

**MINUTES OF THE SPECIAL CALLED CITY COUNCIL MEETING
CITY OF SPRING VALLEY VILLAGE, TEXAS
TUESDAY, MAY 25, 2021 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 5:12 p.m.

Members Present:

Mayor Marcus Vajdos

Mayor Pro-Tem Allen Carpenter

Council Member Bo Bothe

Council Member David Dominy

Council Member Tom Donaho (by video conference)

Council Member Joy McCormack

Members Absent:

None.

2. DISCUSSION AND DIRECTION CONCERNING: Budget Policy Assumptions To Use In Development of Fiscal Year 2021-2022 Budget.

City Administrator Julie Robinson presented the budget policy assumptions that City staff are currently using to develop the FY 2022 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:

Revenues

- 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 financial fluctuations related to COVID-19.
- For purposes of property tax revenues, Staff utilized the low end of HCAD's Projected 2021 Taxable Value Range. A copy of the 2021 Certified Estimate of Taxable Value from Harris County Appraisal District Dated April 30, 2021 was provided in the packet.
- Using the low end of the Projected 2021 Taxable Value Range is close to the 30% commercial property tax loss that Staff projected last year and would result in approximately \$270,000 in lost revenue (\$2.06 cents on the tax rate).
- Evaluate current tax rate of \$0.4250 and determine whether any reduction is possible after analyzing current and anticipated future impacts related to COVID-19 and current rate of inflation.
- Use 99% collection rate to estimate property tax revenues.
- Possibility of designating a portion of the General Fund Fund Balance to offset any property tax revenue losses. A copy of the General Fund – Fund Balance as of May 19, 2021 that reflects the current total of the unassigned fund balance was provided in the packet. This would allow the City to budget for its needs and not increase the tax rate to do so.

- If needed, reduce transfer from General Fund to CIP Fund by the amount needed to balance the FY 2022 Budget.
- Continue not to include ambulance fee revenue to allow Village Fire Department to retain that revenue to support the service.

Expenditures/Expenses

- With the exception of Salaries & Benefits and specific line items that are already known, the FY 2021 Adopted Budget was used as the FY 2022 base budget. Line items that have been identified for increases include: Fuel, Audit Services, funding for the Village Fire Department, 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 9.9% increase for health insurance. One of the reasons that the Villages Mutual Insurance Group selected Blue Cross and Blue Shield of Texas (“BCBS”) for Plan Year 2021 was that the proposal from BCBS included a Plan Year 2022 Premium Cap of 9.9%. Consequently, that is the increase that is proposed to be incorporated into the FY 2022 Budget.
- Based on the discussion last year, Staff pulled the Consumer Price Index For All Urban Consumers (CPI-U) for the Houston-The Woodlands-Sugar Land MSA from the U.S. Bureau of Labor Statistics, a copy of which was provided in the packet. As of the end of April, the CPI-U had risen to 4.5% - the largest yearly increase in the all items index since August 2008. Based on the CPI-U, Police Chief Loyd Evans and City Administrator Julie Robinson proposed to include a 5% increase for salaries for all City employees [Police Department (approximately \$107,700 including benefits) and all other City Departments (approximately \$70,200 including benefits)].

After discussion, it was the consensus of the Council for Staff to present information for 2% and 3% salary increase scenarios for the June Budget Workshop and that there would be further discussions concerning a metric or policy for Staff to use in presenting future salary scenarios.

- Once the Pay Classification Structure Update has been completed, Staff will evaluate any changes and present it to the Council for discussion concerning any market adjustments that may need to be considered.
- It has become clear over the last month that an additional person is needed for the Municipal Court to ensure that the increased volume of communications (calls, emails, in-person) and cases are handled quickly and efficiently. Staff is currently reviewing Municipal Court operations, procedures, and processes to determine the exact need; however, they are anticipating either a part-time or a contract employee for the Municipal Court.
- Replacement of 3-4 Police Department vehicles. Chief Evans is currently reviewing the vehicles that need to be replaced in FY 2022. However, for purposes of developing the FY 2022 Budget, Staff proposes to build in replacement of 4 vehicles.
- Replacement of 1 Public Works vehicle utilizing the funding that is already reserved for the purchase in the Capital Replacement Fund.

- Use of Harris County Child Safety Fund revenues to fund the License Plate Reader Program for the Police Department. After a brief discussion, it was the e consensus of Council to implement the License Plate Reader Program in the FY 2021 instead of FY 2022.

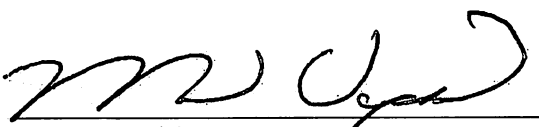
Capital Improvement Projects

- 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 2022 Debt Service Fund Transfer will be \$975,713.00.
- Continue with the 5-Year Capital Improvement Projects list approved on March 23, 2021, a copy of which was provided in the packet. The City has a new funding source for the water and wastewater projects identified in the CIP - The American Rescue Plan Act of 2021 (“ARPA”).


Under ARPA, the City is anticipated to receive an allocation of approximately \$941,710 split over the next two years, and these funds are to be used for investments in water, wastewater and broadband. Staff is working with Public Management, Inc. to decipher the Treasury Department Interim Final Rule on how cities may use these funds so they can prepare water and wastewater projects accordingly. Staff will provide additional information to the Council once they fully understand what will be required.

3. ADJOURNMENT

Council Member McCormack made a motion to adjourn the meeting at 6:03 p.m., and Council Member Carpenter seconded the motion. Motion carried 5-0.

Signed: 

Marcus Vajdos
Mayor

Attest: 

Roxanne Benitez, TRMC, CPM, CMCC
City Secretary