

**MINUTES**

A special and workshop meeting of the City Council of the City of Pinehurst was held on August 1, 2019 at 6:00 p.m. in the City Hall. A quorum having been established, Mayor Joseph L. Runnels called the meeting to order with the following council members present: John Zerko, T.W. Permenter, Dan Mohon, and Sarah McClendon. Councilwoman Cynthia Adams was absent. The following business was transacted.

Regarding the presentation of 2018 property tax documents as received from the Orange County Tax Assessor-Collector (OCTAC) and required by Property Tax Code Section 26.04, City Secretary Debbie Cormier explained that there were three sections to these documents. First, she called attention to the Certification of the 2019 Anticipated Collection Rate and Excess Debt Collection. Ms. Cormier read aloud the statement from OCTAC Karen Fisher which stated that the anticipated collection rate for the year 2018-2019 for the Debt Service had been estimated to be 100% and the amount of excess debt service funds collected in the year 2018-2019 had been determined to be \$0.00. Second, she noted the Certified Appraisal Values for 2019 as calculated by Chief Appraiser Scott Overton of the Orange County Appraisal District. She pointed out that these documents contained information on the average taxable value of a homestead; the value of new properties added to the tax rolls this year; the amount of frozen levies for the over 65 and disabled exemptions; the top ten taxpayers in terms of property taxes; and much more. She informed that the third section of documents were the actual documents received from Mrs. Fisher regarding the City's Effective Tax Rate, Rollback Tax Rate, and Debt Rate for 2019. She advised that this set of documents also contained Mrs. Fisher's worksheets showing how she arrived at the current rates. Ms. Cormier stated that these documents did not require any type of motion or approval from the Council. She stated that an acknowledgement of receipt by council members was the only requirement. City Administrator Robbie Hood asked council members if they had any questions regarding the property tax documents presented to them. Council members had no questions about these documents.

The workshop portion of this agenda began at 6:06 p.m. Mr. Hood advised that the certified tax values had been received since the last budget workshop. He stated that the certified values were lower than originally projected. Ms. Cormier explained that in the first budget workshop, the figures presented in that budget were based on preliminary property tax values. She reminded council members that she had informed them at that time that the certified values would go down but the values went down much more than expected. Consequently, she noted that the City had less ad valorem tax revenue to work with than what was originally anticipated. She called attention to the Certified Values Report Freeze Adjusted Taxable amount of \$83,630,725 and stated that this line of the Preliminary Values Report was over \$86,000,000. She remarked that over \$3,000,000 in taxable value had apparently been disputed with the appraisal district.

Mr. Hood informed that there had originally been about \$90,000 in capital outlay requests in the General Fund. He stated through the Enterprise Fleet Management Lease Program, the City would be able to obtain three Silverado trucks in the General Fund for Code Enforcement, Administration, and the Street Department. In addition, he noted that the Police Department would be getting an F-150 Ford Police Interceptor vehicle through this lease. He advised that the annual payment for these vehicles would be around \$23,000. He continued by saying that the

City would lease two Chevy Silverado truck in the Water/Wastewater Department for slightly more than \$10,000 annually. He stated that leasing the vehicles was the best bang for the buck to enable the City to replace aging vehicles quickly. He informed council members that Enterprise Fleet Management would take the City vehicles that were being replaced and sell them for the City. Those funds would then be rolled back into the lease thereby reducing the overall lease amount. He noted that the leased vehicles came with a maintenance agreement that covered bumper to bumper, including oil changes. Mr. Hood explained that this budget proposed to move \$35,000 from General Fund reserves to help offset the first year costs of the lease program. In addition, he stated that the proposed budget allowed for a 3% increase for all full-time employees. He informed that he was also requesting an additional holiday for full-time employees and most stated that they would like that holiday to be Presidents Day.

Mr. Hood advised that the proposed budget represented a  $-\$0.00001$  from the rollback rate. He noted that the rollback rate was the rate at which an election could be triggered if exceeded. Ms. Cormier stated that this budget was based on a total tax rate of  $\$0.71393$ . Councilman Dan Mohon remarked that the City needed to increase property taxes as much as possible without a rollback. Ms. Cormier noted that was exactly what they would be doing with this proposed budget. Councilman Mohon asked Mr. Hood if any salary adjustments would be given with the proposed budget. Mr. Hood advised that would not be possible this year. He stated that this budget would raise slightly less than \$58,000 more in revenue than last year's budget. Councilman Mohon asked if that was because of the tax rate. Ms. Cormier informed that it was because of the increased property values, not the tax rate. She explained that, effectively, the City would be receiving a 10.67% increase in tax revenues. Mr. Hood commented that even though the City would be charging  $\$0.00001$  less than the rollback rate, the taxes on a \$100,000 home would decrease by \$13.91. Ms. Cormier explained that all of this was because the property values increased. Mr. Mohon stated that if property values went up and the tax rate went up, the City should have more than \$57,000.

Ms. Cormier stated that tax rates were very complicated. She advised that there were many factors to determining an effective and rollback tax rate. She informed that the City would not actually be raising the tax rate due to the fact that it was already over the rollback rate. She noted that the City currently charged  $\$0.72762$ . She stated that the City could no longer charge that amount because it was over the rollback rate. Dan Perrine of KOGT interjected that the property tax rate could not be raised because the property tax values went up and the City would be over the rollback rate and potentially be subjected to an election. Ms. Cormier advised that the other part of the equation was that the City's sales tax revenues also increased. Mr. Hood advised that most of the local cities had voted on a half cent sales tax for property tax relief and that is why sales tax revenues were considered in the effective and rollback tax rate calculations.

Councilman Mohon asked if the budget would be balanced with the additional \$57,000 tax revenue; the \$35,000 taken from reserves; giving a 3% increase to all full-time employees; and adding an additional holiday. Ms. Cormier reported that it would and stated the following positive balances in each fund: General Fund, \$1,326.55; Water/Sewer Fund, \$18,857.33; and Garbage Fund, \$23,344.31. Councilman Permenter asked what that would leave in reserves. Ms. Cormier stated over \$1 million. Mr. Hood advised that all funds combined would equal

about a \$3.6 million budget, which represented an approximately \$100,000 increase over the current year.

Mr. Hood directed attention to an aerial view of the proposed dog park. He stated that there were individuals who wanted to donate items for the park. He noted that the City was trying to move forward and provide the citizens the services that they needed and deserved. He stated that this proposed budget would enable the City to obtain that objective and to keep quality vehicles on the roads.

Ms. Cormier advised that someone would need to make a motion on the proposed tax rate at the next meeting on August 13, 2019. She stated that the City would be required to have two public hearings on the tax rate and a public hearing on the budget. She noted that she would have recommended dates for those hearing as well as the date for the actual votes at the next council meeting. She informed that super majorities would be required for all of these meetings.

Ms. Cormier reviewed all proposed budget changes since the last workshop meeting with the council members. In the General Fund, she noted that the property tax revenues changed because of the receipt of the certified values. Mr. Hood stated that the Fire Department Grant line had been changed because the City did not qualify for that grant. Ms. Cormier advised that the Transfer from Water/Sewer line had increased from \$20,000 to \$25,000. She noted the \$35,000 Transfer from Reserves line that Mr. Hood had discussed earlier. She informed that the Capital Lease Payment for the Administrative vehicle had been moved from General Government to the City Administrator's budget and a fuel line had also been added. Mr. Hood advised that the \$1,250 for fuel had been taken from the Street Department Contract Labor. He stated that the crepe myrtles were now being trimmed by City personnel so the Contract Labor line was no longer needed. Ms. Cormier advised that she had received the actual amounts to be charged for workers' compensation insurance for FY2019-2020. She noted that the workers' compensation insurance line in the Fire Department had changed due to an increase in runs over the last year. She explained that the Capital Lease Payments for all of the Silverado trucks had increased slightly because the previous amounts did not include bed liners and towing packages. She stated that the General Government workers' compensation insurance amount had been reduced when the true rates were received in late July. She noted that there would be a \$2,200 transfer to debt service to cover the shortfall. Ms. Cormier informed that the Vehicle Repair and Maintenance line in the Police Department had increased because it had been decided that the City should pay the \$10,000 up front to equip the new vehicle rather than roll any of the equipment amount into the lease. Mr. Hood explained that the Capital Lease payment line in the Police Department had decreased slightly due to a change in the vehicle. He stated that the original quote called for a V8 but it was changed to a 2020 V6 EcoBoost. Ms. Cormier then moved on to the Water/Sewer Department. She advised that the Sewer Trunk Line revenue and expenditure line was adjusted because the City had already paid \$17,000 of its \$27,500 match on that grant. She again noted the change in the Capital Lease payment line due to the addition of bed liners and towing packages. Ms. Cormier advised that there were no changes to the Garbage Fund. She informed that she added pages for the Capital Outlay/Capital Leases and for all of the Restricted Funds. Mr. Hood summarized by saying that the budget currently before council members was what he and Ms. Cormier proposed for the coming year. Councilman Mohon asked if the City had received all expected FEMA reimbursements for Hurricane Harvey

expenditures. Ms. Cormier advised that the only thing left was the Direct Administrative Cost (DAC) fee for Michele Andreu's work on gathering, compiling, and submitting the data to FEMA. She stated that it should arrive soon and would be about \$7,000.

There being no further business to discuss, Mayor Runnels adjourned the meeting at 6:45 p.m.

/s/ Joseph L. Runnels  
Mayor

/s/ Debbie Cormier  
City Secretary