

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

On this the 12<sup>th</sup> day of January, 2017 the City Council of the City of Corinth, Texas met in a Workshop Session at the Corinth City Hall at 5:30 P.M., 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  
Sam Burke, Council Member  
Lowell Johnson, Council Member  
Don Glockel, Council Member  
Scott Garber, Council Member

**Staff Members Present:**

Lee Ann Bunselmeyer, Acting City Manager  
Fred Gibbs, Planning and Development Director  
Cody Collier, Public Works Director  
Kim Pence, City Secretary  
Elaine Herzog, Engineering Manager  
Curtis Birt, Fire Chief  
Greg Wilkerson, Assistant Chief of Police  
Shea Rogers, Technology Services Manager  
Jason Alexander, Economic Development Director  
Mike Brownlee, City Engineer  
Chris Rodriguez, Finance Manager  
Guadalupe Ruiz, Human Resources Director  
Jane Krhovjak, Human Resources Generalist

**CALL TO ORDER:**

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

**PRESENTATION:**

1. Receive a presentation, hold a discussion and provide staff direction on the Water and Wastewater Master Plan, and the Water, Wastewater and Roadway Impact Fee Study.

**Lee Ann Bunselmeyer, Acting City Manager** - Ms. Bunselmeyer turned the meeting over to Planning and Development Director Fred Gibbs

**Fred Gibbs, Planning and Development Director** - We are getting close to wrapping this project up. We need guidance from the Council on percentages and fee collection on the Impact Fees. We are currently projected to go to the CIAC Committee which is the planning and zoning commission on January 23<sup>rd</sup>. Kimley-Horn and Associates, Inc. will go over the Impact Fees at that meeting. Also, an item for this is included on the February 2<sup>nd</sup> agenda to discuss to hold a public hearing report. Fred turned the meeting over to Anthony Samarripas with Kimley-Horn and Associates, Inc. to go over their presentation.

**Anthony Samarripas, Project Manager at Kimley-Horn and Associates, Inc.** - Mr. Samarripas introduced his colleague Jeff Whitacre, Project Manager at Kimley-Horn and Associates, Inc. Mr. Whitacre has dealt with the roadway and transportation component of the Impact Fee updates. Kimley-Horn and Associates is here to give a project status of where they are on the project and touch on the preliminary results for the Impact Fees, Water Roadway and Wastewater and will walk through the upcoming steps which Fred mentioned. Kimley-Horn and Associates, Inc. is requesting feedback from the Council on the Impact Fees and will answer any questions the Council may have. Kimley-Horn and Associates, Inc. is not looking for formal action or direction, but would like to provide the Council with a preview of how the new Impact Fees are looking and gage the Council's thoughts on where they might want to see the new Impact Fees adopted, what rates and if there are any other options to look at before the public hearing.

The reason for Impact Fee update: The Impact Fees are governed by Texas local government code Chapter 395 and that law stipulates that cities have to update their Impact Fees every five years. The city updated their fees in 2011, so the five year window is coming up and the Impact Fees are being updated.

Water and Wastewater Master Plan update: As part of the Impact Fee project, the City of Corinth asked Kimley-Horn and Associates, Inc. to look at updating the Water and Wastewater Master Plans because those master plans were updated over ten years ago. It is time to reevaluate the master plans so we have been working on the master plans concurrently with the Impact Fees. Main discussion of this agenda item will be about the Impact Fees, but the analysis on the master plans are about done so Kimley-Horn and Associates, Inc. has identified future capital projects that will be needed to meet future demands and will start moving into developing master plan documents. In the next couple of months master plan documents will start coming in to the Council for review and approval. This process will continue.

A review of previous project milestones:

- April 21, 2016 Council Approves Engineering Services Agreement - this process was started in April 2016
- August 18, 2016 Impact Fee Workshop
  - Land Use Assumptions were presented to Council (Council had no comments on land use assumptions)
  - Financial Analysis Task was presented to Council (Council directed staff not to proceed with Financial Analysis)
- January 12, 2017
  - Discuss preliminary results and get feedback on those preliminary results
  - Financial Analysis Task Impact

In August we held a work session and we touched on Land Use Assumptions that we will use on the Impact Fees. The Land Use Assumptions are the growth projections that we use to determine the Impact Fees. For Impact Fees we look at a ten year window which is stipulated by the law and we look at how much growth the city going to have in the next ten years and what infrastructure is needed to serve that growth.

**Councilmember Glockel** - Please clarify if it has or hasn't been five years since the Impact Fees have been updated. If the last time that they were updated was in 2011, wouldn't we be coming up on six years?

**Anthony Samarripas, Project Manager at Kimley-Horn and Associates, Inc.** - The City of Corinth came up on their five years in December 2016. The process for the Impact Fee update started in April 2016. The process was started prior to the five year window. The city attorney has agreed that you are working toward fulfilling that five year commitment. Regarding the growth assumptions we presented back in August, we project that within the next ten years there will be a population growth of 3,554 and that non-residential growth will be about 1,625,000 sf. These numbers were developed by working with city staff, looking at historical growth rates and projecting out what those growth rates will look like in ten years.

Another item that was discussed in August was the credit calculation component of the Impact Fees. A section from Chapter 395 Credit Calculation/Financial Analysis (the law governing Impact Fees) was shared. Basically, the law says that you have to give a credit as part of the Impact Fee process so you don't double charge new development. You can do one of two things. You can go through a very detailed credit calculation which is what the first bullet walks through or in lieu of doing the detailed credit calculation, you can just reduce your Impact Fee number by 50%. You can do one or the other:

- A credit for the portion of ad valorem tax and utility service revenues generated by new service unit during the program period that is used for the payment of improvements, including the payment of debt, that are included in the capital improvements plan; or
- In the alternative, a credit equal to 50% of the total project cost of implementing the capital improvements plan.

These two options were discussed with Council. The first one, the detailed credit calculation, will allow you to end up with a higher Impact Fee number that you can charge. The 50% will be lower than that. We looked at benchmark cities. We looked at what the city was currently charging and a decision was made that the 50% approach will likely be sufficient because those numbers would be high or higher than Council would want to charge any way.

The direction we got was the detailed financial analysis was not needed. We would take the 50% approach and those results will likely be sufficient for what you would want to charge.

We can look at how the results compare to the 2011 study.

2011 Calculated versus 2016 Calculated

Single Family Dwelling Unit Impact Fees		
	2011	2016
Water	\$1,441	\$2,182
Wastewater		
Denton Basin	\$0	\$0
Upper Trinity East Basin	\$1,094	\$908
Upper Trinity West Basin	\$1,300	\$2,121
Roadway	\$3,207	\$3,356

**Mayor Heidemann** - What goes into the Roadway?

**Jeff Whitacre, Project Manager at Kimley-Horn and Associates, Inc.** - It's a combination of two things. It's some of the new roads that need to be built such as the widening and it captures some of the existing roads that need to be done such as 2181. Roads that have already been built that you are paying debt service on and a combination roads that you have to build in the future.

**Anthony Samarripas, Project Manager at Kimley-Horn and Associates, Inc.** - The 50% credit approach table is as follows:

	Pre Credit Total	50% Credit
Water	\$7,777,098	\$3,888,549
Wastewater		
Denton Basin	\$0	\$0
Upper Trinity East Basin	\$1,665,000	\$832,500
Upper Trinity West Basin	\$3,000,196	\$1,500,098
Roadway	\$25,290,000	\$12,645,000

**Councilmember Garber** - question about the cost of the financial analysis is it really going to get us more than the 50% now. These fees are paid by developers and people building the city, right? That is a lot of money. That seems like a lot of money to not take a detailed financial approach. Certainly it's not going to cost us three million to do a detailed financial analysis.

**Anthony Samarripas, Project Manager at Kimley-Horn and Associates, Inc.** - Correct. The financial analysis task is part of Kimley-Horn and Associates, Inc.'s contract. It is listed as a line item in case Council want to proceed and has not been used yet. The cost in total for Kimley-Horn and Associates, Inc.'s financial consultant to do the detailed analysis for Water Wastewater and Roadway is \$27,000.

**Fred Gibbs, Planning and Development Director** - Typically you do those (detailed financial analysis) if you are going over 50% collection rates. If you want to go over 50% you want to account for the reasoning and financial backing to go over 50%. That is typically when you kick in the financial analysis.

**Councilmember Garber** - Would going over the 50% adversely affect our ability to develop the city the way that we want to? It keeps us from being competitive

**Fred Gibbs, Planning and Development Director** - It will increase that number significantly which you are going to see the comparison at 50%.

**Anthony Samarripas, Project Manager at Kimley-Horn and Associates, Inc.** - We will go into the next session which will somewhat address what the Council is asking.

**Councilmember Glockel** - I read the whole report. I don't know where the East and West Trinity are. You can see in the breakdown that you are charging different for the Westside.

**Anthony Samarripas, Project Manager at Kimley-Horn and Associates, Inc.** - There is a map in the report that you will receive prior to the public hearing that show where the basins are at.

**Councilmember Glockel** - Might be good information to have to show why the pricing is different.

**Councilmember Burke** - Upper Trinity decides that, right?

**Anthony Samarripas, Project Manager at Kimley-Horn and Associates, Inc.** - The basin component was worked on with the city staff on defining basins based on the way they collect and where they flow. Decisions were made to use multiple basins. Water and Roadway are citywide, so no matter where you are at in the city, your water Impact Fee is the same. Your Roadway Impact Fee is the same. The Wastewater is broken up into three separate phases.

**Councilmember Burke** - We are close. In the price to control it.

**Anthony Samarripas, Project Manager at Kimley-Horn and Associates, Inc.** - Correct.

**Fred Gibbs, Planning and Development Director** - You don't want to east side of town paying for the west side of town and visa versa when it's flowing.

**Anthony Samarripas, Project Manager at Kimley-Horn and Associates, Inc.** - We have some slides that show comparisons to neighboring communities as well as what you are currently charging from an Impact Fee standpoint.

Impact Fee Comparison Single Family Dwelling Unit Roadway	
City	Adopted Fee
Lewisville	\$0
Allen	\$650
Coppell	\$890
<b>Corinth 2011 (Adopted)</b>	<b>\$962</b>
The Colony	\$1,898
Denton	\$2,000
McKinney	\$2,085
Southlake	\$2,292
Little Elm	\$2,310
<b>Corinth 2011 (Max Assessable w/50% Credit)</b>	<b>\$3,207</b>
<b>Corinth 2016 (Max Assessable w/50% Credit)</b>	<b>\$3,356</b>
Rowlett	\$3,490
Flower Mound	\$3,715
Frisco	\$4,261
Colleyville	\$4,941

**Fred Gibbs, Planning and Development Director** - That fee got lowered in November. An amendment was adopted to the Roadway Impact Fee and lowered it by about 15% to \$962.

**Councilmember Harrison** - The comparison is for 2016. You don't know what the comparison is for 2016 for all of those other cities on that chart, right.

**Anthony Samarripas, Project Manager at Kimley-Horn and Associates, Inc.** - The numbers for these cities on this chart are relatively recent. We pulled them for last year's (2016)

**Jeff Whitacre, Project Manager at Kimley-Horn and Associates, Inc.** - Most of the cities on the chart i.e., Rowlett, Flower Mound, Frisco, McKinney and Denton - they are pretty recent. Those are the current rates they are adopting right now.

**Councilmember Harrison** - So this is mostly what they are currently what they are charging. I didn't want to compare it to 2011.

**Anthony Samarripas, Project Manager at Kimley-Horn and Associates, Inc.** - That is what they are charging now. A lot of them have done their updates in the late couple of years as well.

**Jeff Whitacre, Project Manager at Kimley-Horn and Associates, Inc.** - One thing that has changed since the last time this was done by Corinth is Denton, in 2011, did not have Roadway Impact Fees so there wasn't a comparison to your nearest neighbor. Now they do.

**Anthony Samarripas, Project Manager at Kimley-Horn and Associates, Inc.** - And Denton is charging \$2,000.

**Councilmember Harrison** - How about Lake Dallas?

**Jeff Whitacre, Project Manager at Kimley-Horn and Associates, Inc.** - They currently don't have Roadway Impact Fees

**Anthony Samarripas, Project Manager at Kimley-Horn and Associates, Inc.** - We have another roadway example here. This one is for an example that would be an industrial development 100,000 sf.

Impact Fee Comparison 100,000 sq. ft. Industrial Roadway		Impact Fee Comparison 10,000 sq. ft. Retail Roadway	
City	Adopted Fee	City	Adopted Fee
Lewisville	\$0	Lewisville	\$0
Denton	\$58,775	The Colony	\$10,970
Allen	\$60,000	Coppell	\$13,398
Coppell	\$67,200	Allen	\$15,000
Rowlett	\$67,700	Colleyville	\$15,080
The Colony	\$91,600	<b>Corinth 2016 (30% of Max)</b>	<b>\$17,904</b>
<b>Corinth 2011 (Adopted)</b>	<b>\$92,421</b>	<b>Corinth 2011 (Adopted)</b>	<b>\$18,842</b>
McKinney	\$97,001	Denton	\$21,000
<b>Corinth 2016 (30% of Max)</b>	<b>\$101,268</b>	Flower Mound	\$24,259
Flower Mound	\$148,959	<b>Corinth 2016 (45% of Max)</b>	<b>\$26,856</b>
<b>Corinth 2016 (45% of Max)</b>	<b>\$151,902</b>	Rowlett	\$27,535
Southlake	\$166,725	Little Elm	\$32,550
Little Elm	\$187,200	Southlake	\$33,908
<b>Corinth 2016 (60% of Max)</b>	<b>\$202,536</b>	<b>Corinth 2016 (60% of Max)</b>	<b>\$35,809</b>
Colleyville	\$212,200	McKinney	\$37,640
<b>Corinth 2011 (Max Assessable w/50% Credit)</b>	<b>\$308,072</b>	Frisco	\$50,070
Frisco	\$309,100	<b>Corinth 2011 (Max Assessable w/50% Credit)</b>	<b>\$62,805</b>
<b>Corinth 2016 (Max Assessable w/50% Credit)</b>	<b>\$337,560</b>	<b>Corinth 2016 (Max Assessable w/50% Credit)</b>	<b>\$59,682</b>

**Fred Gibbs, Planning and Development Director** - Anthony added some more percentages in there to give you a birds-eye view of what 30% or a 45% would be.

**Jeff Whitacre, Project Manager at Kimley-Horn and Associates, Inc.** - One thing that is common that you may be questioning is a lot of cities will adopt 1% for residential and then maybe a different percentage for non-residential.

**Anthony Samarripas, Project Manager at Kimley-Horn and Associates, Inc.** - As Fred mentioned we have some different indicators here. Some points of preference.

**Mayor Heidemann** - Are those numbers that represent other cities current?

**Anthony Samarripas, Project Manager at Kimley-Horn and Associates, Inc.** - Yes. Current.

**Fred Gibbs, Planning and Development Director** - Those percentages is where we would land competitively with those other cities if we were to charge 30 or 45 or 60%. That is where we would land compared to the current rates the other cities are doing. So this gives you a good overview of where you may want to be competitive with the Impact Fees

**Mayor Heidemann** - The comparison is though that you don't know what percentage McKinney is charging. You would assume that their maximum is greater than our \$337,560, correct?

**Jeff Whitacre, Project Manager at Kimley-Horn and Associates, Inc.** - Their maximum is larger than the \$97,001. They are charging a lower percentage.

**Anthony Samarripas, Project Manager at Kimley-Horn and Associates, Inc.** - We don't have what they are actually charging relative to their maximums. We just have what they actually charge.

Impact Fee Comparison Single Family Dwelling Unit Water	
City	Adopted Fee
The Colony	\$475
Allen	\$1,200
McKinney	\$1,417
<b>Corinth 2011 (Adopted/Max Assessable w/50% Credit)</b>	<b>\$1,441</b>
Rowlett	\$1,466
Little Elm	\$1,578
Frisco	\$1,772
<b>Corinth 2016 (Max Assessable w/50% Credit)</b>	<b>\$2,182</b>
Colleyville	\$2,491
Southlake	\$2,815
Lewisville	\$3,165
Flower Mound	\$4,098
LCMUA	\$4,257
Denton	\$4,500

Impact Fee Comparison Single Family Dwelling Unit Wastewater	
City	Adopted Fee
McKinney	\$174
Allen	\$500
The Colony	\$570
<b>Corinth 2016 Upper Trinity East (Max Assessable w/50% Credit)</b>	<b>\$908</b>
<b>Corinth 2011 Upper Trinity East (Adopted/Max Assessable w/50% Credit)</b>	<b>\$1,094</b>
<b>Corinth 2011 Upper Trinity West (Adopted/Max Assessable w/50% Credit)</b>	<b>\$1,300</b>
Colleyville	\$643
Rowlett	\$1,377
Frisco	\$1,619
Southlake	\$1,675
<b>Corinth 2016 Upper Trinity West (Max Assessable w/50% Credit)</b>	<b>\$2,121</b>
Denton	\$2,200
Little Elm	\$2,492
Lewisville	\$2,724
Flower Mound	\$2,733
LCMUA	\$3,415

**Anthony Samarripas, Project Manager at Kimley-Horn and Associates, Inc.** - For water, the city adopted and are charging the maximum.

For wastewater, the city elected to adopt the maximum. You are currently collecting the maximum that you can collect.

**Fred Gibbs, Planning and Development Director** - Just to give you a background, historically, water has never been below 50%. It has always been 50% or more.

**Councilmember Burke** - What's the policy reason, if there is one, for why people track the water at the 50% or above and depart from it on Roadway?

**Fred Gibbs, Planning and Development Director** - Mostly just comes to cost, I believe. I think the Roadway is such a big ticket item that it kind of scares people away. It's just expensive to build roads.

**Councilmember Burke** - So it doesn't have to do with fund usage or TX DOT matching funds or anything like that? It's just the Roadway number gets scary.

**Fred Gibbs, Planning and Development Director** - Whether you know how many new roads you are going to build or how many you are going to expand. There are a lot of factors that are in it, but a lot of it just comes to pure cost and how much the Council wants to pass on the developer vs. residents.

**Councilmember Johnson** - We dealt with this before on this related topic with the Dallas office. The Roadway Impact Fees were a question of fairness. How much is that business responsible for the roads in Corinth? Whereas the water we know. He gets this water and the disposes it, so you know how much that is, but you don't ever know how much of a Roadway your customers are going to use. The Roadway is so much more difficult and it's always in court. There is always some developer suing some city over Roadway Impact Fees.

**Fred Gibbs, Planning and Development Director** - We allow mechanism in the ordinance typically if they have an issue with it to prove that their generation doesn't live up to what the study says. They have to basically prove that something is not right.

**Councilmember Burke** - If we do 50% or less do we have to do any kind of rough analysis on that or are we exempted out of that?

**Fred Gibbs, Planning and Development Director** - That always exists from my understanding.

**Councilmember Burke** - So you presume that you are probably roughly proportional if you 50% or less.

**Fred Gibbs, Planning and Development Director** - It does come in play if you did a rough proportionality issue you could give credit back to those Impact Fees. Say they built the max road width, they will get that credit within that Impact Fee. So that does factor into the equation when you are looking at building the roads. You get the credit if you actually build the ultimate roadway.

**Councilmember Burke** - But there's nothing about the statutory scheme that exempts you of how to do that analysis.

**Jeff Whitacre, Project Manager at Kimley-Horn and Associates, Inc.** - The state law for proportionality excludes the limitations of 395.

**Councilmember Burke** - So, it kind of gets us out of that trap. What we are doing when we evaluated development is not having to do a rough proportionality analysis and call them to come do it for us because we fit within the statutory scheme. There may be an appeal on it, but the presumption was done citywide.

**Fred Gibbs, Planning and Development Director** - That is what actually kicked in Impact Fees back in the day because of the issues. That is what got the train rolling on this one.

**Anthony Samarripas, Project Manager at Kimley-Horn and Associates, Inc.** - Upcoming Steps:

- Capital Improvements Advisory Committee on January 23<sup>rd</sup> will be presented with the results of the Impact Fees and they'll have the opportunity to provide comments to Council.
- On February 2, 2017, there will be a public hearing with Council. We will present the entire report for Council approval.
- The Council will adopt an ordinance setting the new fees. This could happen at the February 2, 2017, public hearing or it could happen after, but the law does require that Council adopt a new ordinance and new rates within 30 days from the public hearing, is that right, Jeff?

**Jeff Whitacre, Project Manager at Kimley-Horn and Associates, Inc.** - 30 days from the public hearing is correct.

**Anthony Samarripas, Project Manager at Kimley-Horn and Associates, Inc.** - One of the reasons we wanted to get feedback here and give you a little preview of how the fees were looking like they were going to end up was to answer any questions and get any initial feedback on where you might want the rates to be set or if you'd like more options when we come back with different percentages for the roadway or different percentages for water wastewater. Giving us and staff a little bit of direction on where you might want to go with those.

**Councilmember Harrison** - When you review all these Impact Fees and you go back to look at the adopted 2011 fees, you'll notice that's pretty drastic reductions of those. It's because we were in the middle of a recession and we didn't get, but four houses around, we weren't getting a roadwork, so now we are in a whole different atmosphere and so then that is the questions you are going to have to discuss. Do you want to go low or do you want to go high or do you want to hit someplace in the middle? And that's kind of how we did it the last time. We figure we weren't getting any applications in. We weren't doing anything in the first place. So we were dropping it down where we thought it was reasonable and that is how that figure was established and I assume that is what we are going to do this time. I'd like to see more variables when you come back. Where would it be reasonable someplace there in the middle? That's what I would like to see.

**Mayor Heidemann** - Lee Ann, Do we have different wastewater fees now? Do we charge differently in different parts of the city (Trinity East/Trinity West)?

**Lee Ann Bunselmeyer, Acting City Manager** - Are you talking Impact Fees or are you talking wastewater rates, like water/wastewater? For water wastewater, No. Like what we bill the individual residents on a monthly basis - it's the same regardless of where they are in the city.

**Councilmember Harrison** - But that was determined by our water wastewater rate design study, right?

**Lee Ann Bunselmeyer, Acting City Manager** - Correct. Your rates are technically set to cover for your operational cost and your impact fees are recovered to cover your capital costs.

**Councilmember Johnson** - One thing as we look forward to looking at this to decide where we want to go, when you see residential and you see that 2016 max accessible at 50% credit remember that \$3,356 is passed through right straight to the new homeowner. Every builder knows that that passes right straight through just like it does with the water and wastewater. Depending on where you set your rate you can either dampen or you can increase your rate of development or you can either open throttle and it goes a lot faster or you slow it down. You can adjust your development rate.



Whenever you start looking at retail, you'll see Lewisville doesn't charge anything. Lewisville's pretty well built out. They are not building too many new roadways related to their retail impact. Then you look at Frisco and you can see they charge \$50,000. That is a pretty steep number. We are back there kind of in the middle. That's still a pretty steep number. That is a big factor for somebody who wants to build something. They come here wanting to build retail or a restaurant. They are looking at that \$26,000 and there's other factors that go into that as you calculate your impact fees there's different types of operations have different rates of impact fees like gas stations get different rates over other things based on the number of trips especially on roadway. So it's a tool that can be used to either increase your development relative to your neighbors or decrease. That's why Denton started charging roadways. It's kind of interesting, Denton for years didn't have that roadway impact fee and now they are starting to charge. I wonder are they trying to slow things down or trying to catch up on the roads which is obvious to me that they are trying to catch up on the roads. We have to remember that directly affects what is going to show up on all of these undeveloped properties.

**Councilmember Garber** - Quick follow up to Mr. Johnson. Mr. Alexander had recommendations maybe next time we come back to meet.

**Jason Alexander, Economic Development Director** - Some of the smaller businesses have certainly looked at costs of building here in Corinth. I know that on the economic development side we can do some things through some incentives, but we also want to be mindful that we are not harming our infrastructure in the process. So there's a balance in that.

**Councilmember Garber** - Who on this list, in your opinion, have we been directly competing with as far as economic development? I would assume Denton and Flower Mound.

**Jason Alexander, Economic Development Director** - And Little Elm.

**Councilmember Garber** - Are we competing with our current rates?

**Jason Alexander, Economic Development Director** - That's difficult to assess just looking at those numbers.

**Councilmember Johnson** - I can tell you that two of the most recent economic development projects that involve particular individual groups be it Ashton Gardens or Choice the hotel. One of the things that economic development did was to help them with their Impact Fees.

**Councilmember Glockel** - This is the only slide, and I admit I don't fully understand the maximum accessible of the 50%, but this is the only slide I believe that the 2011 maximum accessible value at 50% is higher than the 2016.

**Anthony Samarripas, Project Manager at Kimley-Horn and Associates, Inc.** - Correct. I'll defer to Jeff because it has to do with traffic and some of the advancements from 2011 to 2016 as far as the studies say.

**Jeff Whitacre, Project Manager at Kimley-Horn and Associates, Inc.** - Part of study as we mentioned there's a lot more land use types for roadway and for those land use types, we do an evaluation based on a model. The model we used in 2011 was a DFW centric model. The model we used in 2016 was a North DFW/Denton/Corinth centric model. Some of the variables we put together affected those rates slightly and this happened to be one of those land uses where the rates slightly went down. I would say this one took into account more focus in this area and the other more regional-wide.

**Councilmember Glockel** - So it only affected the retail at 10,000 sf.?

**Jeff Whitacre, Project Manager at Kimley-Horn and Associates, Inc.** - It affected retail more than some of the other categories. It didn't affect the residential category.

**Anthony Samarripas, Project Manager at Kimley-Horn and Associates, Inc.** - One thing to mention here is that Flower Mound was mentioned as one of the neighboring cities that we may compete with. A lot of these cities will adopt a different percentage for residential vs. non residential for various reasons. Flower Mound reduced non-residential to be more competitive they were comfortable having actual up a little higher. Right now I think Corinth's roadway fees are all set the same at 15% or some standard percentage of your maximum whether it's residential or non-residential, you are charging the same percentage. You may want to do the same thing. I'm just bringing that to your attention. That's what some of your surrounding communities are doing different.

**Councilmember Johnson** - That's all based on Corinth being one service unit. The whole of Corinth is one service unit. One service area, whereas McKinney has at least four different service areas if I remember from the 2013 study. The Impact Fees a different based on where



they are in the city. We talked in 2011 about adding more service areas - dividing our city up a little differently because we knew that that there was more of a need on the west side vs. the east side. This still represents Corinth as one service area.

**Anthony Samarripas, Project Manager at Kimley-Horn and Associates, Inc.** - It does. Yes. Flower Mound has three service areas, Frisco has four. To try and put all of the service areas that every surrounding community has then this list becomes indigestible so we try to simplify.

**Councilmember Johnson** - So those are averages?

**Jeff Whitacre, Project Manager at Kimley-Horn and Associates, Inc.** - They are averages. McKinney's goes up to \$3,200 in some areas, but that's the average in McKinney and Frisco. That's the northern two growing service areas. They have two (2) high service areas and two small service areas.

**Councilmember Harrison** - How difficult would it be to come back and discuss it? To take those - whoever we are in competition with around here i.e., Denton or Flower Mound and The Colony and bring out how many service areas they have and what the charges are so we can use those as a model to compare if we want to make a service area for the police station for example then we could establish a service area over there.

**Fred Gibbs, Planning and Development Director** - Do you see any benefit of doing this, Jeff?

**Jeff Whitacre, Project Manager at Kimley-Horn and Associates, Inc.** - My suggestion on the roadway side goes down to what you adopt. If you adopt a lower rate like the \$962 you have right now, the reason you'd like to have one service area is you can pull that money and build a project if you adopt a lower rate. If you split it up then you have to spend the money in the service area. Most cities for example, Mesquite used to have 11 service areas because they had them really small. The last time they updated they went to three or four. They struggled getting enough money in the small service areas so they've been making service areas larger. Garland did the same.

**Fred Gibbs, Planning and Development Director** - When you're eight square miles, it's a good size for a service area and you can't grow any further.

**Anthony Samarripas, Project Manager at Kimley-Horn and Associates, Inc.** - Another item on the roadway, the law limits the size of your service area so some cities are big enough and have to be broken up and that's maybe one of the reasons they do multiple service areas because they have to not because they see a strategic advantage. Some of them may do it for a strategic reason, but sometimes the law dictates you have to break it up because of the size of your city.

Maybe if we can table the roadway flow that is usually a little more complex discussion. And get some feedback on water and wastewater. Currently the city is charging the maximum amount on water which is \$1,441. The preliminary maximum that you would be able to charge with the 2016 study is \$2,182. So with that being the new number, almost \$2,200 is the approach to charge that maximum - to come back with a percentage of that maximum and not go all the way to \$2,200.

**Councilmember Garber** - Lee Ann, do you remember the average cost of the home when we adopted these back in 2011?

**Lee Ann Bunselmeyer, Acting City Manager** - We are at 211 right now, I'm going to say we were somewhere around 180-185 is what I was thinking.

**Councilmember Burke** - What's the average cost of new construction?

**Councilmember Garber** - I think that's the essence to my question. The homes we were building in Corinth back then were probably around the 180 mark and now if we are trying to find a place in Corinth homes that are at least 300+ - the ones I can remember and see. Am I incorrect about that? I think the percentage of these new water and including the roadway impact may be an equal if not less percentage of the overall value of the home by the time it's done. And I would be interested in that. What percentages of the \$2,200 is that of what's due to be built? It looks like \$700 more, but the value of the homes have also gone up quite a bit so the percentage of that may not be a shocker. Plus Denton is up. You look at those things on both those deals and I feel on that residential side we are still under. I personally feel on some of those on the economic development side unless we have a way to mitigate that, in some cases we may be a little over priced on some of the industrial and retail.

**Fred Gibbs, Planning and Development Director** - Lake Dallas, Hickory Creek and Shady Shores - that is directly across the street from Corinth so they give you an idea where they land on their Impact Fees and water.

**Lee Ann Bunselmeyer, Acting City Manager** - Councilmember Garber, I don't have the 2011, I have some analysis on the website that I just found in 2012, it was \$180,000 and I don't think it changed too much from 2011 to 2012 and our 2016 was \$229,000.

**Councilmember Garber** - Do we have homes that are currently being built that are much under \$300,000 at this point?

**Fred Gibbs, Planning and Development Director** - No. They are averaging now between \$300,000 and \$500,000, that's all the new the new subdivisions.

**Councilmember Garber** - So, I don't think this is going to be a huge issue at \$300,000 to \$500,000.

**Fred Gibbs, Planning and Development Director** - The price of land has driven the price of property.

**Councilmember Harrison** - Lake City municipal utility district is \$4,257. If you build in Lake Dallas that is what you're going pay. And in Hickory Creek, that's what they are paying and Shady Shores as far as water.

**Lee Ann Bunselmeyer, Acting City Manager** - Because they have a lot of capital and a lot of old pipes that need to be redone.

**Councilmember Johnson** - I am comfortable with that max number especially on the water and wastewater side. I don't have a problem with that at all.

**Fred Gibbs, Planning and Development Director** - You're kind of right in the middle.

**Councilmember Johnson** - Yes. We're kind of right in the middle.

**Councilmember Garber** - What if we try to lay in close to the same dollar amount \$2,000 - \$2,100? That puts us real close to where Denton is at. And that still is an increase from where we are at.

**Councilmember Burke** - So Denton, The Colony, Little Elm . . . if we were at \$2,000 no one would be choosing to go there based on cost.

**Councilmember Johnson** - So residential will then be about 40% of the maximum.

**Lee Ann Bunselmeyer, Acting City Manager** - It's actually 60% of the 50%. Because that \$962 is actually 30% of your max and if you stayed with that percentage at 30% you would be right at \$1,006, but the \$2,000 is right at 60% or 59%.

**Anthony Samarripas, Project Manager at Kimley-Horn and Associates, Inc.** - For single family dwelling units whether it is a 1,500 square foot house or a 5,000 square foot house they all pay the same. The cost of the house, the square footage of the house doesn't factor in of the amount of Impact Fees.

**Councilmember Burke** - The higher you go they are probably going to have to build a bigger house just theoretically to recover the cost, some of these costs.

**Jeff Whitacre, Project Manager at Kimley-Horn and Associates, Inc.** - There is a different category for town homes and condos. It would be a little bit lower.

**Councilmember Burke** - Start at \$2,000.

**Councilmember Johnson** - Yes.

**Councilmember Garber** - Yes.

**Lee Ann Bunselmeyer, Acting City Manager** - And this is Roadway?

**Anthony Samarripas, Project Manager at Kimley-Horn and Associates, Inc.** - And you said that is around 60% of the calculated maximum here? So 60% of \$3,356.

**Councilmember Johnson** - Yes. Puts you at about \$2,000. Pretty close

**Councilmember Garber** - It is \$2,013. So if we can round it to an even number that would better.

**Fred Gibbs, Planning and Development Director** - Round it to \$2,100.

**Councilmember Glockel** - Mayor if I could, I have a little heartburn with this whole thing. Not the concept and not the numbers, but the timing. I think we just went through the whole process and hired a city manager and tonight there are two things on the agenda in a special workshop three weeks before he gets here that we are going to make these decisions without any of his input. And then if we're going to follow this schedule we're going to put this on a public hearing on the 2<sup>nd</sup>. Which virtually gives him no input whatsoever because he's not going to be here until after the 2<sup>nd</sup>. If we make suggestions tonight, since this is a workshop, I guess we really can't do anything other than just kick it around. Is that true?

**Lee Ann Bunselmeyer, Acting City Manager** - Correct

**Councilmember Glockel** - It's a workshop and I would say if everybody feels good about numbers, I would still request that we don't schedule a public hearing until after the city manager is on board so that he has some input in this because of the 30 day window that we have to vote on.

**Lee Ann Bunselmeyer, Acting City Manager** - I know there is time constraints that we have, correct? That it has to be done, so I will let you comment on that. I know that I did speak with Mr. Hart about both of these items today and we actually have a conference call scheduled next week to discuss them as well. So we've been in communication on all of the items that are going before Council and I know that he had planned on visiting with the Mayor as well. But tonight, you are correct, it is just a discussion item. There is no action item. And as far as if that can be pushed back, I will leave that to you.

**Anthony Samarripas, Project Manager at Kimley-Horn and Associates, Inc.** - Currently we have a public hearing scheduled for February 2<sup>nd</sup>. You may remember in December there was a Council item that set up the public hearing for February 2<sup>nd</sup>. The city has to advertise that public hearing for 30 days so there's been a process in place the law stipulates to go through it. If we were to delay the public hearing we would just go through those steps again. I know Fred talked with the attorney and while we are outside of that five year window, but since we are in the process the attorney said "I'm comfortable with we're meeting the spirit of the law." I think he said he didn't want to push this too much further than where we are at. He may have been comfortable delaying a little bit.

**Lee Ann Bunselmeyer, Acting City Manager** - There's no action items that have to be made on February 2<sup>nd</sup>. It's just the public hearing that has to be held on February 2<sup>nd</sup> and so then we could have the public hearing and then have the action item at a time when the city manager will be in place as long as it's within 30 days of February 2<sup>nd</sup> so by March 2<sup>nd</sup>.

**Councilmember Glockel** - Then my next question and follow on that same question is you said, I think, that the public hearing had to be publicized for at least 30 days so it's being publicized right now that we have a public hearing? The public notice is out?

**Anthony Samarripas, Project Manager at Kimley-Horn and Associates, Inc.** - Yes. It got advertised on the 28<sup>th</sup>. Right after Christmas it was advertised in the paper.

**Fred Gibbs, Planning and Development Director** - We have reports that they can come in and look at during that public process.

**Mayor Heidemann** - But there's not action that has to be taken on the 2<sup>nd</sup>?

**Lee Ann Bunselmeyer, Acting City Manager** - No. And we can definitely move that back and as I mentioned, Mr. Hart and I talked on it briefly today and we scheduled some time next week to go over it.

**Councilmember Harrison** - Would you go over the procedure if you collect Impact Fees and then you have a certain time when you must do the project that you collect that impact. Would somebody go over that process?

**Anthony Samarripas, Project Manager at Kimley-Horn and Associates, Inc.** - I'll speak to water and wastewater and Jeff can speak to roadway because the law is a little bit different on what you are required to do. For water and wastewater, the law stipulates, say someone wants to come in and develop in an area where it's not currently serviced and they come in with a plat and they plat it and they side plan it and the city says OK you can come in we want to collect Impact Fees. That then obligates you to provide service within a certain time frame. There's another stipulation to that. You have to provide service for someone who comes in. Also, if you are collecting Impact Fees you have to spend them within ten years of when you

collect them. So, if you collected Impact Fees, but you never built projects and you didn't spend it and the ten years are lapsed then you would be subject to refunding those Impact Fees. That's consistent for water and roadway and wastewater. Right, Jeff?

**Jeff Whitacre, Project Manager at Kimley-Horn and Associates, Inc.** - There's no commitment to build on the roadway side, it's a commitment to spend the money you are collecting in a certain amount of time.

**Anthony Samarripas, Project Manager at Kimley-Horn and Associates, Inc.** - Water and wastewater, there's a commitment to build. If someone comes in and you collect a fee you have to provide service within two or three years it stipulates. Roadway doesn't have the same requirement if you charge and impact fee, you don't have to build.

**Councilmember Harrison** - That's good. Thank you.

**Anthony Samarripas, Project Manager at Kimley-Horn and Associates, Inc.** - I think that one thing at the February 2<sup>nd</sup> meeting that we would want to know is if that 30 days will be sufficient for the new city manager to give his input and then bring back an ordinance. Then we would close the public hearing and we would look to Council to accept the report. If we think 30 days may not be enough for him to give input or digest the information, we would look to leave the public hearing open from that meeting and then that 30 day time frame doesn't start because that public hearing has not yet been closed.

**Fred Gibbs, Planning and Development Director** - It looks like we will come back with an ordinance on the 23<sup>rd</sup> or 2<sup>nd</sup> of March. That was kind of the way the time was going to put us.

**Councilmember Glockel** - If you close the meeting on the 2<sup>nd</sup>, you can't change anything from that point on. 30 days later you have to accept it or deny it.

**Anthony Samarripas, Project Manager at Kimley-Horn and Associates, Inc.** - You can't change anything with our report. In the report it's just calculations and running through numbers that calculate the maximum. So while the city manager may have comments on that, it's pretty cut and dry. These projects have to be built and this is the cost so this is the maximum. You don't have to commit to an adoption rate on the 2<sup>nd</sup>. What you chose to adopt can be whatever you decide and staff would come back with an ordinance that matches those numbers.

**Councilmember Glockel** - So we don't have to tell public hearing what the numbers are and stick with those numbers if we close the public hearing?

**Anthony Samarripas, Project Manager at Kimley-Horn and Associates, Inc.** - No. If you close the public hearing you would have to accept our report and say this appears to be in compliance with 395 and we agree with the calculations, but you don't have to set fees at that meeting. You can if you're ready and staff has the ordinance. You can then adopt whatever rates you chose to adopt relative to the max. Or you can chose to adopt those rates any time up until 30 days after the public hearing.

**Fred Gibbs, Planning and Development Director** - You'll actually set the rate with the new ordinance whether it's on the 23<sup>rd</sup> or the 2<sup>nd</sup> or whenever that is. You don't have to adopt the rate that you had the public hearing on is basically what I'm hearing.

**Councilmember Glockel** - That makes no sense to me, if I come in at the public hearing and I come in as a citizen and I raise hell and I say I want to stick with the \$2,000 on the roadway, then the public hearing is closed, then 30 days later we can change that without another public hearing?

**Anthony Samarripas, Project Manager at Kimley-Horn and Associates, Inc.** - At the public hearing, what we are going to present and what we'll focus on if we're not ready to adopt, is we'll just focus on the calculated maximums. We'll present the land use assumptions, the capital plans, the projects we've identified and we'll present the calculations that generated the maximum numbers that will be in the report. We don't have to speak at all. We've added the discussion items here that lead to possible adoption rates. That discussion doesn't have to happen in the public hearing necessarily. Unless you think you are going to be ready to adopt then we can go down the road of these percentages to get there. Yes. If you have the big discussion that looks like you are about to adopt a certain percentage, and then you said we are going to wait and then you come back with something different, it could undermine someone that was there that participated and thought that you were going to set it at say \$2,000 and then you changed it in 30 days. But the purpose of the public hearing is for us to present the maximums to Council and to get Council approval on the reports.

**Councilmember Glockel** - If we approve something less than that within the 30 days then we are legal?

**Anthony Samarripas, Project Manager at Kimley-Horn and Associates, Inc.** - Yes. If you adopt a collection rate less than that, then yes, you are within the law.

**Councilmember Glockel** - Ok. Thank you.

**Fred Gibbs, Planning and Development Director** - We have roadway at 21, water at 50, wastewater, I know we haven't closed that one yet.

**Councilmember Johnson** - Yes. I'm comfortable with that because I think that wastewater is going to be one of our most expensive items going forward. We know that Upper Trinity doesn't have near enough capacity in the plan over here then Lake Dallas to handle our growth. We already know that. We are going to have money from somewhere to make that plan bigger.

**Fred Gibbs, Planning and Development Director** - I hate to be the dead horse on the roadway piece, but I want to see if Anthony and Jeff can help me out here, these are 2016 rates and there's already a 2011 rate that we are assessing that's different so anything that was platted within that 2011 can get charged the 2011 rate and then everything is platted in 2004 is getting charged that rate. I want to let Council know that these rates are different. Now Council has the ability to amend those to charge one rate for all of those subsequent years that you charged an Impact Fee. I want to throw that out there to Council that currently you will be charging three different rates depending on when the property was platted.

**Councilmember Garber** - Can we bring that up again? That would be an interesting thing to discuss.

**Fred Gibbs, Planning and Development Director** - Ok. Sure. All of those 2011 rates is what is being charged. So this ordinance doesn't get rid of everything that was platted in 2011. Just from the adoption platted until today.

**Councilmember Garber** - But that can happen after we adopt a rate?

**Fred Gibbs, Planning and Development Director** - Later on when we adopt it in March or whenever that date is.

**Councilmember Burke** - Assuming you develop within time frames don't expire, I would assume, but I could be wrong.

**Jeff Whitacre, Project Manager at Kimley-Horn and Associates, Inc.** - I'll leave that up to the City Attorney. If you chose to change the 2011, through an ordinance, you can bring that up to \$2,100 as well. Because it's still below.

**Councilmember Garber** - I just want to make sure before we move on, Fred, that the ordinance to level out the fees can happen after we adopt this new fee, right? So that's a separate issue.

**Jeff Whitacre, Project Manager at Kimley-Horn and Associates, Inc.** - You can change the ordinance fees at pretty much any time.

**Councilmember Garber** - So adopt a new fee and then we'll address the other issues.

**Fred Gibbs, Planning and Development Director** - That's currently what we have in place. Or what we could have in place in the future.

**Councilmember Johnson** - To that point, one of the biggest pieces of platting property that we've got that nothing has happened on is the HEB property. They platted all of theirs correct? So their Impact Fees were based on 2011 or was it before 2011?

**Fred Gibbs, Planning and Development Director** - Most likely they will have to come and re-plat. Then they'll kick in the new fees. So it depends on when you platted when the fee is assessed.

**Anthony Samarripas, Project Manager at Kimley-Horn and Associates, Inc.** - We have what we need. Thank you for your time.

**Mayor Heidemann** recessed the meeting at 6:45 pm

**Mayor Heidemann** reconvened the meeting at 6:50 pm

## **BUSINESS AGENDA:**

2. Hold a discussion and give staff direction regarding the findings of the 2016 Compensation Study.

**Lee Ann Bunselmeyer, Acting City Manager** - Thank you, Mayor. In July 2016, we presented the findings of internal compensation study that had been conducted by the human resources department. At that time Council took no action and we continued with our budget process and only included compensation or step increases for those police officers and firemen that were eligible for steps. Since that time we had a request from Councilmember Johnson to place it on the agenda tonight for further discussions with Council. We don't have any new information so to speak, but Guadalupe Ruiz, Director of Human Resources, will briefly go over what we presented in July. But before we do so I will see if Councilmember Johnson has any comments to add before Guadalupe starts her presentation.

**Councilmember Johnson** - Whenever we looked at this back in July, our financial situation was a bit more tight based on things related to contracts outside and we didn't really have a good projection or clear picture of exactly where we would be or where we are going and how everything would settle up since October would make a difference on where we are today. I wanted to bring this back and have a look at this now because our financial situation has improved considerably and whenever we look at the numbers you can kind of see where we are now in a position that we can help the employees out on the compensation side. Whereas we really couldn't and be comfortable within the tax rate, where we were at that time. And I think as we work through this we will also have the opportunity to make some decisions based on capital plans and spending more cutting tax rate and still being able to make our compensation study going forth with much better projections, much more refined. This is why I wanted to bring this back and see what we could do with helping our employees.

One of the ones we drastically need help is in public safety and I know both chiefs are here tonight and they can kind of tell you that being here at the Corinth Police Department and how far down they are and how much it costs to train a new employee and how much we've wasted and have to start over again. The fire department is in the same situation. In fact the fire department is making more than the police department. Not by much, but just a little more based on where we are on our ability to compete and get quality good help.

To me one of the biggest things that city provides is public safety. Police and fire. They get thrown to the water. Everybody likes five things. They like to be able to turn the water on and it comes on. They like to flush the toilet and it goes away. They like to be able to have a nice road to drive on. And they like to be able to call the police department and have them show up in reasonable minutes and they like not having to have their house burn down before the fire department gets there. A lot of those things are factors of personnel and because of that you have to be able to pay them in order to keep them and keep them trained so we can get to that point. We are looking at coming up on March 1<sup>st</sup> is our half way through the budget year and that would be a good even time to start looking at the possibility to go forward with a compensation increase package.

**Guadalupe Ruiz, Director Human Resources** - Thank you. I will go back and recap the presentation that we discussed mid-year. January 21<sup>st</sup> was the first time I presented to ask direction from the Council on what we wanted to do. At the time the direction was to have the HR Department complete the study, instead of going to an outside vendor based on what learned in 2013 from Ray Associates, Inc. The direction was to use the market cities that we used back in 2013. That is what we did and also if we wanted to be in the same market or lead the market. The decision was to be in the same position. In the review committee was the directors and the two chiefs. Then in July 2016, when we presented, there were questions about the factors that were used for the other cities. No action was taken at the time.

# 2016 Compensation Study

City Council Consensus

Direction from City Council on **January 21, 2016** concerning:

## External Professional Services

- Engage with an External Professional to Perform Portions of the Compensation Study with City's HR Staff Conducting the Remaining Portions
- **Or, Have the City's HR Staff Complete All Portions of the Compensation Study**

## Market Cities and Market Position

- **Utilize same Market Cities and Market Position used for the 2013 Compensation Study**
- **Or, Determine a New List of Market Cities, and a Different Market Position**

## Review Committee

- Have Members of the Executive Team\*, and Members of the City Council as Part of the Review Committee
- **Or, Have Members of the Executive Team Only \*Including Fire and Police Chiefs**

**June 21, 2016** Workshop: **Should be July 21, 2016**

## 2016 Compensation Study Findings Presentation

- **No Action from City Council**

To give a little bit of background when it comes to the salaries, as mentioned in 2013, we adopted the recommendation from Ray Associates, Inc. in October. Also, February/March we had adjustments to help with the compression. The recommendation at the time was to give a cost of living, but we were not in a position to do that. So it was not done. In 2014, 2015 and 2016, we had merit increases at 3% average progressions for those on One Step Higher and for those that were at the max of the step to get a lump sum. During this year, there were no adjustments to the pay schedule. In 2016/2017, which is this fiscal year, there were no merit increases for general government employees. There was a progression of One Step Higher for those that had the opportunity to still move within their pay grade. There was nothing for those that were maxed (or lump sum like we had in the past).

## BACKGROUND

After the Classification and Compensation Study Implementation

FY 2013  
-2014

- City Implemented Compensation Study Conducted by Ray Associates, Inc.

FY 2014  
-2015

- Merit Increases (Avg 3%) for General Gov Pay Schedule EEs
- Progression of One Step Higher for Police & Fire Pay Schedule EEs (Avg 3%)
- Lump Sum for EEs at Max Range/Step

FY 2015  
-2016

- Merit Increases (Avg 3%) for General Gov Pay Schedule EEs
- Progression of One Step Higher for Police & Fire Pay Schedule EEs (Avg 3%)
- Lump Sum for EEs at Max Range/Step

FY 2016  
-2017

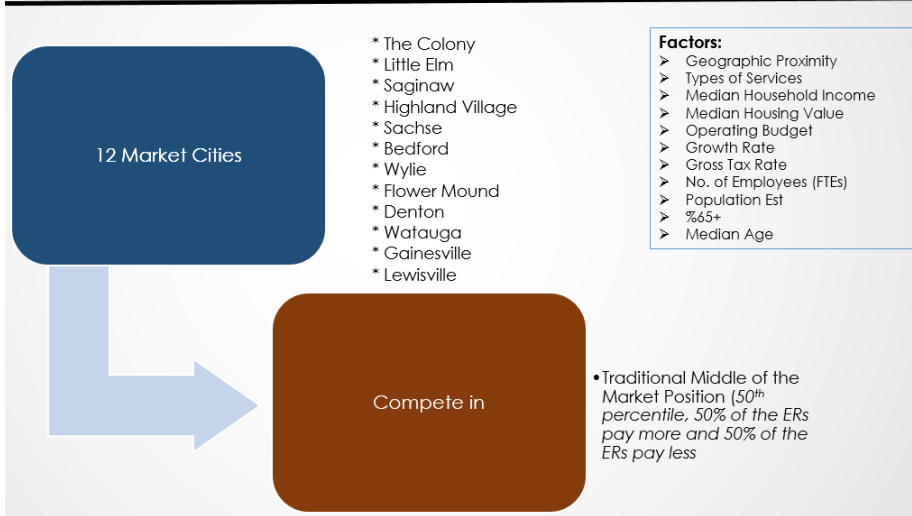
- **No Merit Increases** for General Gov Pay Schedule EEs
- Progression of One Step Higher for Police & Fire Pay Schedule EEs (Avg 3%)
- **No Lump Sum for EEs at Max Range/Step**

This is going back to the cities that were selected in 2013. Those were the factors. After the presentation in July 2016, I emailed what had been considered. I have it with me if anyone wants to review it again.



# CITY COUNCIL DIRECTION

Market Cities and Market Position



The findings from the HR Department back in July 2016, in the case of the fire department, when you look at the current pay schedule that they have and you look at the ranges. We compared to the market and we were to establish a new schedule based on the market. We would say that the minimum of the market needs a 5.9% increase and the maximum of the market would be at a 12.3% increase in the case of the firefighter/paramedic.

## FINDINGS

Current Public Safety Pay Schedule vs. Market

### Fire Department

CURRENT PAY RANGES vs. MARKET		
	Min % to Mkt	Max % to Mkt
FF-Paramedic	5.9%	12.3%
A.O.	15.0	8.0
Captain	10.3	4.0

CURRENT PAY RANGES vs. MARKET		
	Min \$/hr. to Mkt	Max \$/hr. to Mkt
FF-Paramedic	\$1.0	\$2.57
A.O.	2.87	1.82
Captain	2.38	1.07

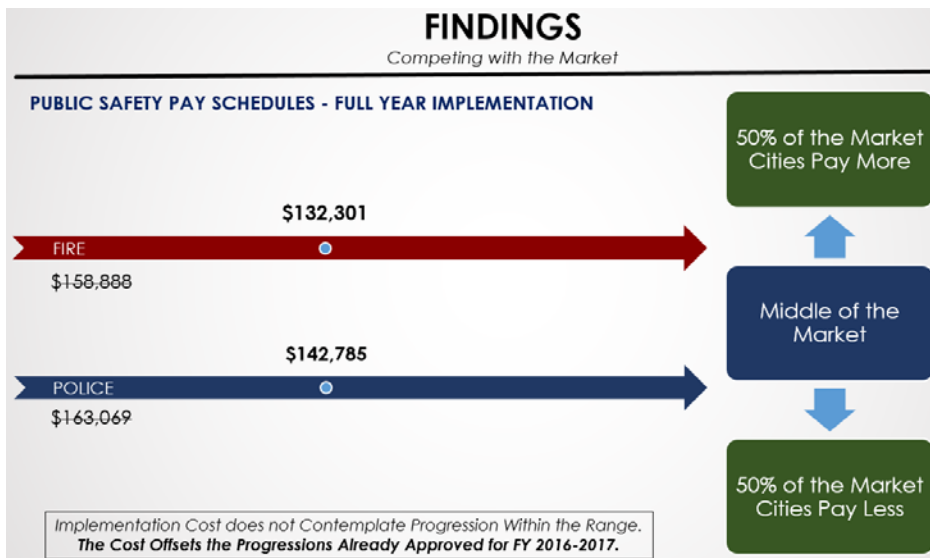
### Police Department

CURRENT PAY RANGES vs. MARKET		
	Min % to Mkt	Max % to Mkt
Police Officer	6.7%	13.2%
Corporal	8.9	16.8
Sergeant	10.8	7.7
Lieutenant	3.7	6.8

CURRENT PAY RANGES vs. MARKET		
	Min \$/hr. to Mkt	Max \$/hr. to Mkt
Police Officer	\$1.59	\$3.86
Corporal	2.24	5.13
Sergeant	3.40	2.79
Lieutenant	1.43	2.80

Then you have the rest of the results for the other positions. It's important to know that these numbers have not been updated since July 2016, so the market that was considered have provided other increases already, maybe not all of them, maybe some of them and maybe some have new schedules. This is based on information that was presented in July of 2016.

In July 2016, we had this number, \$158,888. This is an updated number \$132,301 or in this case for Fire Department. It would have cost us to have these schedules and our employees at the middle of the market. In the case of Police, it would be \$142,785 to get them to the middle of the market. Please note that this implementation cost represented here does not contemplate progression within this step. So that means that the people that actually progress this fiscal year, that money that they received is going to be offsetting the new placement that we are going to have. So if someone is going to get \$2, but they already got the \$1, then they are only going to receive the difference.



**Mayor Heidemann** - When you talking about the \$158,888, who does that include? Does that include all of supervision? Supervision is not included.

**Guadalupe Ruiz, Director Human Resources** - These numbers include public safety employees that are on the pay schedule. Police and Fire has a separate pay schedule. Some of the supervision is included. In this case the Fire Captain is on the pay scheduled. For Police, starting at Corporal these are supervision positions. The ones you will not see here from the fire department is Deputy and Chief and for Police the Assistant Chief and the Chief. They are on the general government schedule.

These were the numbers we provided before, but since they already had progressions, this is the difference that is needed to get them where they need to be.

**Councilmember Johnson** - As you talk about implementation costs, does that contemplate progression within the range. Does that also affect someone that has moved up on the step, the whole schedule moves forward then they might come down a step. Because of how they were paid or how they are going to be paid on the schedule.

**Guadalupe Ruiz, Director Human Resources** - Correct. Right because it's going to be sticking the money not so much the number on the steps for example, everybody that is maxed that did not receive an increase in October those people, I have someone who is on step eight. The calculation considers that that individual is going to go to the same number, the same step eight that is on the new schedule. However, someone that was not on step eight as of October 1<sup>st</sup>, but moved to step eight since I'm going to consider that increase based on the proposal that is presented today, that person I'm going to place it on step seven of the new schedule. So they will still get an increase, but it's offsetting the money that was provided already in October. So, it's going back to do what was intended in October. All of those individuals have an additional - even when the number may look like they are going to a lower step because the schedule is the new schedule they are all getting an increase. At that point everybody is ready to be progressive within the plan. For that I don't think there were funds available to do that.

**Councilmember Burke** - This is for your implementation study in March?

**Guadalupe Ruiz, Director Human Resources** - Yes. I will cover general government. At the time I presented, I only had these seven positions. Now we have some changes. As we all know there were three positions that were eliminated. The reason that we are getting the new numbers, I need to add them because these people that I had here after I presented, people left and I went ahead and put the number back to the minimum of the pay. Now I need the money again. This way I'll represent to you everybody the only people that will be receiving any adjustment in the general government side.

## FINDINGS

General Government Pay Schedule

Employee Salaries Under the designated Pay Range Minimum	
Job Class Title	Incumbents
Maintenance Worker (Includes 6 5 EEs on the Progression Plan)	16 13
Seasonal Summer Camp Leader	6
Technology Services Specialist	2
Municipal Court Clerk	1
Operations Manager	1
Permit Technician	1
PT Animal Control Officer	1
Crew Leader	1
Recreation Assistant	1
PW Supervisor	1
Seasonal Camp Coordinator	1

**IMPLEMENTATION COST** To Allocate Job Classes in Current General Gov. Pay Schedule that Includes a 2% Shift

<div style="background-color: #4a86e8; color: white; padding: 2px 5px; display: inline-block;">\$23,459</div> <div style="background-color: #4a86e8; color: white; padding: 2px 5px; display: inline-block; margin-left: 10px;">\$ 30,312</div>
<ul style="list-style-type: none"> <li>• General Fund</li> </ul>
<div style="background-color: #4a86e8; color: white; padding: 2px 5px; display: inline-block;">\$23,656</div> <div style="background-color: #4a86e8; color: white; padding: 2px 5px; display: inline-block; margin-left: 10px;">\$ 18,608</div>
<ul style="list-style-type: none"> <li>• Water/Wastewater Fund</li> </ul>
<div style="background-color: #4a86e8; color: white; padding: 2px 5px; display: inline-block;">\$ 4,487</div> <div style="background-color: #4a86e8; color: white; padding: 2px 5px; display: inline-block; margin-left: 10px;">\$ 4,501</div>
<ul style="list-style-type: none"> <li>• Drainage</li> </ul>

This is the cost for police and fire. If it starts in March, this is the cost for police and fire and here's the split of the money. When we are talking about the general fund, this number includes that \$8,300 for the crime control. Not all of this is general fund. When it comes to the general government pay schedule, if we were to reallocate the job classes in the current general government schedule, they would have a shift of 2%, then only those individuals that are under the new minimum will receive any adjustment. Are any questions about this?

**Councilmember Burke** - General government employees, what I thought I heard was that we are not giving anybody a raise, but bringing people up who are below the minimum and no raises. Is that correct?

**Guadalupe Ruiz, Director Human Resources** - Correct.

**Councilmember Burke** - On the police and fire we are raising their salaries or compensation to get them to the middle of the market.

**Guadalupe Ruiz, Director Human Resources** - Yes.

**Councilmember Burke** - We are not trying to do that on the general government side.

**Guadalupe Ruiz, Director Human Resources** - We are not moving people all the way to the middle. We are dealing with a schedule. I am only paying attention to those that are falling after I place them below the minimum.

**Councilmember Burke** - It's hard for me to understand to be honest with you.

**Guadalupe Ruiz, Director Human Resources** - Yes. And I totally understand.

**Lee Ann Bunselmeyer, Acting City Manager** - There's two different methodologies. When you do compensation for us general government employees we don't have defined steps where we progress. You have a range. You get hired in and you get hired in at a minimum or above depending on qualifications and so forth. When they do compensation studies as in you come in and you say that market is \$50,000, well as long as your compensation is within that market range then it is stating that you are within market. Because you have met that pay range that falls within that market for your general government employees. Now, for your police and fire those are more specific. They don't have ranges. They have steps and they have to be placed in progress through the steps. Typically we know when an officer for us, when we hire them in, they would be hired in at step one.

**Councilmember Burke** - Is that based on seniority and training.

**Lee Ann Bunselmeyer, Acting City Manager** - Yes. Every year they do evaluations and if they merit, they move to the next step and progress on those steps. When we do compensation studies, you still have a beginning salary and you still have an ending salary, but it gets more complex. You can't just say, hey you're within a range, we are going to leave you alone. You have to move them to the next step because they can't lie within a step. So if a step is \$20 and the next step is \$25 and they are making \$23 you can't leave them at \$23. You've got to move them up because now it changes and now you have people

that aren't on the defined steps. Where in ranges you don't have those defined steps. You can be anywhere between the first dollar on that range the last dollar on that range. Does that make a little bit more sense?

**Councilmember Burke** - A little bit. I assume that has something to do with the contracts that have been negotiated with them?

**Lee Ann Bunselmeyer, Acting City Manager** - There's no contracts.

**Councilmember** - It's employee by employee. Is there some kind of regulatory overlay that requires you to do that?

**Lee Ann Bunselmeyer, Acting City Manager** - Your Council can establish this. We have 3% steps. When you do market studies for the Council to determine how much you want between each step. Do you want it to be a 2% between step 1, 2 and 3 or 5% or whatever the percentage - that is up to the governing body. You can't have employees that fall within, they have to be on a defined step.

**Councilmember Burke** - So there are some rules that are imposed upon us that require us to define steps and so we have to work within that framework for how we pay them. Our flexibility about when we bump people up is limited by that framework.

**Lee Ann Bunselmeyer, Acting City Manager** - Right. If you have people that are off on those steps in police and fire it's going to cause a lot of problems.

**Councilmember Burke** - Is that a problem like a morale problem?

**Fire Chief Curtis Birt** - When you have steps, pretty much what the steps are for public safety is industry standard. Pretty much every police and fire department you look at, the firefighters and police are going to be on steps. Usually the way it is the starting firemen in this area make step one I've seen anywhere from three steps to ten or twelve steps. And then every year if you are good standing and do certain things you pass your performance evaluation you go to the next step. If you take the top and the bottom you guess what you divide by how many steps you have that's your step progression right there. So 90% of the time a five year guy here is in step five and then when he promotes in our city, he goes to wherever the driver is next promotion you go into that step plan, but he would go to 5% above whatever the hourly rate is he was as a fireman. His promotional rate is 5% above where he was.

**Guadalupe Ruiz, Director Human Resources** - If we were to go with what you are saying then we would be steps to a range.

**Councilmember Burke** - I'm not talking about anything, I'm just trying to understand.

**Fire Chief Curtis Birt** - Pretty much police and fire throughout the nation are on steps. It just depends on how many steps you want to use to get them from starting pay to top pay.

**Assistant Chief of Police Greg Wilkerson** - And you hit the nail on the head when you talked about experience. I believe that past history will show that municipalities went for those step programs, they didn't want to pay a tenured officers salary to a rookie who doesn't know what he's doing out there on the streets. In order to bring them in at what's a fair market rate based on that experience, you are going to start out as a step one (1). We will see different agencies come in and whether its promotions or laterals, you pay for that experience. We are going to take a green person and stick them in step one and let them progress from those steps. As we invest more money in them and training they have more experience they become more valuable to us and with that value becomes the need to pay them more.

**Councilmember Burke** - That makes sense.

**Fire Chief Curtis Birt** - Most of what it does is it started from collective bargaining and collective bargaining in union states. An industry standard for us.

**Councilmember Burke** - It sounds like that. This really ridged structure without a reason behind it.

**Fire Chief Curtis Birt** - When we lost our step program, Lee Anna and Guadalupe worked really hard when we decompressed. Both of us had four to five year tenured guys here that were stuck in step one with a brand new rookie. So part of the decompression was going, hey this guy has been here for five years and put five years worth of work here and he's still making what a rookie is making, we've got to fix this.

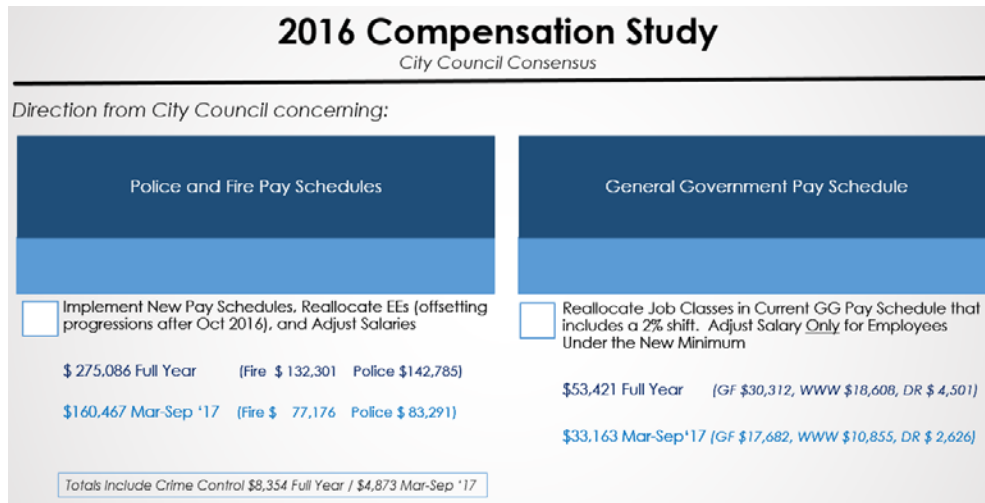
**Lee Ann Bunselmeyer, Acting City Manager** - Also, you were talking about contract negotiations. Those are done with agencies that are civil service, like Denton is a civil service organization and we're not. For them they do have collective

bargaining, they do have contracts that they get into discussions with the Council on an annual basis that defines what that pay is and we don't have that.

**Councilmember Burke** - Well that's what the terminology sounds like.

**Fire Chief Curtis Birt** - What you are seeing right now is because there is such a shortage of police and fire is you're seeing cities cut the amount of steps. You get it quicker and it's a very big incentive to hire to get employees to apply.

**Guadalupe Ruiz, Director Human Resources** - Actually, we see more steps now on the bottom for police and fire, we are seeing it more, because we want to make sure individuals stay and not go somewhere else. They have an opportunity, even if they don't promote, to stay with us.



**Lee Ann Bunselmeyer, Acting City Manager** - Once Guadalupe determined the cost to implement the plan. I want to walk through this forecast to see where we are currently financially. Right now for the current budget year 2016-17, we have that our revenues will exceed our expenditures about \$594,000. If you'll remember we adopted a tax rate that was higher than what we needed by about \$628-\$650 thousand dollars because at the time that we adopted it we were unsure about the fire contracts. We built that in so that the following year should those contracts terminate we would have that ongoing revenue to be able to support us taking over those additional salaries of the revenues that we were going to lose. We did add the three firefighters and we have that incorporated in our estimate in October. We also reduced three positions in the parks department as well. That is the net of that. This current year, we perceive that we will be putting in at least close to \$600,000 revenues over expenditures.

I want to focus on 2017-18, I put two scenarios together. One at a 4% increase and one at an 8% increase. The 4% estimate, historically even when our economy was down, kind of like a roller coaster, we always maintained somewhere around 3.5% average. I feel comfortable that looking forward that if things bottom out on average, we are probably going to hit about 4%. Because that is historically what we have done. The last three years we have hit close to 8% so I showed both scenarios here. To me an 8% is still conservative. In my projections, Chris and I went through all of her expenditures just very roughly for the out years, these numbers do not include (other than our steps) any type of wage increases for our employees. We did not make that assumption that is the decision that Council will make from a year to year basis. What we have factored in on those expenditures is benefits because your benefits are always those that are very volatile and the biggest one for us is health insurance. What we factored in was a 30% increase in health insurance. Last year we were at about 39% and I'm sure many of you have been listening to the news that the senate was discussing repealing Obamacare and they don't know what's going to happen to premiums and what's going to replace it. That causes some volatility in that market. We went out early in the market and we typically get a few better rates. I think our loss factor is still high. We will receive some type of adjustment probably an increase in health insurance for that. We are still too early on for our health benefits consultant to give us any type of estimates or projections on health insurance. Just know we built in 30% and last year was the only year we went 39% prior to that we were hitting a negative. Last year our benefits consultant said that we had one or two cases. If those hadn't been there we would have actually had a negative amount on our increases. Actually, we would have had a decrease in our health insurance rates. That is just an assumption that I have made on those. We've also gone in and made some assumptions on some of the other benefits as well following trends that we've had in the past years. On our revenues sales tax, last year we finished at almost a 9-10% increase over budget. Currently we are still continuing an upward trend which still astonishes me that we are trending upward. I still try to be very conservative when I'm doing projections like this and to make sure I only

did a 4% increase on that. Which is close to \$50,000. Everything else is running pretty stable. Our revenues don't fluctuate very much aside from property tax and sales tax. And our biggest fluctuation is, as I mentioned, is health insurance.

Our expenditure cost for the new public safety facility, we actually put that into the budget this year - water, electric, wastewater and so forth. Those costs will carry over. I don't foresee any additional operational costs for the joint public safety facility. When the new firehouse is put in place, as far as electrical and so forth, the electrical money that Chief Birt has right now for headquarters at Garrison would cover those electrical costs for the new fire station. This does not include any type of staffing, options for the new firehouse. That is one of the big decisions that Council will be making once that comes up midway of next year. When you look at the assumptions that I have that I know of right now, for next year when you look at just those basic revenues and expenditures, we have an excess that the Council would have about \$355,000 if we had a 4% increase in AV value. If you had an 8% increase in AV value you would have an excess of about \$674,000. With that you would be able to increase your expenditures or cut your tax rate. And then again as you move, I was conservative in the out years and left it at the 4%.

Now the other thing that I wanted to mention is that this is talking just about your operating side of your tax rate. On your debt side of your tax rate at 4% AV value, you have an excess of 2.5 cents in property tax that equates to \$467,000 in revenue. Basically you can cut 2.5 cents on your debt side or you can leave it in and issue up to \$5 million dollars worth of debt. On an 8% increase in AV value it would be about a 2.9 cent tax rate that you can eliminate, issue debt or rotate any of it to your operational side if you needed it. The 2.9 cents is equal to \$563,000 or about \$6 million in debt. That is for 2017/18. If we progress at 4%, you will still have an opportunity in 2020-21 for an additional 2 cents at that point as well because we have a lot of debt that is actually maturing over the next few years. If you have projects at that point and want to reduce the tax rate or we have new firefighters coming on line for the new station or so forth, there will be some other tax options that the Council will have to make those decisions.

When Guadalupe was presenting the cost, Councilman Burke mentioned what the total cost would be if we implemented this proposed compensation as of March 1<sup>st</sup>. The full year implementation is \$297,000 for a full twelve months. For March 1<sup>st</sup> through September in the current year, it would be \$173,000 to implement that. Again, as I mentioned, currently we have \$594,810. If you transfer that \$173,000 into next year, you would still probably have over half at a 4% increase in the AV value. You would have quite a bit more if we have somewhere around 8%.

### General Fund Proposed Financial Forecast

Scenarios	2015-16 Actuals	2016-17 Estimate	2017-18 Projected	2018-19 Projected	2019-20 Projected	2020-21 Projected
<b>1 - Ad Valorem Growth Assumptions</b>			4%	4%	4%	4%
Revenues	\$ 15,086,425	\$ 16,065,870	\$ 16,397,816	\$ 16,863,399	\$ 17,268,609	\$ 17,774,552
Expenditures	15,078,256	15,471,060	16,042,570	16,119,118	16,642,277	17,206,789
<b>Excess (Deficiency) of Revenues</b>	\$ 8,169	\$ 594,810	\$ 355,246	\$ 744,281	\$ 626,332	\$ 567,763
Fund Balance Excess (Deficiency)	\$ 719,457	\$ 1,227,536	\$ 1,353,449	\$ 2,082,420	\$ 2,604,121	\$ 3,058,980
<b>Effective Fund Balance</b>	<b>24.77%</b>	<b>27.93%</b>	<b>28.44%</b>	<b>32.92%</b>	<b>35.65%</b>	<b>37.78%</b>
<b>2 - Ad Valorem Growth Assumptions</b>			8%	4%	4%	4%
Revenues			\$ 16,716,652	\$ 17,194,989	\$ 17,613,462	\$ 18,133,199
Expenditures			16,042,570	16,119,118	16,642,277	17,206,789
<b>Excess (Deficiency) of Revenues</b>			\$ 674,082	\$ 1,075,871	\$ 971,185	\$ 926,410
Fund Balance Excess (Deficiency)			1,672,285	\$ 2,732,846	\$ 3,599,400	\$ 4,412,907
<b>Effective Fund Balance</b>			<b>30.42%</b>	<b>36.95%</b>	<b>41.63%</b>	<b>45.65%</b>

**DEBT SERVICE CAPACITY**

4% Ad Valorem Growth = 2.5¢ = \$467,839 or \$5 million in debt  
 8% Ad Valorem Growth = 2.9¢ = \$563,566 or \$6 million in debt

Full annual implementation impact = \$297,044  
 March 1, 2017 implementation impact = \$173,276

**Mayor Heidemann** - Just looking at \$173,000, who's actually going to get the increases?

**Lee Ann Bunselmeyer, Acting City Manager** - 95% of it will be your police and fireman, not administrative. From the lieutenant down on the police side and from the captain down on the fire side. On your general government side it would mostly be your maintenance workers. I think we have 13 maintenance workers.

**Mayor Heidemann** - That's 2%?



**Lee Ann Bunselmeyer, Acting City Manager** - No. It depends because on some of them they may fall a little bit further below minimum.

**Guadalupe Ruiz, Director Human Resources** - It would be 13 maintenance workers. For our summer camp we only have them for eight weeks or a little more. Then one (1) employee. Those are the individuals. I have only one of those positions.

**Lee Ann Bunselmeyer, Acting City Manager** - When we look at salaries you want to commit those only if you have ongoing revenues that you are going to have from year to year. You're talking about the public safety facility. Those funds would come out of your fund balance. One time money that you can put into a project. That project or any project.

**Councilmember Burke** - What you're showing us there are annual revenues.

**Lee Ann Bunselmeyer, Acting City Manager** - Correct. Our target for general fund is 20% of your budgeted expenditures. For 2016-17, you have \$1.2 million in fund balance above and beyond what you need based on our policies and for 2017-18, it would be about \$1.3 million. Those are funds that you can use for one time projects.

Revenues over expenditures is what you can commit to ongoing expenditures. An expenditure that you are going to have from year to year.

**Mayor Heidemann** - How about if we gave this increase, the \$173 are we able to pass this on in our fire contract?

**Lee Ann Bunselmeyer, Acting City Manager** - At this point, no.

**Mayor Heidemann** - So the City of Corinth will just have to eat it?

**Lee Ann Bunselmeyer, Acting City Manager** - Yes. Until your next negotiations.

One thing I consider the big ticket item that we have that will be facing this Council is the decision on how you want to staff station three. One of the things that we talked about in the past is we have the Safer Grant that will pay 100%.

**Fire Chief Curtis Birt** - It is set up right now. They pay 100% for two years.

**Lee Ann Bunselmeyer, Acting City Manager** - 100% for two years. At the point the decision is made, we would apply for that to get funding for however many the Council will want at six or twelve. That would probably buy you a couple of years. The other thing is once the new census numbers come out, there is the fire district sales tax where you can repeal your street improvement sales tax and actually go to your voters to do the fire district which would generate about \$6 or \$7 hundred thousand dollars that could be attributed solely to the police department. We only missed it by that one criteria and that was the population in Denton County. We missed it like by \$20,000. That was based on the census that was done ten years ago. When that is refined in 2020 that falls right in line at the time that your four years on your street maintenance sales tax will be up and so at that point you will have those funds to offset any increases in your firemen as well. Assuming that is passed by your voters because that will have to go before your voters.

**Councilmember Glockel** - I'm not sure if I understood the answer you gave to the mayor. We're talking about the \$173,000. If you approve that, that I understand will not be in the fire contract because that is in this year and it's an existing contract, but the next five years that we just negotiated, are there any steps in that?

**Lee Ann Bunselmeyer, Acting City Manager** - We did calculate steps. Yes. I didn't calculate that we were going to be shifting a pay plan and steps, but I did factor in steps.

**Councilmember Garber** - So the shifting in the pay plan is not included in the contract, but the steps are.

**Lee Ann Bunselmeyer, Acting City Manager** - When we did the analysis, I assume our current staffing was progressing through the steps. After two or three years most of them would have been topped out. It factors in that top out rate with the turnover that we've had of six or seven officers that we had some higher paid officers that I had calculated in those contracts. Now we are hiring them back in as the minimum. That all factors in the calculations as well.

**Councilmember Johnson** - You recognize salary savings. Whatever that number is for your tenured officer and your junior officer.

**Lee Ann Bunselmeyer, Acting City Manager** - Correct.



**Councilmember Glockel** - So in the 2017-18 you just talked about the three new firemen that were coming in on the 2016-17 budget. It's been talked about since day one that hopefully we can get the grant. If they don't get the grant then their cost is going to follow that expenditure line, right? And the \$355 is going to drop quite a bit.

**Lee Ann Bunselmeyer, Acting City Manager** - No. For the three firemen we did not apply for the grant and we do not plan on applying for the grants. The cost for those three firemen. That \$229,000 annual for those three are included throughout the projection for each year. With the grant you typically you apply one time and we didn't want to use it for three firemen, we wanted to use it for the six or twelve that you may hire to staff station six because that is going to benefit us more - 100% of that for a million dollars vs. \$229,000. We factored in the three firefighters on an annual. That grant will be for any new ones that we decide to move forward with for station three. That make sense?

**Councilmember Glockel** - For the new fire station, none of the employees that will man that are in any of the budget numbers? It's on the screen though?

**Lee Ann Bunselmeyer, Acting City Manager** - Correct. Twelve will be about \$1,000,053. Six will be 1.2 million once they are brought on at 100% of the cost. You can forego that for two years if we got all of them on the Safer Grant.

**Mayor Heidemann** - How about equipment?

**Lee Ann Bunselmeyer, Acting City Manager** - It depends, again, on what the Council wants. We have a reserve engine. Those are discussions that Council needs to make decisions on. On what you want in that facility.

**Mayor Heidemann** - Any other questions?

**Councilmember Garber** - Real quick, from our two leaders from police and fire. How much of past turnover or expected potential turnover has there been due to them able to go to Coppell and find higher paying jobs? And I use Coppell as an example because I have a friend that is an officer there and he teased me recently that they were pulling some of our officers and related specifically because of pay it was nothing else.

**Assistant Chief of Police Greg Wilkerson** - You are exactly correct. The numbers again, I am absorbing a lot of the information that is coming in and as of recent I know we've lost officers in the last year, some of those to Coppell. We just recently lost one to Dallas County, the district attorney's office because of money, one of my lead detectives. I just lost my second lead detective today to child protective services - again another \$12 to \$15,000 increase. I will say that there are probably 20% or 30% of those that may have not made training or wasn't a fit for the city or was a disciplinary issue let's say without having all the facts in front of me right now. It would be safe to say that 50% or around that part have left because of the money. Unlike these larger agencies, we don't have specialized units. Our traffic equipment and both motorcycles are sitting right now collecting dust in the shed. We are cranking them on a weekly basis trying to keep them ready to go until we can staff that. My point is with the lack of special units to give officers that keep people attracted pay is the only thing I have to offer as a leader in the absence of that good morale and a pat on the back, you bet that does help, but as leaders of this Chief Walthall and I both know we are grasping at straws trying to turn that turnover, to stop the bleeding and we're doing the best we can, but it does hamper our recruiting efforts.

**Councilmember Johnson** - To carry that thought just a little further, if the police department is fully staffed, you got a traffic unit you can put two guys back on motorcycles, you can send someone to the Denton County Drug Task Force, you can send somebody to the FBI task force, you can do that then, you can send them to training because you have the staff to back them up. When you're a third down you don't have enough people to answer calls on the street and it takes 30 minutes to get somebody out to visit with you about your car being burglarized. You won't be the 14<sup>th</sup> safest city.

**Assistant Chief of Police Greg Wilkerson** - They may not know that my criminal investigation sergeant, Sgt. Ventra, about five weeks ago was moved out of CID and is now working on the streets. I guarantee that Chief Walthall and I are going to insure that when someone calls 911 we're going to have somebody to do that, but I can't promise you that there's not going to be other units and other deficiencies that we have to answer to the public. There are going to be some service issues. Absolutely, but when it comes to 911, we're going to do what we need to do, but there's going to be some negative impacts at least in other areas of that organization.

**Lee Ann Bunselmeyer, Acting City Manager** - Chief Walthall and I had a lot of discussions about this over the last couple of months and Chief Wilkerson can correct me if I'm misstating, but one of her concerns is the trend that is happening. Previously we were losing first year guys. People come in, they struggle through training and we lose them and over the last few months we are starting to lose the veterans. We're retaining the ones that are trying to get some experience right now for a while. It's the veterans that are starting that are corporals that are leaving here to go be a patrolman at another city because

they can lose their stripes and earn more money. The concern is you start getting a department full of rookies and so forth and when you start losing your veteran officers. I think that is a big concern that Chief is facing right now.

**Councilmember Garber** - Is the same concern on the fire side also at this point.

**Fire Chief Curtis Birt** - Yes, we are having the same issues, different titles, different colors, of course. You have that, but you have departments. Denton County Fire Chiefs the other day did a study and there are 400 jobs coming available in the next two years. And you don't have to move away from the north Metroplex. If I have guys that want to go to Frisco starting at \$65,000 when they start at \$45,000 here. Firemen top out at \$100,000, here they top out at \$60,000. And they're going to be there in four or five steps vs. eight or ten. What you're seeing and they are seeing it too, is guys are being able to lateral. A captain here can start to move to another department and are getting \$20, \$30, \$40 thousand dollar increases in their lateral movement. They don't even lose their stripes or their bugles, but there is such a growth and there is such a shortage of people that can do it. We are going to get to see is us getting to the bottom of the barrel.

**Councilmember Garber** - I noticed a couple things. The first one was when we had asked for the documentation on the college education for the team. I was blown away at the amount of college educated officers and I don't remember if we had firemen on that list or if they were even part of it. It was a point of pride. It was amazing, I think, to have that many college educated folks on our team period. I compare that to when we sat in here there was an HOA meeting, I think it was a community meeting and police and fire were presenting the amount of calls. I could kind of see the look on the citizens' faces. I had no idea that the word was going up that much like from 2012 to 2015 and 2016 was a significant increase in the amount of work. This is not work that our police and fire are going out to go find work and projects. These are calls and things that need to be responded to and I think we are at a situation personally. If we are losing this many folks that are this highly respected in our police and fire departments. Calls are going up. I think that if we don't do something (our fellow Councilmembers) now, it's only going to get worse. We are going to start losing guys that we really don't want to lose and ladies. And on top of that, I'm just talking to the other police and fire departments, I have friends in Wylie, Sachse, Lewisville and Coppell, they are competing, too. Right? But they are just ahead of us. That's the thing so this may be revisited even next year and the year after because they are losing their top end guys to other departments that are paying even more than Coppell is for instance. So I just want to leave that with us. I think we have or had an amazing team. I think our citizens, if anything, they really respect our public safety. You hear that unanimously. And number three I think that if we don't intervene, I think it was a godsend the contract got signed because it allows us the opportunity to do some other things. I think that this situation is going to compound itself. So I'll leave it there.

**Assistant Chief of Police Greg Wilkerson** - Council, If I may, I'd like to add more thing. Correct me if I'm wrong, we're not asking to compete with Allen or Frisco. We realize the reality that we would never be able to do that, but my best friend is the Chief of Sachse Police Department we talk often on issues. I want to compete with them though. I want to compete with Gainesville and some of these other agencies because that's what I'm trying to. It's a pecking order, if you will. Like Chief said we don't want the bottom of the barrel. I want to find those good officers in some of these very similar cities and tell them, I want you to come to Corinth. We have a great management team. We've got great morale. We've got great equipment. We've got great insurance and we're competitive in our pay. That would help seal the deal. I want you to understand, we're not coming to you asking for the moon, we're trying to get in that middle and I want to compete with those middle agencies.

**Councilmember Garber** - I think you're right. We can't compete with some of those cities, but what happens is those cities we do compete with, when these other cities raises their step pay well then Coppell, if that's one of them loses their team to over hear and now Coppell is paying \$1,000 finder fee from what I understand for officers, plus better pay, plus this other stuff and they're having to do that because they are losing officers from what I understand to some of these larger cities. We need to do a better job of competing.

**Fire Chief Curtis Birt** - Other things you have to look at, too, is workload. I've done this over the last year, over the departments that we are competing with. Let's take Flower Mound for instance, Flower Mound's fire department ran 5,000 calls, so that's five stations running 5,000 calls. This year we ran 3,400 with two stations. Each one of my stations is running 1,700 calls each one of their stations is running 800 calls and they are making \$7,000 more.

**Councilmember Garber** - That doesn't count being short staffed? We've lost five officers.

**Fire Chief Curtis Birt** - Doesn't mean being short staffed. Them having support staff to do special projects while our guys are having to do it while on duty. There's a lot of these little fringe things that you have to look at, too. Coppell police officer making \$15,000 more an hour he's running three calls and has time to do a reports and has time to do training and these guys are running eight and nine and don't have.

**Assistant Chief of Police Greg Wilkerson** - The Town of Hickory Creek are helping us answer a lot of calls here, but frankly, I appreciate their help, but they shouldn't be.

**Councilmember Glockel** - Certainly we've got to do something. You said Sachse and you talked about Gainesville. I asked for something the last time we had all these towns listed and I don't see it, but we were at the bottom of the barrel in sales tax in the entire list. Sachse has a lot of industrial stuff over there. I'm going to say this with tongue and cheek, I would be hard pressed to believe that either one of you have lost an employee to a town who's AV tax base is lower than ours and the sales tax is lower than ours. So somehow we've got to get somewhere between where we are and where they are that we can afford. I just want to say that because it's just a matter of numbers. I'd love to give them all a raise, but you've got to look at the numbers pretty hard. If there's no equipment in the 2017-18 for those new firemen, that's going to take you, yourself who's telling me the tremendous number of dollars it takes to outfit one person. You're talking about six to a dozen, I don't know, whatever that number turns out to be. It's going to be an uphill battle. We've got to get there, but at this point looking at those numbers I don't know how we do it.

Did you ever have a chance to look at the sales tax for every city that was on that list and it was amazing where we stood in that?

**Guadalupe Ruiz, Director Human Resources** - No. What I had is the information that was gathered at the time.

**Lee Ann Bunselmeyer, Acting City Manager** - When these cities were discussed with the Council in 2012, those were the factors that were used. At that point sales tax was not a factor.

**Councilmember Glockel** - Population was a big driving factor which doesn't really prove much.

**Councilmember Burke** - Well, the officers don't care about your taxes.

**Councilmember Garber** - That's a Council issue not necessarily for our police department.

**Lee Ann Bunselmeyer, Acting City Manager** - We had discussions about how many cities have proximity to a lake and a more service area type discussions and that's how some of the cities were pulled out and pulled in. Median household plays a big difference because if you have a more fluid community you many not have those drug calls and so forth vs. if you have a less affluent community. I think those were the factors in going through there.

**Guadalupe Ruiz, Director Human Resources** - I just would add also that when we're looking at these cities based on the methodology that we learned we are not using an average. When we're looking at the middle of the market, the city that continues to show as the one we use as reference is Wylie. For example, for the case of police lieutenant, it's Wylie that we are using. For police officer it's a combination of Wylie and Highland Village. Even when we are using those cities, then it gets adjusted so that the maximum does not overlap with our next level. In addition, these are numbers that we are already behind on. We don't have the cost of living. These numbers, I'm sure have already increased? I have Wylie combined with Highland Village. For example, for police officers, I have Wylie and they are paying more than Highland Village. Sachse is paying more than those two.

**Councilmember Glockel** - Have you looked at Sachse's sales tax? Sachse is a pretty well off city.

**Councilmember Harrison** - It's my opinion, if you get in this business about competing with each other and trying to meet what the other cities are going to provide it's a lost cause. As you said Coppell loses to Frisco, Frisco loses to whoever. So Coppell raises theirs and it's just a pyramid. It's going to eat you up. So the way I look at it is what's reasonable for the City of Corinth? We can compare all day long and that's not going to help the City of Corinth. We've got to determine what is reasonable for the City of Corinth. That's the way I look at it. I'm not trying to deprive anybody of salary or anything else and I've always felt that we've provided them the best of everything that they can do for the job as far as equipment and anything else. We have to play around with the salaries, but I'm not going to compete, I've never been able to compete with Frisco except the first two years that I was here. You can compete about these things. I've said that all along. When we first started off salary comparison I saw we were being compared against Southlake, Highland Park because that's what we selected to compare against. University City, you can't compare that. You are going to eat yourself up trying to compete.

**Councilmember Garber** - Joe, I don't know if I was necessarily excited to try to compete with other cities, but what I do think what's right for Corinth is to not lose their officers. My motivation is to find a happy pay to where we are not losing officers like a sieve because I know that's not right for Corinth. Wherever the scale needs to be and who we need to compete with is I agree with you, I don't think we need to get into that game.

**Councilmember Harrison** - We've hired people for public safety and we didn't have any budget for them. We never budgeted out in the old years. So we had to go back in our budget and make adjustments to pay for that. If that's our plan to do, then fine, I don't have any problem with that.

**Councilmember Johnson** - The thought in my mind is kind of like what you're talking about. What is the happy medium for Corinth? It is authorizing the strength of 33 officers without us having to worry about being down a third. It is maintaining the 36 firefighters we have.

That's the happy medium. That's where we are. It's not really a competition. It's the salary between us and Lewisville. It's just like Chief Wilkerson mentioned, we know we can't keep up. If a sergeant here, can go to Lewisville and make \$20,000 more and give his stripes up and just answer calls all day long - that's Mark's decision. That's what he wants to do. The happy medium is what keeps us at full strength and what keeps our officers engaged and keeps our crime rate at a manageable level. Last year we were number 14 on the safest cities in Texas. I think we've been as low as the second lowest crime rate city. That's a testament of what we've got working the way we work. It's not a competition between the other cities it's where we think and right now our assigned strength is 33 for the police department and 36 for the fire department. We determined those numbers based on the numbers of calls and what man power requirements are.

But, I do not believe and will not ever believe that this isn't a public meeting when citizens of this city can come and speak that they would tell you that's not what they want. That they don't want a fire department that's under strength by five or six or eight firemen. They don't want a police department that's understrength by five, six, eight or ten officers. If they are willing to support whatever decision we make to help keep those organizations at that level. The best thing we can do in that situation here is to adjust our pay so that we can keep those guys and not have to train them, spend \$35 to \$40 thousand dollars on them. In the police department situation, spend \$35 to \$40 thousand on them just to get them out the door in the car with a trainer the first day and then understand that that officer is not going to be strong enough to stand on his own to feet for at least two years without having to have more supervision. Understand, it's going to be five years before that officer really feels comfortable with going out and answering calls so that we've got two officers that can answer a call and not two officers answering one call.

**Councilmember Johnson** - So what's the happy medium? The happy medium that we've already established is our strength level. That's pretty simple. How do we do that? We give them the best equipment, we give them best benefits and we give them the best pay to keep us at that level. Because there will be some that will come back from the other cities. But that's where our happy medium is - it's that assigned strength number, the benefits and the pay to keep them here. We need to keep our pay so that we can keep that assigned strength number so that we can keep that happy medium.

**Lee Ann Bunselmeyer, Acting City Manager** - I just want to make one quick point because I think we rushed through it very quickly. The majority of our employees in our fire department are right here in your lower level, your firefighters/paramedics. So what the new pay scale is doing is raising their annual salary by \$2,000 a year. I wanted to make sure that we understand that. The maximum it's raising it by about \$5,000 a year. These guys are the one that as Chief Birt was saying they'll promote up and any of them that promotion up you're looking at those salaries are only being increased a little bit less than \$4,000 a year. On the police officer side, the majority are up here on your lower level and that is about \$3,000 a year that the pay scale would be moved. We're not increasing it by a substantial amount. I wanted to clarify that.

**Guadalupe Ruiz, Director Human Resources** - I want to share one thing. The years that I have been here listening to them, usually it's Jane that interviews them as they leave, as we've been losing more, I've also been talking to them and one thing that really got my attention that I never heard before, usually it was going to be more money, but the one thing that I heard this last time was safety. It's not the same any more. Because it's not the same to be with people that have the same experience as you have to be out there on a call to have somebody new. Now you not only have to pay attention to what you're doing, but pay attention to the other person you have here when you're responding to a call. I just wanted to share that because I have never heard that until now and I believe it does make sense that now they have to pay attention to them and to the person next to them.

**Mayor Heidemann** - I think at this point we need to get our new City Manager involved and get his viewpoint on this and bring it back at a later date to the Council. Once he feels comfortable with that.

**Lee Ann Bunselmeyer, Acting City Manager** - As a workshop item or as an action item?

**Mayor Heidemann** - I would say we need to talk to Mr. Hart to see how he wants to approach it. See if he wants it to be just another workshop or does he want the action item.

**Councilmember Burke** - Hopefully an action item.

**Councilmember Garber** - If we do a workshop and an action item and we decide as a Council not to take action on the action item then at least it was rescheduled and we can pull it from the agenda.

**Lee Ann Bunselmeyer, Acting City Manager** - Absolutely.

**Councilmember Garber** - So that way if we decide if we need to or want to take action we can have that ability to do that at that point.

**Councilmember** - I would suggest that's probably what he'll do.

**Lee Ann Bunselmeyer, Acting City Manager** - We will visit with him.

**CLOSED SESSION:**

The City Council will convene in such executive or (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.

**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 closed session.

**ADJOURN:**

Mayor Heidemann adjourned the meeting at 8:00 P.M.

AYES: All

Meeting adjourned.

Approved by Council on the 16th day of March, 2017.

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