

RESOLUTION NO. 2014-57R

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN MARCOS, TEXAS, APPROVING A BUDGET POLICY STATEMENT FOR PREPARATION OF THE 2014-2015 FISCAL YEAR BUDGET; AND DECLARING AN EFFECTIVE DATE.

RECITALS

1. Section 8.02(b) of the San Marcos City Charter requires the city council to formulate a policy statement to be used by the city manager as direction during the preparation of the proposed budget.

2. The City Council conducted a public hearing regarding the formulation of the budget policy statement at its regular meeting on April 15, 2014.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SAN MARCOS, TEXAS:

PART 1. The budget policy statement attached to this resolution is hereby approved and the city manager shall use this statement to direct the preparation of the proposed budget for the 2014-2015 fiscal year.

This Resolution shall be in full force and effect from and after its passage.

ADOPTED on April 15, 2014.



Daniel Guerrero  
Mayor

Attest:

Jamie Lee Pettijohn  
City Clerk





# City of San Marcos

## 2015 Proposed Budget Policy Statement

Adoption: April 15, 2014

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### **I. Fund Balance Goals**

- General Fund: Minimum of 25% (of recurring operating expenses)
- Water/ Wastewater Fund: Minimum of 25% (of recurring operating expenses)
- Electric Utility Fund: Minimum of the equivalent of 60 days of operating expenses including purchased power

### **II. Capital Improvements Program**

- In-depth review of Capital Improvements Projects underway. Will evaluate funding needs on existing projects, staff capacity to complete current and future projects. Initial Recommendations will be presented to Council
- Explore the option to achieve economies of scale by bundling smaller, multi-year projects, like sidewalk improvements, into single year funding.
- Issue only up to an appropriate amount of debt in the general fund to maintain the 50/50 debt to operations ratio
- Utility CIP capacity calculated through the rate model

### **III. Revenue Goals**

#### **GENERAL FUND**

- No Property tax rate increase
- Property Values increase based on a conservative trend
- Electric Utility fund franchise fee transfers to the General Fund will be reduced to 7% in Fiscal Year 2015
- Sales tax will be projected with a 5% increase over prior year
- Building Permit fees will be based on a conservative trend
- All other revenues will be increased 1%

#### **WATER FUND**

- 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
- Preliminary rate study results available in May

#### **ELECTRIC FUND**

- 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

- Preliminary rate study results available in May

#### **DRAINAGE FUND**

- Second year of a 5% rate increase per year for 3 years

#### **DEBT SERVICE FUND**

- Maintain a 50/50 property tax debt to operation ratio between the general fund and the debt service fund

### **IV. Fund Expenditures**

#### **GENERAL FUND**

- Additional personnel based on need
- Estimated 10% increase in health insurance premium for third and fourth quarters
- Budget full rate of 18.75% for TMRS
- Base operations budgets flat. Additions to the department budgets must be requested, justified, and ranked by priority.
- Fuel/Contractual Obligations/Consumer Price Index increases allowed
- Move \$300,000 of Street Maintenance from one-time expense to recurring expense
- \$700,000 for Capital Outlay
- Additional anticipated funding level increases:
  - EMS Funding-\$75K
  - Transit Funding-\$50K

#### **WATER/WASTEWATER FUND**

- Additional personnel based on need.
- Estimated 10% increase in health insurance premium for third and fourth quarters
- Budget full rate of 18.75% for TMRS
- Base operations budgets flat. Additions to the department budgets must be requested, justified, and ranked by priority.
- Fuel/Contractual Obligations/Consumer Price Index increases allowed
- Utility fund transfers to the General Fund budgeted at 7%
- Capital Outlay amounts determined through the rate model

#### **ELECTRIC UTILITY FUND**

- Additional personnel based on need
- Estimated 10% increase in health insurance premium for third and fourth quarters
- Budget full rate of 18.75% for TMRS
- Analyze outsourced services such as tree trimming, line extensions, additional labor for projects for potential cost savings if work is done internally.

- Base operations budgets flat. Additions to the department budgets must be requested, justified, and ranked by priority.
- Fuel/Contractual Obligations/Consumer Price Index increases allowed
- Utility fund transfers to the General Fund budgeted at 7%
- Allocation of economic development and legislative representation related expenses from the Electric Fund to the three major funds
- Capital Outlay amounts determined through the rate model

## **V. Other Initiatives**

### **★ Continue funding Capital Maintenance Funds and additional one-time funds related to:**

- Maintain Technology, Building Maintenance, Parks Repair, Sidewalk Repair- same level as FY2014
- Street Maintenance- Move \$300,000 to recurring expense and fund an additional \$300,000 in one time funds

### **★ Education and Youth Initiatives**

- Continue allocation of \$150,000 for the Youth Services Manager position and youth focused programs identified in the youth master plan

### **★ Social Services**

- Maintain funding at \$410,000

### **★ Hotel Motel Fund**

- Revenue based on conservative trends reflecting new hotel rooms
- Funding for special programs remains flat. Organizations can request increases during the budget process for specific programs

### **★ Economic Development Funding**

- Explore opportunities to establish dedicated economic development incentive funding source

### **★ Potential Bond Election**

- Plan for a future bond election in the 2015 timeframe.