

CITY OF DENTON CITY COUNCIL MINUTES

August 6, 2015

After determining that a quorum was present, the City Council convened in a Work Session on Thursday, August 6, 2015 at 8:30 a.m. in the Council Work Session Room at City Hall.

PRESENT: Council Member Roden, Council Member Johnson, Mayor Watts, Council Member Hawkins, and Council Member Wazny.

ABSENT: Council Member Briggs, and Mayor Pro Tem Gregory.

1. Work Session Reports

- A. ID 15-635 Receive a report; hold a discussion, and give staff direction regarding the FY 2015-16 City Manager's Proposed Budget, Capital Improvement Program, and Five-Year Financial Forecast.

City Manager Campbell felt that the budget was the most important and critical decision that the Council did throughout the year. The budget set the stage on how the City was going to provide services to citizens.

Council Member Briggs arrived at the meeting.

City Manager Campbell continued that the proposed budget was a baseline and he expected that there would be changes before it was adopted in September. Pages of particular interest was Page 3 which outlined the mission, values and goals for the City plus the Strategic Plan which was the foundation of the budget.

Chuck Springer, Director of Finance, stated that the budget was built on the Strategic Plan and listed the five key focus areas. Also included were key action steps for the Strategic Plan. Budget priorities were presented along with assumptions for the General Fund. The proposed tax rate, effective tax rate, rollback rate and certified taxable value were reviewed.

Also reviewed were the appraised values for the past five years. Growth in the Street Improvement Fund was seen since 2011. The sales tax collection was higher than last year and was estimated to be over the estimate. Compensation and benefits for Civil Service and all other employees were presented. He noted that the health insurance funding had a 6% increase in City contributions for this year and future fiscal years. Health plan changes included increased office visit and prescription drug copayments, elimination of most out-of-network benefits, office visit savings with Tier 1 physicians and a 5% increase for the Gold plan and no increase of the Silver plan as employees on the Silver Plan had lower health insurance costs.

General fund revenue, expenditures by category, and expenditures by function were presented. The Vacancy Management/Salary Savings had budgeted savings in 2015-16 at \$1.03 million. Savings were from normal turnover and management control over filling of vacant positions. This added additional flexibility to deal with any revenue shortfalls.

Recommended General Fund Supplemental Packages were reviewed. Those included (1) four additional positions in Building Inspections, (2) Quakertown House Relocation which would be HOT funded, (3) Open Records Request software, (4) Summer Youth Program for 15 students, (5) DISD Mentoring Program, (6) Right-of-Way maintenance, (7) Economic Development

Administrative Support, (8) a licensed Trade Technician for Facilities Management, (9) a City Wide Space Study, (10) funding for the Kiwanis Fireworks, (11) revenue fund Vehicle replacements, (12) a new medic unit at Station 7, (12) Fire Inspector Specialists, (13) a Compensation Consultant for Human Resources, (14) Learning Management software for Human Resources, (15) tuition reimbursement, (16) Incode parking for TxDOT interface, (17) water park program expansion, (18) Natatorium program expansion, (19) Parks Maintenance unfunded O&M, (21) website redesign, (22) Clarion contract for special projects, (23) Planning Technicians, (24) Patrol Supervisor - Sergeant, (25) Civilian Records Clerk, (26) Bike & Pedestrian Education and safety, and (27) pedestrian connectivity which was bond funded.

Council comments regarding the Kiwanis fireworks were that in future years look at funding it out of HOT funds instead of the General Fund.

Supplemental packages funded in the current fiscal year were reviewed along with Internal Service Funds Supplemental Packages for 2015-16. Remaining funds supplemental packages were also presented and included the recreation fund and street improvement fund.

Options for Council priority funding - Option A was to use the funds for recurring expenditures such as street maintenance or other recurring supplemental packages. Option B was to use the funds for one-time expenditures in 2015-16. This would eliminate the need for 2016-17 M&O one-cent tax rate increase. Option C was to use the funds to lower the tax rate from the proposed rate. Council could choose a combination of the options. Details on each of the options were reviewed along with tax rate projections for Options A-C. The TIRZ base value and estimated revenue for the Downtown TIRZ and Westpark TIRZ were reviewed.

The Water Utility Fund noted a challenge for this fund was a continued decline in average water sales per capita. The focus was on infrastructure replacement and needed expansion of system and utility relocations for State highway projects plus continued costs for zebra mussels. A proposed average rate increase of 5% was recommended with some variation by customer class. Four new FTEs were recommended with 3 at part-time and one-full time.

The focus for the Wastewater Utility Fund was on infrastructure in terms of replacement, expansion and sanitary sewer overflow program plus meeting other regulatory requirements. An average rate increase of 2% was proposed, 2.5 new FTEs and a change in commercial consumption rate calculation from 90% to 95%.

Solid Waste and Recycling fund major projects were presented. Proposed rate increases were noted along with the request for 4.5 new FTEs.

The Electric Utility Fund would center on TMPA debt payments, replacement of aging infrastructure, and construction of transmission system with increased revenue to DME. A base rate increase of 4.5% which was offset by reduction in the ECA rate with an average residential customer increase of .4%. Fourteen new FTEs were requested with 6.0 for capital program, 5.0 for energy management and 3 for operations.

The monthly rate impact for the average residential customer was reviewed. The 2015-16 Capital Program was presented which included new funding and the General Government proposed debt. Added positions by funds were reviewed and included about 55 new employees.

Next steps were to vote on the proposed tax rate for required notices on August 11th, hold public hearings on August 18th and September 1st, hold budget discussions at all upcoming work sessions through September 15th and adoption of the budget on September 15th.

Council Member Wazny stated that Utilities had their own budget and questioned the large supplemental request and how it fit into the big budget versus the utility budget.

Melissa Kraft, Director of Technology Services, stated that the funds were for server equipment and continued expansion of storage capacities for their needs. This related to the energy management portion of the utility.

Council Member Hawkins asked for more explanation on the vacancy management and how it teamed with the new FTE positions.

Springer stated that during the economic downturn a process was setup on how vacant positions were filled. There would always be vacancies but this process allowed for an approval process before filling a position. If the sales tax did not meet the forecast a freeze could be put on certain types of positions for a longer period of time.

Bryan Langley, Assistant City Manager, stated that it represented normal attrition in the budget. If there was a budget shortfall the money in the vacancy fund could be used instead of eliminating positions.

Council Member Roden asked about sidewalk improvements and the state of sidewalk funding.

Keith Gabbard, Street and Drainage Superintendent, presented information on maintenance and reconstruction for sidewalks.

Council Member Roden asked about new sidewalks in the out years.

Gabbard stated that there was no funding other than CIP funding.

Council Member Roden asked if the OCI study included sidewalks.

Gabbard stated that they had just received information from the consultant and were looking over that information.

Council Member Roden stated that he would continue to encourage more funding for sidewalks. He felt that as staff looked at a new website, continue to look at the pieces such as a 311 system for a larger comprehensive view and to be as fiscal as possible.

Alison Ream, Administrative Services Manager, stated that the redesign would include a low level CRM. The Council Committee on Citizen Engagement was looking at more robust customer relations management system which would automate some requests instead of having to go through staff.

Council Member Roden asked about the 311 program for \$100,000 listed in the council priorities and what that would provide.

Langley stated that amount was a placeholder for the line item. The program would probably start with some functionality with the website and grow as it moved forward.

Council Member Johnson asked if wellness benefits had been explored along with health benefits.

Springer stated that there was a system in place for a point system for a reduction in employee costs.

Council Member Johnson suggested looking at a refund if an employee did not use as much benefits which might motivate employees to be fitter. His second point dealt with building and fire inspections. He was not sure there were enough funds for the process from the permit to getting the business open. He suggested thinking about a distribution of funds over departments but as it related to anything having to be built, put more emphasis on that.

Mayor Watts stated that he had concerns on how the current Planning software was being utilized and whether it was as efficient as it needed to be. He wanted to make sure that whatever need to be done so that the deficiencies were correctly noted.

Aimee Bissett, Director of Developmental Services, stated that additional dollars for the planning budget was not comprehensive for all of the needs in the department. They had also performed an in-depth technology analysis including Projectdox and would be adding some customer functionality tools to provide better service to citizens. They were also working with the website in order to help citizens find information they may need related to the Planning Department.

Council Member Johnson stated that he was referring to milestones a developer had to pass for the building of a home and suggested including something to measure themselves against in terms of what the customers were indicating.

Bissett stated that staff had done some of that already in this process.

Mayor Watts suggested looking at funding requirements if the amount of turnaround time could be shortened.

Bissett stated the team approach would help with shorter projects to get the turnaround time faster and a dedicated team for larger projects that might take the full amount of time for review.

Council Member Roden stated that he would like some basic reporting on the neighborhood fund in terms of what was being spent and what the City was getting from that.

Bissett stated that there was a long range plan to make a new division and they were now looking at a way to staff that division.

Mayor Watts stated that he had a sense of disconnect of why the budget was forecasted at 5% and the budget came in at 4% and if over, what to do with the overage. He would like to see some type of tax rate decrease which he wanted last year but it didn't happen. He felt it was feasible and would send a good message. There never was enough money need to do all of the things they wanted to do.

Mayor Watts stated that a recommendation from the Homelessness Task Force was to fund a Homelessness Coordinator to help with all of the nonprofits. It might not be a city position but the City could provide funding for the position. In terms of the economic development fund, there currently was no funding for that. He suggested using that money for a city-wide economic development fund to open it up to other areas of the city and in the future determine what economic development incentives would be expiring and take a portion of that to put in the fund.

Mayor Watts asked if the health insurance fund had been benchmarked between self-insurance as opposed to fully insured.

Scott Payne, Risk Manager, stated that it was not done every year but it has shown a savings due to being self-insured. One reason was that there wasn't the overhead for management of the claims when self-insured.

Mayor Watts questioned the parks supplemental request for on-going costs in terms of what they represented.

Emerson Vorel, Superintendent of Parks, stated that the costs were mostly related to Hickory Street in terms of water, chemicals, etc. It also included personnel and electricity and related to city owned properties that had to be maintained. A number of properties were included and the position would have responsibilities all over town.

Council Member Johnson suggested an analysis of outsourcing the position as opposed to an in-house position.

Council Member Hawkins commented on the supplemental request for microseal in terms of the on-going costs as a temporary fix to the streets.

Gabbard stated that the microseal was a preventative which extended the life of the street. Currently they were spending \$400,000 a year for the sealing.

Council Member Briggs left the meeting.

Mayor Watts asked for a clarification on how the maintenance would be handled for the asphalt recycler.

Springer stated that it would be in the Street Maintenance fund and would be from that department.

Mayor Watts asked about the FTEs for the street maintenance crew.

Gabbard stated that this new crew would supplement the current program to dedicate time and resources to those activities.

Mayor Watts asked for a benchmark on what the crew will be able to do. He asked about the funding for the South x Southwest trade show.

Bissett stated that last year it was funded with existing marketing funds for CoDenton program as there were tech programs at that marketing. The CVB asked for funds again but she did not have any available in her budget.

Council Member Johnson stated that UNT had offered to contribute \$20,000 but felt that was a match.

Bissett stated that she knew that CVB and UNT contributed funds but would research the matching contribution.

Council Member Johnson suggested revisiting that if there were matching funds.

Council Member Roden agreed with the program and felt it was beneficial for small businesses.

Council Member Wazny agreed as it was a national/international magnet event that would showcase Denton.

Mayor Watts suggested moving forward to see if there were any HOT funds could be used for the expense.

Council Member Roden stated that in terms of the fiber question, he was concerned there might not be funding needed. He suggested having it as part of the budget cycle.

Kraft stated that staff had met with various providers who were asking how many businesses would be interested in the fiber.

Council Member Roden requested an update on the Community Market in terms of locations and what the Market was looking for.

Mark Nelson, Director of Transportation, presented a recap of the history of their request. The Community Market had taken an additional look at the site on Exposition and were requesting infrastructure such as water, electricity, and green space for the site. They now saw that site as an opportunity but would need infrastructure needs such as taking out the old asphalt for green space, electricity, lights, shade structures, and restroom facilities. Cost estimates had been provided and staff had asked the Market about priorities.

Council Member Roden felt it was a catalyst site for the economy in the area. He would like to look at more details on that location.

Council Member Johnson suggested determining what the return on investment would be but he did not want to get into competition with local businesses in terms of sales tax.

Council Member Wazny asked about the breakout for the amounts listed for the bus shelters.

Nelson stated that the Transit Authority provided the capital for the shelters/benches. Staff looked at some of the permitting/inspection processes and infrastructure.

Council Member Roden suggested looking into what amenities were needed just to get a bench. He wondered if they not overthinking this and suggested looking at the policy.

Nelson stated that because the benches would be on the DCTA bus system, they were required to meet ADA requirements. If they added the amenity, they had to make it to ADA standards.

Council Member Roden questioned if it would be different if DCTA was not initiating the project.

Nelson stated that he would look into it but it was his understanding that it would not make a difference.

Council Member Hawkins stated that he understood the rules but something needed to be figured out to get this done.

Council Member Johnson stated that they had talked about reasons why this could not be done. This was not complicated. He suggested indicating that the City would like to put up 10 benches by end of a determined month and just go do it. Go to TxDOT and just do it. DCTA could pay for them.

Mayor Watts requested a presentation by DCTA on this particular topic in Work Session and to see about forming a joint goal.

Council Member Johnson felt that dumpsters on the sidewalks were in the same category – just do it. He questioned where in the budget this was being tackled.

Vance Kemler, Solid Waste General Manager, stated that two projects were under way. One was dumpsters on sidewalks and working with property owners who would not voluntarily move them. In the next 2 months they would be moved. That would take care of about 27 of them. The second project was the dumpsters in public rights-of-way. Staff was coming back with options on how to address moving those with funding in the operating budget.

Council Member Johnson stated that if the projects were not funded for this year, he wanted to make sure it was funded next year.

Jon Fortune, Assistant City Manager, stated that an Informal Staff Report on the projects went out several weeks ago. He indicated that Kemler and staff already had half of the dumpsters off the sidewalks. Staff had exhausted all volunteer tools and was preparing a report with recommendations for non-voluntary options. The second issue involved a comprehensive analysis on downtown issues such as bags, carts, etc. and moving forward with satellite locations.

Council Member Hawkins asked for a possible tax decrease discussion that would include prolonging a tax increase as long as possible.

Council Member Roden noted that there was a line item for a homeless prevention program.

Council Member Johnson stated that in terms of a tax decrease, it was easy to spend everything made unless there was a plan. A 3% increase was more than half the total budget increase and questioned if 4% was the correct number moving forward.

Following the completion of the Work Session, the City Council convened in a Closed Meeting at 1:24 p.m. to consider the specific item listed below under the Closed Meeting section of this agenda.

1. Closed Meeting:

- A. ID 15-619 Certain Public Power Utilities: Competitive Matters --- Under Texas Government Code, Section 551.086.

Receive competitive public power competitive information and financial information from staff regarding the proposed FY 2015-2016 operating budget for Denton Municipal Electric ("DME") including without limitation, proposed rates for DME for FY 2015-2016, expected revenues, expenses, commodity volumes, and financial commitments of DME; discuss, deliberate and provide staff with direction.

Council Member Briggs returned to the meeting during the Closed Meeting.

Council returned to the Open Session at 2:00 p.m. to consider the following:

2. Concluding Items

- A. Under Section 551.042 of the Texas Open Meetings Act, respond to inquiries from the City Council or the public with specific factual information or recitation of policy, or accept a proposal to place the matter on the agenda for an upcoming meeting AND Under Section 551.0415 of the Texas Open Meetings Act, provide reports about items of community interest regarding which no action will be taken, to include: expressions of thanks, congratulations, or condolence; information regarding holiday schedules; an honorary or salutary recognition of a public official, public employee, or other citizen; a reminder about an upcoming event organized or sponsored by the governing body; information regarding a social, ceremonial, or community event organized or sponsored by an entity other than the governing body that was attended or is scheduled to be attended by a member of the governing body or an official or employee of the municipality; or an announcement involving an imminent threat to the public health and safety of people in the municipality that has arisen after the posting of the agenda.

Council Member Johnson requested a Work Session on prioritizing street reconstruction projects.

Council Member Johnson requested a Work Session regarding downtown development in the flood plain.

Council Member Wazny requested a press release regarding the upcoming public hearing on the budget.

With no further business, the meeting was adjourned at 2:08 p.m.

CHRIS WATTS
MAYOR
CITY OF DENTON, TEXAS

JENNIFER WALTERS
CITY SECRETARY
CITY OF DENTON, TEXAS