

CITY OF ROCKPORT

MINUTES

CITY COUNCIL BUDGET WORKSHOP

9:00 a.m., Tuesday, August 2, 2022

Rockport Service Center, 2751 State Highway 35 Bypass

On the 2nd day of August 2022, the City Council of the City of Rockport, Aransas County, Texas, convened in a Budget Workshop at 9:00 a.m., at the Training Room of the Rockport Service Center and notice of meeting giving time, place, date, and subject was posted as described in V.T.C.A., Government Code § 551.041.

CITY COUNCIL MEMBERS PRESENT

Mayor Tim Jayroe
Mayor Pro-Tem Andrea Hattman, Ward 4
Council Member Danielle Hale, Ward 2
Council Member Katy Jackson, Ward 1
Council Member Brad Brundrett, Ward 3

CITY COUNCIL MEMBER(S) ABSENT

STAFF MEMBERS PRESENT

City Manager Vanessa Shrauner
Assistant to City Manager Kimberly Henry
City Secretary Teresa Valdez
Director of Finance Katie Griffin
Parks & Leisure Services Director Rick Martinez
Director of Public Works and Building & Development Services Mike Donoho
Information Technology Director Bob Argetsinger
Information Technology Desktop Support Technician Tommy Saucedo
Information Technology Customer Service Eric Koenig
Communications Director Lee Brown
Chief of Police Greg Stevens
Accountant Lorenzo Lara
Accountant Olympia Granados
Municipal Court Judge/Administrator Diane McGinnis

ELECTED OFFICIALS PRESENT

Opening Agenda

1. Call meeting to order.

With a quorum of the Council Members present, the Budget Workshop of the Rockport City Council was called to order by Mayor Jayroe at 9:00 a.m. on Tuesday, August 2, 2022, in the Training Room of the Rockport Service Center, 2751 State Highway 35 Bypass, Rockport, Texas.

Workshop Agenda

2. Hear and deliberate on presentation of proposed Fiscal Year 2022-2023 Budget.

Director of Finance Katie Griffin called the Council's attention to the proposed Fiscal Year 2022-2023 Budget that had been emailed to them last week. Ms. Griffin said there had not been a lot of changes to the proposed budget since the last Budget Workshop on July 12, 2022. Ms. Griffin explained the proposed budget is based on the Unused Increment Total Tax Rate of 0.378149 which consists of .220511 for maintenance and operation tax rate and .157638 for interest and sinking tax rate. Ms. Griffin added the proposed tax rate is still less than the no new revenue rate adopted last year.

Council Member Jackson asked Ms. Griffin to provide an explanation of "Unused Increment Total Tax Rate".

Ms. Griffin explained if a City chose to adopt a tax rate less than the voter approval tax rate, then the difference between the no new revenue rate and the voter approval rate can roll forward for up to three years. Ms. Griffin said the City adopted the no new revenue tax rate last year so that gave us the ability to take the difference between the no new revenue rate and the voter approval rate from last year and add it to this year's voter approval rate to use as the unused increment tax rate. Ms. Griffin explained that has significantly helped with the General Fund because this is the first year in five years that the City did not have the Community Development Loan that we had been using in the past. Ms. Griffin reviewed the proposed budget revenues: General Fund – property tax revenues \$4,688,000; Sales Tax Revenue estimate - \$3,657,000; and Licenses and permits – may see a little increase. Ms. Griffin then reviewed the changes in expenditures that came from the July 12, 2022, Council Budget Workshop: Increased Fire Marshall services by \$15,000; added \$15,000 to General Fund for a Juvenile Case Worker – we do not show a revenue offset for that particular person; Associated with our new City Manager was some contract dollars around \$25,000; we did away with the contracted public information officer and cut the positions that we were going to add for \$12,000 and put that toward other employees positions and added those duties to those positions, and the last piece of this is we eliminated the Human Resources Manager position and added part of that money to the employee that is currently fulfilling those duties. Ms. Griffin said we are still looking at an 8% increase in materials and supplies; fuel 29% increase; and the 5% cost of living increase.

Council Member Jackson said she knew we stay conservative with our estimates on revenues but if the trend with the sales tax continues, we will definitely have more revenue than we are predicting if everything works out and we don't have another pandemic.

Ms. Griffin stated that was correct and if there were additional income that would roll into the Fund Balance.

Council Member Brundrett said some of our savings from last year's budget is from not filling positions and that would run into the Fund Balance, and he was trying to track that.

Ms. Griffin said the Fund Balance presented to you last year is really close to the amount projected because the City is still paying on the contract for the prior City Manager, and we will see some rollover.

Ms. Griffin then reviewed the Water/Wastewater Utility Fund. Ms. Griffin stated there are no revenue changes, but we do have a 3% rate increase in revenues. Ms. Griffin said the San Patricio Municipal Water District is telling us to anticipate an 8%-10% increase in the cost of water and we do have an 8% increase built into our purchase of water.

Council Member Hale asked how the projected water restrictions will affect our revenue. Council Member Hale suggested staff look at 2012 when we had Stage 1 or Stage 2 water restrictions and how that affected the revenue.

Public Works and Building & Development Services Director Mike Donoho answered we will sell less water and it will hurt us a little bit, but he did not expect it to be a severe financial hit.

Ms. Griffin said the City actually bills about 45-days behind usage and it may not show up in this fiscal year but may show up in the next fiscal year.

Ms. Griffin stated wastewater rates will also have a 3% increase. Ms. Griffin said the Public Hearing for utility rates is scheduled for August 9, 2022.

Ms. Griffin said fuel costs are increased at 40% and the only other thing we have changed from the prior Workshop discussion is we have transferred the purchasing clerk position from water distribution to utility customer service.

Council Member Hale asked if staff does a presentation before the Public Hearing. Council Member Hale stated it would be beneficial to do the presentation first.

Ms. Griffin answered the City's rate consultant will be present at the meeting on August 9th and he can do a presentation.

Ms. Griffin then reviewed the following Budget funds:

- Natural Gas Fund - 12.5% increase which is a pass through and the cost for the City to purchase Natural Gas is a 57% increase.
- Aquatic Center – Intergovernmental Revenues: Aransas County \$30,000, Town of Fulton \$7,000

Discussion was held among Council, Ms. Griffin and Parks & Leisure Services Director Rick Martinez regarding the Aquatic Center and the proposed budget of \$400,000+ to maintain and operate the pool.

Council Member Hale said the City should visit with the school district in regard to them providing some financial support of the Aquatic Center. Council Member Hale stated staff has done a great job of identifying City projects that qualify for HOT funds so she suggested staff look at things done at the Aquatic Center that may qualify for HOT funds.

City Manager Vanessa Shrauner stated she will open the discussion with Aransas County, Town of Fulton and Aransas County Independent School District regarding financial support for the Aquatic Center.

Ms. Griffin reviewed the Fleet Maintenance proposed budget and stated it includes a 42% increase in fuel costs.

Brief discussion was held among Council, Ms. Griffin and Mr. Donoho regarding removal of the fuel storage tanks at Laurel Street and moving to a fuel card system.

Council Member Hale stated the City's biggest vulnerability with the fuel card system is when the system goes down during an emergency; how do we pay – a mechanism with vendors should be established before that happens. Council Member Hale said she wanted to make sure we are prepared; we need to think about roadway conditions, power failures and things like that when an emergency happens.

Ms. Griffin reviewed the following Budget funds:

- Communications Center Fund – There has been no revision since the last Budget Workshop. Interlocal Agreement for dispatching where the City pays for 52% of calls, Aransas County pays for 39% of calls, and the Town of Fulton 10% of calls.
- Hotel Occupancy Tax (HOT) funds – amounts were allocated at the July 26, 2022, Council meeting.

Discussion was held among Council, Ms. Griffin, and City Secretary Teresa Valdez regarding the \$25,000 allocated in last year's budget for a City float.

It was the consensus of Council for staff to bring them some options for the purchasing of a City float.

Council took a recess from 9:55 a.m. until 10:05 a.m.

Ms. Griffin reviewed the following Budget funds:

- Utility Surcharge Fund – This is the revenue that comes from the \$1.35 voluntary contribution by utility customers that is re-distributed to the three local fire departments.
- Municipal Court Security & Technology Funds – no change since the last Budget Workshop.
- Municipal Court Juvenile Case Manager Fund – no change since the last Budget Workshop.
- Interest & Sinking (I&S) Debt Service Fund – showing use of \$265,000 reserves for debt service because the way the County allocates the frozen property tax revenue is on an allocated percentage, so we build up a fund balance.
- Vehicle & Equipment Replacement Fund – will be doing a surplus auction on vehicles that have been replaced. Should see a decrease in repair expenses. Vehicles identified to be purchased for Police, Parks, Water/Wastewater and Natural Gas Departments.

Council Member Hale asked when was the last time the voluntary contribution amount had been changed and she suggested it is something we should look at and we could also look at changing our methodology on that. Council Member Hale requested when the three volunteer Fire

Departments come to the Council meeting to receive their distribution checks, they give a presentation on how the utility surcharge funds are used in their respective departments.

Council Member Hale asked where the other entities stood on the addition of the Juvenile Case Manager.

Municipal Court Judge Diane McGinnis answered Aransas County Independent School District already had money allocated for a second Juvenile Case Manager, Aransas County is meeting on Friday, and she did not know when the Town of Fulton would be discussing it.

Ms. Griffin reviewed the Capital Improvements Projects and reminded Council that unspent bond proceeds had been identified to fund some of the projects:

- \$500,000 – use of HOT funds for the Downtown Visitor Center and Restrooms
- \$12,000,000 – City Hall
- Various amounts for Concho Street Stormwater Drainage, Streets & Drainage Projects, Memorial Park Improvements, & Bent Oaks Property Projects.

Ms. Griffin reviewed the Utility System Capital Improvement Projects and stated American Rescue Plan Act funds and bond proceeds are funding some of those projects.

Mayor Jayroe asked if Council had any questions or concerns regarding the proposed Budget.

Council Member Jackson stated Ms. Griffin and her staff had done a fabulous job in preparing and presenting the budget and everything is justified. Council Member Jackson added this has been an easy process this year.

Council Member Brundrett echoed Council Member Jackson's comments and added this budget was much easier than his first-year experience as a Council Member. Council Member Brundrett stated that unfortunately all staff requests could not be funded, and he thanked staff for making cuts.

Mayor Pro-Tem Hattman thanked staff.

Ms. Griffin said she appreciated the support and all the departments worked together and it had been a great process this year. Ms. Griffin said the Public Hearing on the proposed utility rates will be on the August 9, 2022, City Council Agenda and there will also be an item on that Agenda for the Council to take a record vote to schedule a public hearing on the tax rate. Ms. Griffin added City Manager Shrauner will present the budget letter and budget at the August 9, 2022, meeting, and the numbers will not change between now and then.

Mayor Jayroe expressed staff has done a tremendous job and he hoped this was an example for City Manager Shrauner to see staff's dedication and he is looking forward to working with Ms. Shrauner.

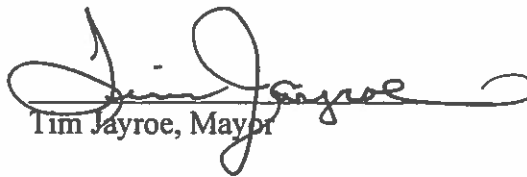
It was the consensus of Council to cancel the August 4, 2022, City Council Budget Workshop.

3. Adjournment.

At 10:30 a.m., Mayor Jayroe adjourned the Workshop.



APPROVED:


Tim Jayroe, Mayor

ATTEST:


Teresa Valdez, City Secretary