

**Council Minutes August 1, 2020**

**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 City Hall Building C, 1805 L. Don Dodson, Bedford, on the 1st day of August, 2020, with the following members present:**

Michael Boyter	Mayor
Tom Burnett	Councilmembers
Dan Cogan	
Ruth Culver	
Amy Sabol	
Rusty Sartor	

constituting a quorum.

Councilmember Gagliardi arrived at 8:51 a.m.

Staff present included:

Cliff Blackwell	Interim City Manager
Michael Wells	City Secretary
Stephanie Ayers	Human Resources Director
Natalie Foster	Public Information Officer
Meg Jakubik	Strategic Services Manager
Maria Joyner	Finance Director

Staff present via videoconference included:

Chuck Carlisle	Facility Services Manager
Sean Fay	Fire Chief
Jeff Gibson	Police Chief
Wendy Hartnett	Special Events Manager
Don Henderson	Parks Superintendent
Kenny Overstreet	Public Works Director
Maria Redburn	Library Director
Bill Syblon	Development Director
Cheryl Taylor	City Engineer
Brian TenEyck	Recreation Manager
David Yancy	Information Technology Manager

**CALL TO ORDER/GENERAL COMMENTS**

Mayor Boyter called the Work Session to order at 8:31 a.m.

**WORK SESSION**

**1. Receive and discuss FY 2020-2021 budget overview.**

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Interim City Manager Cliff Blackwell stated the City faced several challenges this year, including COVID-19, civil unrest, and a potential economic downturn, with fiscal sustainability becoming the highest priority as the City dealt with these issues. He further stated the presented budget is realistic and maintains the same quality of services. There is a decrease from the current budget due primarily to one-time line items in the current budget and turnover in the public safety departments. The only commitments in the budget are maintaining the current service level, the public safety step plan, and the Enterprise vehicle replacement program. No other additional programs or personnel were included in the budget in order to give Council options. He discussed the impact of Senate Bill 2 in moving up the dates required to pass the budget.

Strategic Services Manager Meg Jakubik stated the budget strategy and assumptions include Council goals and their strategic plan, funding the existing levels of services, the effects of the COVID-19 pandemic, and a utility rate study. There has been an average increase in the Consumer Price Index of 1.58 percent, and in the Municipal Price Index of 1.61 percent, over the previous five years. She presented information on the City's gross sales tax history and stated the drops due to the pandemic were not as significant as they could have been. The taxable value for this year is \$4.894 billion, and a comparison of over the past few years shows significant increases that are beginning to level off. There is a 4.6 percent growth in taxable value over the previous year, and an increase in the average net taxable value of a home in Bedford from \$220,040 to \$227,410. A comparison of area cities shows Bedford to be in the mid-range of employees per 1,000 residents and budget per capita.

Ms. Jakubik presented an overview of the budget. Revenues by fund show the General Fund making up a majority, followed by the Water/Sewer Fund. She presented a comparison of revenues from Fiscal Year 2019 and 2020, which shows an increase in property tax and a decrease in charges for services, primarily due to the modification in operations for aquatics and recreation. There are decreases in fines due to staffing issues in the Police Department and interest due to market conditions and increases in transfers to the General Fund. Ms. Jakubik presented a breakdown of expenditures by department and classification across all funds, which shows Public Works to be the largest Department, followed by public safety, with 41 percent of the overall budget being personnel, followed by debt/transfers. There was discussion on transfers and an upcoming cost allocation study. Ms. Jakubik stated expenditures for 4thFest were moved from Tourism to the General Fund, and the budget for the Old Bedford School was reduced to the operation of the building and placeholder vacancies. An increase in Water and Sewer expenditures is to true up purchases, an increase in the General Fund is due to higher contractual fees, and personnel costs were reduced due to several tenured employees leaving the City.

Ms. Jakubik presented information on the General Fund, and stated revenue is beginning to outpace expenditures due to strategic decisions made by the Council. Property taxes make up 47 percent of revenue, followed by sales tax. There are decreases for charges for service and increases in franchise taxes, mainly with the cable franchise, and ambulance billing due to the change in the billing provider. Seventy-seven percent of General Fund expenditures go towards personnel, and two-thirds of expenditures go towards public safety. Overall, the General Fund expenditures are \$36,028,621 compared to \$37.1 million the previous year. Changes in the General Fund include the Behavioral Intervention Unit (BIU) moving under the Criminal Investigations Division, the Senior Center moving under Recreation, a reduction in aquatics expenses, 4thFest moving to the General Fund, and a decrease in certain identified personnel expenses for those who responded to the pandemic since their salaries are covered by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Ms. Jakubik stated the public safety step plan is the only compensation package included in the presented budget, and one-third of employees on the step plan have maxed out. She further stated the fourth round of the

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Enterprise program did not include new budget dollars due to reallocation of other funding.

Ms. Jakubik presented information regarding the tax rate. The no-new-revenue tax rate, formally known as the effective tax rate, is calculated at \$0.562799 per \$100 valuation. The voter approved tax rate, formally the rollback rate, is calculated at \$0.571968 per \$100 valuation, and is the figure used to fund the proposed budget. There was discussion on increases in the senior tax ceiling, taxable values leveling off, and decreases in protests on appraisals. Mr. Blackwell stated the City would still have a surplus if the no-new-revenue tax rate was adopted. A comparison with the proposed tax rate to the previous year's rate shows a slight decrease in debt service portion and a 2.7 percent increase in the maintenance and operations portion. Ms. Jakubik presented an overview of the City's tax rate history since 2010 and the overlapping tax rate, showing the City making up 23.9 percent of the rate, with the Hurst-Euless-Bedford Independent School District making up 51.3 percent. The impact of the proposed tax rate on the average home in Bedford is approximately \$50.00. Ms. Jakubik presented information on the impact of the tax rates on newly qualified senior exemption properties. She presented a breakdown of the monthly cost allocation of a taxpayer's bill and stated approximately half goes towards funding public safety.

Ms. Jakubik presented information on the Debt Service Fund, including an overview of the current debt service schedule totaling \$7,334,470. She stated staff is not proposing any bonds this fiscal year. She presented an overview of the annual funding requirements, which shows a downward trend.

Ms. Jakubik presented an overview of special revenue funds. She stated the Street Improvement Economic Development Corporation (SIEDC) Fund is funded primarily through sales tax and expenditures are reviewed and approved by the SIEDC board. She stated cash resources are being utilized for street maintenance needs as the debt for this fund has been paid off. Supplemental requests in the Fund include replacements for a haul trailer and message boards. Ms. Jakubik presented information on the Tourism Fund, which is funded through the hotel/motel occupancy tax, and stated the budget was increased as things begin to open back up. The budget will also be amended for an arts grant program. There was discussion on BluesFest, including revenue and expenditures; making the festival pay for itself or finding another avenue to fund it so it does not affect the arts grant program; increasing ticket prices; potential attendance; sponsorships; costs savings for deposits on entertainment; revenue from the barbecue portion of the event; holding further Council discussion on BluesFest; and possibly moving it to October or Memorial Day weekend. There was further discussion on the impact of COVID-19 on the hotel/motel occupancy tax; revenue projections for the hotel/motel tax; and fluidity in City operations to compensate for changes in revenue.

Ms. Jakubik presented an overview of the City's minor funds, including Commercial Vehicle Enforcement, Public, Educational, and Governmental (PEG), Beautification, Park Donations, and Court Funds. There was discussion regarding the PEG fund, including limitations on what it can be used and using it to solve audio issues in the Council Chambers.

Ms. Jakubik presented an overview of the enterprise funds. Water and sewer charges are the majority of the revenue in the Water/Sewer Fund, and two-thirds of expenditures are direct payments to the Trinity River Authority (TRA). She showed projections for increases in costs for water and wastewater from TRA through 2025, and the current water and sewer rates. The majority of revenue in the Stormwater Fund comes from stormwater charges, and a majority of expenditures goes towards debt service and transfers. There was discussion on the history of stormwater charges and possible rate increases.

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Human Resources Director Stephanie Ayers presented information on upcoming benefits renewals. For medical insurance, the current provider, Cigna, offered a rate pass equating to a one percent decrease. UHC offered a seven percent decrease, and a 9.9 percent rate cap for the following year. Aetna offered a 14 percent decrease and \$25,000 in wellness credits. Ms. Ayers stated staff is recommending contracting with Aetna for medical insurance. There was discussion on the City's claims and premiums. Ms. Ayers presented a comparison of the current plans and the two Aetna High Deductible High Premium (HDHP) plans, the Texas Health Resources THA plan and an Exclusive Provider Organization (EPO) buyup plan. There was discussion on the THA plan, including the hospitals and facilities that can be utilized. Ms. Ayers presented multiple options to Council with the Aetna plans, including various funding amounts into employee Health Savings Accounts (HSA), premium reductions, and overall savings to the City. She presented an overview of benchmarking of Bedford's medical insurance compared to other cities. There was discussion on the City's and employee contributions to medical insurance; the benchmarking figures; the reasons for decreasing costs; and possible changes to coverage. Ms. Ayers presented information on other benefit renewals, including Life and AD&D with Cigna at a decrease of five percent along with a true open enrollment; Long Term Disability with Cigna at a decrease of six percent, with an increase to the maximum from \$5,000 to \$10,000; the employee clinic through Texas Health Resources; and the Employee Assistance Program with Alliance Work Partners with a rate pass.

Ms. Ayers presented the top reasons for employees leaving the City during the current fiscal year, including career change, dissatisfaction with pay, dissatisfaction with benefits, retirement, and unsureness of the City's future. There was discussion on the total number of employees that have left due to unsureness of the City's future, the total number of employees that have left in the previous year, the number of employees who did exit interviews versus those that did not, and how many employees have left per department. There was discussion on the number of employees who have left the Police Department, including the reasoning; that the Police Department is down 14 sworn officers out of 89; dissatisfaction with pay and benefits, including HSA contributions and Texas Municipal Retirement System (TMRS) options; police officer pay compared to other cities; a recent compensation study; reclassification of positions within the Department; and the policy and a supplemental request regarding holiday pay. Ms. Ayers presented a comparison of the City's TMRS benefits with other area cities and the cost of adding various options to the benefits. There was discussion comparing the City's TMRS benefits to cities to where the City is losing employees; and the costs on adding options to TMRS.

Item #2 was presented and discussed at this point in the meeting.

Ms. Jakubik presented information on unfunded capital needs, including painting and interior coating of the Cummings Elevated Storage Tank, painting the Simpson Terrace Elevated Storage Tank, Harwood Road from Forest Ridge Drive to the Hurst city limits, the Sulphur Branch 18" trunk sewer, rehabbing the Hurricane Creek and Bear Creek trunk sewers, Basin 16.0W, channel improvements from State Highway 183 to Bedford Road, and reconstruction of Shady Lake Drive and Briar Drive. In response to questions from Council, Public Works Director Kenny Overstreet stated the two storage tank painting items could not be paid for from the State Water Implementation Fund for Texas (SWIFT) loans. There was discussion on the need to paint the water tanks.

Ms. Jakubik presented information on unfunded equipment replacement, including computers; ambulance M155; a plymovent system for one of the fire stations; defibrillators on Fire apparatus; workout equipment for the Fire Department; a brake lathe and vehicle lift for the Public Work's Fleet Division; and a tractor with backhoe attachment and two mowers for the Parks Division. Ms. Jakubik presented information on unfunded maintenance needs, including roof replacements for

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City Hall Building A, the Law Enforcement Center, and Animal Control; a camera system for the Police Department; painting the Law Enforcement Center; a security camera system for the Fire Department; bay door replacement and floor resurfacing at the Public Work Service Center garage; and carpet replacement at the Library. There was discussion on the items presented by Ms. Jakubik; Fire Department radios and self-contained breathing apparatuses; adding security cameras and replacing the gates and fence at the Law Enforcement Center; the outdoor warning system; and funding a standing amount for capital replacement.

Ms. Jakubik presented information on priority supplemental requests, including an assistant Emergency Management Coordinator position; contributions to employee Health Savings Accounts; a performance management, learning management, and onboarding software for Human Resources; a public safety dispatcher position; funding to buy down the holiday accrual liability; an expansion of the Laserfiche records management system; a police officer position; the subscription for Leads Online for the Police Department; an increase in temporary assignment pay; cancer screening for firefighters; a social media specialist position; smart device data plans; and a Texas Best Practices Recognition Program for the Fire Department. There was discussion on the items presented by Ms. Jakubik, including one-time and ongoing costs.

Ms. Jakubik presented information on options for employee compensation, including two and three percent increases for general employees, and a four percent pay plan adjustment for all employees, including public safety employees on the step plan.

Council reviewed and discussed each Department with staff. In General Government, there was discussion on the payment to the North Central Texas Council of Governments for the Trinity Railway Express (TRE), the Northeast Transportation Service, staffing, and professional organizations. Council was of the consensus to eliminate the payment for the TRE.

In Support Services, there was discussion on the individual divisions and funds, staffing, travel and training, and licensing agreements with Microsoft.

In the Development Department's Neighborhood Services Division, there was discussion on training; contract labor, including the agreement with 6Stones; property abatement; citations and fine amounts; amending ordinances, including for donation bins and recouping costs for their removal; and staffing and the cost for adding another officer. There was also discussion regarding incentive grants in the Economic Development Fund.

In Administrative Services, there was discussion on the two percent reduction in debt service, the trunk radio system, and future budget considerations.

In the Police Department, there was discussion on the BIU including its move under the Criminal Investigations Division, the continuing partnership with the City of Hurst, and the possibility of another storefront location; overtime, including the reasoning behind not budgeting towards the actual amount and salary savings offsetting the deficit; funding through the CARES Act; training and the impact of closures of facilities due to COVID-19; the agreement with Immigration and Customs Enforcement for housing prisoners, including whether the City is being reimbursed adequately; and a recent staff reorganization.

In the Fire Department, there was discussion on vacancies within the Department; overtime and the impact of implementing a constant staffing model; the impact of fire and paramedic schools being closed due to COVID-19; the age of the fire stations and the need for updated and expanded facilities; using the Stonegate property as either storage or as a training area; and the reasons for personnel leaving the City.

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In Public Works, there was discussion on the new Engineering Division, including that it was from the reallocation of funding and personnel; a drainage study; SIEDC funds; street repairs in the amount of approximately \$110,000,000 not included in the SIEDC list; the street assessment performed by Fugro; and an upcoming SIEDC board meeting to discuss critical repairs and the possibility of a mixture of issuing debt and paying cash for repairs.

In Community Services, there was discussion on the Recreation Division, including a proposal to relocate Recreation activities to a storefront, the transition plan for seniors; potential Aquatic programming at the Roy Savage Pool; full-time and seasonal staffing; current Recreation programs, including virtual programming; keeping fitness equipment from the Boys Ranch Activity Center (BRAC) for the storefront location; refunding BRAC memberships; maintaining membership and recruiting new members; cost recovery for the Center in the first year and the storefront; waiting for the new City Manager hire the Parks and Recreation Director; and using unexpended items and vacancies to pay for one-time items. There was further discussion on traffic at the Library since reopening; filling the five part-time Library vacancies; and staffing levels in the Parks Division with the closing of Generations Parks for Phase Next construction, including maintaining the area around Phase One during construction and focusing on the City's smaller parks.

In Special Events, there was discussion on the move of 4thFest revenue to the General Fund; the budget for Tourism Administration; plans for ArtsFest and the Twilight Concerts, including moving the concerts to the Old Bedford School (OBS) or pop-up concerts at satellite parks; the arts grant program; possible sponsorships and grants; working with individual hotels and the Hotel Association of Tarrant County; advertising money from the Tourism Fund; and staff being reassigned to help other Departments. There was discussion on BluesFest, including shortening the event; the impact of COVID-19 on getting sponsorships; obtaining more accurate attendance figures; getting sponsorships for the barbecue portion of the event; revenue for the barbecue portion; and expenditures for setting up the event. There was discussion on the OBS, including the cost of utilities with the building being closed, ONSTAGE operating out of the building, the impact of COVID-19 on other theater openings in area cities, and the impact of acoustic issues in the building with holding meetings.

In Debt Service, there was discussion on possible savings in refunding bonds.

### **2. Presentation by NewGen Strategies & Solutions on a utility rate and stormwater fee study and discussion on potential utility rate changes.**

Chris Ekrut and Michael Sommerdorf with NewGen Strategies and Solutions presented information on the utility rate and storm fee study performed by the company. They discussed the goals and objectives of the study, which was to determine the adequacy and most appropriate rate structures, taking into consideration conservation, customer service characteristics, cost of service, and fairness and equity. They discussed the need for utility revenues to meet or exceed expenses, passing through the costs of goods sold to the customers, and reinvesting into the utility and its infrastructure. They stated utilities are unique in that they are fixed cost intensive, customer usage is weather dependent, required infrastructure is not determined by the City, but regulatory authorities, and infrastructure investment carries long service lives with significant upfront costs. They presented an overview of the City's current water and wastewater rates, which all have a uniform volumetric charge, and a comparison of rates with other cities. They discussed policy decisions that Council needs to make, including passing wholesales costs from the TRA onto the customers, and displayed the unit forecast of TRA rates through 2024. They stated the costs from TRA make up more of

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the water and wastewater budget than the City's own costs. They discussed reinvestment in the City's infrastructure, including \$24,795,000 in water projects and \$8,000,000 in wastewater projects through 2022.

Mr. Ekrut and Mr. Sommerdorf discussed financial objectives for the water and wastewater systems, including revenue sufficiency, a minimum of 90 days of cash-on-hand, and a debt service coverage of 1.25 times expenses, excluding operating transfers. They provided various decisions packages on water and wastewater, including their impact on revenue, the number of days of cash-on-hand, debt service coverage, and on customer's monthly bills through 2024.

Mr. Ekrut and Mr. Sommerdorf presented information on the stormwater system. They stated it must be operated in the same manner as the water and wastewater utilities, with revenues meeting or exceeding expenditures, though it does not have the same wholesale element as those utilities. There are estimated stormwater capital needs of \$7,499,855 through 2023. They discussed the current stormwater rates and a comparison of rates with other cities. The financial objectives for stormwater are the same as water and wastewater. They provided various decisions packages for stormwater, including their impact on revenue, the number of days of cash-on-hand, debt service coverage, and on customer's monthly bills through 2024.

There was discussion regarding capital project needs, debt issuance, SWIFT funding, previous decisions to not pass on the TRA increases to residents, the difference between utility funds and other funds, the impact to residents of the decision packages, and previous rate studies.

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

Council was unable to finish their discussion on the City's budget and will resume their discussion at the Special Session scheduled for August 3, 2020.

### **ADJOURNMENT**

Mayor Boyter adjourned the Work Session at approximately 5:15 pm

Michael Boyter, Mayor

ATTEST:

Michael Wells, City Secretary