

LETTER TO LEON VALLEY CITIZENS

From Mayor Chris Riley

July 19, 2024

CITY COUNCIL MEETING –July 16, 2024

This was the first meeting since June 6th due to the cancelling of the June 18th and July 2nd council meetings to give council and staff a summer break. We welcomed Boy Scout Troop 515 who led the council chambers in the Pledge of Allegiance. The following are highlights of council actions from the July 16th council meeting, which ran from 6 p.m. to 11 p.m.

PRESENTATIONS

Recognition of Ben Castro, Leon Valley Police Department – for 40 years of service. Officer Castro began in October 1983 as a Dispatcher, transferred to Patrol officer in 1984 reaching the rank of Lieutenant and currently assists with administering the Redlight Camera program. Our heartfelt thanks to Ben Castro for his dedicated and loyal service to our community!

Continued Discussion of the FY 2025 Budget – At the June 6th council meeting, City Manager Caldera presented a proposed budget for the General Fund which showed an operating deficit of over \$700,000. After extensive discussions with council, the City Manager presented a balanced budget with a small surplus of \$31,804. The following items were deleted from the June 6th draft: deleted 4 employees (full and parttime) positions; deleted \$160,000 for restroom renovations in the Community Center; moved one police officer to the police forfeiture fund; moved three park maintenance employees' salaries to the Community Center fund and removed any increases in certification pay. Sales tax revenue projected increase was reduced from 3% to 2%, 10% of the Planning and Zoning Director's salary to the water fund was reallocated. Small reductions throughout each department were made in order to present this balanced budget.

In the June 6th budget presentation, a 10% increase was allocated for employees' health insurance, but the estimate received after this presentation indicated the increase for employee health care would rise 34%. The manager stated she is looking at getting bids from other health

insurance providers for a lesser increase. Retirement came in at a 1% increase and liability insurance numbers are still pending.

Operating Revenues is at \$14,940,717 an increase over FY 24 of \$622,888. The proposed tax rate is the same as last year - \$0.484 cents per \$100 of valuation. This will increase ad valorem tax revenues by \$175,599 over FY 24. Building permits (from new subdivisions) are estimated at \$264,545. The annual tax increase for an average home valued at \$224,622 will be \$96.69. This increase is due to a higher valuation of the homes. Final tax numbers from Bexar County will not be determined until the end of July, which will give the solid numbers needed to make changes to this budget.

Operating Expenditures are \$17,951,701. This budget funds a Merit Pay increase of 2% for all employees who qualify, a Cost-of-Living increase of 3%, and longevity pay for all qualifying full-time city employees. Personnel Costs are the highest expenditure in the budget at \$11 million. There were also increased spending in contractual and supplies.

Another major expenditure is funding phase 2 of the Hike and Bike Trail at \$2,152,136 of which \$1.2 million is reimbursed from a TXDOT Metropolitan Planning Grant, with the city's portion at \$829,000 (engineering, environmental and 20% construction costs). This quality of life issue has been in the budget since 2013 and will complete the trail from the bridge at Bandera Road to Rimkus Park at Evers/Poss. When completed, it will connect at Bandera Road to Crystal Hills Park at Shadow Mist, and beyond to the Howard Peak Greenway around San Antonio.

This budget also funds the next 4th of July celebration at \$150,000.

For FY 2025, the projected fund balance in the General Fund is \$3.840 million (capital reserve) and \$1 million in emergency for a total of \$4.840 million representing 3 months of operating income. The Council directed the city manager to move an additional \$250,000 from the capital reserve fund to the emergency fund to cover one month of city's expenses (\$1.25 million).

The **Enterprise Fund**, which funds water and sewer for the City, is balanced with Operating revenues of \$5.262 million and Operating Expenses of \$3.655 million. This includes a grant for \$1.3 million received from Bexar County to replace the water line on El Verde Road. Impact fees for new development and an increase in water rates will help offset this number, which city council has and is addressing.

The Council gave a list of items they would like to add to the FY25 budget as soon as final numbers are received. August 20th, is the date the FY 25 Budget Public Hearing and formal budget will be adopted. The Crime

Control & Prevention District Budget will also be held on August 20th at 5:45 pm. Formal adoption of the tax rate is scheduled for September 17, 2024. The Power Point presentation of the city's FY 25 budget can be found on the city's website.

Fitch & Associates presented a Final Staff Utilization Report – In 2023, the City Council contracted with Fitch to analyze the workload and performance of Fire & EMS, Police and Public Works departments. This report took 1 ½ hours to present with many detailed priorities, too many to report. The city manager will put this report on the city's website for citizens' review. The Police utilization report will be presented at the next Citizens Police Advisory Committee. The following is a summary of Fitch's staffing recommendations for each department:

FIRE/EMS: Add one Full Time (firefighter/EMT) per shift for a total of 3. Consider hiring or contracting a fire prevention employee.

POLICE: Increase the current minimum of 2 officers plus one supervisor on the frontline to three officers plus one supervisor (we have two shifts) for a total of two additional officers. Plan for the gradual or abrupt ending of the Red Light Camera program.

PUBLIC WORKS: Adding an additional mechanic, consider hiring a certified storm water inspector (for new home construction) and hiring a dedicated street sweeping technician. (The city is in the process of retraining an existing Public Works employee.)

This 92 page report is data driven. None of these recommendations will be considered in the FY 25 budget, but rather Council will consider these recommendations for FY 26. It is a fascinating read if you like details and numbers.

Presentation Regarding Possible Water and Sewer Rate Adjustments by Superior Management, Rate Study Consultant, Phillip Givens –

66% of our residents receive their water/sewer from the Leon Valley Water Company. This study's goal is to recommend a "rate structure that promotes sustainable operations while equitable and fair(ness) to all customers". There are 2,430 customers or 92% who have a 5/8 and/or ¾ inch meter. The consultant presented graphs for the sized meter with costs reflecting no depreciation and with depreciation. Adding depreciation costs to your water /sewer bill covers costs of the systems fixed assets that eventually need to be replaced (mains, valves, manholes). Currently, the average water/sewer bill per 1,000 gallons is \$30.98 (including fees) with

no depreciation. The study recommended an increase without depreciation of \$6.16 per month, for a total of \$37.14. Staff recommended starting by raising rates to \$6.16, since we are still waiting to receive an Asset Management Plan to determine the fixed costs. Council also requested comparable rates with SAWS customers, who comprise 34% of our population. Staff states water and sewer infrastructure costs are estimated at \$32 million for mains, valves, manholes. We are applying for grants from the federal Bipartisan Infrastructure funds through AACOG and grants with the County, but as you can see, the needs are great. At the August 6th council meeting this agenda item will be presented for council action.

REGULAR AGENDA

Three Zoning Cases with three Public Hearings

A. Consider Specific Use Permit (SUP) for a Church/Learning Center on Wurzbach Road: The Church is a 6,081sq. ft. Mosque and a 5,529 sq. ft. Learning Center. The owner will add a basketball court and picnic area. The parking lot will exit onto Blackberry Drive. Churches are allowed in all zoning districts by right and are exempt from paying property taxes. Council requested this item be placed in the Consent Agenda for the next council meeting for final approval.

B. Consider a Request for a Zone Change from B-3 Commercial with Sustainability Overlay District to B-3 Commercial Zoning - for a fiber installation business on Grissom Road. This lot is to be used for storage of vehicles and equipment, which is not allowed in the sustainability overlay district. The corporate office abuts this property but faces Poss Road. Council requested this item be placed in the Consent Agenda for the next council meeting for final approval.

C. Consider a Request for a Zone Change from R-1 (Single Family Dwelling) with Sustainability Overlay to B-3 Commercial Zoning at 7708 Eckert Road. The entire area along Eckert Road is zoned B-2 retail with sustainability overlay or R-1. This lot backs up to Linkwood subdivision. The applicant was considering a mechanic shop for cars. The Zoning Commission and Staff recommended denial since this use could intrude and have a negative impact on the Linkwood neighborhood through inappropriate noise, vibration, dust, lighting. Council requested this item be placed in the Consent Agenda for the next council meeting for denial of the applicant's request.

Consider Approval of a Resolution Authorizing an Advanced Funding Agreement (AFA) with the State of Texas and Authorizing the City Manager to execute the agreement for funding of the Hike & Bike Trail Segment II from Bandera Road (at the bridge) to Evers and Poss. The vision of having a Hike & Bike trail from our city connecting to the Howard Peak Greenway has been in the works since 2013. Last year, Phase I was completed which aligns with El Verde Road and runs from Shadow Mist Road to 6613 Bandera Road (Triangle Park next to the Homestead), but it dead ends at the Bandera Road bridge. Phase II has been in our capital reserve fund since last year, but TXDOT put a hold on the project due to personnel issues. TXDOT is now ready to continue with the project, but the city manager must sign this funding agreement. After lengthy discussions, the Council voted 3-2 to proceed with this agreement and building of Phase II.

Council Appointments to Various Boards – Two appointments were made to the Citizens Police Advisory Board by Mayor Riley (Phyllis Beal) and Councilor Orozco (Bill Stannard). The Council approved Julie Martinez and Ann Sawyer to serve on the Park Commission. Lastly, a Temporary Solid Waste Services Committee was established – one appointment by each Councilor & two appointments by the Mayor. This committee will review the garbage/recycling proposals received and make a recommendation to Council. Tiger Sanitation’s contract ends in January, 2025. The members appointed are: Tina Chasen, Josh Stevens, Anna Campos, Drew Power, John Saenz, Rita Burnside and Abraham Diaz. Thank you to everyone who is serving on a Committee for the City. We have openings on other committees for an opportunity to serve. Please call or email me if you are interested!

Our next city council meeting is scheduled for **Tuesday, August 6th at 6:30 p.m. at city hall**, unless we have an executive session. Stay safe and keep cool!

Sincerely, Chris
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