

COMMITTEE REPORT



REPORT TYPE: Finance Committee Report

MEETING: January 18, 2022

Present: Justin Haschke, chair, Brandon Huckabee, Brady Pendleton, Ricky Thurman

Absent: None

DEPARTMENT: Finance

STAFF CONTACT: Monica Harris

Discuss Splashville Repairs:

This item was discussed during the Special Council Meeting on January 18, 2022. Critical repairs of \$255,770.38 are needed for Splashville for plastering and tile, the spray pad, the lazy river pump pipe, and UV housing cleaning. Council approved the expenditure of the funds.

Discuss Replacement of Fire Department Self-Contained Breathing Apparatus (SCBA):

Staff presented the replacement of the Fire Department Self-Contained Breathing Apparatus (SCBA) in the amount of \$379,492 financed for 10 years with annual payments of \$43,879.26. It was proposed that we could take advantage of interest savings if we paired this financing with an upcoming purchase and finance of 3 cardiac monitors in the amount of \$105,000 financed for 7 years. This paired financing would have payments of approximately \$60,471 for years 1 through 7 and 43,880 for years 8 through 10.

Councilman Thurman made the motion to forward to Council to approve the joint financing for both as presented. The motion was seconded by Councilman Huckabee and passed by a unanimous vote.

Discuss Main Street Manager Position:

Mr. Barnes discussed updating the Main Street Manager position compensation to \$55,000 with a total cost with benefits of \$72,128 in order to obtain an experienced candidate. The fiscal impact to the budget would be 23,731.

After discussion, the Finance Committee recommended setting the salary range from \$47,000 to \$55,000 and passed by a unanimous vote to forward to Council for approval.

Discuss Requests for Proposal for Depository Services:

Councilman Haschke presented the staff recommendation to award the depository services contract to First Financial Bank.

After discussion, Councilman Thurman made the motion to approve the acceptance of the request for proposal for depository services to First Financial Bank. Councilman Pendleton seconded the motion, and the motion passed by unanimous vote to forward to Council for approval.

Over 65 Tax Freeze:

Councilman Haschke presented the staff recommendation to forward the ordinance for the Over 65 Tax Freeze to Council for approval. Ricky Thurman presented the information provided to him by the Erath County Appraisal District of 990 parcels having an assessed value of \$177,107,040 that would qualify.

Jennifer Carey, the Tax Assessor, clarified that the tax is frozen not the assessed value. As the assessed value increases, the tax would stay the same, so the foregone revenue is the difference in what the new tax would be and the 2022 taxes. She also stated that the City has the option to freeze over 65 and freeze disabled persons as well.

Mr. Nix questioned the impact on current exemptions. Ms. Carey stated that the City currently has a \$15,000 over 65 exemption and a \$10,000 disabled person exemption on home sites. These exemptions would remain unless the City opted to change them.

It was also clarified that if any taxable improvements were made to the property, the tax would increase by the current tax on the improvements.

The estimated foregone revenue for the first year in 2023 is about \$60,000.

Councilman Huckabee made the motion that the City move forward with a tax freeze Over 65 and Disabled Person tax freeze. Councilman Thurman seconded the motion, and the motion passed by unanimous vote.

Discuss the Issuance of Certificates of Obligation:

Councilman Haschke presented staff's recommendation to issue \$20 million in certificates of obligation for water system, sewer system, and related infrastructure, as well as park improvements. The \$1,535,506 average annual debt service will be repaid \$1,395,792 from water and sewer system net revenues and \$139,714 from sports venue taxes.

It was explained that Refunding the 2013 GO Bonds could not be accomplished by issuing Certificates of Obligation, but refunding bonds could be issued at the same time as the Certificates of Obligation, allowing for bond issuance cost savings and saving approximately \$460,259 in interest over the remaining life of the bonds.

After discussion, the Finance Committee approved by unanimous vote to recommend the issuance of Certificates of Obligation and simultaneous issuance of refunding bonds to Council for approval.