

Minutes of the City of Harker Heights Special Council Meeting held at 3:00 p.m. on Tuesday, September 7, 2021, in the Kitty Young Council Chamber at the Harker Heights City Hall at 305 Miller's Crossing, Harker Heights, Texas 76548:

Roll Call:	Spencer H. Smith	Mayor
	Jennifer McCann	Mayor Pro-tem
	Michael Blomquist	Councilmember Place 2
	Jackeline Soriano Fountain	Councilmember Place 3
	Lynda Nash	Councilmember Place 4
	Sam Halabi	Councilmember Place 5
	David Mitchell	City Manager
	Julie Helsham	City Secretary

Presentations by Citizens:

Citizens who desire to address the Council on any matter may do so during this item. Please understand that while the Council appreciates hearing your comments, State law (Texas Gov't Code §551.042) prohibits them from: (1) engaging in discussion other than providing a statement of specific factual information or reciting existing City policy, and (2) taking action other than directing Staff to place the matter on a future agenda. Please state your name and address for the record and limit your comments to three minutes.

No citizens made a presentation.

Public Hearings:

1. Council conducted a Public Hearing on the City of Harker Heights, Texas, Fiscal Year 2021 – 2022 Budget and Fee Schedule. Ayesha Lealiiee, Finance Director, made the presentation.

Attached is a written email sent by Randy Schoel for public comment.

Fountain made the motion to postpone the final vote on the City of Harker Heights, Texas, Fiscal Year 2021-2022 Budget and Fee Schedule to September 14, 2021, and to include the following changes:

- Increase the Greater Killeen Community Clinic amount from \$12,000 to \$15,000;
- Include the \$10,000 from the General Fund for the Charter Review;
- Include the \$1.00 Drop Site fee.

Motion Seconded by McCann. All in favor. Motion approved 5-0.

Adjournment:

There being no further business the City of Harker Heights City Council Meeting was adjourned at 3:17p.m.

CITY OF HARKER HEIGHTS, TEXAS:

Spencer H. Smith, Mayor

ATTEST:

Julie Helsham, City Secretary

From: [Spencer Smith](#)
To: [Randy Schoel](#)
Cc: [David Mitchell](#); [Jerry Bark](#)
Subject: Re: Public Input on Pending Harker Heights Budget and Tax Rate
Date: Monday, September 6, 2021 9:33:06 AM

Mr. Schoel,

Thank you for your input.

I have included the City Manager and the Assistant City Manager in my response.

Respectfully,
Spencer H. Smith
Mayor
City of Harker Heights

From: Randy Schoel <Randy@AndersenSchoel.com>
Sent: Sunday, September 5, 2021 1:48 PM
To: Spencer Smith <shsmith@harkerheights.gov>; Michael Blomquist <mblomquist@harkerheights.gov>; Jennifer McCann <jmccann@harkerheights.gov>; Jackeline Soriano Fountain <jfountain@harkerheights.gov>; Lynda Nash <lnash@harkerheights.gov>; shalibi@harkerheights.gov <shalibi@harkerheights.gov>
Cc: David Mitchell <dmitchell@harkerheights.gov>
Subject: Public Input on Pending Harker Heights Budget and Tax Rate

Spencer,

Below is my input and response to the City's request for public comment on the upcoming budget and tax rate discussions. I ask that each member consider these ideas seriously. Our city is in a tough spot. It's only going to get worse unless, as you said, the City tries some "new approaches" in management of our City.

My comments and suggestions are focused on two areas: Economic Development and Property Tax Reduction.

1. Economic Development:
 - a. Our city faces some serious problems with economic development.
 - i. Our economic growth is the lowest in Bell County.
 - ii. Our economy is based primarily on retail business that locates here to serve the growing residential base. Other than Seton, there are really no significant industries or business in town that create professional wage jobs.
 - iii. City does not have an economic development plan to strategically guide development. The city has a variety of other plans intended to guide the

service provided by multiple city departments, yet we lack a well thought out and developed plan to guide our economic development.

- iv. City Economic Development Committee has not met in 2, possibly 3 years
- v. Harker Heights Chamber receives funding from the City, but the City seems to have not established performance measures to determine whether the City funding is achieving any specific goal that would help grow and diversify our tax base.
- vi. As Heights grows to the south, the area North of I-14 is largely ignored with no central vision or plan for the re-development of that area, especially along Business 190.
- vii. City does not have a dedicated economic developer. Those duties are now performed by the City Manager. As good as he might be, there comes a point where the variety of tasks the manager is responsible for prevents him from doing an expert job at all of them.

b. My Recommendations:

- i. The city must establish and fund an Economic Development Corporation headed by a full-time economic developer position. This must be funded in this year's budget. The available uncommitted Covid ARA funds can fund that.
- ii. The city must arrange for the research and writing of a comprehensive economic development plan. That plan should establish clear comprehensive vision and goals for developing and redeveloping each specific sector of the city. This can be funded by currently uncommitted Covid ARA funds.
- iii. The city must then be committed to follow and implement that plan. Many recommendations from the City's Vision 2000 committee remain undone. Any plan is useless, if it just sits on the shelf.

2. Property Tax Reduction:

- a. The City knows the current and growing problem that the impact the State mandated property tax exemption for residences of 100% DVs has on our city. Each of you must also understand the impact that the resulting additional tax burden is having on the remaining taxpayers.
 - i. Each of us paying property tax on our homes are paying approximately 21% more just to offset the loss of the property tax on DV homes.
 - ii. The City's past attempts to secure additional compensation from the state has failed repeatedly. The City has tried to secure additional funds from the State by claiming the loss of that property tax has adversely affected the City financially. That is not fully true. Instead of doing without, the city has merely increased the tax rate approx. \$0.14 per 100 on those who are paying property tax. Thus, the burden is being carried by tax payers in the form of higher taxes and fees.
 - iii. In the Sept 3, 2021 Harker Heights Herald, Councilman Blomquist is quoted saying, "Any changes that reduce the net tax revenue must not be offset by using the American Rescue Plan funds. They are earmarked for specific needs." According to an FAQ on page 47 of the published City

Budget plan, Blomquist's statement is not accurate. That statement reads:
Can my city decrease taxes after receiving these funds? *The rule that would prohibit tax decreases is a restriction only on States. The local government section of the bill contains no prohibition on lowering taxes.*

- iv. California and other high tax states and communities serve as the best example of how destructive repetitive tax increases can have on regions. We should not be blind to assume that the burden of a growing amount of tax exempt property in our town would not have a similar harm to our town from a similar exodus of taxpayers.
- v. Waiting for the State to fix our problem is not going to work. Our city must take a bold leadership move in order to fix this.

b. Recommended Immediate Steps in this year's budget:

- i. The City Council should reduce the tax rate to the NO-NEW-REVENUE TAX RATE of \$0.6305 per \$100. Doing so would reduce the city revenue by \$464,600 from the currently approved preliminary tax rate. That difference can easily be made up by the nearly \$10 million of un allocated reserve that is in addition to the 3-month reserve City policy calls for.
- ii. Reducing the tax rate to this point will also show the city taxpayers that you are concerned about them and will reduce their taxes whenever the city is financially able. This action will have the additional benefit of illustrating to State lawmakers that the City is serious about returning tax adjustments to the taxpayers instead of using potential State reimbursements as a means to just spend more money. In the Herald article council woman McCann is quoted to be interested in establishing some form of fund to "be there when emergencies come our way." Here, now is a very doable chance for each of you to help the taxpayers just a small bit.

I hope each of you will consider and act upon my thoughts and recommendations. I also ask that each of you respond to me. Several have looked for ways to "keep the public informed." Replying to me with your thoughts and ideas is a proper civil exchange that is far more meaningful than just sending an "Acknowledged" response.

I look forward to hearing from each of you and discussing these ideas and others that may improve the community we have chosen as our home.

Randy Schoel
President
Andersen Schoel
PH: 254-698-1483
Cell: 254-535-4391