

## Council Minutes August 10, 2012

STATE OF TEXAS §

COUNTY OF TARRANT §

CITY OF BEDFORD §

The City Council of the City of Bedford, Texas, met in work session at 9:00 a.m. in the Law Enforcement Training Room, 2121 L. Don Dodson, Bedford, on the 10th day of August, 2012, with the following members present:

Jim Griffin  
Michael Boyter  
Chris Brown  
Patricia Nolan  
Sherri Olsen  
Roy W. Turner

Mayor  
Council Members

constituting a quorum.

Councilmember Davisson was absent from today's meeting.

Staff present included:

Beverly Griffith  
David Miller  
Michael Wells  
Cliff Blackwell  
Bill Cooper  
Roger Gibson  
John Kubala  
Jill McAdams  
Mirenda McQuagge-Walden  
Maria Redburn  
Bill Syblon  
James Tindell

City Manager  
Deputy City Manager  
City Secretary  
Director of Administrative Services  
Information Services Director  
Police Chief  
Director of Public Works  
Director of Human Resources  
Managing Director of Community Services  
Library Manager  
Development Director  
Fire Chief

### **CALL TO ORDER/GENERAL COMMENTS**

Mayor Griffin called the meeting to order at 9:08 a.m.

### **WORK SESSION**

#### **1. Receive and discuss FY 2012-2013 budget overview.**

City Manager Beverly Griffith presented the Council's goals, mission statement and critical focus areas, which includes Economic Development; City Codes/Foster City Image; and Budget. During the current budget year, there were one-time revenues from the sale of properties to establish an economic development fund. The proposed budget establishes a position for a marketing specialist to help foster the City's image, which would help economic development. The position of the Tourism Fund continues to be strengthened and she gave kudos to Managing Director of Community Services Mirenda McQuagge-Walden and Special Events Coordinator Wendy Hartnett for increasing the return on investment for the City's festivals. In regards to City codes, no firm plan has been established; however, there is flexibility to bolster Code Enforcement by adding staff, contracts, and/or money to help clean up properties. There is a State mandate to add a fire inspector position, which is related to City codes. This budget also includes funding requests to improve maintenance on

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City properties including increased funding for mowing. In terms of the budget, the number one priority of the Council was to maintain the current tax rate. The current year's surplus was allocated to fund one time and non-recurring expenditures. There are no proposed increases in user fees except for water and sewer rates. In regards to employee compensation, there is a recommendation of lump sum payments and merit increases. The budget also includes funding for the increase in health insurance, the replacement of City vehicles, the replacement of safety equipment, and a Library Maintenance Fund. Future year budget items include computer replacement, replacing outdated software, a large vehicle for Public Services, a Fire truck, funding for the trunk radio system, the expiration of the Bedford-Colleyville agreement on Fire Station 2 and water/sewer items. Further, there are the remaining Bedford 2005 bond projects including Dora Street, the Bedford Trails expansion, the Animal Control building expansion and Boys Ranch Phase I.

Administrative Services Director Cliff Blackwell gave kudos to new Budget Analyst Megan Jakubik. The proposed base budget is \$57,023,102, with supplemental requests totaling \$796,526 and the employee compensation plan totaling \$540,135. The total proposed budget is \$58,359,763. Supplemental requests and the compensation plan will be partially funded by a projected surplus, which is due in large part to increased revenues from sales tax, the Municipal Court and ambulance fees. In comparison to FY11/12, the revenue budget is the same and there is a 2.4% increase in the expenditure budget.

Revenue highlights include an increase in the General Fund from \$26,823,070 to \$27,607,751 due to increases in operational transfers, permit revenue dollars, fees from ambulance services and recreational uses. There is a slight increase in the Tourism Fund to \$1,122,275 due to increased rentals from the Old Bedford School. There is a slight decrease in the water/sewer fund to \$19,354,707 as last year there was a very hot summer and the City was selling a lot of water. There is no change to the Storm Water Fund at \$1,305,000 as it is the most stable fund and does not fluctuate. There is a decrease in the Debt Service Fund to \$6,657,244 due to the 2005 tax notes no longer being on the books and refunding that was done last year. There is a decrease in the 4B SIEDC Fund to \$2,310,000 as it did not make as much in interest as anticipated. Finally, there is an increase in other minor funds, such as Beautification, Park Donation, and Court to \$1,187,580 due to an increase in transfers to the City's maintenance funds.

On the expenditure side, a lot of the increase is due to supplementals and employee compensation. There is a decrease in the Storm Water Fund due to the completion of several projects. The Economic Development Fund is new and will track incentives from 380 agreements. It was funded from the sale of Sotogrande and the Brown Trail well site. The current year did not include funding for equipment replacement so there is an increase in the proposed budget for an ambulance and Parks vehicles.

Mr. Blackwell completed this portion of his presentation by showing graphs outlining expenditures by function irregardless of funding sources as well revenue and expenditure comparisons between last year's budget and the proposed budget.

The Water and Sewer Fund is an enterprise fund that is designed to pay for itself through user fees and charges. Because it is still a non-profit, the City has to do a cost of service study from time-to-time to determine what it costs to operate and then incorporate a rate to cover those costs. In addition, there is a need for working capital of 146 days per the City's fund balance policy. In October of 2010, there was a rate increase to build that capital back up. The main sources of revenue for the Fund include water and sewer charges, billing and late fees, and charges for disconnections, tampering and meter testing. The total revenue is \$19,354,707. In terms of expenditures, 90% is paid directly to the Trinity River Authority. In addition, there are some transfers and debt including approximately \$2M to the General Fund. Finally, there are the costs for Customer Service, Risk Management and Engineering. The total amounts of expenditures, including supplemental requests, are \$18,358,056. Water and Sewer operations, with an authorization for 35.75 employees, includes personnel costs, supplies, maintenance, water purchases from TRA, sewer services with TRA and Hurst, utilities, transfers/debt service and capital outlay. Requested supplementals include the purchase of four new meter reading handheld devices to replace older devices whose warranty expires in December; increased utilities, chemicals and security for the Simpson Terrance Well site; a large van for transporting water samples; a one-ton diesel crew-cab pickup with the towing capacity to move equipment; a program in partnership with the County to meet with residents to maximize the efficiency of their irrigation systems; the Fund's portion of the increased mowing contract; and a light tower system for night repairs. Staff

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answered several questions from Council. The meter readers are housed within the City and docked to the City's software. In theory, the contract would have to be increased if the contractor were required to provide their own readers. Keeping the readers in house will ensure that they will always be able to communicate with the billing software. There are safeguards in place to protect the City from liability. The cost of meter reading went from \$0.90 per meter to \$0.705 per meter; there is a higher charge for rereads but the City has control of that cost. In regards to the Simpson Terrace Well, it is anticipated that the City will receive 3% of its total water from the site. If the well is not completed, then an additional \$200,000 will need to be added to water purchases. In regards to the vehicles being replaced, the old vehicles will be auctioned off and the money will go into the vehicle replacement fund.

The revenue goals for the Water and Sewer Fund are to adequately cover costs of service, to provide for debt service covenants, renewal and replacement costs and to provide for adequate working capital. The current policy is 90 days, or \$4.5M. The working capital for water is at approximately 60 days.

The current water and sewer rates were established in October of 2010. The base water rate is \$18.37/month and \$16.70/month for seniors. The water volume rate is \$2.89/1,000 gallons. For sewer, the base rate is \$10.88/month and \$9.88/month for seniors. The volume rate is \$1.72/1,000 gallons to a maximum of 12,000 gallons. Bedford 2013 Water/Wastewater capital projects up for consideration include the following: the Simpson Terrace well site at \$1.6M or a rate impact of \$1.53/month for regular customers and \$1.37/month for seniors; the Northwest Pressure Plane improvements at \$2.1M or a rate impact of \$1.57/month for regular customers and \$1.40/month for seniors; and a combination of the rehabilitation of water and sewer mains in Shady Brook and the Sulphur Branch area as well as payment on the loan from the Texas Water Development Board for a combined impact of \$1.42/month for regular customers and \$1.28/month for seniors. Council and staff generally discussed issues related to the Simpson Terrace and Central well sites; increases in debt service; interest rates; and, tax supported versus revenue supported bonds. Council was of the consensus to move forward with all of the above listed projects.

The Stormwater Utility Fund is an enterprise fund made up mostly of user fees but also from contributions from the City's solid waste provider and interest for a total of \$1,305,000. The funds are used for operations, debt and administrative transfers to the General and Water/Sewer funds for a total of \$1,287,380. Stormwater operations, with an authorization for six full-time employees, include personnel costs, supplies, maintenance, contractual outlay and debt service. There is a supplemental for their portion of the increased mowing contract. Unfunded supplementals include a track system on the Komatsu loader and a vehicle for the stormwater program. 2013 Stormwater Capital Projects include the cleanup of tree growth and erosion at the Hurricane Creek tributary. Other projects currently funded through other means include channel improvements from the NTE to Bedford Road and erosion control at Brookhollow Park.

The Debt Service Fund is primarily funded from the debt portion of property taxes as well as transfers from the 4B Fund, the final payment from the NEFTA agreement and interest. Besides paying for bonds, it is used to pay for contractual services such as arbitrage calculations and fiscal agent fees.

The 4B SIEDC Fund is primarily funded from the \$0.005 sales tax levy and the funds are statutory spent on street and road improvements for economic development. In this budget, the sales tax is projected to be flat for revenue of \$2,310,000. In order to keep a good fund balance and maintain the required reserve amount, projects are being scaled back. Funds are used for debt service transfers, maintenance and capital, including a supplemental for a new asphalt paver. Council and staff generally discussed microsurfacing versus constructing whole new surfaces on roads including costs and ADA requirements; and issues with the overlay on Harwood Road and Simpson Terrace,

The Tourism Fund is primarily funded by the occupancy tax dollars from hotels and motels as well as BluesFest, FourthFest, events at the Old Bedford School and other miscellaneous events for a total of \$1,122,275. These funds are put towards events for people who may want to visit the City. Expenditures include administration, BluesFest, FourthFest, and the Old Bedford School for a total of \$883,628. There is a supplemental for a marketing specialist to assist the both Fund and the entire City with marketing, social media, and promoting hotels, festivals, the ambulance subscription program, etc. Council and staff discussed the Old Bedford School including funding for staff, revenues covering expenses and the possibility of having

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one of the part-time positions becoming full-time and let them be the marketing specialist. There was also discussion on the hotel/motel sponsorship for the City's festivals.

The Drug Forfeiture Fund is tied to the City's participation with Federal drug enforcement. It has revenues of \$25,000 and expenditures of \$10,000.

The Court Security Fund is from a \$3.00 fee that is part of Class C Misdemeanor tickets. It is used to pay for security at the court. Expenditures include a portion of the personnel costs and supplies for two warrant officers. It has revenues of \$31,580 and expenditures of \$35,000.

The Court Technology Fund is from a \$4.00 fee that is part of Class C Misdemeanor tickets. It is used to pay for technical advancements as it pertains to the Court such as electronic ticket writers, supplies, and related costs to Brazos software as well as maintenance costs. It has revenues of \$45,000 and expenditures of \$19,555.

The Park Donations Fund is from voluntary donations on the water bill. It has revenues of \$10,000 and expenditures of \$25,000 for a dog park. The current balance in the Fund is approximately \$40,000.

The Beautification Fund is made up of a \$10,000 contribution from the City's solid waste provider. It has expenditures in the amount of \$10,000 for plants and special projects such as beautifying the medians.

The Traffic Safety Fund is from the revenues generated from red light cameras. Half of the net revenue goes to the State, for a remaining total of \$500,000. Expenditures in the amount of \$617,721 go towards 75% of the personnel costs of a police corporal to coordinate and administer the program, contractual services to RedFlex and capital funding for help replace the fleet. The current balance in the fund is \$225,000. Council and staff discussed the possibility of expanding the red light cameras to more locations.

The Economic Development Fund is used to track the incentives from 380 agreements. There is no proposed revenue but there is a fund balance of over \$200,000 to help offset expenditures of \$180,000.

The P.E.G. Fund is from a 1% fee of gross revenues from local cable service providers. It is to be used for only capital related items as it relates to cable broadcasting of public, educational and governmental programming. There are revenues of \$60,000 and expenditures of \$8,400 for the equipment that handles the live feed of Council meetings.

The General Fund is made up of the primary operating funds for the City. Revenues come from property taxes (equated to the current tax rate), sales tax, franchise taxes, charges for services, licenses and permits, fines and forfeitures and operating transfers, as well as miscellaneous other taxes and revenues. The total revenue is \$27,607,751 or \$784,681 greater than the previous year. Expenditures by function include the following: an increase in General Government due mainly to the increased compensation package; an increase in Support Services due mainly to Code Enforcement moving under this Division; a decrease in Development due to Code Enforcement moving out of this Division, which is offset by the addition of a Planning Manager; an increase in Administrative Services due to the compensation package and increased contractual obligations to the Tarrant County Tax-Assessor; an increase in Police due to the compensation package and some supplementals; an increase in Fire due to the compensation package; an increase in Public Services; an increase in Operating Transfers to help fund computer replacement as well as facility and aquatics maintenance; and an increase in Community Services. Total expenditures are proposed at \$27,609,742.

General Fund supplementals, totaling \$218,106, include a vehicle lift for Fleet Services, a state-mandated Fire Inspector position, self-contained breathing apparatus for the Fire Department, a transfer of funds to a Library Maintenance Fund, the General Fund's portion of the mowing contract increase, the replacement of a Parks mower and an on-line registration suite for the CLASS software. Council and staff discussed the mowing contract, staffing the Fire Inspector position with a current firefighter, the self-contained breathing apparatus, court revenue, upcoming projects to be paid out of the surplus, ambulance billing and collections, increased activity for permits and increases in summer camp usage.

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General Fund unfunded supplementals include a funding to establish a leadership program, security access readers for Fire Stations 2 and 3, a fire inspector's vehicle, a replacement vehicle for a Fire battalion chief, staffing options for the Library and weight room equipment at the BRAC.

Managing Director of Community Services Mirenda McQuagge-Walden presented information on Parks and Recreation unfunded supplementals. The Bedford Trails expansion, in the amount of \$218,000, was recommended by the Park Board and was part of the Bedford 2005 bond election; however, the bonds have not been sold yet. The playground at Meadowpark was built in 1996 and has a lot of wear and tear. The estimated cost for replacement is \$95,000. The exercise stations along the Bedford Trails would be replaced by seven different stations using galvanized steel equipment on concrete pads that offer 21 different types of exercises. The cost is \$55,000 with maintenance being handled in-house. Improvements for the trails at Cheeksparger include upgrading 9,200 square feet of the existing asphalt trail for \$350,000. Improvements at Harris Ryals Park would add one sand volleyball court and 11 parking spaces for \$53,000. The playground at Central Park was built in 1993 and could be replaced for an estimated cost of \$60,000. The Boys Ranch Master Plan removed the sand volleyball court. Installing three courts plus lighting at Central Park would cost an estimated \$80,000. Council and staff discussed the dog park including discussions with the school district and coming up with recommendations for other locations besides Meadowpark. There was also discussion on Cheeksparger trails being designated as Park property and the weight room equipment.

Library Manager Maria Redburn presented information on the Library staffing options. In comparing 2004 to 2011, the only item that has decreased is staffing, which is down 21%. The annual satisfaction survey shows a drop in the friendliness of the staff from 74% to 71%, and a drop in knowledge of the staff from 71% to 69%, since 2006. Reference and computer usage has trended up over that same time period. She displayed a chart comparing the Library to neighboring libraries, each of which is over 25,000 square feet and has self-check, by the number of full-time employees (FTE), reference/FTE, square feet/FTE and circulation/FTE. Staffing option #1 is for one full-time employee and one part time employee. Option #2 is to bring some of the 32 hour employees up to 40 hours. She stated that money that was given for part-time shelvers is continuing. Also, a supervisor position was downgraded to a Library position for a savings of \$10,000, which helped in increasing hours to three positions. There has been a shortfall of 11,440 hours through the use of vacation and sick time.

Ms. Griffith stated that \$85,000 is being recommended for Code Enforcement, which will be discussed at the Council Work Session on August 16. This amount is enough to reinstate a building inspector position and gives enough latitude to make program improvements through contracts and/or ordinance revisions.

Council and staff discussed unfunded supplementals and the \$692,000 made up of anticipated revenues and the previous year's surplus. Council was of the consensus to fund the following: \$68,675 for a battalion chief vehicle; \$80,074 for Library Staffing Option #1; \$55,000 for exercise equipment along Bedford Trails; \$85,000 for Code Enforcement; and \$8,036 for weight room equipment at the BRAC. Council was also of the consensus to fund sponsorship of different events including for HEB Hospital, the Transportation Summit and the Northeast Leadership Forum. There was further discussion on Dora Street, a voter-approved general obligation bond project where debt would be issued as part of a package of other projects.

Mr. Blackwell presented information on the tax rates and gave definitions of the effective and rollback tax rates. The current tax rate is \$0.504329 per \$100 assessed value, the effective tax rate is \$0.499197 per \$100 assessed value and the rollback rate is \$0.533176 per \$100 assessed value. The proposed tax rate is the same as the current tax rate. He displayed a chart showing a comparison of taxable values over the last several years and noted that it was on the upswing but not at the 2007-2008 levels. He displayed a table showing a comparison of appraised value changes over the last three years and noted the \$12M in new construction in 2011 and the 6.8M in 2012. He further showed information on tax rate and sales tax histories. The overlapping tax rate, totaling \$2.6 per \$100 assessed value, shows that the City makes up 20% of that total. He showed charts comparing the 2012 and proposed 2013 tax rates of surrounding cities. Moving forward, at the August 14 Council meeting, there will be a record vote setting the maximum tax rate to be considered and setting public hearings on the budget and tax rate, if necessary. On August 28, there will be a public hearing on the budget and tax rate with the second public hearing on the tax rate being held on September 4, if necessary. Approval of the budget and the tax rate will be on the September 11 meeting.

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### **2. Discuss potential utility rate changes.**

This item was discussed during Mr. Blackwell's presentation.

### **3. Review and discuss Capital Improvements Program (CIP).**

This item was discussed during Mr. Blackwell's presentation.

### **4. Discuss wrap-up of any other budget related items.**

Council discussed the employee compensation package including pro-rating the \$1,000 lump sum depending on how long an employee has been with the City and what it would take to bring employees below certain percentiles up to the 50th percentile. Council was of the consensus to keep the compensation package as presented.

Employee overtime will be discussed at an upcoming Work Session.

### **ADJOURNMENT**

Mayor Griffin adjourned the meeting at 4:52 p.m.

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Jim Griffin, Mayor

ATTEST:

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Michael Wells, City Secretary