



Mayor's Message June 2022

Rain! Even just one day this past week brought a reminder of how small things in life matter so much. We may be asked by LCRA and PEC to help ration in the coming heat/dry spell – setting AC at 78 and restricting watering to 1x weekly (and reductions of laundry/dishwashers, etc. between 2-7 pm). **Be on the lookout for City alerts.** We wish our snowbirds safe travels as they head off for summer – but appreciate that this will help with stress on water/electric systems here for a bit. With a reverent (and safe) Memorial weekend behind us, now is a timely opportunity to stop mid-year and assess our City status amid record growth. **You might want to grab a lemonade/libation** and a rocker on the porch for this fairly **wordy** message (sorry, but hopefully informative).

Managing growth while welcoming new neighbors -

A special thank you to all who joined us in celebration of **Public Service week** at the Town Hall. It was a chance to salute to our City Staff as well as take a deep dive into our City's current services and ongoing preparation for growth. As a citizen I am so proud of the professional and dedicated approach by each of our 11 departments to honor **the promise of "preserving our heritage while preparing for the future"**.

We are all a little unsettled by the rapid growth curve here (and across all of central Texas cities). We all knew growth was coming and the City focus has continued to actively manage that growth. The May realtor report to the City indicates that the inventory of new home listing is currently 53 compared to 104 just six months ago. The average cost for new construction is \$426 per sqft as opposed to \$286 in December, indicating cost has not been a deterring factor. But there is evidence of the market slowing (all across Central Texas and here), prices leveling (though not lowering), and expectation that the "gold rush" event of the last year is returning to more normal pacing. The exception is in Tuscan Village with the 'lock and leave" second homes and some downsizing options. Overall, building is split between custom and speculative, with speculative quickly 'flipping' to custom as buyers seek new homes without the wait of the full 2 years building – especially with no rental options in the interim. Fortunately, all City services have held pace and are conducting future impact evaluations on roads, water consumption, drainage, traffic, and service delivery to align/adjust planning and cost assignments appropriately.

Managed growth is not "no growth", but rather an assurance that processes are in place to ensure the growth does not devalue our homes or lessen the quality of our lifestyles. That is why actions have always been intentionally proactive each year to 'manage' our City through the shared efforts of staff, Council, Committee volunteers, and partnerships with businesses, county, and state agencies. And these efforts continue to successfully meet the goals of 'managed growth':

1. **'Managed' means planning for growth with assurances that our infrastructure** of essential water, safety, and service needs will remain secure so that no one experiences reduced levels of support. Each department has a long range plan, with specific costs associated, so that the annual budget can be shaped to keep cost at a minimum with services at full capacity.
 - **All water management areas are prepared.** Our recent audit of water facilities and operating procedures attested to our high level of functioning and capacity – and offered recommendations for continued strengthening. Many of the recommendations were already in motion as a part of the long-range planning, and additional action items will be added for maximum confidence. This includes a new contract with LCRA to increase our

guaranteed water supply for the next 20 years – as well as expanding water storage and treatment. It is a balance to anticipate water demands for 2042, but acquiring guaranteed access is essential as communities all along the Colorado River are making similar demands.

The City of HSBay was the first City in the Highland Lakes to receive the River Heroes Award honoring our levels of conservation/stewardship of current and future water usage. The utility department has maximized technology use for more efficient use of staff and monitoring of water use/safety. If you are not signed up for *WaterSmart*, please go to the city website (and ensure we have accurate information for contact if leak is detected). With over 60% of water use being irrigation, the City plan stresses essential adherence to watering schedules. Please help keep irrigation use conservative and report any concerns. Adjustments were made for automated water output from Central to West storage tanks to expedite flow when demand levels increase. This year’s replacement of a 30 year old wastewater treatment pond will last for decades to come – paid for with a bond spread over years so that new residents pay their share the cost. Federal funding paid for new generators as backup should we experience outages as seen in SnoVid to keep water flowing, and PEC has doubled the transformers and operating procedures for protection.

- **Our police, fire, and utility first responders have prioritized** quality staffing, training and equipment needs to allow us all to feel safe with preventative and actual event responses. Long range planning parallels anticipated growth needs to keep response times and security levels at continued peak performance. The long range plans do not indicate needs for additional staffing until 2023 and new home taxes will assume proportional costs. Upgrades to the West Fire Station, as well as retrofitting smaller response vehicles for non-fire emergencies will maintain high levels of service while extending the life of the larger fire trucks. . Monthly reports are filed (and available on line in Council packets) with posted performance levels of all first response teams and progress on their goals for excellence.

2. **‘Managed’ means putting structures in place to protect our investment and quality of life.**

There has always been the understanding that this City is fully platted for homes/commercial. Each sector – Trails, Escondido, Bay Country, Applehead Island, Pecan Creek, Summitt, West/Proper, etc. has fully expected all lots to eventually develop - so the City has put standards in place to guide quality development. Many of our new neighbors bought lots years ago (paying property taxes and POA dues for years that we have all benefitted from) and are finally able to join us as they fulfill their dream of relocating and building here. Others are current residents taking advantage of the increased home values to sell and then downsize/build for a different lifestyle experience some of the new developments offer. And – yes – some are totally new buyers who, like all of us before, saw the exceptional life available here and the great people who they felt confident would welcome them to their new home/life. So managed growth has never meant “no growth”....only well planned and prepared growth as it rises and falls over the years. There are no “not welcome” signs at HSBay City entrances.

- **Speculative building caps were put in place** to prevent predatory building where outsiders might come in and slap down a bank of homes that could potentially either not sell (sit vacant as in prior experiences) or be built in ways that could lower the value of existing homes. This cap is not to prevent new neighbors from coming – or to impose on the property rights of lot owners to build or sell their investment. Rather, it allows for city

planning to keep pace with growth to align service costs and quality management. In today's market, we see speculative houses become 'custom' within a matter of days as new neighbors purchase in early development. **The restricted speculative build process is working** as we have no 'banks of unsold homes' or below standard builds. Over half of 'speculative' homes are in developments not subject to limits. This is because the limits are on builders who buy lots and build for resale...not on initial developers who established approvals prior to speculative limits. This includes Tuscan Village, Sienna Creek (Phase I), and the Summit Rock (10 specs per section) – which combined represent over half of all speculative building. Every home or lot in Summit already pays a \$200 monthly fee in addition to the tap fee they pay like everyone else to offset the City's investment in the original infrastructure which is being reimbursed to the City from an earlier agreement at a 6% interest rate. (for 20 years) All other developments had infrastructure installed by the developer who assumed costs/risks.

Those of us who have lived here a while recall the days of double bankruptcy in Skywater (Summit), slow growth in Pecan Creek and the Trails, and below market home prices for some who needed to move/sell. We also recall the later boom in building/lot sales in West followed later by a setline back into about 25 new homes per year. While we are currently again seeing a huge uptick in new residents (as are all central Texas communities), there were those years of slow/no growth when keeping taxes low/level while staff salaries/benefits increased was a challenge. Through it all, levels of city services have remained solid. This ebb and flow of development must be looked at over the long haul through good management strategies, not short term reactions. Our City planning calls for an **external review every 4 years by citizen/city staff and industry oversight advisors for our Capital Improvements Plan** to determine appropriate increases in impact fees for utilities – and we are currently in that cycle of review. Following the findings of anticipated costs, **impact fees will adjust for new building/developments for utility access** (and possible road/drainage).

- **Building standards have been continuously raised (using International Building Codes)** to keep the quality of building high so the values of our investments remain steady and the ambience of our community is maintained. While CoVid and supply chain has caused delays in buildings – and the nuisance of building sites longer than preferred – all but a few of the new builds meet the expected timelines and are above the standard build requirements. Code enforcement of building violations has been diligent as **builders learn that what may be acceptable practice in other locations is not allowed in our City**. City ordinances have incorporated all Property Owner Associations ACC high quality expectations legally allowed. We cannot legally deny a building permit if a builder does not get ACC approval (though we seek it). We have no buildings, however, that have received a permit without the ACC approval as compliance is expected/honored. The downside may be that this has made HSBay an even more appealing community, attracting other like-minded neighbors...but this is one of the factors that drew us all here to our forever home.
- **Roads and traffic management have always been on the radar**. A structured plan calls for extending new ribboned roads only after there is a ratio of 15 homes per mile on a given road. This allows for new home owners to share in the cost of installation. The roads are built to sustain specific weight levels which are mandated for vehicles in HSBay. This includes concrete trucks, materials deliveries, waste management, etc. so that pressure is

not excessive to the capacity of the road integrity. **There is a review in progress** to determine if the volume of traffic resulting from growth is accelerating our actual maintenance of existing roads which could indicate a need for traffic impact fees. While this seems intuitive, fees cannot just be put in place without correlating data to indicate increased need. Maintenance of roads is largely paid for through the POA fees and sales tax, supplemented by local tax revenue. Currently the City is divided into road segments that are resurfaced every 7 years, allowing for annual rotations. This will naturally expand as the amount of surfaced new roads extends and volume of traffic increases. New residents are paying their share of this maintenance through their POA dues and taxes alongside us all as their roads are paved. Many new home owners must wait several years before their road qualifies for the ribbon surfaced roads, though they do receive general sealcoat surfacing on existing roads in the maintenance schedule.

A Volunteer Citizen Transportation Committee continues to plan for traffic challenges. This includes the broader need of an exit road should Wirtz Dam bridge be built, long-range plans for Hwy 71 impacts (similar to that currently in Spicewood), and increased traffic within the City. The resurfacing and turn lanes for Hwy 2147 under the prior Mayor/Council was an over \$1 million project (90% funded by collaboration with TxDot) for safer traffic flow. Additional options of golf cart paths, signage, and general traffic flow are part of the committee review. Construction traffic is reduced by special entrance requirements in five locations around the City (though many building sites can only be reached by main roads).

- Drainage impact is a very real concern as density of development occurs, **so the City has already accepted bids to provide a full drainage impact study** throughout the City and its ETJ (territory along city boundaries). This study (paid for with a federal funding grant) will outline the status of flow rates down our seven watersheds and identify any needed actions. This will include clearing existing easements (in partnership with property owners, POAs), identifying any needs for embankments to shape water flow, and detention areas that could slow the flow pace. The intent will be to maximize water return to the lake while protecting homes from flooding. Once the study is complete, an action plan will be developed and implemented. This will protect the quality of life and home value of all residents.

New developments will be required to pay for identified drainage impact just as they currently pay significant impact fees for their access to our water supplies. The study may trigger more extensive engineered drainage plan needs for permitting by all builders.

3. **'Managed' means recognizing the value of quality of life factors.** Dependable city services and quality homes are special in Horseshoe Bay. But there are also aesthetic and 'pride' factors that speak to how blessed we all feel as residents here. This means putting in protections for natural assets and expected lifestyle experiences.

- **Lake living is more than ensuring quality drinking water access.** The City team works closely with LCRA and Texas Parks and Wildlife/TPW and area cities to continually assess water quality and safety. Following the flood of 2019, collaborative plans were established to mark and/or remove (as possible) debris, test water quality, establish 'lanes' for boating, and coordinate safety response teams. Requests to lower the lake level in 2020 for a more extended period allowed for clean-up of the flood fallout – and shoreline treatment for

algae and vegetation was increased. The City applied for and received a grant to help mitigate damages to lake water intake systems. They also proactively replaced water pipes to avoid the encroachment of invasive mussels in our system seen in other river cities.

- **As granite crushing plants popped up throughout the region**, the City activated an annexation/development agreement with properties along Hwy 71 to secure control of what could (and couldn't) be built. This allowed the City to put in restrictions for no billboards and the emergence of an 'image overlay' to be instituted to require roadside green spaces to maintain the unique hill country ambience valued by residents. As development occurs on Hwy 71, impact fees and high standards for density are in place.
- **Green space protection requires overt efforts for flora and fauna.** A deer management program was put in place years before to support a healthy herd and limit danger for both deer and citizens in road collisions, infections, and landscape destruction. This program has been reviewed every few years to ensure it is the most humane approach feasible. The number of car accidents with deer has significantly reduced, though still requires care.

An industry based Oak Wilt prevention plan is in place with visible communication for all on best practices to keep the health of Oaks for the beauty and home values (see City Website). Further ordinances are in place for hardwoods/natives of specific sizes to help grow the heritage trees that add to the beauty of HSBay as well as canopy and life support for birds and wildlife. Each new build permit requires a Tree Assessment with an emphasis on not removing larger trees unless essential to the build. Undeveloped lots are subject to the Oak Wilt ordinances and guidelines of the protection of heritage trees with associated fines. This past year we lost hundreds of trees dying from the 2020 freeze. You may have seen some large tree removal – but this has been monitored to ensure arborist verifications. Still... never hesitate to call if you see potential tree violations. New residents don't always know the rules...and it takes all to help keep our nature protected. Realtors agreed that it is a minimal risk as it is costly to remove trees – and counterintuitive to the value of a property/lot – but we have seen a couple of instances of tree removal unnecessarily in the past and want to be vigilant. Code enforcement indicates compliance is high.

- **Commercial development oversight must reflect the needs, values, and ambience of the community.** In addition to the expectation for the 'image overlay' of greenspace along Hwy 71 and Hwy 2147, the City is reviewing options to establish a 'free zone' along the Hwy 2147 corridor. This would identify this section as free from high volume franchises such as fast food chains that may draw outside traffic into our limited road flow – and change the 'look' of our small town business district to be no different than any other large suburb. Local business owners meeting the needs of residents will be fully supported – with a welcome for small scale additions that don't include high volume drive thru or competing big box entities that deplete small boutique vendors. These more active retail entities can easily develop along Hwy 71 without adding to local congestion. With an emphasis on 'keeping it green', commercial developers are being asked to step up. The airport expansion on Hwy 71, for example, where significant clearing is visible has plans to mulch the scrub trees removed to use in building berms on Hwy 71 frontage/throughout the complex with green plantings.

- **Horseshoe Bay is an interdependent community emerging from an existing resort membership.** 80%+ of residents are members of the Horseshoe Bay Resort at some level with access to multiple amenities. The health of our City requires the resort remain healthy and vibrant. As our largest taxpayer/sales tax source and greenspace provider investing in redundant amenities does not benefit either entity. Still, recognizing the citizens who are not members, all stakeholders are served through some City owned/managed amenities.

A Volunteer Citizen Parks Committee is updating the current Parks Plan which has over time developed Martin Park/pavilion, the Pickle Ball courts, and Hiking Trail caretaking (with donation partners). They are also exploring a network of Hiking Trails and upgrades to existing amenities. Sales tax funded the painting of 'bike lanes' on HSBay Blvd where bikes are rented to provide passage safety on this thoroughfare. This is one of the only streets in HSBay wide enough (or with clear enough line of sight traffic) to allow this – but other biking support options are under review by the committee.

4. **'Managed' means honoring every tax dollar with fiscally responsible budgeting.** The City of Horseshoe Bay has received annual awards for its clean audits, its full transparency, and holds the highest level credit rating for a city our size (translating to lowest interest rates for bonds). Each year the budget is developed to fully support high levels of service, anticipate equipment and staffing needs, and plan for the future. This includes meeting all standards for reserves for emergencies. As the city has grown, so too has the tax base. This has allowed budgeting to meet the annual increases in salary and insurance benefits (which is nearly 80% of the total budget), fuel and equipment price increases, and response to state and industry unfunded mandates – without a need to increase the tax rate from the current .27 (as compared to Marble Falls .59, Lakeway .33, and all other regional cities except Fredericksburg who has a significant sales tax revenue). **The long range projections indicate HSBay will continue to hold this low .27 maximum tax rate for at least the coming 5 years – and likely beyond.**

- **Financial management requires the use of varied strategies/resources.** The City has taken advantage of grant opportunities, collaborations with state and federal agencies, donations, and bond issuance (at low interest rates) to offset tax payer burden. Millions of dollars have been acquired from non-taxpayer funds to assist with costs associated with roads, police/fire equipment, utility infrastructure, and even internet access. City staff keeps exceptional data (visible to all citizens monthly in the Council Agenda postings) that support their application success for outside funding. As a result, each department operates at high standards with state of the art equipment and training with our stable tax rate.
- **Fiscal accountability means aligning cost to the appropriate users fairly and equitably.** The recent influx of building has added to the cost of Development Services, requiring some contracted labor. The Council **approved a near doubling of permitting fees** for all building which will cover the cost of over 70% of the Development Services. Since current residents also draw upon the department, the remaining costs are paid for through tax payer funding. It also allows for continuity when the building market slows and permit fees dwindle.

The results of the Drainage Plan and Traffic Impact Study will result in determining the need (and amount) of additional fee assignments. Already all new developments, especially those along Hwy 71, pay significant impact fees for access to our water systems. Negotiations are

under way to appropriate a higher portion of Drainage management on new development once the Drainage Study is complete as the Hwy 71 properties will sit above our watersheds and have the highest potential for flood management/costs.

Aside from Tuscan Village and the expanded Sienna Creek (under 100 lots per phase), at this time we have only one new development/request of over 100 lots (a quality high standard gated community) under review. We have been approached by other developers, but they did not meet the standards of our City plans. These were not extensive developments, but had high density potential without quality of life amenities. Any new development filing requests will be subject to the same full scrutiny and accountability for quality and cost impact on utilities, drainage, and first responders before approval. Single family lots reflect 150 new building permits so far for 2022 (slightly down from the 169 this time last year) – and over 50% are in the Tuscan Village, Summit Rock, Sienna Creek grandfathered (no spec limit) areas. The remaining new builds (largely custom) are spread across all 11 property sub-divisions and the **spec limits are in full force**.

We all have experiences where we saw the density, size or style of homes that maybe weren't to our personal choice shift the profile of the community. There are certainly some design variances emerging here, but **the State does not allow cities to dictate design, color, landscaping or home size**. External building materials, construction standards, set backs and utilities are under the review of the City. Otherwise, the ACC of each sub-division has authority (and enforcement right/responsibility) so that the property owners have a voice in the unique nature of their community. Developers have been encouraged to plat larger lot sizes to reduce density (as seen at recent Council approval), but with this comes larger homesites, though this potentially has less individual impact on water use, etc.

A new traffic study will seek to verify if the resurfacing pace is accelerating due to volume of traffic and new roads. Since new builds will already pay proportionally through taxes, POA dues – any additional amount assignable to builders will have to be determined once we know this cost. We are sensitive that these costs will likely pass through to homeowners.

Once the application with LCRA is approved for long range water quantity guarantees, existing fees (currently paid by every new build) for water taps will be reviewed for increase to absorb rises in LCRA access costs due to increased volume needs. Once we set a level of water access with LCRA, we must pay for the water whether used or not (though at a lower rate for unused water) so we want to plan carefully. Still...we would rather have more than needed than be short. If we use more than contracted, we pay twice the fee. Since cities all along the Colorado are negotiating for water access – we are grateful for our HERO standing as a responsible, conservation oriented city in securing the best possible contract. The greatest threat to LCRiver water levels are not cities like us with management strategies, but the miles of unincorporated and open access points along the entire river/lake corridor.

The over 100 citizens who have attended the Citizens Academy learned of even more activities/planning by each department to support exemplary service through efficient and accountable practice.....amid constant change (up and down) in development over the years. Like me, they have all developed a high respect for the talent and integrity of our City staff and those many, many citizen volunteers who have

lent their own life expertise to the process. **We can all proudly take comfort and trust in knowing that “managed growth” practices are in place, reviewed, adjusted and continually evolving.**

FINALLY - When we moved here over 25 years ago, we joined a small laid back lake resort community ¼ our current size. Then, just as now, we grew anxious as others discovered our special (secret?) life. But we soon found that the arrival of new residents was really the arrival of new friends and talented citizen contributors. Over time we saw the census justify a local grocery, pharmacy, bottle shop (yay), and other essential services of banking, hardware, salon care, an actual post office (still questionable!), and even nearby medical services (none imagined in 1995). After 10 years, the need to incorporate arose, and services for full time police/fire and utility management was solidified. **Faith replaced fear and our little resort oasis lake area “managed” to become a small town/city.**

Throughout - the focus has always been a welcoming heart with all joining in on managing our growth by carrying the load together to keep the quality of life of HSBay. I am certain that we benefitted from those who had been here 20 years before us...just as our new neighbors now will benefit from the efforts of all of us these past two decades. New residents will have clear communications if/when/why additional costs are required of their building/developments. **The City will rightfully assign impact fees and staggered payment schedules where appropriate**, but penalty payments just for moving here after the rest of us without valid cost analysis will not be the City approach. **We are all proud of who we are in HSBay....sharing the notion of *Living the Dream together.***

As we weather the stresses of this moment in time of rapid growth, let's keep it in context with a continued **focus on positive ‘managed growth’** with solid, fiscally responsible and planned service delivery. This growth bubble will settle down (and pop up again) and management strategies will need to be consistently vigilant. But I wouldn't wish away any of my new neighbors or begrudge them from having the same access to this unique life that I enjoy. They have quickly joined in our WGA/MGA, church, pickleball/tennis, social groups, and volunteerism with genuine community spirited hearts. In a world of negativity and ‘the sky is falling’ angst, it makes me even more appreciative of the blessing of getting to be a citizen of HSBay - and makes me **proud to support our professional and highly competent City staff, Council, previous Mayors/councils and Committee volunteers who work hard toward “preserving the past while planning for our future”.** What a life.....



Cynthia Clinesmith, Mayor

City Website - www.horseshoe-bay-tx.gov