



MINUTES OF THE CITY COUNCIL WORKSHOP MEETING

A WORKSHOP MEETING OF THE CITY COUNCIL OF THE CITY OF DEER PARK, TEXAS HELD AT CITY HALL, 710 EAST SAN AUGUSTINE STREET, DEER PARK, TEXAS ON JUNE 26, 2023 BEGINNING AT 5:30 P.M., WITH THE FOLLOWING MEMBERS PRESENT:

JERRY MOUTON, JR
SHERRY GARRISON
TJ HAIGHT
TOMMY GINN
BILL PATTERSON
RON MARTIN
GEORGETTE FORD

MAYOR
COUNCILWOMAN
COUNCILMAN
COUNCILWOMAN
COUNCILMAN
COUNCILMAN
COUNCILWOMAN

OTHER CITY OFFICIALS PRESENT:

JAMES STOKES
SARA ROBINSON
JIM FOX
ANGELA SMITH

CITY MANAGER
ASSISTANT CITY MANAGER
CITY ATTORNEY
CITY SECRETARY

CALL TO ORDER – Mayor Mouton called the workshop to order at 5:30 p.m.

COMMENTS FROM AUDIENCE – No comments received.

1. CONSIDERATION OF AND ACTION ON APPROVING A CORRECTION DEED FOR LA PORTE OUTLOT 593, OF THE NICHOLAS CLOPPER SURVEY – Motion was made by Councilwoman Ford and seconded by Councilman Martin to approve the corrected deed for La Porte Outlot 593, of the Nicholas Clopper Survey. Motion carried 7 to 0.

City Attorney Jim Fox explained the property was deeded in error from the City in 2005. The error in the legal description was found when the property was in the process of being sold. The City is reconveying the 1.6 acre tract minus the .2 acre which leaves the correct 1.4 acre tract to be recorded with the County Clerk's Office with a correction special warranty deed to correct the error.

2. DISCUSSION OF THE PROPOSED BUDGET FOR THE CITY OF DEER PARK FOR FY 2023-2024 THAT INCLUDES ALL FUNDS, ALL REVENUES, ALL EXPENDITURES AND ALL DISTRICTS – City Manager James Stokes began the discussion by thanking the staff for their dedication and hard work with the budget process. Mr. Stokes explained to Council that the budget was similar to the budgets in the past with the revenue estimates being very conservative along with the property tax at .72 cents as proposed. Currently the M&O is .53 cents and the I&S is .18 cents. The industrial district

revenues plan was that the first 4 years would be at .63 cents, next four years at .64 cents and the last four years at .65 cents. This is the first year the City is at .65 % revenue level. The sales tax revenue has been tremendous in the fact that everything has a higher cost which helps with the sales tax received. The Debt Fund will be issued \$26 million in November 2023. Water and sewer rates are budgeted to increase 5%, the storm water has no change from last year at \$1.95, Hotel Occupancy Tax (HOT) is in good shape and will need to transfer \$847,000 from that fund to the golf course fund. There is no change with the Chapter 380 fund. The CPI within this budget year is a 4.0% cost of living adjustment in addition to the 3% merit raise, the sick leave buy back is still in effect, TMRS contribution rate is increasing to 14.91%, and the health insurance for employee is increasing to 10%.

Human Resources Director Bill Philibert introduced Mark Holcombe with Evergreen Solutions, LLC, who gave an overview of the study goals set that reviewed the current compensation to ensure internal equity, external equity and to provide the City recommendations. Mr. Holcombe spoke of the project phases that included Phase 1- Outreach, Phase 2-Internal Analysis, Phase 3- External Analysis and Phase 4- Solutions. Currently, the City does possess a customizable pay structure and has done a decent job of spacing employees appropriately in the current ranges without significant employee compression, however, the range spreads are inconsistent throughout the different pay scales and midpoint progression is not consistent between grades. The salary survey had a response from 12 different cities with all responses being adjusted for cost-of-living differentials. There were 79 jobs that were benchmarked with an average rate of 7.4 match per position. The results indicate that the City is behind in the market position on average, with some positions faring better and some positions faring worse individually. The key recommendations are to adopt an adjusted pay plan with new grades added, reassign pay grades to positions based on internal equity and the market results and then place employees within their newly recommended pay grades. With the recommendations, the cost to implement the changes has two options, 1) place employees onto the pay plan and adjust employees upwards to the next highest step or 2) maintain employee progression currently obtained and move forward with a pure market approach – employees receive the same market adjustment that their grades receive.

Assistant City Manager Sara Robinson acknowledged the City staff for their efforts and hard work on their input on the salary survey and emphasized the importance of implementing a salary survey and building that into the maintenance and operations budget yearly. Ms. Robinson also discussed the details of the “budget philosophy” moving forward. In the General Fund is estimated at \$1.6 million in investment revenue, which is not an amount that can be counted on each year. Dedicated revenues such as ad valorem, industrial districts, sales tax gives a much clearer understanding of what operations can be maintained and what operations cannot be maintained. There is a nice fund balance, contingency balance and a very high credit rating. Ms. Robinson explained the proposed change is to reduce the fund reserve balance in the General Fund. Currently, there is 400 days of reserve in the General Fund and the intended change is to reduce those days down to 365. This means the City could operate without collecting any amount of revenue for 365 days. This change would not impact the City’s credit rating but would allow to build fund balances in different areas for the future. Ms. Robinson emphasized that things were being conducted differently pertaining to the budget presentation to eliminate diving into insignificant details and to focus on the major items to be approved.

Finance Director Nicole Ganey spoke on the investment revenue and economic outlook. In prior years, investment revenue was not much of a talking point but this year was an excellent year with increases in the rates. Interest rates are controlled by the Federal Open Market Committee, with record high inflation, the Committee responded by raising interest rates. In March of 2022 the rate was .5% compared to this March 2023, where the rates increased to 5.25%. The trend of the rates is not expected to decline until October 2023, with a very gradual decline for the following year. The conservative estimate for 2023 is to receive \$1.6 million. The City's investment portfolio is very healthy with investments maturing all through next year allowing the City to capitalize on the interest rates. The sales tax is difficult to predict but a very important element as the City's 3rd major revenue fund. The top sales tax payers are HEB and Walmart, but there is expectation of collections declining due to inflation. The previous year the City hired Avenue Insights to analyze the sales tax data to ensure that businesses are remitting sales tax to the City. In the last year, Avenue Insights has collected over \$714,000 on the City's behalf. Ms. Ganey spoke on the property tax that have risen again according to our preliminary values received in April 2023. The estimated taxable value is \$4.165 billion totaling a 9.77% increase in value with \$32 million attributed to new property. The average market value of a residence is \$289,616, an increase of \$33,000 or 12.76%. The average taxable value is \$200,796, which compared to last year, is an \$18,000 increase or 9.68%. The City is budgeting to receive \$19,860,000 in the General Fund and \$7,700,000 in the Debt Service Fund. Ms. Ganey emphasized that all the numbers presented are preliminary and will not have the certified values until the end of July 2023.

Police Chief Greg Grigg gave an overview of the salary survey pertaining to the Police Department and discussed the negative impact that George Floyd and the defunding movement has had on policing market even with the actions City Council has taken to keep salaries competitive. The salary survey had a good response from different cities that answered for each position and gave a clear view of the competition within the area for officers. Chief Grigg spoke of the employees affected with projections contemplating salaries for the start of the new FY beginning October 2023.

Finance Director Nicole Ganey gave an overview of proposing a standalone Municipal Court building. The Municipal Court and Theater building was built between 1986-1987 and is shared jointly. The task of converting the courtroom to an operational theater happens every week. Ms. Ganey also spoke of the safety and security issues such as not having metal detectors at the courtroom door, no secure access into the court room for the judges, attorneys and court staff, no obstacles separating the judge and jury from the gallery and unsecured parking areas. The idea is for the proposed building to be constructed on City owned property on Helgra Street, with an amount of \$500,000 already in the budget, the process of obtaining more specific details on cost of construction could potentially begin. Currently, there are 13 points of access to the courtroom, which leaves the staff, judges and citizens vulnerable to unsafe risks. Ms. Ganey emphasized that a standalone building would enable staff to address space issues, safety and security issues.

Information Technology Director James Lewis discussed the request to purchase two radio towers for Fire Stations 1 & 2. The first radio tower to be replaced would be at Fire Station 1, due to the current tower being approximately 20-25 years old, reaching the end of its' life cycle and maxed out on any further capabilities. The current radio tower is not in compliance with the minimum wind loads requirements of 140 mph, has never been

professionally inspected, but does show significant wear and tear and would not be a suitable candidate for the new Fire Station #1 location. The new tower would provide access to the dog park, Jimmy Burke Activity Center, Court and Theater building and the Maxwell Center. This new tower would meet the 140 mph hour wind load and strengthen the network and expansion capabilities including the upcoming automatic meter infrastructure (AMI) project, fire alerting, radios, future weather stations and industrial cameras. The second tower will be located at the new Fire Station #2 that was included in the Strategic Technology Master Plan. The new tower will allow the City to remove equipment from the leased ATC tower located at the Luella Complex where currently, the City is forced to use the ATC company tower which requires for repairs and maintenance at a higher cost. The new tower at Fire Station #2 would be in compliance with 140 mph hour wind load and would give access to the Luella Complex, including the animal shelter.

Parks and Recreation Director Charlie Sandberg spoke of the athletic fields with drainage issues including Minchen Field, Spencerview Field and some areas at the Soccer Complex. Mr. Sandberg stated that he wanted to introduce the idea to Council to be able to address the drainage problems and is requesting \$100,000 to utilize on possible solutions for drainage issues.

Public Works Director Bill Pedersen discussed the request of funds for traffic signal rehabilitation at the intersection of Havana Street and Pasadena Boulevard. The signals at this location are in need of replacement due to the wood poles that have, over the years, begun to lean. In addition, the service panel is not located in an ideal location. The span and wire have wear and stress from age and sun damage. The requested amount of \$125,000 will include replacing signal heads, new poles, new cabinet, and cabling. A battery backup system for Center Street along with 8 other individual intersections is also being requested. In situations where power may be out for several days, this system would automatically transfer to battery power and run the intersections for 8 to 10 hours. The requested amount for the system is \$66,000. The Public Works Wasterwater Maintenance Division has lift stations that have outdated pumps and are needing to be replaced with above ground pumps for safety and easier on maintenance. The pumps will be housed at the Lift Station located on Georgia Avenue. The proposed \$115,000 will cover the cost of replacing two pumps as well as the installation. The Green Valley Lift Station is one of the larger lift stations and uses several large pumps. One of the pumps is beyond repair and a request for \$90,000 is being requested to purchase and install a new pump. The 13th Street Lift Station is also one of the larger lift stations that houses a 110hp pump needing to be replaced. Repairs to the existing pump will be done to have it available as a backup pump. The requested amount for the new pump is \$110,000. The Public Works Surface Water Treatment Plant Clarifier #3 and #4 Rehabilitation request will cover the new equipment cost of \$604,000 and installation cost of \$371,000 to bring the rotating equipment back into line and provide resiliency to the system totaling. These clarifiers were constructed in 2004 and with time, the mixers have settled and require new rollers, bull gears, and rails to keep them operational. The total amount for the rehabilitation request is \$975,000.

Councilwoman Garrison asked, “Are we going to talk about the cost of living adjustment?”

Assistant City Manager Sara Robinson responded, “The salary survey results that we have right now is just a comparison of current market data. We do plan to apply a cost of living adjustment but we will wait until July for the most recent and reliable data. The last time there was an update, the cost of living adjustment was at 4%. The salary estimations that you have includes the 4% cost of living adjustment on top of the salary survey information.”

City Manager James Stokes commented, “We are going to make way more investment income than what we believe. If you add all this up, we are going to be able to transfer millions of dollars to pay for future projects, capital needs and the unexpected events. That’s transformational! This will go on for years and in addition to all of that, we can catch up on our salaries.”

City Manager Stokes acknowledged that there will not be a special budget presentation at the end July but will be part of the last regular meeting on July 18, 2023 where the budget will formally be submitted.

ADJOURN – Mayor Mouton adjourned the workshop meeting at 6:48 p.m.

ATTEST:

APPROVED:

Angela Smith, TRMC, CMC
City Secretary

Jerry Mouton Jr.
Mayor