

MINUTES
SPECIAL PRE-BUDGET MEETING
May 22, 2020

A Special Meeting was held by the Schertz City Council of the City of Schertz, Texas, on May 22, 2020 at 8:30 a.m., at the Hal Baldwin Municipal Complex Civic Center, Bluebonnet Hall, Schertz, Texas. The following members present to-wit:

Mayor Ralph Gutierrez
Councilmember Rosemary Scott
Councilmember Michael Dahle
Councilmember Allison Heyward

Mayor Pro-Tem Mark Davis
Councilmember Scott Larson
Councilmember David Scagliola
Councilmember Tim Brown

Staff Present:

City Manager Dr. Mark Browne
Assistant City Manager Charles Kelm
City Attorney Dan Santee
Assistant to City Manager Sarah Gonzalez
EMS Director Jason Mabbitt
Engineer John Nowak
Fire Chief Kade Long
Public Affairs Director Linda Klepper
Human Resource/Purchasing Director Jessica Kurz
Director of Parks, Rec. & Comm. Services Lauren Shrum

Assistant City Manager Brian James
Executive Director EDC Adrian Perez
City Secretary Brenda Dennis
Director James Walters
City Engineer Kathy Woodlee
Public Works Director Suzanne Williams
GIS Coordinator Tony McFalls
Police Lt. Investigations Manny Casas

Guests Present:

Mr. Glen Outlaw

Call to Order (General Comments)

Mayor Gutierrez called the meeting to order at 8:36 a.m.

Welcome/Overview

Dr. Browne welcomed everyone and provided an overview of today's events. *(Copy of the PowerPoint presentation can be found in the City Secretary's office)*

- COVID-19 Update
- Current FY 19-20 Budget Update
- Overview of Capital Improvement Plans (CIP)
- HR Studies - Staffing and Class & Comp
- Discussion on FY 20-21 Budget

1. **Pre-Budget prioritization process** - Discussion and direction in preparation for pre-budget prioritization process and budget goal setting, including but not limited to key growth and service provision indicators such as population growth, tax base development,

staffing levels and structure, and how to apply the information to assist in appropriate priority based decision-making. (M. Browne/Executive Team)

COVID-19 Update - Information regarding current and future openings was provided by Fire Chief Kade Long and staff.

Information regarding Looking Ahead – Reopening of City Facilities/Services

June 1

Open doors to customer service
Buildings 1,2,6,8,9,10,12 (Customer Counters only)
Continue On-Line Check Out at Library
Civic Center
Boards and Commissions Resume

TBD - Possibly July 1st

Library
Park Playgrounds/Restrooms/Workout Stations (may open sooner)
Pools (Lifeguards)

Senior Center
Opening date still to be determined
Senior Lunch Program - will continue M-F, 11:20-12:30

Future Events
Movies in the Park, Concerts in the Park, Nature Discovery Series - modified to provide for social distancing beginning in June
Summer FUN Guide will be coming out with the June issue of *Schertz Magazine*

July 4th

Multiple location Fireworks and social distance elements - take the parade to the people
No large celebration at Pickrell Park or Parade

Disaster Declaration
Governor Abbott extended for 30 days on May 12
Reimbursement
Flexibility (things may change based on CDC guidelines)
Future PPE Needs
Less Restrictive Penalty Options

Current and Anticipated Fiscal Impact
Anticipated Savings - \$160,000
Travel/Training - \$116,000
Fuel - \$40,000
Movin on Main – \$4,000

- Impact on Sales Tax – no slowdown yet and still have seen double digit growth

- Current and Anticipated Fiscal Impact

Lost Revenues (\$400,000)
Civic Center Rentals (\$64,000)
Park Pavilion Rentals (\$5,000)
Court Fees/Fines (\$66,000)
Permits (\$115,000)
Magazine Advertising (\$20,000)
Investment Income (\$130,000)

Response Action Costs: - \$50,000 (expect to be reimbursed for most of this)
- Governor's Grant - \$2 Million allocated for Schertz at 100% reimbursement
- FEMA - 75% reimbursement

Budget Planning/Preparation - 2 Scenarios

Scenario 1 - Cautious but more emphasis on "business as usual" - *Council chose*

Scenario 1 - Cautious with more of a "wait and see" approach

Current FY 19-20 Budget Update - staff provided information regarding:

Budget update

- Savings from Delayed positions - \$238,800
- Tax update
Sales tax over projections \$540,000
- Overall COVID net - (\$240,000)
- Overall/YEPs net impact
Instead of withdrawing \$896,000 for operations from reserves, the City is currently projecting to increase reserves by \$260,000
- Property values

Preliminary Property Values

- Net Taxable Value grew 1.4%
- New Taxable Value grew 2.7%
- Taxable Value on existing homes and businesses decreased 1.3%
- So, what does this mean?
Actual tax rate may be lower than the effective tax rate

Effective Tax Rate

- If the effective tax rate is higher than the actual tax rate it means our revenue from existing properties would be less than the prior year
- Causes
DVHS Exemptions
Agriculture Exemption

Current Outlook

- COVID-19 Takeaways
Ok for now

- Continue to monitor possible long-term effects
- Tax Rate
 - Cautious approach
 - Possibility of effective rate being higher than current rate
 - How does that impact future projects?

Overview of CIP - Staff provided information on the following:

- Streets - What's complete, what's under construction, what's in design, what's proposed for the coming year
- Building Maintenance and Facility Operations - Facility Services restructure and workflow, Facilities O&M Program, Facilities Enhancement Program
- Water/Wastewater - Dedicated 16" Transmission Line, FY's 19-20, FY's 21-22, FY's 23-25 projects, discussion regarding water loop lines
- Planning for the Future - Policy questions: GO or CO, maintain even tax rate, what are our priorities, debt issuance

2. **Class and Comp Study** - Presentation and discussion regarding the Class and Comp Study. (M. Browne/Executive Team/Consultant)

Staff reviewed the below highlights with Council addressing questions:

HR Studies - Staffing Study

- Staffing Levels
- Organization Recommendations
- Effectiveness Recommendations
- Implementation Recommendations - options

HR Studies - Compensation and Classification Study

- Perform a Compensation/Classification study for all City positions.
- Compare compensation to relevant labor markets/competitors.
- Ensure that positions performing similar work with essentially the same level of complexity, responsibility, and knowledge, are classified together.
- Develop a competitive classification and compensation structure.
- Methodology discussion
- Market Relationship
- Recommendations and discussion
- Implementation discussion and costs
- Next steps and transition plan

Discussion on FY 20-21 Budget

- What we anticipate next FY looks like
- Fund Class & Comp implementation plan
- Additional Personnel (2 or 3 positions)
- \$500,000 one-time purchase
- Additional Expanded Programs

- Discussion on Revenue/Expense Projections
- Budget Priorities Going Forward
- UDC/Comp Plan Update

\$350,000 (contract)

Add Senior Planner position - \$60,000

- Total - \$410,000
- CIP Funding Strategy (streets, water, sewer, facilities) - Continue using excess reserves
- Class & Comp
- Staffing Study
- ECI

Affirm direction from Council on which budget scenario they want to go with

- Scenario 1 – Cautious but more emphasis on "business as usual" - *Council chose*
- Scenario 2 – Cautious with more of a "wait and see" approach
How aggressive do we want to be with revenue/expense projections

Mayor and Councilmembers addressed questions to the various staff members who provided information on their areas of the presentations.

Hearing of Residents

No one signed up to speak.

Adjournment

Mayor Gutierrez adjourned the meeting at 1:36 p.m.

Ralph Gutierrez, Mayor

ATTEST:

Brenda Dennis, City Secretary