

By Councilperson Michele Shackelford

On Tuesday August 26, 2014, the Horseshoe Bay City Council held a Budget Workshop at 9 a.m. and the regular monthly City Council Meeting at 3 pm.

Budget Workshop.

After being called to order by Mayor Steve Jordan, the Council began their second review and public meeting concerning the Proposed Budget for the next fiscal year that begins on October 1, 2014 (FY2015). A public hearing on the FY 2015 Budget will be held at the City Council Meeting on September 16 prior to Council action on the budget.

It was announced that the first public hearing on the proposed tax rate would be held in the afternoon during the City Council Meeting on August 26, and that one more additional public hearing on the proposed tax rate is scheduled for September 2 at 9 a.m.

At the Budget Workshop, the following agenda items were presented for discussion and review.

1. **Budget Overview.** Stan Farmer, City Manager, presented a budgeting overview that included the following:

(1) The City's execution of the 2014 Budget should result in meeting all of the objectives including all reserve and debts requirements while maintaining a tax rate of \$.25.

(2) The City's Proposed FY 2015 Budget accomplishes all of the objectives and provides for the necessary levels of services to HSB citizens while maintaining the same tax rate of \$.25.

(3) The City's Proposed FY 2015 Budget FY2015 covers all the traditional expenses including salaries, operations and maintenance, debt service, reserves, the annual capital program, the street improvement plan, two utility capital projects, and contingency. The proposed budget is based on an increase in revenues of 2% and an increase of expenditures of 1% over Projected Actuals for FY2014.

(4) The City's FY 2015 Budget includes \$3.3 M in the Utility Fund for the upgrading of the West Water Treatment Plant and \$5.7 M in the Street Improvement Fund for the continuation of the street improvement project.

(5) Announced there were several presentations on the agenda to provide information to the Council concerning certain items in the Proposed Budget for FY 2015.

2. Renewal of Employee Health Benefits Plan. Mr. Farmer then introduced the options for annual renewal of the employee benefit plans as developed by the City's benefit's consultant, Lee Cameron with Frost Insurance. Mr. Cameron reported that dental and life insurance costs remain the same for this year as last. The renewal rates for health insurance premiums through Blue Cross Blue Shield of Texas increased 7.9 %, which corresponds to an increase in cost to the City of \$37,941 for FY 2015. The Council directed that the budget be prepared to offer employees the same three plans, and authorized that the Health Saving Plan option to be funded at the 75% level of the difference between the Standard Plan and Health Savings Plan. While this reflects a change from this year's funding at the 100% level of the difference, it is a very good option for providing a good health plan to employees while keeping the cost increase to the City over last year to less than \$20,000.

3. Proposed Utility Rates. Jeff Koska, Utilities Director, reviewed the City Council decision of 2006 establishing that utility revenues would be generated solely from utility rates and fees. This change eliminated fund transfers from the General Fund to the Utility Fund. He also reviewed the history of the City's Rate Stabilization Fund that was set up by the LBJ MUD, the governmental entity for HSB that preceded the City's incorporation. The purpose of this fund is to accumulate revenues over expenditures as a means to offset revenues during low water sales years and to provide funding for capital construction projects. Mr. Koska reported that drought restrictions this year have resulted in a 20% revenue reduction to the Utility Fund in the amount of \$630,000. The same 20% decrease is anticipated for FY2015. Since the Utility Fund is self-supporting, the options for offsetting these revenue losses are to either raise utility rates or use funds from the Rate Stabilization Fund to offset the revenue losses. Mr. Koska presented the following recommendations for inclusion in the Utility Fund Proposed FY 2015 Budget:

- (1) Authorization by the Council to use Stabilization Fund monies for the Utility Fund to stabilize the utility rates for FY2015;
- (2) Maintaining the current water and sewer service rates with only a minimum increase for high volume users as conservation measure;
- (3) Adding new fees for new water and wastewater taps to cover increased expenses; and
- (4) Increasing the garbage rate by 3% to cover the increase in expenses charged by Progressive Waste, resulting in an increase in the residential garbage rate from \$19.09 to \$19.60 per month.

4. Options for Expansion of the West Water Treatment Plant. Mr. Koska reported that City Staff and Engineers are finalizing the preliminary report on the proposed expansion of the West Water Treatment Plant. The purpose of the expansion is to expand the treatment capacity from the current one million gallons to two million gallons per day. At the current time, between 25% and 50% of the water used by Horseshoe Bay West is piped from the Central Water Treatment Plant. The original plant was built in 2000 and designed as a package plant system. The Council was presented with six options of treatment process to be considered for the expansion project he along with the associated costs. The Council requested information concerning annual operating cost of two of the options be presented at the September 2 meeting for consideration in the selection of the treatment process to be used.

5. Solutions for Storage and Disposal of Treated Effluent. Mr. Farmer reported on the current problems with the storage and disposal of the increasing flow of wastewater. Staff presented two options with the associated costs for mitigating these issues. The short term solution is to provide a pipeline to near-by private land for irrigation at a cost of \$90,000. The long-term solution is to work with TCEQ on revising the Highlands Lake Discharge Ban to allow the City to develop a reuse project utilizing the Dry Creek route to deliver highly treated effluent water to additional golf courses. The estimated cost for the preliminary work to be done in FY 2015 is \$70,000. The funds for the pipeline are included in the Proposed Budget for FY2015. Staff was directed to add \$70,000 for the development of the reuse project to the Proposed Budget.

7. Use of Technology for Agenda Packets. A discussion was held concerning the possible use of electronic communication to the Council and Staff for items such as the Agenda Packets. Staff was directed to look into the options and present a recommendation and associated costs for Council consideration.

8. Discussion of Purchase of Fire Engine. Larry Anderson, Finance Director, reported on the current review by staff into the need, possible acquisition, and financing options for an aerial fire engine capable of reaching the top floors of the Horseshoe Bay Resort Hotel. After discussion, the Council directed Staff to develop a strategic plan during this fall that identifies the equipment and fire truck needs of the Fire Department. The Council will use this planning information for their continued discussion concerning the possible purchase of another fire engine

The Budget Workshop was adjourned at 12:30 p.m.

City Council Meeting.

Mayor Steve Jordan called the meeting to order, and Johnny White, Senior Pastor of The Church at Horseshoe Bay gave the invocation followed by the pledges to our great country and state.

The Council received reports or took action on the following key matters.

I. Proposed Tax Rate. Mayor Jordan convened the first public hearing on the proposed tax rate. The tax rate as proposed under the City's Proposed Budget for FY 2015 remains at \$.25. No one appeared to speak. Mayor Jordan closed the public hearing, and reported that the second public hearing on the proposed tax rate will be held on September 2, at 9 a.m. in the Council Chambers. The Council will adopt the tax rate at the City Council Meeting on September 16 at 3 p.m.

II. Statement by Councilman Schmersahl. During the Public Comment Period, Councilman Tom Schmersahl commented on his decision to not run again for the City Council, praised the excellent City staff, and thanked the Mayor and Council Members for appointing him to serve out the available unexpired one year Council term. He also spoke of his concern that many people do not identify Horseshoe Bay as a City that is separate from the HSB Resort. He recommended that a Long Range Planning Committee composed of citizens be formed to help find ways to raise the identity of the City, identify city services that are needed, and to plan for controlled growth, and then offered to help with that project.

III. Receipt of New FEMA Flood Plain Maps. Eric Winter, Director of Development Services, announced with pleasure that he has received the new FEMA flood plain maps that include the lot lines and elevation lines for base elevation. Residents are invited to contact Mr. Winter to set an appointment to review the maps. The maps will be made effective by FEMA after receiving a copy of the City's Article 3.05 of the Flood Damage Prevention amended to meet the requirements of a FEMA Level C Ordinance. This Ordinance Amendment was approved by the Council as part of the Consent Agenda for this meeting, and will be forwarded to FEMA immediately. Mr. Winter stated that he anticipates that FEMA will make the maps effective in September. Once this occurs, insurers will be able to make adjustments in flood insurance rates. Hurrah!!!

IV. Street Signs. During the July City Council meeting, the Council discussed the replacement of the current street signs with the decorative pole street sign. Action regarding the street signs was tabled and Council approved a motion to ask Staff to report on the lowest cost of the pole only model, including installation, as well as the actual count of the signs. Today, Stan Farmer, City Manager, presented the City of Horseshoe Bay - New Street Sign Proposal for discussion and possible action by the Council. Mr. Farmer reported that the average cost of each decorative pole sign with installation is \$491. The cost of a standard street sign in brown with reflective lettering is \$262. The total number of intersections in the City is 583. The New Sign Proposal included a breakdown of those intersections with homes (409) and those without homes (174) throughout each area of the City.

Mr. Farmer made the following recommendations:

(1) to replace 78 signs in HSB South on intersections with houses with the new standard sign; and (2) to replace 356 signs located in the HSB areas of Proper, Airport, West, Applehead, Pecan Creek, and Uplands on intersections with houses or in strategic locations, such as on Bay West Blvd., with the new decorative signs. The street signs on the intersections without homes would not be replaced at this time, unless determined by Staff to meet a City need for that sign to also be replaced.

Mr. Farmer reported that the projected cost of replacing a total of 434 street signs under this proposal was \$195,232. The funding for this proposal would come from the surplus of funds not

spent in FY2014 on sign maintenance, the \$20,000 included in the Proposed Budget for FY15 for sign maintenance and the \$200,000 in the Street Sign Fund in the Proposed FY2015 Budget. After discussion, the Council took action to adopt the proposal as presented. The work will start this fall and is expected to take 9 months to complete. It is anticipated that additional street signs will be replaced as homes are added on those streets without homes at this time.

V. Procedures for City Council Committees and Appointments. The Council approved the addition of Chapter VIII. City Council Committees and Appointments to the City Council Procedures and approved the use of the revised “Application to Serve on City of Horseshoe Bay Boards, Committees, and Commissions.” This new procedure concerning the establishment and termination of City boards and the appointment of individuals to serve as members of these boards goes into effect immediately.

VI. Letter to LCRA re Milfoil Problem. The Council reviewed the letter recently sent by Mayor Jordan to the LCRA General Manager requesting that the LCRA take a greater role in developing short and long term plans to mitigate the expanding milfoil issue that is continuing to spread in Lake LBJ.

In addition, the Council heard reports or took action on the following other matters:

1. Presented Ten Years Service Awards to Robert Parsley and Gary Wilkes, both Field Operators, and a 5 Year Service Award to Ryan Guthrie, Firefighter.
2. Welcomed special guests that included members of the Llano EDS and Burnett EDS, County Judge Wayne Brascom, and County Commissioner Peter Jones. They were invited to hear the presentation that followed presented by Terry Thompson, Air Evac Lifeline Program Director. Other EMS providers in the area will also be invited to speak in the future. Ms. Thompson gave a short presentation of the history, purpose, and overview of Lifeline’s 13 years of service in our area as our air ambulance. The mission of Lifeline is to provide access to comprehensive care for time sensitive conditions for persons in rural areas. Ms. Thompson reported that Lifeline has transported over 5,000 patients from their base located in Marble Falls.
3. Re-considered the item that was tabled by the Council in July concerning Peter Jones’s request on behalf of the Golf Ridge Condominium Complex located on Dawn Street for permission to park on city owned property or on the street. It was reported that a title search revealed no right of access to a nearby lot that was being considered for parking. With no other parking solutions available, Mr. Jones requested a variance from the City’s Parking Ordinance to allow parking on the city owned area or to park on the street. After much discussion with no apparent solution, the Council again tabled action on this agenda item and directed Staff to review the Parking Ordinance with the intent to see if any changes might be timely in order to allow some relief for this type of problem situations for not only this request but for similar situations.
4. Approved the Chris-Yoder Animal Shelter Contract for the FY 2015.
5. Adopted the amendment to the Ordinance ordering the November 4th General Election to include the specific voting information recently received from Llano and Burnet counties, and approved the Contracts for Election Services and the Joint Election Resolution Agreement with Llano County and Burnet County for the November 4, 2014 General election.
6. Approved the engagement of the firm of Neffendorf, Knopp, Doss, and Company P.C. to conduct the FY 2015 audit.
7. Approved the Interlocal Agreement with the Burnet County’s Sheriff Office Special Operations Unit for FY 2015.
8. As allowed under Building Code Section 3.03.010(c), the Council authorized area builder Mike Walsh under the company name Trails Home Construction to have up to five active building permits at a time for the next five years. In a related action, the Council approved the

Ordinance Amending Sec. 3.03.010 Eliminating Sec. (c) (4) regarding Contractors Obtaining More Than Two Speculative House Permits.

9. Received the Administrative Reports which included information that work on the new Horseshoe Bay sign at the intersection of Hwy. 71 and 2471 is soon to be started.

10. Made the decision to proceed with a full street upgrade on the portion of Bay West Boulevard from the Applehead entrance to the Applehead Island entrance instead of seal coating due to the poor condition of the road bed.

11. Received a progress report on the Street Improvement Project that the Mountain Leather section of the HSB West Project is finished and Apache Tears is milled to Broken Hills. Work on the second half of the HSB West Project will start soon on the roads off Bay West Blvd. near Broken Hills. It was reported that the total cost for the street improvements on 7.4 miles in the Hi Circle South Project was \$3,656,000 or \$494,148 per mile and came in under budget by \$117,000.

12. Received the report on the monthly results of the City's Conservation Program Efforts which included the following good news: In July 2014 the City produced 30% less water than in July 2013 putting us under the amount the City would receive if water is curtailed by the LCRA because of more extreme drought conditions; there were 29 water infractions in July which is down from the numbers earlier this summer; the Turf Management web page will go up on the City website next week; and plans are under way to develop demonstration gardens on several pieces of city owned property with drought tolerant plants.

13. Were informed of plans for the area's Hazardous Waste Collection Event to be held on Saturday, September 13 at the Burnet Fairground that is co-sponsored by a number of area towns including HSB. A wide variety of household hazardous waste materials will be accepted for disposal at no cost to the citizens. More information is available on the City's website.

14. Determined to require an extension to the current building permit for the residence that remains under construction at 2401 Saddle Gun due to the failure of the owner to meet completion markers that were established by the Council with the owner in June.

15. Approved replat requests for properties located in the 200 block of Serena Loop, on both sides of Morning Star, at the west end of Megan Lane, and the 100 block of Estate Drive.

16. Granted the request for a variance in the front yard setback to allow the replacement of a garage associated with a new residence at 1020 Red Sail.

17. Granted the request for a variance from Article 3.06 Signs to allow the relocation of four previously approved Lifestyle Signs from specific locations on Hwy 71 to specific locations on Summit Rock Blvd.

The meeting was adjourned at 6:30 p.m.