

CITY OF DENTON CITY COUNCIL MINUTES

August 4, 2016

After determining that a quorum was present, the City Council convened in a Work Session on Thursday, August 4, 2016 at 8:30 a.m. in the Council Work Session Room at City Hall.

PRESENT: Council Member Wazny, Council Member Briggs, Council Member Hawkins, Council Member Gregory, Council Member Bagheri, and Mayor Watts.

ABSENT: Mayor Pro Tem Roden

1. Work Session Reports

- A. ID 16-944 Receive a report; hold a discussion, and give staff direction regarding the FY 2016-17 City Manager's Proposed Budget, Capital Improvement Program, and Five-Year Financial Forecast.

Chuck Springer, Director of Finance, presented the information on the city budget. He noted that the Strategic Plan and Key Focus Areas were listed. Staff was proposing strategic outcomes, key action steps and key performance outcomes in the Strategic Plan. The Budgetary Priorities were listed along with the assumptions for the General Fund that included assessed value increases, debt service portion of the tax rate, maintenance and operation portion of the tax rate, sales, tax, franchise fees, and fund balance.

Council discussed the street maintenance fund; fund balance in terms of resiliency reserve; and the fund balance as it related to bond ratings.

Springer continued with property values and tax rate and presented the proposed tax rate, effective tax rate, rollback tax rate and certified taxable value. The appraised values for the past five years were noted. The Sales Tax since 2007-08 was shown. He also noted the vacancy management/salary savings program which added flexibility to deal with any economic downfalls. The compensation and benefits proposals were presented.

Council discussed the concerns regarding the merit increase and the equity adjustments.

Springer continued with General Fund Supplemental Packages and reviewed the packages per department with the associated net cost.

Council discussed the wave pool operations in terms of added admissions and the possibility of contracting out the concession stand operation. Other areas of discussion included consideration of a request from the Fire Department for breathing apparatus; a request from the Police Department for fencing behind the Police Department parking lot; maintaining the Parks Foundation Executive Director funding at the current level; whether part of a salary for an Internal Auditor could be paid from other funds per cost allocation; and actual dollars available for supplemental packages.

Additional requests from Council included solid fencing for safety fencing at the Police Department; the cost to close the street going through the back parking lot of the Police Department; funding for a study for preserving the cemeteries; Fire Department breathing apparatus; emergency services grant funding; and consideration of using funds from the Downtown TIF for downtown sidewalk improvements.

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Springer continued with Special Revenue Fund Supplemental Packages, noting the request, fund to be used and net cost. These were packages that would be funded from special funds as opposed to the General Fund. General Fund Projections were noted with the 10 year franchise fees transition noted, projections for the Street Improvement Fund with a 10 year franchise fee transition; and traffic signal aging summary.

Council continued their discussion on how to allocate funding for traffic signal replacement.

Springer noted the Tax Increment Reinvestment Zones and associated funding.

Council discussed whether to take funding for downtown sidewalks from the Downtown TIRZ; whether to take all or some of the cost from the TIRZ; a suggestion to keep funding from the Traffic Safety Fund and funds from General Fund and take out of the TIRZ; the city liability of defective sidewalks; a discussion of the Chamber of Commerce CVB and bringing services in-house.

Tony Puente, Assistant Director of Finance, presented the monthly rate impact for the average residential customer with the proposed increases. He detailed the Water Utility Fund proposed budget, the Wastewater Utility Fund, and Electric Utility Fund. He also noted the utility reserve balance changes.

Discussion with Council was whether the proposed rate increases were to be used to increase the utility reserve balance and reasoning for a larger increase in the water rates.

Puente continued with the Airport Fund and proposed changes. The debt service associated with the Airport was planned to be paid from the General Debt Service fund and was projected to maintain a positive fund balance for the next five years.

Council discussed concern that the General Fund would be paying for an enterprise fund due to declining revenues in the gas well royalties.

Puente continued with the 2016-17 Capital Program which was presented in terms of total new funding including utilities; and the General Government proposed debt.

Council requested staff prepare a new spread sheet without the 5% increase in water.

Springer detailed position additions for FY 2016-17 which included 73.6 position. Next steps were noted.

Council Member Bagheri left the meeting.

Barbara Ross, Community Development Division Manager, presented information on the Emergency Solutions Grant that was not funded this year.

Dani Shaw, Human Services Coordinator, presented the information on the amount of money that would be lost due to the program not being funded.

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Mayor Watts suggested a one-time funding of \$100,000 to reinstate the funding. This would be a one-time funding only from the Fund Balance and other municipalities would be asked to assist with the balance of the missing funds.

Council Member Gregory asked what the City could do to correct the situation in the future and questioned if this would be a permanent problem.

Shaw stated that more permanent housing for the homeless was needed for the grant approval. The City had good temporary solutions but no permanent solutions for housing.

Council Member Wazny felt that the City needed to step up to make up the difference as a number of very important entities would not be receiving funding this year. She suggested reducing the number of traffic signals to be funded and include the \$340,000 in the funding for the agencies. The extra money could be reinstated if other governmental entities contributed.

Council Member Hawkins and Briggs were also in favor of using the funds.

Council Member Gregory stated that he liked starting with \$100,000 and encourage other entities to step up and assist with the funding.

Mayor Watts liked the incremental funding and see if assistance would be offered from other entities. He noted that if the issue of the lack of housing were not addressed, there would still be the same issue next year and the City would not be able to fund it.

Council direction was to have staff look at possible funding sources for the money and look at long term funding issues. \$200,000 would be taken from the Fund Balance and staff would provide information on how the funds would be used.

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 Briggs requested a report on the Police Department Training Center parking lot being designated only for police parking.

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

1. Closed Meeting:

A. ID 16-946 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 2016-2017 operating budget for Denton Municipal Electric ("DME") including without limitation, proposed rates for DME for FY 2016-2017, expected revenues, expenses, commodity volumes, and financial commitments of DME; discuss, deliberate and provide staff with direction.

With no further business, the meeting reconvened in Open Session and adjourned at 12:50 p.m.

CHRIS WATTS
MAYOR
CITY OF DENTON, TEXAS

JENNIFER WALTERS
CITY SECRETARY
CITY OF DENTON, TEXAS