

**STATE OF TEXAS
COUNTY OF DENTON
CITY OF CORINTH**

On this the 9th day of June 2016 the City Council of the City of Corinth, Texas met in a Workshop Session at 5:30 pm at the Corinth City Hall, located at 3300 Corinth Parkway, Corinth, Texas. The meeting date, time place and purpose as required by Title 5, Subtitle A, Chapter 551, Subchapter C, Section 551.041, Government Code, with the following members to wit:

Members Present:

Bill Heidemann, Mayor
Joe Harrison, Mayor Pro-Tem
Scott Garber
Don Glockel
Sam Burke

Members Absent:

Lowell Johnson

Staff Members Present:

Lee Ann Bunselmeyer, Acting City Manager
Cody Collier, Acting Public Works Director
Kim Pence, City Secretary
Fred Gibbs, Planning & Development Director
Mack Reinwand, City Attorney
Jason Alexander, Economic Development Director
Carrie West, Police Lieutenant
Curtis Birt, Fire Chief
Guadalupe Ruiz, Human Resource Director
Chris Rodriquez, Financial Services Manager
Caryn Riggs, Assistant Finance Director
Jeremy Booker, Building Official
Brenton Copeland, Technology Services
Mike Brownlee, City Engineer

CALL TO ORDER:

Mayor Heidemann called the meeting to order at 6:30 P.M.

PRESENTATION:

1. Hold a discussion and receive direction regarding the Parkside Farms Subdivision.

Lee Ann Bunselmeyer, Acting City Manager – over the last few month's staff has been working with the developer that is doing some new construction out in this area, trying to provide some relief for the citizens and some concerns that they have regarding lighting and fencing and also traffic concerns. Tonight Cody Collier is going to make a presentation and give the Council an overview on some things that we have been

able to accomplish over the last few months and also to talk about some options to relief the traffic concerns. We also have Fred Gibbs, our Planning and Development Director that will be assisting Cody on the presentation and also Carrie West our Police Lieutenant is here to address any police concerns.

Cody Collier, Acting Public Works Director – some of the prior considerations for concerns out there were no truck signs along Park Place to help detour pass thru traffic for large trucks in the subdivision and those signs were placed in March. The police department is not able to stop the large trucks from traveling through there with the intent of making a delivery. The intent and the only way the police officers can enforce the no trucks signs is if the trucks are utilizing that as a pass thru.

We have also done traffic counts, one in February and a second one in March, both of those for Park Place was in the 85% of speed averaged 28 miles per hour. There was questions about putting in stop signs along some of the intersection of Park Place to help control traffic and speed. Unfortunately that is not an option, we cannot legally use stop signs as a speed control options.

It was brought up to reduce the speed limit to 25 miles per hour and this Council does have the authority if you would like to do so to reduce the speed limit on Park Place. However, with the 85% of speed being 28 miles per hour as it is now I don't know that you would receive much of a benefit if at all from reducing the speed limit to 25 MPH. The other issue was the traffic volume and I don't believe by reducing the speed limit to 25 miles per hour would actually help with the volume of traffic you are seeing on Park Place either.

The police department has increased patrols for speed on the street and across the street. I checked with the police department this morning and they do not have any records of any citations issued for either no trucks and for speeding, specifically on Park Place. The developer was contacted and asked to route traffic away from Park place.

Fred Gibbs, Planning and Development Director – both the builder and the developer are here tonight to elaborate on any of these concerns. Currently right now we have withheld all building permits out there until the fence issue that is adjacent to the Parks of Corinth is addressed. I do know the developer has met with those homeowners that are adjacent to it and I am sure he will elaborate on that. The developer has paid for the street light relocation with Oncor and we are now waiting on Oncor to physically go out there and do the work. It has been raining quite a bit lately and so it has to dry up a little bit before they can relocate that line. We are probably two weeks out from that happening.

Cody Collier, Acting Public Works Director – I have prepared three options, Option 1 if we remove the speed cushions off of Shady Rest Lane and allow folks to use Shady Rest Lane to get back and forth between Corinth Parkway and back through subdivisions I fully expect the traffic volumes to decrease on Park Place. Cushions were place there temporarily until the Post Oak Bridge re-opens. Option 2, is to look at reducing the speed limit to 25 MPH. That is an option however I don't believe it will have any impact on the volume of traffic or the speed of traffic. Option 3, is the option to consider speed cushions on Park Place. It would certainly help but I am not sure if that is a great solution either. Speed cushions is what is moving people from Shady Rest Lane to Park Place so if you put the same condition on Park Place then most likely Shady Rest Lane will become the more preferred route, the down side to that is there are other areas in town where residents have requested speed cushion and we get in the business of continuing to place them and that will be an impact the city is going to see. On each set of speed cushions the cost will be about \$3,500 a piece so two speed cushions on Park Place will be about \$7,000 for that option.

Councilmember Burke – can we take the ones off of Shady Rest and put them on Park Place?

Cody Collier, Acting Public Works Director- yes, we can.

Councilmember Glockel – the reason we put in the speed humps on Shady Rest Lane was a measure to try to discourage fast traffic through this residential area while Post Oak was being built is the correct?

Cody Collier, Acting Public Works Director – yes.

Karen Danks, 3700 Park Wood Court – against the variance.

Jim Wallace, 1404 Park Place – thank you for the time and effort that everyone here at the City has put in trying to help us. We directly back up to the new development and we have been watching the construction going on for over a year. I have been here previously to speak on how my kids almost got run over because of the traffic on our street. We were told we were going to be helped with the retaining walls, we were told we were getting new fences, we were told they were going to join our HOA, we were told construction traffic would not go through our subdivision, we were told there would be no construction before 7:00 A.M. or after 7:00 P.M., not a single one of those things are being followed. I would ask that these things get remediated quickly so that we can move on with our lives and they can move on with theirs.

Lisa Clawson, 1411 Park Place – I went back this evening at all my emails and I go back to March 2014, we are almost at 2 ½ years later. We are not against development, we offered to partner, we were promised the moon and I cannot think of one thing that he has actually held up too. I have been here 5 times asking for help and we are tired. We have tried to alert the City but at some point someone needs to be held accountable and we need some answers.

Jera Walker, 1400 Park Place – no one has ever talked to me about a fence or having a fence putting a fence in. I have had increased water flowing into my backyard and it is washing away my soil. I tried for two weeks to get in touch with the builder and finally he came out and said they would do something about it and I have still not had anything done and they have not contacted me. I don't let my kids play in my front yard anymore because they have almost been hit by vehicles. I love this neighborhood but I am seriously considering moving out because it is not the same environment it was four years ago.

Juan Olivencia, 1403 Park Place – promises not delivered by the developer. The fences, the wall, joining the HOA. Etc. The traffic is horrible. Today I think I saw 3 trucks going through.

Roy Grisham, 3905 Emerald Park – the primary concern at this point is the traffic. The City always have the right to put in place emergency exception to protect an at risk observation therefore, you could because you have young kids out of school that is exposed to danger and you could take action to lower the speed limit or put in a temporary stop signs in and you could take actions to fine the trucks. My recommendation is the general contractor should fine his subcontractor who are driving the trucks through the neighborhood and put the money in the HOA. There has not been one thing that has been done that we were told would be done. Any requests should be denied by the City Council that represents us.

Reginald Rembert, Developer Parkside Farms – last year in 2015, was the rainiest year probably on record for the entire north Texas region. The number of workdays were very minimal so the project got way behind. As far as the HOA and assisting with the wall the residents said was promised, we have and still have full intentions of discussing an HOA merger with them and we have not done anything yet that relates to an HOA yet but the problem is we still do not have a subdivision officially accepted yet by the City of

Corinth and the main reason we don't have our subdivision is because of the street light, that street light was put in place per plan that one resident raised an issue which costs the developer \$1,800 which was an unnecessary expense because we put the street light per plan which is where we put lights in all the communities, we put street lights at the end of a cul-de-sac and that is where they normally go. I was requested to move it and yes I did have a concern about moving a light that was already installed and already paid for and to leverage the subdivision which is still being leveraged today mainly for that light, we have paid for the light and Oncor is in the process of relocating the light.

Again, as a merger of an HOA they do get HOA fees and they do get a fee for coming into the HOA some of the upfront money we are talking about would be an assessment to come in to the HOA as a one-time fee and they could use that money to assist with the wall or whatever.

As far as the residents that spoke the gentlemen that complained about the light and his fence not being up, I met with him and told him I had a concern however, I did purchase the light. He has a home that is within 10 feet of the property line with no fence, well he is under the impression and that someone told him that would never be developed behind him and that is why he bought his property so he is upset at someone one. We have full intentions of installing a fence however, we went through the subdivision and we want to install the fences on a lot by lot basis as we build the house we were not going perimeter the whole thing. We have since talked to the Planning department and I met with a fence company and one of the problems we have there to come in and build a perimeter fence everywhere is we are going to do significant damage to the screening along the rear of these properties. We don't have a problem doing it, we will come in and won't take out any protected trees but all the brush and underbrush, the residents will lose privacy and that will be the next issue that Council will be hearing about. We will have to do some significant vegetation clearing that will affect some of the resident's privacy.

We are not here to not do a good job and the community will be very successful but right now the City holds the cards and you still have \$150,000 letter of credit on file for this project that has not been released. We have been trying to get that released for six months. We don't know what else we can do as a developer and a builder, we have requested our dumps and trucks not to use... we have exhausted all of our means and we don't want a bad reputation in the City of Corinth as far as developing but sometimes residents are not as sensitive to construction because their lives are affected and we understand that. It is a construction site and a construction zone and it is temporary.

Councilmember Harrison – I assume it is your subcontractors and trucks that are going over there at odd times is that correct?

Kyle Williams, Builder, Parkside Farms – the problem is these are independent contractors that work for us they hire sub-contractors to deliver their sand, brick, lumber, sod and so forth and there is no way for us to be able to fine them. They are not a First Texas Home employee and I cannot tell them to not drive on those streets. We have signs that we ordered they have not come in yet that will be placed at both entrances that say "No Deliveries" from this time to this time.

I have an idea if we put temporary barricades up at the end of the subdivision that does into theirs or on that street that could just be moved out of the way by firemen if they need to get through there. I think that would be the cheapest thing to keep people from cutting through. If you pull up Google Map and punch it in it takes you right down Park Place.

Lisa Clawson, 1411 Park Place – deliveries at 5:00 A.M. happen, we have photos and we have sent them.

Joining the HOA I have sat in with Reginald and he said he was interested. The last contact I had was from October 2014, we have to vote to add them to our HOA and that takes time. I would ask why are you not working on this now.

Reginald Rembert, Developer Parkside Farms – I spoke earlier that we are very interested in joining and talking to them about merging the HOA's. It will be before you decide to start collecting HOA's or moving people into the homes over there. We have a large list on our plate and we just have not got to that. Can we work out a deal to merge the two? I don't know.. but we are planning to sit down with them and work out an agreement with them but we have not got to that point yet.

Kyle Williams, Builder, Parkside Farms – we are getting bids to come in and clear out some of the trees and we are going to use the least expensive of the two. The scope of the work is going to be coming in and clearing all the brush and taking any tree basically under 3 inches if that is allowed and I think anything under 3 inches is allowed. They are also going to be coming in and clearing those trees up to about 8 to 10 feet and that will open up some of their views on ours but those trees are for the most part contained on our lots.

Lisa Clawson, 1411 Park Place – I have the minutes from April 17, 2014 Council meeting and on page 5 of those minutes Mr. Rembert says I agree to install a six foot cedar picket fence along the entire property line and I would like to go on record that I would agree to a \$20.00 per foot allowance for residents to replace their fences or I can replace them myself. I think part of the original solution was to get feedback and work with the residents on what kind of fence they wanted. Some people might want an eight foot.

Reginald Rembert, Developer Parkside Farms – there is a lot of moving parts to this fence. There is a lot of things to work out here, you are talking about heights of fences and clearing brush. Fred Gibbs has told us we need individual permits this could take a minute to get. If Mr. Wallace's fence needs to go up right away I think we can address that but there is effort that has to be put into this and it cannot happen in the next seven days so I just wanted to get that on record.

Councilmember Burke – who is the president of your HOA?

Lisa Clawson, 1411 Park Place – Michael Long and he is not here.

Councilmember Burke – we are here what do you want? There is no doubt it will take longer if he does it lot by lot. If you want it fast, we have his attention. If you want them built piece-milled they will go up when the houses go up and none of them are up. I am confused about what the expectation is?

Lisa Clawson, 1411 Park Place – I am not on the board but I believe I can say there are about 11 homes that are affected, Park Place and Park Wood. Are annual HOA meeting is Tuesday night on the 14th here at City Hall. I think our biggest issue is we waited 2 ½ years and have not been contacted at all to talk about options, there has been no options. I think if he had come during those two years and said hey I can do it all at once I could do eight foot etc. then the homeowners would have had a say in it but in 2 ½ years there has been no discussion.

Councilmember Burke – there is clearly a breakdown in communication. There are competing demands that are being made here and that is not going to get anything solved.

Reginald Rembert, Developer Parkside Farms – it was our initial plan to put in fencing with the new homes on a per lot basis. There are several homes that already have new fencing.

Councilmember Burke – are you all saying there is nothing in your contract that allows you any recourse against your sub's if they are hiring people that are not following our codes?

Kyle Williams, Builder, Parkside Farms – sure there is recourse, we could always try to hire someone else but if anyone been watching the news it is hard to find anybody to work for you period that does not already have enough work so it is not like we can go out there and find a sand contractor and have them show up. It does not exist out there right now. There is more work then there are vendors and contractors.

Councilmember Harrison – we talked about eleven homes that we are dealing with is that correct?

Fred Gibbs, Planning and Development Director – it is actually 7 homes in Parkside Farms and impacts 11 homes of the Parks of Corinth.

Councilmember Harrison - it is the seven lots that we are going to put a fence up?

Fred Gibbs, Planning and Development Director – yes,

Councilmember Harrison – if you have a house that is built on the other street, I would assume whenever you build that home you are going to put the fence up for that home strictly. The homeowners need to decide if you are going to do it individually or as a group? The rest of the City puts it up individually. We have four under construction right now and those fences are going to go up individually as they sell the home.

The light has been disconnected about 3 months ago and the developer is going to fix the light, that light is not bothering anybody now because it is not there. The business about the builder said he cannot enforce the 7:00 to 7:00 curfew we have several new residential areas and they are abiding by the 7:00 to 7:00 and I think you are wrong as a builder that you are abiding with it, we don't have problems anywhere else that I am aware of. I certainly understand the market currently but somebody has to be held accountable. I don't think that I as a Councilperson and the City and this is my own opinion as far as saying you have to accept their HOA I can't tell you to do that, that is between you and them.

The drainage, everywhere in the City of Corinth we have drainage problems. If they have a standing pool behind their house and if you feel the developer or builder that the drainage is coming from you then I would expect you to fix it. Let's just work it out. If it is a six foot fence or board on board, that is a decision you made and you agreed to do it with the city.

Fred Gibbs, Planning and Development Director – the only thing the City would ensure is that it is at least the six foot cedar fence because that is how the Council approved their PD and anything beyond that is between the property owner and the builder. As far as the HOA that is an agreement that would have to occur between the two entities. It was not subject to approval for the PD but I will add that the HOA is an important facet at the end of the day because before the City can file that final plat the HOA deeds and covenants needs to be submitted to make sure the maintenance responsibility on that particular subdivision has a person that is responsible for the maintenance. It is going to have to happen regardless whether they join the existing HOA of the Parks of Corinth or create their new one.

Councilmember Garber – are there mechanisms in place to ensure that these things are followed through, the individual home building permits rather than holding up the builders money with the zoning request? Is there anything that we can't ensure that does not get done because of the apparent lack of communication that we can't handle through the platting or through the individual home building?

Fred Gibbs, Planning and Development Director – the process before we stop building permits because of all these issues, the process was simply they come in when they are ready to build a house on one of those 7 lots, they come in and pull a building permit. As part of that building permit they have to pull a fence permit as well, we have been doing it that way for years, most Cities do it that way. We don't require a fence for a residential lot, you do not have to have a fence to build a house here but most have them. We wanted something from the adjacent property owners that we know were affected by this, we communicated to the builder and developer that we need something from them to make sure that communications has been open. So when we go out there and inspect it we see that has been followed through. We won't issue that building permit and or fence permit until that exercise has happened. That is our common practice.

You can approach it two different ways, you can do it all at once or you can do it lot by lot. Those are the two ways that you can ensure it gets done. We have the ability to hold certain things up during the process such as building permits or accepting the subdivision is another one, not issuing inspections is another one. We are trying to find a happy ending and keep the project moving but also trying to satisfy some of the concerns that we have heard tonight,

Councilmember Burke – I feel like one of the things that we have constructed Mr. Gibbs to do or he's done which is not issuing anymore permits has possibly created part of the problem. If he is not issuing any of these permits and you want him to go lot by lot there is not going to be any fence until everybody fence issue is worked out.

Fred Gibbs, Planning and Development Director – currently we are not issuing any building permits for new homes, we will issue a separate fence permit to address part of the fencing because that is getting done. If you do it lot by lot that is a different process. They will come in and pull their house permit and in relation to that permit there will be a fence permit with that. Right now we are not issuing any building permits until we get some direction tonight.

Councilmember Burke – the process is they have to get all their building permits which involves the process of going to each individual homeowner affected making sure that they agree with the fence that is going to be built then they can get their fence permit and once they have done all of that for each of the affected lots then they can get another building permit?

Fred Gibbs, Planning and Development Director – correct, they can get the new home building permit for those lots.

Councilmember Glockel – on Park Bend is there a legally posted sign from the City that says “NO THRU TRUCKS”?

Fred Gibbs, Planning and Development Director – according to Cody, yes.

Councilmember Glockel – then I would ask the police department that you enforce that. We have an Ordinance and we have what size trees that can be cut and what can't be cut. We have a subdivision that has

been approved and we have a fencing Ordinance. Your subdivision is not the first one that has been built that gets clear cut up to a fence and people move in and they want to retain this nice buffer. This buffer is on their property so we have to be cognizant of the fact that you don't control that whole thing.

The biggest problem I see of this whole discussion is you have 3 lots backed up to 5 lots, how can you pick an individual fence because one of these lots is going to have 3 of your lots so the person that has one lot in the middle does he have to have 3 different kinds of fences on his property to accommodate your desires? But this developer over here has to sell that lot and so it would be real difficult for him to have 3 different fences on one lot, then another lot you have two different kinds of fences on it. Of your 3 lots you have a minimum of two kinds of fences if each of you five over here pick a particular fence that is different, I don't think that is practical at all. The plan that was approved and the agreement was that you would build a fence when the houses were built and they are not built yet. I think we have had a lack of communications and I think that is the biggest problem.

The radios and excessive noise, you know it happens, you need to enforce it and the police department needs to enforce it. We have a noise ordinance so enforce it. Spend some extra time on this road enforcing the speed limit and working between 7:00 am to 7:00 pm with common sense. The thru truck thing work on that from a builder and developer side but the City needs to work on it as well. If we have legally posted signs let's enforce it. Letting him build a fence of a consistent form then when it is all finished everybody's fence looks good from both sides, does that make any sense?

Fred Gibbs, Planning and Development Director – when you build these perimeter style type of fences you typically do them during the development of the subdivision because they are going to be a common fence maintained by a common entity such as an HOA. This one is a little more unique because they have some commonality of the fence but not the entire subdivision is getting that same type of treatment. The way that your ordinance reads is the developer who is responsible for the construction of this fence which has to be 6' foot cedar but that was when Mr. Rembert was also the builder and developer and now that has changed over time and they have sold the lots off to the builder. We are trying to work through that as well, keep the project moving and get the fence built and the residents are heard as well so that is the middle ground we are trying to follow.

Mayor Heidemann – if they wanted to put up a barricade there is that an acceptable practice?

Cody Collier, Acting Public Works Director – with a temporary barricade up it would stop but the down side is it does not work very long. They will move the barricade and drive through. Unless someone is there to constantly maintain the barricade putting them back up the first car that encounter it will move it out of the way and drive through. It sounds good in theory but does not work very long.

Reginald Rembert, Developer Parkside Farms – we do not have a problem with a 6' foot cedar fence which was what was promised and we will do that as soon as possible.

Jim Wallace, 1404 Park Place – we have an HOA meeting here at City Hall next week and we would like to invite Mr. Rembert to that meeting and see if we can get this resolved. If you could show up with an example of what that fence looked like that would help. I am all for a new fence if that is an option.

Reginald Rembert, Developer Parkside Farms – I am going out of town but I will try to make every effort to get back in town and get my flight pushed up earlier in the day so I can attend this meeting. I will get a

hold of their HOA president to try to confirm whether or not I will be able to be there.

Fred Gibbs, Planning and Development Director – tonight you have the option to give us direction on some of these things on the traffic, speed humps etc.

Councilmember Burke – my opinion is pull the two off of the longer stretch of Shady Rest and put them on their street until the development is finished.

Fred Gibbs, Planning and Development Director – by pulling those speed humps off of Shady Rest those residents will also have concerns as well.

Councilmember Garber – I seem to remember two more speed cushions up into the neighborhood that was north of Shady Rest. I don't remember that those residents speaking as loudly as the rest on Shady Rest about the speed cushions and perhaps we can take those two out of that neighborhood keep them on Shady Rest and put the other two to Park Place. Have we received a lot of feedback on these two speed cushions up in that neighborhood?

Cody Collier, Acting Public Works Director – when we installed them I had two residents who had called in and did not like them there and one of them was on the association. The president he liked it and a few minutes later the Vice President called and was displeased with it.

Councilmember Garber – could one be on Corinth Bend and one down on Park Place or both on Park Place?

Cody Collier, Acting Public Works Director – I would put one on each street.

Councilmember Harrison – whatever we put up there it is temporary and it is not going to be a permanent solution. Those houses are going to be built and you are going to have traffic. It is going to come down that street so this is a temporary solution and that traffic is coming through Park Place because it is a city street and as long as we all understand that.

Councilmember Glockel – the studies indicate that the traffic on Park Place is slower than what it is on Shady Rest and Shady Rest has four speed humps. Is that correct?

Cody Collier, Acting Public Works Director – that is correct? We did two traffic studies on Shady Rest and the 85% speed on Shady Rest was exactly 30 miles per hour with the cushions in place.

Lisa Clawson, 1411 Park Place – Shady Rest is a much wider road and those houses have huge front yards and the kids are not near the roads there. It is 2 miles faster there and I believe that is a collector road versus a residential road. You have addressed it with speed humps there.

Councilmember Glockel – my point is that the majority or all of the rest of the town and this is not the only street that has kids living on it, it is 30 miles per hour. Our studies say and we have done two of them that people don't go 30 miles per hour on it so I am hung up on why we would take this one street and try to make it to 25 miles per hour or put some speed humps on it and make people drive 20 miles per hour. When you get over here to Dalton, we are not trying to tell them to drive 25 miles per hour, the speed limit is 30

miles per hour. I think we are putting things out there that are not necessary.

Councilmember Garber – my understanding of the speed cushions was less about speed and more about traffic volume. Is that correct?

Audience – that is correct.

Councilmember Garber – maybe a possible solution is by adding speed humps on both streets that it would more normalize the traffic and maybe push more traffic back over to Shady Rest Lane because it is straighter and easier.

Cody Collier, Acting Public Works Director – interpreting the data, yes, close both traffic there, travel the same speed but the volume has increased, the only assumption I have is to avoid the speed cushions.

Councilmember Garber – so we inadvertently created more volume through Park Place by using speed cushions on Shady Rest Lane and so by moving the speed cushions it would just be even more normalized volume either that or take all the speed cushions out and let it all normalize itself.

Cody Collier, Acting Public Works Director – that would be my recommendation. Take them all out and let the traffic do exactly what it is going to do and what the roads are designed to do.

Councilmember Garber – did we give our word these would be installed until January or was that just an idea that they may be there until January on Shady Rest specifically?

Cody Collier, Acting Public Works Director – every conversation I have heard was that they were temporary and would be there until Post Oak Bridge re-opened.

Councilmember Garber – ok, maybe we need to stick with that until Post Oak Bridge opens and just move those two from that northern neighborhood back over here to Park Place and it would normalize the volume and then they all come out in January.

Councilmember Burke – I think we just tell people we had unintended consequences and this is where the unintended consequences ended up and we are making an adjustment.

Carrie West, Police Lieutenant – to the residents when you see the trucks making those deliveries outside the allowable hours please call us.

Lisa Clawson, 1411 Park Place – by the time we call they are already gone. That is the problem, they are in and out in about ten minutes.

Carrie West, Police Lieutenant – our response time is right around 4 to 5 minutes so call us anyway. Maybe we will catch that description on Fritz Lane or Shady Rest. We need your help to be active in this as well.

Fred Gibbs, Planning and Development Director – is the Council still open of issuing building permits on each one of these lots and have them build a fence or is it the intent to get the fence all built before we

issue building permits on those lots?

Councilmember Garber – the communication needs to improve dramatically and maybe this is the turning point. I think if the communication improves and we have mechanisms in place to make sure that the fences get built and the light is fixed and these things happen then I don't know if there is going to be a huge issue with that.

Councilmember Glockel – again I struggle with our agreement to build the fences as the lots are developed. I would like to see you go back and re-think that and maybe by the 14th come back with a proposal on how you think it could be done. I don't want you to build fences today and not have all of your drainage and your lots built.

Kyle Williams, Builder, Parkside Farms – it was my intentions prior to the permit being stopped that we were moving forward and doing the whole thing with a 6' foot cedar fence. It was never brought to my attention that there was going to be any involvement of the buyer, they either want the fence or they don't want the fence. There are some houses over there that they recently did some 8' foot fences and we were going to give them the option if you want a 6' foot fence or do you want to keep your 8' foot fence. We walked back there to see what all we have on the back of this one house that did not have a fence, we were going to do that one first and just go through and do them all. We have our guy lined up to go in and clear it out and it is not clear cut it is cleaning it up. It will look better.

In reference to the drainage issue a resident has and Councilmember Harrison stated going in there and fixing it, it is not that simple. I was out there on Thursday when we had 4" inches of rain and the problem on that particular lot which is the first one on Corinth Bend, the trees that are there existing are higher than her fence line so the only water that is going in that yard is where those trees are and rolling back in there. I actually took video of it where it is going in her back corner and it is actually draining back on to our property and cutting through these trees and we can alleviate that issue by cleaning up a few trees by taking a few out here and there and putting small swales in and draining back towards that drainage easement and bringing it all around. It is a relatively simple thing we just have to get the contractor out there. It has been three weeks ago now and this week has been dry. We are willing to do that.

Councilmember Harrison – I would like to see the fences along the fence line uniform with whatever you decide to do. A flat 8' foot fence all the way around.

Reginald Rembert, Developer Parkside Farms – I don't think we committed to an 8' foot fence. We committed to a 6' foot fence. We are willing to do a 6' foot fence just like the record states back when we got the subdivision approved. We will stop a fence at a property line to complete the fence line in somebody's back yard. We will not piece mill it along the way. We will complete a fence at the next property line and that will keep the conformity as we move along.

Councilmember Glockel – how are you going to treat those lots that are smaller than your lots that already have a fence, are you going to not put a fence on your section of that lot?

Reginald Rembert, Developer Parkside Farms – if they already have a fence and it is a nice fence or a new fence, which I think there is only a couple of houses, everyone will probably get a new fence. I think there are two fences there that are new. The rest will get new fences with the exception of two residents that have a new 8' foot fence already.

Councilmember Glockel – your fence is on your property and their fence that is existing I assume is on their property, would you tie the two together? Or just butt up to it?

Reginald Rembert, Developer Parkside Farms – you can butt right up to it because we have 18” inches to work within according to the fence guy. We will try to butt right up to their fence.

Lee Ann Bunselmeyer, Acting City Manager – I want to have some clarification as far as the speed cushions, we want to move the upper two speed cushions off of Shady Rest and place those on Park Place and Corinth Bend until the Post Oak Bridge re-opens, Is that the Council’s consensus?

It was the consensus of the Council to move the upper two speed cushions off of Shady Rest and place on Park Place and Corinth Bend until the Post Oak Bridge re-opens.

Cody Collier, Acting Public Works Director – I will try to get the hardware locally if I can’t and have to order the hardware it could take two to three weeks to get it back but I will get them in as soon as possible.

2. Receive a presentation, hold a discussion, and provide staff direction on the Fiscal Year 2016-2017 Annual Program of Services and Capital Improvement Program.

Lee Ann Bunselmeyer, Acting City Manager – this is the first meeting of many to go over the budget. We have got some financial assumptions and forecast numbers. Tonight we are only going to go through the methodology changes that we have done, Benefits, General Fund and Utilities. In this financial that we have today, we still have a lot of assumptions and we will walk you through those that we have in here. On July 7, 2016 we will go through over the Storm Drainage Fund, the Sales Tax Funds, Impact Funds and all the Special Revenue Funds.

Last year we had some indications from the Councilmembers that they would like to see a different type of budget methodology. Zero-Based still goes through line item budgeting and I want to be able to provide some of this to the Council so you could see how much the service levels where. Specifically how much we were expending for patrol, for special events, and for payroll and in order to do that we had to implement service level budgeting.

Starting with fiscal year 2016-2017 staff implemented service level budgeting emphasizing the decision package features of zero based theories.

We had the departments rank everything in Core Services, which is everything we need to stay viable for the health, safety and protection of our residents.

- **Minimum Service Level to Remain Viable**
 - Represents core services.
 - Services that must be done on a daily, monthly, or annual basis.
 - Examples: Payroll, Fire EMS, Right-of-way mowing
- **Continuation or Current Expanded Services**
 - Represents a program, service, or activity that provides an enhancement to our core services for either the citizens or employees.
 - Examples: Citizen Police Academy, Special Events

New Service Level

- Decision packages for services that are not currently being funded.

When we started looking at our methodology we sat with the finance staff and came up with information we need to make our decisions.

Decision Package Requirements

Determine service level

Core, Enhanced, or New

Basic overview of program or service

Expected benefit to the organization

Non-funded consequences

How does the package relate to the Strategic Plan Goals

Financial/Program Expenditures

Each service level package contained line item expenditure detail

Included contracts, service letter agreement, or financial

City Manager Review

Each Director presented their service level packages to the Management Team.

Mayor Heidemann – when you went through this process did you have to justify staff positions at that time or did you use what is existing today?

Lee Ann Bunselmeyer, Acting City Manager – we justify staff positions every time one becomes vacant.

Mayor Heidemann – we have 163 employees in our budget now but don't you go back to zero and say ok, I need this position and this position and go on from there?

Lee Ann Bunselmeyer, Acting City Manager – you can do that. We did not do that this year, it is a building block and this process generally takes 9 to 12 months to do. We started it in March and now it is June. In order to get these programs and services our staff spend a lot of time trying to get through this. What we plan on doing once we get through this in October of next year we will have to start the budget process for the following year. This was just services and we need to factor in vehicles, and the fuel associated with that and add it to the package. Another level is adding staff to those programs, how many staff members is required to provide that service and it is a long process and takes a lot of review to do that.

Any time a position is open we have to justify whether we need that position. We do have three positions that we are recommending eliminating from our budget this year.

Employee Compensation

Earlier this year the City Council directed Guadalupe Ruiz to do a Compensation Study instead of going out for a consultant. She is in the process of doing that and we will have the management team review that within the next few weeks and that will be presented to Council on July 7th. At that point we will get some direction from Council on how you want to proceed with the implementation of that and what type of compensation that you want to put into this budget for next year.

Our minimum levels are about 4% to 6% behind the market. In talking with the management team we felt that the priority was to shift that minimum and shift the pay plans and we are recommending to shift those pay plans by 2%. We also have in the budget to continue the 3% step pay for eligible Public Safety employees. In 2009 or 2010 we froze step plans for about 3 or 4 years and that caused a lot of compression issues for us and

a lot of various problems and we do not recommend freezing those.

Mayor Heidemann – what percentage of our 163 employees fall under that category?

Lee Ann Bunselmeyer, Acting City Manager – we have about 36 fire fighters that are on that step plan and we have about 30 on the police side so it would be about 45%.

Councilmember Harrison – that is the only ones that are in the step plan and in that shift it is just the fire and police, it is not the other employees.

Lee Ann Bunselmeyer, Acting City Manager – correct, we did not address general merit increases. We will do evaluations this year but at this time we are not proposing a merit increase.

Councilmember Harrison – the big savings is not in the general employee that is only \$7,000 but compare it to the step and the shift that is where your big bucks are.

Lee Ann Bunselmeyer, Acting City Manager – correct. Our public Safety employees are somewhere around 4% to 6% behind the market and our general employees are within the market.

Employee Insurance:

Lee Ann Bunselmeyer, Acting City Manager – one of our largest benefits that we provide to the employees is our health insurance. We go out for bid about March/April and we get the proposals in at the end of May. We take the contracts to Council around August for Council approval. We received two proposals, our provider gave us a renewable rate of a 60% increase. That is 60% to the City and 60% to the employees. The other provider came in at 41%. I had some meetings with the broker and because the second provider came in at 41% that he could get us down to about 35% increase. A 35% increase on our City insurance is about \$486,000. Again that is 35% to the City and 35% to the employees.

We did talk about plan changes and if that was an option. If you do plan changes you will have a savings to the City but it pushes more of the cost onto the employees. Typically when we do plan changes is when there is not an impact on our employees. Over the last few years we have done a lot of plan changes on our health insurance. We used to offer three plans and our insurance cost were escalating so we went to a high deductible plan and that is where our employees pay 100% of their health insurance cost until they reach their deductible. So they are paying their premium and they are paying 100% when they go to the doctor. If you are employee only that deductible is about \$2,500 if you are on the employee/family plan that deductible is about \$5,200 to \$5,600. They pay that out of pocket plus the premium.

The reason our costs went up so high is because of our loss factor. What health insurances do is figure out for every dollar that you are putting in premiums how much are they paying out in claims. Our loss factor right now for the last five months is right at 300% so for every \$1.00 we put in they are paying out \$3.00.

Councilmember Garber – one of the things that we did in our company that really mitigated a lot of these costs for us and kept our loss factor down is we quit paying for spouses and family. A lot of folks do that because you cannot control your loss factors and I would almost recommend if you went back and looked you could see the types of losses.

Lee Ann Bunselmeyer, Acting City Manager – we did talk about it and as far as the spouse and if the spouse is working at another job and they offer health insurance then they have to get their health insurance through their employer and cannot be on ours. The process would be that our employees would have to sign an affidavit that their spouse cannot get any other coverage and that is why they are on our plan.

Health Insurance Plan

Continue High Deductible (H.S.A) Insurance Plan

~~\$486,468~~ increased 35% increase

Continue 75% dependent contribution rate

Continue contribution to employee Health Savings Account of \$1,000

HEALTH INSURANCE MONTHLY IMPACT						
	CITY CONTRIBUTION			EMPLOYEE CONTRIBUTION		
	Current (75%)	Proposed (75%)	Impact	Current (25%)	Proposed (25%)	Impact
EE Only	\$500.08	\$675.11	\$175.03	\$0	\$0	\$0
EE/Children	800.12	1,080.17	280.05	100.02	135.02	35.00
EE/Spouse	950.16	1,282.72	332.56	150.02	202.52	52.50
EE/Family	1,325.22	1,789.03	463.81	275.04	371.32	96.28

Dental Insurance Plan

Projected 7.1% increase

Continue 75% dependent contribution rate

~~\$2,361~~ increase

DENTAL INSURANCE MONTHLY IMPACT						
	CITY CONTRIBUTION			EMPLOYEE CONTRIBUTION		
	Current (75%)	Proposed (75%)	Impact	Current (25%)	Proposed (25%)	Impact
EE Only	\$29.22	\$31.29	\$2.07	\$0	\$0	\$0
EE/Children	57.74	61.83	4.09	9.50	10.18	0.68
EE/Spouse	55.22	59.14	3.92	8.86	9.30	0.62
EE/Family	83.68	89.63	5.95	18.16	19.44	1.28

Total Insurance Monthly Impact \$35.68 to \$97.56

Texas Municipal Retirement System:

The TMRS rate increased from 15.14% for 2016 to 15.51% for 2017.

Actuarial Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Accrued Liability	Funded Ratio	City Contribution Rate
12/31/2009	9,947,186	14,703,117	4,755,931	67.7%	10.85%
12/31/2010 ⁽¹⁾	14,283,597	19,953,457	5,669,860	71.6%	11.99%
12/31/2011	16,268,326	21,555,610	5,287,284	75.5%	12.79%
12/31/2012	18,483,323	23,648,932	5,165,609	78.2%	13.05%
12/31/2013 ⁽²⁾⁽³⁾	20,892,219	28,200,256	7,308,037	74.1%	13.36%
12/31/2014	23,407,353	30,491,719	7,084,366	76.8%	14.11%
12/31/2015 ⁽⁴⁾	26,153,202	32,877,499	6,724,297	79.5%	15.38%

- (1) In December 2010, due to SB 350, the TMRS Board of Directors adopted changes to their actuarial assumptions and fund structure. The changes decreased the City Full retirement rate below the Phase-in rate as established in 2007. Therefore, the phase-in base is no longer applicable and the Full Retirement rate is the minimum required contribution.
- (2) In September 2013, the contribution statutory maximum provision for the City was removed.
- (3) In December 2013, the TMRS Board of Directors adopted changes to the mortality tables used in their actuarial assumptions. The board decided that a generational mortality tables is more accurate and includes automatic adjustments over time to reflect the expectation for continued mortality improvement (increasing life expectancies).
- (4) In December 2015, the TMRS Board of Directors adopted several changes to their actuarial assumptions. Such as the reduction of the investment return assumption from 7% to 6.75%, the reduction in the inflation assumption from 3% to 2.5%, the reduction of the payroll growth assumption, and the reduction in the forfeiture and disability rates.

*All TMRS benefits are fully advanced-funded over each employee's active working career.

Benefits are funded by mandatory employee deposits, city contributions, and investment income.

Contribution rates vary depending on benefits. Average contribution rate for cities for 2017 is 15.76%.

Each city stands on its own by having its own actuarial assets, liabilities, and funded ratio. Actuarial Valuations are based on long-term assumptions

Membership – 296

Active Members – 146

Retirees – 61

Inactive Members – 89

Employee Benefits:

	FY 2015-16 Budget	General Fund	Utility Fund	Storm Drainage Fund	Sales Tax Funds	Child Safety Program Fund	Court Security Fund	Total FY 2016-17 Budget	Variance
Total Employees	163.00	130.00	26.00	3.00	3.00	0.50	0.50	163.00	0.00
Total Wages	9,228,801	7,799,478	1,115,689	93,608	201,523	11,617	25,441	9,247,356	18,555
Health Insurance	1,745,756	1,805,475	357,559	32,165	37,025	-	-	2,232,224	486,468
Dental Insurance	112,725	93,168	18,565	1,493	1,860	-	-	115,086	2,361
Longevity	92,028	81,324	11,454	180	156	-	-	93,114	1,086
Car Allowance	12,000	7,200	-	-	4,800	-	-	12,000	-
Life & Disability Insurance	58,105	26,851	4,066	356	704	-	-	31,977	(26,128)
TMRS	1,461,483	1,271,326	175,682	14,861	32,033	-	3,922	1,497,824	36,341
PHS (Benefit Connector)	18,144	14,496	2,904	342	342	-	-	18,084	(60)
IPS (Benefit Consultant)	32,874	26,425	5,410	624	624	-	-	33,083	209
401a	29,169	29,029	1,737	260	390	-	-	31,416	2,247
Education Pay	30,001	37,200	1,200	1,200	-	-	-	39,600	9,599
Certification Pay	42,840	39,600	-	-	-	-	-	39,600	(3,240)
Employee Assistance (EAP)	2,749	2,210	453	52	52	-	-	2,767	18
Medicare	139,946	119,305	16,498	1,394	3,019	168	369	140,753	807
Workers Compensation	193,914	158,466	24,964	3,190	3,092	251	646	190,609	(3,305)
TX Employment Commission	34,607	23,919	4,680	540	540	232	180	30,091	(4,516)
FICA	2,317	1,594	-	-	-	720	-	2,314	(3)
Cobra	977	779	165	20	20	-	-	984	7
Total Benefits	4,009,635	3,738,367	625,337	56,677	84,657	1,371	5,117	4,511,526	501,891
Average Wages per Employee	56,618	59,996	42,911	31,203	67,174	11,617	25,441	56,732	
Average Benefits per Employee	24,599	28,757	24,051	18,892	28,219	1,371	5,117	27,678	

FY 2016-2017 information shown above includes proposed positions. It also includes the elimination of Short-Term disability. Additionally, health and dental Insurance costs are shown at the current estimated rates for the 2016-17 fiscal year. The rates will be finalized by July 1, 2016.

Lee Ann Bunselmeyer, Acting City Manager – when we were going over the personnel manual there were several benefits in there that Council was not aware of. I thought it would be good to show all the benefits that City employees get and show the wages that we budget.

We do have TMRS but we do not pay Social Security. Prior to 2006, the Council started a 401 plan. It is voluntary and the City pays 10% of what the employee contributions are and that was to offset the fact that we do not pay Social Security.

Mayor Heidemann – it is a requirement to have a high school diploma but because we hired someone with a college degree we pay them an extra \$100.00 a month?

Lee Ann Bunselmeyer, Acting City Manager – I would think it was to encourage employees to continue their education and get a degree to have a more educated workforce.

Councilmember Harrison – exactly.

Councilmember Harrison – what is the car allowance for?

Lee Ann Bunselmeyer, Acting City Manager – the car allowance is for your city manager in the amount of \$7,200 and the sales tax fund, the \$4,800 is for your Economic Development Director.

Councilmember Harrison – who else get car allowance?

Lee Ann Bunselmeyer, Acting City Manager – those are the only two individuals.

Councilmember Garber – which of these items would be considered optional?

Lee Ann Bunselmeyer, Acting City Manager – the only ones that are mandatory would be your Medicare, Workers Comp, Texas Employment Commission, FICA, Cobra and Longevity. The rest you are not obligated to give.

General Fund Service Levels:

Minimum Service Level to Remain Viable *Core Services 80 packages \$2,022,671*

Represents core services.

Services that must be done on a daily, monthly, or annual basis.

Examples: Payroll, Fire EMS, Right-of-Way mowing

Continuation of Current Expanded Services *Expanded Services 37 packages \$265,635*

Represents a program, service, or activity that provides an enhancement to our core services for either the citizens or employees.

Examples: Citizen Police Academy, Service Banquets

New Service Requests Level *New Services Requests 18 packages \$1,447,604*

Decision packages for services or positions that are not currently being funded.

Lee Ann Bunselmeyer, Acting City Manager – what we have here is an assumption and as we go through this process we will get feedback from the Council as to what you want to do with the tax rate. My assumption was to leave the tax rate flat at .58489. The Council will not adopt the tax rate until September 15, 2016. The first of August we will have a discussion and you will tell me exactly the highest tax rate that you want to consider. We will also calculate what the effective tax rate is and what our rollback tax rate is. The effective tax rate is typically the tax rate that generates the same amount of money as the prior year. The rollback rate is the highest tax rate that you can possibly tax without triggering a rollback election.

Councilmember Garber – do we have any clue what are effective tax rate may end up being?

Lee Ann Bunselmeyer, Acting City Manager - under our assumptions and with the variables we have today the effective tax rate with the 8% that we are projecting for AV value would be about \$.55 cents. The current tax rate would be about \$.3 cents higher than your effective tax rate. The problem when you have as much growth as we have right now is that your current tax rate is going to be really close to your rollback rate.

FY 2016-2017 Tax Rate



Preliminary Budget Forecasts Include No Tax Rate Increase

The property tax rate is formally adopted by City Council on September 15, 2016

Preliminary Assessed Valuation & Property Tax Historical Comparison

	2011	2012	2013	2014	2015	2016 Preliminary (as of June 3, 2016)
Certified Value	\$1,390,506,929	\$1,393,698,516	\$1,428,952,690	\$1,538,127,064	\$1,638,520,892	\$1,847,286,128
Change in Value	1.59%	0.23%	2.53%	7.64%	6.53%	12.74%
Property Tax Rate						
General Fund	\$0.44789	\$0.46143	\$0.46143	\$0.45143	\$0.44143	\$0.44143
Debt Service	0.14346	0.14346	0.14346	0.14346	0.14346	0.14346
Total Tax Rate	\$0.59135	\$0.60489	\$0.60489	\$0.59489	\$0.58489	\$0.58489
Change in Tax Rate	(.02C)	1.35C	-	(1C)	(1C)	-

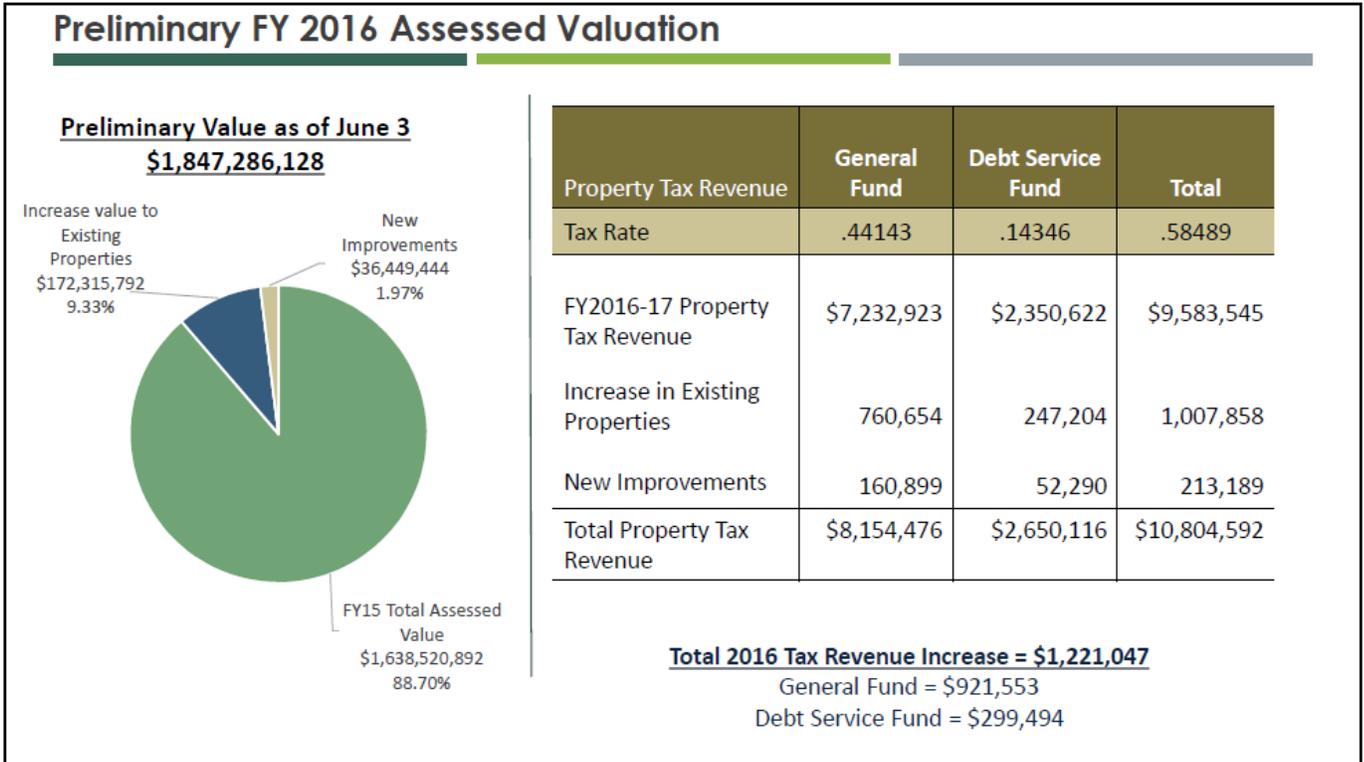
Average 5 year Certified Value Growth = 3.70%

Lee Ann Bunselmeyer, Acting City Manager – right now we are estimating about an 8% growth. We will have the final rate July 25th. In FY 2015 we had a \$1.6 billion tax roll. If you take the assessed value of 1.8 billion that we have had since April 1st, that would be about \$172 million dollar increase to your existing values of your existing properties and those were properties that were on the tax roll last year.

As far as new improvements they are not going to change much, what is going to change is your existing

values. On new improvements we have about \$36 million so about 2% of the roll is going to be new growth. That will change slightly but not much.

If the roll stayed at 12% you are talking about a \$1.2 million dollar increase in your tax revenues if you left with the current tax rate.



Lee Ann Bunselmeyer, Acting City Manager – as of June 3 the average home was \$231,000. If we maintain a flat tax rate from where we are this year that would about \$112.00 a year increase in your average home owner’s tax bill. If you look at the last five years your average home values has increased about 15.9%.

Preliminary Average Home Value



The Corinth housing market remains strong with home prices rising as the demand for single-family homes in the region continues. The average number of days homes are on the market in the City of Corinth is twenty eight (28) days.

	2011	2012	2013	2014	2015	2016 Preliminary (as of June 2, 2016)
Avg Home Value	\$182,818	\$180,986	\$185,042	\$198,248	\$211,926	\$231,133
Tax Rate	.59135	.60489	.60489	.59489	.58489	.58489
<u>Average Tax Bill:</u>						
General Fund	\$819	\$835	\$854	\$895	\$936	\$1,020
Debt Service Fund	262	260	265	284	304	332
Total Taxes Due	\$1,081	\$1,095	\$1,119	\$1,179	\$1,240	\$1,352

*Average Home Values increased
\$29,108 or 15.9% over the prior five year period*

Preliminary Assessed Valuation New Value Added

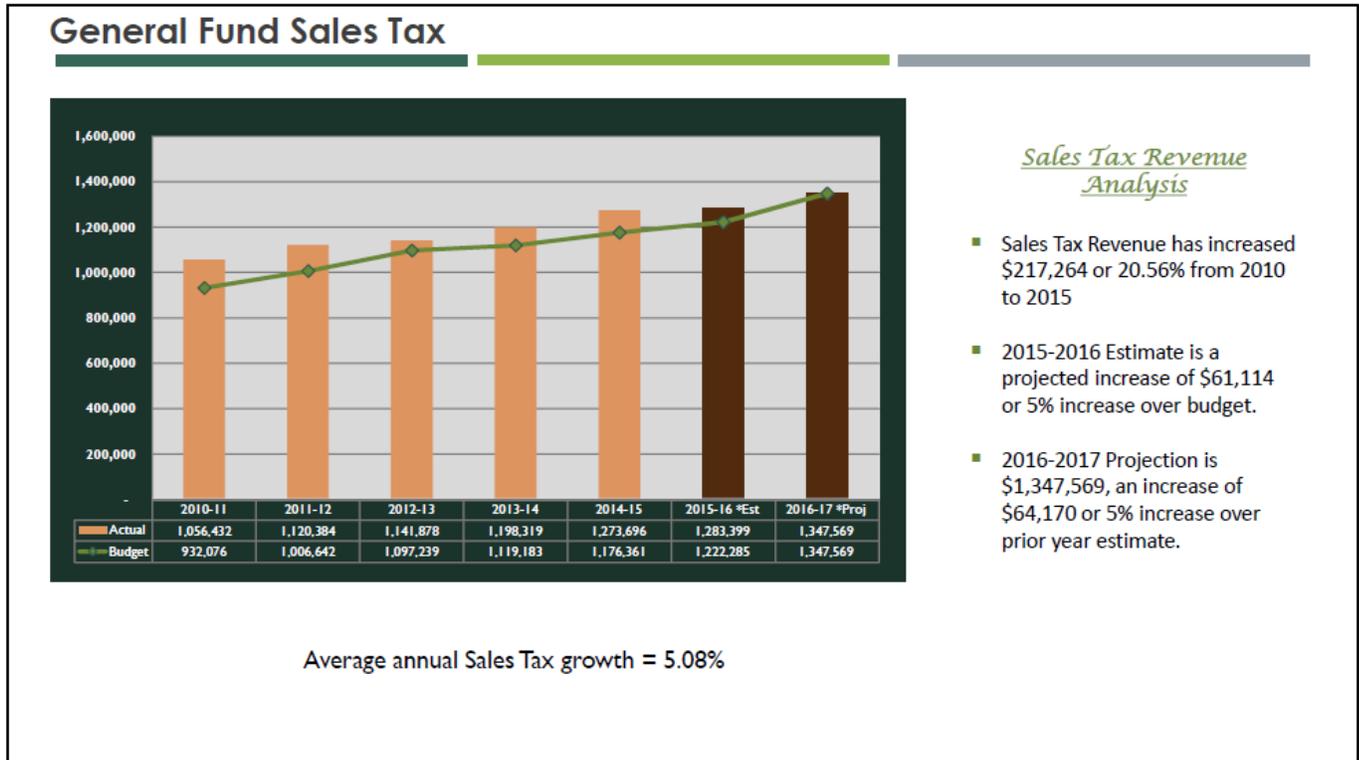
	2011	2012	2013	2014	2015	2016 Preliminary (as of June 2, 2016)
New Value Added	\$10,081,656	\$32,632,489	\$8,745,330	\$8,830,118	\$15,403,173	\$36,449,444
Tax Rate	.59135	.60489	.60489	.59489	.58489	.58489
<u>Tax Bill Allocation:</u>						
General Fund	\$45,155	\$150,576	\$40,354	\$39,862	\$67,994	\$160,899
Debt Service Fund	14,463	46,815	12,546	12,668	22,097	52,290
Total New Taxes	\$59,618	\$197,391	\$52,900	\$52,529	\$90,092	\$213,189

Five Year Average Growth of \$15,138,553

5 Year Average Annual Tax Revenue Increase on New Value Added = \$90,506
General Fund = \$68,788 and Debt Service Fund = \$21,718

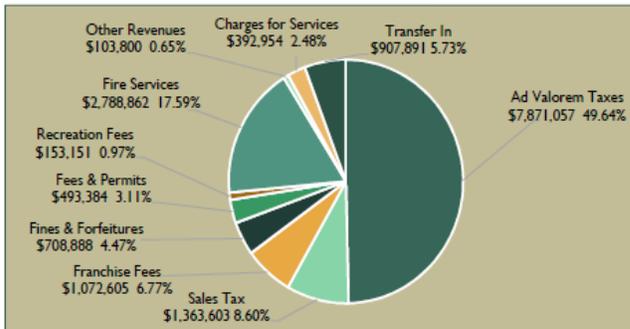
Lee Ann Bunselmeyer, Acting City Manager – when you look at new value, historically we have not added a lot of tax values on new properties to our tax rolls. It's all been increases to your existing properties from year to year.

Lee Ann Bunselmeyer, Acting City Manager - Sales Tax Revenue has increased \$217,264 or 20.56% from 2010 to 2015. We are still on track to about a 5% increase this year over what we budgeted and we are projecting a 5% increase over budget next year. When we did the analysis on what made up our sales tax, we did it last year and we have asked for the data and still doing the analysis on it, but where we were given the biggest increase was on internet sales and that was our highest category of sales tax dollars.



Lee Ann Bunselmeyer, Acting City Manager – we have an 8% growth in Assessed Valuation is what we are projecting right now and that is \$578,634 increase to the General Fund revenues The fire service fees is our next highest increase that we are seeing in our revenues. In total we are looking at about \$15.8 million. That is about \$1 million dollars increase in our revenues and half of that is increase in assessed valuation, that will change based on what our actual increase is and the tax rate that the Council decides to set for the next year.

General Fund Revenue Summary



Use of Fund Balance

No Use of Fund Balance is Budgeted

Property Tax Rate of \$.44143

Assumes no change in the tax rate

8% Growth in Assessed Valuation - \$578,634

Fire Services -13.66% increase or \$335,211

Fire Services Agreement - \$1,956,862 (increase of \$144,211)

EMS Supplemental Revenue - \$100,000

EMS revenue - \$650,000 (increase of \$100,000)

	2015-16 BUDGET	2016-17 PROPOSED	PROPOSED VS PY BUDGET	% CHANGE
RESOURCES				
Ad Valorem Taxes	\$ 7,232,923	\$ 7,811,557	\$ 578,634	8.00%
Delinquent Taxes	34,500	59,500	25,000	72.46%
Sales Tax	1,238,319	1,363,603	125,284	10.12%
Franchise Fees	1,076,835	1,072,605	(4,230)	-0.39%
Fines & Forfeitures	753,154	708,888	(44,266)	-5.88%
Fees & Permits	417,537	493,384	75,847	18.17%
Recreation Fees	174,532	153,151	(21,381)	-12.25%
Fire Services	2,453,651	2,788,862	335,211	13.66%
Other Revenues	101,730	103,800	2,070	2.03%
Charges for Srvs	375,213	392,954	17,741	4.73%
Transfers In	972,588	907,891	(64,697)	-6.65%
Total Revenues	\$ 14,830,982	\$ 15,856,195	\$ 1,025,213	6.91%
Use of Fund Balance	547,000	-	(547,000)	-100.00%
TOTAL RESOURCES	\$ 15,377,982	\$ 15,856,195	\$ 478,213	3.11%

Transfer In

Cost Allocation from W/WW - \$680,676

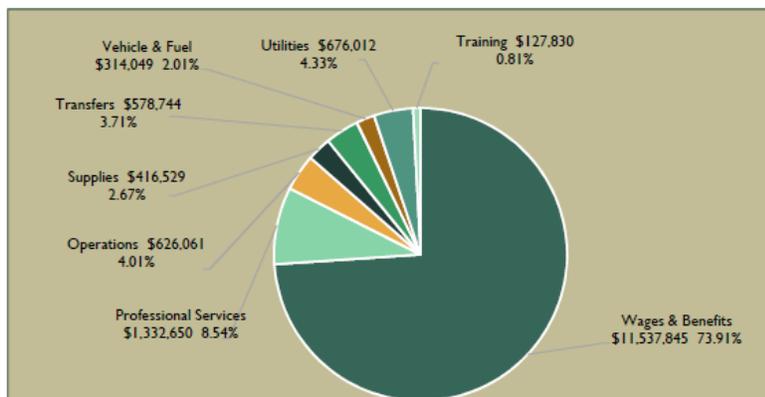
Cost Allocation from Drainage - \$34,679

Cost Allocation from EDC - \$93,302

Transfer In - HOA Water Credits - \$99,234

Lee Ann Bunselmeyer, Acting City Manager – we are eliminating 3 positions, Fleet Service Mechanic, Recreation Specialist and two P/T Recreation folks. We transferred 1 Inspector from Streets to Engineering and the addition of 3 fire fighters.

General Fund Expenditure Summary



130.00 Full-Time Equivalent Employees

Eliminate 3 FTE (Fleet Services Mechanic, 2 Recreation)

Transfer 1 FTE (Inspector from Streets to Engineering)

Add 3 FTE (Firefighters)

Wages & Benefits

2% Pay Plan Shift - \$106,673 (Public safety=\$99,648 & General=\$7,025)

Public Safety Step Plan - \$85,001

Health Insurance Increase of 35% - \$345,760

Dental Insurance Rate Increase of 7.1% - (\$1,030) Due to change in coverage

TMRS Increase of 2.4% - \$32,570

Elimination of Short Term Disability of (\$21,445)

Budgeted Salary Savings of 2% - (\$235,468)

Utilities/Communications

Electricity - \$383,550

Water - \$74,800

Natural Gas - \$6,216

Phone/Internet - \$71,000

Air Cards/Cable - \$28,865

Computer Licensing - \$80,838

Cellphones - \$30,743

Vehicle Maintenance/Fuel

Vehicle/Equip Maintenance - \$174,247

Fuel (\$2.37/gallon) - \$139,802

Cost Allocations & Transfers

Vehicle Replacement Transfer - \$60,000

Fire Vehicle Replacement Transfer - \$249,000

Fire Capital Improvement Transfer - \$30,000 (Training Facility)

Technology Replacement Transfer - \$35,648

Cost Allocation to Water/Wastewater - \$204,096

New Program Funding - \$187,671

	2015-16 BUDGET	2016-17 REQUESTED	2016-17 PACKAGES	2016-17 PROPOSED	PROPOSED VS PY	% CHANGE
EXPENDITURES						
Wages & Benefits	\$ 11,151,341	\$ 11,308,094	\$ 229,751	\$ 11,537,845	\$ 386,504	3.47%
Professional Fees	1,336,040	1,205,195	127,455	1,332,650	(3,390)	-0.25%
Maint. & Operation	596,001	626,061	-	626,061	30,060	5.04%
Supplies	435,689	416,529	-	416,529	(19,160)	-4.40%
Utilities/Comm	607,560	615,796	60,216	676,012	68,452	11.27%
Vehicle & Fuel	336,747	314,049	-	314,049	(22,698)	-6.74%
Training	114,600	127,830	-	127,830	13,230	11.54%
Capital Outlay	307,000	-	-	-	(307,000)	-100.00%
Transfers Out	493,004	578,744	-	578,744	85,740	17.39%
TOTAL EXPENDITURES	\$ 15,377,982	\$ 15,192,298	\$ 417,422	\$ 15,609,720	\$ 231,738	1.51%

Lee Ann Bunselmeyer, Acting City Manager – we wanted to show what happened when we went through our service level budgeting. We took the base budget for all the departments.

Departmental Base Budget Analysis									
Department	FY2015-16 Base Budget	Utilities/ Communications	Fuel/Vehicle Maintenance	Core Services	Expanded Services	FY2016-17 Proposed	Variance	Percentage Change	New Services
City Council	\$ 22,860	\$ 6,466	\$ -	\$ -	\$ 16,467	\$ 22,933	\$ 73	0.32%	\$ -
City Manager	76,680	7,869	750	25,530	39,679	73,828	(2,852)	-3.72%	-
Legal	200,000	-	-	200,000	-	200,000	-	0.00%	30,000
General Services	157,099	69,787	-	84,216	-	154,003	(3,096)	-1.97%	-
Finance	166,816	10,718	-	138,945	7,454	157,117	(9,699)	-5.81%	-
Human Resources	49,623	3,761	-	17,404	14,265	35,430	(14,193)	-28.60%	-
Technology Services	250,522	10,768	1,039	134,070	106,767	252,644	2,122	0.85%	-
Planning	106,617	9,191	750	72,913	14,850	97,704	(8,913)	-8.36%	35,000
Community Development	77,936	10,021	4,079	54,048	8,165	76,313	(1,623)	-2.08%	-
Municipal Court	172,449	7,348	-	164,552	-	171,900	(549)	-0.32%	-
Fleet	25,034	-	-	-	-	-	(25,034)	-100.00%	-
Public Safety Facility	-	-	-	-	-	-	-	0.00%	70,351
Police	466,187	83,783	127,217	268,439	15,701	495,140	28,953	6.21%	-
Fire	640,009	106,644	97,358	467,678	13,405	685,085	45,076	7.04%	-
Streets	241,422	165,762	35,347	45,088	-	246,197	4,775	1.98%	22,320
Parks & Recreation	534,393	123,678	30,462	349,788	28,882	532,810	(1,583)	-0.30%	30,000
Total	\$ 3,187,647	\$ 615,796	\$ 297,002	\$ 2,022,671	\$ 265,635	\$ 3,201,104	\$ 13,457	0.42%	\$ 187,671

The FY 2015-16 base budget does not include wages & benefits, property & liability insurance, copier charges, capital outlay, transfers and budget amendments.

New Program Funding - \$187,671
 Increase Legal Fees - \$30,000
 Increase Engineering Fees - \$35,000
 Joint Public Safety Facility Utilities, Mowing & Insurance- \$70,351
 Street Striping Program- \$22,320
 Additional Right-of-Way Contract Mowing - \$30,000

Curtis Birt, Fire Chief – we went through the budget this year there were things historically because of the cuts and financial problems in 2008/2009 we never budgeted for because we were never able to set up accounts for them to actually get them funded. We went through what we needed for each item and were able to go back and get some of those things funded. A couple examples are the outdoor weather sirens we never budgeted those and they are about \$2,000 to \$3,000 a year so we took it out of vehicles, bunker gear we had to take out of something else. Our vehicle repairs have been under \$26,000 every year for the last three or four years and we have only been able to budget \$16,000.

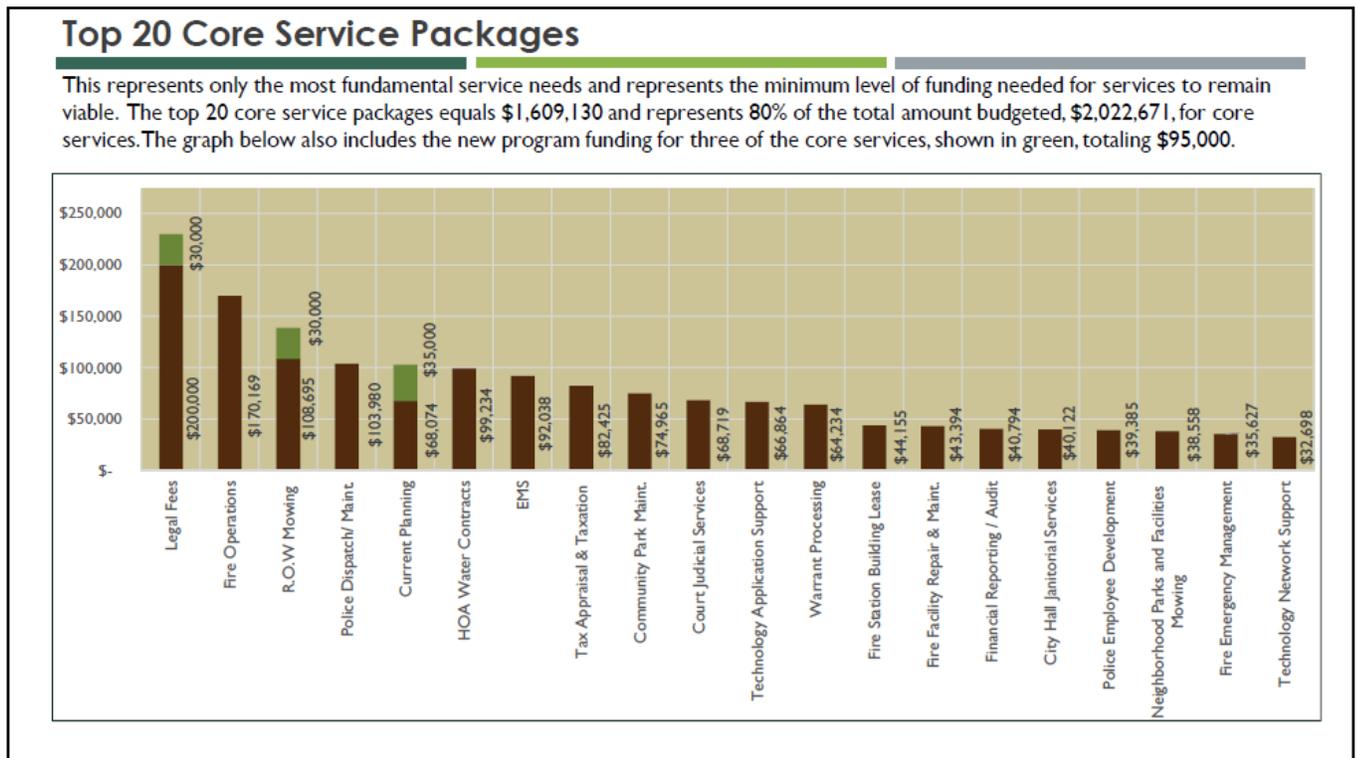
Carrie West, Lieutenant – one of the big costs that we realized this year that we have not been providing for employees is the trauma plate that goes inside the vest. It was an additional \$362 per vest on top of the \$930.00 for each vest. Essentially a vest is now going to cost us over \$1,200. That was one of the things we discovered and we had to make up those funds elsewhere, along with some of our patrol rifles.

Lee Ann Bunselmeyer, Acting City Manager – when you look at the new programs that I have in here, one is increase in legal fees that was cut last year by the City Manager. Typically, we budget somewhere between \$230,000 to \$260,000 dollars. The legal expenditures over the last 5 years have never dropped below \$230,000 and last year our legal expenditures were up at \$300,000. As you know currently we are sitting at almost \$500,000 this year. In looking at the first bill with Messer, Rockefeller and Fort it looks like we are going to use about \$15,000 a month and that gives us a little bit of cushion if there is any extra things that come up. The volume that we are sending to the attorneys is increasing. Same thing with development on the engineering side, we are continually seeing a huge increase on plan reviews. This is a pass through so you are going to see \$35,000 increase on the expenditure side and \$35,000 increase on the revenue side so when a development comes through Fred Gibbs bills them for those costs that we send out to the engineer.

We got the bills for the Joint Public Safety Facility when the building was occupied from CoServ on electricity and we pulled the bills on water and to mow it and maintain it and also to insure the building and added it on our insurance it will cost \$70,000 for next year. We are going to have construction going on so we are going to need those services on. Probably once everyone moves in the following year you will see a reduction because we will no longer have utilities on in the police building and the fire headquarters building.

In 2009 through 2011 we cut about \$3 million dollars of expenditures out of the budget. On the street side Cody used to have about \$500,000 dollars budgeted on streets for maintenance and various things. When the economy went down and we started using the street maintenance program to actually facilitate those, one of the expenditures that was gone was the street striping program so he has never had the money to stripe streets it has always been on a reactionary basis. We have five or six streets that we need to go in and start striping those and do a program where we do those on an annual basis instead of waiting until the striping is completely gone and for that it is about \$22,000. Council had some meeting earlier this year to include an additional \$30,000 for Right-of-way contract mowing for filling in the gaps on Church Street, finishing out Lake Sharon and some of the thoroughfares.

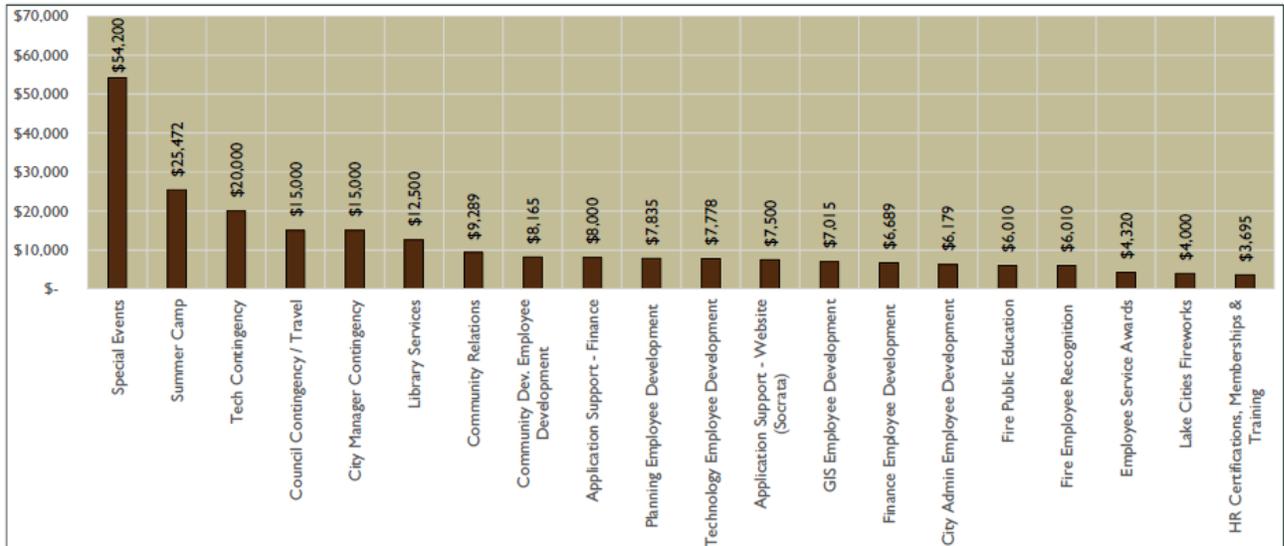
When we do service level budgeting we can tell what things cost. We did the top 20 Core Packages. Your highest is legal fees followed by fire operations, right-of-way mowing and so forth.



You have \$265,635 in Expanded Services with the highest being Special Events. What is in here mostly are your Contingency Funds, staff training that is not mandatory, licenses and we have a WEB applications, the library, etc. those are not Core Services they are enhancements that we have done.

Top 20 Expanded Service Packages

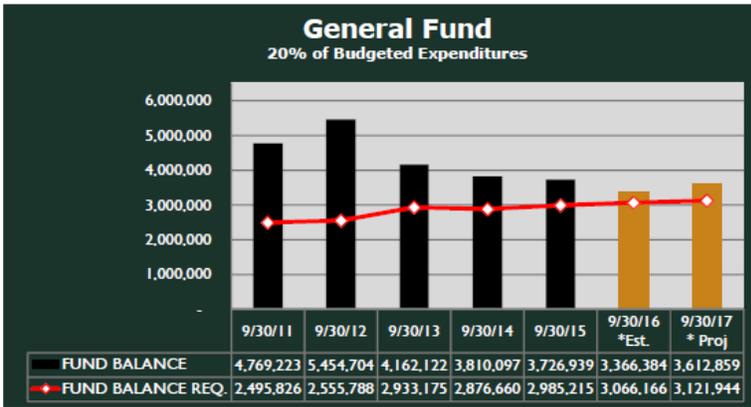
Represents a program, service, or activity that provides an enhancement to our core services for either the citizens or employees. The top 20 expanded service packages equals \$234,657 and represents 88% of the total amount budgeted, \$265,635, for expanded services.



When we look at our Fund Balance with the estimation that we have now we are looking at a fund balance requirement of about \$3 million and for this current Fiscal Year we anticipate that it will come in at about \$3.3 million and that is above our fund balance requirement of 20% that the Council established in 2012. For 2017 those numbers will change once we establish the tax rate and know what the AV Values and tax revenues are but under this projection we are looking at about \$3.1 million.

In 2015 we are about \$200,000 better than what we have budgeted in the current years. Our revenues are up and we do anticipate our expenditures to be down. For 2016/2017 budget year, with the decision packages so far of \$609,000 and reductions of positions and short term disability our expenditures would be about \$15.6 million. With this there is still about \$246,000 left on the table to reduce taxes or add other services or programs that the Council may choose. Again that will change depending on what our tax rate and levy is. Looking out over the next four years we do have some positive revenues over expenditures if we maintain a 4% property tax growth over the next four years. I do think over the next four years we will probably will stay about 8% or 9% so this is a very conservative forecast since historically we moved about average 3.7% over the last five years.

Fund Balance Historical Analysis



In December 2012, the City Council adopted a Fund Balance Policy. The policy established the City's goal to achieve and maintain an unassigned fund balance in the General Fund equal to 20% of expenditures.

Appropriation from the minimum assigned fund balance requires the approval of the Council and may only be utilized for one-time expenditures, such as capital purchases and not for ongoing expenditures.

FYE 2017 - No use of Fund Balance is budgeted.

FYE 2016 - Decreased due to the budgeted use of fund balance for the following: \$100,000 for the Public Safety Communications Upgrade, \$16,000 for an ATV for Keep Corinth Beautiful, \$20,000 to upgrade the Card Swipe Entry System, \$96,000 to upgrade networking equipment, \$30,000 to outsource scanning for the Planning & Development Department, and \$40,000 for Cardiac Monitors.

FYE 2015 - Decrease due to the budgeted use of fund balance for the following: \$200,000 for the Public Safety Communications Upgrade, \$60,000 to upgrade the audio/visual equipment in the Council Chambers, \$425,000 for I-35 bridge aesthetics, \$60,000 for the Public Safety needs assessment, \$9,490 to install Wi-Fi in City Hall and \$20,000 to review the Development Process.

FYE 2014 - Decrease due to the budgeted use of fund balance for the following: \$500,000 for the Lake Sharon Road extension project, \$300,000 for the Public Safety Communications Upgrade, \$90,000 for City Hall carpeting, and \$55,000 for Fire department power stretchers.

General Fund Financial Forecast - Scenario #1

REVENUES BY TYPE	2013-14 ACTUAL	2014-15 ACTUAL	2015-16 BUDGET	2016-17 ESTIMATE	2016-17 PROPOSED	2017-18 PROJECTED	2018-19 PROJECTED	2019-20 PROJECTED	2020-21 PROJECTED
BEGINNING FUND BALANCE	\$ 4,162,122	\$ 3,810,097	\$ 3,726,939	\$ 3,726,939	\$ 3,366,384	\$ 3,612,859	\$ 3,908,367	\$ 4,071,092	\$ 4,176,817
AD VALOREM TAX	\$ 6,820,920	\$ 7,029,874	\$ 7,267,423	\$ 7,344,423	\$ 7,871,527	\$ 8,134,114	\$ 8,526,878	\$ 8,848,242	\$ 9,200,332
SALES TAX	1,214,039	1,298,277	1,230,319	1,288,433	1,363,603	1,417,506	1,473,555	1,531,886	1,577,341
DEVELOPMENT FEES & PERMITS	410,540	582,175	300,937	430,027	452,334	464,492	489,355	474,315	460,015
FIRE SERVICES	2,341,079	2,532,951	2,483,851	2,503,851	2,768,882	2,798,182	2,700,575	2,711,542	2,716,584
OTHER REVENUES	3,444,851	3,388,136	3,490,852	3,362,741	3,377,259	3,429,002	3,482,197	3,526,307	3,591,351
TOTAL RESOURCES	\$14,893,521	\$14,942,318	\$14,820,882	\$14,876,378	\$15,866,166	\$16,231,296	\$16,838,367	\$17,993,779	\$17,873,824
EXPENDITURES BY CATEGORY	2013-14 ACTUAL	2014-15 ACTUAL	2015-16 BUDGET	2016-17 ESTIMATE	2016-17 PROPOSED	2017-18 PROJECTED	2018-19 PROJECTED	2019-20 PROJECTED	2020-21 PROJECTED
WAGES & BENEFITS	\$2,999,123	\$3,142,204	\$3,151,841	\$3,054,162	\$3,054,373	\$3,054,373	\$3,054,373	\$3,054,373	\$3,054,373
PROFESSIONAL FEES	1,137,966	1,206,135	1,303,510	1,428,852	1,206,195	1,206,195	1,207,196	1,208,196	1,209,216
MAINT & CONTRACTS	541,101	504,534	620,049	603,852	626,061	626,061	626,061	626,061	626,061
SUPPLIES	415,527	354,188	425,314	431,238	416,529	416,529	416,529	416,529	416,529
UTIL/COMM	231,045	282,739	607,580	607,814	615,796	619,764	626,796	660,837	682,827
VEHICLES/FUEL	343,913	318,811	317,859	296,129	314,046	318,243	322,563	327,512	331,595
TRAINING	75,442	101,519	110,043	103,701	127,830	127,830	127,830	127,830	127,830
CAPITAL OUTLAY	181,951	173,414	298,744	301,853	-	-	-	-	-
TRANSFERS	1,159,027	952,391	493,004	493,004	578,744	554,531	550,377	556,281	602,243
TOTAL EXPENDITURES	\$14,383,297	\$14,928,874	\$15,377,987	\$15,230,838	\$15,988,820	\$16,388,195	\$16,848,348	\$16,877,822	\$17,219,295
DECISION PACKAGES									
3 New Fire Fighters					226,751	226,498	261,466	247,545	263,945
2% Pay Plan Shift					106,673	102,672	-	-	-
STEP Increases					85,001	73,968	89,969	54,186	56,000
Misc					-	86,793	148,258	151,223	154,248
New Approved Packages					187,671	187,671	187,671	187,671	187,671
TCAP Contract					-	(91,000)	(121,000)	(121,000)	(121,000)
					609,095	597,902	538,364	579,828	593,764
DEDUCTIONS									
1 Full Position					(55,548)	-	-	-	-
1 Recreation Spec & 2 P/T Rec Attendants					(40,005)	-	-	-	-
Short Term Disability					(21,445)	-	-	-	-
					(167,400)	-	-	-	-
TOTAL EXPENDITURES	\$14,383,297	\$14,928,874	\$15,377,987	\$15,230,838	\$15,988,820	\$16,388,195	\$16,848,348	\$16,967,327	\$17,248,298
Excess (Deficiency) of Revenues	\$ (62,026)	\$ (83,189)	\$ (647,000)	\$ (366,866)	\$ 246,476	\$ 296,496	\$ 162,734	\$ 104,826	\$ 23,764
Over (under) Expenditures									
FUND BALANCE REQUIREMENT - 20%	\$ 2,974,960	\$ 2,986,216	\$ 3,075,596	\$ 3,096,168	\$ 3,121,944	\$ 3,198,168	\$ 3,294,126	\$ 3,289,449	\$ 3,509,872
ENDING FUND BALANCE	\$ 3,810,097	\$ 3,726,939	\$ 3,179,939	\$ 3,388,384	\$ 3,612,859	\$ 3,808,367	\$ 4,071,092	\$ 4,176,817	\$ 4,169,381
EFFECTIVE FUND BALANCE	28.8%	24.9%	20.8%	21.9%	23.14%	24.4%	24.7%	24.8%	23.8%

Forecast Revenue Assumptions

- Property Tax growth
 - 2016-17 - 8%
 - Future Years - 4%
- Sales Tax growth
 - 2016-17 - 5%
 - Future Years - 4%
- Development fees & permits
 - 2016-17 - 19%
 - Conservative in Future Years - 2%
- Fire Supplemental Payment Program of \$100,000 for FY2016-17 & FY2017-18
- All Other Revenues - between 1% and 2%

We have the opportunity on your debt rate to reduce it .02 cents in 2017/2018 and .02 cents in 2021 so if the fire contracts go away you will have to shift those .02 cents over to the operations to try to offset the \$2 million dollars that we could loose from the fire contracts. I do think you could do it without raising taxes. The fund

balance will drop down to 20% in 2017/2018 and right under 15% for 2018/ 2019 and 2019/2020 and then we would start increasing again in 2021 as your revenues started increasing due to those .02 cents that you would shift on the tax rate.

Your current fund balance policy says that we are going to try to achieve a 20% fund balance for the general fund however it gave at the Council’s discretion to drop that fund balance requirement to 15% for unforeseen issues that the City needed to deal with. However by doing that it also said the City Manager had to provide the Council with that drop a plan of how we would get it back up to that 20%. I think this would be a reason where you could drop it down to 15%.

Unfunded New Requests:

Unfunded New Requests			
Program Title	Department	FTE	Budget Impact
Internship	HR	0.50	\$12,629
Backup System	Tech Services		\$35,400
Phone System	Tech Services		\$190,850
City Hall Security Camera System	Tech Services		\$37,223
Incode Upgrade	Tech Services		\$40,375
Acrobat Subscription	Tech Services		\$8,400
Fiber – City Hall to Public Safety Facility	Tech Services		\$169,320
Fiber – City Hall to City of Denton	Tech Services		\$134,320
Physicals	Police		\$14,400
Thermal Imaging	Police		\$15,945
Police Officers	Police	4.00	\$310,924
Public Service Officer / Evidence Technician	Police	1.00	\$60,396
Total Unfunded Requests		5.50	\$1,030,182

Council Direction

- Addition of 2 Police Officers - \$155,462
- Technology Upgrades (One-Time Funding)
 - Backup System - \$35,400
 - Phone System -\$190,850

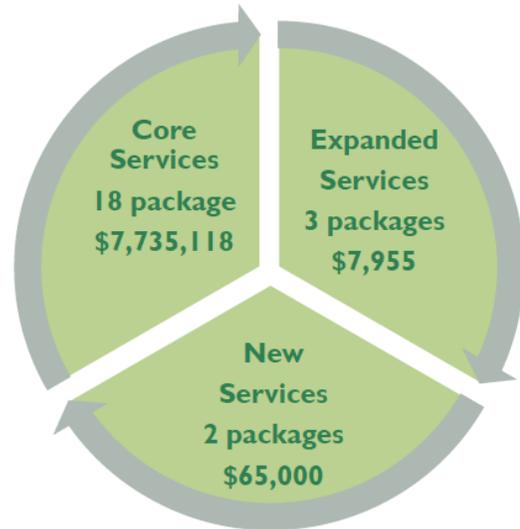
We have about \$1 million dollars in unfunded requests. I do not have the two police officers in this scenario and that will be up to Council’s discretion to do that. We are looking at adding Technology upgrades for one time funding for the back-up system to back up all of our servers that we have here because that system is failing. The other was the phone system that we ranked pretty high. The phone system was purchased in 2005/2006 for about \$166,000 and we have had a lot of problems with it. The fire department has been out of phone services regularly and each time it has taken a little longer before we are able to get it back up because we are having difficulty getting replacement parts for it.

Utility Fund Service Levels:

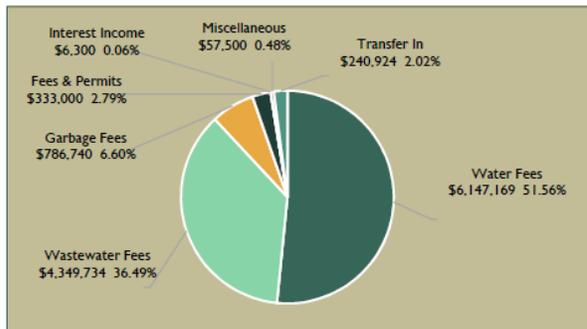
Utility Fund Service Levels

The organization moved away from target based budgeting, where last year's budget is the starting point. Starting with fiscal year 2016-2017 staff implemented service level budgeting emphasizing the decision package features of zero based theories.

- **Minimum Service Level to Remain Viable**
 - Represents core services.
 - Services that must be done on a daily, monthly, or annual basis.
 - Examples: TCEQ Compliance, Upper Trinity Regional Water District Contract, Water and Wastewater System Maintenance.
- **Continuation or Current Expanded Services**
 - Represents a program, service, or activity that provides an enhancement to our core services for either the citizens or employees.
 - Examples: Water System Dues & Subscriptions, Collection Agency, and Employee Development & Retention.
- **New Service Level**
 - Decision packages for services that are not currently being funded.



Utility Fund Revenue Summary



	2015-16 BUDGET	2016-17 PROPOSED	PROPOSED VS PY	% CHANGE
RESOURCES				
Water Fees	\$ 6,199,557	\$ 6,147,169	\$ (52,388)	-0.85%
Wastewater Fees	4,282,865	4,349,734	66,869	1.56%
Garbage Fees	845,000	786,740	(58,260)	-6.89%
Fees & Permits	312,000	333,000	21,000	6.73%
Interest Income	6,000	6,300	300	5.00%
Miscellaneous	56,000	57,500	1,500	2.68%
Transfers In	191,569	240,924	49,355	25.76%
Total Revenues	11,892,991	11,921,367	28,376	0.24%
Use of Fund Balance	97,380	-	(97,380)	-100.00%
TOTAL RESOURCES	\$11,990,371	\$ 11,921,367	\$ (69,004)	-0.58%

Use of Fund Balance

No use of Fund Balance is budgeted.

Rate Study

Implements the 3rd year of the three year rate plan approved in April 2014. No rate increase.

Water Charge for Service – .85% decrease or (\$52,388)

Water charges are billed on a monthly basis in two billing cycles. The revenue is highly influenced by weather patterns.

Wastewater Charge for Service – 1.56% increase of \$66,869

Residential wastewater treatment charges are determined by a winter average process that takes the lowest three months of water consumption to determine a baseline wastewater treatment demand.

Garbage Charge for Service – 6.89% decrease or (\$58,260)

The City contracts with Community Waste Disposal (CWD) for solid waste collection services. The contract is for a five year term with three one-year renewals. The original five year contract term expires on January 2019.

Transfers In

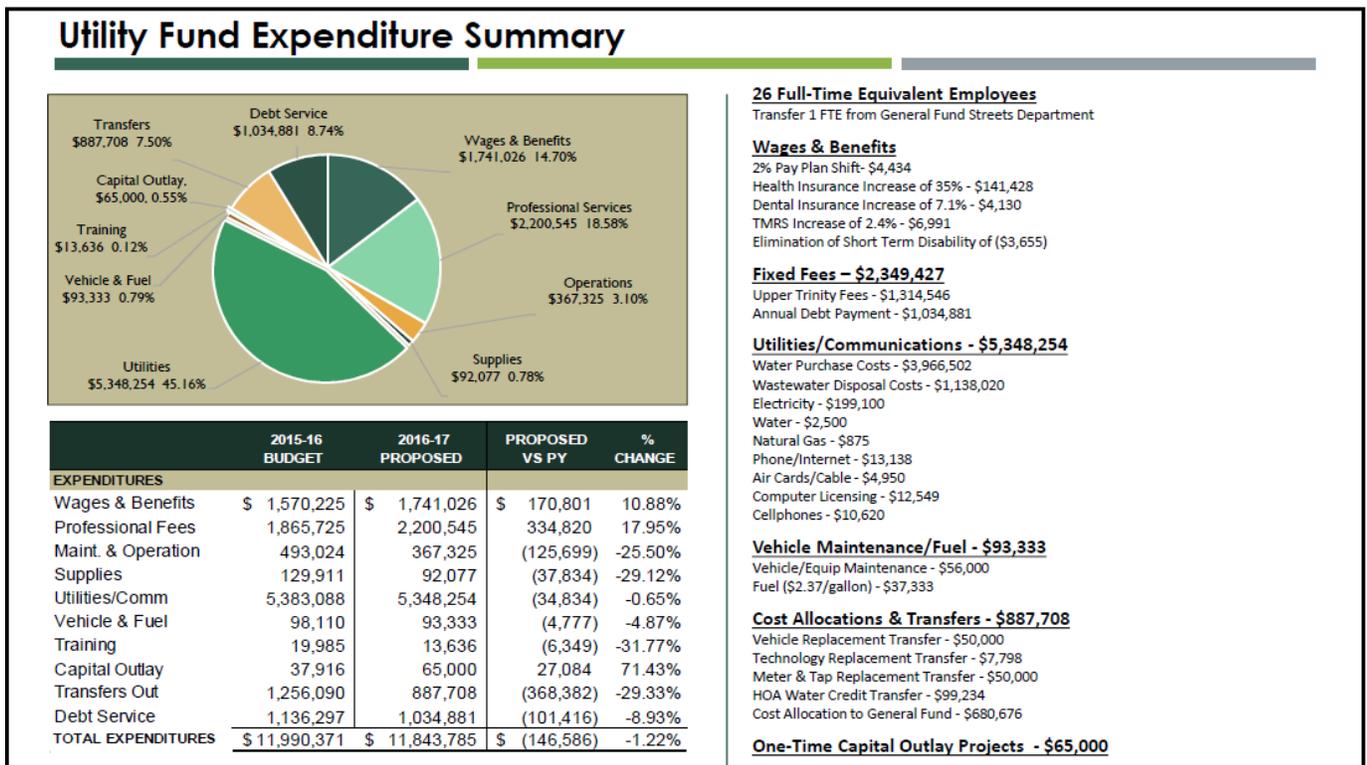
Cost Allocation from General Fund - \$204,096

Cost Allocation from Storm Drainage - \$36,828

There is a little drop in the revenues of about \$11.9. Our revenues have been trending down the last couple of years, we have had a lot of rain and so we budget conservatively and I did not want to keep those revenues high because we just don't know what the weather patterns will be. We have just a slight decrease in the water fees but overall we have about \$28 million dollars.

Utility Fund Expenditure Summary:

As far as your expenditures it includes the 26 full time employees from General Fund Streets Department. Wages and Benefits of about \$1.7 million. One of the key things to know on the utility is you have some high dollar fees that we have no control over. Fixed fees you have Upper Trinity, we budgeted about \$1.3 million and that increases anywhere from 3% to 5% a year. We are on a long term contract with Upper Trinity and the fees that they give us are what we have to expend and budget.

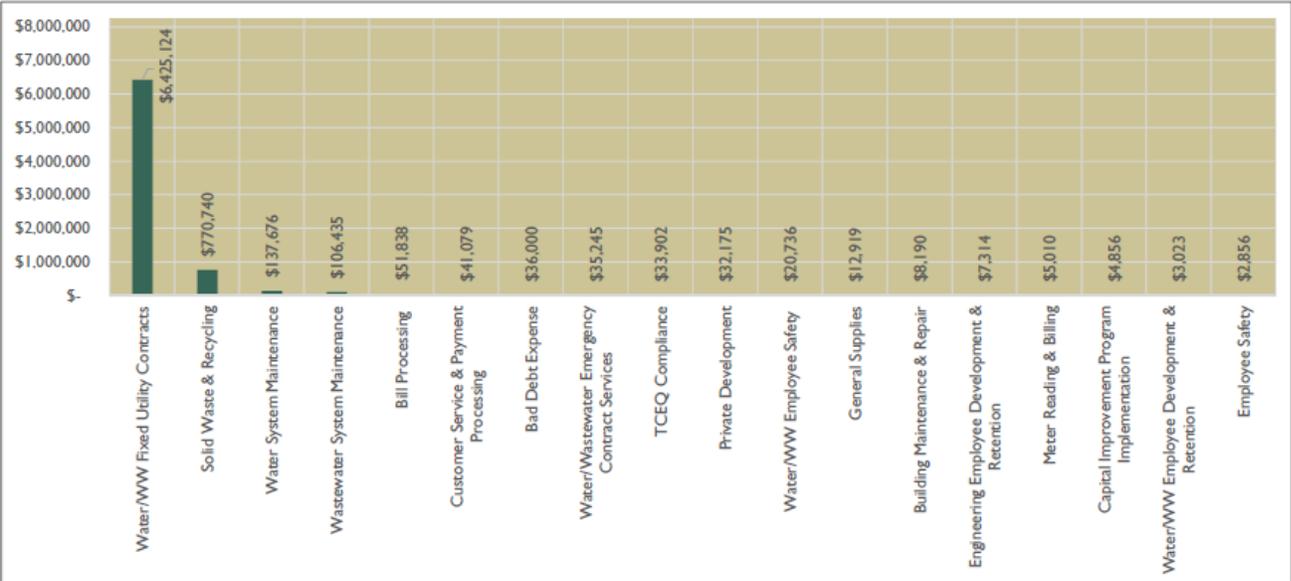


We have two new one time projects of \$65,000 and those are for our Utility Rate Study and we do that rate study every three years on our utility rates and we will start that process after the water/Wastewater Master Plan is done in December and depending on which projects are identified in that could impact our rates for the next three years. Also, \$15,000 to update the engineering manual that has not been updated since 1999 and there are some inconsistencies with our development plan, our UDC and so forth and this will update that.

Overall we are looking at about \$163,000 increase from your core services and again those are mostly due to your fixed costs from Upper Trinity and your water charges.

Core Service Packages

This represents only the most fundamental service needs and represents the minimum level of funding needed for services to remain viable. The Water/Wastewater Fixed Utility Contract core service packages equals \$6,425,124 and represents 83% of the total amount budgeted, \$7,735,118, for core services.



Departmental Budget Analysis

Department	FY2015-16 Base Budget	Utilities/ Communications	Fuel/Vehicle Maintenance	Core Services	Expanded Services	FY2016-17 Proposed	Variance	Percentage Change	New Services
Water/Wastewater	\$ 6,974,233	\$ 230,391	\$ 81,404	\$ 6,762,141	\$ 3,760	\$ 7,077,696	\$ 103,463	1.48%	\$ -
General Services	-	-	-	21,109	-	21,109	21,109	0.00%	-
Engineering	-	6,782	6,929	47,201	-	60,912	60,912	0.00%	65,000
Utility Billing	172,693	6,559	-	133,927	4,195	144,681	(28,012)	-16.22%	-
Garbage	765,000	-	-	770,740	-	770,740	5,740	0.75%	-
Total	\$ 7,911,926	\$ 243,732	\$ 88,333	\$ 7,735,118	\$ 7,955	\$ 8,075,138	\$ 163,212	2.06%	\$ 65,000

The FY 2015-16 base budget does not include wages & benefits, property & liability insurance, copier charges, capital outlay, debt service, transfers, and budget amendments.

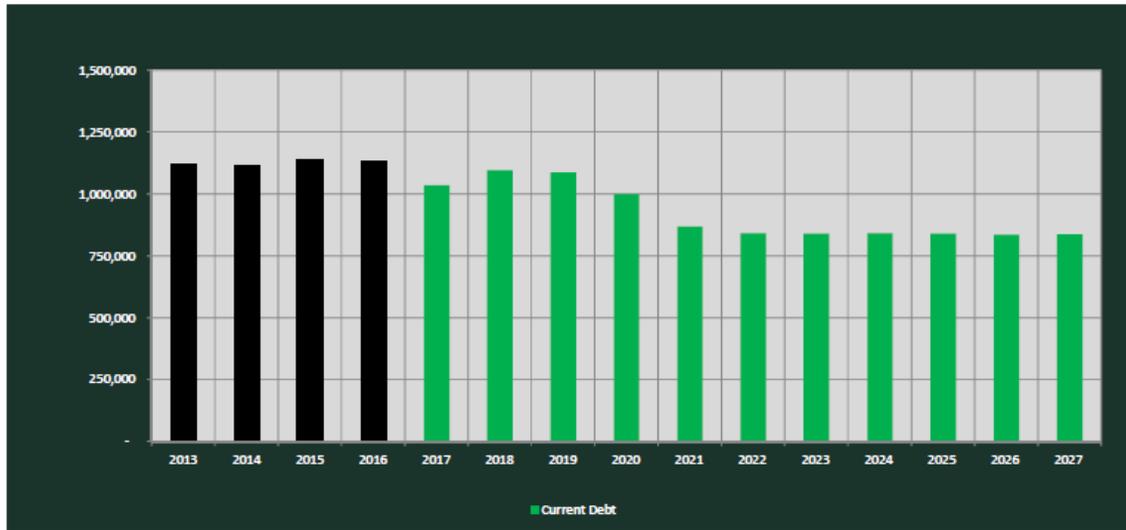
One-Time Projects - \$65,000

Utility Rate Study - \$50,000

Update Engineering Manual - \$15,000

On average your annual debt service payment is about \$920,000 over the course of the next few years and they have extended that to about \$10 million dollars.

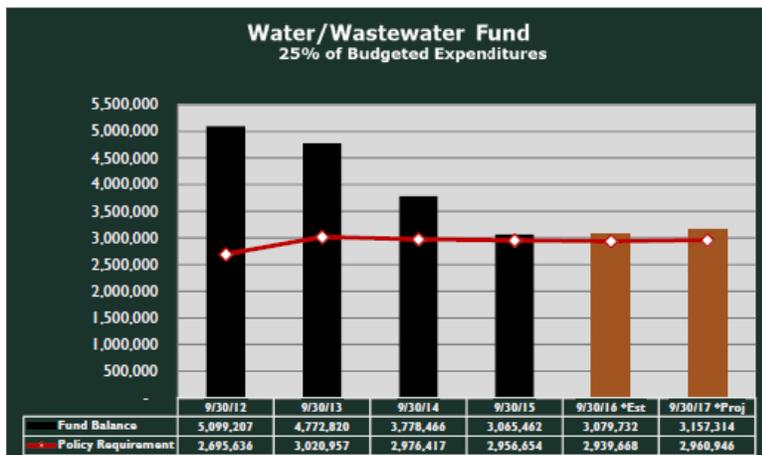
Utility Fund Debt Analysis



Average Debt Service Payment from 2017-2027= \$920,190

Utility Fund Total Outstanding Debt As of October 1, 2016 = \$10,122,085

Fund Balance Historical Analysis



In December 2012, the City Council adopted a Fund Balance Policy. The policy established the City's goal to achieve and maintain an unassigned fund balance in the Water/Wastewater Fund equal to 25% of expenditures.

Appropriation from the minimum assigned fund balance requires the approval of the Council and may only be utilized for one-time expenditures, such as capital purchases and not for ongoing expenditures.

FYE 2017 - No use of Fund Balance is Budgeted.

FYE 2016 - Budgeted use of fund balance for the following: \$342,733 for the sanitary sewer rehab in Amity Village, \$35,000 for document scanning.

FYE 2015 - Decrease due to the budgeted use of fund balance for the following: \$450,000 to repaint the elevated storage tank, and a budget amendment of \$61,000 for Shady Rest.

FYE 2014 - Decrease due to the budgeted use of fund balance for the following: \$500,000 for the sanitary sewer rehab in Corinth Shores, \$40,000 for a Comprehensive Utility Rate Study, and a budget amendment of \$600,000 for the 1.5 MG Ground Storage Tank.

We are right at the fund balance requirements for this fiscal year and that is where we are looking at for the 2017 year. We have a 25% fund balance requirement.

Utility Fund Financial Forecast:

We have an excess revenues over expenditures over of about \$77,000. We are looking at that effective fund balance being about 26.66%. Unless we have some projects that the Council would want to issue debt for, I think your utility rates are probably going to come in pretty flat, I don't think we will see a decrease or any increase either. I think our rates are going to be enough to substantiate the expenditures that we have over the next few years.

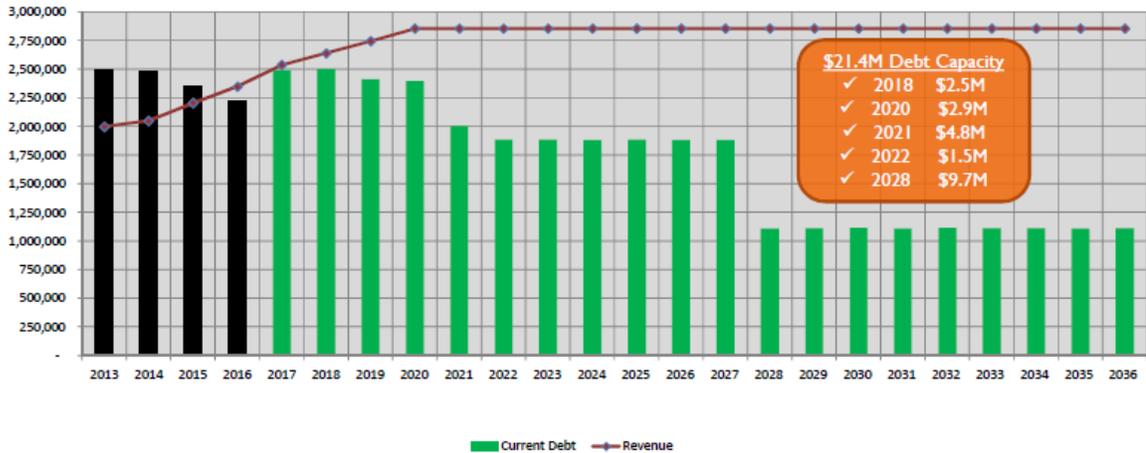
Utility Fund Financial Forecast								
REVENUES BY TYPE	2013-14 ACTUAL	2014-15 ACTUAL	2015-16 BUDGET	2016-16 ESTIMATE	2016-17 PROPOSED	2017-18 PROJECTED	2018-19 PROJECTED	2018-20 PROJECTED
BEGINNING FUND BALANCE	\$ 4,772,820	\$ 3,778,488	\$ 3,086,482	\$ 3,086,482	\$ 3,078,732	\$ 3,157,314	\$ 3,183,087	\$ 3,088,614
SALES TAX	\$ 58,222	\$ 52,907	\$ 64,000	\$ 56,988	\$ 58,740	\$ 60,600	\$ 61,206	\$ 61,818
UTILITY FEES	317,623	391,233	328,000	346,146	349,000	352,490	356,015	359,575
INTEREST INCOME	13,874	6,996	6,000	6,400	6,300	6,363	6,427	6,491
MISCELLANEOUS	59,558	62,337	56,000	66,000	57,500	58,075	58,656	59,242
CHARGES FOR SERVICE	10,222,115	10,488,146	11,247,422	11,105,839	11,208,903	11,368,137	11,529,736	11,693,738
TRANSFERS	239,921	111,993	191,569	191,569	240,924	243,333	245,767	248,224
TOTAL RESOURCES	\$10,911,312	\$11,113,612	\$11,892,991	\$11,772,942	\$11,921,387	\$12,088,988	\$12,267,808	\$12,428,088
EXPENDITURES BY CATEGORY								
WAGES & BENEFITS	1,303,729	1,317,787	1,570,225	1,451,669	1,744,982	1,824,993	1,911,219	2,004,311
PROFESSIONAL FEES	1,781,648	1,930,217	1,865,725	2,103,163	2,200,545	2,227,350	2,254,688	2,282,568
MAINT & CONTRACTS	310,355	513,590	493,024	461,893	367,325	369,162	371,007	372,862
SUPPLIES	85,774	105,148	129,911	107,840	92,077	92,077	92,077	92,077
UTIL/COMM	5,057,848	5,140,323	5,383,089	5,101,719	5,348,254	5,473,156	5,601,672	5,733,712
VEHICLES/FUEL	90,643	106,160	98,110	91,136	93,333	93,706	94,083	94,464
TRAINING	6,362	11,848	19,985	13,750	13,636	13,636	13,636	13,636
CAPITAL OUTLAY	885	15,148	37,916	35,416	-	-	-	-
DEBT SERVICE	1,114,005	1,126,198	1,136,297	1,136,297	1,034,881	1,096,999	1,086,389	1,000,146
TRANSFERS	2,154,416	1,560,198	1,256,090	1,256,090	887,708	892,147	896,607	901,090
TOTAL EXPENDITURES	\$11,906,898	\$11,828,618	\$11,890,371	\$11,768,672	\$11,843,786	\$12,083,226	\$12,321,379	\$12,484,888
DECISION PACKAGES								
Utility Rate Study					50,000			
Update Engineering Manual					15,000			
					65,000			
REDUCTIONS								
Short Term Disability					(3,956)			
Excess (Deficiency) of Revenue Over (under) Expenditures	\$ (984,364)	\$ (713,004)	\$ (97,380)	\$ 14,270	\$ 77,582	\$ 6,773	\$ (83,573)	\$ (85,779)
FUND BALANCE REQUIREMENT - 25%	\$ 2,978,418	\$ 2,966,864	\$ 2,987,693	\$ 2,939,888	\$ 2,980,948	\$ 3,020,808	\$ 3,080,346	\$ 3,123,717
ENDING FUND BALANCE	\$ 3,778,488	\$ 3,086,482	\$ 2,988,082	\$ 3,078,732	\$ 3,157,314	\$ 3,183,087	\$ 3,088,614	\$ 3,033,736
Excess (Deficiency) of Fund	\$ 802,050	\$ 108,808	\$ (29,511)	\$ 140,064	\$ 196,368	\$ 142,280	\$ 19,169	\$ (89,982)
EFFECTIVE FUND BALANCE	31.74%	25.92%	24.75%	26.19%	26.66%	26.18%	25.16%	24.28%

On our debt service for the general fund assuming an 8% growth in Ad Valorem and 4% for 2017-2020. If you left your tax rate flat on the debt service side you would have debt capacity of about \$21.4 million starting in 2018. You would have the capacity to do some capital projects if we had any to do.

The outstanding debt in your general fund after issuing those \$15 million for the facilities is at \$33 million. You have so much capacity that if you decreased a cent in 2017/2018 and again in 2020 you would still have enough revenue at 4% growth over the next few years to cover all your debt service payments and would still have some debt capacity of about \$2 million in 2022 and about \$10 million in 2028. So you do have options in here, you can issue debt for more projects, depending on what happens with the fire service contract you will have anywhere from .04 cents to .06 cents on the tax rate that you would either be able to eliminate or shift some over to offset your expenditures on your operations side.

General Fund Debt Analysis

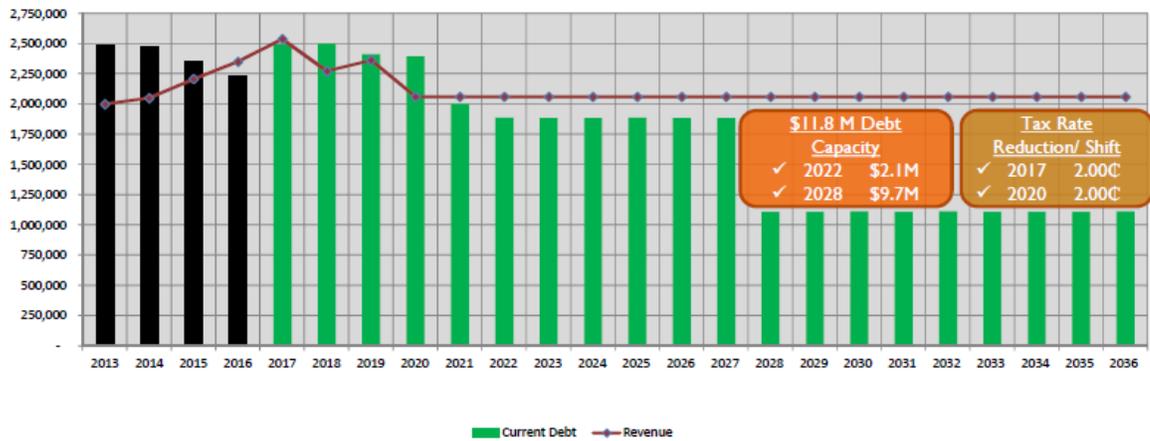
8% AD VALOREM GROWTH FOR 2016-17
4% FOR 2017-20



General Fund Total Outstanding Debt as of October 1, 2016 = \$33,100,790

General Fund Debt Analysis – Tax Rate Reductions/Shift Options

8% AD VALOREM GROWTH FOR 2016-17
4% FOR 2017-20



General Fund Total Outstanding Debt as of October 1, 2016 = \$33,100,790

Mayor Heidemann – if I understand basically where the City is right now, as far as our infrastructure goes we have completed most of that except for Lake Sharon is that correct?

Lee Ann Bunselmeyer, Acting City Manager – correct.

Mayor Heidemann – as far as this year with issuing the bonds we basically took care of all of our physical facilities within the City and that money will take care of that is that correct?

Lee Ann Bunselmeyer, Acting City Manager – that is correct. When we issued the \$24 million in 2007 and supplemented the \$10 million on escrow funds and various things, we basically took care of all your major streets at that point. With this issuance we take of the facility needs. Right now we do not anticipate any capital projects for next year or within the next three to five years.

Once the water/wastewater master plan is done in January of next year the Council may want to consider creating a sub-committee to start looking to see what your priorities are within all these master plans that we have and what is it that you want to move forward with.

Mayor Heidemann – one of the concerns I have is with Economic Development if we are attracting new businesses to this community we have to be able to support some of those things. If there is any type of incentive it has to come out of our savings and reserves that we have in Economic Development because we are not going to be able to generate any other revenues is that correct?

Lee Ann Bunselmeyer, Acting City Manager – no. I think your tax rate will be flat or reduced over the next few years. Again, the main kicker here is the fire contracts. We really have to figure out what is going to happen with that before we know how much capacity you have with anything else. If we do continue the fire contracts for another four years then you will have .04 cents to .06 cents that you can do something with and you can have a capacity within those .04 to .06 cents.

Councilmember Glockel – I thought we were going to put Garrison Street in next year or did we pull it out?

Lee Ann Bunselmeyer, Acting City Manager – we put it in for about 4 years out and I thought the Council had pulled it out.

Councilmember Glockel – I was just wondering how that was going to affect the roads if we get a fire station in that area.

Lee Ann Bunselmeyer, Acting City Manager – the cost for Garrison is not much it is about \$200,000 to \$250,000.

Councilmember Glockel – what about Lynchburg? That is not listed is it?

Lee Ann Bunselmeyer, Acting City Manager – no. We will not get the study back for Lynchburg until March of 2017 so I think once we get that study back Council will need to start going through those to figure out what the costs is going to be. Right now we don't have any type of estimate to budget.

Mayor Heidemann – under Council contingency and travel you have \$15,000, do we use that much money?

Lee Ann Bunselmeyer, Acting City Manager – yes, Council travel has gone up to about \$10,000 to \$11,000 in some years.

Mayor Heidemann – Is this just for training?

Lee Ann Bunselmeyer, Acting City Manager – yes, any training or conferences that the Council goes to. Would you like for me to give you an analysis on the exact amount we have been spending on an annual basis?

Mayor Heidemann – yes.

There was no Closed Session.

CLOSED SESSION

The City Council will convene in such executive (closed session) to consider any matters regarding any of the above listed agenda items as well as the following matters pursuant to Chapter 551 of the Texas Government Code.

Section 551.071. (1) Private consultation with its attorney to seek advice about pending or contemplated litigation; and/or settlement offer; and/or (2) a matter in which the duty of the attorney to the government body under the Texas Disciplinary Rules of Professional Conduct of the State of Texas clearly conflicts with chapter 551.

Section 551.072. To deliberate the purchase, exchange, lease or value of real property if deliberation in an open meeting would have a detrimental effect on the position of the governmental body in negotiations with a third person.

Section 551.074. To deliberate the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee; or to hear a complaint or charge against an officer or employee.

a. Deliberation of the employment, reassignment, or duties of the City Manager.

Section 551.087. To deliberate or discuss regarding commercial or financial information that the governmental body has received from a business prospect that the governmental body seeks to have locate, stay, or expand in or near the territory of the governmental body and with which the governmental body is conducting economic development negotiations; or to deliberate the offer of a financial or other incentive to a business prospect.

After discussion of any matters in closed session, any final action or vote taken will be in public by the City Council. City Council shall have the right at any time to seek legal advice in Closed Session from its Attorney on any agenda item, whether posted for Closed Session or not.

RECONVENE IN OPEN SESSION TO TAKE ACTION, IF NECESSARY, ON CLOSED SESSION ITEM

Mayor Heidemann adjourned the Workshop at 10:56 P.M.

ADJOURN:

Kimberly Pence
Kimberly Pence, City Secretary
City of Corinth, Texas

