

MINUTES OF BUDGET WORKSHOP MEETING

July 20, 2017

MONTGOMERY CITY COUNCIL

CALL TO ORDER

Mayor Kirk Jones advised that there was not a City Council quorum, and then called the Workshop Meeting to order at 6:09 p.m.

City Council

Present: Kirk Jones Mayor
Rebecca Huss Position # 4
Dave McCorquodale Position # 5

Absent: Jon Bickford Position # 1
John Champagne, Jr. Position # 2
T.J. Wilkerson Position # 3

Also Present: Jack Yates City Administrator
Susan Hensley City Secretary
Rebecca Kendall Court Administrator
James Napolitano Chief of Police
Miguel Rosario Police Lieutenant
Mike Muckleroy Public Works Manager
Cathy Branco Financial Consultant
Chris Roznovsky City Engineer

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 – Chief James Napolitano presented his proposed budget. Chief Napolitano said that he noticed a discrepancy in item 16351, which is for telephones that was \$15,000 last year and should be up to \$18,000 for the new people they will be adding and will run all the computers in the vehicles. Chief Napolitano said that the \$16,000 for Mobile Data Terminals, he will check on that information because he was not sure. After discussion, Mrs. Branco and Chief Napolitano will review the telephone numbers.

Rebecca Huss asked about the wages, and said that it was \$120,000 more than last year's budget, but in the budget, there are positions listed that were not filled. Rebecca Huss said that the budget for this year looks like it is including two more patrol. Mr. Yates said that it was \$106,000 more than last year for wages, plus a 2 percent across the board, merit increase. Mr. Yates said that \$11,000 of the \$120,000 is the 2 percent total. Mr. Yates said that the wages included an administrative assistance at \$46,000 and another officer at \$60,000.

Rebecca Huss said that she found issues with this in the past because we have not seen any indication for years as to what it is that the Chief actually does here. Rebecca Huss said that there has been no information about calls and the breakdown, but they have not seen any data. Rebecca Huss stated that for her to feel comfortable going with this, she would need data to show that these are actually needed if they are going for two extra people from last year. Chief Napolitano said that every month that they give her the breakdown of the total calls that the department has made, total tickets written and the total arrests made, and asked what other data she needs. Rebecca Huss said that they used to receive monthly data, with the calls broken down by type of call. Chief Napolitano said that was what is shown on the report that lists the arrests. Rebecca Huss said that if the Chief looked back at previous meetings, the monthly report numbers have been the worst that they have been in the last three years for March and February, because they talked about the information during the meeting. Rebecca Huss said that the Chief is saying that he can justify increasing the police officers because of the increased workload in the City, and she is saying that she has not seen any information in the last two years that has anything to do with what the work load is, other than traffic tickets. Rebecca Huss said that part of the justification was

the apartments and increased retail space, but they have not seen actual data on calls. Chief Napolitano asked if Rebecca Huss wanted a report of every call that they make every day. Rebecca Huss said that they used to get that type of report every month from Lt. Belmares. Chief Napolitano said that before they used to have the statistics from the Sheriff's Department, but now they can't get them anymore because the new system that they are using does not report that information anymore and is completely different. Rebecca Huss said that the Chief could do something to provide that information that she has been personally asking for over the last year and a half. Chief Napolitano said that he was confused as to why Rebecca Huss thought that there were less calls now in the City than there were before. Rebecca Huss said that was because she has not been provided with information to tell her otherwise, and if you look at the arrests and warrants, those numbers have not changed from 28 to 32 almost every month and has not changed over the four years she has been on Council. Mayor Jones said that to him the Chief was providing the data, it was just not summarized. Rebecca Huss said that he was only providing information that is lyrical, she would like to see a chart so that she can compare it to previous months and years, which is what they had before. Rebecca Huss said that the Chief is making decisions based on feelings as opposed to actual data, because he did not have the data. Chief Napolitano said that he was making his decisions on what he has to do on a daily basis. Chief Napolitano said that he is trying to have the department's response time to under four minutes for the citizens, and they have kept it that way since he has been here. Chief Napolitano said that they have 6 officers, besides 2 supervisors, sergeant and himself, which is what they have on staff. Chief Napolitano said that with the increase from the apartment complexes they are doing their best. Rebecca Huss said that the Chief is asking for a budget increase of \$250,000 with no data. Chief Napolitano asked if it was all about data. Rebecca Huss said what else is there, if it is not data it is a feeling and she wants to see data. Chief Napolitano advised that he would have to put together a different report, and they will generate a report that has every stat and everything that officer did for the last month, it will be thick and it will take a long time to go through it, but asked to confirm that Rebecca Huss wanted all of that downloaded into a chart. Rebecca Huss said that did not seem like too much to ask, because if you do not know what people are doing how can you make a decision. Rebecca Huss asked how the County can produce that type

of information. Chief Napolitano said that the County is preparing the information the same way that he is doing his report. Rebecca Huss suggested that they make friends with the Sheriff's Department and get the data that they need. Lt. Miguel Rosario said that it was not just the City of Montgomery, it is every municipality. Mayor Jones asked for an example of what the chart would look like and what would be included. Rebecca Huss said that if they looked back two years and what City Council was getting in the monthly Police Report, there was an Excel chart that had call type and how many calls per month, with comparison annually. Mayor Jones said that it was a good thing that the Chief was asking for an administrative assistant. Rebecca Huss asked if this information would be any more accurate than the Racial Profiling Report, because she did not see an update from the meeting that she missed, because it was not correct. Rebecca Huss said that the information that the Chief sent to the Federal Government was not correct. Chief Napolitano said that he sent that information to the State. Chief Napolitano said that they were trying to figure out why the number was incorrect. Mr. Yates said that he and the Chief would work on a report. Rebecca Huss said that she was not comfortable voting for extra people when they do not know what is going on. Rebecca Huss said that it was a big increase in their budget and they said all along that they would try and hold the expenses as they grow, because it is not a free bonanza to keep spending as you get more revenue. Rebecca Huss said that they have a lot of infrastructure needs that have been spent over the years, and City Council has spent a lot of time whittling down the police budget. Mayor Jones said that on the other hand he does not want the Chief and Lieutenants spending hours and hours to round up numbers, when they should be doing something else. Rebecca Huss said that you can't make decisions if you don't have information, so she was sorry, she felt that was a requirement. Mayor Jones asked what type of breakdown was being requested. Rebecca Huss said that it should include vacation checks, burglary of vehicles, etc. Lieutenant Rosario said that the old CAD system broke down the information based upon the nature of the call, which dispatch provided to the department each month. Mayor Jones said that does not account for calls from inside, traffic stops or calls received from inside, only dispatched calls. Rebecca Huss said that she would like to have the type of calls shown on the report. Rebecca Huss said that if they do not have the data they don't know what their needs are. Mayor Jones asked the Chief to work with Mr. Yates to come up with something

that does not take a lot of time. Rebecca Huss said that it has to show that more resources are needed, because right now they do not have anything that shows that it is needed. Chief Napolitano stated that their opinion does not mean anything, they need a piece of paper to show the calls. Rebecca Huss said that was correct, because otherwise it is the Chief's feelings. Chief Napolitano said that he would put together a report that will show exactly how many calls that they go on, what type of calls, the number of calls and how many are report calls. Chief Napolitano said that not everything that they do is about a call, a lot of their work is about patrol. Chief Napolitano said that four years ago they had about 400 people living in Montgomery, and now they have 2,700 plus people living here. Rebecca Huss said that the Chief can come up with the data to prove her wrong.

Chief Napolitano said that the reason he is asking for more people, and he was only asking for one more person on each shift so that they will have enough to cover when an officer goes out to a family disturbance, they do not have to wait for backup from the Sheriff's Department. Rebecca Huss said she thought that was the point of having three people on each shift from noon to midnight, because that was when most of the activity occurred. Chief Napolitano said that they want 2 officers on days, 2 on nights with the Lieutenant being the swing shift person, which will give them the coverage that they need. Chief Napolitano said that officers also need to take vacations and sick days, so you still have to have someone to fill that spot. Rebecca Huss said that the Chief used that as a reason to get to the people that he currently has on staff. Chief Napolitano said that they would truly only be adding one officer to the positions that they already have. Rebecca Huss said that this was for 1.5 positions at a cost of \$110,000. Chief Napolitano said that there is also the Administrative Assistant. Mr. Yates said that he would work on some statistics with the Chief. Rebecca Huss said that Jon Bickford was also interested in the information. Chief Napolitano said that the question would be that a lot of his budget was geared on adding another person on staff, such as, uniforms, protective gear.

Chief Napolitano said that one of his capital items on the list was fixing the evidence room. Sgt. Kendall advised that currently they have a mailbox type container for placement of their drugs and other evidence items, but this request

would change the evidence room to allow the counter and area for preparing the evidence in one area, by the bathrooms. The evidence room would have pass through lockers, which is more secure and would go through the wall, next to the bathroom area. There would also be gun lockers, smaller drug lockers, and would allow the evidence to go straight to the evidence room. Sgt. Kendall advised that when she receives the evidence, she can go into the evidence room, which needs a camera installed, and retrieve the evidence. Sgt. Kendall said that room already has reinforced walls, they just need to add ventilation for the room. Chief Napolitano said that the expenditure is under 17100 – Capital Purchase Furniture at \$6,000. Sgt. Kendall said that this was approved for last year's budget, but it did not get done. Sgt. Kendall advised that she had checked on the cost for the job, and the company advised that the price had not increased since last year. Sgt. Kendall stated that the \$6,000 should be \$15,000. Sgt. Kendall said that they also need to look at the Court Technology Funds to see if they can pull funds from there to go towards the project. Sgt. Kendall said that they can use Court Security Funds for the camera in the evidence room. Chief Napolitano said the only difference from last year is the addition of the ventilation system and camera. Mr. Yates said that they could spend part of the \$15,000 between now and September. Mr. Yates said that they will work on this and then add a corrected figure for the next meeting. Sgt. Kendall said that Court Security was down a little bit, because they used it for the window for the utility office, but there is enough left to get a camera for the evidence room and there will also need to be one for the packaging area when the officers are preparing their evidence. Sgt. Kendall said that there was one other thing, there needs to be a refrigerator for the blood evidence, which is currently stored in the mailbox style evidence locker. Dave McCorquodale asked if the room currently exists. Sgt. Kendall advised that the room does exist, this would be revisions to the existing room. Sgt. Kendall said that this year they are getting a lot more drug evidence. Mayor Jones said that they need to work out the schedule to get the work done that needs to be out of the current budget, and find out what we need to budget for the new budget.

Chief Napolitano then reviewed the rest of his departmental budget advising that they are going to be \$1,685 over budget for the new budget year for the MDT's.

Rebecca Huss asked about the vehicle maintenance number 16335.1 that is proposed at \$53,000. Chief Napolitano said that number was not correct, because maintenance and equipment this year is \$46,000. Mrs. Branco advised that her spreadsheet has line item 16335- Vehicles and Equipment for auto repairs is \$18,253 estimated through the end of the year, equipment repairs at \$1,312, gas and oil is \$25,200, so the total for item 16335 is \$44,702. Mr. Yates advised that they needed to delete the \$53,000. Chief Napolitano advised that they received funds for bullet proof vests via wire transfer.

Mr. Yates said that the copier/fax lease will need to be increased due to the Administrative Assistant. Chief Napolitano said that they need to increase their emergency equipment to have on hand. Chief Napolitano advised that they are going to be purchasing their last group of radios this year.

Rebecca Huss asked why the Liability Insurance was so high compared to last year. Ms. Hensley advised that is an estimate, pending receipt of the quote from TML. Ms. Hensley advised that a complete audit had been conducted for the property and liability coverage with TML.

Mr. Chris Roznovsky advised that the total amount for all facilities, lift stations, water plants, wastewater plants was \$3 million dollars, and when they went back and did the estimates that amount would cover one plant.

Chief Napolitano advised that they were only purchasing two vehicles again this year. Mayor Jones said that he understood that they would be replacing a vehicle that was meant to be replaced next year, due to an accident. Chief Napolitano said that vehicle actually was not scheduled to be replaced, but would be in a year from now. Dave McCorquodale asked about the vehicles. Chief Napolitano said that the oldest vehicle in the fleet is a 2011 Dodge. Dave McCorquodale asked when they would be getting rid of the Chargers. Chief Napolitano said that would be in two years. Mayor Jones said that in order to save a little money, would it behoove them to pay the gap on the vehicle that got wrecked and replace it and then purchase one new one next year. Chief Napolitano said that this year they only purchased one new vehicle, even though they were supposed to purchase two, and he is

driving a seized vehicle from the District Attorney's Office. Mr. Yates said that the idea was one vehicle per officer, and asked where they stand as far as that ratio. Chief Napolitano said yes that was where they are without a Reserve vehicle. Chief Napolitano said that when he comes in and goes on patrol, he will take a vehicle that is not being driven at that time and use it. Rebecca Huss said that she thought that might be a good compromise. Mayor Jones said that it was only a couple months, and if everyone still has a car, then only purchasing one new vehicle will save a little cash. Mr. Yates said that will still leave about three or four vehicles in the parking lot. Chief Napolitano said that it would depend on how many officers they hire once they get everything squared away on the statistics. Chief Napolitano said that the Warrant Officer will need a vehicle to serve warrants and transport prisoners to Conroe.

Chief Napolitano advised that he is trying to get a grant for body cameras. Rebecca Huss said that she felt the body cameras should be discussed with City Council, because for other cities it has been a political decision. Rebecca Huss said that they would also have to look at paying for the storage of videos and there would also be a lot of administrative stuff that comes with the body cameras. Chief Napolitano said that he would like to have the body cameras to protect the officers, because it gives them a little more coverage when they are making a stop. Rebecca Huss said that there are rules about when the cameras are on, and if the officers turn them off on their own. Mr. Yates said that there will be a protocol. Chief Napolitano said that the Police Chief's Association has given some very good perimeters on how to use the body cameras. Rebecca Huss said that she would like to have a separate discussion from this budget meeting to discuss the body cameras, because she wants to do it the right way.

Chief Napolitano said that the rest of the items are about the same as they were last year, and said that a lot of the things that they had budgeted he did not purchase because Mr. Yates advised him not to buy anything, so they struggled through with what they had. Chief Napolitano said that they should be under budget. Mr. Yates said that actually what he had said to the Chief was before you purchase capital outlay items to come and see him. Chief Napolitano said that he did not purchase the second vehicle and just operated on what they needed. Mr. Yates said that

police weapons last year was \$4,000 and this year it is \$6,000. Chief Napolitano said that if they hire the new people, they will need weapons for them, but if they don't hire them they won't need them. Chief Napolitano said they have one handgun in the safe, so if they hire one person, it will go to them, but that does not provide for a replacement weapon.

- Court – Mrs. Becky Kendall, Court Administrator, presented her proposed budget. Mr. Yates stated that he had added one full time warrant officer, and that officer will share time with the Police Department. Mr. Yates said that will be a fully licensed police officer. Mr. Yates said that he had put an extra \$15,000 in warrant revenue, but last year they were beating that figure, and he felt that the position will pay for itself. Mrs. Kendall concurred that the position should pay for itself. Mrs. Kendall said this person would be strictly doing police duties and would not be handling court duties as had been done by the previous warrant officer. This position will bailiff and attend all Council Meetings, and respond on patrol if necessary. Mrs. Kendall said the fee for the judge is remaining the same, \$1,500 per month. The prosecutors will remain the same as last year. Mrs. Kendall advised that she was including uniform shirts for the clerks to wear on Fridays in the amount of \$500. Mrs. Kendall advised that they have reduced their office supplies a little because they did not use as much last year. Mrs. Kendall advised that they were going to try doing Teen Court for the juveniles that will address texting and driving. Mrs. Kendall said that she has \$5,000 for travel and training that will also include the warrant officer.

Rebecca Huss asked about InCode and whether it was an option to look at other software for the Court. Mrs. Kendall said that they were going to switch at one point, and at the last minute changed due to poor customer service and refusing to come on site for the conversion. Mrs. Kendall said that she knows that InCode causes some problems, every software does, but in the big picture for Courts and cities, InCode is the Cadillac version of software. Mrs. Kendall said that the Court does not really have problems with InCode and it runs really well. Mrs. Kendall said that she thinks the problem that they have right now, is that InCode isn't throughout the whole City Hall, meaning it works better if every department is on the system. When they are not all on the system, it causes staff to have to break

down the information and put it into some type of format to give to Finance to be able to talk to each other. Mrs. Kendall said that she has not seen anything out there that is better than InCode.

- Public Works

Mr. Yates said that Mr. Muckleroy is asking for one extra person in public works, but he would like to move that position to utility. Mr. Yates said that they take ¼ of his paycheck, Mr. Muckleroy, the utility clerk out of utility. Rebecca Huss asked why the budget is going down if they are adding another person for this year. Mr. Yates said that wages are showing \$143,000, and the new person is \$47,000 in wages. Mr. Yates said that something was wrong with the figures. Rebecca Huss said that they could fix that information later, and asked what this new person would be doing. Mr. Muckleroy said that what he would like to do is convert Mr. Standifer to a working Field Foreman, officially in charge in the field, as an actual supervisor and put him in a truck by himself. Mr. Muckleroy said the second person, Mr. Thomas would be over the second truck and hire a new person under Mr. Thomas that would do the ditch work, water leaks, etc. Mr. Muckleroy said that there is still a lot of work that they would like to do, but they can't do, because they just do not have the time, such as, smoke testing, etc. Mayor Jones asked to confirm that they would have one supervisor and one crew leader. Mr. Muckleroy said that Mr. Thomas would be a crew leader and Mr. Standifer would be a supervisor. Mr. Muckleroy said that right now Mr. Standifer and Mr. Thomas are together most of the time, and Mr. Rodriguez is doing about half parks and half helping with jobs. Mr. Muckleroy said that he wants to put Mr. Standifer by himself because he is more than competent enough to make decisions and check things out. Mr. Muckleroy said that Mr. Thomas has developed really well and a good employee and ready to train someone else. Rebecca Huss asked what type of questions Mr. Standifer would be fielding from Mr. Rodriguez. Mr. Muckleroy said anything and everything. Mayor Jones said that he would warn Mr. Muckleroy about getting too many Chiefs, and if they are a supervisor, they are also working. Mr. Muckleroy said that Mr. Standifer is a worker, and he is training Mr. Thomas on the backhoe. Mr. Muckleroy said that the positions would be hourly, not exempt positions.

Mr. Yates said that in the past they have always talked about contracting rather than adding people, and asked if they were inching their way out of that by doing this. Mr. Yates asked what specifically this person would be doing. Mr. Muckleroy said that a lot of the work that they need to do is not even utility related, it is ditch work and picking up limbs, and they would be able to pick up the pace on some of the utility items, but a great deal more work on drainage. Mr. Muckleroy said that was a ton of drainage work that could be done, if they had time, such as Buffalo Springs, where they need to dig every ditch. Mayor Jones said that he guessed that the City inherited all the granite that is set on the side of the road. Mr. Muckleroy advised that he was told by Mr. LeFevre that was in the Homeowner's Agreement and the granite was their responsibility. Rebecca Huss said they would need to check into that information.

Mr. Muckleroy advised that he wanted to purchase the following equipment:

- 1 New truck - which would be for Mr. Thomas, Mr. Standifer would keep the one that they are currently using. The truck would have a service bed, Koenig style with the tool boxes built into the bed. The truck would be loaded with all the equipment that they need to make repairs so that they don't have to go back to the water plant to pick up items. The cost of the truck is \$41,900.
- 1- Mini Excavator - Mr. Muckleroy advised that the brand that he had priced for budgeting was Bobcat, and if you keep the equipment under 600 hours a year, they will come out and you can pay less than \$1,000 and get a new machine every year. Mr. Muckleroy said that they come out and switch out the rubber tracks and the digging bucket and put them on the new machine, and you get a new machine every year. This would have a hydraulic thumb on the boom for picking up limbs. Rebecca Huss asked if they could use GLO money to rent this equipment or buy it from ourselves from the grant money. Mr. Yates said that they could get force account credit where you use City equipment and charge it to the grant. Mr. Muckleroy said that this equipment with the hydraulic thumb would work really well for that job. The cost of this item is \$94,700. Mr. Muckleroy advised that the 20 foot gravity tilt trailer for the equipment is \$5,400.

- Laser Transit – for \$1,500 that would allow them to do ditch work with one person.
- Metal Detector – for \$800, to allow them to have one on each truck for locating valves and manholes, property pins, etc.
- Chain Saw – for \$500 for Mr. Standifer’s truck.
- Line Locator – for \$1,700, which is an electronic machine that will locate lines.

Mr. Muckleroy advised that they are going to purchase the striping machine out of the current budget.

- Utility Fund

Mr. Yates discussed the water and sewer revenues and said that for water they are expecting to receive \$454,000 this year, based on Mr. Randy Burleigh’s work. A copy of the City of Montgomery Water/Sewer Projected Revenues for 2017/2018 prepared by Mr. Burleigh are attached to the minutes for reference.

Rebecca Huss said that that figure was very close to the budget number, and said that she did not know if they had ever been so close before. Mr. Yates said that the figure he has for next year is \$540,000, which is based upon a rate increase. Rebecca Huss said that when they talk about this, the first year that they raised rates, they said that they were making people pay for the cost of the water and sewer, but they needed to have a transition particularly for homes. Mr. Yates said that his recommendation is Option 2 that would not be another increase for the citizens, because they are doing very well in water and sewer. Mr. Yates said that the ending balance for this year will jump from \$352,000 to \$429,000. Mr. Yates said that he has some suggested changes that would get it to \$508,000 of surplus for this year, even with the transfer of \$250,000 from Capital Outlay to the Capital Projects Fund. Mr. Yates said if they do Option 2 this year and maybe the residential customers next year they would increase the revenue next year by \$127,000, but this year the increase of \$85,000 seems like enough funds. Mr. Yates said that the institutional and multi-family are the larger users of water. Rebecca Huss said that one of the things that they talked about regarding the residential customers was that people using 30,000-40,000 gallons of water should not get subsidized water. Rebecca Huss said that to her, they could easily spend those extra funds on Capital Projects and she was in favor of everyone paying for the full cost of the water. Mr. Yates said that they are adding \$110,000 to the debt service balance this

year because of our assessed valuation increasing. Rebecca Huss said she is talking about fairness in the true cost, which includes depreciation and saving money for capital items, whereas, Mr. Yates was looking at it more on a cash flow basis. Mr. Yates said that they could raise the cost for water for people that use over 30,000 gallons and leave the rate the same for people that use less than 30,000. Dave McCorquodale said that was a huge user. Mr. Roznovsky said that the average house uses 7,000 gallons per month, so at 14,000 gallons you should see an increase and then the rates stair step. Rebecca Huss said that they are going to have a lot of bigger users coming in and she does not see any point in having a giant out of state retailer getting subsidies. Rebecca Huss said that she felt that moving the bar down, for the protected classes, would be a good compromise. Dave McCorquodale said that would keep things for people who need it, and then if people want to use more water then they will have to pay the price for higher use.

Mr. Yates said that he would look at the rate and go with the 20,000 gallon break, or whatever is closest to 3 times the average user of 7,000 gallons and can be programmed into Incode. Dave McCorquodale commented that if they look at the average commercial user, which they could use Ransom's, El Bosque and a handful of others, they could see a rate that would reflect where they are the consumptions. Rebecca Huss said that the bigger the users, the more it brings forward the need for infrastructure investments and expansions, so they should pay for those costs. Mr. Muckleroy advised that for residential usage rates start at the minimum 2,000 gallons, then 3,000-4,000 gallons, 5,000-6,000 gallons, 7,000-8,000 gallons, 9,000-10,000 gallons and then it jumps 11,000 – 15,000 gallons, and then 16,000-20,000 gallons, and then over 20,000 gallons. Mr. Yates said that 20,000 gallons for residential would be the break. Mr. Muckleroy said that the commercial usage was set up on the same tiers. Mr. Yates said that the over 20,000 gallon user rate increase should get them to the true cost of the water and then they top out.

Mr. Yates said that sewer revenue is \$455,000, but should be more for the new budget. Mr. Yates said that he had the Groundwater Reduction Plan (GRP) Revenue at \$126,000, and the estimate is \$126,400 for this year, which will get an expense item under the Capital Projects Fund. Mr. Yates said that this year they had \$125,300 budgeted for GRP, and he felt that they were going to spend \$96,500, which would

leave \$28,800. Mr. Yates said that their thought was to carry the balance over from year to year, so if you add \$126,000 to that balance it will get you to \$154,800 that would get transferred to the Capital Projects Fund.

Rebecca Huss asked about the tap fees, and said that it seemed like a large figure, even with a lot of retail coming into the City. Mr. Yates said that the Kroger tap fees were \$24,000, but the City will also have impact fees this year. Rebecca Huss asked that they have the Impact Fees in a separate line item, because she thought that they needed to legally since they can't spend the funds on anything except for the item that they have identified. Mr. Yates said that he would take the project list and put it into the Capital Projects Fund and will have a different line item. Mr. Yates said that he would need to separate tap fees from impact fees, which will have a Capital Projects Fund List line item.

Mr. Roznovsky asked about the tap and inspection fees, there are developers that have the Capital Recovery Fee and will not be subject to the Impact Fee, and asked where those fees should be shown. Mr. Yates said that he would work that out. Mayor Jones said that part of those funds should go to MEDC, because MEDC contributed to the project. Mr. Yates advised that those fees were eaten up by the placement of the sewer line. Mr. Roznovsky said that he thought there was still a balance remaining. Mr. Roznovsky said that there was an impact fee, capacity fee and out of that there was the sewer line cost, MEDC share for the sewer line, and he will confirm if there is a balance remaining.

Mr. Yates said that he has \$207,000 total personnel instead of \$246,000, which they will straighten out to include the new person. Mr. Yates said the reason that he had engineering down was because of the escrow agreements and they will be spending less on engineering.

Mr. Yates asked about the permits and licensing for Town Creek Sewer Plant, and whether they were going to be paid for this year or next year. Mr. Roznovsky advised that he would confirm, but he believed that it had all be issued and done and they are just waiting for the final paper copies. Mr. Yates asked how much each of those permits would cost. Mr. Roznovsky said that he did not, but he would get that information.

Mayor Jones said that MEDC used to pay \$37,500 to the general fund for general administrative duties, and they also used to do that with the utility fund and asked if they were still doing that. Mr. Yates said that they were not doing that. Mayor Jones said that it would go toward the light bill, copier, etc. Mr. Yates said that he would look at that information.

Mr. Yates said that something that he had left off was Water Plant #2, which is \$136,000, which can come out of the GRP funds. Mr. Yates reviewed the Capital Projects fund. Mr. Yates said that he would check on what the difference is between Lift Station No. 3 and 39995, which is also Lift Station No. 3. Mr. Roznovsky advised that 39995 was contingencies for Lift Station No. 3.

Mr. Yates reviewed the Water System Capital Improvements. Rebecca Huss asked Mr. Roznovsky if they could get an updated spreadsheet that shows where they are with capacity, and how close they are in terms of the timeline. Mr. Roznovsky said that there is a similar chart in the back of the Feasibility Study that they do, but he will update that information and provide it for City Council. Mr. Roznovsky said that Water Plant No. 3 Improvements are included in the Water Development Board funds, which is ground storage capacity and pumping capacity. Mr. Roznovsky said that the City's production capacity is good, because of the Catahoula Well, the distribution capacity and the pressure maintenance capacity is what is being addressed.

Mayor Jones asked about the waterline across the Buffalo Springs Bridge, and whether that was included on the list. Mr. Roznovsky said that was listed under line item 45002 – Buffalo Springs Connection. Mr. Yates said that item probably should be under 4800 because the intention is to take that \$65,000 out of the GRP that is being transferred down there.

Mayor Jones said that in the past they used to budget about \$100,000 for street repairs and maintenance, but they quit doing that a couple of years ago. Mayor Jones said that there are a lot of streets that need overlays or repairs. Rebecca Huss said that she would rather not do that, but from the traffic study presentation that they had at the other meeting, it is pretty clear that they might need to use some of the City's money to make

improvements to the County intersections or roads. Rebecca Huss said that she was talking about making changes to the signal boxes for improvements, or changing the turn signal.

Mayor Jones said that he felt the City could work with the outside entities regarding those issues; he was talking about the roads in the City that, due to the drought, they are going to start losing roads. Mr. Muckleroy stated that he did include extra funds for street repairs, and he has someone coming out next week to give a demonstration for renting a crack seal machine. Rebecca Huss asked if that could get them bigger than what they did with the spray. Mr. Muckleroy said that they did crack sealing last year, and they spent approximately \$10,000, and in his opinion what they would pay to rent the equipment and do it ourselves they will get a lot more. Mr. Muckleroy advised that the cost to rent the equipment is about \$2,000 per week, and another \$1,800 in material, so his plan is if they can do that once or twice a year and do as much crack sealing as they can with the material that they buy, they should be able to make some headway. Mayor Jones said that they have roads like Huffman at the intersection of Old Plantersville, which is falling apart. Mayor Jones said that he was just looking at repair.

Mr. Yates advised that there is a way that cities do this and it is to come with a Pavement Management Plan by doing an inventory of every street and then figure out where the cracks are and where you need to replace pavement. Mayor Jones said that if they had a plan, they could look at the streets and see what they need. Rebecca Huss said it would be good to prioritize the streets. Mr. Yates said that what you end up with is a color coded map that has a chart that shows what is necessary and the type of repair that needs to be done. Mr. Roznovsky said that it will also be important to know which streets need to be repaired and not spending a bunch of money when it is not necessary. Mayor Jones said that if they don't start fixing the roads in Buffalo Springs they are going to start losing them. Dave McCorquodale said that the road plan would be a tab in the Comprehensive Master Plan for the City, and would be one more layer of information.

Mayor Jones asked that they put another \$5,000 for road repair into the budget.

Mr. Yates advised that one source of the money that they need to talk about is what to do about the debt service fund, because the debt service fund this year gains about \$110,000 if they keep the same rate as they have now. Mr. Yates said that his thought is to keep the rate the same, because once you lower it, it is hard to increase it again. Mr. Yates said that the rate has stayed the same for the three years he has been with the City and they have gained \$110,000 to \$120,000 per year, which is how they were able to borrow the funds from TWDB this year. Mayor Jones said that they have also increased the amount that MEDC is paying debt service by \$40,000 per year. Mayor Jones said that there are reasons why there are more funds in debt service. Mayor Jones said that in the next couple of years the City will probably need to borrow more money. After discussion, Mayor Jones said that they are saying that they do not want to change the tax rates at this time.

The City Secretary gave an update on the computers and servers and their warranties, advising that out of the current budget the City Administrator and Administrative Assistant will have their computers replaced, along with warranties purchased for the two servers. The City Secretary advised that in the new budget there will be 6 computers that will be required to be replaced and by doing them at the same time, the City will save \$100 for each computer installation. The City Secretary advised that she would be preparing a computer plan that would detail when the computers would be due and out of which budget.

Rebecca Huss asked if renovation of the Community Center was going to be in the budget. Mr. Yates said that they had about \$3,000 left in this budget and \$1,800 in the budget next year. The City Secretary advised that the Lion's Club will be using the Community Center as their annual project this year by painting the walls and replacing the ceiling tiles. Mayor Jones said that he hoped that they would wait until after the Haunted House. Mr. Yates said that the American Legion is supposed to do the kitchen portion.

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

ADJOURNMENT

Mayor Jones adjourned the Workshop at 8:55 p.m.

Submitted by:  Date Approved: 08/22/17
Susan Hensley, City Secretary



Mayor Kirk Jones



PROJECT 2016/17 CITY OF MONTGOMERY WATER/SEWER REVENUES

(WITH OPTIONS FOR 2017/18 YEAR)

CLASSES	WATER USERS (#)	WATER USAGE (avg)	2016/17 Water \$'S	SEWER USERS (#)	SEWER USAGE (avg)	2016/17 Sewer \$'S	2017/18 Increase ALL CLASSES (Water & Sewer) Option #1	2017/18 Increase Inst, Mult, Irrigation (Water & Sewer) Option #2
Resid In	421	7	\$147,771.08	416	6.8	\$125,299.20	\$24,610.80	
Resid Out	23	4.32	\$7,164.96	16	4.32	\$4,216.32	\$542.00	
Comm In	103	11.89	\$69,806.16	101	11.89	\$79,931.40	\$15,789.36	
Comm Out	6	11.17	\$4,320.00	1	8.7	\$666.00	\$451.80	
Institution	7	169	\$92,517.60	7	169	\$102,597.60	\$48,669.60 *	\$48,669.60 *
Mult-Family	4	157.28	\$55,261.92	4	157.28	\$56,179.68	\$32,280.00	\$32,280.00
Small Irrig	69	6.19	\$19,594.62				\$1,734.66	\$1,734.66
Large Irrig	29	33.92	\$63,342.96				\$3,132.00	\$3,132.00
TOTALS	662		\$459,779.30	545		\$368,890.20	\$127,210.22	\$85,816.26

PROJECTED TOTAL WATER AND SEWER FOR 2016/17 (USING SPREADSHEET TOOL with Budget YTD usage/users) \$828,669.50

OPTION #1 Increase Revenue OPTION #2 Increase Revenue

CITY PROJECTED REVENUE- WATER \$463,753.00 PROJECTED SEWER \$391,524.00
2016/2017 (Jack's numbers) TOTAL WATER/SEWER \$855,277.00

*** = Reduced Sch avg usage to 161 for Options 1 & 2 because of Elem closing**