

STATE OF TEXAS

COUNTY OF BRAZORIA

CITY OF LAKE JACKSON

BE IT KNOWN that the City Council of the City of Lake Jackson met on Monday, July 6, 2020 at 6:30 p.m. in Regular Session at 25 Oak Drive, Lake Jackson, Texas, in the Council Chambers at the Lake Jackson City Hall with the following in attendance:

Bob Sipple, Mayor	William P. Yenne, City Manager
Jon J.B. Baker, Council member	Modesto Mundo, Asst. City Manager
Matt Broaddus, Council member	Alice A. Rodgers, City Secretary
Gerald Roznovsky, Council member	Sherri Russell, City Attorney
Buster Buell, Council member	Meagan Borth, Asst. to City Manager
Vinay Singhanian, Council member	Pam Eaves, Finance Director

Staff remained in their offices ready to answer questions if needed.

PLEDGE OF ALLEGIANCE

Council member Singhanian led the pledge of allegiance.

INVOCATION

Council member Buell led the invocation.

VISITORS

There were no visitors present to speak on a non-agenda item.

COMMENDATIONS

There were no commendations.

CONSENT AGENDA

- A. Approval of Minutes – June 15, 23 & 30, 2020
- B. Approve amendment to the GLO (General Land Office) contract for the purchase of Natural Gas
- C. Approve Kennemer, Masters & Lunsford, LLC as the auditors for the fiscal year ending September 30, 2020 in an amount not to exceed \$51,000

On motion by Council member Singhanian second by Council member Buell with all members present voting “aye” the consent agenda was approved as follows:

- A. Approval of Minutes – June 15, 23 & 30, 2020 approved
- B. Approve amendment to the GLO (General Land Office) contract for the purchase of Natural Gas approved
- C. Approve Kennemer, Masters & Lunsford, LLC as the auditors for the fiscal year ending September 30, 2020 in an amount not to exceed \$51,000 approved

DISCUSS AND CONSIDER APPEAL FROM MEYER TOWING BRAZOSPORT FOR RESIDENTIAL PARKING PERMIT – DANNA WALLACE

Alan Lawson, 1721 Avenue, stated he owned Meyer Towing and was present to appeal the denial of

residential parking permits for 2 wrecker drivers. Both drivers have long driveways. The trucks although they are F650's are no louder than a F350 or F250. They are asking they be allowed to park at the home of the drivers. If they have to park in Freeport it is a 20 minute drive to Freeport and 20 minute drive back. There is a time limit on arriving to a scene and the drivers would not be able to meet that requirement.

Council member Singhania stated he was not for these vehicles being parked in the residential areas. The tow trucks do not always end up back in the driveway.

Council member Roznovsky stated this was an issue when the ordinance was created, and nothing has changed since then. He felt they should not be parked in the residential areas.

Council member Buell asked if this was considered running a business out of the house. Sherri Russell stated they are not running the business out of their home they are just being dispatched to a scene.

Council member Broaddus stated he felt the same as Council member Roznovsky.

Mayor Sipple stated that the pictures presented are not representative of what is actually going on. There have been complaints of the vehicles parking in the street.

Mr. Lawson stated he spoke to his drivers and they have said they will go to the house during the day and park the vehicle in the street. But it is not parked there all day. One of his drivers is a sole provider and the business is already down 50% it will be difficult for his employees. Mr. Lawson said he will tell his drivers that they have to park in the driveway or be fired.

Council member Singhania moved to deny residential parking permits for Meyers Towing at 705 Magnolia and 118 Nasturtium, second by Council member Buell with all members present voting "aye" the appeal was denied.

DISCUSS AND CONSIDER AN ORDINANCE ABANDONING A 15 FOOT RIGHT OF WAY ALONG THE EAST SIDE OF TRACT 244 BCIC IN THE S.F. AUSTIN 5 LEAGUE GRANT, ABSTRACT 19 IN THE SOUTH SHADY OAKS SUBDIVISION, 202 PEACH STREET, ALSO KNOWN AS THE BRAZORIA COUNTY ANNEX PROPERTY – FIRST READING

Sal Aguirre, City Engineer stated there is a strip of land at the bottom of the County's new building that was intended to be an extension of Peach Street. In 1975 one-half of the right-of-way was abandoned to Tract 244. The owner of Tract 244 has fenced that area. The County would now like the other half of the right-of-way so that it can become part of their lot.

On motion by Council member Singhania second by Council member Baker with all members present voting "aye" an ordinance abandoning a 15 foot right of way along the east side of Tract 244 BCIC in the S.F. Austin 5 League Grant, Abstract 19 in the South Shady Oaks Subdivision, 202 Peach Street, also known as the Brazoria County Annex Property was passed on first reading.

AWARD BID TO CZ CONSTRUCTION IN AN AMOUNT NOT TO EXCEED \$1,207,383.20 FOR THE REHABILITATION OF SANITARY SEWER FOR LAKE FOREST SUBDIVISION AND A PORTION OF HUISACHE STREET

Sabrina England, Public Works Director stated this project will cover all the Lake Forest Subdivision and a portion of Huisache Street. It will encompass replacing about 20,000 linear feet of sewer line with HDPE pipe ranging from 6" to 12", replace about 25 manholes and rehab an additional 14 manholes.

Estimated duration of the project is 210 calendar days.

On motion by Council member Roznovsky second by Council member Buell with all members present voting “aye” bid was awarded to CZ Construction in an amount not to exceed \$1,207,383.20 for the rehabilitation of sanitary sewer for Lake Forest Subdivision and a portion of Huisache Street.

PRESENTATION AND DISCUSSION OF FY 20-21 ANNUAL BUDGET

Mr. Yenne presented the FY 20-21 Annual Budget for discussion.

Pandemic will be the reoccurring theme throughout this budget document. As cases in the US began to multiply, the President declared a national emergency concerning the Novel Coronavirus Disease (COVID-19) outbreak on March 13th. That same day (March 13, 2020) Governor Greg Abbott declared a state of disaster for all counties in Texas under the authority vested in him by section 418.014 of the Texas Government Code.

Mayor Sipple declared a disaster declaration on March 16, 2020. This disaster declaration was approved by City Council at their March 16th City Council meeting. County Judge “Matt” Sebesta declared a county-wide disaster declaration on March 17th.

The shutdown has had significant impact on our city budget. With sales tax as our number one source of General Operating Fund revenue, the closure of businesses had a very negative affect on our sales tax collections. Also, revenue from our Civic Center, and Recreation Center plummeted as citizens were asked to stay at home. On the utility side our revenues were negatively impacted when heavy water users such as our schools, the college, Dow, the mall, and our hotels all were closed or had operations limited.

FISCAL YEAR 2019-2020

GENERAL OPERATING FUND

I am estimating that General Fund operating revenues will be \$1.5 million less than had been budgeted in FY19-20. I expect sales tax revenues alone, to be down \$691,182. Recreation Center revenues are estimated to be \$453,470 less than budgeted; and, Civic Center revenues are estimated to be \$117,125 lower than budgeted.

On the expenditure side we froze 8 open positions for the rest of FY19-20 and cut back on expenses across the board. Salary and benefits savings are estimated to be just under \$600,000. We trimmed line items throughout the budget to reduce expenditures by \$1.5 million for FY19- 20.

Some notable cancellations were the concert series on the plaza (\$30,000), we closed the outdoor pool for the year (\$30,000), we cancelled the July 4th fireworks (\$18,000) and we dropped the BISD Busing Assistance Program (\$12,000) in consultation with BISD.

UTILITY OPERATING FUND

I am estimating that revenues in our Utility Operating Fund will be down almost \$715,000 in FY19-20. As noted above, this is primarily due to large water users such as the schools, Brazosport College, the mall, Dow and our hotels closing or limiting their operations. Also, at my suggestion, City Council granted a one-month credit to each utility account equal to their base monthly utility bill. For residents that equaled to \$50.25 per customer. Commercial accounts started at about \$133/account on up depending primarily on their sanitation charge. This credit “cost” the city just shy of \$590,000 in revenue. But this credit was intended to help residents and businesses struggling with their finances because of the COVID-19 pandemic. To help offset this revenue loss, we froze 4 positions for the remainder of FY19-20. That will save us \$599,743 for FY19-20. We also eliminated the budgeted transfer of \$250,000 from the FY19-20 Utility Operating Fund to the Utility Capital Projects fund. We also made various cuts throughout the budget.

FY 2020-2021 BUDGET AT A GLANCE

The fiscal year 2020-2021 budget will be quite austere.

COMBINED OPERATING BUDGET

The combined operating budget (General and Utility Operating funds) is proposed to be \$36,087,633. This is \$925,071 (2.5%) less than the FY19-20 budget of \$37,012,704. FY 2020-2021 - Proposed Budget - 70
MANAGER'S MESSAGE GENERAL OPERATING FUND The proposed FY20-21 General Operating Fund Budget is proposed to be \$21,636,818. This is \$703,294 (3.1%) less than the FY19-20 budget of \$22,340,112. Much of this savings comes from not funding two authorized positions (a custodian and a lead mechanic) for the entire year and only fund the Public Works Supt. Position for ½ of the year. This comes to about \$134,000 in savings. Other savings include eliminating or reducing: BISD busing contribution Economic Development Market Study Cut transfer to special events fund Overtime-Police Vinyl street painting Slope paving Property inspection

In the event revenues recover, the budget can be amended to restore some of these expenses.

UTILITY OPERATING FUND

The Utility Operating Fund is proposed to be \$14,450,815 in FY20-21. This is \$221,777 (1.5%) less than the FY19-20 budget of \$14,672,592. This reduction is primarily due to a decrease in the proposed transfer to capital of \$95,000 and a reduction in the transfer to the Utility sinking Fund (debt service) of \$293,567. Some of this decrease was offset by some increases in categories such as maintenance contracts, chemicals and wood grinding (at the mulch site). NO PAY RAISES For the first time in 64 years we have not included a pay raise or lump sum payment for employees in this budget. The estimated funds are just not there. However, I will ask Council to consider amending the FY20-21 budget once we get past hurricane season; and, if revenues improve better than anticipated as we start FY20-21. Currently we are holding in our General Operating Fund balance the \$1.4 million positive balance from FY18-19. Normally we would transfer these funds to Capital Improvements. We have held these funds in the event we needed to cover a larger than expected revenue drop because of COVID-19; and to give us a cushion going into hurricane season. If this money is not needed to balance FY19-20 or for storm response, I would like to see City Council consider using some of this money to provide a lump sum of say 2% for each employee's annual salary mid-year. The same applies to the Utility Operating Fund, where we have held onto the FY18-19 positive balance of \$900,000. If not needed to balance FY19-20 or for storm purposes I would like to see some of this money spent on a 2% lump sum mid-year for our utility employees.

NO PROPERTY TAX RATE INCREASE

Based on preliminary assessed values provided by the Brazoria County Appraisal District, we will drop the current 34.82 cent property tax rate to 32.82 cents. This \$32.82 should be equal to the new "no new revenue" tax rate per the State's requirements in SB2. This use to be called the "effective rate". Because the COVID-19 pandemic has caused such damage to the local economy, I/we just didn't feel it was right to raise property tax revenues this year. The current 34.82 cent tax rate is one of the lowest tax rates in the State of Texas for cities 10,000 and larger. This new tax rate will put us even lower among cities 10,000 population and above. This proposed rate is subject to change should the BCAD final appraised numbers come in differently than currently projected.

NO UTILITY RATE INCREASE

The Brazosport Water Authority has tentatively indicated they will not raise their rate this year. This will allow us to hold our water, sewer and sanitation rates the same as they are now.

SALES TAX

Sales tax revenues are down drastically because of the COVID-19 pandemic. I am estimating that sales tax revenues for FY20-21 will be some \$620,040 short of what was budgeted in FY19- 20.

FY19-20 OPERATING BUDGET REVIEW

GENERAL OPERATING FUND

I am projecting that revenues for FY19-20 in the General Operating Fund will be \$20,827,135. This is \$1,512,977 (6.8%) lower than the adopted FY19-20 budget of \$22,340,112. As previously discussed, this drop in anticipated

revenue is due almost entirely to the lockdown for the COVID-19 pandemic.

On the expenditure side, we have reduced expenditures by \$1,513,243 (6.8%) from the adopted FY19-20 budget of \$22,340,112 in response to the projected loss of revenue due to the pandemic.

General Operating Fund (estimated at 9/3/20)			
	FY 19-20 Budget	FY 19-20 Projected	Difference
Revenues	\$22,340,112	\$20,827,135	\$1,512,977
Expenditures	\$22,340,112	\$20,826,869	\$1,513,243
Excess <Deficit>	0	266	<266>

UTILITY OPERATING FUND

I anticipate Utility Operating fund revenues to be \$13,958,293 in FY19-20. This is \$714,299 (4.9%) less than the \$14,672,592 FY19-20 budget. Again, these revenues are down because of the pandemic. Most of this loss of revenue is due to the nearly \$600,000 given as a credit to our utility customers to help them during the pandemic. The credit was a one-time credit to each customer of their base utility bill.

Expenditures have been cut by \$1,062,029 (7.2%) to \$13,610,563 for FY19-20.

Utility Operating Fund (estimated at 9/30/20)			
	FY 19-20 Budget	FY 19-20 Projected	Difference
Revenues	\$14,672,592	\$13,958,293	\$714,299
Expenditures	\$14,672,592	\$13,610,563	\$1,062,029
Excess	0	\$347,730	<347,730>

PREPARING THE FY2020-21 BUDGET GOALS AND OBJECTIVES

For the past fourteen years (since 2007), City Council and staff meet in January and February to go through our formalized goals and visioning process.

City Council reaffirmed our vision statement, which is:
 “Our vision is to create an ideal community to live, work and play for all”.

New goals established by City Council:

- Restore panel replacement program
- Implement new CNG compliance standards into garage facility
- Review interlocal agreement with Velasco Drainage District outfalls and prepare Capital Improvement Plan in conjunction with VDD to repair and maintain
- Review sanitation routes and staffing levels to improve efficiency and service
- Earn accreditation from the commission for accreditation of parks and recreation agencies (CAPRA)
- Coordinate new traffic light at BISD exit and Dixie Drive
- Participate in new bi-county transit district • Create program to address homelessness in the city

THE FY 2020-2021 BUDGET MAJOR ISSUES

COVID-19 PANDEMIC

The COVID-19 virus is the largest pandemic since the Spanish Flu back in 1918. It has affected every country on earth and killed hundreds of thousands worldwide. But it has also caused us to delay and cancel a slew of activities.

BOND ELECTION CANCELLED

The Bond Election scheduled for May 2020 was cancelled because of the COVID-19 pandemic.

Following the recommendations of the task force, the City Council called a bond election for May 2, 2020 totaling \$29,435,000. The bond issue was separated into 6 propositions for the voters to consider. They were:

Proposition 1 - City Hall Expansion	\$9,200,000
Proposition 2 - Animal Control Facility	\$3,500,000
Proposition 3 - Police Renovation & Expansion	\$2,300,000
Proposition 4 - Library Flooring	\$300,000
Proposition 5 - Pin Oak, N. Shady Oaks, Forest Oaks Lane, parking/drainage And ADA ramps	\$2,635,000
Proposition 6 - Moss, Chestnut, Wisteria, Palm Lane paving/drainage	\$11,500,000
Total	\$29,435,000

City Council can consider putting these propositions on the May 2021 ballot.

CITY ELECTION POSTPONED

The City Official Election for Mayor, Position 2 and Position 4 was delayed from May 2, 2020 to November 3, 2020 because of the pandemic. Therefore, the current council members, the Mayor, Mr. Sipple: Mr. Singhania; and, Mr. Buell continue in office until the November 3rd election.

Highlights of FY 2020-2021 Budget

- The combined General and Utility Operating budget for FY20-21 is proposed to be \$36,087,633. This is \$925,071 (2.5%) less than the FY19-20 adopted budget of \$37,012,704.
- The General Operating Budget is proposed to be \$21,636,818 for FY20-21. This is \$703,294 (3.1%) lower than the FY19-20 budget of \$22,340,112.
- The Utility Operating Budget for FY20-21 is proposed to be \$14,450,633. This is \$221,777 (1.5%) lower than the adopted FY19-20 budget of \$14,672,592.
- The proposed tax rate decreases from 34.82 cents to 32.82 cents in FY20-21. The proposed tax rate is the “no new tax rate” as defined in Senate bill 2.
- Appraised property values, after appeals, are expected to be \$2,564,236,521. This is 8.9% (\$209,021,025) more than the final FY19-20 appraised value of \$2,355,215,496. New values contained within the proposed FY20-21 appraised values is estimated at \$28 million.
- Utility rates will not change in FY20-21.
- The Brazosport Water Authority rate for the water we buy is decreasing slightly from \$3.30/1000 gallons to \$3.28/1000 gallons. • I am recommending no pay raises this year.
- Sales tax revenue to the General Operating fund is estimated to be \$6,300,000 in FY20-21. This is \$620,040 (9%) less than the \$6,920,040 budgeted in FY19-20.
- Industrial District revenues are proposed to be \$5,203,881 in FY20-21. This is 2.0% (the CPI-U for the 12 months from Dec 2018 to Dec 2019) more than the \$5,101,850 collected in FY19-20.
- Municipal Court fine revenue is proposed to be \$471,000 in FY20-21. This is \$44,000 (8.5%) less than the FY19-20 budget of \$515,000.
- Recreation Center fees are proposed to be \$659,500 in FY20-21. This is \$210,400 (24%) less than the FY19-20 budget of \$869,900.
- Civic Center fees are budgeted at \$171,675 in FY20-21. This is down \$59,025 (25.5%) from the FY19-20 budget of \$230,700.

PROPERTY TAX

The Brazoria County Appraisal District has estimated our assessed value at \$2,681,521,781 – 13.8% over last year’s certified tax roll of \$2,355,215,496. I anticipate property owner appeals will reduce the final value (which we generally receive in late July) to \$2,564,236,521 or about 8.9% more than the FY19-20 certified roll.

I have estimated that \$28 million of the values comes from properties or improvements being added to the tax roll. If that is the case, and you remove that \$28 million from the estimate to determine the existing property value for FY20-21 we are talking a 7.7% increase in assessed values on existing properties. The history of value increase and decreases of existing properties from year to year is:

Assessed Value Increase (Decrease) for Existing Property Year to Year

2001	4.60%
2002	3.02%
2003	3.70%
2004	2.65%
2005	1.88%
2006	1.64%
2007	1.21%
2008	0.79%
2009	<0.40%>
2010	<2.40%>
2011	<3.90%>
2012	0.80%
2013	0.60%
2014	3.60%
2015	6.70%
2016	9.77%
2017	4.80%
2018	6.50%
2019	2.40%
2020	7.68%

I am recommending a tax rate of 32.82 cents, down 2 cents from the current 34.82 cent rate.

City	Population	Tax Rate	City	Population	Tax Rate
Galena Park	10,773	1.11	Galveston	45,266	0.58
Alvin	24,200	0.79	La Marque	16,786	0.550764
Pearland	127,500	0.74	Friendswood	40,181	0.5214
Deer Park	33,931	0.72	Katy	19,216	0.48
La Porte	33,736	0.71	Dickinson	18,589	0.46
Baytown	19,565	0.70	Conroe	87,654	0.4375
Angleton	19,565	0.70	Bellaire	18,966	0.4313
Brazoria	3,112	0.68	Rosenburg	38,307	0.42
Richwood	3,510	0.67	Webster	10,159	0.36
Bay City	17,535	0.66	Lake Jackson	27,781	0.3482**
Manvel	11,535	0.64	Tomball	11,761	0.341455
Clute	11,524	0.63	Sugar Land	118,600	0.332
Missouri City	74,705	0.63	Lake Jackson	28,000	0.3282*
Freeport	12,802	0.63	Santa Fe	13,509	0.3262
Pasadena	153,887	0.57	West University	15,741	0.30921
Houston	2,162,000	0.57	Humble	14,895	0.26
League City	83,089	0.55	Stafford	17,362	0.00
Seabrook	11,952	0.55			

*Proposed Tax Rate

Texas City 49,153 0.54 ****Current Tax Rate**

SALES TAX

I anticipate sales tax receipts to end FY19-20 at \$6,366,858 down 9.6% from the \$7,040,040 million we budgeted in FY19-20. I am budgeting sales tax revenues to be \$6,500,000 in FY20-21. This is a proposed 2.1% increase over where we expect to finish in FY19-20.

The following chart shows our sales tax collection history since 1999:

<u>Fiscal Year</u>	<u>one cent sales tax</u>	<u>half cent sales tax</u>	<u>one cent sales tax percentage growth</u>
1999	\$3,460,834	\$1,730,417	3.52%
2000	3,601,981	1,800,991	4.08%
2001	3,673,682	1,896,841	1.99%
2002	3,778,512	1,889,256	2.85%
2003	3,726,533	1,863,267	<1.38%>
2004	3,810,459	1,905,230	2.25%
2005	3,914,130	1,957,065	2.72%
2006	4,261,667	2,130,834	8.88%
2007	4,618,469	2,309,235	8.37%
2008	4,553,842	2,337,052	<1.40%>
2009	4,634,553	2,408,688	1.77%
2010	4,432,443	2,277,196	<4.36%>
2011	4,562,725	2,355,777	2.94%
2012	4,772,141	2,457,990	4.59%
2013	5,098,359	2,619,312	6.73%
2014	5,226,636	2,752,237	2.62%
2015	6,276,467	3,138,233	20.00%
2016	6,190,271	3,227,460	<1.3>%
2017	6,377,917	3,188,958	3.0%
2018	6,815,991	3,407,985	6.9%
2019	6,833,831	3,416,925	<0.2%>
2020 (projected)	6,366,858	3,183,429	<6.8%>
2021(budgeted)	6,500,000	3,250,000	2.1%

INDUSTRIAL DISTRICT

This 2.0% is applied to the \$5,101,858 million payment made in 2019-2020 resulting in an increase of \$102,023 for a total of \$5,203,881 for FY20-21.

FRANCHISE PAYMENTS

For FY 2020-2021 franchise fees are decreasing slightly from \$1,837,410 budgeted in FY19-20 to \$1,802,607 in FY20-21, a difference of \$34,803. This decrease is the result of the continued assault on these fees by public utilities and their allies in the state legislature.

PERMIT FEES

I anticipate permit activity will remain the same and have budgeted for \$280,000 in permit fees for FY20-21.

MUNICIPAL COURT FINES

I am budgeting fine revenue at \$471,000 in FY20-21.

GENERAL OPERATING FUND EXPENDITURES

I am recommending a General Operating Budget of \$21,636,818. This is \$703,294 (3.1%) lower than the FY19-20 budget of \$22,340,112.

Here is a summary of the major changes for FY20-21:

- 2 1/2 frozen positions <\$134,000>
 - Custodian at Rec Center
 - lead mechanic
 - public works supt. (1/2 year)
- BISD busing contribution <\$12,000>
- Economic Development market study <\$25,000>
- Reduce transfer to special events <\$30,000>
- Overtime-Police <\$35,000>
- Vinyl street repairs <\$25,000>
- Slope paving <\$70,000>
- Property inspection <\$10,000>

UTILITY OPERATING FUND

The Utility Operating Fund budget for FY 2020-2021 is proposed to be \$14,450,815; \$221,777 (1.5%) less than the \$14,672,592 FY19-20 budget.

UTILITY OPERATING FUND REVENUES

I am proposing to keep to these current utility rates. So, they will remain:

Water	\$13.85/month
Sewer	\$14.00/month
Sanitation	\$17.70/month
Recycle fee	\$3.00/month
Sales tax	<u>\$1.70/month</u>
Total base bill	\$50.25/month

The following chart shows how our rates compared with other cities in our region:

<u>Combined Monthly Rate</u>	<u>5,000 Gals.</u>	<u>Combined Monthly Rate</u>	<u>10,000 Gals.</u>
Conroe	\$83.39	Sweeny	\$144.58
Brazoria	\$82.78	Conroe	\$137.64
Sweeny	\$75.30	Houston	\$135.32
West Columbia	\$70.26	Baytown	\$131.83
Baytown	\$68.99	Brazoria	\$128.78
Tomball	\$67.81	West Columbia	\$117.36
Houston	\$65.35	Tomball	\$116.21
Bay City	\$63.62	Deer Park	\$115.50
Angleton	\$63.42	Angleton	\$108.32
Seabrook	\$61.71	Seabrook	\$103.96
Friendswood	\$61.03	Lake Jackson*	\$103.85
Deer Park	\$60.45	Bay City	\$101.62
Clute	\$57.90	Clute	\$97.40

Lake Jackson*	\$56.35	Rosenberg	\$96.08
Rosenberg	\$55.08	Webster	\$90.48
Humble	\$47.25	Friendswood	\$87.53
Freeport	\$47.04	Freeport	\$86.94
Webster	\$44.98	Pasadena	\$77.06
Pasadena	\$41.98	Humble	\$64.85
Katy	\$28.44	Katy	\$51.68

* Indicates Current Rates & Proposed Rates

UTILITY OPERATING FUND EXPENDITURES

I am recommending a Utility Operating Budget of \$14,450,815. This is \$221,777(1.5%) less than the FY19-20 budget of \$14,672,592.

Here is the summary of the changes for FY20-21:

- Decrease in transfer to capital < \$95,000>
- Maintenance contracts \$11,325
- Reduction in debt service <\$293,567>
- Increase in property insurance \$4,820
- Wood grinding contract \$40,000

OTHER FUNDS

CAPITAL PROJECTS FUND

I have recommended suspending most Capital Projects for FY20-21 due to the pandemic and our need to hold onto funds normally transferred into capital funds.

General Projects Fund

- New pumper truck (Fire-2nd payment) \$450,000
- Shy Pond outfall pipe repair \$400,000
- Transit (annual payment) \$110,000
- A/C replacements \$65,000
- Huckleberry gate outfall repair (2nd payment) \$54,000
- Replace fire bunker gear \$40,000
- Demo of condemned property \$20,000
- Misc. golf course repairs \$20,000
- Total** **\$1,159,000**

Utility Capital Fund

- Fire screens at WWTP \$100,000
- Water study required by EPA/TCEQ \$60,000
- Total** **\$160,000**

BOND PROJECTS

A \$9 million G.O. bond was sold in late 2018 to fund the next phase of downtown. This project will begin in early 2021.

PARKS FUND

The current fund balance is \$96,675 and outside of \$27,000 due for the second phase of The Reserve, there is little prospect for future funding. The Parks board has voted to recommend the following budget for FY20-21:

Kid Fish	\$2,000
Community (matching) Park Improvement Funds	\$20,000
Contingency	<u>\$5,000</u>
Total	\$27,000

This will leave a projected balance of \$69,675 at 9/30/21.

EQUIPMENT REPLACEMENT FUND

This year I recommend the following purchases:

<u>Equipment type</u>	<u>Amount</u>
Replace two patrol Tahoe's	\$110,000
Replace pick up unit #813	\$43,000
Replace tractor #534	\$26,000
Replace two exmark mowers	\$20,000
Replace mowing deck #1012	\$6,500
Replace mowing deck #1010	\$4,000
Replace four post truck lift	\$85,000
New phase 2 camera system (garage)	\$45,000
Replace pickup #1034 (WWTP)	\$55,000
Replace two residential garbage trucks (#810 & #869)	\$651,800
Computer equipment (citywide)	<u>\$252,000</u>
Total	\$1,298,300

MOTEL OCCUPANCY TAX FUND

<u>Recipient</u>	<u>FY20-21</u>
Fine Arts Center	\$59,690
Brazosport Area Chamber of Commerce	123,640
Museum of Natural Science	89,530
Lake Jackson Historical Museum	89,530
Marketing campaign	0
Marketing brochure/items	4,265
Transfer to special events	<u>59,690</u>
Total	\$426,345

ECONOMIC DEVELOPMENT FUND

Because of the COVID-19 pandemic and the significant negative impact it has had on sales tax revenues, no projects have been proposed from this fund for FY20-21.

THE GOLF COURSE FUND

For FY20-21 Kemper Sports estimates revenues for the Golf Course to be 1,179,111 while expenses are proposed to be 1,520,572 (\$341,461 below revenues). The Golf Course stays very busy and Kemper Sports is expecting FY20-21 rounds to be 34,736.

CONCLUSION

I am most appreciative of the valuable assistance provided by my budget staff (comprised of myself; Modesto Mundo, Assistant City Manager; Pam Eaves, Finance Director; Toni Truly, City Controller; and Meagan Borth, Assistant to the City Manager).

While this document gives the appearance of the final budget, it is not. Our City Charter requires that I submit a

full and balanced detailed budget proposal to you each year. The final adopted budget will be developed through the hard work and input of the City Council, interested citizens, and our dedicated city employees.

As I have repeated throughout this letter, the COVID-19 pandemic has altered everything. It is all so surreal. I have been proud of our employees and the work they have done under very stressful situations. The pandemic and the resulting lockdowns ordered by the President and Governor rocked the economy.

We simply don't know what next year will bring, but we have made our best guess- FY20-21 will be very austere. We are not raising taxes or utility fees, as our citizens and businesses are struggling mightily.

Before this pandemic began, we, as a city, were in the best financial shape in our city's history. We have strong bond ratings and strong fund balances. These fund balances will help us through this pandemic if it worsens.

Normally we hold an all-day budget workshop with council, staff and interested citizens. With the pandemic ongoing I do not think this will be a good idea. We do have this year's workshop scheduled for July 11th. We recently went over the Capital Projects at your June 15th regular city council meeting.

I would suggest that you review this budget and we will put this on the agendas for your regular July 29th and August 3rd meetings for discussion. I suggest we hold our public hearings and adopt the budget on August 10th.

As you know, I have announced my retirement after 40 years with this wonderful city. My last day will be August 31st. I hope to have this budget adopted prior to my leaving.

This is the 41st budget I have helped prepare in my time in Lake Jackson. This is my 46th budget overall that I have prepared during my city management career.

The City of Lake Jackson is a remarkable city. It is a great city to live in, to work in, to raise a family in. We maintain a high quality of life for our citizens at a very reasonable price. Our tax rate continues to be one of the lowest in the State of Texas. This just hasn't occurred by happenstance. This has been the result of a lot of hard work by City Councils and city staffs over the 76 years this city has existed.

I have been blessed to have worked with the finest group of employees you will ever find. I have also been blessed to work for an amazing group of Mayors and Councilmembers over these years.

I want to thank A.A. "Mac" MacLean for hiring me to be his Assistant City Manager. Mr. Mac taught me so much. He embodied the essence of a servant leader.

I also want to thank City Council for giving me the honor of serving as City Manager these past 29 years after Mr. Mac retired. Mr. Mac told me time passes quickly. He was so right. In a blink of an eye 40 years has passed. Mr. Mac also told me I would know when the time was right to leave. He reached that decision in 1991 and I have now reached that decision in 2020.

I have been honored and humbled to serve this great city for forty years. I love this city very deeply. It has been an incredible journey.

May God Bless each and every one of you.

Council member Roznovsky asked about the public works superintendent salary and was the amount be for half a year.

Mr. Yenne stated it was for half a year.

Council member Roznovsky asked how the slope paving was being funded.

Mr. Yenne stated that would be done with bond monies from the project in the Woodland Park area.

Roznovsky asked about budget workshop at the next council meeting and maybe council could cover a portion of the budget at the meeting and another portion at the following meeting.

Mr. Yenne stated that was possible.

Mayor Sipple stated that while overtime is one area that was cut, but he felt the police department overtime should not be cut. It needs to stay fully funded.

John Moss commended Mr. Yenne on the quality of the budget he put together. He asked what the approximate property value increases with the county would be.

Mr. Yenne stated that the values would increase overall 7.7%. this is not a percentage for the individual homeowner

Rhonda Seth said she is new in being involved with local government and felt lake Jackson does a good job in managing the budget. She said if the cushion were not utilized for the pandemic or hurricane season it was mentioned it could be used for a 2.5% pay increase for employees. She did not see that any businesses would be giving pay raises and did not feel this money should be used for pay raises for employees.

COVID-19 UPDATE

Yenne stated the numbers are climbing. We are trying to do the best we can. We need to adapt and overcome.

ITEMS OF COMMUNITY INTEREST

There were no items of community interest.

EXECUTIVE SESSION – UNDER TEXAS GOVERNMENT CODE SECTION 551.074(A) PERSONNEL MATTERS INCLUDING DELIBERATING AND SET COMPENSATION FOR THE POSITION OF THE NEWLY APPOINTED CITY MANAGER

Mayor Sipple convened to executive session at 7:35 p.m.

RECONVENE TO OPEN SESSION

The Mayor reconvened the meeting to open session at 7:50 p.m.

DISCUSS AND CONSIDER SETTING COMPENSATION OF THE NEWLY APPOINTED CITY MANAGER

On motion by Council member Singhania second by Council member Broaddus with all members present voting “aye” the salary was set for the newly appointed City Manager, Modesto Mundo at \$204,500 annually with a car allowance set for \$750 per month effective September 1, 2020.

ADJOURNMENT

There being no further business the meeting adjourned at 7:51 p.m.

These minutes read and approved this _____ day of _____ 2020.

Bob Sipple, Mayor

Alice A. Rodgers, City Secretary