

## BUDGET WORKSHOP, MONDAY, AUGUST 8, 2011, 6:00 P.M.

The Mayor and city Council met in special session for a budget workshop on Monday, August 18, 2011 at 6:00 p.m. with the following members present: Mayor Nunez, Council Members Ochoa, Diaz, Lee and Garcia; City Manager Maner, City Attorney DeFoyd and City Secretary Raines. Council Member Gonzales absent due to work.

City Manager Maner stated that the purpose of this workshop was for him to present, for their consideration and discussion, the budget that he had prepared for the fiscal year 2011 -2012 and that the proposed budget was the result of many hours of hard work, not only by him, but also by all the department heads.

He stated that we were all aware of the economic recession that our country, as well as most of the world, is now going through, the number of business closing, cutbacks and layoffs and the same is true of government, federal, state and local. He advised that Jacinto City, like all cities, regardless of size, had been affected by the economic environment, that revenues were down in most areas and we were faced with trying to do more, or as much, with less and that the proposed budget was a mixed bag; that it contained both good and bad news.

City Manager Maner stated the good news was that it anticipated no tax increase, that it was calculated assuming that the city council sets the tax rate at what is called the effective tax rate, as defined under state law, which would generate the same amount of revenue on the same properties as last year.

He stated that it anticipates no water or sewer rate increase although he would be remiss if he didn't tell them that he believed that an increase is inevitable in the future.

He stated that the proposed budget requires no employee layoffs or reduction in benefits.

He stated that it provided for a 2% raise for full-time employees, with one exception, and he thought our employees had proved themselves in hard times.

He stated that it will allow the city to continue to provide the current level of city services.

City Manager Maner stated that the bad news was:

The proposed budget contained almost no capital improvement expenditures, that it was basically a budget that would maintain status quo. He stated that there were many needed projects and improvements that all of us would like to see done but they could not be included in a balanced budget without an increase in revenues such as tax and/or water and sewer rates. That any substantial emergencies or expenditures considered necessary

would have to be considered by the council individually and funded from surplus funds.

He advised that the proposed budget provided no raise for part-time employees and requires that current unfilled positions remain unfilled.

City Manager Maner stated that in an effort to increase revenue, without a tax or water and sewer rate increase, he recommended that the council consider user fees and fines and two user fees that should be considered for increases immediately were rental rates for Town Center and garage sale permits and that the staff was gathering information on other user fees such as permit fees, license fees and court fines and that he would be bringing recommendation to the council in the near future.

Mr. Maner stated that as he mentioned earlier, this proposed budget contained no reductions in employee benefits. However, he would recommend that the council, in the near future, look closely at the city's policy on providing insurance coverage for retirees and he also recommended that the city change its policy on health insurance by reducing the city's portion of the cost of dependent insurance from two-thirds to one-half for new-hires only, not affecting existing employees but new hires only.

Mr. Maner stated that this proposed budget is not the budget he would like to present, but it is a workable, balanced budget for current conditions.

Mayor Nunez questioned how many retirees did we have and Mr. Maner advised that right now we had two but sometime we would have more. He stated that he would suggest that sometime we hold a workshop on this, maybe have an insurance agent come in and talk with us, Jim would be here for the legal part of it but he thought that was a way the city could save some money, it was not a tremendous amount but we could discuss it in detail, that in his opinion, we overdo it and he thinks we are doing more than what was initially intended, we provide things that he didn't think any other city does, that he hadn't been able to find them, that he didn't necessarily think we should stop, he just thought that we should look at what we provide and get it more in line with reality but unless anybody had anything else we would move on to the budget.

Mayor Nunez ask if there was some big project, could we go out for grants?

City Manager Maner advise that we were always looking but we had to realize the condition of the economy, that the government almost shut down for a while and the grants would get fewer and far between but we would go for everything we could get.

Chief Squyres stated that he had just done a presentation and we showed that for the past ten years we had gone over a million dollars a year on average in grants and that included the things that she was about to sign for the 300 and 400 blocks that we would be going out for bids on in the next two or three weeks as well as the large ones that she had just signed so we had basically, right now, 4.2 million on the table in grants that we will be doing over the course of the next year. So while the budget might not show infrastructure work, there is infrastructure work going on.

City Manager Maner called attention to the budget summary, which summarizes the budget, stating basically the projected income for the general fund for this year was \$5,146,120.00 and as they could see from the next column over that was almost \$134,000.00 less than last year and he stated that we would go over each department individually but total expenditures from this budget in general fund was \$5,137,620.00 and that was \$121,000.00 less than last year and it left \$8,500.00 in surplus and this was definitely the slimmest budget he had ever prepared.

He stated that the income from the water department was projected to be \$2,852,230.00, an increase of \$94,000.00 and expenditures were projected at \$2,844,610.00 which would leave a surplus in water and sewer department of \$7,620.00.

Mr. Maner ask that they turn the page to the budget summary for Debt Service and the very first thing they would see that in this year he was proposing that water fund pay \$200,000.00 or transfer to general fund \$200,000.00 to pay on the 7.25 million Certificates of Obligation where we renewed the sewer system and most of them had been here when he said this before but state law and our charter requires that the water and sewer system be self supporting and when he came into office, he went back five years and the water fund had actually lost money and therefore when it came time to do these certificates of obligation, rather than go bond issue which have to be paid from water and sewer department and which would mean an unbelievable rate increase, the city chose to go with Certificates of Obligations which we could legally paid from either but when you get right down to it, and he stated the debt payment for this year was \$520,970.00 and that entire obligation should be paid from the water but needless to say, we can't do this now but he thought we needed to ease into the water and sewer fund starting to contribute more and more toward this to ease up the burden on the tax payers. He stated that it was \$100,000.00 last year and he was proposing \$200,000.00 this year.

City Manager Maner pointed out to the new council members that this was very informal and if they wanted to say something to just do it at anytime, that he wasn't going to read every line in this budget but if they see something just speak up.

Council Member Ochoa ask a question about the transfer to debt service and was shown which page it was on.

City Manager moved to general fund revenue advising that he was going to hit the high spots and if they would look at the minus signs they would see how many sources of revenue were down and all that added up to \$133,830.00 and most of these are things that we have absolutely no control over, stating one of the big ones is interest income, that three years ago we made almost \$40,000.00 and this year we would be lucky to get the \$15,000.00. He stated that the economist call what we are in now the zero interest amount. He stated that we were down in almost everything, that one thing he wanted to point out was rental of municipal buildings which was up and he hoped that the council would authorize raising the fees on that. He called attention to other items that were down in revenues and discussed the reasons.

Mayor Nunez stated that our municipal building was rented almost every weekend and she thought the rate was pretty good so an increase on that would be pretty good because she knew that he wouldn't go to high.

City Manager Maner stated that they would have to approve any increase and he would give them a recommendation but in looking around and getting some ideas to keep in mind that when we rent the Town Center for any occasion, we have to have an attendant there all the time and the attendant is drawing overtime and it has to be someone qualified to run the equipment. He went over the rates we now charge and the cost involved, however, the other side was that the facility was built for our citizens to use and we want to make it where they can use it, he just thinks that we need to recover more of the cost.

Mr. Maner stated that we only rent to city residents and there was discussion on the possibility of renting to non-residents and the possibility that this might not allow the residents to have as much use of the facility and if renting to non-residents, they should pay more..

Council Member Lee ask about it being more expensive to maintain the building during the summer months with the air condition bills and was there any consideration for charging more in the summer than the winter months.

City Manager Maner replied that he hadn't thought about it but that was a good idea.

Council Member Lee stated that he understood that we need two police officers if there is alcohol is served.

Mr. Maner stated that the rules were that if there is over 100 people you have to have one officer and if alcohol is served it requires two officers regardless of how many people.

Councilman Lee ask if it was a higher fee if alcohol was served or more people were there?

City Manager explained that the rate was determined by the space, you could rent one, two or three sections and the renter paid the police officers directly and we did require Jacinto city officers and that they be in uniform because they are there to serve as peace officers.

Council Member Garcia ask had false alarms increased because she notice that it went from \$50.00 to \$500.00.

Mr. Maner stated the number increased but the reason was the Chief had started enforcing it, he explained the purpose this served and that this was mostly businesses, not residents. Chief Ayala explained that four alarms were free and at the fifth we start charging.

Council Member Lee ask about the deposit at the Town Center and was it refundable. Mr. Maner explained that we now have a \$250.00 deposit that is refundable provided the building is left in good order and cleaned up.

Department 11:

City Manager Maner stated that Department 11 was General Fund General Administration which was city hall and all the general stuff which we would go over in just a second. He stated that the salaries represented the 2% increase and that general administration in both the General Fund and Water Fund, which was Department 31, show a lot of expenses that are not city hall expense but general administration like all of the insurances which is city wide except for health insurance and most things are down in that department \$24,760.00 from last year and the reason it couldn't be down more in that department is because of those set expenses such as insurance, etc.

Mayor Nunez commented on the cut in postage since we wouldn't be mailing out the taxes.

City Manager Maner stated that we belong to the Texas Municipal Retirement System and last year we were paying 7.4% and they are going to a higher rate and this year we have to phase in and we are paying 10.3% and that is why you will see retirement up.

He went over Department 12 stating that it included the 2% in salary, retirement and Fica

He stated that Department 13 was code enforcement and it was \$8,300.00 less than last years budget.

Council Member Garcia ask if there was any way we could post about the dogs on the internet, that right now we weren't charging but that could be a thought for the dog pound, like pictures of the dogs and put them on the website for others, not just our residents but people outside our city and maybe selling the dogs, it was just a thought.

There was general discussion about the practice of holding dogs, etc..

City Manager Maner stated that Department 14 was the Fire Department and there was no raise at all because they were all part time and he didn't like to do that to any of the part time people because he thought they were valuable and he would have like to do that this year but taking all things into consideration, he just couldn't. He advised that the only capital out lay in this department was a PD console rack radio which would serve both the Fire department and police Department and was a necessity and overall expenses were \$6,700.00 less than last year.

Department 15, Parks and Recreation, he stated the salaries reflected the 2% raise for full time only and as they could see part time preschool was different but not because they were getting a raise but because they were going to add a class and would need to pay extra workers. He stated that they could go through and if they saw anything that stood out to please ask about it but that overall this department was \$11,590.00 less than last year with no capital outlay.

Department 16, Police Department, he stated that the police department was the largest single department in the city and the decrease in the general workers was because we were not filling an open patrolman's position, that we were giving the ones there the 2% increase and the same thing was true in the dispatch position and the overtime had been reduced. Mr. Maner went over the proposed budget, stating that the only capital outlay was the payment on the lease vehicles. He stated their budget was actually up \$3,090.00.

Council Member Lee stated that because he was new and would like to know if in a situation, especially with fire and police, in an emergency situation where you needed some funding quickly for some situation, how was that taken care of if there was not time to have a council meeting.

City Manager Maner explained that we had to abide by state law and that provides for emergency, that you did not have to have the full posting time, that it still takes council action but it could be done a lot quicker.

Department 17, Municipal Court was vertically the same at the top, we added the raise but reduced other things. He stated the big difference was a change in the insurance which was a change in coverage.

He stated the insurance for this year was going to cost, for the employees only \$8,182.68 and the city pays all of it. For an employee and child, the city pays \$12,771.48, if the employee carries his spouse with no child, the city pays \$14,355.48 and if the employee carries his entire family, the city pays 18,944.28 over a years time so he thinks the time has come when we have to look at that and he didn't want it to affect any of our existing employees but he thinks for new hires, we need to consider reducing the co-pay for dependents.

Department 18, Traffic - He advised that the only increase in this department was utilities and this whole budget was is the maintenance of the traffic signals.

Department 19, Street Department – He stated at the top we have a decrease due to an unfilled position and that basically the only increases were fuel and retirement and the bottom line is \$90,220.00 less than last year and it did include half of what we had for capital out last year, \$75,000.00.

Department 20, Garage Department has one person and it did include the 2% raise, no capital outlay and increased \$330.00 over last year.

Department 21 – Sanitation – He advised that this was a transfer account, not a real department.

Department 22 – Heritage Hall - Mr. Maner advised that the decrease at the top was because we went from having two full time employees to one full time and two part time employees and a part time driver for meals and that the driver for the homebound meals was down below. He pointed out the decrease in the health insurance since we were only providing health insurance for one person and the decrease in retirement was the same reason and Senior meals were down almost \$5,000.00, that there was not as much participation as there was and we hope to change that.

Mayor Nunez ask if the county provided any money on these programs and was advised by Cindy that yes we received \$55,000.00 plus some smaller grants.

Council Member Ochoa as if 6763 was the part time for homebound means and was advised that it was, that he worked under a contract basis. Councilman Ochoa ask about 6812 and was advised that was the meals that were served at the location. Councilman Ochoa ask if we were going to buy less this year and was advised that we were serving less.

There was general discuss on senior meals.

Department 23 – Mayor and City Council – City Manager Maner advised that there was no change in this department, that it remained the same as last year.

Department 31 – General Administration Fund for water and as he said earlier, this covers all the insurance, etc. for the Water and Sewer Fund and overall it was up but the big item was 6501, the debt service transfer of \$200,000.00 so if you took that out, it would actually be a reduction.

Department 32 – Water System Department which was the actual water system and the 2% raise was reflected at the top, health insurance was up based on what the employee chooses to cover and the big increase was 6840, purchase of surface water from the City of Houston and this number of \$780,400.00 and explained how he arrived at this figure and what increases we could expect from Houston that we were at their mercy. He stated that we had budget \$70,000.00 for water line repair in capital outlay. He explained the new process the city would have to follow in applying for grants, that we would have to hire an engineering firm and provide the design when you apply and the city would have to pay for this. There was general discussion on the process and how it would affect cities.

City Manager Maner ask that they turn to Water Fund Revenue, that these were always predictions based on previous years but he anticipates that water and sewer billing will be slightly up next year and that was the only big increase and we were anticipating an over all increase of \$94,360.00.

Department 33, Waste Water System Department and he call attention to the 2% raise, stating that most of the numbers changed were negative.

Mayor Nunez ask what 6853 was and was advised that it was waste sludge that comes from the sewer plant and was extremely expensive to remove. Mr. Reed explained that he didn't know when it was going to be done but we were going to address a sludge press in this grant and there was discussion on when it would be done.

Mr. Maner stated the biggest decrease in this department was utilities in the amount of \$60,500.00 and that was based upon current usage and this department overall was under last year by \$179,580.00.

Department 34, Mayor and City Council remained the same as last year.



Manager Maner stated that all the department heads worked to make these change, they were not happy with all of them, neither was he and he hoped that neither were they but he thinks this budget will suffice for the coming year for the city and like he said, no tax increase and no water and sewer increase, no employee lay off but his job was to prepare the budget, the council's job was to approve it and he knew that they had just been presented it, they had the document in their hands, go over it and if they had any questions, please call him or any comments or suggestions to contact him and we would proceed accordingly. He stated that if the council wanted to, we could have one or more workshops just like this, talk about it and fine tune it. He advised them that we had to have two public hearings and the budget takes two readings and we could do it anyway they wanted to, that usually the public hearing were called before the two council meetings in September and there were two readings of the budget ordinance and the tax rate would be set but like he had stated initially, this budget was calculated assuming that the tax rate was set basted on the effective tax rate and that was all he had and he and the department heads were available for any questions they might have.

Council Member Diaz stated that she had one question on Heritage Hall's budget, was there any way we could squeeze in a little bigger television for them, the tv they have there is a little tiny thing.

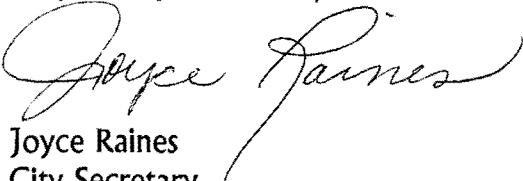
City Manager Maner said it was all about priorities and yes it could be done. There was discussion on what code the tv could be bought from.

Mayor Nunez advised City Manager Maner that she thought he had done a good job, there were no layoffs, there was an increase for the employees and she was sorry it could not also be for the part time but it was one way or the other and we had a lot of dedicated employees.

City Manager Maner ask them to look the proposed budget over and call him if they had any questions.

Mayor Nunez adjourned the meeting at 7:10 p.m..

Respectfully submitted,

  
Joyce Raines  
City Secretary