

**MINUTES OF THE WORK SESSION AND REGULAR MEETING
OF THE CITY COUNCIL OF THE CITY OF NORTH RICHLAND HILLS, TEXAS
HELD IN THE CITY HALL 4301 CITY POINT DRIVE
JULY 22, 2024**

WORK SESSION

The City Council of the City of North Richland Hills, Texas met in work session on the 22nd day of July at 5:30 p.m. in the Council Workroom prior to the 7:00 p.m. regular City Council meeting.

Present:	Jack McCarty	Mayor
	Tito Rodriguez	Place 1
	Ricky Rodriguez	Associate Mayor Pro Tem, Place 2
	Suzy Compton	Place 3
	Russ Mitchell	Place 6
	Kelvin Deupree	Mayor Pro Tem, Place 7
Absent:		
	Matt Blake	Place 4
	Blake Vaughn	Deputy Mayor Pro Tem, Place 5
Staff Members:	Paulette Hartman	City Manager
	Trudy Lewis	Assistant City Manager
	Caroline Waggoner	Assistant City Manager
	Alicia Richardson	City Secretary/Chief Governance Officer
	Cara White	Interim City Attorney

CALL TO ORDER

Mayor McCarty called the meeting to order at 5:30 p.m.

1. DISCUSS ITEMS FROM REGULAR CITY COUNCIL MEETING.

Council member Mitchell inquired about the selection and reference process for item B. 7, RFB24-006. Public Works Operations Manager Kenneth Garvin provided an overview of staff's process for reference checks and evaluating bids.

Mayor McCarty inquired about item B.2, agreement with MCCi, LLC. for Laserfiche software and maintenance. He asked why the city is not utilizing Microsoft Share Point. Assistant Director of Information Services Bob Weakley commented that Laserfiche has more functionality to share data between departments and security that ensure department records are privileged.

2. CITY BUDGET OVERVIEW DISCUSSION

Assistant City Manager Trudy Lewis shared that the city's budget is driven by statutory guidelines and the City Charter. In preparation for the budget, the process begins in November of the previous year with submittals for vehicles, technology, and facility projects. In February, directors submit requests for large capital projects and in March they submit their departmental operating budget. The city manager's office meets with the directors to discuss expenditures, revenues, changes from previous year, additions, trends, and increases from previous year to include inflationary cost increases. The city is impacted by the consumer price index and increase in cost of goods. The trend increase for cost of goods impacts the city's budget for equipment, technology maintenance cost, market salary increases, fuel, dues/memberships, training, chemicals and food for resale. Ms. Lewis shared that the city's property tax revenue, regardless of the inflation rate, is capped at 3.5% in growth of property tax revenue. Ms. Lewis reviewed comparative data (population, employees per capita, general fund budget, and average residential tax bill) for Southlake, Hurst, Colleyville and Keller. She reviewed the city's 21 operating budgets, the funding sources (revenues) for the operating funds and expenditure restrictions associated with special revenue funds.

Ms. Lewis reviewed the roles of five main stakeholders (state legislature, chief appraiser, property owners, taxing entities, and tax-assessor collector) related to property tax revenue. The taxing entities includes cities, school districts, hospital districts, community college districts and special districts. The state legislature establishes roles, adopts state code, creates policy, and sets legal limits. The chief appraiser assesses property values for the county, applies exemptions to eligible homeowners, certifies the final tax roll by July 25 (requires 95% of properties to be complete), manages property value protest, and maintains property ownership records. There are three types of property value (1) market value, (2) appraised value, and (3) taxable value. The market value is the value of property on the open market. The appraised value is the market value, less caps or limitations on growth from one year to the next. The taxable value is the market value, less appraised value and exemptions or other reductions to determine the final amount eligible for tax payment. As of June, the estimate taxable value is 77% (9.3B) of the market value (12.1B). Ms. Lewis shared that there are 6,991 protests (North Richland Hills property owners) filed with the Tarrant Appraisal District. Ms. Lewis emphasized the numbers are an estimate and that the City Council would receive the 2024 certified values in the 2024/2025 proposed budget. Ms. Lewis informed City Council the appraisal process extends past the Tarrant County Appraisal District's certification. This is due to properties in protest or lawsuit. The Tarrant County Appraisal District is required to have 95% of all the property value complete to certify values. The city's property tax rate is based on the certified values. The current tax rate distribution is 22.6 cents (city), 22.8 cents (Tarrant County hospital district and Tarrant County College), and 54.6 cents (Birdville Independent School District). The percentage of the total tax rate by city service is 49%

(public safety), 25% (street and traffic), 8% (facilities), 7% (administration services), 4% (library), 4% (neighborhood services), and 3% (parks and recreation).

In response to Council member Mitchell's question, Ms. Lewis shared that the Tarrant County Appraisal District will send notifications to residents requiring them to reapply for their exemption(s).

Ms. Lewis shared that the city's total tax rate is comprised of the maintenance and operations (M&O) rate in the general fund and the interest and sinking (I&S) rate in the debt service fund. The M&O is a portion of the tax rate to pay for maintenance and operations. The I&S is a portion of the tax rate to pay for tax supported debt. The current M&O rate is \$0.313583, the current I&S rate is \$0.175806 for a total tax rate of \$0.489389. Ms. Lewis provided an overview of the no new revenue rate, voter approval rate, and adopted rate. The no new revenue rate is the tax rate that produces the same amount of revenue as the prior year. The no new revenue rate excludes new construction values as of January 1. The voter approval rate is the prior year's maintenance and operations (M&O) rate, plus 3.5%, plus the interest and sinking (I&S) rate. The adopted rate is the tax rate adopted by the entity. The tax-assessor collector issues tax bills, processes payment, and refunds overpayment of property taxes. The tax-assessor collector is also responsible for distributing tax revenue to taxing entities and calculating refund liabilities for taxing entities. The tax payments are based on the taxable values times the adopted tax rate. Ms. Lewis shared that if the taxable values change as a result of protests and lawsuits, the total amount due for taxes could change. The city has seen a trend in property values changing after the Tarrant County Appraisal District's certification, which resulted in a change in revenue collection. Another upward trend is the payment of delinquent property taxes versus amount collected, and as a result, the tax-assessor collector created a recalculated refund liability. The implementation of the recalculated refund liability serves as an escrow account for refunds made on behalf of the city. Staff established a new account in the budget for this activity. Currently, the recalculated refund liability is (\$361,150).

City Manager Paulette Hartman clarified that the city does not have a negative balance of \$361,150. The general fund reserves will fund the recalculated refund liability balance. Staff is highlighting areas that will be discussed at the budget goals work session.

City Council and staff discussed percentage of residents claiming senior exemption, reasoning for apartments being classified as commercial, and request to provide a chart illustrating exemptions filed for the past 5-10 years.

Ms. Lewis reviewed comparative data (current year average single family home taxable value, current year tax rate, and current year average residential tax bill) for Southlake, Hurst, Colleyville, Keller, Flower Mound, Trophy Club, Grapevine, Mansfield, Bedford,

Grand Prairie, Burleson, Euless, Saginaw, Crowley, Fort Worth, Watauga, Arlington, Richland Hills, and Haltom City.

Ms. Lewis provided an overview of the city's debt management strategy. The city leverages external resources (grants and outside funds) and utilizes cash when possible for capital projects. The city also maximizes revenue alternatives (six funds other than the general debt service fund) to pay for long-term debt and operates within the city's capacity. The tax supported debt pays for streets, facilities, and large equipment. While self supported debt is paid from the utility, drainage, park, aquatic park, golf and fleet funds. The current debt service classification for fiscal year 2023/2024 is 56% for general obligation bonds, 19% for general certificates of obligation, 17% for utility fund, 2% for the park, aquatic park and golf funds, and 1% for the fleet and drainage funds. Ms. Lewis provided an overview of the city's tax supported debt for fiscal years 2024 through 2044. She also provided an overview of the city's bond capacity through fiscal year 2030. Based on no growth in certified values and no increase from the current year debt payment, the city has capacity to issue debt for fiscal years 2025 (2.9M), 2026 (10.7M), 2027 (18.7M), 2028 (30.2M), 2029 (40.0M) and 2030 (47.2M).

Ms. Lewis reviewed the current year's budget tax supported projects in the amount of \$9,925,000. The projects were scheduled to be paid from the debt service portion of the tax rate. Staff reviewed cash reserves and interest earnings, and will bring forward a revised current year budget to fund seven of the eight projects with cash in the amount of \$4,030,000. The current Green Extreme replacement project will continue to be debt funded and reimbursed by the water park.

Ms. Lewis reviewed dates associated with the city's budget and adoption schedule.

Ms. Hartman provided a recap of revenue and expense trends. The interest income is up and there is a balance in most funds, excluding the Information Technology fund. In light of the reserve fund balances, staff recommends using cash to purchase capital equipment. It is anticipated the no new revenue rate will be higher than our current tax rate, but staff will know more when they receive the certified values. The budget includes optimizations for the general fund, cost recovery initiatives, elimination of positions that have been vacant for a number of months, public engagement, transparency, process improvements, increasing amount for street maintenance, competitive compensation for all city employees to recruit and retain the best city staff. Ms. Hartman stated that she anticipates a reduction in expenditures as a result of service optimizations. The most significant trend in expenditures is the inflation for annual maintenance costs, software programs and renewals for subscriptions.

FUTURE AGENDA ITEM(S)

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Mayor Pro Tem Deupree asked staff to provide an update on mosquito spraying to include the effectiveness of the program and what other cities are doing with regards to mosquitoes. There was no opposition from City Council.

Mayor McCarty discussed the need for the city to adopt a resolution addressing housing finance corporations (HFC) to protect the city from losing tax revenue. He asked to have an item on the agenda as soon as possible for consideration by the City Council. Ms. Hartman informed City Council that staff has been following the discussion of housing finance corporations. Staff will have an item on the August 12 City Council agenda.

Mayor McCarty wants the City Council to address short term rentals in North Richland Hills. He would also like the city to consider taxing short term rentals. Ms. Hartman informed City Council the proposed budget includes funding for software to register and collect Hotel Occupancy Tax from short term rentals. Staff has been working with cities that have passed short term rental ordinances and plans to place an item on the agenda for discussion by City Council.

Council member Mitchell expressed concern with legislation that would mandate minimum lot size for municipalities. Texas Municipal League staff, at the newly elected officials' training, discussed the legislation proposed at the last legislative session. The Texas Municipal League shared that a bill would most likely be filed during the upcoming legislative session.

EXECUTIVE SESSION

1. **SECTION 551.071: CONSULTATION WITH THE CITY ATTORNEY TO SEEK ADVICE ABOUT PENDING OR CONTEMPLATED LITIGATION OR ON A MATTER IN WHICH THE DUTY OF THE ATTORNEY TO THE GOVERNMENTAL BODY UNDER THE TEXAS DISCIPLINARY RULES OF PROFESSIONAL CONDUCT OF THE STATE BAR OF TEXAS CLEARLY CONFLICTS WITH THE OPEN MEETINGS ACT: HALE V. WALTERBACH.**
2. **SECTION 551.074: DELIBERATE THE APPOINTMENT, EMPLOYMENT, EVALUATION, REASSIGNMENT, DUTIES, DISCIPLINE, OR DISMISSAL OF A PUBLIC OFFICER OR EMPLOYEE - SPECIAL MUNICIPAL COURT PROSECUTOR.**
3. **SECTION 551.074: PERSONNEL MATTERS TO DELIBERATE THE EMPLOYMENT, EVALUATION, AND DUTIES OF PUBLIC OFFICERS OR EMPLOYEES - MUNICIPAL JUDGE.**

Mayor McCarty announced at 6:39 p.m. that the City Council would adjourn into Executive Session as authorized by Chapter 551, Texas Government Code, specifically Section 551.071: Consultation with the City Attorney to seek advice about pending or

contemplated litigation or on a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with the Open Meetings Act: Hale v. Walterbach; Section 551.074: Deliberate the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee - Special Municipal Court Prosecutor and Section 551.074: Personnel matters to deliberate the employment, evaluation, and duties of public officers or employees - Municipal Judge. Executive Session began at 6:45 p.m. and concluded at 7:01 p.m.

Mayor McCarty announced at 7:01 p.m. that City Council would convene to the regular City Council meeting.

REGULAR MEETING

A. CALL TO ORDER

Mayor McCarty called the meeting to order at 7:08 p.m.

Present:	Jack McCarty	Mayor
	Tito Rodriguez	Place 1
	Ricky Rodriguez	Associate Mayor Pro Tem, Place 2
	Suzy Compton	Place 3
	Russ Mitchell	Place 6
	Kelvin Deupree	Mayor Pro Tem, Place 7
Absent:		
	Matt Blake	Place 4
	Blake Vaughn	Deputy Mayor Pro Tem, Place 5
Staff Members:	Paulette Hartman	City Manager
	Alicia Richardson	City Secretary/Chief Governance Officer
	Cara White	Interim City Attorney

A.1 INVOCATION

Associate Mayor Pro Tem Rodriguez gave the invocation.

A.2 PLEDGE

Associate Mayor Pro Tem Rodriguez led the Pledge of Allegiance to the United States and Texas flags.

A.3 SPECIAL PRESENTATION(S) AND RECOGNITION(S)

There were no items for this category.

A.4 CITIZENS PRESENTATION

Mr. Sean Nutt, 6448 Iron Horse Boulevard, suggested the city implement a portal available to the public to view updates on concerns discussed during citizen presentations. He also recommended the city have more opportunities to speak to elected officials and staff in an informal setting, such as town hall forums.

A.5 PUBLIC COMMENTS

There were no requests to speak from the public.

A.6 REMOVAL OF ITEM(S) FROM CONSENT AGENDA

No items were removed from the consent agenda.

B. CONSIDER APPROVAL OF CONSENT AGENDA ITEMS

APPROVED

A MOTION WAS MADE BY COUNCIL MEMBER MITCHELL, SECONDED BY MAYOR PRO TEM DEUPREE TO APPROVE THE CONSENT AGENDA.

MOTION TO APPROVE CARRIED 5-0.

B.1 APPROVE THE MINUTES OF THE JUNE 24, 2024 CITY COUNCIL MEETING.

B.2 AUTHORIZE AN AGREEMENT WITH MCCI, LLC., AN AUTHORIZED RESELLER FOR LASERFICHE (ENTERPRISE CONTENT MANAGEMENT) SOFTWARE AND MAINTENANCE USING BUYBOARD CONTRACT (716-23) FOR A CUMULATIVE THREE (3) YEAR TERM AMOUNT NOT TO EXCEED \$205,000 EXPIRING NOVEMBER 30, 2026.

B.3 CONSIDER AWARDING RFP 24-006 AND AUTHORIZING THE CITY MANAGER TO EXECUTE A DEPOSITORY AND ELECTRONIC LOCKBOX BANKING AGREEMENT FOR BANKING SERVICES TO J. P. MORGAN CHASE BANK, N.A. FOR A TERM OF THREE YEARS.

B.4 CONSIDER AWARDING RFP 24-006 AND AUTHORIZING THE CITY MANAGER TO EXECUTE AN INVESTMENT BANKING CONTRACT FOR INVESTMENT SAFEKEEPING BANKING SERVICES TO U.S. BANK, N.A. FOR A TERM OF THREE YEARS.

- B.5 AUTHORIZE A SERVICE SUBSCRIPTION AGREEMENT FOR EIGHT FLOCK SAFETY FALCON AUTOMATED LICENSE PLATE READER CAMERAS FROM FLOCK GROUP INC. IN THE AMOUNT OF \$53,200 USING TEXAS ANTI-GANG CENTER GRANT #2848909 FUNDING AND CONSIDER RESOLUTION NO. 2024-033, AUTHORIZING THE CITY MANAGER TO EXECUTE A REGIONAL ASSET TRANSFER ADDENDUM WITH ELLIS COUNTY SHERIFF'S OFFICE TO TRANSFER EQUIPMENT PURCHASED BY THE CITY OF NORTH RICHLAND HILLS USING TAG GRANT #2848909 FUNDS.**
- B.6 CONSIDER AWARDDING RFB 24-025 FOR WATER AND WASTEWATER REPAIR MATERIALS TO NORTH TEXAS WINWATER (SECTION A, C AND D) IN AN AMOUNT NOT TO EXCEED \$342,689.92, AND TO ATLAS UTILITY SUPPLY COMPANY (SECTION B) IN AN AMOUNT NOT TO EXCEED \$418,929.44 WITH A ONE-YEAR TERM AND FOUR OPTIONAL RENEWALS.**
- B.7 AWARD RFB 24-026 FOR TOPSOIL, SAND, UTILITY ROCK, CRUSHED LIMESTONE AND MANUFACTURED SAND TO TEXAS SAND & GRAVEL IN AN AMOUNT NOT TO EXCEED \$151,387.50 AND FLEXIBLE BASE MATERIAL TO GREEN DREAM INTERNATIONAL, LLC IN AN AMOUNT NOT TO EXCEED \$67,000 WITH A ONE-YEAR TERM AND FOUR OPTIONAL RENEWALS.**
- B.8 AUTHORIZE THE CITY MANAGER TO EXECUTE AN AMENDMENT TO THE DISCRETIONARY INVESTMENT MANAGEMENT AND CONSULTING SERVICES AGREEMENT WITH MEEDER PUBLIC FUNDS TO INCLUDE DEMAND DEPOSIT STATE AND LOCAL GOVERNMENT SECURITIES PROGRAM PARTICIPATION.**
- B.9 CONSIDER RESOLUTION NO. 2024-035, AUTHORIZING PARTICIPATION IN THE TEXAS CONNECT PUBLIC FUNDS INVESTMENT POOL.**

C. PUBLIC HEARINGS

There were no items from this category.

D. PLANNING AND DEVELOPMENT

There were no items from this category.

E. PUBLIC WORKS

- E.1 AWARD RFB 24-023 TO XIT PAVING AND CONSTRUCTION, INC., FOR CONSTRUCTION OF THE MAIN STREET PROJECT (ST2212), FROM AMUNDSON DRIVE TO AMUNDSON ROAD, IN THE AMOUNT OF \$2,395,472.75, AND AUTHORIZE THE CITY MANAGER TO EXECUTE THE RELATED CONSTRUCTION AGREEMENT.**

APPROVED

City Council received a presentation from City Engineer Nathan Frohman.

City Council and staff discussed the construction timeline, resident access to Amundson and Main Street, school traffic and alternate routes, construction to be completed in phases, and communication with the school district.

A MOTION WAS MADE BY COUNCIL MEMBER RODRIGUEZ, SECONDED BY COUNCIL MEMBER COMPTON TO AWARD RFB 24-023 TO XIT PAVING AND CONSTRUCTION, INC., FOR CONSTRUCTION OF THE MAIN STREET PROJECT (ST2212), FROM AMUNDSON DRIVE TO AMUNDSON ROAD IN THE AMOUNT OF \$2,395,472.75, AND AUTHORIZE THE CITY MANAGER TO EXECUTE THE RELATED CONSTRUCTION AGREEMENT.

MOTION TO APPROVE CARRIED 5-0.

F. GENERAL ITEMS

- F.1 CONSIDER ORDINANCE NO. 3857, APPOINTING THE PRESIDING JUDGE AND ASSOCIATE JUDGES OF THE MUNICIPAL COURT OF RECORD, DIVISION 1.**

APPROVED

City Council received a presentation from Assistant City Manager Trudy Lewis to consider an ordinance appointing Stewart Bass as Presiding Judge, and Lorraine Irby and Bonnie Wolf as Associate Judges of Municipal Court of Record, Division No. 1.

A MOTION WAS MADE BY MAYOR PRO TEM DEUPREE, SECONDED BY COUNCIL MEMBER MITCHELL TO APPROVE ORDINANCE NO. 3857.

MOTION TO APPROVE CARRIED 5-0.

- F.2 CONSIDER RESOLUTION NO. 2024-034, APPOINTING MEMBERS TO THE SUBSTANDARD BUILDING BOARD.**

APPROVED

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City Council received a presentation from City Secretary/Chief Governance Officer Alicia Richardson to appoint the following persons to the Substandard Building Board.

Mel Delaney	Place 4	June 30, 2026
Tracy Bennett (fulfill vacancy)	Place 5	June 30, 2025

A MOTION WAS MADE BY COUNCIL MEMBER MITCHELL, SECONDED BY COUNCIL MEMBER COMPTON TO APPROVE RESOLUTION NO. 2024-034, AS PRESENTED.

MOTION TO APPROVE CARRIED 5-0.

F.3 CONSIDER RESOLUTION NO. 2024-036, CONTINUING PARTICIPATION IN TARRANT COUNTY'S HOME INVESTMENT PARTNERSHIP PROGRAM.

APPROVED

City Council received a presentation from Director of Neighborhood Services Stefanie Martinez.

A MOTION WAS MADE BY ASSOCIATE MAYOR PRO TEM RODRIGUEZ, SECONDED BY MAYOR PRO TEM DEUPREE TO APPROVE RESOLUTION NO. 2024-036.

MOTION TO APPROVE CARRIED 5-0.

G. EXECUTIVE SESSION ITEMS - CITY COUNCIL MAY TAKE ACTION ON ANY ITEM DISCUSSED IN EXECUTIVE SESSION LISTED ON WORK SESSION AGENDA

Mayor McCarty advised that City Council met in Executive Session, pursuant to Section 551.071: Consultation with the City Attorney and no action is necessary. The City Council also met in Executive Session, pursuant to Section 551.074: Personnel matters for the special municipal court prosecutor and municipal judge. There was no action necessary regarding the special municipal court prosecutor and City Council took action on the municipal judge's appointment with item F.1

H. INFORMATION AND REPORTS

H.1 ANNOUNCEMENTS

Council member Compton made the following announcements.

Officers from the NRH Police Department will be at the NRH Library this Wednesday and next Wednesday to hand out free popsicles and visit with the community! Stop by to chat with them between 10:00 a.m. and 11:30 a.m.

Outdoor sprinkler systems need occasional upkeep and repair. Attend a free workshop from 6:00 p.m. - 8:00 p.m. this Thursday to learn about sprinkler system maintenance and how to fix the most common issues on your own. This event will take place at City Hall. Advance registration is required. Visit the calendar on our website for the link to sign up.

To celebrate National Parks & Recreation Month, the NRH Parks Department is hosting an evening of outdoor games, activities, and a showing of the movie Kung Fu Panda 4. This free family event will take place from 7:30 p.m. to 10:00 p.m. on Thursday at the NRH Centre Outdoor Plaza. You can find more information on the city's website.

Kudos Korner - Scott Pearce and Jackson Boyd in the Parks Department - During one of last month's storms, a large tree on city-owned property fell and blocked the entrance to Smithfield Cemetery. Scott and Jackson responded to a call for help from the cemetery and were able to remove the tree the same day. We received a note of appreciation for their hard work. It said: "Smithfield Cemetery is an active cemetery with lots of visitors paying their respects to loved ones daily. Thank you for quickly coming to our aid." Great job, guys!

I. ADJOURNMENT

Mayor McCarty adjourned the meeting at 7:36 p.m.

Jack McCarty, Mayor

ATTEST:

Alicia Richardson
City Secretary/Chief Governance Officer