

**MIDLAND CITY COUNCIL
MINUTES
August 20, 2019**

REGULAR SESSION

The City Council convened in regular session in the Council Chamber, City Hall, Midland, Texas, at 10:00 a.m., August 20, 2019.

Council Members present: Mayor Jerry F. Morales, Mayor Pro Tem John B. Love III (District 2), Council Member Spencer Robnett (At-Large), Council Member Michael Trost (At-Large), Council Member Sharla Hotchkiss (District 3), and Council Member J.Ross Lacy (District 4).

Council Members absent: Council Member Scott Dufford (District 1).

Staff members present at the annex table: City Manager Courtney Sharp, City Attorney John Ohnemiller, Assistant City Manager Robert Patrick and Assistant City Manager Morris Williams.

Mayor Morales called the meeting to order at 10:04 a.m.

OPENING ITEMS

1. Invocation - Rev. Pat Bryant, Travis Baptist Church
2. Pledge of Allegiance

PUBLIC HEARINGS

3. Second Public Hearing on Tax Increase for Fiscal Year 2019-2020. (FINANCE)

Budget Manager Jamie Radcliff gave an overview of the Tax Increase budget for the Fiscal Year 2019-2020. She noted the proposed Ad Valorem tax rate was .375639 per \$100 valuation and stated the rate would raise \$5.6 million more in tax revenues than the current fiscal year budget. She also noted that \$1.66 million would be raised from new property to the tax roll.

Council Member Love asked Ms. Minor if the .37 rate reflected a tax cut from the previous year? Ms. Minor stated the current rate was .3922 per \$100 valuation so the .3756 was a reduction in the actual tax rate.

Mayor Morales asked Ms. Minor to explain the new 2020 legislative tax law that was coming out. Ms. Minor stated that as of January 01, 2020 municipalities would not be able to raise the tax rate above the effective rate more than 3.5 percent without an election.

Mayor Morales opened the public hearing.

Amy Wilson, 700 Austin Street, stated the increase proposed may not seem significant but when added with the property tax increase it was a significant and it became much more than what was being proposed. It is money that would be used to pay for shoes, school lunches, field trips, etc. She stated the town was already so expensive to live in and when property taxes are being raised you increase the rent for single mothers who are already living paycheck to paycheck. The children are also impacted by the added stress. The 6% increase may not seem like much but the impact to those already struggling is yet another heavy weight on their already heavy minds. Mayor Morales explained the proposed rate was .03 cent reduction in the property tax rate.

Kimberly Crisp, 3304 Douglas Avenue, stated that in the initial meeting the reason for going above the proposed standard increase was to provide flexibility and a cushion for the City if things slowed down. She stated she struggled to understand why both the City and County were proposing such considerable increases when there was a \$569 million school bond on the table. She asked the Council to implement the new state tax law now and limit its increase to 3.5 as an act of good faith to show the community that the City does care about the heavy tax burden currently being placed on the property owners. Council Member J. Ross Lacy stated the tax rate had not gone up because of the road bond and that the tax rate had gone down three cents. He stated the Council had no control over the county.

Discussion ensued regarding the efforts of Priority Midland, the County and City of Midland.

Councilman Love stated he highly doubted the tax rate would stay that high but that a discussion was going to be held regarding what was best for the City to prepare itself for the unknown.

Nettie Anderson, 3400 Shell Avenue, stated she has lived here her whole life and has four rental properties. She stated her house went up 40% in value and increasing the tax 7.5 percent would kill her. She stated she was retired, did not have a job and the houses were her income. She had a serious issue in having to foreseeing something that might not ever happen. She stated she felt it was going to hurt everyone as much as her.

Hector Covarrubiaz, 1906 Pueblo, stated he was a native Midlander and property owner. He disagreed and hoped that Council would find another solution. He is all for diversity, development, however he had been through two tax hikes on his properties and did not agree on the way they were proposing this budget. He asked where else could they pinch the cookie jar other than penalizing the property owners and where else could they find the money. He stated he knew the roads were bad but that they could not continue to penalize his renters by hiking up their rent.

Mayor Morales asked if he raised his rent like the rest of the community or if he maintained it at an affordable rate to which Mr. Covarrubiaz stated he had maintained it at an affordable rate. Mayor Morales thanked him for that.

Mayor Morales stated this was the City's business budget operating a business in Midland. He stated the Council was working with staff and the directors who operate this community to put the best budget together for all tax payers and that the City could not continue to put band aids on our roads and infrastructure. He stated he felt the budget was a very fair budget.

Council Member Robnett explained the City was about 50 police officer short and that the tax dollars are going towards, police, fire fighters, streets and large civil projects.

Council Member Love stated the budget was available on line for anyone to look at and encouraged everyone and anyone to go through the budget and find things that they felt could be cut and that he would sit down and look at it with them.

Discussion ensued regarding the road bond and roads.

Jenny Cudd, 3400 Humble, presented the Council with comments from citizens posted on line. She stated that she hoped that the Council did not think that because people were not in attendance that they did not care or that they did not want their voice to be heard. Most people can not take off work at 10:00 a.m. on a Tuesday or find a babysitter. She presented 16 pages of Facebook comments that were in reference to the tax increase.

Mayor Morales asked Ms. Cudd if she wanted to speak for herself and that Council could read the comments on their own. Ms. Cudd stated she did want to speak for herself but that she also felt she was there representing people that could not be there. Ms. Cudd read a few comments to the Council. She stated raising property taxes doesn't just affect the homeowners because it wasn't like the people that owned apartment complexes and business would not be also passing that tax increase on to their customers. She felt it would affect the properties, rental rates, retail stores, and produce. She implored Council to find a different way or reconsider raising the taxes that drastically.

Council member Robnett stated that sales tax does not go up without an increase on wear and tear on the roads. Record sales tax did not necessarily mean there was new money with nowhere to go. It needs to go back into the streets to maintain all the use on the roads.

Council Member Love stated Council knew exactly how property taxes work and they were not making the decision lightly. They were not a Council that was spends flippantly and they are trying to be good stewards of the community. He understood that it hurt but that it would also hurt to live in a City that was deteriorating. The number one job of the City is safety which is why they spend over 60% on first responders.

Council Member Lacy stated Ms. Cudd was talking about a revenue rate that would not even cover personnel cost. He is against the tax rate and agreed with the speakers, but you cannot tie personnel costs to sales tax. The City's greatest asset is Police, Fire and a safe community.

Council Member Hotchkiss stated that one of the reasons they are elected and that they represent different districts is to be responsible to those people in their districts and their circles. They are all very active in the community and listened to the community.

Kimberly Crisp asked when the budget would be posted on line because she did not see it. Council Member Love stated they would provide her with a copy.

Netty Anderson asked about the recap for properties. Council Member Love and City Attorney John Ohnemiller stated it was a rollback fee and explained the process of rollback fees.

Sarah Suydam, 3202 West Wadley, stated she and her husband were new to the City and found it very expensive. They are in support of a larger police force but felt there were other avenues to explore such as hotel/motel tax, or man camps.

Council Member Love stated that there was an online retailers' sales tax but that there was question on how to distribute it to cities so therefore it was a complete unknown at this time.

Ms. Suydam talked about out of state workers who do not pay property taxes, but still use the services in the city, and she felt they should be contributing to the services that are needed by them as well. She understood the property tax increase wasn't an actual increase but an increase over the effective rate, but when you add that on top of the valuations that are going up by an average of 12.8 percent every year, they are getting taxed to death.

Mayor Morales talked about the increase in oil, job, income and opportunities in the city and how the people staying in the hotels were paying taxes that give us the opportunity to build parks and convention centers. Lowering taxes would not make the City better. We must make a better City for our community.

Ms. Suydam asked why the hotel motel tax was prioritized to go to parks instead of where it was needed, like roads. Council Member Lacy explained it could only be used for things that brought people to the City and that they could not use it for roads by law.

Ms. Suydam asked if the population was not here anymore because of a bust, did they really need such a large police force. Council Member Robnett stated yes and that he would like to talk to her further if needed. She continued that Council kept referring to themselves as a business, yet they did not conduct themselves like a business. She referred to busts in other cities and how they were responded to. She asked if they had a plan in place for a bust. Mayor Morales stated they did have a plan in place and that they had done a wage study.

There being no one else wishing to speak, the public hearing was closed at 11:16 a.m.

All the business at hand having been completed, the meeting adjourned at 11:16 a.m.

PASSED AND APPROVED the 10th day of September 2019.

Jerry F. Morales, Mayor

ATTEST:

Amy M. Turner, City Secretary