

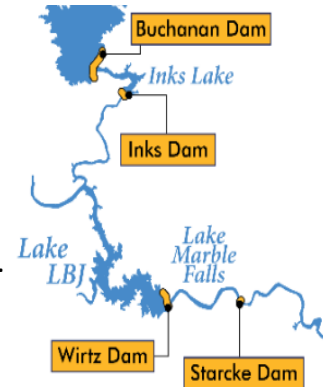


Mayor's Message August 2022

Slower days ahead as snowbirds have gone, vacations are in full swing, holiday guests headed out, and construction is on a decrease. It's time to breathe and take in our beautiful lakeside living (if only from an a/c room).

City News

Hot, dry, repeat! If you are a Texas native like me, it's not new to see the drought/flood cycle in full motion but this is an exceptionally dry year....so water management is on everyone's mind.



The LCRA Executive Director for Water Management brought a team to meet with POA presidents and citizen advisory committee members. Following the depression of the 1930s, the LCRA was created in 1934 to improve the Texas region challenged by devastating floods, extreme droughts and limited access to reliable electricity. They 'built a chain of dams that tamed the lower Colorado River and formed the Highland Lakes, and also produced hydroelectricity and built transmission lines that brought reliable, affordable power to the rural Texas Hill Country'. Our Lower Colorado River/LCR is not connected to the Upper Colorado River nor the management strategies impacting Lake Mead, Lake Powell, etc. even though the naming is confusing. Municipalities all along our river have confidently relied on LCRAuthority for nearly 100 years. Its stability is intact, but water is not unending. They will eventually meet their limit for 'firm' water guarantee sales for each customer (such as HSBay). They will not run out of water as they will stop selling at the guarantee level (using adjustment strategies), but each customer will need to have practices in place to stay within their firm guarantee.

Given the 'gold rush' move-in all along the river in Central Texas, we are all concerned. Ten key questions for LCRA focused on their short and long term plans to ensure access to water needs for decades to come. This presentation (posted on city website) answered all posed questions and offered some clarity. While water security during our lifetime was reassured, there was a clear message that our practices on water use will impact future access – and underscored our responsibility for generations that will follow us. In short...**conservation practice is essential.**

The presentation shared how the lakes are designed to store/manage water during wet seasons and provide for increased needs during dry seasons. There have been peak droughts every decade or two (the worst in 1952), with increased fluctuation as in the 2015 drought followed by the 2019 flood. The key takeaways of the presentation were:

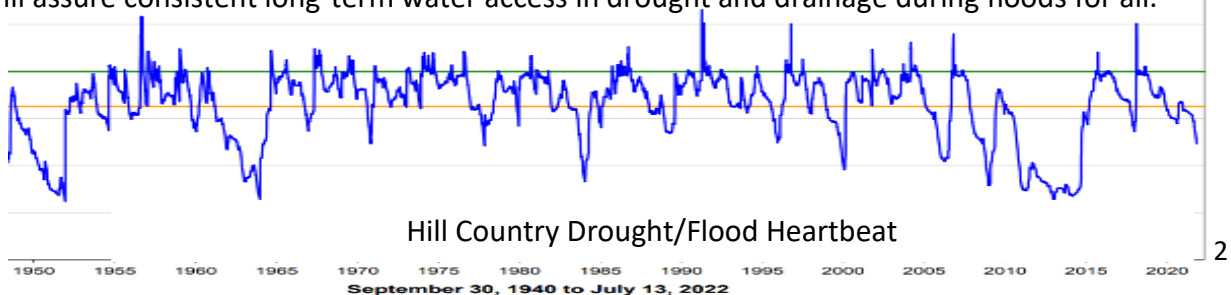
- Drinking water will remain in full access
- Most water is used for irrigation of lawns, agricultural and public spaces
- Conservative management plans are in place that include additional reservoirs, groundwater access, balanced water contracts, and conservation goals
- Downstream water access by agricultural use (predominantly rice) is reduced as needed
- The lake system is doing what it is designed to do – manage drought/flood cycles and serve for storage locations in between

For HSBay, as we begin to secure our next contract for 20 years with near doubled capacity – we have to recognize that to make this ‘firm’ guarantee of water access fully supply our needs for decades to come – we have to assume our own responsibility. Our last contract for 5 years has lasted into its 12th year (renewable due to below cap usage), but as we are nearing our 2010 cap due to population growth we are recognize the need to increase our allotment to meet current and future needs. As long as we remain under our new cap, our guarantee is renewable. Our city operations earned the *Blue Legacy* and *River Hero* awards as models of best practice. We have stayed within our cap due to meaningful utility actions such as voluntary Stage 2/twice week irrigation, Water Smart technology, irrigation audits, replaced infrastructure, and collaborative water practices. Fortunately, we are a ‘defined boundary’ city and even with potential growth along Hwy 71 (and remaining interior lots), we can anticipate the maximum future need so we can set our firm guarantee accordingly. We cannot set a ‘hoard’ level asking for more than we can demonstrate we will potentially need nor set it for excessive years out. This new contract will serve this city at full development well for decades. Still, to stay fully below our capacity levels – the city is shaping a long range conservation plan for consumers, that could include:

New development/new homes (predominantly on Hwy 71):

- Density restrictions (fewer homes per development) on larger lot sizes
- Requirement to search for other water sources on site as supplement
- Restrictions on high water demand grasses/required Stage 2 water cycles
- Ratios of native plantings to grass on greenspace/lawns
- Increase of soil levels below grass (older homes currently have minimum soil between grass and rock which limits root depth and increases water evaporation)
- Higher impervious cover levels (to also assist in drainage/water flow)
- Potential maximum water use per square foot on lots (recognizing that irrigation is over half the drain on water use); ironically, evaporation of lake surface is the primary culprit
- Examination of ‘purple pipe’ installations where recycled water will serve to irrigate (already in place in several areas/homes, most evident on golf courses)
- Increased ‘tap’ fees to cover water reserve costs; new development pays for reserve
- Protect potential impact on our full city drainage, density of growth, and property values through Hwy 71 master planning. If we do not assume management of these properties, they can divert to Marble Falls or other options (drawing from the same river supply) with no restrictions on zoning/density/quality or type of building project.

There will also be a review of expectations for new internal lot builds focused on irrigation, low demand grasses and native plantings, impervious coverings, and conservation practices. This will assure consistent long-term water access in drought and drainage during floods for all.



The resort has a separate contract with LCRA (not using City guaranteed supplies), but we all know that they (and neighboring cities/others all along the Colorado River) draw from the same river water supply. We have a mutually beneficial relationship with the resort with regard to wastewater management. We have to have someplace to remove treated wastewater (gray water/effluent) to meet the TCEQ State guidelines and the resort needs to water golf courses. Using our effluent allows the resort to reduce their water draw need.

The annual July budget workshop (9 hours! Thanks volunteer council members and city staff!) began with some clear guideposts. **All departments honored the commitment to not raise the current tax rate of .27 (compared to Marble Falls .62)** – especially in a year of growth that allows for funds for some delayed/long range needs. The new salary survey of 16 surrounding/ competing employers guided our urgency to meet our goal for 60-70%tile with a respectful benefit package. Moving to the TMRS retirement package not only saved over \$100K for the taxpayers, it opened up barriers for recruitment as over 90% of all municipalities have been using this 100 year old, secure system...and applicants were not willing to set aside their tenure and eventual pension options. Additional good news was in the insurance quote for staff. After a 2021 ‘no increase’, we were receiving tentative quotes of 11-15% (as were other cities). The claim ratio and history with the city resulted in a ‘zero’ percent increase again this year. Both helped offset the demand from salary increase adjustments. With salary/benefits being over 75% of city budget, the staff is now competitively compensated with full respect.

The other primary areas of focus for the budget were ensuring all departments were fully funded. There were some delayed needs met by taxpayers, but also significant help by cost collaborations, creative negotiations, and outright donations. The resort donated a new SUV from the Ford fleet to meet the need for a new patrol car saving over \$50K, and the Keiffer and Foster donations offset patrol boat upgrades and some forward training need costs. Fortunately, the ‘bumper year’ covered increased fuel costs overall (and the increased cost from \$200K to over \$800K for the required petroleum liner for wastewater pond to meet TCEQ safety standards). The finance department took advantage of this first year opportunity to ‘buy down’ debt on a prior bond, saving maximum interest. A review of forward progress on the Long Range Plan actions approved a communication director position, adding to the building fund for the city center, and funding crucial drainage study. The Nature Park collaboration was renewed in appreciation of the private/public partnership. The County ARPA funds were dedicated to the internet towers to be installed in the coming months, along with added dedicated fiber to antenna sites. LCRA supported a 20 year \$1 lease for property adjacent to the new City Center to provide for overflow parking. City non-local ARPA funds paid for generators and new infrastructure utility needs. **Budget practices** draw on all grants, donations, federal/ county/private collaborations, new tax base, and old fashioned ingenuity to keep the tax rate flat even as costs and service demands increase. **It’s a team we can all be proud of for sure!**

Discussions were held to ensure future road installations, much needed employee work space at the city center, and expanded West Fire Station would be met through **new bonds**. **This**

assigns some cost to current users, but the overall cost can be spread out to include payment by new citizens/future users in years to come. Increased builder fees will pay for needed code enforcement on on new development building sites. An **additional part time firefighter was added to each shift** to provide for full coverage due to growth (paid for by additional tax funds generated by new taxpayers). This allows for staffing levels to stay full when firefighters are ill, on vacation, or at training thus limiting the demand/costs for overtime of full-time staff. **Sales tax revenue** partners for fireworks, Independence Day at Quail Point, Nature Park, Workforce training, and other community benefits rather than using citizen property taxes.

Community News

What a fabulous community **event on Independence Day!** THANKS to the HSBay POA and a ton of volunteers – for a full day of parading (land, boat, and pets!), music, arts, eats, even a booth to “dunk the fire chief” (he has requested volunteering the police chief next year for payback!). Even with 4 firework displays, we can take pride that citizens (and the thousands of guests) honored the burn ban – and safe behavior with fire (and lake activity) prevailed. So proud! **Remember** you have access to full details of all police/fire/utility field calls, animal control figures, development of speculative/custom sites, and full transparent financing on the **city website**. Likely way more information than you want....but there when you do have questions!

A second town hall is being planned once snowbirds and vacationers return for any who missed earlier opportunities to get informed. This September meeting will focus on the LCRA workshop summary, growth management along Hwy 71 (including Drainage Study report), Internet installations (FINALLY!) and the upcoming City Center development. It will be a limited presentation open to all citizens with most time focused on Q & A opportunity with City Staff Directors (water, building, and future planning). **Details will be posted after Labor Day.**

Looking ahead

Our thermostats stubbornly continue to read 3 digits and dry - making it hard to believe we were reeling from a flood just 3 years ago. Many of us have childhood memories of the tar bubbles on the asphalt, attic fans being the only cooling source, and ice cream trucks that seemed magical! We weren't aware of the adults trying to manage the worst drought ever (1952), an LCRA system that was only 20-30 years old, and navigation of the growth spurt of Middle America emerging prosperity. Today as we work together to address our own drain on the electric grid (keep those thermostats at 78^o between 1-7 pm!), water supplies, and needed growth management efforts – let's also remember to reflect on the life we are living. I laugh when I catch myself complaining and instead challenge myself to give thanks for what I have, for those who are serving to keep it in place, and for the bounty that is HSBay.....

cc Cynthia Clinesmith, Mayor

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