

MINUTES OF SPECIAL WORKSHOP MEETING

Call To Order

The City Council of the City of Katy, Texas, convened in special Workshop session Thursday, September 1, 2011, 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
 Larry Gore, Councilmember
 Fabol Hughes, Councilmember
 Bill Lawton, Councilmember
 Art Pertile, City Attorney
 Missy Bunch, City Secretary
 Johnny Nelson, City Administrator
 Byron Hebert, City Treasurer

The following City Official was absent:

David Leyendecker, City Engineer

Discuss Proposed 2011-2012 Budget

The purpose of the Workshop was to discuss the proposed 2011-2012 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 2011-2012 Budget and reported the proposed Budget was formally filed on 08-15-2011. Hebert anticipates the proposed 2011-2012 Budget to be adopted at the 09-26-2011 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 2011-2012 Budget. 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 home starts, residential growth, including WoodCreek Reserve, Sections Seven and Eight, and Silver Oaks. Commercial Growth included Comfort Suites Hotel, Brazos Valley Credit Union, WoodCreek Children's Lighthouse, Alicia's Mexican Grille, Chick-Fil-A, Katy Main Street Retail and Katy RV & Board Storage. He referred to City of Katy growth as reconstruction of Avenue D, the new addition to the Fire Station, Lilac Street extension, Katy-Hockley Cut/Off Drainage Project, Water Well at Water Plant No. 2 and Radio Read Replacements for the Water Department.

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 2011 Taxable Values are estimated to be \$1.098 billion. He noted proposed 2011 Tax Rate is comprised of Maintenance and Operations \$0.42469 and Debt Service of \$0.16903 for a Total Proposed Tax Rate of \$0.59372. He

General Fund Revenue (cont'd)

explained, based on the estimates and using the current tax rate, the City will have an increase of \$72,000.00 in property tax revenue.

Sales Tax

Hebert explained sales tax revenue is projected to come in at \$5.1 million with the Mills Sales Tax \$3.0 million with additional funds over that goes to pay off the debt in 2014. Total sales tax estimated at \$8.46 million.

Franchise Tax

Hebert explained revenues from franchise tax include electrical, gas, phone and cable; service revenue, license-permits, fines-forfeitures, interest and other. Proposed Revenue is comprised of 29% property tax, 52% sales tax, 7% franchise taxes, 7% services, 4% fines-forfeitures, 1% interest and 0% other income. Hebert commented there are no interest rates out there to be gotten. He spoke of budget highlights including sustain service and re-build infrastructure, 3% cost of living (\$250,000.00), and 7% medical increase (\$55,000.00), which had been expected at a 14% increase instead of the 7%.

General Government

Hebert explained City Council, City Secretary and Finance Departments remained basically flat.

Administration

Hebert explained Administration was up \$22,000.00 for legal fees, because of the retirement of the previous City Attorney and now the City is with Olson & Olson Law Firm.

Tax Department

Hebert explained the Tax Department had gone down since a \$45,000.00 computer system had been replaced in the 2010-2011 budget year.

Municipal Court

Hebert explained Municipal Court had pulled a lot out of retainers and put into legal, with retainers put into per dockets to be overseen by the City Attorney.

Public Works

Hebert explained Public Works Department added a vehicle in the amount of \$22,500.00 and \$38,000 for a warehouse building. He commented on the round top building located on East Avenue being torn down and a new building put in its place for storage. He explained the Sanitation contract is to be bid in March 2012; therefore, he left the monies the same.

Permit/Inspection, City Hall and Building Maintenance

Hebert explained Permit/Inspection plans to purchase a new truck for an approximate amount of \$18,500.00, to be used by the Code Enforcement Officer/ mosquito spraying truck. City Hall and Building and Maintenance had no significant changes.

Public Safety:**Police**

Hebert explained the Police Department Budget increased because of one new patrol officer and four new Tahoe vehicles to be purchased.

Fire/EMS

Hebert explained the Fire/EMS Budget was up by \$67,000.00 for an additional \$2.00 per hour for part time employees.

FIRE MARSHAL

Fire Marshal remained flat.

HUMANE

Hebert explained the Humane Department increase because of fuel costs. Councilmember Adams expressed concern the City has only one full time Humane Officer and believes this leaves the City exposed. Humane Officer David Brown explained if he is on vacation the 20 hour a week contractual employees takes over. Brown spoke of trying to get others certified. Councilmember Adams encouraged staff to look into the hiring of another Animal Control Officer. It was explained approximately 124 incidents were handled for an average month. Police Chief Bill Hastings has been made aware of the situation, but has tried to keep the budget figures down. Councilmember Schmidt suggested the Mayor and staff, review this proposal and bring back the figures to City Council.

Street Department

Hebert explained the Street Department had additional figures for a special drainage project and street overlay/sidewalks in the amount of \$145,000.00. Hebert reminded Council that METRO funds flow through Katy Development Authority and can be used for future transportation projects.

Social Services and Library

Hebert explained Social Services Department was constructing a new building with move in sometime in February 2012; therefore, additional funds were put in for six months of utilities. He explained the Library stayed flat.

Parks

Hebert explained the Parks Department had increased by \$50,000.00 for park light system for soccer fields.

Debt Service

Hebert explained the Debt Service is \$360,000.00 total for the TIFF.

Expense Structure

The City's expense structure indicates 53% for Public Safety, 24% for General Government, 9% for Streets, 8% for Other Services and 6% Debt Service.

Reserve Fund

Hebert estimated at the end of budget year for 2010-2011 the Reserve balances would be \$16 million. Hebert spoke of proposed Reserve Funded items/projects such as a new Fire Department suburban; new Ambulance; Project 25 if needed; and, new Senior Citizen Center. He commented the proposed Cane Island Parkway and Katyland Drive would be built with METRO Funds.

Debt Service Fund

2011-2012 Debt Service Fund is comprised of Debt and Interest payments in the amount of \$1,603,500.00 and TIF Interest in the amount of \$253,250.00.

Enterprise Fund

Hebert explained the Water and Sewer Departments maintain on their own. During the current drought there are large amount of water being pumped. He explained budgeted items include West Harris County Water Authority in the amount of \$750,000.00, storage tank painting in the amount of \$140,000.00 and a city mapping system in the amount of \$100,000.00.

Enterprise Fund Reserve

The Enterprise Funds Reserve estimated ending balance is \$5.2 million, including plant generator in the amount of \$320,000.00, radio read project in the amount of \$260,000.00 and sewer line for Cane Island Parkway in the amount of \$500,000.00.

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 7:07 p.m.



Mayor

ATTEST:



City Secretary