

MINUTES
CITY COUNCIL OF THE CITY OF UNIVERSAL CITY, TEXAS
Council Chambers, 2150 Universal City Blvd, Universal City, TX

Special Meeting, Tuesday, July 2, 2021

1. **CALL TO ORDER:** Mayor John Williams at 5:00 P.M.

2. **QUORUM CHECK:** Kristin Mueller, City Clerk

Present:

Mayor John Williams
Mayor Pro Tem Richard Neville
Councilmember Bear Goolsby
Councilmember Tom Maxwell
Councilmember Paul Najarian
Councilmember William Shelby
Councilmember Beverly Volle

Present:

Kim Turner, City Manager
Manny Casarez, Fire Chief
Michael Cassata, Development Services Director
Susan Ennis, Library Director
Sal Garcia, Golf Operations Director
Jeremy Laak, Golf Superintendent
Randy Luensmann, PW Director
Jessica Moore, Finance Director
Kristin Mueller, City Clerk/Economic Dev Director
Shana Palos, Finance Clerk
Katie Rein, Food & Beverage Director
Johnny Siemens, Police Chief
Brenda Watkins, Court Administrator

Mayor Williams noted a quorum was present.

3. **PURPOSE OF SPECIAL MEETING: Workshop to Discuss the Fiscal Year 2022 Budget.**

City Manager Kim Turner explained that this work session will cover anticipated revenues, debt service, capital improvements, general fund expenditures, and the revenues/expenses for the three enterprise funds (utilities, golf, and stormwater). In addition, the City's consultant will present the proposed 2022 water, wastewater, and stormwater rates.

Mrs. Turner introduced Grady Reed, Engineer with HDR, who presented the proposed water and wastewater rates for Universal City. The proposed rate change for wastewater and for water is a 4% increase in demand charge and a 4% increase in volume rate. That will result in an increase of \$3.06/month for a residential customer with 10,000 gals. of water use and 6,000 gals. of wastewater use.

The proposed rate increase for stormwater is 5%. Mr. Reed reminded City Council that there was not a stormwater rate increase last year. He stated that small rate increases, between 3% and 5%, is likely to be needed in future years to generate additional revenue to curb deficit spending.

Mrs. Turner explained that revenues are unknown until the City receives the final property tax roll from the Chief Appraiser's office. However, both ad valorem tax and sales tax receipt for FY 2021 were much higher than anticipated. Additionally, property valuations went up an average of 8% across the City and sales tax was up by about 6%. These factors were used to project revenues.

Finance Director Jessica Moore presented that the General Fund Revenues budget for FY 2022 is \$15,595,108 and forecasts \$1,648,210 above the FY 2021 budget. Approximately 80% of General Fund revenues are generated by Sales and Use Tax, and Property Tax. Mrs. Moore highlighted that there is a net increase in the General Fund personnel budget of \$1,243,444 from the FY2021 budget because overtime and holiday pay is accurately budgeted in the FY 2022 budget and was not accurately budgeted in FY 2021. Moving forward, all forms of employee compensation will be fully represented in the general fund and the three restricted fund budgets to provide a truer reckoning of payroll expenses. Furthermore, FY2022 budget also includes a 3% cost of living adjustment (COLA).

FY2021 budget did not include a COLA.

Mrs. Turner stated that no new debt will be issued for any capital improvement projects. Debt service payments will continue as planned unless the City's financial advisor relates cost savings that be incurred through refinancing existing debt. Also, Mrs. Turner explained that the Capital Improvement Program shows a loss of just over \$1.3 million dollars. Again, do not be alarmed. The East Aviation Road project is an MPO/TXDot project and the City is reimbursed for expenses as the project progresses. At this time, not all the reimbursements have been submitted back to Universal City and the project is not complete. Reimbursements will come in increments throughout 2021 and 2022 fiscal years and bring the balance to zero.

Mrs. Turner presented the administration department budget. She mentioned that the FY2022 General Fund budget is showing a loss of \$684,777. She explained that much of the loss comes from the administrative budget for three reasons. First, staff is proposing to use \$320,000 of restricted PEG Channel Funds to construct a building addition for a recording/editing studio. If the project moves forward, then the revenue from the PEG Channel Fund will be transferred into the General Fund Revenues to zero out the expense. Second, State law requires that the City Manager severance pay must be identified in every budget as a contingency expense; that contingency expense of \$212,000 is listed in the administration budget. Third, a 'true' comprehensive plan has not been created for Universal City for the last 16 years. The administration budget includes \$150,000 for that project should additional revenues be received during the year; if not, then the project will be postponed for future budget cycles.

Additionally, Mrs. Turner stated that some line-items have been reclassified to provide clarity to the budget process and expenditure tracking. For example, the City's technology vendors were classified as "other contract services" but are now identified in the budget as "technology services". Also, some administrative services that cut across all General Fund departments have been removed from the individual departments and placed in the administration budget. For instance, in the past, every department had a line item for "cellphones/pagers". Now, all cellphone/pagers are in the administration budget. The goal is one administrator, one vendor, one payment, one bill.

Mrs. Turner stated that in the past, the City Manger and Finance Director had presented the entire budget to the public and to City Council. At this work session, each department head gave an overview of their budget highlights and answered questions accordingly.

After the presentation of the General Fund, the Mayor called for a 10-minute recess at 7:00 PM.

At 7:14PM, the meeting reconvened.

The FY2022 proposed budgets were presented as follows:

Fund	Revenues	Expenditures
General Fund	\$15,595,108	\$16,279,885
Debt Service	\$ 2,175,494	\$ 2,145,119
Capital Improvements Program	\$ 3,937,391	\$ 5,295,016
Utility Fund	\$11,137,160	\$11,278,466
Stormwater	\$ 1,094,650	\$ 1,095,730
Golf Course	\$ 2,548,700	\$ 2,755,234

Mrs. Turner thanked the Department Heads for presenting their budgets. She explained that there may be changes made to the budgets based off the revenue numbers that the City will receive from the County later in July and reminded that there will still be the public hearings and votes for the tax rate and proposed budgets at upcoming council meetings.

- 4. ADJOURNMENT:** There being no objection, Mayor Williams adjourned the workshop at 8:16 p.m.

ATTEST:

Kristin Mueller, City Clerk

John Williams, Mayor