

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

On this the 7th day of July 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
Sam Burke
Lowell Johnson

Members Absent:

Don Glockel

Staff Members Present:

Lee Ann Bunselmeyer, Acting City Manager
Kim Pence, City Secretary
Fred Gibbs, Planning & Development Director
Curtis Birt, Fire Chief LCFD
Jason Alexander, Economic Development Director
Chris Rodriguez, Financial Services Manager
Carrie West, Lt. Corinth Police Department
Cody Collier, Acting Director of Public Works, Parks and Recreation, and Utility Operations
Guadalupe Ruiz, Human Resources Director
Jeremy Booker, Building Inspections Supervisor
Shea Rodgers, Technology Services Manager
Andy Messer, City Attorney

CALL TO ORDER FOR WORKSHOP:

Mayor Heidemann called the meeting to order at 5:30 pm.

- 1. Discuss Regular Meeting Items on Regular Session Agenda, including the consideration of closed session items as set forth in the Closed Session agenda items below.**

Business Agenda #5 – Consider and act on an Ordinance of the City of Corinth updating and amending the City’s year-round Drought Contingency Plan and Water Conservation Plan to reduce water usage to ensure the health and safety of Corinth Citizens; repealing ordinance no. 03-01-23-04; providing that this Ordinance shall be cumulative of all ordinances; providing a severability cause; providing a penalty for violations of the drought contingency plan; providing a savings clause; providing for publication; and providing an effective date.

Councilmember Burke – Are all the cities enacting the same plan?

Cody Collier, Acting Director of Public Works, Parks and Recreation, and Utility Operations – Upper Trinity Regional Water District has 25 member cities. The intent is for all 25 member cities to adopt this

same exact plan as well as the City of Dallas. The City of Dallas and Upper Trinity pull out of the Lake Dallas reservoir, they want all of us to be on the same placing field.

Business Item #6 – Consider and act on a Resolution approving the “DRAFT” Denco Area 9-1-1 District Fiscal Year 2017 Financial Plan.

Mayor Heidemann – I would like to pull that item and put it on a later agenda. I would like to have the City Manager contact Jim Carter, who is our representative, who will come in and do a workshop session on it before we vote on it. There are some loopholes in there. I found out today in talking with him, that we need some answers on.

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 – In June we went over the general fund, utility fund and got an overview of the benefit changes for the next fiscal year. Tonight we are going to go into the remaining funds which are; storm drainage, restricted funds and some of our special revenue funds. Also, I wanted to give Council an update as to where we were with health insurance, as that is one of our biggest expenditures and the biggest increase in the next year’s budget. Our health insurance projected about a 35% increase. We had two companies that put in proposals, one was the current insurance company and their renewal rate was about 60% and the 2nd proposal was at 41%.

Through negotiations with the health insurance companies, our current provider, Aetna, said they would not reduce their rates beyond the 60+% they had proposed in their proposals. Blue Cross Blue Shield was the 2nd company, they did negotiate down from their 41% but only down to 39%. They reason for that is we have a claim that is causing some significant expenditures. Both of those companies see that as liability, they see those claims continuing. Because of our loss ratio, they are not willing to move further than that 39%. Overall for the city, that 39% impact is about \$550,000 and to the general fund it is somewhere around \$400,000. It did increase the impact to your employees. The most significant impact is to those employees that choose the family coverage. That went from about \$95 per month to \$107 per month. We did talk to the insurance provider to see if there was any other options to reduce the cost, he did provide us another option on the health insurance plan, however, it significantly deteriorates the coverage that we currently have to our employees. The impact was about \$45,000. On an HSA plan after the employees meet their deductible, the plan pays 100%. With this new plan it would only cover 80%.

Guadalupe Ruiz, Human Resources Director- Also the maximum out of pocket would increase for the individual an additional \$900 and for family \$1,800. Looking at this plan if it had not been for that claim we would expect more like a 6% reduction, but it only provided like 3%. Because of the experience loss ratio of 300%.

Lee Ann Bunselmeyer, Acting City Manager – We also looked at what the impact would be if we changed the dependent coverage. The impact to the employees is for every 1% we shift from 75 down, it’s a 5% increase to the employees out of pocket. For a 1% shift it only gains us about \$11,000, but it does increase the employees out of pocket by about \$15 or \$16 per month. There are some options but it does impact those employees that have the employee family pretty drastically. Our dental insurance came in at what we projected so we see a 7.1% increase, about \$2,000 to our city plan. Unless Council has some other direction. On July 25th when we provide the proposed budget we will move forward with the 39% increase in our health insurance.

Mayor Heidemann – You said because of our loss ratio this year has caused us to have this kind of an increase?

Lee Ann Bunselmeyer, Acting City Manager – Yes Sir.

Mayor Heidemann – Does that get advertised out over a period of years or are we going to be facing situation again next year?

Lee Ann Bunselmeyer, Acting City Manager – If the claimant is still on our policy, then you will probably see some impact to our plan. As the insurance company is losing money, they are going to try and recoup it through our insurance premiums. If for some reason that individual passes away, then we will see the reduction in our rates. At this time there is no indication to them that there is an end date within this next year so they will not adjust the rates.

Councilmember Harrison – If the employee retires, it severs up.

Lee Ann Bunselmeyer, Acting City Manager – Correct. They look at the last previous months to determine what type of rate they are going to project and within the last five months that we have been with Aetna, we are at a 300% loss factor, so for every dollar that we contribute in premiums they are spending out \$3.

Councilmember Harrison – What was the total cost of that last year? The bill for that individual?

Lee Ann Bunselmeyer, Acting City Manager - I don't know. I know to date, this year, in those five months it is right at \$1,400,000.

Mayor Heidemann – Our loss?

Lee Ann Bunselmeyer, Acting City Manager - Expenditures to the one claim.

Mayor Heidemann - So we could be facing the same issue next year?

Lee Ann Bunselmeyer, Acting City Manager - Quite possibly.

With storm drainage we applied the same principles that we changed with general fund and with water utilities and moved from that target base budgeting to a servicing level budgeting. Within storm drainage we have six core services, the total of that is about \$69,000, we have one expanded service that is \$35,000 and we also have a new package that we are proposing in storm drainage for a total of \$45,000.

Looking at our revenues, we have our storm drainage fee which is about \$685,000 is what we are proposing in revenues for next year. It's a slight increase from what we had in the prior year budget. That is the only revenue source we have here is that storm drainage fee that we charge \$6 per month, that was increased in 2011 to ensure we would have sufficient revenues to cover the debt service. When we did the debt issuance for several storm drainage projects.

On our expenditures, the biggest expenditure in the storm drainage fund is your debt service at \$195,000, your debt service payment makes up about 31% of the total storm drainage budget. The 2nd is your wages and benefits, we do employ three full time individuals for a total of about \$151,000 and you can see for them as far as your health insurance, dental insurance there is actually decreases instead of increases and that's because we had employees that changed their coverage from the prior year to this year. Last year they might have had a family coverage and this year they may only have employee only. That did decrease those amounts instead of increasing it.

Utilities and Communications have a nominal amount budget of \$5,466, the biggest line item is phone, internet for almost \$1,500. Vehicle/Maintenance/Fuel is at \$15,000, the majority of that is \$9,000 for vehicle and equipment maintenance and \$5,000 for fuel. Storm Drainage we budgeted this at \$2.37 a gallon based on estimates we received on the projected gallon price for gas in the 2017 calendar year. Cost Allocation Transfers to the vehicle replacement transfer fund of \$25,000, to the Tech Replacement Fund of \$250, and the cost allocations to the General Fund and Water/Wastewater Fund. The supervisors for storm

drainage are in the water/wastewater fund so we do a cost allocation over those funds to help cover some of those costs. For the General Fund we have HR, Payroll, Accounting, Tech Services and some of those we do cost drivers and that is the allocation to your General Fund. As far as new program funding, there is \$45,000 in our preliminary budget to replace a slope mower and as Cody had mentioned, it is to mow slopes.

Mayor Heidemann – There is no additional equipment other than the slope mower?

Cody Collier, Acting Director of Public Works, Parks and Recreation, and Utility Operations – That is all we need.

Mayor Heidemann – What is the life of one of those?

Cody Collier, Acting Director of Public Works, Parks and Recreation, and Utility Operations - The one we have now is going on 15 years. We use it for all of our mowing, not only the slopes but other areas. We just run from job to job. It has done all of our mowing for 15 years. Not only does it mow slopes really well, but wet areas. This particular mower has a wide wheel base so when the ground is wet and a normal mower cannot get in to mow it, this mower will drive right across it even the stuff you would sink in walking this mower can drive over it. The Parks Department uses it on occasion to mow some of their areas.

Mayor Heidemann – Is it mounted on the back of a tractor?

Cody Collier, Acting Director of Public Works, Parks and Recreation, and Utility Operations – No, it is actually on the front, it is a long red machine that runs on diesel. It looks like a bobcat or something of that nature, hydraulics are in the front and it raises the mower deck up and down. You can put multiple attachments on it.

Mayor Heidemann – It doesn't have a big boom on it or anything?

Cody Collier, Acting Director of Public Works, Parks and Recreation, and Utility Operations - No, it doesn't.

Mayor Heidemann - So you don't go along the side of the road...

Cody Collier, Acting Director of Public Works, Parks and Recreation, and Utility Operations - No.

Lee Ann Bunselmeyer, Acting City Manager - For our storm drainage fund the debt payment for 16-17 is \$195,000 and the debt it is paying is for the 2007 issuance. It terminates on 2027 that will be the final debt service payment for this fund. On average, it is pretty consistent, it's an average debt service payment of \$199,000.

Mayor Heidemann – What kind of interest amount do we have?

Lee Ann Bunselmeyer, Acting City Manager - I believe for '07 we were somewhere about 3-4%.

Councilmember Garber – Why is our debt service going up a little bit rather than down? Are we adding debt?

Lee Ann Bunselmeyer, Acting City Manager – No, that is just how the issuance was drafted back in '07.

Councilmember Garber - Service goes up before it goes down?

Lee Ann Bunselmeyer, Acting City Manager – There might have been an issuance in there that was done prior to that, but sometimes when you do a debt service structure, it they needed some capacity in the early

years, then they would lower the interest payments and then stack it up on the back end. It all depends on the cash flow at the time.

Mayor Heidemann – Is there any value in reissuing this and try to get lower interest rates?

Lee Ann Bunselmeyer, Acting City Manager – Every year we look at it, kind of like we did this year when we did the restructuring for the public safety facility. You always have to have a certain net present value savings in order for it to be beneficial to the municipality. So until it meets that threshold, then we won't recommend it.

Mayor Heidemann – I have to believe when we issued those that we did not have an AA+ rating.

Lee Ann Bunselmeyer, Acting City Manager - The market will drive that because anytime you go out and do refunding, you have to pay issuance costs, underwriter costs and so you have to make sure it is really worth your time to go in and do that, refunding of that. So that is how come you have to make sure that the interest rate is low enough to be able to generate enough revenue to offset some of those costs and still provide a savings to the city. If the interest rate is at 3%, then those interest rates have to be pretty low in order for us to generate enough money to offset that.

Councilmember Johnson – And you will need call dates too.

Lee Ann Bunselmeyer, Acting City Manager – Correct, it they are not callable then you cannot. There are set call dates in each one of the issuance. I know the majority of this is the 2007 if not all. I do not recall what the call dates are for this particular issuance.

Councilmember Harrison – Going into the budget season, we are all going into this zero based. Unless you go into individual line items, if you look at 2016-2017 FY budget, if we are trying to cut tax rates then one of those items, storm drainage, needs to be reduced to contribute to the reduction of the tax rate.

Lee Ann Bunselmeyer, Acting City Manager – Actually no. You cannot reduce your storm drainage fund to offset your general fund. Because your property tax rates only support your general fund. For your storm drainage fund the only revenues that support this is that storm drainage fee. You could reduce it but then you could also come in and try to reduce your storm drainage fee. As far as the expenditures, there is no correlation or relationship to your general fund.

Councilmember Harrison – So that is one of those things we cannot touch.

Lee Ann Bunselmeyer, Acting City Manager – You can touch it, but it is self-funded, self-supported.

Councilmember Johnson – There is a way to touch it, you could adjust some of those transfers down there. If you start doing that, then it creates problems. That is what they got into problems with the water fund years ago. It can be done but if you do, it is your own peril.

Lee Ann Bunselmeyer, Acting City Manager – I did want to provide a history on our fund balance for the storm drainage fund. It is a self-supporting fund and our fund balance is significantly higher than our fund policy requirement. In 2012, City Council approved the budget that set the fund balance policy target at 25%, and we are at about 100% for the last few years. I believe there is an excess of about \$150,000. It is a nice healthy fund.

Councilmember Harrison – On your note for 2016, you said decrease due to budget use of fund balance of \$100,000 due to Blake Street drainage project, is that basically what we spent to fix Blake Street?

Lee Ann Bunselmeyer, Acting City Manager – That is what was budgeted for this year, as you can see we have it in there that it was budgeted and expended, it was not actually expended. You can see here the

\$133,000 that was budgeted in 2015-2016, \$100,000 was budgeted for Blake Street and \$33,000 was budgeted for the Lynchburg drainage study that is being conducted by COG. So as far as our estimates, that is the only thing we are estimating to actually spend is the \$33,000 for the COG.

Mayor Heidemann – As we approach the Lake Sharon extension, is there anything that we are going to have to have go into this fund to accommodate the drainage in that area?

Lee Ann Bunselmeyer, Acting City Manager – I do not think so.

Fred Gibbs, Planning & Development Director – I would not think so. You may be able to break out some of the drainage out of the addition of the box culverts that are getting put in there. That is something you may be able to pay out of that fund, I'm not sure, the limits of the fund. There will be some drainage improvements for that road because of the crossing of the flood plain.

Lee Ann Bunselmeyer, Acting City Manager – We will have to evaluate and see what those costs are.

Mayor Heidemann – Right now you do not have any capital projects for that.

Fred Gibbs, Planning & Development Director - Not for drainage, we got rid of the drainage impact fee a while back.

Lee Ann Bunselmeyer, Acting City Manager - If you look here, this is our 2016-2017 budget, we anticipate starting with a \$594,000 fund balance, once you factor in our revenues, our ongoing expenditures of \$572,000 with a one-time expenditure for the slope mower. We anticipate having an ending fund balance of about \$663,000 for this fund at the end of 2017. Your fund balance requirement is \$154,000 that is 25% of your budgeted expenditures. That does leave an excess of \$500,000 that can be used on drainage projects. There is some capacity to add some projects, but again, that is one time money so if you have one project for \$500,000, then that is all you have the money to spend on.

Councilmember Burke – With the drainage improvements on the parcel over here on 35, could we use those funds for that purpose if we want to? To reclaim some of the flood plain? Lynchburg Creek.

Lee Ann Bunselmeyer, Acting City Manager – Yes, I think you probably could.

Councilmember Burke – So we could use some EDC funds, we could use those funds. What was the fee you used to charge?

Fred Gibbs, Planning & Development Director -We used to have a drainage impact fee years ago, I think we got rid of that about 4 years ago. We had impact fees, we had roadway, water/wastewater and drainage impact fee. They eliminated that fee because the impact fee is more of a regional approach on how you do regional detention or drainage. We require every developer to detain on their property, it did not make a lot of sense to charge an impact fee but then make the developer do drainage work on their site.

Councilmember Burke – There is supposed to be no impact, so why were we charging an impact fee.

Fred Gibbs, Planning & Development Director – At the time, Justin Brown, the Public Works Director, ask the Council to eliminate that fee. It was a little odd, the subdivision needed to be changed in that case.

Councilmember Harrison – The fund balance is a good thing, because if you have something you need money to use it for, you do not have to wait to issue a bond, pay as you go so to speak.

Councilmember Burke – I was thinking we were contemplating doing these improvements over here and we could possibly look at that fee as a way to offset those costs from the other business' and developments that are going to benefit from increase foot traffic. It doesn't sound like it is a good idea.

Lee Ann Bunselmeyer, Acting City Manager – In the past, this fund was very strapped, we did not have any excess revenues and so our fund balance was low, about 10 years ago. We have built that up. We did not have any debt capacity, so we did not have any capacity to issue any new debt to fund any new projects. So now if you look in the out years, we do have some excess revenues here based on our estimated expenditures over the next three years. For every million dollars, you are looking at about \$70,000 to \$75,000 of an expense. You do have some capacity in here to issue debt should the need arise you need to issue debt for a drainage project and that is a position we have not been in in the last few years. That is something we can keep in mind when we start drafting our capital project projects in the first quarter of next year.

Councilmember Burke – How many connections do we have? If you raise the fee by \$1, \$6 or \$7, what does that do to your revenue?

Lee Ann Bunselmeyer, Acting City Manager – I think we are maxed by state law to only increase it to \$6.50, so you can only increase it another .50 cents and off the top of my head I do not know the answer to that but I can definitely calculate what that would be. We do a comparison with other cities that actually do charge that storm drainage fee, we are on the high end. A lot of cities are much lower than that \$6 that we have.

Councilmember Burke – They may have an impact fee.

Lee Ann Bunselmeyer, Acting City Manager - Correct.

Councilmember Burke – So \$6.50 is the cap, and that is per connection.

Mayor Heidemann – I believe it is around \$8,500.

Lee Ann Bunselmeyer, Acting City Manager – When we talked about general fund, I gave you a book that had everything in there. This is all the services that we have for storm drainage. The largest is \$35,000 for our mosquito abatement program contract with Vector Disease that the Council approved this year, that is what we consider and expanded service as Council can elect not to do that. The other items we have in here we consider our core services. Those are mostly to maintain the aesthetics and structure of your storm drainage system. A small \$13,000 for engineering project design as we move through Cody's maintenance and so forth for the storm drainage system. To maintain our TCEQ best management practices program cost about \$12,000 per year and our employee safety program is down at \$4,000 and employee training and development is at \$2600. We have that as core services because those are mandatory certification training that staff has to go through to maintain their licenses to be able to manage and maintain the storm drainage system.

Mayor Heidemann – On the mosquito abatement program, are we posting that on a weekly basis now as far as what the results are?

Cody Collier, Acting Director of Public Works, Parks and Recreation, and Utility Operations – Yes Sir, it's on the website. I just talked to Jason Williams about zika last week and he is saying that the Center for Disease Control, in the City of Dallas, are not recognizing any true test marker, it is not strong enough to detect a virus. It is not a foolproof system, but they also say that it is not worth it because there are no conditions where humans are contracting the zika virus from mosquitos. It is people coming back with the virus. Sometime in the future it might happen, but even then the markers for it is so weak it may not even detect it if you happen to catch one with the zika virus to begin with.

Mayor Heidemann – Have we had any hits at this point with West Nile?

Cody Collier, Acting Director of Public Works, Parks and Recreation, and Utility Operations -This past Friday, Thousand Oaks Pond and the Community Park both had a positive sample pulled for West Nile virus and the Friday before, Thousand Oaks pond had a positive pulled sample for the West Nile virus. The Vector index is at a .7, Council had requested a 4.5 to spray.

Lee Ann Bunselmeyer, Acting City Manager – I believe this budget has not been presented or reviewed by the EDC Board. So there may be some changes upon their review of this. What we are projecting for 2016-2017 is an ending fund balance of about \$3,000,000. It does have one full time position that is budgeted out of this fund. We do anticipate sales tax to have about a 5% growth that is consistent with general fund and the other funds that we discussed last month. Interest income is a small revenue source in the EDC.

Sales tax fund at about \$8,400 a year. The major expenditures, other than salaries are the project incentives that is budgeted at \$150,000. We continue to transfer to the Park Development Fund of \$50,000 that we started about 4 years ago. They have promotional expenditures of \$16,000 and a new on-line marketing of \$3,800. One of the one-time funding programs that staff is recommending to the EDC Board is to do a comprehensive branding strategy project and that is anticipated to cost about \$125,000.

Councilmember Harrison – What is that? The \$125,000 branding strategy.

Jason Alexander, Economic Development Director – That is updating the City's logo. In a lot of the firms we have talked to, they will not update the City's logo without having a series of focus groups as well as some sessions understanding the community's history, where the community wants to go because that goes into shaping the updated logo.

Councilmember Harrison – Can we get briefed on that sometime?

Jason Alexander, Economic Development Director – Certainly.

Councilmember Burke – We had not voted on that, it has been something that has been discussed.

Councilmember Harrison – Ok, so it will come and be discussed whenever you all have voted on it.

Councilmember Johnson – It started out last year and they passed it in last year's budget.

Lee Ann Bunselmeyer, Acting City Manager – So it may not make it. I believe it is next week that the board reviews it.

Jason Alexander, Economic Development Director – Correct, on Monday.

Lee Ann Bunselmeyer, Acting City Manager – On the Crime Control District, we anticipate a fund balance of about \$194,000 ending in September of 2017. We have two full time equivalent positions, two police officers that are budgeted here. Last year we had talked about transitioning one officer a year over to the general fund, we moved one officer last year but this year because of the uncertainty of the direction we are moving forward with, the Fire Services contract, I did not transfer over a position so I left those two here in the Crime Control budget. It does have revenues of about \$291,000 again with a projected 5% growth. That is about \$13,000 more than the prior year. The expenditures for your two officers, in this budget, is about \$162,000 per year. We do have some new program budgeting for the police department. We have had some difficulties with the video recording, right now the Police Department is kind of split between two different systems. The old system, L3, is needing to be replaced and upgraded with our most current system. To bring all those remaining items that are in the L3 server over is going to cost \$53,000. To replace the tasers for the officers is \$28,000. The radio frequency identification that is for the property and evidence room, right now I believe that is done through a manual process and this will allow them to automate that system for \$24,000. When we discussed the general fund and we talked about the bullet

proof vests that we were purchasing did not have that trauma plate. To buy the new vests we were including that in there and that was going to increase the amount in the general fund budget. What this does is buy the trauma plates to insert into all the bullet proof vests that we currently have with our officers. All of these are one time funding for \$113,000.

Mayor Heidemann – What would be the advantage of putting the two full time in general fund and how would that assist in this budget?

Lee Ann Bunselmeyer, Acting City Manager – If we move that \$162,000 over the general fund then one of the things that we would start putting in here would be the replacement of our vehicles along with the various equipment and so forth that the Police Department would need. We currently do not have a vehicle replacement program. It cannot be specifically for that, but we can replace vehicles out of this fund. It would allow us to be able to do that on a more regular basis.

Mayor Heidemann – What fund does the car replacement come under?

Lee Ann Bunselmeyer, Acting City Manager – Right now we have a vehicle and equipment replacement fund and as we have funds, we put money in there. Typically, we replace about 4 police cars a year and each one of those is about \$65,000, to fully outfit a unit. We only transfer into that fund \$50,000 per year. We have never been able to truly afford the contributions to there. My suggestion would be if we move those positions over to the general fund that would actually buy us about 3 vehicles. It could properly fund our vehicle replacement fund.

When you look at street maintenance, your revenues are about \$336,000 per year. We anticipate an ending fund balance of about \$672,000 and for 2016-2017 we have some miscellaneous repaving expenditures for the streets that are listed for about \$319,000. I wanted to get Council up to date about the elections for either street maintenance with the Fire District, that we discussed several months ago, I contacted the states Controller's office and finally got a definite answer and it took having to go to several people to find out what criteria they would use for the population for Denton County so that we could elect to do a Fire District or go ahead and re-up our street maintenance sales tax. They go by the census, if they went by the census then we do not qualify for the fire district and we would not be able to qualify until 2020. With that, staff is going to move forward with the special election in November to reauthorize the street maintenance sales tax for four years. At that point when the new census comes out, the street maintenance sales tax will be up for reauthorization again and at that point Council can consider whether they want to move forward with the street maintenance sales tax or go ahead and do the fire district sales tax.

Moving into our restricted funds, for our hotel occupancy tax, this is restricted by state statute and you have to pass two parts test, one that is has to promote tourism and the other one that is has to fit into five statutory categories of advertising, promotion, art, convention, historical, and sports. There is a population restriction on sports that we do not qualify for, so ours is restricted even more than most cities. We always struggle to find things that we can spend this hotel occupancy tax fund, it is 7% is our rate that our hotel actually charges those that stay in the Comfort Inn and Suites. This year we are doing our Pumpkin Palooza, we did budget some money out of the current year to fund that program. We are requesting to fund \$20,000 for that Pumpkin Palooza music festival for next year and that will cover the advertisement cost and the cost for the artists and those two are the things that fall within that is statutory allowed.

Councilmember Garber – Is that what we are having this year?

Lee Ann Bunselmeyer, Acting City Manager - Yes, we plan on having a recurring event. We will brief Council in the next month or so, the activities for that and the planning that staff is undertaking for that program. Also, in the 2015-2016 budget we eliminated our special events coordinator and that was a position that we had that we were spending \$68,000-\$70,000 on. Now we actually contract out with individuals to actually help plan those events for us. We can pay that out of this fund and it costs us \$20,000 a year and she actually plans all of our events. As far as new program funding, one of the things that we

would like Council to consider is \$50,000 to start our entryway monument signage. We want to start with the one outside of City Hall. The reason is the center plate, where we actually exchange out and put signs and various events, it actually rotting. The sign is actually rotting on the inside and so we do not think it is going to last many more years, so we want to start designing that and come back to the Council and see exactly what type of sign you would like to replace that with. That is an allowable expense out of this fund.

Councilmember Harrison – When the previous City Manager was here we discussed that. Are we talking about entry ways on 2499? What entry ways are we talking about?

Lee Ann Bunselmeyer, Acting City Manager – This one is specifically for sign out front.

Councilmember Harrison - \$50,000 for it?

Lee Ann Bunselmeyer, Acting City Manager – It depends on what Council would like on there and we put in \$50,000 because if we want to move to an LED sign or various things, if we were to go to that then the cost to put electrical out there would generate that type of cost. That could decrease but it all depends on the type of sign the Council would consider.

Councilmember Harrison - The same thing we are going to discuss in Executive Session after a while about a Homeowners Association entry sign, is the same sign that cost \$10,000.

Lee Ann Bunselmeyer, Acting City Manager – Theirs cost \$10,000? Lake Dallas just put one in and it was \$35,000 and that did not include the cost for running the electrical that is where we got the quote for this. That is something that is at Council's discretion on whether it is to replace the same sign or to enhance it with LED.

For Keep Corinth Beautiful when we negotiated the CWD contract years ago, they donate \$6,500 per year that we put into this fund for clean-up events and so we budgeted the \$6,500 for development projects for \$3,000 and supplies for all the clean-up events for \$3,500.

At this time on the Community Park Improvement Fund we do not have any expected expenditures, it only has a fund balance of \$10,000 as we expended all the fund balance in this fiscal year when we did several projects to the parks fields, softball fields and so forth. So we will need that fund balance to actually regenerate in order for us to actually budget.

In the Park Development Fund, this is the fund where the revenues are a \$50,000 from the EDC fund and as far as expenditures, we are proposing \$10,000 in expenditures to replace picnic tables, benches, trash cans and swing mats in various parks throughout the city. Our proposal is that in the first quarter of next year that we actually start getting a committee together to start looking at what improvements we can make to some of the neighborhood parks. When this fund was developed was truly just for those neighborhood parks.

Councilmember Johnson – Are we also including mulch in that, play mulch?

Cody Collier, Acting Director of Public Works, Parks and Recreation, and Utility Operations -No, that was not included in it. I over budget for that in the parks maintenance budget. The fibar is what you are referring to, we could take it out of there if you like.

Councilmember Johnson – It is budgeted somewhere though, right?

Cody Collier, Acting Director of Public Works, Parks and Recreation, and Utility Operations -Yes Sir.

Councilmember Johnson – I noticed there are several parks that can certainly use a freshening up on that. Some actually put in.

Cody Collier, Acting Director of Public Works, Parks and Recreation, and Utility Operations – Three weeks ago we put in three parks and leveled them all off and are cycling through to catch them all up. It is budgeted in the Parks Department maintenance.

Councilmember Harrison – Lee Ann, could you have funded video redaction software for the Police Department, you could have funded that out of the Crime Control District?

Lee Ann Bunselmeyer, Acting City Manager – Yes, we could have.

On the Tree Mitigation Fund that is the fund that was established this year by Council. We have \$147,000 estimated fund balance at the end of October. We do not have any expenditures budgeted here but we did want to get Council's consensus. As we were discussing that with Cody, we were talking about Thousand Oaks Park, there are no trees. To plant trees would be about \$15,000 but if you planted them without an irrigation system, they would die. We estimated if we put in a bubbler system along with those trees for about \$30,000. That would be about 20 trees. We wanted to see if Council thought that was a good idea to put that into the budget. We want to see if that is something Council wants to do with that fund.

Councilmember Johnson – Are these trees? 3”?

Cody Collier, Acting Director of Public Works, Parks and Recreation, and Utility Operations – I am looking for, depending on the species, but I am looking for a 3”-5” caliber. Not a sapling. Like the ones we planted in the soccer fields on Corinth Parkway, those are 5”-6” caliber trees, that is what we are looking to put out there something that is already established and can offer shade.

Councilmember Harrison – Those trees on Shady Rest?

Cody Collier, Acting Director of Public Works, Parks and Recreation, and Utility Operations – No, the ones at the soccer fields.

Councilmember Harrison – What did they cost?

Cody Collier, Acting Director of Public Works, Parks and Recreation, and Utility Operations – There are several different species and some of the species that the homeowners requested have variable costs. I think they are all 3” caliber trees and they were all bid out for 3” caliber trunk, the ones I am looking at are 6” caliber trunks.

Councilmember Burke – How tall are they?

Cody Collier, Acting Director of Public Works, Parks and Recreation, and Utility Operations -The 6” caliber tree we put at the park are probably 15+ feet.

Lee Ann Bunselmeyer, Acting City Manager – Since it is a new fund, I did not know what the Council's intent was when you established the fund and if there is any projects that you envisioned to use this money for. When we were brainstorming, we thought this might be a good project to kick off.

Councilmember Garber – My understanding was we get this money because trees went missing from Corinth, so it makes sense that they would replant trees.

Mayor Heidemann - I think it is really good, it makes sense. Because it is in the park.

Councilmember Johnson - Especially now, because Thousand Oaks is bare.

Councilmember Garber – Unless we have a better place to plant trees, I cannot imagine that it is not a good use for them.

Councilmember Burke – I would like to know every park you go to, especially the ones that are not in use, Lynchburg, and any improvements that would be associated with that.

Councilmember Garber – That is a great question too. If we have this big Lynchburg expenditure is this not a fund that we can use?

Lee Ann Bunselmeyer, Acting City Manager – I believe that when the ordinance was drafted for the tree mitigation fund, it was to use for trees, specific for trees. We can plant the trees but unless you use irrigation, the trees are not going to be there in a year, so we thought irrigation would be a good expense as well along with the trees. These are all restricted for very specific purposes, drainage would not be one of them.

Councilmember Burke – Drainage is not the only thing, there is going to be an area around that that you want to have improved, I would think. Benches, etc. you think about what the finished project is, what do we have to draw from? I would like to know, someone to think about it, the idea in the mind that they know the details of how the tree mitigation fund is restricted, how the park development fund is restricted.

Mayor Heidemann – I would poll you guys, do you want them to come back with a proposal on putting trees in the park?

Councilmember Burke – Absolutely.

Mayor Heidemann – Come back with a recommendation how much and take it out of that fund?

Lee Ann Bunselmeyer, Acting City Manager – As far as other special revenue funds, we have the child safety program fund, these are all police related. We get revenues from Denton County, they charge a fee for every ticket and registration and we charge a ticket for every person that children are not in a child safety seat and that revenue has to go into this fund specifically for use in programs for child protection. The first element you can use this for is crossing guards and then if you have any money left over then you can use it for child safety issues. As far as our crossing guards we budget \$12,988, we also budget the Denton County Child Advocacy payment, out of this fund, that is \$13,543 and a one-time expenditure that we are putting in this year is to replace the McGruff costume for \$1,982.

Councilmember Garber - That is how much McGruff costs?

Lee Ann Bunselmeyer, Acting City Manager – Yes.

Mayor Heidemann – Is that child safety program, the crossing guards, is that for elementary schools?

Chief Walthall – We have two crossing guards and they are at the area where Hawk and Crownover are. We have one at Vintage and Creekside and one at Oakmont and Creekside.

Lee Ann Bunselmeyer, Acting City Manager – Lowell, this is the first year in many that we have been able to budget the amount that they have requested.

The court security fund can only be used to provide some type of security when court is in session. We do have money for a part time bailiff position. We have not been able to staff that position so that money is being used to pay for the salaries of the officers that come here and provide security. On all those revenues are actually revenues that are generated off of citations and specific citations and the revenues for that have to go into these restricted funds. For the court technology fund we generate about \$17,000 a year. It is restricted for anything that is technology related that benefits the municipal court. A lot of the things the

police department does technology for them benefits the court, this is where we bought the ticket writers because that made a much more efficient way to enter in all of those tickets. For this, on the video redaction software, the officers have to go in and pull video every time we have court for all the cases that are in play and so this will help them and be able to make it a much more efficient process. Right now it's taking hours upon hours for them to be able to that and in turn that allows us to be able to get those citations on the docket a lot quicker. That is right under \$5,000.

Our internal service funds, these are not restricted by state statute, these were restricted by use from Council when they were created. We have our general vehicle replacement program and this is the fund that we replace the vehicles for our parks, police department and this this year we are only requesting one vehicle to be replaced and that is our animal control vehicle. I think it have about a 150,000 miles on it and the maintenance is to the point where we will need to replace that.

For technology replacement, all the different funds contribute into this and we replace our computers on a five year cycle for each of our divisions and this next year those that are up for replacement are: City Administration, EDC, Finance, the chambers, the City Council computers and we have the big GIS scanner up in Fred's department and the scanner is not functioning or close to needing to be replaced, that is \$6,000 for that scanner and the police server.

Shea Rodgers, Technology Services Manager – In the expansion of an existing server, we are going to more body cams and expanding the use of dash cam, the additional capacity in our server to store all this footage that is getting flagged for cases, we need additional expansion for capacity.

Lee Ann Bunselmeyer, Acting City Manager – On our fire department vehicle replacement, this one was established by the contracts that were negotiated with the other cities and in the those contracts it specified that every one of the cities would contribute, that it would have to be set aside in a restricted fund specifically for the fire department. The annual contribution from all the cities is \$249,000. On core services of \$162,000, those are purchases that we have made for the ladder truck, the engine that the Council just approved a couple of weeks ago and the lease payment for a medic. So we currently have about \$162,000 of lease payments that are paid out of this fund. With the replacement of the medic, lease payments are going to go up to \$200,000 per year.

As far as the utility vehicle replacement fund, we have annual contributions coming in from our utility fund of \$75,000, this year we do not have any proposed equipment or vehicles that need to be replaced out of this fund.

Our utility meter replacement fund, we contribute about \$50,000 a year into this fund from the utility fund. We do have an anticipated project of \$600,000 and this is to replace the transponder system. That is a system when we had our strategic plan, Cody went into in depth that will provide the software where residents can go in actually check their usage by minute, by hour and so forth. It will also flag our customer service department when there are leaks a lot quicker so we can be more proactive in alerting the customers as well if there is problems on their meter. We will have to replace all the meters and purchase the software. I believe this is phase 1 and then in 2017-18 we will come back and spend another \$300,000 to \$400,000 out of that fund to replace all the ones in the city.

Mayor Heidemann – How many meters do we have total?

Cody Collier, Acting Director of Public Works, Parks and Recreation, and Utility Operations - Roughly 6700 accounts.

Mayor Heidemann - And you are fixing what percentage of this?

Cody Collier, Acting Director of Public Works, Parks and Recreation, and Utility Operations - That should get us 60-70%. We will try and come in and finish up the rest as we go and the reason for that being

battery life span in the ground now, so we still have a couple of years left so there is no rush to pull working transponders out. It works out nicely that we can phase that in over a couple of years.

Councilmember Harrison- On the meters we are selling for new homes, are they installing the current meters or projected new meters?

Cody Collier, Acting Director of Public Works, Parks and Recreation, and Utility Operations – The actual meters are all the same, it is actually going on to the meters extra transponder. What is going on them now is the current system that our meter reader that drives all over town, his car reads it as he drives by, that is what is going on them.

Councilmember Harrison – So next year you are going to replace them?

Cody Collier, Acting Director of Public Works, Parks and Recreation, and Utility Operations - No, that would be the phase in, those are the ones I am saying that it is not beneficial to swap them all out, but if we do about a three year phase in we catch them as we go then we can replace those.

Councilmember Harrison - I was just thinking if you are putting in new meters and everything in them now, why don't they put in the updated meter before you go?

Cody Collier, Acting Director of Public Works, Parks and Recreation, and Utility Operations - If we did, we would have no way to read the newer technology, we don't know if it is a cell phone based system or it is going to go through a data collector tower system.

Councilmember Johnson – I have a request that maybe we look in the future, another terms of service fund. Knowing that our insurance costs are going to spike periodically, I would like us to come in with a new in-term service fund that would stabilize that and stabilize those rates so maybe we can keep from having this huge spike, we will have a fund that we can pull out of, the whole rate. A reserve fund, if that is an option we could do this year to pull it out of the general fund to balance, but that is not something I recommend to do because it is something you would have to do every year. If we create an in-term service fund it will do that. I think that would be something that would go towards not get into these situations to where a spike or whatever it is would cause such a problem. Almost self-assured. It would like a catastrophic loss type program, something that would sit in there as a reserve or if we needed it to hold rates. It would be a policy decision for us to determine what our rates are going to be and then if we need to adjust it out the employees or general fund, if we are going to adjust it out.

Lee Ann Bunselmeyer, Acting City Manager – A lot of cities have that. Some call it a rate stabilization fund for electricity rates or various things to make sure that you always maintain that same rate. Many cities call it a risk retention fund. Right now we budget a 2% salary savings because we know we are going to have vacancies, but our salary savings is typically 3%, 4%, or 5% of our budgeted wages and benefits. If Council wanted to pass a policy that at the end of the year 1% of our salary savings goes into this fund that could be a way to build that up and then be able to use that to keep your rates flat.

Councilmember Johnson – I think that would help us with our budget. Stabilize it, help a lot. And on years that we are way down, we might look at the possibility of taking all of the money in the down slot and putting some more of it in. So we have it covered.

Mayor Heidemann – What do you call that fund?

Lee Ann Bunselmeyer, Acting City Manager - I would probably call it a risk retention fund. You could probably categorize correctly. You could use it to stabilize your insurance rates, if it starts building up a nice fund balance you could use it. Most risk retention funds are set up so that let us say there is a major accident and you can pay your insurance premiums out of it or you can use that, you might have some

flexibility to use it for other purposes, other than just insurance. Or, if you want it for just a specific fund for just insurance purposes, we can do that as well.

Councilmember Johnson – As long as we meet IRS requirements on that, I do not see any reason you could not use it, that would just need to make sure we are under the IRS rules.

Lee Ann Bunselmeyer, Acting City Manager – Our final slide is on our impact and escrow funds. We currently do not have any capital projects projected out of this. We are currently conducting an impact fee study and also a water/wastewater master plan. That is set to be finalized in December of this year after the budget is approved in September. We are waiting on allocating this money until they give us a list of those impact fee eligible projects. It is only \$90,000. Some of that might be able to be used in that area. What we typically try to do is when we have capital project funds, if we can use this money we try to use this first because it is restricted for its use. Hopefully, next year once we get those listings we will be able to use some of these funds for that.

Councilmember Harrison – Do we have any impact funds we are going to have to pay back? Our ten year point?

Lee Ann Bunselmeyer, Acting City Manager – No, we have been spending the money. The old impact fee monies that we had we have already allocated those to projects when we did the 2007 CIP. The only thing is its not impact fees it's the street escrow fund. Our plan had been that if we did Garrison, we would be able to use some of that street escrow fund monies to be able to do some of those improvements.

Councilmember Harrison – You have a ten year pay back.

Lee Ann Bunselmeyer, Acting City Manager - If they request that.

Councilmember Johnson – It has to be on Garrison.

Lee Ann Bunselmeyer, Acting City Manager – we will receive the certified roll on July 25th, I got the preliminary numbers last Friday, we are still maintaining at a 12% increase. We have one more week, then from that week it really doesn't change much. I truly think we are going to come above the 8% that I had projected. By our charter, we have to submit the proposed budget to the City Council by July 31st and so we will deliver that to you and we will have the work session to discuss that on August 2nd, and then we will start the truth in taxation meetings on August 4th and end up with the Council adopting the budget on September 15th. Between August 4th and September 15th we can have as many meetings as the Council needs to review the budget and make any changes that you deem necessary.

Mayor Heidemann recessed into Closed Session at 6:40 pm.

CLOSED SESSION

The City Council will convene in 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. Private consultation with its attorney to seek advice about pending or contemplated litigation; and/or settlement offer; (2) and/or 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.

Council met in Closed Session from 6:41 p.m. until 6:55 p.m.

- a. **Receive legal advice from the City Attorney regarding Meadows Oak subdivision drainage; Right-of-way signs and encumbrances; Corinth Economic Development Corporation governance**

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 ITEMS.

There was no action taken from Closed Session.

ADJOURN:

Mayor Heidemann reconvened the workshop at 6:56 p.m.

Mayor Heidemann adjourned the Workshop Session at 6:57 pm.

Approved by Council on the 21st day of July, 2016

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