

MINUTES OF SPECIAL WORKSHOP MEETING

Call To Order

The City Council of the City of Katy, Texas, convened in special Workshop session Thursday, August 21, 2014, at 6:30 p.m., at Katy Municipal Complex, 910 Avenue C, Katy, Texas. The following City Officials were present:

Fabol Hughes, Mayor
 Chuck Brawner, Mayor Pro Tem
 Durran Dowdle, Councilmember
 Bill Lawton, Councilmember
 Steve Pierson, Councilmember
 Missy Bunch, City Secretary
 Byron Hebert, City Administrator
 Becky Wilkins, City Treasurer

The following City Officials were absent:

Jimmy Mendez, Councilmember
 Art Pertile, City Attorney
 David Leyendecker, City Engineer

Discuss Proposed 2014-2015 Budget

The purpose of the Workshop was to discuss the proposed 2014-2015 Budget. Councilmembers had been provided with copies of the proposed Budget and related information prior to the Workshop

City Administrator Byron Hebert began his review of the proposed 2014-2015 Budget and reported the proposed Budget was formally filed on 08-11-2014. Hebert anticipates the proposed 2014-2015 Budget to be adopted at the 09-22-2014 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 commented the City had recently adopted Vision and Mission Statements for the City. He explained both referenced financial strengths. One statement includes “economic growth through commitment to overall fiscal well-being”; and, the other refers to “financial strength”.

Hebert began a PowerPoint Presentation on the proposed 2014-2015 Budget. He 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 and residential growth, including Falls At Green Meadows, Avalon, Reserve At Katy and Cane Island. Commercial Growth included Medline Distribution Center, Igloo Distribution Center, Carriage Inn-Assisted Living, Country Inn and Suites Hotel and Katy I.S.D. He referred to the City’s portion of Katy’s growth as construction of Katyland Drive, construction of Cane Island Parkway; Franz Road and street overlay in Historic Katy.

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 and Waller Counties’ Certified

General Fund Revenue (cont'd)

Appraisal Rolls had been received; however, Harris County's had not. Hebert noted the 2014 Taxable Values are estimated to be \$1.392 billion. He noted proposed 2014 Tax Rate is comprised of Maintenance and Operations \$0.40790 and Debt Service of \$0.13882 for a Total Proposed Tax Rate of \$0.54672.

Sales Tax

Hebert explained sales tax revenue is projected to come in at \$6.5 million, plus the Mills Sales Tax of \$3.0 million, with additional Mall funds over that amount to go towards pay off the debt. Total sales tax is estimated at \$9.90 million.

Franchise Tax

Hebert explained revenues from franchise tax include electrical, gas, phone and cable; service revenue includes license-permits and ambulance service revenue; fines-forfeitures includes Juvenile Case Manager Fee; and, other revenue includes interest/other and park fees. Proposed Revenue is comprised of 28% property tax, 50% sales tax, 6% franchise taxes, 3% services, 8% fines-forfeitures, 4% interest and 1% other income. Hebert commented there are no interest rates out there. He spoke of budget highlights including in preparing for the steady growth, such as building a new City Hall; building a second fire station, 3% cost of living raise for employees (\$64,171) and an employee medical increase.

General Government**City Council/Administration**

Hebert explained City Council basically remained the same except for commemoratives and additional training. Administration is giving back since Human Resources Department is now a separate department and there is no longer the need for an Assistant City Administrator.

Tax Department

Remained the same.

Municipal Courts

Hebert explained the proposed Budget includes the addition of a Juvenile Case Manager position.

City Secretary

Hebert explained there is salary increase with the addition of an Assistant City Secretary Position and the transfer of the Planning Technician into the City Secretary Department from Administration.

Finance

Hebert explained the Finance Department went down, since one of the clerks will be transferred into the Utility Billing Department.

Humane Resources

Hebert explained that a Human Resources Generalist position would be added. This is a new separate department. Also included are additional funds for training.

Public Works

Hebert reported no significant changes.

Sanitation

Hebert explained the sanitary contract went up due to the Consumer Price Index (CPI) increase and the increased number of residences.

Permit/Inspection, City Hall and Building Maintenance

Hebert reported there is an additional Permit Clerk proposed.

City Hall

Hebert explained no significant changes.

Building Maintenance

Hebert explained no significant changes.

Public Safety:**Police**

Hebert explained the Police Department Budget includes three new patrol officers and two new vehicles (*Tahoes*) to be purchased.

Fire/EMS

Hebert explained the Fire/EMS Budget increased because the department has gone to a full time firefighter department, which offers increased services. Also included is the addition of a new mascot (*Dalmatian dog*) named Katy. He commented there is a proposed November 2014 Bond Election for Fire Station No. 2.

Fire Marshal

Fire Marshal Budget remained flat.

Humane

Hebert explained the Humane Department includes transferring a contract officer to a part time officer and that a review will be done in six months for consideration of a new truck.

Street Department

Hebert explained the Street Department had additional figures for a special drainage project (*Heights Drive*) and the First Phase of the project from Third Street to Fifth Street.

Social Services

Hebert explained Social Services remained flat.

Library

He explained the Library is operated by Harris County and maintained by the City of Katy. He commented they have not asked for an increase in the last five years.

Parks

Hebert explained the Parks Department has proposed various park improvements, a Fourth of July event partnered with the Katy Fire Department, the addition of a Community Relations/Volunteer Coordinator, hiring of Keep Katy Beautiful employee, and funds for the First Bicycle Parade.

Debt Service

Hebert explained the Debt Service is \$400,000.00 total for the TIFF.

Expense Structure

The City's expense structure indicates 55.74% for Public Safety, 15.07% for General Government, 6.44% for Streets, 16.88% for Other Services and 5.87% Debt Service.

Reserve Fund

Hebert estimated at the end of budget year for 2013-2014 the Reserve balances would be approximately \$22 million.

Debt Service Fund

2014-2015 Debt Service Fund is comprised of Debt and Interest payments in the amount of \$1,165,383.00 and TIF Interest in the amount of \$261,315.00.

Enterprise Fund

Hebert explained the Water and Sewer Departments maintain on their own, they function as a separate business. He explained the budgeted expense includes replacement vehicles (\$102,000.00) and West Harris County Water Authority in the amount of \$850,000.00.

Enterprise Fund Reserve

The Enterprise Funds Reserve estimated ending balance is \$5.4 million, includes painting water tower project (*Hunters Terrace*) in the amount of \$530,000.00 and the sewer plant project in the amount of \$1.0 million.

Closing Remarks

Hebert commented the City is in great shape and complimented Department Heads for working together 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 Hebert, Wilkins and Department Heads for their efforts in the Budget preparation and presentation. The meeting adjourned at 6:35 p.m.

Mayor *Farrell Hughes*

ATTEST:

City Secretary *Mary Dunne*