

CITY COUNCIL MINUTES
BUDGET WORK SESSION MEETING
MAY 22, 2017 AT 6:00 PM

1. CALL TO ORDER

Mayor Bradley called the meeting to order at 6:00 pm.

2. ROLL CALL & CERTIFICATION OF A QUORUM

City Secretary, Susie Quinn, certified a quorum with the following Councilmembers present:

Mayor Scott Bradley
Deputy Mayor Pro Tem Owais Siddiqui (arrived at 6:06pm)
Councilmember Jennifer Berthiaume
Councilmember Betty Nichols Spraggins
Councilmember Sarah Fincanon
Councilmember Don Reilly

3. PRESENTATIONS

A. General Fund - Fire – *Del Albright, Fire Chief*

Fire Chief Del Albright presented to Council an overview of the Fire Department FY2017 and FY2018 budget.

FY2017 current budget status has an estimates savings amount of \$921.00. FY2017 Capital Outlay included Squad/Mini Pumper purchased for \$249,999 with delivery in June 2017 and Self Contained Breathing Apparatus (SCBA) purchased for \$148,231 with delivery in July 2017. FY2017 budget concerns included group insurance underfunded \$13,300 with negative balance reconciled with budget transfers and consultant services over budget by \$7,000 due to Interim Fire Chief pay and requested budget amendment.

FY2018 budget highlights included personnel services increase (step plan, certification pay, reclassification, and pay adjustment) \$334,747; contractual services (medical services, worker's comp, and motor vehicle repairs) \$15,778; training (Lexipol) \$7,500; capital outlay (Tahoe and five (5) gas detectors) \$66,500; small inflationary adjustments in some line items and small decreases in some line items.

Supplementals with a variance amount of \$2,500 and above included Assistant Fire Chief pay adjustment \$9,108 (included increases for TMRS, Worker's Comp and FICA); medical services – new provider/cancer test \$6,000; intermediate/advanced/master firefighter cert pay \$28,500; motor vehicle repairs increase \$3,300 and overtime increase \$7,500. Supplementals for new requests included auto allowance for Fire Chief \$7,800; re-classify three (3) firefighters positions to Driver positions \$42,508; add three (3) firefighter positions \$231,409; implement field training firefighter program (six (6) firefighters) \$14,400 and Lexipol-SOP Development training \$7,500. Capital requests included five (5) gas detectors \$5,500 and Chevrolet Tahoe \$61,000.

Three to five (3-5) year budget projections / needs

FY2019: Quint with tools, radio, hose; thermal imaging camera; three (3) firefighter positions

FY2020: ambulance replacement and cardiac monitor

FY2021: three (3) Captain positions (new classification) and staff vehicle replacement

FY2022: cardiac monitor; two (2) advanced AEDs; rescue tool set and add one fire apparatus (engine)

B. General Fund – Finance and Municipal Court – *Karen Montgomery, Finance Director*

Finance Director Karen Montgomery presented to Council an overview of the Finance and Municipal Court FY2017 and FY2018 budgets.

Finance FY2017 budget showed the majority of the costs were in personnel services and contractual services with the remainder in materials & supplies. Personnel services staffing for the department consisted of two (2) interim finance directors prior to hiring of a finance director, assistant finance director position vacant, therefore, utilizing the salary savings with a temporary accountant and two full time accounts-payable specialists. Budget transfer from salary savings covered overage in consulting costs. Contractual services included bank service charges which increased due to rising interest rates, earnings allowance of fifty (50) bases points; no longer offsetting bank charges (FY16 actual \$17,350; FY17 budget \$8,000 and FY17 projection \$43,400). Budget amendment of \$33,000; remainder to be offset with savings.

Finance FY2018 budget, salaries and TMRS costs increased by \$41,008 (new hire costs, pay plan implementation and supplemental request). Consulting services decreased by \$11,000 (partially offset by smaller increases in other areas). Bank service charges increased by \$44,800 (rising interest rates not offsetting earnings allowance). Travel and training costs increased by \$8,800 (implementation of accounts receivable & budget modules). Supplemental request of \$41,800.

Municipal Court FY2017 budget displayed the majority of costs were in personnel services, contractual services, capital outlay and remainder was in materials & supplies. FY2017 projections include key assumptions for personnel services (no changes from FY17 budget and group insurance increased due to actual costs); materials & supplies (no changes from FY17 budget); capital outlay (increased of \$7,622 due to actual cost of ticket writers) and contractual services (decreased in prosecution costs based on year to date expenditures and savings used to cover overages in other line items).

Municipal Court FY2018 budget showed the majority of costs were in personnel services, contractual services with the remainder in materials & supplies. FY2018 budget for personnel services (only increased due to group health costs (under budgeted in FY17)); materials & supplies (increased by \$1,000 in minor tools & equipment for repair of ticket writers); contractual services (increased by \$2,400 for increases in estimated inmate boarding days (from forty-five to eighty (45 – 80) at \$79.00 a day at Collin County Sheriff's Office) and capital outlay (supplemental request of \$6,370 for two (2) ticket writers).

Included in the packet was a memo from Municipal Court explaining fines and state mandated court costs. Also in the packet was a revised general fund and utility fund summary handout for FY2017 budget.

C. Utility Fund – Customer Service – *Karen Montgomery, Finance Director*

Finance Director Karen Montgomery presented to Council an overview of the Utility Fund. The fund consists of three (3) departments: Water, Wastewater and Customer Service. Revenue sources included other revenue at 2.0%, water revenue at 62.5% and sewer revenue at 35.5% for FY2017 budget. Utility Fund revenue FY2017 projection based on actuals through April; projected to year end. FY2018 proposal was based on some increase in consumption; based on current water and sewer rates and further analysis needed before finalizing. FY2017 Budget Utility fund expenses for water distribution was at 60.1%, wastewater collection at 30.6% and customer service at 9.3%.

Customer Service FY2017 budget, personnel services was 47.8%, materials & supplies was 14.3%, contractual services was 34.6% and capital outlay was 3.3%. FY2017 Projection key assumptions included personnel costs (not fully budgeted in FY17 and budget amendment to correct); contractual services – automated metering system (software upgrade required, current version no longer supported, budgeted in FY17 but project not started, cost increased due to interfacing with other systems and budget transfer from savings in capital outlay).

Customer Service FY2018 budget, had supplementals for materials & supplies (meter installation/replacement program \$14,800; seventy-five (75) new construction meters at \$275 each equals \$20,625 (rounded to \$21,000); replace four hundred (400) residential meters at \$125 each equals \$50,000; replace fifty (50) radio transmitters at \$125 equals \$6,250; replace ten (10) commercial meters at \$150 each equals \$15,000 and contractual services (New Gen consultant) \$25,000 to elevate 2014 rate study results, cost is 50% of a full rate study cost and the next full rate study should be in FY19.

D. Utility Fund – Water and Wastewater – *Tim Rogers, Public Services Director*

Public Services Director Tim Rogers presented to Council an overview of the Water and Wastewater FY2017 and FY2018 budgets.

Wastewater – FY2017 budget projections included an amendment request of \$34,081. FY2018 budget proposed overall variance as \$-467,326 included associated costs of sewer operations, consulting services – Sanitary Sewer Overflow Initiative (SSOI), cost of sewer - capital outlay and interest. FY2018 Wastewater Supplementals included overtime; SSOI Initiative; cost of operations; new closed circuit television truck; Muddy Creek Water Wastewater Treatment Plant; debt service increase and interest increase. Cost of sewer operations: debt service 32%, muddy creek pipeline 6%, muddy creek wastewater 10% and cost of sewer operations 52%.

Water Distribution – FY2017 budget projections overall variance of \$-43,897 and amendment request of \$48,847. FY2018 budget proposed overall variance of \$-455,794. FY2018 Water Supplementals include cost of water, debt service, electricity, overtime, fixed plant equipment repairs & maintenance, personnel (Water Quality Technician) and motor vehicle (new).

E. Wrap up and questions. *Mike Castro, City Manager*

City Manager Mike Castro provided to Council a handout for the FY2018 budget supplementals ranking list. A great deal of information is outstanding that will need to be brought back to Council for review so he proposed two (2) more budget work session meetings dates on Monday, June 26 and Friday, June 30. Agenda for the two (2) meetings will include health insurances rates, utility rates, updates to the revenue picture, Council guidance regarding the supplementals ranking list,

review of the Murphy Municipal Development District (MDD) and Murphy Community Development Corporation (MCDC) budgets, review of other funds, and some discussion regarding truth and taxation.

4. ADJOURNMENT

With no further business, a motion was entertained by the Mayor Bradley and the Council meeting adjourned at 8:20 pm.



APPROVED BY:


Scott Bradley, Mayor

ATTEST:


Susie Quinn, City Secretary