

**MINUTES OF THE BUDGET WORK SESSION OF THE
CITY COUNCIL OF THE CITY OF NORTH RICHLAND HILLS, TEXAS,
HELD AT THE GRAND HALL AT NRH CENTRE
6000 HAWK AVENUE, NORTH RICHLAND HILLS, TX 76180
AUGUST 2, 2024**

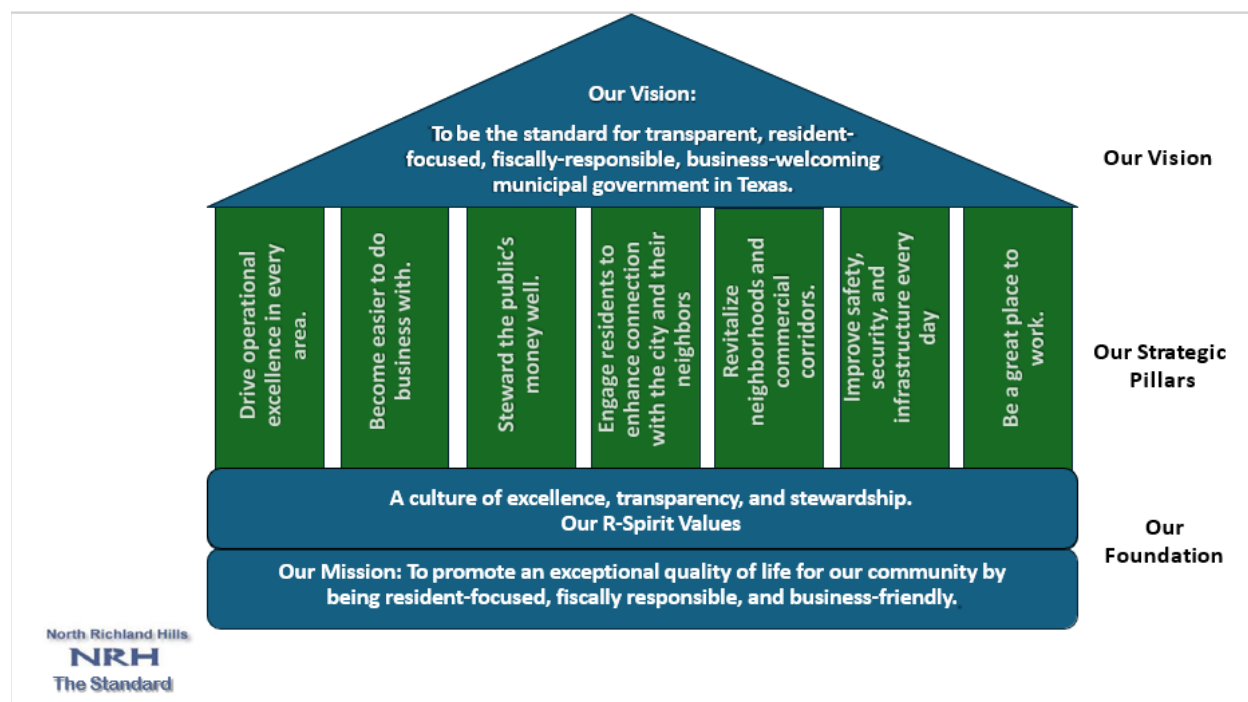
Present:	Jack McCarty Tito Rodriguez Ricky Rodriguez Suzy Compton Matt Blake Blake Vaughn Kelvin Deupree	Mayor Place 1 (present at 8:23 a.m.) Associate Mayor Pro Tem, Place 2 Place 3 Place 4 Deputy Mayor Pro Tem, Place 5 Mayor Pro Tem, Place 7
Absent:	Russ Mitchell	Place 6
Staff Members:	Paulette Hartman Trudy Lewis Caroline Waggoner Alicia Richardson Thomas McMillian Mary Peters Craig Hulse Mike Young Jay Patel Chase Fosse Patrick Hillis Stan Tinney Cecilia Barham Rebecca Vinson Adrien Pekurney Stefanie Martinez Boe Blankenship Eric Von Schimmelmenn Clayton Comstock Billy Owens Jennipher Castellanos Jason Hammett	City Manager Assistant City Manager Assistant City Manager City Secretary/Chief Governance Officer Assistant City Attorney Communications Director Director of Economic Development Police Chief Director of Finance Director of Budget and Research Director of Human Resources Fire Chief Director of Library Services Municipal Court Administrator Director of Parks and Recreation Director of Neighborhood Services Director of Public Works Director of Information and Technology Managing Director of Development Services Assistant to the City Manager Senior Budget Analyst Budget Analyst

A. CALL TO ORDER

Mayor McCarty called the Budget Work Session to order August 2, 2024 at 8:00 a.m. Mayor McCarty's made introductory comments and shared his favorite items in the budget

– increase in street maintenance; school resource officers; compensation for public safety; efficiency studies for three departments; lean six sigma training; elimination of vacant assistant city manager position; economic development incentive program-restaurants; city’s new app (city services); and proposed tax rate being lower than the no new revenue tax rate.

City Manager Paulette Hartman shared that the proposed budget was developed based on input from the citizen survey, elected officials, and public input. The city has experienced change with elected and appointed leadership. The City Council most recently held their strategic goals works session and updated the city’s vision, mission, goals and objectives.



The proposed budget includes public engagement and transparency, plan for process improvement and efficiency studies, optimizations in revenues and expenditures, doubling the funding for street maintenance and planning for a future bond election, and competitive compensation for all employees.

Ms. Hartman highlighted revenues in the proposed budget. The budget assumes the same tax rate of \$0.489389, which is lower than the no-new-revenue tax rate (NNR), an increase of 2% in sales tax associated with the opening of Peppa Pig and Volli Entertainment, revenue for short term rental and cost recovery of credit card and emergency medical services (EMS), utilization of American Rescue Plan Act (ARPA) to assist with public safety compensation, allocation of reserves (approximately \$67,000) in

the Crime Control District Fund, funding of capital purchases and the creation of the Infrastructure Improvement Fund (IIF).

Property Tax	Sales Tax	Other Revs	Use of Reserves & Other
<ul style="list-style-type: none"> • Certified values higher • NNR more than current • Current Rate assumed \$0.489389 • Rev increase to M&O <ul style="list-style-type: none"> • Decreased debt • Excess collection • Tax ceiling 	<ul style="list-style-type: none"> • 2% increase new bus. • Rising cost of goods • Low consumer spending 	<ul style="list-style-type: none"> • Interest Income up • Building Permits flat • Short Term Rental • Cost Recovery <ul style="list-style-type: none"> • Credit card fees • EMS Fees • Internal Service Allocations 	<ul style="list-style-type: none"> • ARPA assist with Comp • Allocating reserves in CCD • Funding capital purchases • Infrastructure Improvement Fund

Ms. Hartman highlighted expenditures in the proposed budget. The budget includes several efficiencies—elimination of vacant assistant city manager position and park maintenance position by contracting for services, in-house Commercial Driver's License (CDL) training, negotiated contract for debris haul off charges—general fund reductions, inflationary costs and increases in software maintenance costs.

Efficiencies	General Fund Reductions	Inflation	Technology
<ul style="list-style-type: none"> • Eliminating vacant ACM • In-house CDL training • Debris haul off charges • Efficiencies water meters • Contracted more Parks <u>maint.</u> (eliminated 1 position) • Training & Travel cost review 	<ul style="list-style-type: none"> • \$487,102 moved to PARD sales tax for NRH Centre • Internal Service Allocations • City's share of premiums • Contributions to Reserves • Risk management training moved to Self-Insurance 	<ul style="list-style-type: none"> • Impacts: <ul style="list-style-type: none"> • \$91,871 General Fund • \$103,000 Utility Fund • \$267,715 IT Fund • \$115,903 all others • Cost of materials, supplies • Cost of services 	<ul style="list-style-type: none"> • Significant increases to software maintenance costs: \$261,000 • Rebuild IT reserves

The proposed base budget as presented is an increase of 1.6% compared to the previous year.

Ms. Hartman provided an overview of the city's accomplishments. In development and redevelopment, the city's EZ Streets Program welcomed its first applicant, approval of Malibu Jack's (former At Home location), and the opening of Tru by Hilton. The city's retail vacancy rate of 6.3% is the lowest since 2004. The 2020 Street Bond Program is on time and within budget. She provided a recap of the streets completed, nearing completion and under construction. The city completed a city-wide street assessment, entered into a

funding agreement for safe routes to school project, conducted a successful mass casualty training with other entities that is used as an example by other agencies, received a COPS grant to assist with officer positions and expects to be fully staffed by the end of the year, successful year for code compliance court and implementation of water meter replacement. The city updated legislation regarding the subdivision ordinance and community/special event ordinance. The city also approved an ordinance to address backyard chickens. With respect to transparency and communication, the city began live streaming the City Council work sessions and implemented an app to connect with residents 24/7. The city held several community events, and the following departments were recognized statewide by their professional associations: communications, city secretary's office, planning, economic development and library. Finally, the city's credit ratings were reaffirmed for Aa2 from Moody's and AA+ from S&P.

Ms. Hartman reviewed the compensation and service enhancements recommended for funding in the fiscal year 2024/2025 budget. The recommendations as proposed can be funded within the current tax rate. As previously mentioned, ARPA funding will subsidize some of the sworn public safety compensation. She stated that the recommendations are necessary for the city to be competitive and to retain quality employees.

Sworn Public Safety	General Services
<ul style="list-style-type: none">• 4% Range Oct 1• Step increase April 1• Steps 5 & 6 annual• \$1,098,351 to General Fund• \$220,717 to CCD for sworn Police officers	<ul style="list-style-type: none">• 4% merit Oct 1• 2% range adjustment• Additional adjustments difficult to fill & out of market positions• \$958,876 General Fund• \$605,596 all other funds

Ms. Hartman reviewed service enhancements included in the proposed budget.

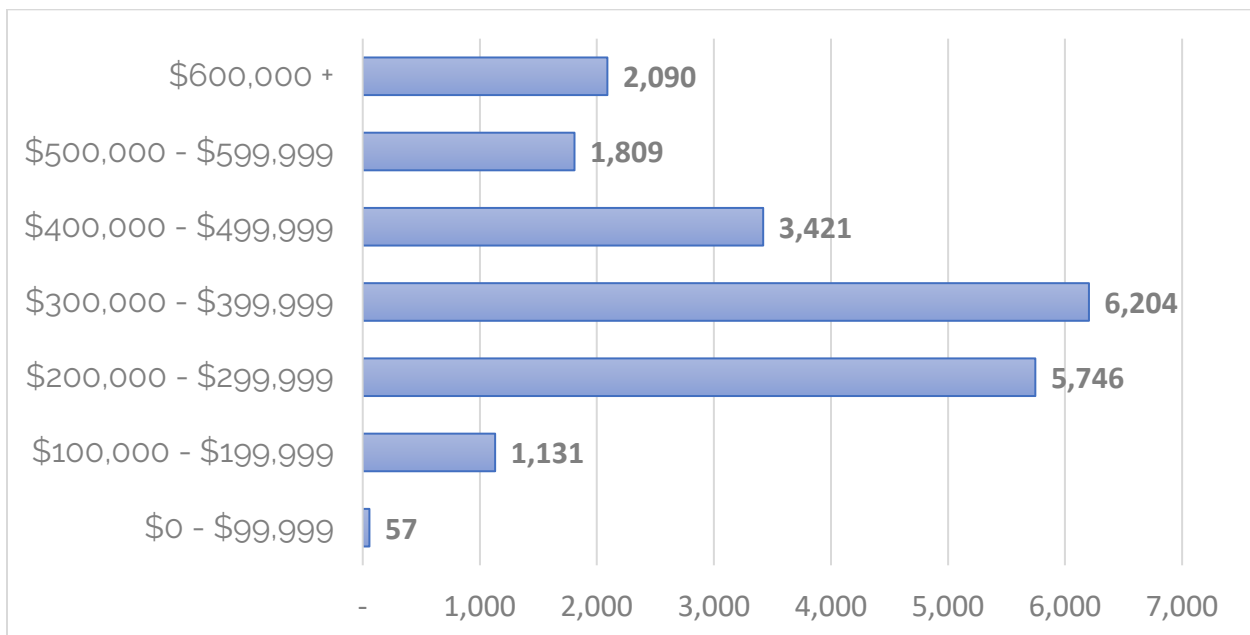
Supporting NRH Businesses	<ul style="list-style-type: none"> • Restaurant Reward Program \$110,000 (Promotional Fund) • 5% cash back spent at NRH restaurants
Promoting Wellness	Self Insurance Fund <ul style="list-style-type: none"> • Annual biometric screenings • On-site mental health services • Stress tests for all sworn personnel • Employee Recognition & Incentive programs • Increase recruitment efforts • Employee engagement & surveys
Efficiency Studies & Process Improvement	Efficiency Studies in 3 departments \$300,000 Lean Six Sigma training for leadership \$35,000
Public Safety Positions	1 Dispatcher (General Fund) 2 School Resource Officers (CCD) 3 Campus School Resource Officers (CCD) Grant Funded Positions (Mental Health Coord., VAP, COPS grant match)
Improving Streets	Double Street Maintenance Funds (\$2 million to \$4 million) Plan for Bond Election
Short Term Rental Registration & Monitoring	\$20,000 for software \$20,000 in revenue for registrations (General Fund) \$7,500 in revenue from HOT tax (Promotional Fund)

Ms. Hartman shared that the budget includes program changes—moving emergency management to administration and consolidating the fleet department into the public works department. The City Council will need to discuss whether they want to move forward with in-house or contract with a firm for legal services. Ms. Hartman informed City Council the full-time prosecutor position has been moved to Municipal Court. She commented that it is important for the city to have a full-time prosecutor. The city worked with and reached an agreement with Birdville Independent School District to hire three (3) officers, as required by state law, for elementary schools. The city will pay 35% and the school district will pay the remaining 65%.

Director of Economic Development Craig Hulse presented an overview of the local economy. He reviewed year-over-year key economic indicators, local development trends, single-family sales and values, multi-family trends, commercial real estate trends, and year-over-year taxable sales trends.

B. SUBMISSION OF THE JULY 2024 APPRAISAL ROLL TO THE GOVERNING BODY

Assistant City Manager Trudy Lewis presented the July 2024 Appraisal Roll. The information was included in the Executive Summary provided to the City Council for the Budget Work Session. The Certified Appraisal Roll for July 2024 specifies \$11,311,609,096 for appraised value, \$9,079,895,156 for estimated net taxable value, and \$113,139,284 for taxable new construction. The total value of properties under protest with the Appraisal Review Board is \$187,995,381 for an estimated minimum taxable value of \$123,430,591. The total value of incomplete properties is \$170,027,476 for an estimated minimum taxable value of \$101,590,679. According to the Certified Appraisal Roll, the market for a North Richland Hills average single-family residence is \$381,930. The market is the value established by TAD. The appraised value for the same single-family residence is \$357,608. The appraised is the value less appraisal caps. The taxable value for the same single-family residence is \$285,397. The taxable value is the appraised value less exemptions (homestead) and tax ceilings (i.e., senior freeze). Ms. Lewis reviewed the certified appraisal roll for years 2023 and 2024 and noted that taxable new construction is down 19.8%. By percentages, the certified roll is comprised of 66% for residential, 33% for commercial, and 1% for industrial, mineral and agriculture. Ms. Lewis provided a historical overview of the net taxable value for fiscal years 2016 (\$4.06 Billion) – 2025 (\$9.08 Billion). She reviewed the city's single-family market values for fiscal year 2024 (table).



Ms. Lewis stated that the City offers an exemption of \$36,000 and a tax revenue ceiling for seniors and disabled persons. Property owners with tax ceilings will not pay more property taxes unless (i) they purchased a new home or (ii) they modified (addition) their

existing home. This year, 247 new senior and 11 new disabled person exemptions were filed. The city has 6,347 (28.5%) residential accounts with senior tax ceilings and 307 (1.4%) residential accounts with disabled person tax ceilings. This equates to \$1,597,585,336 in frozen taxable value.

Mayor McCarty recommended that staff analyze commercial values reported by Tarrant County to confirm properties are in North Richland Hills and that they are not undervalued.

Mayor Pro Tem Vaughn inquired about the recent change by the Tarrant Appraisal District to assess property valuations from each year to every other year. Ms. Lewis informed City Council that the city is likely to see fluctuations.

Ms. Lewis provided an overview and breakdown of fiscal year 2024 total combined tax rate for both school districts.

The total combined tax rate with Birdville Independent School District (BISD) is \$2.193659, with BISD at \$1.2031, Tarrant County and Associated Districts at \$0.50117, and North Richland Hills at \$0.489389.

The total combined tax rate with Keller Independent School District (KISD) is \$2.078059, with Keller Independent School District at \$1.0875, Tarrant County and Associated Districts at \$0.50117, and North Richland Hills at \$0.489389.

Ms. Lewis reviewed the city's property tax cap and the city's current tax rate. The city's current adopted tax rate is \$0.489389, of which the Maintenance and Operations (M&O) from the General Fund is \$0.313583 and the Interest and Sinking (I&S) from the Debt Service Fund is \$0.175806. The property tax limits how much properties' taxable value can grow. Ms. Lewis reviewed impacts—debt service fund, taxes refunded for previous years, tax ceiling and the circuit breaker limitation—to the fiscal year 2025 tax rate.

Ms. Lewis provided details on legislation—circuit breaker limitation—that went into effect in 2024. The new law applies a 20% taxable value cap on all real property with a value of \$5 million or less, excluding homestead properties. The Texas Legislature only authorized the circuit breaker limitation for the 2024, 2025, and 2026 tax years.

City Council discussed the purpose and implication of the new law approved by the state legislature.

In preparation for the Proposed 2024-2025 Operating and Capital Budgets and Truth-in-Taxation calculations, staff determines the No-New Revenue Rate ("NNRR") and Voter-Approval Rate ("VAR"). The NNRR produces the same amount of taxes if applied to the same properties taxed in both years. The VAR requires an election if the City Council adopts a rate that exceeds the Voter-Approval Rate. The VAR is determined by calculating

the No-New Revenue Rate and adding 3.5%, any unused increment, and the debt rate (I&S). The preliminary fiscal year 2025 No-New Revenue Rate is \$0.489837 per \$100 of assessed value and the preliminary fiscal year 2025 Voter-Approval Rate is \$0.493021 per \$100 of assessed value. The proposed fiscal year 2025 preliminary tax rate is \$0.489389, of which the M&O is \$0.331432 and the I&S is \$0.157957.

The proposed preliminary tax rate of \$0.489389 was used to prepare the City Manager's proposed fiscal year 2025 General Fund budget. Ms. Lewis reviewed the following table showing the change from fiscal year 2024 to preliminary fiscal year 2025.

Tax Rate	FY24 Adopted	FY25 Preliminary	Change
M&O Rate	\$0.313583	\$0.331432	+\$0.017849
I&S Rate	\$0.175806	\$0.157957	-\$0.017849
Total Tax Rate	\$0.489389	\$0.489389	\$0

Ms. Lewis reviewed the preliminary tax rate impact on homestead property based on Tarrant County's average single-family market and taxable value. Residents are encouraged to visit www.tarranttaxinfo.com to view their individual property tax information.

In preparation for the budget adoption, City Council will approve the proposed tax rate at their August 12 meeting, followed by statutory public hearing(s) and adoption of the budget.

City Council and staff discussed the tax rate, required publication language when the tax rate is not being increased and below the no new revenue rate, new construction values, how to explain the city maintaining the same tax rate, but some households may see an increase in their tax bill, and the Truth and Taxation and disclosures required by entities to make taxpayers aware of proposed tax rate.

Ms. Hartman commented that if the city has new construction values, the city's proposed budget will meet the threshold outlined by the Truth and Taxation calculation that requires the city to publish the tax rate.

Deputy Mayor Pro Tem Vaughn said the city needs to communicate their story, so the public understands that City Council is being good stewards of public funds, the city is identifying efficiencies in city departments and implementing optimizations.

Mayor McCarty recessed the meeting at 9:46 a.m.

Mayor McCarty reconvened the meeting at 10:02 a.m., with the same members present.

B.2 PRESENTATION OF THE BUDGET AND DISCUSSION OF REVISED 2023-2024 OPERATING BUDGET AND PROPOSED 2024-2025 OPERATING BUDGET.

Director of Human Resources Patrick Hillis provided an overview of the proposed recommendations for the compensation and benefits program for 2024-2025. Mr. Hillis explained the merit, step increases, and pay range movement. The proposed budget for the general government pay plan includes a merit increase of 4% and a 2% pay range adjustment, both effective October 1, 2024. The public safety (sworn police and fire) pay plans include a 4% range adjustment on October 1, 2024 and additional salary adjustments on April 1, 2025 to move employees through the pay plan. There are no changes to the medical plan design and no increase to city allocation for employee/dependent cost and employee premiums.

City Council and staff discussed merit increases, implementation of a tiered merit increase to reward employees who exceed expectations, and lump sum payment for employees exceeding expectations.

Mr. Hillis shared that the city has experienced a good claims year and anticipates coming in under budget for the Health Insurance Fund. Staff recommends an employee premium holiday in September with no health or dental insurance premiums deducted from employee checks. Staff also recommends a 0.5% lump sum payment to general services employees in the revised fiscal year 2023/2024 budget to be included in the last paycheck in August 2024.

There was no objection from City Council regarding the proposed pay plans and health insurance.

Director of Budget and Research Chase Fosse provided an overview of changes to the revised 2023-2024 General Fund budget discussing significant impacts to revenues and expenditures. Overall, there is a 0.2% decrease in revised revenues, most notable being in property tax revenue -\$1,019,797 due to an increase in recalculated refund liabilities from property value appeals, -\$50,211 in sales tax due to decrease in retail and business-type sectors, and -\$128,914 in municipal court fines due to decrease in citations that is attributable to staffing. The highlights of the revised expenditures include a decrease of

\$711,418 in health insurance allocations; increase of \$44,243 in public works expenses; increase of \$210,344 in the fire department equipment; decrease of \$116,293 in capital project transfers; and increase of \$134,265 to the planned contribution to fund balance.

Mr. Fosse provided an overview of the proposed 2024-2025 General Fund revenues in the amount of \$63,221,109 and expenditures in the amount of \$60,997,023. Revenue highlights include \$2,343,022 increase in property tax revenues based on preliminary property tax rolls; a decrease of \$62,147 in franchise fees; \$370,136 increase in sales tax; a decrease of \$92,297 in municipal court fines; \$254,547 increase in licenses & permits; \$366,655 increase to interest income based on anticipated investment earnings; decrease of \$391,050 due to elimination of reimbursement from the Fleet Services fund for fleet-related debt; and \$400,000 increase in ambulance fees. Expenditure highlights include a decrease of \$53,168 in city manager's office expenses; a decrease of \$152,246 in legal expenses; an increase of \$165,457 in municipal court expenses; a decrease of \$101,008 in fire department expenses; a decrease of \$464,312 to parks and recreation; a decrease of \$16,851 to planned contribution to fund balance; increase of \$1,523,707 in capital project transfers; increase of \$141,985 to operational transfers to information technology; and decrease of \$487,102 by eliminating general fund transfer to NRH Centre beginning in fiscal year 2025. Mr. Fosse shared that inflationary increases have impacted multiple departments.

Mr. Fosse reviewed the proposed additions to base for the fiscal year 2024/2025 budget.

Revenues proposed additions to base –

- Recover of credit card processing fees
Revenue increase of \$71,838
- Creation of short-term rental program
Revenue increase of \$20,000
- Ambulance fee increase
Revenue increase of \$460,000

Expenditures proposed additions to base –

- Compensation for sworn fire employees
Cost: \$597,820
- Compensation for sworn police employees
Cost: \$500,531
- Compensation for general government employees
Cost: \$958,876
- Efficiency audit of permit process
Cost: \$100,000
- Lean Six Sigma efficiency training
Cost: \$21,887
- Creation of short-term rental program
Cost: \$20,145

- Funding for mental health coordinator (1/2 cost after grant)
Cost: \$37,571
- COPS grant match requirement (4 officer positions)
Cost: \$448,151
- Additional dispatcher position
Cost \$90,943

Assistant City Manager Trudy Lewis reviewed the city's internal service funds. These funds get their monies from transfers from other budgets.

The Fleet Fund revised 2023/2024 revenues are \$6,275,329 and expenditures are \$6,275,329. The proposed 2024/2025 revenues are \$4,578,006 and expenditures are \$4,721,138. A positive balance of \$143,132 remains prior to the following proposed additions to the base budget - \$42,364 compensation increases for general service employees; \$768 Lean Six Sigma efficiency training; and \$100,000 efficiency audit for fleet.

The Facilities Fund revised 2023/2024 revenues are \$3,637,300 and expenditures are \$3,637,300. The proposed 2024/2025 revenues are \$4,021,640 and expenditures are \$4,262,757. A positive balance of \$241,117 remains prior to the following proposed additions to the base budget - \$90,230 compensation increases for general service employees; \$887 Lean Six Sigma efficiency training; and \$150,000 elevator preventive maintenance.

The Information Technology Fund revised 2023/2024 revenues are \$5,797,517 and expenditures are \$5,797,517. The proposed 2024/2025 revenues are \$5,805,372 and expenditures are \$5,996,060. A positive balance of \$190,688 remains prior to the following proposed additions to the base budget - \$89,920 compensation increases for general service employees; \$768 Lean Six Sigma efficiency training; and \$100,000 efficiency audit for fleet.

The Self Insurance Fund revised 2023/2024 revenues are \$14,494,536 and expenditures are \$14,494,536. The proposed 2024/2025 revenues are \$14,850,149 and expenditures are \$14,874,383. A positive balance of \$24,234 remains prior to the following proposed additions to the base budget - \$19,091 compensation increases for general service employees and \$5,143 Lean Six Sigma efficiency training.

Mayor McCarty recessed the meeting at 11:35 a.m.

Mayor McCarty reconvened the meeting at 12:35 p.m., with the same members present.

Assistant City Manager Caroline Waggoner reviewed the city's park funds.

The Park and Recreation Facilities Development Fund revised 2023/2024 revenues are \$12,450,065 and expenditures are \$12,450,065. The proposed 2024/2025 revenues are \$13,567,865 and expenditures are \$13,517,896. Staff recommends the following proposed additions to the base budget - \$161,866 compensation increases for general service employees and \$2,103 Lean Six Sigma efficiency training.

The Aquatic Park Fund revised 2023/2024 revenues are \$5,720,094 and expenditures are \$5,720,094. The proposed 2024/2025 revenues are \$6,487,575 and expenditures are \$6,531,556. Staff recommends proposed revenue addition to base to include a recovery of credit card processing fees in the amount of \$75,000. Staff recommends the following proposed additions to base - \$30,604 compensation for general government employees and \$415 Lean Six Sigma efficiency training.

The Golf Course Fund revised 2023/2024 revenues are \$3,383,193 and expenditures are \$3,383,193. The proposed 2024/2025 revenues are \$3,544,142 and expenditures are \$3,544,142.

Ms. Waggoner provided an overview of the Utility Funds.

The Utility Fund revised 2023/2024 revenues are \$44,549,918 and expenditures are \$44,549,918. The proposed 2024/2025 revenues are \$45,600,177 and expenditures are \$45,212,705. A positive balance of \$387,472 remains prior to the following proposed additions to the base budget - \$383,411 compensation increases for general service employees and \$4,061 Lean Six Sigma efficiency training.

The Drainage Utility Fund revised 2023/2024 revenues are \$1,844,525 and expenditures are \$1,844,525. The proposed 2024/2025 revenues are \$1,854,886 and expenditures are \$1,832,106. A positive balance of \$22,780 remains prior to the following proposed additions to the base budget - \$22,603 compensation increases for general service employees and \$177 Lean Six Sigma efficiency training.

Mr. Fosse reviewed the city's special revenue funds.

The Court Special Revenue Fund revised 2023/2024 revenues are \$259,665 and expenditures are \$259,665. The proposed 2024/2025 revenues are \$209,645 and expenditures are \$201,784. A positive balance of \$7,861 remains prior to the following proposed additions to the base budget - \$7,743 compensation increases for general service employees and \$118 Lean Six Sigma efficiency training.

The Public, Education, and Government (PEG) Fund revised 2023/2024 revenues are \$152,140 and expenditures are \$152,140. The proposed 2024/2025 revenues are \$240,886 and expenditures are \$240,886.

The Promotional Fund revised 2023/2024 revenues are \$392,315 and expenditures are \$392,315. The proposed 2024/2025 revenues are \$462,491 and expenditures are \$353,093. The proposed budget includes the following addition to base revenues - creation of a short-term rental program anticipated to generate \$7,500 in revenue. The proposed additions to base expenditures includes - \$110,000 creation of a restaurant reward program, \$6,812 compensation increase for general service employees and \$886 Lean Six Sigma efficiency training.

City Council and staff discussed the duration and operation of restaurant reward program. Staff will discuss the new program at a future work session to provide additional details to City Council and the public.

The Donations Fund revised 2023/2024 revenues are \$310,850 and expenditures are \$310,850. The proposed 2024/2025 revenues are \$314,866 and expenditures are \$314,866.

The Special Investigations Fund revised 2023/2024 revenues are \$276,993 and expenditures are \$276,993. The proposed 2024/2025 revenues are \$261,000 and expenditures are \$261,000.

The Economic Development Fund revised 2023/2024 revenues are \$211,379 and expenditures are \$211,379. The proposed 2024/2025 revenues are \$322,000 and expenditures are \$322,000.

The Gas Development Fund revised 2023/2024 revenues are \$474,235 and expenditures are \$474,235. The proposed 2024/2025 revenues are \$536,100 and expenditures are \$536,100.

The Traffic Safety Fund revised 2023/2024 revenues are \$147,005 and expenditures are \$147,005. The proposed 2024/2025 revenues are \$409,428 and expenditures are \$409,428.

B.3 REVISED 2023-2024 AND PROPOSED 2024-2025 CAPITAL PROJECTS BUDGETS.

Ms. Lewis provided an overview of the capital projects for city facilities.

- City Hall balcony replacement - \$590,000
Funding Source: General Fund Reserves
- City Hall three phase UPS battery replacement - \$270,000
Funding Source: Facility Capital Fund Reserves
- Engineering for fuel storage tank replacement - \$225,00
Funding Source: Infrastructure Reserve Fund Reserves
- Fire Station #5 concrete drive replacement - \$150,000

- Funding Source: Facility Services Fund Reserves
- Fire Station #4 generator replacement - \$653,550
Funding Source: Facility Fund Reserves
- Library roof replacement - \$500,000
Funding Source: General Fund Reserves
- Public Works Service Center parking lot repairs - \$50,000
Funding Source: Drainage and Utility Fund Reserves
- Public Works Center generator - \$469,075
Funding Source: Utility Capital Fund Reserves
- NRH Dectron replacement - \$1,683,319
Funding Source: Park Fund Reserves

Ms. Lewis provided an overview of the capital projects for fleet.

- Replacement of ambulance - \$479,125
Funding Source: Fleet Fund Reserves
- Replacement of camera van and system - \$326,660
Funding Source: Utility Fund Reserves
- Replacement of fire pumper - \$1,180,000
Funding Source: General Capital Projects Fund and Fleet Capital Projects Fund Reserves

Ms. Lewis provided an overview of the capital projects for information technology.

- Library security cameras - \$29,850
Funding Source: Infrastructure Reserve Fund Reserves
- Annual network equipment refresh - \$68,500
Funding Source: IT Operating Fund Reserves
- City Hall conference room AV controls - \$58,000
Funding Source: ARPA Grant
- Programmable Logic Controller (PLC) door control software replacement - \$550,000
Funding Source: General Fund Reserves
- Public meeting broadcast equipment replacement - \$177,886
Funding Source: Public Educational and Government Access (PEG) Reserves
- Replacement of cardiac monitors - \$493,745
Funding Source: ARPA Grant

Mayor Pro Tem Deupree asked Ms. Lewis for an approximate amount of funds remaining in the ARPA grant. Ms. Lewis informed City Council that staff will provide a remaining balance that includes interest at a future meeting.

Ms. Waggoner provided an overview of the capital projects for streets/traffic.

- Preventive street maintenance - \$4,000,000
Funding Source: General Fund Reserves/Certificates of Obligation Bonds
- Sidewalk rehabilitation and replacement project - \$50,000
Funding Source: Sidewalk Capital Project Reserves
- Transportation management project equipment - \$275,505
Funding Source: Traffic Safety Fund

Ms. Waggoner provided an update on the 2020 Street Bond Program.

City Council and staff discussed the transportation management project that upgrades equipment and synchronizes traffic signals. The project includes Glenview/Dawn; Glenview/Chapel Park; Glenview/Vance; Rufe Snow/Bursey; Smithfield/Chapman; Smithfield/Starnes; Holiday Lane/Chapman/Meadow; Holiday Lane/Liberty Way; Holiday Lane/Trinidad; and Holiday Lane/Lola.

Ms. Waggoner provided an overview of the capital projects for drainage and utility.

- Street drainage improvements - \$100,000
Funding Source: Drainage Utility Fund Reserves
- Water valve replacement project - \$135,000
Funding Source: Utility Fund Reserves
- Watauga pump station generator project - \$1,600,000
Funding Source: Utility Fund Reserves

Ms. Waggoner provided an overview of the capital projects for parks and recreation and aquatic park.

- Parks and recreation master plan - \$45,000
Funding Source: Park Sales Tax Reserves
- Annual tree planting - \$25,000
Funding Source: Mitigation Proceeds
- Fossil Creek Park renovation - \$280,000
Funding Source: ARPA Grant
- Kay Granger Park Renovation - \$300,000
Funding Source: Parks Sales Tax Reserves
- North Electric Trail bridge deck replacement - \$135,000
Funding Source: Parks Sales Tax Reserves
- NRH Centre fitness equipment replacement - \$120,000
Funding Source: NRH Centre Fund Reserves
- NRH Centre infrastructure maintenance - \$50,000
Funding Source: NRH Centre Fund Reserves
- Park infrastructure maintenance - \$220,000

- Funding Source: Parks Sales Tax Reserves
- Richfield Park tennis court to pickleball conversion - \$34,000
Funding Source: Parks Sales Tax Reserves
- Trail infrastructure maintenance - \$40,000
Funding Source: Parks Sales Tax Reserves
- NRH20 entry sign - \$100,000
Funding Source: Aquatic Park Infrastructure Reserves
- NRH20 general facility improvements - \$150,000
Funding Source: Aquatic Park Infrastructure Reserves

City Council and staff discussed the replaced equipment at the NRH Centre and the NRH20 entry sign. Ms. Pekurney shared that the city typically receives a trade-in value for the equipment and if there is no trade-in value, the equipment goes to auction. She informed City Council the entry sign will be upgraded to a digital sign.

City Council and staff discussed the funding source for the FY24/25 preventative street maintenance project. Ms. Lewis clarified that staff is not asking City Council to issue new Certificates of Obligation (CO) Bonds. The City issued \$5 million in CO bonds in December of 2022 to double preventative street maintenance expenditures from \$1 million to \$2 million over the next five years. Staff proposes to accelerate that schedule by allocating \$3 million of CO bonds in FY24/25 to increase preventative street maintenance spending to \$4 million.

Ms. Hartman explained that Certificates of Obligation (CO) Bonds require a notice provision to the public to include a publication in the official newspaper. The residents can protest the issuance of Certificates of Obligation (CO) Bonds via petition.

Ms. Lewis provided an overview of the Debt Service Fund. She reviewed the existing tax supported debt service capacity, outstanding tax supported general obligation bonds vs certificates of obligation bonds debt, and the city's bond capacity through fiscal year 2044. She reviewed the remaining fiscal year 2024 self-supported debt associated with the Green Extreme replacement. Any costs exceeding \$5.4 million is proposed to be covered by existing reserves from Parks Fund. An item will be placed on the September 9, 2024 agenda to proceed with the initial steps of debt issuance associated with the Green Extreme replacement.

Mayor McCarty recessed the meeting at 1:57 p.m.

Mayor McCarty reconvened the meeting at 2:17 p.m., with the same members present.

City Council discussed whether to stay with in-house legal counsel or to contract for legal services with outside firms. The consensus of City Council is to stay with TOASE for one year to allow staff time to collect data for cost analysis, pros and cons for in-house compared to outside firm, input from staff and non-monetary factors.

City Council discussed the city moving toward a tiered merit system for employees. Staff was directed to provide information on the pros/cons of a tiered merit system, research on the impact to employees, and how the tiered merit system would be implemented (evaluations). Director of Human Resources Patrick Hillis informed City Council that departments are in the process of evaluations now and clarified the tiered merit system is being considered for the following fiscal year.

Ms. Hartman informed City Council the rate in the proposed budget is the same as the current rate, which is slightly less than the No New Revenue Rate. The City Council can go with a lower rate after adopting the rate but cannot go higher. The proposed budget as presented, to include the additions to base, is based on the preliminary tax rate of \$0.489389.

City Council had no objections to the proposed budget and additions to base.

Mr. Fosse reviewed the budget calendar and dates for the upcoming public notices and public hearings.

B.4 REVISED 2023-2024 AND PROPOSED 2024-2025 PARK AND RECREATION FACILITIES DEVELOPMENT CORPORATION OPERATING BUDGET AND CAPITAL PROJECTS BUDGETS.

The City Council received a presentation from staff earlier in the meeting.

B. PUBLIC COMMENTS

There were no requests to speak from the public.

D. ADJOURNMENT

Mayor McCarty adjourned the meeting at 2:48 p.m.

Jack McCarty, Mayor

ATTEST:

Alicia Richardson
City Secretary/Chief Governance Officer