

City Manager Update – 2/5/21

Happy New Year everyone! The Holidays gave us the chance to reflect upon all the important things in life that we sometimes take for granted.....family, friends, and fellowship. So, I hope everyone took the time to rest, recharge, and reconnect as 2021 will be another challenging year. As you know by now, Scott Saunders, Jr. resigned and Joanna Morgan (Mayor Pro Tem) was appointed by the City Council to fill the former Mayor's unexpired term on Monday, January 11, 2021. The City Council also voted to appoint Councilmember William Gordon as the new Mayor Pro Tem. Going forward, Mayor Morgan will provide her experience and leadership to ensure a seamless transition. We will continue to manage growth in a manner that preserves and protects our historic charm while enabling infrastructure improvement, economic development, and fiscal responsibility.

From the strange and unusual file.....a condemned bison escaped the confines of the Smithville Food Lockers and ran up 4th Avenue, down 1st Street, across Hwy 95, and along FM 2571. Representatives from the Smithville Food Lockers, members of the Smithville PD, and our Animal Control Officer managed to corral the beast in the very same pen from which he escaped. (SEE PHOTOS). Just before the bison broke free, he could be heard saying....."Not today my friend, not today." I'm told there will be a special on bison burgers over the weekend.

Despite a global pandemic, thirty-four (34) new businesses opened in our community last year creating approximately sixty (60) new jobs. Seventeen (17) new single-family residential homes and two (2) duplexes were built during 2020 adding approximately \$3.8M to the tax roll. Multiple development and infrastructure improvement projects were supported that have brought (or will bring) additional housing and commerce to our community. Hurta Estates has sold approximately 90-95% of the available 50 residential lots with new home construction on-going. The old Towers Nursing Home and Smithville Community Hospital have been sold to a local developer who plans to build twenty-four (24) new single-family homes in the next 12-18 months. Other significant accomplishments / projects completed in 2020 include:

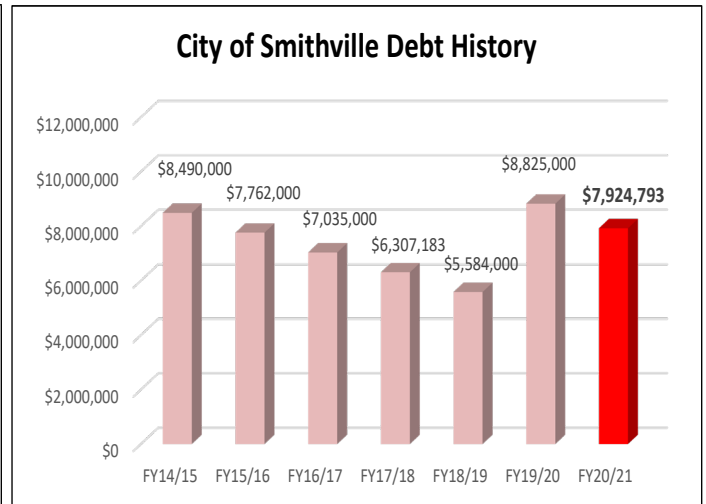
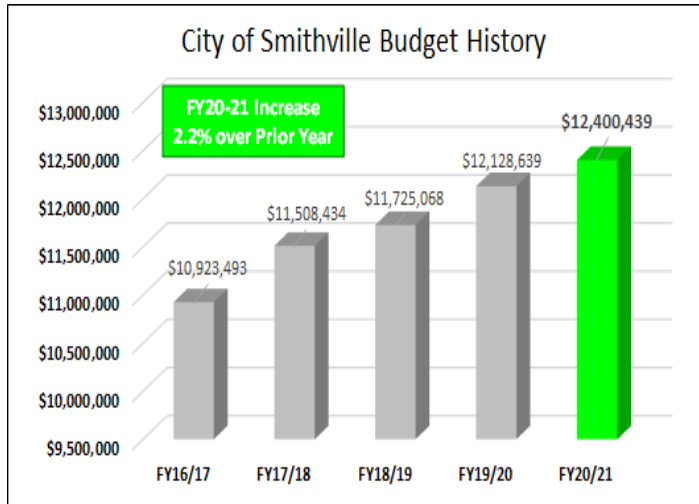
- Rebuilt and re-opened 4th Avenue Bridge over Gazley Creek
- Completed Marburger drainage improvement project (FEMA DR-4245)
- Completed SE 2nd Detention Pond behind City Warehouse (FEMA DR-4272)
- Managed 2019/20 budget to within 2.2% (+\$270k) of commit (\$12.1M)
- Initiated water tower / storage tank refurbishment using \$2M C of O funds
- Awarded \$2M in TXDOT funding for SRTS and TA/Set-Aside sidewalks
- Entered into Purchase Power Agreement with Go Big Solar for 1-MW solar farm
- Prepared 2020/21 balanced budget (\$12.4M) to include funding of new projects/programs.
- Implemented succession plans to backfill key positions (e.g., City Secretary, Chief of Police, Mayor)

As you can read above, there were many plans and projects the City staff had to juggle. These projects were above and beyond what it took to keep the City running on a daily basis. Miscellaneous development and infrastructure improvement projects (e.g., drainage, sidewalk repairs, water tower refurbishment, and road improvement, etc.) will continue as the weather and budget permit.

<u>Infrastructure Projects:</u>	<u>Development Projects:</u>
<ul style="list-style-type: none">• City-wide Street & Road Repair + Misc. Drainage• Hwy 95 Expansion / Utilities Relocation• NE 2nd Street Drainage Improvement Project (FEMA DR-4416)• GLO-CDBG MIT regional Drainage Improvement Project• City-wide Water Storage Tank Rehabilitation• Loop 230 Water Line• Safe Routes to School / TA/SA Sidewalks	<ul style="list-style-type: none">• Go Big Solar• Hurta Subdivision• M5 Subdivision• <u>Woodrose Place</u> Subdivision• Towers Subdivision• Seidel Estates Subdivision• Creekside RV Park• Chamber Re-build• TDHCA Home Grant• Tiny Home Subdivision• Riverside Resources• Capella Property

City Manager Update – 2/5/21 (continued)

The City of Smithville's fiscal performance during 2020 improved significantly with revenues exceeding expenses on our \$12.1M budget by \$270k (including budget amendments). The City Council adopted a \$12.4M balanced budget representing a 2.2% INCREASE in spending required to fund multiple plans, projects, initiatives, and services throughout our community. Our long-term debt position DECREASED by 10% with \$7,924,793 still owed. In January of 2019, the City took on additional bonded debt with the issuance of \$3M in Certificates of Obligation (C of O) needed to fund the repair of our water storage tanks, pave roads, improve drainage, and upgrade our wastewater system. Our current S&P bond rating is "AA-minus". See charts below for the City's budget and debt history.

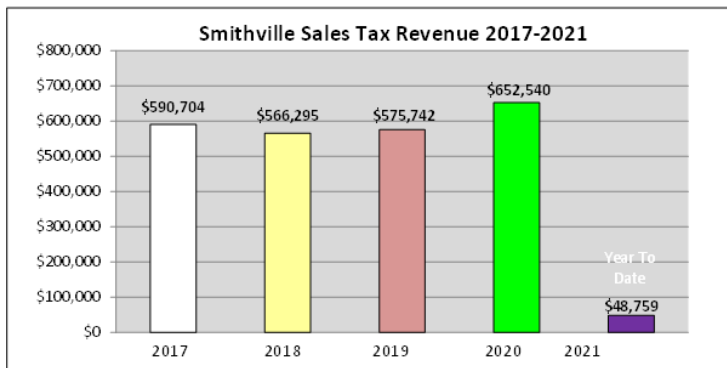
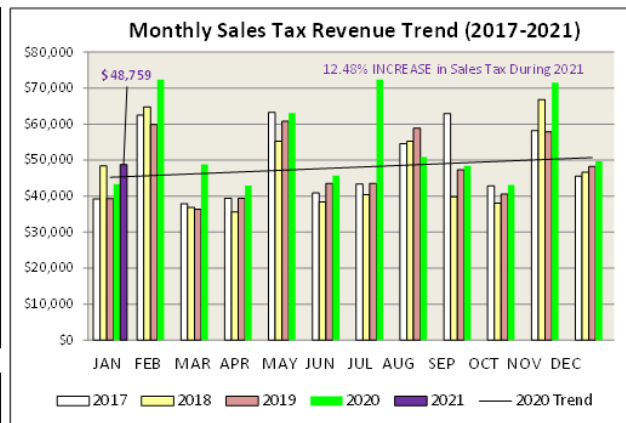


Smithville's sales tax receipts during 2020 totaled \$652,450. The data indicates a positive trend with a 13.35% increase (approximately \$77k) over the same period last year. Hotel Occupancy Tax (HOT) receipts declined significantly with a 29.7% decrease during FY20 compared to the prior year.

Smithville Sales Tax Revenue (2017-2021)

	2016	2017	2018	2019	2020	2021
JAN	\$35,747	\$39,255	\$48,401	\$39,325	\$43,347	\$48,759
FEB	\$60,281	\$62,519	\$64,805	\$59,926	\$72,422	
MAR	\$28,644	\$37,897	\$36,869	\$36,333	\$48,809	
APR	\$31,632	\$39,410	\$35,610	\$39,391	\$42,977	
MAY	\$60,668	\$63,296	\$55,277	\$60,837	\$63,095	
JUN	\$35,497	\$40,886	\$38,393	\$43,545	\$45,779	
JUL	\$34,105	\$43,363	\$40,403	\$43,536	\$72,352	
AUG	\$59,668	\$54,582	\$55,210	\$58,843	\$50,878	
SEP	\$38,057	\$62,939	\$39,823	\$47,330	\$48,442	
OCT	\$38,080	\$42,846	\$38,093	\$40,562	\$43,150	
NOV	\$53,749	\$58,192	\$66,784	\$57,870	\$71,574	
DEC	\$38,539	\$45,521	\$46,626	\$48,244	\$49,714	

Sales Tax Revenue	2016	2017	2018	2019	2020	2021
	\$514,667	\$590,704	\$566,295	\$575,742	\$652,540	\$48,759



Data Source: <https://mycpa.cpa.state.tx.us/allocation/AllocHistResults.jsp>

SHOP LOCAL

It makes a difference!!!

Sales Tax Revenue helps pay for Fire,
Police, Street Repairs, Library, and Animal Control

City Manager Update – 2/5/21 (continued)

Smithville is rapidly becoming a “destination” with more shopping, dining, entertainment, and lodging options available to both citizens and visitors alike. Each day, our community continues to evolve and improve. Infrastructure is being replaced and/or repaired. New businesses are opening. New homes are being built – all without jeopardizing our “uniqueness”. Bottom line, we are making progress but there is still much to do. Going forward, our success will depend on our ability to proactively manage growth in a manner that preserves and protects our small-town look, charm, and feel.

Good things are happening within our City and I look forward to what the future holds. Here is a brief “snapshot” of the City’s strategic roadmap going forward:

CITY OF SMITHVILLE – STRATEGIC ROADMAP



- Much has been accomplished but still much to be done.
- **Strategic Focus** - Infrastructure Improvement, Eco Development, and Fiscal Responsibility.
- Partner with the Community, Chamber, and County to proactively manage growth in a manner that preserves and protects our small-town look, feel, and charm.

As of 1/30/21

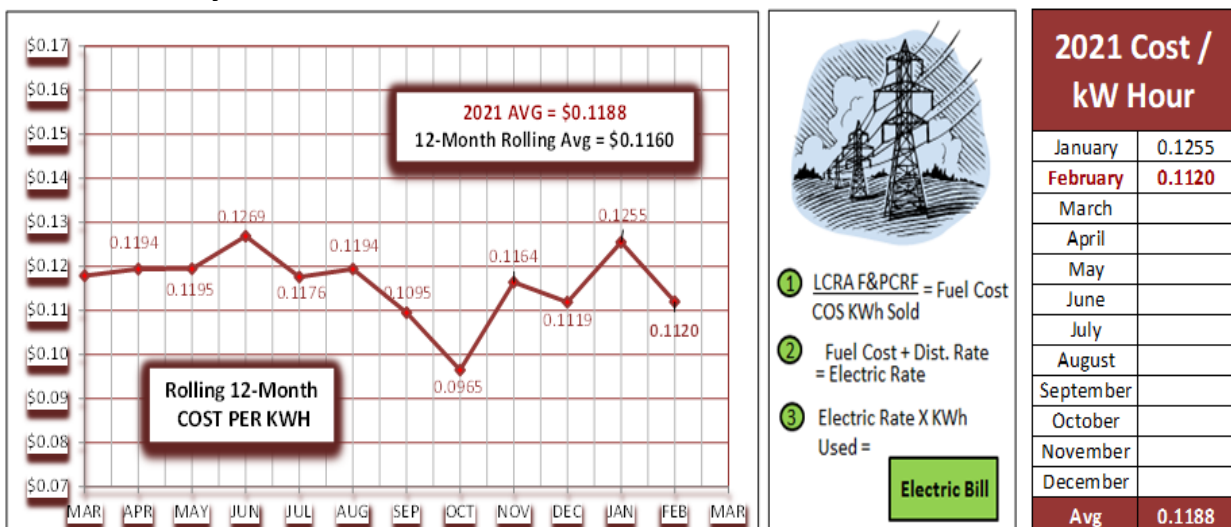
Below you will find a list of accomplishments, activities, issues, and/or future plans since my last report:

- 1) Deadline to File for City Elections** - The deadline to file as a candidate for the City’s May 1st General Election is Friday, February 12, 2021. Places 1, 2, and 3, are currently occupied by Sharon Foerster, Mike Kahanek, and Bill Gordon respectively. Several incumbents and challengers have picked up a packet to file. The deadline to file as a candidate for the City’s Special Election is Monday, March 1, 2021. The unexpired term of the Mayor and Place 4 will be on the ballot. Resolutions calling for both a Special Election and a General Election were approved by the City Council in January. Candidate filing packets are available at City Hall. Contact Jennifer Lynch (City Secretary) on 512-237-3282 (extension 2106) for additional information.
- 2) Go Big Solar, LLC Solar Farm Project Update**: The City Council approved a 25-year solar Power Purchase Agreement (PPA) with [Go Big Solar, LLC](#) back in December of 2019. Go Big Solar, LLC plans to build a 1-Megawatt single axis photovoltaic solar array on property located next to the Smithville Municipal Airport on the west side of Loop 230. Our current wholesale power agreement with LCRA allows the City of Smithville to purchase up to 15% of alternative energy through a 3rd party. The solar array will generate approximately 2.9 Megawatts of clean energy per year representing approximately 6% of the total power we purchase from LCRA. The City will save a minimum of \$350k over the 25-year term --- double this amount if battery storage is added in the future allowing the City to sell power back to LCRA / ERCOT during the summer 4CP (4 Coincident Peak). Construction of the solar array will begin in March with the system operational before the end of 2021. Link to Austin American Statesman article → [SOLAR ARRAY](#).

City Manager Update – 2/5/21 (continued)

- 3) **Waste Management, Inc. Solid Waste Contract Renewal** – The City’s solid waste contract is up for renewal. The proposed 5-year contract (if approved by the City Council) allows for 2X per week service (Monday / Thursday and Tuesday / Friday routes) with bulk service once per month (limited to 4-yards) per residential customer. Putting this into perspective, a residential customer can fill up the equivalent of one 40-yard roll-off of bulk per year. One major difference in this contract and the previous contract is the distribution of a 96-gallon poly-cart (with lid) to every residential customer (SEE PHOTO). There will be no charge to residential customers for delivery of the cart. However, each customer must use the new cart. This will result in greater operational efficiency and ensure household trash is contained. There will be no increase to the \$33.17 residential customers are currently paying for garbage service per month. Future contract fee increases will be based upon the percentage increase in the Consumer Price Index (CPI) and the Energy Information Administration of the US Department of Energy (“EIA/DOE”) diesel fuel adjustment prior to the annual anniversary of the contract with a 5% cap. This will be a topic for discussion and action during the February 8, 2021 Council meeting via Zoom. If approved, the new 5-year contract will go into effect on March 1, 2021 with distribution of the new poly-carts within 30-days. In addition, a marketing / education campaign will be launched to ensure citizens understand the new requirements. We are one of the few municipalities that still offers 2X per week garbage service, bulk service, AND leaf / limb pick-up service.
- 4) **Network Data Collector Issue Results in Extended Utility Billing and Higher-Than-Normal Utility Bills** - Several hundred residential utility customers experienced a higher-than-normal utility bill in January due to a network data collector issue. There are two network data collectors throughout our community that receive and transmit batch electric meter readings to our billing system. Since the network data collector failed, the City had to manually read about 400 electric meters in January (approximately 20% of our total customer base). This also delayed mailing out the bills. As such, instead of 25-30 days in a normal billing cycle, those customers impacted were billed for 35-40 days of usage which resulted in a higher bill. In addition to the extra billing days, it was a very cold December and fuel costs were higher due to market demand. Having said this, the next billing cycle of those impacted will be much shorter--- somewhere between 15-20 days. This will result in a much lower bill.
- 5) **Residential Cost Per Kilowatt Hour (kWh) Calculated** – An analysis of LCRA billing data was conducted to determine residential cost per kilowatt hour (kWh) in February. LCRA fuel costs vary month to month and are based upon utility generation, transmission, line loss, and service fees. The LCRA fuel cost per kWh for February is \$0.0620. This represents a **17.83% DECREASE** compared to January’s fuel cost of \$0.0755. Adding the City’s distribution fee of \$0.0500 and LCRA’s \$0.0620 fuel cost, the cost per kWh for residential service in Smithville during FEBRUARY will be \$0.1120. Below you will find a “rolling” 12-month residential cost per kWh and a fuel cost comparison chart. On average, the cost per kWh for residential electric service in Smithville is between 11-12 cents.

City of Smithville Residential Cost Per kWh / LCRA F&PCRF



Note: LCRA Fuel & Power Cost Recovery Factor + City Distribution Fee* (\$0.0500) = Cost / kWh

*Residential Distribution Fee = \$0.500/kWh. Non-Resident (i.e., service outside city limit) Distribution Fee = \$0.650/kWh Effective October 1, 2019

City Manager Update – 2/5/21 (continued)

- 6) **Old Towers Nursing Home Demolition Causes Citizen Concerns Regarding Asbestos** – Demolition of the old Towers Nursing Home and Smithville Hospital (located at 907 Garwood) began in January (SEE PHOTOS). Several citizens called City Hall concerned about potential exposure to asbestos dust while the structure was being torn down. A demolition permit was obtained from the City prior to beginning any work. The demolition permit requires the contractor to follow all local, state, and federal guidelines for the remediation of structures containing mold, lead, and/or asbestos. The asbestos abatement was performed by [PfP Abatement Group, LLC](#) which is a licensed and certified asbestos abatement contractor from Houston. All asbestos containing materials (e.g., floor tile, mastic, etc.) were completely encapsulated, bagged, and removed from the site by trained professionals in accordance with regulatory requirements. In fact, an unannounced inspection of the facility was conducted by the Texas Department of State Health Services (TDSHS) on 1/19/21 which confirmed compliance with asbestos abatement regulations. The buildings were not simply “bulldozed” without first removing any and all hazardous material(s) contained therewithin. The Smithville Hospital Authority sold the property to a local development group that plans to develop lots to allow the construction of twenty-three (23) single-family homes in the next 12-18 months.
- 7) **City-wide Street Repairs and Paving Project Update** - City-wide road paving and street repair will begin in the next few weeks and continue through the spring and early summer. The streets and roads listed below will be prepped, resurfaced, and repaved. The Bastrop County Maintenance Department (who owns the paving equipment) will be doing the majority of the work with support from the City of Smithville. This project will require partial and temporary street closures with notification of area residents and business owners 24-48 hours in advance. Pot-hole repairs will continue throughout town as pot-holes are reported and/or identified. Citizens can report a pot-hole using the Smithville [SEE/CLICK/FIX](#) link on the City Website or by downloading the SEE/CLICK/FIX app to their smart phones.

City-wide Street Repairs and Paving Schedule - SPRING 2021

Street	From / To	Paving Material	Prep Completed	Road Closure	Paving Date
Reed Street	FM2571 to Front Street	Chip Seal	NO	YES	TBD
Whitehead	700 Block Whitehead to Charleston	Chip Seal	NO	YES	TBD
Tiger Lane	Tiger Lane	Chip Seal	NO	YES	TBD
Main Street	1st Street to 8th Street	Sealcoat/Stripe	YES	YES	COMPLETE
NE 2nd Street	Olive to Main	Sealcoat/Stripe	YES	YES	COMPLETE
NW 2nd Street	Main to Ramona	Sealcoat/Stripe	YES	YES	COMPLETE
Gentry Street	Woodress Lane to 300 Block	Chip Seal	NO	YES	TBD
Bunte Street	Woodress Lane to 300 Block	Chip Seal	NO	YES	TBD
Anderson Street	SE 4th to End of Anderson	Chip Seal	NO	YES	TBD
Pendergrass Street	SE 4th to End of Pendergrass	Chip Seal	NO	YES	TBD
SE 2nd Street	Taylor to Eagleston	Chip Seal	NO	YES	TBD
Byrne	Loop 230 to 500 Block	Chip Seal	NO	YES	TBD
Mills	500-900 Block	Chip Seal	NO	YES	TBD
Mills	200 Block	Hot Mix	NO	YES	TBD
8th Street	Short to Burleson	Chip Seal	NO	YES	TBD
9th Street	Short to Burleson	Chip Seal	NO	YES	TBD
East Street	East Street to FM 2571	Chip Seal	NO	YES	TBD

- 8) **2019-20 Fiscal Year Financial Audit Underway** – The City is currently undergoing our 2019-20 fiscal audit. 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 annual audit is being conducted by Singleton, Clark & Company over a 2-week period. The focus of the audit will be on internal financial controls, payroll, procurement, HR, accounts payable, and accounts receivable, etc. Reconciliation of multiple federal, state, and local grants for infrastructure improvement has triggered the requirement to conduct a single audit. The Code of Federal Register Regulations (CFR), Title 2, Chapter II, Part 200, Subparts A through F requires Federal grant recipients to submit a Single Audit report if, in the fiscal year, \$750,000 or more was expended in Federal Grant Awards (all sources combined). Approximately \$2.5M in federal and state grants were awarded to the City of Smithville during 2020 for bridge replacement, drainage improvements, and playground equipment. So far, there have been no major issues identified. The results of the annual financial audit will be presented by Jack Clark during the April 12, 2021 Council meeting.

City Manager Update – 2/5/21 (continued)

- 9) **Chamber of Commerce / Railroad Museum Building Project Update** - Since the arsonist's fire in March of 2019, significant progress has been made regarding the relocation, layout, and funding of the new Chamber of Commerce building that will house the Visitor's Center, the Railroad Museum, and Chamber offices. A Chamber Building Committee was established with representation from the City, the Chamber, the Railroad Museum Board, and several community volunteers to help guide the rebuilding effort. The new Chamber office and Railroad Museum will be a pier and beam structure located approximately 150 feet (east) between the Gazebo and the Gingerbread Man. The estimated cost of the new facility is approximately \$150-175k. The cost will be completely funded by insurance, grants, and donations. The City of Smithville (Jack Page) will manage the project. Wherever possible, the City will utilize local trades and service organizations during the rebuilding effort. I am pleased to report that construction began this week with 24-piers being poured. Framing will begin next week. Barring any significant weather delays, it is estimated that construction will be completed in the July / August timeframe. (SEE PHOTOS)
- 10) **Smithville Leading the "It's Time Texas Community Challenge"** - With less than a month to go, Smithville is still leading the competition in the "extra small" community category (population < 5,000) for the "IT'S TIME TEXAS Community Challenge" with 145,550 points. Liberty Hill and Reno are currently in 2nd and 3rd place behind Smithville. Each year, H-E-B sponsors the free, state-wide competition in which Texas communities compete to see which communities can demonstrate the greatest commitment to healthy living. The winning community in each size category will receive an \$1,800 community grant to put toward future health-related efforts, along with a trophy, school district banner, and Governor's certificate. Approximately 85 community members from Smithville have registered to participate. We have won the competition the past three (3) years in a row and are looking for a repeat performance. Thanks to all who are participating in this competition. If you have not yet registered, there is still time to participate. Go to → <https://ittcommunitychallenge.com/> to register and join the challenge! The competition ends February 28, 2021.
- 11) **2020 Wastewater Rates - Three Month Winter Water Average in Effect** - Wastewater rates in Smithville are set by using a three (3) month "winter" water use average between DECEMBER and FEBRUARY. You can reduce your monthly wastewater (sewer) bill by conserving water during these months. In the event that the monthly water usage for any month is less than the computed "winter water average," the lesser of the two shall be used as the basis for calculating the wastewater bill. Residential customers pay a \$10.50 sewer base rate per month and \$3.85 sewer fee per 1000 gallons of water used. Citizens still have time to cut back on their water use until the end of February. Let the savings begin! Click on the following link → <https://www.ci.smithville.tx.us/city-departments/utilities/rates/> for a list of utility rates in Smithville.
- 12) **TXDOT Standard Utilities Agreement (SUA) and Advanced Funding Agreement (AFA) Required for SH95 Utilities Relocation** - On September 26, 2019, the TXDOT Commission APPROVED the City's request for \$3.8M in funding to relocate utilities in the Right-of-Way (ROW) as part of the SH95 expansion project. During the 86th Legislative session, SB-1512 amended Section 203.092 of the Texas Transportation Code to establish provisions for utilities relocation at the expense of the state. These provisions pertain to specific conditions for which the City of Smithville would qualify. Specifically:
- population of less than 5,000
 - financial condition that prevents the municipality from being able to pay the cost of relocation
 - at least five (5) disaster declarations made by the President of US in the six-year period preceding the proposed date of the relocation

Per SB-1512, TXDOT will cover the expense to relocate any existing utilities within the ROW but will not pay for any utility upgrades (also known as "elective betterments") unless the upgrades are driven by safety and/or regulatory requirements (e.g., fire flow). It is the City's intent to upgrade all water and sewer lines along the SH95 expansion in a manner that will support future growth. As such, the City will still be responsible for a portion of the cost for these upgrades (approximately \$50k). TXDOT has also agreed to manage the project under a Standard Utility and Advance Funding Agreement (AFA). Going forward, the City will be working closely with TXDOT to coordinate activities among the multiple utility entities involved (e.g., Time Warner, AT&T, CenterPoint Energy, etc.). Construction is tentatively scheduled for Fall of 2021. Approval of the TXDOT SUA and AFA will be an item for discussion and action during the February 8, 2021 City Council meeting.

City Manager Update – 2/5/21 (continued)

13) City of Smithville Sales Tax Update - Below are the sales tax allocations for January 2021 vs. January 2020 (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 \$48,759. This represents a **12.48% INCREASE** in our net payment compared to the same time last year. Smithville's sales tax payments totaled \$652,540 last year which is pretty remarkable given the global pandemic. Sales tax dollars are used to make street / road repairs and help pay for community services like FIRE and POLICE. With Valentine's Day less than 10-days away.... please remember to SHOP LOCAL - it makes a difference!!!

Bastrop County Tax Allocation - JANUARY 2021

County/City	Current Rate	Net Payment This Period	Comparable Payment Prior Year	% Change	2021 Payments To Date	2020 Payments	% Change
Bastrop	1.50%	\$711,849	\$645,670	10.24%	\$711,849	\$645,670	10.24%
Elgin	1.50%	\$218,406	\$194,619	12.22%	\$218,406	\$194,619	12.22%
Smithville	1.50%	\$48,759	\$43,347	12.48%	\$48,759	\$43,347	12.48%
Bastrop County	0.50%	\$448,579	\$400,651	11.96%	\$448,579	\$400,651	11.96%

There are several events / activities planned this weekend and the next few weeks in Smithville:

MARK YOUR CALENDARS:

- **Monday, February 8th:** City Council Meeting via Zoom and YouTube (6:00 pm)
- **Wednesday, February 10th:** Chamber Coffee Chat at Olde World Bakery 112 Main Street (8:00 am)
- **Wednesday, February 10th:** Ribbon Cutting at **The Vanity Room Salon & Barber Shop**, (located at 1638 NE Loop 230, Suite 2 (behind Born Again Emporium) at 6:00 pm.
- **Sunday, February 14th:** Valentine's Day
- **Monday, February 15th:** President's Day. City offices will be CLOSED. Hours will be 8-5 Tuesday to Friday.
- **Thursday, February 18th:** Ribbon Cutting at **Clint's Liquor** at 104 NE Loop 230 (5:00 pm).

As a reminder, City Hall will be CLOSED – **Monday, February 15, 2021** in honor of President's Day. Office hours will be 8-5 Tuesday through Friday (Feb 16-19).

Please let me know if you have any questions or need additional information. Have a great weekend. Stay warm (or warm at heart) and have a Happy Valentine's Day!

--Robert--

Happy
VALENTINE'S
 **DAY** 

PHOTOS - 2/5/21

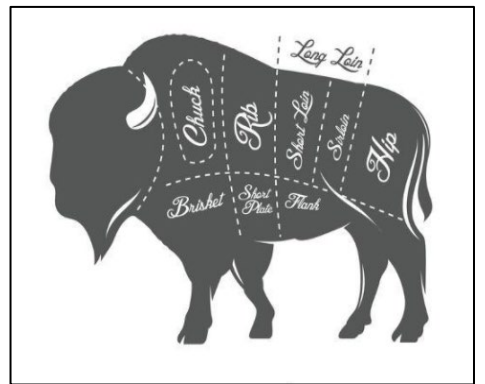
Chamber of Commerce / Railroad Museum / Visitor Center Rebuild



Old Towers Nursing Home @ 907 Garwood Demolition



Condemned Bison Temporarily Escapes from the Smithville Food Lockers



WMI, Inc. 95-Gallon Polycart



Adult Equipment @ MLK Park



Tin Man Sunrise

