

DRAFT

MINUTES
SPECIAL MEETING
City Council - Staff Pre-Budget Meeting
March 28, 2025

A Special Meeting was held by the Schertz City Council of the City of Schertz, Texas, on March 28, 2025, 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; Mayor Pro-Tem Allison Heyward; Councilmember Paul Macaluso; Councilmember Ben Guerrero; Councilmember Robert Westbrook; Councilmember Tim Brown

Absent: Councilmember Mark Davis; Councilmember Michelle Watson

Staff present: City Manager Steve Williams; Deputy City Manager Brian James; Assistant City Manager Sarah Gonzalez; Fire Chief Greg Rodgers; EMS Chief Jason Mabbitt; Police Chief Jim Lowery; Assistant Police Chief Daniel Roman; Finance Director James Walters; Deputy City Secretary Sheree Courney

Call to Order

Mayor Gutierrez called the meeting to order at 8:38 a.m.

Hearing of 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. All remarks shall be addressed to the Council as a body, and not to any individual member thereof. Any person making personal, impertinent, or slanderous remarks while addressing the Council may be requested to leave the meeting.

All handouts and/or USB devices must be submitted to the City Secretary no later than noon on the Monday preceding the meeting. Handouts will be provided to each Councilmember prior to the start of the meeting by the City Secretary. All USB devices will be vetted by City IT staff to ensure City property is protected from malware.

No residents signed up to speak.

Discussion and Action Items

1. Staff will conduct a workshop to discuss the pre-budget development and prioritizations process. (S.Williams/Executive Team)
Mayor Gutierrez recognized City Manager Steve Williams, who began by presenting the budget calendar. He went on to state the objectives of the meeting.
 1. Seek validation from Council on where we are headed
 2. Discuss important issues on the horizon
 3. Identify Council priorities that are not on our radar

He reiterated the goals of the Strategic Plan (found on the Schertz website) as follows:

1. Sustainable Government
2. Safe and Livable Community
3. Infrastructure Investment
4. Sense of Community
5. Thriving Economy

The process requires long-term financial planning, which includes a 5-year Operating Budget Forecast and 10-year Consolidated Capital Improvement Plan. He also includes a Citizen Satisfaction Survey to determine what services residents think should see the most increase in the level of service. The top three are (1) maintenance of streets and sidewalks, (2) law enforcement, and (3) recreational activities.

Mr. Williams went on to provide an update on budget priorities for FY 2025.

- Goal 1: Staff Compensation
 - Completed - funded step and merit programs and an inflationary adjustment. Lowered vacancy rates and increased the number of applications for vacancies in some areas.
 - Goal - continue to have base compensation keep pace with the surrounding market - keep pay off the table and consider other compensation-related items (i.e. certification pay, disaster pay, etc.)
- Goal 2: Infrastructure (Streets)
 - Completed - additional \$1,000,000 funding for SPAM projects, purchased pothole truck, paydown machine, developed dashboards and is providing quarterly reports on street maintenance and street projects.
 - Goal - continue making funding Street Maintenance and the Streets CIP a priority, more efficiently utilize existing staff (eliminate chipping), and plan for additional staff.
- Goal 3: Consolidated CIP
 - Completed - adopted new CIP for FY 2025; incorporated CIP planning into the budget process; completed Water, Sewer, and Parks Master Plans; and completed Water and Sewer Impact Fee Updates.

- Goal - complete Roadway Impact Fee Update; CCMA South Plant expansion; consider priorities, funding sources, and limitations; and future bond election.

- Goal 4: Improving Staffing Levels
 - Completed - added 13 positions (5 Wastewater Worker I; 4 Police Officers; 2 EMTs; 1 EMS Battalion Chief; and 1 Utility Billing Clerk)
 - Goal - complete the staffing for Fire Station 4 and continue implementation of 2021 staffing study (approximately 24 recommended positions remain)

- Goal 5: New/Remodeled Facilities
 - Completed - EMS Kitchen remodel; Fire Station #4 design underway.
 - Goal - Police utilization of county facility/ Building 6 remodel; Parks Building renovation; Building 1/Municipal Court remodel; Public Safety building - bond election

Mr. Williams explained that the list is longer than the proposed budget, but they are looking for funding strategies. He plans to bring Council a budget for the general fund that includes the current year's budget without an increase in the tax rate and for the Water & Sewer budget they have planned fee increases they hope to keep to a minimum. As part of the prioritization process, staff and Council will need to classify all supplemental requests into "must do", "should do", and "nice to do" buckets before allocating funding. He added that we won't have the tax roll figures from the appraisal district until May, and we don't know how much sales tax we will receive. In addition to the supplemental requests there will be the projects on the CIP list that may not be included in the 10-year plan due to a lack of funding.

Mr. Williams then turned the presentation over to Finance Director James Walters. Mr. Walters explained the revenues were all on target or trending upward with only permit fees being slightly below target. He reported expenditures were about \$300,000 less than what was originally budgeted. Currently the fund balance is about \$430,000 above the projected target. He explained the General Fund 5-Year Forecast and the Water and Sewer Fund 5-Year Forecast.

Mr. Walters turned the presentation back over to Mr. Williams to discuss the EMS Fund. EMS is a regional service that covers 130 square miles servicing 160,000+ residents. The EMS fund is an enterprise fund. Enterprise funds focus on economic viability and how that viability is sustained over time. Additionally, they are designed to earn enough revenue to cover expenses but not make a profit. The EMS fund is trending in a negative direction, sustaining a deficit change in net position of \$1.2 million for FY2024, causing the fund to operate perilously close to a negative cash balance. To adjust for the deficit, the City has increased transport fees in FY2025 to add \$1.2 million to the revenue stream. Unfortunately, that will not be enough to maintain the level of service currently provided. Revenue for the EMS Fund is composed of 65% User Fees, 33% Participant Contributions, and 2% Miscellaneous funding. EMS Chief Jason Mabbitt will need to seek contract modifications from participants, increasing contributions by 35% in FY2026 and an

additional 5% in FY2027 and FY2028. Participant Contributions are received from Schertz (22%), JBSA-Randolph (20%), Cibolo (18%), Guadalupe County (10%), Universal City (10%), Live Oak (8%), Selma (6%), Comal County (5%), Marion (1%), and Santa Clara (<1%). The impact on the City of Schertz in FY2026 will be an approximate increase of \$270,000. Mr. Williams then presented the EMS Fund 5-Year Forecast reflecting the contract modifications.

Mr. Williams opened the floor to Council for questions to which he, James Walters, and staff responded. Mayor Gutierrez requested an invitation be extended to the mayors of the affected areas to attend the EMS contract modification meeting. Chief Mabbitt acknowledged the request.

Meeting was recessed at 10:05 a.m.

Meeting was reconvened at 10:20 a.m.

2. Staff will conduct a workshop to discuss solid waste options and proposals. (S.Williams/Executive Team)

Mayor Gutierrez recognized Assistant City Manager Sarah Gonzalez who provided background information related to the solid waste contract. Ms. Gonzalez outlined the current service which is designed by zone:

- 5,200 accounts receive once-a-week solid waste service (96-gallon poly-cart provided to customers), and once-a-week recycle service (18-gallon bin provided to customers)
- 9,300 accounts receive twice-a-week solid waste service (hand collect or customer provides 32-gallon or less receptacle) and once-a-week recycle service (18-gallon bin provided to customers)

Ms. Gonzalez stated the current contract expires June 30, 2025, so a new contract is required, and the goal is to equalize service across the City. Included in the monthly fee are the following:

- Bulk pick-up – 12 times per calendar year (scheduled through the customer portal)
- Access to Spring and Fall Clean-ups
 - 16 days
 - Temporary collection point at 125 Pecan Drive
 - Hazard items/tires drop-off last weekend

The current monthly cost for both zones is \$14.46 (garbage \$12.41/recycling \$2.05). No rate increases have been implemented by Republic Services in 7 years.

The city also offers an optional Curbside Chipping service:

- Provided by Public Works
- Scheduled through the city's website
- \$40 fee for use that is applied to the resident's water bill

Commercial Services currently provided include the options for:

- Roll-offs
- Dumpsters
- Front-End Loaders
- Recycle (non-exclusive)

Costs are dependent upon need – size, pick-up frequency, etc.

Ms. Gonzalez provided the RFP Process and Key Dates.

Residential Collection Options – Solid Waste

- Solid Waste Options
 - Once a week collection in 96-gallon cart
 - Twice a week collection in 96-gallon cart
- Recycling Options
 - Once a week collection in 96-gallon cart
 - Every other week collection in 96-gallon cart
- Brush & Bulk Options
 - Once a week collection of 3 cubic yards
 - Every other week collection of 3 cubic yards
- Household Hazardous Waste Collection – On call

All options will allow for unusual accumulation collection (special collection larger than requirements for bulk) for a predetermined fee.

Ms. Gonzalez explained the General Provisions and Requirements set forth in the new contract.

She also provided the following key factors considered during the evaluation of RFPs:

- Anticipation of increased costs
- Desire to equalize the level of service across the city
- Balance the needs of all residents/businesses and the financial impact on them
- Aware that whichever way we go, we will not make everyone happy

Ms. Gonzalez outlined the items that were considered.

- Option 1: New Monthly Cost \$18.10 (25% increase)
 - Garbage one time per week
 - Recycling every other week
 - Bulk/Brush every other week
 - For additional \$1.10/month - Household Hazardous Waste direct pick-up
- Option 2: New Monthly Cost \$22.00 (52% increase)
 - Garbage one time per week
 - Recycling one time per week
 - Bulk/Brush every other week
 - For additional \$1.10/month - Household Hazardous Waste direct pick-up

Twice a week garbage pick-up is not recommended by staff based on the following:

- New Monthly Cost \$25.37 (75% increase)
 - Garbage two times per week
 - Recycling every other week
 - Bulk/Brush every other week

- New Monthly Cost \$26.72 (85% increase)
 - Garbage two times per week
 - Recycling one time per week
 - Bulk/Brush every other week

Additionally, the set-out rates provided don't reflect full use (65% set out on day one and 35% set out on day two).

Ms. Gonzalez provided the bid tabulation information for RFPs submitted.

She also stated that due to the frequency of brush pick-up, curbside chipping service will no longer be provided which will allow Public Works to utilize personnel resources in other areas.

She concluded with Commercial customers:

- Small Commercial will receive 96-gallon carts
 - Once a week pick-up will increase to \$45
 - Twice a week pick-up will increase to \$90
- Commercial Containers
 - Cost determined based on size and frequency
 - Will increase 43%
 - Recycle containers will be available
- Roll-Off Containers
 - Available in 20, 30, and 40 cubic yards
 - The cost increase will be 67% for 20 cubic yards, 41% for 30 cubic yards, and 21% for 40 cubic yards
 - Tonnage fee will also be added
- Compactor rentals
 - Significant increases
 - Based on size and frequency
 - Option to use another vendor

Ms. Gonzalez then explained the franchise agreement and associated fees.

Vendor may increase the base rates based on the CPI each year with a maximum increase of 5% per year.

New service begins July 1, 2025.

Staff recommends approving the exclusive franchise agreement for Municipal Solid Waste to Frontier Waste Solutions with Option 1 as listed above.

Floor was opened to Council for discussion and questions.

Councilmember Brown asked about holiday schedules and stated there are HOA restrictions that may create issues for some residents who don't have space in their garage for the 96-gallon carts.

Mayor Pro-Tem Heyward indicated her support for recycling pick-up to be once per week because it is easier for residents to remember. Ms. Gonzalez stated that Frontier had an app that residents could download to receive reminders.

Councilmember Westbrook asked what residents should do with their old trash receptacles. Ms. Gonzalez stated they could leave them at the curb and Frontier would pick them up if they didn't want them.

Mr. Williams stated that the city's goal was to equalize services across the city, so one area isn't subsidizing another that isn't receiving the same level of service.

Council was asked for closing comments.

Mayor Pro-Tem Heyward restated her preference would be for trash pick-up and recycling pick-up to both be done once a week.

Councilmember Brown provided an update from his visit to the legislature in Austin. He stated we received high praise from Alan Schoolcraft as a good example of doing the right thing. Representative Schoolcraft specifically said the Sequin-Schertz agreement should be the gold standard for the rest of the state. Councilmember Brown went on to state that comments from Senator Campbell regarding the subject of tax relief were not well received. She was telling them to talk to their local taxing authority, which is where tax increases are imposed. Rather than address the issue with Senator Campbell at that moment, Councilmember Brown let her chief staffer know that the comments were not appreciated since they did not reimburse the City of Schertz \$4.2 million of the \$5 million shortfall from the disabled veteran fund. The city would love to lower their tax rate, but that would require the state to follow through on their promises, so we wouldn't have to raise the tax rate to balance our budget.

Mayor Pro-Tem Heyward added that TML had their Mid-year conference with Legislative Day on the 19th to help small cities become involved with the legislative process. She concurred with Councilmember Brown regarding having an ally in Representative Alan Schoolcraft. She encouraged everyone to watch the bills that are still out there and reach out to Senator Campbell to support the city's stance.

Councilmember Westbrook offered to share the handouts from the TML Legislative Day with anyone that wanted them.

Mr. Williams recommended following the bills highlighted by Public Affairs Director Linda Klepper's updates that are sent each Friday.

Mayor Gutierrez thanked Ms. Klepper for providing the updates.

Adjournment

Mayor Gutierrez adjourned the meeting at 11:10 a.m.

Ralph Gutierrez, Mayor

ATTEST:

Sheila Edmondson, City Secretary