

MINUTES
Irving City Council Budget Retreat
Wednesday, August 19, 2020 at 8:00 AM
City Hall, First Floor, Council Conference Room
825 West Irving Boulevard, Irving, TX 75060

The Irving City Council met in special session on August 19, 2020 at approximately 9:04 a.m. The following members were present / absent:

Attendee Name	Organization	Title	Status	Arrived
Mayor Rick Stopfer	Irving City Council	Mayor	Present	
John C. Danish	Irving City Council	Councilman	Present	
Allan Meagher	Irving City Council	Councilman	Present	
Dennis Webb	Irving City Council	Councilman	Present	
Phil Riddle	Irving City Council	Councilman	Present	
J. Oscar Ward	Irving City Council	Councilman	Present	
Al Zapanta	Irving City Council	Councilman	Present	
Kyle Taylor	Irving City Council	Councilman	Present	
Wm David Palmer	Irving City Council	Councilman	Present	

8:00 AM Breakfast

9:00 AM Meeting

A. Citizen Comments on Items listed on the Agenda

No one signed up to speak at this meeting.

B. Budget Environment and Context

Chris Hillman, City Manager, and Mayor Stopfer discussed the importance of reviewing the Strategic Plan and how to move forward with new Council priorities.

1. Strategic Plan

i. Last Five Years Overview

Aimee Kaslik, Chief Innovation and Performance Officer, provided an overview of the accomplishments of the last five year's budget priorities based on the current Strategic Plan. Some of the accomplishments included maintaining AAA/Aaa and AA+/Aa2 bond ratings, implementing a long term financial plan, implementing Road to the Future and Drainage Solutions for a Better Tomorrow, implementing an economic development strategic plan, adopting a new comprehensive plan, opening the Criminal Intelligence Center, implementing the body-worn camera program, adding Medic 1 and Fire Station 12, completing the Parks Master Plan, launching Irving 360° Civic Academy, adopting the open data policy, adopting new

employee-created value statements and developing a succession planning process.

Council and staff discussed the ongoing costs associated with added personnel and added programs.

ii. Next Five Years Overview

1. New Strategic Plan Process

Aimee Kaslik, Chief Innovation and Performance Officer, described the process to update the Strategic Plan, she noted the basic strategic plan elements and the planned timeline for 2021.

Council and staff discussed the various ways to get citizen input from special interest groups, boards, committees, and neighborhood associations.

Chris Hillman, City Manager, confirmed staff will bring back an engagement plan.

2. Five Year Cost of Service

Bret Starr, Finance Director, outlined data on the five-year cost of service. His presentation included the expenditure trends, such as personnel base cost increases and operating base costs; revenue trends, such as revenue constraints in property taxes and franchise fees, revenue growth in property and sales tax bases, user fees and TIF No. 1 ratchet down, economic development; and changes in service levels by evaluating cost/benefit of services and reducing overhead and ongoing cost with partnerships and expanded services at fewer, larger facilities. He noted that the bond election for November 2020 has been cancelled and a new date has not been determined.

Council and staff discussed the original timelines for the new bond projects.

C. General Fund Overview

Chris Hillman, City Manager, outlined the General Fund reductions and increases in the proposed FY20-21 budget.

1. Base Budget and Operating Costs

Shannon Phillips, Budget Manager, presented an overview of the FY20-21 General Fund's base budget and operating costs. She discussed the projected General Fund revenues from property taxes, sales tax and other revenues; and expenditures by services and categories.

Council and staff discussed the sales tax allocations to the state, city, and DART, and school funding from property taxes and state funding.

2. Supplemental Budget Items

Shannon Phillips, Budget Manager, noted various public safety, infrastructure, and operations supplemental requests.

Jeff Spivey, Police Chief, provided information on how the Police Department has implemented and plan to expand mental health and social services programs.

Brian Redburn, Assistant Police Chief, described how the Behavioral Health Leadership Team assists the City's Mental Health Program to provide medical history and how the clinician takes the lead role in mental health calls while the officers provide scene security.

Victor Conley, Fire Chief, discussed a grant opportunity with NCTCOG for ambulance equipment which includes a 10% city match.

Jeff Litchfield, Chief Financial Officer, outlined the need for an additional purchasing agent and a CIP accountant, funded by capital projects.

Pat Lamers, Capital Improvement Program Director, detailed the need to increase survey crew staff to support the increases in capital projects, noting this will reduce outside services costs.

Kuruvilla Oommen, City Attorney, described the need to add an Assistant City Attorney to support contract review.

Several Council members, including Councilman Webb, Riddle, Taylor and Meagher noted their support of including the supplemental requests in the budget.

Councilman Ward supported the requests with the effective tax rate for FY 20-21.

Councilman Palmer noted his support of the supplemental requests but the need to decrease the tax rate due to unemployment and expected changes

in commercial property occupancy. He also discussed the need to review employee pension plans.

Councilman Ward asked the City Manager to lower expenditures by 1.8% to allow the City to go to the effective rate.

It was the consensus of the Council to include the supplemental requests.

Council recessed at approximately 12:05 p.m.

Council reconvened at approximately 12:44 p.m.

i. Auto Pound Fee Discussion

Brian Redburn, Assistant Police Chief, detailed the proposed auto pound fee for vehicles towed by the Police Department.

Council and staff discussed using auction proceeds to offset the auto pound operating costs.

It was the consensus of the Council to not include this fee in the FY20-21 budget.

3. Compensation

Bret Starr, Finance Director, presented information on employee compensation. His presentation included funding the merit/step increases for employees but not a cost of living (COLA) increase; he also discussed the projected vacancy savings. He noted a proposed 2% increase in insurance premiums for 2021 and reviewed the pension increases. Health insurance and pensions were discussed in more detail later in the meeting.

Councilman Riddle suggested that based on there being no COLA for current employees that the insurance premium increase be 1% not 2%.

Council and staff discussed step/merit increases, cost of living adjustments and the need to create a plan to address pensions.

Councilman Palmer suggested not funding the cost of living adjustment to retirees to help get to the effective rate.

It was the consensus of the Council to keep the merit/step increases in the budget.

4. Impact of Hotel Occupancy Tax (HOT) loans to Debt Service

Jeff Litchfield, Chief Financial Officer, provided an overview on the Hotel Occupancy Tax (HOT) revenues impacted by COVID-19 and the proposed change to move from quarterly collections to monthly. He also outlined the impact on the Convention Center bonds, Entertainment Center bonds and the Convention Center Hotel public spaces debt service.

Maura Gast, Executive Director of the Irving Convention and Visitors Bureau, gave information on trends she is seeing in the hotel and convention industry.

Mr. Litchfield outlined how the 9% HOT proceeds are allocated to the various programs.

5. Service Level Reductions

i. Recreation, Aquatics, Libraries

Joe Moses, Parks and Recreation Director, provided information on operational changes due to COVID-19 and proposed service level decreases at aquatic facilities and various recreation centers. His presentation included the impacts to the afterschool care programs and the recreation operation options.

It was the consensus of the Council to move forward with staff's recommendation to operate all recreation centers at reduced hours and to keep the three outdoor pools closed for FY20-21.

Council and staff discussed possible YMCA programming at City facilities.

Chris Hillman, City Manager, confirmed that additional information on the YMCA can be included at a future Community Services Committee meeting.

6. Shift of \$2.2 million from Maintenance & Operation to Interest & Sinking

Jeff Litchfield, Chief Financial Officer, outlined the proposed transfer of funds from the Maintenance and Operation fund (M & O) to the Interest

and Sinking fund (I & S) for FY20-21 related to the Road to the Future program.

It was the consensus of the Council to move forward with staff's recommendation.

7. Tax Rate Discussion

Jeff Litchfield, Chief Financial Officer, described how COVID-19 and Senate Bill 2 have affected the property appraisals, how the City has calculated the proposed tax rate revenues, and revenue projections on various rate options. He also outlined how a change in the property tax rate would impact a homeowner and benchmarked comparisons of city services. Mr. Litchfield confirmed that the recommended budget is to maintain the current rate of \$0.5941.

Council and staff discussed keeping the tax rate at \$0.5941 or reducing it to \$0.5794, which is the effective rate.

Councilman Palmer asked for information on how the change in property taxes would affect a commercial property.

Mayor Stopfer asked for more information on increasing the I & S rate but lowering the M & O rate to the effective rate.

Council asked for staff to calculate revenue at both \$0.5941 and \$0.5794 after receiving the Dallas Central Appraisal District estimates on August 20.

Kuruvilla Oommen, City Attorney, noted there are advertising requirements to confirm the tax rate and confirmed the deadline of August 24 is related to the debt rate so there is no issue based on current discussions.

D. Utility Funds Overview

1. Water and Sewer

This item was not discussed at this meeting.

2. Solid Waste Services

This item was not discussed at this meeting.

3. Municipal Drainage Utility (MDU)

This item was not discussed at this meeting.

E. Capital Improvement Program

This item was not discussed at this meeting.

F. Debt Service

This item was not discussed at this meeting.

G. Economic Development (ED) and ED Incentive Agreement Funds

Philip Sanders, Assistant City Manager, presented an overview of the Economic Development Fund and the Economic Development Incentive Fund. He noted that the Greater Irving-Las Colinas Chamber of Commerce has recommended a 10% decrease in the contract amount and the City recommends keeping the Hispanic Chamber of Commerce contract the same as the current year.

1. Entertainment Venue Operating Budget and Work Plan

This item was not discussed at this meeting.

H. Pension Discussion

1. Texas Municipal Retirement System

Jeff Litchfield, Chief Financial Officer, detailed the current pension program for the Texas Municipal Retirement System (TMRS).

Councilman Palmer referenced a *Dallas Morning News* article noting the fiscal problems of the TMRS. He also stated that he did not support any increase in contributions.

Council and staff discussed cost of living adjustments for retirees which is part of the TMRS calculations.

Several Council members commented on their support of eliminating the cost of living adjustments for retirees in the FY 20-21 budget, they include Councilmen Zapanta, Ward, Riddle, Danish, and Palmer.

Councilman Webb noted his support of keeping the cost of living adjustments for retirees in the budget for FY20-21.

It was the consensus of the Council to not fund the cost of living adjustments for retirees in FY20-21.

Council recessed at approximately 3:08 p.m.

Council reconvened at approximately 3:30 p.m.

2. Supplemental Benefit Plan

Jeff Litchfield, Chief Financial Officer, described the current Supplemental Benefit Plan (SBP) program for employees.

Councilman Palmer suggested not funding SBP this fiscal year.

Chris Hillman, City Manager, recommended looking into a tiered system in the future.

Mayor Stopfer asked to compare the benefits between the SBP and the Social Security survivor benefits.

It was the consensus of the Council to fund the SBP increase for FY20-21.

3. Firemen's Relief and Retirement Fund

Jeff Litchfield, Chief Financial Officer, presented an overview of the steps taken to adjust the fund's plan, including removing the Charter restriction, selecting a new actuary, various investment changes, and actuarial changes.

i. Election Results

Jeff Litchfield, Chief Financial Officer, presented the election results from the Firemen's Relief and Retirement Fund board election on changes to the pension plan. The approved changes include changing to five-year average salary, DROP 3.3% interest crediting, and a tier II plan. He noted that the current status of the fund is a 1.49% deficit.

Councilman Ward asked for more information on the tier II plan at a future work session.

Chris Hillman, City Manager, asked for Council direction on the increase for the FRRF, noting the budget recommendation is 3.5%.

It was the consensus of the Council to move forward with the 3.5% increase.

I. Health Insurance

It was noted that there will be a 2% increase in insurance premiums for those on the City's health insurance.

J. Tax Increment Financing (TIF) Districts

1. TIF #1 Ratchet Down and Allocation

This item was not discussed at this meeting.

2. Public Improvement Districts (PID)

This item was not discussed at this meeting.

K. Charter Organizations Budgets (presented by Charter Orgs)

1. Irving Convention and Visitors Bureau (ICVB)

This item was not discussed at this meeting.

2. Arts and Culture

This item was not discussed at this meeting.

L. Council Priorities and Projects

This item was not discussed at this meeting.

1. Financial Sustainability

2. Systematic Infrastructure Investment

3. Vibrant Economy

4. Service Excellence

5. Inclusive and Collaborative Governance

6. Talented and Energized Workforce

M. Council Action

1 Resolution RES-2020-276 -- Expressing Intent to Consider Adopting the Proposed Tax Rate

Motioned by Councilman Danish, seconded by Councilman Webb to express the intent to consider adopting a tax rate that will not exceed \$0.5941.

Motion approved 9-0.

RESULT:	ADOPTED [UNANIMOUS]
MOVER:	John C. Danish, Councilman
SECONDER:	Dennis Webb, Councilman
AYES:	Stopfer, Danish, Meagher, Webb, Riddle, Ward, Zapanta, Taylor, Palmer

The meeting was adjourned at approximately 5:03 p.m.

Richard H. Stopfer, Mayor

ATTEST:

Shanae Jennings, TRMC
City Secretary