CITY OF ROCKPORT

MINUTES

CITY COUNCIL BUDGET WORKSHOP
9:00 a.m., Monday, August 2, 2021
Rockport Service Center, 2751 State Highway 35 Bypass
and
Via Video Conferencing Application ZOOM

A temporary suspension of the Open Meetings Act to allow telephone or video conference public meetings was granted by Governor Greg Abbott. These actions were being taken to mitigate the spread of COVID-19 by avoiding meetings that bring people into a group setting and in accordance with Section 418.016 of the Texas Government Code.

Due to the COVID-19 pandemic, the attorney general has said: "statutes that may be interpreted to require face-to-face interaction between members of the public and public officials are suspended; provided, however, that the governmental bodies must offer alternative methods of communicating with their public officials." Public participation is valued and citizens wishing to express their views on any topic or agenda item can electronically submit a Citizen Participation Form in order to register to speak by going to https://rockport.seamlessdocs.com/f/CouncilCitizenParticipation or scanning the QR code provided on the Agenda, or if attending the meeting in person register at the meeting. Using the same form, citizens can also provide written comments to the City Secretary by 4:00 p.m. on the day of the meeting. The Mayor will read the comments and they will be summarized in the minutes of the meeting.

On the 2nd day of August 2021, the City Council of the City of Rockport, Aransas County, Texas, convened in Budget Workshop at 9:00 a.m., at the Training Room of the Rockport Service Center and via video conferencing application ZOOM, and notice of meeting giving time, place, date, and subject was posted as described in V.T.C.A., Government Code § 551.041.

CITY COUNCIL MEMBERS PRESENT

Mayor Patrick R. Rios
Mayor Pro-Tem J.D. Villa, Ward 2
Council Member Katy Jackson, Ward 1
Council Member Brad Brundrett, Ward 3
Council Member Andrea Hattman, Ward 4

CITY COUNCIL MEMBER(S) ABSENT

STAFF MEMBERS PRESENT

City Manager Kevin Carruth
Assistant to City Manager Kimberly Henty
Director of Finance Katie Griffin
Parks & Leisure Services Director Rick Martinez
Director of Public Works and Building & Services Director Mike Donoho
Police Chief Greg Stevens
Information Technology Director Bob Argetsinger

ELECTED OFFICIALS PRESENT

Opening Agenda

1. Call to Order.

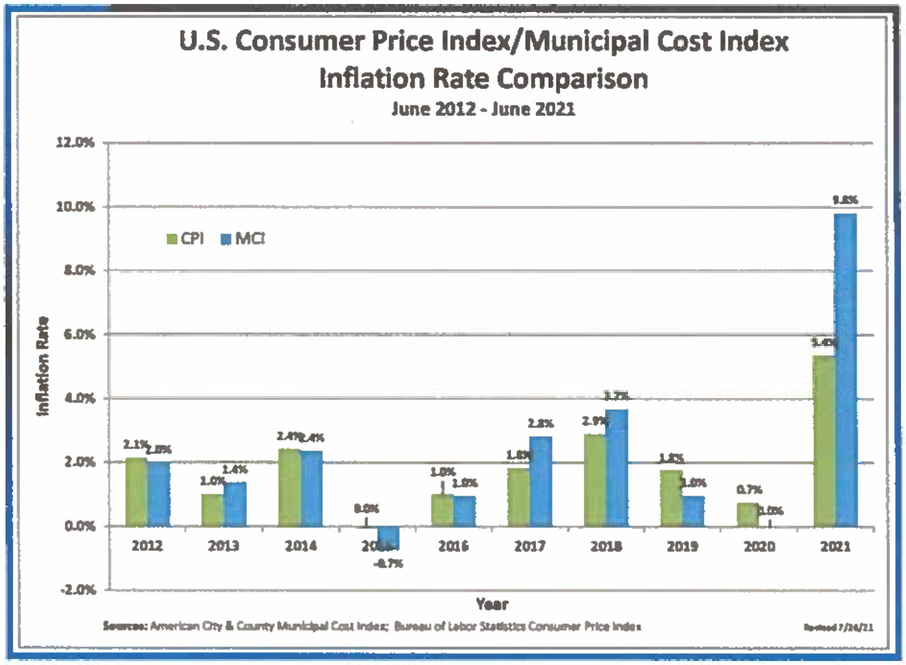
With a quorum of the Council Members present, the Budget Workshop of the Rockport City Council was called to order by Mayor Rios at 9:08 a.m. on Monday, August 2, 2021, in the Training Room of the Rockport Service Center, 2751 State Highway 35 Bypass, Rockport, Texas, and via video conferencing application ZOOM.

Workshop Agenda

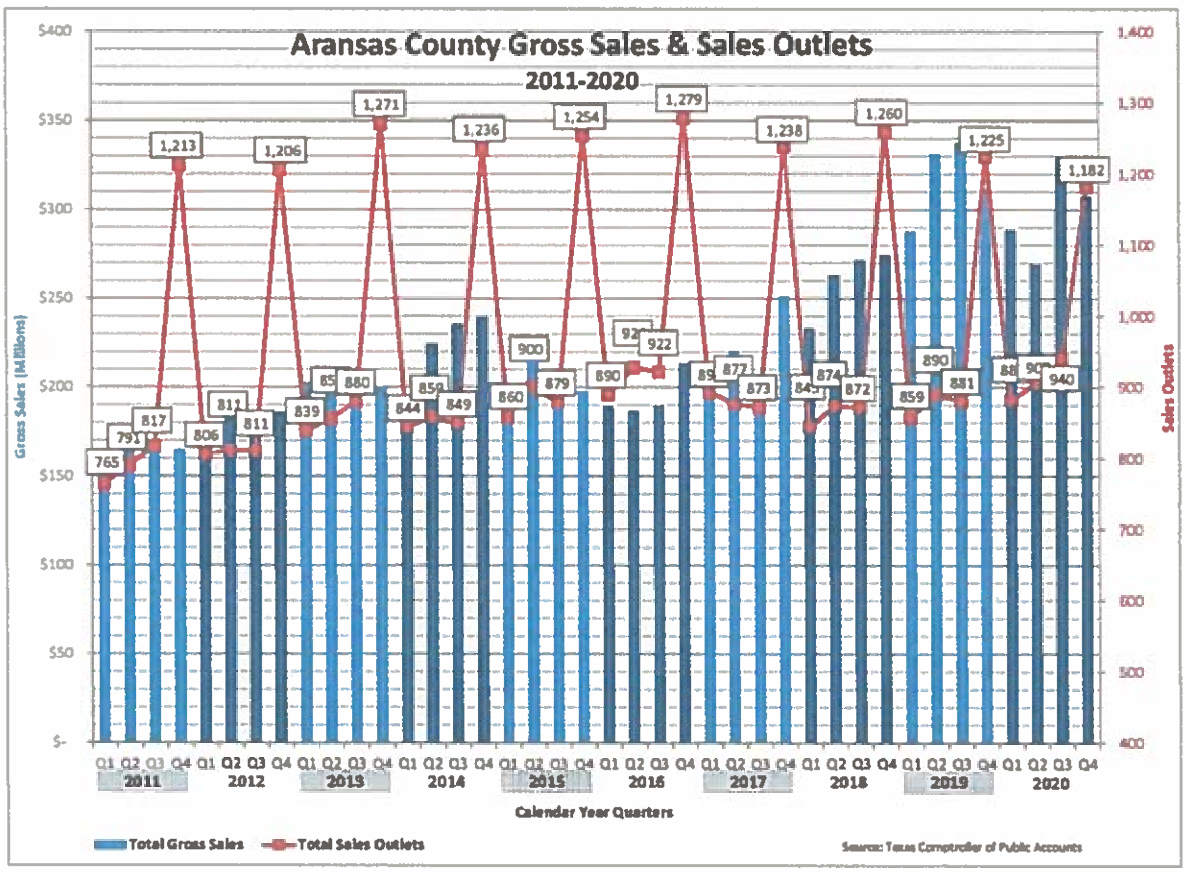
2. Hear and deliberate on presentation of proposed Fiscal Year 2021-2022 Budget.

City Manager, Kevin Carruth thanked all the staff for their hard work on the budget and specifically acknowledged the finance department for the many hours of work it took to prepare this information. Mr. Carruth provided an overview of today's agenda and encouraged the Council to ask any questions along the way because it is a lot of information. The PowerPoint presentation below was used for discussion points.

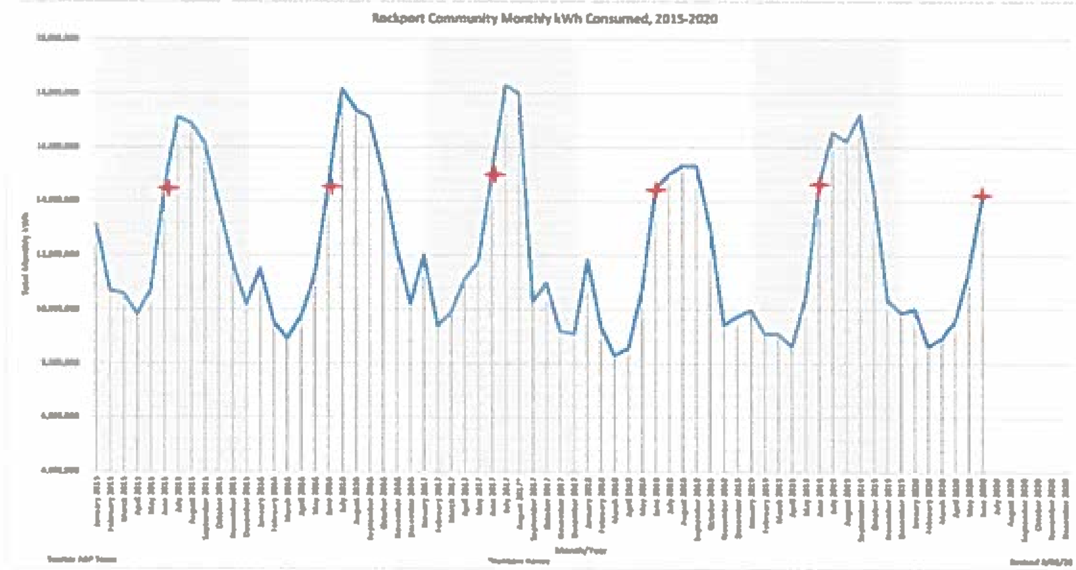
Mr. Carruth explained the difference between Consumer Price Index (CPI) and the Municipal Cost Index (MCI) and that typically the MCI is higher than the CPI.



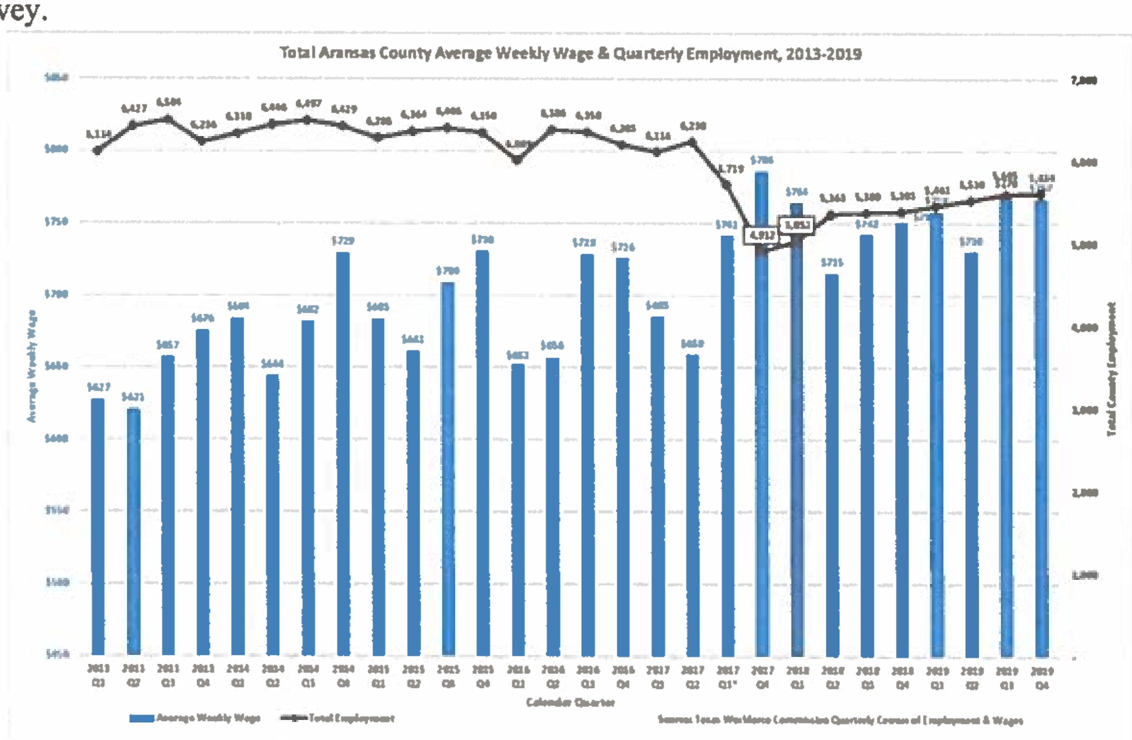
The Gross sales is the total sales, not the sales tax.



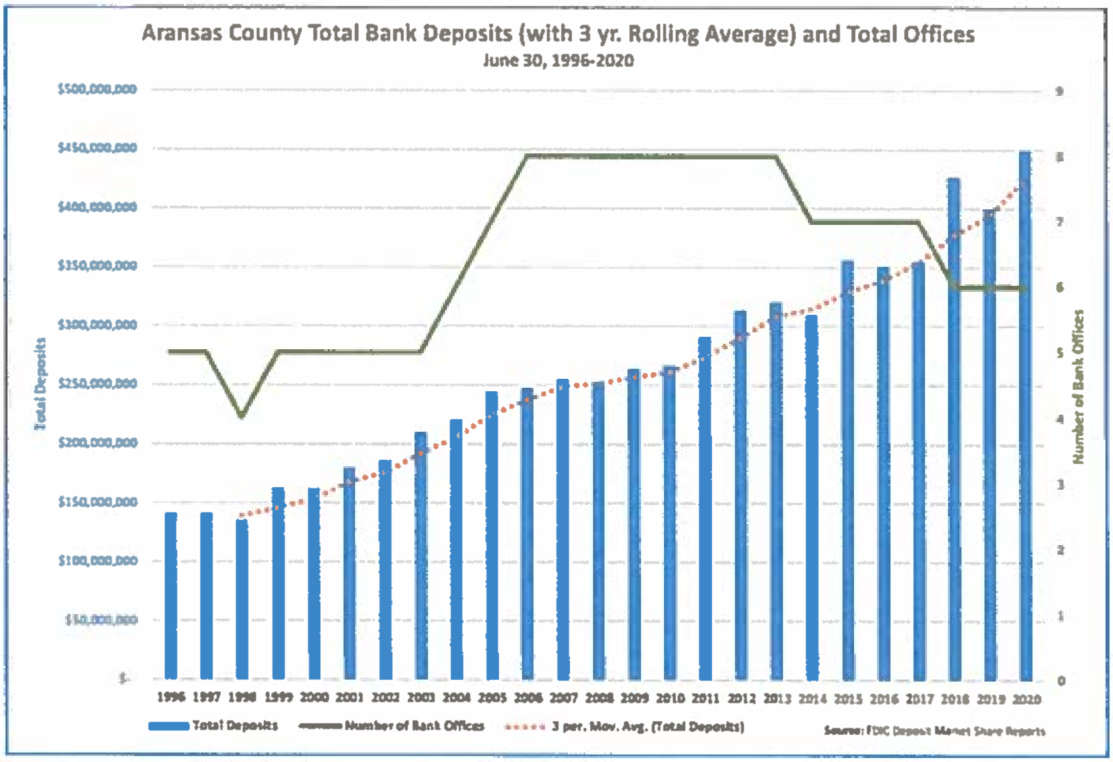
American Electric Power of Texas (AEP) provides us the total monthly kilowatt per hour (kWh) used by the whole community. The star within this slide indicates the month of June of each of these years. It is a good indicator that approximately the same amount of kWh is being used.



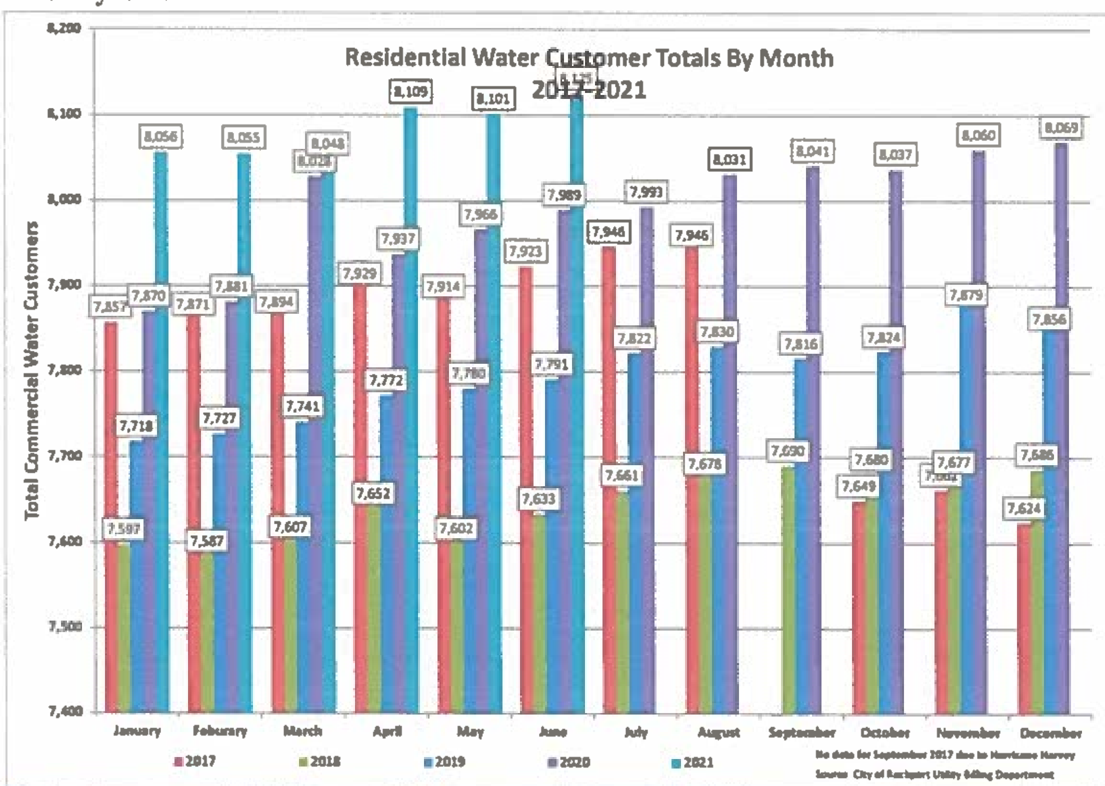
The following slide indicates 600-700 fewer people are working in our community than prior to Hurricane Harvey; however, it does show that the average wage is more than pre-Hurricane Harvey.

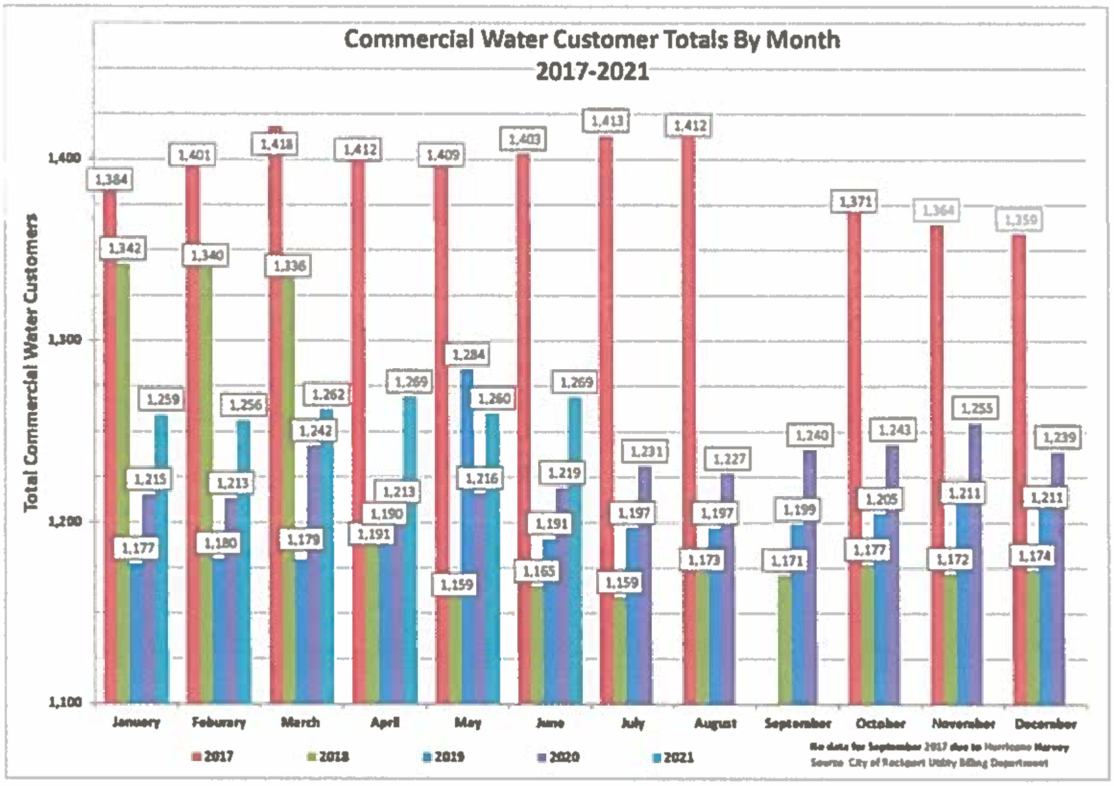


This following slide indicates that although there are fewer bank offices in our community, individuals are depositing more money.

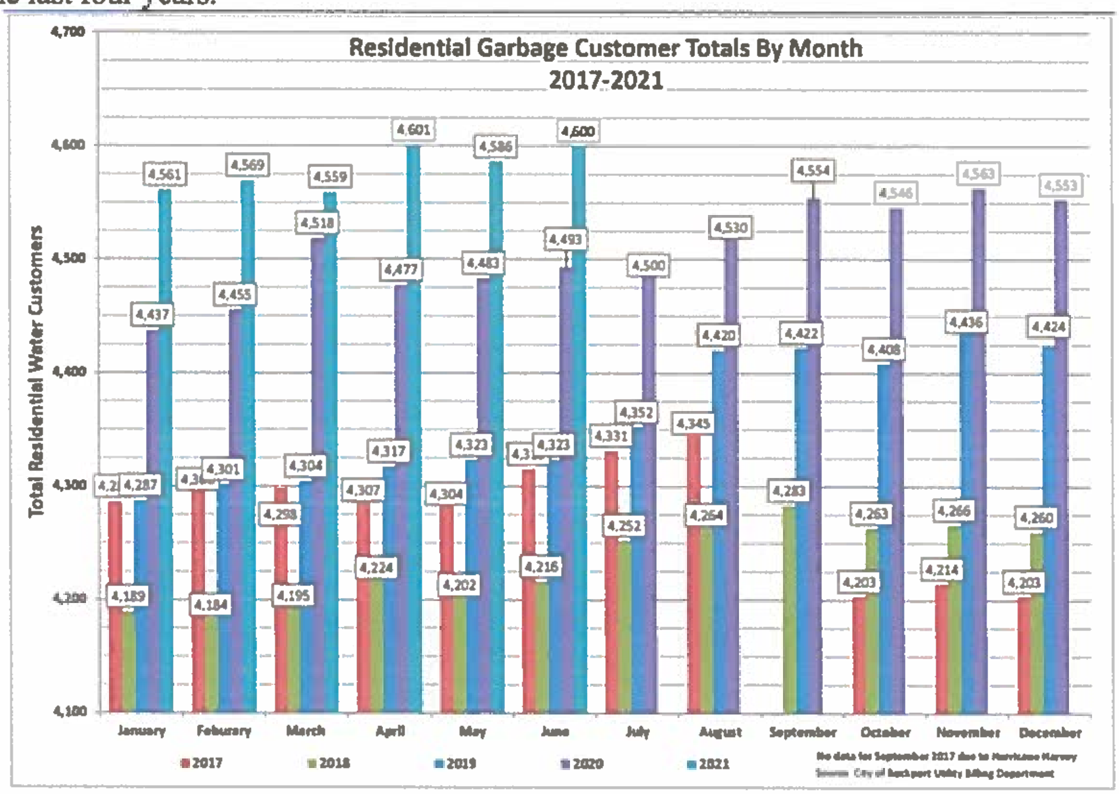


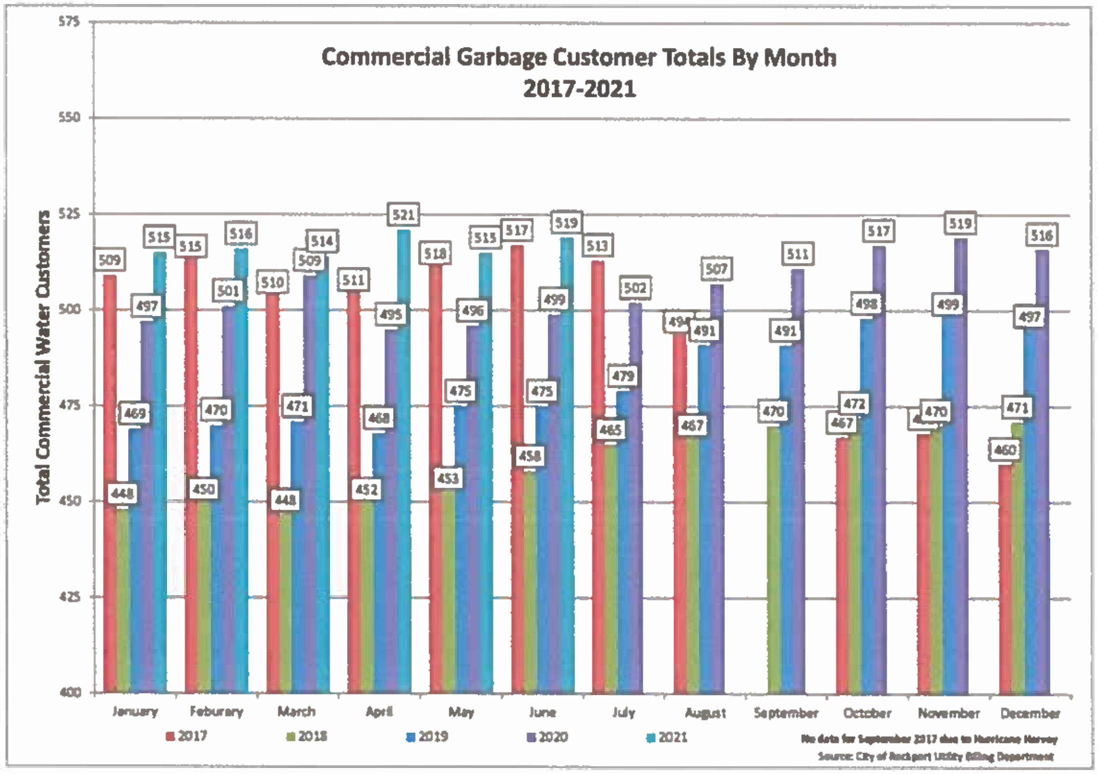
The following two slides compares the number residential and commercial water customers for the last four years.



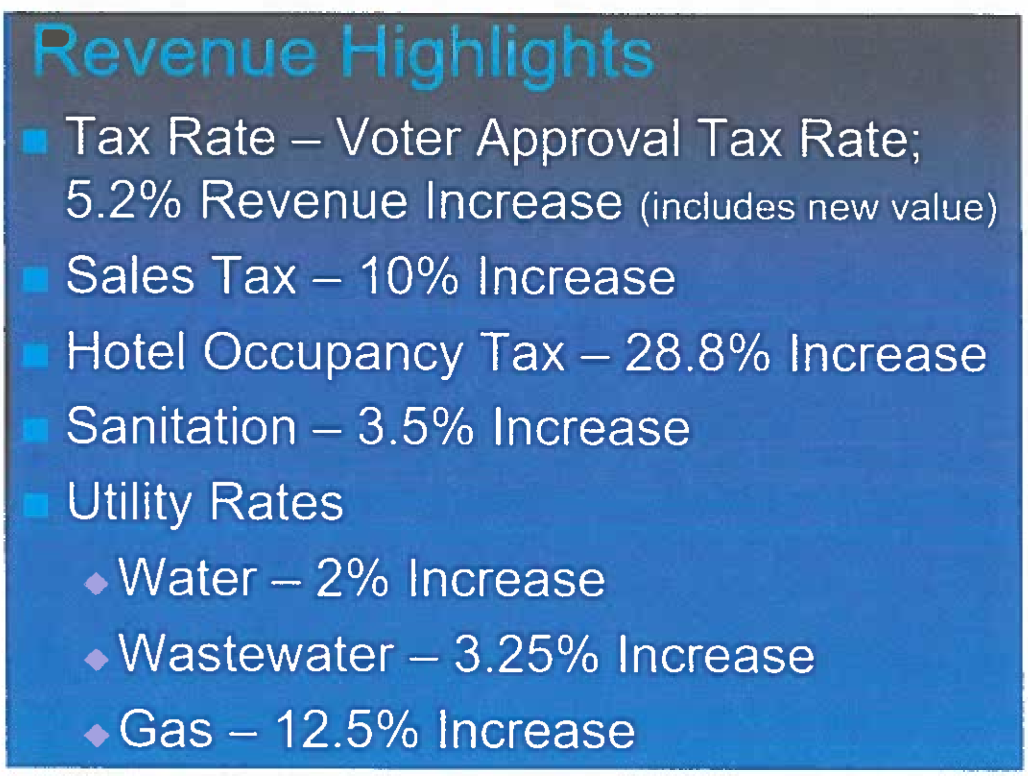


The following two slides compares the number residential and commercial solid waste customers for the last four years.





Mr. Carruth provided additional revenue highlights that are included within the FY 21/22 budget.



Following Hurricane Harvey, the City of Rockport was awarded a Community Disaster Loan

(CDL) that typically turns into a grant; however, the city is prepared to pay back the loan.

Revenue Highlights

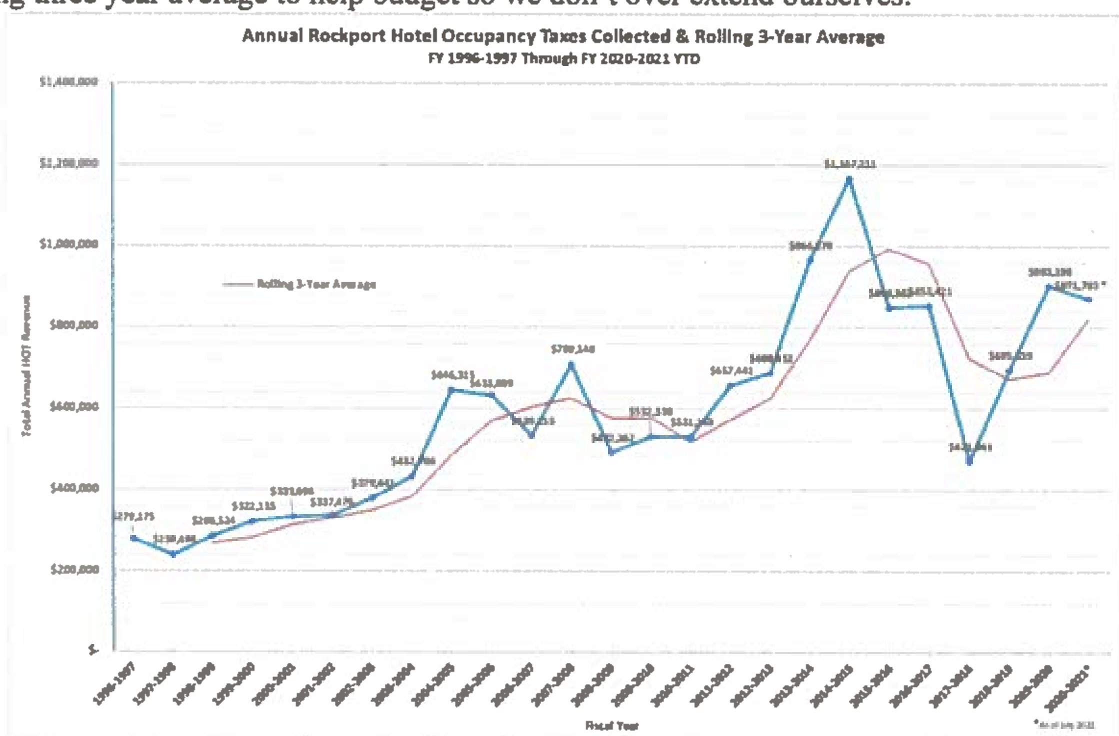
- CDL Draw – $1,393,816

Use of Community Disaster Loan Proceeds

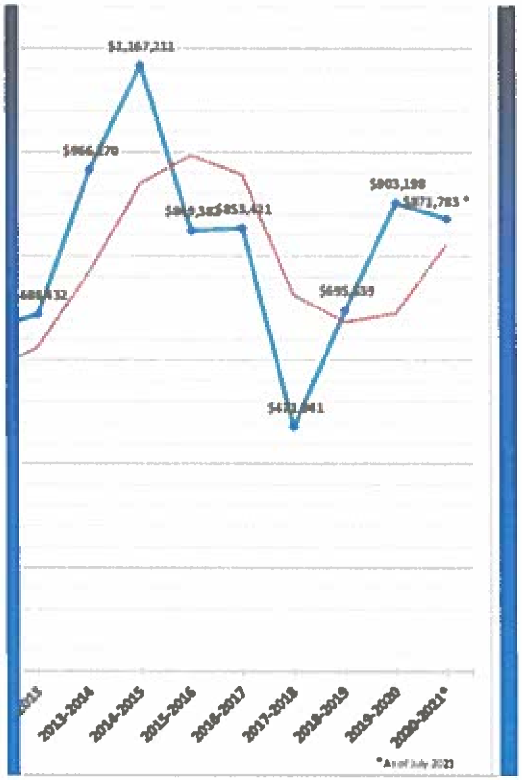
Fund	FY 2019-2020	FY 2020-2021	FY 2021-2022	Total
General Fund	$ 405,564	$ 918,611	$ 1,148,680	$ 2,472,855
Utility Fund	-	-	-	$ -
Natural Gas Fund	160,018	414,767	129,304	$ 704,089
Aquatic Fund	107,425	86,645	115,832	$ 309,902
	$ 673,007	$ 1,420,023	$ 1,393,816	$ 3,486,846

City of Rockport — Revised 7/31/21

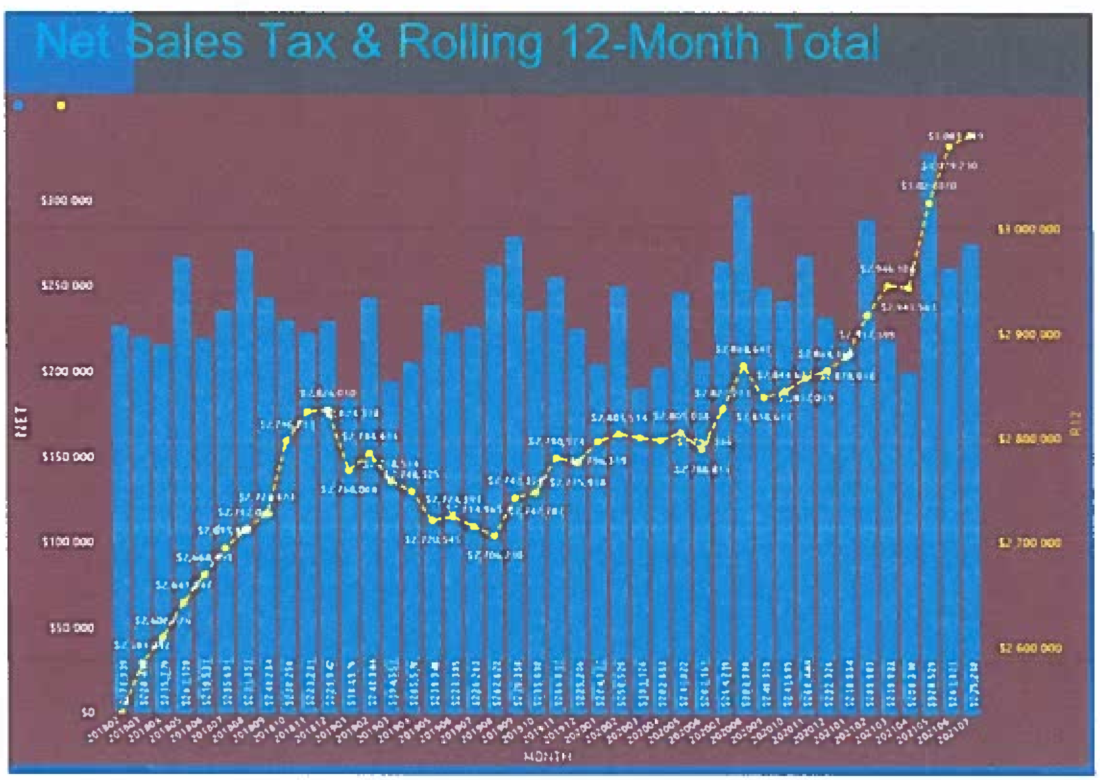
As of the date of this workshop, the Hotel Occupancy Tax is exceeding last year's revenues at this same time of year. Although we expect each year to exceed the prior year, we still use the rolling three year average to help budget so we don't over extend ourselves.

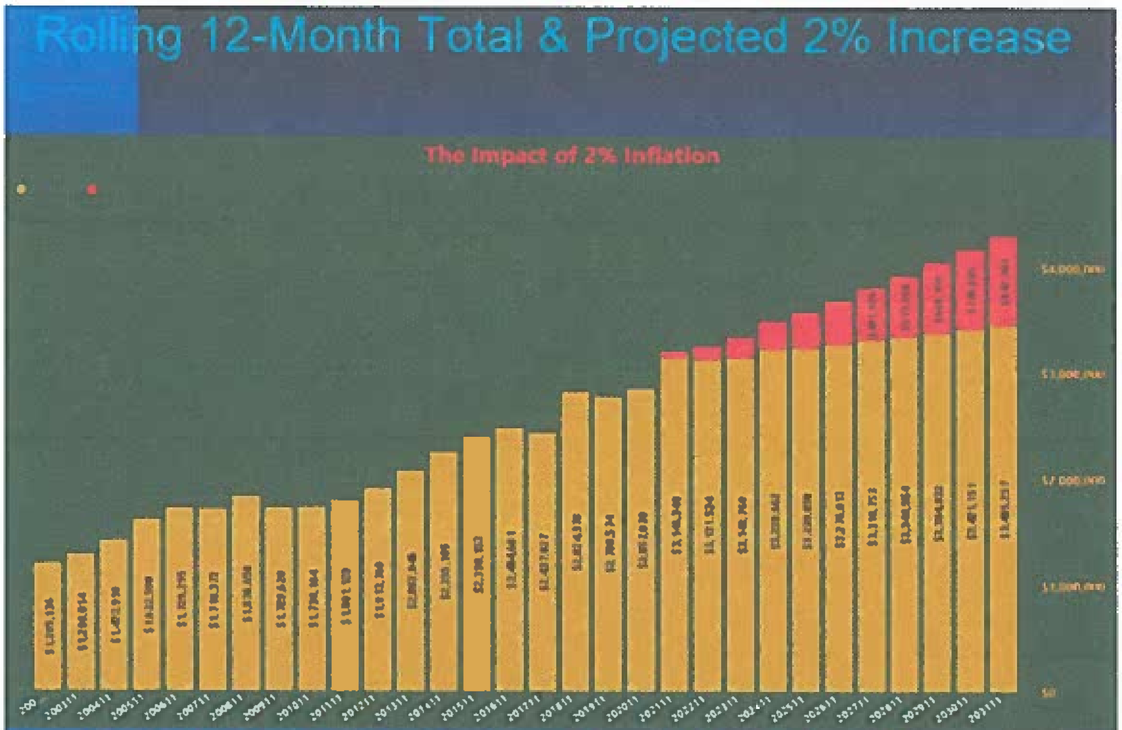


Zoomed slide:

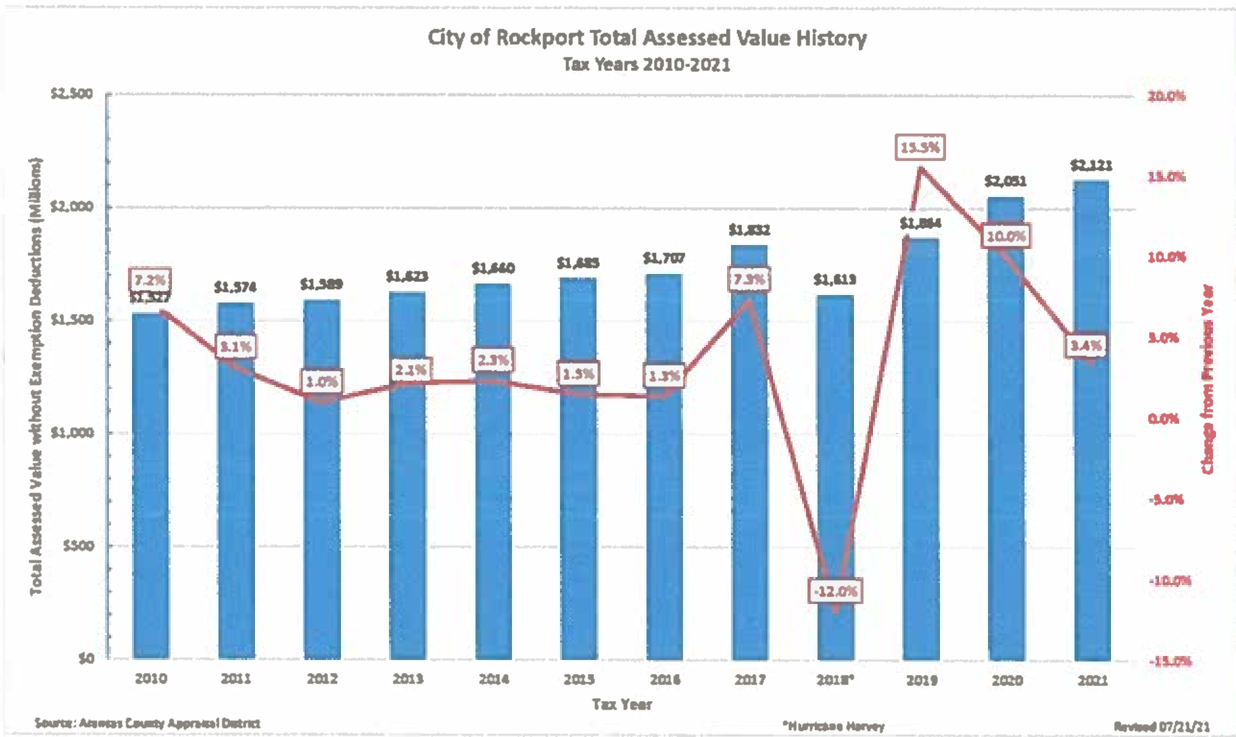


The following three slides indicate the growth in net sales, projected 2% increase, and sales per capita.

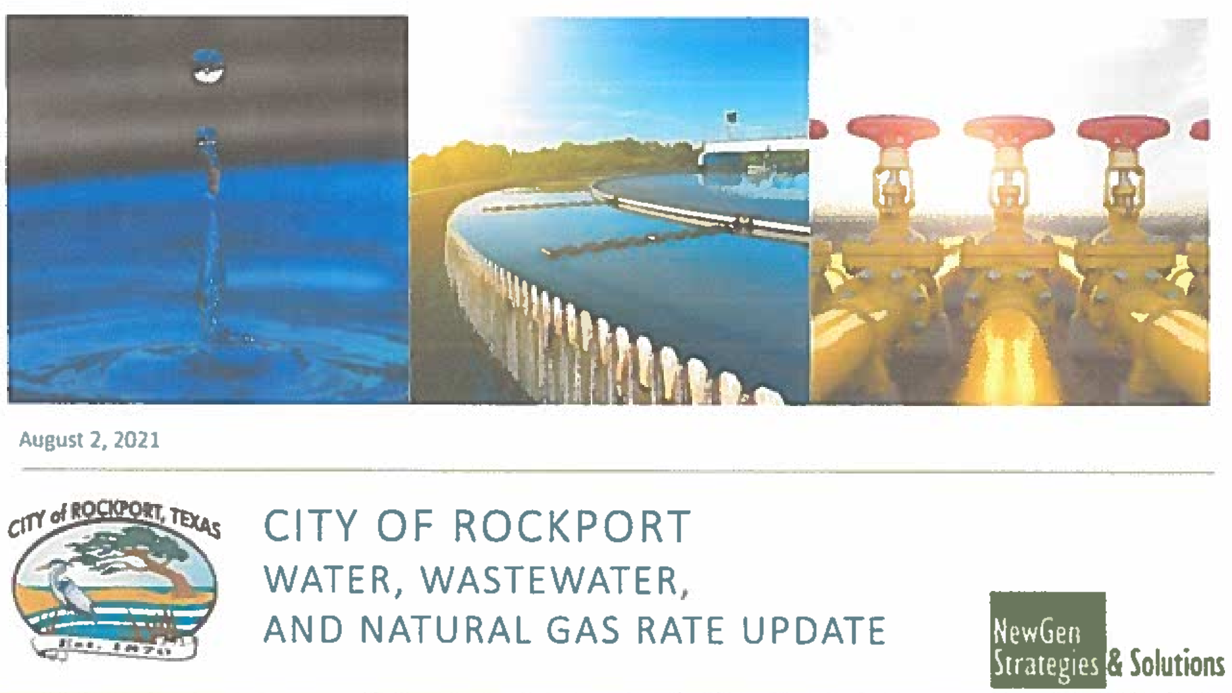




Mr. Carruth explained the assessed values of the properties within Rockport (without exemptions) and their comparison to previous year. Obviously there was a reduction following Hurricane Harvey; however, the assessed values now exceed prior Hurricane Harvey values.



Matthew Garrett with NewGen Strategies and Solutions presented via zoom the following slides regarding water, wastewater, and natural gas rate information.



AGENDA

- Introduction
- Revenue Requirements
- Revenues Under Current Rates
- Proposed Rates and Rate Forecast
- Discussion and Next Steps

INTRODUCTION

INTRODUCTION TO FIRM AND PROJECT LEADS

Project Manager

- Matthew Garrett, MBA, CGFO, CPM
  - Managing Director of NewGen's Water and Wastewater Practice
  - Former Municipal Finance Director with 18 years' experience

Lead Analyst

- Megan Kirkland
  - Petroleum Engineering Degree from Texas A&M
  - With NewGen since 2018
  - Completed or supported a number of rate studies

NewGen is a management and economic consulting company specializing in municipalities and municipal utilities

STRATEGIC FINANCIAL PLANNING PROCESS

1. Revenue Requirements
   - How much revenue do I need?
2. Allocation of Costs
   - Who should be responsible for providing that revenue?
3. Rate Design
   - How am I going to recover that revenue?

NEWGEN STRATEGIES AND SOLUTIONS, LLC

REVENUE REQUIREMENTS

WHAT IS A REVENUE REQUIREMENT?

Key Policy Questions to Consider:

- What financial resources are needed?
- What level of reserves are sufficient?
- What other policies must be met?

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KEY ISSUES

- Five-Year Capital Projects
  - Water Projects: $1.03M
  - Wastewater Projects: $4.49M
  - Natural Gas Projects: $2.53M
- Meeting Financial Objectives/Policies
  - Days Operating Cash Objective
  - Debt Service Coverage
  - Utility-specific Cost Recovery
    - Water revenues are partially supporting the Wastewater utility
- Near-Term Growth Expected to Pick Up

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CIP PROJECTS

All CIP Projects	2022	2023	2024	2025	2026
Downtown Water Line Replacement[1]	$ 750,000	$ 0	$ 0	$ 0	$ 0
Elevated Storage Tanks	0	250,000	0	0	0
2021 WWTP Improvements	1,075,191	1,075,191	0	0	0
2021 WWTP Improvements[1]	500,000	500,000	0	0	0
Godwin Pump Replacement	0	90,000	0	0	0
Force Main – 1st to Gagon[2]	0	0	1,750,000	0	0
Force Main – Gagon to WWTP[2]	0	0	0	300,000	0
SCADA – WWTP & Lift Stations	0	0	0	200,000	0
Canopy – CNG Fuel Island[3]	30,000	0	0	0	0
Natural Gas Steel Line Replacement	500,000	500,000	500,000	500,000	500,000
Total	$ 2,855,191	$ 2,440,191	$ 2,250,000	$ 1,000,000	$ 500,000

Notes on Funding Sources:
1 – Existing Debt
2 – Impact Fees
3 – FEMA Funds

All Others Are Funded Through Projected Debt

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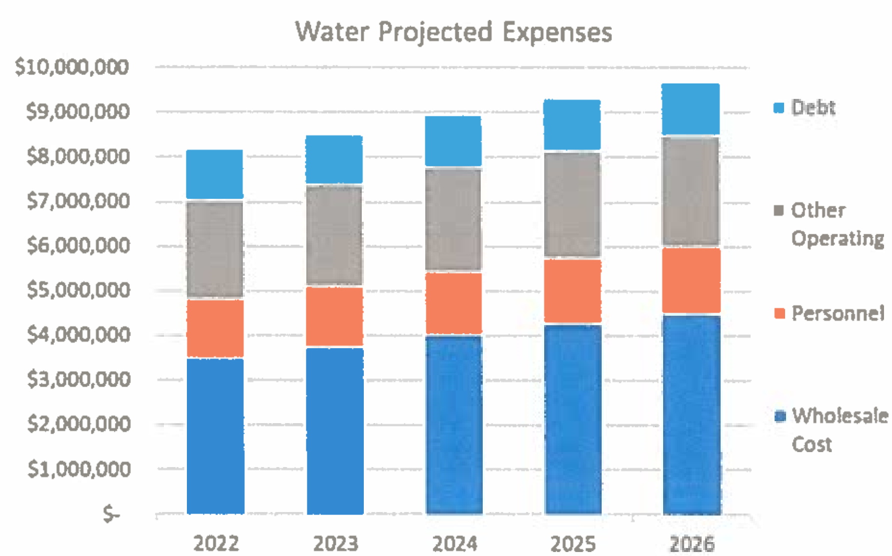
WATER PROJECTED FIVE-YEAR EXPENSES*

*Gross Adjusted Budgets Before Removing Non-rate Revenues



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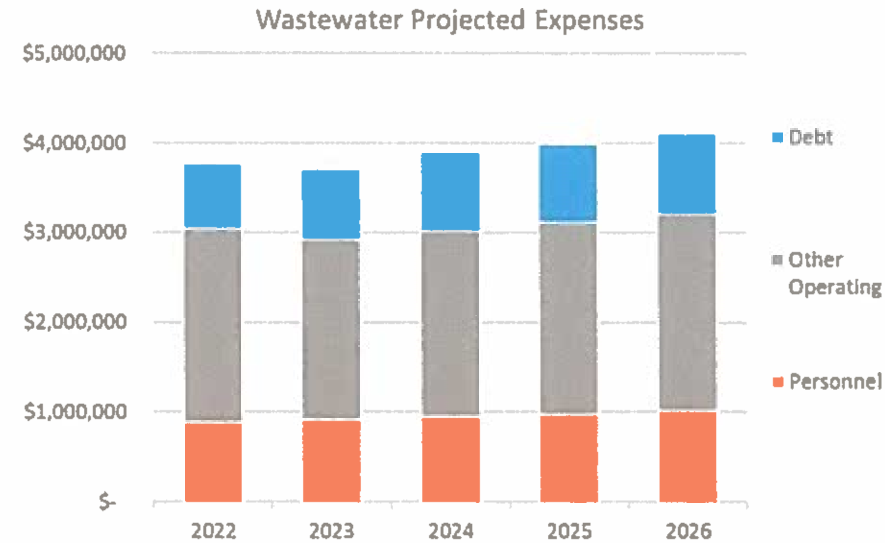
WASTEWATER PROJECTED FIVE-YEAR EXPENSES*

*Gross Adjusted Budgets Before Removing Non-rate Revenues



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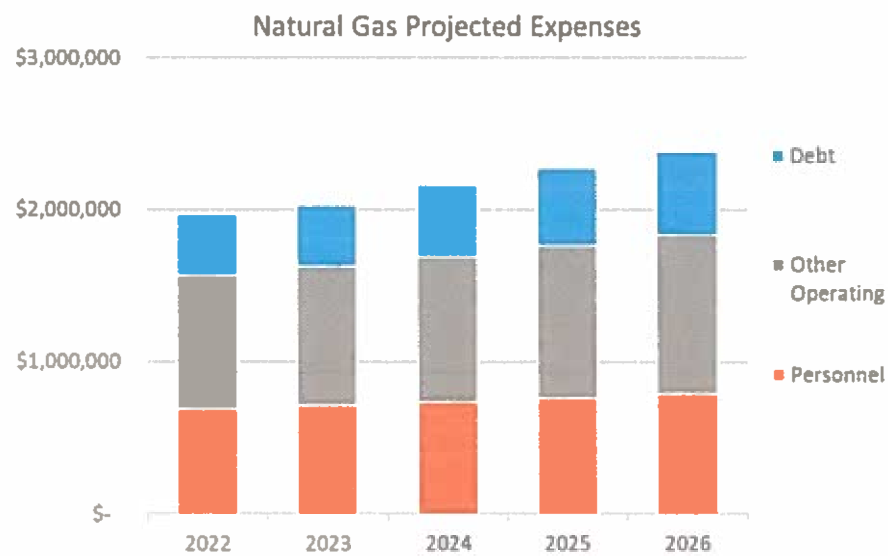
GAS PROJECTED FIVE-YEAR EXPENSES*

*Gross Adjusted Budgets Before Removing Non-rate Revenues; Excludes Gas Purchases Passed Through in GCA



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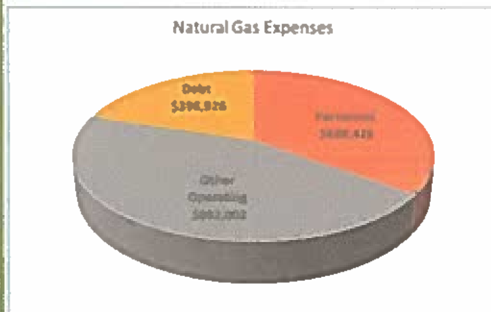
MAJOR COST FACTORS

2022 Expenses*



- Gross Adjusted Budgets Before Removing Non-rate Revenues

  Natural Gas Also Excludes Gas Purchases Passed Through in GCA

FINANCIAL RESOURCES NEEDED FOR 2022

Water and Wastewater Fund

- **$11,046,071**
  - Removes $930,600 in Non-rate Revenues
  - $7,777,149: Water Revenue Requirement
  - $3,268,923: Wastewater Revenue Requirement

Natural Gas Fund

- **$1,563,142**
  - Removes $406,214 in Non-rate Revenues

REVENUES UNDER CURRENT RATES

CURRENT WATER / WASTEWATER RATE PERFORMANCE

ESTIMATED SUFFICIENCY WITH CURRENT RATES

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
WATER						
Revenue Requirement	$7,509,423	$7,767,200	$8,092,602	$8,544,794	$8,904,773	$9,243,555
Projected Revenue Under Current Rates	8,353,249	8,290,170	8,606,950	8,954,916	9,221,365	9,427,177
Over / (Under) Recovery	$843,827	$522,970	$514,348	$410,122	$316,593	$183,622
WASTEWATER						
Revenue Requirement	$3,069,017	$3,262,952	$3,202,282	$3,384,553	$3,475,633	$3,586,225
Projected Revenue Under Current Rates	3,077,414	3,062,152	3,137,878	3,213,604	3,289,330	3,365,056
Over / (Under) Recovery	$8,398	($200,799)	($64,404)	($170,949)	($186,303)	($221,169)
WATER AND WASTEWATER TOTAL						
Revenue Requirement	$10,578,439	$11,030,152	$11,294,884	$11,929,347	$12,380,406	$12,829,780
Projected Revenue Under Current Rates	11,430,663	11,352,323	11,744,828	12,168,520	12,510,696	12,792,233
Over / (Under) Recovery	$852,224	$322,171	$449,944	$239,173	$130,290	($37,547)
Fund Balance Reserve Policy (50% of Expenditures)	45%	46%	48%	48%	47%	45%
Days of Cash on Hand (180 Days)	164	167	176	175	172	166
Coverage Ratio	1.42	1.17	1.24	1.12	1.06	0.98
Target Debt Service Coverage Ratio	1.10	1.10	1.10	1.10	1.10	1.10

NEWGEN STRATEGIES AND SOLUTIONS, LLC

CURRENT GAS RATE PERFORMANCE

ESTIMATED SUFFICIENCY WITH CURRENT RATES

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
GAS						
Revenue Requirement	$1,493,970	$1,551,460	$1,727,548	$1,844,981	$1,933,480	$2,028,058
Projected Revenue Under Current Rates	1,538,221	1,557,667	1,585,543	1,613,419	1,639,332	1,663,492
Over / (Under) Recovery	$44,251	$6,207	($142,005)	($231,562)	($294,147)	($364,567)
Fund Balance Reserve Policy (50% of Expenditures)	-30%	-27%	-33%	-42%	-54%	-68%
Days of Cash on Hand (180 Days)	(108)	(98)	(121)	(154)	(197)	(246)
Coverage Ratio	1.11	1.02	0.65	0.51	0.42	0.34
Target Debt Service Coverage Ratio	1.10	1.10	1.10	1.10	1.10	1.10

NEWGEN STRATEGIES AND SOLUTIONS, LLC

The State standard is to increase your utilities 2-4% each year, and more if there is a capital need. Due to COVID-19 last year, the City of Rockport did not increase the utility rates.

PROPOSED WATER RATE CHANGES

		2021	2022	2023	2024	2025
Rate Adjustments	%	0.00%	3.50%	3.50%	3.50%	3.50%

	Current	2021	2022	2023	2024	2025
Inside City						
Minimum Charge						
3/4"	$ 20.70	$ 20.70	$ 21.42	$ 22.17	$ 22.95	$ 23.75
1"	24.99	24.99	25.86	26.77	27.71	28.68
1 1/2"	46.29	46.29	47.91	49.59	51.32	53.12
2"	71.88	71.88	74.40	77.00	79.69	82.48
3"	140.12	140.12	145.02	150.10	155.35	160.79
4"	216.89	216.89	224.48	232.34	240.47	248.89
6"	216.89	216.89	224.48	232.34	240.47	248.89
Volumetric Charge (per Kgal)						
0 - 1,500 gallons	$ -	$ -	$ -	$ -	$ -	$ -
1,501 - 10,000 gallons	5.55	5.55	5.74	5.95	6.15	6.37
10,001 - 15,000 gallons	6.50	6.50	6.73	6.96	7.21	7.46
15,000+ gallons	7.38	7.38	7.64	7.91	8.18	8.47

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PROPOSED RATES AND RATE FORECAST

PROPOSED WATER RATE CHANGES

		2022	2023	2024	2025	2026
Rate Adjustments		2.00%	1.00%	1.00%	1.00%	1.00%

Inside City	2021	2022	2023	2024	2025	2026
Minimum Charge						
3/4"	$ 20.70	$ 21.11	$ 21.33	$ 21.54	$ 21.75	$ 21.97
1"	24.99	25.49	25.74	26.00	26.26	26.52
1 1/2"	46.29	47.22	47.69	48.16	48.65	49.13
2"	71.88	73.32	74.05	74.79	75.54	76.29
3"	140.12	142.92	144.35	145.80	147.25	148.73
4"	216.89	221.23	223.44	225.67	227.93	230.21
6"	216.89	221.23	223.44	225.67	227.93	230.21
Volumetric Charge (per Kgal)						
0 - 1,500 gallons	$ -	$ -	$ -	$ -	$ -	$ -
1,501 - 10,000 gallons	5.55	5.66	5.72	5.77	5.83	5.89
10,001 - 15,000 gallons	6.50	6.63	6.70	6.76	6.83	6.90
15,000+ gallons	7.38	7.53	7.60	7.68	7.76	7.83

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PROPOSED WATER RATE CHANGES

(Continued)

		2022	2023	2024	2025	2026
Rate Adjustments		2.00%	1.00%	1.00%	1.00%	1.00%

Outside City	2021	2022	2023	2024	2025	2026
Minimum Charge						
3/4"	$ 28.50	$ 29.07	$ 29.36	$ 29.65	$ 29.95	$ 30.25
1"	34.46	35.15	35.50	35.86	36.21	36.58
1 1/2"	64.08	65.36	66.02	66.68	67.34	68.02
2"	99.64	101.63	102.65	103.68	104.71	105.76
3"	194.51	198.40	200.38	202.39	204.41	206.46
4"	301.21	307.23	310.31	313.41	316.54	319.71
6"	301.21	307.23	310.31	313.41	316.54	319.71
Volumetric Charge (per Kgal)						
0 - 1,500 gallons	$ -	$ -	$ -	$ -	$ -	$ -
1,501 - 10,000 gallons	7.76	7.92	7.99	8.07	8.16	8.24
10,001 - 15,000 gallons	9.13	9.31	9.41	9.50	9.59	9.69
15,000+ gallons	10.37	10.58	10.68	10.79	10.90	11.01

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PROPOSED WATER RATE CHANGES

(Continued)

	2022	2023	2024	2025	2026
Rate Adjustments	2.00%	1.00%	1.00%	1.00%	1.00%

	2021	2022	2023	2024	2025	2026
Wholesale						
Minimum Charge						
All	$ -	$ -	$ -	$ -	$ -	$ -
Volumetric Charge (per Kgal)						
All Volumes	$ 5.99	$ 6.11	$ 6.17	$ 6.23	$ 6.29	$ 6.36

NEWGEN STRATEGIES AND SOLUTIONS, LLC

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PROPOSED WASTEWATER RATE CHANGES

Consistent with current rate design, outside rates are higher by approximately 40%

	2022	2023	2024	2025	2026
Rate Adjustments	3.25%	1.75%	1.75%	1.75%	1.75%

	2021	2022	2023	2024	2025	2026
Residential Inside						
Minimum Charge						
3/4"	$ 21.66	$ 22.36	$ 22.76	$ 23.15	$ 23.56	$ 23.97
1"	24.70	25.50	25.95	26.40	26.87	27.34
1 1/2"	24.70	25.50	25.95	26.40	26.87	27.34
2"	24.70	25.50	25.95	26.40	26.87	27.34
3"	24.70	25.50	25.95	26.40	26.87	27.34
4"	24.70	25.50	25.95	26.40	26.87	27.34
6"	24.70	25.50	25.95	26.40	26.87	27.34
Volumetric Charge (per Kgal)						
0 - 1,500 gallons	$ -	$ -	$ -	$ -	$ -	$ -
1,501 - 5,000 gallons	4.02	4.15	4.22	4.30	4.37	4.45
5,001 - 15,000 MAX	4.72	4.87	4.96	5.05	5.13	5.22

NEWGEN STRATEGIES AND SOLUTIONS, LLC

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PROPOSED WASTEWATER RATE CHANGES

(Continued)

Consistent with current rate design, outside rates are higher by approximately 40%

Rate Adjustments	2022	2023	2024	2025	2026
	3.25%	1.75%	1.75%	1.75%	1.75%

Commercial Inside	2021	2022	2023	2024	2025	2026
Minimum Charge						
3/4"	$ 21.95	$ 22.66	$ 23.06	$ 23.46	$ 23.87	$ 24.29
1"	27.42	28.31	28.81	29.31	29.82	30.35
1 1/2"	32.92	33.99	34.58	35.19	35.81	36.43
2"	43.89	45.32	46.11	46.92	47.74	48.57
3"	87.79	90.64	92.23	93.84	95.49	97.16
4"	137.16	141.62	144.10	146.62	149.18	151.79
6"	137.16	141.62	144.10	146.62	149.18	151.79
Volumetric Charge (per Kgal)						
0 - 1,500 gallons	$ -	$ -	$ -	$ -	$ -	$ -
1,501 - 5,000 gallons	4.02	4.15	4.22	4.30	4.37	4.45
5,000+ gallons	4.72	4.87	4.96	5.05	5.13	5.22

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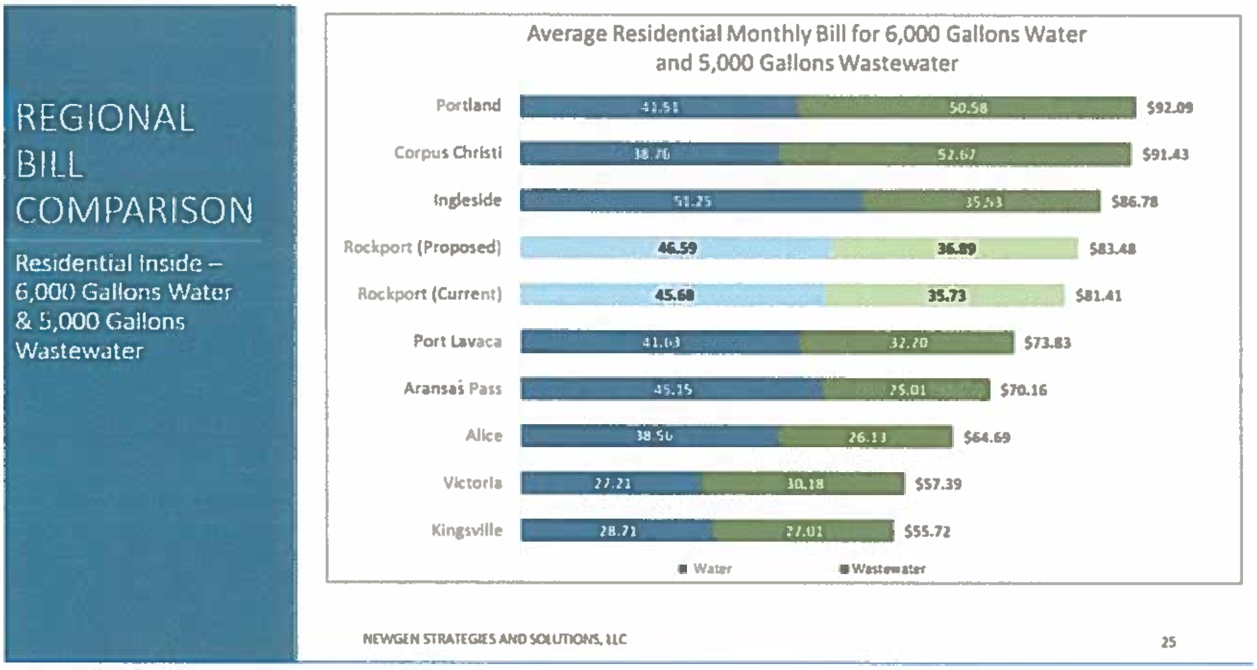
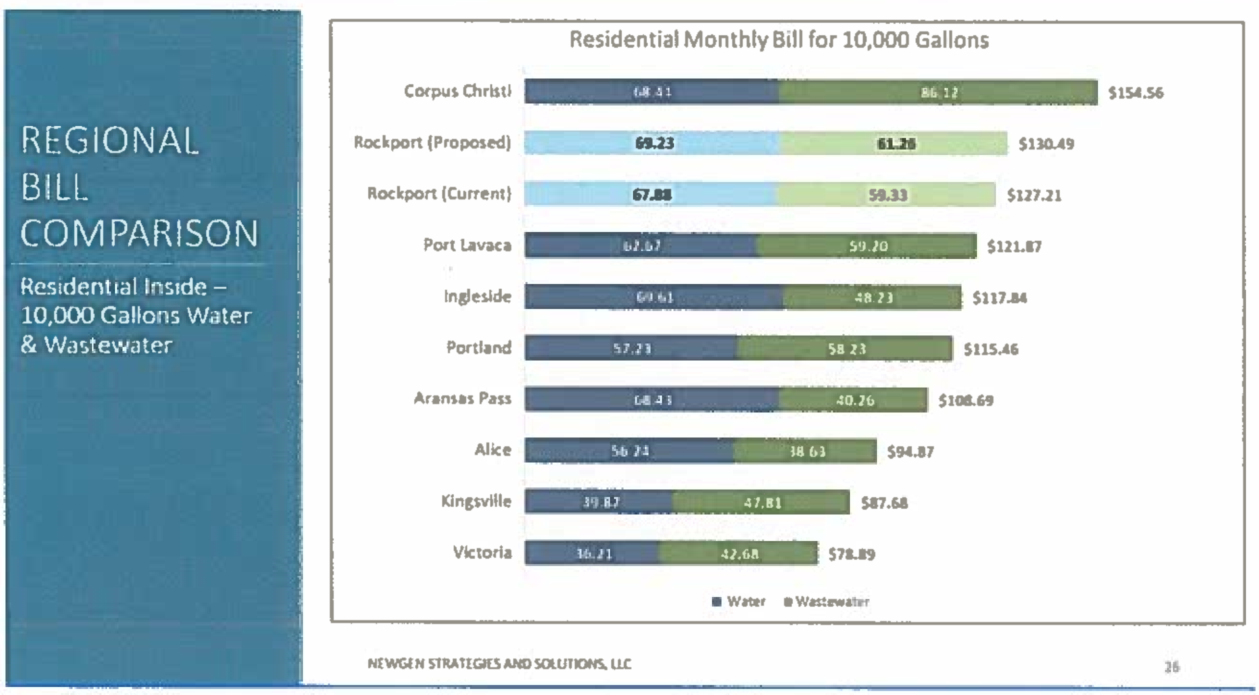
PROPOSED WATER / WASTEWATER RATE PERFORMANCE

ESTIMATED SUFFICIENCY WITH PROPOSED RATES

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
WATER						
Rate Revenue Requirement	$7,509,423	$7,777,149	$8,108,198	$8,566,556	$8,932,939	$9,278,293
Projected Revenue Under Proposed Rates	8,353,249	8,455,974	8,866,880	9,317,608	9,690,798	10,006,157
Over / (Under) Recovery	$843,827	$678,825	$758,682	$751,052	$757,859	$727,863
WASTEWATER						
Rate Revenue Requirement	$3,069,017	$3,268,923	$3,211,803	$3,397,848	$3,492,933	$3,607,767
Projected Revenue Under Proposed Rates	3,077,414	3,161,672	3,296,557	3,435,194	3,577,674	3,724,089
Over / (Under) Recovery	$8,398	($107,251)	$84,754	$37,346	$84,741	$116,321
WATER AND WASTEWATER TOTAL						
Rate Revenue Requirement	$10,578,439	$11,046,071	$11,320,001	$11,964,404	$12,425,872	$12,886,061
Projected Revenue Under Proposed Rates	11,430,663	11,617,646	12,163,436	12,752,802	13,268,472	13,730,246
Over / (Under) Recovery	$852,224	$571,575	$843,436	$788,398	$842,600	$844,185
Fund Balance Reserve Policy (50% of Expenditures)	45%	48%	53%	57%	61%	65%
Days of Cash on Hand (180 Days)	164	174	195	208	224	239
Coverage Ratio	1.42	1.30	1.44	1.38	1.41	1.40
Target Debt Service Coverage Ratio	1.10	1.10	1.10	1.10	1.10	1.10

NEWGEN STRATEGIES AND SOLUTIONS, LLC





Mr. Garret suggested that although the natural gas is already in the red, the city should not increase the rates drastically, but rather take small bites over time. The weather definitely plays a piece in how much natural gas is used. There was discussion over the previous questions to sell the gas lines and Mr. Carruth stated that is still being monitored by the staff. On an annual basis the gas system does make money, it is the capital needs that keep this system at a negative balance. The natural gas prices do not appear to be as volatile as the gas prices at the pumps.

PROPOSED GAS RATE CHANGES

		2022	2023	2024	2025	2026
Rate Adjustments	%	12.50%	12.50%	12.50%	12.50%	12.50%

	2021	2022	2023	2024	2025	2026
Inside City						
Minimum Charge						
All	$ 23.77	$ 26.74	$ 30.08	$ 33.84	$ 38.07	$ 42.83
Volumetric Charge						
All Volumes	$ 2.64	$ 2.97	$ 3.34	$ 3.76	$ 4.23	$ 4.76
Outside City						
Minimum Charge						
All	$ 23.77	$ 26.74	$ 30.08	$ 33.84	$ 38.07	$ 42.83
Volumetric Charge						
All Volumes	$ 2.64	$ 2.97	$ 3.34	$ 3.76	$ 4.23	$ 4.76

NEWGEN STRATEGIES AND SOLUTIONS, LLC 27

GAS INSIDE MONTHLY BILL IMPACTS

	Current	Proposed
2.7 MCF	$ 30.90	$ 34.76
Variance, $		*$ 3.86*
Variance, %		*12.50%*
5.0 MCF	$ 36.97	$ 41.59
Variance, $		*$ 4.62*
Variance, %		*12.50%*

NEWGEN STRATEGIES AND SOLUTIONS, LLC 28

PROPOSED GAS RATE PERFORMANCE
ESTIMATED SUFFICIENCY WITH PROPOSED RATES

		FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
GAS							
Rate Revenue Requirement		$1,493,970	$1,563,142	$1,752,817	$1,886,010	$1,992,673	$2,108,109
Projected Revenue Under Proposed Rates		1,538,221	1,752,375	2,006,703	2,297,232	2,625,893	2,997,666
Over / (Under) Recovery		$44,251	$189,233	$253,886	$411,222	$633,220	$889,557
Fund Balance Reserve Policy (50% of Expenditures)		-30%	-17%	-4%	15%	42%	77%
Days of Cash on Hand (180 Days)		(108)	(63)	(16)	55	154	283
Coverage Ratio		1.11	1.47	1.63	1.88	2.25	2.62
Target Debt Service Coverage Ratio		1.10	1.10	1.10	1.10	1.10	1.10

NEWGEN STRATEGIES AND SOLUTIONS, LLC

PROPOSED RATES ADDRESS ALL KEY ISSUES

- **Five-Year Capital Projects**
  - CIP is Funded Through Planned Debt Issuance
- **Meeting Financial Objectives/Policies**
  - Builds Back Days Operating Cash
  - Hits Debt Service Coverage Metrics
  - Wastewater on Schedule to Pay for Itself
- **Near-Term Growth Expected to Pick Up**
  - Expected Growth Helps Reduce Rate Impacts

NEWGEN STRATEGIES AND SOLUTIONS, LLC 30

DISCUSSION AND NEXT STEPS

THANK YOU FOR YOUR TIME

NEWGEN STRATEGIES AND SOLUTIONS
275 W. CAMPBELL ROAD, SUITE 440
RICHARDSON, TEXAS 75080

MATTHEW B. GARRETT, MANAGING DIRECTOR
972-675-7699
MGARRETT@NEWGENSTRATEGIES.NET

MEGAN KIRKLAND, SENIOR CONSULTANT
972-432-6218
MKIRKLAND@NEWGENSTRATEGIES.NET

Mr. Carruth noted that although each of the six tax rates were considered, the staff used the voter-approved tax rate for the purpose of the budget.

Certified Ad Valorem Tax Rate Comparison FY 2021-2022

	Adopted 2020 Tax Rate	Certified 2021 No-New Revenue Tax Rate	2021 Voter-Approval Tax Rate	De Minimis Tax Rate $500,000 Above NNR	Disaster Tax Rate 8% Increase Above NNR	Alternate Tax Rate 1 4% Increase Above NNR	Alternate Tax Rate 2 5% Increase Above NNR	Alternate Tax Rate 3 6% Increase Above NNR
Percentage M & O Increase		0.00%	6.83%	12.38%	9.12%	4.00%	5.00%	6.00%
M & O Tax Rate	$ 0.241668	$ 0.208434	$ 0.234061	$ 0.257036	$ 0.244237	$ 0.224143	$ 0.228070	$ 0.231997
I & S Tax Rate	$ 0.179643	$ 0.184286	$ 0.184286	$ 0.184286	$ 0.184286	$ 0.184286	$ 0.184286	$ 0.184286
Total Tax Rate	$ 0.421311	$ 0.392720	$ 0.418347	$ 0.441322	$ 0.428523	$ 0.408429	$ 0.412356	$ 0.416283
Total Taxable Value	$ 1,584,128,555	$ 1,584,128,555	$ 1,584,128,555	$ 1,584,128,555	$1,584,128,555	$ 1,584,128,555	$ 1,584,128,555	$ 1,584,128,555
Total Tax Levy								
Total Tax Levy	$ 6,589,854	$ 6,142,650	$ 6,543,489	$ 6,902,848	$ 6,702,655	$ 6,388,356	$ 6,449,782	$ 6,511,209
Over 65 Frozen Taxes	$ 969,048	$ 1,080,795	$ 1,080,795	$ 1,080,795	$ 1,080,795	$ 1,080,795	$ 1,080,795	$ 1,080,795
Disabled Frozen Taxes	$ 15,577	$ 19,236	$ 19,236	$ 19,236	$ 19,236	$ 19,236	$ 19,236	$ 19,236
Total Tax Levy	$ 7,584,479	$ 7,242,681	$ 7,643,520	$ 8,002,879	$ 7,802,686	$ 7,488,387	$ 7,549,813	$ 7,611,240
Total Tax Revenue								
Total Levy	$ 6,883,554	$ 7,242,681	$ 7,643,520	$ 8,002,879	$ 7,802,686	$ 7,488,387	$ 7,549,813	$ 7,611,240
Collection Ratio	98%	98%	98%	98%	98%	98%	98%	98%
Total Tax Revenue	$ 6,745,883	$ 7,097,827	$ 7,490,650	$ 7,842,821	$ 7,646,632	$ 7,338,819	$ 7,398,817	$ 7,459,015
Revenue Allocation by Fund								
M & O General Fund	$ 3,969,104	$ 3,935,966	$ 4,328,789	$ 4,680,960	$ 4,484,771	$ 4,176,758	$ 4,236,956	$ 4,297,154
I&S Debt Service Fund	$ 2,776,779	$ 3,161,861	$ 3,161,861	$ 3,161,861	$ 3,161,861	$ 3,161,861	$ 3,161,861	$ 3,161,861
Total Tax Revenue	$ 6,745,883	$ 7,097,827	$ 7,490,650	$ 7,842,821	$ 7,646,632	$ 7,338,819	$ 7,398,817	$ 7,459,015
Revenue Difference								
Additional Revenue	$222,434	$351,944	$392,823	$744,994	$548,805	$240,792	$300,990	$361,188
% Increase in Revenue	3.3%	5.0%	5.2%	10.3%	7.2%	3.3%	4.1%	4.8%

Residential Taxpayer Impact Analysis

Residential Value	Tax Paid 2020 Rate	NNR Tax Paid	Difference in Tax Paid from No-New-Revenue Tax Rate: VAR	De Minimus Rate	Disaster Rate	Alt Tax Rate 1	Alt Tax Rate 2	Alt Tax Rate 3
Average Market - $261,320	$1,100.97	$1,026.26	$66.97	$127.01	$93.56	$41.05	$51.31	$61.58
Average Taxable - $248,794	$1,048.20	$977.06	$63.76	$120.92	$89.06	$39.08	$48.85	$58.62
Median Taxable - $202,610	$853.62	$795.69	$51.92	$98.47	$72.54	$31.83	$39.78	$47.74

Residential Value	Tax Paid 2020 Rate	NNR Tax Paid Difference from Last Yr	Difference in Tax Paid from Last Year's Tax Rate: VAR	De Minimus Rate	Disaster Rate	Alt Tax Rate 1	Alt Tax Rate 2	Alt Tax Rate 3
Average Market - $261,320	$1,100.97	-$71.50	-$4.53	$56.50	$22.06	-$30.45	-$20.19	-$9.93
Average Taxable - $248,794	$1,048.20	-$68.08	-$4.32	$52.84	$21.00	-$28.99	-$19.22	-$9.45
Median Taxable - $202,610	$853.62	-$55.44	-$3.52	$43.03	$17.10	-$23.61	-$15.65	-$7.70

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Zoomed slide:

Certified Ad Valorem Tax Rate Comparison FY 2021-2022

	Certified 2021 No-New Revenue Tax Rate	2021 Voter-Approval Tax Rate	De Minimis Tax Rate $500,000 Above NNR	Disaster Tax Rate 8% Increase Above NNR
Percentage M & O Increase	**0.00%**	**6.53%**	**12.38%**	**9.12%**
M & O Tax Rate	$ 0.208434	$ 0.234061	$ 0.257036	$ 0.244237
I & S Tax Rate	$ 0.184286	$ 0.184286	$ 0.184286	$ 0.184286
Total Tax Rate	**$ 0.392720**	**$ 0.418347**	**$ 0.441322**	**$ 0.428523**
Total Taxable Value	**$ 1,564,129,555**	**$ 1,564,129,555**	**$ 1,564,129,555**	**$1,564,129,555**
Total Tax Levy				
Total Tax Levy	$ 6,142,650	$ 6,543,489	$ 6,902,848	$ 6,702,655
Over 65 Frozen Taxes	$ 1,080,795	$ 1,080,795	$ 1,080,795	$ 1,080,795
Disabled Frozen Taxes	$ 19,236	$ 19,236	$ 19,236	$ 19,236
Total Tax Levy	**$ 7,242,681**	**$ 7,643,520**	**$ 8,002,879**	**$ 7,802,686**
Total Tax Revenue				
Total Levy	$ 7,242,681	$ 7,643,520	$ 8,002,879	$ 7,802,686
Collection Ratio	98%	98%	98%	98%
Total Tax Revenue	**$ 7,097,827**	**$ 7,490,650**	**$ 7,842,821**	**$ 7,646,632**
Revenue Allocation by Fund				
M & O General Fund	$ 3,935,966	$ 4,328,789	$ 4,680,960	$ 4,484,771
I&S Debt Service Fund	$ 3,161,861	$ 3,161,861	$ 3,161,861	$ 3,161,861
Total Tax Revenue	**$ 7,097,827**	**$ 7,490,650**	**$ 7,842,821**	**$ 7,646,632**
Revenue Difference				
Additional Revenue	**$351,944**	**$392,823**	**$744,994**	**$548,805**
% Increase in Revenue	**5.0%**	**5.2%**	**10.3%**	**7.2%**

Residential Taxpayer Impact Analysis

Residential Value	NNR Tax Paid	Difference in Tax Paid from No-New-Revenue Tax Rate: VAR	De Minimus Rate	Disaster Rate
Average Market - $261,320	$1,026.26	$66.97	$127.01	$93.56
Average Taxable - $248,794	$977.06	$63.76	$120.92	$89.08
Median Taxable - $202,610	$795.69	$51.92	$98.47	$72.54

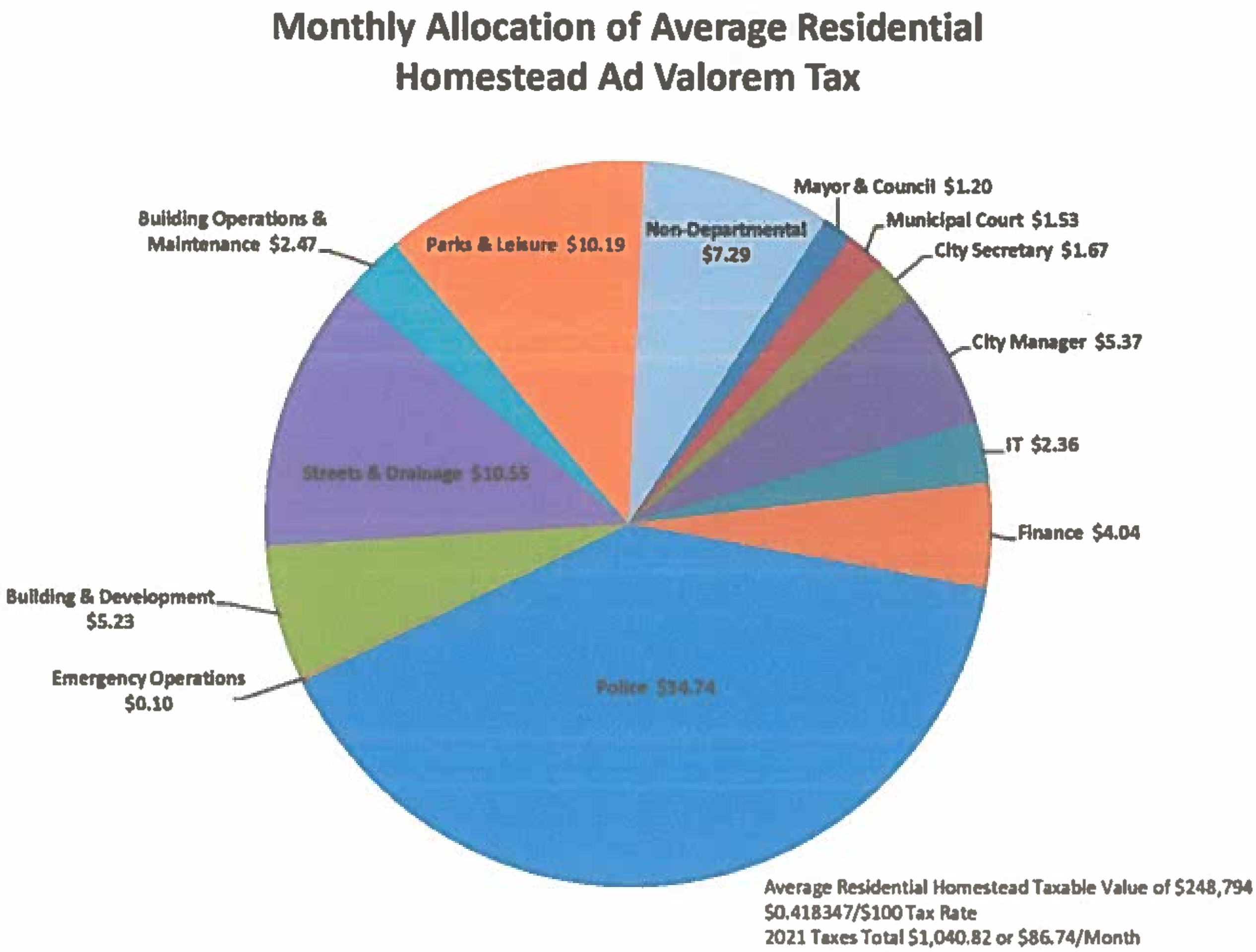
Residential Value	NNR Tax Paid Difference from Last Yr	Difference in Tax Paid from Last Year's Tax Rate: VAR	De Minimus Rate	Dissaster Rate
Average Market - $261,320	-$71.50	-$4.53	$55.50	$22.06
Average Taxable - $248,794	-$68.08	-$4.32	$52.84	$21.00
Median Taxable - $202,610	-$55.44	-$3.52	$43.03	$17.10

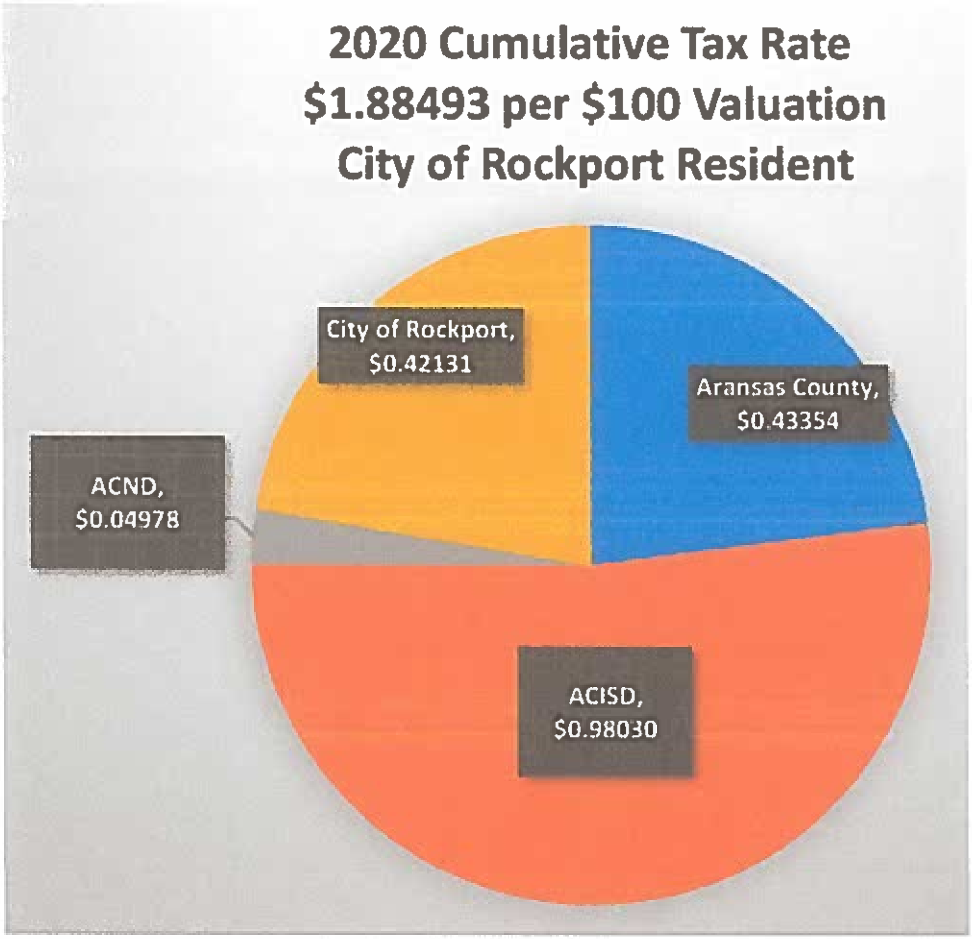
City of Rockport

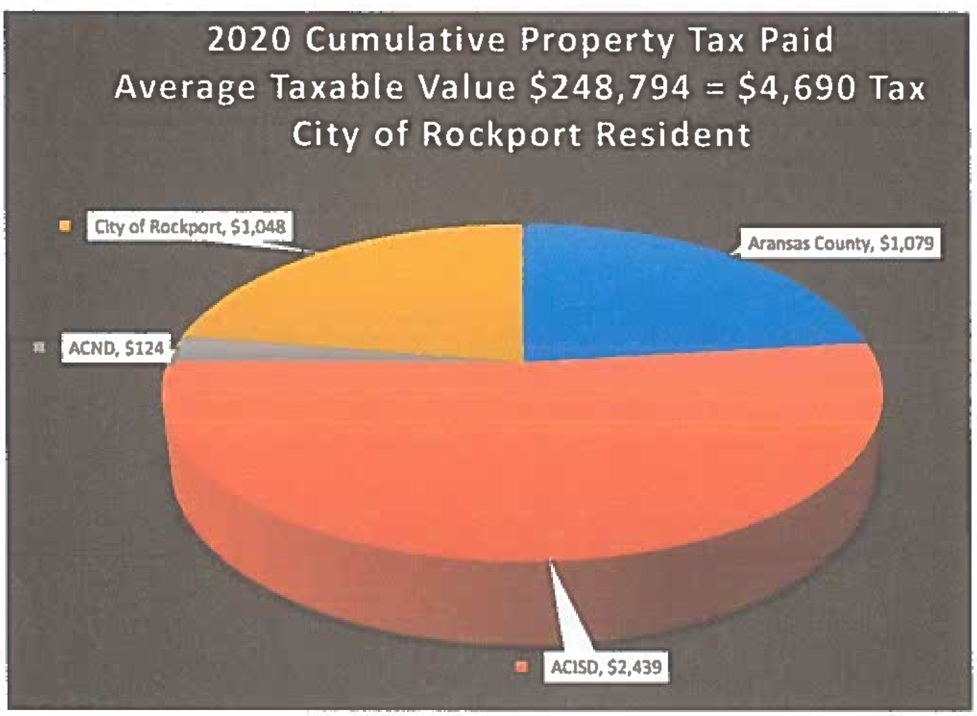
Finance Director Katy Griffin explained some of the confusing changes with the new Truth in Taxation regulations. Even the worksheets the State Comptroller provided last Thursday, were corrected the following day, Friday.

Mayor Rios expounded on the fact that even though this is an increase in the revenue to the city, it is actually a decrease per household because of the new development within the community and the increase in values.

Mr. Carruth used the following three slides to show (1) the allocation to the average taxpayer to the City of Rockport, (2) combined comparative taxes that all Rockport residents pay to the various taxing entities, and (3) the average taxes paid to each of the various taxing entities.




2020 Cumulative Tax Rate
$1.88493 per $100 Valuation
City of Rockport Resident
City of Rockport, $0.42131
Aransas County, $0.43354
ACND, $0.04978
ACISD, $0.98030


2020 Cumulative Property Tax Paid
Average Taxable Value $248,794 = $4,690 Tax
City of Rockport Resident
City of Rockport, $1,048
Aransas County, $1,079
ACND, $124
ACISD, $2,439

Impact of Proposed FY 2021-2022 Utility Rates on Average Residential Customer*

Rate Schedule	Water	Wastewater	Gas**	Total	ΔCurrent
Inside City Limits					
Current	$ 44.01	$ 38.54	$ 30.90	$ 113.45	$ -
Proposed (2% Water/3.25% WW/12.5% Gas)	$ 44.88	$ 40.09	$ 36.01	$ 120.98	$ 7.53
Outside City Limits					
Current	$ 61.09	$ 54.34	$ 30.90	$ 146.33	$ -
Proposed (2% Water/3.25% WW/12.5% Gas)	$ 68.18	$ 56.52	$ 36.01	$ 160.71	$ 14.38

***Note:** Average residential customer uses 5,700 gallons of water & 2,700 cu. ft. of gas.

****Note:** Gas rate does not include monthly gas price adjustment.

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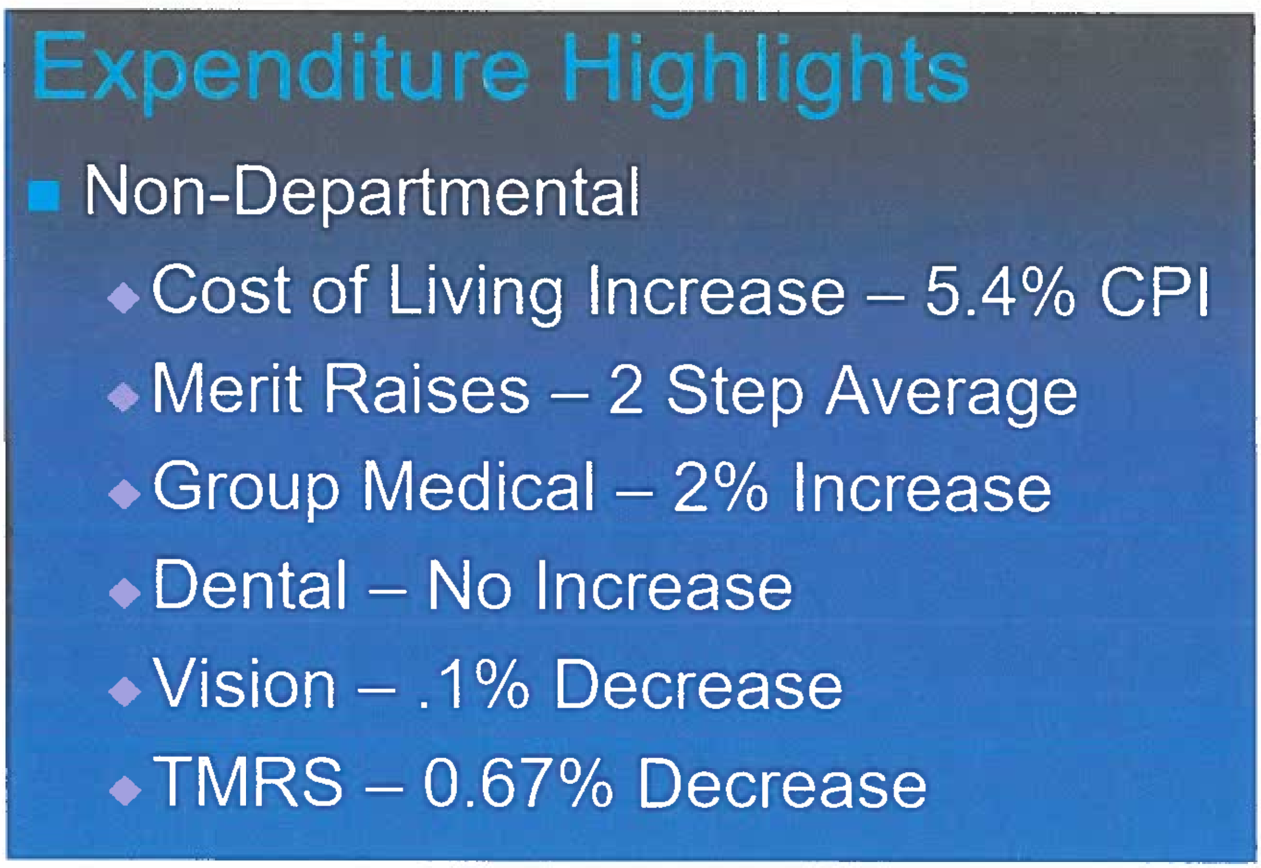
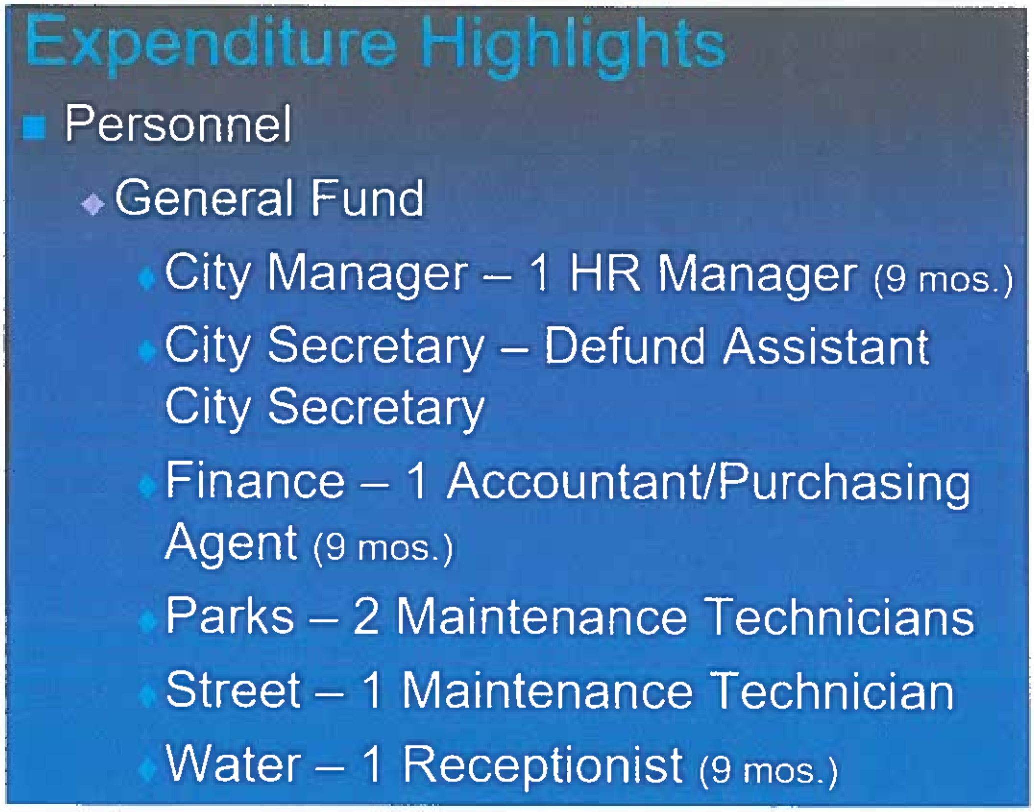
Mayor Rios recessed the Workshop at 10:30 a.m. for a short break.

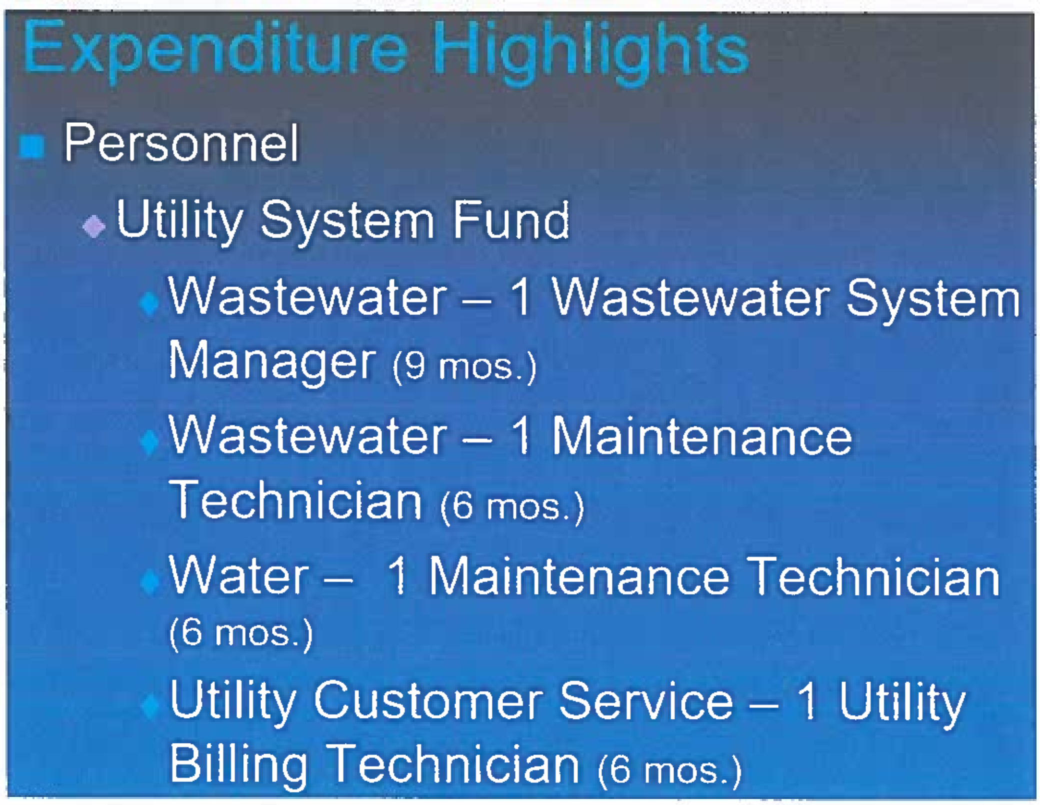
Mayor Rios reconvened the Workshop at 10:46 a.m.

Mr. Carruth provided an overview of the expenditures included in the budget and noted that the 2% increase in the group medical costs were recently approved a previous city council meeting.

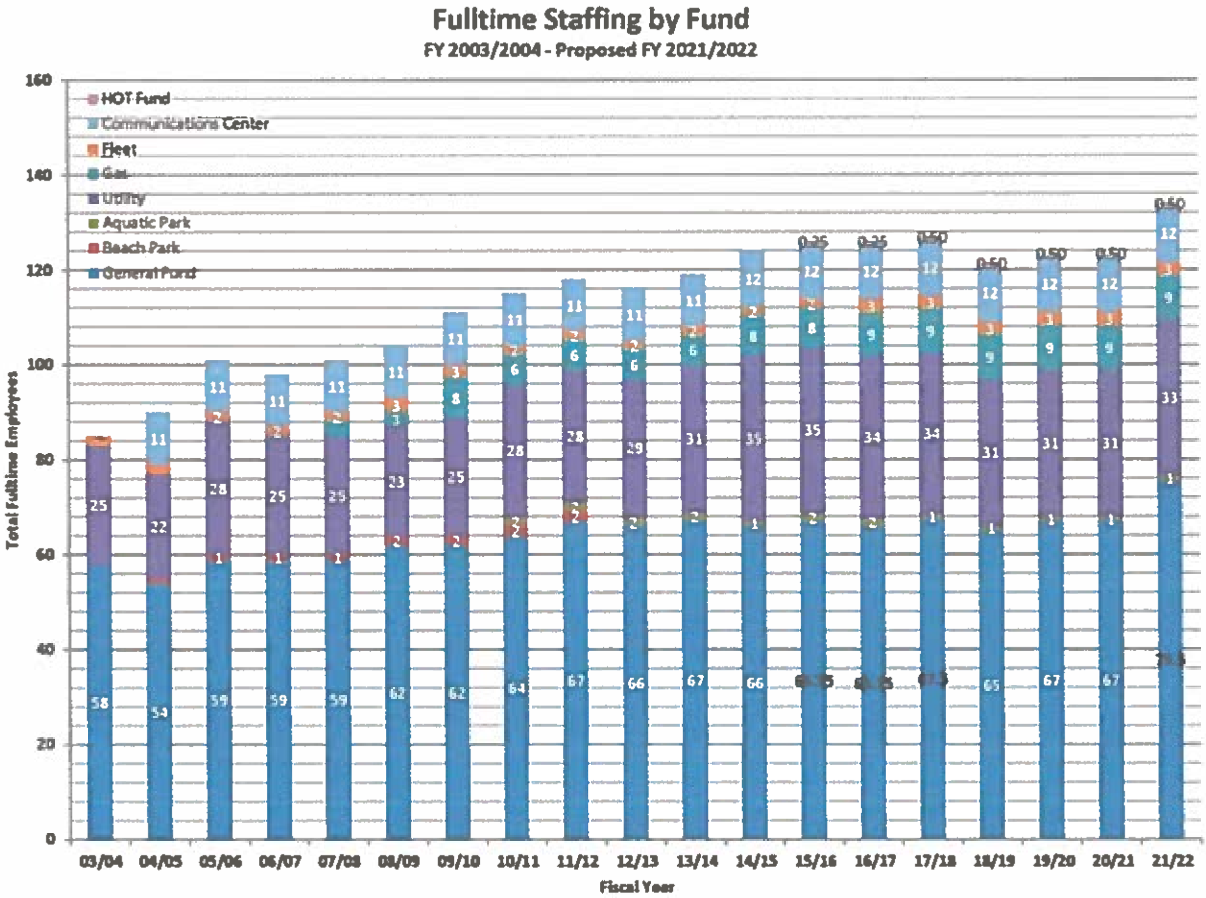


The next two slides feature the additional personnel included in the proposed budget.

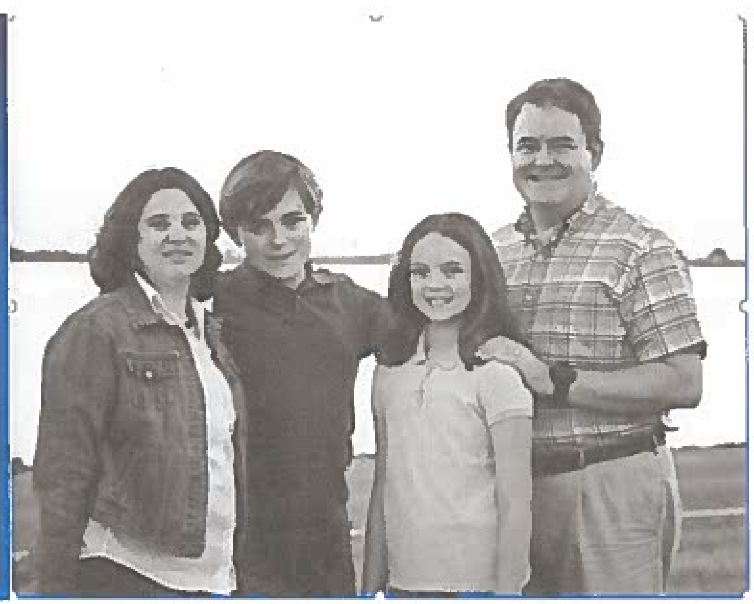




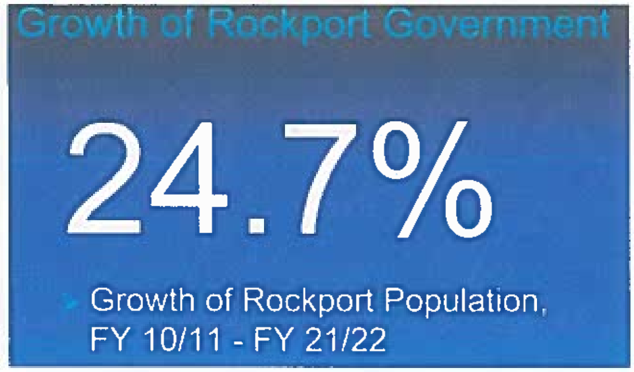
The total amount of Full Time staff is 135. Below is a chart that indicates which fund supports those staff members and how that has changed over since FY 03/04.

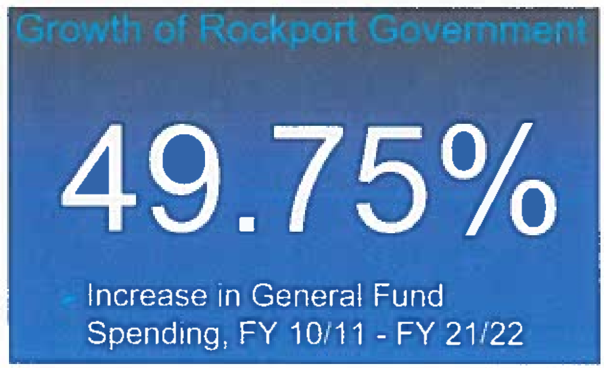


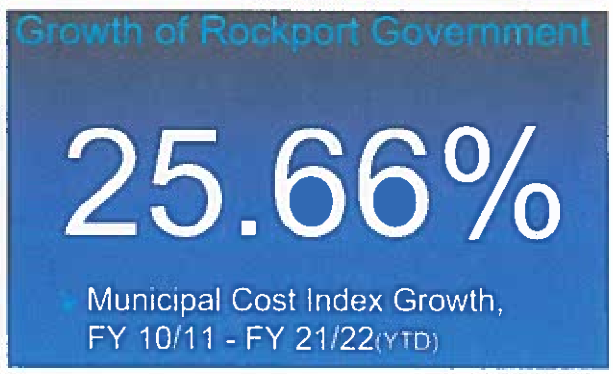
Just as our personal families grow, so do our own cost of living expenses increase.

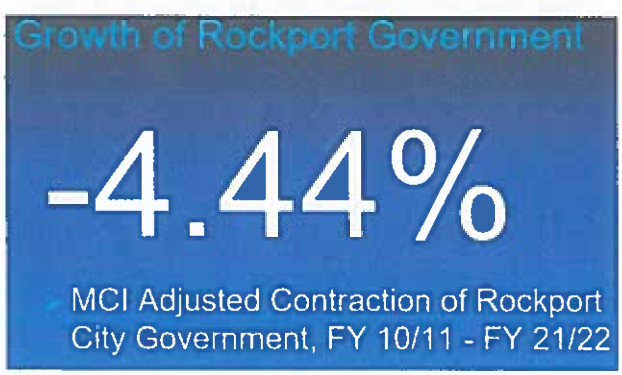


The next seven slides show how the City of Rockport has been doing more and more, with less and less staff over the last ten years. According to the various State and Market standards, the staff in Rockport is anorexic.









There was discussion regarding the various budget requests (next three slides).

Department Budget Requests

Department	✓ / x	Line Item Description	Expense Impact	Revenue Offset	Savings Other	SUBTOTAL	Overall Increase(Decrease)	Comments
GENERAL FUND								
Finance	✓	Accountant/Purchasing Agent	55,881	27,941		27,941		Addition of Accountant (Partial Funding by other funds) starting 1/1/22
City Manager's Office	✓	HR Manager	65,750	32,875	32,875	32,875		Reallocation of existing position to HR Manager (no impact on FTE count or budgeted funds) starting 1/1/22
Building & Development	✓	Inspector / Plan Reviewer	80,948	-		80,948		Add'n to replace prior position that was converted to admin/tech when Code Enf was moved to PD starting 10/1/21
Street Department	✓	Maintenance Technician (1 each)	49,482	-		49,482		Addition of 1 Maintenance Technician ($49,482ea annually) starting 10/1/21
Parks Department	✓	Maintenance Technician (2 each)	98,964	-		98,964		Addition of 2 Maintenance Technicians ($49,482ea annually) starting 10/1/21 Parks assuming ROW mowing from Street Dept
		Personnel Services Subtotal				257,338	257,338	
City Manager	✓	Market St Corridor Design Guide	25,000	-		25,000		Addition of community-based design guide for Market St corridor fm Hwy 35 Byp to Water St
City Manager	✓	Employee Recognition Program	9,500			9,500		Develop & implement program to promote & recognize outstanding employees
City Manager	✓	Manager Excellence Training	4,000			4,000		Twelve hours of management training for managers & supervisors
Police Department	✓	Taser Replacement Program (5-Year)	18,630			18,630		5-Year Taser Replacement Program $18,630/yr totaling $93,150 (3yrs pd FY20-21)
Police Department	✓	Water Safety Program - training & costs	6,000			6,000		Water safety program - training, boat fuel, flotation devices, etc
Code Enforcement	✓	Unsafe Bldg Abatement	100,000			100,000		Demolition of Market Street & Young Street Buildings
Street Department	✓	Contract Services	40,000			40,000		Additional $40k to be added to existing $30k
		Contract Services Subtotal				203,130	460,468	
Finance	✓	Incode - move to cloud hosted solution by Tyler Tech	70,733		52,784	17,949		Cloud hosted solution for Incode by Tyler Tech (annual expense), eliminates City servers, adding redundancy, and reducing need for City IT support
City Manager	✓	Agenda Software	25,000			25,000		Software to manage & distribute agendas for council & board meetings
City Manager	✓	Human Resources Software	30,000			30,000		Software to manage human resources functions
Police Department	✓	Incode Public Safety	173,962			173,962		Onetime $141,590, $32372 annual. Records, CAD, Case Mgmt, Property Room. Replaces PTS and enhances dispatch & existing software. Integrates with Aransas County software
		Hardware/Software Subtotal				246,911	707,379	

Department Budget Requests

Department	✓ / x	Line Item Description	Expense Impact	Revenue Offset	Savings Other	SUBTOTAL	Overall Increase(Decrease)	Comments
Information Technology	✓	Access Controls-Service Center	78,000			78,000		Replacement access controls for Rockport Service Center that is no longer supported (cost split pro rata among RSC full time occupants)
Parks & Recreation	✓	Canopy Cover for FitCourt	20,000			20,000		Canopy cover for new Fit Court - provides shade for patrons increase usage
Parks & Recreation	✓	Shade Structure for Basketball Court at Memorial Park	30,000			30,000		Shade structure over existing basketball court area at Memorial Park
Police Department	✓	Mobile Surveillance Cameras (2)	45,000			45,000		Addition of two mobile surveillance cameras
Police Department	✓	Body Cameras (Grant match)	30,000			30,000		Grant match for replacement of 15 body cameras
Street Department	✓	Neighborhood Improvement-Seal Coat	55,000			55,000		Additional $35k to be added to existing $165k due to increase in annexation & material cost increase
Street Department	✓	Neighborhood Improvement-Preventative Maintenance	20,000			20,000		Additional $20k to be added to existing $30k - due to increase in material costs and annexations
		Capital Subtotal				278,000	985,379	

Department Budget Requests

Department	✓ / ✗	Line Item Description	Expense Impact	Revenue Offset	Savings Other	SUBTOTAL	Overall Increase(Decrease)	Comments
UTILITY SYSTEM FUND								
Water Distribution	✓	Maintenance Technician	24,841			24,841		Addition of Maintenance Technician starting 4/1/22
Water Distribution	✓	Receptionist for RSC	44,605			44,605		Addition of Receptionist for Rockport Service Center starting 11/1/21
WasteWater	✓	Maintenance Technician	24,841			24,841		Addition of Maintenance Technician starting 4/1/22
WasteWater	✓	Wastewater System Manager	68,224			68,224		Addition of WW System Manager starting 1/1/22
Utility Customer Service	✓	Utility Billing Technician I	25,870			25,870		Addition of Utility Billing Technician I starting 4/1/22
		Utility System Total				188,381	188,381	
							188,381	Total Utility Fund FY21-22 Budget Requests
UTILITY SYSTEM FUND GRAND TOTAL					TOTAL OVERALL INCREASE (DECREASE)			188,381
AQUATIC CENTER FUND								
Aquatic Center Operations								
Aquatic Center Operations	✓	Pool Blankets	14,000.00			14,000.00		Replace 4 deteriorated thermo blankets
		Aquatic Center Fund Total				14,000.00	14,000.00	
							14,000.00	
AQUATIC CENTER FUND GRAND TOTAL					TOTAL OVERALL INCREASE (DECREASE)			14,000.00
HOTEL OCCUPANCY TAX FUND								
Hotel Occupancy Tax								
Hotel Occupancy Tax	✓	Parade Float (trailer mounted)	25,000.00			25,000.00		Highway-capable parade float to replace existing hay trailer that is no longer safe for use. Will be able to go to area events.
		Aquatic Center Fund Total				25,000.00	25,000.00	
							25,000.00	
HOTEL OCCUPANCY TAX FUND GRAND TOTAL					TOTAL OVERALL INCREASE (DECREASE)			25,000.00

The vehicles included in the replacement list are Texas State Co-Op prices. There was additional discussion regarding life cycles, the depreciation fund, what vehicles are recyclable, and vehicle/equipment sharing.

2021 Vehicle Replacement List

Unit	Dept	Vehicle	Amount
1001	609	2022 Chevy Equinox	$ 22,125
1282	609	2022 Chevy Equinox	$ 22,125
3124	633	2022 Chevy 3500 Dbl 4x4	$ 32,245
4012	648	2022 Chevy 1500 Dbl cab	$ 25,710
5024	661	2022 Chevy 3500 Stake bed	$ 38,588
5026	661	2022 Chevy 3500 Dumb 2/3 yd	$ 43,765
7096	631	2022 Chevy 3500 Dbl 4x4	$ 32,245
7097	641	2022 Chevy 1500 Dbl cab	$ 25,710
8126	641	2022 Chevy 1500 Dbl 4x4	$ 28,680
8131	641	2022 Chevy 1500 Dbl cab	$ 25,710
8132	641	2022 Chevy 1500 Dbl cab	$ 25,710
8137	641	2022 Chevy 1500 Dbl cab	$ 25,710
8151	646	2022 Chevy 1500 Dbl cab	$ 25,710
8134	641	2022 Chevy 1500 Dbl cab	$ 25,710
	641	Articulated Loader	$ 35,000
	612	2022 Tahoe Patrol SUV	$ 60,000
	612	2022 Tahoe Patrol SUV	$ 60,000
	612	2022 Tahoe Patrol SUV	$ 60,000
	612	2022 Tahoe Patrol SUV	$ 60,000
	612	2022 Tahoe Patrol SUV	$ 60,000
	611	2022 Tahoe Unmarked	$ 50,000
	613	2022 Tahoe Unmarked	$ 50,000
		Dump Truck	$ 60,000
		Dump Truck	$ 90,000
		SCAG Mower	$ 13,000
		SCAG Mower	$ 13,000
		Generator for Fleet Bldg	$ 55,000
		John Deer 5055E	$ 43,000
5531	661	Big Tex Trailer	$ 5,000
8542	641	Big Tex Trailer	$ 5,000
9556	646	Godwin Pump	$ 35,000
			$1,153,743

Mayor Rios recessed the Workshop at 12:00 for a lunch break.

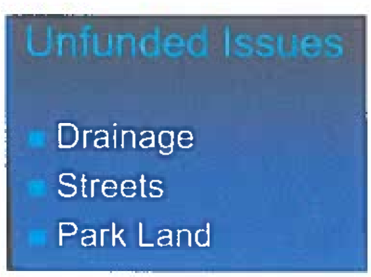
Mayor Rios reconvened the Workshop at 12:36 p.m.

This slide indicates the projected growth of staff with the increases in population.

Projected Growth Demand on City of Rockport Services, FY 2021/2022 - 2025/2026

	Fiscal Year and Population Estimate					
	21/22	22/23	23/24	24/25	25/26	
Department	11,520	12,370	13,120	13,570	14,020	Notes
City Manager						
Human Resources Manager	$ 83,950					BNA has determined that typical HR ratio is 1.4:100
Public Information Officer		$ 81,250				
City Secretary						
Assistant City Secretary		$ 73,563				
Finance & Utility Billing						
Accountant	$ 55,881	$ 78,233		$ 82,145		With $50M in revenues, Dept. should be staffed at 7
Utility Billing Technician	$ 25,870					
Information Technology						
Information Technology Specialist					$ 75,292	
Municipal Court						
Court Clerk			$ 48,177			
Juvenile Case Manager			$ 48,852			
Parks and Leisure Services						
Maintenance Technician	$ 82,698		$ 45,587			ROW mowing duties transferred from Street Dept.
Assistant Pool Manager		$ 46,048				
Additional Park Acreage (currently 133 acres developed & 42 acres undeveloped)						NRPA standard is 24 ac./1K population
Sports Complex Development						Requires 2-3 FTEs, 2-3 mowers, 2 utility vehicles, 2 pickups, ground maintenance units
Police						
Patrol Officer (currently 27 sworn Officers)		$ 59,204		$ 65,272	$ 65,272	2 Officers/1K pop. + 7 Officers for tourism
CID Administrative Assistant					$ 51,861	
Code Enforcement Supervisor		$ 66,128				
Code Enforcement Officer					$ 51,734	
Code Enforcement Administrative Assistant					$ 52,449	
Public Safety Communications						
Telecommunications Officer			$ 48,877			
Streets & Drainage						
Maintenance Technician	$ 49,482	$ 103,912				
Water & Wastewater						
Maintenance Technician	$ 49,682		$ 54,774		$ 120,777	AWWA standard is 3-5 employees/1K connections
Wastewater System Manager	$ 88,298					
Receptionist	$ 48,482					
Total	$ 483,343	$ 508,338	$ 148,538	$ 147,417	$ 342,093	

It was noted that the City of Rockport has had 27 sworn officers since the 1970's. Police Chief Greg Steven stated that Rockport is unique with the influx of tourist at multiple peak times of the year and our support of the City of Fulton. Even over the years of annexation, the city has not increased the number of officers.



Additional discussion was had with regards to drainage concerns and options to fund these needs. Mr. Carruth stated besides the active projects and grants (both city and county), there is an existing drainage plan ready to start working on. The options are to continue with general funds and grants only; or assessing a drainage fee or initiating a taxing entity. Council Member Jackson stated she didn't feel a $5.00 per month for every water bill is fair because not all resident of Rockport get water from the city.

The following slide is using a 3% interest rate for bond options. Public Works Director Mike Donoho stated the is about $3.4M of quick drainage needs that were assessed during the recent 500-year flooding event. That does not include the washed out streets and other sink holes that have presented themselves since the flooding. The city has hired a contractor to help us identify the cost to fix all of the sink holes around town. It was also noted that the County Road and Bridge department will not be assisting us with seal coating again this budget year.

Parks and Leisure Director Rick Martinez explained that the National Standard for parks involves 24 acres per 1,000 population. We currently own/maintain 133 acres of parks; which is slightly over 50% of the National Standard. The Code of Ordinances requires a new development to either build park land or pay an impact fee. The 40 acres the city was looking to make a sport complex was estimated to cost $7M prior to Hurricane Harvey. The estimate has not been updated since 2017.

There was a question of using Hotel Occupancy Tax (HOT) Funds to purchase wetland areas to build parks and/or a convention center. Mr. Carruth explained there are restrictions to using these funds for parks and convention centers. If we dedicate our HOT Funds to bonds to pay for parks/convention center, that takes away from the non-profits that depend on these funds and help bring tourists to our community.

City of Rockport – 2021 Scenarios - Annual Debt Service Comparison

	City of Rockport 2021 Scenarios			
Fiscal Year Ending	$2MM Proceeds	$5MM Proceeds	$10MM Proceeds	$20MM Proceeds
09/30/2022	$ 214,708	$ 316,542	$ 626,167	$ 1,249,667
09/30/2023	222,125	313,825	625,450	1,247,700
09/30/2024	224,625	316,325	625,575	1,247,950
09/30/2025	221,750	313,450	629,825	1,251,575
09/30/2026	223,500	315,200	628,200	1,248,575
09/30/2027	224,750	316,450	625,825	1,248,950
09/30/2028	220,625	317,200	627,575	1,247,575
09/30/2029	221,125	317,450	628,325	1,249,325
09/30/2030	221,125	317,200	628,075	1,249,075
09/30/2031	225,500	316,450	626,825	1,246,825
09/30/2032		316,350	626,850	1,247,100
09/30/2033		316,950	628,250	1,250,100
09/30/2034		317,150	628,850	1,251,500
09/30/2035		316,950	628,650	1,251,300
09/30/2036		312,775	625,400	1,249,900
09/30/2037		314,675	629,200	1,247,650
09/30/2038		316,275	627,475	1,249,425
09/30/2039		312,650	625,300	1,250,150
09/30/2040		313,800	627,600	1,249,825
09/30/2041		314,650	629,300	1,248,450
Total	$ 2,219,833	$ 6,312,317	$ 12,548,717	$ 24,982,617

Mr. Carruth explained that most municipalities keep 90-days fund balance in reserve. Because Rockport is a coastal community and subject to hurricanes, the city made a conscious decision years ago to keep 180-days of reserve fund balance, which really saved us following Hurricane Harvey until the Insurance and FEMA funds started being deposited. The slide below indicates how far above or (below) the 180-day policy goal we estimate for September 30, 2021.

Fund Balance Summary

Fund Balance Summary - 9/30/2020

Fund	Beginning Fund Balance 10/1/2020	Estimated FY 2020-2021 Revenue	Estimated FY 2020-2021 Expenditures	Estimated FY21 Ending Fund Balance	Days of Working Fund Balance	Above/ (Below) Policy Goal
General (w/out CDL)	$ 3,936,189	$ 11,192,862	$ 11,464,676	$ 3,664,375	117	(63)
Utility (w/out CDL)	$ 4,278,878	$ 11,556,500	$ 11,555,037	$ 4,280,341	135	(45)
Natural Gas (w/out CDL)	$ (574,785)	$ 2,353,940	$ 2,290,950	$ (511,795)	-82	(262)
Aquatic Center	$ (179,581)	$ 355,117	$ 441,762	$ (266,226)	-220	(400)
HOT	$ 1,027,645	$ 1,070,000	$ 914,350	$ 1,183,295	472	107

Revised 07/31/21

Projected Fund Balance Summary - 9/30/21

Fund	Estimated Beginning Balance 10/1/2021	Estimated FY 2021-2022 Revenue	Estimated FY 2021-2022 Expenditures	Estimated FY22 Ending Fund Balance	Days of Working Fund Balance	Above/ (Below) Policy Goal
General (w/out CDL)	$ 3,664,375	$ 11,984,252	$ 13,132,932	$ 2,515,695	70	(110)
General (with CDL)	$ 3,664,375	$ 13,132,932	$ 13,132,932	$ 3,664,375	102	(78)
Debt Service	$ 1,039,517	$ 3,253,587	$ 3,253,587	$ 1,039,517	117	(63)
Utility (w/out CDL)	$ 4,280,341	$ 12,215,600	$ 12,215,598	$ 4,280,343	128	(52)
Utility (with CDL)	$ 4,280,341	$ 12,215,600	$ 12,215,598	$ 4,280,343	128	(52)
Natural Gas (w/out CDL)	$ (511,795)	$ 2,526,910	$ 2,656,214	$ (641,099)	-88	(268)
Natural Gas (with CDL)	$ -	$ 2,656,214	$ 2,656,214	$ -	0	(180)
Aquatic Center (w/out CDL)	$ (266,226)	$ 355,600	$ 471,432	$ (382,058)	-296	(476)
Aquatic Center (with CDL)	$ -	$ 471,432	$ 471,432	$ -	0	(180)
HOT	$ 1,183,295	$ 1,070,000	$ 1,589,456	$ 663,839	152	(213)

City of Rockport

Revised 07/31/21

Mayor Rios recessed the Workshop at 1:50 p.m. for a short break

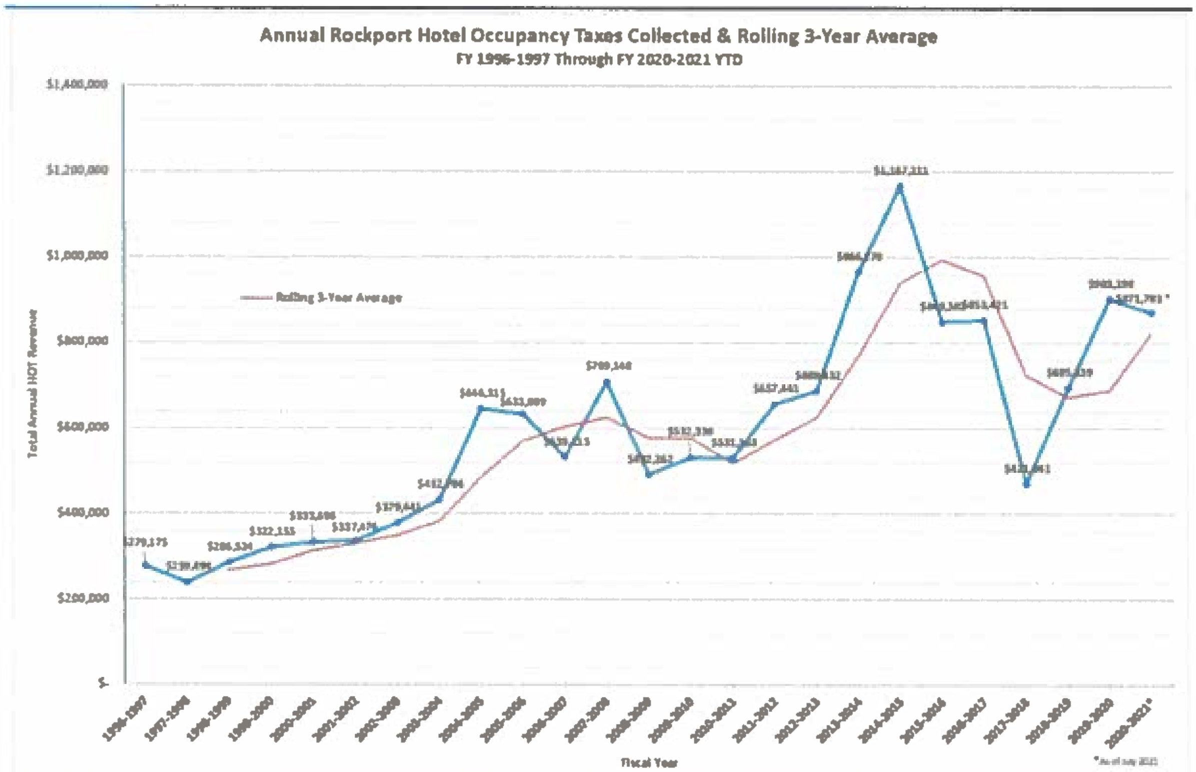
Mayor Rios reconvened the Workshop at 2:10 p.m.

All requests for FY 21/22 HOT Funds were received and provided to each Council Member in advance to offer their suggested funding levels. The next slide shows those results. The additional two slides after that show the history of the annual HOT Fund revenues.

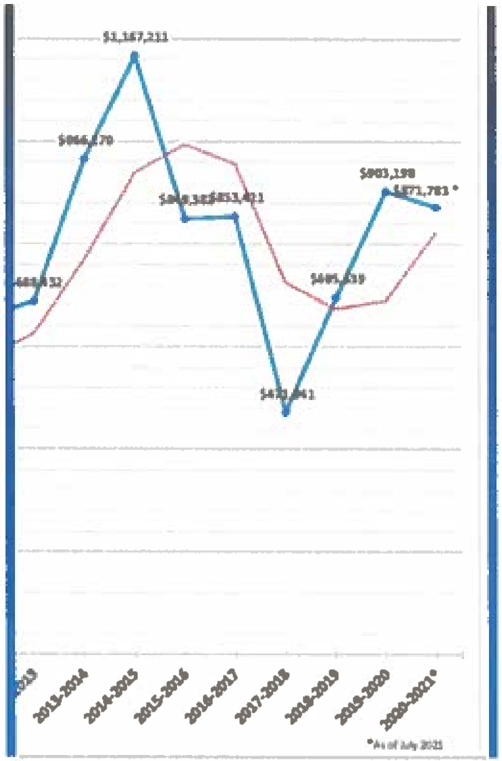
The last table inserted indicates the results of the Council's discussions and compromises for use of HOT Funds for FY 21/22. Items discussed were size of events, support information provided that meets the use of HOT Funds guidelines, future support needs, and other details about each event, business, or cause.

HOT Requests

27 -HOTEL OCCUPANCY TAX	ACTUAL 2019-2020	PROJECTED 2020-2021	REQUESTED BUDGET 2021-2022	Rios PROPOSED BUDGET 2021-2022	Jackson PROPOSED BUDGET 2021-2022	Villa PROPOSED BUDGET 2021-2022	Brundrett PROPOSED BUDGET 2021-2022	Hattman PROPOSED BUDGET 2021-2022
BEGINNING FUND BALANCE	757,916	1,027,645	1,183,295	1,183,295	1,183,295	1,183,295	1,183,295	1,183,295
6602095 SHORELINE STABILIZATION		20,000	20,000	20,000	20,000	20,000	0	20,000
6602097 ROCKPORT CULTURAL ARTS DISTRICT	54,906	35,000	74,200	40,000	41,700	65,000	45,000	55,000
6607045 TRANSFER TO FLEET/VEHICLE MAINT	21	0	0	0	0	0	0	0
6602003 UTMSI-BAY EDUCATION CENTER	15,000	15,000	15,000	15,000	15,000	15,000	5,000	15,000
6602008 ROCKPORT-FULTON TOUR OF HOMES	2,796	0	0	0	0	0	0	0
6602099 RCA GRANT ADMINISTRATION	0	130,000	130,000	130,000	130,000	130,000	75,000	130,000
66020XX LABOR DAY MUSIC FEST	0	0	15,000	10,000	0	0	5,000	15,000
66020XX ROCKPORT LITTLE THEATRE	0	0	105,000	0	69,000	0	75,000	50,000
66020XX ROCKPORTFULTON.COM	0	0	100,000	0	25,000	0	30,000	0
66020XX ARANSAS COUNTY NAVIGATION DISTRICT	0	0	125,000	0	200,000	0	75,000	60,000
CATEGORY TOTAL	715,282	835,200	1,506,200	1,002,200	1,326,200	1,057,700	1,071,000	1,070,750
DEPARTMENT TOTALS	758,622	884,350	1,559,456	1,055,456	1,382,456	1,110,956	1,124,256	1,124,006
90-OTHER USES OF FUNDS								
6999000 HOT DISPLAY & PARADE FLOAT	0	0	25,000	20,000	20,000	25,000	15,000	25,000
6999099 RESERVE FOR CONTINGENCY	0	30,000	30,000	19,544	15,000	30,000	30,000	30,000
CATEGORY TOTAL	0	30,000	55,000	39,544	35,000	55,000	45,000	55,000
DEPARTMENT TOTALS	4,675	30,000	55,000	39,544	35,000	55,000	45,000	55,000
TOTAL HOT FUND EXPENSES	763,297	914,350	1,614,456	1,095,000	1,417,456	1,165,956	1,169,256	1,179,006
REVENUES OVER (UNDER) EXPENDITURES	269,729	155,650	(519,456)	0	(322,456)	(70,956)	(74,256)	(84,006)
ENDING FUND BALANCE	1,027,645	1,183,295	663,839	1,183,295	860,839	1,112,339	1,109,039	1,099,289
FUND BALANCE REQUIREMENT (365 days operating costs)	763,297	914,350	1,587,431	1,587,431	1,587,431	1,587,431	1,587,431	1,587,431
Over (Under) Fund Balance Requirement	264,348	268,945	(923,592)	(404,136)	(726,592)	(475,092)	(478,392)	(488,142)
Days Over /Under Fund Balance Requirement	491	472	153	272	198	256	255	253



Zoomed slide:



27 -HOTEL OCCUPANY TAX	Budgeted	Requested Budget	Proposed Budget Allocations
20-CONTRACTS AND SERVICES	**2020-2021**	**2021-2022**	**2021-2022**
6602001 R-F CHAMBER OF COMMERCE-MARKETING	$330,000	$450,000	$360,000
6602002 TEXAS MARITIME MUSEUM	$70,000	$70,000	$65,000
6602009 FULTON MANSION	$22,500	$25,000	$22,500
6602040 RCA-ARTS, CULTURE, & HUMANITIES TOURISM	$125,000	$271,000	$250,000
6602043 AC COUNCIL ON AGING-BOUNTIFUL BOWL	$1,200	$1,200	$1,200
6602044 ROCKPORT YACHT CLUB-NAUTICAL FLEA MKT	$1,500	$1,800	$1,800
6602046 CONTRACTED SERVICES	$15,000	$25,000	$17,244
6602047 R-F CHAMBER OF COMMERCE-SEAFAIR	$1,250	$1,500	$1,500
6602048 R-F CHAMBER OF COMMERCE-HUMMERBIRD	$1,250	$1,500	$1,500
6602050 TROPICAL CHRISTMAS	$25,000	$35,000	$35,000
6602061 PUBLIC ART	$10,000	$10,000	$5,000
6602075 VISITOR TRANSPORTATION	$5,000	$5,000	$1,000
6602085 EVENT SUPPORT	$25,000	$25,000	$15,000

6602095 SHORELINE STABILIZATION	$20,000	$20,000	$20,000
6602097 ROCKPORT CULTURAL ARTS DISTRICT	$35,000	$74,200	$40,000
6602003 UTMSI-BAY EDUCATION CENTER	$15,000	$15,000	$15,000
6602099 RCA GRANT ADMINISTRATION	$130,000	$130,000	$130,000
66020XX LABOR DAY MUSIC FEST	$0	$15,000	$5,000
66020XX ROCKPORT LITTLE THEATRE	$0	$105,000	$0
66020XX ROCKPORTFULTON.COM	$0	$100,000	$0
66020XX ARANSAS COUNTY NAVIGATION DISTRICT	$0	$125,000	$0
CATEGORY TOTAL	$835,200	$1,506,200	$986,744

Mr. Carruth asked if there were any questions and encouraged the Council to bring any other questions or concerns to him for discussion.

3. Adjournment.

Mayor Rios adjourned the Workshop at 4:04 p.m.

APPROVED:

Patrick R. Rios, Mayor

CITY OF ROCKPORT
INCORPORATED
AUGUST 13, 1870
TEXAS

ATTEST:

Teresa Valdez, City Secretary