

CITY OF ROCKPORT

MINUTES

CITY COUNCIL BUDGET WORKSHOP

9:00 a.m., Thursday, August 3, 2023

Rockport Service Center, 2751 State Highway 35 Bypass

On the 3rd 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
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
Finance Department Accountant Lorenzo Lara
Police Administrative Coordinator Nikki Yarnall
Fleet Manager Dale Martinets
Administrative Assistant/Acting Human Resource Manager Kaycee Eddins
Desktop Support Technician/Acting Network Administrator Tommy Saucedo
Municipal Court Judge/Administrator Diana McGinnis
Assistant Director of Public Works Ryan Picarazzi

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 9:02 a.m. on Thursday, August 3, 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 began the presentation of the proposed Fiscal Year 2023-2024 Budget by asking if the Council had any questions from the Budget Workshop held on Tuesday, August 1, 2023.

Ms. Shrauner said there have been some changes made from the presentation on Tuesday:

- 1) Raised the Sales Tax assumption by \$100,000
- 2) Revised the Supplemental Budget Requests: Changed Police Department Code Enforcement Supervisor to Police Department Administrative Assistant; Reduced Building Maintenance Custodial Services Technician to Part-time.

Ms. Shrauner stated with these changes the Supplemental Budget Requests (below) total \$3,533,868 however, the Wastewater Force Main (First Street to Gagon Street) we should be collecting money for and should come down to \$500,000 and then when impact fees are collected, we can take that \$500,000 from that, so after removing Force Main project the total amount is down to \$1.5 million.

FY 2023-2024
Budget Requests

Department	Line Item Description	Expense Impact	Funded	Not Funded	Revenue Offset	Savings Other	SUBTOTAL	Overall Increase/Decrease	Funding Source	Comments
GENERAL FUND										
Storm & Drainage	Cochise St. Outlet at Market	279,387								total line funded from Austin to the Factor sub out
Information Technology	Network Administrator / Payroll	31,175								The position will approximate on network bandwidth and availability.
Wastewater	Force Main - First to Gagon	2,500,000								Add a new 12" pipe main from First St. to parallel to the Gagon RR station
City Secretary	Assistant City Secretary / Payroll	77,411								Annual City Secretary will all about such as, vehicle maintenance, public information requests, microphone/mixing and ensuring city records. Programs operate and meeting minutes for City Council meetings and other items, can notes and correspondence. Facilitate meeting minutes. Assistance in coordinating and conducting city meetings.
Rockport PD - Patrol	Patrol Officer / Payroll	313,859.30								2 Patrol Officers
Rockport PD - Patrol	Patrol Officer / Equipment	90,000								3 patrol vehicles
Rockport PD - Patrol	Vehicle	20,000								Uniforms, radio, body camera, gun, laptop, fully equipped vehicle x5
Building Maintenance (Revised to P2)	Custodial Services Technician / Payroll	18,300								Cleaning and minor maintenance of City owned facilities. <i>Revised to P2</i>
Building Maintenance	Custodial Services Technician / Equipment	10,300								
Rockport PD - Code Enforcement (LMA)	Code Enforcement Supervisor / Payroll	61,970								Will increase the efficiency of the position. <i>Revised to the position</i>
Rockport PD - Code Enforcement	Code Enforcement Supervisor / Equipment	1,500								Uniforms, laptop, vehicle and other. <i>Computer</i>
Parks	Memorial Park Parking Lot	250,000								Asphalt overlay through old dog pound
Municipal Court	Public Court Software	11,800								Public Court Software
Parks	Old Round	14,000								Parks 2nd Street
										3,533,868

Brief discussion was held among Council, Ms. Shrauner, and Staff regarding the Custodial position.

Ms. Shrauner then moved to discussion of Utilities; the proposal from the last time was to keep up with the Capital Improvement Program.

Assistant to the City Manager Kimberly Henry presented the proposed utility rates according to the updated 2022 NewGen Strategies & Solutions Water, Wastewater and Natural Gas Rate Study as follows:

	Current Rate	Proposed Rate
Wastewater	\$23.03	\$26.76
Natural Gas	\$30.08	\$39.64
Water	\$21.74	\$22.73 and there is a \$.20 pass-through

increase anticipated from San Patricio Municipal Water District.

Extensive discussion was held between Council, Ms. Shrauner and Staff regarding the proposed rates and the in-City rates versus the out-of-City rates. After discussion Staff was instructed to prepare the rate increase ordinances using a 1.5 times rate for out-of-City customers.

Council took a recess from 10:24 a.m. until 10:42 a.m.

Ms. Shrauner stated since the Council discussed utility rates and the costs of providing services, she would like the Council to consider a 12-month Moratorium only for new subdivisions that have not been submitted where there are no utilities. She said she has received some feedback and she has some options:

- 1) Could back down to a 6-month Moratorium with a hard stop date;
- 2) If new development comes in, they pay impact fees, and we ask for developer contribution.

Discussion was held between Council and Ms. Shrauner regarding a 12-Month Moratorium on new development.

Jeffrey Sjostrom, Aransas County Partnership Economic Development Corporation stated he greatly appreciated the thought process the Council was going through right now. Ms. Sjostrom said Moratorium has a huge stigma and he asked that the Council be very careful if a Moratorium on development would be implemented. Mr. Sjostrom expressed Aransas County is in a very positive economic development image right now, and if you stop development, it is hard to reignite that positive impact.

Discussion was held between Council and Ms. Shrauner regarding the updating of the City's Impact Fees and the length of time necessary to make that happen as opposed to doing a Moratorium.

Jeff Sjostrom suggested the City have a development agreement that would give the City the ability to negotiate with developers.

It was the consensus of Council that Staff begin working on an Ordinance to allow development fees/agreement.

Council took a recess from 11:58 a.m. to 12:23 p.m.

City Manager Shrauner distributed copies of the Certified *Ad Valorem* Tax Rate Comparison FY 2023-2024 and Consolidated Resources vs Expenditure Summary (below). Ms. Shrauner explained the City does not have valuations from the Appraisal District, so that is still fluent.

Adopted 2022 Tax Rate	US Rate \$ 154210					US Rate \$ 146476				
	PRELIMINARY 2023 No-New Revenue Tax Rate	2023 Voter-Approval Tax Rate	De Minimis Tax Rate \$500,000 Above NNR	2023 Unused Increment Tax Rate	2023 Unused Increment Tax Rate	PRELIMINARY 2023 No-New Revenue Tax Rate	2023 Voter-Approval Tax Rate	De Minimis Tax Rate \$500,000 Above NNR	2023 Unused Increment Tax Rate	2023 Unused Increment Tax Rate
M & O Tax Rate	\$ 0.220511	\$ 0.169629	\$ 0.195943	\$ 0.211897	\$ 0.213583	\$ 0.177144	\$ 0.195943	\$ 0.211997	\$ 0.213583	\$ 0.213583
I & S Tax Rate	\$ 0.157638	\$ 0.154010	\$ 0.154010	\$ 0.154010	\$ 0.154010	\$ 0.146495	\$ 0.146495	\$ 0.146495	\$ 0.146495	\$ 0.146495
Total Tax Rate	\$ 0.378149	\$ 0.323639	\$ 0.349953	\$ 0.365907	\$ 0.367593	\$ 0.323639	\$ 0.342438	\$ 0.358492	\$ 0.360078	\$ 0.360078
Total Taxable Value	\$ 1,858,965,488	\$ 2,204,585,552	\$ 2,204,585,552	\$ 2,204,585,552	\$ 2,204,585,552	\$ 2,204,685,562	\$ 2,204,685,562	\$ 2,204,685,562	\$ 2,204,685,562	\$ 2,204,685,562
Total Tax Levy	\$ 7,020,850	\$ 7,134,896	\$ 7,715,013	\$ 8,068,637	\$ 8,103,902	\$ 7,134,896	\$ 7,649,339	\$ 7,803,263	\$ 7,938,228	\$ 7,938,228
Over 65 Frozen Taxes	\$ 1,092,875	\$ 1,232,339	\$ 1,232,339	\$ 1,232,339	\$ 1,232,339	\$ 1,232,339	\$ 1,232,339	\$ 1,232,339	\$ 1,232,339	\$ 1,232,339
Displaced Frozen Taxes	\$ 18,498	\$ 17,267	\$ 17,267	\$ 17,267	\$ 17,267	\$ 17,267	\$ 17,267	\$ 17,267	\$ 17,267	\$ 17,267
Total Tax Levy	\$ 8,132,223	\$ 8,384,445	\$ 8,964,559	\$ 9,318,243	\$ 9,353,448	\$ 8,384,445	\$ 8,798,955	\$ 8,912,809	\$ 9,187,774	\$ 9,187,774
Total Tax Revenue	\$ 8,132,223	\$ 8,384,445	\$ 8,964,559	\$ 9,318,243	\$ 9,353,448	\$ 8,384,445	\$ 8,798,955	\$ 8,912,809	\$ 9,187,774	\$ 9,187,774
Collection Rate	98.75%	98.52%	98.52%	98.50%	98.50%	98.52%	98.50%	98.50%	98.50%	98.50%
Total Tax Revenue	\$ 8,035,814	\$ 8,250,878	\$ 8,830,091	\$ 9,178,706	\$ 9,213,148	\$ 8,250,878	\$ 8,666,901	\$ 8,913,517	\$ 9,049,957	\$ 9,049,957
Revenue Allocation by Fund										
M & O General Fund	\$ 4,655,945	\$ 4,328,623	\$ 4,944,077	\$ 5,316,451	\$ 5,353,125	\$ 4,520,292	\$ 4,908,200	\$ 5,301,395	\$ 5,368,051	\$ 5,368,051
HSJ Debt Service Fund	\$ 3,388,869	\$ 3,930,255	\$ 3,886,014	\$ 3,862,285	\$ 3,860,023	\$ 3,738,216	\$ 3,767,701	\$ 3,684,122	\$ 3,681,906	\$ 3,681,906
Total Tax Revenue	\$ 8,035,814	\$ 8,258,878	\$ 8,830,091	\$ 9,178,706	\$ 9,213,148	\$ 8,258,678	\$ 8,666,901	\$ 8,913,517	\$ 9,049,957	\$ 9,049,957
Revenue Difference from 2022		\$22,664	\$784,277	\$1,142,892	\$1,177,332	\$222,864	\$631,087	\$979,702	\$1,014,143	\$1,014,143
% Increase in Revenue		2.7%	9.6%	12.6%	12.8%	2.7%	7.3%	10.9%	11.3%	11.3%
Residential Taxpayer Impact Analysis										
	Tax Paid 2022 Rate	Difference from No-New Revenue Rate				Difference from No-New Revenue Rate				
Residential Value	2022 NNR	2023 NNR	De Minimis Rate	Unused Increment	2023 NNR	2023 VAR	De Minimis Rate	Unused Increment	2023 NNR	2023 VAR
Average Market - \$300,487	\$1,363.18	\$1,166.88	\$54.86	\$132.73	\$154.45	\$1,166.88	\$67.77	\$125.54	\$131.36	\$125.54
Average Taxable - \$304,419	\$1,152.06	\$996.00	\$81.17	\$129.08	\$133.81	\$996.00	\$97.27	\$106.18	\$111.01	\$111.01
Residential Value	Tax Paid 2022 Rate	Difference in Tax Paid from Last Year's Tax Rate				Difference in Tax Paid from Last Year's Tax Rate				
Average Market - \$300,487	\$1,363.18	\$1,199.50	\$151.64	\$43.77	\$35.05	\$1,199.50	\$128.73	\$37.05	\$85.14	\$85.14
Average Taxable - \$304,419	\$1,152.06	\$1,068.07	\$85.90	\$36.99	\$32.16	\$1,068.07	\$108.80	\$59.65	\$65.05	\$65.05

Fund: 01- General
Consolidated Resources vs Expenditure Summary

	FY 23-24 Preliminary 6/1/23	FY 23-24 Preliminary w Sales Tax Increase	183 Rate: 1.15010				183 Rate: 1.14855					
			FY23-24 No-New Rev w Sales Tax Increase	FY23-24 Voter Approved w Sales Tax Increase	FY23-24 De Minimis w Sales Tax Increase	FY23-24 Unused Increment w Sales Tax Increase	FY23-24 No-New Rev w Sales Tax Increase	FY23-24 Voter Approved w Sales Tax Increase	FY23-24 De Minimis w Sales Tax Increase	FY23-24 Unused Increment w Sales Tax Increase		
General Fund Resources												
Property Taxes	\$ 4,849,211	\$ 4,849,211	\$ 4,401,123	\$ 5,016,577	\$ 5,368,951	\$ 5,425,625	\$ 4,592,892	\$ 5,031,700	\$ 5,403,895	\$ 5,440,550	\$ 3,867,126	\$ 3,867,126
Other Taxes	3,987,126	3,987,126	3,987,126	3,987,126	3,987,126	3,987,126	3,987,126	3,987,126	3,987,126	3,987,126	3,987,126	3,987,126
Franchise Fees	1,746,634	1,746,634	1,746,634	1,746,634	1,746,634	1,746,634	1,746,634	1,746,634	1,746,634	1,746,634	1,746,634	1,746,634
Licenses & Permits	548,175	548,175	548,175	548,175	548,175	548,175	548,175	548,175	548,175	548,175	548,175	548,175
Intergovernmental Revenues	85,500	85,500	85,500	85,500	85,500	85,500	85,500	85,500	85,500	85,500	85,500	85,500
Fines & Fees	181,600	181,600	181,600	181,600	181,600	181,600	181,600	181,600	181,600	181,600	181,600	181,600
Interest Revenue	105,000	105,000	105,000	105,000	105,000	105,000	105,000	105,000	105,000	105,000	105,000	105,000
Charges for Services	50,200	50,200	50,200	50,200	50,200	50,200	50,200	50,200	50,200	50,200	50,200	50,200
Operating Transfers	1,301,667	1,301,667	1,301,667	1,301,667	1,301,667	1,301,667	1,301,667	1,301,667	1,301,667	1,301,667	1,301,667	1,301,667
Event Revenues	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Other Revenues	82,000	82,000	82,000	82,000	82,000	82,000	82,000	82,000	82,000	82,000	82,000	82,000
Total Resources	\$ 12,922,113	\$ 12,922,113	\$ 12,374,025	\$ 12,569,479	\$ 13,561,853	\$ 13,386,927	\$ 12,546,794	\$ 13,054,432	\$ 13,376,797	\$ 13,412,452	\$ 10,316,882	\$ 10,316,882
General Fund Expenditures												
Personnel	\$ 7,314,449	\$ 7,314,449	\$ 7,314,449	\$ 7,314,449	\$ 7,314,449	\$ 7,314,449	\$ 7,314,449	\$ 7,314,449	\$ 7,314,449	\$ 7,314,449	\$ 7,314,449	\$ 7,314,449
Contracts & Services	2,225,207	2,225,207	2,225,207	2,225,207	2,225,207	2,225,207	2,225,207	2,225,207	2,225,207	2,225,207	2,225,207	2,225,207
Supplies	1,024,895	1,024,895	1,024,895	1,024,895	1,024,895	1,024,895	1,024,895	1,024,895	1,024,895	1,024,895	1,024,895	1,024,895
Travel & Training	231,000	231,000	231,000	231,000	231,000	231,000	231,000	231,000	231,000	231,000	231,000	231,000
Intergovernmental Transfers	1,763,706	1,763,706	1,763,706	1,763,706	1,763,706	1,763,706	1,763,706	1,763,706	1,763,706	1,763,706	1,763,706	1,763,706
Maintenance	844,592	844,592	844,592	844,592	844,592	844,592	844,592	844,592	844,592	844,592	844,592	844,592
Capital Outlay/Project	337,150	337,150	337,150	337,150	337,150	337,150	337,150	337,150	337,150	337,150	337,150	337,150
Operating Transfers	502,880	502,880	502,880	502,880	502,880	502,880	502,880	502,880	502,880	502,880	502,880	502,880
Total Expenditures	\$ 14,245,879	\$ 14,245,879	\$ 14,245,879	\$ 14,245,879	\$ 14,245,879	\$ 14,245,879	\$ 14,245,879	\$ 14,245,879	\$ 14,245,879	\$ 14,245,879	\$ 14,245,879	\$ 14,245,879
Resources Over(Under) Expenditures	\$ (1,323,766)	\$ (1,323,766)	\$ (1,871,854)	\$ (1,676,400)	\$ (884,026)	\$ (858,952)	\$ (1,699,085)	\$ (1,191,447)	\$ (869,082)	\$ (833,427)	\$ (3,929,000)	\$ (3,929,000)
Sales Tax	\$ 3,857,126	\$ 3,857,126	\$ 3,757,126	\$ 3,757,126	\$ 3,757,126	\$ 3,757,126	\$ 3,757,126	\$ 3,757,126	\$ 3,757,126	\$ 3,757,126	\$ 3,757,126	\$ 3,757,126
Property Tax Current	\$ 4,776,711	\$ 4,776,711	\$ 4,328,623	\$ 4,844,077	\$ 5,316,451	\$ 6,353,125	\$ 4,820,282	\$ 4,959,280	\$ 5,311,385	\$ 6,388,850	\$ 6,388,850	\$ 6,388,850

Ms. Shrauner explained options and stated that three possible that are lower than the current tax rate of \$0.378149.

Discussion was held between Council and Ms. Shrauner regarding tax rates.

Council took a Lunch break from 12:41 pm. until 1:06 p.m.

Ms. Shrauner continued her presentation. Ms. Shrauner said she was recommending the “Voter Approved Rate with Unused Increment and that puts the deficit down to \$830,427 which would be taken from reserves and puts the tax rate at \$0.366078.

Ms. Shrauner stated the Council had not addressed employee merit or cost of living increases for the FY 2023-2024 budget. Ms. Shrauner said she did not think merit or cost of living increases should be made this year, but possibly a one-time payment to each employee based upon performance review. Her suggestion was: \$0 – employee put on performance plan; \$1000 – average performance and \$1,500 – above average performance.

Discussion was held between Council, Ms. Shrauner and Staff regarding employee merit or cost of living increases or one-time payments.

Ms. Shrauner said she will work with staff to make the one-time payments budget neutral.

Discussion was held between Council, Ms. Shrauner and Staff about budget line items: Travel and training – virtual options; Overtime; and Contracted Services – Street Sweeper.

Discussion then continued on the tax rate.

Council Member Hale stated all the rates reduce the current tax rate and the City does not have control over the appraisals, and most are going up.

Council Member Brundrett said he would love to reduce more, but he does not see how that can be done without reducing services.

Discussion was held between Council and Ms. Shrauner regarding the City's reserves. The Council policy has been to maintain a 180-day reserve and we now have 90 days.

It was the consensus of Council to move forward with budget and tax rate ordinances utilizing the \$0.366078 tax rate.

Brief discussion was held regarding the Budget adoption timeline.

3. Adjournment.

At 2:24 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