

**MINUTES  
SPECIAL MEETING  
March 24, 2016**

A Special Meeting was held by the Schertz City Council of the City of Schertz, Texas, on March 24, 2017 at 8:30 a.m., at the Fairfield Inn & Suites, meeting room, Schertz, Texas. The following members present to-wit:

Mayor Michael Carpenter  
Councilmember Mark Davis  
Councilmember Scott Larson  
Councilmember Angelina Kiser

Mayor Pro-Tem Cedric Edwards  
Councilmember Ralph Gutierrez  
Councilmember Robin Thompson  
Councilmember Bert Crawford

**Staff Present:**

Executive Director Brian James  
Executive Director Kyle Kinateder  
Assistant to City Manager Sarah Gonzalez  
Finance Director James Walters

City Manager John Kessel  
Executive Director Dudley Wait  
City Attorney Charles Zech  
City Secretary Brenda Dennis

**Guests Present:**

Mr. Richard Dziewit (left at 12:50 p.m.)  
Mr. Glen Outlaw (left at 3:09 p.m.)

Staff Present arrived at 3:00 p.m.

EMS Director Jason Mabbitt  
City Engineer Kathy Woodlee  
Asst. Public Works Director Jimmy Hooks  
Police Chief Michael Hansen  
Fire Chief David Covington  
Parks Director Chuck VanZandt  
HR/Purchasing Director Jessica Kurz  
SSLGC General Manager Alan Cockerell  
Planning & Community Development Director Lesa Wood

IT Director Myles Clauser  
Library Director Melissa Uhlhorn  
Public Works Manager Doug Letbetter  
Asst. Police Chief Mark Bane  
Asst. Fire Chief Kade Long  
Asst. Parks Director Lauren Shrum  
GIS Director Tony McFalls

**Call to Order (General Comments)**

Mayor Carpenter called the meeting to order at 8:40 a.m.

**Welcome/Overview**

- Discussion and direction in preparation for pre-budget prioritization process and budget goal setting, including but not limited to key growth and service provision indicators such as population growth, tax base development, staffing levels and structure, and how to

apply the information to assist in appropriate priority based decision making. (J. Kessel/Executive Team)

Mr. Kessel outlined the goals for the retreat to include the following topics:

- Quick Victories (Brainstorming)
- Revenue Fund
- The “Cut Line” and expanded program – list what matters most in Pre-budget
- Main Street
- Contracts
- 5 Year Goal Setting

Mayor, Council and Executive Management discussed the following topics:

- Quick Victories – brainstorming
  - What simple and quick opportunities might help make our community or organization better?
  - Brainstorming (creative process, not vetting)
  - 3-5 projects per team (3 teams), 30 minutes
  - Each table introduces their ideas to the group
  - Key to success: ideas that have a low impact to time, talent, and treasure (high speed, low drag)
- Each team broke out into groups and came up with the following quick victories and shared them with the rest of the Council.
  - Trail/Exercise system – mark out 3 to 5 miles, include North, South and Central Schertz area. Involve exercise community; involve YMCA, Parks & Recreation. Develop a fitness page on website to include what we already have in the different areas, create flyers, get list of facilities we have in Schertz that citizens can use, i.e., tennis courts across from high school, school track, etc. Create and include simple mile markers in the different areas of Schertz. Purchase simple equipment that can be placed in the different parks within Schertz.
  - Devise Trail system program at different parks within Schertz (Different group) – include different events, utilize various volunteer groups as above, possibly use some of profits for support groups like BVYA, SYSA from food truck vendors. Involve YMCA and have an instructor at a small fitness event along a trail. Have YMCA set up different events such as Zumba, body combat, yoga, etc. Possibly select different streets to promote walks. Utilize signage; wrap electrical boxes, highway signage, various marques. Utilize Crescent Bend Park for a star gazing event.

- Need for Volunteers – create a Volunteer Banner on the website that will include all areas within Schertz that need volunteers for the different Schertz events as well as list and include outside non-profit groups on the site. Possibly include a magazine page that focuses on volunteers.
- Character quality of Schertz by displaying public art, wrap electrical boxes within the city, initiate highway signage that will draw people to Schertz, move the Train that resides on Hwy 78 to Pickrell Park or another park within the City.
- Recreational and Civic Events – low cost improvements to park, create a recreational volleyball court. Come up with other ways to use our parks, i.e. fitness trails (Forest Ridge & FM 3009), create possible disc golf courses at one of our parks.
- Clean up events, Expand Love Where You Live.
- Create a “New to Schertz” page on Website. Gather and include various information for new residents.
- Walk with the Mayor event.
- Main Street projects - continue with the beautification, close street for small jazz event; utilize food trucks for small events. Small beautification projects such as planters, direction signage. Close Main street for a special event, invite high school bands.

Members of Council and Executive Management discussed the following in detail providing their comments and suggestions.

- **Revenue Fund**

- Typically, “Reserve Funds” refers to unassigned General Fund reserves (but other types of reserves exist in the city budget).
- How much is enough? How much did we have in 2007 (actual dollars and percent)?
- Staff would propose the development of a more detailed General Fund Reserve Fund Policy for the >25% reserves.
- Uses for Fund Balance
  - We have 2 types of expenses
    - 1) Ongoing, regular expenses that come up each year and are expected to conduct regular day to day operations

- ◆ Optimal Funding Source: Annual, recurring revenues
- 2) Irregular, usually large, expenses that come up once over a particular time span
  - ◆ Optimal Funding Source: Debt, savings/fund balance
- For the Second Type of Expenses:
  - Some will be so large that it would be very hard to fund out of a single year's recurring revenue stream while funding ongoing operational expenses
    - ◆ Phone system replacements
    - ◆ Fire Apparatus replacements
    - ◆ Financial Software package replacements
    - ◆ Major Building Maintenance
- Recession & Disaster Recovery
  - Recession: lower revenue for the City, no new growth
  - Some indicators may be present ahead of time
  - Negative impact will ramp up and not be realized all at once
  - Growth will slow down or stop, reducing need for new staff
  - Steps can be taken to mitigate operational impacts
  - Solution: put money into reserves marked for vehicle and equipment replacement above 25%
  - Disaster Recovery: severe damage to private and public property resulting in drastically reduced property values
  - The city would need current staff, or more, to provide service to the citizens after the disaster
  - Recurring revenues may NOT be able to provide for operating OR capital expenditures due to reduced property values
  - Solution: put money into reserves marked for capital and use the 25% to subsidize operations

*Councilmember Kiser arrived at 10:46 a.m.*

*Councilmember Crawford left the meeting at 10:48 a.m.*

- **Fund Balance - Assignments**

**Policy:**

-Recession Fund Balance

- ◆ Vehicle Replacement – 2 years' worth of vehicle expenses
- ◆ Equipment Replacement – 2 years' worth of capital equipment expenses

-Large Program Expenditures – Target amount based on needs

- ◆ Fire Apparatus Purchases
- ◆ Phone System and Software Upgrades
- ◆ Building Maintenance

-25% Emergency/Disaster Recovery

City Manager John Kessel stated that staff will be developing a Reserve Philosophy based upon discussions of the above and input provided by Members of Council. He stated that this would be prepared and discussed around the mid-budget time. Mayor Carpenter stated that the City needs to set a new reserve number, pass a resolution and publish out to our Bond Companies.

- Pre-Budget Policy Decision Points  
-“Cut Line” and Expanded Program List discussion.

Mr. Kessel explained to Council regarding the cut lines of the expanded programs list that comes from the various departments. He stated that some of the items departments provide are below the cut line and members of Council do not see these.

Mayor Carpenter recessed the meeting at 11:55 a.m., for a lunch break.  
Mayor Carpenter reconvened the meeting at 12:20 p.m.

Mayor, Council and Executive Management discussed the following providing their input and thoughts:

- **Pre-Budget Policy Decision Points (continued)**
  - The key policy decision points at this stage of the budget include the development of the “Cut Line” and the Expanded Program List
  - How does Council give direction on the key factors used to develop the “Cut Line” and the Expanded Programs List during the Pre-Budget Retreat?
  - Policy direction directly impacts the “Cut Line”
    - Tax Rate (flat, up, or down?)
    - Maintain Current Service Levels (leave existing programs and services the same or change them)
    - Conservative and Responsible (projection assumptions)
    - Structurally Balanced (one time revenues pay for one-time expenses and recurring revenues pay for recurring expenses)
  - How does the City develop the Expanded Project List?
    - Key city needs as identified by staff
    - Strategic Plan Policy Values
    - Various studies and plans
    - 5 Year Goals (key factor)
    - Council and staff discussions and dialog
    - Citizen Survey and Employee Engagement
    - Council on the Go and other public input
    - Prioritization takes place as a team effort by staff and is considered during the budget by Council.

- **Budget Goal Policy Direction:**

Members of Council and Executive Management discussed the following providing their input:

- Budget Goals:
  - Balanced Structurally
  - Conservative and Responsible
  - Follows Financial Policies
  - Maintains Current Service Levels (current)
  - Provides Appropriate Service Levels (suggested change)
  - Focuses on Priorities

Mayor, Council and Executive Management discussed the following providing their input:

- **Budget Management Practices:**

- Focus on priorities
  - Maintain Appropriate Fund Balance
- Team Input
  - Departments, Council, and Citizens
- Forward Looking
  - Planning for Future Revenues & Expenses
  - Consider Project schedules
  - 5 Year Forecast
  - Long Term Debt Model
- Creation & Approval Process:
  - Strategic Plan Affirmed at the January 20, 2017 Council retreat
  - Pre-Budget Retreat (Set key policies)
  - Year End Projections
  - Base Budget Creation
  - Program Expansion Review
  - Pre Budget Community Meetings
  - Mid Budget Retreat
- Budget Submission and Council Action
  - August 4<sup>th</sup> the Budget will be submitted to Council and the public
  - A preliminary tax rate must be set to put a notice in the paper for the public hearings
  - Two public hearings must be held if the City entertains the possibility of a rate over the effective rate
  - The Budget must be adopted before the tax rate

- Council must adopt the tax rate with 5 aye votes

- **Main Street Discussion:**

Mayor Council and Executive Management discussed the Main Street area providing their input and suggestions. For possible improvements as well Management mentioned the overall problems with the main street areas as it is in a flood plain and it is difficult for those to come and invest in that area. Members discussed possible small business incentives that could be accomplished but would have to be budgeted.

Mayor Carpenter, Mayor Pro-Tem Edwards, Councilmembers Davis and Gutierrez will form a Main Street Committee and visit the area businesses gathering input and comments and provide a report back to the entire Council.

*Councilmember Crawford returned back to the meeting at 12:50 p.m.*

*Guest Richard Dzewit left the meeting at 12:50 p.m.*

- **Contracts: (Discussion)**

Mayor, Council and Executive Management discussed the following providing their input:

Without effort, organizations tend to exhibit inertia with regard to contracts. The City should be asking if existing contracts are performing well and do we still have that need?

Contracts also have a regulatory component which is managed by the Purchasing staff and the owner department.

Although a relatively recent change, Purchasing coordinates compliance with Finance, Legal, State compliance, and Management as a one stop shop (rather than each department doing it their own way)

- Municipal contracts can range from simple, one-time purchases to complex, multi-year service agreements.
- The broadest categorization of contracts can be for the purchase of goods, for the payment of services, or between governmental agencies.
- Contracts also have a regulatory component which is managed by the Purchasing staff and the owner department.

Mr. Kessel stated that staff will be reviewing existing contracts asking if the contracts are performing well and do we still have a need for the contract. Staff would propose the development of a contract philosophy to guide both the factors that make an effective and necessary contract, as well as to address best practices for compliance.

- **5 Year Goal Setting (Discussion)**

Mayor, Council and Executive Management discussed the following providing their input:

- What are the main considerations for something to rise to a “five year goal”?
- Size (takes more than one budget year)
- Highest importance to long term success (more than just urgent)

Over the next ten years, what will most drive our success?

1. Quality of Staff (Compensation)
2. Quantity of Staff (Staffing Levels)
3. Staff Training/Retention/Succession (Engagement)
4. Facilities and infrastructure for 50,000 (benchmark cities)
5. Innovation investment (Cost/Benefit)

Is always playing catch up in these areas acceptable for service delivery to our citizens and businesses?

Can we truly “do more with less” and be forward thinking while meeting a growing demand for service *without* adequate investment in all four of these areas?

- Quality of Staff (compensation)
- Class/Comp cost about \$2 million that was unplanned in the 5 Year Budget because the perception was we were paying our employees much closer to market than was the case.
- Our 4 year phase-in for Class/Comp targets the 45<sup>th</sup> percentile.
- Below average pay.
- Quantity of Staff (staffing levels)
- 2015 Five City Average: 101.4 citizens per 1 employee
- 2010 Five City Average: 103.6 citizens per 1 employee
- 2015 Schertz: 114.6 citizens per 1 employee
- 2010 Schertz: 110.4 citizens per 1 employee
- City Council Goal: 110 citizens per 1 employee (maintain 2010 ratio)
- More work than average.

***Senior Staff joined Council at 3:00 p.m.***

City Manager, Mayor Carpenter and Council briefed staff on the discussions which were discussed today sharing information and ideas on their brainstorming ideas regarding quick victories, reserve fund suggestions, main street ideas and developing a Council Main Street Committee.

Mayor, Council, Executive Management and staff went over the following:

- **Draft: 5 Year Goals 2017/18 (Discussion)**
  - Roads



- Building and Parks Facilities Repairs
- Catch up/be proactive w/preventative maintenance
- Fire Station 3 Completion
- Compensation Study Y3
- Strategic Staffing Levels Study
- Work Towards Reserve Goal

Guest Glen Outlaw left at 3:36 p.m.

Staff provided information to Council on the quick victories ideas that are on-going as of this date. They also provided information on upcoming quick victories.

Mayor Carpenter and City Manager John Kessel provided their closing remarks thanking staff and Council for participating the past two (2) days providing their input and suggestions.

**Adjournment**

Mayor Carpenter adjourned the meeting at 3:54 p.m.

*Robin Thompson*  
for  
*Mayor Carpenter*

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Michael R. Carpenter, Mayor

ATTEST:

*Brenda Dennis*

Brenda Dennis, City Secretary

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