

THE STATE OF TEXAS §
COUNTY OF ANDERSON §
CITY OF PALESTINE §

The City Council of the City of Palestine, Texas convened in a work session on Friday, August 7, 2015 at 12:00 p.m. for the work session in the City Regular Meeting in the Council Chambers at City Hall, 504 N. Queen Street, Palestine, Texas, with the following people present:

Mayor Bob Herrington; Mayor Pro Tem Adam Harding; Councilmembers Mitchell Jordan, Joseph Thompson, Doug Smith, and Steve Presley; City Manager Wendy Ellis, and City Secretary Teresa Herrera.

Other staff present: Development Services Director Jeffrey Lyons, Communications Manager Laura Westgate, Emergency Management Coordinator Scott Parkhurst, Fire Chief Alan Wilcher, Asst. Police Chief Jeff Powell, Community Services Director Roy Crouch, Interim Finance Director Becky Roseberry, Admin. Asst. Nan Brock, and PEDC Director Tom Manskey.

Councilmember Vickey L. Chivers was absent.

CALL TO ORDER

Mayor Herrington called the work session to order at 12:05 p.m.

Discuss options for the proposed tax rate and 2015-2016 fiscal year budget.

City Manager Ellis gave a PowerPoint presentation. City Manager Ellis states the City's current tax rate was 0.64889 per one hundred dollar (\$100) of valuation. Certified tax value for 2014 was \$926,504,849 and certified tax value for 2015 is \$977,800,461. She added that because of the increase in property tax value the effective tax rate of 0.622715 is lower than the existing tax rate of 0.64889. City Council will need to set a proposed tax rate at Monday's Council Meeting. City Manager Ellis explained that the I&S rate will not need to increase this year because the \$400,000 estimated payment from the County will be pledged as a payment against the debt service for tax notes. She added that next year the I&S rate will need to be increased. Tax impact based on per \$100 value:

Tax Rate	Home Value				
	65,000	85,000	100,000	150,000	
0.64889	421.78	551.56	648.89	973.34	Current Rate
0.65889	428.28	560.06	658.89	988.34	0.01 increase
0.66889	434.78	568.56	668.89	1,003.34	0.02 increase
0.67889	441.28	577.06	678.89	1,018.34	0.03 increase

Projected Sales Tax per Muniservices

	FY 2015	FY 2016	FY 2017
Pessimistic	6,387,302	6,905,675	7,395,978
Most Likely	6,429,506	7,079,550	7,723,789
Optimistic	6,471,902	7,255,327	8,053,413

The proposed budgeted expenses for 2015-2016 will be \$15,018,310. This includes the following:

- 8% increase in Health Insurance expenses
- Step Raises (non-civil employees)
 - 3% employees making less than \$15 per hour
 - 1.5% employees making more than \$15 per hour
 - 1% all senior level employees
- Step Increases for Fire Department
 - 6% Firefighters
 - 4.5% Drivers and Lieutenants

- 3% Captains and Battalion Chiefs
 - Reorganization of Police Department with additional positions created
- This proposed budget does not include the following:

- No money set aside for Fund Balance
- No money for fund CIP projects
- No additional monies for vehicle purchases
- No additional monies for increased staffing
- No monies for Chip Seal

If the existing tax rate with mostly likely sales tax projections we are still at \$142,000 deficit in General Fund and if the existing tax rate with optimistic sales tax projections we would have \$4,000 surplus in the General Fund. This also reflects the City Marshal position being transferred to Police Department as Warrant Officer. Vehicles will be purchased with \$300,000.

Councilmember Thompson asked about the status for a grant submitted by Fire Department to purchase a new fire truck. City Manager Ellis answered that the City is still waiting and at this point no news is good news. If the grant is not approved the truck could be purchased and the first payment would not be due until FY 2016-2017. She added that equipment fund has \$300,000 that can be used to purchase vehicles out right still leaving money in that fund for at least two years of lease payments. The \$300,000 will be used to purchase of the following vehicles and equipment:

- Jet Trailer/Sewer Rodding - Utilities Department
- 2 - Standard Pickups - Utilities Department (Meter Readers)
- 2 - Ford Sedan Interceptor - Police Department
- 1 - Crew Cab F-250 - Streets Department
- 1 - 1 Ton Pickup with utility bed - Utilities Department
- 1 - Crew Cab F-250 - Parks Department
- 1 - 72" Zero Turn Mower - Parks Department
- 2 - 52" Zero Turn Mower - Parks Department

Mayor Herrington states that the City needs to be conservative with sales tax and if there is a surplus then the City has additional money for other projects. He suggested cutting back on community events. He also requested a 10 year minimum chart of debt service and tax abatements. Adding that zoning issues need to be addressed and a conservative budget is needed this year to fall back on.

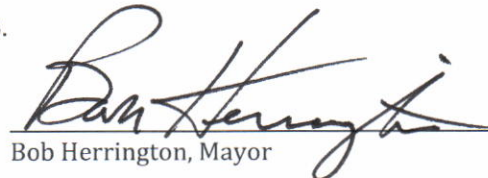
Councilmember Presley left at 1:24 p.m.

City Council directed the City Manager to make cuts in the budget and present a balanced budget using the pessimistic projects for FY 2015-2016.

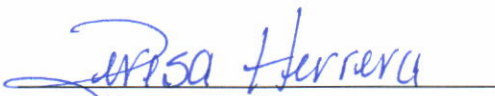
ADJOURN

With no other business to come before the Council, the work session was adjourned at 1:35 p.m.

PASSED AND APPROVED THIS 24th DAY OF AUGUST, 2015.


Bob Herrington, Mayor

ATTEST:


Teresa Herrera, City Secretary

