

FARMERSVILLE CITY COUNCIL
MEETING MINUTES
AUGUST 9, 2010

The Farmersville City Council met in called special session on August 9, 2010 at 5:30 p.m. in the Council Chamber at City Hall with the following members present: Mayor Joe Helmberger, Fred Langford, Paul Kelly, Billy Long, Bobby Bishop and Jim Foy. Staff members present were City Manager John Moran, Police Chief Mike Sullivan, Fire Department Chief Kim Morris, Finance Director Daphne Hamlin, City Attorney Alan Lathrom and City Secretary Edie Sims.

CALL MEETING TO ORDER, ROLL CALL

Mayor Helmberger called the meeting to order. Edie Sims called the roll and announced a quorum was present.

2010 – 2011 FISCAL YEAR BUDGET WORKSHOP

Richard Biggerstaff, representative of Sharyland Utilities – previously Cap Rock Electric – came to discuss questions the City has with the electric rates and contract rates. Per the contract with Cap Rock, the City of Farmersville is guaranteed \$530,000 annually. Cap Rock's new management found a rate revision regarding large commercial in 2007 and Cap Rock started charging the City the difference due to the revision. The City is also being charged for 100% of uncollected bad debt collections. Another question arose from the excess revenues above the base rate. Per the contract, the City is to receive 30% excess revenues; however with the uncollected bad debts the City receives a much lower rate. There is no incentive to collect the bad debts. Cap Rock has previously submitted a letter of intent to terminate the contract which will end August 31, 2011. Mr. Biggerstaff will investigate the excess revenues and report back if errors are found. These particular items were never discussed or brought to the Council during Cap Rock's annual Year End Report. All issues previously were taken to the City Manager. City Manager John Moran recommended to investigate the issues and bring to the Council amend the budget accordingly.

Sharyland Utilities has expressed interest in continuing serving Farmersville. Jim Foy stated there were many issues with the previous Cap Rock management.

City Manager John Moran presented to the Council a balanced budget with no tax increases. With the General Fund budget as presented, there will be no positions added and no raises. An increase in health insurance and a few other increases were included. There is a contingency fund of \$18,000 set aside for a School Resource Officer if the school decides to contract with the City, but the budget will still be in a shortfall.

City Manager John Moran stated that \$50,000 is slated for street repair materials. Unless the Council wants to cut salaries, there are no other places to make budget cuts. All increases as discussed at previous meetings have been dissolved with no longevity pay, no pay increases for the Police Department, no paid firefighters and the Equipment Replacement Fund is pushed back one year. The Code Enforcement position is still in the budget.

Jim Foy stated the tax rate is not far from the past two years. The Utility Fund is down but there are the same transfers as years past. City Manager John Moran stated he will assure franchise fees are included when a new contract is in place for solid waste during the contract process.

Until the water and wastewater rate study is completed, the budget reflects \$383,000 shortfall. This shortfall will be taken out of reserve funds to cover until the rate study is completed and rate adjustments or changes can be implemented. City Manager John Moran informed the Council that the utility line maintenance line item had been increased and engineering services since previously there was no funding placed in these necessary line items.

A new department in the Wastewater Department has been added for administration to correctly reflect salaries. We currently have a grant to find problems and improve the wastewater system; however the grant will not cover the total cost of all the repairs and improvements necessary. The Sanitary Sewer Overflow Initiative as required by Texas Commission on Environmental Quality (TCEQ) must be written within 5 months and the grant does not cover this expenditure.

Currently the City has 1.3 million in reserves with 1 years' worth of capital build up. The utility rates will not be changed until after the rate study which will give a clear direction for the increases as required.

The Electric Fund is guaranteed \$530,000 annually. An amount of \$25,000 has been added for maintenance which is beyond the contractual agreement. Jim Foy stated the City should think about having an audit of Cap Rock.

The Refuse Fund's only issue is the franchise fee which is not in our current contract. The contract is up for renewal in 2011 during this year's fiscal budget. Franchise Fees will be negotiated at that time and placed in the budget with a budget amendment.

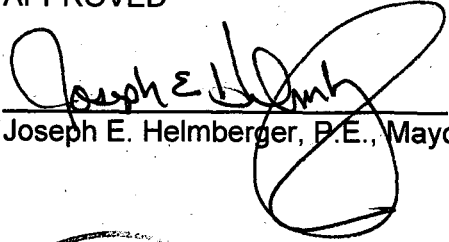
Collin County Public Works Department has been asked for costs to repair our streets. Our Public Works Director will prioritize the hierarchy according to hazardous issues and then have the streets repaired with funds available.

Jim Foy stated he would like to see the tax rate be an even number such as 61¢.

ADJOURNMENT

Council adjourned at 6:26 p.m.

APPROVED



Joseph E. Helmberger, P.E., Mayor

ATTEST



Edie Sims, City Secretary

