

CITY OF DENTON CITY COUNCIL MINUTES

January 7, 2013

After determining that a quorum was present, the City Council convened in a Work Session on Monday, January 7, 2013 at 10:00 a.m. in the Council Work Session Room at City Hall, 215 E. McKinney, Denton, Texas.

PRESENT: Council Member King, Council Member Gregory, Council Member Engelbrecht, Council Member Watts, and Mayor Burroughs

ABSENT: Mayor Pro Tem Kamp and Council Member Roden

Mayor Burroughs announced that a quorum of the Council was present and called the meeting to order.

The City Council participated in a tour of Denton Fire Stations departing from City Hall, 215 E. McKinney and proceeding to Fire Station #7, 4201 Vintage Parkway followed by a tour of Fire Station #2, 3309 East McKinney and Fire Station #4, 2110 East Sherman Drive and ending at Fire Station #3, 1204 McCormick Street, Denton, Texas.

1. Receive a report, hold a discussion and give staff direction regarding the 2013 Fire Department Facilities Optimization Study.

Ross Chadwick, Fire Chief, stated that during the tour the needs and conditions of the stations were presented. He reviewed the maps of response areas. Stations 2, 3, and 4 were in good locations. He also reviewed the locations for updated/new stations. He felt there might be some open areas in response areas in the next five to ten years and the City should start looking for new property for stations.

Stations 2, 3 and 4 were priorities for replacement. Staff was recommending a \$13 million bond election in May with a possible tax increase. It was felt that it would be the most cost effective to do all three stations at once.

Mayor Burroughs questioned what the estimated tax increase would be.

Chadwick stated it could possibly be 1.8 cents for a \$15 million bond program.

Mayor Burroughs asked how that would be with the tax increase proposed in later years.

Bryan Langley, Assistant City Manager, stated that the next proposed tax increase would be in 2014-15 and would be in addition to this proposed increase.

Mayor Burroughs asked about the bond timeline.

Langley stated that the November 2014 bond election would be \$50-60 million for five years. The bonds would be sold in 2015 with no tax increase. The fire station proposal would be a stand alone cost with a possible tax increase.

Mayor Burroughs stated that two tax increases would be hard to consider. He would like to see a projected master plan for other facilities and those priorities with dollar amounts.

City Manager Campbell stated that staff was talking about needs that had been ongoing for

several years but that were not put in the CIP due to the high cost.

Mayor Pro Tem Kamp asked why there would be a need for a May election.

City Manager Campbell stated that this was a great need. The May election would help when the bond election in November would not have a tax increase.

Mayor Pro Tem Kamp asked when the May bond election would have to be called.

Chadwick stated that it would have to be the February/March time frame.

Council Member Gregory asked if staff had been in contact with the DISD regarding their future bond elections. He was concerned with the frequency of bond elections from 2012-2014. He felt that he had only heard of the fire station needs since the last several months.

Mayor Pro Tem Kamp stated that there had been a need for this for many years.

Chadwick stated that it had been listed in the CIP projects for several years.

Council Member King asked about what factors/growth would need to change in order to not have more taxes.

Langley stated that the growth was projected to be 3% this year and 4% in the next year. There would need to be a 5-6% growth to not have a tax increase.

Council Member King expressed a concern that citizens would not go for more taxes.

Mayor Pro Tem Kamp stated that it had been a long time since the last bond election. She felt streets and fire stations were not extravagant.

Council Member Gregory expressed concern about the long term for a 2014 election or a DISD bond election.

Council Member Watts stated that the 2014 bond election had not proposed a tax increase for \$55 million. He had trouble with the timing for this proposed election. There would be enough debt retired to have \$55 million with no tax increase but a year prior, a tax increase would be needed for only \$15 million.

Langley stated that the \$55 million was over a five year period while the \$15 million was all at once which made the difference in whether or not there was a tax increase.

Mayor Burroughs talked about a fatigue issue both with the voters and with potential members of a bond committee. He questioned about acquiring property first without a tax increase and then proceed with the construction. He was also concerned about pulling the most compelling item from the 2014 election. He questioned if the City could acquire the property without a bond package.

City Manager Campbell stated that could probably be done and that it would diminish the size of the bond election.

Langley stated that a small Certificate of Obligation could probably be issued but there were many variables involved.

Council Member Watts questioned how the building of the stations would take place. He questioned if they would be done all at once or one after the other. He was concerned with a tax increase in 2014 for operation and maintenance and questioned if the proposal were structured with one station one year and one the next year, etc, would it be the same situation.

Langley stated that over two years, the situation would be the same. Over five years there was the possibility of no tax increase.

Council Member Watts asked for an analysis of cost savings for doing the stations all at one time.

City Manager Campbell stated that part of the reason for doing all of the stations at once was due to the living conditions of the current stations and the cost savings for multiple projects. These were projects that had already been delayed 7-9 years.

Council Member Watts stated that if the preference was to do all of them at once, that the forecasted tax increase in 2014 be examined. He questioned if some of that could be offset in the \$55 million.

City Manager Campbell stated that Council could determine whether to do the proposal in May or include it in the 2014 \$55 million bond election which would require a reduction on some of the already proposed projects for the \$55 million.

Mayor Burroughs asked if \$15 million were taken from the \$55 million would that reduce the need for a one cent increase in 2014.

Council Member Gregory asked how much in taxes a 1.8 cent increase would be.

Langley stated that it roughly would be \$29 per year for the average homeowner.

Council Member Engelbrecht suggested looking at 2014-15 and removing some of the tax so there would only be a 1 ½ cent increase instead of 2.8 cents. He questioned if all three stations would be done at the same time.

Chadwick stated they would be done within months of each other.

Council Member Watts questioned if Mayor Burroughs was indicating that it would be easier to have the fire stations in 2014-15 or a separate election.

Mayor Burroughs felt they should be combined from the standpoint of imposing on a citizen committee. The outreach to citizens had critical elements with items compelling to the citizens.

The recognition of need was diminished with some elements removed.

Council Member Watts asked about possible propositions.

City Manager Campbell stated that there would be separate propositions.

Council Member Gregory asked if one package could be done for the \$55 million.

Langley stated no as voters would need to know how much was proposed for each proposition.

Council Member Gregory asked if there was a possibility of doing the stations now and taking some capacity out of the \$55 million.

Mayor Burroughs felt multiple votes on tax increases was tough.

Council Member Watts stated the voters would be voting on the tax increase. He was not as concerned with voting fatigue as the direction would be coming from the voters. If the projects were delayed, there was no telling what might happen in 2014-15. The current facilities were horrible.

City Manager Campbell stated that one of the real issues was when the debt was issued.

Mayor Burroughs asked when the debt would be issued if there was a May election.

Langley stated it would probably be issued in June.

Council Member King stated that on a surface look, people would not understand that a \$15 million bond proposal would result in a 1.8 cent tax increase while a \$55 million bond proposal would have no associated tax increase.

Mayor Pro Tem Kamp stated that a citizens committee would decide the projects for the \$55 million proposal. The fire stations were a real need and a need which had been put off for a long time. This was a critical need citizens would recognize and in 1 ½ years a citizens committee would find project needs.

Mayor Burroughs stated that taking the fire stations out of the \$55 million proposal would remove the most compelling reason for the 2014 package. There was a need for people to care enough to vote for the package. He felt there was value not having it as a standalone package.

Council Member Gregory asked about the practical implication for a May election with a single member district election, a possible Charter election and a bond election. Challengers running for office might make an issue of these and Council would not be able to speak in favor of the projects as they were prohibited by law to endorse the bond election.

City Attorney Burgess stated that once the Council acted on the bond election, it became a dark period for Council to comment on those issues. Council would not be able to support or oppose the issues.

Council Member Gregory noted that Council would have to be careful answering questions in any type of forum.

Mayor Burroughs asked about doing a six year bond program.

Langley stated that this item would be discussed in the Council's upcoming planning session with the possibility of even an eight year program.

Council Member Gregory asked about the option of a \$45 million proposal in November 2013 and doing the fire stations first, then selling the other bonds.

Langley stated that anything over \$55 million would need a tax increase regardless of the number of years.

Mayor Burroughs felt a November 2013 election would be preferable as there were not many other elections going on at that time. The Congressional elections would be in 2014.

City Manager Campbell stated that the DISD's plans also might have an effect on a November 2013 election.

Mayor Burroughs requested information on a projected impact on the bond rates for 2014.

Langley stated that he felt the rates would hold through 2015 but that would be also be tied to inflation and unemployment.

With no further business, the meeting was adjourned at 1:35 p.m.

MARK A. BURROUGHS
MAYOR
CITY OF DENTON, TEXAS

JENNIFER WALTERS
CITY SECRETARY
CITY OF DENTON, TEXAS