

**CITY OF GRAND PRAIRIE  
MINUTES  
CITY COUNCIL BUDGET WORKSHOP  
August 30, 2016**

The City of Grand Prairie City Council convened at 9:00 AM on August 30, 2016 at the Ruthe Jackson Center. The following members were in attendance:

**COUNCIL MEMBERS PRESENT**

Ron Jensen, Mayor  
Jorja Clemson, Mayor Pro Tem  
Jeff Wooldridge, Deputy Mayor Pro Tem  
Jeff Copeland  
Richard Fregoe  
Greg Giessner  
Tony Shotwell  
Jim Swafford  
Lila Thorn

**Item #1: Introduction**

With a quorum present, Mayor Jensen called the meeting to order at 9:00 a.m. and introduced City Manager Tom Hart.

Mr. Hart announced that later in the day the Council will go into Executive Session.

**Item #2: Statistical Information Overview**

Mr. Hart stated that the statistical information overview provides a good overview of the city that the public enjoys seeing. He also stated that the city is continuing to thrive. Mr. Hart went on to announce that the city's population rankings had stayed the same, and while growth had slowed some, it was still very positive. He continued by comparing and contrasting Grand Prairie to newer suburbs like McKinney, and the different challenges that newer cities have compared to older ones. Mr. Hart stated that there is a tremendous amount of industrial growth, and it is currently peaking within the city. When looking at a map, Mr. Hart stated, there is tremendous growth and development on the north side of the city. He continued by stating that the inventory of land is diminishing for large-scale industrial developments. Industrial companies bring many good jobs and a growing tax base to the city, he stated.

Mr. Hart stated that the city is going to be a sales tax-dependent city to offset the revenues not collected in property taxes. The current average home sale price per square foot is \$91 within the city. He also stated that foreclosure numbers are very low with the labor market trending upward

and the unemployment rate trending down. Ordinances, codes, and development procedures are all driving home values upward, he stated.

He continued his presentation by stating that the City of Grand Prairie runs an efficient operation that the city should brag about. He stated the city gives good basic services, emergency services, and offers citizens more than most communities. He stated that new communities have small residential areas and low crime rates, but they do not have the amenities offered by Grand Prairie, such as the lake, Uptown, Summit, Epic, great emergency services, and many other amenities. Grand Prairie is not the highest or lowest regarding the amount that the average citizen is paying to live in the city, Mr. Hart stated, as they are right about average. He then announced that the city would be shifting one penny of property tax from the operating budget over to debt service. Mr. Hart then asked the Council if they would like to propose raising the Homestead Exemption. Budget Director Kathleen Mercer stated that it would be best to address the proposal after lunch and Council Member Swafford agreed.

Mr. Hart continued his presentation by stating that to be a sustainable community, the city wants the residential tax base to be large but it also wants a “healthy dose” of commercial properties to lessen the tax burden on the residential properties. Mr. Hart asked Bill Crolley why there was a slight dip in permit value. Mr. Crolley responded that loan tightening and developments just beginning in the early phases of construction are the main reasons. Mr. Hart stated that property taxes have stayed steady for 15 years in the city. He continued by stating that Grand Prairie is now near the average in property tax revenue per capita, and it is continuing trending upward. This indicates that home values, commercial values, and the industrial base are continuing to trend upward. He stated that this is good development. Mr. Hart added that sales tax per capita is also trending upward, and it is nearly level with Arlington. The City of Grand Prairie has added a huge population in the past 15 years and overall growth and development of the city is keeping up with the population growth, which indicates real growth, he stated.

Mr. Hart stated that there is no large organization that is totally efficient. He stated that he is sure the city has some waste but overall, it is a very people-driven, efficient organization. Mr. Hart stated that the city needed to achieve the certified police and fire ratio of 1.5 per 1,000 residents, as recommended by Police Chief Dye and Fire Chief Robert Fite, and the city is trending in that direction, currently at 1.2 per 1,000 residents in Fire and 1.5 per 1,000 residents in Police. Mr. Hart stated that Arlington has fewer firefighters per capita because they do not operate an EMS system. Mayor Jensen asked if Arlington was the only city on the presented list that did not operate an EMS system. Mr. Hart stated that Arlington was the only one on the list that did not, but Fort Worth does not operate an EMS system, as well.

The Public Safety sales tax was very important, Mr. Hart stated, as Public Safety expenditures are now 64 percent of the General Fund. Mayor Jensen stated that there is also General Fund is

used to staff Parks and Streets. Mr. Hart stated the city has done very well keeping a balance of giving the citizens good emergency services among other services, as well. Mayor Jensen stated that the cost for Public Safety services in comparison to the whole operating budget is easier to compare than just comparing it to the General Fund. Mayor Jensen stated that would put Public Safety services around 30 percent of the total operating budget. Mr. Hart concluded the presentation.

### **Item #3: General Fund**

Ms. Mercer presented this item on the agenda. She started by thanking all staff and welcoming the newest staff member in the Budget and Research Department, Will Mixon. Ms. Mercer stated that Mr. Hart had gone over much of this presentation broadly and this would provide a more detailed look. She stated that the city's revenues are made up of Property Taxes at 47 percent, Sales Tax at 22 percent, Franchise Fees at 12 percent, Fines at 6 percent, and various others that make up the remaining revenues. Ms. Mercer stated that the property tax rate is staying at the same amount, and the city will just shift a little over one cent of the property tax distribution toward Debt Service instead of the General Fund. The General Fund will receive \$57.4 million from Property Taxes and Debt Service will receive \$23.8 million from Property Taxes.

Ms. Mercer then stated that there is a \$5,000 Homestead Exemption already in place in the city and a new proposal would put the Homestead Exemption at \$7,500. The annual savings for an individual receiving the proposed exemption is \$16.75, regardless of the value of the home. Council Member Shotwell asked if the \$16.75 savings was a yearly or annual savings, and Ms. Mercer confirmed that it was a yearly savings. Ms. Mercer stated that revenue loss to the city for the proposed increased exemption would be \$528,814. Council Member Shotwell stated that the total amount of revenues brought in would still be higher than last year's amount. Ms. Mercer said that the city had prepared for the possible revenue loss and budgeted accordingly. She stated that the total sales tax collections for FY 2017 are projected to be \$27.4 million, using a 2 percent growth rate from the current year. Ms. Mercer stated that current General Fund challenges are increasing fleet maintenance, rising health insurance costs, compensation and competitive salaries, a large land area to serve, and old infrastructure. There is increased vehicle maintenance of 15 percent, a compensation plan funded at 3 percent, a health insurance rate increase of 10 percent, overtime and FLSA for Police, and increased TMRS rate in the budget as well, she stated. Council Member Shotwell asked if there was information that showed how much an average home owner was paying in taxes last year versus what the home owner will pay in the new year under the new proposal. Ms. Mercer stated that it could quickly be put together, and the information would be given during the afternoon.

Council Member Copeland proposed consideration on the Homestead Exemption proposal and Mayor Jensen agreed. Council Member Giessner stated that in the Finance and Government Committee, they thought that the increased Homestead Exemption proposal was the best option

compared to a property tax rate reduction. Mayor Jensen stated that something needed to be done with rising property values. Council Member Swafford stated that it gives more benefit to an average home buyer, the middle class, and lower than it does to higher-income individuals. He also stated that an overall rate decrease would give more benefits to residents owning higher-priced property. Council Member Shotwell proposed that the Council recommend the \$2,500 increase in the Homestead Exemption and begin looking toward next year to possibly increase the Homestead Exemption by another \$2,500. Council Member Copeland stated that he approves of putting \$500,000 in the citizens' hands instead of the government's hands. Mayor Jensen said that as a business owner, he has always preferred property tax relief going toward the Homestead Exemption. Council Member Shotwell stated that he would like to see the staff begin preparing for another possible \$2,500 Homestead Exemption increase next year as well to offset the property value increases, because an 11 percent average increase in home values is large. Council Member Shotwell stated that he liked a proposal for a \$5,000 increase in the Homestead Exemption but would approve of a \$2,500 increase, also. Mayor Jensen stated that Council Member Shotwell would not be ready to vote on the Homestead Exemption proposals until the aforementioned requested year-to-year property tax information from Ms. Mercer was given in the afternoon.

Mr. Hart stated that citizens will be paying more in property taxes this year compared to last year. He stated that he is happy to show the one-year snapshot, but he would also like to show a ten-year snapshot of property taxes paid, as well. Mayor Jensen stated that he would like to see both. Mr. Hart stated that when looking at a cross-section of homes throughout Grand Prairie over a ten year period, property taxes paid only increased an average of around one dollar per month. Council Member Swafford stated that he believed that there would be legislation coming from the state level that the Council would possibly disagree with that could potentially result in expenditure reductions if passed. Ms. Mercer concluded the presentation.

#### **Item #4: Fund Balances**

Diana Ortiz presented this item on the agenda. Ms. Ortiz began by explaining that fund balances are "rainy day" funds that are global buffers for economic downturns and can provide relief for the city when necessary. There are over 100 funds that are managed. The excess fund balance is used for one-time expenditures that arise year-to-year, she stated. Ms. Ortiz stated that fund balances heavily determine the credit ratings given by credit agencies, and they also look at 5-year trends. For capital projects, the city either cash-funds or borrows money from the market with Streets taking up a large portion of capital projects. She stated that Police, Fire, and Facilities also include large projects. Ms. Ortiz stated that Internal Service funds make up city departments servicing other city departments, including Employee Insurance, Risk Management, and Fleet Services. There is strong oversight of these funds by the Finance and Government Committee, with departments forming their own committees as well to oversee these funds, she stated. Ms. Ortiz stated that Parks is primarily made up of a sales tax component, with some

General Fund transfers and user fees, also. She stated that Recreation Operational Funds include the municipal golf courses, Summit Center, and the baseball stadium. Ms. Ortiz stated that some of the Cemetery fees are kept in escrow for future debts. There is a fund balance of \$19.27 million in Water Wastewater, which exceeds the goal of \$16.95 million, she stated. The Solid Waste fund makes up the landfill operations. She stated that the Closure Liability, Liner Reserve, and Landfill Replacement funds are state law requirements to operate a landfill. Ms. Ortiz then briefly described smaller funds, including, but not limited to, Airport Operations, Cable Operations, Hotel Operations, and various funds that make up the Municipal Court and Public Safety. She stated that sales tax based funds include the Crime Control District, Streets Maintenance, Epic, and Epic Center. Ms. Ortiz then briefly described Other Assigned Funds, including, but not limited to, Take a Load Off, Flextra, Keep Grand Prairie Beautiful, and Uptown. Ms. Ortiz concluded the presentation by thanking the Finance and Government Committee efforts.

### **Recess**

Mayor Jensen recessed the meeting at 10:15 a.m. He called the meeting back in order at 10:30 a.m.

### **Item #5: Employee Insurance Fund/TMRS**

This item on the agenda was presented by Anna Doll and Lisa Norris. Ms. Doll stated that current challenges with employee insurance are claims costs spiking, the cost per high claimant increased, and the difficulty to change behaviors. The cost of medical claims has continued to grow the past ten years. Ms. Doll stated that there are only 240 medically insured retirees with 2,500 active employees and their family members medically insured by the city. Former employees who are retired but not yet qualified for Medicare can still be insured through the city, she stated. Ms. Doll stated that the budgeted expenditure amount for employee medical claims for the current year was \$11.17 million and the projected expenditure amount is now projected to be \$14.54 million. \$1.5 million in contingency funding has been used to fund the overage.

In 2017, she stated that the city is looking to make changes by increasing city contributions by 10 percent for active employees, increasing city contributions by 4 percent for retirees, adding a tobacco surcharge, increasing deductibles by \$500 on all plans, and reducing coinsurance to 85 percent, 80 percent, and 75 percent in the three offered health insurance plans. Ms. Doll stated that these changes would result in savings for the city, including an \$863,000 decrease in claims expenditures due to the increased deductibles. She stated that the Employee Insurance Fund currently has an operating fund balance of \$317,000. The employee medical insurance options are Gold, Silver, and Bronze plan she stated, and all three plans will see increased deductibles and coinsurance. Most cities have two plans, while the City of Grand Prairie still has three, Ms. Doll stated. Council Member Wooldridge asked Ms. Doll if employees could change their plans each year, and she confirmed that they could.

Ms. Doll stated that Grand Prairie is very competitive on premium costs so the city is undertaking no change there, but the city was not as competitive in plan design, which led to the increase in deductibles and coinsurance. Ms. Norris stated that there are about 20 percent of the insured on the Gold plan with 40 percent each on the Silver and Bronze, following a question on the subject by Council Member Giessner. Ms. Norris stated that the less-costly plans of Silver and Bronze are used much more by younger employees, with the average age on those plans at 30 and 29, respectively. The Gold plan average age is 38. Ms. Norris stated that the average amount paid for non-catastrophic claims were higher for Gold plan members, but some of those costs are offset by the higher premiums for the Gold plan. She stated that the city has added tobacco cessation programs. Beginning January 1<sup>st</sup>, there will be a \$30 surcharge per month for employees using tobacco and nicotine products. This is right below the average of \$38 for regional cities. She stated that this surcharge currently will not apply to family members on medical insurance plans. The city has future considerations on how to approach health insurance, Ms. Norris stated. Of 14 comparable cities, 8 offer a high-deductible health savings account plan and 10 cities offer only two or fewer plans to employees. The city could possibly move to a two-plan system as soon as 2018. The city will also look at tightening the network of medical providers. Ms. Norris then described the various health education programs, including, but not limited to, the Annual Health Fair, "Prize Patrol," the Wow! Monthly Newsletter, and wellness screening. She also described various weight management programs offered, as well as other health offerings. Ms. Norris stated that these programs and resources help improve employee health while also reducing the costs on the city for health insurance.

Ms. Doll then discussed the Texas Municipal Retirement System. She first discussed the "buyback" program, which allows employees to buy back time that they forfeited by withdrawing their TMRS retirement after leaving any city employment. She stated that there are 71 employees eligible as of June 2016. Ms. Doll stated that there are also significant penalties for an employee buying back time and the costs can run as high as \$106,000 for the employees eligible in Grand Prairie. Council Member Giessner stated that some employees who had previously withdrawn their retirement could have had the money rolled into a retirement account and still have it available to buy back. He stated that there could be more that use the buy-back plan than expected. Mayor Jensen stated that the city is not sure what the usage of the program will actually be, and Council Member Giessner agreed. Ms. Doll stated that the cost of the buy-back liability falls solely on the City of Grand Prairie even if the employees previously worked at other municipalities. The estimated full liability of the program would increase the TMRS rate by .33%, but Ms. Doll stated that the increase will most likely be much less than that because that increase would be due to all eligible employees opting in to the program. She stated that TMRS estimates that only 15 percent of eligible employees will participate. Council Member Swafford asked Ms. Doll if she knew the percentage of employees who used the buy-back program the last time it was implemented in 1989. She stated that she would get the information

to him. Ms. Doll stated that the city would have to adopt an ordinance to implement the program, with an effective date of January 1, 2017. Mayor Jensen asked how much was budgeted for this item in the coming year. Ms. Mercer stated that \$133,000 is budgeted for the year. Mayor Jensen stated that he has decided that he can support the buy-back program, and that if there is no disagreement, they should implement it. Ms. Doll stated that in December or January, the ordinance can be adopted to implement the program. Ms. Doll concluded the presentation.

#### **Item #6: Water/Wastewater Fund**

This item on the agenda was presented by Ms. Doll. She stated that around 61 percent of the city's water is received from Dallas South, with smaller amounts from Dallas North, Fort Worth, and Midlothian. The city water wells are used during high-demand times. Public Works Director Ron McCuller stated that Dallas water is lower-priced compared to Fort Worth, following discussion and questions from Council Member Swafford and Mayor Jensen. Ms. Doll stated that the city had budgeted around a 30 percent increase in Trinity River Authority costs for wastewater treatment, but she now believes that the increase will be significantly lower. Due to water conservation efforts, per capita water usage is trending downward, which puts pressure on rates since most of the utility's costs are fixed, Ms. Doll stated. She stated that there are many people in Water/Wastewater getting a lot of work completed including, but not limited to, handling repairs, cleaning and clearing sewers, processing payments, and servicing customers. Ms. Doll stated that all of the fund's financial goals are currently met and being exceeded. She stated that the projected rate increase for the coming year is 4.42 percent, with the ensuing years projected to be at 4.5 percent increases. She said that more of the cost increase is going toward the commercial and industrial payers, with the increase being around 3percent for residential payers and 8 percent for industrial and commercial payers. She stated that the cost for residential water is about average in comparison to other comparable cities. Ms. Doll stated that about 14,600 AMI meters are installed currently and nearly half of the 50,000 meters will be installed by year-end, which will allow customers to track water utilization online. Ms. Doll stated that the department is proposing about \$15.85 million in Water capital projects and \$3.45 million in Waste Water capital projects. Mr. McCuller stated that the city is eligible for 15 percent forgiveness on a loan through the Water Development Board which could allow the department to add more projects in Waste Water. Ms. Doll concluded the presentation.

#### **Item #7: Solid Waste Fund**

This item on the agenda was presented by Solid Waste and Recycling Manager Patricia Redfearn. Ms. Redfearn stated that Republic Waste Services has requested a 5 percent increase for residential and commercial customers, and the department is also requesting a 5 percent rate increase for residential services for Grand Prairie Solid Waste. Council Member Shotwell asked Ms. Redfearn why there was only an increase in residential services and no increase for commercial and industrial customers. Ms. Redfearn stated that commercial costs have been subsidizing residential costs and keeping the residential costs artificially low, therefore the

department was not requesting a rate increase for commercial payers. Additional services that the department is paying for include Keep Grand Prairie Beautiful, Auto-related Business program, Alleyway Maintenance, and transfers for other special use. Ms. Redfearn stated that the total cost of residential services for each household per month would increase from \$14.38 to \$15.10. She stated that this cost is still below average in comparison to comparable cities. Ms. Redfearn concluded the presentation.

### **Recess**

Mayor Jensen recessed the meeting at 11:45 a.m. for lunch.

### **Executive Session**

Mayor Jensen convened a closed session at 12:45 p.m. pursuant to Chapter 551, Subchapter D of the Government Code, V.T.C.A. to discuss any of the following: Section 551.072 “Deliberation Regarding Real Property” and Section 551.087 “Deliberations Regarding Economic Development Negotiations.” The closed session was adjourned at 1:31 p.m.

### **Item #8: Public Hearing**

Mayor Jensen called the open session back into order at 1:31 p.m. He announced a public hearing on the property tax rate. With no members of the public present to speak, Mayor Jensen closed the public hearing and announced that there would be a second public hearing at the City Council Meeting on September 6, 2016.

### **Item #9: Fire and Police Overview**

This item on the agenda was presented by Fire Chief Robert Fite and Police Chief Steve Dye. Chief Fite stated that Fire Station No. 10 opened the previous week. He stated that opening a fire station is a very large one-year endeavor. Chief Fite stated that he expected the department’s ISO score to improve. He stated that the department has a lot of pride and energy currently that has taken around four years to fully achieve. Chief Fite said that in the future, he would like to look at implementing a Fire Prevention division and hiring a Public Information Officer. He stated that the department has partnerships with Irving, Mansfield, and Cedar Hill. He also stated that the department could look in the future at leasing fire trucks and apparatuses for cost-savings. He stated that 2017 will be the 100 year anniversary of the Grand Prairie Fire Department and the department would have events throughout the year commemorating the anniversary. Council Member Swafford asked Chief Fite if the City of Cedar Hill agreement at the station at Lake Ridge is terminated. Chief Fite stated the contract ends in 2018. Mayor Pro-Tem Clemson asked Chief Fite where the location of the partnership with the Irving Fire Department would be located. He stated that it would be located at the station in the Bear Creek area. Chief Fite concluded the Fire portion of the presentation.



Police Chief Dye began the Police portion of the presentation. He stated that the City of Grand Prairie is ranked the 8<sup>th</sup> safest city out of 34 cities in Texas with populations over 100,000, with a 44 percent crime decrease since 2010. Chief Dye then briefly described the multiple youth programs the department has implemented. He also stated that many processes had become more efficient, which will result in less time being spent on clerical and administrative duties for the officers. He stated that they have reached a goal of 1.5 police officers per 1,000 residents. Chief Dye then stated that the department had achieved increased diversity over the past five years, but he stated that would like to see more African-American women on the police force. There has been a 45 percent decrease in property crime since 2010 and a 22 percent decrease in violent crime, Chief Dye stated. He stated that there were 3,519 fewer major category crimes in 2015 compared to 2010. He stated that with being in the epicenter of 7 million people, he is very happy with these numbers. He went on to state that crime is up 7 or 8 percent this year, similar to the current national trend. He stated that for a city the size of Grand Prairie, crime is almost as low as it can go, currently, so the small increase is not surprising. He said officer productivity had not decreased, however. Chief Dye stated that they are looking at forming a bicycle unit. For staffing, he stated that he hoped for the continued implementation of the current plan to keep up with city growth. He stated that he would propose a comprehensive capital plan soon that will include increased surveillance video in crime “hot spots.” Chief Dye also proposed two more Code Enforcement officers in the budget, so the city could become more proactive on Code Enforcement and less reactive. He also stated they had implemented a financial planning program in the department to help the officers and other employees properly plan with their personal finances. Chief Dye concluded the presentation.

Prior to beginning Item #10 on the agenda, Mayor Jensen asked Ms. Mercer to address the questions Council Member Shotwell had asked in the morning about year-to-year property tax collection differences. Ms. Mercer presented information showing how much more a family would have to pay on average in the city. She stated that from 2015 to 2016, the average homeowner would see an \$88 annual increase in property taxes paid, before the proposed Homestead Exemption increase would decrease that payment \$16.75. She also presented information that showed that from 2005 to 2015, on average, property taxes paid per homeowner had increased a small amount. Mayor Jensen then proposed the motion to increase the Homestead Exemption by \$2,500 to a total of \$7,500. Council Member Giessner seconded the motion. Mayor Jensen stated that the official vote on the Homestead Exemption increase would take place when the Council votes on the budget.

#### **Item #10: Storm Water Utility Fund**

This item on the agenda was presented by Bill Crolley. Mr. Crolley began by overviewing the revenues in the Storm Water Utility Fund, stating that about 55 percent of the revenues come from commercial customers while the rest come from residential payers, which are broken out into separate tiers. He then described the different Storm Water Utility rates, stating that as

square footage of a home increases, so do the rates. The current rates are: \$1.50 per month for a home less than 1000 square feet, \$3.76 per month for a home between 1,001 and 2,500 square feet, and \$4.35 per month for a home over 2,500 square feet. Mr. Crolley stated some of the department's services, including, but not limited to, water quality protection, flood protection, storm system operations and maintenance, and various capital improvement projects. Mr. Crolley stated that since the city has a significant portion of the city limits within the 100-year flood plain, the department is looking at raising the Storm Water Utility rates, since they are currently below average with an above average amount of land within flood plains. Mr. Crolley described various capital improvement projects the department is currently undertaking, including, but not limited to, flood control, erosion protection, bridge and culvert construction, and creek sediment removal. He stated that there are \$227 million in identified drainage projects that need to take place within the city. Mr. Crolley stated that in FY 2016, the combined total of operational and capital expenses totaled \$5.75 million, and the proposed total expenses for FY 2017 are \$7.05 million. Mr. Crolley then stated that the department had requested in the FY 2017 budget to increase Storm Water Utility rates for all property categories by 10 percent, with a possible annual 5 percent increase after that through FY 2022. Mr. Crolley concluded the presentation.

#### **Item #11: City Wide Construction Projects**

This item on the agenda was presented by Deputy City Manager Tom Cox. Mr. Cox stated that the city is considering purchasing a property at 1100 Fountain Parkway for a fire station. He then stated that the city will be expanding the Service Center. He discussed the construction of the Transit Office Building. He stated that all over the city, Class 6 glass is being installed in certain areas, with the latest addition taking place at the Municipal Court. The next addition will take place in the foyer of the Public Safety Building and the Police Auto Pound, he stated. He then described the property where the Playground Adventure Site is being built. He stated that in the Epic construction project, there have been some delays due to striking water. He stated that the roof product for the Epic is currently being built on-site, along with some of the vertical structures. He stated that he wants the wet side for the Epic opened by December 2017. He stated that the city will begin expanding the Animal Shelter Center in the coming weeks. He concluded the presentation by stating that the city continues to grow.

The meeting concluded with Mayor Jensen and Mr. Hart thanking budget staff. Mayor Jensen adjourned the meeting at 2:30 p.m.

*Prepared By:*

*Will Mixon*

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