

BUDGET WORKSHOP ON PROPOSED BUDGET FOR FY 2020/2021

The Mayor and City Council met for a workshop on Tuesday, July 28, 2020 with the following members present: Mayor Pro Tem Gonzales, Council Members Rivas, Robinson, Lee and Garcia; City Manager Squyres and City Secretary Raines. Mayor Diaz and City Attorney DeFoyd absent.

City Manager Squyres stated that there were challenges to the budget this year due to SB2 which took effect in January 2020 and limited cities to 3 ½% more funds collected from property taxes than prior year. It divides the budget process from that of setting the tax rate, creates a new timeline and process for all cities that is driven by forced elections for taxes above 3 ½% and forces cities to make budget and tax rate decisions prior to even knowing what the certified tax roll will be.

He stated the effective tax rate equals no new tax rate.

He advised that the De Minimis rate only applies to cities over 30K population and equals NNTR + rate required to raise 500K and the disaster declaration rate equals 8% over funds raised last year.

City Manager advised that property values increased significantly and that it looked like we might be able to lower our tax rate a small amount that we could not be sure until we received the effective tax rate from Harris County.

He stated that COVID-19 had caused interruption of income and expenses in court income, the swimming pool, facility rentals, citations were down, water collection was down, protective measures, public works and police department overtime working with food distribution, sick time (even for contract employees) and equipment needed,

Mr. Squyres stated that under the CARES Act there was \$579, 315 available where we hopefully will get reimbursed for some of this.

He advised that for several years the Harris County Tax Assessor-Collector’s Office had calculated our tax rate and would be doing so this year.

City Manager Squyres went over the projected Revenue in Income and expenditures in General Fund:

Proposed General Fund Revenue	\$7,829,216
Tax income dedicated to Dept. (I&S Fund)	483,050
Total	\$8,312,266
General Fund Income less Expenditures	\$ 107,388
Proposed Water Fund Income	\$2,541,215
Water Fund Income less Expenditures	\$ 15,276

He advised this budget was prepared using the proposed tax rate of 0.778540.

He advised that the bond payment was down a little in this budget and this bond series would be paid off in 2022 and we need to be looking at this.

Mr. Squyres went over the projected income for General Fund in the new budget stating that the significant drop was in franchise tax and explained the reason for this and there was a slight drop in sales tax.

Mr. Squyres advised that income in the Water Fund remained the same as last year and we would have to raise water rates, that City of Houston goes up every year on what we pay for surface water.

Council Member Gonzales ask if the insurance payments we receive from EMS services contribute to income and did we bill our residents.

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Mr. Squyres advised that we had to bill them to comply with Medicare but they did not have to pay and explained how it worked.

Council Member Robinson stated that looking at the what we pay for Garbage pickup and what we collect from residents that we are subsidizing this.

City Manager Squyres advised that we were trying to get auto pickup at Least once a week but waste Management did not have the trucks available at this time, he explained how it worked, that it would reduce the need for three men on the truck and should reduce our cost and that yes we were subsidizing it now.

City Manager Squyres went over Departmental budgets individually and advised that the majority of them had decreased expenses.

City Manager Squyres stated that we would like made this a transition Year and hoped to buy fuel from a vendor and do away with our underground tanks and discussed the problems we were having, he advised that the new store at Holland & the Feeder Road had system that would work well for us.

Council Member Lee stated that he would not be for using one vendor, thinks we need to use other vendors as well.

Council Member Rivas stated he thought we should use multi vendors as well.

City Manager stated that the budget included up to a 3% merit raise, with one exception for an individual who had taken on more responsibilities.

Mr. Squyres stated that years ago we had ask the City Manager about changing our retirement, the employees contribute 5% of their salary and the city matches it 1.5% and today TMRS pays 5% interest across

the board. We talk about losing people and if we match the employee's 5% at 2% instead of 1.5% that would be an incentive for employees to stay. He advised that most cities match is 2%.

He stated that if we do this it would be about \$88,000 which was included in this budget and if not we may never be able to.

Council Member Garcia stated that she did not see a problem with it.

There was discussion about other plans that would be an incentive to the employees.

There was discussion about selling vacation days and discussion on cross training.

There was discussion about the money budgeted in 15-6857 and City Manager Squyres stated that Jacinto City would turn 75 years old during this budget and the extra money was to do something special for the occasion.

Council Member Robinson ask what the difference was between a Bobcat Mower attachment and a Rotary Cutter and Mr. Reed advised they were the same and Mr. Robinson stated that we had \$9,000 budgeted in Department 15 and also in Department 19 for the same thing, It was decided to eliminate it from Department 15 and leave it in Department 19.

There was discussion about money that had not been spent in the present budget and City Manager Squyres stated that he had advised the department heads if they had money left in the budget for things they needed to spend it but if it was something they did not have to have Or need to let it go back into the rainy day fund because we did not know how all of this was going to affect our income and there were things that we had budget for in the present budget that we had not used due to all the closures.

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Council Member Lee stated that there was money in streets, sidewalks and drains that had not been used and he would like to see some street repair in Jacinto Oaks.

Mario, Garcia & Gregg also agreed that they would like to see the money that was left over in that code be used.

City Manager Squyres ask the Public Works Director to drive through the city and make a list of streets that needed repairs the most and the Council could review them.

There was discussion about if there was enough budget for tires that would be needed.

Council Member Robinson ask about TML conference and if it was cancelled could we move that money somewhere else.

Mr. Squyres stated that TML had not made a decision yet and had delayed registration until August 18th but if it was cancelled the money could be used for something else.

There was discussion on upgrading the monument for the 75th anniversary.

There was discussion on raising the water rates by 50 cents for water used over the minimum.

There was discussion on selling bonds to be used for new water lines and new water meters.

There was discussion on painting the water tower.

Council Member Gonzales stated that a lot of cities were having the same problems with the new budget requirements.

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Council Member Rivas stated that he would like to see us get something done on the History Center that we had been discussing this for a number of years and with the 75th Anniversary coming up this would be a good time.

City Manager Squyres ask Mr. Reed to go through the building and see what all needed to be done.

Mayor Pro Tem Gonzales adjourned the meeting at 8:25 p.m.

Respectfully submitted,

A handwritten signature in cursive script that reads "Joyce Raines". The signature is written in black ink and is positioned above the printed name and title.

**Joyce Raines
City Secretary**