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City of La Marque
Special Budget Workshop Minutes
August 3, 2015

Minutes of the Special Budget Workshop of the City Council of the City of La Marque, Texas that was conducted on Monday, August 3, 2015 at 6:00 p.m. at 1109-B Bayou Road for purpose of considering the following agenda:

(1) Mayor Hocking called the meeting to order at 1:00 pm.

(2) ROLL CALL

Mayor Hocking	
Mayor Pro-Tem Bell	arrived at 1:34 p.m. (excused)
Councilmember Lane	
Councilmember Brown	Absent (Excused)
Councilmember Michetich	
City Attorney Ortego	
City Manager Buttler	
City Clerk Eldridge	

(3) INVOCATION AND PLEDGE OF ALLEGIANCE

(4) Review and Discuss Proposed Fiscal Year 2015-2016 Departmental Budgets

City Manager Carol Buttler began by explaining that the proposed budget would be given in a more general overview than in the past. "We are at that point where we are fiscally sound, we are doing better financially, however, it is not like we are flush with cash."

The discussion began be reviewing the Strategic Plan, and how it will affect the budgeting strategy this year. Also planned for discussion was the debt service, and that in the near future the City's financial advisor would explain the ability to issue debt, by looking at where the City is currently versus where we believe where we want to be. Capital outlay and capital projects will also be reviewed, because all of that had been removed from the operating budget.

"We wanted to show Council that staff has proposed very routine budgets, with the exception of a few departments asking for additional items, but nothing outrageous. Also we wanted you to see that this is what we need regardless of what the money situation is, to satisfy with what the community is telling us that they want."

Finance Director Suzy Kou began by stating, "I am not here to paint a rosy picture, I am here to present the truth so, that at the end of the budget process, you all can make some sound decisions and we all can move forward together." Then she thanked all of staff for helping out the budget binders together. She then explained that there was no cover page yet since the certified roll was so late arriving from the County. "The online version of the proposed budget is slightly different

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from your binders. The reason, is that the online version does not have the tabs, as yours do. All the information is there it is just in a slightly different order."

Further discussion included the City Managers Overview letter, the City wide organizational chart, summary of funds, estimated revenues, estimated expenditures, projected fund balance, estimated budget revenues, and drew attention to the end column showing no red numbers, being in the negative, indicating that she does not anticipate going into the negative in any of the fund accounts.

She clarified the red numbers in the general fund indicated that they were capital related, since most capital projects will not end within one year, referring to Fund 45, and 46, the CO 2005 and 2007 bond projects, "I went ahead and appropriated the expenditures for these projects, because we have not completed these projects that Council has approved in this current year."

Ms. Kou further referred to the sales tax projections, as a steady trend. Then identified the Capital projects in each department, and said each have been removed from the budget, but when each department presents their own budget, Council may want to include some back into their prospective departments, by sacrificing other items, if needed. She also identified some grant projects, debts, cash requirements, and principal and interest of borrowing. Explained borrowing capacity, and the funding for any of those projects, which would require additional debt service. Further explanation included comparisons of the city's necessary monthly bills (infrastructure, drainage and streets) to each person's home necessary bills (water, food, and insurance).

"We currently have a healthy fund balance. We have reached our ninety day reserves goal. We have been very frugal. But we have poor infrastructure, these are the good and the bad. The question is, do we want to go ahead and take care of these issues? If we do, just like everything else in life, there comes a price tag. Do we want to go ahead and fix what needs to be fixed or to keep putting bandages over the problems that we have? We are at an intersection, it is up to Council where we go from here. We have a Strategic Plan, and we know our priorities."

The question of whether an increase in taxes would bring in enough monies would actually be enough to help compensate for some of the infrastructure that is needed, the issuance of bonds was briefly discussed to cover some of the expenses. For instance a $100,000.00 home, if taxes were to be raised one nickel, this would generate $50.00 per year.

City Manager referred to the Strategic Plan, page 38, and asked for some direction from Council. Listed the issues in order from most important to the citizens according to their input in the strategic plan was: Blight reduction, LMISD, infrastructure needs, communication, quality of life. "We now a have a plan going for the blight reduction, which we have been making some progress, just depending on how much we continue to fund that program, and infrastructure needs, and we as staff know that these are going to be the most cost effective."

The need for growth along I-45, was briefly discussed, being the Gateway to the Gulf, and as it relates to taxes and value from growth.

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Councilmember Bell sated, “Basically you are saying that we need to look at other sources of revenues, and you are using the example of infrastructure. Are you going to suggest that we issue debt?”

Ms. Kou replied, “Well we issue debt or we sacrifice other things in the budget to pay for infrastructure repair.”

Tax rate comparisons of La Marque to the other cities was briefly discussed along with tax exemptions for each City as well as maintaining just an operating budget at this time of the budget proposals.

Ms. Buttler continued, “We are not promoting a tax increase, but if we want to issue debt, we have got to figure out how we are going to fund the debt, that will handle some of the longer term, larger projects.”

Councilmember Bell asked, “Is there a scenario where there could be an issuance of debt and the tax rate remain the same?”

Ms. Kou replied, “Yes. In our tax rate, you have a split between M & O (maintenance and operation) and I & S (which is the debt service). So you will have to sacrifice the portion that is usually allocated to the M & O over to the debt.”

Anticipated revenues from a recent pipeline agreement was briefly discussed, that could help in covering any bond indebtedness that could go towards a tangible one-time project. Without the final numbers of the effective tax rate is received from the County, all discussions were said to be philosophical at this point.

Issuing debt within a municipality, is spreading the burden among the current and future citizens, throughout the life of the debt, so they are not hit with the burden all at once, and all benefit from it, as long as they are citizens in the City. It needs to be considered, what the City will look like in ten years from now, before issuing any debt on residents. If it is necessary to issue debt, it needs to be managed based on the objectives, and spent on the right reasons. The necessity of a written PLAN was discussedl. The Strategic Plan is something that has to be looked at annually, and used as a roadmap.

LIBRARY

To maintain the accreditation for the library, there is ‘maintenance of effort’, they now are including any costs that the City should and does provide to the City to operate (including water sewer, gas, electricity and liability insurance) into their budget.

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Library Director Amy Miller met with the City Manager and Finance Director and discussed recommending altering some of the positions to accurately describe the duties and responsibilities of each position.

The findings have been that most users of the library lately have been those who are using the computers for resumes, cover letters, and job hunting. This is one of the reasons why a part-time position of a hands-on computer technician is being requested.

Ms. Miller added, "One of our goals this year is to enhance and improve customer service, and I feel like the addition of this part-time person would do that, I want them to be close by." The recommendation of some additional children's programs, teen and adult programs and marketing the programs to the community more effectively.

The difference in the payroll line is the vacancies that occurred in the Library last year. The question arose of whether there has been an increase in usage to balance out the need for personnel needed for the Library. The direction of which libraries are going to is to obtain internet access, online libraries, and usage for job recruitment. It was discussed that for the past two years, the Library has not been fully staffed, and that people are needed to assist, whether they are checking out books or accessing the computer. Increase in usage amounts was said to be included in the monthly reports. The total amount of increase would be one thousand dollars to the overall budget. This would solidify the maintenance of efforts to help sustain the accreditation.

CITY COUNCIL

The budget was left as the same as last year. The three thousand dollars for the appreciation banquet was removed from the year to date estimate but was placed back in for the upcoming year.

Have the citizens in the future to discuss this and or make a recommendation on stipends.

CITY MANAGER

Some was added to the advertisement line item and for a newsletter, but removed it. There are other ways of funded this line item.

HUMAN RESOURCES

Handbooks, all Appreciation /Employee - Olson & Olson to handle the Handbook; employee recruitment; City Marshall doing some of background checks. The removal of two thousand dollars since CM can do. Professional training- OC Med, drug testing, and other for professional services. City-wide customer service training.

Mayor Hocking recessed the Special called Budget Workshop at 3:02 p.m.

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Mayor Hocking reconvened the Special called Budget Workshop at 3:31 p.m.

IT

Budget proposals down from last year due to the website and phone upgrade was paid for out of the current year budget. Most departments have the newer OneDrive hardware, Microsoft 365and the Buyer's Market protection. Channel 16 upgrade equipment will come out of the PEG account.

PEG

Public Education- Capital projects with a minimum $5,000.00. A system made for PEG being looked into for Channel 16, broadcasting of the Council Meetings will also be through this, public educational community room, like an overflow room. It was determined that it had to be an actual purchase and for educational purpose in the PEG fund.

MUNICIPAL COURT

Currently there are five persons in the Municipal Court. They are requesting an increase in the proposed budget for the following reasons: Paperless Solution municipal software, results for lack of space. There are hundreds of court cases in the records retention center at this time. The other increase is in the personnel line item. At that time, there was the Court Administrator, A Court Clerk and a part-time position. The last Court Administrator said that there was no need for a second Deputy Court Clerk. When Court was moved to the PD, it was determined how many personnel was really needed to run the Municipal Court.

Issues pertaining to City Council not having familiarity with all the department heads and their happenings was discussed. Standards set in the departments for amount of personnel was discussed. City Marshall and her collection of warrant monies was discussed. There have been discussions with this position on the staff level. The City Marshall is the only one that is qualified to train the Code Enforcement Officer.

City Marshall spoke, "Yes, I do still issue and work warrants. I am spending a lot more time in Code Enforcement recently, since the request tracker and focusing more on the revitalization program. Warrants can be seasonal. But so does the high weeds, it slows down in the cooler months."

Council expressed that they didn't want to overwhelm anyone. In smaller cities, everyone wears different hats. The warrant part in one Councilmembers opinion needs to go back to the Police Department. City Marshall said that Code Enforcement and warrants sometimes go hand in hand.

A new title was discussed, for a position that would do both of these jobs. Structure needs to be identified and solidified. As things evolve, things change and positions evolve. Talent found

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internally within departments and employees taking up additional job duties was briefly discussed, thus looking like the organizational structures is shrinking.

Digitizing some of the court records to save storage was briefly discussed and it was determined that money has been budgeted for this in the proposed budget.

FINANCE

Finance Director Suzy Kou gave a brief overview of the department budget and City Manager added that they wanted the auditors to focus on Development Services, since they have revenue brought in through different sources. Some of the increase in the proposed budget will actually be reimbursed out of the EDC Budget for the position of a Revitalization Clerk. Some was for the needed travel and training (certification of two of the staff in Finance) and professional services (software related) and for a franchise audit to be conducted; chart of accounts; costs of digitizing documents;

Mayor Hocking recessed the Special Budget Workshop at 4:44 p.m.

Mayor Hocking reconvened the Special Budget Workshop at 5:38 p.m.

FUND 99- still Finance Department

This fund is what cities call a non-departmental fund; it is for costs that are not allocated to any one department, in the General fund; most is City Hall related. Since there are so many departments within one building, but it does also incorporate a few other departments.

The decrease in cost relates to a few of the retirees reaching the age of sixty-five and no longer receiving benefits (80 points requirement); a little more money was added to janitorial, since it is to go out for bid this year, it is unknown the exact cost; lowered furniture & fixtures; power wash City Hall; upgrading employee lunchroom, AC for Council Chambers; bulletin board; trophy case; community room carpet; logo monument in front of City Hall; removed (5) police vehicles (lease to purchase); four staff vehicles and 11 in-car computers; no estimate yet for the Windstorm Insurance (estimated at 4% increase); automobile insurance (some premiums increased)- in terms of claims; workers comp. increase total $12,483.00. It is actually 23,000.00 less, split with Utility fund.

Legal Services- not anticipated legal representation; but put it same for City Attorney flat for now; Communication- includes cell phone bills, PRI monitor, Internet connections; radio usage fees, long distance bills; Utilities; these are based on trends; replacing with more energy efficient bulbs, thermostats, etc.

The leased vehicles were discussed, and whether there were any extra vehicles, that have been unassigned. Some personnel have left and it looks like there are other employees that can use those vehicles and allocate to another department and or personnel.

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FUND 70
A clean set of records in case FEMA is needed.

They discussed a possible Risk Management Fund- which would allow a return in equities on either premiums or Workman's Compensation to be placed in an accumulative fund, that could help pay for those types of expenditures that the City has no control over.

Supplemental Annuities- lowered due to retirees reaching the age of 65.

Fire Truck Lease- General Fund as per Auditor instead of Debt Services. (Will be paid for in February)

$8,000.00 can be pulled from Fund 99

$29,000.00 balance now.

Councilmember Bell would like to see all of the new positions and expenditures that have been proposed in this proposed budget

(5) ADJOURNMENT
It was the consensus of Council to adjourn the Special Budget Workshop at 6:35 p.m.

Bobby Hocking

Mayor Bobby Hocking, Mayor

Robin Eldridge

Robin Eldridge, TRMC
City Clerk