

DRAFT

MINUTES REGULAR MEETING August 1, 2025

A Regular Meeting was held by the Schertz City Council of the City of Schertz, Texas, on August 1, 2025, at 6:00 p.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 Mark Davis; Councilmember Michelle Watson; Councilmember Paul Macaluso; Councilmember Ben Guerrero; Councilmember Robert Westbrook; Councilmember Tim Brown

Staff present: City Manager Steve Williams; Deputy City Manager Brian James; Assistant City Manager Sarah Gonzalez; City Secretary Sheila Edmondson

Call to Order

Mayor Gutierrez called the meeting to order at 8:30 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 one signed up to speak.

Welcome (Mayor Ralph Gutierrez/City Manager Steve Williams)

Mayor Gutierrez welcomed everyone to the special Pre-Budget Meeting. Mayor Gutierrez recognized City Manager Steve Williams.

Budget Prioritization Process

1. Fiscal Year 2025-26 Operating Budget and Capital Improvement Program Workshop (S. Williams/Executive Team/J.Walters)

City Manager Williams stated that areas of discussion for the budget retreat include reviewing the proposed budget and capital improvement programs. There will also be presentations on budget and service delivery-related programs. This year's budget priorities are similar to last year's list with a few minor changes.

Budget Priorities for FY2025-26

- Goal 1: Staff Compensation
- Goal 2: Street Maintenance and Repair
- Goal 3: Capital Improvement Program
- Goal 4: Increase Staffing Levels and
- Goal 5: New/Remodeled Facilities

CM Williams will review the entire budget items, so the Council can review the items and make changes accordingly.

FY 2025-26 Budget Highlights-All Funds

- Health Insurance -Staff reviewed our current health insurance and sought RFP's.
- Merit/Step-\$784,000-includes a Merit raise from 0-4% based on an annual review. The Step Program increase for all uniform personnel: Police, Fire and EMS is 4%.
- ECI/Cola-not included

General Fund-Expenditures

- General Fund Proposed Budget \$53,731,933
- Increase of \$1,142,155 or 2.2% from FY 2024-25 Original Budget
- Decrease of \$1,186,724 or 2.2% from FY 2024-25 Amended Budget
- Full year funding of positions and merit/step updates
- Supplemental Requests
- Offset by lower capital expenditures
 - Fewer replacements
 - FY 2024-25 budgeted a Fire Engine replacement
 - FY 2024-25 budgeted additional street maintenance funds

For comparison, the previously approved City budgets:

- FY 2021-22-\$42,549,822
- FY 2022-23-\$45,116,224
- FY 2026-24-\$52,794,006
- FY 2024-2025-\$54,916,657
- Proposed FY 2025-26-\$53,731,933

CM Williams reviewed the following and explained the increases from FY 2022 to FY 2026.

Personnel costs have increased from: FY 2022-23: \$29,470,660 to the proposed FY

2025-26: \$37,145,705.

Operating costs have increased from: FY 2022-23: \$12,058,096 to the proposed FY 2025-26: \$14,663,271.

Capital Outlay costs in FY 2022-23: \$2,720,424 to FY 2025-26 \$1,922,957.

Supplemental Requests are the additional budget requests from the Dept. Heads who rank their requests.

The FY 2025-26 General Fund had \$2,812,708 in Supplemental Requests that include:

- Assistant City Secretary
- Special Election Costs
- Utility Rates Increase
- Postage Increase
- Credit Card Service Increase
- EMS Contract
- SCBA Replacements (Firefighter breathing tanks and equipment)
- Firefighters for Station 4
- Merit/Step

General Fund – Supplementals (Continued)

\$2,428,060 in Supplemental Requests Continued:

- Cybersecurity Upgrades
- Library PA System
- New Security Cameras and Licenses
- Fire Hose Equipment
- Soccer Complex Operations
- Senior Center Operations
- Police Radio Renewal (Replacements)
- Replace Network Switches
- Software for Police Vehicle Computers
- Upgrade Microsoft and Adobe Licenses
- A2 Program

Discussion and Action Items

2. Discussion and direction for setting the preliminary maximum tax rate for fiscal year 2026 and setting the Public Hearing date.(S.Williams/J.Walters)

CM Williams recognized Finance Director James Walters who provided a Disabled Veteran Homestead (DVHS) Update

DVHS	2021	2022	2023	2024	2025
Total Exempt	\$550,500,000	\$694,200,000	\$834,200,000	\$999,100,000	\$1,084,700,000
Taxes Forgone	\$2,819,000	\$3,436,000	\$4,064,000	\$4,868,000	\$5,735,000
Tax Rate w/o DVHS	\$0.4428	\$0.4234	\$0.4126	\$0.4107	\$0.4091

- 23% of Homesteads have a DVHS Exemption for 2025
- 55% of Homesteads have some DV Exemption for 2025

89th Legislative Session

- No change in the State aid funding amount
- H.B. 2894 - Program was updated to allow for additional applicants

Other cities with high DVHS have higher tax rate to compensate for revenue loss. In 2016 there were 4 entities who were awarded requested reimbursement for the DVHS exemptions. In 2025, there were 12 entities.

2025 Property Values will be approx \$5,563,014,685 vs. 2025 Total Taxable Value at \$5,651,803,427. Finance Director Walters explained Impact Factors included:Increases in New Construction and Annexation; Guadalupe County Residential Homestead value \$192,000,000 decrease; including new homes added with the revenue loss: \$640,000 at current rate; DVHS Increase: 8.6%; and a DVHS Retroactive Adjustment – revenue loss \$675,000 General Fund.

The Tax Rate

- Current: \$0,4900
- No New Revenue (Proposed): \$0.5064
- Voter Approval: \$0.5350\$0.01 is equal to \$573, 500 in revenue or \$33.18 per year on the average home

CM Williams is recommending the No New Revenue Rate to keep the property owners' tax bill the same and not have it increase.

Sales Tax:

The projections for 2025 are right under \$15,000,000 and the projections for 2026 will be just slightly over \$15,000.000. That is approx. a 7% long-term average trend.

Franchise Fees: FY 2024-25 were \$2,630,000 with projections in FY 2025-26 to be approx. \$2,692,000. Increases in franchise fees follow the population growth with new homes.

Permit Fees: FY 2024-2025 were \$1,926,280 with projections in FY 2025-26 to be approx. \$1,937,820.

CM Williams reviewed the Supplemental Requests from departments for the General Fund, which totaled \$2,128,451, which added to the is added in the proposed budget. There were \$3,782,575 of supplemental requests that were below the cut-line. CM Williams explained to the Council that any of the items could be moved to any order by the Council and ranked differently.

This year, when supplemental requests were made, the requestor had to identify what part of the Strategic Plan and Goals/Objectives the requests met. Councilmember Heyward asked about the cost of the Lasefiche to the Cloud, but at the time of the budget meeting, the vendor did not get back to the I.T. Department with an estimate. Other line items that the Council wanted to discuss further included Travel/Training for Engineering and City Secretary; Streets-Sidewalk Repair and Installation; Engineering-Traffic Safety Projects.

CM Williams explained that there is approx. \$400,000 buffer available to consider with some of the supplemental requests not included and only to be spent on a one-time basis. Items to be considered should not be reoccurring costs. CM Williams asked for direction

from the Council on what items they want to possibly be considered in the FY 26 budget. The items the Council would like to consider are Streets-Sidewalk Repair and Installation; Engineering-Traffic Safety Projects and the 1% ECI/COLA. The Mayor asked Council to review the list of items and any questions or further discussion would be at the next meeting.

Councilmember Paul Macaluso arrived at 10:39 a.m.

The Mayor called for a recess for lunch at 11:38 a.m.

The Mayor reconvened the meeting at 12:18 p.m.

CM Williams will bring back the different options that were recommended by the Councilmembers and review at the next meeting.

Dept Service Fund

5-Year Summary- I &S Fun

At I&S Rate of \$0.1681: Includes the following upcoming debt issuances:

- FY 2026-27 - \$6,000,000
- FY 2027-28 - \$14,872,000
- FY 2028-29 - \$6,000,000
- FY 2030-31 - \$40,000,000

Water/Sewer Fund-Supplementals: \$944,710 in Supplemental Requests:

- Utility Rates Increase
- Merit
- Utility Billing Operating Cost Increases
- Training Fund Increase
- Leak Detector
- Water/Wastewater Worker 1
- Mini Excavator Hydro Hammer
- Light Crew Truck
- Aerial Bucket Truck
- Zero Turn Mower
- Heavy Duty Dovetail Traile
- 10 Yard Dump Truck
- Water/Wastewater Crew (3 FTEs)
- Water/Wastewater Crew Leader
- Additional Funds to Hydrant & Valve Replacement Program

Water/Sewer Fund – Fee Updates

Water Rates increase 2% following the 5-year rate model

- Average increase at \$1.20

Sewer Rates increase 3% following the 5-year rate model

- Average increase at \$1.26

EMS Fund - Update on Fee Increases

- Increase transport fees by \$100 each will result in \$1 million in additional revenue

- Update on Interlocal Contracts

EMS Fund – Supplementals-\$523,793 in Supplemental Programs:

- Billing Server Implementation
- Utility Increases
- Merit/Step
- Two FT EMTs (Medic 8)
- Maintenance Agreement
- Two FT EMTs (Medic 9)
- EMS Consultants

Deputy City Manager Brian James presented the following: Drainage Fund-Background

- Staff presented an update to Council on the Drainage Utility System and Fund on April 15
- With the growth of the City and the increase in costs for basic maintenance and capital projects, a fee increase is needed to manage the risks associated with the drainage system through maintenance and improvements to the system

Drainage Rate Discussion

- Per the initial draft of the Drainage Fee Study conducted by Willdan, a series of fee increases is being proposed
- Staff has requested options of future year increase that Willdan is analyzing
- Unlike some cities, who fund the drainage program from the general fund, Schertz has historically relied on a separate drainage fee to not further strain the general fund and to more directly focus the program
- Increasing the drainage fee requires multiple notices to be published in the newspaper and a public hearing at City Council
- While the recent tragedy in Kerrville has increased the public's awareness of the dangers of flooding, few residents have a good understanding of what all is involved in preparing for and mitigating the dangers of flooding
- Schertz' population has more than doubled since the 1998 flood and many residents don't understand the potential impact. If you weren't here at that time, then you may not realize the issues and if you don't live near one of these areas you may not be aware of the dangers.

Fee History

FY 2002-03 to FY 2007-08: \$2.10
FY 2008-09 to FY 2011-12: \$3.80
FY 2012-13 to Present: \$5.20
Proposed Fee for FY 2025-26: \$8.00

Drainage Fund – \$1,195,353 in Supplemental Requests:

- Merit
- MS4/Floodplain Administrator
- Master Drainage Plan
- Cibolo Creek Tree Removal
- Railroad ROW Cleanup

- Drainage Worker I (3 FTE)
- Drainage Crew Leader
- Drainage Worker II & Vehicle

Capital Improvement Program (CIP) General Government CIP/20 Projects=\$75,367,234

Category	# Of Projects	FY 2025-26 Capital Budget
Streets	5	\$35,757,000
Parks	2	\$5,392,575
Facilities	3	\$1,200,000
Total: \$43,349,575		
Water and Sewer CIP	13	\$47,706,234
Sewer	7	\$27,661,000
Total: \$75,367,234		

Drainage CIP
 Drainage 2 \$1,145,000

Project Type: Transportation and Utility

Title: Main Street Improvements

Improvements will include improved sidewalks, street lighting, new signage, landscaping, utility relocations and decorative elements.

Project Type: Transportation

Title: SPAM Projects

Ongoing annual effort to improve and preserve the City Streets.

Project Type: Transportation

Title: Savannah Drive Mill and Overlay Rehabilitation

Perform base repairs and minor concrete repairs then mill and overlay surface,.

Project Type: Transportation

Title: Lower Seguin Rd Reconstruction

Reconstruct Lower Seguin Road between Loop 1604 and FM 1518 identified in the Master Throughfare Plan

Project Type: Transportation

Title: Northcliffe Country Club Estates Street Rehabilitation

Rehabilitate the streets in the subdivision.

Project Type: Parks

Title: Hilltop/Homestead Park Development

Construction started on 14-acre Homestead side of park.

Project Type: Parks

Title: Community Circle Park Development

Developing a cohesive community park in open space near Community Circle Drive.

Project Type: Facilities

Title: Fire Station 4

New Fire Station 4 on Weiderstein Road area east of Schertz Parkway will be on 10 acres of a 30+ acre land purchase.

Project Type: Facilities-Generator

Generator Replacement-Community Center/Building 1

Current generator is over 20years old and needs replacement.

Project Type: Facilities

Title: Mass Communication Plan Phase VI

Expand the city's network connection

Project Type: FM 78 Location-Police Department

Title: FM 78 Location

Working with Guadalupe County for growth and an additional public safety facility.

Project Type: Water CIP

Title: Corbett Ground Storage Tank

Three million storage tank for storing water for southern Schertz

Project Type: East Live Oak/Northcliffe Elevated Tank

Title: Piping rehabilitation and repainting water tanks

Project Type: Lower Seguin/Graytown/Pfiel loop lines

Working on easement acquisitions

Project Type: Schertz Parkway 16-inch transmission line Replacement

Transmission line aging and needs replacement

Project Type: I-35 I-NEX Utility Relocations

Reimbursed by TxDOT

Project Type: Scenic Hills Water and Wastewater Main lines

Replace aging 6-inch 8-inch lines

Project Type: FM 3009 18-inch Transmission Main

Old asbestos line, needs replacement

Project Type: 3-Million Water Storage Tank

To companion the IH-35 elevated tank in northern Schertz

Project Type: Moonlight Meadow Drive

Water lines need to be upgraded and create loops

Project Type: Replacement 6 and 8-inch water lines in Greenshire Subdivision

Aging lines need replacement

Project Type: IH-35 Dedicated water transmission main
Long-term project, acquiring easements

Project Type: Bubbling Springs water line
Replace 6-inch water main

Project Type: Wastewater-Women Hollering Creek wastewater
Finishing up project

Project Type: Wastewater-CCMA South Plant Expansion
On Hold

Project Type: Decommission Corbett Lift Station
Will be in few years

Project Type: Cibolo West Trunk Main
Serves Schertz near Cibolo Creek

Project Type: Belll North Drive Gravity Sewer Main
Construction to start soon

Project Type: Wiederstein Rd-Gravity Line
Partner with developer

Project Type: Randa Lane Gravity Line
Randa Lane residents to city line

Drainage Fund CIP- CM Williams recognized Public Works Director Larry Busch

Project Type: Wendy Swann Park
Huge channel retaining wall to put underground

Project Type: FM 1518 City Park Underground Drainage Upgrade
Start this year

Mayor Gutierrez recessed the meeting for 15-min break at 1:38 p.m.
Mayor Gutierrez reconvened the meeting at 1:52 p.m.

3. Discussion and direction regarding operations of the Schertz Soccer Complex and Schertz Area Senior Center (S.Gonzalez/L.Shrum)

CM Williams recognized Parks and Recreation Director Lauren Shrum who presented an operations proposal on how they operate the Schertz Soccer Complex.

- City is growing and becoming more sophisticated in our efforts; standards are increasing
- Added staff capacity in Recreation Division
- Auditing Facility License Agreements
- Identified some issues through that process

Complex Purchased in 2008

Parks Department was just 4 Parks Workers who Mowed
No Recreation Team or Rental Software

Public Facility License Agreement with SYSA in 2009

Included the City, SAYSAT, GRAYSA, and Lions FC

Renovation in 2013

Renewed Public Facility License Agreement with SYSA in 2015

Concerns:

Operations

- Building Maintenance
- Turf Management
- Irrigation Management

Administrative

- Financial Sustainability
 - Legal & Compliance Issues
- Best Management Practices

Organization Structure

- Disjointed organization of competitors
- Inequitable Access

This is the right time to adjust with investments in the Facility. Improve Facility Maintenance and Oversight. More equitable access and increase capacity and programming.

Staff Recommendations:

City Operations – Neutral Party

- City staff (Athletic Coordinator) manages field utilization
- Competitively bid out field maintenance operations

- Competitively bid out concessionaire operations
- Move to a Recognized Sports Association (RSA) for priority space
- RSA’s coordinate with Athletics Coordinator for field use
- Soccer associations continue to manage their programs

Recommendation from Parks and Recreation Advisory Board

MOTION TO DISSOLVE SYSA ALLIANCE AND AGREEMENT

- 5 AYES, 1 NAY

MOTION TO RECOMMEND CITY OPERATIONS OF SOCCER COMPLEX AND HIRE ATHLETIC COORDINATOR PLUS ADDITIONAL STAFF MEMBERS TO SUPPORT THE ROLE

- 4 AYES, 2 NAY

Senior Center-Operations Proposal

Facility opened in 2010

Building previously held the Library

Operations over the years

Comal County Senior Citizen’s Foundation

City of Schertz (2014-2015)

YMCA (2015-present)

Renovated in 2017

\$850,000 and added 1,500 sq feet to the Center

The Senior Center is owned by the City of Schertz and managed through a public facility license agreement with the Schertz Family YMCA that expires September 30, 2025.

YMCA Responsibilities

Operations

Nutrition Compliance

Janitorial

Light Maintenance

Personnel

Member Engagement

City of Schertz Responsibilities

Membership Software

Nutrition Compliance

Contract Oversight

Utilities

Building Maintenance

Landscaping

Staff Recommendations:

Let current contract expire September 30, 2025

- Hire 1 FT Senior Center Supervisor

- Hire 1 FT Recreation Specialist
- Custodial support via Event Attendants
- Contract fitness instructors with YMCA
- Currently developing transition plan
- Direction at Council Workshop August 1
- Post positions
- Plan for interim staff coverage

Recommendation from Parks and Recreation Advisory Board

Motion to let the current Senior Center contract with the YMCA expire on September 30th, 2025, and shift to City-run operations with a FT Senior Center Supervisor and FT Recreation Specialist.

- Unanimous vote for proposal - 6 Ayes, 0 Nays

Adjournment

Mayor Gutierrez adjourned the meeting at 2:43 p.m.

Ralph Gutierrez, Mayor

ATTEST:

Sheila Edmondson, City Secretary