MINUTES OF THE SPECIAL CALLED CITY COUNCIL MEETING
CITY OF SPRING VALLEY VILLAGE, TEXAS
TUESDAY, MAY 24, 2022 AT 5:00 P.M.
IN THE COUNCIL CHAMBERS OF CITY HALL
1025 CAMPBELL ROAD, HOUSTON, TEXAS

1. CALL THE ROLL AND ANNOUNCE A QUORUM IS PRESENT

With a quorum of the Council Members present, the Special Called Meeting of the Spring Valley Village City Council was called to order by Mayor Vajdos at 5:01 p.m.

Members Present:
Mayor Marcus Vajdos
Mayor Pro-Tem Allen Carpenter
Council Member Bo Bothe
Council Member David Dominy
Council Member Joy McCormack

Members Absent:
Council Member Tom Donaho

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

City Administrator Julie Robinson presented the budget policy assumptions that City staff are currently using to develop the FY 2023 Budget and requested direction from the Council with regard to those assumptions to ensure that both Staff and the Council are on the same page. The budget policy assumptions were:

<u>Revenues</u>

- To forecast revenues, use a conservative approach including trend analysis and take into account factors that may not be reflected in data yet such as the current economy.
- For purposes of property tax revenues, utilize the low end of HCAD's Projected 2022 Taxable Value Range. A copy of the 2022 Certified Estimate of Taxable Value from Harris County Appraisal District Dated April 28, 2022 was provided in the packet.
- Using the low end of the Projected 2022 Taxable Value Range is close to the 30% commercial property tax loss that Staff projected last year and would result in approximately $307,972 in lost revenue ($2.075 cents on the tax rate). There was also discussion concerning the impact to the City's General Fund Budget from Property Tax Valuation Corrections.
- Evaluate current tax rate of $0.4150 and determine whether any reduction is possible if financially prudent.
- 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.
- <u>In the event there is a deficit in General Fund Draft Budget,</u> utilize a portion of the anticipated FY 2022 Unassigned Fund Balance to balance the FY 2023 Budget.

- If needed, reduce transfer from General Fund to CIP Fund by the amount needed to balance the FY 2023 Budget.
- 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 charges in the cost of doing business.

<u>Expenditures/Expenses</u>

- With the exception of Salaries & Benefits and specific line items that are already known, the FY 2022 Adopted Budget was used as the FY 2023 base budget. Line items that have 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, a conservative approach was used including trend analysis and taking 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 which is an average of actual percentage increases the City has experienced over the last 8 fiscal years. 2022 is the second year of the 2-year plan with Blue Cross and Blue Shield of Texas ("BCBS") and it is anticipated we will be going out for proposal in the next month or so not knowing what those proposals will be until late August or early September.
- Salary Discussion - 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, Ms. Robinson's recommendation was for the Council to schedule a separate Council Workshop to discuss only the issue of salary adjustments. The special Council Workshop was scheduled for Tuesday, June 21, 2022, at 5:00 pm.

  As part of the Salary Discussion, the Council discussed an immediate adjustment for all City employees to address the consistently rising rate of inflation and cost-of-living. After discussion, it was the direction of the Council to provide a one-time $2,000.00 stipend for all City employees on the next paycheck. The stipend does not attach to the employee's base salary. Ms. Robinson thanked the Council on behalf of the employees and advised that the stipend would be implemented as directed.
- Replacement of 3 Police Department vehicles. Chief Schulze proposing to replace two patrol vehicles and one admin vehicle for the FY 2023 Budget with several additional Police Department vehicles going to auction.
- 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 current IT infrastructure issues, the City and BEMA have begun discussion about how to address the City's future needs in terms of an overall solution: (1) continue investing in hardware or (2) migrating to a cloud-based software. We are evaluating the most cot-efficient, compliant, and practical solution going forward. There was discussion about migrating to a cloud-based solution as well as the possibility of leasing computers instead of purchasing them.

Capital Improvement Projects

- 2019 & 2020 Certificates of Obligation debt payment amounts would be transferred from the General Fund Budget to Debt Service Fund Budget instead of rolling into tax rate. The FY 2023 Debt Service Fund Transfer will be $978,513.00.
- Continue with the 5-Year Capital Improvement Projects list approved on March 22, 2022, a copy of which was provided in the packet. The City will utilize its allocated funds from the American Rescue Plan's State and Local Fiscal Recover Funds ("SLFRF") for the Future Water Plant Upgrades identified in the CIP.

Following discussion, it was the consensus of the Council for Staff to proceed with the development of the FY 2023 Budget using the Budget Policy Assumptions as presented.

3. ADJOURNMENT

Council Member McCormack made a motion to adjourn the meeting at 5:47 p.m., and Council Member Bothe seconded the motion. Motion carried 4-0.

Signed: ____________________
Marcus Vajdos
Mayor

Attest: ____________________
Jasmin Torres
City Secretary