



CITY COUNCIL – WORK SESSION
City of McLendon-Chisholm, Texas
Meeting Minutes
August 12, 2019

The City Council of the City of McLendon-Chisholm convened in Special Work Session on Tuesday, August 12, 2019, at City Hall, 1371 West FM 550, McLendon-Chisholm, Texas, with the following members present:

ATTENDING:	Keith Short	Mayor (Arrived at 8:17 p.m.)
	Jim Bloom	Mayor Pro Tem
	Lorna Kipphut	Council Member
	William Dahl	Council Member
	Trudy Woessner	Council Member
	Nathan Hodges	Council Member
Staff Present:	Lisa Palomba	City Administrator/City Secretary
	Jim Simmons	Fire Chief
	Ray Smith	City Accountant
	Karl Crawley	City Planner

1. CALL TO ORDER

Mayor Pro Tem Bloom called the meeting to order at 6:30 p.m.

2. DISCUSS ANNUAL BUDGET FOR FISCAL YEAR 2019-2020

- 2.1. Discuss and consider Certified Property Values, effective and rollback tax rates, all expected revenue and expenditures, planning for public safety needs, employee salaries and benefits, fund balance policy, and all related matters concerning adopting a budget and tax rate for Fiscal Year 2019-2020.**

Karl Crawley, City Planner, addressed the issue of the Comprehensive Plan. He stated he doesn't think the City needs an entirely new Comprehensive Plan. The demographics haven't changed, so there is no reason to do that. There are some components we may want to look at.

1. The first thing is to look at would probably be future land-use. Not so much the map, but Council's visioning for the City.
2. The next thing is Hwy. 205.
3. Next, where does McLendon-Chisholm want to go commercially in the next five years or ten years and how would we go about doing that.
4. Address some of the older PDs that are out there.

The Council asked Mr. Crawley to come back to the next meeting with some firm numbers.

City Administrator Palomba introduced Dan Jackson with Willdan Financial, who prepared a proposal for a sewer rate study.

Mr. Jackson explained they help cities with a lot of the same issues the City is facing as it continues to grow and as you try to incorporate the increased costs that you're looking at in the future. He explained that Willdan is a publicly traded corporation founded in 1964. It has four divisions and 900 employees throughout the United States right now. They have over 1,200 clients throughout North America and they can basically be considered a nationwide leader in water and wastewater analysis and in the development of ratemaking methodology. For the purposes of the State of Texas, Willdan got its presence in Texas by buying out the firm that he started 20 years ago. They have over 40 clients in the Dallas-Ft. Worth metroplex itself and have 80 clients across the State of Texas. In the last 20 years, they have done over 250 water and wastewater rate studies for clients here in Texas alone. They understand very well the dynamics of water utilities here. All utilities are facing the same issue you are. Costs are going up. The average water and sewer utility is raising its rates by five to six percent every year. That is a trend that is expected to continue. North Texas Municipal Water District is raising its rates by 10% a year. The best way to deal with that is to develop a long-term financial plan. The wastewater rate decision is not just a financial decision, it's a social, community, and a political decision. You can have many different rate structures that are going to give you the revenues that you need. The question becomes what is the most fair, just, and reasonable rate design.

The purpose of the study is to give you the information you need, as decision-makers, to make the best policy choices for your city. The first thing you have to evaluate is your account growth in your system growth. That factors into a long-term financial plan. Operating cost increase so you need to build that into a rate plan. Wholesale costs increase.

Probably the single most important factor for a city like McClendon-Chisholm is going to be your capital improvement plan. Capital improvement plans impact your rates in three way:

1. How much do you have to spend?
2. When do you have to spend it; and
3. How do you finance it?

Although it's admirable to keep your rates as low as possible, you have to balance that with the need to fund long term capital improvements. One of the things we do is we have a model. It's a model that helps cities decide and determine what the best rate policy is. We incorporate this model for your purposes and we hope that would give you the information you need to make the right choice. The best thing to do is develop a long-term financial plan that helps you minimize increases while still ensuring that you get the revenues that you need in order to fund your utility.

Council Member Kipphut asked how long the study would take. Mr. Jackson replied it generally takes about 60 days for the study once the information is received. Once the

study is complete, they will meet with the staff to be sure they agree with what their assumptions are.

Council Member Kipphut asked if they would give a recommendation of whether the City should go a flat rate or use another method. Mr. Jackson replied they would present alternatives. They would give you two, three, maybe even four alternatives. Each would give you the same amount of revenue.

Council Member Hodges asked, if they do proceed with the rate study, how many years does that forecast go. Mr. Jackson replied that their rate model goes out for ten years. They typically recommend that a city do somewhere between a three- and five-year plan where every year you would do an automatic rate adjustment.

Council Member Hodges asked Mr. Jackson if he would be the point of contact for the City. He explained he does all the presentations but he does have an assistant. But everything that goes out of the office goes through him.

City Administrator Palomba recommended they do the rate study before they set the sewer rate so they will have the justification of how much they need to raise the rate.

Consideration of the rate study will be placed on the August 27th agenda.

Council reviewed the revised worksheet prepared by the City Accountant.

Council discussed developing a Fund Balance Policy and how they want it to be set up. The City Administrator is to bring a draft policy for discussion purposes to the August 27th Council Meeting.

Chief Simmons presented an outline of the fire department major assets so far as vehicles and a little bit about a timeline for what he thinks might be life expectancy. The first major purchase he thinks he will need will probably be in 2021 or 2022. He also fielded questions on his overall budget.

3. EXECUTIVE SESSION

- 3.1. Recess into Executive Session (Closed Meeting) in accordance with Texas Government Code: Section 551:074(1) Personnel Matters to deliberate the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee: City Administrator/City Secretary; Assistant to the City Secretary; Building Permit Technician; Fire Chief/Fire Marshal; Assistant Fire Chief and Firefighters.**

Council adjourned into Executive Session at 8:42 p.m.

4. RECONVENE REGULAR MEETING

Council reconvened into regular session at 10:06 p.m.

5. EXECUTIVE SESSION ACTION

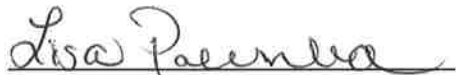
No Action

6. ADJOURN

There being no further business to discuss, Mayor Short adjourned the meeting at 10:06 p.m.

ATTEST:

APPROVED:


Lisa Palomba, City Secretary


Keith Short, Mayor

