

**BUDGET WORKSHOP
CITY COUNCIL
CITY OF NASSAU BAY, TEXAS
JULY 9, 2018
6:00 PM**

MEMBERS OF COUNCIL PRESENT: Mayor Mark Denman, Mayor Pro Tem Don Matter, Councilmembers Ashley Graves, John Mahon, and Matt Prior

MEMBERS OF COUNCIL ABSENT: Councilmembers Bryce Klug and Jonathan Amdur

OTHERS PRESENT: City Attorney Dick Gregg Jr., City Manager Jason Reynolds, City Secretary Sandra Ham, Assistant City Manager Mary Chambers, Senior Accountant Jaime Vasquez, and Planning Commission Chairman Roscoe Lee

PRESIDING: Mayor Mark Denman

CALL TO ORDER AND ROLL CALL OF MEMBERS

Mayor Mark Denman called the meeting to order at 6:08 p.m. and announced a quorum of Council was present with five elected officials in attendance.

BUDGET WORKSHOP

City Manager Jason Reynolds led discussion overviewing the Fiscal Year 2019 budget, specifically the General Fund, Water & Sewer Fund and Capital Requests. Beginning the overview, he stated the certified tax roll would be received at the end of August 2018, and the Truth in Taxation calculation would be completed in September. After these items are received and completed, Council could begin discussions regarding changes to the tax rate, if members so choose.

Reviewing the long-range financial plan, Mr. Reynolds summarized the General Fund FY2019 forecast, with projections for expenditures to be lower than revenues. This projection does not include one-time projects for FY2019, which is approximately \$257,000. Mr. Reynolds noted current projections are for the City to expend approximately \$159,000 for one-time projects up to Fiscal Year 2022. Additionally, current projections provide for 114 days of reserve.

City Manager Jason Reynolds continued budget discussions with a summary of the General Fund, indicating the draft budget assumes the same amount of property tax revenue until the end of August. In the preliminary draft, Mr. Reynolds stated increases to the Maintenance & Operations line are related to merit increases, medical insurance, workers compensation, property insurance, and a targeted approach to salary adjustments.

Councilmember John Mahon inquired on the large increase for the workers compensation rate, as the draft indicates a 20% rate increase for FY2019. Senior Accountant Jaime

Vasquez further clarified the rate to be calculated on a three-year average, with the pool increase driving the increased rate. Additionally, changes in police officer benefits factor into the increase. Continuing discussions on rate increases, questions regarding the 20% increase in property insurance ensued, with Mr. Vasquez attributing the increase to the new fire station facility. Lastly, City Manager Reynolds confirmed the medical insurance rate increase to be at 3%.

City Manager Reynolds highlighted the General Fund one-time expenses, which include an additional TMRS payment, the charter-driven Comprehensive Plan Review, Public Works contract work, and a technology update. There was further discussion regarding the Comprehensive Plan Review, with Planning Commission Chairman Roscoe Lee providing further details on the project. Mr. Lee noted in 2010 the City contracted out the Comprehensive Plan Review, resulting in a major update to the Plan. In 2015, the Comprehensive Plan received a smaller update, with input by staff and the Planning Commission. Mr. Lee recommended a greater update for the 2020 review, as currently there is great need for the Planning Commission to become more proactive to “loose” items in the City’s code of ordinances.

City Manager Reynolds continued with the General Fund draft expenditures by department, noting the largest percentage of expenditures to be the Police Department at 27%, followed by Administration at 18%. He ended the General Fund overview by stating for FY2019 the projected number of days of reserve is at 114 days, with a fund balance ending at \$1,715,473. He indicated his preference to draw down the reserve days to 100 days, utilizing the overage reserve to fund capital projects.

Discussion moved to Hurricane Harvey, with City Manager Reynolds noting the City captured all Hurricane Harvey related expenses in FY2017 and FY2018. There are approximately \$411,070 in FEMA refunds pending to the City. The City is expecting almost 100% reimbursement of expenditures related to Hurricane Harvey.

Mr. Reynolds followed with a review of the capital improvement requests, which include replacement of AEDs, David Braun Park pavilion repairs, Public Works’ replacement vehicles and maintenance for City Hall. Council briefly weighed the priority requests, and asked for the City to seek grant funding for the AED request. Additionally, Council requested further review of the estimated costs for the David Braun Park pavilion repairs, anticipating the City can explore several safe avenues for repair at a lower expense. Councilmember Mahon also inquired on the fleet replacement and average costs spent each year on similar replacements.

Ending the workshop discussion, Mr. Reynolds highlighted the Water & Sewer Fund, remarking on the rate increase for FY2019. Additionally, he noted the Texas Water Development Board debt and expenses were not yet reflected within the draft budget. City Manager Reynolds briefly discussed the cost of various water and sewer projects, and indicated these projects would be discussed in the future. Mr. Reynolds also described additional methods of funding for capital improvements, including utilization of TIRZ funding and continuation of grant applications through the Texas Water Development Board.

ADJOURNMENT

There being no further business, the meeting adjourned at 6:46 p.m.

Minutes approved as submitted and/or amended this 13th day of August, A.D. 2018.



ATTEST

Sandra V. Ham
City Secretary

CITY OF NASSAU BAY, TEXAS

Mark A. Denman
Mayor