

CITY OF DEER PARK

76-215

710 EAST SAN AUGUSTINE STREET

DEER PARK, TEXAS 77536

Minutes

of

AN EMERGENCY PUBLIC HEARING OF THE CITY COUNCIL OF THE CITY OF DEER PARK, TEXAS, HELD IN THE CITY HALL, 710 EAST SAN AUGUSTINE STREET, OCTOBER 3, 2017 BEGINNING AT 5:30 P.M. ON PUBLIC HEARING NO.2 ON THE 2017 AD VALOREM TAX RATE, WITH THE FOLLOWING MEMBERS PRESENT:

JERRY MOUTON, JR.  
SHERRY GARRISON  
THANE HARRISON  
TOMMY GINN  
BILL PATTERSON  
RON MARTIN  
RAE SINOR

MAYOR  
COUNCILWOMAN  
COUNCILMAN  
COUNCILMAN  
COUNCILMAN  
COUNCILMAN  
COUNCILWOMAN

OTHER CITY OFFICIALS PRESENT WERE:

JAY STOKES  
GARY JACKSON  
SHANNON BENNETT  
JIM FOX

CITY MANAGER  
ASSISTANT CITY MANAGER  
CITY SECRETARY  
CITY ATTORNEY

1. NOTICE OF PUBLIC HEARING - The public hearing was opened by the City Secretary reading the Notice of Public Hearing. (Exhibit A)
2. HEARING OPENED FOR THOSE PERSONS DESIRING TO SPEAK IN FAVOR OF THE 2017 AD VALOREM TAX RATE - Mayor Mouton opened the hearing for those persons desiring to speak in favor of the request. No one spoke.
3. HEARING OPENED FOR THOSE PERSONS DESIRING TO SPEAK AGAINST THE 2017 AD VALOREM TAX RATE - Mayor Mouton opened the hearing for those persons desiring to speak against the request.
  - a. William Zastrow, 2314 Walnut Court, Deer Park Texas, commented, "Obviously, I am not for the seventy-two cents, I think that's too high. I think it could be much lower, thinking it could get down in the sixties. I will mention a few things tonight why I think that way. Going back to 2012, we had a candidate running. I don't need to mention the name, but I want to repeat something that they said at the time. We have more than doubled our budget in the last ten years from nineteen million dollars to forty-one million dollars. In a time when our residents are being asked to tighten our belts, our City should have to do the same, wasteful spending cannot continue. Now everybody

has their own interpretation of wasteful spending, so bear with me if you will. We should not be in the restaurant business, we're losing about four-hundred thousand a year on the restaurant itself. At the same time, we are competing with local businesses. Let's let our businesses that we depend on, do what they do and let the City do what they do. So, I think we have a problem, the spending is the reason we can't get the tax down. I'll go over a couple of things, if I may. I've got a sheet from July 31, 2017, where we presented the budget to the City and the total of all the funds is sixty-nine million and some change. Then we have three component units which is part of the City's financials because it was voted on to give relief to the budget. So, when you include that, its 7.9 million, the total budget including the components are seventy-seven million four hundred forty-three thousand dollars. So, back to the statement of going from nineteen to forty-one million. Now, we are going apparently forty-one million to seventy-seven million, that's a pretty good jump. You say, "Well that was then, this is now." So, we looked back to the year before that and the budget funds is 59.6 million. This budget is sixty-nine million, it's about a ten million dollars difference. Sixteen percent (16%) is what I think it comes out to be. Now, I don't know how much increase you get every year, but I get social security so I don't get much. I think in any budget, if you do sixteen percent (16%) of spending, that is a lot. In the retail business, we wouldn't be allowed to do that. We have to go by our traffic, our business, our customer count and sales. If the sales go down, we have to cut the budget, period. It doesn't matter if your friends, neighbors or whatever, you have to cut the budget. You can't continue spending the same amount of money or more if the sales go down. If we didn't have a three percent (3%) growth in retail business that I was in, your budget got cut automatically. So with the additional three units from previous year 2016, it comes to 65.9 million. So when you figure that in, you're at a seventeen percent (17%) increase over the previous year. I don't see how you can justify that kind of an increase. Let me go back. In the past, we talked about a zero based budget. I understand we're not at a zero based budget at this time. I don't think so, that's what Jay told me. Going back to June 8, 2011, the City Manager explained a zero based budget approach compared to the current budget process. After a discussion, Council asked Staff to consider a zero based budget approach for one department, possibly Parks and Recreation, carrying a 2011-2012 fiscal year budget. On February 20, 2012, not quite a year later, Mr. Stokes looked to Council for direction in which way they wanted to go. See, he needed the information for June. Mayor Riddle said, he was ok with the current budget process. Councilman Patterson advised he is still interested in a zero based budget concept. It was agreed by Council to set one department to do a zero based budget rather than the whole City. After that point, it was later decided that the City would keep the current budget process for all departments. Today, we see the results of that. What I call excessive spending, continues. Apparently doubling the budget again from 2012, similar to what happened in the old process. So I think the zero based budget will get things turned around where you are not spending this kind of money. You'll have to set the budget according to what the basic needs are. Not what you want, but what you need. That's what we did in retail. If we didn't meet those numbers, we had to explain everything that we wanted to do. If the District Manager didn't like it and thought it was excessive, you didn't get

it. No matter how much you needed it. If we needed a new coat of paint on the building and he didn't think we needed it at that time, we didn't get it. We can go another year, another two years, whatever. So I think the zero based budget will get our tax down probably seventy cents, if it's used the way it's intended to be. The After School Program that we have, this is where the running business like a business comes in. Now, Mr. Stokes sent out an email back in 2011 that came from a Council up in Dallas somewhere and one of the comments they had was that they were having trouble with their golf course too. It said that if we are going to run a business, we need to run it like a business. Now, I think a lot of things we do in the City, a lot of the programs we have, should be run like a business because that's basically what they are. We can't give everything away. I think Mr. Richey said at one time that quality of life, you take care of the basic things first, and then if you have excess money, you can concentrate on other things. And everything is basic quality of life to some people. I know there's a lot of Parks and Recreation programs that we say is a basic quality of life. Well, the air is quality of life and water is too, but I still have to pay for the water. I don't get a free water bill. I have to pay a \$1.45 for the rain tax, I don't get a break. So, if over four-hundred people out of ten-thousand sent in surveys saying they want a hiking trail at five-hundred million dollars and only a third of them would use it, that's a lot of money for that small number. I see the walking trail over there on Fairmont, I hardly ever see anyone over there. A few times I do, but I think it was like two and one-half million dollars for that. So, a lot of things we are doing, would be fine if we had a lot of money. We are increasing the budget by sixteen to seventeen percent (16-17%) and that's not extra money we have. That's stretched to do things because we have quality of life groups that we are trying to take care of to get their vote. That's the way I see it. We've got everybody together on the second round Type B and we've got each little group taken care of and each little group says "oh yeah I want that". They may not want all the six or seven items so they come in with the group and they all go out and vote. There is nothing I can do about it. We just approved what ten years of this extra money with components and at this rate that we're at right now, it is close to 8 million dollars. We've got eighty million dollars that is coming in in the next ten years to the City and that's a lot of money. I think we are giving the budget real good support. I don't see why we are asking seventy-two cents for property tax when you're getting eighty million over ten years. There was eight or nine million this year and the year before that there was a lot of money too. It's supposed to help the budget and it's doing a great job. The Police Department and Fire Department, they need that money I agree and I voted for it. The question is about the Parks and Recreation, it's supposed to help reduce the taxes, is the way I look at it, the property tax, Ad Valorem. We shouldn't have to pay the same thing we were paying before we had that. Plus we now have an increased budget. It doesn't make sense. Maybe it does to you all. I guess it does because that's the way you've got it. If you are in the retail or any business, some of you business people, I don't think you would increase your budget sixteen percent (16%) in expenses if you weren't having an eighteen to twenty percent (18-20%) increase in your income. That's what it seems we are doing here in the City. Another point of interest is the Community Preschool Program. I think I missed something, let

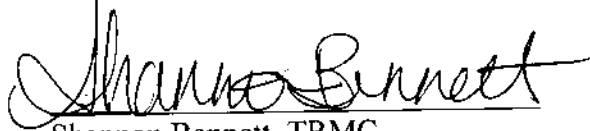
me backup. The After School Program is where I started, should have started. This year the projected budget revenues is three hundred fifty thousand dollars. That's good, but the expenses are four hundred and one. In years past, the question was asked if the After School Program was a positive program, with positive cash flow, the answer was yes. For years I've talked about this seven or eight million dollars on the front end of the budget had been lumped into one total. It was not broken down by department. So, when it gets broken down by department, all of a sudden, we had a negative number for the After School Program. We're short about fifty-two thousand dollars. We're in the red on this program. In previous years, Scott mentioned that when he checked the City on local fees for such programs and regular businesses, that the City was charging only twenty-five percent (25%) of what the going rate is. That would be like me in a business and I price Alka-Seltzer and the competition is at a buck and I'm at a quarter. I'm going to keep selling mine for a quarter even though I'm paying sixty cents for it, it can't come out. I don't see how we can run a program and be in the red when it's just an extra program. I'm going to try to hurry. So, if we took the twenty-five percent (25%) of the regular businesses around here and charge what they charge then all of a sudden, we have a million four in the revenues or a profit or a plus. I call everything a profit that's in the black. We are going to have a positive nine hundred ninety-eight thousand dollars. You add the fifty-two thousand dollars in red ink, then you have over a million dollars of money laying around the table. You don't want to pick it up and use it? You could pick it up and use it and get that property tax down from seventy-two cents and get it down in the sixties. Why leave it there? Well because it's cheap and everybody likes it. You have a lot of numbers there because it's so cheap but you're not competitive. It's not fair to other business's either because they have to contend with that low price. Of course, I've already read the email Mr. Stokes sent out about the Council in Dallas about running a business like a business even though it's part of the City. I think the City should consider those programs as a business, just like we should have done with the Battle Ground Golf Course. We should have run it like a business, but we didn't. Why? Because we didn't get a lot of people coming to it, so we cut the price to get the numbers up. The numbers came up, but the profit went down because the price was too low. So, you can't come out and you're cheating the taxpayers if you don't move these prices up and get them competitive with local markets. You're cheating them and we're having to pay more taxes Ad Valorem taxes because of lack of action. The Community School at one time, I understand it was preschool. I understand it was part of the City function. I'm pretty sure I read it somewhere years ago that it couldn't be a part of the City, so you had to get rid of the City people functioning it to contract it out. So naturally, they're in our little building over here because that is where it used to be. Now the area that was added on for that facility situated in 1975 cost four hundred seventy-two thousand dollars to build. On August 5, 2014, some forty-two years later, as noted in City records, it had a remaining balance of three hundred seventy thousand out of four hundred seventy-two thousand. Forty-two years later, why wasn't that paid off? It's not that much money compared to what the City was bringing in, I'm scratching my head. Interest that has been paid during that time was eight hundred three thousand. We paid all this interest and still have three-fourths of the debt there. We're still paying for it or was in 1975 or 2014, maybe it's

been paid now, I don't know. The private vendor pays about forty-six thousand a year to use that space and I've tried to narrow it down to the space they have but I got the dimensions and it's over eight-thousand feet. I think probably closer to five-thousand feet, so that they are renting for this, and they are using rooms 14,15,16,17 and 18. Plus, we provide custodial services they run free, and we are paying custodians, water and sewer and of course electricity which is very expensive. The annual interest the City is paying in this area is about nineteen thousand dollars a year. So, you're getting forty-six thousand for nineteen thousand worth of cost. Plus you have to figure out the utilities in there and the custodial cost. I would guess they're probably getting that building, when you figure up what you should have charged them for all these expenses that the City is paying for, about twenty grand. We are paying eight hundred three thousand dollars over those years I just quoted, in interest. I don't think it's even paying interest. I think that space is taking up five thousand square feet. You say we need a new City Hall and that we need twenty-five thousand square feet and of course it's going up. There was five-thousand square feet the City already had, a lot cheaper than the million for the five-thousand square feet that this new building is going to cost the City that could have been used for some of the departments. They didn't have to have a twenty-five thousand square foot building. Everybody wants a nice new building, so we got it. We paid six million dollars for the new building. If we saved a fifth of that it would be 5 million dollars or less, it's another million dollars. You've got another million dollars laying on the table from the After School Program. We could have but can't do it now because it's already going up. We could have saved a million dollars if we used a little thinking cap and considered the taxpayer, which I don't think they do sometimes. I know you have done a lot of work and I appreciate it, I appreciate the City. We got a lot of great people, a lot of great departments. I'm not complaining. I'm just looking at it from a business stand point and how we can get the taxes down and I think we can. It's not a problem, but you're going to have to want to do it and I don't think you want to do it. The more you don't do it, the more money you have to spend. That's why I call it a spending problem. I'm old school so I have lived with that stuff for 38 years. Needless to say, of course, we had a loss of over six billion dollars in delinquent accounts. It's nobody's fault, they don't pay they don't pay, but that's another added expense. Yet we have to get through it somehow, it happened. Should it happen? Maybe it could have not happened as much as it did. Maybe somebody could have realized it and saw what was going on earlier and got somebody outside to take care of the collection earlier before we got to that amount. That has nothing to do with the taxes except that is money we could have had years ago. I guess that's some of my reason, I hadn't planned on being here until last week. I had asked for some other records through Open Records, but I was told I couldn't get them because they didn't do questions. It was in a basic question format and I understand why they didn't do it. I just got the email this morning. Shannon is a great person, I tell you, she is really good at her job and I appreciate it. But, back in 2011, there was a Public Hearing I wrote a letter on. I wrote a letter to the City and those numbers came from asking questions through Open Records. I got them then but I'm not getting them now. Back to Mr. Stokes comments, he said that I got that information by Open Records. It's the same thing I asked for the other day, questions about wanting some answers and they

said we don't do questions. One of the things I asked for the other day was with the Tax Department. I asked them, if you have seventy-two cents what would be the difference if we were at sixty-eight or sixty-nine cents. I was trying to see about that million dollars over at the After School Program. What effect it would have if we had that and applied it to the thirteen million dollars in taxes we collected this year. I'm not real good with numbers so forgive me, but I was trying to get to see if that million dollars would have made a difference in the seventy-two cents and it probably would have. I have not pushed the pencil on it, but I think it would have. In this letter that I'm talking about, and of course I sent it to the City, and it was also in the paper. I listed some of the things and at least one of them, I'm talking about tonight. The After School Program (ASAP) was in this particular letter back in 2011. You know I think we are still charging, according to what the revenue is charging, twenty-five percent (25%) less than the going rate. We're still missing out, each year that goes by, we're still missing out on that money and this was 2011 and we're at 2018. Seven years at a million dollars a year, that's seven million dollars over that period of time that the taxpayer had to pay instead of getting from the people that are using the service and apply it to something, the Police Department, Fire Department, taxes, whatever. I couldn't make it so I asked for the letter to be read into the minutes or entered into the minutes. Mr. Stokes sent the letter out to all the City Council members at the time and here is what he said, "What do you think, should we put it in the minutes or not?". In the only record I could find, there was only one person that was objected to it. There may have been more, but this is the only one I could find in writing and it said, "Jay is it required by law that a letter like this be included in the minutes, if not I would suggest that it not be," and it wasn't. Now, anybody representing the citizens on this City Council that gets a letter, I would ask them in the future, that people can't always get to all these meetings all the time. You do it because that's what you want to do, but some people work and can't adjust their schedules that way. If you are interested in what taxpayers say, even though they spew their manifesto here like I'm doing tonight, somebody else had made that comment at one time on Council, that they had to sit here and listen to me spew my manifesto. If my boss talked to me like that, I imagine, Mr. Walgreen would turn over in his grave. Anyway, it wasn't entered and it was said they sent it to Jay for legal. I think Jay said he would put it in receiving correspondence, but I never did find that in the correspondence received. I have some other things, but I know it's getting late and you guys need to go somewhere. That's just a few of the reasons I think we can get below seventy cents. I ask this Council to consider the things along with other things that may come up. If you want to know what else I think, let me know and I will be happy to share them with you. I won't write them in the paper anymore because the paper is too small. The local paper won't print that much text in one entry. Anyway, you have my email hopefully, and my phone number hopefully, and if you are interested fine. If not, that's fine too. I appreciate your time and I appreciate your patience with me. I didn't have a good visit with the cardiologist today so hopefully you can understand me. I do have some issues, but I appreciate everybody here and all the City people, you are doing a great job and I thank you for it. I'm through boring you and I will get out of your way and let you get to your party. I thank you for your time."

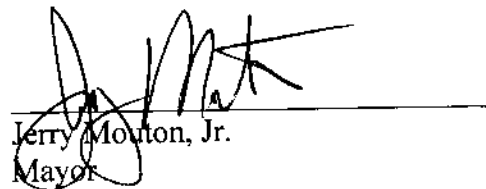
4. HEARING RECESSED - Mayor Mouton closed the public hearing at 5:59 p.m.

ATTEST:



Shannon Bennett, TRMC  
City Secretary

APPROVED:



Jerry Mouton, Jr.  
Mayor

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