

710 EAST SAN AUGUSTINE STREET

DEER PARK, TEXAS 77536

Minutes

of

A BUDGET WORKSHOP OF THE CITY COUNCIL OF THE CITY OF DEER PARK, TEXAS HELD AT CITY HALL, 710 EAST SAN AUGUSTINE STREET, DEER PARK, TEXAS ON JULY 6, 2016 BEGINNING AT 5:30 P.M., WITH THE FOLLOWING MEMBERS PRESENT:

JERRY MOUTON, JR.
SHERRY GARRISON
THANE HARRISON
TOMMY GINN
BILL PATTERSON
RON MARTIN
RAE A. SINOR

MAYOR
COUNCILWOMAN
COUNCILMAN
COUNCILMAN
COUNCILMAN
COUNCILMAN
COUNCILWOMAN

OTHER CITY OFFICIALS PRESENT:

JAY STOKES
GARY JACKSON
SHANNON BENNETT
JIM FOX

CITY MANAGER
ASSISTANT CITY MANAGER
ACTING CITY SECRETARY
CITY ATTORNEY

1. MEETING CALLED TO ORDER– Mayor Mouton called the workshop to order at 5:30 p.m. and called upon City Manager Jay Stokes for comments.

City Manager Jay Stokes commented, “Thank you very much for meeting tonight. We are excited to present the budget to you. I will briefly go over what the plan will be. We will go over the General Fund and highlight the expenditures and revenues which will be the bulk of the evening. When we get to the revenue side almost every director will have a presentation then we’ll discuss each of the funds. We will end the year with extra money available because we are not spending as much as was budgeted. The revenues have come in stronger in some areas. We want to talk about some ideas on how it can help the current budget. Then briefly talk about the components of the Fire and Crime Districts and the new Community Development Corporation.

2. DISCUSSION OF ISSUES RELATING TO REVENUES AND EXPENDITURES FOR THE GENERAL FUND BUDGET FOR FY 2016-2017 – Jay Stokes, City Manager commented, “You have the historical information. There were more requests to consider for

funding. The difference was 1.6 million dollars. I want to give a tremendous amount of credit to all of the Staff responsible for putting together their Departmental budgets. Gary Jackson, Assistant City Manager, Donna Todd, Finance Director, Tracy McBride and I are the main team who puts together the budget. There are a few things at the bottom that is relative to the base budget that affects the City employees. Last year, with health insurance, we did some things differently. Previous to last year, there was only one option, which was the Core Plan. Last year, we kept the Core Plan while also offering a High Deductible Plan. The High Deductible Plan costs less, the City paying \$110 for employee only and they will receive a credit of \$150 a month in a health savings account. We are planning on keeping those two options this year. Last year we wanted to see how it would work. I think things have gone very well. Regarding the cost of both plans, we don't have our official rates in. We used to be considered as an October 1st year. The plan year went with our fiscal year. Principally, because of Obama Care and fund reasons, almost everybody, including Deer Park went to a plan year that starts January 1st. Last year we ended up with fifteen month coverage instead of a twelve month. January of 2017, we will begin the New Year. Since we are three months behind, we don't officially have our rerate in. When talking to the TMLIEBP, we were told to expect an eight percent increase. Eight percent is more than what we want it to be. Bill Philibert, Human Resource Director has done some research in how that compares to other cities. It seems to be pretty in line with other cities. A lot of the health exchanges have gone up forty percent. If the rerate comes in at eight percent, it will only impact the budget at six percent because from a budget standpoint, the first three months of the year, we are still under the old rate. The last nine months of the fiscal year would be under the new rate. If you look at it that way, it's more favorable to the budget. The merit increases for Staff are the same as it's always been. That being the ability to sell back five percent of sick leave with the longevity payment of four dollars per month of service. There is not a cost of living adjustment proposed in this budget."

Jeffery Johnson, Tax Assessor/Collector, gave an overview of Truth and Taxation and highlighted the effective tax rate and the rollback tax rate and the Ad Valorem Tax Rate history. "The Effective Tax Rate is basically the rate that would produce the same amount of taxes if it was applied to the same properties in both years. The rollback tax rate is the calculated rate that will provide the same amount of tax rate revenues spent the previous year for EMO operations, plus an eight percent and the debt service. If the current rate goes from \$0.714352/\$100 valuation to \$0.70/\$100 valuation, that is a 2% rate decrease."

Mayor Mouton asked, "Can you answer indirectly, how we end up with more revenue with a lower projected rate? So, we can make sure everyone understands that."

Mr. Johnson commented, "HCAD is forecasting between a seven and eight percent increase in value."

Mayor Mouton commented, "Our values go up, our revenues go up. To end up with the same rate of revenue, we have to drop our effective rate lower. It's only based on the same

comparable properties from the previous year. If no new properties or revenues is included in the effective calculation, nor does it includes the IDA. It's only within the City limit on how that's calculated. Even though every time the rates go up or down, it affects our IDA revenue. In some years, we bring in more money on one side and lose money on the other side based on how the rates are calculated."

Mr. Johnson answered, "Correct."

Emergency Medical Services Director Robert Hemminger, presented a presentation on the Emergency Services revenues highlighting the Drill Field rental fees; EMS Collections (Emergicon contract); Fee review (EMS), not a fee adjustment to base transport fee (Health Care Vision) or line item addition for "Disposables" (Emergicon); Potential revenue sources, Fire Marshal permit and inspection fees and Fire/HazMat response fees.

Parks and Recreation Director Scott Swigert gave a presentation on the proposed Parks and Recreation facilities Fees and Deposits and highlighted the current fees and deposits for each rented City Facility. "The purpose is to make all the facilities consistent with each other to accommodate requests for citizens. The Parks and Recreation Commission reviewed the fees and approved the recommendations." (Exhibit A)

Councilwoman Garrison suggested that the Deer Park Art League start paying the minimal fee to rent the room at the Court and Theatre Building.

It was discovered that other organizations are using the City facilities for free. The City Manager suggested that we bring this issue back to a workshop to discuss.

Storage Area Network (SAN) – I.T. Services Director James Lewis advised Council of nine storage devices at City Hall that have reached the manufacturer's end of life/end of support term. The storage needs continue to grow as evidenced by the current storage utilization at over 95% capacity. The existing storage in City Hall was purchased in FY 2009 and the hardware has reached its end of life. The proposed new storage solution will provide a better migration path forward, with a longer support window. This request includes funding to increase the storage capacity of the Police Department, which will allow for replication of back-up data for disaster recovery planning. The current solution incurs maintenance costs of \$24,000 per year. The proposed solution includes no maintenance costs for the first year and \$14,000 for the second year.

Replace Outdoor lighting at Police Station – Chief Greg Grigg advised Council the current exterior light fixtures are inefficient and the parts must be replaced on a regular basis. LED lighting is more efficient and would help the City comply with Senate Bill 898, which requires energy efficiency programs. The lights will pay for themselves in four and a half years and will last ten years. It's estimated that we'll save \$27,857.

Two Paramedics – EMS Director Robert Hemminger commented, “Most of you are familiar with the system we have in place which is a combination of paid and volunteer Paramedics that provide emergency medical services for ambulance response for the City. In 2007, they started the practice of hiring Paramedic because volunteerism as a trend nationwide was down. It has been tough getting the man hours that we were once able to. The demand of ambulance response per month or year has continually increased. We are requesting four additional Paramedics. Two of them will be funded out of the General Fund and the other two out of the Fire District. This will bring our full time EMS staff to sixteen, which gives us eight personnel per ambulance on two different ambulances, a twenty-four seven, three hundred sixty-five day of the year, with four shifts. It has been determined to be an immediate need.”

Replacement Vehicle – EMS Director Robert Hemminger advised Council of a request of a replacement vehicle for one of the Station Attendants. It has an excessive amount of miles. The air conditioner hasn’t worked in two years and has a lot of mechanical issues.

GPS Units - Planning & Development – Public Works Director Bill Pedersen advised Council the GPS Units are six years old. They are used for in-house projects and for part of the infrastructure. The infrastructure is tied down and imported into GIS. The GIS software has been updated but the hardware has not. They are requesting to replace the all GPS Units, as well as the handheld units from Trimble.

Replace 30 C.Y. Grappler Truck – Public Works Director Bill Pedersen advised Council of the request to replace the 2004 Heavy Duty Grappler Truck known as the “picker truck”. The current truck is 14 years old and has over 65,000 miles on it. It’s beginning to show wear and tear and has been in the shop numerous times.

25 C.Y. Garbage Truck – Public Works Director Bill Pedersen advised Council of the replacement of a 25-yard garbage truck. It’s eight years old with 45,000 miles and has numerous mechanical problems.

Assistant City Manager Gary Jackson commented, “The three items on page 69, you see the purchase cost of all equipment. The dollar amount will be reduced because it’s a lease purchase.”

Large Concrete Saw – Public Works Director Bill Pedersen commented, “The saw is used to do larger concrete repairs such as driveways and roadways. Our existing concrete saw is over a decade old and having mechanical problems, because of its age. We are having trouble finding parts. We would like to purchase a new saw this year.”

Street Replacement - Public Works Director Bill Pedersen commented, “In the current budget, we had a million dollars for a street replacement program. We are asking for \$750,000 to be carried over to the next fiscal year and to keep \$250,000 available for

engineering surveying for street projects. On July 19th, we have interviews scheduled with engineering firms to be interviewed for the street project which will include the Certificate of Obligations.

Councilwoman Sinor asked when the next street project is, to which Mr. Pederson advised the streets have not been selected. They will be presented on a generic basis.

Sidewalks – Public Works Director Bill Pedersen commented, “We had a lot of requests for sidewalks on Pasadena Boulevard. We had funds saved from this year’s sidewalks. We have entered into a contract to have an engineering firm look at them because it’s going to be very time consuming. There are open ditches, drains to the backside of the curbs, pipe and gas lines. We couldn’t handle it in-house like we generally do. We are going to focus on getting the easy sections done first, and then come back and look at the crossings where all the gas lines and pipelines are. Those will take a little more time to do.”

Mayor Mouton asked, “Are all the funds going to be designated to that project? Is there going to be a program like there is now?”

Mr. Pedersen answered, “If there are other sections that need to be done in the City, we are flexible on that.”

Mayor Mouton asked, “How many do we have left from last year?”

Mr. Pedersen answered, “I don’t have a final tally because some people didn’t want sidewalks, so we backed those streets out.”

Mayor Mouton asked, “How does Staff want to address scenarios that we have budgeted to do sidewalks and you have isolated situations when people don’t want the sidewalks installed?”

It is consensus of the Council that they will determine who gets sidewalks on a case by case basis.

Street Maintenance/Crack & Seal Program - Public Works Director Bill Pedersen commented, “This is another ongoing program that we have. We generally allot two hundred thousand dollars for street maintenance and another fifty thousand for crack & seal program.”

Lane Restriping – Public Works Director Bill Pedersen commented, “We are proposing to restripe the main thoroughfares as they are currently which is North and South Georgia, Center Street, Luella and East Boulevard.”

Demolition of WTP Holding- Public Works Director Bill Pedersen commented, “At the Surface Water Treatment Plant, there is a concrete basin that is twenty to thirty feet high. We replaced the pumps and two of the basins. It’s a multi-cell basin. We interconnected them with valves, so we were able to open valves and take the backwash from the plant and put it into the basin to recycle water. This proposal is to do the other three cells so all five cells will be interconnected.”

Water & Sewer Emergency Repair Work Order Contract – Public Works Director Bill Pedersen commented, “We are proposing to come up with a work order system. We would put out contract on unit priced items. As we have emergency repairs come up, we can issue a work order instead of coming back to Council and calling a special meeting. It’s a set dollar amount. It’s done often in other cities.”

Assistant City Manager Gary Jackson advised Council that it would eliminate having budget amendments.

RECESSED/RECONVENED – Mayor Mouton recessed the workshop meeting at 7:06p.m. and reconvened the meeting at 7:17 p.m.

Parks and Recreation Director Scott Swigert advised Council that the next items are requests that the Parks and Recreation Commission review annually that are part of the Master Plan. There are items that are not part of the Master Plan, but are needs or requests that came up since the Master Plan was established. The Commission looks at the needs and evaluates the needs and looks at the accomplishments.

Tiffany Amber Improvement – Parks and Recreation Director Scott Swigert commented, “We are proposing to add sidewalks between the features which is an item that we were supposed to fund last year. The Park needs playground equipment. The current equipment is in very bad shape. We cannot buy replacement parts because they are no longer made. It was requested to be priority number one on the list.”

Cottonwood Park Development – Parks and Recreation Director Scott Swigert commented, “This is a park land that is part of the Cottonwood Estates. The land was donated to the City for the neighborhood improvements. Most of the neighborhood has been built out. We have received several calls from the residents wanting to know the status of the park. We are proposing a playground structure, pavilion and a walking trail.”

Dow Park Shade Structure - Parks and Recreation Director Scott Swigert commented, “This project was partially funded this year. This is at the location of the old Skate Park. We removed the Skate Park and put grass, picnic tables and a trash can out there. The shade structure was not able to be funded last year. It is one of the number one complaints we receive from the Splash Park because there’s not enough shade.”

Bayou Bend/Claude Burgess Restroom Addition – Parks and Recreation Director Scott Swigert commented, “This is not a Master Plan project. It’s a request from our citizens. We’ve looked at several options. We would like to tie it into the existing plumbing. We have a lot of use at this park since the existing renovations to the park.”

Adult Softball Complex - Parks and Recreation Director Scott Swigert commented, “This was a Master Plan project to be done in year three. It has three softball fields which are multi-purpose fields. There are no concession stands out there. That’s one of the biggest needs we have for this complex. We are proposing to add a concession stand and storage.”

Councilwoman asked, “Will they run the concession stand?”

Mr. Swigert answered, “It would be part-time Staff running the concession stand. The adult leagues are run by the City and we oversee the complex. We rent the fields. This is the only complex that we manage. There is no sports agreement with this complex.”

Archery Range Development - Parks and Recreation Director Scott Swigert commented, “This is a proposal to convert the old Police Firing Range into an Archery Range for public use. This is a program that we provide and is held at the Jimmy Burke Activity Center. The Parks and Recreation Commission have been contacted several times to have a facility designed for an Archery Range with rules and regulations. The facility will be open to the public and unmanned. Some cities man it and some don’t. This request is not in the Master Plan and is estimated to cost \$100,000.”

After a lengthy discussion, the consensus of the Council is to take the Archery Range out of the budget and reallocate the funds on projects that are not complete that is listed in the Master Plan.

Wynfield Park Lights - Parks and Recreation Director Scott Swigert commented, “This a Master Plan item to replace the lights at Wynfield Park.”

P Street Detention Granite Walking Trail - Parks and Recreation Director Scott Swigert commented, “We are proposing to add a granite walking trail around P Street detention pond. There’s no parking lot. They will park on side of the street.”

Dog Park Concrete Walking Trail - Parks and Recreation Director Scott Swigert commented, “This was in year three of the Master plan and was not funded last year. We are proposing to add a concrete walking trail at the Ella and Friends Dog Park.”

Consensus of the Council is to use the funds on the sidewalks in Dow Park.

Wayfinding Program –Phase II - Parks and Recreation Director Scott Swigert advise Council of Phase I of the Wayfinding Program. “We are currently in implementation of Phase I. We

are asking to do Phase II of the Program. There will be 17 primary signs, 8 secondary signs and 5 entry signs. Four of the entry signs will be funded out of this program with one of the signs being funded out of the Spencerview Project which is under construction right now. We are requesting \$200,000 from the Hotel/Motel Fund. The other entry signs will be at the Battleground Golf Course, Minchen Sports Complex and College Park.”

Library Self-Check Machine/eCommerce Module – Library Director Rebecca Pool commented, “This is a combination of a self-check machine as well as an eCommerce module. The warranties ran out in 2015 and we put money into one of the two self-check machines. The I.T. Department has been displeased with the machines and asked me to find another solution. I have priced a kiosk from Envisionware to replace the out of service machine. This company provides the print/time management software for the Library’s public computers. This kiosk would function as a self-check, print reservation terminal, and with additional software as a PCI friendly e-Commerce module allowing the Library to accept credit cards for library fines. The Library patrons have continually requested the ability to pay with credit cards. The second Express Check machine would be used until it no longer works.”

3. DISCUSSION OF ISSUES RELATING TO REVENUES AND EXPENDITURES FOR THE WATER AND SEWER FUND BUDGET FOR FY 2016-2017 – Jay Stokes, City Manager commented, “We are looking at a five percent rate increase that is across the board. The same as it’s been in the past. The reason we need the increase, is to continue services to the debt increase. We have taken on more debt to pay for the new Sewer Plant and a number of other needs for the Water and Sewer Fund. We set up a ten year program in 2011, so this would be the seventh year. It will include a mandatory TCEQ agreement we entered into a few years back. It’s really straight forward.”
4. DISCUSSION OF ISSUES RELATING TO REVENUES AND EXPENDITURES FOR THE DEBT SERVICE FUND BUDGET FOR FY 2016-2017 - Jay Stokes, City Manager commented, “It’s very straight forward. We have 4.3 million dollars’ worth of debt to pay off and the tax rate will be set to bring in the revenue to cover the debt.”
5. DISCUSSION OF ISSUES RELATING TO REVENUES AND EXPENDITURES FOR THE SPECIAL REVENUE FUND BUDGET FOR FY 2016-2017 – Gary Jackson, Assistant City Manager commented, “The first few sheets talk about the history over the past six or seven years on the growth of the HOT Fund. It went from a few hundred thousand, to be projected to be seven hundred thousand dollars. Pages 6 & 7 in the proposed column are the items being proposed. If it doesn’t have a dollar amount that means nothing is being proposed. The Christmas decorations were purchased in a prior year, that’s why it’s listed. The biggest expenditure is the Way-Finding Signage, all of the PR Marketing operations and the visitor center. Kristen’s operation is funded through this budget. A lot of Susan Mele’s operations are budgeted out of this budget, not all. The Historical Committee has a budget of \$10,000 for the 125th Deer Park Celebration upon Councils approval. The total proposed expenditure budget

is \$758,786. If we make those expenditures and revenues as they are projected, then we would anticipate at the end of next fiscal year end, with a fund balance of \$825,000.”

6. DISCUSSION OF ISSUES RELATING TO REVENUES AND EXPENDITURES FOR THE CAPITAL IMPROVEMENTS FUND BUDGET FOR FY 2016-2017 – Gary Jackson, Assistant City Manager commented, “Mr. Pedersen covered most of the budget earlier. Under the Capital Improvement Fund tab on page 2, the beginning fund balance by fiscal year and the ending fund balance that will be left at the end of next year, if everything budgeted is approved, will leave you with \$324. We would have effectively completed the Capital Improvement Fund by the end of next fiscal year. The ideal of the Capital Improvement Fund is set aside funds, so we wouldn’t have to borrow and pay interest on large projects. We can do the smaller projects in-house on a cash basis, which would be cheaper because you’re not paying debt on interest over the years.”
7. DISCUSSION OF ISSUES RELATING TO REVENUES AND EXPENDITURES FOR THE STORM WATER FUND BUDGET FOR FY 2016-2017 - Jay Stokes, City Manager commented, “When we created the Storm Water Fund, we set the initial rate at \$1.32 per ERU for residential use. Every household, regardless of the size of the lot, pays that one ERU. The businesses pay based upon their size. We have not gone up on the rate. We have shifted more cost over to this fund. Last year, we began lease purchasing some new equipment to improve storm water conditions. We are running a deficit in the budget. We may have to shift some of those costs out of this fund or get the fund paying for itself. This year it is proposed we go up \$.13 on the ERU. For a household that would be \$.13 a month.”
8. DISCUSSION OF ISSUES RELATING TO THE GOLF COURSE LEASE FUND BUDGET FOR FY 2016-2017 - Jay Stokes, City Manager commented, “There is no secret since Touchstone had the Golf Course, they haven’t been as financially successful as they would hope to be. They approached the Staff recently to have a meeting with the Golf Course Committee. We kicked around some ideas and one of the ideas they suggested, which was supported by the Golf Course Committee, was to reduce their rent payment down to a dollar a year. They would not pay the five thousand dollars a month in rent. Currently, they pay that and a percentage above that. It will be explained later and is still being negotiated. A fast restructuring of their contract could give them more flexibility to try to turn the ship around. They have been challenged with extremely bad weather for the past three years. It seems like every time it rains, it is on the weekend. We’ve had a really cold winter one year and two springs with lots of rain, historic records of rain. We’ve had greens that were messed up and tee boxes that needed to be replaced. It doesn’t have to be this way and you haven’t voted for it to be this way. In preparation of the budget, we certainly wanted to present a budget that is likely to reflect what we feel is going to happen. We hope to have a Golf Course Committee meeting next week. The representatives planned to come in, but they didn’t receive the contract from their lawyers in time. We received their proposed amendment yesterday and forwarded it to the City Attorney for review. We will be

ready sometime in July, no later than early August, to come to terms on a proposed amendment that the Golf Course Committee and the City Attorney are comfortable with. They will still reimburse to the City for the golf carts. There is a transfer from the General Fund of \$50,000 to help cover expenses to replace some of the money used in the past, based on their revenue. Their loss is about \$100,000 a year, not counting the capital improvements.”

Councilwoman Garrison commented, “I don’t know how they can continue. That’s what worries me.”

Mr. Stokes commented, “The last thing we want is to get it back or hire a company to manage it. We would spend way more money than the amount we are giving up by amending the contract. Luckily, they are still anxious and committed in trying to turn it around.”

Councilman Patterson commented, “We want to keep them here. The work they have done, for the course so far, are the best I’ve seen in years. The new greens are in excellent shape. They’ve been hosting tournaments and a lot of future activity is planned. They are trying to get the restaurant turned around. The last Monday of every month is hamburger night. It was well received and a lot of people participated.”

9. DISCUSSION OF ISSUES RELATING TO MISCELLANEOUS BUDGET ISSUES FOR FY 2016-2017- City Manager Jay Stokes advised Council of the recommended expenditures to include a roof replacement, glass dome replacement, insulation replacement at the Courts and Theatre, consultant for a traffic study, upgrade the projector at the EOC, transfer money to the Capital Improvement Fund, furnishing for the new City Hall and a one-time salary adjustment out of the General Fund.

Mr. Jackson advised Council that expenditures and revenues are estimated. They are what we project them to be. They may not come out exactly, as far as what the left over money will be. If it comes out fairly close, then we would end up, after making the budget amendments, adding 1.2 million to the fund balance.

10. DISCUSSION OF ISSUES RELATING TO ESTIMATED REVENUES AND EXPENDITURES FOR FY 2015-2016 (CURRENT FISCAL YEAR) - City Manager Jay Stokes commented, “We are very blessed that the Crime and Fire Districts were renewed by the voters. For the current budgets, there will be a one-time salary adjustment. We will work with the Boards on that. With the Community Development Corporation (CDC), if you want the staff to look at, when we borrow money for the water and sewer projects in the fall, we could issue debt if the CDC Board and Council were willing to speed up the process for the Girls Softball. Everyone would have to be aware that it’s going to be a year for the construction and the girls won’t be able to play on the field.”

Parks and Recreation Director Scott Swigert commented, "They are aware of it. At the next CDC meeting, we are presenting an agreement to start the design for Softball. It was going to be a more relaxed designing schedule. They can prepare a six to nine month design. The Girls Softball are aware they will have to find another location."

11. ADJOURNMENT – Mayor Mouton adjourned the workshop at 8:47 p.m.

ATTEST:

APPROVE:

Shannon Bennett, TRMC
Acting City Secretary

Jerry Mouton, Jr.
Mayor