

MINUTES
CITY COUNCIL OF THE CITY OF UNIVERSAL CITY, TEXAS
SPECIAL MEETING – Budget Work Session, Tuesday, 09 July 2024

1. CALL ORDER: Mayor Tom Maxwell at 4:54 P.M.

2. QUORUM CHECK and VOTE TO CONSIDER THE EXCUSE OF ABSENT MEMBERS (if applicable):

Maribel Garcia, Deputy City Clerk

Present:

Mayor Tom Maxwell
Mayor Pro Tem Christina Fitzpatrick
Councilmember Bear Goolsby
Councilmember Lori Putt
Councilmember Bernard Rubal

Absent:

Councilmember Ashton Bulman
Councilmember Phil Vaughan

Staff Present:

Kim Turner, City Manager
Christine Green, Finance Director
Mateo Garcia, Finance Manager
Michael Cassata, Economic Dev./Dev. Svcs. Director
Randy Luensmann, Public Works Director
Brandon Peterson, Assistant Public Works Director
Athena Ford, Utility Administrator
Johnny Siemens, Police Chief
Steve Mihalski, Assistant Police Chief
Todd Perna, Fire Chief
Justin Garcia, Assistant Fire Chief/Fire Marshal
Christina Blumenthal, Library Director
Brenda Haro, Court Administrator
Leigh Tollison, Human Resources Director
Katie Rein, Food & Beverage Director (OHGC)
Sal Garcia, Golf Operations Director (OHGC)
Jeremy Laake, Golf Superintendent (OHGC)
Maribel Garcia, Deputy City Clerk

Ms. Garcia confirmed a quorum was present.

Mayor Maxwell explained the absences of Councilmembers Bulman and Vaughan.

Councilmember Goolsby moved to excuse the absences. Mayor Pro Tem Fitzpatrick seconded the motion.

Vote: Yeas: Goolsby, Fitzpatrick, Putt, Rubal

Nays: None

Motion to excuse absences carried.

3. CITIZENS TO BE HEARD:

- Ken Taylor, 103 Terra Cotta, reminded Council to consider the big picture when examining the budget; he worried they would be too obsessed with the minor details. He asked them to see the budget as a planning document for the following fiscal year.

5. PURPOSE OF SPECIAL MEETING:

A. Present and discuss the proposed FY 2025 Budget.

Mrs. Turner thanked City Staff, which spent months working on the budget. She thanked all Councilmembers for taking time to meet with Staff to review the budget. She gave an overview of the budget process, including a timeline of the meeting and general budget process. The San Antonio River Authority (SARA) and HDR consultants would make presentations, before the Staff presentation of the budget, to go over rate changes for SARA and recommended rate changes for Universal City utilities. Subsequently, the City would present the budget and review items with Council. She reminded Council that this budget document was a working draft and would not be the final document.

SARA Presentation by Richard Trefzer

Mr. Trefzer informed Council that the SARA fiscal year (FY) would begin October 1st. He reviewed the rate creation model for SARA and funding strategies for capital projects and rate stabilization. He presented rates which would increase an average of 7.80% per 5,000 gallons a month. Mr. Trefzer reviewed wholesale and retail rates increases. The Salitrillo Treatment Plant expansion and other capital improvements were discussed. He noted new SARA projects to conduct system-wide flow monitoring. New rates and budget adoption would be proposed to the River Authority Board of Directors on September 18th, with rates becoming effective October 1st. Questions were answered regarding Equivalent Dwelling Units (EDUs) in relation to business connection fees.

HDR Presentation by Grady Reed

Mr. Reed reported expenses to be considered for rate changes to utilities services. For water and wastewater services, he reported the following expenses: water acquisition costs, bond projects, SARA and Cibolo Creek Municipal Authority (CCMA) rate increases, water and wastewater rehabilitation projects, capital improvements projects (CIPs), and debt obligations for capital improvements. Rate increases were recommended at 2% for both water and wastewater fees. He noted that the projected increase for FY 2025 presented last year was also 2%. For stormwater rates, he noted past increases and the goal of funding CIPs for FY 2026. He did not recommend an increase in rates for FY 2025, which was in line with the recommendation from last year.

Mr. Luensmann and Councilmember Rubal reviewed CIPs specifics including funding mechanisms and change in budget for one project after reassessment of the total cost.

Budget Presentation, primarily presented by Mateo Garcia and Christine Green

Mr. Garcia presented FY 2025 budget highlights including a proposed cost-of-living adjustment for existing staff of 5%, new staff budgeted for in the Utilities and General Fund budgets – these included new positions and moving an existing position to a different fund. A City Council department was also added to the General Fund along with a 5-year replacement schedule for the Capital Replacement Fund. It was explained that Special Revenue Funds were kept separate because of State mandated restrictions in use of funds. The Utility Fund had \$17,152,485 in Revenues and Expenditures. Expenditure totals were reviewed. The Stormwater Fund had an anticipated \$1,508,909 in total Revenues and Expenditures totaled \$1,442,633.

Debt Service and funding mechanisms were reviewed for the General and Utilities Fund. Revenues and funding sources under the General Fund included utilizing \$1,670,000 of Ad Valorem tax revenue anticipated, \$83,380 of Interest revenue, and a use of \$415,000 of the fund balance, totaling \$2,168,380 in anticipated revenues to be expended towards debt service. Debt Expenditures under the General Fund included Street Bonds totaling \$1,945,580 and a \$222,800 Library bond, totaling the

same \$2,168,380 funded by the General Fund revenues listed. The Utility Fund had anticipated revenues from water sales at \$1,437,095. This would fund debt service expenditures of \$532,193 in a Refunding Bonds, \$737,793 in Certificates of Obligation, and \$167,109 due to SARA – all totaling the same \$1,437,095 in anticipated revenues.

The Capital Improvements Fund had revenues and expenditures each totaling \$12,123,565 under the General Fund, total capital improvements at \$6,670,164 under the Utility Fund, and total capital improvements at \$959,415 under the Stormwater Fund. Mr. Garcia listed Special Revenue Funds: Court Technology, Court Security, Seized Assets (both Federal and State), Capital Replacement (both in the General and Utility Funds), PEG, Hotel Motel Tax, Sewer Impact Fees, Water Impact Fees, ARPA, Venue Tax and Child Safety. Following this, the floor was opened to Council for questions prior to recessing the meeting.

Councilmember Rubal asked that future presentations be organized in a manner consistent with the way funds were presented in the budget book – he referred to account numbers and line items. Ms. Green explained that the budget presentation only highlighted the major items, but an effort would be made to make them more easily trackable within the budget. He confirmed debt services paid by the City out of this budget were essentially \$3.6 million between the Utility and General Fund. It was clarified that these two were not combinable on a funding level due to Utility Fund being restricted.

Mayor Maxwell recessed the meeting at 5:54 PM. He reconvened the meeting into open session at 6:12 PM.

Mr. Garcia continued the budget presentation by giving an overview of General Fund Departments: City Council, Administration, Development Services, Human Resources, Finance, Municipal Court, Juvenile Case Management, General Services, Parks & Recreation, Police, Fire, Vehicle-Equipment Maintenance, Animal Shelter, Library, and Non-Departmental. Total Revenue was forecasted at \$19,928,122 with tax revenues representing 74% of the General Funds budget. Anticipated revenues included \$9,262,540 in Ad Valorem Tax, \$3,650,000 in Sales Tax, and \$1,415,000 in Franchise Fees.

Total Expenditures by department were listed as they are below:

| | |
|---------------------------------|-------------|
| - City Council | \$35,390 |
| - Administration | \$576,947 |
| - Development Services | \$1,305,770 |
| - Human Resources | \$171,183 |
| - Finance | \$537,975 |
| - Municipal Court | \$229,207 |
| - Juvenile Case Management | \$71,003 |
| - General Services | \$2,368,832 |
| - Parks & Recreation | \$1,860,200 |
| - Police | \$4,882,646 |
| - Fire Department | \$3,874,524 |
| - Vehicle-Equipment Maintenance | \$450,900 |
| - Animal Shelter | \$865,180 |
| - Library | \$598,865 |
| - Non-Departmental | \$2,099,500 |

Councilmember Rubal questioned the Council budget of \$35,390. He argued that the budget could arguably be made up of only \$4,610 to account for Council stipends and a few other things. He felt the budget for Council was too high with expenses that were not recorded in FY 2023 or 2024.

Ms. Green explained that there were no items to record in 2023 and 2024 since the Council Department did not exist. Council expenses were expensed out of the Administration budget either under Council Allowances, Training, Promotion/Development, or various other line items. She reviewed expenses budgeted for FY 2025 to create the Council budget, including Northeast Partnership Luncheons, Tri-County Chamber Luncheons, uniform accommodations, TML and AACOG trainings and conferences, parting gifts traditionally given at the end of terms, budget workshop food, printing, travel, transportation, technology and equipment such as their iPads, and subscriptions such as Xenforo and TML.

Councilmember Rubal wished to set the tone for review of the budget to prioritize it on four tiers: Tier 1 – items that funded essential services and personnel, Tier 2 – all basic resident services without amenities and enterprises, Tier 3 – expenses of personnel and resident amenities and non-essential enterprise operations, and Tier 4 – expenses of external staff training and significant needs anticipated for the next five years. He asked what essential training was included in the Council budget.

Ms. Green said what is considered “essential training” to Council would be determined by Council.

Councilmember Rubal felt that budgeted training should be discussed amongst Council, and given the lack of a uniform requirement, there were budget items unnecessary to include in the FY 2025 budget.

Mayor Maxwell clarified that there was a uniform requirement outside of meetings for events.

Essential versus non-essential training was discussed.

Councilmember Rubal emphasized his wish to determine essentials and non-essentials during the budget workshop, noting the will of many Councilmembers to lower the tax rate. He asked if a vote could be taken to determine Council priorities for the Council budget.

Ms. Green clarified that the workshop was most likely not the place to make decisions regarding budget prioritization and they would be better addressed during the budget presentation on August 6th. She also stated conversation regarding essential training was more suitable for the Mayor or Mrs. Turner. After Councilmember Rubal’s request that the next presentation of the budget be prioritized in the four tiers he listed, Mrs. Green stated it would be best to wait for the tax rates from Bexar County to determine what needed to be postponed to a future budget. However, without having the tax rates, it was difficult to determine how much needed to be postponed or reprioritized.

Councilmember Rubal was concerned that the budget was not prioritized in essentials and amenities as it would make decisions on what to cut more difficult.

Mayor Maxwell said the budget presented was full of what Staff needed to complete essential functions of the City. He wished to continue the presentation to gain a full picture of what Staff viewed as needs and discuss it after. He felt that everyone needed training, including Staff and Council.

Ms. Green continued with review of General Fund departments.

Mayor Maxwell received clarification regarding how Staff came to Budget totals.

Ms. Green explained that departments were provided with the prior year’s budget which was then reviewed and reformulated to determine estimates of the next year’s expenditures. These estimates

were reviewed by Mrs. Turner and Ms. Green to determine if the costs were viable, and line items were reviewed in depth by departments to determine where there could be cost savings. Ms. Garcia assisted in the consolidation of software to further reduce costs. Training was reviewed for cheaper alternatives either locally or online when possible. Ms. Green opined the budget was a lean budget with only a 3.3% increase from the prior year – in line with the Consumer Price Index. She commented on small increases which were offset by some decreases in other departments. She noted that 74% of the budget could be attributed to Public Works and Emergency Services in Police and Fire.

Mayor Pro Tem Fitzpatrick appreciated the effort to create parity between FY 2024 and FY 2025 budgets so as not to cause a large increase. Furthermore, she noted that all money set aside for the new Council budget had always been in the Administration Department budget in prior years. She appreciated that Capital Expenditures were noted and listed separately, and she felt that these big budget items should be where the City could save money by postponing if needed and if able.

Mrs. Turner explained that Staff followed direction from last year's budget process to not remove any items on the Capital Expenditures so that Council could be aware of them. She emphasized the budget was able to be reduced and Staff was prepared to do so if directed. She said that direction could be given to Staff to postpone items in the budget by a certain amount, but recommended only doing so after tax rates were received by the City. She hoped Council would allow Staff to revisit the budget after their tax rate goal is expressed to see, as a Staff, what could be postponed while still providing essential services. This would hopefully happen on August 6th when the City receives tax rates from Bexar County. She confirmed for Councilmember Putt that councilmembers would be able to schedule meetings with her and Ms. Green to review the budget in further detail.

Councilmember Rubal expressed concern at the high percentage increase of many line items and reviewed the General Services Department of the General Fund budget. He reported line items like Streets Maintenance, Training, Uniform Allowance, Hand Tools, etc. had increased over 100%.

Mr. Luensmann reviewed cost of individual items and projects which made up the totals of each budget line-item Councilmember Rubal questioned. Reasons for the increases were explained.

From a construction standpoint, cost of tools was explained to Councilmember Rubal by Councilmember Goolsby.

Mrs. Turner noted Mr. Luensmann was able to explain how his budget total was reached by explaining each cost estimate of individual items or projects that are housed under each budget line-item. All department heads had created their budgets with the same due diligence. She asked Council to trust that department heads had the expertise and attention to detail to convey what was necessary for them to perform their essential City functions. She also asked that Council schedule appointments with Staff to go over budget items in fine detail.

Councilmember Rubal asked if the workshop's purpose was to have the City present what they would like to have rather than have essential needs clearly identified.

Mrs. Turner stated all items in the budget were essential needs, otherwise they would not have been included.

Mayor Maxwell reiterated that the purpose of the workshop was for Staff to present their estimates of how much it would cost to provide essential needs of the City to perform their functions.

Councilmember Rubal expressed that his interest was for the residents in Universal City to live within their means in relation to the tax rate which would have to support the budget.

Moving on to Capital Replacements, Ms. Green noted an error caused by a 2026-2027 expenditure being included in the FY 2025 budget. She reviewed Capital Replacement items for FY 2025. It was clarified for Council that the items on the Capital Replacements document were not prioritized in the order they were listed. She explained that she asked departments to provide totals for replacements that were needed to operate and provide essential functions to residents. In the case Council decided they would pass a lower tax rate than would fund the items, it would be best for Council to direct Staff to lower the budget by a number or percentage. This would allow Staff to remove items they knew could be postponed and have internal deliberations to make a budget more amenable to Council. Without this flexibility, Council may decide to remove an item that is essential to the function of the City. In her experience working with other cities, it worked best for Council to allow staff to determine what could be postponed to a future year.

Mayor Maxwell and Ms. Green discussed the internal method of prioritization.

Councilmember Rubal and Mrs. Turner discussed vehicle replacements and noted that vehicles and equipment may be rotated to other departments that may need the equipment but maybe not at the functionality that the prior department needed the equipment.

Mr. Garcia continued with the presentation to present the Golf Course Fund. This fund included revenues anticipated at \$4,418,000 and expenditures at \$4,345,539.

Ms. Green reviewed Golf Course Fund revenues for Councilmember Rubal. Venue Tax Revenue was estimated at \$1.175 million; Greens Fees were estimated at \$1.68 million, and Interest Revenue was estimated at \$210,000.

Councilmember Rubal questioned whether the golf course could maintain itself without Venue Tax.

Ms. Green confirmed the golf course would not be profitable without Venue Tax Revenue at this point, but that it was making more profit than past years and golf course Staff had made conservative revenue estimates for FY 2025. They anticipated higher revenues with recent and near-future improvements.

Ms. Green and Mr. Rubal further discussed golf course operations, debts, and revenues. Ms. Green apologized for the poor record keeping of her predecessors, but assured Council that diligent record keeping, and transparency was being maintained at this point. The Venue Tax was being used as intended according to the ballot language under which it was passed.

Mrs. Turner added that the use of General Fund Revenue for the golf course in the past was presented to and approved by the City Council at the time. Golf Course Fund transfers to the General Fund were discussed. Other Golf Course Fund future projects were noted while mentioning that, nevertheless, golf course debt has been reduced. Mrs. Turner assured Council that the City was always looking for methods of improvement.

Councilmember Rubal, Ms. Green, and Mrs. Turner discussed the status of the Golf Course Fund as an enterprise fund and whether the City had a business plan for the golf course. Mrs. Turner clarified that the golf course does not have a formal business plan and that, if Council so decides, consultants could be hired to create one. Staff reiterated that all golf course expenses were paid for and the Venue Tax

was only being utilized for General Fund transfers, capital purchases, or leases related to capital. Mrs. Turner and Ms. Green received clarification from Councilmember Rubal that the question he was asking was for reconsideration of the Venue Tax through a ballot measure.

Mayor Maxwell asserted that a budget is a form of a business plan and that there are several municipal golf courses operating similarly. He also suggested that the workshop was not the place to bring the Venue Tax item forward.

Councilmember Rubal emphasized that the Venue Tax is divisive, and residents have the right to know if the golf course is self-sustaining without the Venue Tax.

Staff reiterated that has always been the goal.

Ms. Green continued her review of Golf Course Fund Revenues. She reiterated that revenues were estimated conservatively. Greens Fees would be updated.

Sal Garcia explained how new greens fees would be assessed. Rate discounts were discussed, including senior and resident rates. Approximately 90-95% of golfers at the golf course were from outside the City and brought in new income for sales tax and revenue. He explained that raising the greens fees too high would keep golfers away from the course.

Councilmember Rubal received clarification that the fee structure of the golf course does not cover all golf course expenses, but that the fee structure was only one part of golf course revenue, the other being food and beverage.

Staff and Councilmember Rubal discussed the determination of greens fees in relation to golf course amenities compared to other local golf courses.

Ms. Rein gave an overview of her strategy for increasing sales by targeting three different audiences: golfers, weddings, non-golfers who use food and beverage. She noted that golf course staff are always looking for new ways to attract more revenue to the golf course. They do regular price adjustments and reassessments. The average amount spent per golfer on food and beverage was approximately \$10 per round, which went down when the greens began having issues earlier this year. Wedding trends were reviewed, and Ms. Rein shared that wedding prices are increased yearly. Furthermore, non-golfer use of food and beverage included other non-wedding related events. She noted that cost of goods had increased, and that revenue was projected conservatively for this FY. She shared with Councilmember Rubal that the convention hall was used about 50% of the days out of the year, which was consistent with industry standards due to proclivity of events being booked on weekends.

Councilmember Putt commended Ms. Rein for the strategies and expertise she had displayed in bringing back revenue to the golf course. She felt her methods worked and her events were great.

Ms. Rein noted that the frequent transparency and reports of revenue from the Finance Department with Ms. Green starting to manage it had been an immense help. She also emphasized the importance and deep care Mr. Garcia, Mr. Laake, and herself felt toward the golf course's success.

Councilmember Putt appreciated the amount of time and care all Staff took in creating their budgets. She realized that cuts had already been made to the budget and that there was nothing in the budget that was not necessary.

Mrs. Turner and Ms. Green noted that in formulating the budget, they asked all departments to justify their expenses.

Mrs. Turner thanked Staff for their efforts, Council for their attention and consideration, and the audience for listening. She expressed her belief that Staff and Council all had the City's best interests in mind and were on the same team.

6. ADJOURNMENT: Mayor Maxwell adjourned the meeting at 7:58 P.M.

APPROVED:

Tom Maxwell, Mayor

ATTEST:

Maribel Garcia, Deputy City Clerk