

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

The City Council of the City of Katy, Texas, convened in special Workshop session Wednesday, August 27, 2013, at 4:00 p.m., at Katy Municipal Complex, 910 Avenue C, Katy, Texas. The following City Officials were present:

Fabol Hughes, Mayor
Larry Gore, Mayor Pro Tem
Chuck Brawner, Councilmember
Jimmy Mendez, Councilmember
Steve Pierson, Councilmember
Missy Bunch, City Secretary
Johnny Nelson, City Administrator
Byron Hebert, City Treasurer

The following City Officials were absent:

Bill Lawton, Councilmember
Art Pertile, City Attorney
David Leyendecker, City Engineer

Discuss Proposed 2013-2014 Budget

The purpose of the Workshop was to discuss the proposed 2013-2014 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 2013-2014 Budget and reported the proposed Budget was formally filed on 08-12-2013. Hebert anticipates the proposed 2013-2014 Budget to be adopted at the 09-23-2013 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 2013-2014 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 9A and 9B; Reserves At Katy, Section One; Falls At Green Meadows, Sections One and Two; and Avalon, Section One, with 89 new homes under construction at this time. Commercial Growth included Medline Distribution Center, Igloo Distribution Center, Timewise Exxon Gas Station – north side of freeway; Carriage Inn-Assisted Living Addition, Sundance Memory Care, Country Inn and Suites Hotel, Blue Wave Car Wash, Burger King, Katy I.S.D. Additions and Quaker Steak & Lube Restaurant. 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; Morton Road Improvements, street overlay in downtown area; waterline rehabilitation in downtown area and repairs to Water Plant No. 3 ground storage tanks.

General Fund Revenue

Hebert explained General Fund Revenue includes property tax, sales tax and franchise tax; all combined equals 85% of the total revenue. He reported Fort Bend, Harris and Waller Counties Certified Appraisal Rolls had been received. Hebert noted the 2013 Taxable Values are estimated to be \$1.222 billion. He noted proposed 2013 Tax Rate is comprised of Maintenance and Operations \$0.41730 and Debt Service of \$0.14942 for a Total Proposed Tax Rate of \$0.56672.

Sales Tax

Hebert explained sales tax revenue is projected to come in at \$6.2 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 \$9.57 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 28% property tax, 51% sales tax, 6% franchise taxes, 10% 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 building of a new City Hall; building a second fire station and a 4% cost of living raise for employees (\$383,900.00).

General Government

Hebert explained City Council basically remained the same except for the addition of an IT position in the Finance Department. He explained the Tax and City Secretary Departments remained the same; however, Municipal Court is proposing to add a Court Clerk Imaging System.

Public Works

Hebert explained Permits/Inspections are proposing to hire two Inspector/Code Enforcement Officers along with an imaging system.

Permit/Inspection, City Hall and Building Maintenance

Hebert reported no significant changes.

Public Safety:

Police

Hebert explained the Police Department Budget included one new patrol officer and a total of six new vehicles (3 new cars and 3 new Tahoes) to be purchased.

Fire/EMS

Hebert explained the Fire/EMS Budget included the addition of two new paid firemen and three new part time firemen.

FIRE MARSHAL

Fire Marshal Budget 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 (\$80,000.00) and street overlay/sidewalks (\$210,000.00). 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 is proposing to increase the current parking lot with the use of Reserve Funds. He explained the Library stayed flat.

Parks

Hebert explained the Parks Department had additional funds (\$65,000.00) for restrooms at the dog park.

Debt Service

Hebert explained the Debt Service is \$300,000.00 total for the TIFF.

Expense Structure

The City's expense structure indicates 54% for Public Safety, 26% for General Government, 8% for Streets, 7% for Other Services and 5% Debt Service.

Reserve Fund

Hebert estimated at the end of budget year for 2012-2013 the Reserve balances would be approximately \$20 million.

Debt Service Fund

2012-2013 Debt Service Fund is comprised of Debt and Interest payments in the amount of \$1,651,550.00 and TIFF Interest in the amount of \$276,888.00.

Enterprise Fund

Hebert explained the Water and Sewer Departments maintain on their own, they function as a separate business. He explained budgeted expenses include a new sewer department employee (\$50,000.00), West Harris County Water Authority in the amount of \$850,000.00, storage tank painting in the amount of \$275,000.00 and replacement of a vehicle in the amount of \$26,500.00

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 4:53 p.m.



Mayor

ATTEST:



City Secretary