

**Notice of a Special Meeting of the
Governing Body of the
City of Georgetown, Texas
Tuesday, July 17, 2019**

The Georgetown City Council will meet on Tuesday, July 17, 2019 at 2:00 PM at the Council Chambers, 510 W 9th Street, Georgetown, Texas.

The city of Georgetown is committed to compliance with the Americans with Disabilities Act (ADA). If you require assistance in participating at a public meeting due to a disability, as defined under the ADA, reasonable assistance, adaptations, or accommodations will be provided upon request. Please contact the City Secretary's Office, at least four (4) days prior to the scheduled meeting date, at (512) 930-3652 or City Hall at 808 Martin Luther King Jr Street for additional information; TTY users route through Relay Texas at 711.

All Council Members were in attendance: Mayor Dale Ross; Anna Eby, Council Member District 1; Valerie Nicholson, Council Member District 2; Mike Triggs, Council Member District 3; Steve Fought, Council Member District 4; Kevin Pitts, Council Member District 5; Rachael Jonrowe, Council Member District 6; and Tommy Gonzalez, District 7.

A. Call to Order – A Special Meeting of the City Council

Mayor Ross called the meeting to order at 2:04 p.m.

Council Member Fought arrived at 2:05 p.m. and Council Member Gonzalez arrived at 2:06 p.m.

Legislative Regular Session

B. Workshop overview, discussion and feedback regarding the FY2020 City of Georgetown Budget and Tax Rate -- David Morgan, City Manager

Morgan introduced the item and provided a general overview of the budget. He noted that staff was not presenting the formalized final budget, but it is coming together. Morgan said the City will receive certified tax rolls yet at the end of July. He added that staff is seeking Council feedback now to allow them to prepare the final budget. Morgan stated that the purpose of the presentation was to discuss budget pressures and focus areas; provide detail on current budget planning; discuss variances in proposed budgets and new programs; collect council feedback; and review next steps. He noted the City's fast growth and how the City is the seventh fastest growing city in the nation and the fifth year for the City to be in top ten. Morgan also noted that between 2013 and 2017, medical and fire calls increased 56%. He then reviewed current City population of 74,180 in 2018 and the projected population of 96,500 by 2030. Morgan then reviewed the Growth Heat Map and showed how the City is growing everywhere, but currently the fastest growth is in southeast and it has historically been in the northwest. He then reviewed graphs that displayed the increases in population, permit applications, fire calls for services and police calls for eservice over the last 3-5 years.

Council Member Gonzalez asked for clarification on the 2018 population as there were two different numbers listed. Morgan responded that there are two numbers, the census estimate, and the planning department estimate based on specific permit types. He added that the population number will be really trued up in 2020 census. Gonzalez noted that a 20% difference is large. Morgan responded that the growth pattern is consistent and relates back to the increase in services.

Morgan continued the presentation by reviewing staff's efforts regarding resident feedback via the On the Table event, the Comprehensive Plan public input process, July 8th Town Hall, and online survey. He then reviewed the online survey results and noted that the top issues citizens wanted addressed in the FY2020 budget were, in order: managing growth; taxes and spending; traffic; infrastructure and roads; safety; quality of life programs; housing; and retail and restaurant options. Morgan stated that the themes driving the proposed budget are: ensuring safety and responsiveness; improving communication; maintaining quality of life services; maintaining and enhancing service delivery and performance management while remaining cost effective, responsive and friendly, and providing infrastructure that builds for the future; and continuing to

strengthen the City's financial condition. He reviewed the process for the budget and noted that today staff is presenting the preliminary budget with the City Manager's proposed budget being presented on August 6th at a Special Council Meeting. Morgan added that this version is a work in progress and intended to be reviewed with council for alignment which allows council to provide feedback to shape city manager's proposed budget. He continued that the workbook format provides detail for transparency including funds and line item detail for current and proposed budgets and providing historical balances. Morgan reviewed the budget revenue assumptions of: a tax rate of \$0.42 which is the same as FY2019 and allows the City to stay under rollback rate; shaping the debt and infrastructure plan to stay within the current tax rate; a final tax roll by July 25; continued growth of 6.7% in sales tax and utility revenues; and no rate increases for the utilities of water, sewer, electric, and sanitation. He then reviewed the budget cost assumptions of: base budgets including existing staff, supplies, maintenance and costs that may include increases related to growth and utilities, maintenance, and other cost increases; the expectation of continuing to provide existing levels of service; and service enhancements including new staffing and program funding to address growth or specific issues. Morgan explained the budget assumptions that are being made across all funds: salary increases budgeted on average of 3%, but will be allocated based upon merit ratings which is slightly less than national averages for 2018 and 2019 and a market study that is conducted each year for 1/3 of the positions in the City where 117 positions were reviewed this year and it was determined that 29 positions are below market pay which affected 136 employees. He reviewed the Public Safety Investments which include: Public Safety Staffing of patrol, CID detective, and communications staffing; fire inspections; opening Fire Stations 6 & 7; and operational costs. Morgan said that staffing costs continue to be partially funded through a SAFER grant and noted the need of fire and emergency management equipment and software. He reviewed the City's need to improve communications by adding a Director of Communication and Public Engagement which was a recommendation from communications audit. Morgan added that this position would also include contract support and help address the goal of increasing citizen satisfaction which currently lies at 42% with city communications. He then addressed the need to maintain service levels by increasing staffing in various areas that are experiencing growth. Morgan noted these needs included Code Enforcement, Visitors Center, Purchasing, and Library temp staffing support. He reviewed the progress of current initiatives including: continued support for the Workday Project which will be the human resources and financial system backbone and is an over 10-year investment which is being implemented through staffing contracts and employee resources; enhancing existing software programs for Customer Care, Asset Management, and Records Management; and measuring and transforming staff's work to improve service delivery by adding Performance Management Program (PMP) manager, Business Improvement Program (BIP) manager, training coordinator in human resources, and a contracts manager who can provide review and accountability for contracts for MUDS and other areas. Morgan reviewed the proposed reorganization to improve service delivery and the staffing/reporting structure change to address management focus. He added that this change will: enhance planning and focus on Electric and Water/Wastewater by reclassing the General Manager/Assistant City Manager position to Electric General Manager and reclassifying the Utility Director position to Director of Water Utilities; enhance service intensive areas by adding Director of Community Services to oversee "high touch" areas in addition to adding positions in Animal Services, Code Enforcement, and Emergency Management; moving GUS administrative staff to report to various directors; moving technical cost center in GUS (business services and Geographic Information Systems) to report to Information Technology Director; moving Customer Care to report to the Assistant City Manager over support areas; moving Engineering to report to the Assistant City Manager over development; enhance Human Resources to "Employee and Organizational Development" which will include safety, support, training, performance management and process improvement and build culture of continuous improvement; move utility analyst functions to Finance; and provide clarity and consistency for forecasting, financial analysis, budget, and reporting. He continued that the reorganization will meet the goals of city management for FY2020 and beyond, enhance service delivery, focus on performance management, provide ways for leadership and employees to grow, and is financially feasible. Morgan paused the presentation for questions from Council.

Gonzalez had no questions or comments.

Jonrowe asked about the CID Detective and if the City has arrangement with State to provide some of those types of support services. Morgan responded that the State does assist, but it is not a significant amount of support and this position will focus on forensic training. Jonrowe asked if this change will enhance the City's relationship with the State. Morgan responded yes, it will. He then conferred with Chief Nero and noted that part of the agreement is for the State to train City staff and this will provide them a person to train.

Jonrowe stated that she supports the reorganization proposals put forward and the addition to Code Enforcement in particular. She then asked about the tuition reimbursement program the City offers to employees. Morgan responded the tuition reimbursement program is but still part of base budget and plans to continue the existing program, as it has been well utilized. He then offered to put together some numbers related to the usage of the program. Jonrowe said that she would like to see those numbers and would like to see feedback from staff on program and if there are other programs that staff would like the Council to consider. Morgan responded that the City has a Benefits Committee that reviews this type of thing, and the tuition reimbursement program has grown in terms of utilization. Jonrowe asked if the City collected data on who takes advantage of tuition reimbursement program. Morgan responded that staff will put that information together.

Pitts had no questions or comments.

Fought stated that the City should not lock into the tax rate without consider bumping the tax rate up to highest effective rate due to 3.5% cap going forward. He added that this would be to help manage growth. Fought stated that the City could use the increase in the tax rate to help with GUS issue. He added that moving finances out of utilities is good and staff should consider possibly adding an internal auditor at some point, which he would like to be considered in future years. Morgan responded that staff is work on analysis to address the 3.5% cap and to understand the issue as a whole moving forward. He added that the impact will be \$9.00 per year savings to the tax payers and a \$700,000.00 per year impact to the City budget. Morgan said that staff will provide the analysis to Council. Fought noted that the City is subject to new rules. Morgan said that in regard to an internal audit, the City has a program, but not internal staff. He added that it is a significant function and the information is reported to GGAF.

Triggs stated that he thinks the reorganization is a good thing and likes the structure. He asked if the City does internal audits and if there is a compliance officer on staff. Morgan responded that there is a controller position and external audits which are part of the City's fiscal and budgetary policy. Triggs then asked about the frequency of the external auditor and if it was an external firm. Morgan responded that the audits are annual, and the City uses an external, national firm.

Nicholson stated that the reorganization is good and she is excited about the communications focus and elevating Human Resources. She also applauded the creativity in the proposed reorganization.

Eby had no questions or comments.

Morgan reviewed the upcoming infrastructure investment opportunities. He noted the Parks proposed 2020 projects: design San Gabriel Park Phase III; regional trail design and construction; Parks Master Plan Update; continuation of the Parks ADA Transition Plan; neighborhood park development, specifically the Heritage Community Gardens; and the demolition of the Tennis Center Pool. Morgan noted the upcoming Water projects: lake plant; southside plant; Round Rock supply; pump stations; 24-inch water line for Southwest By Pass; and tank rehab. He reviewed the upcoming Wastewater Projects: Berry Creek Interceptor; Edwards Aquifer Recharge Zone (EARZ) which is a TCEQ mandate; San Gabriel Wastewater Treatment Plant Rehab; and easements for the San Gabriel Interceptor. Morgan reviewed the upcoming Solid Waste projects: adopted solid waste master plan; renovating transfer station; expanding composting; and exploring concierge service in downtown. He then reviewed upcoming Road projects: diverging diamond at Williams drive which will begin in 2021; Northwest Blvd. Bridge breaking ground this summer; and the Rivery Blvd. Extension which will be completed this summer. Morgan reviewed the upcoming phases of the Austin Avenue bridges: FY20 – Design; FY21 – Bridge Rehab; and FY22 – Pedestrian Bridge. He also noted some possible funding sources for the project as CAMPO and TxDOT, in addition to possible grant funds. Morgan then summarized the budget development process noting the theme of retaining small town charm and ensure high services levels. He said that in FY2020 there will be 14.5 new positions compared to 30 fulltime employees in 2019 and 20 fulltime employees in 2018. Morgan then turned the presentation over the Assistant City Manager Laurie Brewer.

Brewer presented the Workbook Detail and Analysis. She noted the setup of the workbook. Brewer then provided a government budget and accounting refresher by noting: funds are the City's reporting structure; each fund is self-balancing and represents a related set of accounts, and include assets, liabilities, revenue and expenses; and fiscal and budgetary policy outlines specific requirements for most major funds; the

General Fund is the primary operating fund of the city, traditional resources associated with city government which includes public safety, street maintenance, parks, library, administration and is funded through sales taxes, fees, property taxes (operating portion) and return on investment from utility funds. She added that General Debt Service which funds debt payments for general debt through the debt service or “interest and sinking” portion of property taxes. Brewer noted that Enterprise Funds are used for Electric, Water/Wastewater, Stormwater, and Airport, and operate more like traditional businesses where rates and fees are set to recover costs. She continued that the Internal Service Funds cover Joint Services, Fleet, Facilities, Information Technology and are for areas that provide internal support where the overhead costs are allocated out to other funds through formulas based upon demand. Brewer stated that Special Revenue Funds are required legally, by council order or for better accounting management and cover Convention & Visitors Bureau; street maintenance sales tax; grants, etc. She then reviewed the General Fund FY2019 Projections noted that total revenues are projected to end at \$71.2 million, or 0.5% higher than budget with sales tax projected to end 5% higher than budget and property tax projected to end at budget. Brewer said that total expenses are projected to end at \$70.6 million, or less than 1% under budget and all divisions are expected to finish below budget with the exception of the Police Division which was due to overtime for Blue Hole coverage and special events. She continued that revenue assumptions for FY2020 are based on a sales tax 6.7% increase totaling \$17.8 million and continued strong growth in the core sectors of retail, food, information, and manufacturing, as well as new developments like Wolf Crossing, Holt Cat and Academy Sports & Outdoors.

Pitts asked how much credit is being given to new development. Brewer responded around a half million. Pitts stated that things could lead to a delay in opening, which causes concern. Brewer responded that staff also will be starting many new positions in January to allow for some savings and staff is being conservative. Paul Diaz, Budget Manager noted that staff looks at new businesses and sales confidential tax data, as well as discounting up to 65% of total projections. Pitts noted that he would prefer those numbers be added in later.

Brewer resumed the presentation by noting that there has been a 6.6% increase in property tax which equals \$14.8 million. She added that the City has seen an 11% increase in return on investments totaling \$8 million and reduction of \$1 million in the electric fund. Brewer stated that other funds of notes are: a sanitation increase of 3% totaling \$9.7 million; Planning and Development fees increasing 5% total \$3.5 million; Parks fees increasing 4.6% totaling \$2.8 million; and Emergency Service District (ESD) 8 contributing \$3.7 million and a SAFER grant contribution of \$666,000.00. She added the Police Department is seeking the addition of: two patrol officers costing \$215,700.00 to address the increase in calls for service and examining increasing the number of beats from 5 to 6 in the City; and the WatchGuard Body Camera System costing \$838,038.00, with \$814,000.00 being debt funded, as a holistic system that includes car cams, body cams, and interview rooms.

Gonzalez asked if the costs for the new officers includes all needed startup costs. Brewer responded that the cost does include vehicle and uniforms.

Brewer continued that the Police Department will also be seeking: two communications operators costing \$130,600.00 due to calls for service growing by 14% between 2016 and 2018 with total calls reaching 54,425; one Community Engagement Officer costing \$107,800.00 to address community engagement activities, which are a critical function of the department creating and maintaining strong relationships with segments of the entire Georgetown community; one cybercrimes Detective costing \$107,800.00 which would greatly enhance the department’s ability to address these growing crimes; and one Code Enforcement costing \$91,400.00 noting that the last Code Enforcement Officer was added in 2015 and since then the City has grown by 10,000 residents. She added that the Fire Department will be seeking: a fire protection engineer and equipment costing \$101,316.00 which is needed for plan review of fire alarm systems and other operational permits, as well as sprinkler systems and site/building plans; emergency management equipment costing \$37,705.00 for additional funds needed for the software license for Williamson County’s Emergency Management software and mobile disaster tracking; Station #2 filtration system costing \$65,000.00 because Station #2 needs an extraction and filtration system for polluted indoor air related to contaminated gear to ensure the health and safety of the firefighters. Brewer noted that Inspections will be seeking a salary progression program to retain employees costing \$28,000.00. She said that Communications and Engagement will be seeing: a director position for strategic planning costing \$115,300.00 which will provide strategic guidance and serve as a listener and bridge-builder to community stakeholders; public information

contracted services costing \$84,000.00 including a monthly retainer with a full-service agency; advertising costing \$25,500.00 including a monthly ad highlighting news and updates for residents in the free monthly periodical; and direct mail costing \$27,900.00 which includes an increased stream of communication will reinforce the City's efforts to be more transparent with resident issues.

Pitts noted a graphic design specialist that was not proposed and asked what that position was intended for. Brewer responded that the City is currently contracting for those services, and those services are needed, but will be added in future years for allow for the hiring of a director this year. Pitts asked if the plan was for the director to get settled in and then look at adding a graphic design specialist. Morgan responded that the position will be proposed for FY2021 and was a support suggestion from Cooksey.

Fought asked if the \$50,000.00 for GoGeo from the health foundation is in addition to the \$200,000.00 and if this was the last year for the \$200,000.00. Morgan responded that yes, that is correct in accordance with the agreement between the City and the health foundation.

Nicholson asked for clarification on the public information contracting services. Brewer responded that the City has not yet contracted but will work on a plan and ask for Request for Proposals (RFPs).

Gonzalez asked if the revenue from GoGeo advertising was included in the budget. Brewer responded that yes, it is included in budget. Gonzalez suggested not including the profits in budget, as it may not be a continued resource. Mayor Ross asked how much the revenue from the advertising was. Brewer responded \$10-12,000.00, but possible less.

Brewer continued the presentation noting that Public Works will receive one Admin Assistant from GUS as part of the reorganization and that they will be asking for: ride share pilot phase II costing \$50,000.00 which is a continuation of the pilot rideshare program that was tested in FY2019 and the second phase would extend the pilot and provide changes through lessons learned in the first phase; and GoGeo paratransit costing \$52,000.00 noting for the FY2020 Budget, the Health Foundation pledged an additional \$50,000 in grant revenue to the City to ensure more paratransit service as part of the GoGeo service schedule.

Pitts asked how much was spent on pilot program last year. Morgan responded \$25,000.00 and this year the City will expand the pilot program. He added that staff will be bringing specifics of the program to a future agenda for Council consideration.

Brewer continued to the presentation by explaining the need to add a Community Services Director for a new division that will include the areas of code enforcement, animal services, and emergency management. She reviewed the needs of the Library including increased funding for temp salaries to cover shifts for regular staff \$26,913.00 and an outreach van purchased in partnership with The Friends of the Georgetown Public Library are providing a grant to purchase a new van.

Pitts asked about the two line items for library that show part time and part time temp as two separate groups. Brewer responded yes, the part time temporaries are on call, in addition to part time library staff. Pitts asked about the setup of the funds for part time help. Brewer responded that staff will review.

Brewer then reviewed the needs of the Parks and Recreation department including increases for revenue based programs and additional funding for maintenance/equipment replacement plan at \$97,000.00 which will be a transfer to special revenue fund. She then reviewed the Planning department needs including variances due to staffing turnover, comp plan project costs, and a request of \$25,000.00 to complete Comp Plan Update.

Gonzalez asked about the Parks Department's workman's comp increase in costs. Brewer responded that part of the change is due to the time required to process all of the costs associated with workman's comp. Gonzalez said that it is small amount, but would like staff to review it.

Brewer continued by reviewing the needs of the City Secretary department including records retention software licenses costing \$10,000.00. She then reviewed the needs of Administrative Services including: MUD and PID contract management coordinator costing \$70,000.00 which is due to a risk assessment that was completed by the City two years ago and identified management for compliance of existing development

agreements and other contracts as a significant risk to be mitigated; and absorbing an administrative assistant from GUS as part of the reorganization.

Jonrowe asked about the request for a census outreach program. She said that she would like more info and noted that she had heard the State was not funding this. Morgan responded that a request was made as a supplemental effort for outreach related to the census. Jonrowe said she would like to see the scope of that proposal since the census is only conducted every ten years.

Paul Diaz, Budget Manager then presented the Electric and Water Funds. He reviewed the Electric Fund and the total operating revenues that are projected to end at \$86.7 million, or \$1.6 million higher than budget, while the total operating expenses are projected to end at \$74.68 million, which is 1% higher than budget. Diaz noted that for FY2019 non-operating revenues are projected to end at \$0 and non-operating expenses are projected to end at \$8.28 million. He then said that the fund balance is projected to be \$5.89 million by Sept. 30, 2019 which will cover the operations contingency. Diaz explained that for FY2020 operating revenues will total \$91.3 million which includes full year impact of the PCA made in June of 2019. He continued that operating expenses will total \$84.3 million and Net Purchased Power will be at \$59.5 million with non-operating revenues totaling \$4.01 million of bond proceeds for capital improvements and non-operating expenses totaling \$8.1 million for capital improvements and debt service with no proposed enhancements.

Gonzalez asked if, while considering the reorganization, staff has already budgeted for return on investments and royalty fees. Morgan responded that return on investment is factored separately and followed the fiscal and budgetary policy. Gonzalez asked how that effecting the water side. Morgan responded that it did not have an effect. Gonzalez asked if those numbers can be separated going forward. Morgan responded that the fund schedule did show those numbers. Gonzalez stated that he wanted Council and staff to start talking about the funds as two separate items. Diaz noted that there are also return on investments in stormwater as well. Leigh Wallace, Finance Director noted the details on page 12 of workbook. Gonzalez asked that staff consider changing the verbiage. Morgan responded that there is a standard for how those are handled. Pitts said that he feels these areas should be run like a business and in the future the equation should be changed to address the current situation of the fund. He added that he doesn't feel like how it's handled now is the best way for the current scenario.

Diaz resumed stated that the projected ending fund balance for FY2020 is \$8.9 million. He then explained the Water Fund noting that for FY2019 the total operating revenues are projected to end at \$63.08 million, or 5.6% higher than budget; total operating expenses are projected to end at \$38.2 million, which is 2% higher than budget; and non-operating revenues are projected to end at \$0; non-operating expenses are projected to end at \$46.5 million, which is 50% lower than budget; projects not started in FY2019 will be re-appropriated in FY2020; and the Fund Balance is projected to be \$67.5 million by Sept. 30, 2019. Diaz explained that for FY2020 operating revenue will total \$63.2 million; operating expenses total \$40.4 million; non-operating revenues total \$18.6 million of bond proceeds for capital improvements; non-operating expenses total \$87.1 million for capital improvements and debt service; several large FY2019 CIP projects are re-appropriated in FY2020 include Berry Creek interceptor and the Lakeway Treatment Plant; proposed enhancements total \$141,850 for utility truck and skid steer with trailer; and the projected ending fund balance will be \$21.8 million by end of FY2020.

Triggs stated that he wants to discuss the Electric Fund and that he agrees with comments made by Pitts. Morgan responded that he understands the comments from Council Members and added that if Council is directing staff to not have a return on investments from the Electric Fund to the General Fund, then the budget would need to be re-evaluated to show \$4.5 million reduction in the General Fund. Mayor Ross stated that would be a very detailed discussion with the Council. Triggs said he understood that. Fought stated that raising the tax rate to lessen the contribution of the return on investment. He added that the people who purchase utilities are different than those who may benefit. Fought noted the possible options with raising the tax rate and that staff and Council should be careful when considering all options. Gonzalez stated that agrees with Pitts and Triggs and suggested changing the formula on how the fee is generated and phase that new formula in over time. He added that the formula could be a profit formula versus a revenue formula, it could be better in the long term. Gonzalez stated that the current utilities issue is short term issue and he doesn't want to be a crisis mode situation. Pitts clarified that he didn't think the transfer should be cancelled, but instead staff and Council should look at the current budget setup and changing it from a royalty to a

dividend. Morgan provided the context of the regulatory authority of the Council and that profits and loss is not how these funds work. He continued that there have been challenges before in utilities. Mayor Ross stated that there should be a serious discussion about this which is maybe a discussion for next budget year, not this budget year, which would allow the new positions to weigh in. Gonzalez stated that he agrees.

Nathan Parras, Budget Analyst, then present the Airport and Stormwater Funds. He stated that for FY2019 the Airport had: total operating revenues are projected to end at \$3.7 million, or 4% less than budget; total operating expenses are projected to end at \$3.3 million, or less than 7.1% under budget; revenues from bond proceeds for capital projects are projected to come in at budget in FY2019; total non-operating expenses are projected to be at budget, or \$939,475; non-operating expenses include funds for debt service and capital improvement projects; FY2019 will have an ending fund balance for the Airport is projected to be \$1.3 million. Parras explained that for FY2020 the Airport will have: operating revenues totals \$3.8 million; operating expenses total \$3.6 million; non-operating revenues total \$750,000 of bond proceeds for an airport storage facility; non-operating expenses total \$1.06 million for capital improvements and debt service; one time funds allocated for consulting to transition the new airport management staff; and a projected ending fund balance of \$1.2 million by end of FY2020. He then reviewed the Stormwater Fund and noted that for FY2019: total operating revenues are projected to end at \$3.7 million, or 1% higher than budget; total operating expenses are projected to end at \$2.94 million, or \$51,980 lower than the FY2019 budget; revenues related to Bond proceeds for capital projects are projected to be \$780,000; total non-operating expenses are projected to be at budget, or \$1.95 million; and FY2019 will have an ending fund balance for the Stormwater Fund is projected to be \$1.48 million. Parras then reviewed the FY2020 projections for the Stormwater Fund: operating revenues totals \$3.7 million; operating expenses total \$2.8 million; non-operating revenues total \$650,000 of bond proceeds for curb and gutter improvements; non-operating expenses total \$1.69 million for capital improvements and debt service; proposed enhancements include \$144,800 for mini excavator and trailer; and there will be a projected ending fund balance of \$1.3 million by end of FY2020.

Mayor Ross called for recess at 3:52 p.m. for short break. The meeting resumed at 4:09 p.m.

Parras resumed the presentation by presenting the Capital Improvement Plan and noted that this is a 5-year plan and before the spring debt sale staff will reevaluate to verify that all projects are on track. He explained the Facilities needs including a GMC Remodel costing \$250,000.00. Parras then explained the Equipment needs including: Public Safety vehicle replacement for Fire costing \$2.2 Million; Public Safety vehicle replacement for Police costing \$740,200.00; new Public Safety vehicles for Police costing \$246,000.00; radio replacement costing \$129,000.00; Police Department body cameras costing \$800,000.00; Fire Department cardiac monitors costing \$225,000.00; and Fire Department SCBA replacement costing \$290,000.00. He then reviewed the Parks needs including: ADA Transition Plan costing \$150,000.00; neighborhood park development costing \$250,000.00; Parks Master Plan costing \$200,000.00; regional trail development costing \$1,275,000.00; San Gabriel Park improvement costing \$600,000.00; and the Tennis Center Pool demolition costing \$70,000.00. Parras reviewed the Transportation needs including: sidewalks costing \$1 million; Austin Avenue Bridges costing \$1 million; intersection improvements costing \$1.4 million; Leander Road from Norwood to SW Bypass improvements costing \$3.2 million; Northwest Blvd. Bridge from Austin Avenue to Rivery costing \$750,000.00; Southwestern Blvd. from Raintree to SE Inner Loop costing \$2.65 million; and Westinghouse & Scenic Lake Traffic Signal costing \$600,000.00.

Gonzalez asked what percentage of vehicles is debt funded. Parras responded for Public Safety all vehicles are debt funded, but in Facilities the City is building a reserve in that fund. Mayor Ross asked what is being cash funded. Morgan responded that Public Safety vehicles will be debt financed as done in previous years, not able to cash fund yet because reserve is not yet to a point of being able to cash fund the Public Safety Vehicles. Gonzalez if debt funding covers the life of the vehicle. Morgan responded that yes, it does. Fought noted that under the new rules there is an incentive to debt fund everything, and under normal circumstances it would be promoted to cash funding everything.

Parras continued the presented by reviewing the Airport CIP which includes: Airport maintenance/equipment storage facility costing \$750,000.00; hangar maintenance costing \$40,000.00; pavement maintenance costing \$10,000.00; street maintenance costing \$35,000.00; and wildlife management costing \$45,000.00. He then reviewed the Stormwater CIP which includes: curb and gutter costing \$650,000.00; drainage improvements/flood mitigation projects costing \$300,000.00; and stormwater infrastructure costing \$200,000.00. Parras reviewed the Electric CIP which includes: \$3.5 million related to new development;

various feeder and transformer improvements; and continued system upgrades. He reviewed the Water CIP which includes: Carriage Oaks Transmission costing \$500,000.00; CR262 waterline costing \$500,000.00; Hoover Pump Station costing \$750,000.00; Lake Water Treatment Plant Raw Water Intake Rehabilitation costing \$8 million; line upgrades costing \$250,000.00; Round Rock Water Supply costing \$300,000.00; Round Rock Supply Pump Station and ground storage tank costing \$1,000,000.00; Southwest Bypass water costing \$1.8 million; Southside Water Treatment Plant rehabilitation costing \$2.25 million; Stonewall Ranch PS costing \$2.5 million; and tank rehabilitation costing \$750,000.00.

Ross asked for clarification on the Round Rock Supply Pump Station. Morgan responded that Round Rock has excess treated water and the City has a contract to get some the treated water instead of building a new plant. He added that with a water agreement, this CIP project will allow the City to access that water.

Parras reviewed the Wastewater CIP which includes: Berry Creek Interceptor costing \$10 million; Edwards Aquifer Recharge Zone (EARZ) costing \$1.5 million; Gatlin Creek/Teravista improvements costing \$450,000.00; lift station upgrades costing \$500,000.00; San Gabriel Interceptor costing \$2 million; and the San Gabriel Wastewater Treatment Plant rehab costing \$2.5 million.

Gonzalez asked about the relocation of fire station 4 and wanted clarification on if the City is relocating the station or building a new station. Morgan responded that it is relocating station and is listed beyond five years as a future need. He continued that the current location is not ideal and it would be better to have the station situated on Hwy 195 for better access.

Wallace asked to address the workers compensation variance to answer Gonzalez's earlier question. She referenced a sheet from last year and noted that budget is always higher and actuals are always lower due to timing. Gonzalez noted that there have been changes over the years. Wallace said that staff can add another year and see the trend.

Wallace then presented the Special Revenue Funds beginning with Tourism/CVB noting that: revenues total \$1.5 million, which is the same as 2019; expenses total \$1.4 million, which is a 7% increase; proposed enhancements total \$106,786 which include part time staff for the Visitors Center, additional funding for Red Poppy for security, shuttle service, and traffic control, increase in funding for the Christmas Stroll, funding for a community mural behind the Shotgun House and continuation of the holiday lights costing \$60,000.00; and a projected ending fund balance of \$1.5 million by end of FY2020.

Morgan stated that staff didn't detail out CVB in reorganization, but there will be a move that will have CVB reporting to Eric Lashley in the Library due to his ties with Arts and Culture. Nicholson stated that the organizational chart would be very helpful when ready. She then asked why staff thought the revenue would be flat for CVB. Wallace responded that staff has seen a good picture of what the Sheraton can do there and there are additional hotels coming on. Morgan said that staff being conservative and noting that the City might be reaching saturation for hotels. Pitts asked if the Lighting of the Square was now in this fund. Wallace responded yes, those funds were previously held in Electric, but moved due to Electric constraints. Pitts the asked about the City's support of the fireworks for July 4th. Morgan responded that those funds are in the General Fund because it can't be paid from CVB.

Wallace reviewed the Council Discretionary Fund and noted that revenues total \$2,500.00 and there are no budgeted expenses in FY2020 with \$109,000.00 available for one-time projects, equipment, or reserves. She reviewed the Street Maintenance Fund with revenues totaling \$4 million; expenses totaling \$4.3 million; and a projected ending fund balance of \$750,000.00 by end of FY2020. Wallace reviewed the Georgetown Transportation Enhancement Corporation (GTEC) fund with: revenues totaling \$12.9 million; expenses totaling \$16.9 million which include \$7.2 million for Southeast Inner Loop, \$1.15 million for SH29 roadway improvements, and \$1.98 million for potential economic development projects; and a projected ending fund balance of \$13 million by end of FY2020. She reviewed the Georgetown Economic Development Corporation (GEDCO) which includes: revenues total \$2.06 million; expenses total \$9.3 million which include \$8.7 million available for economic development projects; and a projected ending fund balance of \$699,616 by end of FY2020. Wallace reviewed the pending Special Revenue Funds and that the following boards will recommend budgets by August 6, 2019: Village PID; Downtown TIRZ; Gateway TIRZ, South TIRZ, and Rivery TIRZ.

Nicholson asked where the strategic partnership funds sit. Wallace responded the General Fund. Jonrowe asked about the funds acquire through police seizures and abandon vehicles. Wallace responded that it is common to not budget those because they can't be predicted.

Wallace reviewed Internal Service Funds which include revenue using department pay for services through an allocation and the allocation models based on the attributes of: square feet; number of employees; number of licenses; and cost to maintain and repair. She then reviewed the Joint Services Fund which includes: revenues totaling \$17.8 million; expenses totaling \$18 million; and proposed enhancements that total \$493,091.00 and include a Senior Buyer for the Purchasing Department., a PMP Manager and training for city-wide project managers, water conservation software, home repair program, a Conservation Internship program, software and network improvements for Infor EAM and ArcGIS Utility, a Training and Development position for Human Resources, and contingency funding for an executive search; and a projected ending fund balance of \$1.3 million by end of FY2020.

Tadd Phillips, Human Resources Director, presented statistics on tuition reimbursements to address Jonrowe's earlier questions. He said that: the current year has 18 participants; maximizing this year's budget of \$50,000.00 and increasing to \$60,000.00 for next year; the program will pay up to a \$5,000.00 max per person; average age of the participant is 40; this program is part of how employees view benefits. Jonrowe asked that staff ask employees how they feel about that program and if there are other programs they would like to be considered. Phillips responded that staff will do that work with the Benefits Committee to address as well.

Wallace reviewed the Fleet fund which consist of: revenues totaling \$7 million that are based on replacement schedules for City vehicles; expenses totaling \$6.7 million; no proposed enhancements; and a projected ending fund balance of \$1.69 million by end of FY2020. She then reviewed the Facilities fund which consist of: revenues totaling \$8.47 million which is an increase of \$4.9 million and mostly due to an accounting change; all utility costs will be consolidated into a single account in Facilities which will help consolidate the chart of accounts as the City moves into Workday; expenses totaling \$8.54 million which is mostly due to an accounting change; no proposed enhancements; and a projected ending fund balance of \$1.69 million by end of FY2020. Wallace then reviewed the IT Fund which consist of: revenues totaling \$7.7 million which is a 10% increase from FY2019 projections; expenses totaling \$7.8 million; proposed enhancements totaling \$69,200.00 and include Cisco Phone System Licenses, Telogis AVL Switch, and Credit Card Scanners; and a projected ending fund balance of \$2 million by end of FY2020. She then reviewed the Self Insurance fund which consist of: revenues totaling \$9 million which is a 5% increase from FY2019 projections; expenses totaling \$9.5 million; medical claims are budgeted to be 9% higher than FY2019 projections; stop loss insurance is budgeted to be 15% higher than FY2019 projections; and a projected ending fund balance of \$2.7 million by end of FY2020. Wallace reviewed the next steps including the following meetings: August 6, 2019 Special Meeting to review the City Manager's proposed budget; September 3, 2019 Special Meeting for the First Public Hearing on tax rate and a budget public hearing; September 10, 2019 regularly scheduled Council meeting that will include the Second Public Hearing on the tax rate, First Reading of the Budget, and First Reading of the tax rate; and September 24, 2019 regularly scheduled Council meeting that will include the Second Reading of the budget and Second Reading of the tax rate. She then reviewed the public outreach that has occurred which includes: budget town hall July 8, 2019; draft workbook and presentation posted at finance.georgetown.org; Proposed Budget posted on the City website and eBook at Library; Facebook; Budget Video that is a summary of the proposed budget; press release on proposed budget; Public Hearings on Budget and Tax Rate on September 3, 2019 and September 10, 2019; adopted Budget in Brief published on website; adopted Budget published on website and in the library; and a budget video on the Adopted Budget on the website and social media.

Ross proposed that Council digest the information received and send questions to the City Manager. Morgan proposed not having meeting tomorrow (July 18, 2019) to allow staff to do homework. He added that staff will present Council a new budget book. Mayor Ross said that if Council had any questions to send them to the City Manager if they come up after the meeting. Morgan stated that Council will receive a similar presentation on August 6, 2019. Nicholson asked if the Council will have the tax rolls on July 25, 2019. Morgan responded yes and that Council will set the tax rate in the proposed budget. Ross stated that there will be no meeting tomorrow.

Adjournment

Motion by Fought to adjourn, second by Pitts.

Approved 7-0.

Meeting adjourned at 4:51 p.m.

Approved by the Georgetown City Council on _____
Date

Dale Ross, Mayor

Attest: City Secretary