



Memo

To: Trent Epperson, City Manager
From: Rachel Wynslow, Budget Officer
CC: Ron Fraser, Deputy City Manager
Amy Buckert, Chief Financial Officer
Date: August 24, 2023
Re: Response to Questions from Budget Discussion #2

Executive Summary

Budget Discussion #2 took place on Monday, August 21, 2023. Included below are responses to questions asked about during or after that meeting. Responses are organized by fund.

Detail

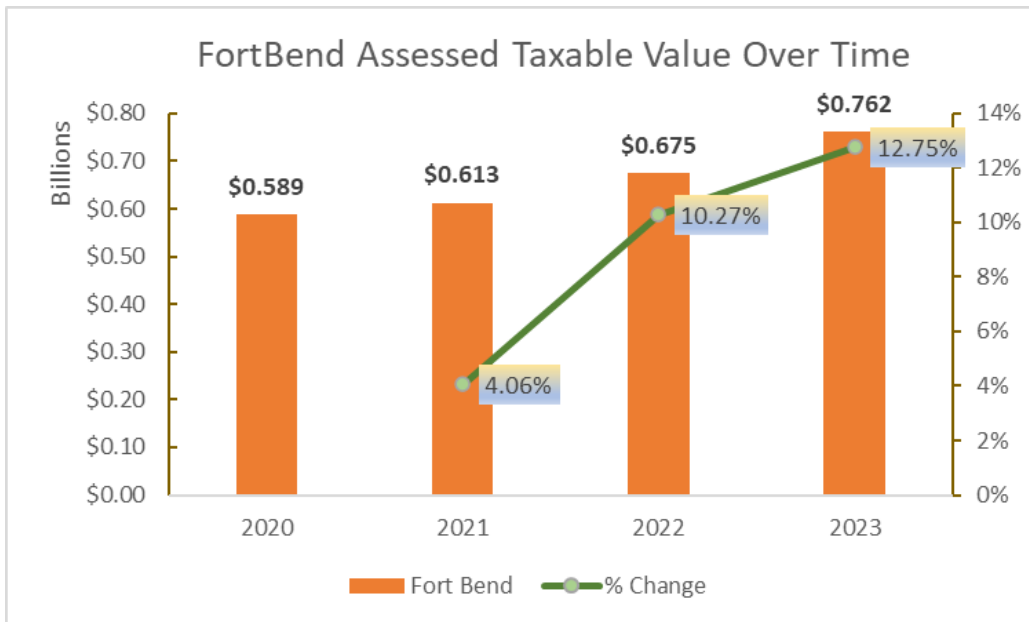
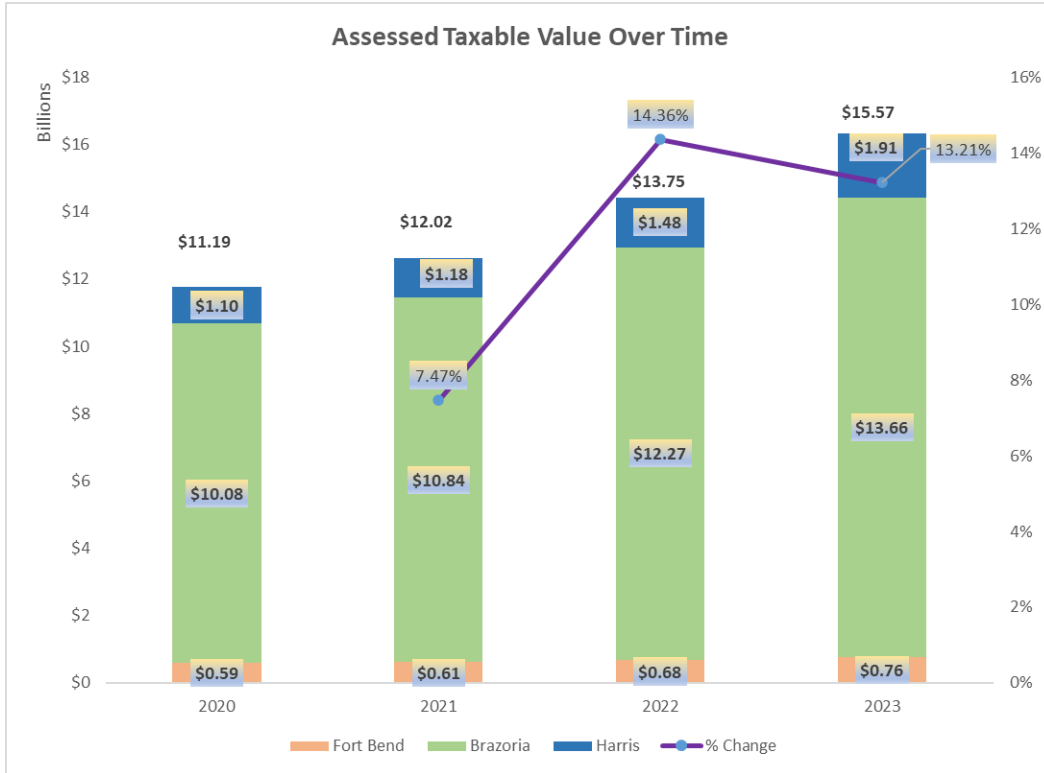
General Fund Questions

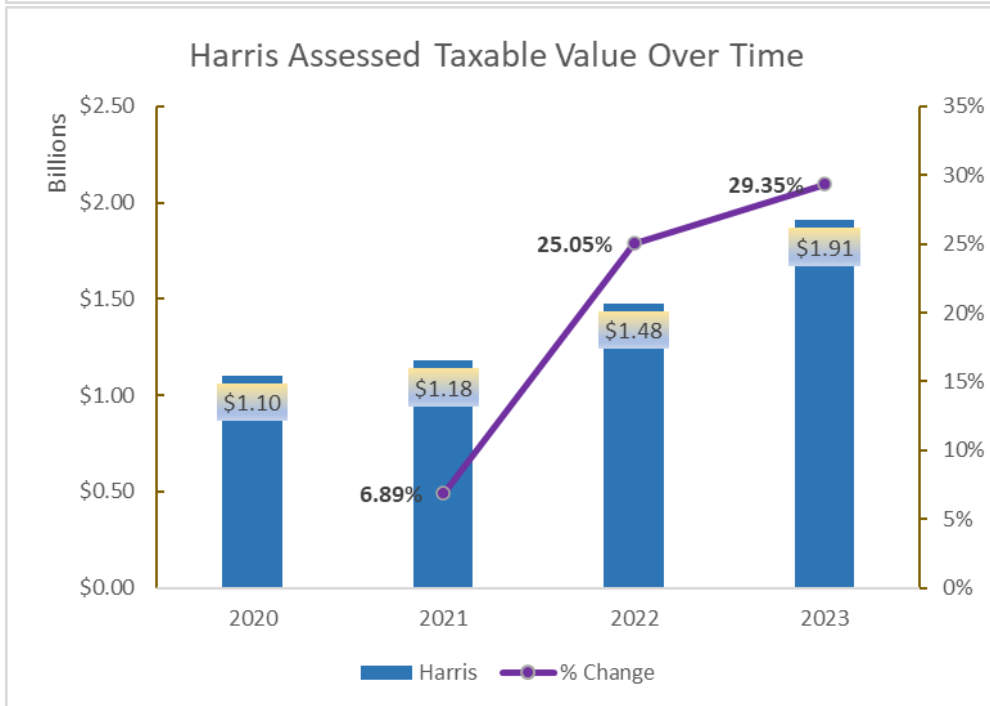
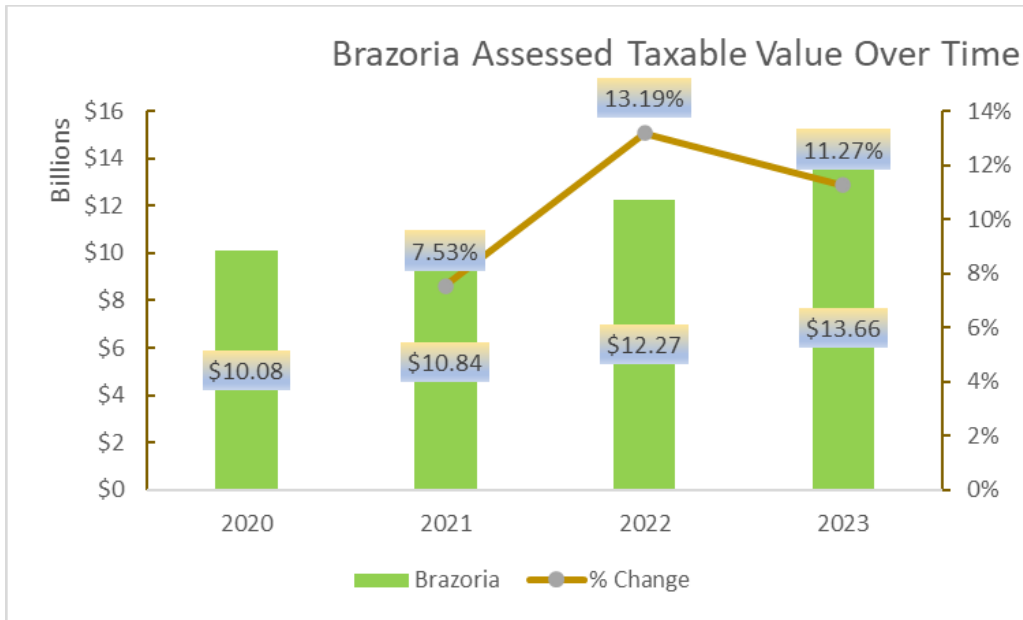
1. Assessed Taxable Value Over Time (3-5 years)?
- 2.

Fort Bend: 2020: \$588,637,981
 2021: \$612,559,343
 2022: \$675,496,431
 2023: \$761,624,999

Brazoria: 2020: \$10,084,519,523
 2021: \$10,844,091,665
 2022: \$12,274,531,241
 2023: \$13,658,026,403

Harris: 2020: \$1,104,112,054
 2021: \$1,180,138,876
 2022: \$1,475,783,871
 2023: \$1,908,915,156*





3. What % of property taxes is residential versus commercial? What is the breakdown between them?

Fort Bend: 88% of properties are residential (99.5% of value)
 3% of properties are commercial (0.003% of value)
 9% are other/ag (0.5% of value)

Brazoria: 78% of properties are residential (67% of value)
 13% of properties are commercial (32% of value)

9% are other/ag (1% of value)

Harris: unavailable until certified

4. For the Fire fee changes elaborate for each fee on the total number of inspections, the requirement, and the anticipated revenue to be generated by the fee.

Commercial Cooking- International Fire Code (IFC) 2018 904.14.1 Maintenance

Not less than semiannually, a 3rd party inspection shall be conducted by a certified fire suppression contractor having knowledge of and training in the installation, operation and maintenance of the specific fire-extinguishing system shall inspect, test, service and maintain such system in accordance with this section and the manufacturer's specifications and servicing manuals. The IFC directs the Fire Marshal's Office (FMO) to verify on an annual basis the specific fire suppression system work and certification by the 3rd party vendor was conducted and documented properly and timely to ensure fire safety is maintained for the establishment. The purpose of the FMO inspections is to make sure equipment and fire suppression systems are properly maintained and inspected to help protect businesses against costly cooking fires.

There are approximately 562 commercial cooking systems in the City of Pearland. These inspections are required annually per IFC 904.14.1 and would be paid for by the business owner. The approximate amount of time dedicated to each inspection is about an hour and the cost to the department is estimated to be \$150.00. The estimated revenue generated for annual inspections is \$84,300.

Combustible High Piled Storage- International Fire Code (IFC) 105.7.14

These fire inspections play a critical role in identifying potential hazards and ensuring that preventative measures are in place.

During inspections, Inspectors can identify issues such as overloaded racks, damaged sprinkler heads, or improperly stored materials that could increase the risk of a fire. By addressing these issues promptly, the risk of a fire can be significantly reduced.

This would be an annual installation permit fee. Due to the not having a current permit in place for these types of inspections there is no accurate documentation for total number, but it is estimated at 50 businesses in the City of Pearland. The cost would be paid for by the business owner. The permit fee is \$150.00, and the estimated revenue would be \$7,500.

Childcare Inspection- International Fire Code (IFC) 107.3 Inspections Required

Fire inspection fees are important for day cares because they ensure the safety of children and staff. Fire inspections evaluate the condition of the building, the presence of fire safety measures, and the overall compliance with fire codes and regulations. By paying these fees, day cares are investing in the protection of their most valuable assets - the children in their care.

This ensures that potential fire hazards are identified and resolved, reducing the risk of fire-related accidents and injuries. Furthermore, these inspections provide peace of mind to parents, knowing that their children are in a safe and regulated environment.

Today there are a total of 65 permitted childcare facilities in the City of Pearland and they would be required to pay this inspection fee annually. This cost would be paid for by the owner of the facility. The permit fee is \$100.00, and the estimated revenue would be \$6,500.

Tax Backed Debt Fund

1. Why can fund balance no longer be committed to lower the debt service tax rate?

This was a practice many cities used prior to SB2 that allowed us to set our own collection rate (usually consistent with the amount used in budget) in the tax worksheet and would frequently result in building up a small fund balance within the Debt Fund. SB2 revamped these calculations. We previously used what we could to buy down the debt service tax rate; however, SB2 eliminated cities' ability to build up reserves within Debt Fund fund balances, thus forcing lower debt rates and taking flexibility away from cities.

Special Revenue Fund Questions

1. What are the planned FY24 Tree Trust Fund expenditures?

This year the Tree Trust Fund will provide a variety of values for our community. Below are the expenditures staff has planned for FY24. All planned expenditures meet the intent of the fund.

- \$200k is scheduled to be used for tree planting. Staff is expecting to plant over 500 trees along City trails, parks, and within the ROW.
- \$80k is budgeted for the Centennial Interpretive Nature trail. This half-mile unpaved looped trail will include a trailhead and interpretive signage. The trail will cross through a pocket wetland, feature a 150ft boardwalk, and connect to Mary's Creek Relief ditch bridge.
- \$45k will go towards managing trees and overgrown vegetation in Old Town ROW. This project will reduce risk to the City by proactively removing trees and vegetation in the alleys of Old Town.
- \$25k of funds will be spent on yearly program activities. For example, tree giveaways, tree plantings, education and public outreach, volunteer opportunities, award programs, disease control, and inventoring our current canopy.
- \$10k will go towards a tree maintenance contract. These funds supplement the existing tree maintenance contract.
- \$2.5k is budgeted to continue offering the GeoTour. This program is supported by Tree Trust funds and CVB dollars. Hundreds of visitors participate yearly in this activity and learn about various tree species in our parks.

Enterprise Fund Questions

1. Why are the additional positions in Utilities-Administration needed?

To understand the decision to request 3 new Pearland Water positions, it is critical to understand the holistic approach used to assess the needs of the Pearland Water organization. Pearland Water was created as a

strategic alignment of Utility Delivery divisions from within Public Works. The 3 Prime divisions are **Water Production, Wastewater Treatment, and Distribution & Collection** that have transitioned from Public Works to Pearland Water. The 2 remaining divisions that make up the new Pearland Water Department - **Environmental Services** and **Surface Water Treatment** are by design to support one, two, or all the prime Divisions. An initial distribution of internal support staff was also aligned to Pearland Water.

Considering the 3 Prime divisions delivering Pearland Water's services, the **largest risks of concern include:**

Asset Reliability (Consulting Agreement with eventual Job Classification),

Significant value, both short and long term will be achieved by developing the new Asset Reliability Division. An Asset Reliability Manager charged with authority, responsibility, & accountability for CMMS, Maintenance, Asset Condition Monitoring, and deployment of resources will provide Pearland Water with necessary structure to provide a world class Asset Management System (AMS).

The initial staffing of the Asset Reliability Division will be made up of existing Pearland Water staff currently assigned maintenance activities within the diverse Divisions. This modification of alignment will ensure a uniform and consistent approach to the Asset Reliability process applied across Pearland Water. Moving timely yet at a reasonable pace will also allow for any "Rising Stars" to identify with the unique skillsets required of an effective Asset Reliability professional to lead this team.

Recommendation is to engage an Asset Reliability Consultant to establish an effective Asset Reliability Program while Mentoring current Staff in how to maintain its effectiveness going forward

Regulatory Compliance & Reporting (Added accountability within Environmental Services Division)

The complexity of regulations governing Pearland Water's products and services are best monitored and evaluated by designated staff focused on regulations and their application. These resources will also provide a second set of eyes for reviewing correspondence and reporting documents sent to regulatory agencies.

The C&R role(s) align well with Environmental Services Division and once the Assistant Director is selected, the bandwidth of the Environmental Services Superintendent will increase allowing this service, at least initially be performed with existing staff. Will need a "dotted line" relationship with Lab Techs in Water and Wastewater divisions. The addition of the Environmental Health and Safety Coordinator below will also support the C&R efforts.

Staff Safety (Added service from Environmental Services with addition of Environmental Health and Safety Coordinator),

To succeed, the Pearland Water team must be organized and shepherded by a dedicated EHS Coordinator. Among other duties, the coordinator working in partnership with Division Superintendents will:

- Focus efforts on Leading Indicators that reduce the likelihood of injuries.
- Evaluate safety policies, systems, procedures, and training governing Pearland Water.
- Prepare, review, and update procedural SOPs for routine tasks.
- Organize and facilitate regular meetings with team members representing each division.

Administrative Support,

Inventory, Budget, and Contract Management,

Numerous control errors have occurred with linkage tied to communication and accountability. The risks associated in these functions are covered in Administrative Support recommendations.

A well-defined support organization will enhance the level of service and even distribution of responsibilities amongst the support roles. Processes can be improved with the **addition of a Business Administrator** to focus on:

- Ensure tools, equipment, and supplies are monitored and tracked.
- Understand and monitor Division budgets within Pearland Water
- Coordinate Bids, Purchase Orders and manage Inventory in City Works
- Monitor Contracts for currency, values, burn rates, and balances.

The current utility aligned admin staff (AA, BA, EA, and new BA) will report to a **full time Management Assistant** (MA) dedicated to Pearland Water. For convenience, the Pearland Water MA can also support the two CSR positions staffing front desk at EPW. The Management Assistant will also serve as key support and point of coordination for Director and Assistant Director.

In Summary, the needs are many. We worked diligently to mitigate the cost impact by focusing on the risks that are within our sphere of influence... by reducing either the likelihood or consequence of failure. We are confident our focus on having an effective and efficient organization will return dividends in the short and long term.

2. How many water main breaks have occurred this year? Do we know the average age of the water lines that broke?
 - FY22- FY23 130 water main breaks have been repaired as of 8/23/2023
 - Average age of the water mains that have been repaired are 40+ years old