AGENDA
ELGIN CITY COUNCIL
SPECIAL MEETING
TUESDAY, SEPTEMBER 12, 2017
CITY ANNEX COUNCIL CHAMBERS, 310 NORTH MAIN STREET
7:00 PM

I. **CALL TO ORDER**

II. **ROLL CALL**

III. **INVOCATION**

IV. **PLEDGE OF ALLEGIANCE**

Recess REGULAR MEETING and call to order PUBLIC HEARING

V. **PUBLIC HEARING**

1. A Public Hearing on the City of Elgin Ad Valorem (Property) Tax Rate proposed for FY2017-18 of $.656916 per $100 valuation
2. A Public Hearing on the Proposed 2017-2018 City of Elgin Annual Budget for all city funds and programs.

Close PUBLIC HEARING and Reconvene REGULAR MEETING

VI. **PUBLIC COMMENT**

Individuals may request to speak on items on the agenda, and items not on the agenda, by requesting to speak during the meeting and under "PUBLIC COMMENT" and will be required to fill out a "PUBLIC COMMENT FORM" and present it, along with any material, handouts or information for Council, to the City Secretary prior to commencement of the Council meeting. Speaker comments are limited to three (3) minutes.

No formal action can be taken by the City Council on items not posted on the agenda. Items requiring a Public Hearing will allow a member of the public an opportunity to speak during the Public Hearing and does not require submission of a "PUBLIC COMMENT FORM". Speakers must address their comments to the Mayor or Presiding Officer rather than to an individual Council Member or member of Staff. All speakers must limit their comments to the specific subject matter noted on the "PUBLIC COMMENT FORM" and refrain from personal attacks or derogatory comments directed at any Council Member, member of Staff, other individual or group.

VII. **NEW BUSINESS**

1. A RESOLUTION OF THE CITY OF ELGIN, TEXAS AUTHORIZING THE MAYOR TO EXECUTE AN EXTENSION OF THE SERVICE AGREEMENT WITH BFI SERVICES OF TEXAS FOR SOLID WASTE DISPOSAL AND COLLECTION; AND PROVIDING FOR RELATED MATTERS.
2. Discussion and possible action regarding a request from the Elgin Parks and Recreation Department to waive the Open Container Ordinance at the Veterans' Memorial Park. The Parks Department will be sponsoring a free concert as part of their fall activities and programming. The concert is free and open to the public and will be held on Friday, September 29, 2017 from 5:00 p.m. to 11:00 p.m.

VIII. EXECUTIVE SESSION

The City Council may announce that it will adjourn the public meeting at any time during the meeting and convene in Executive Session pursuant to Chapter 551 of the Texas Government Code to discuss any matter as specifically listed on the agenda and/or as permitted by Chapter 551 of the Texas Government Code.

None

IX. RECONVENE

The City Council will return to open session for possible discussion and action as a result of the Executive Session.

X. ANNOUNCEMENTS

XI. ADJOURNMENT

NOTICE

Notice of Assistance at Public Meetings, the City of Elgin is committed to compliance with the Americans with Disabilities Act. Elgin City Hall and Council Chambers are wheelchair accessible and special marked parking is available. Persons with Disabilities who plan to attend this meeting and who may need assistance are requested to contact the City Secretary's Office at (512) 281-5724. Please provide forty-eight hours notice when feasible.

I, Amelia Sanchez, City Secretary for the City of Elgin, hereby certify this notice was posted at the City Hall Annex of the City of Elgin, Texas on or before September 8, 2017 in accordance with Chapter 551 of the Texas Government Code.

Amelia Sanchez

Amelia Sanchez, City Secretary

ELGIN CITY COUNCIL MEETING
AGENDA ITEM EXECUTIVE SUMMARY

ITEM:

A Public Hearing on the City of Elgin Ad Valorem (Property) Tax Rate proposed for FY2017-18 of $.656916 per $100 valuation

DEPARTMENT: Administration

PROPOSED ACTION:

Receive public comments on the proposed Ad Valorem (Property) Tax Rate of $.656916 per $100 valuation in support of the FY2017-18 Annual Operating Budget as proposed by the City Manager

BACKGROUND:

The FY2017-18 City of Elgin Annual Operating Budget was presented to the City Council by the City Manager on August 14. In accordance with the City Charter and applicable state law, the City Council is conducting this 1st Public Hearing prior to considering the proposed property tax rate for formal adoption. A copy of the City Manager's Budget Message and related tax rate information is included with this agenda item. A copy of the entire proposed budget is available at City Hall during normal business hours or on the city's website at http://elgintx.com

BUDGET/FINANCIAL IMPACT:

Funding for this item was ○included ○not included in the current-year budget ◉ N/A

RECOMMENDATION:

Receive public comments on the proposed Ad Valorem (Property) Tax Rate of $.656916 per $100 valuation in support of the FY2017-18 Annual Operating Budget as proposed by the City Manager

ATTACHMENTS:

Budget Message

○ **Staff will be making a detailed presentation on this agenda item at the meeting.**
◉ **Staff will provide brief comments and answer questions on this item at the meeting.**
○ **This is a routine procedural item and no presentation is planned for the meeting.**

Councilmembers who have any detailed questions or would like to request additional information regarding this item are encouraged to contact the City Manager at their earliest convenience.

City of Elgin
Office of the City Manager

City Hall · 310 North Main Street · P.O. Box 591
Elgin, Texas 78621

August 14, 2017

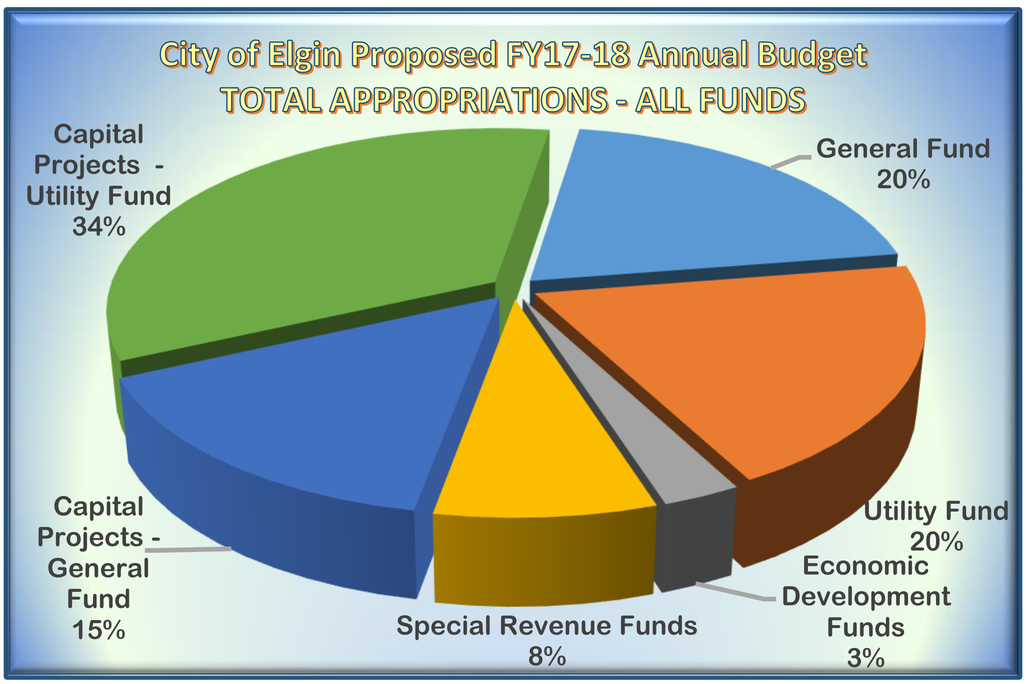
Mayor and City Council
City of Elgin
310 North Main Street
Elgin, Texas 78621

Re: **FY2017-18 Proposed Annual Budget Message**

Dear Mayor Cannon and City Councilmembers,

In accordance with the provisions of Article VII, Section 2 of the Elgin City Charter, the proposed *Annual Operating Budget* for the City of Elgin for the Fiscal Year of October 1, 2017 through September 30, 2018, is hereby presented for your consideration.

The grand total of all appropriations for all departments, operations, and functions proposed for the *FY2017-18 Annual Budget* is **$31,894,705**; to be generally distributed as described below:



The proposed *FY17-18 Annual Budget* is a zero-based, balanced, and appropriately conservative financial plan wherein all operating expenditures are primarily supported by revenue generated during the fiscal year; and was developed through a comprehensive review of financing for all existing programs, operations, and services.

While the primary goal of the proposed budget is to maintain existing service levels, the staff remains focused on enhancing service levels wherever possible. The proposed budget does not include deficit spending and/or utilization of fund balance for operating expenses.

The *FY17-18 Annual Budget* as proposed is delineated into six (6) basic funding categories:

- **General Fund ($6.46M) -** revenues and expenditures related to the provision of primary or traditional city services whose main financial support comes from tax dollars.
- **Utility Fund ($6.2M)** - an enterprise fund monitoring all financial transactions relating to the provision of potable water and sanitary sewer services through the city's systems.
- **Economic Development Funds ($.89M) -** revenues and expenditures specifically earmarked for activities and programs to support business development and retention
- **Special Revenue Funds ($2.5M)** revenues and expenditures related to various projects and programs that are supported by a dedicated revenue stream, including grant funds
- **General Fund-Capital Projects ($4.9M)** all financial transactions related to General Fund capital improvements projects supported primarily by debt proceeds
- **Utility Fund-Capital Projects ($10.9M)** all financial transactions related to General Fund capital improvements projects supported primarily by debt proceeds

FY2017-18 ANNUAL BUDGET - *Budget Highlights and Issues*

While the Elgin community has experienced general prosperity in recent years that is anticipated to continue into the future, the City of Elgin (based on internal financial reports and information provided by the Finance Department) faces significant budgetary challenges as it enters the next fiscal year. While the City obviously continues to experience growth and development that has generally increased revenues (particularly from growing property and sales tax receipts), budgetary and/or spending practices in recent years has the City now facing major financial shortfalls in the development of the *FY17-18 Annual Budget*.

Annual Operating Deficits

The most significant issue to be addressed is reversing practices of recent years of deficit spending, the use of fund balance or cash reserves to fund operating expenditures, and the addition of new annual expenditures without a corresponding revenue increase. The following six items alone represent **$4.2M** in new net costs that must be addressed in the *FY17-18 Annual Budget*:

- ✓ ***FY16-17 Budget Deficit*** – The most significant issue facing the FY17-18 Annual Budget is overcoming the deficit spending plan that was included as part of the current-year budget. In both the General Fund ($1.5M) and the Utility Fund ($1.0M), major deficit spending for operations were included in those plans that must be addressed for the City to move forward financially sustainable manner. Although the use of one-time funds is not illegal or extremely unusual, it is counterintuitive to a concept whereby spending should be maintained at a level consistent with revenues taken in. Given this situation, this year's budget development begins with a **$2.5M or 20%** combined shortfall in the General and Utility Funds, just to maintain existing service levels.

- ✓ ***New Utility Fund Annual Debt Service*** – Late in the 2016 calendar year, the City approved the issuance of $10M in bonds to provide funding for a variety of much-needed capital improvements, including initial funding for the upcoming expansion of the wastewater treatment plant. This issuance of new debt was approved without a plan for enhancing the revenue stream to provide for annual debt payments. As such, the *FY17-18 Budget* must also address **$671,000** in new annual costs.

- ✓ ***Annual Street Maintenance Programs*** – As part of the current-year budget, the street resurfacing program - the annual maintenance program to resurfacing and repair public streets and alleys throughout the City – was funded through a one-time expenditure from eligible bond proceeds. While not an inappropriate use of such funds, this program is for annual, routine maintenance that must be performed on a yearly basis as part of normal maintenance operations – not as a one-time capital improvement costs. This situation serves to create another funding gap for the FY17-18 Budget in the amount of **$400,000 -** if the City to maintain a consistent street maintenance effort.

- ✓ ***Utility Fund Utilities and IT Expenses*** – In the recent past, the City has maintained a practice of isolating all building/operational costs related to Utilities (electricity, natural gas, telephones, etc.) and IT (information technology/computers) costs into a separate fund; and then making a transfer from the General Fund to pay for same. The proposed budget includes a restructuring that will now track all such expenditures to the appropriate departments – thereby providing a more accurate picture of the true costs for such services. While the majority of the reallocation has a budget-neutral effect, this practice resulted in Utility Fund costs being paid for with General Fund dollars. So, the reallocation and appropriate assignment costs will result in an additional increase in costs for increase of more than **$400,000** in the Utility Fund.

- ✓ ***New Recreation Center*** – The currently under construction City of Elgin Recreation Center remains on schedule to open in the first quarter of 2018. While this is an exciting project for the community, its operation will also bring new additional annual costs, currently estimated to be **$200,000** in FY17-18.

- ✓ ***Funding Support for the Elgin Emergency Services District -*** The Elgin Emergency Services District (EESD) has again requested a waiver of the previously-assessed payment for emergency dispatching services provided to the EESD by the Elgin Police Department. In prior years, the EESD paid **$34,500** annually to the City, however, consistent with last year's Council discussion and the EESD request, that revenue has been removed from the proposed budget.

Staffing

The proposed budget includes full-year funding in FY17-18 for up to **one hundred twenty-one (121) total city employees**: eighty-six (86) full-time and thirty-five (35) part-time positions.

Employee Compensation

In order to provide the highest possible level of service for city residents, the City must strive to provide appropriate and market-competitive compensation for all city employees. This is especially during a year we will be asking all employees to maintain existing service levels with less resources. Accordingly, the proposed *FY17-18 Annual Budget* includes a Cost of Living Adjustment (COLA) of **2.0%** in base salaries for all full-time city employees – plus a potential **2.0%** Merit Pay increase for all non-salaried employees.

Ad Valorem Estate Taxes

Although the City's budget continues to be enhanced by Sales Tax revenue from our growing business community, Real Estate and/or Property (Ad Valorem) Taxes still provide the basic foundation for revenue in support of the General Fund. This stable source of income provides assured funding each year for essential city services- public safety, basic services, mobility, asset maintenance, etc.

The proposed *FY17-18 Annual Budget* is predicated maintaining the current property tax rate of $6569/$100 valuation.

Utility Rates

Despite our best efforts to reduce costs, the overall funding situation within the Utility Fund cannot be addressed through costs reductions alone without greatly impacting existing service levels in a negative way. As stated previously, the operating deficit, new debt service, and utility costs alone require nearly $2M in new annual operating costs for the Utility Fund. As such, the proposed *FY17-18 Annual Budget* includes a significant increase for all water and sewer customers. Details of the rate increase are included in a memorandum from the Director of Finance found elsewhere in the budget document. **The proposed increase is projected to increase the average monthly utility customer bill by approximately $20.00 (from the current average of $72.72 per month to $92.72)**.

Cost-Cutting Measures

For reasons stated above, cost reductions have also been included in the proposed FY17-18 Annual Budget. The proposed budget was prepared with a goal of maintaining all existing staff, services, and programs; and to achieve a financially conservative operation in FY17-18 without a noticeable impact on city services. It is with that goal in mind that the proposed budget utilizes `increased revenues gained from the Utility Rate increase. In addition, however, following is a partial list of cost cutting measures that were also utilized to achieve a balanced operating budget for FY17-18:

- The Annual Street Resurfacing and Cracksealing Programs have been eliminated for next year, creating a budgetary saving of over $400,000. While certainly not preferred, this step will provide a major impact against the deficit situation; and recent efforts toward street maintenance should allow the City to “skip a year” without an extremely adverse impact on our commitment to maintaining a quality roadway system.
- No new positions or employees are included in the proposed budget for existing operations or programs (the new Recreation Center will obviously require new positions).
- Two (2) existing but vacant Patrol positions in the Police-Operations budget will be held open until later in the year.
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In spite of the budgetary challenges, next year should be a very exciting and rewarding one for all city operations, employees, and residents. It will be a “building year” for the City, with the opening of the new Recreation Center, construction of the long-awaited Lee Dildy Boulevard, new homes in Saratoga Farms, and a variety of new commercial projects. Safety, livability, and economic development will continue to be the primary focus of city operations. On behalf of the city staff, we thank the Mayor and City Council for the opportunity to serve the citizens of Elgin.

Sincerely,

Thomas L. Mattis
City Manager

ELGIN CITY COUNCIL MEETING
AGENDA ITEM EXECUTIVE SUMMARY

ITEM:

A Public Hearing on the Proposed 2017-2018 City of Elgin Annual Budget for all city funds and programs.

DEPARTMENT: Administration

PROPOSED ACTION:

Receive public comments on the FY2017-18 Annual Operating Budget as proposed by the City Manager

BACKGROUND:

The FY2017-18 City of Elgin Annual Operating Budget was presented to the City Council by the City Manager on August 14. In accordance with the City Charter and applicable state law, the City Council is conducting this Public Hearing prior to considering the budget for formal adoption. A copy of the City Manager's Budget Message is included with this agenda item. A copy of the entire proposed budget is available at City Hall during normal business hours or on the city's website at http://elgintx.com

BUDGET/FINANCIAL IMPACT:

Funding for this item was ○included○not included in the current-year budget◉
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RECOMMENDATION:

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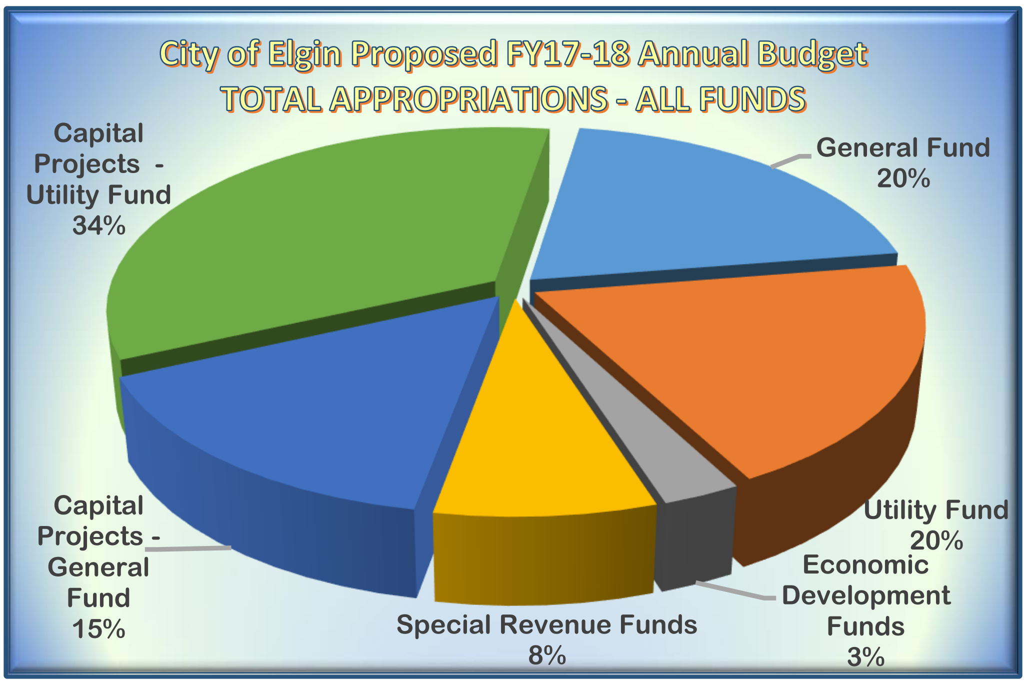

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Sincerely,

Thomas L. Mattis
City Manager

ELGIN CITY COUNCIL MEETING
AGENDA ITEM EXECUTIVE SUMMARY

ITEM:

A RESOLUTION OF THE CITY OF ELGIN, TEXAS AUTHORIZING THE MAYOR TO EXECUTE AN EXTENSION OF THE SERVICE AGREEMENT WITH BFI SERVICES OF TEXAS FOR SOLID WASTE DISPOSAL AND COLLECTION; AND PROVIDING FOR RELATED MATTERS.

DEPARTMENT: Administration

PROPOSED ACTION:

Approval of the Resolution and contract extension as presented.

BACKGROUND:

Discussed at last meeting; This item is for formal authorization of a contract extension with Republic Services to temporarily maintain existing solid waste and recyclables collection services. While staff is in the process of developing recommendations regarding the future of these services, the current contract with Republic expires on October 17. Through this action, the contract will be extended to November 1; which will provide sufficient time for decisions to be made as to whether (a) a longer-term agreement with Republic can be reached or (b) proposals from other service providers will be considered.

BUDGET/FINANCIAL IMPACT:

Funding for this item was ◉ included ○ not included in the current-year budget ○ N/A

RECOMMENDATION:

Approval of the Resolution and contract extension as presented; and further direction to staff, if any, as may be directed by Council.

ATTACHMENTS:

Resolution
Agreement

○ **Staff will be making a detailed presentation on this agenda item at the meeting.**
◉ **Staff will provide brief comments and answer questions on this item at the meeting.**
○ **This is a routine procedural item and no presentation is planned for the meeting.**

Councilmembers who have any detailed questions or would like to request additional information regarding this item are encouraged to contact the City Manager at their earliest convenience.

RESOLUTION NO. __________________

A RESOLUTION OF THE CITY OF ELGIN, TEXAS AUTHORIZING THE MAYOR TO EXECUTE AN EXTENSION OF THE SERVICE AGREEMENT WITH BFI SERVICES OF TEXAS FOR SOLID WASTE DISPOSAL AND COLLECTION; AND PROVIDING FOR RELATED MATTERS.

WHEREAS, the City of Elgin and BFI Services of Texas, LP d/b/a Allied Services of Austin (now Republic Services of Austin) entered into a service agreement related to the curbside collection of solid waste and recyclables on September 18, 2012 ("the Contract"); and,

WHEREAS, the Contract expires on September 17, 2017; and,

WHEREAS, the City of Elgin and BFI Services of Texas agree to extend the existing Contract as set forth below.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ELGIN, TEXAS, THAT:

Section 1. The following recitals are hereby found to be true and correct and are hereby adopted by the City Council and made a part hereof for all purposes as findings of fact.

Section 2. The Mayor is hereby authorized to execute an Extension of Contract for Solid Waste Collection and Disposal Services with BFI Services of Texas, LP d/b/a Republic Services of Austin; a copy of said agreement being attached hereto, marked Exhibit A, and made part of this Resolution as if copied verbatim herein.

Section 3. It is hereby officially found and determined that the meeting at which this Resolution is passed was open to the public as required and that public notice of the time, place, and purpose of said meeting was given as required by the Open Meetings Act, Chapter 551, Local Government Code.

Section 4. This Resolution shall take effect immediately upon passage.

PASSED AND ADOPTED this 12th day of September 2017

____
CHRIS CANNON, Mayor
City of Egin, Texas

ATTEST:

____
AMELIA SANCHEZ, City Secretary

EXTENSION OF CONTRACT FOR SOLID WASTE DISPOSAL AND COLLECTION SERVICES

THIS EXTENSION OF CONTRACT FOR SOLID WASTE COLLECTION AND DISPOSAL SERVICES (this “Extension”), is made and entered into effective as of the _18th__ day of _______September_________, 2017 (the “Effective Date”), by and between the City of Elgin, Texas (the “City”) and BFI Services of Texas, LP d/b/a Republic Services of Austin (“Contractor”).

RECITALS:

WHEREAS, City and Contractor entered into a Contract for Solid Waste Disposal and Collection Services dated September 18, 2012 (“the Contract”) whereby Contractor provides residential solid waste collection and disposal services within the City;

WHEREAS, the Contract expires on September 17, 2017;

WHEREAS, the City desires to extend the Contract for a short period to allow finalization of a new contract between the parties, and Contractor agrees to such an extension; and

WHEREAS, the parties agree to extend the existing Contract as set forth below.

AGREEMENT:

NOW, THEREFORE, in consideration of the following mutual agreements and covenants, it is understood and agreed by and between the parties hereto as follows:

1. The term of the Contract shall be extended for an additional two-month period, ending November 1, 2017.

2. All terms and conditions of the Contract not expressly modified herein shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have entered into this Amendment effective as of the Effective Date.

CITY OF ELGIN, TEXAS	BFI SERVICES OF TEXAS, LP
By: ______________________________	By: ______________________________
Name: ___________________________	Name: ___________________________

ELGIN CITY COUNCIL MEETING
AGENDA ITEM EXECUTIVE SUMMARY

ITEM:
Discussion and possible action regarding a request from the Elgin Parks and Recreation Department to waive the Open Container Ordinance at the Veterans' Memorial Park. The Parks Department will be sponsoring a free concert as part of their fall activities and programming. The concert is free and open to the public and will be held on Friday, September 29, 2017 from 5:00 p.m. to 11:00 p.m.

DEPARTMENT: Parks & Recreation

PROPOSED ACTION:
Approve a request from The Elgin Parks Department to waive the Open Container Ordinance at the Veterans' Memorial Park, for a free concert to be held on September 29, 2017 from 5:00 p.m. to 11:00 p.m.

BACKGROUND:
This event is part of the Parks Department fall activities and programming.

BUDGET/FINANCIAL IMPACT:
Funding for this item was ◉ included ○ not included in the current-year budget ○ N/A

RECOMMENDATION:
Approve the request from The Elgin Parks Department to waive the Open Container Ordinance at the Veterans' Memorial Park, for the free concert to be held on September 29, 2017 from 5:00 p.m. to 11:00 p.m.

ATTACHMENTS:

○ **Staff will be making a detailed presentation on this agenda item at the meeting.**

◉ **Staff will provide brief comments and answer questions on this item at the meeting.**
○ **This is a routine procedural item and no presentation is planned for the meeting.**

Councilmembers who have any detailed questions or would like to request additional information regarding this item are encouraged to contact the City Manager at their earliest convenience.