

STATE OF TEXAS

COUNTY OF McCULLOCH

CITY OF BRADY

The City Council of the City of Brady, Texas met in a Budget Work Session Meeting on July 16, 18, 23 and 25, 2024 at 10:00 a.m. with Mayor Anthony Groves presiding. Council Members present were Missi Elliston, Felix Gomez, Jeffrey Sutton, Terry Phillips and Gabe Moreno. City staff present were City Manager Erin Corbell, Finance Director Lisa McElrath, Public Works Director Steven Miller, Police Chief Randy Batten, Fire Chief Lloyd Perrin and City Secretary Tina Keys. Also in attendance was Aaron Garcia and James Griffin. Zane Brandenburger entered the meeting at 11:15 a.m.

1. CALL TO ORDER, ROLL CALL & CERTIFICATION OF A QUORUM

July 16, 2024 - Mayor Groves called the meeting to order at 10:01 a.m. Council quorum was certified.

2. Review / Discuss

Erin Corbell said in March the finance team asks staff to review performance with the current year budget and in April ends out packets to each division to start preparations for the FY 25 budget book. Staff requests adjustments needed to complete the current FY. In May, staff meets with the city manager and Lisa to review the requested FY 25 budget. There are supplemental sheets for any increase / decrease to the divisional budget compared to the FY 24 original budget. Lisa McElrath said those sheets are located at the last page of each division in the budget book. The Finance Director and City Manager meets with each division and review their supplementals and increase decrease sheets. Lisa said base supplemental items in the budget are those items that are needed. Most of them are replacing a truck or equipment that they use every day. We made the decision that those items need to be in the budget, however those items can be discussed further. Supplementals would be items that if we did not get those, the programs could still continue but might not be absolutely necessary. We don't have all the money for all of the supplementals. The city manager prioritized what she thinks is important but they're asking for council input. Council Member Sutton asked if money rolls over. Lisa said we are creating a balanced budget. We are identifying revenues and expenditures. And it's balanced. We believe we are going to spend all the available funds. Then we start that fiscal year in October and we go through the year and things are going to happen. At the end of the year, you look and see what actually did and did not happen and she will come back in October 2025 for a budget amendment if needed to roll over approved budget FY 25 funding to the new FY 26 year.

Revenue Sources – Sales Tax

Property Tax – Zane Brandenburger

Utility Fees

Lisa said we invited Zane Brandenburger who will come talk about tax rates. That is what funds a lot of what we need to do for our citizens. We are fortunate in that we sell electricity, so we are utilizing quite a bit of money from there to fund services for our citizens. We also have property tax and sales tax. Our general budget is 9 million. Our tax base is 1 million. That's something we need to be conscientious of. We also have utility dollars that we use. We try to apply for grants and have been very successful in our water system and we will continue to look for grant opportunities. Both police and fire have been able to get some grants.

Council Member Moreno asked how much the meter fees are. Lisa said we have one for electric, one for water, etc. so it adds up. Council Member Phillips said his house in Midland utilities are higher for a smaller

house that they don't even live in. Council Member Elliston said a lot of our houses here are older and not insulated as well. Lisa said we have kept our electric rate steady for several years. Lisa said we have our electric commodity rate and distribution rate. The distribution rate is what the city charges and those are the funds that we get to keep and pay for our operations. We collect our commodity rate and pay our bill with it. Mayor Groves said with the sale of the gas, how do we manage that budget? Lisa said we did budget for a full year because we don't know how long it will take. When we get further down the road, we will fully understand the financial impact. We take about \$140,000 from the gas system and it supports the general fund and utility support fund. When we sell, we will make some money, but we will have to make some decisions at that time. Lisa said within the operational budget, there is a \$140,000 budget paying for administration and service fees. Administration is not going to go away. We still have to manage utilities. Mayor Groves said right now there is no change for this year. We will know more when we go through the process.

Council took a break at 10:57 and resumed at 11:16 a.m.

Zane Brandenburger entered the meeting. Erin Corbell asked Zane to tell us about the estimated value of \$275,000,000 before any protests. Zane said as far to budget it's the value times the tax rate. He will calculate the no new revenue tax rate. It brings in the same amount of revenue as the year before. Then you have the voter approval rate. That is the rate that increases the tax revenues by 3.5 percent. The "no new revenue" rate will bring in the same amount of funds/taxes as the year before. The voter approval rate will be the maximum rate allowed without fear of a voter referendum. You can set the rate you want to but if you go over a certain threshold, you could have a rollback election that has to be approved by the voters. A certain number of voters would sign a petition and it would go to a vote. Lisa said voters would have to initiate the petition if the tax rate approved by council was beyond that threshold. If the taxpayer doesn't file a petition, you can adopt whatever tax rate you want. Zane said notices have to go in the newspaper if you go over the certain threshold. Aaron Garcia asked about doing away with property tax. Zane said if they do anything, they might do something with schools.

Lisa said when the new tax concept was introduced, they said if the council didn't approve the voter approval tax rate in year one, the calculation would allow us to roll over some of those monies. If the council chose, they could choose a larger voter approval rate. Does that continue every year? Zane said yes. Lisa said I understand that last thing we want to do is raise taxes but that's what funds our General Governmental services. Lisa asked if we can we get an approximate amount of money that a voter approval rate would generate? Zane said last year no new revenue rate was .34 and voter approval rate is .35. but you do have some carryover. Last year take 2021 tax rate and voter approval rate and subtract that, if you didn't adopt the voter approval rate you can carry it over. For 2022 you have .015. that you can add to the voter approval rate without voters coming back to petition. Zane said if you don't use it, you lose it after 3 years. Lisa said the sales tax the county gets goes against their property tax valuation. Zane said they're super conservative on their estimates.

Mayor Groves said there were years that the input from council was we're not going to raise taxes. Now that we know that's a vague statement, so what he's looking for is what's the feel of the council members, are you amiable to increasing the tax rate within the allowable amount if we're about to lose the opportunity to raise a certain amount, or do you want to be able to say we haven't raised your taxes in a long time. That's important so we can calculate how much money we have. Council Member Phillips said if we do decide to raise tax rate, we have to determine the proper way to explain to the taxpayers. Mayor Groves said we would need to be consistent.

Council took a break for lunch at 12:08 p.m. and resumed the work session at 12:37

Mayor Groves said Zane gave us some interesting information but it's a little confusing too. Do we want to take advantage of the percentage that we could raise our taxes or not. Lisa said maybe we could ask each individual council member; are you in favor of voter approval rate that would generate appx \$31,000 - \$35,000 more in tax dollars. Lisa thinks it would be a fiscally wise decision to go with the voter approval rate. Property and sales tax do not cover general fund expenditures as it is. We have more wants than we have money for. Council Member Moreno said if we need to try to increase our revenues and decrease expenses, he doesn't have a problem. This is one way to increase revenue and it doesn't cost that much money to the citizens. Council Member Elliston said that is where education is important, and Council Member Moreno agreed. Council Member Moreno said we have to be careful on what we're spending. Council Member Elliston said the citizens want so many things. The citizens need to understand with the wants comes the costs. Mayor Groves said you need to explain to the taxpayer that this is what we will spend the money on and explain what it will cost the individual taxpayer. Council Member Moreno asked if this something we want to do because we can or because we need to. Council Member Phillips said some people in town will say we are doing that to give raises to employees; not that he is against giving employees raises, but we have to formulate a response. Erin Corbell said we go to them and tell them the budget includes a 3% cost of living increase for all employees that doesn't include the \$31,000. Council Member Sutton said he would like to see where the money would go and if it makes a difference, then that will matter. Council Member Moreno said he does see the long-term effect. Council Member Gomez said it's being progressive. Lisa said if you do it gradually it doesn't impact the taxpayer as much. Mayor Groves said we had a town hall meeting that said beautification of the city was really important. We can put that \$31,000 wherever we want to, and we can start off with a plan to say that it's going to be applied to what the town hall meeting folks said was important, cleaning up the city.

3. Present: Budget Summaries

Draft Proposed Base Budget Summary
Fund Balance Adequacy

Lisa reviewed base budget summaries. Lisa said we budget a 3% COLA increase for all positions and a 10% increase on insurance. We don't have numbers for insurance yet.

Erin suggested that Council could adjust reserve levels if they chose to.

Lisa explained why she would not want to see reserves set any less than 90 days but said it's council's decision if they want to change it. She said we don't have hurricanes, but we could have tornadoes and if it takes out our electric system, we would have to be able to sustain. It could be a while before government funds come through, if any. We could decrease electric and water reserves after sale of substation and completion of water projects. We cannot use water/sewer funds for anything other than water and sewer. We cause use it for some capital improvements we need for our water system.

4. Discuss:

Base Budget Supplemental Decisions – APPENDIX - TAB F

Supplemental Decision Requests – APPENDIX Book
Utility Funds
General and Special Funds

Lisa explained these have already been put into the base budget. We are recommending to finance these capital items to take advantage of our high rate of interest compared to interest rate we would have to pay.

Lisa referred council to tab J to make sure they understand the city's current debt position and why we sometimes promote financing vs paying cash. Lisa said she looks at debt as a positive for when you have an entity who doesn't have all the money to pay for anything. The longer you wait to buy something the more expensive it will become. Sometimes if you wait until you can afford to buy something you may not be coming out ahead. We're still trying to recover from supply chain issues caused by covid. We adopted a debt policy and it is included for the council to review so she has something to go by when it comes to financing. In less than 10 years, our debt will be paid off, except for water project.

Council took a break at 2:08 p.m. and resumed at 2:21 p.m.

Fee Schedule - APPENDIX - TAB I

Lisa reviewed franchise fees and said the Texas Water Development Board will allow a franchise fee and administrative fee be paid out of the water fund.

Council Member Moreno said we should not charge the chamber to use the civic center. Erin Corbell said it used to be that the chamber would give the city a table at the chamber banquet and then the city would not charge the chamber, but that's not the case anymore. Council Member Moreno said he's sure they would be willing to do that. Most of us are there anyway and we're paying for council to attend. Council Member Elliston said maybe we can renegotiate. Lisa said in general, cities are not to give away services and the chamber is a for profit organization. Erin said they are not for profit. They are a 501c6. Erin asked do we get specific and say there is no fee for the banquet or for the chamber as a whole?

Council Member Sutton asked if we can give a break to people coming in to fix up houses. Erin said the intent next year is to do a deep dive into permitting cost. Tap fees are reasonable in comparison but permit for residential adds up fairly quickly.

Lisa asked council to review the fee schedule and let us know if there are any questions and we will bring back in September for an official vote.

Policies – APPENDIX – TABS U and V

Mobile Communication Device Allowance Policy – Lisa said a change requested would eliminate the need for finance approval, it would just be supervisor and city manager. Also used to have where we would give \$100 for someone to upgrade their phone. We would like to remove that but replace it with a potential allowance should the person damage their cell phone while on the job during performance of their duties. Previously there was \$15, \$25, \$50 and \$70 which only went to a few people, only like two and it's being changed to \$25 for staff and \$50 for superintendent. Lisa said they also have to stipulate why they need their cell phone for work. Lisa said we will bring back in September for approval if council is ok with it.

Lisa said there is potential new program. Citizens voted to take out language that allowed someone to check a box on their utility application saying I don't want an electric meter because it might harm myself and they had that option. They no longer have the option to request that. She is bringing forth the question would you like an opt out program to put in place for electric meters. Our meters are not true smart meters, they are advanced meters. It does collect data, but it sends via electric frequency. Erin Corbell said we had told council during charter meetings that we would bring forward a policy to address the concerns. Council Member Elliston said she does think we should offer an opt out policy. Lisa said she wrote something for

their review but the Texas Local Government Code which is referenced in the handout is not correct. It's the Texas Administrative Code. She used San Antonio and New Braunfels policies as a basis. There is a small fee because every city charges that fee which is \$50. We currently are not charging to read the meters. The PUC has acknowledged that if we put in a digital meter, we are taking time away from our meter tech to read those meters. We are asking for a \$15 fee for him to go out and read the meter every month. Council Member Moreno said if they switch back to advanced meter, he wouldn't charge a fee for that change. It should be zero to encourage people to come back. Lisa said we will bring back in September for approval to implement in October.

Meeting was adjourned at 3:18.

The City Council of the City of Brady, Texas met in a Budget Work Session Meeting on July 18, 2024 with Mayor Anthony Groves presiding. Council Members present were Missi Elliston, Felix Gomez, Jeffrey Sutton, Terry Phillips and Gabe Moreno. City staff present were City Manager Erin Corbell, Finance Director Lisa McElrath, Public Works Director Steven Miller, Police Chief Randy Batten, Assistant Fire Chief Jeremy Ramon, Fire Administrator Ron Larson and City Secretary Tina Keys.

Mayor Pro Tem Elliston called the meeting to order at 10:02 a.m. Council quorum was certified.

Erin Corbell reviewed worksheets handed out. Tab H – voter approval tax rate calculation if adopted, would result in an approximate 3.5% increase to city's revenue base, or approximately \$31,000 and ranges from \$6 to \$24 per property owners for a year. Phones – we have 6 cell city phones and 20 cell phone stipends, mostly for division heads. The cost of providing stipend vs buying phones for everybody, we're probably paying maybe \$200-\$300 per year by providing stipend. It's a lot cleaner and easier to provide a stipend and they're taxed appropriately so IRS is happy.

Third sheet is base utility charges. Erin did a brief comparison with other municipalities who provide electric service. We fall in the middle with our base fee. Lisa said the city of Brady has way more services than a lot of other cities. Council Member Sutton said he is against the water base charge if there is an increase because he doesn't want to have a bunch of dead trees like San Angelo.

Supplemental requests –

Erin said we've been working on an interlocal agreement with the volunteer fire department about how those funds are being used. Lisa said that is required. Any time a municipality provides funds to a separate entity, there has to be an agreement. That should have been in place a long time ago. They've run into some issues. The delay is getting legal together with the city and VFD. They've gone through several versions of the agreement. The new city attorney will be taking the lead on that. Lisa said that agreement needs to be in place before the city hands over money to an entity. There is a great working relationship and a great appreciation for that organization. They're working on treating every entity the same with what is expected of everyone. Erin said we were getting copies of their bank statements and expenditure reports but that stopped. We just need to make sure those tax dollars are spent appropriately. Council Member Elliston asked if we can approve the funding in the budget but then not disperse funds until the agreement is set. Lisa said yes. Erin said we have been withholding those payments. Council Member Elliston asked how many months. Ron Larson said he thinks it is 2 months. Erin said we did communicate with the chief and now the new president about why the funds haven't been dispersed. Council Member Phillips asked if JT is the Chief, Ron said yes. JT has been president of the board and the chief. Now it's split out with James Stewart president and JT is chief. Ron said Karyna has the last 2 months bank statements. It's all contingent on this

agreement. Council Member Elliston asked if we will release all due funds once the agreement is reached. Erin said yes.

Utilities -

Electric – Steven Miller said the supplemental request is to pursue a federal grant. They've been trying to tract this infrastructure investment act. There are millions of dollars flowing into the electric system but we're not taking advantage of it. We may not get anything. This is complicated. The real message is we know there are infrastructure dollars out there. Miller said would like to not miss an opportunity. He believes we need to have professional services go after this money. We want to make a massive effort in our grid system, 150 poles. We know it's out there, but we don't have the staff resource. We've used McCord Engineering in the past. They're all electrical engineers and they would probably be the best candidate to help. Erin Corbell said what the state of Texas was distributing, they were giving a lot of favor to river authorities and very few municipalities. All were in favor.

Water and Sewer - Lisa said this request is coming from her after analyzing financials. Now that we have acquired debt with the water treatment plant, based on actual and projected collections of the sewer system, it looks like we're about \$100,000 short to cover debt service. She is asking for a slight increase to the sewer rate, \$2.00 a month to base fee and 20 cents per 1,000 gallons; close to 7% increase to user. Lisa referred council to the sheet with comparisons listed. Lisa said there are potential cost efficiencies once the plant is fully functional. Council Member Moreno asked if we can wait until next year to see how it's producing and then look at raising rates if necessary. Lisa said we are obligated to generate sufficient revenues. Lisa thinks we're going to have to start talking about doing the lead service line replacement project and that's going to be a lot of dollars. Erin Corbell said we do have the grant to help but it's still going to be a lot. Lisa said we might have to increase water rates next year to deal with that. Lisa said we can't measure efficiencies with the new water plant at this time but yes there has been some, but we are also dealing with interest revenues that won't last forever. Council Member Moreno said he's ok with raising rates if we have to but let's wait and see. Council Member Phillips said that system is extremely impressive out there. Miller said they are going to have a ribbon cutting in the fall and will invite the public. Miller said we're already stripping radium out of some of our water, and we are removing a lot of the iron out of the water too. We are delaying until next year, but Lisa said next year we may have to raise water and sewer at that time.

Water Construction Fund – Lead service line replacement project. Overall project cost is \$5,234,693. Miller said this is a mandate handed down from the EPA. Under their current rule we have a 10 year window to address galvanized lines. We made our first entry with TWDB to address our first phases – 400 service lines. We're going to approach this in steps. It's going to take several years. We have received loan forgiveness. Lisa McElrath said we were successful in going to TWDB for grants and low interest rate loans. This project they have provided both. If we are going to comply with the mandate, we should pursue this funding because we don't have any other resource. Debt service will not hit until 2026 so we would have to increase rates in 2025. We may have some cash. We show we have excess of 1.3 million. Do you want to use a million of that and apply to 2.5 million dollar loan? TWDB will probably allow a lump sum payment. But you're going to have to create a loan with them as well. A large payment would reduce the interest expense. There still will likely have to be a rate increase. We would need to decide if we want to do this mandated project then decide if we want to use the funds on hand. Miller said it's going to be hugely complicated going from house to house to see how the water goes from the tap to the house. Lisa said this is like phase one. This will not cover the whole project. Miller said the galvanized line that exists has to be replaced. Miller said it's a hugely complicated rule handed down by the EPA. Lisa said the water development board is offering quite a bit of grant money so we thought it would be beneficial to take advantage of that. All were in favor.

Council took a break at 11:18 p.m. and resumed at 11:29

Erin Corbell said we approached this budget year with the assumption that we will be operating the gas division for another year. They're requesting a gas check meter with corrector unit. Miller said we're relying on west Texas gas. We have no way to compare what we're receiving. The meter went obsolete. Mr. Galindo feels strongly that we should replace this meter. Council Member Elliston asked how soon we could get this meter. Miller said no time at all. We can get it within weeks. All were in favor.

Utility Support Fund – Lisa McElrath said our current software provider provides an application that would provide customers utility billing data giving our staff tools to resolve issues. Smart Meter Access is free to customers allowing them to tap into their activity that they currently cannot do. This would enhance the internal tools and give the customer more ability to answer their questions on their own. Council Member Phillips said there would be a savings also if people don't have to use our staff to answer every question. It's an efficiency issue. Council Member Moreno said it depends on how well we promote that too. Council Member Elliston asked if we find that it's not useable or our citizens are not using it, can we cancel. Lisa said she believes so, yes. We would lose the cost of implementation. Lisa will find out about cancelling and get back with council.

Solid Waste – Miller said this is about adequate staffing. We only have one person who is a laborer, but he gets pulled in a lot of different directions. Windblown trash is an issue. This increases our issue to have coverage when we need somebody to fill in. We've done a terrible job with wind-blown trash. We're trying to improve our service at the landfill. Council Member Moreno said we've had this conversation before. We do have a supervisor who can fill in. Miller said he fills in for the driver but looks to a laborer for the back of the truck. We still have to marshal our service in town. Mr. Kidd spends a lot of time finding poly carts and moving them back to where they belong. Poly carts get stolen or are missing. We track those numbers. Council Member Moreno said the landfill is not growing and we've had the same number of employees. We have hired extra employees and they're not utilized. Miller said public works is not fully staffed. We have a problem at the landfill, especially if there is a vacancy with an employee being on vacation or sick. Council Member Moreno said if it rains, the landfill is closed. We have employees sitting there when they could be cleaning that landfill and they're not. Miller said when it rains, we cannot allow ponding water. We have to get it switched to drainage. They spend a lot of time dragging pumps through the mud, they get stuck. They're spending a lot of their time getting that water out of those pits. To him this is about addressing the windblown trash. Council Member Elliston said she has received a lot of complaints about the blowing trash. About 5 years ago she asked us to look into fencing. Erin Corbell said it's 1 million dollars. Miller said these fences are 28' tall. Miller said we need to start thinking about landfill expansion. We have to address this early. Council Member Sutton said some cities are saying people can't use plastic. Miller said he's not sure how that would go over in Brady. He does recognize adding an employee is a huge decision. Council Member Moreno said they get that water out pretty quick but they're still waiting 2 – 3 days after a rain before the landfill is open. They could go clean up trash during that time. Miller said when it rains, there are all kinds of problems. Council Member Elliston said the road out there, the highway out there, where are we with that. Miller said to do that we need to have more of a management of vehicles. Your vehicle collects that clay. We could help clean vehicles before they enter the highway but that would take a lot. Council Member Elliston asked if we could use the street sweeper a few times a week. Miller said we would have to get TxDOT permission and haul our street sweeper out there. Council Member Elliston said there seems to be a lot of accidents in the area. Miller will bring back more information. Council Member Moreno said he thinks there's enough down time out there that they could be doing the cleaning. Miller said he would bring the superintendent in to meet. Council Member Moreno said any supervisor asking for a new employee should be in here talking to us.

Council took a break for lunch at 12:03 and resumed at 1:00 p.m.

Felix Gomez and Mayor Groves entered the meeting.

Daniel Mendoza and Jim Kidd entered the meeting.

Steven Miller introduced Superintendent Jim Kidd. Council Member Moreno said the landfill is closed after it rains, employees are still getting paid. Council Member Moreno said Steven Miller mentioned staff is busy pumping water but 2 days after it rains, landfill is closed. On those down times someone could pick up trash. Kidd said the pumps keep crashing on us. They have more water at the landfill than the lake. When it rains, we're trying to get the roads back up to shape, we're still getting residential trash trucks in; they're cleaning equipment trying to get roads back up. Kidd said when it rains, we're not picking up paper. We're short handed; we have two operators and one person fixing fences picking up paper. We have one person on each pit. When it rains the windblown paper isn't blowing because it's wet but when it's dry it's more than one person can handle. Council Member Moreno said one concern is the trash is going to the cemetery and asked why don't we build a net, Kidd said it was shot down by council. Council Member Moreno said that would eliminate having another employee. Kidd said we do have wind fences up. It was something like \$500,000 to put up what you see around a golf course to keep balls from hitting highway. That would be what we would be looking at. That only blocks it from that one area and the wind changes direction. The easiest way to control windblown paper is hand picking. Kidd said our landfill is red clay and it sticks to everything. We've had our dozer, compactor and scraper stuck in the mud. Council Member Moreno asked about purchasing a bigger pump that would give those guys time during down time to pick up debris. Jim said we have 3 -3 inch pumps and 1- 6 inch pump. The motor went out in the 6" pump. They're running 3" pumps 5 – 6 hours a day every day except for Sunday. He went to Brownwood last week to buy 2 motors for them. Miller asked if a new 6" pump would help eliminate the need for an additional employee. Jim Kidd said that employee would also be used to help cover when somebody in the crew is out. Kidd said he have one at the office, 2 heavy equipment operators, 3 on the truck, one that does maintenance and other items. Two operators at landfill, one has CDL other is working on his CDL. CDL is backup driver on commercial and residential truck. Jim said he is looking toward the future. Council Member Moreno asked about a part time employee. Kidd said that wouldn't really help. The guys on the trash truck usually run 50 hours a week. Kidd said it would help a little but wouldn't really solve the issue. Council Member Elliston said she would probably be ok with a part time to start and if it didn't meet the needs, maybe eventually move it into a full time. Council Member Moreno said they're making it work now with the employees they have. Council Member Phillips said he's trying to use a full-time person in multiple areas, a part time guy would have to have a specific place. Miller said it's easier to shed a part time than a full time. There is an advantage to starting with a part time and see how well it works and you don't have to invest in the benefit package. Council Member Elliston asked how much is a 6" pump. Miller said he guessed \$20,000. Missi said start with part time and get them the 6" pump and see how that goes. Council Member Phillips said he's leaning towards a part time person. Council Member Gomez asked if we have any other pumps laying around. Ron Larson said they just got one. Steven Miller said we have one at WWTP. That pump becomes available in the fall. Aaron Garcia asked if there is an issue with a full-time person doing overtime that a part time can't. Council Member Phillips said if you cross a certain threshold with part time, there are issues. Erin Corbell said it's 30 – 32 hours a week that you can't cross without offering benefits. Corbell said the supplemental will be updated to reflect part time and bring back on Tuesday. All were in favor or part time.

Daniel Mendoza – asked council to look at packet he handed out and said he made a few changes. EDC incentive programs have kept at \$75,000 budget. They're starting to get business to utilize this and are

working on getting incentive package to realtors for new businesses. Word of mouth is the best form of marketing. They provide rent assistance program grant, building improvement and sign grants are up to \$10,000 grant.

Tourism budget – we estimated \$204,250 for this coming year, about the same as last year. They did make some changes. The salary base changed - \$75,000, prior to Daniel coming here so they thought it would be split between chamber and tourism but now it's split with EDC. They are hoping to get a part time person to help with marketing businesses. They also want to do a basket that would advertise local businesses to give to new homeowners moving to Brady. The new visitor guide should be in soon and costs about \$3,000 every year. Total community, they spent about \$43,000 on community promotions, Texas Highways, Texas State Travel Guide, Tour Texas.com, etc. They are also working with Smoke on the Hill and Tracy to promote their events. Council Member Moreno said they talked about putting a QR code on the monument coming into town that would link to brochures. Daniel said he's very picky with who does videography. Right now they're working on getting banners on light posts around the courthouse that promotes Brady for a total of 15 banners and 2 extras. They were supposed to get the Richards Park sign and golf course sign redone by July. They haven't received response from the guy they're working with so they're probably going to have to look for somebody else. Right now they've spent \$143,000 because of the \$150,000 the City let them keep. The funds help them maintain throughout the whole year. Erin Corbell said HOT taxes are remitted quarterly which is why it goes to the chamber a quarter behind. Corbell said we don't have anyone internally who can focus on spending those dollars. From a staff perspective they don't have a problem with the chamber keeping those dollars. Daniel said they are looking to do more sponsorships. They're trying to incentivize people having events and they would back them up. Daniel said tourtexas.com visitor guides go to 250 chambers in Texas. They've sent out about 1500 visitor guides, mostly out of state. Daniel said they're also looking at changing up their front office into a visitor center.

Council took a break at 2:15 and resumed at 2:30

General Fund –

Lisa McElrath said to determine what money is available for general fund supplementals, you look at fund balance adequacy report. Based on FY 24 budget, we look at our performance through March, April, and May and look at numbers to end the fiscal with for fund balance, 2.6 million dollars. They meet with staff, come up with expenditure, she projects revenues, then determines what transfers from electric company will be needed to meet 90-day fund balance and subtract capital expenditures. We are showing appx \$600,000 excess in the electric fund. We can keep those funds in the electric fund or transfer them to general fund to help with expenditures. The electric system is the only fund we can use.

Council Member Moreno asked about replacing the ambulance in the base budget and asked how many miles it has. Jeremy Ramon said 50,000. Council Member Moreno said he talked to two other cities and they are replacing their ambulances at 300,000 miles. Jeremy said during football games, the 3 ambulances are all out. Gabe said we have one that's 2 years old, one that's brand new and one with 50,000 miles. Gabe said this is the stuff the citizens question them about. He understands the fire department wants new equipment. Council Member Elliston said we have to meet their needs and determine what their needs are. Lisa said she's hearing let's go back and start talking about mileage vs. when we pay off an ambulance; she understands the life of an ambulance is 5 years. Gabe said we have one that we don't use frequently and if we need backup, we can call the hospital.

Lisa said research as far as when to replace ambulances is that it's typical to replace between 5 – 7 years of life or a certain mileage. She did not concentrate on the mileage as much as she concentrated on the years

of use. Vehicles that drive highway miles last a little longer, so while the mileage may be lower, it has been starting and stopping and moving so it has harder miles on it. Council Member Moreno said our ambulances are maintained every month so it might be different from other vehicles. The lifespan of our vehicles should last longer. Lisa said she doesn't agree. Lisa said they learned a lesson with a trash truck, and we had to go to Brownwood and use the service of another company. We are going to have to spend the money eventually. Council Member Moreno said he agrees we will need something in the future. It's a reserve, not one we're counting on using on a daily basis. Ron Larson said if we wait a year, ambulances are going to cost more and trade in amount will be less. Council Member Elliston said prices are going to continue to go up.

Mayor Groves said we have the experts here now to set the replacement policy. Council Member Moreno had a really good point to wait one more year. There are pluses and minuses for everything. Mayor Groves said he doesn't think we need to have another when are we going to replace the ambulance meeting when we can do it now. We normally would ask the user, do you need a new ambulance and trust them to tell us based on their criteria. Jeremy Ramon said he thinks they should replace it. Council Member Moreno said he appreciates their advice. As a department head he's going to always ask for what's best for their department. Council Members Moreno, Elliston, Gomez and Phillips were in favor with Mayor Groves and Council Member Sutton were against.

Erin Corbell referred council to the front sheet of supplementals with staff priority. Council Member Elliston said she thinks the roof on the showbarn needs to be replaced but not for \$560,000.

Code Enforcement – Council Member Elliston said she would like to see more money for that. If we're not aggressive, we're not getting anywhere. Erin Corbell said she would like to explore having a rotating list of lawn cleanup people who can come clean up these properties. Council Member Phillips said he is trying to get a list of people to help people who don't have the money or health issues and can't do it for themselves. Mayor Groves said that would be great to do in addition to the programs that we have in place. Mayor Groves proposed we fund that program at \$31,500. Council Member Elliston said she guesses we can always change it if we need to but we need to be aggressive in this area. Mayor Groves asked if we want this program to demolish houses – all said yes. Mayor Groves asked how much do we want to spend? Council Member Moreno said he thinks we need more. \$75,000 – all were in favor. Erin said that is mainly for demolitions.

High Track Loader – all said yes.

Patch truck – Council Member Elliston asked if there are other options and would we pay cash. Erin Corbell said they're discussing financing some of these items so it wouldn't take such a big impact on the budget. Lisa said if we combine financing the track loader and patch truck, based on rates available to her today, on a 5-year payout, that would be roughly \$50,000 in year one, only 7 months worth of payments. It would take until February or March to get the loan in place. Moving forward the cost would be in the base budget. Council Member Phillips asked what interest rate is she figuring. Lisa is estimating 6.3. Council Member Gomez said it could be lower in February. Council Member Elliston said this equipment needs to be replaced. If we don't become more aggressive in fixing these things, we're going to stay in the same rut. She would support financing. Mayor Groves asked for a vote to finance track loader and patch truck. All were in favor.

Standby pay for PPM – they don't receive any kind of standby pay for this division. It's the only division that doesn't. All were in favor

Physio Control LifePak – Lisa said Stryker will allow us to pay out for 5 years at no interest. We've paid off 3 already. All were in favor

Golf cart sheds – Mayor Groves said he would consider replacing 10. Council Member Moreno said he agrees we don't need to do the whole \$250,000 but maybe \$160,000. To budget \$200,000 3 council members were in favor and 3 against. Council Member Moreno said Mayor Groves doesn't get a vote. Lisa said she brings back a budget to vote on and unfortunately, the mayor doesn't get a vote. She appreciates his opinion but when she brings it back, she needs to know if it will be supported, she has to look at those who will vote for it. 3 – 2 in favor. Mayor Groves said vote was 3 – 3, so let's discuss and come to an agreement. Lisa said this is not a vote. It's whether council will or will not support it. Council Member Elliston asked how much we charge. Corbell said it's \$200 a year for a member and \$260 for non-member. Council Member Sutton said he thinks the charge should be more. Erin said we will increase the cost once the new ones are built. Council Member Elliston asked for an audit of who is not paying.

Show barn at Richards Park – Council Member Elliston said we won't do the \$560,000 – Council Member Moreno said people have said they can fix it. We can look at this later if they don't. All voted against.

Full time employee to fire dept. – Council Member Moreno thinks council needs to look at the structuring between fire and EMS before we add any other employees. Council Member Elliston said if we don't set it and do it, it will be here again next year. Council Member Moreno said he's getting frustrated because we voted on stuff that should have been discussed before. If they're going to start doing transfers, yes he would want another employee but now he's hearing no we're not going to do transfers. Council Member Moreno said the way it is right now, it's very hard to explain to citizens. Erin Corbell said 9% of the calls in 2023 were fires, 12% of the salary is allocated to fire. Council Member Moreno said we have to consider what if the county doesn't pay. That money is figured into the base budget. We're counting on it. We need to figure our base budget without it and if we get it, that's extra money we can do these things with. Lisa said council has to decide what level of EMS do we want. Do we want 24/7, do we want paramedics. At one time we did not have 24/7 service and that was a lesser cost. Jeremy Ramon said the only issue with EMS staff only, since we have fire certification roll into that, we roll into a different pay cycle. EMS only transfers to a 40-hour week. Council Member Moreno said he doesn't feel like we can count on the county. Consensus is we're going to stop EMS service so we don't need to incur those costs. Erin Corbell said EMS consultants start at \$50,000 minimum. They would come in and do an analysis of the way we're structured and provide recommendations. Council Member Moreno said he would rather put that in the budget. Erin Corbell said if we go a consultant route, the consultant will lead you in the direction of the structure of the department that they work for and what they're familiar with. Council Member Moreno said they've had the same staff for years now and they're stressed but they're fine. Jeremy Ramon asked if the consultant says they need more staff will they approve hiring more staff. Council Member Moreno said absolutely yes. Council Member Elliston said rather than putting the \$88,320 for a full time employee, let's earmark \$90,000 for the consultant for this year. All were in favor.

Remodel City Hall – All were in favor.

Mayor Groves said our meeting was scheduled from 10:00 am to 4:00 pm., it's now 5:00.

Mayor Groves recessed the meeting at 5:12 p.m.

Moreno. City staff present were City Manager Erin Corbell, Finance Director Lisa McElrath, Public Works Director Steven Miller, Police Chief Randy Batten, Human Resources Clerk Kristie Martin and City Secretary Tina Keys. Also in attendance was Brett Bowers.

Mayor Groves called the meeting to order at 10:09 a.m. Council quorum was certified.

Lisa introduced Brett Bowers our insurance broker who said he is hired to find the best insurance product for the city. He has been partnered with the city for the last 6 years. The last two years the deductibles and out of pocket went up. They were able to reduce costs by 12.2% last year. Previously we were with Blue Cross Blue Shield for everything. They were able to give us a bundling credit but last year we didn't need that. Our claims are high and our premiums are low as of right now; 2021 loss ratio 79.6. target is under 85%. That's a good thing. We could get a rate increase. Year 2022-2023 – we started having a large catastrophic claim that impacted our loss ratio. We went out to bid in May, that claim had not hit yet which is one of the reasons we could secure competitive quotes. We have 155% loss ratio year to date. Claims are almost double our premiums. They gave a 26% increase. One individual counting for 50% of the claims and 3 other individuals adding into that. United came in at a 26% increase. Through negotiations they were able to get it down to 20%. If we bundle, we could save more. Target is 10% increase. If we renewed with same plan, it would be 16.4% increase. There are two alternate plans to consider; first would bring rate increase to 12.1% which is where we were last year, or alternate 2 gets us to 8.8%. All we are looking at changing is deductible from \$1,000 to \$2,000. Alt 2 has a \$3,000 deductible. Council Member Elliston said \$2,000 is almost unheard of. Theirs is \$5,500. Brett said the average deductible for the cities they service is \$1,700; out of pocket is typically \$4,400. We are higher. We're increasing costs but only increasing costs to the people who are making the claims. Only 8 people met their deductible. They are looking at bundling. Moving to UHC would be a 1% increase on dental. Vision is a 4% increase. Co-pays are comparable. Council Member Moreno said life insurance is going up quite a bit. They need more than \$10,000 coverage. Council Member Moreno said we need to make sure to tell employees that it's not transferable when they leave. Erin Corbell said in our base budget we budgeted for a 10% increase. Council Member Elliston asked if council goes to alternate 2, can the employees buy up for the renewal for \$58 a month? Brett said yes. Council Member Elliston asked Brett to confirm that only 8 people met deductible their last year. Brett said yes. Council Member Elliston said with that in mind, really the increase will only effect a few employees. Council Member Moreno said he's looking at the benchmark where the average is \$3,300. Brett said that's the high deductible plan. They don't offer that. We need to look at traditional which is \$1,700. Erin Corbell said on alternate 2, the cost to insure spouse and children is lower than renewal. Kristie Martin said we do not have a lot of employees who insure their families for medical; we do for vision and dental. Council Member Sutton asked which one is 8% more. Council Member Elliston said if we went with alternate 2 we would still be close to the average and if we save with what we have it would cost an additional \$140,000. Brett said yes, it's close to that. Lisa said Council Member Elliston is asking about the renewal plan. Council Member Elliston said on top of what we have now. Lisa said what we budgeted compared to what the rate would be would be closer to \$67,000 more. Erin Corbell said 10% of that is already counted for in base budget. Lisa said it would be \$870 a month per employee being a \$67,000 total increase to what we have in the budget. Council Member Moreno said he would recommend alternate 2.

Council took a break at 11:07 and resumed at 11:20

Lisa referred council to a handout and said we have 3 ambulances labeled Medic 1, 2 and 3. We purchased medic 1 in October and medic 2 in 2020, medic 3 that we were discussing replacing is an 8 year old vehicle purchased in April 2016. Next column is mileage – 9,000, 47,000 and 52,000. The average miles per year is between 6200-12,300. Units 1 and 2 are used regularly so they are getting more mileage. The maintenance

budget is consistent from year to year, about \$10,000. It's not escalating. Council Member Moreno said we need to see what it is now compared to next year to see how many miles we're actually using. Erin Corbell said we do get fleet maintenance reports on every city vehicle so we can track the mileage specifically. Council Member Elliston said Medic 3 hasn't been used much. Based on that information, she would call on a re-vote if we want to purchase or not. Lisa said we don't want to replace all 3 of them in the same budget year or overlapping budget years. We need to evaluate when we want to replace it. It makes sense to her to put off replacing medic 3. Medic 3 might be the first one to replace, but what is the right year for that. We're going to need to pay attention to when we do replace so we don't have 3 we need to replace in one year. We kept putting off purchasing police cars and all at once we had old cars that we had to replace. Council Member Gomez said he would have a hard time replacing it when it only has 57,000 miles. It's only going from the station to maybe a football game and maybe to the hospital. Mayor Groves proposed extending one year on it and get data and decide what the lifespan is for them, but for right now we put it off for a year. Council Member Gomez said he would like to see the service record for this ambulance to see what it's actually costing us. Lisa said it looks to her like the consensus is continue to monitor the data. Erin Corbell said it will be removed from this year's budget. All were in favor of removing.

Lisa said we're a little bit shy in meeting our fund balance requirements with that was approved last week. Erin said there is a shortfall of \$66,000 so we can go back through what was approved or there is excess reserves in electric fund so those numbers can be moved to general fund. Council Member Elliston said the things we already approved are important with the exception of cart sheds.

Ron Larson entered the meeting at 11:50.

Erin Corbell said there two other supplementals to consider and Council Member Gomez requested attention to restrooms at the lake. Council Member Gomez said he has received a lot of complaints and said he sees it too. Council Member Elliston asked if it's useable and Erin said barely. Council Member Gomez said if you rent the pavilion you have to go all the way to the other restrooms. Erin said we can take the money from the city hall improvements for the restrooms, or if we reduce expenditures on cart shed by \$40,000 we could use that.

Council took a break at 11:50 for lunch. Council Member Phillips joined the meeting at 12:32 p.m. Meeting resumed at 12:35.

Erin said the two remaining projects are requests in the special revenue fund. One of them is matching funds for a grant for \$140,000 and other is the air conditioner for senior center. Lisa pointed out that it does have a fund balance of \$246,000, so both requests could be funded leaving \$56,000 in reserves or about a 90 day reserve so there are available funds that could be used.

Steven Miller said the HVAC system, the majority of load is in the main portion of the civic center and Rosie's office does not have a ceiling and is quite loud so there is no privacy at all. Miller said a HVAC contractor is recommending a a/c unit rather than a mini split. There is a lot of heat generated. Council Member Moreno said a mini split would be a lot cheaper for that small area. Council Member Elliston said she has asked for this for several years; we've probably pushed it as far as we can, \$30,000 isn't a lot in the grand scheme. Council Member Gomez said if that's approved, he hopes this would be the last thing. Erin said she can't foresee anything additionally.

Erin said second request in that fund is \$140,000 a 10% match to a TxDOT grant to replace failing airfield lighting. It's easier for us to obtain the grant if we show we have the funds available. TxDOT is very good to

work with. Council Member Elliston asked if this ties us into another 20 years that we have to own and operate the airport. Erin said yes. All were in favor. Council Member Moreno asked what happens to the funds if we don't get the grant. Erin said it would remain in the special revenue fund.

For the restroom at the lake, Steven Miller said we have an aerobic system. We could put in a small lift station and pump into the aerobic system. Erin Corbell said there would be a little expense up front with lines and maintenance. Miller said it's very functional system. Council Member Elliston said that would be a better route. Council Member Gomez said he didn't want to have to pay a bunch of engineer fees. Council Member Elliston said we have \$112,000 remaining. Miller said it would be \$50,000-\$75,000 to tie into that system. Erin said once plumbing issues were satisfied, a paint job and new fixtures would go a long way. Council Member Gomez added that it needs doors too.

Erin said there's \$20,000 in the general fund for the lake. General fund base budget is \$22,500. Council Member Elliston said if those are excess funds we should utilize them to make better with what we have. Council Member Moreno said he really thinks city hall needs to be spruced up, especially the outside. Steven Miller said we need to work and learn more about that aerobic system. Council Member Moreno said we can look at the septic system also. Erin Corbell said maybe \$25,000 for paint, fixtures and doors? All were in favor.

Council Member Moreno wants to add more to city hall improvements. Council Member Elliston agreed. Council Member Gomez said he would be ok with moving city hall upgrade to \$100,000. Council Member Elliston said citizens are telling them it looks bad. Council Member Moreno suggested getting artificial grass. All were in favor of \$100,000 for city hall.

Erin said staff recommends stopping there. Lisa said we want to spend the money in a way that everybody gets benefit. Lisa said the reason we have this money is because this transfer is not being held accountable to the 150 reserves that this fund needs. If we have a tornado come through and we lost electric revenues, we would have to stop everything we just discussed. We would have to spend money on necessities but these are one-time costs they are approving and we still meet the 150 day reserve. Council Member Phillips asked if we've ever had to dip into reserves. Lisa said when our south substation had the issue with the transformers, we were able to continue to operate and carry that expense because of the reserves. It gave us the assurance that we could carry on. Also, when we lost our sand plants, that cost some income we were accustomed to, and those reserves helped the situation. It has helped us weather some of these market changes. Council Member Moreo said we have mentioned lowering the reserves when we talked about having to do the fire station but haven't had to.

Mike Probst entered the meeting.

Mayor Groves said the Friends of G Rollie White foundation is a 501c3 created to do something with G. Rollie White complex. As they made their plan, it was pointed out that the charter said you can't do long term rental to an entity. The last election on the charter removed that stipulation. There have been many discussions about what to do with G. Rollie White, including a covered arena for stock shows, office for county agent's facilities, shooting sports developed over the year of expansions to make a very good shooting sports arena. So, the idea was to get the city to do the long-term lease and the Friends of G. Rollie White would get the funds to develop that over the years. As we now have an appraisal of the land, Mayor Groves said he wanted the council to see the value. Mike Probst handed out proposed plans to pass around. He said they had some meetings but then got word about the lease restrictions. Since then they have been waiting. They still have their non-profit. They did not participate in any fund raising this year because they didn't

know where they were going with the lease situation. They do have some money but they're waiting to see where we're at now. Council Member Moreno asked about animal control. Mr. Provst said it would need to be part of negotiations. They had a list that they sent the city of what they were looking into. They put in a timeline of like 2 years for shooting sports. There have been some changes in shooting sports. At the last AgriLife meeting, they moved shooting sports part to San Angelo; they gave that up. The idea for the complex was a double covered arena, a part for stock show, an RV park, vendors, food court, AgriLife complex with offices and meeting rooms and breakout rooms. It did include stalls to rent for horses; not full time. Those stalls would be for competitions. Mr. Probst said it would all be done in phases. Right now, it's just a board of trustees. There are going to have to be committees for fundraising. Mayor Groves said they stopped meeting because they couldn't get the necessary long-term lease. Council Member Gomez said he would like to see it come back to life. Mr. Probst asked if there are deed restrictions. It's still in the flood plain. Erin Corbell said the city met the obligations that were in our deed restrictions when we purchased the property. Erin said a municipality can sell through sealed public bid, or public auction or list on the open market for 60 days and then we can sell. We can't just sell to the Friends of G. Rollie White. The only other way is to enter into a lease with them then we can give first right to lessor. Mayor Groves said he would recuse himself from anything with the council since he's on the board, but his whole thing is he would like to see something done with the facility.

Fire/EMS/PD Facility

Survey, appraisal and sale of G. Rollie White Facility

Animal Control Facility

Erin said we currently use G. Rollie White for our animal control facility and to store surplus equipment and street materials. Erin said there is potentially some room by the waste water treatment plant for animal control or by the service center to relocate the road materials. Council Member Moreno said now that we have the appraisal, we need to look at options in depth. EDC has funds, maybe the chamber has some funds, they could get funds then donate to G. Rollie White. The chamber talked about buying a stage. If we could fix our stands and have a permanent stage, there are so many ideas. Council Member Moreno said if we got together as a community, there's so much we can do. We just got the appraisal; we shouldn't rush into any decisions until we look at all the different options. Council Member Moreno said we need to have a workshop. Mayor Groves said one of things suggested was to take the infield of the racetrack and allow people to put their gardens out there. There are cities that have a community garden area. There are a lot of options. Mayor Groves said one of the things you do early is fix it so it doesn't look like a racetrack. Council Member Gomez said he feels like it would be really hard to get a racetrack going.

Erin Corbell said fire/EMS facility is next. The buyer of the lake property wants to wait until the property is officially rezoned so that has been pushed back to August 13th. Corbell said on budget summaries tab, general construction fund balance is showing \$2,001,377. That balance is more like \$2,281,000 million now. In the fall of 2020 council made designation to do a remodel of the old cafeteria on 11th Street and purchased land next to municipal court for the fire station. We haven't publicly discussed the purchase price but figure that minus the balance in the construction fund. There is the additional land sale coming up that can be added back in. All that has been done is the feasibility study that doesn't include any particulars based on square footage and estimated construction costs. Council Member Elliston said she would like to compare purchasing a new building vs. plan of renovating our own buildings over there and over here for fire and PD and see what the cost difference would be. Erin said if you look at PD and fire, 5.5 million for 2 facilities or 4.3 up there for one facility. We could temporarily reduce electric reserves for more funds. Council Member Moreno asked where we stand with the sale of the substation. Steven Miller said we agreed to a purchase agreement to bring to council soon that will set the stage for closing. Erin said they are only interested in one

substation at this time, the south substation. We will work on the north at another time. They declined interest in our north substation, but they are still willing to provide TO services if they own one substation. There will be a little bit of an influx of cash on that. Staff would not recommend a long-term adjustment to electric reserves until both substations are sold. Mayor Groves said the north substation is newer than the south substation. Steven Miller said we refurbished it.

Personnel – Council Member Moreno said he has no problem with 3% COLA for everyone. Erin Corbell said that's already built into the base budget except for the base budget supplemental request for senior center. The supervisor did a comparison of entry level costs for a cook and found our full-time cook is significantly under paid and she requested an 11% raise or \$3,000. We got rid of the part time hourly on seniors. We won't be filling that position. Council Member Elliston said she thought we raised everyone up to a minimum of \$13 an hour. All were in favor of the 3%.

Erin Corbell said we don't need the tax approval rate to make the budget work but that's an option. Council Member Moreno said if we don't need to raise the taxes, he doesn't want to do it. Council Member Elliston asked how does that affect us in the long run. Erin said as long as our utility revenues hang strong, we're in a good position but would not build electric reserves. Council Member Elliston said it's tremendous what we've been able to approve in this budget. Council Member Moreno said we'll be able to go down or up on the reserves when we sell the substations. We don't need to put any more burden on the taxpayers. Other entities are raising their taxes every year. Council Member Phillips said we are able to do more this year without raising taxes.

5. Plan:

Future work sessions and dates / topics -

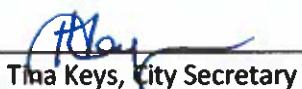
6. Discuss Process and Announcements

There being no further business, Mayor Groves adjourned the meeting at 3:23.



Anthony Groves, Mayor

Attest:


Tina Keys, City Secretary