

FARMERSVILLE CITY COUNCIL
MEETING MINUTES
July 30, 2013

The Farmersville City Council met in special session on July 30, 2013 at 6:00pm in the Council Chambers at City Hall with the following members present: Mayor Helmberger, John Klostermann, Michael Hesse and Jim Foy. Michael Carr and Russell Chandler were not present. Staff members present were City Manager Ben White, Police Sergeant Brian Alford, Fire Chief Kim Morris, Finance Director Daphne Hamlin, Librarian Trisha Dowell and City Secretary Edie Sims. City Manager Ben White was not present.

Item I) CALL MEETING TO ORDER, ROLL CALL

Mayor Helmberger called the meeting to order. Edie Sims called the roll and announced a quorum was present. Mayor Helmberger welcomed all guests and visitors. Jim Foy offered the invocation with Mayor Helmberger leading the audience in the Pledge of Allegiance to the American Flag.

Item II – A) BUDGET WORKSHOP FOR FISCAL YEAR BUDGET 2013-2014

Finance Director Daphne Hamlin came before the City Council with updated information on the insurance for the 2013-2014 Proposed Budget. The 17% increase that had been presented at the last meeting was accurate for one plan that had been utilized by City employees; however other plans are available that did not increase as much. The City has budgeted a 3% increase for insurance coverage per each employee. The more expensive plans have increased in price and the less expensive plans have decreased. It will be up to the employee to choose the plan that fits their health needs. Mr. White encouraged the Council that he looked at insurance from both the City's budget perspective and the employee's perspective; but had to stay with what the City could afford. There are tiered rates which the employee chooses from. The hardest hit will be employees on the family plan.

The City will pay a flat rate of \$709 to each employee during the 2013-2014 Fiscal Year. If an employee chooses a lesser plan, the additional funds will go into their flex plan; conversely if a higher plan is chosen, the employee will pay more. All funds related to the insurance plans will be dedicated only to the insurance, either through premiums or a Health Savings Account. This year will not be prefunded. Mr. White stated from the City's perspective, insurance is limited to how much the employee is willing to pay and it is up to the employee to choose the plan that fits their health needs. Several years ago Daphne Hamlin was asked to research other insurance opportunities. TML still had the best affordable plans. If the Council chose to go out for bid, this process should be done in March.

Mr. White indicated he made some adjustments to present a balanced budget. The budget reflects an increase in the sales tax revenues along with an increase of funds from the Collin County Fire Department contract. Mr. White has included a 3% cost of living increase and a decrease from the ambulance contract. The additional patrolman and fireman have been removed from the budget. A new item requested by the Mayor was the Vacation Liability Account. If all employees were to leave the City, the City would be liable for certain non-funded liabilities. This fund has been added with an amount of \$21,901. Mr. White also indicated he will be presenting Human Resource policies to the Council which includes personal time off, sick time policies, etc.

Revenues went up slightly; decreases were made in the budget in order to balance the budget. Last year the City received a windfall from sales tax revenues. This has made a shortfall for this year. With the funding of projects through the Farmersville Economic

Development Corporation and the Farmersville Community Development Corporation, projects are still moving forward.

The Public Works salary allocation has been adjusted from 30% bond work to 10% bond work. The need was to balance the budget without utilizing the bond. The actual bond use may be 20%, but this percentage can be adjusted against actual use.

Mayor Helmberger stated in order to fund a new employee for the Fire and Police Departments, the City needs the growth and sales tax revenues. Mayor Helmberger requested the budget reflects the current and correct income. Mayor Helmberger stated he is concerned that we have so many bond projects that the day to day operations are not handled.

Mr. White introduced the Cost of Living Survey and Medical Insurance. Several of the area cities are proposing a 3% cost of living increase. Mr. White recommended a 3% increase for insurance plus 3% cost of living increase. Mayor Helmberger stated we are not showing growth and needed a comparison with like cities that are also not experiencing growth.

If doable through the electric overage in the future, Mr. White would like to remedy the debt of the City.

In regard to the tax rate options presented, the County Tax Office had a revision at 5:00pm the same date as the Council meeting. The numbers are consistent and Mr. White recommended the Council consider staying with the \$0.697500 tax rate. The rates previously presented with the recent revision would reduce the Maintenance and Operations by \$8,000. Mr. White stated he will find a way to reduce the budget \$8,000 to accommodate the adjustment. The issue with the County was splitting the TIRZ District value which reduced the amount to the City. O'Reilly's was the significant business that impacted the TIRZ. By the Council choosing the \$0.697500 tax rate, it will increase our income \$15,000 more from the effective tax rate which includes the \$8,000 reduction. This is the same tax rate as last year.

The Council's consensus was to go forward with the proposed tax rate of \$0.697500. Mayor Helmberger stated the voters approved bonds to be sold and to date \$1.9 million have been sold. The remainder will be sold at intervals.

The remainder of the meeting surrounded the electric utility system. As of May 1, 2014, Sharyland will go into deregulation and our contract will end with Sharyland. Mr. White stated an electrical system study was completed that showed our system is worth \$1.6 million. Presently the system returns \$800,000 annually to the City. The system is very good and strong. It gives good revenue benefits to the City. There is not a lot of maintenance required but still small enough that maintenance can be handled. Recently it was discovered that the sub-station for the College is doable with little expense. A possibility is to go into another maintenance agreement with Sharyland, although the return would probably be less than is currently contracted and is not the preferred option. Another option would be to maintain the system ourselves. By having the City maintain our own utility, Mr. White has developed a billing model to estimate the revenues which in turn will develop a proposed budget. Energy charges were calculated to equal the kilowatt hours multiplied by the cost of energy. The Power Cost Recovery Factor (PCRF) is the difference between the flat rate and cost of energy which helps cover the flat rate to help pay for energy bought. Another item that is included with the billing will be the surcharge fee which is to be solely used for improvements to the system. The billing model did not show a change in the rate structure.

The City has not gone out for bid yet, but Garland Power and Light seems the least risky but most costly for an energy contract. Mr. White stated he is taking a very conservative approach at energy contracts.

Mr. White is suggesting a three man electric utility operation which is also recommended by Sharyland. Mr. White furthered the conversation by showing Capital Expenditures versus a Revenue Bond. The Farmersville Economic Development Corporation will hopefully play a part in funding the electric utility by providing funds for Energy Cost Management needs as well as engineering costs. The presented costs for tools and equipment have been verified and are current prices. Mr. White is also considering a used digger truck and bucket truck. These two pieces purchased used could save \$100,000.

An average energy cost of \$0.06 is achievable for the City to operate its own utility. The next steps are to consider an energy contract. Sharyland is preparing a cost of maintenance so the Council can have further options. By having Sharyland provide maintenance, the risk of cost may increase whereas if the City provides the maintenance the Council could consider lowering the rates.

Mayor Helmberger stated the revenues can go into the General Fund for a myriad of needs. The last meter reading by Sharyland will be in April and we will begin the transition to the City.

Mr. White reinstated to hire a supervisor 2 to 3 months in advance to be trained by Sharyland and to be able to hit the ground running. Mayor Helmberger encouraged the equipment is purchased in February or March. Mr. White indicated Sharyland should have their final figures soon in order for the Council to make their decision of how to move forward. However, the option for Sharyland to buy this utility is unlikely at this point. The revenues show to be productive. Mr. White also encouraged the Council to hire a crew that can offer customized service. When not reading meters or other projects, poles could be straightened. There are high expectations to be constantly working on projects within the City. Mr. White stated he wanted to stay competitive with our neighbors and have quality staff.

Mayor Helmberger stated he never liked that the City didn't have control of our own system. This is a great opportunity for the City. We will have assistance from other entities and Interlocal Agreements will be entered into, more particularly for mutual aid.

Overall the budget looks like a continuation of last year. Mr. White stated we will hold back until decisions are made on the electric system and if need be, will make budget amendments according to the decision of the Council.


ITEM VI) REQUEST FOR CONSIDERATION OF PLACING ITEMS ON FUTURE AGENDAS

No one requested items for future agendas.

ITEM VII) ADJOURNMENT

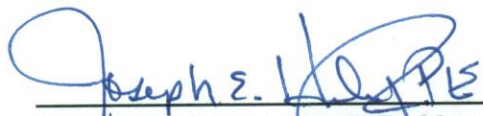
Council adjourned at 7:35pm.

ATTEST



Edie Sims, City Secretary

APPROVED



Joseph E. Helmberger, P.E., Mayor

