



City of League City, TX

300 West Walker
League City TX 77573

Meeting Minutes City Council

Tuesday, June 14, 2022

5:00 PM

Council Chambers
200 West Walker Street

Council Work Session

The City Council of the City of League City, Texas, met in a work session in Council Chambers at 200 West Walker Street on the above date at 5:00 p.m.

Mayor:

Pat Hallisey

City Council Members:

**Andy Mann
Hank Dugie
Larry Millican
John Bowen
Justin Hicks
Chad Tressler
Nick Long**

City Manager:

John Baumgartner

Assistant City Manager

Bo Bass

City Attorney:

Nghiem Doan

City Secretary:

Diana M. Stapp

Chief of Police:

Gary Ratliff

Executive Director of Development Services

David Hoover

Executive Director of Finance/Project Management

Angie Steelman

Executive Director of Capital Projects

Ron Bavarian

Director of Engineering:

Christopher Sims

Director of Finance:

Kimberly Corell

Director of Human Resources/Civil Service:

James Brumm

Director of Parks & Cultural Services:

Chien Wei

Director of Public Works:

Jody Hooks

1. CALL TO ORDER AND ROLL CALL OF MEMBERS

Mayor Hallisey called the meeting to order at 5:00 p.m. and called the roll. All members of Council were present. Mr. Dugie attended via remote attendance. Mr. Mann arrived at 5:11 pm. Mr. Hicks arrived at 5:17.

Present 8 - Mayor Pat Hallisey, Mr. Andy Mann, Mr. Hank Dugie, Mr. Larry Millican, Mr. John Bowen, Mr. Justin Hicks, Mr. Chad Tressler and Mr. Nick Long

2. PRESENTATIONS

- 2A. [22-0275](#)** Presentation of the FY2023-2027 Long Range Financial Forecast (Executive Director of Finance & Project Management)

The presentation was given by Angie Steelman, Executive Director of Finance/ Project Management

The purpose of the forecast is to provide long-term context for annual decisions that will be made with FY2023 Budget and FY2023-2027 Capital Improvement Plan. The Long-Range Financial Forecast (LRFF) is a starting point for FY2023 budget preparation, in context of the 5-year horizon.

Economic Overview

With this forecast, we hope to advise City Council of prevailing economic conditions, the effect of our economic and operating environments on revenues and expenses, and options available for allocating funds in accordance with City Council goals and priorities. This forecast projects an annual increase in population and factors related thereto at an average of 1.98%.

So, how do we come up with that projection? A lot of that is based on our new Single-Family Home Permits. FY2021 = 388 new single-family home permits, a rebound is expected based on current housing market which is showing high demand. A tempered, conservative growth rate of 600 homes is in the forecast for FY2023, 800 in FY2024, 900 in FY2025 & FY2026 and 1000 homes in FY2027.

Forecast Assumptions - Revenue (chart)

Using those assumptions, we do a projection for revenues and expenses. Our largest revenue is our property tax revenue, currently they total \$48.94M with the general fund at \$36.88M and our debt service revenue at \$12.06.

Taxable Value of New Construction by Fiscal Year (chart)

Estimates (chart) FY2023-FY2027

Prior Year Property Tax (no new revenue) - New Growth - Closure of the TIRZ #2.

When you close a TIRZ that revenue that is captured is now treated as existing revenue and not as new revenue.

Projected Taxable Valuation FY2023-FY2027, Projected No New Revenue Split between Funds (chart)

Sales Tax, FY2006-2027 Total Collected (chart)

Sales Tax Revenue – the forecast assumes population growth plus inflation to project sales tax revenue. In FY 2023, 9.47% is comprised of 1.47% population growth plus 8% inflation.

Water/Wastewater Revenue, FY2000-2027 Total Collected (chart)

This revenue is based on new customer growth and its average is 2.2% over the forecast period and all the rate increases that are detailed in 2019 utility rate study.

Forecast Assumptions - Expense

Projected Debt Service Cost by Fiscal Year (chart)

Projections for Debt Service – Debt costs are based upon current debt outstanding. Anticipated FY2022 is \$39M in GO bond. Our FY2023 – FY2027 new debt is based on what we have in the current CIP, which is our FY2022 plan.

Projected Outstanding Debt by Fiscal Year (chart)

Baseline Economic Assumptions (chart)

General Fund (slide)

Total revenues versus total expenses. The projection reflects the annual total revenue exceeds expenses through FY2026 forecast. Beginning in FY2027 expenses are projected to outpace revenues. That is a result of TIRZ #2 expiring. Anticipates the city continuing to adopt a no new revenue tax rate unit annually and the forecast a factor of inflation and a conservative rate for new home growth.

Annual cash funding for CIP reinvestment projects has been decreased to meet the other operating needs of the General Fund and working days of capital requirements. (chart)

Utility Fund – Total Revenue vs. Total Expense (chart)

Water and sewer are based on your customer growth.

Continued cash funding for capital projects (chart)

Debt issued as is scheduled in the FY2022-2026 CIP with the next sell anticipated in summer FY2023.

Forecast Assumptions – Utility Debt

**Utility Fund Debt Payments - Based on \$138.72M new debt FY2022-2026 CIP
(chart)**

Going Forward – July 12 Council Meeting:

- **FY2023 Proposed Budget provided to Council**
- **FY2023-2027 Proposed CIP provided to Council**
- **Council calls for budget public hearing**
 - o **August 9 (optional)**
 - o **August 23 (required)**

Council Budget & CIP workshops:

Monday, July 18	Tuesday, July 19
Monday, July 25	Monday, August 1
Tuesday, August 2	Monday, August 8
Monday, August 15	Monday, August 16 (optional)

Public Hearing on Budget: August 9 & 23

Adopt FY2022 Budget: August 23 & September 13

Tax Rate Adoption Process (assuming tax rate at or below VAR):

- **Monday, July 25—will have certified tax rolls for NNR & VAR tax rate calculations**
- **Tuesday, August 9—Propose Tax Rate**
- **Tuesday, September 13:**
 - **Ratify the Property Tax Increase**
 - **Adopt tax rate**

3. PUBLIC COMMENTS

4. ADJOURNMENT

At 5:34 p.m. Mayor Hallisey said, there being no further business this meeting is adjourned.

**PAT HALLISEY
MAYOR**

DIANA M. STAPP
CITY SECRETARY

(SEAL)

MINUTES APPROVED: July 12, 2022