

DRAFT
MINUTES
SPECIAL MEETING
March 25, 2022

A Special Pre-Budget Meeting was held by the Schertz City Council of the City of Schertz, Texas, on March 25, 2022, at 9:00 a.m. in the Hal Baldwin Municipal Complex Council Chambers, 1400 Schertz Parkway, Building #4, Schertz, Texas. The following members present to-wit:

Present: Mayor Ralph Gutierrez; Mayor Pro-Tem David Scagliola; Councilmember Mark Davis; City Council Place 2 - Vacant; Councilmember Jill Whittaker; Councilmember Michael Dahle; Councilmember Tim Brown

Absent: Councilmember Allison Heyward

City Staff: City Manager Dr. Mark Browne; Assistant City Manager Brian James; Assistant City Manager Charles Kelm; City Secretary Brenda Dennis; Assistant to the City Manager Sarah Gonzalez; EDC Director Adrian Perez; Finance Director James Walters; Library Director Melissa Uhlhorn; City Engineer Kathy Woodlee; GIS Coordinator Tony McFalls; Interim Police Chief Marc Bane; Assistant Fire Chief Greg Rodgers; Public Works Director Suzanne Williams; Director of Planning & Community Development Lesa Wood; Public Affairs Director Linda Klepper; IT Director Myles Clauser; Human Resources & Purchasing Director Jessica Kurz; EMS Director Jason Mabbitt; Parks, Recreation & Community Services Director Lauren Shrum

Call to Order (General Comments)

Mayor Gutierrez called the Special Pre-Budget Retreat meeting to order at 9:00 a.m. Mayor Gutierrez provided his comments on the importance of today's meeting.

Hearing of Residents

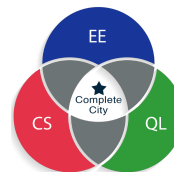
No one signed up to speak.

Discussion and Action Items

Pre-Budget Prioritization Process -

- Discussion and direction for building the FY 2022-23 Budget, including but not limited to setting five-year goals for the City and setting priorities for the FY 2022-23 Budget. Funding all programs needed to accomplish the City Mission, taking into consideration factors such as population growth, tax base development, large time sensitive infrastructure projects, right of way issues, staffing levels and structure, American Rescue Plan funding priorities and process, and prioritizing expanded programs that may be required in the future. (M. Browne/Executive Team)

Mayor Gutierrez turned the meeting over to City Manager Dr. Mark Browne who stated that the focus is to get alignment on short-term and long-term (5 year goals) with Staff and Council.



Assistant City Manager Brian James provided the "Complete City Model" that was adopted a couple of years ago and explained the model asking for Council for affirmation. Members of Council concurred to continue with the Complete City Model.

Finance Director James Walters provided the following information and explained where we left off last year and what we have this year to work with:

- Expanded Programs Built into this Scenario for FY 2022-23
- New Personnel - \$200,000
- Small Equipment - \$14,500
- Large Equipment/Projects - \$55,000
- Allocating Excess Funds from Tax Rate Swap to SPAM Program - \$400,000
- Begin Station #4 Staffing - \$300,000

ECI – 1%, then slow increments in the out years

Next was a break-out dot exercise with Council to place their numbered 1 through 4 dots on the flip chart of items listed below for development of Key City 5 Year Goals, 1 being the highest and 4 least priority

- Increase Staffing Levels
- Renovate/Reconstruct Existing Facilities
- New Facilities (ex. Public Safety Building, Access Points, Fire Station, Parks)
- Compensation
- Infrastructure
- Technology
- CIP Planning and Document Development
- Expansion of existing services
- Funding for Retail Development and Recruiting
- Additional staff funding - staff training

Dot results for Council were:

1. Compensation
2. Infrastructure
3. Renovate/Reconstruct Existing Facilities
4. Staffing Levels
5. CIP Planning and Document Development

Staff and Council compared their lists (in no particular order)

STAFF
Increase Staffing
Compensation
New/Reconstruction Facilities
CIP Planning/Document Development
Infrastructure

COUNCIL
Increase Staffing
Compensation
Reconstruction of Facilities
CIP Planning/Document Development
Infrastructure

Discussion occurred that Staff and Council would need to define goals further and bring back the information. Mayor Gutierrez called for a break at 11:39 a.m. Mayor Gutierrez resumed the meeting at 12:19 p.m.

Next Discussion FY 2022-2023 Budget Development Discussion:

- Discussion of challenges in level of funding - particularly for expanded programs
- New Personnel - \$200,000
- Small Equipment - \$14,500
- Large Equipment - \$55,000
- Limitation of current system on funding recurring items
- Can we be more aggressive on revenue projections?
- What areas could we do this? What would that look like? How much money would that get us?

- Sales tax - increasing from 5% to 7% - would provide an additional \$475,000 recurring revenue for FY22/23

- What are the drawbacks to doing this?
- Could we be more aggressive on expense projections?

What areas could we do this? What would that look like? How much money would that get us?

Across the line-item adjustments to match long-term trends - reduce department budgets by 2%? Would provide additional \$750,000 recurring funding (could find 10 positions)
 What are the drawbacks to doing this?

Council discussed and agreed to be more aggressive with sales tax projections and reducing unspent amounts across the board.

FY 2022-2023 Budget Development Discussion

- Mid-Year Ready to go projects
- The idea is to have a project(s) ready to start on short notice, that can generally be completed during the fiscal year if revenue and expense projections show additional funds are likely to be available.
- This is what we did with Elbel.
- Develop stretch goals for each area of complete city model at upcoming Policy Team meeting.

Council discussed and agreed to this. Action from staff is to develop stretch goals in each area - they will review at a future Policy Team meeting.

5-Year Forecast FY 2022-23

	2023		2024		2025		2026		2027	
	FY Proposed		FY Estimate		FY Estimate		FY Estimate		FY Estimate	
Program Changes/Additions										
Additional Employee Compensation	1.0%	\$ 232,826.38	0.5%	\$ 122,405.59	0.5%	\$ 127,965.73	0.25%	\$ 67,257.43	0.25%	\$ 70,445.73
New Personnel	P	\$ 200,000	P	\$ 200,000	P	\$ 120,000	P	\$ 120,000	P	\$ 120,000
Small Equipment	R	\$ 14,500	R	\$ 20,000	R	\$ 20,000	R	\$ 20,000	R	\$ 20,000
Large Equipment	O	\$ 55,000	O	\$ 55,000	O	\$ 45,000	O	\$ 45,000	O	\$ 45,000
Act on Comp Study					P	\$ 250,000	P	\$ 250,000	P	\$ 250,000
Infrastructure Projects										
Fire Station 4 staffing	P	\$ 300,000	P	\$ 300,000	P	\$ 300,000	P	\$ 300,000		
Current Rate										
Street Funding	R	\$ 400,000								

Expanded Programs Built into this Scenario for FY 2022-23

- New Personnel - \$200,000
- Small Equipment - \$14,500
- Large Equipment/Projects - \$55,000
- Allocating Excess Funds from Tax Rate Swap to SPAM Program - \$400,000
- ECI 1%, then slow increments in the out years

5-Year Forecast FY 2022-23 - more aggressive projections and reducing unspent amounts

	2023		2024		2025		2026		2027	
	FY Proposed		FY Estimate		FY Estimate		FY Estimate		FY Estimate	
Program Changes/Additions										
Additional Employee Compensation	3.0%	\$ 698,479.14	1.5%	\$ 385,451.55	1.0%	\$ 270,961.57	1.00%	\$ 285,790.42	2.00%	\$ 602,128.26
New Personnel	P	\$ 950,000	P	\$ 200,000	P	\$ 120,000	P	\$ 120,000	P	\$ 120,000
Small Equipment	R	\$ 14,500	R	\$ 20,000	R	\$ 20,000	R	\$ 20,000	R	\$ 20,000
Large Equipment	O	\$ 55,000	O	\$ 55,000	O	\$ 45,000	O	\$ 45,000	O	\$ 45,000
Act on Comp Study					P	\$ 250,000	P	\$ 250,000	P	\$ 250,000
Infrastructure Projects										
Fire Station 4 staffing	P	\$ 300,000	P	\$ 300,000	P	\$ 300,000	P	\$ 300,000		
Current Rate										
Street Funding	R	\$ 400,000								

Expanded Programs Built into this Scenario for FY 2022-23

- New Personnel - \$950,000
- Small Equipment - \$14,500
- Large Equipment/Projects - \$55,000
- Allocating Excess Funds from Tax Rate Swap to SPAM Program - \$400,000
- Begin Station #4 Staffing - \$300,000
- ECI - 3% upfront, min of 1% each other year

Mayor Gutierrez recessed the meeting at 12:19 p.m. for a lunch break. Mayor Gutierrez reconvened the meeting at 12:35 p.m.

Icebreaker #2 - Session openers Thumball Activity

Members of Council and Staff present participated in the activity - answering the question once the ball was pitched to them where their thumb landed.

Establishing FY 2022-2023 Budget Priorities - Group Exercise

Council Group - Mayor Gutierrez, Mayor Pro-Tem Scagliola, Councilmembers Davis, Whittaker, Dahle and Brown
Results:

1. Staffing - Public Works, Engineering, Planning and IT
2. Compensation
3. Facilities - Space - Improvement
4. EDC - Retail Recruitment

Budget Priority Breakout Council Day - Mixed Groups 1 through 3 Discussion

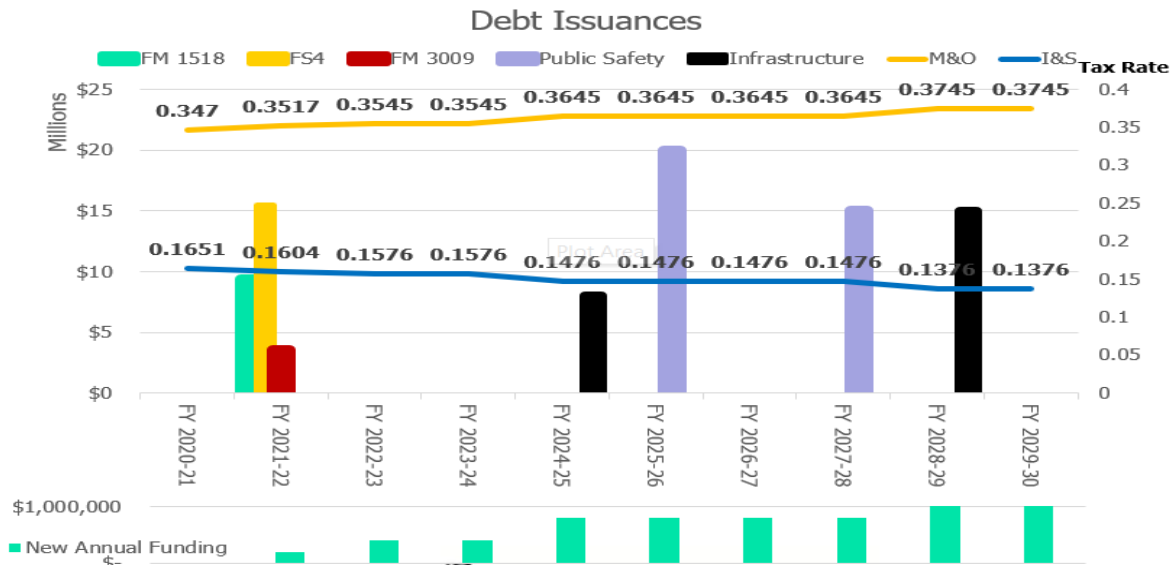
Settling on Budget Priorities Discussion

Are there any major disconnects in the budget priority lists?
If so, is it a function of information asymmetry or a different vision?
Over the next few months, the list will need to be merged.

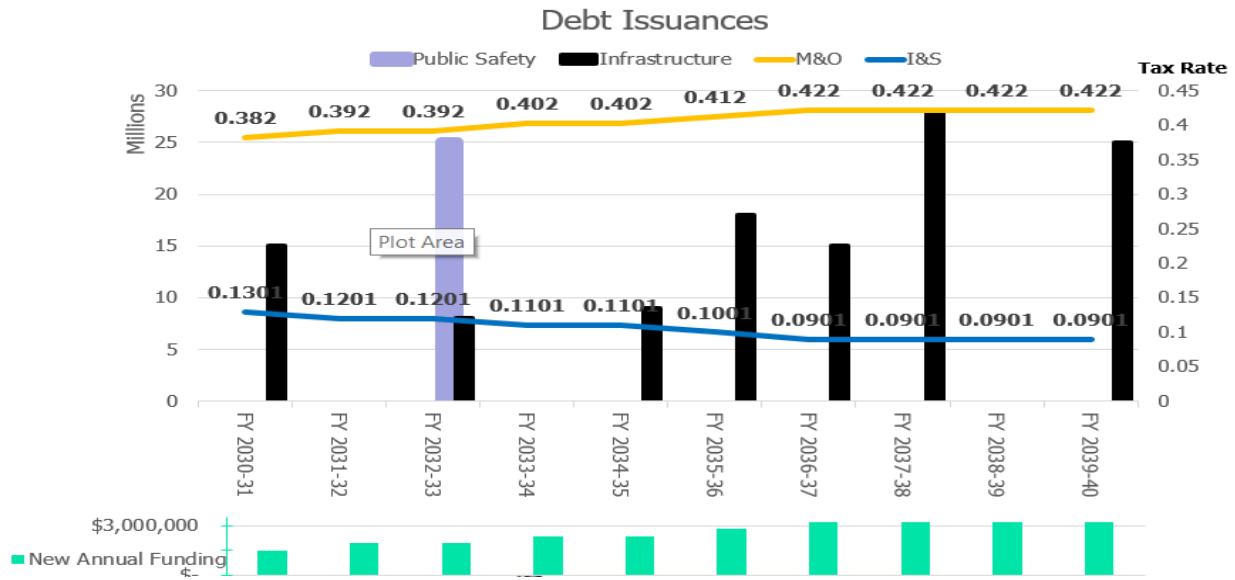
FY 2022-2023 Budget Development Discussion continued:

- Discussion on ECI
- Discussion on Class and Comp
 - Where do we want to be? (percentile wise)
 - How long do we want to take to get there?
- Increase in Sales Tax Revenue
- Decrease in Fee Revenues
- Update on Personnel Budget to Actual
- Department Year-end projections
- Any "extra money"? What is our bottom line at this moment?

Discussion regarding updated Plan



Discussion 2030's Plan



Discussion regarding Complete City Model

How should the upcoming infrastructure bond allotment plan be distributed?

8 million in 2025

15 million in 2029

"Infrastructure" consists of items such as:

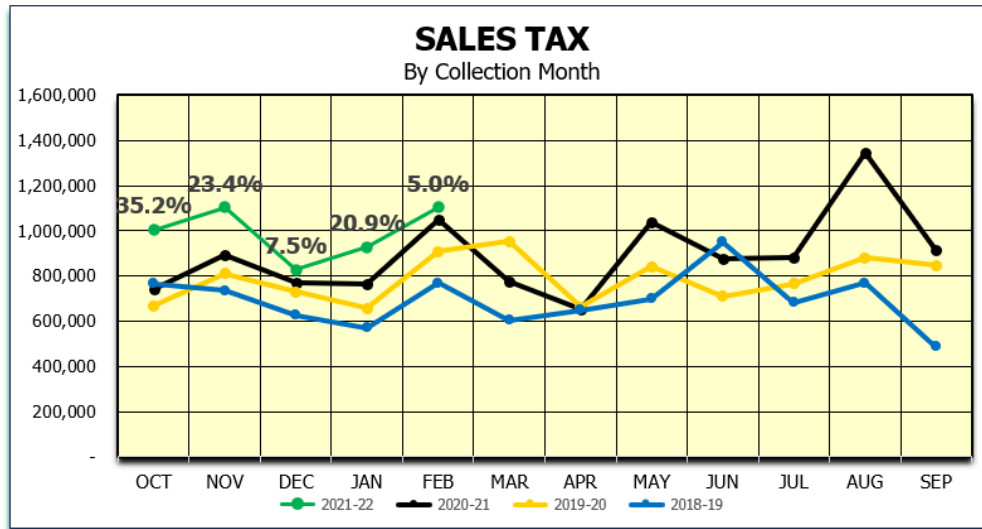
Parks (skate park, trail development, etc.)

Streets (reconstructions, new streets, etc.)

Facilities (new/remodeled offices, public safety, library branches, courtroom, etc.)

Drainage (new drainage channels)

Sales Taxes - Discussion



FY 2022-2023 Budget Development Discussion:

Projecting Increase in Sales Tax Revenue

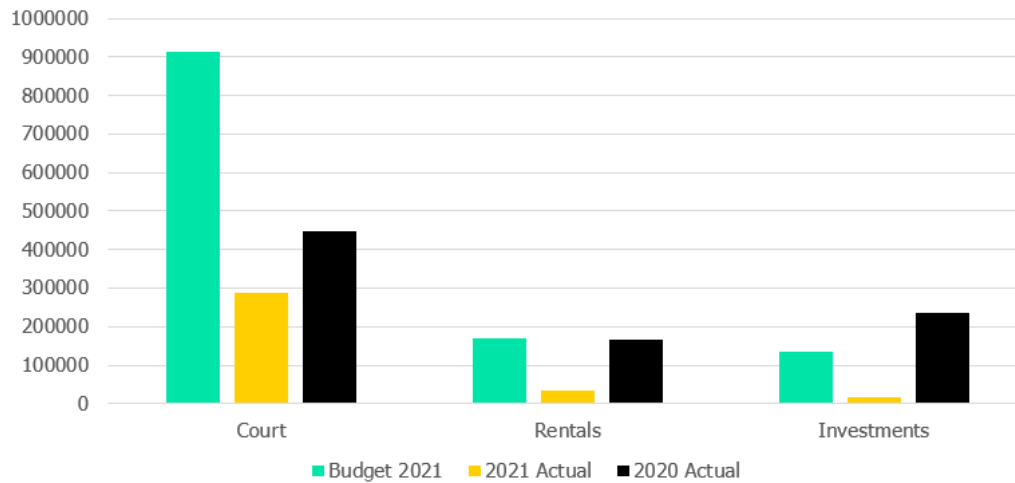
Majority to go toward GBRA land purchase - \$285,000

Remainder to cover lower fees collections, if they don't pick up (permits, rentals, investments, etc.)

Add anything in from Citizen Survey?

Revenue Decreases Discussion

As of March 31



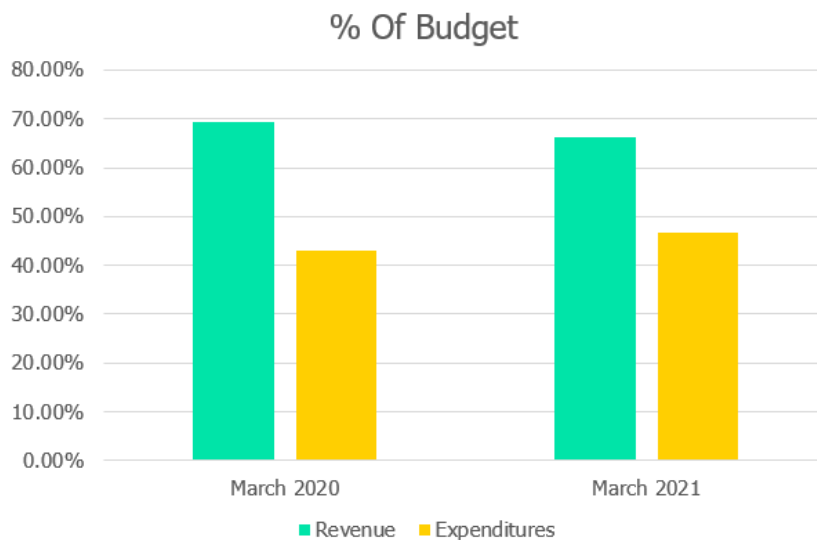
Personnel Budget to Actual Discussion

FY 2021	Budget	Actual	% Used
General Fund Personnel*	\$24,180,401	\$12,309,533	51%

*Exactly halfway through the year, personnel has already used up 51% of the budget before merit raises.

FY 2020	Budget	Actual	% Used
General Fund Personnel	\$22,209,294	\$10,781,793	49%

FY 2021 Budget Performance Discussion



Year End Projections Discussions

Budgeted Fund Balance Drawdown - \$1,633,000

Year End Projected Drawdown - \$1,575,000

\$58,000 additional for FY 2021-2022

FY 2022-2023 Budget Development discussions:

CIP Projects

Water/Wastewater Funding

- FY 19-20: Projects funded from Impact fees and Operation funding
 - Water/Wastewater Master Plan (\$500K)
 - Corbett Elevated Storage Tank (\$2.7M)
- FY 20-21: Projects funded from reserves
 - Aviation Heights Waterline Replacements (\$1.8M)
 - Design 16" Dedicated line from E Live Oak to IH35 (\$500K)
- FY 21-22: Proposed Debt Issuance (\$11M)
 - Crest Oak Sewer Line upsize (\$1M)
 - Construction 16" Dedicated line from E Live Oak to IH35 (\$5M)
 - ◆ (\$1.5 million reserves and \$3.5 million in debt issuance)
 - FM 1518 Utility Relocation (Construction)
- FY 22-23: TBD Combination: Issue Debt, impact fees, EDC, reserves
 - Lookout Sewer Line upsize
 - Cibolo West Wastewater trunk main (route study)

Streets/SPAM Funding

- FY 20-21: bond funds and general fund (\$210,000 recurring and \$200,000 one time)
 - Tri County Reconstruction (EDC Funded \$3,500,000 - \$4,050,000 includes engineering)
 - Schertz Parkway Concrete Repair Work (\$150,000)
 - 2018 SPAM Residential Chip Seal Upgrades (\$200,000)
 - 2020 Slurry Seal Projects (\$2,500,000)
 - PCI Study (\$100,000)
 - FM 3009/FM 78 Intersection Planning Study (\$200,000)

 - Elbel Road (pending additional funding - \$1,400,000)

 - Aviation Heights and Lindbergh Street Repair on hold pending policy discussion (\$1,900,000)
- FY 21-22: \$210,000 recurring going forward if not more bond funds (does not include impact fee funds for expanded capacity)
 - Project(s) from CIP will be identified based on final costs of 2020/2021 funds or needing to save up funds over multiple years (Next up Schertz Parkway Woodland Oaks to IH-35 Preservation Overlay = estimated cost \$800,000 – so short about \$600,000)

Parks Funding

- FY 20-21: bond funds and general funds (\$235,000 recurring and \$150,000 one time (for trails))
 - Pedestrian Bike Routes and Bike Lanes Construction,
 - Great Northern Trail Segment Design and Construction
 - Veteran's Memoria Plaza Landscape Renovation
 - Thulemeyer Parking Lot
 - Crescent Bend Entry Improvements
 - Ashley Park Playscape and Pavillion
- FY 21-22: \$235,000 Proposed Priorities (pending Parks Board Input)
 - Dietz or Northern Trail Section
 - Thulemeyer Restroom
 - Crescent Bend Master Plan (to help deal with increase in visitors)
 - Soccer Complex Well and Pumps (moved up based on impact of freeze)
- Major Projects
 - Evaluate Wendy Swan Pool Conversion to Splash Pad
 - Pursue other funding for Hilltop Park (Grants)
 - Consider funding adjustments for current facilities (Rec Center/Senior Center)

Drainage Funding

- FY 19-20: \$487,789; DESIGN: Colonies, Osage, Castle Hills, Desilt three ponds
- FY 20-21: \$1,472,870 Colonies, Osage, Castle Hills, Desilt three ponds, FS #2, Design: Amazon Ditch

	Drainage Budget	Interfund from Drainage	
■ FY 21-22: \$750,000 ● Woodland Oaks	Drainage Fee Revenue \$ 1,200,000.00	Water/Wastewater	\$ 144,000.00
■ FY 22-23: \$650,000 ● FM 78 (Sely's)	Permit Revenue \$ 4,000.00	Eng/General	\$ 285,000.00
■ FY 23-24: \$550,000 ● Whisper Branch/ Whisper Trace	Interest \$ 20,000.00	Fleet	\$ 99,000.00
■ FY 24-25: \$500,000 ● Buffalo	Total Drainage Budget \$ 1,224,000.00		\$ 528,000.00
	Personnel \$ 400,000.00		
	Interfund \$ 528,000.00		
	Debt Service \$ 122,000.00		
	Final Drainage Budget \$ 174,000.00		

Based on current budget, first drainage project will be in FY 24-25
 Drainage Fee: \$5.20/LUE – FY 12-13 last increase
 General Fund or Bonds may need to supplement

The FEMA ditch cost (>\$2 million)

Facilities Funding

- FY 20-21 Funded Programs
 - Civic Center Kitchen Remodels and floor
 - Public Safety Restroom Remodel
 - EMS HVAC Replacement
 - Building 1 Counters
- FY 21-22 Funded Programs
 - Community Center Kitchen remodel
 - Building 10 Interior upfit for Parks
 - Vehicle Yard Security Gates
- Deferred Preventative Maintenance – Expanded Program
 - Interior Finishes: \$40,000
 - Flooring (carpets, vinyl, tile): \$100,000
 - HVAC Replacement: \$75,000

Personnel Update

- New positions in 20/21, 12 added:
 - FY 19-20 (June 2020) – Added 8 positions
 - Patrol Officer
 - Assistant Director of Public Works
 - Engineer
 - Street Worker I (2)
 - Street Worker II (1)
 - Park Maintenance Technician
 - Kennel Techs (2)
 - FY 20-21 (October 2020) – Added 4 positions
 - Police Captain
 - Emergency Management Coordinator
 - School Resource Officer (SRO)
 - Senior Planner
- Projected 4-6 positions in 2022
 - 2nd half of FY 21 – Future Staffing Discussion / Prioritization
 - 4 General Fund / 2 Water
- Projected 4 positions in 2023
 - Fire Fighters (4)

Adjournment

Mayor Gutierrez adjourned the special meeting at 3:30 p.m.

Ralph Gutierrez, Mayor

ATTEST:

Brenda Dennis, City Secretary
