

**STATE OF TEXAS
COUNTY OF DENTON
CITY OF CORINTH**

On this the 1st day of August 2019 the City Council of the City of Corinth, Texas met in Workshop Session at the Corinth City Hall at 5:45 P.M., located at 3300 Corinth Parkway, Corinth, Texas. The meeting date, time, place and purpose as required by Title 5, Subtitle A, Chapter 551, Subchapter C, Section 551.041, Government Code, with the following members to wit:

Members Present:

Mayor Heidemann
Sam Burke, Mayor Pro-Tem
Scott Garber, Council Member
Kelly Pickens, Council Member
Tina Henderson, Council Member
Lowell Johnson, Council Member

Members Absent:

None

Staff Members Present

Bob Hart, City Manager
Kim Pence, City Secretary
Lee Ann Bunselmeyer, Finance, Administration, Communications & Marketing Director
Patricia Adams, Messer, Rockefeller, & Fort
Jerry Garner, Police Chief
Michael Ross, Fire Chief
Cody Collier, Public Works Operations Director
Helen-Eve Liebman, Planning and Development Director
George Marshall, City Engineer
Jason Alexander, Economic Development Corporation Director
Guadalupe Ruiz, Human Resources Director
Brenton Copeland, Technology Services Assistant Manager
Chris Rodriguez, Assistant Finance Director
Brett Cast, Engineering Services Coordinator

CALL TO ORDER:

Mayor Heidemann called the meeting to order at 5:45 p.m.

WORKSHOP BUSINESS AGENDA:

- 1. Receive a report, hold a discussion, and provide staff direction on the Fiscal Year 2019-2020 Annual Program of Services and Capital Improvement Program.**

Bob Hart – City Manager – Presented an overview of the budget and will go through more detail over the next few weeks. It was filed by the due date of July 31, 2019. We'll discuss key dates, Senate Bill 2 and some of the implications.

Agenda

- Fire Key Dates
- Lynchburg Creek
- Infrastructure Development
- Economic Development
- Regional Cooperation
- Resident Engagement & Proactive Government
- Tax Rate Analysis
- Budget Calendar



Embracing the Future – Corinth 2030 Strategic Goals and May 30, 2019 Workshop



1 Attracting Quality Residential and Non-Residential Development

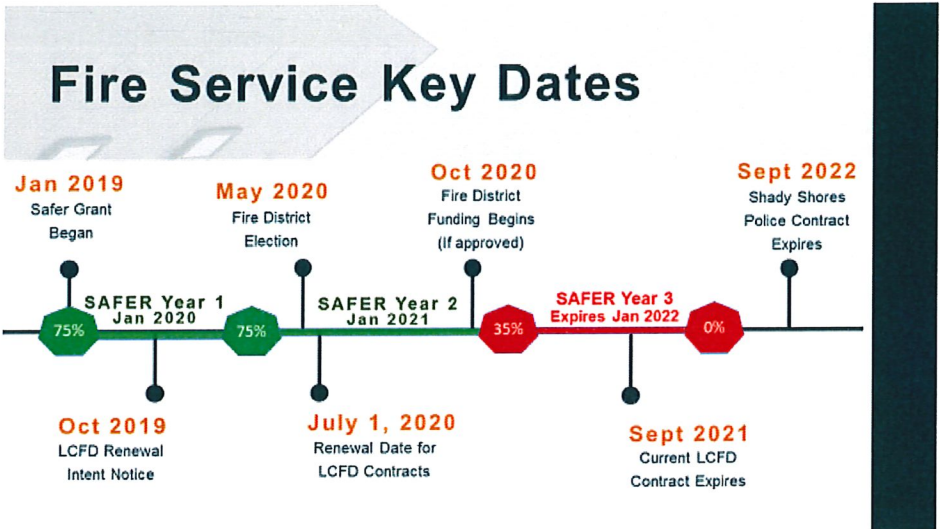
2 Citizen Engagement and Proactive Government

3 Regional Cooperation

Land Development

Infrastructure Development

Economic Development



FIRE CONTROL, PREVENTION, AND EMERGENCY MEDICAL SERVICES DISTRICT

As a result of our recently passed fire bill, the City can now create a fire district to partially fund the fire department.

Revenues from the sales tax may be used for the operation of a fire control, prevention and EMS program.

Can only be imposed in increments of 0.125%, 0.25%, 0.375% or 0.5%.

Elections can be conducted in May or November.

QUESTIONS:

1. **When to call the election?** The budget is based on a May 2020 election.
2. **What will be the source of sales tax?** We currently have 1/4 to street maintenance, 1/4 to crime control, and 1/2 to EDC. The budget assumes 1/4 cent will come from EDC.
3. **What will be the composition of the board?** Typically the city council will be the board but will need one more member.

Must create a 7-member temporary board not later than the 60th day after the date the governing body proposed to create the district.

✓ The temporary board must call and hold a confirmation election that must be approved by a majority of the qualified voters of the proposed district.

✓ Election must be held after the date on which the election is ordered that affords sufficient time for election procedures to be carried out.

Mayor Heidemann – With Senate Bill 2, with the SAFER Grant, you cannot terminate anyone after that is complete. What does that mean for you when you begin looking at police and the others?

Bob Hart – City Manager – With the SAFER Grant, we can't reduce fire personnel due to the terms of the contract until January 2022. Also, under Senate Bill 2, whatever we spend this year on Public Safety, that is the base for the next year's budget. You cannot go down from this year's numbers.

Council Member Pickens – Is it part of the grant?

Bob Hart – City Manager – It is part of state law. You cannot lower for the first year for Public Safety. They do not want you cutting public safety.

Council Member Garber – Public Safety is 54% of the average city's budget, easy place to cut to fall in line.

Council Member Henderson – Does the presentation show what the rest of the SAFER Grant adds to our budget?

Bob Hart – City Manager – I will get that information to you but it will be about 3.5%. If we would like to have an election in May 2020 for ¼ cent, funding will begin October 1, 2020. The census will be official July 1, 2021. We will be over 20,000 in population, this means the EDC will not be able to use incentive funds for retail, restaurants and other activities. Elections can be held in November and May.

Council Member – Burke – Is it required to be implemented once it passes?

Bob Hart – City Manager – Yes, we'll tell the comptroller when to make it effective.

Council Member Garber – The May 2020 election could be November 2019? And the advantage to that is we maintain our EDC funds?

Bob Hart – City Manager – Yes, this allows you to maintain it for one year. If you have it in November 2019, the shift in the funds would occur on April 1, 2020, half-way through the fiscal year. You can also hold the election in November 2020, for an effective date of April 1, 2021. We need to keep an eye on the EDC projects. A ¼ cent is about \$400k.

Council Member – Burke – \$400k is what we could potentially lose for EDC if we don't hold the election? That is significant.

Bob Hart – City Manager – Street maintenance sales tax is every four years, since 2004. We will need an election in May 2020 or November 2020. Think about the date and if you do the fire election, then you'll need to vote to reduce EDC funding. You'll have to decide how many items you'll have on the ballot at any one time. Four years is the maximum. The ¼ cent goes into asset management.

STREET MAINTENANCE SALES TAX

- Revenues from the sales tax may be used only to repair and maintain existing city streets and sidewalks.
- Can only be imposed in increments of 0.125%.
- Our current rate is 0.250%

QUESTIONS:

1. Do you prefer to call the street election in May or November?
2. If in May – are there concerns about more than one item on the ballot?
3. What length would you prefer?

The tax was established in September 2004.



The most recent reauthorization for 4 years was approved by the voters in the November 2016 election.



The tax is up for reauthorization in 2020

Bob Hart – City Manager – The Economic Development election can increase by 1/8%. You're required to have an election to reduce EDC by 1/4% and a ballot to increase fire ¼% and the streets,

¼%.

ECONOMIC DEVELOPMENT SALES TAX

Revenues must be turned over to a development corporation formed to act on behalf of the City to carry out programs.

Can only be imposed in increments of 0.125%.

Should the City wish to impose a sales tax for fire by reducing the EDC sales tax rate, what approach do you wish to take?

- 1. When to call the election?** The budget is based on a May 2020 election. So that EDC funding is not reduced until next budget year.
- 2. Do you prefer a single ballot for EDC and fire, if we can do so legally?**

EDC and the related tax was approved in November 2002



An EDC sales tax is approved without a limit on its duration and is effective until repealed or reduced by an election



Election must be held after the date on which the election is ordered that affords sufficient time for election procedures to be carried out.

Council Member – Burke – If they all pass, wouldn't we have exceeded our tax rate?

Bob Hart – City Manager – If EDC reduction failed and the other two passed. You can't exceed the 2%.

Council Member – Burke – You would be imposing more taxes than allowable. Seems like it should be submitted with one issue.

Patricia Adams – Attorney – There are provisions that allow for a combined ballot but there are some exceptions. One is when the election is called by someone other than the governing body and the statute envisions a temporary board. I'm trying to get clarification from the Secretary of State and the Comptroller.

Bob Hart – City Manager – We are unable to resolve by August 8, to be on the November ballot.

Council Member – Garber – By combined ballot, do you mean this ballot line item that we are voting on would accomplish these two or three things? When moving the ¼ cent sales tax out of EDC, how is the EDC earning dollars?

Bob Hart – City Manager – The EDC and Fire together. We would drop the EDC from ½ to ¼. They would still receive about \$400,000 - \$450,000. The budget has been put together assuming a May 2020 election which gives us until February to make decisions. It also doesn't impact the budget at all so if you decide against it, other than streets, we have to decide on streets, the budget is whole and you can reconsider all these concerns a year from now.

Council Member – Burke – The 3.5% cap is on property tax, correct? There's not cap on sales tax, correct?

Bob Hart - City Manager - That is right.

Council Member Henderson – When these are added to the ballot, can it not be one vote to move the tax from EDC to fire or does there have to be two separate?

Bob Hart – City Manager – Patricia is researching with the Secretary of State.

Patricia Adams – Attorney – It is called a combined ballot. It would ask if you would want to reduce the EDC tax by ¼% and implement a fire prevention district tax. That is a combined ballot and that is the best of all scenarios. If not, then it is two different propositions.

Council Member Pickens – We’re required to decide 90 days prior to Election Day?

Bob Hart – City Manager – The election must be called 72 days prior to the election. We have a few months to decide but we do need to decide when we want to call the street reauthorization.


Council Member Pickens – How long is that sales tax effective?

Bob Hart – City Manager – It expires in four years, currently at the end of 2020.

Council Member Pickens – If it’s on the May 2020 ballot, it would pick up in January and would not expire?

Bob Hart – City Manager – That is correct. When you start a new tax, it begins the quarter, following the quarter in which you held the election. If it is a continuation, it just goes to the next quarter.

The focus of the budget is on six areas.



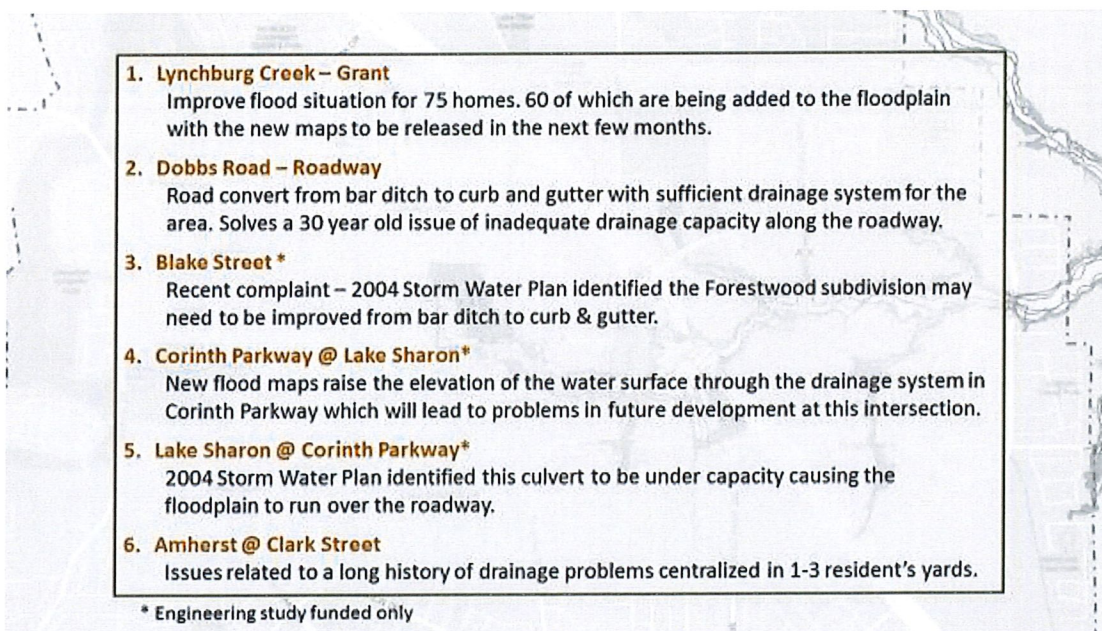
The focus on infrastructure fall into six areas:
Transportation, Water, Wastewater, Drainage,
the TIRZ, and Asset Management

<p><u>Transportation</u></p> <ul style="list-style-type: none">• Alignment of Lake Sharon Boulevard and Dobbs Road• Quail Run Drive Realignment• Resurface Riverview Drive and Old Highway 77• Safe Routes to School Grant• Street Condition Software	<p><u>Drainage</u></p> <ul style="list-style-type: none">• Lynchburg Creek• Wetlands & Flood Mitigation• Preliminary Engineering<ul style="list-style-type: none">• Lake Sharon near Corinth Parkway• Blake Street• Corinth Parkway near Lake Sharon
<p><u>Water/Wastewater</u></p> <ul style="list-style-type: none">• Elevated Storage Tank• Preliminary Engineering for Parkridge Drive Extension	<p><u>Asset Management</u></p> <ul style="list-style-type: none">• Initial Funding of \$600,000• Purchase Work Order/ Asset Management Tracking System

Bob Hart – City Manager – Regarding drainage improvements, these six areas are the main focus. Lynchburg Creek and Dobbs Road improvements are tied to the Dobbs/Lake Sharon alignment, which

will take care of the draining issues. That's already addressed and won't show up in the budget.

Blake Street, Corinth Parkway at Lake Sharon and Lake Sharon at Corinth Parkway, these three are included in the budget, only for the engineering analysis. Amherst, we're waiting on the developer.

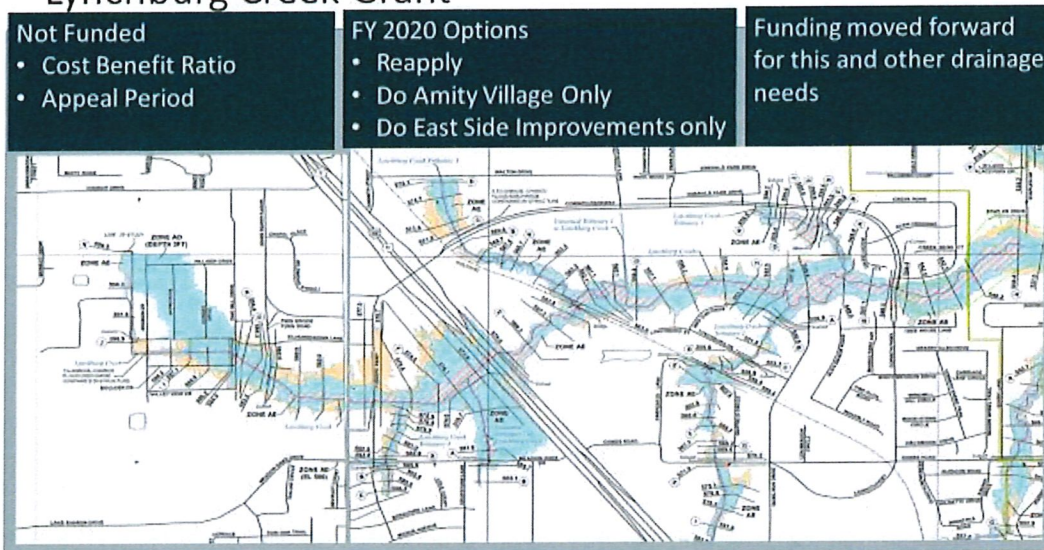


Bob Hart - City Manager - We didn't receive the grant for Lynchburg Creek. We knew it was based on benefit to cost ratio, FEMA looks at the funds they put in and how much benefit they receive and it must be greater than one. Based on the application, we felt it was a 2.4 for the project and if you included the re-mapping that FEMA did and its impact on Amherst and Amity Village, then we would have a benefit ratio of about 11 to one. FEMA recalculated and stated it was less than one. George

with working the engineers and FEMA to figure out the issue with the calculation. The greatest benefit was working with Amity Village. When we submitted the grant, we thought the mapping would be official on June 1, FEMA will make it official on December 1, 2019. The benefit/cost ration did not benefit us. If we resubmit the grant, it will help us, which is why we need clarification from FEMA.

We have three options, we fix Amity Village area only, which is approximately \$3 million, we can fix the east side, which is \$1 million dollars or we can reapply for the grant. We have about \$2 million to work with so that may help you decide the route you'd like to take. The funding from the current budget will roll forward.

Lynchburg Creek Grant



Mayor Heidemann – If the Parkridge development took off, would that impact the drainage at Amity Village?

Bob Hart – City Manager – Parkridge would help with the drainage. The issue is getting a detention pond. All of it is tied together, except the funding.

Council Member – Burke – If you spend the \$3 million and do the work before you receive the grant, does the benefit of that work come out of the calculation?

Bob Hart – City Manager – Yes

Council Member Garber – If we do not spend the money, does it in any way, affect us negatively towards the budget cap?

Bob Hart – City Manager – No, what you look at is what you bring in.

Council Member Garber – We could easily say we're going to reapply for that grant and we'll just wait on this.

Bob Hart – City Manager – This is correct and that has been the assumption that the budget, the proposed budget is assuming but I want to be careful and don't want to assume, that is your call and

not mine or staff.

Mayor Heidemann – We will not know until December 1 when FEMA cords that map, that's when we cross over?

Bob Hart – City Manager – That is when I think we'll cross over and be in better shape to reapply. This goes back to why we need all parties to review the formula. We calculate it to be at about an 11 to one, which is a solid fundable project. We need to see how FEMA is calculating it. We went in at 2.4, which is competitive but with Harvey, we looked at the funding list, every grant, whether it was disaster money or hazard mitigation money, all went to Harvey in the Houston area. The 11 to one will get us ahead, we have to figure out how FEMA scores it.

Council Member Garber – Does it help us with the cost benefit analysis if the homes have flood insurance? Should we begin communicating and getting people to get flood insurance before it gets expensive?

Bob Hart – City Manager – Yes, they have until December 1, correct, to be grandfathered in?

George Marshall – City Engineer – Yes, essentially, and we've had a public hearing and went over all this with them and sent letters to every resident.

Council Member Garber – I remember, but did we, in any way, communicate that the city is working on a plan and you may not have to worry about it?

George Marshall – City Engineer – We stated that we were applying but not sure where that would take us.

Council Member – Burke – Let's send out a letter that says the grant was denied and to get flood insurance and we don't know why it was denied.

George Marshall – City Engineer – If they have federal backed mortgage, they're going to be required to obtain flood insurance. Once the map becomes effective, the mortgage companies know and will send letters requiring flood insurance. It's more important for them to get flood insurance before that happens because they can get grandfathered in at a lower rate.

Bob Hart – City Manager – Let's get a meeting with FEMA to understand the formula.

Council Member Pickens – Can you buy flood insurance if you're not in a flood zone?

George Marshall – City Engineer – Anyone can buy flood insurance. If your area is within the map of a flood zone and your community is part of the flood insurance program then you can get flood insurance. Typically, if your home is outside the flood plain, it's about \$400 - \$500 per year

Council Member Pickens – What's the difference if they get the insurance now, opposed to when the rates change?

George Marshall – City Engineer – The rate will be about \$3,000.

Council Member Pickens – It jumps up that significantly?

George Marshall – City Engineer – Yes

Mayor Heidemann – We need to get that letter out.

George Marshall – City Engineer – The homes in Amity, that are being added are in a zone called AO which is zero to three foot depth which means they would have to raise their home about 3' to get out of the flood plain. There are companies who do this type of work but it's expensive.

Council Member Pickens – I think a letter would be useful. If they have a mortgage on the property, they're going to have to pay \$3,000 or whatever the premium.

Council Member – Burke – Does the letter state that their premium is going to increase? That there will be a \$2000 plus increase?

George Marshall – City Engineer – I don't remember exactly how the letter reads.

Council Member – Burke – If the amount is accurate, we should tell them it is a \$2,000 - \$2,500 dollar difference.

Council Member Pickens – Do they stay grandfathered in forever?

George Marshall – City Engineer – No, they will be added to a step plan with a maximum of 18% increase per year.

Council Member Henderson – Along with the letter, should we have another meeting with them?

George Marshall – City Engineer – We had a good turn out, we had about 60 people here.

Council Member Henderson – It may be beneficial, where they can ask questions.

Bob Hart – City Manager – Yes and we can fill you in and you're trying to meet with FEMA in the next couple of weeks?

George Marshall – City Engineer – Yes, there is an appeal period we are trying to hit. They never sent us a formal notification that we didn't get the grant.

Council Member Pickens – If you were to have a meeting with these property owners, would it be appropriate to have a representative from FEMA there?

George Marshall – City Engineer – I tried last time and they have to get approval and they didn't. Since that time, I have been more in contact with them. I have been to almost every flood meeting/conference I can be at for the past year. I know the people there, they recognize me. I can definitely ask.

Council Member Pickens – If I were a property owner, this is who I would want to hear from.

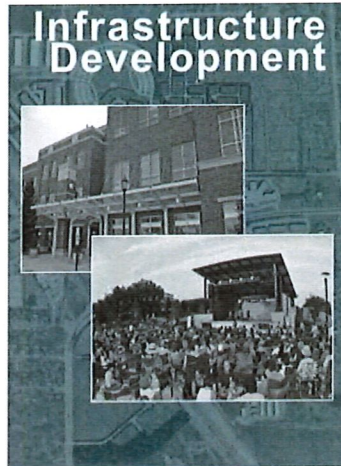
George Marshall – City Engineer – I also have a contact on our website.

Bob Hart – City Manager – We will need some guidance in this area but again the budget is being proposed, assuming that we would reapply starting in the latter part of December.

In terms of infrastructure development, what we have in here is related to the CIP and we'll discuss in the next few meetings.

Ensure the implementation of a Capital Improvement Project (CIP) program that invests in the water system and transportation network to compliment economic development efforts.

- Lake Sharon/Dobbs Road alignment right of way acquisition and construction
- Construct the elevated water storage tank near Quail Run Drive
- Adopt a TIRZ financing plan to fund the infrastructure necessary for a commuter rail stop and the associated transit-oriented TOD and encourage economic development and revitalization along I-35E
- Seek state/federal funding for drainage improvements along Lynchburg Creek
- Promote water conservation through education and incentives
- Integrate the asset management plan (with life-cycle costing features) into the CIP and budgeting process



Bob Hart - City Manager - We will bring an Ordinance to you in September to authorize the creation of the TIFF. Then we will come back in November and bring you a financing plan with that. So we are assuming here, we get this adopted in September and that gives us half of September all of October to work with the County to figure out what the funding formula will be. How much money they are willing to put in. Then you adopt the funding plan.

Council Member – Burke – Regarding the TIFF, as I remember, it seems like I remember they were going to front the money.

Bob Hart – City Manager – The judge's comment with the mayor and I was that his preference was the county does not commit to long term funding of a TIFF but rather they put the money in, they commit to part of the infrastructure.

Council Member – Burke – Does the extra pay back that money?

Bob Hart – City Manager – Yes

Council Member – Burke – Is it in our general fund?

Bob Hart – City Manager – We would get it in place, figure out how the county will proceed and wait for the money to build up or we sell debt.

Council Member – Burke – It seems like knowing how that is going to function will affect decisions on the EDC.

Bob Hart – City Manager – It does, we are working to get all of this together. You will work out all the details from September to November.

Council Member Burke – Do we know the range of possible funds? Can we isolate those tracks? We know the taxable value, do we know the maximum amount the county could give?

Bob Hart – City Manager – David Pettit is taking all of the projects, looking at revenue that could be generated to pay for those and then figure out what the county will need to kick in and then that is when we will try to sell them. We would like to sell them on contributing 50% of all these projects. I don't believe that will happen but you have to walk in with a good number.

Council Member Burke – What's the status of working that out with a developer?

Helen-Eve Liebman – Director of Planning & Development – We met with several folks, we have been in recent talks with the broker for the Culbertson tract. The long lake track we haven't heard from them since last August. We've told both groups we are open to rezoning the property to facilitate higher densities and uses that would be more appropriate. There are some challenges regarding with the sewer as well as topography and heavy tree cover.

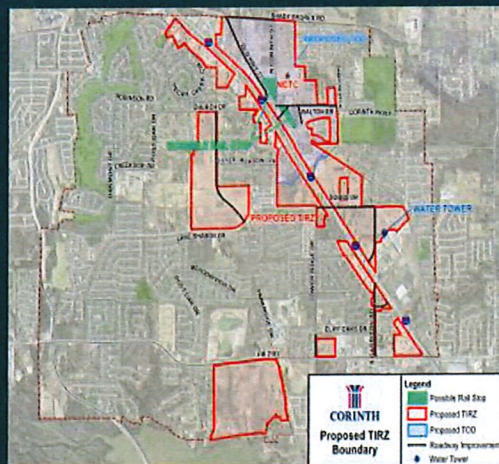
Tax Increment Reinvestment Zone

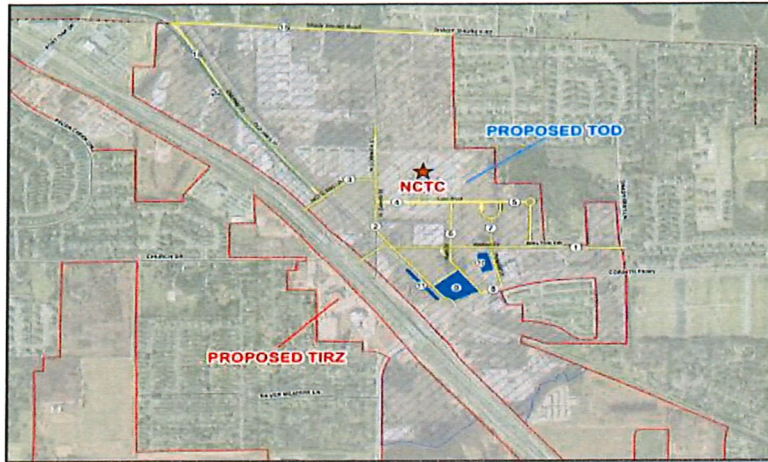
- The City Council to consider an ordinance creating a TIRZ in September 2019.
- The financial plan is anticipated to be developed and adopted in November



The TIRZ is intended to fund the following primary infrastructure projects:

- DCTA rail stop study
- Walton Drive realignment
- North Corinth Street realignment
- Main Street construction
- Alignment of Lake Sharon and Dobbs
- Construction of NCTC Boulevard
- Construction of a portion of Lion Boulevard
- Park trails
- Quail Run Drive realignment
- Tower Ridge extension
- Garrison Street reconstruction
- Riverview Drive reconstruction
- Old Highway 77 reconstruction
- Pavilion and park open space
- Park trails
- Elevated water storage tank
- Long Lake wastewater sewer service





Bob Hart - City Manager - You have about \$659 million in asset's between the General fund and the Utility Fund. The plan recommendation is to kick in about \$12 million a year to be able to maintain those.

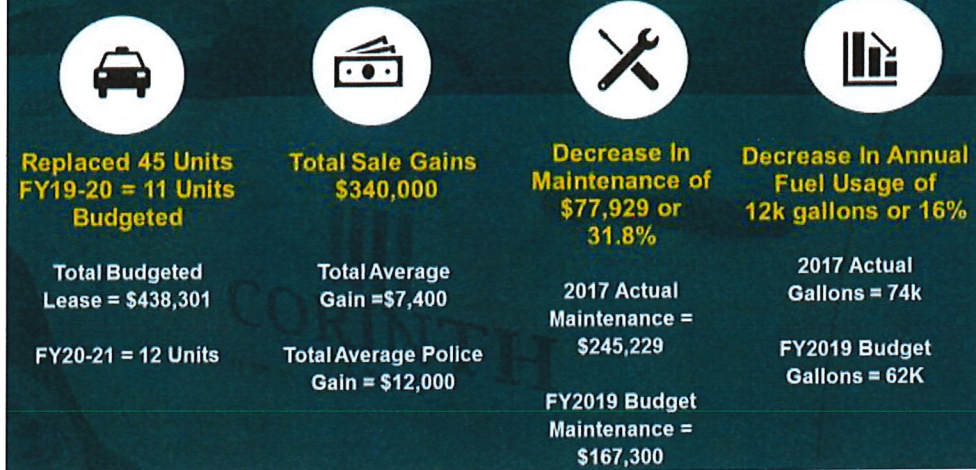
Asset Management Plan

Total Assets - \$659 million
 General Fund \$421,750,000
 Utility Fund \$237,250,000

Annual Requirements
 General Fund \$6,300,000
 Water/Sewer \$4,800,000
 Storm Water \$1,300,000

Recommended Budget
 General Fund \$250,000
 Water/Sewer \$250,000
 Storm Water \$100,000

Enterprise Lease Summary



Bob Hart - City Manager - Our budget is \$438,301, we have 11 units to be replaced. We have replaced about 45 units. To give you a perspective, the \$438,301 will do about 6 ½ police cars and that is about what we need to do every year.

Over a two year period, total sale gained is about \$340,000 in terms of the resale of vehicles. That is more than doubled of what we normally have done.


Our maintenance cost has gone down by \$77,929 a year and our fuel usage is going down as well.

Bob Hart – City Manager – The comprehensive Plan, we will bring this to you on the next meeting is the recommendation to hire Kimley-Horn to do this. We have on the agenda tonight to appoint Advisory Committee and this is the schedule going forward.

Comprehensive Land Use Plan Update and Master Parks & Trails Plans and Implementation	
May 2019	Consulting Firms Interviews
August 1, 2019	City Council appoints Comprehensive Plan Advisory Committee (CPAC)
August 8, 2019	City Council engages planning firm
August 27, 2019	Kick-off/Orientation meeting with CPAC
August-December 2019	Visioning, Plan Development, meetings with Staff and CPAC
January/February 2020	Final Draft of Plan presented to CPAC and seek recommendation from CPAC
March 23, 2020	Planning and Zoning Commission Public Hearing and Recommendation
March/April 2020	City Council Public Hearing and Anticipated Plan Adoption
Implementation	Continuous

Bob Hart – City Manager – We want to be sure we’re competitive in the market place.

- ✓ **Competitive Compensation Plan to ensure Recruitment and Retention**
- ✓ **Training and Succession Planning.**
 - 23% are currently eligible for retirement.
 - By 2024 43% will be eligible.
- ✓ **Values and Organizational Development Focus**



Human Resource Management

Demonstrate a Commitment to employee development and growth

Health Insurance

City Council Consideration August 8, 2019

- 4% decrease -\$85,000 after negotiation and dependent contribution change
- Continues Health Employee Insurance Benefits Trust – 1.75% premium savings
- Changes City dependent contribution from 70% to 69%
- **BASE PLAN:**
 - Continue High Deductible Insurance Plan with a Health Savings Account (H.S.A.)
 - Continues contribution to employee Health Savings Account of \$1,000
 - Deductible remains at \$2,700 for individual (same network)
- **BUY UP PLAN:**
 - Plan option with deductibles and copays (traditional PPO Plan)
 - Deductible of \$1,000
 - Co-Insurance Benefit 80% to \$3,000 out of pocket maximum
 - Copays (Emergency room -\$200, Urgent care-\$50, Office Visit \$25, Specialist \$50, Prescriptions \$10/\$35/\$70/\$150)

CITY CONTRIBUTION			
	Current (70%)*	Proposed (69%)*	City Impact
EE Only	\$583.18	\$559.85	(\$23.33)
EE/Children*	912.75	871.71	(41.04)
EE/Spouse*	1,062.60	1,013.52	(49.08)
EE/Family*	1,478.72	1,407.28	(71.44)
EMPLOYEE "BASE PLAN" CONTRIBUTION			
	Current (30%*)	Proposed (31%*)	Employee Impact
EE Only	\$0	\$0	\$0
EE/Children*	141.24	140.12	(1.12)
EE/Spouse*	205.46	203.82	(1.64)
EE/Family*	383.80	380.74	(3.06)
EMPLOYEE "BUY UP" CONTRIBUTION			
	Current	Proposed	Employee Impact
EE Only	\$66.36	\$63.70	(\$2.66)
EE/Children	261.16	255.24	(5.92)
EE/Spouse	349.74	342.34	(7.40)
EE/Family	595.72	584.18	(11.54)

Bob Hart - City Manager - After negotiations we ended up with a 4% decrease. The plan itself stays the same.

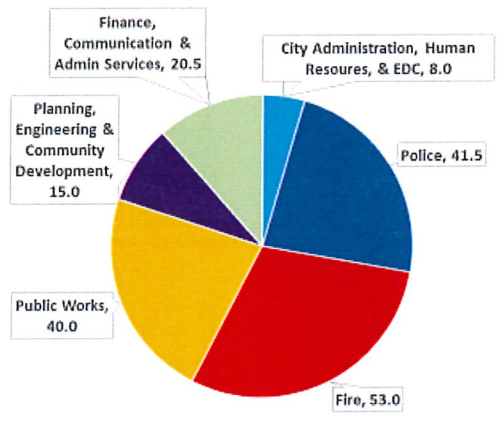
- ✓ **3% Step Plan Progression for Public Safety**
- ✓ **3% General Merit for General Employees**
- ✓ **3% Adjustment to the Public Safety and General Pay Schedules**

Wage Analysis

- Most of the employees' salaries are under the midpoint of Corinth's current pay ranges. Ideally, salaries should be at the midpoint of the pay ranges.
- Corinth's current pay ranges, when compared to our target market, are below the median minimum 50th percentile.

Position Summary

Total Positions all Funds – 178 FTE



- ### FY2019-20 Proposed Positions
- Police Officers – 2 FTE
 - Restore Court Bailiff – 1 FTE
 - Restore Part-time Accounting Clerk – .50 FTE
 - Seasonal Marketing/ Special Event Intern (Hotel Tax Fund) – .50 FTE

Bob Hart - City Manager - We are recommending two police officers but we don't fund them until April 1st. The reason for that is we got some vacancies we need to fill but the second is under Senate Bill 2, you can't cut going forward so the net effect is we are adding one person in terms of dollars so that helps with what we have to worry about next year.

Bob Hart – City Manager – The Court Bailiff position, by getting this person back in we will not have to pull an officer off the street to do court security and we have enough of a back log to keep this position busy and will be revenue neutral for about two or three years..

Mayor Heidemann – The two officers who start in April, that's ½ year salary. How does that impact you for the next year?

Bob Hart – City Manager – You're funding for two. I'm making sure, we're only raising the base for one position.

Council Member Pickens – Have the vacant positions been funded in previous budgets? What happened to those monies?

Bob Hart – City Manager – Yes, they rolled back into fund balance and show up as part of the new budget.

Council Member Pickens – It doesn't go to the police department?

Bob Hart – City Manager – At the end of the fiscal year, it comes back here and you all re-appropriate the money. The positions are recommended to be filled in next year's budget

Council Member Pickens – If they are not and the money is not used on a salary, then it comes back?

Bob Hart – City Manager – Into the fund balance and then is subject to re-appropriation by the council.

Council Member Pickens – We're how many short now, four?

Bob Hart – City Manager – We're six short, correct chief?

Police – Chief Garner – We have four vacancies but we have two that are in the law enforcement academy and four vacant slots.

Council Member Pickens – They're still receiving a salary?

Police – Chief Garner – The two in the academy are receiving a salary, a lower salary.

Council Member – Burke – When will they come online?

Police – Chief Garner – They are graduating in late August, then will be in field training for about three months depending on how quickly they progress. They should be on their own in the new fiscal year.

Council Member Pickens – There's six, two are cadets and the other four. But the budget is going to fund for two.

Bob Hart – City Manager – There's one and the bailiff will be funded through Municipal Court.

Council Member Pickens – Who pays now, when a police officer comes?

Bob Hart – City Manager – It is a police officer who is taken off the street.

Council Member Pickens – So no one is serving warrants now?

Bob Hart – City Manager – No and that's why our collections are so low and delinquents, there's not a lot of consequences. My experience is that you will break even for three to four years and then you have to keep an eye on it.

Council Member Pickens – So how much is in unpaid warrants right now?

Lee Ann Bunselmeyer – Director of Finance & Communications – It's over \$3 million. The judge

purged all the old warrants, I think these are about three years old. We don't have enough staffing to place all the warrants on the regional database so they can be picked up by other entities. That would be some of the duties of the bailiff, serving warrants and as they come within the threshold of 90 days, putting them on the regional database so they can be collected faster, it will be a very busy position.

Council Member – Burke – Is there any way to outsource that to someone who gets paid when the revenue is collected? Not the arresting, in other words, we'll pay you an up-front fee to put it on the database and then you get more if people are arrested outside of our jurisdiction.

Lee Ann Bunselmeyer – Director of Finance & Communications – Right now we contract with Flower Mound to utilize their regional database services so they're actually putting it on there for us. We get the paperwork together and send it to them. We pay them \$25 per warrant. It's just processing all the internal documents, with the mandates it has to go through the court a few times before you can issue it to warrant. I believe it's extended to 120 days, so that internal process is the part you cannot contract out.

Council Member – Burke – Will the bailiff costs be offset by not having to pay Flower Mound to do that data input?

Lee Ann Bunselmeyer – Director of Finance & Communications – It could, in the future.

Council Member – Burke – Do we have a contract with them?

Lee Ann Bunselmeyer – Director of Finance & Communications – Yes, we would have to review. I believe in the early part of the year, when they're trying to issue the warrants, I think they will be busy with the warrant side but when that slows, we'll have more time to go into the warrant database. We do not have those capabilities because of the credentials of my staff, to be able to access those warrant databases. Flower Mound might be a little more amenable if it's a police officer handling it.

Bob Hart – City Manager – The last position would be funded out of the hotel/motel tax fund. We would like to obtain an intern who would help with special events. Terry Wilson has been assisting on a contract basis, we would stop that if we can get this position.

Bob Hart – City Manager – if you notice the slide below and start looking at why do we have all the pressure on property tax this is it, we are not collecting enough sales tax to do anything. . We need to more than double what we are doing just to get to the state average.

Council Member Garber – Will the new developments we're working on get us.....?

Bob Hart – City Manager – It will get us on the way there but we have not completed enough analysis to confirm but this is why the TIFF and TOD are absolutely essential to solving this. We need to complete all we can because the playing field shifts July 1.

Tax Rate Comparison

	2015	2016	2017	2018	2019
Certified Value	\$1,638,520,892	\$1,799,383,154	\$1,952,654,794	\$2,159,281,283	\$2,376,455,965
Change in Value	6.53%	9.82%	8.52%	10.58%	10.06%
Property Tax Rate					
General Fund	\$0.44143	\$0.44298	\$0.42791	\$0.42711	\$0.43211
Debt Service	0.14346	0.13895	0.10895	0.10289	0.11289
Total Tax Rate	\$0.58489	\$0.58193	\$0.53686	\$0.53000	\$0.54500
Change in Tax Rate	(1¢)	(0.296¢)	(4.50¢)	(0.686¢)	1.5¢

Bob Hart – City Manager – This is the projection going forward. We're at \$.43, the assumption is with 8% growth in value and with a 3.5% or \$500,000, the de Minimis rate, what we assumed is \$500,000 going forward. 3.5% puts us at about \$450,000.

The operations and maintenance tax drops. There's no way you can beat that without an election. You can only call an election in November and you must call it by the middle of August. There is a 10 day window to decide to call an election. If you wanted to have a property tax increase greater than that, you would have to call the election in November.

Council Member Pickens – So every August, you have to make the decision but you can talk about it before then?

Bob Hart – City Manager – Yes, but we don't have the numbers from the appraisal district until July 25th. You literally have 20 days to get your budget assembled, practically you can do it.

Council Member Pickens – Is there a reason they did it like that? To discourage it to go on the ballot? It can't be on a May ballot?

Bob Hart – City Manager – Correct. It has to be on a November ballot.

Bob Hart – City Manager – The reason for the recommendations on the rates is this is your last shot. If you go lower, future numbers will be lower and you'll never catch up.

Mayor Heidemann – Is there any restriction on the debt service?

Bob Hart – City Manager – The debt service is not subject to the 3.5%, only on operations and maintenance.

Council Member Pickens – You're almost penalized for trying to be lean.

Bob Hart – City Manager – This year in particular.

Council Member – Burke – You're incentivized to have debt.

Council Member Pickens – For those who have a higher rate, they will reduce at the same percentage but they won't feel it.

Mayor Heidemann – It's because they have more sales tax.

Council Member Johnson – This is exactly where the tipping point reached in California, with Proposition 13. The cities were forced to increase their debt load in order to pay for their operations, they started to tip into bankruptcy. It was all in relation to Proposition 13 because Proposition 13 did the same thing we're doing here. You have a cap on appraisals and you have a cap on tax rates, this is two sides of the triad.

Council Member Pickens – People think it's going to lower their property tax, it's the school tax that's the majority of what you're paying.

Council Member Johnson – The school tax is capped too. One question that I have on this Lee Ann, I believe you and I already discussed this, new value, or construction value, is that affected by this 3.5% cap? So you still have a full 8%, well 7.999%, in appraisal value and taxable value there.

Lee Ann Bunselmeyer - Director of Finance, Communication & Strategic Services – Yes

Mayor Heidemann – So that's your incentive.

Council Member Johnson – But if you have a TIRZ then you're not going to recover.

Bob Hart – City Manager – You put it in a TIF then you shelter it going forward. A lot of cities are expanding their TIF boundaries because that's the way to step around this as well. When you take the new value and roll it into a TIF, it doesn't ever become old value. It's subject to this, it stays as new value as long as the TIF is in effect. The incremental value that you gave stays within the TIRZ.

Lee Ann Bunselmeyer - Director of Finance, Communication & Strategic Services – If you're looking at a general fund impact, if you have \$10 million worth of property, let's say the valuation came in and now it's \$13 million, that \$3 million goes to your TIF, so your value that goes against your effective tax rate is only the \$10 million, so it kind of opens up and that extra \$3 million is not being a negative against your effective tax rate.

Council Member – Burke – You have probably already spent it, to do the development but you get the benefit of that increased value. You can use it to pay the debt or whatever.

Lee Ann Bunselmeyer - Director of Finance, Communication & Strategic Services – It will help your tax rate not go down as fast or not as much because now that value isn't counting against your 3.5%.

Council Member – Burke – Council Member Johnson, you said something to Lee Ann about the risk of that, what is that?

Council Member Johnson – The only risk that occurs if it falls into the TIRZ is if the TIRZ ever ends then it all becomes established value, there's no more incremental value on the top side. The idea is to keep the TIRZ generating.

Bob Hart – City Manager – If we go back to Council Member Johnson's comment about California,

about five or six years ago, the state abolished all the TIFFs. It kept it from getting into the tax base.

Council Member – Burke – The increase in value although you can tax it, if it is on the TIFF, it is for a specific purpose, for development and those areas and doesn't get into the general fund to pay operating costs as a city as a whole?

Bob Hart - City Manager - that is correct.

Tax Rate Comparison Under SB2

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Certified Value	\$1,638,520,892	\$1,799,383,154	\$1,952,654,794	\$2,159,281,283	\$2,376,455,965	2,566,572,442	2,771,898,238	2,993,650,097	3,233,142,104
Change in Value	6.53%	9.82%	8.52%	10.58%	10.06%	8.00%	8.00%	8.00%	8.00%
Property Tax Rate									
General Fund	\$0.44143	\$.44298	\$.42791	\$.42711	\$.43211	\$0.41958	\$0.40654	\$0.39313	\$0.37947
Debt Service	0.14346	0.13895	0.10895	0.10289	0.11289				
Total Tax Rate	\$0.58489	\$0.58193	\$0.53686	\$0.53000	\$0.54500				
Change in Tax Rate	(1C)	(0.296C)	(4.50C)	(0.686C)	1.5C	(1.25C)	(1.30C)	(1.34C)	(1.36C)

Bob Hart – City Manager – If we were to get to the state average, you can see the gains are about \$2 million per year.

Council Member – Burke – What retail establishment will generate this kind of revenue?

Council Member Garber – Walmart is \$1 million per year.

Council Member – Burke – Such as a restaurant, how much tax revenue will a restaurant bring in?

Jason Alexander – Director of Economic Development – If you're talking on the retail side, Costco would bring in that amount. Some of the incentive agreements that are in place in cities like McKinney, they split half of the sales tax with them, which would be \$2 million that goes into their fund and \$2 million that goes back into Costco.

Council Member – Burke – If HEB goes in.

Jason Alexander – Director of Economic Development – If HEB goes in, remember, it's a grocery store so food items will not be taxed, only the items that are non-perishable will, so you're not looking at a significant amount of sales tax.

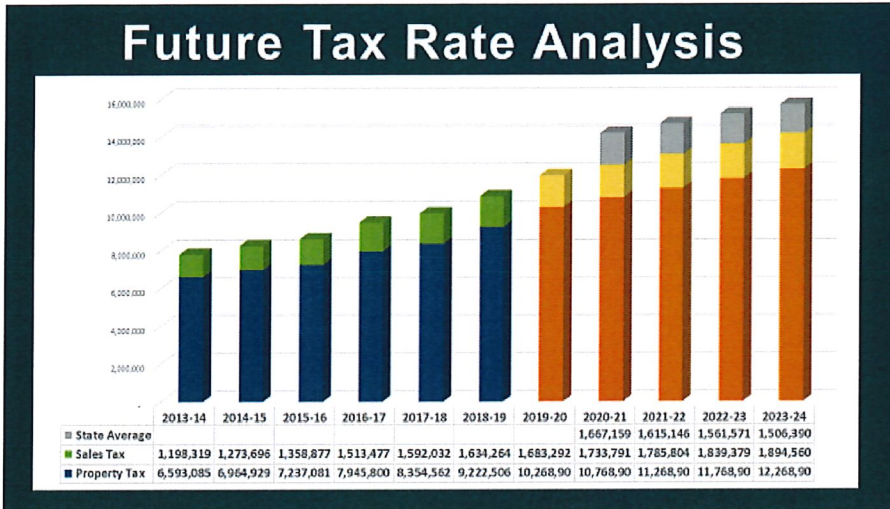
Bob Hart – City Manager – Getting the clustering of a lot of retail, goes back to the TOD and what Realty Capital will do within the TIFF, that's where you start moving along significantly.

Mayor Heidemann – What kind of window are you looking at for some of this?

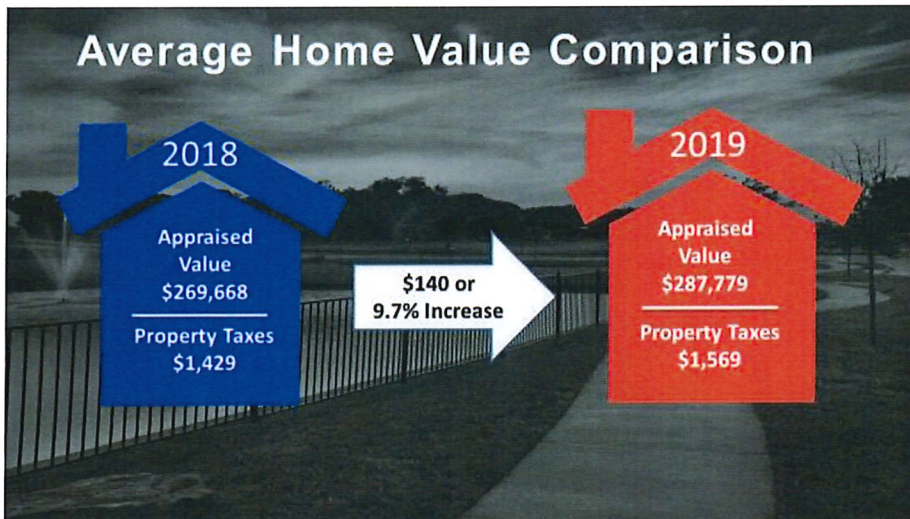
Bob Hart – City Manager – We have got to have some significant progress within five years. If we can be on this upward trajectory, I think we'll be a lot better off.

Council Member Pickens – On the incentives Jason was talking about, where a city agrees to pay half, how long do they do this? I heard Nebraska Furniture Mart had 20 years or something.

Jason Alexander – Director of Economic Development – I don't remember the exact term but I think it was longer than that.



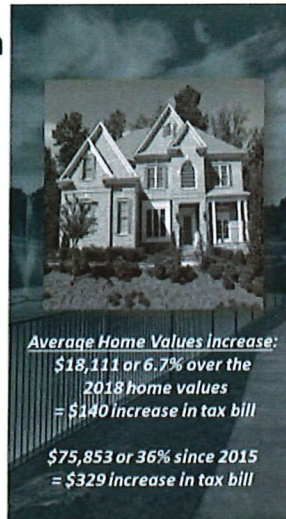
Bob Hart – City Manager – This represents an increase on an average of \$140 per year.



Bob Hart – City Manager – The average price home pays \$1244 per year for all the city services which is less than what you pay for cable tv.

Average Home Value Comparison

	2015	2016	2017	2018	2019
Avg Home Value	\$211,926	\$229,765	\$249,112	\$269,668	\$287,779
Tax Rate	.58489	.58193	.53686	.53000	.54500
Average Tax Bill:					
General Fund	\$936	\$1,018	\$1,066	\$1,152	\$1,244
Debt Service Fund	304	319	271	277	325
Total Taxes Due	\$1,240	\$1,337	\$1,337	\$1,429	\$1,569

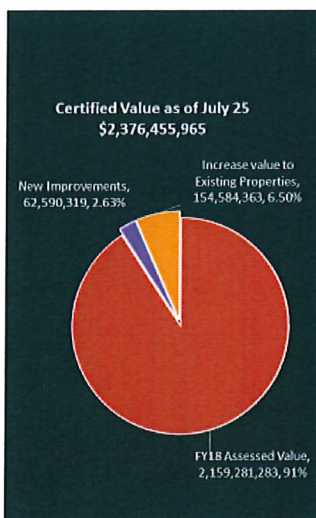


Council Member – Garber – We were just discussing The Colony, for perspective sake, the city tax rate is getting close to \$.67, even with all of that sales tax and economic development. Looking at \$.54500, it still puts us way below ½ of the cities in Texas, even with no sales tax. Economic development will not lower property taxes.

Council Member Pickens – It would also not put the burden of funding your police, fire, and everything strictly on property tax revenue.

Council Member – Garber – If we had a \$.67 sales tax, we also would not have those issues.

Council Member Pickens – Right, people would pay another \$10 per month, its \$140/year.



Tax Revenue Analysis

Property Tax Revenue	General Fund	Debt Service Fund	Total
Tax Rate	.43211	.11289	.54500
FY18 Assessed Value	\$9,222,506	\$2,221,685	\$11,444,191
Increase in Existing Properties	775,939	390,438	1,166,377
New Improvements	270,459	70,658	341,117
Total Property Tax Revenue	\$10,268,904	\$2,682,781	\$12,951,685

2019 Tax Revenue Increase = \$1,507,494

Assessed Valuation New Value Added

	2015	2016	2017	2018	2019
New Value Added	\$15,403,173	\$33,390,497	\$19,490,199	\$56,348,794	\$62,590,319
Tax Rate	.58489	.58913	.53686	.53000	.54500
Tax Bill Allocation:					
General Fund	\$67,994	\$147,913	\$83,400	\$240,671	\$270,459
Debt Service Fund	22,097	46,396	21,235	57,977	70,658
Total New Taxes	\$90,092	\$194,309	\$104,635	\$298,648	\$341,117

Five Year Average Growth of \$37,444,596

***5 Year Average Annual Tax Revenue Increase on New Value Added = \$205,760
General Fund = \$162,087 and Debt Service Fund = \$43,673***

Bob Hart – City Manager – The focus on Economic Development is on the TIRZ and the TOD.

Economic Development

Create a cohesive economic development/investment strategy



Implement and Promote a TIRZ for a Transit Oriented Development along I-35E



Utilize and leverage ESRI data for business focused demographics data



Expand the network of commercial real estate brokers to help promote the City for development



Create promotional material through Slate Communications

Proactive Government New Program Funding

Services

- Shade Structure Repair
- Community Park Contract Mowing
- Broadband Study

Positions

- Police Officers – 2 FTE
- Restore Court Bailiff – 1 FTE
- Restore Part-time Accounting Clerk – .50 FTE
- Special Event Intern – .50 FTE

Equipment

- Street Saw
- Dump bed trailer
- Mower
- Trailer
- Equipment for Court Bailiff

Technology

- Work Order/Asset Mgt System
- Road Condition Software

Resident Engagement and Proactive Government

Invest in assisting Corinth residents to understand and participate in the process, and help identify solutions

- Effectively distribute information about City activities and programs consistent with the Communication Strategic Plan
- Promote community family events
 - Pumpkin Palooza, Easter Eggstravaganza, Fish 'n Fun, Annual Tree Lighting
- Create partnership through hotel tax fund to promote special events
- Promote HOA outreach through the Ambassador Program
- Expand the Keep Corinth Beautiful Board to seven members
- Create a five member Parks & Trails Board



Bob Hart - City Manager - We have a lot of applications for Keep Corinth Beautiful, we can fill 7 and probably have 10 or 11 member board.

On the Parks & Trails Board, we have not done any promotions on this board yet so we don't have any applications for this but I think it would take away the conflicts that occur with what is the mission of Keep Corinth Beautiful. We have some folks that don't want to do anything with KCB they only want to do trails and so you have that ongoing conflict on where the focus is. I think it would be easier to separate it and that is the recommendation. I would like to bring those changes back to you in August/September.

Council Member Garber – Can we get a revised mission statement for the two boards?

Bob Hart – City Manager – Yes

Mayor Heidemann – Does that tie back into your master plan?

Bob Hart – City Manager – Yes and we can begin working on an ordinance and get it to you.

Regional Cooperation

Corinth is ideally located along I-35E in Denton County and is the largest of the four Lake Cities. Due to the City's location in the Dallas Fort Worth metroplex, it is necessary to be active in a wide variety of regional efforts.

- Continue Partnering with Lake Cities Municipal Utility Authority (LCMUA) to provide GIS services and joint construction and use of utility lines
- Pursue a commuter rail stop through DCTA
- Encourage the expansion of health services training through NCTC
- Pursue partnership with Denton County relative to the TIRZ.
- Participate in NCTCOG programs
- Participate in the North Texas Commission

Establish and Maintain Intergovernmental Relations

- City of Denton
- City of Hickory Creek
- City of Lake Dallas
- Town of Shady Shores
- Denton County
- Denton County Transportation Authority
- Denton ISD
- Lake Dallas ISD
- National League of Cities
- Texas Municipal League
- North Central Texas Community College
- Texas Woman's University
- University of North Texas
- University of Texas at Arlington
- Lake Cities Municipal Utility Authority
- Upper Trinity Conservation Trust
- Upper Trinity Regional Water District
- Texas Department of Transportation
- Texas Water Development Board

- Participate in Lake Cities joint meetings and expand service delivery opportunities
- Improve internet/broadband service providers through a joint Lake Cities task force.
- Preliminary planning for Shady Shores Drive reconstruction
- Coordinate Special Events and Business Promotion

Lake Cities Communities in Unity



Operating Budget Overview

	General Fund	Debt Service Fund	Utility Fund	Storm Drainage Fund	Economic Development Fund	Street Maint Sales Tax	Crime Control Fund
Estimated Beginning Fund Balance 10/1/18	\$5,091,654	\$325,687	\$3,686,678	\$375,150	\$1,083,893	\$1,268,951	\$481,505
Revenues	20,075,795	2,682,781	13,454,855	755,100	873,894	431,501	391,520
Use of Fund Balance	789,724	248,900	255,513	144,345	62,863	301,577	0
Total Resources	\$20,865,519	\$2,931,681	\$13,710,368	\$899,445	\$936,657	\$733,078	\$377,228
Expenditures	18,969,753	2,931,681	13,156,868	665,945	786,557	89,078	377,228
New on-going Programs	232,966	0	0	0	0	5,000	0
One-time Programs	1,662,800	0	553,500	233,500	160,000	639,000	0
Total Expenditures	\$20,865,519	\$2,931,681	\$13,710,368	\$899,445	\$936,657	\$733,078	\$377,228
Estimated Ending Fund Balance 9/30/19	\$4,301,930	\$76,767	\$3,431,165	\$230,805	\$1,021,030	\$967,384	\$495,797
% of Total Expenditures	20.62%		25.03%	25.66%			
Policy Target	20.00%		25.00%	25.00%			

Budget Calendar

AUGUST

8th – Budget Work Session to Review Governmental Funds
Vote on Published tax rate and public hearing dates

22nd – Budget Work Session on Proprietary Funds and CIP
First Public Hearing on Tax Rate
Approve Crime Control & Prevention District Budget

SEPTEMBER

5th – Budget Work Session
Second Public Hearing on Tax Rate
Public Hearing on Annual Budget

19th – Adoption of Budget, Tax Rates, and Tax Rolls

2. Discuss Regular Meeting Items on Regular Session Agenda, including the consideration of closed session items as set forth in the Closed Session agenda items below.

There was no discussion on the Regular meeting items.

There was no Closed Session

CLOSED SESSION

The City Council will convene in such executive or (closed session) to consider any matters regarding any of the above agenda items as well as the following matters pursuant to Chapter 551 of the Texas

Section 551.071. (1) Private consultation with its attorney to seek advice about pending or contemplated litigation; and/or settlement offer; and/or (2) a matter in which the duty of the attorney to the government body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with the Texas Open Meetings Act.

A. MCM Contract for Lake Sharon Roadway Extension

Section 551.072. To deliberate the purchase, exchange, lease or value of real property if deliberation in an open meeting would have a detrimental effect on the position of the governmental body in negotiations with a third person.

A. Potential acquisition of real property along Corinth Parkway for infrastructure, open space and transit related facilities.

Section 551.074. To deliberate the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee; or to hear a complaint or charge against an officer or employee.

Section 551.087. To deliberate or discuss regarding commercial or financial information that the governmental body has received from a business prospect that the governmental body seeks to have locate, stay, or expand in or near the territory of the governmental body and with which the governmental body is conducting economic development negotiations; or to deliberate the offer of a financial or other incentive to a business prospect.

RECONVENE IN OPEN SESSION TO TAKE ACTION, IF NECESSARY, ON CLOSED SESSION ITEMS.

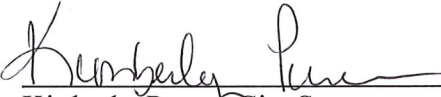
ADJOURN:

Mayor Heidemann adjourned the meeting at 7:35 p.m.

AYES: All

Meeting adjourned.

Approved by Council on the 5 day of September, 2019.


Kimberly Pence, City Secretary
City of Corinth, Texas

