

MINUTES OF BUDGET WORKSHOP MEETING

August 20, 2019

MONTGOMERY CITY COUNCIL

CALL TO ORDER

Mayor Sara Countryman called the Workshop Meeting to order at 6:00 p.m.

Present:	Sara Countryman	Mayor
	Jon Bickford	Place #1
	John Champagne, Jr.	Place #2
	T.J. Wilkerson	Place #3
	Rebecca Huss	Place #4
	Tom Cronin	Place #5

Absent:

Also Present:	Richard Tramm	City Administrator
	Susan Hensley	City Secretary
	Kimberly Duckett	Court Administrator
	Anthony Solomon	Police Chief
	Mike Muckleroy	Director of Public Works
	Cathy Branco	Financial Consultant

BUDGET WORKSHOP:

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- ❖ Discussion of the following items related to the City of Montgomery 2019-2020 FY Proposed

Operating Budget:

- Summary

Richard Tramm presented a summary of the revenue for a \$.4000/per \$100 tax rate, which is \$.1888 for debt service that comes to \$513,808.67, \$.2112 for maintenance and operations that comes \$574,769.02. Mr. Tramm advised those numbers were worked on in conjunction with the Montgomery County Tax Office.

Mr. Tramm advised in the last several months sales tax revenue has taken a sharp upward turn. Mr. Tramm said he just confirmed today the City received in excess of \$100,000 of money from Pizza Shack that had been directed to Willis instead of Montgomery. Rebecca Huss asked who found that information. Mr. Tramm said it was through the tax person, but we had to bring it to their attention, so they did not discover it, we did. Mr. Tramm said this has made him question whether there is a better way to track the sales tax and if it is something the City might consider doing in-house versus paying a consultant. Rebecca Huss said those figures had been certified by the Tax Office, so those numbers are set and 15-20% of the budget is settled. Mr. Tramm said that it was pending their ability to collect the taxes.

Mr. Tramm advised the last three months of sales tax was up and the lowest was up 24% above the year before comparison. Mr. Tramm said 10 of the 11 previous months have been above the same month for the previous year, and some by double digits. Mr. Tramm said the last month of sales tax that was just reported, which was also a quarterly report, was just under \$400,000. Rebecca Huss said the actual number is \$1.5 versus an estimate of \$1.2 for sales tax. Mr. Tramm said there is still one more month of sales tax collection.

John Champagne said the City missed the budget by 10% on revenue, so if this is the case, we are over and in a deficit of \$110,000. Mrs. Branco said the City budget will be about \$400,000 over what they have, just with the sales tax. Rebecca Huss said the process is very difficult because they are working with three different sets of numbers. Mr. Tramm said he would make sure the numbers are updated regularly. John Champagne said the 2019 estimate is showing revenue of \$3,386,475 and asked what they are adjusting that figure to. John Champagne said when they compare the 2020 budget, they always compare it with the 2019 budget as opposed to actual. Mr. Tramm said it would be better compared to actual numbers. Rebecca Huss said she agreed 100% because what they have spent seems the best figure to go with. Rebecca Huss said the revenue is about \$400,000 above what the previous estimate for 2019 is, which is closer to the budget revenue estimate. John Champagne asked if they were going with \$4 million in revenue. Rebecca Huss said they were back to \$3.7 million in revenue. Mrs. Branco said in the future is City Council saying they would rather not see the budget compared to the previous budget. Rebecca Huss said they would like her to switch the estimate and budget columns, and they should still see what they have budgeted for the current year. Mr. Tramm said the second and third columns need to be switched.

Rebecca Huss said Kroger had its first full year in the last fiscal year, so it is not a surprise that the last fiscal year was such a strong year on revenue growth. Rebecca Huss said the City also paid it out in expenses because we owed 75% of that money back to Kroger per the agreement.

Mrs. Branco asked about the \$739,000 in sales tax in lieu of ad valorem taxes, where it is being shown as revenue and said she did not know where that was coming from. Rebecca Huss said that it is supposed to be the extra .5% sales tax for the City for property tax reduction.

Mr. Tramm noted corrections to the budget figures as follows for the proposed budget:

Page 7,

Health Insurance – should be \$34,000

Dental Insurance – should be \$3,025

Life & Disability – should be \$250

Payroll Taxes - should be \$31,500

Retirement – should be \$22,700

John Champagne asked about wages and asked if the current figure was correct. Mr. Tramm said that was correct. John Champagne said they showed an 8.2% change when in all actuality it is a 16% change. Mr. Tramm said the biggest drive of that item was getting a financial person on staff, plus there is an increase in salary for the City Administrator from last year. John Champagne said he did not see the funds for the financial person. Mrs. Branco said they had \$45,000 for expenses. Mr. Tramm said that position is also factored into the insurance. Mr. Tramm said the City currently also has the outgoing and current City Administrator on the insurance at the end of the year. John Champagne asked if they had a candidate earmarked for finance. Mr. Tramm said the position is being advertised and there are several applications. John Champagne asked what the proposed salary would be. Mr. Tramm said it would depend partly on qualifications, but it was between \$45,000 and \$55,000, with a little flexibility to go up with the right person. Mr. Tramm said Mr. Yates advised him that they split the financial personnel costs 50/50 between the administration and the utility fund. Rebecca Huss said this is the first time they have heard this and asked if this was a fair representation of the amount of time that should be allocated for each. Mr. Tramm said Mrs. Branco could answer that question. Mrs.

Branco advised she spends about 50/50 between utility and general fund and said utility has been a great deal of her time over the past few years. Rebecca Huss stated the money that comes through the front window paying for utilities is an expense that goes to the water and sewer fund, not one that goes toward the utility department, which is parks and recreation and streets. Mrs. Branco said her way of thinking is that the utility fund (water & sewer fund) should share in the cost. Rebecca Huss said she agreed, she was saying the streets were different than the water meters and billing, and if that is what is taking up most of your time, then we are not accounting for it properly in this budget. Mrs. Branco said it does not take her that much time anymore. Rebecca Huss said in this budget they have 50/50 between the general fund and the water and sewer fund. Rebecca Huss asked if it was split between the water and sewer fund or the utility fund. Mr. Tramm said it was the water and sewer fund. Mrs. Branco said most of the invoices that she prepares and accounts for are half and half.

Mr. Tramm said continued with the proposed budget corrections:

Page 11, Health Insurance – should be \$81,000

Dental Insurance – should be \$7,260

Life & Disability – should be \$600

Payroll Taxes – should be \$71,700

Retirement – should be \$51,600

Overtime and Wages - \$841,929

Page 15, Health Insurance – should be \$20,300

Dental Insurance – should be \$2,000

Life & Disability – should be \$150

Payroll Taxes – should be \$12,450

Retirement – should be \$9,000

Page 19, Health Insurance – should be \$34,000

Dental Insurance – should be \$3,025

Life & Disability – should be \$248

Payroll Taxes – should be \$15,750

Retirement – should be \$11,400

Rebecca Huss questioned why the payroll taxes on page 19 went down from the previous year. Mrs. Branco advised the payroll for this year is already up to \$213,000 for year-to-day. Mr. Muckleroy said he did not know where such a high figure came from for wages, and he was wondering if Mr. Yates pulled a portion of his salary out of Public Works. Mrs. Branco said yes Mr. Yates was paid out of that account and the general fund. Mr. Muckleroy said he did not calculate the department wages, stating Mr. Yates always did those calculations. Mrs. Branco said there were five of the workers in general fund and two, Mr. Muckleroy and the permit clerk out of the utility fund.

Page 21 - Street Lights – should be \$13,500

Page 25 – two revenue errors

Water Fees – should be \$675,000

Tap Fees and Inspections – should be \$455,000

Rebecca Huss asked if the sewer fee stayed at \$507,000 if the water fee is \$675,000, because the relationship between water and sewer seems to be splitting, and they are no longer the same relationship as in past years. Mr. Tramm said his expectation was they are remaining the same. Mr. Tramm said his understanding in talking to Mr. Yates is that this was going to be the third year of three consecutive years of rate increases, but he has recently been told that the three consecutive years have been done. Rebecca Huss said there was a little bit of catchup they had talked about, but nobody had serious enthusiasm for doing.

John Champagne asked, based on his experience, what did Mr. Tramm feel the ratio tends to be. Mr. Tramm said he thought they generally needed to be calculated individually and there does not have to be a ratio. John Champagne asked if there was an absolute trend that Mr. Tramm could factor in to water and sewer. Mr. Tramm said wastewater tends to be two to three times as expensive as water due to the treatment, but those depend less on direct comparison and more on the actual factors of the expenses due to construction or maintenance of the facilities. John Champagne said they are going to have to figure something out versus throwing darts in the dark because the ratio is not consistent with previous years. Rebecca Huss said in the very least if they go from \$560,000 to \$675,000 and the sewer revenue only goes from \$492,000 to \$507,000, that seems like a lot of losses

per flush. Mr. Tramm said he would take a closer look at that category tomorrow and get back to City Council at the Thursday Workshop.

Mayor Countryman said the 2018 Solid Waste Fees, the 2018 actuals, the budget was \$104,000 and we are at \$135,000, and they only went up \$3,500 and asked why we would not add the \$20,000 increase. Rebecca Huss said that was trash and would be the number of homes or businesses and might not be a very big number. Mayor Countryman said the permits are trending upward, so she would think that would not just be a slight increase of \$3,000. John Champagne asked how hard that would be to estimate. Rebecca Huss said the question would be whether it came off expense, because it should be net, and as far as she knew it was a pass-through. Mr. Tramm said looking at the actual numbers for the revenue of solid waste, 25403, the year to date revenue on that item is \$114,000, not \$135,000 as shown in the estimated category. Rebecca Huss said Garbage is \$113,000 proposed for 2020, so they should really have it at \$114,000 so that it will be a wash because they do not make money on that. Mr. Tramm asked Mrs. Branco if there would be another month for those figures. Mrs. Branco said the solid waste revenue is only through July, so they have two more months. Rebecca Huss said whatever figure they choose then it should match on the bottom so that it is a wash. Rebecca Huss said garbage on page 28 should be changed to \$138,500 to match the other page.

Page 27 – Health Insurance – should be \$13,500

Dental Insurance – should be \$1,200

Life & Disability – should be \$100

Payroll Taxes – should be \$29,800

Retirement – should be \$21,500

John Champagne asked about the wages. Mr. Tramm said the wages of \$350,000, which include the other half of the bookkeeping position, and a potential project manager position. Mr. Tramm said there is potential consideration, not necessarily hiring someone full-time for that position, but looking at contracting that out. Mr. Tramm said if they want to go to funding that position, that would take over some of the inspections that are currently going to the engineer. Mr. Tramm said they could try and bring in someone who would be more directly representing the City for the City. Mayor Countryman asked what the current Building Inspector charges for inspections. Mr. Tramm said it varies by type of inspection, between \$50 and \$200. Rebecca Huss said she feels they get good value from Rick Hanna and he does something very specific. Rebecca Huss said it would be interesting if they

could find someone to do the lower cost, high value things the engineers do. John Champagne asked for examples. Rebecca Huss said they attend meetings where they represent the City, where they don't need a professional engineer to attend. Mr. Tramm said when the engineering work is in progress the engineering firm has an inspector go out, it is not always the engineer, where instead of paying \$150 we could be paying \$65 per hour to someone who is experienced and knows what they are looking for and would represent the City, without it being a staff member. Mr. Tramm said if it is someone on contract, then they would not have the insurance and all the benefits to pay. Mr. Tramm said he wanted to get the feel from City Council as to whether they would be supportive of this position being contracted out. John Champagne said he is always about contracting over staff. Mr. Tramm said if the contract position did not work out, you can stop the contract, it is not like you must get rid of an employee.

Mr. Tramm advised the Municipal Accounts numbers are on page 28, which has \$45,000 for accounting fees in the general fund and \$45,000 in the utility fund. Mr. Tramm said when they hire someone in finance it will offset the hours for Municipal Accounts, and maybe other options after that.

Page 29 – Property Insurance should be - \$28,000

Page 30 - Capital Outlay Sewer Treatment Plant Improvements should be - \$50,000

Rebecca Huss stated there was no transfer out for debt service in the Water and Sewer Fund (27001.2) this year. Mr. Tramm said that was an issue they had at the last moment when they communicated with the Tax Assessor's Office. Mr. Tramm said by putting that in there it threw off the tax calculations and that number had to be applied against the debt service before the calculations for property tax. Mr. Tramm said it changed the effective tax rate down far enough that it changed the rollback rate below the current effective tax rate. Mr. Tramm said if the City wants, later they could choose to apply the funds to debt service and they can do that, but by putting it into the budget that way it threw all the calculations off. Mr. Tramm said the tax laws are changing and next year if you go up more than 3.5 percent, you automatically trigger an election and the current rate for that is 8 percent.

- General Fund Revenue
- General Fund Expenses
 - Administration

- Police Department - Police Chief Solomon presented his proposed budget to City Council.

Rebecca Huss asked what type of plan the department must get for a 75% reduction in the telephone rates. Chief Solomon said first they looked at those phone rates, and for about seven months they were using both AT&T and Verizon, which doubled their bill. Mayor Countryman said the previous Chief never turned off the original service when they switched to AT&T. Chief Solomon said they were using air cards in the cars and so everything was being charged on the bills, which was doubled. Chief Solomon said he did not know why the City was providing every officer a telephone and said when an officer comes to work for the City, they understand they are on duty 24-7 and they must answer their phones. Chief Solomon said if they are going to have the supervisors' phone because they get more calls than the officers, they can either give them a stipend or they can keep their phones, but they don't need phones for everyone. Chief Solomon said they have been putting in \$3,300 for a phone bill that has been going over \$10,000, not just this year but probably last year. Chief Solomon said they should be able to keep the phone bill under \$10,000. Chief Solomon said they have one company AT&T and the air cards in the cars are constantly running. Chief Solomon said there are two things, the phones and the mobile data terminals (MDT's). Chief Solomon said the MDT's are at \$13,000 with about two months remaining, but the phones will have to be increased from the \$3,000 because it had hit \$6,800 for 2018. Mayor Countryman asked if the MDT number would have to be increased if there are more officers added. Chief Solomon said it would not for what they are going to because it is one charge per officer, but the phones would need to be increased another \$3,000 for a total of \$6,000.

John Champagne asked about the Sergeant Investigator position, and whether it would be in addition to the two Sergeants they currently have. Chief Solomon said that was correct. John Champagne said he did not see anything about a Lieutenant and where his duties fell in an investigation or managing the patrol officers. Chief Solomon said the Lieutenant will manage both the divisions, Patrol Sergeants and the Sergeant Investigator because the Investigative Sergeant will also be used as the patrol division. Chief Solomon said with the increase in incidents, they need someone that can focus on investigations and they plan on splitting those times with the investigators and the patrol sergeants. Chief Solomon said since he has been here, he has never seen a full Sergeant that has been here past midnight because they normally go home at that time,

and they should have a Sergeant here at least until 2 a.m., and he will split with the other Sergeant. Chief Solomon said there have been several cases recently that have taken a lot of items, and he has also proposed for another patrol officer so they will have two officers on each shift along with those supervisors. John Champagne asked if the Lieutenant would be supervising the supervisors. Chief Solomon said that was correct, they are assigning projects that should have been done long ago and the Lieutenant needs to be overseeing those things. Chief Solomon said they have also proposed for the part-time warrants officer to be at 32-hours instead of 18-hours, which will help them get training. Chief Solomon said what he is hearing a lot of is the lack of training, which the officers are having trouble getting off duty to get the training, so they can bring in an inside trainer, which this in house person is certified in training, and works for us part-time. Chief Solomon said they will increase his hours from 18-hours to 32-hours, and he will take care of the training. Chief Solomon said they have already set up a shooting drill with the school and other agencies that will take place on December 23, 2019. Chief Solomon said the Lieutenant will need to have an eye on all those activities. John Champagne asked about the warrant officer, stating he is seeing the proposed revenue flat to negative and they are going to increase our cost for less revenue. Mrs. Duckett, Court Administrator, advised the warrant officer would be divided between the Court and Police Department. John Champagne asked if they were going to use the warrant officer for the street. Chief Solomon and Mrs. Duckett advised he would not be used for street duty. Mrs. Duckett said she had discussed this information with the Chief, and for the training purposes, his salary would be divided between the two departments, but his first call of duty will be to the Court and warrant. John Champagne said he understood, but looking at the information, the City will be paying more for less. Rebecca Huss said for 20 hours the Court pays and then 12 hours the Police Department will pay. Chief Solomon said they are taking the warrant officer to 32 hours, which would be four days per week. Rebecca Huss asked who would be paying for which hours. Chief Solomon said the Court has been paying for 18 hours, and the Police Department would pay for the balance. Chief Solomon said the warrant officer will also be used by the Police Department as their training coordinator, he will be the in-house trainer. Chief Solomon said the officer was certified and they have an MOU with the City of Tomball that will give our officers a range to go to where they can do their practice, and they are changing up their firearms for the officers too. Rebecca Huss asked the Chief if he was paying for the extra 14 hours a week for the training. Chief Solomon said he would be paying for the other hours. John Champagne

said that makes a lot of sense to him. John Champagne said it would help him, personally, to have a description of what these people will be doing. Chief Solomon advised he had provided the information in his letter. Rebecca Huss said her question was they are looking at a deficit budget, and a big expansion in over expenditures of which personnel are a big part of, and while on paper and explanation wise it definitely makes sense, the question is if the City is not raising taxes and they are not going to have a deficit budget, something has to give. Chief Solomon said they looked at the information and he had a conversation with the City Administrator, and one of those things is they are looking for the investigative officer and said they need both officers. Chief Solomon said they can hold off hiring at least one of those positions until January 2020.

John Champagne asked if the proposed organizational modification will give the officer more time to be on the street in the event of a DUI and asked if the supervisor can fill in if the officer must transport the prisoner to Conroe. Chief Solomon said those are the type of things they look at because it takes an officer going to Conroe to book a prisoner about an hour and a half and it leaves the street bare, so with them bringing in the other officer, they will have an officer and with them changing the schedule of the Sergeants, they will also have a Sergeant on duty. Chief Solomon said that will make sure the City is not uncovered at any point.

Mayor Countryman asked about the computer web site item listed, which last year was \$25,000 and this year it is \$16,342. Chief Solomon said he reduced that item down to \$10,000 because they already are redoing the web site. Chief Solomon said there was a lot of redundancy in the previous year's budget. Mayor Countryman asked why Copsync, last year was \$6,800 and this year it is \$7,800 and then they are going to \$14,393. Chief Solomon said Copsync was purchased in 2014 and a year after that Copsync went bankrupt and was bought by another company that has not done anything with Copsync. Chief Solomon said Copsync was purchased as a reporting system and said it is not and was never meant to be a reporting system, it was meant to be a data system where you received information. Chief Solomon said they did not get the RMS System for the reports. Colagic purchased Copsync and they have a reporting program they are going to split up over three years for \$14,093 a year for a total of \$44,000. Chief Solomon said they will be adding a new system onto what they have. Chief Solomon said the new system will also download when an officer writes

a citation in the car, it will automatically download to the Court. Chief Solomon said the system should have been doing that all along, but someone requested that the system not do that, which he was not sure why they did that at a cost to the City. Rebecca Huss said Mrs. Duckett will have less work because they will not have to data entry everything because it will automatically go into the two locations. Mayor Countryman said they potentially will see more revenue coming in because every ticket will be accounted for and have a dollar amount. Chief Solomon said the Court will not have to manually type in the information, it will automatically download the information into Incode.

Rebecca Huss asked about item 17071.8 miscellaneous. Chief Solomon said he had asked the same question, and said he understood that it has been used over the years for any projects that came up during the year. Chief Solomon said he thought that everything was put into the budget that they would need and said the only thing that he thought it could help them with was the anticipation of not having enough room with hiring new people because they are running out of room. Chief Solomon said they took that amount down from \$25,000 to \$12,000 because last year they budgeted that for the property room. Mr. Muckleroy said that figure included the air conditioner for the server room. Chief Solomon said he kept it on \$12,000 just in case. Mrs. Branco said if they don't need capital outlay miscellaneous, he might want to put it under contingencies they could use in the same way.

John Champagne stated he was seeing a 43% increase in wages at \$246,000 and then he was also seeing a 76% increase in capital expenditures. Chief Solomon said when they are looking at the wages, they did not have a Chief of Police for about four or five months, they were also down three officers, two were hired before he was hired, and they held off on one officer. Chief Solomon said they had about four positions that were not covered, and those four positions would have come to approximately \$63,000. Chief Solomon said when you add that figure it would have gone over the \$708,000. John Champagne asked if to get the salaries up, whether it would be worth having the department use less expensive vehicles. Chief Solomon said he sent out a bid to look at the Ford Explorer versus the Tahoes they currently use, the Ford Explorers came back at \$47,000, with the equipment they currently use, and the Tahoe comes in at \$41,000 with the same equipment. Chief Solomon said in the past they would order the vehicle with no equipment for \$37,000 and then they spent another \$17,000 to get

it equipped. Chief Solomon said the figure of \$82,200 is with the vehicles ready to go except for the decals on the outside of the car. Chief Solomon said the Tahoes came in lower. Chief Solomon said they still have another vehicle to replace. Chief Solomon said they have had three vehicles crashed into. Rebecca Huss asked why they are not showing up in the year to date expenses. Ms. Hensley advised they have received the insurance funds, but they have not paid for the replacement vehicles yet. Chief Solomon said they have ordered two of the vehicles, which have arrived in Houston. Rebecca Huss said if the vehicle has been ordered prior to the end of the year they should be shown in the 2018-2019 budget. John Champagne asked how much the insurance pays toward the vehicle. Ms. Hensley advised the vehicles that were paid out were different age vehicles, one vehicle was \$14,500, \$15,400 and the last one was approximately \$13,000. Rebecca Huss said the three replacement and one new vehicle need to be ordered before the end of the fiscal year. Mr. Tramm asked for clarification that they need to get ready for City Council to approve one replacement vehicle, which the insurance check has been received and one additional vehicle. Rebecca Huss said no she was talking about the three vehicles that have already been approved by City Council and are in service but are being replaced, but the fourth vehicle, which has been budgeted for the 2019-2020 budget. Mr. Tramm confirmed that City Council wanted to purchase the new vehicle from the proposed 2019-2020 budget, to be purchased out of the 2018-2019 budget. Mayor Countryman said then they could put another new vehicle purchase in the 2019-2020 budget.

John Champagne asked about page 11, Item 16357 – Auto Repairs and asked if they had \$2,423 in auto repairs for the police. Mrs. Branco said that was not correct. Mr. Tramm said the figure is currently \$7,200. John Champagne said they will have a new fleet and asked if they were going to go from \$7,200 to \$15,000. Mrs. Branco advised the money from the vehicles has been coded to repairs. Rebecca Huss said if the insurance money has been coded to repairs then it should be corrected to go against the purchase of the new vehicles. Chief Solomon said he would stagger the two new hires during the year. Mr. Tramm said after the first of the new year they would advertise for the positions. Rebecca Huss said she would rather see the patrol officer first, because that is the position the citizens feel they need. Chief Solomon said they had one other position to fill this year.

Mayor Countryman asked why the cost for Watch Guard went down on page 15 from \$55,025 to \$42,500. Chief Solomon said each year it looks like they have put in

\$55,000, and as best as he could tell they were using those funds for a camera system, radar system, and body cams. Chief Solomon said they currently have GTIN looking at the body cams, because they need the body cams since they have a body cam policy that will require them to have body cams. Chief Solomon said they took the numbers and instead of \$55,000 they took the numbers they need to purchase the equipment, which came to \$37,000, so they put \$42,000 in the budget.

Mayor Countryman asked when the Chief anticipated getting the body cams. Chief Solomon said the body cams are enroute now. Chief Solomon said they have new Motorola radios for the number of new people, which came to about \$15,000, which is included in this part of the budget. Chief Solomon said they had funds from last year's budget that they used to purchase the body cams and two camera systems.

Rebecca Huss said she felt like she needed to look at the revised numbers to get a clear picture of the proposed budget.

Court - Mrs. Kimberly Duckett, Court Administrator presented her proposed budget to City Council. Mrs. Duckett said she thought that she was on budget. Mrs. Duckett said she had discussed with the City Administrator about an extra person to help the Court. Mrs. Duckett said the Court numbers been a little bit down because some of the high-ticket writers are working more time in the office on cases. Mrs. Duckett said she went down in some sections of her budget but increased postage due to the warrant officer sending out more notices.

Mayor Countryman asked about the collection agent item in the budget for \$40,000 and asked what that included. Mrs. Duckett said they use Purdue Brandon as a third party. Mayor Countryman said if they have used \$8,900 this year, why are we still budgeting \$40,000. Mrs. Duckett said in the past that is what they did, sending more to the collection agency during that time frame, but since she has the warrant officer he is actively working, and they do collections as well. Mrs. Duckett said they send the information quarterly instead of monthly. Mrs. Duckett said the State of Texas requires them to send more letters to delinquent people to try and get them to pay. Rebecca Huss asked if they could control that cost, so if they set a budget of \$20,000 and when they got to \$20,000, they could be done. Mrs. Duckett said they could but said it would be hard to arrange that because they have more volume in different

months. Rebecca Huss asked if the warrant officer had worked the entire 2018-2019 year. Mrs. Duckett said no he did not. Rebecca Huss said in general her thought would be no to an extra person unless they hit a predetermined trigger of business because she did not want to hire somebody because there is room in the budget. John Champagne asked if they could contract someone to train and work on an hourly basis. Mrs. Duckett said the warrant officer does not work the window. John Champagne asked how the warrant officer is being paid. Mrs. Duckett said he was being paid hourly as a part-time employee. Rebecca Huss said her preference moving forward would be fine with leaving the number in, but it is also our duty to the taxpayers to be prudent with their funds. Mr. Tramm said regarding the staffing he wanted to be clear that he understood what was being stated, that they were going to leave the funds in the budget. Rebecca Huss said that was correct the funds would stay in, but the staffing would not happen unless there is an actual determined workload trigger. Mr. Tramm said when the workload requires staffing, he will address it at that time. John Champagne asked if they were talking about the warrant officer. Rebecca Huss said no she was addressing the additional staff for the window because the warrant officer works 20 hours a week regardless of the window. Mrs. Duckett said if she could not get a full-time person, she would prefer a part-time person. Rebecca Huss said not just because it is in the budget, but if there is an actual need for the position. Mr. Tramm said it would not be just someone to sit there, but when they have enough people coming in, they would need the person. Mrs. Duckett said with the increase to the Police Department, their Department functioned before as a full department. Mrs. Duckett said there is constant work to be done.

Mrs. Duckett said she did ask for additional funds for a jury import system, but she spoke to Tyler Technologies, and the system they have can be used to pull the jury list and will save them about \$3,000. Mrs. Duckett said there are a lot of things they are not using in Incode that they should be using, which will help them be a lot more efficient.

- Public Works – Mr. Mike Muckleroy, Director of Public Works presented his proposed budget to City Council. Tom Cronin asked if they had ever considered increasing the rate to rent the Community Building because looking at the numbers, what they spend is a lot because they spend a lot more on utilities, supplies and maintenance repair. Mr. Tramm said he wanted to discuss that with City Council. Mr. Tramm said while there

is a rental fee for the Community Center there has been a policy of certain non-profit groups using the facility at no cost, so he wanted to know if that was something City Council wanted to continue doing. Tom Cronin said he thought they should cover some of the costs. Mr. Tramm said even if someone is utilizing it at no cost, the City still has expenses. John Champagne said being in the hole on all these cost points, Fernland, Memory Park and the Community Center adds up, and he feels they should cover your costs. John Champagne asked how much the City was losing on the rentals. Tom Cronin said they budget \$6,000 in revenue and it costs about \$12,000-\$14,000. John Champagne said that would be someone's raise. Tom Cronin said it could be equipment for the Police Department or any department. Mr. Muckleroy said the general discussion regarding the Community Center happened about two and half years ago and said they came up with a proposed rate structure that was very simple, took it to Mr. Yates and they also proposed a \$25 non-profit rental fee. Mr. Muckleroy said what Mr. Yates took to City Council was completely different from what they had put together, which was what was approved, and they followed. Mr. Muckleroy said he was never a fan of giving the Community Center away to people that come in weekly and never clean up after themselves and said he did not agree with free rental. Rebecca Huss said she would not be opposed to a \$25 fee stating she felt it was something that would at least cover the utilities. Mr. Muckleroy said they have a couple of people that use the facility weekly for bible study and said he has never been a fan of free use. Mr. Tramm said when those groups use the facility somebody else that might pay can't use the facility. Mr. Muckleroy said they had a meeting a couple of weeks ago to get a plan together to take to Mr. Tramm and this subject was covered and they want to get something going on the nonprofit rental and change the rate structure to simplify it. John Champagne said he was all about bible studies and said if they went to a restaurant it would cost \$4 per person, which is \$160. Mr. Muckleroy discussed the biggest need for the City Park and said they needed to have a Park Board formed. John Champagne said Cedar Brake Park needs to be just like Homecoming Park and handled by the City. John Champagne said the management of Cedar Brake Park needs to be changed to the City.

Mr. Muckleroy outlined his information as follows:

Page 19 – Mr. Muckleroy said he was putting in for one additional person to be hired mid-year out of the water and sewer fund. John Champagne asked how many people Mr. Muckleroy has on his staff and how many vehicles. Mr. Muckleroy advised he has five employees and four trucks. Mr. Muckleroy said this will allow them to have

one person by themselves, with two two-man crews and a foreman. Mr. Muckleroy said he has a truck; the foreman has a truck and the two crews have a truck. John Champagne said they want another truck for one of the crews and then they will convert one of the trucks into the one-person truck, with a utility bed on the back. Mr. Muckleroy said they purchased a truck last year with a utility bed, which has worked out well and keeps everything on the truck ready to go and they don't have to make multiple trips to the yard or water well to get things.

John Champagne asked where he could find the engineering costs, because he saw it in general fund, and asked if the engineering costs listed here is Jones & Carter. Mr. Muckleroy said yes. Mr. Muckleroy said the number was provided by Mr. Yates for engineering. John Champagne asked what the plan was to reduce the engineering costs. Mr. Muckleroy said Mr. Yates' plan last year was to hire an in-house engineer. Mr. Tramm said there might be opportunities in the water and sewer fund category where they talked about a project manager position that might be able to help, and said he has not explored the options specifically for this category, but he thought if they had that person they could use them for multiple purposes. Rebecca Huss said for Inspections/Permits she had a problem with the numbers because there is a revenue portion of it that shows up in Page 4, Section 2, under the building permit line, and said the estimate of \$325,000 is for this year and if you go to Page 19, the \$231,000 gives a margin of about 30% and the estimate of \$275,000 for the budget and the cost of \$128,000 gives a margin of 50%, so she did not think they had discussed making a lot more money off of the inspector coming out and doing inspections. Rebecca Huss said the Inspections/Permits number on Page 19 needs to be \$192,500 because it is an outsourced business. Mr. Tramm advised the amount would be changed.

Rebecca Huss asked that next year they have a google spreadsheet, even if it is locked so they will know the cumulative totals of the changes. Rebecca Huss said it would be a lot easier to see where we stand on the budget.

Tom Cronin asked if the City has an exclusive contract for engineering with Jones and Carter. Rebecca Huss said they have a contract for City Engineer, Bill Kotlan and said an option they should consider when they have big projects is the City should either be value engineering them or going out for RFQ's. Rebecca Huss said the smaller projects no, but yes for the bigger projects. Mayor Countryman asked whether bigger would

mean dollar amount or what would that mean. Mr. Tramm said with engineers that would be a dollar amount. Rebecca Huss said Bill Kotlan said the value engineering thing costs \$10,000 to \$12,000, so the cost of the project would have to be fairly significant in order to make the needle move on the benefit of value engineering. John Champagne said he would just like to see three proposals. Mr. Tramm said engineering services are professional services, you can't request proposals, you must request qualifications for the job. Rebecca Huss asked if they must tell you how much it will cost to complete a project. Mr. Tramm said yes, but there is a different legal standard.

Rebecca Huss said there are streets listed on two different line items on Page 19, Item 16375 Street Repairs, and said she liked the Preventative Maintenance on Streets, and on Page 21 they also have Contract-Labor Streets. Mr. Muckleroy said the Street Repairs Item 16375 has always been used as what his department is doing in-house for materials and labor. Mr. Muckleroy said Item 16002 Contract-Labor Streets is used for contractors. Tom Cronin said Item 16375 is used for in-house labor and asked if there was another Item when they use the County. Mr. Muckleroy said that would come out of Item 16356-Contract-Street Labor, which is the item they use for the County, or when they are doing the parking lots, etc. John Champagne asked if it was an understatement to say in the City of Montgomery, they have earmarked for repairs \$70,000 for streets. Mr. Muckleroy said that was correct. John Champagne asked if Mr. Muckleroy thought that the amount was a little light because he did. John Champagne said one of the things that he is going to adamantly ask for is capital expenditures for streets and street repairs. John Champagne said the tar they have used to do repairs has done some good, but there are some places where the streets are sinking. Mr. Muckleroy said there are some places where the streets are beyond the tar repairs. Mr. Muckleroy said they survey the streets prior to crack sealing, not City-wide, but a section at a time and the next section will be the Caroline and College Street area. Rebecca Huss said she thought they were doing a City-wide survey of the streets. Mr. Muckleroy said he had put in a call to try and get an electronic survey of the streets done, and he did not have a good response. John Champagne asked Mr. Muckleroy if he felt he could evaluate the streets. Mr. Muckleroy said they could evaluate the streets by looking at them, he wanted to have a company come in and drive the streets with special equipment that would scan them and grade them on their quality. John Champagne asked if that was in the budget. Mr. Muckleroy said it was not. John Champagne said the streets need to be looked at and it needs to be part of this budget

because it is out of hand. John Champagne said he spoke to someone with Montgomery County that worked on Mason Street and he knew what he was talking about and asked if we have accessed their expertise to evaluate streets and asked who they use to get that done. Mr. Muckleroy said he did not know who they used. Mr. Muckleroy said when they come out and look at a job for the City, they come out and inspect it themselves. John Champagne asked if the City could not access that expertise. Mr. Muckleroy said that was possible and was a good point.

Mayor Countryman asked about the maintenance for Memory Park and Cedar Brake Park on page 20. Mr. Muckleroy said he put an additional \$15,000 in Memory Park to do some sidewalks in that Park because they still have one main area that when it rains, it is on enough of an incline that they are doing granite repairs. Mr. Muckleroy said they eliminated that problem in Fernland Park a year and a half ago and they now have zero maintenance on the sidewalks. Mr. Muckleroy said he would like to do this one area which includes the Butterfly Garden back down to the other section that they have already concreted towards the crosswalk on the creek. Mr. Muckleroy said he wants to start where you come from Fernland, the concrete makes the corner and go up to the Butterfly Garden and extend about 30 feet past that area. Mr. Muckleroy said he felt that would get them to the point where everything is flat enough that they won't be doing maintenance over there. Mr. Muckleroy said it was an additional \$15,000 for that project alone.

John Champagne asked where the water cost was in maintenance for Memory Park. Mr. Muckleroy said it was not in maintenance, it is in utilities. Mr. Muckleroy said he felt they had made a major dent in the problem at Memory Park. Mr. Muckleroy said they were still working on replacing the two-wire system. Mr. Muckleroy said they had a contractor come out and tell them where the sprinkler heads needed to be placed and they made a dramatic decrease in the water. Mr. Muckleroy said they have also had Margie Barrow, Rotary Member and Master Gardener, walk the Park and make suggestions. Ms. Barrow wanted to up the time by a full day on the watering because there were a couple of areas that were not getting water, and he said he told her no and said they need to evaluate the system. Mr. Muckleroy said with the re-evaluation they lowered a run cycle from 470 minutes to 401 minutes, and some others that were running 30 minutes were reduced to 10 minutes. Mr. Muckleroy said in the last week the run times have been running about 7,500 gallons per run, and last year they were

running between 12,000-15,000 gallons per run at four days a week instead of three days a week like they are now, so they have made a major dent in the problem and should lower the water bill significantly. Mr. Muckleroy said if the two-inch line busts as it did two months ago, and they had 99,000 gallons lost with one leak overnight, they can catch it the next day.

John Champagne asked how they measure the water used to fill the pond. Mr. Muckleroy said as of right now they have not used water to fill the pond for over a year. Mr. Muckleroy said the pond is low right now and he is hoping that he does not receive a call to add water to the pond because that is the agreement they have with them. Mr. Muckleroy advised they have a meter on the pond with a curb stop and lock. Mr. Muckleroy said he added \$5,000 each to Cedar Brake Park and Homecoming Park for replacement of the doors on the restrooms, which are rusting out.

John Champagne asked if they were going to get an MEDC Budget. Mr. Tramm said he was working with Julie Hutchinson, MEDC Treasurer, and they are setting up a draft MEDC Budget. Mr. Tramm said he has set a date to meet with Ms. Hutchinson to work on the draft budget, and now he will schedule an MEDC Budget Workshop and then it will be sent to City Council for approval. John Champagne said there was a lot of money in MEDC for streets and sidewalks.

Mr. Tramm said staff will work on the changes to the Proposed Budget and then it will be sent out to City Council.

- Debt Service Fund
- Water & Sewer Fund

Rebecca Huss asked if they could get more detail on the assumptions because she felt like she needed more of Randy Burleigh's information on what assumptions have gone into the water/sewer revenue in terms of increases and what that does to bills at each level. Rebecca Huss said it might help to have an interactive map they can put up on the screen. Mr. Tramm asked to confirm that the City had increased the water rates for the last three years as part of a three-year plan and asked if there was a desire to look at another rate increase or should they take a year off. Mayor Countryman said she felt they should take a year off because she has already been receiving calls. Mr. Tramm said when he gave City Council the updated number that was \$100,000 off that factored in a \$28,300 rate increase, which

he will back out of the budget. Mr. Tramm said if they are leaving the rate the same, he can adjust that number and it will go down by \$28,500, then the assumptions are just based on population growth and current rates. Rebecca Huss said she thought there was still some room in the three year assumption for residential water rates, she thought they moved the water rates for the top tier up to the original target and they left the lowest level alone, which was the original intent. Mr. Tramm said at this point it might be better to leave that alone because they can always consider that later.

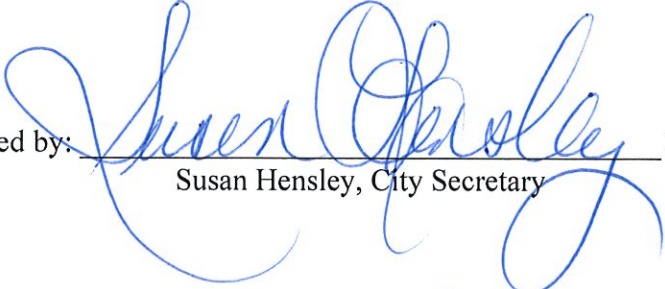
John Champagne asked if there was an economy of scale with water and sewer like everything else. Mr. Tramm said yes, if they consider the wastewater treatment plant, it is handling 40% of its capacity, you will have minimal costs as that grows to 60-70%, operations costs will increase as you start approaching 75%, and once you hit 75% you are required to be in planning for either expansion or your next phase. Mr. Tramm said anytime you are sitting between 25% and 60-70% you limit costs, while you are increasing that amount of flow, but you are getting the revenue for every new person you add on. John Champagne said his point was when he looks at larger municipalities and their rates are lower, so there must be an economy of scale. Mr. Tramm said there definitely is and where he was before they had almost 6,000 retail and another couple thousand wholesale connections, and they had the lowest rates around because they had six large treatment facilities for drinking water, but they did not have to operate all at the same time. Rebecca Huss said Jones and Carter told the City their estimated was 1,250 but if they got a giant sewage treatment plant it could be 850, which is a big difference per thousand. Mr. Tramm said there is also capital costs to get there, you build a larger wastewater facility, while the percentages still apply you have a much greater volume of what those gallons are and the number of people you can put on them.

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

❖ Discussion 2019 Tax Rate

ADJOURNMENT

Mayor Countryman adjourned the Workshop at 8:35 p.m.

Submitted by:  Date Approved: 12/10/19
Susan Hensley, City Secretary


Mayor Sara Countryman

