THE MINTUES OF THE BUDGET WORKSHOP MEETING OF
THE COMMISSIONERS COURT OF GRIMES COUNTY, TEXAS

THE STATE OF TEXAS ~ COUNTY OF GRIMES - BE IT REMEMBBERED, that on this the 8th
day of September 2020 at 9:57 a.m. a Budget Workshop Meeting of the Commissioners
Court of Grimes County, Texas was held with the following members present.

County Judge, Joe Fauth III Present
Commissioner, Pct. #1 Chad Mallett Present
Commissioner, Pct. #2 David E. Dobyanski Present
Commissioner, Pct. #3 Barbara Walker Present
Commissioner, Pct. #4 Phillip Cox Present

COUNTY JUDGE - JOE FAUTH

1. Call to order.
Judge Fauth called the meeting to order at 9:57 a.m.

2. Discuss and review the Grimes County FY 2021 Proposed Budget.

Judge Joe Fauth indicated that the most recent proposed budget has been presented to
Commissioners Court and there is a deficit of $56,655.29. Judge Joe Fauth thanked Jessi
Murphy and Mary Nichols for working so diligently on the budget. Judge Fauth indicated
that there were three things that needed to be covered. 1) needs of the county, 2) expected
revenues, and 3) unknown expenses.

Jessi Murphy indicated that there are additional grants not included in the budget.

Commissioner Chad Mallett asked Jessi Murphy if this newly proposed budget included the
cost for the new voting equipment. Her answer was “yes”.
Judge Joe Fauth indicated that he has reached out to the school districts in the county to ask them what the schools needs are in relation to COVID-19 that the county can provide and get reimbursed through the CARES ACT. Navasota ISD wants to have their school buses retrofitted with special filters for the air conditioning on the buses. Joe Fauth indicated that he had not had any other requests from any of the other school districts in the county.

Commissioner Barbara Walker wanted to know what has changed since the last budget was presented. 2 percent merit raises, increase in road and bridge expenditures. $80,000 for new roads and $160,000 for contract hauling.

Judge Joe Fauth asked Asst. Auditor Mary Johnson if she could tell the court what projects the schools have asked for money for. Mary Johnson indicated that she has received a request from Anderson Shiro CISD for about $20,000 to disinfect the schools. Mary indicated that this expenditure would come out of Category No. 2. The School currently has a contract for $60,000 to disinfect the schools.

Jessi Murphy went through a list of requests from various departments:
1. Adding Repairs and Maintenance for the Maintenance Dept. for $237,000
2. An extra deputy for Constable Pct. 3 Wes Male
3. 2 percent merit raises for all departments excluding elected officials.
4. Fire department requests for run money was still in question.
5. Employee reimbursement for COVID-19 testing
6. Contract cleaning for the Sheriff's office

Barbara Walker asked if the county was going to continue to reimburse employees for COVID-19 testing after December 31st. Joe Fauth indicated that county insurance should cover that expense for county employees.

Commissioner Phillip Cox asked to address the issue of the salary for the Maintenance Manager. Al Peeler was promised a salary of $60,000 plus a stipend for being the Project Manager of 2 percent to be paid monthly at a rate of $1,425 per month. The current proposed budget did not have his proposed salary of $60,000 listed. Jessi Murphy said that she would correct that. Phillip Cox asked how much money was in Capital Projects. Jessie Murphy indicated that there was $8 million dollars budgeted in Capital Projects for the new building.

Commissioner Phillip Cox also addressed the issue of the 2 percent merit raises for county employees. He expressed his concern for the uncertainty in today’s market indicating that Texas A&M University had announced that they were not giving raises this year and that the State of Texas has a $4.6 million dollar deficit and there have been several local companies with layoffs. He was not really sure about the tax collection rate for the county going forward.

Commissioner Barbara Walker agreed with Phillip Cox. She mentioned that the State Comptroller was cautioning governmental agencies to cut back on spending. She also asked about the collection rate for the appraisal district. The collection rate has always been around 97% to 98% but Judge Joe Fauth explained that the collection rate is actually over 100% because of the past due taxes that have been collected this past year. The budget is projecting a 96% tax collection rate. Barbara Walker’s concern was that the county was
“getting fat” when others were suffering job losses. Mary Nichols indicated that in 2008 the tax collection rate was between 95% and 96%. She also indicated that Grant Prideco had cut back their hours working only Monday thru Thursday.

There was a discussion on how many miles of paved roads were projected for fiscal year 2021. Harry Walker indicated that when the county discovered some extra funds were available the commissioner’s discussed putting the money back into the Road and Bridge budget to pave 10 miles of road each year instead of cutting back so that he could stay on target. The commissioners had originally wanted to cut the budget to save money and took $460,000 out of the budget but then added $240,000 back to the budget to be able to pave the 10 miles of new roads each year as that had been the goal for many years. The current proposed budget allows for 10 miles of new road which included $80,000 for asphalt and $160,000 for contract hauling which came to a total of $240,000. Harry Walker added that 10 miles of new paved roads would cost the county $442,000 and 6 miles of rehabbed roads would cost $289,000 for a total cost of $731,000. Harry Walker was asked how much his total budget for next year was and the answer was $7,238,089.40.

Harry Walker also asked the court about the part-time person that he had requested at a rate of $13.00 per hour for total cost of $13,520 plus the added load. He indicated that the Road and Bridge department has not added any new office staff in 15 years but that the workload had increased tremendously. Harry Walker also added that he is getting ready to replace 2 dump trucks, but he is no longer able to find any trucks that size that does not have air brakes. If a driver is going to drive a truck with air brakes, they need to have a CDL. He will need to have 2 people that have a CDL which will increase their pay by $2 per hour each which will cost the county $8,300. He will eliminate 2 light duty equipment operators. He is also going to be purchasing used dump trucks, not new dump trucks. In all he will need about an additional $25,000 for the part-time person and the 2 additional CDL licenses drivers.

Commissioner David Dobyanski indicated that he did not think that the county should be giving across the board raises. He was under the impression that the county implemented a policy to only give merit raises although there were some salary adjustments made in the past. Road and Bridge raised the pay for several employees because their pay was too low, and they were losing employees. When Ben Leman was county judge several people received raises but not all employees received raises.

Commissioner Cox also indicated that he did not think the county should be giving any merit raises at this time when some people do not even have jobs right now. He was having a difficult time processing this at this time.

Judge Joe Fauth indicated that it was his opinion that Grimes County was a “skinny” county and not a “fat” county. This county should be making decisions on what is best for the county and not what is going to help someone get elected come election time. If the county has the extra money the county should be giving it to the employees for raises. The county does not pay lavish salaries. He has worked with the county before he became county judge and he helped the county bring up the salaries which are still 15% to 20% under market value. This commissioners court should be making decisions on what is right for the county and not for what is good for re-election purposes.

Commissioner Chad Mallet indicated that the situation with the State of Texas is not the same as the county’s situation. The State of Texas is suffering from a lack of sales tax
revenues due to the effects of COVID-19 and the small businesses. If the county has the extra money, we should spend it.

Judge Joe Fauth indicated that the court did lower the tax rate and that our tax rate is still lower than most other counties by at least 10 cents. Judge Joe Fauth was asked about what to do about the Road and Bridge department. His comment was to keep the Road and Bridge budget the same. Keep the money for the new roads and add the $25,000 for the additional personnel. He said that we will add that to the $56,000 shortfall. Joe Fauth suggest that we add the $120,000 that we will get reimbursed for the voting equipment to the budget shortfall which will give the county an excess of $63,000.

Mary Nichols reminded the court that they should put as much money as possible into the capital projects fund. "We do not know what changes are coming for this new building." The county will need additional funds for the new maintenance building and for renovating the Annex building. She will be surprised if we will be able to complete the new building for $12 million.

Judge Joe Fauth responded by stating that all of those expenditures are already included in the $12 million budget.

Building Maintenance Manager Al Peeler stated that the way the progress on the building is going the county will probably spend all of that $12 million. Additionally, the county might need to spend some of the money out of the furniture budget as well. The building’s original cost was $10.5 million. The other $1.5 million is for all the other projects including the storage building which is much needed.

Jessi Murphy asked the court if the county was still intending to pay for the new building with cash. The answer was “yes”.

Commissioner Barbara Walker stated that the county did talk about borrowing the money. She said that the county had a lot of grant money and that we should put some money back into the capital project fund and she was worried that we were getting into our emergency funds and that was not a good thing.

Commissioner Chad Mallett stated that once the building is completed, the county could go out for a tax note and put all that money back into fund balance.

Mary Nichols reminded the court that borrowing money is a lengthy process and takes about 90 days.

Chad Mallett indicated that once the building is complete the county will know how much money was spent and how much money is left to spend.

Judge Joe Fauth stated that the county has some money allocated to additional projects other than the new building which includes building a new road which will cost around $350,000 to $400,000. Judge Fauth asked the auditors how the county is going to keep track of the money to be reimbursed by the CARES ACT. In particular he asked about the $120,000 to be reimbursed for the new voting equipment. Is there a way that the county can be guaranteed that the money will be reimbursed? Jessi Murphy added that the county has a building to pay for first.
Mary Nichols added that if anything were to be taken out of fund balance that it should be taken out of the Road and Bridge’s fund balance account. She indicated that $100,000 would not hurt the Road and Bridge’s fund balance because they have $2 million.

David Dobyanski suggested that maybe the court should consider lowering the pay raises from 2 percent to 1.5 percent instead of adding the $120,000 for the voting equipment to be reimbursed. There was no guarantee that the county will get that money back.

Chad Mallett agreed that might be a good option.

Judge Joe Fauth reminded the court that the final budget date is September 23rd.

Jessi Murphy indicated that she thought there was to be another budget workshop after this one. She also indicated that she needed to get an amended proposed budget on file by next week.

Harry Walker added that the once the county completes the new barn on FM 1774 the county can look into selling the old barn in Stoneham and that sale could possibly generate about $150,000 to $200,000 in additional income that can be added to the fund balance.

Judge Joe Fauth also stated that the District Attorney’s office and the Road and Bridge buildings could also be sold once the new building is complete and that could be an additional revenue for the county.

Jessi Murphy asked Harry Walker how much he usually spends per year on new equipment. Harry Walker indicated that how much he spends on new equipment varies from year to year. He also indicated that the Stoneham barn could be sold within 6 months and was in pretty good shape. He also indicated that if he had to, he could make room in his budget for the salary adjustments and the part-time person. He suggested that he could take $100,000 out of special projects to cover most of it.

Joe Fauth did a recap of the expenditures so far. He said that if we add the $120,000 from the voting equipment to the shortfall of $56,655 that we would then have an extra $63,344. After deducting the $25,000 for the road and bridge salary adjustments that leaves an extra $38,344. Judge Joe Fauth then recommended that the court break for lunch and return at 12:30 p.m.

Court recessed for lunch at 11:24 a.m.

Court reconvened at 12:30 p.m.

Judge Joe Fauth reminded the court that there was $38,344 still available. The issues still at hand were as follows:

1) The 2 percent merit raises
2) The fire department requests for run costs, or
3) Moving the money into the capital projects fund.
Commissioner Chad Mallet indicated that when the county revised the contracts and went with the tier system the county got rid of the run money. Originally the fire departments were reimbursed for mileage per apparatus. The fire departments depended on this money to help fund the fire departments. Chad Mallet indicated that he had put together a list of runs from the last 5 years and that it averaged from about 120 runs to 40 runs per month depending on the fire department. He added that not all fire departments are the same. He agrees with the tier levels but that he thinks the county should help compensate the fire departments that conduct more runs than other fire departments. The average number of runs over a 5-year period was 700. Chad Mallet recommended paying each fire department $50 per run which would average about $35,000 total. Bedias had over 119 runs in August. This plan would not include the City of Navasota Fire Department.

Joe Fauth indicated that he still had an issue with the competition between the Fire Departments. He stated that each department is only concerned about their department and they did not “play well” with the other departments.

Chad Mallet indicated that the fire departments would have to agree to the boundary lines and if they did not, they would not be called out next time and that this was in the contract.

David Dobyanski stated that he had a zoom meeting with the fire departments and that they argued about who gets called out. As far as he was concerned, he did not care who responded as long as somebody showed up.

Chad Mallet suggested that maybe they could “fine tune” the boundary lines and run down the response times based on mileage and who could get there faster.

Barbara Walker expressed her concerns about “dual responses” and reminded the court that the fire departments originally asked for $200 per call. And now we want to offer them $50 per call?

Chad Mallet explained that if they were paid $50 per call and the fire department responded to 12 calls, they would receive $6,000. He also added that there could be an incentive to responding to Burn Ban violations. If they are at a fire for more than 5 hours, they would get an additional $225?

Mary Nichols stated that the citizens should be responsible for illegal burning and pay the fees and the fines.

Barbara Walker stated that she noticed that Iola never collected any run money in the past.

Joe Fauth indicated that he was still not a proponent of this idea but that he did suggest that perhaps the county could divide up the run costs at the end of the year between all of the fire departments based on how many actual runs were made. He was not in favor of putting that competitive factor in place.

Chad Mallet indicated that he was not aware of any competition between Fire Departments.

Joe Fauth suggested that if we put in the run costs that it would turn into a “land grab”. He also questioned the response times. He indicated that the maps will be looked at tomorrow during a scheduled commissioners court meeting.
Chad Mallet indicated that you have to have more than 60 square miles to qualify for grants.

Phillip Cox asked who was doing what? “We don’t want to get in the same situation”. $50 per run is a little better to deal with.

Mary Nichols indicated that some fire departments do not respond to dispatch.

Chad Mallet indicated that he was looking at compensating the fire departments for run calls versus paying them a flat fee.

Phillip Cox was concerned that the fire departments will manipulate the system.

Chad Mallet indicated that the dispatch department had a new system installed.

Mary Nichols indicated that she had not seen any reports since they installed the new system.

Barbara Walker stated that her only concern was how was the county going to keep track of the run costs and who was going to verify them.

Joe Fauth indicated that they could turn the data over to David Lilly on a monthly basis and if there is a dispute it can be addressed immediately and not wait until the end of the year. These reports should be reviewed on a monthly basis.

Phillip Cox agreed that we should let David Lilly oversee that process.

Joe Fauth reminded the court that the county still has $38,344 left over.

Chad Mallett indicated that he wanted to see that $35,000 go towards the run costs for the Fire Departments.

Joe Fauth stated that the $37,500 was going to the Volunteer Fire Departments and is the county getting our money’s worth? Joe Fauth addressed Harry Walker who was still in the room and told him that his department would be getting the additional $25,000 for personnel and that he could stay if he wanted but he was free to leave. Harry Walker asked the Judge to call him if he needed him again.

Mary Nichols made the comment that one particular fire department wanted to get paid the same as the Navasota Fire Department. Joe Fauth answered by saying that Navasota has 7,000 residents and that another fire department told him to “keep your money”.

Chad Mallett suggested that we set different amounts for each fire department. The whole reason for the run money in the first place was that it was meant to differentiate the different needs of the different fire departments. He suggested that the county put aside a certain amount of money and divide up the money at the end of the year based on the number of runs each department made.

Mary Nichols stated that these amounts would have to be invoiced before the end of the fiscal year. Joe Fauth asked her what would happen if they missed the date? Joe Fauth suggested that each fire department turn in the number of runs each month by the following
month no later than the 15th of the next month. His concern was that they would limit their runs.

Phillip Cox indicated that it was worth a try as long as the fire departments don’t manipulate the system. He agreed with paying them $50 per run with a maximum of $35,000 per year.

Mary Nichols reiterated that this was only for run costs per run and not per vehicle.

Joe Fauth indicated that he had a meeting scheduled for 3pm today to meet with the fire departments.

Jessi Murphy indicated that she would add $35,000 to the Run line item in the fire department budget. She added that the county is counting on this money in hopes that the county will get money from the CARES ACT. She wants to make sure that we are all on the same page. She cautioned the court that they are looking for places to spend money on but what if the county ends up needing this money for the new building?

Mary Nichols reminded the court that the 115 waivers might be going away and that the county will have to pay for the cost of the ambulance service which would be $500,000 per ambulance.

Barbara Walker asked what would happen if we took away the $120,000 for the voting equipment?

Joe Fauth explained that if the county spends 35% of the $750,000 then the county gets to only spend 35% of the $250,000.

Barbara Walker said that she was still confused. She was under the impression that the county had already spent the $250,000.

Joe Fauth said that people are calling him and asking him if they can spend money in categories #4, 5 and 6. Mary Johnson has put a hold on spending any more money in these categories.

Barbara Walker asked Joe Fauth if the county was banking on getting back the $120,000 from the voting equipment. Joe Fauth indicated that we are not talking about financing the equipment but to a degree we are.

Barbara Walker asked if the county was adding in expenses, we might not be able to pay for?

Joe Fauth indicated that the $120,000 was coming out of categories #4, 5 and 6 and he was concerned that the county might not be able to get that money reimbursed. Joe Fauth asked Mary Johnson what level of certainty she did have about getting that money back.

Mary Johnson explained that the voting equipment is an allowable expense and that is a Category #4 expenditure. She also indicated that most of the county’s expenditures were coming out of Category #4. The rest of the expenditures are coming out of Category #2. She indicated that the county has already spent $120,000 in category #4. The school projects will help. That includes the $100,000 for retrofitting the buses in Navasota ISD and $150,000 for disinfecting the schools in Anderson-Shiro CISD. Mary explained that that we can only
spend 75% in Categories #1, 2 and 3 and 25% in Categories #4, 5 and 6. Whatever those expenses are.

Barbara Walker indicated that she wanted to make sure that the county will be able to get that money back.

Mary Johnson explained that we won’t know how much money we will be getting back until the very end of the year.

Mary Nichols stated that the county is taking $120,000 out of the voter registration budget in anticipation of getting that money refunded back to the county at the end of the year. Mary Nichols asked Mary Johnson how much money the county has spent in Categories #4, 5 and 6.

Mary Johnson answered that the county has spent about $18,811 in Category #4 and that another $25,000 has been earmarked plus the IT Department is projected to spend another $5,800 on computer equipment so about $30,000 has been spent so far. Actual expenses for Categories #1, 2 and 3 are about $72,000.

Joe Fauth suggested that the court leave the $120,000 in the budget. He also reminded the court that we have budgeted $400,000 for a new storage building, $250,000 for renovation of the annex building and another $62,000 for the additional roadway. He also suggested that not all of these projects are needed right away and could be postponed. “We can do that. We need a balanced budget.” Joe Fauth stated that he wants to see that we take the $120,000 out of the budget as discussed along with adding the additional $25,000 for Road and Bridge, the $35,000 for the run money for fire departments.

Joe Fauth commented that he wanted to discuss the Enterprise leasing agreement with the Sheriff’s Department Account No. 451. Machinery and Equipment line item for $237,000. He wants to realize the full amount up front and see a financial statement.

Chad Mallett asked if it would be easier to create a separate line item for capital lease project.

Joe Fauth indicated that he feels that leasing is a better way to go. He especially likes the added safety issues and having newer vehicles will reduce repair and maintenance costs.

Barbara Walker asked what amount should be put into the capital lease line item?

Chad Mallet suggested that the county go with 4 patrol vehicles and only 2 admin vehicles.

Phillip Cox indicated that he was not sure if he was ready to utilize this service at this time. He wanted everyone to be aware of the risks involved.

Todd Greene indicated that he was not opposed to the idea of leasing and was willing to go with it.

Chad Mallett stated that if the county were to purchase these vehicles right now the county would be spending $180,000 but if the county were to lease these vehicles for 3 years the county would be saving $3,800 which is a huge money saver for the future.
Chad Mallett stated that if the county were to purchase these vehicles right now the county would be spending $180,000 but if the county were to lease these vehicles for 3 years the county would be saving $3,800 which is a huge money saver for the future.

Jessi Murphy stated she could reduce the Repairs and Maintenance line item by $100,000 and put $70,000 in the new capital lease line item. The actual total cost of the lease for the first year is $69,180. She recommended leaving the rest of the money for the after-market items that will have to be added to the new patrol vehicles. Three new vehicles will cost $33,000 each at a cost of $99,000. Currently there is $180,000 budgeted for new vehicles. The county will actually save about $30,000. At the end of the 3-year term the county will have acquired 16 new vehicles.

Chad Mallet indicated that will be a lot of old patrol cars that will be sold.

Phillip Cox still was not sure if the county should do this or not and that the county should just buy the vehicles outright.

Todd Greene indicated that the county could actually do the same type of program ourselves but the county would not get as much resale value for the vehicles as Enterprise could.

Barbara Walker asked what is coming back to the General Fund?

Todd Greene indicated that it would all have to be paid for up front.

Chad Mallett explained that the county could see $170,000 in savings the first year alone. $30,000 could go back into the general fund.

Barbara Walker indicated that she just wanted to make sure she was understanding.

Chad Mallett said that the county would be only spending $70,000 to lease 8 vehicles as compared to spending $100,000 to purchase 3 vehicles. Plus, the county will get $28,000 from the sale of the old vehicles and the county will save money on maintenance with negotiated service agreements with Enterprise. The cost is $7.00 per month per vehicle for the admin vehicles and $33.90 per month for the patrol vehicles. The total cost of the lease is $69,860 including the maintenance fees. Plus, the county could put the extra $30,000 back into the capital projects fund. There is a $200,000 contingency fund with the new building. Chad said he did not see the county going over the budgeted contract amount.

Jessi Murphy also suggesting putting the money into a non-departmental line item. There are a lot of "unknowns" this year. The county should not be getting into a lot of perpetual expenses until we know where we stand.

Joe Fauth again went over the additional expenses the county has proposed.

1. $295,000 alternate entry on FM 149
2. $250,000 annex renovations
3. $62,000 lighting and electrical for alternate entry on FM 149
4. $400,000 storage building
5. $69,860.16 capital lease project
3. Adjourn

Motion by: Commissioner Walker to adjourn.
Seconded by: Commissioner Dobyanski
Vote in Favor: 5  Vote Opposed: 0  MOTION PASSED

Judge Fauth adjourned the meeting at 2:08 p.m.