Minutes of City Council
Special Meeting of Monday, August 19, 2019

BE IT KNOWN THAT, a Special Meeting of the City Council of City of Richwood was held Monday, August 19, 2019, beginning at 6:00 PM in the Richwood City Hall, 1800 N. Brazosport Blvd. Richwood, Texas.

CALL TO ORDER
The meeting was called to order at 6:00 p.m.

INVOCATION
Lindsay Koskiniemi led the invocation.

PLEDGES OF ALLEGIANCE
Pledge of Allegiance & Texas Pledge
Mayor Boykin led the pledges.

ROLL CALL OF COUNCIL MEMBERS
Steve Boykin, Mayor
Mike Johnson, Mayor Pro-Tem
Melissa Strawn, Position 2 – ABSENT (Arrived at 6:04 p.m.)
Matt Yarborough, Position 3
Mark Brown II, Position 4
Katie Johnson, Position 5

Others present: Lindsay Koskiniemi, Interim City Manager; John Washburn, Interim Finance Director; Clif Custer, Public Works; Stephen Mayer, Police Chief; Giani Cantu, City Secretary

PUBLIC COMMENTS
All public comments will be subject to the following rules: *All speakers will be permitted to speak no longer than 3 minutes; all speakers will only be permitted to speak once; speakers cannot defer their 3 minutes to another speaker. Discussion is not allowed on items not posted on the agenda.*

There were no public comments.

CONSENT AGENDA

Approval of Minutes of Previous Meetings - August 12, 2019
Mark Brown II reported that on page 17 the resources were from Department of Emergency Management not Homeland Security.

Lindsay Koskiniemi reported she did add the final audit date and fixed spelling of Katie Johnson in one paragraph.

Matt Yarborough stated that he didn't feel there was a call for discussion prior to the vote take on the home occupation at 100 Misty Ct.

Mark Brown II asked if the resident comment regarding 215 Halbert from the last meeting should have been on this agenda.

Giani Cantu replied she can pull the appraisal and put it on the next agenda. Also, KRB is looking at the property for a proposed Community Garden and that is one of the locations they had looked at. The garden is only a concept and KRB is aware once planned the approval has to come from Council.

Melissa Strawn arrived at 6:04 p.m.

Mike Johnson asked for clarity does this need another vote.

Mayor Boykin reopened the public comments agenda item.

Matt Yarborough reported that he was against the conditional use permit for 100 Misty Ct due to it being a residential district, being a separate building and being that Council is set to review the home occupations ordinance as a whole.

Melissa Strawn stated we also need to figure out if sales of products is allowed.

Lindsay Koskiniemi stated that she believes the ordinance prohibits sales and asked for clarification.

Giani Cantu stated that is correct to her knowledge. If so, it can be included in the official approval letter.

Mike Johnson stated he would like to add an executive session item on the City Secretary.

Matt Yarborough stated he would like to add an executive session item on the Interim City Manager.

Mark Brown II stated he appreciates concern with sales tax. However, believes it is many hands in one pocket.

Melissa Strawn stated she received notice that others are trying to do the same thing because it was already allowed.

Mayor Boykin replied that it can be discussed as the committee moves on with home occupations discussion.

<u>DISCUSSION AND ACTION ITEMS</u>

Discuss and consider approving a resolution setting the date and time for public hearing for Fiscal Year 2019-2020 Annual Budget for September 9, 2019 at 6:00 P.M.
On motion by Matt Yarborough second by Mike Johnson with all present members voting "aye" the resolution setting the date and time for public hearing for Fiscal Year 2019-2020 Annual Budget for September 9, 2019 at 6:00 p.m. was approved and adopted.

<u>FISCAL YEAR 2019-2020 BUDGET WORKSHOP</u>

FY 19-20 Proposed Budget

Tax Rate and Revenue Projections

Water/Sewer Fund

Solid Waste Fund

Commercial Rates

Other Funds

John Washburn requested to begin the presentation at the Water Sewer Fund. He reported that the clerk that handles the utility bills process and spends approximately 75-80% of her time is being allocated in the General Fund. He advised that he sat down with staff: Clif, Lance and Lindsay, regarding other positions being accounted for in the Water Sewer Fund. The proposal reallocates a portion of the clerk, foreman and public works director into solid waste fund, water and sewer funds. His presentation is attached to these minutes.

Mark Brown II asked for clarification on page 3 and page 5 of the presentation.

John Washburn stated that page 3 is water department and page 5 is sewer department. Where an allocation was unidentifiable, the allocation was 60% to water and 40% to sewer. Contracts and services were allocated as appropriate with BWA to Water and the wastewater treatment plant contract and transmission line lease to Sewer. This is an approximation based on allocation of time to each department within the funds. He would advise over the next year that each employee do random one week 15 minute checks to assess how accurate they are. Mr. Washburn provided Council with a water rate analysis. A copy is attached to the minutes. The proposed rates were revised to include water loss. The current loss rate is at 28%.

Mark Brown asked if the loss was due to flushing and will it be mitigated with bond improvements.

Clif Custer stated yes. However, we are still unsure how much of the loss it will mitigate.

Mike Johnson asked if the usage was metered.

Clif Custer reported we have the capacity to meter hydrants but the water loss that's illustrated in our monthly water reports is the amount that we use for the presentation. The water reports present a more accurate picture of water loss as a whole and not just what is lost due to flushing.

John Washburn continued his presentation. He reported a big factor that contributes to the water loss is also the splash pad.

Mark Brown II stated with these projections the loss calculates to approximately $100,000 per year in loss.

Clif Custer reported that is correct. The loss will be adjusted from year to year due to variables.

Steve Boykin reported the surface water will go up and down depending on water coming down the river. There is a difference between surface water and ground water. Ground water will stay about the same unless a well caves in and surface water will fluctuate.

John Washburn stated the .32 cents was added to the previous rate.

Steve Boykin asked Clif if the splash pad was metered.

Clif Custer stated yes. It burns about 50,000 gallons a day when used.

John Washburn continued his presentation and corrected the rate change to be .18 for the BWA increase and .34 cents to account for the loss ratio.

Mark Brown II stated he thought they had discussed a higher variable rate for higher users so not all residents are penalized.

John Washburn stated that is correct. He can approximate but he's hesitant to make assertions because he has not been involved.

Clif Custer stated staff tried to present two different models. One with it all together and one with it broken down. What is being presented is probably the most accurate representation of expenditures in the water sewer fund. He gets a little nervous relying on variable rate to bring in revenue.

Mark Brown II stated he's ok with adding to the base rate. However, he feels like a higher variable rate should be there as well for those that use more water.

John Washburn advised it was Council's prerogative to set the utility rate needed. There are standards but there is no regulation. Council has lot of leeway on where they choose to set the utility rate.

Steve Boykin asked if the ground water conservation district charged a flat rate or variable rate.

Clif Custer replied both. The City pays every year to renew the wells and projected usage for the following year.

John Washburn presented the TML Annual Survey information for water and wastewater rates in a peer group based on population. It shows many averages are getting more expensive as the usage increases and Richwood is pretty linear. The primary take away is that it shows higher variable rate for higher usage.

Mark Brown II would probably take out Nassau Bay because they are on the max side of rates on all three.

John Washburn advised that the rates are being pulled from the 2019 survey and would have been adopted last year.

John Washburn presented the solid waste fund proposed budget. A copy is attached to the minutes. He advised that he took identifiable items and allocated expenditures like vehicle maintenance, billing system, etc. There is still some review needed. Another change made is that previously there were indirect cost transfers, those are now identified and recorded within each appropriate fund. Indirect costs were calculated for the City Manager, Finance Director and City Secretary positions typically charged in General Fund.

Mark Brown II asked if the transfer was a duplicate as costs are identified in salaries and wages.

John Washburn clarified that the administrative overhead only deals with City Manager, Finance Director and City Secretary positions. The others (Utility Clerk, Foreman and Public Works Director) were identifiable and listed in personnel services. The proposal of solid waste fund shows an overall shortage of 38,393 which amounts to a 2.38 increase to collection rate from 17.14 to 19.52.

Discussion was held on rate approximation.

John Washburn presented the GF budget summary for net impact. A copy is attached to the minutes. He stated the transfer amount is incorrect and should be 18,000 not 12,000. He also presented overview of GF budget adjustments. The proposal is shown to include a drainage study at a proposed cost of 150,000.

Mark Brown II asked if the previous 45,000 was the base level and the 150,000 is now the higher level study.

Lindsay Koskiniemi advised that the 45,000 was the first phase of Master Plan. The survey presented to residents showed a larger interest on drainage study.

Mark Brown asked if the 150,000 included the master plan and who made the decision to remove the master plan and put in the drainage plan.

Lindsay Koskiniemi stated that no arbitrary decision was made. Staff is providing another option for Council to consider.

Discussion was held on the cost differences for the drainage study and what is needed based on the City's need.

Steve Boykin stated it is his understanding if the City maintains a .670204 tax rate it would provide some money for that.

John Washburn stated that is correct. Even if budgeted at 150,000 it doesn't have to be expended all.

Mark Brown II stated if we keep the tax rate the same at .670204 which is a 6.23% increase in taxes, we're going to ask the citizens to pay for this based on the survey.

John Washburn advised that Council went thru a Strategic Plan process and had residents participate by survey which showed the residents wanted it. Council can choose to keep tax rate or lower the tax rate. They can take it out or leave it in.

Mark Brown II stated that the changes made show the Utility Fund is bearing half the costs and the General Fund is bearing the other half.

John Washburn advised that is correct, but it is a better representation of the city's expenditures.

Steve Boykin stated he has received pictures off Briar Creek that show streets with water that make it hard for residents to pass six hours after a heavy rain. We need to do what is best for City as a whole. If we keep the tax rate the same it allows the City to chip away at things that haven't been funded.

Matt Yarborough asked if the revenue from the FEMA reimbursement is included in this proposal.

Lindsay Koskiniemi advised she spoke with a representative and should receive it this year.

John Washburn stated it will be recorded in the current year and be reflected in fund balance next year. He would suggest letting the year end and letting the auditor give annual financial reports and then revisit the contingency. At that point in time, it is also appropriate to amend budget and use fund balance for one time expenditures. Keep in mind the Water Sewer Fund has a negative fund balance at the end of day. There was another City that had to go 675,000 into fund balance to water well failure. If that happens here, what fund balance are you going to pull from? It's going to be General Fund. The City could consider bulking them all together and looking at fund balance as a whole.

Matt Yarborough asked if the 150,000 earmarked for drainage study could be used as a match on the grant to fund flood gates.

John Washburn stated its Councils priority to amend the budget as they see fit. It is a working document and can be changed if conditions warrant it.

Steve Boykin stated he feels being responsible to constituents is the need to be sure we go forward. It may cost a little but going backwards is not responsible.

Discussion was held on the proposed tax rate.

John Washburn stated that in his 30 years, this city has the most issues and most difficult situation he has seen.

Katie Johnson stated it may be challenging but we can't fix it overnight and we can't ask residents to pay more year after year.

Clif Custer advised we are not trying to fix it overnight. There are other items that will need to be addressed like wastewater, I&I and others.

Mike Johnson asked isn't the bond that was passed for water expansion.

Clif Custer stated yes and it takes care of the City as long as there is no future growth.

John Washburn advised the situation would be different if the city had a healthy fund balance. This is the first City in his experience where the Water Sewer Fund is not transferring money to General Fund.

Mike Johnson stated there has been a deficit for a long time and it won't be fixed overnight.

Mark Brown II asked how long the Water Sewer Fund has run a deficit.

John Washburn stated he can go back and look at last ten years audits.

Clif Custer stated the reason for the deficit was because we continued to keep costs as low as possible so that rates were not raised.

Discussion was held on history of taxes, utility rates, and the solid waste services contract.

John Washburn reported that the City is getting zero dollars for commercial, roll-offs and bulk pickups. He has looked at actual billing paid and compared to revenues received and it is showing a shortage.

Further discussion was held on billing, revenues, solid waste bid and the current services provided.

Melissa Strawn stated that the proposed is a solid waste rate of 19.52.

John Washburn stated that is correct. It is a tough spot to be in but the longer you delay funding infrastructure improvements the more expensive it gets.

Steve Boykin stated he understands it may be a hard pill to swallow in order to chip away little by little. The prudent thing is to keep going forward and not go backward. The infrastructure and future need to be consider. We need to prioritize.

Mark Brown II asked what was total increase proposing to Utility Bill.

John Washburn stated he can build a spreadsheet and email it to Council. It is 2.38, 4.79 and 2.33 and .52 pass through per thousand. He can show what the cost of a minimum, 5000, 10000 and 15000 usage bills.

Mark Brown II stated the utility bill increase would be anywhere from $15-$20 dollars.

Melissa Strawn stated that $20 would be the high side. She approximated 15,000 gallons of usage being approximately an $18 increase.

John Washburn reported he will be interviewing for City Manager position for City of Marfa and would like Council's blessing to share that they may contact the current employer if they are ok with it.

Mark Brown II wished John Washburn good luck.

Steve Boykin stated he does appreciate all the work John Washburn has done. His help is appreciated a great deal.

Mark Brown II stated he appreciates his experience.

Matt Yarborough stated he thinks we have moved in a good direction.

Lindsay Koskiniemi stated that John has brought valuable tools to the table and it allows the City to be more transparent in their process.

Steve Boykin stated there are a lot of cities that are not perfect. We're not trying to be, we're just trying to get a handle on it.

John Washburn stated the goal is to get to the point where there is balance.

Mark Brown II asked if the calculation is just to get us barely above water. Can staff provide numbers to see what rate is needed to get the city out of the hole?

John Washburn advised that generally you live in an area with an average growth rate of 15, 16 17 %. He believes you would see same trend in sales tax and property appraisals. There are stress factors and financial health factors and other things to look at such as management, revenues and expenditures. You have to examine a lot of things from top to bottom.

Steve Boykin stated he appreciates the input and questions from Council.

Lindsay Koskiniemi stated she sent an email requesting a one on one with all Council and would like to lock in meetings with all of Council.

ADJOURNMENT

There being no further business the meeting adjourned at 7:49 p.m.

These minutes were read and approved on this 26th day of August, 2019.

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Mayor

ATTEST:

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City Secretary