

SPECIAL MEETING

AGENDA

CITY OF FREDERICKSBURG CITY COUNCIL

JULY 11, 2017

4:00 PM

Law Enforcement Center, 1601 E. Main St.

1. Call to Order
2. Consider Institution of Annexation Proceedings of Frieden Development
3. 2018 Budget Workshop - General Fund

ADJOURNMENT



CITY COUNCIL MEMO

DATE: July 6, 2017

TO: Mayor and City Council

FROM: Brian Jordan, AICP

SUBJECT: Frieden Development Annexation (Institution of Annexation Proceedings)

Summary:

The required public hearings for the annexation of the Frieden development were held on June 5 and June 19, 2017. Comments and concerns were raised by nearby residents outside the City Limits and neighbors within Heritage Hill Country. Specific concerns included the handling of storm water, future use of Mariposa Drive and the 15' electric easement/buffer between Frieden and the west side of Heritage Hill Country. The developers and staff have had a number of meetings with the neighborhood to address these issues. In addition, the Planning and Zoning Commission and City Council held the required public hearings on the proposed zoning and land use plan change for the project. A favorable recommendation was made by the Commission and action by the Council is pending.

The next step in the annexation process is the Institution of Annexation Proceedings. What this means is that the City will have 90 days in which to decide whether or not to annex the property. As part of the annexation process, the staff has been working with the developer to negotiate an annexation agreement. This agreement establishes the detailed requirements and timing for the development of the project. A preliminary plat for Phase 1 of the project was also conditionally approved.

Recommendation:

Take action to institute annexation proceedings. We anticipate having the other items (annexation agreement, zoning ordinance, land Use plan change ordinance) available for consideration on July 17, 2017.

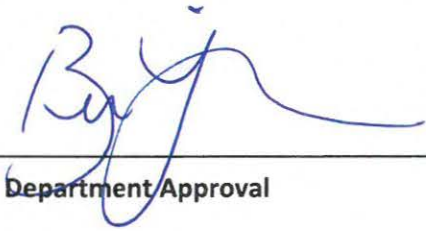


The City of Fredericksburg

Background / Analysis:

Attachments:

Overall neighborhood plan, aerial map of property,

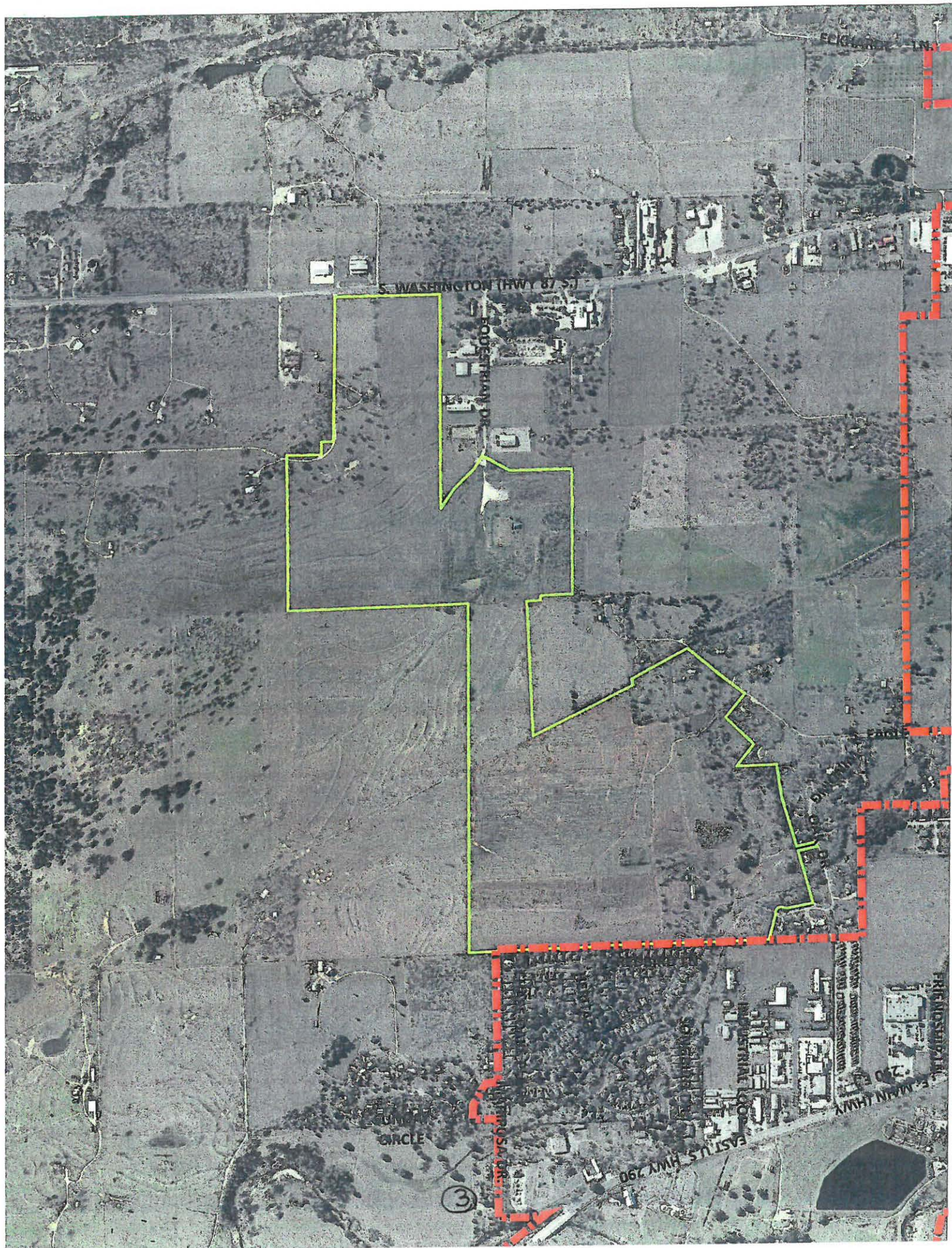


Department Approval

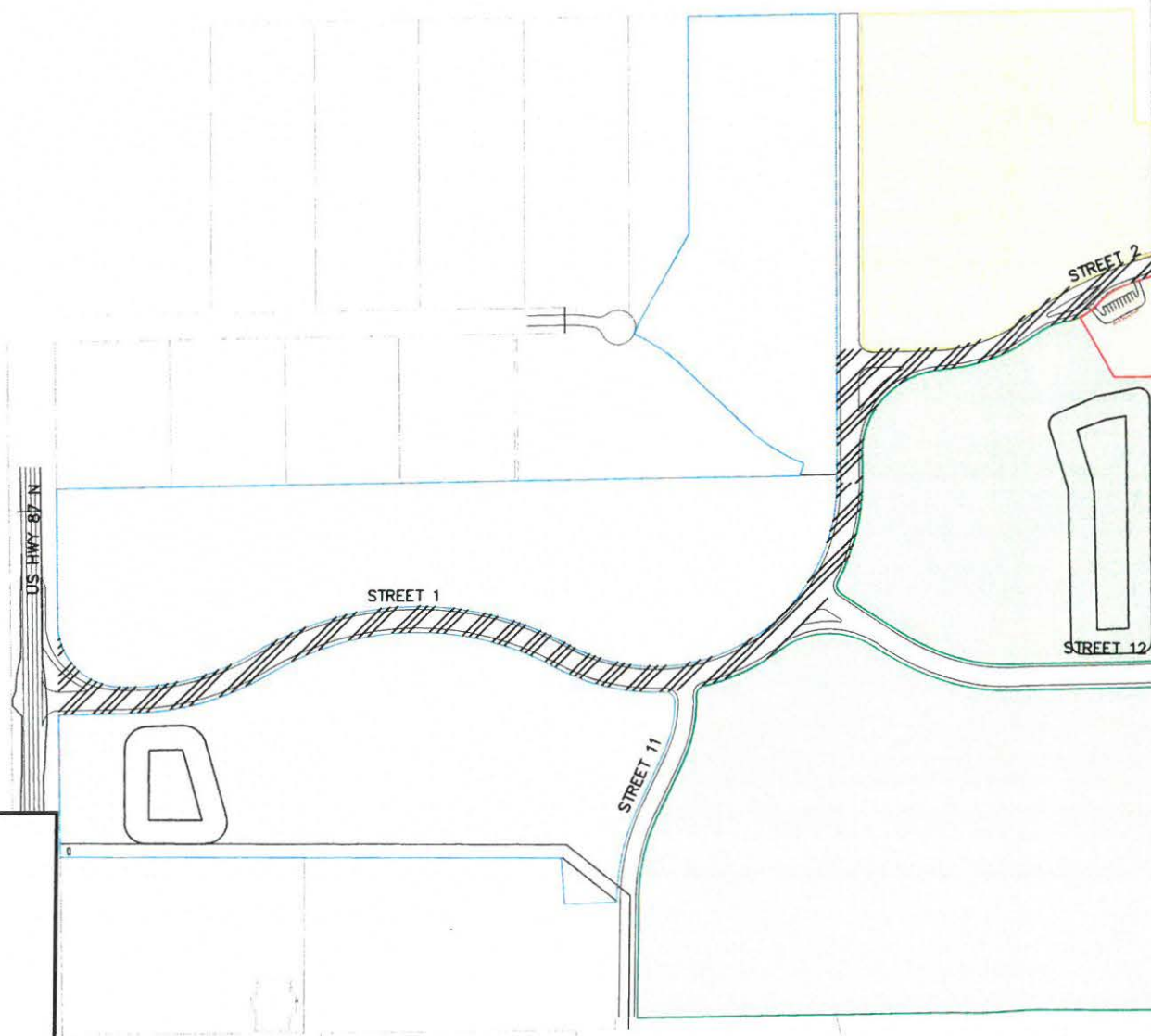
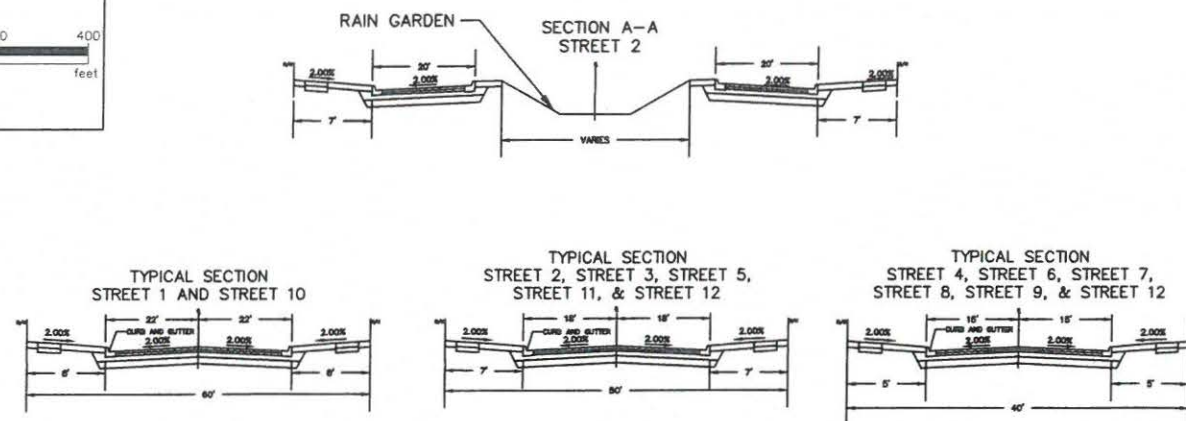
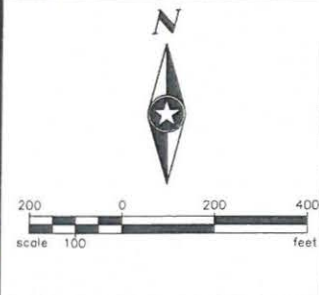
City Manager Approval

②

The City of Fredericksburg



P:\V\H\HEIRB\134340\5-final-dgn\51-drawings\10-Civil\cod\dwg\pinalts\134340_SL.dwg 3/23/2017 2:50 PM kfranklin



- PHASE 1: SINGLE FAMILY HOMES (39.0 ACRES)
- PHASE 2: SINGLE FAMILY HOMES (25.2 ACRES)
NORTH PONDS OUTLET GRADING
- PHASE 3: SINGLE FAMILY HOMES (37.6 ACRES)
- PHASE 4: COMMERCIAL (41.0 ACRES)
- PHASE 5: MULTIFAMILY (35.5 ACRES)
- PHASE 6: SCHOOL SITE (11.8 ACRES)
- PHASE 1 STREET CONSTRUCTION

DRAWN BY:	KLF, DL				
DESIGNER:	KLF, DL				
CHECKED BY:	RBJ				
DESIGN TEAM	NO.	BY	DATE	REVISIONS	

I HEREBY CERTIFY THAT THIS PLAN WAS PREPARED BY ME OR UNDER MY DIRECT SUPERVISION AND THAT I AM A DULY LICENSED PROFESSIONAL ENGINEER UNDER THE LAWS OF THE STATE OF TEXAS.

Date: 03/24/17 RANDY B. JENNIGES, PE Lic. No. 121391

SEH PHONE: 320.229.4300
1200 25TH AVENUE SOUTH
P.O. BOX 1717
ST. CLOUD, MN 56302-1717
www.sehinc.com

FRIEDEN
DEVELOPMENT

TYPICAL SECTIONS, PHASING, AND SITE
LAYOUT

FILE NO.
FRDEL 137621

7
25



Date: July 7, 2017

To: Mayor and City Council

From: Kent Myers, City Manager

Subject: Proposed 2018 Budget-General Fund

As you know, we have scheduled a work session to discuss the proposed 2018 General Fund Budget for this Tuesday, July 11 at 4:00 p.m. at the LEC. The proposed budgets for the other funds will be provided to you next week for discussion at a work session on July 24 at 4:00 p.m. at City Hall.

At next Tuesday's meeting we plan to start with the initiation of annexation proceedings related to the Frieden Development. Then we will move into the presentation and discussion of this proposed General Fund Budget.

At Tuesday's meeting I plan to present an overview of the proposed General Fund Budget which is attached. This will include major changes from the 2017 City Budget, major reductions to the expenses requested from each City Department as well as current and future challenges facing the General Fund. Then I suggest that we discuss the Budget in the order that it is presented starting with General Fund revenues.

As in the past, this document will be a work in progress until it is adopted in September. We look forward to your questions and the changes that you will make as we proceed through the budget process. Please keep in mind that the annual City Budget is the City Council's major policy tool. It sets the level of programs and services that you want to provide local citizens in the coming year. With this in mind, please do not hold back in making any revisions that you determine will meet your goals and objectives.

General Fund Overview

As shown on page 1 of the proposed Budget, the total proposed revenues for the General Fund Budget are \$13,533,668 and the total expenses are \$14,058,883. This results in a deficit in the General Fund of \$525,215. However, as shown on page 16, we have sufficient funds in our

The City of Fredericksburg

126 W. Main St. • Fredericksburg, Texas 78624-3708 • (830) 997-7521 • Fax (830) 997-1861

fund balance to cover this deficit. The proposed Budget would result in a projected fund balance in the General Fund at the end of next year of about \$4.2 million. This is about \$688,700 over the three-month reserve level established by our financial management policies.

General Fund Revenues

Our total proposed General Fund revenues of \$13,533,668 represents an increase of about \$768,000 (6%) over the \$12,765,905 in revenues budgeted for last year.

One of the most significant changes in the proposed General Fund revenues involves an increase in property tax revenues of about \$328,700 for next year. As shown on page 15 of the attached document, our current property tax rate is \$.24 per \$100 valuation and our effective tax rate for next year is \$.2156 per \$100 valuation. The proposed budget recommends a 4% increase in our effective tax rate to \$.2242. This is well below our current tax rate. It is likely that the Council will want to adjust this proposed rate as we proceed through the budget discussions.

In terms of our other General Fund revenues, we have attempted to be conservative in our projections for next year. For example, we have projected an increase of only 2.75% in our sales tax revenues from the 2017 Budget. With several current vacancies in the downtown area, we believe that we need to continue to be conservative with regard to sales tax revenues during the next year. Most other revenues are projected to stay the same or only slightly increase in 2018.

With regard to payments in lieu of tax revenues, these projections will likely change next week following review of revenues covering the month of June. We expect that, due to the warm summer, payments from the Electric Fund and Water Fund will increase over the projections included in the proposed Budget.

This Budget includes new revenues of \$50,000 from fees for short-term rentals. We are proposing an annual fee of \$100 per short-term rental unit to cover our costs for inspection of these units and enforcement of our city regulations related to parking, occupancy, noise, trash, etc. As proposed, these revenues would offset our costs for hiring a second Code Enforcement Officer who would be dedicated to these responsibilities. This is the only General Fund fee increase we are proposing in the coming year.

We are also proposing revenues from Gillespie County for \$15,000 for payment of 1/3 of the operational costs for the new Animal Shelter. This is based upon the fact that about 1/3 of the animals brought to the Shelter come from the County.

General Fund Expenses

During the coming year, we have tried to hold the line on most of the General Fund expenses. As previously stated, total General Fund expenses for next year are proposed at \$14,058,883. This represents an increase of only about \$455,000 (3.3%) over the General Fund expenses budgeted for the current year. However, this includes several new major expenses which are identified below.

The City of Fredericksburg

126 W. Main St. • Fredericksburg, Texas 78624-3708 • (830) 997-7521 • Fax (830) 997-1861

Major changes in the proposed General Fund expenses include a 2% cost-of-living increase for all employees along with a 2% merit increase. As you will recall, last year we completed a salary study for all employees and increased the salary level for certain positions based upon market rates, internal equity and other issues. The salaries in the Police and Street Departments still have some compression issues where entry level employees are making a similar salary as employees who have been here for a number of years. Therefore, we budgeted \$44,944 in the Police Department and \$24,287 in the Street Department to address these compression issues.

We have included a 10% increase in health insurance contributions from the City for employee coverages. This is due to an increase in health insurance claims over the past several months. We are continuing to monitor these claims and may have to recommend a larger increase if the current trends continue.

The only new position proposed in the General Fund is the additional Code Enforcement Officer mentioned previously which is funded by a new revenue source. However, a full year of funding is provided in the proposed Budget for the new Historic Preservation Officer, Firefighter and IT Specialist added during the past year. The Budget also includes funding for the Police Records Clerk which was made a full-time position last year and the part-time Parks employee who was added last year to assume maintenance of Marktplatz.

As previously stated, we have also allocated the expenses for the three fleet maintenance employees to the different departments that use these services based upon their projected utilization. We have also allocated the salary and benefits of the City Attorney based upon the projected use of his services by each City department.

I also want to mention that we are still waiting on updated information on several expense-related items from the County and TML. Therefore, we have included the current budgeted amounts for these items which include County dispatching services, LEC expenses, TML insurance and TML bonds.

Administration Department

The proposed expenses in the General Fund Administration Department are budgeted for a decrease from \$2,479,296 to \$2,264,848 in 2018. This is due to several factors including the reallocation of salary costs and a reduction in general property maintenance costs due to the completion of the building improvements for the City Hall Annex. Other changes include moving the costs for maintenance of the Visitor's Center (\$16,000) to the Tourism Fund. We also will complete the Master Plan for the University Center this year so these funds will not be budgeted for next year.

We have included General Fund support for the Golf Course at \$533,100 in next year's budget. These costs are based upon the City's continued operation of the Golf Course during the next year. This may change based upon our efforts to recruit a company to lease the course. It is expected that a final Council decision on this lease will not be made until after the budget has

The City of Fredericksburg

126 W. Main St. • Fredericksburg, Texas 78624-3708 • (830) 997-7521 • Fax (830) 997-1861

been finalized. You will have an opportunity to review and discuss the budget for the Golf Course during the next budget work session.

Several expenses in the Administration Department are projected to increase including the City's contributions to the EMS and Emergency Management operations. These are separate funds that will also be reviewed and discussed at the next budget work session.

Police Department

The proposed budget for the Police Department is \$4,923,169 which represents an increase of \$268,541 (5.7%) over the current Police Department Budget of \$4,654,628.

This increase is due to several factors including the salary increases and the increase in health insurance contributions mentioned above. Also, the proposed budget includes the purchase of seven new police vehicles which was one of the highest priorities identified by the Police Department during 2018. The budget also includes increases in operational costs for the new Animal Shelter. In addition, the proposed budget includes a share of the costs for purchase of two new portable message boards that would assist several city departments.

As mentioned above, this budget does not include any updated numbers from the County for either the LEC or dispatching services. It is expected that these costs will increase next year which will require revisions to this proposed budget.

Fire Department

Over the past 2-3 years we have significantly increased our funding support for the Fire Department. This has paid off with major enhancements to fire protection services for both City and County residents.

This coming year we are once again proposing major increases in the budget for the Fire Department. The proposed Fire Department's 2018 Budget is \$1,273,505 which represents an increase of about \$240,000 (23%) over their current budget of \$1,033,058.

This budget includes funding of three additional part-time firefighters to provide continuous coverage during periods when our full-time firefighters are off duty. It also includes the purchase of a new extractor, new personnel protective clothing and increased vehicle maintenance costs.

Street Department

The proposed Street Department Budget for 2018 is \$2,527,523 which is very similar to the current Street Department Budget of \$2,560,942.

Major changes in the budget for this Department include a reduction in personnel cost due to reallocation of the salaries for the three fleet employees. It also includes funding for leasing several new trucks, partial funding for the message boards, the purchase of a new dump truck

The City of Fredericksburg

126 W. Main St. • Fredericksburg, Texas 78624-3708 • (830) 997-7521 • Fax (830) 997-1861

and the purchase of a new front end loader. This Budget also includes \$50,000 for our portion of the funding for the Relief Route feasibility study previously approved by the Council.

The largest new expense in the Street Department is for the rehabilitation of Friendship Lane. The projected cost of \$425,000 will cover about 1/3 of the length of this roadway from Highway 87S to Eagle Street. This road is starting to fail and it is important that we start this rehab program before it completely fails. Due to the addition of this major new expense for next year, we have proposed the elimination of the \$50,000 previously budgeted for downtown sidewalk improvements.

Parks Department

The total Budget for the Parks Department is also proposed for about the same level as the current Parks Department Budget. The proposed Budget is \$1,780,685 with the current budget set at \$1,727,544.

Major changes in the Parks Department proposed with this new Budget include the lease of several new vehicles and the lease-purchase of two new mowers. Also, \$100,000 has been included to replace the restrooms at Lady Bird Johnson Park adjacent to the RV Park which are in poor condition.

Development Services Department

Expenses in this Department are increasing significantly due to the full year of funding for the Historic Preservation Officer position and the new Code Enforcement Officer previously mentioned. As proposed, the total Budget is \$644,709 which is a 24% increase over the current Budget of \$517,723.

The proposed Budget also includes \$20,000 in funding for a consultant study on possible expansion of the Historic District. Originally \$35,000 was requested for this study.

Health Department

The proposed Health Department Budget for next year is \$208,809 which is about \$15,000 (8%) over the current Budget of \$193,085. The only major change in this Department is the addition of a vehicle to the lease program. Revenues collected by the Health Department cover about 1/2 of the costs for their Department.

Municipal Court

The Municipal Court Budget does not include any major changes for the coming year. Total expenses are projected to increase from the current budget of \$177,440 to \$186,786.

Engineering Department

The Engineering Department Budget does not include any major changes for the coming year. The expenses are projected to decrease from the current Budget of \$259,758 to \$248,849.

The City of Fredericksburg

126 W. Main St. • Fredericksburg, Texas 78624-3708 • (830) 997-7521 • Fax (830) 997-1861