

The Early City Council met in regular session on Tuesday, January 12, 2021 at 6:00 p.m. with the following members present:

Mayor Mangrum
Council members:
Leland Acker
Travis Eoff
Benny Allcorn
Charles Matlock
Garry Forisha

City Administrator Tony Aaron
Economic Development Director Larry McConn
City Secretary Brenda Kilgo
City Attorney Mark Bessent

Establishing a quorum present, Mayor Mangrum called the meeting to order. Mr. Eoff gave the invocation and led the Pledge of Allegiance.

Consideration of the minutes of special joint meeting held on December 8, 2020.

Mr. Acker made motion to approve the minutes, seconded by Mr. Matlock, and all members present voted "aye".

Citizen's comments

No comments from citizens.

Mr. Tony Krischke will present Fiscal Year 2019/2020 audit for Council review and acceptance.

Mr. Krischke thanked the Council and staff for the opportunity to perform the audit and stated that he had no difficulties performing the audit or any disagreements with management during the audit. An Unmodified Opinion was given on the audit as well as the combined financial statements. Explaining that overall the City had a good year resulting in a gain in operational funds net of depreciation (increase of \$822,236 net change of equity), the ability to service debts (Net Position of 48%), and good liquidity (148 days of unrestricted cash).

Also reported were a Negative Assurance letter and a Control Weakness letter. Mr. Krischke stated that the Negative Assurance letter is a required letter regarding significant aspects of the audit as it pertains to management and resulted in a good report. The Control Weakness letter reports on any material weakness or significant errors within internal controls of operation or design and reported three issues.

- Bank statements not reconciled in a timely manner and having adjusting entries made at year end versus when occurred resulting in accurate monthly financial statements.
- Interfund balances not reviewed monthly, creating adjusting entries for large differences within funds (inter-fund transfers).
- Material transaction errors – Bond Re-finance, property purchase and sale, and equipment notes payable that were not recorded properly.

Mr. Aaron addressed each of the issues stated and explained necessary procedures currently in place or in progress to correct the stated issues going forward such as comprehensive financial policy (in progress), the hiring an administrative position (in place) and reorganization of responsibilities for more efficient and effective workload (in progress).

Concluding his report, Mr. Krischke asked if there were any questions or items the Council wished to discuss in more detail. Having no other questions, Mayor Mangrum asked the pleasure of the Council for the acceptance of the 2019/2020 Fiscal Year Audit. Mr. Allcorn made motion, seconded by Mr. Matlock, to accept the audit as presented. All members present voted "aye".

Consider appointment of MDD Board member to fill vacancy.

Mayor Mangrum recommended the appointment of David Mercer to the MDD Board to fill the vacancy after Chad Hill's resignation.

Mr. Eoff made motion to appoint David Mercer as MDD Board member. Mr. Forisha seconded the motion and all members present voted "aye".

Consideration to approve surplus or salvage items for sale or disposal.

Chief Mercer requested the following items be approved to list on the GovDeals website, used previously, for sale:

2010 Chevrolet Silverado 1500

2013 Chevrolet Tahoe

(2) Bad Boy Mowers

It was noted that the any amount received on the mowers would be used toward a new mower for the Parks Department. Amounts received for the vehicles would be deposited into the equipment account to build funds as provided in the 5-year replacement program for department vehicles.

Mr. Forisha made motion, seconded by Mr. Allcorn, to approve the items for sale or disposal as presented. All members present voted "aye".

Consider approval of a Resolution, 2021-R01, authorizing a 380 Agreement between City of Early and Brothers RV Park LLC regarding development of a Recreational Vehicle Park at 1090 Early Blvd.

Mr. McConn refreshed the Council on the plans for this property to include 52 RV spaces, laundry room facility, an activity area as well as a designated food truck area and bathroom facility at the entrance on Early Blvd; all surrounded with an eight-foot screening fence. The 380 Agreement is similar to previous agreements with developers in which the developer will purchase the materials for water and sewer infrastructure and the City will install the materials on the property. The agreement also includes for 3 fire hydrants and utility easements for City

access. An estimated savings to the city, with the purchase of the materials by the developer, is approximately \$32,000. The developer will still be responsible for payment of all water and sewer taps on the property.

Mr. Aaron commented that while the agreement is a benefit for both parties, an overall benefit to the City is that it enables a better plan / infrastructure for both water and sewer as it divides the flow and access for future development; in addition to the added fire protection.

Mr. Matlock made motion to approve Resolution 2021-R01 authorizing a 380 Agreement as presented. Mr. Eoff seconded the motion and all members present voted "aye".

Discuss City Ordinance No. 12, Section 3, regarding water and sewer rates for properties where a meter serves more than one (1) residence or dwelling unit.

Mr. Aaron explained the purpose of this discussion is to make Council aware of TCEQ requirements as of 2019 regarding the number of connections used for annual reports; specifically as it relates to RV parks. (Including the new RV park discussed earlier, there are 167 RV spaces within city limits of Early.) Stating that the number of connections and usage determines various factors of TCEQ requirements for elevated water tower, water/sewer pumps and stations, as well as the overall function of the system.

The current ordinance reads that if a meter serves more than one dwelling, each unit will pay a minimum charge. While this may cover most residences in Early, according to City Attorney Mark Bessent, some clarification as to what is a unit or dwelling may be needed. With that, an amendment to the ordinance will be necessary for that clarification.

Mr. Aaron added that a fee schedule may need to be determined if that clarification is established and choose to charge a minimum; if that minimum is different to the base charge. It was also noted that the impact of TCEQ requirements on the number of connections and current operations is no so much on a cost basis but more so as it relates to inspections and requirements for system efficiency and ultimately compliance with those requirements.

Concluding the discussion, it was consensus of the Council to proceed with the drafting of a fee structure and amendment to the current ordinance, as well as research and report on the impact of TCEQ requirements.

Update on Council Room remodel project.

Mr. Aaron reported that the retexture and painting of the entry and Council/Court room has been completed; the electronics and technology for the smart boards and video/presentation accessibility is almost complete; full completion with new carpet, refinished bench and lectern railing can be completed within the current budget at approximately \$20,000.

The Council was in agreement to proceed with the remodel as funds within the budget allow.

Comprehensive Financial Management Policy workshop.

Council was provided a handout on the Cash Handling Procedures that are currently in place and used as a synopsis for the auditors. This section will be included within the Comprehensive Financial Policy.

Tonight's workshop focused on the Restricted Fund Balances and Capital Improvement Plan.

Currently there are no restricted funds, all are available to use and balances addressed as needed. Leveraging capital projects works but can't always keep pushing back those projects. Mr. Aaron requested Council guidance regarding the establishment of restricted funds or not; whether that be starting with a small, workable amount and trying to grow if possible each year, setting a specific amount within the policy and action to change that amount, or determining a percentage of fund balance at the end of fiscal year.

Within the draft of the policy, the Capital Improvement Plan has triggers based on a five year plan. The plan includes a list of projects with trigger points and a financial forecast. This provides a clear vision not only for budget and staff but also for the public's view (transparency).

After further discussion, Mr. Aaron stated that he expects at least one more workshop to provide a final draft for review (to include Debt section which awaiting input from Financial Advisor, Hilltop Securities) before scheduling for adoption on the agenda.

Administrator's Report

- Carpet installation at the Early Visitors and Events Center is nice addition and while helped with the acoustics inside the building it did not solve the issue; researching the cost and options for hanging sound absorbers from the ceiling.
- Contractor for sidewalk project at City Park expected to begin with next couple of weeks.
- Engineering for Crescent Drive sewer project is nearing completion, anticipate going out for bids possibly in March; if can't afford with contractor then will determine if and what can be done with city labor.
- Engineering for Autumn Drive is about 30% complete; reminder that Autumn Drive engineering all that included within this budget year, construction completion is targeted for 21/22 fiscal year. Terraha is included to be completed within this budget year.
- Engineering for Kelcy Way project is in progress.

Announcements

Candidate application filing period begins January 13th through February 12th. Places on ballot this year are Mayor and 2 Council (Travis Eoff and Garry Forisha).

Adjourn

Concluding all business matters, Mr. Acker made motion, seconded by Mr. Matlock, to adjourn the meeting. All members present voted "aye", adjourning the meeting at 7:40 p.m.

02-09-21

DATE

Robert D. Manger

MAYOR

Brenda Kilgo

CITY SECRETARY