**JACKSONVILLE CITY COUNCIL MEETING**
**THURSDAY, DECEMBER 5, 2024**
**JACKSONVILLE CITY HALL EXECUTIVE CONFERENCE ROOM**
**315 S. RAGSDALE**
**12:00 PM**

**Executive Session**

**Meeting Items**

**CALL TO ORDER**

**Mayor Gorham called the meeting to order at 12:00 p.m. At the time of the call to order, the body had a quorum (Mayor Randy Gorham, Mayor Pro-Tem Tim McCrae, Councilman Rob Gowin, Councilman Letitia Horace and Councilman Mindy Gellock, present)**

**INVOCATION**

**Invocation was performed by Mayor Randy Gorham**

**CITIZEN PARTICIPATION**

**No citizen participation**

**PRESENTATION OF THE FY25 UTILITY RATE STUDY BY NEWGEN STRATEGIES & SOLUTIONS**

**The NewGen Stragies & Solutions representative, Chris Ekrut, gave a Water and Wastewater Rate Update to the City Council stating the following:**

**A water and sewer utility is a business-type activity of government and tracked in what is known as an enterprise or proprietary fund.**
**For a utility business to be successful, it must ensure it meets three key business principles:**
**(1)Revenues must match or exceed expenditures – this is critical to ensuring the utility can pay its financial obligations.**
**(2)We must plan for a rainy day by ensuring the sufficiency of available reserves. When it rains, or in times of extended drought, customer usage falls and can impact the utility's revenue stream. Conversely, a utility's cost structure is primarily fixed in nature, regardless of customer use. If the utility is incurring cost without matching revenues to pay the cost, then it can harm the utility's financial integrity and stability. Failure to have sufficient reserves can jeopardize the utility's ability to keep the business running when customer usage is reduced.**
**(3)The utility must reinvest in its infrastructure. A utility has pipes, plants, pumps – all of these items are expensive and all of these items break down overtime. The utility must plan for and reinvest its system to ensure continuous and adequate service.**

**Overall, the utility is in solid financial shape, but we recommend the City remain on and act in accordance with the rate plan previously presented to Council. Without consideration of the utility's future O&M and capital needs, overall the utility's needed revenue is consistent with NewGen's historical projections. That being said, the utility's budgeted O&M was significantly decreased in FY 2025 to account for an increase to cash capital investment. This shifting concerns the Project Team, as this can reduce the long-term success of the utility if there are unneeded deferrals to on-going maintenance items. We strongly recommend that the utility carefully budget for its financial needs and adequately fund its operations.**

**Recent weather conditions have resulted in a reduction in customer consumption during the critical summer period. This has resulted in a reduction in the utility's overall revenue. However, when engaging in rate planning, the City should assume "normal" weather conditions – this will ensure that overtime, the utility will meet its revenue needs. In some years the utility may be ahead of its needs, in other years it may be behind – but overtime the utility should break even. This also points to the need for adequate reserves to sustain financial stability during periods of abnormal precipitation and weather conditions.**

**The utility continues to fund a robust capital program. This is critical to ensuring the utility can meet the demands of the citizenry and maintain compliant with regulatory requirements.**

**The Project Team anticipates that future debt issuance will be needed to fund some of the utility's capital projects. Debt is an important tool for a utility. The use of debt allows a utility to pay for assets over time and align repayment for those assets with the ratepayers who are receiving service from the asset. This is referred to as intergenerational equity – and it is a key tenet of appropriate just and reasonable ratemaking. While the use of debt does result in long-term financing cost, the equity achieved in customer charges supports this additional cost.**

**Overall, the water utility is in good financial position; however, existing rates will not be sufficient in the long-term to meet the water utility's needs and ensure appropriate repayment of debt service. The Project Team recommends the City remain on track with the currently recommended rate plan, and is making no changes to our overall recommendations year over year. We will continue to work with the City to monitor the performance of the plan.**

**The Project Team was asked to review overall revenue performance for the water utility as compared with the City's wholesale customers. At present, the City's wholesale customers comprise 29% of the overall use of the water system, but comprise 19% of the overall revenue stream. This is a logical break-down of revenue given that the City's wholesale customers do not utilize the City's water distribution system – which is the smaller mains and lines used to deliver service to the City's retail customer group. While the Project Team has not performed a detailed cost of service study, the current generation of revenue appears logical in light of the level of service being provided. That being said, the City should monitor the contractual commitments made to the wholesale customer group and ensure that rates charged to these customers are reflective of the City's cost of providing service.**

**The Project Team recommends that the City take action on rates for implementation in January of next year, and would strongly recommend consideration of the currently rate plan.**

**PRESENTATION OF QUARTERLY POLICE REPORT**

**Overall crime is down -14.80 percent.**

**REVIEW AND DISCUSS THE AGENDA FOR REGULAR COUNCIL MEETING 10TH DAY OF DECEMBER 2024 (SEE ATTACHED PROPOSED AGENDA) NO ACTION TO BE TAKEN – ITEMS MAY BE REMOVED OR ADDED TO THE PROPOSED AGENDA BY CITY COUNCIL, CITY MANAGER, CITY ATTORNEY OR CITY CLERK AS NEEDED ANY TIME BEFORE THE OFFICIAL POSTING OF MEETING AGENDA**

**The City Manager communicated to the City Council there will be two additional items added to the agenda.**
**1. Grant for the Fire Department.**
**2. A citizen commendation for his assistance to the police during an attack.**

**The City Manager moved to discuss the following items:**

**Item 9 Ambulance Fee Schedule - The City's third-party emergency billing vendor Emergicon recently analyzed current ambulance fees and recommended changes to staff. Staff supports implementation of Emergicon's fee recommendations. Ambulance fees were most recently updated in March 2022. As proposed, fees would be effective January 2025 and are expected to result in approximately $500,000 of additional revenue annually. Emergicon receives 7.8% of collected revenue.**

**Item 10 Stryker Proposal: FD Equipment - Currently, the department has 3 cardiac monitors purchased in 2015 and 1 purchased in 2016. These monitors have outlasted the 8-year expected service life. The current standard of care for pre-hospital treatment has surpassed the current monitors. The LifePak 35 cardiac monitor has capabilities including 15 lead EKG, uninterrupted CPR, and advanced level capnography monitoring. In addition, as new technology becomes available, upgrades can be made via uploads to the monitor hard drive which is not available with our current monitors.**

**Currently, the department has 2 Power Pro Cots purchased in 2009, 1 purchased in 2011, and 1 purchased in 2016, making all the units greater than seven years old with an**

**industry-expected service life of 7 years. The current cots have been discontinued and parts are becoming obsolete. FY 25 is the last year that they will be able to carry any warranty for repairs.**

**The department also currently utilizes 4 Power Load Systems with 2 being purchased in 2014, 1 in 2016, and 1 in 2018, making them all but 1 already being past the life expectancy of the recommended 7 years. These systems work in conjunction with the Power Pro Cots.**

**All the equipment mentioned has been addressed in the Fire Department's 5-year CIP, however, circumstances have come about with Stryker until the end of 2024 that would allow the City to purchase all the needed equipment at a no-interest purchase with a 5-year payment plan. This purchase plan would include warranties as well as service contracts until 2030.**
**Approve the purchase of 6 LifePak 35 cardiac monitors, 4 Stryker Power Pro 2 Cots, and 4 Stryker Power Load Systems. Total purchase price of $718,488.49 with payments beginning in FY25 of $143,697.70 per year for 5 years.**
**In purchasing the equipment at this time, the City will accumulate no interest on the purchase throughout the contract timeframe beginning in FY25 and ending in FY29. In addition to the estimation of $95,000 in interest and approximately $120,000 in savings over the next 5 years with the yearly price increases that will take place, the proposed contract includes a preventative maintenance contract for the duration of the agreement that will not have to be included in the yearly budget until FY30 that is currently approximately $20,000 per year.**

**Item 11 CDBG Grant Requirements. The City of Jacksonville, Texas, has been awarded TxCDBG funding through a TxCDBG grant from the Texas Department of Agriculture (TDA). In consideration for the receipt and acceptance of federal funding, the city must agree to comply with all federal rules and regulations including those rules and regulations governing citizen participation and civil rights protections.**

**This resolution adopts/reaffirms the following policies:**

**1. Citizen Participation Plan and Grievance Procedures (Form A1013);**
**2. Excessive Force Policy (Form A1003);**
**3. Fair Housing Policy (Form A1015).**
**4. Section 504 Policy and Grievance Procedures (Form A1004); and**
**5. Code of Conduct Policy (Form A1002).**

**Additionally, the resolution adopts/reaffirms the city's commitment to conduct a project-specific analysis and take all appropriate action necessary to comply with program requirements for the following:**

1. **Section 3 economic opportunity.**
2. **Limited English Proficiency.**

**Activity to Affirmatively Further Fair Housing Choice program.**

Item 12 ARPA - In 2021, Congress enacted the "American Rescue Plan Act of 2021" (ARPA), which became law to provide financial relief for local governments. Under Section 603, ARPA allocates funds to counties, cities, and non-entitlement units of local government for specific eligible expenses, as outlined in the "Final Rule" issued by the U.S. Department of Treasury. The City received a total of $3,678,203.79 in ARPA funding, distributed in two equal installments: $1,839,101.90 in 2021 and $1,839,101.89 in 2022.

Federal guidelines require the funds to be obligated by December 2024 and fully spent by December 2026. To date, the City Council has approved allocations of ARPA funding through resolutions passed in February 2022, March 2022, November 2022, February 2023, June 2023, and an amended resolution in August 2024.

While some projects have exceeded or come in under budget, a portion of the funds remains unallocated. All remaining funds must be obligated by December 31, 2024. To meet this deadline, staff recommends a final amendment to the previous ARPA funding allocations.

Item 14 concerning Fee Ordinance - Will be updated in one master fee ordinance adjusting the fees for Ambulance, Water and Wastewater, and Sanitation.

Item 15 Contract Award - Lincoln Park Splashpad - The bidder is Oasis and is on buyboard. The turnkey price is $175,000.

INCLUSIVE OF PROPOSAL ARE THE FOLLOWING.

- ALL FEATURES ABOVE AND BELOW GROUND 304L STAINLESS STEEL (color selection tbd by client/powder coat)
- TOTAL FEATURES 10 + 2 DRAINS
- MANIFOLD (STAINLESS STEEL)
- CONTROL PANEL OASIS
- TOTAL AREA/SIZE 1200 SQ FT WITH 2 COLOR SURFACE FINISH (STREET BOND)
- TOTAL INSTALLATION
- WE REQUIRE A PLACE FOR INSTALLATION OF MANIFOLD/CONTROL PANEL WITHIN 40 FT OF THE SPLASH PAD
- WE REQUIRE ELECTRICITY AND WATER MAIN WITHIN 50 FT ACCESS – minimum 2" pipe with 40 psi. Electrical is all low voltage.

**Item 16 Contract Award - Hazel Tilton Park Improvements- The bids were significantly higher than the budget. The City Manager stated that he was inclined to reject the bids based on the lower bidder identifying an error in his bid. It is his intent to look for an alternative solution.**
**Bid Opening – December 5, 2024**
**1.Riley Harris: $452,000**
**2.Smith Builders: $460,000**
**3.SCI Construction: $445,500**
**4.Hartbeat: $332,434**
**5.Watson Commercial: $441,400**
**FY25 Budget: $340,353**

**Item 17 Utility Revenue Enhancement Project**
**Objective:**
**•Improve utility revenue accuracy and ensure equitable billing for all customers.**
**Key Actions:**
**1.Comprehensive Account Audit:**
**Identification of unbilled or misbilled services.**
**Review of customer classifications and billing codes.**
**2.Field Investigations:**
**Verification of physical service connections and meters.**
**Documentation of discrepancies for corrective action.**
**3.Collaborative Approach:**
**Partnering with city staff for seamless integration.**
**Addressing customer concerns to build public trust.**
**4.Proprietary Analysis Techniques:**
**Use of advanced software and data analytics to identify revenue gaps.**
**Tailored solutions to Jacksonville's unique utility needs.**
**Key Benefits:**
**•Immediate and long-term revenue enhancement.**
**•No upfront costs—compensation tied to performance.**
**•Compensation is tied solely to the newly identified and collected revenue over a three-year term.**
**•Support for critical infrastructure improvements.**
**•Sustainable revenue growth without increasing rates.**
**Outcome Highlights:**
**•Enhanced ratepayer equity.**
**•Improved accountability for services delivered.**
**•Identification of additional revenue for discretionary use.**

**Item 18 & 19 Contract Award: Demolition Services at 1521 E. Rusk St.**
**Demolition: $95,046.54 (DEAA)**
**Asbestos Abatement: $82,933 (AQA)**
**Air Quality and Project Oversight: $18,500 (ERI)**

**State Fee: $3,300 (TDSHS)**
**Contingency: $3,200**
**Total: $202,979.54**
**Funds available for demo: $213,000**

**QUESTIONS, COMMENTS, DISCUSSION**

**ADJOURN**

**Adjourned at 1:53 pm**