City Council City Council Public Hearing and Special Meeting
Monday, August 26, 2019
6:00 PM

This facility is wheelchair accessible and accessible parking spaces are available. Requests for accommodations or interpretive services must be made 48 hours prior to this meeting. Please contact the City Secretary's Office at (979) 265-2082 or FAX (979) 265-7345 for further information.

AGENDA

BE IT KNOWN that the **City Council** of the City of Richwood will meet in **City Council Public Hearing and Special Meeting** on **Monday, August 26, 2019** at **6:00 PM** at 1800 N. Brazosport Blvd., Richwood, TX 77531 at the Richwood City Hall in the Council Chambers with the following agenda:

I. CALL TO ORDER

II. INVOCATION

III. PLEDGES OF ALLEGIANCE 4
Pledge of Allegiance & Texas Pledge

IV. ROLL CALL OF COUNCIL MEMBERS

V. PUBLIC COMMENTS
All public comments will be subject to the following rules: All speakers will be permitted to speak no longer than 3 minutes; all speakers will only be permitted to speak once; speakers cannot defer their 3 minutes to another speaker. Discussion is not allowed on items not posted on the agenda.

VI. CONSENT AGENDA

A. Approval of Minutes of Previous Meetings - August 12, 2019 and August 19, 2019 5

VII. PUBLIC HEARING ON PROPOSED TAX RATE OF 0.670204 WHICH IS EFFECTIVELY A 6.23% INCREASE IN THE TAX RATE 28

VIII. DISCUSSION AND ACTION ITEMS

A. Discuss and consider sale of city property located at 215 Halbert 29

IX. EXECUTIVE SESSION pursuant to Chapter 551.0745, Personnel Matters to deliberate the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee or to hear a complaint or charge against an officer or employee:

A. Interim City Manager - Lindsay Koskiniemi

B. City Secretary - Giani Cantu

X. ACTION AS A RESULT OF EXECUTIVE SESSION

XI. CITY MANAGER’S REPORT

XII. FUTURE AGENDA ITEMS

XIII. REPORTS
Reports that require no action.

XIV. COUNCIL MEMBER COMMENTS & REPORTS

XV. MAYOR’S REPORT

XVI. ADJOURNMENT

The City Council may go into Executive Session on any item listed on the Agenda in accordance with Section 551.071 of the Government Code (attorney-client privilege).

I, Giani B. Cantu, do hereby certify that I did, on 08/23/19 at ________ p.m., post this notice of meeting on the bulletin board at 1800 N. Brazosport Blvd., Richwood, TX, in compliance with the Texas Open Meetings Law.

____
Giani Cantu, City Secretary
City of Richwood

This facility is wheelchair accessible and accessible parking spaces are available. Requests for accommodations or interpretive services must be made 48 hours prior to this meeting. Please contact the City Secretary's Office at (979) 265-2082 or FAX (979) 265-7345 for further information.

Pledge of Allegiance

I pledge allegiance to the flag of the United States of America and to the republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

Texas Pledge

Honor the Texas flag. I pledge allegiance to thee, Texas, one and indivisible.

Minutes of City Council
Public Hearings and Regular Meeting of Monday, August 12, 2019

BE IT KNOWN THAT, a Public Hearing and Regular Meeting of the City Council of City of Richwood was held Monday, August 12, 2019, beginning at 6:00 PM in the Richwood City Hall, 1800 N. Brazosport Blvd. Richwood, Texas.

CALL TO ORDER
The meeting was called to order at 6:04 p.m.

INVOCATION
Lindsay Koskiniemi led the invocation.

PLEDGES OF ALLEGIANCE
Pledge of Allegiance & Texas Pledge
Mayor Pro-Tem Mike Johnson led the pledges.

ROLL CALL OF COUNCIL MEMBERS
Steve Boykin, Mayor - ABSENT
Mike Johnson, Mayor Pro-Tem
Melissa Strawn, Position 2
Matt Yarborough, Position 3
Mark Brown II, Position 4
Katie Johnson, Position 5

Others present: Lindsay Koskiniemi, Interim City Manager; Clif Custer, Public Works Director; Stephen Mayer, Police Chief; Giani Cantu, City Secretary; John Washburn, Interim Finance Director

PRESENTATIONS

Presentation of Stormwater Drainage Update - Strand Engineering
The presentation consisted of an overview of the Hazard Mitigation Grant Program applications and awards. Discussion was held on the proposals, cost benefit analysis and master drainage plan project.

PUBLIC COMMENTS
All public comments will be subject to the following rules: *All speakers will be permitted to speak no longer than 3 minutes; all speakers will only be permitted to speak once; speakers cannot defer their 3 minutes to another speaker. Discussion is not allowed on items not posted on the agenda.*

Martin Rodriguez stated he wants to buy the empty lot at 215 Halbert. Ms. Cantu advised Council it was previously bid out twice and not awarded and advised Mr. Rodriguez that because it is not on the agenda Council cannot reply to him directly. However, they can instruct the City Manager and staff to either proceed with posting or not.

Marilyn Schuman, 437 Oyster Creek, thanked Council for lowering the utility rates for seniors.

Mark Guthrie, 100 June Ct, if Richwood is not meeting the count, may recommend talking to representation because Richwood will get cut out every time because we can't compete with Houston.

CONSENT AGENDA

Approval of Minutes of Previous Meetings - July 29, 2019 and August 5, 2019

Payment of Bills

Appoint Tara Riley to Keep Richwood Beautiful Commission

Resolution adopting Fiscal Year 2019-2020 Strategic Plan Updates

On motion by Matt Yarborough second by Katie Johnson with all present members voting "aye" all consent agenda items were approved.

DISCUSSION AND ACTION ITEMS

Public hearing and action on application for conditional use of home occupation stylist at 100 Misty Ct as request by Chris Hardison
The public hearing was called at 6:55 p.m.

Randy Day, 101 Misty Ct., stated he looked at other cities when moving here. He purchased the two lots on Misty Ct in 2000. It was very quiet and zoned residential. He believes it is disturbing to the other residents that Council could consider a change to allow business in a residential area.

Mark Brown II asked what impact did it have on you as a neighbor while it was operating prior.

Mr. Day reported that the traffic increased and the zoning is residential.

Chris Hardison, 100 Misty Ct, stated the zoning is not changing. It will still be R-1. Home occupations are currently allowed in R-1. Most residents are in support of their home occupation. In regards to the traffic concern, they keep the traffic low and in accordance with city code which allows only one other care than that of the resident. He stated he spoke with a realtor that stated the building would not affect home values. He would urge Council to take into consideration all comments that have been given.

Lindsay Koskiniemi clarified she also reached out to two real estate agents. One stated yes and one stated no to affecting home values.

Public hearing closed at 7:03 p.m.

On motion by Mark Brown II second by Katie Johnson, with Katie Johnson and Mark Brown II voting “aye”, Melissa Strawn and Matt Yarborough voting “nay” and the mayor pro-tem Mike Johnson breaking the tie vote by voting “aye” the conditional use of home occupation stylist at 100 Misty Ct as requested by Chris Hardison was approved.

Public Hearing and action on FY 2019-2020 Proposed Budget of the Crime Control and Prevention District (CCPD)
CCPD revenues are generated from a percentage of the 8.25% sales and use tax and can only be used for crime prevention and Police Department related expenses.
The public hearing was called at 7:05 p.m.

Giani Cantu reported that Section 363.203-363.205 of the Local Government Code governs the budget adoption process of CCPD funds. CCPD revenues are generated from a percentage of the 8.25% sales and use tax and can only be used for crime prevention and Police Department related expenses. Approved expenditures in CCPD Funds do not affect property tax. CCPD is required to hold a public hearing on their proposed budget no later than 100 day before the date of each fiscal year begins. (This would be June 23 or before based on our Fiscal year calendar). - This was held on June 6, 2019. The proposed budget must then be presented to the City Council within 10 days of its recommendation. - This was done on June 10, 2019. City Council is required to hold a separate public hearing on the proposed CCPD budget no later than the 45th day before the fiscal year begins. (This would be August 15 or before based on our Fiscal Year calendar.) - The public hearing is being held today 8/12/19. City Council must then approve or reject the budget no later than the 30th day before the fiscal year begins. (September 1) The Council must either approve or reject the budget as a whole. If rejected, the two boards (CCPD and City Council) must meet in a joint session to discuss and amend the proposed budget before the beginning of the fiscal year. (October 1). There is time and future meetings if the Council wishes to take more time before taking action.

The public hearing closed at 7:09 p.m.

On motion by Katie Johnson second by Melissa Strawn with Melissa Strawn, Katie Johnson and Matt Yarborough voting “aye” and Mark Brown II abstaining, the FY 2019-2020 Proposed Budget of the Crime Control and Prevention District (CCPD) was approved.

Public Hearing on adopting water and wastewater impact fees
The public hearing was called at 7:10 p.m.

Kendall Ryan, Freese and Nichols in Pearland, presented the water and wastewater impact fee study.

FREESE AND NICHOLS

WATER AND WASTEWATER IMPACT FEES

PUBLIC HEARING NO. 2

August 12, 2019

City of Richwood TEXAS

Water and Wastewater Impact Fee Background

City of Richwood TEXAS

- Governed by Chapter 395 of the Texas Local Government Code
- Why have Impact Fees?
  - ✓ Allows cities to recoup costs associated with infrastructure needed to serve future development
  - ✓ Alleviates burden of new facilities on existing customers
  - ✓ Makes “growth pay for a share of the growth”
- Study determines the maximum fee *allowed* by state law
- City Council sets the *actual* fee to be collected from new development

2

Impact Fee Process

- Impact Fees 101 CIAC Presentation
- Establish the CIAC
- Identify Service Areas
- Develop Land Use Assumptions
- Develop Capital Improvements Plan
- CIAC Workshop No. 1 – LUA and Impact Fee CIP
- Public Hearing No. 1 & Council Approval of LUA/CIP
- Impact Fee Calculation
- CIAC Workshop No. 2 – Draft Impact Fees
- Public Hearing No. 2 & Council Approval of Impact Fees
- Adopt Water/Wastewater Impact Fee Ordinance

CIAC = Capital Improvements Advisory Committee

LUA = Land Use Assumptions

CIP = Capital Improvements Plan

3

Water and Wastewater Impact Fee Calculations

- Determine Portion of Water and Wastewater 10-Year CIP Eligible for Impact Fees
- Utilize Land Use Assumptions to Calculate Growth in New Service Units
- Impact Fees Calculated by 50% Credit Method*

$$\text{Impact Fee Per Service Unit} = \frac{\text{50\% of Eligible CIP Cost*}}{\text{Growth in Service Units}}$$

*Texas Local Government Code §395.014 allows for a credit equal to 50% of the total projected cost of implementing the capital improvements plan

Water and Wastewater Impact Fee Calculations

Maximum Allowable Impact Fee Calculation

	Water	Wastewater	Total
Total Impact Fee Eligible CIP Costs	$8,247,389	$8,177,919	
50% of Eligible CIP Cost[1]	$4,123,695	$4,088,960	
Growth in Service Units	1,708	1,392	
Maximum Allowable Impact Fee[2]	$2,414	$2,937	$5,351

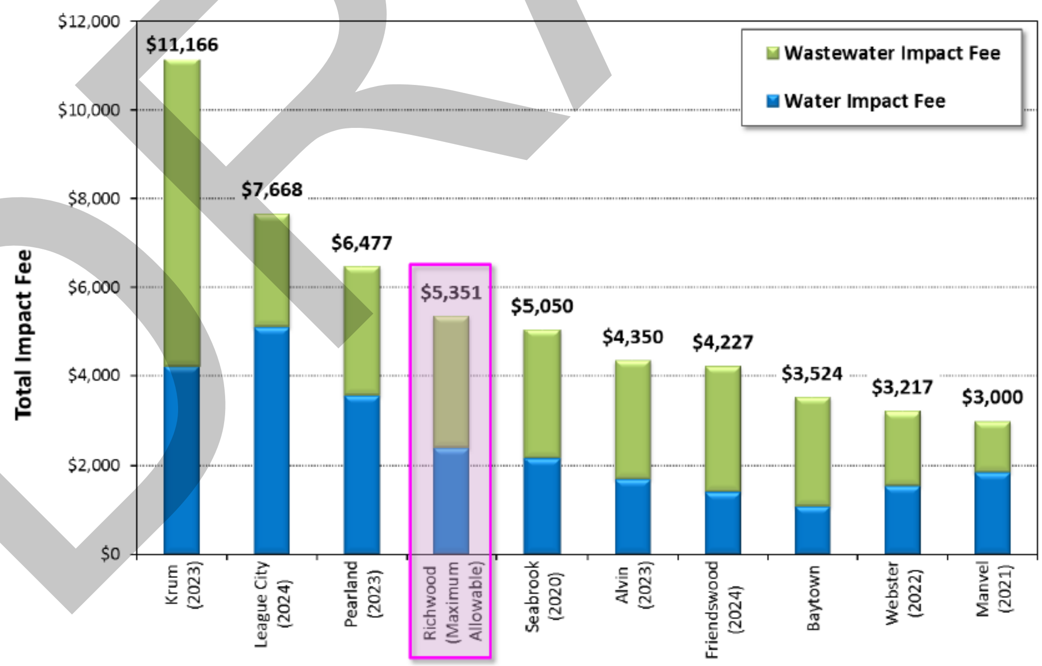
(1) Texas Local Government Code §395.014 allows for a credit equal to 50% of the total projected cost of implementing the Capital Improvements Plan (CIP)

(2) Maximum Allowable Impact Fee = (Total Eligible CIP Costs after Credit) / Growth in Service Units

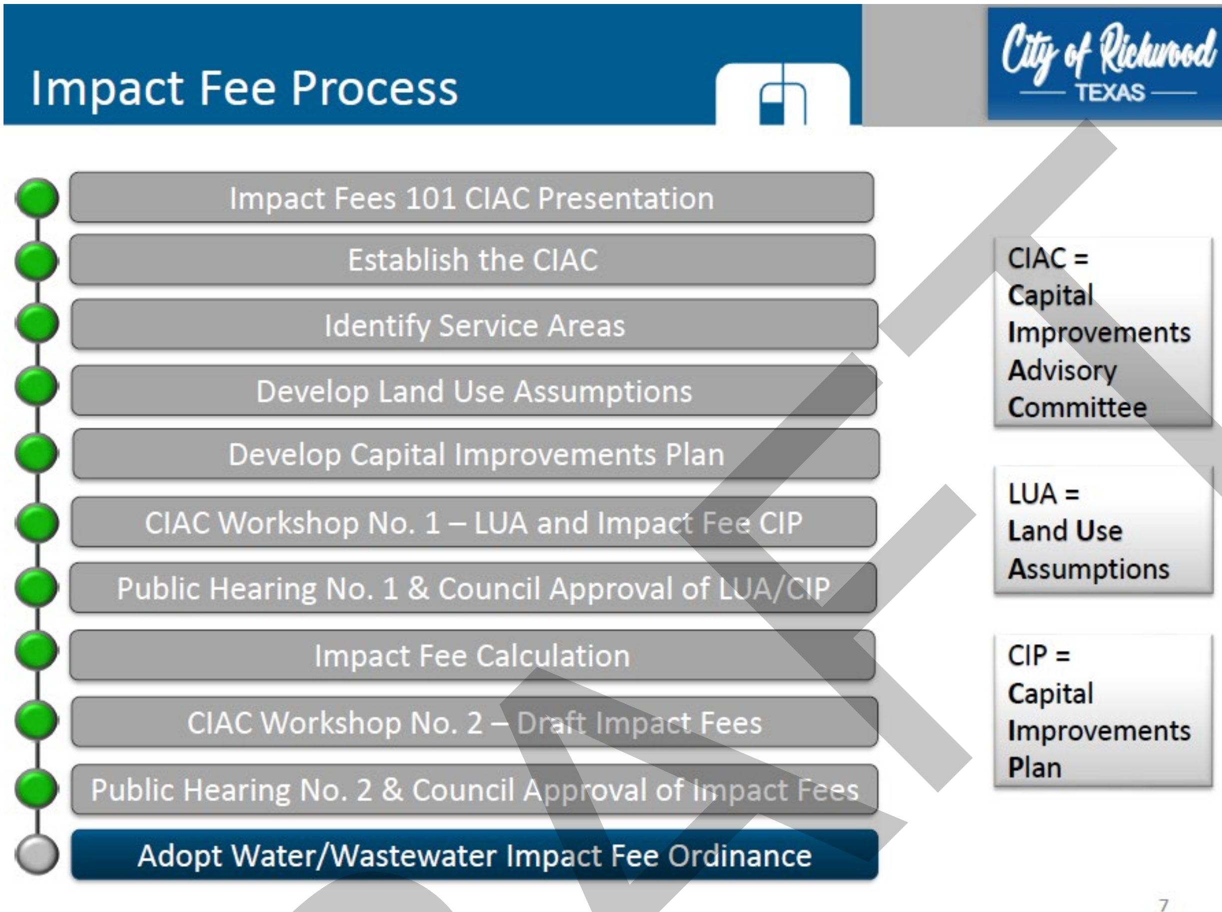
CIP = Capital Improvements Plan

5

Impact Fee Comparison



Projected year of next Impact Fee update in parenthesis



Mark Brown II asked if any of the cities neighbors have impact fees.

Kendall Ryan stated not to their knowledge. If adopted there is a one year waiting period before it can be collected.

Mike Johnson asked if it applied to new units only.

Kendall Ryan stated yes. Only new development.

Mark Brown II reported that he had spoke with a couple of builders and they stated that the permitting requirements have become cumbersone in Richwood and he's not sure if this will stiffle development.

Katie Johnson asked if the city has heard from developers as far as fees are concerned.

Lindsay Koskiniemi replied that the feedback she has received is that they are pleasantly surprised that we don't have impact fees. She doesn't believe it would impact development.

The public hearing closed at 7:20 p.m.

Discuss and consider an ordinance adopting water and wastewater impact fees

On motion by Matt Yarborough second by Katie Johnson with Matt Yarborough, Melissa Strawn and Katie Johnson voting "aye" and Mark Brown abstaining the ordinance adopting water and wastewater impact fees was approved and adopted.

Discuss and consider authorizing City Manager to enter into a contract with i3-Bearcat, LLC dba NET Data Corporation, i3-Bearcat, LLC dba Graves Humphries Stahl, LTD (GHS) and i3-Bearcat, LLC dba Pace Payment Systems in the amount not to exceed $10,200 for initial conversion costs of Case Management Software
Giani Cantu reported since our expansion and upgrade of City servers, the Court software continues to see loss of function due to incompatibility. The software has not been updated since the late 90's –early 00's. The existing software provider notified the Court that the only means to correct issue would be to upgrade to a newer version of software. The cost to remain with existing provider was substantial. Approximately $29,000 of which, $12,500 would be recurring annual expense. The Court researched and compared 4 different operating systems. Based on the courts need, the Court would like to select NetData who offers an initial conversion cost of $10,200 plus annual maintenance costs would increase to $7,000. The first year would allow proration depending on launch date. Staff would like to utilize existing Court Technology Funds to cover initial conversion costs in amount of $10,200 and will be submitting a budget amendment in FY 18-19 for consideration. The remaining $7,000 annual maintenance costs is being requested as an increase to the FY 19-20 budget. The current annual maintenance cost is $2,500. The system is all inclusive and includes the case management software, integrated online payments and collections.

Casey Osborn, NETdata, reported the company is located in east Texas and has been in business since 1983. They focus on software applications for all governments and offer all in one soutions for payments, credit card, collections and court. They have seen collection rates increase due to their collection efforts. He discussed the delinquency process and explained all steps NETdata will take to assist the court in its daily processes. The company has added approximately about 36 cities since 2006. Due to their collections piece, they are able to waive product costs which allows them to keep their initial costs down.

Further discussion was held on the collection rates.

On motion by Matt Yarborough second by Mark Brown II with all present members voting "aye" the City Manager was authorized to enter into a contract with i3-Bearcat, LLC dba NET Data Corporation, i3-Bearcat, LLC dba Graves Humphries Stahl, LTD (GHS) and i3-Bearcat, LLC dba Pace Payment Systems in the amount not to exceed $10,200 for initial conversion costs of Case Management Software.

Discuss and consider an ordinance amending Appendix C Fee Schedule to amend permit fees
On motion by Mark Brown second by Matt Yarborough with all present members voting "aye" the ordinance amending Appendix C Fee Schedule to amend permitting and inspection fees was approved and adopted.

Discuss and consider approving a resolution setting the date and time for public hearing for Fiscal Year 2019-2020 Annual Budget for September 6, 2019 at 6:00 P.M.
Giani Cantu reported the date is not correct on the agenda. Staff will bring back the correct information on August 19, 2019.

No action was taken.

Consider and record vote for proposed tax rate for the 2019-2020 Fiscal Year of $0.670204, which is a tax increase of 6.23% above the Effective Tax Rate for the City of Richwood, to be adopted at a future meeting
John Washburn presented the attached tax rate estimates and general fund budget summaries with the three options of the effective tax rate, current tax rate and a rate in between. There are small impacts remaining. The workers compensation rate came in last week and still need to be distributed amongst the staff.

Mark Brown asked if the budget amounts still included the master plan and salaries.

John Washburn stated that is correct.

Mark Brown asked what capital projects are proposed to be funded.

Lindsay Koskiniemi reported she would recommend at least including the master plan.

Mark Brown asked what is the current balance in the Capital Projects Fund.

John Washburn reported there is a transfer of $15,282.

Mark Brown asked what is the current balance in the Equipment Replacement fund.

John Washburn reported there is a transfer of $11,707. He is still trying to figure out where the funds are owed. Both funds are important. He believes the intent was to start the process and during this fiscal year actually develop the plan with actual equipment numbers. The question for Council would be if they want to keep funding with no actual plan in place or not.

Matt Yarborough if the first page of the budget summary was with the 6.23% increase.

John Washburn reported he provided budget summaries for three tax rate options. Council will need to consider if they are comfortable with the cuts being made. His recommendation would be to choose the current tax rate and he can continue to work on other cuts as he gets more comfortable with city finances.

Melissa Strawn asked John Washburn to explain why it is considered a tax increase if there is no change in the actual tax rate.

John Washburn reported that the tax assessor uses software to calculate the tax rate. The state basically sees choosing a rate that brings in more revenue as a tax increase.

Melissa Strawn stated if the home doesn't increase in value then the taxes will be the same.

John Washburn replied all things being equal that is correct. The adjustable tax value is constantly changing and he offered Council a copy of the appraisal worksheet.

Council asked to have a copy of the worksheets emailed to them.

Katie Johnson stated last year property appraisals lowered and the city cut taxes. Does it make sense for the city to collect more revenue with a tax increase?

Melissa Strawn stated that the presentations put out prior to the bond election states the proposal would push taxes to .78 cents. She believes if we come lower than that rate, the residents would be happy.

Matt Yarborough stated that the highest rate previously presented wasn't even that amount. It was around .73 cents. He believes things are being cut that could benefit the City.

Melissa Strawn stated that if people are seeing it stay similar they will be happy to not see it go up to what was previously presented.

John Washburn reported that there is an average of 32 homes per year being added. If that continues, he can look at average values and see if it has any significant bearing on the revenue projections. However, he is old school and would count chickens before they hatch. There are a lot of discussion on the 900+ acres, but there may be many reasons why it hasn't developed as of now. The City can be sitting her 20 years from now and it remain vacant.

Mark Brown agreed. The City can focus on what we have now and try to improve the commercial development with what we have now. The only way to ease burden on citizens is to have commercial or else growing is on the backs of citizens.

On motion by Melissa Strawn second by Mark Brown with Katie Johnson, Mark Brown and Melissa Strawn voting "aye" and Matt Yarborough voting "nay" the record vote of a proposed tax rate of $.670204 which is a tax increase of 6.23% above the effective tax rate for the City of Richwood was ratified and approved.

Discuss and consider approving a resolution setting the date and times for public hearings for the proposed tax rate for August 26, 2019 at 6:00 p.m. and September 9, 2019 at 6:00 P.M. to be held at the City of Richwood, 1800 Brazosport Blvd, Richwood, TX 77531
On motion by Katie Johnson second by Mark Brown with all present members voting "aye" a resolution setting the date and times for public hearings for the proposed tax rate for August 26, 2019 at 6:00 p.m. and September 9, 2019 at 6:00 P.M. to be held at the City of Richwood, 1800 Brazosport Blvd, Richwood, TX 77531 was approved and adopted.

Discuss and consider a resolution amending the Fiscal Year 2018-2019 Budget to create Court Security and Court Technology Funds and transferring restricted fund balance totals to the respective funds
Giani Cantu reported that Court Technology and Court Security Funds are restricted for certain uses for the municipal court by legislation. Historically, the balance of the funds has been recorded combined with the General Fund and revenues and expenditures tracked by spreadsheet. The Court would like to see the funds appropriated in their individual funds so that the accounting system can properly reflect balances.

John Washburn stated the preference would be to split the funds out separately.

Lindsay Koskiniemi reported it would be more transparent and she believes it would provide more clarity to what monies come in and tracking expenditures.

On motion by Mark Brown II second by Katie Johnson with all present members voting "aye" a resolution amending the Fiscal Year 2018-2019 Budget to create Court Security and Court Technology Funds and transferring restricted fund balance totals to the respective funds was approved and adopted.

Discuss and consider a resolution amending Section 503 of the Personnel Policy regarding employee pay days
During review of the Personnel Policy at the beginning of the year, one of the changes being proposed was a change in pay day schedule. Currently employees are paid semi-monthly (15th and last business day of month) for the work period including the pay day. (Example: 8/1-8/15 work hours is deposited and received by employee 8/15) This schedule requires that payroll is not only processed prior to the employee having worked certain hours but it does not align with the work period. This almost always results in errors in pay for the employees and corrections having to be made after payroll is done. The proposed change would allow for the employee to be paid after the work period is complete and ensure that the payroll department has accurate information prior to completing payroll. The change proposes that the employee work period will go from Wednesday through Tuesday and be paid on alternating Fridays. Staff has reviewed the current pay schedule and calendar for the best time to make the change that would have the least amount of impact on the employee. This would be to make the change effective October 1. This transition time results in essentially no loss in typical pay for the employee. It will pay them a small check 1 week after their final September check and then pay them a full normal check on bi-weekly Fridays after that. The first full bi-weekly deposit will be done on October 18th. Under the current pay schedule the employee would typically see this deposit on October 15th. Staff would ask Council to consider approving this change now so that sufficient notice may be provided to the employees prior to the change

Lindsay Koskiniemi reported while staff has not fully discussed all personnel policy changes, staff did want to get this one to Council so that we can launch effective October 1.

Mike Johnson asked for clarification that the change has no effect to the overall salary of an employee.

John Washburn stated there is no effect. The hourly rate stays the same.

Melissa Strawn stated however the employee may actually see a lower paycheck.

John Washburn replied yes. That is why staff would like as much time as possible to notify the employees.

On motion by Matt Yarborough second by Melissa Strawn with all present members voting "aye" a resolution amending Section 503 of the Personnel Policy regarding employee pay days from 24 to 26 annually was approved and adopted.

Approve items removed from Consent Agenda
No items were removed from Consent Agenda.

The meeting recessed at 8:21 p.m.

The meeting was recalled at 8:34 p.m.

FISCAL YEAR 2019-2020 BUDGET WORKSHOP

Fiscal Year 2019-2020 Proposed Budget

Water/Sewer Fund
John Washburn presented Council the attached Proposed budget for the Water & Sewer Fund.

Clif Custer reported major items include the sewer camera not to exceed 13,500 that will come in handy to assess the lines; the second big is the 20,000 addition to water line maintenance and repair for a yearly well preventative maintenance program. The current year set the city back approximately 30,000 for an unplanned well repair. With all the wells now and the new one proposed the program would entail pulling wells every five years on a rotating schedule to maintain. He is asking for funds to provide preventative maintenance that hasn't been done before.

John Washburn continued with presenting the revenue projections.

Clif Custer presented the expenditure details.

John Washburn presented the proposed rate review and analysis.

Mark Brown II reported he is not pleased about the lesser rate at keeping the deficit. Isn't the goal to be lowering the deficit and getting the water sewer fund out of debt.

John Washburn stated that is correct.

Matt Yarborough asked how do we step it up and could we see how we charge the higher users more.

John Washburn stated he could put together a look at that option.

Mark Brown II stated the city just had a rate increase and the idea was to get out of the hold and this looks like we're just digging our hole deeper. We need to figure out what rate is needed to get out of this hole. The City cannot keep operating the water sewer fund in the negative. It is not good business.

Discussion was held on possible grant possibilities that help with water and sewer infrastructure improvements.

Melissa Strawn stated she thinks that voters may be ok with lower end of what was previously said. It would not be good to charge to low and then have to come back later and ask for more.

Discussion was held on the proposed utility rate and the city's I&I rate and wastewater usage.

<u>CITY MANAGER'S REPORT</u>

Update on proposed amendments to the Personnel Policy

Update on home occupations workshop

Lindsay Koskiniemi reported that the auditor would be in for preliminary work September 6 and official audit the November 25, 2019. The DPS Emergency Management coordinator stated he would be willing to work with City on a second workshop for those that were not able to attend. She and Clif Custer would be attending the grants workshop on any new grants. The personnel policy review is being postponed to after the budget. The home occupations language is being reviewed by City Attorney. The advice is to remove language from the zoning ordinance and have one section that applies to specifically home occupations.

Matt Yarborough asked if there is an urgency to have the home occupations review done in September.

Lindsay Koskiniemi replied it can wait until after the budget but there are things that will still need to be addressed.

<u>FUTURE AGENDA ITEMS</u>

No future agenda items were presented.

<u>REPORTS</u>

Reports that require no action.

Financial Reports

No financial reports were presented.

<u>COUNCIL MEMBER COMMENTS & REPORTS</u>

Mark Brown reported that he, Matt Yarborough and Lindsay Koskiniemi attended the emergency management workshop. He would like to see protocol in place to get resources from the Texas Department of Emergency Management.

Lindsay Koskiniemi reported that she will work with Chief Mayer to see if there are resources that can be incorporated into the ready action plan.

MAYOR'S REPORT

There was no mayor's report.

ADJOURNMENT

There being no further business the meeting adjourned at 9:54 p.m.

These minutes were read and approved on this 19th day of August, 2019.

____

Mayor

ATTEST:

____

City Secretary

Minutes of City Council
Special Meeting of Monday, August 19, 2019

BE IT KNOWN THAT, a Special Meeting of the City Council of City of Richwood was held Monday, August 19, 2019, beginning at 6:00 PM in the Richwood City Hall, 1800 N. Brazosport Blvd. Richwood, Texas.

CALL TO ORDER
The meeting was called to order at 6:00 p.m.

INVOCATION
Lindsay Koskiniemi led the invocation.

PLEDGES OF ALLEGIANCE
Pledge of Allegiance & Texas Pledge
Mayor Boykin led the pledges.

ROLL CALL OF COUNCIL MEMBERS
Steve Boykin, Mayor
Mike Johnson, Mayor Pro-Tem
Melissa Strawn, Position 2 – ABSENT (Arrived at 6:04 p.m.)
Matt Yarborough, Position 3
Mark Brown II, Position 4
Katie Johnson, Position 5

Others present: Lindsay Koskiniemi, Interim City Manager; John Washburn, Interim Finance Director; Clif Custer, Public Works; Stephen Mayer, Police Chief; Giani Cantu, City Secretary

PUBLIC COMMENTS
All public comments will be subject to the following rules: *All speakers will be permitted to speak no longer than 3 minutes; all speakers will only be permitted to speak once; speakers cannot defer their 3 minutes to another speaker. Discussion is not allowed on items not posted on the agenda.*

There were no public comments.

CONSENT AGENDA

Approval of Minutes of Previous Meetings - August 12, 2019
Mark Brown II reported that on page 17 the resources were from Department of Emergency Management not Homeland Security.

Lindsay Koskiniemi reported she did add the final audit date and fixed spelling of Katie Johnson in one paragraph.

Matt Yarborough stated that he didn't feel there was a call for discussion prior to the vote take on the home occupation at 100 Misty Ct.

Mark Brown II asked if the resident comment regarding 215 Halbert from the last meeting should have been on this agenda.

Giani Cantu replied she can pull the appraisal and put it on the next agenda. Also, KRB is looking at the property for a proposed Community Garden and that is one of the locations they had looked at. The garden is only a concept and KRB is aware once planned the approval has to come from Council.

Melissa Strawn arrived at 6:04 p.m.

Mike Johnson asked for clarity does this need another vote.

Mayor Boykin reopened the public comments agenda item.

Matt Yarborough reported that he was against the conditional use permit for 100 Misty Ct due to it being a residential district, being a separate building and being that Council is set to review the home occupations ordinance as a whole.

Melissa Strawn stated we also need to figure out if sales of products is allowed.

Lindsay Koskiniemi stated that she believes the ordinance prohibits sales and asked for clarification.

Giani Cantu stated that is correct to her knowledge. If so, it can be included in the official approval letter.

Mike Johnson stated he would like to add an executive session item on the City Secretary.

Matt Yarborough stated he would like to add an executive session item on the Interim City Manager.

Mark Brown II stated he appreciates concern with sales tax. However, believes it is many hands in one pocket.

Melissa Strawn stated she received notice that others are trying to do the same thing because it was already allowed.

Mayor Boykin replied that it can be discussed as the committee moves on with home occupations discussion.

DISCUSSION AND ACTION ITEMS

Discuss and consider approving a resolution setting the date and time for public hearing for Fiscal Year 2019-2020 Annual Budget for September 9, 2019 at 6:00 P.M.
On motion by Matt Yarborough second by Mike Johnson with all present members voting "aye" the resolution setting the date and time for public hearing for Fiscal Year 2019-2020 Annual Budget for September 9, 2019 at 6:00 p.m. was approved and adopted.

<u>FISCAL YEAR 2019-2020 BUDGET WORKSHOP</u>

FY 19-20 Proposed Budget

Tax Rate and Revenue Projections

Water/Sewer Fund

Solid Waste Fund

Commercial Rates

Other Funds

John Washburn requested to begin the presentation at the Water Sewer Fund. He reported that the clerk that handles the utility bills process and spends approximately 75-80% of her time is being allocated in the General Fund. He advised that he sat down with staff: Clif, Lance and Lindsay, regarding other positions being accounted for in the Water Sewer Fund. The proposal reallocates a portion of the clerk, foreman and public works director into solid waste fund, water and sewer funds. His presentation is attached to these minutes.

Mark Brown II asked for clarification on page 3 and page 5 of the presentation.

John Washburn stated that page 3 is water department and page 5 is sewer department. Where an allocation was unidentifiable, the allocation was 60% to water and 40% to sewer. Contracts and services were allocated as appropriate with BWA to Water and the wastewater treatment plant contract and transmission line lease to Sewer. This is an approximation based on allocation of time to each department within the funds. He would advise over the next year that each employee do random one week 15 minute checks to assess how accurate they are. Mr. Washburn provided Council with a water rate analysis. A copy is attached to the minutes. The proposed rates were revised to include water loss. The current loss rate is at 28%.

Mark Brown asked if the loss was due to flushing and will it be mitigated with bond improvements.

Clif Custer stated yes. However, we are still unsure how much of the loss it will mitigate.

Mike Johnson asked if the usage was metered.

Clif Custer reported we have the capacity to meter hydrants but the water loss that's illustrated in our monthly water reports is the amount that we use for the presentation. The water reports present a more accurate picture of water loss as a whole and not just what is lost due to flushing.

John Washburn continued his presentation. He reported a big factor that contributes to the water loss is also the splash pad.

Mark Brown II stated with these projections the loss calculates to approximately $100,000 per year in loss.

Clif Custer reported that is correct. The loss will be adjusted from year to year due to variables.

Steve Boykin reported the surface water will go up and down depending on water coming down the river. There is a difference between surface water and ground water. Ground water will stay about the same unless a well caves in and surface water will fluctuate.

John Washburn stated the .32 cents was added to the previous rate.

Steve Boykin asked Clif if the splash pad was metered.

Clif Custer stated yes. It burns about 50,000 gallons a day when used.

John Washburn continued his presentation and corrected the rate change to be .18 for the BWA increase and .34 cents to account for the loss ratio.

Mark Brown II stated he thought they had discussed a higher variable rate for higher users so not all residents are penalized.

John Washburn stated that is correct. He can approximate but he's hesitant to make assertions because he has not been involved.

Clif Custer stated staff tried to present two different models. One with it all together and one with it broken down. What is being presented is probably the most accurate representation of expenditures in the water sewer fund. He gets a little nervous relying on variable rate to bring in revenue.

Mark Brown II stated he's ok with adding to the base rate. However, he feels like a higher variable rate should be there as well for those that use more water.

John Washburn advised it was Council's prerogative to set the utility rate needed. There are standards but there is no regulation. Council has lot of leeway on where they choose to set the utility rate.

Steve Boykin asked if the ground water conservation district charged a flat rate or variable rate.

Clif Custer replied both. The City pays every year to renew the wells and projected usage for the following year.

John Washburn presented the TML Annual Survey information for water and wastewater rates in a peer group based on population. It shows many averages are getting more expensive as the usage increases and Richwood is pretty linear. The primary take away is that it shows higher variable rate for higher usage.

Mark Brown II would probably take out Nassau Bay because they are on the max side of rates on all three.

John Washburn advised that the rates are being pulled from the 2019 survey and would have been adopted last year.

John Washburn presented the solid waste fund proposed budget. A copy is attached to the minutes. He advised that he took identifiable items and allocated expenditures like vehicle maintenance, billing system, etc. There is still some review needed. Another change made is that previously there were indirect cost transfers, those are now identified and recorded within each appropriate fund. Indirect costs were calculated for the City Manager, Finance Director and City Secretary positions typically charged in General Fund.

Mark Brown II asked if the transfer was a duplicate as costs are identified in salaries and wages.

John Washburn clarified that the administrative overhead only deals with City Manager, Finance Director and City Secretary positions. The others (Utility Clerk, Foreman and Public Works Director) were identifiable and listed in personnel services. The proposal of solid waste fund shows an overall shortage of 38,393 which amounts to a 2.38 increase to collection rate from 17.14 to 19.52.

Discussion was held on rate approximation.

John Washburn presented the GF budget summary for net impact. A copy is attached to the minutes. He stated the transfer amount is incorrect and should be 18,000 not 12,000. He also presented overview of GF budget adjustments. The proposal is shown to include a drainage study at a proposed cost of 150,000.

Mark Brown II asked if the previous 45,000 was the base level and the 150,000 is now the higher level study.

Lindsay Koskiniemi advised that the 45,000 was the first phase of Master Plan. The survey presented to residents showed a larger interest on drainage study.

Mark Brown asked if the 150,000 included the master plan and who made the decision to remove the master plan and put in the drainage plan.

Lindsay Koskiniemi stated that no arbitrary decision was made. Staff is providing another option for Council to consider.

Discussion was held on the cost differences for the drainage study and what is needed based on the City's need.

Steve Boykin stated it is his understanding if the City maintains a .670204 tax rate it would provide some money for that.

John Washburn stated that is correct. Even if budgeted at 150,000 it doesn't have to be expended all.

Mark Brown II stated if we keep the tax rate the same at .670204 which is a 6.23% increase in taxes, we're going to ask the citizens to pay for this based on the survey.

John Washburn advised that Council went thru a Strategic Plan process and had residents participate by survey which showed the residents wanted it. Council can choose to keep tax rate or lower the tax rate. They can take it out or leave it in.

Mark Brown II stated that the changes made show the Utility Fund is bearing half the costs and the General Fund is bearing the other half.

John Washburn advised that is correct, but it is a better representation of the city's expenditures.

Steve Boykin stated he has received pictures off Briar Creek that show streets with water that make it hard for residents to pass six hours after a heavy rain. We need to do what is best for City as a whole. If we keep the tax rate the same it allows the City to chip away at things that haven't been funded.

Matt Yarborough asked if the revenue from the FEMA reimbursement is included in this proposal.

Lindsay Koskiniemi advised she spoke with a representative and should receive it this year.

John Washburn stated it will be recorded in the current year and be reflected in fund balance next year. He would suggest letting the year end and letting the auditor give annual financial reports and then revisit the contingency. At that point in time, it is also appropriate to amend budget and use fund balance for one time expenditures. Keep in mind the Water Sewer Fund has a negative fund balance at the end of day. There was another City that had to go 675,000 into fund balance to water well failure. If that happens here, what fund balance are you going to pull from? It's going to be General Fund. The City could consider bulking them all together and looking at fund balance as a whole.

Matt Yarborough asked if the 150,000 earmarked for drainage study could be used as a match on the grant to fund flood gates.

John Washburn stated its Councils priority to amend the budget as they see fit. It is a working document and can be changed if conditions warrant it.

Steve Boykin stated he feels being responsible to constituents is the need to be sure we go forward. It may cost a little but going backwards is not responsible.

Discussion was held on the proposed tax rate.

John Washburn stated that in his 30 years, this city has the most issues and most difficult situation he has seen.

Katie Johnson stated it may be challenging but we can't fix it overnight and we can't ask residents to pay more year after year.

Clif Custer advised we are not trying to fix it overnight. There are other items that will need to be addressed like wastewater, I&I and others.

Mike Johnson asked isn't the bond that was passed for water expansion.

Clif Custer stated yes and it takes care of the City as long as there is no future growth.

John Washburn advised the situation would be different if the city had a healthy fund balance. This is the first City in his experience where the Water Sewer Fund is not transferring money to General Fund.

Mike Johnson stated there has been a deficit for a long time and it won't be fixed overnight.

Mark Brown II asked how long the Water Sewer Fund has run a deficit.

John Washburn stated he can go back and look at last ten years audits.

Clif Custer stated the reason for the deficit was because we continued to keep costs as low as possible so that rates were not raised.

Discussion was held on history of taxes, utility rates, and the solid waste services contract.

John Washburn reported that the City is getting zero dollars for commercial, roll-offs and bulk pickups. He has looked at actual billing paid and compared to revenues received and it is showing a shortage.

Further discussion was held on billing, revenues, solid waste bid and the current services provided.

Melissa Strawn stated that the proposed is a solid waste rate of 19.52.

John Washburn stated that is correct. It is a tough spot to be in but the longer you delay funding infrastructure improvements the more expensive it gets.

Steve Boykin stated he understands it may be a hard pill to swallow in order to chip away little by little. The prudent thing is to keep going forward and not go backward. The infrastructure and future need to be consider. We need to prioritize.

Mark Brown II asked what was total increase proposing to Utility Bill.

John Washburn stated he can build a spreadsheet and email it to Council. It is 2.38, 4.79 and 2.33 and .52 pass through per thousand. He can show what the cost of a minimum, 5000, 10000 and 15000 usage bills.

Mark Brown II stated the utility bill increase would be anywhere from $15-$20 dollars.

Melissa Strawn stated that $20 would be the high side. She approximated 15,000 gallons of usage being approximately an $18 increase.

John Washburn reported he will be interviewing for City Manager position for City of Marfa and would like Council's blessing to share that they may contact the current employer if they are ok with it.

Mark Brown II wished John Washburn good luck.

Steve Boykin stated he does appreciate all the work John Washburn has done. His help is appreciated a great deal.

Mark Brown II stated he appreciates his experience.

Matt Yarborough stated he thinks we have moved in a good direction.

Lindsay Koskiniemi stated that John has brought valuable tools to the table and it allows the City to be more transparent in their process.

Steve Boykin stated there are a lot of cities that are not perfect. We're not trying to be, we're just trying to get a handle on it.

John Washburn stated the goal is to get to the point where there is balance.

Mark Brown II asked if the calculation is just to get us barely above water. Can staff provide numbers to see what rate is needed to get the city out of the hole?

John Washburn advised that generally you live in an area with an average growth rate of 15, 16 17 %. He believes you would see same trend in sales tax and property appraisals. There are stress factors and financial health factors and other things to look at such as management, revenues and expenditures. You have to examine a lot of things from top to bottom.

Steve Boykin stated he appreciates the input and questions from Council.

Lindsay Koskiniemi stated she sent an email requesting a one on one with all Council and would like to lock in meetings with all of Council.

ADJOURNMENT

There being no further business the meeting adjourned at 7:49 p.m.

These minutes were read and approved on this 26th day of August, 2019.

____

Mayor

ATTEST:

____

City Secretary

NOTICE OF 2019 TAX YEAR PROPOSED PROPERTY TAX RATE FOR CITY OF RICHWOOD

A tax rate of $0.670204 per $100 valuation has been proposed for adoption by the governing body of CITY OF RICHWOOD. This rate exceeds the lower of the effective or rollback tax rate, and state law requires that two public hearings be held by the governing body before adopting the proposed tax rate.

The governing body of CITY OF RICHWOOD proposes to use revenue attributable to the tax rate increase for the General Fund departments to cover salaries, wages & associated benefits, planning expenditures and increases in various maintenance & operations expenditures.

PROPOSED TAX RATE	$0.670204 per $100
PRECEDING YEAR'S TAX RATE	$0.670204 per $100
EFFECTIVE TAX RATE	$0.630892 per $100
ROLLBACK TAX RATE	$0.737585 per $100

The effective tax rate is the total tax rate needed to raise the same amount of property tax revenue for CITY OF RICHWOOD from the same properties in both the 2018 tax year and the 2019 tax year.

The rollback tax rate is the highest tax rate that CITY OF RICHWOOD may adopt before voters are entitled to petition for an election to limit the rate that may be approved to the rollback rate.

YOUR TAXES OWED UNDER ANY OF THE ABOVE RATES CAN BE CALCULATED AS FOLLOWS:

property tax amount= (rate) x (taxable value of your property)/100

For assistance or detailed information about tax calculations, please contact:

Ro'Vin Garrett, PCC
Brazoria County Tax Assessor-Collector
451 N Velasco Rm 150 in Angleton, Texas 77515
979-864-1838
roving@brazoria-county.com
https://brazoriacountytx.gov/departments/tax-office/

You are urged to attend and express your views at the following public hearings on the proposed tax rate:

First Hearing: August 26, 2019 at 6:00pm at the City Hall located at 1800 N Brazosport Blvd in Richwood, Texas 77531.

Second Hearing: September 9, 2019 at 6:00pm at the City Hall located at 1800 N Brazosport Blvd in Richwood, Texas 77531.

Brazoria CAD

Property Search Results > 203990 CITY OF RICHWOOD for Year 2017

Property

Account

Property ID:	203990	Legal Description:	DAVIDSON SLATER PLACE (A0066 J E GROCE TR 105A)(RICHWOOD), BLOCK 12, LOT 2
Geographic ID:	3200-0193-160	Agent Code:	
Type:	Real		
Property Use Code:			
Property Use Description:			

Location

Address:	215 HALBERT @ MAHAN TX	Mapsco:	
Neighborhood:	DAVIDSON SLATER/GLENWOOD BAYOU IN RICHWOOD	Map ID:	
Neighborhood CD:	S3200.4360		

Owner

Name:	CITY OF RICHWOOD	Owner ID:	26282
Mailing Address:	1800 BRAZOSPORT BLVD N RICHWOOD, TX 77531-2899	% Ownership:	100.0000000000%
		Exemptions:	EX-XV

Values

(+) Improvement Homesite Value:	+	$0	
(+) Improvement Non-Homesite Value:	+	$71,770	
(+) Land Homesite Value:	+	$0	
(+) Land Non-Homesite Value:	+	$19,180	Ag / Timber Use Value
(+) Agricultural Market Valuation:	+	$0	$0
(+) Timber Market Valuation:	+	$0	$0

(=) Market Value:	=	$90,950	
(–) Ag or Timber Use Value Reduction:	–	$0	

(=) Appraised Value:	=	$90,950	
(–) HS Cap:	–	$0	

(=) Assessed Value:	=	$90,950	

Taxing Jurisdiction

Owner: CITY OF RICHWOOD
% Ownership: 100.0000000000%
Total Value: $90,950

Entity	Description	Tax Rate	Appraised Value	Taxable Value	Estimated Tax
CAD	BRAZORIA COUNTY APPRAISAL DISTRICT	0.000000	$90,950	$0	$0.00
CRW	CITY OF RICHWOOD	0.672580	$90,950	$0	$0.00
DR2	VELASCO DRAINAGE DISTRICT	0.091501	$90,950	$0	$0.00
GBC	BRAZORIA COUNTY	0.397405	$90,950	$0	$0.00
JBR	BRAZOSPORT COLLEGE	0.285040	$90,950	$0	$0.00
NAV	PORT FREEPORT	0.040100	$90,950	$0	$0.00
RDB	ROAD & BRIDGE FUND	0.060000	$90,950	$0	$0.00

SBR	BRAZOSPORT INDEPENDENT SCHOOL DISTRICT	1.255300	$90,950	$0	$0.00
	Total Tax Rate:	2.801926			
				Taxes w/Current Exemptions:	$0.00
				Taxes w/o Exemptions:	$2,548.35

Improvement / Building

Improvement #1: Commercial **State Code:** FX3 **Living Area:** 2345.0 sqft **Value:** $71,770

Type	Description	Class CD	Exterior Wall	Year Built	SQFT
344	OFFICE BUILDING	C	C1	1972	2345.0
CP6	CANOPY ROOF/SLAB	C		1972	1332.0

Land

#	Type	Description	Acres	Sqft	Eff Front	Eff Depth	Market Value	Prod. Value
1	S1	PRIMARY SITE	0.4003	17437.00	0.00	0.00	$19,180	$0

Roll Value History

Year	Improvements	Land Market	Ag Valuation	Appraised	HS Cap	Assessed
2017	$71,770	$19,180	0	90,950	$0	$90,950
2016	$71,770	$19,180	0	90,950	$0	$90,950
2015	$71,770	$19,180	0	90,950	$0	$90,950
2014	$71,770	$17,440	0	89,210	$0	$89,210
2013	$71,770	$17,440	0	89,210	$0	$89,210
2012	$71,770	$17,440	0	89,210	$0	$89,210
2011	$71,770	$17,440	0	89,210	$0	$89,210
2010	$71,770	$17,440	0	89,210	$0	$89,210
2009	$75,760	$17,440	0	93,200	$0	$93,200
2008	$75,760	$17,440	0	93,200	$0	$93,200
2007	$75,760	$17,440	0	93,200	$0	$93,200
2006	$73,720	$17,440	0	91,160	$0	$91,160
2005	$73,720	$17,440	0	91,160	$0	$91,160
2004	$77,410	$17,440	0	94,850	$0	$94,850
2003	$77,410	$8,720	0	86,130	$0	$86,130
2002	$78,820	$8,720	0	87,540	$0	$87,540
2001	$78,820	$8,720	0	87,540	$0	$87,540

Deed History - (Last 3 Deed Transactions)

#	Deed Date	Type	Description	Grantor	Grantee	Volume	Page	Deed Number

Questions Please Call (979) 849-7792