

CITY OF ROCKPORT

MINUTES

CITY COUNCIL REGULAR MEETING 6:30 p.m., Tuesday, August 11, 2020 Via Video Conferencing Application ZOOM

A temporary suspension of the Open Meetings Act to allow telephone or video conference public meetings was granted by Governor Greg Abbott. These actions were being taken to mitigate the spread of COVID-19 by avoiding meetings that bring people into a group setting and in accordance with Section 418.016 of the Texas Government Code.

Due to the COVID-19 pandemic, the attorney general has said: "statutes that may be interpreted to require face-to-face interaction between members of the public and public officials are suspended; provided, however, that the governmental bodies must offer alternative methods of communicating with their public officials." Public participation is valued and citizens wishing to express their views on any topic or Agenda item can either electronically submit a **Citizen Participation Form** or provide written comments to the City Secretary by 4:00 p.m. on the day of the meeting. The Mayor will read the comments and they will be entered in the minutes of the meeting.

On the 11th day of August 2020, the City Council of the City of Rockport, Aransas County, Texas, convened in Regular Session at 6:30 p.m., via video conferencing application ZOOM 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 Patrick R. Rios
Mayor Pro-Tem J.D. Villa, Ward 2
Council Member Michael Saski, Ward 1
Council Member Bob Cunningham, Ward 3
Council Member Andrea Hattman, Ward 4

CITY COUNCIL MEMBER(S) ABSENT

STAFF MEMBERS PRESENT

City Manager Kevin Carruth
City Secretary Teresa Valdez
Finance Director Katie Griffin
Parks & Leisure Services Director Rick Martinez
Public Works Director Mike Donoho
Assistant to the City Manager Kimberly Henry
Police Chief Greg Stevens

ELECTED OFFICIALS PRESENT

Opening Agenda

1. Call to Order.

With a quorum of the Council Members present, the Regular Meeting of the Rockport City Council was called to order by Mayor Rios at 6:30 p.m. on Tuesday, August 11, 2020, via video conferencing application ZOOM.

2. Pledge of Allegiance.

Council Member Saski led the Pledge of Allegiance to the U.S. flag.

3. Presentation: Spirit of Rockport Award – Citizen Advisory Board.

The "Spirit of Rockport" award was developed to recognize individuals and organizations who exemplify the unique spirit of Rockport. Nominees are those who go above and beyond to make our community a better place. Nominations are reviewed by the Sesquicentennial Committee with awards presented throughout the year at City Council meetings and other events. Each recipient will receive a limited-edition, commemorative medal that was designed specifically for the Sesquicentennial (below).



City Manager Kevin Carruth stated awards are going to the members of our Citizen Advisory Boards. Mr. Carruth said their time, input and guidance are instrumental in developing policies and procedures, new programming, and long-term plans. Mr. Carruth stated there are 22 individuals, many of whom serve on more than one committee and the medals will be presented by staff at their next board meetings.

Comprehensive Plan Update

Patricia Albin
Monica Burdette
Nancy Bolting
Elizabeth Brundrett
Sylvia Combs
Ginger Easton-Smith
Christine Hale
John Jackson
Suzanne Villa

Parks and Leisure Services

Jenny Vander Pluym
Ray A. Garza
Leo Villa
David Rodriguez

Planning and Zoning

Ruth Davis
Kent Howard
Diana Severino-Saxon
Maynard Green
Kim Hesley
Warren Hassinger
Ric Young

Zoning Board of Adjustments

Warren Hassinger
Ric Young
Leo Villa
Carey Dietrich
Jeanetta Davis

Mayor Rios thanked all the committee/board members for their dedication and time involved in serving.

4. Presentation: Items from 1970 Centennial Time Capsule.

Assistant to the City Manager Kimberly Henry stated this is the fifth presentation of items from the 1970 Time Capsule. Ms. Henry said since the City is going through the budget process the items for this meeting are audits of public entities and similar items.

5. Citizens to be heard.

At this time, written comments received by 4:00 p.m. on the day of the meeting, on any subject matter that is not on the agenda, will be read by the Mayor and entered in the minutes of the meeting. In accordance with the Open Meetings Act, Council may not discuss or take action on any item that has not been posted on the agenda.

There were no Citizen Participation forms submitted.

Consent Agenda

All consent agenda items listed are considered to be routine by the City Council and will be enacted by one motion. There will be no separate discussion of these items unless a Council Member so requests, in which event the item will be removed from the Consent Agenda and considered in its normal sequence on the agenda.

6. Deliberate and act on approval of Regular Meeting Minutes of July 28, 2020, and Special Meeting and Budget Workshop of August 3, 2020.

7. Deliberate and act on 3rd quarter Report from Friends of the Fulton Mansion State Historic Site for Fiscal Year 2019-2020 marketing expenditures.

Mayor Rios called for requests to remove any item from the Consent Agenda for separate discussion.

MOTION: Mayor Pro-Tem Villa moved to approve the Consent Agenda, as presented. Council Member Hattman seconded the motion. Motion carried unanimously.

Public Hearing

8. CANCELLED – Conduct a Pubic Hearing on a proposal to possibly increase solid wste, water, wastewater and natural gas rates for all customers.

Regular Agenda

9. Deliberate and act on an Ordinance of the City Council of the City of Rockport, Texas, extending a Declaration of Local Disaster for the period of August 11 – September 22, 2020; establishing rules and regulations for the duration of the disaster; restricting certain activities; and establishing penalties for violations.


Mayor Rios explained this is an extension of the Declaration of Local Disaster for the period of August 11 – September 22, 2020. Mayor Rios said this is the 10th extension, to ensure the City stays in compliance and is eligible to receive FEMA monies for disaster related expenses.

City Manager Carruth noted the extension is for one month instead of two weeks.

MOTION: Mayor Pro-Tem Villa moved to adopt an Ordinance of the City Council of the City of Rockport, Texas, extending a Declaration of Local Disaster for the period of August 11 – September 22, 2020; establishing rules and regulations for the duration of the disaster; restricting certain activities; and establishing penalties for violations. Council Member Hattman seconded the motion. Motion carried unanimously.

10. Deliberate and act on presentation of proposed Fiscal Year 2020-2021 budget.

City Manager Kevin Carruth stated he would not go through the entire proposed budget presentation because Council had seen it at the Budget Workshop. Mr. Carruth presented the budget message (below) for the proposed Fiscal Year 2020-2021 budget.



August 11, 2020
 To the Honorable Mayor and City Council Members
Introduction
 In accordance with Article VII of the City of Rockport Charter and Chapter 102 of the Texas Local Government Code, I am pleased to present for your consideration the proposed annual budget for fiscal year 2020-2021 beginning October 1, 2020. This balanced budget is intended to serve as:
 1. A plan of financial operations embodying an estimate of expenditures for the next fiscal year and the means of financing them.
 2. A management and operational plan for the allocation of resources during FY 2020-2021.
 The budgetary and accounting policies contained in the budget conform to generally accepted accounting principles (GAAP) as established by the Governmental Accounting Standards Board. The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate budgetary and accounting entity. Within the budget, the City's various funds are grouped into general fund types and proprietary fund types. The budget is prepared on the GAAP basis, with all governmental funds determined by using the modified accrual basis of accounting and proprietary funds established by using the accrual basis of accounting.
 Rockport continued its recovery from Hurricane Harvey and an aftermath following its landfall on August 25, 2017. Harvey was the first category 4 storm to hit Texas since 1961 and the second costliest natural disaster in United States history. Rockport was subjected to 13 hours of hurricane force winds, resulting in 15 percent of structures being destroyed or receiving major damage. After Harvey, the community suffered two flooding rain events in 2018 that were storm-declared disasters. These were followed in early 2020 by the COVID-19 pandemic national disaster and finally Hurricane Hanna in July 2020 that made landfall approximately 60 miles south. Despite three five disasters, the community maintained its strength, and continued its resolute recovery. Fortunately, the four disasters following Harvey inflicted relatively minor damage. Of the 109 separate recovery projects funded by the Federal Emergency Management Agency most are complete but four significant ones remain: replacement of City Hall, replacement of the Katy Allegro Bridge, replacement of fencing at most city facilities, and multiple flood mitigation projects on the City's drainage master plan.
 Beginning in the spring of 2020, the COVID-19 pandemic was in full bloom and a statewide shutdown in effect. To minimize opportunities for transmission and to help contain an outbreak, among employees should one happen, all of the public libraries in city facilities were closed and employees began working from home or divided into teams and working in shifts, as appropriate. In addition, temperature check, wearing face masks, disinfecting of touchpoints throughout all facilities multiple times a day, and deep disinfecting of buildings three times a week have all become routine.
 Despite the disruptions created by these circumstances, the challenge for staff at the beginning of the budget process is:
 (1) Continue to look for efficiencies in operations.

- (2) Reduce expenses where possible.
- (3) Maintain levels of service, and
- (4) Do not look to expand services or operations.

Consequently, staff developed budget proposals for those departments with not much more than personnel and maintenance expenses at the same level as FY 2019-2020 plus the reimbursement addition of two positions. Budget requests were reviewed by the City Manager and Director of Finance. The following account highlight points of interest in the budget.

Notable Policies and Programs

Fund Balance Policy
 While there is no statutory or regulatory requirement for a minimum fund balance, the generally accepted practice and rule of thumb is to have a fund balance of about 90-120 days. Prior to Harvey a fund balance of 7 years since Rockport had been hit by a catastrophic storm. However, as a result of a community surrounded on three sides by water, such a storm was always a dangerous possibility. Consequently, Rockport felt a need to have a fund balance greater than 90-120 days so that the City would be better prepared to respond to a disaster and maintain continuity of government and operations. The FY 2013-2014 budget first established the policy of maintaining a minimum fund balance of 120 days and a 363-day balance in the Hotel Occupancy Tax (HOT) fund. Fortunately, by the time Harvey arrived that goal had been achieved in every fund except the General Fund, where we were 30 days short.
 In the two plus years following the storm, the fund balances were utilized for the purpose for which they were created, and they caused city operations while we waited on federal reimbursement for disaster expenses and a return to normal operations. Due to large part to continued conservative spending, especially by not filing 7-15 substantial delinquent payments throughout the year, the City has been able to stay the fiscal housekeeping.

FY 2016-2017 was the first year the City took advantage of the Contingency Disaster Loan (CDL) as was awarded as a result of Harvey. The CDL is a low-interest 15 million line of credit available to the City for five years for operating expenses, not capital. The estimated fund balance recovery detailed in the tables below show the estimated fund balance with and without the budgeted use of the CDL funds.

Fund Balance Category	Estimated Fund Balance - Without CDL		Estimated Fund Balance - With CDL	
	2019-2020	2020-2021	2019-2020	2020-2021
General Fund	\$1,200,000	\$1,100,000	\$1,200,000	\$1,100,000
Water Utility	\$500,000	\$500,000	\$500,000	\$500,000
Public Works	\$300,000	\$300,000	\$300,000	\$300,000
Police	\$200,000	\$200,000	\$200,000	\$200,000
Fire	\$100,000	\$100,000	\$100,000	\$100,000
Library	\$50,000	\$50,000	\$50,000	\$50,000
Capital	\$100,000	\$100,000	\$100,000	\$100,000
Total	\$2,450,000	\$2,350,000	\$2,450,000	\$2,350,000

Hotel Occupancy Tax Policies

Rockport has historically allocated all its unexpended HOT funds and not maintained a budgeted fund balance at contingency, leaving the City's ability to accommodate for unplanned opportunities or emergencies. As noted previously, the FY 2012-2015 budget established a policy of budgeting a contingency to give the City flexibility throughout the year.

In addition, prior to FY 2012-2013, annual requests had been evaluated on their merits for that year, regardless of funding in previous years. The FY 2012-2013 budget adopted a policy stating that a new scenario should be viewed from HOT funding over one to three years after it has received funding for several years (quarterly in cases where the City helps fund rare events and those events have become successful). In light of holiday HOT revenue in the FY 2013-2014 through FY 2016-2017 budgets, Council did not enforce the policy of viewing. Following Hurricane Harvey, Council felt it was imperative that all FY 2018-2019 requests be honored, making fund balance, as all events and venues would have substantially missed during the recovery period. For FY 2019-2020, all HOT requesting properties were back by January; unfortunately, the COVID-19 pandemic struck and by March 2020 the state was in a lockdown and all the hotels and short-term rentals were closed. However, from Memorial Day forward the summer season appears to have rebounded and HOT revenues are on track to surpass FY 2018-2019, albeit not yet up to pre-Harvey levels. Due to the diminished fund balance and ongoing uncertainties of the pandemic, Council opted to utilize the Community Disaster Loan for \$49,150 in administrative costs.

Health Insurance

Employees are provided medical insurance through the TML Health Benefits Fund (formerly Texas Municipal League Multiplan Intergovernmental Employee Benefit Fund). Medical insurance is an important recruitment and retention benefit but also is a significant personnel expense.

In FY 2011-2012 the City began the practice of splitting the increase in insurance premiums evenly with employees. Premium for both the City and employees had reached an untenable amount by 2019. For FY 2019-2020 Council adopted a different TML insurance plan and agreed to pay 100 percent of the employee premium and a percentage and retention tool. This change was popular with employees and will be continued for FY 2020-2021. The premium increase from TML is 6.0 percent and there is no increase for dental or vision premiums.

Personnel

The City has a very lean operation for a service organization, where 70-75 percent of expenses would not be toward the personnel costs. In the General Fund personnel costs account for 31.9 percent of expenditures, 17.8 percent in the Utility System Fund, 34.0 percent in the Gas System Fund, and 37.3 percent across all funds (these percentages do not factor in most of the capital requests, which would drive the percentage even lower). Although very lean, personnel costs still represent the single largest cost center. Further attempts to improve efficiency by reducing personnel by voluntarily impact services and the only departments with relatively large numbers of employees are the Parks, Police and Utility Department.

Due to the revenue uncertainty of the COVID-19 pandemic, a hiring freeze was implemented for Q1 and Q4 of FY 2019-2020, resulting in up to almost a 10 percent level of understaffing based on total authorized positions. The FY 2020-2021 three positions will slowly be filled and two new positions added – an Accountant in Finance and the reassignment of the Crew Leader in the Parks and Leisure Services Department. As the City has proven and, more importantly, as the number of state and federal programs the City has increased, the requirement for the reassignment of duties and the volume of work can no longer be effectively and efficiently managed by existing staff. The Crew Leader position was eliminated in FY

Cooperation

The desire of city councils to maintain the lowest of valorem tax rate possible is understandable and important for attracting residents and businesses to have a tax rate and services that are competitive with other communities. The City of Rockport has attempted to do that for several years prior to FY 2012-2013 by maintaining the effective tax rate (i.e. the rate that causes the same amount of revenue) and cutting expenses; however, creating an artificially low tax rate by deferring maintenance and/or failing to plan for known future expenses is not successful in the long term and usually creates a more painful fiscal environment for the future. Over the years the City of Rockport has recognized the need to invest in its infrastructure continually and, beginning in FY 2012-2013 and lasting through FY 2018-2019, has adopted tax rates that are higher than the effective rate in order to maintain quality services and position the City for the future. While there is an argument to be made that more progress needs to be made in order to address the level of service requested by the community, doing so while the community is still in deep recovery from Harvey is not the time to do so. Consequently, in FY 2018-2019, the tax rate increased by only the amount of the MCI.

The 2019 Texas Legislature passed Senate Bill 2 which, among other things, limits ad valorem tax increases beginning in 2020 to 2.5 percent without triggering an automatic rollback election. In order to restore the City's fund balance to the policy objective of 180 days as quickly as possible, the FY 2019-2020 budget adopts a rate that is 6.0 percent above the effective rate. The City's healthy fund balance is a critical component of its successful response and recovery to Harvey and restoring its fund balances quickly will be important to the community's future.

The 2019 Legislature also enacted House Bill 347, ending most unilateral annexations by cities. Prior to this action, unannexed annexation authority prevailed the services and growth management that supported the state's economy. With HB 347 Texas is now one of the only states in the nation that draws both state financial assistance and annexation authority to its cities. Fortunately in 2016 and 2017 the City completed two significant annexations that included corridors along State Highway 13 Bypass and Market Street, among others. These corridors are ripe for commercial development and offer revenue potential in the short- and medium-term. In the long-term, however, the ability to annex additional areas will ultimately have a negative impact on the City's revenue prospects.

There are five issues with revenue and expense impacts that require consideration in the short- to medium-term, specifically:

1. Ongoing recovery from Hurricane Harvey;
2. Continuing investment in the City's information technology;
3. The threat of drought and near drought has resulted in revised, more restrictive drought contingency and water conservation plans that will lead to reduced water consumption and a corresponding change in base and volumetric rates. In addition, overall demand and availability of supply may lead to higher costs to the City from our supplier, San Patricio Municipal Water District;
4. Development of a new reconstruction plan; and
5. Continuation of the erosion of municipal authority from statutory changes made by the Texas Legislature concerning appraisal caps, expenditure ceilings, and overall revenue limits.

Each of these issues will require thoughtful and deliberate consideration by the City Council, together with city staff, for development and commitment to a budget strategy to meet future demands.

2014-2015 as a budget saving measure. In the intervening time over 100 acres of various parkland and facilities have been added to the Department's responsibilities and requiring the Department Director to spend more time in the field and less time directing.

Council implemented the findings of a compensation study in FY 2015-2016 and committed at that time to update the study every five years in order to keep the plan up to date and competitive. The 2020 compensation study determined that the pay scale should be adjusted upwards by 2.87% and equity adjustments for various individual positions total 2.66% overall, which is incorporated into the FY 2020-2021 budget. Funding for employee merit increases is included and each department will have a merit pool of an average of 2 steps, ensuring supervisors to be more decreasing as they evaluate their personnel. In addition, Council's commitment to performing a compensation study every five years by paying \$25,800 in a merit funds this year.

Certificate of Obligation

The FY 2020-2021 Budget contemplates the issuance of a \$29.73 million certificate of obligation (CO), as detailed in the table below. The CO will add an estimated \$0.612 to the City's M&S tax rate, however, due to the City aggressively refinancing or paying off its debt over the last few years, the net impact on the average residential homeowner compared to last year will be \$2.84 and half of residents will see an increase of \$2.10 or less.

City of Rockport	
Estimated Cost for 2020-21 Expenditures	
Item	Cost
1 City Hall	\$1,720,000
2 Canchito Street Interconnector (Drainage repairs)	\$ 2,500,000
Overall construction	
3 Ray Abrego Bridge Encasement	\$ 650,000
4 City Vehicles & Equipment (see 13, 14, 15, 16)	\$ 1,140,000
5 Bus & Vehicle Maintenance (4 Units for 2020)	\$ 750,000
6 City Computers (Customer Billing Upgrade)	\$ 750,000
8 Austin Street Interlink & Water Main (see 10)	\$ 1,950,000
for Water Main	
7 Municipal Park Parking Lot & Entrance	\$ 200,000
9 Municipal Park Vehicle Services	\$ 50,000
0 Health Department Facility & Parking	\$ 400,000
10 Park Repaving/Sealing	\$ 170,000
11 State for Long Pier	\$ 30,000
12 Fleet Parking Lot	\$ 100,000
13 Limón Street Rehabilitation	\$ 800,000
Total 2020 CO Issuance: \$ 29,730,000	

The largest project is the construction of a new City Hall to replace the one destroyed by Hurricane Harvey. As currently scheduled, construction would begin in June 2021 and be completed by December 2022. Absent of the larger expenses for the vehicles and equipment. After Harvey the City fleet replacement schedule was essentially suspended due to budget constraints. Consequently many of the vehicles have reached high maintenance and low reliability issues that come with longer use. The added capital, together with a new fleet management practice, will get the replacement cycle back on track and improve efficiency.

The proposed FY 2020-2021 budget is very conservative in its revenue estimates and expenditures and represents a sustainable early program. The budget attempts to continue the recovery and begin rebuilding reserves while mitigating the risk posed by Rockport's somewhat limited economy, modest scale, reliance on tourism, and threat of rising interest.

City government is the firm of government that has the widest ranging impact on the daily lives of our citizens. Meeting the fundamental health, safety, and welfare needs of our citizens is essential to a progressive and successful community and as presented, this budget will ensure the safety of our citizens and enhance their quality of life while providing an environment for successful development.

I appreciate the efforts of staff during preparation of the budget in a year made extraordinarily difficult by fiscal circumstances and the COVID-19 pandemic. In addition, I wish to extend my thanks to the City Council for its willingness to take the time at the annual planning session and the budget workshop to understand the hard choices facing us and to share the Council's vision with staff. Such collaboration provides context and background to better grasp the budget and also enlightens staff's awareness of Council's position.

Respectfully,



Kevin Carruth
City Manager

A recess was taken from 6:47 p.m. until 7:00 p.m. to correct technical difficulties.

Mayor Pro-Tem stated for the record the Council did not increase their pay.

Discussion was held among Council and Mr. Carruth regarding the proposed budget.

Mr. Carruth called the Council's attention to Page 144 of the Agenda Packet (below). Mr. Carruth stated the average impact to a citizen will be \$2.84 and this includes the Community Disaster Loan and 1.2 cents for the proposed issuance of the Certificates of Obligation. Mr. Carruth stated the

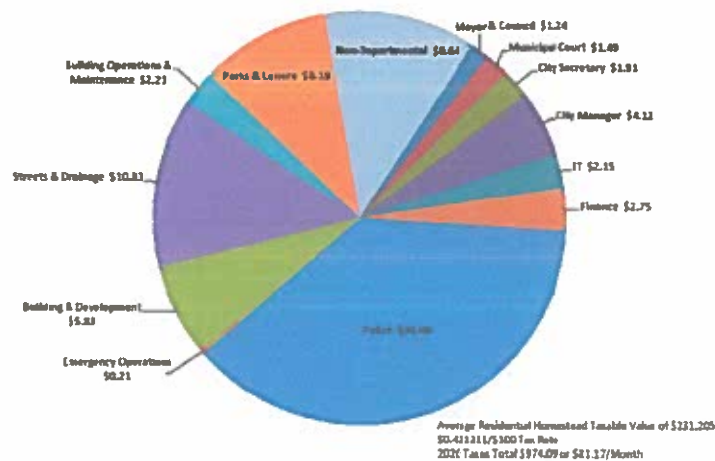
proposed budget has a tax rate of 4.0% above the No New Revenue Rate and there are no increases in utility rates.

Certified Ad Valorem Tax Rate Comparison FY 2020-2021

	Adopted 2019 Tax Rate	Certified 2020 No-New Revenue Tax Rate	2020 Voter-Approval Tax Rate	De Minimis Tax Rate \$500,000 Above NNR	Alternate Tax Rate 3 4% Increase Above NNR
Percentage M & O Increase		0.00%	0.35%	0.89%	4.00%
M & O Tax Rate	\$ 0.248154	\$ 0.225484	\$ 0.250308	\$ 0.261889	\$ 0.241888
I & S Tax Rate	\$ 0.171928	\$ 0.179843	\$ 0.179843	\$ 0.179843	\$ 0.179843
Total Tax Rate	\$ 0.420082	\$ 0.405167	\$ 0.430151	\$ 0.441532	\$ 0.421311
Total Taxable Value	\$ 1,400,701,107	\$ 1,400,701,107	\$ 1,400,701,107	\$ 1,400,701,107	\$ 1,400,701,107
Total Tax Levy					
Total Tax Levy	\$ 5,505,038	\$ 5,674,338	\$ 6,148,392	\$ 6,184,542	\$ 5,901,312
Over 65 Frozen Taxes	\$ 910,047	\$ 988,223	\$ 988,223	\$ 988,223	\$ 988,223
Disabled Frozen Taxes	\$ 16,356	\$ 14,019	\$ 14,019	\$ 14,019	\$ 14,019
Total Tax Levy	\$ 6,491,441	\$ 6,656,580	\$ 7,130,634	\$ 7,196,784	\$ 6,903,554
Total Tax Revenue					
Total Levy	\$ 6,491,441	\$ 6,656,580	\$ 7,130,634	\$ 7,196,784	\$ 6,903,554
Collection Ratio	89%	88%	89%	89%	88%
Total Tax Revenue	\$ 6,428,588	\$ 6,523,449	\$ 6,988,021	\$ 7,023,449	\$ 6,745,883
Revenue Allocation by Fund					
M & O General Fund	\$ 4,148,812	\$ 3,745,870	\$ 4,211,242	\$ 4,245,670	\$ 3,969,104
ISS Debt Service Fund	\$ 2,776,779	\$ 2,776,779	\$ 2,776,779	\$ 2,776,779	\$ 2,776,779
Total Tax Revenue	\$ 6,428,588	\$ 6,523,449	\$ 6,988,021	\$ 7,023,449	\$ 6,745,883
Revenue Difference					
Additional Revenue	\$311,882	\$86,882	\$484,872	\$800,000	\$222,434
% Increase in Revenue	4.9%	1.6%	8.0%	7.5%	3.3%
Residential Taxpayer Impact Analysis					
Residential Value	Tax Paid 2019 Rate	NNR Tax Paid	Difference in Tax Paid from No-New-Revenue Tax Rate		
			VAR	De Minimis Rate	Alt Tax Rate 3
Average Market - \$240,077	\$1,008.52	\$972.57	\$81.25	\$87.45	\$38.90
Average Taxable - \$231,205	\$871.26	\$836.63	\$78.25	\$84.22	\$37.47
Median Taxable - \$170,860	\$717.75	\$692.17	\$57.83	\$62.24	\$27.69
Residential Value	Tax Paid 2019 Rate	NNR Tax Paid	Difference in Tax Paid from Last Year's Tax Rate		
			VAR	De Minimis Rate	Alt Tax Rate 3
Average Market - \$240,077	\$1,008.52	-\$35.95	\$45.30	\$51.50	\$2.56
Average Taxable - \$231,205	\$871.26	-\$34.62	\$43.63	\$49.69	\$2.84
Median Taxable - \$170,860	\$717.75	-\$25.59	\$32.24	\$36.65	\$2.10

Mr. Carruth called the Council's attention to Page 178 of the Agenda Packet (below). Mr. Carruth stated the City is very lean in personnel costs.

**Monthly Allocation of Average Residential
Homestead Ad Valorem Tax**



Mayor Pro-Tem Villa commented with all the negative people on social media, he wished they would have attended tonight's meeting via ZOOM to see this and know the facts.

Council Member Hattman added it is very easy to attend the meeting via ZOOM and get accurate information.

Mayor Rios added all the budget information is on the City's website.

Discussion was held among Council regarding the Community Pool.

Council Member Cunningham stated when the pool was built is was done so in conjunction with Town of Fulton, Aransas County and City of Rockport.

Mr. Carruth stated Aransas County Independent School District was also a partner when the pool was built. Mr. Carruth said the original agreement calls for costs overages to be shared, but that never happens; the City covers those costs.

Finance Director Katie Griffin stated in over 20 years, the operating transfers has amounted to \$1.588 million.

Mr. Carruth called the Council's attention to Page 186 of the Agenda Packet (below).

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Fund Balance Summary

Fund Balance Summary - 7/31/20

Fund	Beginning Balance 10/1/2017	Estimated FY 2019-2020 Revenue	Estimated FY 2019-2020 Expenditures	Estimated Ending Fund Balance	Days of Working Fund Balance	Above/ (Below) Policy Goal
General (w/out CDL)	\$ 3,355,647	\$ 10,889,346	\$ 11,249,910	\$ 2,975,083	97	(83)
General (with CDL)	\$ 3,380,647	\$ 11,274,910	\$ 11,249,910	\$ 3,380,647	110	(20)
Debt Service	\$ 635,692	\$ 2,646,175	\$ 2,374,962	\$ 906,905	139	(41)
Utility	\$ 2,392,330	\$ 11,191,420	\$ 11,035,906	\$ 2,547,844	84	(96)
Natural Gas (w/out CDL)	\$ 1,474,879	\$ 2,091,100	\$ 2,297,568	\$ 1,218,411	194	14
Natural Gas (with CDL)	\$ 1,474,879	\$ 2,297,568	\$ 2,297,568	\$ 1,474,879	226	46
HGT	\$ 757,916	\$ 640,065	\$ 1,006,960	\$ 391,021	142	(223)
<small>Revised 08/01/20</small>						

Projected Fund Balance Summary - 9/3/21

Fund	Estimated Beginning Balance 10/1/2020	Estimated FY 2020-2021 Revenue	Estimated FY 2020-2021 Expenditures	Estimated Ending Fund Balance	Days of Working Fund Balance	Above/ (Below) Policy Goal
General (w/out CDL)	\$ 2,975,083	\$ 10,899,711	\$ 11,818,322	\$ 2,056,472	65	(115)
General (with CDL)	\$ 3,380,647	\$ 11,618,322	\$ 11,618,322	\$ 3,380,647	106	(74)
Debt Service	\$ 906,905	\$ 2,776,779	\$ 3,187,886	\$ 495,798	57	(123)
Utility (w/out CDL)	\$ 906,905	\$ 11,179,630	\$ 11,626,366	\$ 410,169	13	(167)
Utility (with CDL)	\$ 2,547,844	\$ 11,618,366	\$ 11,626,366	\$ 2,537,844	80	(100)
Natural Gas (w/out CDL)	\$ 1,218,411	\$ 2,160,600	\$ 2,314,375	\$ 1,044,636	163	(17)
Natural Gas (with CDL)	\$ 1,474,879	\$ 2,234,375	\$ 2,234,375	\$ 1,474,879	223	43
HGT	\$ 391,021	\$ 780,000	\$ 805,586	\$ 365,435	166	(126)
<small>Revised 08/01/20</small>						

Brief discussion was held among Council and Mr. Carruth.

Council Member Cunningham stated for clarification that in the hotel occupancy tax fund allocations, the Council is being conservative. Council Member Cunningham said if hotel occupancy tax revenue is good in Fiscal Year 2020-2021, the Council can re-visit some of the

allocations.

Mayor Rios stated that was correct, it would be a budget amendment.

MOTION: Mayor Pro-Tem Villa moved to accept the proposed Fiscal Year 2020-2021 budget, as presented. Council Member Saski seconded the motion. Motion carried unanimously.

11. Deliberate and act by taking record vote on proposed 2020 *ad valorem* property tax for Fiscal Year 2020-2021 budget and scheduling dates for two required public hearings on proposed tax rate.

Finance Director Katie Griffin addressed the Council. Ms. Griffin stated during the Budget Workshop, Council determined an appropriate *ad valorem* tax rate necessary to fund maintenance and operations and debt service in the Fiscal Year 2020-2021 budget. Ms. Griffin said the proposed rate is \$0.421311 per \$100 of valuation. Ms. Griffin explained Senate Bill 2 changed the law for public hearings on the proposed tax rate and the City did not find out until after the Agenda was posted that only one public hearing is required. Ms. Griffin said staff is suggesting the Public Hearing be set for September 8, 2020 at 6:30 p.m. at the regular Council meeting.

MOTION: Mayor Pro-Tem Villa moved that the property tax rate be increased by adoption of a tax rate of \$0.421311, and the public hearing be scheduled for September 8, 2020 at 6:30 p.m. at the regular Council meeting. Council Member Saski seconded the motion. Roll call recorded vote conducted as follows:

FOR MOTION: Council Member Saski, Mayor Pro-Tem Villa, Council Member Cunningham, Council Member Hattman and Mayor Rios.

AGAINST MOTION: None.

Motion carried unanimously.

12. Hear and deliberate on status of COVID-19 and response efforts.

Mayor Rios stated staff has been keeping up with the COVID-19 case count; 185 cases in Aransas County, 105 recoveries and 15 fatalities. Mayor Rios said he thought people were doing a great job wearing masks. Mayor Rios expressed he is wondering how the Labor Day weekend is going to affect the COVID numbers in our community.

13. Reports from Council.

At this time, the City Council will report/update on all committee assignments, which may include the following: Aransas County Alliance Local Government Corporation; Aransas Pathways Steering Committee; Building and Standards Commission; Coastal Bend Bays and Estuaries Program; Coastal Bend Council of Government; Park & Leisure Services Advisory Board; Planning & Zoning Commission; Rockport-Fulton Chamber of Commerce; Aransas County Storm Water Management Advisory Committee; Rockport Cultural Arts District, Swimming Pool Operations Advisory Committee; Tourism Development Council; Tree & Landscape Committee; YMCA Development Committee; Texas Maritime Museum, Fulton

Mansion, Rockport Center for the Arts, Aransas County, Aransas County Independent School District, Aransas County Navigation District, Town of Fulton, and Texas Municipal League. No formal action can be taken on these items at this time.

Mayor Pro-Tem Villa informed the Council his cousin Sylvia Combs had recently passed away and she had been a member of the Comprehensive Plan Update Committee. Mayor Pro-Tem Villa requested the Spirit of Rockport medal to be presented to his mother.

Council Member Saski thanked everyone who is taking COVID seriously. Council Member Saski stated he very seldom sees people not wearing their masks. Council Member Saski said Rockport is a shining example of how to handle a disaster.

Council Member Cunningham said he had attended the Chamber Hotel & Lodging Council Meeting where Ted Kamel with Azavar gave a presentation. Council Member Cunningham stated Azavar is the City's third-party contractor for collection of hotel occupancy tax and the City is miles ahead of the County. Council Member Cunningham said he attended the Pathways meeting via ZOOM; the HummerBird celebration will be virtual and they are urging everyone to pass the word - \$20 for eight sessions. Council Member Cunningham informed the Council he has been following the Fulton Beach Road issue that came up in Commissioners' Court yesterday. Council Member Cunningham stated now that the County has run into issues, they are wanting the other entities to come up with a solution in a 30-day time frame; this is unrealistic.

Council Member Hattman thanked Mr. Carruth and staff for the hard work on the budget. Council Member Hattman said Mr. Carruth made it easy to understand.

Mayor Rios said he attended a webinar on flood insurance with the State. Mayor Rios stated the deadline to apply for flood insurance is October and they are trying to identify people who did not purchase the insurance.

Executive Session

City Council will hold an executive session pursuant to the provisions of Chapter 551 of the Texas Government Code, in accordance with the authority contained in:

- 16. Section 551.071(2) Consultation with Attorney on a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with this chapter – Potential Divestment of Gas Utility; and Agreement with Rockport Center for the Arts for administration of EDA grant.**
- 17. Section 551.072 Deliberation Regarding Real Property - To deliberate the purchase, exchange, lease, or value of real property; Right of way and easement acquisitions necessary for the Key Allegro Bridge project.**

At 8:03 p.m., Mayor Rios convened the Rockport City Council into an executive session pursuant to provisions of Chapter 551 of the Texas Government Code, in accordance with the authority contained in Section 551.071(2) Consultation with Attorney on a matter in which the duty of the

attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with this Chapter – Potential Divestment of Gas Utility; and Agreement with Rockport Center for the Arts for administration of EDA grant; and Section 551.072 Deliberation Regarding Real Property - To deliberate the purchase, exchange, lease, or value of real property: Right of way and easement acquisitions necessary for the Key Allegro Bridge project.

Open Session

City Council will reconvene into open session pursuant to the provisions of Chapter 551 of the Texas Government Code to take any actions necessary related to the executive sessions noted herein, or regular agenda items, noted above, and/or related items.

At 8:59 p.m., Mayor Rios reconvened the Rockport City Council into open session pursuant to the provisions of Chapter 551 of the Texas Government Code to take any necessary actions related to the executive sessions noted herein, or regular agenda items, noted above, and/or related items.

MOTION: Mayor Pro-Tem Villa moved for Council to reconsider Agenda Item !0. Motion was seconded by Council Member Hattman. Motion carried unanimously.

Mayor Rios stated the Council will reconsider the hotel occupancy tax funds allocated in the proposed Fiscal Year 2020-2021 budget.

MOTION: Mayor Pro-Tem Villa moved to add a second line item to the hotel occupancy tax fund budget for administration of an EDA grant in an amount not to exceed \$130,000.00. Council Member Hattman seconded the motion. Motion carried unanimously.

16. Adjournment.

At 9:01 p.m., Mayor Pro-Tem Villa moved to adjourn. Motion was seconded by Council Member Hattman. Motion carried unanimously.



APPROVED:



Patrick R. Rios, Mayor

ATTEST:



Teresa Valdez, City Secretary