

MINUTES OF THE WORK SESSION MEETING OF THE CITY COUNCIL OF THE CITY OF JERSEY VILLAGE, TEXAS, HELD ON JANUARY 14, 2019 AT 6:30 P.M. IN THE CIVIC CENTER, 16327 LAKEVIEW, JERSEY VILLAGE, TEXAS.

A. CALL TO ORDER AND ANNOUNCE A QUORUM IS PRESENT

The meeting was called to order by Mayor Ray at 6:30 p.m. with the following present:

Mayor, Justin Ray	City Manager, Austin Bless
Council Member, Andrew Mitcham	City Secretary, Lorri Coody
Council Member, Greg Holden	
Council Member, Bobby Warren	
Council Member, Gary Wubbenhorst	

Council Member, James Singleton was not present at this meeting.

Staff in attendance: Eric Foerster, Chief of Police; Mark Bitz, Fire Chief; Isabel Kato, Finance Director; Kevin T. Hagerich, Director of Public Works; Jason Alfaro, Director of Parks and Recreation; and Bob Blevins, IT Director.

B. Discuss increasing the residential homestead exemption.

Mayor Ray opened the discussion with a few comments. He stated that this item creates a useful exercise for going into the next budget cycle. Tonight's discussion should consider a review of City:

1. Needs;
2. Revenues over the next five (5) to ten (10) years;
3. CIP projects along with funding mechanisms;
4. Reserve balances;
5. Procedure for revenues that exceed the reserve balance setting; and
6. Options for taxation.

The Mayor than called upon the City Manager for introductory comments. City Manager Bless stated that in accordance with the direction of City Council, Staff has put together the data that was included in the meeting packet. The Harris County Appraisal District records were reviewed in order to obtain which residents are currently claiming a homestead exemption. From a budgetary standpoint, the information in the packet also projected revenues and expenses over the next ten (10) years. He reminded City Council that the information included in the packet is a projection and over the course of the next ten (10) years, priorities and goals may change.

In beginning the discussion, some members of the Council wanted to know how the Jersey Village Crossing Development was included into the figures. City Manager Bless explained that the sale of the property is factored into the projections, with \$5.2M being what we hope to recoup.

There was also discussion about the prospect of the Jersey Village Fire Department becoming a full-time, fully staffed department. Most members agreed that should this happened, it would change the current plans.

Council then reviewed the ten (10) year financial projections spreadsheet included in the meeting packet. It was noted that the numbers for the purchase of the property at Jersey Village Crossing offset. Council also reviewed the 2019-2020 CIP with discussions about the Long Term Flood

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Recovery Projects and the cost for same. It was decided that while the City has applied for grants in connection with these projects, the approval monies, if any, for these grant applications would not be included in these discussions. However, it was a consensus of the Council that regardless if the grants were approved or not, the Long Term Flood Recovery Projects would still be completed. Nevertheless, the timeline for the grant funding was discussed. City Manager Bless explained that the City is currently waiting on FEMA and the CDBG funding. These departments are currently furloughed as a result of the federal government shut-down. Nonetheless, the City Manager explained that if it was up and running the City should hear something by May or June of this year.

It was noted that the projections for the Long Term Flood Recovery Projects have dollar amounts in every year through 2025. City Manager Bless explained how the \$11.5M in projects is broken out over the course of the next years through 2025.

Council then discussed the dollars allocated to street repairs. City Manager Bless explained that items 15 through 36 of the CIP spreadsheet reflect the street repair activity. It starts with Wall Street and Seattle Street in 2020 and then includes a couple of streets each year through FY 2028-2029.

City Council discussed the CIP. Some felt that the projections adequately addressed street improvements. Debt was also discussed, noting that in 2026 the City will be debt free. Some members felt that in terms of debt, compared to other cities in the area on a per capita basis, the City of Jersey Village's debt is much lower. Some felt that our debt per capita is low because we have been able to fund projects with cash. But, that being said, we need to decide for the planned projects how many will be funded with cash and how many with debt.

Council next discussed reserve balances. The current plan projects drawing down the cash reserves significantly during the next ten (10) years. Some members of the Council were cautious especially when reserves go into the negative, affecting the 90-day reserve level. Concerns for disasters and unfunded mandates were discussed. In connection with same, some members felt that the revenue projections are conservative, pointing out statistical data from prior three-year cycles as a comparison, which reflect that growth from sales tax revenues is greater than three percent and suggested that seven percent is more likely.

Council discussed the level of City staffing that is needed to support the planned projects. Some felt that despite the ambitious plans, it may not be realistic that the aggressive plan can be accomplished by existing staff, shifting the concern from funding to task accomplishment in the time frame presented. However, others pointed out that even if the planned projects are spread over a three-year period, the dollar amounts for the projects do not change and the reserves will still be affected.

Council then discussed the desired level for the fund balance and the desired level for reserves. Some felt we need a 120 to 150 day reserve, pointing out that with a 90-day reserve we cut into this in 2020 given the current planned projects.

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The current level for reserves is 90-days with any amounts exceeding that amount being placed into the Facilities Replacement Fund. With this in mind, Council discussed the types of incidents that would cause the City to use the 90-day reserve funds. Three incident types were pointed out: (1) a large disaster; (2) facility damage; and (3) revenue volatility.

Some members pointed out that we currently have a high reserve and the goal/focus should be to maintain these reserves to be prepared for unknown incidents. With this in mind, it was noted that the larger CIP projects result in driving down cash reserves.

Council discussed the desired level for reserves. Some felt we do not want to go below 90-days and if we get to that point, we need to change the CIP.

Council discussed the pay-as-you-go philosophy versus debt spending. Currently, the City is in a position to do pay-as-you-go; therefore, the projects, along with the costs, were discussed. The Council also discussed the current large reserve, noting that these funds currently reside in the Facilities Replacement Fund and have been earmarked for such projects.

Council discussed the \$24.M CIP projects planned for the next three (3) years, noting that the City has never spent \$10M on projects in any given year. Accordingly, it was discussed if this plan is something we can and should do. City Manager Bless explained that we need to do the Long Term Flood Recovery Projects (Wall Street Drainage Project and the Golf Course Berm Project) which account for \$8.1M. The goal is to do these projects in the next fiscal year, grant or no grant.

Council gave the CIP another look agreeing that there should be no change to the Long Term Flood Recovery Projects or the Marquee Projects. The Street Improvement Projects were discussed in detail. The last round of street improvements was paid for in cash. Some wondered if we should plan street improvement projects alongside the Long Term Flood Recovery Projects. The CIP has about \$15M in street improvements over the next ten (10) years. Some felt that we could change the allocation of the street projects in order to avoid a negative 90-day reserve balance. However, City Manager Bless was not supportive of these changes until it receives notification concerning the outstanding grant applications.

Using a street rehabilitation bond as opposed to cash was discussed along with the listing of streets to be addressed. The Jersey Meadow Street Extension Project was discussed. The cost of this project is \$2.5M and it is plan during FY 2021-2022. Some felt this project should be allocated to another year further in the future, thus resolving the issue of a negative 90-day reserve balance. Various years for this project were discussed. The goal should be a 90 to 100-day positive reserve.

It was the consensus of Council that the Long Term Flood Recovery Projects will move forward. The City Hall Project was discussed. There was concern about having enough City Staff to cover this project along with the flood mitigation projects. City Manager Bless stated that City staffing is not an issue.

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Mayor Ray gave a summary of the discussion thus far. He stated that the Council will need to meet again for further discussions. At that time, Council would like to see revised projections, removing the Jersey Meadows Extension Project, delaying street improvement projects by two (2) years and keeping the City Hall Project as projected. The revenue projections will also need to be reviewed.

Council then discussed the CIP needs. It was noted that over the course of the next ten (1) years, surely other projects will be added to this list. However, generally speaking, the Council felt that all of the City's current needs have been accounted and are funded with cash. Council again discussed funding projects with cash versus debt. In moving forward, most members were supportive of funding some projects with debt, but noted that State Legislative decisions could limit our options on funding projects.

In summary, City Council has reviewed the 10-year CIP and has identified the critical projects to keep and those to be removed or delayed. During the next meeting, which should be scheduled for late February or early March, Council would like to see refreshed projections and the effects on the general fund balance in order to discuss homestead exemptions and over 65/disabled exemptions. Also, Council would like to see how the numbers play out should we receive approval on our grant applications.

C. ADJOURN

There being no further business on the Agenda the meeting was adjourned at 8:18 p.m.



Lorri Coody, City Secretary