

CITY OF ROCKPORT

MINUTES

CITY COUNCIL BUDGET WORKSHOP

9:00 a.m., Tuesday, August 1, 2023

Rockport Service Center, 2751 State Highway 35 Bypass

On the 1st day of August 2023, 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 Stephanie Rangel, Ward 1

Council Member Danielle Hale, Ward 2

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 Robbie Sorrell

Parks & Leisure Services Director Gene Camargo

Director of Public Works and Building & Development Services Mike Donoho

Information Technology Director Bob Argetsinger

Communications Director Lee Brown

Police Chief Greg Stevens

Police Criminal Investigation Division Captain Nathan Anderson

Police Patrol Captain Nathan Garcia

Finance Department Controller Lorenzo Lara

Finance Department Accountant Olympia Granados

Finance Department Accounting Manager Judi Yarnall

Finance Department Accounting Technician Morgan Vasquez

Police Administrative Coordinator Nikki Yarnall

Information Technology Acting Network Administrator Tommy Saucedo

Public Works Administrative Supervisor Candace Brannan

Administrative Assistant/Acting Human Resource Manager Kaycee Eddins

Assistant Director of Public Works Ryan Picarazzi

Building & Development Services Assistant Director/Community Planner Carey Dietrich

Municipal Court Judge/Administrator Diana McGinnis

Fleet Manager Dale Martinets

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 1, 2023, 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 2023-2024 Budget.

City Manager Vanessa Shrauner said she was thankful for staff and all the work they did on putting this budget together. Ms. Shrauner began her presentation on the proposed Fiscal Year 2023-2024 Budget by presenting the Agenda for the Workshop today: Overview, Base Budget, New Initiatives, Tax Rate, Merit/Cola, Capital Improvement Projects, Utility Rates, and Economic Development. Ms. Shrauner called the Council’s attention to the PowerPoint slide (below) Rockport Account Balances \$41 Million.



Ms. Shrauner then reviewed the “Areas of Concern”:

- Community Disaster Loan – we don’t know what it was earmarked for
- Underbudgeted Windstorm Insurance FY 2022-2023
- Increased Windstorm Insurance
- Unbudgeted funds in FY 2022-2023 for Rockport Country Club Drainage

- Unpaid and disputed Republic Services invoices - \$450,000 of disputed invoices
- Hurricane Harvey insurance proceeds not isolated for intended project
- Meter Shortage - \$1 million for meters; ordering in batches and do not know when we will receive them.
- Vehicle Supply Chain
- Unspent Bond Proceeds - \$4.3 million in unspent bond proceeds and a portion has not been isolated for projects.

Ms. Shrauner called the Council’s attention to Page 13 of the Agenda Packet listing the “Consolidated Resources vs. Expenditure Summary (below).

**Fund: 01- General
Consolidated Resources vs Expenditure Summary**

	<u>FY 21-22</u> <u>Actual</u>	<u>FY 22-23</u> <u>Budget</u>	<u>FY 22-23</u> <u>Projected</u>	<u>FY 23-24</u> <u>Proposed</u>	<u>FY 23-24</u> <u>% Change</u>
General Fund Resources					
Property Taxes	\$ 4,015,913	\$ 4,760,916	\$ 4,705,012	\$ 4,849,211	1.9%
Other Taxes	3,731,266	3,771,126	3,787,126	3,787,126	0.4%
Franchise Fees	1,681,685	1,690,880	1,670,215	1,746,634	3.3%
Licenses & Permits	660,740	671,000	478,525	548,175	-18.3%
Intergovernmental Revenues	239,336	90,500	131,846	85,500	-5.5%
Fines & Fees	154,895	168,000	157,300	161,600	-3.8%
Interest Revenue	13,730	7,500	105,000	105,000	1300.0%
Charges for Services	75,107	111,700	49,250	50,200	-55.1%
Operating Transfers	1,149,067	1,234,618	1,234,618	1,301,667	5.4%
Event Revenues	3,381	5,000	5,000	5,000	0.0%
Other Revenues	129,397	106,878	299,465	82,000	-23.3%
Total Resources	\$ 11,854,517	\$ 12,618,118	\$ 12,623,357	\$ 12,722,113	0.8%
General Fund Expenditures					
Personnel	\$ 6,584,404	\$ 6,886,465	\$ 7,136,670	\$ 7,314,449	6.2%
Contracts & Services	1,698,730	1,471,560	1,755,885	2,225,207	51.2%
Supplies	1,158,628	826,795	683,125	1,024,895	24.0%
Travel & Training	137,843	190,450	199,701	231,000	21.3%
Intergovernmental Transfers	1,686,927	1,772,391	1,786,634	1,763,706	-0.5%
Maintenance	600,602	878,226	691,855	844,592	-3.8%
Capital Outlay/Project	498,219	324,650	401,038	337,150	3.9%
Operating Transfers	364,497	267,581	797,993	502,880	87.9%
Total Expenditures	\$ 12,729,850	\$ 12,618,118	\$ 13,452,901	\$ 14,243,879	12.9%
Resources Over(Under) Expenditures	\$ (875,333)	\$ (0)	\$ (829,544)	\$ (1,521,766)	

Ms. Shrauner stated the City has not received the certified role from the Aransas County Tax Assessor Collector. Ms. Shrauner reviewed the Consolidated Resources vs. Expenditure Summary and said that in order to continue the status quo staff contends that we will be \$1.53 million short with their conservative efforts. Ms. Shrauner added the City is going to be about \$500,000 short for this year; the Rockport Country Club drainage project makes up \$370,000 of that and the windstorm insurance was underbudgeted. Ms. Shrauner said she proposes taking that out of reserves because we really don’t have any other choice.

Brief discussion was held between Ms. Shrauner and Council.

Ms. Shrauner distributed a handout of Certified *Ad Valorem* Tax Rate Comparison FY 2023-2024 (below). Ms. Shrauner explained the four highlighted columns. Ms. Shrauner said according to the Aransas County Appraisal District there is still 10% of properties protesting appraised values.

Certified Ad Valorem Tax Rate Comparison FY 2023-2024						8/1/2023	8/1/2023	De Minimis	8/1/2023
	Adopted	Adopted	Adopted	Adopted	Adopted	PRELIMINARY	2023	Tax Rate	2023
	2018 Tax Rate	2019 Tax Rate	2020 Tax Rate	2021 Tax Rate	2022 Tax Rate	2023 No-New	Voter-Approval	\$500,000	Unused Increment
						Revenue Tax Rate	Tax Rate	Above NNR	2023
									Tax Rate
M & O Tax Rate	\$ 0.248108	\$ 0.248154	\$ 0.241668	\$ 0.268434	\$ 0.220511	\$ 0.195909	\$ 0.195943	\$ 0.311997	\$ 0.213983
I & S Tax Rate	\$ 0.171928	\$ 0.171928	\$ 0.179643	\$ 0.184295	\$ 0.157638	\$ 0.154010	\$ 0.154010	\$ 0.154219	\$ 0.158018
Total Tax Rate	\$ 0.420126	\$ 0.420082	\$ 0.421311	\$ 0.392729	\$ 0.378149	\$ 0.323639	\$ 0.349953	\$ 0.366007	\$ 0.367593
Total Taxable Value	\$ 1,564,129,665	\$ 1,584,129,555	\$ 1,584,129,555	\$ 1,564,129,555	\$ 1,858,965,488	\$ 2,204,585,552	\$ 2,204,585,552	\$ 2,204,585,552	\$ 2,204,585,552
Total Tax Levy	\$ 6,571,315	\$ 6,570,630	\$ 6,589,854	\$ 6,142,650	\$ 7,099,659	\$ 7,134,899	\$ 7,715,013	\$ 8,068,937	\$ 8,103,902
Over 85 Frozen Taxes	\$ 989,048	\$ 989,048	\$ 989,048	\$ 1,000,795	\$ 1,092,975	\$ 1,232,339	\$ 1,232,339	\$ 1,232,339	\$ 1,232,339
Disabled Frozen Taxes	\$ 15,577	\$ 15,577	\$ 15,577	\$ 19,236	\$ 14,899	\$ 17,207	\$ 17,207	\$ 17,207	\$ 17,207
Total Tax Levy	\$ 7,575,940	\$ 7,575,255	\$ 7,594,479	\$ 7,242,681	\$ 8,137,533	\$ 8,384,444	\$ 8,964,559	\$ 9,318,483	\$ 9,353,448
Total Tax Revenue	\$ 7,575,940	\$ 6,491,481	\$ 6,863,554	\$ 7,242,681	\$ 8,137,533	\$ 8,384,444	\$ 8,964,559	\$ 9,318,483	\$ 9,353,448
Collection Ratio	98.00%	98.00%	98.00%	98.00%	98.00%	98.75%	98.50%	98.50%	98.50%
Total Tax Revenue	\$ 7,424,421	\$ 6,426,566	\$ 6,745,883	\$ 7,097,827	\$ 8,035,814	\$ 8,258,678	\$ 8,830,091	\$ 9,178,706	\$ 9,213,146
Revenue Allocation by Fund									
M & O General Fund	\$ 4,647,642	\$ 4,148,812	\$ 3,969,104	\$ 3,935,966	\$ 4,711,387	\$ 4,328,623	\$ 4,944,077	\$ 5,316,450	\$ 5,353,125
I&S Debt Service Fund	\$ 2,776,779	\$ 2,776,779	\$ 2,776,779	\$ 3,181,681	\$ 3,324,427	\$ 3,930,055	\$ 3,886,014	\$ 3,862,255	\$ 3,860,021
Total Tax Revenue	\$ 7,424,421	\$ 6,426,566	\$ 6,745,883	\$ 7,097,827	\$ 8,035,814	\$ 8,258,678	\$ 8,830,091	\$ 9,178,706	\$ 9,213,146
Revenue Difference									
Additional Revenue	\$1,597,885	\$311,852	\$222,434	\$671,281	\$937,987	\$222,863	\$794,276	\$1,142,892	\$1,177,332
% Increase in Revenue	30.7%	4.9%	3.3%	8.5%	11.7%	2.7%	9.0%	12.5%	12.8%

Discussion was held between Council and Ms. Shrauner regarding the four tax rate options and each option would not cover the \$1.53 million short in the proposed budget, and the time frame for the sale of the Natural Gas System.

Ms. Shrauner then moved to the next Agenda item “Department Discussion” (below).

Each Department Head gave a brief review and explanation of their budget requests.

Department Discussion

- General Fund
- Utility Systems Fund
- Pool Operations
- Natural Gas
- Fleet Fund
- Communications Center
- Juvenile Case Fund

Discussion was held between Council, Department Heads and Ms. Shrauner regarding proposed Department Budgets.

Council took a recess from 10:00 a.m. until 10:14 a.m.

Proposed Department Budgets presented by Department Heads continued.

Discussion was held between Council, Department Heads and Ms. Shrauner regarding the proposed Department Budgets.

Council took a Lunch break from 11:45 a.m. until 12:08 p.m.

Proposed Department Budgets presented by Department Heads continued.

Discussion was held between Council, Department Heads and Ms. Shrauner regarding the proposed Department Budgets.

Council took a recess from 1:46 p.m. until 1:59 p.m.

Ms. Shrauner distributed a handout listing the 5-year Capital Improvement Projects (below) and stated she is not convinced we can do any projects until we can identify unspent funds from bonds. Ms. Shrauner proposed the City does not start any additional projects until those projects are identified.

Dept.	Capital Improvement Projects	Notes	Project Total	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
FI	W/F Replacement - Equipment		\$ 1,750,000.00	\$ 175,000.00	\$ 175,000.00	\$ 175,000.00	\$ 175,000.00	\$ 175,000.00	\$ 175,000.00
FI	W/F Replacement - HD Foundation		\$ 1,150,000.00	\$ 222,000.00	\$ 222,000.00	\$ 222,000.00	\$ 222,000.00	\$ 222,000.00	\$ 222,000.00
FI	W/F Replacement - Vehicles		\$ 4,350,000.00	\$ 859,000.00	\$ 859,000.00	\$ 859,000.00	\$ 859,000.00	\$ 859,000.00	\$ 859,000.00
FI	Building repairs Fleet 1		\$ 100,000.00	\$ 100,000.00					
FI	Building Foam Insulation Fleet 1		\$ 120,000.00	\$ 120,000.00					
FI	Lift Replacement @ 422 E. Laurel St		\$ 12,500.00	\$ 12,500.00					
FI	Crew Fleet Program		\$ 16,500.00	\$ 16,500.00					
FI	Generator - Fleet 1 & Fuel Island		\$ 95,000.00	\$ 95,000.00					
FI	Equipment Storage Shelter		\$ 40,000.00	\$ 40,000.00					
FI	Canopy - Unleaded Fuel Island	Fema	\$ 54,000.00						
FI	Canopy - Diesel Fuel Island	Fema	\$ 58,000.00						
FI	Fuel Tank Removal		\$ 75,000.00	\$ 75,000.00					
FI	Fuel Tank Replacement		\$ 350,000.00						
Dept.	Capital Improvement Projects	Notes	Project Total	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
NO	Natural Gas Steel Line Replacement		\$ 100,000.00		\$ 100,000.00				
Dept.	Capital Improvement Projects	Notes	Project Total	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
ST	Austin St Repair		\$ 3,500,000.00	\$ 3,500,000.00					
ST	RDC Lakes - Fuel Tank Removal	Needs funding							
ST	Upgrade of Substandard Roads		\$ 500,000.00	\$ 500,000.00					
ST	Taylor Blvd. Pavement Repairs	Completed	\$ 145,000.00	\$ 145,000.00					
ST	Drainage Improvements Project 3	Remove. County project	\$ 1,750,000.00			\$ 1,750,000.00			
ST	Drainage Improvements Project 4	Remove. County project	\$ 3,880,000.00					\$ 3,880,000.00	
Dept.	Capital Improvement Projects	Notes	Project Total	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
W	Downtown Water Line Replacement		\$ 865,000.00	\$ 865,000.00					
W	Elevated Tank Rehabilitation	Awaiting on proposal			\$ 320,000.00				
**W	SCADA		\$ 250,000.00		\$ 250,000.00				
Dept.	Capital Improvement Projects	Notes	Project Total	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
WW	Equipment purchase - front end articulate loader		\$ 120,000.00	\$ 120,000.00					
WW	Force Main - 1st to Cogan		\$ 2,020,000.00		\$ 2,020,000.00				
WW	Force Main - Cogan to W/WTP	Urban Engineering PO # 22-00327 \$36,400.00	\$ 365,000.00		\$ 365,000.00				
WW	Crest Valve RDC on		\$ 52,000.00			\$ 52,000.00			
**WW	SCADA W/WTP / Critical Lift Stations	Wonder Ware North PO #22-00334 \$36,155.80	\$ 230,000.00			\$ 230,000.00			
WW	2021 W/WTP improvements	Urban Engineering PO #21-00266 \$62,600.00; Drive PO #22-00379 \$121,763.00 Cnt Equipment; Fisher Scientific PO #22-00374 \$8,375.00 (Scale); Parady Electric PO #22-00367 \$5,000.00 (Blower Repair); Gentry Equipment \$125,809.00 (Drive Unit)	\$ 3,625,000.00	\$ 3,625,000.00					
			\$ 22,877,000.00	\$ 5,932,500.00	\$ 5,038,500.00	\$ 1,601,000.00	\$ 3,051,000.00	\$ 4,936,000.00	\$ 1,756,000.00
Dept.	Grant Funded Projects	Notes	Project Total	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
FI	Lift Station Generators	DR-4485 TDEM H&MP							
Dept.	Grant Projects	Notes	Project Total	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
ST	Basin 30				\$ -				
ST	Granddams Retention - Drainage	COBO 630 Contract C-21			\$ -				
ST	RCC Utilities	DR-4485 TDEM H&MP			\$ -				
ST	Lone Star & Shell Ridge Rd. Outfall Ditch	DR-4485 TDEM H&MP			\$ -				
ST	Holly St. & Magee Trail Rehabilitation	TxDOT TDA Grant			\$ 500,000.00				
ST	National Retention Pond	MET MOO Grant			\$ -				
ST	Enterprise & Maple Drainage	DR-4132 0181			\$ -				
ST	Corcho St. Outfall to Harbor	LOOKPO grant funding			\$ 230,596.33				

Ms. Shrauner distributed a handout “Utility Rates” (below) which was presented in Fiscal Year 2022-2023 to support the 5-10 year Capital Improvement Plan.



Utility Rates

Utility	Current Base Rate	Year	Rate Increase	New Base Rate	Year	Rate Increase	New Base Rate
Water	\$21.11	2023-24	\$1.42	\$22.53	2028-29	\$1.59	\$24.12
Wastewater	\$22.36	2023-24	\$4.40	\$26.76	2028-29	\$3.44	\$30.20
Gas	\$26.74	2023-24	\$12.90	\$39.64	2028-29	\$13.34	\$52.98

Presented 22-23 to support the 5-10 year CIP

Ms. Shrauner stated she is going to propose a 12-month moratorium on all new residential or commercial development, because our fees are grossly under market, and we are hemorrhaging. Ms. Shrauner said the City has someone performing a fee study and that will probably take 9 months. Ms. Shrauner explained there are several things that need to be addressed along with this fee study: meter back-log, planning department and additional infrastructure is not up-to-date, and County entities are working on a Master Drainage Plan and it’s important to stay in front of that as opposed to letting people put in their own drainage plan. Ms. Shrauner said a moratorium does not mean that development stops; it means only new areas of development.

Discussion was held between Ms. Shrauner and Council regarding a 12-month moratorium on new development and development fees.

Ms. Shrauner said we run the City on .66 staff persons per 1000 residents and most cities run on 1 staff person per 1000. Ms. Shrauner expressed the City is not staffed or geared up for explosive growth. Ms. Shrauner asked the Council to think it through and if we are going to do it, we have got to get it done.

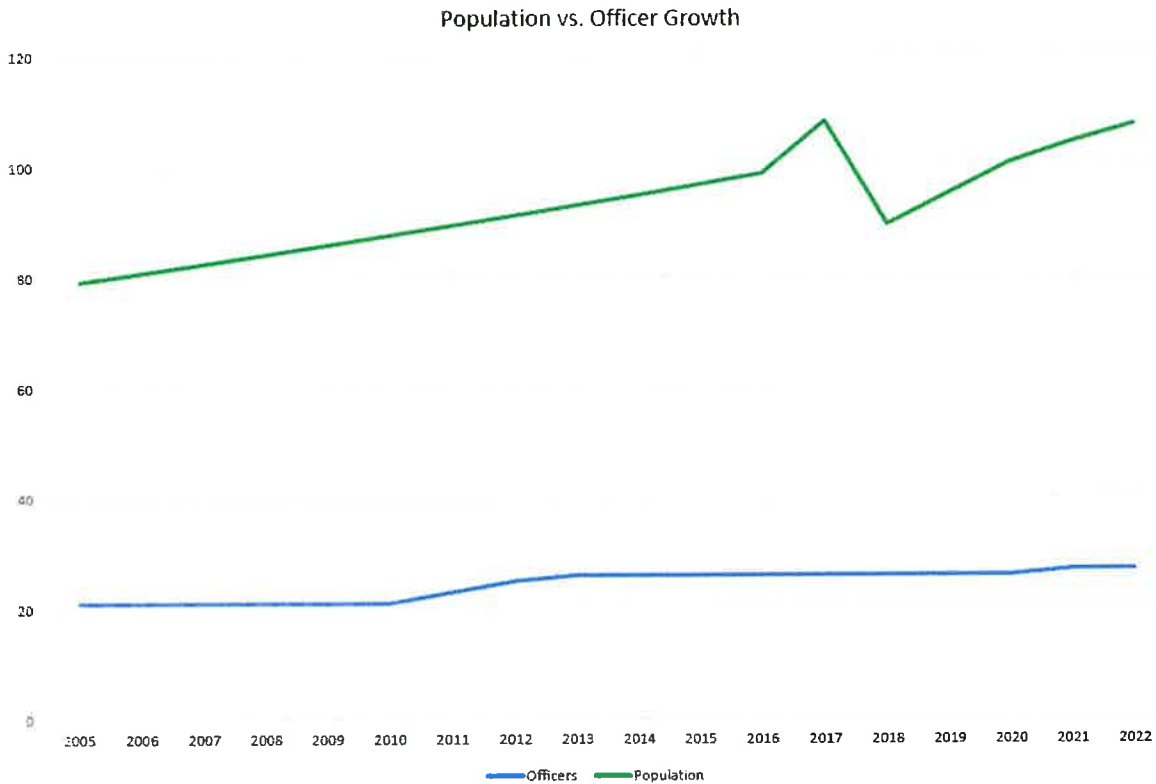
Ms. Shrauner called the Council’s attention to the Utility Rates and the proposed rate increases to support the 5-10 year Capital Improvement Plan. Ms. Shrauner stated she would email the NewGen Study to the Council before the Budget Workshop on Thursday.

Ms. Shrauner asked the Council if they were comfortable taking the Capital Improvement Program and setting it aside because of the things she listed when proposing a 12-moratorium on all new development.

Ms. Shrauner distributed a handout “FY 2023-2024 Budget Requests” (below) to Council. Ms. Shrauner said Department Heads prioritized their budget requests and the items above the line are requests for FY 2023-2024.

Department Heads explained their new budget requests.

Police Chief Stevens distributed a handout (below) showing population versus officer growth.



Discussion was held between Council and Department Heads regarding the budget requests.

Ms. Shrauner and Council briefly discussed the four options for tax rates.

It was the consensus of Council they would continue discussion at the Budget Workshop on Thursday, August 3, 2023, regarding the following: utility rate increases, Capital Improvement Plan, proposed 12-month moratorium, and cost of Code Enforcement Administrator .

3. Adjournment.

At 3:33 p.m., Council Member Hale moved to adjourn. Motion was seconded by Council Member Brundrett. Motion carried unanimously.



APPROVED:


Tim Jayroe, Mayor

ATTEST:


Teresa Valdez, City Secretary