



**CITY OF LA MARQUE
CITY COUNCIL
SPECIAL MINUTES
of
AUGUST 9, 2022**

City Council Special Minutes of the City of La Marque Budget Workshop held on Tuesday, August 9, 2022, at 10:30 a.m. at 1109-B Bayou Road:

1. CALL MEETING TO ORDER

Mayor Bell called the meeting to order at 10:30am.

2. ROLL CALL

All councilmembers were physically present at 1109-B Bayou Road.

3. INVOCATION AND PLEDGE OF ALLEGIANCE

Invocation led by Mayor Pro Tem Compian and Councilmember Carlson led the Pledge.

4. CITIZENS PARTICIPATION

James Osteen (2012 Jeridona) spoke on a resolution that was posted and pre-dated prior to the actual vote taken from the dais. He requested that the clerical error be addressed by Council to the City Attorney and the City Clerk.

5. PRESENTATIONS

5.1. BrooksWatson & Co. annual Financial Audit report

Mike Brooks of BrooksWatson & Co. presented the annual Financial Audit Report to Council. He explained that this was an independent auditor report and shared that the City of La Marque elected to do an annual comprehensive financial report which is above the standard required by the state. Mr. Brooks gave a brief summary of the audit process. He provided several statistics showing the current state of financials within the city and stated that the city does not need a forensic audit at this time. He also presented a final letter requested by City Manager Garcia regarding the findings of their work, noting that there was a miscalculation in the property taxes by \$0.07, which would have brought the overall value of property taxes to \$0.62.

Mayor Bell along with the rest of council stated that if this error had been caught sooner, it may not have triggered a rollback and the overall property tax rate would have been raised. Council asked how this can be avoided in future years. Mr. Brooks explained that the property tax rates are set by the tax assessor's

office and the audit allowed his firm to catch the miscalculation. He suggested for the city to have a third party consult on the calculations to ensure that the property tax rate is correct for future years. Councilman Carlson stated that while he agreed that this is important, it will cost the city money to bring in additional contractors for this assessment.

Mr. Brooks also spoke of how the Finance department received a GFOA award for going above and beyond the standard required for the comprehensive audit. This means that the Finance department not only provided more information than required but also the information was correct. The council questioned why the city received an award if there was a miscalculation in the property taxes. Mr. Brooks clarified that the award is about the correctness of the information that was requested. This award is only given to approximately 30% of the companies represented by BrooksWatson & Co.

Mayor Pro Tem Compian requested an accurate 2022 worksheet along with the report. He stated that the city cannot afford the same software that SB2 utilizes but still wants accurate numbers. Mr. Brooks indicated that the Texas State Comptroller provides a copy of the worksheet on their website, which is available to the public, and was utilized during this audit.

Mayor Bell posed questions for Mr. Brooks so as to provide transparency to the public. The mayor pointed out that the City of La Marque spent less than the budget, with the council and city not doing any excessive spending, and the budget had 2 amendments over the year. Mr. Brooks confirmed that it is common to have budget amendments. Finance Director Suzy Kou stated that the amendments were due to 6 city officials leaving at one time, causing a major hit to the budget as this was beyond the control of the council and the amount of payout was substantial. Mayor Bell then expressed how 43% of our budget funds are unassigned, which is nearly triple the percentage recommended by the Government Financial Officers Association (GFOA) to which Mr. Brooks confirmed. Mayor Bell then discussed the grant funding used and procured in 2021 to which Mr. Brooks indicated that \$940,000 was received and the audit process did not find anything alarming.

Mayor Bell asked about debt service funds and whether there were any abnormalities in them. Mr. Brooks stated that there are no non-debt activities taking place in this fund and that no salaries are involved from the city's debt services fund.

Mayor Bell inquired about the utility fund and asked Mr. Brooks if he found any illegal or inappropriate activity. Mr. Brooks stated that the audit team found no illegal activity. The mayor then asked if having employee salaries in the utility fund is illegal, inappropriate, or unacceptable, as they are being paid for the functions that they do under the utility services. Mr. Brooks stated that it is ok to have employees under the utility fund because their work is related and this is both a common practice and encouraged.

Mayor Bell summarized the discussion, stating there was a mistake in the 2021 worksheet, no salaries are coming from the debt services fund, not all salaries are

tied to the utility fund but rather only to the individuals that are directly tied to utility functions. Mayor Bell's final question to Mr. Brooks was if he or his team were to find fraud, would they have to report it? Mr. Brooks stated that they would report it but at this time, there was nothing from the audit to report to the state as fraudulent practices.

6. NEW BUSINESS

Items presented to the Council for discussion and for Council to provide direction:

- 6.I. Resolution No. R-2022-0053
Accepting the financial audit of fiscal year 2021-2022

Mayor Pro Tem made a motion to adopt Resolution No. R-2022-0053 with an adjustment to the date of approval. Councilman McAuliffe seconded.

MOTION CARRIED UNANIMOUSLY.

- 6.II. Review And Discuss Proposed Fiscal Year 2022-2023 Departmental Budgets and all funds

Technology / Public Relations / Emergency Management / Facilities / Special Events

Systems Administrator Kyle Hunter, who oversees the Information Technology Department, the Office of Emergency Management, Public Relations, Facilities, and Special Events for the City of La Marque, presented his budget proposal for his respective departments. He led with the Information Technology (IT) budget, where he indicated that he now has a team of 4. This department has seen a major uptick in staff-driven help desk requests due to the reliance on technology, especially during COVID and new technology and software utilized. He also presented that the IT Department maintains 10 storage servers with approximately 165 terabytes of data, 67 cameras over 19 network devices, 145 laptops/desktops, and 90 mobile devices, including the Fire and Police Departments. He stated that there are nearly 600 devices on the city network daily, which are also monitored and maintained by his department.

Public Relations Specialist Joshua Pritchett gave a brief overview of the use of social media and other media outlets that are utilized daily. He brought attention to higher traffic on social media accounts along with the many different forms of media the city is consistently using to help with transparency, emergency management needs, and marketing of events. He explained how he and Mr. Hunter track multiple data points to see what and how the technology is being used to best satisfy the needs of the community.

Mr. Hunter stated that the Emergency Management Team consistently works to ensure the safety of the community. He shared that the City utilizes the PEG Funds to help with certain items, such as the mobile

command trailer, and there is potential for a PEG Studio inside the trailer in the event of an emergency so that the Mayor or other City Officials can broadcast updates.

Mr. Hunter also discussed the need for new public safety reporting software and the upcoming launch of the new city app for cell phone users. Joshua Pritchett, the Public Relations Specialist, also shared the importance of the new city app and the upgrades it would provide for reporting safety concerns, accessible links to the public information request software and also offer utility billing online payment opportunities. The app is being worked on but once it is ready for launch, it will provide a lot of new access points for the residents to contact the city for their different needs. Mr. Pritchett also indicated a need for website upgrades which he and Mr. Hunter are actively working on.

Council engaged in conversations about emergency management concerns questioning when the last disaster plan for the City was updated. Mr. Hunter explained that last year the active shooter plan was worked on in conjunction with the Texas City Independent School District. He also noted a complete plan was updated last year to cover other disasters that could arise.

The council also asked about the division's expenditures and revenue. Mr. Hunter clarified the need to purchase a trailer with a green screen, cameras, laptops, and other materials. He utilized the PEG fund to help with preparations for the PEG Studio that is being built in the mobile command trailer for emergency communications.

Mr. Hunter and Mr. Pritchett also discussed enhancing the communications department by bringing in college interns. This would allow for new ideas for an ever-evolving population and help with the types of media the citizens would like to see. Mr. Pritchett brought up the idea of cyclical media postings on social media platforms and continued physical mailouts and other physical forms of media on a quarterly or semi-annual basis for those who do not use social media. He felt that having college interns would allow for a more diverse opportunity to relay the media materials and bring in fresh perspectives.

Mr. Pritchett elaborated on the idea that the city should have a more proactive approach to relaying information to the public than reactive. He proposed a "Good Morning America" style program for La Marque on a weekly or monthly basis so that they can broadcast the different services provided in the City and give important updates on current and upcoming events. His plan for 2022 and the years forward is for consistent and compliant measures with media processes.

Jackie Pennington (924 Cypress) requested a better calendar system for public use. She noted that the Boards and Commissions host several events that are not well promoted and wants to see if there is a calendar system in place for better communication. Her concern was addressed by Mr.

Pritchett, who stated that they are working on a more detailed calendar, and once the app is ready for launch, the public will have better access to these event updates. The mayor noted that the city may be low-tech as of now, but needs to work on better communication both internally and publicly.

Finance Department

Finance Director Susie Kou presented on behalf of the Finance department. Director Kou requested a grants administrator role for the finance team. She noted that she has taken part of several grants which is very time-consuming, taking nearly 90% of her time and allowing less time to focus on the financial aspect of her role. She asked for council to consider the costs of having an in-house grant accountant versus outsourcing. Director Kou also noted that after researching other city governments and their financial teams, the department should have six people, including a designated person for handling grants. Upon deliberation, council determined that outsourcing is the best option at this time but would revisit in the future.

Director Kou also discussed her efforts in battling with FEMA to collect the funds from storms Yuri and Harvey to recoup approximately \$50,000. She also discussed the process to minimize costs across all departments but identified an inevitable rise in costs for windstorm insurance and workers' compensation due to new legislation.

Director Kou requested new finance software as the current system is antiquated and will go defunct within the next few years. She shared that the city can either use the same company with their new system or will need to open a bid opportunity. She anticipates the new software to cost between \$150,000 to \$200,000, but the City is truly in need of more reliable software. She recommended possibly using ARPA funding to help with this expense.

Council raised the issue of how the finance department's salaries are currently allocated, stating that some funds come from the Utility Fund, whereas others come from the General Fund. Director Kou stated that salaries are based on function, so the percentage of work on utilities is covered by the utility fund and the rest of the employee's salary is covered by the general fund.

Director Kou also showed a reduction in spending created by reducing travel and training costs due to utilizing virtual participation options. She also identified that each budget should reflect certain personnel certification training and audit fees. The appraisal fees for Galveston County are also generic fees that the city needs to account for in each budget cycle.

Councilman Carlson asked for clarification on janitorial services and maintenance line item in the amount of \$4,000 for the financial department alone. Director Kou noted that the current building needs

upgrades and these funds should help with getting the upgrades to the restrooms and breakroom area for both Finance and Public Works. The council requested that the city find a better balance for funding this line item.

Director Kou shared that the city had approximately \$3 million in COVID expenses between PPE and other supplies for the Fire and Police Departments. She also recognized \$1 million donated by the Economic Development Corporation to help small businesses with COVID relief.

Council and Director Kou also discussed the disaster fund and its current holdings. In past budget workshops, the Council elected to hold \$1 million in this particular fund to help with storm recoveries and other unforeseen disasters. Due to the current financial state of the City, the Council questioned whether to lower that amount as the City is still waiting on FEMA reimbursement that could be up to \$700,000. Director Kou stated that she is still working with FEMA to recover as much as possible, but it has been a struggle.

The council then summarized the discussion, stating that the Finance Department is requesting ARPA funds to cover new software; the department is asking for additional employees to have a total of 6, with one as a designated grant accountant or assistant director role; and lowering the disaster fund to \$600,000 from \$1 million. Council turned down the additional role in the department and recommended outsourcing all grant writing at this time.

Public Works

Public Works Director Rick Sailer presented information regarding the City's water rates and fixing the City's water problems. He explained that the city's operations could be broken down into two segments, water utility, and wastewater utility, and both operations need improvements. The city has applied for several grants to help with this project, and the amounts that it must match are designated in the budget. The first project plan includes the wastewater treatment plant expansion, the upgrades to the existing plant, and lift station upgrades. The second project is manhole rehab work and some sanitary sewer pipeline replacement. These projects are expected to cost \$49 million. These projects are estimated to take two to three years.

The council asked if the second project would only apply to residents with water accounts, and Director Sailer confirmed this request.

The council asked about the increase in the cost of water in the County. The council stated that the city has not kept up with this increase so as not to pass any additional costs to the citizens. Director Sailer stated that one cannot sell a product and lose money. He indicated that approximately 60% of water loss is currently happening in the city due to the need to replace approximately \$25 million worth of water lines.

The council questioned the level of repairs the city needs to complete for the water line project. Director Sailer stated that this can either do a patch job now, or the city will have to undertake a full reconstruction down to the base, which would mean tearing up and replacing streets after the water line is replaced. He shared that this type of project can be laid out separately where if the city did a full reconstruction, it can also put in storm sidewalks that would last 60 to 80 years compared to a shorter-term effect.

The council informed Director Sailer that a capital improvement plan (CIP) will be needed to get marching orders. The council also noted that the current water rate will need to be increased, and it debated whether to increase it to \$1 per year for five years or in a one-year boom.

Councilmember McAuliffe indicated she would like to see a current plan, a three-year plan, and a five-year plan on this to get a better idea of the overall numbers.

Council also questioned why such a high number of gallons are wasted every year. Director Sailer provided insight on the fact that 20-25% of the water loss is due to flushing out dead ends and sanitizing the sewer lines every month or so, which in turn is a few thousand gallons. This is required by the Texas Commission on Environmental Quality (TCEQ).

The council summarized the discussion and separated department functions between streets and parks.

6.III Items For The Good Of The Order

Mayor Pro Tem Compian thanked the Council and staff for their participation in this budget workshop. He noted the city's frustrations but wants to ensure compliance with legal responsibilities and obligations.

Councilmember McAuliffe also thanked the staff for overcoming the frustrations to make this budget workshop work. She stated that it can be terribly upsetting to have work interrupted, and she greatly appreciates the patience of the entire staff throughout this process.

Councilmember Yancy thanked the staff and all involved in the budget workshop. It is unfortunate that the staff must go back and prepare another budget booklet and remedy some of the issues presented.

Councilmember Carlson also thanked the staff and wants to ensure that the city gets things right.

Mayor Bell thanked the staff for their work. He understood that everyone makes mistakes, but they can correct them and move forward.

7. EXECUTIVE SESSION

The City Council for the City of La Marque, Texas reserves the right to adjourn into executive session at any time during this meeting to discuss any of the matters listed above, as authorized by the Texas Government Code Section 551.071 (Consultation with Attorney), 551.072 (Deliberations about Real Property), 551.073 (Deliberations about Gifts and Donations), 551.074 (Personnel Matters), 551.076 (Deliberations about Security

Devices), and 551.086 (Economic Development)

THERE WAS NO EXECUTIVE SESSION.

8. ACTIONS TAKEN FROM EXECUTIVE SESSION

9. ADJOURNMENT

Mayor Pro Tem Compian made a motion to adjourn the meeting. Councilman McAuliffe seconded. **MOTION CARRIED UNANIMOUSLY.**

***Meeting was adjourned at 7:03 p.m.*

Keith Bell
Mayor

Kierra K. Nance, TRMC
City Clerk