

Duncanville City Council Meeting Minutes Special Meeting Thursday, August 13, 2020

CALL TO ORDER

A regular meeting of the Duncanville City Council was called to order on Thursday, August 13, 2020, at 6:04 p.m. in the Council Briefing Room at City Hall with a quorum to wit:

COUNCIL PRESENT:

Mayor Barry L. Gordon
Councilmember Joe Veracruz
Mayor Pro Tem Don McBurnett
Councilmember Monte Anderson
Councilmember Mark D. Cooks
Councilmember Johnette Jameson

COUNCIL ABSENT:

Councilmember At-Large Patrick Harvey

There will be no public access to this physical access. However, a live broadcast will be provided on our local channels (Charter 192 or U-verse 99). A YouTube recording will be provided no later than August 20, 2020.

To submit public comments, email citysecretary@duncanville.com and title the email "Public Comment – August 13th". All public comments submitted by 4pm on Thursday, August 13, 2020 will be provided to the City Council members and entered into the record for the August 13, 2020 City Council Special Meeting – Budget Workshop.

BUDGET WORK SESSION

1. CALL TO ORDER

Councilmember Jameson requested the citizens be allowed to speak during Citizen Comments via ZOOM instead of submitting comments via e-mail.

2. RECEIVE PUBLIC COMMENTS

Debra Maier, 622 Dawson Drive – spoke against raising taxes.

Juanita Marchant, 318 Swan Ridge Place - spoke against raising taxes.

Benjamin & Misty Bain, 102 Walnut Street – stated there are errors in the budget and provided feedback on the tax rate and the use of consultants.

Patricia Ebert, 115 South Greenstone Lane – questioned if citizens could receive a homestead exemption and stated there are errors in the budget.

3. REPORTS

- A. Discuss and deliberate the FY 2020-2021 Proposed Annual Budget concerning, General Fund Expenses and Revenues, Utility Fund Expenses and Revenues; 2021 Capital Improvement Plan, and fee schedule including Alcohol Ordinance fee discussion, miscellaneous departments and funds. (The City Council may direct staff to make additions, deletions or corrections to the budget which is the subject of the discussion and deliberation for future and/or final consideration by the City Council.)**

Interim City Manager Frederiksen stated due to the COVID-19 pandemic it has caused a disruption in the normal Budget process resulting in uncertified estimated of taxable value numbers. Normally, the City would have the Certified Role numbers by the end of July.

Finance Director Summerlin discussed the changes that have occurred since the June Workshop:

- \$411,125 overall increase in revenue estimates
 - \$500,125 increase in sales tax revenue
 - Total actual sales tax received Oct 2019 thru May 2020 \$6,632,390
 - Total actual sales tax received June 2019 thru Sep 2019 (prior year) \$3,788,862 less 15% COVID-19 reduction of \$568,329 leaving forecasted sales tax revenue for the remainder of FY20 at \$3,220,533
 - 75% of sales tax allocated to the General Fund and 25% allocated to Duncanville Community Economic Development Corporation (DCEDC)

- \$89,000 decrease in franchise tax revenue due to SB1152

FY20 General Fund Challenges:

- Sales tax revenue loss is significant but less significant than originally estimated and recovery from the pandemic is uncertain from a timing perspective
- Restoration of deferred street maintenance and other building and equipment maintenance costs continue to present challenges
- Providing exceptional services with lean staffing levels is a challenge
- Compliance with unfunded regulatory and reporting mandates increases organizational stress with lean staffing and current compensation

Discussion followed on the following; FY21 Budget Outlook, compensation, and tax rate.

Tax Rates:

- July 24 -Current Rate \$0.743447 - Under Voter-Approval Rate based on Certified Estimate of Values provided by Dallas Central Appraisal District (DCAD)
 - **Texas Tax Code Sec. 26.04. SUBMISSION OF ROLL TO GOVERNING BODY; NO-NEW-REVENUE AND VOTER-APPROVAL TAX RATES. (c-2)** Notwithstanding any other provision of this section, if the assessor for a taxing unit receives a certified estimate of the taxable value of property in the taxing unit under Section 26.01(a-1), the officer or employee designated by the governing body of the taxing unit shall calculate the no-new-revenue tax rate and voter-approval tax rate using the **certified estimate** of taxable value.
 - The current tax rate is below the legally calculated NNR and VA Tax Rates
- August 7 - Estimated Voter-Approval Rate \$0.711877 - based on estimated Certified Tax Roll (August 20)
 - DCAD certified the estimate of values with \$568 million dollars in protest (typically at certified roll this would have been approximately \$20 million)
 - DCAD provided an estimate of values to be used in the tax rate calculations at 50% of the amount in protest (typically they use 70% and typically the amount under protest is much smaller)
 - Based on conversation with DCAD officials, they expect certified roll to come in at 85 to 90% of the amount under protest
 - The exact rate will not be known/certified until sometime after August 20
 - The rate above is a best estimate

NNR and VA Tax Rates:

Description	Tax Rate Comparison					Adjustment To Current Tax Rate	General Fund Property Tax Revenue
	Fiscal Year	Tax Year	No-New-Revenue Rate	Current Tax Rate	Voter-Approval Rate		
Dallas County Certified Rates Based on DCAD Certified Estimate of Values	2021	2020	\$ 0.748609	\$ 0.743447	\$ 0.773007	\$ -	\$ 18,512,395
Estimate of Rates If Based on Certified Tax Roll	2021	2020	\$ 0.689427	\$ 0.743447	\$ 0.711877	\$ (0.031570)	\$ 17,667,543
Difference (Equates to 9.4 day reduction of fund balance)							\$ (844,852)

Adopted Tax Rate Outcome for Current and Subsequent Budget Year:

ASSUMING TAXABLE VALUES INCREASE 5% NEXT YEAR						
FY21 (TY20) ADOPTED TAX RATE	VOTER- APPROVAL RATE FOR FY22 (TY21)	DIFFERENCE	PERCENTAGE	ESTIMATED CURRENT BUDGET YEAR REVENUE *	ESTIMATED SUBSEQUENT BUDGET YEAR REVENUE *	TOTAL TWO YEARS COMBINED REVENUE
0.743447	0.73255	-0.010897	-1.5%	\$ 20,294,848	\$ 20,997,247	\$ 41,292,096
0.711877	0.70855	-0.003327	-0.5%	\$ 19,433,040	\$ 20,309,330	\$ 39,742,370
Difference				\$ (861,808)	\$ (687,917)	\$ (1,549,725)
* Total combined revenue GF plus DS and at 100% (no discount for delinquent taxpayers)						

Straw Vote:

- Stay at the current rate of \$0.743447 (legally conforming to the tax code and no public hearing required on the tax rate)
- Reduce the rate to the VA rate after Certified Tax Roll is published (best estimate is around \$0.711877 and would not be required but would be the outcome had DCAD certified the tax roll at our estimate which is 85% of values under protest)
 - We will not know the exact re-calculated rates until sometime after August 20

All council members present, with the exception of Councilmember Jameson, supported the proposed preliminary estimated Voter Approval Tax Rate of \$0.711877 and furthermore directed staff to receive the Certified Tax Roll from DCAD on August 20, 2020 and have the Dallas County Tax Office re-calculate the No-New-Revenue (NNR) and Voter-Approval (VA) Tax Rates. Councilmember Jameson stated she desired to lower the proposed tax rate to the NNR Tax Rate (estimated at that time to be \$0.689427) when the certified rates were available.

Discussion continued on the following; Utility Fund revised FY20 budget, Utility Fund FY21 Budget outlook, other funds – FY20 revised Budget and FY21 Budget outlook, and Public Works proposed FY21 CIP Budget and FY22-FY26 CIP Program.

Public Works Director Ramey discussed the Alcohol Ordinance fee.

- 08/19/2003, Ordinance No. 1853 – Sale of Alcoholic Beverages approved by City Council
- 06/2/2015, Ordinance No. 2248 – Sale of Alcoholic Beverages Amendment #1 approved by City Council to allow alcohol sales at Special Events
- 04/04/2017, Ordinance No. 2309 – Sale of Alcoholic Beverages Amendment #2 approved by City Council to allow alcohol consumption at park facilities in conjunction with an approved facility rental
- 06/2020, Staff discovered that the City never implemented the ordinance for restaurants that serve alcohol.

TABC permits are issued every two years.

Category	TABC Permit Fee	City Permit Fee Per Ordinance
Retail – Beer Only	\$120.00	\$60.00
Retail – Wine Only	\$150.00	\$75.00
Retail – Beer & Wine Combo	\$120.00	\$60.00
Restaurant – Initial Mixed Beverage Permit	\$6,000.00	\$3,000.00
Restaurant – 1 st Renewal	\$4,500.00	\$2,250.00
Restaurant – 2 nd Renewal	\$3,000.00	\$1,500.00
Restaurant – 3 rd & Subsequent Renewals	\$1,500.00	\$750.00

Best Southwest Alcohol Ordinance:

City	Off-Premise/Retail Alcohol Sales	Restaurant Alcohol Sales	Fees
Duncanville	Yes	Yes	½ TABC
Lancaster	Yes	Yes	½ TABC
DeSoto	Yes	Yes	½ TABC
Cedar Hill	Yes	No	½ TABC

Council concluded to remove the prohibition of alcohol sales at restaurants with drive-thru and/or curbside service, starting October 1, 2020 notify and permit businesses; permitting fees to begin in 2023. Staff will bring an amended ordinance back to Council for consideration.

- B. Announcement and establishing a budget and tax rate.

Guidance was provided during earlier discussion.

ADJOURNMENT

The meeting was adjourned at 9:00 p.m.

APPROVED:



MAYOR

ATTEST:



CITY SECRETARY