



AGENDA MEMORANDUM
City Council Workshop of August 18, 2022

DATE: August 1, 2022

TO: Peter Zanoni, City Manager

FROM: Eddie Houlihan, Director of the Office of Management and Budget
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City Council Workshop on Streets, Stormwater, Water and Wastewater Utilities, Gas and Capital Improvement Program for FY 2023 Proposed Budget
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STAFF PRESENTER(S):

<u>Name</u>	<u>Title/Position</u>	<u>Department</u>
1. Gabriel Hinojosa	Interim Director	Public Works
2. Michael Murphy	Chief Operations Officer	Water Utilities
3. Bill Mahaffey	Director	Gas
4. Jeff Edmonds	Director	Engineering

ISSUE:

This is the fourth of five City Council workshops to discuss the FY 2023 proposed operating and capital budget. The topics for the second workshop include Streets, Stormwater, Water and Wastewater, Gas and Capital Improvements.

BACKGROUND INFORMATION:

A briefing on the FY 2023 proposed budget was presented to the Mayor and City Council on July 26, 2022. The FY 2023 proposed budget focuses on City Council and community priorities including public safety, street reconstruction/maintenance, parks, neighborhood services and utilities. The FY 2023 proposed budget, comprised of all funds excluding transfers, totals \$1.4B. The General Fund budget is \$279.6M, and the Capital Budget totals \$558.6M.

A series of five City Council budget workshops are scheduled to be held from August 5 to August 25. At these sessions, City staff will review in detail the budget proposals with the Mayor and City Council. Additionally, there will be five public input sessions to be held from August 8 to August 17. The budget is scheduled to be adopted on September 6, 2022, for the City's fiscal year which begins on October 1.

The fourth budget workshop will be held on Thursday, August 18, 2022, at 9:00 am. At the workshop, the City Council will be presented with the FY 2023 proposed budget for Streets, Stormwater, Water and Wastewater Utilities, Gas and Capital Improvements.

Streets:

The focus of the Street Department is to manage, maintain, and develop the City's Street system.

The FY 2023 combined proposed operating and capital budget for the Street Department is \$237.9M and includes funding from the Street Maintenance Fund, Residential Street Reconstruction Fund, and Capital Improvement Program. Below is a summary of the funding and position counts that would be authorized by the FY 2023 proposed budget.

FUND	FY 2023 PROPOSED BUDGET	AUTHORIZED POSITIONS
Street Maintenance Fund	\$46,427,074	160
Residential Street Reconstruction Fund	19,972,400	0
Capital Projects	171,504,560	0
Total	\$237,904,034	160

The FY 2023 budget includes \$237.9M for street maintenance and reconstruction which includes Residential and Arterial & Collectors. A 10-year sustainability program for Ocean drive and Shoreline Blvd was added to the FY 2023 Capital Improvement Program (CIP). Also included in the CIP for FY 2023 is \$8M for downtown Water Street improvements.

The Street Department's FY 2023 proposed budget includes funding for an additional 4 positions for a Right of Way Management Team (\$660k) and \$400k for three positions for a new Street and Traffic Engineering Survey Crew. Also included is \$2.7M for five pedestrian mobility & safety projects to be partially funded by a Surface Transportation Block Grant, \$365k for a new street median at Kostoryz and Masterson, and \$224k for a new High-Intensity Activated Crosswalk (HAWK) signal at Staples and Barry.

Stormwater:

The focus of the Stormwater Department is to collect and convey stormwater, protect life and property from storm flooding and protect water quality.

In FY 2022, the City joined other major Texas cities and approved a Stormwater maintenance program. A five-year program was presented with improvements and corresponding projected fee adjustments for each year. City staff is recommending a Stormwater fee increase in FY 2023 to fund improvements in the five-year plan and inflation. The Stormwater rate has three residential tiers: 1) Tier 1 parcels have an impervious cover of less than 3,000 sq. ft. - monthly rate will increase by \$1.18, from \$4.59 to \$5.77; 2) Tier 2 parcels have an impervious cover of 3,000 sq. ft. – 4,500 sq. ft. - monthly rate will increase by \$1.57, from \$6.12 to \$7.69; and 3) Tier 3 parcels have an impervious cover of greater than 4,500 sq. ft. - monthly rate will increase by \$2.75, from \$10.71 to \$13.46. A non-residential customer (all other accounts) currently has a monthly fee of \$6.12 per stormwater unit which will increase to \$7.69 per stormwater unit.

The FY 2023 combined proposed operating and capital budget for the Stormwater Department is \$83.4M and includes funding from the Stormwater Fund and the Capital Improvement Program. Below is a summary of the funding and position counts that would be authorized by the FY 2023 proposed budget.

FUND	FY 2023 PROPOSED BUDGET	AUTHORIZED POSITIONS
Stormwater Fund	\$23,253,692	122
Capital Projects	60,152,107	0
Total	\$83,405,799	122

Stormwater enhancements in the FY 2023 Budget include increased street sweeping, increased vegetation management, increased maintenance of major channels, increased minor channel maintenance and inlet cleaning and maintenance.

Water and Wastewater:

The focus of the Water Utilities Department is 24-hour per day utility operations to provide clean and dependable water and wastewater services to customers. This entails reliable delivery of safe potable water and raw water to customers in addition to the collection, treatment, and disposal of wastewater.

No rate changes are proposed for Residential Water customers or Wastewater customers in FY 2023. There will be a contractual increase for Public Agency rates.

The FY 2023 proposed budget for the Water and Wastewater Departments is \$502.2M and includes funding from the Water Fund, Wastewater Fund and Capital Improvement Program. Below is a summary of the funding and position counts that would be authorized by the FY 2023 proposed budget.

FUND	FY 2023 PROPOSED BUDGET	AUTHORIZED POSITIONS
Water Fund	\$144,804,576	329
Wastewater Fund	78,829,481	260
Capital Projects	278,582,051	0
Total	\$502,216,108	589

The FY 2023 proposed budget for Water includes funding seven positions to create an additional valve construction and preventative maintenance team (\$560k), one additional Work Coordinator for purchasing and inventory (\$78K), conversion of four temporary positions and addition of five positions to the Utility Business Office (190K). Water capital program includes \$55M in FY 2023 and \$195M over the next three years to rehabilitate and upgrade O.N. Stevens Water Treatment Plan. The water capital program also includes \$50M in FY 2023 and \$148M over the next three years to replace and repair water lines citywide.

The FY 2023 proposed budget for Wastewater includes the addition of two positions for pretreatment inspections (\$199k), nine positions for wastewater repairs and construction projects (\$940k) and three positions and equipment to assist with work orders (\$480k). Capital improvements include \$39M in FY 2023 and \$157M over the next three years to repair, rehabilitate and upgrade all six Wastewater Treatment Plants and \$34M in FY 2023 and \$66M over the next three years for capital improvements at Lift Stations.

Gas:

The focus of the Gas Department is to deliver natural gas to customers.

The FY 2023 proposed budget for the Gas Department is \$62.3M and includes funding from the Gas Fund and Capital Improvement Program. Below is a summary of the funding and position counts that would be authorized by the FY 2023 proposed budget.

FUND	FY 2023 PROPOSED BUDGET	AUTHORIZED POSITIONS
Gas Fund	\$52,757,331	167
Capital Projects	9,570,869	0
Total	\$62,328,200	167

The FY 2023 proposed budget for Gas includes the addition of two positions to support line location program (\$268k) and the purchase of vehicles and machinery to modernize the Gas fleet (\$528k)

Bond Program/CIP Budget:

The focus of the Engineering Department is to assist City departments in support of new projects and maintenance of existing infrastructure.

The total FY 2023 proposed budget for Capital Improvement Program is \$617M. Below is a summary of the funding and position counts that would be authorized by the FY 2023 proposed budget.

FUND	FY 2023 PROPOSED BUDGET	AUTHORIZED POSITIONS
Capital Projects	\$616,993,444	0
Total	\$616,993,444	0

LIST OF SUPPORTING DOCUMENTS:

PowerPoint - not attached

- Streets
- Stormwater
- Water Utilities (including Wastewater)
- Gas and,
- Capital Improvements