

STATE OF TEXAS

COUNTY OF BRAZORIA

CITY OF LAKE JACKSON

BE IT KNOWN that the City Council of Lake Jackson met on Monday, August 21, 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 Singhania, 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

#### PLEDGE OF ALLEGIANCE

Councilmember Singhania led the pledges.

#### INVOCATION

Councilmember Baker led the invocation.

#### VISITOR COMMENTS

Mike Walls – 59 Southernwood Court

Mr. Walls expressed his thoughts on the decisions made by the city council. He noted the rise in property taxes, insurance, and general inflation.

Mr. Walls asked the city council to consider not raising taxes.

#### PRESENTATIONS

Grace Heffernan was present to review the Lake Jackson Library Programs and achievements. Ms. Heffernan also reviewed future plans for the library.

Ms. Heffernan noted the Lake Jackson branch is the third busiest library in the county.

Councilmember Seth said she appreciates the seed swapping the library is doing now.

Mayor Roznovsky shared his appreciation for the library.

Councilmember Singhania thanked Ms. Heffernan for the library's great job of engaging the citizens.

Councilmember Baker also thanked Ms. Heffernan for their great job.

## DECLARATION OF CONFLICTS OF INTEREST

There were none.

## CONSENT AGENDA

1. Approval of minutes – August 7, 2023
2. Accept board and commission minutes:
  - a. KLJB - 071823
  - b. Parks - 062023
3. Approve interlocal agreement with Brazoria County for road and bridge maintenance.
4. Approve 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 surrounding all vegetation that is required to be preserved – second reading.
5. Approve Ordinance 23-2268 setting four downtown intersections as stop intersections- second reading.
6. Adopt Resolution No. 23-923, amending the Fiscal Year 2022-2023 budget for American Rescue Plan Act (ARPA) funds in the amount of \$4,048,389.75 for capital projects and equipment.
7. Approve an amendment to the AT&T Water Tower Lease contract for Beechwood Tower for additional mounts.
8. Award a one-year extension for chlorine and sulfur dioxide to DXI Industries for \$1.0277/lb. for 1-ton liquid chlorine, \$1.9061/lb. for 150 lb. liquid chlorine cylinders and \$0.9395/lb. for 1 ton of sulfur dioxide in an amount not exceeding \$315,089 as budgeted.

*On motion by Councilmember Seth, seconded by Councilmember Baker with all present members voting "aye," items 1-2 & 4-8 were approved. Councilmember Singhania requested to move consent agenda item #3 to the regular agenda for discussion.*

1. Approval of minutes – August 7, 2023 – **approved**
2. Accept board and commission minutes: **accepted**
  - a. KLJB - 071823
  - b. Parks - 062023
3. Approve interlocal agreement with Brazoria County for road and bridge maintenance. – **moved to the regular agenda**
4. Approve 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 surrounding all vegetation that is required to be preserved – second reading. - **approved**
5. Approve Ordinance 23-2268 setting four downtown intersections as stop intersections- second reading. – **approved**
6. Adopt Resolution No. 23-923, amending the Fiscal Year 2022-2023 budget for American Rescue Plan Act (ARPA) funds in the amount of \$4,048,389.75 for capital projects and equipment. - **adopted**
7. Approve an amendment to the AT&T Water Tower Lease contract for Beechwood Tower for additional mounts. – **approved**

8. Award a one-year extension for chlorine and sulfur dioxide to DXI Industries for \$1.0277/lb. for 1-ton liquid chlorine, \$1.9061/lb. for 150 lb. liquid chlorine cylinders and \$0.9395/lb. for 1 ton of sulfur dioxide in an amount not exceeding \$315,089 as budgeted. - **awarded**

APPROVE INTERLOCAL AGREEMENT WITH BRAZORIA COUNTY FOR ROAD AND BRIDGE MAINTENANCE

Councilmember Singhania asked for clarification on what the agreement entailed. He pointed out that recently, there was an issue with one of the bridges on Old Angleton Road deteriorating, and the weight limit had to be lowered. He asked why the county was not making any effort to repair the bridge.

Mr. Mundo stated the agreement only covers material costs when an asphalt road needs repaving. The agreement is that the county provides the labor, and the city provides the materials. The bridge is the city's and not the county's responsibility.

On motion by Councilmember Singhania, seconded by Councilmember Broaddus with all present members voting "aye," the interlocal agreement with Brazoria County for road and bridge maintenance was approved.

PUBLIC HEARING TO CONSIDER THE PROPOSED FY 2023-2024 ANNUAL BUDGET – MODESTO MUNDO.

Mayor Roznovsky opened the public hearing at 6:55 p.m.

Mr. Mundo explained the budget process timeline and requirements. He noted the workshop, director involvement, and tax roll. He said a key date is waiting for final appraisal roles. The city sees one number for the tax roll, and that helps establish what the tax rate needs to be. This is usually seen at the end of July. When moving into August, the public hearing is called. This year, the voter approval rate was advertised. Mr. Mundo stated the voter approval rate is the highest rate a city can adopt without going to the voters.

Mr. Mundo reviewed a presentation and noted the city's three budget priorities.

- Increase capital investment to help maintain or improve the city's infrastructure.
- Improve funds for operational maintenance.
- Continue investing in the city's employees to attract, train and retain staff.

Mr. Mundo noted the breakout of the expenditures for the general fund. About 65% of the budget is for payroll and 35% for actual operation items. The Utility Fund is about 40% payroll and 60% cost of goods.

The general fund budget recommendation is \$25.7 million. The general fund is typically for government services, with the utility fund being for water, sewer, and sanitation. Taxes do not support the utility fund. It is considered a business enterprise and entirely supported by fees. The total budget for the city is \$54 million; the general operating fund is the largest.

The total budget for the city is \$55 million.

Mr. Mundo reviewed the following:

**Budget Highlights**

- Proposed tax rate range – 32.31 cents – 33.74 cents (Voter approval rate)
- \$1,172,473 General Fund increase; \$1,139,134 Utility Fund increase
- \$8.9 million in CIP projects - \$5.3 million grant dollars
- \$1,092 million cash projects in the Half-Cent-Fund
- Utility rate increase of \$2.65 per month for 5,000 gallons
- Residential sanitation rate increase of \$1.00 per month to \$26 per month
- Commercial sanitation rate increase of 15%
- 3% Market adjustment for all positions – pay for performance 2% - 4%
- 11.4 increase in medical premiums

**General Fund Revenue Breakdown**

- Franchise Fees           \$1,730,646   7%
- Misc. Revenue           \$3,682,645   14%
- Sales Tax                 \$8,168,000   32%
- Industrial District       \$6,323,810   24%
- Property Tax             \$5,818,319   23%

**General Fund Noteworthy Changes 20,000 and above**

	<u>0.323121</u>	<u>0.337422</u>
Market 3% & Pay for Performance 2% - 4%	\$1,078,000	135,000
Property Insurance	119,000	
Health & Dental Insurance	80,000	
Police Department Overtime	53,800	
Street Maintenance additional funding	91,000	317,000
LJEMS Contract	29,000	
Humane Salary Savings (2.5 positions unfunded)	(150,000)	
Fuel	(75,000)	
Electricity	(73,000)	
Eliminate Credit Card Fees	(60,000)	
Eliminate Aviate Task Force, Admin. Outside Attorney, Engineering Fuel	(14,000)	
<b>Summary Total</b>	<b>\$1,078,800</b>	<b>\$452,000</b>
TOTAL BUDGET INCREASE	\$ 1,172,473	
% of Budget Increase	92%	

**Proposed Water and Sewer Rates**

Proposed Monthly Residential Base Rates

	FY 22-23	FY 23-24	FY 23-24 Over 65
Water	\$15.50	\$15.50	\$9.30
Sewer	\$15.75	\$16.75	\$10.05
<b>Total Bill 2,000 Gals.</b>	\$31.25	\$32.25	\$19.35

Proposed Per Thousand Rates Above Base

	FY 22-23	FY 23-24
<b>Water</b>		
2,000 – 20,000	\$5.30	\$5.60
Over 20,000	\$5.95	\$6.35
<b>Sewer</b>		
2,000 – 15,000	\$5.80	\$6.05

**Utility Fund Noteworthy changes 20,000 and above**

Utility Debt Transfer	\$338,453
Transfer to Capital Project Fund	360,000
Market 3% & Pay for Performance 2% - 4%	252,700
BWA Harris Reservoir Expansion - 1 <sup>st</sup> of 8-year annual increase, \$0.15. Estimated annual cost FY31 to FY56: \$854,100	109,500
BWA – increase \$0.14 per 1,000 gallons for operations.	102,200
Landfill Tipping Fees	91,320
Admin Fee to General Fund for Water / WW	50,000
Electricity	45,000
Group Health Insurance	30,700
Property Insurance	23,700
EPA Required UCMR5 Testing	22,000
Eliminate Credit Card Fees	(100,000)
Non-Fleet Equipment – GPS Tracking	(59,000)
Wood Grinding	(50,000)
Sanitation Consultant	(49,000)
Fuel	(37,100)
<b>Summary Total</b>	<b>\$1,130,473</b>
TOTAL BUDGET INCREASE	\$1,139,134
% of Budget Increase	99%

Mr. Mundo reviewed utility and garbage rates comparison with surrounding cities.

Lee Rahrlien

Mr. Rahrlien asked about the credit card processing fees. He was informed of the different payment options.

Emily Wise

Ms. Wise asked for clarification regarding the sanitation rate increase. Mr. Mundo clarified that the current rate is \$25, which will be \$26 a month.

Mike Walls – 59 Southernwood Court

Mr. Walls asked if the recycling is still being taken to Houston. Mr. Mundo replied that it was still being taken to Houston. Mr. Walls mentioned that it was brought up at a previous council meeting to get rid of the recycling service to save money. Mr. Mundo recalled that the savings would be approximately \$2.30 if the service were cut. Mr. Walls said if the recycling were cut, the garbage collection would not have to be raised by \$1.

Mayor Roznovsky noted that removing the recycling service would not be a complete wash. The recycling would still need to be picked up and taken as trash. Mr. Walls replied that Vernor Materials would not have to be stored or handled by Vernor Materials.

Councilmember Seth noted past discussions regarding this same topic. She said the council needs feedback from the public on what they want. She has had this discussion with others; the council could cut everything to a bare minimum, but that is not what the citizens are asking for. Mr. Walls stated he was the only citizen who attends meetings regularly. Councilmember Seth informed him that the city council receives calls and emails from community members.

Mayor Roznovsky noted the city's recyclables are being recycled. Also, with the current recycler, if the recycle value goes up, that is something that is shared back to the city to cut costs.

Mr. Mundo informed the citizens how the recycling service works with Vernor. The city pays \$50,000 annually for the storage. He also noted the transportation of materials is the largest cost for recyclables.

Mr. Walls expressed his thoughts on possibly saving from eliminating recycling and having to contract with Vernor Materials.

Mr. Mundo noted there is no cost with recycling this year. There is an increase in the rental and transportation, but it still stays within the budgeted line-item amount.

Councilmember Blanchard clarified what he brought up at a previous council meeting. The point he brought up was between Seabreeze having a fire and Seabreeze telling the cities they would discontinue handling recycling in approximately three months. Therefore, all the blue bagged recycling went to the landfill for three months, making it a total waste.

Mr. Walls said the citizens do not have a choice but to pay for recycling.

Mayor Roznovsky stated the people have a choice; they must make it known to the city council. It can be removed if the city's citizens do not want the service. He noted the city council gets complaints if their recycling isn't picked up. He also stated the recycling at the mulch site fills up from people bringing their own. He noted the focus should be on reducing the amount of material that must be recycled or thrown away.

There were comments shared about recycling materials.

Councilmember Singhania stated that the council made the decision because there was no citizen opposition. He felt citizens were satisfied, so they were not coming forward. He noted an individual vote does not count, but the citizens' votes as a whole.

Mr. Walls stated this was the first time this was being brought up about the costs going up.

Councilmember Seth pointed out the public meetings that have taken place, allowing citizens to voice their opinions when these items are being discussed.

Councilmember Singhania noted that Mr. Walls's comments are valued, but the city council hears from many others who want to recycle. The decision to raise the rates was not taken lightly.

Rudy Barreda – 123 Cedar

Mr. Barreda said he didn't feel comparing the Lake Jackson Utility Rate with the City of Houston was fair. He asked the city council to continue to be aggressive and keep rates in the middle.

Mr. Mundo noted the city has a lot of expensive projects in the queue.

Mr. Barrera asked for clarification on the salary increases and merit increases. Mr. Mundo explained the yearly compensation plan and the compensation study.

Mr. Barrera asked about the transportation stipends and felt they were high.

Mr. Mundo explained the stipends are considered as part of the total compensation.

Councilmember Seth stated her view on the city's compensation plans. She noted that the city is already below compensation and below the 65<sup>th</sup> percentile. Even with the proposed salary increases, the rates are not where they should be.

Councilmember Blanchard stated he was a huge proponent of getting salary compensation for the 5% increase suggested by the compensation study that the city paid \$30,000 for. He would like to get to that by cutting expenses and not having to raise rates. He pointed out several costs that he disagreed with.

Mayor Roznovsky noted the council identified \$160,000 during the workshop.

Councilmember Blanchard stated from 2020 through the proposed 23-24 budget, the city will spend \$105,246 on Christmas décor. Councilmember Blanchard also mentioned other expenditures he disagreed with.

Mayor Roznovsky closed the public hearing at 7:46 p.m.

PUBLIC HEARING TO DISCUSS THE PROPOSED TAX RATE OF \$0.337422 (PER \$100), WHICH WOULD INCREASE TAXES ABOVE THE NO-NEW-REVENUE RATE BY 21.67% FOR THE CITY OF LAKE JACKSON OF FISCAL YEAR 2023-2024 – MODESTO MUNDO.

Mayor Roznovsky opened the public hearing at 7:46 p.m.

Mr. Mundo explained the tax rates and reviewed the following information.

The **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 both the 2022 tax year and the 2023 tax year.

This rate is split into two separate rates:

- Maintenance & Operations (M&O) rate – rate to raise the same levied in the prior year.
- Debt rate is necessary to pay city debt payments with no new debt issuance.

This year’s no-new-revenue tax rate: \$0.277211

The **Voter Approval Tax Rate (VAR)** is the highest tax rate the city may adopt without holding an election.

This rate is split into two separate rates:

- Maintenance & Operations (M&O) rate – rate to raise same levied in 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

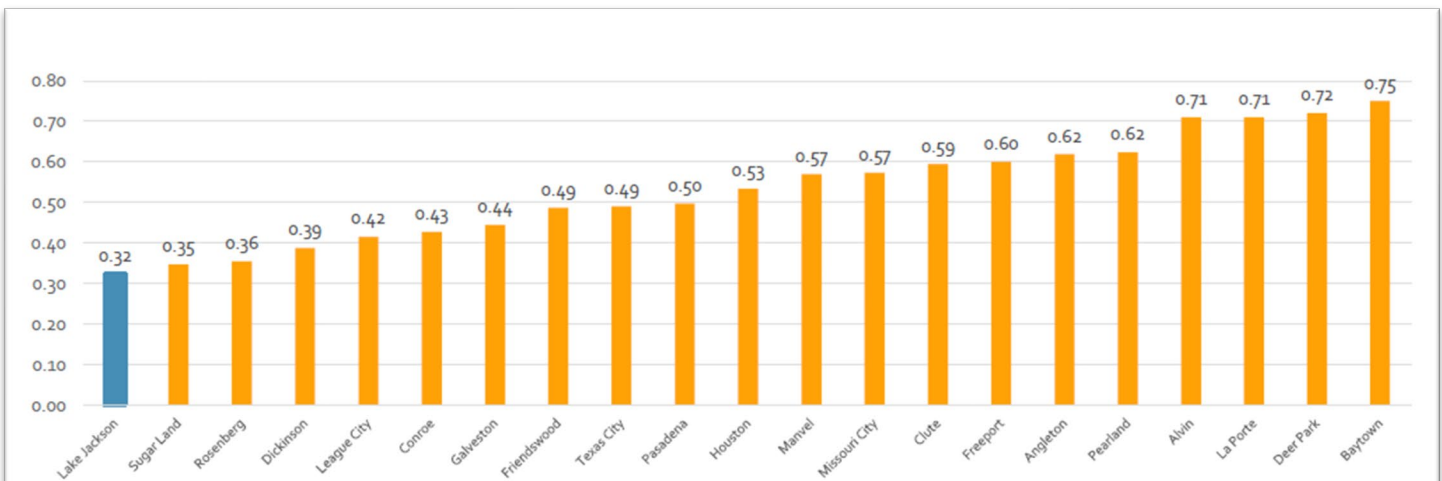
## City Tax on Average Home

		No New Revenue Rate	2% Market \$16.5 Bond	Maintain Tax Rate 3% Market \$16.5 Bond	4% Market \$16.5 Bond	Voter Approval Rate
	2023	2024	2024	2024	2024	2024
Avg Taxable Home Value	\$246,147	\$271,287	\$271,287	\$271,287	\$271,287	\$271,287
M&O Rate	0.223572	0.193000	0.193000	0.196586	0.200664	0.210887
Debt Rate	0.099549	0.084211	0.126535	0.126535	0.126535	0.126535
Tax Rate	0.323121	0.277211	0.319535	0.323121	0.327174	0.337422
M&O	\$550.32	523.58	523.58	533.31	544.38	572.11
Debt Service	245.03	228.45	343.21	343.21	343.21	343.21
Estimated Tax	\$795.35	\$752.04	\$866.79	\$876.52	\$887.59	\$915.32
Annual Increase from 2023		(\$43.31)	\$71.44	\$81.17	\$92.24	\$119.97
New Tax Revenue for Debt		\$0	\$1,330,796	\$1,330,796	\$1,330,796	\$1,330,796
New Tax Revenue for M&O		\$0	\$0	\$117,553	\$252,553	\$569,287
What will new revenue fund?				\$100,000 - Salaries \$17,553 - Streets	\$235,000 - Salaries \$17,553 - Streets	\$235,000 - Salaries \$334,287 - Streets



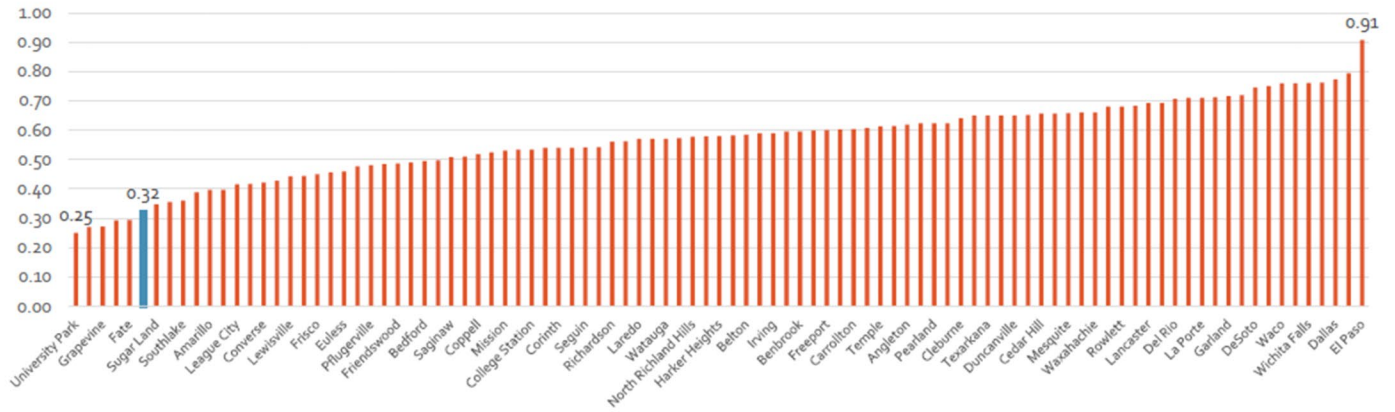
# Taxes Imposed on Average Home

\$	2022	2023	Change
Total tax rate (per \$100 of value)	\$0.323121	\$0.337422	increase of 0.014301, or 4.43%
Average homestead taxable value	\$246,147	\$271,211	increase of \$25,064, or 10.18%
Tax on average homestead	\$795.35	\$915.13	increase of \$119.78, or 15.06%
Total tax levy on all properties	\$9,089,429	\$11,059,378	increase of \$1,969,949, or 21.67%



## REGIONAL TAX RATES

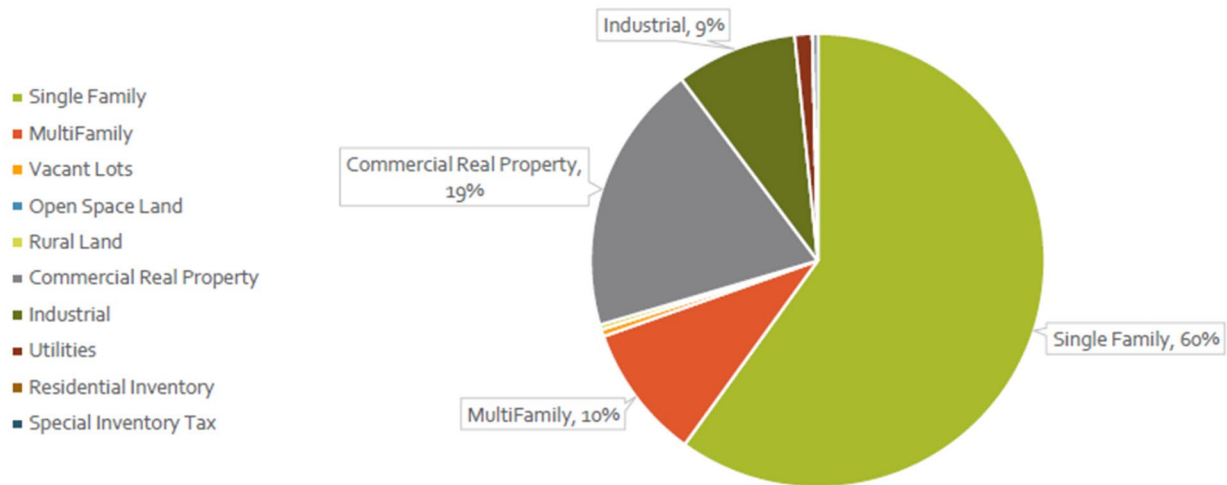
Population over 20,000



# STATEWIDE TAX RATES

Lake Jackson Rank 92 out of 97

## 2023 Preliminary Taxable Values



Councilmember Blanchard asked if it is possible not to issue debt. This debt was approved two years ago before the recent inflation. He did not think the citizens would feel the same today as they did two years ago.

Mayor Roznovsky clarified that the \$16.5 million could be done now or later. Or a vote referendum for the voters to decide whether they still want to complete the projects.

Mr. Mundo stated if the projects are delayed a year, the city will not be able to complete these projects. The rising construction costs will make it unattainable, and it would need to go back to the voters for additional funds. The longer we wait, the price keeps increasing.

Councilmember Singhania noted that infrastructure is an integral part of the city. The city needs to maintain the roads and keep the city services that citizens are used to. He clarified that no one on the council wants to pass on the costs; these are tough decisions.

LeiLoni Kershaw – 115 Stanford

Ms. Kershaw said that with the recent appraisals and inflation, the citizens need to catch a break. People are afraid of losing their homes. Ms. Kershaw asked the council to reallocate funds and put them where they matter. She asked the council to find a solution to keep things affordable.

Candace Kukla – 60 Sultana Ct.

Ms. Kukla shared her concerns regarding the high construction prices and tax increases and how it will affect citizens.

Mike Walls

Mr. Walls stated as a small business owner, he must work within the revenue he generates. He must make hard decisions about cutting staff or cutting services he provides.

He asked Mr. Mundo if the appraisal numbers were accurate. Mr. Mundo said the numbers can fluctuate but do not change dramatically.

Councilmember Seth encouraged the citizens to contact the State Legislature. She also noted that these decisions are very tough for the council.

Councilmember Seth stated the city has run a lean budget for many years. Capital Improvement Projects have been deferred. There are a lot of costs that need to be covered. Councilmember Seth explained the tough decisions that the council faces. She also noted that she will never make excuses for spending, but she can't make cuts to the budget that are only important to her family.

Councilmember Singhania pointed out the 40-year-old infrastructure that must be considered and the city services the citizens depend on. Councilmember Singhania also noted the city council has not agreed to a rate yet.

Councilmember Seth said the city must consider long-term infrastructure and plan for the future.

Mr. Mundo compared the city's tax rate with other cities with the same approximate size. Lake Jackson falls on the low end of the scale compared to neighboring cities and within the state.

Mr. Mundo acknowledged items can be cut from the budget, but it is hard to find agreement on what those items are. The level of amenities and level of service will be affected. He also pointed out that debt issuance is driving the increase.

The \$16 million issuance is for Sleepy Hollow, Moss & Chestnut, which is half street and half drainage, and North Shady Oaks.

Mr. Mundo noted the city has one of the lowest tax rates in Texas. The city has a healthy sales tax, an industrial district, and a volunteer fire department. The volunteer fire department saves approximately .20 cents on the tax rate.

The state caps all cities on a 3.5% increase. The cap is on the revenue for maintenance and operations, not debt. The state wants the debt advertised because it has an impact. The voter approval rate adds on in a 3-year window anything that is not used.

Mr. Mundo stated that when cuts are made, it will affect the level of service the city offers the citizens or take-away amenities the citizens enjoy.

Mayor Roznovsky shared that the tax rate is a number to help calculate costs. The city council is very aware and studies how many dollars it equates to the citizens.

Emily Wise – Juniper St.

Ms. Wise stated she purchased her home in Lake Jackson and not in Angleton because of the low property tax rates. She asked for clarification about the \$16.5 million debt issuance. Mr. Mundo explained that the voters approved the \$16.5 million, but the debt has not yet been sold. He explained what happens if the debt is not issued. It will make it hard to complete the projects the voters approved because of rising construction costs. Mayor Roznovsky noted the timeline is extended for these projects. The city is not asking for more money; it just needs the ability to sell the bonds.

Mr. Mundo noted the funding for the projects will fall short. Mr. Mundo stated the city plans to use ARPA funds (covid money) to supplement the cost increases. The COVID funds were to help cities with operations during decreased revenues.

Ariel Lara – 57 Cranberry Court

Ms. Lara asked what the homestead exemption is. Mr. Mundo replied that it was zero. Mayor Roznovsky shared that there is an exemption for people 65 or older. If they apply, they get the first \$70,000 of their assessed value that is not taxed in Lake Jackson. In addition to that, there is a utility rate discount. Mr. Mundo stated the council in the past wanted to treat the businesses and homeowners the same.

Ms. Lara asked if the voters could decide or if it was something that the council would decide. Mr. Mundo replied and said the council could, or it could go to the voters.

Ms. Lara asked how this would affect the budget if there is a dollar amount or percentage for separating homeowners and businesses.

Mr. Mundo stated approximately 60% of the tax roll is residential, which would be eligible. The numbers would have to be calculated if the council would want to consider. Ms. Russell stated the comptroller's

website indicates the city could exempt up to 20% of the home value and cannot be less than \$5,000.

Ms. Lara said she wants to be in the city of Lake Jackson with her family. Things get hard, and budgets must be tightened. As a citizen, she is looking internally at what she can do. Ms. Lara has always advocated being conservative, paying attention, and focusing on things that need repair. She wants to see her family stay in Lake Jackson. Ms. Lara understands people are on a fixed income and appreciates what the city council does. She does not want to see the younger generation burdened by the aging infrastructure later.

Mayor Roznovsky noted the city of Lake Jackson, and the community is aging. The \$16.5 million is for infrastructure that is aging. At some point, repairs will have to be made.

Rudy Barreda

Mr. Barreda said five or six people had expressed their thoughts against the tax rate increase. He felt the council was answering with justification. He hoped the city would listen to the five or six people.

Mayor Roznovsky said the city has prioritized the projects that are the most needed. He gave examples of failing streets and how much they cost to repair. Mayor Roznovsky explained how Capital Improvement Projects have been removed because they cannot be completed.

Mayor Roznovsky noted the calls that the city council receives from the community when the Festival of Lights parade is canceled, when Fireworks are canceled and other events. He said there are many people to consider when making decisions.

Councilmember Blanchard stated he is not against infrastructure, but times have changed from when people voted.

Mayor Roznovsky spoke on the importance of keeping up with infrastructure and the impact on the community. He also noted if the projects are delayed, the projects will not be attainable. Mayor Roznovsky spoke about the citizens on Sleepy Hollow Drive. Their road is falling apart. These citizens have been paying taxes like everyone else and want new roads. He noted communities in the area who have suffered and will continue to suffer because they have not managed their infrastructure. They held back on repairs and can't afford to catch up.

Lee Rahrlien

Mr. Rahrlien inquired about the bidding process for projects. He also asked if the city could complete some of these projects. Mr. Mundo explained how the bidding process works. He noted the city advertises the requirements and will receive sealed bids.

Glen Jones – 118 Cypress

Mr. Jones noted no one ever attends the city council budget meetings, but they are open to the public. He noted a lot of conversation on the bond issue. He said there were times when bond issues weren't done at the greatest of times. He has served on the Bond Task Force three times. He noted that many people have said, "Does the city want to have the lowest tax rate or have a good infrastructure?" He said if the infrastructure is put off, it will never get done.

He acknowledged that everyone is having trouble during this economy. He wanted everyone to see the big picture and advised the council to stick to the program and not put off the needed infrastructure projects. He

stated if this is pushed off, the voters lose confidence. He wants the same services, such as good police, a volunteer fire department, and city services. He felt the citizens were blessed.

Councilmember Seth noted that Mr. Mundo makes a lot of cuts to the budget before it gets to the city council.

Mayor Roznovsky closed the public hearing at 9:06 p.m.

DISCUSS AND CONSIDER RESOLUTION NO. 23-924 ADOPTING THE FISCAL YEAR 2023-2024 ANNUAL BUDGET – MODESTO MUNDO.

Mr. Mundo read the resolution caption.

Mr. Mundo noted what is being proposed is maintaining the tax rate at \$0.323121, a 3% market increase, and the \$16.5 million bond issuance. What was advertised is the voter approval rate of \$0.337422.

For discussion purposes, Councilmember Singhania motioned to adopt the budget with option 3 to maintain the tax rate, seconded by Councilmember Baker.

Mayor Roznovsky noted that option three did not include the addition of the Juneteenth holiday.

Councilmember Singhania amended his motion to include the June 19th holiday for employees in the budget, seconded by Councilmember Baker, with all present members voting “aye,” the amendment was approved.

There was discussion about the compensation study, the recommended salary increases, and how the options impact the budget.

Councilmember Singhania said he would like the city employees to get the 4% market increase. He felt the employees were already below the recommended percentile rate and facing the same struggles as everyone else.

Mr. Mia noted adding the joint sealant will help extend the life of some of the streets. He felt this was a good starting point.

Councilmember Singhania motioned to amend his motion to go with option four which includes the 4% market salary increase, \$16.5 million bond and the addition of the June 19<sup>th</sup> holiday, seconded by Councilmember Baker with the following members voting “aye,” Mayor Roznovsky, Councilmember Broaddus, Councilmember Singhania, Councilmember Seth, Councilmember Baker and Councilmember Blanchard voting “nay,” the motion carried.

Councilmember Blanchard shared why he voted against the motion. He would have liked to see the employees get the 5% market increase without raising the tax rate.

Mayor Roznovsky was thankful for the citizens’ input.

CONSIDER RATIFYING THE PROPERTY TAX RATE INCREASE OF ~~21.72%~~ 18.02% AS REFLECTED IN THE BUDGET FOR FISCAL YEAR 2023-2024

Councilmember Broaddus motioned to ratify the property tax rate increase of 18.02% as reflected in the budget for Fiscal Year 2023-2024, seconded by Councilmember Seth with the following members voting “aye,” Mayor Roznovsky, Councilmember Broaddus, Councilmember Baker, Councilmember Singhania and Councilmember Seth and Councilmember Blanchard voting “nay,” the motion carried.

DISCUSS AND CONSIDER THE FIRST AND FINAL READING OF ORDINANCE NO. 23-2271 TO ADOPT THE PROPOSED TAX RATE OF ~~\$0.337422~~ \$0.327173.

Mr. Mundo read the ordinance caption.

Councilmember Broaddus motioned to suspend the rules requiring two readings of the ordinance, seconded by Councilmember Seth, with all present members voting “aye,” the motion carried.

Councilmember Broaddus motioned to increase the property tax rate by adopting the tax rate of \$0.327173, which is effectively an 18.02% increase in the tax rate, seconded by Councilmember Seth with the following members voting “aye,” Mayor Roznovsky, Councilmember Broaddus, Councilmember Baker, Councilmember Singhania and Councilmember Seth and Councilmember Blanchard voting “nay,” the motion carried.

**EXECUTIVE SESSION – UNDER TEXAS GOVERNMENT CODE SECTION 551.074(A) PERSONNEL MATTERS – TO DELIBERATE THE EMPLOYMENT, EVALUATION, AND DUTIES OF THE CITY ALTERNATE JUDGE, CITY JUDGE –**

Mayor Roznovsky adjourned to executive session at 9:39 p.m.

Mayor Roznovsky reconvened to open session at 9:53 p.m.

DISCUSS AND CONSIDER THE FIRST READING OF ORDINANCE NO. 23-2270 REVISING FEES CHARGED FOR WATER, SEWER, GARBAGE, AND DUMPSTER SERVICES

Mr. Mundo read the ordinance caption and reviewed the proposed changes.

On motion by Councilmember Broaddus, seconded by Councilmember Baker with all present members voting “aye,” the first reading of Ordinance No. 23-2270 revising fees charged for water, sewer, garbage, and dumpster services was approved on first reading.

DISCUSS AND CONSIDER THE FIRST READING OF ORDINANCE NO. 23-2272 SETTING A CREDIT CARD PROCESSING FEE

Mr. Bryson went over the impacts of the credit card processing fee and how staff came up with the percentage to charge. He noted the 3% recommended fee is in the middle of what surrounding cities are charging. He stated a contract would be brought to the next meeting authorizing the city manager to execute a contract.

Councilmember Singhania asked if there would be sufficient notice provided to the citizens. Mr. Bryson stated there would be ample notice provided to citizens.

Councilmember Broaddus suggested explaining the payment options to citizens, so they know their choices.

Mr. Mundo read the ordinance caption.

On motion by Councilmember Baker, seconded by Councilmember Singhania with all present members voting “aye,” the first reading of Ordinance no. 23-2272 setting a credit card processing fee was approved.

**EXECUTIVE SESSION - THE CITY COUNCIL WILL ADJOURN INTO EXECUTIVE SESSION UNDER TEXAS GOVERNMENT CODE SEC. 551.072 (DELIBERATING THE PURCHASE, EXCHANGE, LEASE OR VALUE OF REAL PROPERTY) AND SEC. 551.073 (DELIBERATING A NEGOTIATED CONTRACT FOR A GIFT AND/OR DONATION).**  
Mayor Roznovsky adjourned to executive session at 10:02 p.m.

**RECONVENE AND TAKE ACTION ON EXECUTIVE SESSION TO CONSIDER AN AGREEMENT FOR THE DONATION OF FM 2004 PROPERTY IN EXCHANGE FOR THE CONSTRUCTION OF THE AZALEA STREET EXTENSION.**

Mayor Roznovsky reconvened to open session at 10:23 p.m.

Councilmember Seth motioned to approve an agreement for the donation of FM 2004 property in exchange for the construction of the Azalea Street extension with the following amendments:

1. TDECU will convey the 2004 property within three months of the Certificate of Occupancy being issued for the new Oak Drive building and no greater than 36 months.
2. TDECU future lease agreement regarding the ATM placement.
3. The City has the first right or refusal for the donation of furniture and fixtures.

Councilmember Baker seconded the motion, with all present members voting “aye,” the motion carried.

**DISCUSS AND CONSIDER DIRECTING THE CITY MANAGER TO EXECUTE AN AGREEMENT WITH BLANK ROME FOR LEGAL REPRESENTATION IN *ADAWAY V. CITY OF LAKE JACKSON***

Ms. Russell stated that TML covered all litigation expenses through discovery, hearings, and appeals. The city won on all the negligent actions on appeal, which means that TML is out.

Ms. Russell recommends contracting Barry Abrahams with Blank Rome because he knows the case.

Ms. Russell stated there are 344 litigants. Potential damages are \$344 million. Mr. Mundo said a lawyer must be retained for this case.

On motion by Councilmember Broaddus, seconded by Councilmember Singhania with all present members voting “aye,” the city manager was given authorization to execute an agreement with Blank Rome for legal representation in *Adaway v. City of Lake Jackson*.

#### **STAFF UPDATES**

Council meeting action item summary – *Adaway v. City of Lake Jackson contract*

#### **ITEMS OF COMMUNITY INTEREST**

- Mr. Mundo is writing an order for drought stage one. If things do not improve, it will move to stage two.
- Councilmember Blanchard asked for the council to receive line break updates weekly so they can share them with citizens.
- Mr. Mia noted the city must still flush during drought stage one.



**EXECUTIVE SESSION – UNDER TEXAS GOVERNMENT CODE SECTION 551.074(A) PERSONNEL MATTERS – TO DELIBERATE THE EMPLOYMENT, EVALUATION, AND DUTIES OF THE CITY ATTORNEY, CITY MANAGER, CITY JUDGE AND ALTERNATE CITY JUDGE.**

Mayor Roznovsky adjourned into executive session at 10:35 p.m.

**RECONVENE AND TAKE ACTION ON EXECUTIVE SESSION TO SET AND FIX FY 2023-2024 COMPENSATION FOR COUNCIL-APPOINTED EMPLOYEES: ALTERNATE JUDGE, CITY JUDGE, CITY ATTORNEY, AND CITY MANAGER.**

Mayor Roznovsky reconvened the meeting to regular session at 11:36 p.m.

Councilmember Singhania motioned to set the following annual salaries for FY 23-24:

- Larry Schwertner      \$25,750
- Larry Stovall          \$68,143
- Sherri Russell         \$183,287 + \$500 monthly car allowance
- Modesto Mundo        \$244,021 + \$750 monthly car allowance

Councilmember Seth seconded the motion with the following Councilmembers voting “aye,” Mayor Roznovsky, Councilmember Broaddus, Councilmember Baker, Councilmember Singhania and Councilmember Seth and Councilmember Blanchard voting “nay,” the motion carried.

**ADJOURNMENT**

There being no further business, the meeting adjourned at 11:37 p.m.

These minutes were approved on the 5<sup>th</sup> day of September 2023.

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Sally Villarreal, City Secretary

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Gerald Roznovsky, Mayor