



Corpus Christi

1201 Leopard Street
Corpus Christi, TX 78401
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Meeting Minutes - Final City Council Workshop Session

Tuesday, June 4, 2013

10:00 AM

City Council Chambers

Special Budget Workshop Session

A. CALL MEETING TO ORDER.

Mayor Martinez called the meeting to order at 10:02 am.

B. ROLL CALL.

City Secretary Chapa verified that the necessary quorum of the Council and the required Charter Officers were present to conduct the meeting.

Charter Officers: City Manager Ron Olson, City Attorney Carlos Valdez, and City Secretary Armando Chapa.

C. BRIEFINGS TO CITY COUNCIL:

1. General Fund

Mayor Martinez referred to Item No. 1, Briefing on General Fund. Ron Olson, City Manager thanked the Assistant City Managers, Assistant Director of Management and Budget Eddie Houlihan, and Department Heads for the work during the budget process. He stated that a Budget Workshop is scheduled for June 18th for briefings on the Debt Fund, Enterprise Fund, and Capital Improvement Program, the Public Hearing for the Proposed Budget is scheduled on July 9th, First Reading is scheduled for July 16th, and the Second Reading and final adoption is scheduled for July 30th. He added that the budget process included looking at four additional Fiscal Years to ensure that the decisions making today are sustainable into the near future.

Mr. Olson stated that using a zero based type budgeting system, departments submitted decision packages for request above and beyond their operating budget, and that these decision packages were evaluated but that only a fraction of those packages were approved. Mr. Olson stated that the General Fund represents a 5% increase in Ad Valorem Tax which amounts to \$2.6 million, 5% increase in Sales Tax which amounts to \$4.6 million; the Proposed Budget includes a contractual increase for sworn police officers of 4%, and 2% for firefighters; 2% COLA for general employees totaling \$2.7 million (including union contracts); a Phase 1 Pay Equity Adjustment in the amount of \$548,000; a transfer from the General Fund to Streets Department in the amount of \$11.09 million and proposing an additional transfer of \$1.9 million. He stated that the three guiding principles in preparing the budget were: 1) achieve core mission, 2) sustainability, and 3) continuous improvement.

Next, Margie Rose, Assistant City Manager provided a presentation and discussed the Mission, Ad Valorem Tax per Capita comparison to other cities; budgeted Revenues and Expenditures comparison to other cities; Operating and Debt Service Rates per \$100 Valuation comparison to other cities; the five-year Property Tax Rates; the FY 2013 Property Tax Rate Distribution for Nueces Taxing Entities; number of Full Time Employees in the General Fund, General Fund revenue and expenditures; and projected change in fund balance. Ms. Rose provide a review of the approved decision packages for FY 2014. Also, Ms. Rose discussed other issues include the five year projections; business plans; managed competition, compensation equity; retirement contribution, health insurance projected rate increases; the FY 2014 Solid Waste Action Plan from competitive assessment; training; additional ambulances; increase policy academy, fire department alternative hires; municipal court; contribution to street fund; maintenance of public art; additional permit staff; contracts manager; Office of Management & Budget Director, and Interns.

A discussion ensued and council members discussed and asked questions regarding the cost of living increase, health insurance increase, beach operations, litter and code enforcement, duties and responsibilities of new contract manager position, pay equity, downtown management district contribution, intern positions, street funding, solid waste competitive assessment, hotel motel tax, plan for additional revenue, how many beach permits do we issue, and business plans.

Mr. Carlos Valdez, City Attorney stated that the Charter states that a workshop session is a council meeting for the sole purpose of gathering information or discussing public business without taking action. Mr. Valdez stated that this allows the Council to give direction to staff in the form of a motion.

A motion was made by Council Member Scott directing staff to seek additional funding for all beaches for cleaning and maintenance, with specific focus on the hotel motel occupancy tax income, seconded by Council Member McIntyre and passed with the following vote: Martinez, Allen, Garza, Leal, Loeb, McIntyre, Magill, Riojas and Scott, voting "Aye".

Next, Mr. Olson referred to the Street Fund. Mr. Oscar Martinez, Assistant City Manager provided an update of the five-year proforma for the Street Fund. Mr. Martinez pointed out three issues regarding the Street Fund: 1) as reflected in last year's budget, the Street Fund is separated as a separate fund; 2) the budget does not currently reflect a Street Fee; and 3) the transfer of money from the General Fund into the the Special Revenue Fund for streets is over and above the 5.2% approved in the financial policies. Mr. Martinez referred to a chart displaying the revenues for FY2013-2014 at \$17,106,000 which is a 30% increase from FY2012-2013 in revenue contribution. He then discussed the expenditures for the Traffic Engineering department and Streets. Mr. Martinez referred to the additional revenue dedicated to streets of \$3,615,315, apply this amount to the total targeted for Street Maintenance of \$15 million, the amount now required to raise is \$11,384,000.

Council Members discussed additional funds to allocate to street maintenance and the amount needed, street assessment program and residential street rebuilding, expenditures for street reconstruction, allocation of additional funding, hotel motel tax, hours of operations for libraries and pools.

A motion was made by Council Member Loeb directing staff to use the COLA funds and redirect them to Pay Equity, and if there are any remaining funds, apply them to street maintenance, seconded by Council Member McIntyre and passed with the following vote: Martinez, Allen, Garza, Leal, Loeb, McIntyre, Magill, Riojas and Scott, voting "Aye".

2. Special Revenue Funds

Mayor Martinez referred to Item No. 2, Briefing on Special Revenue Funds. Margie Rose, Assistant City Manager stated that Special Revenue Funds are used to account for resources allocated to specific purposes. Ms. Rose discussed the number of employees in the Special Revenue Fund for the following departments: Street Services, Crime Control District, Development Services, Visitor's Facility Fund, Municipal Court - Case Manager Fund, Redlight Photo Enforcement, and Local Emergency Planning Committee. Ms. Rose then discussed the sources of revenue, total expenditures, and summary of fund balances.

Ms. Rose stated that the estimated beginning balance as of August 2013 is projected at \$58,918,241, with projected changes of \$12,503,935 (difference between revenues and expenditures) and that the projected ending balance on July 31, 2014 is \$71,422,176. Ms. Rose referred to the approved decision packages for FY 2014 for Development Services and Traffic Engineering for a total of \$326,716.

Council Members discussed additional funds to allocate to street maintenance and the amount needed, street assessment program and residential street rebuilding, expenditures for street reconstruction, allocation of additional funding, arts maintenance program funding, hotel motel tax, and economic development position.

3. Internal Service Funds

Mayor Martinez referred to Item No. 3, Briefing on Internal Services Fund. Ms. Margie Rose, Assistant City Manager stated that these funds were established to finance and account for services, materials, and supplies furnished to various departments of the City and to other local governmental agencies. These services are provided on a cost reimbursement basis. The mission of this fund is to provide these services in the most cost effective manner. Ms. Rose then discussed the pinnacle issues for Fiscal Year 2014, major accomplishments for Fiscal Year 2013, employees, revenue, total expenditures, and summary of fund balances. She then stated that the estimated beginning balance as of August 1, 2013 is \$50,069,811, and total projected balance ending July 31, 2014 is \$49,917,849, and that the Target at 3% is \$46,092,914.

Ms. Rose then discussed the approved decision packages for the Internal Services Fund for Fiscal Year 2014. She stated that they include an additional Wellness Center for Health Benefits; a Maximo Upgrade for MIS; two additional FTEs for Facilities Maintenance; Disaster Recovery Equipment and Oracle Database Support for MIS; a new Public Information Officer for the Engineering department; Temporary Staffing Services for MIS; Professional Services for Engineering; Interactive Voice Recognition System Upgrade for MIS; Mowing and Ground Maintenance, 7 CNG Trucks, and 1 replacement CNG truck for the Engineering department for a total of \$1,235,698.

D. CITY MANAGER'S COMMENTS / UPDATE ON CITY OPERATIONS:

None.

E. ADJOURNMENT

There being no further business to come before the Council, Mayor Martinez declared the meeting adjourned at 2:55 pm.