

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

On this the 21st day of September 2017 the City Council of the City of Corinth, Texas met in a Workshop Session at the Corinth City Hall at 5:30 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:

Bill Heidemann, Mayor
Joe Harrison, Mayor Pro-Tem
Sam Burke, Council Member
Lowell Johnson, Council Member
Scott Garber, Council Member
Don Glockel, Council Member

Members Absent:

None

Staff Members Present:

Bob Hart, City Manager
Fred Gibbs, Planning and Development Director
Cody Collier, Public Works Director
Lee Ann Bunselmeyer, Finance Director
Chris Rodriquez, Finance Manager
Angie Watson, Utility Billing Supervisor
Guadalupe Ruiz, Human Resource Director
Jason Alexander, Economic Development Corporation Director
Greg Wilkerson, Asst. Chief of Police
Randy Robinson, Sergeant of Police
Curtis Birt, Fire Chief
Kim Pence, City Secretary
Brenton Copeland, Assistant Manager, Technology Services
Mike Brownlee, City Engineer
Lori Levy, Senior Planner
Mack Reinwand, City Attorney

Others Present:

Jennifer Bertram, Senior Account Executive, Enterprise Fleet Management

CALL TO ORDER:

Mayor Heidemann called the Workshop meeting to order at 5:30 p.m.

WORKSHOP BUSINESS AGENDA ITEMS:

1. 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.

Consent Agenda item discussion on Regular Session agenda:

- 7. Consider and act on Amendment No. 6 to the Lake Sharon Roadway design contract to add Construction Phase Services in the amount of \$27,550.00.**

Councilmember Johnson - what is it that we are adding?

Bob Hart, City Manager - it is for the engineer to help us with inspection services and then do the calculations, the back-up, additional drawings and so forth.

- 8. Consider and act on an ordinance amending the Subdivision Regulations being a part of the Unified Development Code (UDC) Ordinance No. 13-05-02-08, as amended, Section 3.04.05 E Security for Completion of Improvements.**

Councilmember Glockel - if you look in the Ordinance under the WHEREAS the 4th WHEREAS, it says "the City Council to amend the Unified Development Code by adding the State of Texas from which a letter of credit may be drawn".

Mack Reinwand, City Attorney - if we are going to get a letter of credit, they are going to issue it in Texas, we need to keep it that they are going to be licensed in the State. It is still a national bank as long as they are licensed here. We will clarify in the WHEARS of the Ordinance where it says State of Texas, adding a bank licensed to do business in the State of Texas from which a Letter of Credit may be drawn.

Business item discussion:

- 10. Consider and act on an Ordinance adopting the 2017-2018 Annual Budget and appropriating resources for the budget year beginning October 1, 2017.**

Bob Hart, City Manager - I have handed out a summary sheet. I reduced the Safer Grant from 9 to 3 for the purposes of the budget going forward. Whatever we do with the Safer Grant, we would come back to the Council in January to move forward on that.

If you do the Effective Tax Rate item 13 will not need to be voted on because it is not an increase. We are prepared to go either way.

Councilmember Garber - are there any other differences between these two proposals other than the 6 firefighters? Does the effective tax rate include any other cuts?

Bob Hart, City Manager - both of these are identical. We removed 6 of the firefighters which includes both the expenses for the 6 firefighters and the presumed Safer Grant revenues. The \$588.00 for the Board compensation has also been removed. Everything else is the same on what was proposed.

- 11. Consider and act on an Ordinance levying and adopting the tax rate for the 2017-2018 Fiscal Year.**

Councilmember Harrison - I can support the effective tax rate. I cannot support the \$0.55000 tax rate. I cannot agree to the budget until I know what the tax rate is. There are things in the budget that I have a problem with other than the Safer Grant. I asked to do the tax rate before we get to the budget but we cannot do that.

Mack Reinwand, City Attorney - that is part of the workshop that we are having to discuss all of this. There is no reason why you cannot discuss tax rate and budget during this meeting right. The law requires is you have to have a budget in place before you act on the tax rate. As far as discussing it and getting comfortable with the two, you can discuss right now in this workshop.

Councilmember Glockel - I support the effective tax rate.

Councilmember Garber - I support the effective tax rate. Economic Development is coming and we had to fix some issues with the water rates. We have both proposals in front us and we will be able to do everything we have talked about with either one of these tax rates.

Councilmember Burke - we have looked at several different models based on how we might staff the fire station. We know that is a big contingency that is coming. A big part of the push back on the water rate increase is that it came all at once and that was in part due to a rosy forecasts or forecasts that turned out to be rosy and part on this zero budgeting, there is no margin for error. In my opinion this effective tax rate is a budget with no margin for error.

Councilmember Johnson - I believe in order to continue the commitment that we made, we need to be very careful about how we manage the tax rate. As I look at it our original budget provides us with some savings to get out of this debt hole a lot quicker and for the 2019/2020 budget to start to show some revenue and you will also start seeing some more revenue at that point coming on from the Economic Development. I would rather be in the situation where we do in my mind that is right and go with the \$0.55000 and go with the understanding that yes, there is going to be some heat.

Councilmember Garber - I will agree if we need an extra dollar in the budget as long as somehow it is represented in the budget. I am amiable to voting towards something if it is specific.

14. Consider and act on a master agreement with Enterprise Fleet Management to finance and manage the replacement of the city's fleet.

Bob Hart, City Manager - one of the questions Council had was could we separate public safety vehicles and the answer to that is no. It is all or nothing.

Councilmember Johnson - why is that?

Jennifer Bertram, Senior Account Executive, Enterprise Fleet Management - we have just within the last 6 months moved in to leasing emergency response vehicles and it is due to the exposure that we have as a company would be emergency response, so one of the things that was a requirement, that it was a balanced approach and a City wide approach in order for us to move to that segment.

Councilmember Johnson - but if we took a step back and looked at other organizations that lease vehicles, are there other organizations do we know if there are other companies that lease specifically for emergency response police and fire type vehicles?

Jennifer Bertram, Senior Account Executive, Enterprise Fleet Management - I am not aware of any companies that lease exclusively emergency response vehicles only.

Mayor Heidemann - where do we lease our fire trucks from?

Lee Ann Bunselmeyer, Finance Director - Government Capital.

Mayor Heidemann - is that a leasing organization?

Bob Hart, City Manager - what Government Capital does is they loan money to the City in essence in what they use as security for that loan are the vehicles.

Councilmember Garber - does Enterprise have to be voted on tonight as part of our budget?

Bob Hart, City Manager - we have a window in ordering the vehicles and I am not sure exactly when those windows close on us.

Councilmember Garber - can we have a workshop session as soon as possible to discuss the Enterprise?

Bob Hart, City Manager - October 19th is the next Regular meeting. We could come back on the 28th when you are looking at the Board appointments and do it then. That would be a week from today.

Councilmember Garber - I have major concerns and I don't understand the process. I see that costing us a lot of money that we are not currently funding. I would even consider keeping the 0.55000 tax rate if the cash was going to buy the vehicles that we need. I feel this is such a long term commitment and will be very difficult for me to vote on.

Councilmember Johnson - the one thing I want to prevent us from doing is going out on a CO to buy vehicles that we only keep for 3 years but yet pay for, for 15 years or end up refinancing in to something else and I want to avoid that.

Greg Wilkerson, Assistant Chief of Police - there is a considerable amount of time it takes, as soon as we get the authorization from Council that next day we are getting those vehicles on order and it may be May or June before we get those vehicles on line.

Councilmember Glockel - nothing takes us past the point that we lease our last vehicle. I would like to see some numbers on 10 years out. What are we looking at in 10 years?

Jennifer Bertram, Senior Account Executive, Enterprise Fleet Management - essentially it is sustainable after 5 years. I don't think it will take you 5 years to get to the point where you don't want to work with us anymore. If resale is not where we said it was going to be most likely you will decide not to be a partner with us. I understand what you are saying about the 10 years but essentially you are taking the equity from the first five years and rolling it into the next five.

We will be watching the market values on the vehicles and providing you recommendations and showing what your equity position is year over year.

Councilmember Glockel - I want to know what our cost will be after 5 years. Every chart only goes to 5 years.

Councilmember Garber - if we could also do our own projections over what we have been spending versus if we decided to commit \$450,000 a year towards buying vehicles and doing it ourselves what would that look like? How many less vehicles are we able to replace doing that?

Bob Hart, City Manager - we will bring this back to you a week from tonight.

Mayor Heidemann will pull item #14 from the Regular Session agenda.

15. Consider and act on an ordinance approving the Water and Wastewater Rates in the master fee schedule for the Fiscal Year 2017-18 as presented by Nelisa Heddin Consulting, LLC.

Bob Hart, City Manager - The last time we only showed the 10,000 gallons for seniors. When we did the meeting the last time we did not have the analysis for the 5,000 gallons for seniors and that is what you see here.

The 0-3,000 gallons is \$2.15 and 3,000-5,000 gallons is \$2.65 so it is slightly less than the current rate of \$2.77 and that is how we are offsetting some of that base cost increase.

Councilmember Harrison - are we going to change the base rate for next year or just pass thru the cost of water?

Bob Hart, City Manager - the way you have been talking is that we would pass through the rate from Upper Trinity. The issue that you will be facing and it may not be next year but certainly the year after is when we go in and build another water tower and do the elevated storage and the lines associated with that. The City component in of those rates are not built in this rate structure so you will have to raise rates to cover that.

Councilmember Burke - could we use general funds to help offset the cost of the water tower?

Bob Hart, City Manager - yes, you can legally do that.

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 Government Code.

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 posted for Closed Session or not.

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

ADJOURN:

Mayor Heidemann adjourned the meeting at 6:57 p.m.

AYES: All

Meeting adjourned.

Approved by Council on the 7th day of December 2017.

Kimberly Pence
Kimberly Pence, City Secretary
City of Corinth, Texas