

BUDGET WORKSHOP, TUESDAY, AUGUST 23, 2016, 6:00 P.M.

The Mayor and City Council met on Tuesday, August 23, 2016 at 6:00 p.m. for a budget workshop on the proposed budget for Fy 2016/2017 with the following members present: Mayor Pro Tem Rivas, Council Members Robinson, Lee, Garcia and Gonzales; City Manager Squyres and City Secretary Raines. Mayor Diaz absent.

Mayor Pro Tem Rivas advised that this meeting was called for a workshop on the proposed budget for FY 2016/2017 and stated let's talk about what questions we have on it.

Council Member Robinson stated there were a couple of things he had talked to Lon about and ask him to pull some things for him and one of them was the benefits for our employees, that if you looked at some other places the one thing that we do not offer and he knew we were going to talk to TML this year about some stuff for next year, He stated that one of the big deals was dental which we did not have at all and ask Lon if that was correct.

Mr. Squyres advised that we did have two plans but it was entirely upon the individual, the city did not pay anything whatsoever and he had heard nothing but complaints on the policies.

Council Member Robinson ask if we had any vision , or was it a separate plan too and was advised that it was the same as the dental.

City Manager Squyres advise that with Obama Care federal law make you, as an employee, with children that are covered on your cover them with dental unless they prove to us that they have insurance and they have to sign an affidavit saying that they are providing dental for their family and if not we charge it on to them, but the city is the provider of it basically.

Mr. Robinson stated that he went by and talked with Lon because he knew that we really hadn't talked about health insurance in the budge, what was coming up and what we need to start looking at and he had ask Lon to start looking to see how bad it was going to hurt us

If we included dental and vision insurance

Mayor Pro Tem Rivas stated that he agreed.

City Manager Squyres stated that what prompted the conversation was that everyone who leaves the city now gets an exit interview and when anything meaningful comes out he tries to pass it along and since we are in this process, Gregg just happened to come by right after he did an exit interview with a police officer that just left us and he was going to Harris County and he just ask him to show him what he was making and he started talking about his second language pay, etc. and we aren't even close to the pay even after this increase and we weren't going to be, then he talked about all the money he was having to spend on dental work and that they would pay 100% of his dental insurance. Mr. Squyres stated that it used to be that we were pretty competitive on benefits other than pricing but if you look at the chart that he provided, most were very competitive, there were some that didn't do anything but most of them were very very small.

Mr. Squyres stated that for a year now we had been looking at another policy, we love TML, they insure the city on all of our liability, workers comp, etc , and from what we are hearing over the last few years they are doing a pretty good job on health insurance, they are not the provided, they sign on with United Health Care and he had talked with other cities at workshops and he hears nothing but good as far as satisfaction with TML. He stated that this year at the TML conference we were able to get into a no charge event, it is the TML Risk Pool and Health Care Benefit breakfast, he thought it was Thursday morning and if they can attend that, the organization is the host for that event there is a speaker for the event and it would be a nice occasion for them to ask questions about the insurance , they will meet other people who are insured by them and they are also going to have a booth at the conference as well, this will provide us all and opportunity to find out more about it prior to next year.

Council Member Lee stated that he did have the Harris County Insurance, that he kept it and they did pay 100% of most things, not all things but the County had to do a lot of research to put those things together.

The statement was made that Blue Cross was not as good as it used to be and Mr. Squyres advised that the policy we have is the best Blue Cross policy that Blue Cross offers to groups our size and yet it is still not as good as it use to be. He discussed the change in pharmacies and certain drugs.

Council Member Robinson discussed prescription cost with his insurance company which is Signa now but used to United Health Care.

There was discussion on some of the things that Blue Cross doesn't do such a wellness fitness, etc.. Mr. Squyres stated that another thing that he didn't like about Blue Cross was that our adult pricing was according to age, it doesn't matter if you have just had a double lung transplant , cancer or if you are a perfect picture of fitness, if you are 60 you pay this if you are 21 you pay less, that he meant the city pays, , there was no incentive to keep us from getting fat, lazy , etc.. He stated there would be changes to Obama Care this year and we have no idea what those were going to look like.

Council Member Lee stated that we could assume insurance rates were going up every year.

City Manager Squyres stated that typically he would think that was a safe assumption, that this year , in fairness to Blue Cross, this was the lowest cost elevation we had seen since he had been with the city, it was about 2%.

Council Member Robinson stated that he thought it was last year that we talked about this, that anybody who worked over 30 hours we give them retirement.

Mr. Squyres advised that it was health insurance, that Obama Care defined a full time employee at 30 hours and explained how you average it out over the year. He stated another thing with Obama Care was that you had to provide insurance after 2 months and we still had a 90 day evaluation period but 60 days into that they get health care.

Mayor Pro Tem Rivas stated that he would like to ask our department heads how they saw the health care the city was providing them with, would they see this dental and vision insurance increases as a benefit and a plus instead of an increase in pay, would they see that as saying well the city wasn't giving them a raise next year but they getting dental and vision insurance and the only reason he was bringing that up was because they know how expensive insurance can be, that was one of the options his company gave them and one way or another it worked out .

There were comments from the department heads that were not picked up by the sound system.

Council Member Rivas stated that basically did they see that as a benefit say for 2017, they would not give any raises because they were going to look for a vision and dental plan that would take care of that raise. There was general discussion on different vision and dental plans and the cost.

City Manager Squyres stated that from what he hears there is two different answers, if you are a lower end employee as far as wage range, he hears they can't take any more out of their check, they need every dollar on raises and for those employees; what we guide them to on family for example if they have children they are much better to get chip insurance rather than try to pay the 1/3 of it through the city so we provide some guidance there. For employees that make \$50,000 or above, they may not qualify for the chip but if they don't qualify for one of the plan he thinks they would say they wanted the money.

There was general discussion about a number of health plans on the market.

Mr. Squyres stated that health insurance was the second leading cost to the city next to salaries and we definitely needed to look into all options.

Council Member Robinson ask Mayor Pro Tem Rivas if the department heads answered his question and Mr. Rivas iadvised that he thought they did, that he saw a lot of head nod over there and he thought they would agree with that, he was not saying it was going to happen, it was just something to think about.

Council Member Robinson stated that he and Lon had been talking about trash and they knew that the new contract had increased and ask Lon if it was increased by \$9.00 per household. City Manager Squyres stated that compared to what we were paying now it was about \$8.00 per household.

Council Member Robinson stated that he thought council need to let Lon know how much did we want to push out, 30% this year or 40% to 50% this year and 50%next year, that they had to give him guidance on what they wanted out there because they were going to be the ones hearing it from the citizens and they had no control on the cost of trash going up but he just felt like they needed to let him know what to put in there.

Council Member Gonzales stated that the plan was to actually go 1/3, and next year 1/3 was that not right.

City Manager Squyres stated that was basically what was in there now and it was an adjustment from what we were already doing he stated that trash was very confusing because of the way it was billed, that for many years we had Dept. 21 which was called heavy trash or Sanitation and he explained how this had all been handled in passed

years and that heavy trash pickup had never been passed on to the citizens that what you see on your water bill is for wet garbage contract and Waste Management has not for years separated these two commodities , the wet and the heavy, we kept it apart and too this day we still do and that ends on October 1st, we are going to bill it differently, he discussed what we basically pay Waste Management right now about \$11.85 per month per household and we are passing on to the citizens today about \$9.16 with tax, about \$8.75 without tax and now we were going to be paying Waste Management \$18.17 and we were still negotiating the last phase of the contract and they were asking for a little difference on fuel adjustment , that we were able to get them down to a single index for inflation which was good but they were also trying to lower the threshold at which they can increase for fuel surcharges so the point is it is \$18.17 base but it could easily go up 1% to 5% depending on what fuel does and we don't know what that is going to be in the future and every year we are going to be making some kind of CPI adjustment and fuel adjustment and he would suggest that we do that across the board every year and for this year if we took what we have always done and just added the difference we would be passing on \$2.50 to the homeowner so they would be getting a bill for \$2.50 more than they are currently paying plus tax so that would split it into three years basically to get rid of the difference that we were subsidizing

Council Member Robinson stated so the city was paying the other \$5.00 plus and was advised that was correct, did the Council think we needed to let him know if we thought that was presentable or did we need to press a little bit more out to the citizens.

Mr. Squyres stated that if they looked at their budget on income for garbage , their income right now was going to be \$379 631 and that included the raise of \$2.50 per month per home. And if you looked at your expenses for that department you would see there was a \$606,702 projected, he stated that he did take the liberty of passing on the increase in business rates, he didn't think we needed to subsidize

business garbage, but as of this budget the citizens were going up \$2.50 only.

Council Member Robinson stated that was his projection, that they had not decided yet.

City Manager Squyres stated absolutely and that was their decision.

Council Member Robinson stated that they really needed to tell Lon whether they wanted to pass a little more on to the citizens or not.

There was discussion on how much revenue would be raised for each dollar the rate was raised on garbage fees.

Council Member Garcia stated that was kinda like the water, those rates had gone up every year and we had not passed them along and it was hard to just throw it all out there at once and she was ok with the 1/3 increase.

Council Member Lee ask how long was the contract for and Mr. Squyres advised that it was a ten year contract. That was the only way we could get that rate.

Council Member Lee stated that he was also thinking about the water bill and the need to raise those rates.

Mayor Pro Tem Rivas ask what we do about people who move off with water bill uncollected. There was general discussion about raising the amount of the water deposit to help off set this.

There was general discussion about home owners responsibility for rental property.

City Manager squyers advised that one of the things when we restructured the way the water department was done and how we

were never held to account on this by and audit he did not know because we were doing some things that were incorrect and probably had been since before GADSBY had the law to dictate it. He stated that the water account was an Enterprise Fund and it should fund two things, water and sewer and anything else that you put on that bill should go into general fund and not take a toll on the water department and the garbage was taking a huge toll on the water department, that if you mailed out all those bills and part of them were not paid, which they never were, somebody had to pay the garbage bill every month and it had always been the water department that had to pay that garbage ; the \$2.00 EMS fund on each of those bills the water fund has paid those bills into general fund so on October 1st this will all change.

Mayor Pro Tem Rivas questioned what kind of devise we used to control when people turn their water back on.

Mr. Reed answer was not picked up by the sound system.

Mr. Squyres stated that what he would suggest was that every April when we get the water rate increase from the City of Houston that we pass it on to the residence because if we pass it on a little at a time, we won't have to make huge adjustments in the future.

There was discussion about the cost of the new sewer plant but for this year we didn't need to raise water fees until at least April or May so if they wanted to do something different from what was plugged in, because it was just a plug in number, it was up to them on the garbage fee.

Mr. Squyres advised that we could get TCEQ to do a rate schedule for us and it would not cost us anything.

City Manager Squyres advised that he and Chief Ayala had met with the architect on the police station and the price had come in much higher than we had anticipated, that they had advised him that we

wanted to hold it at 3.3 million and we needed to start cutting some of the things they were proposing, that it was a holding facility not a jail and we didn't need to spend ¼ million dollars on a camera system and locks for the doors, etc.. He advised that there was a possibility that we might be able to switch some generators around to help with the cost. He stated that we had increased the budget for the police station to 3.3 Million and reduced the amount for the rehab for the fire station and explained that they would hold off on the exercise room until a later date, that they could still use the old part as a work out room but not build out there yet.

Mr. Squyres stated that was the bad new and now let him give them the good news, that he received, for all practical purposes, what we were going to get on property taxes and he wanted to dance, we were looking very good, we were going to come in at \$290,000 above what he had plugged into the budget so right now the budget shows a balance at the end of the day at basically \$200,000 and now you could add \$290,000 to that so it just really depended on where we wanted that bottom line to be at, this give us the budget they were looking at today with upping it for the PD to approximately 270 day of operation of the city still in cash reserves. He stated that was low balling our estimate on sales tax to come in , greatly low balling the estimate on property taxes coming in so we were still financially strong and they might come back to them and ask to put the money back into the fire station

City Manager Squyres stated there was lots of room to wiggle on the pool, that the Mayor had form a committee composed of Council Member Rivas, Council Member Robinson, Ivan, Kyle and himself to weigh in on the bids and bring a recommendation back to council. He stated that we could do all the projects or we could do the pool this year and the building next year and he was just throwing this out as a possibility.

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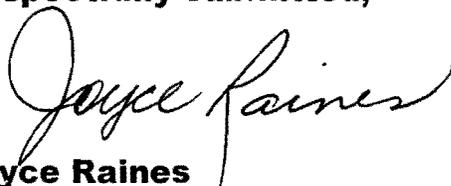
Mayor Pro Tem Rivas stated that for him that was a very difficult decision, protection was something that we definitely needed , not saying that we won't have it but we also need the pool, which comes first.

Council Member Gonzales thanked Lon for all the hard work he had put in on the budget.

There was discussion about generator and the possibility of moving them around to other facilities.

Mayor Pro Tem Rivas adjourned the meeting at 7:10 p.m...

Respectfully submitted,

A handwritten signature in cursive script that reads "Joyce Raines". The signature is written in black ink and is positioned above the typed name and title.

**Joyce Raines
City Secretary**