

Notice of Workshop
July 12, 2025, 10:00 a.m.
City Council Chamber, 3947 Lincoln Ave., Groves, TX



**City
Council**

Notice is given that the Groves City Council will hold a Workshop in person on the date, time, and location listed above. Live streaming of the meeting is available for viewing at <https://us02web.zoom.us/j/83926799466> or by scanning the QR code to the right. The City Council welcomes citizen participation at all City Council meetings on any agenda items within the limitations of law and decorum. City Council may adjourn into Executive Session to deliberate any agenda item listed if the matter for discussion meets an exception for Executive Session under Texas Government Code Chapter 551. The City Council may also deliberate in public on any item that is listed on the agenda for Executive Session.



Opening Agenda

1. Call meeting to order.
2. Prayer.
3. Pledge of Allegiance.
4. Roll Call.
5. Welcome and recognition of guests and news media.

Regular Agenda

6. Conduct a strategic planning workshop on the FY 2025-2026 Budget.

Closing Agenda

7. Hear and deliberate on Council Member comments.
8. Adjourn.

Special Accommodations

Persons with disabilities who plan to attend this meeting and who may need auxiliary aids or services are requested to contact City Clerk Clarissa Thibodeaux at (409) 960-5773 or cthibodeaux.cigrovestx.com at least three days before the meeting.

Certification

I certify that the above notice of meeting was posted on the bulletin board and front door of City Hall, 3947 Lincoln Avenue, on July 8, 2025, at 11:35 AM PM.


City of Groves

City Council FY 2025-2026 Budget Workshop

July 12, 2025



Agenda

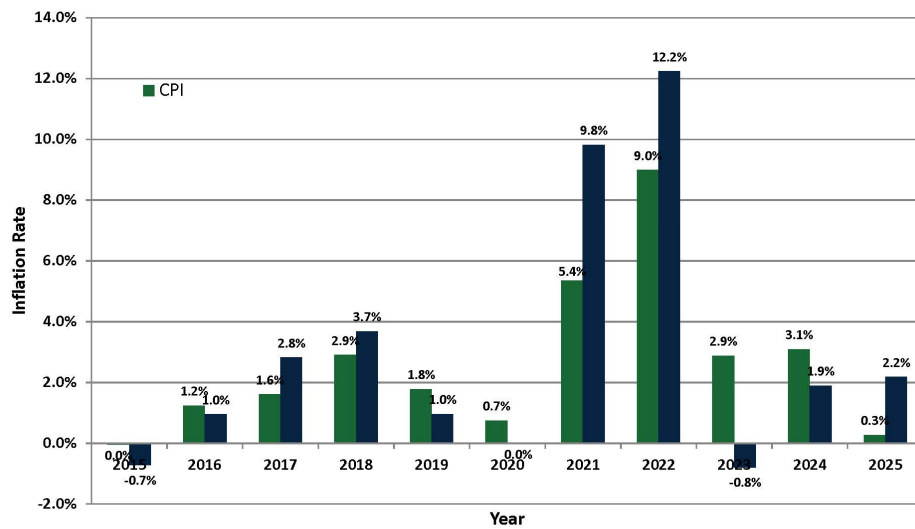
- Opening Remarks
- Economic Overview
- Financial Condition
- Budget Calendar
- Lunch
- Financial Advisor
- Issues for Consideration
 - ◆ Transportation Use Fee
 - ◆ *Ad Valorem* Tax Rate
 - ◆ Utility Rate Plan
 - ◆ Delinquent Fines & Fees Collection
 - ◆ Commercial Sanitation Franchise
 - ◆ TMRS
 - ◆ Schneider Electric
- Questions/Ideas

Economic Overview



U.S. Consumer Price Index/Municipal Cost Index Inflation Rate Comparison

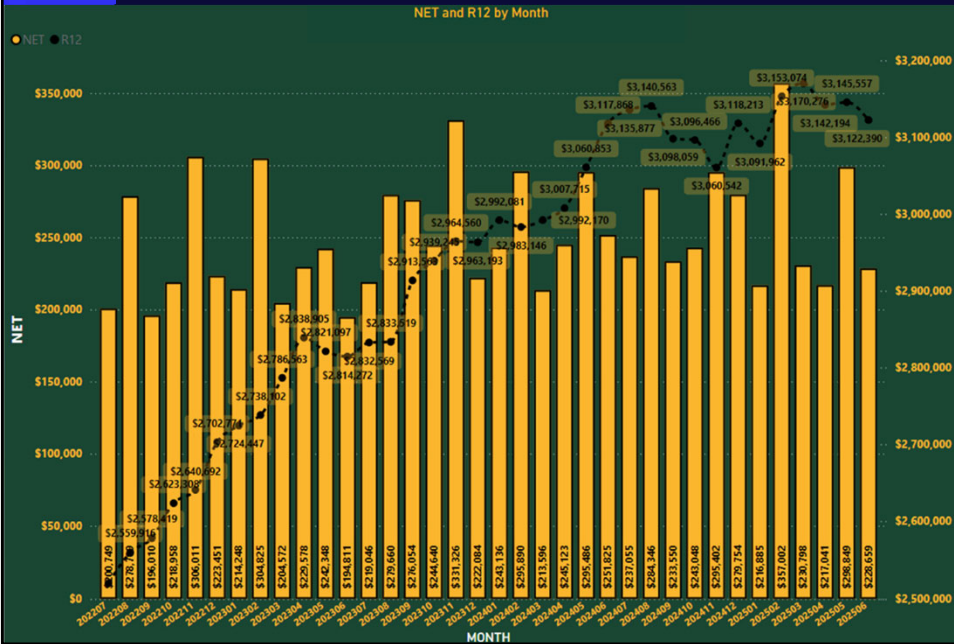
June 2015 - May 2025



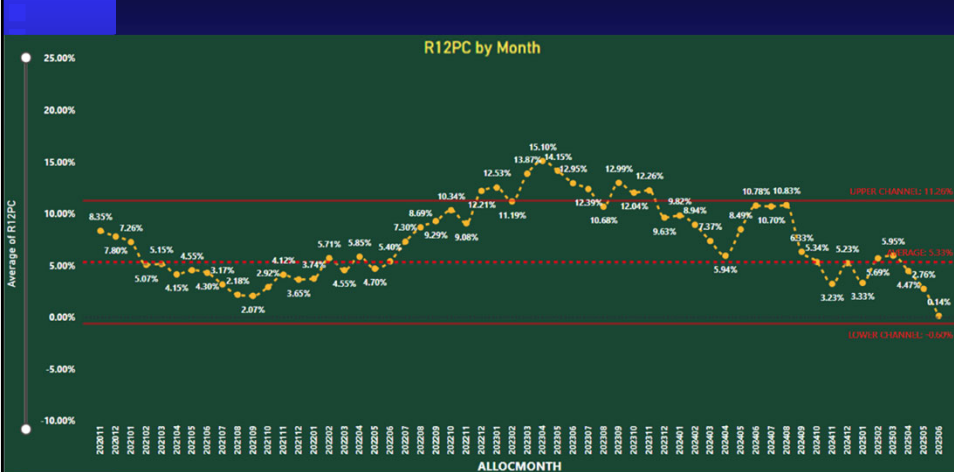
Sources: American City & County Municipal Cost Index; Bureau of Labor Statistics Consumer Price Index

Revised 7/08/25

Net Sales Tax Allocation & Rolling 12-Month Total by Month Last 36 Months



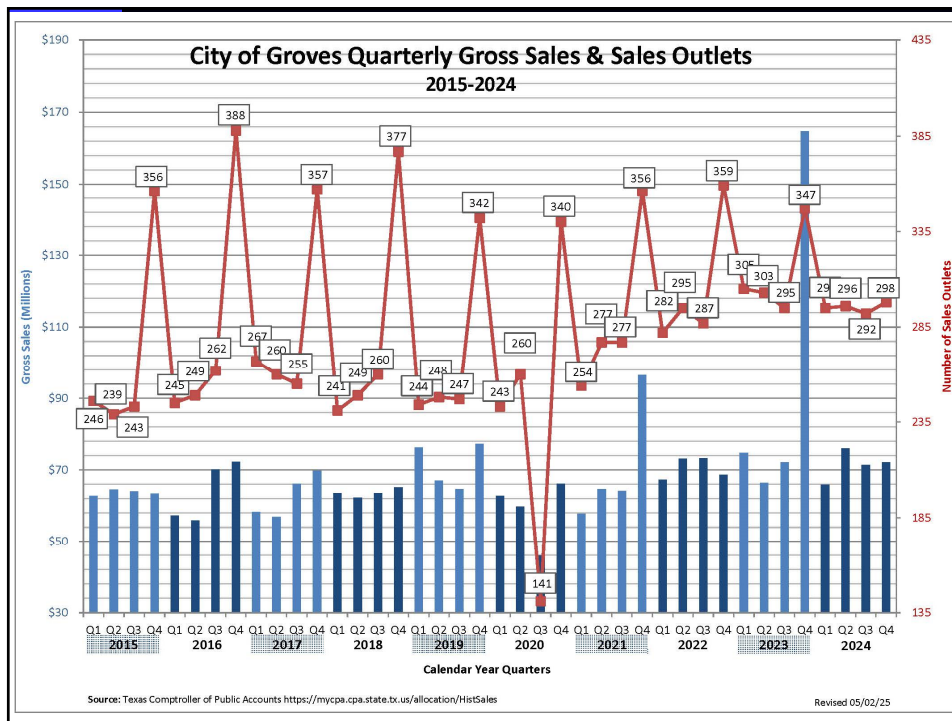
Rolling 12-Month Sales Tax Percentage Change by Month Last 48 Months

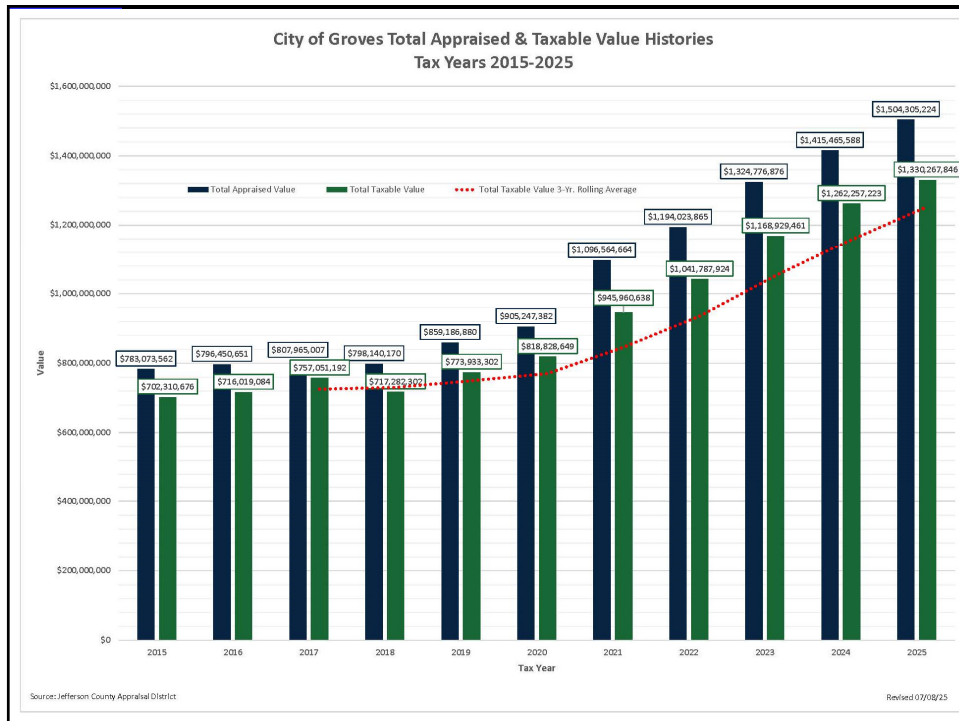
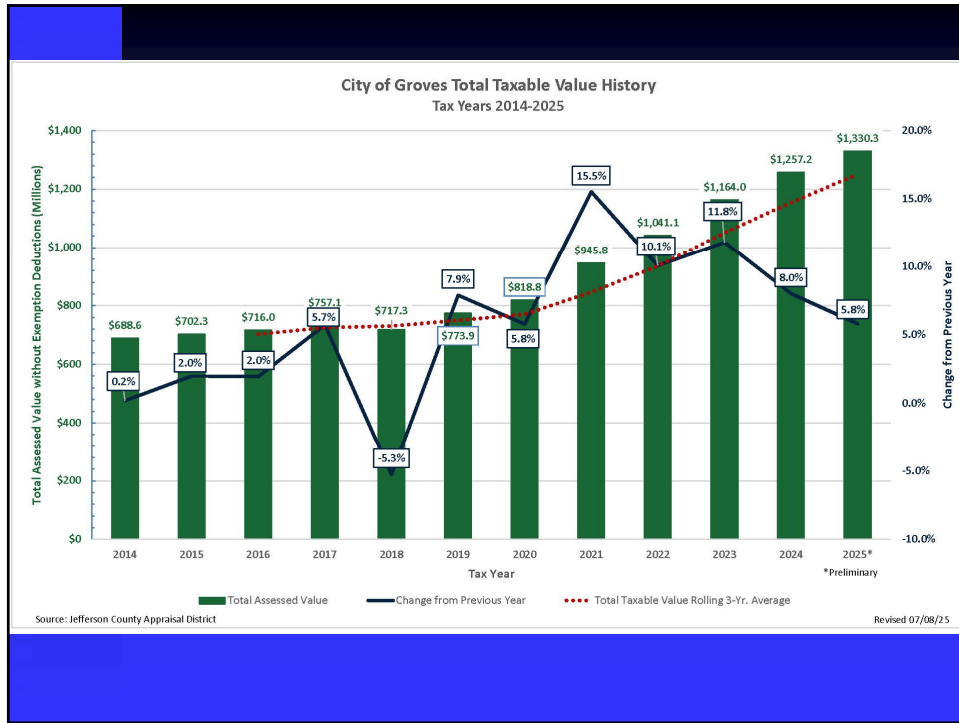


Rolling 13-Month Percentage Sales Tax Change by Month

ENTITY	202406	202407	202408	202409	202410	202411	202412	202501	202502	202503	202504	202505	202506	AVG
BEAUMONT	-3.73%	-0.51%	-0.04%	0.56%	2.89%	3.24%	3.50%	4.78%	6.63%	7.94%	9.08%	8.62%	8.06%	4.23%
BRIDGE CITY	6.98%	7.19%	7.17%	7.42%	7.27%	5.98%	7.33%	7.66%	10.19%	10.73%	9.65%	-2.77%	-2.85%	6.30%
GROVES	10.78%	10.70%	10.83%	6.33%	5.34%	3.23%	5.23%	3.33%	5.69%	5.95%	4.47%	2.76%	0.14%	5.75%
JEFFERSON COUNTY	0.82%	1.44%	1.28%	1.80%	3.05%	4.13%	9.26%	9.72%	12.29%	12.13%	11.91%	10.89%	9.84%	6.81%
NEDERLAND	-1.29%	-1.06%	-1.33%	-2.14%	-1.96%	-0.33%	-0.46%	0.39%	2.88%	6.48%	7.04%	13.14%	14.61%	2.77%
ORANGE	8.77%	1.63%	-9.35%	-16.66%	-21.57%	-22.43%	-21.13%	-18.52%	-14.68%	-14.59%	-10.61%	-14.38%	-11.81%	-12.73%
ORANGE COUNTY	9.44%	10.68%	5.39%	4.47%	3.71%	2.17%	6.47%	9.95%	13.06%	15.25%	43.66%	50.88%	49.51%	17.28%
PORT ARTHUR	3.54%	5.22%	4.19%	3.74%	4.96%	4.79%	3.18%	2.25%	1.77%	3.30%	3.47%	3.13%	4.32%	3.68%
PORT NECHES	1.76%	7.92%	0.32%	-6.58%	-8.13%	-12.16%	-12.88%	-11.21%	-8.12%	-10.08%	-9.92%	-8.32%	-7.92%	-6.65%
VIDOR	6.46%	7.03%	5.76%	0.48%	0.32%	0.49%	0.62%	0.96%	2.62%	2.70%	1.71%	3.83%	5.63%	2.97%
AVG	4.65%	5.03%	2.42%	-0.06%	-0.51%	-1.09%	0.10%	0.93%	3.24%	3.98%	7.03%	6.88%	6.95%	3.04%

Note: This metric is a relative strength indicator. If the R12% value is in red, then the entity is collecting less than a year earlier on a rolling 12-month basis. Similarly if the R12% is in green, the entity is collecting more than a year earlier. More important than any one month is the trend over several months.





Housing

- **Median Listing Home Price** - Around \$199K, showing a significant increase (over 20%) year-over-year
- **Median Sold Home Price** - Around \$186K, also indicating appreciation
- **Home Prices** - Expect continued, but likely slower, appreciation in home values
- **Days on Market (DOM)** - Homes are selling relatively quickly, with median DOM around 34 days, a slight increase from last year but a decrease from the previous month.
- **Sale-to-List Price Ratio** - Homes are generally selling for approximately their asking price or slightly above
- **Permits** – New housing construction & remodeling permits have slowed in recent months

Potential Economic Challenges

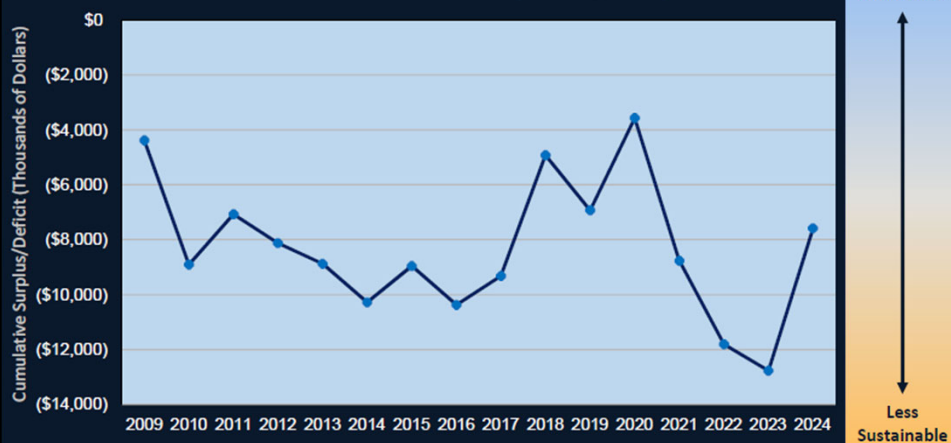
- **Softer Economic Outlook** - While growth is expected, there are indications of a potentially softening economic outlook in Texas in 2025, with business concerns about potential recession & demand levels
- **Inflation** - Inflationary pressures & input costs remain a concern for businesses
- **Trade Policy** - Potential changes in trade policy, particularly regarding Mexico, could impact Texas' economy
- **Power Grid** - There is a possibility that Texas' energy demand could exceed supply as early as summer 2026, according to some forecasts

Financial Condition

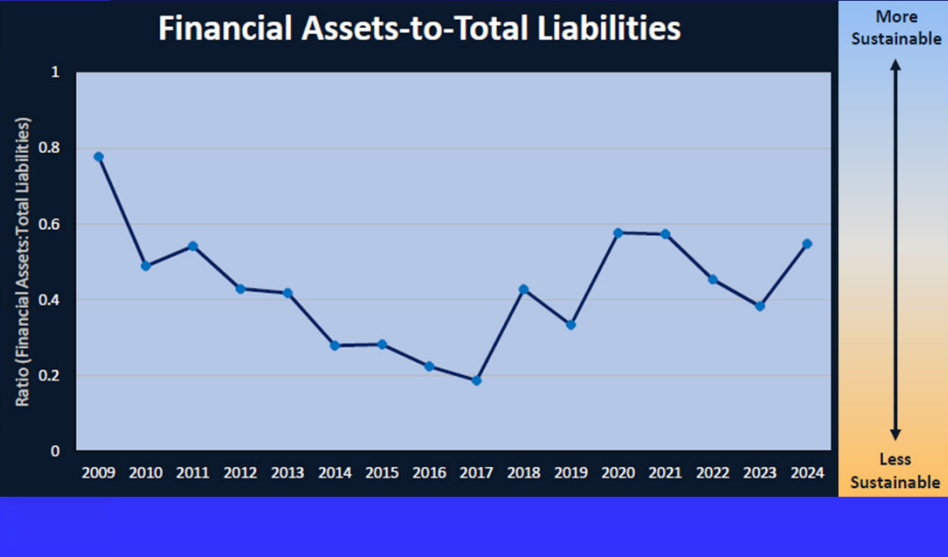


Financial Condition

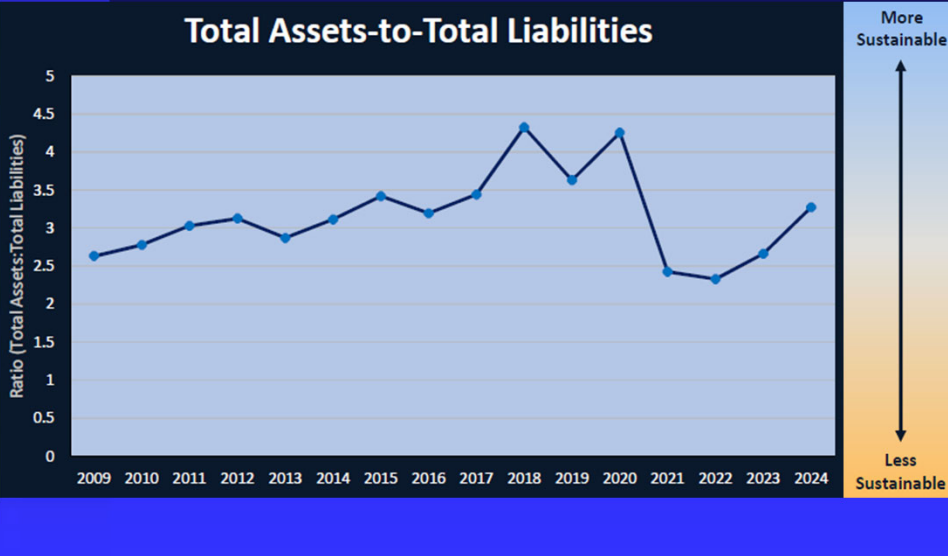
Net Financial Position (in \$1,000)



Financial Condition

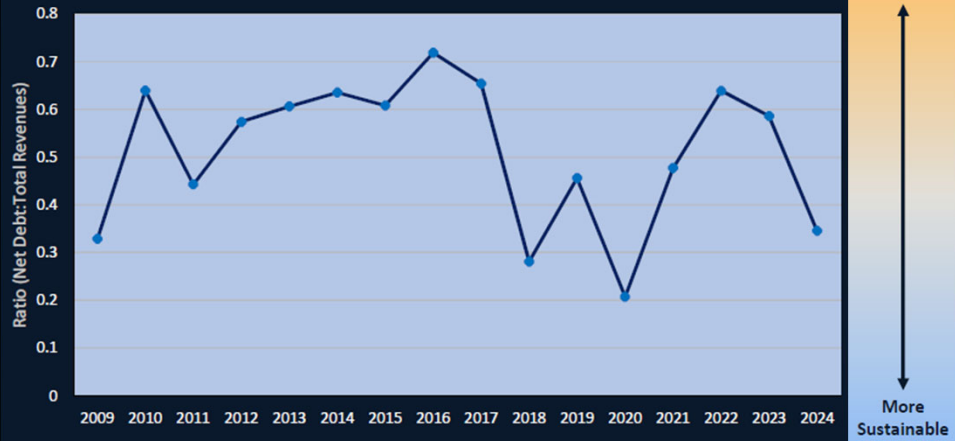


Financial Condition



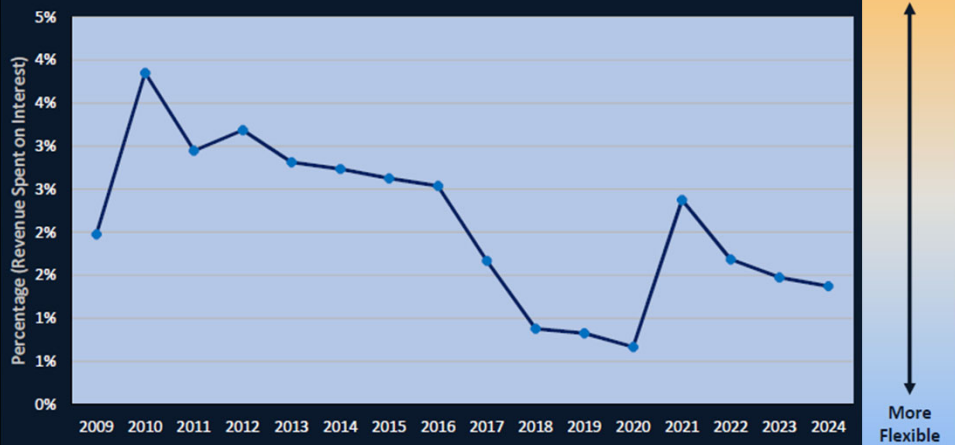
Financial Condition

Net Debt-to-Total Revenues



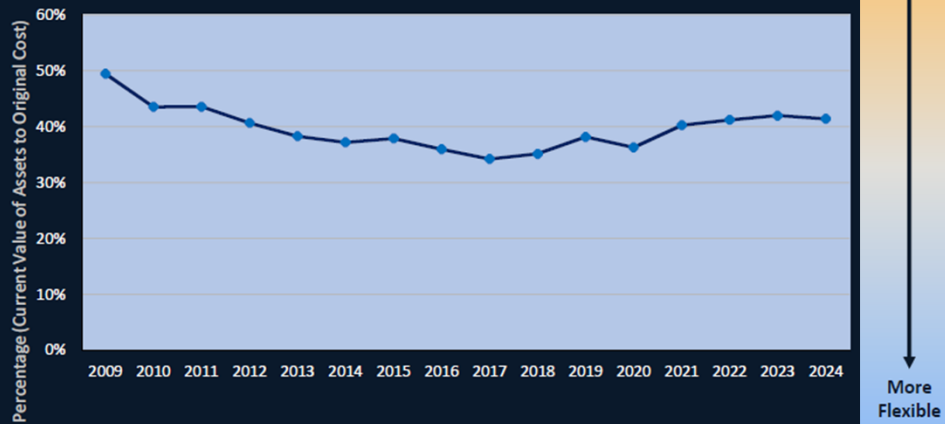
Financial Condition

Interest-to-Total Revenues



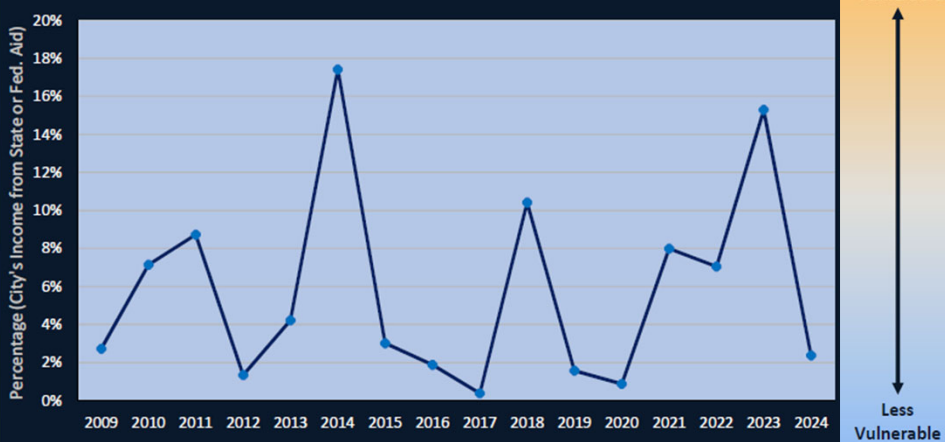
Financial Condition

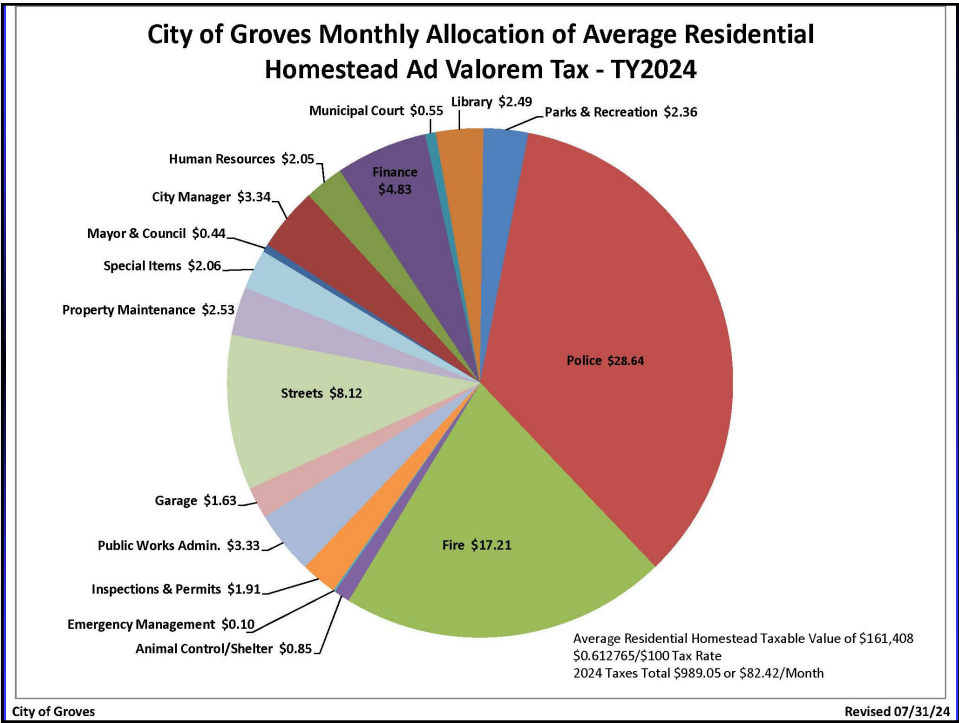
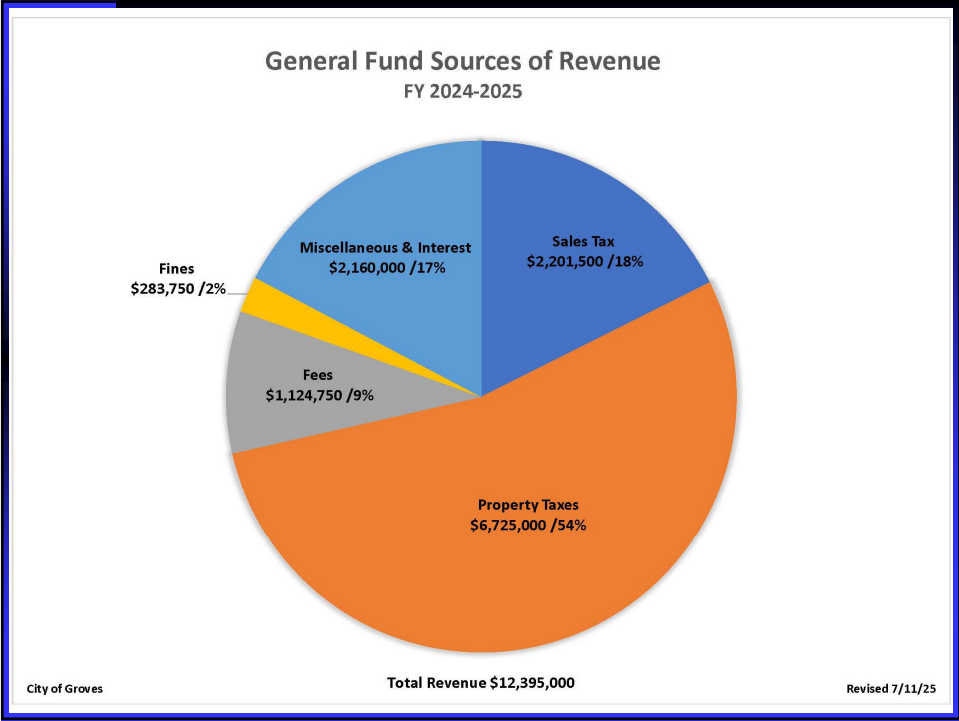
Net Book Value-to-Cost of Tangible Capital Assets



Financial Condition

Government Transfers-to-Total Revenue





Debt Service Schedule					
Date	Total Payments				FY Total
	Interest	Principal	Total		
9/1/2025	\$ 145,131.50	\$ 860,000.00	\$ 1,150,263.00		\$ 1,150,263.00
3/1/2026	\$ 134,298.75	\$ -	\$ -		
9/1/2026	\$ 134,298.75	\$ 875,000.00	\$ 1,143,597.50		\$ 1,143,597.50
3/1/2027	\$ 123,265.75	\$ -	\$ -		
9/1/2027	\$ 123,265.75	\$ 850,000.00	\$ 1,096,531.50		\$ 1,096,531.50
3/1/2028	\$ 112,395.00	\$ -	\$ -		
9/1/2028	\$ 112,395.00	\$ 550,000.00	\$ 774,790.00		\$ 774,790.00
3/1/2029	\$ 104,475.00	\$ -	\$ -		
9/1/2029	\$ 104,475.00	\$ 565,000.00	\$ 773,950.00		\$ 773,950.00
3/1/2030	\$ 96,340.00	\$ -	\$ -		
9/1/2030	\$ 96,340.00	\$ 585,000.00	\$ 777,680.00		\$ 777,680.00
3/1/2031	\$ 87,915.00	\$ -	\$ -		
9/1/2031	\$ 87,915.00	\$ 600,000.00	\$ 775,830.00		\$ 775,830.00
3/1/2032	\$ 79,275.00	\$ -	\$ -		
9/1/2032	\$ 79,275.00	\$ 620,000.00	\$ 778,550.00		\$ 778,550.00
3/1/2033	\$ 70,345.00	\$ -	\$ -		
9/1/2033	\$ 70,345.00	\$ 635,000.00	\$ 775,690.00		\$ 775,690.00
3/1/2034	\$ 61,200.00	\$ -	\$ -		
9/1/2034	\$ 61,200.00	\$ 460,000.00	\$ 582,400.00		\$ 582,400.00
3/1/2035	\$ 54,300.00	\$ -	\$ -		
9/1/2035	\$ 54,300.00	\$ 475,000.00	\$ 583,600.00		\$ 583,600.00
3/1/2036	\$ 47,175.00	\$ -	\$ -		
9/1/2036	\$ 47,175.00	\$ 485,000.00	\$ 579,350.00		\$ 579,350.00
3/1/2037	\$ 39,900.00	\$ -	\$ -		
9/1/2037	\$ 39,900.00	\$ 500,000.00	\$ 579,800.00		\$ 579,800.00
3/1/2038	\$ 32,400.00	\$ -	\$ -		
9/1/2038	\$ 32,400.00	\$ 515,000.00	\$ 579,800.00		\$ 579,800.00
3/1/2039	\$ 24,675.00	\$ -	\$ -		
9/1/2039	\$ 24,675.00	\$ 530,000.00	\$ 579,350.00		\$ 579,350.00
3/1/2040	\$ 16,725.00	\$ -	\$ -		
9/1/2040	\$ 16,725.00	\$ 550,000.00	\$ 583,450.00		\$ 583,450.00
3/1/2041	\$ 8,475.00	\$ -	\$ -		
9/1/2041	\$ 8,475.00	\$ 565,000.00	\$ 581,950.00		\$ 581,950.00

City of Groves

Revised 7/11/25

Budget Calendar



Budget Calendar

- **Friday, 7/25**
 - Last day for CM to file budget with City Clerk
 - Certified values due from JCAD
- **Monday, 7/28**
 - CM submits proposed budget to City Council
 - City Council approves Monday, August 11, public hearing date for Appropriation Ordinance
 - City Council approves Monday, August 11, public hearing date for Budget
- **Tuesday, July 29**
 - Publish proposed budget, notice of public hearing for Appropriation Ordinance, & notice of public hearing for Budget on City's website
 - Send notice of public hearings for Appropriation Ordinance & Budget to *Beaumont Examiner*

Budget Calendar

- **Wednesday, 7/30**
 - Budget workshop
- **Thursday, 7/31**
 - Notice of public hearing for Appropriation Ordinance published in *Beaumont Examiner* (at least 10 days before vote)
 - Notice of public hearing for Budget published in *Beaumont Examiner* (hearing must be at least 15 days after Budget filed with City Clerk & also must be 10 and 30 days after the notice)
- **Friday, 8/01**
 - No New Revenue, Voter Approval, and *De Minimis* tax rates due from Tax Assessor

Budget Calendar

- **Tuesday, 8/04 – Special Council Meeting**
 - Tax rates submitted to City Council
- **Friday, 8/05**
 - No New Revenue, Voter Approval, and *De Minimis* tax rates published on City's website
 - Publish notice about 2025 tax rate on City's website
- **Monday, 8/11 – Regular Council Meeting**
 - City Council holds public hearings for Appropriation Ordinance & Budget
 - City Council sets August 25 for adoption of Budget & Appropriation Ordinance
 - City Council holds a record vote on proposed tax rate
 - City Council sets August 25 for approval of public hearing on tax rate

Budget Calendar

- **Tuesday, 8/12**
 - Publish summary of Appropriation Ordinance & notice of public hearing for tax rate on website
 - Send summary of Appropriation Ordinance & notice of public hearing for tax rate to *Beaumont Examiner*
- **Thursday, 8/14**
 - Summary of Appropriation Ordinance published in *Beaumont Examiner* (at least 10 days before vote)
 - Notice of public hearing for tax published in *Beaumont Examiner* (at least 5 days before vote)
- **Monday, 8/25 – Regular Council Meeting**
 - Vote to adopt Appropriation Ordinance
 - Vote to adopt Budget
 - Hold Ratification vote
 - Hold public hearing on tax rate
 - Vote to adopt tax rate

Lunch



Financial
Advisor



RBC Capital Markets

- Robert (Bob) Henderson will introduce himself and RBC

Issues for Consideration Transportation Use Fee



Transportation Utility Fee

- Groves has 182 streets totaling 74.56 miles (393,662 LF) to maintain
- March 2017 street evaluation study classified 36.9% of streets as “Good” & the remaining 63.1% as “Fair” or “Poor”
- Streets outside of the grant-funded areas have continued to deteriorate since 2017 study
- After Hurricane Harvey, street projects were done by contractors using grants in L/M income areas
- Previously, the City had equipment & expertise in-house to reconstruct streets, plus Jefferson County for sealcoating
 - ◆ City’s equipment & expertise were lost over time

Transportation Utility Fee

- \$0.01 of ad valorem tax raises approximately \$126,000
- \$0.005 of ad valorem tax raises approximately \$53,000

City of Groves Street Construction Costs				
Application	\$/LF	Cost*		
		500 ft.	1 mi.	7 mi.
Sealcoat	\$ 21.10	\$ 10,550.00	\$ 111,408.00	\$ 779,856.00
2" HMA Overlay Only	\$ 76.00	\$ 38,000.00	\$ 401,280.00	\$ 2,808,960.00
2" Mill & 2" HMA Overlay	\$ 155.00	\$ 77,500.00	\$ 818,400.00	\$ 5,728,800.00
6"-7", Lime Stabilized Concrete	\$ 345.00	\$ 172,500.00	\$ 1,821,600.00	\$ 12,751,200.00

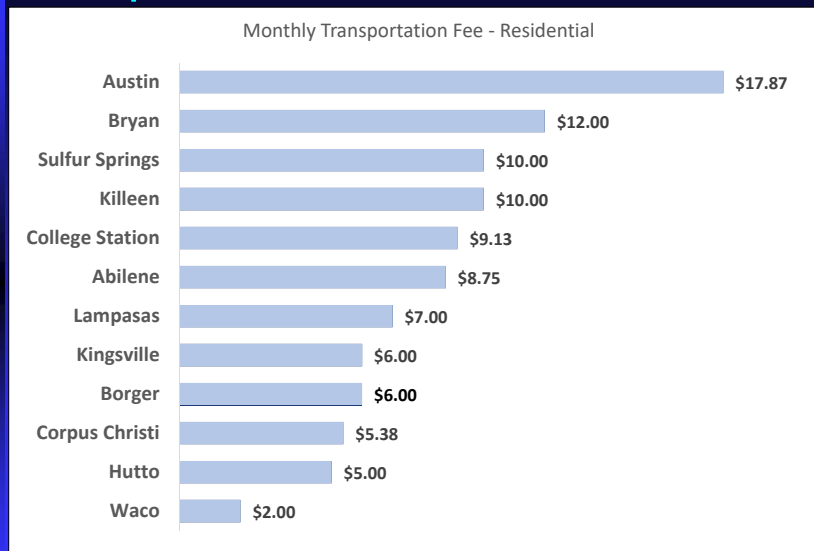
*Assumes 20' wide street

Revised 3/26/25

Transportation Utility Fee (TUF)

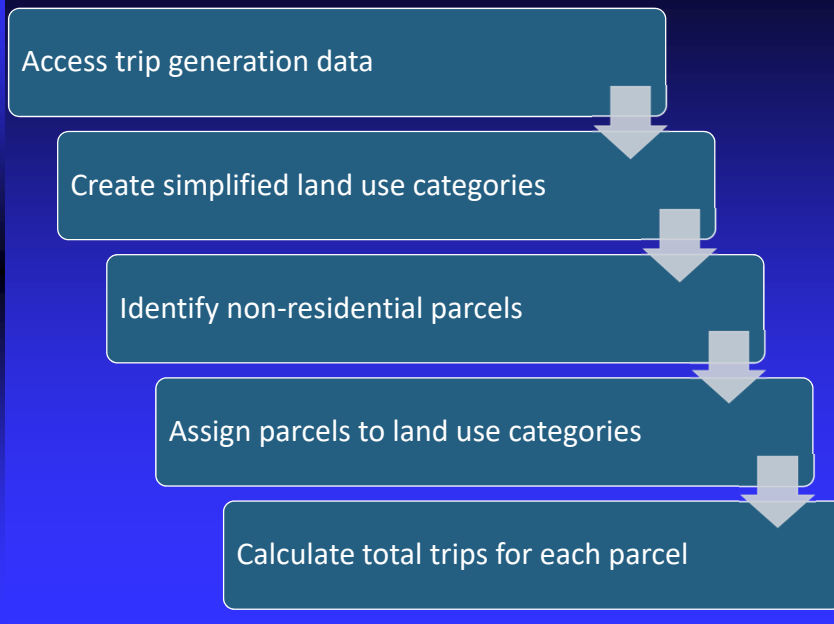
- TUFs are a stable source of additional revenue
- Costs would be allocated to residents & businesses based on the relative amount of vehicle traffic generated. This serves as an equitable basis for charging properties for demands placed on, & benefits received from, the transportation system.
- Unlike general property taxes, these funds are encumbered to support transportation needs

Sample TUFs in Texas

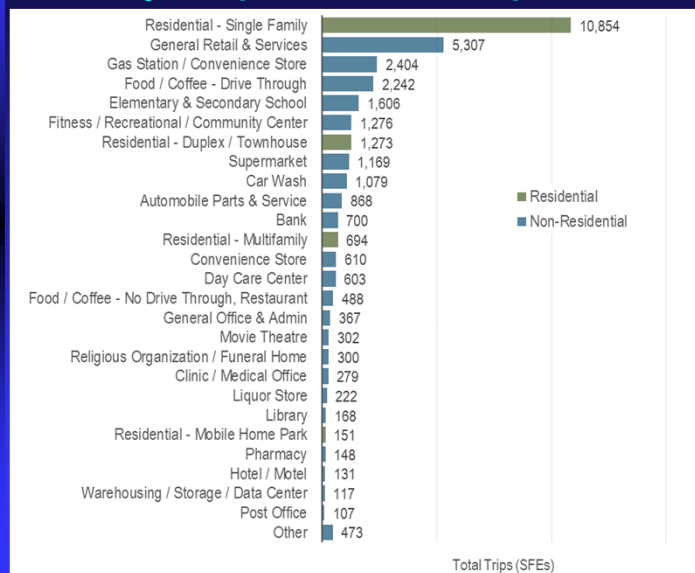


- TUFs may be called Transportation Utility Fee, Street Maintenance Fee, Roadway Maintenance Fee

NewGen's 5-Step Process



Example of Single Family Equivalent Trips



TUF Implementation Next Steps

- Link billing accounts to parcels
- Differentiate between residential dwellings
- Review land use allocations
- Decide on exemptions, if any
- Decide on rate design
- Education plan
- Establish the Transportation Utility

Issues for Consideration

Ad Valorem
Tax Rate



Uncertified Ad Valorem Tax Rate Comparison FY 2025-2026					
	Adopted 2024 Tax Rate	Uncertified 2025 No-New Revenue Tax Rate	2025 Voter-Approval Tax Rate	De Minimis Tax Rate \$500,000 Above NNR	
Percentage M & O Increase		0.00%	3.50%	6.58%	
M & O Tax Rate	\$ 0.556776	\$ 0.531306	\$ 0.549902	\$ 0.569099	
I & S Tax Rate	\$ 0.045148	\$ 0.042664	\$ 0.042664	\$ 0.042664	
Total Tax Rate	\$ 0.601924	\$ 0.573970	\$ 0.592566	\$ 0.611763	
Total Taxable Value	\$ 1,262,267,223	\$ 1,323,006,355	\$ 1,323,006,355	\$ 1,323,006,355	
Total Tax Levy					
Total Tax Levy	\$ 7,597,829	\$ 7,593,664	\$ 7,839,687	\$ 8,093,664	
Over 65 Frozen Taxes			\$ -	\$ -	
Disabled Frozen Taxes			\$ -	\$ -	
Total Tax Levy	\$ 7,597,829	\$ 7,593,664	\$ 7,839,687	\$ 8,093,664	
Total Tax Revenue					
Total Levy	\$ 7,597,829	\$ 7,593,664	\$ 7,839,687	\$ 8,093,664	
Collection Ratio	100%	100%	100%	100%	
Total Tax Revenue	\$ 7,597,829	\$ 7,593,664	\$ 7,839,687	\$ 8,093,664	
Revenue Allocation by Fund					
M & O General Fund	\$ 7,029,216	\$ 7,029,216	\$ 7,275,239	\$ 7,529,216	
I&S Debt Service Fund	\$ 568,613	\$ 564,448	\$ 564,448	\$ 564,448	
Total Tax Revenue	\$ 7,597,829	\$ 7,593,664	\$ 7,839,687	\$ 8,093,664	
Revenue Difference					
Additional Revenue	\$470,983	-\$4,165	\$246,023	\$500,000	
% Increase in Revenue	6.6%	-0.1%	3.1%	6.6%	
Residential Taxpayer Impact Analysis					
	Tax Paid 2024 Rate	NNR Tax Paid	Δ from No-New-Revenue Rate		
Residential Value			VAR	De Minimus Rate	
Average Market	\$1,094.57	\$1,082.26	\$35.06	\$71.26	
Average Taxable	\$1,011.00	\$1,012.00	\$32.79	\$66.63	
Median					
	Tax Paid 2024 Rate	NNR Tax Paid Δ from Last Yr	Δ from No-New-Revenue Rate		
Residential Value			VAR	De Minimus Rate	
Average Market	\$1,094.57	-\$12.31	\$22.75	\$58.95	
Average Taxable	\$1,011.00	\$1.00	\$33.79	\$67.64	
Median					
City of Groves			Revised 07/11/25 v2		

TY 2025 City of Groves Cumulative Property Tax Rate	Tax Rate	Tax \$
City of Groves	\$ 0.61277	\$1,035.10
Drainage District #7	\$ 0.32057	\$541.52
Jefferson County	\$ 0.35900	\$606.43
Jefferson County Farm & Lateral Road	\$ -	\$ -
PAISD	\$ 1.31764	\$2,225.80
PNGISD	\$ 1.14427	\$1,932.94
Sabine Neches Navigation District	\$ 0.08800	\$148.65
Cumulative Ad Valorem Taxes for City of Groves Resident - PAISD*	\$ 2.69798	\$4,557.51
Cumulative Ad Valorem Taxes City of Groves Resident - PNGISD*	\$ 2.52461	\$4,264.65
*Average Residential Taxable Value \$168,923.06		Revised 07/09/25

Issues for Consideration

Utility Rate Plan

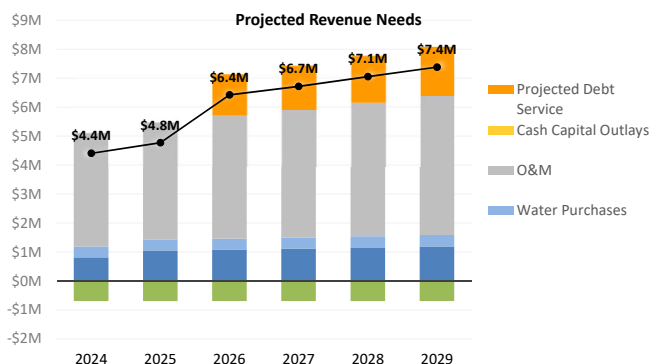


Utility Rate Plan

- 2024 Utility Rate Study developed a 5-year rate plan
- FY 2025-2026 is year 2 of the plan
- NewGen is currently reviewing data to see if adjustments are needed

WATER AND WASTEWATER REVENUE REQUIREMENT

The amount of revenue to be generated by water and sewer rates is projected to increase from \$4.4m to \$7.4m by 2029.



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WATER AND WASTEWATER CAPITAL PROJECTS

- New capital projects of \$20.5m (in 2024 dollars)
- Associated debt servicing costs are expected to rise to \$1.7m per year by FY 2029

\$ Million	2025	2026	2027	2028	2029	Total
Wastewater Plant Rehabilitation	\$11.0					\$11.0
Wastewater Line Replacement	\$5.5					\$5.5
Elevated Storage Tank Repainting		\$1.0	\$1.0	\$1.0	\$1.0	\$4.0
Total Project Cost	\$16.5	\$1.0	\$1.0	\$1.0	\$1.0	\$20.5

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CURRENT AND PROJECTED RATE PLAN WATER RATES

Residential and Commercial

Given nominal outside connections, this proposal would begin charging outside city customers the same in-city rates as shown.

Set Single Unit Non-Residential Minimum to 2 Times the Residential Minimum

	Current	2025	2026	2027	2028	2029
Minimum Charges (\$ / month)						
Residential	\$12.00	\$15.50	\$17.50	\$19.25	\$21.25	\$23.50
Multi-Unit (per unit)	12.00	15.50	17.50	19.25	21.25	23.50
Non-Residential	12.00	31.00	35.00	38.50	42.50	47.00
Volumetric Charges (\$ / kgal)						
0 - 1,000 gal	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
1,001 - 5,000 gal	3.70	4.81	5.42	5.96	6.56	7.22
5,001 - 10,000 gal	3.70	6.01	6.78	7.45	8.20	9.03
10,001+ gal	3.70	9.00	10.17	11.18	12.30	13.55

Introduces higher rate tiers between successive tiers of billed usage.
25% rate increase from first billed tier (1k-5k) to the second (5k-10k)
50% rate increase from second billed tier (5k-10k) to the third (10k+)

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CURRENT AND PROJECTED RATE PLAN SEWER RATES

Residential and Commercial

Given nominal outside connections, this proposal would begin charging outside city customers the same in-city rates as shown.

Set Single Unit Non-Residential Minimum to 2 Times the Residential Minimum

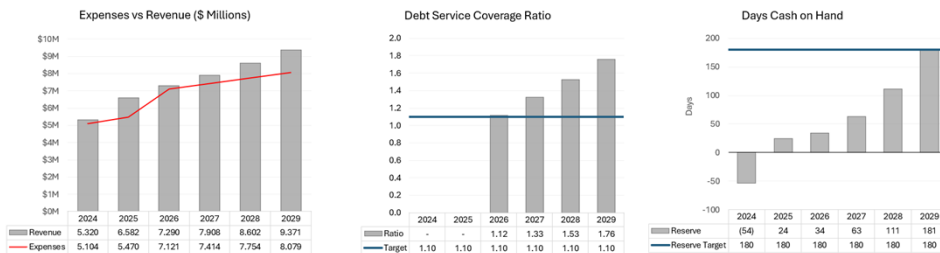
	Current	2025	2026	2027	2028	2029
Minimum Charges (\$ / month)						
Residential	\$12.00	\$15.50	\$17.50	\$19.25	\$21.25	\$23.50
Multi-Unit (per unit)	12.00	15.50	17.50	19.25	21.25	23.50
Non-Residential	12.00	31.00	35.00	38.50	42.50	47.00
Volumetric Charges (\$ / kgal)						
0 - 1,000 gal	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
1,001+ gal	3.70	6.50	7.33	8.06	8.87	9.76
Sewer Maintenance Fee (\$ / kgal)						
All Volumes	\$1.30					

Sewer Maintenance Fee is absorbed into regular rates in FY 2025

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WATER & WASTEWATER FINANCIAL PLAN OUTCOMES WITH PROPOSED RATE PLAN

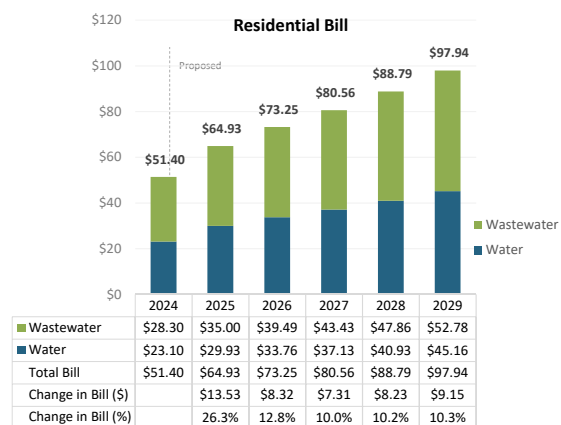


- Significant rate increases would be needed to reach the target reserve of 180 days

BILL IMPACT

Residential

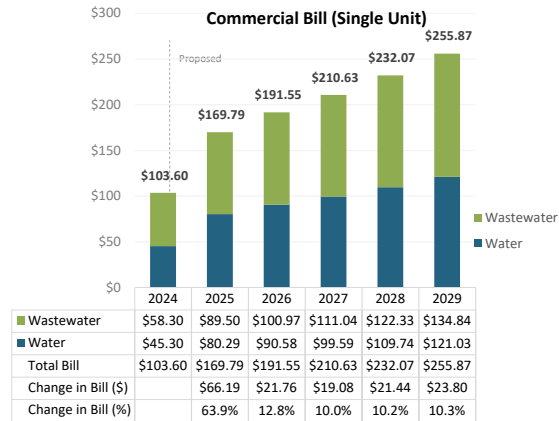
- 4,000 Gallons Water
- 4,000 Gallons Wastewater
- FY 2024 includes Sewer Maintenance Fee



BILL IMPACT

Commercial

- 10,000 Gallons Water
- 10,000 Gallons Wastewater
- FY 2024 includes Sewer Maintenance Fee



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Issues for Consideration

Delinquent Fines & Fees Collection



Delinquent Fines & Fees Collection

- Current procedures for collecting delinquent fines & fees are inadequate
- Delinquent tax attorney, Linbarger, already has statewide infrastructure in place & can accommodate an increased scope of work that includes all of the City's delinquent fines & fees

Issues for Consideration

Commercial Sanitation Franchise



Commercial Sanitation Franchise

- City's commercial & industrial (i.e. roll off containers) sanitation is open market
- City bills for Republic Services, which represents the majority of the business
- There is no process for auditing all of the providers to ensure they are paying the City its 10% fee
- Establishing a single provider franchise for commercial service over 9 yards increases revenue & decreases damage to streets

Issues for Consideration

TMRS



TMRS

- TMRS plan currently is 6% matched 2:1, 5-year vesting, & no COLA for retirees
- To be competitive with our labor market, moving to a 7% contribution rate will be helpful (approximate cost is \$250,000)
- Beginning 1/01/26, retiree COLA cannot be added without making it retroactive

Issues for Consideration Schneider Electric



Schneider Electric

- In July 2020, the City executed an investment grade audit with Schneider Electric to develop surveys, audits, & data analysis for a comprehensive WWTP repair & replacement plan
- A final project presentation was made to City Council in December 2022 & the decision was made to terminate the agreement
- WWTP still needs rehabilitation
- City can benefit from Schneider's stranded investment in engineering plans
- Energy conservation savings can fund upgrade of water meters to AMI system

Questions?
Ideas?

