

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 first such report. Since it is the first, I will also make some comments about our first five years as a City.

The key strength of our City is its people. Our City has about 6,400 full and part-time residents. Many of our citizens are retired and bring significant experience and talent to the community. HSB has been described as a City with many chiefs and few Indians. And while that is the case, these resident chiefs have shared their expertise and have volunteered to do the work we've needed to prosper.

In addition to me serving as Mayor for the past five years, we have had ten individuals serve the community as members of the City Council. They have had different backgrounds and perspectives, and all have spent a significant amount of time working for this community. We have all benefitted from their service.

Needless to say, if you are the mayor, you get plenty of coaching. Fortunately, most of the input I have received has been given in a positive, constructive light. No one person can take the credit for our City's success as it has truly been a collaborative effort.

The City has benefitted from several committees that were formed to help with specific issues. They are: Lifestyle Issues Committee, City Sales Tax Committee, Home Rule Charter Commission and Airport Committee. In addition, these groups are providing valuable ongoing service: Planning and Zoning Commission and two emergency service districts.

After widespread citizen input and council research, we have enacted ordinances or resolutions on the following subjects: animal control, antennas, blasting, building codes, building permits, carcass removal, comprehensive development plan, deer control, false alarm policy, fire code, firearms, fireworks, helicopter take off and landing, community adoption of a Home Rule Charter, juvenile curfew, lighting, municipal court, municipal court judge, outdoor burning, parking, peddlers and vendors, Planning and Zoning Commission, platting of lots, two sales tax elections (passed by the voters), sexually oriented businesses, signs, no smoking in public buildings, speed limits, subdivisions and zoning.

As a CPA, I am very pleased with our City's finances. Thanks to years of great leadership of the Lake LBJ MUD, the City was in excellent financial condition after we merged. The City Council has approved five budgets to meet the needs of our community in a responsible manner. The Council has made the utility business self-sufficient (not subsidized by taxes) by raising utility rates and refinancing \$6.6 million (our total debt) in bonds to lower interest rates and extend payment terms. The funds from raising utility rates and the sales tax enabled us to lower the property tax rate from \$0.50 per \$100 valuation to \$0.33 by 2009. In September, 2010 the City Council further lowered the property tax rate from \$0.33 to \$0.25 which brings the rate more in line with the ongoing needs of financing City activities. In the past, the rate was held higher than currently needed because of uncertainty regarding general needs and possible upgrading of the streets. As of

January 1, 2010 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.

On September 30, 2010 the City's General Fund (everything except the utility operations) had investments of \$9.5 million. Of this \$2.5 million is a normal operating reserve and \$7 million is for future capital needs subject to council approval. The budget for FY 2011 includes \$1.1 million for planned streets upgrades (see paragraph related to streets) and \$1.6 million for construction of the new police building (see following paragraph). Even with these planned expenditures and the reduced tax rate of \$0.25, the City should have approximately \$4.5 million for future capital needs on September 30, 2011.

The present City Hall is the same building that was built and expanded several times by Lake LBJ MUD. Lake LBJ MUD's capital plans and every five year capital plan of the City have included City Hall expansion. The City recently acquired the six lots that are south of City Hall. This property should provide expansion space for the foreseeable future. The City Council just approved constructing a new police building on two of these lots. When complete, other city staff can then utilize the current police department relieving present crowding and accommodating many years of future growth.

Some of our utility infrastructure is thirty-five years old; so the City must have plans to replace and expand facilities as needed. The City has an annual capital replacement budget of \$750,000. In 2010, the City added a water line to increase the volume of water that can be moved from the main water treatment plant to the water tower in West. During the next few months, the City will complete the new water tower in West and the expansion of the Slickrock lift station. 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 near the airport and expand the water treatment plant in West. These major items will be financed with available cash and \$4 - 5 million in utility bonds. The City has specific plans that will continue excellent service at a reasonable cost as confirmed by its five-year plan for utility rates.

Prior to April, 2009, all the streets in the City were owned and maintained by the various property owners' associations. When the City acquired 122 miles of streets from the Horseshoe Bay Property Owners' Association, there seemed to be two expectations: 1. The City would have more money for routine maintenance. 2. There would be a street upgrade program. Routine maintenance (primarily pot hole repair and chip sealing) will be done more aggressively by the City simply because the City has access to more resources than the HSB POA. Despite significant effort and 12 meetings with street upgrade on the City Council agenda in 2009 and 2010, the community does not have a consensus on the need for street upgrades or the funding method. The City Council has included the following in the FY 2011 budget: 1. replacing the low water crossing on Bay West Boulevard with a bridge (contract has been approved), 2. major maintenance to Bay West Boulevard from Highway 2147 to the new bridge, and 3. major maintenance to HSB Boulevard. The City Council will continue to work to develop a consensus regarding street upgrading and the related funding of many City-owned streets.

The most prominent business in our City is Horseshoe Bay Resort. The Resort's 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.

Clearly effected by the economy, the City's growth has slowed significantly. One result is the number of building permits for new homes for the past four years ending September 30: 2007 - 116; 2008 - 77; 2009 - 25 and 2010 - 19. At present, the market for existing homes and lots is extremely slow. Another result was that the City had to deal with several projects delayed by bankruptcies. However, ten homes that were abandoned have been completed by new owners. Further, Skywater has emerged from bankruptcy with a restructured ownership group. The Skywater development added almost 1,700 acres to the City, and construction related to 1,200 lots has resumed, and the Resort's fourth golf course should be open in 2011. All of which will add to the City's tax base.

The City Council is exploring the possibility of acquiring the airport from HSB Resort at no cost to the City because acquisition funds would be provided by the Federal Aviation Administration. The first step in this process was to appoint a committee of seven residents to evaluate the possible acquisition and prepare a report for the community which will be available in the next few weeks.

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. Since this is the only park for public use in HSB, the City Council has approved significantly upgrading Martin Park, and plans are being developed to make it even more family friendly.

The City has a staff of 71 competent and dedicated employees. They are in the utility - 24; police - 18; fire - 17; and other - 12 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 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.

My wife, Linda, and I know we picked a great place to retire. When I contemplated retirement, I envisioned many rounds of leisurely golf with good friends. I never anticipated becoming an elected official. Although I wish I had more time for golf, it has been and continues to be an honor to serve as Horseshoe Bay's mayor.