

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

On this the 8th 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
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
Ben Rodriguez, Planning & Development Manager
George Marshall, City Engineer
Jason Alexander, Economic Development Corporation Director
Guadalupe Ruiz, Human Resources Director
Jane Krhovjak, Human Resources Generalist
Brenton Copeland, Technology Services Assistant Manager
Patrick Hubbard, Development Coordinator
Chris Rodriguez, Assistant Finance Director
Lana Wylie, Senior Administrative Assistant

Others Present:

None

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 – We will go through the sales tax fund, the special revenue funds and the general fund. We will discuss the financing component of the CIP but all of that discussion will occur on August 22, 2019, when we discuss the utility funds.

Beginning with the property tax rate analysis, this is one of the items on the agenda, is to call a public hearing on this item. The numbers we are currently at is \$.53000, our effective is just under

\$.50000 and we're recommending a tax rate of \$.54500. One cent is an addition to the debt service fund. This is where we rate with area cities on the tax rate.

The General Fund, the first is City Administration, this includes the City Attorney, Administration and Council's portion of the budget. We have \$10,000 for the broadband task force, not sure what we'll need but this is a little seed money to get started.

The TIRZ is holding back funds, it will cost a lot more but this is enough money to work with.

Council Member Henderson – Those who are keeping their tax rates the same, if we decided to keep ours the same, that wouldn't be proposed reflective or roll back, we'd just keep the current. We do have that option?

Bob Hart, City Manager – The public hearing is set up to consider a rate not greater than \$.54500. One cent of this went to debt service, so what you're taking to operations and maintenance is \$.53500. The only place we have to cut is out of operations and when we get to Fire, we will be able to show you where the impact will be. You're not locked into the tax rate until September 19th.

We have three slides on Human Resources, one is the recommended pay adjustment and health insurance. We are recommending a six percent increase, three percent will be for merit and three percent will be an adjustment across the board. Your policy has been to target the midpoint of our selected cities. This will put us close to the midpoint. This would be across the board, public safety and the general pay plans.

Mayor Heidemann – Last year we gave eight percent, thinking that would get us to the midpoint and now this year you're asking for six percent and still saying we're not at the midpoint. How much further can you go?

Guadalupe Ruiz, Director of Human Resources – Last year when the City Manager presented, we were trying to aim for the midpoint. It is not that we are at the midpoint, there's three problems when we look at the salaries. One is what other cities are doing and that is when we see that it varies, there are some that are doing nothing and others that are doing three and four percent; or they've conducted a new compensation study.

Second, we look at the pay schedules. In comparing with other cities, to see how we're doing, that portion, the structure itself, we are behind. When you compound that with what the cities are doing, yes, we are behind. We did not say that we are at the market, we are aiming for being in the middle of the market. Additionally, when we look at the salaries within the pay ranges, the pay ranges for General Government group, we realized that 70% of the employees are below the market, the middle of the pay range. This is where we talked about the three percent progression because if we want to attract, we also want to retain. That progression is needed to get that retention. As the City Manager mentioned a week ago, we have 23% of employees eligible for retirement. Actually, it is 25%. One of the things for those individuals we have to retain, it's to have them in a good position within the range and the benefits which we know are good, so it's the whole package. Attracting is important but when we attract, we have to be careful that we also keep the internal equity. We didn't have pay schedules for a long time but we implemented one in 2013. For a city, we are new at having a pay schedule and getting where we want to get.

Council Member – Burke – What is the net cost increase per employee, taking into account, the wages proposed and the health insurance?

Guadalupe Ruiz, Director of Human Resources – I do not have it per employee. Are you talking about the increase itself?

Council Member – Burke – Yes, if you took the wage increase but then also factor in that we are

saving on health insurance, that cost has gone down. What is the cost per employee increase?

Guadalupe Ruiz, Director of Human Resources – I do not have it, I will have to get back with you. We had about \$85,000 savings on medical, for the city.

Council Member – Burke – This is a six percent increase?

Bob Hart, City Manager – Yes sir.

Lee Ann Bunselmeyer - Director of Finance, Communication & Strategic Services – It is about \$3,000 per employee.

Council Member – Burke – So it is probably less than five percent.

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

Guadalupe Ruiz, Director of Human Resources – What we want is when the schedule moves, we move individuals, otherwise we have compression with new employees and if they don't progress, we will have new employees making the same as those who already here. Also, trying to attract new employees, if they have experience, they don't want to come if it is not at midpoint. That is when we have to make sure that internally, it continues to move for the people who have been here.

Council Member Johnson – It seems like we go through this compression about every three to five years. We went through it with Police and Fire. I guess as you get more toward retirement, then we will continue to have that problem because of the pay scale.

Guadalupe Ruiz, Director of Human Resources – It could be. The philosophy was to be competitive in the middle of the market but we know we're lagging at the middle of the market.

As the city manager mentioned last week, we received four proposals for health insurance. After negotiations, Brent Weaver is here with us, he is our benefit consultant. The renewal came at a two percent increase but he was able to get us a four percent decrease. Also, the four percent represents about \$85,000 savings for the city. As it comes to the employees, as we are working to get to the benchmark, as it comes to the dependent contribution, we are moving from 70 to 69%. Last year we moved from 75-70%, this time we're reducing another percent. For that reason, the employee will see a reduction on their premium from \$1 to \$11 per month. We will continue with both plans, the base plan, which is a high deductible plan where the city contributes \$1,000 toward the health savings account and for the buy up plan, the employees pay the difference. The city pays the same amount, it doesn't matter which plan the employee elects, however, for the buy up plan, we will continue to make available the flexible spending account so employees who want to contribute, they can have some money pre-tax.

Mayor Heidemann – What is your goal, you went 70-69%?

Guadalupe Ruiz, Director of Human Resources – The benchmark is at 62.8% but it is interesting to note that it was higher last year so it seems that it is going down. We're aiming to be at the benchmark.

Mayor Heidemann – How many employees use the health savings account?

Guadalupe Ruiz, Director of Human Resources – Most of our employees are on the health savings plan. We have 134 employees on the high deductible plan and 21 on the buy up plan.

Bob Hart, City Manager – With the Police Department, we are recommending the addition of

two officers at mid-year, April 1, 2020.

Chief Garner, Police – Our biggest challenge in the next year is being able to attract and keep the qualified people. We are competing with all the police departments, including all in northern Texas. The bigger cities pay more, they are following the money. We would like to reduce our response time, we would place these shifts here because that's when the folks on patrol are on their own. During the day, we have other resources, detectives and captains can assist. We need to beef up night patrol for the citizen's and officer's patrol.

Council Member Henderson – Do you feel that two more is sufficient?

Chief Garner, Police – Yes ma'am. That will enable us to boost those minimums that we have at night. Right now, on an average evening, we will have three or four in the whole city. An emergency call, such as a violent/domestic or burglary in progress, that ties up all the officers so if there is another emergency, we have to ask Lake Dallas, Hickory Creek or the county. We assist them also but I would like a little more safety margin for our officers and citizens.

Council Member Pickens – How many times have you had to call on other agencies to fill that gap?

Chief Garner, Police – Weekly and it may be five times one week and two times the next week. It is reciprocated and usually it is a night time event. It varies how often but very common.

Council Member Pickens – What does that do to response time?

Chief Garner, Police – They have farther to come so it doesn't help with response time. If you have an officer free, you will get there quicker.

Mayor Heidemann – This will maintain a minimum of four people on the night shift?

Chief Garner, Police – Yes, say we have five that are supposed to be working, with a minimum of three on any given night. What we would like to do is get it to six and have a minimum of four on duty at any given time. That will help and that is the direction we're headed.

Bob Hart, City Manager – On the fire side, the two big issues we will be looking at getting is warning sirens and coordinating with the other Lake Cities with this and that is the topic for Monday's meeting. We have the fire contract to contend with so that is at the top of the list.

Chief Ross, Fire – Over the last year, we've been fortunate enough for you all to approve the station, we have that built and staffed through the SAFER grant. I am not asking for any new program funding. What we did with our budget, some of the numbers we had to readjust because we have more staff now, so we had to adjust exponentially to cover the change in numbers. We have looked at ways of improving our efficiency so we have been able to basically run more equipment and more people.

We have been trying to keep open lines of communication with the contract towns/cities. I feel like we have a really good rapport there and are getting positive feedback about the next contract terms. They are training on the fire field, we created a master plan and again, going through all of our services ensuring we are bringing quality to our citizens and there is efficiencies in our processes.

Mayor Heidemann – You have upgrading the outdoor warning sirens, does that mean putting new ones in or?

Chief Ross, Fire – There are a few options we are looking at, we are looking at companies/options that can come in and upgrade to where they can talk to each other, they can talk back, they can send if there are problems, we will know immediately, instead of waiting a whole month when we do

the test. Why is the siren spinning around and not making any noise? And then giving us the ability to set those off from remote locations instead of having a person physically drive up to my office and flip a switch.

Mayor Heidemann – So that is in the budget to upgrade them?

Chief Ross, Fire – That is what we are looking at, yes sir.

Bob Hart, City Manager – It is in there and we have coordinated so that all four cities will do the same thing.

Chief Ross, Fire – This will just be our piece.

Council Member Garber – Any big changes in your ambulance revenue? Up or down?

Chief Ross, Fire – Not really, I will double check so that I put fresh eyes on them, it is kind of holding flat. Our calls are about where they were last year as far as the number. It would go up 100, then it would be down one so we are floating along the same trend as we did last budget year. We have our rescue revenue stuff, we have taken another look at that and we are trying to stay on top of that to recover anything we can through the insurance companies for stuff like gas leaks, fuel spills, things like that.

Council Member Johnson – Have you run enough out of the new station yet to see how much this has helped in your response times, especially the west side? You got any ideas yet?

Chief Ross, Fire – I don't have numbers for you yet. As soon as I can get you some data, I will try to look at that.

Council Member Johnson – Also when you do that, would you mind giving me an idea or giving us an idea how much we are supporting Denton on the south side, their south side, our north side, out of two? How much we are helping their ambulance aid up there at the hospital and how often are we babysitting them until Denton can get there?

Chief Ross, Fire – Yes sir.

Council Member – Burke – When you say 3% assumed growth in our revenue?

Bob Hart, City Manager – Under Senate Bill 2, is going to be sitting around \$400,000 per year.

Council Member – Burke – that is the max we can increase our taxes without holding an election?

Bob Hart, City Manager – That is right.

Council Member – Burke – So that increase alone gets all of it.

Bob Hart, City Manager – It does not get all of it but it gets a good portion of it, it gets more than ½ of it.

Council Member Johnson – Does that impact number include the step raises that go with them?

Lee Ann Bunselmeyer - Director of Finance, Communication & Strategic Services – No, because under the SAFER grant, they will only reimburse the cost equal to the first year that you applied for it, so as the increase, the city absorbs that because they only reimburse that first year of costs.

Council Member – Burke – If we lowered our tax rate this year, it is possible we would not be able to raise it enough without an election to even cover the cost of our funds.

Bob Hart, City Manager – That is the concern, that is the cushion we built in and while we are using up the cushion, we better be doing something on the EDC side to get the sales tax up. That is the two pressure points that we are watching.

The two comments I want to make relate to some of the items on the agenda. One is the Safe Routes to School Program. Under that program, the state, if we are approved, they will fund 100% of the sidewalks based on the numbers we submit. We are submitting \$600,000. Now, if those bids come in, all the design work goes in and anything over the \$600,000, we pay for. So what you are seeing here is, we have built in a \$100,000 cushion, figuring that we are going to have an overage we are going to have to contend with. It may be because of some of the standards that TxDOT has, it also deals with some of the lag period from the time that the application is submitted until it is approved then you can move forward.

Mayor Heidemann – Just out of curiosity, you know, when you are down there on Shady Shores Road where the people were wanting sidewalks there to get to the new elementary school. That has got to be a major, major project.

Bob Hart, City Manager – George, you want to help us out on that?

George Marshall, City Engineer – That is the one project I am concerned about. Whether or not we can accomplish it because it is a big endeavor. There is no question, you're absolutely right but at the same time it also serves a very good need because there is no other pedestrian access to that, to that school, so it is a challenge.

Bob Hart, City Manager – Shady Shores is also applying and would get part of the school as well, around on their side of the school.

Mayor Heidemann – I mean, when we put this in for a \$700,000 grant, knowing some of the problems that we may encounter, is \$100,000 going to be enough of a buffer?

George Marshall, City Engineer – I don't think we will get funding for the entire \$600,000 at the end of the day. They will probably pick a few of our projects, you know, we are submitting a variety of locations around the city and they are going to pick a certain portion of it but it is a very competitive application process and we are not going to be the only city submitting. You do not get the money if you do not try though.

Bob Hart, City Manager – So that is one that I wanted to mention, is on the agenda. The second is, we got the work with Kimley Horn to do the Comprehensive Land Use Plan update and the Parks and Trails Plan update. So what we have in here that we have talked about is going back and creating a Park and Recreation Board. And the whole idea is we are trying to position ourselves so that we can go out and apply for some grant money going forward, that is why you see the launching of the Parks & Recreation Board.

Cody Collier, Director of Public Works – I would like to touch base with one of the items, The Green Ribbon project, I know we have had some questions on that and they awarded in the winter of 2018. They were supposed to begin in the spring, they did not, then it was supposed to have been the summer, and they have not. Up until about two hours ago, I had not had any more word but I just received an email scheduling a meeting at TxDOT's regional office, Monday September 12th and that is when I should finally have some dates that they are finally announcing to let us know when that project will begin. So as soon as I get that, I will get it back to Bob and get it out to the City Manager's message so we finally have some headway on that project that we have been working on for a year and a half.

Mayor Heidemann – What is that actually, I mean, is there any out of pocket cost for us on that? I know they put up the money for the landscaping and everything and once they are through, they just give it to us and that is when our obligation starts, is that correct?

Cody Collier, Director of Public Works – Correct, the only out of pocket we had, we paid for the landscape irrigator with Kimley Horn to go in and basically pull all the plans and draw the project and get it submitted to the state and then once that is all completed, after that, we are done, the state funds the entirety of the project and all we do is maintain it from then on, which we are currently doing. We are already mowing 2181 and maintaining it now so we will not see any difference there. The only difference will be the new portion of 2499, we will start doing work on the newer portion, the northern portion of 2499 up to Lake Sharon and maintain that section but that will be the only difference, but it is not that much.

The summer camps, I was trying to work on that this year we could only get one venue this year and it was filled up, I think, by the end of the first day, we were full. We are going to try hard, working back with Crownover and Shady Shores Elementary schools to see if we can partner with them to get two for next year because that was a really popular event and there is a big community need and we are going to try to make that one happen next year.

Council Member Johnson – Community Park and mowing contract, you finally decided you are going to get a contract out there to get it mowed?

Cody Collier, Director of Public Works – Everything outside the actual game fields, yes. We want to continue our staff maintaining the actual game playing fields with our mowers and our equipment to our standards. Everything outside of the fence, we would like to contract it out and that would free up a lot more manpower to maintain fields and irrigation systems.

Bob Hart, City Manager – Gary is actually in Austin today and tomorrow, when we are going to be presented with the Outstanding Water System designation with TCEQ.

Council Member Garber – We need to put that on the front page of our website. I am very proud when our water quality report comes out, there is somebody selling water filters and Corinth has arsenic in its water and you need to buy a \$4,000 filter. I can't tell you how many times I talk to people and tell them 'Oh No'.

Cody Collier, Director of Public Works – That is exactly why we wanted it, it is the state speaking for us. It helps us to get the message out there. Great department, we have a lot of great people.

Bob Hart, City Manager – In Finance, the only comment I wanted to make is we are recommending to pick up the Court Bailiff and again, what we are really doing is trying to beef up the revenue collections from fines and delinquent fines.

Mayor Heidemann – You're saying that could become revenue neutral?

Bob Hart, City Manager – I think it will be close, based on my prior experience, I think it will about three or four years, revenue neutral and then it will start sliding again and it won't completely cover it but generally the backlog helps.

Lee Ann Bunselmeyer - Director of Finance, Communication & Strategic Services – One of our goals is to be more involved in the warrant round up program on an annual basis. Back when we had a full time bailiff, Officer Fraga used to run it for us and he always collected about \$50,000 through the warrant round up and since then, since we are not fully participating in it, we just don't have the additional revenues that are coming in so I do believe early on, this bailiff will at least pay for 50% of its salary, if not more. Specifically, just through that program.

As for our other program funding, we have asked for the restoration of our accounting clerk. That was eliminated the same time as the bailiff, I am thinking 2013/2014. At that time, those duties were passed on to our Administrative Assistant position, since then that position is no longer in our department either, it was reclassified so that we could get on a communications position. We thought we could handle the additional workload but then we also lost a position to Human Resources, the payroll function went and she was helping us with some of those duties. We are struggling with segregating Accounting, Purchasing and Accounts Payable so we feel that adding that part time position will help us streamline all those processes.

The other thing that will be a priority for us is getting the utility customer portal up and running. Cody and his staff have done a good job getting all the receivers and transponders on the ground. All that process will be finished by the end of September, at that point it transfers over to us to start working on the utility portal. We are going to clean out and clear out all the data that is currently in that portal so that we can start getting consistent readings now that everything is in and we can get those hourly readings. It is going to take about 30 to 60 days to build back up some history in those accounts. We feel we will be back the first council meeting in December to do a demonstration and open it up for the council. We will probably open it up for our ambassador group as well in December so they can do the testing for us and then we will do a launch, city-wide, the first of January.

Our staff is currently working through the upgrades of our Incode system. We launched the financial system, which was phase one, now we are working on utility billing and court and they will be coming online the first of the new fiscal year.

Bob Hart, City Manager – On Planning and Development, the big issue obviously is the comprehensive plan that is coming up.

Helen-Eve Liebman, Director of Planning and Development – This evening we have the contract for Kimley Horn for the Comprehensive Land Use update as well as a new portion which is the park master plan, as well as the trails. I think all of you have received notification, it is quite a long process and an endeavor, a lot of community input. Our consultants, I believe we are using the city's money very wisely and strategically utilizing their talent and that will be a great project and plan for our city. We are excited about that, it is going to take up a lot of our time this next year.

Our department overview, we have no new program funding planned. We have a great staff, we all work together really well. We have worked hard to provide the feeling that we are pro-development and open to alternatives and quality development, keeping our eye on new trends. I could not do it without the folks in our department.

Some of the projects that you see for our goals, we have ISWM plan, you will be seeing that in the next month or so, on your council agenda. We have a number of engineering projects, the Dobbs Road, Lake Sharon, the extension of Lake Sharon/2499. We are working on the Climate Resiliency plan, there will also be a report, so you will see some of that in October and then later next year.

Bob Hart, City Manager – Bond rating agencies are really wanting to see a lot more effort by the cities on that so we are at the front end of some of the new reporting requirements we have to do in that area. That Moody's was making a big deal of that at the end of last week and the early part of this week of how they are going to start ratcheting up on some of the reporting requirements for cities.

Helen-Eve Liebman, Director of Planning and Development – GIS, they are working on a public works and order management information as well as locating all of our existing facilities. The Quail Run water tower, an associated water line, it will also be going on this next year as

well as the Lake Sharon extension and Lynchburg Creek, which continues to be a project for us.

Lee Ann Bunselmeyer - Director of Finance, Communication & Strategic Services – I think probably the only comment that I could make is that we are adding \$232,000 if the council approves the budget as is, to ongoing. We are adding very little to continue on to the next year. There is and it is really hard to tell on this chart but when you look at the ongoing revenues, when the ongoing expenditures, we have about a \$250,000 where revenues are over the expenditures and we did that so when we go into fiscal year 2021, we have anticipated or projected a 3% merit increase, a 10% increase in health insurance, just to give us, you know, I am always a little conservative on health insurance because you don't know. Just because we have had two good years, we could flip and actually have an increase in cost. We have also gone in on the expenditures and we projected some increases on some of those things we know increase every year; like maybe the drugs from the fire or chemicals in Parks & Recreation and so forth, so we built those increases into our projections and so with that little buffer that Bob has talked about, going into 2021 with those assumptions and with the Senate Bill 2 caps in place, we feel that we will be in a good place. We will have an increase in revenues over expenditures of about \$80,000 into 2021. We did not project any further out into our financial forecast although we do have it, just because there are so many assumptions when you get into year three because of the fire contracts. We just do not know what that funding is going to be. I do think that even with Senate Bill 2 we are fine, we built in those little buffers to absorb those increases in the SAFER.

Council Member Pickens – I have a question about the Safe Routes to School, the program that you all were talking about. I know that if you have a safe access to school, that school districts do not necessarily have to bus you if you live within a mile of the school you go to. So if the sidewalks get put in, I know there is not even adequate sidewalks for Corinth Elementary, there is a portion there that does not have any sidewalk. And then for Shady Shores elementary, so then that may reduce the amount of bussing that the school district has to do because they won't bus. So wouldn't that be the school would save money with having those sidewalks put in so why isn't this the program too, for the school district? Do you all know?

George Marshall, City Engineer – The school district can apply for the grant.

Council Member Pickens – For this same program? Do you know if they are?

George Marshall, City Engineer – I do not, the thing is, typically the city is responsible for sidewalks and they are responsible for their school. Typically when school districts get involved in the Safe Routes to School program, it is to develop a traffic plan around their campus to make it more pedestrian and vehicular friendly, designating ingress and egress for that.

Council Member Pickens – Now I know that if you live literally, across the street from a school they have to bus you because there is not adequate sidewalks.

George Marshall, City Engineer – I am not familiar with that.

Council Member Pickens – Unless something has changed since my daughter but that is how it was before. They have to have a bus available to everybody because there is not an adequate sidewalk so I was just curious as to why we are buffering in \$100,000, kind of worrying that we will go over that with the Shady Shores elementary but it would benefit the school district because then they wouldn't have to bus a lot of those kids, they would be able to walk to school. I guess that was my question, if the school district is also looking into doing that as well to then reduce their transportation costs?

George Marshall, City Engineer – It is something I will have to look into.

Let me move into the sales tax funds, the first one, we will start with EDC.

Jason Alexander, Director of Economic Development Corporation, it was recommended that the city council consider approving a budget for EDC that includes \$150,000 for the wetlands and flood mitigation studies for Lynchburg Creek because there is a lot of development activity that we expect to take place within that watershed.

Under the project incentives, you see \$200,000 which remains flat. That is divided between the business improvement grant program, which is for facade, signage, landscaping improvements as well as infrastructure. Also I want to jump under promotional materials, that is \$75,000 that the EDC recommended for a contract with Slate Communications to help us with marketing and promoting the Transit Oriented Development District as well as the TIRZ and that would include a new website, it would include pamphlets and other materials as well as even video material to kind of help get developer interest into Corinth and that would be a collaboration between the EDC and Communications on that. Everything else remains the same.

Mayor Heidemann – Will that new website tie into our city website then?

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

Bob Hart, City Manager – Next is the crime control district, you got two officers in there and then the lease on the fleet is in there.

The street maintenance will need an election this year to continue that.

Mayor Heidemann – Is that going to be held the same time as the fire?

Bob Hart, City Manager – I would like to come back and have that conversation with you the next couple of meetings, once we get the ballot question resolved with the Secretary of State and the Comptroller.

Mayor Heidemann – This goes to Cody I believe, road condition software? Can you kind of give us a little insight on what that actually is?

Cody Collier, Director of Public Works – It is an important component for asset management basically, we saw what the end of our asset results were for the city, what our road system was valued at and everything we had. The road system asset management was based on age data so it is a very broad spectrum, saying a concrete road should last you 40 years, what they did was look at our concrete roads just age based and said if your streets are 20 years old, you're 50% deteriorated so it classified your road at a certain structure. Pavement condition software, what it does, you go out and you view and you structure the pavement in segments and what it will actually do is give you a true condition rating of the pavement. If you use a zero to one hundred scale, most of municipalities like to see about 85% pavement condition index and that is usually your target number so you want to keep your pavements at 85% or higher which is the good to great category.

What it helps you do, is you can then look at a map of your entire city and it will literally color grid all of your road segments and put them in different color categories. It will even help you assess budgetary requirements for repairing/replacing the roads. It will help you do preventative maintenance planning so you could put a few cents in here and it will save you how many dollars here in three to five years. So really, it is a very important component for asset management, that is where we are going, that is the big focus. Roads are a huge component of our assets in this city. We know what we have, we know what they are worth, the next step is to know the true actual condition of our pavements are with all those variables established then you can put together a very good, responsible maintenance program to maintain them and squeeze every possible year you can get out of them and save a lot of money.

Council Member – Burke – What tool is measuring the quality of the pavement?

Cody Collier, Director of Public Works – There was an old way of doing it where somebody who's education and understands different types of pavement distresses would literally drive and take a block segment and they would actually evaluate that block segment and rate it based on what type of pavement distress you are seeing. It has come so far forward now, I don't personally, fully trust it 100% yet but it is proving itself to where it is a truly automated system, it is AI. You literally drive your vehicle and you have a series of cameras on the car that will look at the road while you are driving and they will gauge the pavement and you can even have deflection tests to where you can tell how bumpy the road is and you have little computers that can gauge all of that. There is a lot of sensors that can gauge the quality of the road but the system we are looking at is kind of a hybrid, it will do a little bit of both. It is going to rely a lot on equal looking and gauging quality of the road as well as some software for ride-ability and it can detect some of your bigger pavement stresses/distresses.

Council Member – Johnson – So it will measure vibration in a car and then it is going to take inputs by a person? And based on those, score the road?

Cody Collier, Director of Public Works – It can, yes. That is what I'm saying, it is going to be a combination of a lot of factors. A lot of your residential streets, you don't need a lot of vibration or deflection, that is usually for your higher speed roads for like highways but there are some of our roads in town that it does come in handy. If you get some asphalt roads that just looking at it, it looks fine but as you drive it at a 30mph, you will notice your car, so those things are detected and it helps, and it rolls it all in and it will tell you that based on the type of distress. It is a really good investment and I know when you say software, software is expensive but that is well worth it.

Lee Ann Bunselmeyer - Director of Finance, Communication & Strategic Services – These are our special revenue funds which are restricted by either state statute or by city ordinance as to their use. Our hotel occupancy tax, can only be used for promotional or to bring in tourism to the city so we have about \$23,000 to pay for some of the artists that we bring in, the bands and advertising for Pumpkin Palooza and this is the one where we are proposing to add a part time or seasonal position to help with marketing special events instead of contracting this out. We also have some monies in there for additional special event magazine advertising. We started doing that this year and it seems to be getting the word out and is doing very well for us. We also budgeted some monies in, about \$15,000 to come up and help us with some promotional with Slate Communications. We have talked about possibly doing a state of the union or an annual report to email out and so this an area where we could use those funds.

Keep Corinth Beautiful, we continue with their beautification programs and when they have the big event and so forth that they can use to buy supplies and then some monies for training for the President and Lana to go to the state conference. So it is about \$10,800 that we have budgeted there.

The Park Development Board can only be used for improvements to neighborhood parks per city ordinance. We do have some monies in to repair some park shade structures for \$5,000. We have to repair some shade structures at Community Park that are in need of replacement. All in all, about \$25,000 between those two funds for the shade structures.

And then, in the tree mitigation fund, we have \$50,000 budgeted for trees. This is part of the Tree City USA and so to be eligible for it, we do have to demonstrate that we do have monies budgeted for that program. It doesn't mean that we will spend all \$50,000 on trees but we do have to budget it and show that line item within our budgets.

Next, we have Child Safety program fund, we get that revenue from Denton County for fees on child seats, violations with child seats and we can fund the crossing guards and we can also fund the Denton County Child Advocacy. They did request, I believe, about \$15,000 this year but we never try to exceed our expenditures to our ongoing revenue in that fund so we max it out as much as we can and this is consistent with what we paid them last year, which was \$11,900.

In the court security fund, those can only be used to secure the courts while it's in session, or for the staff. If council approves the new bailiff, we will equip it with the body cam, the ticket writer and so forth out of the court security fund and also provide security training for the bailiff. It is mandated that they have to have it on an annual basis now, if they are providing any type of court security.

Also, I went ahead, because this is the first year. I left \$5,000 of overtime in there for the police department because with that bailiff, if they are on vacation, if they are sick, we might require to have to pull a police officer in during those times and since this was the first time we were doing it, I didn't want to just zero that line item out and put a different strain on the police operating budget so we have \$5,000 there.

The court technology fund, we have a replacement program so that we replace at least three body cameras a year so those budgeted \$7,500 and then the court technology replacement, that is money that is transferred into the court; the tech replacement fund, for the future replacement of systems and computers for the court.

And then for the confiscation funds for both state and federal, we go ahead and do an estimate based on prior year history, as to how much we are going to collect from seized property, on both the state and federal level and budget that money. If they do not collect those, then we do not expend them but we do go ahead and budget it during this time. And so, those can only be used on programs that enhance the police department.

Our internal service funds, this is where we have all our vehicle replacement funds and also technology and meter replacement. For the three replacement funds, general fund is mostly for the enterprise lease payments and also for the aftermarket on the vehicles. As part of our lease, we do not put all of our aftermarket into the lease price. We try to pay as much of it as we can out of our capital and fund balance, so you see that with police its \$67,000 for police equipment and then \$9,000 for streets.

In the fire vehicle replacement fund, we have about \$350,000 budgeted, this is also for the lease payments for the Tahoe' for the command staff but we also include the lease payments in here for all the engines and all the ambulances and that is a total of \$280,000. And they are receiving one or replacing one new vehicle this next year and so the aftermarket for that will be \$16,000. For the technology replacement fund, we try to replace the computers in all the departments, about one every five to six years. And so this next year, utility billing, HR, court, planning, community development and engineering are up for replacement. Also, in the past we used to lease the MDT's for police and fire, a couple years ago we started incorporating them into the technology replacement so now we just purchase them every five to seven years, instead of leasing them. And that has turned out to be a really good program for us.

On the utility vehicle replacement, it's the lease for all the vehicles for water/wastewater which will be \$70,000 and then there is an aftermarket for one of the trucks, I think that is one of the cranes that we are replacing this year and so the aftermarket is \$41,000.

On the utility meter replacement, this is just for ongoing maintenance, if a meter breaks, then they have the funds to go in and replace it and it doesn't impact their operating funds and we have budgeted about 449,000.

Finally, when we look at restricted funds, we have the impact or escrow funds, in the water/wastewater impact fee fund, we budgeted \$600,000 for the Parkridge sewer line and \$96,000 for the sewer line on the Parkridge collector road. And then in our roadway impact fees, we have the \$25,000 for the Shady Shores coordination study that Bob spoke about at the last meeting. So, overall, the impact fees, I think this year we collected quite a bit, I think \$500,000, I know, in the roadway impact fees so there will be enough money collection this year that we can move over and do some more projects in the coming years.

Bob Hart, City Manager – The Parkridge sewer line, we are in a position to move forward in all that area. With that, we have two more.

Lee Ann Bunselmeyer - Director of Finance, Communication & Strategic Services – This is just a high overview of what we have budgeted in the CIP for this year, which is in total \$3.1 million on the 22nd we will come through and talk specifically about every project that is on this slide but this is just a summary by department. With the projects that we have proposed in 2019/2020, we do not need to issue any debt, we will take monies from the impact fee funds, sales tax funds and operating funds; however, when you look at 2021, you see a big number at \$29 million in that, those were projects that were identified, primarily as priorities for the TIRZ and the TOD. Now, obviously, we probably won't be able to issue \$29 million next year so as we start looking and really getting down to the specifics, we are going to have to prioritize that and then start shifting some down into the other years. But at a first glance, when the staff was looking at those, it was those that were tending to bubble up as a priority but we will have to refine them.

Bob Hart, City Manager – A lot of this, when David Pettit comes back with his funding plan with the TIF and all, then we will start to have some conversations. On Tuesday we met with DCTA about the rail stops and out of that meeting we got some changes, some street alignments and streets, so this is a real fluid kind of number right now and I think it is going to stay fluid at least through about January/February and we do not know what the county is going to kick in on the TIF stuff either so this is all assuming zero. And I know that won't be at zero so sometime about January/February, we will start having a lot more conversations and then you are going to see a much more realistic number going forward.

Lee Ann Bunselmeyer - Director of Finance, Communication & Strategic Services – I would just like to remind council that when you adopt the budget you only adopt the first year of the plan, you do not adopt years two to five, those are meant to be a moving target and be reprioritized each year.

Bob Hart, City Manager – This goes to the heart of where we are with the debt service, so you can see, here is where we have got to have the penny. We are going to be at capacity next year where we can do about \$4 million in debt. So that is another that we are going to have some conversation. Once you start getting a clear picture of what is going on with David Pettit's report, once you know kind of where the county is, and then you start doing the priorities, then you can start adjusting here and the COG too. We are going to have a much better sense, you know, six months from now about where we are there but then you have to anticipate about what the legislature is going to do in the next session and my guess is, there is going to be a major push to do away with CO's. The certificates of obligation, where the only way you can incur any debt is through elections and that is tough to do, \$2, 3, 4 and 5 million, debt issues, so that is going to kind of make us think a little different, long term strategies too. I would keep, in my hip pocket idea, we may want to issue some debt sometime next spring as a cushion. We will know that based on the county and David's report.

Council Member – Burke – I just want a refresher, what determines our debt capacity? Is that based on our desire to stay in a certain bond rating or is that illegal based on our revenue?

Lee Ann Bunselmeyer - Director of Finance, Communication & Strategic Services – What we define debt capacity is just within your current tax rate or what we are proposing. We look at how much your annual debt service payments are and we anticipate what the revenue is and then the difference is the capacity. As far as a municipality, you can issue as much debt as you want to pay as long as your tax rate does not increase \$2.50. Under Senate Bill 2 there is no threshold or no cap as to how much you issue and how much you tax on the debt side.

Council Member – Burke – So that is a responsible threshold, our current tax rate.

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

Bob Hart, City Manager—looking at the schedule now, we will come back on August 22nd and we will be talking about the Public Works, the utility side and all the CIP.

Council Member Henderson – Are we going to talk any about this business agenda, item number five? So I know we talked about the tax rate, I am still not comfortable with that. So whatever we approve tonight, we won't be approving the tax rate until after the hearings.

Bob Hart, City Manager – All you are going to do tonight, you are going to call a public hearing to consider the tax rate and you cannot go higher than \$.54500, you can go down, you just cannot go up.

Council Member Pickens – Unless you have an election.

Bob Hart, City Manager – You cannot go at all, that sets the cap.

Mayor Heidemann – Once you define the cap, you are as high as you can go.

Council Member Henderson – So after, we are going to set the hearing tonight but we will be able to have more discussion on this because I am not confident.

Bob Hart, City Manager – Yes, and then you will have the public hearing on August 22nd. You will also have another public hearing on September 5th. You don't actually vote until September 19th.

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.

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 of Texas clearly conflicts with chapter 551.

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.

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.

After discussion of any matters in closed session, any final action or vote taken will be in public by the

City Council. City Council shall have the right at any time to seek legal advice in Closed Session from its Attorney on any agenda item, whether posed for Closed Session or not.

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

There was no Closed Session

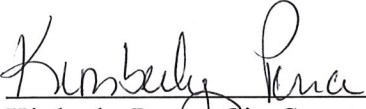
ADJOURN:

Mayor Heidemann adjourned the meeting at 7:08 p.m.

AYES: All

Meeting adjourned.

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



Kimberly Pence, City Secretary
City of Corinth, Texas

