



City of Corpus Christi

1201 Leopard Street
Corpus Christi, TX 78401
cctexas.com

Meeting Minutes

City Council Workshop Session

Thursday, June 28, 2018

9:00 AM

City Council Chambers

Public Notice - - ITEMS ON THIS AGENDA ARE FOR COUNCIL'S INFORMATIONAL PURPOSES ONLY. COUNCIL MAY GIVE DIRECTION TO THE CITY MANAGER, BUT NO OTHER ACTION WILL BE TAKEN AND NO PUBLIC COMMENT WILL BE SOLICITED.

THE USE OF CELLULAR PHONES AND SOUND ACTIVATED PAGERS ARE PROHIBITED IN THE COUNCIL CHAMBERS DURING MEETINGS OF THE CITY COUNCIL.

A. Mayor Joe McComb to call the meeting to order.

Mayor McComb called the meeting to order at 9:03 a.m.

B. City Secretary Rebecca L. Huerta to call the roll of the required Charter Officers.

City Secretary Rebecca L. Huerta called the roll and verified that a quorum of the City Council and the required Charter Officers were present to conduct the meeting.

Charter Officers:

Interim City Manager Keith Selman, City Attorney Miles K. Risley and City Secretary Rebecca L. Huerta.

Present 9 - Mayor Joe McComb, Council Member Paulette Guajardo, Council Member Michael Hunter, Council Member Debbie Lindsey-Opel, Council Member Ben Molina, Council Member Everett Roy, Council Member Lucy Rubio, Council Member Greg Smith, and Council Member Rudy Garza Jr.

Council Member Everett Roy arrived at 9:04 a.m. Council Member Lindsey-Opel arrived at 9:05 a.m.

C. BRIEFINGS TO CITY COUNCIL:

1. Budget Workshop 6 - Overview of the 2018 - 2019 Budget

Mayor McComb referred to Item 1.

Director of Management and Budget Eddie Houlihan presented information on the following topics: current status of the FY18-19 budget; potential General Fund reductions totaling \$1,538,123; and staff's proposal.

Noe Hinojosa of Estrada Hinojosa Company, Inc., the City's financial advisor, presented information on the following topics: general obligation debt outstanding; 2018A general obligation taxable restructuring of \$36.95 million in refunded bonds; and the tax rate impact and final 2018 pricing for a \$52 million bond election and related schedule of events.

Council members and Mr. Hinojosa discussed the following topics: the City's current and future debt capacity; deferring payment of existing bond obligations; defeasance; the increased cost of debt service over the past years; the impact on the property tax rate; changes in the Maintenance and Operation (M&O) and Interest and Sinking (I&S) portions of the property tax rate over recent years; the amount of a 2018 bond that the current property tax rate can absorb; the assumed growth rates used in Mr. Hinojosa's analysis; a history of the City's debt and capital needs; bond monies dedicated to street reconstruction; adopting the proposed debt restructuring plan versus reducing City services; the estimated cost of the proposed debt restructuring; and that the fund balance will not be utilized under the proposed debt restructuring.

Interim City Manager Keith Selman presented information on a residential street proposal involving the use of Type B funds and 2018 Bond proceeds.

Council members and staff discussed the following topics: the allowability of the use of Type B funds for reconstruction of arterial and collector roadways and not for residential streets; maintenance versus seal coat versus reconstruction of roadways; the Street Preventive Maintenance Program (SPMP); that the proposal, as presented, requires Council's commitment to appropriate \$3 million dollars for residential streets annually; the progress to date on residential street reconstruction; savings realized from one-time sources; the two-cent voter-approved property tax increase; a desire to not add additional debt; dedicating monies to residential streets in the future by means of a resolution approved by Council; if certain residential streets may qualify to be identified as collector or arterial roadways; that the first two-cent property tax increase relating to the voter-approved 2-2-2 cent increase is proposed for the FY18-19 budget; the amount of additional revenue associated with a one-cent and two-cent increase in the property tax rate; using property taxes to service debt for residential street reconstruction; that the voter-approved 2-2-2 cent property tax increase, specifically precludes it being used for debt service; the use of Type B funds to service debt for arterial and collector roadways; certificate of obligation sales tax bonds; paying debt on eligible Type B projects; use of Type B monies to fund debt service; the risk of a petition calling for an election regarding certificates of obligation; taking on a lesser amount of debt than the full amount that could be absorbed by the current property tax rate; and some council members preferring the pay-as-you-go approach to street repairs over the issuance of additional debt.

Council Member Lindsey-Opel made a motion directing the Interim City Manager to put \$10 million into the 2018 bond program, dedicated to residential streets, pending staff's recommendation on how this would be accomplished, seconded by Council Member Guajardo.

Mayor McComb made a motion to amend the motion to include pay-as-you-go options, seconded by Council Member Smith.

Council Member Lindsey-Opel withdrew her motion of direction.

Council members and staff discussed the following topics: bringing back additional options to fund residential street repairs; thanks was extended to staff for the work they have done to date of the FY18-19 budget; and the Texas Ambulance Supplemental Payment Program (TASPP) funds being allocated solely for the Fire Department's use.

MOTION OF DIRECTION

Council Member Guajardo made a motion directing the Interim City Manager to allocate TASPP revenue to the Fire Department, beginning in FY19-20, seconded by Council Member Rubio.

Council members and staff discussed the following topics: the effect of allowing department revenue to be kept by the department that generates it; that grant monies are department-specific and designated for the purpose for which each grant is intended; ways to reward departments for identifying new revenue sources; considering such a motion of direction for all departments, not just a single City department; the ability to bind future City Councils by way of a motion of direction; use of TASPP funds for one-time costs versus using monies from the General Fund; the Fire Department's fleet funding requirements; the long-term stability of TASPP funding; and health fund costs related to the Fire Department.

The motion of direction failed with the following vote: Mayor McComb and Council Members Molina, Roy, Smith, Garza and Lindsey-Opel voting "No" and Council Members Rubio, Guajardo and Hunter voting "Aye".

Council members and staff discussed the date the Nueces County Appraisal District will have the certified roll to the City and if additional budget meetings are required.

Interim City Manager Selman presented information on the following additional topics: the cumulative impact of various property tax and utility rate scenarios; General Fund five-year outlook; and additional revenue opportunities and potential efficiencies.

Council members and staff discussed the need to further discuss residential streets at a future workshop session or regular City Council meeting.

D. ADJOURNMENT

The meeting was adjourned at 11:21 a.m.