

MINUTES OF THE SPECIAL SESSION MEETING OF THE CITY COUNCIL OF THE CITY OF JERSEY VILLAGE, TEXAS, HELD ON JULY 20, 2021 AT 6:00 P.M. IN THE CIVIC CENTER MEETING ROOM, 16327 LAKEVIEW, JERSEY VILLAGE, TEXAS.

A. CALL TO ORDER AND ANNOUNCE A QUORUM IS PRESENT

The meeting was called to order by Mayor Warren at 6:00 p.m. with the following present:

Mayor, Bobby Warren	City Manager, Austin Bless
Council Member, Drew Wasson	City Secretary, Lorri Coody
Council Member, Sheri Sheppard	
Council Member, Michelle Mitcham	
Council Member, James Singleton	
Council Member, Gary Wubbenhorst	

Staff in attendance: Kirk Riggs, Chief of Police; Mark Bitz, Fire Chief; Isabel Kato, Finance Director; and Harry Ward, Director of Public Works.

B. CITIZENS' COMMENTS

Any person who desires to address City Council regarding an item on the agenda will be heard at this time. In compliance with the Texas Open Meetings Act, unless the subject matter of the comment is on the agenda, the City staff and City Council Members are not allowed to discuss the subject. Each person is limited to five (5) minutes for comments to the City Council.

There were no citizens' comments.

C. Review and discuss the proposed fiscal year 2021-2022 municipal budget.

City Council continued the review of the 2021-2022 Municipal; Budget as follows:

Fund 2 - Utility Fund

The revenues were reviewed, with limited discussion. Council then reviewed the expenses and the supplementals.

Department 45 – Water and Sewer

There was discussion about the expenses for water main breaks and other repairs as well as water fees from the Northwest Regional Water Authority. Public Works Director Ward also told City Council that the City of Houston will have a 9% increase in the cost of water, but this increase is included in the proposed budget. There was discussion about the Houston interconnect. The fees paid to the Northwest Regional Water Authority were discussed further. Most members wanted to understand the process. Mr. Ward explained that the fees are really a penalty for using too much ground water.

Council also discussed the budgeted amount for supplies. Public Works Director Ward explained that the amount for sewer plant maintenance has been decreased since the plant is in good condition and is stabilized. The smell mentioned in earlier Council Meetings has been addressed.

Department 46 – Utility Capital Projects

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Council reviewed the projects. There was discussion about sewer rehabilitation. This work, in the past has been done every two years. Public Works Director Ward stated there will be some adjustments to this process. The City will purchase a camera to televise the sewers and make repairs as needed.

Fund 3 – Debt Service

Department 50

There was discussion about the projected payoff of existing debt. City Manager Bless stated it will be paid off in 2027. There was also discussion about the transfers listed in this department. Finance Director Kato explained the transfers.

Department 51

There was no discussion on this item.

Fund 4 – Impact Fee Fund

The impact fees were discussed. Public Works Director Ward explained the fees and how they were set last year. The fees are reviewed semi-annually by the Capital Improvements Advisory Committee. If there is a need to increase these fees over the course of the next four (4) years when Statute will require another review by a Certified Consultant, the Advisory Committee will make such recommendation to City Council.

Fund 5 - Motel Tax Fund

This tax was discussed. This is not a major source of funding and the use of these funds is limited. Hotel/Motel establishments in the City were discussed. The fund balance is \$112,000. There is \$537,000 in the CIP which was transferred from this fund. Membership with the Chamber of Commerce was discussed. Other Associations that can help with Economic Development were discussed.

Fund 6 – Asset Forfeiture Fund

The process for receiving these type funds was discussed. Chief Riggs explained how the funds come into the City and how these funds are spent. A few years back, City Manager Bless explained that we were contacted by the State with the direction that we had to spend some of these funds because they were being held too long.

Fund 7 Capital Replacement Fund

This fund is to plan for future needs in terms of vehicles, computers, golf course equipment, etc. The depreciation expense line was discussed. Finance Director Kato explained that all the equipment purchased by this fund has a depreciation expense. The depreciation is a non-cash expense.

Fund 10 – Capital Improvement Fund

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Council engaged in this discussion about a November election. The reasons for this election were discussed. Facilities, economic development, and improvements to the City were discussed. Funding for a New City Hall and a Golf Course Convention/Club House were discussed. Some felt that we should move forward with the Golf Course Convention/Club House and delay movement on the City Hall. Others were not in favor of delaying City Hall. The bond election amount was discussed. The proposed budget includes \$20 million for revenues via a bond election. The bonds would fund municipal facilities. Some wondered if the extension of Jersey Meadows could be included in a bond election. The options for a bond were discussed. The tax rate in connection with a bond was discussed. Some felt that in order to raise taxes, the City must be able to demonstrate and support the need for these facilities.

Council then discussed the timetable for building City Hall and the Golf Course Convention Center/Club House without taking out debt. City Manager Bless stated that it would be at least two years before we could break ground on City Hall. Some members wanted to move forward with a Golf Course Convention Center/Club House as it will be supported by Golf Course revenues post construction. Golf Course revenues were discussed. Some members felt that the residents want a Golf Course Convention Center/Club House. There was detailed discussion concerning the pros and cons for moving forward with a bond election. The cost of borrowing was discussed. It was pointed out that the majority of interest is paid on the front side of the bond. It was pointed out that should we wait two years we can build this Convention Center without interest expenses. Some Members were concerned that having an election will result in an increase of taxes. Some felt that we can pay for the Golf Course Convention Center by making cuts within the proposed budget. Areas to cut the proposed budget were discussed.

Some members felt that calling an election in November is too soon and felt that an election in May would be better. City Manager Bless explained areas where there are unallocated funds. Fund 7 has \$6.4M, another fund has an additional \$2M, and there is about \$4M in the CIP. Currently, the 90 day reserve is \$4.27M. These funds could be used to move forward with the project by using cash on hand. City Manager Bless does not recommend taking cash down below the 90 days reserve. In summary, he stated that with reallocating we can fund an \$8M project.

The pros and cons of having an election in November versus May were discussed.

The tax rate increase to sell bonds was discussed. It was stated that we will need to increase property taxes by some 10%. Given that the cost of the bond will result in a 10% increase in taxes it might be better to raise taxes for one year which would raise enough funds to fund the projects without having the cost of interest. The tax rate then could be lowered the following year.

Options for moving forward could be:

- Pay now with cash on hand
- Delay building for two years

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- Pay now and raise taxes
- Bond vote in November or May

The options were discussed. Council looked at the projects that could be financed with a bond and what that will cost. It was pointed out that most of the street projects could be completed with the amount that the interest is going to be should we take out a bond.

Some members felt that bonds are a tool in the City's tool box. Others felt that it Council's duty as elected officials to insure that bonds are the best way for the residents in moving forward and at this time there is not enough information to make that decision.

There was discussion about waiting until May. Most were supportive of waiting until May. There was discussion about how to handle the \$20M in the CIP from bond revenue in the proposed budget. Some wanted to remove it and others wanted to leave it. The consensus was to leave the \$20M in the budget.

Mayor Warren called a short recess at 7:50 pm. The meeting was reconvened at 8:00 pm.

Two residents asked to give public comment. Mayor Warren called upon them as follows:

Jim Fields – Mr. Fields spoke to City Council about the proposed budget. He thanked the Fire Department and the Parks and Recreation Department. He suggested that City Hall could be moved to one of the two story buildings on Dillard Drive. If we were to do this we could build a Golf Course Convention Center/Club House that will bring in revenue. He also felt that the face recognition software, the rock wall and the dog park are areas in the proposed budget that could be cut.

Mark Maloy – Mr. Maloy spoke to City Council about the golf course. He feels that the course is not supporting itself in terms of revenue. The City is not paying for the original purchase of the golf course with monies brought in by the golf course. Instead, the City is using other revenues to support this facility. He believes that the course only provides golfing with a snack bar, but for the most part it does not permit access to non-golfing residents. Therefore, he does not feel that borrowing more monies to make this facility support itself, is sound. He stated it has not supported itself from the onset and will most likely not support itself with a new Golf Course Convention Center. The course should be accounted for as a business and should only be supported with Golf Course revenues.

There was discussion about updating the American Rescue fund from \$860,000 to \$977,515.

The projects were reviewed next. There was discussion about the E127 Project. City Manager Bless stated that there may be additional funds available from the State from the State Resiliency fund to cover these costs.

The elevation expenses were reviewed as well as the roof repair for the Civic Center. City Hall Construction at \$10.5M was reviewed. The \$7.5M for the Golf Course Convention Center was reviewed and the \$105,000 for seven street panels was reviewed. The street panels will

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be done with City Staff at a cost savings of \$30,000 per panel. Sidewalk repairs were discussed. City Manager Bless stated that we could use the American Rescue Funds to fund sidewalk projects. This plan would free up funds for other projects. Public Works Director Ward stated that using these funds would require putting the work out for bid, but the work product would not suffer since the work would be under the his direction. There was discussion about moving \$400,000 to sidewalks from the American Rescue Funds. Other projects that could be done with these funds were discussed. After discussion it was decided that \$200,000 should be allocated for sidewalks from the American Rescue Fund with the work to be done in house. Other projects in the Capital Improvements Fund were discussed. Street projects were discussed. Pool house restrooms and dog park improvements were discussed. The improvements for the dog park will provide a shade or picnic structure. Some members felt that more seating was needed at the dog park as opposed to shade structures. Parks Director Basford stated that these projects are outlined as high priority in the Parks Master Plan. There was discussion again about the American Rescue Funds. It was the consensus of Council that these funds should be used to accomplish projects on the CIP list to save the City from having to expend City funds.

The Jersey Meadow Nature Trail was discussed. Mr. Basford explained the project to include a water fountain and seating nooks. The rock wall pool amenity was discussed to include safety in using the wall. Carol Fox Restroom was discussed. Most felt that this restroom is needed. Parks Director Basford explained that the new restroom will operate with a timer. The Property Room Remodel was discussed. This project is to expand and update the space. Decorative Street Lighting was discussed. The funding will provide 100 lights. The Golf Course Rio Grande Fence was discussed. This is a long awaited project.

Fund 11 – Golf Course Fund

The Golf Course Revenue has increased some 30%. Currently we are on track with revenue projections. The inter-fund transfer was discussed. This amount has decreased from prior years.

Council reviewed the Golf Course expenses in detail. There was discussion about the line items that increased which were relatively small. Most expenses are holding tight. There was discussion about the GPS for the golf carts. Mr. Basford explained that this is an annual fee.

Course maintenance was reviewed and discussed. Two part time positions will be consolidated into one full time position. There was limited discussion on this item. Building Maintenance was also discussed. This item has decreased somewhat. It was pointed out that many golf course projects are done in house which saves dollars. Other supplementals were reviewed and discussed.

Equipment maintenance for the golf course was discussed. There is a dip in salaries and benefits. It was explained that benefit costs have decreased. The equipment user fee was discussed as well as the inter-fund activity for this year. Finance Director Kato explained that this transfer is typically made in August.

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Fund 12 – Court Restrictive Fee Fund

The revenue is flat on this fund. Expenditures have been reduced by about 5%.

Fund 13 – CDBG Grant

This is the Berm – Wall Street Project Grant. Renaming this fund was discussed. Otherwise there was limited discussion on this item.

Fund 15 – TIRZ3

This fund is to kick off the teardown and rebuild project for Jersey Drive. There was discussion about the grant elevation monies. It was explained that those funds do not impact this fund. The expenditures for this fund will be \$950,000 for purchases and \$50,000 for administrative costs.

Fund 49 - JVPDEMSED

The names of the various departments in this fund were discussed. Finance Director Kato stated that she will rename them to accurately reflect each line item. There was limited discussion on these items.

Fund 50 - CCPD

There was discussion about the computers and software used by the Police Department. Otherwise there was no other discussion on this fund.

The budget detail page was reviewed with limited discussion.

Capital Improvements Program (CIP)

Council discussed the CIP concerning long term projections for projects. This is a 10 year program. Item 13 was discussed. Since we are buying our own camera this item will be eliminated. Also line 1 will be eliminated because of the camera purchase.

Elevations were discussed. As we go further out, the dollar amount drops. City Manager Bless explained that there are less homes and the amount we need to pitch in as well as the square footage affects the projection of these values.

The sidewalk projects were discussed. The listing for the order of streets was discussed. The listing of these streets was based upon a 2008 survey. It might be that the streets currently listed for repair may change based upon updated information. There was discussion about the street in front of the Church on Rio Grande and Delozier. There is a big puddle there when it rains.

General Community improvements were reviewed. There was discussion about projections in the CIP being too conservative. Public Works Director Ward stated that the figures in the near

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future are nearer to being correct. The projections in later years will need to be adjusted as we move closer to those years.

The training tower for the Fire Department was discussed. Chief Bitz explained that this tower is used to train firefighters on how to deal with two and three story fires.

Generators for City Facilities were discussed and how this equipment will be used in case of a power failure.

There was discussion about items 50 and 51. Line 57 should be deleted.

Capital Improvement Fund Reconciliation

This explains how monies are allocated or somehow restricted across projects. This spreadsheet was reviewed in connection with the bonds being paid off. There is over \$4.3M in the CIP that is not specifically allocated to a project. There is \$5.2 allocated to projects.

This spreadsheet is new. It shows unexpended balances from past projects. It shows the availability of unexpended funds that can be used for other projects.

Current debt was reviewed. We still have some \$800,000 in interest to pay.

Discussion was had about the tax rate. We should get the certified estimated values next week. In terms of cuts City Manager Bleess pointed out several areas for consideration. Council discussed the areas. \$17,142,295 is the total expense in the proposed budget without any cuts to supplementals. This would require a tax rate at .78%. Various rates were discussed and the implications of same. With the current rate (.72346) we would be \$645,649 short in revenue. If we go back to the historical rate (.7425) we would still be \$432,218 short.

Information was outlined on the white board to understand what actions to take.

On a home with an assessed value of \$333,000 claiming the 14% homestead exemption the tax would be as follows:

- At .72346% would be \$2,053;
- At .7425% would be \$2104; and
- At .788617% would be \$2,238.

These rates were discussed. Some wanted to review the supplementals and make cuts to bring it closer. The surplus from this budget year is projected to be approximately \$600,000. City Manager Bleess did not recommend taking this number into consideration as it will only cause problems down the road. Discussions continued on the appropriate rate. Some members wanted to eliminate some of the supplementals to reduce the gap between revenues and expenses.

The total supplementals are \$1.2M. The must haves total \$640,917.

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With the discussions complete, Mayor Warren called on the Council Members for comments as follows:

Council Member Wubbenhorst: Council Member Wubbenhorst has concerns as to the direction the City is going. The budget process is telling and a very good process. He is pleased with the work put into the CIP. He is concerned about the big issues, such as clean water, fire and police services. We are making great strides with Parks and Recreation. There is a cost to that. He is somewhat pleased where we are at as a City.

Council Member Wasson: Council Member Wasson explained that when he first became a Council Member he wanted to make the City one of the best places to work and one of the best places to own and operate a business. He believes we are on track. He thinks we have an excellent Staff in which Council has great confidence. He thanked all for the hard work that went into this budget process.

Council Member Singleton: Council Member Singleton has gotten to know all Staff members and Council Members and he believes that all provide great service to the tax payers. He is interested in keeping good employees and having marketable salaries. He encourages continued efforts to do work in house. He stated that he is not overly satisfied with this budget, but he knows that Staff has worked hard in presenting a budget that will serve the residents.

Council Member Mitcham: Council Member Mitcham felt that the process was easy to understand. She appreciated all the hard work that went into the budget. She pointed out the varying opinions on Council and how well each compliments the other. She values all the opinions and ideas and the process encourages input.

Council Member Sheppard: Council Member Sheppard thanked Staff for all the hard work. It is not easy to please everyone. It is good to have different experiences and opinions on Council as it brings good discussion and value to the City.

Mayor Warren: Mayor Warren echoes the other comments. The work product is very good. He thanked Staff for their hard work as it is appreciated. Budget discussions this year were very good. There was good ideas and input on how to approve a good budget that represents the needs of the City. He thanked all for their contributions. Council Members will need to be sure to educate the residents about this budget and the needs of the City. It is important to get all to understand. He stated that we are still in the pandemic and that plays into some of the issues the City faces.

D. ADJOURN

There being no further business on the Agenda the meeting was adjourned at 11:00 p.m.



Lorri Coody, City Secretary