

September 9, 2021

The Graham City Council met in a SPECIAL CALLED MEETING in the City Hall Council Chambers at 6:00 p.m. on Thursday, September 9, 2021, with the following members present:

MEMBERS:	Mayor:	Neal Blanton
	Mayor Pro-Tem:	Shana Weatherbee-Wolfe
	Council Member:	Alex Heartfield (absent)
	Council Member:	Randy Cantin
	Council Member:	Jack Little
	City Manager:	Brandon Anderson
	City Secretary:	Sharon McFadden

STAFF AND VISITORS: Thomas Wallner of the Graham Leader and Jimmy McLeroy.

ORDER: Mayor Neal Blanton called the meeting to order and opened with prayer. Mayor Blanton announced the public hearing.

**ENTERED INTO A PUBLIC HEARING AT 6:00 P.M.**

Public Hearing on proposed tax rate (ad valorem tax) of 0.6050 (same as 2020-2021 fiscal year rate)  
Public Hearing on proposed 2021-2022 City of Graham budget

**DISCUSSION:**

Brandon said although the agenda incorrectly states the meeting is a budget workshop, that is incorrect. The public hearing is for the proposed tax rate and proposed budget for fiscal year 2021-2022. The packets provided to Council and meeting attendees include the same documents that are available at City Hall and have been on file for public view since August 5, 2021. Brandon said the current proposed budget for the general fund has a surplus of \$9,593.45. The garbage fund has a \$65,000 surplus. The water fund has a surplus of \$185,307.12 surplus. We have been typically trying to run a surplus of \$350,000 to \$400,000 or \$450,000. Brandon said in this water budget, there were three (3) additional full-time positions added and expanded expenses for materials for replacing water lines six (6) inches and less. The sewer fund has a surplus of 26,547.08 budgeted. Brandon said he does not have the capital item list at this time, but the list has been discussed. There will be a capital item list provided. Brandon said this is the proposed budget and there will be another budget, depending on the tax rate selected. The changes anticipated will be the capital items figured in and a considered cost of living raise for City staff. Brandon said for the capital expenses in the general fund will be paid for by money borrowed in a three (3) year note, the same as the previous few years. The capital items designated for the water fund will be paid through revenue generated through water sales. There will be a surplus in the water department, so borrowing is unnecessary. The sewer fund has a lesser surplus and there is a need for gradual improvements in the sewer plant. During the two (2) budget workshops and the previous public hearing, there was discussion on increasing everyone's sewer bill by \$5.00 to generate approximately \$270,000 on an annual basis. The funds generated by the additional sewer charge would provide funds for the sewer department capital items. Brandon said in the future, sewer funds will be set aside for future projects. Randy Cantin asked how much the \$5.00 sewer charge would generate. Brandon said approximately \$270,000 annually based on about 4,500 connections. Jack Little asked what they (Council) are supposed to do about the sewer charge increase. Brandon said on the same day the tax rate and budget are adopted, there will also be an ordinance to adopt the adjustment to the sewer rate. Jack Little asked if that would be voted on (by Council). Brandon said it would be voted on at the September 30, 2021, Council meeting. Brandon said tonight is just a public hearing and there is no action being taken on any items. Randy Cantin asked how the public will be addressed about the increasing sewer rate. Mayor Blanton said to talk about the age of the sewer plant. Randy Cantin said we (referring to Council members) would need to explain what not doing it (repairs to sewer plant) and what it will cause the City (of Graham). Brandon said the sewer plant is a different manner than the water plant. The water plant was very abrupt with no reserves set aside and suddenly; a \$14 million water bond had to be issued to

build a brand new water plant. Brandon said the sewer plant can be repaired a little at a time and the way repairs are being set up. He believes it (sewer repairs) can be made without issuing a bond. Brandon said due to the credit rating of the City (of Graham), it would be better not to issue a bond at this time. Brandon said the rate on the water had to be set high enough to make the bond payments and took a bigger bite to start setting aside a reserve of \$350,000 to \$450,000 on an annual basis. Those water reserve funds are in the process of being put into replacing water lines. Brandon said that ultimately, it includes the alternate water line to town. Brandon said a similar process is planned for the sewer fund. Instead of waiting until the funds are needed and issuing a bond, the funds are being generated to be able to pay on the notes and set aside once caught up. Brandon said once caught up, there could be an option to go back down on the (sewer) rate. Jack Little said people (citizens) should realize \$5.00 should not be much for that item (sewer fund reserve). Mayor Blanton stated he thinks what could happen is the sewer is not seen. Randy Cantin said it is a hidden cost. Mayor Blanton said the sewer cost is there, the streets are there, and potholes are there with certain streets needing work that everyone is aware of. Mayor Blanton said it will be interesting to see how the public views this (sewer rate increase) over the pothole problems that are seen. Brandon said the best similar example to give is what happened at the water plant. The water plant was 40 years old, and the sewer plant is the same age. Brandon said we (City staff and Council) are trying to plan. Randy Cantin said that (Brandon's comments) make it all come together. Jack Little \$5.00 more per month is not going to hurt anyone. Brandon said it is not the City (of Graham's) intention to hurt anyone, but everything continues to go up (cost of goods and services) all around us. Jack Little said \$60.00 a year over issuing a bond would be better. Mayor Blanton asked on the general fund taxes (referring to proposed budget) were based on existing budget amounts. Brandon said the budgeted item on that line item is very similar to what was received last year (2020-2021). Mayor Blanton said it is not based on a tax rate per se. Brandon said it is not and is based on last year which is on the no new tax rate. Brandon said on the final page of the packet, Brandon said the ad valorem tax rate for 2019 was 0.6672 and the 2020 rate was 0.6050. For 2021, the no new tax rate (previously known as the rollback rate) would be 0.5676, to meet the budget would be 0.5820, a two (2) percent raise would be 0.6010 and in the meets budget column, there has been \$100,000 (from \$250,000 to \$350,000) added to the street maintenance column. Brandon said if the rate of 0.6050 were adopted, it would be the same rate as 2020. Brandon said ad valorem tax only applies to the general fund. Brandon said to consider a full three (3) percent raise would ideally be a 0.6100 tax rate. Brandon believes that through conservative budgeting on the revenue side and at the next Council meeting (September 16, 2021) there is another fifteen (15) percent increase in the sales tax collections. Brandon said there should be a surplus of approximately \$600,000 in sales tax revenue. Brandon wants to continue to conservatively budget on the sales tax to get the general fund back to a stable balance and stop borrowing money for capital item purchases. Brandon said the reserve in general will be like what has been done in the water fund and will be doing in the sewer fund. Brandon said there are adjustments that can be made or adopt a slightly negative budget, Council can, and he recommends adopting the same tax rate as last year (2020) of 0.6050. Brandon said there may be somewhat of a deficit budgeted in the general fund but believes it will be made up with the conservative sales tax budget from a revenue standpoint. Brandon said if there are concerns midway through the year (fiscal year 2021-2022), especially on the sales tax revenue, then budget adjustments can be made. Mayor Blanton said savings will need to be found somewhere if that is the case. Brandon said the first few years he was here (City of Graham), there were a lot of budget adjustments necessary and moving forward with being conservative in budgeting. Brandon said when he first came to Graham (2015) there was \$2,400,000 budgeted in sales tax revenue but only received \$1,800,000 which was a \$600,000 deficit. Brandon said when Sharon stepped into that role (Finance Director) in 2016. Brandon said he believes it is important to stay within means and be more conservative in budgeting. At that time (2015, 2016) we (City of Graham) had too much revenue budgeted for what was being received. Randy Cantin said there is concern to seek savings and in different business entities one (1) would borrow from another entity (referring to water or sewer funds transferred to cover deficit in general fund). Brandon said that has taken place in the past where funds were transferred from the water fund (to the general fund). To continue work on the water projects needed, the City (of Graham) must get away from those transfers. Mayor Blanton said what he is referring to is reducing costs or "cuts." Jack Little asked about 0.6100 and 0.6050 tax rates being presented with a difference between \$2,230,389.96 (at 0.610) and \$2,212,108.00 (at 0.6050). Jack Little said that difference is only about \$18,000 and Brandon confirmed. Jack Little said it appears there is focus on the tax rate of 0.6050 and if they (Council) are trying to reflect that the tax raise is not going to be raised. Brandon said if the tax rate of 0.6050 is adopted, that will be the same rate as last year (2020). Brandon said property values have

increased so there will be more revenue generated on the ad valorem tax. If the appraisal district gets the valuation figures more accurate, that is where the increase in revenue will come from. Jack Little referenced the \$18,000 difference between tax rates of 0.6100 and 0.6100. Mayor Blanton said the point is that \$18,000 is not going to be that difficult to find savings. Brandon said he believes it will be generated in surplus revenue in sales tax by approximately \$200,000. Jack Little said he sees there are issues like other communities. He said he sees sewer plant and street issues needing addressed and understands. Jack Little said it is our (referring to City Council) obligation to take care, moving forward, and take care of issues now. Brandon said a good step was made last year with reducing overall staffing with eliminating five (5) full time positions. Brandon said the savings has not been seen truly through the audit in a whole year and understands Jack Little's concerns. Brandon said he wants to see the savings in the first full year and what the recovery rate looks like. Jack Little voiced his concern regarding the minimal impact of the \$18,000 difference in the 0.6100 tax rate and the .0650 tax rate. Mayor Blanton said \$18,000 to some people is a lot of money. Jack Little said the discussion is not about just one (1) person. Mayor Blanton said he understands but \$5.00 a month, there are people out there (Graham community) that do not have that \$5.00 per month. Jack Little said he understands that, and we (City Council and City of Graham staff) have got to get the City, as we are constantly changing, the change is for the better. Jack Little said the population has been stable around 8,000 or so since he moved to Graham in 1981. Mayor Blanton said the water plant can handle a large percentage of population increase. Randy Cantin asked for the percentage (of increased water demand). Mayor Blanton said the increase could probably be nearly doubled. Brandon agreed the increase could likely be twice as much, which is up to 15,000. Brandon said there is an increase, and the City (of Graham) has seen an increase in meters. Fort Belknap (provider of water outside City of Graham limits). Brandon said a proposal like the one (1) from the City of Newcastle is being prepared by Fort Belknap Water Supply and will soon be presented to Council. Brandon said it (referring to the water plant) was built to supply twice as much water as it is currently providing. Randy Cantin said he sees Jack Little's fact of the \$18,000 difference in the tax rates. Randy Cantin said he understands Brandon has proposed the budget to include the improvements necessary moving forward. Randy Cantin said Brandon is proposing to build on it (reserve funds), however, there is no guarantee we can build on it with sales tax. Mayor Blanton said it would also take care of the employees (City of Graham staff salary increases). Jimmy McLeroy said the employees need to be taken care of (referring to salary increases). Brandon said the building continues (reserve funds) and making strides, he said the first two (2) years he was here (City of Graham) there were not enough adjustments made (to the budget) that put the City (of Graham) in a more precarious spot than it should have been. Brandon said there has been continuous improvement and must be gradual. Brandon said when replacing the water meters, had he not gone with the hourly readings, he would not be here (City of Graham) today. That was a huge adjustment to the community (of Graham). Mayor Blanton said that the new water meters have paid off. Jack Little said that was tough issue but had to be done (new meters installed). Randy Cantin said it still is at times (complaints of new meters). Jack Little said things like this (tax rate) make him make uncomfortable when having to vote since he is not experienced or understands. Jack Little said he must defer to you (Brandon Anderson) in that Brandon knows what he is doing (proposing budget and tax rates). Brandon said he feels comfortable that if the 0.6050 rate is considered, the City (of Graham) will be fine for the year (2021-2022). Randy Cantin asked if Brandon thought Council would be satisfied with the result. Brandon said, "Yes, sir." Randy Cantin said being the "newbies" on board (he and Jack Little as new Council members) and if it (proposed tax rate and budget) do not work well, then there can be changes (budget adjustments) made accordingly. Brandon said the interest level in retail business for Graham excites him to a degree because of the potential added sales tax revenue that would be added. We already have the Braum's and there are two (2) or three (3) that are ready and preparing to come (new businesses to Graham). Brandon said he remains concerned for the workforce in Graham and those (businesses) competing against each other. Brandon said barring a major disaster, from a sales tax standpoint, this community (Graham) has strengthened. Brandon said when he first came here (Graham in 2015), there were sixty (60) full time Schlumberger salaries were no longer churning in this community (Graham). Brandon said that was why the sales tax revenue did this (lessened) and now we (City of Graham) are recovering from that. There are other opportunities to bring additional salaries to town (Graham). Brandon said he feels good with that number (referring to 0.6050 tax rate). Mayor Blanton asked if there were any other questions. Shana Weatherbee-Wolfe asked if all the positions were filled (City staff). Brandon said we (City of Graham) are good at this time but there was a panic when losing one (1) employee and there were two (2) others that chose not to leave. Randy Cantin asked if there was any "buzz" about the raises. Brandon said nothing has gotten back to him about employee talk on raises. Brandon said

City (of Graham) employees are appreciative of it (salary increases). Jack Little said the appraisal district wants to increase (their budget) by ten (10) percent. Brandon said the increase is now at 9.6 percent increase. Jack Little said we (Council) must take care of and help our people (City of Graham staff). Jack Little said he would not be opposed if he (Luke Robbins, YCAD) were to give his current employees a 2.5 to 3 percent raise. Brandon said that (YCAD salary increases) were discussed yesterday (September 8, 2021) in the YCAD meeting. Brandon said the difference from ten (10) percent down to 9.6 percent is from three (3) percent to 2.5 percent. Brandon said the YCAD budget did not receive a second motion for the proposed budget presented. Brandon said what was asked from the committee, was for him (Luke Robbins) to propose a new budget that did not include the new position. Brandon said YCAD must adopt a budget by September 15, 2021. Brandon said there will be another YCAD meeting and the earliest would be on Monday (September 13, 2021), so there will have to be a YCAD meeting on Monday (September 13, 2021), Tuesday (September 14, 2021), or Wednesday (September 15, 2021) to adopt a budget. Brandon said there are other things involved and the YCAD staff are professionals. He is not against the cost of living raise for YCAD staff. Brandon said from a performance standpoint, he wants to compare this area of west Texas area as opposed to being told it is the "industry standard." Randy Cantin said in a previous Council meeting Brandon had done an analysis and was amazed in the population difference with other communities having less (appraisal staff). Jack Little said if he (Luke Robbins) is not getting what is needed (quality/quantity of work) from his staff, it is not the employee's fault. Brandon said expectations need to be spelled out. Shana Weatherbee-Wolfe said they (referring to YCAD staff) get cursed at every day on the phone. Jack Little said it is not the fault of the working people; it is the person in charge who needs held accountable. Brandon said he is expanding on the comparison (of tax appraising units) and said in a conversation he had with an employee in Seymour, that she they come into the tax appraisal office angry, but she makes them leave happy. Mayor Blanton said the past three (3) years, we (taxing entities) have put extra money into their (YCAD) budget to upgrade their computer system to become more efficient. Mayor Blanton said that has been paid off and questions if they (YCAD) are more efficient. Mayor Blanton asked Shana Weatherbee-Wolfe if she thinks YCAD has become more efficient. Shana Weatherbee-Wolfe said she does not think they (YCAD staff) understand what they are doing and that is seen when you attempt to question them. Brandon said he is frustrated with the time citizens spend arguing when there is a complaint and a YCAD board member said there are complaints of calls not being returned. Brandon said there is no timely manner and as a taxing entity, he does not want that type of treatment. Randy Cantin said citizens are not getting the service. Brandon said we (City of Graham) is a taxing entity, and he (Luke Robbins) works for us (City of Graham) so if that is the relationship he has with taxing entities, he is really concerned with how taxpayers are being dealt with. Brandon said it is a performance issue and a customer service issue. Brandon said at times there is too much confrontation there (tax appraisal office) and ends up dragging out. Brandon said his philosophy and if her were in those shoes, he would want to more specifics on where a value is coming from. Brandon said with the way the State (of Texas) operates, maybe that cannot be done. Brandon said by the calculation's standpoint, the explanation is not always there. Brandon said four (4) years ago we (he and Luke Robbins) had to sit down and discuss how the calculations are done. Jack Little asked when Darby Brockway's term on YCAD board expires. Brandon said this fall (2021) there will be a transition on that (YCAD) board. Mayor Blanton said there will be three (3) new members on the YCAD board. Mike Sipes, Young County, and "ZB" (referring to Zack Burkett). Brandon said there will be instructions received on how to nominate and there can be multiple nominations. Brandon said his philosophy always has been that if an individual is nominated, then vote for that individual. Brandon said the City of Graham has less than twenty (20) percent because Olney and a few other smaller school districts are included. Our vote gets small and suggested we (City of Graham) partner with someone to make sure all the votes are behind one (1) person to ensure we (City of Graham) has a voice on the YCAD committee. Brandon said in the past it has always been a City Council member but there is nothing saying we must have a Council member. Brandon said if you (referring to Council members) know someone or if one (1) of the Council members wants to volunteer, then we need to know to get prepared. Brandon said he has been talking to Graham Regional Medical Center (GRMC) staff and said previously GRMC was under the City of Graham umbrella. Brandon said it would make sense to be partners in this. Mayor Blanton asked if there was anything else to discuss. Jimmy McLeroy asked if the tax rate of 0.6050 would provide the workers (City staff) with a three (3) percent raise. Brandon said, "Yes, sir." Mayor Blanton said they (City staff) will get the three (3) percent, one way or another.

**EXIT FROM PUBLIC HEARING AT 6:37 P.M.**

ADJOURNMENT: There being no further business, Jack Little made a motion to adjourn the meeting and Randy Cantin seconded. The meeting was adjourned at 6:38 p.m.

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Neal Blanton, Mayor

ATTEST:

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Sharon McFadden, City Secretary