

City Manager Update – 1/11/19

Happy New Year everyone! I hope you all had a restful Holiday Season. 2018 was a very stressful but successful year. Eleven (11) new businesses opened or expanded. Sixteen (16) new single-family homes, four (4) duplexes, and a small apartment complex were built adding approximately \$4.5M to the tax roll. Multiple development projects were supported that will bring additional housing and commerce to our community. A new nursing home, athletic complex, junior high school, and a 50-home subdivision are currently being built. We had sound fiscal performance with a “clean” financial audit and were able to manage the FY17-18 budget to within 1.0% (\$120k) of commit (\$11.5M). Some of the major projects / initiatives completed in 2018 include:

- Hosted 29th Annual Bastrop County MLK Walk / Celebration
- Coordinated City-wide Clean-up and two (2) HHW Collection Events
- Completed Construction of 7th Street Detention Pond and 60” Conveyance
- Completed TXDOT TAP Construction of Loop 230 ADA-compliant Sidewalks from Loop 230 to Olive
- Awarded \$60k National Endowment of the Arts (NEA) “Our Town” grant
- Awarded \$300k for TXCDBG grant for water improvements on MLK
- Awarded \$140k FEMA HMG DR-4255 for Drainage Improvement at 1st and Marburger
- Prepared FY2018/19 balanced budget to include funding of new projects/programs (\$11.7M)
- Coordinated FEMA PA reimbursement for \$300k in damages associated with Hurricane Harvey flood event
- Secured FEMA funding for mitigation of city-wide drainage issues (e.g., 7th Street Conveyance (DR-4266), Warehouse Detention Pond (DR-4272), Marburger & 1st Street drainage improvement (DR-4255)
- Submitted FEMA HMG application (DR-4332) for \$2.1M drainage improvement on NE 2nd from Gresham to Hwy 95
- Obtained \$3.0M C of O for water, sewer, drainage, and road improvements. Received “AA-” Bond rating from S&P
- Processed 1072 Work Orders (average 21 work orders per week) using SeeClickFix with a 90% closure rate
- Supported multiple development projects (Capella, Hurta Estates, SISD Athletic Complex, Regency Health Care Nursing Home, Your Mom’s, Mickelthwait’s, Go Big Solar, 230 Properties, LLC - Subdivision, Sage House Country Inn)
- Updated City Zoning Ordinance

During 2019, the City will face many challenges with respect to managing growth. Infrastructure improvement, economic development, and fiscal performance remain the top three areas of focus. Our water storage tanks and wastewater treatment facility infrastructure are deteriorating as they continue to age. Roads need to be paved and city-wide drainage improvements made. Refurbishing our water storage tanks and upgrading our wastewater treatment facilities are necessary to protect the integrity of these systems while ensuring we have the capacity to accommodate future growth. Infrastructure repairs of this nature are expensive and the decision to issue the \$3M Certificate of Obligation last year was not taken lightly. The \$2.5M Utility Fund portion of the debt service will be used for city-wide water and wastewater repairs. The Utility debt will be paid back by charging each utility customer a \$5.75 per month water and wastewater improvement fee. Currently, we have approximately 2150 utility customers. The water/wastewater improvement fee of \$5.75 per month will bring in \$148,350 per year. Adjusting for 1% annual growth rate, this will cover the debt service payment of approximately \$150k per year with any residual going to pay down principal on the total debt obligation over the 20-year term. The \$500k General Fund portion of the debt service will be used for city-wide road and drainage improvements. The General Fund debt will be paid back by adjusting the I&S portion of our property tax rate by an average \$0.003 cents per \$100 property valuation next year. No one likes to see increases in fees charged or additional taxes levied. However, these repairs are absolutely necessary to ensure the integrity of our infrastructure.

The New Year will also bring a tightening of the reigns with respect to code compliance and payment of delinquent utility bills. In an effort to clean up our community, Notices of Violation for junk vehicles and unwholesome conditions will be issued on a more frequent and consistent basis. Debris, trash, rubbish, and junk in yards attract pests and create health and safety issues. With respect to delinquent utility accounts, customers with past due bills will have their service disconnected after 30-days. A concerted effort has been made over the past 2-years to reduce the number of delinquent utility accounts. Many customers had unpaid balances greater than 90-days that were allowed to continue receiving services if the customer made payment arrangements to address a portion of the past due amount. With penalties accruing and continued utility usage, many customers simply couldn’t honor their agreements and services were disconnected and the delinquent account sent to collections. This is revenue the City will very likely never recover. For the record, per Section 13.203 (4) of our City Ordinance, “Services shall be interrupted to any customer whose account is five (5) days delinquent. In the event that the 5th day falls on a Friday, Saturday, Sunday or holiday, service interruption shall occur on the first following working day.” We are not quite ready to ratchet down to 5-days as this situation was not created overnight. Ultimately, this will benefit both the customer and the City by reducing the outstanding utility customer’s balance to something manageable while enabling a more reliable cash flow for payment of services provided.

City Manager Update – 1/11/19 (continued)

Some of the major projects / initiatives the City will undertake over the next 3-6 months include:

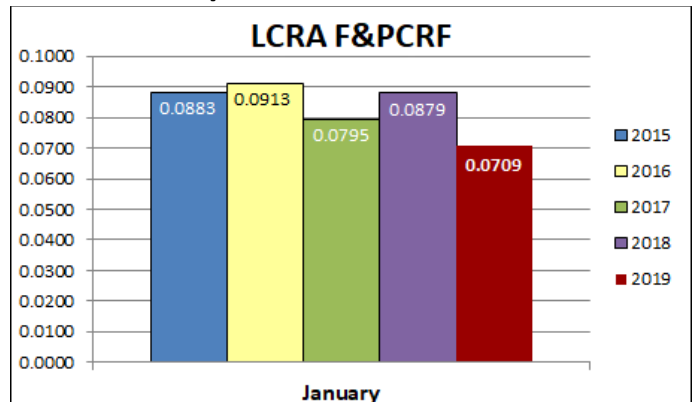
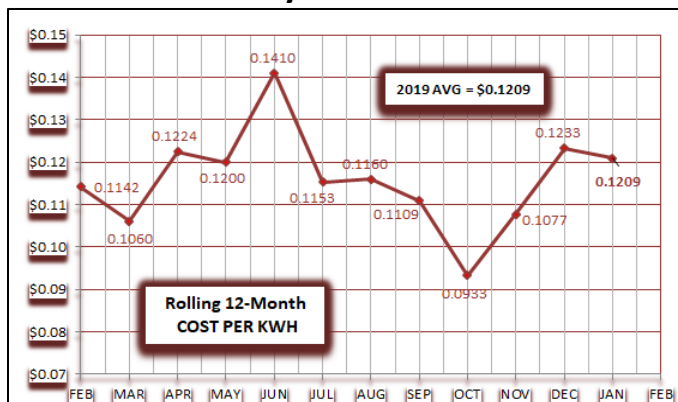
- Complete city-wide Hydraulics and Hydrology study
- Sponsor / coordinate 2019 Eco-Fest and Annual Fly-In
- Finalize Historic Downtown Design Guidelines and Sign Ordinances
- Begin water improvement project on MLK (\$300k TX-CDBG award)
- Complete drainage improvement project at 1st and Marburger (\$140k FEMA Grant DR-4255)
- Repair / pave damaged streets and roads (Shade, Hickory, Olive, Lee, Walker, Webb, Whitehead)
- Support ongoing economic development initiatives / projects (partnership with Smithville and Austin Chambers)
- Obtain USDA and EDA grant(s) to help fund \$2.5M utilities relocation in support of SH95 Expansion from Loop 230 to High School (\$8-10M project awarded by CAMPO with construction scheduled for 2021)
- Obtain grant funding for Oak Meadows and Gentry (RVICS area) drainage improvement projects
- Develop annexation strategy to acquire unincorporated territory / property within City limits
- Conduct Council Workshop to address Tiny Homes and Trailers parked in City easement
- Begin repair / refurbishment of elevated water towers and ground storage tanks
- Update City Personnel Manual

As you can see above, there are many plans and projects the City staff continues to juggle. These projects are above and beyond what it takes to keep the City running on a daily basis. The Leaf and Limb crew has been trying to catch up for the past several weeks now. The fall/winter season always presents a challenge but the guys are making progress. In an effort to defray some of the leaf and limb burden, the brush dump on the Hill is open 24/7. Residents can dispose of leaves and brush in between curbside / alley pick-up by City crews. Miscellaneous drainage and sidewalk projects will continue as the weather and budget permit. Good things are happening within our City and I look forward to what the future holds.

Below you will find a list of accomplishments, issues, and planned activities since my last report:

- 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 January. LCRA fuel costs vary month to month and are based upon electric utility generation, transmission, line loss, and service fees. The LCRA fuel cost per kWh for January is \$0.0702. This represents a **3.37% DECREASE** compared to December's fuel cost of \$0.0733. Adding the City's distribution fee of \$0.0500 and LCRA's \$0.0702 fuel cost, the cost per kWh for residential service in Smithville during JANUARY will be \$0.1209. Below you will find a "rolling" 12-month residential cost per kWh and a fuel cost comparison chart. As you can see, the fuel cost for the past 5-years (in January) is relatively consistent with the lowest cost incurred this year. On average, the annual cost per kWh for residential electric service in Smithville is between 11-12 cents.

City of Smithville Residential Cost Per kWh / LCRA Fuel Cost



- 2) **2019 LCRA "Steps Forward Day" Project Application Submitted** – The City of Smithville met with representatives from LCRA to discuss our 2019 "Steps Forward Day" project application. Volunteers from LCRA will gather on **Friday, April 5, 2019** to work on community projects throughout LCRA's service territory. Examples of potential projects include cleaning parks, painting pavilions, planting trees or doing carpentry work. Last year, LCRA volunteers painted the concession stand at MLK Park and the Little League Baseball field bleachers. This year, approximately 20-25 LCRA volunteers will help paint fifty (50) ornamental light poles on Main Street and NW 1st around the Gazebo area. The City is fortunate to have LCRA as a community partner. Programs like Steps Forward and the Community Development Partnership Program (CDPP) have definitely made a positive impact in our community.

City Manager Update – 1/11/19 (continued)

- 3) **TXDOT Transportation Alternatives Project (TAP) Project Update** – M&C Fonseca has finished replacing the sidewalk on both sides of Loop 230 between Olive and Gresham with ADA compliant ramps. However, handrails still need to be installed in front the old Todd/Webb Press building. The valley gutters at the intersection where Olive Street and Loop 230 meet have also been completed. This will help prevent ponding and improve drainage flow. The last phase of this project will be to install a valley gutter at the intersection of Fawcett and Loop 230 on the north side between the Car Wash and the old Billy Davis Texaco. The right lane of Loop 230 (westbound) between Ramona and Fawcett will be closed intermittently during construction. If you recall, the City had residual construction funds from the \$500k TXDOT Transportation Alternative Program (TAP) grant we received in 2015. As such, there will be no impact to this year's budget. The project should take 5-7 days to complete. (SEE PHOTOS)
- 4) **COST+ 10% Fee for Underground Residential and Commercial Electric Service Installation / Upgrade** - During 2019, all new residential and commercial electric service installations and/or upgrades will require underground connection unless circumstances prevent such connections to be made in a code compliant and/or safe manner. Once installed, the City will maintain and repair all electric utility connections within our easement like we currently do with overhead lines. Meter loop installation and/or repair will remain the customer's responsibility. The installation of electric services underground will increase performance and reliability as such lines are not subject to electrical short from fallen limbs. Similarly, the pad mount transformers are enclosed and protect the electrical circuit from squirrels. While on the topic of electrical service connections, the majority of municipalities in our area (e.g., Bastrop, Elgin, Flatonia) require utility customers to pay 100% of the cost for new electric service installation, connection, and/or upgrade. Historically, the City has paid for all new connections and/or electrical service upgrades within the City easement up to the property line for residential and commercial customers. These expenses are very difficult to forecast and absorb in any given budget year---especially, when dealing with commercial properties. Case in point, the cost to provide underground electric service to the new Nursing Home is approximately \$52k. This reflects the cost of the equipment ONLY---not the labor required to install the service. In comparison, the typical cost for installing a new 200 Amp electrical service for a residential home is approximately \$1,500. Going forward, it is recommended that the customer pay **COST+10%** to cover the expense for equipment, mobilization, labor, and installation of the new electrical service or upgrade. This will be a topic for consideration during the next council meeting.
- 5) **City of Smithville Sales Tax Update** - Below are the sales tax allocations for January 2018 vs. January 2019 (retail sales made primarily in November). This data reflects RETAIL sales of goods and services subject to LOCAL sales tax. Our sales tax payment (receipt) for January was \$39,325. This represents an **18.75% DECREASE** in our net payment compared to the same time last year. As you can see by the chart below, all municipalities within Bastrop County experienced lower sales tax receipts in January. Spending habits are cyclical and can be impacted by a number of factors. Gas prices, interest rates, inflation, and/or recession can all have a negative impact upon consumer confidence and discretionary spending. Bottom line, people spent a little less money on local goods and services in November 2018 compared to November 2017. I remain cautiously optimistic that our sales tax receipt (revenue) in February will reflect Holiday shopping and the influx of approximately 200 cast and crew members who were in town several days filming a TV production just before Christmas. As a reminder, revenue from local sales tax is used to offset expenses for community services like fire, police, leaf/limb pick-up, garbage pick-up, and the public library. Remember --- Shop Local....it makes a difference!"

Bastrop County Tax Allocation - January 2019

County/City	Current Rate	Net Payment This Period	Comparable Payment Prior Year	% Change	2019 Payments To Date	2018 Payments To Date	% Change
Bastrop	1.50%	\$539,835	\$577,242	-6.48%	\$539,835	\$577,242	-6.48%
Elgin	1.50%	\$166,451	\$179,177	-7.10%	\$166,451	\$179,177	-7.10%
Smithville	1.50%	\$39,325	\$48,401	-18.75%	\$39,325	\$48,401	-18.75%
County Total		\$745,611	\$804,820	-7.94%	\$745,611	\$804,820	-7.94%

City Manager Update – 1/11/19 (continued)

- 6) **7th Street Detention Pond Project Update** – Construction of the NE 7th Street detention pond began on June 12, 2017 and is now 98% complete. All corrugated metal drainage lines, box culverts, and concrete embankments have been installed / constructed and the detention pond is now fully functional. The detention pond was designed to mitigate a 10-year storm event which equates to approximately 6.2” of rainfall in a 24-hour period --- or 40 acre-feet (13,100,000 gallons) of storm water runoff. Storm water runoff that is stored in the detention pond will be discharged by pump into the existing drainage system that leads to the river once the storm event has ended and the drainage system has cleared. The total cost of the detention pond was \$1.4M with a 75/25 match (\$350k). Final site work will include spraying hydro-mulch and adding protective grates to the 8’ x 8’ box culvert inlets. A certificate of final completion will be issued once all punch list items are addressed and the project passes final inspection. This project began over 3-1/2 years ago after the 2015 Memorial Day Flood. The detention pond will provide much needed drainage relief for the 256-acres on and around 7th Street. For an “inside look” at the detention pond.....(SEE PHOTOS)
- 7) **City Applies for SolSmart Bronze Designation** - The City of Smithville has been working towards making it easier for developers and homeowners to consider sustainable options since the first Green EXPO funded through State Energy Conservation Office (SECO) funds in 2011. This year, we’ve been working towards getting a “SolSmart Bronze Designation” for our efforts at making it easier for developers and homeowners to choose solar as an energy option. “SolSmart is a national designation program recognizing cities, counties, and towns that foster the development of mature local solar markets.” This group is also a tremendous resource, providing no-cost technical assistance in working through the designation process as well as for other questions about how to bring more solar opportunities to the community and what that would mean to the City. With the Bronze Designation (which we hope to acquire and present to the public during Eco Fest on February 9), Smithville will also be able to apply to have a technical advisor specifically assigned to us to help navigate these issues for an intensive six months. For more information: <https://www.solsmart.org/how-we-help/what-is-solsmart/>.

There are several events / activities planned the next few weeks:

There will be a TIGER STADIUM RIBBON CUTTING on **Thursday, January 17, 2019** from Noon – 1PM. Light refreshments will be served followed by a tour of the facilities. There is a scheduled Open House for the general public and SISD Staff from 4-6pm if you are unable to attend the ribbon cutting. Parking: Please enter the facility at the North Entrance to the High School Campus and park behind the school. Parking is limited due to construction on the junior high campus.

The CHAMBER MONTHLY MIXER will be held on **January 17, 2019** at 5pm at the Smithville Heritage Museum, 602 Main Street. Be sure to come out for food, fun and fellowship at this monthly networking event.

The 30TH ANNUAL MLK WALK for Peace, Justice, and Equality will be held in Bastrop on **Monday, January 21, 2019**. The Walk begins at the Bastrop County Courthouse Gazebo, 803 Pine Street at 10:00 am. The actual MLK program will be held at the Bastrop Convention & Exhibit Center, 1408 Chestnut Street at 11:15 am. City and County officials (including Mayor Saunders) will be speaking. Brunch will be provided by Bastrop Power & Light and the City of Bastrop. For more information click on the following link → www.facebook.com/BlackHistoryBastrop.

As a reminder, CITY HALL WILL BE CLOSED **Monday, January 21, 2019** in observance of Martin Luther King Day. City Hall hours will be 8-5 Tuesday-Friday.

The next COMMUNITY BLOOD DRIVE will be held on **Tuesday, January 22, 2019** from 1:30 to 6pm at the Smithville Rec Center. You may register on line → <http://weareblood.org>. Use group code C179. Contact Sharlene Scheler at 210-259-3733 for more information.

There will be a RIBBON CUTTING on **Thursday, January 24, 2019** at 5pm at SWS Land Holdings Business Park (1642 NE Loop 230 - Behind Born-Again Emporium). Food and beverages, tours, and leasing information will be available at the ribbon cutting as well.

The BEST COUNTY-WIDE BREAKFAST will be held at Texas Grill in Bastrop on **Friday, January 25, 2019** from 8:00 to 9:30 am. Representative John Cyrier will be providing a legislative update.

The GRAND RE-OPENING OF THE SMITHVILLE VISITOR CENTER & RAILROAD MUSEUM will be held **January 31, 2019** at 5pm.

Have a great weekend!

--Robert--

PHOTOS – 1/11/19:

TXDOT TAP Sidewalk Project (Loop 230 and Olive)



7th Street Detention Pond 98% Complete



SWS Land Holdings Business Park - 1642 NE Loop 230



Paving Completed at Hurta River Estates

