MINUTES OF BUDGET WORKSHOP and SPECIAL MEETING

June 11, 2015

MONTGOMERY CITY COUNCIL

CALL TO ORDER

Mayor Pro Tem Kirk Jones declared a quorum was present, and called the meeting to order at 6:00 p.m.

Present:	Kirk Jones	Mayor
	Jon Bickford	Position # 1
	T.J. Wilkerson	Position # 3
	Rebecca Huss	Position # 4
Absent:	John Champagne	Position # 2
	Dave McCorquodale	Position # 5
Also Present:	Jack Yates	City Administrator

BUDGET WORKSHOP:

1. Consideration and discussion of Proposed Budget Amendment to the 2014 – 2015 City of Montgomery Operating Budget.

   Jack Yates, City Administrator, presented the proposed budget amendment to City Council. Mr. Yates advised that he had been conservative regarding revenues and estimated higher for the expenses. Mayor Jones asked if the department heads had contributed to the budget analysis. Mr. Yates advised that they had not for this part of the budget, but staff is working on the 2015-2016 budget. Mr. Yates stated that he had taken what they currently had in the budget and estimated what he thought they would need for the remaining five months.

   Mr. Yates reviewed the General Fund budget amendments as follows:

   - Sales tax – Rebecca Huss asked Mr. Yates if he was comfortable with the figures, because they had been running behind for several quarters. Mr. Yates advised that he was confident with the figures.

   - Building permits and licenses – Jon Bickford noted that this was a large figure. Mr. Yates advised that so far they have $98,000, which is 25 percent over what was budgeted. Jon Bickford stated that the $120,000 might even be a conservative figure.

   - Fines –Mr. Yates said that the fines are currently at $313,000. Jon Bickford asked what they had to attribute this figure. Rebecca Huss said that the police department is running at full force and they are writing a lot of tickets. Jon Bickford asked if the collection record was high or whether they were just writing a lot of tickets. Mr. Yates advised that they have also been working warrants a lot harder. Jon Bickford asked whether the

warrants would be a constant stream of revenue or whether they would run out. Mr. Yates stated that they still have another $800,000 in warrants left to collect. Mr. Yates said that the Court Administrator would be writing a memo to him that he will pass on to City Council, suggesting that the Court work those warrants with a specific person in the Court. Mayor Jones advised that they will discuss another person to work on warrants in the budget for next year.

- Paving costs - Mr. Yates stated that Commissioner Meador had advised him that the cost of paving Cemetery and Church Street would be $5,000-10,000. Mayor Jones advised that sometimes if the City provides the materials, Commissioner Meador will provide the equipment and personnel to do minor street paving at no charge to the City. Mr. Yates stated that the only cost that the City would have to pay would be $78 per ton for the asphalt.

- Parking revenue - Mayor Jones stated that Mr. Barnes will be paying the City $10,000 resulting from an agreement made for parking.

- Revenues – Mr. Yates stated that revenues had gone up $320,000, mostly due to fines.

- Personnel – Mr. Yates said that the compensated balance was due to the payment made to Mrs. Langley when she left. Mr. Yates said that the ranges for personnel are down quite a bit because they took the contract expenses out of another category. Jon Bickford said that the overall expenses were down almost $50,000. Mayor Jones said that Mr. Yates was estimating almost a $100,000 savings over what was budgeted for wages. Mr. Yates said that there was $16,100 under administrative expenses, which is where the SGR payments were deducted. Rebecca Huss said that the difference would be a whole year of Eric Smith's salary and half a year of the City Administrator's salary being removed, and a couple months of the police, depending on when they hired their employees. Rebecca Huss advised that the SGR was what they paid for the Interim City Administrator until they hired Mr. Yates. Mr. Yates stated that the payments to SGR were for approximately four months.

- Engineering – Mr. Yates stated he added $105,000 because they were currently at $65,000 in expenses. Mr. Yates said that there were also funds in Utility Funds for engineering. Rebecca Huss asked if that figure included some of the projects that had been approved, but not yet been billed because the phases had not been started. Mayor Jones stated that they needed to keep in mind that the last City Administrator was an engineer, so they were not spending as much on engineering because he did some of those tasks.

- State Portion of Fines/Payouts – Mr. Yates advised that he was recommending changing this from $170,000 to $210,000.

ahead and did the repairs. Mr. Shackleford said that there would be zero chance for reimbursement. Mr. Shackleford said that the project should have never been managed by Community Development, it should have been managed by Engineering. Mayor Jones said that they should not have cut the City out of the process.

Mr. Shackleford advised that the County used a backhoe instead of a grade-all for the Baja Project, which was not the best way to do the job. Mr. Shackleford suggested that there might be a way of sharing the cost for a grade-all to fix Baja Road and to offset some of the County's expenditure.

After discussion, the $70,000 or remaining balance will be put in the line item "drainage improvements."

Jon Bickford said that everything looked like it was a straight forward budget. Rebecca Huss said that she appreciated that Mr. Yates came in and was willing to work with the personnel that they had and made the number work, which was a big portion of making the budget balance.

Mr. Yates reviewed the Utility Fund budget amendments as follows:

- Revenue - Jon Bickford said that it looked like income was going to be up again. Mayor Jones said that it was up by about $60,000. Mr. Yates advised that the City was about to receive a $99,000 check from Blazer for their tap fee and the City will benefit $59,000.

  Jon Bickford commented that everything was right in place, with the only problem being utilities and water plants. Jon Bickford said that he bet it was the electricity for running the big pump. Mayor Jones said that they missed the mark somehow on that item. Mr. Shackleford said that the rain is going to stop, weather will be hot and people will want to water, so they will sell water. Jon Bickford asked how they looked on water usage for 2014-2015. Mr. Yates said that the water was down, but that was due to the issue with bookkeeping. Rebecca Huss said that was an accounting issue not a cash flow issue. Jon Bickford asked how aggressive they were forecasting water usage and the revenue associated with it for the year. Mr. Yates advised that the water revenue for May was $22,000. Jon Bickford asked what it was last year in May. Mr. Yates advised that last year it was approximately $25,000 - $26,000. Mr. Yates advise that he used $23,000 as his figure for the rest of the year. Mr. Shackleford said that when you compare this April to last year in April it is a difference of 2 million gallons for that month, which is not much.
- Expenses – Rebecca Huss stated that the Groundwater Reduction Expenses needed to be adjusted because it shows $10,000 and they are at almost $45,000. Rebecca Huss said that it has been running $12,000 per month. Mr. Yates advised that the $10,000 should be $65,000. Mr. Yates stated that this would get the net down to $39,028 for reserves.

- Capital Outlay – Mayor Jones advised that they have not spent any of the budgeted $60,000. Mr. Yates stated that was primarily for the water meters. Rebecca Huss said they budgeted $35,000 for a truck, but they spent $20,000 on some other items instead. Mayor Jones asked if that came out of general fund instead of capital outlay. Jon Bickford advised that the purchase had been done under Capital Outlay in Public Works, which shows $27,000. Mr. Yates advised that they only spent $17,462. Mr. Yates said that the $60,000 in Capital Outlay for water meters could still be used.

  Mr. Yates stated that the water meters would cost $160,000 installed. Mayor Jones asked if they were going to split the cost between the years and if so how much each year. Jon Bickford asked if this work would be done by September. Mr. Yates said that he was ready to advertise for the project, turn in bids in mid-July, award the bid in July or August, and have them installed in 30 calendar days. Rebecca Huss asked if they could do pre-paid meters if they do not get done this year. Mayor Jones said that it could just go into Reserves. Rebecca Huss said that if the funds were put into a pre-paid meter account, then it would not be in Reserves. Mayor Jones said that if the project gets done this year, then they could pay the project in full and not delay the project.

  Jon Bickford stated for clarification that there was $60,000 being allocated for water meters, $39,000 for the GRP, so they could do half the project in August and half in September. Mr. Yates advised that was not a good way to do the project, because it doubles your administrative time and causes a nightmare in the books. Jon Bickford asked Mrs. Branco what she preferred.

  Mrs. Branco said that it is always best to try and do the project all in one year so that you don't have to show anticipated expense on your audit. Jon Bickford said that he had no problem borrowing the funds from the General Fund Reserve, he just wanted to make sure that they paid themselves back.

  Mayor Jones then asked how much the City had in Reserves in the Utility Account. Mr. Yates advised that it was $180,000. Rebecca Huss said that as long as they have enough in the Utility Fund to get the job completed, then if something happens they could borrow from the General Fund Reserves. Mayor Jones said that if the project can happen this year let it happen. Jon Bickford stated that the Capital Expenditure needed to be $160,000, which will throw the 2014/2015 budget into a negative, to be paid in the 2015/2016 Budget. Mayor Jones stated that they are planning for a deficit in the Utility Fund for the project.

- Rebecca Huss stated that for the Utilities, they needed to make sure that number works for next year when Mr. Yates is preparing the budget. Rebecca Huss asked if the street light expenses was something that Entergy was partnering. Mr. Yates said that he had them reviewing the City's entire operation. Jon Bickford brought up LED and solar powered street lights, and asked if City Council had seen them, stating that they were really nice. Jon Bickford said the batteries are sized to last 3-6 days.

- Utility Maintenance Fund - Mr. Shackleford said that on February 6, 2015, City Council authorized a transfer switch for Town Creek, which is approximately $15,000, which is not itemized, but they believe it is included in the $90,000. Mr. Shackleford said that they will send Mrs. Branco an email tomorrow to follow up and make sure that she is aware of the transfer switch costs.

  Mayor Jones advised that no action would be taken on the Budget, because a Public Hearing would be required to be held before the Amended Budget could be adopted.

CONVENE INTO SPECIAL CITY COUNCIL MEETING:

2. Consideration and possible action regarding scheduling a Budget Public Hearing to Amend the 2014-2015 City of Montgomery Operating Budget, as provided by Texas Local Government Code §102.006, and authorize publication of legal notice.

   Jon Bickford moved to schedule a Budget Public Hearing to amend the 2014-2015 City of Montgomery Operating Budget, to be held on July 14, 2015 at 6:00 p.m., and authorized publication of legal notice. Rebecca Huss seconded the motion, the motion carried unanimously. (3-0)

   Jon Bickford stated that resulting from the discussion last Tuesday, regarding lot sizes, etc., he asked that they consider getting the Planning and Zoning Commission together with City Council to talk about zoning and/or lot sizes, areas where the 70 foot lot size should always apply, and areas where it should not be 70 foot lots, and come to an agreement on where those areas are located. That way City Council won't have to be doing variances all the time, or at least have a discussion about them.

   Mr. Shackelford said that there were other items in the ordinances that he would like to talk through with Council, regarding possible changes to strengthen some of the ordinance on the Development Code, and to work toward some choices for the developers on whether they bond up front and build, or bond at the end. Mayor Jones asked that they come up with a list of items to discuss at the meeting.

   Rebecca Huss stated that she would like a presentation on the cost differential between the estate open ditch cost versus the more densely packed underground storm sewer with curb and gutters.

   Mayor Jones stated that there will be a Joint Workshop Meeting with City Council and the Planning and Zoning Commission to be scheduled in July, 2015. Rebecca Huss asked that the tables be set up in a round format.

ADJOURNMENT

Jon Bickford moved to adjourn the meeting at 7:12 p.m. Rebecca Huss seconded the motion, the motion carried unanimously. (3-0)

Submitted by: _____ Date Approved: 7/14/2015

Susan Hensley, City Secretary

CITY OF MONTGOMERY, TEXAS
FOUNDED 1837

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Mayor Kirk Jones