

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

The City Council of the City of Katy, Texas, convened in special Workshop session Wednesday, August 29, 2012, at 4:00 p.m., at Katy Municipal Complex, 910 Avenue C, Katy, Texas. The following City Officials were present:

Don Elder Jr., Mayor
Fabol Hughes, Mayor Pro Tem
Carol Adams, Councilmember
Larry Gore, Councilmember
Steve Pierson, Councilmember
Bill Lawton, 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 2012-2013 Budget

The purpose of the Workshop was to discuss the proposed 2012-2013 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 2012-2013 Budget and reported the proposed Budget was formally filed on 08-13-2012. Hebert anticipates the proposed 2012-2013 Budget to be adopted at the 09-24-2012 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 2012-2013 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, Section Nine; Reserves At Katy, Section One; Falls At Green Meadows, Sections One and Two; and Avalon, Section One. Commercial Growth included B-K Mart Gas Station and Convenience Store on Fifth Street; Timewise Exxon Gas Station, north of I-10; Timewise Gas Station/McDonalds, south of I-10; Burger King on the northwest corner of Kingsland; Popeye's Chicken, on Kingsland; Italian Restaurant; Bank of America; 24 Hour Emergency Care Facility; Sundance Memory Care; and, 500,000 square foot Medline Distribution Center. He referred to the City's portion of Katy's growth as construction of Cane Island Parkway; construction of Katyland Drive as four lanes from Franz Road to Highway 90; street overlay in downtown area; street overlay of Franz Road west of Avenue D; extension of First Street east of East Avenue; waterline rehabilitation; and painting of Water Plant Nos. One and Two ground storage tanks.

General Fund Revenue

Hebert explained General Fund Revenue includes property tax, sales tax and franchise tax; all combined equals 87% of the total revenue. He reported Fort Bend, Harris and Waller Counties Certified Appraisal Rolls had been received. Hebert noted the 2012 Taxable Values are estimated to be \$1.158 billion. He noted proposed 2012 Tax Rate is comprised of Maintenance and Operations \$0.43186 and Debt Service of \$0.115486 for a Total Proposed Tax Rate of \$0.58672. New revenue includes increased ambulance transport fees.

Sales Tax

Hebert explained sales tax revenue is projected to come in at \$5.45 million with the Mills Sales Tax \$3.0 million with additional funds over that goes to pay off the debt in approximately 2014. Total sales tax estimated at \$8.7 million.

Franchise Tax

Hebert explained revenues from franchise tax include electrical, gas, phone and cable; service revenue includes license-permits and service revenue; fines-forfeitures; and, other revenue includes interest and other. Proposed Revenue is comprised of 30% property tax, 51% sales tax, 6% franchise taxes, 8% 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 in preparing for growth, such as beginning the building of a new City Hall (\$200,000.00); 4% cost of living raise for employees (\$350,000.00) and a 7% medical increase (\$57,000.00).

General Government

Hebert explained City Council basically remained the same except for the addition of an Human Resources Director. He spoke of the current 130 full time employees and the need for this director. He explained the Tax and City Secretary Departments remained the same; however, Municipal Court is proposing to add a full time bailiff and the Finance Department is down a little, since the big audit that is done every three years is not scheduled for this year.

Public Works

Hebert reported no significant changes in Public Works.

Permit/Inspection, City Hall and Building Maintenance

Hebert explained Permit/Inspection plans to add an additional Inspector/Code Enforcement Officers. 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 five new Tahoe vehicles to be purchased.

Fire/EMS

Hebert explained the Fire/EMS Budget included the addition of one new training officer and one new paramedic.

FIRE MARSHAL

Fire Marshal remained flat.

HUMANE

Hebert explained the Humane Department remained the same.

Street Department

Hebert explained the Street Department had additional figures for a special drainage project (\$92,000.00) and street overlay/sidewalks (\$215,000.00). 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 stayed flat. He explained the Library is having air conditioning work done..

Parks

Hebert explained the Parks Department had additional funds (\$80,000.00) for dog parks improvements.

Debt Service

Hebert explained the Debt Service is \$250,000.00 total for the TIF and is scheduled to be completed in the next few years.

Expense Structure

The City's expense structure indicates 53% for Public Safety, 25% for General Government, 8% for Streets, 8% for Other Services and 6% Debt Service.

Reserve Fund

Hebert estimated at the end of budget year for 2011-2012 the Reserve balances would be approximately \$17 million. Hebert reported there were no proposed Reserve Funded items/projects in the proposed Budget.

Debt Service Fund

2012-2013 Debt Service Fund is comprised of Debt and Interest payments in the amount of \$1,643,800.00 and TIF Interest in the amount of \$258,577.00.

Enterprise Fund

Hebert explained the Water and Sewer Departments maintain on their own, they function as a separate business. He explained sewer is going down because of the increase in the number of sprinklers being installed. During the past year's drought there was a large amount of water being pumped. He explained budgeted expenses include a new employee (\$50,000.00), West Harris County Water Authority in the amount of \$825,000.00, storage tank painting in the amount of \$200,000.00 and a city mapping system in the amount of \$50,000.00.

Enterprise Fund Reserve

The Enterprise Funds Reserve estimated ending balance is \$5.4 million, including sewer line for Cane Island Parkway in the amount of \$500,000.00, lift station project in the amount of \$61,500.00 and participation in the Waller County/Brookshire-Katy Drainage District Grant Application in the amount of \$17,000.00.

Closing Remarks

Hebert 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 4:47 p.m.



Mayor

ATTEST:



City Secretary