



**CITY COUNCIL**  
CITY OF PEARLAND  
SPECIAL COUNCIL MEETING  
**MONDAY, AUGUST 17, 2015 | 6:00 P.M.**  
COUNCIL CHAMBERS | PEARLAND CITY HALL | 3519 LIBERTY DRIVE  
281.652.1600

**I. CALL TO ORDER**

**II. PURPOSE OF THE MEETING:**

- 1. Consideration and Possible Action – Resolution No. R2015-138** – A Resolution of the City Council of the City of Pearland, Texas, placing on the agendas of September 14, 2015 and September 21, 2015 City Council meetings, consideration of the proposed fiscal year 2015-2016 budget and setting the public hearing on the budget for August 31, 2015.
- 2. Consideration and Possible Action – Resolution No. R2015-139** – A Resolution of the City Council of the City of Pearland, Texas, voting on a proposed tax rate of \$.7053, a property tax revenue increase of 6.80% above the effective tax rate, and placing on the agendas of September 14, 2015 and September 21, 2015 City Council meetings, consideration of the proposed fiscal year 2015-2016 tax rate and setting the public hearings on the tax rate for August 31, 2015 and September 8, 2015.
- 3. Council Input and Discussion:** Fiscal Year 2015 – 2016 Budget Discussion #3; General Fund Reductions, Police Staffing, Other Questions.

**III. ADJOURNMENT**

This site is accessible to disabled individuals. For special assistance, please call Young Lorfing at 281-652-1840 prior to the meeting so that appropriate arrangements can be made.

**AGENDA REQUEST  
BUSINESS OF THE CITY COUNCIL  
CITY OF PEARLAND, TEXAS**

<b>AGENDA OF: 08/17/2015</b>	<b>ITEM NO.:</b> Resolution No. R2015-138
<b>DATE SUBMITTED: 08/07/2015</b>	<b>DEPARTMENT OF ORIGIN: Finance</b>
<b>PREPARED BY: Claire Bogard</b>	<b>PRESENTOR: Claire Bogard</b>
<b>REVIEWED BY: Jon R. Branson</b>	<b>REVIEW DATE: August 13, 2015</b>
<b>SUBJECT: Resolution 2015 – 138 A Resolution of the City Council of the City of Pearland, Texas, placing on the agendas of September 14, 2015 and September 21, 2015 City Council meetings, consideration of the proposed fiscal year 2015-2016 budget and setting the public hearing on the budget for August 31, 2015.</b>	
<b>EXHIBITS: Resolution No. 2015-138 Legal Notice</b>	
<b>EXPENDITURE REQUIRED: N/A AMOUNT AVAILABLE: N/A ACCOUNT NO.: N/A</b>	<b>AMOUNT BUDGETED: N/A PROJECT NO.: N/A</b>
<b>ADDITIONAL APPROPRIATION REQUIRED: N/A ACCOUNT NO.: N/A PROJECT NO.: N/A</b>	
<b>To be completed by Department:</b> <input type="checkbox"/> Finance <input type="checkbox"/> Legal <input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution	

**EXECUTIVE SUMMARY**

**BACKGROUND**

Pursuant to Section 8.06 of the City Charter, the City Council shall cause to be published in the official newspaper, a notice of the hearing setting forth the time, place, and date of such meetings. Pursuant to State Law, the governing body shall set the hearing for a date occurring after the 15<sup>th</sup> day after the date the proposed budget is filed with the municipal clerk but before the date the governing body makes its tax levy. The budget was filed on July 27, 2015. Also, the notice must be published not earlier than the 30<sup>th</sup> or later than the 10<sup>th</sup> day before the date of the hearing.

The public hearing on the budget is scheduled for Monday, August 31, 2015. After the hearing, the City Council may adopt the budget with or without amendment. In amending the budget after the public hearing, the City may add or increase programs or amounts, provided that no amendment to the budget shall increase the authorized expenditures to an amount greater than the total of estimated income plus funds available from prior years. The first reading to adopt the budget is scheduled for September 14, 2015 with the second and final reading on September 21, 2015.

The public notice on the budget must contain required language pursuant to HB 3195, as the fiscal year 2015-2016 budget raises more property tax revenues than generated in the previous year. Based on a revised proposed tax rate of \$0.7053, the budget is estimated to raise more revenue from property taxes than last year's budget by \$3,018,968 or 7.4%, and of that amount \$2,054,298 is tax revenue to be raised from new property added to the tax roll this year.

The notice will be sent to the paper and published Thursday, August 20, 2015, as well as put on the City's web-site at [www.pearlandtx.gov](http://www.pearlandtx.gov) and televised on the Pearland Municipal Channel.

### **POLICY CONSIDERATION**

Texas Local Government Code and City Charter  
Council Strategic Priority of Fiscally Responsible

### **RECOMMENDED ACTION**

Consideration and approval of a Resolution of the City Council of the City of Pearland, Texas, placing on the agendas of September 14, 2015 and September 21, 2015 City Council meetings, consideration of the proposed fiscal year 2015-2016 budget and setting the public hearing on the budget for August 31, 2015.

**RESOLUTION NO. R2015-138**

**A Resolution of the City Council of the City of Pearland, Texas, placing on the agendas of September 14, 2015 and September 21, 2015 City Council meetings, consideration of the proposed fiscal year 2015-2016 budget and setting the public hearing on the budget for August 31, 2015.**

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF PEARLAND, TEXAS:**

**Section 1.** That the agendas of the September 14, 2015 and September 21, 2015, City Council meetings shall include consideration of the proposed Fiscal Year 2015-2016 Budget.

**Section 2.** That the public hearing on the proposed Fiscal Year 2015-2016 Budget is scheduled for August 31, 2015 at 6:30pm in Council Chambers at 3519 Liberty Drive, Pearland, TX 77581

PASSED, APPROVED and ADOPTED this the \_\_\_\_\_ day of \_\_\_\_\_, A.D., 2015.

\_\_\_\_\_  
TOM REID  
MAYOR

ATTEST:

\_\_\_\_\_  
YOUNG LORFING, TRMC  
CITY SECRETARY

APPROVED AS TO FORM:

\_\_\_\_\_  
DARRIN M. COKER  
CITY ATTORNEY

**NOTICE OF PUBLIC HEARING ON THE PROPOSED OPERATING BUDGET  
OF  
THE CITY OF PEARLAND FOR THE FISCAL YEAR 2015-2016**

The City Council of the City of Pearland, Texas, will hold a Public Hearing on the operating budget for Fiscal Year 2015-2016, at 6:30 p.m., on August 31, 2015 in the Council Chambers, City Hall, 3519 Liberty Drive, Pearland, Texas.

The budget is estimated to raise more revenue from property taxes than last year's budget by \$3,018,968 or 7.4%, and of that amount \$2,054,298 is tax revenue to be raised from new property added to the tax roll this year.

At said hearing all interested parties shall have the right and opportunity to appear and be heard on the subject.

Young Lorfing, TRMC  
City Secretary

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**AGENDA REQUEST  
BUSINESS OF THE CITY COUNCIL  
CITY OF PEARLAND, TEXAS**

<b>AGENDA OF: 08/17/2015</b>	<b>ITEM NO.:</b> Resolution No. R2015-139
<b>DATE SUBMITTED: 08/07/2015</b>	<b>DEPARTMENT OF ORIGIN: Finance</b>
<b>PREPARED BY: Claire Bogard</b>	<b>PRESENTOR: Claire Bogard</b>
<b>REVIEWED BY: Jon R. Branson</b>	<b>REVIEW DATE: August 13, 2015</b>
<p><b>SUBJECT: Resolution 2015-139 A Resolution of the City Council of the City of Pearland, Texas, voting on a proposed tax rate of \$.7053, a property tax revenue increase of 6.80% above the effective tax rate, and placing on the agendas of September 14, 2015 and September 21, 2015 City Council meetings, consideration of the proposed fiscal year 2015-2016 tax rate and setting the public hearings on the tax rate for August 31, 2015 and September 8, 2015.</b></p>	
<p><b>EXHIBITS: Resolution No. 2015- 139 Notice of 2015 Tax Year Proposed Property Tax Rate Tax Rate PowerPoint</b></p>	
<p><b>EXPENDITURE REQUIRED: N/A</b> <b>AMOUNT AVAILABLE: N/A</b> <b>ACCOUNT NO.: N/A</b></p>	<p><b>AMOUNT BUDGETED: N/A</b> <b>PROJECT NO.: N/A</b></p>
<p><b>ADDITIONAL APPROPRIATION REQUIRED: N/A</b> <b>ACCOUNT NO.: N/A</b> <b>PROJECT NO.: N/A</b></p>	
<p><b>To be completed by Department:</b></p> <p> <input type="checkbox"/> Finance         <input type="checkbox"/> Legal         <input type="checkbox"/> Ordinance         <input checked="" type="checkbox"/> Resolution       </p>	

**EXECUTIVE SUMMARY**

**BACKGROUND**

City Council held its first budget workshop for the 2015-2016 budget on August 3, 2015. The budget as filed included a proposed tax rate of \$0.7193 per \$100 valuation; .4900 for the debt service component of the tax rate and .2293 for the operating component of the tax rate. The proposed tax rate as filed of \$0.7193 is a 0.72 cent increase from the current tax rate of

\$0.7121; proposing no increase on the debt component and less than a penny increase on the operating component. The filed budget anticipated that the proposed tax rate would exceed the effective tax rate but be below the rollback rate.

However, upon receipt of the effective and rollback calculations on August 10, 2015, the proposed tax rate exceeded the roll-back rate as the effective operating tax rate of \$.2225 was lower than proposed at \$.2293. At the August 10, 2015 City Council meeting, staff shared the effective and rollback calculation and City Council discussed and provided direction on the debt service component of the tax rate, lowering it from the proposed \$.4900 to \$.4828, as well as to the total rate tax, not to exceed the roll-back rate.

As such, the City would be proposing a 2015 total tax rate of \$.7053; \$.2225 to operations and \$.4828 to debt service. The total proposed tax rate of \$.7053 is \$.0068 lower than the current tax rate and \$0.0140 lower than the original proposed tax rate of \$.7193. This results in a \$616,000 reduction to the fiscal year 2016 General Fund revenues and a \$452,000 reduction in Debt Service Fund revenues, drawing down the fund balance in the Debt Service Fund, yet still in excess of policy. The revenue reduction in the General Fund will need to be offset by a corresponding reduction in expenditures.

Based on the average residential 2014 taxable value of \$187,787 and growing the value by the average residential revaluation of 6.3%, the average residential tax bill will increase from \$1,302 to \$1,374 or \$72 dollars. For an additional 19.7 cents a day, the average resident will receive increased/enhanced services with the opening of 2 new Fire Stations and new Parks as well as enhanced pro-active patrol with additional officers.

### **Truth-In-Taxation Publication Requirements**

Effective back on January 1, 2014, new publication requirements went into effect, with the adoption of Senate Bill 1510. The publication requirement is actually more efficient and replaces the following three notification requirements under Chapter 26 of the Tax Code with one:

Effective and Rollback Tax Rate Publication  
Notice of Public Hearing on Tax Increase  
Notice of Tax Revenue Increase

The proposed property tax rate notice must be published by September 1 and must be published at least seven days before the first public hearing on the tax rate.

The notice of the public hearing states the total tax rate that has been proposed for adoption and compares the proposed rate to the effective and rollback rate. Since the proposed rate exceeds the lower of the effective tax rate or the rollback tax rate, two public hearings are required. The notice provides for the date, time and place of the public hearings. The public hearings are scheduled for Monday, August 31<sup>st</sup> and Tuesday, September 8, 2015 at 6:30pm at City Hall, 3519 Liberty Drive. The first reading of the ordinance to adopt the tax rate is scheduled for September 14<sup>th</sup>, with the second and final reading on September 21, 2015.

The notice will be published on August 20, 2015 as well as put on the City's web-site and municipal channel. The information on the web-site, pursuant to State law, must be posted until the city adopts the tax rate on September 21, 2015.

**POLICY CONSIDERATION**

Property Tax Code; the Truth-in-Taxation process.

There must be a motion to propose a tax rate of:

\$0.7053, a 6.80% tax increase above the effective tax rate and schedule two public hearings for public discussion on the tax rate

There must be a record vote. After the proposed tax rate is approved, Council must announce the date, time and place of the two public hearings on the proposed tax increase.

**RECOMMENDED ACTION**

Consideration and approval of the Resolution to propose a tax rate of \$.7053, a property tax revenue increase of 6.80% above the effective tax rate, and placing on the agendas of September 14, 2015 and September 21, 2015 City Council meetings, consideration of the proposed fiscal year 2015-2016 tax rate and setting the public hearings on the tax rate for August 31, 2015 and September 8, 2015.

**RESOLUTION NO. R2015-139**

**A Resolution of the City Council of the City of Pearland, Texas, voting on a proposed tax rate of \$.7053, a property tax revenue increase of 6.80% above the effective tax rate, and placing on the agendas of September 14, 2015 and September 21, 2015 City Council meetings, consideration of the proposed fiscal year 2015-2016 tax rate and setting the public hearings on the tax rate for August 31, 2015 and September 8, 2015.**

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF PEARLAND, TEXAS:**

**Section 1.** That the agendas of the September 14, 2015 and September 21, 2015, City Council meetings shall include consideration of the proposed fiscal year 2015-2016 tax rate of \$.7053 per \$100 valuation, a tax revenue increase of 6.80% above effective tax rate.

**Section 2.** That public hearings on said proposed tax rate are scheduled for August 31, 2015, and September 8, 2015, at 6:30 p.m.

PASSED, APPROVED and ADOPTED this the \_\_\_\_\_ day of \_\_\_\_\_,  
A.D., 2015.

\_\_\_\_\_  
TOM REID  
MAYOR

ATTEST:

\_\_\_\_\_  
YOUNG LORFING, TRMC  
CITY SECRETARY

APPROVED AS TO FORM:

\_\_\_\_\_  
DARRIN M. COKER  
CITY ATTORNEY

# NOTICE OF 2015 TAX YEAR PROPOSED PROPERTY TAX RATE FOR CITY OF PEARLAND

A tax rate of \$0.705300 per \$100 valuation has been proposed for adoption by the governing body of CITY OF PEARLAND. This rate exceeds the lower of the effective or rollback tax rate, and state law requires that two public hearings be held by the governing body before adopting the proposed tax rate.

PROPOSED TAX RATE	\$0.705300 per \$100
PRECEDING YEAR'S TAX RATE	\$0.712100 per \$100
EFFECTIVE TAX RATE	\$0.660370 per \$100
ROLLBACK TAX RATE	\$0.705311 per \$100

The effective tax rate is the total tax rate needed to raise the same amount of property tax revenue for CITY OF PEARLAND from the same properties in both the 2014 tax year and the 2015 tax year.

The rollback tax rate is the highest tax rate that CITY OF PEARLAND may adopt before voters are entitled to petition for an election to limit the rate that may be approved to the rollback rate.

YOUR TAXES OWED UNDER ANY OF THE ABOVE RATES CAN BE CALCULATED AS  
FOLLOWS:

$$\text{property tax amount} = (\text{rate}) \times (\text{taxable value of your property}) / 100$$

For assistance or detailed information about tax calculations, please contact:

Ro'Vin Garrett, PCC  
Tax Assessor-Collector  
451 N Velasco, Rm 150 in Angleton TX 77515  
281-756-1838  
roving@brazoria-county.com  
www.brazoria-county.com

You are urged to attend and express your views at the following public hearings on the proposed tax rate:

First Hearing: August 31, 2015 at 6:30pm at the City Hall Council Chambers located at 3519 Liberty Drive in Pearland, Texas 77581.

Second Hearing: September 8, 2015 at 6:30pm the City Hall Council Chambers located at 3519 Liberty Drive in Pearland, Texas 77581.

# Building MOMENTUM



CITY OF PEARLAND, TEXAS

FISCAL YEAR  
2015-2016  
PROPOSED BUDGET

Tax Rate

AUGUST 17, 2015



# Property Tax Rate and Allocation

	Previous 2014	Current 2015	Proposed 2016	Revised 2016	\$ Change to 2015
O&M	.2151	.2221	.2293	.2225	.0004
Debt	.4900	.4900	.4900	.4828	-.0072
Total	.7051	.7121	.7193	.7053	-.0068
DS %	69.5%	68.8%	68.1%	68.5%	
O&M %	30.5%	31.2%	31.9%	31.5%	
Est. ETR			.6827	.66037	
Est. RBR			.7193	.705311	

# Residential Tax Bill Comparison Based on Average Residential Value



## City Portion of Property Tax Bill

Value Change	FY 2015 Bill	FY 2016 Bill	Dollar Δ	Percent Δ
0.00%	\$1,302	\$1,289	(\$13)	-1.0%
2.00%	\$1,302	\$1,316	\$14	1.1%
4.00%	\$1,302	\$1,342	\$40	3.1%
6.37%	\$1,302	\$1,374	\$72	5.5%
8.00%	\$1,302	\$1,395	\$93	7.1%
10.00%	\$1,302	\$1,420	\$118	9.1%

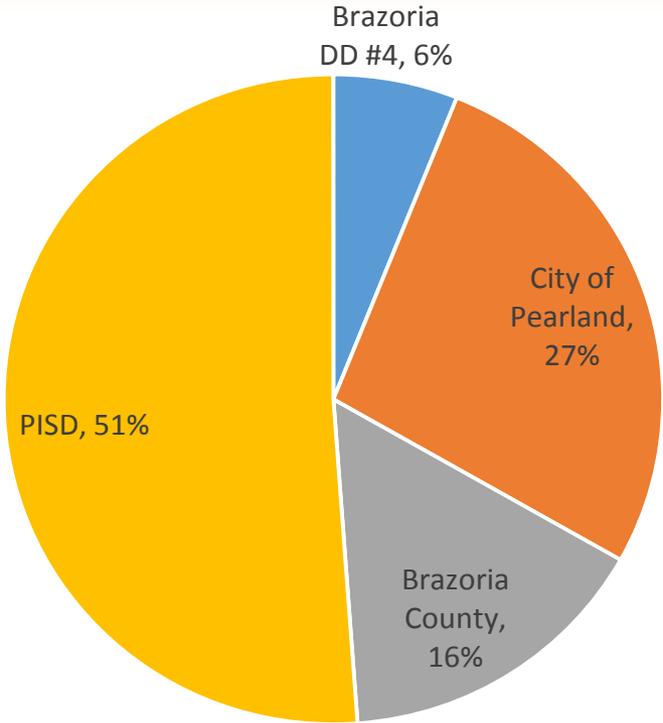
The City's operating rate will drop for FY 2015/16 with the consensus total. For an additional 19.7 cents a day, the average resident will receive increased/enhanced services: opening of new Fire Stations and Parks, enhanced Police staffing and Community Beautification to name a few.

# Where Does Your Property Tax Dollars Go?



For Every Property Tax Dollar:





Percent of Total Tax Bill

Taxing Entity	Tax Bill
BC DD #4	310
City of Pearland	1,381
BC County	794
PISD	2,605
<b>Total Tax Bill</b>	<b>5,090</b>

Does not include taxes from In-City MUD's or Community Colleges that may also apply.

# Building MOMENTUM



CITY OF PEARLAND, TEXAS

FISCAL YEAR  
2015-2016  
PROPOSED BUDGET

Tax Rate

AUGUST 17, 2015

**AGENDA REQUEST  
BUSINESS OF THE CITY COUNCIL  
CITY OF PEARLAND, TEXAS**

<b>AGENDA OF: 08/17/2015</b>	<b>ITEM NO.:</b> New Business No. 3
<b>DATE SUBMITTED: 08/12/2015</b>	<b>DEPARTMENT OF ORIGIN:</b> Finance
<b>PREPARED BY:</b> Claire Bogard	<b>PRESENTOR:</b> Claire Bogard
<b>REVIEWED BY:</b> Jon R. Branson	<b>REVIEW DATE:</b> August 13, 2015
<b>SUBJECT: 2015 – 2016 Budget Discussion #3; General Fund Reductions, Police Staffing, Other Questions</b>	
<b>EXHIBITS: PowerPoint Presentation</b>	
<b>EXPENDITURE REQUIRED: N/A</b>	<b>AMOUNT BUDGETED: N/A</b>
<b>AMOUNT AVAILABLE: N/A</b>	<b>PROJECT NO.: N/A</b>
<b>ACCOUNT NO.: N/A</b>	
<b>ADDITIONAL APPROPRIATION REQUIRED: N/A</b>	
<b>ACCOUNT NO.: N/A</b>	
<b>PROJECT NO.: N/A</b>	
<b>To be completed by Department:</b>	
<input type="checkbox"/> Finance	<input type="checkbox"/> Legal
<input type="checkbox"/> Ordinance	<input type="checkbox"/> Resolution

**EXECUTIVE SUMMARY**

**BACKGROUND**

At the August 3, 2015 Budget Discussion, Council requested updates and clarifications to several requests. Staff answered the majority of those requests with a memo dated August 10, 2015 that was distributed to Council that evening. The budget discussion will focus on General Fund expenditure reductions in light of reducing the O&M tax rate pursuant to truth in taxation and police staffing.

**INFORMATION REQUESTS AND CLARIFICATIONS**

This Budget Meeting will also allow for additional questions, comments and discussion from previous budget meetings and Police Chief Doyle will verbally present a report on Police Department staffing and organizational structure.

With the change in the O&M and Debt Service Tax rate via the direction of Council at the August 10<sup>th</sup> meeting, the general fund will see a \$616,627 reduction in revenues,

Staff suggested August 10<sup>th</sup> to reduce the Streets & Sidewalks expenses to offset the reduction in revenues, but the consensus of Council was to discuss that issue in more detail.

### **SCHEDULE**

The next Budget Discussion will occur August 24<sup>th</sup> focusing on Water/Sewer, to include the CIP, 2016 Budget, Five-Year Forecast and rates/fees for the Water/Sewer Fund. Staff will also provide responses to the additional Council requests of August 3, 2015 that were not addressed in the memo dated August 10<sup>th</sup>.

August 31, 2015 is the first public hearing on the Tax Rate and Budget.

### **RECOMMENDED ACTION**

Review the updates provided by staff, discuss updates and provide feedback to staff for the continued budget process.

# Building MOMENTUM



CITY OF PEARLAND, TEXAS

FY 2016  
BUDGET DISCUSSION #3

AUGUST 17, 2015

# Building MOMENTUM



Impact of Tax Rate Change  
to General Fund  
And  
Funding Options

# Impact of Tax Rate Change to General Fund



The effective tax rate calculation received last week caused projections to change about the effective tax rate from what had been assumed in the recommended budget. In addition, there was a consensus to lower the debt service rate slightly so that fund is closet to the minimum required near-term, rather than smoothing the future year’s increase slightly.

	<u>Proposed</u>	<u>Revised</u>
O&M	.2293	.2225
Debt Service	<u>.4900</u>	<u>.4828</u>
Total	.7193	.7053
General Fund Revenue Reduction		
Property Taxes		\$432,206
TIRZ Administration Fee		<u>\$184,421</u>
Total Reduction		\$616,627



# Street Revised Forecast

## ORIGINAL BUDGET

Sidewalk	\$537,114
Street	\$1,532,139

- Clear Creek Estates Subdivision area
- Hatfield Road
- 60% to be spent on local subdivision streets
- 40% to be spent on Collectors, Major Collectors, and Secondary Thoroughfares

## REVISED BUDGET

Sidewalk	\$537,114
Street	\$915,512

- Clear Creek Estates Subdivision area
- 100% to be spent on local subdivision streets
- 0% to be spent on Collectors, Major Collectors, and Secondary Thoroughfares



# Street Revised Forecast

## ROW Assessment results

- Current condition (PCI) rating 76
- \$3.75 million required annually

	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Sidewalk Maintenance	537,114	537,000	537,000	800,000	800,000
Street Maintenance	915,512	915,512	2,100,000	2,932,000	3,432,000
	1,452,626	1,452,512	2,637,000	3,732,000	4,232,000

# Recommendation



- Increase Garage Sale Permit Revenue      \$ 36,000
- Reduce Street Maintenance                      \$580,627  
as the total of other reductions would be minimal but impact service levels
- Funds in excess of General Fund fund balance policy at 9/30/2015, after audit, would be used to replenish the Street Maintenance account.

# Building MOMENTUM



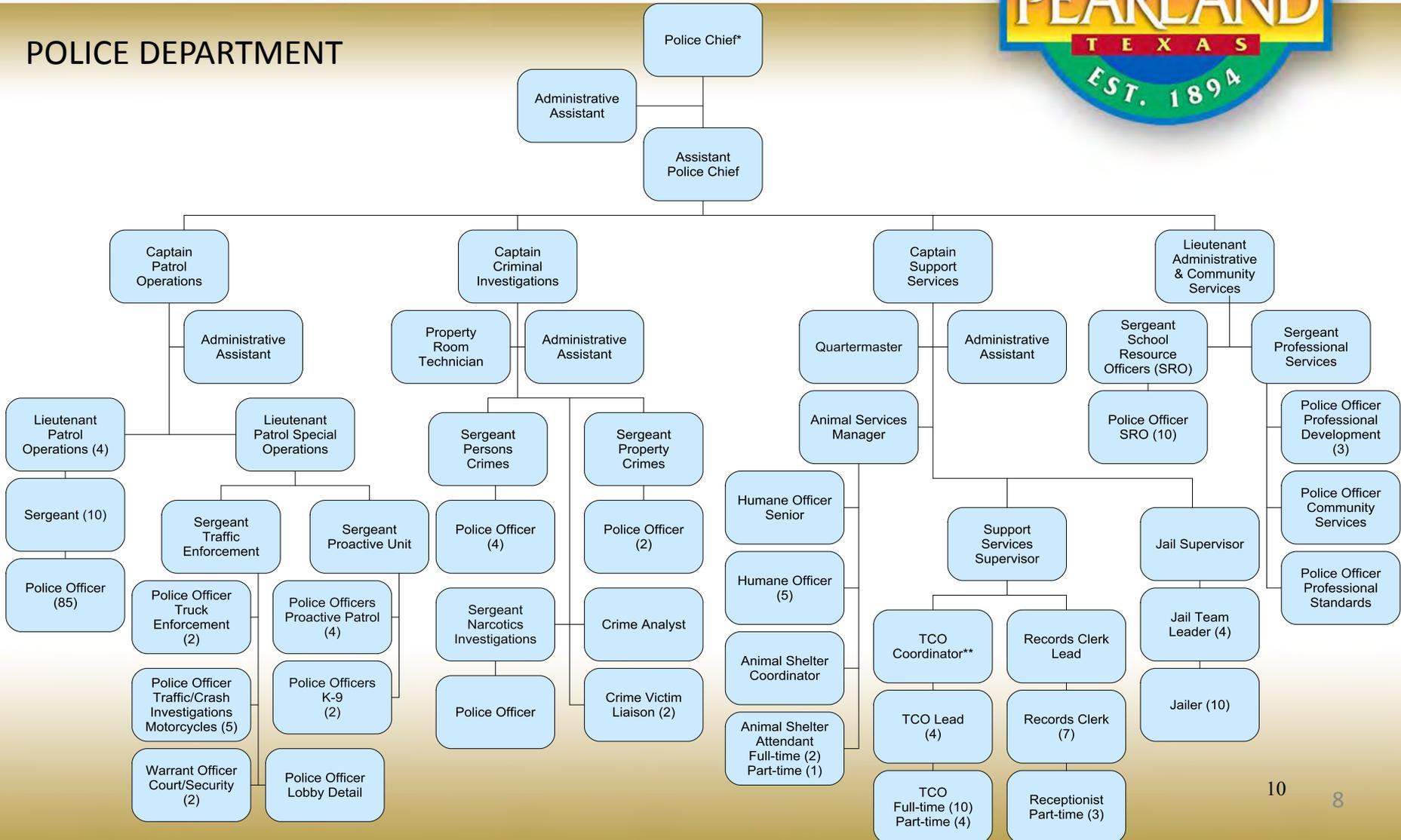
Police Staffing

Chief Doyle

# Building MOMENTUM



## POLICE DEPARTMENT



# Building MOMENTUM

POLICE DEPARTMENT



- Shift Staffing on Squads; Lieutenants and Sergeants Leadership
- Call Volume
- Response Times

# BUDGET DISCUSSION #3



## QUESTIONS

Budget  
Discussion

Monday,  
August 17, 2015