

**CITY OF INGLESIDE
BUDGET WORKSHOP CITY COUNCIL MEETING
MINUTES
INGLESIDE VOLUNTEER FIRE DEPARTMENT
2425 8TH STREET, INGLESIDE, TEXAS
AUGUST 19, 2023
8:00 A.M.**

Opening Agenda

1. Call Meeting to order.

The Budget Workshop Council Meeting of the City of Ingleside was called to order by Mayor Adame at 8:02 a.m. on August 19, 2023, at Ingleside Volunteer Fire Department 2425 8th Street, Ingleside, Texas.

2. Roll Call.

With Council Members present a quorum was established.

Council Members Present: Steve Diehl, Stewart Wilson, David Pruitt, Mayor Pro-Tem Tracy Long and Mayor Pedro Oscar Adame.

Council Members Not Present: John Salinas and Julio Salinas

3. Invocation.

Council Member Pruitt led the invocation.

4. Pledge of Allegiance.

Mayor Adame led the Pledge of Allegiance to the U.S. flag.

5. Citizen Comments and Reports.

No citizen comments and reports

Workshop Agenda

6. Presentation of the proposed Fiscal Year budget for 2023-2024 budget letter and 5-year Capital Improvement Plan.

Mayor Adame thanked the staff for getting the budget information prepared and highlighting the information that needs changes. There are questions that the Mayor and Council have and that is why it was requested to have this meeting.

City Secretary Mowles requested that we start with the roll call first. The roll call was completed followed by the Invocation and Pledge of Allegiance.

Mayor Adame stated he wanted to start with his opening comments. His question was if the numbers for this budget were based on the highest amount for the total tax. City Manager Lewis stated that the purposed numbers are what you have on the updated based on \$2.5M more in M&O revenues instead of seven. Director of Finance Vela stated it was .642061. Council Member Diehl requested that the total amount of the taxes be based on the revenues.

City Secretary Mowles stated that the agenda item should be read before discussion. City Secretary Mowles read agenda item number six (6).

Council Member Diehl stated that he wanted to thank the Mayor publicly and give credit where credit is due. For every Council Member would not have had the agenda in front of you if it had not been for the Mayor. He stated that once the Mayor recognized the issue, he took charge and did an excellent job of getting this agenda out. Council Member Diehl

also reminded the Council and asked the staff when the Council will vote on the actual budget. The City Manager stated that per the Charter the final date is September 25, 2023, and the public hearings must be done by September 12, 2023.

Council Member Diehl stated that many of the current Council Members have been on the Council through many budgets and this is one of the most important functions that a Council has. Once the Council votes, then the Council owns the budget. Tough decisions will need to be made by the Council to allocate the citizens' money. There is a lot of work to be done on this budget. Once the budget has been voted on the Council becomes the overseers of the budget which is the road map for the city. Quality of life is the bottom line of a budget. Quality of life includes the streets, internet, and police protection. Council Member Diehl stated that he is on board with the Mayor. The Council is very close to a vote on this current budget and the vote on last year's budget was wrong. Council Member Diehl expressed that starting one October he hopes that Council will get the city back on track. Moving forward with business, finance, and staffing.

Council Member Wilson had no comments.

Council Member Pruitt had no comments.

City Manager Lewis addressed the Mayor about the question on the adoption of the budget by Council Member Diehl. The public hearing is set for September 12th on the budget and on a tax rate. Due to the public hearing set on September 12th, it would have to be adopted within seven (7) days of the public hearing. This would make September 19th the last day for adoption without having to hold another public hearing on the adoption of the budget. At the September 12th meeting, the Council's discussion could be to postpone the vote on the tax rate and the budget until a certain date if it is by September 19, 2023.

Mayor Adame addressed Finance Director Vela about starting and Vela stated that she wanted to answer the original question the Mayor had about the tax rate. Council Member Diehl asked that the exact wording be included in the minutes and issues when you get into the tax rates.

Finance Director Vela stated that based on her calculations with some rounding from the tax office, the proposed tax rate by the City Manager is \$0.642061, which is approximately a \$0.19 increase from the current tax rate but is way below the \$0.86 and is about \$0.19 less. The M&O for the general fund operations will be \$0.457689 generating approximately \$10.1M of revenues for the general fund. The I&S rate which is the debt service is \$0.184372 generating approximately \$1.4M for the debt service again those two rates add up to \$0.642061. The M&O rate because of the changes in the appraised values is approximately \$3M. The City Manager said \$2.5M based on budget numbers, but Director Vela is basing the number on actual appraisals. All of this is on page 4. On page 14 it does reflect the \$10M, but on the debt service it does not reflect the correction for the \$4M. On Tuesday night there will be a correction.

Mayor Adame questioned if we had the tax role already. Finance Director Vela responded with yes. Mayor Adame asked each Council Member if they had any comments on this point. Council Member Diehl asked the Mayor how the Council wanted to move through the information presented as all Council Members have specific questions allowing the newer Council Members to get more experience with the budget process.

City Manager Lewis stated that we can either go through each item on the budget or go by each Council Member and address the questions or by department. Mayor Adame stated he would like to go through the items that are highlighted and make an opening statement. He stated in the last Council meeting that it would be hard for him to support this much of a tax increase going up to \$0.64 cents. Due to the citizens already taking a hit from another entity, it would be hard to support this much of a tax rate increase.

Council Member Diehl stated that he was 100% in support of the Mayor on his comment. In the last meeting nothing was adopted at that meeting, but the citizens only heard the high end of the taxes. Council Member Diehl stated that if the city is going to raise anything, the city must be able to justify the owners of the money. The citizens are not getting pay raises and inflation affects their quality of life. With insurance going up that people have to pay for it, not the company. The cost of gasoline is going up. Everyone knows there is more money coming out of their pockets. When the city raises tax rates and property tax it

is understood that that is how we pay to run this city, but it is called tightening our belts up. This city has priorities and the biggest one is our streets and infrastructure. This budget does not address that. Sales Tax is a one-time increase. Once construction stops you go back down to your base rates. An example would be Alice Texas's Aquatic Center. Council Member Diehl said he would be overly cautious going through this budget and supports the Mayor's comments and there is no way he would support this tax increase but instead the city should make some tough decisions and tighten their belt. We should produce a document that as of one October the citizens would know what to expect to get done throughout the next year. This is pro-citizens. Council Member Diehl wanted to go on the record that he would support that. Council Member Diehl addressed the Mayor and asked if he had a maximum number in mind for the tax increase. The Mayor responded "Yes," but he wanted to hear from all the Council Members first.

Council Member Wilson stated that it has been a long time that the city has needed to tighten their belts. It is hard to raise taxes too far before the public gets upset. Council Member Wilson stated that he agreed with Council Member Diehl but did not see much on the drainage or roads, which he stated was a major concern for him.

Council Member Pruitt stated that he does not know where the city would tighten their belts. He thanked the staff for getting the budget information out. The streets do need repairs and Council Member Pruitt agreed with the other Council Members on this. Street repairs are one thing he does not want to cut back on.

Mayor Pro-Tem Long stated the tax rate has been clearly stated in the last meeting and the maximum rate was never going to happen. If that rate is what needs to happen it should be justified. As a homeowner of several properties in this town, I would say do not raise the tax. The city has needs and there are only two ways to take care of streets, drainage, sewer, water, and infrastructure. Either raise the tax rates to cover what projects that have not been completed for years now or we have to grow. A combination of these are what needs to happen. If the city must raise the tax rate it must be justified. As the Mayor said the tax rate will not go up to the maximum amount, but it should be justified for the rate we will go up to.

Mayor Adame stated that he agrees with the Council Members. One thing that he has seen is road maintenance which is happening now. The ditches need to be cleaned out first before the seal coat is put down. One example is Avenue J. Cleaning out the ditches is important, and we need to verify there is enough money to complete the ditches. The Mayor stated that Director Paredez and his crew are doing a great job cleaning out the ditches and the roads are being done. Out of the ten roads that was brought before the Council at the last meeting, the Mayor would like for staff to concentrate on five and then come back to Council mid-year for the next five making sure there is enough money to complete them. When the Council votes on something that does not get completed or there is not enough money to complete the roads, the citizens hold the Council responsible. It is important for this Council to focus on fixing roads and infrastructure that did not get fixed in the past. Lift stations are important and we currently have a lift station that is two hundred percent over capacity. The Mayor thanked the staff for working hard in getting the budget to the Council.

Council Member Diehl stated that he agreed with the Mayor about the roads. Council Member Diehl addressed the City Manager and thanked him for hiring Director of Infrastructure Paredez. The Manager has a tough job and the Council sets the goals for the City Manager who executes that on behalf of the Council. Being honest about the roads is where we tighten our belts. There has not been any justification on cost for all ten roads to be fixed now. The estimates that we have are based on historical data and inflation is going up on street maintenance. Six to eight years ago the money that was allocated for the streets, the voter approval street maintenance portion was not there. Council Member Diehl stated that he was the Council Member that did the research and found out that we could go to the voters and reallocate the tax. It was to augment from the general fund for normal road maintenance. If you go back and look at the amount allocated for street maintenance the cost of fixing streets over the last six years has skyrocketed. Director Paredez answered Council Member Diehl that "Yes" this is a correct statement. The amount of money allocated to fixing streets in the budget has not gone up. If the Council is unaware of the real cost needed to fix the roads, then the Council in turn creates the situation for not completing road maintenance by voting to get more roads completed than there are funds allocated to fix them. Council Member Diehl thanked the Mayor for bringing up the roads

as this is the Council's number one priority. There are certain things that must be paid like lights and employees. Council Member Pruitt was correct when saying that you can only tighten up so much because you must have police cars and gasoline, which is quality of life. This is one area where we can cut back at this time and have the staff produce the true cost for completing the roads. Council Member Diehl addressed the Mayor about a very important document that he believes should have been presented to the Council for the budget is a balance sheet. The balance sheet is a document that was presented to the Council on every previous budget. This sheet will tell the Council how much money the City is obligating and the deficit. This document makes it easier for everyone to understand. Each budget starts out with an overage and it is not showing in what was presented to the Council. This budget has not kept up with the inflation factor. Every shovel of dirt that is thrown into a pothole is a band-aid and money that is thrown away. The path forward is the master plan that is supposed to be an addendum to the city's comprehensive master plan. This Council paid fifty thousand for that study. This was not to name streets, it was to know the future maintenance plan to maintain the streets which is a fifteen to twenty year plan to have every street seal coated by a certain year. This is a benefit to future Councils. The City is so far behind on Information Technologies. It will take a real look at expenses and put it toward the balance sheet.

Mayor Adame addressed the City Manager about walking the staff through the highlighted areas of the budget presented which are changes from what the City Manager originally recommended. It was asked that explanation start with the street section first.

Finance Director Vela addressed the Council about turning to page 37 of the budget workshop agenda. The original recommendation from the City Manager was \$250,000 and requested Director Vela to change it to \$750,000 after the last Council meeting. On page 78 Fund 28 Street Maintenance & Repairs it lists the ten streets but are not broken down on cost per street. There is \$1.9M in the street maintenance care fund. It is separated out and this does not include what is going to be collected. Council Member Diehl stated that this is the problem because the Council needs to see all of the funds. Director Vela stated that she had intended to get the balance sheet completed before the meeting. Council Member Diehl stated that that is what the City sets the tax rates on.

City Manager Lewis stated that the City currently has \$1.75M budgeted for streets. This is the sales tax fund which the City is trying to use that money and the tax rate is set on that \$750,000. Mayor Adame stated that the most important thing was that the City must use the sales tax because that is what the citizens voted on. These are the streets that have been recommended as being priority. As mentioned earlier the Mayor stated that his recommendation is to complete the first five on this list and have staff come back mid-year to make sure the City still has the money to complete the last five. Council Member Diehl stated that the documentation is not clear and each department will have to cut a little out of what is requested for their department. Council Member Diehl stated that he had monitored some very large budgets and at the beginning of the budget you can not over document. The broader you try to make the budget, the more mistakes you will make. Finance Director Vela stated that she does not do broad budgets because of that fact. Council Member Diehl stated that the budget needs to be correct due to changing Council Members every two years each with new priorities. If there is good justification the new on coming Council will have a good foundation. The budget needs to show the voter approved rate since this can go away during a re-vote in four more years. Council Member Diehl stated that all we have is an estimated guess for cost on street repair at this time. Smaller towns pay more for street repair because it costs the contractor to put a team together to do a small job unlike a larger city. The City is counting on the County too much to repair streets and the City is not their priority.

Council Member Diehl asked the Mayor to explain the term "Mobilize In". Mayor Adame stated that is when a company moves in, that company is going to charge for moving their equipment in. If the company moves out and has to come back for another project, that company will charge each time they have to move their equipment. Most people don't know that if a company gets more than one project, they charge each time they have to bring their equipment back to a job site. If you get a company to do more than one project, they will not charge you a mobilizing fee.

Council Member Diehl reiterated what the Mayor had said earlier about the recommended list of roads that are priority and how what the Council should approve is the first five roads to be completed at the start and have the staff come back mid-year on the next five on the

recommended list if there is still enough money allocated in Fund 28 to complete the next five or infrastructure problems that may need to be addressed. If this is what the Mayor is proposing it would be supported by Council Member Diehl. Mayor Adame said this was what he wanted to happen.

Council Member Diehl asked Director Paredez what he considers the type of road maintenance that Fund 28 would take care of. Director Paredez stated that road maintenance is anything that is not a full reconstruction. It is only for a street that only needs to be resurfaced. When a resurface of a road is done a zipper is used to grind up the asphalt and the road is then leveled and crowned if needed. Whenever there are potholes there is a subsurface failure in there. After the road has been leveled a seal coat goes on top and this is considered maintenance. Anything other than doing the base that is reconstruction. If a road does not have an existing base and one needs to be added, that is still considered maintenance. If a road must be built up, that is considered reconstruction. Council Member Diehl stated that Director Vela needs to separate the maintenance fund from the reconstruction fund and asked Director Vela where the road maintenance voter approved money comes from. Director Vela stated that money comes from sales tax. Council Member Diehl asked Director Paredez what is the combined total for the five streets and road maintenance on all the streets which are needed. How much money is needed to budget from all sources? Director Paredez stated that he could not give an exact amount of money it would cost to complete all maintenance, but he believes that what we have in the budget augmented with the maintenance should cover the maintenance cost. What is budgeted for street maintenance is for street repairs if needed which is the \$750,000. This is not from the street maintenance by definition. City Manager Lewis explained that the \$750,000 that is in the street budget is for all maintenance and repairs. The five roads that are on the list to be fixed are going to get more than seal coat is what is being budgeted for. Mayor Adame stated that Big Oak Street should be done in the summer because of the school.

Council Member Diehl asked that considering the distance and length of the streets, what would the cost of the five roads and routine maintenance? Director Paredez stated that routine maintenance is for potholes and it has been budgeted for a hundred to a hundred and fifty thousand a year for just pothole patching and seal coat. The numbers that are in this budget are based on previous data. Council Member Diehl reiterated that this is why the balance sheet is important. Council Member Wilson stated that drainage can be added to the maintenance. Council Member Diehl reiterated that the city is in trouble and we should tighten up the budget. Just like other cities, we have fallen behind and it has happened over the years. There are streets like Garza, Ave E, and Ave A have not had maintenance in years and they have every right to have their streets fixed.

Mayor Pro-Tem Long stated that in general we are budgeting for \$750,000 and in the maintenance fund we have roughly \$1M. Director Paredez stated those are two separate funds. Mayor Pro-Tem Long questioned if the \$1M would cover the cost to get five of the ten streets from the purposed list completed. Director Paredez stated that he thought the \$1M would cover that cost. The \$750,000 is for potholes, but we can use maintenance money to augment the \$750,000. City Manager Lewis stated that what we are proposing is that we have the \$750,000 and ad valorem tax plus the \$1M in sales tax combined together we can do the maintenance on those ten streets and continue to do the pothole patching and other items we have to do on a daily basis. Mayor Pro-Tem Long questioned if the City Manager thought that would cover everything. City Manager Lewis stated that the \$1.75M should cover the cost. Council Member Wilson stated that the cost would be close due to the price of materials going up. City Manager Lewis also stated that we have looked at what could be done realistically in one year, and that the main fund balance available for the streets is almost another million dollars. Director Vela stated that is not including 2024 budgets. Mayor Pro-Tem Long stated a concern about getting through the first eight and then there is no more money. This is a priority list and the mobilization cost is a factor. City Manager Lewis stated that all ten streets should be bid at the same time and when it comes down to the alternates to see if the cost comes in over the \$1.75M, then we would bring this back to the Council with the bids. We would still have basically a million dollars left to finish out all ten streets. There would need to be a budget amendment for that.

Mayor Pro-Tem Long asked about the additional staff on page 37. Wages went up and pushes up unemployment. Is this part of the additional personnel being requested? City Manager Lewis stated that Council had authorized additional personnel in the Street Department and includes the 4% COLA (Cost of Living Adjustment). This is not additional

personnel costs. This was additional personnel approved at the last budget amendment. Mayor Adame stated that this also includes the 4% COLA, 5% to 7% TMRS, and the insurance that the City is taking a hit on. City Manager Lewis and Director Vela confirmed this is correct. Mayor Pro-Tem Long stated that these increases need to be discussed as this impacts every department within the city and will affect every other part of the budget. Mayor Adame looked at the city going from 5% to 7% TMRS and the city taking a big hit on the insurance on the increase of cost the city pays for the employees. City Manager Lewis stated this depends on if the employee has dependent coverage. The employees with dependent coverage will be taking a hit also but the city picks up a large portion of dependent coverage. Mayor Adame stated that the Council was going to have to make some tough decisions. The increase of 5% to 7% TMRS (retirement) is quite a bit of increase, along with the increase in the employer portion of the medical insurance coverage, and 4% cost of living raise for employees is a large increase for the City. Mayor Adame stated that the City will have to tighten its belt.

Mayor Adame stated that he wanted to go back to the streets directing the staff to make sure the city has enough to do the first five streets and then come back to do the next five streets. First Five Streets: (1) Big Oak; (2) 3rd Street; (3) Munson; (4) Blaschke; (5) Pen Oak

Council Member Diehl stated that the Council needs to give staff some definitive guidance. Mayor Adame stated that staff is to do the first five streets and come back in four or five months to the Council and tell them if the city has enough money to complete the next five streets is the Mayor's recommendation. Council Member Diehl commented that he is astounded that there is \$1M sitting in an account. Especially since he was as someone who fought to get the reallocation of sales tax in the past when some citizens were opposed due to thinking it would be a new tax and not a reallocation of tax. City Manager Lewis stated that it is \$1.9M. Council Member Diehl stated that \$1.9M of voter approved money being locked up to guarantee monies to be spent on an annualized basis to fix their streets. That money was not to sit there and build a slush fund, it was for road maintenance. Council Member Diehl stated that the reason this sales tax was finally approved in the past because this is another way of getting the industry to help with the streets. The industry pays most of the sales tax in our city. It is the industry workers.

Council Member Pruitt stated that we need to spend it and he agrees with what Council Member Diehl stated. The city is dependent on other people to fix the streets for us. We use the County and that is great. If we go out for RFQ (request for qualifications) that will cost us more money. If we can do these jobs in-house it would save the city money. We do not have the equipment and qualified personnel to do the job. We could level these streets with the material and a maintainer. I have never seen a city not have the equipment to do their own streets. Council Member Pruitt addressed the City Manager about the cost of contractors coming in to seal the roads. City Manager Lewis stated it is probably a 40% increase to have contracts fix the streets. Although we are building the staff, you need experienced people to work the equipment. Mayor Pro Tem Long stated that contractors also get paid more in the private industry than within the city. Mayor Adame reiterated that is why he recommends completing the first five knowing that material pricing will go up and make sure that the city has the money to complete the first five streets and coming back to Council with two more, three more, or the rest of the five streets. Council Member Diehl stated that he supports the Mayor on this. Council Member Pruitt asked Director Paredes if the first five streets need to be milled up or can we level them up? Director Paredes stated that we can level them up but is better if they are milled up because we don't know how much asphalt there is. Ave A is about an inch and 6th Street has about two inches. Director Paredes stated that they can get a coal mix and spread it out but it won't last. This does not fix the base failure. Council Member Wilson stated that a large part of the street issue is grass and dirt building up on the shoulder. Director Paredes stated that we have 1st Street infrastructure failure.

Council Member Diehl asked how much money goes into sales tax on an annual basis? Annually \$400,000. There is \$1.9M that has not been spent.

At 9:25 a.m. Paul Baen, 2177 Glenwood Drive, addressed the Council about the audit for 2022 annual expenditure rate to go through all city streets in ten years. How much to fix all of the streets?

Council Member Wilson stated that it would take 15-20 years to fix all of the streets. Mayor Adame stated that some streets have not been touched and others have been done more than once in recent years.

Mayor Adame stated that with employees, TMRS, and COLA the city needs to tighten this up. He stated it would be hard to give 4% COLA, going up on TMRS, and the City taking a hit on Insurance. Mayor Pro Tem Long stated that with the 4% COLA is good, but there needs to be a justification on TMRS 5% to 7%. City Manager Lewis stated that TMRS is a recruitment tool for Employment retention competing for retirement. Currently at other competitive areas they are at 6% to 7%. Mayor Pro Tem Long asked Director Vela how does the 6% adjust on our budget? Director Vela stated that on page 6, the difference is \$340,239.77 on TMRS, 4% COLA is \$305,631.89 while our number of employees is 157 at this time. Mayor Pro Tem Long asked Director Vela if the impact on the budget would be 6% instead of the 7%?

Paul Baen, citizen, inquired if we knew the unfunded liability TMRS. Director Vela stated that this can be equated to a 20-year mortgage and is 100% funded. TMRS does a 20-year incremental increase and is already included in the \$340,239.77 for TMRS. Paul Baen stated if in the current year \$250,000 in the document the increase steps to 5% and up add liability within the government 5% cont. is low state local government.

City Manager Lewis stated personnel added by Council at the previous budget approval had added 3-4 people to the Street Department.

Mayor Pro-Tem Long asked Director Vela what is the real impact on our budget?

Council Member Diehl stated that retirement is not the reason we don't have people to fill jobs. They don't want to work. It is municipal versus the workforce and jobs are available. Retirement is not why jobs are not being filled, it is that they want an increase in pay. I will not support going from 5% up to 7% increase because most employees don't retire here. The current projected COLA (Cost of Living Adjustment) is 2.7% and last years was 8% and we went under that. In favor of the adjusted regional COLA of 2.7% plus additional 1.3% would equal the 4% and will help offset what was not received last year. The competition with the oilfields and many companies don't give benefits. Will not support the 5-7% increase for retirement as this is not what is getting us employees. This money adds up and I am for giving additional pay raises instead. I am not comfortable with the benefit package and believe that people are more concerned with money in their pockets and not what they will get at age 65.

Mayor Adame stated he supports the pay raise increase and the 4% increase but the insurance going up is a big hit for the city. The city and employees with dependents will be losing money on cost of insurance.

Director Vela explained TMRS about not having to wait until 65 if the employee has 20 years of service. She stated that 6% of cities employer portion rate is 10.47 and equals \$103,600 for the next Fiscal Year. On page 6 the 7% EE TMRS = Employer 14.34% with the difference of 6%.

Paul Baen, citizen, asked about the amortized over 20 years.

City Manager stated this is not taken out but taxed when retired.

Council Member Diehl stated that even if you are vested the day you start with the city and if the employee pulls the money out they will not get it all and will not get the city's portion unless they have the full 20 years of service plus 5 years. Director Vela clarified that the City does get the money back.

Mayor Pro-Tem Long asked what the total cost for this year's budget would be, addressed employee benefit liabilities. Also, stated employees will go to a big city for retirement and discussed the 4% raise which inflation does eat that up. City Manager Lewis stated that larger cities with unions hit those thresholds. Director Vela stated employee benefits are 7% of the overall budget. Mayor Adame stated do the employees want more money in their pockets or retirement? With infrastructure failing the city must look at increase and \$300,000 or \$400,000 goes a long way now. Council Member Diehl stated that not every employee that leaves the city will go to another city with TMRS.

Mayor Adame stated that this budget is based on a rate of \$0.642061, which he will not support as there was a strong hit on the schools with recent raises in taxes. City Manager Lewis stated that the city voted for the tax rate with specialized fields and retirement goes with employees. On property tax Council has been frugal over the last several years which is why we can do it without tax notes it is down 7%.

Council Member Diehl stated that there will be culture shock with the School Resource Officer (SRO) increase. With a city to run, the school should form their own Police Department and get their own SRO and the city should get the Police Officer that is needed.

Paul Baen, citizen, asked if the 6% was incorporated into the FY 22-23 budget. City Manager Lewis stated 7% was.

Mayor Adame stated that although School Resource Officers are needed at the schools, we need to take care of our city since the school is working on another bond.

Council Member Pruitt stated that now that the city is in a bind to save money, it is not the employees' fault. We need to think about our employees.

Council Member Diehl asked if the City left retirement at the 5% and went to a 4.6% COLA increase, what would the difference be? Director Vela stated that with a 4.6% COLA would increase the general fund from \$305,000 to approximately \$351,000 and the TMRS staying at 5% would approximately net difference of \$250,000.

Council Member Diehl stated that young employees need money in their pockets to care for their families and that the first thing employees look at is their pay. It should be 4.6% COLA and no increase in the TMRS. Director Vela stated that TMRS can be changed during the year. Council Member Wilson, Council Member Pruitt, and Mayor Pro-Tem Long all agreed. Mayor Adame stated that 4.6% will put money in their pockets. City Manager Lewis stated that in a perfect world we would have 4.6% COLA plus 7% TMRS.

Council Member Diehl stated that the property tax must be addressed. Mayor Adame stated that the tax rate should be next. Mayor Pro-Tem Long stated that the tax rate that is based off the budget is already changed and want versus need should be determined.

Council Member Diehl asked about the annualized balance sheet.

Paul Baen, citizen, made a statement about money in and money out.

Council Member Diehl inquired on page 37 why there is a youth activities account 511-463 under contractual services. Director Vela explained that the youth activities account should be under community events and will get moved.

Council Member Pruitt stated, page 37, account 511-310 machinery maintenance looks low for \$40,000. City Manager Lewis stated that by replacing old equipment the maintenance line item goes down as you stop maintaining old equipment since you have new equipment. Mayor Adame asked if this included vehicles. Mayor Adame stated that he believes that Council hired the right person to let them know when new equipment is needed speaking about Director Paredes. He asked Paredes what do you need to do your job? City Manager Lewis stated that history is one part of how the departments determine when maintenance on equipment is needed.

Council Member Diehl asked how many streets could be completed for \$500,000. We must invest money to save money. Council Member Wilson inquired if the city still has the rubber tire roller operating. Mayor Adame inquired if the distributor and vacuum sweeper were in operation. Director Paredes replied no to all. On page 74 of the budget is the list of equipment that staff would like fixed. If the city wanted to do the seal coat for the streets in house, we would need one with the cost on CIP and the personnel to run the equipment. Mayor Adame replied to do it.

Council Member Diehl inquired about the cost for Municipal bonds. City Manager Lewis stated that municipal bonds are \$29-\$30M. Council Member Diehl questioned the request for a tax note. He questioned if tax notes would make up for the retirement increases. City Manager Lewis stated that there was no new discussion for tax notes as it was stated in a

previous meeting that no more debt until projects have been completed. Council Member Diehl stated that the city must be careful on tax debt with a suggested use on the 25% line item in the budget. This will not impact the citizens. City Manager Lewis stated that this would impact the citizens. Council Member Diehl stated that this is less of an impact. Mayor Pro-Tem Long stated that there is an immediate need. Council Member Diehl stated that the figure can go up and would be part of a long range.

City Manager Lewis stated that Council authorized \$19M and the issued Certificate of Obligation for the Wastewater Treatment Plant. Council Member Diehl stated that the project must start. City Manager Lewis stated that we could do tax notes mid-year. Council Member Diehl stated that there is a limit on credit. Let's use the 25% credit line, it will not hurt. City Manager Lewis stated that this must be paid back. Council Member Diehl stated that we could go to 4B corporation to get the money to get the project finished. Mayor Adame stated that if we start a project, we need to have the money to finish the project and that we have to agree on the tax rate.

Council Member Pruitt inquired if staff keeps a log on equipment to be sold. Director Paredez stated that staff does keep a log on equipment.

Mayor Pro-Tem Long inquired about the staffing changes requested and what are they for? City Manager Lewis and Caron Vela responded with the following: 4-SRO's; 1-Sergeant for Police Department; 1-Library/ Senior Center; 1-IT Department Manager/ Community Relations; and 1-Animal Control

Council Member Diehl inquired about why community relations is in IT Department. Community outreach should not be co-mingled with the IT Department. IT is not involved in department level and he would support IT Tech. City Manager Lewis stated that he wanted to create a department head for IT.

Council Member Diehl questioned the term department heads. City Manager Lewis stated that we do not have titles of department heads per the Charter, we have directors. Council Member Diehl stated that is news to the Council and said that this needs to be addressed in Charter review. There is no need to wait for a charter review to make an amendment. There is no problem with IT Director but not community relations. Council Member Diehl stated he would support a Director for IT Department and there needs to be an IT Director and Social Media Director.

Council Member Pruitt inquired if the city has anyone specifically that is responsible for talking to the press. City Manager Lewis stated that the city does not have one person for that but would like to have one person as the main contact. The city does not have an official Facebook page and the city does not have an Administrative Contact.

Council Member Diehl inquired if the city has a city sanctioned department posting policy. City Manager Lewis stated that we have a policy to present. Council Member Diehl stated that there is nothing more dangerous than social media.

Mayor Adame asked if 4 more S.R.O.'s would be needed. City Manager Lewis stated that the school has 1-SRO and 1-Marshall for the Guardian Program. Mayor Adame stated that the school needs to take care of their own. Director Vela stated that the Ingleside Police Department would be responding also. Mayor Adame stated that if anything happened multiple agencies would be responding. City Manager Lewis stated that as of September 1, 2023 there must be one officer at every school. This should be a 70/30 split and we can go back to talk about 100 percent. Council Member Diehl stated that there is no replacement for armed police officers but will also need backup for accidents.

Council Member Diehl stated, staying on Police Department, on page 33 line 305, why is Motor Vehicle Maintenance being decreased? City Manager Lewis and Director Vela stated that it changed due to the 2 new vehicles being bought. Council Member Diehl stated that this is why the balance sheet is needed.

Director Vela stated that on page 74 of the budget is the rolling stock. Council Member Diehl explained what rolling stock is. He explained that there is no money allocated for October 1, and that the police department money should not fund the streets. Diehl stated that we have no idea how much money is in stock. Director Vela and City Manager Lewis explained that we do know how much money there is, just not by department. Council

Member Diehl exclaimed that you can't do that. Director Vela stated that you can. Council Member Diehl asked how much are we paying for the police cars? Will this go back to depreciation at the end of three years? Director Vela explained that it would transfer in and the budget item would move forward. Council Member Diehl replied like an annualized expense? Director Vela replied Yes that is correct. City Manager Lewis stated that there are 4 new police cars in the budget. Council Member Diehl stated that he is a budget and document hawk and asked what is the new police rotation on police department vehicles? City Manager Lewis explained that it is 3 years of used vehicles replaced. Director Vela state that we can departmentalize all extra funds. Council Member Diehl stated that the money should always be spent because of phase replacement. Mayor Adame stated that he understands the funds were comingled, but the fire department had it's own rolling stock and was separated out. Director Vela stated this is what occurred for the last three to four years. Mayor Adame asked how much does each department have to spend? City Manager Lewis stated that the department could lease the vehicle from the city. Council Member Diehl stated that it should be like a lease agreement. Mayor Adame exclaimed that it needs to be separated out. He explained that he did not know this was comingled.

City Manager Lewis explained that is an example of the M&O budget and is a true representation. Revenues \$0.64, No new revenues \$0.49017, and if Council could issue tax notes at this time. Council Member Diehl stated that Council would not do that at this time.

City Manager Lewis stated that we have no control over appraisal. It is based off the homestead at \$100,000 to \$140,000 and already going for bond issue as a city more in M&O. Median Home Value on page 4. City data is \$225,000 goes up \$340 at \$0.64 which equals a total value of \$1,444,00. Including insurance and tax rate.

Council Member Diehl asked what is the medium home value information on \$225,000 home? Mayor Adame asked if we have to increase the tax rate all at once or can we do it over time?

Director Vela stated that TMRS can be reduced to 5% and COLA raised to 4.6%.

Council Member Diehl stated that Council would not sacrifice the safety of the kids when the SRO's are required as of September 1. City Manager Lewis stated that one SRO is funded, and they will be required at all schools. Council Member Diehl asked if this fulfills the governor's mandate, and the city will have to find the funds for this year. We want to use only 30% of the tax rate which is the absolute minimum.

Council Member Diehl stated that he is still sticking with \$0.10. Director Vela stated that ten and a quarter is 10 cent increase of the no new revenue rate. Mayor Pro-Tem Long stated there would need to be justification of real needs to have the minimum increase.

Director Vela then stated that on page 73-74, to keep the SRO, talking to the school on phasing, having 4.6% COLA and 5% TMRS there should be negotiations with the school. To continue with the 1 SRO and letting the school find the other 3 and a Marshall. The current budget has 4 SRO's at 30% and if removed we want this money.

Mayor Pro-Tem Long asked what happens next? City Manager Lewis stated the September 22nd agenda meeting and Public Hearing on September 12th. Mayor Adame told City Manager Lewis to contact the school and if needed call another meeting.

Council Member Diehl stated that he is still sticking to 10 cents.

City Manager Lewis stated that he agreed with Council to finish all projects, keep one SRO funded and phase it out.

Council Member Diehl asked Director Vela to calculate 7 cents on the tax rate. Director Vela was not able to get the information at that time. Council Member Diehl wanted to know the difference for the citizen and how this would impact them. He stated that the city staff needs definite guidance on the difference between \$0.64 versus the .61 for citizens. Director Vela stated that would be \$133 per penny. Council Member Diehl stated that Council would need to know what would be cut if lowered to the \$0.61 tax. City Manager Lewis stated that we would bring in what we could see.

Council Member Diehl Thanked the Mayor and staff for preparations of this budget and having this meeting.

Mayor Adame stated that the Council must answer to the citizens. City Manager Lewis stated that he would not recommend anything over the \$0.64 rate.

Mayor Adame directed City Manager Lewis to get an engineer for 100% of the Hultgreen project as an agenda item for the August 29th meeting.

City Manager Lewis recommended tentative future budget meetings available for August 29th or September 5th.

7. Items to consider for placement on future agendas.

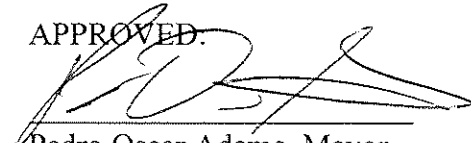
Mayor Adame recommended an item to be placed on the August 29, 2023, agenda for the City Manager Lewis to get engineering prints for Hultgreen Project.

The City Manager Lewis recommended a tentative budget workshop on September 5, 2023.

8. Adjourn.

Mayor Adame adjourned the budget workshop meeting of the City of Ingleside at 12:06 p.m.

APPROVED.


Pedro Oscar Adame, Mayor

ATTEST:


Jana Stork, Assistant City Secretary