

Minutes of City Council Workshop

The City Council City of Richwood

A City Council Workshop of the City Council of City of Richwood was held Monday, July 16, 2018, beginning at 6:00 PM in the Richwood City Hall, 1800 N. Brazosport Blvd. Richwood, Texas.

I. CALL TO ORDER

The meeting was called to order at 6:02 pm

II. INVOCATION

Michael Coon led the invocation.

III. PLEDGES OF ALLEGIANCE

Pledge of Allegiance & Texas Pledge
Mayor Guthrie led the pledges.

IV. ROLL CALL OF COUNCIL MEMBERS

Mayor - Mark Guthrie
Council member Position 1 – Mike Johnson
Council member Position 2 – Frank Blanks
Council member Position 3 – Sarah Reed
Council member Position 4 – Mark Brown II
Council member Position 5 – Katie Johnson

Others present: Michael Coon, City Manager; Giani Cantu, City Secretary/Finance Director; Clif Custer, Public Works Director; Stephen Mayer, Police Chief

V. 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; the first five individuals who sign up for the public comment section will be permitted to speak

There were no public comments.

VI. DISCUSSION AND ACTION ITEMS

- A. *Discuss and consider terminating the financial advisory agreement with Hilltop Securities Inc., formerly First Southwest Company, and entering into a financial advisory agreement with BOK Financial Securities, Inc.*

In preparation for a potential bond election in November, staff has been reevaluating the City's selection for a financial advisor, whose job it is to help a city prepare for any debt issuances and to help the city with the process of selling debt. It is important to note that financial advisors are not paid based on a retainer or an hourly fee. They are paid based on the value of any debt that they help issue. So, in the instance of the potential bond election, the financial advisor would only be paid if the bond is passed by the voters and then the debt is issued.

The City has been using our current financial advisor for about 35 years. However, after examining some of alternatives, I believe that we would receive better services from BOK Financial Securities at a price point that is similar to the one being offered by our current advisor. The chart below shows a quick summary of the estimated costs to issue various levels of debt with the three firms that were evaluated.

	\$2.5 Million	\$5 Million*	\$10 Million
BOK Financial	\$24,000	\$28,375	\$35,875
US Capital	\$33,750	\$47,500	\$72,500
First Southwest	\$20,000	\$27,500	\$38,750

**Value of proposed November 2018 Bond*

Sarah Reed asked did you talk to a rep at each bond company.

Michael Coon replied yes.

Mark Brown asked Mr. Coon if he had previous experience with working with BOK or US Capital.

Michael Coon reported he has not worked directly with US Capital. However, Lake Jackson has and there fees are higher. Nor has he worked with BOK directly but has reached out to other city managers and the company comes with good recommendations.

Sarah Reed asked Mr. Coon if he felt like BOK will give the necessary attention to Richwood.

Mr. Coon stated yes. The current provider has missed things and communication usually is City started.

Mike Johnson asked where BOK Financial is located.

Mr. Coon stated in Houston.

Mr. Brown asked do you know why the company progression seems to be going down over the past few years.

Mr. Coon stated he is not sure. However, it could possibly be contributed to agencies not issuing debt.

Sarah Reed moved to terminate the financial advisory agreement with Hilltop Securities Inc., formerly First Southwest Company, and enter into a financial advisory agreement with BOK Financial Securities, Inc. Mike Johnson seconded.

Mr. Brown asked if the scope of work was only for this bond or can it be used to assist with hiring a finance director.

Mr. Coon stated no. Their expertise is to advise the city regarding financial debt.

Mark Guthrie asked if there was any idea why US Capital was so much more.

Mr. Coon stated he's not sure. However, he did reach out to a former professor, and he also agrees it does seem high.

Ms. Reed asked if the city has any term remaining on the Hilltop contract.

Mr. Coon stated the contract located is from 1983. However Hilltop has a contract dated 1999. Either way; the contract is over 20 years old and no term length remains.

With all present members voting "aye", the City terminated the financial advisory agreement with Hilltop Securities Inc., formerly First Southwest Company, and entered into a financial advisory agreement with BOK Financial Securities, Inc.

VII. PRESENTATION OF COMPENSATION STUDY

Michael Coon presented the compensation study.

Comparison cities

Exempt Positions

	Richwood	Joshua	Rockdale	Krum	Jacksboro	Brazoria	West Columbia	Bellville	Columbus	Willis	Average	Median
Chief of Police	\$75,000	\$77,647	\$75,000	\$67,823	\$70,000	\$65,546	\$81,952	\$75,000	\$68,234	\$82,180	\$73,838	\$75,000
City Manager	\$86,532	\$102,985	\$105,000		\$90,000	\$71,619	\$85,176	\$92,000	\$109,000	\$113,403	\$95,079	\$92,000
Building Official	\$55,210	N/A	N/A	\$64,220	N/A	N/A	\$46,740	N/A	\$58,500	N/A	\$56,168	\$56,855
Director of Public Works	\$61,992	\$48,033	\$69,360	\$66,950	N/A	\$62,042	N/A	\$75,000	N/A	\$73,565	\$65,277	\$66,950
Finance Director	N/A	\$50,294	\$54,122	\$71,027	\$43,000	N/A	N/A	N/A	N/A	\$66,404	\$56,969	\$54,122
City Secretary	\$61,992	\$64,189	\$52,003	\$63,680	\$47,500	\$47,528	\$49,920	\$63,000	\$52,490	\$69,825	\$57,213	\$57,241
Public Works Foreman	N/A	\$28,496	\$47,504	\$40,706	N/A	N/A	N/A	\$52,500	\$44,420	\$53,809	\$44,573	\$45,962

Sworn Positions Hourly Rate

	Richwood	Joshua	Rockdale	Krum	Jacksboro	Brazoria	West Columbia	Bellville	Columbus	Willis	Lake Jackson (Corporal)	Clute	Average	Median
Police Sergeant	\$26.40	\$26.97	\$25.58	N/A	\$20.81	\$26.19	\$21.54	\$27.64	\$24.68	\$23.73	\$29.00	\$25.73	\$25.30	\$25.73
Patrol Officer	\$24.58	\$21.08	\$18.52	\$18.15	\$19.16	\$19.05	\$17.02	\$24.04	\$20.54	\$22.45	\$25.75	\$21.87	\$21.02	\$20.81

Sworn Positions Annual Salary

	Richwood	Joshua	Rockdale	Krum	Jacksboro	Brazoria	West Columbia	Bellville	Columbus	Willis	Lake Jackson (Corporal)	Clute	Average	Median
Police Sergeant	\$59,040	\$56,098	\$57,200	N/A	\$45,449	\$57,200	\$47,049	\$57,500	\$51,344	\$52,749	\$60,320	\$53,518	\$54,315	\$56,098
Patrol Officer	\$54,961	\$43,852	\$41,400	\$40,581	\$41,845	\$41,600	\$37,171	\$50,000	\$42,720	\$49,900	\$53,561	\$45,490	\$45,257	\$43,286

Katie Johnson asked why Lake Jackson's salary was taken at the Corporal position.

Mr. Coon advised that our sergeant position has the supervisory responsibility equivalent to that of a corporal.

Mr. Brown asked why West Columbia is so low. For him, it is kind of hard to make a connection between Columbus and Richwood. They are 2 hours away. The market is different.

Mr. Coon stated that the goal is to be able to compete with areas outside of our region and widen the pool of eligible employees.

Katie Johnson stated there is a shortage of police officers. The county is short 22 patrol officers and all other surrounding agencies are also short.

Mr. Coon stated it is getting harder and harder to recruit officers. We need to stay competitive and while the Houston area is our primary competition, for some jobs we may compete at a state or national level.

Mr. Brown asked what this pay structure will do to current employees.

Mr. Coon reported for some employees this pay scale limits the employee's eligibility for pay increases. This is especially evident in the Police Department, however, there are other employees who are at the top of their pay scale. The proposal is for them to hold pay until they catch up to their pay grade.

Ms. Reed asked if the compensation study pay scale is included in the proposed budget.

Mr. Brown asked how we are going to keep those employees that we tell they are already at the top of their pay scale.

Mr. Coon stated if there is a cost of living adjustment, they will get that because it moves the pay scale entirely. Other options could be to give a lump sum performance based instead of rolling into the annual salary. This is kind of the first step and next year we are looking at only performance based increases.

Mr. Brown stated it would be a lot of work for the Chief to decide goals that can be met.

Mr. Coon stated it is tricky. However, one of chief's big things is training. That would be easy to see how successful they were at completing their training. Staff will be working on performance evaluations set so that we can let the employees know this is what they will be evaluated on.

Mike Johnson asked if the plan was to true up in one year and how much is that costing.

Mr. Coon stated yes. The cost is approx. 32000, which is less than cost of raises last year.

Mr. Johnson asked about cost of living increases.

Mr. Coon advised they are not included. The idea is to get the pay scale implemented.

Discussion was held on the how the employees were placed on the scale based on tenure.

Discussion was held on historical employee evaluations and processes.

Mr. Coon presented the following pay scale created based on the data provided in the compensation study.

Grade	Title	Min	Mid	Max
Hourly-1	Customer Service Representative	\$30,400	\$35,765	\$41,130
Hourly-1	Operator Trainee/Maintenance Tech	\$30,400	\$35,765	\$41,130
Hourly-2	Administrative Assistant	\$35,620	\$41,906	\$48,192
Hourly-2	Court Clerk	\$35,620	\$41,906	\$48,192
Hourly-2	Operator	\$35,620	\$41,906	\$48,192
Supervisor-1	Public Works Foreman	\$44,625	\$52,500	\$60,375
Supervisor -2	Building Official	\$51,670	\$60,788	\$69,906
Executive-1	City Secretary	\$61,815	\$72,724	\$83,633
Executive-1	Director of Public Works	\$61,815	\$72,724	\$83,633
Executive-1	Finance Director	\$61,815	\$72,724	\$83,633
Executive-2	Chief of Police	\$66,732	\$78,508	\$90,284
Executive-3	City Manager	\$90,610	\$106,600	\$122,590
Police-1	Recruit	\$45,348		
Police-2	Patrol Officer	\$47,735	\$53,038	\$58,342
Police-3	Police Sergeant	\$57,281	\$63,646	\$70,011

Mike Johnson asked if the new pay scale added any new positions.

Mr. Coon stated the only new position is the Finance Director.

Mr. Coon also stated for clarification, after the compensation study is implemented, those employees that are performing well but at the top of their pay scale, they will be eligible for a one time performance based lump sum.

Council discussion that performance based raises between one and three percent may be appropriate for future years.

Mr. Blanks asked how many employees the pay freeze will affect.

Mr. Coon stated it will likely affect 10 employees.

Mr. Brown stated that just because Council budgets performance based increases, he hopes it is understood that it doesn't always have to be given if employees are not really performing.

Mayor Guthrie called recess at 7:04 p.m.

Mayor Guthrie called session back at 7:07 p.m.

VIII FISCAL YEAR 2018-2019 BUDGET WORKSHOP

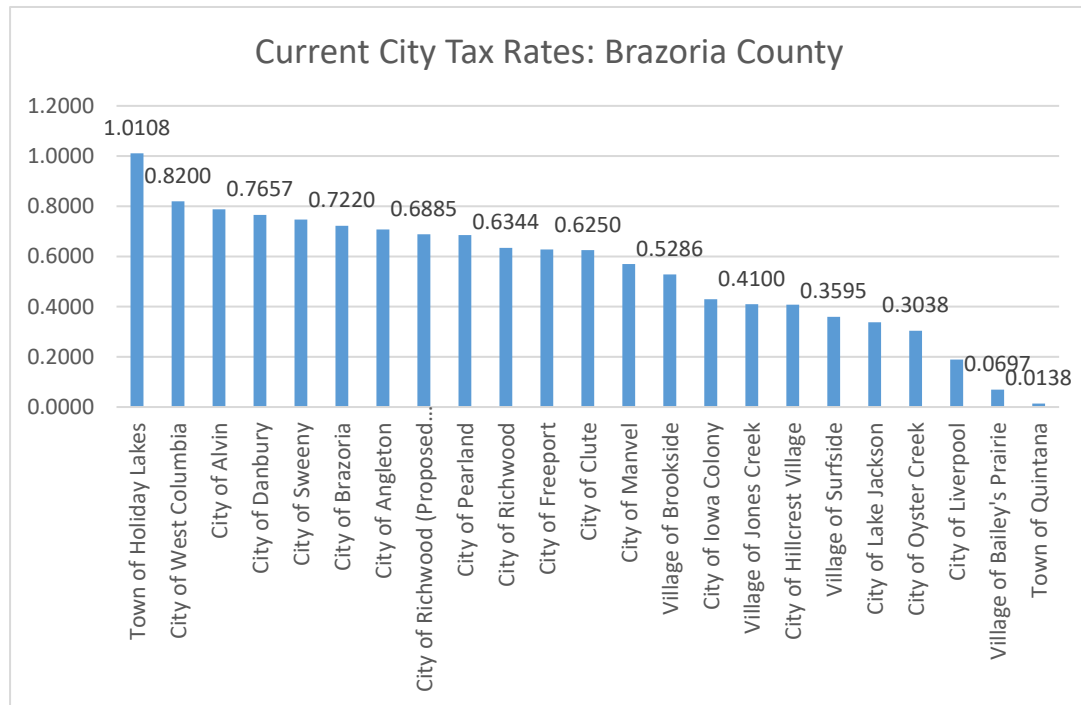
A. *FY 18-19 Proposed Budget*

1. *Adopting a Tax Rate*

Mr. Coon stated the word smith is important. He truly believes that adopting the effective tax rate is not increasing taxes.

Sarah Reed asked is it not increasing taxes or not increasing tax revenue.

Mr. Coon stated we are not increasing tax revenues. However, it may mean an increase to tax rate. Some will pay more, some will pay less.



Historical Summary of Effective Tax Increases

Entity	Actual 2016	Actual 2017	Proposed 2018	Average
West Columbia	10.26%	1.74%		6.00%
Angleton	6.06%	5.84%		5.95%
Clute	8.07%	3.75%		5.91%
Brazoria	10.80%	0.00%		5.40%
Lake Jackson	3.73%	3.44%	6.80%	4.66%
Freeport	0.00%	5.89%		2.95%
Brazoria County	0.00%	0.00%		0.00%
Richwood	-0.49%	0.00%	0.00%	-0.16%

Mr. Coon stated the idea is to ask for effective this year and next which would mean higher tax rate this year and lower tax rate next year as values come back up.

Mayor Guthrie asked if there any items that were left out of the budget just to ensure we do not go over the effective tax rate.

Mr. Coon stated one would be to keep the Court Admin position and look at funding better the equipment replacement and capital funds. Staff tried hard to limit the impact on the budget by only requesting the necessary. There are other wants and needs.

Mr. Brown asked Mr. Coon if you didn't know we weren't paying out the 90000 dollars would you have prepared the budget the same way.

Mr. Coon stated the 90000 didn't come into play until after initial budget discussions. Staff assessed what was more important the Finance Director position or funding equipment replacement. Staff decided it was more important to get the finance director. The 90000 was added to equipment replacement once it was made known that the apartment complex didn't comply with their agreement.

Directors presented the following department budgets:

2. *Public Safety*

a. *Police*

1. *CCPD*

b. *Fire*

Fire Department budget was not presented.

3. *Public Works*

a. *City Maintenance*

b. *Streets & Drainage*

c. *Parks and Recreation*

d. *Water/Sewer Fund*

e. *Transportation*

4. *Administration*

a. *Municipal Court*

5. *Permitting and Inspections*

a. *Code Enforcement*

IX. CITY MANAGER'S REPORT

Mr. Coon stated he would follow up on items noted and will send out information to Council.

X. ADJOURNMENT

There being no further business the meeting adjourned at 9:26 p.m.

These minutes were read and approved on this 13th day of August, 2018.

Attest:

Mark Guthrie, Mayor

Giani Cantu, City Secretary