

MINUTES OF BUDGET WORKSHOP

August 4, 2016

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
 John Champagne Place #2
 Rebecca Huss Place #4
 Dave McCorquodale Place #5

Absent: Jon Bickford Place #1
 T.J. Wilkerson Place #3

Also Present: Jack Yates City Administrator
 Cathy Branco Financial Consultant

T.J. Wilkerson arrived at the meeting at 6:23 p.m.

BUDGET WORKSHOP:

❖ Discussion of the following items related to the City of Montgomery 2016-2017 FY Proposed Operating Budget:

- Summary
 - Mr. Yates advised that he had a correction on page 17 to the Water and Sewer Fund that should have a projected balance of \$157,317, making the total of all funds \$1,465,272.
- General Fund Revenue
 - Mr. Yates commented on page 22, stating the General Fund Revenue is \$3,012,042, and General Fund Expenses is \$2,880,000, leaving a surplus of \$172,000 for the next year.
 - John Champagne stated that the budget is showing a 22% percent increase in revenue. Mr. Yates said that was correct, which was primarily sales tax at

\$160,000 more than last year, and \$100,000 more in property tax. Mr. Yates said that they show an increase in expenditures of 11% percent. John Champagne advised that the 22% percent increase for revenue is extraordinary.

- Mr. Yates said that he felt he was being conservative with \$30,000 in sales tax revenue.
- John Champagne asked what the line item for maintenance would include. Rebecca Huss said that it would not include anything from the water and sewer fund.
- Mr. Yates said that under Contract Services, approximately \$200,000 of that figure is payback of fines, and then the rest is primarily engineering, legal, building inspector, auditing and mowing.
- Mrs. Branco asked about ad valorem tax, stating that she noticed in the Debt Service Fund Mr. Yates was figuring 98% percent of the assessed value, but in the Operating Fund it was using the full amount of \$169,000. Mr. Yates said that he had used Mrs. Branco's figure of 98% percent. Mrs. Branco said that she thought the proposed Ad Valorem Tax amount should be \$339,912 instead of the \$359,912. Rebecca Huss said that would reduce the surplus to \$152,000.
- John Champagne asked about page 23, which shows an anticipated increase in court fines and forfeitures of approximately \$29,000, and asked what that was based on. Mr. Yates said it was based on the expectation that they would hit \$520,000 this year, and the last year they budgeted \$479,000, so he was actually going down \$20,000. Mr. Yates advised that \$50,000 of that figure was the State's portion. Mr. Yates said that he was expecting them to spend \$150,000 in State fees this year. Mr. Yates said that he could have shown the \$150,000 but Rebecca Lehn, Court Administrator, thought that it would be \$200,000 this year.

John Champagne asked why Ms. Lehn was not at the meeting. Mayor Jones advised that the Department Heads had attended the last meeting and they were not required to attend.

John Champagne wanted to know the reason for the increase of \$29,000 in Court fines and forfeitures. John Champagne said that what he is hearing is that Ms. Lehn believes that is an accurate assessment. Mr. Yates said that was correct. John Champagne asked what that assessment was based on. Mr. Yates said that it was based on Ms. Lehn's experience. John Champagne asked how many Council members attended the last Budget Meeting. Mr. Yates advised that there were only two members that were present. John Champagne said that it would have been nice for Ms. Lehn to be here so that he could have heard her information. Mayor Jones said that they could get an answer for the question. John Champagne said that it was \$29,000 and he was just wondering where it was coming from. Mrs. Branco said that they had gone down \$20,000 in fines revenue and going up \$50,000 on the State portion. Rebecca Huss said that it was actually more of an increase in expenses, because the State portion gets taken out later. Mrs. Branco advised that that State portion is paid on a quarterly basis.

- Mrs. Branco requested that Items 15391 and 15392 switch the amounts budgeted because they should just be switched showing Item 15391 – Interest Income as \$500, and 15392 – Interest on Investments as \$1,000.
- General Fund Expenses
 - Administration
 - Mr. Yates advised that they are adding a part-time person for the City Secretary to serve as a Records Clerk. Mr. Yates said that the City Secretary helps him a good bit and she is in danger of falling behind with the work load. Mr. Yates said that he is also in danger of falling behind. Mr. Yates said that the part time person all together costs \$30,000. Mr. Yates said that he has both Ms. Carol Raica and Susan Hensley, City Secretary as his helpers. Rebecca Huss said

that if they look at where they were before Mr. Yates came they had Eric doing whatever it was that he did, and his salary was substantially higher than a part time Records Clerk.

- Police Department

- Mr. Yates said that this year they are probably going to hit \$800,000 for police salaries, and all they have in the budget is \$730,000. Mr. Yates said that last year they had a budget of \$680,000 for police, but he had forgotten Officer Flores, which added \$60,000, and this year they have added \$15,000 - \$20,000 in overtime. So if you take \$680,000 and add \$75,000 to it you get \$750,000 - \$770,000. Mr. Yates said that they had 2-3 officers leave during the year and they were paid their vacation time when they left. Mr. Yates said that the proposed budget is based on a 1 ½ % percent increase for cost of living across the board, and 3½% percent for merit raises. John Champagne said that would be a 5% percent increase. Mr. Yates said that it would be up to 5% percent. Mr. Yates said on the proposed budget he used 4% percent across the board. Mr. Yates said that he is allowing for one more person, part-time, that is what is allowed, so he trusts his \$752,000 figure.

- John Champagne asked about overtime and asked if they anticipated a similar scenario. Chief Napolitano said that was correct. Chief Napolitano said that they were going to try and cut two hours at the end of each shift twice a week or every two weeks, once they have hired one more officer, which will bring the hours back down to 80 hours. John Champagne asked the Chief if he was comfortable with the figure in the proposed budget. Mr. Yates said that figure was using \$23,000 for overtime, which is probably too much. Rebecca Huss said that she would like to go back to \$10,000 or \$12,000 to reflect more of what they should be shooting for, because \$16,000 is an inflated number.

Chief Napolitano said that due to the work that the officers do, there are times where they have to stay after hours. Rebecca Huss said that this figure allows for 2.5 hours each shift. Mr. Yates said that he spoke with the Chief and the Lieutenant about how they could manage the overtime better.

Rebecca Huss stated that she did not feel that they should increase the overtime budget to reflect the overages that they had this year. They have paid for a scheduling program, plus we have people for hire in the budget, and supervisors are going to be working a shift per month. Mr. Yates said that they will be checking at the end of the pay week to see where everyone is on their time, and if someone is about to get five hours of overtime, then the Lieutenant works five hours Friday afternoon, and the person that was close to overtime goes home. John Champagne said that they have Kroger coming in, along with an influx of an unknown amount of people and we are quibbling over \$4,000. Rebecca Huss said that it was more the point of it, and also they have not actually seen any performance information since January to say that our police department has been any busier than they were before the apartments, or whatever. John Champagne said that he totally disagrees. Rebecca Huss said that they have not been getting information on what the calls have been. John Champagne said that they are dealing with projections, and he is saying that they are going to have an influx of an untold amount of people. Rebecca Huss said that the influx was why they hired somebody in March of this year, which was supposedly for the apartment complex, but again they do not know the increase in crime or calls because they do not have any quantitative information. Rebecca Huss said that it was more than just the \$4,000, it was the idea that you don't hit your targets so you just adjust the targets rather than adjust behavior.

Mr. Yates said that they have not been getting the statistics, because the City has not been getting them from the County and that is where they just have to rely on the police department to tell us their activity. Mr. Yates said that the other thing is that they can manage it a little better, but he generally thinks that as soon as Kroger gets open, there will be a substantial increase in calls. Chief Napolitano said that at the Chief's Meeting today, the biggest crime for all the surrounding cities is burglary of motor vehicles. Mayor Jones asked the Chief if \$16,000 was the figure that he wanted in his budget. Chief Napolitano said that Mr. Yates had calculated the salary and overtime figures. Mrs. Branco

said that she is estimating overtime for this year to be \$28,000. Mayor Jones said that \$16,000 should be a very good number. Mrs. Branco advised that the overtime budget line item included other people not just police. Dave McCorquodale asked if the scheduling software that they are proposing is going to help manage the overtime. Rebecca Huss said she thought that they had already bought the software. Chief Napolitano said that it makes it easier for the officer to log on and submit requests for time off, and it will go directly to his computer instead of having to generate a piece of paper. Rebecca Huss asked if this was the same software that City Council had allocated this year. Chief Napolitano said that they tried that software out and they could not get the software to work for their department. After discussion, it was decided to stay with \$16,000 in the overtime budget.

- Dave McCorquodale asked about the training budget, and said that he liked the concept of the officers being trained, and asked if the budget gets the training where they want it to be. Chief Napolitano said with the Asset Forfeiture Fund, which they can use for training, but no they were not at the optimum level and said that they could always use more training.
- John Champagne asked how much of the recent donation has been put into this budget. Mr. Yates said that essentially the funds are in the Capital Improvements, because the Police budget itself increased about \$200,000. Mr. Yates said the computers in the car are \$15,000, Copsync is \$6,500, Radar is \$4,000, and then the patrol weapons are \$4,000. Mr. Yates said that those allocations would be the way that he would explain to that person, or anyone else, if they were to ask how the donation was spent. Mayor Jones said that the donation replaced General Fund revenue that would have been used for those items.
- Rebecca Huss asked if the Chief had followed up on how much it would cost to maintain the projected new vehicles versus the ones that will be taken out of service, because it still shows auto repairs as higher, when they should be lower with new vehicles. Chief Napolitano said that he left that figure in there because he was not sure if they would be getting two new vehicles. Rebecca Huss asked how much it costs to maintain the current vehicles. Chief

Napolitano said that he did not have that figure. Rebecca Huss said that as it is now there are funds allocated for both new vehicles and higher maintenance. Mr. Yates said that there was also \$10,000 in Revenue for the sale of Police vehicles. Mr. Yates stated that \$15,000 budgeted for maintenance on eleven vehicles was not very high. Chief Napolitano advised that he would get the maintenance information on the vehicles tomorrow. Rebecca Huss said that they could compare that cost versus the two newer vehicles. After discussion, there was no change in the maintenance figure.

Mr. Yates said that he wanted to do a salary review on the local competition, such as Shenandoah, Willis, and Montgomery County Sheriff's Department, to see what they are paying their people in comparison to what we are paying our employees, to see if we need to go up. Mr. Yates said that they might need to increase by \$1,000 - \$2,000. Mayor Jones said that was not a lot to increase, and they have gone through that process in the past.

Rebecca Huss said if they are doing the review, they should include gun ownership policy, and whether they give their reserve officers guns. Chief Napolitano said he could answer that question right now, all the other police departments do not issue weapons, but in a the liability sense, if they have an officer involved shooting, and there is civil action against that department, they will have to show their training records. Chief Napolitano said that the other departments are not going to be able to show that they standardize their weapons. Chief Napolitano said that they issue the weapons. They have 16 weapons that the department bought and 16 weapons were issued. Chief Napolitano said that they do not have a spare weapon in the City if an officer gets in a shooting, they have no way of replacing that weapon because the District Attorney's Office takes their weapon. Rebecca Huss said that when they discussed this matter before about the weapons and how important it was to have the training, and the question was what to do about reserve officers. Chief Napolitano advised that they have six reserve officers, which is the maximum number of reserve officers. Chief Napolitano advised that the reserve officers carry their weapons home with them because they are in

-uniform. Rebecca Huss said it's the expense of the weapons for reserve officers that other cities don't spend. Rebecca Huss said that the locker room is there so that the officer can change before going on duty and then change again before leaving. Then they could leave their weapon at the department. Chief Napolitano said that the officer is trained with that weapon, because when they are in that uniform they are representing the City, so their equipment should go home with them. Chief Napolitano said that they issued those weapons, because we the City are asking them to come to protect us and we are issuing a weapon. Chief Napolitano said that reserve officers are required to have the same training as the other officers.

Dave McCorquodale asked if there was a departmental policy on what officers do with their weapons when they are at home. Chief Napolitano said that they did have a policy on file, and they are required to lock the weapon up if there are minors in the home. Chief Napolitano said that he was requesting two additional guns because they have to hire two new officers at approximately \$700 for each weapon. Mr. Yates said that last year's budget had \$3,000, which Chief Napolitano advised he had not spent. Mayor Jones asked the Chief what would be wrong with the reserve officers coming in to work and checking out a City gun, and then turn it in at the end of their shift. Chief Napolitano said that the lockers are used by the full time officers. Chief Napolitano said that if there was an event, he might have all six of the reserves working. John Champagne asked if there could be a time when you called a reserve officer out due to an emergency. Chief Napolitano said absolutely, if they had a natural disaster. John Champagne asked whether it would be more efficient to go first to the gun locker or the emergency. Chief Napolitano said that the emergency would be more important. Chief Napolitano said that he would prefer to keep the procedure of issuing the weapon versus changing policy.

- Court
- Public Works
 - Mr. Yates advised that under Public Works – Utilities on page 36, resulting from Mr. Randy Burleigh's work with the utility rates, one of his issues and

along with City Council, was to charge for water used by the various parks. Mr. Yates said that with Mr. Burleigh's figures for water and electricity costs, Cedar Brake Park should be \$3,200, Homecoming Park should be \$1,200, Fernland Park should be \$3,100, City Hall should be \$6,200, and Memory Park will be added in at \$15,000, and the Community Center at \$6,800. Mr. Yates stated that the total for the Utilities is \$47,400.

Mr. Yates advised that with the changes they are now -\$20,000 in revenue and \$13,900 in expenses.

- Utility Fund

- Mr. Yates then discussed the water and sewer rates as detailed in the document prepared by Rebecca Huss and Randy Burleigh. Mr. Yates said that the crux of the information is found on the last three pages where Mr. Burleigh did an excellent job of working out the rates to where it is somewhere between 48-50% percent of the residents will not be affected. Mr. Yates said that the ones that will be affected will be the ones that use 10,000 gallons of water and it would raise their rates from \$47.56 up to 97.81. Mr. Yates suggested that City Council have one public hearing at 3:00 p.m. on August 25, 2016, where the budget is approved with the new rates included. Mr. Yates said that the actual ordinance to approve the water and sewer rates will come at a later date because of the timing of the sequence of events.

John Champagne asked what the threshold for the water was in gallons. Rebecca Huss said that it was still at 2,000 gallons, which 30 percent of the City uses less than that amount per month.

Mr. Burleigh was present and reviewed the information provided in the rates. A copy is attached at Exhibit "A." Mr. Burleigh said that they looked at all the different rate classifications and how they were being charged. Mr. Burleigh said that with the new rate structure, the revenues should provide an additional \$200,000. Mr. Burleigh advised that it would be a three year, three tier

increase, with the second year providing an additional \$127,000, and then the third year almost \$40,000.

Mr. Burleigh advised that the average residential water consumption is 7,000 gallons. John Champagne asked what the effect of the rate change would be on the average user. Mr. Burleigh said that they would not see any change until around 12,000 gallons of water was used. Mr. Yates said that the institutional user would be the largest rate increase and said that he had already met with the schools. Rebecca Huss said that the schools advised that they would put it into their budget at the highest rate, so they are ready for the rate change. Mr. Burleigh said that the schools will only have a two year rate increase.

Mayor Jones asked where the churches fell into the rate structure. Mr. Burleigh advised that churches are actually commercial. Mr. Burleigh said that they also went to two tiers for irrigation meters, with small irrigation users for residential, and large irrigation users where their rates are higher and they pay a higher base fee every month. Mr. Burleigh said that the dividing line is a one inch line meter. Mr. Burleigh said that the water was not increasing that much, it would be the sewer rate that would increase the most. Rebecca Huss said that 70% percent of the City is really as base cost, so even though the average use is 7,000 gallons, the usage is significantly less than that.

Mr. Yates advised that Mr. Burleigh is going to forward him a spreadsheet where a resident can plug in what their usage is, and it will show how the increase will affect their bill. John Champagne asked if Mr. Yates was going to put that information on line. Mr. Yates said that he would do that. Mr. Yates said that he thought that at the public hearing they could have each resident's average usage for the last six months so each person that attended the meeting, they could plug in their usage and let them know what their new bill would be. Mr. Yates said that for a lot of residents they will not have any change or the increase will be less than \$10.00. Mr. Burleigh advised that the sewer rate would increase \$5.00 and the water would be less than one dollar for 7,000 gallons used. John Champagne said that was excellent. Mr. Yates said that

part of the reason that they were able to do this was due to Mr. Burleigh's analysis.

John Champagne asked about how the Fire Department was going to be handled. Mr. Yates said that they were wanting to charge for water use at the fire station, but not for fire protection. Mr. Yates said that he was not thinking of the meter out front, he was thinking of inside the fire station. Mr. Burleigh said the fire department has a meter at the fire house that they use for water and sewer at the fire station, which they use about 19,000 gallons per month. Mr. Burleigh said that they have a practice run every one or two months where they hook up to one of the two meters in the front, which is unaccounted water use in the City. Mr. Burleigh said that his recommendation to the City would be to account for all that water so you know how much you are giving away. Mr. Burleigh said that they could use a meter like the ones that the City has the contractors' use that would show how much they are using. Mayor Jones said that they are supposed to be metering that usage. John Champagne said that he asked them when they were doing a practice session, and they advised that they did not meter the use. Dave McCorquodale said that water usage is a line item on the fire department budget, so he could not imagine that they assume that they are getting every bit of water for free. Rebecca Huss said that it is a political decision as whether or not to charge the fire department and pay for the water out of the general account, because we know how much it is, just like with the parks. John Champagne asked if the fire department didn't just ask for an increase on their rates. Mr. Yates said that we just got their increase. Mr. Burleigh said that the fire department operates just like everyone else does, like the schools, and they will include it in their budget, but if they are getting it free, they will just continue to use it. Dave McCorquodale talked about possibly using an irrigation meter to where they would be paying for sewer costs for the outside water usage at the station.

Mr. Yates advised that he and the Mayor will be having a meeting with the Fire Chief, and by then he will have talked to Mr. Burleigh and will have his figures together for the meeting. Mr. Yates said that in the next couple of meetings

City Council would receive the fire station figures for water and sewer. Mr. Burleigh said that when they started looking at water usage at City Hall they saved 51,000 gallons of water per month with a simple modification of the irrigation system. Mr. Burleigh said that the big issue is accountability so you know what is going on.

Mayor Jones said that the new water and sewer rates will be included in the budget. Mr. Yates said that he is recommending that on August 23, 2016 that the City have a public meeting at 3 p.m. and at 6 p.m., regarding the water and sewer rates. Mr. Yates said that City Council does not have to be at the public meeting, but anybody can attend. Mr. Yates said that August 25, 2016 was the date for a possible 4th Budget Workshop Meeting, if needed. Mayor Jones asked if the public meeting was an official public hearing for the water and sewer rates. Mr. Yates advised that it was a public meeting, not a required public hearing.

- Mr. Glynn Fleming said he had a couple of questions regarding the water and sewer fund. Mr. Fleming asked about the line item for groundwater reduction expenses has a 400% percent increase in the budget allotted for that item. Mr. Yates advised that he had created a new line item up in the revenue for the groundwater reduction plan, and then had a transfer out for \$40,000 for paying the groundwater reduction plan bill. Mr. Yates said that they will bring in \$110,000, spend \$40,000, which will leave \$70,000. Mr. Fleming said that he has drafted the letter to terminate the Joint GRP Agreement at the end of the calendar year.

John Champagne asked if that termination was reflected in this budget. Mr. Yates advised that he was reflecting what the City will spend from October 1 through December 31, 2016, which is approximately \$40,000, but he also thought that they would have to spend more than that. Mr. Fleming said that he did not think that they would in that 90-day period. Mr. Yates said that the way he did the math, was the City would be able to keep 63% percent of the \$110,000. Mr. Burleigh advised that the cost would be approximately

\$125,000 for the groundwater reduction plan revenue, if you sell about 76 million gallons, which is what the City did in 2015.

Mr. Fleming said that he did not think that the City would spend \$40,000 in groundwater reduction plan fees, but it was a good holding spot. Mr. Fleming said that he would like to see the groundwater reduction plan funds earmarked for water projects, especially from a public policy standpoint. Then should someone come in and ask about why they are being charged a groundwater reduction plan fee, you will have an answer.

After discussion, Line 21401- Taxes and Franchise Fees GRP Revenue was increased to \$125,000, and 26901- Utility Projects Expenditures and Preventative Maintenance is increased to \$85,000.

- Mr. Yates then discussed the Debt Service Fund and said that the Ad Valorem Tax assessment went from \$125 million to \$169 million.
- Mrs. Branco noted on page 42, Debt Service Fund Summary, and advised that the Debt Service Fund will actually expend \$544,410, and the actual is \$514,000. Mr. Yates advised that he used the figure of \$2 million dollars for the amount that they would be going for with the Texas Water Development Board. Mrs. Branco said if that was the case, she felt that they were low. Mr. Yates said that they will only be paying a partial amount of money each year, and they probably will not spend all \$2 million dollars, and will not take the funds until February or March of next year. So they might not have any payment at all this year. Mr. Fleming said that the actual amount that was submitted to the Texas Water Development Board was \$2.5 or \$3 million dollars. Mrs. Branco said that the total expenditures were \$547,966, and advised that she would get with Mr. Yates to show the individual amounts for the Series line items.
- Mayor Jones reminded Mr. Yates about the discussions regarding the MEDC Budget. Mr. Yates said that this budget only has \$10,000 more included.

Rebecca Huss asked about what their retained earnings reserve number is or should be. They have spoken before and gotten close to six months, which is a lot because their minimum is three months. Rebecca Huss asked if they want to increase their reserves or they have another account for the Water Board Retained Earnings, because it would be nice to have the funds there if they need them, if they go higher than the six month reserves. John Champagne asked what the down side was to having more than six months in reserves. Rebecca Huss said she thought this because if it gets to be too much, then the State has the opportunity of telling you that your taxes are too high and they could lower your rate for you. Dave McCorquodale said that it appears that there is a whole lot of money there, but the funds are waiting on all these other things. Rebecca Huss said they can take the extra money and place it in maintenance or a capital line item.

Mrs. Branco said the General Fund Reserve is at \$1 million and the General Fund is at \$2.9 million, and the budget is \$2.8 million. Mrs. Branco said that what Council is talking about is earmarking funds for a reason, so if you find your budget is over say \$150,000, you can move it into Capital Projects so that you can draw from it and add to it, so that you are still a zero budget. Mrs. Branco said that the auditor would like to see the City have six months to a year in reserves, in case you would have a catastrophic incident occur, such as, a water plant went down, etc. Mrs. Branco said that this would coincide with the State's requirements. Mr. Yates said the current budget is \$2.6 million dollars. Mrs. Branco said that the estimated expenses for the year is \$2.4 million dollars for the current budget.

Mayor Jones said that they need to be building up the reserve funds in the Utility Fund more than anything. Mrs. Branco said that what needs to happen is they need to have all the depreciation in that fund, but right now they can't do that because they do not have the funds. Mr. Yates said that next year they are almost certain to have \$50 million dollars in assessed value increase because of new homes, and the new Kroger and McCoy's.

Mr. Yates said that they are going to have to figure out where to get the \$175,000 - \$300,000 for bridge money in the next couple of months. Mr. Fleming said that might be on the low end. Mr. Yates said that they might have to borrow funds or look at other options.

- Mr. Yates said that he put in \$2 million dollars in the Capital Projects Fund, on page 46.
- Mr. Fleming advised that on page 45, the three improvements from last year need to be removed from the current summary. Mr. Fleming advised that the only project that was paid out of the Capital Projects Fund was the Automatic Meter Reading System (AMR). Mr. Yates will include the information regarding the AMR System.
- Mr. Yates discussed the Capital Outlay list, advising that the following:
 - Police Department - Furniture for the Evidence Room – includes files, lockers and the secure evidence pass through window for \$21,000. Mayor Jones asked if any of that can come out of Court Security Fund. Mr. Yates said that it could. Mr. Yates said this item would not be necessary until they move toward with the State Standards for the Department.
 - Water and Sewer Capital Outlay – the Texas Water Development Funds that were applied for totaled \$2,666,000., which he can add into the Capital Projects.
 - Water Projects CP No. 91 and CP No. 2 - will come out of revenue, rather than bond funds. Mr. Yates said that there were plenty of funds for those two projects.
 - Police Department - the Vid Tec – In Car Radio figure does not match the budget and should be \$12,000.
 - Police Department - Patrol Weapons and safes will be changed to \$4,000.

- Special Funds
 - Construction Fund
 - Court Security Fund
 - Mr. Yates said that the only real expense for this is the Court Bailiff, which he included \$1,000, for the possible purchase of a portable scanning devise.
 - Court Technology Fund
 - Hotel Occupancy Tax Fund
 - Mr. Yates advised that the Hotel Occupancy Tax was at \$600, but if they get the new hotel by McCoy's, that figure could quadruple.
 - Police Assets and Forfeitures
 - Montgomery Economic Development Corporation

❖ Discussion 2016 Tax Rate

Mr. Yates advised that he has kept the same tax levy as the previous year, with maintenance and operations at \$0.2112/ per \$100 valuation for debt service and \$0.2043/per \$100 valuation for maintenance and operations, for a total tax rate of 0.4155/ per \$100 valuation. Mr. Yates said that he and the Mayor figured that the ¼ of one cent that they use for property tax reduction is bringing in \$550,000 per year. Mr. Yates said if the sales tax does what they are expecting it to do, either next year or the year after, they might be able to reduce the property tax rate for the City.

Mayor Jones asked what the next step in the Budget process was. Mr. Yates said that he will insert the changes in the proposed Budget. Mr. Yates said that next Tuesday will be the Budget Public Hearing, and also at that meeting is adoption of the proposed tax rate, which is being recommended to remain the same at \$0.4155/per \$100 valuation.

Mr. Yates said that he is going to recommend having a public meeting conducted by staff regarding the water and sewer rate increase. Rebecca Huss said that she liked the idea of printing out a copy of what the bill would look be with the rate increase for the residents that attend the public meeting.

Mr. Yates also advised that the garbage price is going up due to a fuel adjustment. Mr. Yates said that he is going to recommend to pass the cost through to the customer. Mayor Jones said to make that information part of the presentation with the water and sewer rates.

Mayor Jones announced that Mr. Mike Muckleroy is going to be recommending that they go out for bids on the mowing contract because the areas that City Council wants mowed is not happening with the current contractor, which includes additional area in the new specifications.

Rebecca Huss stated that Mr. Muckleroy also requested another position due to the workload. Rebecca Huss said that better service is part of it, but also doing things in house instead of paying extra for it. Mr. Yates said that they could do things, such as, repairing a few more water and sewer line breaks and taps, which will save money on the Gulf bill. Dave McCorquodale said that he trusts Mr. Muckleroy. John Champagne said that man needs a raise. Rebecca Huss said that the City is lucky to have Mr. Muckleroy.

ADJOURNMENT

Mayor Jones adjourned the meeting at 8:15 p.m.

Submitted by: *Susan Hensley*
Susan Hensley, City Secretary

Date Approved: 9/27/16

Kirk Jones

Mayor Kirk Jones

