

City Manager Update – 9/11/20

This month's City Manager update will primarily focus on the FY20/21 budget.

I would like to extend my thanks to the Council and City staff for participating in the public hearings and budget workshops over the past few weeks. Many hours were spent identifying and prioritizing projects/plans and making necessary cuts to meet budgetary needs. Before the Council votes on the proposed tax rate and budget during the **September 14, 2019** Council meeting, citizens will have the opportunity to address the Council about their opposition to, or support of the proposed budget. Our projected FY20/21 revenues and expenditures are currently **BALANCED** at \$12,400,439. This is \$271,800 greater than our FY19/20 budget of \$12,128,639 and represents a 2.2% **INCREASE** in projected spending. The total bonded debt remaining (as of 10/1/20) will be \$7,924,792.

FY2019/20			
General	Utility	Debt	Total
\$4,654,373	\$7,063,852	\$410,414	\$12,128,639
FY2020/21			
General	Utility	Debt	Total
\$5,008,912	\$6,982,972	\$408,555	\$12,400,439

DELTA =
\$272k INCREASE

Several key “drivers” impacted spending during FY19/20 that will carry over into FY20/21 budget:

\$RED = EXPENSE / \$GREEN = REVENUE

- Lower revenue in FY19/20 has impacted budget forecast. FEMA grant reimbursement delayed **(\$450k)**
- Contingency expenditures in FY19/20 were approximately **\$175k** (e.g., COVID-19, Hwy 95 Utilities Relocation)
- Solid Waste Services Fee **INCREASED** by 5.0% - **(\$50k)**. Rate increase is not being transferred to customers.
- No Rate Increase for Health Insurance benefits coverage. City pays 100% of employee health care.
- City property insurance **INCREASED** 4% - **(\$7k)**
- Hotel Occupancy Tax (HOT) **DECREASED** by 25% - **(\$5k)**
- Chamber Office / Visitor Center / Railroad Museum Re-Build requires “earmarked” funding - **(\$80k)**
- Budget requires **\$1.0M** Transfer from Utility Fund to General Fund (Same as FY19/20)
- COS property values **INCREASED** by 5.8% or \$15.9M during 2020 - **(\$130k)**
- Sales tax revenue **INCREASED** by 12% during FY19/20 - **(\$40k)**
- Bonded Debt position **DECREASED** by 10% with \$7,924,793 still owed
- Recommend **FY20-21 Ad Valorem TAX RATE @ \$0.549061 cents** (a **DECREASE** of \$0.01999 from current property tax rate of \$0.56901). Average impact to property owners is \$3.00.

The proposed FY20/21 budget will cover the projects we have planned plus a 2.5% cost of living increase for all employees. This will help reduce our attrition rate and enable the City to continue delivering the level of service citizens expect. The extra revenue from the increased property values will help cover some of the cost of playground equipment, park maintenance, police vehicles, backhoe, and a leaf truck. Headcount will remain **FLAT** at 80 employees (65 RFT / 15 PT).

Additional funds have been budgeted to enable mowing of over-grown lots, removal of debris associated with condemned property, council meeting agenda software, expanded Wi-Fi, and brush dump tub grinding. Public services like fire, police, animal control, courts, library, airport, rec center, parks, cemetery, leaf/limb, road repair, street paving, and small drainage projects throughout town will be funded through property taxes, sales tax, fees, permits, and a \$1.0M Utility transfer to the General Fund. **However, the following projects and plans have been cut as they represent a lower priority and can be postponed until funding becomes available:**

- Reopen Ramona Street - **\$75k**
- Complete Airport runway maintenance - **\$85k**
- Cancel TML annual conference attendance - **\$10k**
- Rec Center entrance patio pavilion - **\$15k**
- Additional Detective for PD - **\$55k**
- Construct ADA compliant bathrooms @ City Hall - **\$25k**
- Construct Court Window in City Hall Lobby - **\$5k**
- Purchase shade structure for Skate Park - **\$35k**

\$305k
In Budget Cuts

City Manager Update – 9/11/20 (continued)

Some of the large projects / initiatives the City will be supporting during the FY20-21 Fiscal year include the following:

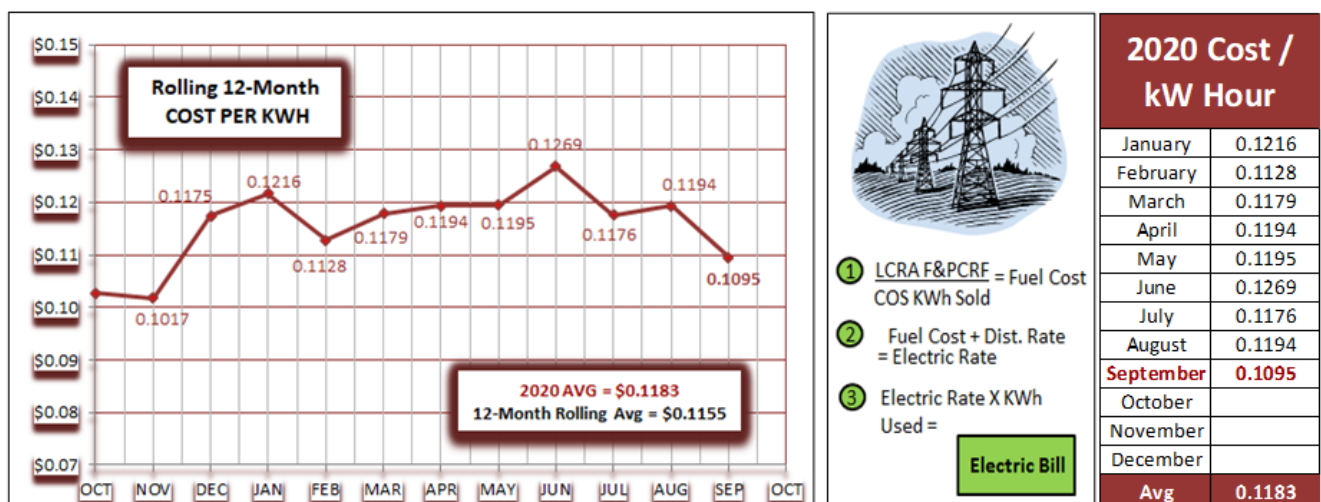
- Lease/purchase of capital equipment (leaf truck, backhoe, 2 patrol cars) – (\$51k)
- 2.5% cost of living increase for all personnel – (\$80k)
- Re-furbish / rehabilitate city-wide water storage tanks - (\$2M C of O)
- Construct TDHCA HOME Grant home for 1 qualified candidate. Total Cost = \$125k. City Match = (\$5k)
- Complete city-wide street, road, and drainage repairs. Purchase / replace street signs (\$185k)
- Support TXDOT TA/Set-Aside Project - Loop 230 sidewalks from Gresham to McSweeney. Match = (\$155k in FY22)
- Support GLO CDBG-MIT City-wide drainage Improvement Projects - \$20-40M with 1% match
- Support FEMA Hazard Mitigation Grant (HMG) Drainage Projects:
 - o DR-4416 – NE 2nd Street to Hwy 95 Drainage Upgrade. Cost = \$1.8M. City Match = \$450k (FY21/22)
 - o DR-4272 – MLK / Warehouse Detention Pond (Phase II). Cost = \$668k. City Match = \$167k (95% COMPLETE)
 - o DR-4245 – Marburger Drainage Conveyance. Cost \$140k. City Match = \$35k (COMPLETE)
- Finalize / support **Go Big Solar** construction of 1 MW solar farm
- Support **M5 Subdivision** construction (32-home development behind Webb Street)
- Support old **Towers Nursing Home** demolition and new home construction (Colorado Drive and Garwood)
- Support **Seidel Estates** subdivision / new home construction (Faulkner and Oak Meadows)
- Support **Woodrose Place** subdivision / new home construction (14-home development off of Loop 230 East between Bluebonnet Circle and the Texaco).

There are a host of other projects that the City will be supporting that are above and beyond what it takes to keep the water running, the power on, and the toilets flushing. Click on the link to access the budget workshop presentation(s) → http://easyedit.ci.smithville.tx.us/filemanager/files/2020_21_City_of_Smithville_Budget_Workshop_1_FINAL_.pdf

Below you will find a list of significant accomplishments, 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. LCRA fuel costs vary month to month and are based upon electric utility generation, transmission, line loss, and service fees. The LCRA residential fuel cost per kWh for September is \$0.0595. This represents a **14.2% DECREASE** compared to August's fuel cost of \$ 0.0694. Adding the City's distribution fee of \$0.0500 and LCRA's \$0.0595 fuel cost, the cost per kWh for residential service in Smithville during SEPTEMBER will be \$0.1095. With 29-days of temperatures exceeding 100°F and less than normal rainfall this summer, overall consumption is 25% higher with the average residential kWh usage at 1,500 kWh versus 1,200 kWh. ERCOT provides energy conservation tips → <http://ercot.com/about/conservation/> to help reduce consumption which in turn will help citizens save money. 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 11-12 cents.


City of Smithville Residential Cost Per kWh - SEPTEMBER



Note: LCRA Fuel & Power Cost Recovery Factor (See Table Above) + 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 – 9/11/20 (continued)

- 2) **Budget Infographics Available to Citizens via City Website** – Budget Infographics is subscription-based software service that converts our annual budget from a PDF file into a user friendly, graphical format with one click drill-down to details. The subscription service costs \$2.5k per year and provides an “at-a-glance” look at revenue and spending in both the Utility and General Fund. The software is capable of producing City-defined metrics that show historic trends and comparisons with other municipalities from within the region (e.g., Elgin, Bastrop, Luling, LaGrange, and Giddings). Budget Infographics is a useful tool that visually communicates to the public all the components of our annual budget. Archive budget information is available for fiscal years 2015 to 2020. The FY20/21 budget information will be available to the public once the Council adopts the tax rate and budget. Here is a link to the Budget Infographics portal via the city website → <http://www.budgetinfographics.com/smithville>. Once you access the portal, select the budget year and you will be able to navigate the revenue and expenses associated with the both the Utility and General Fund. Clicking on the  icon will give you comparison data with other municipalities.
- 3) **Smithville Recreation Center Opens Enrollment for IMPACT After School Program** - The Smithville Recreation Center’s IMPACT After School Program has opened for the 2020/21 school year. We accept students ages 5-13yrs. Because of the unique learning options that are offered to SISD students this year, we offer this program to both on campus or virtual learners. On campus participants are bussed over to the Rec. via SISD bus and upon arrival they are checked in by a staff member. The program is scheduled to allow adequate time for homework but we also make sure to have plenty of fun with arts and crafts, board games, gymnasium time, and movies on Fridays. Recreation Center personnel are taking extra precautions to ensure the health and safety of all staff members and participants during COVID-19 with extra sanitizing of frequently used spaces, hand sanitizing, and/or hand washing. Temperatures of both staff and student participants are checked and recorded daily as well as the wearing of masks for everyone. The IMPACT program runs every day after school until 630pm. Monthly rates start at just \$160 for 1 child with multi-child discounts available. Spaces are filling up but there are still currently spaces open! Click on the following link for additional information about the → [IMPACT PROGRAM](#) and [COVID-19 PROCEDURES](#).
- 4) **City of Smithville Employee Health Benefits Open Enrollment Completed** – The FY20/21 Health Benefits plan was finalized and presented to City employees during open enrollment meetings during the week ending September 4, 2020. Insurance premiums did not significantly increase. With COVID-19 protocols in place, deductibles, co-pays, coinsurance, and network service providers were discussed with each employee at length. Aetna will continue serving as our primary medical benefits provider with little or no increase to our annual premium. On average, benefits account for approximately 25% of an employee’s total compensation (\$12-14k per employee per year). We are among the very few employers that pay 100% of the employee’s benefit cost (i.e., medical, dental, vision, short-term disability, longevity etc.). The total amount the City contributes to employee benefits is approximately \$913k per year.
- 5) **City of Smithville Sales Tax Update** - Below are the sales tax allocations for September 2020 vs. September 2019 (retail sales made primarily in July). This data reflects RETAIL sales of goods and services subject to LOCAL sales tax. Our sales tax payment (receipt) for September was \$48,442. This represents a **2.34% INCREASE** in our net payment compared to the same time last year with a year-to-date increase of 13.75%. 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 - SEPTEMBER 2020

County/City	Current Rate	Net Payment This Period	Comparable Payment Prior Year	% Change	2020 Payments To Date	2019 Payments To Date	% Change
Bastrop	1.50%	\$691,631	\$695,935	-0.61%	\$6,041,809	\$5,674,645	6.47%
Elgin	1.50%	\$223,347	\$81,656	173.52%	\$2,080,243	\$1,574,496	32.12%
Smithville	1.50%	\$48,442	\$47,330	2.34%	\$488,102	\$429,066	13.75%
Bastrop County	0.50%	\$429,052	\$379,910	12.93%	\$3,998,754	\$3,503,312	14.14%

City Manager Update – 9/11/20 (continued)

- 6) **FY19/20 Financial Audit Scheduled** - Singleton, Clark & Company (our 3rd Party Financial Auditor) will be conducting an internal audit of our FY19/20 budget during the week of September 21-25, 2020. 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 2021. In the interim, Cynthia White (Finance Director) will be finalizing budget amendments for discussion and action during the October 13, 2020 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 12th.
- 7) **City Receives \$10,000 Union Pacific Foundation Grant to Expand Community Internet Access** – Smithville residents may now access the internet for FREE from several public spaces after a \$10,000 grant from the Union Pacific Foundation paid for Wi-Fi hotspots, equipment installation, and part of the first year’s internet contract with SCT Broadband. The grant was awarded to the Friends of the Smithville Public Library as the group continues working to expand library services beyond the facility’s walls. In addition to accessing free Wi-Fi at the Smithville Public Library, the recreation center, the gazebo and Main Street, residents will now be able to access the internet at Keilberg Park, MLK Park, Riverbend Park and Bluebonnet Circle. Click on the following link to the Smithville Times article → [CITY EXPANDS INTERNET ACCESS](#)

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

- The next CITY COUNCIL meeting will be held on **September 14, 2020** via Zoom beginning at 6:00 pm. Citizens can access the meeting via YouTube → (www.youtube.com/channel/UCN7rJz0wVKS4zWV9EvKcH5w). Click → [HERE](#) for agenda.
- The BEST BREAKFAST will be on **Friday, September 25, 2020** in Smithville at Your Mom’s (109 NW 2nd Street) from 8:00-9:30 am.
- The Chamber of Commerce will be holding a ribbon cutting for THE SKIN BOUTIQUE located at 1509 Dorothy Nichols Road (next to Subway) on **Thursday, October 1, 2020** at 5:00 pm.
- Planning & Zoning Commission will meet via ZOOM on **Tuesday, October 6, 2020**.
- RIO SOCIAL HOUSE (located at 501 Main) will have their ribbon cutting on **Friday, October 9, 2020** at 6:00 pm.
- City Offices will be CLOSED **Monday, October 12, 2020** in observance of Columbus Day.
- The October Council meeting pushed to **Tuesday, October 13, 2020** due to the Columbus Day holiday.

PHOTOS – 9/11/20

2020 Benefits Open Enrollment w/ **Cynthia White** (Finance Director) and **Matt Lara, III** (Utilities)



HOME Grant houses located at 207 Gentry (**Elena Borja**) and 307 Yeager (**Ceberina Gaona**)



BEFORE – 207 Gentry



Borja Family



BEFORE – 307 Yeager



AFTER – 207 Gentry



Gaona Family



AFTER – 307 Yeager

Drainage Improvement Project SE 2nd and Miller (Underground conveyance to Detention Pond)

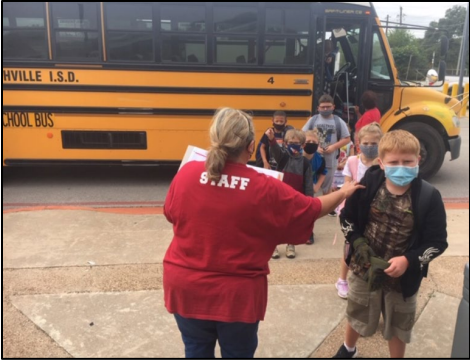


Amazon Studios TV Series "PANIC" Filming in Smithville (aka "Carp", TX) on Main Street



PHOTOS – 9/11/20 (continued)

Smithville Recreation Center After School Program



4th Avenue Bridge Over Gazley Creek is Officially OPEN!!!



City-wide Water Tower Refurbishment Project

