CITY OF TEXARKANA

CITY COUNCIL

MINUTES ● JUNE 7, 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 (Present)	Carolyn Nance (Present)	Gary Smith
Ward 3 - Betty Williams (Present)	Larry White (Absent)	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 (Absent)	Dusty Henslee
		J.W. Bramlett

II. WELCOME AND OPENING COMMENTS

Chairperson Van Alexander welcomed everyone to the meeting and gave the floor to City Manager Orr to introduce Chris Ekrut, of NewGen Strategies and Solutions, who joined the meeting via the Zoom video conferencing platform.

III. ITEM FOR DISCUSSION: PROPOSED FY 2023 CITY BUDGET

The Budget Advisory Committee met with the City Council to discuss the 2023 fiscal year's budget which becomes effective October 1, 2022. Topics included a water rate study update, proposed capital improvement plan projects, and adjustments to employee health insurance and compensation.

IV. WATER RATE STUDY PRESENTATION UPDATE - GARY SMITH & NEWGEN STRATEGIES

Mr. Ekrut provided an update related to questions that were asked during the previous budget advisory committee meeting, held on May 25th, that discussed the water rate study.

This presentation addressed a 10-year rate plan developed using city guidance, Riverbend considered as a stand-alone revenue/expense factor, and calculated customer cost per thousand gallons of water and sewer service, with and without capital improvement plan project dollars.

Council Member Matlock expressed concern for the impact that a water bill of almost $100 would have on citizens living on fixed incomes.

Council Member Hart asked about the increase shown in the garbage rate compared to the manner of collection currently. City Manager Orr said the Waste Management fee is built around the contract which includes CPI adjustments and fuel costs, however, the issues surrounding collection of trash can be followed-up with Waste Management.

Council Member Harp asked Gary Smith if there is a prioritization of capital improvement water projects that need more attention than other projects that can be put off until later. Mr. Smith said, yes, he tried to prepare the list according to the year the project needed to be completed.

Mr. Smith also said he would provide more clarification for any unanswered questions from this meeting.

V. PROPOSED CAPITAL IMPROVEMENT PLAN UPDATE - DAVID ORR

After reviewing the Capital Improvement Projects (CIP) list showing initial street selections per ward, Council Member Matlock addressed the constant temporary patching of potholes in Ward 1 that do not hold when the next rain comes. It seems to not be a good use of funds with the continual expense and labor for re-patching potholes. She also mentioned calls she received from citizens in the Sunset area of town where the streets are very narrow. It seems that the city has not made any improvements in that part of Texarkana in several years.

City Manager Orr responded more attention is being given to street maintenance under the 20-year certificate of obligation plan. The updated CIP list will address a lot of street areas where staff receives the most complaints. He said staff would look into the issues raised regarding street maintenance. He also said there is always more needs than available funding, but the city has made progress over the last few years to increase the amount of dollars used for street maintenance.

Dusty Henslee said there is some flexibility within the list of projects. The city is looking at about five to six years to complete a list as the one proposed.

Capital Improvement Projects

RESULT:	**CLOSE ACTION**

VI. HEALTH INSURANCE AND COMPENSATION - J.W. BRAMLETT

J.W. Bramlett's presentation highlighted a review of employee health insurance claims, results of moving from a health reimbursement arrangement to a health savings account, a three-year transition of a premium contribution at 95% for an employee and 65% for dependents. It also outlined compensation adjustments, as the city's current pay grades are below the market by more than 5% for 72% of certain job classes or position titles.

The compensation plan is to apply a 3% market increase to all non-civil service general fund salaries and then further adjust employees below the proposed minimum up to the minimum market standard of the new pay scale.

Pam Hamilton, representing Council Member Page, said her concern was if the city brings a five-year employee up to the minimum market rate and then hires an employee with less experience at the same minimum salary, where is the value to the long-standing employee. Council Member Harp said he felt the proposed minimum, midpoint, and maximum pay scale structure would allow the city flexibility within compensation parameters in such a scenario.

Council Member Matlock asked, based on the new pay scale structure, what standard would be established so an employee would know how to grow and advance from one level to the next. She also said it would be nice to see staff diversity within City Hall when she comes to visit.

City Manager Orr said automatic step raises were not built into the budget that the city can afford. Staff has not yet worked out how employees will advance with the new pay scale structure, but that will be part of the process moving forward.

Insurance and Compensation Presentation

RESULT:	**CLOSE ACTION**

VII. DISCUSSION OF BUDGET RECOMMENDATIONS - VAN ALEXANDER

After listening to various inputs by committee members, Mr. Alexander made the following recommendations on behalf of the Budget Advisory Committee:

1. Proceed with the 20 year Certificates of Obligation for proposed capital expenditures.

2. Approve a three percent (3%) increase for non-civil service personnel and continue to improve funding for future staff pay raises.

3. Continue with the water rate study and have the study on a regular council review schedule, like every five years.

4. Implement the three-year transition of employee insurance premium contributions, 95% for an employee and 65% for dependents.

5. Confirm Kelly Mitchell to be the liaison working with NewGen Strategies on the current water rate study.

Council Members Matlock and Davis and Carolyn Nance, representing Council Member Hart, all expressed interest in learning more about water issues facing Texarkana and the region and in attending future meetings.

VIII. ADJOURNMENT

On behalf of the budget advisory committee, Mr. Alexander thanked staff for providing all budget information requested and for answering the committee's questions.

Mayor Bruggeman thanked the committee members for volunteering their time to review the city's upcoming fiscal year budget and make recommendations for the council to consider.

The meeting adjourned at 11:32 a.m.

Jennifer Evans	Bob Bruggeman
City Secretary	Mayor

City of Texarkana, Texas

Briefing Sheet

Version:
Update Date: 6/3/2022 3:28 PM

Lead Department: City Manager **Action Officer:** Vicky Coopwood, Assistant City Secretary

Subject: Capital Improvement Projects

Updates/History of Briefing:

(Insert Date Here):
(Insert Text Here) or Select, Delete this and all text with parentheses and say "NOT APPLICABLE"

Executive Summary and Background Information:

Potential Options:

- List or "None"
-

Fiscal Implications:

(Insert Text Here)

Staff Recommendation:

(Insert Text Here)

Advisory Board/Committee Review:

(Advisory Board/Committee Name OR say "NONE")

Board/Committee Recommendation:

(Insert Date Here):
(Insert Text Here or say "NOT APPLICABLE")

Advisory Board/Committee Meeting Date and Minutes:

(Insert Minutes Here) or Select, Delete this and all text in this area and say "NOT APPLICABLE"

Attachments

a. Capital Improvement Projects 06.07.22 BAC Meeting (PDF)

Capital Improvement Projects

Certificate of Obligation - 20 Year (Annual Debt Service $1.5 million)	20,474,000.00	
Fleet Replacement		
Quint 1	1,400,000.00	
Quint 3	1,400,000.00	
Total Fleet Replacement	2,800,000.00	
Streets		**Ward**
Galleria Oaks/Moores Lane-37 No Drainage with sidewalks	3,000,000.00	6
Waco Street Concrete Replacement	3,000,000.00	2
Robison Rd (mill and overlay)	2,400,000.00	2 and 4
Westlawn (mill and overlay)	1,000,000.00	2
Kennedy (mill and overlay)	1,000,000.00	4
Milam (street reconstruction)	250,000.00	1
Belt/Old Boston (street reconstruction/seal)	300,000.00	4
Airline (street reconstruction)	300,000.00	5
Wade Lane/Kenwood Rd (street reconstruction)	700,000.00	2 and 4
13th/14th Street (Mill and Overlay)	1,000,000.00	1 and 3
Tucker Street (Mill and Overlay)	500,000.00	1 and 2
Lincoln Street (Mill and Overlay)	375,000.00	1
Spruce Street (Mill and Overlay)	375,000.00	3
Allen Lane/Phillips Lane (street Reconstruction)	675,000.00	1
Prevenative Maintenance (concrete replacements, overlays, seal coats) - 10 Years at $280,000 per year	2,800,000.00	
Total Streets	17,675,000.00	
Grand Total	20,475,000.00	

City of Texarkana, Texas

Briefing Sheet

Version:
Update Date: 6/3/2022 3:21 PM

Lead Department: City Manager

Action Officer: Vicky Coopwood, Assistant City Secretary

Subject: Insurance and Compensation Presentation

Attachments

a. Insurance and Compensation Presentation 06.07.22 (PDF)

Insurance & Compensation

FY 2022 - 2023

Dependents by Medical Tier

Medical Tier	Employees Enrolled	Spouses	Children	
Employee Only	257			
Employee & Spouse	60	60		
Employee & Children	75		141	
Full Family	103	103	218	
Total	**495**	**163**	**359**	**1,017**

Dependents by Division

Division	Employee Only	Employees on Employee & Spouse	Spouses on EE & Spouse	Employees on EE & Children	Dependents on EE & Children	Employees on Full Family	Dependents on Full Family
City of Texarkana	145	34	34	54	96	72	233
CRC	15	4	4	4	11	3	9
TWU	85	19	19	16	33	26	73
Airport	4	2	2	1	1	2	6
Library	8	1	1	0	0	0	0
Total	**257**	**60**	**60**	**75**	**141**	**103**	**321**

Results of HRA Run Out and Transition to HSA

- HRA run out was $246,648 paid out over the first 6 months
- Year to date (6 months), the PEPM (Per Employee Per Month) claims average excluding the run out is $750 PEPM
- For comparison, at this time last year, the City's un-trended PEPM claims cost were $791 and trended claims to today's dollars would be $848 PEPM (7.3% trend)
- Projections show the City to end up at approximately $775 PEPM through the end of the plan year.
- Last year, the total PEPM claims were $837 which should result in a 7.4% reduction in claims spend from the prior year.

Premium Contribution 95% Employee / 65% Dependents

HSA Plan	Full Time Employees	Medical Rate	City Contribution ($)	City Contribution (%)	Employee Contribution ($)	Total Employee Contribution ($)	Δ From Current ($)	Δ From Current(%)
Employee Only	495	$487.58	$463.20	95.0%	$24.38	$24.38	$24.38	-
+ Spouse	62	$585.32	$380.46	65.0%	$204.86	$229.24	$47.54	26.2%
+ Child(ren)	82	$389.84	$253.40	65.0%	$136.44	$160.82	$23.23	16.9%
+ Family	102	$975.16	$633.86	65.0%	$341.31	$365.69	$60.69	19.9%
Premium Contributions	495	$4,908,882	$4,059,633	82.7%	$849,249			
Employer HSA Contributions	495	$678,900	$678,900	100.0%	$0			
Total Contributions	495	$5,587,782	$4,738,533	84.8%	$849,249			
$ Change From Current		$368,343	$162,988		$205,355			
% Change From Current		7.1%	3.6%		31.9%			

HSA Contributions: $900 EE, $1,500 EE+SP, $1,800 EE+CH, $2,100 EE+FAM

Premium Contribution 95% Employee / 65% Dependents
3 Year Transition (Year 1)

HSA Plan	Full Time Employees	Medical Rate	City Contribution ($)	City Contribution (%)	Employee Contribution ($)
Employee Only	495	$487.58	$479.45	98.3%	$8.13
+ Spouse	62	$585.32	$386.07	66.0%	$199.25
+ Child(ren)	82	$389.84	$245.19	62.9%	$144.65
+ Family	102	$975.16	$641.56	65.8%	$333.60
Premium Contributions	495	$4,908,882	$4,161,713	84.8%	$747,168
Employer HSA Contributions	495	$678,900	$678,900	100.0%	$0
Total Contributions	495	$5,587,782	$4,840,613	86.6%	$747,168
$ Change From Current		$368,343	$265,068		$103,275
% Change From Current		7.1%	5.8%		16.0%

HSA Contributions: $900 EE, $1,500 EE+SP, $1,800 EE+CH, $2,100 EE+FAM

Total Employee Contribution ($)	Δ From Current ($)	Δ From Current(%)
$8.13	$8.13	-
$207.37	$25.67	14.1%
$152.78	$15.19	11.0%
$341.72	$36.72	12.0%

Goal	Difference from Current	Diff / 3 Years Apply to City
95%	5.0%	1.7
65%	1.4%	0.5
65%	-3.2%	-1.1
65%	1.2%	0.4

Compensation Study

Conducted by Public Sector Personnel Consultants

MARKET

Cedar Hill	Midlothian
Corsicana	Nacogdoches
Denison	Palestine
Gainesville	Paris
Huntsville	Sherman
Longview	Tyler
Lufkin	Waxahachie
Marshall	Wichita Falls

Data from private sector was included using Economic Research Institute's Salary Assessor for the Texarkana, TX region

City's current pay grades are below market by more than 5% for 72% of the survey sample:

Relationship to Prevailing Rates	Benchmark Job Classes	% of Sample
Below	54	72%
Comparable	16	21%
Above	5	7%

Compensation Adjustments

The plan is to apply a 3% market increase to all non civil service general fund salaries and then adjust employees below the proposed minimum up to the minimum of the new pay scale.

Adjustment	12-Month Base Cost
3% Increase	$231,000
Below Minimum after 3%	$53,000
Totals	$284,000 plus benefits