

BUDGET WORKSHOP, THURSDAY, JUNE 24, 2021, 5:30 P.M.

The Mayor and City Council met in Special Session on Thursday, June 24, 2021 at 5:30 p.m. for a budget workshop with the following members present: Mayor Pro Tem Gonzales, Council Members Robinson and Garcia; City Manager Squyres, City Attorney DeFoyd and City Secretary Raines. Mayor Diaz and Council Member Lee out of the city and Council Member Rivas at Work.

Mayor Pro Tem Gonzales turned the meeting over to City Manager Squyres.

City Manager Squyres stated that he had ask that we start this a little earlier than usual because the State had put some dates on the cities that really pushed our calendar a lot and he thinks he has to present the first budget proposal by July 8th and we won't have our certified tax roll. Insurance rates, workman comp rates or anything by then but we are required to do this by law by SB 2, so it gets harder for cities to meet all the required deadlines, so what he thought we would do was give the Council an overview of where we are at on several topics so as we start making decisions they would have a foundation of what needs to be taken into consideration and he would provide each of them an e-mail of this:

ATTACHED IS A COPY OF CITY MANAGER SQUYRES PRESENTATION:

Mayor Pro Tem Gonzales adjourned the budget workshop at 6:00 p.m.

Respectfully submitted,

A handwritten signature in cursive script that reads "Joyce Raines".

Joyce Raines, City Secretary

Financial Status

Jacinto City's final payment of our long-term debt (bonds) will be made in the coming budget year. About \$0.10 of our tax rate is comprised of this debt. Once paid, we will have the option of removing this from the tax bill or issue additional long-term debt. During the legislative session, HB-1869, which limits the ability of cities to issue debt, was passed but it looks like we retained the ability to issue certificates of obligation for large infrastructure projects.

Sewer Treatment Plant

History:

Rehabilitated in 1985 and was in desperate need of major renovations. On several occasions we have exceeded the limits set by our EPA issued license. Of particular concern is the pH of the outflow from the plant as it enters Hunting Bayou. Flooding events have also overwhelmed the STP during Tropical Storm Allison, and most recently Hurricane Harvey.

Steps Taken to Date:

Phase 1: Following Hurricane Ike, we were able to secure GLO/HUD funding to install a large generator that is capable of running the treatment plant as well as the entire Public Works facility. This funding also provided a belt press which ended the decades long practice of contracting out the processing of wet sludge from the plant. We now process our own sludge into a dried product which is more affordable to dispose of. This saves the city thousands of dollars each year.

Phase 2: Following Hurricane Harvey, we secured funding (Approx. \$3.4 Mil.) to rebuild the headworks of the STP. We are currently nearing completion of the design phase of this project and will soon go to construction.

Phase 3: in May of 2021 Jacinto City was awarded a Hurricane Harvey Mitigation Grant (\$5,319,717) which is dedicated to the final stage of rehabilitation at the STP. This should complete the required work on this project. Prior to this award, this was probably the city's highest priority for future funding.

Water Distribution System

History:

The majority of the city's water mains were constructed around 1945 to 1950. Many of those steel pipes remain in service down to this day. Calcification and rust of these remaining lines has reduced the inside diameter of the pipe and its ability to deliver adequate flows of water. We also are vulnerable to water main breaks in areas where this original pipe remains.

Steps Taken to Date:

Since 2004, we have utilized HUD/CDBG grants to replace many of the water mains in the city's Industrial Acres area. To date, there have been 63 city blocks which have received new water mains, fire hydrants and, in most cases, new residential water lines from the meter to the home.

Large supply lines have been replaced along the southern portions of Holland Ave. & Mercury Drive using CDBG grants.

Both the elevated tank and the ground storage tank have been rehabilitated using CDBG grants.

Design work has been completed for a large portion of the North side of Market Street (From Oates to Akron)

The first phase of North side construction (Oates to Mercury) is out for bid and will require a 25% match of up to \$288,348.

The Second Phase of North Side Construction (Mercury to Flint) will be a PY-2022 CDBG project. Our required 25% match for this project will be a maximum of \$256,066.00.

Using local funding, we have replaced water lines on Lane from Holland to Serpentine and a few other blocks in Jacinto Oaks.

Additional Work Required:

To date, unfunded water line projects include the North Side of Market from Flint to Siesta, and the South Side from Cheston to Serpentine. A rough estimate for this scope of work is approximately 5.2 million dollars.

The city's current method of metering water usage is with older style mechanical meters. These meters require employees to physically inspect each of the 2768 meters each month. The major drawbacks to this method include: human error, weather delays, meter accessibility, and the inherent inaccuracy of mechanical meters. New ultrasonic meters equipped with modern communications devices are now available which allow for much more accurate metering, daily meter reading, use of artificial intelligence to identify high usage, email and texting of high usage alerts, and phone apps to self-monitor usage. The estimated cost to equip the city with this type system is \$1,425,000.00.

Potential Funding Sources:

Each member of Congress was able to submit 10 requests for earmarks for the next budget year. Both of our members of Congress representing Jacinto City included an earmark request for water distribution projects. If awarded, the 18th Districts earmark will provide up to \$1,560,000 and require a 20% match of \$390,000. The 29th District earmark would provide up to \$1,750,000 and require a 10% match of \$194,000. As of now, these funds have not been awarded.

A Corona Relief Funding Allocation of \$2,280,000 has been designated for Jacinto City. This funding has strict limitations on its use but does allow for the funding of water and wastewater infrastructure projects. One option would be to fund the water meter project and the two CDBG North Side matches. This would use \$1,969,414 of this funding and leave a balance of \$306,289 which could be applied to any required match for the earmark projects.

The Texas Water Development Board offers a low interest loan program to water providers. This could be used to fund any or all of the estimated \$5.2 million needed to complete the replacement of water lines in the city. This long-term debt would replace the current debt payment each year.

Storm Drainage Improvements

History:

Over the past few decades, Jacinto City has experienced two types of flood events. First, and more frequent, is the isolated street flooding that comes from heavy downpours. This typically happens in the 10100 blocks from Burman to Palestine, the area of Industrial Acres along the Akron Easement, and a few specific areas on the city's North side. This is usually caused by problems with the storm drains that should carry water away from homes and into Turkey Run Gulley or Hunting bayou. Most of these pipes are decades-old and are no longer able to carry the required flow.

The other type of flooding is much less frequent but even more devastating. It happens when Hunting Bayou exceeds its limits and causes water to back up into our city. Examples of this were Tropical Storm Allison, and Hurricanes Ike and Harvey. This will continue to be a problem due to development and modifications to Hunting Bayou upstream of Jacinto City. As you know, the Harris County Flood Control Bond Program contained a "Diversion Canal" proposed by Jacinto City, that would allow water to flow from our section of Hunting Bayou without the current restrictions that create a blockage. As I understand it, Harris County now claims they do not have adequate funding for the remaining projects on the bond election. We continue to push them to fulfill their obligation. I find it absurd that the improvements to Hunting Bayou started upstream with no regard to where the water would end up. Anybody can look at the aerial images of Hunting Bayou and see that the 12 sharp turns and an oxbow along with a complete reversal of direction will impede flow. Of additional concern is that absolutely nothing is done by the county to clear debris from this channel. It remains in its natural state and contains large amounts of debris which further blocks flow.

Funding Source:

Jacinto City was awarded a 2016 Mitigation grant of \$5,319,717 for Stormwater Improvements. While the details of this work are yet to be determined, the proposal includes the replacement of multiple drain lines running North to South in the city. Some specific areas of concern that are addressed include Oates Road, Akron on the North Side, Akron Easement,

Kerby, Cheston, and Jennifer. As you know, we have recently experienced cave-ins on a few of these lines as they approach Turkey Run Gulley. Since they are all the same age and of identical construction, it is reasonable to expect the remainder to experience the same failure. In addition to replacing storm sewer lines, there may be some opportunities to replace any sidewalks that are damaged during this project.

Water & Sewer Rates

History:

Since the early 1980s, we have been mandated to purchase at least 80% of our potable water from the City of Houston (COH). During Mayor White's first term, the COH significantly increased the rate charged to cities for water. The last time the City of Jacinto City increased the water and sewer rates that are charged to our residents was in July of 2007. However, for the last 14 years we have withstood annual increases from the COH. Typically, these increases have been about 3%. This has resulted in the cost of water purchased from the COH today being about 57% higher than it was in 2007. Of course, the cost of electricity, water treatment chemicals, water testing and several unfunded mandates has skyrocketed. For example, the recent EPA mandated R&R study cost us \$25K. Until we finish addressing the city's water infrastructure challenges, we will also be forced to continue making costly emergency repairs, as has taken place over the past several years.

Funding Source:

After 14 years and a continual draw upon our very limited reserve funds, there is little choice but to adjust water and sewer rates so as to keep the enterprise fund solvent. Currently, our water rates are slightly lower than most water services in our area. The rate charged for the treatment of sewer is well below average. Since our primary elevation in cost comes from the price charged by the COH, it would be reasonable to link future rate changes to our cost of water. This could be accomplished with little or no cost increase to minimum users (<2K gallons). Virtually all seniors living alone fall into this category. In recent weeks, the media has reported that Houston plans to make major rate hikes to their water customers. These typically include cities using their water. If this takes place, we will not be able to continue operation without a rate hike.

The current residential water rate is \$19.50 minimum (2000) and \$5.25 per 1000 gallons over 2000.

The current Sewer Rate is \$10.30 minimum (2000) and \$2.10 per 1000 gallons over 2000.