

MINUTES OF BUDGET WORKSHOP and SPECIAL MEETING

July 23, 2015

MONTGOMERY CITY COUNCIL

CALL TO ORDER

Mayor 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
 Rebecca Huss Position # 4
 Dave McCorquodale Position # 5

Absent: John Champagne Position # 2
 T.J. Wilkerson Position # 3

Also Present: Jack Yates City Administrator

BUDGET WORKSHOP:

❖ Discussion of the following items related to the City of Montgomery 2015-2016 Operating Budget:

- Summary
- General Fund Revenue

Mr. Yates reviewed the revenue numbers on page 26, detailing the revenue and expenditures for the General Fund.

Rebecca Huss noted that page 29 was incorrectly numbered also as page 26.

John Champagne arrived at the meeting at 6:01 p.m.

Mr. Yates stated that he did not change anything other than the Ad Valorem Tax on page 27. Mr. Yates advised that the new Debt Service ratio was .2175, and the Maintenance and Operations is .1980 and last year it was .1483.

Mayor Jones confirmed that Mr. Yates had put an additional \$40,000 from General Fund into Debt Service beyond what is normally collected for Debt Service. Mr. Yates said that was correct, because before there was nothing coming out of the General Fund for Debt Service, it was all coming out of Utility. Rebecca Huss stated that if they borrowed funds mid-year they will need to pay it and they are not going to be able to change their percentage, when they set the budget. Mayor Jones said that once funds go into Debt Service, they can only be used for Debt Service. Rebecca Huss stated that they could do that at the end of the year as needed. Mr. Yates said that was correct, Council could determine when or if to transfer the funds. Mr. Yates said that they were already at a \$131,000 surplus revenue.

- General Fund Expenses

- Administration

Mr. Yates advise that there were hardly any changes made to the Administration Budget. Mr. Yates stated that he had left off \$34,000 for Consultant Fees, which is the funds that they use to pay Shannon Reid.

Mr. Yates advised that he had moved all Engineering to Public Works and Utilities. Mr. Yates advised that he had \$75,000 in Public Works and he had been told to add \$40,000 to Engineering that is at zero.

Rebecca Huss said that they have used up approximately 75% of the planned Surplus of the General Funds.

Mayor Jones advised that Mr. Yates will add \$40,000 to Engineering - 16322, which is at zero. That amount that will be taken from the \$75,000 that is in Public Works – 16322, which will go to \$35,000. Mr. Yates advised that he had added back the \$2,000 for Oil/Gas for the Police. Mr. Yates advised that he reviews the monthly bill from Jones and Carter and splits the costs between the two departments. Mr. Yates said that now that will leave a Surplus Revenue of \$36,736.

John Champagne said that he is looking at the Revenue and it is flat. Mr. Yates said that was because he had been conservative on the Fines and Forfeitures, even though they did go up, he is still \$90,000 under what they are expecting to receive this year, because they just had a \$67,000 month in Court. John Champagne asked what the projection was for last month. Mr. Yates advised it was \$47,000. Mayor Jones stated that the \$663,000 was extremely conservative. Mr. Yates said that is \$45,000 per month budgeted for the next year. Mr. Yates said that he has added in the cost of the additional person.

- Police Department

Rebecca Huss stated that she was not happy about the Police numbers being all wrong, and they are showing a -2% for the year, and when they discussed their budget it was an 8-9% increase in their budget from last year's numbers.

Rebecca Huss said that the Vid Tac numbers are missing, the patrol weapons and radio values were switched around, because it is showing \$20,000 for patrol weapons (page 34). Mayor Jones asked how the numbers would have gotten switched. Rebecca Huss said that a number must have gotten transposed when they moved the Vid Tac and radios to Capital Outlay, instead of Supplies and Equipment. Rebecca Huss said that the \$33,000 for the Vid Tac was missing, which is a quarter of the Surplus.

Mayor Jones noted that T.J. Wilkerson arrived at the meeting at 6:05 p.m.

Jon Bickford stated that when they went through the Police Budget, they asked for patrol weapons at \$4,000. Rebecca Huss advised that the number for radios is zero, where they had \$4,000 before, and they had talked about the Vid Tac, which is not in here at all. Jon Bickford said that what they had talked about specifically was:

- One person for half a year - \$40,000; and
- Radios that were going to cost an additional \$22,000.

Jon Bickford said that the net increase to the Police Budget was \$62,000. Jon Bickford said that they are only adding one patrol officer, so they do not need to add additional weapons. Mayor Jones said that they are also wanting more tazers. Jon Bickford said that he thought that had already been expensed. Jon Bickford stated that when they closed out the Police Budget, he confirmed exactly how much extra they wanted, and said that the Chief confirmed that he wanted these two things. Mayor Jones asked if any new weapons would come out of the \$26,000. Jon Bickford said that the \$26,000 was for the radios. Rebecca Huss said that any new weapons would come out of the \$4,000 that was originally budgeted. Rebecca Huss said that she could not imagine a side arm costing more than \$1,000 with a few Tazers. John Champagne stated that they just purchased a whole bunch of side arms.

Jon Bickford confirmed that 17050 – page 35 in the old budget, which has \$4,000 for Radios. That number needs to be moved down to 17050 – Radios under Capital Outlay. Jon Bickford said they also needed to add \$22,000 to that figure to make it a total of \$26,000 instead of \$4,000. John Champagne said that would bring the Supplies and Equipment Radio figure to zero. Jon Bickford stated that was correct, because they are Capital purchases. Mayor Jones said that they will still need supplies. Jon Bickford said that is just for radios not supplies. Jon Bickford said that they had discussed this very specifically. Mr. Yates said that the reason that he took out the Vid Tac for the cars, was because the Chief said that he could live with the COBAN that was in the vehicles now. Mayor Jones said that the Chief had also said that he would start changing over to the Vid Tac a little at a time. Rebecca Huss said that either way, she was not happy with the \$20,000 appearing in weapons without any discussion, the missing Vid Tac was also confusing.

Mr. Yates asked if Council wanted him to add Vid Tac back into the budget. Jon Bickford said that he would say it needed to be put back in, but he is more concerned with why it got taken out of the budget. Mr. Yates said that he took it out while trying to make the budget balance. Jon Bickford said that when they get rid of the \$20,000 for weapons then the budget should be okay with COBAN put back in. Rebecca Huss said that she did not think it was something that they needed to buy on October 1, but it would be good to have it budgeted should there be another broken one.

Jon Bickford suggested putting the Vid Tac and vehicle back in to the budget, the Chief says that he is going to sell the COBAN equipment, so whatever he sells the equipment for then he can purchase with that. Rebecca Huss said that is not the way that budgets work, it would go into the General Fund. Mayor Jones said that he would put a little in the budget, because if they hire a new officer, they will need a side arm. Rebecca Huss stated that there is \$4,000 in the Weapons budget. Mr. Yates advised that he had just made a mistake in the figure, the Chief did not ask for \$20,000 more in weapons.

Mr. Yates said that he had reduced the following line items:

- \$2,000 from Gas/Oil;
- \$400 from Printing/Office Supplies;
- \$300 from Postage/Delivery;
- \$1,500 from Phone;

- \$1,500 from Copier/Fax;
- \$1,000 from Emergency Equipment;
- \$500 from Capital Purchase Furniture;
- \$1,200 from Police Training/Education;
- \$500 from Dues and Subscriptions;
- \$700 from Community Relations;
- \$1,000 from Travel and Training;
- \$3,000 from Computer Equipment; and
- \$2,000 from Investigative and Testing Equipment.

Rebecca Huss said that she felt that they should leave in things that seem to be out of our control to cut, such as, Gas/Oil and Repairs, etc. Rebecca Huss said that she did not know if it would help the City to cut those items. Mayor Jones said that the price of gas can increase. Jon Bickford said that it had gone down from last year's budget, because this time last year gas was \$3.00/gal.

Jon Bickford confirmed the following changes on Page 34 of the Police Budget:

- Under Supplies and Equipment – 17050 Radios – \$4,000 goes to zero;
- Capital Outlay – 17070 Police Cars Emergency Lights – Coban Video Equipment - \$3,000 goes to zero;
- Vid Tac – add a line to show \$33,000; and
- Capital Outlay – 17071.5 Patrol Weapons – change the \$20,000 to \$4,000; and
- Capital Outlay – 17050 Radios – that zero changes to \$26,000.

Jon Bickford asked to confirm those figures were correct. Mr. Yates advised that he had put in \$30,000 in salaries.

Mayor Jones asked if Council was good with all the cuts that Mr. Yates had made to the Budget. Jon Bickford said that he was not going to argue with the cuts to the Budget.

Dave McCorquodale said that he felt gas and oil increasing was a valid point. Rebecca Huss said that she was not sure about cutting the training, but with more officers, they are going to need more training. John Champagne said that in his opinion he felt that training was the Chief's call not Council's. Mr. Yates advised that he had taken out \$1,200 from the training budget, to make the budget balance. John Champagne said he was fine with that. Employee Relations was renamed to Community Relations and lowered.

Mr. Yates advised that he would add back the Gas/Oil.

John Champagne asked about payroll. Mr. Yates said that he had added 2% across the board, on the basis that everyone will have an evaluation. Mr. Yates said that everyone that received a good evaluation would receive the 2% increase. Jon Bickford said that if you do 2% across the board, some people could receive 4% and others could receive zero. Mr. Yates said that he could do it either way. John Champagne said that the way it is distributed would be based on evaluation. Mr. Yates said that was correct. Jon Bickford said that it

would be the leadership's decision on how they want to spread it around. Jon Bickford said that they would pay for performance.

Rebecca Huss said from a budgeting perspective she did not mind the idea of zero raises, with one time performance bonuses. John Champagne said that from his vantage point, 2% was used as a figure of everybody's salary, and that will be dispersed based on performance. John Champagne asked how Mr. Yates came up with the 2% figure. Mr. Yates said that he used the cost of living figure. John Champagne said that personally he is not into across the board raises, he believes that it should be based on merit. Mayor Jones said that there could be some zeros, but if they have a lot of zeros, they have another problem. John Champagne said it was all relevant, they are all competing, and there should be competition in this group. The high performers should get compensated more than the low performers.

Mayor Jones said that they have spent the last few years catching the department up. Jon Bickford said that he felt that have been very generous. Mr. Yates said that he was trying to stay current. Rebecca Huss asked Mr. Yates if he had put in any hard dollar amount for his raise, because when he was hired they had discussed a six month evaluation possibility of a raise. Rebecca Huss said that as one of the higher wage earners, Mr. Yates raise could eat up a lot of the 2% that he had figured. Mr. Yates advised that he had included his 2% in the figure. Rebecca Huss asked when it will be six months. Mr. Yates advised that it will be September, because he was hired March 1, 2015.

John Champagne asked, in terms of the Police personnel, what number of officers they have. Mr. Yates advised they are fully staffed with nine officers. Mr. Yates said that they had requested one additional officer for a half of the year, so he put in \$30,000 in salaries. Mr. Yates said that the Chief felt that with the apartments and the growth of the City, he would need another officer. Mr. Yates advised that the Chief said every stop that they make is a good stop, and with another officer they could do more stops and keep the people safe.

Dave McCorquodale said that he also has a problem with scheduling people off with a small staff.

Jon Bickford asked how many rooms were at the new apartments. Mr. Yates advised that there were 80. Jon Bickford said with those 80, plus the 100 homes coming in next to the high school, and there are currently 400 households now, so there will be 50% more homes to patrol. John Champagne said he felt it was a legitimate request.

Rebecca Huss confirmed that Mr. Yates felt that they were going to have a \$30,000 Surplus, and said that she would like to reduce the Surplus closer to zero.

- Court

Mr. Yates advised that there were no changes to the Court Budget. Mayor Jones stated just for information that the Court would be adding another clerk position in the Court that would not be a police officer. John Champagne asked

if the Clerk would work both sides of the hall. Mayor Jones said that they would all be cross trained.

- Public Works

Mr. Yates said that he was putting \$22,000 aside for street repairs. Mr. Yates noted the changes that had been made on page 45, Capital Outlay – 17072 – Public Works Items, where there had been \$46,000 requested for a pickup truck, asphalt compactor and barricades. Mr. Yates advised that he had reduced that number to \$40,000, but would put it back as \$46,000. Rebecca Huss stated that Mr. Muckleroy had a specific number in mind, and was not just an estimate. Rebecca Huss advised that a gas powered, Chevy 4x4 pickup had been requested.

Mr. Yates said that they could add \$25,000 to Contract Labor for Street Improvements from Surplus Funds.

Jon Bickford said that he felt it would be good to put together a financial mapping plan that talks about what is getting depreciated and planning for what needs to be purchased, such as vehicles. Jon Bickford said that they need to set up a line that will show vehicles that need to be purchased and allocate funds to be set aside for that vehicle.

Mr. Yates advised that some cities have a Capital Improvements Fund so that every year you know how much to put into that fund. Jon Bickford said that would work because then when it came time to purchase that item, you would have the funds to pay for it.

- Utility Fund

Dave McCorquodale asked if the \$20,000 in 16401- Groundwater Reduction Expenses was captured in the total. Mr. Yates advised that it would not affect the total. Rebecca Huss asked to confirm that setting the amount in the budget would not affect the water and sewer rates. Mr. Yates advised that was correct, the assumption in the budget was based on the current water and sewer rates.

John Champagne asked about the 24000- Charges for Service on page 48, and said that it shows a 10.4% increase. Mr. Yates advised that was because of the past year where they had one month that did not get counted during June.

Mayor Jones asked about the GRP and about the City's option to opt out in 2016. Mr. Yates said that he thought it was in December. Jon Bickford asked the City Secretary to check on that information.

Mr. Yates advised that he had added \$40,000 to the Debt Service Fund and \$1,500 for interest. Mayor Jones asked what if rather than transferring the \$40,000 to Debt Service, it was transferred to the Capital Fund and it could be a partial down payment on the waterline or sewer plant. Mayor Jones said that when it goes into the Debt Service Fund it is limited on how it can be used.

Rebecca Huss said that she thought the problem with the Capital Projects Fund Summary was that it is specific bond money, raised for these specific projects, so they would need

an extra Capital Projects Account. Rebecca Huss said that the bond money is tied up until it is released.

John Champagne said that he was not finished with Water and Sewer. John Champagne said that they anticipate \$286,000 Surplus Funds for this year. Mr. Yates said that if everything is spent they expect \$31,489, with an ending Fund Balance of \$205,693. Mr. Yates advised that \$125,300 was transferred to the Debt Service Fund.

Rebecca Huss said that the \$40,000 from General Fund being available if they have to borrow funds, and wondering if they could put it somewhere else besides Debt Service. Mr. Yates said that mid-year they could decide whether to put the funds into the Debt Service or put it into an Infrastructure Fund or plan for a place to put it.

John Champagne asked when they pull out of the MUD Agreement, the funds that has been paid to them, what will happen to those funds. Mr. Yates advised that those funds are a pass through. Rebecca Huss advised that it is on the water bill as the Groundwater Reduction Plan. John Champagne said that was a charge to that expense, and asked what would happen when the City pulls out of the Agreement. Mayor Jones said that when the charge goes away, they can either keep it or move it to another project.

Mr. Yates reviewed the Capital Projects Fund with Council. Mayor Jones reviewed the following Capital Projects:

- \$30,000 – Rehab of Lift Stations
- \$70,000 – Buffalo Springs Waterline
- \$120,000 – Water Meter Projects

Mayor Jones said that they had not done anything yet for the 2,900 foot of waterlines with 12-inch lines feeding 8-inch lines. Mr. Yates advised that it would be \$200,000. Mr. Yates advised that the City is not the problem at the apartments. Mayor Jones said that in the near future they will have to address the problem regarding the 12-inch waterline. Mr. Yates advised that was all the changes.

- Special Funds
 - Construction Fund
 - Court Security Fund
 - Court Technology Fund
 - Hotel Occupancy Tax Fund
 - Police Assets and Forfeitures
 - Montgomery Economic Development Corporation

Jon Bickford said he was satisfied with what the City Administrator had done.

❖ Discussion 2015 Tax Rate

Council concurred that the 2015 Tax Rate would remain the same as the previous year.

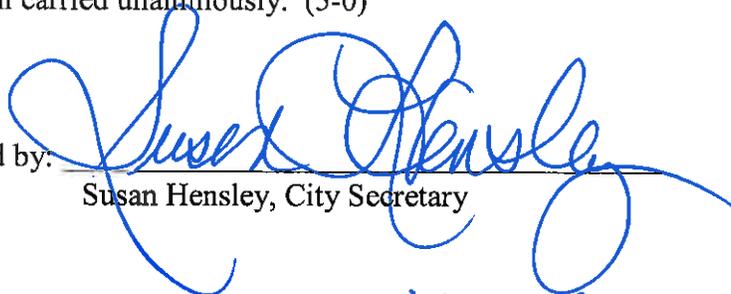
1. Consideration and possible action to schedule the 2015-2016 Budget Public Hearing.

After discussion, Jon Bickford moved to accept the budget as it has been modified and push forward to schedule the Budget Public Hearing to be held on August 11, 2015 at 6:00 p.m. during the regular meeting. Dave McCorquodale seconded the motion, the motion carried unanimously. (5-0)

ADJOURNMENT

Jon Bickford moved to adjourn the meeting at 7:10 p.m. John Champagne seconded the motion, the motion carried unanimously. (5-0)

Submitted by:


Susan Hensley, City Secretary

Date Approved:

08/25/15



Mayor Kirk Jones

