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Mayor
Patricia Mitchell

City Council

Place 1
Jimmy Johnson

Mayor Pro-Tem,
Place 2
Michelle Tye

Place 3
Randall Loftis

Place 4
Kristi King

Place 5
Kasey Shumake

City
Administrator
Amanda DeGan

City Attorney
Carvan Adkins

City Secretary
Shaina Odom

Fire Chief
Scott Estes

Police Chief
Eric Debus

Public Works
Director
Jesus Dominguez

MINUTES OF VISIONING/BUDGET WORKSHOP OF THE RHOME CITY COUNCIL

Meeting Date: Friday, July 14, 2023

Regular Session: 9 a.m.

Regular Session: 9 a.m.

Call to Order and Establish a Quorum

Invocation

Pledge of Allegiance to the American Flag

Pledge of Allegiance to the Texas Flag

Honor the Texas Flag; I pledge allegiance to thee, Texas, One state under God, One and Indivisible

Public Comments

1. *The Council is not permitted to take action on or discuss any comments made to the Council at this time concerning an item not listed on the agenda. However, a Council Member or Mayor may make a statement of fact regarding the item, make a statement concerning the policy regarding the item and/or may propose that the item be placed on a future agenda or direct the City Administrator to contact the individual to address. If you are attending the meeting via Live Streaming, and you would like to make a Public Comment, you must email the City Secretary at citysecretary@cityofrhome.com prior to 4 pm on the day of meeting and must identify each subject you plan to present to be recognized.*
2. *If the writer of a Public Comment is unable to read their own comment, it should be given to a friend, family member, or associate, that is able to attend in person and read the statement in their stead.*
3. *Public Comments made in person require the speaker to submit the sign-up form to the City Secretary prior to the meeting, and the form must identify each subject the speaker plans to present.*
4. *A statement of no more than 3 minutes may be made. There will be no yielding of time to another person. Comments should be directed to the entire Council, not individual members. Engaging in verbal attacks, or comments intended to insult, abuse, malign, or slander any individuals shall be cause for termination of time privileges and removal from Council Chambers.*

No Public Comment

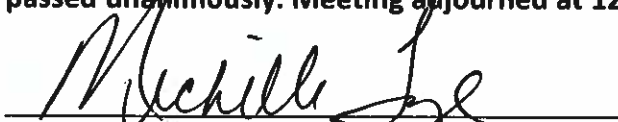
Budget Workshop

1. Overview of City Operations, Economic Development, Population, City Boundaries (including Extra Territorial Jurisdiction)
2. Debt Types, Uses and the Relevant Laws
3. Overview of Current City Debt
4. Revenue Discussion – Sources, Use, and Restrictions
5. Review of Tax Base and Tax Rates along with an Overview of Exemptions
6. Fund Overview – General & Utility Fund
7. City Asset Review – Municipal and Utility
8. Department Goals and Objectives
9. Fiscal Year 2023 – 2024 Budget Preparation and Planning

City Administrator, DeGan, presented a slide deck regarding the workings of the budget process to the City Council. PowerPoint attached.

Adjourn

Council member Loftis made a motion to adjourn, Council member Shumake seconded the motion. Motion passed unanimously. Meeting adjourned at 12:19 pm.


Patricia Mitchell, *Michelle Tye*
Mayor *& Mayor Pro Tem*

ATTEST:



Shaina Odom
City Secretary



Budget Workshop

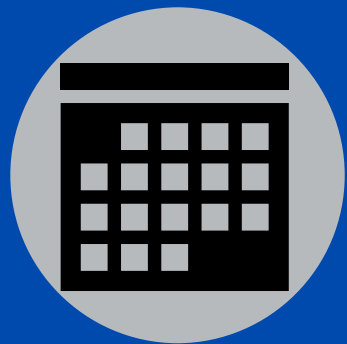
- Proposed - FY23-24 •

“Planning for Today and Tomorrow”
Managing the Impact of Growth



Agenda

Friday, July 14, 2023
Community Center
9:00 a.m. to 2:00 p.m.



Budget

Budget Overview
Debt Update
General Fund & Utility Fund
Capital Improvement Plan

2



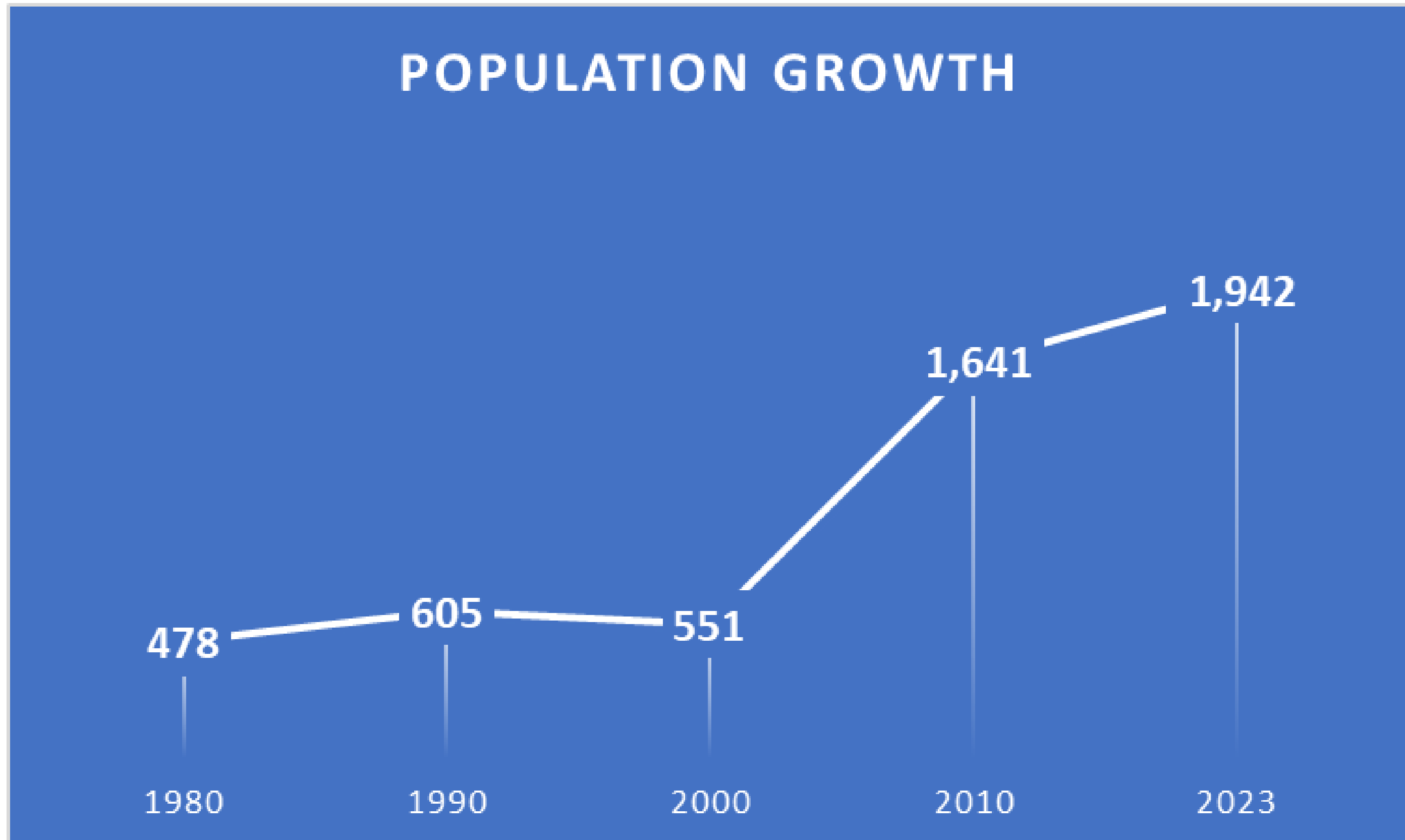
Direction

Council Feedback
Next Steps

State of the City – Fast Facts

- 1935 = Incorporated as a Type C General Law City
- 1940 = Became a Type A General Law City
- 5 square miles = City Limits
- 19 square miles = w/Extra Territorial Jurisdiction (ETJ)
- 1935 made application to construct water system
- 1967 constructed first sewer plant
- 2006 built elevated water tank
- 611 = approximate number of homes
- 5 = named subdivisions currently in city limits
- 2 = named subdivisions in ETJ (Bluestem & Reunion)
- 1 = named subdivision – future (Prairie Point)
- \$90,474 = Average Household Income
- \$78,365 = Median Household Income
- 34 = Median age of residents
- 1,453 = approx. number of residents over 18 yo
- 489 = approx. number of residents under 18 yo
- 5 = number of churches in city limits
- 44 = approx. number of businesses in city limits
- 7K to 10K = homes being built in PMB development

State of the City – Fast Facts, cont.



CITIZENS OF RHOME

MAYOR AND CITY COUNCIL

Advisory Boards
& Committees

City Attorney
City Secretary
Muni. Court Judge

CITY ADMINISTRATOR

POLICE CHIEF

PUBLIC WORKS DIRECTOR

FIRE – EMS CHIEF

ADMINISTRATION

Sergeant(s)

Police
Officers

Reserve
Officers

Part Time
Admin.

Wastewater
Operator

Water
Operator

Technician

Full Time
Firefighter

Volunteer
Firefighters

Assistant
Fire Chief

Part Time
Firefighters

Municipal
Court
Clerk

Utility
Billing &
Permitting

Acct.
Specialist

This is a visual depiction of staffing levels, current positions and the manner in which work is distributed within the City of Rhome organization.

It is also meant to be a tool to help improve transparency with our community members.

Vacant (Unfunded) Staffing Positions

Administration

- Part-time Office Clerk
- Code Compliance Officer

Public Works

- Part-time Administrative Assistant

Police Department

- Part-time Residential Traffic Officer

Economic Development

QuikTrip (QT)

- **Under construction**
- **Expected completion time 2nd Quarter of FY 23/24**
- **Will generate additional revenue from ad valorem tax value increase**
- **Will generate some additional sales and use tax revenue**

Reunion & Bluestem (ETJ)

- **Residential development being built by PMB**
- **In city's ETJ area**
- **Has commercial component**
- **Residents living in homes already**

Economic Development, cont.

Prairie Point

- **Future residential subdivision along Hwy 114 and near Crown Point**
- **Approx. 300 acres of developable land**
- **Mix of residential and commercial**
- **No timeline for construction**

Various Projects

- **Property near Love's, QuikTrip (QT), City Hall, By Well Estates**
- **Urgent Care Center**
- **Hickory homes project**
- **Townhome project**

Types of Bonds



General Obligation (GO's) Bond

City wide vote required

A GO bond is a debt instrument issued by the municipality that allows the city to raise funds for capital projects and other needs by borrowing from investors. Governmental entities such as the federal government, states, cities, school districts, and many other types of government institutions routinely sell bonds in order to attain funding to complete a project. This type of debt instrument also allows the city to pay it back the money (with interest) over an extended period of time (maximum of 40 years).

Considered to be a stable investment choice for investors and are backed by the full-faith-and-credit of the state or local government.

Certificates of Obligation (CO's)

City wide vote not required (unless petitioned)

Proceeds may be used for:

- (a) construction of any public work;
- (b) purchase of materials, supplies, equipment, machinery, buildings, land, and rights-of-way for authorized needs and purposes; or
- (c) payment of contractual obligations for professional services, including services provided by tax appraisers, engineers, architects, attorneys, map makers, auditors, financial advisors, and fiscal agents

Maximum maturity = 40 years

Secured by ad valorem taxes

This type of debt may be used by cities, counties and health/hospital districts.

Tax Notes

City wide election not required (may not petition)

Proceeds may be used for:

- (a) the construction of a public work;
- (b) the purchase of materials, supplies, equipment, machinery, buildings, lands, and rights-of-way for the issuer's authorized needs and purposes;
- (c) a professional service, including a service by a tax appraisal engineer, engineer, architect, attorney, mapmaker, auditor, financial advisor, or fiscal agent;
- (d) operating or current expenses; or (e) the issuer's cumulative cash flow deficit

- Maximum maturity of seven years

Utility System Bonds

Utility (Revenue) Bonds

Proceeds may be used for:

- (a) capital improvements; and
- (b) repairs to the enterprise system.

Often has a higher interest rate as it is backed by revenue and not tax-supported debt.

House Bill 1869

Limits what can be financed with debt secured by taxes

“Debt service” payments *not exempt from 1869* are included on the M&O side “No New Revenue Rate” when calculating the voter approval tax rate.

Exceptions:

- Voted Debt
- Self-supporting debt
- Loan under State (e.g., TWDB) or Federal (e.g., USDA RUS) program
- Designated Infrastructure (has specific list of projects)
- Refunding Bonds
- Emergency Borrowing
- Renovating, improving or equipping existing buildings or facilities
- Vehicles or equipment
- Project located in a TIRZ

Debt as a Financial Tool

Bonds (debt) issued to fund long-term projects:

- Road construction
 - City facilities
 - Water lines
 - Sewer plants
 - Infrastructure projects
-
- Defrays the cost of major projects over the entirety of residents (current & future)
 - Increases equitable load of repayment (all who use the asset are paying for the benefit)
 - Repayment of bond is spread out over many years (similar to a home mortgage)
 - Allows Rhome to be good financial stewards of public funds

Debt / Loans / Bond Rating = A+

Series	Original Amount	Outstanding as of Jan. 2023	Purposes (as described in legal documents)
1991 GO Bonds	\$ 325,000	-	Water system improvements
2000 Combo CO's	\$2,285,000	-	Improvement to water supply/collection system; rehab wastewater collection system
2005 Combo CO's	\$1,550,000	-	Water, sewer, and street improvements
2007 Tax Notes	\$ 435,000	-	Complete construction of elevated storage tank
2007 GO Refunding	\$2,085,000	-	Refunded 1991 (\$120K) and 2000 CO (\$1.7M)
2010 Tax Notes	\$ 580,000	-	Improvements to water/sewer system
2016 GO Refunding	\$ 1,617,000	\$ 577,000	Refunded 2007 GO Refunding
2017 Tax Notes	\$ 699,000	\$ 146,000	City Hall renovations, auto meter readers, warning sirens, improvements to water/wastewater system, removal of asbestos & demo Old City Hall
2019 GO Bonds	\$2,620,000	<u>\$2,475,000</u>	Water/sewer system improvements (E-WWTP)
	TOTAL	\$3,198,000	

2022 W/WW Revenue Bond

- **2019/2020** - The Water/Wastewater Master Plans identified several short and long-term capital improvement projects
- **2021** - Staff/consultants developed three projects to submit to Texas Water Development Board for low interest rate loans:
 - Short-term Wastewater project (s) (\$3,875,906) – Not selected
 - Short-term Water project (s) (\$1,945,650) – Not selected
 - Long-term Water projects (\$26,545,000) - Selected. However, it was discovered that pre-planning was not included and was required (project needed to be shovel ready and under contract with Upper Trinity) to accept so we weren't able to utilize.
- **2021** – Council approved a W/WW Revenue Bond for the (2) Short-term Water/Wastewater projects
- **2021** – Applied for and received a Texas Department of Agriculture CDBG that will fund bringing Well #6 back online.
- **2022** – Revenue bond approved (not issued at this time) for West Plant minimum upgrades

Revenue Sources



Main Revenue Sources

Property Tax (ad valorem)

- Ad valorem means 'according to value' in Latin
- Amount due depends on value of the property & the rate set by the taxing entity
- May be assessed by school districts, cities, counties, hospitals, special districts, and community colleges
- Most Stable - reliable

Exemptions/Exceptions

- Homestead
- Over 65 or Disabled
- Disabled veterans
- Armed services members and First Responders (killed in the line of duty)
- Religious Use

Rhome Tax Rate for 22-23 FY = .437815

Property Value	\$200,000/\$100
Tax Rate	<u>x 0.437815</u>
Taxes Due	\$ 875.63

*less any exemptions

Main Revenue Sources, cont.

Sales & Use Taxes (Sales Tax)

- State rate = 6.25 percent
- Local rate = up to 2 percent
- Often significant revenue source
- Imported revenue
- Very volatile (changes each month)
- May be levied on all goods sold in the city limits.

Rhome uses full 2 % of sales & use tax allowed by the State

- General revenue = 1 %
- Property Tax Reduction (local) = a half percent
- Property Tax Reduction (county level) = a half percent

Main Revenue Sources, cont.

Fines & Fees (permits, mixed beverages, court fines, etc.)

- Building permits
- Court revenue from citations
- Credit card fees
- Notary / copy fees
- Charges for open records requests

Grants

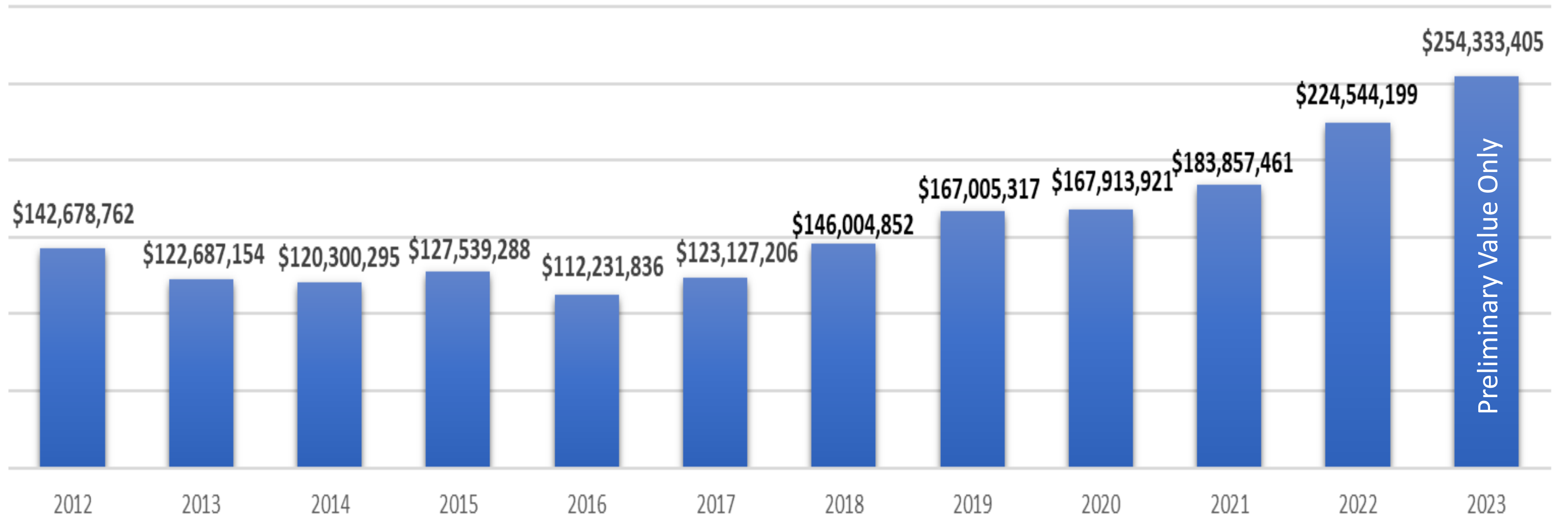
- Rhome has benefited from several grants
- Currently use Grant Works to help us prepare applications

Hotel Occupancy Taxes (HOT Taxes)

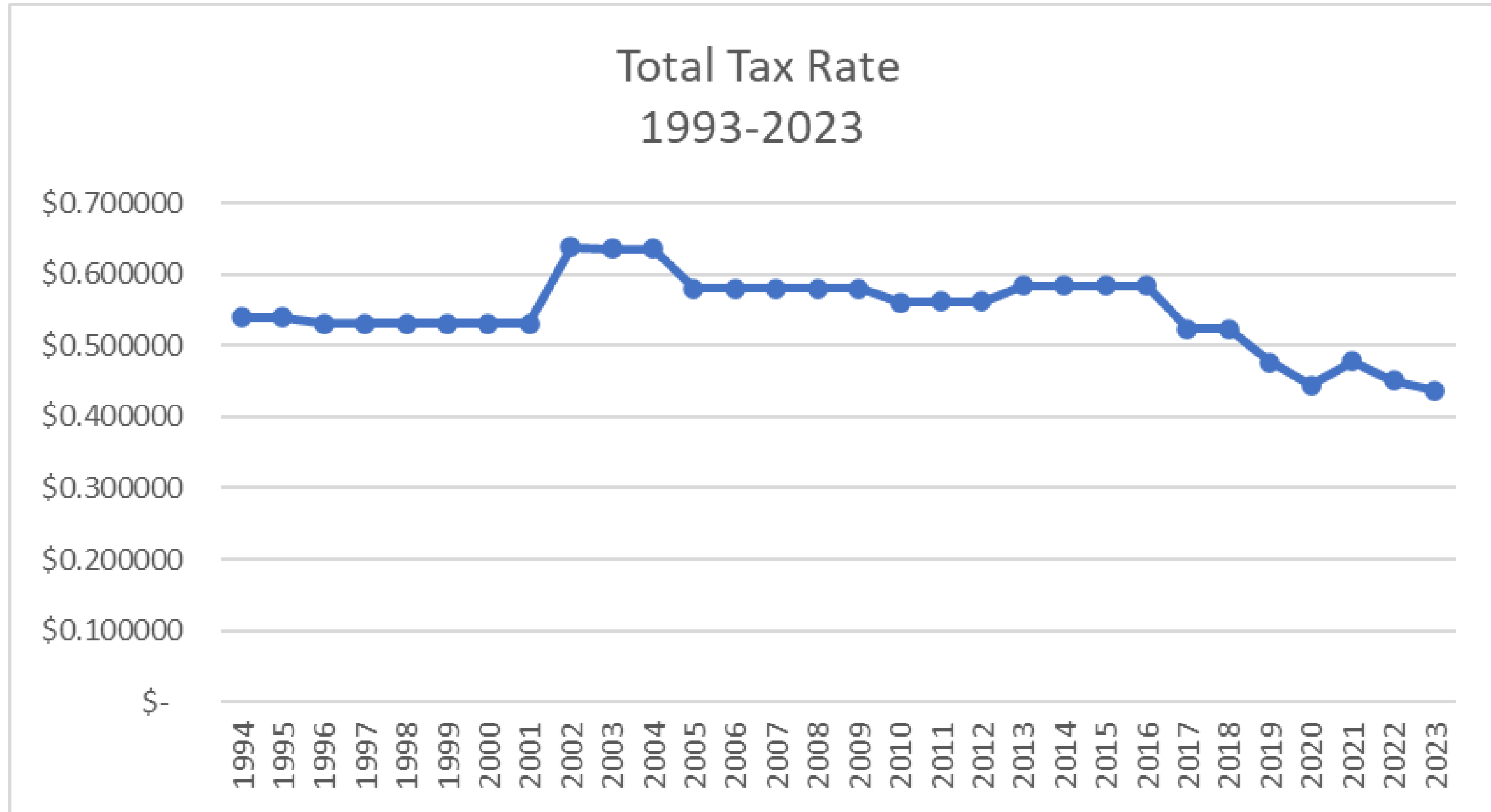
- Levied on person who pays for a room at hotel

Tax Base

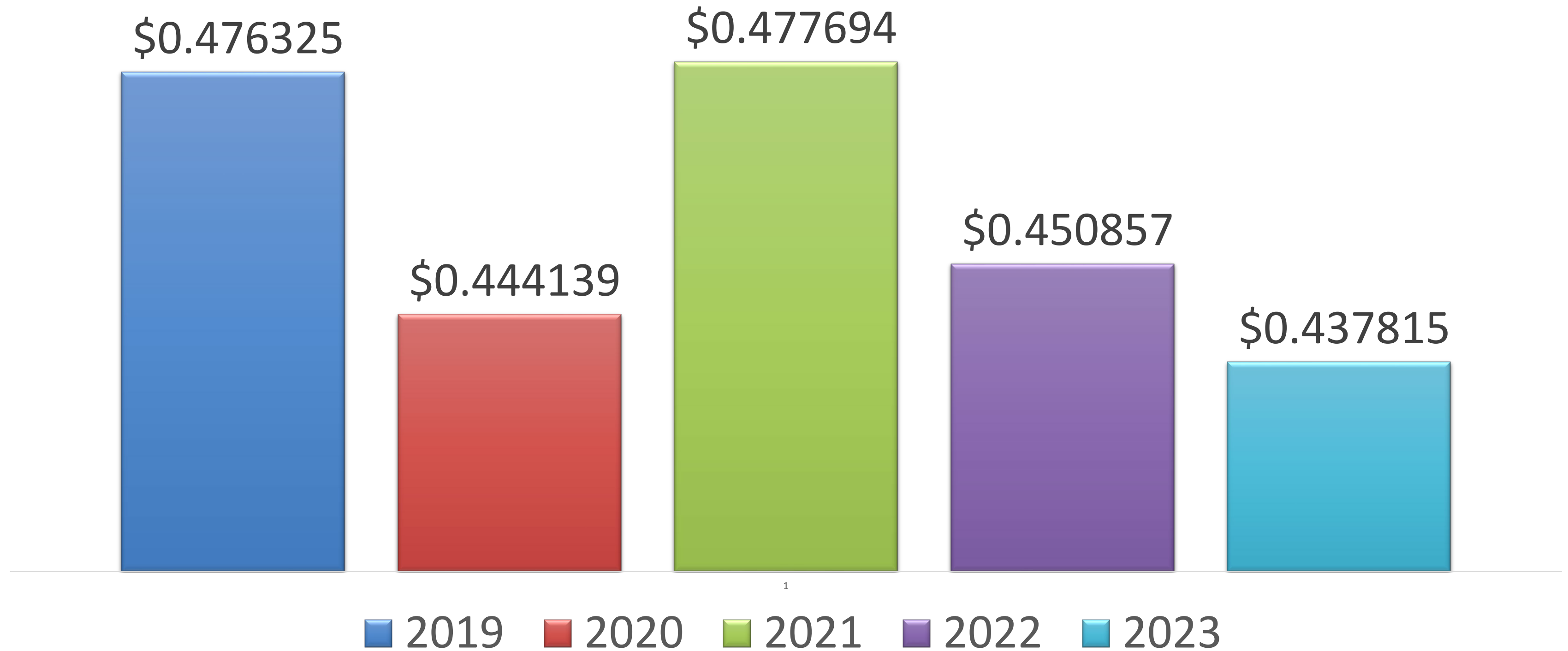
City of Rhome Certified Taxable Value History



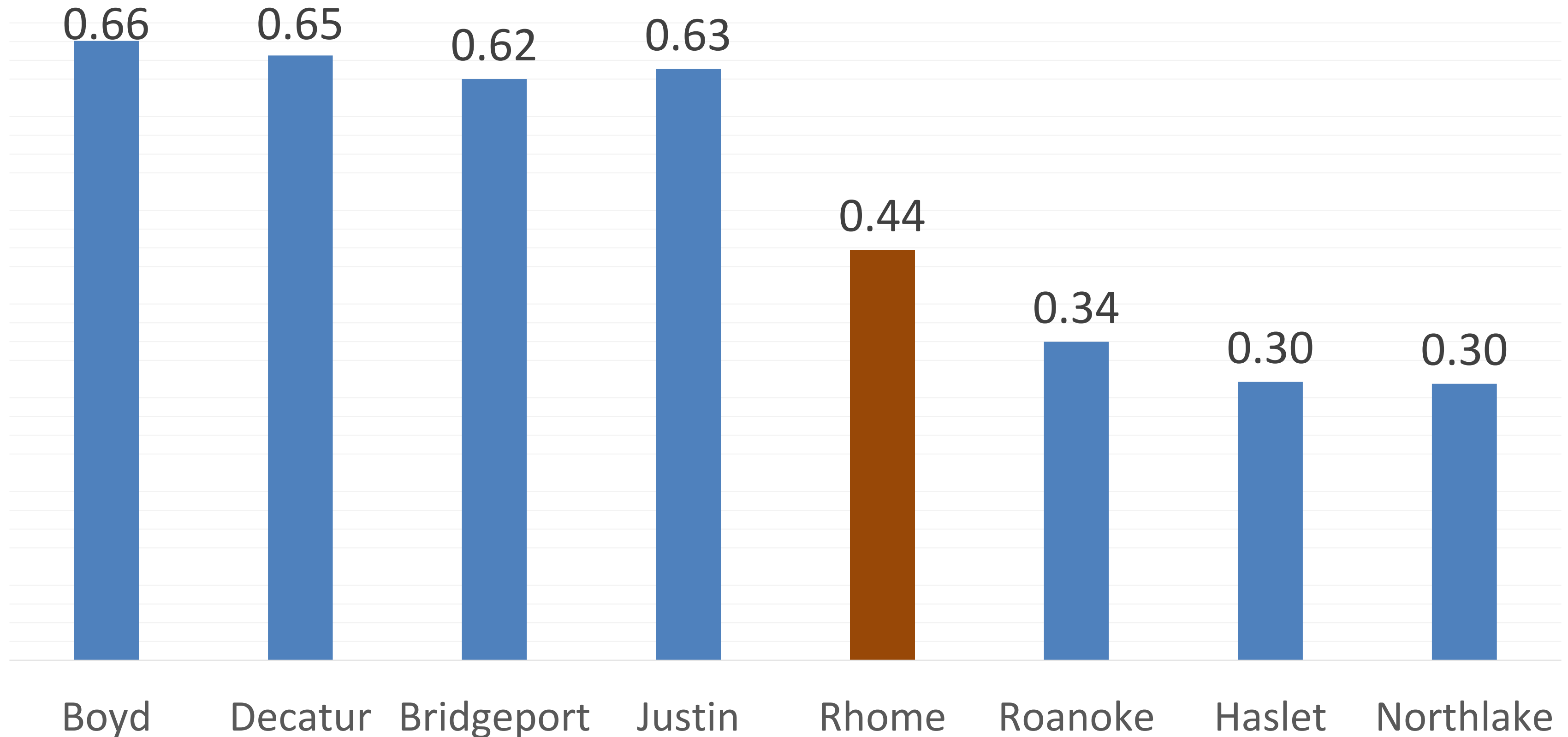
Tax Rate History – 20 years



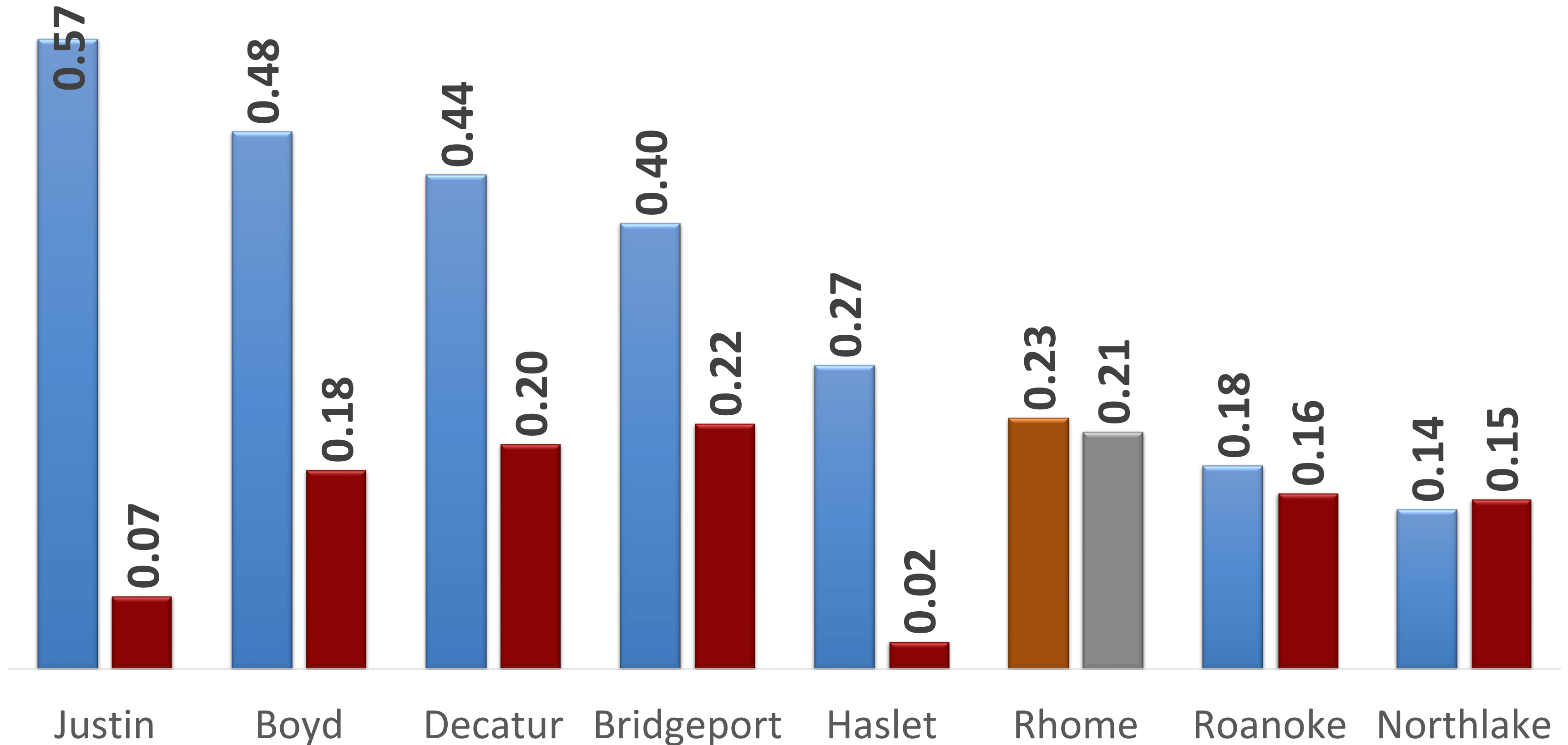
Tax Rate History – Five Years



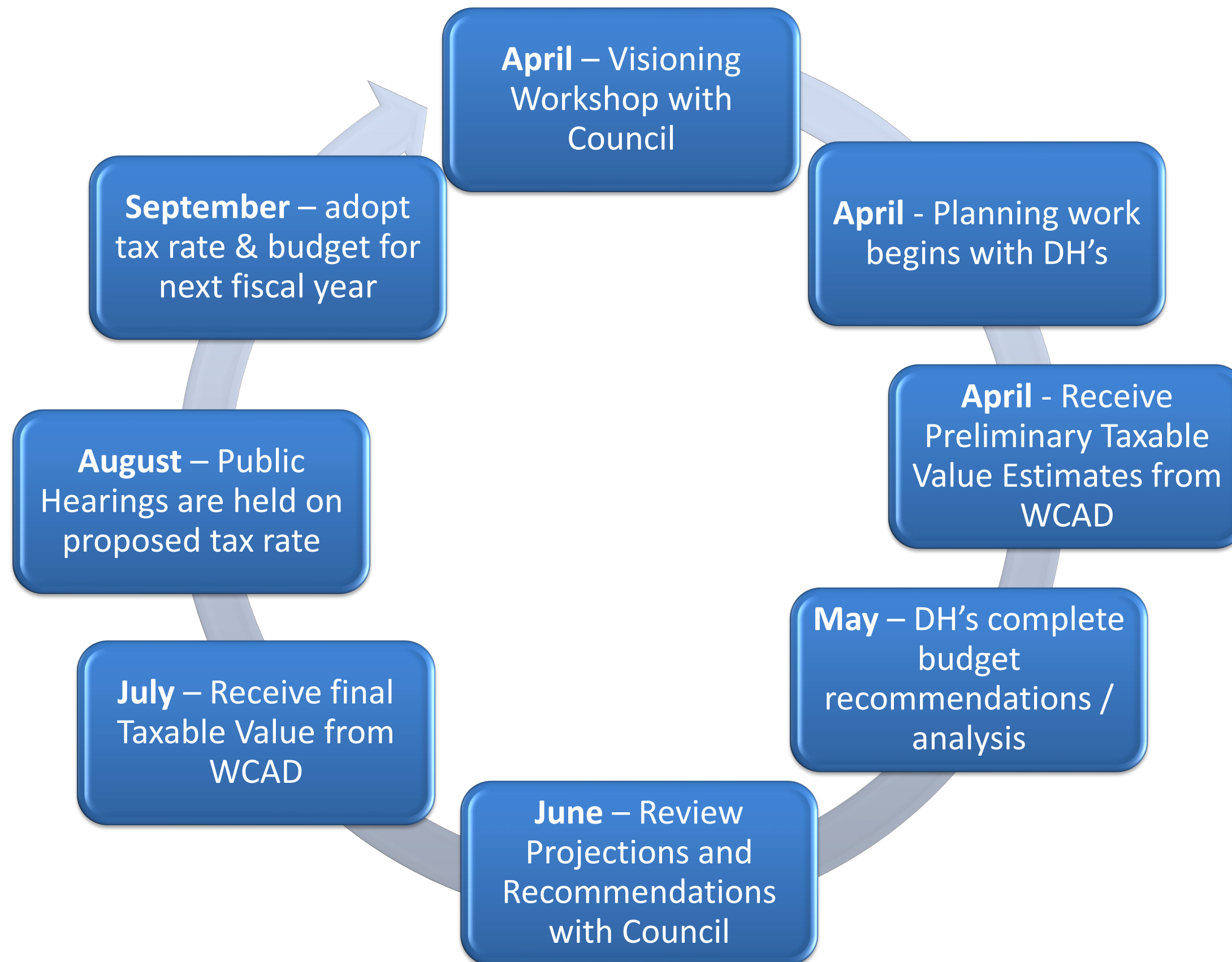
Tax Rate Comparison – FY 22-23 Data



Tax Rate Comparison – M&O and I&S



Budget Cycle & Preparation



Fund Types

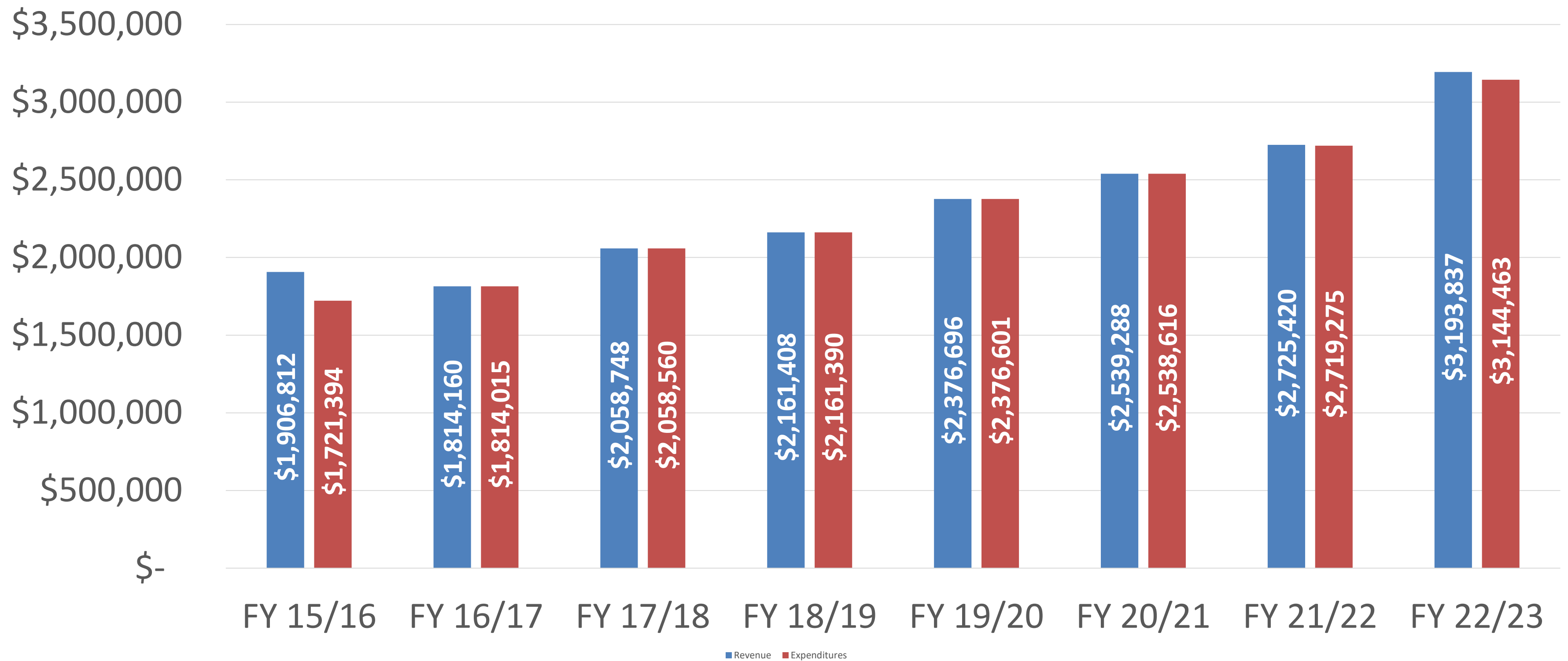
General Fund

- ✓ Administration
- ✓ Building & Development
- ✓ Court
- ✓ Police
- ✓ Fire
- ✓ Parks

Utility Fund

- ✓ Water & Sewer

General Fund History (Revenue & Expenditures)



Utility System

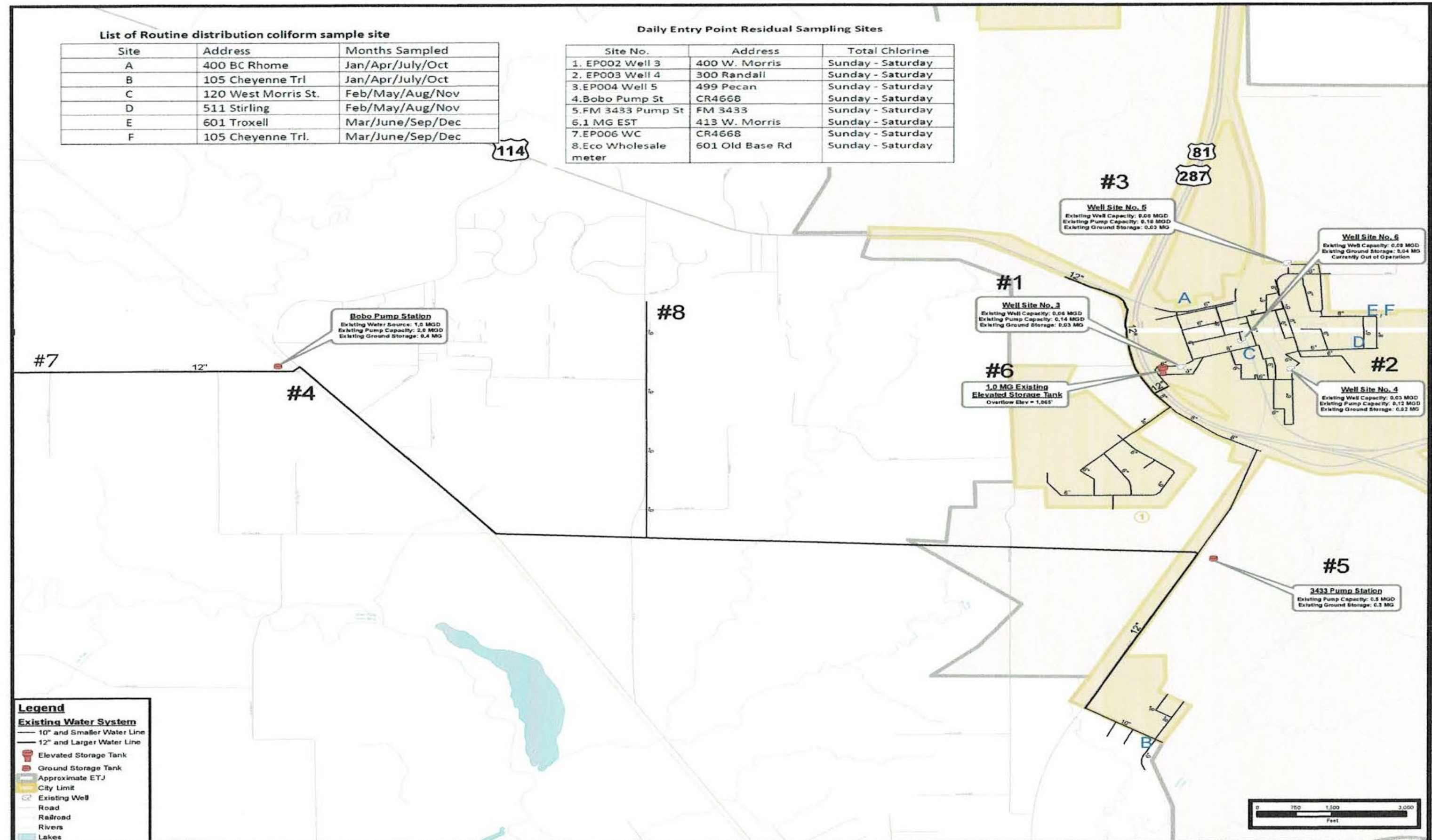
Water System	17 ½ miles of line
Well Water Storage Tanks	5 ground storage tanks
Wells (#3-#6)	4 groundwater wells
Elevated Tank	1 tower (1 million gallons)
FM 3433	Large ground storage tank and booster station
Bobo Plant	Inlet from WCSUD and booster station
SCADA System	Monitoring and alarm system

East Wastewater Treatment Plant – original 1967 Imhoff lagoons (now package plant); upgraded to package plant in October 2011

West Wastewater Treatment Plant – original 1998 package plant

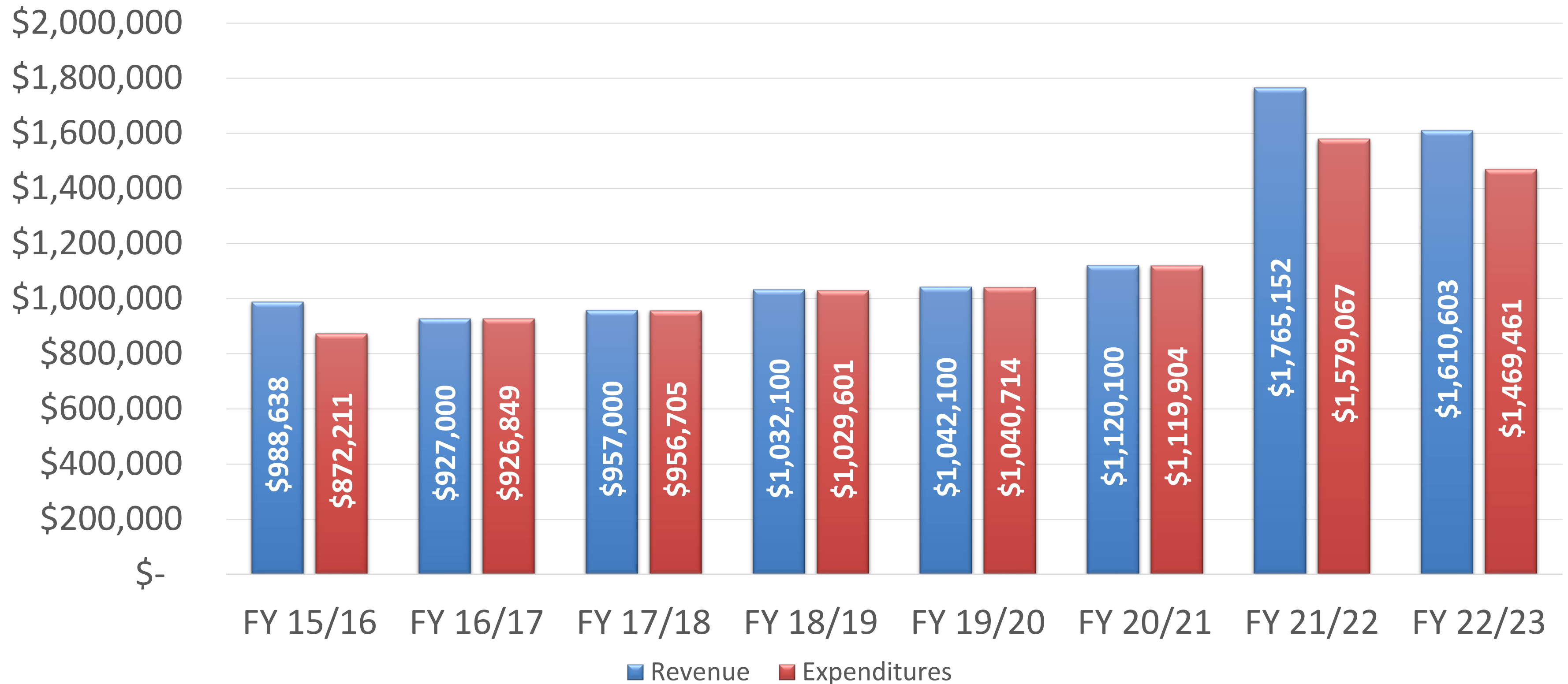
Lift stations 3 (one at Love's, and one at each plant)

Utility System, cont.



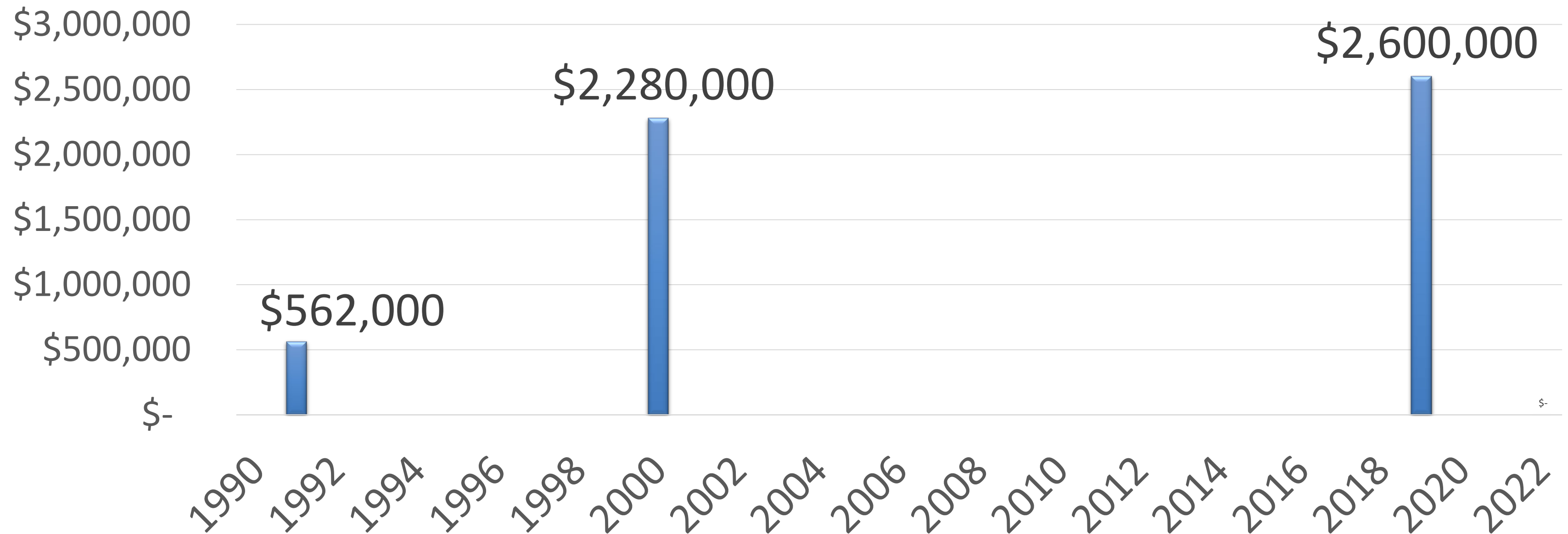
Utility Fund History

(Revenue & Expenditures)



Utility Fund History

(Revenue & Expenditures)



Capital Improvement Plan (CIP)

Utility Fund

- Replace West Plant (existing)
- Clay tile lines (existing)
- Water wells (new)
- Rehab or replace ground storage tanks (existing)
- Lead and Copper Mandate
- Secondary water source or other options for future needs (new)

General Fund

- Facilities (general replacement or rebuild)
- Senior Center rehab
- Street Repairs (need to inventory and prioritize)
- Apparatus Replacement for Fire-EMS

Future Planning & Needs

Community Related/Communication

- ✓ Community event planning
- ✓ Parks expansion
- ✓ Upgrade website platform (allows for email communications)
- ✓ Revamp and print/email community newsletter
- ✓ Historical preservation
- ✓ Upgrade technology system/vendor for public meeting viewing
- ✓ Electronic signs (similar to Boyd) to help inform residents of city issues
- ✓ General City clean-up (dilapidated buildings, trash, junk vehicles)

Financial Stewardship

- ✓ Review the ½ percent local sales and use tax
- ✓ Evaluate the ½ percent county sales and use tax
- ✓ Texas Municipal Retirement System enhancements

Future Planning & Needs, cont.

Public Safety

- ✓ Future police dispatching service needs
- ✓ Plan and budget for Fire and Police staffing needs
- ✓ Consider funding Code Enforcement Officer position
- ✓ Extrication Tools for Fire Department use
- ✓ Emergency Management plan and coordination with County
- ✓ Generator for Fire Department
- ✓ Records Management system for Police – Handheld ticket writers
- ✓ CAD in vehicles
- ✓ Body cameras (in-vehicle and worn)

Utility System

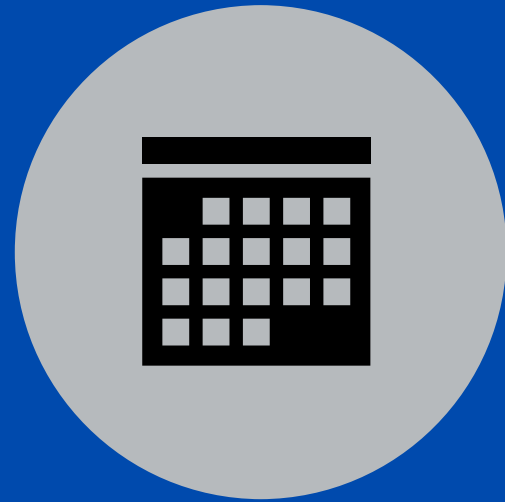
- ✓ Stock replacement parts for water/sewer emergencies
- ✓ Generator for Public Works

Future Planning & Needs, cont.

Additional Staffing Related

- ✓ Review and adjust current pay plan for staff
- ✓ Review the use of take home vehicles for select positions
- ✓ Consider funding part-time position to flex in court and utility billing
- ✓ Title change for utility billing position
- ✓ City cell phones for police sergeants
- ✓ Texas Municipal Retirement System enhancements

Next Steps



Budget
Discussions



Tax Rate
Decision



Adoption of FY
23/24 Budget