

**MINUTES OF SPECIAL WORKSHOP MEETING****Call To Order**

The City Council of the City of Katy, Texas, convened in special Workshop session Thursday, August 27, 2009, at 6:30 p.m., at Katy Municipal Complex, 910 Avenue C, Katy, Texas. The following City Officials were present:

Don Elder Jr., Mayor  
Hank Schmidt, Mayor Pro Tem  
Carol Adams, Councilmember  
Kenneth Berger, Councilmember  
Larry Gore, Councilmember  
Fabol Hughes, Councilmember  
Missy Bunch, City Secretary  
Johnny Nelson, City Administrator  
Byron Hebert, City Treasurer

The following City Officials were absent:

Art Pertile, City Attorney  
David Leyendecker, City Engineer

**Discuss Proposed 2010-2011 Budget**

The purpose of the Workshop was to discuss the proposed 2010-2011 Budget. Councilmembers had been provided with copies of the proposed Budget and related information prior to the Workshop

City Treasurer Byron Hebert began his review of the proposed 2010-2011 Budget and reported the proposed Budget was formally filed on 08-16-2010. Hebert anticipates the proposed 2010-2011 Budget to be adopted at the 09-27-2010 Regular City Council Meeting. It was noted changes and/or corrections can be made to the proposed Budget after it has been filed and before it is adopted.

Hebert began a PowerPoint Presentation on the proposed 2010-2011 Budget. He briefed Council on the process for reviewing the proposed Budget during the course of the evening and commented that Department Heads were in attendance to answer any questions Council might have. He briefly spoke of the difference in preparing the proposed budget in comparison to preparing the current budget a year ago and the effects of the current economy. Hebert explained that certain economic indicators were taken into consideration while preparing the proposed budget. Economic indicators included home starts and commercial growth. He spoke of 16 home starts in 2008 and 40 home starts in 2009. He explained residential growth included WoodCreek Reserve, Silver Oaks, K and A Street, Westland Addition and WoodCreek, Section Seven. Commercial Growth included Katy Main Street, H-E-B Katy Main Street Market, Advanced Auto Parts, Residence Inn, Midway BBQ, Katy Independent School District New Warehouse, Vision Center, Brazos Valley Credit Union Building and Whataburger. He referred to City of Katy growth as the new Municipal Courts Building, the new addition to the Fire Station, reconstruction of Avenue D, Kingsland Boulevard extension and the addition of Cane Island Parkway (*next gateway to the north*), which already has committee funds for improvements from I-10 to Highway 90.

**General Fund Revenue**

Hebert explained General Fund Revenue includes property, sales, franchise taxes; all combined equals 88% of the total revenue. He reported Fort Bend, Harris and Waller Counties Certified Appraisal Rolls had been received. Hebert noted the 2010 Taxable Values are estimated to be \$1.095 billion, down from 2009, by approximately \$25 million. He noted proposed 2010 Tax Rate is comprised of Maintenance and Operations \$0.41433 and Debt Service of \$0.17939 for a Total Proposed Tax Rate of \$0.59372. He explained, based on the estimates and using the current tax rate, the City will have a decrease of \$105,00.00 in property tax revenue. The debt services reserves are estimated at \$800,000.00, this would cover any short fall the City may experience.

**SALES TAX**

Hebert explained sales tax revenue over the last twelve months has seen swings from negative 20% to positive 28% from prior year figures with the final twelve months average of a zero net gain or loss. The City will continue to monitor sales tax revenue throughout the year. This year the outlook for total general sales tax will follow the current twelve month trend and remain flat. The TIFF project has shown an increase and with identification of some store future credit should increase. This year's proposed budget shows the TIFF below the agreed amount of \$3 million.

**Franchise Tax**

Revenues from Franchise Tax include electrical, gas, phone and cable; service revenue, license-permits, fines-forfeitures, interest and other. Proposed Revenue is comprised of 30% property tax, 50% sales tax, 7% franchise taxes, 8% services, 3% fines-forfeitures, 1% interest and 1% other income.

**General Government**

Hebert explained City Council, Administration, City Secretary and Finance Departments stayed flat, other than a slight increase because of the retirement funding.

**Tax Department**

Hebert explained the Tax computer system is 10 years old and is running on the DOS system, which is antiquated and is not compatible with other systems. He explained the Tax budget bottom line increased \$28,000.00, because of the new software.

**Municipal Court**

Hebert explained Municipal Court had increased their bottom line by \$38,000.00 because of their new building and prosecutor increase.

**Public Works**

Hebert explained Public Works Department stayed flat, other than a slight increase because of the retirement funding.

**Permit/Inspection, City Hall and Building Maintenance**

Hebert explained Permit/Inspection remained flat, other than a slight increase because of retirement funding. City Hall was down, \$53,000.00, since all ADA projects had been completed. Building Maintenance increased slightly because of the increase in the janitorial contract.

**Public Safety:**

**Police**

Hebert explained the Police Department Budget increased overall by \$95,000.00 for fuel and new Ford Crown Victorias and a slight increase because of the retirement funding.

**Fire/EMS**

Hebert explained the Fire/EMS Budget was up by \$92,000.00 for 3 man pumper truck 24/7. Councilmember Berger asked why the pumper truck goes out every time an ambulance goes out. Jordan explained it is becoming difficult to carry victims; therefore, additional man power is needed and the pumper gets more people on site sooner with additional extraction tools. Councilmember Berger expressed concern that a large piece of equipment went on every call. Jordan explained on a regular basis there are two to three ambulances out at one time.

Councilmember Adams asked why only the Police and Ambulance Departments had accounts for overtime/holiday/vacation pay. Finance Department Staff Accountant Kelli Preston explained the Police Dispatchers and Paramedics were unable to take off the holidays the same as other full time employees; therefore, they are paid for those days. Councilmember Gore understood these employees could be working various holidays. Jordan explained there were different employees on the various holidays.

**FIRE MARSHAL**

Fire Marshal remained flat.

**Street Department**

Hebert explained there was an employee in the Street Department that was planning to retire, overlay funds, and to be used for drainage project. The Mayor asked what Phase I of the drainage project would do to the homes downstream for it. Public Works Director Elaine Lutringer explained the City Engineer had proposed two phases beginning at the south end and moving to the north end. Councilmember Hughes believed it would make more sense to do all at one time, since it is not that much more money. The Mayor commented if the economy takes a turn during the next year it would be better, when materials are less expensive. Lutringer explained she tried to budget accordingly. The Mayor asked why the project is not proposed to start at the north end. Councilmember Hughes expressed concern that citizens in the north area would still continue to have drainage problems for another year. Hebert had located \$125,000.00 in this budget.

**Social Services and Library**

Hebert explained Social Services Department stayed flat, other than a slight increase because of the retirement funding. He explained the Library went down \$5,000.00.

**Parks**

Parks Department decreased their budget by a total of \$97,000.00, since no new park play system was needed this year, there was no new vehicle needed and there was no need for a new backhoe, since Public Works had an extra one.

**Debt Service**

Hebert explained the amount paid to the TIFF is lower because of property values being lower; the amount is down by \$48,000.00.

**Expense Structure**

The City's expense structure indicates 54 percent for Public Safety, 25 percent for General Government, 9 percent for Streets, 8 percent for Other Services and 4 percent Debt Service.

**Reserve Fund**

Hebert commented at the end of budget year 2009 the Reserve balances were \$14.8 million and he anticipates the ending Reserve balances to be approximately \$15 million for 2010 budget year.

**Reserve Fund (cont'd)**

Hebert spoke of proposed Reserve Funded projects such as Senior Citizen Center in the amount of approximately \$1 million. He commented a Design Build meeting was held with approximately twenty different firms being represented. He noted several surplus fund requests, which included new bunker gear (30 sets) in the amount of \$75,000.00; tools for new fire truck in the amount of \$27,000.00; and, a new Humane Department truck in the amount of \$40,000.00. He anticipates enough remaining surplus funds to pay for the additional \$125,000.00 for drainage and should know with two months of the new budget year. He suggested looking at the surplus funds at that time.

Councilmember Gore spoke of the increased senior exemption last year and understands there is a tight budget again this year, but wants to see the exemption amount increase each year.

Police Chief Hastings explained the current vehicle being used by the part time employees in the Humane Department has no floorboards, is twenty years old with a large amount of mileage. Councilmember Gore expressed concern that this vehicle sounds as if it were a safety hazard. Hastings had looked at several different options and the best is to replace the vehicle.

**Debt Service Fund**

2010-2011 Debt Service Fund is comprised of Debt and Interest payments in the amount of \$1,682,000.00 and TIF Interest in the amount of \$236,000.00.

**Enterprise Fund**

2010-2011 Enterprise Revenue is comprised of 63% water, 33% sewer and 4% other. Enterprise Funds expenses budgets were increased for the Water Department by \$102,000.00 (*West Harris County Water Authority*); the Sewer Department by \$52,000.00 (*Myers Sewer Cleaning Unit*); and, the Utility Billing Department by \$6,000.00 (*maintenance contracts*).

**Enterprise Fund Reserve**

The Enterprise Funds Reserve estimated ending balance is \$4.5 million and sewer line under I-10 is \$0.5 million. Hebert spoke of new Metro dollars to pay for Cane Island then build the water and sewer lines.

Hebert kept with the plan to "Sustain and Maintain" for this budget year. He spoke of Department Heads working as a team to get the budget balanced. Hebert asked Councilmembers to contact him if they had any additional questions. The Mayor thanked Department Heads for their part in preparing the proposed Budget.

**Adjourn**

The Mayor and Councilmembers thanked Nelson, Hebert and Department Heads for their efforts in the Budget preparation and presentation. The meeting adjourned at 7:23 p.m.

  
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Mayor

ATTEST:

  
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City Secretary