

MINTUES OF SPECIAL WORKSHOP MEETING
Bastrop City Council
June 3, 2014 at 6:15 pm

Pursuant to the Texas Government Code, Chapter 551, the City Council of Bastrop, Texas held a Special Workshop Meeting on Tuesday, June 3, 2014 at 6:15 p.m. at the Bastrop City Hall Council Chambers, 1311 Chestnut Street, Bastrop, Texas to consider the following matters:

1. **CALL TO ORDER** - A quorum was present; Mayor Kesselus called the meeting to order 6:15 pm.
2. **WORKSHOP SESSION - THE BASTROP CITY COUNCIL WILL CONVENE INTO A WORKSHOP SESSION TO DISCUSS:**
 - A. **2014-2015 BUDGET – A REVIEW AND DISCUSSION WITH THE CITY MANAGER REGARDING FISCAL YEAR 2015 BUDGET FOR THE CITY OF BASTROP.**

City Manager Talbot presented the Council Members the Budget Workshop handout for FY2014-2015. He gave an insightful overview of the General Fund, Hotel/Motel Funding Financial Plan, Water Capital Improvement Program, Wastewater Capital Improvement Program, Streets Capital Improvement Program, and Equipment Vehicle replacement.

GENERAL FUND – The City has maintained the \$0.584 cent tax rate for three years, FY2012 through FY2014. He advised the Council that the current fund balance of 28% was higher than the 25% fund balance in previous years. Maintaining a higher fund balance provides the City the flexibility in reserves if there is a downturn in the Sales Tax Revenue or it allows funding on future Capital Projects. He intends to use this same approach with the Budget for FY 2015.

In review of the FY2015 Budget, General Fund revenues are estimated at \$8,921,477, which represents an increase of 2% from the reoccurring revenues in FY2014 of \$8,750,070. FY2015 revenues do show slight escalation due to the 5% increase in Sales Tax and an additional estimated 3% in Ad Valorem Taxes.

The City's current proposed Maintenance & Operations expenses exceed revenues; department's expense budgets total \$11,222,721, which includes new personnel requests totaling \$809,911. Balancing the M&O budget to include additional personnel will be a challenge due to the 2% in reoccurring revenues.

FORM BASED CODE PROJECT - City Manager Talbot stated he will recommend the funding of the Form Based Code Project \$95,000 in FY2014 and \$130,000 in FY2015.

RETIREE BENEFITS - The Council will be provided an updated policy on the "City's Retiree Benefits," which reflect our efforts are to control benefit costs. City Manager Talbot supported efforts to keep qualified senior staff.

DEBT SERVICE – In 2013, the City issued \$11,000,000 in Certificates of Obligation and only 43% (\$4,709,780) will be funded through General Fund Debt Service. General Fund supported projects included street improvement on Farm, Pecan, Chambers, In-house streets and street equipment at \$2,050,000; Extension of Hasler Blvd, Agnes Street \$335,000; Alley D infrastructure and parking improvements \$690,000; Bridge Inspection \$50,000; Water Supply infrastructure improvements \$1,375,000 and contingency/issuance costs \$229,480.

City Manager Talbot noted that our current tax rate is \$0.584 cents; \$0.2202 cents is allocated to pay for our General Fund Debt Service costs. In FY2014, the City budgeted \$1,591,250 to cover our debt service. It is anticipated that normal increases through the Bastrop Central Appraisal District will provide coverage for the existing debt issued. New issuances will require a tax rate increase: 1 cent = \$67,000 in Ad Valorem Tax Collection (FY2015 Assessed Valuation)/ 1 cent equals \$1,000,000 in bond issuance.

HOTEL/MOTEL - City Manager Talbot continued his review of the Hotel Motel Fund FY2011-2014 and the projection for FY 2015-2017. He noted that in 2017, we estimate \$756,594 in funds to be available for allocation and he recommended taking a conservative approach and paying off some of the City's debt.

Mayor Kesselus recommended following the City Manager's logic in his efforts to reduce our debt. Council Members were in support as long as we had the funds available.

WATER -City Manager Talbot noted that he would add this to our priority list and proceeded with his review of the Water's Capital Improvement Program. The Five-Year Water Capital Program is reflective of decisions that were made for FY2013-2018, but it must be reevaluated and studied annually.

The Council Member Jackson acknowledged City Manager and Staff's efforts in preparation of the budget reports.

Council Member Beal suggested contacting Senator Watson's office for their support on upcoming TxDOT and Water projects. He also suggested conducting a traffic analysis on the possible impact during holidays and city events. City Manager Talbot noted it was time to begin holding monthly meetings with TxDOT. Mayor Kesselus requested that we use resources available in assisting us with the study.

City Manager Talbot continued his review of the Street Program and the Department summaries. He added that once the City is operational with the AMI program our vehicle needs will be significantly reduced but we will continue to keep our fleet current.

LADDER TRUCK - City Council Members held a discussion on the less expensive options presented by the City Manager Talbot in efforts to purchase a Ladder Truck. Council Members Jackson and McAnally expressed their gratitude for the City Manager's information.

NO TAX INCREASE - Mayor Pro-Tem DeLaRosa lead the discussion and the Council were in collectively in support that there should be no tax increase.

Council Member Beal noted that he would love to see a reduced tax rate.

In review of the Budget, Mayor Kesselus noted that it more attractive to spend \$1,000 on something than to spend it on services provided.

City Manager Talbot noted that our efforts are geared at improving our operations as a full service city.

3. **THE BASTROP CITY COUNCIL WILL ADJOURN WORKSHOP SESSION AND RECONVENE INTO SPECIAL SESSION TO TAKE ANY NECESSARY ACTION(S).**

At 7:29, Mayor Kesselus adjourned the Workshop Session and reconvened into Special Session and no action was taken.

4. **EXECUTIVE SESSION - THE BASTROP CITY COUNCIL WILL MEET IN CLOSED/EXECUTIVE SESSION PURSUANT TO THE TEXAS GOVERNMENT CODE, CHAPTER 551, ET SEQ, TO DISCUSS THE FOLLOWING:**

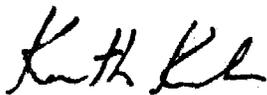
- A. **Section 551.071(1)(A) & Section 551.071(2) – Consultation with Attorney concerning: (1) potential, pending, threatened, and/or contemplated litigation or claims, including but not limited to “Pine Forest Investment Group, LLC. v The City of Bastrop, et al, cause No.29,052, in the 21st Judicial District Court of Bastrop County, Texas,” and/or (2) matter upon which the Attorney has a duty and/or responsibility to report to the governmental body, concerning the same, and/or any other matters posted on the agenda.**
- B. **Section 551.072 - Deliberation regarding Real Property: Regarding the purchase, exchange, lease, disposition, or value of real property.**
- C. **Section 551.086 - Certain Public Power Utilities Competitive Matters – Bastrop Power and Light Budget 2014-2015.**

No Executive Session

5. **THE BASTROP CITY COUNCIL WILL ADJOURN EXECUTIVE SESSION AND RECONVENE INTO SPECIAL SESSION TO TAKE ANY NECESSARY ACTION(S).**

No Executive Session

6. **ADJOURN – Mayor Kesselus requested a motion to adjourn; Mayor Pro-Tem DeLaRosa made the motion, seconded by Council Member Kay Garcia McAnally meeting adjourned at 7:29 pm.**



Ken Kesselus, Mayor



Elizabeth Lopez, City Secretary