



FARMERSVILLE CITY COUNCIL BUDGET WORKSHOP MINUTES

For

August 31, 2017, 6:00 P.M.

I. PRELIMINARY MATTERS

- Mayor Piwko called the meeting to order at 6:00 p.m. Council members Craig Overstreet, Donny Mason, Mike Hurst, and Todd Rolan were all present. Michael Hesse was not in attendance. City staff Ben White, Sandra Green, and Daphne Hamlin were also present.
- Prayer was led by Craig Overstreet followed by the pledges to the United States flag and the Texas flag.

II. BUDGET WORKSHOP

- A. Discussion regarding proposed Fiscal Year 2017-2018 Budget including related budgeting issues and concerns and previous practices.
- Mayor Piwko indicated she had not seen many changes in the budget from last year.
 - Craig Overstreet stated he saw how the health insurance increase was going to be handled per the memo that was attached to the budget by reducing the following accounts:
 - Christmas Lights (\$7,500)
 - Parks Board (\$7,000)
 - Other (\$5,000)
 - Construction Material (\$5,000)
 - Police Fuel (\$2,000)
 - Library Office Supplies (\$500)

He stated the problem he had was the budget shows the City \$244,000.00 short. The last few years the City has been lucky to be able to pull from the water and electric accounts. The water fund this year and possibly next year is going to be less. He stated he wanted to see four or five strategies

on how we are going to handle the next few years if there is a deficit. If we keep taking out of the reserves it will become a significant amount. He wants to conduct a rate review over the water and electrical. We may need to look at capping our public safety, even though we are currently in line with other communities. He wants strategies rather than pulling from the reserves. The budget is prudent and there is not a lot of fluff in it because we are not doing a lot of roadwork or capital improvements.

- Ben White stated he wanted to present some items to Council and get their thoughts. Daphne Hamlin prepared a memo that explains what we need to do in the next budget year to stop taking from reserves and hopefully stay out of a deficit. He and Daphne Hamlin came up with a list they believe will help. They put an emphasis on keeping all employees even though it was considered to possible lose one. We are trying to obtain more software that will help staff become more efficient, especially with permitting. The cost of software is something we could reduce the following year. We took into account healthcare, raises, and the cell phone stipend. The Home Rule Charter is costing money this year, but we will not have to spend that the following year. Also, the police department came through with no capital expenditures. We normally purchase two cars a year, so that would allow them to completely turn their fleet over about every five years. We are also going to be paying the quint off and that money frees up. The refuse fund has an overage of \$35,000.00 for this year and it will have it for next year. That money could be used to try and help lighten the load. There is a possibility of \$70,000.00 in transfers as surplus. Hopefully, these items will help us get into a balanced budget.
- Craig Overstreet asked how the refuse fund worked.
- Daphne Hamlin stated it is an enterprise fund.
- Ben White stated we are collecting more than it costs.
- Craig Overstreet asked how the 10% sales tax for this year compares to past years.
- Daphne Hamlin explained that it has gone up about that much every year.
- Donny Mason asked about Big D Concrete and when they were coming to the City.
- Ben White explained they are coming, probably in June of 2018, but the City has to build a water line to their site first. TIRZ is investing in the waterline and we are using our employees to complete the work. He stated they will have to sign an annexation agreement first, but they want to see the waterline put in before they sign.
- Sandra Green pointed out the annexation laws have changed because of the legislature.


- Ben White indicated we would have to see how that would affect Big D.
- Donny Mason asked if they would purchase their water from the City of Farmersville.
- Ben White stated yes.
- Mike Hurst asked if anything has come forward as a result of the lawsuits with the North Texas Municipal Water District.
- Ben White stated no and they just have the same discussions over and over again at the meetings. We follow the current rate structure they pass on to us and you will see an increase coming in October. As we see sales tax go up, he would like to see some priority given to decreasing the transfer rates. He wants to help the electric fund because he is having trouble putting money in the reserves for electrical. The way everything is structured it appears that we are over \$200,000.00 in deficit in the electric fund. We need the ability to handle growth and we need the reserves to help support that. A pre-construction meeting was held on Camden Park and he would like to use the sales tax from the people buying the houses and the ad valorem taxes to build up the funds.
- Mayor Piwko explained she would like to see salaries evaluated after the reserves are built up at the public works level and police department because we are falling way behind compared to other cities. At some point we are going to have problems keeping the people we have.
- Ben White stated what he, Chief Sullivan, and others try to do is make this a great place to work so people do not want to leave.
- Mayor Piwko stated she just wants to keep the additional money from being spent on random items after the funds are built up and maybe put it in to staff salaries.
- Mike Hurst asked about the new businesses coming over the horizon and wanted to know if staff had an amount they believed we would receive from ad valorem taxes and sales taxes. He also asked if Camden Park had paid their escrow to the City yet.
- Ben White stated Camden Park had not paid their escrow yet. The reason that was given to him is the bank and the lawyer are in Houston and they were impacted by the hurricane.
- Mike Hurst stated he believed the money could be sent by wire transfer.
- Ben White stated he is not spending any money on the lift stations, sewer lines, or force mains until the City receives the money. He might pay for the engineering plans only. He indicated Ted Zedah has an agreement with Texas-New Mexico for the square piece of property that will become part of Camden Park, but he is not going to hold up the work because of a \$5,000.00 piece of land.

- Craig Overstreet asked Ben White if he believed a rate review would yield anything.
- Mike Hurst explained that any growth should offset the shortfall in the budget. He also asked if the City was prepared for Collin College to be built.
- Ben White stated the City is trying to make a play to buy the electrical substation that is on Texas-New Mexico's land and that would be beneficial when the Collin College comes in. We have to add some electrical components to be able to accommodate them. He stated the City could possibly take out a revenue bond to help with that later on.
- Mayor Piwko asked if Police Chief Sullivan would be willing to give up a police car in 2017-2018. Then, Council could approve the car in 2018-2019 because that would be approximately \$40,000.00.
- Ben White explained that is something he could do.
- Craig Overstreet stated if \$6,000.00 would help, the Council does not need laptops.
- Daphne Hamlin indicated she would remove it from the budget.
- Craig Overstreet complimented Daphne Hamlin on the budget and stated it was not a fluff budget.
- Ben White explained the Council is getting a lot out of the staff they have, especially on the public works side.
- Everyone at the table agreed there have been a lot of complaints regarding the street conditions.
- Mike Hurst was also complimentary on how the budget was put together. He explained if the City has to make some hard decisions and shrink departments, then that is what would have to happen because there are so many unknowns.
- Donny Mason agreed.
- Mayor Piwko suggested transferring some of the refuse surplus in to the street budget.
- Ben White explained there was \$35,000.00 this year and \$35,000.00 for next year so it will decrease the amount we have to transfer from our reserves.
- Mike Hurst asked if they are going to wait on the police car like it was suggested.
- Ben White stated that since there is the \$35,000.00 in the refuse fund he would like to allow them to get the car this year and then think about it next year.
- Mayor Piwko suggested they do not purchase the car for six months into the budget and that way the City could see where we are at in regards to funds.
- Mike Hurst stated everyone on the Council wants to see the City do well.
- Daphne Hamlin stated she would make the required changes and send the revised copy out the next day.

III. ADJOURNMENT

Meeting was adjourned at 7:00 p.m.

APPROVE:



Diane C. Piwko, Mayor

ATTEST:



Sandra Green, City Secretary

