

MINUTES OF BUDGET WORKSHOP MEETING

July 27, 2017

MONTGOMERY CITY COUNCIL

CALL TO ORDER

Mayor Kirk Jones declared a quorum was present and called the meeting to order at 6:05 p.m.

City Council

Present: Kirk Jones Mayor
 Jon Bickford Position # 1
 T.J. Wilkerson Position # 3
 Rebecca Huss Position # 4

Absent: John Champagne, Jr. Position # 2
 Dave McCorquodale Position # 5

Also Present: Jack Yates City Administrator
 Susan Hensley City Secretary

BUDGET WORKSHOP:

- ❖ Discussion of the following items related to the City of Montgomery 2017-2018 FY Proposed

Operating Budget:

- Summary
- General Fund Revenue
- General Fund Expenses
 - Administration
 - Police Department
 - Court
 - Public Works
- Utility Fund
- Special Funds
 - Capital Projects Fund
 - Court Security Fund
 - Court Technology Fund

- Hotel Occupancy Tax Fund
- Police Assets and Forfeitures
- Montgomery Economic Development Corporation

❖ Discussion 2017 Tax Rate

Mr. Yates presented a summary of the budget, stating that he had received the certified figure from the Montgomery County Tax Assessor/Collector today, which was \$200 million, so they used 98% percent of that, which is \$198 million assessment. Mr. Yates said that means that our ad valorem taxes go down to \$402,412, keeping the same rate as what we have now.

Mr. Yates advised that for sales tax, he went back to the actual amount received this year, which was \$1,517,012 for the last 10 months. Mr. Yates said that he added \$20,000 per month from Kroger, but he also took away \$11,000 per month for the rebate. Rebecca Huss said that she thought that we also rebated them property tax. Mr. Yates said that he would have to consider that amount also, which would be approximately \$1,532. Mr. Yates said that the property tax does not have to be paid back until next year. Mr. Yates said that they should see where they are next March and start setting funds aside to pay back Kroger. Mr. Yates said that in his calculation he also added \$10,000 per month from McCoy's and other, so that is \$228,000 more than this year. Mr. Yates said that it actually comes to \$2.5 million in sales tax, but he only allowed for \$1.8 million, just to be conservative. Rebecca Huss said that she was very comfortable with the figures, because Mr. Yates has been very conservative in the past.

Mayor Jones asked Mr. Yates to go through and give the highlights of things that he had changed. Mr. Yates advised that he had gone with the \$50,000 on funds, but that was because it only allowed \$30,000 on the warrants, and with the warrant officer, he felt that they would easily get to \$100,000 for the year in warrants. Rebecca Huss asked if they would not have to pay this back out on the expense side. Mr. Yates said that would be on the State fines, but he only added \$50,000, because roughly 40-45% percent is the State fines. Mr. Yates said that he was not sure it was that much on the warrants because they get warrant fees. Mr. Yates said that the warrant fees go into the general funds. Mayor Jones said that the Court Technology and Court Security funds are the dedicated funds. Mr. Yates said that the Police Assets and Forfeiture Funds are also dedicated funds.

Rebecca Huss asked about the accounting fees, on page 3, and said that it looks like he was over budget on the actual, which is supposed to be \$92,000, and in budget they had \$79,000 and this year they have \$84,000. Mr. Yates said that his thought is that his helper can help Mrs. Branco, and also said that the Utility Clerk is balancing her till every day, which saves Mrs. Branco time. Rebecca Huss said that this goes back to when are we at the point where a decent in house accountant, working full time, plus benefits is approximately equal to what we are paying. Mr. Yates said that it was about equal to what we are paying, Mayor Jones said that we are there now. Rebecca Huss said that she does not like to add more people just to do it, but on the other hand, it would make sense if we can have more time for the same amount money. Mayor Jones said that they are getting Mrs. Branco 15 hours per week and it is costing the City as much as having a full time person. Mr. Yates said that he would seriously look at that information. Mr. Yates said that he could find someone in the \$65,000 range, which would be less than they are budgeting, for a full time person. Mr. Yates said that if the new person could work with Incode they could streamline their accounting.

Mr. Yates said that on page 4, the property and liability insurance went down from \$20,000 to \$12,000. Mr. Yates said that they thought it was going to be more, but said he wanted to pass on a big congratulations for good work to Ms. Hensley, who has been working with TML and the department heads. Mr. Yates said that they not only got a quote for less money, they went from \$3 million in protection to \$16 million. Mr. Yates said that now they have pictures of all the lift stations, pumps, motors, etc. and they are in the City Secretary's computer on Laserfiche. Ms. Hensley advised that the audit was just completed, and even the engineers were involved in the audit of all the facilities and equipment. Ms. Hensley explained that all facilities would now be covered properly.

Mr. Yates said that on page 6, administration liability and property insurance, was reduced liability from \$7,300 to \$3,080, and reduced property insurance from \$6,000 to \$1,970.

Mr. Yates said that he allowed 2% percent for merit raises for the employees and no cost of living increase. Jon Bickford asked about the increase in the payroll figure. Mr. Yates advised that what he asked for at the last City Council Budget Workshop was for someone to fill Carol Raica's position because she has gone down to about 4-5 hours per week. Mr. Yates said that he needs some help and the Utility Billing Clerk in the front office needs to have backup for her position and help Mrs. Branco with her accounting duties. Mayor Jones said that they were

going to have a lot of Escrow Accounts that will need to be tracked. Jon Bickford said that they all need to be conscious of when they are offering rebates and plans in place for Escrow; there are other costs that come along with that. Mr. Yates said that the way that they have been able to add people is because of the increase that they have had in the property tax for the last three years.

Rebecca Huss said that on page 8, she did not feel that there has been any justification that they need any more personnel in the Police Department. Rebecca Huss said that the Chief still has not shown her anything that says that they have a crime problem, the numbers are not different than what they saw two years ago. Rebecca Huss said that the Chief has a feeling that he needs to have more people, but the numbers do not back that up. Rebecca Huss said that she was still unhappy about adding another police officer, when they have not been able to fill the slot that they have open and there is no evidence of the crime or the need for another officer. Rebecca Huss said that if they need people they should not send them to sniper school, or six months to DRE School, if they really need people here then they should be working. Rebecca Huss said that she would like to see that request taken out. Mayor Jones said that before they cut, why we don't wait until the Chief makes his presentation. Rebecca Huss said that she felt that they should leave it out, and then if the Chief convinces them, they can put the position back on. Jon Bickford said that they could compare the number of officers that they had two years ago along with the population of the City. Mayor Jones said that he could not confirm the number of people, but said that the Chief said that we have 2,700 people in the City, including the apartments and every single house. Mr. Yates said if they took out one of the police officers that would leave \$779,000, which is about \$110,000 more than what was used last year. Jon Bickford asked how many officers the Chief was asking for. Mr. Yates said that the Chief was asking for one new police officer and to fill the unfilled police officer position, plus an administrative assistant position. Mr. Yates said the administrative assistant would be to file reports for the officers and the Chief, and to do some of the administrative duties that the Chief does not like to do. Rebecca Huss said that they are rewarding him by spending more money. Mayor Jones said that the Chief says that he felt it was more important to have the officers on the street instead of in the office filing paperwork. Jon Bickford said that if they are going to have someone in the office doing the paperwork, then they don't need more on the street, and said that they could ask which he preferred, someone to do paperwork or somebody patrolling. T.J. Wilkerson asked if the Chief had reserve officers. Rebecca Huss said that he does, but they never work. Jon Bickford said that the Chief has access to them if he needs

them. Rebecca Huss said that they are supposed to work once a month, which is why they gave them guns in the last budget. Jon Bickford said that they only pay for the guns when they employ them. Jon Bickford asked if they are using the reserve officers, because if they are not, we need the guns back. Mr. Yates said that they use the reserve officers, but he could not say how much they use them. Mayor Jones said that lately, the only time that they use the reserve officers are for events, and he said that he has not seen them taking over patrol duties. Mayor Jones said that this is a conversation that they need to have with the Chief.

Jon Bickford said that the question is whether they add an administrative position to take some of that work off of the officers so that they can spend more time on the street. Jon Bickford said that, to him, it is a very rational argument that says if they get that they will effectively add man hours to the street. Mr. Yates said that if they take out one of the patrol positions, they will still be at \$779,000, which is about \$110,000 more than what he used this past year, even though a position remained unfilled. Jon Bickford asked where the justification to get \$110,000 more than last year, with less people. Mr. Yates said that partially the administrative assistant is \$46,000 of that amount, which includes benefits. Rebecca Huss said that the office position would be a lot less because you would not have uniforms, radios and equipment. Mayor Jones asked how many patrol cars were included for the budget. Mr. Yates said that they had two patrol cars in the budget. Mayor Jones said that he suggested, because they were replacing a wrecked patrol vehicle that was due to be replaced anyway, that it counts as one and they only need one more vehicle in the budget. Jon Bickford asked about the Tahoe that is at Stowe's. Mr. Yates advised that TML paid \$12,000 for that vehicle because it was totaled, and they are going to be removing the radio and the lights off the vehicle to be used on the replacement vehicle. Mayor Jones asked that the two vehicles be reduced to one new vehicle. Mr. Yates said that he thought they could, especially since there is going to be three or four sitting out in the parking lot. Mr. Yates said that if the warrant officer needs a vehicle, they could purchase a used one for \$10,000 - \$15,000. Jon Bickford asked what other vehicle is being replaced. Mr. Yates said that he thought it was a Charger. Mr. Yates said that they were not spending as much money on maintenance of the Tahoes as they did on the Chargers.

Jon Bickford said that the Police Budget request is to increase by 25% for \$1,176,423, and asked what the rest of the City's budget was, excluding the Police Department. Mr. Yates said that the Police Budget is proposed to increase 24%. Jon Bickford said that when you allow

developers to develop an area for 9,000 people in a square block, that could cause more calls for the police.

Mr. Yates advised that the following were the increases by department:

Administration – up 26% percent

Police – up 24% percent

Public Works – up 17% percent

Court – up 6% percent

Rebecca Huss said that the total expenses were \$3.111 million for General Fund. Mr. Yates said that the Police Department is 36% percent of the total budget. Mr. Yates advised that the total budget is \$3.1 million dollars. Jon Bickford said that they could actually park the extra person, and maybe make a decision mid-year on whether they need anybody. Rebecca Huss said that was what they did last year with Police cars, so they can be ready if they need to make a change. Mr. Yates said that to him, taking one officer away would still leave \$779,000 for their personnel, and we can manage that budget the best they can, and would still allow for the administrative assistant and about half a year of another position. Mr. Yates said that doing away with the second vehicle made good sense. Jon Bickford said that the City could use that position for other things. Jon Bickford asked how much admin work is really needed in the Police Department. Mr. Yates said that almost every department that he knows of has that position, as the person to file the reports and keep the records. T.J. Wilkerson asked how many officers are in the Police Department. Mr. Yates advised that there are 9, including the Chief. Mr. Yates said that he was suggesting keeping the existing 9 positions, with the one position budgeted, plus the administrative assistant. Jon Bickford said that he agreed with that suggestion, and use what they have. Mr. Yates said that he was suggesting that they only purchase one of the Police vehicles, which will cut down the cost by \$15,000 for the emergency lights and decals. Mr. Yates said that they will be saving about \$100,000. Rebecca Huss said that they would only be adding the administrative assistant position, taking out all the related costs for the additional officer, and one patrol vehicle. Jon Bickford asked why they were buying \$6,000 worth of new guns, because that is a lot of money. Rebecca Huss said that was the problem that she had last year with the scheduling program, where they showed \$2,000 for the scheduling program, but it was really \$376.29. Rebecca Huss said that she hated having the extra money that you don't need just floating around in the budget. Rebecca Huss said that she understood that some of it was guesswork and some things have to be estimated. Jon

Bickford asked how often the officers have to qualify at the range. Mr. Yates said that they qualify twice a year. Jon Bickford said that he bet they go through two boxes of shells. Jon Bickford said that there were probably a lot of expenditures for two officers throughout the Police budget, so that would be reduced to one officer.

Jon Bickford asked what they were going to do with \$10,000 for more computers. Ms. Hensley advised that the computers are out of warranty and have to be replaced, and the servers have to have extended warranties purchased.

Mr. Yates advised that he would look into the weapons budget and make sure that it was correct. Jon Bickford said that the Police Department had \$1,000 budgeted last year and they have not spent anything yet. Jon Bickford said that the department gets amazing discounts on guns. Mr. Yates said that part of the reason for the increase in weapons was to purchase one long rifle. Jon Bickford said that a good scope for the rifle will increase the cost \$2,000 - \$3,000. Jon Bickford said that if they need a sniper they will call the SWAT team. Mayor Jones said that he would expect that our officers would wait for SWAT unless it was something that had to be done right then and there, and you would not have time to get another gun.

Mr. Yates said that he had no changes for Public Works. Jon Bickford asked whether they were getting everything that they need.

Rebecca Huss said that Mr. Muckleroy had five or six items and every one of them saves money, including a laser transom, vibro-packer, etc. Rebecca Huss said that he has a plan for the new maintenance position, in terms of smoke testing, which will save money on sewer scoping. Jon Bickford said that the vibro-packer will be used to fix the potholes, sidewalks, etc., so he can see that purchase.

Mr. Yates said that it was going from \$664,000 to \$799,000, but \$94,000 of that is the Bob Cat and a pickup. Jon Bickford asked if they needed another pickup. Mr. Yates said that yes, and maybe what they needed to do is transfer the pickup over to water/sewer, which will create some more funds in the General Fund and Utility can stand that expense. Mayor Jones said that this truck will have a utility bed, with all the doors and bins. Rebecca Huss said that he will have Mr. Standifer driving that truck because it will have all the parts, tools, etc. so that they don't have to drive all the way back to the yard, which makes sense.

Mr. Yates said that Court is pretty much the same as last year, except for the warrant officer, which was counted as half time in the Court, but this year it will all be in the Court. Jon Bickford said that he was good with that. Mr. Yates said that the warrant officer will still help the Police occasionally.

Mr. Yates said that they would end up with a good surplus after making all these changes to the proposed budget, which will be around \$100,000. Rebecca Huss asked if that was with depreciation. Mr. Yates said no, this was for General Fund. Rebecca Huss said that General Fund should have depreciation for their assets. Mayor Jones said that they have not been depreciating on this. Rebecca Huss said that they should, so that they can truly account for the cost of government. Mr. Yates said that they were doing that in the Utility Fund and putting money over to the Capital Projects to match the depreciation amount, in fact it is a couple hundred thousand more than the depreciation amount. Rebecca Huss said that you have depreciation whether it is accounted for or not. Jon Bickford said that it might be easier to accommodate replacement costs or saving for replacement and maintenance.

Mr. Yates said that the City needs to be thinking about a new Police building or City Hall and they need to be thinking about that for a couple years from now and they need to start setting funds aside for the project.

Rebecca Huss said that the Water and Sewer Fund, where two years ago they were told that they could lower rates, but on the other hand when you looked at the actual cost to supply water, they still have a problem, knowing what it costs to do things. Rebecca Huss said that if it is a replacement or Capital Fund cost that is related to depreciation that the Auditor comes up with, she thinks that is a good thing to keep in mind and respect. Rebecca Huss said that our government is costing us money, whether we show cash flow or not.

Rebecca Huss said that our surplus is 6-10 month, and six months sounds like a lot of money, but if we only have \$1.2 million in the bank, that does not buy anything if you are in an emergency situation. Rebecca Huss said that she would like to have something in a Capital Account that does not count as a Reserve, however, it could be used for emergencies if needed. Rebecca Huss said that would alleviate the pressure to spend money because they have six months of Reserve, because six months does not buy anything. Mayor Jones said that six

months surplus was intended to be for operating expenses not capital expenditures. Jon Bickford said that they do not want to raise taxes next year, and the other thing that would make everyone happier would be to lower taxes. Jon Bickford said that if there are places where they can save money, so that at a minimum, keep the tax rate where it is at, but at a maximum, find a way to start reducing taxes, we will have some happy citizens and we will be doing our job. Jon Bickford said that their job was to spend as little as they can, but provide great service. Mayor Jones said that he is all for saving money and saving for a specific project. Rebecca Huss said that she would feel better if they kept a hold of the expenses by saving for what we know is coming so that maybe five years from now they can say they have identified a lot of the challenges and feel that they are set. Mr. Yates said that they are putting away a half a million dollars a year into the Utility Fund. Rebecca Huss said that Mr. Yates will be spending the funds out of there too. Mayor Jones said that, hopefully, they can parlay money in the bank with matching grants, etc. Jon Bickford said that they have done an amazing job managing the budget, so he felt that they just needed to keep that philosophy.

Rebecca Huss said that she did not want a surplus, she would like to have a depreciation number in the budget that is approximately equal to the surplus. Mr. Yates said that it could be an amount that could be transferred to the Capital Projects, with a specific project in mind, such as the \$50,000 for the building and \$50,000 for vehicles. Mayor Jones said that he would not save for vehicles he would use it for larger items. Rebecca Huss said that some of their expenses would not be payable through the Water and Sewer Fund, but that is where they have the largest need, they need a \$2 million dollar water tower, \$1 million dollar loop on Lone Star Parkway, sewage treatment plant expansion for \$7 million dollars, a new water well, a new cooling tower. Mr. Yates said that they were taking care of that through the Impact Fees and raising the rates on water and sewer. Rebecca Huss said that Randy Burleigh made a comment that is true, the Impact Fees sound good, but the reality is that those are not going to add up to even remotely close to what they need. Mr. Yates said that when speaking about the loop, remember that the Impact Fees for that was going to be \$800,000 and it will cost about \$800,000 to build the entire loop. Rebecca Huss said that all she was saying was that she could put a name to \$15 million dollars of expenses without even really trying. Mr. Yates said that with all that \$15 million they should borrow part of it, because you want the people that actually use it to pay for it. Jon Bickford said that right now they should be borrowing everything that they can because the interest rates are just not going to get any better. Mr. Yates said that you have arbitrage rules that you have to live under, because in the 80's people were borrowing

under low interest rates and investing the funds at a higher rate, but the IRS caught up with them.

Mayor Jones said that finally the City's revenues will start coming in to help us do what we need. Jon Bickford said that when people come in and ask for a tax break for development, the City needs to tell them no. Mayor Jones said that they used to budget a certain amount of money to repair roads and take on projects, and there is one road that has him very concerned, and he asked that the City Engineer take a look at Buffalo Springs Drive to see how much time the road has left, from SH 105 going north. Rebecca Huss said that was the road that goes to the sewage treatment plant. Mr. Yates said that might be an expense where they could use surplus funds. Jon Bickford asked what the purpose was for the road. Mayor Jones said that as that development grows and Kroger opens, that road will have a lot more activity.

Rebecca Huss said that they are getting a lot of value out of renting crack sealer for the roads, and they need to do that a lot more instead of hiring the job out. Rebecca Huss said that if Public Works has an extra guy, they can spend a week crack sealing for the same price that it would cost for just two days if they hired a contractor. Mayor Jones said that there used to be a treatment for the road where they put tar down and covered it with gravel and pressed them into the tar. Mr. Yates said that he did not think that the County does chip and seal. Mr. Yates said the cost for the chip and seal used to be about \$3,000 per mile. Mayor Jones asked if they could find someone around here that does chip and seal. Mr. Yates said that he did not know if the citizens would stand for it. Rebecca Huss said that Mr. Yates should talk to the engineers to make sure that was a useful use of funds. Mr. Yates said that he has not seen any chip and seal roads around here.

Rebecca Huss said that at their last meeting the Council had discussed getting a road survey, similar to the water and sewer analysis that would show where the biggest disasters are and help prioritize the roads that need work. Mr. Yates said it could be a pavement management plan, which would go street by street. Mayor Jones said that Mr. Yates and Mr. Muckleroy were going to conduct that in their spare time. Rebecca Huss said that she felt that it would be worth hiring that job out just to get the survey done.

Mr. Yates said that they had discussed with Mrs. Kendall, Court Administrator, regarding the evidence room, and she had advised that, if they were going to build a new building in the next

two or three years, those funds would not be necessary. Mrs. Kendall said that if they did not move then she would buy a new cooler for the blood work and install a camera in the room, which would only be about \$3,000 - \$4,000. Mr. Yates said that Mrs. Kendall said that if they were going to be building another building in 3-5 years, then it would not make sense to redo the evidence room. Rebecca Huss said that they are not going to build another building. Mayor Jones said that they should really think about expanding this building. Jon Bickford asked if they had room. Mayor Jones said that they could go to the west, because they do not need the large ditch. Mayor Jones said that the ditch was put in during a time when everybody was overbuilding detention, and during a large rain it does nothing. Mayor Jones said that they could also find a way to share detention with Stowe's. Jon Bickford said that when everyone gets nervous about all the water that is running across from SH 105 and over to the west side and going north, it is not coming through that ditch. Mayor Jones said that it is coming from here, but it all falls down in the parking lot, runs to two drains, into the end of the detention pond and makes a quick right and goes into the culvert. Mayor Jones said that the ditch is not holding water. Rebecca Huss said that Worsham Street drops down, Old Plantersville drops down, and so there is not a huge watershed from the top of Worsham Street this way for water coming through. Rebecca Huss said that the water is flowing south rather than north from here. Mayor Jones said that the ditch would have to be filled in. Mr. Yates asked if they were going to expand, which the new expansion would be for police or administration. Mayor Jones said that it would be nice if the Sheriff's Department would build a satellite holding facility on SH 105. Rebecca Huss said that is so expensive to staff, because you have to have medical personnel on site at all times. Rebecca Huss said that it sounds like expansion is something that they need to think about and prepare for, but she has a huge problem with having more than one location. Mayor Jones said that he agreed, they need to have one building. Jon Bickford asked how large the City government needs to get. Mayor Jones said that they could remodel City Hall around here and get a lot more room. Mr. Yates said that what he got out of the discussion was to just get the evidence room up to standards, without doing too much to the room. Rebecca Huss said that she thought that they should fix it up, because they are not moving. Mr. Yates said that what he has thought about is an addition in the back either for administration or police, not very large but on the same grounds. Mayor Jones said that would be the most inexpensive way to do it. Mayor Jones said that there was an area behind the parking lot that could be paved. Rebecca Huss said that even sharing detention or building onto the structure because they only need a few offices. Mr. Yates said that with technology they will be able to hire less people to do the same amount of work.

Jon Bickford discussed the need for the Emergency Management Plan regarding who you contact in the time of an emergency. Ms. Hensley advised that the Chief of Police has the Emergency Management Plan. T.J. Wilkerson said that he had asked about the Emergency Management Plan at a meeting and the Chief had said that he would get him a copy. Jon Bickford said that he would like to see the plan. Jon Bickford said that it is the season, so he wanted to remind everyone.

Rebecca Huss said that they were hoping to get \$2.3 million on the General Land Office grant that is going to Montgomery County for the disaster. Rebecca Huss said that she thought that they were planning on spending a good amount of the money on generators for the water and sewer activities. Jon Bickford said that he was here for that discussion. Mr. Yates said that they should receive the funds in October or November. Jon Bickford asked if the funds were the City's now. Mr. Yates said that the City has to actually apply for the funds, but it is set aside for the City and all they have to do is ask for the right things. Jon Bickford asked if our employees have the ability to get fuel if they have to go somewhere else to get it. Mayor Jones said that he was sure that the Chief has looked at that. Mayor Jones said that he thought that Valero has a way to pump, and they used to be able to get fuel from MISD.

Mr. Yates advised that in water and sewer they had discussed about raising the institutional and apartments and high water users rate. Mr. Yates said that he did not have a new figure from Randy Burleigh, because they received some new figures, but they did not include the high water users. Rebecca Huss said that they had to knock out three institutional meters because of the school district not sticking to their plans for reopening Lincoln and using MES as the administrative offices. Mayor Jones said they will not be opening them this year. Jon Bickford asked if the elementary school was going to open back up. Rebecca Huss said no, they are opening the middle school. Mayor Jones said that the middle school will become Montgomery Elementary School and everybody that was going to be at Lincoln, which is 150 students, will be going there also because they are not going to open Lincoln.

Rebecca Huss said that they also discussed raising everyone by a certain amount, or potentially sticking to our plan to get users towards the actual cost of providing service, so what they pay will be equal to the cost. Rebecca Huss said that Mr. Yates was worried that they didn't need quite as much money, but on the other hand they talked about how most of Council felt pretty

strongly that they did not want to be subsidizing the large users of water. Jon Bickford said that he agreed. Rebecca Huss said that they basically expanded the residential protected class. Mr. Yates said that the over 20,000 gallon users would see the increase that was planned last year.

Jon Bickford said that if he chose to have two meters, one for irrigation and one for water and sewer, they are both his meters, but would they be added together or would they be totaled for each meter. Mr. Yates said that it would be for each meter. Jon Bickford said that his problem with that was, when people have a second meter and they run water for long periods of time. Mr. Yates said that irrigation costs just as much as residential water, the only thing is the sewer is not automatically added. Jon Bickford said that at his home everything comes out of one meter, so if he runs a lot of water, his bill will go through the roof, which will not happen to people with two meters. Mr. Yates said that they paid a different tap fee and they chose to have two meters. Rebecca Huss said that they are actually much closer to the cost of water and what they charge, so sewer has traditionally been the largest problem. Rebecca Huss said that if people are running their irrigation meter and they are at 19,000 gallons, they might have a small subsidy. Rebecca Huss said that she thought they have done a good job about talking to people about why their rates are a certain level and how to control where they are. Jon Bickford said that he felt that they should consider combining those two meters, and people should be incented not to shoot water out of the irrigation meter like it is going out of style because that thinking will run the well dry. Mayor Jones said that they will need to lower the threshold on where the rate increases. Jon Bickford said that he would lower the threshold for the irrigation meter not on the household meter. Rebecca Huss said that she did not have an irrigation meter until last year, and there was one summer when she used 40,000 gallons in one month because she watered a lot of trees, so you don't get freebies on the water. Rebecca Huss said that there is an incentive to think about how much water you are using. Jon Bickford said that if they used 10,000 at the house plus 40,000 gallons that would be 50,000, but if he used 50,000 gallons on his one meter he would pay a lot more for the same amount of water because it came from one meter. Jon Bickford said that he would have to pay a lot more for the same amount of water, which he did not think was right.

Mayor Jones asked if they had any data on what a normal irrigation only meter produces. Mr. Yates said that he could get it. Rebecca Huss said that Randy Burleigh has that information. Mayor Jones said that maybe they could separate that out and say, 15,000 on an irrigation

meter. Rebecca Huss said that, in general, they have a small number of users who use an amazing amount of water, and she felt they would do that no matter what. Rebecca Huss said that the only people who respond to the prices are the people at the middle and the bottom. Jon Bickford said that he wanted to encourage people to act responsibly with the water because that is going to cost the City a lot of money to get another well.

Mr. Yates said that regarding the debt service, because of the lower assessment, they wind up with a \$416,000 in ad valorem tax to the debt service fund on page 18, instead of \$458,000, but that will still leave them with a balance of \$249,900, which is about \$61,000 more than this year. Mr. Yates said that \$60,000 would get them \$1 million dollars if they want to borrow funds. Mr. Yates said that the interfund transfers were going up quite a bit with MEDC. Mr. Yates said that the MEDC promised the City that they would put in \$155,000 toward the TWDB Project.

Jon Bickford asked how far away the City was from paying off the Sewage Treatment Plant. Mr. Yates said that they refinanced for ten years, so they have about eight years remaining. Jon Bickford said that a great way to save money would be to pay off the Sewage Treatment Plant sooner. Mr. Yates said that they could get towards that with the Impact Fees and the money that they are setting back for projects. Jon Bickford said that there is surplus in MEDC that could be sent that way instead. Mayor Jones said to keep in mind, that they want the future people to pay for that debt. Mayor Jones said that a big part of the transfer in is coming from the Water Fund. Mr. Yates said that was correct.

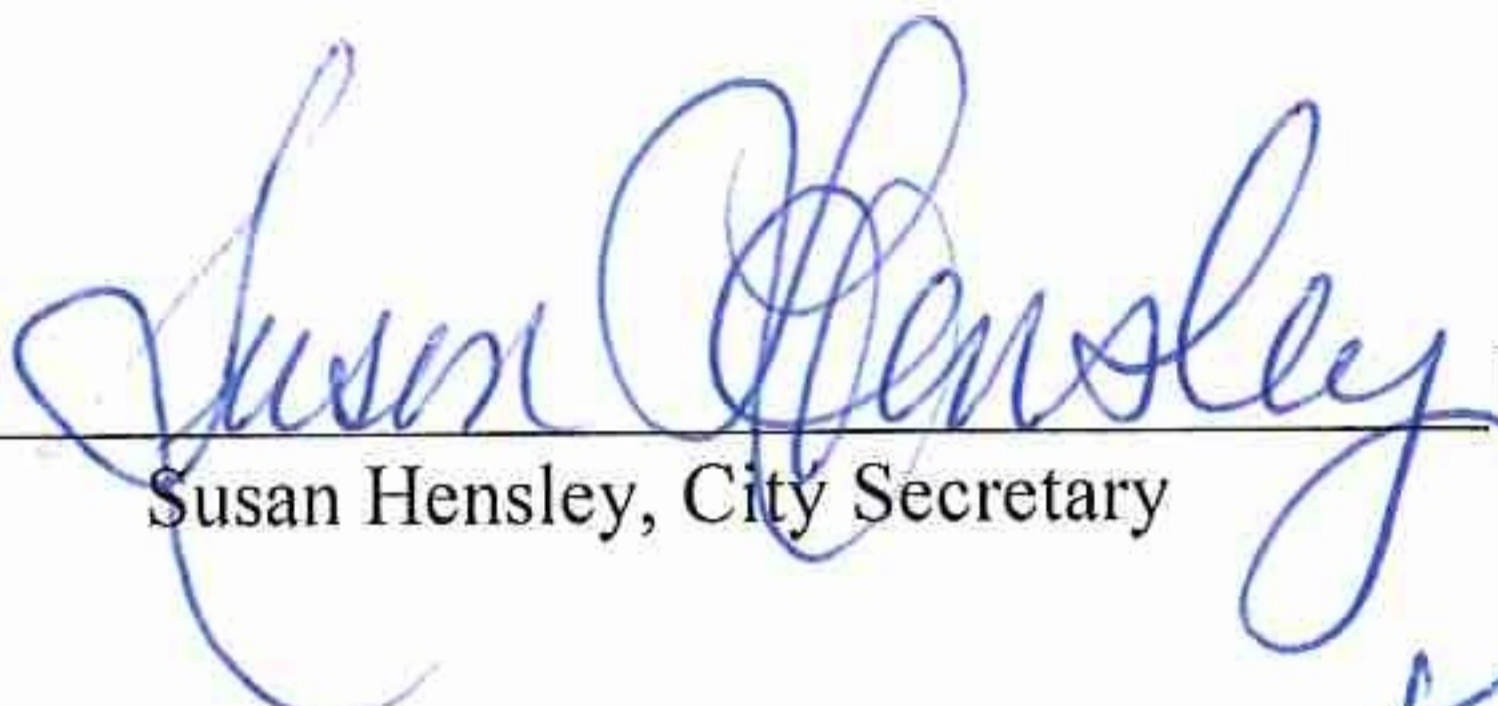
Jon Bickford asked if they just needed to get the budget cleaned up and then take it for a vote. Mr. Yates said that was correct, the narratives would be put into the budget and we will produce a final draft. Rebecca Huss said that similar to the water rate discussion, they might consider having a meeting where it is much more of a presentation rather than just an adoption of the budget. Jon Bickford said that would be great, so that they could show people how they are saving money and show all the information.


Mr. Yates advised that the ½ cent that the City passed for sales tax to go toward reducing property tax is \$470,000 and this year the total ad valorem tax is \$402,000. Jon Bickford said that if they pay off all this infrastructure, they will have plenty of tax revenue to pay for everything and they won't have to worry.

Mr. Yates said that the best thing that the City has going for it is that it is a destination City, where people come in and spend their tax dollars and then leave at the end of their visit. Mayor Jones said that the schools also contribute a lot. Mr. Yates said that this year he allowed \$20,000 for Kroger and next year it will be \$35,000, because it will all be developed. Mr. Yates said that maybe someone will purchase the shopping center and fix it up. Mr. Yates said that it was assessed at \$6.5 million.

ADJOURNMENT

Mayor Jones adjourned the Workshop at 8:09 p.m.

Submitted by:  Date Approved: 9/26/17
Susan Hensley, City Secretary


Mayor Kirk Jones

