

**MIDLAND CITY COUNCIL
MINUTES
August 16, 2016**

The City Council convened in a Special Session in the Council Chamber, City Hall, Midland, Texas, at 10:00 a.m. on August 16, 2016.

Council Members present: Mayor Jerry F. Morales, Mayor Pro Tem Council Member J.Ross Lacy (District 4), Council Member Scott Dufford (At-Large), Council Member Spencer Robnett (At-Large), Council Member Jeff Sparks (District 1), Council Member John B. Love III (District 2), and Council Member Sharla Hotchkiss (District 3).

Council Members absent: None.

Mayor Morales called the meeting to order at 10:03 a.m.

PUBLIC HEARINGS

1. Hold a public hearing regarding a proposal establishing the ad valorem tax rate of \$0.403560 per \$100 taxable assessed valuation for the Fiscal Year 2016-2017. This is a public hearing only. No further action will be taken. (FINANCE)

Finance Director Pam Simecka gave a brief overview of the item noting this is the first of two required public hearings for the tax rate and to gather public input for the Fiscal Year 2016-2017 budget.

Council Member Lacy reported he will not support anything other than the current effective rate.

Mayor Morales opened the public hearing at 10:05 a.m.

Sue Brannon, 4501 Cardinal, publically thanked Council Member Lacy for trying to hold the budget without increasing taxes and suggested that the City look for places to make cuts. The economy in Midland is rough for everyone and she felt this was not the time to raise taxes. She inquired about a road fund that she believed the City previously had. Council Member Lacy clarified that that Council is appropriating more money to roads in the next budget but noted it was still short of what is really needed to maintain the roads.

Mayor Morales reported that prior to 2008 he did not believe there was a true master plan for roads and that is when Council began to set aside funds for road maintenance.

Misty Goodman, 2811 Metz, recently returned to Midland and asked where all of the Josephs were noting she was referring to the Biblical Joseph who set aside reserves in times of excess so there was enough to go around in times of drought and famine. She felt the tax increase was massive noting her family of six lives off of one income. She asked why the City wanted more money when there has been an excess over the last several years. She specifically pointed to the new community center noting that basic needs needed to be met first.

Mayor Morales noted that Midland's tax rate is very low compared to other similar cities in Texas and that the tax rate has come down from 58 cents per \$100 property valuation to 38 cents. The City has strong savings and they have not had to lay off any police or fire during the economic downturn. He noted the population continues to grow and the City is attempting to maintain all services. A certificate of obligation was not pursued last year even though the roads are in need of repair. Previously, Council kept the effective rate the same and then had to increase it double the following year. Sales tax is down 20% over the last 12 months which means the revenue was lower than projected. He emphasized that the Midland Center is being paid out of Hotel/Motel funds and is not adding any additional property taxes to the citizens.

Council Member Lacy added that over half of the budget is for public safety and explained that health care costs went up \$1.3 million.

John Lebowski, 2001 College Avenue, supports the proposed rate increase noting it will only cost him about \$30. He noted that is less than \$1 per week.

Lonnie Bearden, 2907 Northtown Place, has mixed feelings about the tax. He wonders why someone didn't see the downturn in the oil coming because Midland always has booms and busts. He noted that although sales tax is going down the value of his house has increased three times what he paid for it. He reported if he had a restaurant business and the economy was down he may lay off servers and then add them back when things picked up again. He reported he wouldn't have a problem if public safety was 70% of the budget but all other areas need to stick to the budget.

City Manager Courtney Sharp reported that when the City saw a change in revenue they implemented programs to help such as placing a hiring freeze and slowing down most capital projects. The new municipal court building and fire station were built with excess fund balances from prior years. All staff was directed to cut 5% out of their budgets.

Mayor Morales noted that without staff you can't deliver your product which makes the return on investment pretty bad.

There being no one else wishing to speak, the public hearing was closed at 10:28 a.m.

Council Members commented on the budget noting that we may not be able to get down to the effective rate, but some felt that 4% over effective rate was too high.

Council Member Love shared a PowerPoint about the condition of roads and felt that 4% was prudent in order to protect Midland's largest asset, but he would support effective plus 3%.

Discussion ensued that a 4% increase would make little difference in the amount that could be directed towards roads and that bonds or certificate of obligations might be a better way to address roads.

All of the business at hand having been completed, the meeting adjourned at 10:36 a.m.

PASSED AND APPROVED the 13th day of September, 2016.

Jerry F. Morales, Mayor

ATTEST:

Amy M. Turner, City Secretary