STATE OF TEXAS

COUNTY OF BRAZORIA

CITY OF LAKE JACKSON

BE IT KNOWN THAT the City Council of Lake Jackson met on Monday, July 20, 2026, at 6:30 p.m. in Regular Session at 25 Oak Drive, Lake Jackson, Texas, Lake Jackson City Hall in the Alice Rodgers Council Chambers, with the following in attendance:

Rhonda Seth, Mayor	Modesto Mundo, City Manager
Jon J.B. Baker, Mayor Pro Tem	Sal Aguirre, City Engineer
Leonard Schooler, Councilmember	Sally Villarreal, City Secretary
Ralph Buell, III, Councilmember	Ana Silbas, Asst. to the City Manager
Matthew Bjune, Councilmember	Sherri Russell, City Attorney
Kevin Herrington, Councilmember	Lora-Marie Bernard, PIO
	Eric Wilson, Public Works Director
	Carey Lankford, Asst. Chief of Police
	Will Ammons, Fire Marshal
	Lora-Marie Bernard, PIO

PLEDGE OF ALLEGIANCE
Councilmember Bjune led the pledges.

INVOCATION
Councilmember Buell led the invocation.

ADMINISTER THE OATH OF OFFICE TO THE NEWLY APPOINTED COUNCIL MEMBER KEVIN HERRINGTON.
Ms. Villarreal administered the Oath of Office to newly appointed Council Member Kevin Herrington, filling the vacant Council Position 3 seat.

PRESENTATION
Mr. Mundo presented the proposed budget for fiscal year 2026–2027, noting at the outset that the charter requires him to submit a budget annually in July and that a full all-day budget workshop was scheduled for Saturday, July 25th.

Budget Calendar and Process - Mr. Mundo outlined the key dates in the budget process. The all-day workshop is set for July 25th. On August 3rd, the first Council meeting in August, the Council will call a public hearing on both the budget and the tax rate. He noted that the final certified appraisal roll would not be received until that coming Monday, meaning that any tax rate recommendation presented at this time was an estimate. The public hearing on the budget and tax rate is scheduled for August 17th, which is also when a utility rate action is anticipated.

Mr. Mundo reviewed the following points.

- The FY 26-27 budget is essentially a continuation of the previous three years' budgets, with a focus on long-term capital investments in infrastructure.
- Current priorities include the planned expansion of the Police Department and repairs to the fire station.
- Completion of Water Station 1 and its associated force main is underway, with the project costing over $12 million; lower-than-estimated bids have allowed for an additional $3 million in inflow and infiltration (I&I) work.
- There is an $8 million voter-approved street panel replacement program currently in the engineering phase, with construction starting in the fall and expected to span two to three years on major thoroughfares.
- The city plans to convert water meter reading infrastructure from the touch-point system to either AMR or AMI technology, estimated at $2 million with $500,000 budgeted to start implementation.
- A new animal control facility is expected to open this fall.
- Grant-funded planning initiatives are in place for a comprehensive master plan (GLO grant), a parks master plan, and a traffic safety master plan.
- The city remains committed to employee retention and recruitment.

Mr. Mundo described the total combined budget as roughly $67–68 million across all funds. The General Operating Fund, which he described as normal for government, is projected at approximately $29 million. The Utility Operating Fund—supported by water, sewer, and sanitation fees rather than taxes—is approximately $23.5 million. Utility capital project funds account for an additional $5.6 million, approximately $3.94 million of which is bond-funded. The general debt service portion of the tax rate currently sits at approximately $0.017, with the operating portion at approximately $0.020, for a combined rate just over $0.037. The 4B (Type B) sales tax fund generates approximately $4 million in revenue, funds some debt service, and supports roughly $1.5 million in cash projects.

<u>Projected Revenues and Expenditures</u> - Mr. Mundo said that current-year general fund revenues are running slightly below budget, due to a decline in property taxes resulting from a settled lawsuit between a major property owner and the appraisal district that required a refund, slightly lower sales tax receipts, and a $100,000 reduction in industrial district revenue. He noted that the city had held the line on general fund expenditures in part through a couple of position freezes, and that utility revenues were tracking essentially on budget. He stated that when expenditures in either fund come in lower than budgeted, it is most of the time due to employee turnover and open positions. For next year, the general fund expenditures are projected to increase approximately 1 percent, while utility fund increases are driven primarily by bond project costs and the purchase of water and fuel.

<u>Revenue Structure</u> - Mr. Mundo identified the city's three primary revenue sources as sales tax (the largest), Industrial District Agreement (second), and property tax (third). He noted that property tax revenue "pretty much pays for public safety," while other city services are funded through the remaining revenue streams. He stated that franchise fees have remained flat and miscellaneous revenue has declined somewhat.

Tax Rate Recommendation - When comparing the city's current rate of $0.3789 with neighboring cities, Mr. Mundo described Lake Jackson as in the lower quartiles of tax rates. For FY 26-27, he recommends a rate of $0.3811, which is less than $0.007 above the estimated no-new-revenue rate and would generate approximately $115,000 in additional property tax revenue. He emphasized that this rate is an estimate and will be refined once the certified appraisal roll is received on Monday.

He explained that the focus is on covering the $115,000 in property taxes, which means the amount could change depending on the total property value.

Utility Rate Increase - Mr. Mundo proposed a utility rate increase of $6.46 per month for a 5,000-gallon usage customer, noting this was a little bit lower than what we had estimated last year, where projections had suggested approximately $10. He explained that the city has been trying to project rates on a five-year horizon and smooth out the increases to approximately 7.7 percent per year rather than experiencing sharp variations. The proposed water base rate would increase from $40.14 to $43.24 per month.

He mentioned that the city offers a discount for residents over 65, which isn't common in other cities. The new rate of about $90 per month for using 5,000 gallons is similar to the rates in the region. Some cities have lower rates because they have Municipal Utility Districts (MUDs) that help reduce their costs, which aren't accounted for when comparing rates directly.

Sanitation Rate Increases - The proposed increase for residential sanitation is $0.25 per month, setting the new rate at $28.75. Mr. Mundo outlined that this is part of a plan to gradually bring the General Fund up to date over the next four years for fleet maintenance labor costs, as previously only parts were charged. To achieve full cost recovery, an increase of $1.00 to $1.25 per month would eventually be needed. Additionally, the commercial sanitation rate is set to rise by 5 percent, primarily to address the higher costs from Seabreeze, the city's contractor. While green waste has decreased after Hurricane Barry, benefiting the residential side, no similar reduction has been noted for the commercial side.

Storm Debris Reserve Fee - Mr. Mundo asked the council to consider a separate $1.00 per month fee on residential utility accounts, outside of the sanitation rate, dedicated solely to building a storm debris reserve fund. He cited two examples to make the case: Hurricane Nicholas, which cost over $1 million in debris removal with no FEMA reimbursement because the storm did not meet the eligibility threshold, and the most recent storm, where debris costs alone were approximately $5.5 million, of which $3.9 million has been received from FEMA with an additional $1.3 million still pending from the state. He noted the state's participation was good; it is not normal for the state to do this—and that the city had to borrow from its own equipment replacement fund to bridge the gap. He estimated it would take nine to ten years to build the fund to a level sufficient to cover a small storm. He also noted that the FEMA eligibility threshold for the county and state is rising, making future reimbursement harder to obtain, especially for smaller storms. He mentioned that one other city in the region had implemented a similar fee the previous year.

General Fund Expenditure Changes - Mr. Mundo highlighted the primary increases in the general fund: electricity costs up by $176,000 – $177,000; maintenance contracts up by $83,000 (generators, computers, and other equipment); fuel up by $71,000; veterinary expenses up by $40,000 to $80,000 for a full year as the new animal control facility opens; civic center contract cleaning up by $21,000, which he noted is offset by collected cleaning fees from renters; heating and air maintenance up by $17,000; and an EMS services contract increase of $12,000.

Mr. Mundo mentioned various noteworthy reductions, including the elimination of two positions (a general administration clerk previously dedicated to records retention and scanning project that has now been substantially completed, and a court clerk whose position is no longer justified by current court volumes). He noted both positions remain authorized but are defunded, meaning no funds are appropriated. He also described an arrangement where a systems analyst position is being defunded and those services are contracted out, saving $30,000 in personnel costs. He acknowledged this is a one-year trial: Next year, I may be coming back to you and saying it didn't work. The Gulf Coast Transit funding of $70,000 was moved from operating to capital, which he described not as a cut but as a transfer, reflecting the way it was funded for the preceding decade. The SPCA animal shelter payment was reduced as the new city facility nears opening. Total personnel costs after reductions were cut by approximately $39,000. He also reduced the TDECU building maintenance budget from $200,000 to $175,000 and removed consulting funds for the Alden development project from the budget, noting an existing provision ordinance requires the developer to reimburse those costs eventually.

Utility Fund Expenditure Changes - On the utility fund side, the largest driver is a $235,000 increase in debt service for Station 1, described as the "last increase" for that project. Surface water purchase costs from the Brazos Water Authority (BWA) are increasing by $190,000, with 83 percent attributable to the Harris Reservoir expansion, an eight-year debt incline now in approximately year four. Mr. Mundo noted that Lake Jackson's share of the reservoir expansion cost is approximately 25 percent. Capital project transfers are also increasing by $153,000, part of a broader strategy to build toward $2 million annually in cash-funded utility projects to "lessen our debt load." He also cited increases in maintenance contracts, electricity costs on the water and sewer side, a $62,000 consultant cost for lead and copper testing, a $35,000 increase for commercial dumpster replacements (supporting the commercial sanitation rate increase rationale), and a $17,000 merit pay increase. Minor reductions included eliminating a sanitation consultant and slightly decreasing the waste disposal fee.

Capital Improvement Program - Mr. Mundo presented a breakdown of new capital projects totaling approximately $2.92 million in cash-funded CIP, plus $4.5 million in bond project expenditures (drawn from the previously approved $20 million issuance, $3 million of which is the I&I project). The 4B sales tax fund supports approximately $1.5 million in additional cash projects. He acknowledged that street CIP appears low in the new project listing because the $8 million voter-approved panel replacement program was appropriated the prior year; the new street line of approximately $155,000 is primarily maintenance. General cash project reserves are maintained at over $600,000, with Mr. Mundo noting he anticipates moving the minimum balance target to $750,000 given inflation.

Key general fund CIP items include Oak Drive/ Southbridge resurfacing and traffic control cabinet replacement, PD controlled access upgrades, fire PPE and tools, and approximately $480,000 for museum ceiling work, a demolition project, AC replacements, and general city facility maintenance. Utility CIP items include $500,000 for meter replacement implementation (AMR/AMI), BWA intake corrosion control work, and a pilot study to explore the feasibility of a deep well water source, suspected to be located in the north end of town.

Employee Compensation - Mr. Mundo stated he is recommending a 2 to 3 percent merit-based pay increase for employees but is not recommending a market adjustment this year. He noted that the city has engaged Logic Group to conduct a salary survey, with results expected in the fall, and that any market adjustments would be considered next year. He acknowledged that four positions identified by staff have fallen behind market but concluded that we cannot afford it this year. He noted that overall salary and benefit costs in the general fund actually declined by approximately $39,000, driven primarily by the position eliminations, position freezes, insurance adjustments with raised deductibles, and the fact that several senior employees who retired at the top of the pay range have been replaced by staff at the midpoint.

Mr. Mundo closed the presentation by noting the tax rate public hearing is set for August 17th and that the all-day workshop Saturday would allow for detailed questions. The mayor thanked him and noted the presentation gave the Council much to prepare for the coming week.

VISITOR COMMENTS

Mr. Wade shared the history of the "Duplex Area," a 40-acre site developed in 1940 for workers at the magnesium plant. While Lake Jackson was initially a fantastic place to live, by mid-century, the area deteriorated despite redevelopment plans. Wade, along with his wife Rhonda and Judge Everett Stovall, worked over 18 years, starting in 1978, to redevelop it. They formed 13 corporations, enlisted architect Raymond Burrows for designs as early as 2000, and secured commitments from 87% of property owners to sell to a single developer. By 2013, after considering plans by Dow Chemical, they sold it to H-E-B. During Lake Jackson's 75th anniversary, a plaque recognized the redevelopment as the city's best improvement. Wade presented Mayor Seth with a book he co-authored documenting the efforts, emphasizing the critical contributions of Ms. Wade and Mr. Stovall.

DECLARATION OF CONFLICTS OF INTEREST

There were no declarations of conflicts of interest.

CONSENT AGENDA

1. Approval of Minutes – July 6, 2026 – **approved**
2. Accept Board and Commission minutes: **accepted**
    a. Planning Commission - 050526
    b. LJDC – 070225
3. Approve Ordinance No. 2316 abolishing the Youth Advisory Commission. – second reading **approved**
4. Approve a fourth contract extension for one (1) year with Thompson Consulting Services for debris monitoring services, with no price increase. **approved**

Councilmember Buell motioned to approve consent agenda items 1-4, seconded by Councilmember Schooler, with all present members voting “aye,” the motion carried.

REQUEST CITY COUNCIL APPROVAL TO REVISE THE MORRISON PARK RESTROOM CDBG GRANT PROJECT TO RENOVATE THE EXISTING RESTROOM FACILITY, INCLUDING ALL IMPROVEMENTS NECESSARY TO ACHIEVE FULL ADA COMPLIANCE, RATHER THAN DEMOLISHING AND CONSTRUCTING A NEW RESTROOM FACILITY, WITH A TOTAL COST NOT TO EXCEED $285,000. - ROBIN HYDEN

Ms. Hyden presented an assessment of the Morrison Park restroom facility. She noted that at a prior meeting, when staff proposed demolishing the existing restrooms and constructing new facilities, the Council asked whether renovating the existing building was feasible. Staff then engaged a general contractor with experience renovating similar facilities to conduct a full building assessment.

Ms. Hyden reported that without ADA upgrades, the renovation cost was estimated at approximately $145,000. The major needs identified include a full roof repair, complete replumbing, replacement of wooden chase walls and framing with CMU (concrete masonry unit) construction, and installation of proper interior drainage, which is currently absent. She identified this as a primary cause of standing water, rot, and ongoing deterioration. She noted that the building's history of flooding had been taken into account.

ADA compliance will add approximately $75,000 to the cost, primarily due to the need to construct a compliant entry ramp from the parking lot, which will require an intermediate landing to meet slope requirements. She noted that any rehabilitation project exceeding $50,000 in value triggers a Texas Department of Licensing and Regulation (TDLR) review for ADA compliance, which will apply here. With engineering fees, an environmental study required under the CDBG grant program, and contingency, staff estimated a total project cost of approximately $285,000. Of that, $220,000 would be funded by the CDBG grant, with the remaining $65,000 coming from 4B (Type B) sales tax funds.
Mayor Seth asked whether the type of protective waterproofing/sealant coating under consideration had been used on other city facilities. Ms. Hyden confirmed it had been applied to the recreation center, where it has performed well, and noted that specific product selection would need to account for the Morrison Park building's flood exposure.

Mr. Mundo noted that, because of the CDBG grant funding, the city may be required to hire an architect and conduct a formal bid process rather than use the buy board cooperative purchasing contracts it would otherwise use. He noted that if the buy board is deemed compliant with all applicable federal procurement laws, engineering fees may be reduced or eliminated. He also noted that the environmental survey is typically covered off the top of the grant and that contingency funds are built in. He expressed optimism that the final cost could come in under the $285,000 limit.

Councilmember Herrington asked about the revised project approach in relation to the previously presented prefabricated restrooms. Ms. Hyden clarified that at a prior meeting the Council had directed staff to evaluate whether renovating the existing facility was viable before proceeding with demolition and new construction. She confirmed that renovation is viable and more cost-effective. She noted that she still intends to use the prefabricated restroom concept at Jasmine Park, where she described recent vandalism.

Regarding the use of any surplus grant funds remaining after project completion, Mr. Mundo explained that funds would need to remain at Morrison Park unless the Council initiates a new formal request, complete with public hearing, through the Lake Jackson Economic Development Board. He suggested potential use within the park could include addressing issues with the aeration fountains at Shy Pond, pavilion maintenance, pier inspection, and sidewalk improvements. Ms. Hyden confirmed these items would be evaluated, noting that staff is already looking for more efficient fountain solutions.

Mr. Mundo clarified that no formal action was requested at this meeting. Staff was presenting the revised direction for Council's awareness and seeking confirmation to proceed with the renovation approach.

APPROVE RESOLUTION NO. 1017 TO ENGAGE HYDE KELLEY, LLP, TO ACT AS A LEGAL CONSULTANT FOR MATTERS CONNECTED TO THE INDUSTRIAL DISTRICT IN AN AMOUNT NOT TO EXCEED $25,000. – SHERRI RUSSELL

Ms. Russell explained that three cities, Lake Jackson, Freeport, and Clute, are parties to the current Industrial District Agreement, which expires in December. As negotiations for a new agreement have progressed, the topic of annexation has surfaced, and it became apparent that none of the three cities, nor their attorneys, have ever undertaken an annexation proceeding for an industrial district. Ms. Russell indicated she interviewed four or five attorneys before recommending Hyde Kelley, LLP, noting that the attorney she met with offered strong suggestions and had a lot of experience.

Ms. Russell explained that the $25,000 ceiling represents Lake Jackson's share of the total estimated cost of $75,000, with the other two cities expected to reimburse their share. She clarified that the purpose of the engagement is to develop a pre-annexation plan and prepare the necessary foundational legal documents so that, if annexation ever became necessary, whether due to a breakdown in industrial district negotiations or changes in state law, the city would be in a position to act quickly.

Mayor Seth pointed out the importance of having a pre-annexation plan ready, which can take up to a year to develop. Having the annexation plans prepared, including all details like meets and bounds, ensures the plan is readily available in a binder, ready for implementation if needed.

Councilmember Bjune asked about the conflict disclosure process and whether the law firm had provided a formal conflict disclosure agreement. Ms. Russell confirmed that the engagement letter contains disclosure language and that, once hired, the attorney will prepare a formal multi-city conflict agreement.

Councilmember Bjune asked what would happen if one of the other cities decided not to join. He pointed out that if Clute, for example, dropped out, Lake Jackson and Freeport would have to split the cost evenly, paying $37,500 each. Councilmember Bjune noted that the city that opted out would still benefit from the annexation plan created without having to pay for it.

Ms. Russell acknowledged this and stated she intends to amend the agreement to limit information sharing strictly to the participating cities if one opts out.

Mayor Seth noted it is good to have a plan in place if needed, even if it meant having to pay the $75,000. It is better to be prepared.

On a motion by Councilmember Herrington, seconded by Councilmember Buell with all present members voting "aye," Resolution No. 1017 to engage Hyde Kelley, LLP, to act as a legal consultant for matters connected to the Industrial District in an amount not to exceed $25,000 was approved.

STAFF UPDATES

City Manager

- Update on FEMA reimbursements – Mr. Mundo provided updates on the reimbursements, noting that the city has received $3.9 million in debris removal reimbursements. An additional $1.3 million remains under review by the state and is still anticipated. He also noted that a separate golf course project has been completed, FEMA has conducted a site inspection, and processing of that reimbursement is anticipated.
- City Council Budget Workshop – Saturday, July 25th from 8 a.m. to 3 p.m.
- City Council Photos – August 3rd beginning at 5:30 p.m.

City meeting action item summary - none

CONSTRUCTION UPDATES:

Councilmember Buell asked about the work happening at the FM 2004 ditch.

Mr. Wilson stated the FM 2004 project involves a sanitary sewer collapse on the north side of the creek to the road. A temporary pump bypasses the damaged line via a private drainage easement. The slip line was inserted through the damaged section that day; the two affected manholes would be sealed the next day, and the system was expected to return to normal by Wednesday, July 22nd, subject to weather, as a storm system was a concern.

Mayor Seth asked about the work on Willenburg and Balsam area.

Mr. Aguirre stated that the contractor had proposed a new base stabilization product, included as an alternate method in the contract. However, upon its application on Balsam, it was clear it wasn't effective. Staff immediately stopped its use and opted for the city's standard cement stabilization method instead. The contractor initially assumed they could quickly apply the product across all locations, including Sleepy Hollow. However, expansion to Sleepy Hollow is on hold until satisfactory progress is achieved on Willenburg and Balsam. Staff will require blacktop completion on Willenburg and Balsam before work moves to Sleepy Hollow, the project's largest section.

Councilmember Buell asked when work would begin in Sleepy Hollow. Mr. Aguirre couldn't provide a specific start date because the blacktop work on the current streets must be completed first. He assured that residents had been kept informed about the change in materials and the updated approach.

Councilmember Herrington inquired about the bore under HWY 288/ HWY 332. Mr. Aguirre confirmed the boring had been completed at the required depth, that the contractor is in cleanup mode, and that work is expected to be substantially finished by the end of the week, calling it the right call on the method chosen.

Councilmember Bjune also raised the question of dust-control watering on the affected roads, given the recent lack of rainfall. Mr. Aguirre acknowledged that watering had decreased during a period of rainfall but confirmed that crews would resume watering the treated roads as needed.

Councilmember Bjune noted that an apartment complex project has been underway for seven years and asked for a status update. Mr. Mundo indicated he would seek a current update from the developer, noting the city had met with him three to four weeks prior but he had not recently followed up on field progress. Mr. Wilson confirmed that an inspection call had been received from the project the prior week, indicating activity is ongoing. Mr. Mundo estimated the project at approximately 50 percent completion from a building standpoint. Councilmember Bjune noted that not all of the rear buildings have received occupancy certificates yet.

ITEMS OF COMMUNITY INTEREST

- Councilmember Herrington expressed thanks to Mr. Mundo and all city departments for their response to the recent apartment fire, stating he was very impressed with everyone.
- Councilmember Baker asked for an update on (The Pearl) apartment fire.
  - Mr. Mundo reported that the Red Cross established temporary housing for apartment fire victims but closed it by Sunday because no families needed it. The city is offering the civic center room for three days to community volunteers to organize and distribute donations for affected families. The Red Cross has worked individually with each family. Approximately 12 apartment units were affected, impacting 10 to 11 families. In response to Councilmember Buell's query about the fire's cause, Mr. Mundo said he would consult with the fire marshal and noted that someone had admitted involvement.
- Mayor Seth echoed Councilmember Herrington's praise for all responding departments, emphasizing that despite significant property damage, there was no loss of life. She also recognized the strong community response, noting that local businesses—including MEGA Realty in downtown Lake Jackson, Sweet Tea's Diner in Freeport, and 7 Souls Tattoos—had been accepting donations and were reported to be overwhelmed with contributions. She indicated that efforts were shifting toward collecting gift cards (Walmart, food) for direct distribution to families, and that volunteers would be working at the civic center beginning the following day to organize and distribute donations.

EXECUTIVE SESSION - THE CITY COUNCIL WILL ADJOURN INTO EXECUTIVE SESSION TO RECEIVE ADVICE ON A LEGAL MATTER THAT IS PROTECTED BY THE ATTORNEY-CLIENT PRIVILEGE, UNDER SECTION 551.071(2) OF THE TEXAS GOVERNMENT CODE, AND TO DISCUSS COMMERCIAL OR FINANCIAL INFORMATION THAT THE CITY HAS RECEIVED FROM A BUSINESS PROSPECT WITH WHICH THE CITY IS CONDUCTING ECONOMIC DEVELOPMENT NEGOTIATIONS, INCLUDING THE INDUSTRIAL DISTRICT AGREEMENT WITH DOW AND OTHER INDUSTRIES IN THE AREA UNDER SECTION 551.087(1) OF THE TEXAS GOVERNMENT CODE. - There was no executive session needed.

ADJOURNMENT

There being no further business, the meeting was adjourned at 7:51 p.m.
These minutes were approved on July 20, 2026.

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Sally Villarreal, City Secretary

Rhonda Seth, Mayor