

Special Called City Council Meeting Minutes

Regular Meeting: June 15, 2021

Place: Shelbyville Recreation Center, 220 Tulip Tree Road

Call to Order: 12:02 PM, Mayor Wallace Cartwright

Roll Call: Roll was called by City Recorder Lisa Smith and the following were present: Councilmember Rick Overcast, Councilmember Marilyn Ewing, Councilmember Henry Feldhaus, Councilmember Stephanie Isaacs, Councilmember Gray Haile, and Councilmember William Christie. Also, in attendance were City Manager Josh Ray, City Attorney Ginger Shofner and City Treasurer Kay Parker. Mayor Cartwright declared a quorum and the meeting open for Business.

Adopt the Agenda: Mayor Cartwright ask for a motion to adopt the Agenda **Councilmember Haile made a motion to adopt the Agenda as submitted, Councilmember Isaacs seconded, and the motion carried unanimously by oral vote.**

Business: Discussion of Tax Rate – City Manager Josh Ray advised at the June 10th Business meeting the Council was unable to pass an Ordinance on the Tax Rate for this year. The discussion today will be on the tax rate with a First Reading on the Tax Rate Ordinance if an agreement is reached. Ray then reviewed the 2020 property tax overview. Councilmember Feldhaus pointed out that based on these numbers if the Council passed the proposed \$1.69 tax rate it would average to an approximate increase of \$118.11 annually for property owners. He further noted that there had not been a property tax increase in six (6) years, and it would mean something to the long-term financial health and growth of the City. He noted he had had positive feedback from citizens who stated they understand the need. Councilmember Isaacs stated she agreed and further advised that there are already several opportunities available to assist low-income homeowners and the Manager Ray is investigating other ways to assist people. She stated she felt we need to fund our City and fix our roads and sidewalks and make Shelbyville a better place to call home.

Councilmember Feldhaus then stated he want to clear the record that he was the one to suggest the \$1.69 tax rate, not the City Manager Josh Ray, and that after head nods the original Ordinance was set to that amount and advertised.

Mayor Cartwright advised that there is no one in these seats that will profit from any tax increase it all goes to pay for City services.

Hearing no further discussion, Mayor Cartwright ask for a motion, **Councilmember Feldhaus made a motion to approve the Ordinance on First Reading as submitted setting the tax rate at \$1.69 on each \$100 of assessed valuation of property, Councilmember Overcast seconded. Councilmember Ewing then made a secondary motion to amend the Ordinance to reflect the state certified tax rate of \$1.35, Councilmember Christie seconded.** Councilmember Feldhaus questioned if the Budget would then have to be reopened and reworked. Conversation was then had concerning the state certified rate being \$1.3598 and asking Councilmember Ewing to clarify is she wanted \$1.35 or the state certified rate of \$1.3598. **Councilmember Ewing amended her motion to reflect the rounded-up number of \$1.36, Councilmember Christie seconded the amendment to the motion. A roll call vote was then taken on the secondary motion as follows: Councilmember Feldhaus – No, Councilmember Ewing – Yes, Councilmember Haile – Yes, Councilmember Christie – Yes, Councilmember Isaacs – No, Councilmember Overcast – No. City**

Recorder Smith advised there was a 3-3 tie and in accordance with the City Charter ask Mayor Cartwright to cast his vote. Mayor Cartwright voted No, therefore the secondary motion to amend the Ordinance failed by a 4-3 vote. Then with a first and second already on the floor for the original motion to approve the Ordinance as submitted at \$1.69 tax rate Mayor Cartwright called for a vote. Roll call vote was as follows: Councilmember Overcast – Yes, Councilmember Isaacs – Yes, Councilmember Christie – No, Councilmember Haile – No, Councilmember Ewing – No, Councilmember Feldhaus – Yes. City Recorder Smith advised another 3-3 tie and requested Mayor Cartwright cast his vote. Mayor Cartwright voted No therefore this motion failed with a 4-3 vote.

Mayor Cartwright stated he felt there was a compromise somewhere in the middle. He noted that the City collected roughly \$52,000 to \$53,000 on each penny increase. He suggested somewhere in the middle around \$1.52. Councilmember Christie noted that would be around 12% to 15 % increase. Mayor advised this would be his recommendation. Councilmember Christie questioned how much new revenue the City would receive based on \$1.45. There was then some discussion of the total debt of the City which is around 2 million and Council was advised the Flume debt would be paid off in 2026.

Councilmember Haile stated he was going by the emails and talking to citizens, and he needed to listen to the people that had put him in the seat. Councilmember Christie advised the people he has talked to are on fixed income based on Social Security and a little increase will make a big difference to those people. Discussion continued concerning the different rates and the effect it would have on the citizens and the community. Councilmember Ewing advised that 2020 was a bad year and she felt this was not a good time we need to put an increase on hold. She noted we want to have things, but we need to hold off.

City Attorney Shofner advised if the City cannot set a tax rate the State would set it based on the submitted Budget. Manager Ray stated he did not know for certain but the no new revenue rate of \$.13598 would most likely be the rate the State sets. Councilmember Ewing questioned if the new homes being built would not be required to pay taxes. Manager Ray advised 500 houses on a year at \$138,000 x 25% x the no new revenue rate of \$1.3598 that would account for around \$232,000. Mayor Cartwright stated out of that we would need more Police, Fire and Public work employees to accommodate the increase in services.

Councilmember Christie questioned if there was an opportunity to increase the Sales Tax. Manager Ray advised that between the County and City rate we are at the max and there is no room for an increase. Mayor Cartwright noted that 50% of the sales tax is mandated by the State to go to schools and an agreement was made years ago and increase in sales tax was given to the schools so they now receive 64% of all Sales Tax received.

Councilmember Christie stated he did not want to leave anything to the State and therefore he made a motion to amend the Ordinance to \$1.45 tax rate, Councilmember Haile agreed and seconded. A roll call vote was taken as follows: Councilmember Feldhaus – No, Councilmember Ewing – No, Councilmember Haile – Yes, Councilmember Christie – Yes, Councilmember Isaacs – No, Councilmember Overcast - No. Recorder Smith advised with a 4-2 vote the Motion failed.

At 12:55 PM the meeting adjourned for a 10-minute recess.

The meeting was called back to order by Mayor Cartwright at 1:00 PM.

Councilmember Overcast made a motion to amend the Ordinance to \$1.59 tax rate, Councilmember Isaacs seconded, and a roll call vote followed: Councilmember Feldhaus – Yes, Councilmember Ewing – No, Councilmember Haile ask a question concerning the allocation of \$.12 of current taxes being allocated to the flume debt and if there was not a promise to retire that amount. Manager Ray advised

that was the intent of previous Council at the time but when the debt is paid off the Council seated at that time will make the decision on how to address that issue. Councilmember Haile – No, Councilmember Christie – No, Councilmember Isaacs – Yes, Councilmember Overcast – Yes. Recorder Smith advised a 3-3 tie and requested a vote from Mayor Cartwright. Mayor Cartwright voted Yes, and Recorder Smith stated the Ordinance would be amended to set the tax rate at \$1.59.

Councilmember Feldhaus made a motion to approve the now Amended Ordinance on First Reading, Councilmember Overcast seconded and the roll call vote was as follows: Councilmember Overcast – Yes, Councilmember Isaacs – Yes, Councilmember Christie – No, Councilmember Haile – No, Councilmember Ewing – No and Councilmember Feldhaus – Yes. With a 3-3 tie Recorder Smith called for Mayor Cartwright’s vote. Mayor Cartwright voted Yes and the Ordinance as Amended with the Tax Rate set at \$1.59 passed on First Reading. Recorder Smith advised a Public Hearing and Second Reading will be held on Thursday, July 8th.

Announcements: None

With no further business the meeting adjourned at 1:12 PM.

Approved:

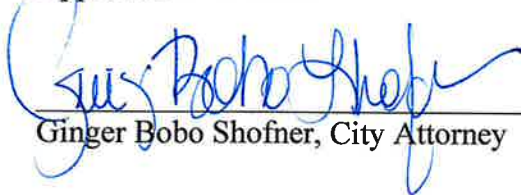

Wallace Cartwright, Mayor

Attest:



Lisa Smith, City Recorder

Approved as to Form:



Ginger Bobo Shofner, City Attorney