

Letters to the Editor...

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tightened our belt and cut the fat out of the City budget. We are now at the point of making the really difficult decisions.

1. The City is proposing to increase only the debt service tax rate as a result of the increased debt service on our outstanding bond obligations and a decline of 2.4% in our tax base. Next year the debt service increases by 9.6%, which is \$530,000 more than the current fiscal year. This increase in the debt service tax rate is strictly due to the increase in the debt service on the bonds at a time when the tax base and sales tax and other revenue have declined. City Council is not proposing to increase the General Fund tax rate. (The General Fund pays for operations, like the police, fire and library departments.) No one on City Council is happy about raising the tax rate. However, since the Bellaire voters overwhelmingly

approved two bond referendums that included the possibility of a 5 cent tax rate increase, if the tax base didn't grow sufficiently to pay our debt; Council believes this proposed tax rate is keeping with what Bellaire citizens supported and agreed to in 2000 and 2005. (As an aside, the tax rate has declined from 48 cents in 2004 to a little over 37 cents last year.)

2. The City staff has balanced the FY 2011 budget by making substantial cuts (almost \$1 million) to the General and Enterprise (Utility) Funds by freezing salaries, cutting over-time and part-time positions (in addition to the 11.5 full-time equivalency employees that have been eliminated since 2009), increasing staffs' out-of-pocket costs for health care premiums and deductibles, to name a few cuts. This was done without raising the General Fund tax rate, without increasing the water rates, and without spending reserves (ie, no defi-

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Dear Editor,

I would like to clarify a few points in your recent article regarding the proposed Bellaire tax rate increase. City Council is proposing a tax rate that is 1.73% higher than the effective tax rate, which means a homeowner of an average Bellaire home will pay \$78 more in property taxes in FY2011 than FY2010. You might ask why is City Council raising taxes in a bad economy? Why doesn't the City just tighten its belt, like Bellaire families have done and cut the fat out of their budget?

The short answer is that we have



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cit spending) needed for bond rating purposes and disaster recovery similar to Hurricane Ike. This budget was unanimously approved by Council with a few additional adjustments. City Council voted to eliminate Council compensation (\$10/meeting, no more than \$50/month for Councilmembers and \$75/month for the Mayor) and meals for early meetings. We also voted to cut the cost and number of garbage bags purchased by a third. (Councilman Hickman was the only Councilmember who voted against cutting the garbage bag cost and decreasing the number of garbage bags purchased. The only proposal he made to cut costs of operations was to cut two line items that totaled less than \$5000.)

Other options that the City could consider, rather than raising the debt service tax rate, is to cut more than a

\$1/2 million out of the General Fund, which could be accomplished by cutting salaries and/ or eliminating staff positions. Due to the additional large amount that would need to be cut, in order to not raise the tax rate, positions (and services) would need to be eliminated in the police and fire departments, as well as other City departments. The City could also raise the water rates and/ or deficit spend by reducing our reserves. This was the proposal that Councilman Hickman made when he proposed transferring over \$241,000 out of the Enterprise Fund to reduce the tax rate to the effective tax rate. While your article stated that Councilman Hickman did everything he could to hold the line on taxes, his proposal would only have shifted money from one fund to the other. Council did not support his proposal because the

City would have to raise the water rates (ie, a hidden non-deductible tax) or we would need to reduce the reserves and run the risk that the City's bond rating would be downgraded and cost the citizens more in interest. Additionally, Councilman Hickman's proposal would reduce our reserves to the point that it would be difficult to pay for items, such as debris pickup after a hurricane. (Councilman Hickman's proposal did NOT include holding the line on the tax rate, but instead included a 4.6% overall tax rate increase and 15.3% debt service tax rate increase at a level equal to the effective tax rate.)

City Council is proposing the option that it felt that the residents of Bellaire want and would support - the option that meets our debt service requirements and keeping with what the voters approved; maintains our high

bond rating that ultimately saves taxpayers money; maintains sufficient reserves to pay for emergencies, like a hurricane; and does not deficit spend, like other governmental agencies are doing. However, City Council wants to hear from our residents. Do we want a tax rate increase, or are we willing to live with City services being eliminated and staff positions cut in all City departments like the library, senior services, parks department and less police and firemen (the two largest departments)? Do we think the City should use reserves, rather than increase the tax rate and run the risk of downgrading our bond rating? Are we willing to wait for FEMA to pickup our storm debris, rather than ensuring the City has sufficient reserves to pay up front for trash pickup more quickly after a hurricane? These are

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some of the difficult questions that we as a City and a community have to address.

The public has another opportunity to provide their comments to the City Council at a second Public Hearing on Monday, October 4th at 6 pm or providing written comments to the City Clerk by noon on Thursday, October 14th (tdutton@ci.bellaire.tx.us). I look forward to hearing from residents' viewpoint about the difficult decisions we face this year and next.

Corbett Daniel Parker
Councilman
City of Bellaire