

BUDGET WORK SESSION

AUGUST 23, 2018

The City Council of the City of Athens met in a Budget Work Session on Thursday, August 23, 2018, at 12:00 p.m. and immediately following convened into Special Session in the Conference Room of the Development Services Center, 622 S. Prairieville St., Athens, Texas, 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, Ryan Adams, Randy Williams, Jennifer Robertson, Mandie Quigg, Adrianna Hinds, and Deborah Deas;

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

CALL TO ORDER

The meeting was called to order by Mayor Montgomery.

The City Council recessed at 12:03 p.m.

The City Council reconvened in the Budget Work Session at 12:10 p.m.

Mayor Montgomery stated the City Council would move to Agenda item #3 Discuss proposed fee changes for Fiscal Year 2019

DISCUSS PROPOSED FEE CHANGES FOR FISCAL YEAR 2019

Ryan Adams, Managing Director of Public Services explained within the Republic Services contract it allows for an annual Consumer Price Index (CPI) increase. He stated it is tied to the United States Department of Labor.

Mr. Adams explained Republic Services will be increasing its rates by 3.2% effective October 1, 2018. He reviewed the new rates and explained the first reading of the Ordinance will occur on August 27, 2018.

Mayor Montgomery asked when the contract expires, with Mr. Adams explaining the contract is for seven (7) years with an additional five (5) year option. Mayor Montgomery stated other companies are showing interest in providing these services. He stated whatever Council is seated at the time of the renewal of the contract; the Council may want to look at other companies to provide the services.

Mr. Adams stated the Collection Station Annual Costs is approximately \$62,309 for operation which includes the following;

- Roll-off Containers
- Staff Time (Regular and Overtime)
- Brush Grinding
- Electrical Service for Building
- Tire Disposal
- TCEQ Reporting

He stated 21.7% of the costs can be allocated to City specific activities and the remainder to the operations of the collection site. Mr. Adams stated \$48,777 is the allocation for Collection Station activities.

Mr. Adams stated a cost recovery for the Collection station would require all fees to be doubled and staff's recommendation is to bring back an Ordinance with the fees doubled.

After discussion of alternatives; it was the consensus to amend the charge for the Collection Station to the following:

- six dollars (\$6.00) per car,
- sixteen dollars (\$16.00) per pickup
- thirty-two dollars (\$32.00) per pickup with outside boards,
- all other vehicles and trailers shall be charged at the rate of twelve dollars (\$12.00) per cubic yard.

Mr. Adams stated staff will bring back an Ordinance to amend the Collection Station charges.

Councilmember Smith asked that the item be reviewed in a year.

Mr. Adams reviewed the current building permit fees and stated the City was charging Bureau Veritas rates. He stated staff compared fees to five (5) peer cities within the region and the City's fees are significantly higher.

Mr. Adams reviewed the proposed fee structure and staff's recommendation for the following:

- Reducing the fence permit fee from \$80 to \$25
- Setting the Contractor Registration Fee at \$50
- Creating an excavation and grading permit and fee of \$100
- Lowering trade permit fees to \$20
- Doubling the permit cost for all work initiated without a permit

After discussion, it was the consensus that staff would not double the permit cost for all work initiated without a permit and staff will bring back an Ordinance to adopt the City of Athens fee structure for Development Services.

Mr. Adams explained staff will present education campaigns to contractors and property owners letting them know of the changes.

DISCUSS PROPOSED FISCAL YEAR 2019 BUDGET INCLUDING ALL FUNDS

Elizabeth Borstad, City Manager, explained staff has presented a final revision to the Budget. She explained the Cost of Living Adjustment (COLA) is at 30%.

Ms. Borstad explained adjustments in the budget for the Cain Center were made.

Mandie Quigg, Finance Director, explained funds for unfilled positions were removed and funds originally intended for staffing were placed back in the General Fund.

Ms. Borstad stated that there were questions regarding the Hotel Occupancy Tax Fund (HOT). She stated Councilmember Gross had asked why the amount allocated is \$60,000.

Councilmember Gross asked what the increase from \$37,000 was in Fiscal Year 2017 to \$60,000 in Fiscal Year 2018 and proposed also for Fiscal Year 2019.

Adrianna Hinds, Community Services Coordinator, explained that while \$50,000 was allocated for Historic Preservation for the Downtown Facade Improvement Program in Fiscal Year 2017, only \$37,000 worth of improvements were completed and reimbursed during that fiscal year, due to the fact that some property owners' projects required extensions. Therefore, some purchase orders were carried over to Fiscal Year 2018 when the projects were completed and the applicants reimbursed."

After discussion it was the consensus to keep funds in the amount of \$60,000 for Historic Perseveration, remove the budget for "City Sponsored Events" in the amount of \$32,000 in Hotel Occupancy Tax Fund and allow the \$32,000 to go back to Fund Balance.

Ms. Borstad reviewed the Capital Improvement Fund (30) 2017 Certificate of Obligations. She explained the original document had different funds grouped together. She stated staff has separated the account to allow for tracking the certificate of obligations money. She stated the tracker allows you to see what has been spent on projects and the estimated balance at the end of 9/30.

Councilmember Smith pointed out the Debt Service payment on the Cain Center is \$367,000 plus a \$300,000 subsidy.

Councilmember McCain stated when a meeting was held with the former Cain Center Board members they discussed the numbers. He stated the Cain Center cannot be opened up the way it was.

Councilmember Smith expressed his concern with cutting the Cost of Living Adjustment (COLA) for retirees and spending money on the Cain Center. He stated his thoughts are to stop now and take a hard look at how the City wants to move forward with Cain Center Project.

Much discussion occurred which included the possibility of a bond election and allowing the voters to indicate if they want their taxes raised to fund the Cain Center Project.

Councilmember Gross suggested the City Manager speak with the Cain Foundation, the hospital board and Henderson County for a level of funding commitment.

After additional discussion it was the consensus of the City Council that the City Manager proceed with rebidding the Cain Center Project and speak with the Cain Foundation, the Hospital Board and Henderson County for a level of funding commitment.

The City Council recessed at 2:03 p.m.

The City Council reconvened in the Budget Work Session at 2:07 p.m.

Mayor Montgomery requested staff look at the Parks Budget. Ms. Borstad provided the Parks Budget for the following years:

- Fiscal Year 2012: \$385,638
- Fiscal Year 2013: \$358,000
- Fiscal Years 2014: \$348,000
- Fiscal Year 2015-2016: \$986,000

Mayor Montgomery stated he would like to get back to the basics of mowing the parks. He stated he would like to see the parks budget trimmed as much as possible.

Ms. Borstad explained staff will obtain quotes for just mowing parks.

Ms. Borstad reviewed the Fund Balance.

Councilmember McCain asked to improve the City's credit rating, should the reserve be ninety (90) days, with Ms. Borstad stating yes. Councilmember McCain asked if there is a plan in Fiscal Year 2019 to increase emergency reserves.

After discussion, it was the consensus of the City Council that the City's emergency reserve be increased from sixty (60) days to sixty-five (65) days.

ENTER SPECIAL SESSION

This City Council enter into Special Session.

EXECUTIVE SESSION PURSUANT TO THE TEXAS GOVERNMENT CODE,
SECTION 551.072 (DELIBERATION REGARDING REAL PROPERTY;
CLOSED MEETING) TO DELIBERATE THE PURCHASE, EXCHANGE,
LEASE, OR VALUE OF REAL PROPERTY
a) 415 E. CORSICANA STREET

The City Council adjourned to Executive Session at 2:19 p.m.

The City Council returned to Special Session at 2:25 p.m.

CONSIDER AND TAKE ACTION, AS NECESSARY, RESULTING FROM
DELIBERATIONS IN EXECUTIVE SESSION PURSUANT TO THE TEXAS
GOVERNMENT CODE, SECTION 551.072 (DELIBERATION REGARDING
REAL PROPERTY; CLOSED MEETING) TO DELIBERATE THE PURCHASE,
EXCHANGE, LEASE, OR VALUE OF REAL PROPERTY
a) 415 E. CORSICANA STREET

A motion was made by Councilmember Gross, seconded by Councilmember Smith to authorize the City Manager to start negotiating a lease or rent contract on 415 E. Corsicana. The motion carried unanimously.

ADJOURN

The meeting adjourned at 2:400 p.m.

PASSED AND APPROVED THIS THE 10th DAY OF SEPTEMBER, 2018.

Monte Montgomery, Mayor

ATTEST:

Bonnie Hambrick, City Secretary