



City of San Marcos

2014 Proposed Budget Policy Statement

Adoption: April 2, 2013

I. Strategic Initiative- Sound Finance

★ Community Satisfaction Survey & Service Level Determination

- Provides statistical support related to operations
- Provides feedback as to what citizens feel need enhancement/reduction
- Provides City Council and Management with information on best use of tax dollars

★ Long Term Financial Plan

- Creation of a Long-Term General Fund Financial Plan (5-7 years)
- Financial goals and targets can be communicated, debated, developed and formalized
- Financial Strategies can be illustrated communicated more effectively when seen as part of a long term plan
- Funding options related to CIP Department Personnel will be explored in order to provide a more appropriate and cost-effective source over a period of time will be considered
- Routine Update and analysis of Utility Rate Models
- Balance of Future Debt Issuances with need, staff capacity and in alignment with financial targets

II. Fund Balance Goals

★ Fund Balances

Goal for fund balances will be at the following levels:

- General Fund: Minimum of 25%- 2014 Goal 30%
- Water/ Wastewater Fund: Minimum of 25%
- Electric Utility Fund: Minimum of 25%

III. Revenue Goals

GENERAL FUND

- No property tax rate increase projected
- Property Values approximated at 3% increase in 2014
- Water/Wastewater Utility franchise fee transfers to the General Fund will remain at 7% in 2014

- Electric Utility fund franchise fee transfers to the General Fund will continue to be reduced to 7.5% in Fiscal Year 2014
- Sales tax will be projected with a 3% increase

WATER FUND

- In-depth Review of Capital Improvements Process Underway. Will evaluate funding needs on existing projects, staff capacity to complete current and future projects. Also prioritizing projects to minimize future bond issuances to the Water/Wastewater Utility
- Rate study underway to determine possible rate structure changes
- Recommendations related to rate structure and future rate increases will be made by Citizens Utility Advisory Board
- Completed Study by May

ELECTRIC FUND

- In-depth Review of Capital Improvements Process Underway. Will evaluate funding needs on existing projects, staff capacity to complete current and future projects. Also prioritizing projects to minimize future bond issuances to the Electric Utility
- Rate study underway to determine possible rate structure changes
- Recommendations related to rate structure and future rate increases will be made by Citizens Utility Advisory Board
- Completed Study by May

DRAINAGE FUND

- Initial Review calls for a 5.5% rate increase or \$0.33 per LEU
- In-depth Review of Capital Improvements Process Underway. Will evaluate funding needs on existing projects, staff capacity to complete current and future projects. Also prioritizing projects to minimize future bond issuances
- Estimated CIP Issuance in 2014 of \$1.4 Million
- Potential Rate increase does not include service level adjustments related to mowing or additional water quality projects

DEBT SERVICE FUND

- Authorize the use of Excess Debt Service Fund Balance to offset debt to operations ratio. This will allow the City to adopt a debt to operations ratio of 50/50 in Fiscal Year 2014. 2014 estimated use of Debt Service Fund balance is \$189,411. Available funding is \$4.0 Million.

CAPITAL IMPROVEMENTS PROGRAM

★ CIP/ New Debt

- In-depth Review of Capital Improvements Process Underway. Will evaluate funding needs on existing projects, staff capacity to complete current and future projects. Initial Recommendations presented to Council
- Continue plan to adjust debt to operations ratio to 50/50 within 5 years. Year 2 of 5

IV. Fund Expenditures

GENERAL FUND

- Direction given to add 1 new police officer and 4 new firefighters added mid-year 2013 plus 1 new officer added mid-year 2014 to help offset overtime issues in both Police and Fire
- Direction given to include Database Administrator and GIS Manager into the Proposed 2013-14 Budget
- Increase funding for Videographer to allow for the possibility of recording school board meetings.
- Additional Personnel proposed in the new budget will be based on need. Still being evaluated but will be minimal if any.
- A total of \$234,000 in new General Fund operating expenses is being proposed in the new budget. It should be noted that this is 53/100 of 1 percent of total General Fund expenditures. The allocation of this \$234,000 will be based on separate departmental budget submittals. These proposals will be approved by the City Manager before being submitted for approval by the City Council during the budget process.
- Contractual Obligations/Consumer Price Index increases will not be subject to the \$234,000 allotment unless designated by City Manager.
- \$600,000 for Capital Outlay
- Future CIP program being evaluated with goal of only \$4Million per year for next 4 years.

WATER/WASTEWATER FUND

- New Personnel proposed in the new budget will be based on need. Still being evaluated but will be minimal if any.
- A total of \$102,000 in new Water/Wastewater Fund operating expenses is being proposed in the new budget. The allocation of this \$102,000 will be based on separate departmental budget submittals. These proposals will be approved by the City Manager before being submitted for approval by the City Council during the budget process.
- Contractual Obligations/Consumer Price Index increases will not be subject to the \$102,000 allotment unless designated by City Manager.

- Reduce Utility fund transfers to the General Fund will remain at 7%. 2 years ahead of schedule.
- \$500,000 for Capital Outlay.
- Future CIP program being evaluated with goal of reducing or deferring future bond issuances.
- Recommendations related to rate structure and future rate increases will be made by Citizens Utility Advisory Board.

ELECTRIC UTILITY FUND

- New Personnel proposed in the new budget will be based on need. Still being evaluated but will be minimal if any.
- A total of \$86,000 in new Electric Fund operating expenses is being proposed in the new budget. The allocation of this \$86,000 will be based on separate departmental budget submittals. These proposals will be approved by the City Manager before being submitted for approval by the City Council during the budget process.
- Contractual Obligations/Consumer Price Index increases will not be subject to the \$86,000 allotment unless designated by City Manager.
- Reduce Utility fund transfers to the General Fund to 7.5%. One Year ahead of schedule.
- \$500,000 for Capital Outlay.
- Future CIP program being evaluated with goal of reducing or deferring future bond issuances.
- Recommendations related to rate structure and future rate increases will be made by Citizens Utility Advisory Board.

V. External Programs

★ Continue to explore opportunities to fund Capital Maintenance Funds and additional one-time funds related to:

- Technology Funds- potential increase of \$50,000
- Street Maintenance Funds- potential increase of \$300,000
- Sidewalk Maintenance Funds- new funding of \$200,000
- Building Maintenance Fund- same level as FY2013
- Park Repair Fund- same level as FY2013
- Explore opportunity to rehab existing facilities at a cost of between \$350,000 to \$500,000 that would allow for relocation of Municipal Court and/or Planning & Development/Permit Center/Engineering. This would help with current space issues the City is experiencing.

★ Education and Youth Initiatives

- Explore Initial Funding of \$150,000 related to Education and Youth Initiatives including but not limited to: 1). After school programs; 2). Early Childhood Education; 3). Library Programs; 4). Swimming Lessons

★ **Social Services**

- Increase funding in FY 2013-14 Proposed Budget to \$410,000

★ **Hotel Motel Fund**

- Increase Downtown Marketing Funding to \$50,000, ask CVB to match for a total of \$100,000 in potential matching funds. If CVB can't match, then looks at City funding total.
- Ask Arts Commission to look at funding neighborhood and family projects that meet the two part test.

★ **Potential Bond Election**

- City Council would like to reexamine the potential for a future bond election in October/November 2013 timeframe.