

AARON ROCCAFORTE <i>Council Member, Place 1</i>	DAVID RUTLEDGE <i>Mayor</i> 	PATTY COLLINS <i>Council Member, Place 4</i>
GINA MANNINO <i>Council Member, Place 2</i>		TERRI GAUTHIER <i>Mayor Pro-Tem/Council Member, Place 5</i>
BRYANT CHAMPANGE <i>Council Member, Place 3</i>		SHERBY DIXON <i>Council Member, Place 6</i>

CITY COUNCIL SPECIAL MEETING MINUTES

WORKSHOP SESSION

CITY OF BRIDGE CITY

July 26, 2024

The City Council of Bridge City met in a special meeting on Friday, July 26, 2024, at the City Hall of Bridge City, 260 Rachal, Bridge City, Texas.

1. CALL TO ORDER

Mayor David Rutledge called the City Council Special Meeting to order at 10:31 a.m.

CITY COUNCIL PRESENT:

Mayor David Rutledge
Mayor Pro-Tem Terri Gauthier
Council Member Aaron Roccaforte
Council Member Gina Mannino
Council Member Bryant Champagne
Council Member Patty Collins
Council Member Sherby Dixon

CITY STAFF PRESENT:

City Manager Christopher Baker
City Secretary Jeanie McDowell
Finance Director Katrina Jones
Police Chief Tod McDowell
Utility Superintendent Mike Die
Street & Drainage Superintendent Richard Harmon

2. INVOCATION

The invocation was given by Council Member Collins.

3. PLEDGES TO THE UNITED STATES FLAG AND THE STATE OF TEXAS FLAG

Mayor Rutledge led in the pledge of allegiance to the United States flag and to the State of Texas flag. At the conclusion of the pledges, Mayor Rutledge thanked everyone for coming to the meeting.

4. WORKSHOP SESSION - ITEM FOR DISCUSSION ONLY

(a) Discussion of the City of Bridge City 2024 - 2025 Fiscal Year Budget

Ms. Jones presented an overview of the 2024-2025 Proposed Budget as follows:

The City budget is a legally adopted spending plan outlining projected revenues and expenditures. It is a transparent document reflecting the city council's priorities. The budget allocates resources among departments, controls spending and explains the services, activities, and programs the city would provide to its citizens.

The general fund is the chief operating fund of the City and services as the primary repository for all financial resources except for those required to be accounted for in another fund or special fund. Judicial management and transparency of the general fund is critical in maintaining public trust and crucial for the sustainability of essential government operations.

The general fund is balanced including a 3% COLA wage increase for all employees, maintains existing service levels for all essential departments, restructures the city library as a part-time department to optimize limited general fund resources, and does not include any capital projects outside of routine maintenance and operations.

An increase of \$10,084 in revenues and expenditures, and the ending fund balance was based on budgeted numbers and not actuals. A \$2,025,500 estimated property tax was an increase of \$66,300 from the prior year budget. The proposed tax rate did not change from the prior year adopted tax rate. The proposed debt service rate is \$0.09612, and the prior year adopted debt service rate is \$0.14414.

The 2023-2024 fiscal year budget as amended and the 2024-2025 fiscal year recommended budget were the same. Sales tax was approximately 36% of budgeted general fund revenue. There was no increase from the prior fiscal year. The City did not meet that revenue projection in 2022-2023 and would barely meet it in 2023-2024 due to a substantial allocation we received in May 2024. The industrial tax, mixed beverage tax, and dispatch services would stay the same. The franchise tax, fines and forfeitures, and interest income would increase, but rental fees, permits and miscellaneous fees would decrease due to demo fees, culverts, and coin operated machines.

Personnel services account for 83% of the general fund expenditures which consists of salaries and wages, overtime, longevity, Fica/Medicare, group health, physicals, travel and training, retirement, worker's compensation insurance, and unemployment insurance.

The General Fund had a recurring capital expense with Enterprise Fleet that was \$156,188. There were seven vehicles in the police department and four vehicles in the street and drainage department.

The general fund key points for growth would be to create strategies that encourage economic growth within our city to grow our tax base and identify cost inefficiencies, monitor group health and other major expenses, explore cost-saving measures, and maintain general fund reserves to ensure the city's financial stability.

The utility fund is the water and sewer fund that is 100% self-supporting with rates and charges sufficient to cover operating expenditures. The City operates a full-service utility with water production and distribution, sewer collection and treatment, and meter billing and collection.

The water and sewer fund is a business enterprise and utilizes full accrual accounting. It segregates and distinguishes water and sewer operations and works toward making each operation self-supporting.

The utility fund was budgeted with expenditures exceeding revenues by \$219,786, which includes \$1.00 increase to the base of the water and sewer rates for inside the city limits, \$2.00 increase to the base of the water and sewer rates outside the city limits, 7% CPI increase to sanitation service, maintains existing service levels for all essential departments. This also includes a 54" bad boy mower, and it does not include any capital projects outside of the routine maintenance and operations.

The impact to the budget would be the revenue from water and sewer that would increase approximately \$108,000 for the fiscal year 2024-2025 and this would help offset increasing operating costs. The CPI increase this year for our sanitation service was 4.8% and last year it was 5.8% and we lost 1.8% last year, but this increase would make up for the loss.

Personnel services account for 32% of utility fund expenditures, 25% would be special/contractual services, transfer-out to general fund would be 20%, repairs and maintenance would be 11%. Fleet Enterprise would be a total of \$56,763 with four vehicles in the water department and one vehicle in the sewer department.

The utility fund key points for growth would be to seek out new revenue sources, identify cost inefficiencies, and update fee schedules annually to ensure appropriate cost recovery for city services.

A new revenue source the city could explore is bulk trash service which would be a flat rate added to each residential utility bill. It would provide bulk trash service and keep city right-of-ways and streets free of debris. It would also fund itself and generate some additional revenue to off-set dumpster expense.

Another new revenue source would be to lease cell antennas on the water towers. It would present an opportunity for cell phone companies to locate their antennas at high elevations without the cost of building a tower. The city could charge a negotiated lease amount per tenant per month.

The city would move to a free credit card service that would absorb the costs and still charge a 3% to the customers.

The Fiscal Year 2024-2025 combined fund revenues and expenditures would exclude debt service and transfers.

The debt service fund (also known as sinking fund) was specifically used to pay interest and principal on long-term debt. The debt fund's primary purpose was to account for and manage property taxes levied and collected to pay the annual principal and interest payments on the City's long-term debt obligations. These funds were established as part of an entity's commitment to fulfilling its debt obligations systematically and reliably.

The Internal Revenue Service allows the City to keep 125% of the annual debt payment in reserves and 125% of \$599,450 is \$749,313. The current ending fund balance is slightly overfunded, but it was an estimate of the recommended budget.

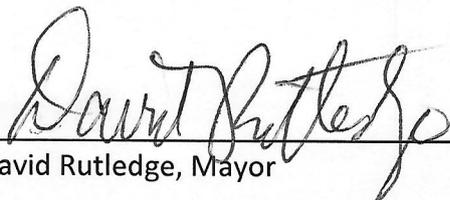
The City's debt rate was much lower and a significant decrease in the debt payment could also cause the no new revenue to go above the voter approval rate.

The special revenue funds account for specific revenue sources that are legally restricted or committed to expenditures for specified purposes or projects other than debt service. The core principle of Special Revenue funds lies in the requirement that the incoming revenues would be used only for a designated purpose or project.

Capital project funds track and manage financial resource used to acquire, construct, or improve major capital assets. The fund's main purpose is to ensure that capital project expenditures receive the legally required capital resources. The City has two capital project funds that would be located where the special revenues funds were in the budget. The funds have a small amount of remaining balance left from the projects, but do not generate new revenue. These special funds account for approximately 5% of overall budgeted revenues excluding transfers and grants. The City has 18 active special revenue funds and two capital project funds.

5. ADJOURN

Mayor Rutledge adjourned the meeting at 11:59 a.m.



David Rutledge, Mayor

ATTEST:



Jeanie McDowell, City Secretary

