

**MINUTES OF THE
REGULAR CALLED MEETING OF THE CITY COUNCIL OF THE CITY OF TYLER, TEXAS
August 14, 2013**

A regular called meeting of the City Council of the City of Tyler, Texas, was held Wednesday, August 14, 2013 at 9:00 a.m. in the City Council Chambers, 2nd floor of City Hall, Tyler, Texas, with the following present:

Mayor:	Barbara Bass
Mayor Pro Tem:	Martin Heines
Councilmembers:	Mark Whatley
	Darryl Bowdre
	Sam Mezayek
	Edward Moore
	John Nix
City Manager:	Mark McDaniel
Asst. City Manager:	Susan Guthrie
City Attorney:	Deborah G. Pullum
Attorney of Counsel:	Gary C. Landers
Deputy City Attorney:	Steve Kean
Airport Manager:	Davis Dickson
Main Street Director:	Beverly Abell
Managing Director for Administration:	ReNissa Wade
Manager for Organizational Development:	Kristi Boyett
Development Services Engineer:	Michael Wilson
Neighborhood Services Manager:	Brenda Johnson
Chief Financial Officer:	Keidric Trimble
Chief Information Officer:	Benny Yazdanpanahi
City Engineer:	Carter Delleney
City Fire Chief:	Tim Johnson
City Librarian:	Mary Vernau
Code Enforcement Manager:	Chris Lennon
Managing Director for Public Safety & Police Chief:	Gary Swindle
Director of Parks and Recreation:	Stephanie Rollings
MPO Executive Director/Transit Director:	Barbara Holly
Internal Auditor:	Jon Grundy
Solid Waste Director:	Russ Jackson
Vehicle/Equipment Services Manager:	Leroy Sparrow
Senior Public Relations Specialist:	Serena Butcher
City Planner:	Heather Nick
Water Quality and Production Manager:	Jimmie Johnson
Water Business Office Manager:	Jim Yanker
Municipal Court Administrator:	Cam McCabe
Managing Director for Utilities/Public Works and Utilities:	Greg Morgan
Street Department Manager:	Robin Smart
Traffic Engineer:	Peter Eng
City Clerk:	Cassandra Brager

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INVOCATION

The Invocation was given by Councilmember Bowdre.

MINUTES

Motion by Councilmember Mezayek to approve the July 24, 2013 minutes; seconded by Councilmember Bowdre; motion carried 7 - 0 & approved as presented.

EMPLOYEE AWARDS – RECOGNITIONS, SERVICE

A-1 Service Awards

We would like to recognize the following employees for their years of service and commitment to the City of Tyler. At this important milestone, we express our sincere appreciation for your dedication and for the special contribution you make to our organization. These employees represent over **90-years** of service with the City of Tyler.

Service Awards

DATE OF HIRE:	FIRST NAME:	LAST NAME:	POSITION:	DEPARTMENT:	YEARS OF SERVICE:
8/11/1988	David	Espinoza	Crew Leader	Water Distribution	25
8/11/1988	Joe	Vickery	Senior Utilities Maintenance Repairer	Water Distribution	25
8/9/1993	John	Bausell	Police Sergeant IV	Police	20
8/9/1993	Russell	Jacks	Police Lieutenant I	Police	20

A-2 New Hires Recognitions

The following employees were hired by the City of Tyler during the month of July, 2013. We would like to take this opportunity to welcome these new employees.

New Employees

FIRST NAME:	LAST NAME:	POSITION:	DEPARTMENT:
Cammie	Wymore	Legal Secretary	Legal
Jackson	Sequichie	Equipment Operator I	Streets
Rolando	Rodriguez, Jr.	Equipment Mechanic I	Vehicle Services
Brandon	Foley	Laborer	Wastewater Treatment
Lori	Riggs	Westside Plant Operator II	Wastewater Treatment
Betty	Salinas	Customer Service Representative	Water Business Office

PRESENTATIONS

- P-1 Request that the City Council consider receiving a presentation of the Fiscal Year 2013–2014 Proposed Budget, then consider voting to schedule a public hearing on the proposed budget and the proposed property tax rate to occur during the August 28 and September 11, 2013 regular City Council Meetings and to consider including the proposed property tax rate and the final fiscal year 2013-2014 budget as agenda items for the September 25, 2013 regular City Council meeting.**

City Manager, Mark McDaniel – Stated that Tyler has the lowest municipal property tax rate in the State of Texas among cities with more than 16,000 residents. In some cases it is as much as four times lower than communities of comparable size.

City Manager, Mark McDaniel is proposing a 1.23 cent increase in the property tax rate for fiscal year 2013-2014, bringing the rate to 22 cents per \$100 valuation. On a home valued at \$150,000, the amount of increase for the entire year would be \$18.45. This is compared to the City of Waco with a tax rate of 78.6 cents per \$100 valuation; Denton is 68.9 cents, Killeen is at 74.2 cents, and Longview is 48.34 cents, according to information from the Texas Municipal League.

In 1994, Tyler had a property tax rate of 55.36 cents; the rate has decreased more than 60 percent even in the face of steady growth in population as well as in the physical size of the community. The number of City employees has also decreased from 899 in 1984 to 765 in 2013. Data from the International City Managers Association indicates that the average number of city employees per 1,000 citizens is 9.9; Tyler is at 7.65. In the last four years, 22.5 positions were permanently eliminated, while approximately 140 were frozen at the height of the recession.

In the mid 80's the City had 12 employees for every 1,000 citizens and a tax rate of 58 cents. Today that ratio is 7.65 employees to 1,000 citizens with a tax rate of 20.77 cents and no general obligation debt, all without decreasing service levels. We have been able to enhance our productivity through programs that engage our employees to do more with less, including Business Planning, Called to SERVE, City University and our incredibly successful Lean Six Sigma Program.

The City's Lean Six Sigma program was launched in 2009 and has saved the City more than \$3.7 million. To date, 73 projects have been completed by City employees trained in the methodology.

Property taxes make up 25 percent of General Fund revenues – which provide for public services such as Police, Fire, Library, and Parks and Recreation. The majority of General Fund revenue comes from the one percent sales tax, with the balance coming from franchise fees, fines and other revenue sources.

“When homeowners pay their property taxes, only a little over 10 percent is for the City and the other 90 percent goes to Tyler Independent School District, Smith County and Tyler Junior College.”

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City Manager, Mark McDaniel explained that the need for the increase is based upon several factors including:

- The City's fund balance reserves cannot continue to fund recurring items on an extended basis – current revenue should fund current expenditures;
 - The need to properly fund deferred maintenance, staffing and equipment on a pay-as-you-go basis;
 - Looming increases in healthcare funding due to inflation and the Affordable Healthcare Act; and,
 - Property tax revenue continues to decrease as a percentage of the total City budget.
- The result is a lack of funding diversification and an over-reliance on sales tax collections, should this trend be sustained.

As City Manager it is his job to make recommendations to the Council that is in the best management and financial interests of the City. It is incumbent upon the Council to put forth a restoration budget that ensures long-term fiscal health and positions the City to continue to set the standard for performance excellence in local government.

Examples of items that require ongoing funding include fire trucks, police and fire software, street maintenance, traffic signals and parks equipment.

Fee adjustments in the General Fund are minor and include an increase of \$25 for non-resident membership fees at the Library, an increase in the overdue fines as well as an increase in the per transaction fee for non-resident borrowers. Fees at the Glass Recreation Center will go up to \$30 per year for residents and up to \$50 per year for non-residents. This additional revenue will help directly offset operational costs for these program areas. The Police Department will also raise alarm permit fees from \$30 to \$50 per year.

Efforts to retain the City's trained workforce include a 4 percent increase in pay for civil service employees (Police and Fire) and a potential 0-4 percent increase for other staff, based upon performance. Department leaders would be eligible for up to a 3 percent increase dependent upon their performance.

Effective Jan. 1, 2014, City employees and retirees who participate in the health insurance buy up plan will see between a \$62 and \$138 per month increase in their premiums as well as a \$5 increase for co-pays on generic prescription drugs. Additional health insurance plan adjustments are under consideration as well in order to curb costs.

In the Utility Fund, a five percent rate increase for sewer service is programmed – all driven by needed capital improvement projects. This increase will help pay for plant and sewer collection improvements in the coming year, and beyond, on a pay-as-you-go basis.

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Opportunities for public input on the budget are available by attending one of two meetings at Tyler City Hall, 212 N. Bonner Ave. on the following dates:

- Wednesday, Aug. 28 at 9 a.m.
- Wednesday, Sept. 11 at 9 a.m.

Final adoption of the budget is scheduled for the Sept. 25 meeting that is held at 9 a.m. at Tyler City Hall.

Motion by Councilmember Whatley; seconded by Councilmember Mezayek; motion carried 7 - 0 & approved as presented.

PUBLIC HEARINGS

H-1 Request that the City Council conduct a public hearing and consider adoption of a Resolution authorizing tax-exempt financing by the Crawford Education Facilities Corporation for the benefit of Cumberland Academy, with no financial obligation to the City of Tyler. (R-2013-19)

Chief Financial Officer, Keidric Trimble – Stated that Cumberland Academy is in the process of financing the purchase of its new intermediate school facilities (currently leased from a Utah company) at 1040 Shiloh Road in Tyler. The total amount of the financing needed to purchase these needed facilities is estimated to be \$10,000,000.

The school intends to use tax exempt debt to accomplish the financing. The debt would be issued by the Crawford Education Facilities Corporation. Cumberland Academy is seeking \$10,000,000 in tax exempt bank financing and, in order for this to be accomplished, the debt must be issued in a city that has no other tax exempt financing being issued in 2013. Crawford is such a city.

The sole obligation to repay the debt is that of the school. The debt is not an obligation of the City of Tyler, the City of Crawford, or any other political subdivision of the State.

All of the costs for this financing will be paid by the school. The financing does not count against any tax exempt bond limit applicable to the City of Tyler (because the bonds are being issued in Crawford, not Tyler, and all Tyler is doing is giving a local "host approval"). The City of Tyler adopted a similar Resolution in 2011 for Cumberland Academy, involving the Oglesby Education Facilities Corporation.

Motion by Councilmember Heines; seconded by Councilmember Nix; motion carried 7 - 0 & approved as presented.

H-2 Request that the City Council conduct a public hearing and consider adoption of an ordinance amending the Project Plan and Finance Plan of the City of Tyler Reinvestment Zone No. 1 for tax increment financing, with no indebtedness for the City of Tyler. (O-2013-61)

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Motion by Councilmember Bowdre; seconded by Councilmember Whatley; motion carried 7 - 0 & approved as presented

MISCELLANEOUS

- M-1 Request that the City Council authorize the City Manager to execute an agreement with the Tyler Economic Development Council (TEDC) to provide mutual funding to the Energy Center addition project.**

Motion by Councilmember Whatley; seconded by Councilmember Moore; motion carried 7 - 0 & approved as presented

- M-2 Request that the City Council consider approving an Ordinance adopting the Community Development Block Grant (CDBG) and HOME Programs FY 2013-2014 Annual Plan.
(O-2013-62)**

Motion by Councilmember Bowdre; seconded by Councilmember Moore; motion carried 7 - 0 & approved as presented.

CONSENT

(These items are considered to be routine or have been previously discussed, and can be approved in one motion, unless a Council Member asks for separate consideration of an item).

- C-A-1 Request that the City Council consider adopting an Ordinance amending Tyler City Code Chapter 17 by modifying existing school speed zones for Cumberland Academy on Shiloh Road and Hubbard Middle School on New Copeland Road, Tyler, Texas. (O-2013-63)**
- C-A-2 Request that the City Council consider adopting an Ordinance amending Tyler City Code Chapter 17 by modifying an existing school speed zone for Peete Elementary on South Glenwood Boulevard, Tyler, Texas. (O-2013-64)**
- C-A-3 Request that the City Council consider authorizing the City Manager to execute a contract with Atkins for the complete design of roadway improvements along Rice Road and Shiloh Road in the amount of \$49,996.**
- C-A-4 Request that the City Council consider adopting a Resolution ratifying submission of an application for and authorizing the City Manager to accept the State Energy Conservation Office (SECO) Grant Funds totaling \$38,946.40 to assist with the Alternative Fuels Initiatives for the Compressed Natural Gas Pilot Program. (R-2013-20)**
- C-A-5 Request that the City Council consider authorizing the City Manager to purchase one new bus from National Bus Sales for a total purchase price of \$65,924.70.**

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C-A-6 Request that the City Council consider adopting a Resolution agreeing to the sale of certain tracts of land located at 2710 Flint Street within the City of Tyler city limits and owned by taxing entities including the City of Tyler. (R-2013-21)

Motion by Councilmember Whatley; seconded by Councilmember Nix; motion carried 7 - 0 & approved as presented.

CITY MANAGER'S REPORT

1. 39K Grant funding from State Agency for CNG vehicles
2. Monthly CIP Report
3. Grant received from TxDot for sidewalk project
4. Mayor- Parking garage fencing is up

RECESS FOR EXECUTIVE SESSION City Council convened into executive session at 9:53 am.

Executive Item No. 1:

Under Section 551.072 "Real Estate" deliberation regarding the following:

Discuss the purchase, exchange, sale, lease or value of real property, the public discussion of which would have a detrimental effect on the negotiating position of the City, related to the development of municipal facilities.

Executive Item No. 2:

Under section 551.087 "Economic Development" deliberation regarding the following:

Possible offer of financial or other incentive to a prospect, and to consider financial and other information about that prospect/project with which the City is conducting economic development negotiations that could lead to a partnership in Tyler.

Executive Item No. 3:

Under section 551.071 "Litigation" deliberation regarding the following:

1. Possible or contemplated litigation relating to the City of Tyler service contract.
2. Possible contemplated litigation involving Guinn Farms subdivision street conditions.

Any final action to be taken by the City Council will be taken in open session.

City Council reconvened from executive session at 10:40 am.

ADJOURNMENT

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Motion by Councilmember Mezayek to adjourn the meeting at 10:41 am; seconded by Councilmember Whatley; motion carried 7 - 0 & meeting adjourned.



**BARBARA BASS, MAYOR OF
THE CITY OF TYLER, TEXAS**

ATTEST:


CASSANDRA BRAGER, CITY CLERK

