MINUTES
BOARD OF DIRECTORS' REGULAR MEETING
MAY 9, 2013

The El Paso Central Appraisal District Board of Directors held a regular meeting on Thursday, May 9, 2013, at 5:38 p.m., in the Conference Room of the El Paso Central Appraisal District at 5801 Trowbridge, with the following members present:

Reymundo Sepulveda, Chairman  Sergio Lewis
Patricia McLean, Secretary  Ann Morgan Lilly
Gary Gandara

There was quorum with five members present.

Joe Longoria, legal counsel, was in attendance for the entire meeting.

First order of business was to recite the Pledge of Allegiance to the flag of the United States of America.

AGENDA ITEM 1 – APPROVAL AND SIGNING OF MINUTES FOR APRIL 17, 2013

Ms. Morgan Lilly made a motion to accept the April 17, 2013 minutes as presented. Mr. Gandara seconded the motion. Motion passed unanimously.

AGENDA ITEM 2 – EMPLOYEE RECOGNITION

Ms. Carmen Garcia of Deeds & Exemption Department was recognized for 20 years of service, David Stone Administration was recognized for 20 years of service and Becky Reyes of Administration was recognized for 30 years of service to EPCAD. The honorees were congratulated by the Board and all in attendance.

AGENDA ITEM 3 – PUBLIC COMMENT

No public comment was made.

AGENDA ITEM 4 – PUBLIC HEARING & ADOPTION OF 2013/2014 BUDGET

The following members of the public commented regarding this item.

Mr. Rodney Fender
Ms. Lynly Leeper

Mr. Gandara started the discussion by stating that at the budget workshop in April all board members were given “homework” and is quite surprised about the comment from the City via Lynly Leeper. Mr. Gandara asked Ms. Lilly what the City was asking; and she replied that the budget be reduced by 10%. Mr. Gandara asked what the reasoning was, and Ms. Lilly replied she thinks it is over estimated. Ms. Lilly continued that the budget item be postponed until the next meeting.
Ms. Kilgore stated that the next meeting will be June 13, 2013, to which Ms. Lilly responded would meet the deadline of June 15, 2013, when the budget has to be approved.

Ms. Kilgore said that if they disagree with the budget, they have 30 days in which to file a resolution. The Appraisal District Board of Directors’ have 30 days in which to make those changes. Therefore,
everything has to be done by July 15th. Postponement of the budget process would not give the entities 30 days or the appraisal district 30 days to comply with the July 15th date as stated in the Property Tax Code. Ms. Lilly proposed that it be postponed for 2-3 weeks which would give all parties concerned the time needed.

Ms. Kilgore stated that although EPCAD is down to the crunch, the decision it is up to the Board. Mr. Gandara asked what the difference was between now and three weeks later. Ms. Lilly continued at this time that EPISD does not have any representation and the City of El Paso has one less representative and as Courtney Niland is in ill health, she couldn’t be here tonight. Therefore, Ms. Lilly said that the Board postpone the budget process until representatives from EPISD and another one from the City of El Paso are present.

Mr. Lewis stated that he feels sometimes a little more time is always a good thing and, quite frankly, has no issue with postponing if that is what the Board wishes as long as the Board is within the limits of the law, process and procedure; and that things are done in a compliant way.

Ms. Kilgore stated that if the board approves the budget, all of the taxing entities have 30 days to protest that they disagree with the budget. The appraisal district then has an additional 30 days to review the resolution to see if a majority of the entities have filed. If they do, then the Board of Directors meet within the 30 days to determine that a majority of the entities have done so. They rework the budget and have it finalized by July 15th. This is why EPCAD starts with committee meetings in February and gives the proposed budget to the entities in March before the Budget Workshop is held in April. This allows the Board to review and discuss issues within the deadlines.

Mr. Sepulveda asked if there will be new members joining the EPCAD Board. Ms. Kilgore replied that Courtney Niland was appointed at the Tuesday’s City Council meeting to fill the vacancy that has existed since August 22, 2012. However, at this time, she does not know about EPISD representatives.

Ms. McLean asked with all parameters that EPCAD has to meet, what is the latest that the Board can have another meeting and still meet the required deadlines. Ms. Kilgore advised that an newspaper ad announcing the public hearing has to be published 10 days prior to the hearing; the cost is $3,300.00. This would not meet the required time frame. Ms. Lilly said that from the legal standpoint of the City she absolutely does not agree.

Ms. McLean asked Mr. Longoria, EPCAD attorney to clarify the legalities and dates, etc. Mr. Longoria stated there are several deadlines associated with the budget process. The deadline that EPCAD is facing is the May 15th deadline whereby the Board approves the budget. After the approval, the budget is distributed to all the respective taxing entities, and they in turn have 30 days in which to approve or disapprove. If the entities approve the budget, then it becomes the official budget of the district. If it is disapproved, it will come back to the Board to be reworked. Mr. Sepulveda said in order to clarify – the disapproval will have to come from the majority of the entities to which Mr. Longoria replied yes. Of the 35 entities, there would have to be 17 entities who disapprove in order for the budget to be disapproved.

Ms. Kilgore stated that four scenarios were submitted, but what was published is not what it may end up being, since Board members were sent other scenarios for review and on which to make a decision.

Ms. Lilly asked that if EPISD does appoint new members, can they vote if the budget is reworked. Also, are they being excluded by not being in attendance tonight. Mr. Longoria said he does not believe so, since the current EPISD Board can still serve on this Board and they have had input into the creation of this budget, they are simply not here tonight to vote. They have had direct input into the budget. If the Board of Managers appoints new members then the new members will certainly have input into whatever comes back from the entities, and all the future endeavors of this district. Currently, the two board members that are currently appointed are simply not in attendance this evening.
Ms. McLean asked Ms. Lilly on what she based the 10% decrease. Ms. Lilly replied that she thinks this budget has gone up so much this year and with the some of the results that come from it, i.e., the City of El Paso is facing a 3 million dollar decrease in services because of what was certified to them. She thinks the CAD needs to go back and revisit the budget. Ms. Lilly said she cannot tell CAD where to take it from, it is up to them. Mr. Gandara asked how much would a 10% reduction reduce the budget? Ms. Kilgore replied $1.3 million. Therefore, the City would still be missing $2 million. At this time, the City only pays EPCAD about 22%, and if the budget was reduced by $1.3 million, then 22% is all that the City would be affected by – $289,000.00.

Mr. Lewis asked if Ms. Kilgore could please share some information as to how EPCAD got to this point in the budget process and where EPCAD has been in the past. Mr. Lewis said since 2008 there has been minimal increases as evidenced by the previous Budget Workshops. During the period 2008-2009 there was a COLA increase of 3%, and 2% for competency increase. In 2009 a 2% increase for hourly employees only. In 2011, based on a merit competency performance evaluation increase. Ms. Kilgore verified these amounts and stated what they equated to in the 2009-2010 budget which was hourly employees and at which time there were 127 employees of which only 91 received an increase. The majority of these increases were 1.5%. In 2011-2012, the Board allowed everyone to have performance merits.

Ms. Kilgore continued that in 2010, the Board approved EPCAD to join Texas County & District Retirement System (TCDRS) plan. Prior to that, the Appraisal District was paying 6% into a retirement plan for the employees. With TCDRS, it is mandatory across the board for employees to pay 7% into the plan.

EPCAD was aware that 2009 was phased by many economic problems. Therefore, EPCAD only increased its budget 1.69%. The following year the budget was decreased by 3.17% and increased the succeeding year by 2.4%. EPCAD’s budget was still below where it had been before. Last year the Board requested to decrease the budget by 2%, therefore, it only increased by .67%. Over the last four years the average increase to the budget was 1.67%.

Ms. McLean stated that the Board went through this process last year and that is because the percentages are based on budget numbers. Last year, Ms. McLean presented a spreadsheet with the actual numbers. In actual terms the increases were quite different than what the budget was. There was quite a bit more increase then budget number to budget number. When comparing actual to actual there has been an increase in the budget from year to year. Ms. Kilgore stated that at the end of the year all unused funds go back to the entities. With the last several years showing the returns between $960,000.00 to $1.7 million dollars. The returns are due to the fact that EPCAD cannot know what type of season lies ahead. The budget is being set now for the 2013-2014 fiscal year. At this time we do not know the possible magnitude of legal expenses, number of protests, etc. The state mandates that appraisal districts at the request of the taxpayer meet Saturday or Sunday during the protest season which can lead to overtime. In addition, EPCAD has to have the preliminary values ready for the entities by April 30th. Once again, these dates are mandated by the state. Also, all values have to be certified (95%) by July 25th with consideration that taxpayers have until the end of May to file a protest. In addition, EPCAD starts with a zero budget every year.

Mr. Lewis said the 2011-2012 budget shows the EPCAD positions and corresponding salary ranges. Mr. Lewis requested specific salaries instead of the ranges. Ms. Kilgore advised this format is reviewed by the State Comptroller and is the format they recommend for appraisal district budgets, therefore, EPCAD follows their recommendation. However, EPCAD will visit the manning table which shows all employee information and is used internally for the next budget process. Mr. Lewis asked when the last salary reclassification was held. Ms. Kilgore said there has not been one, but certainly would like to conduct one. However, this expenditure would need to be put into the budget for approval. Ms. Kilgore continued that EPCAD falls within the lowest ranges for appraisal districts in the state of Texas. One area of concern in the Methods and Procedures Survey that the Comptroller’s Office conducts is the salaries of appraisal districts within the State of Texas. This is how EPCAD learned that it is at the low end of Texas appraisal districts.
Mr. Lewis next asked about the number of commercial appraisers. Ms. Kilgore stated all appraisers have to be educated and trained at EPCAD’s cost. EPCAD has a very good tight staff that handle the numbers with the use of technology, i.e., pictometry, obliques and some laptops in the field. EPCAD’S ratio of appraisers to parcels is standard with the rest of the industry. In addition to appraisers, EPCAD has field specialists who are not certified as appraisers, but who do measuring of standard properties, etc., This leaves the appraisers free for the larger dollar properties, etc. that they are certified to appraise, through their education and certifications as directed by Texas Department of Licensing and Regulation.

Ms. Lilly said in a letter written by the City Manager, Joyce Wilson there is $5 million dollars held back annually for legal services and request that maybe this money could be allocated for more appraisers. Ms. Kilgore stated that as the Board knows, EPCAD budgets only $400,000.00 for legal expenses, which has been the same for several years. In the past, EPCAD has attempted to raise it, but it has been cut down. Historically, EPCAD spends $200,000.00 plus or minus on the day-to-day legal issues, such as having Ms. Hegeman and Mr. Longoria consult with CAD. This comes out of the legal budget. After the day-to-day legal expenditures, the amount left is plus or minus $200,000.00. If there is a major lawsuit – we are talking about the possibility of a million dollars or more. This year CAD was looking at spending the $200,000.00 to have an appraisal done for a specific property. As you remember it was discussed and determined that it could not be done at that time. Here again, the budget is $400,000.00, not a half million dollars. Any unused monies is returned to the entities at the end of the fiscal year. In previous years EPCAD has come to the Board to encumber funds in September for a specific purpose to pay down interest or to use for a law suit, but the Board voted no.

Ms. McLean asked if EPCAD has had contact with El Paso Independent School District regarding representation to EPCAD’s Board. Ms. Kilgore replied that when she appeared before the Board of Managers on Tuesday, they stated that they would leave the existing board members since EPCAD is in the process of the budget process, and would revisit this subject at a later date.

Ms. McLean felt the board should attempt to work out the adoption of the budget tonight, since the Board has had since March to review and tweak it. It is the City of El Paso that has chosen not to have their vacancy filled for several months. Ms. Lilly again stated that none of the scenarios prepared by CAD meet her approval and that the budget is overstated. Mr. Sepulveda asked where is the 10% that the City would like to eliminate and why. Ms. Kilgore said that the total that represents the salaries and wages includes overtime which has to be built in. Mr. Sepulveda asked if the budget is tabled, what would it do regarding the state posting. Ms. Kilgore replied that EPCAD would not be able to post, as the ten (10) day requirement would not be met. Also another ad run would require $3,300.00 be spent.

Ms. Kilgore said the overall increase on one of the scenarios is 4.97%, but when you look at the salary it is 4.67%. EPCAD is a service related organization, so the expense for this organization will be in the salaries. This percent is divided among the entities, so they all pay a portion. The 4.67% is a 2% COLA and a 2% increase, down from the 5.69%. At the request of the Board at the May meeting, EPCAD prepared four (4) different scenarios from which the Board can work with. If a little was from several operating expense categories, it would amount of $98,500.00 and the salary increase would amount to a 2/2% for COLA and merit performance respectively.

Mr. Lewis stated since his tenure began with the Board in 2009, there has not been significant increase to the EPCAD budget.

Ms. Kilgore advised the Board that in April, she, Mr. Stone and Mr. Molina met with the heads of the entities to discuss the budget and listen to their concerns. Only El Paso ISD had a couple of questions, that were resolved. As of today, other than the City of El Paso no objections have been received. Ms. Lilly asked who EPCAD staff visited with at the City of El Paso. Ms. Kilgore replied Lynly Leeper, Chief Budget Officer, OMB.
Ms. McLean stated that the benefits are the drivers of EPCAD’s budget. Ms. McLean asked what impact a 1% or 1.5% increase would have on the budget as another option. Ms. Goldmann, EPCAD’s Chief Financial Officer, said the monetary increase would be 4.31% which reflects the 1% COLA and the 1.5% merit performance and eliminates the generator expense for the operating portion of the budget, which is $70,000.00.

Ms. Kilgore relayed some comments from the public, that are completed when taxpayers visit the district:

- Great professional service, very informed, knowledgeable, friendly, fast service,
- Hours are great – better than the City’s, best customer service with a smile, very rare to get that high service in government, did not expect a government agency to provide me with such efficient service and detailed analysis of my concerns,
- Service exceeds expectations, excellent service attentiveness, quick courteous efficient, been here for several reasons, and always a good experience

Ms. Kilgore stressed that she is very proud of the CAD employees and hopes the Board is also. Mr. Gandara asked about the negative comments. Ms. Kilgore replied that thus far this season, CAD has received 98.6% excellent/good and fair 1.4%. The poor comments included the following: the courtesy, the attention, the level of knowledge, the explanations given and the time it took were excellent; what was poor was the appraisal process, which is mandated by State law. Ms. Lilly commented that she knows CAD has good employees, as does the City, but feels we can’t afford the raises and certainly not the COLA when the federal government has cut back on social security because they can’t afford it. She cannot see CAD’s proposed increases. Ms. Kilgore said she has documentation that the federal government has given 3% and the state is giving 3% this year. Ms. Lilly reminded Ms. Kilgore she wasn’t talking about anything other than social security. Mr. Gandara said there isn’t a year that Socorro ISD has not given their employees an increase. Ms. Lilly said that whatever the school board doesn’t get, the state makes up for it. The City and the County don’t have that luxury, it comes out of services that the City and County provides to the employees of these entities. Mr. Gandara said he realizes that, but the CAD can easily go from a positive to a negative place because of a simple issue.

Mr. Lewis questioned the .4% from the City which Ms. Lilly says the City says is 7%, which she said does not matter at this time. Ms. Kilgore directed the Board’s attention to page 42 of the budget which shows the entities’ levies. The County pays into the CAD budget $1.9 million, Ysleta pays $1.27 million, and Socorro pays $1.367 million.

Mr. Lewis asked if there were positions that would be receiving an increase that could possibly fall in the range of $10-20,000. Ms. Kilgore replied, no. Ms. Kilgore explained using her salary as an example, her salary is the highest, and if she were to receive a 2% it would only be $2,800.00. The lowest salary is $10.25/hour and would increase their salary by $436.00 per year. Ms. Lilly said the City bases their budget on a certified figure which they receive from EPCAD. The City questioned CAD about fighting Western Refinery in court; when all of the sudden it didn’t happen. Now, the City has to adjust their budget minus $3 million dollars, which Ms. Lilly feels is very painful, since the City pinches every penny, therefore, this is where the City is coming from. Mr. Sepulveda replied that EPCAD also pinches pennies as well as all entities. He continued, that right now a decision has to be made as whether or not this budget will be approved in order to give the entities the 30 days necessary to either accept or reject the budget. This budget has been revised, discussed, changed according to the Board’s request, and now is the time to complete the process. Mr. Sepulveda went on to say that Ms. Kilgore provided all the necessary information, four different scenarios, etc.; therefore, it is time to work with all the information. Last year the Board asked that the budget be brought below 2% and ultimately ended with a .67% increase. Last year the COLA and merit increase were totally eliminated.

Ms. McLean stated to the Board that the benefit package should be brought in line with other entities. Therefore, Ms. McLean wishes to start a conversation (not very detailed), but as to how we can get the benefit package more in line during the year. Ms. McLean would like the benefit package brought more in line with other entities, school districts, etc.
Ms. Kilgore said this process has already been started, however, Ms. McLean said the conversation was started last year and instead of going in that direction, went in the opposite direction, and the expenses increased overall. Ms. Kilgore said this budget reflects benefits already approved, but can continue what has already been started. EPCAD's broker Compass Benefits goes out shopping when our various insurances come up for renewal and hopefully, they will all be up for renewal at the same time in September. Since EPCAD is small in number, we have a problem. CAD can join another entity, but, we have to have a separate plan. CAD has started researching options regarding this subject for presentation to the Board later in the year. The benefit package as shown also includes all related payroll, taxes mandated by the government as well as actual benefits.

Mr. Lewis felt that 2/2 percentage option was fair, and if the entities have an issue with that amount, they are free to protest their budget(s).

Mr. Lewis reminded Ms. Lilly that her request today of a 10% decrease should have been brought up during the budget workshop and not now, which would have given the Board the proper time needed to address the matter.

Mr. Gandara requested EPCAD to be frugal with the budget. Ms. Kilgore informed the Board that EPCAD has returned to the entities an average for the past 10 years - $984,000.00 and a 5 year average of $1.3 million.

Ms. McLean said that for next year's budget cycle, she would like to see a budget with a comparison to actual (percentages).

Mr. Gandara made a motion to adopt the 2013/2014 EPCAD Budget as presented. Ms. McLean seconded the motion. The motion passed with Ms. Lilly voting no. See copy of resolution attached.

Due to the departure of Mr. Lewis at 7:04 p.m., the meeting ended due to a lack of quorum.

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Reymundo Sepulveda, Chairman

ATTEST:

Patricia McLean, Secretary
STATE OF TEXAS
COUNTY OF EL PASO

EL PASO CENTRAL APPRAISAL DISTRICT

RESOLUTION

ADOPTING THE 2013/2014 OPERATING BUDGET FOR EL PASO CENTRAL APPRAISAL DISTRICT

BE IT RESOLVED by the Board of Directors of the El Paso Central Appraisal District that the District Operating Budget for the year 2013/2014 be adopted and approved in the total amount of $13,043,813.35. The Board hereby adopts the attached Budget detail with the understanding that the assignment of funds by the Budget Categories or Budget Accounts are estimates only. Funds may be used between categories or accounts on as needed basis, with the exception of the contingency account which requires Board approval prior to allocation of funds from said contingency account as per prior Board action.

BE IT FURTHER RESOLVED that this Budget for the year 2013/2014 be allocated to the taxing entities participating in the El Paso Central Appraisal District, based on each entity's most current levy for the year in which the Budget was prepared – 2013.

ADOPTED this 9th day of May, 2013.

Reymundo Sepulveda, Chairman
El Paso Central Appraisal District
Board of Directors

Patricia Torres McLean, Secretary
Board of Directors