

**City of Alpine  
Special City Council Meeting  
Tuesday, August 19th, 2014  
5:00 P.M.  
Minutes**

- 1. Call to Order, Invocation and Pledge of allegiance to the flag – Mayor Rangra called the meeting to order.**
- 2. Determination of a quorum and proof of notice of the meeting – Mayor Rangra, Councilmembers Bermudez, Salas, Fitzgerald, Gonzales and Stephens were present. The meeting notice had been posted on August 15th, 2014 at 4:15 P.M.**
- 3. Presentations, recognitions and proclamations –**
- 4. Reports –**
  - City Mayor’s Report -**
  - City Manager Report –**
  - City Staff Updates –**
- 5. Citizens Comments (on agenda items) – (limited to 3 minutes) –**
- 6. Public Hearings -**
  - A. Public Hearing to obtain citizens views and comments concerning 2014 Tax Year Proposed Property Tax Rate for the City of Alpine, Texas. A tax rate of \$0.607781 per \$100 valuation has been recommended for FY 2014/2015 proposed budget. (E. Zimmer, CM) - City Manager Zimmer said before we get into the public comment section he wanted to take everyone through some of the different methodology that we used in the formation of the proposed budget for this year and that way it will help for more robust dialogue from the citizens of the community today. He said fortunately by getting the proposed budget out on August 8<sup>th</sup>, that has allowed us 11 days up to this point to receive quite a bit of good candid feedback from the community. He said he thinks by having our public hearing today, we have tried to give some ample time to have some questions and thoughts shared prior to today. He said he first wanted to talk about the methodology and the recommendation. He said we built the budget this year using zero based and some historical view perspective. He said items like our wages, insurance, capital needs, health insurance, we all built using the zero**

based methodology. He said what he means by that, for example with the wages, we looked at each department, all of the employees, what their current pay rate is, what a proposed merit increase would look like and then we have absolute hard dollars in those particular line items. He said the same thing with insurance. We looked at what the quoted rate would be for health insurance, for the insurance to the TML insurance risk pool. He said there were some items, like supplies, some of our electricity, some of our vehicle maintenance, where we really use the historical trending and we said okay, what have we spent over the last couple of years, where do we generally feel like we will be this next year? He said on the government side of the budget we took all of those elements and we came up with what an expense level would be for the City of Alpine out of the government fund. He said today we are talking about the proposed tax rate, so we are not going to talk about water, sewer, sanitation or gas. He said we are simply talking about the government fund in the formation of that. He said we have different revenue drivers, that drive revenue into the government fund. He said your primary two, though, that we think about, are sales tax and the ad valorem tax. He said we looked at what all of those elements would be and came up with what that expense dollar was and then we turned around and said okay, this year we know we are going to do a better job of dividing out management and operation (M&O) and the I&S dollars. He said when you take in your tax dollars one of the things that he and Megan clearly delineated this year is that we have to separate the injection of those funds into an M&O account and into an I&S Account. He said that is something that when we walked into this, had not been done. He said we had to make that differentiation this year. He said that came up with a dollar amount around the 1.5 million range that we needed to ingest for M&O according to the building of the budget. He said that is where we really formed that proposed tax rate from. He said we had to accumulate \$288,000 for I&S. He said we knew that as far as our debt payments go. He said our M & O needed to be 1.5 million. He said that is where, based on running that particular chart, that is where they came up with that tax rate. He said it is kind of a look on what the total assessed value is and then we looked at what the current tax rate was, M&O, I&S. He said that would be the total if we used the existing tax rate, the proposed tax rate. He said one of the things that he has been asked is what would our budget this year look like if you kept that current tax rate, that .5385. He said if you take the budget that was proposed on August 8<sup>th</sup> and you ask him to reduce to keep the current tax level of .5385, what would he reduce? He said the reductions they looked at were \$20,000 from the Airport, \$50,000 in road materials (which would reduce this year's work by a quarter – so basically if you see how much work we have done this year, we would stop and not do Sul Ross), parks we would have to reduce from a \$64,000 capital spend to about \$54,000. He said we have a position within the PD that we would have to reduce, we have some planned maintenance on a ladder truck with the fire department that we would have to reduce. He said we would take

down some of our technology spend by \$10,000. He said we looked at the travel and training across all the departments in the government fund and said what if we took 20% out there, that would be \$15,200 and then the other \$47,000, we would reduce out of our wages, overtime and benefits, so we would look at a position reduction, within our current workforce. He said that total would give us \$241,000. He said the reason why he wanted to show that to everybody is through his office, for the duration of the year, and for some of these different board meetings, commission meetings and council meetings, he gets a lot of feedback on why don't we add more money here, or why don't we do this project. He said what he wants to share with everybody is obviously all those projects cost money. He said when we look at definitively if we want to keep our tax rate at a certain level, we are going to have to make some sacrifices on some certain items. He said he also tries to separate out what our wants are vs. what our needs are. He said one of the issues that he has on these reductions is the Airport and pushing off that work for another year. He said that is an absolute need. He said we have a high amount of commerce that comes through the Airport, specifically with UPS. He said we also have medical runs that come out of there that benefit beyond just the general airport users but are benefitting a lot of the constituents in Alpine. He said what we would do in that case as well is look at selling off some of our current assets from a city perspective. He said things like older fire trucks and older vehicles that we no longer use that we have sitting out at 15 acre, which is where the recycle center is. He said we have a couple of trucks there at the old fire station here. He said we also have several pieces of land in town that we would make an assertion on and say maybe if we sold off some of these lots, we could promote further development which would grow the tax base additionally. He said we would then, if we kept the current tax rate and made these reductions, take a hard look at doing this to generate cash to invest back in the airport and invest back in the parks. He said kind of thinking beyond the scope of what it would take but how would we continue to grow and develop Alpine. He said he definitely wanted to share that perspective. He said this is a lot of the work that he and Megan specifically have done with the help and support of the staff and comments from people in the community too. He said he offered that up as thoughts as we head into the public hearing. Barbara said at this point the public would come up and make their comments or ask their questions at this time. Manfred Fritsche said the City Manager went right into the public comments section and he was going to raise two issues in the nature of a point of order. He said Section 5.05 (a) of the Charter, calls for a general summary of the budget to be published in one or more newspapers of general circulation. He said that has not been done and therefore the public is more or less ignorant as to the details and the reasons why the City Manager proposed the tax rate that he did and he was going to ask that the Mayor render a ruling as to whether or not the City Charter has been violated since no summary of the budget has appeared in the local

newspaper of general distribution. Mayor Rangra said we need to ask the Attorney that question. Barbara said this is a public hearing on the tax rate and the article 5.05 of the Charter relates to publication of the budget. She said she understood that the budget has been available for the public to get a copy at this time. She said this has to do with the budget hearing which has not happened yet, as she understands. She said 5.05 has to do with the budget hearing so it does not apply, in her opinion, at this time. Manfred said Section 5.04 (g) in the charter tasks the manager in this budget preparation endeavor to observe the provision that "a proposed expenditure shall not exceed the total estimated income". He said in his opinion since the budget is not balanced, it should be postponed until the budget is presented as balanced. Barbara said as the city goes through the budget process, the budget will need to be balanced at the end of this process but this is all part of the process. She said at this time, that is why you are having this hearing. She said if people want to address issues with the council they can and the council can determine whether there is an issue or not with the budget. The City Manager said anyone who read the management letter understands that within the letter he clearly pointed out there were solutions to reduce the \$36,000. He said it was simply as a demonstration or visibility for the public and the council to see where we were at currently with our airport. He thanked Barbara for her comments. Mayor Rangra said what the purpose of a public hearing is, we provide the document to the public, the public looks at it and if you don't like it, if the revenues do not match the expenditures, you give suggestions to delete this or delete that, or whatever you want to do. He said it is not the final document. He said it is just a draft and we will have three hearings. He said maybe after the third hearing we will have it in good shape and in the mean time let's not have too much stress. Manfred Fritsche said we need to stick with the rules. Mayor Rangra said we will accept whatever suggestions that the public has. Manfred said when he first learned of the Manager's proposed budget with a 27% in the property taxes, he was flabbergasted. He asked if this man had lost any sense of plain common sense. Mayor Rangra told Manfred that there would be no personal attacks. Manfred said he paid \$7.80 to purchase a copy of the budget so he could review the details. Manfred said he would make his comments in two parts. He said part one was to review some factual matters that he believes would require the attention of the council in order to evaluate the merits of this tax increase and the budget that is supported thereby. He said we are talking numbers. He said the manager on page 5 of the budget provides data on the ad valorem tax revenue collected. He said in 2014 \$1.172 million dollars, in 2015 – his projection is \$1,500,535. He said with the new tax rate in place, together with the entries in the taxable property evaluations of \$24 million, the city will add a \$327,000 in additional revenues available. He said yesterday, he visited with Matt White, the Chief Tax Appraiser in Brewster County. He said he asked for the information about what the evaluation increase in the city of Alpine was and the number is \$24 million.

He said Matt produced two documents, the certified totals for two years. He said these were 2013 and 2014. He said last year he shows the ad valorem tax revenue of \$1.455 million at a tax rate of 53 cents, not the \$1,172 million that Mr. Zimmer projects in his proposed budget. He said that is a difference of \$282,000 and he does not know which number is correct. He said last year was at 1.455 million. He said for 2015 his printout of the current tax rate they are certifying to 1.585 million instead of the 1.5 by Erik Zimmer. He said the difference between what the tax office has and what Mr. Zimmer has are different and both of them cannot be correct. The City Manager said he would pull the slides back up because Mr. Fritsche is going back and forth between a combination of M & S, I & O and some of the stats are separated. He said he can show it on the screen and he will see where the numbers match up to Matt's. Dale Christopherson said he had two brief comments. He said he understands that we are talking about taxes rather than the budget. He said he is concerned about the overall debt and the amount to service that debt which in the coming year is \$746,291. He said if that is the case, that is an awful lot. He said that is a lot of money and we need to reduce the outstanding debt. He said on page 13, it talks about legal expenses went up from \$60,000 to \$96,000. He said he knows that this is not the place to look for an answer for that. He said he has been worried about the county budget which he thinks is a more serious problem. He said he has not had a chance to do as he should and come by and ask Megan. He said there were a few increases that jumped out at him. He said he did not know which account 16.16 was. He said it now showed 0. He said the cost of the audit was doubled but he was sure there must be an explanation for it, although maybe not tonight. He said there were a few other minor things that jumped out at him. Mayor Rangra said as comments are made maybe the City Manager could write those down and after everyone is done, he could respond to their questions. Carl Fleming said he had a few statements to make. He said the tax rate seems awfully high. He said there are a lot of people fixing to come into town and a lot of vacant houses in town right now. He said he does understand that it did not just take us a year to get to where we are. He said we have a lot of problems to overcome. He said he had the same questions that Dale had concerning the legal fees. He said he understands that they are high but we have had at least one court case going on and a few other things. He said that is a big chunk - \$60,000. He said the audit has doubled for this year. He said he can see where we probably needed it. He said he thinks the \$30,000 for travel for council is extremely high. He said he thinks that is more than any department, if he is not mistaken. He said the folks from hotel/motel funds are going to have some interesting changes this year. He said there was a very high allotment for Vast Graphics on there too. City Manager Zimmer said the last stop was hotel/motel funds. He said a little different approach on the hotel/motel funds this year and that was having applications come in and he, Molly, Megan, Stewart and Chris review those applications and then provide a recommendation to council early in

September. He said really what we have there is that \$425,000 place holder. He said that money will then be distributed amongst the variety of groups that put in. He said we give them until the end of this month to put in their application and then at that point we will have a special meeting. He said last year we had the meeting during a normal council. He said we discussed separating those. He said there would be more to come on the hotel/motel funds. He said concerning the audit he did not do a good job of explaining in the management letter on the audit piece. He said last year we actually budgeted \$95,000 for the audit. He said it was \$50,000 out of the government fund and \$35,000 out of water and \$10,000 out of gas. He said but because we have now implemented the administrative fee, the government fund is paying the full cost of the audit. He said we did bump it up by \$5,000 this year because we are going to do the financial audit of the municipal court. He said that will be added on top. He said that is where the \$100,000 came from this year. He said concerning legal expenses, we have received a couple of comments on that. He said that is something that he is trying to work with Mick and Barbara on, how we keep our legal expenses lower. He said many times as we have letters or cases that come in we have no control on that. He said council went out last fall and took in applications. He said we had 6 applicants. He said 4 were firms and 2 were individuals. He said one rescinded their application and the other was a brand new lawyer that lived 600 miles from here. He said we selected the McKamie firm based on that. He said he does work diligently to keep those fees down. He said it is hard to estimate what legal expenses or cases that may come up. He said that is why that \$96,000 is there or \$8,000 a month. He said the reduction of the outstanding debt – one of the things that challenged them in the formation of this debt is we had put together our 5 -year capital needs plan and we worked diligently to try to incorporate as many of those needs into this budget as we could. He said there is not enough money to incorporate as many as we would like but that just becomes that balance between how high do we want the tax rate versus what can we do. He said he thinks with racking our brains and talking about it a little bit, the right solution for the city will be to go after some of the existing assets that we have to see if we can sell some of those off to promote some development in Alpine and increase our tax base but also use that money to satiate some of our capital needs. He said the travel and training piece on what we did on the reductions was just across all departments at 20%. He said the other questions that Manfred had were in regards to the 1.585 number. He said if you took what the total taxable value was, the \$294,000 on the 2014 certified totals, and you used that current tax rate, the .5385, what he was trying to explain earlier was this \$288,000 is the portion of the debt that is attributed to our government fund operations. He said out of Dale's comment about \$746,000 in debt that we are paying this year, \$288,000 comes from our government fund. He said the rest of that, if you look down into the water budget, will be paid out of there. He said so when we calculate the tax rate, we have to identify that

\$288,000 from an I&S perspective. He said the rest becomes M&O. He said what you are looking at on the proposed budget, that 1.5 million would still leave the \$288,000 that has to be generated to service the debt. Manfred said you subtracted that on the budget, is that what happened? Erik said there is a different page in our handout that he had where the \$288,000 shows up. Megan said it is fund 75 and the \$288,000 is budgeted under I&S. Erik said to go back to the page that has fund 75 on it on the interest and sinking.

7. **Consent Agenda – (Minutes, Financial reports, Department Written Reports, board appointments, etc.)** – (Notice to the Public – The following items are of a routine and administrative nature. The Council has been furnished with background and support material on each item, and/or it has been discussed at a previous meeting. All items will be acted upon by one vote without being discussed separately unless requested by a Council Member, in which event the item or items will immediately be withdrawn for individual consideration in its normal sequence after the items not requiring separate discussion have been acted upon. The remaining items will be adopted by one vote.)
8. **Information or Discussion items** – (Citizens are allowed to comment – limited to 3 minutes – after being called upon by Mayor.)
9. **Action Items to be accompanied by a brief statement of facts, including where funds are coming from, if applicable. (Action items limited to (up to) 10 per meeting.)** (Citizens are allowed to comment–limited to 3 minutes – After being called upon by Mayor)
10. **Citizens Comments** – (limit 3 minutes). This is the opportunity for visitors and guests to address the City Council on any issue. City Council may not discuss any presented issue, nor may any action be taken on any issue at this time. (Texas Attorney General Opinion JC-0169)  
**Carl Fleming** said it was mentioned that the travel was cut 20% except for the council. He said they still have \$5,000 which is the same as last year. The City Manager said the 20% was across the travel and training on each government fund so that would reduce that \$30,000 by \$6,000 down to \$24,000.  
**Dale Christopherson** said the staff has done a good job of getting this started.
11. **Council Members Comments** –  
**Mayor Rangra** said we have two more hearings and we will, on the 15<sup>th</sup> of next month, have a document which will be far better than anything in the county. He said this document is well prepared and clear. He said you may not agree with the numbers and that is your choice.

12. **Executive Session** – None

13. **Action After Executive Session** – None

14. **Adjournment** – There being no further business, meeting was adjourned.  
Mayor Rangra said the regular meeting would be tonight at 6 P.M.

**NOTICE: The City Council reserves the right to adjourn into Executive Session at any time during the course of this meeting to discuss any of the matters listed on the posted agenda, above, as authorized by the Texas Government Code, Sections 551.071 (consultation with attorney), 551.072 (deliberations about real property), 551.073 (deliberations about gifts and donations), 551.074 (personnel matters), 551.076 (deliberations about security devices), and 551.086 (economic development).**

I certify that this notice was posted at 4:15 P.M. on August 15, 2014, pursuant to Texas Open Meetings Act. (Texas Vernon's Annotated Civil statutes, section 551.043 Texas Government Code.) This facility is wheelchair accessible and accessible parking space is available. Requests for accommodations or interpretive services must be made 48 hours prior to this meeting. Please contact the city secretary's office at (432) 837-3301 or fax (432) 837-2044 for further information.

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Dr. Avinash Rangra, Mayor

Attest:

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Margaret "Molly" Taylor, City Secretary

I, Margaret "Molly" Taylor, City Secretary, do certify that this notice was posted at 4:15 P.M on August 15, 2014, and remained so posted continuously for at least 72 hours preceding the scheduled time of said meeting.

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Margaret "Molly" Taylor, City Secretary