

DRAFT

MINUTES REGULAR MEETING August 4, 2023

A Regular Meeting was held by the Schertz City Council of the City of Schertz, Texas, on August 4, 2023, at 8:30 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; Councilmember Allison Heyward; Councilmember Mark Davis; Councilmember Michelle Watson; Councilmember Jill Whittaker; Councilmember Michael Dahle; Mayor Pro-Tem Tim Brown

Absent: Councilmember David Scagliola

Staff present: City Manager Steve Williams; Deputy City Manager Brian James; Assistant City Manager Sarah Gonzalez; City Attorney Daniel Santee; City Secretary Sheila Edmondson; Chief of Fire Dept. Greg Rodgers; EMS Director Jason Mabbitt; Asst. Police Chief Daniel Roman; Asst. Police Chief Manny Casas; Finance Director James Walters; Planning/Inspection Director Lesa Wood; Engineering Director Kathy Woodlee; I.T. Director Jack Bluebird; Public Works Director Larry Busch; Facilities Director Dawniecia Hardin-Trussell

Call to Order

Hearing of the Residents

This time is set aside for any person who wishes to address the City Council. Each person should fill out the speaker's register prior to the meeting. Presentations should be limited to no more than 3 minutes

Mayor Gutierrez welcomed the residents and stated there would be an opportunity to speak after the Budget Information was presented.

WELCOME AND OVERVIEW

Mayor Ralph Gutierrez welcomed everyone to the Budget and Tax Rate Workshop.

City Manager Steve Williams welcomed everyone and went over the Retreat Overview:

REVIEW OVERVIEW

- Budget Timeline
- Legislative Updates
- Tax Rate Discussion

- FY 2023-24 Budget Development & Highlights
- Cut Line Discussion
- City Holiday Discussion
- Action Item – Set Prelim Tax Rate (and accept rates)
- CIP & Project Updates

August 4, 2023

- Accept the state defined tax rates
- Vote to set the Preliminary Tax Rate

August 15, 2023

- 1st Public Hearing on Budget & Tax Rate
- 1st Vote on Budget & Adoption
- 1st Vote on Tax Rate & Adoption
- Approve Fee Schedule

September 5, 2023

- 2nd Public Hearing on Budget & Tax Rate
- 2nd Vote on Budget & Adoption
- Ratify Tax Increase in Budget
- 2nd Vote on Tax Rate & Adoption

October 1, 2023-New budget in effect

City Manager went through the budget timeline and explained the 1st and 2nd Public Hearings and approvals process.

LEGISLATIVE UPDATE: Presented by Director of Public Affairs Linda Klepper

Key Bills

- H.B. 1613 – DVHS Bill - Did NOT pass -This bill would have provided state funding to all cities impacted up to a percentage of revenue loss.
 - Supported by our representatives
- H.B. 2127 – Preemption Bill-Unclear on the impact. San Antonio joined a lawsuit since this bill violates the Texas Constitution. We will wait to see what the courts decide.
 - Unknown impact/headed to the courts
- H.B. 3 – School Safety Measures - The bill passed and requires that every school have an armed security on each campus.

Other Bills

- Annexation, Engineering Fees, TikTok Ban, Broadband

Special Sessions

- Summer 2023
 - School Property Tax Relief Plan (goes to voters in Nov. election) If passes, residents will see a reduction in school taxes.

- Future special session is anticipated to begin this Fall- Speculation that school vouchers and teacher's pay raise could be discussed.
- Next session
 - Land Use

SCHOOL SAFETY/SECURITY-Assistant Police Chief Daniel Roman presented HB3.

- On June 14, 2023, TX Legislation passed HB3
- This bill mandates armed security at school campuses but doesn't provide the funding
- SCUCISD has asked for 5 additional officers for the 2023-24 school year
- Schertz PD currently provides 6 officers
- Off-duty officers will be used in the interim to fulfill the mandate (funded by SCUCISD)
- Projected timeline to staff with full-time police officers is school year 2024-25

TAX RATE DISCUSSION-Finance Director James Walters presented the following presentation.

2023 Property Values

- 2023 Equivalent Taxable Value \$5,326,877,888
- 2023 New Taxable Development +\$113,763,340
- 2023 Adjusted Taxable Value \$5,440,641,228
- Difference Between Adjusted Taxable Values \$551,629,839

DVHS-Disabled Veteran Homestead

DVHS	2020	2021	2022	2023
TOTAL EXEMPTION	\$436,800,000	\$550,500,000	\$694,200,000	\$834,200,000
INCREASE %	22.0%	26.0%	26.1%	20.2%
INCREASE \$	\$78,000,000	\$113,700,000	\$143,700,000	\$140,000,000
TAX RATE w/o DVHS	\$0.4548	\$0.4428	\$0.4234	\$0.4126

- 19% of Homesteads have a DVHS Exemption for 2023
- 51% of Homesteads have some sort of DV Exemption for 2023
 Approximately 1 out of 2 have some sort of a DVHS exemption. The exemption works out to be approx 3-4 million less revenue to the city.

Finance Director went over the Tax Rate Definitions

- No New Revenue The tax rate which will generate the same revenue for the city from property on the previous year's tax roll.
- Voter Approval Rate The rate if exceeded triggers an automatic election on the tax rate.
- Current The rate currently adopted by the City.
- Proposed Tax Rate The maximum rate set at which the final adopted rate cannot exceed.

TAX RATE

Current	\$0.4950
No New Revenue	\$0.4554
Voter Approval	\$0.4872
Voter Approval – Unused Increment	\$0.0000

Proposed Tax Rate \$0.4872
 \$0.01 is equal to \$544,000 revenue or \$32.46 on the average home

Taxes are going down. Staff recommends the Voter Approval Tax Rate of \$0.4872.

TARGET TAX RATE

TAX RATE	CURRENT	PROPOSED TAX RATE	
M&O	\$0.3470	\$0.3324	For day-to-day operations
I&S	\$0.1480	\$0.1548	To pay the City's debt
TOTAL	\$0.4950	\$0.4872	

FY 2023-24 CITY TAX RATE

Tax Rate Name	Tax Rate per \$100	Est. Tax Bill	Bill Increase	% Increase
No New Revenue	\$0.4554	\$1,478.22	--	--
Voter Approval	\$0.4872	\$1,582.00	\$103.78	7.0%
Proposed	\$0.4872	\$1,582.00	\$103.78	7.0%
Current	\$0.4950	\$1,606.89	\$128.67	8.7%
School Tax Bill Change			-\$850.00	

- \$103.79 is about \$8.65 on the monthly escrow
- Tax bills are based on average taxable value of homes for 2023 of \$324,600
- Estimated Tax Bills and Bill Increases are annual amounts

1. Budget Prioritization Process

- Discussion and direction for prioritizing the FY2023-24 budget, including but not limited to funding all programs needed to accomplish the City Mission and taking into consideration factors such as population growth, tax base development, large time sensitive infrastructure projects, right of way issues, staffing levels and structure, school safety, Schertz Magazine and magazine printing costs, and prioritizing expanded programs that may be required in the future. (S.Williams/Executive Team)

City Manager Steve Williams presented the following FY 2023-2024 Budget

Established 5 Goals from the Pre-Budget Workshop Discussion

- Goal 1: Staff Compensation
- Goal 2: Infrastructure
- Goal 3: Consolidated CIP Document
- Goal 4: Increase Staffing Levels
- Goal 5: New/Remodeled Facilities

FY 2023-2024 Budget Highlights-Expanded Programs Proposed to Fund

- Wage Adjustments
- New Personnel
- Additional SPAM Funding

- Police Equipment
- Additional Programs/Equipment

Wage Adjustments – All Funds

- ECI Adjustment (4.7%) effective Oct. 7, 2023 - \$1,400,000
- Class & Comp. Adjustment – effective Dec. 30, 2023 - \$2,600,000 (\$1.9 million in FY 2023-24)
- Primary focus on salaries; will also review benefits, supplemental pay and career progression opportunities
- Cover Cost of Increases to Insurance Premiums - \$344,700

New Personnel – General Fund

- Fire – 3 Firefighters (for Station 4) - \$315,000
- Engineering – Administrative Assistant - \$60,000

Additional SPAM Funding

- FY 23/24 base has \$650,000
- Propose one-time Street Funding of \$1 million

Police Equipment

- Purchase of in-car cameras, body worn cameras and TASERs (to replace all current equipment)
- 5-year phase-in - \$550,000 per year

Additional Programs – General Fund

- Library - Library Materials - \$15,000
- IT
 - ArcGIS Indoor Maps Extension - \$6,525
 - Implementation of vSphere servers for Public Safety - \$87,000
- Court - Court Security Plan funding - \$16,450

Additional Equipment – General Fund

- Fleet
 - Hydraulic Hose Crimper - \$6,350
 - Hose Reels for Bulk Fluid Delivery System - \$23,400
- Facility Services
 - Tablets - \$12,000
 - Multi-use Drop Deck Trailer - \$19,000
- Fire
 - Opticom system for intersection light system - \$33,800
 - Hurst Strong Arm Multi-purpose E Tool - \$30,000
- Streets
 - Pothole Truck - \$80,000
 - Laydown Machine - \$140,000

EMS Fund

- Medic 5 – 2 EMT positions (overnight) - \$106,300
- 2 F/T positions to staff peak hours - \$110,600

Drainage Fund

- Zero Turn Mower - \$24,000

Water & Sewer Fund

•Utility Billing

- Position: Lead Clerk - \$58,000
- Automated Phone Payment System - \$12,000

•Water/Wastewater

- Combination Vacuum Truck - \$675,000
- Fire Hydrant and Valve Replacement Program (initial funding) - \$50,000

General Fund Proposed Budget \$49,927,113

- Increase of \$4,810,888 or 10.7% from FY 2022-23 Adopted Budget, including infrastructure funding
- Non-Personnel Budgets increased 9.6% due to police equipment, capital replacement, TIRZ contribution, and additional road maintenance funds
- Personnel Budgets increased 11.3% for pay adjustments, insurance, ECI, and 4 new positions

General Fund

- Proposed Budget meets the 26% Fund Balance requirement
- Utilize excess fund balance for street maintenance and repair over the next 5 years
- Discussion and direction for setting the preliminary maximum tax rate for fiscal year 2024 and setting Public Hearing dates.(S.Williams/J.Walters)

What's Below the Line: Summary of Requested Budget, Funded Budget and the Unfunded Budget

Assistant City Manager Sarah Gonzalez went over the requested budget items that did not get funded in the FY2023-2024 Budget.

	Requested	Funded	Unfunded
General Fund	\$8,093,000	\$5,144,500	\$2,948,500
EMS	\$1,294,770	\$1,076,900	\$217,870
Drainage	\$292,900	\$68,000	\$224,900
Water/Wastewater	\$1,714,064	\$996,500	\$717,564

Official City Holidays •Juneteenth Discussion

Assistant City Manager Sarah Gonzalez opened the discussion on recognizing the Juneteenth Day as a City Holiday. It would cost the city approx, \$35,000.00 in salary. If Juneteenth falls on a Tuesday/Thursday, staff would get the Monday/Friday off as well costing the city approx, \$70,000.00. Several surrounding cities have added it to their holiday schedule. Staff recommends adding it to the Holiday Schedule without removing one of the floating holidays.

The discussion brought up many good points. Adding the holiday to the list without taking or switching it with a current holiday. Other cities, counties, agencies, federal offices are closed that day, so no regular business could occur at the city. Wanting to be a premier city, adding the holiday and giving this benefit to our employees goes along with wanting to get compensation to the midpoint or higher. Comments that were opposed to adding the holiday ranged from the possibility of giving staff a two-day holiday if it falls on a Tuesday or Thursday doubling the holiday cost for Juneteenth.

Discussion and Action Items

2. Action Item-Set Preliminary Tax Rate:

City Manager Steve Williams explained that the city is presenting the No New Revenue Rate and Voter Approval rate that were calculated by our tax assessor collector, and we are required to bring these forward for presentation. The Proposed Tax Rate is the max tax rate that you will approve. The Voter Approval Rate and the Proposed Tax Rate are the same.

TAX RATE

Current	\$0.4950
No New Revenue	\$0.4554
Voter Approval	\$0.4872
Proposed Tax Rate	\$0.4872

Resolution 23-R-75 - a Resolution by the City Council of the City of Schertz, TX accepting the state defined tax rates and setting the preliminary 2023 tax rate.

Moved by Councilmember Michael Dahle, seconded by Councilmember Allison Heyward

AYE: Councilmember Allison Heyward, Councilmember Mark Davis, Councilmember Michelle Watson, Councilmember Jill Whittaker, Councilmember Michael Dahle, Mayor Pro-Tem Tim Brown

Passed

CIP & Project Updates

The Directors and Supervisors from Public Works, Water/Wastewater Drainage, Facilities, Streets and Parks went over their FY 2022-2023 Completed projects and Planned Projects. Many of the planned projects did not make this year's budget and were right under the cut-line. These projects will be considered in the future when funds are available. City Manager stated the city is working on a multi-year plan for these projects and will bring the proposed plan back to council.

City Manager Steve Williams thanked the Finance Director James Walters and the rest of the City Staff in bringing forward a good budget for FY2023-2024.

Mayor Gutierrez thanked the staff for bringing a good FY2023-2024 forward.

Adjournment

Mayor Gutierrez adjourned the meeting at 11:03 am.

ATTEST:

Ralph Gutierrez, Mayor

Sheila Edmondson, City Secretary