



City of San Marcos

Budget Workshop Agenda - Final City Council

Tuesday, June 29, 2021

5:00 PM

Virtual Meeting

Budget Workshop

Due to COVID-19, this will be a virtual meeting. To view the meeting please go to <http://sanmarcostx.gov/421/City-Council-Videos-Archives> or watch on Grande channel 16 or Spectrum channel 10.

I. Call To Order

II. Roll Call

PRESENTATIONS

1. Receive a Staff presentation and hold discussion regarding the Fiscal Year 2020-2021 Financial Update and preliminary Fiscal Year 2021-2022 Budget, and provide direction to Staff.

III. Adjournment.

POSTED ON THURSDAY, JUNE 24, 2021 @ 1:00PM

TAMMY K. COOK, INTERIM CITY CLERK

Notice of Assistance at the Public Meetings

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Legislation Text

File #: ID#21-465, **Version:** 1

AGENDA CAPTION:

Receive a Staff presentation and hold discussion regarding the Fiscal Year 2020-2021 Financial Update and preliminary Fiscal Year 2021-2022 Budget, and provide direction to Staff.

Meeting date: June 29, 2021

Department: Finance

Amount & Source of Funding

Funds Required: Click or tap here to enter text.

Account Number: Click or tap here to enter text.

Funds Available: Click or tap here to enter text.

Account Name: Click or tap here to enter text.

Fiscal Note:

Prior Council Action: Click or tap here to enter text.

City Council Strategic Initiative: [Please select from the dropdown menu below]

Choose an item.

Choose an item.

Choose an item.

Comprehensive Plan Element (s): [Please select the Plan element(s) and Goal # from dropdown menu below]

- Economic Development - Choose an item.
- Environment & Resource Protection - Choose an item.
- Land Use - Choose an item.
- Neighborhoods & Housing - Choose an item.
- Parks, Public Spaces & Facilities - Choose an item.
- Transportation - Choose an item.
- Not Applicable

Master Plan: [Please select the corresponding Master Plan from the dropdown menu below (if applicable)]

Choose an item.

Background Information:

This is a City Council workshop to discuss and provide direction on the calculation and creation of the Fiscal Year 2022 budget and Fiscal Year 2021 Financial Update.

In this workshop, City Council will receive detailed information on revenue assumptions and recommendations for the FY2022 budget. This may include discussions on potential options to balance the budget with considerations to the preliminary revenue projections.

The budget process begins in the spring with formation of the Budget Policy. A preliminary budget is presented for discussion with City Council during workshops held on May 18 and June 29. Changes made during the workshops are incorporated in the Proposed Budget that is filed with the City Clerk by mid-August.

A public hearing and further discussions are held in August and September and changes can be made to the budget until the adoption on September 21st.

Council Committee, Board/Commission Action:

Click or tap here to enter text.

Alternatives:

Click or tap here to enter text.

Recommendation:

Click or tap here to enter text.



City of San Marcos

City Council Work Session

Budget Workshop

June 29, 2021



Agenda

- **FY 21 Update**
- **Hotel Occupancy Tax Trend**
- **General Fund-Revenue Drivers**
- **FY 22**
 - Budget Update
 - General Fund – Assumptions
 - General Fund – Drivers
 - General Fund – Gap
 - Personnel Requests
 - Capital Outlay Requests
 - General Fund – Agency Funding Requests
 - Rate Study Update
 - Budget Timeline
- **Exemption Update**
- **Council Direction**



FY21 Update

Fund	Budgeted Use of Fund Balance	Projection
General	\$2,794,633	Anticipate no use of fund balance and beginning 2022 at 29% of 2022 operating costs
Electric	\$472,406	Will need budget amendment for winter storm; est. use of \$3.1M of fund balance less rollover of \$2.5M = \$600K
Water/ Wastewater	\$217,507	Anticipate no use of fund balance
Stormwater	\$80,522	Est. max. use of \$450K of fund balance bringing fund balance down to 20.8%

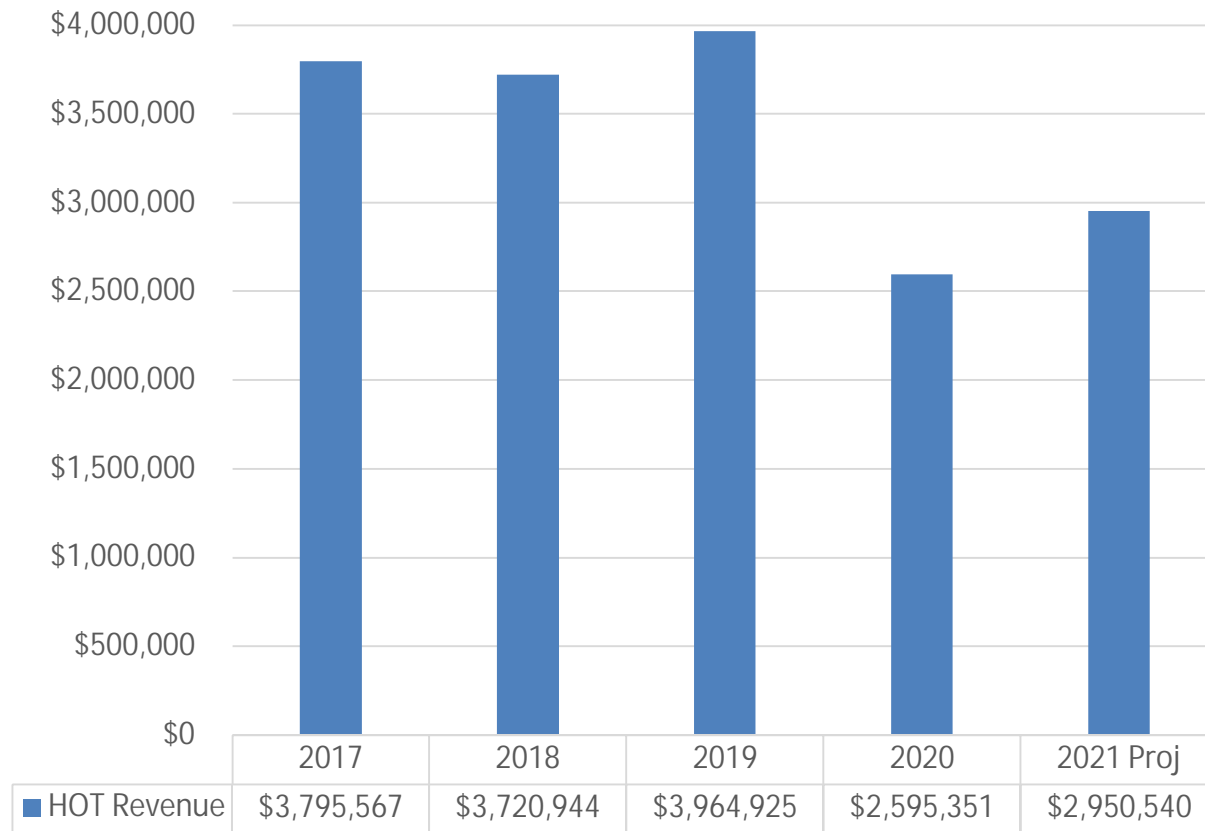


FY21 Update

Fund	Budgeted Fund Balance	Projection
Resource Recovery	\$61,338	No use of fund balance
Airport	\$58,906	Est. max. transfer from General Fund of \$59K
Hotel Tax	\$276,841	Est. max. use of fund balance of \$220K



Hotel Occupancy (HOT) Tax



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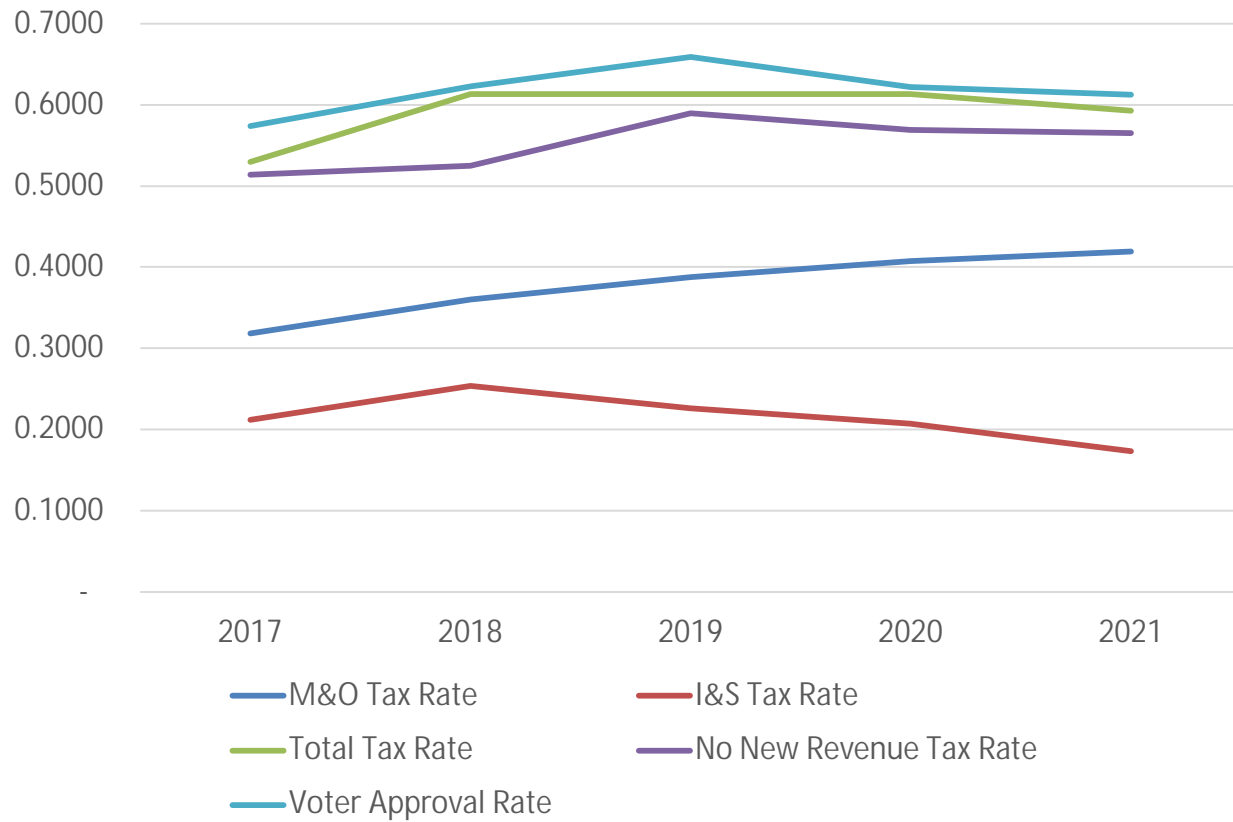


General Fund – Revenue Drivers

- Tax Rates
- Adopted Tax Rate
- Average Home Value
- Assessed Value
- No New Revenue Tax Rate
- Current Ad Valorem Collected
- Sales Tax

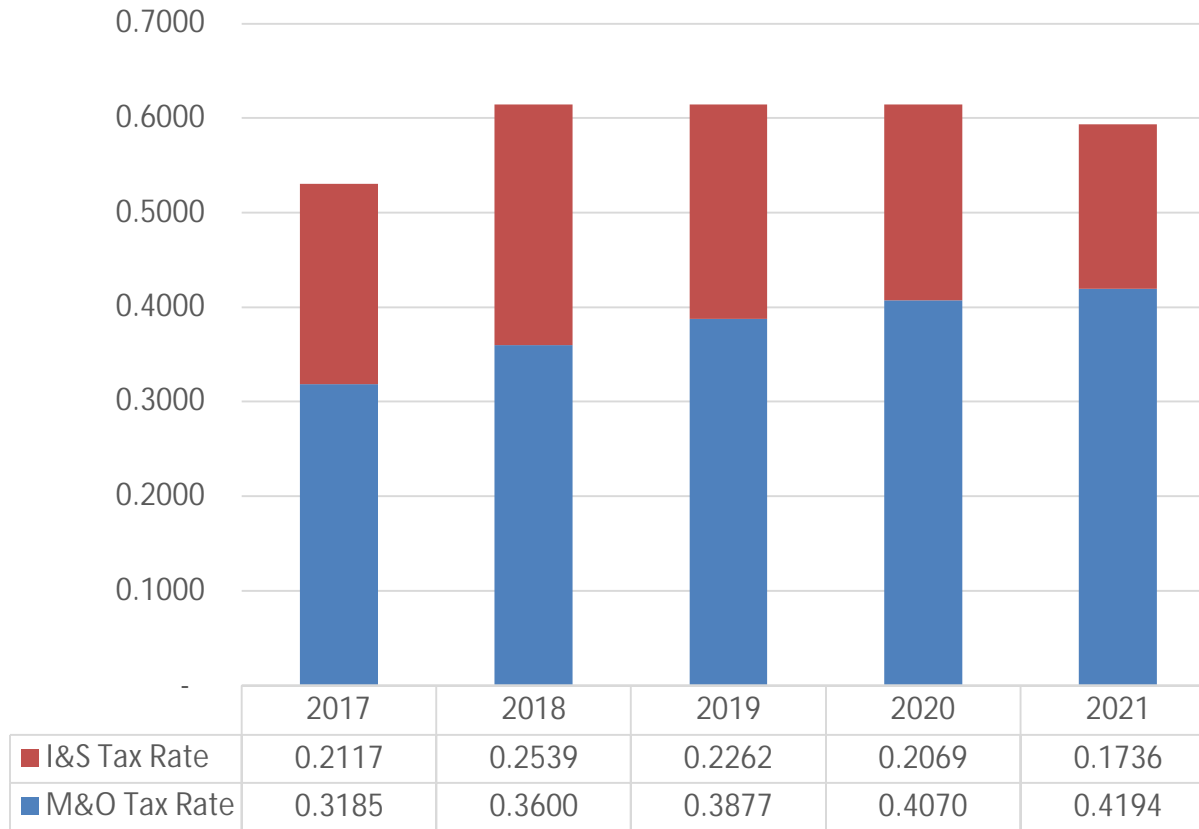


San Marcos Tax Rates





San Marcos Adopted Tax Rate

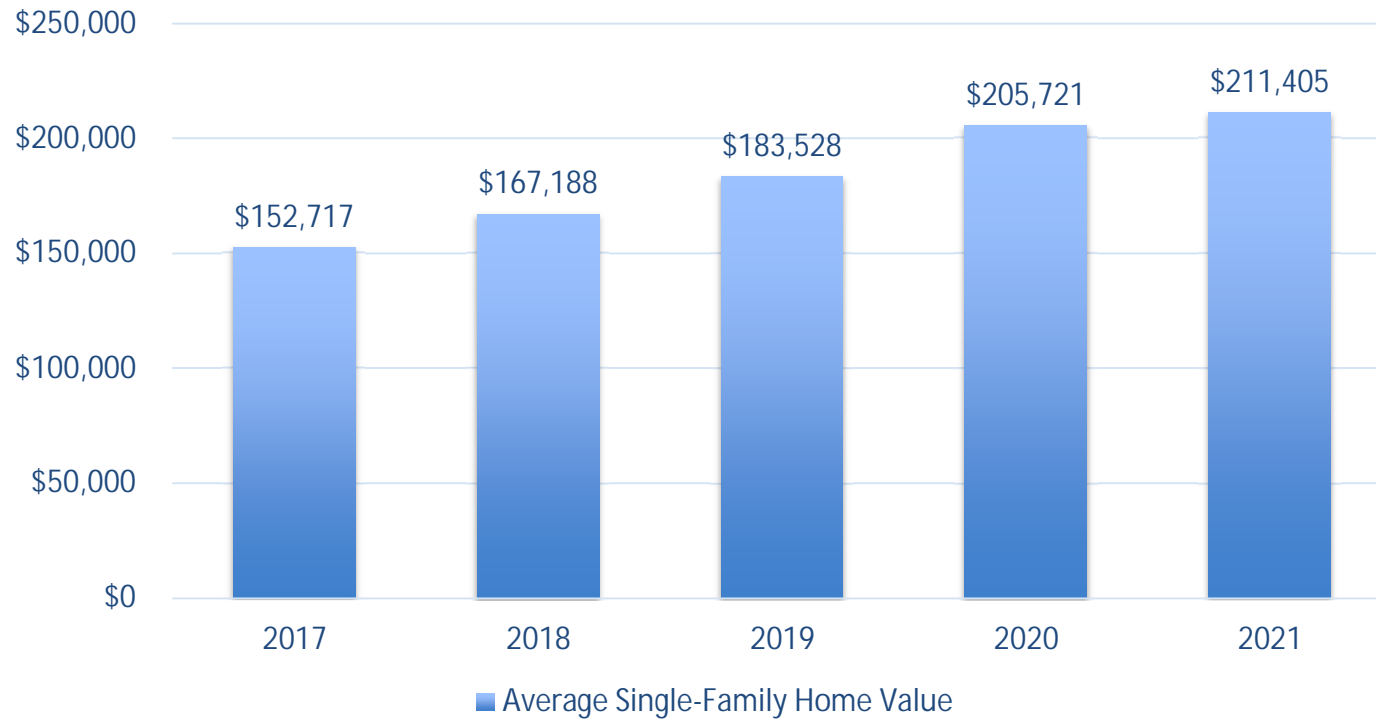


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Average Home Value

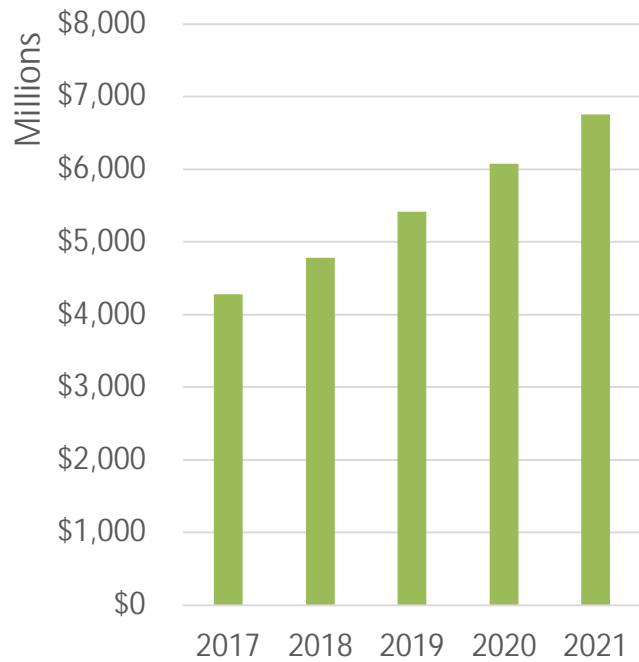
Source: Hays CAD Comptrollers Audit Report for Certified Roll



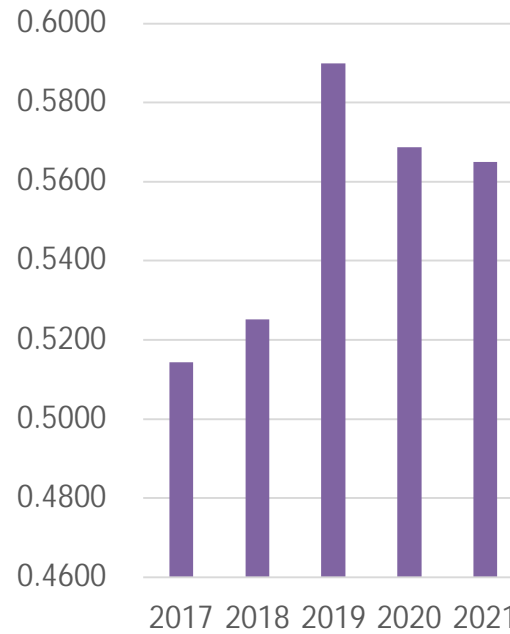


• San Marcos

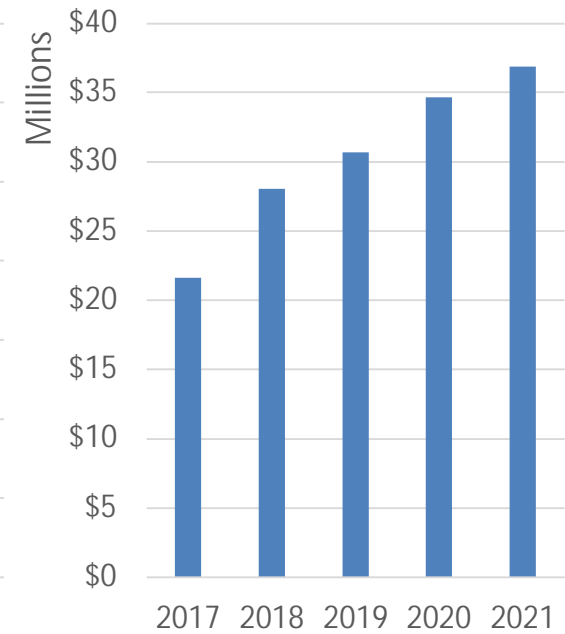
Assessed Value



No New Revenue Tax Rate



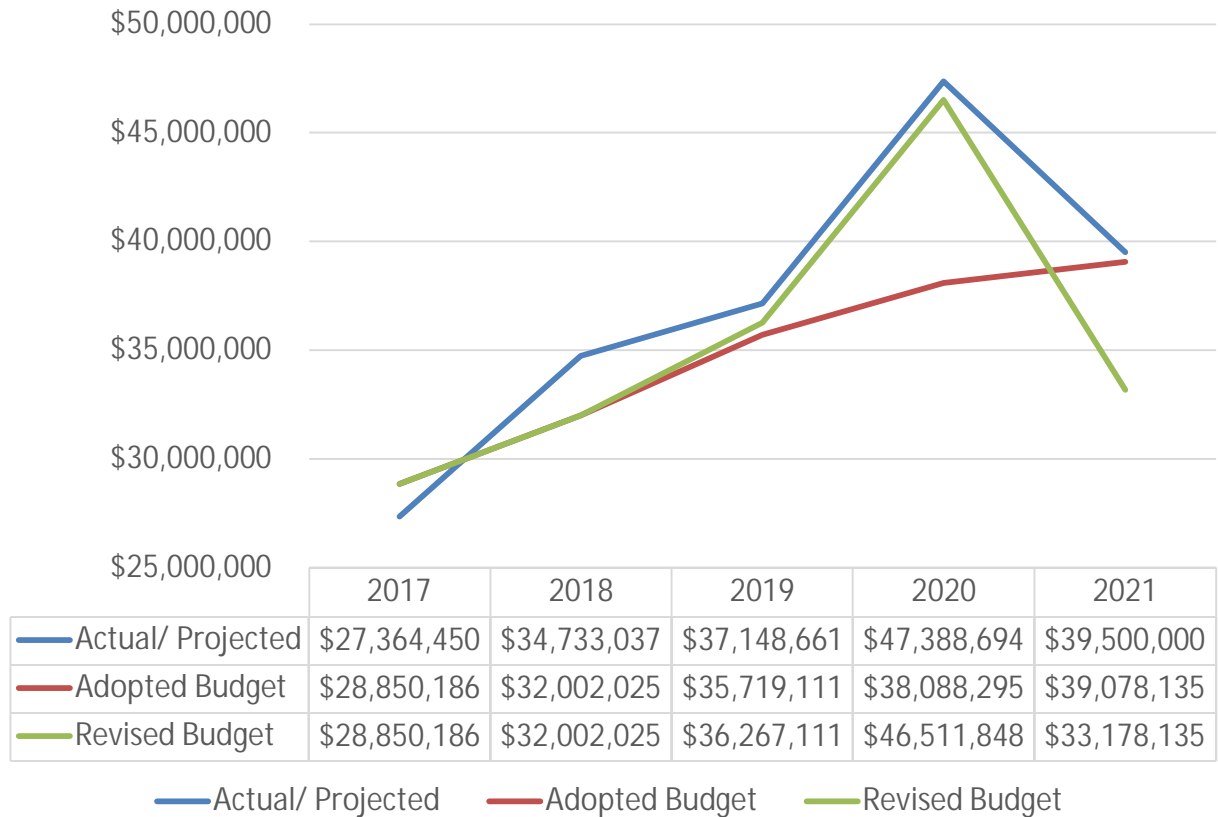
Current Ad Valorem Collected



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Sales Tax





FY22 Budget Policy Update

Fund	Policy	Update
Stormwater	Rate increase of 6.5%	Updated rate models shows 8% needed
All	Non-civil service employee pay increase of 4%	Based on general fund numbers may need to reduce
All	Health Insurance will be evaluated	Costs are increasing; will finalize rates in July
Transit	Operations funding to be presented at later date	Funding needed is \$800K



FY22 Budget Update

- **Continue to work on finalizing numbers and balancing budget**
- **Finalize property tax numbers**
 - Potential increase in debt rate
 - Potential lower tax rate depending on tax roll
- **Continue to monitor sales tax**
- **Net revenues are currently anticipated approximately flat**
- **Analyzing elimination of TIRZ#2**
- **Reviewing Chapter 380 agreements**
- **Finalize increase in benefit costs**



FY22 General Fund Budget Assumptions

- **Revenue**

- Property tax: flat tax rate with increase from new property
- Sales tax: 2% increase over the last 12 months pre-pandemic
- Franchise fees: based on anticipated utility revenue from COSM and trend for others
- Permit fees: average of prior three years' revenue
- Fines: average of FY19 and FY20
- Parks: primarily based on FY19 with review of historical trend
- Community Enhancement Fee: 2% growth
- Investments and other: current year trend



FY22 General Fund – Cost Drivers

- **Increases in personnel costs = \$3.015M**
 - 4% salary adjustment = \$1.9M
 - 1.4% increase in TMRS = \$850K
 - 60% increase in workers compensation = \$265K
- **Restoration of support of transit operations = \$650K**
- **Increased operational costs = \$1.29M**
 - Facilities and utilities = \$600K
 - Equipment repairs = \$200K
 - Transportation (asphalt, concrete, signalization) = \$250K
 - Transportation Indirect Cost Chargeback = \$140K
 - Irrigation maintenance program = \$100K



FY22 General Fund Budget-Gap

- **Current Gap = \$2.8M**

Use of additional ARP funds

Finalize property tax

Refine revenues

Reduce or delay non-civil service employees pay increase

Reduction in operating costs

Not fund all new personnel or capital outlay requests

Reduce fund balance %

Increase property tax rate

Reduce outside agency and event funding



Fiscal Year 22 Requests-Personnel

Positions requested are to address the challenges faced with the increased demand of providing core services for our growing community.

Fund	#	Cost
General	33	\$2,841,188
Stormwater	5	\$360,241
Water/Wastewater	2	\$208,905
Electric	1	\$111,216
Combination	12	\$1,243,909
Total	53	\$4,765,459



Fiscal Year 22 Requests-Capital Outlay

Requests received are to address the challenges faced with the increased demand of providing core services for our growing community as well replace necessary vehicles and equipment.

Fund	#	Cost
General	43	\$3,574,541
Stormwater	1	\$230,000
Water/Wastewater	8	\$898,000
Electric	12	\$573,949
Total	64	\$5,276,490



FY22 General Fund Agency Funding Requests

Organization	Submitted	Amount
Mermaid Society	No	
LBJ Museum	Yes	\$25,000
Calaboose African American Museum	Yes	\$20,000
GSM Area Sr. Center	Yes	\$25,000
Centro Cultural De Hispano	No	\$25,000
Go Wheels Up	Yes	\$95,000
Sights and Sounds	Yes	\$100,000
Human Services Advisory Board	N/A	\$650,000



Rate Study Update

- **Stormwater**
 - Rate increase of 8% needed
- **Water/Wastewater**
 - Finalizing rate model to go to Citizen's Utility Advisory Board in July
- **Electric**
 - Finalizing rate model to go to Citizen's Utility Advisory Board in July
- **Development Services**
 - Working on RFP to complete fee study



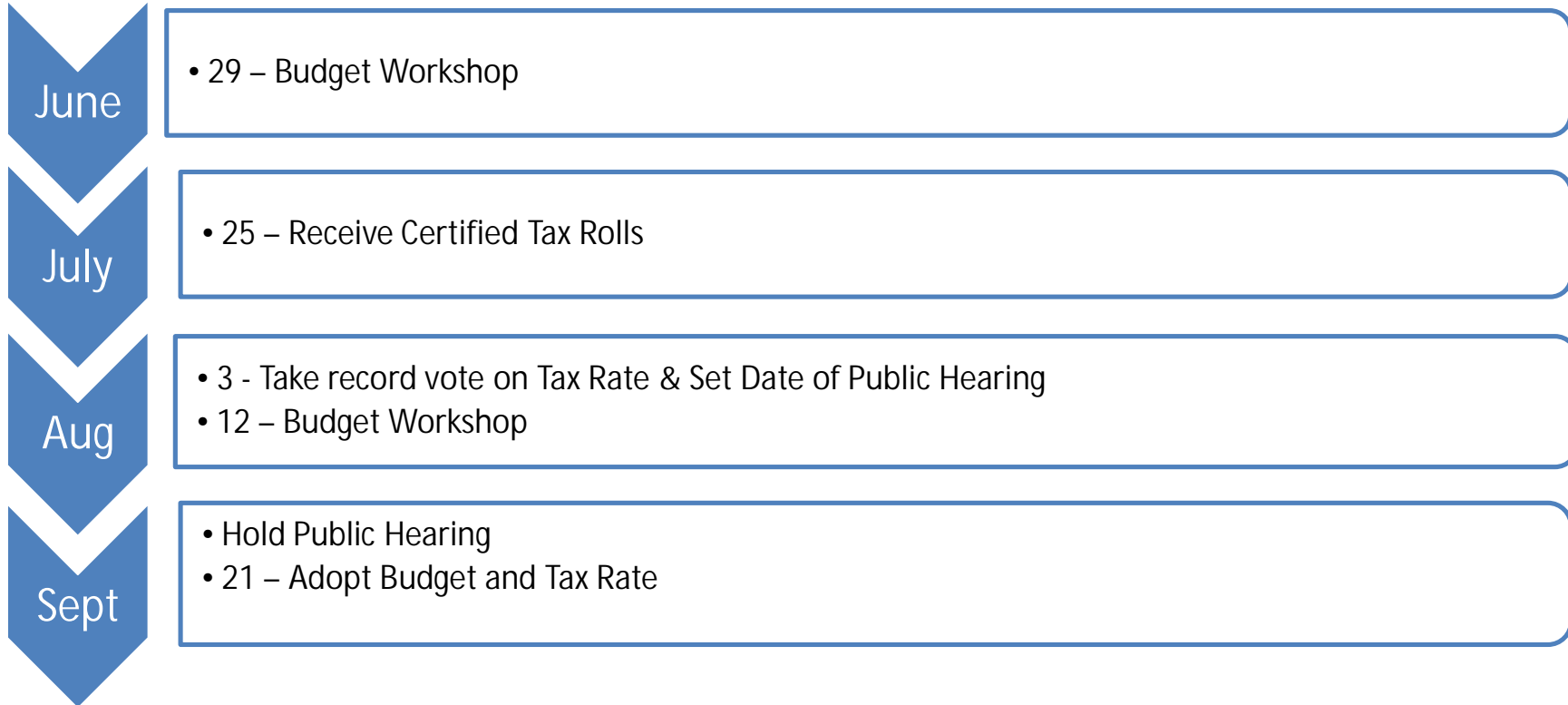
Exemption Update

- **Effective FY23 Budget**
- **Next step – Ordinance to amend Section 78.077 of the City Code**
- **\$628K = \$0.01 to FY21 tax rate**

	<u>Current</u>	<u>New</u>
<u>Sr. Exemption</u>		
Number of over 65 exemptions	1,982	1,982
Exempt Amount	\$ 25,000	\$ 35,000
Tax Rate	\$ 0.5930	\$ 0.5930
Total tax forfeited due to exemption	\$293,832	\$411,364
Additional tax forfeited due to exemption		\$117,533
Savings per household	\$ 148.25	\$ 207.55
Additional savings per household		\$ 59.30
<u>Homestead Exemption</u>		
Number of properties		4,959
Exemption Amount		\$ 15,000
Tax Rate		\$ 0.5930
Savings Per resident		\$ 88.95
Total Reduction		\$441,103
Total Estimated General Fund Impact		
		\$558,636



Budget Timeline





Council Direction

- **Tax Rate: Current tax rate or lower**
- **Stormwater Rate Increase: 8% or reduce costs \$107K to keep at original 6.5%**
- **Ad Valorem Tax Exemptions**
- **Additional Considerations**



Bert Lumbreras

City Manager

Stephanie Reyes

Assistant City Manager

Joe Pantalione

Assistant City Manager

Chase Stapp

Director of Public Safety

Marie Kalka

Finance Director

Anna Miranda

Assistant Finance Director

Thank You

City of San Marcos - Vacancy Report - June 7, 2021

Location Description	Position Description	Comments:	FTE	Fund
CITY CLERK'S OFFICE	CITY CLERK	Interim placement	1.000	General
COMMUNICATIONS & IGR	VIDEO TECHNICIAN	Frozen	0.500	General
COMMUNICATIONS & IGR	Digital Design Coordinator	Pending onboarding of Marketing & Media Manager	1.000	General
FINANCE	GRANTS MANAGER	Interim placement following unsuccessful recruitment efforts.	1.000	General
FINANCE	MAIL SERVICES CLERK	Has been frozen - reclassifying to Accounting Technician	0.550	General
LEGAL	ADMINISTRATIVE ASSISTANT	Pending Courts fully reopening	1.000	General
LEGAL	ASSISTANT CITY ATTORNEY	Third round of advertising - Candidate declined - discussing strategy	1.000	General
HUMAN RESOURCES	HUMAN RESOURCES MANAGER	Reviewing organizational structure	1.000	General
INFORMATION TECHNOLOGY	IT SERVICE DELIVERY MANAGER	Interim/Advertised	1.000	General
ENGINEERING & CIP	PROJECT ENGINEER-WATERSHED	Advertised - 3 week full pay range posting with no qualified applicants	1.000	General
ANIMAL SERVICES-ANIMAL SHELTER	ANIMAL SERVICES CLERK/DISPATCHER	Pending reclassification	1.000	General
ANIMAL SERVICES-ANIMAL SHELTER	ANIMAL SERVICES MANAGER	Interim placement	1.000	General
ANIMAL SERVICES-ANIMAL SHELTER	ANIMAL SHELTER TECHNICIAN, LEAD	Advertised	1.000	General
LIBRARY	LIBRARY CLERK	Advertised	0.750	General
LIBRARY	LIBRARY PAGE	Advertised	0.375	General
PARKS AND RECREATION	NATURAL AREA MAINTENANCE TECH	Frozen - used by PD for evidence technician	1.000	General
PARKS AND RECREATION	NATURAL AREA MAINTENANCE CREW LEADER	Frozen - position used by PD for records clerk	1.000	General
PARKS AND RECREATION	PARKS/ATHLETIC FIELDS WORKER	Selection process	1.000	General
PARKS AND RECREATION	PARKS/FACILITIES SPECIALIST	Selection process	1.000	General
PARKS AND RECREATION	PARKS/FACILITIES WORKER	Selection process	1.000	General
PARKS AND RECREATION	DISCOVERY CENTER SPECIALIST	No managed hiring request received	1.000	General
PARD-ACTIVITY CENTER	ACTIVITY CENTER ATTENDANT	Selection process	0.700	General
PARD-ACTIVITY CENTER	ACTIVITY CENTER ATTENDANT	Frozen	0.750	General
PARD-ACTIVITY CENTER	FACILITIES MAINTENANCE WORKER	Advertised	0.750	General
PARD-ACTIVITY CENTER	LIFEGUARD-ACTIVITY CENTER	Frozen	0.375	General
PARD-ACTIVITY CENTER	LIFEGUARD-ACTIVITY CENTER	Frozen	0.375	General
PARD-ACTIVITY CENTER	LIFEGUARD-ACTIVITY CENTER	Frozen	0.375	General
PLANNING-CDBG	COMMUNITY INITIATIVES ADMINISTRATOR	With the number of federal grants stemming from COVID, it is extremely difficult to fill grant positions. Candidates have also been reluctant to relocate during the pandemic. We continue to advertise including considering interim placements.	1.000	General
REAL ESTATE	REAL ESTATE MANAGER	Revised job description received - will advertise following revision.	1.000	General
GENERAL SERVICES ADMIN	DIRECTOR OF GENERAL SERVICES	Reorganization - Director of Public Works - Interim	1.000	75% General 25% Transit
GENERAL SERVICES ADMIN	PARKING AND MOBILITY MANAGER	FTE created but position never funded	1.000	General
GENERAL SERVICES-FLEET	MASTER FLEET SERVICES TECHNICIAN, LEAD	Request for reclassification pending	1.000	General
COMM SVC-ENH, TRANS, FLT, FA	HVAC TECHNICIAN	Candidate selected	1.000	General
TRANSPORTATION-TRAFFIC CONTROL	TRAFFIC CONTROL AND SIGNAL OPERATOR I	Selection process	1.000	General
TRANSPORTATION-STREETS	EQUIPMENT OPERATOR I-STREETS	Selection process	1.000	General
TRANSPORTATION-STREETS	EQUIPMENT OPERATOR I-STREETS	Advertised	1.000	General
TRANSPORTATION-DRAINAGE	EQUIPMENT OPERATOR I-DRAINAGE	Advertised	1.000	Stormwater
WOMEN, INFANT & CHILD PROGRAM	WIC HEALTH AND NUTRITION SPECIALIST	Filled based on program staffing needs	1.000	WIC
WOMEN, INFANT & CHILD PROGRAM	WIC HEALTH AND NUTRITIONIST SPECIALIST	Filled based on program staffing needs	1.000	WIC
WOMEN, INFANT & CHILD PROGRAM	WIC CLERK/BREASTFEEDING PEER COUNSELOR	Filled based on program staffing needs	1.000	WIC
WOMEN, INFANT & CHILD PROGRAM	WIC CLERK/BREASTFEEDING PEER COUNSELOR	Filled based on program staffing needs	1.000	WIC
WOMEN, INFANT & CHILD PROGRAM	WIC CLERK/BREASTFEEDING PEER COUNSELOR	Filled based on program staffing needs	1.000	WIC
WOMEN, INFANT & CHILD PROGRAM	WIC CLERK/BREASTFEEDING PEER COUNSELOR	Filled based on program staffing needs	1.000	WIC
PUBLIC SERVICES ADMIN	DIRECTOR OF PUBLIC SERVICES	Reorganization - Director of Utilities - Interim	1.000	50% Electric 50% W/WW
WATER-WW DISTRIBUTION	EQUIPMENT OPERATOR II-W/WW	Selection process	1.000	Water/Wastewater
WATER-WW DISTRIBUTION	WATER DISTRIBUTION MANAGER	Selection process	1.000	Water/Wastewater
ELECTRIC UTILITY ADMIN	SENIOR DISTRIBUTION DESIGNER	Pending reposting	1.000	Electric
ELECTRIC UTILITY-MAINTENANCE	LINEWORKER APPRENTICE OR LINEWORKER	Advertised	1.000	Electric
ELECTRIC UTILITY-MAINTENANCE	SENIOR LINEWORKER	Funded in Lineworker Apprentice program. On hold until ready to promote.	1.000	Electric
ELECTRIC UTILITY-MAINTENANCE	SENIOR LINEWORKER	Funded in Lineworker Apprentice program. On hold until ready to promote.	1.000	Electric
ELECTRIC UTILITY-MAINTENANCE	SENIOR LINEWORKER	Funded in Lineworker Apprentice program. On hold until ready to promote.	1.000	Electric
ELECTRIC UTILITY-MAINTENANCE	SENIOR LINEWORKER	Funded in Lineworker Apprentice program. On hold until ready to promote.	1.000	Electric
ELECTRIC UTILITY-CONSERVATION	IRRIGATION INSPECTOR	Selection process	1.000	Water/Wastewater

Location Description	Position Description	Comments:	FTE	Fund
PUBLIC SAFETY:				
EMERGENCY MANAGEMENT OFFICE	EMERGENCY MANAGEMENT COORDINATOR	Third advertising - Contingent offer accepted	1.000	General
MUNICIPAL COURT	DEPUTY MUNICIPAL COURT CLERK	Not requested through managed hiring program.	1.000	General
POLICE-ADMIN	911 TELECOMMUNICATOR	Advertising/selection process	1.000	General
POLICE-ADMIN	911 TELECOMMUNICATOR	Advertising/selection process	1.000	General
POLICE-ADMIN	911 TELECOMMUNICATOR	Advertising/selection process	1.000	General
POLICE-ADMIN	911 TELECOMMUNICATOR	Advertising/selection process	1.000	General
911 TELECOMMUNICATOR - ALSO 2 OVERHIRE SLOTS; also received a TCO Lead resignation which isn't reflected yet.				
SWORN POLICE:				
No current vacancies - 9 trainees that will be completing of field training and assigned to full duty on July 10th. Five trainees will take their TCOLE license exam on July 27th and are projected to complete field training in January 2022.				
SWORN FIRE:				
Promotional tests were held on 6/7/2021 for all ranks. Once the test appeal process and the eligibility lists are complete, the top ranking employees will be promoted. Firefighter new hires are being processed to so that 10 vacancies are filled. This includes the staff for the new LaCima Fire Station.				
FIRE	FIREFIGHTER		1.000	General
FIRE	FIREFIGHTER		1.000	General
FIRE	FIREFIGHTER		1.000	General
FIRE	FIREFIGHTER		1.000	General
FIRE	FIRE ENGINEER		1.000	General
FIRE	FIRE CAPTAIN		1.000	General
FIRE	FIRE CAPTAIN		1.000	General
FIRE	FIRE CAPTAIN		1.000	General
FIRE	FIRE CAPTAIN		1.000	General
FIRE	FIRE BATTALION CHIEF		1.000	General