

MINUTES OF THE

COMMISSIONERS' COURT

WORKSHOP MEETING - AUGUST 1, 2018

On the 1st day of August, 2018, there was a Workshop Meeting of the Commissioners' Court in the Commissioners Courtroom in the County Courthouse, located at 2840 Highway 35 North, Rockport, Aransas County, Texas, with the following members present: **C. H. "Burt" Mills, Jr.**, County Judge; **Jack Chaney**, Commissioner, Precinct 1; **Leslie "Bubba" Casterline**, Commissioner, Precinct 2; **Brian Olsen**, Commissioner, Precinct 3; **Betty Stiles**, Commissioner, Precinct 4; and **Valerie K. Amason**, County Clerk.

Members of Local City Government, Community Groups and other Interested Parties present:

Dave Parker, Developer;

The Meeting was convened at **9:00 a.m.** at which time a quorum was declared by Judge Mills, WHEREUPON, the following proceedings were had and done to wit:

ITEMS FOR DELIBERATION AND/OR ACTION

1. Report on Calculation of 2018 Effective & Rollback Tax Rates.
2. General discussion of 2019 Budget with elected officials and department heads as scheduled.

JERI COX - TAX ASSESSOR-COLLECTOR: In my budget there are no changes, I calculated the Effective Rate and the Roll Back Rate as required by law, the Effective Rate came out to .479115, last year's was .403315, so it was an 18.8% increase. The Roll Back Rate came out at .512082 which is 6.88% above the effective rate. Our notice of hearing limit is the effective rate so if we

go over .479115 then we would have to have the two public hearings. So today I put on a spreadsheet, comparisons with the bottom being the 2018 Effective Rate calculations, what the levy would be on a 2018 certified values, what the budget amount would be if we collect if we base it on the 98% collection rate. The next column is what was budgeted for 2018 and the last column is the shows the difference between the 2019 & the 2018 budgets, so I did that for the effective rate at the bottom, the roll back rate is at the very top, in between, right above the effective rate, I took last year's rate the .403315 and applied it to the 2018 values. It's not the exact same M&O rate because you're I&S needs change, debt payments, so I just adjusted that to where our debt payment is being met and what's left over, so at .403315 the budget comparison is for County M&O \$1,248,940 in the hole. And then, just looking at it and trying to close out on the spreadsheet I thought, I'm going to take last year's rate .403315 and I went half way between that rate and the effective rate which was an increase of .0379 and I applied the .0279 to the County M&O Rate and one penny to the Road & Bridge M&O Rate and that dropped your County M&O hit to reserves to a little over \$594,000 rather than the \$1,248,940. So, in looking at those various options, Commissioner Casterline wanted to see what would happen to some of the values, some of the accounts, on this last sheet I took ten accounts and listed the values, if they are highlighted in green those are homesteaded accounts, just regular homestead not the over 65, and I looked up the history, what they paid last year in County Ad Valorem, Road & Flood and then totaled it. Then I moved over and wrote the 2018 values showing the decrease at around 5%, then I applied the 2018 values with the effective rate and what our taxes would be

on these ten accounts, showing that it would be an increase of about 12%. The next column on the far right is the 2018 value with last year's rate, because our values would reduce our taxes would reduce about 5%. Then I took and made the comparison with that rate half-way between last year and effective rate on the ten accounts and it would increase the amount we pay ranging from 4% - 5%.

Commissioner Casterline: Jeri, do you have any indication of what the school might do?

Jeri: The school has no options like you do, I'm not required to calculate an effective rate for them because they can't go to an effective rate, they are locked in at a certain M&O rate and the only way they can increase that is if they have a ratification election and if they were moving towards that they would have already been there.

Commissioner Casterline: So the school taxes are going to be the same rate, the only thing that would vary would be...

Jeri: Their I&S Debt, but their M&O won't change. Their formula is worked through TEA, supposedly there is a way that they can go back and recoup funds from the State to make up, but I don't know how that process works. The other entities, I have not heard, they have not indicated this week, I sent them their rates Monday morning and they have not responded, whether they are going with the effective rate.

Commissioner Stiles: I think the Navigation District is going to stay with the effective rate.

Jeri: And of course theirs is not a very big increase. The city would see about the same increase.

Commissioner Stiles: They've gone to the roll back rate three years in a row.

Jeri: But they haven't indicated, they have a new finance director, we've emailed, but I don't know him. So like I've told Jackie, the effective rate we do see an increase, she kind of calculated it in her head and it would be about \$10 more a month for the county, but that doesn't count for what the City's would do if you live in the city limits, but you can't look at that.

Commissioner Casterline: You still have to think about the person who has to pay their taxes.

Jeri: I know, and I didn't calculate that, but it would probably be about a 12% increase overall if everybody went with their effective rate, for those who only had about a 5% reduction in their value because there was no visible damage.

Commissioner Casterline: Can you tell us a little about, say if we were to pull a million dollars out of the reserves to subsidize the budget, that's going to affect our next year's rate, how much would it affect it by potentially?

Jeri: Well, no I can't tell you how much because that won't even come into play next year, because I'm only going to look at the property tax amount for 2018 adjusted, because we look at the same properties as the previous year that was taxed to this year, the new year, and any adjustments and values are made to try to arrive at the same dollar amount that was generated by property taxes the previous year. So that million dollars, if we take it from over there, won't be accounted for at all, so we will never make that million dollars up in the effective rate, it doesn't look at what you've spent, it only looks at

Commissioner Casterline: So if we would get the increase in property tax value that we would have between now, that we would have on January 1st, could make some or all of that up.

Jeri: It's not going to make up that million dollars because it won't look at that million dollars, it's going to see a big increase in value on the same properties that were taxed in 2018 or a little lower, so if this value went up, it's going to look at the levy amount for 2018 trying to generate that much, so it's going to drop the effective rate just like we saw a big hit to the effective rate climb, that's because our values went so far down.

Commissioner Stiles: Are we still looking at the 25%?

Commissioner Casterline: Yes.

Jeri: Increase?

Commissioner Stiles: Decrease, in value.

Jeri: Comparing the certified values that we received this July to last July, the value dropped .35%.

Jackie: I think some of the discussion with it being 25% is because they are looking at "just improvements", improvements reduced but your land value is still there.

Jeri: Yes, but I didn't go make those comparisons.

Commissioner Casterline: Land values have changed a lot because there's a whole lot more for sale now.

Jeri: Everyone that I've looked at on the land only, the land stayed the same. And that 5% reductions on those that have non-visible damage, the land still stayed the same.

Commissioner Chaney: So if the values go up then our effective tax rate is going to go down next year.

Jeri: And it's only, it's called "no new tax" it's one of the new legislative phrases they use, so they are only going to look at what we levy this year and if we don't levy that million dollars and take it out of reserves, that million dollars will not be used in any of the calculations.

Commissioner Casterline: So the only increase we will get will be new construction.

Commissioner Stiles: If Governor Abbott and Dan Patrick get their way with 4%, how is that going to affect us? We would have to have an elections at this point?

Jeri: Right now our roll back, anything over the effective rate, instead of right now we could go from 4% to, I mean what they are going to do is drop that roll back 4% and so you don't have as much leeway to go in between.

Commissioner Stiles: So that's over and above 4% now, if we adopted it today?

Jeri: If you go above the effective rate, it's going to be more limited on how high above the effective rate.

Suzy: So having said that, Jackie plugged in what Jeri has on the effective rate, so you can see what an impact it made.

Jackie: Now with everything that we did yesterday, and putting the effective rate in, this is the change in fund balance, \$227,000.

Suzy: And prior to inputting in the effective rate, after the changed we made yesterday, the salaries and the City giving us

their pro-rata share of 47%, the fund balance was going to dip into reserves by \$429,000.

Commissioner Chaney: The \$227,000 includes the \$429,000?

Suzy: It was \$429,000 prior to the change in the effective rate.

Commissioner Chaney: So the bottom line is if we do everything that we have talked about here yesterday and we go with the effective rate, unrestricted reserves is a quarter of a million?

Suzy: Right.

Commissioner Chaney: For what we've gone through, it's not a bad deal.

Judge Mills: Ok, I don't see anything that we can do but go with the effective rate.

Commissioner Chaney: What is our total fund balance in reserves?

Jackie: Right now we expect our unrestricted to end up at 6.6 million.

Suzy: In the General Fund.

Michael Geer - Airport Manager: The only change in my budget is I'm taking away all of my part-time help for next year, I don't foresee needing any. I've increased my temporary with the knowledge that one of my long term employee's retired and after one month off, per HR, he can come back as a temporary employee and the difference is there are no burdens on a temp. The grant employee that we were able to hire through the Texas Workforce Grant, she will be eligible for full time employment in January. We changed our full time a little bit just because we had some folks that were budgeted for steps outside of where they needed

to be, so we straightened that out with Tana's help and restructured that. It's not a huge difference than what I was asking for last time, total, just moving some money around a little bit. The only other issue was our Grant, and I mentioned this last time, the grant we ask for every year, usually its rubber stamped at \$100,000 and I really just don't see where we can spend that much money considering the fact that we are basically going to have a brand new airport at the end of the day. Now, I'm not talking about pavement or other things that wouldn't necessarily fall under the insurance scope of work, those actually come through another grant. We have three grants that we leverage, the RAMP Grant, Capital Improvement, and Airport Improvement which is our non-primary airport grant and that entitles us to \$150,000 a year, that's what we are building our new hangar with, so when you start talking about something like a pavement project, that falls under airport improvement. Because we made our master plan and we have all those things on our wish list, the stuff we would like to take care of in the next 5 to 10 to 15 to 20 years that makes us eligible for those projects. That's not something that we have to necessarily budget for right now, but when we do we will need to budget 10% of the cost for that project.

Commissioner Stiles: With the reduction in lease spaces, what is your projection for income this next year?

Michael: About \$100,000, a loss of \$68,000. I'm guessing, I really don't know, I do know that we will have at least 25 customers.

David Reid - Road Administrator/Drainage Engineer/Stormwater

Management Engineer: When I originally did this budget I assumed we had no money, is that still safe to say?

Commissioner Casterline: That's safe to say.

David: A couple of things that I don't have in the budget is salary increases and I have a very small number for equipment which we are using and abusing on a regular basis. Of course, my equipment is really expensive so I guess we will continue fixing this equipment as we can, but I do have a Grade-All, specifically, it seems to be in the shop more than it is on the road.

Commissioner Olsen: You are asking for \$50,000 in Machinery and Equipment?

David: That's for things that come up, you know a trailer and things like that. If there's no money, you know I could spend a quarter to a half a million easily, I understand we don't have that so that's fine, we will keep fixing the best we can. We are running into a problem getting parts on the Grade-all, but we are managing, but if something happens over the course of a year and something happens we may have to beg, borrow, or steal.

Commissioner Casterline: What's your reserve now?

David: I probably do have more in reserve in drainage and I think it's reasonable to put Grade-all in drainage, but yeah, if I had to I guess I could.

Judge Mills: Why don't you look at what it would cost to get another Grade-all, not a new one?

David: Probably a quarter of a million.

Commissioner Chaney: On a large piece of equipment like that, if we took it out on a note and spread the payments out over five years, what's the options there, that broadens our ability for getting equipment, even though I don't like going into debt, but when a Grade-all is going to last 15 years, 5 years is not bad?

David: That certainly is a possibility, we do lease equipment sometimes and I've discussed this with Mike and Ramey, often the downside is you don't want to pay money for equipment that is not being used on a regular basis and that's the last thing I want to do is pay rent on a piece of equipment that's not being used for a few days, but we could lease and see how that goes. Now salaries, is there any money for that? If I could get \$10,000 for my department.

Suzy: There's a little bit of money in his department where there is budgeted items and because of the turnover in employees, we could give your employees a one step and then utilizing the overage that you have budgeted.

David: I'm also going to be losing employees at the end of the year this year, I know Ramey said he is going to retire and I have Bob that's going to retire and also, it's hard to replace these guys. I've talked to Linda Doane, we've got an open position now that we've advertised for and we don't get people wanting to do this job, I think they can go make more money in the recovery world. If you're in the construction business right now, you can be working and I really think we are kind of underpaid as a whole.

Commissioner Casterline: Is that money we were discussing for the steps coming out of his budget?

Suzy: Yes.

David: Now also with that let me throw out Mike Gordon, who is really not in my budget, and he's leaving in a year unless we make it worth his while not to.

Judge Mills: I've talked to him about that and I don't know if we could make it worth his while.

David: I don't know either, but I will say I recently saw an ad from Galveston County and they were offering \$75,000 a year for a Fleet Maintenance Officer, which is a long ways away from what Mike is making. He's really good and will be hard to replace, but anyway if there is any money for that in his budget, he certainly deserves it.

Commissioner Stiles: With the Infrastructure Grants that we are applying for, are any of them going to be applicable for your department?

David: Yes, I have three roads that are on grants that we are trying to get and three other big drainage projects that we are trying to get grants for, I hate to assume that we are going to get grants but if we did that would help a lot, it would free up some of my budget for equipment, possibly.

Suzy: There is room in Mike Gordon's Department for an increase and it will not even make an impact on the budget.

Collin Jackson - IT Director: I don't have any changes in my budget, I'm working on a deal right now to maybe squeeze another \$10,000 out of it, if that comes through we will save us some money.

Commissioner Stiles: Maintenance Agreements went up quite a bit from last time.

Collin: It did go up, that includes that Disaster Recovery if we, kind of hold us over until maybe we can get this fiber optic package through the grant we applied for, this would be a maintenance agreement that starts and would last the life of the fiber grant and the installation it would take with a 3-5 year time frame without fiber if we get that grant. This would give us a much more stable connection into Austin, we wouldn't be beholden to Spectrum and AT&T in the area. In this 2019 budget I've put in to get us 2 connections into Austin and that will give us 10 times the capacity that we have now. I would also like to ask for a couple of step increases and it shouldn't be any new money, I brought my new person, Judy in as a Group 19 and this was budgeted for a 23, after her 120 day evaluation I'm looking to move her up to a 19-3 and I would like to move Russ from a 21-3 to a 21-5, Russ has taken on pretty much being her supervisor now. So that's about it.

Judge Mills: Alright Collin, thank you.

Commissioner Olsen: Can we grill the Auditors?

Jackie: With everything that Collin and David asked for, we are looking at a reduced fund balance of \$226,000.

Commissioner Casterline: What's our calendar date for approval?

Suzy: August 27th.

Judge Mills: Do we even want to look at the COLA's?

Suzy: We can do that if you would like. We will just leave it on this page and make the changes. A 1% would be \$303,931, a 2%

would be \$378,554 and a 2.5% would be \$415,857 which is what San Patricio is giving the Auditor's office. We still have that \$50,000 in the General Fund for step increases.

Commissioner Olsen: We could take the \$50,000 out.

Suzy: It's not going to make that much of a difference.

Commissioner Casterline: I think we should make it 0 and pull the \$50,000 out for next year.

Commissioner Chaney: I think if you pull the \$50,000 out you're balancing it on the backs of the employees. They work on that and they earned it, but I do think 0 this year on the COLA.

Judge Mills: I can see everyone saying 0 COLA this year but I cannot see not giving them something, myself, because they've gone through a lot and have done a lot, I'm suggesting 1%.

Commissioner Stiles: I agree with you Judge, I think as hard as everybody's worked, it's not much but it's just to say thank you.

Judge Mills: Even with a 2% it's \$378,554 and that's about what we did last year.

Commissioner Stiles: You're awful quiet over there Miss Treasurer.

Alma: Well if you want my true opinion, \$100,000 going from 1% to 2.5% is not that much and I always have in the back of my mind that the equality across the board, my people are just as important as the Road & Bridge Department or anybody else, so I don't see an equality going on, for \$100,000 I don't think that's that big of a difference to give everybody the 2.5%, when some are getting that and some aren't.

Commissioner Olsen: Well if we were to give the 1%, your department would get the 1% as well.

Alma: But another department is getting 2.5%.

Commissioner Olsen: Who's getting 2.5%?

Alma: The auditor's office.

Commissioner Olsen and Judge Mills: But that's the District Judges giving that amount, that's not our budget.

Alma: But they are employees just like my people are employees, I'm just saying that's my opinion, R&B is getting more, Fleet Maintenance, yes he's important, but my people are important too.

Judge Mills: We are not saying your people are not important.

Alma: No, no, I know that, but as far as monetary.

Commissioner Chaney: Road & Bridge is, the 1% that's all they are getting.

Judge Mills: No, not if they move the money around right.

Valerie: The county attorney, she has money she's moving around.

Alma: Just my opinion.

Judge Mills: Ok.

Alma: \$100,000 across the board does not see like that much for 200 employees.

Commissioner Stiles: So what would it be if it was 2.5?

Commissioner Olsen: \$415,857.

Judge Mills: We don't have to make up our minds right now. 1% or 2% is what I'm thinking.

Suzy: Ok. We can give you more information if you want to see more. I can make you a hard copy to let you see what it looks like.

Judge Mills: Ok.

Commissioner Olsen: Well the way we were financially, we were coming in thinking 0, the Judge is being very generous with a 1 or 2, and I agree the employees deserve it, there's no doubt this year they have worked very hard to keep this county going.

Judge Mills: But we also have to think about the taxpayer.

Commissioner Chaney: And we also have to think about next year, our next budget cycle because there are no guarantees that we are going to be any better off, hopefully we will.

Judge Mills: I think we will be a lot better off.

Commissioner Chaney: I do too, that's what I hope for.

(Inserts)

No further discussion presenting, the Court adjourned at 10:46 a.m.

August 1, 2018



A cursive handwritten signature in black ink, appearing to read "C. H. Mills, Jr.", written over a horizontal line.

C. H. "BURT" MILLS, JR., COUNTY JUDGE



A cursive handwritten signature in black ink, appearing to read "Valerie K. Amason", written over a horizontal line.

VALERIE K. AMASON,

EX-OFFICIO CLERK OF THE

COMMISSIONERS' COURT