

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
JUNE 24, 2019 BEGINNING AT 5:30 P.M., WITH THE FOLLOWING MEMBERS PRESENT:

JERRY MOUTON, JR.
SHERRY GARRISON
TJ HAIGHT
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
CITY SECRETARY
CITY ATTORNEY

1. MEETING CALLED TO ORDER – Mayor Mouton called the workshop to order at 5:30 p.m.
2. DISCUSSION OF ISSUES RELATING TO REVENUES AND EXPENDITURES FOR THE WATER AND SEWER FUND BUDGET FOR FY 2019-2020 AND THE WATER AND SEWER RATE STUDY CONDUCTED BY NEWGEN STRATEGIES – Megan Kirkland of NewGen Strategies gave an overview of the rate study to include revenue requirements, allocation of costs and rate design. The key issues of the study were capital improvements, cash capital outlay and raw water. Ms. Kirkland also discussed revenue under the current rate, different proposed options of rates and financial resources for 2019. The Billing Determinants Summary presented the average usage per connection per month. The current rate performance for FY 2019 shows a total combined water and wastewater as an over recovery sufficiency estimate. The rate options assumes annual water/wastewater increases for each fiscal year. The recommendation from Staff is to elect Option 2 that entails a 10% increase for the first year and a 5% increase for the following 4 years. (Exhibit A1-A7)

City Manager James Stokes commented, “Please remember, we have issued a lot of debt. We had to issue debt because of failing water sewer lines that have been replaced all over town,

with more to come. The 22 million dollars for the sewer plant and Council was also advised that another 10 to 12 million dollars will need to be spent on the water plant. These are things we have to do for the longevity of the town, the longevity of the plant and to remain compliant with TCEQ requirements.”

Ms. Kirkland continued with the presentation on Community Rate Comparisons and explained how each system is unique in geography, age of infrastructure, capital maintenance effort and typical usage patterns. This presentation showed current residential rate comparisons for 2,000 gallons, 8,000 gallons and 15,000 gallons.

Councilwoman Garrison asked, “Is the cost going to continue to go up because of the debt?”

Mayor Mouton responded, “Yes. It is the five percent we need to maintain the recovery cost.”

Assistant City Manager Gary Jackson commented, “It is assuming 1.2 million per year of capital outlay in the budget. We had to cut down the budget the last couple of years to get down to that point. It is assuming a flat 1.2 million of capital above and beyond the debt issuance through bonds.”

Ms. Kirkland continued with the presentation and discussing each option pertaining to what the revenue requirement is and what the City’s actual revenue was, along with the over recovery and under recovery analysis.

Mr. Gary Jackson commented, “It gives you a picture of the dollar amounts since 2014, each year it shows each project that has been done, what the total amount was, the current year with 6.3 million, what is proposed in the coming year at 4.6 million and the following year of 5.5 million. These numbers match the numbers from the rate study. This would be part of what we would put into the communication plan to the public of what we have done in the past and what has driven these rates. It will show the biggest part of why the rates are increasing.”

Discussion of agenda items took place as a whole led by City Manager James Stokes and Assistant City Manager Gary Jackson:

City Manager James Stokes discussed the collection of 4.4 million dollars in 2019 from Shell Oil Company and gave a brief summary of the contributions from Shell between the years of 2003 through 2018. He discussed three pieces to Shell’s value, the chemical plant, the refinery and the tank farms and the story of how one holds even and one goes down in value percentage. The industrial agreements with each company in the industrial district in 2014 brought in 63% in the first four years and went up to a 65% percent increase in this current year. Shell, along with others in the industry, are considered essential when it comes to the contributions that are made towards the City. Mr. Stokes explained how the end of that era has come into play and gave an example of the Lubrizol project with a Japanese company. At this time, there are

no multi-billion dollar expansions coming. Sustained growth from the outside has helped the City maintain, but caution needs to be taken in moving forward.

Mr. Jackson presented graphs that showed the contrast of the overall billing history of the industrial district with and without Shell Oil Company.

Mr. Stokes highlighted the items within the budget for 2019-2020 to include a proposed tax rate of \$0.72. To sustain the \$0.72 tax rate is to keep the rollback at 8%. Sales tax is budgeted to be flat. The franchise tax revenue was lowered. Transfer to the Capital Improvement Projects includes an amount of \$3,000,000 that can be used for drainage projects. A change to the Traffic Division budget, that was previously part of the Planning Development, now stands alone.

Mr. Stokes gave an overview of the Capital Improvement Fund Budget to include the transfer of 3.6 million.

Mr. Stokes gave an overview of the Storm Water Fund and to include the ERU rate, which is due to remain the same \$1.60 per month. Revenues are projected to decrease due to improved billing and the addition of new ERU's.

Mr. Jackson gave an overview of the Hotel/Motel Occupancy Tax expenditures that total \$911,030. There has been a decrease in the hotel occupancy with the competition of many new hotels in Pasadena. Due to changes during the year and with the expenditures planned for next year, it is determined large expenditures should not be made. There are five phases of the Wayfinding Program, but there is no intent to go past Phase II. Historical events, arts programs and Reindeer Park events will continue as annually planned.

Mr. Jackson discussed the agreement whereby the City would reimburse for capital expenditures and job creations. The Chapter 380 Reimbursement Fund expenditures reflect an estimated \$234,806 reimbursement for development expenses.

Gary Jackson advised Council of the major expenditure of the new building for EMS in the Fire District Budget. The CDC is down to the last project of the Hike and Bike trails and the soccer fields, which are almost complete.

3. RECESS/RECONVENE – Mayor Mouton recessed the workshop meeting at 6:56 p.m. and reconvened the meeting at 7:09 p.m.
4. DISCUSSION OF ISSUES RELATING TO MISCELLANEOUS BUDGET ISSUES FOR FY 2019-2020 –

TMRS Contribution Rate – Director of Human Resources Bill Philibert gave a presentation of the TMRS Contribution rate which states the current 2019 employer rate being at 14.10%

and a future employer rate for 2020 as 13.78%. This impact of the additional funding is a reduction of the amortization period by 7 years and a reduction cost over time of over 1.55 million dollars. He also discussed reviewing the part-time temporary pay scales to help address the loss of competitive wages with area cities and private enterprises. Cost of labor factor for 2019-2020 is 1.85%, an additional annual cost estimated to be approximately \$388,000. Mr. Philibert gave an overview of the merit pay system as a grade in-step system, which requires an employee to achieve a 3.6 or higher performance rating to be eligible for the merit increase on their anniversary date. Merit increases average 3%. Employees who have reached top pay are not eligible for merit increases, but are eligible for approved cost of labor adjustments. (Exhibits B1-B4)

City Manager James Stokes advised the Council that a longevity pay of \$4 per month of service is paid to the employee once a year with a cap of \$1200. Employees are also able to sell back 5% of their sick time, once a year. Mr. Stokes emphasized there is no plan of any new additional personnel within this budget. Many reclassification requests were submitted by Staff, but a decision if those reclassifications will be implemented has not been decided on. No increase is projected for the health insurance. The rate is still unknown until September 2019, with a new Executive Director Jennifer Hoff on the Board.

Police Chief Greg Grigg discussed the EOC and the need of more room. The initial conception of what is suggested for the EOC is to move more to the southeast corner of the building with Dispatch and also consider the storage of computers to keep safe and secure in case of a disaster. Also, a plan to take out all the closets to make the EOC a true training room and to transform the current Dispatch area into offices for Staff and for future expansion. A total of \$30,000 has been added to the budget from the Crime Control Prevention District to be able to fund the design.

STMP Update/Disaster Recovery Project – IT Director James Lewis advised Council of the \$34,960 that represents an update to the City's Strategic Technology Master Plan (STMP) that can be implemented and managed in a way to provide more effective and efficient business processes, including support for the City's Strategic Plan. This process allows to craft a plan that ensures best practices to help each department meet technology needs for the next 5 years. This is not expected to be a permanent increase to the budget. Mr. Lewis also advised Council of the \$211,682 that represents the first phase of the technology disaster recovery project. This project will house a duplicate copy of the data being stored at a remote site. This project is critical to protect the data from natural disasters and cyber attacks.

Laserfiche Forms Portal Module – City Secretary Shannon Bennett advised Council of the Laserfiche Forms Portal Module that will enable all departments to have uniform documentation templates within the system. Training is included with the total cost of \$10,166.

Animal Shelter and Contract Cleaning – Police Chief Grigg advised Council of the new Animal Shelter that houses 60 kennels. A Supervisor and two full time Animal Control Officers currently operate the facility. The option of hiring a part-time employee is being explored to try and have Staff available to keep the facility open during the weekends. Staff has hired a contractor to mow and edge the property. A cleaning company was hired to clean the facility 5 days a week.

Motorola Radio System Upgrade – Emergency Services Director Robert Hemminger advised Council of the \$60,000 that represents the upgrade to the Motorola radio system that authorizes staff in the Fire Department, Police Department, City Executives and Command Staff personnel to access and remotely monitor radio traffic through a secured and encrypted system using a custom software application.

Replace and outfit Engine 11 – Mr. Hemminger advised Council of the replacement of Engine 11 with a new fire engine and new equipment.

Camera System for Vehicles (FD,EMS,FMO) – Mr. Hemminger advised Council of the Fire Department, EMS and Fire Marshal to have cameras in all vehicles was submitted for approval.

Radio System Upgrade – Mr. Hemminger advised Council of the upgrade to the radio system for personnel accountability. The upgraded system facilitates radio roll-call operations to ensure that no personnel have been lost or unaccounted for in a hazardous environment. The upgrade is tied in with the Motorola radio system and is estimated to be \$165,000.

Replace Driveway at Rec Hall – Mr. Hemminger advised Council of the replacement of the driveway at the Firemen Recreation Hall. This will replace the U-shaped driveway that will be a finished surface rather than mud, holes and grass. The estimated cost is \$120,000.

Councilwoman Garrison asked, “I think the \$120,000 is a lot of money. Don’t we have plans to eventually build a new Fire Station?”

Mr. Hemminger responded, “For a new station, yes we do. The idea is that the Recreation Hall will remain the same and stay right where it is at.”

Councilwoman Garrison asked, “How has the driveway been maintained?”

Mr. Hemminger responded, “It has not been maintained. It is just gravel, grass and mud.”

Councilwoman Garrison commented, “I think it is a lot of money since we don’t know what it going to happen with that building and we don’t know for sure if that building is going to stay there.”

Councilwoman Garrison asked, “There are a couple of items here that I am having a hard time with. Why is the landscaping for Fire Station #3 \$91,000?”

Mr. Hemminger responded, “The total amount is for \$6,500.”

Assistant City Manager Gary Jackson gave an explanation on how to read the budget items that shows the requested amounts per item.

Mr. Hemminger discussed the amount of the \$6,500 and advised Council of the idea of having the subcontractor, who’s doing the landscaping for the new EMS station, give a quote for the landscaping next door at Fire Station #3 to match the EMS station.

LED Signage – Mr. Hemminger advised Council of the \$15,500 expenditure for the addition of LED signage. The signs would be placed between the new EMS Station and Fire Station #3 to match the design of other LED signs within the City. The signs would also be utilized to communicate messages during emergencies.

Drainage Projects – Public Works Director Bill Pedersen discussed the 1.5 million dollars that represents the rebudgeting of funds needed for the drainage projects that have come up since Hurricane Harvey.

City Manager Jay Stokes commented, “It is not rebudgeting the drainage money. It’s taking the excess of all money and shifting it over to, so we can do a new 3 million dollars worth of drainage projects.”

Traffic New Bucket Truck – Mr. Pedersen advised Council of the estimate of \$101,000 for a new bucket truck that will be used by Public Works, IT, Parks and Recreation and Police. The current bucket truck is 16 years old and will be kept as a backup.

Sanitation-Replace Garbage Truck – Mr. Pedersen advised Council of the purchase of a new garbage truck that will replace Unit #704 which has had numerous costly repairs. This new garbage truck would be a lease purchase in the amount of \$187,000.

Councilman Patterson asked, “What will happen to the old one?”

Mr. Pedersen responded, “It will go up for auction. There is a still another back up.”

New Street Repair/Maintenance and Crack and Seal Program – Mr. Pedersen advised the Council of the \$250,000 expenditure that is to cover the cost of street repair around the City dividing it by utilizing the \$200,000 for ongoing repairs and \$50,000 for the ongoing Crack and Seal Program.

On-Call Street Repair/Replacement Contract – Mr. Pedersen advised Council of the \$400,000

that represents an On-Call Street Repair/Replace Agreement that entails having a contract in place to work on roadway projects that may be larger than the Public Works crew can handle at predetermined price.

Annual Lane Striping – Mr. Pedersen advised Council of the Lane Striping Program that was started last year. The amount of \$150,000 allows the streets and intersections chosen for the year to be restriped after the project goes out for bids.

Sidewalks – Mr. Pedersen advised Council of the annual sidewalk program identifies the areas that are in need of new sidewalks.

Councilwoman Sinor asked, “Are you still working on the same list we have seen previously?”

Mr. Pedersen responded, “We have pretty much caught up on that list. This time around, we will be looking for sections that have never had sidewalks before.”

Street Sweeper – Mr. Pedersen advised the Council of the \$300,000 expenditure for a street sweeper to be purchased that will replace the current street sweeper that has had numerous mechanical issues. The current sweeper is from a different manufacturer than the prior sweeper. The plan is to go back to the manufacturer Elgin for the purchase.

Councilwoman Sinor asked, “Have we ever considered contracting the street sweeping out?”

Mr. Pedersen responded, “No, we have not. The sweeping is done for 8 hours a day by the same person everyday. This helps keep our storm sewer clean.”

Assistant City Manager Gary Jackson commented, “This is a \$300,000 expenditure that is proposed to be split between the Storm Water Fund for \$180,000 and out of the General Fund for \$120,000.”

PAX Unit – P Street and Avon Street – Mr. Pedersen advised Council of the installation of the PAX Unit with 2 mixers and residual control for P Street and Avon Street is estimated at \$360,000. The cost includes the systems, auxiliary items, installation and permitting. This automatically monitors the chlorine residual and keeps water in the tanks mixed at all times. This will help find a more permanent solution to go to a more containerized filtration system.

Residual Mitigation – Mr. Pedersen advised Council of the Residual Mitigation request for \$500,000 that allows continual care for lagoons to include mitigation of some sludge during the course of construction of facilities.

Mr. Jackson commented, “Those last two items, for \$860,000, are non-bond expenditures.

That is part of the 1.2 million we are going to need year to year, so that we can fund this without having to issue debt. It is part of the rate increase.”

Councilwoman Garrison commented, “I understand the not hiring of any new employees but with Deer Park being almost all built out, I would imagine Code Enforcement is something we would take seriously. I don’t know how one person does it all.”

Mr. Pedersen commented, “Actually, Greg Melching, who is now our Deputy Building Official, has some responsibilities in Code Enforcement. We do have the availability of Mr. Melching to help out on an as needed basis. We do currently have one full time Code Enforcer.”

City Manager James Stokes commented, “To some extent, Larry Brotherton also helps too. In fairness to Mr. Pedersen, he did ask for that, but I am very hesitant to put in any new positions.”

John Deere 310L Backhoe Loader – Parks and Recreation Director Charlie Sandberg advised Council of the request for a John Deere 310L backhoe loader estimated at \$75,570, that will be used specifically for large irrigation repairs, planting large trees and to move mulch and dirt.

Laydown Yard – Adult Sports Complex – Mr. Sandberg advised Council of the expenditure amount of \$70,000 to be able to haul off a mound of dirt that has accumulated between the parking lot and water tower in order to create a permanent laydown yard at the Adult Sports Complex. A concrete slab and fence with gates would also be installed around the perimeter of the laydown yard.

Recrowning Multipurpose Field - Adult Sports Complex – Mr. Sandberg advised Council a Fund request of \$100,000 that would assist with improving drainage issues and would complete the transformation of the complex. This would assist in utilizing the facility for more indoor programs.

Mayor Mouton asked, “Is there any irrigation out there?”

Mr. Sandberg responded, “No sir, not at this time. The other fields do, but that field does not. We will be putting in irrigation out there, we just don’t have it right now.”

Mayor Mouton, “Does this amount include that?”

Mr. Sandberg responded, “Yes, it does.”

Bridge Replacement - Dow Park Phase I – Mr. Sandberg advised Council of the \$100,000 request for the bridge replacement that would cover six pedestrian bridges in Dow Park. It

would allow the bridges to be decorative and tie in with the new construction in the park.

Plaster of Swimming Pool – Mr. Sandberg advised Council of the \$100,000 request that would fund the plaster for the pool. This would be utilized to address the breaks, stains and would also enable the City to support the preventative maintenance of the pool. This request of funds is pending on how the City decides to move forward with the Community Center.

Councilwoman Garrison asked, “Pertaining to the Master Plan, why does it cost \$75,000 for a consultant architect?”

Mr. Sandberg responded, “I can’t honestly tell you how they derived their fees, but it was for a continuation of projects for the past five years of the Parks and Recreation Department. That time is up, so we are wanting to extend it to move forward to try and utilize that to put our strategic Plan concepts in there. It gives us a game plan for the next five years for the department.”

Councilwoman Garrison asked, “I noticed in the budget that there is not anymore money for the Christmas decorations. What happened to the ones from last year that were broken? Were those repaired?”

Councilwoman Sinor responded, “We got them. They just came in too late to bother putting them up.”

Mr. Sandberg commented, “They will go up this year.”

RFID Self-Check – Library Director Rebecca Pool advised Council of the request for \$37,837 to fund the install Radio Frequency Identification Technology (RFID) for a self-check automated check-ins, check-out option and would also add security. This would simplify the processes to where it can all be done without a Staff member intervening. This amount would include 5 staff stations, an extra self-serve station, 2 DVD case and lockers with the two acrylic gates.

5. ADJOURN – Mayor Mouton adjourned the workshop at 8:29 p.m.

ATTEST:

APPROVE:

Shannon Bennett, TRMC
City Secretary

Jerry Mouton, Jr.
Mayor