

FINANCE COUNCIL COMMITTEE MAY 8, 2024 MINUTES

Council present:

Dan McClendon
Larry Scott
Adam Russell, Chair

Council Absent:

Staff present

Tommy Ludwig City Manager
Harlan Jefferson, Deputy City Manager
Eric Oscarson, Deputy City Manager
Amanda Campos, City Secretary
Monica Solko, Deputy City Secretary
Marianna Dunn, Assistant Finance Director

1. CALL TO ORDER – Time: 9:00 am.

Chair Adam Russell called the meeting to order. **Time: 9:02 a.m.**

2. CITIZEN APPEARANCES

- None.

3. GENERAL

A. Consider approval of the minutes from the March 4, 2024 Finance Committee meeting. (Staff Contact: Amanda Campos, City Secretary)

Motion made by Dan McClendon and seconded by Larry Scott to approve.

Motion passed 3-0.

Chair Adam Russell announced that the items would be presented out of order.

C. Discuss property tax rate strategies and consider designating the Johnson County Tax Assessor/Collector to perform the required calculation of relevant tax rates and the City Manager to publish and deliver the tax rate forms in accordance with Chapter 26 of the Texas Tax Code. (Staff Contact: Harlan Jefferson, Deputy City Manager)

Harlan Jefferson, Deputy City Manager, presented property tax rate strategies to the committee. Discussion included property tax over, homestead exemption; cash fund capital projects, unused increment rate, and options for retaining tax rate.

Committee members agreed with staff presentation and requested it be brought forward to the full council.

- B. Receive a report, hold a discussion, and provide staff direction regarding the City's health benefits plan budget projection and the upcoming request for proposal process. (Staff Contact: Cheryl Marthiljohni, Director of Human Resources)**

Cheryl Marthiljohni, Director of Human Resources, presented the city's health benefits to the committee.

Discussion included detail health plan revenue and expenditures, conducting request for proposals for coverages, market stop loss, fully insured plans vs. staying self-insured, evaluate plan designs and contribution levels and claim analysis.

- D. Receive a report, hold a discussion, and provide staff direction regarding a proposal to reconsider cash funding capital projects to enhance the General Fund's fund balance. (Staff Contact: Harlan Jefferson, Deputy City Manager)**

Harlan Jefferson, Deputy City Manager, presented a proposal to reconsider cash funding capital projects to the committee

Discussion included reconsidering cash funding capital projects, which would mean the city, could increase the debt service portion of the tax rate without risking going over the voter-approval tax rate. The committee reviewed the twenty year assessed value growth and the debt capacity for the next five year for upcoming projects.

- E. Receive a report, hold a discussion, and provide staff direction regarding the proposed FY 2023-2024 budget amendment and the strategy for mid- and end-of-year budget amendments. (Staff Contact: Harlan Jefferson, Deputy City Manager)**

Harlan Jefferson, Deputy City Manager, presented the proposed FY 2023-2024 budget amendments to the committee.

The committee was in favor and asked that the item be brought forward to the full council.

- F. Receive a report, hold a discussion, and provide staff direction regarding a Water and Sewer Rate Study prepared by Willdan Financial Services (Willdan). (Staff Contact: Harlan Jefferson, Deputy City Manager)**

Harlan Jefferson, Deputy City Manager, introduced Dan Jackson, Vice-President of Willdan Financial Services to present a water and sewer rate study to the

committee. The city last did a rate adjustment last October, 3% across the board rate adjustment. There have been several factors that are going to need to lead to the need for future rate adjustments – operating costs are going up. Water and wastewater service rates from Fort Worth are also going up and the city will need to pass those costs through to the customers.

Scenario III Rate Plan						
Residential	Current	Effective	Forecast			
5,000 water	monthly	Oct 24	Oct 25	Oct 26	Oct 27	Oct 28
	\$87.66	\$94.14	\$101.11	\$108.62	\$116.71	\$123.12
Increase - \$		6.48	6.97	7.51	8.09	6.41
Increase - %		7.4%	7.4%	7.4%	7.4%	5.5%
10,000 water	monthly	Oct 24	Oct 25	Oct 26	Oct 27	Oct 28
	\$112.16	\$120.84	\$130.22	\$140.35	\$151.30	\$159.78
Increase - \$		8.68	9.38	10.13	19.95	8.48
Increase - %		7.7%	7.8%	7.8%	7.8%	5.6%
30,000 water	monthly	Oct 24	Oct 25	Oct 26	Oct 27	Oct 28
	\$237.06	\$256.98	\$278.61	\$302.10	\$327.60	\$346.66
Increase - \$		19.92	21.63	23.49	25.50	19.06
Increase - %		8.4%	8.4%	8.4%	8.4%	5.8%
	Current	Effective	Forecast			
Commercial	monthly	Oct 24	Oct 25	Oct 26	Oct 27	Oct 28
40,000 water	\$542.58	\$584.24	\$629.23	\$677.81	\$730.27	\$771.07
Increase - \$		41.66	44.98	48.58	52.47	40.80
Increase - %		7.7%	7.7%	7.7%	7.7%	5.6%

Committee was in favor of scenario III rate plan and staggering reimbursement resolutions for CIPs.

RECESS AND BACK TO ORDER

Chair Adam Russell recessed for a short break at 11:05 a.m. and called the meeting back to order at 11:19 a.m. with all committee members present.

- I. **Receive a report, hold a discussion, and provide staff direction regarding the March 2024 monthly financial and investment reports. (Staff Contact: Harlan Jefferson, Deputy City Manager)**

Harlan Jefferson, Deputy City Manager, presented the March 2024 monthly financial and investment reports to the committee.

G. Receive a report, hold a discussion, and provide staff feedback regarding fees associated with solid waste and street maintenance. (Staff Contact: Eric Oscarson, Deputy City Manager)

Eric Oscarson, Deputy City Manager, presented the solid waste and street maintenance fees to the committee. Discussion included recycling, screening requirements for carts, if the city could save money with a RFP for carts only to save money. Street maintenance needs a dedicated funding source to assist in maintenance of existing roadways. Storm water utility fees is a dedicated funding source for drainage improvements throughout the community. They can be used for on-going maintenance or capital projects.

Committee was in favor of the following:

- Solid Waste
 - Review fund as part of the budget process and adopt new rates
 - Rates include passing through all solid waste collection, administrative, and franchise fees
 - Include supplemental for consultant to assist in RFP for new solid waste contract
 - Discuss best practices to establish rates
 - Review litter abatement funding source
- Street Maintenance Fees
 - Include supplemental for consultant to assist in street maintenance fee structure
 - Coordinate implementation with update solid waste contract
- Storm Water Fee
 - Utilize existing funding to hire consultant to start reviewing possible fee structure

RECESS AND BACK TO ORDER

Chair Adam Russell recessed for a short break at 12:09 p.m. and called the meeting back to order at 12:22 p.m. with all committee members present.

H. Receive a report, hold a discussion, and provide staff direction on the City's Credit Card Processing Fees. (Staff Contact: Richard Abernethy, Administrative Services Director)

Richard Abernethy, Administrative Services Director, presented the city's credit card processing fees to the committee

Committee was in favor of passing the credit card fees directly to the customer (pass through) or implementing fee in next year's budget.

4. BOARD REQUESTS FOR FUTURE AGENDA ITEMS OR REPORTS

- None.

5. EXECUTIVE SESSION

In accordance with Chapter 551 of the Texas Government Code, the Committee may convene in Executive Session in the City Council Workroom at City Hall to conduct a closed meeting to discuss any item listed on this agenda.

- **Pending or Contemplated Litigation or to Seek the Advice of the City Attorney Pursuant to Section 551.071**

No executive session needed.

6. ADJOURN

There being no further business Chair Adam Russell adjourned the meeting.

Time: 12:42 p.m.

Monica Solko
Deputy City Secretary