

September 17, 2020

The Graham City Council met in REGULAR SESSION in the Council Chambers at 9:00 a.m. on Thursday, September 17, 2020 with the following members present:

MEMBERS:	Mayor:	Neal Blanton
	Mayor Pro-Tem:	Darby Brockway
	Council Member:	Brint Albritton
		Lee Boyd
		Kyle Peavy
	City Manager:	Brandon Anderson
	City Secretary:	Sharon McFadden
	City Attorney:	Dan De La Cruz
	Municipal Judge:	Teresa Bishop (absent)
	Police Chief:	Brent Bullock (absent)
	Assistant Fire Chief:	Jim Don Laurent (absent)

VISITORS: Thomas Wallner, Kelli Shifflett, Alex Heartfield, Randall Dawson, Krisa De La Cruz, Sarah Lundgren, and Shana Wolfe.

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

PUBLIC FORUM: No comments were made.

APPROVAL OF MINUTES:

Minutes from the Regular Session Council meeting held on Thursday, September 3, 2020 were considered. Lee Boyd made the motion to approve the minutes. Brint Albritton seconded and the minutes were unanimously approved 4-0.

Minutes from the Special Called Council meeting held on Tuesday, September 8, 2020 were considered. Lee Boyd made the motion to approve the minutes. Brint Albritton seconded and the minutes were unanimously approved 4-0.

CONSIDER AND ACT ON THE FINANCIAL REPORTS AS PRESENTED BY THE CHIEF FINANCIAL OFFICER OR HER DESIGNEE:

Sharon provided copies of the bond payment invoices for August 2020 in response to a previous request. Sharon received notice by email from Progressive (now Waste Connections) that there will not be a garbage rate increase this year. Mayor Blanton stated that according to the contract they (Waste Connections) is allowed a cost of living increase. Brandon agreed and said there has been an increase every year. Lee Boyd confirmed there will not be an increase this year. Sharon confirmed no increase for this year. Brandon said our garbage service complaints have substantially increased. Brandon said City staff have had to run an extensive amount of interference for that group (Waste Connections). Brandon has spoken with their management team. City staff take the calls and processes the work orders. Follow through has not been the best. We do not own the trucks nor supervise the staff. Brandon said in most recent times, the reasons for slow responses is Covid-19 and employee turnover. The City has stepped up to assist with resolving issued. Waste Connections contract requires customers to cut limbs in four-foot lengths at less than 60 pounds, then be bundled or tethered. Brandon said nobody in Graham is going to do that. The City has two trucks that run non-stop picking up brush in Graham. The City has also started taking bulk items at the Convenience Station. The City taking bulk items is increasing our costs due to using more boxes to haul away. Brandon said we are halfway through the trash contract. Lee Boyd asked how many years remained on the contract. Brandon responded with four to five years. Mayor Blanton said he sees a considerable number of bulk items and asked if we could post in the paper (Graham Leader) that we have the Convenience Station for citizens to take their bulk items rather than have City workers picking up the unsightly bulky items on curbs. Brandon said citizens are supposed to be calling-in the bulk items and City Hall staff gives citizens the number to contact Iowa Park. Brandon said the City is not supposed to be picking up bulky items and limbs. Lee Boyd asked if there were some type of "performance clause" with our contract in them not providing the service. Brandon said the signed agreement states to bundle and if not bundled, then Waste Connections uses that as the "way out of" picking up brush. Brandon said they have been responding to his complaints. He has heard excuses of truck issues causing slow or day late pick up, and that one guy left has resigned. Our ladies at City Hall are receiving and handling excessive complaints. Sharon mentioned delivery issues for polycarts and dumpsters. She explained the offsets we process when providing payment to Waste Connections. Lee Boyd asked if they (Waste Connections) had a local manager. Mayor Blanton referred to the financial reports. Brandon said the Airport overage in expenses is due to fuel sales and will be offset by fuel revenue. Administrative overage is due to percentage of increase due to the remodel. Brandon said there is a substantial amount remaining in streets. The street department "stockpiled" material last year. Weather has delayed the repairs of chip sealing and then sealing the top. Lee Boyd asked if jet fuel prices are now set to where we can earn revenue from sales. Brandon said we did not lose money and price change occurred in June 2020. Brandon stated 25 to 30 is from payroll and will be adjusted. Sewer collections concerns are due to overtime. Brandon said he will investigate the sewer collection budget. Kyle Peavy made the motion to accept the financials and Lee Boyd seconded. The financial reports were unanimously accepted 4-0.

DISCUSS SALES TAX REPORT FOR JULY 2020 RECEIVED IN SEPTEMBER 2020:

Mayor Blanton said the sales tax numbers are amazing. Brandon said that is due to conservative budgeting. Brandon stated that we are working toward a balanced general fund and intend to end borrowing for purchases of capital items. Mayor Blanton said for three years or more, we were in the red, and he is pleased to see the current situation of sales tax.

CONSIDER AND ACT ON ORDINANCE # 1102 APPROPRIATION ORDINANCE FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2020 AND ENDING SEPTEMBER 30, 2021:

Brandon said the appropriation ordinance is to accept the budget presented. There are no salary increases for employees included in the budget. Rather than changing this budget and later must immediately amend it. He hopes to be able to amend for salary increases for staff. What he is presenting today to be approved is the same budget discussed at both public hearings. Balanced budget in the general fund with revenue of \$7,260,888.00 and \$7,260,637.67 in expenses. The garbage fund revenue of \$1,658,750.00 and expenses of \$1,556,000.00 for a positive net gain of \$102,750.00. The water fund revenue \$4,516,225.00 and the expenses \$4,216,154.04 for expected overage of over \$300,000.00. The sewer fund revenue \$1,203,750.00 and the expenses \$1,166,492.29 for a good number \$37,257.71. Lee Boyd asked what tax rate applies to this budget. Brandon said in the last public hearing he recommended the tax rate be reduced by \$0.05 which would be at the rate of 0.617216. Brandon said that was his recommendation. However, the Council will set the rate to what they prefer. Lee said if his math is correct, the amount of increase would be 14 percent more than last year. Mayor Blanton and Brandon both disagreed with the 14 percent increase. Mayor said if a 14 percent increase were to occur, the current Council would create restrictions against future Council's in raising tax rates. Mayor Blanton said that is unrealistic. Kyle Peavy said he understood what Lee Boyd stated. Kyle explained details on how he follows Lee's math. Brandon said we adopted a negative budget last year. We were in the hole \$250,000 on last year's budget. We cannot continue to adopt a negative budget like we have the past few years. Brandon said in a "perfect world", our appraisals would be accurate to start with. Our appraisals have not been accurate with a big jump this year. If you look at the average city tax rate, he referred to a list of approximately cities our size is .67 cents. The average county tax rate is .59 cents and the average hospital tax rate is .29 cents. Our no new tax rate is 0.539697 so he stated if Council wanted to go back and cut \$250,000 from the general fund budget, then we need to go ahead and adopt that tax rate and he will come back to Council with an amended budget. Kyle Peavy said we are generating more tax than last year, that is true. Kyle said we need to generate enough taxes to meet our budget. Brandon said legislature's intent was to punish cities, hospitals, and counties. Brandon said the next legislature will likely be more detrimental. Brandon said our tax rate for a town of our size at .61 or .62 and is not too high. Yes, .53 would be better as the noted tax rate. To meet the budget we worked since June 2020, we must adopt .585 which

is what is being present. If you want to include a one percent cost of living on a base salary raises \$270. If health insurance increases by ten percent, that is .575. For a one percent raise, we need to adopt .597216 rate. Brandon recommended a two percent cost of living would be a .61 flat rate. The proposed was \$0.05 lower than our tax rate last year of .617216. Darby said he believes we need to adopt a rate that will meet budget and discuss cost of living. We discussed previously an inflation rate of around one percent and there must be compromise and balance when it comes to adopting this. We do not want to hamstring ourselves for future Councils to be able to meet budget requirements. Darby thinks that number is somewhere, in his mind, between .61 almost .62 and the .585 that meets the budget requirements. Brandon referred to the sheet provided that includes the one percent, two percent, and the proposed given at the last Council meeting. Brandon requested to get back to the item on the table which is to approve the budget and then continue discussion on the tax rate in the next agenda item. Mayor Blanton agreed and recommended getting back to approving the budget and then continue discussion of the tax rate. Kyle Peavy stated for us to address the issue of the tax rate. Brandon stated the legal steps are to approve the budget and then the tax rate. Kyle asked if the salary increase needed to be discussed prior to considering the tax rate. Brandon said the issue with the pay raise will be dealt with in an amendment if Council decides to adopt a tax rate that is higher. Lee Boyd asked if the .585 meets the budget. Brandon said the .585 meets the budget that has been presented. Lee said that is not what is in the ordinance. Brandon said that is correct and provided Lee with a blank ordinance for Council to "write-in" the rate. Brandon said at the last hearing and when he left, there was zero discussion and he recommended the tax rate be dropped from last year. Brandon has had zero discussion with any of you (referring to Council members) on this topic. Brandon continued stating he would be happy to discuss it but today we make the impact, may not be the day to do it but we are here for the discussion now. Lee Boyd said he would be in favor of adopting the .585 that meets the budget. Brandon said he would like to return to approving the budget, which is the item on the table at this time. Lee Boyd said which is the .6. Brandon said that has zero to do with the tax rate. Mayor Blanton said it zero new taxes, it is the budget he (Brandon) is proposing. Lee Boyd asked which rate the budget is associated with. Mayor Blanton responded that it is the .585. Brandon stated that item six is to consider and act on appropriation ordinance #1102 for the fiscal year beginning on October 1, 2020 and ending September 30, 2021 which is the budget we have proposed which in the middle column meets budget .585 would be the tax rate on the next item that you would consider on what you want to do. Brandon said before we can get to number seven (tax rate) which seems to be the item for discussion, we must approve item six (budget). Brandon said that if anything is done to affect the budget, a budget amendment can correct that at the next meeting. Lee Boyd said he makes a motion to adopt the budget at .585 and change the ordinance to reflect that. Brandon said we are not adopting a tax rate on this item. Mayor Blanton said we are adopting the budget and the tax rate will be adjusted that will be in the next item. Mayor Blanton said we are approving a budget of \$7,260,237.00 and in the next item we will decide what tax rate we want to set. Mayor Blanton said they are not approving any tax rate by approving the budget. Brandon said unless you intend to adopt a tax rate of less than .585, he recommends they approve item six which is to adopt the budget. Mayor Blanton stated that according to Sharon's request, adoption must be a recorded vote by each councilmember (LGC §102.0065).

FOR: Kyle Peavy, Darby Brockway, Brent Albritton, and Lee Boyd

AGAINST: None

PRESENT and not voting: None

ABSENT: None

CONSIDER AND ACT ON ORDINANCE # 1103 TAX LEVY ORDINANCE FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2020 AND ENDING SEPTEMBER 30, 2021:

Kyle Peavy said he is concerned with taxpayers who may have been laid off and experiencing financial stress from COVID-19. Kyle wants City employees to be well taken care of, compensated, insurance as it is related to the one percent cost of living. Mayor Blanton asked if the one percent cost of living based on national average or a local average. Mayor said we are paying \$0.30 more per gallon of gasoline here that people are in Dallas, then he assumes

that would change. Kyle said where he was going with that is, he only buys enough gas locally to the next town over. Kyle said with all that aside, maybe giving employees a one and a half percent raise. That would get us to a .604 tax rate which would be in the middle. Kyle said it helps our employees maintain their purchasing power at the same time, not overly taxing on citizens who may already be having a hard time. Brandon said he understands the one percent national number. Brandon said our sales tax speaks differently. Brandon said he deals with our employees and he must tell them what we are going to do. The one percent raise does not start to cover the increase in healthcare because last year we got a pass. Brandon said that is how his employees are going to see it. Brandon said in the big picture, the general fund he has been chipping away at trying to make better all this time. Which we continue to adopt negative numbers and continue to go down the next couple of years. We are making good progress but every complaint he receives on streets, complaints on why we do not have a new park, be prepared for me to deflect in the direction of someone else. Yes, we can adopt a .585 rate and do the budget presented. We still are not making the impact we need to on streets. Big picture, we have got to have a healthier general fund. Lee Boyd asked for clarification on what Brandon meant by deflecting that to someone else. Brandon said he is making every effort he can. Brandon said he is going to have complainants contact City Council. Lee Boyd said that is fine, that is fine. Kyle asked if there was going to be more money put into streets. Brandon said we have worked on this budget for three months and asked where there is more money to put into streets and where is the money going to come from. Kyle said that is the whole point of considering the tax rate is based on the budget. Kyle said he assumed Brandon put enough money into the budget. Brandon said if Council would have discussed needing to put more money into streets, then he would have put more in there and then would have had to adopt a substantial tax rate. Brandon said he did not hear that conversation during the budget workshops. Lee Boyd said he recalled at the budget workshops the tax rate was .585 at that time to meet the budget. Brandon said he had told them that a few minutes ago. Lee said we discussed that previously too. Brandon said at that time, he did not have all the tax rate information at the budget workshops. Lee said the last time we met, we had the .585 at the last budget hearing. Brandon agreed. Lee said that they have known for a long time that .585 is what is needed to meet budget. Brandon agreed that the presented budget with no salary increase. Lee said it is hard for him in good conscious with what is going on in the oil and gas industry which is a big part of our economy and COVID-19 not to accept that type of budget with pay increases. Brandon told Lee not to forget, if you bring COVID-19 up, do not forget who never missed a day, and that is your City employees. Lee said and never missed a paycheck. Lee said a lot of people are out of work. Brandon said our sales tax shows our community is healthy. He and Krisa have had this conversation and that there are lots of jobs for people to take right now. Brandon said in this community that oil and gas is impacting more than COVID-19. Brandon said we need to get back to what is good for Graham. Brandon said if they think it is good for Graham in not giving a percentage increase for his employees, then they need to act and move on. Lee said they are to look out for what is best for the taxpayer. Mayor Blanton disagreed and stated they are there to look out for what is in the best interest of the entire community. Mayor and Lee both stated that includes City employees. Brandon said if he has a house valued at \$255,000 and he pays .66 cents in taxes last year and this year is paying .61 cents this year, he is much happier. That is a substantial decrease. Kyle said all property values have increased. Brandon replied that not all have increased. Kyle said last year there was no increase in healthcare costs so there is a cushion so if there is a one and a half percent this year, then it is kind of a reasonable middle of the road compromise. Brandon said that he agreed. Kyle said he also agrees that future years down the road that if we cut too deep it is going to get us hamstrung by the roll backs that we will not be able to adjust. Kyle said COVID-19 has put a strain on states, municipalities, and everything else Kyle said we are going to see that coming down the pipe in the future just like Mayor Blanton said. Lee Boyd said the State (of Texas) are looking to cut five percent across the board in their budget. Lee Boyd said he assumed they (referring to the State of Texas) is anticipating lower revenues. Kyle said if we go too low on the tax rate, we will be hard pressed to keep up (referring to future budget and tax rate ordinances). Mayor Blanton asked Kyle if he were willing to make a motion to set the tax rate at .605 that would include the one and a half percent pay raise for employees. Kyle requested someone verify his math. Brandon said he just did verify .605 is ballpark. Lee Boyd said that is about an actual ten percent increase in taxes. Lee said we would be raising ten percent more in taxes from the community than we did last year. Kyle said he agrees with Lee and believes we have cut the budget to the bone. Kyle said Brandon is correct and all that is heard in the public is complaints about the water and the streets. We have one million and a half debt service payment on the water plant that we have been trying to adjust to cover. We cannot provide the services the community desires without a little bit of a decrease here. Kyle said everyone wants the services but does not want to pay for it. We are trying to do our best to manage both. Brint Albritton said he agrees with Kyle that we are trying to achieve a balance. He does not want this to be framed as an anti-employee situation. We are all sensitive to the employees. We are trying to strike a balance and it needs to be presented that way. It is hard to do and he likes Kyle's idea and thinks it is a good balance. Brint said he wants to go on record as saying so. Kyle said the statement of employees not missing a day and if he had a choice of having to be furloughed at home without a paycheck and wondering how I was going to pay for groceries, knowing I have a job and am going to get a paycheck is another safety net for our City employees and hope they (City employees) appreciate that. Mayor Blanton said City employees do appreciate it and if you ask Randall (Dawson) or any of the other ones that they appreciate it. Brandon said he apologizes if he framed it to go toward the City employees, but he sees what they do on a daily occurrence for the community. Brandon said he is accountable to them (City employees) and that is the explanation he must give. At the end of the day, if I do not take care of my employees, then I do not have any and we do not have the City we have if we are not able to take care of our employees. We have never been able to pay absorbent salaries because we are working for a public entity and he does not think we have abused that but we have always been able to tell them that they have good healthcare and good retirement. We have pretty good retirement, but healthcare is what it is, frustrating. Brandon said he thinks we have been as frugal as we can with the healthcare. Brandon said if he framed it that he is only out for the employees, he goes back to the tax rate. His tax rate as a taxpayer in Graham is going down from .66 cents to .605 if that is what we adopt. That is less. Brandon asked Lee if he is arguing .66 cents is less than .605. Lee Boyd said he is arguing that you will pay more taxes on your house than you do now. Mayor Blanton advised Lee to speak with the Appraisal District. Lee said the Appraisal District cannot be blamed for how much tax we collect. Brandon said the evaluation process is a process set by the State and mandated through appraisal districts and our valuations, if all of a sudden we have to "catch up" in one year, that is an appraisal district issue. Brandon said if his evaluation increased by \$20,000 and our tax rate then goes down by a nickel, then I am paying less in City taxes. Brandon told Lee he did not agree with him telling us we are doing a ten percent increase in taxes. Lee asked Brandon how else it can be looked at. Lee said we raise ten percent more this year than we did last year. Lee asked Brandon how he could not look at that as a ten percent increase.

Brandon said his tax rate did not go up ten percent. Brandon said his tax rate went down from .66 to .61. Lee said you do not pay the rate; you pay the dollars that is calculated by the rate. Brandon said it depends upon the valuation and if those are accurately done, not everyone's valuation went up, Lee. Lee said you are collecting ten percent more from the taxpayers than you did and do not see how you can look at that any other way than as a tax increase. Brandon said to Lee, so you are saying the difference between \$2,307,728 and \$2,300,000 is an increase. Lee said he again did the math on the .617216 where we raised \$2,434,000 compared to \$2,127,000 and that is 14.45 percent increase in revenue. Mayor Blanton told Lee he could also look at it from the standpoint of if we left the tax rate at what it was, we are reducing taxes by \$20,000 or whatever the percentage is. Mayor Blanton said that is what it would be if we left it at the current rate. Mayor Blanton said it is kind of semantics. Lee responded, "No it is not." Lee said it is down to how much money you collect this year compared to last year. Lee said the rate is the semantics, the actual dollars are the numbers that look like. Brandon said the big picture when we also had \$2,127,000, we adopted a negative \$250,000 budget. Brandon said he was committed this year to not adopt a negative general fund budget. Brandon said that is not good financial management practices, but unfortunately, we have been doing it and doing it too long. Brandon said we need to take what this whole group has put in which is \$2,307,728 and then if you want to talk about an increase, then go from there. Brandon said that is a balanced budget which is good fiduciary management. Darby said they just adopted a budget that they know that is going to be at least the .585 and so now the decision is how are going to adjust that value to make up for. Darby said as Kyle mentioned, do we want to take this step to increase the employee percentage by one and a half and then adopt that rate. Darby said that seems somewhat reasonable and he will say this, we have the best employees and he wanted on record as saying so. Darby does know that in the private sector there are lots of places that are not doing increases this year and they are not doing increases due to the economic situation. Darby is thankful we are healthier and said we did a great job on this budget. He does think going forward, need to keep in mind where we are now and looking at the roll back portion Kyle was talking about. Darby said there is a compromise and a balance we must strike. Darby said we have already adopted the budget which is going to increase the dollars regardless (referring to Lee's previous comments). Darby said whether it is eight or ten percent, we can do the math but what Kyle has proposed is the best compromise by giving a little bit of an increase to the employees and certainly about the national level of inflation but on the other hand, it gets us to meet our budget and have a little reserve. Lee said relative to other municipalities and he has been keeping up with Dallas and Fort Worth. Lee said those cities are voting on no increase in taxes for six million people essentially. Lee said we are doing better than them (referring to Dallas and Fort Worth). Mayor Blanton requested a motion at .605 tax rate. Sharon requested the Council members vote individually.

FOR: Kyle Peavy, Darby Brockway, Brent Albritton, and Lee Boyd
 AGAINST: None
 PRESENT and not voting: None
 ABSENT: None

Mayor Blanton stated our tax rate is now set.

REPORTS:

- Public Works Director Randall Dawson said street repairs have been delayed due to the recent wet weather. There is more work and there are a lot of potholes. The moisture in the ground has caused an increase in water leaks. Mayor Blanton asked how much pipe was removed from the main line on our last problem. Randall said thirteen feet was replaced.
- Rotary Club President, Sarah Lundgren, said they are aware of current numbers of COVID-19 and precautions are being taken for a safe event for the community. They are still encouraging social distancing and wearing masks for the upcoming "Duck Derby." Alan Dixon of Brother's Restaurant donated the cleaning supplies. Rotarians and volunteers will be continuously wiping tables. Hand sanitizer stations will be available. Food trucks are aware and operating according to safety standards.
- Krisa De La Cruz, CEO of the Chamber and CVB, said the Chamber said the virtual Chamber luncheon took place yesterday (September 16, 2020). Kyle Anderson of Edward Jones was the sponsor. He provided good information on investing during an election year and during the pandemic. The Chamber Golf Tournament is coming up on September 28, 2020. There are a few openings for the morning. However, the afternoon is full. There are other activities being planned that will be safe and fun.
- Brandon said there are reports in the back of the packet that includes the City Hall Monthly Activities, Utility Representative, Library Monthly, and CVB July 2020 Dashboard. The lake level is 99.5 percent full. There is an increase of COVID-19 cases. Dr. Martin put the comment out about being diligent and making sure we are paying attention. The best way it has been phrased is that GISD Superintendent Sonny Cruse mentioned that if we get below 20 cases, then why are we wearing masks? Sonny said he recommended continuing so we do not have to return to a distance learning situation like they ended last year. City Hall will be closed the entire day on September 18, 2020. The memorial service for Fire Chief Jerry David will take place tomorrow (September 18, 2020) at 10:00 a.m. The service will take place at Oak Street Baptist Church and said up to 300 people may attend. If not able to attend or chose not to attend, Graham Fire Department's Facebook page will be "live streaming" the service. The Police Department had an incident at a local motel. There was a shooting and unfortunately a 19-year-old young lady from this community lost her life. That shooting is still under investigation by the Texas Rangers.
- Mayor Blanton thanked Alex Heartfield and Shana Wolfe for attending the Council meeting.

ADJOURNMENT:

On a motion by Kyle Peavy, a second from Darby Brockway, the Council meeting was unanimously adjourned.


Neal Blanton, Mayor

ATTEST: 
Sharon McFadden, City Secretary