

Council Minutes August 10, 2023

STATE OF TEXAS §

COUNTY OF TARRANT §

CITY OF BEDFORD §

The City Council of the City of Bedford, Texas, met in Work Session at 5:00 p.m. in the Council Chambers of City Hall, 2000 Forest Ridge Drive, on the 10th day of August, 2023 with the following members present:

Michael Boyter	Mayor
Amy Sabol	Mayor Pro Tem
Nichelle Dawkins	Councilmembers
Steve Farco	
Rich Steves	

constituting a quorum.

Councilmember Cogan arrived at 5:14 p.m. Councilmember Gagliardi arrived at 5:16 p.m.

Staff present included:

Jimmy Stathatos	City Manager
Caryn Riggs	Assistant City Manager
Michael Wells	City Secretary
Stephanie Ayers	Human Resources Director
Meg Jakubik	Strategic Services Manager
Brady Olsen	Finance Director
Maria Redburn	Library Director
Cheryl Taylor	Public Works Director
Bill Walker	Fire Chief
Jeff Williams	Police Chief

CALL TO ORDER/GENERAL COMMENTS

Mayor Boyter called the Work Session to order at 5:00 p.m.

WORK SESSION

1. Receive and discuss FY 2023-2024 budget overview.

Strategic Services Manager Meg Jakubik presented an overview of the annual budget process.

Finance Director Brady Olsen stated the overarching strategies and assumptions built into the budget include meeting Council's goals and strategic vision, maintaining the current level of services, and employee retention and recruitment. He presented an overview of the Council's strategic goals.

Assistant City Manager Caryn Riggs presented an overview of the City's economic conditions. She stated sales tax for two months was lower than the same time the previous year but has been

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up the rest of the year. Sales tax is 3.86 percent over the same time the previous year, and staff is projecting a four percent overall increase for the remainder of the fiscal year. Staff built a 5.5 percent increase into the following year's budget. Ms. Riggs presented a history of taxable values, which showed a 10.8 percent increase over the previous year. Ms. Riggs stated new construction was down from the previous year and the average net taxable value increased by approximately \$30,000.

Ms. Jakubik presented an overview of the proposed budget. She stated expenses exceed revenues in the General, Water/Sewer, and Street Improvement Economic Development Corporation (SIEDC) funds due to one-time items, and fund balance would be used to make up the difference; however, there is sufficient funding to stay above the reserve policy. Revenues by fund show the General Fund making up the majority, followed by the Water/Sewer Fund. Ms. Jakubik presented a comparison of revenues from Fiscal Year 2023 and 2024, showing increases in property and sales taxes, franchise revenue, and interest income as well as water and sewer charges with the increase in rates discussed at the previous Council meeting. Expenditures by classification shows that personnel make up 41 percent of the budget. Ms. Jakubik showed a comparison of expenditures from Fiscal Year 2023 and 2024, with several funds increasing their expenditures over the previous year.

Ms. Jakubik presented information on the General Fund. She discussed the trend of the City's revenue outpacing expenditures and explained that the purchase of the Campus West property was removed from the presentation to show the City's true operational costs. She stated three quarters of General Fund revenue comes from property and sales tax. She presented an overview of expenditures totaling \$45,379,494, two-thirds of which is for public safety, and explained what was being presented only included operational costs, not one-time items.

Ms. Jakubik presented information on proposed changes in the General Fund. The compensation package is an initial three percent increase for general employees and a five percent increase in the public safety step plan on October 1, with a two percent increase for both general employees and the public safety step plan on April 1, at a cost of approximately \$1.2 million. Human Resources also recommended compression adjustments to specific positions totaling approximately \$162,000. Other changes include additional communication platforms; an additional facility maintenance technician position and an increase in the line item for building maintenance; information technology improvements, including security cameras and network auditing software; an increase in the budget line item for property abatement; and funding pursuant to the vacation buy back policy and an early retirement package for eligible employees.

Ms. Jakubik presented information on additional proposed changes in the General Fund. Police Department changes include unlimited storage for the Axon body cameras; the annual CLEAR software maintenance package; Telestaff ongoing maintenance costs; an increase in the line item for the Alliance for Children; restriping the Law Enforcement Center's (LEC) parking lot; two replacement motorcycles; and remodeling the fitness room and equipment replacement at the LEC. Fire Department changes include Emergency Medical Services manikin replacement and the remount for Medic 154. Library changes include security camera improvements, a line-item increase for digital content and programming, and a line-item increase for events and programs.

In response to questions from Council, it was stated the compression adjustments recommended in the General Fund were primarily in the Library and Dispatch. The early retirement package total was based on a survey of interest from eligible employees, and the package includes ten percent of sick leave and two years of medical. The City's total liability for vacation is approximately \$1,786,000.

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There was discussion on the line item increases for property abatements in Development and the digital content and program and event for the Library and the possibility of increasing them further. There was discussion on the decrease in the Computer Replacement Fund due to the inclusion of a network server in the current budget as well as purpose of the Fund. There was discussion on salary and benefits compared to neighboring cities, including the “poaching” of employees by those cities; developing a long-term approach to ensure the viability of the organization; salary surveys performed annually by the Human Resources Department; and the public safety step plan and the City’s goal to be within the 60th percentile compared to benchmark cities. There was further discussion about other benefits offered to employees, including reduction in costs for medications and the implementation of a short-term disability plan; the number of employees the City lost the previous year as well as the reasons for them leaving; and trends in other cities regarding salaries. There was further discussion on the reallocation of funds from the Non-Departmental Fund to the appropriate departments; staff adjustments, including the combining of divisions; and the decrease in banking fees. There was discussion on Police Department overtime, including overages historically being covered by salary savings; openings in the Police Department; the difficulty in determining the overtime amount until the Department is fully staffed and healthy; the decreases in the amount of overtime due to increased staffing and supervisors limiting staffing to what is needed; and police department shortages in neighboring cities.

Finance Director Brady Olsen presented information regarding the tax rate. He stated the tax rate can remain flat while funding the proposed budget. The proposed rate is the same as both the current rate and the Voter-Approved Rate and exceeds the No-New Revenue Rate. Mr. Olsen presented a history of the City’s tax rate, which shows an increase in the debt portion of the proposed tax rate compared to the previous year, but which is lower than it has been over the last several years. He stated the impact on the average homeowner is an increase of between \$13.00 and \$14.00 per month due to the increase in taxable values, and a property in its first year with the senior tax freeze would see an increase of approximately \$13.00. He discussed the breakdown of a resident’s tax bill, stating that approximately half of the bill goes towards the school district, with the City representing approximately a quarter of the bill. He further gave a breakdown of what services were funded through a resident’s taxes.

Mr. Olsen presented an overview of the Debt Service Fund. He stated there were two new bond issuances during the year to fund such projects as a new Central Fire Station, Animal Shelter improvements, the Campus West project, a senior center, and a fire training center. He presented an overview of the annual debt funding requirements and stated the debt is front-loaded as the City can pay down more of the debt while the economy is strong. Ms. Riggs stated the City would have approximately \$21 million in debt capacity in 2024 and approximately \$3.2 million in 2025 based on current growth and conservative interest rates to address capital needs.

Ms. Riggs presented information on the Street Improvement Economic Development Corporation (SIEDC) Fund. She stated expenses are above revenues due to capital projects for the Gregory Addition and Phyllis Street. She stated staff is recommending forgoing the annual \$250,000 transfer to the Economic Development Fund just for the upcoming year, as that fund has a healthy balance. She stated the SIEDC Fund is benefiting from increased interest income.

Ms. Jakubik presented information on the Tourism Fund and stated that the budget was not changed but due to issues with reconciling payroll, the salary for employees was moved to the General Fund, which is offset with an increased transfer to the General Fund. There was discussion regarding expenses and revenues for the City’s signature event.

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Ms. Jakubik presented an overview of minor funds, including the Commercial Vehicle Enforcement; the Public, Educational, and Government (PEG) Fund, which includes one-time audio/visual improvements for the Building C meeting room; the Economic Development Fund; the Beautification Fund and Park Donations Fund; and various Municipal Court funds. She stated the Court Technology Fund was the only one going into fund balance.

Ms. Jakubik presented information on the City's Enterprise Funds, including the Water and Sewer Fund. She stated expenditures only included on-going operational costs and mostly consists of water purchases and sewer charges from the Trinity River Authority (TRA). Changes include the compensation package and compression adjustments; two utility maintenance workers to be assigned to Utility Billing to assist with meter reads and water cutoffs to free up other Public Works staff; pump station maintenance; Environmental Protection Agency contaminant monitoring; well inspections; pressure reducing valves; and a wastewater modeling project.

Ms. Jakubik presented information on options for the water and sewer rates. She stated staff is recommending the first option because it would move the rates more incrementally while building capacity for wastewater capital needs. There was discussion regarding issues with the automated readers, including technical difficulties with endpoints, the meter vendor, and the impact on staff. There was further discussion regarding water main breaks, including the impact of the proposed increase in Utility Billing staff to allow for full Public Works crews to focus on main repairs and maintenance; the impact of the breaks on City materials and supplies; and the cause of the breaks, including the age of the City's infrastructure, ground movement, and the heat. There was further discussion on the HA5 asphalt seal, including that it is included in the proposed budget. Ms. Jakubik discussed the impact of the two options for water and sewer rate increases on the average summer bill, and stated the reasons for the increase were due to increased costs from the TRA and the City's aging infrastructure. She stated staff is not recommending an increase to the stormwater rates.

There was discussion on the purpose of the Equipment Replacement Fund and the lease payments for the City's fleet of vehicles as well as the increase in interest revenue. There was further discussion regarding the City's debt, including the increase of the City's bond rating; addressing the needs of the community while being good stewards of money; the debt portion of the tax rate being at its lowest point in a decade; the City's debt in proportion to revenues; maintaining a positive tax rate and addressing large capital needs without changing the overall rate; the economic stability of the City; and maintaining the 20 percent fund balance per policy.

Ms. Riggs presented a five-year forecast for the General Fund, including assumptions built into the model, which shows approximately \$43,000 in revenue over expenses for the next fiscal year. She stated Council could allocate that difference to other needs while maintaining a fund balance of 23.9 percent. She presented information on unfunded supplemental requests and maintenance. She stated the reasons for not funding vehicles in Facility Maintenance and Parks is that the City is still evaluating the current fleet. She further stated she would be coming later in the year for a budget amendment to address Police Department vehicle needs. There was discussion on the prioritization of the unfunded supplemental requests including the Flock camera expansion and bike unit operating budget. Mr. Riggs stated the City is waiting for grant funding for the Police Department vehicles and if it is not granted, a budget amendment would be brought later in the year.

There was discussion regarding the two changes made to the previous year's proposed, including a \$5.00 resident discount for membership at The Center and a part-time position in the Police Department. City Manager Jimmy Stathatos estimated that the discount will cost approximately

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\$142,000 and recommended holding a big membership drive before the end of the year and then eliminating the discount in 2024.

ADJOURNMENT

Mayor Boyter adjourned the Work Session at 6:46 p.m.

Michael Boyter, Mayor

ATTEST:

Michael Wells, City Secretary