

CITY OF CONVERSE
SPECIAL CITY COUNCIL
MINUTES OF AUGUST 30, 2011
7:00 PM

The City Council of the City of Converse met in a Special Meeting at the City Council Chambers at 402 South Seguin Street on Tuesday, August 30, 2011 at 7:00 PM to discuss various items on the agenda. The following were present:

Mayor Al Suarez	MPT Grant Lopez, Place 2
Council Member Kathy Richel, Place 1	Council Member Andy Selko, Place 3
Council Member Randy Pannell, Place 4	Council Member Laura Beehler, Place 5
Council Member Steve Brown, Place 6	Ms. Shawna Dowell, City Manager
Mr. John Quintanilla, Assistant City Manager	Mr. Rick Jamison, Chief of Police
Mr. Richard Wendt, Chief of Fire/EMS	Mr. Jerry Wilson, Finance Director
Mr. Lupe Perez, Director of Utilities	Mr. Karl Hoppes, Director of Facilities
Mr. Robert Ayala, Librarian	Mr. Ray Christian, Assistant Chief of Fire/EMS
Mr. Jon Smith, Assistant Director of Utilities	Ms. Kate Silvas, EDC Executive Director
Mr. Kevin Winters, Police Officer	Mr. Ray Ortiz, City Attorney
Ms. Penny Hieronymus, City Secretary	

1. Call to Order

At approximately 7:00 pm, Mayor Suarez called the meeting to order.

2. Roll Call

Mayor Suarez stated all Council members were present.

3. Citizens To Be Heard: This time is provided for Citizens to address City Council on any issues and concerns. No City Council discussion or action can be taken if the item is not on the Agenda. Please limit your remarks to three (3) minutes and state your name and address for the record.

Mayor Suarez stated no one had signed up to speak.

4. Public Hearing

- A. Second Public Hearing on Fiscal Year 2011-2012 (FY 2011-2012) Proposed Budget and Proposed Tax Rate Increase of 10.03%

Mayor Suarez stated Ms. Dowell will do her presentation so the information will be fresh, then we will go into the Public hearing.

Ms. Dowell gave a power point presentation & briefing on the budget.

GENERAL FUND

Summary:

*Property Valuations

*10 Year Summary of Tax Rate

*Tax Rate Comparison to RMC Cities: Live Oak & UC apply \$.005 sales tax to reduce O&M tax rate; I-35 Commercial Corridor Sales Tax Benefit keep O&M tax rates down

*5 Year Summary of Housing Starts: 5,787 residences per Bx. Co. Appraisal District for CY 2010

*8 Year Summary of Personnel Complement

*Budget Methodology: Reflects actual spending trends for last 2 years to provide basic services; Reflects current & future economic conditions: 1% growth in Sales Tax, Slight decline in Property Tax Base, Average of 3% cost increase (each line item was evaluated), 163 Full time employees (131-General Fund, 30-Utility Fund, 2-EDC Fund), 3 Part time employees, Personnel costs reflect 1% cost of living increase, Personnel costs does not include any merit increases, TMRS rate change from 11.95% to 12% on Jan. 1, 2012, 3 months at 11.95% & 9 months at 12% yielding an average of 11.9875, Assumption of 20% increase in fuel costs, Assumption of 15% increase in utility costs

REVENUES: Taxes, License, Permits & Fees, Law Enforcement & Court Fines/Fees, Animal Control Fines/Fees, Grant Revenue, Park & Pool Revenue, Other Revenue, Carry forward from FY 2010/2011, Sale of Assets

Budget Summary General fund Revenues

Budget Highlights: Ad Valorem Tax-Net Valuations of Property=\$773,671,287, \$.01 on the O&M tax rate raises approximately \$77,367; Sales Tax-Sales Tax estimate for FY 2010/2011 is \$1,529,931 down \$27,158 (-1.78%) from FY 2009/2010, Sales Tax estimate for FY 2011/2012 is \$1,545,230 up 1% over FY 2010/2011 based on the upward trend for April & May 2011

Budget Summary General Fund Expenditures:

*Animal Control, Building Inspections, Court, Fire/EMS, General Government, Grounds Maintenance, Library, Non-Departmental, Park & Pool, Police, Street=\$9,341,259

*Personnel: Compensation Study is funded at \$15,000, 1% Cost of Living Adjustment, 1 new full time position in the Grounds Dept. for mowing weedy lots, Increased City & employee monthly medical contributions, Increase contribution to TMRS

*Finance: Operating costs associated with the purchase of a new financial software package has been included in this budget-costs include: Software licensing fees, additional Debt Service costs, Overtime costs for implementation

*Emergency Services: Lease purchase of major capital items has been incorporated in this budget (as recommended by the City's auditor), 3 years for Ambulance (\$43,000), 7 years for Pumper (\$66,000-deferred payment for 1 year-1st payment-Jan. 2013)

*General Government: Legal Costs-Municipal Court (\$26,000), Toepperwein Pavement Review (\$50,000), City Council Meetings (\$9,000), HR Personnel Policy Manual (\$5,000), Election Legal Issues (\$2,000), Misc. (\$4,000)

*Engineering Costs: Toepperwein Pavement Review (\$45,000)

*Library: Collections budget increases (\$7,500)

*Non-Departmental: Debt Service increased for Financial Mgmt. Software Acquisition & Implementation (\$56,000), Street Lights increased from \$95,000 budgeted to \$111,000 actual; New budget is \$128,029, a \$33,000 increase over FY 2010/2011

*Park & Pool: New Signs (\$5,000), Vandalism Eradication (\$1,000)

*Streets: 3 Year lease purchase of Chip Spreader (\$45,000), Street Maintenance (\$91,831)

*Commissions: Beautification & Environment-Clean-up Events (\$2,000), Building & Standards-Demolition (\$10,000), Park & Rec.-Park Commission Programs (\$3,000)-see Capital Plan for additional projects

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*Grants: Community Dev. Block Grants-Carryover of FY 2010/2011 expenditures of \$25,000 for Ave. B (City was able to make \$105,000 match in FY 2010/2011), FY 2011/2012 for Oak, Ash & Fir Dale in Fair Meadows Subdivision for \$150,000 with cash match of \$75,000

Budget Summary General Fund Capital Investments = Total Capital Investments of \$607,525

Capital Improvements:

*Fire/EMS: Computers (\$1,000), Equipment (\$67,800), SCBA Air Bottles (\$20,000)

*Grounds: Equipment (\$22,000)

*Library: Shelving & Tables (\$1,425)

Capital Improvements:

*Non-Departmental-Increase in Fund Balance (\$75,000)

*Park & Pool Facility Improvements (\$50,500), Power to N. Park Restrooms, Bollards for N. Park, Wheel Chair Lift for Swimming Pool, Meeting Room Rehabilitation, Wall Packs to Illuminate Playscape at City Park

*Police: Purchase 2 Patrol vehicles (\$67,800)

*Streets: Chemical Storage Building (\$8,000), Mechanic Shop Equipment (\$20,500), Program 1-Oil for Chip Seal (\$90,000), 2 Used Vehicle Purchases (\$24,000)

PROPOSED TAX RATE:

Proposed O&M Tax Rate	\$0.502068
Proposed I&S Tax Rate	<u>\$0.070863</u>
Proposed Total Tax Rate	\$0.572931

Current Tax Rate	<u>\$0.525434</u>
Incremental Increase	\$0.047497

2011 Rollback Tax Rate	\$0.575939
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Per faxed correspondence from Bx. Co. Tax Assessor-Collector Office dated 7/30/11

2011 Effective Tax Rate	\$0.535131
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This reflects the tax rate it would take to raise the same amount of O&M taxes as in FY 2010
Based on the new 2011 Net Valuations

Financial Impact to City:

-Total tax revenue estimated to be raised at last year's tax rate of \$.0525434 for each \$100 taxable value was \$4,028,193

-Total tax revenue proposed to be raised this year at the tax rate of \$0.572931 for each \$100 of taxable value, excluding new property is \$4,286,593

-Total tax revenue proposed to be raised this year at the tax rate of \$0.572931 for each \$100 of taxable value, including new property, is \$4,386,623

Financial Impact to Homeowner: Difference of \$50.93 Annually

UTILITY FUND

REVENUES: Water Billing, Sewer Billing, Garbage Billing, New Home Fees, Debt Service Fees, Misc., Stormwater Fee

Budget Highlights: Water Billing – Base Rate Increased from \$2.50 to \$11.35, adding \$96,800 to FY 2010/2011 & \$580,800 to FY 2011/2012, Stage Rates Decreased Substantially; Historically, ½ of water pumped within the City is used between the months of June through Sept.

*Sewer Billing: SARA Rates Increased from \$8.56 to \$9.59, Approximately 70% of revenue collected is paid to SARA to treat wastewater

*Garbage Billing: Pass Thru Billing for Waste Mgmt. Services

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*New Home Fees: Water Meter Set/Tap Fee, Water Impact Fee (Restricted), Sewer Impact Fee (Restricted), Water Acquisition Fee (Restricted) – ½ Acre Ft. Per Home

*Debt Service Fees: Based on \$3.72 per water customer per month for Water Interconnect Project

Misc.: Penalties, Other Service Fees, 2011 Certificate of Obligation Proceeds

*Stormwater Fee: Bx. Met has agreed to collect the Stormwater Fee within Converse City limits that they service

*Debt Service: New Debt Service Payment (2011 Cert. of Obligation-Water Interconnect Project-\$240,112), 2012 Cert. of Obligation for New Financial Software Package (\$37,300)

*Outside Fees: Fees Paid to Outside Agencies (EAA, SARA Impact Fees, SARA Sewage Treatment, Garbage Pick-Up, Water Leases, TCEQ); EAA-Per 7/19/11 EAA correspondence, EAA is projecting their mgmt. fee to increase from \$39 per acre ft. to \$116 per acre ft. (197% increase), Impact for FY 2011/2012 is \$221,850 (9 months); Impact for FY 2012/2013 will be approximately \$295,800

*General Operating Expenses

*Legal Costs: CVLGC (\$25,000), CVLGC Meetings (\$3,000), Bridgehaven (\$2,000-\$5,000), SARA-Ingram Ready Mix-Non-Potable Water Project (\$5,000), Bx. Co. Watershed Project (\$10,000), Engineering Costs-SCADA (\$45,000)

Capital Expenditures

*Water Main Replacement (\$50,000)

*Sewer Main Replacement (\$50,000)

*Lift Station Generator (\$28,000) for MacArthur Park

*Non Potable Water Project to Ingram Ready Mix (\$60,000) – 1,400 ft. of 12” pipe on hand, 5,600 ft. of 8” pipe required (to be purchased), Misc. fittings

*Radio Read Meter Project (\$111,000) to convert 600 additional homes. This is the 3rd year of a 10 year project, ¾ Ton Crew Cab Pickup Truck with Tommy Lift for Construction Crew (\$26,000), Pump Truck for Sewer Backups & Lift Station Maintenance (\$25,000). Currently, the City hires a contractor to provide the service, 10 Yd. Dump Truck for Non Potable Water Crew (\$25,000)

CONVERSE ECONOMIC DEVELOPMENT CORPORATION

Budget Highlights:

*Sales Tax: \$.005 Sales Tax generates approximately \$765,000 annually, Sales Tax estimate for FY 2010-2011 is \$1,529,931, down \$27,158 (-1.78%) from FY 2009/2010, Sales Tax estimate for FY 2011/2012 is \$1,545,230, up 1% over FY 2010/2011 based on the upward trend for April & May 2011

*Capital Investment Grant: Increased from \$30,000 in FY 2010/2011 to \$130,000 for FY 2011/2012, Provides Recruitment Incentives

*Regional Marketing Initiative: Buxton Survey (\$16,500) – Coordinated with NE Partnership

*Marketing Materials: Print material for promotional purposes (\$5,000), Other promotional items for trade shows, branding & community presence (\$5,000)

*Trade Show Booth (\$5,000)

General Operating Expenses:

*Advertising line item increased to promote visibility in the marketplace (from \$2,000 to \$10,000), this expenditure brings us in line with the percentage expended by competing cities in the NE Partnership

*Dues & Subscriptions (\$5,650): NE Partnership, International EDC, International Council of Shopping Centers, Certified Commercial Investment Mgr., Randolph Metrocom Chamber of Commerce, Tx. ED Council, Industrial Asset Mgmt. Council (New), CoreNet Global (New), Texas One-Tier 5 Membership (New)-Governor’s Office, Central Tx. Commercial Assoc. of Realtors (New)

*EDC Strategic Planning Retreat (\$2,000)

*Travel: Recruitment Mission Travel (\$3,000), Trade Shows (\$7,800), Conferences (\$4,100)

Capital Expenses:

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*Business Retention/Expansion (\$35,000), Broker Breakfast & Tour (\$1,000), Toepperwein Road Project (\$275,720), Town Sq. Project (\$35,000)

Opened: 8:05 PM

*Mr. Jeff Beehler of 112 Norris Drive East asked about Ingram & being put on the surface water.

Ms. Dowell explained we are currently working on a 10 yr. Capital Plan for the Utility Fund (UF) & this is one of the items we are trying to replace and/or change out through that process; a certain year has not been targeted for changing out that pump. But, as we review the utility rates we must look at our 10 yr. capital needs, which would include any additional work that would need to be done at the pump station.

Mayor Suarez stated we are putting Ingram on the gray water & they are using approximately 67 acre ft., so we save on them using the water, but we lose a lot of revenue on them buying regular water, he asked if there was an amount that we lose when we put them on. He asked how Live Oak & Universal City were able to buy \$.005 sales tax are able to do this & we can't. How costly is the 1% Cost of Living, what does it amount to?

Council member Selko stated 67 acre ft. of water is 24 ½ million gallons, this also gives us more cushion with SAWS & Edwards if we should run up & get into the area where we are going to get fined, even though it may not happen, this would save us a ton of money. He asked about the Stormwater fees & what percent of those fees goes to SAWS for collecting this & what percentage of fees goes back to us? He stated he thinks it is time the CC take an earnest look at the Toepperwein realignment project, with the fact that Union Pacific is not helping fund anything that is going to occur with the grade crossing, the fact that Lower Seguin Road may not be a project that the County or State will not take on for another 8-12 years in widening it, there is an issue with the purchase properties he is sure there is a timeline where we have to use the properties that have been purchased otherwise we have to pay to have the houses rebuilt, there are a lot of things on the Toepperwein realignment that need to be looked at & the whole project needs to be re-thought.

Ms. Dowell stated in recent weeks we have been working with Vickrey & Assoc. to pursue funding through the MPO to try to get them to consider this project for funding (first half up to the railroad). The second half, once it is crossing the railroad, TXDOT has a significant portion of that for widening down to FM 78; if we received MPO money we would have to re-locate a few buildings further back on their property. We are trying to venture out into the MPO & ask for money this fiscal year, if we are not funded this year hopefully we might be funded in future years by the MPO. The one good thing behind this project is the first half is at 95% completion in terms of engineering & design. She is not sure when & if we will be funded.

*Ms. Cricket Temkin of 304 Ave. D thought the repairs for Ave. D was in the 2012 budget & when will it be repaired?

Mr. Hoppes stated he thought it was in the budget to do some repairs (chip seal) on Ave. D. However, there is a little bit of an unknown as to the conditions on the water & sewer lines; we are waiting on the Water Dept. on that issue. Our budget this year, we did not do any chip seal & are holding off until the next budget year. Typically, we do the chip seal in the months of June-Aug. (this street could be restored); Station Street is being deferred due to funding. He will visit Ave. D Street; the dry weather is bad for us & everyone.

Council member Brown asked if we have any outstanding liens on people's properties & how many? He asked how did we figure the 1% sales tax increase? He asked how the Park & Rec. got \$3,000 and Building & Standards got \$10,000 in their expenses? The \$20,000 that we are putting aside for the SCBA air bottles for the Fire Dept., they are in really dire need for these bottles that are \$5,000 a piece; the ones they currently have were given to the Fire Dept. in 1985 by RAFB, wish we could afford to give them

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more. He asked about the work to be done at the City Park meeting room & asked if that was more important than Ave. D. Street? He asked about the \$1,000 for the graffiti & vandalism, have we considered using community service workers to cover this? He asked about the 2 police vehicles & equipment. Council member Brown stated at the last JISD meeting, to help out in the cost of all this, they just lowered their tax rate \$.03 cents for all homeowners.

Mr. Quintanilla stated there are numerous liens.

Ms. Wilson stated on the 1% sales tax, he has been watching the trend the last few months & how the sales tax has been coming in.

Ms. Dowell stated the P&R (\$3,000) is for parks programs, the Parks & Pool has Capital Improvements (\$50,000). The Building & Standards will be used for demolition.

Mr. Hoppes stated the City Park meeting room will include a new air conditioner, new windows, paint, lights & if they can afford it they will put carpet.

Ms. Dowell stated the City Park meeting room is the operation for NIOC & throughout the year, it will be the office for the Park Maintenance Crew.

Ms. Dowell stated on the graffiti/vandalism, we would be willing to utilize any workers to the this, but the \$1,000 is specifically for the chemicals & paint.

Ms. Dowell will get answers at the next mtg. for the questions they could not readily answer.

Closed: 8:27 PM

At approximately 8:27 PM, Mayor Suarez recessed for Executive Session.

Opened: 8:35 PM

5. Executive Session

A. Executive Session in Accordance with the Texas Open Meetings Act 551.072/ Deliberation Regarding Real Property; Closed Meeting

1. Real Property Negotiations to Support Activities Associated with the Acquisition of Real Estate to Support the Development of Water Resources for the City of Converse (City Attorney) (City Manager)

Present: Mayor Suarez, MPT Lopez, Council members: Beehler, Brown, Pannell, Richel & Selko, City Manager Ms. Dowell, City Attorney Mr. Ortiz & City Secretary Penny Hieronymus

Closed: 8:55 PM

Opened to Open Session: 8:57 PM

6. Reconvene to Open Session

A. Discussion and Appropriate Action in Accordance with Deliberations Regarding Real Property Negotiations:

1. Acquisition to Support the Development of Water Resources for the City of Converse (City Attorney) (City Manager)

Mayor Suarez stated this was not ready for action at this time & we will defer this until the next meeting.

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7. Adjournment

At approximately 8:57 PM, Mayor Suarez adjourned the meeting.

PASSED AND APPROVED THIS 20th DAY OF SEPTEMBER, 2011.

Al Suarez, Mayor

ATTEST:

Adriana I. Hieronymus, City Secretary