

SPECIAL SESSION, THURSDAY, AUGUST 13, 2015, 5:30 P.M.

Mayor Diaz called the Budget Workshop to order with all members present and turned the meeting over to City Manager Squyres:

Mr. Squyres thanked the Mayor and Council for coming early for the workshop, that what we had intended to do tonight was present them the budget, walk them through a few of the major changes and if they had brief question he would take them tonight and he would be available the rest of this week and all weekend long for questions or concerns or would like to see some changes, that he was certainly open to that, he worked for them. He stated that the budget looked different this year and explained the format, he stated that he actually attended a TML workshop and got some good ideas from that looking at some of the best practices for budgeting and we made some basic changes to the budget because of that and we were going to touch on some of those.

Mr. Squyres went over some of the major projection for revenues in the upcoming budget; \$75,000 in sales tax revenue and on property tax we were projecting \$150,000 over the prior year and that was a really big deal for us because last year we faced a sizable cut in property value which lowered our tax from property value last year to about ½ million dollars so instead of going down this year, based on the same tax rate as last year we were actually going to go up about \$150,000.

He stated that several months ago the council changed the company that we were using to collect court fines and they had been really successful and based on their projections and his, they were thinking they were going to see a change of about \$85,000 on that budget code alone.

He stated that was the good news on revenue but the bad news was that with inflation and higher expenses most of that gets eaten up. He stated that for example, our health insurance rose about 14% or \$125,000 spread across the city. He stated that our pay raises, if they vote what they would be suggesting, was going to hit us for about \$175,000 and the proposal addresses what we had been criticized about to some degree and that was the fact that we had about 9.5 to 9.6 in reserve funds and the auditor always tells us there is nothing wrong with that as long as all your needs in the city are being met and realistically we know that all the city needs are not being met. He stated that the police station burned twice within two weeks of each other to the tune of \$100,000 and almost burned completely down so things like that made us take a good look at our budget and

and shift some of that money out of cash reserves into this year's budget to spend on large capital items, he met with the city's financial adviser and he advised what they thought he would, he said that his advice to him and the council was to spend that money but make sure that you use it on single time expenses, onetime cost on infrastructure to never spend it on M & O or any of the kind of things that are repeating that you have to sustain and that was good advice. He stated here was a quick list of things that we were suggesting to city council to draw from our cash reserve and build this year. He stated that one was \$40,000 for repair at city hall, \$3,000,000 for the design and construction of a police station and another one that seem to get a lot of attention is the fact that while our Town Center is a beautiful building, and it was build vertically for free for us with HUD money, it came in over budget when we went out for bids on it so the county started cutting, what they call value engineering and the first thing they cut was the A/C system and we have paid the price for that over and over again so we were dedicating \$350,000, and the number had been all over the place and both he and Mr. Robinson met with an individual today that put the number a little higher but we can amend if we need to so we were thinking redo the A/C, the audio system and work on the acoustics, we had all been to meetings there and the echo was very bad, you just couldn't hear anything and then fix the sign the A/C company messed up by removing the card out of the computer and you can't purchase another one, we have had six sign companies come out and nobody had been able to fix it, it was either to fix or replace the sign to a two face digital sign. He stated that in additions to those projects he also included \$125,000 to Smith Park for a restroom and or concession stand but again that was a placeholder, they would determine what was down there.

He stated that he did want to mention that he got a phone call from Congress Woman Lee today, that he had met with the USDA folks and they remembered that she came and addressed council sometime ago and mentioned that she might be able to find us some money but when her people came out from USDA and met with Chief Ayala, himself and some of them, what we saw was not grant funding that was offered to us but for the over whelming part it was a low interest loan at about 4% and when Mr. Gilley saw that he said absolutely not that we had 9.6 million in the bank and he thought it would be foolish to take a loan from the government to build a police station because when you do that you have to do all these things that the government makes you do that Ms. Raines could tell them about all the paper work we have to do on all the grants; Davis Bacon, Section 3, it was monumental and all of those cost us money and time and they cost the contractor time which means their bid goes up so we can build a cheaper police station by building it ourselves. He stated that the Congress Woman sent someone out to meet with him about

a couple of weeks ago and basically ask him to reconsider and after much discussion they agreed with him that in our situation it was best not to but when she called today apparently there was some miscommunication, she was under the impression that we could still get the grant money even though we refused the loan money but that was not what they told us but she was going to clarify that and get back with him and he told her that he would present to them that there was still a possibility that \$50,000 of that would be grant money and if so, his proposal to them would be help design with grant money and then call design complete as a separate project build without having Davis Bacon, Section 3 and all the other standards that we would have to live by so we would be splitting the project into two phases, design and construction. He stated that pretty much covered that section of it so if you add that 3.515 million from surplus funds into this year's budget that brought the budget from typically around 6 million to just about 9.5 million dollars for this year's budget and even with the 9.5 million, it didn't contain anything like North Side water line or didn't contain any money for Kyle a new sewer plant or a fire station so it didn't address some of the major infrastructure things that we are still going to need so that was the bad news; the good news is, as they had heard him say before, the Texas Legislature this year passed HB157 which says that we as the City of Jacinto City who only charges 1% sales tax can, with a vote of the public, double that to 2% and put that entire amount ever year into general fund, we don't have to have a crime prevention district or any of these other we used to do in the past and some of them were only good for three years before it expired and you had to go back to the voters but now we have sort of a race going on, either the county or the city has the ability to go to the voters to say we want that one penny and whoever is first to do that get that money in their budget forever unless the voters decide to have an election to get rid of it so we can add what would be this year $\frac{3}{4}$ of a million into our budget with a simple vote of the public, a vote of the public that will rebuild the sewer plant, all the water line on the North Side, that what we would do as soon as that vote took place, hopefully in May, we would go to the Texas Water Development Board and tell them that we have new revenue and based on that new revenue we would like you to give us the low interest development funds just like you did the 7.25 million years ago and we did all the sewer system at one time and within a year we took care of all the sewer system and that is what we want to do with both the sewer plant and the North Side water lines. He stated those were the two big thing we would be able to do with sales tax even though they are not directly affected in this budget he didn't want them to think that he had just completely forgotten about those major projects that we need, there was a plan to take care of those. He stated that this years bond payment that we make put us paying all but six payments and anyone that knows bonds will tell you that you don't want until you pay the last one and say ok now

what are we going to do and within no more than the next 2 ½ or 3 years the city leaders would have to start thinking we have a plan, we are fixing the sewer plant and by then maybe it would be fixed, we will have fixed the North Side water lines and we could look at other things the citizens want and you could say things like swimming pool, ball parks or anything else along those lines that they had wanted to do for years and years so we didn't want those bonds to expire, we wanted to be ready a couple of years ahead of time so that when that one pays off everything just keeps on going for new projects, that was the way the county did business and the way the city should do business. He stated that one thing they were going to see in the budget was that we added a new department, we added an EMS Department, that it used to all be under Department 14 Fire and EMS but we were told by CMS, the people that bill Medicare/Medicade through our primary payer for EMS billing and we were told that if we could show them exactly what it cost to run the EMS service separate from the Fire Department that we could actually get a supplemental payment on every patient that we bill for so if we bill a \$1,000 but we can show them that it cost more to actually run that EMS service our billing service was telling us that they would tag on about \$60,000 a year so that was the reason for splitting the Fire and EMS and the numbers on it was split according to which department they were used for and anything else like personnel we prorated under volume, EMS was more than 90% of our business so we could easily justify that factor so 90% of salaries go to EMS and 10% to Fire Department.

He stated there was also some difference in the way we were structuring salaries, not the salaries themselves, that in some departments general workers were confusing so they sat down with Mr. Reed and went down employee by employee and found out what the vast majority of the work was and shifted them to those departments to make them more realistic for what they do. He stated that we were also blending a number that was really troubling, we don't have enough full time city workers to do what needs to be done so we use a staffing agency but that number was hidden or buried inside general workers labels in salaries and that was really not the way you wanted to do it so we pulled that number out and we were calling that Contract Labor under Operating expense, we don't pay taxes or retirement on those folks, it was an operating expense and you would see it under Street and Parks. He stated that another change you would see was on retirement, that this year what the city pays for retirement actually went down a little bit and that was good but the bad thing was that we reviewed the law and found that if a part time employees works more than 1000 hours we have to include them in the retirement program and we found six people that currently qualify that aren't in our retirement system so we are having to include retirement in this budget for those 6 people.

He stated that on salaries, there were three different divisions of salary raises, one was that typically the higher paid of your employees and we were asking that the department heads receive a 3% raise, then you have the general full time works and these are everybody from the police offices to those working in public works but full time employees and we were adding to that the 6 that are receiving retirement because if he goes up and tells a part timer that has never been in the retirement system that they were going to get a 3% raise that we were putting them into the retirement system and we were going to take 5% out of their check, he stated that we would be giving them 3% but because we were mandated to put them into the retirement system we were taking 5% so those low earning employees just got a pay deduction and they might not even want to be in the retirement system, one of them was 63 years old but she doesn't have a choice, the law says she has too. He stated that the general part time employees that were not in the retirement system would, if they accepted this proposal, receive a 3% raise. He advised that there were a few exceptions to that if someone got a new certification that changed their job a little bit, that might get a little more or if someone received complaints or warnings they might get a little less.

He stated that the budget did contain a number of capital improvements, large and small for example public works sidewalk repair we took from \$100,000 to \$125,000 because we knew there were some concerns and Mr. Reed tells him that there are clarifier repairs that need to be done this budget year so that was included; he advised that the gym meeting room was in very bad shape and it gets a lot of use so we were going to remodel the gym meeting room and we were also budgeting to resurface the swimming pool and had budgeted \$40,000 for that. He stated that we were also putting money in for ball field improvements and we had heard various discussions about awnings, etc. and we had put \$30,000 in the budget to address those concerns and we also had the Smith Park restroom/concession stand coming from the cash reserves, He stated that we were replacing computers and the server from city hall from the court tech fee and city hall budget and he discussed the problems we were having with them. He advised that we were also including electronic ticket writers for the police department and this was in the court budget. He stated that we were including one new vehicle for the police department which was a straight out purchase. He stated that very quickly, it was 4 new trucks for the various public works departments, 1 multi use vehicle that will be used by everybody in the city. He stated that the only change to the two Mayor & Council budgets was ipads, He went over who would be receiving the ipads and what all they would be used for.

He stated that was a very brief review of the budget and he would be happy to take any questions from anybody anytime.

Page 6 – August 13, 2015

Mayor Diaz adjourned the budget workshop at 6:01 p.m.

COUNCIL MEETING, THURSDAY, AUGUST 13, 2015, 6:01 P.M.

The Mayor and City Council met in regular session on Thursday, August 13, 2015 at 6:01 with the following members present: Mayor Diaz, Council Members Rivas, Robinson, Lee, Garcia & Gonzales; City Manager Squyres, City Attorney DeFoyd and City Secretary Raines.

The meeting was opened with Prayer and the Pledge of Allegiance.

A motion was made by Council Member Robinson and seconded by Council Member Lee to approve the minutes of the previous meeting as presented: Vote 5 For 0 Against

DEPARTMENT HEAD REPORTS:

Chief Ayala commented on the heat and ask that if anyone knew anyone that needed water to please get in touch with them. He stated that school was getting ready to start and to please watch out for all the children. He advised that they had been busy with narcotic and sexual assault arrests. He reminded everyone that National Night Out was just around the corner, the first Tuesday in October and to please contact him if they were interested in hosting a party.

He stated that he would like to announce that Lt. Dennis Walker that been nominated to receive the Blue Star Award and he would be presented this award by the Governor of the State of Texas in September and congratulated Lt Walker and they also wanted to thank the residents for their kindness and remarks.

Fire Chief Meir apologized for not being at the the last few meetings, stating that it was due to some personal issues. She stated there were no major issues with the Fire or EMS and caution everyone that Harris County had issued a burn bane.

Kyle Reed, Public Works Director, comment on the heat and advised that our water leaks were down and he had received no mosquito complaints. He stated that we had about ½" of rain last night and hopefully would receive some more. He ask that people report water leaks to them 24/7 so that they could keep them repaired.

Ivan Rojas, Parks and Recreation Director, advised that all was good with Parks and Recreation, that the pool would close on Sunday and that if anyone needed to cool off, they were welcomed to come to the gym.

There was discussion about the possibility of keeping the pool open longer.

Cindy Miller, Heritage Hall Director, stated that they were having a Dart Balloon Bust on September 4th and they were asking for cash donations which would be put in the balloons and if the senior bust a balloon with money in it they got to keep that money and invited them to come by for the fun and if they needed to cool off they would also come to the center.

Linda, Jacinto City Library, advised that all was good at the library, that they completed their summer reading program and had wonderful participation. She thanked Council Woman Garcia for donating 2 or 3 boxes of books to the library.

MAYOR'S REPORT:

Mayor Diaz stated that like everyone said, it was really hot outside to be sure and drink plenty of water and if you could stay inside, do so.

CITY MANAGER'S REPORT:

City Manager Squyres stated that Kyle had mentioned that we were not having the number of water leak we normally do with this type of weather and a large part of that is due to the fact, that while we gripe that we need a lot of infrastructure, we have laid down a lot of infrastructure. He went over some of the areas that had been replaced with the funding we have received during the years. He stated the other piece of information that he was going to mention was that on October 24th the city was going to host a Household Hazardous Waste collection day and these were the events that you could bring paint of any kind, chemicals etc. and they were also going to pick up old tires, electronics, etc. He stated that the only thing they wouldn't take was ammunition of any kind. He stated that it was about a \$50,000 dollar project and two funding agencies stepped up, one was Harris County and the other was the North Channel LEPC and he encouraged everyone to clean out their garage and take advantage of the collection day. He advised the Mayor and Council that we have the community garage sales they had been talking about on October 17th and this would give everyone the opportunity to clean out their garage and the hazardous waste material in time for the collection on the 24th. And they could bring it back for a vote later on.

Page 8 – August 13, 2015

Mayor Diaz ask if this was going to be our community one where we didn't charge and was advised that it was.

There was discussion about advertising the community garage sale and the Hazardous Waste collection days.

NO UNFINISHED BUSINESS

NEW BUSINESS:

1. A motion was made by Council Member Garcia and seconded by Council Member Lee to approve changing September 24th Council Meeting to Monday, September 21, 2015 due to TML Conference. Vote: 5 For 0 Against

There were no comments from Member of the Public.

COUNCIL COMMENTS:

Council Member Rivas stated that Lon was talking about replacing the sign at the Town Center and he wondered about the guy that was here about the big bill board sign, maybe there was a way he could help us with that.

Mr. Squyres stated that he actually twisted his arm but he stated that was too far from what they do and he company couldn't but he would give us some names of companies that do in addition to what we already have and he was suggesting that instead of going with what we have, the LED sign, to more of a plasma.

Mayor Diaz welcome Mary (Peanut) Robinson a happy birthday.

Council Member Robinson stated he was glad to see everyone here and cautioned everyone to stay cool.

Council Member Lee thanked everyone for coming out.

Council Member Garcia ask Ivan if there was any way to keep the pool open longer.

Ivan advised that all the lifeguard were leaving to go back to school.

City Manager Squyres stated that we were looking at some possibilities to do this and if we did, we would keep them advised and put it on the sign as well.

Ms. Garcia ask Chief Ayala if National Night was on Tuesday, October 6th and was advised that was right.

Ms. Carcia stated that Lon had mentioned about the proposals for 2015/2016 and she was just wondering if Kyle could give us an estimate on the rehab of the sewer plant because when she thought about the Town Center redo and sewer plant, which, versus cost, is more a priority was why she would like to know what the cost would be.

Mr. Squyres stated that with the Town Center there was a couple of issues, it was functionally not doing what it needs to do for us today, we have actually had to reimburse a couple of rental cost because of the A/C issues and those kind of things and it was also an issue that in every other regard it was a great building and one of the problems that we have had and this was just he opinion but it seems that one of the problems we have had in the city is that we do wonderful things in the way of structures but then we don't maintain them, we don't reinvest in them and keep them up the way we need to until they are falling down around us then we have to spend a large amount of money to repair them. He stated that the sewer plan was so technical and such a beast, so to speak, it is going to take a long time to engineer it and we were already looking at some different kinds of technology because of the permitting issues and we have already replaced the back side of the plant with the belt press so what we need to do, we were look at about 1.5 million which if we pull that out of the cash reserves now it would dip us below what Mr. Gilley was suggesting for us. He stated that we had even talked to the TCEQ folks and if we get cited or those kinds of things, what they want to see from us is a plan of correction and they typically don't fine you if you can say to them yes we have problems and here is what we are going to do, we are going to put on the next election that we are going to pass this to fund these things and we are already talking to the Water Development Board about it and start mapping out the solutions and as long as they can see that we have a vision and plan to fix the problems if we fall out of those ranges they will usually allow us if we are taking temporarily measures in the mean time. He stated that if it was the will of the council and they were willing to bring that balance down we could put off the Town Center and band aid it through. He stated that he was going to ask Kyle to validate the numbers because the last time he talked to him and LJA it was going to take at least 1.5 million to fix the front side of the sewer plant.

Mr. Reed stated that he thought Lon was right about the plans for the sewer plant, that as long as we were trying to correct the problems. He discussed the issues with the sewer plant, what they were doing to address them.

Mr. Reed stated that the A/C at Town Center needed to be replaced.

Council Member Garcia stated that she was just trying to avoid any kind of citation but if the Town Center was more important.

City Manager Squyres stated that we were in close consultation with the city engineer as well and if it got close to the point where we thought we were going to see those kind of problems they might come to council and ask to amend the budget to engineer the redesign of the plant where that work would already be accomplished and that would speed up the time line as well.

Council Member Garcia stated that she suggested to Ivan about maybe events throughout the year as far as different music and all and she would probably work on that.

Council Member Gonzales stated that getting back on TCEQ, he had seen it where you were not in compliance they could fine you up to six figures daily for every day that you were out of compliance at the plant where he was retire from and it was important that whatever we need at that facility, that we keep it up, the last thing we want is to get fined a lot but he knew also that if TCEQ sees that you are being proactive they will work with you and that was what we want to do, beat it before it gets to us.

Council Member Lee announced that this Saturday there would be a food distribution at Calvary Baptist Church, 10346 Fairfax, they were going to have a lot of fresh fruit and vegetables and they want to feed people who really need the food but to tell them the truth, they had plenty and if they wanted some to come get it.

Mayor Diaz adjourned the meeting at 6:30 p.m..

Respectfully submitted,



Joyce Raines
City Secretary