



FY2020 Budget Workshop

June 26th – 27th

City of San Marcos | Finance



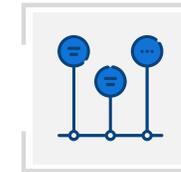
Budget Workshop Day 1



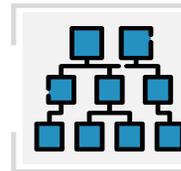
Revenue Analysis



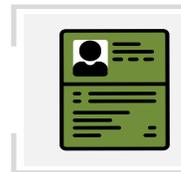
Expenditure Analysis



**General Fund Capacity /
Proposed Additions**



**Economic Development
Reallocation**



Bond Projects



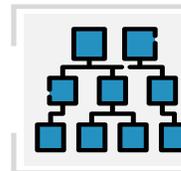
Budget Workshop Day 2



Other Major Funds

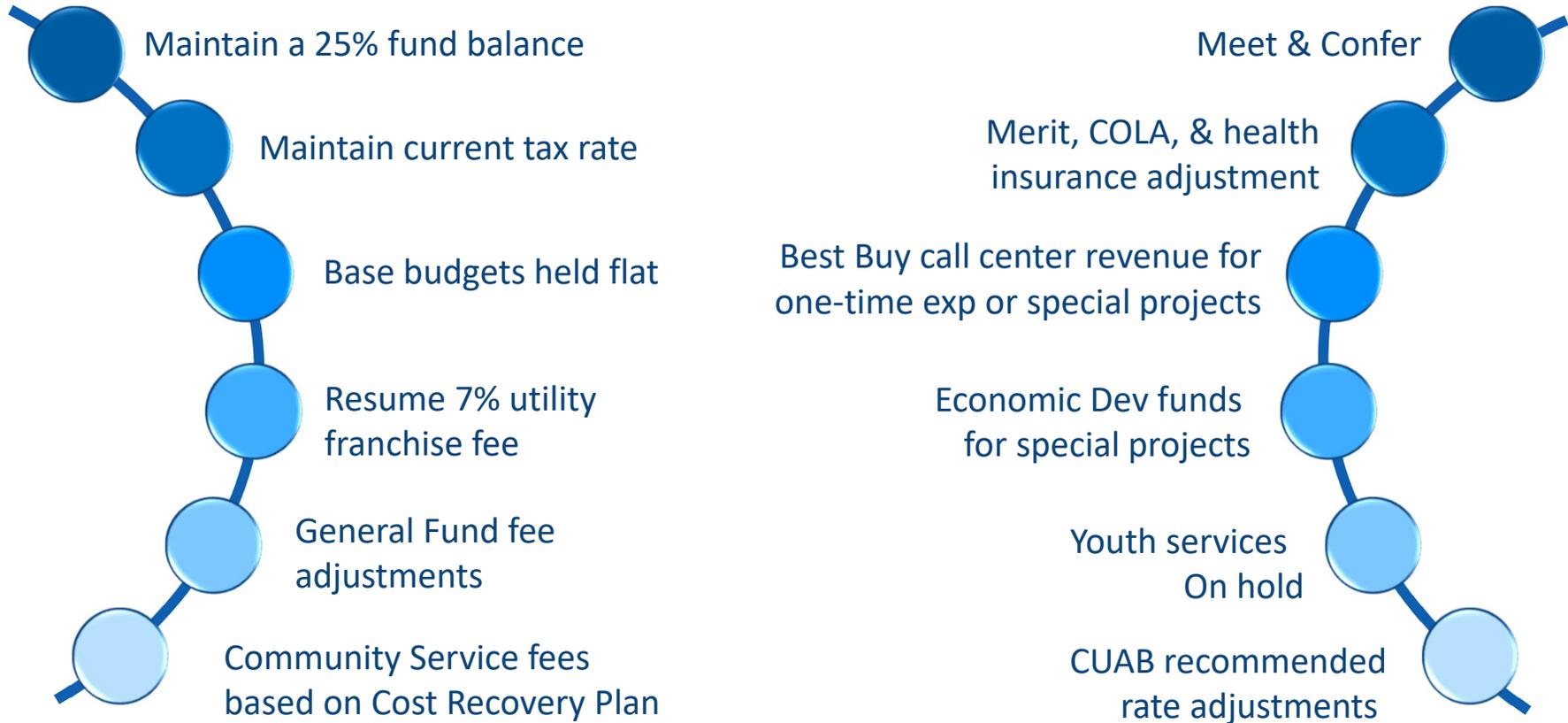


Enterprise Funds

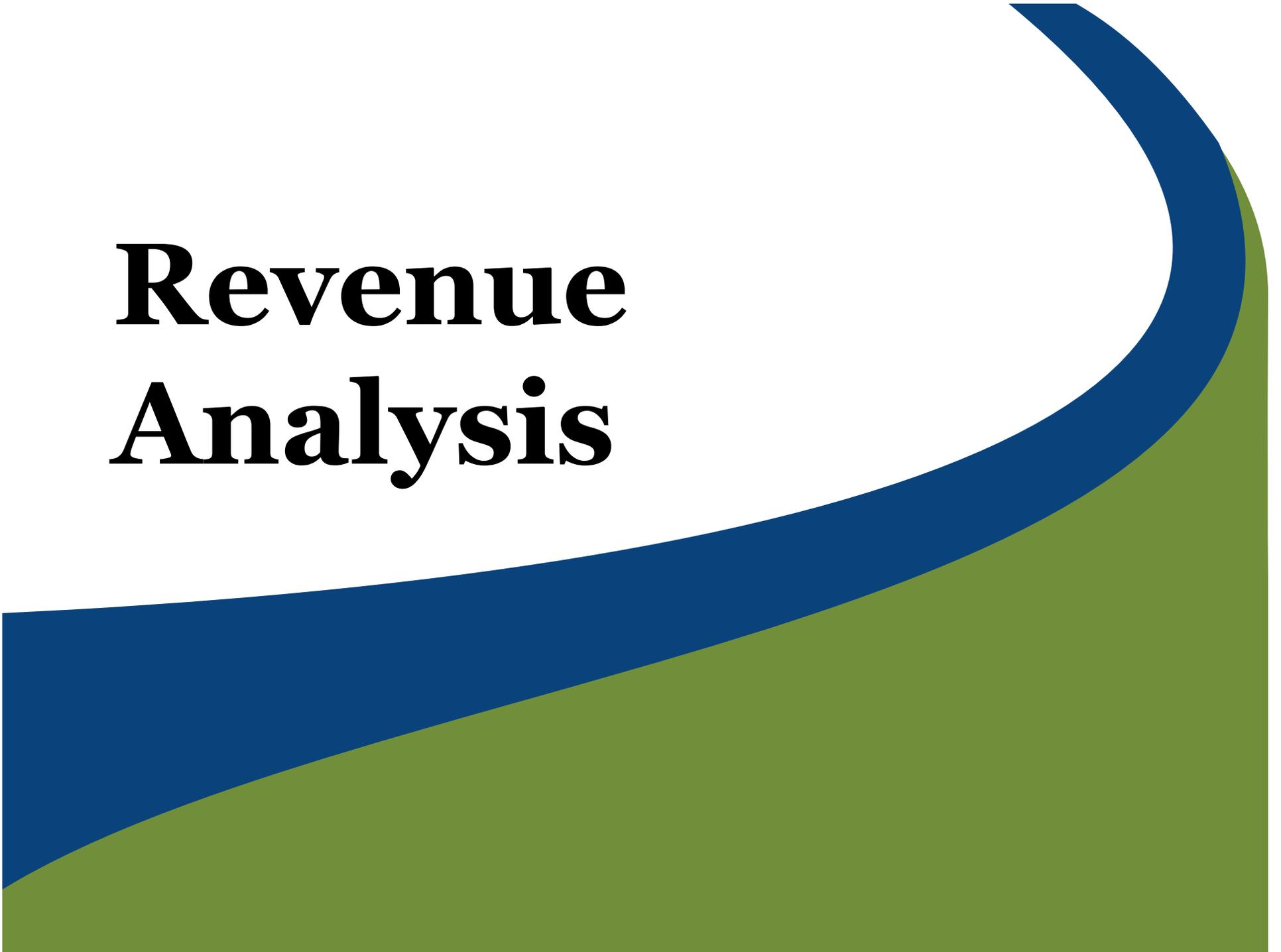


Questions & Discussion

Budget Policy Highlights



Revenue Analysis



Revenue Highlights



Significant growth from economic incentivized areas



Less year over year growth to fund increased operating costs as seen in prior years

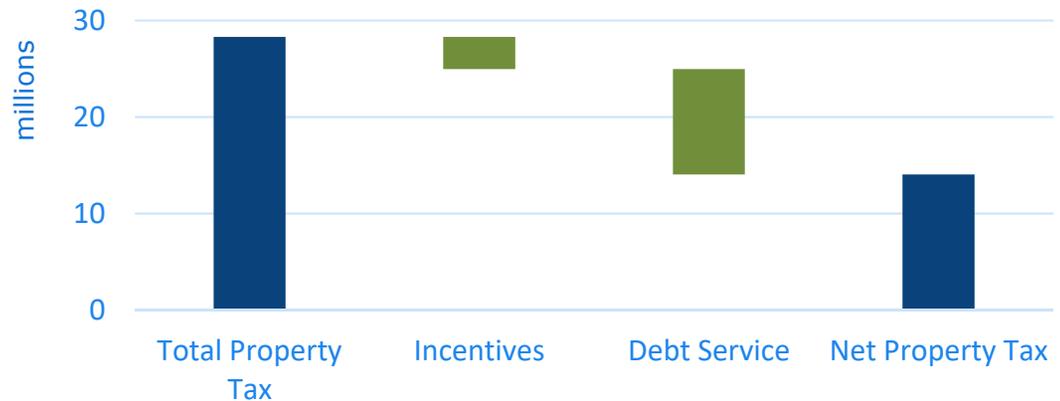
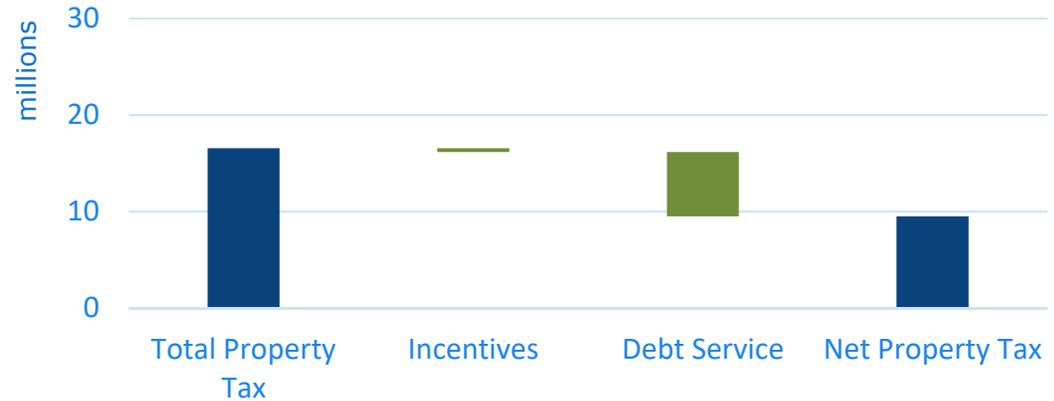


Year over year trends are not in sync with operating areas rising costs

Property Tax Then & Now

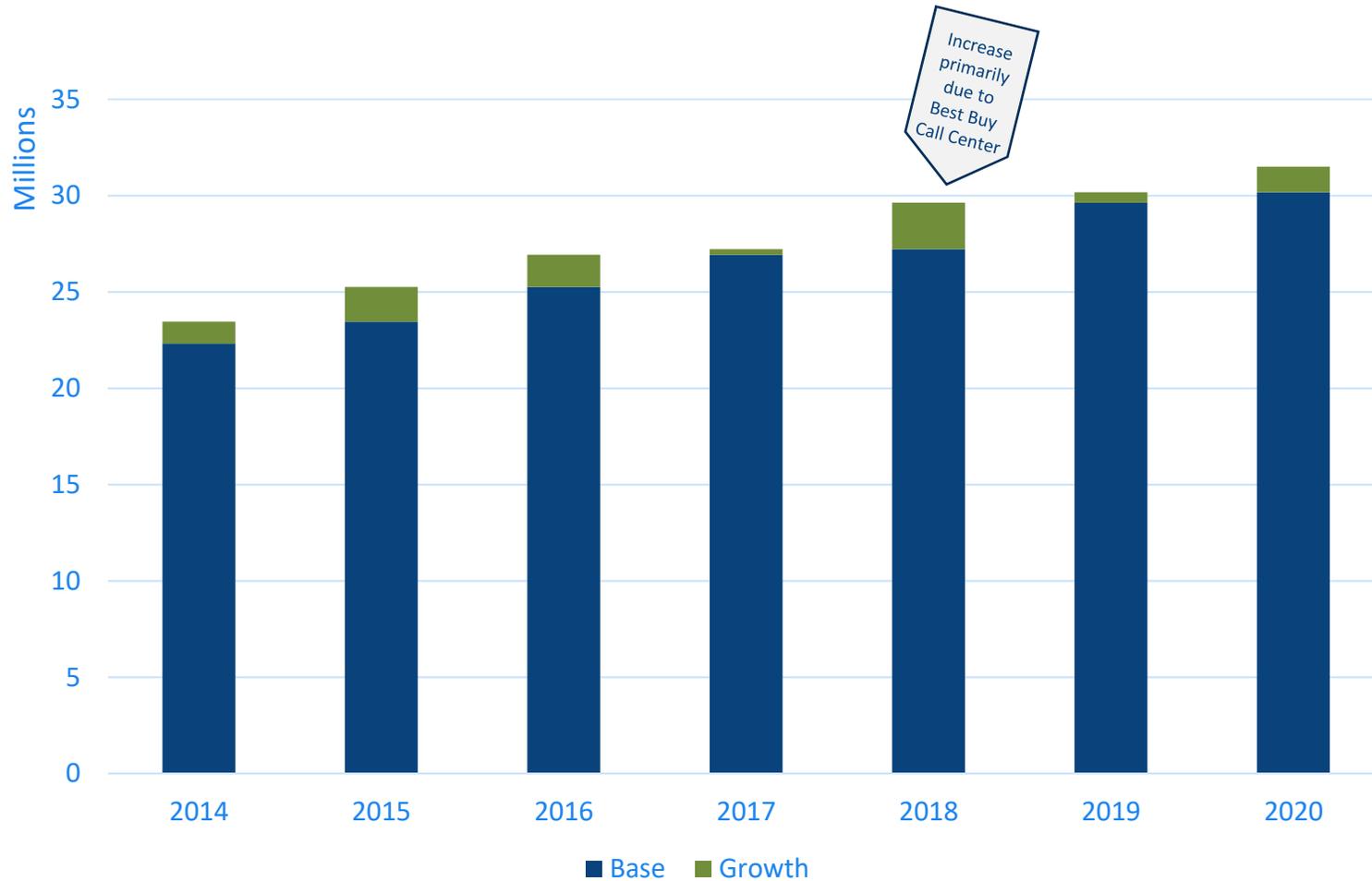


VS



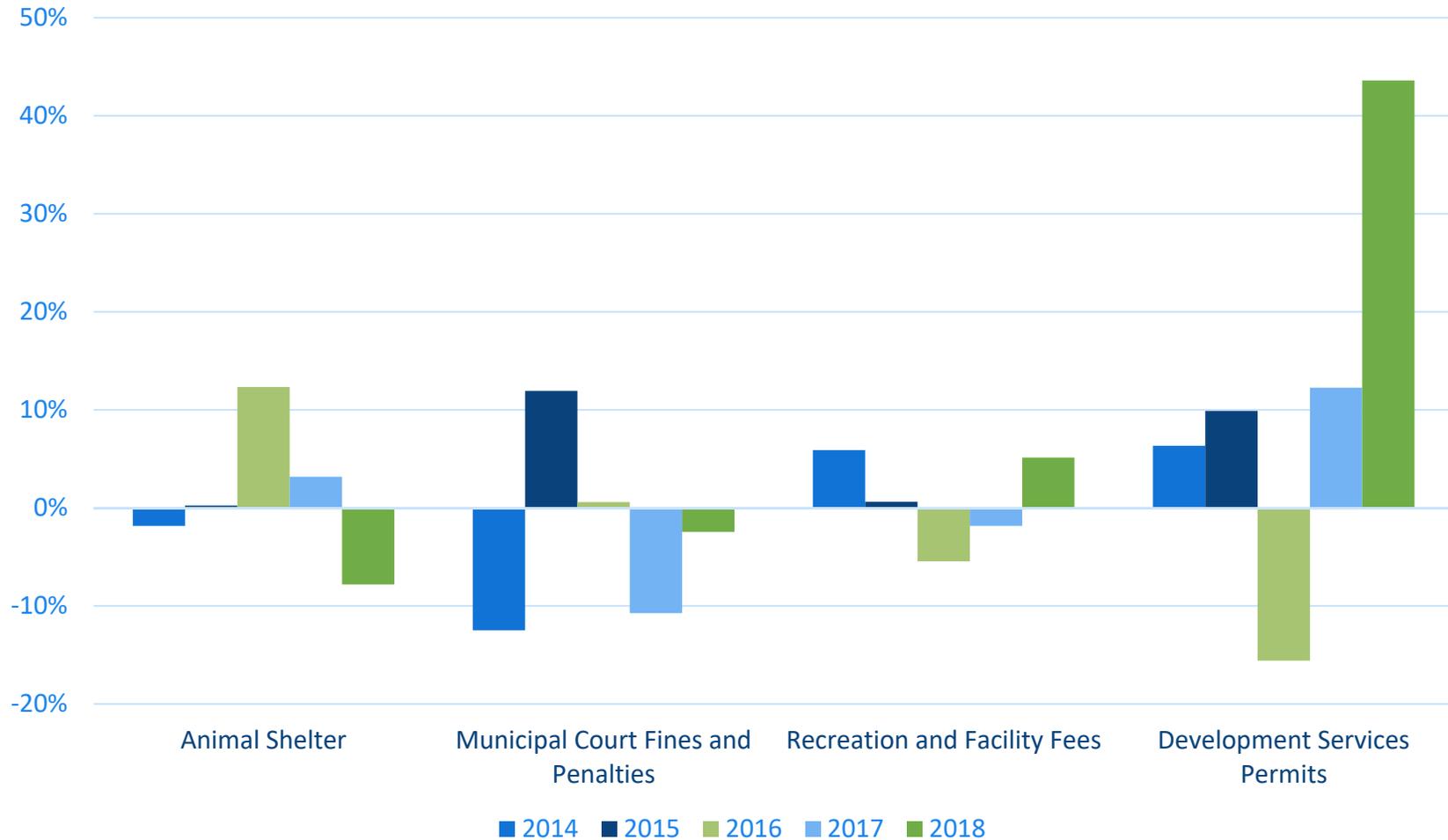
As San Marcos continues to experience rapid growth we must recognize that financial impact from additional debt financed infrastructure needs, economic incentive obligations, and greater demands on maintenance and operations exceed the net revenue proceeds from property tax.

Sales Tax Growth



Year over year growth in Sales Tax has decreased as compared to prior years resulting in reduced new revenue available to fund growing costs

Annual Growth of User Fees

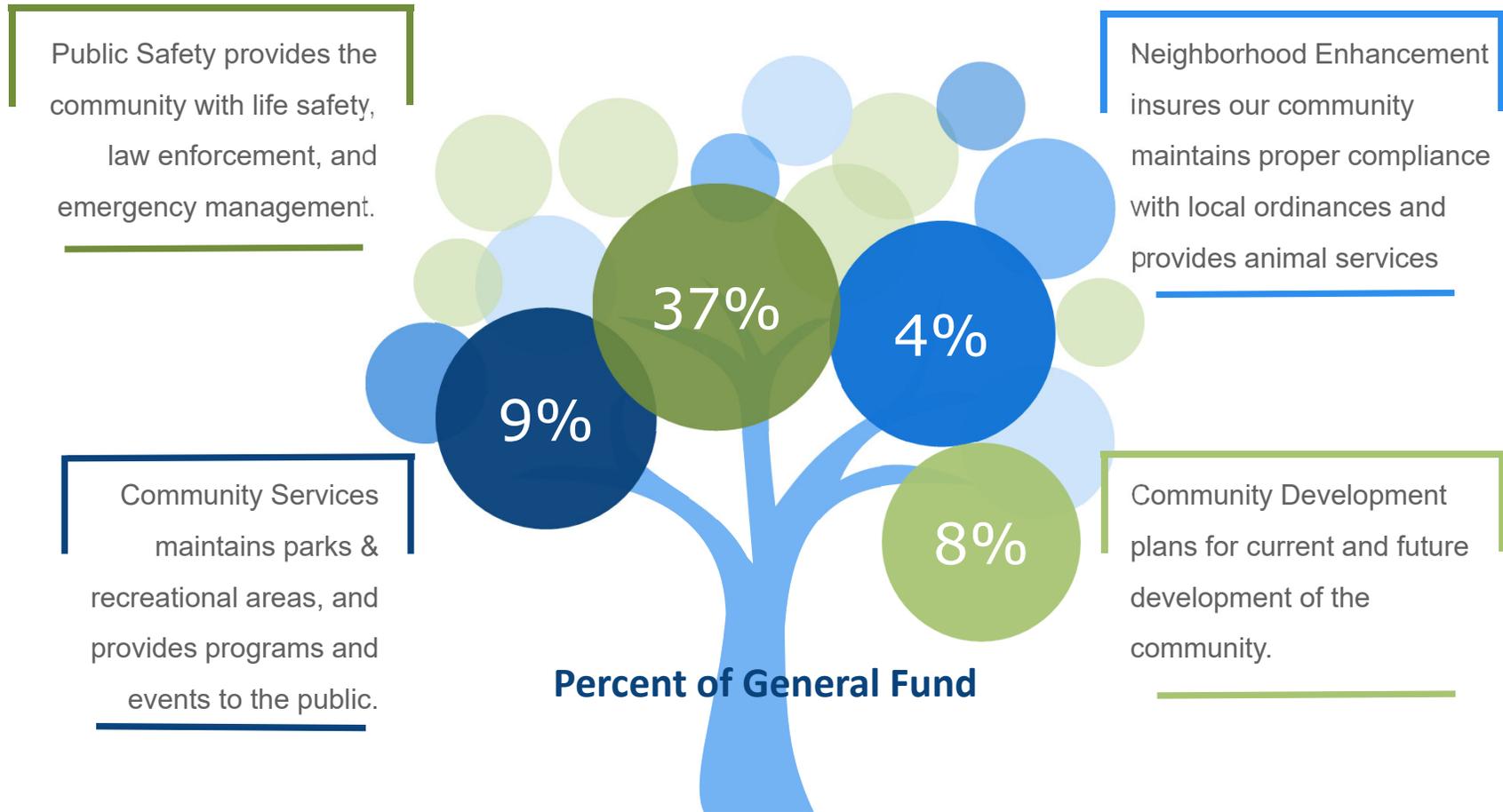


Revenue trends from user fees are inconsistent and do not support the growing cost to provide programs and services.

Expenditure Analysis



Community Value



Neighborhood Enhancement



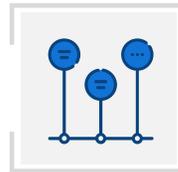
Animal Rescue

Largest animal rescue in history with 94% animals saved, implementation plan for 90% Live Outcomes



Neighborhood Vitality

Increased flow of information regarding construction projects and impacts to neighborhoods



Environmental Health

Amendments to health code were passed and now compliant with state laws



Permits

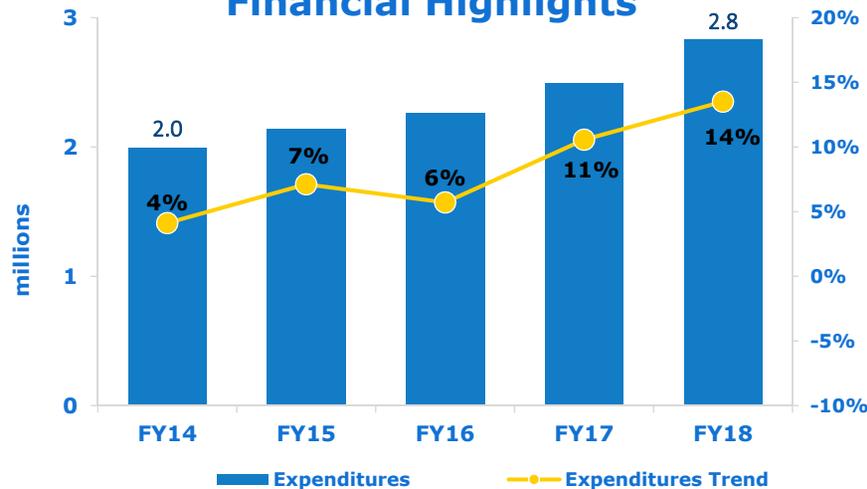
Realized increased efficiency and reduced fees due to the new temporary food permits for Non-profits



Code Compliance

Creating partnerships has helped property owners become compliant and beautify neighborhoods

Financial Highlights

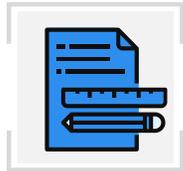


Service Areas

General Fund

- Animal Control
- Animal Shelter
- Code Compliance
- Environmental/Health

Community Development



Engineering

\$24M in construction projects completed 89% on schedule with only 5% overage. Secured \$2.5M in loan forgiveness



Planning

Conducted citizen surveys on housing needs, code updates and historic preservation



Permitting

Online permit process with 85% submittals, streamlined development process



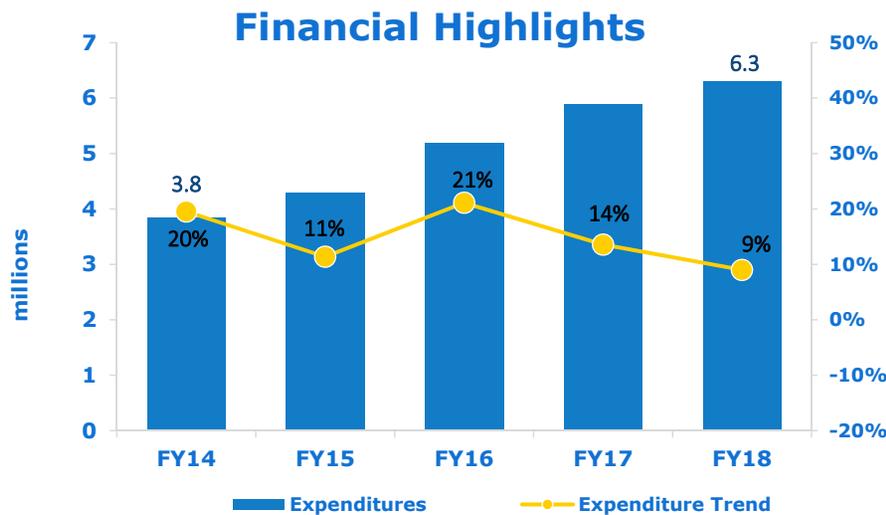
CDBG

Assisted with home ownership and repairs, neighborhood park renovations, \$57M in disaster recovery funding



Library

Provided over 800 adult education programs, 21 GEDs, 12 Microsoft cert, enrolled 1,400 children in reading program



Service Areas

- Engineering & CIP
- Real Estate
- Planning & Permitting
- Inspections
- CDBG Administration
- Library

Community Services



Youth

Host free events year round such as carnivals, egg hunts, costume contest, and movies in the park



Sr Programs & Arts

Over 25 unique senior programs annually, 17 Life Long Learning classes, mural arts program



Transit

Five year strategic plan, implemented city wide nondiscrimination policy



Fleet

Enterprise leasing program with 159 vehicles reducing operating costs and increasing fuel efficiency



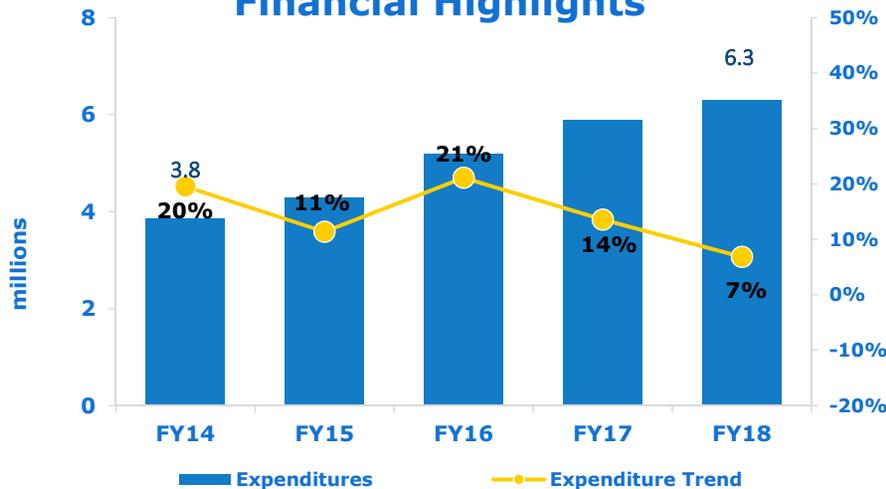
Parks

Completed park renovations at Dunbar, Anita Reyes, Dog Park, Adult Softball, Ramon Lucio bridge and baseball canopies

Service Areas

- Parks & Recreation
- Park Rangers
- Facilities & Maintenance
- Fleet
- Transit
- Parking Management

Financial Highlights



Public Safety



Community Outreach

EM – Texas Youth Preparedness Camp
 PD – Blue Santa, immigration events w/ Mexican Consulate
 Fire – Citizens Fire Academy, pancakes w/ Santa



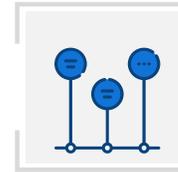
Training & Education

Fire – 24 fire fighters now state certified for fire prevention to assist in investigations
 EM – preparedness training with EOC
 Additional state mandates for Fire & PD increasing training requirements



Raising the Bar

Refined SM Emergency Ops Center, emergency dispatch protocols, full transition to federal mandated incident reporting system (PD)



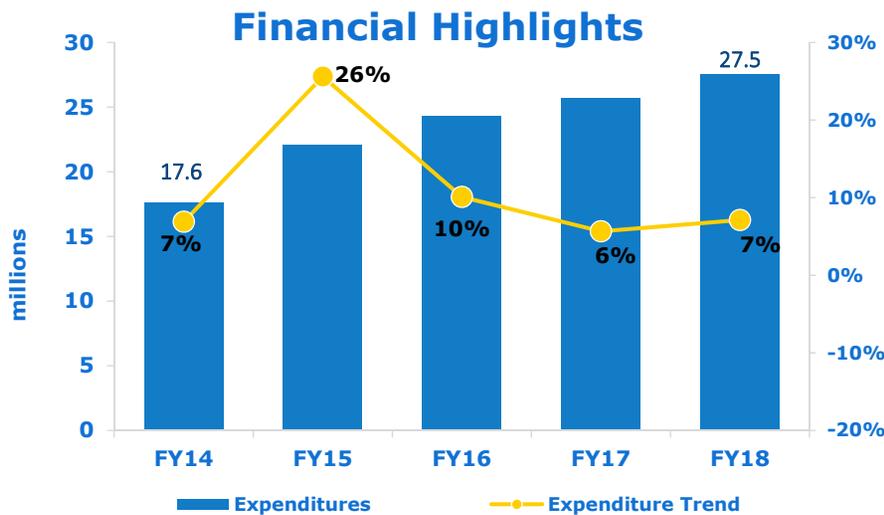
Expansion of Service

Design of new fire station and renovation of PD



Fire Prevention

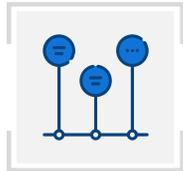
Over 2,300 inspections, scientific forensic based fire investigations, coordinate all Special Events permits



Service Areas

- Emergency Management
- Fire
- Police
- Municipal Court

Administrative Services



Outside Agency's

HSAB, CASA, museums, Crime Stoppers



Events

Over 20k citizens participated in City hosted events



EMS

Contracted with Hays County EMS for emergency services



Capital Outlay

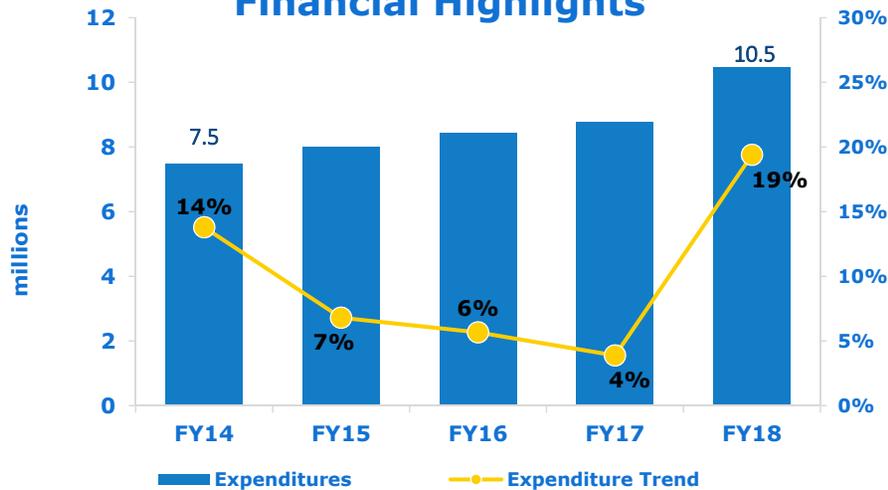
Light duty Fleet Lease program, equipment, facility improvements, PD pursuit vehicle replacement



General Operations

Facility maintenance & utilities, insurance, tuition reimbursement, software & maintenance

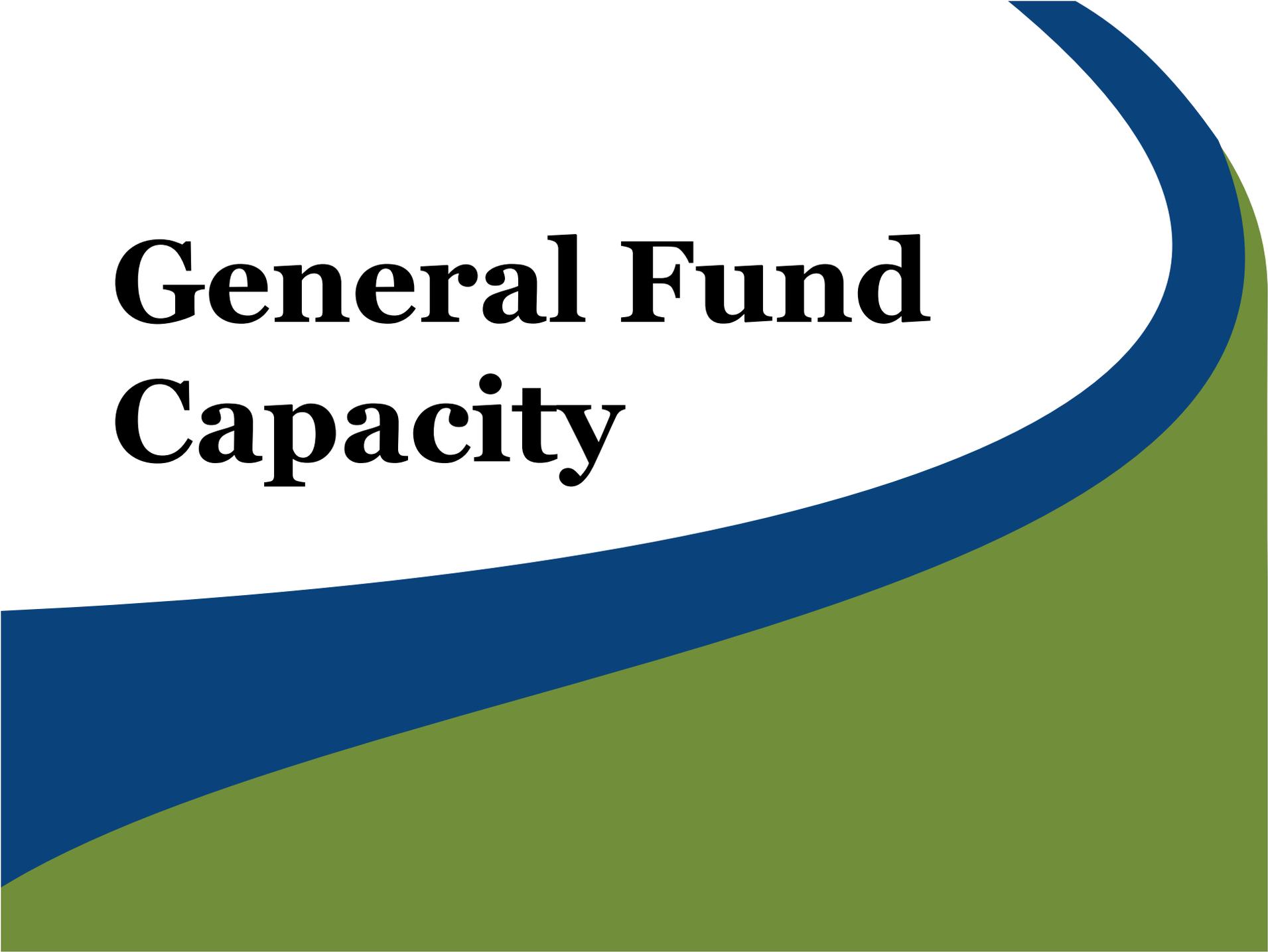
Financial Highlights



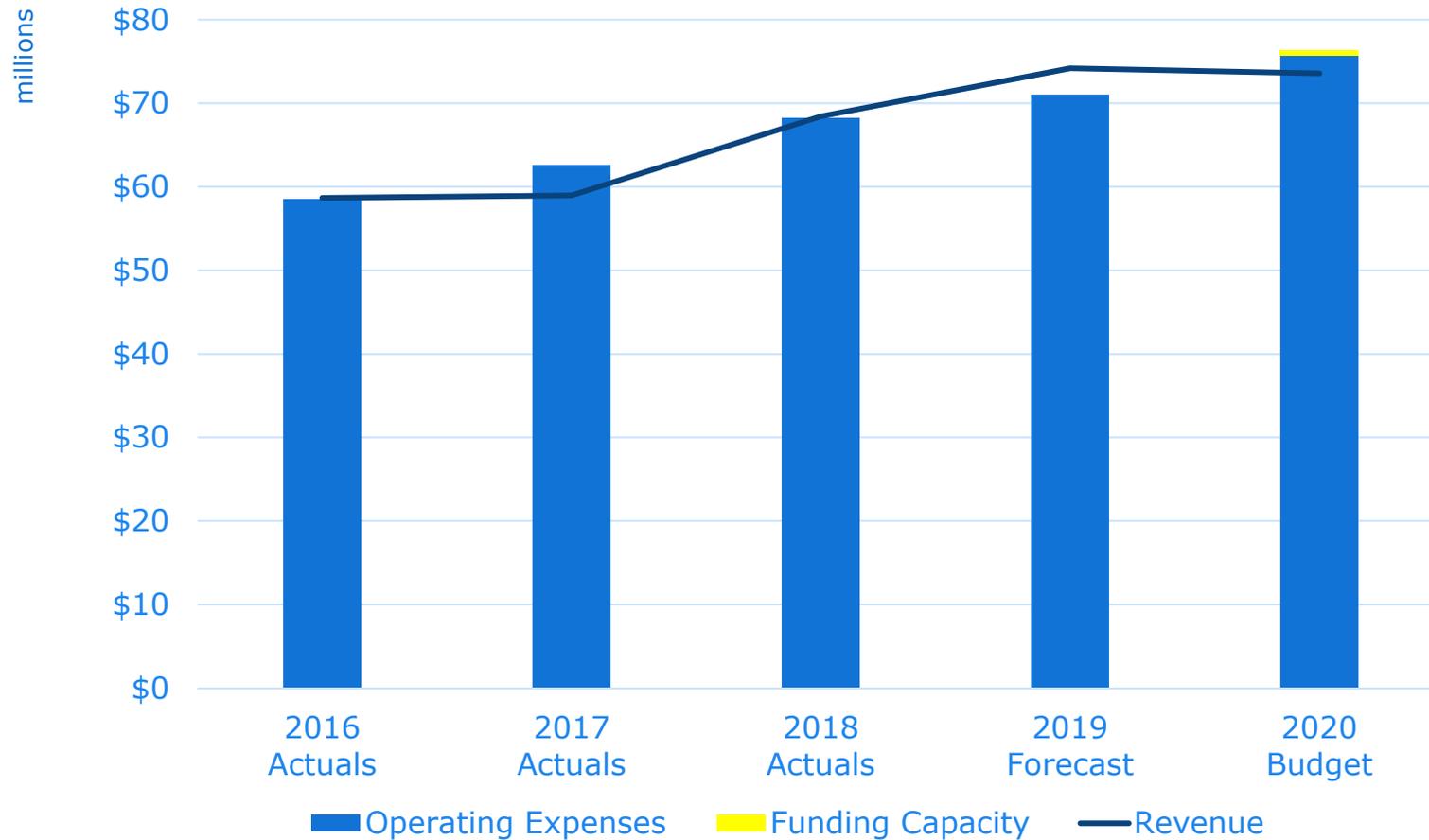
Service Areas

- General Operations
- Legal
- Human Resources
- Finance
- Information Technology
- City Manager's Office
- City Clerk

General Fund Capacity

A decorative graphic on the right side of the page. It consists of a dark blue curved shape on top and a green curved shape on the bottom, both curving upwards from left to right. The blue shape is a thick, curved band, and the green shape is a larger, curved area underneath it.

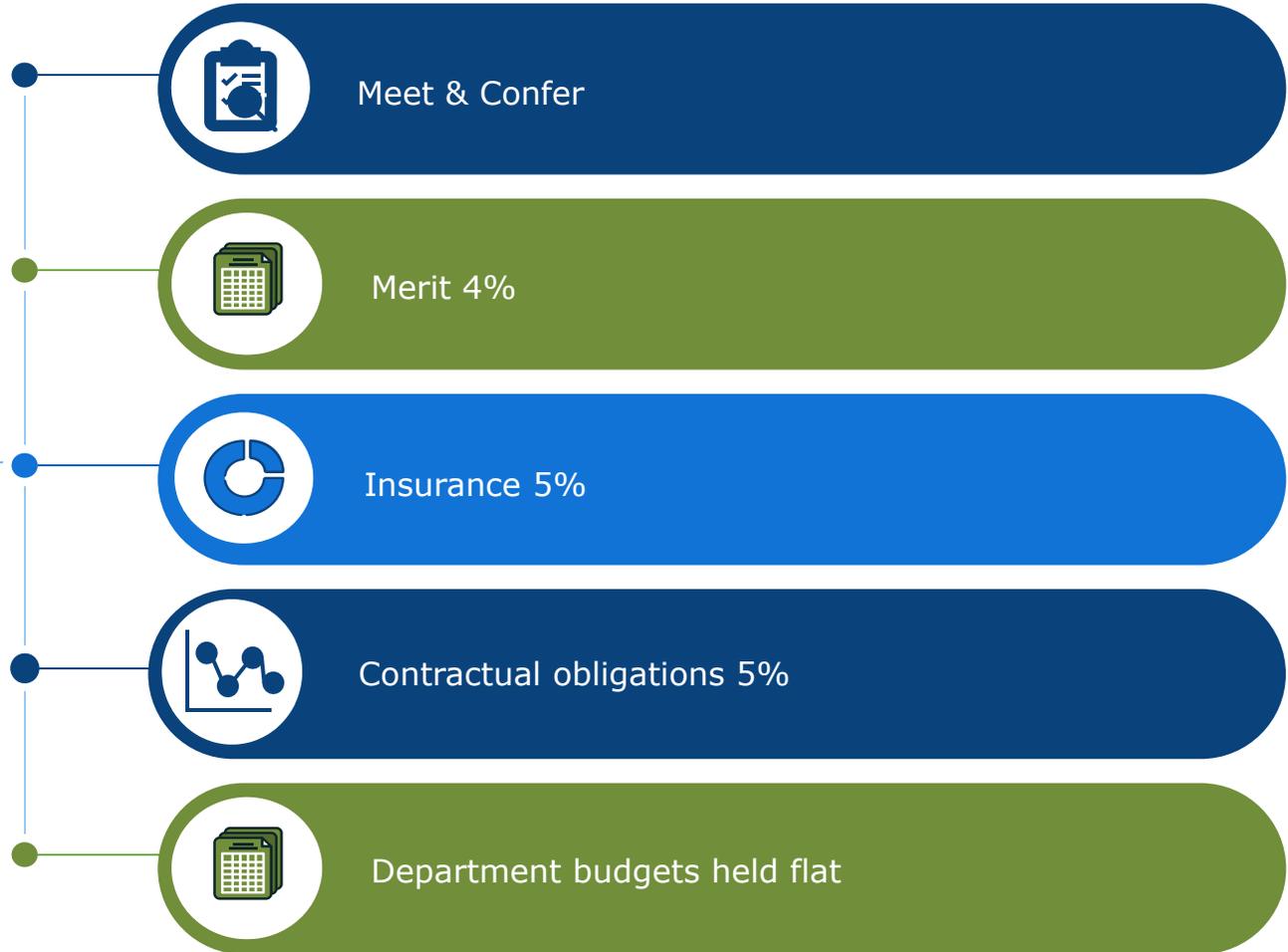
General Fund Capacity



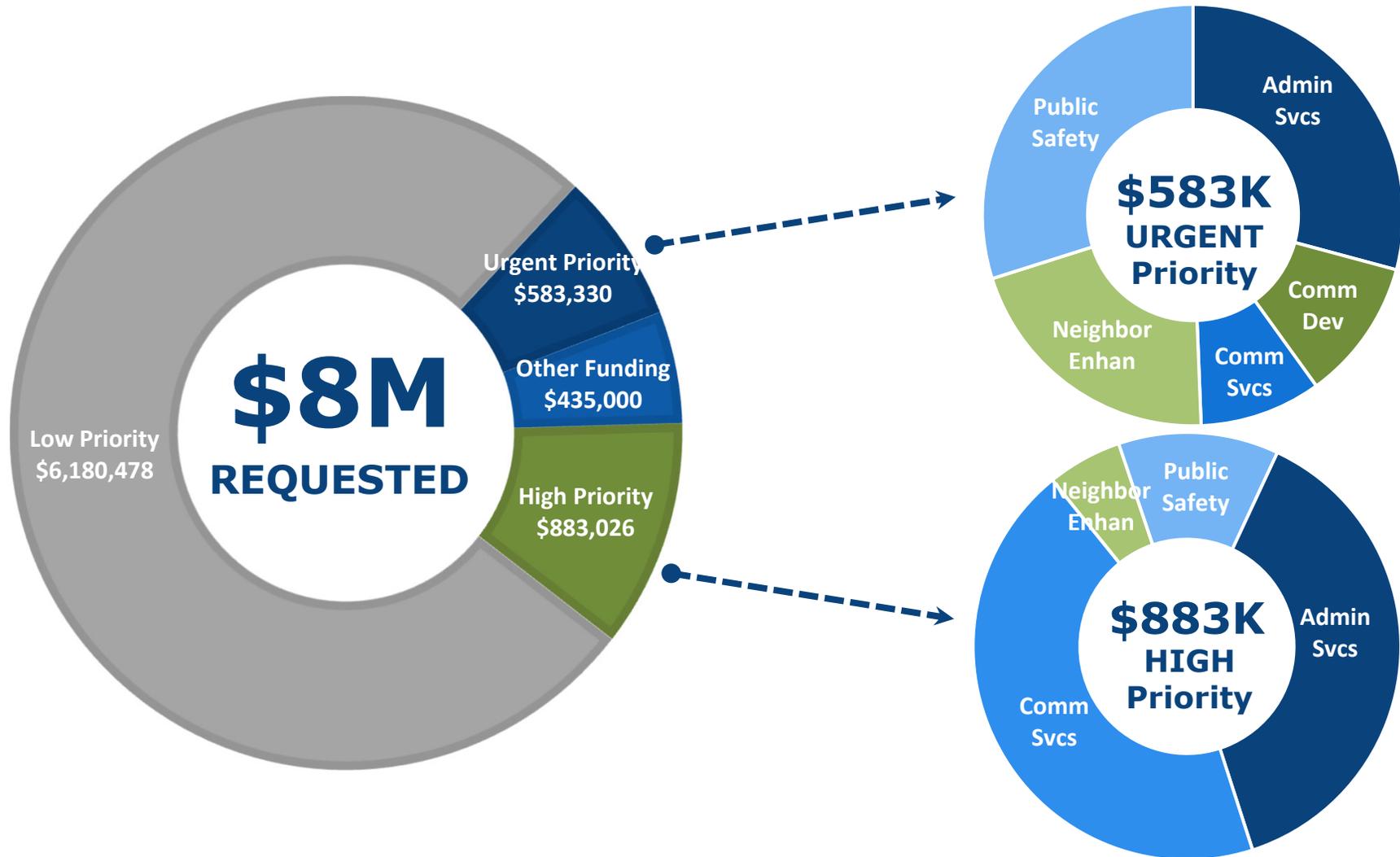
Current projections indicate \$600,000 available capacity in the General Fund for additional expenditures.

Base Budget Assumptions

FY2020 Budget Assumptions



General Fund Capacity



Urgent Priorities have been limited to \$600K capacity of proposed funding , should additional capacity become available the High Priority requests will be considered

Proposed - Personnel

Department	Position
● City Manager's Office	Management Assistant – FT (half year)
● City Manager's Office	Grant Administrator – FT
● Communications	Video Technician – PT
● Engineering	Watershed Engineer – FT (split with Stormwater Fund)
● Animal Control	Animal Protection Officer, Sr – reclass (half cost)
● Animal Shelter	Adoption Counselor – FT (half cost)
● Animal Shelter	Shelter Technician – FT (half cost)
● Police	Volunteer Program Coordinator – FT (reclass from PT)
● Police	Training/Compliance Coordinator – FT
Total Proposed Personnel:	\$318,120

Proposed - Operating

Department	Position	Expense
• City Clerk	City Council Chamber Security	\$20,000
• Communications	Professional Development & Travel	\$2,500
• Information Technology:	General Fund portion	
• Hardware	DR – Firewall bundle internet connection	\$13,330
• Software	DR – Firewall bundle yearly maintenance	\$4,000
• Contracted Services	Increase to internet bandwidth	\$6,800
• Library	Professional Development & Travel	\$2,000
• Real Estate	Vehicle lease	\$9,330
• Community Services Admin.	Materials, tools, supplies for Arborist	\$25,000
• Facilities & Ground Maintenance	Landscape maintenance	\$10,000
• Facilities & Ground Maintenance	Contract Services – maintain LED bldg. lights	\$12,000
• Fleet Services	Professional Development – EVT/ASE certifications	\$7,500

Proposed – Operating Cont’d



Department	Position	Expense
• Animal Shelter:		
• Materials & Supplies	Medical supplies (half cost)	\$24,000
• Contracted Services	Veterinary Services (half cost)	\$11,000
• Materials & Supplies	Volunteer/Foster Program supplies (half cost)	\$5,000
• Professional Services	Temp staff standard staffing needs	\$7,500
• Code Enforcement	Increase to operating costs	\$15,000
• Neighborhood Enhancement Admin	Increase to operating costs	\$8,000
• Neighborhood Enhancement Admin	Austin Tenants Council – Professional Services	\$4,000
• Police	Software – Automated License Plate Reader	\$11,250
• Fire	Paramedic Program (pending program development)	\$67,000
	Total Proposed Operating:	\$265,210

Proposed – Operating Cont'd

Funding Summary		Expense
• Personnel		\$318,120
• Operating		\$265,210
Grand Total Proposed Expenditures:		\$583, 330

Proposed – Other Funded Areas

Department	Description	Expense
● Library	O&M tax proceeds: Librarian I	\$55,000
● Communications	PEG Funded – video equipment, video editing	\$30,000
● Streets	TIRZ Funded: Downtown Sidewalk	\$350,000
	Total Other Funding:	\$435,000

Additional Considerations

Additional Capacity Needed



Over 65 tax freeze



Animal Services partner funding



Community Enhancement Fee



Women's Shelter transitional housing \$400,000

City Manager Recommendation:

- FY19-Amend budget to fund \$150K with excess sales tax revenue
- FY20 & FY21-Amend budget if revenues are in excess of budget

Economic Development Reallocation



FY20 Allocation

- Economic/Business Development Manager
- Economic Development program

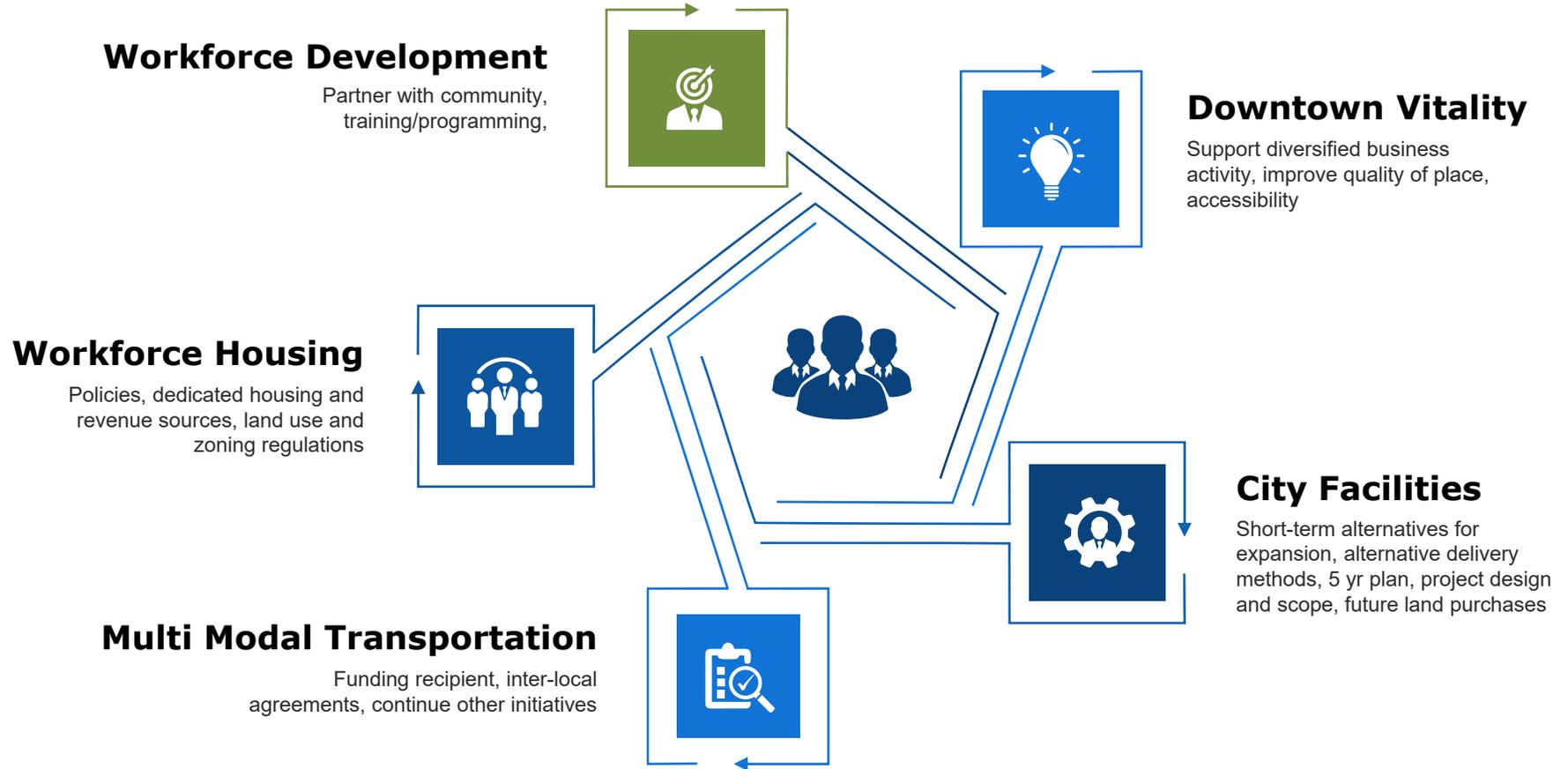


Accrued Balance

- Proposed funding to support Strategic Initiatives



2019 Strategic Initiatives



Workforce Development



\$75K

- Scholarship funds
- City facility location
- Marketing

Workforce Housing

- Land acquisition
- Design competition that attracts local architects and builds momentum around the project
- Unsafe structures



\$325K

Downtown Vitality



- Downtown arch
- Landscaping
- Benches
- Art within the sidewalk
- Pedestrian Wayfinding
- Street signage and traffic signal boxes wrapping from local artist

Multi Modal Transportation

- Design for shared use path River Rd – Thorpe Ln
- Additional bus shelters on Hutchison and Outlet mall



Bond Program

A decorative graphic consisting of two overlapping curved shapes. The bottom shape is a solid green area that curves upwards from left to right. The top shape is a solid blue area that also curves upwards from left to right, overlapping the green shape. The overall effect is a stylized, upward-sloping wave or ramp.

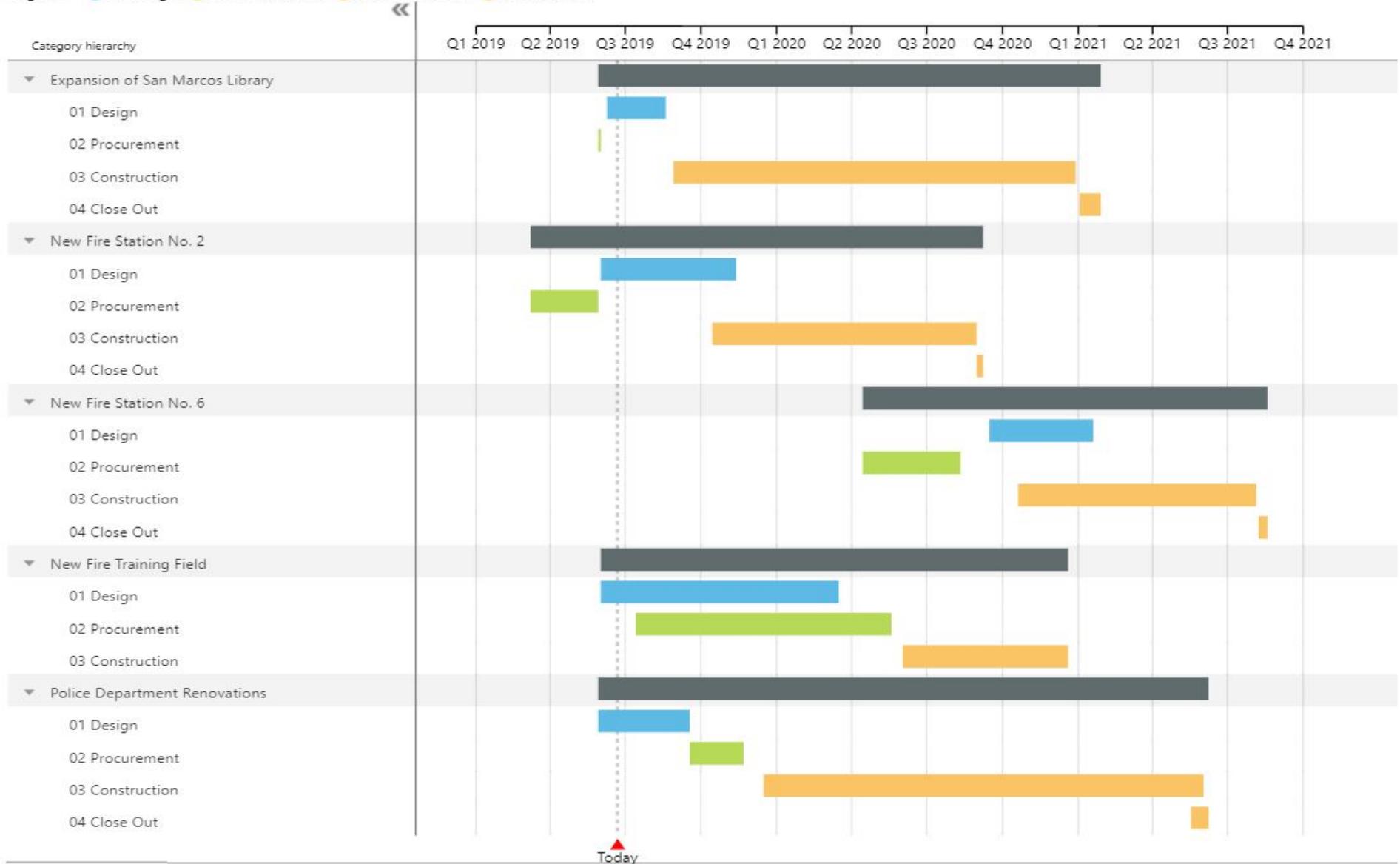
The slide features a background image of a town square at sunset. A paved walkway leads through a park area with trees and a wooden fence towards a row of brick buildings. The sky is filled with orange and yellow clouds. In the upper right corner, there is a blue curved graphic element. The title is in white text, and the list items are in white text with bullet points.

City of San Marcos *Bond Program Status Update*

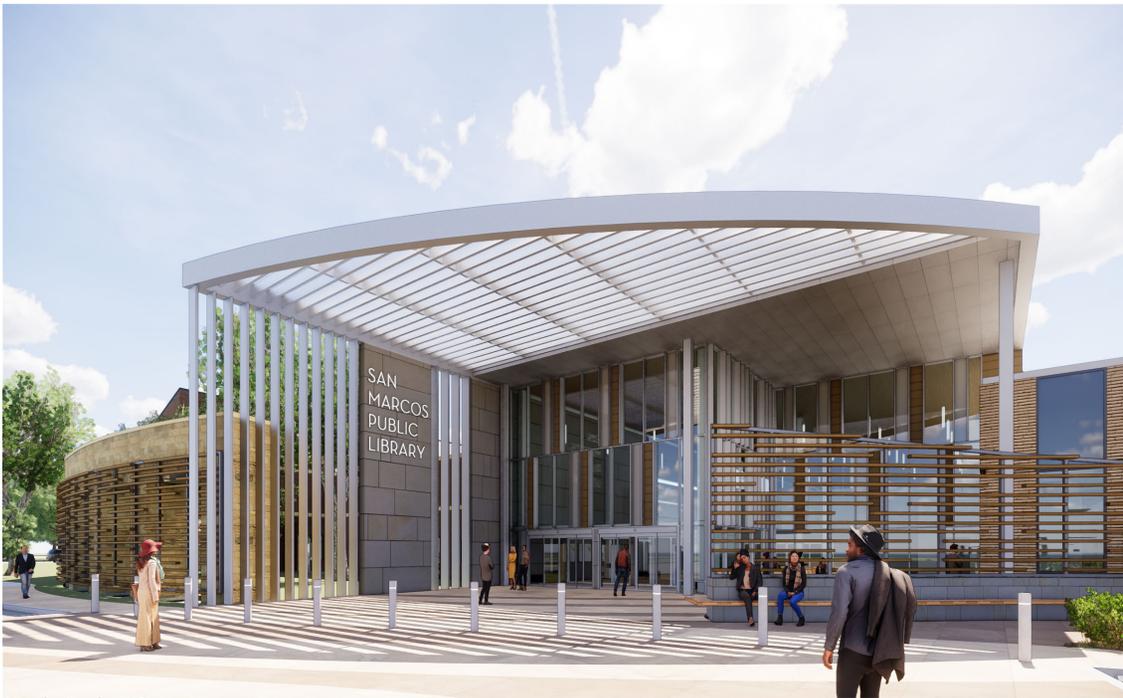
- Library Addition/ Renovation
- Police Station Addition/Renovations
 - Fire Station 2
 - Fire Station 6
- Fire Training Facility

Project Schedule Update

Legend ● 01 Design ● 02 Procurement ● 03 Construction ● 04 Close Out



Library Addition/ Renovation



Rendering by PGAL

Total Project Budget	Estimated Total Project Cost
\$14.6 M	\$15.9 M

- Construction forecasted to begin Fall 2019 per current schedule
- Projected budget overrun due to inflation
- Construction costs have increased approximately 3% annually over the past 3 years
- Project size and scope has remained unchanged, but the original project budget established in 2016 did not account for inflation.
- The City has identified approximately \$1M of additional funds to cover overage
- The City, Jacobs, and D/B team weighing additional cost savings options through the ongoing design phase

Fire Training Master Plan and Phase 1 SAN MARCOS



Preliminary masterplan site layout from design charette
 The overall fire training facility includes office/classroom building, driving skills pad, burn buildings, outdoor classrooms, and new fire station

Total Project Budget	Estimated Total Project Cost
\$2.0 M	\$2.0 M

- Abercrombie to provide final draft of the masterplan and site plan for review and comment this week
- Masterplan efforts have identified infrastructure and prioritized training structure that will fit the Phase 1 construction budget (\$1.5 M)
- Once the Masterplan is finalized and approved, Abercrombie will submit a proposal for design services for Phase 1 of construction.
- Once the design is complete, City will issue the Phase 1 project in a Close Sealed Proposal Solicitation

New Fire Station 2 & 6



Using the new Fire Station #4 design as a prototype for new stations

	Estimated Total Project Cost
Fire Station 2	\$5.3 Million
Fire Station 6	\$6.8 Million

- Latest construction cost estimate from the Design-Build team for the same structure is approximately 15% higher than the final construction cost for FS 4.
- FS 2 estimated cost increase is primarily due to additional needed sitework
- The City, Jacobs, and Design Build team are currently weighing cost savings options to get the construction cost closer to the initial budget and include a 4th bay in the scope.
- FS 6 Design Build solicitation not scheduled to be published until later in 2020, but publishing the solicitation ASAP may help mitigate additional project cost escalation.

Police Department Addition/ Renovation



Rendering by KGA Architects

*Please note the following for reference:

- City of Garland has an upcoming project for a new PD facility worth \$23M
- City of New Braunfels has an upcoming project for a new PD facility worth \$36M

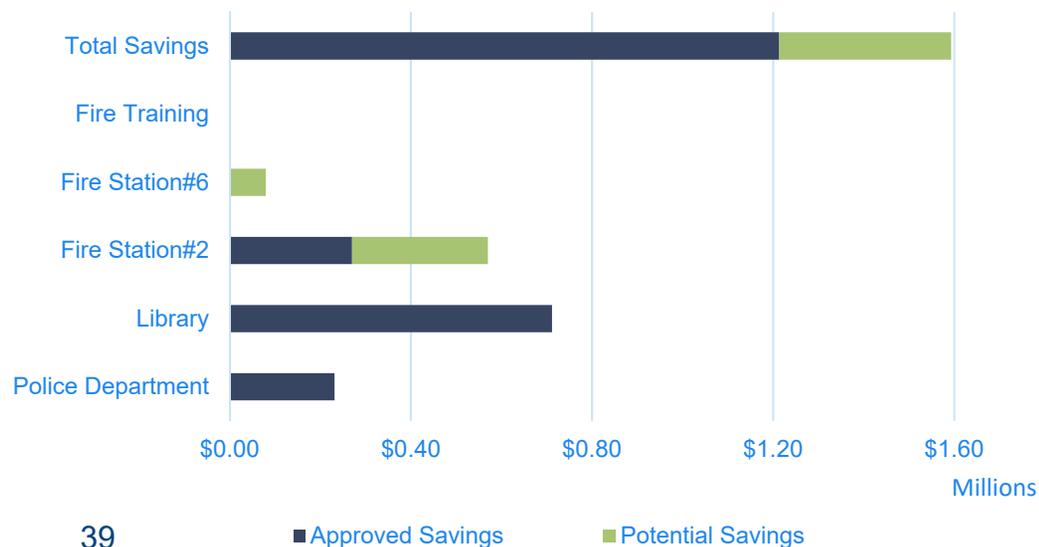
Total Project Budget	Estimated Total Project Cost
\$5.6 M	\$11.6 M*

- Project budget was based on a construction estimate that did not include design fees/project soft costs and the budget did not factor inflation (approximately \$2.0M)
- The project budget did not account for ADA accessibility and fire safety renovations required by Code (approximately \$1.0M)
- Cost allocated for site improvements and the SWAT building was significantly less than the latest construction estimate (approximately \$2.0M)
- Facility's mechanical system issues have grown since the initial assessment. The system is past its expected life cycle and in need of a full replacement (approximately \$1.5M)
- Planning a strategy to add supplemental funds via CIP budget in the upcoming years to provide full scope

Cost Savings To-Date

Bond Program Savings Summary		Column 1
Total Approved Savings		\$1,213,344.61
Total Pending/ Potential Savings		\$380,000.00
Total		\$1,593,344.61

COSM Bond Savings Tracker



- On average JACOBS was able to help the City successfully negotiate approximately 20% savings on design-builder fee proposals received for FS 2 and Library.
- The team was able to successfully negotiate \$230K of savings from KGA's initial proposal for design services for the Police Department.
- Other savings have been captured by vetting proposals received, for geotechnical services and land survey services.
- Forecasted potential savings based on expediting the FS 6 project and vetting initial construction estimates on FS 2 for inefficiencies.

Day Two



- **Other Major Funds**
- **Enterprise Funds**
- **Wrap Up**
- **Discussion**

Economic Development Funds

“Continue the annual **\$200,000** contribution to the economic development reserve that is shared equally between General Fund, Water Wastewater Fund, and Electric Fund. The funds will be used to fund Strategic Initiatives and/or special projects at the discretion of the City Manager.”

“The existing balance of the Economic Development reserve of **\$800,000** will be used to fund Strategic Initiatives and/or special projects at the discretion of the City Manager. The fund is a contribution of General Fund, Water Wastewater Fund, and the Electric Fund. Funds will be used on projects/initiatives that support all areas of funding source.”

FY20 Economic Development

Economic/Business Development Manager - \$150,000

-  GSMP Liaison
-  Recruit new business
-  Address local business needs

Economic Develop Program Funds - \$50,000

-  Program funds, professional development, and other needs

Accrued Economic Development

Strategic Initiatives Funding - \$800,000



Downtown Vitality \$200,000



Multi Modal Transportation \$200,000



Workforce Housing \$225,000



Workforce Development \$75,000



One-time Economic/Business Development Incentives \$100,000

Repurpose Funding



\$200K in funding from the Community Enhancement Fee will be used for unsafe structures and a downtown decorative arch.



Council adopted the resolution to allocate funding for the CDBG program year 2019 on June 18, 2019



Per Council direction: Funding of \$67,142 for unsafe structures will be repurposed for housing rehabilitation by Southside Community Center



Amendment required to change program year action plan which will be brought to Council in October for formal adoption



Amendment will be to award a total of \$192,142 for housing rehabilitation to Southside Community Center and remove funding for unsafe structures.

Other Major Funds



Other Major Funds



Recruited conference with over 1,700 attendees, 2022 Texas Downtown Association. \$3.1M reinvested in downtown



Hosted inaugural Go-Wheels-Up event with over 4,000 attendees



Over 300k lbs trash & 23k lbs recycled through community cleanup events, 400+ graffiti instances removed, 92 illegal dumping instances cleaned



Provided counseling, clinical assessments, supplemental foods and immunizations to eligible members of the community

Hotel Motel Tax Fund



- Fiscal Year 2019 Revenue is trending above budget
- Recommending reinstating full expense budget for fiscal year 2019 due to increase in revenue collections
- Conservative 1% increase in revenue for fiscal year 2020
- Recommend holding operating expenses flat with the exception of personnel and contractual obligations

Revenue for Current Programs	
FY18 Revenue	\$2,367,000
FY19 Revenue Forecast	\$2,539,000
FY20 Budget	\$2,531,000

Current Programs	FY20
CVB	\$1,647,400
Main Street	\$ 390,900
Tanger Marketing Program	\$ 150,000
Downtown Marketing Coop	\$ 30,000
Eco Tourism	\$ 40,000
Sports Tourism	\$ 60,000
Tourist/Transportation	\$ 10,000
Mural Program	\$ 35,000
Arts Project/Permanent Art	\$ 250,000
Conference Center Repairs	\$ 10,000
Total:	\$2,613,300

Arts Commission-Total Requested Increase \$54,550

- \$12,500 increase for Art Projects
- \$12,500 increase for Permanent Art
- \$39,550 increase to move Art Coordinator to full time from part time

Airport Fund

Revenue	FY20 Budget
FY19 Budgeted Revenue	\$646K
Hanger, Shelter, and Land Rentals	\$ 39K
Fuel Flowage Fee/Gross Receipts	\$ 5K
Total Budgeted Revenue	\$690K

Expenses	FY20 Budget
FY19 Budgeted Expenses	\$646K
TAP Contract/Incentive Expense	\$ 17K
Rent Incentives	\$ 27K
Total Budgeted Expenses	\$690K

Requests	
City Owned Facility Repair and Maintenance	\$100K
Runway Signage and Striping	\$ 50K
Airport Marketing	\$ 25K
Runway Pavement Crack Sealing	\$150K
SUV Lease	\$9K
Total	\$334K

- No transfer from the General Fund is required
- If revenue budgets are not achieved, the General Fund will have to make up shortage.

Resource Recovery Fund



Revenue	FY20	Expenses	FY20
FY19 Budgeted Revenue	\$4.4M	FY19 Budgeted Expenses	\$4.4M
Additional revenue generated by customer growth and rate adjustment	\$0.4M	Contracted Services- Trash/Recycling	\$0.3M
		Other Expenses	\$0.1M
Total Budgeted Revenue	\$4.8M	Total Budgeted Expenses	\$4.8M

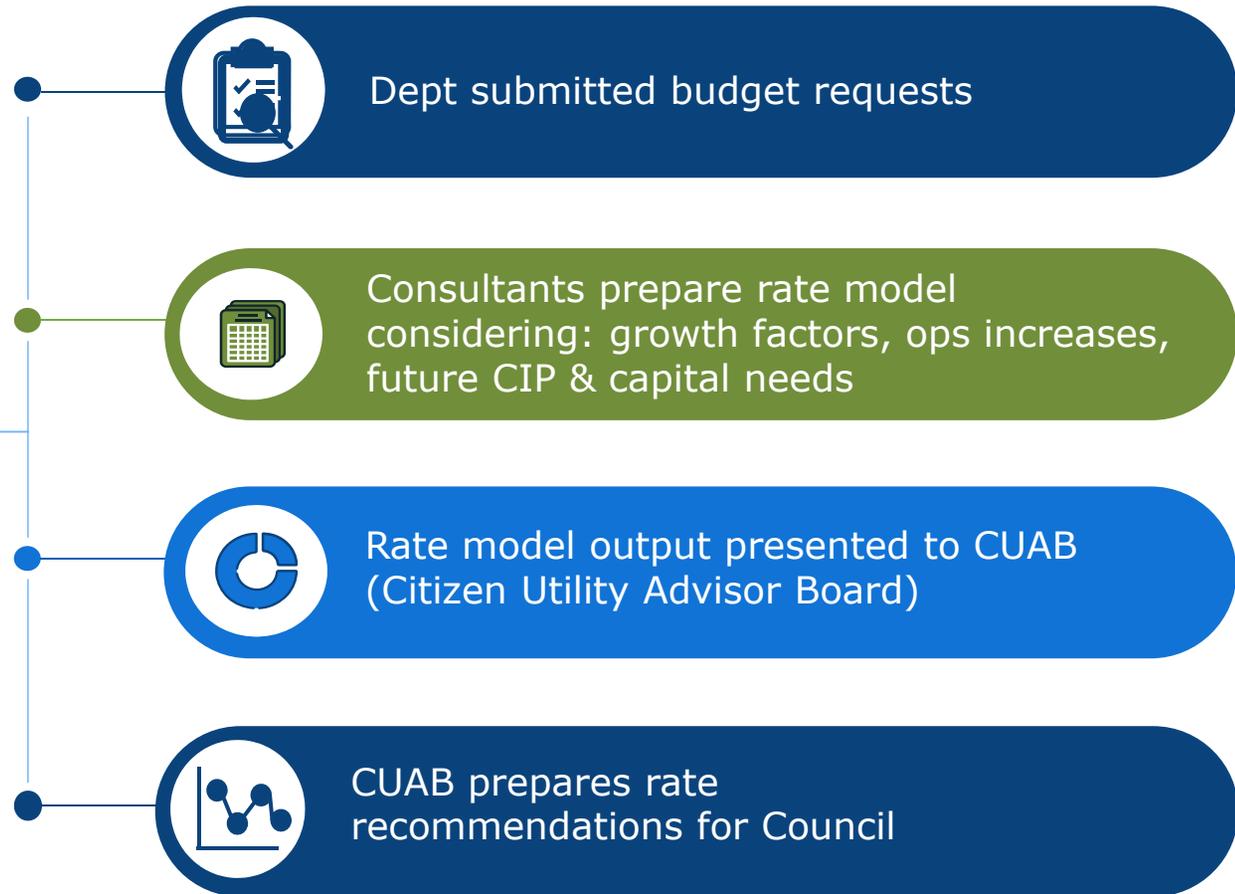
- Residential rates adjusted .88 cents per month, \$10.51 annually
- Multifamily rates adjusted .34 cents per month, \$4.09 annually
- Both rates increased .15 cents per month to build reserve for the future relocation of the Household Hazardous Waste Facility

Operating Expenses	One-time / Recurring	Annual Cost
Program Coordinator – Reclassification	Recurring	\$17,500
Vehicle – Tommy lift flat bed truck lease	Recurring	\$13,500
Total Resource Recovery Funding:		\$31,000

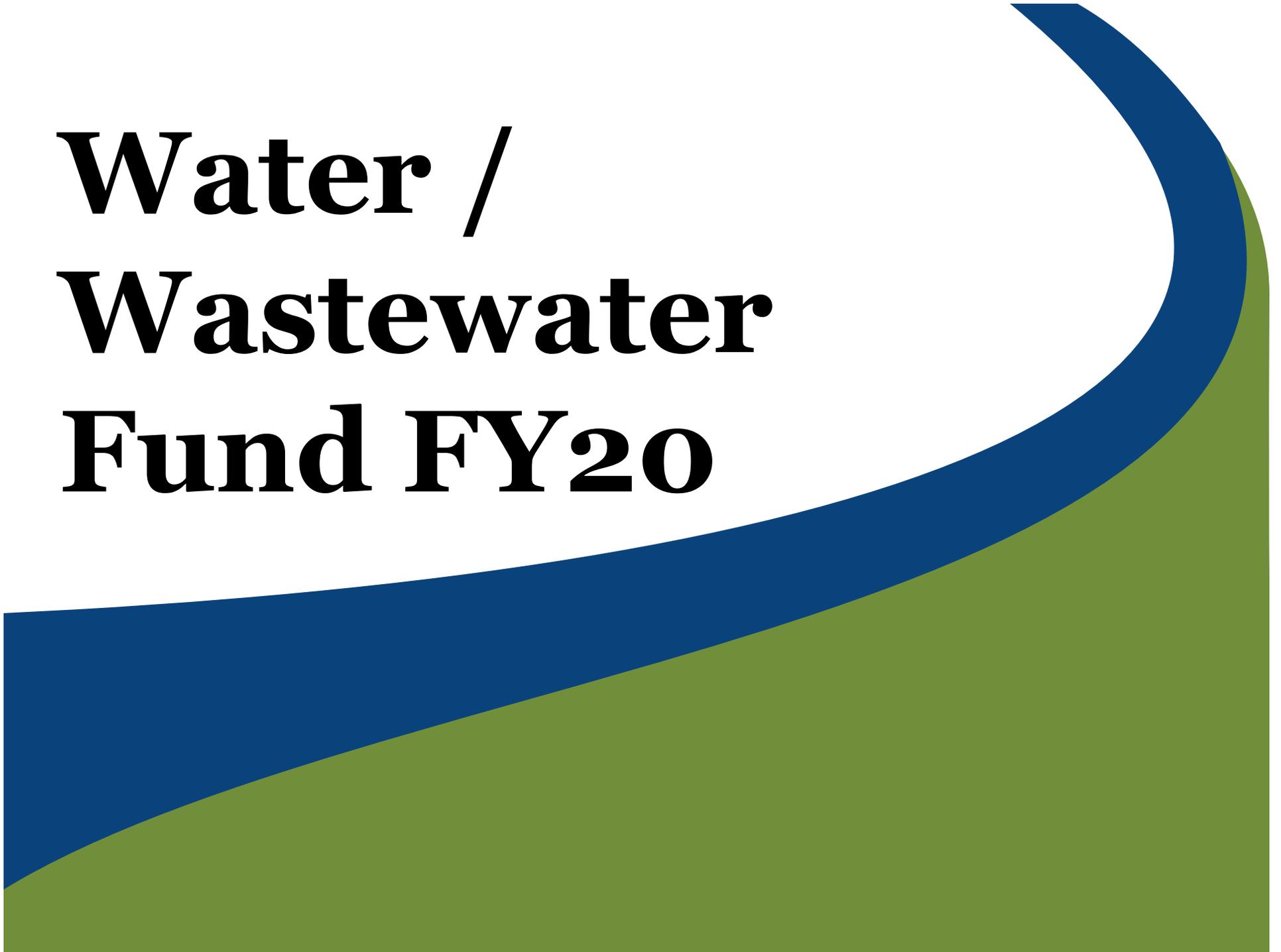
Enterprise Funds



Utilities



Water / Wastewater Fund FY20



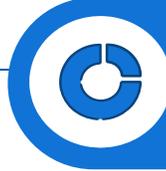
Rate Recommendation



Rate Study underway. Results of modeling will be presented at August Budget Workshop



CUAB will receive results in July and make a recommendation to City Council for rate adjustment



Expect that rate adjustment will follow long term plan of 3%-5%



All proposed expenses will be included in modeling to evaluate effect on rates

Water/Wastewater Fund



Debt Service and Potential Rate Adjustments from FY19 Rate Modeling

	FY19	FY20	FY21	FY22	FY23
Revenue	\$43.2M	\$45.9M	\$48.5M	\$51.2M	\$54.1M
Expenses	40.0M	43.2M	43.3M	47.8M	49.8M
Ending Fund Balance	10.0M	10.8M	10.7M	11.9M	12.4M
Weather Stabilization Reserve	3.0M	3.2M	3.4M	3.6M	3.8M
Debt Coverage	1.27	1.16	1.36	1.19	1.23
Potential Rate Adjustment	5% W 2% WW	5% W 2% WW	5% W 3% WW	5% W 3% WW	3% W 3% WW

Water/Wastewater Fund

Proposed Additional Expenditures

Personnel Expenses	Annual Cost
Equipment Op 2 (reclass)	
Equipment Op 2 (reclass)	
Equipment Op 2 (reclass)	
Crew Leader	
Equipment Op 1	
Equipment Op 1	
Equipment Op 1	
Water Quality Tech	
Total Personnel Expenses:	\$369,050

Water/Wastewater Fund

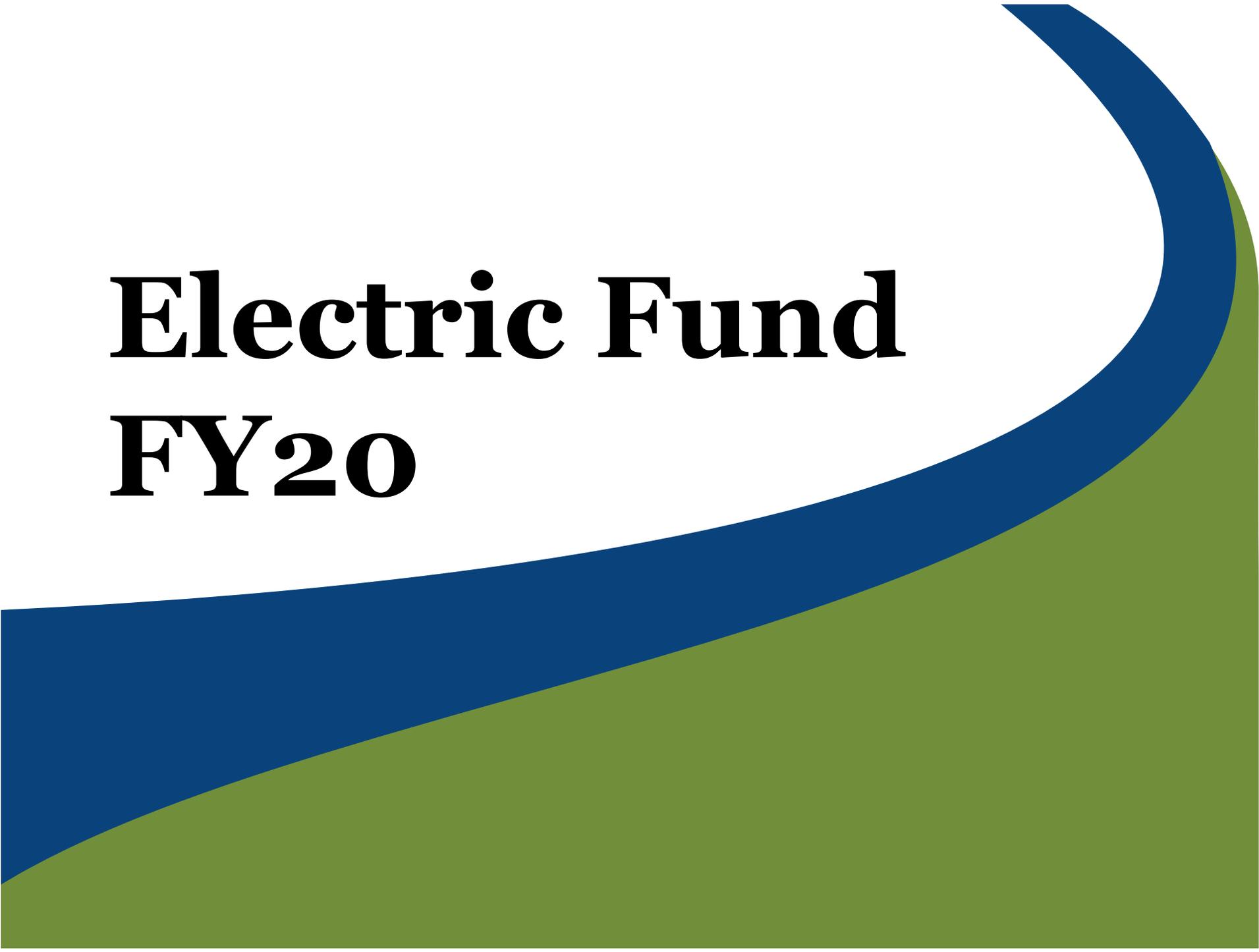


Proposed Additional Expenditures

Operating Expenses	One-time / Recurring	Annual Cost
Increase internet bandwidth	Recurring	\$6,800
DR - Firewall bundle - Hardware	One Time	\$13,333
DR - Firewall bundle - Software	Recurring	\$4,000
Funding for arborist to provide tree care, maintenance and removal	Recurring	\$25,000
WQ - Locus Environnemental Information Management software	Recurring	\$18,500
Ipads for field data entry	One Time	\$5,110
WQ - Locus Environnemental Information Management software modules	One Time	\$6,500
Total Operating Expense:		\$79,243

Proposed Additional Expenditures

Capital Expenses	Annual Cost
Tokay BFP upgrade	\$25,000
MAPS trenchbox	\$25,000
Road Trench Plates	\$10,000
Sonetics wireless headsets	\$18,000
Total Capital Expense:	\$78,000
Funding Summary	
Personnel	\$369,050
Operating	\$79,243
Capital	\$78,000
Total Waster/Wastewater Funding:	\$526,293

A decorative graphic on the right side of the page, consisting of a dark blue curved shape on top and a green curved shape on the bottom, both curving upwards from left to right.

Electric Fund

FY20

Rate Recommendation



-  Rate Study underway. Results of modeling will be presented at August Budget Workshop
-  CUAB will receive results in July and make a recommendation to City Council for rate adjustment
-  Expect that no rate adjustment will be needed
-  All proposed expenses will be included in modeling to evaluate effect on rates

Proposed Additional Expenditures

Personnel Expenses	Annual Cost
Senior Engineering Tech - reclass	
Lineworker	
Network Administrator	
Application Analyst	
Total Personnel Expenses	\$335,900

Proposed Additional Expenditures

Operating Expenses	One-time / Recurring	Annual Cost
Software	Recurring	\$4,000
Software	One-time	\$47,000
Hardware	One-time	\$20,133
Contracted Services	Recurring	\$255,800
Contracted Services	One-time	\$7,500
Equipment	One-time	\$2,000
Vehicle Lease & Maintenance	Recurring	\$26,807
Professional Development	Recurring	\$50,710
Arborist supplies	Recurring	\$25,000
Total Operating Expense:		\$428,950

Proposed Additional Expenditures

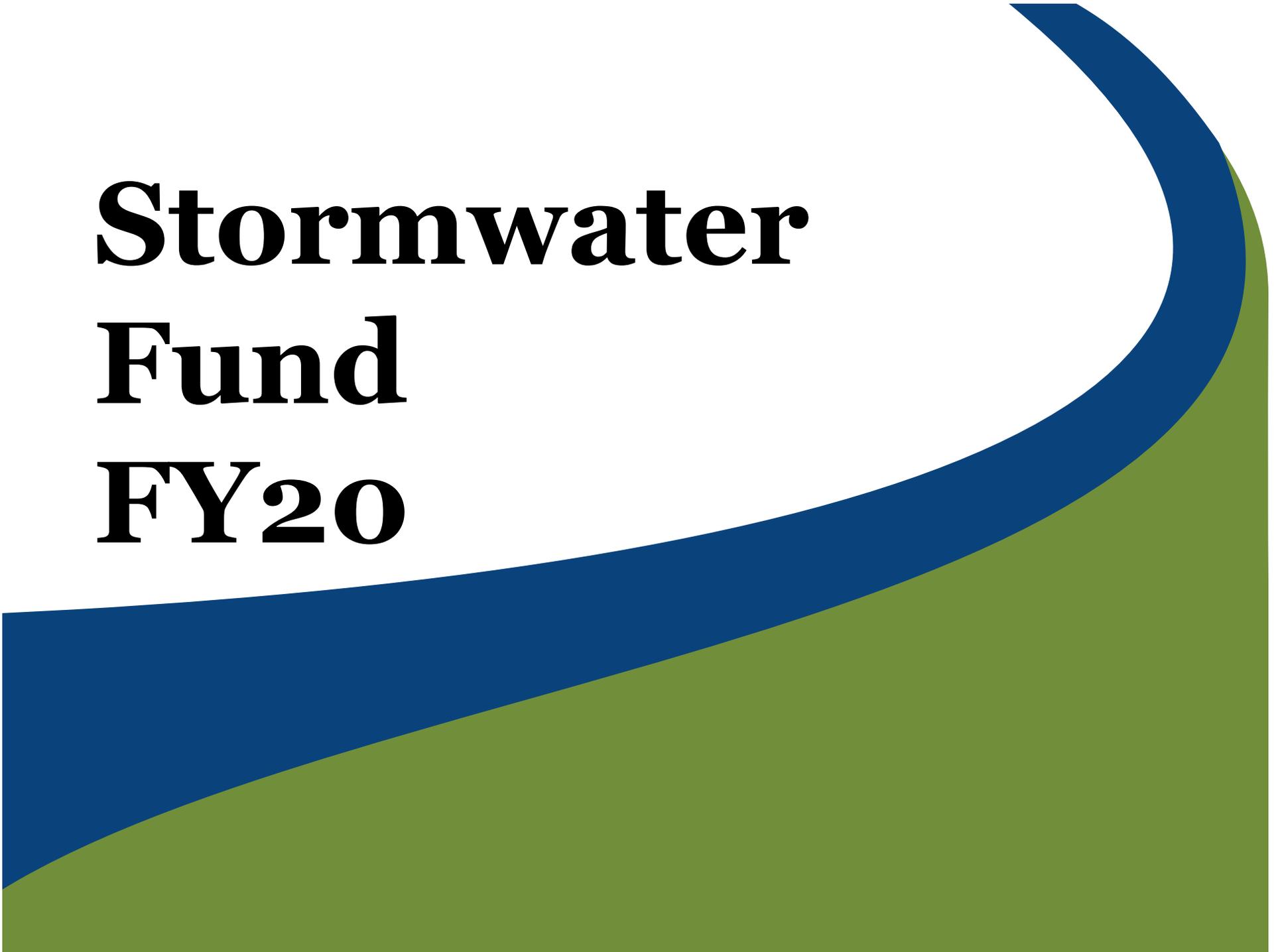
Capital Expenses	Annual Cost
Manual Meter Reading System replacement	\$10,000
Bucket Truck for Meter techs	\$145,000
Locator	\$6,500
Crew truck	\$86,000
Cargo Trailer	\$10,000
Total Capital Expenses:	\$275,500

Electric Fund

Proposed Additional Expenditures

Funding Summary		Annual Cost
Personnel		\$335,900
Operating		\$428,950
Capital		\$275,500
Total Electric Fund Expenses:		\$1,022,350

Stormwater Fund FY20



Rate Recommendation



-  Rate study significantly complete. Results presented to City Council at work session
-  Continue to finalize recommendation for new rate structure
-  Expect to implement new rates in second quarter fiscal year 2020. No rate adjustment October 1.
-  All proposed expenses will be included in modeling to evaluate effect on rates

Proposed Additional Expenditures

Personnel Expenses	Annual Cost
Watershed Engineer-FT (split with GF)	
Crew Leader	
Operator 2	
Operator 1	
Operator 1	
Total Personnel Expenses	\$326,850

Proposed Additional Expenditures

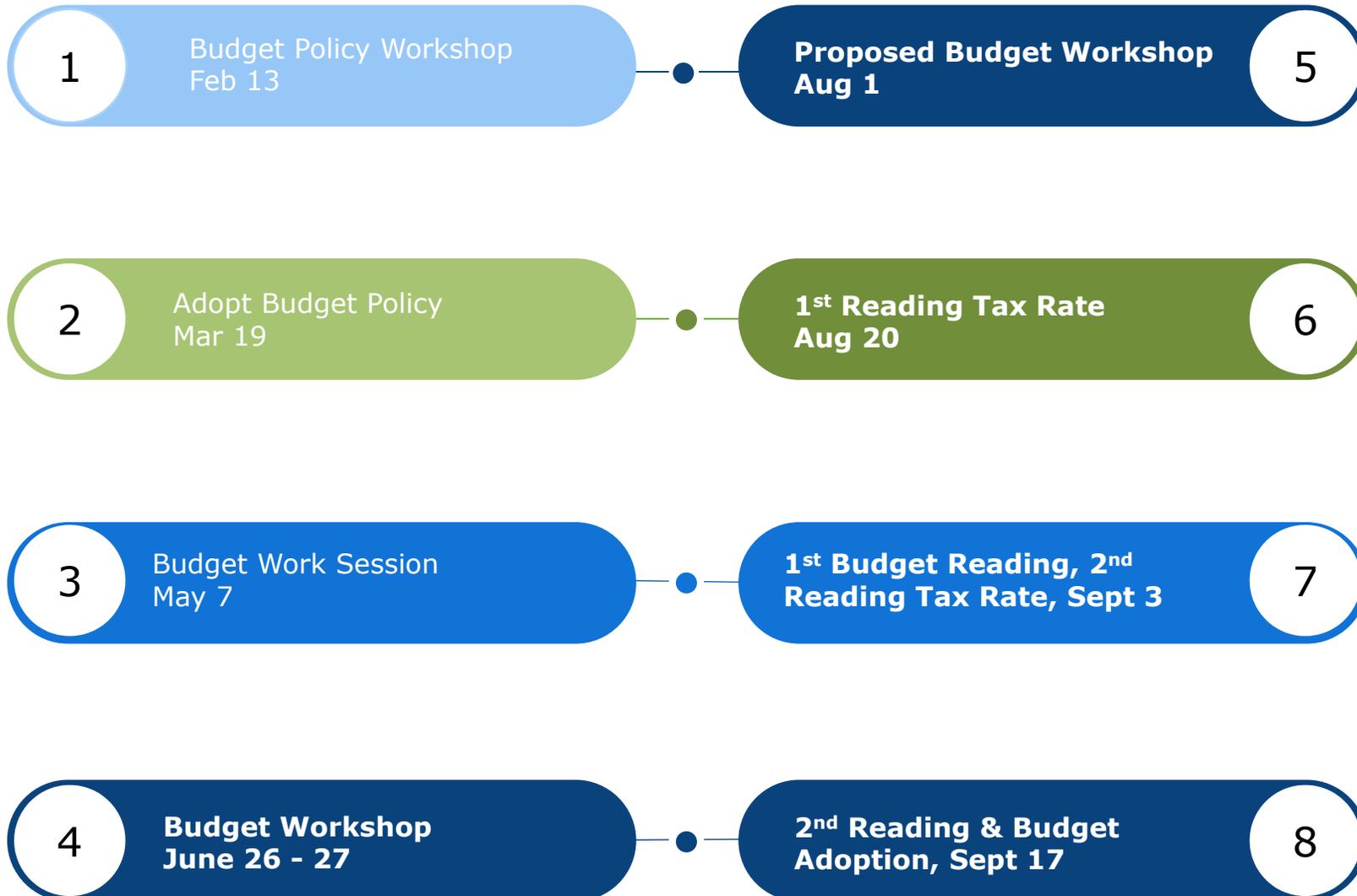
Requested Expenses	One-time / Recurring	Annual Cost
Arborist supplies	Recurring	\$25,000
Total Operating Expense:		\$25,000
Front end wheel loader*		\$170,000
Rover camera and CCTV equipment*		\$160,000
Total Capital Expense:		\$330,000
Funding Summary		
Personnel		\$326,850
Operating		\$25,000
Capital		\$330,000
Total Stormwater Funding:		\$681,850

* Exploring financing over a 5-7 year timeframe

Budget Timeline



Budget Timeline



Wrap Up



Questions



Discussion





Thank You



Bert Lumbreras

City Manager



Stephanie Reyes

Chief of Staff



Heather Hurlbert

Director of Finance



Melissa Neel

Assistance Director of Finance