

SPECIAL SESSION, TUESDAY AUGUST 19, 2014, 6:00 P.M.

The Mayor and City Council met in Special Session on Tuesday August 19, 2014 at 6:00 p.m. for a workshop on the proposed budget for FY 2014/2015 with the following members present: Mayor Díaz, Council Members Rivas, Robinson, Lee, Garcia and Gonzales; City Manager Squyres and City Secretary Raines. City Attorney DeFoyd absent.

Mayor Diaz stated the meeting was called for a workshop on the proposed budget for FY 2014/2015 and turned the meeting over to City Manager Squyres.

City Manager Squyres thanked them for the meeting we had back on August 8th, stating that we were able to lay out the proposed insurance for everybody. He stated that he did want to make one suggestion on a change, that they were kicking around Chief Ayala's comment about we were losing officers and by the way, it wasn't just officers, it was several others and we were thinking that it might be better rather than say new employee for the life of the employment put them at 50/50 to pay for the families insurance to make it for five years. So say that October 1st we hire a new employee and he pays 50% of his family's healthcare for five years and at the same time he becomes vested in the retirement program and at that point we make them 66.6 and 33.3 like the rest of us longer employees so now Chief Ayala's people have a little better incentive, knowing that at that time they would save money on health insurance for their family because a lot of police, fire, etc. are not offering that kind of insurance coverage anymore, especially not the kind of plans we are offering to our workers. He stated this was something to consider, that we didn't need a decision on this immediately, that it wouldn't affect anybody until we hired someone in the new year and it would not affect this budget.

City Manager Squyres stated that we had heard Mr. Maner say this so many time, this was a very tight budget year and if he were here he thought he would agree and agree that it was probably one of the tightest we have ever had. He advised they were proposing some things that they hadn't seen in the past and they were going to see some changes because of his position being changed from Emergency Management, that we were restructuring that pay, he stated that the Water Fund was unable to pay a bond debt anymore, we just can't do it anymore and the way our taxes are set up, the bond money really goes straight from Harris County into that account anyway so that the auditors would rather see it coming out of GF anyway and he did want to remind everybody that the charter said that he had to present to them and they had to pass a balanced budget but that was not to say

that after a budget was passed we couldn't have an evening at a city council meeting and go various midyear or during the year appropriations to supplement the budget just like Congress would do but we had to pass this as a balanced budget.

Mr. Squyres stated that he took a couple of assumptions to create this draft budget for them, the first and largest of the assumption was the fact that we were hoping that we had their consent to adopt the new health care policy, so we would be getting rid of the current policy which would have been a 12% increase to health care cost which would have put this way over a million dollars and now we would be back down where we were a couple of years ago and it was much more manageable and we were saving a ton of money, he advised that as we went through the budget department by department he would point some of those out. He stated that just that one budget change alone on the health care, going to the new 80/20 PPO, the best healthcare plan that Blue Cross Blue Shield offers today as a new plan was going to save us enough money to make a pretty major change in how we treat our employees. He stated that he was going to suggest that we handle raises this year across the board and he meant everybody just like we had done in the past get 2% of their salary now and in addition to that, if you have health care coverage and if they remembered they showed them on the slides we showed them a few things that were actually taken away from employees and he went over some of the items that cost the employees more so if we were going to take something from our employees when we were losing employees, he felt it would be appropriate on this onetime thing if we Shift to a different policy to grant those employees that have health care, all of the full time employees and two part time employees, their City Attorney and their City Judge and we would like to grant them an extra 1%. He stated that as he was a new hire, they were not doing that for him, they had talked about that in the meeting when he was hired so his stayed the same. He stated that for all full time employees and those two part time employees with health care, this budget proposed a 3% raise for those and all other part time employees would receive a 2% raise.

Council Member Robinson stated that he wanted to make sure he understood him right, was it 2% if you had the health care insurance or 2% if you were part time.

Mr. Squyres stated that he probably didn't phrase that right, that the base raise proposed this year was a 2% across the board for everybody and on top of that, those employees

that we pay health care for, as a city, which is all of our full time employees and two part time employees, Judge Deane and Jim DeFoyd will receive 1% extra because we were taking some benefits away from their health care package.

Mr. Squyres stated that the other point that we were assuming happens was that we pass a tax rate equal to the effective tax rate which would bring in the same amount of revenue that we had last year, that it looked like that was going to be an actual rate as well but it was early, the Appraisal District had not gotten us all of the information yet and referred to a Resolution some of the cities were passing around saying that we need to change the law because we have to publish our intended rate before we even get the effective rate from the HCAD.

He stated that they were going to see a stress on salaries primarily because we were losing people; not only were we losing police officers but other departments as well and gave examples of private industries hiring at salaries that cities could not compete with.

He advised them that his salary was coming from three different positions, from Department 11, General Administration, Department 12, which was Emergency Management and Department 31, which was water/sewer General Administration.

Mayor Diaz ask if he had decided if he was going to do a car allowance or a vehicle.

Mr. Squyres stated that he would really have preferred a car but the budget was so tight that we really couldn't afford it so the first year he would be taking a car allowance if that was alright with the Mayor and Council.

He called attention to page one of the budget, stating that it lays out the general statements of it, that it talked about the various expenditure of each department as well at the debt service fund and went over each of the general fund departments pointing out the increases and decreases and explaining the reason for them. He pointed out the totals showing income less expenditures, stating that last year we ended up with about \$4,800.00 extra in the budget and we increased that by \$599.00 this year so it was still a very tight budget when you have a 5 million dollar budget and your sway on it is just over \$5,000.00.

Mr. Squyres stated the same could be said for water fund and called their attention to the

bottom of the page where it shows the sway in that is about \$2,481.00 and was very small in comparison to the budget itself.

City Manager Squyres provided charts for the Mayor and Council showing the sources of revenue for each general fund department, stating that tax revenue was by far the greatest source. He also provided a chart showing expenditures by each general fund department as well as a chart showing funding sources for general fund departments with outside funding (Copies attached for permanent file). He advised that 75% of our funding comes from just four revenue sources, taxes, gross receipts from franchise taxes, sales tax and police fines, police administration fee and ambulance billing and those were the large funding that we have come into the city every year. He called attention to the sales taxes, stating that as we talked in the future about perhaps doing the extra 1% for sales tax that would be very beneficial to the city and there were ways to do that without making it a council driven thing.

He went over the projected revenues for general fund pointing out and explaining the increases and decreases, stating that everything was pretty much as it had been in the past.

He stated that in the bulk fuel we made some adjustment because some departments were way over and some were way under and we were actually reducing our fuel a little for next year.

He went over Department 11, city hall administration, calling attention to the increase in salaries, stating that was because of the salary for the administrative assistant which would be funded from general and water fund and discussed the large increase in our workman's Compensation insurance.

Mr. Rivas ask about code 6810 Medical Exams & Drug Screens and ask if we discussed whether we could or couldn't do this.

Mr. Squyres advised that there were three different opinions whether we could initial test so we left money in for this but we could not random except in certain situations and we were now random testing for those that qualified.

He explained that department 12 was lower because only 1/3 of his salary was coming from there.

Mr. Squyres advised that department 13 was a little unusual, that it looked like someone was getting a big raise but years ago the gentleman that was our health and humane officer switched over to working in the water department and for some reason, we didn't switch them on paper on the budget so the gentleman that was really in health and humane has been carried in water for a long time so we had to switch those two positions, that it didn't sound important but what we discovered was that when somebody gets hurt, workers Comp wants to see the budget on that person and where it is funded and that bases what he would draw from workers comp. He pointed out how much insurance went down for typical employee from \$11,000 to \$9,000.

He stated that the only addition in department 14 was pro rating a fire chief, that we might get ready to hire him before but because of budgetary reasons they were pro rating it for ten month, it was going to be a \$40,000 annual but they were making it \$33,333, bringing him or her in by January 1.

Council Member Lee questioned what the Medical Director's Fee was for. Mr. Squyres explained that by law in the State of Texas or any state, any medical practice has to have what is called a Medical Director, someone with an MD under their belt and basically you work under their license so if we have a medical issue that is who we seek direction from, the sign off on our protocols, etc.. Mr. Lee ask if we used the same physician every year and was advised that we switched about six years ago and we have to use an emergency physician .

Council Member Garcia ask Mr. Squyres to define 6855 Safety Campaign.

Mr. Squyres advise that it was typically fire prevention and when they could get fire prevention materials donated, they also use the surplus to fund bags for the Santa on the Fire Truck and they usually try to get a fire prevention slogan on the bag.

Mr. Squyres advised that on department 15, they received the same raise for full time and part time as everyone else. He stated that they ask for multiple trucks and we were suggesting that we buy one truck and that was a three year lease and you see one payment of it and we were also buying a bucket lift truck because ours, from what Kyle tell him, is graveyard dead.

Council Member Robinson ask how much we actually use the bucket truck for, how many hours a year did we put on that bucket truck.

There was discussion on what all the bucket truck was used for, such as trimming trees, Christmas decorations, etc. and the feasibility of renting one as opposed to buying.

Mr. Reed stated that it was a very valuable piece of equipment.

Mr. Squyres advised that we look at it in a lot of different way and he was a little reluctant at first but Kyle assured him that at one point we never had one and we didn't realize how much we needed it until we got one. He stated that the one they were looking at had a little higher reach and would allow us to utilize it in more areas.

Council Member Rivas stated that he definitely thought we needed to look into that further and see what our options were, see what is out there to get the biggest bang for our buck.

There was discussion on the truck what we have now and how long we have used it and the used truck they would be considering and the cost of renting this type of equipment.

Council Member Lee stated that he was curious about 6861, Tennis Court Expenses, it seemed like we were just abandoning it. Mr. Squyres stated that he didn't want to abandon it but frankly we weren't spending the money we had for it, he assuming that it was in good shape. Mr. Lee stated that it was not in good shape and Mr. Squyres stated then we needed to spend what we had on it and we could adjust it if necessary. Mr. Lee stated that he was just wondering if it was not used, was it mostly just skate boarders using it now.

Parks and Recreation Director Ivan Rojas advised that it did get used but to paint it over it was going to take about \$5,000., that the paint was very expensive, it was a special type of paint. Mr. Lee stated that if we were going to paint it, shouldn't we be increasing the budget instead of cutting it.

Mr. Squyres stated that he worked for them and if they instructed him that they want tennis to be funded, we would certainly do it.

Council Member Garcia ask if we could look into the different prices, see what other cities are doing because if it was not a priority, we could hold it for another year, there were other things that needed to get done, if it didn't get used this year why put it on this budget.

Chief Squyres stated that was his thought as well.

Council Member Garcia stated that it was not that she was picking on the bathroom but the bathroom got skipped one year and we had to do it again the next year and what needed to get done needs to get done during the budget year, that was the reason why we sit here and plan for these things but we really need to see prices being brought to these budget meetings so that we have some idea of what things are going to cost, if we are just guessing \$2000 and now we are hearing \$5000 that was a major difference.

Mr. Reed, Public Works Director, stated that Parks and Recreation was Ivan department but that he did help him with the budget and they did talk about the tennis court, that he had requested \$4000 to have the tennis court painted and to let them know why, they were not professional painters and did not have the equipment to paint the tennis court, that the last time they did it, it turned out horrible. He stated that he agreed that it needed to be painted by someone that did that and they did put \$4000 to buy the paint and they were going to try to find somebody to do it, they weren't forgetting about the tennis courts.

Mr. Squyres ask to be allowed to make a suggestion, stating that we had the money, much as we did with blinds, we had lighting money that had not been touched, we couldn't just move it over but we could amend this year and still do that, we still had time if Mr. Rojas could get some bids quickly, we would need to write specs so that we were dealing with apples to apples, not different vendors that are proposing different things, we could talk to a couple of other cities that have had it done and get a recommendation and just do it this year and then this money would just be maintenance and minor things.

Council Member Lee stated that if the parks department wants to have a tennis court then it should be coated and sealed properly and patrolled to keep skaters off of it and if not make it into a skate board rink.

Mr. Squyres stated that would mean we would have a whole new line on our insurance budget if we did that.

He stated that he certainly appreciated the point and they would try to e-mail them in the next few days to try to give them some idea of what it would cost and a recommendation to try to do it in this budget year, it was going to be tight but he thought we could do it.

Council Member Garcia stated that she had a question on the pool, that the same about was being budgeted for chemicals and when she got back from vacation, that was when she realized that the pool was closing early and we were still in the summer and the kids are still on vacation and ask if it would cost the same or cost just a little bit more just to keep it open an extra couple of weeks until the kids start back to school or something.

Mr. Squyres stated that he thought the small amount it would cost us the revenue would probably enhance because you could also rent during the weekends and he raised this question a couple of years ago and he was told, and ask Mr. Rojas to feel free to chime in, and he was told that because everyone was getting ready for school it would not be supported, we were wasting our money, lifeguards and the cost of keeping the pool up and his question was, have we tried it, that he would like to try to extend it a little next year and see how it goes.

Mr. Rojas stated that the problem was trying to get lifeguard to come and work because they were college kids and they go away to college before the kids here and if we don't have lifeguards there is no way we can keep the pool open.

Council Member Rivas ask about senior water aerobics, that they would utilize the pool until polar bear weather, Mr. Rojas advised that senior water aerobics was open a week later because you only needed one lifeguard, that it was only two days, Tuesday and Thursdays and you only needed one lifeguard but once you go over 25 people you had to have two lifeguards on the stand and then you still had to have one in front.

Council Member Garcia ask if it was just open on the weekends, even if it was college students, school wasn't usually in session on Saturday and Sunday.

Mr. Rojas stated that most of the college students went to school further away and would not be home on weekends.

Mr. Squyres stated that what he would like to do, that when we went through this thing with the media and the lifeguards and all of that, he got to talk with other recreational departments extensively and there was not a good mentoring program or a good group of piers to network in that so he was going to ask Mr. Rojas and he was going to visit some of them himself and talk different cities, see how they do their programs, how long they go on and what was their experience. He stated that one thing he keeps hearing from the Mayor and Council was that they want more programs and that was what we were going to try to accommodate this year.

Council Member Garcia stated that she visited with the people in Deer Park and she knew that they put out a book and they did charge their residents for the classes that were offered but they have a variety for the residents to choose from and whether they chose to pay or not, at least we were offering it.

Mr. Squyres stated that he thought they as Mayor and Council needed data so that when we do these kind of programs, not only who comes, where do they live, or they our residents because that was who we really wanted to support, that it was nice to support the surrounding community but we want to do things for our residents with our tax dollars.

Ms. Garcia had a question concerning preschool registration and why they were registering the week school started, that she thought in the past we had done it earlier.

Mr. Rojas advised that we started registering in May and we didn't start school until after Labor Day.

There was discussion about the number of kids registered for preschool and Mr. Rojas stated that a lot of the parents waited to see if they were going to get into public school and if not they would register for preschool.

Council Member Rivas ask about building maintenance, for instance Town Center and that being a part of Parks and Rec. and was that included in here as far as the A/C unit or that water chill unit ever takes a left turn on us.

Mr. Squyres stated that we actually right now have a company coming in because of the problems we are having and we are probably going to be amending this budget year to do some work, we have a No. 3 compressor out, that we have had two different companies come in over the last two days and what we would like them to do so because those units are so specialized, we want them to come in and give us a price to do PM through the year, quarterly or whatever they are suggesting and we probably would make that alternation at the last minute in this budget because we just don't have the figures at this time.

Council Member Rivas reminded the council what they had done with the preschool was cut that system away from the preschool and the preschool now runs on what is more normalized out there and he thought that was something that we might need to consider in the future was to get away from the water chill system all together and let it all be Freon.

City Manager Squyres stated that was certainly a possibility, that we had heard so many

opinions from so many vendors that we thought we would bring in some vendors that do very large buildings and get an expert opinion once and for all.

Mayor Diaz stated that we had Mr. Issac in the audience and she knew that he was very interested in the ball park maintenance and ask if he could explain what the ball park maintenance was and what it all consisted of.

Mr. Squyres stated that he was going to defer to Ivan on that.

Mr. Rojas went over all the things that ball park maintenance was used for.

Mr. Squyres stated that just for their knowledge that at the last budget update they would typically be about 75% expended and they were 47.80% expended so there was still more than half of that money in this year so he had some time to make some last minute improvements.

There was discussion on what the Mayor and Council would like to see improved, the walkway around the concession stand where it flooded very bad as well as other areas.

Council Member Garcia ask what all was covered under Special Services, 6785.

Mr. Rojas advised that they used that when they purchased items for special events, pumpkin festival, etc.

There was discussion about purchasing an inflatable movie screen for movie nights and Mr. Squyres advised that we would do some homework on this.

Mr. Squyres advised the Mayor and Council that they were going to see a series of budget amendments over the first two council meeting in September, that the bottom line was we had money but it was not coded for that and we might present a lot of these things under that money and that way we didn't have to change to much on the proposed budget because it was pretty close as it was.

Mayor Diaz questioned what we usually bought with the \$8,000 budgeted in recreation equipment. Mr. Rojas went over a number of items that were purchased from that budget code.

Council Member Gonzales stated that he knew that we had talked about this before, safety net for when ball season was going on because that could be some kind of liability issue down the road and they were fairly inexpensive.

There were comments from Mr. Issac Menendez in the audience which was not picked up on the sound system.

Council Member Rivas stated that we definitely needed something to protect the public because he almost got hit.

There was discussion on shades for the bleachers.

Department 16 – Mr. Squyres stated it was a very unusual budget because if you looked at the numbers under general workers it looks like there is no raise whatsoever, they are getting the same 3% as everyone else, that we had lost a few officers through the years so you are seeing a decrease in the total compensation just because of that. He called their attention down to health insurance 6772, they would see just how significant that change in health care was, from one department \$80,000, it was amazing.

Council Member Garcia ask about the TCLEOSE Certification pay, did that mean we were paying for certification. Mr. Squyres advised that as they achieve the different level of certification, that it was a bonus to their pay, an added amount that they get.

Mayor Diaz ask that since our K-9 officer was leaving were we going to have another K-9 officer. Mr. Squyres advised that Officer A. J. Seydler would be the new K-9 officer.

Mr. Squyres stated that he would like to add that we were getting two new patrol cars that would be leased over three years.

Council Member Garcia questioned the \$15,000 increase in telephone service in the police department.

Mr. Squyres stated because we were so far over budget on phone bills and he would love to have Comcast come and do voip phones there but as he had said before, go to dispatch and open that little door under the counter because he thought any phone company that looked at that would run.

Ms. Garcia ask about Fleet Lease Payment under Capital Outlay and was advised that was

one of three lease payment on two new police vehicles and they were looking a Ford Explorers.

Department 17 – Municipal Court, Mr. Squyres stated there was one deviation from last year and it was 6745 – Document Management System which was Laser Fish, which was digitizing court records basically, you scan them in and it digitizes them and you don't need nearly the file room that we need right now, we just don't have file room. He stated this fee was actually the software and the continuing support for it and every year after there will be a continuing support fee, probably around \$4,000 and there would also be some equipment, probably a scanner and that would be purchased through court technology funds.

Council Member Rivas stated that he knew this system was coming but before that and we lost records, about what kind of amount did the city suffer because of the loss.

Mr. Squyres advised that it was well close to 2 million and that some of it was due to the age of the warrants and also the old computer system that we had went down and we could not access the old capias warrants but the vast majority was because we just didn't have room to put stuff and this would resolve this issue.

Department 18 – Traffic, Mr. Squyres advised this was pretty self explanatory, that oversize loads were a huge problem, that they do a lot of damage and we were way over on budget this year due to that and we had talked to the police department and we had stepped up enforcement for oversize loads that are dragging our traffic lights down the road with them sometimes.

Council Member Robinson ask if we filed on their insurance and was advised that we did if we catch them.

Council Member Garcia ask a question about Department 17–6814 Contract Interpreter, did we have somebody in mind or was there someone already working with the city.

Department 19 – Street, Mr. Squyres explained the reason for the reduction in auto fuel and pointed out the reduction in health care cost, he explained that the lease payments were on vehicles that we already have and this was the final of the three lease payments, so next year we would probably be looking at the addition of some new trucks.

Council Member Gonzales ask about Code 6865 – Traffic Signs, did some of them need to be replaced and was that the reason for the amount.

Mr. Reed explained that a lot of them get stolen, damaged, etc. and we have to replace them and that we replace tons of them.

Mr. Squyres advised that they were about where they should be on the current budget, maybe a little under but not much.

Council Member Garcia ask about Capital Outlay Code 6910 – Street, Sidewalks & Storm Water Drain Repair, asking if the sidewalk at the corner of Holland and LaCrosse could be fixed out of this year's budget or should they plan for next year.

Mr. Reed advised that we had a limited amount of money and asphaltting streets and cleaning storm drains would probably take up most of that, but we could talk about it and do whatever they wanted to do.

Mr. Squyres advised that there were rumors going around that Pct. 2 might be doing a little bit more road work for us as they did several years ago.

There was a question about the sidewalk that the County was supposed to do on Holland Ave. and Mr. Squyres advised that he thought it had already gone out for bid and this was from the bridge all the way to Palestine on Holland Avenue.

Ms. Garcia stated that did not cover the one she was interested in and explained the reason she brought it up.

Council Member Rivas ask who was responsible for the upkeep of Market Street and was advised it was the County. Mr. Rivas commented on the number of people that walk from Big Bass and the need for a sidewalk there.

Department 21 – Sanitation – Mr. Squyres advised that the increase they saw in that was the contract, the CPI increase with the vendor that kicks in on October 1 and was projected right now to be 2.6% but we don't know for sure.

City Manager Squyres skipped Department 20 – Garage and went back to it, stating that there was almost no change, the big change there was the reduction in health insurance.

Department 22 – Heritage Hall – Mr. Squyres stated the only thing ask for was Capital Outlay of \$500.00 for some chairs and every thing else was pretty much the same with the part time at 2% and the full time at 3% and went over other items with small increases or decreases.

Council Member Garcia stated that we had talked about Heritage Hall having a vehicle to use, had anything come up.

Mr. Squyres advised that there was a possibility that at some point we might be able to find something used but right now it was easier and more cost efficient to reimburse for mileage and what we would really like to think about was a pool vehicle that could be used by several people.

Department 23 – Mayor and Council, Mr. Squyres stated this was set by them by Ordinance and he had left it as is for the time being unless they would like to make modifications.

Mr. Squyres advised that Water Fund Revenue was very similar, the only thing they were really going to see a big change on was going to be the interest income because there was not any. He stated the elevation they would see in 5493 Garbage Billing and again it was part of the contract that had the 2.6% CPI increase.

Council Member Garcia ask about the NSF Check Charges and ask him to explain that.

Mr. Squyres advised that people that write insufficient check for water bills are charged a fee to cover our expenses.

Department 31 – General Administration, Mr. Squyres advised that this was pretty strait forward, many of the same changes that we had talked about earlier, the city manager portion is different, a different ratio, that half of the new position was coming out of clerical and the biggest change on the page was Code 6501 which was the \$200,000 that we would not be pulling out this year because it was not there in the water fund and the auditors would not prefer that we use it that way so that give us some money to do something with down the road that we were going to see. He advised that 1/3 of the website cost was covered here.

Department 32 – Water, He stated that again we had that salary adjustment between the

Health individual and the water individual, so you see a little adjustment in general workers.

Council Member Garcia stated she had a question about Department 31, was there any thing for cross training and she was advised by Mr. Squyres that it was going to be in house, which meant that Joyce, Kathy and himself would do most of that training and we could also use Dept. 11 and make it available to everybody, that in reality it is two budget codes but we were all under the same roof there and what you do for one you do for everybody.

Ms. Raines stated that Dept. 11 and Dept. 31 looked like they have big budgets but you had to remember that all the insurance, except health care was paid out of these two departments.

Mr. Squyres reminded them that Workman's Comp was a 51% increase this year and there was nothing we could do about that.

Mr. Squyres called attention to Page 26, stating that because we were not funding the debt service out of water this time, we were able to put more money toward water line replacement of repair. He stated that we were hoping that we could get the water line repair for the well in this budget code this year but we were not sure of that, they were moving a little slower than we had hoped.

Mr. Squyres stated that he would like to take just a moment to talk about just a principal in approaching water line repairs because we had a lot of them to do and as we know, the south side of Market was pretty much ok right now as long as you were west of Holland Ave., within the next two to three years that was going to be taken care of, grants are already in place, the money is ours. He stated that the north side of Market was another story, we do need to start working through this and what he was going to suggest was that when we go to contract with somebody this coming budget year, do the design work for the CDBG on one side of Market, try to get a price on the other side while they are out here and hopefully get a better price and then the same thing the next year when we go to construction. He stated that \$150,000 was the most we have had in that for quite a while and we also have a truck lease payment which is the last one on that truck as well.

Department 33 – Waste Water Fund, He stated this was the same story, just another page basically, that we didn't have an aerator to repair this year but we have clarifiers to repair

this year. He advised that we know the PH problem we are dealing with is a huge part of this budget this year. He stated that to be honest, when we started looking at this budget he was a little disappointed, that we had received all this grant money, got a new belt press and he didn't see much reduction in what we were spending for sludge in fact it was just \$8,000 but when you look at the overall picture the belt press is actually saving us quite a bit of money. He stated that the other problem we were having and ask them to look at code 6829, which was the biggest difference on that page, Operating Supplies – Utility Plant. He advised that we had received another letter from Harris County Pollution Control and it was another violation, our PH dropped again below the accepted level and explained what had happened. He stated that his reply was written and the engineers were looking at it in the morning to make sure it was in keeping accurately with them, we would send that reply to the county tomorrow and hopefully they will forgive us and if not, there could be fines but he didn't think so.

Council Member Rivas ask Mr. Reed where the wastewater goes once it leaves us.

Mr. Reed advised that it goes into Hunting Bayou and discussed how old the wastewater treatment plant was and that it could become difficult to obtain permits and discussed solutions they were looking into.

Mr. Squyres advised that we were talking million if they did that and it was no way around it.

Mr. Squyres stated that one other thing that was not in the budget because we don't have any results from it yet but he and Mr. Reed had been talking and we were reaching out, that we would like to sell/give away or do something with part of that effluent, two reasons, it might be an income stream, you can't drink it but they had all seen these trucks that the state hired to come out and water all of these plants up and down the freeways and they typically hook up to fire hydrants and we don't need to be using potable water, this was a much greener solution so when we present cases to people like the TCEQ or to Harris County Pollution Control it would be nice to say that not only are we doing this but we are trying to be as green as we can, we are even using our effluent or giving it away once the PH is corrected so that it can be used in an non potable way in a very green way and this was something that we were going to be working on.

Council Member Gonzales stated that he had a quick question for Mr. Reed and ask if the

magnesium hydroxide that was injected to raise the PH also and was it cheaper to use that material rather than your normal caustic.

Mr. Reed advised that when you raise the PH with caustic it created other problems that were temporary but they had caustic on site but it just so happened that day Harris County came out the pump was stopped up and if you add caustic it was clear at the plant but by the time it hit the bayou the PH is back down. The consensus was that the magnesium hydroxide worked better to maintain the PH. Mr. Reed reminded them to keep in mind that caustic was very corrosive.

Council Member Rivas stated that we were looking at the waste portion of that but we also had to look at the other side, the fresh water source because things could change on us there as well.

Mr. Squyres stated he was really glad that he brought that up and he apologized for not bringing it up himself when we were talking about Dept. 32. He stated that we had talked about the water wise program and things like that and you don't see a budget item because we were late to the game as far as the GLO projects getting up to speed, that we wanted to get a few solid months of pumping into those tanks and using our own water and making really sure that we can pump solidly at 20% consistently and once we do that we will look at the water wise and increase it to 30% and then on up to 50%, we just don't want to take on more than we can handle at one time.

Mr. Squyres stated that one additional thing that was worth mentioning, that it was no expenditure so it would not come to council, that the power company we use is offering a deal now, that for years they have ask us to enter a contract where if there is impending brown out we have to shut down things or turn on generators and we would get rebates. He stated that they had changed the contract this year because not many people wanted to do it on a mandatory basis so now it was a totally voluntary contract and if that happens, key people would get messages and they would have one hour to go turn on generators to handle our own needs and they will pay us to be on our own power to get off the grid.

Council Member Garcia ask about Code 6790 Water Analysis Fee, was that because of the well problem we had recently in Department 32.

Mr. Squyres explained that anytime you were supplying drinking water you would have lab fees and things that we have to do and we have to report to the state.

Dept. 34 – Mayor and Council – Mr. Squyres stated this was very similar to the last Council budget.

Mr. Squyres stated that the only other thing he was going to draw their attention to was that sometimes we don't understand or we don't look at what sustains our department of how our departments are funded, that we know water and wastewater are Enterprise Funds, you pay your water bill and it pretty much pays for those funds, they are basically stand alone. He stated that City Hall and he had head Joyce say many time that it was the hub of the city so it didn't have any direct income that it generates but it was the support service for every department in the city and it truly is the hub of the city. He went over each department and outlined the source of revenue that covered their operation. He called their attention to a chart showing funding sources for General Fund Departments with outside funding. (Copy Attached)

Mr. Squyres stated that he knew this was a lot to absorb in one night and he would suggest that everybody go and absorb it and to please e-mail him, call him or stop by and see him about any questions or concerns and if they feel they want another budget hearing we were certainly more than willing and the best date for that would probably be next Tuesday night, that we were on a fairly short time line but we would make ourselves available for that and if they thought this needed major changes to please let him know but just remember that whatever we put in we would need something to pull out.

Mayor Diaz thanked him for all that he had done and ask if anyone had any questions.

Council Member Rivas stated they talked about tennis courts tonight but one thing the failed to talk about was T-ball and no concession stand.

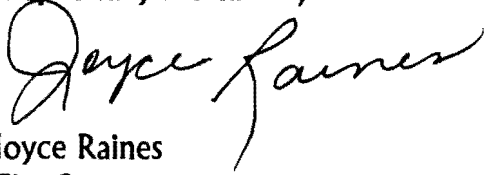
Mr. Squyres stated that actually we did that when we talked earlier tonight about having to have a balanced budget, there was no way around that, the Charter says we have to do that but that did not mean that down the road we couldn't have a meeting for additional appropriations, much the way we did this year and we could certainly consider anything along those line that council sees fit to consider.

Mr. Squyres discussed some possible things that might come up that the city would have to use reserve funds to pay for. He stated that the point was that when we see those big dollars in CD, they were not there in reality.

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Mayor Diaz adjourned the meeting at 7:48 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 printed name.

Joyce Raines
City Secretary