

The State of the City of Horseshoe Bay
Bob Lambert, Mayor

In May 2009, the voters of Horseshoe Bay overwhelmingly approved a charter for the City. One of the requirements of the charter is that the mayor provides an annual report regarding the State of the City. This is the report for the year ended September 30, 2012.

The key strength of our City is its people. HSB has about 6,400 full and part-time residents. Many of our citizens are retired and bring significant experience and talent to the community. Our residents have shared their expertise and volunteered to do the work we've needed to grow and prosper. In addition to me serving as Mayor, we have had five individuals who serve the community as members of the City Council. They have different backgrounds and perspectives, and all have spent a significant amount of time working for this community. We have all benefitted greatly from their outstanding service.

Surely the most anticipated accomplishment was the completion of the first phases of the Street Improvement Plan. The plan is on the City's website. Construction is complete in the Fairways subdivision, the South subdivision and Lighthouse Drive. A contract has been signed for the remaining area north of Highway 2147 and east of Ferguson Road. The construction is going very well. The original cost estimate was \$16.1 million. While the cost is only known for about 37% of the Plan, it is clear that the cost will be significantly more than the original estimate. This is principally because the bids are simply coming in higher than the estimates the City Council was given and the cost to tie in existing driveways to the new streets is much more significant than anticipated. The final cost will likely be in the \$22-24 million range.

Another eagerly anticipated accomplishment was the opening of Jamail's grocery store in Horseshoe Bay. Jamail's is simply a great asset to our community.

The bridge on Bay West Boulevard is another widely anticipated project. The design and bidding process were frustrating, but a double arch bridge, as originally described to the community, was completed this spring.

Some of our utility infrastructure is over thirty-five years old. The City must have plans to replace and expand these facilities as needed. The City has an annual capital replacement budget of \$750,000. Over the next few years, the City will complete the replacement of the main wastewater line that runs along Highway 2147, add a new water tower in Summit Rock and expand the water treatment plant in West. These major items will be financed with available cash, certificates of obligation and \$7.4 million provided by the Summit Rock developer. Certificates of obligation are used to spread the cost of major capital items over 20 years so that the users will pay the cost. All operating and financing costs are paid for through utility rates. The utility operation is totally self-sufficient. The City has specific plans that will continue excellent service at a reasonable cost as confirmed by its five-year plan for utility rates.

No City funds of any type have been used or will be used to construct any sort of utilities at Summit Rock. The City and Summit Rock Communities signed an agreement whereby Summit

Rock would pay the City \$7.4 million so that the City would agree to provide utility service to Summit Rock. This \$7.4 million was the agreed cost for the City to build a new water tower, a new lift station, expand one of our water plants and expand our wastewater plant to provide service to a totally built out Summit Rock. Summit Rock is solely responsible for the cost of the lines to hook up to our existing water and wastewater systems and the facilities internal to Summit Rock to bring service to the City customers in Summit Rock.

As a CPA, I am very pleased with our City's finances. At September 30, 2012 both the General Fund and the Utility Fund had required reserves of six months of operating expense. The FY2013 budget provides for all needs of the City and maintains the total tax rate at \$0.25. As of January 1, 2012 the taxable value of the property in the City was appraised (by the Llano Central Appraisal District and the Burnet Central Appraisal District) at approximately \$1.6 billion.

Three years ago, the City started a lot clearing program to clear all lots of brush and undesirable growth in the community. This program is almost complete and has been very successful in reducing the fire risk and improving appearances. The City Council also decided to expand the lot clearing program to reduce significantly the cedar and dead trees in Horseshoe Bay. This plan will further reduce the fire risk and make scarce water available for oak trees. The cleared lots have become part of the routine mowing program (including over 4,000 lots) that will keep the problem from returning.

Like the rest of Texas, our area is experiencing a drought. Rainfall was much higher in 2012 than 2011. However, the City is still in Stage 2 of our Water Conservation Plan because of the low water level in both Lake Travis and Lake Buchanan.

The City's growth has slowed along with the lapse in the current economy. This is most readily apparent in the number of building permits for new homes for the past six years ending September 30: 2007 - 116; 2008 - 77; 2009 - 25; 2010 - 19; 2011 - 16; and 2012 - 20. At present, the market for existing homes and lots is slow, but there are signs that the overall situation is improving.

The most prominent business in our City is Horseshoe Bay Resort. The Resort's four outstanding golf courses and many other amenities are the main reasons most of us own property here. The City and the Resort do not have identical interests, but both work well together, and both are prospering.

The community is blessed with many amenities that are owned by HSB Resort or the various property owner associations. The only amenity that the City owns is Martin Park which is next to City Hall. Martin Park has an excellent play and picnic area. A Park Committee was appointed to provide leadership regarding public parks in our community. Eileen Hurd has generously offered land from the mausoleum to Highway 2147 that could provide many amenities to our community. The possibility is being evaluated and could be a very significant addition to our City.

The City has a staff of 73 competent and dedicated employees. They are in the utility - 24; police - 19; fire - 17; and other - 13 departments. The City provides a complete range of services at the high standard that our citizens expect. The City's website, <http://www.horseshoe-bay-tx.gov>,

provides current information about our community, and the excellent city staff is available to serve anyone who calls 830-598-8741.

HSB will continue to change and grow. The challenge is to manage that growth to be a significant improvement in our life style and environment, always putting the best interests of our citizens first and foremost.

It has been and continues to be an honor to serve as Horseshoe Bay's Mayor. Pursuant to our Charter, I am beginning my final year as your Mayor. Horseshoe Bay is a great place to live, and I look forward to our future.