

CITY OF IVANHOE

PUBLIC HEARING FY-2021 BUDGET

MINUTES

August 12th, 2020

5:45 PM

Public Hearing on the proposed FY-2021 Budget was called to order by Mayor Bennett at 5:45 PM. A Quorum was established with all Council members present. (Councilman Morris via phone). Councilman Vonderlin provided the invocation and the Mayor led the Pledge of Allegiance.

Mayor Bennett clarified that there was some confusion expressed on social media regarding adoption of the budget and the public hearing to explain the proposed budget and receive public comments. She noted that the hearing was being livestreamed on the city's Facebook page and thanked Brandon Yarbrough with Rarity Communications for setting up equipment and making sure the public hearing was being broadcast.

Agenda Item #1 – Public hearing on proposed FY-2021 budget

Mayor Bennett began by explaining that she had submitted a Proposed Budget on July 17th and reiterated that it was simply a Proposed Budget and that the final adoption of the FY-20210 would not occur until Sept 29th. The preliminary figures she submitted reflected a 4% increase in ad valorem taxes. She explained that the previous year she had based the Budget on what used to be called the Effective Tax Rate which was the rate that would generate the same amount of income as the previous year. At that time council members and the attending audience agreed that there needed to be a small increase to cover the increased costs of doing business. Based on that, the proposed budget for FY-2021 included the same increase in ad valorem tax.

She explained that after a budget is submitted, the next step in the process is to hold a Workshop at which the proposed budget is reviewed. At that workshop on July 30th, Councilman Warren suggested that since the economy had been so negatively affected by the COVID 19 Pandemic, there should not be any increase in ad valorem tax.

She explained that the next step is to hold a Public Hearing to get the input from the citizens regarding the Proposed Budget.

Following this public hearing on the proposed budget the Council will have a public hearing on August 13th on the tax rate to cover the budget.

The Mayor explained any comments or questions regarding the proposed budget needs to include the individuals name and address. She read 2 emails that had been received prior to the hearing: Robert

Keiffer commented that he will not support a tax rate increase or anyone who votes for a tax increase. Ms. Sarah George commented that she votes no to any increase in the tax rate.

Councilman Blackstone observed that the line item for the Marshal's office has a 1.7% increase. Marsha Roth sent question by Facebook regarding the training line item, and training now being held on-line instead of in person.

Councilman Herrington asked if there is an estimate of any fund carryover from the current year budget.

The Mayor explained that Senate Bill 2 which was passed in the last legislative session to increase transparency of the budgeting and tax rate setting process was rather confusing as to when the deadline was for adopting a budget and a tax rate. We understood that we had to do both by August 17th. and therefore we are holding these workshops and hearings much earlier than in previous years so it is too early to determine what the carryover will be. The legislation included a "de minimus" exception for cities with a population of less than 30,000. Due to the "de minimus" exception the city does not have to adopt the Budget and Tax Rate until Sept 29th at which time we will have a clear picture of what carryover, if any, there will be. Instead of making the process more transparent it has caused 14 pages of calculations and a lot more confusion.

Councilman Herrington expressed that he wants to make it clear that the 4% increase is .70668 per hundred which is below the current tax rate of .7237 cents per hundred. He said it boggles his mind that the state makes it so confusing for tax payers. He explained the 4% is revenue increase not tax rate increase. Mayor Bennett clarified under Senate Bill 2 the no-new tax revenue is similar to what in previous years was referred to as the effective tax rate.

Facebook comment from Vance Townsend: Would like to see the current budget collections. Question from Mark Petersen: Why wasn't a tax rate reduction considered?

Councilman Vonderlin commented that the proposed budget that had been displayed on the Facebook page included the no-new tax revenue rate which is a reduction of .44226 per hundred from the current tax rate. Councilman Herrington repeated that the proposed 4% tax rate increase has a lower tax rate than the current year tax rate. Comment from Fred Trask that he is opposed to any tax rate increase. Councilman Herrington noted the hearing was for the proposed FY-2021 budget and requested that comments be limited to budget questions. Councilman Blackstone voiced that he thinks what has everyone up in arms and what they would like to know is what the actual cost to individual property owners is. Alicia Kimbrough sent question about the line item for training and with more on-line training could the line item be reduced. Mayor Bennett explained that any line item with funds remaining near the end of the budget year is transferred to the street maintenance or other line items that have gone over budget. Mark Roth asked about the line item for personal mileage. Karl Muensch commented that his property appraisal went up 10% this year, and if the tax rate stays the same he will pay increased taxes. Councilman Herrington explained that due to the reappraisal that occurred last year and the limitation of 10% increase in property values per year, homesteaded property will have rolling increases of 10% until

the values are in line with what the state has determined (driven by appraisals for school taxes). Mayor Bennett reminded those present and on-line that the city started with a tax rate of 79 cents per hundred dollar value. Due to the increase in values over the years the proposed tax rate has dropped to 70.66 cents per hundred. Councilman Herrington explained that on a home valued at \$100,000 the 4% rate increase will add \$17.50 to the tax bill. Councilman Blackstone observed that Council discussion during the workshop recognized that the layoffs from the pandemic have been a major concern for some folks. Councilman Morris stated the discussion should stay on the budget, since a separate hearing is scheduled for the tax rate. Facebook question: Vance Townsend asked what the impact on city operations would be if the no-new tax revenue rate were adopted? Mayor Bennett said the street maintenance line item is where funds are reduced. The proposed FY-2021 budget decreased the line item to \$83,000 from the current \$127,000 for FY-2020. She noted that reimbursement from FEMA on the 2015 flood disaster will come in so the line item can be increased without added tax revenue. Councilman Herrington noted to be candid with folks: the Council has always presented that the line item for street maintenance is where funds are taken from or added to during the budget year. Alicia Kimbrough Facebook commented that she would like clarification on the increase/decrease on each line item. Mayor Bennett then went over the proposed budget line item by item. Mark Roth questioned why the roads are the 1st item cut? Councilman Blackstone observed that the outlay on street maintenance will decrease as the streets are improved. Mayor Bennett added that approximately \$730,000 in grant work will occur in 2020 and the improvements will continue thereby reducing maintenance costs on the 46 miles of streets and 4 dams. She noted the engineer had informed her that it would require a budget of \$1.5 million to \$2 million per year to properly maintain the streets and drainage. Danny Muzny posted that the County provides a homestead exemption for over 65 and asked why the city does not? Mayor Bennett explained the city is underfunded as it is and since there are so many over 65 property owners in Ivanhoe giving an exemption would mean having to raise the tax rate substantially to make up for the exemption, so it doesn't make sense to provide an exemption. Councilman Herrington said he has seen the community go downhill over the years and to date we have not been able to see the light at the end of the tunnel but if the momentum keeps going forward, the community will soon begin to see improvement. Councilman Vonderlin observed the city has gone from having no equipment and having to contract all of its street and right of way work to having a Public Works Dept. with most of the equipment needed for street maintenance and this has all happened in the past 5 years.

Mayor Bennett concluded the hearing noting that anyone who needs clarification on the budget or any city activity to please call her. Her cell phone # is available on the city website. Getting facts instead of spreading misinformation on social media is the proper way to handle issues with the city.

Agenda Item #2 – Action on the proposed FY-2021 Budget

Mayor Bennett explained that the Local Government Code which controls much of city government for smaller cities requires the Council to take action on the proposed budget at the conclusion of the public hearing. Councilman Vonderlin submitted the motion to postpone action on the proposed FY-2021 budget

to September 29th at 6:30 PM. Councilman Herrington voiced the second and the motion passed unanimously.

Agenda Item #3 – Adjourn

Councilman Vonderlin made the motion to adjourn with a second by Councilman Warren and the meeting was concluded at 7:01 PM.

Respectfully submitted,

C. D. Woodrome, City Secretary