

MINUTES OF REGULAR
CITY COUNCIL MEETING HELD
AUGUST 17, 2017

The City Council of Olmos Park, Texas held a regular meeting on August 17, 2017 commencing at 6:00 p.m. in the Council Chambers at City Hall. Mayor Ronald Hornberger presided and Council members present were Kenyon McDonald, Casey Fry, Juliana Dusek and Enzo Pellegrino. Council members not present and excused from attending was Sharon Plant. Staff present was City Manager, Celia DeLeon; City Secretary, Diane Gonzales; Fire Chief, John Surber; Police Chief Rene Valenciano and Public Works Director, Gilbert DeLeon. Also present were City Attorney, Jessie Lopez and Susan Wootton, CPA.

Mayor Hornberger called the meeting to order at 6:03 p.m. and determined a quorum was present.

Citizens to be heard: This time is provided for citizens to address the Council on issues and concerns. No action can or will be taken on issues raised under this portion of the meeting. Please state your name and address for the record and limit your remarks to a period not to exceed three minutes.

No citizens to be heard.

Consent Items:

- a. Approve Cash Disbursements for July 2017;
- b. Approve City Council minutes for regular meeting for July 20, 2017;
- c. Excuse Mayor Hornberger from attending the September 21, 2017 and November 16, 2017 regular meetings

Councilman Pellegrino moved to accept the consent items A through C.

Councilman McDonald seconded the motion.

The vote in favor of the motion was unanimous.

Departmental Reports: (Written reports submitted to City Council, no further discussion required, unless requested by City Council.)

- a) Police:
 - (1.) Incidents, arrests and activity during the prior and current months.
- b) Fire:
 - (1.) Fire and other service calls, activity and training activities during the prior and current months.
- c) Streets and Sanitation:
 - (1.) Monthly Report
- d) Administration:
 - (1.) Financial reports for July 2017;
 - (2.) Monthly overtime, CT, vacation, sick leave report;
 - (3.) Building Department Report;
 - (4.) Municipal Court Report

Councilman McDonald moved to accept the departmental reports as submitted.

Councilman Fry seconded the motion.

The vote in favor of the motion was unanimous.

Review and discuss proposed FY2018 Budget and 2017 Tax Rate and set Public Hearing dates on the proposed Tax Rate and Public Hearing date for Municipal Fiscal Year 2018 Budget; take possible action

Mayor Hornberger stated we need to take action tonight on a proposed tax rate and take action by having a vote on the health insurance.

City Manager DeLeon stated she used the current ad valorem tax rate of .442785 with this budget and has a different breakdown because on M&O and I&S we owe less on our bonds so the I&S rate is a little lower than what we are using this year. The City has received the 2017 valuations, \$670,395,012, an approximate 4.9% increase from last year's (\$639,107,333) valuations. The total tax rate recommended by the Tax Office without holding public hearings is \$0.424329 (M&O rate of \$0.360818 and I&S rate of \$0.063511). This total rate is less than the current tax rate of 0.442785. She stated the attached draft FY2018 budget is based on the current **total** tax rate \$0.442785.

M&O = \$0.379274

I&S = \$0.063511

Based on this year's valuations this M&O rate will bring in \$2,542,634 in M&O revenue. If we use this tax rate, we will be required to hold two public hearings.

Bexar County Tax Office is recommending a total tax rate of \$0.424329 to receive the same amount of revenue as last year, using the new valuations.

M&O = \$0.360818

I&S = \$0.063511

= \$2,418,906 in M&O revenue

With a roll back rate of \$0.448119, if we go up to the roll back rate.

M&O = \$ 0.384608

I&S = \$ 0.063511

= \$2,578,393 in MO& revenue

Councilman Pellegrino stated we are lowering the I&S rate but the balance on the interest and sinking fund is a negative \$10,000.00 so we are bringing in not enough money to cover that.

Susan Wootton stated we actually provided information that we were in the negative to Bexar Appraisal and based on their projected ad valorem balance they felt this would bring us right back to zero at the end of the year. Based on the I&S number that Bexar Appraisal gives us we are forced to use that dollar amount and that is all they will collect for that purpose. Bexar County Appraisal believes that we will receive more than because what we have always seen in the past of contested amounts. We are not using any of those contested numbers in our estimates so we are showing a negative \$10,000.00 and Council can always show a contribution of \$10,000.00 that we would recoup next FY2019 year.

Councilman Pellegrino stated his concerns ties into the M&O rate because we have lowered it by so much and we are making up the difference and we are increasing the M&O rate too much to keep it the same.

Mayor Hornberger stated we have room to go up slightly to cover the \$10,000.00 without hitting

the rollback rate.

Susan Wootton stated last year we did exactly what we are doing now and based on our percentage on the ad valorem values that confirmed as of today so our budget last year was less than we actually collected the prior year. So far this year our projected is about \$14,000.00 or more than what we budgeted for last year and is due to those contested amounts so right now we are budgeting low. We gave ourselves a cushion in today's budget of \$15,634.00 and right now we will be in a balancing act to not build up our I&S reserves nor to be in the negative. She personally thought it was not a good idea to keep the rate level every year.

Councilman Pellegrino stated we are bringing up those expenses for 2018 when we have some excess money that we could probably amend the current year.

City Manager DeLeon stated it appears we are going to have an approximate excess of \$655,415.00 for the end of this budget year. The reserves almost have already enough to fund the garbage truck if we decide to buy it out right.

City Manager DeLeon stated David Givler brought to her attention that the project that was approved last month will not be finished this fiscal year so the monies that we have for this fiscal year for that sewer project needs to be transferred over until next year.

Councilman McDonald stated he recommended an M&O rate of 0.369274.

Councilman Pellegrino stated that would be less money revenue of about \$45,000 to \$50,000.

Councilman McDonald moved to take the M&O rate from \$0.379274 to 0.369274.

Councilman Fry seconded the motion.

The vote in favor of the motion was unanimous.

Mayor Hornberger stated that Councilwoman Plant while not at present meeting is not in favor of raising taxes and would oppose.

City Manager DeLeon stated that would bring the tax rate to \$0.432785 which is still considered raises tax and we are still required to hold two public hearings because we are going above and beyond of what Bexar County has recommended.

Givler recommendations:

City Manager DeLeon stated she has included Mr. Givler's recommendations in the draft budget, however on the mill and overlay on Paseo Encinal she only allocated \$100,000.00 because we have some money in reserves that we can use for that plus if Council approves these transfers that she is recommending we will have more money in the streets for that.

- Clean and inspect one mile of sanitary sewer \$28,0000
- Sanitary sewer point repairs \$125,000
- Priority one, mill and overlay Paseo Encinal \$199,309

She allocated \$100k in this budget and the remainder can come from street reserves.

Administrative/Court: 5 employees

City Manager DeLeon stated there are no changes in the Administrative Department.

Fire Department: 13 employees

City Manager DeLeon stated there are no special requests for the Fire Department other than placing \$5k in Fire Reserves Mandates – bunker gear and \$50k in Fire Truck Reserve for a future truck.

Councilman Pellegrino stated will these be a 2017 amendment?

City Manager DeLeon stated yes.

Council agreed to move forward with the FY2017 amendments that the City Manager proposed.

Police Department: 14 employees

City Manager DeLeon stated the Police Department has some options which include:

- PURCHASE: A new patrol vehicle \$ 28,864.28 this amount does not include outfitting the vehicle which is approximately \$12k. We don't have any money in a reserve fund for this purchase.
- LEASE OPTION: This option allows us to lease a patrol vehicle for three years, at a cost \$29,409.28 with three annual payments of \$10,379.53, OR \$2,644.22 for 12 quarterly payments, OR \$885.87 for 36 monthly payments. This amount does not include outfitting the vehicle. We asked TML about insuring a leased vehicle, they responded by saying it will not be a problem and most of their members lease vehicles.

Councilman Pellegrino asked aren't you going to fund those vehicles?

City Manager DeLeon stated yes and the Police Chief will purchase the vehicle this fiscal year.

- Salary increases due to the increase in criminal activity and to remain competitive in police salaries. These salary requests are not included in the draft 2018 budget.

City Manager DeLeon stated she submitted a proposal for the salary change and these were not included in the budget.

Mayor Hornberger asked what is the add on percentage to this?

Susan Wootton stated 30% percent.

Councilman Pellegrino stated it is a \$63,000.00 dollar increase annually if 30% is the right add on factor.

What is the turn-over rate?

Police Chief Valenciano stated currently he has a supervisor whose last day is the 26th of this month and is going over to Bexar County and with the shortage of officers everyone is picking up salaries to try to compete. He also stated he has two other officers that are looking to go back to the federal side and he did a poll and asked all the surrounding agencies around us and Olmos Park is one of the lowest starting salaries for a police officer. Hill Country Village a city a bit smaller than Olmos Park will start off an entry level police officer at \$45,000.00 - \$46,000.00 and our entry level police officer starts at \$43,000.00.

Councilman Pellegrino asked over the past year how many would you say you have lost specifically because of pay?

Police Chief Valenciano stated one currently and in prior years we lost 3 employees to the district attorney's office and with the shortage of police officers it is getting harder and harder to find an applicant who can pass all their state requirements. The officers have a lot of options because of the high demand.

Councilman Pellegrino stated he personally thinks the Police Department is doing a lot of work and the safety factor has been very well controlled.

Mayor Hornberger stated the Police Chief is a very good leader and he has listed zero of a salary increase for himself.

Councilman Pellegrino stated with these salary changes there should be no COLA and no Merit for the Police Department and then next year resume as normal.

Councilman McDonald moved to approve the salary increases for the Police Department with no COLA or merit and to have the Police Chief receive only a COLA increase.

Councilman Pellegrino seconded the motion.

The vote in favor of the motion was unanimous.

City Manager DeLeon stated considering these salary increases in the Police Department, does Council want to raise the COLA for the other employees and with the research she did the COLA has gone up to almost 3%.

Councilman Pellegrino stated when we worked on a committee we had talked about a formula that is published by the government that decides what the COLA is and as long the City wasn't in any financial distress we would just take what the published number was and that would be the COLA and the merit would be if the City was in position to do more of an inflation for a merit system. Councilman Pellegrino recommended a 3% COLA and no merit option for this year and to not do away with the merit program.

Councilman McDonald moved to approve a 3% COLA and a zero merit. The COLA includes everyone but the Police Department but does include the Police Chief and not do away with the merit system just a zero for this year.

Councilwoman Dusek seconded the motion.

The vote in favor of the motion was unanimous.

Public Works Department: 6 employees

City Manager DeLeon stated we have money in the reserves already for the garbage truck and in the budget she included an additional \$50,000.00 so that won't bring PW reserves to zero balance.

- PURCHASE: a new 2017 garbage truck at a cost of \$138,846, without extended warranty OR \$144,281 with extended warranty.
- LEASE OPTION: This option allows us to lease a garbage truck for three years, at a cost of \$139,391 with five annual payments of \$30,912.60 OR 20 quarterly payments of \$7,813.70 OR 60 monthly payments of \$2,616.51.
- We currently have \$141,248 in PW truck reserves.

Public Works Director DeLeon stated he could hold off in buying a truck for another year and he will sell the old garbage truck and would like to purchase the garbage truck instead of leasing it.

Councilman Pellegrino stated we have the money in the account so whenever you want to buy the garbage truck the funds will be there and just let Council know when you are ready to buy it.

Councilman Pellegrino moved to not approve the expenditure for the Public Works garbage truck but to direct the Director of Public Works to come to City Council when he is ready to purchase the vehicle.

Councilman McDonald seconded the motion.

The vote in favor of the motion was unanimous.

Medical

City Manager DeLeon stated Councilwoman Dusek, Councilwoman Plant, Diane Gonzales and herself met and reviewed all the options. The renewal rates for our medical plans increased by 15.8%. The current contribution structure includes a 60 (employee)/40 (city) contribution rate for dependent premiums. The City covers the employee's premium costs at 100% for medical (\$2,000 deductible) and dental as they have since 1999. If the City renewed with no changes in city medical contributions our annual cost would be \$265,377. In order to find some savings for the City the following recommendations in contributions are made.

Renew with Humana for medical with 3 options to consider:

Option #1- Councilwoman Dusek's recommendation:

City pays 100% of employee only and zero for dependents on plan #2

Currently the City pays 40% of dependent care.

\$203,298.24 annual cost a savings of \$62,079.

Option #2 Councilwoman Plant's recommendation:

City pays 100% of employee and 50% of dependents on plan #1

monthly premium is less than option #1 above.

\$187,089.60 annual cost a savings of \$78,288.

Option #3 Councilwoman Plant's recommendation:

City pays 100% of employee and zero for dependents on plan #1

monthly premium is less than option #1 above.

\$159,026 annual cost a savings of \$106,351.

Councilwoman Dusek stated right now the City is paying 40% of dependents on plan 2 and with the City Manager's recommendation we decided to cut the dependent care in order to save money and Councilwoman Plant felt that we should be moving up to the high deductible plan for a bigger savings to the City and she stated she felt that we should transition and not do all cuts at once.

Councilman Pellegrino stated it is an enormous jump to force everyone to move to the high deductible plan and cut dependent pay.

Councilman Fry moved to approve medical option 1 recommendation.

Councilman McDonald seconded the motion.

The vote in favor of the motion was unanimous.

City Manager DeLeon asked if City Council wishes to proceed with HSA plans, does the Council want to continue \$100 a month for each employee in the plan towards their HSA card?

Councilwoman Dusek stated Sharon Plant's recommendation was to cut the \$100 contribution for each employee.

City Manager DeLeon stated Councilwoman Plant's goal is to cut the City contributing 100% to the employee.

Mayor Hornberger stated the goal is to push employees towards the HSA plan.

Councilman Pellegrino recommended to keep the HSA the same and contribute \$100 a month for each employee in the plan towards their HSA card. The high deductible plans have become very expensive on the premiums.

City Manager DeLeon stated she could leave it at \$100 a month and if Council feels they need to discuss it more than it can be an agenda item.

Councilman McDonald moved to keep the HSA savings contribution from the City \$100.00 a month.

Councilman Pellegrino seconded the motion.

The vote in favor of the motion was unanimous.

Recommendation on by committee:

DENTAL - \$10,567.20 annual cost (employer pays 100% of employee)

VISION - no cost to the city, employee out of pocket costs.

LIFE - \$4,293.36 annual cost (employer pays 1 X annual salary)

VALIC

City Manager DeLeon stated currently the City contributes up to 3% of the employee's annual salary. However, the employee is not eligible to participate until one year of service and at that time the employee may contribute into the plan with the City contributing when the second year of service has been completed.

Councilman Pellegrino stated the whole point that the 3% contribution is there is to offset the TMRS and the 401K needs to be discretion and have flexibility to that 3%.

Councilman Pellegrino moved to amend the 401A to allow the employee to contribute on day one of employment and have the City make a match and contribution up to 3% beginning after one year of service.

Councilman McDonald seconded the motion.

The vote in favor of the motion was unanimous.

TMRS:

City Manager DeLeon stated the municipal contribution rate has increased from 2.36% to 2.74%.

Mayor Hornberger stated he wants to know from TMRS what is the history for the last 10 years of what they are earning on the investments.

PERSONELL:

City Manager DeLeon stated she has included in this budget a 1% COLA and a 1% merit pay.

She would rather include a 2% COLA raise for each employee. She also stated we still are required to hold two public hearings because we are going above and beyond of what Bexar County has recommended. The public hearing for the budget will be the same day of the regular Council meeting, so the public hearing for the budget, the adoption of the tax rate and adoption of the budget will be at the September regular meeting.

City Council set two public hearing dates for the tax rate increase on Wednesday, August 30th and Thursday September 7th at 6:00 p.m.

There was no further business and the meeting was adjourned at 7:32 p.m.

Ronald Hornberger
Mayor

ATTEST:

Diane Gonzales
City Secretary