

**CITY OF ROCKPORT**

**MINUTES**

**CITY COUNCIL BUDGET WORKSHOP MEETING**

**9:00 a.m., Monday, July 18, 2016**

**Rockport Service Center, 2751 State Highway 35 Bypass**

On the 18<sup>th</sup> day of July 2016, the City Council of the City of Rockport, Aransas County, Texas, convened in Workshop Session at 9:00 a.m. at the Rockport Service Center, 2751 State Highway 35 Bypass, Rockport, Texas, and notice of meeting giving time, place, date and subject was posted as described in V.T.C.A., Government Code § 551.041.

**CITY COUNCIL MEMBERS PRESENT**

Mayor Charles J. Wax  
Mayor Pro-Tem Pat Rios, Ward 3  
Council Member Rusty Day, Ward 1  
Council Member J.D. Villa, Ward 2

**CITY COUNCIL MEMBER(S) ABSENT**

Council Member Barbara Gurtner, Ward 4

**STAFF MEMBERS PRESENT**

City Manager Kevin Carruth  
City Secretary Teresa Valdez  
Finance Director Patty Howard  
Police Chief Tim Jayroe  
Communications Center Director Lee Zapata  
Public Works Director Mike Donoho  
Parks & Leisure Services Director Tom Staley  
Parks Maintenance Supervisor Rick Martinez  
IT Manager Brian Jacobs  
IT Technician Bob Argetsinger

**ELECTED OFFICIALS PRESENT**

**Opening Agenda**

**1. Call to Order.**

With a quorum of the Council Members present, the Budget Workshop Meeting of the Rockport City Council was called to order by Mayor Wax at 9:15 a.m. on Monday, July 18, 2016, at the Rockport Service Center, 2751 State Highway 35 Bypass, Rockport, Texas.

**Regular Agenda.**

**2. Hear and deliberate on presentation of proposed Fiscal Year 2016-2017 Budget.**

City Manager Kevin Carruth gave a PowerPoint presentation on the proposed Fiscal Year 2016-2017 Budget that included discussion of the following topics:

- Assumptions: Tax Rate – 8% over Effective Tax Rate; Sales Tax – 8.26% increase; Group Medical Insurance – 5% increase (split evenly with employees); Cost of Living Increase – 1.0%; Merit Raises – 3.75% - 2.5%; Utility Rate Increases: Water – 2.5%, Sewer – 10% and Gas – 7.2%; No annexation of areas with relatively high population densities; and Certain Aransas County costs not included: Draft Animal Control Budget includes approximately \$45,000 additional expense for capital items and additional AC Officer, and Public Safety Communications expenses previously under County’s budget.
- U.S. Consumer Price Index/Municipal Cost Index Inflation Rate Comparison
- Sales Tax History
- Aransas County Gross Sales & Sales Outlets 2006-2015
- Aransas County Total Bank Deposits
- Commercial Water Customer Totals by Month 2010-2016
- Commercial Garbage Customer Totals by Month 2010-2016
- Residential Water Customer Totals by Month 2010-2016
- Residential Garbage Customer Totals by Month 2010-2016
- Preliminary Ad Valorem Tax Rate Comparison FY 2016-2017

Preliminary Ad Valorem Tax Rate Comparison FY 2016-2017									
Percentage M & D Increase	Effective	Alternate	Alternate	Alternate	Rollback	Alternate	Alternate	Alternate	Alternate
	Tax Rate (ETR)	Tax Rate 1	Tax Rate 2						
	0%	\$0.01 Increase Above ETR	\$0.01 Increase Above Rollback	4.00%	8.00%	8.00%	10.00%	11.00%	
<b>Total Tax Rate</b>									
M & O Tax Rate	\$ 0.204538	\$ 0.214538	\$ 0.242291	\$ 0.223685	\$ 0.232291	\$ 0.234451	\$ 0.236582	\$ 0.238752	\$ 0.238752
I & S Tax Rate	\$ 0.153729	\$ 0.153729	\$ 0.153729	\$ 0.153729	\$ 0.153729	\$ 0.153729	\$ 0.153729	\$ 0.153729	\$ 0.153729
<b>Total Tax Rate</b>	<b>\$ 0.358267</b>	<b>\$ 0.368267</b>	<b>\$ 0.396020</b>	<b>\$ 0.377414</b>	<b>\$ 0.386020</b>	<b>\$ 0.388180</b>	<b>\$ 0.390311</b>	<b>\$ 0.392481</b>	<b>\$ 0.392481</b>
<b>Total Taxable Value</b>	<b>\$ 1,277,210,583</b>	<b>\$ 1,277,210,583</b>	<b>\$ 1,277,210,583</b>	<b>\$ 1,277,210,583</b>	<b>\$ 1,277,210,583</b>	<b>\$ 1,277,210,583</b>	<b>\$ 1,277,210,583</b>	<b>\$ 1,277,210,583</b>	<b>\$ 1,277,210,583</b>
<b>Total Tax Levy</b>									
Total Tax Levy	\$ 4,396,591	\$ 4,519,412	\$ 4,859,999	\$ 4,631,865	\$ 4,737,278	\$ 4,783,788	\$ 4,789,938	\$ 4,816,588	\$ 4,816,588
Over 65 Frozen Taxes	\$ 764,634	\$ 764,634	\$ 764,634	\$ 764,634	\$ 764,634	\$ 764,634	\$ 764,634	\$ 764,634	\$ 764,634
Disabled Frozen Taxes	\$ 14,200	\$ 14,200	\$ 14,200	\$ 14,200	\$ 14,200	\$ 14,200	\$ 14,200	\$ 14,200	\$ 14,200
<b>Total Tax Levy</b>	<b>\$ 5,175,425</b>	<b>\$ 5,298,246</b>	<b>\$ 5,638,833</b>	<b>\$ 5,410,699</b>	<b>\$ 5,516,112</b>	<b>\$ 5,542,620</b>	<b>\$ 5,568,772</b>	<b>\$ 5,595,402</b>	<b>\$ 5,595,402</b>
<b>Total Tax Revenue</b>									
Total Levy	\$ 5,175,425	\$ 5,298,246	\$ 5,638,833	\$ 5,410,699	\$ 5,516,112	\$ 5,542,620	\$ 5,568,772	\$ 5,595,402	\$ 5,595,402
Collection Ratio	99%	99%	99%	99%	99%	99%	99%	99%	99%
<b>Total Tax Revenue</b>	<b>\$ 5,123,769</b>	<b>\$ 5,245,263</b>	<b>\$ 5,582,445</b>	<b>\$ 5,356,394</b>	<b>\$ 5,460,951</b>	<b>\$ 5,487,194</b>	<b>\$ 5,513,084</b>	<b>\$ 5,530,448</b>	<b>\$ 5,530,448</b>
<b>Revenue Allocation by Fund</b>									
M & O General Fund (57.09%)	\$ 2,887,190	\$ 3,008,884	\$ 3,345,860	\$ 3,119,815	\$ 3,224,372	\$ 3,250,815	\$ 3,278,505	\$ 3,302,889	\$ 3,302,889
M&S Debt Service Fund (42.91%)	\$ 2,236,579	\$ 2,236,579	\$ 2,236,579	\$ 2,236,579	\$ 2,236,579	\$ 2,236,579	\$ 2,236,579	\$ 2,236,579	\$ 2,236,579
<b>Total Tax Revenue</b>	<b>\$ 5,123,769</b>	<b>\$ 5,245,263</b>	<b>\$ 5,582,445</b>	<b>\$ 5,356,394</b>	<b>\$ 5,460,951</b>	<b>\$ 5,487,194</b>	<b>\$ 5,513,084</b>	<b>\$ 5,530,448</b>	<b>\$ 5,530,448</b>
<b>Revenue Difference</b>									
Additional Revenue	\$0	\$121,494	\$458,678	\$232,824	\$337,182	\$363,425	\$388,315	\$415,679	\$415,679
% Increase in Revenue	0.0%	2.4%	9.0%	4.5%	6.0%	7.1%	7.6%	8.1%	8.1%
<b>Residential Taxpayer Impact Analysis</b>									
Residential Value	ETR	Difference in Tax Paid from Effective Tax Rate							
	Tax Paid	Alternate Tax Rate 1	Alternate Tax Rate 2	Rollback Tax Rate	Rollback Tax Rate	Alternate Tax Rate 3	Alternate Tax Rate 4	Alternate Tax Rate 5	
Average - \$222,602	\$797.83	\$22.27	\$84.07	\$42.84	\$81.80	\$88.01	\$71.30	\$70.19	
Average Homestead - \$216,130	\$774.35	\$21.61	\$81.60	\$41.38	\$80.99	\$84.65	\$69.26	\$73.95	
Median - \$170,385	\$610.43	\$17.04	\$64.33	\$32.62	\$47.29	\$50.97	\$41.60	\$48.30	

**Current**

WATER	
Net Revenue Requirement	\$6,766,684
Projected Revenue Under Current Rates	7,112,433
Over / (Under) Recovery	345,749
Draw down of Reserves	0
<b>Adjusted Over / (Under) Recovery</b>	<b>345,749</b>
<b>Adjusted Over / (Under) Recovery (%)</b>	<b>5.11%</b>
Projected Annual Billed Water Consumption (000's)	7,995,082
WASTEWATER	
Revenue Requirement	\$2,727,527
Projected Revenue Under Current Rates	2,003,675
Over / (Under) Recovery	(723,853)
Draw down of Reserves	0
<b>Adjusted Over / (Under) Recovery</b>	<b>(723,853)</b>
<b>Adjusted Over / (Under) Recovery (%)</b>	<b>(26.54%)</b>
Projected Annual Billed Flow (000's)	4,459,617
TOTAL	
Revenue Requirement	\$9,494,211
Projected Revenue Under Current Rates	9,116,108
Over / (Under) Recovery	(378,103)
Draw down of Reserves	-
<b>Adjusted Over / (Under) Recovery</b>	<b>(378,103)</b>
<b>Adjusted Over / (Under) Recovery (%)</b>	<b>(3.98%)</b>

**Current**

KEY FINANCIAL STATISTICS	
Beginning Fund Balance	\$ 5,739,905
Total Revenues	9,912,108
Total Expenses	9,845,711
Ending Fund Balance	\$ 5,806,302
Fund Balance Reserve Policy (50% of Expenditures)	● 59%
Days of Working Capital (180 Days)	215
<b>Debt Service Coverage</b>	
Total Revenues	9,912,108
Total Expenses	8,138,654
<b>Available for Debt Service Coverage</b>	<b>1,773,453</b>
Debt Service Coverage	1,707,057
<b>Coverage Ratio</b>	<b>1.04</b>
<b>Target Debt Service Coverage Ratio</b>	<b>1.10</b>

**Current**

GAS	
Revenue Requirement	\$1,381,072
Projected Revenue Under Current Rates	1,310,762
Over / (Under) Recovery	(70,310)
Draw down of Reserves	0
Adjusted Over / (Under) Recovery	(70,310)
Adjusted Over / (Under) Recovery (%)	(5.09%)
Projected Natural Gas Flow	1,684,765
KEY FINANCIAL STATISTICS	
Beginning Fund Balance	\$ 1,367,287
Total Revenues	1,313,062
Total Expenses	1,383,372
Ending Fund Balance	1,296,977
Fund Balance Reserve Policy (50% of Expenditures)	● 94%
Days of Working Capital (180 Days)	342
Debt Service Coverage	
Total Revenues	1,313,062
Total Expenses	1,154,549
Available for Debt Service Coverage	158,513
Debt Service Coverage	228,823
Coverage Ratio	● 0.69
Target Debt Service Coverage Ratio	1.10

**Proposed**

Proposed Water Rates			
<b>INSIDE</b>		2.50%	
Minimum Charge	Current	2017	Change
0.75	\$ 18.79	\$ 19.26	\$ 0.47
1	22.73	23.30	0.57
1.5	42.34	43.40	1.06
2	65.89	67.54	1.65
3	128.7	131.92	3.22
4	199.36	204.34	4.98
<b>Volumetric Charge</b>			
0 - 1,500 gallons	\$ -	\$ -	\$ -
1,501 - 10,000 gallons	4.93	5.05	0.12
10,001 - 15,000 gallons	5.80	5.95	0.15
15,000+ gallons	6.61	6.78	0.17
<b>OUTSIDE</b>			
Minimum Charge			
0.75	\$ 25.97	\$ 26.62	\$ 0.65
1	31.45	32.24	0.79
1.5	58.71	60.18	1.47
2	91.44	93.73	2.29
3	178.76	183.23	4.47
4	276.97	283.89	6.92
<b>Volumetric Charge</b>			
0 - 1,500 gallons	\$ -	\$ -	\$ -
1,501 - 10,000 gallons	6.97	7.14	0.17
10,001 - 15,000 gallons	8.22	8.43	0.21
15,000+ gallons	9.37	9.60	0.23

**Proposed**

Proposed Wastewater Rates				
<b>RESIDENTIAL INSIDE</b>			10.00%	
<b>Minimum Charges</b>				
	0.75	\$ 16.82	\$ 18.50	\$ 1.68
	1	21.02	23.12	2.10
	1.5	21.02	23.12	2.10
	2	21.02	23.12	2.10
	3	21.02	23.12	2.10
	4	21.02	23.12	2.10
<b>Volumetric Charges</b>				
	0 - 1,500 gallons	\$ -	\$ -	\$ -
	1,501 - 5,000 gallons	3.08	3.39	0.31
	5,001 - 15,000 MAX gallons	3.62	3.98	0.36
<b>RESIDENTIAL OUTSIDE</b>				
<b>Minimum Charges</b>				
	0.75	\$ 23.55	\$ 25.91	\$ 2.36
	1	29.43	32.37	2.94
	1.5	29.43	32.37	2.94
	2	29.43	32.37	2.94
	3	29.43	32.37	2.94
	4	29.43	32.37	2.94
<b>Volumetric Charges</b>				
	0 - 1,500 gallons	\$ -	\$ -	\$ -
	1,501 - 5,000 gallons	4.31	4.74	0.43
	5,001 - 15,000 MAX gallons	5.07	5.58	0.51

**Proposed**

Proposed Wastewater Rates				
<b>COMMERCIAL INSIDE</b>				
<b>Minimum Charges</b>				
	0.75	\$ 16.82	\$ 18.50	\$ 1.68
	1	21.02	23.12	2.10
	1.5	21.02	23.12	2.10
	2	21.02	23.12	2.10
	3	21.02	23.12	2.10
	4	21.02	23.12	2.10
<b>Volumetric Charges</b>				
	0 - 2,000 gallons	\$ -	\$ -	\$ -
	2,001 - 5,000 gallons	3.08	3.39	0.31
	5,000+ gallons	3.62	3.98	0.36
<b>COMMERCIAL OUTSIDE</b>				
<b>Minimum Charges</b>				
	0.75	\$ 23.55	\$ 25.91	\$ 2.36
	1	29.43	32.37	2.94
	1.5	29.43	32.37	2.94
	2	29.43	32.37	2.94
	3	29.43	32.37	2.94
	4	29.43	32.37	2.94
<b>Volumetric Charges</b>				
	0 - 2,000 gallons	\$ -	\$ -	\$ -
	2,001 - 5,000 gallons	4.31	4.74	0.43
	5,000+ gallons	5.07	5.58	0.51

**Proposed**

Proposed Gas Rates			
<b>INSIDE</b>		7.20%	
Minimum Charges	Current	2017	Change
Base	\$ 17.85	\$ 19.14	\$ 1.29
Volumetric Charges			
All Volumes	\$ 1.99	\$ 2.13	\$ 0.14
<b>OUTSIDE</b>			
Minimum Charges			
Base	\$ 17.85	\$ 19.14	\$ 1.29
Volumetric Charges			
All Volumes	\$ 1.99	\$ 2.13	\$ 0.14

**Proposed**

WATER	
Net Revenue Requirement	\$6,766,684
Projected Revenue Under Proposed Rates	7,290,244
Over / (Under) Recovery	523,560
Draw down of Reserves	0
<b>Adjusted Over / (Under) Recovery</b>	<b>523,560</b>
<b>Adjusted Over / (Under) Recovery (%)</b>	<b>7.74%</b>
<b>Proposed Rate Increase</b>	<b>2.50%</b>
Projected Annual Billed Water Consumption (000's)	7,995,082
WASTEWATER	
Revenue Requirement	\$2,727,527
Projected Revenue Under Proposed Rates	2,204,042
Over / (Under) Recovery	(523,485)
Draw down of Reserves	0
<b>Adjusted Over / (Under) Recovery</b>	<b>(523,485)</b>
<b>Adjusted Over / (Under) Recovery (%)</b>	<b>(19.19%)</b>
<b>Proposed Rate Increase</b>	<b>10.00%</b>
Projected Annual Billed Flow (000's)	4,459,617
TOTAL	
Revenue Requirement	\$9,494,211
Projected Revenue Under Proposed Rates	9,494,286
Over / (Under) Recovery	75
Draw down of Reserves	-
<b>Adjusted Over / (Under) Recovery</b>	<b>75</b>
<b>Adjusted Over / (Under) Recovery (%)</b>	<b>0.00%</b>

Proposed

KEY FINANCIAL STATISTICS	
Beginning Fund Balance	\$ 5,739,905
Total Revenues	10,290,286
Total Expenses	9,845,711
Ending Fund Balance	\$ 6,184,480
Fund Balance Reserve Policy (50% of Expenditures)	63%
Days of Working Capital (180 Days)	229
Debt Service Coverage	
Total Revenues	10,290,286
Total Expenses	8,138,654
Available for Debt Service Coverage	2,151,632
Debt Service Coverage	1,707,057
Coverage Ratio	1.26
Target Debt Service Coverage Ratio	1.10

Proposed

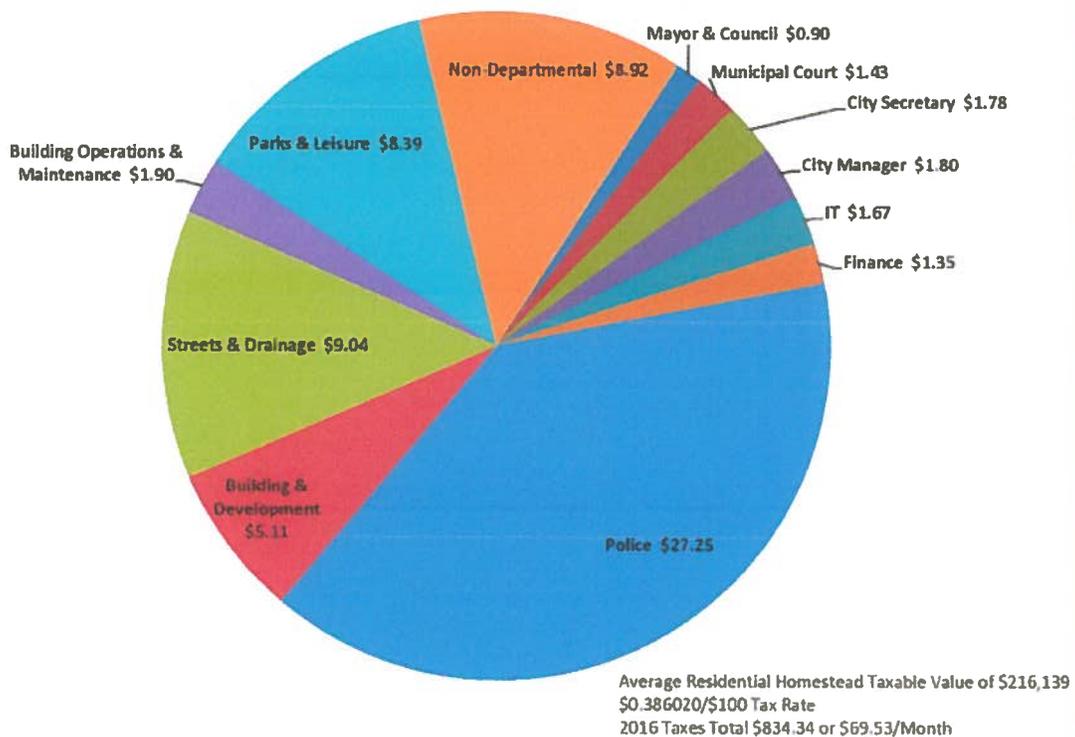
GAS	
Revenue Requirement	\$1,381,072
Projected Revenue Under Proposed Rates	1,405,137
Over / (Under) Recovery	24,065
Draw down of Reserves	0
Adjusted Over / (Under) Recovery	24,065
Adjusted Over / (Under) Recovery (%)	1.74%
Proposed Rate Increase	7.20%
Projected Natural Gas Flow	1,684,765
KEY FINANCIAL STATISTICS	
Beginning Fund Balance	\$ 1,367,287
Total Revenues	1,407,437
Total Expenses	1,383,372
Ending Fund Balance	1,391,352
Fund Balance Reserve Policy (50% of Expenditures)	101%
Days of Working Capital (180 Days)	367
Debt Service Coverage	
Total Revenues	1,407,437
Total Expenses	1,154,549
Available for Debt Service Coverage	252,888
Debt Service Coverage	228,823
Coverage Ratio	1.11
Target Debt Service Coverage Ratio	1.10

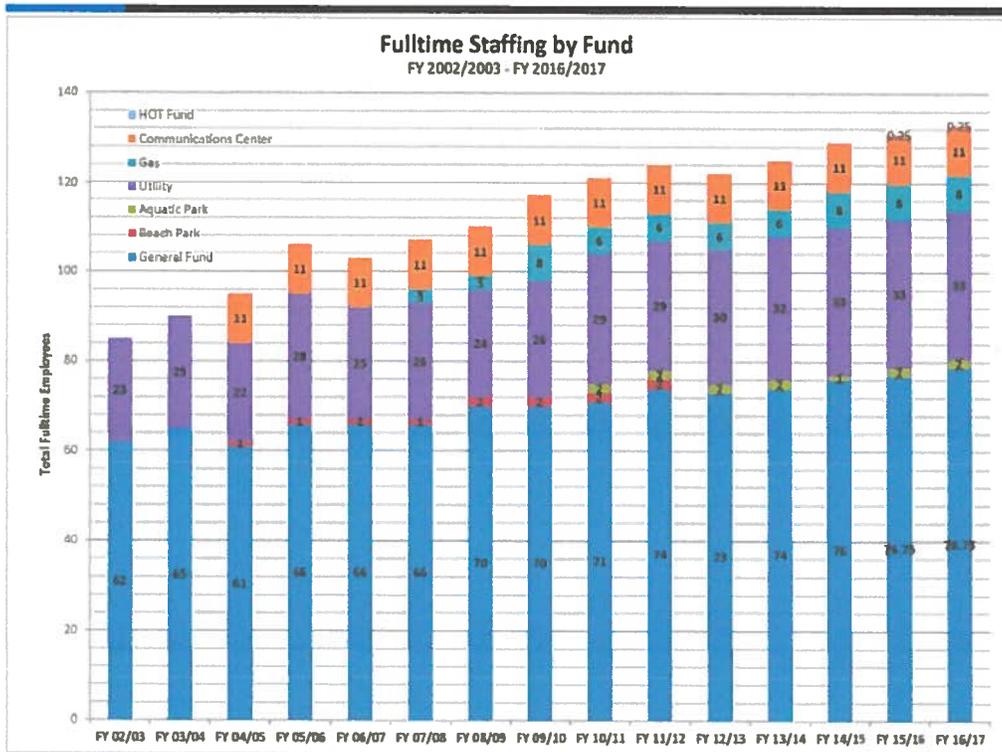
### Impact of Utility Rates on Average Residential Customer

Rate Schedule	Water	Wastewater	Gas	Total	ΔCurrent
<b>Inside City Limits</b>					
Current	\$ 41.85	\$ 31.22	\$ 27.80	\$ 100.87	\$ -
Proposed (2.5% Water/10.0% WW/7.2% Gas)	\$ 42.90	\$ 34.34	\$ 29.80	\$ 107.04	\$ 6.17
<b>Outside City Limits</b>					
Current	\$ 57.34	\$ 44.34	\$ 27.80	\$ 129.48	\$ -
Proposed (2.5% Water/10.0% WW/7.2% Gas)	\$ 58.77	\$ 48.77	\$ 29.80	\$ 137.35	\$ 7.87

Note: Average residential customer uses 6,000 gallons of water & 5,000 cu. ft. of gas

### Monthly Allocation of Average Residential Homestead Ad Valorem Tax





A brief recess was taken from 10:15 a.m. to 10:25 a.m.

Debt Allocation by Fund		Fund Allocation			
Issue	General	Utility	Utility 5/C	Natural Gas	
2007 CO & Revenue	82.95%	17.05%	-	-	
2009 Revenue CO	-	100.00%	-	-	
2009 Refunding GO	51.49%	41.62%	6.89%	-	
2010 Refunding GO	50.08%	49.92%	-	-	
2012 Refunding GO	57.76%	42.24%	-	-	
2014 Revenue CO	-	13.16%	-	86.84%	
2014 Refunding GO	78.68%	21.32%	-	-	
2015 Revenue CO	100.00%	-	-	-	
2015 Refunding GO	78.68%	21.32%	-	-	
2016 Revenue CO	100.00%	-	-	-	

Fiscal		Total
2016		\$3,996,428
2017		\$4,087,666
2018		\$4,088,528
2019		\$3,989,578
2020		\$3,881,828
2021		\$3,876,890
2022		\$3,607,840
2023		\$3,612,872
2024		\$3,658,628
2025		\$3,652,552
2026		\$3,660,057
2027		\$2,948,200
2028		\$1,415,076
2029		\$1,418,889
2030		\$637,694
2031		\$628,150
2032		\$628,044
2033		\$627,019
2034		\$629,994
2035		\$367,750
2036		\$228,375
<b>Total</b>		<b>\$51,641,808</b>

Fiscal Year	2007 CO & Revenue	2008 Revenue CO	2009 Refunding GO	2010 Refunding GO	2012 Refunding GO	2014 Revenue CO	2014 Refunding GO	2015 Revenue CO	2015 Refunding GO	2016 Revenue CO	Total
2016	\$1,000,000	\$1,200,000	\$1,500,000	\$1,800,000	\$2,000,000	\$2,500,000	\$3,000,000	\$3,500,000	\$4,000,000	\$4,500,000	\$21,200,000
2017	\$1,100,000	\$1,300,000	\$1,600,000	\$1,900,000	\$2,100,000	\$2,600,000	\$3,100,000	\$3,600,000	\$4,100,000	\$4,600,000	\$22,300,000
2018	\$1,200,000	\$1,400,000	\$1,700,000	\$2,000,000	\$2,200,000	\$2,700,000	\$3,200,000	\$3,700,000	\$4,200,000	\$4,700,000	\$23,400,000
2019	\$1,300,000	\$1,500,000	\$1,800,000	\$2,100,000	\$2,300,000	\$2,800,000	\$3,300,000	\$3,800,000	\$4,300,000	\$4,800,000	\$24,500,000
2020	\$1,400,000	\$1,600,000	\$1,900,000	\$2,200,000	\$2,400,000	\$2,900,000	\$3,400,000	\$3,900,000	\$4,400,000	\$4,900,000	\$25,600,000
2021	\$1,500,000	\$1,700,000	\$2,000,000	\$2,300,000	\$2,500,000	\$3,000,000	\$3,500,000	\$4,000,000	\$4,500,000	\$5,000,000	\$26,700,000
2022	\$1,600,000	\$1,800,000	\$2,100,000	\$2,400,000	\$2,600,000	\$3,100,000	\$3,600,000	\$4,100,000	\$4,600,000	\$5,100,000	\$27,800,000
2023	\$1,700,000	\$1,900,000	\$2,200,000	\$2,500,000	\$2,700,000	\$3,200,000	\$3,700,000	\$4,200,000	\$4,700,000	\$5,200,000	\$28,900,000
2024	\$1,800,000	\$2,000,000	\$2,300,000	\$2,600,000	\$2,800,000	\$3,300,000	\$3,800,000	\$4,300,000	\$4,800,000	\$5,300,000	\$30,000,000
2025	\$1,900,000	\$2,100,000	\$2,400,000	\$2,700,000	\$2,900,000	\$3,400,000	\$3,900,000	\$4,400,000	\$4,900,000	\$5,400,000	\$31,100,000
2026	\$2,000,000	\$2,200,000	\$2,500,000	\$2,800,000	\$3,000,000	\$3,500,000	\$4,000,000	\$4,500,000	\$5,000,000	\$5,500,000	\$32,200,000
2027	\$2,100,000	\$2,300,000	\$2,600,000	\$2,900,000	\$3,100,000	\$3,600,000	\$4,100,000	\$4,600,000	\$5,100,000	\$5,600,000	\$33,300,000
2028	\$2,200,000	\$2,400,000	\$2,700,000	\$3,000,000	\$3,200,000	\$3,700,000	\$4,200,000	\$4,700,000	\$5,200,000	\$5,700,000	\$34,400,000
2029	\$2,300,000	\$2,500,000	\$2,800,000	\$3,100,000	\$3,300,000	\$3,800,000	\$4,300,000	\$4,800,000	\$5,300,000	\$5,800,000	\$35,500,000
2030	\$2,400,000	\$2,600,000	\$2,900,000	\$3,200,000	\$3,400,000	\$3,900,000	\$4,400,000	\$4,900,000	\$5,400,000	\$5,900,000	\$36,600,000
2031	\$2,500,000	\$2,700,000	\$3,000,000	\$3,300,000	\$3,500,000	\$4,000,000	\$4,500,000	\$5,000,000	\$5,500,000	\$6,000,000	\$37,700,000
2032	\$2,600,000	\$2,800,000	\$3,100,000	\$3,400,000	\$3,600,000	\$4,100,000	\$4,600,000	\$5,100,000	\$5,600,000	\$6,100,000	\$38,800,000
2033	\$2,700,000	\$2,900,000	\$3,200,000	\$3,500,000	\$3,700,000	\$4,200,000	\$4,700,000	\$5,200,000	\$5,700,000	\$6,200,000	\$39,900,000
2034	\$2,800,000	\$3,000,000	\$3,300,000	\$3,600,000	\$3,800,000	\$4,300,000	\$4,800,000	\$5,300,000	\$5,800,000	\$6,300,000	\$41,000,000
2035	\$2,900,000	\$3,100,000	\$3,400,000	\$3,700,000	\$3,900,000	\$4,400,000	\$4,900,000	\$5,400,000	\$5,900,000	\$6,400,000	\$42,100,000
2036	\$3,000,000	\$3,200,000	\$3,500,000	\$3,800,000	\$4,000,000	\$4,500,000	\$5,000,000	\$5,500,000	\$6,000,000	\$6,500,000	\$43,200,000

Discussion was held among Council, Mr. Carruth and Staff.

Mr. Carruth then called the Council’s attention to the City of Rockport – Budget Requests and Reductions for Fiscal Year 2016-2017 as follows:

Departmental FY 2016-2017 Budget Requests						
Account Number	Description	Total Request	Difference Over Prior Yr.	% Difference	Approved Amount	Comments
<b>GENERAL FUND</b>						
<b>Mayor &amp; Council</b>						
	Computer Hardware	\$ 500	\$ 500	100.0%	\$ 500	For select computer equipment
<b>Subtotal Mayor &amp; Council</b>		\$ 500	\$ 500	100.0%	\$ 500	
<b>Municipal Court</b>						
	Court Administrator	\$ 15,293	\$ 293	1.9%		Increase of 1.7% as of April, 2017
<b>Subtotal Municipal Court</b>		\$ 15,603	\$ 293	1.8%	\$ 293	
<b>City Secretary</b>						
	Certification Pay	\$ 10,800	\$ 8,100	74.9%	\$ 10,800	Additional Certifications achieved for Asst. City Sec.
	Over & Subscriptions	\$ 900	\$ 200	22.2%	\$ 900	Increase in professional dues because of certifications
	Schools/Seminars/Travel & Exp	\$ 8,000	\$ 300	3.8%	\$ 8,000	Additional cost for seminar/travel expenses
	Computer Hardware	\$ 2,000	\$ 1,500	75.0%	\$ 2,000	Replace aging computer hardware
<b>Subtotal City Secretary</b>		\$ 19,700	\$ 11,300	57.2%	\$ 19,700	
<b>City Manager</b>						
	Communications Services	\$ 375	\$ 375	100.0%	\$ 375	Lease for DMV Radio
	Computer Hardware	\$ 2,000	\$ 2,000	100.0%	\$ 2,000	Replace aging computer hardware
<b>Subtotal City Manager</b>		\$ 2,375	\$ 2,375	100.0%	\$ 2,375	
<b>Information &amp; Technology</b>						
	Overline	\$ 8,000	\$ 4,200	52.5%	\$ 8,000	Increase in the amount of overtime needed
	Communications Services	\$ 8,000	\$ 2,800	35.0%	\$ 8,000	Additional communication services with cell phones, gas and data phones
	Contracted Services	\$ 20,000	\$ 4,000	20.0%	\$ 20,000	Additional cost for contracted services
	Office Supplies	\$ 500	\$ 200	40.0%	\$ 500	Additional office supplies needed
	Schools/Seminars/Registration	\$ 2,000	\$ 1,000	50.0%	\$ 2,000	Additional training available for Information Technology
	Over & Subscriptions	\$ 500	\$ 100	20.0%	\$ 500	Increase in professional dues
	Schools/Seminars/Travel & Exp	\$ 4,000	\$ 800	20.0%	\$ 4,000	Additional cost for seminar/travel expenses
	Computer Hardware	\$ 4,000	\$ 2,200	55.0%	\$ 4,000	Annual Refresh for server station
<b>Subtotal Information &amp; Technology</b>		\$ 44,900	\$ 14,823	32.9%	\$ 44,900	
<b>Police - Administration</b>						
	Contracted Services	\$ 30,000	\$ 4,200	14.0%	\$ 30,000	Increase cost of Contracted Services for TDS
	Office Supplies	\$ 11,000	\$ 3,000	27.3%	\$ 11,000	Additional office supplies needed
	Police Station Memoranda	\$ 130,000	\$ 26,000	20.0%	\$ 130,000	City's share in the Police Building Sublet
<b>Subtotal Police - Administration</b>		\$ 180,500	\$ 30,500	16.9%	\$ 180,500	
<b>Police - Patrol</b>						
	Contracted Services	\$ 18,000	\$ 14,200	78.9%	\$ 18,000	Increase due to body cam warranty (14,000)
	Fire Marshal Services	\$ 2,000	\$ 1,000	50.0%	\$ 2,000	Additional usage of Fire Marshal Services
	Overline	\$ 21,000	\$ 4,100	19.5%	\$ 21,000	Additional cost for specialized uniforms and boots
	Schools/Seminars/Registration	\$ 22,000	\$ 3,200	14.5%	\$ 22,000	New training cycle available
	Schools/Seminars/Travel & Exp	\$ 15,000	\$ 2,800	18.7%	\$ 15,000	Additional cost for seminar/travel expenses
	Computer Hardware	\$ 2,000	\$ 1,500	75.0%	\$ 2,000	Tablet for maps
	Police Equipment	\$ 30,000	\$ 27,000	90.0%	\$ 30,000	Purchase additional & in use uniforms
<b>Subtotal Police Patrol</b>		\$ 110,000	\$ 52,811	47.9%	\$ 110,000	
<b>Police - CID</b>						
	Overline	\$ 15,000	\$ 2,000	13.3%	\$ 15,000	Additional overtime cost needed
	Schools/Seminars/Registration	\$ 3,000	\$ 2,000	66.7%	\$ 3,000	New training cycle available
City of Rockport						

Departmental FY 2016-2017 Budget Requests						
Account Number	Description	Total Request	Difference Over Prior Yr.	% Difference	Approved Amount	Comments
	Schools/Seminars/Travel & Exp	\$ 3,000	\$ 1,000	33.3%	\$ 3,000	Additional cost for seminar/travel expenses
	Computer Hardware	\$ 3,000	\$ 1,200	40.0%	\$ 3,000	Replace 1 desktop & 1 laptop computer
	Office Furniture/Equipment	\$ 5,000	\$ 2,500	50.0%	\$ 5,000	Need additional equipment for work efficiency and gas sales
	Overline	\$ 5,000	\$ 5,000	100.0%	\$ 5,000	
	Police Equipment	\$ 5,000	\$ 4,000	80.0%	\$ 5,000	Purchase 6 Body Cameras for CID unit
<b>Subtotal Police - CID</b>		\$ 111,600	\$ 69,100	78.0%	\$ 38,800	
<b>Building Development - Administration</b>						
	Certification Pay	\$ 8,000	\$ 8,000	100.0%	\$ 8,000	Additional certifications achieved for new position of
	Overline	\$ 2,000	\$ 1,500	75.0%	\$ 2,000	Additional overtime cost needed
	Contracts	\$ 11,000	\$ 11,000	100.0%	\$ 11,000	New Building Administration Unit for administration building and General Fund
<b>Subtotal Building Development - Administration</b>		\$ 19,100	\$ 18,600	97.4%	\$ 19,100	
<b>Building Development - Code Enforcement</b>						
	Overline	\$ 20,000	\$ 20,000	100.0%	\$ 20,000	New position with 100% Code Enforcement
<b>Subtotal Building Development - Code Enforcement</b>		\$ 20,000	\$ 20,000	100.0%	\$ 20,000	
<b>Building Development - Inspections</b>						
	Overline	\$ 20,000	\$ 20,000	100.0%	\$ 20,000	New position with 100% Inspections
<b>Subtotal Building Development - Inspections</b>		\$ 45,000	\$ 45,000	100.0%	\$ 45,000	
<b>Streets &amp; Drainage</b>						
	Contracted Services	\$ 25,000	\$ 4,000	16.0%	\$ 25,000	Increase in annual maintenance costs
<b>Subtotal Streets &amp; Drainage</b>		\$ 25,000	\$ 4,000	16.0%	\$ 25,000	
<b>Building Operation &amp; Maintenance</b>						
	Telephone	\$ 40,000	\$ 36,000	90.0%	\$ 40,000	Increase from last year due to not including all buildings and lines
<b>Building Operation &amp; Maintenance</b>		\$ 40,000	\$ 36,000	90.0%	\$ 36,000	
<b>Parks &amp; Leisure Services</b>						
	Overline	\$ 7,000	\$ 2,000	28.6%	\$ 7,000	Increase in workdays due to maintaining parks 7 days a week
	Janitorial	\$ 5,000	\$ 500	10.0%	\$ 5,000	Additional cleaning supplies needed
	Christmas Lights & Maint	\$ 4,000	\$ 1,000	25.0%	\$ 4,000	Additional cost for LED light replacement & maintenance
	Janitorial Repair	\$ 3,000	\$ 1,000	33.3%	\$ 3,000	Increase need for repair due to utilization
	TPMS (Tire Pressure) Maint	\$ 10,000	\$ 11,400	114.0%	\$ 10,000	Cost of maintenance for TPMS
<b>Subtotal Parks &amp; Leisure Services</b>		\$ 127,500	\$ 91,400	71.7%	\$ 92,500	
<b>GENERAL FUND GRAND TOTAL</b>		\$ 772,061	\$ 419,602	63.8%	\$ 877,481	
<b>UTILITY SYSTEM FUND</b>						
<b>Environmental</b>						
	Certification Pay	\$ 8,000	\$ 8,000	100.0%	\$ 8,000	Additional certifications achieved for position
	Overline	\$ 7,600	\$ 1,400	18.3%	\$ 7,600	Additional cost overtime needed
<b>Subtotal Environmental</b>		\$ 12,600	\$ 4,000	32.2%	\$ 12,600	
<b>Water Storage &amp; Distribution</b>						
	Certification Pay	\$ 8,000	\$ 8,000	100.0%	\$ 8,000	Additional certifications achieved for position
	Communications Services	\$ 10,000	\$ 8,000	80.0%	\$ 10,000	Additional cost for cell phones, gas and internet for meter reading
	Water Station Maintenance	\$ 20,000	\$ 20,000	100.0%	\$ 20,000	Additional cost for replacement of equipment
<b>Subtotal Water Storage &amp; Distribution</b>		\$ 38,000	\$ 36,000	94.7%	\$ 38,000	
City of Rockport						

Departmental FY 2016-2017 Budget Requests						
Account Number	Description	Total Request	Difference Over Prior Yr	% Difference	Approved Amount	Comments
44-5021	Computer Hardware	\$ 2,500	\$ 2,500	100.0%	\$ 2,500	Replace aging computer hardware
<b>Subtotal Water Storage &amp; Distribution</b>		<b>\$ 90,800</b>	<b>\$ 33,800</b>	<b>37.2%</b>	<b>\$ 90,800</b>	
<b>Wastewater Collection &amp; Treatment</b>						
640-3004	Per Man Pay	\$ 30,800	\$ 7,500	24.33%	\$ 30,800	Additional certifications achieved for personnel
640-3006	Communications Services	\$ 4,200	\$ 1,000	23.81%	\$ 4,200	Additional cost for cell phones and ipa units
640-3040	Engineering Survey Fees	\$ 18,000	\$ 5,000	27.78%	\$ 18,000	Additional Engineering and Survey fees expected
640-3041	Contract Services	\$ 38,000	\$ 10,000	26.32%	\$ 38,000	Increase in annual maintenance costs
<b>Subtotal Wastewater Collection &amp; Treatment</b>		<b>\$ 69,700</b>	<b>\$ 23,500</b>	<b>33.5%</b>	<b>\$ 69,700</b>	
<b>Utility Customer Service</b>						
650-3006	Midland Processing Fees	\$ 45,000	\$ 20,000	44.44%	\$ 45,000	Increase in number of customers using public utility card system
<b>Subtotal Utility Customer Service</b>		<b>\$ 45,000</b>	<b>\$ 20,000</b>	<b>44.4%</b>	<b>\$ 45,000</b>	
<b>Non-Departmental</b>						
660-3000	Contingency	\$ 11,100	\$ 11,100	100.0%	\$ 11,100	Risk Retention Contingency, used to be divided between Utility and General Fund
<b>Subtotal Non-Departmental</b>		<b>\$ 11,100</b>	<b>\$ 11,100</b>	<b>100.0%</b>	<b>\$ 11,100</b>	
<b>UTILITY SYSTEM FUND GRAND TOTAL</b>		<b>\$ 229,300</b>	<b>\$ 92,000</b>	<b>40.1%</b>	<b>\$ 229,300</b>	
<b>NATURAL GAS SYSTEM FUND</b>						
<b>Natural Gas Distribution</b>						
640-3004	Per Man Pay	\$ 3,000	\$ 2,000	66.7%	\$ 3,000	Additional certifications achieved for personnel
<b>NATURAL GAS SYSTEM FUND GRAND TOTAL</b>		<b>\$ 3,000</b>	<b>\$ 2,000</b>	<b>66.7%</b>	<b>\$ 3,000</b>	
<b>COMMUNITY AQUATIC CENTER</b>						
<b>Aquatic Center</b>						
672-3006	Part Time	\$ 153,900	\$ 34,800	22.6%	\$ 153,900	Additional cost for part time employees
672-3001	Office Supplies	\$ 2,400	\$ 400	16.67%	\$ 2,400	Additional costs for supplies
672-3002	Maintenance/Repairs	\$ 28,000	\$ 3,000	10.71%	\$ 28,000	Additional costs for maintenance and repair
672-3003	Computer Hardware	\$ 1,500	\$ 500	33.33%	\$ 1,500	Replace aging computer hardware
<b>Subtotal Community Aquatic Center</b>		<b>\$ 185,800</b>	<b>\$ 38,700</b>	<b>20.8%</b>	<b>\$ 185,800</b>	
<b>COMMUNITY AQUATIC SYSTEM FUND GRAND TC</b>		<b>\$ 185,800</b>	<b>\$ 38,700</b>	<b>20.8%</b>	<b>\$ 185,800</b>	
<b>SPECIAL REVENUE FUNDS</b>						
<b>Fleet Operations &amp; Maintenance</b>						
680-3001	Waste Pay	\$ 40,000.00	\$ 40,000.00	100.0%	\$ 40,000.00	Additional Swap Mechanism portion
680-3002	Contracted Services	\$ 20,000.00	\$ 10,000.00	50.00%	\$ 20,000.00	Increase in annual maintenance costs
680-3003	Fleet Service Improvements	\$ 20,000.00	\$ 3,000.00	15.00%	\$ 20,000.00	Building Renovation
680-3004	Fleet Tools and Equipment	\$ 180,000.00	\$ 150,000.00	83.33%	\$ 180,000.00	Purchase of Computer Lab, Software and Tools and Equipment
<b>Subtotal Fleet Operations &amp; Maintenance</b>		<b>\$ 260,000.00</b>	<b>\$ 203,000.00</b>	<b>78.1%</b>	<b>\$ 260,000.00</b>	
<b>Hotel Occupancy Tax Administration</b>						
690-3001	IT - Transfer of Services (M)	\$ 518,000	\$ 10,000	1.95%	\$ 518,000	
<b>City of Rockport</b>						

Departmental FY 2016-2017 Budget Requests						
Account Number	Description	Total Request	Difference Over Prior Yr	% Difference	Approved Amount	Comments
690-3001	Public Market	\$ 20,000	\$ 2,000	10.0%	\$ 20,000	
690-3002	KCFA Rockport Center Br. App.	\$ 14,800	\$ 14,800	100.0%	\$ 14,800	
690-3004	Rockport Youth Club - Noodles Free II	\$ 4,000	\$ 0.00	0.0%	\$ 4,000	
690-3005	Friends of The Hockey Center - 1st	\$ 5,000	\$ 0.00	0.0%	\$ 5,000	
690-3007	Volunteer Memorial Wall Gift	\$ 1,000	\$ 1,000	100.0%	\$ 1,000	
690-3008	Private Donations	\$ 23,000	\$ 23,000	100.0%	\$ 23,000	
<b>Subtotal Hotel Occupancy Tax Administration</b>		<b>\$ 518,000</b>	<b>\$ 10,000</b>	<b>1.9%</b>	<b>\$ 518,000</b>	
<b>SPECIAL REVENUE FUNDS GRAND TOTAL</b>		<b>\$ 788,000</b>	<b>\$ 310,000</b>	<b>39.4%</b>	<b>\$ 718,000</b>	

Discussion was held among Council, City Manager and Staff in regard to the budget requests as presented by the City Manager.

*A lunch break was taken from 11:56 a.m. until 12:19 p.m.*

Discussion regarding budget requests continued among Council, City Manager and Staff.

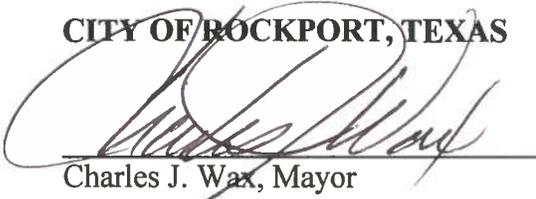
City Manager Kevin Carruth stated the Council will have another Budget Workshop on Monday, July 25, 2016, at 9:00 a.m. at the Rockport Service Center.

### **3. Adjournment.**

At 1:37 p.m., it was the consensus of Council to adjourn the Workshop Session.



**CITY OF ROCKPORT, TEXAS**

  
Charles J. Wax, Mayor

ATTEST:

  
Teresa Valdez, City Secretary