

STATE OF TEXAS

COUNTY OF BRAZORIA

CITY OF LAKE JACKSON

BE IT KNOWN that the City Council of the City of Lake Jackson met on Monday July 5, 2016 at 6:30 p.m. in Regular Session at 6:30 p.m. at 25 Oak Drive, Lake Jackson, Texas, in the Council Chambers at the Lake Jackson City Hall with the following in attendance:

Joe Rinehart, Mayor  
Ralph Buster Buell, Council member  
Heather Melass, Council member  
Gerald Roznovsky, Council member  
Will Brooks, Council member  
J. B. Baker, Council member

William P. Yenne, City Manager  
Modesto Mundo, Asst. City Manager  
Alice A. Rodgers, City Secretary  
Sherri Russell, City Attorney  
Jeremy Bubnick, Parks & Rec Director  
Pam Eaves, Finance Director  
Sal Aguirre, City Engineer  
Michael Coon, Asst. to City Manager  
Eddie Herrera, Engineering Tech  
David Van Riper, Public Works Director  
Carmen Williams, Personnel Director  
Rick Park, Police Chief

PLEDGE OF ALLEGIANCE

Council member Roznovsky led the pledge of allegiance to the United States flag and the Texas Flag.

INVOCATION

Council member Buell led the invocation.

VISITORS

There were no visitors present.

COMMENDATIONS

There were no commendations.

PROCLAMATION – JULY 11-15, 2016 NATIONAL DISABILITY VOTER REGISTRATION WEEK

Mayor Rinehart proclaimed July 11-15, 2016 as National Disability Voter Registration Week.

PROCLAMATION – JULY 2016 AS PARKS AND RECREATION MONTH

Mayor Rinehart proclaimed July 2016 as Parks and Recreation Month.

PRESENTATION OF FISCAL YEAR 2016-2017 PROPOSED BUDGET

Bill Yenne, City Manager presented the proposed FY 2016-17 Annual Budget. He stated that there would be a workshop on July 16, 2016 to review the budget.

We had just balanced everything and were getting ready to put together this proposed budget when the flood hit. With little time for any changes, I am submitting this budget as it was prepared prior to the flood. We can make adjustments for the flood during the rest of the budget process.

I would like to thank all of our employees for the remarkable job they did responding to this flood. They are the best!

### **Proposed FY16-17 Budget at a Glance**

The FY2016-2017 budget can best be described as a public safety budget. A large share of this year's General Operating Budget is designated for public safety.

#### **General Operating Budget**

We are adding four (4) positions to serve the Police Department. These include two patrol officers, one narcotics officer, and one support staff (IT System Analyst). Police Department personnel are getting the largest share of the proposed salary increases. Police Officers, for example, will be getting a 10% raise (8% market and 2% merit). This is on top of the 10% raise Police Officers received last year.

The Fire Department is getting a \$1.1 million ladder truck (called a quint truck). We are also putting \$50,000 in the budget to allow the volunteer department to begin a "pay per call" program for its volunteers.

EMS will be getting a \$150,000 ambulance upgrade.

The total General Operating Budget for FY16-17 is proposed at \$20,171,297. This is \$1,184,219 more than the FY15-16 budget of \$18,987,078. Police and Fire account for \$638,937 (54%) of this increase.

#### **Utility Operating Budget**

The Utility Operating Budget is up \$807,102 to \$12,787,573. The biggest increase here are two new meter readers, raises and increased benefits costs (\$243,000), increases in the cost of Brazosport Water Authority water (\$226,300), disposal costs at the landfill (\$195,800), and a \$50,000 increase in our bond payments to pay for infrastructure improvements.

#### **Tax Rate**

The tax rate will drop from \$.36/\$100 assessed value to \$.3375/\$100 assessed value, primarily because of a substantial increase in property values.

#### **Utility Rates**

Our utility rates will go up to cover the increase in costs. I will discuss these in detail later.

### **FY2015-2016 in Review**

Our city continues to benefit from the phenomenal industrial investment taking place in our County.

We are in the midst of a \$30 billion industrial expansion. Over 10,000 contractors come to our area every day to build these new and upgraded industrial projects.

To meet the needs of all the new workers flooding our area, two new apartment projects are nearing completion – Plantation Park (224 units) and Urban Crest (288) will open later this year.

The Creekside Subdivision has moved on to its 2<sup>nd</sup> and 3<sup>rd</sup> phase. When built out, this subdivision will add 224 homes to our city.

We continued to make progress in extending water and sewer service north to the airport and adjacent business park. The water portion is under construction. The sewer portion is in design.

Our sales tax numbers remain very strong and our overall revenues, including utility revenues, are strong.

We completed our 20 year Master Plan update.

During a brief lull in the Master Plan process, members of the CPAC served as a Bond Task Force and recommended to the voters a \$16 million issue covering 5 bond propositions. The voters approved these propositions at our May, 2016 election.

A Parks Master Plan is currently underway.

### **FY15-16 Operating Budget Review**

#### **General Operating Fund**

I expect that we will receive \$19,438,709 in General Operating Revenues in FY 15-16. This is \$451,631 or 2.4% more than the FY 15-16 budget of \$18,987,078.

Sales tax revenues continue to improve as I estimate that we will receive \$6,220,000 in sales tax in FY 15-16, some \$270,000 (4.5%) more than what we budgeted for FY15-16 - \$5,950,000.

Other revenue bright spots include increases in building permit fees (\$92,585), franchise fees (\$19,774), Recreation Center fees (\$53,210), and alcohol beverage tax (\$24,200) I am projecting General Operating Fund expenditures to end at \$18,599,945 in FY 15-16. That is \$387,133 (2.0%) less than the FY 15-16 budget.

#### **General Operating Fund (estimated at 9/30/16)**

	<u>FY 15-16 Budget</u>	<u>FY 15-16 Projected</u>	<u>Difference</u>
Revenues	\$18,987,078	\$19,438,709	\$451,631
Expenditures	<u>\$18,987,078</u>	<u>\$18,599,945</u>	<u>\$387,133</u>
Excess <Deficit>	0	\$838,764	\$838,764*

#### **Utility Operating Fund**

I anticipate utility operating revenues to be \$12,076,421 or \$95,950 (0.8%) more than the FY 15-16 budget of \$11,980,471.

I expect expenditures to finish around \$11,800,946 or \$179,525 (1.5%) less than the \$11,980,471 budget.

#### **Utility Operating Fund (estimated at 9/30/16)**

	<u>FY 15-16 Budget</u>	<u>FY 15-16 Projected</u>	<u>Difference</u>
Revenues	\$11,980,471	\$12,076,421	\$95,950
Expenditures	<u>\$11,980,471</u>	<u>\$11,800,946</u>	<u>\$179,525</u>
Excess <Deficit>	0	\$275,475	\$275,475*

#### **Year End Transfer**

Each year we take positive operating fund balances and consider making transfers for various uses – generally to our General and Utility projects funds.

As I have mentioned, I am holding all of these savings in abeyance to be used, if necessary, for flood and flood recovery costs. This will alter our capital projects planning effort.

**Setting Our Goals**

Since 2007 City Council has annually met to set the goals for our City through our formalized goals and visioning process. This past year City Council met in two workshops held on January 11, 2016 and January 25, 2016.

City Council reaffirmed our vision statement which is:

*“Our Vision is to create an ideal community to live, work and play for all”*

The City Council gave the following directives for the FY16-17 budget:

1. Review of salary plan status
2. Bond issue opportunities
3. Fire department transition possibility
4. Animal Shelter
5. Economic Development

**Salary Plan**

The City Council instructed staff to continue as planned with the 5 year salary plan. This will be year three.

**Bond Issue Opportunities**

The City Council discussed the following staff provided schedule for possible future debt issuances.

Potential Debt Issues (2015-2026)

Year	General Fund	Utility Fund	1/2 Cent	Total
2016	\$3,000,000	\$3,000,000	\$3,900,000	<b>\$9,900,000</b>
2017	4,000,000	5,000,000		<b>9,000,000</b>
2018	9,000,000			<b>9,000,000</b>
2019		5,000,000	4,600,000	<b>9,600,000</b>
2020	6,250,000			<b>6,250,000</b>
2021				<b>0</b>
2022	6,250,000	2,500,000		<b>8,750,000</b>
2023				<b>0</b>
2024	6,250,000	2,500,000		<b>8,750,000</b>
2025			6,000,000	<b>6,000,000</b>
2026	6,250,000	2,500,000		<b>8,750,000</b>
<b>Total</b>	<b>\$41,000,000</b>	<b>\$20,500,000</b>	<b>\$14,500,000</b>	<b>\$76,000,000</b>

**Fire Department Transition**

Council directed staff to consider beginning the process of implementing a possible “pay for call” system.

**Animal Shelter**

Council directed staff to look at improvements to the Animal Shelter and possible use of city property for

an SPCA Adoption Center.

#### Economic Development

Council directed that the Texas A&M Engineering Extension Service (TEEX) Comparative Assessment be completed.

#### Improve Compensation/Salaries

We are in the third year of what was planned to be a five year implementation plan to improve employee compensation and to update our compensation plan.

Once again we will cap market increases at 8%. Most of those getting up to 8% market raises are police patrol officers. They received a similar raise last year as well

The standard market increase for most employees will be 2%. All employees are eligible for an additional 2% merit raise based on the results of their performance evaluation.

#### New Positions & Regrades

The General Fund includes the following new or upgraded positions for a total cost of \$311,000:

- 2 New Traffic Officers
- A Narcotics Detective
- A Systems Analyst for PD
- Asst. Aquatics Coordinator (Regrade)
- Recreation Center Marketing Coordinator (Regrade)
- Personnel Generalist (Regrade)
- Crew leader in Parks (Regrade)

The Utility Operating Fund adds two new positions for a total cost of \$83,000:

- Lead Meter Tech
- Meter reader

#### Bond Issue Opportunities

The CPAC/Bond Task Force recommended a \$16 million bond issue go to the voters. This issue was comprised of 5 propositions. They were:

##### Proposition 1

Downtown Revitalization (\$9,900,000)

##### Proposition 2

Plantation Bridge (\$1,000,000)

##### Proposition 3

Residential Streets (\$3,800,000)

##### Proposition 4

Drainage (\$800,000)

##### Proposition 5

Traffic Signal & Traffic Lanes (\$500,000)

All these propositions were approved by the voters on May 7, 2016.

#### Fire Department Transition

Since our city's founding we have had a volunteer fire department. Our volunteers over the years have done a remarkable job for our city. The city provides the facilities and equipment for our volunteers. The LJVFD then provides the volunteers to respond to emergencies in our city. Our volunteer fire department is amazing.

But with all things times have changed. Our outgoing volunteer Fire Chief expressed a concern that the city needs to look towards transitioning to a paid department in the future. He pointed out the ongoing difficulty of recruiting volunteers to serve and then to get the proper number of volunteers to respond to a call.

The new volunteer Fire Chief still would like to make the volunteer department work. So, we have discussed a number of options.

#### Animal Shelter

In this budget we are adding \$50,000 in the Equipment Replacement Fund to purchase a specialty trailer that we will use as an intake location at our existing shelter. We will also be looking at a facility assessment that will include a new or upgraded Animal Shelter.

Also, we have been in talks with the SPCA to provide land adjacent to the existing shelter for an SPCA adoption center. This would help ease the overcrowding at the shelter.

#### Economic Development

In last year's budget Council funded a \$75,000 comparative assessment provided to us by the Texas A&M Extension Service (TEEX). The Lake Jackson Development Corporation (LJDC) is taking that information and will make recommendations on how to disseminate this information out into the internet.

The LJDC will continue implementing their strategic plan.

The new LJDC website is up and running, as is their slogan of "Choose Lake Jackson".

The LJDC board is really doing a good job of setting the path for our future economic development.

### **The FY 2016-2017 Budget**

#### Major Issues

#### Compensation

As mentioned earlier, this will be the third year of our plan to upgrade our compensation plan.

Total cost for the market and merit raises are \$467,000 in the General Operating Fund and \$91,000 in the Utility Operating Fund.

Our benefits costs are going up led by an 18% increase in health benefits. The health benefit cost to the General Operating Fund is \$169,000, while it is \$63,000 for the Utility Operating Fund.

We will once again look for a way to reduce these health benefit costs. Over the years we have reduced benefits and shifted more cost to the employee. But the national trend is forever more expensive medical insurance costs.

### Public Safety

We propose two new patrol officers. This will cost us an additional \$134,000.

We also propose a new narcotics officer (\$73,000 salaries and benefits).

A new systems analyst is being assigned to the Police Department to assist the current analyst working at the PD. However, these analysts are actually paid in the Finance Department. The new analysts will cost \$68,000 (salary and benefits).

As I mentioned earlier we will be buying a new \$1.1 million fire truck.

I had added \$50,000 for the “pay per call” program for our volunteer fire department. This is an initial investment. The plan is to grow this amount each year until we reach a goal of about \$380,000. This was the amount requested by LJVFD for this program.

And, we have allocated \$153,000 in the Equipment Replacement Fund for an upgrade to one of our ambulances.

### Tax Rate

I am recommending a tax rate of 33.75 cents/\$100 assessed value. This is down from the current tax rate of 36 cents.

Property values have risen substantially this year.

We estimate that after taxpayer appeals and adjustments values should be at \$1,879,932,644. We estimate that \$80 million is from new value being added to the rolls.

Based on this information we have calculated the “effective tax rate” per the state mandated formula at 31.40 cents. The “rollback” rate calculates out to 34.769 cents.

I selected the 33.75 cent rate to generate the revenue necessary to fund the proposed budget.

### Utility Rates

Last year we had a series of meetings and discussions on the utility rates. As you recall, we were not generating the revenues to fund the Utility Operating Fund. Much of this was and still is due to residents, as a whole, using a lot less water per household. So, in July, 2015 we raised rates to see us through the rest of FY14-15. This worked and we ended the year in the “black”.

We also raised rates in October, 2015 to fund the FY15-16 utility budget. This has worked out well, and we are projecting we will be in the “black” again. During these rate discussions we talked about ways to alter the rate structure. Various options were considered. Council chose to stay with our existing rate structure and simply raise the rates. We then held a workshop after the budget was complete to consider ways to make the rates more “equitable” between residents and businesses. We talked about changing our base rates based on meter size. We talked about rates based on usage; and, just about every other scenario you could think of.

In the end City Council gave instructions that base rates be more for multi-family and businesses than for single family. Currently base rates are the same. Council also asked us to consider increasing the cost for heavy users of water.

So, in this proposed budget I have doubled the base rate for meters that serve businesses and apartment complexes. I have also increased the rate above 20,000 gallons of usage.

Here are the rates:

<u>Current Rates</u>	<u>Proposed FY16-17 Rates</u>	
Water Base Rate	\$12.90/month	\$13.05/month
2,000-20,000 Gallons	\$4.00/tgal	\$4.10/tgal
Over 20,000 Gallons	\$4.25/tgal	\$4.60/tgal
Sewer Base Rate	\$13.05/month	\$13.20/month
Over 2000 Gallons	\$4.25/tgal	\$4.40/tgal
Sanitation Rate	\$16.06/month	\$16.60/month
Recycle Rate	\$2.38/month	\$2.40/month
State Sales Tax	<u>\$1.52/month</u>	<u>\$1.57/month</u>
<b>Total Base Bill</b>	<b>\$45.91/month</b>	<b>\$46.82/month</b>

	<u>Current Rate</u>	<u>Proposed FY16-17 Rate</u>
Water (5,000 gallons)	\$24.90	\$25.35
Sewer (5,000 gallons)	\$25.80	\$26.40
Sanitation	\$16.06	\$16.60
Recycling	\$ 2.38	\$ 2.40
State sales tax	<u>\$ 1.52</u>	<u>\$ 1.57</u>
<b>Total Bill 5,000 Gals.</b>	<b>\$70.66/month</b>	<b>\$72.32</b>

#### Multi-family/commercial

The only change to the above rates for water and sewer is that the base rates for 2,000 gallons for water will be \$26.10/month and for sewer \$26.40/month for commercial and multi-family accounts.

#### **Highlights of the FY2016-2017 Budget**

The combined General and Utility Operating Budget for FY2016-2017 is proposed at \$32,958,870. This is \$1,991,321 (6.4%) more than the FY15-16 adopted budget of \$30,967,549.

The General Operating Budget is proposed at \$20,171,297. This is \$1,184,219 (6.2%) more than the \$18,987,078 FY15-16 budget.

The Utility Operating Budget is proposed at \$12,787,573. This is \$807,102 (6.7%) more than the \$11,980,471 FY15-16 budget.

The tax rate is proposed at 33.75 cents.

I am recommending market adjustments of up to 8% and merit increases of 2%.

Benefit costs (health, retirement and workers comp) are increasing \$252,000. Of this \$232,000 in the result of an 18% increase in health insurance costs.

I propose the following new positions:

General Fund

Two Traffic Officers	\$134,000
Narcotics Detective	\$ 73,000
Systems Analyst for PD	\$ 68,000
Asst. Aquatics Coord (Regrade)	\$ 18,000
Rec Center Mkt. Coord (Regrade)	\$ 9,000
Personnel Generalist (Regrade)	\$ 6,000
Parks Crew leader (Regrade)	<u>\$ 3,000</u>
	\$311,000

Utility Fund

Lead Meter Tech	\$43,000
Meter Reader	<u>\$40,000</u>
	\$83,000

Overall \$1,204,000 (60%) of the \$1,991,321 increase in the combined operating budget are for salaries, benefits and new positions. In the General Fund this accounts for \$961,000 (81%) of the \$1,184,219 increase for FY16-17. In the Utility Fund this amounts to \$243,000 (30%) of the \$807,102 increase for FY16-17.

Utility base rates for residential customers will increase 2% from \$45.91/month to \$46.82/month. The average utility bill for a residential customer using 5,000 gallons will increase from \$70.66/month to \$72.32/month – a 2.3% increase.

Multi-family/commercial users will see their base rates double per connection.

The Brazosport Water Authority is raising its water rate from \$2.63/tgal to \$2.93/tgal

Disposal costs at the landfill are going up \$195,800.

Repairs/replacement to our water meters is increasing \$111,764.

The proposed “pay per call” for the Volunteer Fire Department first year is \$50,000.

Contract mowing is increasing by \$70,500 to a total of \$425,000.

Equipment Replacement contributions are increasing by \$92,176 in the General Fund and \$17,948 in the Utility Fund.

The Utility Services fund (bond payment) is increasing \$50,000 to \$1,619,335.

Sales tax revenues are forecast to be \$6,800,000 in FY16-17. This is \$850,000 (14.3%) more than the \$5,950,000 budgeted in FY15-16.

Industrial District receipts will increase 2.1% (\$88,447) to \$4,367,079.

Gasoline and Diesel costs are down \$93,780 in the General Fund and \$36,660 in the Utility Fund – for a total of \$130,440 in savings.

Electricity costs are down \$33,555 in the General Fund and \$39,000 in the Utility Fund for a total

savings of \$72,555.

At the April, 2016 Capital Project Workshop, City Council authorized \$1,298,000 in General Capital Projects and \$100,000 in Utility Capital Projects. As noted, this may change dramatically as a result of the Brazos River flood.

**General Operating**  
**Fund FY 2016-17**  
**Revenues**

**Property Tax**

I anticipate property owner appeals will reduce the final value (which we generally receive in late July) to \$1,879,932,644 or about 14.6% more than the FY15-16 certified roll.

I have estimated that \$80 million of the values comes from new properties or improvements being added to the tax roll.

**Tax Rate**

I am recommending reducing our 36 cent tax rate to 33.75 cents. Based on the State calculated “effective tax rate” for FY16-17 of 31.40 cents the 33.75 cent tax rate is “increasing” 7.5% from the “effective tax rate”. The “rollback rate” is 34.769 cents.

<b>City</b>	<b>Population</b>	<b>Tax Rate</b>	<b>City</b>	<b>Population</b>	<b>Tax Rate</b>
Galena Park	10,900	1.04	Missouri City	70,185	0.54
Alvin	24,300	0.84	Galveston	47,800	0.53
Baytown	75,418	0.82	Katy	15,013	0.53
Brazoria	3,100	0.79	La Marque	14,600	0.49
Richwood	5,100	0.74	Rosenberg	33,188	0.47
Angleton	19,280	0.72	Texas City	41,600	0.45
Deer Park	32,100	0.71	Conroe	63,032	0.42
La Porte	34,654	0.71	Dickinson	18,700	0.41
Pearland	101,900	0.71	Bellaire	17,849	0.39
Clute	10,500	0.66	West University Place	15,369	0.36
Freeport	12,800	0.65	<b>Lake Jackson</b>	<b>28,000</b>	0.36
Seabrook	12,649	0.64	Santa Fe	12,300	0.36
Bay City	17,700	0.60	Tomball	10,800	0.34
<b>Houston</b>	<b>2,099,700</b>	<b>0.60</b>	<b>Lake Jackson Proposed</b>	<b>28,000</b>	<b>0.3375</b>
Manvel	5,200	0.58	Sugar Land	84,511	0.32
Pasadena	152,735	0.58	Webster	10,700	0.25
League City	90,983	0.57	Humble	15,500	0.20
Friendswood	38,479	0.57	Stafford	19,900	0.00

**Sales Tax**

Sales Tax continues to improve. I anticipate sales tax receipts to end FY 15-16 at \$6,520,000.

<b><u>Fiscal Year</u></b>	<b><u>One Cent Sales Tax</u></b>	<b><u>Half Cent Sales Tax</u></b>	<b><u>Percentage Growth</u></b>
1999	\$3,460,834	\$1,730,417	3.52%
2000	3,601,981	1,800,991	4.08%

2001	3,673,682	1,896,841	1.99%
2002	3,778,512	1,889,256	2.85%
2003	3,726,533	1,863,267	<1.38%>
2004	3,810,459	1,905,230	2.25%
2005	3,914,130	1,957,065	2.72%
2006	4,261,667	2,130,834	8.88%
2007	4,618,469	2,309,235	8.37%
2008	4,553,842	2,337,052	<1.40%>
2009	4,634,553	2,408,688	1.77%
2010	4,432,443	2,277,196	<4.36%>
2011	4,562,725	2,355,777	2.94%
2012	4,772,141	2,457,990	4.59%
2013	5,098,359	2,619,312	6.73%
2014	5,226,636	2,752,237	2.62%
2015	6,276,467	3,138,233	20.00%
2016(projected)	6,520,000	3,260,000	3.80%
2017 (budgeted)	6,800,000	3,400,000	4.29%

#### Industrial District

The CPI-U for calendar year 2015 was 2.1%. This 2.1% is applied to the \$4,315,296 million payment made in 2015-2016 resulting in an increase of \$51,783 for a total of \$4,367,099 for FY16-17.

#### Franchise Payments

For FY 2016-2017 franchise fees are increasing from \$1,717,775 budgeted in FY15-16 to \$1,737,500 in FY16- 17, a difference of \$17,725.

#### Permit Fees

I anticipate this growth will continue and have budgeted for \$340,000 in permit fees for FY16-17.

#### Municipal Court Fines

Municipal Court fines are down for the second consecutive year. We had budgeted \$538,424 in fine revenues in FY15-16. Projected collections in FY15-16 are \$493,500.

Our motorcycle division took a big hit last year with turnover and injuries. Our motorcycle officers work primarily traffic.

Restaffing the motorcycle division and adding more patrol officers will likely increase traffic enforcement. I am budgeting fine revenue at \$532,385 for FY16-17.

#### General Operating

#### Fund FY 2016-17

#### Expenditures

I am recommending a General Operating Budget of \$20,171,297. This is \$1,184,219 (6.2%) more than the FY15-16 budget of \$18,987,078.

Here is a summary of the changes for FY16-17:

- Salary Increases \$476,000
- Benefit Cost Increases \$183,000
- New employees & Reclassifications \$311,000

### **Utility Operating Fund**

The Utility Operating Fund budget for FY 2016-2017 is proposed to be \$12,787,573. This is \$807,102 (6.7%) greater than the \$11,980,471 FY15-16 budget.

The new base rates for residential customers:

	<b><u>FY15-16</u></b>	<b><u>FY16-17</u></b>
Water	\$12.90/month	\$13.05/month
Sewer	\$13.05/month	\$13.20/month
Sanitation	\$16.06/month	\$16.60/month
Recycle Fee	\$ 2.38/month	\$ 2.40/month
Sales Tax	<u>\$ 1.52/month</u>	<u>\$ 1.57/month</u>
<b>Total Base Bill</b>	<b>\$45.91/month</b>	<b>\$46.82/month</b>

### **RESIDENTIAL WATER & SEWER**

<b>Combined Monthly Rate</b>	<b>5,000 Gals.</b>	<b>Combined Monthly Rate</b>	<b>10,000 Gals.</b>
Galveston	84.83	Galveston	175.43
Baytown	66.34	Baytown	126.92
Houston	60.70	Houston	123.86
West University Place	54.32	Seabrook	96.77
Rosenberg	53.08	West University Place	96.11
Seabrook	52.47	<b>Lake Jackson</b>	<b>94.25</b>
Angleton	52.32	Angleton	93.52
<b>Lake Jackson</b>	<b>51.75</b>	Rosenberg	92.08
Sugarland	49.08	Freeport	79.00
Tomball	48.56	Sugarland	78.23

<b>Combined Monthly Rate</b>	<b>5,000 Gals.</b>	<b>Combined Monthly Rate</b>	<b>10,000 Gals.</b>
Humble	47.08	Tomball	77.71
Friendswood	46.80	Webster	75.94
Pearland	46.61	Pasadena	72.50
Freeport	42.75	Friendswood	71.80
Pasadena	39.50	Pearland	70.81
Webster	36.50	Humble	64.31
La Porte	33.39	La Porte	61.04

Katy	24.84	Katy	44.48
<b>Average</b>	<b>\$49.50</b>	<b>Average</b>	<b>\$88.60</b>

**Utility Operating**  
**Fund FY2016-17**  
**Expenditures**

I am recommending a Utility Operating Budget of \$12,787,573. This is \$807,102 (6.7%) more than the FY15- 16 budget of \$11,980,471.

Here is the summary of the changes for FY16-17:

- Salary Increases \$ 91,000
- Benefit Cost Increases \$ 63,000
- New Employees \$ 83,000
- Brazosport Water Authority Rate Increase \$226,300
- Increase in sanitation Disposal Costs \$195,000
- Repairs/Replacements of Water Meters \$111,764
- Increase in Equipment Replacement \$ 17,948
- Increase in Utility Debt Payment \$ 50,000
- Reduction in Fuel Costs <\$ 36,660>
- Reduction in Electric Costs <\$ 39,000>

**Other Funds Capital Project Funds**

Here is what City Council set at the April 25, 2016 Capital Projects Workshop to fund in FY15-16.

**The General Capital Projects for FY16-17**

Dog Park design	\$ 35,000
Eastside drainage study	\$ 300,000
Creekside s/d bridge (3 <sup>rd</sup> of 5 payments)	\$ 70,000
Replace fire bunker gear	\$ 65,000
Transit system (annual)	\$ 50,000
Animal Shelter trailer	\$ 50,000
A/C replacements (annual)	\$ 45,000
Sidewalk repairs (annual)	\$ 40,000
Brazos River flood study	\$ 25,000
Fire hose replacement	\$ 25,000
Demo of condemned buildings (annual)	\$ 20,000
Fire station #1 exterior paint	\$ 20,000
*Quint 77' ladder truck (Fire)	<u>\$ 553,000</u>
<b>Total</b>	<b>\$1,298,000</b>

**Utility Capital Projects**

Allocated	<u>\$100,000</u>
<b>Total</b>	<b>\$100,000</b>

Parks Fund

The current fund balance is \$133,447 and there is little prospect for future funding. The Parks board has voted to recommend the following budget for FY16-17:

Kid Fishing Event	\$ 4,500
Community (matching) Park Improvement Funds	\$25,000
Contingency	<u>\$10,000</u>
<b>Total</b>	<b>\$39,500</b>

Equipment Replacement Fund

For major pieces of equipment-(generally our “rolling stock”) we set aside an annual amount for each designated unit in an effort to provide available funds for when that particular unit needs replacing. This fund has been indispensable in keeping our fleet up to date. This year I recommend the following purchases:

<u>Equipment Type</u>	<u>Amount</u>
Replace van in Administration (CNG)	\$ 35,000
Replace two patrol vehicles (units 1106 & 1107)	\$ 97,422
Replace PD video system	\$ 72,000
*New quint (75” ladder) truck-Fire Dept.	\$570,000
Replace ambulance unit 1059	\$153,850
Replace Humane truck (unit 1031) (CNG)	\$ 38,000
Replace crew cab (unit #824) in streets (CNG)	\$ 40,000
Replace “speed trailers” (2)	\$ 14,000
Replace three exmark mowers (1082, 1083, 1084)	\$ 30,000
Add new exmark mower	\$ 10,000
Replace Parks pickup (#744) (CNG)	\$ 35,000
Replace dance floor at Civic Center	\$ 25,000
Replace handheld meter reading devices	\$ 16,000
Replace utility backhoe with deeper reach	\$120,000
Replace sanitation commercial roll-off truck (752)	\$285,000
Computer equipment and software	<u>\$288,320</u>
<b>Total</b>	<b>\$1,829,592</b>

Motel Occupancy Tax Fund

We estimate \$577,749 in revenue from our hotels in FY16-17 and an ending balance of \$559,548 at 9/30/17.

Our current method of distribution of the funds would provide the following to our various recipients:

<u>HOT Fund Recipient</u>	<u>Cents</u>	<u>FY16-17</u>
Fine Arts Center	1.0 cent	\$ 71,750
Museum of Natural Science	1.5 cents	\$107,625
Tourism (chamber)	2.0 cents	\$148,625
LJ Historical Museum	1.5 cents	\$107,625
Promotion of FOL and Other Events	<u>1.0 cents</u>	<u>\$ 76,875</u>
<b>Total</b>	<b>7.0 cents</b>	<b>\$515,350</b>

City Council has formed a sub-committee to review how funds are distributed. This sub-committee has met with the various fund recipients and they are working on a modification on how these funds will be distributed in the future. This will be an item of discussion during the budget process.

#### Economic Development Fund

The LJDC has held public hearings and is recommending the following “projects” for City Council to approve in the FY16-17 budget.

- Parks/Recreation Projects \$354,000  
(Rec Center improvements, Jasmine tennis courts rehab, MacLean pavilion upgrades, park signage)
- Force Main/Lift Station 25 to WWTP \$2,400,000

#### The Golf Course Fund

All bets are off at this time. The Brazos River flood in June inundated the fairways and bunkers.

We are working with our Kemper personnel to bring the course back to playing condition as soon as possible.

Costs to repair the course and the lost revenue we will see will be fully discussed through the recovery process and through this budget process.

So, the “budget” included in this document is what was submitted to us by Kemper prior to the flood.

#### Conclusion

This budget has a heavy public safety focus. We are adding four positions to the Police Department.

The Fire Department is getting a \$1.1 million new fire truck.

We are upgrading one of our ambulances to a tune of \$153,000.

To help pay for all of this I am recommending a tax rate of 33.75 cents. While lower than the current 36 cent tax rate, this 33.75 cent rate is 7.5% higher than the projected effective tax rate of 31.40 cents.

The Master Plan process was completed in June, 2016. Great thanks to our Comprehensive Plan Advisory Committee (CPAC) for their outstanding work on this important guide to our future. Also thanks to our City Council and Planning Commission for heavy involvement in this process. This document will guide us for the next 20 years!

Our Parks Master Plan is currently underway and should be complete in the fall.

Our employees are the heart and soul of this organization. Their hard work, dedication and innovation saw us through the great recession and into this period of phenomenal growth our area is experiencing. Our employees continued to show their tireless dedication to our city during the May/June Brazos River flood. Through their efforts no home or business got flood water in them!

The City Council through the annual goals and visioning process set the direction and priorities that guided my staff and I in the preparation of this budget.

I know the Brazos River flood has left some issues and costs still to be determined. But overall this proposed budget addresses the goals set by City Council.

Our budget workshop will be on Saturday July 16<sup>th</sup> and will begin at 8am here at City Hall. All are welcome to attend.

Staff and I look forward to working with you and our citizens to develop the final budget for FY 16-17.

#### CONSENT AGENDA

- A. Approval Of Minutes – June 20, 2016
- B. Minutes Of Boards And Commissions
- C. Ordinance To Rezone A Combination Of A 5.066 Acre Tract Of Land, Being Lot 2 And A 3.846 Acre Tract Of Land, Being The Remainder Of Lot 3 Of The Amended Replat Of Tract “A” Out Of The Oaks Of Flagridge Subdivision (Also Known As The Randall Store And Undeveloped Tracts) From B-1 (Neighborhood Business) To C-1 (Commercial) – Second Reading

On motion by Council member Roznovsky second by Council member Brooks with all members present voting “aye” the consent agenda was approved as follows:

- A. Approval Of Minutes – June 20, 2016 - approved
- B. Minutes Of Boards And Commissions - accepted
- C. Ordinance To Rezone A Combination Of A 5.066 Acre Tract Of Land, Being Lot 2 And A 3.846 Acre Tract Of Land, Being The Remainder Of Lot 3 Of The Amended Replat Of Tract “A” Out Of The Oaks Of Flagridge Subdivision (Also Known As The Randall Store And Undeveloped Tracts) From B-1 (Neighborhood Business) To C-1 (Commercial) – Second Reading – passed and adopted on second and final reading.

#### DISCUSS AND REVIEW STATUS OF THE YELLOW DOORS AT THE SMART STORAGE FACILITY LOCATED AT 101 LOGANBERRY AND CONSIDER OPTIONS

Council member Buell stated that at the May 2, 2016 meeting the storage facility agreed to replace 6 doors if the neighbors were in agreement to a color that was acceptable to Council. Council agreed to send out a survey to the adjoining neighbors. Three neighbors have agreed, one disagrees and one family is not in agreement. The storage facility owners agreed to paint the 6 doors.

Council member Roznovsky stated this started on August 2, 2010. He felt that even replacing the doors there would not be a guarantee this will not come up again. He stated there was no protection to future homeowners involved and asked Ms. Russell if painting the doors would help for future complaints.

Ms. Russell stated that anyone buying the property would be able to see the doors ahead of time and it would not be a surprise to them. She felt the only concern was for the existing homeowners and not future homeowners. She stated that Council used its legislative discretion to not force the storage facility owners to repaint every single door because this is a compromise since the issue should have been caught on both sides. Once Council makes a decision on what to do that would be it.

Council member Roznovsky stated the Clarks will be building a storage facility in Clute and asked them if they could swap the doors that will be in Clute with the ones at the Loganberry facility.

Rick Clark 201 Timbercreek stated that the logistics of doing taking the doors out and the cooperation of the tenants would make that difficult.

Council member Baker stated he felt the Clarks were bending over backwards to come to a solution. We just have to come up with some type of agreement between the Clarks and the residents.

Sherri Russell stated that what was put before the Clarks was replacing the 6 doors.

Council member Baker stated he was fine with just addressing the 6 doors. He was concerned this would come back to Council again.

Mayor Rinehart stated he was not at the May 2<sup>nd</sup> meeting and asked the Clarks if they agreed to paint the 6 doors.

Mr. Clark stated that they will change out those doors completely. Painting the doors is not a good option.

Mayor Rinehart stated that it could be worse, yet it could be better if the landscape guys had left the bamboo alone.

Mr. Clark stated they are offering the replacement of the 6 doors as a compromise. He thought at the last meeting when it was discussed the compromised had been agreed on.

Council member Brooks asked how long before the doors could be replaced.

Mr. Clark stated they would order the doors immediately and depending on getting the tenants cooperation would depend on how long before they could be installed.

Sherri Russell asked if the color of the news doors was discussed at the last meeting.

Ms. Rodgers stated that they only decision was that the doors would be earthtone.

Danielle Clark stated that a specific color was not decided upon just that it would fall within the ordinance and be an earthtone color. She offered to bring a color chart from the company.

Council member Buell stated he was under the impression that at the last meeting it was agreed upon that the 6 doors would be taken care of.

Council member Roznovsky stated Council decided to poll the neighborhood to see if they were in agreement with the compromise.

Tammy Creech 106 Flag Drive West stated she bought her house with the doors already there (yellow). She never paid attention to the fact the yellow doors were there. She cannot sit at her breakfast table without seeing the doors. She did not like the fact that all the doors were not being painted or replaced.

Mr. Perez 110 Flag Drive West stated he did not want a mix match of colored doors. He did not understand why we are still talking about this. He did not understand why it has taken years to get this violation fixed.

Sherri Russell stated that to bring this in line with the ordinance the Clarks would have to change all the doors. The compromise would be for them to change x number of doors or council could have them

change all the doors.

Council member Roznovsky asked how many doors the facility had.

Danielle Clark stated there were 150 doors. To change out all the doors you have to take the cooperation of the current tenants into consideration.

Discussion followed on other options for screening such as fencing to block the view of the doors.

Sal Aguirre stated that staff would bring back to Council options for screening of the doors.

DISCUSS AND CONSIDER AN ORDINANCE DESIGNATING THE INTERSECTION OF GARDENIA AND CYPRESS A FOUR-WAY STOP – FIRST READING

On motion by Council member Roznovsky second by Council member Brooks with all members present voting “aye” an ordinance designating the intersection of Gardenia and Cypress a four way stop was passed on first reading.

RESOLUTION AUTHORIZING POLICE DEPARTMENT TO APPLY FOR GRANT MONIES TO PURCHASE BODY CAMERAS

Chief Park presented the following information for the Council packets.

*The police department is applying for grant funding to implement a body worn camera program. The first phase of this program involves outfitting all patrol officers and supervisors with Watchguard brand body cameras, and the installation of a server and data storage system to accommodate the video created. The cost of this system is quoted at \$57,265.00.*

*Grant funding is subject to a 75/25 % match, resulting in grant funding of \$42,948.75 and a city match of \$14,316.25. This is already accounted for in the proposed budget figures.*

On motion by Council member Baker second by Council member Buell with all members present voting “aye” a resolution authorizing the police department to apply for grant monies to purchase body cameras was approved.

APPROVE CONTRACT WITH J HARGROVE CONSTRUCTION, INC. IN THE AMOUNT OF \$118,750.00 FOR EMERGENCY REPAIRS AT WILDERNESS GOLF COURSE DUE TO FLOODING EVENT

This contract is for repair of golf course bunkers. It does not include the cost of materials.

It is considered an emergency repair as noted in the Texas Local Government Code, § 252.022 General Exemptions; (a)(3) a procurement necessary because of unforeseen damage to public machinery, equipment, or other property.

Immediate action was necessary to repair the course due to loss of revenue.

On motion by Council member Roznovsky second by Council member Brooks with all members present voting “aye” a contract with J. Hargrove Construction, Inc. in the amount of \$118,750.00 for emergency repairs at the Wilderness Golf Course due to the flooding event was awarded.

APPROVE CONTRACT WITH RINEHART TRUCKING CO., INC IN AN AMOUNT NOT TO EXCEED \$111,715.00 FOR EMERGENCY REPAIRS AT WILDERNESS GOLF COURSE DUE TO FLOODING EVENT

This contract is for materials to repair of golf course bunkers.

It is considered an emergency repair as noted in the Texas Local Government Code, § 252.022 General Exemptions;

(a)(3) a procurement necessary because of unforeseen damage to public machinery, equipment, or other property.

(a)(7) a procurement of items that are available from only one source.

Immediate action was necessary to repair the course due to loss of revenue.

On motion by Council member Buell second by Council member Baker with all members present voting “aye” a contract was awarded to Rinehart Trucking Co. Inc., in an amount not to exceed \$111,715.00 for emergency repairs at the Wilderness Golf Course due to the flooding event.

APPROVE PURCHASE OF IRRIGATION CONTROLLERS FOR THE WILDERNESS GOLF COURSE FROM KEELING COMPANY IN AN AMOUNT NOT TO EXCEED \$65,607.20 DUE TO FLOODING EVENT

This contract is for irrigation controllers. It does not include installation. At this time all controllers have been installed and the irrigation system is up and working.

It is considered an emergency repair as noted in the Texas Local Government Code, § 252.022 General Exemptions;

(a)(3) a procurement necessary because of unforeseen damage to public machinery, equipment, or other property.

(a)(7) a procurement of items that are available from only one source.

Immediate action was necessary to repair the course due to loss of revenue.

On motion by Council member Baker second by Council member Brooks with all members present voting “aye” approval was granted for the purchase of irrigation controllers for the Wilderness Golf Course from Keeling Company in an amount not to exceed \$65,607.20 due to the flooding event.

APPROVE SECOND EXTENSION TO FUEL BID NO. 0468 WITH MANSFIELD OIL FOR ONE YEAR AT A MARKUP RATE OF .0137 FOR FUEL AND .0173 FOR DIESEL

Mansfield Oil has been delivering Fuel to the City since October 2014. Mansfield Oil is willing and able to extend the same markup rates with no increase for another year with same delivery and service. They have provided the City with great service since October 2014. We would like to extend the current contract for an additional year. Below is the tabulation for Bid No. 0468.

	Diff Markup Fuel	Diff Markup Fuel 100k Gallons	Diff Markup Diesel	Diff Markup Diesel 80k Gallons	TOTAL
Mansfield Oil	0.0137	\$1,370	0.0173	\$1,384	\$2,754
Southern Counties Oil	0.0197	\$1,970	0.0199	\$1,592	\$3,562
Indigo Energy	0.0285	\$2,850	0.0343	\$2,744	\$5,594
Mid Tex Oil	0.0375	\$3,750	0.0375	\$3,000	\$6,750
Petroleum Trader	0.0489	\$4,890	0.0669	\$5,352	\$10,242
Current Price - PT	0.0066	\$660	0.0249	\$1,992	\$2,652

On motion by Council member Roznovsky second by Council member Brooks with all members present voting “aye” approval was granted for the second extension to the fuel bid No. 0468 with Mansfield Oil for one year at a markup rate of .0137 for fuel and .0173 for diesel

UPDATE ON DRAINAGE IN THE PARKWOOD SUBDIVISION NEAR MOSS, CHESTNUT AND PALM LANE

There was no update on this item.

UPDATE ON CONSTRUCTION PROJECTS

- a. CONSTRUCTION FUNDS FINANCIAL UPDATE
- b. SIDEWALK PROJECTS
- c. UTILITY REPAIR PROJECTS
- d. DRAINAGE REPAIR PROJECTS
- e. SOUTH PARKING PLACE
- f. WAYSIDE PUB UPDATE

Mayor asked about crossover on Plantation Drive and when it is expected to be finished. Eddie Herrera stated that the forms for the project are due to be on sight tomorrow. On Friday they will be doing elevation checks. However they have stopped work again.

ITEMS OF COMMUNITY INTEREST

Council member Baker stated that the fireworks were great and the music was good for the 4<sup>th</sup> of July.

Council member Roznovsky also stated the fireworks were great. He noticed people were flying drones during the fireworks with is against FAA rules.

Council member Brooks thanked Chief Parks and his department for job well done during the fireworks.

Mayor Rinehart asked if the loop at the lights at This Way and Abner Jackson could be checked, they seem to be off.

Mayor Rinehart said at the entrance of Panera Bread and AT&T on Lake Road, the tear drop is still in place and asked why. Sal Aguirre stated staff received quotes but the funding was not available. Mayor Rinehart felt this was a dangerous area and needed to be addressed.

Council member Brooks asked who was following the Wendy's development as they were working on the weekend. Mr. Yenne stated that would be the building official.

Chief Park stated Officer John Hogan came back to work today on light duty.

Mr. Yenne stated lunch will be provided for the employees on Friday July 8<sup>th</sup> from 11:00 a.m. - 1:30 p.m. at service center for their work during the flood.

EXECUTIVE SESSION IN ACCORDANCE WITH THE TEXAS GOVERNMENT CODE SEC. 551.087(2) TO DISCUSS ECONOMIC DEVELOPMENT NEGOTIATIONS WITH AC BRAZOS MALL PARTNERS, LLC BECAUSE THE CITY DESIRES THAT THE MALL STAY AND/OR EXPAND IN CITY OF LAKE JACKSON

Mayor Rinehart convened the meeting to executive session at 8:07 p.m.

RECONVENE TO REGULAR SESSION

Mayor Rinehart reconvened the meeting to regular session at 8:25 p.m.

ADJOURNMENT

There being no further business the meeting adjourned at 8:25 p.m.

These minutes read and approved this \_\_\_\_\_ day of \_\_\_\_\_, 2016.

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Joe Rinehart, Mayor

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Alice A. Rodgers, City Secretary