



City of Farmers Branch City Council Minutes Special Called Budget Retreat Meeting

August 15 - 16, 2018

Inn on Lake Granbury
205 W Doyle
Granbury, TX 76048

- Presiding:** 1 - Mayor Robert C. Dye
- Present:** 5 - Mayor Pro Tem John Norwood; Council Member Bronson Blackson; Council Member Ana Reyes; Deputy Mayor Pro Tem Mike Bomgardner; Council Member Terry Lynne
- Staff (Day 1):** Charles Cox, City Manager; John Land, Deputy City Manager; Amy Piukana, City Secretary; Pete Smith, City Attorney; Sherrelle Evans-Jones, Director of Finance; Benjamin Williamson, Assistant to City Manager; Allison Cook, Director of Economic Development; Tina Figgins, Director of Planning; Jeff Harting, Director of Parks and Recreation; Michael Mashburn Assistant Director of Parks and Recreation; David Hale, Police Chief; Steve Parker, Fire Chief; Shane Davis, Director of Sustainability and Environmental Services
- Staff (Day 2):** Charles Cox, City Manager; John Land, Deputy City Manager; Amy Piukana, City Secretary; Pete Smith, City Attorney; Sherrelle Evans-Jones, Director of Finance; Tina Figgins, Director of Planning; Hugh Pender, Director of Community Services; Brian Beasley, Director of Human Resources; Shane Davis, Director of Sustainability and Environmental Services.

A. CALL TO ORDER - 10 A.M.

Mayor Dye called the Study Session meeting to order at 10:00 a.m.

Mayor Dye thanked staff for their efforts in coordinating the Council retreat.

City Manager Charles Cox thanked everyone for attending and noted this year's budget is one of the largest budgets in the amount of \$131 million dollars.

- A.1 18-120 Discuss and review the City's financial status, revenues, expenditures, projects, balances, financial trends, capital projects, fixed assets, and other issues related to the 2018-2019 Fiscal Year Budget.**

Director of Finance Sherrelle Evans-Jones briefed City Council regarding the budget. She reviewed key budget timelines noting the final budget adoption date is set for September 11, 2018. Ms. Evans-Jones reviewed Operating and Capital Improvements Budget percentages noting the General Fund makes up the largest portion of the City's finances, which includes General Government, Public Works, Public Safety, Culture and Recreation. She explained the Water and Sewer Fund is an Enterprise Fund. It considers both rates assessed to residents and costs paid to Dallas Water Utilities and Trinity River Authority. She explained the Hotel Motel funds received are based on occupancy taxes provided for promotion of tourism and other Historical Park Expenditures. She reviewed the Capital Project Funds which are identified through long range planning with the City Council.

Ms. Evans-Jones provided a power point presentation on General Fund Revenues. She stated property taxes are \$27.6 million based on a \$5.575B certified valuation. She stated \$0.01 of property tax is equal to \$557,564 of which \$480,571 (86.2%) is allocated to M&O. The Change in valuation results in an increase in property taxes of: (a.) Average home value increased by \$25,531 (from \$195,563 to \$221,094), (b.) \$1,060.38 City tax on average home value with a homestead exemption (increase of \$118.13), and (c.) \$670.70 City tax on average home value with a homestead and over 65 exemption (increase of \$119.92). She explained the 2018-19 Budget was developed with a reduced tax rate of \$0.599507, \$0.0276 tax rate reduction, \$2.0M total revenue increase (\$1.48M excluding new construction), \$523K revenue to be raised from new properties added to tax roll, 2018-19 Rollback Rate is \$0.639316, 2018-19 Effective Tax Rate is \$0.599508, Property tax as a percent of debt service remains at a sustainable level. She reviewed revenue trends noting the largest percentage of increase of any revenue category is the West Side Development. She noted Refuse services is \$3.35M, Court Fines are at \$2.1M, and they are working to complete the hiring of the 2nd Marshal to start before the 2018-19 budget year. She summarized stating the total revenues are at \$61.824M indicating an 8.3% increase from 2017-18 adopted budget.

Ms. Evans-Jones reviewed key changes to expenditures such as increasing the Economic Development Fund to \$700K, HVAC replacements for the Justice and Senior Centers at \$573.5K, purchase of Library Materials at \$241.5K, purchase of a new ambulance at \$230K. She summarized with the total expenditures at \$61.8M an 8.6% increase from the 2017-18 adopted budget. She reviewed the Water & Sewer fund, noting the 2018-19 budget for Water & Sewer expenditures are based on: (1) increased cost for wastewater treatment (TRA) 2018-19 budgeted at \$5.145M (\$520K increase or 11%). She stated an increased cost for treated water (Dallas Water Utilities) is budgeted at \$5.721M (\$325K decrease or 5%.) She reviewed the Hotel/Motel funds, which indicate \$3,145,500 proposed revenue, and a total of \$3,017,700 proposed expenditures.

Ms. Evans-Jones reviewed sales tax, key changes to expenditures which include Police 2%, Fire 3.5%, for a total of \$550k, with non sworn employee merit raises \$425k. Key changes to expenditures include: increasing the EDC fund to \$700k, HVAC replacements for the Justice and Senior Centers \$573.5k, purchase Library Materials at \$241.5k, new ambulance at \$230k. She reviewed CIP Projects, noting the FY18-19 Budget provides for \$6,060,000 for Service Center Improvements, \$5,122,000 Fire Station No. 2 relocation, \$3,800,000 Street Improvements, \$3,083,500 Trail Improvement, \$1,240,000 Creek Projects, \$1,150,000 Inflow and Infiltration Repairs, \$875,000 Landfill Construction, \$800,000 Trinity Well, \$600,000 Residential Revitalization, \$515,000 for Utility Replacement & Improvement, \$400K for Oakbrook Street Revitalization, and a Dog Park at \$236,000. Next she reviewed CIF Bond Funded

Projects which indicate an 87% increase in the Capital Project Expenditures which is due to Bond Funded projects. She noted the following are Bond-Funded projects: (1) Fire Station No. 2 Relocation at \$5,122,000, (2) Street Improvements at \$3,800,000, (3) Trail Improvement \$3,083,500, (4) Landfill Construction at \$875,000, and (5) Residential Revitalization at \$600,000 for a total of \$13,480,500 in Bond Funded projects.

The City Council discussed budget deadlines and water bill late fees, building reserve funds for future needs, early debt payment options.

Council Member Reyes suggested discussing a tax reduction, and any benefits to individual households.

Deputy Mayor Pro Tem Bomgardner stated the amount we are discussing is \$130,000.

Mayor Pro Tem Norwood suggested using the monies to benefit the citizens and supports having a tax rate below the effective tax rate.

Ms. Evans-Jones summarized stating the 2018-19 Operating Budget total is at \$131,903,726.

Mayor Dye recessed the meeting at 11:30 a.m. for a short break. The meeting reconvened at 11:38 a.m.

The following Departments provided updates on their proposed budget items:

Fleet and Facilities Management

Director of Fleet and Facilities Management Kevin Muenchow provided a budget proposal for his Department noting the total fleet budget for 2018-19 is \$2,692,200 and the total Facilities budget for 2018-19 is \$1,713,300. He stated the top initiatives for his Department is (1) Fleet Replacement Program, (2) Facilities Long Range and Repair Program to identify capital repairs and replacement of facilities, and a new Service Center Project with a multiyear construction initiative to build a new service center at Keenan and Senlac locations.

Mayor Pro Tem Norwood suggested the possibility of purchasing items sooner rather than later to save expense on items that may cost more if we deferred repairs. He provided an example of the roof at the Library, noting if it failed, it may be more costly to repair as water damage would affect the inside structure.

Council Member Lynne suggested extending the replacement to allow savings. He further stated you should review the cost to fix verses the cost to replace.

Mr. Muenchow stated these are long term phased plans to provide upgrades to city facilities. He stated we are behind, and his goal is to catch up prior to having failures.

Mr. Cox stated he will have Staff re-evaluate assets and bring forward a projection list of items.

Mayor Dye recommended the city look into electric vehicles to help provide energy efficiencies.

Mr. Cox stated we currently utilize some hybrid vehicles.

Mr. Muenchow stated Code Enforcement and Meter Reader employees could utilize electric vehicle charging stations that are currently located at City Hall. He noted there are many energy saving options the City could utilize such as LED lighting.

The City Council discussed costs of renovating the Service Center, Service Center personnel, and costs associated with hvac of the new construction.

Mr. Muenchow replied stating they plan to use ambient heat and a fan and would not ask for a/c for the garage.

Mr. Cox stated previous Councils have not wished to move forward with construction of a Service Center. He noted the City has delayed and costs have increased. He further stated by renovating the Center it would allow four (4) bays, a meeting space, additional storage among other necessary improvements. Mr. Cox stated we have \$6 million for Service Center improvements.

Mayor Dye recessed for a break at 12:44 p.m.

City Council convened into closed executive session at 12:54 p.m.

Mayor Dye resumed the open session meeting at 1:01 p.m.

Public Works

Director of Public Works Marc Bentley briefed City Council regarding the Public Works budget. He explained the top initiatives for 2018-19 are (1) Street Bond, Phase 2, (2) Farmers Branch Creek Projects, including Trinity Well, (3) Rawhide Sanitary Sewer Main, (4) Cooks Creek Channel Improvements, and (5) Farmers Branch Creek Expansion Study.

The City Council discussed staffing levels, creek projects, and grant funding.

Mayor Pro Tem Norwood recommended storm funds be counted as Non-CIP items to make it more visible within the budget.

Ms. Evans-Jones stated it shows in the fund balance.

Mr. Cox replied stating we can display it more clearly.

Mr. Bentley explained the City has applied for a 2.5 million dollar grant to assist with moving homes out of the creek flood plain area.

Mr. Bentley reviewed inflow and infiltration reduction noting additional funding has been available in order to address our aging sanitary sewer infrastructure in order to reduce I&I in the system. He explained Rawhide Creek Trunk Sewer is a high priority project due to current condition of the pipe. He explained this will be a 1-2 year phased project to complete with an estimated cost of \$3,000,000. He stated the 2018-19 budget includes \$1,200,000 to begin work on the first year. The utility operations division has identified \$12,000,000 of water and sanitary sewer lines that are in need of repair. This fund will allow the department to upgrade the overall system. In summary, he stated the City has identified over \$15,000,000 in water and sewer improvement needs. He stated more attention to creeks and floodplain is necessary to reduce potential flooding.

The City Council discussed infrastructure funding, and easements that are necessary from creek property owners.

Council Member Reyes stated she lives two houses away from Farmers Branch Creek, noting walls are about to collapse. She further stated homeowner's do not have finances to address these issue. She further stated Farmers Branch Creek has never had flood and erosion control, which is necessary for safety.

Mr. Cox stated when we drafted the proposed budget, he realized top ten items had city infrastructure components. He stated we must protect critical infrastructure.

Council Member Blackson stated due to development along the southwest corner of Spring Valley and Midway, the creek has experienced an increase of runoff.

Mayor Dye suggested creating a long term plan to prioritize these projects.

Deputy City Manager John Land stated this budget contains things we can control now, noting the City can continue to work with creek owners to come up with a plan.

Mayor Dye recessed for a break at 2:28 p.m.

Mayor Dye reconvened into closed executive session at 2:33 p.m.

B. EXECUTIVE SESSION

- B.1 18-125 Council may convene into a closed executive session pursuant to Section 551.072 of the Texas Government Code to deliberate regarding:**
- ***Discuss the purchase, exchange, lease or sale of real property located at 500 Huffines Road, Lewisville, Texas.***

Mayor Dye reconvened into open session 2:35 p.m.

C. TAKE ANY ACTION NECESSARY AS A RESULT OF THE CLOSED EXECUTIVE SESSION.

As a result of closed session, Council Member Blackson made a motion to authorize the City Manager be authorized to negotiate and sign contracts and such other documents that are reasonable and necessary to sell to the Farmers Branch Local Government Corporation for the purpose of resale to DYDH Dallas, Inc. the City's property located at 500 Huffines, Lewisville, Texas for sales price of not less than 1.775 million cash for the purpose as authorized by the City of Lewisville zoning ordinances. Motion seconded by Deputy Mayor Pro Tem Bomgardner. Motion prevailed by the following vote:

Aye: 5 - Mayor Pro Tem Norwood, Deputy Mayor Pro Tem Bomgardner, Council Member Blackson; Council Member Lynne, Council Member Reyes

Police Department

Police Chief David Hale briefed City Council regarding the Police Department's budget. He reviewed the following top initiatives for 2018-19: (1) Public Safety, (2) Community

Outreach, (3) Workforce Investment and Retention, (4) Innovative Technology, and (5) Thriving Neighborhoods.

In summary, Chief Hale explained the Police Department's budget is primarily drive by full time employees (73%), CFBISD provides 50% of the salary and benefits for one (1) School Resource Officer, Personal Services/Benefits increase of \$299,700 is pay increase from last budget year, Fixed asset transfers increase of \$276,100 for drones, software, vehicles and Justice Center A/C replacements, Services decrease (\$135,100) due to NTECC decrease cost, fewer vacancies.

The City Council discussed Police Department pay structure, beat project, Police Officer recruitment and retention.

Mayor Pro Tem Norwood asked what significance the role of a Corporal plays to the force.

Chief Hale replied stating a Corporal is a unique position, which has been morphed into a supervisor position in order to provide more manpower. He further stated the Corporal position is critical to meet the needs of the community.

Fire Department

Fire Chief Steve Parker briefed City Council reviewing Fire Departments Mission and reviewed key divisions. He reviewed top five initiatives for the 2018-19 budget: Completion of Fire Station #2 Design, (2) Fire Station #2 Construction, (3) Ambulance Replacement, (4) Replace Command and Fire Prevention Vehicles, and (5) Implement NFPA 1582 and Medical NFPA 1583 Fitness Screening Programs. We continue to work with Fleet to ensure the Fire Department maintains modern and reliable fire engines and ambulances. He explained the Fire Department is implementing a NFPA compliant firefighter health and fitness program is the Department's #1 funding priority. Chief Parker noted the budget includes an updated billing schedule that brings our EMS charges to market and comes closer to covering our actual cost for EMS service delivery. A new Fire Inspection fee program is being recommended. It is hoped to use this new revenue stream to be able to annually inspect 100% of our city's commercial buildings.

Mayor Pro Tem Norwood expressed concerns with last year's outreach approach at letting stakeholders know about the revised demolition rebuild program. He recommended three months or more of community outreach on the new Fire Inspection fees, to let everyone know the impacts.

Mr. Cox suggested tying in the message on the ISO1 ratings with the fee inspection education.

Parks and Recreation

Director of Parks and Recreation Jeff Harting briefed City Council regarding the Parks and Recreation mission and key divisions. He reviewed the following six initiatives for 2018-19. (1) Create a dog park, (2) Sponsorships, (3) Membership Fees, (4) Christmas Event with Ice Rink, (5) Nature Preserve Improvements, (6) Historical Park Standards and Excellence Program for History Organizations.

The City Council discussed anticipate fee revenue, membership fees, and pool operation hours.

Mr. Harting summarized stating the Parks and Recreation General Fund operating budget decreased slightly this year. The increase in total expenditures are due to one time project expenses. He explained the Hotel/Motel Tax Fund expenses relative to Historical Park funding would decrease 18.13% (\$356,000) in FY 18/19. He stated Staff is considering a series of future expense reductions and revenue generating measures that will result in a stronger departmental cost recovery number moving forward.

D. ADJOURNMENT

Council Member Blackson made a motion to adjourn the meeting. Motion seconded by Mayor Pro Tem Norwood. Motion prevailed by the following vote:

Aye: 5 - Mayor Pro Tem Norwood, Deputy Mayor Pro Tem Bomgardner, Council Member Blackson; Council Member Reyes; Council Member Lynne

The meeting adjourned at 5:35 p.m.

August 16, 2018 (Council Retreat- Day 2)

Mayor Dye called the meeting to order at 8:04 a.m.

Director of Planning Tina Firgens briefed City Council regarding the Planning Department budget. She reviewed the following top initiatives for 2018-19: (1) I35 Corridor Interim Rezonings, (2) IH 35 Corridor Vision Study, (3) Update Landscaping Regulations (CZO), (4) Update Parking Regulations (CZO), (5) Evaluate non-conforming properties and regulations for the (CZO).

The City Council discussed staffing numbers past and present, outsourcing services, local and international training/conferences, and the I35 Corridor Study.

After discussion, Mayor Pro Tem Norwood suggested putting \$30,000 as an unfunded option and review again next year.

Economic Development

Economic Development Director Allison Cook briefed City Council noting the following are top initiatives for 2018-19: (1) Demolition Rebuild Program, (2) Neighborhood Renaissance, (3) Façade Grant Program, (4) Business Engagement, (5) Redevelopment Programs.

The City Council discussed incentive dollar amounts compared to other cities.

Finance Department

Director of Finance Sherrelle Evans-Jones briefed City Council regarding the proposed Finance budget. She reviewed the following top five initiatives: (1) Project Promise Accounting Implementation, (2) Manage the 2018-19 Budget, (3) Annual Audit, (4) Maintain Sound Financial Policies, (5) Manage Court and Related Revenue.

The City Council discussed the Court revenue shortfall, ticket revenue, Judge, and Court reporting structure.

Council Member Blackson asked that the 3% credit card fees be charged to the consumers to help offset costs.

Ms. Evans-Jones provided the following summary, noting the Finance Department 2018-19 Budget is increasing by \$129.8k (or 5.6%) largely due to merit increases, additional temporary personnel to help with Project Promise transition, additional Court technology costs, and an increase in Audit, DCAD, and other fees. She stated the proposed fee increase to the Water/Sewer is 6% and the Stormwater is 5%.

The City Council discussed the recovery fee and Dallas County services.

The City Council directed staff to begin charging a service fee (convenience fee) for all payments made through the City's credit card system.

Administration – City Manager/City Secretary/Library

Assistant to City Manager Ben Williamson briefed City Council on the Administration Budget. He noted the presentation included City Manager's Office, City Secretary's Office, and Manske Library. Mr. Williamson reviewed the following top initiatives for the City Manager's Office: Entryway Monuments, 2019 Resident Satisfaction Survey, Farmers Branch Night Out, Performance FBTX, and Employee Survey. He reviewed the following Top initiatives for the City Secretary's Office: 2019 City Election, Board & Commission Software enhancements, Records Management, and internal Citywide Records Training. Mr. Williamson reviewed the following Manske Library initiatives: Library Renovation or New, Collection Development, Library Programming, Library Board Development.

Mr. Williamson summarized stating personal services and benefits have increased due to the reallocation of personnel, which was previously accounted for in another department. He stated the Library budget remains a success story, the City remains focused on our mission, vision and values. He further stated the City continues to improve and be a leader that is recognized across all layers of government.

The City Council discussed the Manske Library renovation verses a new building, and the possibility of holding a Bond Election.

Mr. Williamson reviewed the new rental policy and nonprofit funding requests.

Council Member Reyes suggests having clear guidelines and criteria on organizational funding requests.

After discussion, the City Council agreed to move forward with the proposed nonprofit funding plan.

The City Council recessed at 11:42 a.m. and reconvened at 11:47 a.m.

Community Services

Building Official Hugh Pender briefed City Council regarding the following top priorities: (1) Adopt 2018 International Construction Codes, (2) Network with other municipal Code Agencies, (3) Identify and participate in Code Enforcement property clean up, (4) Educate Citizens on Code Enforcement requirements, (5) Update ZBA and BCBA fee structure.

The City Council discussed fee structures, code enforcement and initiatives.

Sustainability and Environmental Health Department

Director of Sustainability and Environmental Health Shane Davis provided the following top initiatives: (1) Personnel transition with the Environmental Health Manager assuming a role within solid waste and recycling while the Director assumes the Public Health Division role (cross training), (2) Stormwater Permit Renewal, (3) Camelot Landfill Scalehouse/Facility, (4) Bond Funded Trail Program, and (5) Camelot Landfill Gas Collection System. He summarized explaining he has a small staff with multiple high profile project expected next year. He stated the Camelot Landfill scale house construction, Stormwater permit submittal, multiple trail construction projects, Vitruvian well project, and potential changes to garbage collection service. He noted transition is still occurring internally.

Mr. Davis reviewed the residential service on trash and bulk, noting with fuel prices on the rise, insurance and cost of labor, the savings to move to one day a week trash pickup is estimated to be about \$73,000.

The City Council discussed current trends, once a week verses twice a week trash pickup, screening, storage, public education and solar energy.

Mr. Davis stated the current contract is for 5 years with a 2% a year increase. He explained you could extend the contract for two years to allow the once a week trash pickup.

After discussion, the City Council directed Staff to bring forward at a future Council meeting, an amended agreement for once a week trash pickup with the option of screening requirements.

Human Resources

Director of Human Resources Brian Beasley briefed City Council regarding his budget items. He reviewed the following top initiatives: 1) Drive Culture, 2) Off Year Compensation Study, 3) Drive Participation in the City Clinic by partnering with Baylor Rehab, 4) Project Promise/HR payroll implementation.

The City Council discussed Police Leadership positions, Police Department structure, step plans, compensation, longevity pay, city costs, and new clinic costs.

Information Services

Director of Information Services Mark Samuels briefed City Council reviewing the following initiatives: (1) Project Promise, (2) Cyber Security, (3) Technology Upgrades, (4) Data Management, (5) Enhance GIS.

Communications

Director of Communications Tom Bryson briefed City Council reviewing the following Department initiatives: (1) Expand Video outreach, (2) Leverage Social Media outreach, (3) Enhance eNews offerings, (4) Permanent information signage for neighborhoods, (5) Deep development of internal communications channels. Mr. Bryson provided a video update of the budget.

Council Discussion:

Deputy Mayor Pro Tem Bomgardner stated he would like to see the reserve funds go up above 11 million in the General Fund.

Mayor Pro Tem Norwood stated he prefers to see more flexibility in the non-bond fund. He asked for more information on the deferred maintenance. He explained this is a significant budget growth of \$7 million. He suggested utilizing a zero based budget. He recommended the Council be more involved when the budget is formulated.

Mayor Dye stated he liked the plus and minus 10% narrative on the budget proposals, and but recommended adding a dollar amount next to the items.

Deputy Mayor Pro Tem Bomgardner suggested having a budget sheet with last years numbers, staff recommendations and then a 10% plus recommendation.

Council Member Blackson suggested starting with a zero based budget every three years to see exact operation costs.

Mr. Cox recommended the City Council review CIP funds and critical infrastructure needs. He stated we need to be prepared for future capital activity needs.

Council Member Lynne suggested having a meeting to discuss special topics prior to the retreat.

Council Member Reyes thanked staff for all the efforts and work it took preparing for the retreat.

Mayor Dye stated we are lowering our rates for the first time in 35 years, which is an exciting story to share. He further stated we are unique and one of thirteen cities that utilize DART.

Mayor Dye thanked staff for the information and feels the budget looks good, and he is looking forward to the future of Farmers Branch.

Deputy Mayor Pro Tem Bomgardner stated he supports the budget, as is. He noted city staff did a great job providing the information requested.

Mr. Cox stated the Strategic Plan meeting is set for January 2019.

Council Member Lynne asked for a new meeting facilitator noting Mr. Pennington has been utilized for the last several years.

Mr. Cox stated he and Ben Williamson would facilitate the next Strategic Plan meeting.

Motion made by Council Member Lynne to adjourn 5:16 p.m. Motion seconded by Mayor Dye. Motion prevailed by the following vote:

Aye: 5 - Mayor Pro Tem Norwood, Deputy Mayor Pro Tem Bomgardner, Council Member Blackson; Council Member Reyes; Council Member Lynne

Signed: _____
Mayor

Attest: _____
City Secretary