CITY OF TEXARKANA

CITY COUNCIL

MINUTES ● MAY 25, 2022

Council Chambers	Budget Workshop Meeting	10:00 AM

220 TEXAS BLVD., TEXARKANA, TX 75501

I. CALL TO ORDER

City Council	Budget Advisory Committee	City Staff
Mayor Bob Bruggeman (Present)	Van Alexander (Present)	City Manager David Orr
Ward 1 - Jean Matlock (Present)	Derrick McGary (Absent)	Jennifer Evans
Ward 2 - Mary Hart (Absent)	Carolyn Nance (Present)	Gary Smith
Ward 3 - Betty Williams (Present)	Larry White (Present)	Kristin Peeples
Ward 4 - Christie Page (Absent)	Pam Hamilton (Present)	Brandon Uselton
Ward 5 - Bill Harp (Present)	Kelly Mitchell (Present)	Tricia Briggs
Ward 6 - Jay Davis (Present)	Steve Mayo (Present)	Dusty Henslee

II. WELCOME & OPENING COMMENTS

Chairperson Van Alexander welcomed everyone to the meeting and gave the floor to City Manager Orr to introduce the first presentation.

III. TEXARKANA WATER UTILITIES - BY GARY SMITH

Gary Smith shared a presentation discussing water and sewer improvements such as replacing deteriorated mains, sewer pipes, installing more generators for current lift stations, and looping dead end mains.

The water rate study was conducted to help gauge the cost of future capital projects. It also addresses eliminating the use of fund balance to cover costs and outlines a way to build up a reserve of 60 days of healthy fund balance.

IV. WATER RATE STUDY - BY NEWGEN STRATEGIES & SOLUTIONS

Chris Ekrut discussed the water rate study and its focus on some key issues. He addressed complex industry challenges including rising costs, aging infrastructure, and customer affordability. Water and wastewater rates at current levels are projected to be insufficient to fund current operations and required capital improvements. Without some level of increase, the utilities are projected to not meet their combined revenue requirement. Also, $75.5 million in capital improvements are proposed over the next four years.

Reinvestment must be made back into the utility company to meet the demands of customer service . The last rate increase was in January 2019. Rate increases are proposed in the water rate study for an effective date of October 2022.

V. ITEM FOR DISCUSSION: PROPOSED FY 2023 CITY BUDGET

Kristin Peeples presentation provided revenue projections, no-new revenue and voter-approval tax rate calculation, three different debt issuance options for capital expenditures, personnel costs, and anticipated American Rescue Plan funds.

The remaining balance of the American Rescue Plan funds, expected in the summer of 2022, would allow staff to proceed with the one-time use of fund balance expenditures proposed last year. City Manager Orr said the next joint meeting would discuss the water rate study updates and bonding for the tax rate.

FY 2023 Budget Presentation Document

RESULT:	**CLOSE ACTION**

VI. CLOSING COMMENTS

Mr. Alexander thanked everyone for coming to the meeting. The date for the next joint meeting with the Budget Advisory Committee was set for Tuesday, June 7th at 10:00 a.m.

VII. ADJOURNMENT

The meeting adjourned at 11:01 a.m.

Jennifer Evans
City Secretary

Bob Bruggeman
Mayor

Version:
Update Date: 5/18/2022 4:48 PM

Briefing Sheet

Lead Department: City Manager

Action Officer: Jennifer Evans, City Secretary

Subject: FY 2023 Budget Presentation Document

Attachments

a. Budget Advisory Presentation FY 2023 for 05.25.22(PDF)

CITY OF
TEXARKANA
TEXAS

FY 2023 Budget

Wednesday, May 25, 2022
10:00 AM

Revenue Projections

- **Sales Tax**
  - Fiscal Year 2020 Collections = $17,042,560
  - Fiscal Year 2021 Collections = $19,573,342
    - Increase of 14.85% or $2,530,782 over the prior fiscal year
  - As of the May 2022 deposit (March collections), collections have increased 10.54% or $981,705 over FY 2021 actual collections YTD

Revenue Projections

- **Property Tax**
  - Property Valuation based on Estimated Values provided by Bowie Central Appraisal District
    - Texarkana City – Increase of 13.66% over prior year official tax roll
    - TIRZ 1 – Increase of 18.31% over prior year official tax roll
    - TIRZ 2 – Increase of 22.86% over prior year official tax roll
  - Based on a collection rate of 98% and a tax rate of $0.65 this will generate approximately $2.6 million in additional property tax revenue.
    - Texarkana City – Increase of $2,118,451
    - TIRZ 1 – Increase of $423,287
    - TIRZ 2 – Increase of $85,318

No-New-Revenue and Voter-Approval Tax Rate Calculation

- The No-New-Revenue Calculation:
  - (Last Year's Levy – Lost Property Levy) / (Current Total Value – New Property Value)

- The Voter Approval Tax Rate Calculation:
  - (No-New-Revenue M&O Rate x 1.035) + Current Debt Rate + Unused Increment

- Our Plan
  - Maintain an overall tax rate of $0.65
  - Fund annual capital expenditures with tax notes or certificates of obligation rather than cash expenditures
    - Issue tax notes or certificates of obligation with an annual payment of approximately $1.5 million
    - Several options to consider

Debt Issuance Options

Annual Debt Service Payment of $1,500,000

Term	Interest Rate	Projected Bond Proceeds
7 Years	3.2% (Tax Notes)	$9,326,000
10 Years	3.4% (CO's)	$12,603,000
20 Years	4.0% (CO's)	$20,474,000

Proposal for Capital Expenditures

7 Year Tax Notes = $9,326,000

Proposed Use	Proposed Amount
Galleria Oaks/Moores Lane – concrete replacement with sidewalks	$3,000,000
Robison Road – mill and overlay	$2,400,000
Westlawn – mill and overlay	$1,000,000
Kennedy – mill and overlay	$1,000,000
Milam – street reconstruction	$250,000
Airline – street reconstruction	$300,000
Wade Lane – street reconstruction	$300,000
Fleet Replacement – Quint 1 Fire Truck	$1,400,000
Total	$9,650,000

Proposal for Capital Expenditures

10 Year Certificates of Obligation = $12,603,000

Proposed Use	Proposed Amount
Galleria Oaks/Moores Lane – concrete replacement with sidewalks	$3,000,000
Waco Street – concrete replacement	$3,000,000
Robison Road – mill and overlay	$2,400,000
Westlawn – mill and overlay	$1,000,000
Kennedy – mill and overlay	$1,000,000
Milam – street reconstruction	$250,000
Airline – street reconstruction	$300,000
Wade Lane – street reconstruction	$300,000
Fleet Replacement – Quint 1 Fire Truck	$1,400,000
Total	$12,650,000

Proposal for Capital Expenditures

20 Year Certificates of Obligation = $20,474,000

Proposed Use	Proposed Amount
Galleria Oaks/Moores Lane – concrete replacement with sidewalks	$3,000,000
Waco Street – concrete replacement	$3,000,000
Shilling Lane – new concrete street connecting University Ave. on both ends	$6,200,000
Robison Road – mill and overlay	$2,400,000
Westlawn – mill and overlay	$1,000,000
Kennedy – mill and overlay	$1,000,000
Milam – street reconstruction	$250,000
Belt/Old Boston – street reconstruction and seal	$300,000
Airline – street reconstruction	$300,000
Wade Lane – street reconstruction	$300,000
Fleet Replacement – Quint 1 Fire Truck	$1,400,000
Fleet Replacement – Quint 3 Fire Truck	$1,400,000
Total	$20,550,000

Timeline for Issuance

Certificates of Obligation

• Monday, June 13th	Council meeting to approve publication of Notice of Intent for the CO's
• Thursday, June 16th	1st Notice of Intent published for CO's
• Thursday, June 23rd	2nd Notice of Intent published for CO's
• Monday, July 11th	Draft Term Sheet distributed to City Staff/Bond Counsel
• Friday, July 15th	Hilltop Securities receives comments on term sheet
• Monday, July 18th	Hilltop Securities distributes term sheet to potential bidding banks
• Friday, August 5th	Receipt of Bids
• Monday, August 8th	Pricing
• Monday, August 8th	City Council passes ordinance authorizing issuance of the Certificates
• Tuesday, Sept. 6th	Certificate closing and delivery of funds to the City

Timeline for Issuance
Tax Notes

• Monday, June 13th	Draft term sheet distributed to City Staff/Bond Counsel
• Friday, June 17th	Hilltop Securities receives comments on term sheet
• Monday, June 20th	Hilltop Securities distributes term sheet to potential bidding banks
• Friday, July 8th	Receipt of Bids
• Monday, July 11th	Pricing
• Monday, July 11th	City Council passes ordinance authorizing issuance of the Note
• Tuesday, August 9th	Tax Notes closing and delivery of funds to the City

Personnel

- **3% Increase for Non-Civil Service Personnel**
  - Estimated cost approximately $300,000 annually

- **Fire Department**
  - Year three of the collective bargaining agreement – started in FY 2021 and will continue through FY 2023
  - Estimated cost of agreement through FY 2023 - $1,200,000

- **Police Department**
  - Increase in starting pay for a recruit patrol officer from $45,000 to $47,500. All other grades and steps will remain the same.

American Rescue Plan

- $4,702,009 received in May 2021
- Total allocation to the City $9,276,742.08
- Remaining amount to be received in Summer of 2022
- Grant report was submitted on April 26, 2022. Once the City receives confirmation that the report is accepted, without issue, we will proceed with the one-time use of fund balance expenditures proposed last year. We anticipate these expenditures to be rolled to FY 2023.

Proposed One-Time Use of Fund Balance

- **Facility Upgrades**

  - $200,000 for purchase of Auto Auction Building for Fleet/Public Works (removed)
  - $50,000 for Southwest Center generator/Bringle Lake Wilderness Trail (PY rolled)
  - $25,000 for renovations to make Alaska Printing building usable for storage and Senior Center program (PY rolled)
  - $10,000 for Park signage upgrades (PY rolled)
  - Allocate funding to Astroturf ball fields (new item)

- **Equipment**

  - $600,000 for 1/3 of the cost of Motorola CAD RMS System for Police/CRC (removed)
  - $180,000 for initial funding of the Public Safety Equipment Fund for police and fire equipment (funded)
  - $1,550,000 for two fire pumper trucks (PY rolled)
  - $52,000 for Storm Sirens (new item)

Proposed One-Time Use of Fund Balance

- **Planning Documents**
  - $20,000 for Parks Master Plan (PY rolled)
  - $20,000 for Hazard Mitigation Plan (PY rolled)
- **Infrastructure**
  - $651,443 TX DOT Grant Match for College Drive sidewalk (PY rolled)
  - $636,658 TX DOT Grant Match for Robison Road sidewalk (PY rolled)
  - $2,512,576 for Dead End Looping Projects (PY rolled with additional funding)
- **Total Cost = $5,527,677**

Questions