

**BUDGET WORKSHOP
CITY COUNCIL
CITY OF NASSAU BAY, TEXAS
July 17, 2017
7:00 PM**

MEMBERS OF COUNCIL PRESENT: Mayor Mark Denman, Councilmembers Don Matter, John Mahon, Bryce Klug, Jonathan Amdur, and Bob Warters

MEMBERS OF COUNCIL ABSENT: Mayor Pro Tem Sandra Mossman (arrived at 7:08 p.m.)

OTHERS PRESENT: City Manager Jason Reynolds, City Secretary Sandra Ham, Assistant City Manager Mary Chambers, Finance Director Csilla Stiles, Police Chief Kenneth Campbell, Fire Chief Tom George, Public Works Director Paul Lopez, and Planning Commission Chair Roscoe Lee

PRESIDING: Mayor Mark Denman

CALL TO ORDER AND ROLL CALL OF MEMBERS

Mayor Mark Denman called the meeting to order at 7:00 p.m. and announced a quorum of Council was present with five elected officials in attendance.

FIRST READING OF ORDINANCES

Approval of ordinance amending the Fiscal Year 2017 Annual Budget

Finance Director Csilla Stiles stated these amendments were a housekeeping item related to the preparation of the end of fiscal year audit. Finance Director Stiles indicated an acceptance of the budget amendments prior to the acceptance of the audit will ensure the presented audit documents will correctly reflect the relationship between the budgeted and actual expenditures.

The caption of the ordinance reads as follows (first and only reading):

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF NASSAU BAY, TEXAS, AMENDING THE FY17 BUDGET TO RECOGNIZE AN INCREASE IN THE GENERAL FUND REVENUE OF \$64,645 AND AN INCREASE IN EXPENDITURES OF \$94,720; AN INCREASE IN WATER AND SEWER FUND REVENUE OF \$86,315 AND AN INCREASE IN EXPENDITURES OF \$40,000; A DECREASE IN DEBT SERVICE FUND REVENUE OF \$6,396 AND AN INCREASE IN EXPENDITURES OF \$27,330; AN INCREASE IN CAPITAL PROJECTS FUND REVENUE OF \$3,757,500 AND AN INCREASE IN EXPENDITURES OF \$52,690; AND AN INCREASE IN THE SPECIAL REVENUE & GRANTS FUND REVENUE OF \$18,110 AND AN INCREASE IN EXPENDITURES OF \$4,720.

(Said Ordinance is of record in Ordinance Book No. 13 of the City of Nassau Bay, Texas, being Ordinance No. O2017-757.)

It was moved by Councilmember Bob Warters, seconded by Councilmember Jonathan Amdur, to approve the first and only reading of Ordinance No. O2017-757 amending the Fiscal Year 2017 Annual Budget.

Motion passed 6 – 0.

BUDGET WORKSHOP

City Manager Jason Reynolds led discussion through the Fiscal Year 2018 budget, specifically the General Fund, Water & Sewer Fund and capital requests. Beginning the overview, he stated the certified tax roll would be received at the end of August 2017, and the Truth in Taxation calculation would be completed in September. Only then could discussions regarding changes to the tax rate occur. Additionally, Finance Director Csilla Stiles indicated the Texas State Legislative Special Session may impact tax rate calculations and discussion. Lastly, Mr. Reynolds described the draft General Fund budget, stating the budget assumes the same amount of property tax revenue until August, with fund revenue expected to decrease by 1.14% and fund expenses to increase by 3.43%, not including capital projects.

City Manager Jason Reynolds continued discussions with a summary of General Fund budget increases. Providing a preliminary draft, Mr. Reynolds stated increases to the Maintenance & Operations line are related to merit increases, medical insurance increases, an addition of two staff positions, and discussion of salary surveys for Police and EMS departments.

As of September 30, 2018, the FY18 budget expects to maintain 104 days of reserves. Finance Director Stiles led a brief discussion on determining Council's philosophy between balancing the need for reserve days versus increased capital expenditures. She noted Council's policy is currently 90-120 days of reserves. Mayor Pro Tem Sandra Mossman voiced strong opinion on the need for a larger reserve, with Councilmember Warters echoing a similar sentiment.

Mr. Reynolds led a review of the capital improvement requests, which include new bay doors at Public Works, a boat house, four replacement vehicles, and a skate park at David Braun Park. Councilmember Warters inquired on the replacement policy for vehicles, and dialogue continued regarding mileage limits, fleet rotation, vehicle maintenance, residual value, and the pros and cons for purchasing. Furthermore, Public Works Director Paul Lopez reviewed the Parks Committee request for a skate park or other youth oriented activity, and it was a consensus that other funding avenues would be sought to construct the structure. While maintaining a need for action, Mayor Denman explored whether an investment in the boat house would be a prudent expenditure for the City. Lastly, Mr. Reynolds indicated there has been previous discussion regarding renovation of the Council dais, and provided costs associated with the construction.

Discussion moved to the Police Department, Public Works, and EMS personnel requests. Police Chief Kenneth Campbell briefly outlined the need for a Detective position, allowing the department increased capacity for solving investigations. Additionally, Chief Campbell requested a police officer starting pay review, proposing an increase to allow Nassau Bay

to be more competitive in recruitment. Public Works Director Lopez proposed transitioning the current Animal Control Officer position into a full-time position, as the employee is currently part-time Animal Control and part-time Public Works. Additionally, his request included an additional Public Works employee. Lastly, Fire Chief Tom George requested an increase for starting pay for each Paramedic certification level. After discussion, in general, Council acknowledged positive opinions for each of the requests.

Continuing the discussion, Councilmember Bryce Klug noted the trend of an increased percentage of payment towards the TMRS retirement system, and inquired about the sustainability of the program. Options regarding cost saving measures were summarized, and Finance Director Stiles indicated she would continue exploration prior to the next workshop.

Ending the workshop discussion, Mr. Reynolds highlighted the Water & Sewer Fund, remarking on the flat revenue for the FY18 budget. Methods for funding future capital improvement projects were discussed, with fund mechanisms to include rate increases and/or long-term debt service. Per the capital improvement plan, \$1,000,000 of projects are proposed for each year.

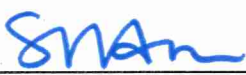
Closing the workshop, brief discussion was held on opportunities for cost savings in the budget.

ADJOURNMENT

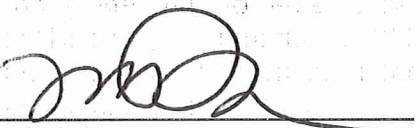
There being no further business, the meeting adjourned at 9:02 p.m.

Minutes approved as submitted and/or amended this 14th day of August, A.D. 2017.




Sandra V. Ham
City Secretary

CITY OF NASSAU BAY, TEXAS


Mark A. Denman
Mayor