion related to the amendment, a vote was taken, which carried 4-2 as follows:

FOR: Mayor Siegel, Mayor Pro Tem Nauert, Councilmen Avioli and Parker

OPPOSED: Councilman Friedberg and Councilwoman Nathan*

ABSENT: Councilman Hickman
*Councilman Friedberg had offered as a friendly amendment that the words “estimated” or “projected” be used in place of “actual,” but that friendly amendment was declined. Councilman Friedberg and Councilwoman Nathan voted against the amendment on the basis that “actual expenditures,” by definition, would not be available in time for the proposed parameter to be fulfilled.

Mayor Pro Tem Nauert proposed an amendment to the second bullet points of the Debt Service and Enterprise Fund subsections of Section 2, to read as follows (amended portion is set forth below in bold print):

Debt Service

- Include in revenues a transfer of **not less than** $950,000 from the Enterprise Fund working capital to finance previous water/wastewater projects funded by long-term general obligation bonds;

Enterprise Fund

- Provide for a transfer of **not less than** $950,000 to the Debt Service Fund to be applied toward existing debt arising from previously funded water/wastewater system projects.

Councilman Friedberg seconded the amendment.

Following discussion regarding the amendment, a vote was taken, which carried unanimously (6-0) as follows:

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

**OPPOSED:** None

**ABSENT:** Councilman Hickman

After noting no further discussion on the motion, as amended, Mayor Siegel called for a vote, which carried unanimously (6-0) as follows:

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

**OPPOSED:** None
ABSENT: Councilman Hickman

{Resolution was subsequently numbered: 11-06}

D. ADJOURNMENT.

Mayor Pro Tem Nauert moved to adjourn the Special Session (Specific Use Permit Amendment and Budget) of the City Council of the City of Bellaire, Texas, at 9:43 p.m. on Tuesday, May 24, 2011. Councilwoman Nathan seconded the motion. The motion carried unanimously on a 6-0 vote as follows:

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

OPPOSED: None

ABSENT: Councilman Hickman

Respectfully submitted,

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

Approved:

Cynthia Siegel, Mayor
City of Bellaire, Texas