

SPECIAL SESSION, FRIDAY, AUGUST 8, 2014 6:00 P.M.

The Mayor and City Council met in Special Session on Friday, August 8, 2014 at 6:00 p.m. for a budget workshop with the following members present: Mayor Diaz, Council Members Rivas, Robinson, Lee, Garcia and Gonzales; City Manager Squyres and City Secretary Raines. City Attorney DeFoyd absent.

Mayor Diaz stated this was a budget workshop for FY 2014/2015 and turned the floor over to Mr. Squyres.

City Manager Squyres stated that he wanted to take a little different path on the workshop this year primarily because of a major problem we have with our budget for health care, that times are changing and we have been saying for years that we couldn't continue to sustain the plan that we have as the rates continue to increase and he believed they had reached that point; he needed some direction from Council and he would like to make two proposals to them and he would go through both of them and then we were going to talk a little bit about some infrastructure, building, pipe and those kind of things.

City Manager Squyres presented a spreadsheet covering the current health care plan, showing the increased cost over the last several years and discussed the reasons for the increase and advised that this was the last year Blue Cross would provide this plan and went over the proposed plan, which would be Blue Cross Blue Shield Platinum Plan and what services it would provide. He pointed out that the new plan would reduce the premium cost to the city and employees and that one of the differences would be that the current plan was a 90/10 and the proposed plan was 80/20, he pointed out the differences in the service copayments and prescription copayments. He presented a health care plan comparison and discussed that employees currently pay 33.3% of their family coverage and the city pays 66.6% of the coverage and discussed planning for the future.

Mr. Squyres advised that we had a 50% cost increase in our workman's Insurance this year and discussed the reasons for the increase.

Mr. Ennis, our Insurance Agent of Record, was present to answer questions and concerns.

Lon discussed the city's infrastructure, city building needs, water well #4 line replacement, the sewer treatment plant and distribution lines, the sewer collection system and treatment plant and the park system. (A copy of the insurance information and the presentation he made is attached as a permanent record.)

Mr. Squyres stated that he was going to run down the list of building issues and for the ones that didn't know, City Hall had a foundation problem and we were raising these issues because he knew that they all had projects that they would like to propose for the budget and he knew the citizens were coming to them and asking why we didn't do this or that and he would like for them to have a broad overview of what their hired staff needs done in the city, whether it was this year, next year or long term planning and they could decide what their priorities were. He advised that they were thinking that the foundation problems at city hall were going to be around \$45,000.00, there was one or two things going on it had not been determined yet, it was either the massive tree on the south side of the building or we had a water or sewer line break under the building so we were going to camera it to determine the cause at a cost of \$300.00.

He stated the next building that we needed to talk about was the police station and he thought it speaks for itself and he was sure the Chief would want to chime in. He discussed a lot of the issues, particularly the wiring. He stated that he was of the opinion that we needed to replace the police department but he took his direction from the Mayor and Council. He discussed funding sources to do that.

Chief Ayala discussed the problems and issues they were having with the police department several years ago and they still were, that it looks like a nice building, he went over the many issues they have with the building, stating that they have to look toward the future and the growth of the department as well as the repairs they have done and the things that still need to be done.

Mayor Diaz ask the city Manager if there was any way he could finish what he had to do because she did have another appointment at 7:00 p.m. that she needed to attend and what we would do at the next budget workshop we would have all the department heads and they would all be ready to ask questions and be prepared for them.

City Manager Squyres advised there were a lot of issues with the police station and the fire station and quickly outlined some of these and they had just approved the line replacement for the water department, the treatment plant was in good condition overall, there was a booster pump issue and they were going to be dealing with that and he discussed

distribution lines, stating they were a hot topic and one of the things we going to be looking at this over the next several year, that we didn't have to worry about the Industrial Addition on the South side of Market St. that grants had taken care of that and within the next four years should be all the way to Holland Avenue. He stated that the area in Jacinto Oaks was not quite as desperate, they were not quite as old and were a little larger lines. He stated the big need was the North side of Market, that Council Member Garcia met with our engineer and Kyle a few months ago and they came up with conception of several years of planning and it was basically four years and it was an expensive plan. He went over the phases stating that phase #1 – Engineering was a quarter million dollars, Construction was another 1.5 million and every year it was similar. He stated that he had some ideas on that and would like to talk to some council people before they sit down in the budget process.

He stated the sewer collection system was basically a done deal, we had a few spots here and there and we had ten years left on the bond debt to pay for what we had already done but we didn't have any big issues left because of that. He stated that we did have 12 years left on bond debt but due to our great bond rating we refinanced that and shortened it two years and reduced the payment a little bit and that was a good thing for the city.

Mr. Squyres advised that the sewer treatment plant was a different story as they knew, that we have had several TCEQ violations and we were hearing that they were getting tighter and tighter and we have to address them. He stated the PH problem had to be addressed and they were going to see increased amounts in materials and the fact that the plant was 30 years old and was not designed for the flow the plant is getting and we need to deal with that. He stated that the cost estimate for rebuilding the front side of the sewer plant was basically 3.25 million with engineering. He stated that the back side had just been rebuilt with grant funds so we didn't have to worry about that at all.

City Manager Squyres stated that he knew that a lot of people were talking about parks right now and he would suggest that before we do anything in the parks that we try to find a way to do a master plan, there were two possibilities of doing it at zero or a low cost and discussed these two possibilities, but the main thing was that before we jump in and spend massive amounts of money in a park that has to compete with sewer, water, police, fire and everything else, we need to make sure it is wise to do it, that it is an necessary service and if we do it, it will work, it will fit. He stated that he was all about long term planning

but he thought we would have a hard time fitting it into short term budgeting process at this point. He discussed the new restroom facility which they had approved and it would be paid for in the current budget.

He advised the Mayor and Council that they would probably be seeing some budget amendments over the next few weeks, that there were a few things that we wanted to take care of and address and discussed what some of them would cover.

He advised that he was going to be working on the budget during the next few weeks and he would love to hear feedback from them individually, especially concerning their thoughts on changing the insurance and ratios.

He stated that if we were taking away some health care benefits this year it would sure be nice to give some type of raise this year, he didn't know if it was going to be possible but if at all possible he would be recommending a raise of some type this year.

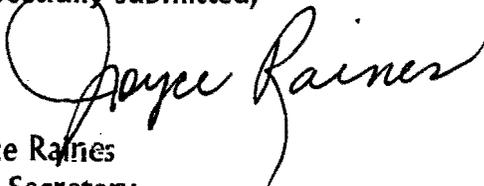
Mayor Diaz thank Mr. Squyres for dealing with the proposal on the insurance and the power point presentation was excellent and she was sorry that she had another meeting that she had to attend and ask when our next budget workshop would be.

Mr. Squyres advised the next one was scheduled for August 19th and if we needed another one we could do it a week later.

Mayor Diaz stated that at that time we could hear from the departments.

Mayor Diaz adjourned the meeting at 6:52 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