

**BUDGET WORKSHOP
CITY COUNCIL
CITY OF NASSAU BAY, TEXAS
JULY 8, 2020
7:00 PM
VIA TELECONFERENCE**

MEMBERS OF COUNCIL PRESENT: Mayor Mark Denman, Councilmembers Ashley Graves, John Mahon, Bryce Klug, Bob Wartens, and Councilmember- Elect Phil Johnson

MEMBERS OF COUNCIL ABSENT: Mayor Pro Tem Don Matter (arrived 7:08pm) and Councilmember Matt Prior (arrived 7:02pm)

OTHERS PRESENT: City Manager Jason Reynolds, City Secretary Sandra Ham, Assistant City Manager Mary Chambers, Finance Director Csilla Ludanyi, Police Chief Tim Cromie, Public Works Director Paul Lopez, Emergency Management Coordinator Dena Mahon, Building Official Mark Stelly, Fire Chief Tom George, Human Resources Manager Chani Honeycutt, 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 7:00 p.m. and announced a quorum of Council was present with five elected officials in attendance.

CITIZENS' REQUEST FOR HEARING BEFORE CITY COUNCIL

Mayor Mark Denman announced a Public Hearing for citizens to address Council regarding any issues or concerns.

The Public Hearing was opened at 7:01 p.m.

There being no one wishing to speak, the Public Hearing was immediately closed.

BUDGET WORKSHOP

Presentation and discussion regarding the City Manager's proposed budget for Fiscal Year 2021

City Manager Jason Reynolds indicated he would begin the Budget Workshop by overviewing the remaining Departments not covered at the previous Council Budget Workshop. After this overview, he asks for Council to resume the funding discussion regarding the Police Department salary increase.

Emergency Management Coordinator Dena Mahan provided an overview of the Office of Emergency Management. As the Emergency Management Coordinator (EMC), Mrs. Mahan manages the day-to-day emergency operations, but emphasized it is a team effort for response and recovery. Mrs. Mahan provided an overview of the primary functions, indicating that the Office of Emergency Management is responsible for a wide variety of planning, education, coordination, threat monitoring, incident command, and post-emergency recovery activities.

She noted this department is staffed with one full-time employee, the Emergency Management Coordinator. Additionally, the City Manager contributes approximately 10% of his time to emergency management duties, and the Fire Chief serves as the Deputy EMC.

EMC Mahan indicated the position focuses on relationships, with key relationships with citizens, other City departments, Methodist Hospital, NASA Johnson Space Center, CCISD, surrounding cities, as well as County, State, and Federal agencies, which is vital for response and recovery. As the EMC, planning is key, and Mrs. Mahan oversees the Emergency Operations Plan, Mitigation Plan, Pandemic Plan, Hurricane Delineation Plan, Debris Management Plan, Continuity of Operations (COOP) Plan, and Evacuation Plan.

The Office of Emergency Management (OEM) also oversees the Emergency Operations Center (EOC). Designated staff form the EOC team and are trained to coordinate the response to various natural technological disasters. Thus far for FY2020, the EOC team has activated for the COVID-19 Pandemic, Tropical Storm Imelda, an officer line of duty death, power outages, heavy rain events, equipment hauls through City (coordination with CenterPoint), and a possible hazardous materials spill.

In regards to disaster recovery, the EMC has worked on Hurricane Harvey public assistance, coordinating with FEMA and the State of Texas on project closeouts, and COVID-19 CARES funding and public assistance. In regard to training, the OEM meets with EOC staff and conducts training for EOC section/position specific roles, in addition to participating in regional and state training and exercises. The OEM is responsible for coordinating exercises to prepare City Departments to carry out their roles in the emergency operations plan. Each year, the OEM develops and coordinates a variety of seminars, tabletop, and operational exercises. Other responsibilities include grant coordination, disaster contracts and mutual aid agreements, public outreach and information, and evacuation planning and assistance. EMC Mahan noted for FY21, her office goals include increased public outreach and training.

There was a brief discussion on the home elevation program, as EMC Mahan noted the home elevation program increases property values and reduces the likelihood of future flooding. Councilmember Matt Prior inquired on the total number of homes elevated, with City Manager Reynolds responding approximately 30 homes. Councilmember Graves affirmed there has been an increase in home values on the appraisal district for elevated homes. There was continued conversation on home transactions, sales prices, and appraisal district values. Councilmember Bryce Klug asked for more information on the cost of the program to the taxpayer, with Mrs. Mahan emphasizing there is no costs, as the project has built in costs for a project manager.

EMC Mahan ended by looking towards the future and the proposed budget for FY21, which largely contains her salary. Mayor inquired on additional details on the budget lines for EMC, specifically training and travel. There was further discussion on the supply line item of the EMC budget, with Mrs. Mahan noting the costs are related to contracts. Councilmember Prior questioned if there were any additional items needed by her department, and EMC Mahan stated that GIS software would be a great addition to the Department.

The Building Department was overviewed next in the Budget Workshop. Building Official Mark Stelly provided an overview of the administrative core responsibilities of the Building Department, which include all aspects of permitting, field inspections, floodplain management, code enforcement, existing building maintenance, City Hall building operations and maintenance, and support for other departments.

Mr. Stelly overview the FY20 Department accomplishments, which include the permitting of a new six-story Methodist Clear Lake Hospital office building and construction of the building shell, permitting and construction of an office warehouse project at 1231 Space Park, completion of nine grant funded home elevation projects, planning and permitting of the planned McDonalds fast food restaurant, and the CRS Review by a FEMA ISO Representative, to name a few accomplishments. Building Official Stelly also provided data points, such as number of inspections performed, and permits issued for FY2020.

Building Official Stelly continued with a visual presentation of the several ongoing projects in the City. He discussed the proposed budget for FY2021, which is a reflection of the amount of work being performed in the City. Finance Director Csilla Ludanyi indicated there would be a budget amendment for FY2020 for this Department. Mr. Stelly indicated that the Building Department does cover the cost of their budget with the revenue generated. Goals for FY2021 include increased performance with CRS program to maintain the current rating, increased inspections completed in-house to reduce Building Department costs, increased citizen and business owner awareness of the function of the Department and meeting floodplain management requirements. Mayor Pro Tem Matter inquired on the turnaround time for permit approval, with Mr. Stelly responding it is approximately 15 working days.

Assistant City Manager Mary Chambers discussed the Fire Marshall and Code Enforcement Departments. She stated the Department supports the highest quality of life in Nassau Bay by maintaining citywide standards for addressing blight, nuisances, and environmental conditions in coordination with other City Departments. The division seeks compliance with applicable city codes and enforces the City Ordinances pertaining to life and health safety. She discussed the Department's accomplishments, including the completion of annual fire inspections of all target hazards in the City. For FY21, the Department anticipates a continuation of code enforcement through a commonsense approach to avoid litigation.

The Department continues to utilize part-time and reserve employees to reduce costs. Additionally, the Fire Marshal takes advantage of no-cost trainings for continued education requirements.

Councilmember Klug requested more details on the utilization of a Nassau Bay Police Department officer to provide visual inspections of the City. He inquired whether this officer could assist with the daily review of violations in the City. Chief Cromie indicated Corporal Donald Linder can assist with basic code enforcement and response. The Police Department's goal for the whole Department would include a basic training and understanding of code enforcement. Unfortunately, this training goal was delayed due to COVID. Assistant City Manager Chambers also commented that some code violations fall under the purview of the Building Department. Councilmember Klug requested if an officer with no training could possibly make a notation of violations. Mrs. Chambers noted that Public Works does a great job in notifying the Department of potential violations. Councilmember Graves believed it to be a resourceful idea for officers to be trained in code enforcement, especially as they are more likely to encounter violations as they patrol the City.

Councilmember-Elect Phil Johnson inquired on the number of code violations in the City. Assistant City Manager Chambers stated there is a list of repeat code enforcement violators. Of the 85% of cases, many of those are repeat offenders. Mrs. Chambers stated there is approximately 25 to 30 active cases. Councilmember John Mahon remarked on the increase of code enforcement cases over the past year, with Mrs. Chambers responding that there has been

a greater focus from the Department to cite violators. City Manager Reynolds referenced previous political pressure which slowed the code enforcement process.

Councilmember Klug referenced a previously utilized grading system and requested that system be reinstated. He stated the system allowed the City to get graded and better comprehend how the City is doing in terms of code enforcement.

The workshop transitioned with IT Administrator Tom George discussing the IT Department. He discussed the FY20 accomplishments, including those COVID related achievements. He provided an overview of the Department hardware and network.

IT Administrator George indicated the IT Department budget continues to increase. Councilmember Klug inquired on the fiber line to the new fire station, and Mr. George stated that a third-party owns the fiber lines, so the City did not incur costs for the line. Councilmember Graves requested additional details on the network system provided by the City of Webster and inquired should their network system becomes non-operational if it negatively affected the City. IT Administrator George stated yes, but City facilities do have a Comcast backup.

Discussion ensued on the reasoning for the City's utilization of Webster's network system. IT Administrator George indicated the City having its own system is cost-prohibitive. The infrastructure is too expensive, coupled with the high maintenance costs.

Councilmember-Elect Johnson inquired on the hardware versus software budget line items. Mr. George discussed the breakdown, detailing the software, the increase in hardware costs due to COVID, and telecommunications. Mr. George ended by discussing the budget requests for FY21, which include a CIP request of \$5,000 to replace the Cisco Voice Gateway. Additionally, he stated Webster is upgrading their phone system. There is an anticipated \$9,000 increase for a software upgrade to the cloud. Additionally, the PS Lightwave contract is expiring which could mean a cost increase for service.

Human Resources Chani Honeycutt was introduced to discuss the Human Resources Department. Ms. Honeycutt began by stating that the spirit of teamwork among the employees is what really makes the City incomparable. She continued by describing her core responsibilities and the Department's accomplishments.

Councilmember Matt Prior inquired about the City's voluntary termination rate. Human Resources Manager Honeycutt indicated there have been two recent employees that left City employment. Councilmember Mahon requested more details on the positions that perform multiple responsibilities for various departments, specifically if any of the positions should be transitioned to a full-time position. Human Resources Manager Honeycutt believed the City was on the right track. Councilmember Bob Warters inquired on the Public Works Department vacancies. Ms. Honeycutt indicated there has been three phases of interviews to fill the open positions, but underscored that the salary range may most likely hinder the recruitment process. Mr. Reynolds added that the City does have to compete with the regional plants in the area for these types of positions.

City Secretary Sandra Ham presented on the City Secretary's Office and provided a brief overview of core responsibilities. She indicated large responsibility in the preparation of each of the City Council meetings, which begins with working with the Directors' team to ensure all items needing to be presented to Council are on the agenda, as well as preparing an official record of the meeting.

Additionally, the City Secretary's Office is the custodian of all City records, and maintains records such as ordinances, resolutions, deeds, easements, and vehicle titles. Many of these records are maintained over the life of the City.

The City Secretary is also considered the Chief Election's Officer, and conducts the City Council elections, along with the Sales Tax Election every four years and Charter Amendment Election as needed. Other legal requirements include publication notices and open record requests. Continuing she described her coordination of the City's Boards and Commissions, largely the EDC, and also assists in member management and terms.

On a public interface, the City Secretary issues the City's alcohol beverage permits and solicitor's permits and serve as a go-between for citizens and Council. Additional responsibilities include Communications such as the City's website, newsletter and Friday Morning Memo, purchasing, and overall support of the Communications & Special Events Manager.

Goals for FY20 include a City-wide scanning project to process the City's permanent records. There is an overall drive towards a paperless system and more accessibility of records. COVID has largely affected some of the more recent responsibilities, as it has delayed the May Election until November. For FY21, City Secretary Ham anticipates completion of the scanning project, and forward progress with the agenda automation software for a paperless system.

Transitioning to the end of the budget workshop, City Manager Reynolds planned for the remainder of the meeting to focus on items not yet discussed. Several topics included paying for future street repairs, which he suggested utilizing a General Fund transfer to the Street Fund to pay for these expenses. Additionally, he commented on the City's vacant commercial lots, the future debt of the Southeast Transmission Line, increased capital costs for the water/sewer department, vacant residential parcels, and old housing stock.

Councilmember Klug requested more details on the previous payment to the Southeast Transmission Line. Mr. Reynolds indicated that reserves were used to reduce the debt, which was approximately \$500,000. Finance Director Ludanyi noted that the full amount of \$500,000 had not been paid yet. Councilmember Klug clarified that \$1 million will be allocated to pay down this debt. Councilmember Wartens inquired on the cost of the debt and asked for more details on why the debt was owed. Ms. Ludanyi indicated that Nassau Bay is part of a smaller group that is responsible for the maintenance and costs of the transmission line.

City Manager Reynolds transitioned the discussion to the proposed packages for the additional funding needed for FY21. Mr. Reynolds requested for Council to wait to decide on the revenue streams as the actual revenue numbers are in draft form and not yet realized. Overall, there is five packages which includes various amounts of increased funding and expenditure decreases to fund the increased Police Department salaries.

Mayor Denman called for a short recess at 8:55 p.m. Regular session reconvened at 9:01 p.m.

Councilmember John Mahon inquired if there were initial costs associated with incorporating an additional trash fee. Mr. Reynolds stated there would not be substantial startup costs and a trash fee could be easily included on the water bill. He cautioned Council that the fee name be directly related to the service provided. There was a brief discussion on the fee name and whether calling it a public safety fee would negatively affect the NBVFD volunteer donations. Councilmember Klug suggested the fee become mandatory, so everyone donates, rather than it be a voluntary

donation. Mayor Pro Tem Matter asked about the annual amount of NBVFD donations, with Finance Director Ludanyi responding with the amount of \$12,000.

Councilmember Mahon questioned the enforcement of the fee. If the City determines a public safety fee is needed, and a homeowner does not pay, would the homeowner not receive services? He compared it to a trash fee, noting if a trash fee was not paid then service would discontinue. Ms. Ludanyi provided generalizations on the legalities of certain fees and stated she was not familiar with the discontinuation of service due to payment. Councilmember Warters was not in agreement for charging additional fees, as the lowering of the tax rate would be just an illusion, and not a real cost savings to the homeowner. Councilmember Graves inquired if a potential trash fee would be residential only, with Mr. Reynolds stating commercial properties already pay a trash fee. Councilmember Klug emphasized that if a public safety fee was implemented then commercial properties would be obligated to also pay. Discussion ensued on various trash issues.

Mayor Pro Tem Matter requested additional details on the possibility of raising taxes. Discussion ensued on the increase to an average homeowner with a potential tax increase. Councilmember Klug commented that the City of Houston tax rate is about 54%, with Mr. Reynolds countering that the average Nassau Bay citizens expects more from the City. Mayor Pro Tem Matter specified that if there are tax increases, then there should also be a focus on a reduction of expenditures. Mr. Reynolds remarked on the reduction of expenditures, and noted the budget is already very trim. Mr. Reynolds requested additional direction on Council's philosophy of where reductions need to be made.

Councilmember Warters stated that an executive session is needed to discuss this topic more. City Manager Reynolds countered and stated that an executive session is not meant for budget discussions.

Councilmember Klug suggested the council related items should be removed from the budget, including the council stipend and the training and travel budget line. Additionally, he was interested in maintaining the same tax rate, with no increases. Councilmember Klug stated his concern regarding the Unfunded Actuarial Accrued Liability (UAAL) and agreed the TMRS Cost-of-Living Adjustment (COLA) needs to be reduced to 50%, which is in line with the COLA of social security benefits.

Councilmember Matt Prior was in agreement and indicated the budget packages presented to Council should be more intentional. For example, he felt that the City could review line items such as the cell phone allowance. Mr. Reynolds requested to Council a "bottom line" figure to aspire to, and as the City Manager he would make the recommendations for the reductions within the budget.

Councilmember-Elect Johnson asked Mr. Reynolds to take the direction provided by Council's feedback. Mr. Reynolds countered and asked Council to refer to the City Charter, which dictates that the City Manager creates the budget for Council to approve. Councilmember Klug commented that Council does have purview on employee TMRS benefits. Councilmember Warters asked that Council be able to provide the reductions that are more palatable to the citizens.

Councilmember Klug asked that TMRS be placed on a future Council meeting agenda for further discussion. Finance Director Ludanyi indicated that an ordinance is required and time is needed to prepare this ordinance from TMRS.

Mr. Reynolds summarized Council's wishes for the budget and indicated there seemed to be a desire for small increases in fees and taxes, along with reductions from the City Council budget line and employee benefits. Mr. Reynolds emphasized a need for a focus on employees, as employees do go above and beyond for the City. There was a brief small discussion on the anticipation of rising homes values, which would make some of this conversation moot.

Mayor Pro Tem Matter stated public safety is the priority. Mr. Reynolds agreed, but asked for direction for services that need to be cut to accommodate the large salaries increases for the Police Department. Councilmember Graves provided experience as a realtor, and emphasized the willingness of homeowners to pay a higher tax rate for a desirable community. She commented that if Nassau Bay wants to maintain a sense of incomparability, all need to bear the burden of paying for public safety. She was for an incremental increase in taxes.

City Manager Reynolds stated one budget package could be a reduction of the UAAL payment, a 1-cent tax rate increase, removal of the council stipend and training, and a TMRS employee benefit reduction. Mr. Reynolds inquired whether there was another package Council would like to consider. Councilmember Graves emphasized she was in support of the package but asked to remove the TMRS benefit reduction from consideration.

Councilmember Prior stated COLA changes and UAAL are not sensible and asked the City Manager to be more creative in his proposals to Council. Councilmember Graves requested further details on the City's reserves, with Mr. Reynolds stating using reserves would only be viable for one instance and is not a long-term funding mechanism that can sustain the Police Department increases.

Discussion continued about the TIRZ and possible discontinuation of the TIRZ. There was comments on expanding short term options while the City waits for the dissolution of the TIRZ.

The meeting ended with determining the next meeting date of Council, which would be the following Wednesday.

ADJOURNMENT

There being no further business, the meeting adjourned at 10:22 p.m.

Minutes approved as submitted and/or amended this 9th day of November A.D. 2020.

CITY OF NASSAU BAY, TEXAS



Mark A. Denman
Mayor

ATTEST:



Sandra V. Ham
City Secretary