MINUTES
RICHARDSON CITY COUNCIL
WORK SESSION MEETING
AUGUST 15, 2022

- **Call to Order**
  Mayor Voelker called the meeting to order at 6:00 p.m. with the following Council members present:

Paul Voelker	Mayor
Janet DePuy	Mayor Pro Tem
Bob Dubey	Councilmember
Jennifer Justice	Councilmember
Joe Corcoran	Councilmember
Ken Hutchenrider	Councilmember
Arefin Shamsul	Councilmember

The following staff members were also present:

Don Magner	City Manager
Kent Pfeil	Chief Financial Officer
Charles Goff	Assistant City Manager
Michaela Dollar	Assistant City Manager
Bill Alsup	Interim Assistant City Manager
Aimee Nemer	City Secretary
Keith Dagen	Director of Finance
Robert Clymire	Budget Officer
Cara Copley	Assistant Budget Officer

WORK SESSION – 6:00 PM, RICHARDSON ROOM

A. VISITORS/ACKNOWLEDGEMENT OF PUBLIC COMMENT CARDS
There were no public comments submitted.

B. REVIEW AND DISCUSS THE CITY MANAGER'S PROPOSED BUDGET FOR FISCAL YEAR 2022-2023
City Manager Don Magner presented the proposed budget.

- **Economic & Other Factors Influencing Budget Development**
  - Rising Interest Rates
  - Inflation
  - Russia's Invasion of Ukraine
  - Supply Chain Issues
  - Increase in COVID-19 Cases
  - Consumer Confidence
  - Recruitment and Retention Issues
- **Key Focus Areas**
  - City Council Goals and Strategies
  - City Council Feedback during "Deep Dives"
  - City Manager's Organizational Assessment

  - Boards and Commissions Input
  - Homeowner/Neighborhood Association Meetings
  - Institutional Partners
  - Business and Development Community
  - Planning Studies and Special Initiatives
  - City Assessments and Evaluations
  - External Assessments and Evaluations
- **General Fund Highlights**
  - Certified values grew 13.08% from FY22
  - Tax rate reduction of $0.05421, in compliance with the limits set by SB2
  - Operations portion is reduced by $0.03405
  - Senior tax exemption increased to $105,000
  - Maintaining fund balance at 90 days
  - Sales tax revenue projected to increase/restore from the prior year base budget by 2%
  - Add 9 new firefighters to staff Ambulance #6 and 3 new police officers to the patrol division
  - Create a Department of Economic Development
  - Increase the economic development fund dedication by $496,804
  - Dedicate $4.7 million to street maintenance and $1.9 million to alley maintenance, a 3.5% increase from FY22
  - Dedicate $465,333 to parks and facilities multi-year maintenance strategies
  - Increase funding for traffic markings, signs and street light maintenance
  - Increase funding for screening wall, entry feature and bridge maintenance by $210,000
  - $3.4 million in funding for capital replacement fund; $1.4 million in funding for the IT replacement fund
  - $1.85 million in funding for the replacement of the City's legacy IT systems and for upgrades to the traffic management system
  - 6% merit-based market pay plan adjustments for all employees and public safety steps
  - Increase the minimum starting salary for full-time and permanent part-time positions to $17.82
  - Transition from 25-year retirement eligibility to 20-year eligibility
- **Other Fund Highlights**
  - Water and Sewer Fund
    - 1.9% rate increase to water and sewer rates
    - 13.4% increase in wholesale water rates from NTMWD, with a reduction in the City's "take" from 10.97B to 10.64B gallons
    - Increases in sewer treatment costs from all three providers
    - $22.4 million in capital projects through a combination of debt and pay-as-you-go funding

    - 6% merit-based market pay plan adjustments for water and wastewater staff
    - Maintains fund balance goal of 90 days
  - Solid Waste Fund
    - $3.00 (including tax) per month rate increase to the residential solid waste rate
    - Last increased in FY 2016-2017
    - $2.1 million for Solid Waste equipment in short-term CO funding
    - 6% merit-based market pay plan adjustments for solid waste staff
    - Increased cost of temporary workers
    - Significant increases in fuel and diesel
    - Maintains fund balance goal of 90 days
  - Golf Fund
    - Includes a $2.00 increase to Course #1 Green Fees and a $2.00 increase to Cart Fees
    - Additional revenue will be used to increase the Golf Capital Reserve Fund
    - Bringing the total available for pay-as-you-go capital investment to $1.6 million
    - 6% merit-based market pay plan adjustments for City staff
    - Provides $177,000 for capital purchases and minor course improvements
    - Maintaining fund balance at 60 days
  - Hotel/Motel Tax Fund
    - Hotel occupancy tax projected to increase 36.1% compared to the FY22 Budget due to encouraging signs in the hospitality industry
    - Eisemann Center revenues projected to increase 49.9% compared to the FY22 Budget due to improved rental and attendance at the Eisemann Center and for Eisemann Presents
    - 6% merit-based market pay plan adjustments for City staff
    - Increases Arts Grants Funding by $85,000
    - Reinstating G&A transfer to the General Fund, as well as provides for funding for capital improvements
- **Capital & Debt Planning**
    - Debt plan continues to use conservative interest rates ranging from 4.75% to 5.50% for future issuance
    - Series 2022 actual interest costs – 3.37% General Obligation Bonds, 3.31% Certificates of Obligation
    - Taxable values – model assumes growth capped at 3.50% for FY 2022-2023 and no future growth until Fiscal Year 2028
    - Assumes Fiscal Year 2024 CO issuance for Library and City Hall Renovation alternate phases #1-4 if desired
    - Maintains capacity for future GO Bond Programs similar in size to the 2021 Bond Program
    - Water debt issuance reduced by $7.32 million of American Rescue Plan (ARP) grant funds

  - In the current interest rate environment, a refunding transaction is unlikely but will be reevaluated in the spring
- **Total Budget**
  - The City's total budget for FY 2022-2023 is $354,486,879
    - An increase of $23,698,460 or 7.2% from FY22

C. REPORT ON ITEMS OF COMMUNITY INTEREST

Council reported on items of community interest.

ADJOURNMENT

With no further business, the meeting was adjourned at 8:05 p.m.

MAYOR

ATTEST:

CITY SECRETARY