

# MINUTES OF BUDGET WORKSHOP MEETING

August 7, 2018

## MONTGOMERY CITY COUNCIL

### CALL TO ORDER

Councilmember Jon Bickford called the Workshop Meeting to order at 4:06 p.m.

Present: Jon Bickford Place #1

Absent: Sara Countryman Mayor  
John Champagne, Jr. Place #2  
T.J. Wilkerson Place #3  
Rebecca Huss Place #4  
Dave McCorquodale Place #5

Also Present: Jack Yates City Administrator  
Susan Hensley City Secretary  
Mike Muckleroy Director of Public Works  
Cathy Branco Financial Consultant  
Chris Roznovsky City Engineer

Mayor Countryman commented during the Workshop via telephone.

### BUDGET WORKSHOP:

- ❖ Discussion of the following items related to the City of Montgomery 2018-2019 FY Proposed Operating Budget:

Mr. Yates advised that they would review the proposed budget and then when they can get a quorum present they can do a summary meeting.

- Summary
- General Fund Revenue
- General Fund Expenses
  - Administration - Mr. Yates reviewed the proposed budget, stating the big difference in the budget is adding a new position of Assistant to the City Administrator and keeping Tina Williams as the Finance Assistant so they can reduce the hours to the Municipal Accounting people that we use now. Mr. Yates said they are going to be pushing

\$95,000 this year, so what they are going to do is assign Ms. Williams to the Finance Department and hopefully reduce the hours.

Mr. Yates said the other position is the Promotions Director that he has budgeted \$41,600 for, and this is the position that MEDC is going transfer over \$80,000. Mr. Yates said the rest of the \$80,000 will cover expenses for furniture, computer and related expenses for the new person. Mr. Yates said the total for the wages of that position with benefits is \$53,194. Mr. Yates said the rest of the Administrative budget is a little bit less than the current budget.

Mr. Yates said the communications budget is down from the current amount of \$10,899 to \$5,600 next year, advising that the budget itself this year is \$3,127. Mr. Yates said the budget for general fund expenditures for engineering and contract services is down from \$223,000 to \$204,000; supplies and equipment is down from \$15,700 to \$15,300. Mr. Yates asked why travel and training was so much this year at \$12,500 as opposed to the budgeted amount of \$6,500. Mrs. Branco said that is an estimate of what they are going to use for this year. Mr. Yates said the liability insurance quote is about to be received from TML, which will be included in the next version of the budget.

Mr. Yates said the \$1,500 for admin utilities needs to be zero since it is covered under Public Works. Mr. Yates asked the City Secretary why they have so much for computers and equipment. Ms. Hensley said it is because they have to replace about 5-6 computers that are out of warranty. Mr. Yates said they would confirm the cost for the computers that need to be replaced. Mayor Countryman asked if the computers were separated by department. Ms. Hensley advised that was correct.

Mrs. Branco said travel and training is already at \$11,581. Ms. Hensley advised that she wanted to check the travel and training because they have not totaled that much and something was not correct.

Mr. Yates said the sales tax rebate to Milestone, and the 380 Ad Valorem Tax Rebate is the property taxes rebate. Mr. Yates said the PID property tax reimbursement is on the Summit Business Park, which also has the same figure on the revenue page. Mr. Yates said the reason for the addition on page 9, where they have total expense and said the primary reason for that is two new salaries in Admin. Jon Bickford asked if the Admin positions were part-time or full-time positions. Mr. Yates said they were

full-time positions. Jon Bickford asked if they were going to get both of those positions with benefits for \$106,000. Mr. Yates said that was correct.

- Police Department

Jon Bickford said the proposal is that the police budget be literally half of the City's budget, which is right at \$3.6 million dollars, and asked if they are leaving the budget there or are there adjustments. Mr. Yates said he has some recommended adjustments that are listed. Mr. Yates said his recommendation is to go down on the salaries from 16% increase to 4% cost of living increase and 2% merit increase. Mr. Yates said what he did on the other City salaries was a 2% cost of living increase and 2% merit increase.

Jon Bickford said he did some checking, and as a percentage of the budget he looked at the cities of Navasota, Shenandoah and Willis. Jon Bickford said he heard that there was some fuss made about Shenandoah and how big it is and how much money they have, but their \$2.9 million dollar Police Department budget is only 25% of the City's \$12.375 million dollar operating budget. Jon Bickford said Navasota Police Department budget is 25% of the City's budget and City of Willis Police Department budget is 47% of the City's budget.

Jon Bickford said Navasota has 7,500 people, Shenandoah 3,000 people and Willis has 6,300 people, so four times the number of people. Jon Bickford said the City of Willis Police budget is \$1.85 million, City of Navasota Police budget is \$1.8 million and the City of Shenandoah Police budget is \$2.9 million and the City of Montgomery Police Department is proposing \$1.5 million. Jon Bickford said the cities of Willis and Navasota have ten times the population of Montgomery so he struggles with that budget and going from \$1 million dollars to \$1.5 million dollars is a big jump and he does not understand why and said he would be interested in the recommendations. Mayor Countryman said it would be nice to see a cleaned up Police budget, because there were a lot of question marks, so maybe the budget will come down. Mayor Countryman said she agreed that it was a big jump.

Mr. Yates said he had the salaries down from \$984,000 to \$920,000, and the capital outlay down from \$67,500 to \$25,500. Mr. Yates said part of the reason for that is the water barriers and City Hall security were moved over to public works, which is where he thought they belonged rather than police. Mr. Yates said that he can review the Police budget between now and the next meeting. Jon Bickford said there are big jumps

in radios and a lot of other things, which they can discuss later. Jon Bickford said he felt that they needed to reconcile the Police budget because he just did not understand it. Mr. Yates said he knows that we have a lot of people coming into the City versus what the population, so that is part of the answer. Jon Bickford asked if they are talking about a couple patrol vehicles, or what. Mayor Countryman said they are talking about two more cars and two more police officers. Jon Bickford asked what they do with the extra patrol vehicles in the parking lot. Mr. Yates said they are primarily assigned to a person. Jon Bickford said he thought they had extra vehicles, such as a confiscated vehicle. Mr. Yates said they have reduced the purchases to one vehicle, but that could be cut too. Jon Bickford said if they need the vehicle he does not want to keep them from getting it, but if they have a confiscated car and they put a lot of money into decals, paint, and equipment, if they are using it, great. Mayor Countryman said the oldest vehicle they have is 2013 and they were talking about decommissioning two of the 2013 vehicles and getting a 2017. Mayor Countryman said they apparently can't salvage anything off of the old vehicles for the new vehicles. Mayor Countryman said there seems to be a lot of police vehicles sitting over there that do not get used. Jon Bickford asked why they can't salvage videos, radios and lights. Jon Bickford said when you sell a police vehicle you have to remove all the lights, decals and flashing equipment unless you sell it to another police department, and you have to pay someone to remove it. Jon Bickford said the lights are not car specific and said there is a lot of money in the police budget that needs to be looked at because there is a lot of cash in it.

Mr. Yates said he would work on that information before the next meeting. Jon Bickford said the City's budget is not going up a half million dollars, because last year it was \$3.069 and this year we are proposing \$3.7 million dollars, so we are talking up \$600,000 and almost the entire amount is the Police budget, which seems wrong. Jon Bickford said he has not seen the rationale for the increase and said it would be worth a presentation.

Mayor Countryman asked when the Chief was going to research several items on his budget and asked when that was going to be presented, such as items that were listed in two different places, items that he was not sure of what they were, and the item that said it was for rifles that was not really for rifles, fingerprint boxes and all kinds of things. Mayor Countryman said the budget was hard to follow and it would be nice to get a cleaner version and some questions answered. Mrs. Branco said on the Police

budget they had changed from purchasing two vehicles to one vehicle. Mr. Yates said they came down on the Police salaries from \$984,000 to \$920,000. Jon Bickford said that was still an increase of almost \$200,000.

Mr. Yates said this year the Police department went most of the year short one officer that he was allowed to hire, but his overtime was up quite a bit due to not hiring that officer. Mayor Countryman said she had quite a few questions, but she did not have her information with her out of town. Mr. Yates said if he could get the Mayor's notes he could review the Police budget.

Mayor Countryman said she liked Mr. Yates proposal of the 2% cost of living increase and 2% merit raise. Mayor Countryman said Mr. Muckleroy is adding a person and reducing his budget. Jon Bickford said Mr. Yates is adding two people to the City budget. Mayor Countryman said Mr. Muckleroy has a very good manageable budget and he manages it very well, and is very concise. Mayor Countryman said she is looking and the police vehicles have gone up on repairs, but yet they are decommissioning two cars, therefore they would take those repairs out of it and they are getting two new cars, so that cost should go down. Jon Bickford said they are proposing only one new police car. Mayor Countryman said even so, there should not be that big of a jump in auto repairs. Mr. Yates said in order to reduce the budget as much as they need to, they might not have any new patrol vehicles.

Jon Bickford asked about all the notes for the evidence room in the amount of \$20,000, and asked what that was for. Mayor Countryman said that was to redesign the evidence room. Jon Bickford asked about the fingerprint scanners. Mr. Yates reviewed the additional items that were requested by the Police Department including the vests and fingerprint scanners. Jon Bickford said he spoke to one police officer who says do not buy your officers guns, because if you buy them guns and tell them they have to use that gun and something goes wrong, the officer can say they were never comfortable with that gun. Jon Bickford said some feel that if you want to be a police officer buy your own gun, get whatever you want and be comfortable with it and be done with it, no allowance, just get your own gun. Mayor Countryman said she has spoken to others who have said the same thing. Mayor Countryman said the Chief told her the reason the officers did not have their own guns was because he did not want to write the handbook for each gun that is in the department. Jon Bickford said he would be interested in seeing what other departments have for handbooks, because he thought

when you buy a gun it has a book that says how to use the gun, so he did not know why they would need anything more complex than that, so that would be a lot of savings. Jon Bickford said unless the City gets 50% more money from Heaven and they decide that we need 50% more whatever, he does not know how you justify spending 50% more and what scares him is where do you stop. Mr. Yates said the ballistic vests are on a grant program and can be reduced to \$2,500. Mr. Muckleroy said the Chief had stated that when they purchase them he sends the invoice to the Attorney General's Office for reimbursement. Mrs. Branco said they get a certain portion of the money back, they do not get all the money back.

Mayor Countryman asked about the radios that are shown for purchase. Jon Bickford said his question is why they can't use the old radios. Mayor Countryman said that is correct, they work. Mayor Countryman asked what the operating supplies are. Jon Bickford said that was about what they spent this year, which was twice what was budgeted. Mr. Yates said he would review the Police budget line by line with the Chief. Jon Bickford said it would be worth it.

Jon Bickford said the mobile phones are supposed to be free now, correct. Mayor Countryman said that was what she heard. Jon Bickford said that was what they had been told. Mr. Muckleroy said they were not free, the Chief advised they went down in cost. Jon Bickford said that was correct, the phone was free and the monthly billing was supposed to go down 10-15%. Mr. Yates said even so, they are at \$2,880 this year. Jon Bickford asked if that was land lines or cell phones. Mr. Muckleroy said it could be both. Jon Bickford asked to confirm the information on the phones. Jon Bickford said what was interesting was the phone costs went up not down.

Mayor Countryman said capital outlay had the finger printer inside that number. Mr. Yates said that was correct. Mayor Countryman asked about the protective gear and if that was for one of those shields, because she sees ballistic vests and shields for \$10,000, and then you go on page 12, line item #16328.1 protective gear for \$5,000, and asked what was the difference. Mr. Muckleroy said he heard the Chief say the ballistic vests and shields the words "vests and" should have been crossed out and should have only been the "ballistic shields" on that line item. Mayor Countryman said she thought they were only getting one shield so that would be \$3,000 instead of \$10,000. Mr. Yates said that was correct.

Jon Bickford asked about the \$15,000 in vehicle replacement fund. Mr. Yates said it was setting money back for vehicle replacement. Jon Bickford said they have \$33,000 if they purchase one vehicle and asked if these funds were in addition to that. Mr. Yates said yes. Jon Bickford asked if they needed both of those accounts of \$15,000 and \$33,000. Mr. Yates said when they met the other day they decided not to spend those funds until they had enough in there for one vehicle; this is to set aside funds for the future allowing the funds to accrue. Jon Bickford said he understood and it made sense, similar to what they are doing with the impact fees.

- Court

- Public Works

Mr. Yates advised they have \$11,025 for City Hall utilities and \$4,860 for the Community Center utilities.

- Utility Fund

- Special Funds

- Capital Projects Fund

Mr. Yates reviewed the summary of the capital projects, which is on page 30 of the proposed budget. Mr. Yates said this year about all they will be spending is engineering money for the TWDB projects, just because of the amount of time that it took to do them, so they are probably looking at October or November of being able to start any of the projects. Mr. Yates said most of them are four to six month projects. Mr. Roznovsky said they vary, with the shortest one being the reroute of the force main that is a 90-day project and the longest one being the water plant improvements, which is one year. Mr. Yates said that is another reason that they won't have to borrow any money next year. Mr. Yates said they are expecting to have the GLO answer in October, which will be \$2.3 million dollars.

Mr. Yates said if you add up all the engineering and they are paying a lot of money to Jones and Carter for the engineering, which is good money spent because they get the projects and all that, but something that he worked up was an alternative if they were to hire a City Engineer to be put on staff. Mr. Yates said this would not do away with Jones and Carter at all, but he was thinking that the City Engineer would have to be a professional engineer that had an engineering seal so he could stamp plans, and would not be a surveyor but have the knowledge to work with the surveyor and be able to read and write the inscriptions. Mr. Yates said they would probably not take over the escrow and development reviews now being done by Jones and Carter, at least at first,

but maybe over time. Mr. Yates said the staff engineer could also take over plat reviews with Jones and Carter assistance until the person got up to speed doing it and could advise the Director of Public Works. Mr. Yates said the best use of the staff engineer would be the preparation of minor plans for water and sewer lines, review of escrow billings and in performing minor studies and reviews of City projects within the ability of the person that they are able to hire. Mr. Yates said if the staff engineer they hired could do one or more of the TWDB projects the savings could be substantial. Mr. Yates said in the capital projects fund they have \$628,000 for engineering. Mr. Yates said they pay Jones and Carter roughly \$400,000 per year for all the various projects and special assignments that they have done, which he felt they could cut that in half. Mr. Yates said for the current budget to the projected staff engineer the savings is about \$256,000. Mr. Yates said if the budget and expenses increase, which could happen and would mean that the staff engineer is doing more work, and the more that they can do, the less that they have to pay Jones and Carter. Mr. Yates said the amount that he is projecting that they would have to spend for a City Engineer is \$95,000 - \$100,000 in salary, along with supplies and equipment of \$20,000, office set up of \$3,500. Mr. Yates said he was thinking that they could put this person in the Public Works Department, and in Mr. Muckleroy's budget he has adding an office at the sewer plant. Mr. Yates said the type of person that they would get is someone that is two to four years into their career or they might be able to get a close to retiring engineer. Mr. Yates said this is not in the budget, but he does have it as a proposal and reviewed some backup information on the proposal. Mr. Yates said they might not have to get a plotter, but they could make arrangements to have the documents printed and prepare plans and get up to speed. Jon Bickford asked if Jones and Carter has engineers drafting. Mr. Roznovsky said they are transitioning that way because they found that the new software is easier to design and engineer at the same time, and they were losing efficiencies with drafters so they made that switch earlier this year. Mr. Yates said they would still want Jones and Carter to perform studies because of the detail. Jon Bickford said they are going to have to balance the duties because they could have back and forth, but said that it is an interesting idea, and at some point the City will have to get an engineer, but again we are at a population of 1,000. Mr. Yates said he felt the position was based more on the amount of work versus population. Jon Bickford said that was absolutely true and as long as there is land left, there is work. Mr. Roznovsky said in the ETJ there are still 3,600 acres of undeveloped land. Mr. Roznovsky said inside the City limits, based on the future land use map, you have approximately 770 acres of residential land, 300 acres of commercial land, and in the



ETJ you have an additional 4,200 acres of residential land, and 260 acres of commercial. Jon Bickford said the City's ETJ is four times as big as the City right now. Mr. Roznovsky said that is all undeveloped land. Mr. Yates said he would look at all the active projects they have, which they have 12-15 active projects right now. Mr. Roznovsky said since January 1, 2018 there have been 10 escrow accounts opened and before that there were another 10 active escrow agreements from the previous year. Mr. Yates said the duties of the staff engineer will depend on the qualifications and fortitude of the person. Mr. Roznovsky said there is enough going on to keep everyone busy, at least for the next two or three years. Jon Bickford asked if Mr. Yates was sure he could find a civil engineer with a stamp for \$95,000 a year. Mr. Yates said he thought he could.

Mr. Yates said they were planning on spending all the TWDB funds this year. Mr. Roznovsky asked about the CDBG Block grant and if it was the Baja project. Mr. Yates said yes, it was. Mr. Roznovsky said he thought that number, since they will be entering construction right at the beginning of the fiscal year, which is going to be the majority of the cost so he thought it should be the \$300,000, because most of that will occur next fiscal year. Mr. Yates said he had thought it would be just the opposite. Mrs. Branco said they are saying that the proposed should be shown as \$300,000 and the estimate is \$50,000. Mr. Yates said they did not have the revenue pages, they only had the expenditures. Mrs. Branco said she would redo that information.

Mr. Roznovsky asked if the FEMA line item includes all the bridge and Atkins Creek, or the remaining that they are expecting for Atkins Creek. Mr. Yates said on page 34 they have Hurricane Harvey, which is Atkins Creek at \$310,000. Mr. Roznovsky asked what about the revenues. Mr. Yates said that was the page that is missing. Mr. Yates said when we get the revenues page, they will see there is \$450,000 for Hurricane Harvey for engineering and \$310,000 for construction. Mr. Roznovsky said they do not have the GLO listed, but they will do an amendment when they know the final official GLO information. Mr. Yates asked Mrs. Branco to prepare a revenue page to be included. Mrs. Branco advised that \$147,000 is for the GRP, \$50,000 is for maintenance, \$75,000 is for the transfer from utility fund for capital cost projects and an additional \$15,000 transfer from general fund for police vehicle replacement.

Mr. Yates said if they added up the revenues of \$3,593,000 for this year plus the beginning balance for this year, that is \$6,286,000 and the expenses for this year are

planned at \$5,475,000. Mr. Yates said that would leave roughly \$811,000 difference. Mr. Yates said the difference is the money that is being brought over from the utility fund for capital projects that they do not have specific items for. Mr. Roznovsky asked if the \$50,000 was utility projects repairs and maintenance. Mr. Yates said that is correct. Mayor Countryman said it would be very exciting for the City to be self-supporting. After discussion, the GLO funds are included in the budget.

Mr. Roznovsky said they also have in the budget the expenses for the 18 inch sewer line, but those funds are paid for by the developer and has a balance of \$380,000, of which the developer has paid \$57,500. Mr. Roznovsky said the developer is paying 100%. After discussion, Mrs. Branco said it would be better if they showed the revenue coming and the expense coming out so that you would have a better paper trail. Mr. Roznovsky said he would send Mrs. Branco the exact number. Mrs. Branco will add to the 380 Agreement for First Hartford, 18-inch Sanitary Sewer Line, for revenue that might hit this fiscal year with the expenses coming in the new fiscal year. Mr. Roznovsky said the first pay estimate will most likely be in September or October, which would get them into the next fiscal year.

Mr. Roznovsky addressed the Buffalo Springs Bridge repairs item saying they have an estimate for zero for 2018, but he knows the City has paid the contractor so he asked if that was shown somewhere else in the budget. Mr. Roznovsky said he knows it is around \$400,000 that the contractor has been paid, but they show zero estimate for 2018, and he asked if that was because they are using funds from a different account. Mr. Roznovsky said they have paid roughly 50% so they should have \$500,000 expenditures and \$500,000 remaining. Mr. Roznovsky said they could send them the exact figure that is remaining, but there is nothing shown in 2018. Mrs. Branco said she would have to check on the information, because it should be about \$460,000 for the cost of construction and the engineering is a different amount. Mrs. Branco advised that it will be a wash regardless, but she will find where they are in the budget.

- Court Security Fund
- Court Technology Fund

Mr. Yates advised this is an earmarked amount out of each ticket, and they have \$29,000 in there and the first of this year they expect it to go up about \$10,000. Mr. Yates said he has contract services for \$2,000, primarily for computer support. Mr. Yates advised that Court Security was for the bailiff.

- Hotel Occupancy Tax Fund

Mr. Yates advised that hopefully our new sales tax person is going to be checking hotel occupancy tax, so he expects that to increase. Mr. Yates said the sales tax person has gone physically to every tax payer location in the City and spoken to them and viewed their sales tax certificate and will report to City Council at the second meeting in August. Mr. Yates said he would predict that by this time next year the City will either have a hotel built or one planned because of the wedding venues and the Mayor is doing some good work on this matter.

Mr. Yates said he found out there is already a wedding group that meets every once every two or three months so they will need to get the new promotions person to meet with them to discuss different opportunities and hopefully convince a hotel to locate in Montgomery. Mayor Countryman said she hopefully will be able to give more updates on the information and she would also like to locate who heads up that group so that they can get included on their email chain. Mr. Yates said when they get a promotions person they can start spending some of this money because there are rules about what and how it is spent. Mr. Yates said if they had a hotel they would certainly be getting \$30,000 to \$40,000 a year. Jon Bickford asked where those funds have been going. Mr. Yates said it is in a fund, and is about five years' worth of funds. Mr. Yates said he has \$4,000 being spent out of those funds, where they have not spent any funds in the past several years. Mayor Countryman said it would be good if the account grows to \$40,000 a year and they can put half of that toward the tourism and hotels marketing person and let that account start spending those funds.

- Police Assets and Forfeitures

Mr. Yates said this item needs to be in the budget. Mr. Yates said he put about \$100 worth of revenue and zero expenses in the budget, and they have not had any revenue in that account for several years. Mr. Yates said he would work with the Chief on the Police budget. Mayor Countryman said when she gets back into town she will meet with Mr. Yates to go over those items.

- Montgomery Economic Development Corporation

❖ Discussion 2018 Tax Rate

Mr. Yates said the debt service fund, with the new assessment, the City is going to get \$553,000, by going down on the tax rate one penny from .4155 to .4055. Mr. Yates said he was proposing this year that they go down to \$.1942 for debt service, and the reason for that is they are still going to be able to pay all of our debt and increase the balance in the debt fund from roughly \$205,000 to \$403,000 next year. Mr. Yates said that was taking one and a half cents from the debt service and putting it over to general operating. Mr. Yates said the reason he was recommending that was because they are increasing the debt rate even with the lower rate by \$200,000, and in the utility fund putting about \$900,000 to capital improvements this year. Mr. Yates said he felt they were doing enough in water/sewer to pay for current increases and to make some long term improvements and increase the capacity because \$200,000 is about \$3 million dollars' worth of new debt. Jon Bickford asked what that would do to new debt that the City is going to go get in order to do a new sewer treatment plant or new water well, etc.

Mr. Roznovsky asked to clarify that they were saying to just move the debt service over to maintenance and operations so the overall tax rate would remain the same. Mr. Yates said the debt service would be \$.1942 and the maintenance and operations would be \$.2113 and that would get \$50,000 to \$60,000 over to maintenance and operations, which is the general fund and reduces the debt service. Mr. Yates said once you put money into debt service they can't take it back out. Jon Bickford asked how they get the penny out of debt service. Mr. Yates said you get it out by not putting it in to debt service, which you decide each year. Jon Bickford asked what happens if you put too much in debt service. Mrs. Branco said it remains there as a balance until you need it. Mr. Yates said they are still putting over \$900,000 over into capital projects.

Mr. Roznovsky said the threshold for the sewer treatment design phase is 75% of your current permit, which is 400,000 gallons a day; that would be 300,000 gallons a day you have to initiate engineering and financial planning. Mr. Roznovsky said that would mean initiate a study to determine what is the scope and cost of planning. Mr. Roznovsky said at 90% you have to initiate approval for construction, so you would need to have plans that are about ready, if not being reviewed for approval by the state. Jon Bickford asked how big a trick it would be to get everything completed so that they are ready to submit plans. Mr. Yates said he thinks what Mr. Roznovsky is saying is that it will take about two years from the telling them that we want to design the plant to having the permit. Jon Bickford said he was wondering if there was something that they could do ahead of time. Mr. Roznovsky said there is a window if you want to have the plans ready, but you don't want to get so far in advance that a rule changes and the plans are obsolete. Mr. Roznovsky said that is why he is saying this year they need to at least figure out the general scope of what needs to be done and then set a threshold or what can they carve out now and set the ground work for it. Mr. Yates said he thought conservatively for the foreseeable future, unless the economy just

completely tanks, they are going to be in the \$30-\$40 million dollar assessment increase every year for the next two or three years. Mr. Yates said if you take 80 houses times the assessed value of \$200,000 that is \$16 million right there and last year the assessment went up \$54 million dollars. Mr. Yates said Kroger last year was about \$7 million and this year they are about \$16 or \$17 million. Mr. Yates said they also had \$25 million dollars in new buildings and growth, and Kroger would not be included in that because it was in existence at the time.

Jon Bickford said it looks like the City is on a path to return a penny to the taxpayers. Mr. Yates said that it correct. Jon Bickford said if they keep returning money and lowering taxes, the people will be very happy. Mr. Yates said as they continue to be a receiver City of sales tax, people coming in and spending their money and leaving, he foresees them being able to go down one cent in taxes each year if they stay up in the \$30-\$40 million dollar assessment range. Mr. Yates said this year sales tax is going to be up about \$350,000 and next year easily another \$150,000-\$200,000.

Mr. Yates said as far as the debt service fund they are increasing it by about \$200,000 and still paying all of the debt during this year. Mr. Yates said unless they borrow more funds, once they build up the borrowing capacity to \$7 million dollars, at that point if they have not borrowed anything for the water and sewer plant and say it is three years from now, and they have added \$175,000-\$200,000 per year, that will be one million dollars there. Mr. Roznovsky said they can use some of the impact fees to pay down debt. Jon Bickford said they should be doing that or put it into the bank. Mr. Roznovsky said the impact fees have to go to that list of projects, which are all the Water Development Board Projects that are current, and other projects that were approved on that list. Mr. Roznovsky said the impact fees can go to pay down that debt service on those Water Development Board Projects because those are immediate or, like you said, put it into the bank, use debt service to pay it back and pay the new upcoming items out of what is being collected. Mr. Yates said they will get to a point in three or four years where they will have enough in the debt fund to pay for \$10 million dollars' worth of debt. Mr. Roznovsky said the initial thinking is that the total cost of all the sewer plant improvements might be there, but that is phased out over time as the City grows. Jon Bickford asked how long they normally take on debt. Mr. Yates said the TWDB is 15 or 20 years. Mr. Yates said they are approaching the point of being self-supporting each year, and said he would work on the math for that information, because to have those projections would be a great step.

## ADJOURNMENT

Council Member Jon Bickford adjourned the Workshop at 5:55 p.m.

Submitted by:

*Susan Hensley*  
Susan Hensley, City Secretary

Date Approved:

*12/11/18*

*Sara Countryman*  
Mayor Sara Countryman

