

**STATE OF TEXAS
COUNTY OF DENTON
CITY OF CORINTH**

On this the 3rd day of August 2017, the City Council of the City of Corinth, Texas met in a Workshop Session at the Corinth City Hall at 5:30 P.M., located at 3300 Corinth Parkway, Corinth, Texas. The meeting date, time, place and purpose as required by Title 5, Subtitle A, Chapter 551, Subchapter C, Section 551.041, Government Code, with the following members to wit:

Members Present:

Bill Heidemann, Mayor
Joe Harrison, Council Member
Sam Burke, Council Member
Don Glockel, Council Member
Scott Garber, Council Member
Lowell Johnson, Council Member

Staff Members Present:

Bob Hart, City Manager
Jason Alexander, Director, Economic Development Corporation
Curtis Birt, Chief, Fire Department
Lee Ann Bunselmeyer, Director, Finance
Cody Collier, Director, Public Works
Brenton Copeland, Assistant Manager, Technology Services
Fred Gibbs, Director, Planning
Kim Pence, City Secretary
Chris Rodriguez, Manager, Finance
Debra Walthall, Chief, Police Department
Greg Wilkerson, Assistant Chief, Police Department

CALL TO ORDER:

Mayor Heidemann called the meeting to order at 5:30 P.M.

BUSINESS AGENDA ITEMS:

1. Receive a report, hold a discussion, and provide staff direction on the Fiscal Year 2017-2018 Annual Program of Services and Capital Improvement Program.

Bob Hart, City Manager - What we have set up is an overview of the budget tonight, next Thursday night to talk about the governmental funds and then on the 17th, talk about the proprietary funds. We want to provide an overall picture of what staff is proposing as an operating budget for this coming year.

The proposed budget overview was presented as follows:



Community First
Invest in the Future

City of Corinth, Texas

Fiscal Year 2017-2018
Annual Program of Services
Proposed Budget

August 3, 2017



- City is required by state law to annually adopt a budget and set a property tax rate by September 30
–City's fiscal year is October 1st to September 30th
- Budget focus as established by the strategic plan, policy workshop, and observation memo
- Priority based budget methodology



Annual Budget Overview

Vision

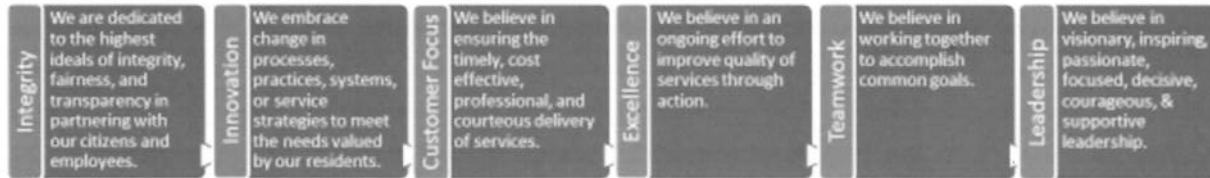
Corinth is known for its quality of life achieved by providing a safe community, preserving our neighborhoods, and recognizing the importance of quality development along our corridors.



Mission

To provide services that meet or exceed the needs of our community and enhance their quality of life.

Core Values



- **Accountability & Integrity**
- **Long range strategic planning**
- **Transparency**
- **Intergovernmental Advocacy**

- **Communication**
- **Accessibility**
- **Responsiveness**
- **Professionalism**
- **Public Safety**

INDICATORS

- ✓ **Credit Rating**
- ✓ **Citizen Satisfaction Survey**
- ✓ **Per person cost of government**
- ✓ **Employee Retention Rate**

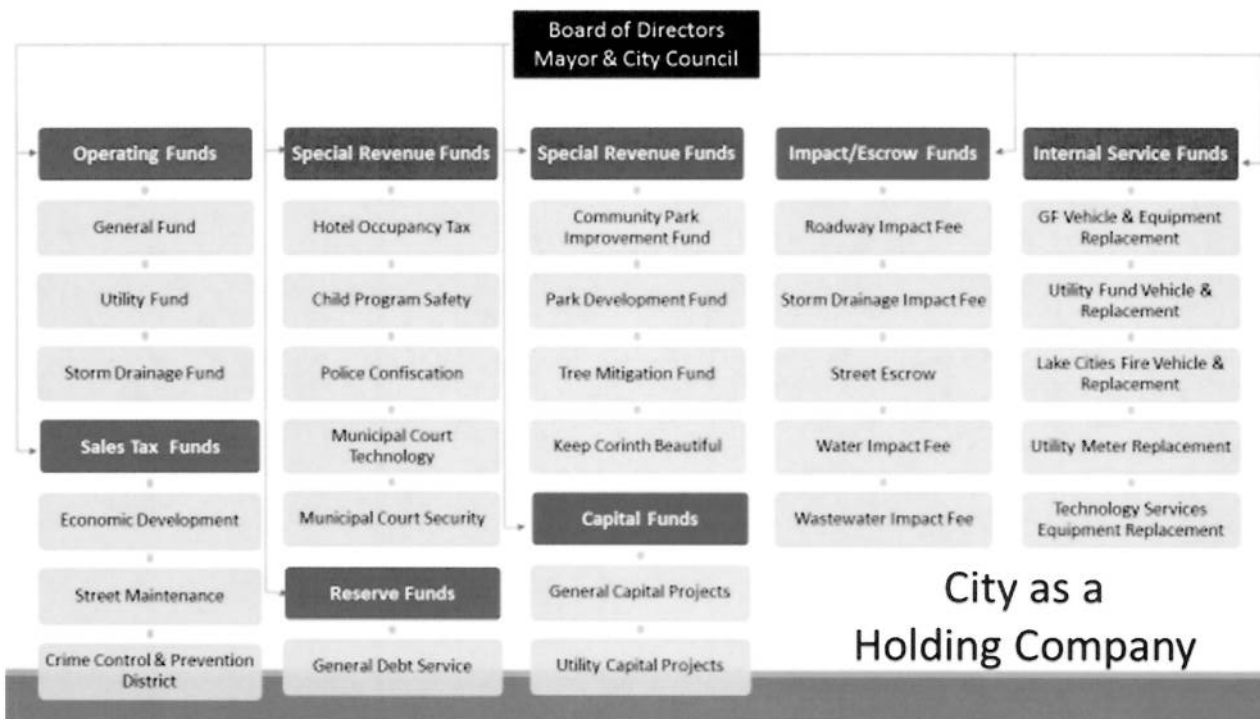


- **Balanced Budgeting**
- **Long range fiscal planning**
- **Professional Best Practices**
- **Economic Development**

- **Long-term Planning**
- **Operations**
- **Technology**
- **Sustainability**
- **Collaboration**

- **Competitive Recruitment**
- **Workforce Development & Recruitment**
- **Creativity & Innovation**
- **Succession Planning & Engagement**

High Performing Government Strategy Map



Leadership



Promote a high performance organization through open government by maximizing resources through technology, people, fiscal responsibility, and teamwork in partnership with our residents and neighboring cities.

2017-2018 Priorities

- ✓ Relationships with other cities
- ✓ Lake cities vision
- ✓ Expansion of services with Lake Cities
- ✓ Improve relations with Denton County
- ✓ Cooperation with City of Denton
- ✓ Relations with Educational Institutions

- **Accountability & Integrity**
 - Council & Board Compensation
 - Governance policies
- **Long range strategic planning**
 - Community Wide Strategic Plan
- **Transparency**
 - Continue Comptrollers Transparency Stars Program
- **Intergovernmental Advocacy**
 - Strengthen working relationships with Lake Cities
 - Strengthen working relationships with Denton County
 - Framework for future Fire Contracts
 - Animal Control Contract with City of Lake Dallas
 - Jail Services contract with Town of Little Elm
 - Warrant Entry contract with Town of Flower Mound
 - Cloud Services contract with City of Denton
 - TML and NCTCOG involvement
 - Join National League of Cities and North Texas Commission
 - Lake Dallas ISD SRO /Fire academy collaboration and communication
 - Denton ISD SRO collaboration and communication
 - NCTC, UNT, TWU relationships
 - Shady Shores Police Service Contract
 - Lake Cities Chamber of Commerce collaboration and communication
 - Enhance recycling program with Community Waste Disposal
 - Texas Department of Transportation

The Policy Governance Framework

- ✓ Mayor & Council role description
- ✓ Council members code of conduct
- ✓ Council members engagement
- ✓ Governance process
- ✓ Cost of governance
- ✓ Annual planning



Leadership

Resident Engagement & Customer Service



Create a customer centered organizational culture whose focus is on customer service and engaging the community.

2017-2018 Priorities

- ✓ Educate HOAs on water needs
- ✓ Add data on website
- ✓ Continue posting construction and development information
- ✓ Initiate more presence in the Lake Cities newspaper
- ✓ Housing activity report
- ✓ Traffic construction status reports

- **Communication**
 - Develop Communication Strategic Plan
 - Reconfigure the Communication Office
- **Accessibility**
 - Redevelop City Website
 - Improve presence on social media
- **Public Safety**
 - Public Safety Facility
 - Fire Station #3 staffing, operations & equipment
 - ISO rating review
 - Police staffing, operations & equipment
- **Special Events**
 - Pumpkin Palooza
 - Christmas Tree Lighting, Daddy Daughter, Easter, Fish 'n Fun
 - Public Safety Facility Grand Opening
 - Boards & Commissions Appreciation Dinner
 - LDISD Community Breakfast
 - Lake Sharon Extension Opening
 - Lake Cities 4th of July Celebration



- **Public Safety Center**
 - Furniture & Fixtures
 - Building Technology
 - Moving Expenses

Provide for the safety and security of all citizens, visitors, businesses, and employees through innovative and progressive initiatives and partnerships to ensure the quality of life in our community.

- **Fire House Staffing & Equipment**
 - Apply for SAFER Grant January 2018-75%,75%,35% Funding
 - Hire 9 Firefighters-June/July 2018
 - Long term staffing
 - Purchase Fire Engine #3 (apply through AFG)
 - Firehouse #3 Operations
 - Consultant to assist with ISO rating review
- **Police**
 - Hire 2 Police Officers
 - Thermal Imaging Unit
 - RFID Asset and Inventory System-Phase II
 - Body cameras – Phase II
 - DPS Lab Testing Fees

Public Safety

Human Resource Management



Demonstrate a commitment to employee development and growth.

2017-2018 Priorities
V Quality Workforce

- **Competitive Recruitment**
 - Health Insurance Plan
 - Establish Health Insurance Benefits Trust
 - Continue High Deductible Insurance Plan
 - Council Consideration on August 10, 2017
 - Compensation
 - Average 3% merit increase for General Employees
 - 3% Step Pay for eligible Public Safety Employees
 - Effective October 2, 2017
- **Workforce Development & Recruitment**
 - Combination Inspector
 - Initiate Safety Program
 - Supervisor Training
 - Expanded EAP Program
 - Emergency Management
- **Creativity & Innovation**
 - Employee Recognition Program

CITY CONTRIBUTION			
	Current (75%)	Proposed (75%)	Impact
EE Only	\$695.90	\$757.58	\$61.68
EE/Children	1,113.42	1,212.11	98.69
EE/Spouse	1,322.20	1,439.39	117.19
EE/Family	1,844.12	2,007.59	163.47

EMPLOYEE CONTRIBUTION				
	Blue Essentials		Blue Choice "Buy-Up" Option	
Current (25%)	Proposed (25%)	Impact	Proposed (25%)	Impact
\$0	\$0	\$0	\$33.97	\$33.97
139.18	151.52	12.34	212.67	73.49
208.76	227.28	18.52	302.02	93.26
382.74	416.66	33.92	525.38	142.64

- ❑ Establish Health Insurance Benefits Trust – 1.75% Savings
- ❑ Continue High Deductible Insurance Plan with a Health Savings Account (H.S.A.)
- ❑ Continues 75% dependent contribution rate
- ❑ Continues contribution to employee Health Savings Account of \$1,000
- ❑ Projected 8.86% increase -\$207,892
- ❑ Blue Essentials network as base plan (\$2,600 Deductible/ 80% to \$4,000)
- ❑ Blue Choice network as "buy-up" option (\$2,600 Deductible/ 80% to \$4,000)
- ❑ Council consideration August 10, 2017

Health Insurance

Public Resource Management



Build our community by providing quality residential and commercial development, well maintained parks, trails and open spaces and safe and efficient transportation that provide quality and value for current and future growth.

2017-2018 Priorities

- ✓ Good base for community
- ✓ Trail accessibility
- ✓ Quality comprehensive land use plan
- ✓ Stable politically
- ✓ Connection to Lake Lewisville trail system
- ✓ Broadband
- ✓ Batch plant presence
- ✓ Rising property values

- ❑ **Long-Term Planning**
 - ❑ Asset Management Plan
 - ❑ Parks Master Plan
 - ❑ Lynchburg Drainage Concept plan
 - ❑ Thriving Earth Exchange (TEX)
 - ❑ Lake Sharon & Dobbs Concept Alignment
 - ❑ Strategic Replacement of Vehicles
 - ❑ Site selection for Elevated Storage Tank
 - ❑ Complete Street Concept Plan
- ❑ **Operations**
 - ❑ TIRZ Study
 - ❑ Replace Sewer Camera
 - ❑ City Entrance Signs
 - ❑ Community Park Dugout Covers
 - ❑ Neighborhood Park Trees
 - ❑ Neighborhood Park Fixtures
 - ❑ Utility Transponders Phase II
 - ❑ FM2181 & FM2499 Mowing
 - ❑ Sidewalks & Trail connections
 - ❑ Public Works Building
 - ❑ Public Safety Facility
 - ❑ Lake Sharon Extension
 - ❑ Sewer line Realignment (Huffines)
 - ❑ Meadows & Shady Shores Intersection
 - ❑ Park Signs
- ❑ **Sustainability**
 - ❑ Tree City USA
 - ❑ Monarch Butterfly Program
 - ❑ Scenic City
 - ❑ Integrated Storm Water Management
 - ❑ Water Conservation Incentive Program
 - ❑ SolSmart
 - ❑ Leadership STAR Community Program
- ❑ **Technology**
 - ❑ Replace Phone System
 - ❑ Upgrade Financial, Utility Billing, Municipal Court, and Human Resource Systems
 - ❑ Investigate Broadband
- ❑ **Collaboration**
 - ❑ SPAN bus service

Fiscal Responsibility



Govern the city in a transparent, efficient, accountable and responsible manner while maintaining a flat or reduced tax rate.

2017-2018 Priorities

- ✓ Good infrastructure
- ✓ Water supply
- ✓ Sewer treatment expansion
- ✓ Overhead water storage tank
- ✓ Lake Ralph Hall
- ✓ Life cycle of infrastructure
- ✓ Rising property values

- **Balanced Budgeting**
 - Priority Based Budgeting Model
 - Tax Rate Decrease
 - Water/Wastewater rate increase
 - Maintain adequate reserves
 - General Fund (20% target) – 21.22% projected
 - Water Wastewater (25% target) – 18.84% projected
 - Drainage (25% target) – 109.76% projected
- **Long range fiscal planning**
 - Asset Management Plan
- **Professional Best Practices**
 - Continue with
 - Police Best Practices Program
 - Storm Drainage Best Practices Program
 - APWA Accreditation Program

Prioritize Services

Do the Important Things Well

Question Past Patterns of Spending

Spend Within the Organizations' Means

Know the True Cost of Doing Business

Provide Transparency of Community Priorities

Provide Transparency of Service Impact

Demand Accountability of Results

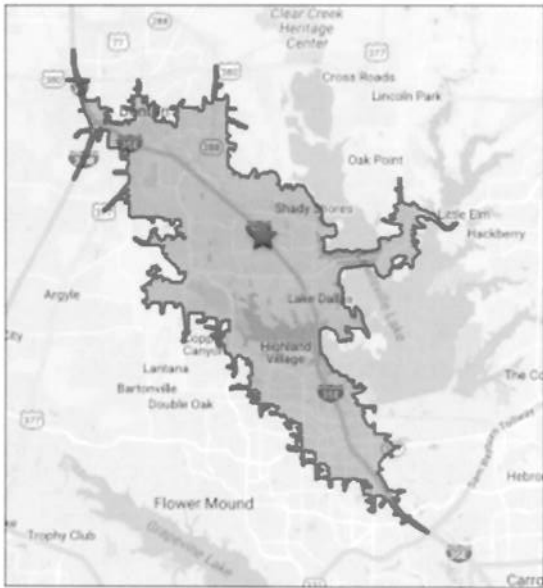
The underlying philosophy of priority-driven budgeting is about how a government entity should invest resources to meet its stated objectives. It helps us to better articulate why the services we offer exist, what price we pay for them, and, consequently, what value they offer citizens.



2017-18 Priorities

- ✓ High Performing Government
- ✓ A Safe Community
- ✓ Economic Vitality
- ✓ Strong Neighborhoods and Sense of Community
- ✓ Fiscal Stewardship

Philosophy of Priority-Based Budgeting



IH 35E Trade Area



FM 2181 & FM 2499 Trade Area

Trade Area Overlap

Shifts in Consumer Preference

- Many retailers are closing stores, including big box stores, because of the growth in online shopping and the shifts in consumer preference for shopping and dining in exciting and unique environments that tend to be mixed-use, pedestrian friendly and aesthetically pleasing.

Online Sales in Corinth

- The emergence of Amazon as one of the leading primarily online retailer is evidenced in our sales taxes – the retailer generates the 5th highest sales tax in Corinth.



Retail Trends

- Calculate the Tax Rate
 - Effective Tax Rate
 - Rollback Tax Rate
- Publish Notices
 - Must publish the *Notice of 2017 Tax Year Proposed Property Tax Rate*
 - To be published in the Denton Record Chronicle on Tuesday, August 15, 2017
- Public Hearings
 - Taxing unit must hold two public hearings
 - *August 24, 2017 and September 7, 2017*
 - May not adopt the tax rate at either of these hearings
 - Must announce the date, time and place of the meeting at which the Council will vote on the tax rate at the *August 10, 2017* council meeting
- Adopt a Tax Rate
 - The meeting to vote on the tax rate must take place no less than three and no more than 14 days after the second public hearing.
 - Must adopt the tax rate by official action and in a written resolution
 - *Must adopt the tax rate before September 30th or by the 60th day after the certified appraisal roll was received, whichever date is later.*
 - If the deadline is missed, the City must ratify either the effective tax rate or last year's tax rate, whichever is lower, as the adopted tax rate.



Truth in Taxation Requirements

Current Tax Rate	\$.58193
Proposed Tax Rate	\$.55000
Effective Tax Rate	\$.53686
Rollback Tax Rate	\$.55032



What is the Effective Tax Rate?

Tax Rate that provides about the same amount of revenue as the prior year

What is the Rollback Tax Rate?

Maximum rate allowed without voter approval

New Value Tax Growth	\$19,490,199
New Value Tax Revenue	\$107,196
Total AV Growth	8.52%
Average Home Value	\$249,112
Average Tax Bill	\$1,370

Property Taxes

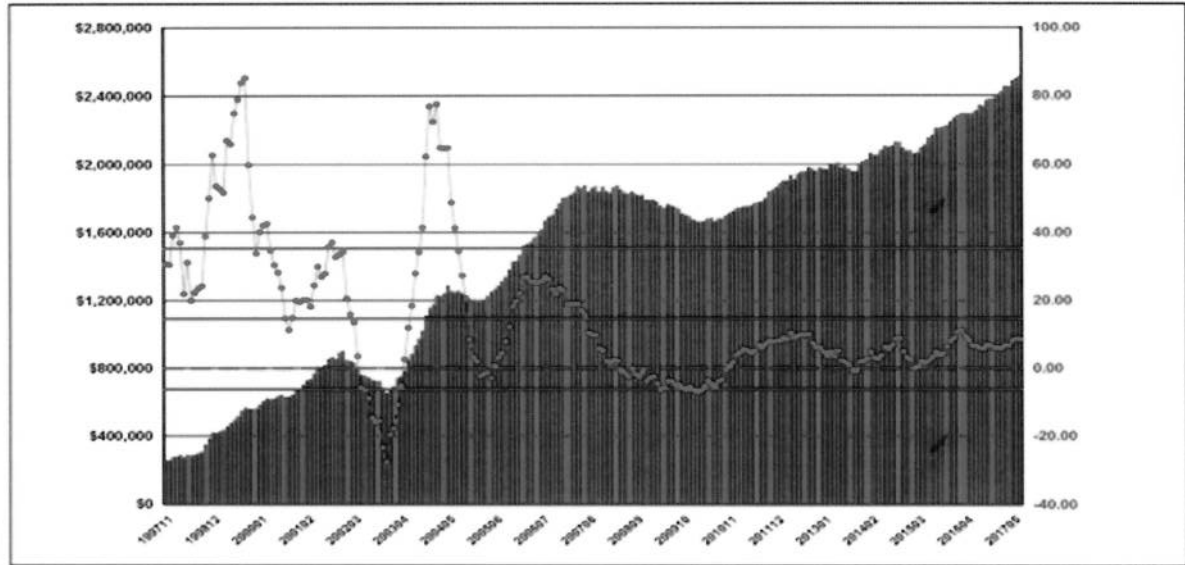
TEXAS SALES TAX ENTITIES SHOWING 25-YEAR HISTORY OF ROLLING 12 MONTH (R12) NET COLLECTIONS & OTHER METRICS

TML 08 - WHERE THE WEST BEGINS- FT WORTH
CORINTH

MAXIMUM R12	CURRENT R12	CHG FROM MAX	% OF MAX	CURR R12%
\$2,510,840	\$2,510,840	\$0	100.00 %	8.52 %
THIS MONTH LAST YR	THIS MONTH THIS YR	DIFF FROM LAST YR	% DIFF	
\$176,893	\$191,068	\$14,375	8.14 %	

CITY If City or County, click for map (experiment)

ABOVE (BELOW) STATE AVG OF \$161.66 PER PENNY: 5-2,027,420 BASED ON POP OF 21,390 AND RATE OF \$0.017500 = \$67.08 PER CAP 1-CENT BASE



Permits	2013-14 Actual	2014-15 Actual	2015-16 Actual	2016-17 Estimate	2017-18 Projected
Commercial	4	5	2	17	17
Residential	5	47	40	50	75
Total	29	52	42	67	92



VALUES (millions)	2013-14 Actual	2014-15 Actual	2015-16 Actual	2016-17 Estimated	2017-18 Projected
Commercial	4,711,027	18,283,746	722,277	31,809,145	32,000,000
Residential	12,692,435	23,113,142	15,154,261	37,690,488	56,535,732
Total	\$17,403,462	\$41,396,888	\$15,876,538	\$69,499,633	\$88,535,732



Economic Activity

	2016-17 Projected Actuals	2017-18 Proposed	2018-19 Projected	2019-20 Projected	2020-21 Projected
Ad Valorem Taxes	8,058,437	8,671,684	9,022,859	9,381,971	10,047,612
Sales Tax	1,363,603	1,430,981	1,501,888	1,576,335	1,654,498
Franchise Tax	1,092,969	1,128,227	1,139,511	1,150,906	1,162,416
Development Fees & Permits	841,725	751,334	471,334	468,334	468,334
Fire Services	2,733,898	2,711,950	2,648,692	2,668,023	2,684,349
Other Revenue	2,354,505	2,579,018	2,969,425	2,925,973	2,687,992
Total Resources	16,445,137	17,273,194	17,753,709	18,171,542	18,705,201
Wages & Benefits	11,069,536	12,668,936	13,573,700	13,923,470	14,263,635
Maintenance & Operations	4,146,881	4,284,797	4,388,956	4,445,475	4,500,831
One-Time Expenditures	147,802	1,268,739	-	-	-
Total Expenditures	15,364,219	18,222,472	17,962,656	18,368,945	18,764,466
Net Income	1,080,918	(949,278)	(208,947)	(197,403)	(59,265)
Ending Fund Balance	4,816,026	3,866,748	3,657,801	3,460,398	3,401,133
Fund Requirement - 20%	3,072,844	3,644,494	3,592,531	3,673,789	3,752,893
Effective Fund Balance	31.35%	21.22%	20.36%	18.84%	18.13%

General Fund Long Range Forecast

Base Rate (by meter size)					
Meter Size	Current	June 15 Meeting	Proposed Budget	Budget vs Current	% Diff
5/8 x 3/4"	\$23.27	\$31.23	\$27.66	\$4.39	18.87%
Full 3/4"	32.25	34.36	32.25	0.00	0.00%
1"	32.25	43.73	38.73	6.48	20.09%
1 1/2"	65.15	65.15	65.15	0.00	0.00%
2"	100.70	100.70	100.70	0.00	0.00%
3"	210.25	343.56	304.30	94.05	44.73%
4"	330.10	437.26	387.29	57.19	17.32%
6"	660.95	660.95	660.95	0.00	0.00%
10"	1,510.65	1,510.65	1,510.65	0.00	0.00%

The rates include a senior citizen discount where senior citizens receive 3,000 gallons of water and 1,000 gallons of wastewater included in their monthly minimum bill.

Water Rates- Base Rates

Volumetric Charge - Residential					
Tier	Current	June 15 Meeting	Proposed Budget	Budget vs Current	% Diff
0-10000	\$2.77	\$4.95	\$5.08	\$2.31	83.39%
10001-25000	4.77	6.95	7.08	2.31	48.43%
25001-50000	6.77	8.95	9.08	2.31	34.12%
50000 up	8.77	10.95	11.08	2.31	26.34%

Volumetric Charge - Commercial					
Tier	Current	June 15 Meeting	Proposed Budget	Budget vs Current	% Diff
0-10000	\$3.68	\$4.75	\$4.56	\$0.88	23.91%
10001-25000	4.68	5.75	5.56	0.88	18.80%
25001-50000	5.68	6.75	6.56	0.88	15.49%
50000 up	6.68	7.75	7.56	0.88	13.17%

Water Rates- Volumetric Charges

Tier	Current	June 15 Meeting	Proposed Budget	Budget vs Current	% Diff
Base Fee	\$21.39	\$21.39	\$21.39	\$0.00	0.00%
Volumetric Fee	5.60	3.67	3.37	(2.23)	-39.82%

Wastewater Rates

Councilmember Garber - What if we put it at the 60% base rate, change the volumetric way down to where there's effectively no change to the water bill? Instead of trying to increment ourselves into this, we can do it with rates just effectively no change to our current revenue or very little increase of a change.

Keeping our revenue exactly the same, what would our water rates have to look like and our base rate to get us a 60% base rate?

Councilmember Johnson - Another thing I would like to look at is what the effect would be of raising the senior citizen's rate on the volumetric side. It is currently 3,000, let's push it up to 10,000 and see how much difference that makes.

Water Bill Analysis - Residential					
Tier	Current	June 15 Meeting	Proposed Budget	Budget vs Current	% Diff
5,000 Gallons	\$37.12	\$55.98	\$53.05	\$15.93	42.91%
10,000 Gallons	50.97	\$80.73	88.43	37.46	73.49%
30,000 Gallons	156.37	\$229.73	239.96	83.59	53.45%
75,000 Gallons	511.02	\$682.48	698.41	187.39	36.67%

Average Resident Bill

v 10,000 Gallons of Water
v 5,000 Gallons of Wastewater

Current Rates
Total Bill = \$100.36

Proposed Rates
Total Bill = \$128.17

Resident Impact
\$27.81 or 27.7% increase

Wastewater Bill Analysis					
Tier	Current	June 15 Meeting	Proposed Budget	Budget vs Current	% Diff
5,000 Gallons	\$49.39	\$39.74	\$39.74	(\$9.65)	(19.54%)
10,000 Gallons	77.39	58.09	58.09	(19.30)	(24.94%)
30,000 Gallons	189.39	131.49	131.49	(57.90)	(30.57%)

Average Bill Analysis - Residential

	2016-17 Projected Actuals	2017-18 Proposed	2018-19 Projected	2019-20 Projected	2020-21 Projected
Water Charges	5,839,810	7,758,303	7,758,303	7,758,303	7,758,303
Wastewater Charges	4,306,237	3,288,209	3,288,209	3,288,209	3,288,209
Garbage	786,740	796,000	796,160	796,322	796,485
Charges & Fees	420,600	333,000	336,330	339,693	343,090
Interest Income	9,500	7,500	7,575	7,651	7,727
Miscellaneous Income	70,869	72,300	73,023	73,754	74,491
Transfers	240,924	335,385	342,092	348,933	355,911
Total Resources	11,674,680	12,590,697	12,601,692	12,612,865	12,624,216
Wages & Benefits	1,640,373	1,873,894	1,917,205	1,960,056	2,002,908
Maintenance & Operations	9,145,820	9,494,681	9,889,401	10,241,727	10,633,119
Debt Payment	1,034,880	1,186,747	1,097,751	875,793	740,499
One-Time Expenditures	166,049	101,685	-	-	-
Total Expenditures	11,987,122	12,657,007	12,904,357	13,077,576	13,376,526
Net Income	(312,442)	(66,310)	(302,665)	(464,711)	(752,310)
Ending Fund Balance	2,451,470	2,385,160	2,082,495	1,617,784	865,474
Fund Requirement - 25%	2,996,781	3,164,252	3,226,089	3,269,394	3,344,132
Effective Fund Balance	20.45%	18.84%	16.14%	12.37%	6.47%

Utility Long Range Forecast



- Planning – (January)
 - January 14 – Council Goal setting / Strategic Planning Retreat
- Department Budget – (March – April)
 - March 7 – Budget Kickoff
 - March 28 – Departments submit budgets to Finance
 - April 11-22 – Budgets reviewed by City Manager
- City Manager’s Budget – (May – July)
 - June 29 – Council Policy Workshop
 - July 25 – Receive certified tax roll; calculate effective & rollback tax rates
 - July 31 – Submit proposed budget to Council
- City Council’s Budget – (August – September)
 - August 3 – Budget work session; Budget Overview
 - August 10- Budget work session; review governmental funds
 - August 10 – Vote on published tax rate and public hearing dates
 - August 17 – Budget work session; review proprietary funds
 - August 24 & September 7 – Public hearings on tax rate & budget
 - August 31 & September 14 – Budget work session (if needed)
- Adopted Budget – (September - October)
 - September 21 – Adopt budget & tax rate
 - October 1 – Fiscal year begins; implementation of adopted budget

Budget Process Calendar

Bob Hart, City Manager - All of this is based on our conversations from June 30th and my understanding about where you are wanting to go as a Council. I think this gives you a good cohesive plan to do that.

Councilmember Glockel - Do you want all questions to go through you?

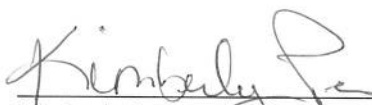
Bob Hart, City Manager - If you could relay them through me, initially, then what I would like to do is once we get your questions, then I will send answers back with staffs help. That way when we answer them, we will send the answers back to all six of you so that everyone has the same information.

ADJOURN:

Mayor Heidemann adjourned the meeting at 8:27 P.M.

Meeting adjourned.

Approved by Council On 21ST day of September, 2017.


 Kimberly Pence, City Secretary
 City of Corinth, Texas

