

**SPECIAL CALLED MEETING
City Council
July 20, 2022**

The City Council of the City of Brownwood, Texas, met in a Special Called Meeting on Tuesday, July 20, 2022, at 4:00 p.m., at Brownwood City Hall, Upstairs Breakroom, 501 Center Avenue, Brownwood, Texas, with the following members present:

- Stephen E. Haynes** : **Mayor**
- H. D. Jones** : **Council Member – Ward 1**
- Ed McMillian** : **Council Member – Ward 2**
- Melody Nowowiejski** : **Council Member – Ward 3**
- Walker Willey** : **Council Member – Ward 5**
- Emily Crawford** : **City Manager**
- Melanie Larose** : **Finance Director**
- Marshal McIntosh** : **Deputy City Manager**
- Leah Thomas** : **Asst. Finance Director**
- Ray Tipton** : **Executive Director of BMDD**
- Henry Wied** : **Public Works Director**
- Christi Wynn** : **City Secretary**

with member Draco Miller, absent constituting a quorum of the City Council.

CALL TO ORDER: Mayor Haynes called the meeting to order.

COUNCIL TO RECEIVE THE NO-NEW REVENUE AND VOTER APPROVAL TAX RATES IF AVAILABLE.

Discussed below with proposed tax rate.

DISCUSSION REGARDING FY 2022/2023 PROPOSED BUDGET:

Executive Director, Ray Tipton, went over the Hotel Occupancy Tax Fund proposed budget. Last year was the first full year to have the funds. He projected to receive \$404,116.24 in revenue and added an additional line item of \$5,000 for Brownwood branded items to be sold in the Train Museum / Visitor Center. Other unexpected line items were added for landscaping and postage. He anticipates the Chamber funding to stay around the same. The largest increase to the budget is the marketing / advertising expense.

Finance Director, Melanie Larose, went over budget process changes. The first was the timing of publishing the proposed budget. In the past, the budget book went out to the media and website in draft form at the same time the Council received it. The point of the budget workshop is to allow Council input. She and City Manager Crawford felt it was confusing to publish a budget that would change after the Council workshop. It is not a charter or state requirement to publish the draft budget prior to Council budget workshops. Mrs. Larose explained that the only requirement is to publish the budget by August 6th.

The other process change is that the Council must vote on a proposed tax rate during the budget meeting. Notice of the proposed tax rate is required to be in the published budget.

City Manager Crawford went over the overall budget. She stated that based on the auditor's recommendation, we are including in the City's General Fund the Central Dispatch Department. In 2020, we formed a funding partnership with law enforcement agencies in Brown County and moved the Dispatch expenses out of the General Fund for accounting purposes. The proposed budget contains the Dispatch Department, which shows an increase of \$725,163 in the General Fund compared to last fiscal year. This can be described as "artificial" budget growth because it is based on an accounting change that was documented differently last year.

REVENUE:

Property Tax: Mrs. Crawford explained that the tax rate information contained in the draft budget is based on the estimated tax rolls. The certified tax rolls were received yesterday, and Mrs. Larose would be explaining those in detail later in the meeting. She recommended a tax rate of .6864 per \$100 valuation, a reduction of the current property tax rate of .7317. The proposed tax rate is 6.19% less than the current rate and generates 5% more in ad valorem tax revenue, which is \$365,418. It is the third consecutive year the City will lower the tax rate. Brownwood has not had a tax rate this low since 1994.

Sales Tax: To-date, sales tax for the current fiscal year has outperformed budget expectations by about 9.5%. With recent increases in interest rates and prolonged inflation, she is recommending budgeting for little to no growth. There is \$6,243,025 in sales tax revenue, an increase of .72% over last year's budget.

Utility Rate: To offset elevated costs of fuel and materials, Mrs. Crawford recommended the following utility rate changes. All rates described are based on residential accounts and average use. Commercial accounts will have the same percentage rate increase. Except for the water consumption rate, all other utility rates have not gone up in three years. Water Base Rate – Current rate \$28.23 / month; Recommended \$29.50 / month; Difference 4.5%; Average impact \$1.27 / month.

Water Consumption Rate: Current \$2.41 per 100 cubic feet (c.f.); Recommended \$2.76 per 100 c.f.; Difference 14.52% or .35¢ per c.f.; Average impact \$3.50 / month for 10 c.f. The City buys treated water from the Brown County Water Improvement District (BCWID). The BCWID increased their treated water rates by 19.92%. The water rate increase by the City is the amount needed to cover the increased cost of treated water; there is no up-charge. If the City were to absorb this increase, it would cost \$315,318.

Sewer Rate: Current \$3.46 per 100 c.f.; Recommended \$3.62 per 100 c.f.; Difference 4.5% or .16¢; Average Impact \$1.25 / month for 8 units.

Sanitation Rate: Current \$22.39 / month; Recommended \$23.40 / month; Difference 4.5% or \$1.01; Average Impact \$1.01 / month.

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Impact to Residential Utility Customer per Month (based on average use)

Water Base	\$1.27
Water Consumption	\$3.50
Sewer	\$1.25
Sanitation	<u>\$1.01</u>
Total	\$7.03

Without the passthrough water rate, the utility increases would have been \$3.53 / month.

Landfill Rates: The City Council approved seeking proposals for the construction of two new Landfill cells on July 12, 2022. The Landfill has approximately one and a half years of space remaining. Cost estimates for construction is \$15 Million. Rates must increase to cover the cost of design, fuel, and debt service for the project. Mrs. Crawford recommends going up on rates this year and next year. The first round of increases will be minimal to residential customers, or none at all, if they provide proof of residency. For commercial companies with contracts, the rates will be higher. Mrs. Crawford proposed a Brownwood resident Landfill discount. Proof of residency in the form of a driver's license and utility bill will be required for the discount. The proposed fees are as follows:

Resident Fee Convenience Center:	\$5 per truck or single axle trailer
Non-Resident Convenience Center Fee:	\$12 per truck or single axle trailer
Resident Scale Rate:	\$44/ton (no change from current)
Non-Resident Scale Rate :	\$46/ton

Not all of Council agreed with the residential discount, as they thought it would aggravate customers to provide proof but agreed to move forward with the plan.

Commercial Contractor Landfill Rates:

Current:	82.4% of commercial rate, or \$36.26/ton
Recommended:	90% of commercial rate, or \$41/ton
Difference:	14%, or \$5.15/ton

American Rescue Plan Act (ARPA)

On March 22, 2022, the City Council adopted a resolution approving a Recovery Plan using ARPA funds. We designated \$1.75 million for general government services, which may be used for expenses that local governments incur to provide services to the citizens. We have included in the proposed budget \$750,000 of ARPA funds to contribute to the cost of fuel for all City Departments. We are planning for a 76% increase over last year for fuel and have recently implemented a Fuel Conservation Policy for all City vehicles to reduce the unnecessary fuel consumption. Mrs. Crawford said she did not expect ARPA funds to cover the entire cost of fuel for the coming year, but it will minimize the blow that it would otherwise have on the City Budget. The ARPA funds will be shown as a credit in the Contingency Fund, not booked as revenue.

EXPENSES:

Department Consolidation: This year, we combined two smaller department budgets into larger departments for ease of management and tracking. Operationally, they already function as one. The Fire Marshal Department (Dept. 31) was combined into the Fire

Department (07) budget. The Engineering/Public Works Department (27) was combined into the Development Services Department (08), and we are changing the name to Planning and Development (08). There is little to no budgetary impact.

Staffing: The City's workforce has been detrimentally affected by high turnover, little to no applicants, inflation, and lower than market pay. We are on pace in the current fiscal year to have a turnover rate of over 20%. The economic conditions have compounded an already challenging dynamic. Pay for non-civil service City employees has lagged compared to inflation, and according to a salary survey of nine comparable cities, Brownwood non-civil service employees are about 17% lower than the market average. Mrs. Crawford recommends a payroll adjustment for non-civil service employees that is more heavily weighted to front-line service delivery positions that are the lowest paid and/or the hardest to fill. The pay adjustment will bring all but two employees making less than \$40,000 to or close to the market average. It also includes all part-time and seasonal positions. Mid-level supervisors through senior administration (29 employees) will receive an increase, but it will not get them to the market average. These positions will need a second payroll adjustment next fiscal year to bring them into line with the market average. The total cost for the payroll adjustments for non-civil service in the proposed budget is \$895,292 which includes payroll taxes. Civil Service (Police and Fire) employees will be receiving raises based upon Meet and Confer Agreements approved in 2021. Police will have a 3% increase across the board and Fire will have a 2% increase across the board. The cost of these raises is \$81,832. The only new position that was approved in the budget is a Landfill Operator II for six months. The Landfill Superintendent is retiring in the coming fiscal year, and the new position is needed for succession planning and training. We will evaluate the need to keep the position prior to the 2023-24 budget.

Insurance: The rates for all types of insurance coverage have risen. Together, the additional cost to the City is \$337,574 for the same coverage we had last year.

Equipment and Vehicles: Finding equipment and vehicles to purchase has been problematic this year. Several of the items we budgeted for were either not available or not deliverable within the fiscal year. We expect similar problems in the coming year. Some of the large equipment purchases in the proposed budget are ones in the current budget that we could not acquire.

Enterprise Fleet: This is the fifth year of the Enterprise Fleet Management program. After this year, we will have replaced our white fleet and downsized the number of vehicles. We have ordered eleven vehicles, including five for Police, three for Fire, one for Planning and Development, one for Landfill, and one for Utilities. The cost in the proposed budget for these vehicles is \$197,024 which includes outfitting. We will begin to replace white fleet vehicles in the 2023-24 fiscal year, capitalizing on the equity for trade-in.

Projects: There are two major projects underway for the City. The Event Center Complex, and the Landfill expansion. We have budgeted \$500,000 in the Community Facilities Department for the Event Center construction. We have budgeted \$350,000 in the Landfill Department for engineering, testing, fuel, and other related costs of the construction of

Cells 14 and 16. We plan to issue a Certificate of Obligation for the construction in the 2022-23 fiscal year. The City Council identified several priority parks projects during the pre-budget workshop. Mrs. Crawford included \$300,000 in the Parks and Recreation Department for these projects, which the Council will need to determine which ones to do in the coming year.

Conclusion: The proposed budget adheres to the guidance the Council requested in May, except for limiting total budget growth to 4.5%. The proposed 2022-23 Budget is \$39,430,627 which is 7.86% more than last year’s budget. The inclusion of the Dispatch Department and the increase in fuel costs and treated water from BCWID are factors outside our control that pushed budget growth above the goal. Even at 7.86%, the budget is less than the rate of inflation over the past two years, which has been between 8-9%.

COUNCIL PROJECTS

Council discussed their park project priorities and consensus was to focus on the following projects.

Coggin Park – Remove old asphalt walking trail and replace with new concrete walking trail. Convert and resurface the two west side tennis courts into eight pickleball courts. Resurface the east side tennis courts. New fencing and lighting around all courts. Mr. Tipton said the BMDD would budget for \$60,000 to contribute to this project.

Cecil Holeman Park - Reserve \$100,000 for a splash pad. Councilman Miller has committed to raising private funds as well. If the public and private funds are not enough to build the splash pad in the 22-23 fiscal year, we will hold the city funds over into the next year. Council members requested staff to research the limitations and requirements of building a splash pad in a flood zone.

Downtown Infrastructure Master Plan – Mrs. Crawford recommended using ARPA funds for the project, which fits within the ARPA plan the Council has adopted. Cost estimates are between \$175,000 - \$200,000.

COUNCIL TO TAKE RECORD VOTE ON PROPOSED TAX RATE IF CERTIFIED ROLLS AND TAX RATES ARE AVAILABLE.

Mrs. Larose stated that a tax rate of \$.6864 per \$100 valuation has been proposed by the City.

Current Tax Rate	\$.7317 per \$100
Proposed Tax Rate	\$.6864 per \$100
No-New-Revenue Tax Rate	\$.6280 per \$100
Voter-Approval Tax Rate	\$.7660 per \$100

The No-New-Revenue tax rate is the tax rate for the 2022 tax year that will raise the same amount of property tax revenue for the City of Brownwood from the same properties in both the 2021 tax year and the 2022 tax year. The Voter-Approval tax rate is the highest tax rate that the City of Brownwood may adopt without holding an election to seek voter approval of the rate. The proposed tax rate is greater than the No-New-Revenue tax rate. This means that the City of Brownwood is proposing to increase property tax revenues for the 2022 tax year. As a result, a public hearing on the proposed tax is required. The proposed tax rate is also not greater than the Voter-Approval tax rate. As a result, the City of Brownwood is not required to hold an election to seek voter approval of the rate.

A motion was made by Willey, seconded by Jones, to formally propose a tax rate of \$.6864 per \$100 valuation. Upon vote, motion carried unanimously.

FOR the proposal: Ed McMillian, H.D. Jones, Melody Nowowiejski, Walker Willey

AGAINST the proposal: None

PRESENT and not voting: None

ABSENT: Draco Miller

The Brownwood City Council is scheduled to hold a public hearing on the budget on August 30, 2022, and is scheduled to consider adoption of the tax rate on September 6, 2022, on first reading and September 13, 2022, on second and third readings. These meetings will take place at Brownwood City Hall, 501 Center Avenue, Brownwood, TX 76801.

UTILITY ORDINANCE AND FEE ORDINANCE

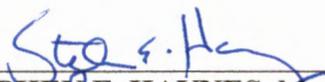
Public Works Director, Henry Wied, went over fee changes. He stated that a new fee of \$25.00 will be added for water tap investigations that can be used towards the tap fee. The addition of excessive brush pickup fee of \$50 for residential customers was included. This is for citizens that cut down trees and it takes the City multiple loads to haul off. A commercial rate for excessive brush was established at \$150. A new fee for taking the courtesy car at the Airport will be \$50 per day, limited to 30 miles and \$1.50 per mile over 30 miles. A late payment fee of \$35 for hanger rental fees was added.

COMMUNITY SERVICES:

City Manager Crawford went over subsidy requests received from community organizations. The changes to the subsidy amounts compared to last year included the following. Council directed to give the Library a onetime addition of \$30,000 for capital improvements. The Humane Society requested funds for a new air conditioning unit. Council requested staff find out which building the air conditioning is needed in, as it could be City responsibility, based on the lease agreement. Council allocated \$15,000 to be used for the low cost spay and neuter program. Council asked for the City Utility Department to ask citizens if they would like to donate to KBB when they pay their utility bill. Council increased the KBB subsidy by \$5,500 to bring it to the funding level it was a few years ago. Council increased the Brown County Museum of History subsidy by \$3,250 and recommended Brown County match the increase. No funds additional funds were allocated to Greenleaf Cemetery for the house/office, as the investment last year was \$83,000.

ADJOURNMENT:

Mayor Haynes declared the meeting adjourned.


STEPHEN E. HAYNES, Mayor

ATTEST:


CHRISTI WYNN, City Secretary