

BELTON CITY COUNCIL WORKSHOP
JUNE 25, 2013 – 4:00 P.M.

The Belton City Council met in work session in the Kinchion Room of the Harris Community Center, with the following members present: Mayor Jim Covington, Mayor Pro Tem Marion Grayson, Councilmembers David K. Leigh, Craig Pearson, John Agan, Jerri Gauntt, and Dan Kirkley. There were no members absent. Staff present were Sam Listi, Connie Torres, Cristy Daniell, Mike Huber, Byron Sinclair, Paul Romer, Karen Evans, and Susan Allamon.

The Mayor called the workshop to order at 4:05 p.m.

Conduct Drainage Fund budget workshop.

Assistant City Manager Cristy Daniell gave an historical summary of this fund created in 2007, following implementation of Phase II Storm Water regulations by the Texas Commission on Environmental Quality (TCEQ). She presented the proposed Drainage Fund budget with the following key elements:

- Current monthly billing of \$30,225 will generate \$362,700 in annual billings.
- Residential rates are \$3.00 per month, and non-residential rates depend on the square footage of impervious cover.
- Personnel expenditures include two full-time staff positions, with 1/3 of the GIS position also to be paid from this fund, and 1/4 of a new Environmental Specialist position to help with backflow prevention monitoring, pretreatment requirements, etc.
- Services include several items such as Design Standards update (\$11,000), Public education (\$4,000), and engineering (\$2,500).
- Debt service of \$25,225 for the City's share of 2008 CO's used for drainage facilities in the Avenue D project.
- Capital outlay expenditures include \$56,000 for a Bobcat, \$8,000 for asset management/work order system, and \$6,000 for an additional flood monitoring station on Nolan Creek.

Public Works Director Mike Huber gave a presentation highlighting the budget themes he will focus on: Maintenance, Safety, and Technology. He reviewed the City's storm water base map, and showed maps identifying flood monitoring stations along Nolan Creek, and the Connell Street Drainage Improvement project. Mr. Huber presented a drainage basin map in the area of Beal/Blair Streets and presented information about an "open drainage concept", a possible solution at a cost lower than the \$500,000 estimate (about \$175,000), to provide a 10' wide, 1' deep channel. Councilmember Pearson asked about the possibility of BIRD partnering on this project in the \$500,000 solution, since many of its facilities are in this location. Discussion occurred on the pros and cons of alternate solutions. Mack Parker, KPA Engineers, concurred the open drainage concept is an older consideration than what's typically used now. The Mayor stated he would like to hear more ideas about how to make this area safer for citizens, and ways to keep children out of the area when it's raining.

The Council talked about these and other potential drainage projects, and whether it was time to look at increasing the Drainage Fee. The City Manager stated the City's long range drainage master plan does identify projects to be scheduled as needed and as development occurs. The Council requested staff monetize the projects on the master plan, to include a safety ranking, similar to the proposed street rating plan. The City Manager agreed projects will continue to emerge, and staff will look at the master plan and develop a rating system, to include the Beal/Blair area. He indicated a budget adjustment may be suggested at mid-year, but agreed he didn't want to raise the fee if not necessary. No action was needed.

Conduct workshop regarding adoption of a long-term debt policy for the City of Belton.

Assistant City Manager Cristy Daniell presented a proposed policy based on direction received from the Council at the June 11th workshop. She indicated staff is suggesting this policy be reviewed annually in conjunction with annual review of the City's investment policy.

Councilmembers Pearson and Leigh indicated they both liked the policy. Councilmember Kirkley asked if bullets one and three on page 1 under Conditions of Debt Issuance, could be combined since both are purpose related. The Mayor stated if desired, that could be included in a motion when the policy is adopted (scheduled during the regular meeting following this workshop), and several agreed a clause should be included to provide for annual review in conjunction with the investment policy.

Conduct workshop regarding alternative financing methods for capital improvement projects – Certificates of Obligation (CO's) and General Obligation (GO's) bonds.

The City Manager indicated staff needs input regarding the Council's preference for CO or GO bond financing for the recommended 2013 CIP. He presented a comparison of financing the CIP with CO's vs. GO's, and reviewed a funding summary for all projects. Ms. Daniell reviewed debt service payment schedules for a TIRZ debt issue (\$1.7M), the original GO/CO debt issue (\$4.125M), and a GO/CO debt issue with an additional \$1.0M included for additional funding for streets (\$5.125M), as recently suggested by some Councilmembers. She also presented a payment schedule for a \$5.125M issue, utilizing debt service fund balance, assuming very conservative 2% growth, allowing the City to absorb payments instead of passing it on to taxpayers.

The City Manager gave an overview of pending commercial/industrial development coming on line in the future, and the estimated values/impact on the City's ad valorem tax and debt service, and a similar recap of anticipated residential development (years 2012-2016), excluding TIRZ properties in both schedules. Councilmember Leigh stated based on the information presented, he thinks the City could take advantage of the lower interest rates and issue bonds now, and be able to do so without a tax increase. Several members agreed, as the Mayor indicated the Council will continue this workshop following the regular meeting. At 5:25 p.m., the Council recessed to the Wright Room for the regular meeting.

At 8:05 p.m., the Mayor reconvened the workshop. (Councilmember Leigh had departed after conclusion of the regular meeting.)

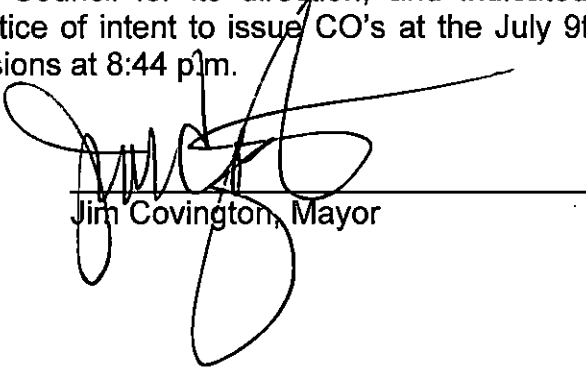
The City Manager discussed ways to craft a potential CO issue, and suggested it be as general as possible to allow flexibility. He mentioned the City's financial advisors have indicated they have seen a trend with interest rates continuing to increase, matching high levels not seen in the last two years. Mr. Listi stated it seems the most prudent thing to do is to seek Council's authorization to issue CO's. General comments from the Council were as follows:

- Councilmember Agan asked about different growth rate scenarios, and Ms. Daniell indicated she could provide Council with other variations.
- Councilmember Kirkley asked about crafting a resolution to allow the City to use as much debt service fund balance as would be prudent, so as not to need a tax increase until necessary. Ms. Daniell indicated that level of detail is typically not included in a resolution, but can be direction Council provides to staff.
- Councilmember Pearson asked about the FY 2014 budget, and if the City can fund the Affordable Care Act, etc., without a tax increase. Ms. Daniell explained a 5% increase will be required to fund the Act, with another 5% for premium increases – a 10% total. She indicated at this point, she is uncertain the extent of departmental requests that can be funded in the General Fund.
- The Mayor stated he thinks these projects absolutely have to be done, and though he would like to mitigate a tax increase, he agrees with staff's idea to implement a tax increase with a debt issue, that won't be subject to a rollback, or consider a combination of raising taxes and spending debt service fund.
- Councilmember Gauntt disagreed with the proposal to issue \$5.125M, since the CIP Committee recommended \$4.125M. The City Manager explained the Committee encouraged staff to include more for streets, but he didn't feel comfortable recommending another million dollars to Council without a funding source identified. ACM Daniell stated during a recent Council workshop, Committee Chair Clifton Peters had indicated he wouldn't be surprised if the Council would want to add more for streets, and since the extra million will cost about 1/3 cent more (\$.0235 total), the Mayor stated he believes it's the responsible thing to do.
- Councilmember Gauntt asked which streets the money will be used for, and the City Manager indicated the streets haven't been identified. Public Works Director Mike Huber explained his plan to develop a street plan/ranking system, and the Council agreed it was important to do so. The City Manager indicated preliminary design work has been done for some projects,

such as Wheat Road, and those projects will be scheduled sooner based on available funding.


- Councilmember Gauntt asked if the extra \$1.0M is to be used on the 9th Avenue Bridge project, and the City Manager and remaining Council, assured her that it won't be used for that project; though legally the funds could be used on that project, there are plenty of other projects throughout the City that the money can be used for.
- The Mayor stated he thinks issuing CO's is necessary in order to leverage funds and get the "most bang for the buck".
- Councilmember Gauntt stated she still thinks it should go before voters.
- Mayor Pro Tem Grayson commented hopefully citizens won't be opposed to issuing CO's, and will understand that delaying will only cause costs to go up.
- Councilmember Kirkley stated he believes the Council is elected to be responsible with citizens' funds, and agreed it is most prudent to issue the CO's, but if citizens choose to petition, then it's fine and they made that choice.
- Mayor Pro Tem Grayson stated she doesn't have a problem with a petition effort as long as citizens are properly informed, but would take issue to citizens opposing a bond issue because they think the funds will be used for the 9th Avenue Bridge project. The City Manager asked the Council to be helpful in this regard in ensuring citizens know the City's objective is to use the extra million on street projects.
- Councilmember Gauntt asked if some of the street maintenance issues can be resolved by asking developers to build better quality streets. The City Manager stated road construction is part of the Design Manual which currently calls for a 20 year design life, but staff has talked about changing that to 30 years, which may not be well received by developers. Mack Parker, KPA Engineers, stated most cities use a 20 year design life, but proper maintenance throughout those years can extend a road to 40 or 50 years, depending on traffic loading, soil conditions, and underground moisture. Staff is exploring the issue.

The City Manager thanked Council for its direction, and indicated he would present a resolution authorizing notice of intent to issue CO's at the July 9th meeting. The Mayor adjourned the work sessions at 8:44 p.m.



Jim Covington, Mayor

ATTEST:



Connie Torres, City Clerk