

City Manager Update (8-11-23)

The FY23/24 budget cycle is well underway. I have been meeting with department heads to identify projects, plans, and preliminary budgetary needs. During our last staff meeting, I provided budget guidance and thanked the staff for their hard work over the past year. We are still working on finalizing / prioritizing projects, verifying costs, and forecasting FY23-24 revenue and expenses. Budget workshops will be held on **August 23, 2023** and **September 6, 2023** at City Hall from 5:30-9:00 pm respectively. Public Hearings for the FY23/24 Tax Rate and Budget have also been scheduled. The public is welcome and encouraged to attend these meetings, workshops, and public hearings. Click on the following link to access the City Calendar → <https://www.ci.smithville.tx.us/>.

The [Powder Keg Pine Wildfire](#) and the [Mesquite Field Wildfire](#) kept the Smithville Volunteer Fire Department (SVFD) busy last week and required a multi-agency response from Central Texas firefighters. The fires burned approximately 117 acres (off of Harmon Road in Bastrop) and 38 acres (off of Stolle Lane in Kovar) respectively. Both fires were 100% contained. We are very fortunate to have such a dedicated group of volunteer firefighters serving our community.

Speaking of fire prevention, a county-wide [BURN BAN](#) order was issued by Bastrop County Judge Gregory Klaus on July 17, 2023. The burn ban remains in effect until midnight August 14, 2023. The dry conditions, extreme heat, low humidity, and strong winds the past week have resulted in multiple “Red-Flag Warnings” due to increased risk of fire danger. In response, the Bastrop County Office of Emergency Management (OEM) has established a Wildland Fire Task Force whereby multi-agency jurisdictions within Bastrop County will provide dedicated firefighting equipment and personnel to stand-by in a state of readiness should a wildfire break out. The SVFD is member of the Task Force along with Texas A&M Forrest Service, Heart of Pines FD, City of Bastrop FD, and Bastrop County ESD 1 and ESD 2.

I am pleased to report the that new **Family Dollar / Dollar Tree** store (located at 301 Myrtle Lane and Loop 230) is now OPEN to the public. Family Dollar / Dollar Tree offers a variety of food, household, seasonal items and toys. They have been in business since 1950. On July 6, 2015, Dollar Tree acquired Family Dollar, located in Charlotte, NC. Just after the acquisition, they celebrated the opening of their 15,000th store. Click on the following link for a historical perspective of Family Dollar and Dollar Tree → [FAMILY DOLLAR / DOLLAR TREE](#).

Here is a list of significant accomplishments, events, and planned activities since my last update:

- 1) **City of Smithville Sales Tax Update** - Below are the sales tax allocations for August 2023 vs. August 2022 (retail sales made primarily in June). This data reflects RETAIL sales of goods and services subject to LOCAL sales tax. Our sales tax payment (receipt) for August was \$85,733. This represents a **13.93% DECREASE** in our net payment compared to the same time last year with a year-to-date decrease of 3.72%. As a reminder, sales tax dollars are used to make street / road repairs and help pay for community services like FIRE and POLICE. Remember...SHOP LOCAL - it makes a difference!!!

Bastrop County Sales Tax Allocation - AUGUST 2023

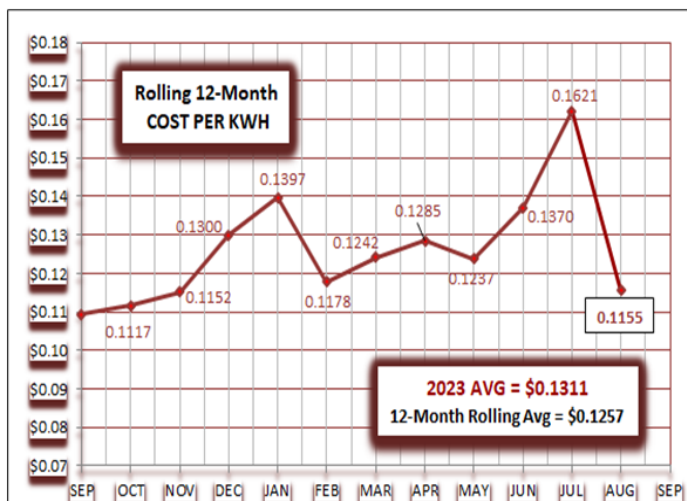
County/City	Current Rate	Net Payment This Period	Comparable Payment Prior Year	% Change	2023 Payments To Date	2022 Payments	% Change
Bastrop	1.50%	\$1,162,918	\$1,037,028	12.13%	\$8,204,319	\$7,514,414	9.18%
Elgin	1.50%	\$325,087	\$321,512	1.11%	\$2,553,017	\$2,352,959	8.50%
Smithville	1.50%	\$85,733	\$99,610	-13.93%	\$588,318	\$611,076	-3.72%
Bastrop County	0.50%	\$783,630	\$925,744	-15.35%	\$5,569,043	\$5,245,413	6.16%

- 2) **TXDOT Mowing Completed** - TXDOT contractors finished mowing Hwy 71, Loop 230, and most of the arterial roadways last month to include FM 2571 and FM 2104. TXDOT only mows the Right-of-Way (ROW) twice a year (typically July and November) unless a line-of-sight hazard exists. Unfortunately, line-of-sight hazards must be called into the district office to resolve and it is often easier to have City crews just take care of the issue. Since TXDOT only mows twice a year, the city hired a local contractor to help keep the Loop 230 and Hwy 71 triangle (by the airport) mowed on a regular basis. This has helped the eastbound entrance to our community look more attractive and well-maintained. The same contractor also mows around the crepe myrtles at the airport and on Charleston Blvd.

City Manager Update (8-11-23) - continued

- 3) **City Council Approves Compliance Monitoring for Short-Term Rental Administration** – Avenu Insights & Analytics, LLC provides administrative services and compliance monitoring for Hotel Occupancy Tax collection associated with Short-Term Rentals. The Short-Term Rental Monitoring, Identification, and Compliance Services are designed to help the city enhance its short-term rental/lodging tax revenues by providing targeted web monitoring, web portal and identification services thereby producing previously unrealized revenue and improved compliance opportunities. The cost of the Short-Term Rental Monitoring, Identification, and Compliance Services includes a one-time setup fee of two thousand dollars (\$2,000) and an annual fixed fee of two hundred fifty-five dollars (\$255) per property / per year (up to 60 properties) or an annual Administration fee of fifteen thousand dollars (\$15,000), whichever is greater. The initial term of this Agreement shall be for a period of three (3) years following the Effective Date, and automatically renew for two (2) successive one (1) year terms. Preliminary analysis indicates that there are 43 properties registered on various short-term rental websites in Smithville with the average nightly rental rate of \$204.71. The estimated unrealized annual STR tax revenue (at 50-75% occupancy range) is between \$104-154k. Click on the following link to a presentation provided by Avenu Insights & Analytics from the June 14, 2023 City Council Workshop → [Short-Term Rental Compliance / Administration](#). Avenu Insights & Analytics will also be helping the City finalize an STR ordinance after obtaining public input and stakeholder feedback.
- 4) **Residential Cost Per Kilowatt Hour (kWh) Calculated** - The utility bills were significantly higher in JULY and citizens expressed their frustration / concern on multiple social media outlets. We have had 35+ consecutive days when temperatures have exceeded 100°F. This is an all-time record for central Texas that has increased both electric consumption and demand with most utility customers in Smithville tripling their normal kWh usage. In addition to the extreme temperatures, some customers had 34-days in the billing cycle (6/8 to 7/12) which added additional kilowatt usage and subsequent cost. This was due to unexpected challenges associated with manual meter reads in June. The folks who had 34-days in their billing cycle this month will have 27-days billed next month (7/13 to 8/8). An analysis of LCRA billing data was conducted to determine residential cost per kilowatt hour (kWh) for AUGUST. The City's Fuel and Power Cost Recovery Factor (F&PCRF) varies month to month and is based upon electric utility generation, transmission, line loss, and service fees. The City utilizes a variable rate model to calculate the monthly cost per kWh the City charges its customers. The rate is based upon the current LCRA bill divided by the prior month's consumption + the City's distribution fee. The \$0.05 residential distribution fee helps cover the cost of the equipment and personnel required to maintain the 47 miles of utility lines running through our community. The good news is that we have already calculated the **AUGUST** cost to be **\$0.1155 / kWh**. This represents a **29% REDUCTION** compared to the \$0.1622 / kWh charged in JULY). This will be a topic for discussion during the August 14, 2023 City Council meeting. Click on the following link to access the presentation regarding [City of Smithville Electric Rates](#). The Texas Public Utility Commission (PUC) provides [Energy Conservation Tips](#) to help reduce consumption which in turn will help citizens save money. Below you will find a "rolling" 12-month residential cost / kWh and a fuel cost comparison chart. On average, the cost per kWh in 2023 is approximately 13 cents.

City of Smithville Residential Cost Per kWh - AUGUST



① LCRA F&PCRF = Fuel Cost
COS kWh Sold

② Fuel Cost + Dist. Rate
= Electric Rate

③ Electric Rate X kWh
Used =

Electric Bill

2023 Cost / kW Hour	
January	\$0.1397
February	\$0.1178
March	\$0.1242
April	\$0.1285
May	\$0.1237
June	\$0.1370
July	\$0.1621
August	\$0.1155
September	
October	
November	
December	
Avg	\$0.1311

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

*Residential Distribution Fee = \$0.0500/kWh. Non-Resident (i.e., service outside city limit) Distribution Fee = \$0.0650/kWh Effective October 1, 2019

City Manager Update (8-11-23) - continued

5) **2023 Ad Valorem Tax Rate PROPOSED** – BCAD property values increased approximately 12.6% in Smithville this year with the average home value calculated at \$235,015 (see below). We will be recommending a **PROPOSED AD VALOREM TAX RATE of \$0.548952 cents per \$100 valuation** --- a slight increase from our current tax rate of \$0.548934. This rate includes a proposed \$3M Tax Note that can be used for facility improvements (e.g., roof repairs, security systems, video surveillance, HVAC, etc.) infrastructure upgrades (e.g., streets, roads, sidewalks, gutters, drainage, lighting, etc.), and capital equipment (e.g., patrol cars, chipper truck, bucket truck, fire truck, playground equipment, etc.). The \$3M tax note will be repaid by the I&S portion of the total tax rate over the next 7-years. During 2023, the average homeowner will pay \$1,290 in property taxes (\$128 more than the average paid in 2022). The strategy we have followed in the past is to identify the maximum tax rate allowable without triggering the possibility of a rollback election then decide the amount of increase (if any) that is required to support the proposed budget. The FY23-24 effective tax rate (now called the “No-New-Revenue Tax Rate”) is \$0.51174. The rollback rate (now called the “Voter-Approval Tax Rate”) is \$0.548952. The maximum increase the City can raise taxes in a given year without triggering a rollback election is 3.5% of the effective M&O tax rate. The effective tax rate is basically the tax rate that would generate the same amount of revenue in the current tax year as was generated by a taxing unit's adopted tax rate in the preceding tax year from property that is taxable in both the current tax year and the preceding tax year. The City Council will have the opportunity to discuss and vote on the proposed tax rate in the coming weeks. In the interim, the City will publish the Notice of 2023 Proposed Property Tax Public Hearing in the Austin American Statesman. Andrew Freidman (SAMCO Capital) will be making a presentation during the August 14, 2023 Council meeting regarding the process steps and timeline for the city to obtain the proposed [\\$3M Series 2023 Tax Note](#). This tax note will be an agenda item during next Monday's Council meeting and part of the discussion (and action) to set the Ad Valorem Tax Rate at the September 11, 2023 council meeting and public hearing on the budget. Note: This agenda item simply sets the date that the tax rate will be adopted - not the rate itself. It will also authorize SAMCO to pursue acquisition of the Tax Note.

BCAD Property Valuation & City Tax Rate Comparison								
Year	Assessed Valuation	% Change in Value	Avg Home Value	Avg City Tax Paid	M&O Rate	I&S Rate	Total Tax Rate	% Change
2023	\$445,962,142	12.61%	\$235,015	\$1,290	\$0.3765	\$0.1724	\$0.5489	0.00%
2022	\$396,028,750	20.66%	\$211,533	\$1,161	\$0.3831	\$0.1659	\$0.5489	-0.01%
2021	\$328,207,972	12.44%	\$186,277	\$1,023	\$0.4194	\$0.1296	\$0.5490	0.00%
2020	\$291,892,810	6.06%	\$170,086	\$933	\$0.4466	\$0.1024	\$0.5490	-3.52%
2019	\$275,208,274	10.97%	\$162,541	\$925	\$0.4525	\$0.1165	\$0.5690	0.00%
2018	\$247,999,239	4.63%	\$151,444	\$862	\$0.4455	\$0.1235	\$0.5690	5.57%

There are several events in Smithville scheduled the next few weeks:

The next SMITHVILLE CITY COUNCIL meeting will be held on **Monday, August 14, 2023** (6:00) pm at City Hall (317 Main). Citizens can access the meeting via the City's [YouTube Channel](#). Click → [HERE](#) for agenda.

SISD CLASSES begin **Tuesday, August 15, 2023**. Drive careful!

1ST BUDGET WORKSHOP – **Wednesday, August 23, 2023** at City Hall from 5:30-9:00 pm. Citizens can access the meeting via the City's [YouTube Channel](#).

CITY OFFICES will be CLOSED on **Monday, September 4, 2023** in observance of Labor Day.

PUBLIC HEARING on 2023-24 TAX RATE and BUDGET and 2ND BUDGET WORKSHOP will be held on **Wednesday, September 6, 2023** at City Hall (317 Main Street) from 5:30 pm - 9:00 pm. Citizens can access the meeting via the City's [YouTube Channel](#).

PHOTOS – 8/11/23

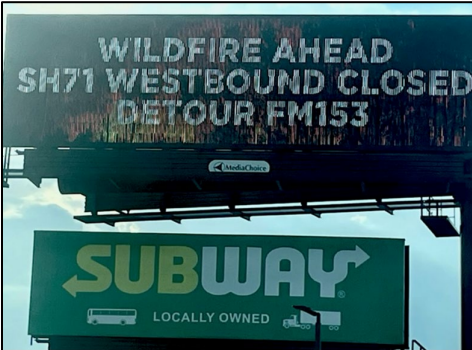
Small Drainage Improvement Project on Webb Street



Tractor-Trailer Causes Power Outage on NE 7th Street and Caldwell Lane



Powder Keg Pine and Mesquite Field Wildfires



FAMILY DOLLAR / DOLLAR TREE (301 Myrtle Lane) now OPEN!

