

MINUTES OF THE REGULAR MEETING OF THE CITY COUNCIL OF THE CITY OF JERSEY VILLAGE, TEXAS, HELD ON July 1, 2018 AT 6:00 P.M. IN THE CIVIC CENTER, 16327 LAKEVIEW, JERSEY VILLAGE, TEXAS.

A. CALL TO ORDER AND ANNOUNCE A QUORUM IS PRESENT

The meeting was called to order by Mayor Ray at 6:00 p.m. with the following present:

Mayor, Justin Ray	City Manager, Austin Bless
Council Member, Andrew Mitcham	City Attorney, Leah Hayes
Council Member, Greg Holden	City Secretary, Lorri Coody
Council Member, Bobby Warren	
Council Member, James Singleton	
Council Member, Gary Wubbenhorst	

Staff in attendance: Mark Bitz, Fire Chief; Eric Foerster, Chief of Police; Isabel Kato, Finance Director; Kevin T. Hagerich, Director of Public Works; Jason Alfaro, Director of Parks and Recreation; Christian Somers, Building Official; Trelena Collins, HR Manager; and Bob Blevins, IT Director.

City Engineer, Frank Brooks, was present at this meeting.

B. INVOCATION AND PLEDGE OF ALLEGIANCE

- 1. Prayer by: Jeremy E. Ray American Legion Post 324 Chaplain.**
- 2. Pledge by: Stefanie Otto, Commander, Jeremy E. Ray American Legion Post 324.**

C. PRESENTATIONS

- 1. Presentation of Police Department Employee of the Second Quarter Award – by Stefanie Otto, Commander of the Jeremy E. Ray American Legion Post 324.**

Michael Brittain, standing in for Stefanie Otto, Commander of the Jeremy E. Ray American Legion Post #324, along with Mayor Ray, presented the Police Department Employee of the Second Quarter award to Sargent Bobby Ferguson.

- 2. Presentation of Employee of the Month.**

The Employee of the Month Program was developed to encourage recognition of Jersey Village employees who show exemplary individual achievement, contribution, and performance in their jobs. These individuals consistently exhibit a positive and supportive attitude and make contributions beyond the usual expectations of their employment.

City Manager Austin Bless presented this month's employee of the month award to Luis Martinez.

D. CITIZENS' COMMENTS

Citizens who have signed a card and wish to speak to the City Council will be heard at this time. In compliance with the Texas Open Meetings Act, unless the subject matter of the comment is on the agenda, the City staff and City Council Members are prevented from discussing the subject and may respond only with statements of factual information or existing policy. Citizens are limited to five (5) minutes for their comments to the City Council.

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Cheryl Desforges, 16309 Lakeview Drive, Jersey Village, Texas (713) 816-9202: Ms. Desforges thanked City Council for transparency and she appreciates that City Council Meetings can now be viewed via video. She spoke to the lack of a business plan and a feasibility study for the Golf Course. She believes this is a fiduciary responsibility for the City Council. She also believes that City Council needs to make sure that the HOT Funds can be used to support this project. She is concerned that issues for the Golf Course are not well thought out and she believes that the Golf Course is not profitable. She wants the Golf Course, but she wants value and City Council needs to look at profitability.

Mary Ruth Razmandi, 10 Parkway Place, Jersey Village, Texas: Ms. Razmandi spoke to city Council about the berm to be built on the Golf Course. She is hopeful for answers to three (3) questions she has as follows:

1. Since Harris County has approved the widening and deepening of White Oak Bayou, is the berm still necessary, and can the Wall Street Improvements be made without the berm?
2. She has concern about the height of the berm and wants to know why the berm, at its highest point, will be at 3.25 feet?
3. How will storm water be captured between the berm and the homes?

Mark Maloy, 7803 Hamilton Circle, Jersey Village, Texas (713) 553-8625: Mr. Maloy spoke to City Council about the Capital Improvement Plan budget for the Golf Course, specifically the Gray Water Project. In connection with same, he gave statistics about the amount of water used each day to water the course. He believes that the Golf Course should be a detention area rather than a Golf Course. He has concern for the run-off should the land South of US HWY 290 ever be developed, and without mitigation for this run-off the City will experience additional flooding.

Jim Fields, 16413 Saint Helier, Jersey Village, Texas (713) 466-0804: Mr. Fields spoke to City Council about code enforcement. On May 14, 2018 Gordon Gibson told Jim Fields that he was in violation for a tree trunk and Mr. Gibson told him who reported the violation to the City. He does not believe that those reporting violations should be revealed. Mr. Fields thanked City Manager Bless for his efforts to improve the reporting of code issues, but is concerned that the process reveals the names of those reporting violations.

Merrilee Beazley, 14910 Lakeview Drive, Jersey Village, Texas: Ms. Beazley had the following recommendation for the City's Golf Course:

1. Financial viability to include a feasibility study;
2. A Golf Course Business Plan;
3. A Business Plan for the US HWY 290 development;
4. An independent audit each year of each department within the City; and
5. A Citizen Oversight Committee.

Ms. Beazley also spoke to City Council about safety and beautification.

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E. CITY MANAGER’S REPORT

- 1. Monthly Fund Balance Report, Enterprise Funds Report, Governmental Funds Report, Property Tax Collection Report – May 2018, General Fund Budget Projections as of June 2018, Utility Fund Budget Projections – June 2018, and Quarterly Investment Report – June 2018.**
- 2. Open Records Requests – Non-Police**
- 3. Fire Departmental Report and Communication Division’s Monthly Report**
- 4. Police Activity Report, Warrant Report, Investigations/Calls for Service Report, Staffing/Recruitment Report, and Police Open Records Requests**
- 5. Municipal Court Collection Report, Municipal Court Activity Report, Municipal Court Courtroom Activity Report, Speeding and Stop Sign Citations within Residential Areas Report, and Court Proceeds Comparison Report**
- 6. Public Works Departmental Report and Construction and Field Projects Update**
- 7. Golf Course Monthly Report, Golf Course Financial Statement Report, Golf Course Budget Summary; Golf Course Social Media Summary Report, and Parks and Recreation Departmental Report**
- 8. Report from Code Enforcement**
- 9. City Social Media Summary Report**

F. CONSENT AGENDA

The following items are considered routine in nature by the City Council and will be enacted with one motion and vote. There will not be separate discussion on these items unless requested by a Council Member, in which event the item will be removed from the Consent Agenda and considered by separate action.

- 1. Consider approval of the Minutes for the Regular Session Meeting held on June 18, 2018, and the Special Session meeting held on June 28, 2018.**
- 2. Consider Resolution No. 2018-42, approving the City Secretary’s application for appointment of an Assistant City Secretary.**

RESOLUTION NO. 2018-42

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF JERSEY VILLAGE, TEXAS, APPROVING THE CITY SECRETARY’S APPLICATION FOR APPOINTMENT OF AN ASSISTANT CITY SECRETARY.

- 3. Consider Resolution No. 2018-43, authorizing the re-appointment of Directors Mitcham, Singleton, Wubbenhorst, and DuBois-Freeman to a two-year term on the City of Jersey Village Crime Control and Prevention District to begin on September 1, 2018 and end on August 31, 2020.**

RESOLUTION NO. 2018-43

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A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF JERSEY VILLAGE, TEXAS, AUTHORIZING THE RE-APPOINTMENT OF DIRECTORS MITCHAM, SINGLETON, WUBBENHORST, AND DUBOIS-FREEMAN TO A TWO-YEAR TERM ON THE CITY OF JERSEY VILLAGE CRIME CONTROL AND PREVENTION DISTRICT TO BEGIN ON SEPTEMBER 1, 2018 AND END ON AUGUST 31, 2020.

Council Member Mitcham moved to approve items 1 through 3 on the consent agenda. Council Member Warren seconded the motion. The vote follows:

Ayes: Council Members Mitcham, Holden, Warren, Singleton, and Wubbenhorst

Nays: None

The motion carried.

G. REGULAR SESSION

- 1. Consider Resolution No. 2018-44, calling for the defeasance and redemption of certain City of Jersey Village, Texas Certificates of Obligation, Series 2015; directing the redemption of such certificates; and containing other matters related thereto.**

Isabel Kato, Director of Finance, introduced the item. Background information is as follows: In April 2015, the City of Jersey Village (the “City”) sold its \$8,000,000 Certificates of Obligation, Series 2015 to Wells Fargo Bank with an interest rate of 1.80%. The proceeds of the sale were authorized and used for water and wastewater projects, including the acquisition of water and sewer line easements associated with the construction of U.S. 290 and related water and sewer line construction, improvements and repairs (collectively, the “Project”). The Project was completed in June 2017 under budget and the City has remaining proceeds of \$3,604,516.78 from the sale. Based on Texas Government Code and securities law, any proceeds remaining, after the completion of the authorized project, can only be used to pay for or to pay off (“defease”) the outstanding debt obligation that generated the proceeds. Additionally, the City has been reimbursed \$2,212,368.97 by TXDOT for the Project.

It is recommended the City use the remaining proceeds and the TXDOT reimbursement, totaling approximately \$5,842,148.00 to pay off the outstanding Series 2015 Certificates of Obligation on August 28, 2018. The cash defeasance will save the City approximately \$365,492 in interest costs.

Our Financial Advisor, John Robuck, with BOK Financial Securities, Inc. and our Bond Counsel, Marcus Deitz, with Orrick, Herrington and Sutcliffe, LLP are in attendance to answer any questions.

Council engaged in discussion concerning the amounts borrowed and the amounts expended from the borrowed funds and compared these numbers to the amounts reimbursed by TXDOT. Mrs. Kato explained that \$3.6M of the \$8M was not spent. \$2.2M

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was reimbursed by TXDOT. The TXDOT reimbursement is only 90%. The remaining 10% is expected once TXDOT closes out the project. In approving this Resolution, the City will save some \$300,000.

Council Member Singleton moved to approve Resolution No. 2018-44, calling for the defeasance and redemption of certain City of Jersey Village, Texas Certificates of Obligation, Series 2015; directing the redemption of such certificates; and containing other matters related thereto. Council Member Warren seconded the motion. The vote follows:

Ayes: Council Members Mitcham, Holden, Warren, Singleton, and Wubbenhorst

Nays: None

The motion carried.

RESOLUTION NO. 2018-44

A RESOLUTION CALLING FOR THE DEFEASANCE AND REDEMPTION OF CERTAIN CITY OF JERSEY VILLAGE, TEXAS CERTIFICATES OF OBLIGATION, SERIES 2015; DIRECTING THE REDEMPTION OF SUCH CERTIFICATES; AND CONTAINING OTHER MATTERS RELATED THERETO.

- 2. Consider Ordinance No. 2018-14, amending the Debt Service and the Capital Improvement Budget for the fiscal year beginning October 1, 2017 and ending September 30, 2018 by increasing line item 03-51-6126 (Bond Refunding Cost) and line item 03-50-9753 (Transfer from Capital Improvement) and line item 10-91-9753 (Transfer to Debt Service) in the amount not to exceed \$5,842,148.**

Isabel Kato, Finance Director, explained that this item is to transfer the monies to the appropriate line items in order to pay for the defeasance and redemption of the City of Jersey Village, Texas Certificates of Obligation, Series 2015.

With no further discussion on the matter, Council Member Singleton moved to approve Ordinance No. 2018-14, amending the Debt Service and the Capital Improvement Budget for the fiscal year beginning October 1, 2017 and ending September 30, 2018 by increasing line item 03-51-6126 (Bond Refunding Cost) and line item 03-50-9753 (Transfer from Capital Improvement) and line item 10-91-9753 (Transfer to Debt Service) in the amount not to exceed \$5,842,148. Council Member Wubbenhorst seconded the motion. The vote follows:

Ayes: Council Members Mitcham, Holden, Warren, Singleton, and Wubbenhorst

Nays: None

The motion carried.

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ORDINANCE NO. 2018-14

AN ORDINANCE OF THE CITY OF JERSEY VILLAGE, TEXAS, AMENDING THE DEBT SERVICE AND THE CAPITAL IMPROVEMENT BUDGET FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2017 AND ENDING SEPTEMBER 30, 2018 BY INCREASING LINE ITEM 03-51-6126 (BOND REFUNDING COST) AND LINE ITEM 03-50-9753 (TRANSFER FROM CAPITAL IMPROVEMENT) AND LINE ITEM 10-91-9753 (TRANSFER TO DEBT SERVICE) IN THE AMOUNT NOT TO EXCEED \$5,842,148.

3. Consider Resolution No. 2018-45, approving the Berm Project Design and authorizing the City Manager to bid the project for construction.

Austin Bleess, City Manager, introduced the item. Background information is as follows: Before Council this evening we have the proposed path of the berm around the golf course. As you can see from the attachment the berm will be about 2.25 feet tall along Rio Grande at hole number 3. That is the high point along Rio Grande. Along hole number six the berm will get to a max height of 3.25 feet by the pond. The berm will cut through the pond by a few feet.

The berm will be at an elevation of 107 feet. At that level, it will not be behind any homes in the Park at Jersey Village. Behind the townhomes along Village Drive, the berm will be an average of 2.42 feet tall.

For the most part the berm will follow the cart path, and a new cart path will be installed on top of the berm. The path will be 10 feet wide to accommodate golf course equipment as well as carts.

With the berm at 107 feet tall, the engineers anticipate a storage capacity of 105.6-acre feet. This is lower than the Long Term Flood Recovery Plan, because the plan was based upon LIDAR mapping. That map assumed an average berm height of 3.5 feet. As Council will recall we had a survey done to have accurate measurements of the golf course completed. Overall, the average berm height will be 1.7 feet tall.

There will be an additional pond dug out between holes 2 and 3. This should add an additional 5 acres of water. Before a large storm comes in we can pump down all of the lakes to create even more capacity, approximately another 5-acre feet of storage.

If Council approves this preliminary plan tonight, the engineer will finalize the design and we should be able to be out to bid on the project in August.

After the introduction, a consultant from the Brooks and Sparks Engineering firm gave a brief presentation outlining the design of the berm.

Council engaged in a question and answer session concerning the following:

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1. The maximum height of the Golf Course is between 110 to 112 feet.
2. The overflow point of the berm. At the 107 foot elevation, tributaries are flowing full; and anywhere above 107 feet, the water cannot get out. Therefore, making the berm higher than 107 feet would have no purpose.
3. The control points at the 107 foot elevation were discussed.
4. The 106 foot elevation is equal to the 500 year flood plain.
5. A swale will keep water from going into neighboring properties along with the slope of the Golf Course.
6. The berm is needed in addition to the planned improvements for Wall Street.

Council engaged in discussion about the berm and how it will also help reduce sheet flow and everyday rain flow. The widening and deepening of White Oak Bayou will help the City, but in conjunction with the berm the City will experience a “multiplier” effect.

The berm is necessary. The Dannenbaum Flood Study recommended:

1. The berm;
2. Widening and deepening of White Oak Bayou;
3. The Wall Street Improvements; and
4. The home elevation projects.

All of these recommendations work together to mitigate flooding.

Council also discussed the “curve” of the berm around the tennis courts. This is where the pumps will be located. Additionally, Council discussed the impact that the berm will have on the Golf Course as follows:

1. Down time – This element is hard to estimate. The construction of the berm will take place three (3) holes at a time and must be addressed in the project. Detours will be used to allow play to continue during construction. It is estimated that the project will take a little over a year to complete. The entire berm is less than one (1) mile of roadway.
2. The construction of the berm involves moving dirt and pouring a sidewalk.
3. Maintenance and what is needed for structural integrity was discussed. It will include dirt work and landscaping.
4. The slope of the bank was discussed.

With no further discussion on the matter, Council Member Warren moved to approve Resolution No. 2018-45, approving the Berm Project Design and authorizing the City Manager to bid the project for construction. Council Member Wubbenhorst seconded the motion. The vote follows:

Ayes: Council Members Mitcham, Holden, Warren, Singleton, and Wubbenhorst

Nays: None

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The motion carried.

RESOLUTION NO. 2018-45

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF JERSEY VILLAGE, TEXAS, APPROVING THE BERM PROJECT DESIGN AND AUTHORIZING THE CITY MANAGER TO BID THE PROJECT FOR CONSTRUCTION.

H. MAYOR AND COUNCIL COMMENTS

Pursuant to Texas Government Code § 551.0415, City Council Members and City staff may make a report about items of community interest during a meeting of the governing body without having given notice of the report. Items of community interest include:

- Expressions of thanks, congratulations, or condolence;
- Information regarding holiday schedules;
- An honorary or salutary recognition of a public official, public employee, or other citizen, except that a discussion regarding a change in the status of a person's public office or public employment is not an honorary or salutary recognition for purposes of this subdivision;
- A reminder about an upcoming event organized or sponsored by the governing body;
- Information regarding a social, ceremonial, or community event organized or sponsored by an entity other than the governing body that was attended or is scheduled to be attended by a member of the governing body or an official or employee of the municipality; and
- Announcements involving an imminent threat to the public health and safety of people in the municipality that has arisen after the posting of the agenda.

Council Member Wubbenhorst: Council Member Wubbenhorst called attention to Officer Taylor's child who is in the hospital. He encouraged help and support.

Council Member Singleton: Council Member Singleton congratulated those getting awards. He also stated that volunteer firefighters are competitive with professional fire fighters who are paid. He stated that 73% of this Country is served by volunteer fire fighters and most training is provided by volunteer fire fighters.

Council Member Mitcham: Council Member Mitcham echoes the statements made by Council Member Singleton.

Council Member Holden: Council Member Holden had no comments.

Council Member Warren: Council Member Warren thanked the Police and Fire Departments for a job well done.

Mayor Ray: Mayor Ray thanked everyone for coming. He stated that he is proud of the City's Police and Fire departments.

Upon completion of Agenda Items A through H, City Council will take a short recess (6:55 p.m.) in order to reconvene the remaining agenda item I. Work Session Agenda, including Budget

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Items in the City of Jersey Village Civic Center Meeting Room, 16327 Lakeview Drive, Jersey Village, Texas.

Mayor Ray reconvened the meeting in the Civic Center Meeting Room at 7:06 p.m., and called the next item on the agenda as follows:

I. WORK SESSION AGENDA

1. Review and discuss the proposed fiscal year 2018-2019 municipal budget.

Mayor Ray began the discussion by explaining the process and flow for discussion. In the past Council reviewed the budget “yellow” sheets, line by line and then reviewed the supplementals. Mayor Ray is proposing that this year the “yellow” sheets be reviewed in conjunction with the supplementals, fund by fund and department by department.

City Manager Bless gave his opening statements concerning the 2018-2019 budget as follows: Tonight we present to the City Council a budget that focuses on infrastructure and city needs. Our priorities for the upcoming year continue to be infrastructure related flood mitigation projects and IT infrastructure by updating the city financial software. We are also proposing several CIP projects to address city needs. Projects such as design services for a new city hall, gateway and entrance signs, and streets.

For the General Fund we are propose a total budget of \$19,128,853. That is an increase over the current fiscal year by \$2,481,176. The big driver behind this is the Capital Improvements. Last year we proposed \$3,750,000 and this year we are proposing \$5,465,000.

We have 56 supplementals this year. Of that there is \$343,310 in onetime expenses and \$559,144 in recurring expenses.

In concluding the opening remarks by the City Manager, City Council began to review the 2018-2019 budget. In making the review, Council asked about any assumptions that were made in the proposed budget. City Manager Bless explained that the standard 3% merit increases were included. He also stated that \$800,000 has been included in property tax revenues as a result of paying off the Series 2015 debt and revenues were increased to accommodate the increase in fees from Medicare reimbursements.

City Council discussed property taxes and the \$800,000. City Manager Bless explained that these revenues will come into the General Fund. He also told City Council that property values will increase by 2%.

Council discussed their goal of moving toward with a “pay as you go” strategy for funding future projects for the City. Discussion was had that the proposed budget is to spend \$3M from the City’s reserves; but there will be a surplus from the City’s 2017-2018 CIP projects since many have been delayed. Therefore, in reality, it will be a \$3M reduction. City Manager Bless explained that in moving forward, to avoid this misleading impression, all monies for the CIP will be placed into the CIP Fund.

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City Manager Bless explained the General Fund Revenues and Council discussed same.

Discussion was also had concerning the loss of sales tax in connection with the US HWY 290 Expansion Project. City Manager Bless explained that any loss in sales tax due to the project is for the most part behind us and the dollars presented in the proposed budget are fairly close.

Discussion was had about the ambulance fees. Currently, residents do not pay for these services. Council discussed changing this policy, but it was the consensus of Council that no changes should be made to make residents pay for these services.

Revenues from the Farmer's Market were discussed.

Council wondered about the various fees charged by the City. City Manager Bless told City Council that a fee study is underway. Once the study is complete, Council will be presented with any recommendations for increases in fees.

Council revisited the ambulance fees. The budget shows an increase for these fees. City Manager Bless explained the increase, stating that we will get 40 to 50% back from the Medicare Program and that an increase in normal billings is expected.

The swim team rental fees (line item 10-8504) were discussed. There is an error on this line. It should be \$0.00 (zero dollars).

The General Fund, fund balance was discussed. It is currently at \$10M and does not include the required five (5) months of reserve funds.

The proposed budget is on track with what was proposed last year.

In concluding the opening remarks and questions concerning same, Council began the review of the 2018-2019 proposed budget, fund by fund, department by department. Following are areas of the budget wherein the Council conducted discussion.

Administration

The consultant's fee for assisting with negotiating the City's health insurance was discussed. It is currently set at \$0.00. Council engaged in discussion about this change. Some were concerned that the expertise of the Consultant is needed for the finer points of the contract negotiations with health care providers. City Manager Bless explained that in doing comparisons of job titles, duties, and descriptions; the Personnel Generalist acts more as a Human Resources Manager as compared to the same title in other cities. This position can also handle all of the health insurance items that the City previously paid \$10,000 a year for in the consulting line which is being eliminated for this fiscal year. Therefore, this is a budget neutral adjustment.

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Legal

The reduction in line item 12-5502 from \$325,022 to \$125,000 was discussed. Staff explained that we anticipate this reduction in attorneys' fees due to the completion of US HWY 290.

IT

Line Item 13-5575 in the amount of \$3,800 for an ADA Consultant was discussed. Bob Blevins, IT Director, explained the new requirements that a City's website must be ADA compliant. These funds will pay for the service that will monitor our website and make updates as needed.

Line Item 13-6574 for the INCODE upgrade was discussed.

Police

Chief of Police, Eric Foerster explained the supplementals being requested for the 2018-2019 budget year. All of the supplementals are being covered by the Crime Control and Prevention District Budget with the exception of the overtime request. Discussion was had concerning staffing and the turnover being experienced by the Police Department. Some members of Council wondered if incentives would be helpful in retaining officers. Chief Foerster explained that the retention problem is not one of pay. He noted that it is just a bad time to be a police officer and many cities are experiencing this same turnover in their departments.

The Red Light Camera (RLC) Program was discussed. Chief Foerster explained that he is moving forward with this program. In addition to the RLC Program, surveillance cameras for the City's entrances were discussed. Chief Foerster explained that he is looking at 20 cameras that will have OCR capability. The cameras take a grainy image that OCR processes and provides a 96 percent capture rate. The cameras work from a web portal with no wires required and they can be moved from location to location with ease. The cost of these cameras has come down considerably; however, more time is needed to research the best product.

Fire

Council discussed the \$10 stipend per call. This incentive will result in a \$64,000 increase to the salaries line item.

Streets

The street sweeper vehicle replacement fund was discussed.

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Parks and Recreation

The Special Events Coordinator position was explained and discussed as well as the Parks and landscaping projects. All supplementals total \$1.2M out of the General Fund. It was the consensus of City Council that these supplementals are needed.

Mayor Ray called for a 10 minute recess at 8:37 p.m. The meeting was reconvened at 8:46 p.m. with a quorum present.

Utility Fund

The revenues for this fund were reviewed. There is an increase from last year because of the new meters, which decreased the amount of lost water.

Line item 45-5019 – White Oak Bayou Disposal was discussed. The reduction in this line item came because the plant is now more efficient due to the recent maintenance.

The Interfund transfers were discussed and explained by Isabel Kato, Finance Director.

Utility Fund Capital Projects

Line Item 46-7084 was discussed. This line item is really a maintenance item and not a capital improvement. It was the consensus of Council that this item should be moved to an operating expense.

Line Item 46-7128 was discussed. We need to add \$145,000 in budget year 2018-2019 for the purchase of a larger generator. City Council discussed the fuel for the generator. Some Members felt that we need to review the fuel type and make sure there is a good fuel supply in the event of an emergency.

The Utility Fund Balance was discussed. The balance is being drawn down. Finance Director, Isabel Kato, explained that during the rate study the Consultant explained that the City should consider going out for debt for some of the CIP Projects. City Council discussed that perhaps we need a longer range CIP Plan, but the consensus of Council was that this was an abnormally high expense year for utility repairs and replacements.

The development on the South side of US HWY 290 was discussed in connection with the effects that this development will have on the utility fund.

Capital Improvement Plan

The debt service revenues and expenses were discussed. The changes are a result of paying off the debt from the US HWY 290 Project.

The fund balance for the Debt Service Fund was discussed. Finance Director, Isabel Kato, explained that we need to keep at least a 25% in this fund according to the City's accounting policies. City Council wondered if this is necessary and felt we should consider decreasing

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this to under \$100,000. Finance Director Kato will check to see if this is possible and report back to City Council.

Hotel/Motel Tax Fund

Council discussed the revenues and expenditures for this fund. It was the consensus of City Council that this fund can be used to pay for the construction of the new Golf Course Clubhouse and Convention Center. It can also be used for on-going expenses for that facility.

Asset Forfeiture Fund

Police Chief Foerster explained that he recently received a letter from the US Treasury stating that a City cannot carry funds over for more than three (3) years. They are requesting that we spend \$46,000. He told City Council that he will work with Finance Director Kato to insure that the City complies with the request from the US Treasury.

J. ADJOURN

There being no further business on the Agenda the meeting was adjourned at 10:00 p.m.



Lorri Coody, City Secretary