

Public Hearing

September 1, 2016

What We Will Cover

- Get to Know Your City
- How Did We Get to This Deficit?
- How Do We Get Out of This Year's Deficit?
- Plans For Capital Outlay

Get to Know Your City

- How I View Gladewater
 - Population: 6,300-6,500
 - Service Connections: ~2,800
 - Area: 12.5 Sq. Miles
 - Rural vs. Urban: Approximately 15% of the City is Classified as Rural
 - According to City-Data
 - Our Residents are Older with Less Income than the State Average
 - 14.6% over 65 years old vs. 10.3% Statewide
 - 26.5% of Population Under the Poverty Line vs. 17.2% Statewide

Get to Know Your City

- Unique Challenge
 - Very Spread Out City (12.5 Sq. Mi.)
 - Statistically Speaking We Are the 3rd Most Spread Out City in Our Population Group in the State {6,000-7,000 City Population}
 - Lago Vista and Lucas are More Spread Out
 - Lucas is Building Out in the Metroplex
 - Lago Vista is Similar to Us Because We are Along a Lake
 - Median Income is \$35,000 Higher
 - 16% More with High School Education
 - 26% More with Bachelor's Degree
 - In Short, We Are Very Unique, and Our Solutions Should Reflect Our Situation

Thanks for the Lesson, But What About This 9 Cent Tax Increase?

Property Value	Increase in City Taxation (Annualized)
\$50,000	\$45
\$100,000	\$90
\$150,000	\$135
\$200,000	\$180
\$250,000	\$225
\$300,000	\$270
\$350,000	\$315
\$400,000	\$360
\$450,000	\$405
\$500,000	\$450

How Did We Get to This Deficit?

- City Has Taken On New Services Without Raising Taxes
 - Library - \$79,000 per year
 - \$800,000 from 2007 - 2017
 - Ambulance Service - \$101,000
 - \$90,000 Service Contract with Champion and Loss of \$11,000 in Lease Revenue
 - \$505,000 from 2013 - 2017
 - Ball Park Complex - \$140,000
 - Added Bumblebee Park with Splash Pad
- City has budgeted 95% in-year compliance, but that bar is not always met
 - Total tax receipts often hover around 100% of levy, but with oil and gas economy as it is, a City cannot plan for that - City budgets 97% to include current, delinquent, penalties and interest

How Did We Get to This Deficit?

- Dwindling Value and Revenues
 - City lost \$4 million in value which accounts for a loss of \$21,000 in property tax
 - City lost 44% of mineral value revenues which accounts for \$26,000 in lost revenue
 - City is on pace to lose at least \$20,000 in sales taxes

How Did We Get to This Deficit?

- Operational Issues
 - City has an old fleet of vehicles and equipment
 - Higher maintenance costs
 - City does not have all equipment necessary to do jobs efficiently
 - Lost job productivity
 - Less Preventative Maintenance
 - More Service Calls, More Overtime
 - Less Effective Police and Fire Departments with Downed Equipment

How Did We Get to This Deficit?

- Rising Cost of Services
 - Cost to Construct Dam - \$137,000 (1951)
 - Cost in Today's Dollars - \$1,268,024
 - 825% cumulative rate of inflation
 - Increased Standards for Environmental and Public Health Regulations
 - Rules and Regulations are changing yearly
 - Costs of Non-Residential Construction Have Exploded
 - 983% cumulative rate of inflation since 1967
- Personnel Costs
 - Health Insurance, Worker's Comp Insurance Rising Faster than Inflation

How Did We Get to This Deficit?

- But Things Were So Much Better Back in the Golden Oldies Days!
 - Tax Rate Proposed - \$0.749999 per \$100
 - Would Generate \$2,162,000 (\$95% compliance)
 - Tax Rate (1956) - \$2.30 per \$100
 - Generated \$344,000 (95% compliance)
 - Inflation Adjusted - \$3,043,476
 - Debt Service
 - City Currently has Debt Service Rate Set at 14 cents
 - City in 1956 had a Debt Service of 78 cents
 - Valuation of City
 - 2016 - \$330,000,000
 - 1956 - \$415,494,000 (adjusted from \$46,962,000)

How Did We Get to This Deficit?

- But Things Were So Much Better Back in the Golden Oldies Days!
 - Debt Levels
 - 2016 - \$12 million
 - 1956 - \$2.7 million (equivalent to \$22,357,000 in today's dollars)
 - Debt Ratio for Gladewater
 - Debt to Revenues
 - 2016 - 1.9 to 1
 - 1956 - 5.3 to 1
 - Debt Service Payment Percentage
 - 2016- 14%
 - 1956- 33%
 - Reserve Levels (projected for end of fiscal year)
 - 2016 - \$1.1 million or Approximately 2 months
 - 1956 - \$6,166.59 (\$54,557.77 in today's value) or Approximately 4 days

How Did We Get to This Deficit?

- Cities Across the State and Nation Must Face Reality
 - We are not investing as much as our predecessors in infrastructure
 - America Grades Out with a D+ in Infrastructure by the Society of Civil Engineers
- We Must Be Willing to Invest in Our Infrastructure, Even If Other Cities Are Not

How Do We Get Out Of It This Year?

- City Instituted Structural and Short-Term Solutions
 - Short-Term Solutions
 - Freezing Employees' Cost of Living Adjustment
 - Accelerated Payments on Strategic Infrastructure with GEDCO
 - Cutting Down Budgeted Expenditures
 - Structural Changes
 - Downsizing Staff
 - Request for Tax Increase
 - Revamp Procurement Processes

Nine Cent Increase Impact

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Are We Out of This Storm?

- The City Must Continue Restructuring for Several Years
- We Must Look at All Services We Provide and Work on Our Service Levels
- We Must Invest in Equipment and Vehicles to Drop Maintenance Costs
 - Better Maintenance Records
- Need to Secure Annual Funding for Street Repair

Capital Outlay

- Our Budget Does Not Include Capital Outlay That Would Cost the City
- City Needs Patrol Vehicles, Maintainer, Sewer Level and Camera, Mini-Excavator
- City Needs to Invest in Infrastructure

Capital Outlay

- General Fund
 - Look at options for a used maintainer
 - Purchase at least one police vehicle
 - Try to access Recycled Asphalt Pavement (RAP) for parking lots and low traffic roads
 - Work with GEDCO on future infrastructure projects including seal coating streets
 - Seal Coat with consortium of cities
 - Would like to allocate at least \$50,000 to tear down abandoned buildings
 - Would like to allocate approximately \$28,000 to contract mow the cemetery
 - Free up labor to work on water and sewer lines and parks in town

Capital Outlay

- Enterprise Fund
 - Will need to purchase at least one pickup truck
 - Purchase a laser level and sewer camera
 - Rent a trencher and look into purchasing a mini-excavator or bobcat with excavator arm and other useful attachments
 - Highlighted 9,160 LF of problematic water and sewer lines to be replaced in house this year
 - Add 6 fire hydrants
 - Help ISO rating, and lower property insurance
 - Repair 2 manholes in preparation of further line replacements in FY 17-18 near Tenery and Canfield
 - These lines constitute approximately 42 service calls per year
 - Pursue CDBG grant to replace over 3,000 LF of water lines south of downtown
 - Will help with chlorine residual issues
 - Loop in water line at George Ritchey

Capital Outlay

- Enterprise Fund
 - Larger Projects
 - Water Project to rehabilitate Water Intake Structure, One or Both Water Towers and Place Safety Features in Water Treatment Plant
 - \$1.4 million project
 - Updated Information - 22 year loan at 0.80% interest
 - Amounts to \$2.25 per water customer per month
 - Would aid plant operators greatly on staying within TCEQ compliance
 - Water towers should be rehabbed about every 10 years
 - One was rehabbed in the mid-1990's, the other we have no idea

Capital Outlay

- Enterprise Fund
 - Larger Projects
 - Wastewater Treatment Plant and Sewer Improvements
 - We are looking at approximately \$3-4 million in improvements depending on which projects Council takes on
 - Includes: WWTP, Lift Station Electrical Rehabilitation, Major Line Replacement
 - We could craft a project scope that can do most of the work for \$3.0 million
 - Would amount to approximately \$5.00 per sewer customer per month
 - WWTP is going to be a necessity

Capital Outlay

- Outlay Timeline (From Oct. 1)
 - 6 months (By April 1, 2017)
 - At least five abandoned buildings torn down
 - Have site visit with National Guard on Operation Crackdown
 - Begin installation of water and sewer lines (goal will be to have completed 50% by February-mowing slows down)
 - George Ritchey project will be contracted and will be done by April 1
 - Apply for and receive funding for Water System Upgrades
 - Receive invitation to apply for WWTP upgrades
 - Apply for CDBG Grant for water line replacements in February

Capital Outlay

- Outlay Timeline (From Oct. 1)
 - One Year (By Oct. 1, 2017)
 - Tear down at least five more buildings
 - Coordinate Operation Crackdown if accepted by National Guard
 - Additional 20 buildings would be torn down
 - Apply for and receive funding for WWTP upgrades
 - Work with GEDCO on Smoke Testing major lines in town
 - Completion of Water Treatment Plant upgrades
 - Complete installation of 9,160 LF of in-house lines
 - Complete installation of 1,200 LF at George Ritchey
 - If awarded, construction on CDBG water lines would begin
 - Targeting 3,300 LF to be included with road repair
 - Repair and Seal Coat ½ mile of street
 - Reclaim red brick street and repair on Center St.

Capital Outlay

- Outlay Timeline (From Oct. 1)
 - In-House Water Lines to be replaced located on:
 - Sheppard
 - W. Sheppard
 - Ridge
 - Jordan
 - N. Shell
 - CDBG Grant Water Lines sought to be replaced on:
 - Mill
 - Miller
 - White
 - Clinton

Capital Outlay

- Outlay Timeline (From Oct. 1)
 - 18 months (April 1, 2018)
 - Complete WWTP upgrades
 - Tear down 5 more buildings
 - Have highlighted and begun in-house water and sewer line repairs (target of 5,000 LF by April 1, 2018 for FY 2017-18)
 - Highlight water and sewer lines in worst condition that must be contracted out
 - Develop PAYGO (Pay As You GO) plan to pay for the worst as highlighted by Public Works
 - May purchase all materials and contract labor only
 - Must contract some lines because they are over 20 ft. deep in the ground or require expensive specialized equipment (hot tapping large water lines)

Capital Outlay

- Outlay Timeline (From Oct. 1)
 - 24 months (Oct. 1, 2018)
 - Tear down 5 more buildings
 - Install at least 4,000 more LF of water and sewer lines
 - Work on looping the system for better pressure and chlorine residuals
 - Try to limit I&I in our remote areas (infiltration and inflow)
 - May need to be contracted out due to location, complexity and pipe size
 - Developed through smoke test results
 - Develop Funding and Planning to Address Future Growth Bottlenecks
 - Enlarge sewer and water lines around loop

Added Cost to Taxpayers from 9 Cent Increase

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