

**City Council Workshop
MINUTES
June 10, 2024 at 5:00 PM**

CALL TO ORDER

Mayor Sara Countryman called the meeting to order at 5:01 p.m.

Present:	Sara Countryman	Mayor
	Carol Langley	City Council Place #1
	Cheryl Fox	City Council Place #4
	Stan Donaldson	City Council Place #5

Also Present:	Gary Palmer	City Administrator
	Dave McCorquodale	Director of Planning & Development
	Maryann Carl	Finance Director
	James Greene	City Secretary
	Joe Belmares	MPD Lieutenant
	Kimberly Duckett	Court Administrator
	Eric Standifer	Public Works Foreman
	Tiana Smith	Waste Management
	Jeff Warner	Enterprise Fleet Management

WORKSHOP ITEMS:

1. Review and Discuss the Waste Management Agreement and Proposed Increase Alternatives

Gary Palmer introduced the item and turned the item over to Tiana Smith.

Tiana Smith announced that she was proposing an extension of the current agreement which expires July 31, 2024. The current agreement allows for a two-year extension and two other options extend the contract by five years. She thanked the Council for allowing Waste Management (WM) to service the City for many years. She noted that this is a good time to evaluate the current services and see if there is anything that WM could be doing differently. She noted that since 2017, there have been several events that WM has worked through including “snowmageddon” and COVID. She highlighted that the resources of WM allowed them to continue offering services to the City without interruption. Moving to the proposal, Smith explained that option one is a two-year extension, and options two and three are five-year extensions. She then elaborated that option one and two are extensions including the current scope of services, and option three is different in that it offers bulk collection once a month. She highlighted that the reduced volume allows them to use their automated side load trucks which was a reason that enabled them to operate throughout COVID. She said that option three may be a good option for the City. She said that bulky trash such as furniture and other large items are not typical for pick-up. She noted that out of 800 accounts, only about 10 utilize the service in any given week. Big picture – why are we paying additional money on a service that is not in great demand. She also noted two other items: 1) temporary needs such as graduation parties where they would provide pink tags; and 2) for more permanent needs, residents can choose to have a second polycart in cases where customers need higher volume trash pick- up.

CM Langley asked about the difference between option three and what the current contract currently provides.

Smith said that option three is different by reducing the weekly bulky trash to monthly bulky trash pick-up.

Palmer said that reducing the bulky trash pick-up would save the City and residents considerably, especially because the service was not being widely utilized.

Several council members noted that they were unaware that the service was even available.

Smith detailed that heavy trash for 2023 was eighty-nine tons and that they do four open top containers.

CM Langley asked if it would stop the four dumpsters on heavy trash days.

Mayor Countryman agreed that it might. She also noted that the last few times space was not an issue. She asked Smith how much cities sell the pink tags for.

Smith said she didn't actually know the average cost.

Mayor Countryman asked what WM's cost was.

Smith responded that \$1.25-1.30 and they buy 500 at a time.

Mayor Countryman explained that if bulk is reduced to once a month, residents can buy the pink tags and tag their bags and the WM employees would know to pick them up. She noted that the City would have to do great education to the public.

CM Langley said that she would forget to get the pink tag and her garbage would sit there for two weeks.

Mayor Countryman said the garbage would be the reminder.

Palmer added that this is for things that would not go in a cart such as from a party.

CM Langley added that they pick it up once a week now so it does not sit, but if it is once a month and she forgets to get the pink tag on Monday when her garbage is picked up on Wednesday then it will sit.

Smith said that the automated side truck would pick up the polycart and then the driver gets out of the truck to pick up the extra items.

Mr. Bono said that each account is allowed to have up to eight items. After eight items, a customer would need to get a pink tag.

Mayor Countryman added that pink tags allow for two items each, so if she had twelve items she would need two pink tags. She asked what the schedule would be.

Smith said that Thursdays would have everything but she would have to check.

Mayor Countryman said this is good to know, because she didn't even know this service was available.

Smith said that there will also be virtual capabilities that customers can order the tags online in the future and the driver will know to pick up those customers who purchased virtually.

CM Fox asked if there was any change with hazardous waste pick up where they call in to have it picked up.

Smith said there is no change to that process and it is a fantastic program.

CM Fox said it is a fantastic program and that in twenty years she has used it one time.

Mayor Countryman asked if it doesn't change current calculated prior year adjustment.

Smith said if you were 23.75 now, this year the CPI is 5.34 so that means starting August 1, 2024, we can only do a 5% increase so it would be less than CPI so the rate would be \$24.94. This \$1.19 represents the difference between \$24.94 and \$23.75. Year two, this asterisk means that I am guessing what CPI is going to do. I took the last five years of CPI, the rate of inflation that will apply since 2019, and averaged those out, so its 2019 moving forward and since COVID there are major bumps. I would guestimate somewhere around 5.1 for every year moving forward for those five years. I don't have a crystal ball or anything like that, I was just trying to find a way that you would be able to see what this would like in year three and forward just using CPI. So you can see year three goes to \$27.55 because it's an adjustment of our estimated CPI it's \$1.34, year four is \$1.40, year five is \$1.48. Now will be that same adjustment like we do now at the anniversary date.

Mayor Countryman asked if we will be locked into these rates if we do the five-year regardless of the actual CPI.

Smith said the starting will be \$24.95 and after that it will only be adjust based on that CPI that we just talked about, but I don't know what that is going to be, but that average has been 5.1.

CM Donaldson said it depends on who is in the big house.

Palmer said that we are now on annual and if you remember that we just renegotiated this last year and there is a CPI rider in there obviously their costs are exceeding that.

Mayor Countryman asked that if we did a five year will there be a drop in what we do now because its been annual and I am assuming that it was a higher rate or are you starting at that higher rate and then putting the discounts on? Does that make sense?

Smith said right now, in the last, we have been taking CPI adjustments so starting in 2021 its 4.1, 2022 7.6, you can see that. What it doesn't show is how our expenses have outpaced, you know, and the main drivers for that is labor. If you remember, we had to get scrappy about keeping drivers so we had to raise their rates twice. I think that for the first year for 2022 was 12.7 and the following year was close to that. Really more than that was fuel and of course CPI has a percentage of fuel in it, but if you compare just fuel from CPI, the changes, just fuel by itself, in 21-22 the increase was almost 60%. That was natural gas. And then it went down a little

the following year, but 7.6 was nothing close to what we had to pay for fuel and driver labor as well. What you are seeing is if we did nothing and we did a two-year extension we would ask for CPI and an additional 10%. The point of option two is to take that same amount but spread it over five years so it doesn't hit you in year one. So if you just did the extension, that is \$2.37 additional in that first year and then it bottoms out or slows down \$1.40. If you look at option two, it's a fixed rate of increase of 7% and 7% for the same scope. Option three is different because we are able to gain efficiencies using ASL and not reducing bulk so we are not sending a truck out.

Palmer said you don't have to make a decision tonight.

CM Langley said its good to know to know what everybody is thinking. She said that she is comfortable with Option 3.

Mayor Countryman and CM Fox agreed.

CM Langley said WM has always done the city right.

Mayor Countryman said that COVID was Gnarly and there was some hiccups, but all in all it was great. Y'all did well and we appreciate it.

CM Langley said we had good contacts.

Palmer said it would be nice to go from a one-year contract to a five year.

Mayor Countryman agreed and said 1,000 percent, that's what I am seeing, the jumps can be substantial. She asked with our growth, do you do it per household or per account? Do you know how many counts you have in the City?

Smith said 851 residential accounts.

Palmer said that if we go down this five-year route in two years from now that cost that you guys are realizing is way about this 5% you guys would come back and renegotiate this right?

Smith said we could only ask. Even in today's contract, if we needed an increase above CPI, we would have to ask, but I am not guaranteed that. I would have to come and ask you, and I am not guaranteed that. I would have to talk about it like I just did and either you approve it or don't.

Mayor Countryman asked if we are locked into the five-year contract, does that mean if CPI jumps to 12% that we are locked into 12%?

Palmer said this locks us in to the 5.1 CPI rider but if their costs exceed that they are going to want to come back and renegotiate that or we would have to move on to another provider. I don't want you guys to think that if you approve this five-year contract that it is set in stone. Is that fair to say? (to Smith)

Smith yes because the first year is guaranteed the 24.94, but after that is what CPI is going to do. If we have another COVID or something, what the contract would allow me is to address council and say we are asking for this and either you say yes or no, but we still have to continue to service you. Does that answer your question?

Mayor Countryman said yes.

Smith said my contact information is in this letter, and this is a lot to digest. If you get home or later next week, call me and ask any questions. Long and short is that we are asking for an extension either a two year or a five year. If you want to change the service so it is less impactful pricewise, we say that is a good option because what we see in the streets. We think that is a good option for you to consider.

Palmer said we would probably put this on the first meeting in July.

Council members thanked Smith.

2. Discuss Enterprise Fleet Management options for vehicle leasing

Palmer asked Carl to introduce the item.

Carl said that we are looking for options for vehicle acquisition to help us alleviate some cash flow issues. Jeff Warner is here with Enterprise Fleet Management to talk about an option that would help us in that department. I will turn it over to him because he can explain it better than I can.

Warner thanked Council for their time and announced that he has been with Enterprise for 23 years. He has worked for many public partnerships in the state of Texas. We will look at the Montgomery fleet that we put together on an overview as of the state of the fleet and conversations we've had with Maryann, the Chief of Police, Public Works and ultimately what it looks like for a sustainability perspective. As you look at the State of Texas, we have 150 whether it's a city, County, University, or a school district. A lot of them you will recognize as being close in proximity. Most recently Lamar University came on about two weeks ago. Similar to the City of Montgomery, they were doing a lot of similar things in that they were buying and holding vehicles for anywhere from ten to twelve years and they didn't realize their ability to get out of the vehicle sooner to maximize their equity but also to control their operational expenses i.e. their fuel and maintenance which we have discussed in depth with Maryann and the Chief of Police. The next thing I want to talk about how we can reduce the budget utilizing an open-ended equity lease. I did want to talk about that because it is a little bit different than a standard dealership lease. A standard dealership lease essentially means that there is wear and tear penalties, mileage restrictions, and at the end of term the dealership gets 100% of the equity. That's not what this is. This is open-ended and structured by department to make sure that you have liquidity throughout. There is no wear and tear or mileage restrictions and at the end of term, the City can determine if they want to extend the vehicle out or if they turned in like a lot of our cities currently do to maximize their equity at term. What that does is lowers your total cost of ownership as it pertains to your fuel and maintenance but also maximize your right time to get out of your vehicle. Today Enterprise has over 1.5 million vehicles and we sell them at about 10-12% over black book. That truly where the City is going to see an impact to their total cost of ownership but also being able to replace vehicles sooner. We work with all major manufacturers; we will be meeting with you quarterly and ultimately looking at the total cost of ownership the incentives provided and proactively working with each department to make sure that we are factory ordering vehicles in advance. Again, from an open-ended perspective it makes a lot of sense for our clients because they are not sinking all of their money into one depreciating asset and it frees up more capital in order to replace vehicles sooner. These are a few of the

benefits in addition to what we have discussed from the open-ended equity lease. Each year we look at your line of credit and we adjust it accordingly. We look at the budget and make sure we are working within it. And ultimately, if it makes sense to replace vehicles each year to replace more vehicles each year based upon the budget. If it doesn't then we work to the following year, but the city ultimately has the flexibility to do so. A little bit about the state of the current fleet: today 25% of your vehicles are over 10 years of age or over 100,000 miles. As we discussed, older vehicles need more operational expenses as well as safety concerns as you continue to hold onto vehicles longer. At your current acquisition pace, it would take essentially eight years to replace your current fleet. What we would look at doing is doing over a five-year period to condense that as well as look at the growth of the city to make sure that we can do more with less as it pertains to the budget. From a safety perspective 13% of your fleet is over 10 years of age, but as you hold on to those vehicles longer some of those electronic stability features and other features in general are going to be outdated. So we want to make sure we are supplying the city with the most safe and technologically sound vehicles. The results by partnering with Enterprise is that the city would reduce the city's fuel cost conservatively by 24%, significantly reduce the maintenance by 78%, and leveraging the open-ended equity lease allows the city the ability to be able to retain all equity while using that equity towards future vehicles and replacing vehicles sooner. The plan we put together over ten years would save the city conservatively \$648,000 and put them in a strong equity position moving forward. This is an example of what we shared in previous meetings and what the analysis would look like moving forward. On the left side you'll see the city's fleet, 24 vehicles currently in fleet today. Your current average age is six years and your average annual miles is close to about 10,000 miles which is similar to what we see with a lot of the other cities that we are working with. Today as we look at the criteria for each year to replace units, it matches the criteria up in the far-right hand corner. So any vehicle that is ten years or older, or more than 100,000 miles we would look at replacing in year one. In this case, we have six that meet that criteria. In year two you have two, four, six, and then so on until they are fully replaced and implemented by the five-year period. All of this information goes into the next slide which is the budget analysis that we put together. 24 vehicles currently in fleet, again your current cycle is eight years based on replacing three vehicles annually. Your current maintenance program is based on thirty cents a mile. Thirty cents per mile is essentially a non-emergency vehicle. I was very conservative with these numbers. We know that with emergency vehicles with a high idle time is typically thirty-five to forty cents per mile. As you look at the gold bar, that represents what you are currently doing today. So 24 vehicles in fleet, replacing three annually, your purchase budget is \$128,000, and you do see some equity coming back to you - \$15,000. You'll see your maintenance of \$74,000 and your fuel expense of \$61,000. All in, to run that current fleet today you are looking at a cash budget of \$248,000. On the enterprise program, we are able to replace vehicles sooner, but then you will also see that the equity that you have in the fleet we are using that sooner as well to replace vehicles sooner and to lower your expense. By replacing vehicles sooner, you will see your maintenance drop, your fuel cost drop, and your overall budget again would be close to \$648,000. This just gives you a state of the fleet, we didn't want to share this in depth, but we have reviewed this with Maryann and the Police Department as well as Public Works. Moving forward, if there are vehicles you want to replace, you do have equity in the fleet today, close to a little over a half million dollars that you can utilize to replace more vehicles in the budget. So what we did was put together a budget for two police vehicles that are currently on the ground getting outfitted that we can intercept and add to the program and we also put together a budget for replacing four of the police units and two of the public works units. Essentially, you will see each year spent, and this is inclusive of the police department and all heavy equipment as well, and your total cost is \$136,000. If you go and purchase those two vehicles today, it is \$133,000 dollars. So what it does is free up capital each year for us to replace vehicles sooner. For the fiscal year budget

you'll see the combined budget to replace four vehicles in police and two vehicles in public works is \$168,000 and after term your total spend, and this includes full maintenance on all public works units, is \$394,000. So again, it gives the city the ability to replace vehicles sooner, fix your budgeted maintenance program, and also be able to replace vehicles sooner in a shorter term. The cost for the city today when we ran the math just to replace seven units alone, and this doesn't exist to any other maintenance program with that included is \$399,000. A little about the maintenance program. We have two different maintenance programs. A full fixed bid budget maintenance program for any new vehicle that you procure from enterprise. You can outsource it to the local tax base, and all maintenance preventative and non-preventative is covered. What that does for the city is give you the ability to have more control over what your costs are per vehicle and ultimately see when is the right time to get out of a vehicle. The other program is the bridge program which is 10 dollars per month. You can elect to have that added to any existing vehicle in the fleet. It gives the city the ability to utilize the same shops on the network, but also have more control over what your costs are, and truly see what your costs are from a maintenance perspective as well as an operational perspective as we do also track the fuel that goes along with it. With that, we do offer all of the technology that goes along with the fleet. The entire fleet will be uploaded to a dashboard. You will be able to see each vehicle, each cost, and have a better understanding of when is the right time to replace a vehicle as well as the analytics to back it up. This is the reason why we currently have 150 partners in the state of Texas and why we continue to grow, and why I truly believe that working with Maryann, the police department, and public works is a great opportunity to build a long-term relationship with Montgomery.

Mayor Countryman asked if there is a vehicle and it's a lemon, we are seeing through the dashboard that there is a lot going on with it, what is your policy for that?

Warner said that if it is a brand-new vehicle there is a lemon law and we would fight that on your behalf. Enterprise right now, 1 out of 4 vehicles on the road is an enterprise vehicle. So we would go to the manufacturer for that vehicle to be replaced.

Mayor Countryman asked who determines that? Do you say ok, if it's over \$25,000 in a year that might be a lemon?

Warner said we would go to the manufacturer on your behalf, and we would decide that collectively with the city. Ultimately, it is the city's vehicle so you can decide.

Mayor Countryman said so if it's Mike or its Chief and they say hey I think something is wrong with this. I'm just seeing if its us saying I think we need help or if it's you going -- hey I see.

Warner said yes. To go a little further, on the maintenance program, we have 1,100 ASC techs in St. Louis. Their job is to track and audit any maintenance and if they see any outliers their job is to prompt the Chief or whoever is responsible for the fleet.

Mayor Countryman said so y'all have your own eyes along with ours so that is proactive.

Warner said Yes Ma'am.

CM Langley asked where is the closest network shop?

Warner said that he can send a list. I know we have five shops within seven miles, but I can send you a link with all of the shops that are currently within the program.

CM Langley said she didn't need it. She asked LT. Belmares if he has seen the list.

Belmares said that he has seen the list and that we use a lot of Conroe's fleet maintenance center because they have the lowest hourly rate that we have seen.

Mayor Countryman asked if it is an enterprise fleet.

Belmares said that we talked to enterprise to check and see if they because there isn't any reason that they shouldn't be.

CM Langley asked if that is because there isn't one between here and Conroe.

Belmares said that there are, but their hourly rates are higher than we have seen in Conroe.

Mayor Countryman asked if it was significantly to cover fuel?

Belmares said we're talking from \$85 an hour to what we see here now is anywhere between \$125 and \$160.

Mayor Countryman asked so when you say when you are on a network shops, like insurance like a doctor is on the network, I am assuming that we will see your list of network shops and we would pick from there. If they are not on the network, like if Joe's is not on the network, is there a penalty?

Warner said that there is no penalty to it, if we wanted to add another network or shop to the program we certainly could.

CM Fox asked if you have a particular criteria that a shop has to have?

Warner said yes. They are tracked and audited, and these shops are piggybacked off of using our rental facilities so a lot of our rental cars go through them as well. There is a lot of checks and balances to make sure that not only the work is quality but the right price.

CM Langley asked what city they have had the longest.

Warner said that Beaumont has been part of the program for five plus years. I could pull that list for you. I know Brookshire was in a similar situation last year. We had to replace seven vehicles last year very quickly with a limited budget and they are already on a second round.

CM Langley said that she saw that Navasota was on something, how long has Navasota been with you?

Warner said five years.

Palmer said this is quickly becoming a best practice.

Mayor Countryman said I don't think the program is that old is it?

Palmer said Roswell had it. They loved it.

Mayor Countryman said the cost savings is dramatic.

Warner said that we have been in the emergency response sector for the last five years which enterprise has jumped on to, but we have been in the government sector for twelve years now.

CM Donaldson asked what are we leasing? Are we getting a stripped-down SUV with A/C and power windows and interceptor motors so the police can catch the bad guy?

Warner said that we work with the city and you decide which vehicle makes the most sense and we order on behalf of the city. You determine what trim level you want and you decide what aftermarket you want on it.

CM Donaldson asked about the outfit of the car.

Belmares responded and said we have an outfitter local here in Willis. The vehicle will be delivered to them and they will add the camera's lights.

CM Donaldson asked so we are getting the vehicle and when we get it, we get it outfitted.

Belmares said yes.

Warner said we can do that for you. We have some cities that want everything rolled into one. We have some cities that decide from a budgetary perspective that they want to do it on their own.

Mayor Countryman said so that's nothing different than what we do today.

CM Fox asked what the cost of outfitting the car costs.

Belmares said \$22,300 for one unit.

CM Langley asked you said you do a credit check on us?

Warner said each year we look at the line of credit and if you need an extension based on the vehicles you want to order in advance.

Mayor Countryman asked if Warner is the local representative? I like to know who I am dealing with.

Warner said I am local, but you will also have a client strategy manager who will be meeting with Maryann quarterly as a financial analyst to look at the financial stability of the fleet.

Carl said that Waller implemented this about a year before I left so, I am familiar with all of the people. And to your point Carol, finding out who's had this program, when I was doing the research on the Waller side I spoke with the financial folks with Beaumont, from Vidor, from Katy, so I got a lot of additional information of what their experience was, what their challenges in the beginning were. One of the things I think is important to note on there is when he talks about intercepting the two vehicles that PD has already ordered, if you see that up there the cost this year would be \$68,000 and we budgeted \$150,000 for those two vehicles. So, there is an immediate savings right out the door with not having to pay that full \$150,000 up front. It allows us to get additional vehicles each year and keep our costs down because they work with us to make sure we are getting the max out of each vehicle when it makes sense to turn it in and get

greater equity out of it. In the long run you are looking at a pretty comparable cost over five, ten-year period of time, the difference is we are able to get seven vehicles and not just three.

Mayor Countryman said I trust what y'all are doing but it is great to have another set of eyes on it too going hey have you considered. If there is a change in leadership, we want to make sure it doesn't slip.

Belmares said that he talked to Katy this morning and Katy said they have seventeen cars so far and with the program for four years everything has been great, and they have no cons. Their captain over there, who is over the detective bureau, and I know him personally. I will get some feedback from him as well.

Mayor Countryman said get the downlow maybe because y'all know each other he will tell you.

CM Fox said the good thing about it too is you don't have a vehicle that goes out of service for any number of reasons, and you have to have the resources to find somebody to get rid of the vehicle and that's another plus on this, I think.

Carl said one of the things we talked with Mike about was allowing him to keep one of his vehicles as a back up or reserve so that if a vehicle does go down, he is not out a vehicle while it gets fixed.

Mayor Countryman asked how many vehicles Mike has, is it five?

Palmer said maybe, if it is five it is four now.

Mayor Countryman said oh no. That's not good. So, you mentioned two for him so that's 50% of our fleet? Ok. Same thing, so he would have to send it out to get outfitted?

Warner said correct.

CM Donaldson asked based on the figures that we have accumulated so far, we are talking about turning the fleet over every five years, is that correct?

Warner said correct.

CM Donaldson said so we aren't going to have ten-year-old vehicles anymore?

Warner said ultimately from a budgetary perspective there is years where the budget is slimmer than other years. So, it's an open-ended equity lease. If the equity makes sense to turn in the vehicle sooner, a half ton truck, a three-ton truck, with no aftermarket and there is more equity, then we would give you the advice to do that. Ultimately the City Council can decide what makes the most sense from a budgetary perspective.

Mayor Countryman said this sounds really shiny, but where is the con to this? At least something.

Warner said that is a great question, but there is no con to it. Ultimately we are doing more with less than your current budget today. Today you are funding an entire portion of a vehicle, we are only funding a portion of it. That's all it is. Ultimately we are meeting with you each year because we are not in this to lease a few vehicles, we are in this to build a long term partnership. As big

as Texas is, everyone talks. Our credibility is at stake, my credibility is at stake, so we want to make sure that we are very transparent with everything.

CM Donaldson asked so with leasing we don't have to be concerned with depreciation?

Mayor Countryman said cars are not really assets. They depreciate when you use them and we own everything we have.

Carl said this does not go on the depreciation schedule like you are used to seeing it becomes part of a Gasby reporting. Auditors take care of all that. I am very familiar with that.

CM Langley asked if they are City of Montgomery vehicles, we hold the title?

Carl said we will not hold the title.

Warner said that we hold the title but you hold the equity.

CM Fox said this is just like if you would go to Demontrond and you leased a vehicle.

CM Langley asked if our insurance that we carry now is adequate?

Carl said yes, TML covers these.

Mayor Countryman said we just pay for what we use basically.

Warner said that is a very good way to put it.

CM Fox said that if the PD and maintenance is good with that, then that it is good because y'all are in the car business.

Mayor Countryman said and I know that Public Works has had some problems with cars going down and they've had to pinch. So, knowing that we have a backup and a partner to help us get out of that pinch is good.

Palmer so the next step is the agreement?

Carl said yes, I hope to do that at the second meeting this month. I have already forwarded the agreement to legal. Standard lease agreement that all the entities have gone through. And then the order banks, hopefully we can still get in on that?

Warner said that is a great question. So, a lot of the cities now are ordering proactively. The goal would be if we got the partnership started in 24 to order the vehicles before the end of the month knowing that these vehicles are still six months out before those vehicles land so it doesn't affect the budget.

Mayor Countryman asked how we decommission the vehicles that we have now.

Warner said if they are not police vehicles enterprise can sell them on your behalf. If they are police vehicles, the police department would have to decommission them enterprise could sell them as well.

CM Fox asked if we can use the same equipment with the next vehicles?

Belares some of it we can. Since we have a fleet of older cars the interiors change so the likelihood of doing that is pretty slim.

CM Fox asked if there is a way to recycle it to a smaller city?

Belares said yes.

Mayor Countryman asked what the program looks like to decommission and get the new, is this a two-year program to roll out?

Warner said that it is a five-year phase in approach. We would phase it in with your oldest vehicles first and each year meet with Maryann, public works, and your police department on which vehicles make the most sense.

Mayor Countryman said if we are getting seven right off the bat that's a big start.

Warner said that is correct.

Mayor Countryman said if we are getting seven vehicles vs. two, that is significant.

Warner thanked Council for their time.

3. Discuss FY 2025 Budget

Carl introduced the item and asked Council to return their binders from last year's budget and said in July she will put sheets in them. She said she wanted to point out a few things from the last meeting where they talked about increases, especially under admin. This is where you can see where we are talking about legal notices. We are overbudget now, as we have more things come up, we have to do more publication. And so we have increased that number pretty significantly. We have also put some additional funds in this next year in recording fees as well as community relations. That is primarily for additional meetings, the meetings for the crime control district, that kind of thing.

CM Langley asked about community relations.

Carl said do you remember how we talked about having a marketing campaign for the Crime Control District? There might be workshops, there might be things of that nature that go into that. So, this is in case we incur costs for that.

Mayor Countryman said the Waste Management change.

Palmer said it's a lot of stuff, a lot of planning stuff.

Mayor Countryman said we are going to have all the planning meetings. Are you sure that is enough?

Carl laughed and said this is the number that was given to me.

Mayor Countryman said no worries.

CM Langley asked we haven't had it somewhere else labeled as something else?

Carl said those are community relations items. You can see we have a bunch of things under that item and we have spending in that item. Some of the things we have seen increases in this year in community relations. Gary does the monthly meet the administrator and there is coffee for that. We also have in that line some sponsorships as far as membership to the Chamber of Commerce, that kind of thing.

CM Langley asked if vendor subscriptions went there.

Carl said that is not where that goes. One of the things I did want to point out is under that records request, the FOIA program. You will see that we are definitely overbudget this year and we have budgeted \$6,300 for next year. This got overlooked in last year's budget. We are in the third year; we are going into the second and third year. The first year of that agreement we got a discount. We are no longer in as much of a discount. So, we wanted to make sure we are capturing that.

Mayor Countryman asked who is they?

Carl said JustFOIA. The group that has that software for the public requests. That is the program that tracks that. Legal fees expect that to go up as things are going on.

Mayor Countryman asked Alan? You aren't getting any cheaper?

Carl went on to say increased cost of election. We know with the Crime Control District that will be on the ballot for November.

Palmer said I am still waiting for the cost of that.

CM Langley said thank you, you know I was going to ask.

Carl said computer technology in this line, there are some computers needing to be replacement, we are looking at adding a scanner or two for utilization with InCode on the AP side. This is that InCode license under that KKC agreement. So, we are trying to capture all of those things that would be in there. Software upgrades. This is the item I talked about last workshop, the GL conversion piece. The desire for the budgeting software if we can fit it in there. There might be some things for the new City Secretary. Other than that, I don't have any other large things to note other than I am looking at moving general items out of that printing and office supplies to this operating supplies. You can see that we used to used operating supplies in this department and we stop using it. Operating supplies are generally those consumables that are not related to office supplies, paper plates, toilet paper, paper towels. So, I am looking at moving those out, but I am still looking at it.

CM Fox asked if Maryann was suggesting that all the employees bring their own toilet paper?

Carl said I am not. I just don't like that those, because it does. This is one of the things that we talked about last year in that printing and office supplies and we talked about wow we are spending a lot in office supplies. Because there is more than just office supplies in there. Looking

at Public Works, we talked about this at last workshop. Under billing repairs for City Hall, this includes the painting of the exterior of City Hall. Everything else is basically about what it has been this year. The only difference is on page two, you have half of a truck. So, the truck utilized in Public Works, half will come out of water/sewer. Now this number of course is question mark at this point because if we move to this other program, that will be a little different. And then at the bottom of this page, Gary, you will see that we put back the \$250,000 for contract labor — streets.

CM Donaldson said All right!

Carl said we will see if we can swing that because as Mike said, all that happened from taking it out of here, we didn't get it done. We ended up with more capital projects and that just ate it up.

CM Donaldson asked if that contract labor we just spent, that's all labor costs?

Carl said its contract labor for street repairs. It has to do with major street repairs. If we have ABC contractor do all of that street repair replacement. Remember he has had, going through the process of grading the streets and coming up with a plan of prioritizing what streets need work done. So that is one of the things that they have been working. So once that comes through there is work to be done which is why he put that in there.

Mayor Countryman asked hey Maryann, for elections. I think that council talked about extended the tenure of council from two to three years, should we just put all of that on with police?

Palmer asked if that has to go through the voters.

Mayor Countryman said yes, the term does.

Palmer said I am still waiting to hear back on the cost of the Crime District.

Mayor Countryman asked if there is anything else that we need to put in front of voters that we can throw on there as well.

Palmer said I can't think of anything off hand.

Mayor Countryman said that wasn't a trick question, I'd like to throw everything on there since we are spending money.

CM Fox asked why if they are already having that election why would there be charges for another item.

CM Langley said it's an extra election.

Palmer said it's just another question.

CM Langley said I understand that, but Montgomery does not have a November election, it has a May election. The City of Montgomery. So, when it's not an average election, they can charge.

CM Fox said they can, and they do and they will.

Carl said alright, next we have the Police Department. I will note there is one error that I did not catch when it came over from chief and that is community relations. I don't believe that it is \$65,000, I think it is \$6,500. The other thing, auto repairs is increased. Going with the enterprise option that may fluctuate a little bit. The only thing that we need to keep in mind is if we won't be getting these new vehicles until mid-way through the fiscal there might be some costs that we still need to be concerned about.

Mayor Countryman asked so then what is that, every year have we been averaging \$10,000 for the first six months.

Belmares said we ate through that pretty quick as soon as it hit the ground.

Mayor Countryman said that it might be smart just to put that full amount and give it back if we don't use it for the whole year.

Carl said that is a good idea and what she is most comfortable with. I don't have any other major items on here. You will see on page two of PD we did not put an amount on police cars because we were waiting to see what we are talking about this evening so we will have a better number for the July workshop. Also has a note about making a change on this Tyler Public Safety which I think we talked about a little bit at last workshop.

Belmares said we are looking to go Spellman with the Sheriff's office and this will streamline the reporting system and make it a lot easier once things get moving forward with the future of the agency. We will have paperwork that is identical to the Sheriff's office and it will limit a lot of time that it takes an officer to go down there and book a prisoner.

Mayor Countryman asked you mean he will be able to do all of his paperwork here and when he gets down there, I know it is laborious. And it is good to talk to the County.

Carl said the second item on this page is a capital outlay office for maintenance and it appears that the name has been adjusted at some point. Keith has told us that this \$11,800 is for maintenance on the LMTV's. Not office maintenance.

Belmares said that they are the high-rise vehicles. Right now, one is down and one is in repair. We actually used it in this last storm to save some kids off of a school bus.

Carl said that that line will be renamed something more appropriately.

CM Langely asked if he wants it kept at that amount.

Carl said yes at that amount.

Mayor Countryman asked if they fire those up weekly.

Belmares said that they drive them once a week and do maintenance. Sometimes our vets will come up and drive them.

Carl said next you have court. One thing to note on here is records management and retention, there has not been a line for destruction of old items under the retention policy so we have

included that. This year when they came in, they identified more things that need to be disposed of.

Mayor Countryman asked if that is not the shredding?

Carl said it is, however, the service comes in and does the records retention schedule. They go through and make sure these items need to be kept for three years, these four years.

CM Langley asked if its just been under general.

Carl said no in the past it has just been kept forever.

CM Langley but the shredding guy would come?

Carl said so the shredding is just the shred bins, not the disposal of old records.

Mayor Countryman asked how long records need to be kept.

Duckett said five years. This is the first time that we have done it properly and I think it goes back to 2013.

CM Langley asked if they had to pay someone to do that.

Court Person said to do it legally, yes.

CM Langley asked if it already cost that much.

Duckett said I think the Court had the most boxes.

Carl said that it is a very reasonable price based on the amount of hours they were here. They were here a couple of days.

CM Langley asked, so they took them with them? What did they do?

Duckett said that some of them I was afraid to get rid of, but I had to. Some of them had to go off site because of the time frame, and some are back in our records room and have a label on the front with the date that needs to be destroyed with a list of what is in there.

Carl said it was more about holding on to things past their retention. Ok, we had a reduction on computer technology line and that is about all at this point.

CM Langley said and that one-line item up there, you went from 12 to 10, general consultant fee.

Carl said which one? I'm Sorry. Oh.

CM Langley but you only spent \$410 so far.

Carl said that is as of March, so we have spent more at this point. Some of this is your title consulting. This has to do with programs that the Court utilizes. But remember that this is a stationary point in time that year-to-date as of March 31st. Any other Court questions?

CM Langley said on operating supplies you went down quite a bit. Because you have only spent \$570. Why would you go down on operating supplies? Are they also on printing and office supplies that you went down?

Carl said historically their costs have been below what's budgeted. And this is one of those departments that does have operating supplies broken out from printing and office supplies.

CM Langley said I don't know that I would go down on operating supplies, that much.

Mayor Countryman said Carol is giving away money!

CM Langley said well I know I am going to get my street fixed!

Mayor Countryman said She is feeling good!

CM Langley said the Crime District is going to bring in all that money and she is going to get her street fixed. And it is bad! All my neighbors are walking and looking at it and taking pictures of it.

Carol said alright, so now we have water and sewer. We touched on this a little bit last time with the cost of the operator line coming down because this is under the Hayes contract. They separate out your operating costs, your testing costs, and your preventative maintenance. So, you adjusted that accordingly in the budget. Reduction in sludge calling because they have made repairs so they don't have to send off as much sludge. The other slight increases are based on trend and what Mike sees for this next year. I apologize the next page on the repairs and maintenance we went from \$300,000 to \$325,000 and I don't have my note as to what that increase was so we will have to ask Kim about that.

Mayor Countryman asked what that half truck cost mean?

Carl said remember that this is where public works pays half, and water/sewer pays the other half.

Mayor Countryman asked what is employee relations, is that like lunches?

Carl said employee relations is the line that is used for like during public works employee week, the luncheons. Things along those lines. This is where we see under preventive maintenance, this is that other part of the contract, so we see the increase there.

CM Langley said credit card merchant fees.

Carl said yes, so those are the fees that we pay to accept credit card payments. So when somebody makes a payment on their utility bill, like when they pay online, we get.

CM Langley asked but you moved it to where?

Carl said no I have not moved it.

CM Langley asked but it needs to stay under water and sewer right?

Carl said this is for the utility side so it will definitely stay there. You've seen an addition of this item under the General Fund because we have not been paying credit card fees. Water and Sewer has been absorbing all the credit card fees even when they are paying for a permit, even when they are paying for a flag. And so, we have separated those out.

Mayor Countryman asked what is that second one from the bottom? It was KPL projects? There has been historical, 37205?

Carl said that is the one last year we talked about using your operations funds to fund your capital projects is not always the best practice. That's where we did the debt issuance for this last year. We are going to be coming back to you with the capital projects for this next year. It doesn't mean that the water and sewer fund wouldn't necessarily be used on capital items. We have some items that we will be looking at potentially using some surplus from water sewer to fund those, but not as a routine practice of supplying the funds to the capital project as a routine. Does that makes sense? That is why there isn't anything in there. Any questions on any of these items in here? In the next workshop, you will see I am updating payroll information. Remembering this, we have nine months under the old rate, three months under the old, nine months with the cost of living adjustment. I can't just transfer over a number, I gotta put that all into worksheets. I am getting back the information on insurance projections both health and property liability. Also looking in on some of those things that we talked about last year like telephone and what we are covering underneath there. I have great spreadsheets if anybody would like to entertain themselves. In looking at those lines, telephone encompasses a whole lot not just the telephone at City Hall. Its telephone, any time there is telephone reimbursement to an employee, it pays for the answering service on the water/sewer side, its all of those auto dialers at the plants in case something goes down. So there is all kinds of components that go into it and not just telephone and so we are working at looking at those so we can get you a better description when you see those numbers and aren't like wait, we pay that much for a telephone number? So those are some of the things that we will be bringing to you on July 8.

Mayor Countryman asked do we feel like our health insurance is online? It just looks like there is huge jumps.

Carl said so there is huge jumps. You may recall last year we were able to get TML to hold to a no increase which was huge for us.

Mayor Countryman asked if we have the best insurance. I remember that we didn't go out and shop to make sure that we are getting the best bang for our buck.

Palmer said we were going to go out and shop but that's when TML came back with 0%, you are not going to get any better than that. As far as the level of service we are getting obviously it could be better. I think if you polled the employees they would want better insurance. Right now, we cover employee, employee spouse. There is no full coverage. Half.

Mayor Countryman asked half for the kids?

Palmer said yes. For cities, it's good. There is a lot of cities that cover 100%.

CM Langley said that we have changed insurance before. But we always go back to TML.

Palmer said They provided a couple extra benefits as I understand. That next level.

Belmares said they have next level prime which is a collection of clinics where employees and dependents can go to those if you are sick or something at no cost. It is not like you are walking into the Ritz Carlton but it is a very nice set of clinics. I have been to a couple.

Carl said that dependents do not have to be covered to use that option.

Palmer said it's been a great benefit, I don't know, LT. do you want to talk a little about that?

Belmares said he has used it himself and it's been really good.

Mayor Countryman said but you don't have any kids.

Duckett said I use it and my son used it and he is an adult.

Mayor Countryman asked department heads what is the feedback from employees? Do we need to shine it up or do something better?

CM Langley asked if it was Blue Cross?

Carl said yes, it is Blue Cross.

Belmares said he would dig in and get feedback from staff.

Mayor Countryman said she was just curious, if we were mediocre at best maybe we could get a little more with less.

Carl said that in talking with the TML rep one of the things that we know is that it goes by your loss benefit ratio. We did have quite a loss so the fact that they were able to get us at zero they knew we were looking. That is a major thing. One of the other advantages is that you are part of a larger pool. When you go on your own, we are a small group of less than fifty people, so you are looking at it being.

CM Langley said that we can't afford it at Jim's because we have less than fifty, well we have twenty employees, so try to find insurance for twenty employees. We have blue cross blue shield but there are only three people on it because they can't afford it.

Carl said that between Nici and I, we would get people who had concerns or questions or didn't get their full benefit. But we haven't had any of that since the first of the year.

Mayor Countryman said if it ain't broke don't fix it, but at the same time, if you could get more for. I hadn't heard any rumblings.

Carl said that there are some additional features at TML that we don't take advantage of. TML has a HRA card, an employee does not contribute but the employer does. We did this thing in Waller where we would load this card with \$100 every month. So that was a \$1,200 benefit for the employees that they could use for the dentist, for their prescriptions, for their eyeglasses.

Mayor Countryman said that is a huge benefit.

Carl said that there are some additional benefits that they offer but I don't know if we would get that. We don't take advantage of that and there are some things that we can tweak and keeping that in mind that might be something we can take advantage of this next year.

Palmer said we are always ready to jump.

Belmares said that any additional benefits for our officers for their families is definitely something that we can use. It's minimal because you might have, if we have twelve officers and maybe four families, so its not a whole lot of being extra to cover those families and make the department more attractive to other potential officers.

Mayor Countryman said I know we were really expensive a few years back and there was basically no benefits to anybody with, it was gnarly, remember that four years or five years ago?

Standifer said they asked me three times if I was sure I wanted to sign my dependents and they said you are going to be the only one with dependents.

Mayor Countryman said that was gnarly, so as long as it has gotten better.

Palmer said so right now, dependents are 50%.

Belmares said that spouse and dependents are 50%.

Palmer said so if we were to poll the employees, that's what they would want is coverage for their dependents. And we are always looking at that.

Mayor Countryman said, and I know it takes time, that's not a fun subject.

Carl said our renewal is January 1, so we don't normally get, right now they are doing the renewals for October 1, so we normally get our numbers in August or September. But we will know here this month kind of what that average percent increase is.

Palmer said if there are other opportunities out there, we will look at them. Also, at the next workshop we will have the CIP.

Carl asked if this process has been good for council this year.

Mayor Countryman said that its good. I like my binder.

Carl said you will have worksheets starting the next workshop starting July 8 and depending on how that goes we may have to throw one in between. But we won't of course have our tax rate until the beginning of August. The good news is that the preliminary value is up.

Mayor Countryman asked if she could have that in English.

Carl said our property value is slightly higher than what it is this year. I just got a bill today for \$12,000 of refunds so.

Mayor Countryman said that is the ebb and flow. Do we know what our collection rate is?

Carl said our collection rate this year is right at 98%. I think we have \$36,000 to get us to the maximum.

Palmer asked is that all we got?

4. Executive Session: City Administrator contract

Council adjourned into executive session at 6:28 p.m. Council reconvened into open session at 7:58 p.m. No action was taken from executive session discussion.

ADJOURNMENT

Motion was made by CM Donaldson to adjourn and the motion was seconded by CM Fox with all Councilmembers voting AYE, motion carried.

Meeting adjourned at 8:00 p.m.

Submitted by: _____

James Greene, City Secretary

Date Approved: _____

6/25/24

Mayor, Sara Countryman

