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sales tax, which continues to experience record growth. Staff had projected an overall five percent increase over the prior year for the remaining months in the fiscal year but feels that sales tax actuals will exceed those projections. Sales tax could potentially exceed \$15,000,000 for the year. A comparison of taxable values shows an increase of 11.6 percent over the prior year, as well as approximately \$14,800,000 in new construction, the bulk of which is in three commercial properties. Ms. Jakubik stated the average increases in market values and net taxable values are in line with what is going on County-wide.

Ms. Jakubik presented an overview of the proposed budget, which is \$85,097,305 across all funds. She stated the Street Improvement Economic Development Corporation (SIEDC) and the Stormwater funds are utilizing fund balance for one-time capital projects, including the design of a drainage project and a drainage system study. Revenues by fund show the General Fund making up the majority, followed by the Water/Sewer Fund. She presented a comparison of revenues from Fiscal Year 2022 and 2023, which shows increases in water, permit fees, and charges for service, including ambulance billing. Expenditures by classification shows that personnel make up 42 percent of the budget, followed by contractual services, debt and transfers, and water purchases and sewer treatment. Ms. Jakubik stated a comparison of expenditures from Fiscal Year 2022 and 2023, which does not include budget amendments on one-time items, shows little change. The major exceptions are debt rolling off the Debt Service Fund, as well as the use of fund balance in the SIEDC and Stormwater funds for one-time capital items. There was discussion regarding the budget amendments for one-time items that were not part of ongoing operating costs.

Ms. Jakubik presented information on the General Fund. She discussed the trend of the City's revenue outpacing expenditures and Council's previous budget decisions moving the City into better fiscal sustainability. The largest portion of revenue comes from property tax, followed by sales and franchise taxes. There was discussion on the half-cent sales tax for property tax reduction. Ms. Jakubik stated two-thirds of expenditures in the General Fund go towards public safety and discussed operating transfers into various maintenance funds.

Ms. Jakubik presented information on proposed changes in the General Fund, including a four percent cost of living adjustment (COLA). There was discussion on market adjustments to specific employee salaries and COLA increases in other cities. Additional changes include a one-time vacation buy back payout; an increase in Fire Department overtime in order to add a 17th person to the minimum daily staffing as well as adjustments to better capture actual expenses; Cloud-based license plate reader cameras that would be attached to current infrastructure; an increase in ambulance supplies due to increased costs and ambulance runs; adjusting three Library positions from 32 hours a week to 40 hours a week; adding two full-time equivalent positions to support the operations of the new fields at Generations Parks; and adding part-time Police Department positions, including an investigator. There was discussion on the number of lift assist calls responded to by the Fire Department; liabilities related to the payout of employee accruals upon retirement, including accounting requirements in the Annual Comprehensive Financial Report and changes to the accrual of holiday hours; and Police Department staffing, including the impact of new developments on call loads, and changes in personnel and procedures to deal with crime and calls for service more efficiently.

Assistant City Manager Caryn Riggs presented information regarding the tax rate. She discussed the impact that higher property values, higher sales tax, and debt retirement had on the calculation of the rates. The current tax rate is \$0.552 per \$100 valuation, the No-New-Revenue Tax Rate is \$0.507583 per \$100 valuation, and the Voter Approval Tax Rate, which is the rate used to calculate the proposed budget, is \$0.495726 per \$100 valuation. At the proposed rate, and with

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the average home value increasing from approximately \$240,000 to \$265,000, the average homeowner would see a slight decrease in their tax bill from \$1,327 to \$1,319, while seniors qualifying for the exemption this year would see a slight increase in their bill of approximately \$19.00. Ms. Riggs presented an overview of how the tax dollars are utilized.

Ms. Riggs presented an overview of the Debt Service Fund. She stated the annual debt service requirement decreased by approximately \$500,000 to just over \$6,500,000. She discussed the City having the capacity to issue approximately \$14,000,000 to \$17,000,000 in debt for General Fund projects in the future, based on three percent growth and keeping the debt rate flat. She displayed a graph showing the City's debt decreasing over the next several years. Ms. Riggs stated there are two changes in the SIEDC budget from what was presented to the SIEDC Board, including a three percent increase to budgeted sales tax revenue and a decrease in the transfer from the Enterprise vehicle replacement program. She stated SIEDC revenues are budgeted at \$3,905,350, with operating expenditures at \$3,422,930, and discussed one-time capital items that would be paid for from fund balance. There was discussion on authorized but unissued debt from previous years, the sale of an unused Public Works paver, and the decrease in the number of full- and part-time equivalent positions under Mr. Stathatos.

Ms. Jakubik presented information on the Tourism Fund, including that there have been increases in the hotel occupancy tax, while expenses have remained static. One change is a proposed Cultural Arts assistant to help with events. Ms. Jakubik presented an overview of minor funds, including Commercial Vehicle Enforcement; Public, Educational, and Government (PEG) Fund, which includes audio/visual improvements such as live streaming for Building C to be paid out of fund balance; the Economic Development Fund; the Beautification Fund and Park Donations Fund; and various Municipal Court funds. She stated American Rescue Plan Act funds were not represented as part of the budgeting model since they are for one-time expenses but may be referred to as part of supplemental requests if a portion is to be paid from those funds. There was discussion regarding the reasoning for having multiple maintenance and equipment replacement funds and policies for the Park Donation fund.

Ms. Jakubik presented information on the City's Enterprise Funds, including the Water and Sewer Fund. Changes include the Fund's portion of the COLA, water quality reagents mandated by the Texas Commission on Environmental Quality, and replacement and maintenance programs. She stated the City was able to hold the rates the previous year; however, there is a need to propose rate increases for the upcoming year. The Trinity River Authority (TRA) increased charges for water purchases per 1,000 gallons by 15.8 percent and for sewer treatment per 1,000 gallons by 7.1 percent. She stated the finalized expenditures for the fund were less than what was used to calculate the proposed rates recommended by the City's consultant; therefore, staff was able to reduce the proposed increases. There are small increases in the base and volume rates for both water and sewer, with a large component of the volume increase due to the increased costs from the TRA. Ms. Jakubik showed the fiscal impact to customers based on a summer water bill.

Ms. Jakubik stated that revenue in the Stormwater Fund increased, and staff is not recommending changes to the stormwater rate. There is a planned use of fund balance for one-time capital projects. There was discussion on revenue and debt requirements, as well as capital improvement needs for the Enterprise Funds. Ms. Riggs stated there is a fund balance requirement for the Stormwater Fund of 90-days cash on hand, and that the fund is approximately \$900,000 over that requirement even after accounting for the capital projects. There was discussion on an upcoming planned increase on fees charged by Republic Services for solid waste and recycling.

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Ms. Riggs presented a five-year forecast for the General Fund, which shows \$209,281 in funding over the fund balance requirement for the upcoming fiscal year. There was discussion on the fund balance figures in upcoming years and the calculations used in the forecast. Ms. Riggs presented options for Council to consider, including unfunded supplemental requests. One such request for rifle resistant vests for the Police Department was not recommended for funding as the City is currently applying for a grant for the vests. There was discussion on the request for a part-time criminal investigator for the Police Department to help backfill shortages within the Criminal Investigations Division.

Ms. Riggs presented an overview of unfunded equipment and maintenance. There was discussion on remodeling the City's fire stations, including privacy issues for male and female firefighters; the possibility of a new headquarters fire station; Fire Station 1 property being incorporated into Bedford Commons; and having a broader discussion on City-wide assets. There was discussion on a container-style, multi-use Fire Department training facility, including issues related to personnel being taken out of service to attend the Tarrant County College training facility in Fort Worth; possible locations, including behind Fire Station 3; the possibility of a combined training center with other cities and/or the Hurst-Euless-Bedford Independent School District; the functionality and usage of such a center; costs; and constructing the facility alongside a remodel of Fire Station 3. There was discussion on other unfunded items, including EMS Unit 15, which would help with the medical response load and be more mobile, and not putting significant investments into Meadow Park as the City does not own the land.

Ms. Jakubik presented an overview of the next steps in the budget process. There was discussion on a request for a proposal to examine the Animal Shelter building and the former jail facility; the small amount of funding in previous bond approvals for updating the Animal Shelter; and the outbreaks of parvo at the Shelter due in part to the outdated facility. There was discussion on using the General Fund savings to lower the membership fees for residents at The Center; adding funding for the part-time criminal investigator in the Police Department; and the unfunded maintenance for roof replacements at City Hall, including taking a global look at City facilities.

ADJOURNMENT

Mayor Boyter adjourned the Work Session at 6:45 p.m.

Michael Boyter, Mayor

ATTEST:

Michael Wells, City Secretary