



MINUTES
CITY COUNCIL FINANCE AND GOVERNMENT COMMITTEE
May 4, 2021

The City of Grand Prairie Finance and Government Committee convened at 2:01 p.m. on Tuesday, May 4, 2021, in the City Council Chambers, 300 West Main Street, Grand Prairie, Texas. The following persons were in attendance:

COMMITTEE MEMBERS PRESENT

Greg Giessner, Chairman
Jorja Clemson, Mayor Pro Tem
Mike Del Bosque, Deputy Mayor Pro Tem

No Guests were recognized as being in attendance.

Kathleen Mercer, Budget Director, introduced the new Manager of Business Operations-Budget, Matthew Monedero.

STAFF PRESENTATIONS

1. Internal Audit FY21 2nd Quarter Report

Audit Services Director, Cathy Patrick, presented the Internal Audit Report for Fiscal Year 2021 Second Quarter. The report included a list of Completed Reports, Work in Progress, and Miscellaneous Projects. Ms. Patrick also provided information on the ERP software.

Chairman Giessner ask about the scope of the ERP software, and Ms. Patrick clarified that it will be replacing all the Finance and HR systems (including Budget, Payroll, Capital Asset Management and more). Chairman Giessner also asked if the new ERP software would be used for inventory management of other items, such as the Prairie Lakes Golf Course inventory. Ms. Patrick clarified that the new ERP software would be used for inventory management of capital assets, not proshop retail items.

Mayor Pro Tem Jorja Clemson asked for clarification as to whether the Lynn Creek Marina Contract Compliance Review was in progress or completed. Ms. Patrick clarified that at the time of the report, the Review was in progress. It has now been completed.

Ms. Patrick also stated that centralizing Accounts Receivable may go forward, but it will not be done until after a new Finance Director (Chief Financial Officer) is in place.

Chairman Giessner asked about the Golden Chalet (Occupancy Tax Review), and Ms. Patrick confirmed that there was no assessment as their records matched what was reported. Chairman Giessner asked about the \$3,000 assessment to Motel 6 (regarding whether it was typical), and Ms. Patrick noted that the hotel had a new computer system, and that some data may have been lost. However, they did not have all the necessary records to be verified.

2. Second Quarter FY21 – Parks Enterprise Financial Report
Parks and Recreation Assistant Director - Business, Gary Yakesch, presented the Second Quarter Fiscal Year 2021 Parks Enterprise Financial Reports. Mr. Yakesch stated the Revenues and Expenditures are trending as we expected, including Lloyd Park, which is 5,000 vehicles down due to electrical and sewer upgrades.

Chairman Giessner commented that the improvements will enhance Lloyd Park even more. Mayor Pro Tem Clemson asked when the improvements were expected to be finished, and Duane Strawn, Parks and Recreation Director, stated that the upgrades should be completed by mid-May (this month).

Chairman Giessner asked if the staff were comfortable with COVID protocols, and Mr. Yakesch responded that they were prepared, and that the Lodge should be opening soon.

Mr. Yakesch also stated that Golf has 13,000 additional rounds than this point last year, and the variance is split almost evenly between TangleRidge and Prairie Lakes. The Expenditures are about \$30,000 over this point last year. We did change some of the ways we handled our property liability insurance adjustments. We expect the current trends to continue, with Prairie Lakes to have a profit this year. We expect TangleRidge to have a \$350,000-\$400,000 subsidy this year instead of the usual \$700,000-\$800,000 subsidy.

Chairman Giessner commented that the consolidated report for both golf courses is preferred.

Deputy Mayor Pro Tem Mike Del Bosque asked how Prairie Lakes was divided between Grand Prairie and Dallas. Mr. Yakesch responded that the proshop and parking lot were ours (Grand Prairie), and virtually all the grounds and greens belonged to Dallas. He also clarified that all the Revenue belonged to Grand Prairie because the source of the Revenue is in Grand Prairie.

Mr. Yakesch reported that May will start trending up for the Epic. Membership extensions and other offers due to COVID are expiring. Programming will start in June. We will still follow COVID protocols, including capacity, but we are moving toward pre-COVID numbers. The Epic has almost 11,000 members, which is where we were pre-COVID.

Chairman Giessner asked if we lost a large number of members during COVID. Mr. Yakesch responded that it was difficult to determine because of the extensions.

Mr. Yakesch reported that Epic Expenses were also reduced, as was the Revenue, resulting in substantial savings. As we end FY21, we do expect about a \$2,000,000 subsidy, which is \$700,000 more than anticipated. However, for this reason, we did implement a COVID Reserve in which we put \$800,000.

Chairman Giessner asked if the insurance adjustments that affected other areas also affected the Epic. Mr. Yakesch responded that they did, and in the same way.

Mr. Yakesch reported that Epic Waters generated \$1,000,000 Net Revenue at the end of March. Current projection for year end is \$2,200,000, including the impact of Kalahari Water Park.

Mr. Yakesch reported that both R J C and Uptown Theater have had slow Revenue returns, but Expenses are also down. Activity is expected to increase at R J C, and events are being scheduled at Uptown Theater for this summer. Additionally, Mr. Yakesch reported that the Summit reopened in Mar, and it has over 2,000 members. Revenue is expected to increase.

Mayor Pro Tem Jorja Clemson asked for clarification about accepting new members. Mr. Yakesch confirmed new memberships will be available June 1. Mayor Pro Tem Jorja Clemson also noted there was one complaint regarding a citizen who paid full price, but who did not receive full service. Parks Director Duane Strawn stated the situation would be resolved.

Mr. Yakesch reported that Tony Shotwell Center has also reopened, and an increase in activity is expected in May. Mr. Yakesch further reported that Prairie Lights did \$1,500,000 in Revenue, with 42,000 vehicles coming through this year. The reduced price did cause Revenues to fall significantly. Controls were tightened, which directed customers to purchase their tickets on-line, with almost 60% of customers doing so. Less cash, led to fewer transactions, resulting in less time at the gate.

Chairman Giessner noted that we had no Revenue in the Gift Shop, Santa Pictures, or Concessions. He and Mr. Yakesch agreed that we should be able to return to those activities soon. Chairman Giessner also commented on the great job the Parks Department had done this past year.

3. Homestead Exemption Discussion

Deputy City Manager, Cheryl De Leon, provided a brief update on the Homestead Exemption. Last year we increased the exemption from 7.5% o 10%. One of the recommendations for this year may be to not offer an increase in the Homestead Exemption this year, but plan to increase it in 2022.

Chairman Giessner clarified that the 10% exemption would remain. Deputy City Manager Cheryl De Leon confirmed that the 10% Homestead Exemption would remain, but no increase this year. She also noted that the 10% exemption was approximately \$615,000 in value. A brief conversation took place about the state legislation discussion regarding sales tax (origination versus destination).

Ms. De Leon stated the deadline for making the final decision about raising the Homestead Exemption is June 30. She also noted that 1% in increased exemption is approximately \$410,000 in lost Revenue, so the 2.5% increase would result in just over \$1,000,000 less Revenue.

4. Insurance Fund Monthly Review

Human Resources Director, Lisa Norris, presented the insurance fund review. She stated the insurance fund is doing well. Revenues are at budget. For Expenses, she noted a few items. The Active Claims are at \$1,700,000, which is high for March. Three claims are over \$400,000, which is not unusual. Human Resources Manager, Todd Gaston, is researching the issues with Blue Cross Blue Shield. Ms. Norris stated that even though the month of March was 'in the red' \$274,000, the balance is still healthy.

Chairman Giessner asked if there was a way to identify a trend in certain types of claims. Ms. Norris noted that prescription costs had risen, but nothing notable. She also noted that the high amount for March may be an inherent delay from 2020 when many people could not have certain procedures done. She will review and report back any new information.

Ms. Norris noted the fiscal year average, which is the first six months of the current fiscal year from October 2020 through March 2021, and the 12-month average, which is the first six months of the current fiscal year and the most recent six months from the prior fiscal year to see a snapshot of a full 12 months. The values are very close, so the situation is not overly alarming. Even with higher claims, we are projecting year-end at 84% of the budget.

Retiree claims are low for March, but they are trending higher overall. We are currently projecting year-end at 125% of the budget.

Chairman Giessner asked if the option now available to retire at 20 years of service instead of 25 had any impact on the Retiree claims being higher. Ms. Norris said that her department will look into that issue. It was further discussed that at age 65, Retirees move to Medicare, and we currently only have eight Retirees over 65.

Ms. Norris reported that overall, even with the negative month of March, we have a positive Operating Balance of \$1,700,00, and we are expecting to an Ending Resource Balance of \$8,300,000. She also noted that we would be reimbursed by Blue Cross Blue Shield for any claim over \$3,000,000 in the calendar year.

Deputy Mayor Pro Tem Mike Del Bosque inquired about the cost of the average claim, and the type of claims. Ms. Norris stated she did not have that information, but she would get it to him the next day. Additional discussion took place, with Chairman Giessner and Ms. Norris commenting on educational and wellness programs offered through the City. She also stated that inspiring employees to engage in the programs was key. Deputy Mayor Pro Tem Mike Del Bosque asked about partnering with a minor emergency clinic or urgent care for non-critical issues. Ms. Norris stated incentives were in place to visit an urgent care or PCP when appropriate, and education will continue.

Deputy City Manager Cheryl De Leon noted a program called Surgery Plus. Ms. Norris explained that Surgery Plus bundles pre-op, surgery, post-op, etc., into one fee. Employee pays deductible, and plan pays the rest. On average, about 52% is saved.

Mayor Pro Tem Jorja Clemson asked if Surgery Plus took the place of the previous Compass program, and Ms. Norris responded that Benefit Value Advisor with Blue Cross Blue Shield of Texas is similar to Compass.

CONSENT AGENDA

Chairman Giessner presented the Consent Agenda, Items 5-9, for consideration.

5. Minutes of the April 6, 2021 Finance and Government Committee meeting

6. Quarterly Investment Report
7. Ratify purchase, replacement, and installation of the Dectron unit, at the Epic, from McMillan James, in the amount of \$158,517, through a TIPS contract and include a contingency in the amount of \$5,000 for a total of \$163,517
8. Contract with GameTime (Total Recreation Products) in the amount of \$138,013.56; and approve a 5% contingency in the amount of \$6,900.68 for a total amount of \$144,914.24 for the removal, replacement, and installation of playground equipment at Jennifer McFalls West Park
9. Ordinance amending the FY 2020/2021 cemetery Operating Fund Budget; contract with Trane in the amount of \$59,428 plus a 5% contingency of \$2,972 for the complete replacement of Grand Prairie Memorial Gardens Administration and Maintenance ship HVAC systems through an existing City Price Agreement; purchase of building management system controls from Enviromatic Systems in the amount of \$23,100 plus a 5% contingency of \$1,155 through an existing City Price Agreement

Mayor Pro Tem Jorja Clemson moved to approve Consent Agenda Items 5-9. Deputy Mayor Pro Tem Mike Del Bosque seconded the motion. The motion carried 3-0, with no abstentions.

ITEMS FOR INDIVIDUAL CONSIDERATION

10. Change order/Amendment No. 1 with Hill & Wilkinson General Contractors in the amount of \$3,873,421 for the balance of construction cost for Phase Three of the Civic Campus Master Plan project; 5% owner-controlled contingency in the amount of \$193,671; \$25,000 allowance for security; \$25,000 allowance for low voltage work; plus, a \$50,000 allowance for franchise utility work for a total funding request of \$4,167,092

Andy Henning stated that item 10 involved the construction pricing for third phase of City Hall work, and it will continue the parking and landscaping down to Main Street, as well as the parking and landscaping on the east side of City Hall East. We were fortunate in that we were ahead of increases in construction pricing. We had approximately \$275,000 left from Phase Two that was rolled into Phase Three.

Mayor Pro Tem Jorja Clemson inquired if this phase involved primarily parking and landscaping. Mr. Henning confirmed it did, along with work on City Hall West to bring it together with City Hall Central and City Hall East.

Deputy Mayor Pro Tem Mike Del Bosque moved to approve item 10 as presented. Mayor Pro Tem Jorja Clemson seconded the motion. The motion passed 3-0, with no abstentions.

11. Approve a one-time cost of living payment for non-civil service City of Grand Prairie employees in the total amount of \$1.9 million

Chairman Giessner proposed discussing items 11 and 13 together, which was approved by City Attorney, Megan Mahan. Chairman Giessner compared this one-time payment to a similar situation in 2009.

Deputy City Manager, Cheryl De Leon, stated that sales tax Revenue was better than anticipated, which is what made Item 11 a possibility. She emphasized that this payment would be a one-time lump sum for all eligible employees except sworn police and fire. The estimated average may be about \$1,500 per eligible employees.

Ms. De Leon moved to a discussion of Item 13. She stated that a market study was done on wages, and it was determined that sworn police and fire were slightly out of market on their base pay. Item 13 would amend the Step Plan Pay Scales for Grand Prairie police and fire civil service employees. The request is for a 1% base pay increase to keep us at rates similar to pay rates in our surrounding cities. Ms. De Leon also clarified that this request is not for a one-time payment, and the current request is approximately \$226,000.

Chairman Giessner commented on the need to stay competitive with the market to keep our employees.

Mayor Pro Tem Jorja Clemson moved to approve items 11 and 13. Deputy Mayor Pro Tem Mike Del Bosque seconded the motion. The motion passed 3-0, with no abstentions.

12. Ordinance amending the FY 2020/2021 Capital Improvements Projects Budget; Professional Consultant Contract with Freese and Nichols, Inc. for the Main Street Roadway Improvements in the amount of \$757,500

Walter Shumac stated that Item 12 is regarding the Engineering design contract, part of Phase Two involving the roundabout on the eastern side of our border, where Main Street and Jefferson Street come together. Phase Two is in the design phase, which will take about a year.

Chairman Giessner asked about Main Street being closed once construction begins and diverting traffic to Jefferson. Mr. Shumac stated that diverting traffic to Jefferson is the assumed plan. Deputy Mayor Pro Tem asked about the length of time the project would take, and Mr. Shumac stated that once construction begins, it should be completed in about two years. Mayor Pro Tem Clemson asked about protecting the local businesses on Main Street during the process, and Mr. Shumac stated that consideration of the local businesses is part of the design and construction plans.

Deputy Mayor Pro Tem Mike Del Bosque moved to approve Item 12 as presented. Mayor Pro Tem Jorja Clemson seconded the motion. The motion passed 3-0, with no abstentions.

13. An ordinance amending the Step Plan Pay Scales for Grand Prairie Police and Fire Civil Service Employees
See Item 11.
14. Resolution authorizing the City Manager to accept American Rescue Plan Act funding of approximately \$37,541,000

Chairman Greg Giessner announced that Cathy Patrick will serve as Interim Finance Director after Becky Brooks' retirement June 4.

Cathy Patrick presented an overview of the American Rescue Plan Act. She stated that limited information is available at this time. Local governments (major cities) will share approximately 130 billion dollars (\$130,000,000,000). The information at this time is that we are not required to apply for the 50% we receive up front. To be sure we do receive the funds, the Resolution (Item 14) is authorizing the City Manager to send a letter to the U.S. Treasury Department formally requesting and certifying that we need the funds, and that we will accept the funds. We expect to get guidance in approximately two weeks on how we can use the funds, as well as the reporting process. We do not know at this time whether we can use the funds for existing projects, or if the use must be for new projects.

Chairman Giessner asked if we could use the first half of the funds incrementally, saving part of the funds for unknown projects. Ms. Patrick stated that we do not have sufficient guidance at this time, but once we do, a list of projects will be brought back to the Committee and Council for review and approval.

Ms. Patrick also stated that the funds can be used for Revenue losses, but we may have to consider net Revenue losses, which will include Expenditure savings. We cannot use the funds for a tax cut (such as Homestead Exemption). The period of time the Plan covers is January 27, 2021 to December 30, 2024. She also stated that we will need to submit an application (after the first year) for the second half of the funds, and probably a list of projects that will be reviewed for approval.

City Attorney Megan Mahan noted that the Resolution (Item 14) also authorizes City staff to present a list of projects for consideration.

Mayor Pro Tem Jorja Clemson moved to approve Item 14. Deputy Mayor Pro Tem Mike Del Bosque seconded the motion. The motion passed 3-0, with no abstentions.

15. Resolution authorizing an Economic Development Agreement for a \$2,000,000 Cash Grant and Fifty-Year Ground Lease with Bolder One, LLC, for the Operation of an Adventure Park at Epic Central for a calculated percentage of Net Operating Profit as Rent (estimated approximately 25%)

Item 15 was discussed in Executive Session. Deputy Mayor Pro Tem Mike Del Bosque moved to approve Item 15. Mayor Pro Tem Jorja Clemson seconded the motion. The motion passed 3-0, with no abstentions.

16. Resolution granting 380 Incentive Agreement and entering into a separated sales tax contract with Aerofirma Corporation for the Prairie Gate Phase Two Project to rebate 50% of the \$.01 documented general sales tax Revenue on construction materials purchased to complete the new development

Item 16 was discussed in Executive Session. Mayor Pro Tem Jorja Clemson moved to approve Item 16. Deputy Mayor Pro Tem Mike Del Bosque seconded the motion. The motion passed 3-0, with no abstentions.

17. Resolution denying Oncor Electric Delivery Company's application to increase its Distribution Cost Recovery Factor to increase electric distribution rates within the City

City Attorney Megan Mahan stated that we (City of Grand Prairie) are part of the Oncor Steering Committee, which is a coalition of cities. For the Oncor Steering Committee to be in a position to negotiate with Oncor, we must first deny the application.

Deputy Mayor Pro Tem Mike Del Bosque moved to approve Item 17. Mayor Pro Tem Jorja Clemson seconded the motion. The motion passed 3-0, with no abstentions.

Chairman Giessner moved to Executive Session at 3:10 PM to discuss Item 15 and Item 16.

EXECUTIVE SESSION

Chairman Greg Giessner convened a closed Executive Session at 3:10 P.M., pursuant to Chapter 551, Subchapter D of the Government Code, V.T.C.A., to discuss one or more of the following:

- (1) Section 551.071 "Consultation with Attorney"
- (2) Section 551.072 "Deliberation regarding Real Property"
- (3) Section 551.074 "Personnel Matters"
- (4) Section 551.087 "Deliberations Regarding Economic Development Negotiations"

The meeting will discuss Section 551.072 "Deliberation regarding Real Property" and 551.087 "Deliberations regarding Economic Development Negotiations."

FINANCE AND GOVERNMENT COMMITTEE MEETING RECONVENED

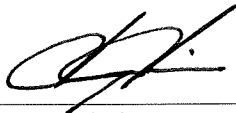
The regular session of the Finance and Government Committee meeting reconvened at 3:41 p.m.

CITIZEN COMMENTS

There were no citizen comments.

ADJOURNMENT

There being no further business, the Finance and Government Committee meeting adjourned at 3:42 p.m.



Greg Giessner, Chairman
Finance and Government Committee

6/1/2021

Date