



**CITY OF GRAND PRAIRIE  
FINANCE AND GOVERNMENT COMMITTEE  
BUDGET MEETING #1  
COUNCIL BRIEFING ROOM  
MONDAY, JULY 17, 2023 AT 9:00 AM**

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## **MINUTES**

### **CALL TO ORDER**

*Chairman Humphreys called meeting to order at 9:00 a.m. and thanked staff.*

#### **PRESENT**

*Chairman Cole Humphreys  
Council Member Junior Ezeonu*

#### **ABSENT**

*Council Member Kurt Johnson*

### **STAFF PRESENTATIONS**

1. Presentation & Discussion on FYE 24 Proposed Budget – Meeting #1:

Fund Summaries and discussion over:

- Water/Wastewater Rate Increase
- Water/Wastewater Fund
- Stormwater Utility Fund
- Solid Waste Fund
- Fleet Services Fund

*City Manager Steve Dye thanked staff and noted Council Member Johnson was not able to join today. He presented a balanced budget, discussed revenue and an imbalance due to transfers to the Capital Improvement Project (CIP) fund. Mr. Dye proposed cost of living adjustments as follows: three percent to Police/Fire and five percent to civilian employees totaling \$5.5 million. He noted the city had fallen behind the market and discussed focused recruiting efforts. Mr. Dye reviewed increase of part-time seasonal employees to fifteen dollars per hour and discussed a homestead exemption increase. He noted storm water rates are staying the same and the water rate would be higher. Mr. Dye highlighted new proposed positions. There was discussion on relying on sales tax, the city's financial management policy and cutting the*

property tax rate. Council Member Ezeonu favored making roadways a priority but would like Council's input on other projects to use the fund balance. Chairman Humphreys inquired if funding has been approved for Fire Station 11, and Mr. Dye confirmed noting it would take about 1.5 years to hire, test and train firefighters. There was discussion on the Texas Insurance Services Office (ISO) rating far south, current home building and development down there and the need for additional patrol. Audit and Budget Manager Thao Vo discussed start of Fire positions, noting half would be in April 2024 and the remainder in fiscal year 2025. Deputy City Manager Bill Hills discussed why utility rate alternatives are being reviewed to balance revenue between water and wastewater (W/WW).

Dan Jackson Consultant with Willdan discussed conducting annual reviews to ensure W/WW funds receives proper revenues while making certain adjustments to rate payers are appropriate. He discussed the necessity to raise revenues to fund operations and provide services, discussed history of the established 4.5 percent annual rate adjustments from 2013 which have created some imbalances over time. Mr. Jackson discussed the desire for rates to be as low as possible and balancing the need to invest in the system to keep it operational and in adequate financial health. He reviewed current tiered residential rates, non-residential wastewater volume, multi-family base rates and multi-family volume rates. Mr. Jackson discussed how modified rate plans benefit the city and its utility. He advised it will enable the utility to recover sufficient revenues to cover all operating and capital costs for next five years, the utility will meet bond ratings requirements, and W/WW will be self-sufficient – wastewater will no longer be supported by water utility enabling the city to invest \$212 million in system capital repairs and improvements over next five years. Mr. Jackson reviewed residential monthly charge comparison with surrounding cities, historical and forecast water accounts and usage volumes. He noted water use in Grand Prairie is prudent due to conservation policies. Mr. Jackson reviewed the forecast of Capital Improvement Project funding sources from 2023-2027 and the W/WW forecast cost of service. He reviewed recommendations for structural changes in rate plans - gradually adjusting the lifeline tier, adding two conservation block rate tiers and billing no-residential wastewater at 100% of water consumption volume. Mr. Jackson discussed revenue impact and revamping the multi-family rate structure. He said this will enable city to maintain 4.5 percent general annual rate adjustments beyond 2023. He recommended the lifeline rate increase to .25 effective October 2023, .50 effective October 2024, .75 effective October 2025 and \$1.00 effective October 2026. He discussed two conservation block rate volume tiers and recommended structure for residential/irrigation. Council Member Ezeonu requested clarification of residential and commercial rate. Mr. Jackson discussed conservation efforts and block rates for residential only, discretionary and non-discretionary water uses. He discussed billing no-residential wastewater at 100 percent water volume. Mr. Jackson discussed proposed restructuring of multi-family rate structure which will create a multi-family class, defined as larger than fourplex, assessing a monthly charge for each unit in complex, making it a functional equivalent of a house; assessing a volume charge at commercial rate, noting it will result in significant increase in the monthly charge in October 2023. There was discussion on apartment rate charges, annual increases for remaining years and forecasted residential monthly bills. Mr. Hills noted this was scrutinized for a year now to have the most nominal impact on citizens while balancing the water rates and maintaining current bond ratings. There was discussion on keeping the same rate, an inverted block rate and water utility economics. Chief Financial Officer Cathy Patrick noted tiers encourage conservation. There was discussion on an increase to the lifeline rate, policy and cost recovery to deliver service, and assistance provided to citizens unable to pay their water bills. Chairman Humphreys and Council Member Ezeonu both expressed concerns with the initial impact and a desire keep the same rate. They

*requested to see data of 0-3000 gallon usage in surrounding cities. Mr. Hills noted through very good communication efforts, the city can relay to the public how the impact is minimal. Mr. Vo reviewed the budget calendar noting the budget workshop on Aug 16 and 17. He then discussed the W/WW Fund providing a Fund Summary Guide. Deputy City Manager Cheryl De Leon explained this is an overview of the enterprise fund. Mr. Vo reviewed actual/projected and proposed. He discussed regulatory and city's financial management policy. Mr. Vo provided an overview noting key changes including fuel, energy, maintenance and chemical inflation pressure, an eleven percent increase in water purchases due to pass through costs, six percent increase in water treatment due to pass through costs, merit and salary/benefits changes to remain competitive with other municipalities, and three fulltime personnel additions.*

*Engineering Services Director Noreen Housewright discussed the age of infrastructure and working to keep a failure from occurring. Ms. De Leon noted they will try to cash fund as much as possible through the rate to balance. Chairman Humphryes asked whether grants are being pursued and Ms. De Leon confirmed Audit Department is monitoring and sending those to departments as they come up. There was discussion on federal grant opportunities, hiring a federal grant consultant, water treatment in-house services, infrastructure in the city still consisting of clay piping and replacing infrastructure while doing road repair. There was discussion on current bonds issued for infrastructure earlier this year, a fulltime civil engineer addition, the current three week turn around for project review and charges for service. Mr. Vo advised charges for storm water are currently on the water bill.*

*Solid Waste Director Dr. Patricia Redfearn provided an overview of the enterprise fund, provided a solid waste overview, discussed key changes including new cell construction, trinity riverbank fortification, gas control and collection system expansion and two additional fulltime brush crew personnel. She discussed working toward restoring reserves over next several years. Mr. Vo reviewed budget changes, long term liability for closure and regulatory requirement of some funds. There was discussion on contingency to keep bond rating, transferring excess to CIP fund to buy equipment and the code compliance litter crew.*

*Director of General Services Jayson Ramirez advised Fleet Services provides a comprehensive fleet management program for all vehicles and equipment in the city's fleet, noting Fleet Services oversees and manages vehicle acquisition based on replacement guidelines and specifications, routine preventative maintenance, repairs, vehicle inspections, registration renewals, minor accident repairs, fuel sales and maintenance on nine fueling stations, and vehicle and equipment disposal. He said they have an Internal Service Fund noting fleet services maintains and services 1263 vehicles and equipment and discussed repair orders and service calls completed. There was discussion on fleet revenues from asset auction sales and maintenance versus purchasing new. Deputy City Manager/City Attorney Megan Mahan said they are currently reviewing costs to keep and maintain versus replacement. Ms. Patrick and Mr. Ramirez discussed software utilized.*

## **EXECUTIVE SESSION**

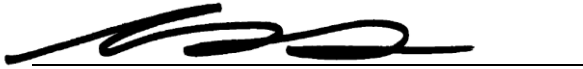
*There was no closed session.*

## **CITIZEN COMMENTS**

*None.*

**ADJOURNMENT**

*Chairman Humphreys adjourned meeting at 11:31 a.m.*

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke, positioned above a solid horizontal line.

*Cole Humphreys, Chairman*