

Brenham City Council Budget Workshop Minutes

A special budget workshop meeting of the Brenham City Council was held on July 24, 2014 beginning at 8:30 a.m. in the Brenham City Hall in Conference Room 2-A, at 200 W. Vulcan Street, Brenham, Texas.

Council members present:

Mayor Milton Y. Tate, Jr.
Mayor Pro Tem Gloria Nix
Councilmember Mary E. Barnes-Tilley
Councilmember Andrew Ebel
Councilmember Danny Goss
Councilmember Keith Herring

Council members absent:

Councilmember Weldon Williams, Jr.

City staff members present:

City Manager Terry Roberts, Assistant City Manager Kyle Dannhaus, City Secretary Jeana Bellinger, Chief Financial Officer Carolyn Miller, Stacy Hardy, Kaci Konieczny, Fire Chief Ricky Boeker, Deputy Fire Chief Alan Finke, Police Chief Rex Phelps, Billy Rich, Amanda Carker, and Development Services Director Julie Fulgham

Citizens present:

None

Media Present:

None

- 1. Call Meeting to Order**
- 2. FY 2014-15 Budget Workshop Discussions**

City Manager Terry Roberts welcomed Council and the value of property on the tax roll is slightly lower now than the numbers used in the first version of the budget. Roberts explained the budget impact is a loss of property tax revenues to the General Fund of \$15,710.

Roberts stated the adjusted budget for Communications for FY15 is \$965,284. Roberts explained transferring the Communications Department provides slightly more savings than the FY14 budget number of \$957,273; therefore, the City will be actually reducing the General Fund expenditures for Communications in FY15 by slightly more than \$957,273. Roberts advised the impact of the transfer of Communications before any offsetting adjustment for lost revenue is \$0.0886 with the original number being \$0.0885.

Roberts explained a potential debt service project under consideration is the acquisition of a road mixer for the Street Department through a lease/purchase. Roberts stated the City Council has appeared very supportive of finding a way to undertake more street work with the city forces and city equipment. Roberts advised the City is able to finance it within the current Debt Service tax rate and still have the ability to shift 3/10th of a cent of the debt service rate to the O&M rate, which provides \$32,403 to the General Fund without affecting the total of the tax rate.

Roberts advised in the original budget message, Staff used a one cent offset to account for the lost revenue from the Animal Shelter; however, the one cent offset to the tax rate does not do justice to the true amount of lost County revenue. Roberts explained the one cent adjustment or offset that is already factored into the budget adequately addresses lost Animal services revenue; however, it never accounted for the lost revenue from Fire and Library services. Roberts stated the Council has the ability to capture the lost revenue for Fire and Library and still stay below the rollback tax rate. Roberts explained that instead of adjusting the tax rate by one cent, it would be more appropriate to adjust it by 1 and 2/3rd cents. Roberts advised the additional 2/3rd cent adjustment will increase the General Fund revenues by \$72,367. Roberts explained that instead of a drop of 7.85 cents, this change would lower the tax rate by 7.19 cents and will remain below the rollback tax rate. Roberts stated that making those adjustments will result in a drop of the property tax rate from \$0.5632 to \$0.4913, which is a reduction of 13%.

Roberts stated originally Staff did not include consideration of a cost of living adjustment for the City's employees although it is a worthwhile initiative. Roberts explained Staff was reluctant to make the recommendation at first because Staff did not want to exceed the property tax rollback rate; however, the items that were addressed provided some capacity to consider a 2% COLA or pay scale adjustment. Roberts explained the General Fund budget as presented has \$577,000 in capital expenditures with only 36% of the capital (\$210,018) being funded out of the current revenues of the budget. Roberts advised the other 64% of General Fund capital spending (\$366,982) comes from one time sources and the General Fund is only balanced with the use of the one-time resources. Roberts explained the new revenues added to the budget, gives Council the option to consider a small cost of living adjustment or it can allow Council to balance the General Fund with less dependence on one time resources to fund capital needs for the General Fund.

Roberts explained a key to hiring and retaining good people is for the City to maintain a competitive wage rate. Roberts stated while the City undertakes a compensation study about every five years, it is important to keep the pay plan in the market. Roberts advised that this is achieved with consideration of an adjustment at least every two and not more than three years. Roberts explained the General Fund impact of a 2% pay scale adjustment is \$115,602.

Roberts stated a fire substation has a projected capital cost of \$2.18 million, but will also have operating cost to Staff and operate the facility. Roberts advised that the City does not have the capacity within the rollback tax rate to fund this project at this time. Roberts explained that the Council can place this project before the voters in May 2015 to issue certificates of obligation or defer the project to a vote until May 2017.

Roberts explained the current Street Department funding for the street rehabilitation program is \$135,000 which provides for one mile of major street maintenance work. Roberts stated Council can increase the scope of the City's work with an additional \$200,000 to \$250,000 each year in street rehab money and still maintain existing staffing levels. Roberts explained one funding recommendation is General Fund reserves or the proceeds from the sale of the 205 acres of land in Chappell Hill. Roberts advised Council could issue some additional debt now which would increase taxes, but the City would also have the ability to utilize cash reserves for the next several years to take on the larger rehab program. Roberts explained an allocation of \$200,000 of additional street rehab money each year would make a substantial impact on upgrading the quality of the City's streets. Roberts stated the road mixer can be leased/purchased within the existing tax rate and the City's staff level in the Street Department is sufficient to take on the additional rehabilitation work.

The meeting was adjourned.

Milton Y. Tate, Jr.
Mayor

Jeana Bellinger, TRMC
City Secretary

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