

Council Minutes August 8, 2019

STATE OF TEXAS §

COUNTY OF TARRANT §

CITY OF BEDFORD §

The City Council of the City of Bedford, Texas, met in work session at 8:30 a.m. in the Former Library Building, 1805 L. Don Dodson, Bedford, on the 8th day of August, 2019, with the following members present:

Jim Griffin	Mayor
Michael Boyter	Council Members
Dan Cogan	
Ruth Culver	
Roger Fisher	
Amy Sabol	
Rusty Sartor	

constituting a quorum.

Staff present included:

Brian Bosshardt	City Manager
Cliff Blackwell	Assistant City Manager
Michael Wells	City Secretary
Stephanie Ayers	Human Resources Director
Chuck Carlisle	Facility Services Manager
Sean Fay	Fire Chief
Wendy Hartnett	Special Events Manager
Don Henderson	Parks Superintendent
Meg Jakubik	Strategic Services Manager
Maria Joyner	Finance Director
Brian Meaders	Deputy Police Chief
Kenny Overstreet	Public Works Director
Maria Redburn	Library Director
Bill Syblon	Development Director
Brian TenEyck	Recreation Manager
David Yancy	Information Technology Manager

CALL TO ORDER/GENERAL COMMENTS

Mayor Griffin called the meeting to order at 8:34 a.m.

WORK SESSION

1. Receive and discuss FY 2019-2020 budget overview.

City Manager Brian Bosshardt showed a video regarding the City's budget put together by the Communications Division. He stated it takes approximately \$200,000 a day to operate the organization, which is \$25,000 more than five years previously. He discussed the effect of the rise in taxable values and retired debt coming on the proposed budget. Positive factors on the proposed budget include no increases in worker's compensation or the Texas Municipal Retirement System (TMRS), the second year of a rate guarantee with health insurance, and an increase in sales tax. He discussed the effect of Council adopting a budget over the rollback rate two years previously. Highlights of the current budget include upgrades to Police

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Department software, the hiring of the Neighborhood Services Manager position, completion of the water meter replacement, the hiring of a third school resource officer for the Buinger Center, the purchase of a new fire truck and ambulance, and roof repairs to the Old Bedford School (OBS). The proposed budget represents a 4.7 increase over the current fiscal year, and includes increased costs for contracts, the third year of the Enterprise vehicle replacement program, the public safety step plan and a three percent pay increase for all other employees; however, it does not fund the second aspect of the compensation study regarding salary compression.

Strategic Services Manager Meg Jakubik stated the budget strategy and assumptions include Council goals and their strategic plan, funding existing levels of services, employee recruitment and retention, conservative sales tax and revenue growth, and utility fee increases related to costs from the Trinity River Authority (TRA). There have been increases of one and a half to two percent in both the Consumer and Municipal Price indexes over the previous five years. She presented information on the City's gross sales tax history and stated the gross sales for the current year is projected to reach approximately \$11,900,000. A comparison of taxable values shows a linear growth and double digit increases over the past few years. Based on the certified rolls, there is an 8.4 percent growth in taxable value over the previous year, and an increase in the average net taxable value of a home in Bedford from \$203,194 to \$220,040. A comparison of area cities shows Bedford to be in the mid-range of employees per 1,000 residents, but lowest when it comes to budget per capita.

Ms. Jakubik presented an overview of the budget. The Water/Sewer and Stormwater Funds will go into working capital, which have sufficient funding, and staff is looking at doing a utility rate study this year to ensure the funds remain self-sufficient. The budget for sewer treatment was brought more in line with where it needed to be. She stated there were increase in the Debt Service Fund based on the schedule, as well as operational transfers as the value of the system increases. The Street Improvement Economic Development (SIEDC) Fund has a planned use of fund balance, approved by the SIEDC board, in lieu of issuing debt.

Ms. Jakubik presented an overview of revenues by fund, which showed the General Fund making up approximately half, followed by the Water/ Sewer Fund. A comparison of revenues from Fiscal Year 2018 and 2019 shows increases in property tax and sales tax. She stated there are decreases in franchise fees due to recent state legislation, and in water revenue because of recent rains, but an increase in sewer revenue due to implementation of automated meters. There is a decrease in recreation fees due to the move of operations for Phase Next, and the ambulance payment program was removed due to changes in the program. There are increases in licenses and permits based on trends. There are decreases in fine revenue due the Police Department's Traffic Division being short-staffed, and the Traffic Safety Fund was removed due to the elimination of red-light cameras. There are increases in revenue from interest as well as operating transfers due to the Enterprise program being moved from the General Fund to the Equipment Replacement Fund. Funds from the SIEDC Fund are being moved to the Utility Repair Maintenance Fund for economic development projects. Ms. Jakubik presented a breakdown of expenditures by department and class across all funds, which shows that 41 percent of the overall budget is personnel, followed by debt/transfers, water purchases, contractual services and sewer treatment. A comparison of expenditures by fund from 2018 to 2019 shows changes related to the move of the Communications Division from the Tourism Fund to the General Fund and increases for parks projects and the SIEDC five-year plan.

Ms. Jakubik presented information on the General Fund. Currently, revenue is outpacing expenditures. Property taxes make up 44 percent of revenue, followed by sales taxes, franchise taxes, operating transfers, charges for services, fines and forfeitures and other miscellaneous taxes and fees. There was discussion on diversifying revenue and operating transfers. Ms. Jakubik stated 77 percent of the General Fund budget goes towards personnel, and the biggest increases in the Fund being attributable to the public safety step-plan and three percent pay increase for the other personnel. Two-thirds of expenditures is for public safety. Changes in the

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proposed budget include employee compensation, increases in software maintenance, replacement of rifles and shotguns for the Police Department, an ongoing line item to replace personal protective equipment in the Fire Department, replacement of mobile data computers, the third round of the Enterprise vehicle replacement program, wellness programming and Health Savings Account contributions, trunk radio system maintenance and a frozen position in Teen Court. There was discussion on replacement of shotguns and rifles in the Police Department, including replacement plans; funding for equipment replacement needs; and the Enterprise program.

Ms. Jakubik presented information on the Debt Service Fund, including an overview of the current debt service schedule. She stated staff is proposing to issue the remaining \$10,000,000 in bonds from the Phase Next project, split into taxable and tax-exempt bonds. Further, the Series 2010 general obligation bonds are available for refunding and will be included with the Phase Next bond sale, for an overall amount of \$13,300,000. She presented an overview of an updated debt service schedule if the new debt issuance is approved, and annual funding requirements, which shows a downward trend.

Ms. Jakubik presented an overview of the City's enterprise funds. In the Water/Sewer Fund, revenue comes from water and sewer charges, billing late fees, other miscellaneous revenue, and interest and inspections. Expenditures come from water purchases from the TRA, sewer treatment from TRA and the City of Hurst, transfers and debt service, personnel, contractual services, supplies, maintenance and utilities. Projections from the TRA for 2020 show a cost of \$3.77 per 1,000 gallons for water and \$2.994 per 1,000 gallons for wastewater. She presented information on proposed water and sewer rates increases, which are tied directly to the increases from the TRA. The water volume rate would increase from \$4.08 to \$4.24 per 1,000 gallons, and the sewer volume rate would increase from \$3.41 to \$3.42 per 1,000 gallons, which would equate to an approximate increase of \$2.50 on a summer month bill. Ms. Jakubik presented an overview of Stormwater Fund revenues, expenditures and rates. There was discussion on a proposed utility rate study, utility rates in other cities, past rate adjustments, the Utility Repair Fund and the positive impact of State Water Implementation Fund for Texas (SWIFT) projects on water main breaks.

Ms. Jakubik presented an overview of special revenue funds. She stated the SIEDC Fund is funded through sales tax and interest, while expenditures include contract services, debt, capital, maintenance, debt service, transfers, contingency, design and engineering, and supplies. The SIEDC Board recently recommended using \$250,000 in funds for economic development incentives. Supplemental requests in the Fund include field monitoring units, a tandem dump truck, and sander replacements. She presented information on the Tourism Fund and stated due to the timing for compiling the budget and Council's decision on the OBS property, it was decided to keep the budget for the OBS whole. Changes include the Special Events assistants being moved into the tourism administration budget and the Communications Division being moved into the General Fund. There was discussion on operating transfers, a cost allocation study and the OBS budget. There was further discussion on use of the Hotel-Motel Occupancy Tax and Mr. Bosshardt stated he would meet with the City Attorney on the issue. There was discussion on BluesFest, including advertising.

Ms. Jakubik presented an overview of revenue and expenditures in several minor funds. Changes include studies being conducted in Economic Development, and projects being paid out of Beautification and the Parks Donation funds. There was discussion on upgrading the sound system in Council Chamber using the Public, Educational and Governmental Access Channel (PEG) Fund and the Parks and Beautification projects.

Assistant City Manager Cliff Blackwell presented information on the calculations behind the tax rate. The effective tax rate is calculated at \$0.524732 per \$100 valuation. He stated there is a 16.6 percent increase in senior tax ceilings this fiscal year. The rollback rate is calculated at \$0.543844 per \$100 valuation, and is the figure used to fund the proposed budget. There was

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discussion on the senior tax ceilings, sales tax for property tax relief, and the impact of the pending 3.5 percent revenue cap on the tax rates and City operations. A comparison of the proposed tax rate and the current tax rate shows a 2.9 percent increase in the Maintenance and Operations portion of the rate, and a 12.9 percent decrease in the Interest and Sinking portion.

Ms. Jakubik presented overview of the City's tax rate history since 2010 and the overlapping tax rate, showing the City making up 23.1 percent of the rate, and the Hurst-Euless-Bedford Independent School District making up 52.4 percent. The impact of the tax rate on the average home in Bedford is an increase of \$95.14 per month to \$99.72 per month. If the tax rate were to remain the same, the average home would pay \$103.03 per month. Ms. Jakubik presented information on the impact of the tax rates on newly qualified senior exemption properties. She stated approximately half of a resident's tax bill goes towards funding public safety.

Finance Director Maria Joyner presented a five-year forecast of the General Fund. Assumptions built into the forecast include the proposed/rollback tax rate, sales tax increases, increases in property values, no raises or service changes starting in 2021, and expense and revenue additions for Phase Next in 2023. She presented various scenarios showing the impact on revenues, expenditures and reserves based on different tax rates and assumptions. There was discussion on the public safety step plan, the Enterprise program, educating the public on the services tied to the tax rate, and maintaining the current tax rate. There was a consensus of Council to maintain the current tax rate.

Ms. Jakubik presented information on priority supplemental requests, including employee compression adjustments, a director of parks and recreation position, a purchasing coordinator position, three firefighter positions, a sergeant position, a police officer position, a public service officer position, a performance management and onboarding system, and a communications and social media specialist position. The total amount of the supplemental requests is \$1,087,000 out of the General Fund. There was discussion on the impact of the addition of firefighters on Fire Department overtime; potential cost savings with the purchasing coordinator position; Police Department positions, including vacancies, the hiring process and lateral programs; the impact of addressing salary compression; and the social media specialist position. Ms. Jakubik presented information on unfunded capital items, including design work for painting and the interior coating of the Cummings elevated storage tank, and painting the Simpson Terrace elevated storage tank. There was discussion on calculating the costs of state and federal mandates, and the design of the Cummings elevated storage tank project.

Ms. Jakubik presented information on unfunded equipment, including a new EMS unit; the first round of automated external defibrillators (AED) replacement at City facilities; the first round of rescue tool replacement, extractors/dryers and a compressor for self-contained breathing apparatuses for the Fire Department; a brake lathe for the Public Works Department; and a backhoe for the Parks and Recreation Department. There was discussion regarding mandates for AED replacement; the backhoe, including its utilization and borrowing from the Public Works Department; and charging for lift assists, including that most occur at private homes as opposed to assisted-living facilities; and the requested EMS unit. Ms. Jakubik presented information on unfunded maintenance items, including HVAC replacement at Fire Station 1; drive improvements at Fire Station 3; bay door replacement, and resurfacing and replacement of flooring in Fleet Division offices at the Public Works Service Center; and roof replacement at the Law Enforcement Center (LEC). There was discussion on the roof at the LEC. Ms. Jakubik presented a timeline of the upcoming events in the budget process.

There was discussion on the costs for the supplemental requests and unfunded capital, maintenance and equipment items; the impact to homeowners of keeping the current tax rate; increasing water rates to pay for capital projects; upcoming capital projects; the amortization schedule for the SWIFT funds; and leases with cell phone companies for the use of the City's water towers.

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Councilmember Fisher left the work session at approximately 12:30 p.m.

There was discussion on various scenarios in the five-year forecast, including supplemental requests and unfunded items. There was further discussion on the parks and recreation director position; the sergeant position in the Police Department to oversee their accreditation program; the impact of the new firefighter positions on overtime; the HVAC repairs at Fire Station 1; one-time maintenance and capital items; issuing debt for certain items; exceeding the current tax rate; and phasing in the compression raises.

There was discussion on setting the not-to-exceed tax rate at \$0.56900 per \$100 valuation and including the following items in the budget: the employee compression adjustments, the parks and recreation director position, the purchasing coordinator position, three firefighters, the Police Department sergeant and officer positions, the AED replacement, the rescue tools replacement, the compressor, flooring at the Public Works Service Center, the HVAC repairs at Fire Station 1 and the drive improvements at Fire Station 3. There was discussion on the bay door of the Public Works being paid out of the Water/Sewer Fund, possible grants for the extractors/dryers, and the drive improvement at Fire Station 3. Ms. Jakubik stated the impact of the \$0.56900 tax rate to the average homeowner would be \$1.31 per month more than the proposed/rollback rate. The tax bill on the average home at the proposed/rollback rate would be approximately \$1,200 annually or \$99.72 monthly; at the current tax rate would be approximately \$1,236 annually or \$103.03 monthly; and at the \$0.56900 tax rate would be \$1,252 annually, or \$ 104.34 monthly.

2. Discuss potential utility rate changes.

This item was discussed during Ms. Jakubik's presentation.

3. Discuss wrap-up of any other budget related items.

There was discussion on rollback elections, issuing debt to pay for capital items the following budget year, and messaging to the citizens.

ADJOURNMENT

Mayor Griffin adjourned the meeting at 2:31 pm

Jim Griffin, Mayor

ATTEST:

Michael Wells, City Secretary