Mayor Tim Marshall
Councilmember Jerry Webb
Councilmember Jasmine McDowell
Councilmember Jarom Tefteller

Mayor Pro-Tem Pete Herrmann
Councilmember Brian Williams
Councilmember Carl Byers

BUDGET WORK SESSION
MINUTES

The City of Gilmer Council Budget Work Session Meeting convened in special session at 5:30 P.M. on Monday, August 10, 2026, at Gilmer City Hall, 110 Buffalo St., Gilmer, Texas.

The following Councilmembers were present:

Mayor Tim Marshall
Councilmember Carl Byers
Councilmember Jarom Tefteller
Councilmember Jasmine McDowell

Mayor Pro-Tem Pete Herrmann
Councilmember Jerry Webb
Councilmember Brian Williams

The following Councilmembers were absent:

None

The following staff were present:

Mary Bullock, City Manager
Garrett Williamson, Accountant
Lisa Long, Civic Center Director
Andy Dube, Assistant Chief of Police

Deana Powell, City Secretary
Mike Martin, City Attorney
Lana Davidson, Chief of Police

Other Attendees:

Phillip Williams, Gilmer Mirror

Items to Consider

1. **Discuss the Proposed 2026-2027 City Budget (Enclosure).**

   City Manager Mary Bullock presented the proposed budget for the City of Gilmer's Fiscal Year 2026-2027.

   She reviewed the governmental funds that support core public services and are primarily financed through taxes and grants. Property tax revenue is projected to increase due to the addition of the Highland Forest Subdivision to the tax roll and the proposed adoption of the de minimis tax rate.

Revenue from the sales tax changes approved in the May election will provide additional funding for the Police Department, Fire Department, and Parks Department. Permit revenue is expected to decline following completion of the subdivision and recent legislative changes that limit the City's authority over certain food and alcohol permits. However, Community Development Director Jessie Perkins is participating in a state certification program that will allow the City to recover some of these funds through health inspections.

Major expenditure changes include a 3% base pay increase for employees, a new citywide IT professional services contract to consolidate technology support under one provider, and implementation of a leased fleet program to replace aging city vehicles.

Legislative Department expenditures will remain largely unchanged except for increased funding for training for the City Council, City Attorney, and City Secretary. Election supply expenses will decrease based on actual costs from the recent election.

General Administration expenses will increase due to higher insurance, software, and audit costs resulting from contractual obligations.

Treasurer/Finance expenditures will increase slightly because of payroll adjustments, taxes, workers' compensation insurance increases, and higher appraisal service fees paid to the Tax Assessor.

The Streets Department budget will increase significantly due to the transfer of an employee from the Parks Department, inflationary increases in supplies and utilities, and higher contractual service costs, including mowing.

Fire Department expenditures will increase modestly due to payroll adjustments, sick leave payouts for employees who have reached maximum accrual limits, increased support for the Volunteer Fire Department, and necessary building maintenance.

The Police Department budget will see a substantial increase. New sergeant positions are being created to provide adequate supervision for each shift, resulting in higher payroll costs. Additional increases are related to uniforms, equipment, safety supplies, building maintenance, and resources needed to support additional personnel.

Municipal Court expenses will increase slightly to accommodate the purchase of a filing cabinet and tablet.

The Parks Department budget will decrease overall because of the employee transfer to the Streets Department. However, utility costs will increase due to the new baseball and soccer complexes, along with additional building and grounds maintenance associated with the new mowing contract. The department is being overbudgeted because of the final mowing bid that came in significantly lower than expected.

Community Development expenses will increase slightly due to payroll adjustments and training costs associated with state food inspector certification.

Lake Gilmer expenditures will increase minimally because of inflationary increases in materials and supplies.

If the proposed de minimis tax rate is adopted, additional revenue will be allocated to a Capital Projects Fund for streets, drainage, and infrastructure improvements. Council members were encouraged to identify areas requiring repair or drainage improvements so staff can develop project estimates and implementation plans. These funds will be dedicated exclusively to capital projects.

Enterprise Funds operate independently and are supported by fees rather than taxes. These funds include water and sewer utilities, sanitation, the airport, and portions of the Civic Center. Revenue changes include reduced interest earnings following the closure of a certificate of deposit used to fund water tank restoration projects. Wastewater permit revenues from DuoLine and Robroy were increased this year, and airport revenues will rise due to increased hangar rental rates.

The City will evaluate water and sewer rate increases in October or November. Rates have not been adjusted since 2016 despite approximately 39% inflation over the past decade, making an increase necessary to maintain financial sustainability.

Airport expenditures will increase due to the creation of an Airport Manager position and additional grounds maintenance. Civic Center costs will also increase because of the retirement of the current director, resulting in temporary payroll overlap for training, retirement benefit payouts, implementation of scheduling software, and necessary building repairs and maintenance.

The Economic Development Corporation is a separate nonprofit entity that is reported as a component unit of the City's financial statements. Significant changes are planned with the transition from Type A to Type B status. Under the voter-approved May election changes, the existing one-half cent sales tax will be reallocated, with one-quarter cent supporting the new Type B EDC and one-quarter cent directed to General Fund operations for police, fire, and parks services.

Upon creation of the Type B EDC, the Type A EDC will retire the Lake Gilmer bond debt, transfer the TCEQ water permit to the City, dissolve the corporation, and transfer its remaining assets to the City. This transition will reduce EDC revenues and administrative service expenditures while increasing legal and professional service costs. The EDC will reserve $50,000 as a matching contribution for the Downtown Revitalization Grant application expected to reopen in September. After narrowly missing funding in the previous round, the City is anticipated to be highly competitive for the next funding cycle. Staff have also compiled a list of potential projects that could be funded using assets transferred from the Type A EDC and asked Council to suggest any additional projects.

Major accomplishments during Fiscal Year 2025-2026 included substantial completion of Yamboree Park Phase I; the Type A to Type B EDC election process; water tank restoration projects; implementation of GovWell permitting software; purchase of a new brush fire unit and Ford F-250 for the Fire Department; police pay scale adjustments and development of a utility department pay scale; renovation of the Community Development Building; completion of backflow testing, RPZ notification, and database management initiatives; airport improvements including LED lighting, beacon tower painting, runway resealing and striping, and brush removal; and completion of the multi-year city ordinance codification project.

Planned projects for Fiscal Year 2026-2027 include updates to the Lake Gilmer dam, creation of the Type B EDC, implementation of citywide IT services, installation of the fitness studio and gym at Yamboree Park, software upgrades for utility billing and municipal court operations, construction of two new water wells and water main replacements through a $2.5 million State Water Fund project, participation in the Downtown Revitalization Program, revision of personnel policies, airport AWOS improvements, and implementation of the leased fleet vehicle program.

Mrs. Bullock concluded by stating that the proposed budget is balanced. The budget will remain balanced even if the proposed tax rate is not approved.

I. Adjournment

Mayor Pro-Tem Pete Herrmann made a motion to adjourn, with a second by Councilmember Jasmine McDowell and a vote of 7/0 in favor. Motion passed unanimously.

With no further business to come before the council this meeting was adjourned at 7:02pm.

Tim Marshall, Mayor

ATTEST:

Deana Powell, City Secretary

CITY OF GILMER
TEXAS