EST. 1955

SPRING VALLEY

VILLAGE

Special Called
City Council Meeting
May 24, 2022
5:00 p.m.

Marcus Vajdos, Mayor
Bo Bothe
Tom Donaho

Allen Carpenter, Mayor Pro Tem
David Dominy
Joy McCormack

EST. 1955
SPRING VALLEY
VILLAGE

Notice is Hereby Given of a Special Called Meeting of the City Council City of Spring Valley Village, Texas, 1025 Campbell Road, Spring Valley Village, Texas, in the Council Chambers, Tuesday, May 24, 2022, beginning at 5:00 p.m., For the Purpose of Considering and Acting upon the Following Items of Business:

In accordance with order of the Office of the Governor issued March 16, 2020, the City Council of Spring Valley Village will conduct the meeting scheduled at 5:00 p.m. on Tuesday, May 24, 2022 in the City Hall Council Chambers, located at 1025 Campbell Road, in part by telephone conference in order to advance the public health goal of limiting face-to-face meetings (also called "social distancing") to slow the spread of the Coronavirus (COVID-19).

The meeting agenda and agenda packet are posted online at www.springvalleytx.com.

The video link to this meeting is https://us02web.zoom.us/j/83820636349

The public toll-free dial-in numbers to participate in the telephonic meeting are 1-346-248-7799 (Houston), 1-253-215-8782 (US), and 1-301-715-8592 (US); enter the Meeting ID: 838 2063 6349 and #.

The public will be permitted to offer public comments as provided by the agenda and as permitted by the presiding officer during the meeting.

An audio recording of the meeting will be made, and will be available to the public in accordance with the Open Meetings Act upon written request.

1. **CALL THE ROLL AND ANNOUNCE A QUORUM IS PRESENT**

2. **DISCUSSION AND DIRECTION CONCERNING:** Budget Policy Assumptions To Use In Development of Fiscal Year 2022-2023 Budget.

3. **ADJOURNMENT**

Agenda items may not necessarily be considered in the order that they appear. With regard to any item, Council may take various actions, including but not limited to rescheduling an item in its entirety or for particular action at a future date or time.

I certify that a copy of the May 24, 2022 agenda of items to be considered by City Council was posted on or before the 19th day of May, 2022 at 3:00 p.m. pursuant to the Open Meetings Act, Chapter 551 of the Texas Government Code.

Attest: ______________________________
Jasmin Torres
City Secretary

In compliance with the Americans with Disabilities Act, this facility is wheelchair accessible and accessible parking spaces are available. To better serve attendees, requests for accommodations or interpretive services should be made 48 hours prior to this meeting. Please contact the City Secretary's office at 713-465-8308, Fax 713-461-7969, or Email secretary@springvalleytx.com for further information.

Spring Valley Village City Council
Agenda Item Data Sheet

MEETING DATE:	May 24, 2022
TOPIC:	**DISCUSSION AND DIRECTION CONCERNING:** Budget Policy Assumptions To Use In Development of Fiscal Year 2022-2023 Budget

BACKGROUND: City Treasurer Michelle Yi, Assistant to the City Administrator Silvia Chiapponi and I have begun development of the City's Fiscal Year 2022-2023 Budget. However, before actual numbers are presented for the Council to review, it is important to review the budget policy assumptions that we are using to develop the FY 2023 Budget to ensure that both Staff and the Council are on the same page.

Budget Policy Assumptions

Revenues

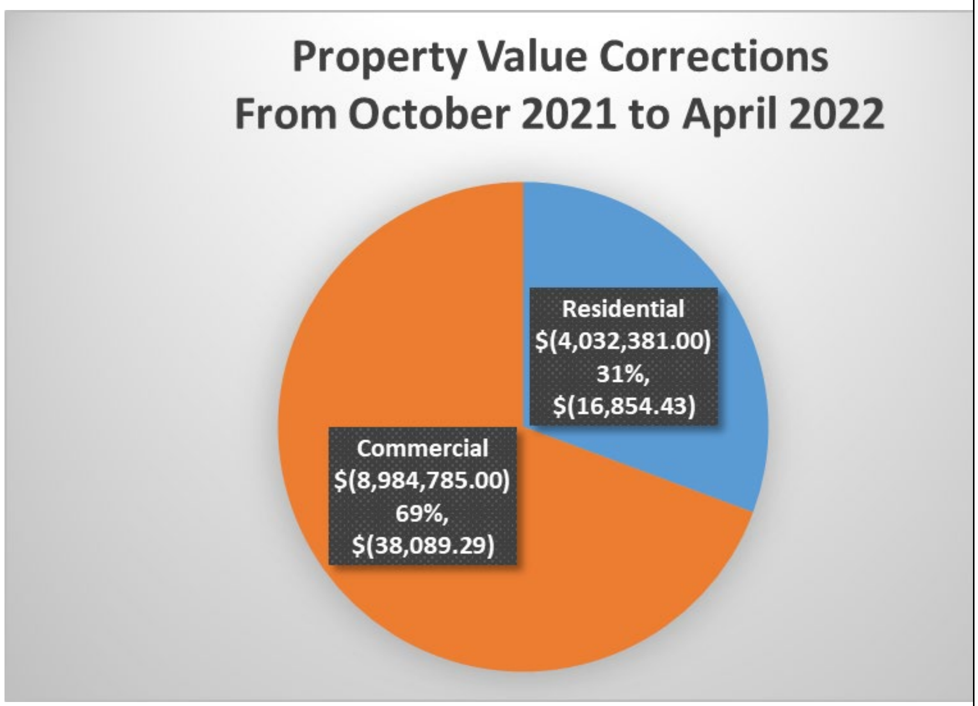
- To forecast revenues, use a conservative approach including trend analysis and take into account factors that may not be reflected in data yet due to what is happening in the current economy.

- Property Tax Revenues: For purposes of property tax revenues, utilize the low end of HCAD's Projected 2022 Taxable Value Range which is approximately 32.43% commercial property tax loss that we projected last year and continue to project for the coming year and would result in approximately $307,972 in lost revenue ($2.075 cents on the tax rate). As a reminder, for FY 2022 budgeting purposes, the City used 70% of the Commercial Property Category Valuation for Year 2021 Certified Taxable Value to account for the 30% commercial property tax revenue loss that Staff projected last year. A copy of the 2022 Certified Estimate of Taxable Value from Harris County Appraisal District Dated April 28, 2022 is provided with this agenda item.

  Impact to the City General Fund Budget from Property Tax Valuation Corrections. As we develop the budget, one of the pieces of information we look at is the impact to the City from commercial and industrial protests that typically take months if not years to resolve and include multiple tax years. In these cases, the property owner has already paid the taxes on the original valuation while the case is under protest. In most cases, the original valuation is reduced and the property owner is entitled to a refund of the property tax revenues associated with the reduced amount. While the City does not actually write a check for the refund so our cash flow is not immediately impacted, the refund amount is deducted by the SBISD Tax Collector from the property tax revenues that are remitted to the City which reduces the budgeted property tax revenues in the General Fund.

  From October 2021 through April 2022, there has been a total of $13,017,166 in property tax valuations corrections for the City alone that represent almost 10% of the City's total property taxable value. All those corrections are for Tax Years 2019 to 2021. Below is a breakdown between residential and commercial properties and the financial impact to the City's property tax revenues.

Property Value Corrections			
From October 2021 Through April 2022			
Property Category	Property Value	Percent	Property Tax Revenue Impacted
Residential	$ (4,032,381.00)	31%	$ (16,854.43)
Commercial	$ (8,984,785.00)	69%	$ (38,089.29)
Total Corrections	**$ (13,017,166.00)**	**100%**	$ (54,943.71)



- Use of a property tax rate of $0.4150 which is the same as the current tax rate. If financially prudent, evaluate possible property tax rate reduction options.

- Use 99% collection rate to estimate property tax revenues.

- For Sales Tax Revenues and all Municipal Court-related Revenues, use an average of the 3 previous fiscal years' actuals plus the current fiscal year's projections.

- In the event there is a deficit in General Fund Draft Budget, utilize a portion of the anticipated FY 2022 Unassigned Fund Balance to balance the FY 2023 Budget. The City is experiencing higher than anticipated revenues in sales tax, building & development-related revenues, and Municipal Court fines & fees for FY 2022. While the fiscal year end excess revenues are contingent upon Council's final decision on employee compensation, Ms. Yi is currently projecting that the City will end this fiscal year with a positive balance instead of a deficit as was reflected in the FY 2022 Adopted Budget. More details will be provided at the next Budget Workshop. In the event that the fiscal year end excess revenues are less than any budgeted deficit, Council could:

    - Reduce the transfer from the General Fund to the CIP Fund by the amount needed to balance the FY 2023 Budget.

    - Designate a portion of the General Fund Fund Balance to offset any property tax revenue losses.

- Continue not to include ambulance fee revenue to allow Village Fire Department to retain that revenue to support the service.

- Continue to evaluate the fee schedules to make sure that the charges are enough to cover our expenses due to continual changes in the cost of doing business.

Expenditures/Expenses

- With the exception of Salaries & Benefits and specific line items that are already known, use the FY 2022 Adopted Budget as the FY 2023 base budget. Line items that have already been identified for increases include: Fuel, Audit Services, funding for the Village Fire Department, ROW and Park Maintenance, Professional Services, Electricity, Water Samples, and Janitorial Services.

- To forecast expenditures/expenses, use a conservative approach including trend analysis and take into account factors that may not be reflected in data yet such as unfunded mandates, and specific needs of Departments in order to maintain and/or improve service levels to the residents.

- Inclusion of 8.8% increase for health insurance. This amount is an average of the actual percentage increases that the City has experienced over the last 8 fiscal years. It is important to note that for Calendar Years 2021 and 2022, the City had a 2-year plan with Blue Cross and Blue Shield of Texas through Villages Mutual Insurance Group, and 2022 is the second year of the plan. It is anticipated that we will be going out for proposals in the next month or so and will not know what those proposals will look like until late August or early September.

- With regard to Salaries, since it was clear from the February 22, 2022 Council Workshop Meeting that there were differences of opinions concerning how to handle salary adjustments, my recommendation is for the Council to schedule a separate Council Workshop to discuss only the issue of salary adjustments. We need to discuss dates for the separate meeting.

  The FY 2022 Adopted Budget included 2.5% for salaries. In January, as we watched the cost-of-living rise and inflation hit a 40-year high, I talked with Mayor Vajdos and then implemented the full 2.5% as a Cost-of-Living Adjustment ("COLA") for all City Hall and Public Works employees retroactive to October 1, 2021. Former Chief Evans had already implemented salary adjustments for the Police Department as of October 1, 2021. Information on this adjustment is included with this agenda item. Please note that some of the figures will not be a straight-line COLA because of employee turnover and increases for employees who step up into a higher interim position.

  <u>If the Council wants to consider some type of immediate adjustment for all City employees due to the consistently rising rate of inflation and cost-of-living, that consideration could be done as part of this meeting or as part of the separate Workshop meeting</u>.

  **One thing to note is that approval of the updated Job Classification Pay Ranges is included in the agenda for the Regular Council Meeting. In light of the difficulties in recruiting qualified candidates for the City's open positions, it is critical that, at a minimum, we get the updated Pay Ranges in place.

- Replacement of 3 Police Department vehicles. Chief Schulze is proposing to replace two patrol vehicles and one admin vehicle for the FY 2023 Budget.

- Replacement of 1 Public Works vehicle utilizing the funding that is already reserved for the purchase in the Capital Replacement Fund.

- IT Infrastructure: Based on some of the IT infrastructure issues we are currently experiencing, the City and BEMA have begun discussions about how to address the City's future needs in terms of an overall solution: (1) continue investing in hardware or (2) begin migrating to cloud-based infrastructure. We are evaluating the most cost-efficient, compliant, and practical solution going forward. While we wait for cost-estimates for both options, Council feedback on hardware vs. cloud-based would be appreciated.

Capital Improvement Projects

- 2019 & 2020 Certificates of Obligation debt payment amounts will be transferred from General Fund Budget to Debt Service Fund Budget instead of rolling into the tax rate. The FY 2023 Debt Service Fund Transfer will be $978,513. However, based on what we are seeing in terms of impact of the property valuation corrections for Tax Years 2019–2021 on the Debt Service Fund, we anticipate that additional funds will need to be allocated to the Debt Service Fund over and above the debt payment amounts.

  NOTE: The FY 2022 Debt Service Funds Transfer will be increased in a budget amendment as a result of the property valuation corrections discussed at the beginning of this agenda data sheet. Since the City must by law set the debt service portion of the tax rate utilizing HCAD's Certified Estimate (as opposed to the adjusted property valuation that the City uses for budgeting purposes), Ms. Yi has already identified approximately $30,000 in additional funds that will need to be transferred to the Debt Service Fund as a consequence of the property valuation corrections.

- Continue with the 5-Year Capital Improvement Projects list approved on March 22, 2022, a copy of which is provided with this agenda item. As approved during the March 22 Capital Projects Workshop, the City will utilize its allocated funds from the American Rescue Plan's State and Local Fiscal Recovery Funds ("SLFRF") for the Future Water Plant Upgrades identified in the CIP.

RECOMMENDATION:	Staff requests direction concerning the outlined Budget Policy Assumptions to be used in developing the FY 2023 Proposed Budget.
ATTACHMENTS:	• Copy of 2022 Certified Estimate of Taxable Value from Harris County Appraisal District Dated April 28, 2022 • Health Insurance Budget vs Actual • All City Positions COLA Adjustment for FY 2022 to Date (Reflects Salary Adjustments Effective October 1, 2021) • General Fund – Fund Balance • 5-Year Capital Improvement Projects List Revised and Approved on March 22, 2022

FUNDING ISSUES:	☒ Not applicable – no dollars are being spent or received. ☐ Full amount already budgeted in Acct/Project# __________ ☐ Not budgeted, if approved, the following will be included in the next Budget Amendment: ☐ $_______ from Acct/Project# __________ will be transferred to Acct/Project# __________ ☐ $_______ from unassigned fund balance will be used and added to Acct/Project# __________ ☐ $_______ will be added to Revenue Acct# __-____ and $_______ added to Expenditure Acct/Project# __________
FINANCE VERIFICATION OF FUNDING:	

SUBMITTING STAFF MEMBER: Julie M. Robinson, City Administrator	**CITY ADMINISTRATOR APPROVAL:**

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Harris County Appraisal District

13013 Northwest Freeway
Houston TX 77040
Telephone: (713) 812-5800

P.O. Box 920975
Houston TX 77292-0975
Information Center: (713) 957-7800

CEAA
IAAO
CERTIFICATE OF EXCELLENCE IN ASSESSMENT ADMINISTRATION

Office of Chief Appraiser

April 28, 2022

Honorable Marcus Vajdos
Mayor
City of Spring Valley
1025 Campbell Road
Houston, TX 77055-7495

Re: 2022 Certified Estimates

Dear Mayor Vajdos:

As required by Texas Tax Code Sec. 26.01(e), we have prepared an estimate of taxable value for the above taxing jurisdiction for 2022. While this estimate is based on information currently available to us, some of the data needed for accuracy is not yet available. For example, in the area of business and industrial personal property, the extended date for property owners to file their annual renditions is May 16, and some will delay their filing until the good cause deadline of June 1. If Texas voters approve the proposed constitutional amendment to increase the general residence homestead exemption for school taxes from $25,000 to $40,000, an updated estimate will be provided for the affected school districts.

While we have taken our best estimate of potential hearing loss into account, protests for 2022 are in the process of being received and reductions made in the ARB protest hearing process during the next several months could cause a further reduction in value. Also, if fewer protests are filed, your value could possibly be higher.

Your final taxable value will also be impacted by late-filed exemption applications, late applications for productivity valuation, correction motions under Tax Code Sec. 25.25, and possible post-ARB appeals through binding arbitration, appeals to district court, or appeals to the State Office of Administrative Hearings.

Given these limitations, the estimated 2022 taxable value for the taxing unit identified above is:

$1,484,203,172

The enclosed summary report gives a breakdown of this estimate by property category.

Please do not hesitate to contact your HCAD jurisdiction coordinator or my office if you have questions regarding this estimate or other matters affecting appraisal district operations.

Sincerely,

Roland Altinger

Roland Altinger
Chief Appraiser

City Of Spring Valley
2022 Certified Estimate of Taxable Value

Major Property Category	2021 Taxable Value	Percent Change	Projected 2022 Taxable Value
Residential & Rural Improved	1,147,020,881	8.46%	1,244,010,099
Apartments	1,059,441	-3.86%	1,018,548
Commercial	161,507,036	12.97%	182,455,629
Vacant Land	22,421,455	-53.81%	10,356,334
Industrial	0	0.00%	0
Utility	8,864,324	-0.38%	8,830,250
Commercial Personal	33,978,087	4.88%	35,637,747
Industrial Personal	1,918,353	-1.24%	1,894,565
All Other Property	0	0.00%	0

Projected 2022 Taxable Value	**1,376,769,577**	**7.80%**	**1,484,203,172**

Projected 2022 Taxable Value Range

Accuracy +/- 5%	**1,409,993,014**	**To**	**1,558,413,331**

Report Date: April 28, 2022
2021 Roll Date: April 01, 2022

Harris County Appraisal District
Truth in Taxation Data

Jur: City Of Spring Valley

	2021	2022
Average Market Value of Residences:	$954,025	$1,050,130
Average Taxable Value of Residences:	$770,791	$830,447

Total Appraised Value of All Property:	$1,812,703,333	$1,954,154,189
Total Appraised Value of New Property:	$31,215,291	$38,571,721
Total Taxable Value of All Property:	$1,376,769,577	$1,484,203,172
Total Taxable Value of New Property:	$23,708,382	$29,295,677

Total Market Value of All Property:	$1,818,431,362	$1,960,329,194

Last Year Losses Due To Substantial Error Corrections	$0

Data as of April 27, 2022

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Health Insurance Budget VS. Actual

Fiscal Year	% Increase Budgeted	% Increased Actual
2022	9.9%	5.0%
2021	12%	1.5%
2020	15%	5.07%
2019	15%	2.28%
2018	15%	8.37%
2017	15%	9.50%
2016	20%	9.60%
2015	15%	10.60%

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All City Positions

COLA Adjustment for FY 2022

Positions	Base Salary at 09/30/2021	Current Base Salary
City Secretary	85,072.00	65,434.98
Assistant to the City Administrator	80,974.40	67,077.74
Assistant to the City Administrator		62,004.82
Community Development Director	93,454.40	95,786.34
Assistant Treasurer	68,910.40	70,634.98
City Administrator	170,352.00	174,610.80
Permit Tech	45,760.00	50,000.00
Admin Services Coordinator	39,000.00	39,977.60
City Treasurer	104,145.60	106,752.10
Court Administrator	60,008.00	66,625.00
Court Court/Administrator		57,678.40
Court Clerk	45,760.00	46,904.00
Police Sergeant	80,262.00	82,271.28
Police Corporal	72,006.48	73,797.36
Telecommunicator		49,920.00
Telecommunicator Supervisor		56,160.00
Telecommunicator	45,760.00	46,904.00
Telecommunicator		45,760.00
Police Chief	158,641.60	172,827.20
Capt /Acting Police Chief	102,772.80	131,703.00
Police Officer	66,664.00	71,744.40
Police Officer		53,005.68
Police Officer	66,983.28	70,040.88
Telecommunicator	45,760.00	46,904.00
Telecommunicator		45,760.00
Capt	102,772.80	105,352.00
PD Admin Operations MGR	84,011.20	91,104.00
Police Officer	59,009.60	63,510.72
Police Corporal	72,006.48	73,797.36
Police Sergeant	80,262.00	82,271.28
Sergeant Detective	82,180.80	84,240.00
Police Officer		55,997.76
Police Officer	75,828.48	77,728.56
Telecommunicator	46,134.40	47,299.20
Police Sergeamt	80,633.28	82,642.56
Telecommunicator	44,449.60	45,552.00
Telecommunicator	42,016.00	19,957.60
Police Officer	74,015.76	75,872.16
Police Officer	69,647.76	71,394.96
Sergeant	82,180.80	84,240.00
Sergeant	81,660.80	87,906.00
Police Officer		53,005.68
Maintenance Worker	37,627.20	38,563.20
Public Works Director		122,000.00
Crew Leader/Heavey Equip. Operator	53,809.60	55,161.60
Heavey Equip. Operator	49,046.40	50,273.60
System Operator II	52,499.20	53,809.60
PW Superintendent	75,296.00	80,745.60
PW Supervisor	43,867.20	51,251.20

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General Fund - Fund Balance

Ending Fund Balance FY 2021	7,964,637.00
Reserved for 120-Days (FY 2022)	(2,607,359.00)
Showers for City Hall and PD	(35,647.00)
Reserved for New Permit Software	(15,650.00)
Access Control and Camera System	(17,952.50)
Anticipated deficit for FY 2022 (Budgeted)	(306,715.00)
Reserved for Possible Employee Compensations	(351,324.00)
VFD Budget Amendment for FY 2021 & FY 2022	(68,972.37)
Total Unassigned Projected Fund Balance	4,561,017.13

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CITY OF SPRING VALLEY VILLAGE
CAPITAL IMPROVEMENT PLAN
GENERAL FUND CIP LIST
APPROVED MARCH 22, 2022

	Item No.	**Projects by Type**	**Start** 2021-2022	**Year 1** 2022 - 2023	**Year 2** 2023 - 2024	**Year 3** 2024 - 2025	**Year 4** 2025 - 2026	**Year 5** 2026 - 2027	**Greater than 5 Years**	**Total**
		PAVEMENT & UTILITY IMPROVEMENTS								
BOND 1	1	Loeser Traweek Lone Star West Tex	$ 1,885,089							$ 1,885,089
		BOND 1 TOTAL	$ 1,885,089	$ -						**$ 1,885,089**
BOND 2	1	Winningham, East of Voss Cedarspur E. of Voss Burkhart, East of Voss	$ 589,154	$ 811,159						$ 1,400,313
BOND 2	2	Cedarspur (W. of Bingle) Burkhart (East of Bingle)	$ 740,000	$ 958,088						$ 1,698,088
BOND 2	3	Brighton Place Streets • Cedarspur St • Pech Rd between Cedarspur St. & Winningham Ln. • Burkhart Cir. • Burkhart Ct. • Winningham Ln. East of Bingle Rd.		$ 500,000	$ 3,240,000	$ 1,660,000				$ 5,400,000
		BOND 2 TOTAL	$ 1,329,154	$ 2,269,247	$ 3,240,000	$ 1,660,000	$ -	$ -	$ -	**$ 8,498,401**
		CUMULATIVE BOND TOTAL	$ 3,214,243	$ 2,269,247	$ 3,240,000	$ 1,660,000			$ -	**$ 10,383,490**
		OTHER PAVEMENT & UTILITY IMPROVEMENTS								
	A	Cavell (E. of Fries)							$ 454,250	$ 454,250
	A	Heather Cir							$ 250,000	$ 250,000
	A	Echo Valley (E & W of Fries)							$ 908,500	$ 908,500
	A	Wild Oak Circle								$ -
	B	Spring Oaks Circle							$ 408,825	$ 408,825
	C	Croes (E & W of Fries)							$ 1,430,888	$ 1,430,888
	D	Campbell Rd. Detention at Briar Branch							$ 800,000	$ 800,000
		TOTAL OTHER PAVEMENT & UTILITY IMPROVMENTS	$ -	$ -	$ -	$ -			$ 4,252,463	$ 4,252,463
UND		**PUBLIC FACILITIES**								

CASH FU

Item No.	Projects by Type	Start 2021-2022	Year 1 2022 - 2023	Year 2 2023 - 2024	Year 3 2024 - 2025	Year 4 2025 - 2026	Year 5 2026 - 2027	Greater than 5 Years	Total
A	Renovation of Public Works Building	$ 250,000							$ 250,000
	TOTAL PUBLIC FACILITIES	$ 250,000	$ -	$ -	$ -			$ -	$ 250,000
	COMMUNITY IMPROVEMENTS								
A	Bingle Road Traffic Improvements Westview Dr. & Voss Road/Bracher Street Intersection Improvements	$ 320,000						$ 380,000	$ 700,000
B	SBISD Park Initiative	-							-
C	Repair/Replacement of Bridge Over Briar Branch Creek at Tamy Lane and Randy Drive	$ 28,216							$ 28,216
D	Phase III Park Improvements (Playground)								-
	TOTAL COMMUNITY IMPROVEMENTS	$ 348,216	$ -	$ -	$ -			$ 380,000	$ 728,216

Total General Fund Improvements **$ 15,614,169**

CITY OF SPRING VALLEY VILLAGE
CAPITAL IMPROVEMENT PLAN
UTILITY FUND CIP LIST
APPROVED MARCH 22, 2022

Item No.	Projects by Type	Start 2021 - 2022	Year 1 2022 - 2023	Year 2 2023 - 2024	Year 3 2024 - 2025	Year 4 2025 - 2026	Year 5 2026 - 2027	Greater Than 5 Years	Total
	UTILITY INFRASTRUCTURE IMPROVEMENTS								
A	New Production Water Well	$ 377,826							$ 377,826
B	Replace Bolted Water Storage (GST#2)	$ 734,727							$ 734,727
C	Repair Pech Road Lift Station	$ 45,000							$ 45,000
D	Refurbishing of Home Depot Lift Station		$ 165,000						$ 165,000
E	Water Plant Upgrades			X	X				$ -
	Total Utility Fund Improvements	**$ 1,157,553**	**$ 165,000**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 1,322,553**