

ROCKWALL CITY COUNCIL SPECIAL MEETING - BUDGET WORK SESSION

Monday, August 25, 2025 - 4:30 PM

City Hall Council Chambers - 385 S. Goliad St., Rockwall, TX 75087

I. Call Public Meeting to Order

Mayor McCallum called the public meeting to order at 4:30 p.m. Present were Mayor Tim McCallum, Mayor Pro Tem Mark Moeller and Councilmembers Sedric Thomas, Anna Campbell and Richard Henson. Also present were City Manager Mary Smith and Assistant City Manager Joey Boyd. Councilmember Dennis Lewis was absent from the meeting, and Councilmember Melba Jeffus joined the meeting at 4:33 p.m., as noted below.

II. Invocation and Pledge of Allegiance - Councilmember Thomas

Councilmember Thomas delivered the invocation and led the Pledge of Allegiance.

III. Open Forum

Mayor McCallum explained how Open Forum is conducted, asking if anyone would like to come forth and speak at this time. There being no one indicating such, he then closed Open Forum.

IV. Work Session

1. Hold work session to discuss and consider the proposed City of Rockwall budget for the upcoming 2026 fiscal year

Councilmember Jeffus joined the meeting at the start of this agenda item.

Mayor McCallum asked City Manager, Mary Smith and department directors to brief the Council on the high points of the proposed budget.

Mrs. Smith reminded Council that City Council has successfully lowered the tax rate each year for a dozen years now. As she stated last year at this time, she does not believe the city can responsibly go any lower and continue to conduct the business of the city. She indicated that the city has had good revenue growth (over what was expected), especially on the new construction side of things. She went on to explain that the budget she is proposing is based on a property tax rate of 25.75 cents per one hundred dollars of assessed value, which is an increase of a bit over a penny. She again mentioned that, although the city has consistently lowered the tax rate over the course of last dozen years, she does not believe the city can responsibly go any lower while at the same time continuing to carry on the business of the city, explaining we have over 350 employees who get paid out of these dollars, and we have things such as streets, parks, vehicles and insurance expenses as well – all things that go into running the business of a city. She shared that we have reached a point in time when we really should not and cannot continue to lower the tax rate while still conducting the business our citizens expect of us.

She shared that the CAD (Central Appraisal District) calculates the average single family homestead for next year at \$472,950, which is a 9.79% increase over the average from last year. With the property tax rate of .2575 that the city manager has proposed, then single family residents (with that average

home value) would pay \$1,217 in city taxes for police, fire, streets, parks, and everything else the city does. That would be an increase of \$151 over what they pay right now, which equates to \$13 more a month. She went on to explain that, this evening, the Council will not be adopting the actual tax rate tonight, but – rather – Council will need to instruct the city manager on what tax rate, at most, to advertise as “PROPOSED” so that that rate may be advertised in the newspaper. She explained that the most that could possibly be proposed as far as the voter approval rate is concerned means that the average tax bill would go up to \$1,259, which would equate to an increase of \$193 or \$16 per month, on average.

She went on to explain the projected total revenues for the city’s General Fund, which is where most of the city’s expenses are taken from. The revenues are projected at \$58.5 million, which is a 3.9% increase over the prior year’s budget. It’s been a good year for sales tax growth. So, Mrs. Smith explained that she has stepped out there on the limb and has prepared the budget proposal with another 6% projected increase in sales tax. She explained that the upcoming IKEA and HEB stores will increase sales tax to some extent; however, trying to predict which parts of HEB sales will be on the grocery side (non-taxable) versus the other side of their business is essentially a bit challenging.

Regarding other revenues, Mrs. Smith explained that we have seen great increases on the construction-related side of things (i.e. building permits, inspection fees, planning, zoning fees, etc.). On the other hand, franchise fees, which would be, for instance, from the electric company, telephone, cable, garbage, and gas, and most all of those are decreasing pretty significantly each year. She shared that garbage related revenues will slightly increase as the rate increases, and we do also get things like beverage taxes, court fines and fees, the SAFER Grant (fire personnel, which will go for another 1.5 years), and then additional fees we collect from other entities (i.e. school resource officers with the school district).

Mrs. Smith went on to explain that one of the biggest factors that impacts the budget is salaries, explaining that the HR Department conducts market surveys with other, comparable market cities in order to look at what other cities are paying various staff positions in the various departments. HR also asks what the other market cities will be proposing for the upcoming fiscal year. She went on to explain that once that information is gathered, she then tries to come up with numbers related to employee salaries that will address what we can best afford while also meeting the needs of our employees. She pointed out that page 4 of her memo, what she is proposing, including market adjustments are listed out. Last year, our police officers got a significant 9.8% salary increase. So she is currently only proposing a 2% increase since, at this point, they really are right at market. As far as the other ranks go in police, Mrs. Smith indicated she is proposing 5% across each of those. Regarding Fire, which is significantly lower than market, she is proposing 5% across each of their various ranks. Then, for the rest of the city employees who aren’t Police or Fire personnel, but who are dispatch or parks or streets or other employees, she is proposing a 2% market adjustment. This will be in addition to merit pay. She pointed out that 2/3 of current city employees are “topped out” in their pay, so those employees do not receive any merit increases. So it would really be about 1/3 of employees who would benefit from the merit adjustment. If an employee has been with the city for over five years, then the market raise would be the only raise that employee would get.

Mrs. Smith went on to explain that, throughout the proposed budget, there really aren’t any items that she ‘disapproved’ because she had made very clear to all the department directors to not propose anything new, including no new personnel / positions, because they would not get those things. So, all of the directors complied, even though (Police) Chief Fowler would have certainly requested additional positions (officers) if he could have, and so would other departments (not solely Police). Also, for example, Chief Fowler requested twelve new vehicles in the PD, but he only got nine funded.

She indicated that she knew, based on the projected revenues, that she would not get much further than the proposed raises.

She went on to explain that the city has things like auto, property, and other insurance coverages that are increasing. In fact, health insurance costs and claims have been so significant over the last twelve months that she will be asking Council to allow her to do transfers, both this year and next year, to try and get those back to zero. The city has seen a notable increase in health insurance claims, and the claims are not solely related to really serious ones, such as cancer. A lot of them have been related to claims such as knee and hip replacements, and things like that run up claims quite a bit. Also, there have been lots of newborn babies among our city employees.

She went on to share that, in accordance with our city's policy, we do maintain about 6.5 months of reserves, and she did not propose spending anything out of reserves. So this will allow us to keep those reserves for possible use on things such as Fire Station No. 1. She went on to share that the city will be closing out its Volunteer Fire Department ranks this year, ending the program by the end of this calendar year. It's a program that's served the city well for decades, but with all of the paid staff that have been added, it is time to retire the volunteer service program moving forward.

Mrs. Smith went on to share highlights of the Debt Services portion of the proposed budget. She explained that the 2025 tax rate is for next year, but it is based on the January 1, 2025 values. The assessed values across of all of our properties is just over \$10.8 billion, with senior citizen values at \$1.6 billion. So, within that \$10.8 billion is \$210 million of new assessed value / new improvements. The overall growth is 8% over last year, and of that, 2.1 is from new growth, and then the 5.9 is from the increasing value of the existing properties. Again, she indicated she is proposing a tax rate of .2575, although she explained that she could make a case for even more than that amount.

Mrs. Smith explained that the debt service rate is calculated to arrive at what it will take to pay the principal and interest on the outstanding bonds of the city. She explained she has calculated this with the thought in mind that the city would issue up to \$22 million of the voter-approved 2018 street reconstruction bonds. The city has had money in the bank for a while now, and now that the W. Boydston roadway reconstruction project has begun, that existing money has pretty much been exhausted. So it's now time to move forward with additional roadway projects since voters are expecting the city to do the things we have said we will do. She explained that it's important to keep the debt service ongoing and that there are a number of roadway projects that have been designed and are now sitting on the shelf, ready to go.

Mrs. Smith explained that her proposed operations rate is .158156, which adds up to that combined .2575. The city's "no new revenue" tax rate is .234687, reminding Council that this year's is .24745, which is about a penny less than the proposed rate. This is calculated by literally saying - with the new value on the ground, what tax rate would it take to generate the same amount of income - so that is how the "no new revenue tax rate" is arrived at.

The voter approval (tax) rate is .266367 cents, and that is the rate which allows the city to pick up the up to 3.5% increase in revenues for maintenance and operations. There is currently movement at the State legislature to perhaps consider lowering that to 2.5% or even to as low as 1%, potentially as early as this week (in its special session). So this is likely the last opportunity the city will see the 3.5% increase without having to go back to the voters.

If the City is able to issue the \$22 million, the roadways the city already has designed and ready to go to bid, which include – for example - Alta Vista, West, Carriage Trail, Aspen Court, Lakedale, South Lakeshore and Woodpark, as well as North Alamo, are all ready to go, and the city could go out to bid

very shortly if there were money in the bank. She went on to explain that North Lakeshore is in design from 66 to Masters. This stretch of roadway is currently terrible, so that should be ready to go to bid sometime next year if the city has the money in the bank to do so.

Mrs. Smith again indicated that her budget, as proposed, would represent a slight tax increase. She explained that, at some point tonight, Council will need to vote to tell her how much of a tax rate to publish. The notice will simply indicate that Council voted on the proposal, but she explained that Council will have an opportunity to continue looking at the rate. She emphasized that the needed vote will not be Council actually setting the (tax) rate. Rather, it will be setting a maximum POSSIBLE rate that will then be further discussed in September, including the holding of a public hearing where people can come on September 2nd to talk to Council about the proposed tax rate and about the proposed budget. Then, at the council meeting on September 15, Council will be asked to actually adopt the tax rate and the budget.

She went on to brief Council on a page in the budget proposal document that shows a historical chart of things such as assessed values over the last twenty years as well as the city's M&O (maintenance and operations) over the last twenty years. She shared that the city's debt service rate was dropping, but she is now proposing an increase in order to get money to (re)build more streets.

Mayor McCallum interjected, stating that – to him - the most idiotic move over the last seven or eight years was for the city council to have decided to go below the 'no new revenue' tax rate. He explained that when you're asking for no new revenue from the citizens, but then yet you drop below the "no new revenue" rate, it kind of screws all of us that are here today, including the citizens. He expressed he believes those were really short-sighted, bad decisions. And this current Council is now stuck with having to deal with it. He wanted to be sure the minutes reflect that it was an 'idiotic decision.'

Councilmember Thomas asked Mrs. Smith to elaborate and share some insight on what impact(s) the Texas Legislature decreasing the amount from 3.5% down to potentially only 1% would have on the city in the future. Mrs. Smith explained that, with each legislative cycle, this topic is often discussed. They often speak about the possibility of coming up with some sort of calculation that takes into account inflation plus population growth. She explained that we know inflation and population growth are likely to occur each year, and it takes more (money) to take care of more people. Instead of taking that into account, however, the State seems to just focus on how to lower and lower the rate. She pointed out that cities and counties are expected to continue to provide services (i.e. Police, Fire, Parks, jails, etc.) that the State does not provide. She is unsure where the State thinks that money is going to come from. But, she explained, what they are (potentially) saying is that a city can only go up the 1% or else it would have to then go obtain voter approval thru an election. And she has heard of discussions transpiring that would require that anywhere from 60 to 75% would have to vote "yes" in order for the tax rate to be passed. So, it is very possible it will become harder and harder for cities to conduct business.

The mayor provided some additional, brief comments pertaining to the "no new revenue rate" and how it was a selfish move on the part of previous Councils to have lowered the rate below that, indicating he thinks it's "appalling."

Councilmember Henson then sought and received clarification from City Manager Smith regarding the (tax) rate the Council will be voting on tonight. Mrs. Smith clarified that the rate Council will vote on tonight will be the PROPOSED rate that will get publicly advertised (for consideration); however, she explained the Council will then have an opportunity to consider a lower rate, if it so desires, during future discussions next month. The rate that will get voted on tonight and as advertised will be the highest possible rate that could be adopted by Council. Councilmember Henson indicated he believes

this is what Rockwall County Commissioners did last week – they voted to publish the highest rate possible, but then they may ultimately decide to adopt a lower rate.

Brief dialogue took place between Mayor McCallum and Mrs. Smith, with him asking when the city last went out for bid on interest and earnings related to debt service. Mrs. Smith shared that the city takes part in a government investment pool that earns a daily rate, and all the money is in that government investment pool.

Mrs. Smith went on to share details regarding a memo related to The Harbor, which she explained is in a TIF (tax increment financing) District that was established in the mid-2000's. The valuation of everything in the TIF and the raw land is \$266 million. The value that was on the ground when it was started was \$15 million. The difference there - the \$251 million - is called the "captured value." She explained that the property taxes on the "capture" becomes revenue that the city uses to pay the TIF debt. When the city issued that debt back in the mid-2000s, it was to pay for all of the public improvements that have been made there - i.e. the amphitheater, fountains, etc. She went on to explain how the city pledges the sales tax from businesses at The Harbor, which has grown significantly (up almost 22% for this year, which is impressive growth), to pay down the TIF-related debt. That debt is pretty close to being paid off at this point, and it should be paid off by 2029. She shared that she and the mayor have had some conversations about improvements needed at The Harbor – for example the boat docks – which may cost millions of dollars. General discussion ensued regarding various repairs and improvements needed at The Harbor, including the need for the City to make some decisions in the future regarding those matters, such as if and how best to fund them, perhaps by adding some debt to the TIF, as suggested by the mayor. The mayor expressed that The Harbor is a vital asset to our City. He stressed the importance of making needed repairs and improvements, explaining that revenue from the TIF could fund the repairs, maintenance and upkeep there instead of taking money out of the General Fund or burdening taxpayers to do so. Mrs. Smith shared that there is a triangular shaped piece of land the city has owned for a long time at The Harbor next to the big asphalt parking lot, but the city has never looked into adding that as a parking lot at the bottom of the hill. Councilmember Henson wonders if perhaps Hotel Motel Occupancy Tax funds could be utilized for repairs at The Harbor (i.e. boat docks). Mrs. Smith indicated that she is not entirely sure but believes that may be a stretch regarding use of those types of funds.

Mrs. Smith went on to explain the budgeted vs. 'amended budget' columns within the proposed budget document. She also shared details regarding various revenue sources, such as sales tax, franchise fees, beverage permit fees, building permit fees, etc. She mentioned that the State legislature recently removed our ability to charge permit fees for alcohol licensing, and staff has been evaluating this matter, including how it pertains to health inspections and related fees. Also, starting next year in July, the city will no longer be allowed to permit or inspect food trucks – the State is going to handle that with 16 state inspectors. Brief discussion took place related to recent legislation that also impacts inspections of daycare facilities. It was explained that the city attorney and staff are still researching how these new laws will impact the City. We may still inspect food-related portions of daycares as well as swimming pools at those facilities, and fire safety inspections will continue to take place. Mrs. Smith shared that staff may come to Council soon for consideration of increasing health inspection fees for restaurants, as those fees have not been modified in many years.

Mayor McCallum engaged staff about new neighborhoods currently being built in the city, wondering if the building-related revenues will increase. Mr. Widmer, Building Official, indicated that staff will continue to conservatively estimate, as it's a matter of getting those homes built and them then selling.

Mrs. Smith proceeded to walk Council through the high points associated with each of the individual departmental budgets.

Councilmember Henson asked Mrs. Smith for clarification regarding Fire Department staff-related salary increases over the course of the last five years. She generally explained that, although there have been increases in those salaries over the last five years, we are still behind. The mayor sought clarification regarding staff in the Police Department. Chief Fowler indicated that we are currently short four positions, and one additional staff member will retire soon. Last year, we were short 11 at this time, but – as Mrs. Smith indicated – bumping up the salaries really did help the city with police recruiting this past year. Chief Fowler shared that 10 are currently in training. He also briefly commented on overtime expenses, in part to explain that OT includes things like coverage when staff members are out for injuries in the line of duty, training attendance, special events coverage, etc. Mrs. Smith shared that she has recommended a funding increase in the PD's training budget, as supplies and things of that nature keep getting more expensive. Also, the PD requested 12 new vehicles, and she has recommended approval for the purchase of only 9 at this point. Chief Fowler explained that once a car is funded, it has been taking six months or more to actually get the vehicle. Then companies that equip the vehicle are taking six months or longer to order, receive and install equipment on the police vehicles. So, the city faces about 14-15 months lag time after a PD vehicle is ordered. Mrs. Smith clarified that, whereas a few years ago, it was taking upwards of two years to even obtain a vehicle, now obtaining the vehicle is happening more quickly, but getting the vehicles outfitted, equipped and on the road is taking a long time and is challenging.

Brief kudos were expressed to PD and to the city's PIO, Kate Sitzenstatter, for a recent "back to school" video reel that was pushed out to the public. Councilmember Campbell especially appreciates our police officers and how they build relationships with the community and with students. Mrs. Smith shared that one additional Community Services Officer is needed; however, that position remains unfilled.

Mrs. Smith continued with her briefing regarding the various departmental budgets, generally indicating that not a lot of new items or increases were included in her proposal. She then briefed Council on the Water/Sewer fund, in part indicating that the N. TX Municipal Water District is proposing a 7.5% increase in water rates with even more increases - up to 44% on the Sewer rates. Brief discussion took place regarding the dismantling and decommissioning of the Squabble Creek Wastewater Treatment Plant. Mrs. Smith explained some details regarding the various things that provide revenue to the Water/Sewer Fund as well as some of the transfers that go out of it and various things that get funded by it (including some salaries or portions of salaries). In the Parks Department budget Mrs. Smith explained, in part, that the Rec Development Fund will help pay for doing a Parks Master Plan, as the mayor previously requested, pertaining to Alma Williams Park and Klutts Farm Park.

Mrs. Smith went on to indicate that health insurance related claims this year are up almost 34%, and prescriptions are up 25%. So, she will be asking to transfer extra money out of reserves, both this year and next year. She also shared that the City will not provide "Safety Pay" (about \$300 per employee) due to larger than normal workers comp. claims.

Indication was given that the budget will not actually get approved by Council until its September 15 meeting.

Following Mrs. Smith's briefing and the associated dialogue regarding her proposed budget, Phil Wagner, President of the Rockwall Economic Development Corporation, came forth and addressed the Council regarding his organization's FY2026 budget proposal. He indicated that his budget proposal is

about an 8.5% decrease compared to last year, and that number will get larger due to a recent decision to switch the maintenance contractor at the Tech Park (about a \$90k / 32% savings). The mayor and Mr. Wagner exchanged dialogue regarding the taxable value that the REDC contributed last year as well as upcoming projects that are in the pipeline for the future (i.e. a data center project, that is hopefully a couple hundred million dollar project, but the REDC is not yet ready to announce details). Mr. Wagner explained how it's difficult to pinpoint when certain business deals will end up coming to fruition and actually start contributing to the tax base, as there are generally many variables, and the process is usually pretty long. The mayor asked Mr. Wagner what the REDC's goal was, with Mr. Wagner indicating that they hoped to contribute \$50 million in taxable value and they tripled that. The mayor indicated he does not believe it's fair to count IKEA. Mr. Wagner expressed that the EDC Board would likely disagree, as they did contribute a substantial amount to roadway construction associated with that project. Councilmember Thomas asked for more details as far as what has contributed to driving down the REDC's expenditures. Mr. Wagner shared that, in part, there was previously a lawsuit that resulted in a lot of litigation related expenses; however, that issue has been resolved. Also, a lot of consulting fees, including design related expenses, as well as infrastructure investments and improvements have also been completed. So those types of projects getting finished have resulted in projected expenditures declining.

Mayor McCallum expressed his own, personal opinion that, even though Mr. Wagner does a really good job and is a large asset (one of the most important positions within the city, he said), he does not believe that, with all of the various deals that fell through, the REDC really, truly met all of its goals and objectives over this past year. Dialogue ensued between the mayor and Mr. Wagner, with the mayor indicating that, for him, his top priority for the REDC is that it would acquire additional land and prepare for the future of the Tech Park. He expressed his disagreement with investing \$4 million into pad sites to be shovel ready at office building sites. Councilmember Thomas shared that he works for the DOD (Dept. of Defense), and in his line of work, money was spent to create pad sites to try and entice companies to come; however, after millions of dollars being spent in that regard, they have instead come to recognize it may be better to hold onto that money and instead offer companies incentives if they come. Mayor McCallum again expressed disagreement with spending money in that way, emphasizing again he believes land should be purchased and prepared in lieu of cash incentives. Mr. Wagner explained that the REDC Board's decision to shift its focus in this manner was not a decision that was arrived at lightly. He went on to explain what is essentially a desire on the part of the REDC Board to try and create more white-collar job opportunities within the city itself so that those types of workers are not having to travel outside of our city limits for viable work opportunities. He pointed out that while a lot of jobs have been created in the Tech Park and through REDC efforts, a lot of those jobs are blue collar jobs, so workers living outside of our city are commuting into our city to work those jobs. The mayor eventually asked Mrs. Smith to get with Mr. Wagner to determine the exact numbers within his proposed budget that are associated with pad sites and have that information ready for future discussions so the Council can decide to either approve those numbers or take them out. Mr. Wagner indicated that, unfortunately, he has a pre-scheduled vacation that falls on Sept. 15, so he will not be able to be present at that council meeting when Council takes action to approve the budget(s).

Councilmember Thomas expressed thanks to Mrs. Smith and city staff for the hard work they've done pertaining to the budget. He has concerns about things going on in Austin and how those things impact the city and its funding. This is a tough year, and he believes next year will be even tougher. While no one wants to see taxes increase, Council is faced now with some really tough decisions. Councilmember Thomas shared that some tough decisions are before the Council. The Council may have to consider publishing the voter approved tax rate and then working backwards, similar to what the County recently did.

Mrs. Smith shared that the fiscal year 2026 budget will ultimately end up being approved by the Council at the Monday, Sept. 15 regular city council meeting. However, tonight she needs direction from the City Council regarding the maximum *PROPOSED* tax rate they would like her to publish and advertise, as required by law, but that can be adjusted downward by Council thereafter, if so desired.

Mayor McCallum shared that he is not enthusiastic about any tax increase, and he will never vote for any tax increase. He indicated that the city manager has done a really good job on this budget proposal in a really hard year. He thinks that the Council over the last few years since he's come back on has done a good job on making market adjustments; however, he does not really understand market adjustments, coupled with merit increases. He has discomfort with telling citizens they are going to have to pay more.

Mrs. Smith asked if this changes the mayor's viewpoint at all - most of it (potential tax rate increase) would be going towards voter-approved debt, and voters knew that what they were voting on at the time would be a tax rate increase. The mayor provided comments related to roadways, both new ones and ones being redone. The mayor went on to share that he is not in favor of a tax increase. So, he thinks the Council should move forward with the current rate and try to get there that way. He stressed that he is only one of seven votes; however, he strongly indicated that he is the voice of the citizens who don't get to directly make these tough decisions.

Mayor Pro Tem Moeller shared that he agrees with a great deal of what the mayor has said; however, he disagrees with sentiments related to the tax rate itself. He shared that he has been concerned about the tax rate having been consistently lowered so much over the years. He does not want to see a tax rate increase, but – at the same time – there has to be money to pay for things. Perhaps a little bit of money from reserves could fund some of the capital expenses. He went on to share he is comfortable with a tax increase, even though he doesn't like it. He would not be opposed to instructing staff to publish the maximum rate possible (without seeking voter approval) and then coming down from that number as this process progresses. He does not like this prospect, but he does believe it's necessary at this point.

Councilmember Henson spoke, indicating that he understands that past councils over time have reduced the tax rate; however, the city still had good revenue in order to do so. The economy was booming; however, things like COVID really had unforeseen, negative impacts. He mentioned that four years of leadership in Washington, D.C. coupled with COVID has impacted the Consumer Price Index (CPI). He has no problem with staff getting a 5% increase. He indicated that his constituents are of a voter base that is very conservative, both financially and socially. Their expectations of him are that he keep the tax rate low. He believes that new construction, such as at Klutts Farm and the new HEB, will contribute to positive revenue growth. For these reasons, he is inclined to stick with the current tax rate instead of entertaining an increase in the tax rate.

The mayor indicated that there will be additional retail development that will transpire, in addition to the IKEA and the HEB. Taxable sales extend beyond just those two, upcoming retailers. Also, some retail stores will be destination locations that will draw in shoppers from places such as Greenville. Mrs. Smith clarified that that revenue will not truly be seen, though, for a couple of years. The mayor shared that bright days are ahead, but this one in particular is just a tough year. He does not want Council to overreact and raise the tax rate in this one year we are currently considering.

Councilmember Thomas asked the city manager to what extent new sales tax revenue may be seen and how that could impact the budget. Mrs. Smith indicated she cannot depend on sales tax revenue projections to fund employee salaries. She went on to share brief details from several years ago when the city depended on estimated sales tax in order to pay employees, and it ended up resulting in a

long-term employment freezes because the projections were too high and did not pan out as budgeted.

Councilmember Campbell thanked Mrs. Smith and her staff, including Misty Farris. She is not in favor of a tax increase either, and she recognizes this is a very tough year. However, she wants to ensure that our staff are taken care of. For example, our officers are exposed to very difficult circumstances, and they deserved to get adequately paid. While PD personnel have salaries that are now appropriate, she believes it is also important to ensure that the salaries of fire staff are up to par. Councilmember Campbell acknowledged that the city is going a really good job with our M&O and debt; however, she does not want to sacrifice employees being taken care of. She is a “people person” and she wants to ensure that employee are taken care of, even though she knows this may be a hit.

Mrs. Smith indicated that staff will go back and try to further evaluate if there is any ‘fat’ at all in this proposed budget to possibly reduce, but she indicated that staff has already looked at \$50 dollar and \$100 dollar line item expenses to eliminate already. So she cannot promise that there is any fat to trim. She stressed that she wants to ensure that employees are taken care of, salary-wise. She stressed she will need everyone’s cooperation in trying to find money to trim out while at the same time being very committed in the future to not over spending. She shared that historically we are doing well with our M&O and our debt, much better than we were ten to twenty years ago. Also, our tax rate is much lower considering the values, and the values are up. So we are not in a bad place. It’s just that she wants to ensure our people (staff) are taken care of.

Councilmember Jeffus spoke, indicating she has agonized over the budget proposal notebook ever since it was given to her last Monday night. She agrees with everything fellow council members have stated this evening. She values staff, especially in the Fire Dept. due to her family’s work with the CERT team over the years. However, over and over and over again during her campaign, constituents told her, “please do not raise the tax rate. We cannot pay anymore. We are being taxed to death.” She hears about some constituents’ personal financial struggles, with many of them struggling to pay their bills and many of them being unable to pay for needed medicine. Overall, because of what she promised during her campaign, she cannot vote for a tax rate increase.

Mayor Pro Tem Moeller shared that our staff salaries are based on market rates with other, comparable cities; however, our staff positions are consistently 5% below the average of the market cities. Also, he has had concerns over the years that the NCTGOG’s population estimates are actually low. He is fearful that staff salaries, especially for public safety, will keep on essentially falling behind. Although we are facing hard decisions, he believes that we really do have to have this penny increase.

Mayor McCallum applauded Mrs. Smith for the work she has done on this proposal, as he knows this is a very, very hard budget...one of the hardest ones he’s looked at. He stressed his belief that his job – all of our jobs – is to represent the citizens.

Councilmember Thomas agreed with everyone that this is a tough budget, especially given that everyone is fiscally conservative. However, the Council has to do the hard part of putting forth a proposed tax rate to the citizens for consideration. He suggested the City Manager assemble three scenarios for Council to consider.

V. Action Items

1. Discuss and consider possible action to set the PROPOSED 2025 Tax Rate and setting the date and time for the Public Hearing on the Proposed Tax Rate, and take any action necessary.

The mayor moved to this Action Item. Councilmember Thomas suggested that perhaps the City Manager could put together three scenarios – one showing what it would like with the proposed 1 cent rate, one at the current rate and one at the “no new revenue” rate. Even though this may be a lot of work for Mrs. Smith, he thinks it’s in the best interest of the citizens for Council to evaluate that type of information as part of being responsible to the citizens when making decisions.

Councilmember Henson moved to put forth advertising a proposed tax rate at the “no new revenue” tax rate of 0.234687 cents. Councilmember Jeffus seconded the motion. The motion failed by a tie vote of three ayes to three nays (Thomas, Moeller and Campbell voting against).

Councilmember Campbell asked if the three scenarios Councilmember Thomas mentioned could be put together by Mrs. Smith for Council’s review and consideration. Mrs. Smith indicated that, yes, she can do so and have that information ready by next Tuesday’s meeting. However, she reiterated that Council must take action tonight to instruct her what rate to publish / advertise, again clarifying that it will not be Council actually adopting the rate tonight and that the rate could go down from there before adoption next month.

Mayor Pro Tem Moeller moved to publish a proposed tax rate of .2575 cents per \$100 of assessed value. Councilmember Thomas seconded the motion but asked that Moeller’s motion be amended to also have the city manager bring back information on what the rate would like if it were (1) kept the same; (2) increased to the city manager’s proposed rate; and (3) decreased to the ‘no new revenue’ rate. Moeller amended his motion to include that which was expressed by Councilmember Thomas, who seconded the amended motion.

Councilmember Campbell again clarified that this action tonight is simply to publish the proposed rate; however, Council may lower that number thereafter. It is not committing any council member to any certain rate at this time.

The motion passed by a vote of 4 ayes to 2 nays (McCallum and Henson voting against).

VI. Adjournment

Mayor McCallum adjourned the meeting at 6:56 p.m.

PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF ROCKWALL, TEXAS ON THIS 2nd
DAY OF SEPTEMBER, 2025.


TIM McCALLUM, MAYOR

ATTEST:


KRISTY TEAGUE, CITY SECRETARY

