The City Council of the City of Seabrook met in special session on Tuesday, July 9, 2013 at 6:00 p.m. in Seabrook City Hall, 1700 First Street, Seabrook, Texas to discuss, consider and if appropriate, take action on the items listed below.

THOSE PRESENT WERE:

GLENN R. ROYAL	MAYOR
ROBERT LLORENTE – Ex. Abs.	COUNCIL PLACE NO. 1
MIKE GIANGROSSO	COUNCIL PLACE NO. 2
GARY JOHNSON	COUNCIL PLACE NO. 3
DON HOLBROOK.	COUNCIL PLACE NO. 4
THOM KOLUPSKI – Ex. Abs.	COUNCIL PLACE NO. 5
LAURA DAVIS – Ex. Abs.	COUNCIL PLACE NO. 6
KELLY TEMPLIN	CITY MANAGER
MICHELE L. GLASER	CITY SECRETARY
JESSICA ANCIRA	MUNICIPAL COURT ADMINISTRATOR
MYRA BERGERON	UTILITY BILLING SUPERVISOR
GAYLE COOK	ASSISTANT CITY MANAGER & PERSONNEL ADMINISTRATOR
LEAANN DEARMAN	DIRECTOR OF COMMUNICATIONS
JEFF GALYEAN	EMERGENCY MGMT. COORDINATOR
MICHAEL GIBBS	ACCOUNTANT
NONA HOLOMON	DIRECTOR OF PUBLIC SAFETY
PAM LAB	FINANCE OFFICER
SEAN LANDIS	COMMUNITY DEVELOPMENT DIRECTOR
KEVIN PADGETT	ASST. DIRECTOR OF PUBLIC WORKS
GEORGE SZAKACS	IT DIRECTOR
SEAN WRIGHT	POLICE CAPTAIN

Mayor Royal called the meeting to order at 6:00 p.m.

1.0 ROUTINE COMMENTS AND ANNOUNCEMENTS – None.

2.0 BUDGET WORKSESSION

(Note: A synopsis of the budget presentation by Mr. Templin, Ms. Cook and Ms. Lab is included in the Budget Memo which is identified as Attachment A.)

Mr. Templin gave an overview of the budget, stating that the balanced budget presented is lower than last year's budget. All General Fund department budgets were reduced except:

1) Legislative which includes an increase in overtime due to required attendance of staff at the Harris County Mayors' and Councils' Association meetings to assist Gary Johnson who was elected to serve as secretary for 2013/14;

2) Emergency Management – which includes an increase for maintenance of radios; and

3) IT which includes the hiring of an assistant for George Szakacs. (This will not be an increase in total number of employees as Faith Shallis is retiring and her job will not be replaced.)

Mrs. Lab gave an overview of anticipated revenue for 2013/14, which also decreased.

Ms. Cook presented an overview of personnel costs. This budget does not include a cost of living increase or a step increase in the General Fund. The city advertised for proposals for health care as the city's health insurance carrier, Aetna originally proposed a 36 percent in health care premiums. As no other insurance company presented a proposal, the city increased negotiated with Aetna to reduce the increase to 16 percent by introducing higher deductibles and a health savings plan.

In order to balance the budget, staff proposed to reduce the cost of living increase for retirees from 70 percent to 30 percent, which will reduce a retiree's pension approximately $12.00 per month.

Concerning the anticipated decrease in court revenues, Mayor Royal asked about the possibility of designating an officer for traffic control. Chief Holomon stated that she does not have sufficient staff to designate one person to traffic only. As the grant for traffic enforcement overtime has expired, additional monies would be required in the public safety overtime budget to increase traffic control.

Council members agreed to meet on Tuesday, July 23, 2014 at 6:00 p.m. to continue review of the budget.

Upon motion, Mayor Royal adjourned the meeting at 8:06 p.m.

Approved this 6th day of August 2013.

Laura Davis, Mayor Pro Tem

Michele L. Glaser, TRMC
City Secretary

SEABROOK

To: **City Council**
From: Kelly Templin, City Manager
Date: 2 July 2013

Re: **2013-14 Draft Budget**

The staff and I are pleased to present a balance draft budget. Once again staff has done a great job of working within the confines of limited revenues and increasing costs. While our budget meetings have not been as arduous as in preceding years, the continuing impacts of the recent recession make the budget process a challenge.

As always, staff has had to make certain assumptions about anticipated revenues. Some important points to keep in mind while reviewing the contents are:

General Fund

- **Revenues**
  We are currently anticipating a reduction in revenues to the General Fund of over $254,000.
- **Property Taxes and Values**
  Property tax revenues are expected to increase marginally owing to $15 million in new construction added to the rolls in the past year. No rate increase was factored into our estimate.
- **Sales Tax Revenues**
  Based on our observations during the current budget year, we are anticipating sales tax revenue equal to the current year's forecast. We recognize the possibility for lost revenue exists with the uncertainty surrounding SH 146 and will monitor that situation diligently.
- **Municipal Court**
  Court fines are anticipated to be reduced by 37.5% ($225,000) due in part to the ending of the Selective Traffic Enforcement Program (STEP) grant program by the State.
- **Economic Development Corporation Transfer**
  The annual transfer of funds from the EDC to the General Fund for staffing, office supplies and utilities is unchanged at $125,000.

Personnel Expenditures

- **Cost of Living Adjustment / Step Payroll Plan**
  No cost of living adjustment is reflected in the budget. The Step Payroll Plan is suspended in the draft budget.
- **Increased healthcare costs**
  Employee healthcare costs would have increased 36.7% if the current plan was retained. We have introduced higher deductibles and are offering a Health Savings Account (HSA) option. The impact to the budget is still an increase of 16%.
- **Reduction in Retiree COLAs**
  The budget includes a proposed reduction in the current retiree COLA. This change will substantially reduce the unfunded TMRS liability and the City's annual contribution.

Personnel Expenditures, continued

- **A Retirement and a New Position**
  The retirement of Faith Shallis will allow for her position to be eliminated and for the creation of a new position within the IT Department. This position is proposed to work directly for the Director and is intended to enhance all aspects of technology services.
- **Public Works Retirement**
  The anticipated retirement of Streets Supervisor Jimmy Wheeler will allow for the adjustment of a limited number of salaries for skilled positions that are currently substantially below market.

Enterprise Fund

- **Staffing**
  Four key skilled staff salaries were found to be well below market. In order to retain these key personnel, the salaries were adjusted to median market rate.
- **Rate Study**
  A decision package for a revised water rate study has been included for your consideration.

Other Major Issues

- **Fire Department Budget and Station Lease**
  The SVFD has submitted a budget that reflects a 27% increase in funding. The Council should review the submission as it would a decision package to get a better understanding of what if any increase the City can afford in the coming year. The Station Lease increase is reflected in the debt service.
- **Pelican Bay Management**
  The management of the Municipal Pool has been privatized. While this reflects no savings to the General Fund, it substantially reduces the City's liability and staff time devoted to this operation.
- **Decision Packages**
  No decision packages are funded within the draft budget.

Council Goals, Policies and Decisions

Last, but far from least, your goals, policies and decisions will have to be factored into the mix. Staff anticipated your direction while formulating the budget, but understands that the policies set by the Council are the overriding and driving force behind City.

As always, it is our goal to maintain current levels of service. While the impacts of the recent recession still linger, we believe the following budget will provide for all essential services, at their current levels in the coming fiscal year.