

**CITY COUNCIL MEETING
JULY 9,1996**

This regular meeting of the Ransom Canyon City Council was called to order by Mayor Lee Kitchens at 7:00 P.M. at the Ransom Canyon Fire Station, 1 Ridge Road, Ransom Canyon, TX. Erika Hoeve, Ken Williams, Inez Speed and Charley McQueen were present. Bill Green was absent.

MINUTES: Erika Hoeve asked to clarify Charley McQueen's position about the action to table discussion of the Freese and Nichols proposal. Charley explained that he voted to table the issue, to discuss it at another time. Inez Speed moved to approve the minutes, Ken Williams seconded the motion, all approved.

FINANCIAL REPORT AND CLAIMS AND DEMANDS: Melissa explained to the council that Erika had brought up several questions about the present report that is submitted to the council. There was some discussion about the function of the reports, whether they should reflect only cash accounting, or accrual accounting, or if they should function in addition as a Profit and Loss Statement. Melissa suggested that the council look at all of the accounting reports that are generated each month, and then they could choose which reports they wanted to review on a monthly basis. Erika stated that she had been surprised that so much of our basic accounting is still done by hand ledger accounting. She believed that the Fund Balance Statements should be automated.

This discussion concluded, Erika Hoeve moved to approve the reports, Ken Williams seconded, all approved.

The Preliminary Budget Hearing was moved to the end of the meeting. An **emergency agenda item** had been added to the meeting that specified discussion of the city's recent **water supply problems**. Mayor Kitchens explained that two weeks ago, Friday, Saturday and Sunday, water was going out of the tanks faster that it was coming in. It got well with no answer from the City of Lubbock. This Sunday evening when the same thing happened, (June 30) Lee called Lubbock Mayor David Langston, who called Bob Cass, who called Terry Ellerbrook, who mustered a team of ten to twelve people on Sunday night to attempt to solve the problem of too little supply and too great a demand.

Installation problems were discovered, which Lubbock remedied. Their eight inch line fed through a four inch meter. The John Montford Unit had been looped into the line from Jones Station, in addition, there was no blow out installed at the low spot of the line where it came down through the canyon prior to the Ransom Canyon connection point. We were getting half of the water that had been provided for in the contract.

Lee extended apologies to all of the people who had experienced low pressure, or even without water so many times, and also to the people who kindly cut off their sprinkler systems when Wayne was trying to fill the tanks.

Erika Hoeve asked when the Montford Unit had been connected. (No answer) Mayor Kitchens commented that in addition to the Montford Unit, Canyon growth and the dry climate had increased usage. The solution is not in rationing, it is in corrected input. They are still looking for the solution.

EMERGENCY EXPENDITURES FROM RESERVE FUNDS: The Altitude Valve on Hillside Drive needs repair--\$ 30,000. The Water House Auto Controls need to be installed-\$2750. An Alarm system needs to be installed that will trigger the police phone prior to water running completely out--\$ 1 000. Erika Hoeve moved to pay these amounts from the cash reserves that we will have at the end of this fiscal year. Charley McQueen made a motion to pay for the auto controls and the alarms systems now, and approve the valve for payment either from Reserves or authorize payment from next year's budget. Inez Speed seconded the motion, all approved.

BROOKHOLLOW: The committee has not met. Motion to table from Ken Williams, second from Erika Hoeve, all approved.

DEPARTMENT REPORTS: Wayne Gentry was working on the water system and was not present for his usual briefing. Ken Koontz reported for the Architecture Committee three plans in hand for consideration July 16. Melissa reported that taxes on all homes are paid or are on the downside of the payment contracts, and the delinquent tax roll is under \$2500. Ray Short gave the police report. 0 accidents, 1 arrest, 74 calls, 6 tickets, 50 warnings, 36 vacation watches, 3 animal dispositions and 13 assists to other agencies,. Melissa reported for the court six new cases, six cases closed or dismissed, four active cases, three serving deferred adjudication, and one making time payments.

Wayne Rawls reported for the fire dept. one gas leak, no medical calls, \$900 raised on the raffle, the grounds had been landscaped with help from the Chitwood's grass donation. The Class A pumper had dead batteries, and there was some discussion about the need for more regular maintenance to avoid a disaster due to dead batteries and no fire truck.

Kim Copeland reported on the June Summer reading club for the library. Lots of activity, lots of fun. 188 patrons, 151 books, 27 movies. 31 children in the summer Olympics complete with awards ceremonies.

REQUEST FOR ROUND POLE ARBOR PERMIT: Jim and Twila Rose had landscaped an arbor with round poles, unaware that round poles are prohibited in the Deed Restrictions. The city council took no action, but referred the matter to the building inspector for determination about whether this project is a landscaping item, or is a construction requiring a permit. This action taken on a motion from Erika Hoeve and second from Inez Speed.

REQUEST FOR PLATTING NEW BLOCK: Rand McPherson wanted to plat his tract, with two identified lots, so the council instructed him to bring the matter back to them next month complete with plans.

POA: Chip Polk reported on a good fish fry. He also explained the lawsuit currently underway against Michael Dertien who has refused to pay maintenance fees, stating that because he owns more than one lot, he is a developer, and per the Deed Restriction, is exempt from paying his maintenance fees. The POA is seeking a summary judgment on this matter. This impacts all property owners who own more than one lot, and it also impacts the progress on the Brookhollow situation. Chip then asked for a meeting with city council members to discover means to have city police interface in POA trespass regulations. Inez Speed and Lee Kitchens agreed to meet with the POA.

POWER LIFT PAY AUTHORIZATION: This item covered a request from the Power Lift Company for work performed on the darn. After the agenda had been drawn, Power Lift had rescinded its request, and submitted a request for only the part of the contract that was not under dispute. This \$9500 was approved for payment upon a motion from Erika Hoeve and second from Ken Williams. All approved.

PRELIMINARY BUDGET HEARING: The date for the second City Council work session was set for August 1, to be held at City Hall.

For benefit of the audience, Mayor Kitchens again reviewed this budget year's tax situation. The tax rate is comprised of two parts: Maintenance and Operation, (M&O) and Debt (I&S.. Interest and Sinking). This rate has been about half and half. Last year's rate was 65 cents. Because we will pay our long term debt completely this year, the debt portion of this tax rate will disappear. By law our tax rate must drop to 37 cents, which is the estimated rollback rate. The City Council proposes to adopt a rate higher than the 37 cents. In this event, state law requires that the city must publish notices and hold hearings in order to fully inform the taxpayers. Although the taxpayer's cash outlay will be less, the notices by law will state that the city is going to raise taxes. With this brief review, Lee explained that the council had considered two approaches to this year's budget, and they were still discussing the best application. He then turned the meeting over to Erika Hoeve.

Erika explained that the City Council had looked at the Long Range Plan work done last year, and she explained that she supported a plan to set the rate above the 37 cents, at 50 cents which she believed would provide an extra 13 cents that would generate \$60,000 per year for the Reserve Fund to take care of future capital improvements such as fire trucks or city buildings. She explained much discussion had been done with each city department, with their "wish lists", such as a replacement police vehicle for the current vehicle that has 130,000 miles on it. Do we put them in special or in the regular budget? The altitude valve is not a regular item. It is a 30 year item.

Mayor Kitchens offered that the council had discussed many tax rates, how to categorize the budget and how/where to set the tax rate. We could set reserves at \$60,000, set aside each year for operational needs, or we could run so lean that unforeseen emergencies or litigation in excess of the reserves and the council would have to issue Certificates of

Obligation..Debts authorized by the City Council that do not require citizen approval. There are still some differences to be resolved within the council re: how and what and how much, with input from the community.

Erika Hoeve continued: With this year's 50 million tax base our roll back rate is (est.) 37 cents. The two different views are 1. 50 cents will buy everything, generating \$250,000: \$60,000 for Reserves and \$190,000 for Operations. Other operating revenue will generate \$318,000 for a budget of \$508,000. In her opinion this approach will buy a police car and a truck, and provide 15 thousand for grounds maintenance. She believes that the city should tax for what the city needs, not for what the city will bear.

Charley McQueen explained that the main discussion is philosophical. In 1987 we decided on a philosophy of strict budgeting, paying debts down, achieving a debt free status, with Reserves in store. This plan was adhered to and executed without flaw for eight years, and we are now at the culmination. All departments have suffered, however, including even the tax payers, because taxes have been high. There have been lots of Town Meetings. The Long Range Planning Committee arrived at a plan and every citizen should be acquainted with the survey and the survey results. This Committee had recommended 59 cents.

Charley continued. He originally wanted 62 cents, but would accept 59. This would protect the city against unbudgeted, unforeseen expenses such as those systems repairs that we have seen just in the last six months. We have had to spend an extra 30 thousand unbudgeted money on the dam, 30 thousand for the altitude valve, 3 thousand for the auto controls, and 6 thousand for Back Hoe repairs. The experts are recommending more money for the dam. We know it will be high in dollars. Three years ago we had to spend 28 thousand on the sewer plant that was not in the budget.

Charley believed that we must keep these things in mind. He suggested that 63 thousand left in the city coffers at the end of this fiscal year should go immediately into Reserves. He believes that the balance of the 59 cent rate should go into Reserves for safety factors and needed road repairs.

He noted that the 37 cent budget for operating would pay for two new vehicles this year, sure, but next year we will have to make up for the loss of \$24,000 per year for the COPS FAST Grant, which will end, and we very likely are looking at improvements/expansion to the sewer plant, unless we cancel the contract with Buffalo, in which case we lose \$25,000 in Revenue from Buffalo. So we would be back at square one, having to pay for replacement vehicles out of the Reserve Fund.

He repeated that per his projections, the 60 thousand per year for the Reserve Fund was not sufficient. He did not relish every year having to go back to the people for more money.

In short, Charley believes that the city needs a bigger cushion for 96/97. We need to build Reserves fast and then reconsider the situation next year. The compromise should be next year, not this fiscal year.

Lee requested input from Ken Williams and Inez Speed. Ken stated that the council was divided: He and Erika were for a 50 cent rate and Inez, Bill and Charley were for a 59 cent rate. It was between the members to work it out. Inez said she agreed.

Erika's projections for year end Fund Balances were:	Tax Fund:	\$10,000
	I&S Fund	\$ 57,500
	Operating	\$46,000
	Reserve	\$30,000

Charley commented that he would want these numbers to be audited.

Melissa explained that the differences in the projections were in the projections of actual cash assets, and in projections of Fund Balances, specifically in projected Accounts Receivable accruals in the Operating Fund.

There was much comment from the public. Chip Polk stated that we had scrimped for many years, and that our city has suffered. Our city offices are an embarrassment, and he was very concerned that there was no plan to dredge the lake. Walt Clark stated that Erika's \$60,000 was inadequate, especially for a Town with a half million dollar budget. He went on to state that Ransom Canyon taxes (65 cents) were very reasonable, especially considering that we have no sales tax or business tax to help. We are conditioned to paying these amounts. Robert Englund encouraged the council to lay by in store, and he relayed some horror stories from our neighboring Slaton, whose council is dealing with serious deficits because they failed to keep enough in reserves to cover emergencies. There was lively audience participation.

At this time Wayne Gentry arrived from working the water problem with City of Lubbock engineers and briefed the meeting on the current water problem. Lubbock had reconstructed and corrected their part of the situation, but the problem still was not solved, and it looked like Ransom Canyon had a problem that had yet to be discovered. Lubbock was supplying 900 gpm until Ransom Canyon tied on, then the pressure would drop to 220 gpm. This implies some obstruction somewhere in our part of the system.

Erika Hoeve stated that the priorities of the people who participated in the Long Range Survey were 1. Taxes Lowered 2. Fire Truck Needed (in ten years) 3. Increased Police Protection, 4. Reserve for Equipment Purchases 5. City Hall 6. Lake Dredging. Erika stated that every item could be dispatched with the 50 cent tax rate.

She went on to explain that if the council passed a rate higher than 50 cents, she would force a rollback election. The law states that a petition signed by 10% of the registered voters of the list effective at the last city election (sixty-seven signatures) would trigger

an election that, if successful, would roll the tax rate back to the rollback rate, which in this case would be (approx.) 37 cents.

Charley McQueen argued that 59 cents did represent a tax reduction, and that the city needed the additional Reserves that the extra nine cents would generate. The budget that Erika would support at 50 cents would not pay for either a city hall or for lake dredging. At our \$ 50 million tax base, every penny of the tax rate means \$5,000 in revenue.

Mayor Kitchens brought the rather lively discussion to closure by issuing several charges. Melissa is to again review the end of year cash reserve projections. All other council members are to review the budget line by line. Charley McQueen will review any other retirement plans that might be feasible. (The council had received a proposal for a retirement plan from TMRS this year, but had declined to include it in the budget.)

The meeting adjourned on Erika Hoeve's motion and Ken William's second.

Lee reminded the audience that the work session would be August 1 at City Hall, and the Budget Hearing at which the tax rate will be proposed and record vote taken will be August 6 this year, one week earlier than usual.

Melissa Verett