

MINUTES

A special and workshop meeting of the City Council of the City of Pinehurst was held on June 20, 2019 at 6:00 p.m. in the City Hall. A quorum having been established, Mayor Joseph L. Runnels called the meeting to order with the following council members present: John Zerko, T.W. Permenter, Dan Mohon, and Sarah McClendon. Councilwoman Cynthia Adams was absent. The following business was transacted.

Liz McKee of TK Health Insurance noted that there were two sections to this agenda item. She advised that the Council would need to consider a Rerate Agreement received from Texas Municipal League Health (TML Health) and a change in the payment structure for Broker Commissions. She began by explaining that broker commissions had been paid as 5% of the employee premiums in the past. She informed that TML Health wanted to change that payment structure to a flat rate per employee per month (PEPM). Mrs. McKee stated that the City had two choices; either pay the new PEPM rate or to remove the commission payments from the insurance and pay TK Health Insurance directly. She commented that the difference in the two payment structures was extremely small and that the PEPM rate favored the City slightly. City Secretary Debbie Cormier noted that TK Health Insurance had already signed off on the new payment structure. Ms. Cormier made her recommendation to change to the new payment structure with a stipulation. She stated if the change should ever cause TK Health Insurance to be paid less than the equivalent of 5%, she would come back to Council and ask that the broker commission payment structure be reevaluated. On a motion made by Councilwoman Sarah McClendon and seconded by Councilman Dan Mohon, council members unanimously voted to approve the new Broker Commissions Payment Structure.

Mrs. McKee drew attention to the health insurance rerate sheet that was given to council members. She noted the breakdown of employee only, employee & spouse, employee & children, and employee & family on the bottom of the form. She stated that the employee only rate on the renewal looked like it jumped significantly but the remaining tiers did not. She advised that bottom line on the renewal looked very good because the City's portion was going down and the employee portion was going down. However, she informed that this year there were several new plans to consider along with the renewal. She explained that the comparison was done with only one of the new plans; the one most similar to the City's current plan. She compared the current plan and the Option 1 plan. She stated that the plan copays would change if the City decided to go with Option 1. She noted that some of the prescription copays would increase slightly whether the City decided to stay with the current plan or move to Option 1. Mrs. McKee noted that the caveat in moving to the new plan was that the City could not go back to the old plan. She advised that there was a savings with the renewal or Option 1 but the savings was more significant with the Option 1 plan. She discussed some of the specific changes with the Option 1 plan; a specialist copay difference and an urgent care copay difference. She informed one of the good things about Option 1 was that labs and x-rays would be covered under that plan whereas it currently was not and would not be covered under the renewal plan. Mrs. McKee stated, due to the significant savings and the fact that the plans were very similar, her recommendation was to move to Option 1. She advised that the City could change to other option plans in the future but again stated that we would not be allowed to go back to the current plan. She explained to council members that this did not mean that TK Health Insurance would

not go out for other bids. She stated that this simply meant that if we stayed with TML Health, we agreed to go with Option 1 at the published rates. Ms. Cormier asked Mrs. McKee if she anticipated finding any other insurance that would be better financially. Mrs. McKee remarked that she would be surprised based on current trends and what she had seen in the past years of obtaining quotes for the City. On a motion made by Councilman Dan Mohon and seconded by Councilman T.W. Permenter, council members unanimously voted to switch to TML Option 1.

At 6:17 p.m., City Administrator Robbie Hood asked for a ten minute recess in order to set up the Council chambers for the Workshop Session of this agenda.

At 6:23 p.m., Council members reconvened in a Workshop Session to discuss the budget for fiscal year 2019-2020. City Administrator Robbie Hood explained that he and City Secretary Debbie Cormier had already had initial meetings with the department heads. He noted that all council members had received a working budget that was subject to change many times going forward. Mr. Hood advised that most of the employees were paid from the General Fund. He stated that many services to the citizens were also paid from General Fund. He informed that the revenues for this fund were obtained through ad valorem property taxes, sales tax, permit fees, court fines, etc. Ms. Cormier explained that the property tax figures included in this copy of the budget were preliminary numbers which she received from the tax assessor-collector prior to any taxpayer having the opportunity to protest their evaluation. She noted that the property tax figures historically go down once the Certified Tax Roll is received at the end of July. She stated that the schedule on the budget would be very tight because a preliminary budget must be presented to the City Secretary sometime during the first week of August. She explained that the Council could not vote on the final budget until 30 days after the preliminary budget had been presented to the City Secretary. Mr. Hood reminded council members that the Texas legislature had recently set a property tax cap of 3.5% as opposed to the current 8% cap. He commented that the new law would not take effect until January 1, 2020 and stated that this would allow the City to raise property tax rates in order to obtain revenue to provide necessary city services this budget year. Mr. Hood advised council members that each department head would now discuss any changes or capital requests on their budgets.

Fire Chief Shon Branham informed that he had increased the Dues & Subscriptions in his department. Chief Branham stated that the State Fire Marshal's Association dues had increased. He noted that the individual firefighter fees increased from \$30 per person to \$50 per person and the department dues increased as well. He remarked that much of equipment used at the fire department had been donated. He advised that he had spoken to Leon George of Orange County's Emergency Management Department and the Pinehurst Volunteer Fire Department may acquire a new Generac generator. City Administrator Robbie Hood explained that the generator would be obtained through a program to establish immunization pods in the county for post-disaster events. Mr. Hood stated that he was approached about Pinehurst being one of those pods. He noted with the establishment of a pod comes a refrigerator/freezer to store the vaccines and water, and a generator to keep those items cool in the case of an electrical outage.

Code Enforcement Officer Harry Vine explained that his Computer Related Expenses may change due to new permitting software. He stated that he had spoken with a vendor that was working on a quote. He noted that the new software was needed because the current software

would not compute permit fees on a square footage basis. He stated that the computations had changed due to a recent change in laws governing permit fees. He informed until new software could be obtained, the permit fees were being calculated by hand and manually entered into the current software. Mr. Vine advised that his city vehicle was 13 years old and had been repurposed from the police department. He noted that he was requesting \$20,000 of capital outlay to replace the vehicle with a pickup truck. Mr. Hood explained that city officials had spoken with a representative of Enterprise Fleet Leasing Services. He informed that this organization was specifically aimed at governmental entities. He noted that the City of Vidor participated in this leasing program and stated that he visited with officials there. He said that Vidor had 21 leased vehicles and paid about \$13,000 per month for those vehicles. He advised that Pinehurst was looking to lease 6 vehicles and it should cost about \$3,000 per month. He commented that the 6 vehicles to be replaced were all 8 to 15 years old. He informed that he had another meeting with this company scheduled for the following day.

Fleet Services Manager Greg May requested an increase in his Health & Safety line item. He stated this line was for boots, gloves, rubber boots, etc. Mr. Hood explained that the City paid \$100 per year toward a pair of steel toed boots for certain employees who were required to wear them. He noted that the price of those boots had increased and said that the employees had to pay and were taxed on any amount over \$100. Mr. May informed that he was also requesting an increase in his Small Tools & Equipment line item. He explained that different vehicles required different equipment. Mr. Hood stated that this was a new department and unlike other departments, it had no history upon which to base budget line items. Mr. May advised that he had obtained some small tools through the Law Enforcement Support Office (LESO) program.

Police Chief Fred Hanauer requested an increase in his Computer Related Expenses due to a new reporting system and the new ticket writers. He explained that there were three new budget lines in his department, the first of which was LESO Equipment Repair. He stated that this line item had been created to differentiate between regular vehicle repairs and LESO vehicle repairs. He informed that the new line item did not represent an increase in his budget because the \$8,000 originally in the Vehicle Repair and Maintenance line had been changed to \$6,000 and \$2,000 had been reallocated to the new LESO Equipment Repair line item. Chief Hanauer remarked that the second new line item was the State Funded Training Funds. He said that this line was in addition to the regular training line item in his budget. He explained that the State Funded Training Funds were from monies received from the state in order to supplement required training for police officers. He advised that the third new line item was to separate regular fuel from diesel fuel. He noted that the addition of a Diesel line item was for the LESO vehicles, which all used diesel fuel. Again, he informed that the new line item did not represent an increase in his budget because the \$14,000 originally in the Gasoline line item had been changed to \$13,000 and \$1,000 had been reallocated to the new Diesel line item. Lastly, Chief Hanauer requested capital outlay of \$41,445.25 for a new vehicle. He stated that he would like to replace the oldest vehicle in the police fleet which was a 2010 Dodge Ram with 100,000+ miles. Councilman Mohon questioned this capital outlay if the City decided to participate in the Enterprise Lease Program. City Administrator Robbie Hood advised that this capital outlay would decrease if the City went with the lease program.

Public Works Director John Toney requested an increase in the Asphalt line item of the Street Department budget. He noted that there were more potholes due to all of the recent rains. In addition, he requested capital outlay of \$28,502.50 for a new truck. He stated that he would like to replace a 2011 Ford F-150 that had required recent repairs.

Mr. Toney continued with the Animal Control budget. He requested an increase in the Health & Safety line item to cover increased cost of steel-toed boots and rubber boots. He increased the Animal Control Field Supplies line item in order to purchase a catch pole and replace several damaged animal traps. He stated that he decreased the building maintenance line item to compensate for the requested increases.

Water/Wastewater Field Supervisor Charles Spain requested an increase in the Sand, Shell, & Cement line item. He informed that the Street Department had been paying for some of the sand, shell, and cement that Water/Wastewater Department used after digging to repair/replace water and sewer lines. Mr. Spain increased the Sludge Disposal line item. He stated that the pond was full of sludge and needed more hauls. He stated that the largest increase was in the Wastewater System Maintenance line item. He advised that he needed to purchase three lift station pumps for a total of \$26,000. He remarked that TCEQ required that every lift station must have at least two working pumps. He informed that some were barely working and needed to be replaced. Mr. Spain explained that he increased the Water System Maintenance line item due to his need to purchase new scales for the chlorine cylinders. He stated that the new hydraulic scale would cost \$2,000 but should last five to ten years as opposed to purchasing low grade scales every year. In addition, he explained that the City switched SCADA systems and there would be an annual maintenance fee of \$1,300. Lastly, Mr. Spain requested capital outlay of \$36,847.50 to replace the Hydro-Ranger and purchase a new truck. He advised that the Hydro-Ranger monitored the flow of what was expelled from the sewer plant. He stated that the current equipment was 15 years old and in need of repair but the repairman could no longer obtain parts. The cost of the new Hydro-Ranger would be \$10,000. Mr. Spain informed that the remaining \$26,847.50 was to replace a 2008 Ford truck with transmission, steering, and electrical problem. Mr. Hood noted that this vehicle would qualify for the Enterprise Lease Program.

Mr. Hood stated that he and Ms. Cormier would go back to the drawing board with the budget and make some changes. He advised that they would present an updated version in a special called meeting at a later date. Ms. Cormier informed that she was waiting on some information from Republic Services regarding pricing for trash services as well as information on other line items such as dental insurance renewal rates, etc.

Councilman Mohon stated that he would like to see the City raise taxes this year and consider a 4% increase for the employees. Mr. Hood advised that one of the reasons that he was looking into the Enterprise Lease Program was because capital equipment requests totaled about \$90,000. He directed attention to the General Fund Recap sheet which reflected a deficit of \$48,077.86. He noted if the lease program worked out and it cost \$36,000 to replace the capital equipment requests, then the current deficit would turn into a surplus of approximately \$40,000.

Councilman Mohon asked if the City had an Organizational Chart. Ms. Cormier advised that there had been one on the former City Secretary's computer that she had transferred to her

computer but stated that she did not know if it was ever approved by Council. Mr. Mohon commented that he would like to look at the chart to make sure that everything was running smoothly. Mr. Hood stated that new departments had been created and the chart probably needed to be revised.

There being no further business to transact, Councilman Dan Mohon made a motion to adjourn. Councilman T.W. Permenter seconded the motion and the motion unanimously passed. Mayor Runnels adjourned the meeting at 7:25 p.m.

/s/ Joseph L. Runnels
Mayor

/s/ Debbie Cormier
City Secretary