

STATE OF TEXAS

COUNTY OF BRAZORIA

CITY OF LAKE JACKSON

BE IT KNOWN that the City Council of Lake Jackson met on Monday, August 7, 2023, at 6:30 p.m. in Regular Session at 25 Oak Drive, Lake Jackson, Texas, Lake Jackson City Hall in the Alice Rodgers Council Chambers with the following in attendance:

Gerald Roznovsky, Mayor  
Chase Blanchard, Mayor Pro-Tem  
Jon "J.B." Baker, Councilmember  
Matt Broaddus, Councilmember  
Vinay Singhanian, Councilmember  
Rhonda Seth, Councilmember

Modesto Mundo, City Manager  
Riazul Mia, Assistant City Manager  
Sherri Russell, City Attorney  
Sally Villarreal, City Secretary  
Milford John-Williams, Asst. to the City Manager  
Sal Aguirre, City Engineer  
James Bryson, Finance Director  
Robin Hyden, Parks Director  
Sabrina England, Public Works Director  
Paul Kibodeaux, Police Chief  
David Walton, Building Official

PLEDGE OF ALLEGIANCE

Isaac Johnson led the pledges.

INVOCATION

Mayor Roznovsky led the invocation.

VISITOR COMMENTS

No visitor comments.

PRESENTATIONS

Lindsay Scovil – LJ Historical Museum Director

Ms. Scovil reviewed a presentation illustrating the museum’s achievements and future plans. Ms. Scovil reviewed the museum’s attendance, visitation numbers, new programming, exhibits, community involvement, Alden B. Dow Museum, Jackson Plantation Historic Site, and upcoming events.

Mayor Roznovsky thanked Ms. Scovil for her presentation and hard work.

DECLARATION OF CONFLICTS OF INTEREST

There were none.

## CONSENT AGENDA

1. Approval of minutes – July 17, 2023
2. Accept board and commission minutes:
  - a. KLJB – 051623
  - b. Charter – 071123
  - c. Planners – 070523
3. Award a one-year extension for Utility Contract Mowing to Horticare Lawn Maintenance in an amount not exceeding \$46,705 as budgeted.
4. Award a one-year extension for the Utility Supply Agreement to HD Supply Facilities Maintenance dba USA BLUEBOOK in an amount not exceeding \$110,000.
5. Approve an emergency repair contract for Matula & Matula to repair manhole 4B in an amount not exceeding \$127,792.

*On motion by Councilmember Seth, seconded by Councilmember Singhania with all present members voting "aye," the consent agenda was approved as follows:*

1. Approval of minutes – July 17, 2023 - **approved**
2. Accept board and commission minutes: **accepted**
  - a. KLJB – 051623
  - b. Charter – 071123
  - c. Planners – 070523
3. Award a one-year extension for Utility Contract Mowing to Horticare Lawn Maintenance in an amount not exceeding \$46,705 as budgeted - **awarded**
4. Award a one-year extension for the Utility Supply Agreement to HD Supply Facilities Maintenance dba USA BLUEBOOK in an amount not to exceed \$110,000 - **awarded**
5. Approve an emergency repair contract for Matula & Matula to repair manhole 4B in an amount not exceeding \$127,792 – **awarded**

## DISCUSS IMPROVING LIGHTING ON ROADWAYS

This item was deferred because the citizen requesting the agenda item was absent to express his concerns.

## DISCUSS AND CONSIDER A FIRST READING OF ORDINANCE 23-2268 SETTING FOUR DOWNTOWN INTERSECTIONS AS STOP INTERSECTIONS

Ms. Russell noted the four intersections where the new stop signs are placed in the downtown area.

Councilmember Singhania asked if any intersections left in the downtown area needed stop signs. Mr. Mundo clarified that all four-way intersections have stop signs.

Mayor Roznovsky stated that if there are any left without stop signs, they will be addressed and added in the future.

On a motion by Councilmember Singhania, seconded by Councilmember Baker with all present members voting “aye,” the first reading of the ordinance setting four downtown intersections as stop intersections was passed.

DISCUSS AND CONSIDER A FIRST READING OF ORDINANCE 23-2269 AMENDING CHAPTER 90 SUBDIVISIONS IN THE LAKE JACKSON CODE OF ORDINANCES TO UPDATE LANGUAGE, REMOVE SECTIONS THAT ARE PROVIDED FOR ELSEWHERE, AND MAKE CHANGES SUCH AS ADOPTING AN UPDATED DEVELOPMENT MANUAL, REQUIRING A SUBMITTAL PERIOD FOR PLATS AND SITE PLANS, AND REQUIRING THAT CONSTRUCTION FENCING SURROUND ALL VEGETATION THAT IS REQUIRED TO BE PRESERVED

Ms. Russell reviewed parts of the ordinance that changed and noted the critical root zone. She stated that this ordinance adopts the new development manual. Ms. Russell also noted that there is a hyperlink to Municode.

This is a major cleanup of a large document from the 1990s. The engineering department reviewed every line of the old document and updated changes.

On a motion by Councilmember Broaddus, seconded by Councilmember Seth with all present members voting “aye,” the first reading of Ordinance 23-2269 amending Chapter 90 Subdivisions in the Lake Jackson Code of Ordinances to update language, remove sections that are provided elsewhere, and make changes such as adopting an updated development manual, requiring a submittal period for plats and site plans, and requiring that construction fencing surround all vegetation that is required to be preserved was passed.

APPROVE THE FEE PROPOSAL FOR ADDITIONAL DESIGN SERVICES WITH THORN ARCHITECTS FOR REDESIGNING THE ARCHITECTURAL, STRUCTURAL, MEP ENGINEERING, AND SITE CIVIL ENGINEERING OF THE ANIMAL CONTROL FACILITY AND PREPARE THE CONSTRUCTION MANAGEMENT AT RISK (CMAR) DOCUMENTS IN AN AMOUNT NOT EXCEEDING \$83,200. THE TOTAL COST FOR ARCHITECTURAL SERVICES WILL BE \$323,000

Mr. Mia updated the city council with a plan requiring restructuring the animal control facility within the allocated budget. The changes to the plan would eliminate the second story, which will require structural redesign. Mr. Mia also noted staff wants to begin preparing the CMAR document and, at the same time, hire a contractor to work with the architect to know the project is within budget. Mr. Mia stated that staff recommends approval.

Councilmember Seth asked if there were many changes to the first floor. Mr. Mia replied that the first floor is staying as is. The second floor would be a shell, and it will take approximately \$2 million.

Mayor Roznovsky stated that the first floor's air conditioning would change.

Councilmember Blanchard expressed his concerns about the additional \$80,000 it will cost the taxpayers.

Mr. Mundo clarified that the city cannot complete the Atascosa design with current prices. Atascosa completed the design for \$3 million in 2018. The city looked at the design in 2019, but the construction costs have doubled.

Councilmember Seth inquired about possibly leaving the structural design for the second story rather than completing the build-out in case it could be completed later. Mr. Mia stated it would cost approximately \$1 million.

Mayor Roznovsky discussed options for the second floor.

Councilmember Blanchard mentioned the materials used in the original design and the difficulty in getting those materials.

Mr. Mia noted that the building would be simpler. The air conditioning system has been changed; the furniture will be purchased by the city rather than the contractor. The redesign reduces costs by eliminating metals, glass, sheet rock, and a simpler air conditioning system.

On motion by Councilmember Broaddus, seconded by Councilmember Singhania with Mayor Roznovsky, Councilmembers Seth, Baker, Broaddus, and Singhania voting “aye,” and Councilmember Blanchard voting “nay,” the fee proposal for additional design services with Thorn Architects for redesigning the architectural, structural, MEP engineering, and site civil engineering of the animal control facility and prepare the construction management at risk (CMAR) documents in an amount not exceeding \$83,200 was approved.

DISCUSS THE PROPOSED FY 2024 ANNUAL BUDGET

Mr. Mundo noted the requirements to call for the public hearings.

Mr. Mundo went over the following key points and changes that have been made since the workshop.

- In the proposed budget, I recommended a tax rate to generate an additional \$100,000 in property taxes to fund a 3% market adjustment for employees. My revised recommendation is to maintain our tax rate at **\$0.323121**. This rate will cover the new debt issuance of \$16.5M and provide an additional **\$117,000** in property tax revenue. The extra \$17,000 tax revenue over my original proposed budget would be allocated for street maintenance.

▪ Revenues

- Additional Property Tax Revenue \$17,000

Expenditures

- Eliminate Aviation Task Force (5,000)
- Eliminate Administration Outside Attorney (4,000)
- Eliminate Engineering Fuel (5,000)
- Eliminate Credit Card Fee Charges (60,000)
- Increase Street Maintenance Repair 91,000

Net expenditure increase (decrease) \$17,000

A \$200,000 joint sealant project has been added to the General Capital Projects Fund to supplement operations.

The two most discussed items during the budget workshop were increasing the market adjustment from 3% to 5%, as recommended in the compensation study, and allocating more

funds to street maintenance. If the City Council chose to adopt the Voter Approval Rate, an additional \$452,000 (\$469k - \$117k) in property taxes could be allocated to address these priorities:

▪ Increase to 5% Market Adjustment	\$265,000
▪ Increase in Street Maintenance	<u>187,000</u>
	\$452,000

Mr. Mundo noted he was conservative with the three percent market adjustment and \$100,000 because the most significant tax increase with the tax rate is the issuance of \$16 million for bond projects approved by the voters.

Mr. Mundo said that to get to the 65<sup>th</sup> percentile in salaries, the compensation study determined to give a five percent increase this year, followed by a four percent, then three percent for the following year.

Councilmember Seth asked if, without meeting the threshold with the current budget, would the city be able to meet the needs of the employees, city services, and repairs that are needed without increasing the tax rate.

Mr. Mundo said it would be a challenge. Finding employees is always a challenge for cities. When the pay increase is implemented, it also changes the starting salary. It takes longer today to find employees that meet the qualifications. It does make it more challenging. This proposed budget keeps the city steady. The goal was to be more competitive. He stated that if the council chose to go with the voter approval rate, he would like to put more funds into street maintenance.

Councilmember Seth asked if the council chose to go with the voter approval rate, what would the increase go to. Mr. Mundo replied that it would go to \$120.

Councilmember Singhania pointed out the importance of infrastructure. It costs a lot more money to repair on an emergency basis. He suggested reviewing the infrastructure, identifying where the repairs are needed, and spending the money to make such repairs. He also noted that the employees should be taken care of. People do not want to move here if the infrastructure is not taken care of.

Councilmember Seth stated her input is to keep the overall spending conservative, and the proposed budget achieves that. Lake Jackson has run a very lean budget for a long time, and many of the big infrastructure items have been well maintained, but there are items at the end of their life span. There are a lot of expensive projects that need to be completed. The bottom line is to provide good infrastructure, which cannot be provided if employees are not retained and compensated. She noted that the city staff has worked hard to maintain the city. Councilmember Seth pointed out simple things that have gotten very expensive, such as chlorine and concrete, but regardless of the price, safe water and safe streets must still be maintained.

Councilmember Seth asked Mr. Mundo if the voter approval rate was implemented, would it make a big enough impact on the overall budget to take care of some of the infrastructure items.

Mr. Mundo noted that the extra \$469,000 generated from the voter approval rate would be identified in the general fund for salaries and other items. The total budget for the city is \$54 million. The property tax does not fund utility projects or emergency services. Wastewater Treatment Plant repairs go out for revenue debt. Mr. Mundo noted that the wastewater treatment plant was built for \$12 million, today that would not even cover the lift station across the city hall. The utility repair costs have gotten very expensive. The utility rate increase that will be recommended will impact the average rate user \$2.65 a month.

Councilmember Seth noted that the proposed increase for utilities still does not get the city up to the average. Mr. Mundo replied and said it only gets the city into operation. The proposed increase is a \$1 increase to the residential sanitation rate and a 15% increase on the commercial rates for dumpster and roll-off rates. Roll-off rates will put the city where it should be; the commercial rates are still at the bottom of the list with LJ being at the lowest. The sanitation rate is closer to the top, with excellent service provided compared to other cities. This will bring in an extra \$260,000 plus the \$100,000 of the customer convenience fees. Mr. Mundo has pushed this into the transfer of capital, which will return to refunding the lift station's repairs.

Councilmember Singhania said the city provides exceptional services for garbage pickup as well as employees trying to fix the infrastructure failures at all hours. He stated he favors setting the tax rate where it needs to be to help retain the employees and to keep Lake Jackson from becoming a training ground.

Mayor Roznovsky said the city would not be able to compete with industries around the area for certain positions.

Mr. Mundo didn't think the city loses employees to any one entity. It varies from entity because there may be room for advancement or an opportunity to make more money. It is usually the most experienced employees that leave.

Councilmember Blanchard stated that when he first came to the council, they would receive emails regularly regarding the city's openings. It was a struggle with 17 openings at one time. This is why a compensation study was completed to identify the areas that needed attention and pay the employees to keep them from leaving.

Mr. Mundo mentioned he is recommending issuing the debt because if we wait too long, the prices will escalate, and the projects will be unattainable. He would have recommended a five percent increase for employees if the debt wasn't being issued.

Councilmember Baker acknowledged that everyone is on the same page with the infrastructure. His concern is that it's being said that Lake Jackson has the lowest tax rate in the state, but the same problems still exist, such as failing roads and compensation concerns. The lowest tax rate is not getting the city anywhere.

Mr. Mundo reviewed the numbers from the appraisal roll and tax rates. He explained the different tax rates and options, the city tax on average homes, and the comparison of regional tax rates.

**No-New-Revenue Tax Rate (NNR)** is the total tax rate needed to raise the same amount of property tax revenue for the city from the same properties in the 2022 and 2023 tax years.

This rate is split into two separate rates:

- Maintenance and Operations (M&O) rate - rate to raise same levied in the prior year.
- Debt rate – rate necessary to pay the city’s debt payments with no new debt issuance.
- This year’s no-new-revenue tax rate: \$0.277211

**Voter Approval Tax Rate (VAR)** is the highest tax rate that the city may adopt without holding an election to see voter approval rate.

This rate is split into two separate rates:

- Maintenance and Operations (M&O) rate – rate to raise same levied in the prior year + the applicable percentage allowed by law, 3.5%
- Debt rate – rate necessary to pay the city’s debt payments in the coming year – includes \$16.5 million in new debt approved by the voters in May 2021.
- This year’s voter approval tax rate: \$0.337422

## City Tax on Average Home

	No New Revenue Rate			Maintain Tax Rate	Voter Approval Rate
	2023	2024	\$16.5 Bond 2024	2024	2024
Avg Taxable Home Value	\$246,147	\$271,287	\$271,287	\$271,287	\$271,287
M&O Rate	0.223572	0.193000	0.193000	0.196586	0.210887
Debt Rate	0.099549	0.084211	0.126535	0.126535	0.126535
Tax Rate	0.323121	0.277211	0.319535	0.323121	0.337422
M&O	\$550.32	523.58	523.58	533.31	572.11
Debt Service	245.03	228.45	343.27	343.27	343.27
Estimated Tax	\$795.35	\$752.04	\$866.85	\$876.58	\$915.38
Annual Increase from 2023		(\$43.31)	\$71.50	\$81.23	\$120.03
Debt Increase over 2023		\$0	\$1,330,796	\$1,330,796	\$1,330,796
M&O Increase over 2023		\$0	\$0	\$117,553	\$569,287

Mr. Mundo pointed out that once a rate is advertised, it cannot go up; it can only be reduced.

Mayor Roznovsky noted there has been much discussion about infrastructure. He stated that an evaluation and timeline are important to plan for the future. He also noted this would take Bonds. He gave an example of the rainwater and drainage study on the city’s east side. The study identified \$40 million of work. He acknowledged that the city has infrastructure issues and stated that a plan must be developed, and education needs to be provided for the community.

Mr. Mundo recommended holding the tax rate steady, which would cover the three percent cost-of-living adjustment to the play plan. A tax rate must be recommended for the public hearing and advertisements.

Mayor Roznovsky clarified that the Voter Approval Rate of \$0.337422 allows the option to decrease it at the public hearing.

DISCUSS AND CONSIDER SETTING A DATE AND TIME FOR A PUBLIC HEARING FOR FY 2023-2024 ANNUAL BUDGET FOR AUGUST 21, 2023, AT 6:30 P.M.

On motion by Councilmember Baker, seconded by Councilmember Singhanian with all present members voting “aye,” the public hearing for the FY 2023-2024 annual budget was set for August 21, 2023, at 6:30 p.m.

DISCUSS AND CONSIDER SETTING A PUBLIC HEARING ON THE PROPOSED TAX RATE NOT TO EXCEED THE VOTER-APPROVED RATE OF \$0.337422/\$100 FOR AUGUST 21, 2023, AT 6:30 P.M.

On motion by Councilmember Singhanian, seconded by Councilmember Seth with all present members voting “aye,” the public hearing on the proposed tax rate not to exceed the voter-approved rate of \$0.337422/\$100 was set for August 21, 2023, at 6:30 p.m.

NEW BUSINESS UPDATE

Mr. Walton provided the council with a new business update. He stated that an extension of The Jay Café would be moving into the old Jinwe Sushi building.

Councilmember Baker asked about the occupancy load for the Jinwe building. Mr. Walton will get that information to Councilmember Baker.

Mr. Walton gave an update on the Lakewood Manor development and Cavender’s at the Brazos Mall.

STAFF UPDATES

- City Manager updates – no updates
- Council meeting action item summary
  - Advertisements

CONSTRUCTION UPDATES

Mr. Aguirre went over the construction and downtown updates.  
Ms. Hyden went over the Parks Dept. updates.

ITEMS OF COMMUNITY INTEREST

There were none.

EXECUTIVE SESSION – Mayor Roznovsky adjourned into Executive Session at 8:10 p.m.

RECONVENE TO OPEN SESSION – Mayor Roznovsky reconvened to open the session at 8:43 p.m.



ADJOURNMENT

There being no further business, the meeting adjourned at 8:43 p.m.  
These minutes were approved on the 21<sup>st</sup> day of August 2023.

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Sally Villarreal, City Secretary

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Gerald Roznovsky, Mayor