



3100 Alvin Devane Boulevard, Suite 150  
Austin, Texas 78741  
Tel: 512.441.9493  
www.quiddity.com

4

October 12, 2023

Mr. Rick A. Schroder  
Chief Administrative Office  
City of Johnson City  
303 E. Pecan Drive  
Johnson City, Texas 78636

Re: Proposal for Impact Fee Study Update

Mr. Schroder:

Quiddity Engineering (Quiddity) appreciates the opportunity to present this proposal for civil engineering services in connection with the City of Johnson City's (the City) Impact Fee Study Update.

#### **Project Understanding**

The City and Quiddity updated the City's Capital Improvements Plan, Future Land Use Plan, and Impact Fee Study in 2022. The Impact Fees were calculated, approved and implemented based on proposed meter size. It is Quiddity's understanding the City desires to update its Impact Fees to be based on Living Unit Equivalent (LUE) instead of meter size. It is also Quiddity's understanding that updates to the Future Land Use Plan and Capital Improvements Plan established and approved in 2022 are not needed at this time.

#### **Scope of Services**

##### Impact Fee Study

1. Calculate the total number of projected service units necessitated by and attributable to new development within the service area based on the approved Land Use Assumptions.
2. Establish the City's water demands and wastewater flows per LUE and update the projected water demands and wastewater flows attributable to new development for the next 5 years (2024-2029).
3. Evaluate timing of the 2022 Capital Improvements Plan projects, and adjust timing as necessary for new development.
4. Utilizing the 2022 Capital Improvements Plan and cost estimates, determine capital project construction costs necessitated by and attributable to new development within the service area. The cost estimates included in the 2022 Capital Improvements Plan update did not account for inflation or escalation (excluding the wastewater treatment plant expansion project).
5. Develop and recommend awarding a credit for revenues generated by new service units that is used for the payment of improvements included in the Capital Improvements Plan. It is assumed the City will continue utilizing a plan for credit equal to 50 percent (50%) of the total project cost of implementing the Capital Improvements Plan.
6. Summarize findings and recommendations in a written report. The report will include recommendations for collecting impact fees based on LUEs rather than by meter size.
7. Submit draft report to the City for review, and address comments.



Mr. Rick Schroder  
Page 2  
October 12, 2023

8. Prepare presentation and present the Impact Fee updates to the Capital Improvements Advisory Committee, and address comments.
9. Present the Impact Fee updates to City Council and hold Public Hearing.
10. Issue final signed and sealed Impact Fee Update report.

#### Water and Wastewater Capacity Update

1. Collect, review, and analyze the daily well logs from February 2022 – September 2023. Analyze and determine approximate water demands per connection changes over the last year compared to the previous analysis.
2. Update the water plant capacity analysis with revised water demands (as necessary).
3. Collect, review, and analyze the daily wastewater effluent flows from February 2022 – September 2023. Establish updated dry weather flows and approximate flow per connections.

#### Project Management

1. Host a kickoff meeting to review project objectives and deliverables, discuss critical tasks and potential impacts to schedule and budget, and develop a Quality Management Plan (QMP).
2. Attend one (1) virtual meeting with the City to discuss comments on draft Impact Fee Study Update report.
3. Maintenance of a project schedule, invoicing, monthly status reports.

#### **Proposed Fee**

In accordance with the Professional Services Agreement between Quiddity Engineering and the City of Johnson City, compensation for Services described herein will be on a time and materials basis as denoted in the amounts below:

<u>Scope</u>		<u>Proposed Fee</u>
1. Impact Fee Study	(Hourly)	\$ 16,000
2. Water and Wastewater Capacity Update	(Hourly)	\$ 7,000
3. Project Management	(Hourly)	\$ 4,000
<b>TOTAL FEE</b>		<b>\$ 27,000</b>

Compensation for Additional Services (including additional meetings) authorized by the City will be on an hourly basis per the attached Schedule of Hourly Rates. Reimbursable expenses under this contract will be charged based on actual usage in accordance with the attached Schedule of Reimbursable Expenses.



Mr. Rick Schroder  
Page 3  
October 12, 2023

**Proposed Schedule**

Quiddity will complete the scope of services defined herein according to the attached Project Schedule, commencing with written notice-to-proceed by Johnson City. Based on this schedule, it is anticipated the Project will take approximately 4 months to complete. Some scheduled items depend on receiving timely input from the City. Dates for Meeting with Advisory Committee and Public Hearings are subject to change based on the City's schedule.

**Special Considerations**

This proposal is based on the following special considerations:

1. This proposal shall be subject to the existing Professional Services Agreement between the City of Johnson City and Quiddity Engineering, LLC signed February 3, 2021 .
2. The services described herein for Impact Fee Updates do not constitute as a Capital Improvements Plan (CIP) update. Updating the scope, sizing, or EOPCCs for projects within the CIP, or adding projects to the CIP are not included in this scope of work. Should the City wish to update the projects within the current CIP or add to the current CIP, Quiddity can provide a separate proposal for services.
3. Services requested by the City that are outside the scope of this proposal will be performed on an hourly rate basis in accordance with the enclosed Schedule of Hourly Rates and Reimbursable Expenses. These schedules are subject to revision in January of each year.
4. The proposed fees shall be considered in their entirety for the scope of services. Should the City wish to contract with Quiddity for only a portion of the work, Quiddity reserves the right to negotiate individual scope items on their own merits.
5. This proposal shall be valid for sixty (60) days from this date and may be extended upon approval by this office.

We thank you for the opportunity to submit this proposal and look forward to working with you on this project. An executed copy of this proposal will serve as our notice to proceed. Please return one (1) copy to our office. Should you have any questions, please call 713.353.7123.

Sincerely,

Handwritten signature of Alan Moon in blue ink.

Alan Moon, PE  
Senior Project Manager

Sincerely

Handwritten signature of Kyle Kaspar in blue ink.

Kyle Kaspar, PE  
Manager

AMM/khk

V:\Practice Workspace\Water\Conveyance & Transmission Division\Proposals\City of Johnson City

Enclosures



# QUIDDITY

Mr. Rick Schroder

Page 4

October 12, 2023

APPROVED BY:

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Signature

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Name and Title (Printed)

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Date



August 1, 2023

City Council  
City of Johnson City  
303 East Pecan Drive  
Johnson City, Texas 78636

**Re: Proposed Fiscal Year Ending (FYE) 2024 Municipal Budgets**

Honorable Members of the Johnson City City Council:

As the Mayor of The City of Johnson City, I am endowed by Chapter 102 of the Texas Local Government Code as the budget officer of this city. I took a different approach to the budget process in order to increase transparency for our constituents and to encourage involvement by all members of the City Council. After many long hours with staff and department heads, I present to you the budget for Fiscal Year Ending 2024 for your consideration and approval. The laws of the State of Texas require that the city's presented and approved General Fund Budget is balanced, and I am pleased to report that this budget meets that requirement.

Events that have occurred in this city over the past several years have lowered a dark cloud over City Hall. Our citizens show a general distrust in many of the financial aspects of how this city is run. This message is not written to dishearten you and blame is squarely placed on the people who chose to break the law. But it is a necessary statement. To not acknowledge the feelings of the citizens of Johnson City does us all a disservice. As a newly elected Mayor, it is my hope and my ultimate goal to not only regain the trust of our citizens, but to bring about a renewed faith in local government and perhaps even excitement about the future of our city. Let us begin to build that faith and excitement together.

While it is not the most fun part of governing, the budget process is absolutely the most essential. If life in a post COVID world has taught us anything, it's that everything is unpredictable. Costs of goods and services continue to climb even now that inflation is beginning to plateau. It was a balancing act between that statement and the recognition that every department within the city is in need of new equipment, more manpower or both. I took all the notes from our budget workshop to heart, and I did my best to include them in this budget. I also included as many of the requests from department heads as could be afforded, and I think they will also be pleased.

## ***Budget Strategy***

City Staff and I began budget preparation with a desire to speak to each individual department head to get an idea of their Department's needs and their wants. The goal of this step was to increase the quality of life of our citizens, while at the same time providing every department with the equipment that they need in order to accomplish that mission. We looked for and successfully found several places where we could trim some excess expenditures. That included a discussion on reworking the current council chambers into offices for the police department and utilizing the security of the current building; and instead building a new wing to serve as a Council chambers and Courtroom, which could cost significantly less than the construction of a specialized building like a police station. We were also successful in saving over \$130,000 at the Wastewater Treatment Facility by utilizing effluent instead of purchasing a new, very expensive piece of equipment. These "brainstorming" discussions with staff and department heads have the potential to save hundreds of thousands of dollars to the city.

We are pleased to report that the proposed Fiscal Year Ending 2024 Municipal Budgets maintain the same ad valorem (property) tax rate from FYE 2023 -- \$0.3569 per \$100 valuation. We also expect to see increases of up 10% in some of our Revenue items. This is a conservative calculation, but the increase is in line with recent performance history. General Fund revenue also includes a direct transfer from the Water & Wastewater Utility Fund in the amount of \$76,143.00. This accomplishes the goal of utilizing the business of the utility department to subsidize the general fund. We also will be surpassing the recommended Fund Balance by holding over 4 months of operating reserves in the General Fund.

The City's Debt Service (interest & sinking) Fund includes the first payment of the newly issued Series 2023 Certificates of Obligation, three (3) lease-purchase contracts for Police Department vehicles and Supervisory Control and Data Acquisition (SCADA) systems within the City's Utility Department. Our Debt Service will be fully funded through property tax collections.

Some changes have been made to personnel, and while no new positions within the city have been created, some of the moves will maximize the effectiveness of different departments while saving as much taxpayer money as possible. It is absolutely essential to maintain a competitive wage, therefore, a 5.52% cost of living adjustment is included for all permanent employees. After speaking to all staff who would be affected by the change, the decision was made to eliminate the Utility Billing / Permitting Clerk position. This not a decision that was made lightly, and I spoke to staff on several occasions before I could confidently file this budget. This change will improve the salaries within the Public Works Department, which in turn will attract qualified candidates for job openings within the department. In an effort to streamline departments, a Parks and Recreation employee is being moved under Public Works, as well. The Utility Department Head already oversees many aspects of the Parks Department, therefore this move made sense to staff and myself. In total, the number of Utility Department employees has increased to four (4) people. We report that the hourly wage rate for a Water / Wastewater Operator now starts at \$27.00 per hour.

The City needed to increase base salaries for police officers to a minimum of \$53,136.50 per year to stay competitive. The salary line item includes allocations with a 5.52% to 13.54% increase based on officer's current salaries. These increases are not guaranteed to the officer and shall be distributed at the discretion of the Department Head, based upon employee performance and merit.

It is one of my highest priorities to maintain a workplace where City Employees feel valued. Maintaining and improving employee benefits is a big part of that. Employee Health and Dental insurance benefits are funded at the same level as this year, though cost has increased by a little over 7.5%, while vision insurance rates stay the same. In addition, Life insurance and Accidental Death and Dismemberment, as well as short- and long-term disability insurances also remained flat. The City's total salary and benefit expenditures are estimated at \$1.42 Million; this is approximately 42.50% across the General and Water/Wastewater Utility Fund. We will continue to endeavor to keep salary and benefit expenditures at or below 50% of these Fund Budgets.

A new fund has been created for the collection and expenditure in the Opioid Abatement suits. The fees for this fund are distributed by the State of Texas as part of the settlements in Pharmaceutical Company Class Action suits.

As we discussed during our Budget Workshop, a Splash Pad Fund has also been created. It will hold funds collected for future planning and construction of this project. I will not be accepting my Mayoral salary and I have transferred the full \$10,000 to the Splash Pad Fund in the hope that others in our community will follow suit with donations of their own. This project will improve the quality of life of children and families within Johnson City, and I cannot think of a more worthwhile project.

Lastly, these proposed Budgets include changes to the Municipal Fee Schedule. As discussed in a recent Council Meeting, the City's Solid Waste Contractor adjusted their fees to meet their increased operating costs. We withheld increasing costs to our citizens at the time, but the amended fee schedule does include the 4.71% increase. This equals to a \$1.06 increase to Residential customers. All other fees that have changed using the same Consumer Price Index adjustment that was used to calculate employee wage increases. Impact Fees and City Swimming pool entrance fees stay the same, in addition to any fee with a state-mandated maximum.

Revenues to the General and Water & Wastewater Utility Funds are expected to reach approximately \$3.3 Million during the 2023-2024 Fiscal Year.

Some of the highlights of the proposed FYE 2024 Municipal Budgets are:

- Maintaining and increasing Economic Development Programs;
- Increasing security of Park Facilities;
- Increasing Marketing and Advertising of the City for Tourism;
- Streamlining Department Personnel;
- Upgrading and maintaining City Parks amenities and buildings;
- Funds for Readiness for the 2024 Total Solar Eclipse;



- First Responder Vehicles, Equipment, and Software;
- Employee Training in all Departments;
- Agenda Management Software to increase citizen involvement;
- Development Services Review and Oversight;
- More Robust Community Events;
- Continuing the Meter Replacement Program;
- Highly Efficient Meter Reading Equipment;
- Public Works Vehicle and Equipment;
- Wastewater Treatment Plant Equipment;
- Wastewater Line Improvements;
- Fire Hydrant Improvements; and
- Updates to the Capital Improvements Plan and Impact Fee Study.

As stated above, the proposed ad valorem (property tax) tax rate remains the same at \$0.356900 per \$100 valuation. If adopted, the ad valorem tax rate would be split between Maintenance & Operating (M&O) and Interest & Sinking (I&S or debt service) tax rates in the following manner:

Maintenance & Operating (M&O)	Interest & Sinking (I&S)	Total
\$0.208500 / \$100 Valuation	\$0.148400 / \$100 Valuation	\$0.356900 / \$100 Valuation

The Blanco County Appraisal District certified municipal ad valorem taxable values on July 25, 2023. The net taxable value consisted of more than \$351 Million; however, approximately \$42.6 Million is subject to disability and senior tax freezes, which decreases the amount of tax collected by the City. The total expected ad valorem collection is estimated at \$1,209,371. The No-New-Revenue tax rate is \$0.3107 / \$100 valuation, and the Voter-Approval tax rate is \$0.3715 / \$100 valuation.

**General Fund Expenses – Budget Comparison**

Department	FYE 2023 Amended Budget	FYE 2023 Year End Estimate	Proposed FYE 2024 Budget
City Council	\$24,293	\$21,032	\$25,316
City Administration	\$477,652	\$497,060	\$498,902
Municipal Court	\$95,246	\$97,004	\$104,812
Police Department	\$758,002	\$677,030	\$809,566
Emergency Management	\$0	\$0	\$75,000
Buildings & Technology	\$237,839	\$233,835	\$243,231
Development Services	\$91,776	\$120,539	\$120,539
Parks & Recreation	\$358,462	\$352,421	\$197,082
Solid Waste	\$429,951	\$429,767	\$429,384
Streets & ROW	\$27,250	\$27,250	\$0*
<b>Total</b>	<b>\$2,500,470</b>	<b>\$2,455,938</b>	<b>\$2,503,832</b>

\* Street Maintenance Bond



**Water & Wastewater Utility Fund Expenses – Budget Comparison**

Department	FYE 2023 Amended Budget	FYE 2023 Year End Estimate	Proposed FYE 2024 Budget
System	\$807,776	\$841,715	\$830,995
Total	\$807,776	\$841,715	\$830,995

**Budget Calendar**

City of Johnson City, Texas	
Fiscal Year Ending (FYE) 2024 Budget Calendar	
<b>7/7/2023</b>	Department Heads and Supervisors return FYE 2024 Budget requests to Mayor and Chief Administrative Officer (CAO).
<b>7/11/2023</b>	City Council establishes the FYE 2024 Budget Calendar.
<b>7/18/2023</b>	City Council Budget workshop.*
<b>7/25/2023</b>	Chief Appraiser delivers certified appraisal roll to the City and calculates no-new-revenue, no-new-revenue (M&O), voter-approval, de minimis, and debt tax rates.
<b>8/1/2023</b>	Mayor files proposed FYE 2024 Budgets with the City Secretary.
	Proposed FYE 2024 Budgets and no-new-revenue, no-new-revenue (M&O), voter-approval, de minimis, and debt tax rates presented to the City Council. CAO certifies tax rate calculation forms.
	City posts proposed FYE 2024 Budgets, no-new-revenue, no-new-revenue (M&O), voter-approval, de minimis, and debt tax rates, and certain debt information on the City's website.
	City Council votes to:
	Place a proposal to adopt a tax rate on a future City Council agenda.
	Set dates and times for Public Hearings on the proposed FYE 2024 Budgets.
	Set dates and times for Public Hearings on the proposed tax rate.
<b>8/9/2023</b>	Notices of Budget and Tax Rate Public Hearings and Notice of the Meeting to Adopt the Tax Rate published in the Johnson City Record Courier.
	City posts Notices of Budget and Tax Rate Public Hearings and Notice of the Meeting to Adopt the Tax Rate on the City's website.
	City provides Chief Appraiser Notices of Budget and Tax Rate Public Hearings, Notice of the Meeting to Adopt the Tax Rate, and proposed tax rate.

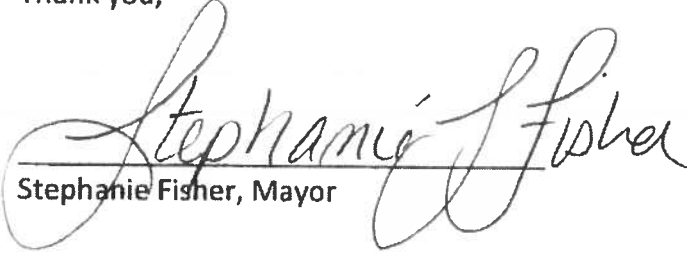
<b>8/15/2023</b>	Public Hearings on proposed FYE 2024 Budgets and tax rate.*
<b>9/5/2023</b>	Public Hearings on proposed FYE 2024 Budgets and tax rate.**
	City Council adopts the FYE 2024 Budgets and tax rate (record vote).
	City Council votes to adopt a Budget that will raise total property tax revenue.
*	Intended for public participation and transparency.
**	Intended to fulfill TLGC Secs. 102.006 and 102.0065 and Tex. Tax Code Secs. 26.05 and 26.06 requirements.

**Summary**

This proposed budget puts the City of Johnson City in a healthy financial standing for the coming fiscal year. It takes care of our citizens, as well as our employees, and improves the quality of life for all. It gives us the ability to grow our local economy, while giving us the opportunity to save some funds for future expansions and improvements. It is robust enough to meet the growing needs of our growing city and conservative enough to keep property taxes low.

As revenues and expenses continue to accrue throughout the remainder of the current fiscal year, City Staff and I will update the proposed FYE 2024 Budgets and present them to City Council on August 15<sup>th</sup> and September 5<sup>th</sup>. We anticipate adoption of the FYE 2024 Budgets and tax rate on September 5, 2023. Please do not hesitate to contact me with questions or comments at 830.330.0181 or by email at [sfisher@johnsoncitytx.org](mailto:sfisher@johnsoncitytx.org). Rick Schroder may also be contacted at 830.868.7111, Ext. 8, or by email at [rschroder@johnsoncitytx.org](mailto:rschroder@johnsoncitytx.org).

Thank you,



Stephanie Fisher, Mayor

**Adopted FYE 2024 Impact Fee Fund (Restricted)**

Impact Fee Fund						
Account #	Account Description	2022-2023 Amended Budget	Current YTD	2022-2023 Projected Year End	2023-2024 Requested Budget	Notes
			Beginning Fund Balance \$	-	\$ 48,861.11	
12-4900	Interest Income	\$ -	\$ 164.50	179.45	\$ 179.45	
12-4803	Impact Fees	\$ -	\$ 44,670.00	48,730.91	\$ 48,730.91	
	<b>Revenue Total</b>	\$ -	\$ 44,834.50	48,910.36	\$ 48,910.36	
12-361-6501	Impact Fee Expenses	\$ -	\$ 45.15	49.25	\$ 20,000.00	Capital Improvements Plan Update - Meter Size to ESFU
	<b>Expenditure Total</b>	\$ -	\$ 45.15	49.25	\$ 20,000.00	
	<b>Surplus / (Deficit)</b>	\$ -	\$ 44,789.35	48,861.11	\$ 28,910.36	
			<b>Ending Fund Balance \$</b>	48,861.11	\$ 77,771.47	