

**Council Minutes August 8, 2014**

**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 Law Enforcement Training Room, 2121 L. Don Dodson, Bedford, on the 8th day of August, 2014, with the following members present:**

Jim Griffin	Mayor
Ray Champney	Council Members
Jim Davisson	
Steve Farco	
Roger Fisher	
Roy W. Turner	

constituting a quorum.

Councilmember Boyter was absent from the meeting.

Staff present included:

Beverly Griffith	City Manager
David Miller	Deputy City Manager
Michael Wells	City Secretary
Cliff Blackwell	Director of Administrative Services
Bill Cooper	Deputy Director of Information Services
Roger Gibson	Police Chief
Tom Hoover	Director of Public Works
Meg Jakubik	Assistant to the City Manager
Jill McAdams	Director of Human Resources
Mirenda McQuagge-Walden	Managing Director
Maria Redburn	Library Director
Bill Syblon	Development Director
James Tindell	Fire Chief

**CALL TO ORDER/GENERAL COMMENTS**

Mayor Griffin called the meeting to order at 8:36 a.m.

**WORK SESSION**

**1.     Receive and discuss FY 2014-2015 budget overview.**

City Manager Beverly Griffith discussed the City's budget strategy including: everything in the budget attaching to the Council's goals; taking the citizen survey results into account; fiscal responsibility, including planning for the needs of the City in the long term; investments in infrastructure and employees; accountability in the form of performance measures; and keeping an eye on the radar. In regard to performance measures, the first step was to identify what was important, how they are measured and how they relate to Council and Department goals. Assumptions in the budget include: conservative growth in sales tax, which does not include incentives that the City has agreed to rebate; service level increases including a Liaison Officer for the Crime-Free Multi-Family Program, the Repeat Victimization Unit storefront with a Mental Health Coordinator, and investment in the multi-family inspection program; replacement of some major capital equipment; fee increases, including a water

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and sewer pass-through from the Trinity River Authority (TRA), multi-family inspections from \$0.75 per apartment to \$1.50 per apartment, and day camp; a portion of the health insurance premium increase being passed to employees; debt service for Phase 1 of the Boys Ranch and capital equipment purchases; and the property tax rate being maintained. She stated that there would be \$118,000 in unallocated funds at the end of the budget that could be built in for next year when the City has to take on \$290,000 for Fire Station #2. She stated that the City received the platinum designation from the Comptroller's Office for fiscal transparency. Ms. Griffith stated that the operating budget for this year is \$64,316,128 at a cost of \$753 a year to the average home with the current tax rate.

Assistant to the City Manager Meg Jakubik stated that there are increases across the various funds. In the Water/Sewer Fund, expenditures are more than revenues due to capital purchases. There are savings in the Stormwater Fund due to a decrease in legal fees. There were extraordinary expenditures in the 4B Fund. This year, the Municipal Cost Index increased 1.4 percent, with a five-year average of almost two percent a year. Almost half of revenue comes from the General Fund, followed by the Water/Sewer and Debt Service funds. Revenue comes from property taxes, sales tax, franchise fees, water and sewer charges, other charges for service, licenses and permits, fines, and miscellaneous revenue including operating transfers. In regard to expenditures by function, the largest portion is Public Services. In regard to expenditures by classification, a majority of the cost is personnel, with contractual services, water and sewer purchases, maintenance, supplies and debt/transfers being the rest.

Ms. Jakubik presented information on programs that departments requested to increase and were incorporated in the base budget, or moneys that were reallocated from other programs that were driven by contractual reasons. The fiscal impact of all of these is over \$500,000. She discussed TMRS and ICMA. When TMRS was started, the City entered into a five percent employee contribution with a two-to-one match, with ICMA maintaining a four percent contribution. The City committed to keeping with this system for five years, allowing employees to pay back loans they had against ICMA. Human Resources conducted a survey with employees, which showed that out of the over 200 employees who took the survey, 68.5 percent preferred moving to the seven percent TMRS contribution, with 25 percent wanting no change. The budget as presented increases the TMRS contribution level to seven percent with a two-to-one match by reducing the ICMA money, while taking the balance and providing a two percent increase to salaries. There was discussion on Social Security and Medicare. The other part of compensation is continuing to put aside a pool of money for merit increases, as well as targeted market adjustments, with compensation being made retroactive to October 1. The total of the compensation pool is \$367,051.

Ms. Jakubik presented information on General Fund revenues, including property taxes being based on the tax rate remaining the same; conservative sales tax growth; minor changes to franchise taxes; changes to mixed beverage taxes; increases to charges for services, licenses and permits back to historical trends; fines and forfeitures; and grants. There was discussion on the revenue projections being reasonably conservative and budgeting for the norm; and that in calculating the tax rate, the accounts with the senior tax freeze are deducted, equating to \$40,000 per penny of property tax.

Administrative Services Director Cliff Blackwell gave a presentation on how the effective and rollback tax rates are calculated. The effective tax rate is \$0.479538 per \$100 valuation and the rollback rate is \$0.529670 per \$100 valuation. A tax rate comparison of the current tax year shows an increase in the debt rate of 6.9 percent and a decrease in the maintenance and operation rate of 4.4 percent. He displayed charts of the history of the City's taxable values and changes in appraised values, which shows a total of \$3.1B in taxable values, an increase of 3.8 percent over the current year. He displayed charts showing the history of the City's tax rate, the overlapping tax rates with other entities, and a comparison of the City's current and proposed tax rate with surrounding cities. The impact of the tax rate on the average home in Bedford is approximately a \$20 increase. There was discussion on the tax rates of Colleyville and Grapevine; and comparing the half-cent sales tax offset, which has an impact of nine cents on the tax rate, with specific exemptions.

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Ms. Jakubik presented a history of sales tax figures over the previous five years and stated that the August numbers show an eight percent increase compared to the average. If the upward trend continues, the City is looking at topping \$10M in sales tax collections. In answer to questions from Council, she stated that the budgeted sales tax figures for this year were \$9.3M and that the numbers shown are whole but what is budgeted is net of any sales tax rebates.

Ms. Jakubik presented information on General Fund revenue. There are increases in property tax revenues due to increased property values and new construction, sales tax, franchise fees, charges for service, and fine and forfeitures. Changes in General Fund expenditures are due to increased benefit costs, a one-time supplemental in Development from the previous year, and a planned decrease in the Operating Transfers to pay for a supplemental. She displayed a graph of where General Fund revenue goes by department. Operating Transfers are maintenance funds to build capital for larger items instead of having to package them into debt issuances. There was discussion on funding for the Economic Development Fund. Ms. Jakubik displayed a graph showing that the City pays \$1,200 per citizen net of capital programs and that the City is mid-range compared to neighboring cities for number of employees per capita. Revenue supplementals include the multi-family inspection fee and grant moneys. Fee amendments include the multi-family inspection fee, the day camp fee structure, and building permits. Supplemental requests include new personnel, new services and programs, increases to service levels, and capital outlay. Specific requests include the PRIDE Program and software maintenance in Support Services; New World software maintenance in Administrative Services; and a Mental Health Coordinator and a storefront for the Repeat Victimization Unit for the Police Department, which are grants and have offsetting revenue and expenditure supplementals. There was discussion on proceeding on these two items if the grants were not available. Other supplementals include a Crime-Free Multi-Family Officer and replacement of patrol vehicle cameras for the Police Department; a Building/Multi-Family Inspector, which includes a truck for the first year, for the Fire Department; fleet software and equipment warranties for Public Services; expansion of bandwidth for public use and an early literacy station for the Library; and a Parks Master Plan update for Parks. There was discussion on the Parks Master Plan update, which includes tweaking priorities, incorporating the Cultural District, and the open space component of the Bedford Commons; the timeframe for the phases of the Boys Ranch Master Plan; and increases to the multi-family inspection fee covering the cost of the new inspector after the first year.

Ms. Jakubik presented information on the Debt Service Fund, which comes from the portion of the tax rate for interest and sinking. The expenditures from this fund are General Fund debt, which includes the debt for 4B. She displayed a list of the bonds funded from the Debt Service Fund. She displayed a graph showing the annual funding requirements, which shows the City retires more debt than it issues. From the previous year, there is approximately a \$500,000 increase in expenditures, mainly from issuances this year including the GO Bonds for Phase 1 of the Boys Ranch and the PFCOs for various capital items.

Ms. Jakubik presented information on the Water and Sewer Fund, where user charges cover the expenses. Revenue comes from charging for water and treating wastewater, as well as billing fees and a payment from the Stormwater Fund. Goals of the Fund include paying NTE for utility relocates, which was paid for with cash, covering operations and maintenance expenditures, providing for debt service payments, providing for renewal and replacement of infrastructure, and providing adequate working capital. She displayed the current water and sewer rates that went into effect in January. A report from the TRA shows their costs are projected to increase. She stated that staff is proposing a volume increase synonymous with the TRA rate increase and displayed the projected impact on the average utility bill. There was discussion on the City using its well water as a supplement. Expenditures include water distribution, wastewater, debt/transfer, a payment to the General Fund, franchise fees, and the Customer Service, Accounting, Risk Management and Engineering Divisions. A vast majority of the expenses are the payments to the TRA and the City of Hurst for a portion of wastewater treatment, followed by debt service and personnel. Supplemental requests include administrative help for Risk Management, a portion of the maintenance for the New World Software, moving a half-time FTE to a full-time FTE, an increase to the rental line item, a cargo trailer, and a jet/vacuum machine for a total of \$474,000. There was discussion on the Administrative Coordinator position for Risk Management, and

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the vacuum machine including the requirements that the City clean 166,000 linear feet of sewer each year; that the current machine is 15 years old and is frequently down for maintenance, costs of \$200,000 to \$300,000 a year to call out a contractor just for cleaning required by the State; the vehicle being used three to four times a week; buying a used vehicle; financing options; the current one being sent to auction; the expected lifespan of the equipment being 10-12 years; using the vehicle to clean out storm drains and manholes; controlling mosquitoes; the extra \$1M for working capital being allocated to pay for it and therefore not affecting the water/sewer rates; smaller versions of the vehicle; the disposal of the materials, including costs; and calling out a contractor for larger lines. There was discussion on a supplemental for a camera van, including that the current one is from 1997 and has maintenance issues; that the City is required to TV a certain amount of lines per year; and that it would be paid out of the Water/Sewer Vehicle Replacement Fund.

Ms. Jakubik presented information on the Stormwater Fund, where expenses are also covered by user charges. Revenue goes towards operations, debt and administrative transfers. The largest portion of expenses is administrative overhead, followed by contractual services, maintenance and personnel. There was discussion on a supplemental for a hydroseeder, including the costs for replacing sod; not using it in residential areas; it being used by other departments; and it fitting in the back of a pickup truck.

Ms. Jakubik presented information on the 4B Fund, which is funded by a half-cent sales tax and interest. Expenses include debt service/transfers, maintenance and contractual services. The budget is higher this year due to design and reconstruction of Bedford Road and a conceptual design of Harwood Road. Supplementals include a dump truck, diesel truck with a sander and snow plow attachment, and a gas powered generator. There was discussion on the dump truck, including that the current one is four yards and the new one would be 14 yards; on the snow plow, including that it would be used for normal street maintenance during the rest of the year; and on the generator, which is commercial grade and would be used almost daily.

Ms. Jakubik presented information on the Special Revenue Funds, which are from restricted sources. In regard to the Tourism Fund, a majority of revenue comes from the hotel/motel tax, followed by the Old Bedford School (OBS), Blues Fest and Fourth Fest. Expenditures go towards tourism/special event administration, Blues Fest, Fourth Fest, and the Old Bedford School. There was discussion on the supplemental for the Special Events Coordinator, including discontinuing a sponsorship consultant, which cost approximately \$10,000 the previous year. There was discussion on the supplemental for a community calendar subscription that was a request from the Cultural Commission, which would allow other entities to update and is searchable. There was discussion on the revenue and expenses from the OBS, including marketing assistance from the Special Events Coordinator and that cost recovery has increased from 29 percent in 2009 to 41 percent this year. Other supplementals for the OBS include centennial events, replacing the front windows, and repairing and sealing mortar. There was discussion on the windows including that they would match the aesthetics of the building and would be vinyl.

Ms. Jakubik displayed a graph showing the other various funds including Court Technology, Court Security, Traffic Safety, PEG, Economic Development, Beautification, Park Donations, and Drug Enforcement. Supplementals include software and a server for the Court from the Court Technology Fund and a document management system from the Computer Replacement Fund. There was discussion on permanent records being put into the system, destroying records once they are entered, and putting it in the "cloud." Another supplemental from the Computer Replacement Fund is a GIS upgrade. Supplementals out of the Facilities Maintenance Fund for Public Works include door operators at the garage, remodeling the kitchen, security cards and a gate card reader, and locker replacement. Another supplemental is for windows at Fire Station 1. There was discussion on issues related to the garage doors, lockers, and security cameras. Supplementals out of the Aquatics Maintenance Fund at Splash include replacing the large entrance sign, first aid training equipment, replacement movie screen and large format projector, and concession appliances. Supplementals out of the Equipment Replacement Fund include a Code Compliance truck, a medic chassis for Fire, and a Parks vehicle for the landscaping crew. In regard to the chassis, there was discussion on the five-year

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replacement schedule, that there are three frontline ambulances and one in reserve, and that this item will be seen for the next four years. There was discussion on the different sizes, costs and equipment for requested trucks.

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

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

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

There was discussion on Brasher Lane, including the bond cycle and the fiscal impact; the proposal from 1993 regarding residents paying for 90 percent of the paving; access for residential and commercial properties; the zoning and land use of the properties; and recouping costs.

There was discussion regarding funds set aside for water and sewer infrastructure improvements including one-time revenue; water main breaks, including predictability, that most are age-related, and identifying problematic areas; and designs for Eagle Drive and Blue Quail Court in the Northwest Pressure Plane. There was discussion on preventative maintenance; flows to TRA decreasing by 300,000 gallons per day; developing a comprehensive plan to replace a percentage of the City's infrastructure at a time; taking money from the supplementals to finance a bond issuance for infrastructure improvements; erosion control bond projects that have been authorized by the voters but not sold; leveraging the \$1M in the Utility Maintenance Fund; that a \$10M bond would get approximately 30 miles of water lines, or one-fifth of the City; and staff working up scenarios for proportional infrastructure bond packages.

In regard to improvements at City Hall, Deputy City Manager David Miller stated that it is estimated to cost \$600,000 to modernize the inside of the building, including redoing the carpets, panels, and replacing the Council Chamber doors, but not furniture. There was discussion on funding, tying it into the Bedford Commons, and renting space and selling the property to a developer.

In regard to Park Improvements, Managing Director Mirenda McQuagge-Walden stated that ten playgrounds were installed in the City in the 1990s. Two at the Boys Ranch are being taken care of by Phase 1 of the improvements and there are seven more in need of repair. She stated that these projects should be added to a maintenance fund. The two playgrounds being asked for this year are mid-size and are between \$60,000 and \$100,000. She discussed projects requested by the Parks and Recreation Board and she asked if these are projects the Council would consider. She advised adding the additional phases of the Boys Ranch into a later CIP. In regard to the Cheek Sparger trail design, the entire project is \$2.8M and would include a 13,000 linear foot long, twelve-foot wide expansion. There is \$250,000 budgeted for the design and \$10,000 to apply for a grant, which would pay for the full cost of construction. In the citizen survey, the number one item to improve the City was improving parks and recreation. She stated that Brookhollow is a neighborhood park and has limited parking. There was discussion on the utilization of pavilions. The Park Board prioritized their projects in the following order: Brookhollow, Stormie Jones, Harris Ryalls, Central Park volleyball courts, the Cheek Sparger trail, and Carousel Park. There was discussion on a volleyball complex at Central Park; the impact of the look of playgrounds on neighborhoods; hiring somebody to do ongoing design work; and lighting repairs at Meadow Park. Council was of the consensus to put these projects into a future CIP.

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

Ms. Jakubik presented options for Council to consider. There is a projected surplus of \$118,000. If it is not spent, it could be used to capitalize the loss of revenue from Fire Station 2 and plan for future needs such as the Bedford Commons. In regard to tax rate adjustments, staff is proposing to maintain the current tax rate; if it is reduced to the effective rate, the impact comes to the General Fund in a \$360,000 deficit. Increasing the tax rate to just shy of \$0.50 per \$100 valuation would give the City an

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additional \$130,000. If the rate is increased to the rollback rate, there would be over \$1M in additional General Fund revenue. There was discussion on the tax rate including holding it where it is; the Economic Development Fund including that \$100,000 in unallocated funds were put in the previous year; preparing for the future; cutting from supplementals and how some get funded while others do not; and surveys.

Ms. Jakubik presented a timeline of upcoming dates regarding the budget process.

### **ADJOURNMENT**

Mayor Griffin adjourned the meeting at approximately 2:30 p.m.

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Jim Griffin, Mayor

ATTEST:

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Michael Wells, City Secretary