Bobby Warren, Mayor
Drew Wasson, Council Position No. 1
Sheri Sheppard, Council Position No. 2
Michelle Mitcham, Council Position No. 3
Connie Rossi, Council Position No. 4
Jennifer McCrea, Council Position No. 5

Austin Bleess, City Manager
Courtney Rutherford, City Secretary
Bridgette A. Begle, City Attorney

Jersey Village City Council – Budget Work Session Meeting Agenda

Notice is hereby given of a Work Session Meeting of the City Council of Jersey Village, to be held on Monday, May 12, 2025, at 6:00 p.m. at the Jersey Meadow Convention Center, 8502 Rio Grande Drive, Jersey Village, Texas, for the purpose of considering the following agenda items. A quorum of the City Council will be physically present at the meeting; however, some Council Members may participate in the meeting via videoconference call.

A. Call to Order and Announce a Quorum is Present – *Bobby Warren, Mayor*

B. CITIZENS' COMMENTS: Citizens who have signed a card and wish to speak to the City Council 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 prevented from discussing the subject and may respond only with statements of factual information or existing policy. Citizens are limited to five (5) minutes for their comments to the City Council. *Bobby Warren, Mayor*

C. DISCUSSION OF FISCAL YEAR 2026 BUDGET

1. Overview and departmental information presented by Austin Bleess, City Manager

D. ADJOURN

CERTIFICATION

I, the undersigned authority, do hereby certify in accordance with the Texas Open Meeting Act, the Agenda is posted for public information, at all times, for at least 72 hours preceding the scheduled time of the meeting on the bulletin board located at City Hall, 16327 Lakeview, Jersey Village, TX 77040, a place convenient and readily accessible to the general public at all times, and said Notice was posted on the following date and time: May 6, 2025 at 4:20 p.m. and remained so posted until said meeting was convened.

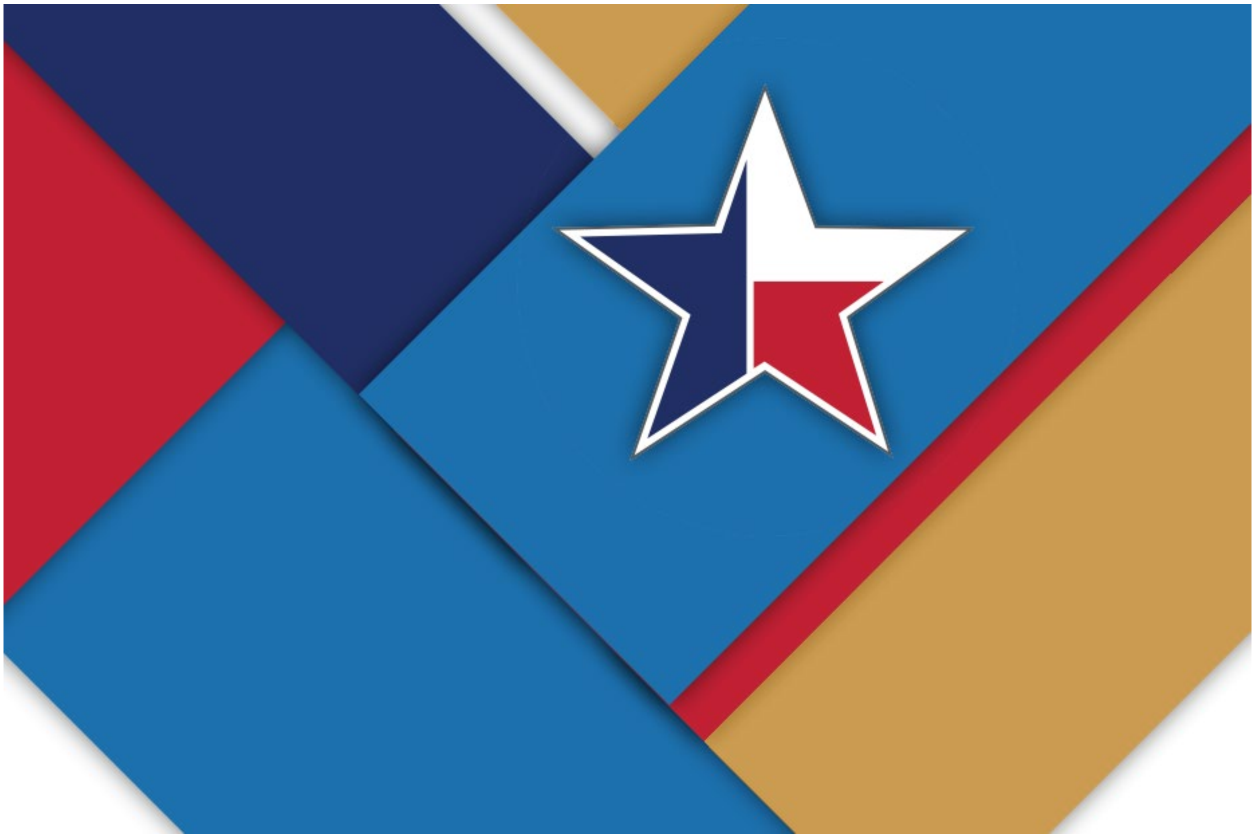
Courtney Rutherford, City Secretary

In compliance with the Americans with Disabilities Act, the City of Jersey Village will provide for reasonable accommodations for persons attending City Council meetings. Requests for accommodation must be made to the City Secretary by calling 713 466-2102 forty-eight (48) hours prior to the meetings. Agendas are posted on the Internet Website at www.jerseyvillagetx.com

"Pursuant to Section 30.06, Penal Code (trespass by license holder with a concealed handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law), may not enter this property with a concealed handgun."

"Pursuant to Section 30.07, Penal Code (trespass by license holder with an openly carried handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law), may not enter this property with a handgun that is carried openly."

CITY COUNCIL MEETING PACKET FOR THE MEETING TO BE HELD ON MAY 12, 2025



FY26 Budget Memo

Council and Staff Budget Meeting

May 12, 2025

Contents

Introduction

The Fiscal Year 2026 budget is presented at a time when the City of Jersey Village must balance long-term planning, critical infrastructure investments, and financial stewardship amid increasing external pressures. As we look ahead, several major projects, such as the City Campus, pool replacement, and essential utility upgrades, require timely decisions to avoid significant cost escalation and missed opportunities.

State-level legislative actions, particularly the potential passage of House Bills 19 and 5267, are expected to impose new limitations on city expenditures, on how and when cities can issue debt, as well as the total amount of debt that can be issued. If enacted, this legislation will significantly reduce our flexibility in paying for key capital projects after September 1, 2025. These pending changes underscore the importance of acting now on voter-authorized bonds and high-priority improvements to protect the City's financial position and service delivery capacity.

Internally, we continue to see positive outcomes from previous decisions. Competitive compensation efforts have reduced turnover, and strong fiscal management has allowed the city to maintain healthy reserves while advancing public safety, infrastructure, and quality-of-life initiatives. However, inflationary trends, rising construction costs, and economic uncertainty reinforce the need for strategic timing and clarity of purpose.

The items discussed in this memo do not represent an all-inclusive list of what staff is evaluating or may bring forward during the July budget discussions. Rather, this memo highlights the major areas where Council direction is needed at this time. These priorities will shape the framework of the FY26 budget and guide how we approach the remaining components in the coming weeks.

The projects we plan, the infrastructure we build, and the decisions we make aren't just for today, they're for the people who will live in Jersey Village decades from now. We may not see every outcome realized during our service, but we are laying the foundation for those who will come after us. This budget memo outlines the major priorities and financial considerations for FY26 and presents key policy decisions that will shape the future of this community, well beyond any one term of office.

Financial Outlook and Reserve Position

Based on draft audit figures, the General Fund balance at the end of FY24, which ended on September 30, 2024, is projected to be $5,329,465. The **General Fund** is the City's main operating account that supports most services such as police, fire, parks, and administration.

During this current fiscal year, the City completed the purchase of the City Campus property (formerly owned by Champion Forest Baptist Church) at a cost of $4,200,000. This purchase was made as part of the City's long-term investment in public facilities and future growth opportunities.

In addition, the city is moving forward with the sale of land on Jones Road, south of US 290, that had been targeted for mixed-use development. The current projection is that three out of the four parcels will sell for a total of $7,950,000. One parcel will likely end up being tilt-wall industrial, and two parcels are currently slated to be youth sports orientated. These land sales are expected to close in the summer of 2025.

The City is required by policy to maintain a reserve amount of $4,820,291 in FY2025 to ensure financial stability and preparedness for emergencies. Once that property sells, and after setting aside the required reserves, the City will have approximately $4,200,000 available in cash for one-time expenditures in FY26, assuming the 90-day reserve requirement is slightly higher in FY26 than FY25. These available funds give the City the opportunity to invest in priority projects, reduce future borrowing needs, and respond to unforeseen financial needs without impacting daily operations. In FY24 these reserves were necessary to help us fund emergency response and cleanup efforts after the Derecho storm in May and Hurricane Beryl in July, while we waited for federal reimbursement.

Financial Reporting Change: Impact on FY26 Budget and Accounting Structure

As part of the City's ongoing efforts to ensure financial reporting accuracy and compliance with accounting standards, a change has been identified in the classification of the City of Jersey Village Crime Control and Prevention District (CCPD) and the Fire Control, Prevention, and Emergency Medical Services District (FCPEMSD). After evaluation with the auditing firm this year, it has been determined that these two entities should be classified as **blended component units** rather than **discretely presented component units**, in accordance with Governmental Accounting Standards Board (**GASB**) Statement 61.

The biggest change Council will notice is that these districts will now pay their expenses directly, rather than moving their funds into the City's General Fund and spending from there. This means the General Fund will look smaller in next year's budget, specifically in the Police and Fire Department budgets. However, this does not mean there are cuts to public safety. The total amount being spent on Police and Fire will stay the same—it will just be shown in a different fund in the budget. This change is about making our financial reports more accurate with GASB standards and easier to understand.

Areas of Concern

Readiness to Pursue Bond-Funded Capital Improvement Projects

While there is understandable caution in the community regarding the issuance of new debt, the Council must still evaluate the City's long-term needs and determine whether both they and the public are prepared to move forward with bond-funded capital improvement projects. Major infrastructure investments, such as street reconstruction, utility upgrades, and facility replacements, often require financial commitments that exceed what can be supported through annual revenues alone. Over the next decade, the city faces more than $113,000,000 in capital needs. To maintain essential services and keep critical systems functioning, some level of debt issuance will be necessary. If the City is not prepared to pursue debt financing, it must also consider what adjustments, delays, or reductions in service will be necessary to manage future needs within limited resources.

Legislative Issues That Are Currently Being Debated

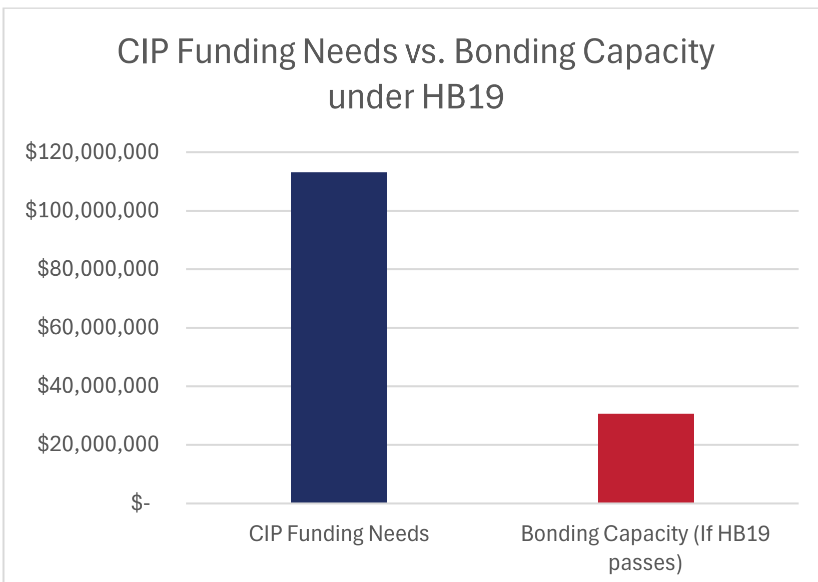
The state legislature is considering several proposals that could significantly affect the City's ability to manage local affairs. Proposed changes could shift financial decision-making power away from cities and place tighter controls at the state level. These legislative developments create uncertainty and require careful monitoring to ensure the city remains prepared to adapt to new requirements that may emerge over the next few months.

Potential Impact of H.B. 19 on Future Long-Term Projects

House Bill 19 (H.B. 19), which is currently being debated in the state legislature, could have a major impact on how the City plans and funds future long-term projects. If passed, the bill would place new restrictions on how cities can issue certain types of debt, including certificates of obligation (COs). A certificate of obligation is a type of loan a city can issue without holding an election.

Under H.B. 19, cities would only be allowed to use COs for specific types of projects, such as roads, water and wastewater systems, flood control, and public safety buildings like police and fire stations. Projects like parks and city office buildings could no longer be funded this way. Even for the projects that are still allowed, the bill would require cities to pay for COs using their maintenance and operations (M&O) tax rate instead of the debt service tax rate. The M&O tax rate is the portion of the property tax rate that funds regular city services, and it is already capped by state law at a 3.5% increase each year. Because of this existing cap, cities like ours would not be able to grow the M&O rate enough each year to realistically issue new COs after September 1, 2025.

In addition, H.B. 19 would place a new limit on the amount of new property tax-supported debt a city can issue after September 1, 2025. Based on our current property tax collections, the City would only be able to issue approximately $30,600,000 in new debt after that date. This limit would require the City to carefully prioritize which long-term projects move forward, as larger projects or multiple projects would no longer be possible without major changes to the City's financial structure.



We also have approximately $8,155,000 in voter approved bonds from 2023 that have not yet been issued. Of that $6,155,000 is for water/sewer projects and $2,000,000 is for street and road projects. We need to issue that debt before September 1, or it would be counted against our debt limit. That date also lines up with the timeline for the projects. As such this will also be on the Council agenda for action on Wednesday, May 14, 2025.

In the past we have been able to refinance our debt by issuing Refunding Bonds. However, if we issue Refunding Bonds that will count towards our overall debt limit. So even in the future we are likely going to be unable to refinance our debt to save money on interest because it would impact our overall debt amounts.

If H.B. 19 becomes law, the city would need to plan future projects even more carefully. All projects would need to be paid by general obligation bonds, which require voter approval and could be held only during the November election cycle. These changes could create longer timelines for project delivery and make it more difficult to address important community needs quickly. It is also worth noting that the voters have voted against bonds at the ballot box in the past, which has left necessary city projects in limbo.

HB5267: Potential Limits on Year-Over-Year Spending

House Bill 5267 would significantly limit the City's ability to increase its overall spending from year to year without voter approval. Under the proposed bill, total expenditures from all revenue sources—including the General Fund, Utility Fund, Golf Course, Crime Control, and Fire Control Districts—could not exceed the previous year's expenditures, except for an adjustment tied to population growth and inflation unless approved by the voters. Voter-approved bonds, grants, and donations would be exempt from this cap.

If this bill were already in effect, the City's total allowable expenditure increase for the current year would be limited to 2.4%, or about $700,000 for the whole city. While the intent may be to control government growth, the practical effect would be to constrain the City's ability to respond to service demands, inflation, or operational needs—regardless of available revenue. It would also likely require the City to issue bonds and place more items on the ballot, even for projects that are currently paid for with cash, shifting more long-term financial burden to debt.

Election Dates and Timing

Another proposal under consideration would require all elections for **general obligation bonds** and property tax increases to be held in November, eliminating the May election date option. A **bond** is a type of loan the city can take out to pay for big projects, with the promise to pay it back over time. This allows the city to build important projects now and pay for them gradually. Timing elections in November creates added competition for public attention, as state and federal elections often dominate the ballot. We saw the impacts of this on the bond referendum that we had in November 2024.

Further Erosion of Home Rule Authority

The ongoing trend of reducing local control is another area of concern. **Home rule authority** gives cities the power to manage local affairs without direct state interference, but recent legislative proposals continue to narrow that ability. Each new limit placed by the state reduces the City's flexibility to respond to community needs, manage infrastructure needs, and pursue innovative solutions tailored to our local conditions.

Potential Changes in Federal Funding for Disaster Response

Recent actions by the federal government show a change in the level of federal assistance available following natural disasters. So far this year federal aid has been denied for tornadoes in Arkansas, flooding in West Virginia, and a windstorm in Washington state. In addition, North Carolina's request for extended relief funding after Hurricane Helene was also denied. This shift in policy could have direct financial impacts on the City.

In Fiscal Year 2024, the city spent approximately $898,000 on emergency response and cleanup following Hurricane Beryl and the Derecho storm. About 75% of those costs were reimbursed by the Federal Emergency Management Agency (FEMA). However, based on current federal actions, there is a significant risk that similar storms in 2025 and beyond could result in the city having to bear 100% of the response and recovery costs, with no federal reimbursement. This potential change would place a substantial burden on the City's financial resources and further highlight the importance of maintaining strong reserves.

Service Level Expectations and Funding Capacity

The City's residents expect high levels of service in areas such as public safety, street maintenance, parks, and utilities—and City staff remain committed to delivering that level of service. However, the resources required to meet these expectations are growing faster than the funding available to support them. As the City evolves, so do the demands on staff, equipment, and facilities, creating increased pressure on budgets already constrained by state-imposed tax rate caps. Without additional revenue sources or major financial adjustments, sustaining this level of service will become increasingly challenging—not due to lack of will, but due to limits in what existing resources can support.

Need to Ensure Completion of Partially Funded or In-Progress Projects

Several important projects are already underway or partially funded. Ensuring that these projects are completed as planned will require sustained financial commitment and, in some cases, additional funding. Failure to complete these projects in a timely manner could result in higher costs due to inflation and could limit the community's access to needed services and infrastructure improvements. Projects, such as the decorative streetlights, have had starts and stops over the years and has led to a patchwork of look and feel in the city.

Fiscal Year 2026 Major Budget Priorities

Pool

One of the major topics for FY26 is the replacement of the city pool. In 2023 and 2024, the city gathered feedback from residents about what they would like to see in a new pool. Residents shared that they preferred a design that separates the play and splash areas, including slides, from the lap swimming pool. This feedback has guided the City Council's discussions on how to move forward with the project. But there was a disconnect between what people said they wanted in a pool and what the voters were willing to approve in the bond elections. As such bond elections in 2023 and 2024 were defeated.

In March 2025, the City Council discussed the idea of issuing a $5,000,000 bond to pay for the construction of the new pool, in the same shape/size as we had previously.

In 2024, the estimated cost for rebuilding a pool the same size and shape as the previous one was approximately $3,170,000. In addition, the pump house, which is the building that holds the equipment needed to run the pool safely, had a separate estimated cost of approximately $375,000. It is also necessary to include an estimated $100,000 for **site work**, which includes preparing the land for construction, such as grading, drainage, and utility connections. Adding all these costs together brings the estimated construction total to $3,645,000 based on 2024 figures.

Because prices for materials and labor increase over time, it is important to adjust this estimate. We are applying a 10% increase to account for **inflation** from 2024 to 2026. Another 10% is added as a **contingency**, which is extra money set aside in case the project faces unexpected costs. A further 10% is included to cover **design costs**, which are the professional fees paid to architects and engineers to create the project plans. After applying all these adjustments, the updated estimated cost for the project rises to approximately $4,739,000.

This cost would allow for a new pool and a new pump house but would rely on using the existing pool house, changing rooms, and bathroom facilities. If the City wants to upgrade or replace these additional facilities, other funding options may need to be considered.

One option is to use a portion of the city's **fund balance**, which is the money the city has saved and not yet spent. The current fund balance is estimated at about $4,200,000. Using a portion of this fund balance would allow the city to enhance the project by making improvements to the pool house and related facilities without increasing the bond amount.

If a $5,000,000 bond is approved by the voters, and issued by the City Council, the timing would be after September 1. If H.B. 19 becomes law that would reduce our overall debt capacity from $30,600,000 to $25,600,000.

We need Council direction on what they want us to do next.

City Campus

Despite approximately four decades of discussion, the city has yet to build a new City Hall, making the city campus project one of the most important capital needs under consideration for the upcoming year. In February 2025, the City Council recommended moving forward with a schematic design, which is included as an appendix to this memo. On April 30, 2025, the city received a construction estimate from Brookstone, our selected design-build partner, placing the construction cost at $17,288,891. When accounting for soft costs (estimated at 15%, including architectural fees, furniture, fixtures, and equipment) and a 10% contingency, the total project cost is projected at $21,611,226. Brookstone also noted that since March of 2020 the construction industry has seen an **inflation increase of 0.5% each month** meaning that by the time we are likely to lock in a guaranteed maximum price, no sooner than December 2025, their estimate will likely go up by 4%.

The Turner Building Cost Index (TBCI), a widely respected measure of construction cost trends in the United States, shows that construction costs have risen steadily over the past decade. From 2019 to 2024 alone, the index rose from 1,156 to 1,426—**a 23.4% increase in just five years**. The pace of increase was particularly steep in 2022 and 2023, with annual jumps of 8.0% and 6.0%, respectively. The first quarter of 2025 already reflects a further 1.18% increase over the prior quarter.

These increases are driven by rising labor costs, material prices, and broader market conditions. Delays in large construction projects, such as the proposed City Campus, risk significant cost escalation over time. While it can be difficult to predict exact future increases, recent trends suggest that postponing construction may result in **millions of dollars in additional costs**.

The chart below illustrates this trend using Turner's national cost index values:

QUARTER	INDEX	△%
1st Quarter 2025	**1459**	**1.18**
4th Quarter 2024	1442	0.70
3rd Quarter 2024	1432	0.77
2nd Quarter 2024	1421	0.92

YEAR	AVERAGE INDEX	△%
2024	1426	3.9
2023	1373	6.0
2022	1295	8.0
2021	1199	1.9
2020	1177	1.8
2019	1156	5.5
2018	1096	5.6
2017	1038	5.0
2016	989	4.8
2015	943	4.5
2014	902	4.4
2013	864	4.1
2012	830	2.1

Figure: Turner Building Cost Index (2019–2025), retrieved May 1, 2025 https://turnerconstruction.com/uploads/cost-index-Q1-2025.pdf?v=d8973

One of the key challenges is that the City Campus is proposed as a unified structure housing administrative offices, the public lobby, and the City Council chambers. While the administrative office component alone is estimated at $4,200,000 (including design and soft costs), phasing the project would create functional problems—particularly with resident access to services like utility billing, permitting, and court operations. Partial construction would also disrupt operations and likely result in higher overall costs. Completing the lobby alongside the offices could mitigate some issues, but the building would remain incomplete and inefficient without the Council chambers.

A pay-as-you-go approach is not feasible. Even under aggressive assumptions, such as eliminating other major projects and massive service level reductions, we could never save up enough money to complete the project with cash. Taking on debt now, even with interest payments, will save the city money in the long run by locking in lower prices and completing the project efficiently.

The discussion about the need for a new City Hall building dates back to the mid-1980s. In December 1990 the residents voted in a bond election for a new City Hall, Community Center, Police Station and Fire Station. That vote failed with 390 votes in favor and 518 against. At that point the city council decided the city facility needs should be "constructed on a more gradual scale"[1]. The Municipal Center Master Plan from 1999 recommended demolishing the 1950's vintage church building and the 1960's vintage administration buildings and building a new city hall of 7,539 sq ft at an estimated total cost of $2,538,615. It was noted the recommendation to build new rather than remodeling the existing building was based on "the present cost differential [being] approximately $225,465."[2]

As such the City Council put a ballot question for bonds to the citizens. On February 2, 2002, the Citizens voted down a bond in the amount of $2.8 million for a City Hall and Civic Center facilities (541 votes in favor, and 658 votes against), while approving $2.5 million for a fire station and $5.0 million for streets.

Today, city hall remains dilapidated, inefficient, and unfit for purpose. The condition of the current building makes it harder to serve residents effectively and increases maintenance costs year after year. The new City Campus would not only address these operational challenges but would also serve as a gathering place for the community. The new facility would include meeting spaces that could be used by community groups, civic organizations, and residents who need places to host events and activities. The facility could host youth sports, STEM programming, and host community groups. Providing these types of activities has been a goal in each of the Comprehensive Plans since 2016. It would be a true community center where public life could thrive.

To complete the entire project timely and effectively, the City would need to issue debt. The most pragmatic way to do so would be through the issuance of **certificates of obligation (COs)**. A certificate of obligation is a type of loan that a city can issue without a public

[1] Municipal Center Master Plan, May 17, 1999 pdf file page 13
[2] Municipal Center Master Plan, May 17, 1999 pdf file page 55

election, allowing projects to move forward more quickly and with more financial certainty. Placing the project on the ballot would introduce the risk of a delay or failure, which would drive up costs due to inflation and construction market changes.

There is also a greater sense of urgency to act now because of House Bill 19 (H.B. 19), which is currently being debated by the state legislature. If passed, H.B. 19 would significantly limit the amount of debt the City could issue after September 1, 2025. Under the bill's provisions, the city would be restricted to issuing approximately $30,600,000 in new debt after that date, according to our financial advisor. Moving forward now and using COs to finance the project over its useful life would allow us to move the project ahead on a realistic timeline. If we issue COs (including delivery of funds) before September 1 we can still put that debt payment in our debt service tax rate and avoid the issues that would come with HB19.

Clark Henry Fields

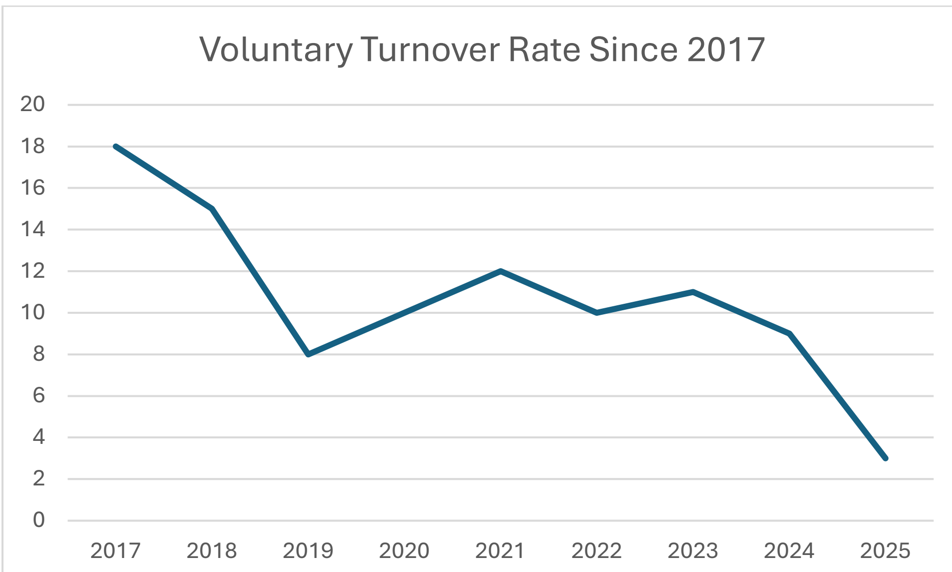
The Clark Henry Fields project remains an important part of the City's upcoming capital improvements. Currently, construction documents (CDs) are in progress, but the construction timeline has not yet been determined. Based on recent updates, the project is expected to require an additional $150,000 to the budget due to inflation and the addition of fencing that was not originally planned. These adjustments ensure that the fields will meet both community needs and long-term maintenance expectations.

Although initial plans anticipated beginning construction earlier, the project was delayed from Fiscal Year 2025 because the City's available budget reserves fell below the required levels after the purchase of the city campus property. Moving the project to Fiscal Year 2026 allows the City to maintain financial stability while still progressing on important quality-of-life improvements. Construction timing will be carefully considered and perhaps adjusted to allow for sod installation during the spring 2026 growing season, which will improve the long-term health and usability of the new fields. Final scheduling and budget confirmation will be presented once the construction documents are completed, and reserves are back above the 90-day mark.

Salary Survey and Possible Implementation

In 2018, the City Council adopted a strategic compensation policy to position employee salaries at the 75th percentile of the market, based on a salary survey of comparable municipal positions. This means the city aims to pay more than 75% of peer cities—remaining competitive, though not the highest-paying. The goal was to reduce employee turnover, enhance workforce stability, and improve service delivery through experienced and committed staff.

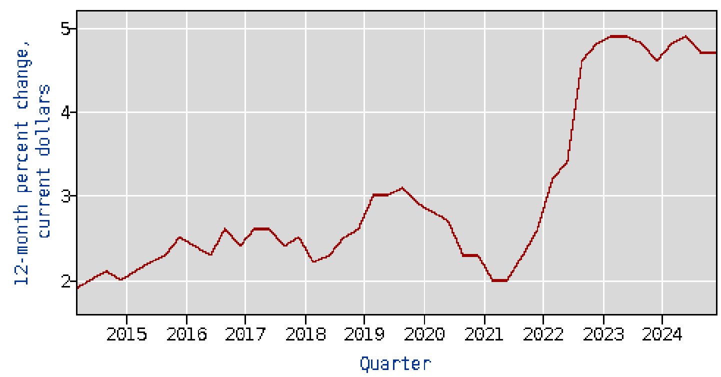
Since implementing that policy, the City has seen measurable progress. Higher salaries, along with a strong benefits package, have contributed to a meaningful decline in voluntary turnover. Voluntary turnover includes employees who choose to leave the city for another job or who retire. It does not include involuntary separations. In 2017, the City's voluntary turnover rate was 18%, with 18 employees departing. By 2024, the rate had dropped to 8%, with only 9 employees leaving voluntarily, one of whom retired. From January through April 2025, there have been no voluntary resignations, only 3 retirements. These outcomes reflect the effectiveness of the City's investment in employee compensation and its positive impact on workforce retention and community service continuity.



The most recent salary survey indicates that 15 current employees are below the minimum of their updated pay range. Addressing this would cost approximately $155,000 in the General Fund and about $237,000 citywide. However, if the city continues to target the 75th percentile and includes years of service adjustments to mitigate pay compression, the cost will rise to approximately $685,000. Pay compression occurs when long-serving employees earn nearly the same, or less, than newer hires due to market shifts. This can lead to morale issues and undermine retention of experienced staff. Including a 3% merit pool would increase the total to around $706,000.

Merit increases are a separate but important part of the City's compensation strategy. The city budgets for a 3% merit pool annually, with actual increases ranging from 0% to 4% based on employee performance. This approach rewards high performance while ensuring responsible fiscal oversight. The projected cost of the merit pool, without doing any salary adjustments, is approximately $236,000 for the General Fund and $267,000 citywide. Maintaining this merit-based system is vital to attracting, rewarding, and retaining top talent.

Beyond internal pay structures, external economic factors must also be considered. The Employment Cost Index (ECI)—which tracks changes in labor costs—has been steadily rising both nationally and within the Houston metro area. Regional inflation has further driven up the cost of living, making it more difficult for employees to afford housing, transportation, and everyday expenses. If the City falls behind these trends, it risks losing skilled staff to other municipalities or the private sector.



Source: US Bureau of Labor and Statistics

Series Id: CIU3010000000000A (B)

Retrieved April 28, 2025

The accompanying graph illustrates the 12-month percent change in total compensation for all state and local government workers across the country, highlighting the steady increase in employment costs that cities must navigate to remain competitive.

Ultimately, decisions about salary adjustments should reflect a balance between fiscal responsibility and the long-term need to sustain a stable, capable workforce that continues to deliver high-quality service to Jersey Village residents.

Sewer System and Pipe Repair/Replacement

The city is preparing to move forward with major sewer pipe repair and replacement work following the completion of a system-wide evaluation. Televising of the sewer lines is scheduled to be completed in May, and the final report from the engineering consultants is expected in July. This report will identify the sections of the sewer system that require immediate repair or replacement to maintain reliable service and prevent costly emergency failures. The total estimated cost of this work right now is approximately $6,160,000, which number includes 20% contingencies, engineering and test, but does not include inflation.

We also have about $19,000,000 in other Capital Improvements for the sewer plants and lift stations coming up over the next 10 years. This will require debt to fund these projects as well. We can issue debt via certificates of obligation or revenue bonds, either way it would be paid for by the utility fund. Revenue bonds would have a higher interest rate than COs would. We also could put it to the voters for their approval as well.

To fund at least a part of this work, the City could issue the $6,155,000 in bonds that were authorized by voters in the 2023 bond election. Issuing these bonds will provide the resources needed to begin construction promptly once the engineering report is finalized and priority areas are confirmed.

It is important to begin the bond issuance process, if we move forward with COs or Revenue Bonds no later than June 9, 2025, to avoid potential new restrictions or deadlines that could be imposed if H.B. 19 becomes law. Moving forward without delay will protect the City's ability to fully fund these critical infrastructure improvements.

Water Utility Needs

Over the next 10 years, we will need to invest approximately $29.6 million in its water utility infrastructure to ensure continued safe, reliable, and regulatory-compliant service. Much of the system consists of aging components that require reinvestment to avoid costly emergency repairs, service interruptions, and long-term system degradation.

These projects were identified by the engineers who have evaluated all our plants and presented that report to the Council in 2024. In Fiscal Year 2026, the city plans to rehabilitate the Village Water Plant at an estimated cost of $1,298,000. This will be followed by a $113,000 improvement project at the West and Seattle Water Plants in FY27, and a $1,242,500 rehabilitation of the West Water Plant in FY28. These projects are critical to maintaining the City's water supply capacity, system redundancy, and operational efficiency.

To fund at least a part of this work, the City could issue the $6,155,000 in bonds that were authorized by voters in the 2023 bond election. Issuing these bonds will provide the resources needed to begin construction promptly once the engineering report is finalized and priority areas are confirmed.

Future Street Replacements

As part of the need to replace local infrastructure, several street replacement projects are being planned for the near future. The next group of streets targeted for reconstruction includes Crawford, Capri, and Tahoe, which will tie into the Wall Street project that was previously completed. These streets have been identified based on their condition, usage, and age.

Funding for these projects will be accomplished by issuing the remaining $2,000,000 in bonds that were authorized by voters in the 2023 bond election. Moving forward with these replacements will allow the City to continue to address aging infrastructure, improve roadway safety, expand neighborhood drainage capacities, and enhance neighborhood quality. Issuing the authorized debt in a timely manner will also help protect the City's flexibility under current and proposed state laws regarding debt issuance.

Anticipated Staffing Considerations

As the City continues to modernize its operations and respond to both resident expectations and internal service demands, staff is also evaluating a limited number of strategic personnel additions. These positions are not yet included in the draft budget but are under review for potential inclusion in FY26.

This includes roles focused on communications and community engagement, facilities maintenance and janitorial services (which may shift depending on the City Campus timeline), parks maintenance, and internal technology support—such as a Power Platform Developer who could help implement AI-driven process improvements. These roles are not about expanding the organization for its own sake, but rather about ensuring the City is positioned to deliver effective, responsive, and efficient services moving forward.

More detailed recommendations will be brought to Council during the July budget meetings if the available revenues allow, but at this stage, we simply want to acknowledge these emerging needs for consideration as part of the broader conversation about capacity, service quality, and long-term planning.

Conclusion

As the City prepares for Fiscal Year 2026, it is clear that timely decisions will be critical to completing long-term priorities while adapting to new fiscal and regulatory constraints. Key projects require clear policy direction to proceed effectively and responsibly.

While this memo focuses on the most immediate priorities requiring Council direction, additional items will be brought forward during the July budget process as staff continues to evaluate operational and capital needs.

Council direction is needed on the following:

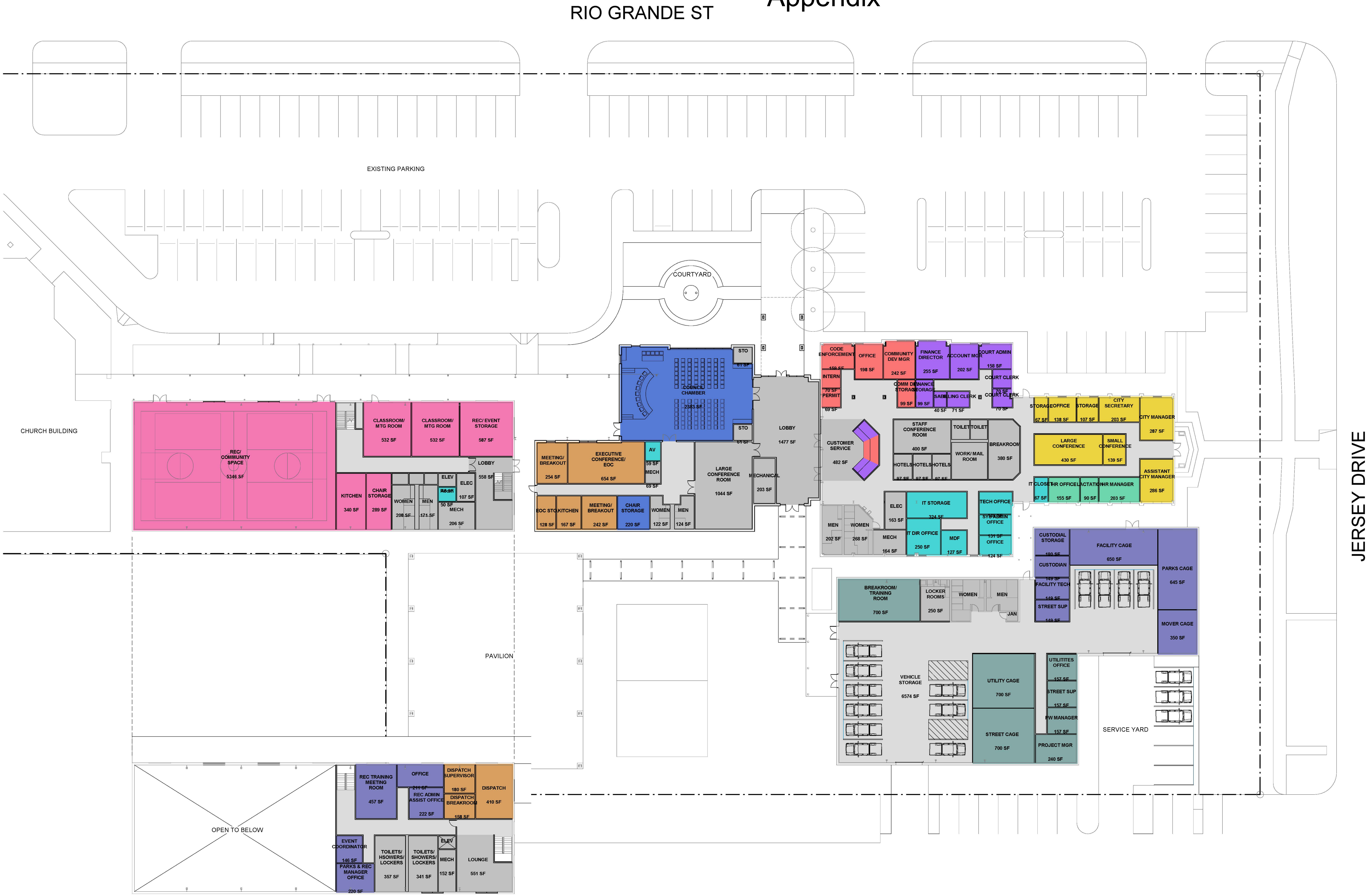
- **City Campus:** Whether to proceed with the current schematic design or modify the scope; and whether to initiate the certificate of obligation process or how to pay for this project.
- **Pool Replacement:** Whether to put a bond referendum on the ballot and at what amount or try to do straight replacement of what we have had in the past using only fund balance and current revenues.
- **Water and Sewer System:** How to fund the projects that are coming up and when to pursue those funding mechanisms.
- **Salary Survey Implementation:** Determining the level of adjustment to pursue—only doing merit increases, only adjusting the 15 people that are behind the most, moving to minimums only, or full alignment with the 75th percentile plus years of service adjustments—along with continued support for the merit increase structure.

These are not short-term decisions, but decisions that will have lasting implications. The work we do now, whether it's investing in public buildings, updating infrastructure, or strengthening our workforce, is about preparing the city for the future. Some of the most meaningful outcomes may not be fully seen or appreciated during a single Council term, and that's okay. That is the responsibility and opportunity of city leadership: to steward a vision that serves both the present and the generations still to come.

Appendix

City Campus Layout and Cost Estimate From Brookstone

Appendix



2ND FLOOR

JERSEY VILLAGE CITY HALL - OPTION A

MHPA

JERSEY VILLAGE CITY HALL

OPTION A

Building	Year Built	Original Church Use	Proposed City Use	Floor Area S/F	Cost / SF	Subtotal
A	1956	Worship Building	City Offices	12,340	$ 249.06	$ 3,073,381
B	1963	Admistration	*To be Demolished*	3,521		$ 36,429
C	1974	Classrooms	*To be Demolished*	4,093		$ 41,396
D	1979	Gym/ Classroom	Community Center/ Dispatch/ Rec Offices	15,355	$ 337.62	$ 5,184,088
G	2005	Youth Building	Public Works/ Facilitites & Parks	14,170	$ 165.48	$ 2,344,797
I	1978	Counseling	*To be Demolished*	1,953		$ 19,994
Pavillion		Pavillion	*Pavillion - paint sutrcutre, new lights, goals*	8,000	$ 13.93	$ 111,404
Renovated Square Feet				41,865		
Council Addition			Council Room/ Lobby/ Conf Rooms	8,700	$ 510.16	$ 4,438,407
Total Renovated + New				50,565		
Sitework						$ 2,038,923
Total Construction Cost						$ 17,288,820
Owner Soft Costs					15%	$ 2,593,323
Construction Contingency					10%	$ 1,728,882
Total Project Cost						**$ 21,611,025**