

**CITY OF GRAND PRAIRIE
MINUTES
CITY COUNCIL BUDGET WORKSHOP
August 25, 2017**

The City of Grand Prairie City Council convened at 9:00 AM on August 25, 2017 at the Ruthe Jackson Center. The following members were in attendance:

COUNCIL MEMBERS PRESENT

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

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 stated that he will start the day by showing a video that shows the city services provided accompanied with the charges for those services. He stated that he is happy with the budget and that it will be able to address some needs. The video was then shown, giving a short overview of the Proposed Budget, property tax rate, and the average monthly cost for each department per Grand Prairie resident. \$70.56 is the monthly average cost per resident for City services. Council Member Copeland asked if the costs shown in the video just related to property taxes. Mr. Hart stated that he was correct. Council Member Giessner stated the video shows the value that citizens get from their property tax payments.

Item #2: Statistical Information Overview

Mr. Hart presented the Statistical Information Overview. He stated that the City will soon reach the 200,000 population mark, with it currently at approximately 187,000. Council Member Clemson asked what the projected population build-out for the City was. Assistant City Manager Bill Crolley stated that they were currently working on a comprehensive plan to get updated numbers.

Mr. Hart stated the unemployment rate was still doing well and the City is still in a good position with the labor market. He stated that while property values are rising, the City still has some of the cheapest homes in the Metroplex. Commercial permits are projected to increase in coming years. Mr. Hart stated that the industrial and retail real estate in the City is getting absorbed pretty quickly – a good sign.

Mr. Hart stated that average residential sale price per square foot had reached \$100, with total sales showing a strong indicator in the City's real estate market. He then presented a slide comparing the cost of city services and the cost of cable television and internet for a Grand Prairie resident. He stated that most citizens are paying more for cable per month than City services.

Mr. Hart presented a slide showing total cost of municipal services using the average Grand Prairie home value in comparison to surrounding Dallas-Fort Worth cities. He stated that the City is about average in the cost of municipal services for residents when comparing Grand Prairie to other DFW cities.

Mr. Hart stated that a lot of focus in the lead up to budget development has been property tax rates. He stated that Grand Prairie is one of just a few cities that enacted a senior "freeze" to property taxes many years ago that has given senior citizens significant savings over the years. Council Member Wooldridge asked if the City had numbers on how many citizens were taking advantage of the freeze. Chief Financial Officer Diana Ortiz relayed the information to Mr. Hart, who stated that out of around 51,000 residential homes in the City, approximately 30,000 take the homestead exemption and 7,464 take the senior exemption.

Mr. Hart then presented slides showing the breakdown of residential, commercial, and business personal property taxes for the City. Council Member Copeland asked Mr. Hart what the ideal breakdown between residential, commercial, and business personal property taxes is for a city. Mr. Hart stated the main goal is to be sustainable, needing commercial and business personal property to grow, because at some point the residential side gets built out. He stated there is no exact percentage, but a balanced approach is important. He stated that per capita, Grand Prairie is now outpacing Arlington in property values because of this approach. The average single family home price in the City for permits issued is \$337,037 in the current year.

Mr. Hart presented a slide showing the 13-year change in property tax rate for the City and surrounding cities. He stated that the property tax rate has not changed for Grand Prairie, but he understands that property tax payments have increased due to rising property values. He stated that most cities have increased their rates over that period of time, and he is proud Grand Prairie has not.

Presenting a slide on property tax values per capita in comparison to other cities, Mr. Hart stated that he is proud to see the city steadily increasing, now at \$72,289 property tax value per capita – higher than Arlington at \$61,340. He stated that is tough to compete in this area with the new cities, since they do not have the old homes and they are all new homes. He stated that sales tax per capita in the City is right in line with Arlington now, and Grand Prairie could pass them next year.

With the City being below average per capita in sales tax and property tax compared many surrounding, newer cities, Mr. Hart stated that the City supplements this issue with dedicated sales tax for Police, Parks, and Streets, which gives the General Fund some relief.

Mr. Hart then presented information showing General Fund expenditures per capita. He stated this information can show how efficiently a city government is being run. He stated that Grand Prairie has more square miles than most surrounding cities to maintain and serve. Overall, the City does an efficient job. Presenting a slide on City employees per capita, Mr. Hart stated the City is serving 136 people per 1 full-time employee. He stated that this shows the City to be efficient while also being effective.

Mr. Hart then presented a chart showing certified police officers and firefighters per 1,000 population compared to other cities. He stated the Police Chief Steve Dye's goal was to get to 1.5 police officers per 1,000 residents, and they have achieved that goal. Fire is at 1.2 per 1,000 residents. Mr. Hart stated that since 2000 the City's public safety budget as a percentage of the General Fund has gone from 60% to 63%. He stated that without the dedicated sales tax toward Police, this would have taken up a larger portion of the budget.

Mr. Hart stated that overall, the City is in pretty good shape. He stated that the City can be as sustainable as anybody in the Metroplex. He stated that Grand Prairie is one of the top cities to work for due to its balance of sustainability and growth.

Item #3: General Fund

Budget Director Kathleen Mercer presented this item on the agenda. Ms. Mercer stated that 48% of the General Fund revenues come from property taxes at approximately \$62 million, with sales tax taking up 23% at approximately \$30 million. Franchise fees account for 11%, licenses and permits for 2%, charges for services for 4%, fines and forfeits for 6%, and other revenues for 6%.

Ms. Mercer stated that the current portion of the property tax rate that goes toward the General Fund is \$0.473549 and that it will be reduced in Fiscal Year (FY) 2018 to \$0.471196. The reduction will be moved to the debt service – keeping the total property tax rate the same. The

General Fund will receive approximately \$63 million from property taxes, while Debt Service will receive approximately \$26 million.

Ms. Mercer stated that in the current year, the sales tax projection for the General Fund is approximately \$29 million. For FY 2018, a 4% growth rate is built in, resulting in approximately \$30 million budgeted in FY 2018 for sales tax collections in the General Fund.

Ms. Mercer stated that future challenges include health insurance increases, competitive compensation and salaries, a large land area to serve, and old infrastructure. A 3% compensation plan for every full-time employee is included in the FY 2018 budget. For FY 2018, the positions added with full-year funding include: 1 full-time Office Assistant for Police, 1 full-time Sr. Accounts Payable Clerk, 2 part-time seasonal interns for Planning, 1 part-time seasonal Attorney, 1 part-time Library Service Rep, 1 part-time Warehouse Assistant for Public Works, and 1 full-time Inspector for Public Works who will have a 100% reimbursement from a Capital Improvement Projects fund.

The City's health insurance rate went from \$8,459 in FY 2017 to \$9,444 in FY 2018. The retiree rate went from \$9,444 in FY 2017 to \$16,999 in FY 2018. There was a change in the City's TMRS rate from 16.33% in FY 2017 to 16.3% in FY 2018. Ms. Mercer stated that personnel services account for the large majority of General Fund expenditures – 77% of the General Fund at approximately \$100 million. With no further questions, Ms. Mercer concluded her presentation.

Item #4: Employee Insurance Fund

Deputy City Manager Anna Doll presented this item on the agenda. Ms. Doll stated that current challenges with this fund are that claims cost continue to spike, the market comparison is increasingly difficult, and it is difficult to change individuals' behaviors and choices. She stated that this is a nationwide issue in both the private and public sector. She presented a chart showing a 10-year trend of employee medical claims, stating that the trend has steadily increased over that time period.

Ms. Doll stated that this fund has continually seen a negative operating imbalance in recent years. She stated that this is not sustainable and the ship had to be righted. This is partly due to increased claim costs and partly due to an increase in retirees. Ms. Doll stated that the City is proposing changes due to the difficulty to compare to the market anymore with most cities having a 2 plan option, and with claims being so high, ER misuse and billing practices. She stated that changes need to take place and this is the year the changes will be made. Ms. Doll stated that 1.9% of claimants account for 43% of the claim expenses – similar to the national average.

Council Member Copeland stated that it was difficult for the government sector to offer premium health insurance and competitive salaries while competing with the private sector. Council Member Shotwell asked for information on how many eligible employees took a family health insurance plan. Council Member Copeland stated that this would show how the City's benefits compare to others by seeing the proportion of employees who are eligible use the City's family plan. Ms. Doll stated that the information would be given to them after some research. Mr. Hart stated that the Council must keep in mind that while comparisons to the private sector are good, they must understand that when it comes to Police and Fire – the City is directly competing with other municipalities and not the private sector.

Ms. Doll then presented the proposed health insurance plans for 2018. She stated that the City will be going from 3 PPO plans to 1 PPO plan and 1 HSA plan. The PPO will have a deductible of \$1,500 - \$3,000. Monthly premiums will be: \$85 for Employee Only, \$340 for Employee and Spouse, \$245 for Employee and Child, \$485 for Employee and Family. Ms. Doll stated the HSA is the new product. The employee pays all dollars until the deductible is reached, which is \$3,000 - \$6,000. The City will also add an annual "seed" of \$500 for an employee's HSA account. Council Member Shotwell asked if employees using the HSA will still get the negotiated price that the City's insurance company has. Ms. Doll stated that they would. Council Member Shotwell stated that the City could see savings from employees using the HSA plan. Mayor Jensen stated that it could be the case, and 2018 will give the City a good baseline. Mr. Hart stated that many scenarios regarding health insurance had been ran through and analyzed with actuaries. Council Member Del Bosque stated that going forward, the City could also look toward an independent health insurance company to be used as a third party administrator. Council Member Giessner stated that the current third party administrator has given the City very competitive rates. Council Member Swafford stated with the City's use of health insurance and demographics, it would be tough to get the lower rates that Council Member Del Bosque is seeking. Mayor Jensen stated that looking out-of-the-box is a great idea to look at going forward, but any other new proposals will not be able to be implemented for 2018.

Council Member Shotwell asked if the emergency room co-pay was to mitigate the emergency room misuse. Ms. Doll stated that it was. Mr. Hart stated that a report was being made working toward a policy for out-of-network facilities. He stated that the City would like to see no out-of-network claim be paid by the third party administrator until the City has reviewed it. Ms. Doll stated that the City would restrict certain pharmacies and the City would see \$167,000 in savings. Other savings include changes to: Non-Office Lab/X-Ray, PCP co-pays, specialist co-pays, urgent care co-pays, and ER changes. Council Member Shotwell stated that the City would have to educate employees on these changes. Ms. Doll concluded the presentation.

Recess

Mayor Jensen recessed the meeting at 10:55 a.m. He called the meeting back to order at 11:05 a.m.

Item #5: Water/Wastewater Fund

Ms. Doll presented this item on the agenda. She showed a chart showing performance metrics for the year, stating that Revenue Management stays very busy throughout the year. Ms. Doll stated that much of Water Wastewater's expenditures come from water purchases, wastewater treatment, debt service, and capital improvements. The total Water Wastewater budget for FY 2018 is approximately \$76 million. Ms. Doll stated that regarding revenues in the fund, about 60% comes from water sales, 37% comes from wastewater, and about 5% come from other revenue streams.

Ms. Doll stated that most of the water supply comes from Dallas. She stated that for wastewater, the pass-through cost will increase about 10.6% from TRA. She stated that due to water conservation efforts, per capita water usage continues its downward trend. This trend does put pressure on the rates since most of the utilities' costs are fixed. The City of Dallas and Fort Worth water purchase costs continue to increase, as well. Ms. Doll stated that the fixed base rate charges and variable rate charges are going to increase 4.25% for FY 2018.

Ms. Doll stated that the automatic meter reader project will install over 50,000 of the automatic readers across the City. She stated that the anticipated customer portal launch will be the first quarter of 2018. Mayor Jensen asked if this project was ahead of schedule. Ms. Doll stated that it was. Ms. Doll stated that there is approximately \$20 million in Water capital projects and approximately \$6 million in Wastewater capital projects in the FY 2018 budget. She stated that a gallon of water will cost \$0.99 at a local grocery store, but a gallon of water from the City costs less than a penny. Ms. Doll concluded the presentation.

Item #6: Solid Waste Fund

Solid Waste Manager Patricia Redfearn presented this item on the agenda. Ms. Redfearn stated that the Solid Waste Fund included a 4% rate increase for FY 2018 that would take the City Solid Waste Services from \$15.10 to \$15.71 per month. An increase for the Auto-Related Business permitting from \$200 to \$250 annually was also included.

The current program includes twice weekly garbage collection in bags, once a week recycling collection, on-demand bulky item collection, monthly brush collection, daily litter collection, street sweeping, household hazardous waste collection, illegal dumping cleanup, and cheap or

free landfill access. Additional services include Keep Grand Prairie Beautiful, Auto-Related Business program, and alleyway maintenance. The Solid Waste Fund also includes a transfer to the Street Maintenance Sales Tax Fund, Solid Waste Equipment Acquisition Fund, Solid Waste Closure Fund, Solid Waste Landfill Replacement Fund, and Solid Waste Liner Replacement Fund.

When comparing the City to other cities in the Metroplex, Ms. Redfearn stated that the City's rates are well below average with a high-level of service. Commercial service includes the choice of a 2 cubic yard container, 4 cubic yard container, 8 cubic yard container, a roll-off, commercial bag, or "self-haul." Capital projects for FY 2018 include a consultant for the garbage/recycling contract. Council Member Swafford asked what the scope of the contract with the consultant will be. Ms. Redfearn stated it will be to put together the bid package, assist with negotiations with the companies, and making a recommendation. Other capital projects include maintenance shop fluids storage, landfill litter fencing, and a sidewalk for Building F and road repairs. Council Member Copeland asked what the demand was for recycling and if pickup frequency could be lowered. Ms. Redfearn stated it is something that has been looked at, and it could possibly be reduced. Council Member Giessner asked if it could be reduced even though recycling tonnage is increasing. Mayor Jensen stated that it is at least something to look at but may not be implemented. Ms. Redfearn concluded her presentation.

Item #7: Storm Water Utility Fund

Assistant City Manager Bill Crolley presented this item on the agenda. Mr. Crolley stated that beginning last year, a long-term plan was created where a 5-year plan was created, increasing the Storm Water rate by 5% each year. Regarding commercial customers, approximately 27% are small users (less than or equal to 26,800 square feet of impervious area), 47% are medium users (26,081 to 130,800 square feet of impervious area), and the other 25% are large users (130,801 or more square feet of impervious area).

For residential customers, Mr. Crolley stated they are broken up into different tiers: Tier 1, Tier 2, Tier 3, Mobile Home, and Multi-Family. There are 5,905 Tier 1 accounts, 28,577 Tier 2 accounts, 9,904 Tier 3 accounts, 977 Mobile Home accounts, and 17,322 Multi-family units. Mr. Crolley presented charts showing the residential rates for Storm Water will remain below the average of surrounding city Storm Water rates. Council Member Shotwell asked if the residential tier was determined by house size or lot size. Mr. Crolley stated it was determined by lot size. Mr. Crolley concluded the presentation.

Recess

Mayor Jensen recessed the meeting at 11:31 a.m. for lunch. He called the meeting back to order at 12:42 p.m.

Item #8: Fire and Police Overview

Fire Chief Robert Fite presented the Fire portion of the agenda. Chief Fite began the presentation by providing an emergency management update, stating the City of Dallas will mobilize multiple shelters for evacuees of Hurricane Harvey.

Chief Fite stated that the department is now on Year 5 of their 5-year plan and the current year's theme is to 'Evaluate.' He stated that the department ISO went from a 3 to 1, which helps out on insurance rate hikes. He stated this was the Fire Department's 100-year anniversary.

Chief Fite stated budget impacts include the state reducing the Medicaid reimbursement by 30%. He stated that 36% of fire fighters will get cancer – twice as likely compared to the general population. There will be a new position in FY 2018 for fire prevention. The aging fleet is another budgetary impact – the department tries to replace a fire engine each year. For FY 2018, there are 4 fire engines budgeted for in the Fire Capital Improvements Project (CIP) Fund, due to engines not being purchased in 2007 and 2008. Chief Fite stated that succession planning is also important in the near future with many retirements taking place soon. Council Member Wooldridge asked how much the starting salary for a fire fighter is. Chief Fite stated approximately \$57,000. Chief Fite briefly presented the Fire CIP, stating that the 4 fire engines would cost approximately \$2.9 million. Chief Fite concluded the Fire portion of the presentation.

Police Chief Steve Dye presented the Police portion of the presentation. Chief Dye stated the 2016 crime numbers have not been finalized by the Texas Department of Public Safety, but he expects the City to remain in the top 10 safest cities for its population. He stated that since 2010, the City has seen a 37% crime decrease. The Mounted Patrol unit is operational with 4 positions. The implementation of the Police Department's case processing office has been important, the Chief stated, taking the administrative task burden off the detectives, and making the department more efficient. Chief Dye stated that personnel make up 86% of the Police Department's budget.

Chief Dye stated that 220 body-worn cameras have been implemented in the Police Department. Every Grand Prairie police officer now wears a body-worn camera. He stated that community policing is still a big initiative within the department, with many programs included in this, including a fishing program with at-risk kids.

Chief Dye stated that 1 sergeant and 6 officers are being requested in the FY 2018 budget to maintain the City at 1.5 police officers per 1,000 residents. He stated that the City is an attractive place for police officers to come to due to the City's support of the Police Department. He stated that one of the most positive pieces of feedback he receives is about the Police take-home vehicle program. He stated there are currently 80 take-home vehicles.

Chief Dye then presented information regarding diversity within the Police Department. He stated that African-Americans make up 8% of the Police Department force. Whites make up 72%, Hispanics have doubled in recent years, and there are 7 Asians on the force. Council Member Shotwell asked if there has been large enough growth in female officers. Chief Dye stated that the Police Department is trying to become more visible in different communities, but the department does not want to have two standards of hiring. Council Member Shotwell stated that having one in a Chief position is important.

Council Member Shotwell asked if Senate Bill 4 would hurt crime reporting in the City. Chief Dye stated that the bill itself will not hurt the department, but the perception of the bill can cause some lessened reporting within the immigrant community. He stated that the department is aware of this, and they are observing to see if there are any effects. Chief Dye stated that 26.59 out of 1,000 residents of Grand Prairie were offended by some type of crime in 2016 – almost cut in half from 2010. He stated that the department will be enacting evidence-based policing, allowing the department a better, and more high-level way to lessen high-crime areas.

Chief Dye stated that it has become an increasingly tough environment for police officers around the nation, but the City's department has great relationships with the City's respective communities. He stated that he is thankful for the support of the City Council.

Item #9: Historical Organization Building

Marketing Director Amy Sprinkles presented this item on the agenda. Ms. Sprinkles stated that the Historic Organization Building has many issues, including the roof and asbestos. She presented information from contractors giving information showing the cost of different repairs. Mayor Jensen stated that all of these repairs come to a total cost of \$350,000. Ms. Sprinkles stated it is not used a lot, but more groups could use it.

Mr. Hart stated it could be renovated to be made into a nicer building, but it is a lot of money to be spent for the small amount of usage. He stated that he wanted the City Council to discuss this to decide what they would like to do. Mayor Jensen stated he would like to see more use out of it if the City were to renovate it. Council Member Wooldridge asked if anybody had met with the group to discuss other options. Ms. Sprinkles said there are different views and voices within the group that have differing opinions. Council Member Copeland stated he could not support

spending \$350,000 on the renovation. Council Member Clemson stated that the building has great value to the City and she is supportive of it.

Mayor Jensen asked if the group could keep meeting there if no renovations were made. Ms. Sprinkles said it's a dangerous environment without renovations, and they would not be able to. Council Member Shotwell stated he would like to see the building for the Historic Organization closer to the downtown area. Council Member Copeland stated that somewhere would need to be found for the organization's storage, also. Mayor Jensen stated that this item is still under consideration, and no decision will be made today on the renovation funding. He stated that the City Council and staff still needs to explore options.

Item #10: The EPIC

Deputy City Manager Tom Cox presented this item on the agenda. Mr. Cox stated that the City is now within 111 days away from Epic Waters opening. He then presented a video showing a time lapse of Epic Waters construction. Mr. Cox stated that the City is building a legacy project with The Epic. He presented multiple pictures of construction that has taken place, including the "lazy" river, water piping, fire lanes, and trail restrooms.

Mr. Cox then presented statistical information on the project. He stated that there has been 11 million pounds of concrete used, 45 miles of conduit, and 140 miles of wire and cable. He stated that 1,000 people had worked on the project with zero reported accidents. Mr. Cox stated that the plan is to have 4 soft opening nights before opening to the public. Council Member Copeland asked if it was possible to put the City logo on the roof of Epic Waters. Mr. Cox stated he could get pricing on it and would check into it. Mr. Cox concluded his presentation.

Item #11: CIP Projects

Various department heads presented this item on the agenda. Chief Financial Officer Diana Ortiz began the presentation. Ms. Ortiz presented the General Obligation Debt model showing the FY 2018 proposed debt service figures and projected figures from FY 2019 – 2023. Ms. Ortiz stated the City tries to maximize its fund balance when possible, and the FY 2018 proposed General Obligation Debt Service reduces the fund balance by approximately \$3 million by design. Council Member Swafford said among many funds, the City is currently consulting a financial advisor on how to approach the different funds' debt coverage ratios and if some need to be reduced and how it could affect bond ratings. Ms. Ortiz stated that there has been one meeting with the financial advisor and some criteria will be updated in the funds' debt coverage ratios. Council Member Swafford stated that he would like to attend the next meeting with the financial advisor. Ms. Ortiz and Ms. Doll stated he would be invited. Mayor Jensen stated the goal is to maximize cash without affecting the bond rating.

Ms. Mercer presented fund balances for multiple funds. Capital Reserve Fund has approximately \$10 million in unrestricted reserves. Sports Corporation has approximately \$8.6 million in unrestricted cash. Restricted cash by fund includes but is not limited to, \$14.7 million in Crime Tax Fund, \$3.2 million in Epic Fund, and \$2.4 million in Red Light Fund. Total restricted funds are slightly under \$30 million. Ms. Mercer stated that there is approximately \$40 million in bonds being sold for FY 2018.

Mr. Crolley presented Capital Improvement Projects. Street projects include, but are not limited to, Fish Creek Road from Belt Line to Westchase, Interstate 20 and SH 161 slip ramp, street assessment implementation, Great Southwest Parkway Forum to Mayfield, Camp Wisdom from Carrier to FM 1382, Marshall and Robinson Road paving improvements, Wildlife Parkway, various intersection improvements, Acosta Road sidewalk and drainage, City bridge rehabilitation, pavement widening along Great Southwest Parkway under Interstate 20, Carrier Parkway improvements, Rock Island Road bridge, and Small Street improvements. Mr. Crolley stated all-together, the City has \$672 million worth of needs on streets.

Mr. Crolley then presented the Storm Water CIP projects. Storm Water projects include, but are not limited to, Dalworth Street at Dalworth Creek, expanding the rain and stream gauge system, and the reclamation master plan at Belt Line. Council Member Wooldridge asked if the Council could be provided with a map of the reclamation master plan. Mr. Crolley stated yes, he would get it to them.

For Airport CIP projects, Mr. Crolley stated that projects include extending the perimeter road to the south fence, RAMP projects, and outside repairs on the control tower. Ms. Sprinkles stated that Library CIP includes a \$5 million project for Warmack Library expansion.

Mr. Hart presented the Municipal Facilities CIP. He stated that the large project upcoming is the Municipal Complex. Mr. Hart stated that the current project design includes constructing a building between City Hall and the Development Center to expand City Hall. This reconfiguring will create a large, nice plaza in front of City Hall, Mr. Hart stated. Mr. Hart stated that if the Council approved of this design, the City would go forward with it. Council Member Shotwell stated he liked the plan, but the funding can possibly be spread out over another year. Mayor Jensen stated that is something that can be worked on. Mr. Hart concluded with briefly presenting the Parks CIP projects.

The meeting concluded with Mayor Jensen and Mr. Hart thanking Budget staff and the Finance and Government Committee. Mayor Jensen adjourned the meeting at 3:15 p.m.

Prepared By:
Will Mixon
Financial Analyst, Budget & Research