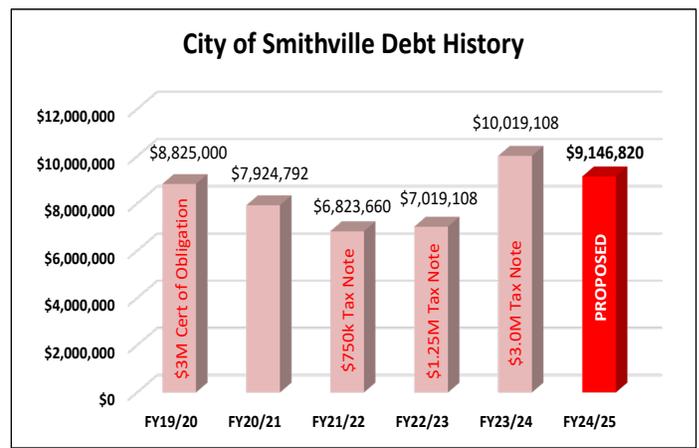
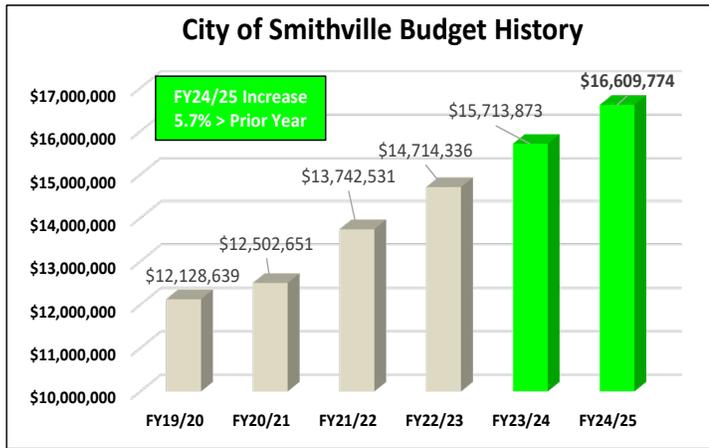


City Manager Update – 9/8/24

This month’s City Manager update will primarily focus on the proposed FY24/25 budget and tax rate. I would like to extend my sincere appreciation to the City Staff, Council, and Citizens for participating in the public hearings and budget workshops over the past several months. Many hours were spent identifying and prioritizing projects, plans, and programs. Click on the following link to review the material presented during the five (5) budget workshops → <https://tx-smithville.civicplus.com/agendacenter>. Before the Council votes on the proposed tax rate and budget during the **September 9, 2024** Council meeting, citizens will have the opportunity to address the Council about their opposition to (or support of) the proposed budget. Our FY24/25 revenues and expenditures are currently **BALANCED** at \$16,609,774. This is \$895,901 greater than our FY23/24 budget of \$15,713,873 and represents a 5.70% INCREASE in projected Y-O-Y spending. If you factor out the additional \$555k budget-neutral revenue / expense for airport fueling operations and the purchase of 3 revenue-generating hangars, the total increase in projected Y-O-Y spending would be 2.17% which represents one of the “lowest” budget increases in the past 5 years. Our General Fund debt service payment next year will be \$856,360. The city’s total bonded debt is \$9,146,820 (an 8.7% reduction compared to last year’s debt position at \$10,019,108). Note: the City of Smithville currently has an “AA-minus” bond rating from S&P.



The proposed FY24/25 budget will support multiple projects and plans with a 1% Cost of Living Adjustment (COLA) for all employees. The major projects and new initiatives we are funding this year through a variety of sources include: drainage/flood mitigation, ADA-compliant sidewalks, airport improvements, wastewater improvements, water tower renovation, workforce training center expansion, comprehensive plan, and brush dump remediation, etc. In total, there are fifty-five (55) projects / plans identified. 53% of the projects and plans are considered “High” priority. 31% are considered as “Medium” priority and 16% “Low” priority. These projects and plans are above and beyond what it takes to keep the lights on, the toilets flushing, and water running.

FY24/25 List of Projects / Plans for Consideration (By Priority)

Item #	Description	Recommend By:	Priority	Category	Est. Cost	Funding Source	Comments
1	Tub Grinding @ Brush Dump	COS	1	Safety	\$110,000	TAX NOTE	\$40k (Grind) / \$70k (Removal)
2	Develop New Protocols @ Brush Dump	COS	1	Safety	TBD	GF	Brush Dump Closed. Leaf/Limb Ops Suspended
3	Hire Building Inspector	COS	1	Personnel	\$85,000	GF	Budgeted Expense. Includes salary + benefits
4	Hire Maintenance Worker	COS	1	Personnel	\$55,000	GF	Budgeted Expense. Includes salary + benefits
5	Update Economic Development Plan	COUNCIL	1	Eco Dev	\$0	GF	Validate strategy, tools, and KPI's
6	GLO CDBG-MIT Drainage Improvement	COS	1	Infrastructure	\$130,000	TAX NOTE	Four (4) projects. \$13M w/ 1% MATCH
7	GLO CDBG-MIT RCP (Comp Plan)	COS	1	Eco Dev	\$0	GLO	\$300k with NO MATCH
8	SWTC Innovation Center Construction	COS	1	Eco Dev	\$200,000	TAX NOTE	Cost = \$1.4M (\$1.25M TDA grant / COS \$200k)
9	Install Cameras in City Parks	COS	1	Safety	\$50,000	TAX NOTE	MLK Park, Dennis Walker Fields, Brush Dump, VMP, Riverbend Park, RR Park
10	Purchase 10k-gallon Fuel Tank at Airport	COS	1	Eco Dev	\$5,000	TXDOT	(\$50k. Match = 90/10 TXDOT RAMP grant
11	Airport Lighting Upgrade Project	COS	1	Infrastructure	\$154,000	TAX NOTE	New runway lighting and ground beacon
12	Purchase Hangars @ 84R	COS	1	Eco Dev	\$37,500	TAX NOTE	Three (3) Hangars = \$375k w/ 10% MATCH
13	Implement ERP / CRM system	COS	1	Infrastructure	\$200,000	TAX NOTE	\$200k (2023 TAX NOTE)
14	Implement Impact Fees	COUNCIL	1	Eco Dev	\$15,000	GF / UF	9-12 months to develop Ordinance
15	Update Subdivision and STR Ordinance	COS	1	Administrative	\$15,000	GF	Work in Progress
16	Identify Cost Savings. Increase Revenue	COUNCIL	1	Eco Dev	TBD	GF / UF	Increase Rec Center, Airport, Recycling Revenue
17	Panic Button / Security Door @ City Hall	COS	1	Safety	\$35,000	ARPA	Work in Progress
18	Attract New Businesses, Jobs, & Housing	COUNCIL	1	Eco Dev	TBD	GF	Leverage partnerships, marketing, and ED tools
19	Increase Tourism, Sales Tax, and HOT	COUNCIL	1	Eco Dev	TBD	GF	Work w/ Chamber, DBA, Bastrop Eco Dev
20	Complete WWTF Expansion Study	COS	1	Infrastructure	\$165,000	ARPA / CO	Work in Progress
21	Street Paving / Road Repair	COS	1	Maintenance	\$125,000	GF	Repave by condition, priority, and cost
22	Concession Stand @ Dennis Walker Field	COS	1	Community	\$50,000	TAX NOTE	Build new concession stand
23	Purchase Patrol Cars for PD	COS	1	Safety	\$130,000	TAX NOTE	Work in Progress
24	Purchase Capital Equipment for PW	COS	1	Maintenance	\$200,000	TAX NOTE	Backhoe, Mowers, Leaf Machine
25	Develop / Adopt Balanced Budget	COS	1	Finance	Staff Time	GF / UF	Work in Progress
26	Maintain SPL Accreditation Status	COS	1	Community	Staff Time	GF	Work in Progress
27	Develop Prioritized “Grant Seeking” Plan	COUNCIL	1	Eco Dev	Staff Time	GF / UF	Identify short / long-term needs. WIP
28	Complete City-Wide Stop Sign Evaluation	COS	1	Safety	Staff Time	GF	Work in Progress
29	Support Development Projects	COS	1	Eco Dev	Staff Time	GF / UF	Work in Progress - 20+ Development Projects

PRIORITY	DEFINITION
1 = High	"Must Do" in current budget Year.
2 = Medium	"Might Do" in current budget year if funding and resources available.
3 = Low	"Nice to Do" in future budget year if funding and resources available.

City Manager Update – 9/8/24 (Continued)

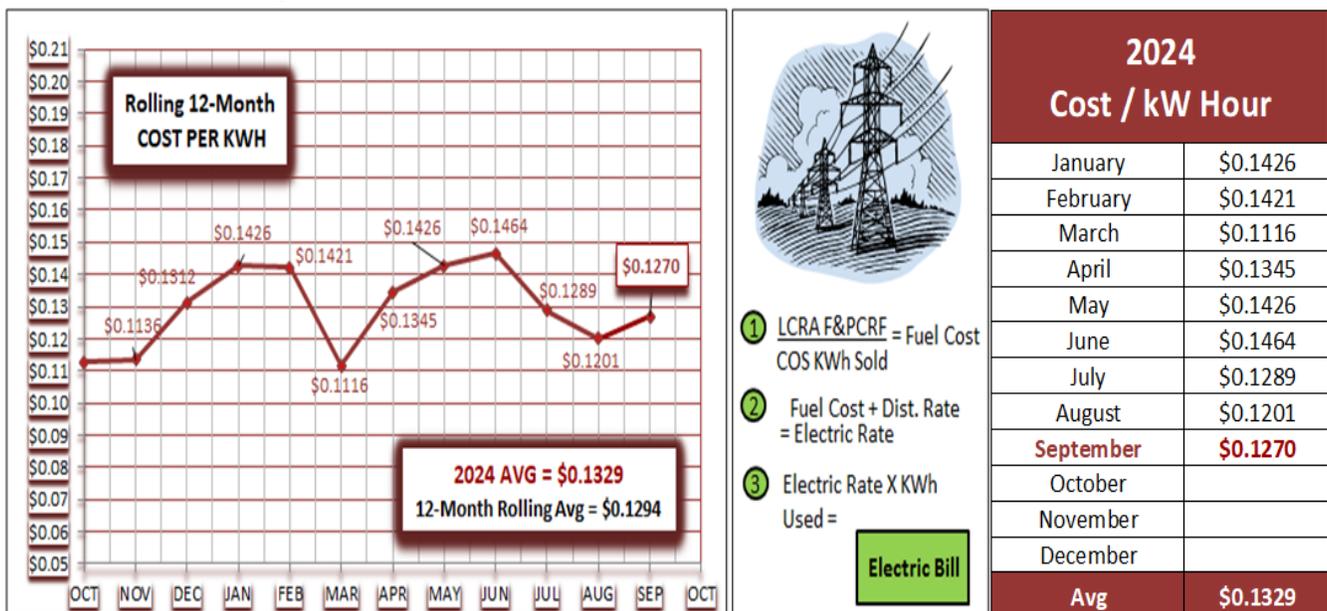
Per City Council direction during the September 4, 2024 special-called council meeting and budget workshop, we will be recommending setting the **2024/2025 AD VALOREM TAX RATE of \$0.598952 cents per \$100 valuation** --- a 9.11% increase from our current tax rate of \$0.548952. The increase is necessary to cover the loss in revenue associated with 100% of eligible tax payers over-65 in Smithville that now qualify for the "Tax Freeze" exemption. The City Council passed [Ordinance #2021-613](#) on November 8, 2021 to "freeze" future property taxes for those property owners with residential homestead exemptions who were/are 65-years of age or older. [HB-4077](#) (effective January 1, 2024) now requires the appraisal district to update a homestead application to an over-65 category when they have the date of birth in their computer system and the applicant has reached the age to qualify. This was not the case when the tax freeze was passed in 2021, and implemented in 2022. Eligible property owners had to file with BCAD for the tax freeze exemption. In 2023, the number of property owners who were over-65 was thirty-seven (37). The 2024 certified tax roll now shows a significant increase in property owners (463) who are over-65 that either qualified automatically by age on a prior application or have made a new application and became eligible for both the over-65 homestead exemption (\$10k) + the tax freeze. This has created a property tax (revenue) shortfall of approximately \$119k against the FY24/25 budget as each of the property owners that are over-65 will now be receiving an average \$258 exemption in 2024. On a bumper sticker, this is an unexpected debt the city must pay.

The BCAD assessed property values in Smithville increased by 3.4% this year which will bring in an additional \$186k of revenue to the General Fund to help pay for fire, police, drainage, public parks, community services, code enforcement, and street repairs. In 2024, the average home value INCREASED from \$236k to \$257k. The average homeowner will pay \$1,541 in property taxes in the coming year (\$243 more than that paid in 2023). The FY24/25 effective tax rate (now called the "No-New-Revenue Tax Rate") is \$0.544772. The rollback rate (now called the "Voter-Approval Tax Rate") is \$0.619997.

Below you will find a list of significant accomplishments, issues, events and activities since my last City Manager update:

- 1) Residential Cost Per Kilowatt Hour (kWh) Calculated** - An analysis of LCRA billing data was conducted to determine residential cost per kilowatt hour (kWh) in SEPTEMBER. Fuel costs vary month to month and are based upon electric utility generation, transmission, line loss, and service fees. The fuel cost per kWh for September is \$ 0.0720. Adding the City's distribution fee of \$0.055, the cost per kWh for residential service in Smithville during SEPTEMBER will be \$0.1270. This represents an **5.74% INCREASE** compared to August's \$ 0.1201 cost / kWh. Below you will find a "rolling" 12-month residential cost per kWh comparison chart. On average, the cost per kWh for residential electric service in Smithville is between 13-14 cents.

City of Smithville Residential Cost Per kWh - SEPTEMBER



Note: Fuel & Power Cost Recovery Factor + City Distribution Fee* (\$0.0550) = Cost / kWh

*Residential Distribution Fee = \$0.0550/kWh (Effective October 1, 2023). Non-Resident (i.e., service outside city limit) Distribution Fee = \$0.0650/kWh

City Manager Update – 9/8/24 (continued)

- 2) **City Brush Dump CLOSED until Further Notice** – On Saturday, August 24, 2024 at 1800 HRS, the TFS and OEM declared the Pine Dump Fire 100% contained. Since then, I have had several conversations with surrounding land owners about the City of Smithville discontinuing operations at the brush dump due to the increased fire risk. To this end, I will reiterate that the brush dump will remain CLOSED to the public indefinitely until we can identify an alternative solution above and beyond having citizens bag and bundle their leaf and limbs for pick-up by Waste Management, Inc. However, the city will still need a place to take fallen limbs after a storm in the future. Tub grinding (and removal) of vegetative debris at the brush dump is currently underway. This will be a contingency expense not subject to procurement laws as it qualifies as an emergency. The cost will be \$110k (\$40k for tub grinding and \$70k for removal). Concurrently, we have asked the Texas Forest Service (TFS) to assist with fuels mitigation and site re-development and they are working on formulating a plan to mobilize equipment and personnel to mitigate / reduce the current risk. The employees working the leaf & limb trucks have been temporarily redeployed (i.e., patching potholes, cleaning alleys, completing work orders, etc.) and it is a good time to re-evaluate whether or not we want to continue this service in the future. If....and I reiterate, IF we decide to use the existing brush dump in the future for city purposes only, it will be on a much-reduced scale that can be effectively managed. In the interim, we will be ordering and installing a new electronic gate to better secure the entrance and adding cameras at the brush dump. We also plan to make several rounds of leaf and limb pick-up throughout town while the tub grinding vendor is here.
- 3) **“Notify Me” Alerts Available on City Website** – In an effort to enhance communication, improve community engagement, and increase transparency, the City has a new feature on our website whereby citizens can receive notification via text and/or email for a variety of city notices, meetings, and events. On the city website landing page, there is a [“Notify Me”](#) radial button that will allow citizens to sign up for over 2-dozen types of alerts (e.g., council agendas, specific meeting dates, general news, alerts, city manager updates, etc.). Citizens will need to set-up an account and user-defined password. Once the set-up and login are complete, citizens can select the type of notifications they would like to receive and method of delivery (e.g., text, email). Beginning 10/1/24, I will no longer be sending my CM Update to individual email addresses as the distribution list has grown to 227 recipients and is becoming too difficult to manage.
- 4) **City of Smithville Employee Health Benefits Open Enrollment Held** – The FY24/25 Health Benefits plan has been finalized and was presented to City employees during open enrollment meetings on Thursday, August 29, 2024 at the Smithville Recreation Center. We will be modifying our current United Health Care plan resulting in approximately \$32k in annual medical insurance premium savings (higher employee deductible / lower city premium). The city will continue to fund its Health Reimbursement Account (HRA) for all regular full-time employees to provide a \$50 / month benefit that can be used to cover the cost of prescriptions and medical provider co-pays. The HRA benefit carries over from year to allowing the employee to accrue any unused portion as long as the individual is employed. On average, benefits account for approximately 28-30% of an employee’s total compensation (\$12-13k per employee per year).
- 5) **FY23/24 Financial Audit Scheduled** - Singleton, Clark & Company (our 3rd Party Financial Auditor) will be conducting an internal audit of our FY23/24 budget during the week of September 23-27, 2024. Last year, the City received a “clean” financial audit for our prior fiscal year’s performance and compliance with government accounting standards. This year’s audit will focus on internal financial controls, procurement, payroll, employee records, and accounts payable/receivable, etc. Results of the financial audit will be available in April of 2025. In the interim, Cynthia White (Finance Director) will be finalizing budget amendments for discussion and action during the October 21, 2024 Council meeting. Please note that the October Council meeting (regularly scheduled for the 2nd Monday of the month) has been pushed back a week due to the Columbus Day holiday on October 14th.
- 6) **WaterSmart (VertexOne) Customer Interface Portal To Launch September 3, 2024** – The WaterSmart (VertexOne) customer interface portal will be available to Smithville utility customers on Tuesday, October 1, 2024 (new release date). WaterSmart is a user-friendly platform that will help citizens better monitor and manage the water portion of their utility bills by providing the ability to set up leak alerts, track water usage, view historical trends, and pay on-line. WaterSmart can also generate a water “score” compared to other local neighborhood use and offer cost savings recommendations / solutions to help citizens conserve water and save money. For additional information, click on the following link to see the capabilities of → [WaterSmart](#) and/or contact the Smithville Utility Department on (512) 237-3282. Customers will need their utility account number to log in and set-up a password to access the [Smithville WaterSmart Portal](#). In the future, we will be adding an interface to allow citizens to monitor their electric use.

City Manager Update – 9/8/24 (continued)

There are several activities, meetings, and events scheduled in Smithville over the next several weeks:

- The next SMITHVILLE CITY COUNCIL meeting will be held on **Monday, September 9, 2024** (6:00) pm at City Hall (317 Main). Citizens can access the meeting via the City's [YouTube Channel](#). Click → [HERE](#) for agenda and council DATA packet.
- PLANNING & ZONING COMMISSION will meet on **Tuesday, October 8, 2024**.
- The next HOUSEHOLD HAZARDOUS WASTE (HHW) COLLECTION EVENT (PAINT ONLY) will be held on **Saturday, October 12, 2024** from 9:00 am to Noon at 109 Taylor Street in Smithville. Click on the following link for more information → <https://www.co.bastrop.tx.us/upload/page/0147/docs/20242025HHWFLYER.pdf>
- City Offices will be CLOSED **Monday, October 14, 2024** in observance of Columbus Day.

PHOTOS – 9/8/24

City Brush Dump CLOSED Until Further Notice



NW 2nd and Ramona Sidewalk and Drainage Project



Local Artists Work on Mural @ the Gazebo Park Pavilion

