



4900 River Oaks Boulevard River Oaks, Texas 76114

Mayor
Herman D. Earwood

City Council

Mayor Pro-Tem-Place 4
Joe Ashton

Place 1
John Claridge

Place 2
Steve Holland

Place 3
Darren Houk

Place 5
Dan Chisholm

City Officers

City Manager
Marvin Gregory

City Secretary
Paula Luck

Fire Chief
Greg Stockton

Police Chief
Christopher Spieldenner

Public Works Director
Gordon Smith

Library Director
Anna Lee

Event Center Co- Directors
Shirley Bloomfield
Shirley Wheat

Emergency Management
Coordinator
James Myrick

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Website
www.riveroakstx.com

Honorable Mayor, Members of the City Council, River Oaks Taxpayers and Citizens:

September 5, 2019

INTRODUCTION:

THIS BUDGET WILL RAISE MORE REVENUE FROM PROPERTY TAXES THAN LAST YEAR'S BUDGET BY \$170,573 DOLLARS WHICH IS A 7.54 PERCENT INCREASE FROM LAST YEAR'S BUDGET.

THE PROPERTY TAX REVENUE TO BE RAISED FROM NEW PROPERTY ADDED TO THE TAX ROLL THIS YEAR IS \$29,772 & 45/100 DOLLARS.

TAX RATE STUDY:

The current tax rate is \$0.749400/\$100 property value and has been adopted this year at a rate of \$0.674516/\$100 property value that should increase the revenues by \$170,573 over last year's adopted tax revenues. Since the adopted tax rate is an increase over this year's effective tax rate of \$0.624553/\$100 property value, two public hearings (August 13th & August 22ND) were held to receive citizen input before the September 5th levy. The 2019 tax rate of \$0.674516/\$100 when compared to the effective tax rate of \$0.624553/\$100 pursuant to the truth in taxation guide is effectively a 7.99980% increase in the tax rate. Pursuant to the Local Government Code, the City Council may levy taxes in accordance to the budget.

- An average net taxable value per residence in 2019 is \$95,866 up from \$85,236 in 2018; an increase of 12.47%. **The amount of taxes that would be imposed this year on an average home valued at \$95,866 would be \$646.63 calculated at the proposed tax rate of \$0.674516/\$100.**
- **Taxes imposed on an average taxable value per residence in 2018 at \$85,236 at last year's tax rate of \$0.749400 would have been \$638.76 in comparison to \$646.63 for an average home this year valued at \$95,866 calculated at the 2019 tax rate of \$0.674516/\$100.**
- **If your property value is the same in 2018 and 2019, the amount of taxes paid this year would be less than last year. For example if your home was valued for both years at \$100,000; the amount of taxes in 2018 at the tax rate of \$0.749400 would have been \$749.40 and the amount of taxes in 2019 at the tax rate of \$0.674516 would be \$674.52.**

BUDGETARY SUMMARY:

The budget document herein presented represents the financial plan for the City of River Oaks for the Fiscal Year 2019 - 2020. The period the budget covers begins on October 1,



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2019 and extends through September 30th of the year 2020. The budget reflects anticipated revenues and planned expenditures for that period.

Expenditures have been grouped into categories of Personnel, Supplies, Contractual, Capital, Debt, Bad Debt, Intergovernmental and Restricted Reserves. In each category, there are numerous line items which clarify the expenditures. Council, staff, and taxpayers should have a thorough knowledge of the overall expenditures necessary to operate a City of our size. Monthly reports presented to the council at the last council meeting of each month have been expanded to include historical trend of sales taxes, investments, police and court activities, code compliance and many other activities. Purchasing procedures have been strengthened throughout the City by requiring payment authorizations or purchase orders, and written or telephone quotes for items over a certain amount. Department Heads are being held accountable for their purchases and departments are liable for their expenditures.

Personnel costs remain the highest category of the total budget. Personnel include benefits such as health insurance, life insurance, longevity, certification pay for employees, and retirement. Mandated costs such as workers' compensation and social security are also included in this category.

Contractual expenses are the next highest and account for nearly 25% of the total budget. The Contractual categories, which includes all outside services for which the City must pay, usually to some private sector vendor, have proven difficult to reduce. These costs are expenses for services rendered such as utilities, auditor, attorneys, engineers, vehicle repairs, training and travel, etc. Supplies, Transfers, Capital, Debt, Bad Debt and Intergovernmental and Restricted Reserves help make up the remaining budget expenditures.

GENERAL FUND

INTRODUCTION: This year's proposal includes a full time fire department being budgeted at \$987,455 dollars for the base year 2019-2020. The department will consist of 1 firefighter, 1 engineer driver and 1 officer, all commissioned firefighters, for every shift for a total of 9 working 48 hours on and 96 hours off. The officers will include either a Lieutenant or Captain on every shift. In addition there will be a part time captain, fire Marshal and part time fire chief. Vacancies would be filled with part time commissioned firefighters. The fire marshal's salary will be allocated out of the Inspection/Fire Marshal Department at \$5200 annually in addition to the salary for the building inspector.

The total expenditures of the FY 2019-2020 Budget Year results in budgeted revenues of \$5,423,859; a 9.6% increase above last year's adopted revenues at \$4,948,689.



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Expenditures are budgeted at \$5,466,661; a 10.68% increase above last year's adopted expenditures at \$4,939,097. **This budget is balanced using prior year funding.**

BUDGET ANALYSIS: In order to allocate funds, it necessitated budget expenditure reductions throughout, transferring personnel to the department that is best suited for their actual job duties and had the funds available for personnel, proposed ad-valorem tax revenue increase with a 21.4% city-wide property value increase in 2019, increase solid waste collection rates in both commercial and residential, projected increased sales tax revenue and re-appropriating funds as explained below:

- Proposing to adopt the tax rate of \$0.674516/\$100 of property value compared to the current adopted 2018 tax rate of \$0.749400/\$100. Due to city-wide property values increasing from *\$254,903,718 in 2018 to \$312,738,304 this year; a 2019 tax rate of \$0.674516 per \$100 of property value would calculate out to be a 7.99980 percent increase in tax revenues from last year.*

- Removed all capital expenditures for vehicle purchases out of general fund, plans for future capital purchases include:

- Purchase garbage trucks thru application submitted next fiscal year for 80/20 grant funding from TCEQ similar to TERP Grant Program where we purchased 2 trucks under the fuel emissions program for 20% of the purchase cost.

- Other public works vehicles will either be considered for funding through a Grant possibly in FY 2021 or moved down from other departments in the future.

- Lateral transfer to Storm Water Fund:

- transfer code enforcement officer that holds a Storm Water certification to the Storm Water Fund to inspect, monitor drainage ways, enforce code violations in outfall areas, abate illicit discharges, enforce best management practices (BMP's) under the permit, file annual reports and compliance with sampling requirements; and

- transfer the remaining 1/2 salary not already funded out of storm water for the public works employee already designated for street cleaning, sampling, televising storm water discharge conduits for future drainage improvements; and

- total savings in general fund with relocation to Storm Water amounts to \$101,649 including benefits, with \$164,984 dollars still available for operations.

- Temporary Contract Labor----reduced contract labor in Street Department by \$11,000; temporary contract labor in Park proposed to be funded with Park Dollar Donation Funds. We bid contract labor out again this year and those bids came in



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under the 3% projected increase at 2.7%. By reducing the hours for contract temporary labor this year from 10,784 to 9,422, the expenditure was reduced from \$161,645 to \$145,000; a savings from last year by \$16,645.

- Community Center (Event Center) ----reduced expenditures approximately 7% from last year. The entertainers were reduced from last year's \$24,000 to \$16,000 with the plan to use more local talent for events this year.
- Solid Waste Residential and Commercial Rates: We are proposing a \$1 increase in residential garbage collection rates due to a 3% increase for landfill and another 5% increase for commercial solid waste under contract with Waste Connections not previously budgeted for.
- Employee medical and life insurance premiums reduced approximately 11% from last year due to the change of insurance carriers.
- Employee Salary Increase: Because employees are the city's most valuable asset, this budget proposal includes 2% in employee salary and benefit increases amounting to an annual cost of \$32,910.00.
- Windows 10 Upgrade: We are also faced in Fiscal Year 2020 with upgrading to windows 10 in January, 2020 for another \$32,076 including installation costs; together an increase to both the general and water funds by \$16,038 each.
- Other: Reviewed historical expenditures and revenues and were able to reduce overspending and were at the same time also able to increase revenues throughout general fund reducing the overall deficit this year.

WATER & SEWER FUND

INTRODUCTION: The total expenditures of the FY 2019-2020 Budget Year results in budgeted revenues of \$3,457,000; a 5.66% increase above last year's adopted revenues at \$3,271,887. Expenditures are budgeted at \$3,493,696; a 7.93% increase above last year's adopted expenditures at \$3,236,931. **This budget is balanced with prior year funding.**

BUDGET ANALYSIS:

WATER RATES: This proposal does include a **water base rate increase for residential customers of 1.6% for In District customers and a 1.4% base rate increase for Out of District customers.** For example In District customers will see a base rate increase from \$22.63 to \$23.00 and Out of District customers will see a base rate increase from \$26.63 to \$27.00 a difference of 37 cents more from last year.



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The base rate is the base charge includes a minimum of 400 cubic feet which equates out to 2,992 gallons of water per month and for customers that use the minimum amount or less monthly they will only notice a 37 cent increase. **Commercial customers** will notice a \$4 base rate increase from \$24.00 to \$28.00 per month for In District customers and Out of District from \$35.63 up to \$38.00.

The usage rate charge will apply to those users that use more than 400 cubic feet in a month and usage rates for In District will increase from 3.7 cents to 4.2 cents per cubic feet while out of district customers will increase from 4.3 cents to 4.8 cents. **Commercial customers** will notice a usage charge increase for In District customers from 4.4 cents to 5 cents and from 5.5 cents to 6 cents.

Overall, the increased water rates amount to a total of 4.3% city wide when compared to the projected revenues from last year in comparison to this year at a 98% collection rate.

Reason for a water rate increase: Increased maintenance costs, increased raw water rates projected at 3% annually, major capital improvement to ground water storage tank and consultant fees in order to complete the mandated CT study.

SEWER RATES: This year EPA inspected all wholesale cities and in their inspection they found that we were understaffed in the Sewer Department and recommended we increase our staff two additional employees to eliminate sewer overflows. That alone was an \$89,000 labor cost increase from last year, which resulted in us having to propose a sewer rate increase this year.

In calculating the rates this year, I recommend a 3.2% increase in the residential base rates, which is an increase of \$1 from the current \$31 to \$32 and a usage rate increase of 25 cents for every 100 cubic feet. For example a residential customer that uses an average of 399 cubic feet of water during the winter months of December, January and February will be increased from the current \$38.00 to \$40.00 per month for sewer; an increase of 5.3%.

Under the Fort Worth contract for treatment we are charged 10,500 gallons or 1403 cubic feet for every house whether they use it or not and so our base rates have to include that cost. In addition to treatment costs we still have to budget enough in additional revenues to cover the costs in maintaining the collection system.

Commercial customers on the other hand are billed for actual water usage and are being increased 4.77% this year on base rates from \$42.00 to \$44.00 plus an additional 1 cent in usage charges. A commercial customer using 399 cubic feet of water would pay \$44.00 compared to a residential customer paying \$40.00.



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SUMMARY OF EXPENDITURES PROPOSED IN WATER & SEWER FUND:

- \$72,500 in capital improvements to water tower and water plant; and
- Annual \$13,661 dollars for pumps, power units and tools in water department and hydrovac trailer in sewer collection.
- Bond payments of \$645,630.00.
- Water Rates from Tarrant Regional Water District expected to increase 3%.
- Automatic meter reading system upgrade amounting to a cost of \$5,500 for software.
- Add two new sewer operators as provided for herein as areas of concern from the May 2019 EPA Inspection Report amounting to a cost of \$89,000.

ECONOMIC DEVELOPMENT CORPORATION (EDC)

INTRODUCTION: *The City of River Oaks has two special consumer sales taxes, both of which are for 1/2 percent. Both taxes have enabled the City to reduce the General Fund Budget and enhance programming. Consumer taxes are harder to predict than most other revenues sources because receipts reflect the condition of the area's economy primarily through retail sales. One of the two 1/2 cent special consumer sales tax collection funds is the **Economic Development Corporation (EDC)** that was voted on and approved by the voters of the City of River Oaks, designated solely to promote the City's economic development.*

BUDGET ANALYSIS: the proposed budget proposal with \$199,000 in revenues and \$159,300 in expenditures shall result in a budget in the black by \$39,700. **The action following the EDC public hearing on August 27, 2019 was to recommend approval of the EDC FY 2020 budget to the City Council on September 5, 2019.**

Revenues:

1. **EDC Interest:** interest rates currently at a 7-day yield of 2.49%, up from last year at this time, so we anticipate collection to be **\$7000 for the year.**
2. **EDC Sales Tax:** Based on this last year's projection with new businesses we anticipate a collection of **\$192,000** for the next year.
3. **Total Projected Revenue: \$199,000**

Expenditures:

- Other professional services include consultant services at \$2,000 per month totaling **\$24,000** for consultant services during the year and another **\$28,000** for Petty and Associates for land comp planning and development.



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- Transit with a 5% increase is estimated at **\$24,000** for the year including MITZ.
- Boulevard Enhancements will include the north entrance sign on Roberts Cut Off projected to cost \$15,000.
- City Promotional includes \$5300 for fireworks, \$500 for car show and \$3,000 for the magazine publication for a total of \$8,800.00. We included \$5,000 for promotional supplies for aesthetic improvements along the corridor.
- Business Incentives: \$15,000 for business incentives and another \$20,000 set aside for BIG Grant Applications.
- \$1,500 for banners, \$15,000 in legal and \$2,000 in training & membership.

Total projected expenditures: \$159,300

CRIME CONTROL & PREVENTION DISTRICT

INTRODUCTION: The second 1/2 cent special consumer sales tax collection funds the **Crime Control and Prevention District (CCPD)** that was voted on and approved by the voters of the City of River Oaks to enhance crime prevention within the city. The CCPD will continue to provide an additional Detective to fight juvenile crime, pay a portion of personnel increases for police department, continue to provide safety and educational programs, and continue enhancements for officers' safety through replacement of bulletproof vests and communication equipment.

The proposed CCPD operational FY 20 budget includes purchasing a new Police Car package at \$50,000 and \$11,000 this year for flairs, body cameras, radar, tasers and \$5,000 on vests. The proposal also includes year 2 of the PD step plan at \$15,500. Staff has summarized the budget proposal as follows:

Revenues:

- 1. Interest:** \$100
- 2. Reimbursement for Vests:** \$2,500
- 3. Sales Tax:** Proposed at **\$192,000** up from \$187,000 last year.
- 4. Total Revenues projected at \$194,600.**

Expenditures:

- This year's STEP Plan will impact the budget \$15,500
- The Insurance Premium is revised to \$4,876.00; Workers Comp was left the same as last year at \$1,777.
- **The proposal does include capital purchase of 1 new police car at \$50,000.**



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- promotional supplies at \$2,000 for National Night Out
- \$11,000 for Special Purpose Equipment to include the purchase of flairs, body cameras and Tasers; otherwise, the projected expenditures are the same as last year.
- **Total projected expenditures are \$203,825 dollars and when subtracted from the projected revenues of \$194,600 results in a budget in the red by \$9,225 with a 2% salary increase for the detective.**

Following the Public Hearing, the action was to recommend approval of the FY 2020 Crime Control and Prevention District Budget to the City Council for final approval on September 5, 2019.

STORM WATER FUND

INTRODUCTION: The City adopted the Municipal Drainage Utility Systems Act, the same being Subchapter C of Chapter 552 of the Texas Local Government Code by amending the River Oaks Code of Ordinances under Chapter 13 "Utilities" by incorporating Article 13.12 "Storm Water Utility System" that once adopted did establish the River Oaks Municipal Storm Water Utility System establishing storm water charges and monthly storm water Utility System Fees for Residential and Non-Residential customers.

BUDGET ANALYSIS: The revenue is projected at \$265,000 in drainage fees for both residential and commercial properties. Revenues with interest of \$266 total \$ 265,266 and the expenditures are projected at \$266,633 for a budget in the red by \$1,367 with the 2% salary increase. The revenues by state statute limit use of these funds to qualified storm water maintenance and improvements.

The Storm Water Task Force has budgeted \$101,649 with the 2% salary increase in labor costs of which \$23,685 of it is a carryover for the 1/2 salary of the public works employee from last year, \$110,000 in drainage maintenance and another \$54,984 in operational costs. *This budget proposal includes the transfer from code enforcement a certified storm water code officer to storm water. The officer will be responsible to inspect storm water runoff violations, responsible to enforce the storm water management plan, monitor illicit discharges into MS4 and make recommendations to the storm water task force for improvements to the city's drainageways.*

*In 2012, the city council by ordinance created the **River Oaks Municipal Storm Water Utility System** establishing storm water charges and monthly stormwater Utility System Fees for Residential and Non-Residential customers. The City in January 2017 with the adoption of Ordinance # 1123-2016 began accessing fees in the amount of \$6.00 per residential unit per month and \$0.00266 per square feet of impervious area per month on non-residential properties projected this upcoming year to be approximately \$265,000 in revenues for both residential and non-residential properties as follows:*



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Residential Customers-----\$ 207,800.00
Commercial Customers-----\$ 57,200.00

CONCLUSION: The SWTF held a public hearing on Tuesday, August 13th at 4:00 P.M. in the City Council Chambers located at 4900 River Oaks Blvd. for any citizen comments. Following that public hearing, the Board voted to recommend to the city council as the governing body by City Charter to adopt the Storm Water Fund Budget as presented. The Budget is in the red by \$1,367.

CLOSING STATEMENT: Sound fiscal planning and excellent customer service will continue to be on the forefront as we move into the new fiscal year. Through conservation and focused efforts, the City will continue providing quality services to all River Oaks citizens. Should you have any further questions please don't hesitate to contact me at 817-626-5421 Extension 324.

Respectfully submitted,

Marvin C. Gregory III
City Manager
City of River Oaks