

## BUDGET WORKSHOP, MONDAY, AUGUST 19, 2013, 6:00 P.M.

The Mayor and City Council met for a Budget Workshop on the proposed budget for FY 2013/2014 on Monday, August 19, 2013 at 6:00 p.m. with the following members present: Mayor Diaz, Council Members Robinson, Lee, Garcia and Gonzales; City Manager Maner, City Attorney DeFoyd and City Secretary Raines. Council Member Rivas arrived after roll call.

Mayor Diaz stated that last Monday we had our first budget workshop and this would be the second workshop and turned the meeting over to City Manager Maner.

City Manager Maner advised that they had before them now the first draft of the budget that he was proposing and this budget was prepared with a couple of very important assumptions, the number one assumption has to do with revenue and that was if the city council, when the time come to set the tax rate, at the rate he hoped would be the effective tax rate but we didn't have that from the county yet, but whatever would bring in the same amount of revenue as last year. He stated that Number Two did not assume any water and sewer rate increase although the budget was raiser thin, it included a 3% raise for city employees across the board and as he mentioned to the council last week, we have two large impacts on our expenditures this year that are beyond our control, number one was health insurance for our employees a 16.3% increase and he explained to the council last week that we shopped and were turned down without others wanting to quote due to some large claims we have had and also our workman's compensation insurance had a 23% increase.

Mayor Diaz ask if the rates went up due to the accidents we had recently.

City Manager Maner advised that yes we have had some tremendous claims and he can only imagine what the officers shooting bills have been and they are still paying, but at any rate, those things were beyond our control.

He stated this was a razor thin budget, that we had our first workshop meeting last Monday and the purpose of that meeting was to let the council have an opportunity to give him and the department heads suggestions as to things they would like to see in the budget and they listened very carefully to all of those, appreciated them greatly and he would tell them right now there was not one of them in this budget, that he simply couldn't make money, that didn't mean they couldn't be done but he can't budget it, he was required by law to have a balance budget and revenue was not there so that was why they were not there, that he totally agreed with most of the things they discussed and we would be able to do some of them, maybe not all.

He stated that he and the department head had put a lot of work into the budget and they didn't treat it as a game and try to be realistic and this was what he had come up with and what he would like to do was go through each section of the budget and once he has recapped it for them and they have looked at it they could question or comment.

City Manager Maner started with the Budget Summary, stating that the important thing on that, he was projecting income in the General Fund to be \$5,494,640 and that was a \$133,080 more than last year and directly below that was each department's projected expenditures with expenditures in General Fund projected at \$5,491,410 leaving income less expenditures at \$3,230.00. The projected income for the Water Fund was \$2,844,570 and that was an increase of \$56,430 over last year, with the projected expenditures of \$2,843,180 leaving income less expenditures in the Water Fund at \$1,390. He stated that the real key in these budgets was that income less the expenditures was very small.

He stated that the next page was the General Fund projected revenue and that told them where the revenue figure he discussed before would come from and each item on there would show last years, this years and the dollar change and he also added a column this year showing the percentage change. He stated this was revenue so in this one the minus signs were not good and the plus signs were the few things they felt would increase in the coming year. He stated that here again the economy, not just ours, but the country's economy was not in good shape and we all knew that.

Council Member Garcia ask about 5524 Donations for Special Projects and ask if this was in the last one and was advised that it was in everyone, that was if someone wanted to donate to the city for projects we do.

City Manager Maner advised that all of these items were standard budget items in our budget.

He stated that the next page was Department 10 which was non- operating transfers which was a bookkeeping thing, it was the amount of money that was projected for fuel this year in General Fund and each department has a fuel item and that number is simply the sum of each department in General Fund.

Department 11 – General Administration – He stated that last year's budget was \$549,770 and this year's budget was \$566,310 which was an increase of \$16,540. He stated that we had the 3% raise on all of the salaries and the biggest increase in this was the health insurance which was up \$9,000.00 and workman's com which was up \$7,000.00 and if you take those two figures that makes the \$16,000 and there were a

few small things that were up and down that cancel each other out. He ask if they wanted to talk about each department as they go or get through and come back.

Council Member Garcia stated that on General Administration she saw in Capital Outlay Commercial Christmas Tree, that last year we had budgeted that and we had purchased the Christmas tree and we had \$4,500 that was not spent and it was taken out, that meant there was not going to be any money in there right.

City Manager Maner stated there was nothing budget for that this year.

City Manager Maner stated that he was glad that she mentioned that and called attention to Item 6795 Holiday Decorations & Supplies, that on the last one it said \$1,000 and now it says \$1,350 and that was where the Easter Bunny could be bought if they approved.

Council Member Garcia ask if we were ok on decoration for this coming year.

Mayor Diaz stated that we usually add every year.

City Manager Maner stated that we also buy candy and a \$1,000.00 doesn't buy a lot of commercial grade decorations and we also have to repair and replace bulbs.

Mayor Diaz stated that there were a lot of things she wanted to do with that, like decorate the new monuments at the entrances on Mercury and Holland, she was going to talk to Kyle about it, she wanted to put two bales of hay and pumpkins, etc. for the month of October at each entrance and do the same thing for Christmas, that last year they put wreaths on the monuments.

Kyle stated that he needed to talk to her, that he thought he mentioned to her that they were going to have to buy some bulbs and stuff because they broke into the old preschool where they store the stuff and they damaged quite a bit.

City Manager Maner pointed out that 6795 had been renamed Holiday Decorations and Supplies that in the past it had been Maintenance and Repair of Christmas Decorations and he was just changing it to Holiday Decoration because there were other holidays in the picture.

Council Member Lee stated that before we get too far, he wanted to go back and just ask a question about income, Item 5544 – Interest Income, was that projection going to be \$2,000 less and what did we use to figure that, just experience.

City Manager Maner stated that basically he talked with the bank, that at the end of July we had a total of \$5,927, and they don't anticipate change in the interest rate.

Council Member Lee ask if that had been the trend for the last few years and was advised that it had gradually been decreasing. He stated that the other question was about Police Fines, were we expecting the officers to write 1% more tickets.

City Manager Maner asked to let him tell them the philosophy he has, we expect all of our employees that work for the city to work, we are not slave drivers but we do expect them to work and a part of a police officer's job is to enforce the traffic laws and he thinks that looking at the report you could tell when an officer is making an effort to work or not because his favorite saying was and he knew the Chief had heard him saying many times, that he couldn't drive from city hall to the bank without seeing people driving fast so he didn't believe that a police officer in a patrol car drives 6 or 8 hours a day without observing traffic violations. He stated that we could take these numbers in revenue and make up any number we wanted to but we want to be realistic and that is why a lot of them are down.

City Attorney DeFoyd advised that on the Mixed Beverage Tax there might be a bigger decrease than he had there and the reason was that they were going to change the law January 1<sup>st</sup>, the gross receipts tax is going to be reduced to 6.7% and the theory was they were going to make the sales tax 8.25% on mixed beverages and the thought behind it was it would make the customer pay ½ of the tax and the bar or restaurant owner ½ but if you figure it out, it doesn't work out quite that way and there was another question as too the statute which says 8.25% and we only have 7.5% and there was a question on this so it was kinda up in the air because most cities were only 7.5% but the legislature, in their wisdom, and the next thing was do we get part of that 1% and he just sees that as a loser.

City Manager Maner stated he was probably right and we were already down but of course we only had Chili's.

There was general discussion on unfunded mandates, state fines, etc. that the legislature passes without considering the impact it has on cities.

City Manager Maner ask if there was anything else that they wanted to discuss on Department 11.

Council Member Robinson ask about 6777 Insurance – Retirees being dropped by \$5,770.00.

City Manager Maner stated that we only had two retirees and one of them had just gotten a much better deal on his insurance.

Department 12 – Emergency Management – City Manager Maner stated that really just consisted of Lon and in the department there was a \$5,500.00 increase and it basically consisted of the 3% and increase in health insurance cost.

Department 13 – Code Enforcement as they could see was approximately a 1% increase overall of \$650.00

Council Member Garcia questioned if we had any part timers at this time and was advise that we had one and he was a certified operator for the mosquito truck.

Department 14 – Fire Department – He advised that all the employees in this department were part time and that included a 3% raise for them as well. He stated the biggest change for them was 6703 Ambulance Billing and that was a good increase because we only pay them a percentage of what they collect, which meant that we collected more in revenue.

Council Member Lee ask if they anticipated any more ambulance supplies for the year and Lon replied he thought the budget would suffice but he had a slush fund also, they got rack money that can help them from time to time.

Council Member Garcia questioned what 6867 – Turn-out Gear was and was advised that it was the equipment that they wear when they go into a fire and it was very expensive, that the Fire Commission requires that you have it and they are very pickey about what you put your guys in, they can be no more than nine years old even if they are still in the box.

Council Member Gonzales ask Lon about 6801 Maint/Repair – Building Facility and what kind of repairs we were talking about.

Lon stated that it was an ageing building, it was build in 1974 and was not designed for what it was doing, a/c issues, sheet rock issues, ceiling falling down, all kind of minor issues that you could expect from almost a 40 year old building.

City Manager Maner stated that you would see an increase in that code in several departments and basically it was just what Lon said, all of our buildings are a year older than they were last year and of course the older anything gets, the more maintenance it requires

Lon advised that they were over in that code this year and to be honest they might be again next year due to the age of the building.

Department 15 – Parks and Recreation – City Manager Maner stated that over all the budget was almost \$6,000.00 less than the previous budget, that looking at the top part there was a 3% raise up there with the exception of the Parks and Recreation Director which was getting about 7% which would set him at the level of \$49,000.00. He stated the biggest raise, as in most departments, was health insurance \$20,700.00 and he thought the rest of it was pretty self explanatory and if there were any questions please feel free to ask.

Council Member Gonzales ask if that was what it was going to take for the ball park lighting, that he thought it would be cheaper than that.

Parks and Recreation Director Ivan Rojas discussed what it was going to take to repair the lights.

City Manager Maner stated it was really not doing over the whole thing, that it would cost \$200,000 to replace everything.

Council Member Robinson ask if he said that was two light on each pole.

The sound system did not pick up Ivan's response.

Council Member Robinson asked if he said he had a quote on this.

Ivan stated that had one and it was around \$4,000.00 to add two lights.

Council Member Garcia ask about the Wilke Park Rehabilitation, stating that was the bathroom right.

City Manager Maner advised that as he had already mentioned, that was not in the budget, it was in last year's budget. He stated that didn't mean we wouldn't do them, he was just telling them that this budget had to balance, that the council could throughout the year elect to do a project and pay for it from surplus funds.

Ms. Garcia stated that at the last budget meeting was the first time she had ever heard of pre made bathrooms so she wasn't quite convenience, but once she look around and as they knew, she took pictures of several bathrooms around several areas and the last visit she had was at the place where they actually make them and it seems like Metro, Harris

County and Baytown has some and the President of that company gave her confidence in his product and somebody at the company was suppose to send us a quote but she hadn't received it yet but she thought that was something we promised the citizens in the last budget and was definitely something that we needed to pursue.

Council Member Rivas stated that he didn't see anything on Smith Park here.

City Manager Maner stated same answer, not in the budget, it was something that he totally supports it was just that he had no income to do it. If the council decided to do it, they could do it anytime they wanted and fund it otherwise.

Council Member Garcia ask what all would be in the gym rehab.

Ivan stated the exterior of the gym would be painted.

Council Member Robinson stated maybe we could move that out and move the lights out and just do \$15,000 for the lights, if we could get some good quotes on it.

Council Member Rivas questioned how bad the paint was on the gym.

Ivan stated that it had been years since it was painted.

Mayor Diaz stated that it had been years and that the graffiti had been cleaned numerous times.

There was discussion about how long it had been since the building was painted.

Mayor Diaz stated that we did want to keep our community looking nice so we had to do what we could.

Council Member Rivas stated that if we didn't spend money on the ball park lights, no one would notice.

Mayor Diaz stated that if we didn't have any ball park lights, we wouldn't have any ball field games.

Council Member Lee stated that he was assuming that if we did have this money allotted for Wilke Park this year that if we go ahead and get something done and get a restroom over there or come to some type of decision about getting one, he didn't think it would cost what we had allotted there, maybe there would be some money left over, maybe we could get some type of direction about budgeting something for Smith Park next year.

City Manager Maner stated that he had to be realistic about that, the budget year was over September 30<sup>th</sup> and any project over \$50,000.00 we had to go through the advertising process and there would not be sufficient time.

Lon suggested that since Wilke Park Rehab covered all of Wilke Park, perhaps if the bathrooms could not be done in time, perhaps the lighting could be, he didn't know what the time line on that would be if he already had estimates, it might be quicker to advertise for that, it was just a suggestion.

City Manager Maner stated they would look into it.

Council Member Lee ask if we had to advertise to purchase a prefab building.

City Manager Maner advised that you had to advertise for any expenditure over \$50,000, there was a Harris County Buy Board, which we were a member of, and if they were a member of that and he didn't think they were.

There was discussion on the advertising process and amount.

Council Member Rivas stated that just as a reminder, we don't hear a lot about the parks except when ball season was here and then you would get told by leagues, parents, etc. what they would like to have, lighting very important and then concession stands was another big issue and he didn't think we could neglect those too much longer.

Department 16 – Police Department – City Manager Maner called attention to the second page, bottom line, that this budget had a \$138,980 increase over last year. He stated that a biggie was the 3% increase of course and in 5608 – General Workers was up \$60,800 and provided for one additional police officer and when you add an officer, that in addition to increasing the salary you also affect health insurance, workman's comp insurance and FICA and those were all increased as well. He stated that besides the salaries the health increase was the biggest increase as in all departments and he thought the rest of it was pretty self explanatory.

Council Member Robinson ask about longevity and was the decrease due to newer officers.

City Manager Maner stated that longevity as all the departments was an actual number and explained how it was determined.

Council Member Rivas ask about utilities, 6871, that it was reduced.



City Manager Maner explained this was determined based on the usage to date and explained how he came up with the figure.

Lon advised that we signed a new contract with TXU and we were getting a much better rate now. There was discussion on what the rate was.

Council Member Lee ask about 6804 Maintenance/repair – Radios, ask if this dropped because we were anticipating new radios and was advised that it did.

City Manager stated the radios were another item that was not budgeted but we were going to have to do that this year.

Council Member Lee stated that we did need to talk about that because that was mandated by the Federal Government and we had to do that.

There were general questions about items in the budget as to what they were used for, etc..

There was a question about the reduction in utilities in both the Police Department and Fire Department and was advised that as it was discussed earlier, it was basically the reduction in the rate and it was based upon usage to date. There was discussion on how the usage was divided when you had more than one department at an address.

Council Member Gonzales ask Chief Ayala about the equipment for new vehicles, and about the recent accident to the one vehicle, were we going to replace that vehicle or had it been totaled out or what.

Chief Ayala stated they think it is totaled out but they were still waiting on that.

City Manager Maner stated that the good news was that they person who hit the vehicle had insurance.

Chief Ayala stated that he really didn't see the need to pay for a new vehicle, they had two others to work with, that they have a total of 13 patrol units and 4 unmarked vehicles.

Department 17 – Municipal Court – City Manager Maner advised that this budget was up \$12,480 from last years and the total budget was \$226,380. He stated that at the top of the page was the 3% increase and here again the biggest increase was health insurance, \$10,190 and there were a few decreases.

Council Member Garcia ask if the money in Warrant Service could be used to cover the laser fish and she was advised that no, there would have to be a capital outlay item to cover that. This was just warrant service that we have now.

Council Member Garcia said so we would have to label it capital outlay to purchase laser fish to be able to store all of these documents so that they won't have to be dismissed, could we do that and how much would it cost.

City Manager Maner stated that he had no idea.

Ms. Garcia stated that she just felt bad for all the city lost and if we could start getting modernized and start catching up.

City Manager Maner advised them again that they would soon be going to TML and there would be vendors there that were in that business and they would be able to see some things like that.

Council Member Garcia ask since we weren't going to TML until October would there need to be some money set aside in capital outlay now.

City Manager Maner stated the council could amend the budget if the chose.

City Manager Maner advised that Department 18 was really just traffic signals.

Department 19 – Street Department – City Manager Maner stated that the 3% raise was included and this was one department that he had to point out to them that the health insurance was actually less but it was not because anything went down but because of employees being switched from one department to another and changing coverage, that he knew that we had one employee there that was carrying his family and now he was just carrying himself.

Council Member Garcia ask Kyle about Capital Outlay Item 6911 – Street, Sidewalk & Drain Repair and what were the plans for that \$100,000.

Kyle advised there was some asphalt and milling, he had some ideas and at current pricing that would be about 2300 foot based on the prices we paid for the last job that we did and he wasn't sure if that would be a good price. He stated that he had mentioned Oswego because it needed some milling bad. He stated there was plenty of asphalt that could be redone in the city and he was hoping that after talking to some people doing some asphalt in Crosby, there was word that there might be another round of asphaltting by

the county but he has not heard anything officially but hopefully we could get some over here and it wouldn't take a whole lot to do all of them. He stated there were some streets that didn't need milling and you could do more asphalt.

Council Member Garcia stated that she was wondering if \$100,000 would be enough to do the streets that didn't need milling.

There was general discussion about the street repairs.

Council Member Garcia ask about 6808 Materials & Supplies, that it went down \$5,000, what was being cut off.

Kyle advised that they were going to stock up on some of their items used in street repair materials with funds left over in this year's budget.

Council Member Robinson stated that he saw where they increased the fuel to \$23,960 for next year, that last years was only \$8500 and he knew that we amended the budget but he didn't think all that fuel was coming out of the streets.

Kyle stated that was his fault, he stated that with the fuel system they had they get fuel 24/7 and primarily during the day sometimes other cars used from other departments, the he hadn't even seen the police or fire department budget, theirs was pretty right on, there was a couple of them that was down.

Council Member Robinson stated the police department was raised \$9,500.

Kyle stated he had told Jack today that he probably had a couple of cards that were messed up and charging things to different departments and he was going to check them.

City Manager Maner discussed different departments in Public Works where the workers had a card for one department but was working, at any given time in another department and used the card for whatever department they were assigned too.

He stated that sometime other departments come in to get gas and don't have their card and his guys will use their card for them and he tries, the best that he can, to charge it back to PD, etc..

Mayor Diaz ask if the gas was used for the lawnmowers and everything and was advised that it was.

Council Member Garcia stated that we had \$10,000 in Traffic Signs/School Signs Item 6865, what all do we do in the community.

Kyle advised this was for signs that we had to replace when they were torn up by vandals or new signs we put up throughout the city and the hardware to go with them.

City Manager Maner advised that it was not only street or school signs but city limit signs, park signs, etc..

Department 20 – Garage Department – City Manager Maner advised the only increase was the 3% increase for the mechanic and was a total of a \$2,400 increase over last year, with the big increase being health insurance.

Department 21 – Sanitation – was our garbage contract.

Department 22 – Heritage Hall – City Manager Maner stated that the bottom line in this department was down \$50,000 but that was kinda of a false down because the bus was in there last year. He stated there were no biggies in there at all, health insurance \$1,310 and \$10,000 in capital outlay for blinds.

Council Member Robinson ask if Cindy got a car allowance or anything when she drove her personal car to different things and was advised by City Manager Maner that she did not.

City Manager Maner stated that she could turn in a request for reimbursement just like they did but they try to make other arrangements.

Department 23 – Mayor and Council – City Manager Maner advised there was no change to this.

City Manager Maner advised that the next page was the Water Fund Revenue projections and he would be honest with council, that he might be optimistic, he was projecting a 2% increase overall in that budget and he didn't want to miss an opportunity to say we were going to have to address water and sewer rates one day, that we have had nine increases from the City of Houston now and ours have not increased at all.

Council Member Lee ask him what he thought would be a realistic increase.

City Manager Maner stated that he didn't know but what he would recommend, when the council was ready to consider this, would to be to hire a consulting firm and let them do a study and there were several firms in the State and that was the business they were in,

utility rates, let them make recommendations and then council could follow that recommendation.

He stated that as they could see, this budget we were looking at tonight, was only talking about \$1,300 more in revenue than in expenditures and there was no capital outlay for any special projects at all and this was something that we were going to have to face someday. He stated that he thought we had intelligent and a reasonable amount of citizens that if the council demonstrates to them the need and reason for it, he thinks they will accept it, nobody likes it but he thinks they will accept it if they understand that it is only done because it is needed.

Council Member Lee stated that they were tax payers too.

Council Member Lee stated that he sees that he is anticipating less reconnects and less insufficient checks.

City Manager Maner advised that it was based upon what was happening and that water and sewer usage itself was something that we didn't have any control over.

There was discussion on the reduction in water and sewer taps.

Department 31 – Water Fund General Administration – City Manager Maner stated the total budget was \$849,870, a \$22,980 increase from last year which basically was the 3% increase for employees, health insurance and workers comp. He stated that Department 11 and Department 31 pay all the insurances except health insurance for each department.

Council Member Robinson ask about the decrease in our Garbage Collection Contract.

City Manager Maner explained that what was here is what it is how, that they had anticipated more of an increase than we had last year, that Waste Management and Thane Harrison worked with us and they were very good to the city, and we just don't have garbage problems and if we have one, it is taken care of immediately.

Council Member Garcia stated that under Capital Outlay she saw that we had computer equipment, softwear and office equipment and she would love to see, and she knew that we were working under a 5.4 million dollar budget but we started to do water line repairs all on this side and she knew that she mentioned this last time and as of September 30<sup>th</sup> of last year we had 8.5 million to work with and we were good for at least two years but if we could start investing on the north side \$200,000 wouldn't kill the bank and start

working on these water lines like we did on the south side because if we keep on depending on grant money as it was going, it reminded her of depending on government assistance and one day we weren't going to have that government assistance so we needed to be able to stand up on our own two feet. She stated that she didn't know what \$200,000 would look like but we needed to start working on this side and work our way back and eventually start in Jacinto Oaks.

City Manager Maner stated that he didn't disagree with that, here again, he couldn't include anything like that in this budget because he didn't have the current funding to provide for it, but that was something the council could certainly consider, they could get with Kyle and decide how much it would do and one thing they had to consider was prioritizing, starting where it was needed the most.

Kyle advised that we had bids coming in on water lines at the next council meeting and we would know what the construction was costing.

Council Member Garcia stated that she like the idea of how we handled the south side and she thought that would be a good idea to have the same approach on the north side. She stated that grant money was good but if we kept waiting for that it would probably be another eight to thirteen years before we got anything else done and we can only wait for so long.

There was discussion that on certain grants the city had to match a percentage of the money we received. There was discussion about the age of the line in the city and what still needed to be replaced.

Assistant City Manager Squyres stated that just so the council knew, we were pre-approved up through 2017 for CDBG funds from the county and that would take us, on the South Side, all the way from the 100 block at the dead end to Holland Avenue so that one piece of the city will be done in 2017.

Council Member Garcia stated that she visited Stephanie Harris on Thursday and told her that she wanted her to be honest with her and tell her what kind of shape our city was in compared to other cities and she did show her a couple of other cities and that was when she mentioned that as of September 30, 2012 we were at 8.5 million and property taxes were the main source of revenue, with sales tax being the second. Ms. Garcia stated this was her second term and she was learning new things, how to work at city hall, how to read the water meters, she was exploring and when she showed her the other cities and one of them was at like \$580,000 compared to 8.5 million and she thought dang we were in good shape and she showed her another one that was 8.2 or something like that but still compared to us at 8.5, Jacinto City was pretty darn good.

City Manager Maner stated that we were conservative, as he said before, we operate this city that way.

Council Member Garcia stated that she guessed that \$200,000 wouldn't break the bank. She stated that Stephanie was honest with her that in water there was no source of revenue there because we were waiting on that increase, we haven't raised the rates and nobody wants it to go up but like he said, eventually we have to face reality.

Department 32 – Water System Department – City Manager Maner stated that bottom line, this was a big department, with \$1,357,630 budget, a \$45,000 increase over last year.

Council Member Robinson stated that insurance and the purchase of surface water was the biggie.

City Manager stated that was correct.

Council Member Garcia stated that she notice that in the water department they also rented the copier and ask if there was a reason, leasing versus purchasing.

City Manger Maner stated that actually it was six of one and half dozen of the other, both have their advantages and disadvantages, it has been his practice to let the department heads make that decision.

Council Member Robinson stated that in the lease we get maintenance too didn't we and that covers that part.

There was discussion about with the lease agreement they come out and fix the machine and this was part of the agreement but if we purchase them we are on our own.

Council Member Garcia questioned the decrease in 6799 Maintenance/repair Auto.

City Manger Maner stated this was based upon this year's expenditures so far and went over the figures to date. He stated that one thing that he could always compliment Kyle on was that he did a good job on maintaining city equipment and vehicles

Kyle and City Manager Maner stated that our mechanic did an excellent job keeping our equipment and vehicles in good repair.

Council Member Gonzales stated that on Item 6790 Water Analysis Fees, how often was this done, was it a monthly deal or what.

City Manager Maner advised that was up to the State.

Kyle outlined all the different samples they are required to do.

There was discussion about EPA requirements.

Council Member Garcia ask about Item 6892 Well Permit Fee – She stated that even though we were not pumping water yet, did we still have to pay that fee and was it a yearly fee.

Kyle advised that we had to pay that fee whether we pumped or not in order to maintain our well permit.

City Attorney DeFoyd stated that if we didn't we would lose the permit and we would never get it back.

Carmela ask when did they project that we would be pumping our own water because we had mentioned the water wise program.

Kyle stated that hopefully we would be pumping before the end of the year but the water wise program had changed and he was going to tell them that it was not near the savings that some people think it is because you were still going to have to buy water from Houston but even though they were going to allow you credits and stuff you were still going to have to be on surface water, they were saying 50% but that was not what he was hearing from other people and also keep in mind that when you quit buying and give up that water from the City of Houston there was no telling what you would be paying when you say that you are on water wise and he was not impressed with it at all. He stated that he had talked to other cities and it was good to teach the kids to conserve water but we try to do that and that was what water wise was mainly for so it was not going to be the saving grace.

Carmela ask which cities did he know that were already on the program.

Kyle stated that Deer Park was on it for a while and it didn't pan out and Crosby Mud tried to get on it and they backed out, League City was on it and like he said, he was not hearing anything positive on it.



Chief Squyres stated that the biggest unknown factor on it was that we had new infrastructure in the ground now and we don't know what it is going to cost, even with better electric rates, to take that water out of the ground into our water tower until we have some sample data on that, we have to actually do it and see what it is actually costing us.

Kyle stated that once everything is on line, he has some water where we could be on trial for a couple of months while we talk to the water wise people, that he has never talked to them about the credits, were the credits still available.

Lon stated that right now we were allowed to pump up to 20% of our water, we were not doing this but once this get done we should be able to pump at least 20% water and then with water wise we were able to go up to 50% but at first using the 20% we were going to have to see what it was going to cost to go from point A to Point B.

Council Member Lee ask if this program was funded by the State and was advised that it was Harris County Subsidence District but they didn't fund it, you had to pay but he didn't remember what it was.

Kyle stated that he just didn't want them to get their hopes up until we know.

Department 33 – Sewer Department – City Manager Maner stated that he like the bottom line on this department , that it was down almost \$10,000 from last year and of course the biggie was health insurance and we took \$10,000 out of pipe bursting from last year which had been an emergency repair.

Council Member Garcia ask if Sludge Disposal, 6853 was coming out to be the same as last year.

Kyle stated that they knew we got a sludge press and we were slow on getting started but now it is operating and he is hoping that we may be able to cut that somewhat. He stated that was a major plus for our operation.

Department 34 – Mayor and Council - had no change.

City Manager Maner thanked the Mayor and Council for going over this with them and they were all available at their beck and call.

Mayor Diaz thanked them for taking their time, that she knew it was a lot of work.

Council Member Garcia ask when our next budget meeting would be.

City Manager Maner stated whenever the council wanted, that his impression tonight was that our next meeting would probably be the public hearing before the first meeting of next month and another public hearing before the second meeting, that he was personally available to any of them if they had questions, that he might or might not be able to answer them, if not, he would run down one of the department heads.

Mayor Diaz adjourned the meeting at 7:45 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 and title.

Joyce Raines  
City Secretary