

WORK SESSION

OCTOBER 30, 2018

The City Council of the City of Athens met in a Work Session on Tuesday, October 30, 2018, 11:30 a.m. and immediately following convened in Special Session in the Council Chambers of the City Hall Annex, 501 N. Pinkerton St, with the following members present, to-wit:

Monte Montgomery, Mayor
Ed McCain, Mayor Pro-Tem
Toni Clay
Aaron Smith
Robert Gross

Elizabeth Borstad, City Manager
Bonnie Hambrick, City Secretary

others present: Buddy Hill, Thanasis Kombos, Jennifer Robertson, Mandie Quigg, Audrey Sloan, Lisa Denton, Steve Barksdale, Richard Dorsey, Michael Hannigan, and Chris Tinsley;

constituting a quorum at which time the following proceedings were enacted, to-wit:

CALL TO ORDER

The meeting was called to order by Mayor Monte Montgomery.

The City Council recessed at 11:31 a.m.

The City Council reconvened in the Work Session at 11:33 a.m.

DISCUSS CAIN CENTER PROJECT AND FIVE YEAR PROJECTIONS OF
GENERAL FUND REVENUES AND EXPENDITURES

Elizabeth Borstad, City Manager, presented a five-year forecasting of General Fund Revenues and expenditures that included renovations for the Cain Center Project as well as revenues and expenditures without the Cain Center Project. She stated staff recommended improvements for their respective departments over the next five (5) years. Items included: personnel, facilities, fleet, capital improvements for structures, and equipment replacement were incorporated into the plan.

Ms. Borstad stated at the same time staff attempted to incorporate the current debt service. She stated staff looked at what tax rate would be necessary based on the projected tax roll to fund the improvements needed within the next five (5) years.

Ms. Borstad stated the projections for the Cain Center model are very conservative.

Ms. Borstad stated staff needs direction on how to proceed with the Cain Center Project and the Certificate of Obligations.

Mayor Montgomery stated during previous discussions, some Councilmembers wanted to look at the option of partnering with other entities. He stated it was his understanding that staff had contacted the other entities. Ms. Borstad stated she has spoken with the County, the hospital and a couple of members from the Cain Center Foundation, and at this time, no one is willing to provide a solid commitment for financial assistance over the next few years.

Mayor Montgomery asked if there were any Citizen comments, with Chris Tinsley stating without knowing the numbers involved he had no comments.

Councilmember Smith asked staff to explain the five (5) year projections of the tax rate with and without the Cain Center.

Ms. Borstad explained the method for estimating future years revenues and the impact on the city tax rate as follows:

- Ad Valorem increase of 1% per year
- Sales Tax increase of .5% per year
- Franchise Fee increase of 1% per year
- Permits increase of 1.5% per year
- Reimbursing Revenue increase of 2% per year
- Fund Transfer increase of 2% per year
- Cain Center revenue increase of 1.3% per year

Ms. Borstad explained the “no Cain Center” scenario with limited projections in revenues and by 2022 a tax rate of 0.787031 is needed for a break even budget for the City’s existing operations. She further stated this does not include any additional staff.

Ms. Borstad stated some discussion has occurred regarding refunding a portion of the funds from the Certificate of Obligations that were allocated for the Cain Center Project if the project is stopped.

She explained with the Cain Center scenario, a significant tax increase is needed beginning in 2019 to cover items included in the five (5) year projections. She stated it will begin with a .10 cent increase and it will go up from there.

There was discussion concerning the debt service and operational cost.

Mayor Montgomery did not feel a tax increase would be necessary for the Cain Center Project.

Councilmember Gross stated he feels a tax rate increase is needed for the Cain Center Project.

Councilmember Smith stated if the project proceeds and there is a .89 cent tax rate what would that do for growth in the City of Athens. Councilmember Gross stated he felt growth would be static. He further stated if the tax rate increases you may as well do away with the Economic Development Corporation and take the money back in to pay for the Cain Center Project. He stated there will not be much economic development at that point and time.

There was discussion in regard to proceeding with the Cain Center Project or stopping the project and refunding a portion of the 2017 Certificates of Obligations.

Councilmember McCain stated in his opinion, the City could not afford to do the project.

Councilwoman Clay asked if there is a possibility that something could be done versus stopping the project. She stated there are two things citizens want at the Cain Center; a large meeting room and a pool.

There was discussion regarding making changes to the footprint of the Cain Center Project and possibly making it a natatorium.

There was discussion regarding revising the scope of the original Cain Center project to a smaller scope that would include a pool.

Ms. Borstad explained if any changes are made to the scope that was submitted to the Cain Foundation; a revised scope will have to be provided. She stated staff will need to find out if they are willing to provide the same funding.

Councilmember McCain suggested that Mayor Montgomery and Ms. Borstad meet with the Cains to find out if the gift will still be available just for the pool and move forward that way or if not, stop the project.

Mayor Montgomery stated at the next meeting there needs to be a vote to let the Citizens know where the Council stands. He stated there needs to be a vote to end or proceed with the project.

Councilmember McCain reiterated that the Cain Foundation's contribution was for the pool expense only, with the Mayor stating yes.

After much discussion, Councilwoman Clay suggested that Ms. Borstad discuss with the Cain Foundation if they are willing to keep their gift at the level it is now and allow the City to create a natatorium.

Councilmember McCain suggested that the Mayor and Ms. Borstad meet with five (5) members of the community including Willy Robson and Athens ISD regarding revisions to the pool. He stated by making it a competition pool it could potentially reduce cost.

Councilmember Gross asked what the net ongoing expense would be for the City if only the pool was done, with Ms. Borstad stating staff did not have those numbers. Councilmember Gross requested the five (5) year projections each year and the plan be placed on Facebook. He stated it would be beneficial for the citizens.

Additional discussion occurred regarding the tax rate.

Councilmember McCain stated he would not support a bond for the Cain Center Project. He stated the only bond he would support is a bond for a new Police Station; which is a much bigger need for the community than the Cain Center.

ENTER INTO CITY COUNCIL SPECIAL SESSION

This City Council entered into Special Session at 12:29 p.m.

DISCUSS, CONSIDER AND TAKE ACTION, AS NECESSARY, CONFIRMING THE APPOINTMENT OF AUDREY SLOAN AS DIRECTOR OF DEVELOPMENT SERVICES

Ms. Borstad explained nine (9) applicants applied with four (4) being interviewed. Ms. Borstad stated Ms. Sloan has a Master's Degree in Architect from Clemson and that she would be an excellent addition to the staff.

Ms. Sloan thanked the City Council for their consideration.

A motion was made by Councilmember Gross, seconded by Councilmember Smith confirming the appointment of Audrey Sloan as Director of Development Services. The motion carried unanimously.

DISCUSS, CONSIDER AND TAKE ACTION, AS NECESSARY, CONCERNING THE APPROVAL OF A RESOLUTION AUTHORIZING THE CITY MANAGER TO ENTER INTO CONTRACT/CONTRACTS FOR PROPERTY INSURANCE, LIABILITY INSURANCE AND WORKERS' COMPENSATION INSURANCE

Ms. Borstad presented comparisons between Texas Municipal League (TML) and Bancorp South/Travelers proposals. Ms. Borstad stated that TML has provided a proposal that included the \$2,500 deductible as compared to the \$1,000 deductible. Ms. Borstad explained the two (2) options are presented for Council's consideration.

After discussion, a motion was made by Councilwoman Clay, seconded by Councilmember Gross to approve a Resolution authorizing the City Manager to enter into a contract through BXS Insurance/Travelers for property/liability insurance and workers' compensation insurance in the amount of \$214,209.

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The motion carried by the following vote: Ayes: Councilmembers Montgomery, Gross, and Councilwoman Clay. Nays: Councilmembers Smith and McCain; Abstained: None

ADJOURN

The meeting was adjourned.

PASSED AND APPROVED THIS THE 13th DAY OF NOVEMBER, 2018.

Monte Montgomery, Mayor

ATTEST:

Bonnie Hambrick, City Secretary