



City of San Marcos

630 East Hopkins
San Marcos, TX 78666

Workshop Agenda - Final City Council

Thursday, February 20, 2020

4:30 PM

City Council Chambers

630 E. Hopkins - Budget Policy Workshop

I. Call To Order

II. Roll Call

PRESENTATIONS

1. Receive a Staff presentation and hold discussion regarding the Fiscal Year 2020-2021 Budget Policy for the City of San Marcos, and provide direction to the City Manager.

III. Adjournment.

POSTED ON FRIDAY, FEBRUARY 14, 2020 @ 1:30PM

TAMMY K. COOK, INTERIM CITY CLERK

Notice of Assistance at the Public Meetings

The City of San Marcos does not discriminate on the basis of disability in the admission or access to its services, programs, or activities. Individuals who require auxiliary aids and services for this meeting should contact the City of San Marcos ADA Coordinator at 512-393-8000 (voice) or call Texas Relay Service (TRS) by dialing 7-1-1. Requests can also be faxed to 855-461-6674 or sent by e-mail to ADArequest@sanmarcostx.gov



Legislation Text

File #: ID#19-918, **Version:** 1

AGENDA CAPTION:

Receive a Staff presentation and hold discussion regarding the Fiscal Year 2020-2021 Budget Policy for the City of San Marcos, and provide direction to the City Manager.

Meeting date: February 20, 2020

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.
- Core Services
- Not Applicable

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

Choose an item.

Background Information:

Per city charter budget policy workshop must be held before February 28th each year. The budget policy serves as the framework for developing the budget document for the next fiscal year. This is the first step in the process which culminates with the adoption of the budget in September.

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.

Key Priorities:

The Strategic Initiatives identified by the Council during the Visioning Meeting in January 2020 focus around the following key priorities:

- Workforce Housing
- Multi Modal Transportation
- Workforce Development
- Downtown Vitality
- Sustainability

Strategic Initiatives

Key Priority: Workforce Housing

A. Update, consolidate and communicate housing policies and action plans.

Strategies:

- I. Update the Affordable Housing Policy and adopt a housing framework / blueprint based on the work of the San Marcos Workforce housing Task Force.
- II. Maintain a robust website and participate as a community partner in advancing the City's housing goals.
- III. Develop internal city capacity and support capacity building efforts in community partners to advance the City's housing goals. Work with local employers such as Texas State University, San Marcos ISD, Hays County, Central Texas Medical Center, the banking community, the Greater San Marcos Partnership and area non-profits to identify and implement housing solutions.
- IV. Focus on improving sub-standard housing.
 - a. Determine appropriate role for code enforcement.
 - b. Research budgetary impact of increased role for Tenants Council.
 - c. Evaluate requirements for owners to make repairs to rental properties.

B. Develop dedicated housing and revenue sources that meet goals.

Strategies:

- I. Build additional permanently affordable homes targeted to flood victims on city-owned lots with CDBG-DR funds.
- II. Enter into cooperative agreements with other taxing entities to identify tax-forfeiture properties and make them available for construction of permanently affordable workforce housing.
- III. Establish a land bank and community land trust with the purpose of supporting permanently affordable workforce housing.
- IV. Establish an Emergency Housing Rehabilitation Program.

C. Implement land use and zoning regulations that support diverse, mixed income communities in all areas of the City.

Strategies:

- I. Encourage mixed income communities within new development.
- II. Monitor the bonus density program for effectiveness and re-assess during the annual code update.
- III. Monitor the number of new missing middle housing types built under Code SMTX and re-assess during the annual Code update.
- IV. Draft an ordinance targeting geographic locations and non-profit home builders for appropriate zoning when permanently affordable for sale housing is constructed.
- V. Research what is necessary in order to utilize data, such as average median income, specific to San Marcos instead of the data for the Austin metropolitan statistical area in regards to low income housing tax credit and other housing projects.

Key Priority: Multi-Modal Transportation

A. City reviews the benefits and challenges of creating an integrated, seamless transit partnership between the City and Texas State University.

Strategies:

- I. Assess the operating and financial alternatives for coordinated transit services.
 - a. Continue Five Year Strategic Plan for Transit Service
- II. Evaluate the benefits and constraints of a transit partnership with Texas State, to include:
 - a. Seamless transit services for all customers.
 - b. Expand community access to transit options
 - c. Share capital budget resources.
 - d. Coordinate transit routes to maximize efficiency.
 - e. Leverage state and federal funding opportunities.
 - f. Contribute to regional goals to reduce traffic and protect air quality.
- III. Evaluate the challenges of a transit partnership with Texas State, to include:
 - a. Create a shared governance structure.
 - b. Compliance with federal and state regulations, to include paratransit services.
 - c. Coordinate transit routes to maximize efficiency.
 - d. Establish a financial plan to include operating funds, initial investment of capital for vehicles, maintenance facility, and passenger amenities.
- IV. Consider the potential impacts of the 2020 US Census upon transit services in the San Marcos urbanized area.

B. City continues other multi-modal initiatives.

Strategies:

- I. Transportation Demand Management/ including downtown parking management:
 - a. Adopt and implement parking management plan.
 - b. Prioritize Transportation Master Plan projects to improve multi-modal alternatives.
 - c. Evaluate and prioritize other transportation demand management tactics.
 - d. Work with Texas State on park and ride locations
 - e. Market businesses that promote multimodal transportation
- II. Improve Bicycle Friendly Community rating:
 - a. Improve and expand dockless bike share program and explore other shared mobility opportunities.
 - b. Revisit Complete Streets policy and propose changes for Council consideration.
 - c. Consider creation of a Bicycle & Pedestrian Advisory Committee.
 - d. Adopt and implement bicycle master plan.
 - e. Engage community at events for bicycles
- III. Improve pedestrian connectivity and accessibility:
 - a. Conduct updated assessment of existing sidewalk infrastructure.
 - b. Develop and adopt Sidewalk Master Plan.
 - c. Identify and program long-term pedestrian improvements.
 - d. Conduct site survey sampling for ADA compliance.
- IV. Other regional transit partnerships:
 - a. Evaluate the benefits of regional transit partnerships with interurban providers including multimodal transit facility options.
 - b. Investigate light rail, AMTRAK, and other future transit opportunities.
 - c. Explore options for a downtown circulator, including all alternative fuel/vehicle options.
- V. Pursue multi-modal funding opportunities.

Key Priority: Workforce Development**A. Leverage and Partner with the Community.****Strategies:**

- I. Identify current assets including partners, existing services, possible locations, and organizational purpose. Include mapping of assets and services within the City.
- II. Identify community partner to anchor a cradle to career initiative.
- III. Identify and develop outreach opportunities.
- IV. Identify challenges and unmet needs in the business community that are impacted by workforce development.
- V. Explore possibility of a day labor program implemented through social service agencies

B. Facilitate opportunities for Training and Programming.**Strategies:**

- I. Identify and communicate existing training available, including through technology such as a mobile phone application.
- II. Explore opportunities to promote Career and Technical Education (CTE), General Education Diploma (GED), financial literacy, and life skills.
- III. Identify potential gaps and barriers for San Marcos residents and consider alternate delivery methods when possible.
- IV. Identify potential items to include when incentivizing economic development agreements.
- V. Evaluate Greater San Marcos Partnership (GSMP) contract to include deliverables that require training and programming opportunities.
- VI. Determine where to invest city funding to mitigate gaps and barriers that have been identified including a possible training location.

Key Priority: Downtown Vitality**A. Support diversified business activity.****Strategies:**

- I. Begin a revised Downtown Master Plan including, the innovation, cultural and arts districts.
 - a) Scope and Visioning Exercise with district Stakeholders and City Council.
 - b) Request for Proposal (RFP) and Contract for consultant.
 - c) Public outreach with key stakeholders including the Downtown Association, Main Street, the University, as well as other key stakeholders.
 - d) Work with Arts Commission to identify projects linking Downtown and the river
 - e) Drafting and adopting the Downtown Master Plan.
- II. Define goals and objectives for the Main Street program.
 - a) Review current goals and objectives within the Four Point approach of (1-Economic Vitality, 2-Design, 3-Organization, and 4-Promotion).
 - b) Develop a strategy for transformation of Downtown along the Four Points.
 - c) Define quantifiable outcomes for the transformation strategies identified.
 - d) Align organizational resources to achieve desired outcomes through the budget process.
- III. Review possible programs for legacy businesses.
 - a) Promoting City grant programs.
 - b) Buying down interest rates for small businesses.
- IV. Evaluate funding for co-working sites.

B. Take measures to improve downtown quality of place.**Strategies:**

- I. Review and assess possible sites and facilities which could promote San Marcos as a destination.

- II. Review and address underground electric ordinances.
 - a) Identify code amendments during the annual code update process.
 - III. Review and assess strategies for vacant and neglected buildings.
 - a) Review model programs, including incentives, and identify resources needed for implementation.
 - b) Propose code amendments during the annual code update process.
 - c) Identify possible options to maintain health and safety, including inspections.
 - IV. Identify strategic locations for streetscape and infrastructure improvements and identify funding options.
 - a) Develop an interim maintenance and beautification plan and coordinate efforts amongst stakeholders.
 - b) Explore the long-term solutions for beautification and maintenance including a downtown management district with downtown stakeholders.
 - c) Align organizational resources to achieve desired outcomes through the budget process.
 - V. Identify advertising opportunities with area stakeholders to highlight city attractions.
 - VI. Continue working with Texas State University Police regarding Downtown patrols.
 - VII. Review and amend the Downtown Tax Increment Reinvestment Zone (TIRZ) #5.
 - a) Prepare a revised Project & Finance Plan for Board consideration and approval.
 - b) Present revised Project & Finance Plan for Council and Commissioner's Court consideration.
 - c) Work with the County and TIRZ Board on Downtown vision.
- b) Procure parking management technology (meters & mobile app).
 - c) Create program branding and marketing campaign.
 - d) Initiate phased rollout of on-street paid parking.
 - e) Negotiate off-street parking agreements with private property owners and facilitate options.

Key Priority: Sustainability

A. Develop a baseline of sustainability performance measures.

Strategies:

- I. Work with Texas State University and other Texas communities to assess their sustainability programs.
- II. Consider if a consultant is necessary in order to determine the baseline of sustainability measures.

B. Promote sustainability practices throughout the community.

Strategies:

- I. Increase public education and outreach of City's conservation and sustainability efforts
- II. Develop and adopt incentive programs for water conservation to include incentivizing builders to reduce or eliminate turf irrigation systems.
- III. Develop and adopt incentive programs for comprehensive weatherization or energy efficiency retrofits.

C. Accessibility to and within the downtown.

Strategies:

- I. Approve and implement the Parking Management Plan.
 - a) Hire Parking & Mobility Manager.

C. Determine strategies to incorporate sustainability into City construction and operations.

Strategies:

- I. Implement sustainable infrastructure solutions in the City's capital improvement program projects.
- II. Develop and adopt a formal Building Design Standard for municipal buildings or design elements that reduce resource consumption.
- III. Continue evaluation of alternate energy technologies and opportunities.
- IV. Develop and implement programs for elimination of bottled water usage and other single use plastic products.

D. Develop economic development and procurement policies to encourage sustainability for businesses that work with the City.**Strategies:**

- I. Research and adopt policies encouraging sustainability in economic development.
 - II. Research and adopt policies incorporating sustainability in the procurement process.
-
- ❖ *Staff will continue to implement work on City Facilities through completion of the bond projects, Public Service Center, and determining next steps on City Hall.*
 - ❖ *Staff will work towards "Year of the City".*
 - ❖ *Staff will continue to assist on homelessness initiatives.*

Key Priorities:

The Strategic Initiatives identified by the Council during the Visioning Meeting in January 2020 focus around the following key priorities:

- Workforce Housing
- Multi Modal Transportation
- Workforce Development
- Downtown Vitality
- Sustainability

Strategic Initiatives

Key Priority: Workforce Housing

A. Update, consolidate and communicate housing policies and action plans.

Strategies:

- I. Update the Affordable Housing Policy and adopt a housing framework / blueprint based on the work of the San Marcos Workforce housing Task Force.
- II. Maintain a robust website and participate as a community partner in advancing the City's housing goals.
- III. Develop internal city capacity and support capacity building efforts in community partners to advance the City's housing goals. Work with local employers such as Texas State University, San Marcos ISD, Hays County, Central Texas Medical Center, the banking community, the Greater San Marcos Partnership and area non-profits to identify and implement housing solutions.
- IV. Focus on improving sub-standard housing.
 - a. Determine appropriate role for code enforcement.
 - b. Research budgetary impact of increased role for Tenants Council.
 - c. Evaluate requirements for owners to make repairs to rental properties.

B. Develop dedicated housing and revenue sources that meet goals.

Strategies:

- I. Build additional permanently affordable homes targeted to flood victims on city-owned lots with CDBG-DR funds.
- II. Enter into cooperative agreements with other taxing entities to identify tax-forfeiture properties and make them available for construction of permanently affordable workforce housing.
- III. Establish a land bank and community land trust with the purpose of supporting permanently affordable workforce housing.
- IV. Establish an Emergency Housing Rehabilitation Program.

C. Implement land use and zoning regulations that support diverse, mixed income communities in all areas of the City.

Strategies:

- I. Encourage mixed income communities within new development.
- II. Monitor the bonus density program for effectiveness and re-assess during the annual code update.
- III. Monitor the number of new missing middle housing types built under Code SMTX and re-assess during the annual Code update.
- IV. Draft an ordinance targeting geographic locations and non-profit home builders for appropriate zoning when permanently affordable for sale housing is constructed.
- V. Research what is necessary in order to utilize data, such as average median income, specific to San Marcos instead of the data for the Austin metropolitan statistical area in regards to low income housing tax credit and other housing projects.

Key Priority: Multi-Modal Transportation

A. City reviews the benefits and challenges of creating an integrated, seamless transit partnership between the City and Texas State University.

Strategies:

- I. Assess the operating and financial alternatives for coordinated transit services.
 - a. Continue Five Year Strategic Plan for Transit Service
- II. Evaluate the benefits and constraints of a transit partnership with Texas State, to include:
 - a. Seamless transit services for all customers.
 - b. Expand community access to transit options
 - c. Share capital budget resources.
 - d. Coordinate transit routes to maximize efficiency.
 - e. Leverage state and federal funding opportunities.
 - f. Contribute to regional goals to reduce traffic and protect air quality.
- III. Evaluate the challenges of a transit partnership with Texas State, to include:
 - a. Create a shared governance structure.
 - b. Compliance with federal and state regulations, to include paratransit services.
 - c. Coordinate transit routes to maximize efficiency.
 - d. Establish a financial plan to include operating funds, initial investment of capital for vehicles, maintenance facility, and passenger amenities.
- IV. Consider the potential impacts of the 2020 US Census upon transit services in the San Marcos urbanized area.

B. City continues other multi-modal initiatives.

Strategies:

- I. Transportation Demand Management/ including downtown parking management:
 - a. Adopt and implement parking management plan.
 - b. Prioritize Transportation Master Plan projects to improve multi-modal alternatives.
 - c. Evaluate and prioritize other transportation demand management tactics.
 - d. Work with Texas State on park and ride locations
 - e. Market businesses that promote multimodal transportation
- II. Improve Bicycle Friendly Community rating:
 - a. Improve and expand dockless bike share program and explore other shared mobility opportunities.
 - b. Revisit Complete Streets policy and propose changes for Council consideration.
 - c. Consider creation of a Bicycle & Pedestrian Advisory Committee.
 - d. Adopt and implement bicycle master plan.
 - e. Engage community at events for bicycles
- III. Improve pedestrian connectivity and accessibility:
 - a. Conduct updated assessment of existing sidewalk infrastructure.
 - b. Develop and adopt Sidewalk Master Plan.
 - c. Identify and program long-term pedestrian improvements.
 - d. Conduct site survey sampling for ADA compliance.
- IV. Other regional transit partnerships:
 - a. Evaluate the benefits of regional transit partnerships with interurban providers including multimodal transit facility options.
 - b. Investigate light rail, AMTRAK, and other future transit opportunities.
 - c. Explore options for a downtown circulator, including all alternative fuel/vehicle options.
- V. Pursue multi-modal funding opportunities.

Key Priority: Workforce Development**A. Leverage and Partner with the Community.****Strategies:**

- I. Identify current assets including partners, existing services, possible locations, and organizational purpose. Include mapping of assets and services within the City.
- II. Identify community partner to anchor a cradle to career initiative.
- III. Identify and develop outreach opportunities.
- IV. Identify challenges and unmet needs in the business community that are impacted by workforce development.
- V. Explore possibility of a day labor program implemented through social service agencies

B. Facilitate opportunities for Training and Programming.**Strategies:**

- I. Identify and communicate existing training available, including through technology such as a mobile phone application.
- II. Explore opportunities to promote Career and Technical Education (CTE), General Education Diploma (GED), financial literacy, and life skills.
- III. Identify potential gaps and barriers for San Marcos residents and consider alternate delivery methods when possible.
- IV. Identify potential items to include when incentivizing economic development agreements.
- V. Evaluate Greater San Marcos Partnership (GSMP) contract to include deliverables that require training and programming opportunities.
- VI. Determine where to invest city funding to mitigate gaps and barriers that have been identified including a possible training location.

Key Priority: Downtown Vitality**A. Support diversified business activity.****Strategies:**

- I. Begin a revised Downtown Master Plan including, the innovation, cultural and arts districts.
 - a) Scope and Visioning Exercise with district Stakeholders and City Council.
 - b) Request for Proposal (RFP) and Contract for consultant.
 - c) Public outreach with key stakeholders including the Downtown Association, Main Street, the University, as well as other key stakeholders.
 - d) Work with Arts Commission to identify projects linking Downtown and the river
 - e) Drafting and adopting the Downtown Master Plan.
- II. Define goals and objectives for the Main Street program.
 - a) Review current goals and objectives within the Four Point approach of (1-Economic Vitality, 2-Design, 3-Organization, and 4-Promotion).
 - b) Develop a strategy for transformation of Downtown along the Four Points.
 - c) Define quantifiable outcomes for the transformation strategies identified.
 - d) Align organizational resources to achieve desired outcomes through the budget process.
- III. Review possible programs for legacy businesses.
 - a) Promoting City grant programs.
 - b) Buying down interest rates for small businesses.
- IV. Evaluate funding for co-working sites.

B. Take measures to improve downtown quality of place.**Strategies:**

- I. Review and assess possible sites and facilities which could promote San Marcos as a destination.

- II. Review and address underground electric ordinances.
 - a) Identify code amendments during the annual code update process.
- III. Review and assess strategies for vacant and neglected buildings.
 - a) Review model programs, including incentives, and identify resources needed for implementation.
 - b) Propose code amendments during the annual code update process.
 - c) Identify possible options to maintain health and safety, including inspections.
- IV. Identify strategic locations for streetscape and infrastructure improvements and identify funding options.
 - a) Develop an interim maintenance and beautification plan and coordinate efforts amongst stakeholders.
 - b) Explore the long-term solutions for beautification and maintenance including a downtown management district with downtown stakeholders.
 - c) Align organizational resources to achieve desired outcomes through the budget process.
- V. Identify advertising opportunities with area stakeholders to highlight city attractions.
- VI. Continue working with Texas State University Police regarding Downtown patrols.
- VII. Review and amend the Downtown Tax Increment Reinvestment Zone (TIRZ) #5.
 - a) Prepare a revised Project & Finance Plan for Board consideration and approval.
 - b) Present revised Project & Finance Plan for Council and Commissioner's Court consideration.
 - c) Work with the County and TIRZ Board on Downtown vision.
- b) Procure parking management technology (meters & mobile app).
- c) Create program branding and marketing campaign.
- d) Initiate phased rollout of on-street paid parking.
- e) Negotiate off-street parking agreements with private property owners and facilitate options.

Key Priority: Sustainability

A. Develop a baseline of sustainability performance measures.

Strategies:

- I. Work with Texas State University and other Texas communities to assess their sustainability programs.
- II. Consider if a consultant is necessary in order to determine the baseline of sustainability measures.

B. Promote sustainability practices throughout the community.

Strategies:

- I. Increase public education and outreach of City's conservation and sustainability efforts
- II. Develop and adopt incentive programs for water conservation to include incentivizing builders to reduce or eliminate turf irrigation systems.
- III. Develop and adopt incentive programs for comprehensive weatherization or energy efficiency retrofits.

C. Accessibility to and within the downtown.

Strategies:

- I. Approve and implement the Parking Management Plan.
 - a) Hire Parking & Mobility Manager.

C. Determine strategies to incorporate sustainability into City construction and operations.

Strategies:

- I. Implement sustainable infrastructure solutions in the City's capital improvement program projects.
- II. Develop and adopt a formal Building Design Standard for municipal buildings or design elements that reduce resource consumption.
- III. Continue evaluation of alternate energy technologies and opportunities.
- IV. Develop and implement programs for elimination of bottled water usage and other single use plastic products.

D. Develop economic development and procurement policies to encourage sustainability for businesses that work with the City.**Strategies:**

- I. Research and adopt policies encouraging sustainability in economic development.
 - II. Research and adopt policies incorporating sustainability in the procurement process.
-
- ❖ *Staff will continue to implement work on City Facilities through completion of the bond projects, Public Service Center, and determining next steps on City Hall.*
 - ❖ *Staff will work towards "Year of the City".*
 - ❖ *Staff will continue to assist on homelessness initiatives.*



Budget Policy FY 2021



Agenda



City Manager Introduction



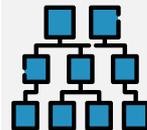
FY19 Year-End Review



Budget Process



Key Forecast Assumptions



Budget Policy Discussion



Decision Point Summary

FY 2019 Year End Summary

General Fund

	Budget	Actual	Variance	Notes
Beginning Fund Balance		\$16,100,000		
Total Revenue	\$80,873,000	\$80,765,000	\$-108,000	
Taxes	56,448,000	57,100,000	652,000	Sales Taxes more than budgeted
Utility Franchise Fees	10,000,000	9,200,000	-800,000	City Utility Franchise Fees less than budgeted
License and Permits	2,900,000	3,400,000	500,000	
Fines and Penalties	1,400,000	1,200,000	-200,000	
Recreational	700,000	660,000	-40,000	
Community Enhancement Fee	593,000	590,000	-3,000	
Animal Shelter	570,000	495,000	-75,000	
Other Revenue	1,700,000	1,890,000	190,000	
Transfer from Other Funds	6,300,000	6,200,000	-100,000	
Total Expenses	\$81,870,000	\$79,770,000	\$-2,100,000	
Personnel	50,400,000	50,100,000	-300,000	
Contracted Services	8,300,000	7,380,000	-920,000	Savings in Software License & Maint, Utilities and Contracted Svs offset by increased Facility Maintenance
Materials and Supplies	4,630,000	4,530,000	-100,000	
Other Expenses	4,780,000	3,730,000	-1,050,000	CEF expenses less than budgeted
Social Services	500,000	500,000	0	
Economic Incentives/TIRZ	8,710,000	9,050,000	340,000	
Capital Expense	2,740,000	2,740,000	0	
Operating Transfers	1,810,000	1,740,000	-70,000	
Ending Fund Balance		\$17,100,000		

FY 2019 Year End Summary

Electric Utility Fund

	Budget	Actual	Variance	Notes
Beginning Fund Balance		\$9,260,000		
Total Revenue	\$62,846,000	\$58,846,000	\$-4,000,000	
Current Services	59,340,000	55,190,000	-4,150,000	Revenue down due to milder weather patterns
Ferguson Revenue	406,000	426,000	20,000	
Other Revenue	850,000	770,000	-80,000	
Transfers from Other Funds	2,000,000	2,060,000	60,000	
Interest	250,000	400,000	150,000	
Total Expenses	\$64,540,000	\$59,610,000	\$-4,930,000	
Personnel	6,300,000	5,620,000	-680,000	
Cost of Power	37,780,000	35,610,000	-2,170,000	Cost down due to reduced electric usage
Contracted Services	4,020,000	2,380,000	-1,640,000	Savings in contracted and professional services and software license and maintenance
Materials and Supplies	1,680,000	630,000	-1,050,000	Savings in materials costs
Other Expenses	8,740,000	7,800,000	-940,000	Savings in franchise fee due to revenue variance
Debt Service	4,250,000	4,250,000	0	
Capital Expense	770,000	320,000	-450,000	
Transfer to Capital Reserves	1,000,000	3,000,000	2,000,000	Increased transfer to capital reserves due to operational savings
Rate Stabilization Reserve		\$760,000		
Ending Fund Balance		\$8,496,000		

FY 2019 Year End Summary

Water/Wastewater Utility Fund

	Budget	Actual	Variance	Notes
Beginning Fund Balance		\$9,260,000		
Total Revenue	\$42,530,000	\$40,220,000	-\$2,310,000	
Current Services	41,430,000	39,050,000	-2,380,000	Wastewater revenue below budget due to modeling error in budget
Other Revenue	850,000	770,000	-80,000	
Interest	250,000	400,000	150,000	
Total Expenses	\$44,021,000	\$40,397,000	-\$3,624,000	
Personnel	5,000,000	5,000,000	0	
Contracted Services	11,500,000	9,700,000	-1,800,000	Savings in several expense lines including software license & maintenance, plant operations expenses, and professional services
Materials and Supplies	1,440,000	1,440,000	0	
Other Expenses	10,160,000	9,430,000	-730,000	Savings in franchise fee due to revenue variance
Debt Service	13,360,000	13,360,000	0	
Capital Expense	761,000	467,000	-294,000	Equipment and vehicle purchase delayed
Transfer to Capital Reserves	1,800,000	1,000,000	-800,000	
Rate Stabilization Reserve		\$2,880,000		
Ending Fund Balance		\$9,083,000		

FY 2019 Year End Summary

Drainage Utility Fund

	Budget	Actual	Variance	Notes
Beginning Fund Balance		\$910,000		
Total Revenue	\$5,838,000	\$5,780,500	\$-57,500	
Current Services	5,791,000	5,730,000	-61,000	
Other Revenue	42,000	41,000	-1,000	
Interest	5,000	9,500	4,500	
Total Expenses	\$5,552,000	\$5,132,000	\$-420,000	
Personnel	794,000	779,000	-15,000	
Contracted Services	900,000	692,000	-208,000	Less mowing expense than budgeted
Materials and Supplies	143,000	108,000	-35,000	
Other Expenses	328,000	324,000	-4,000	
Debt Service	3,126,000	3,121,000	-5,000	
Capital Expense	261,000	108,000	-153,000	Lease expense less than budgeted due to timing
Ending Fund Balance		\$1,558,500		

FY 2019 Year End Summary

Airport Fund

	Budget	Actual	Variance	Notes
Beginning Fund Balance		\$24,600		
Total Revenue	\$646,000	\$624,000	\$-22,000	
Operating Revenue	646,000	594,000	-52,000	Agricultural land lease reduction
General Fund Transfer	0	30,000	30,000	Transfer from General Fund to replace revenue shortage
Total Expenses	670,600	643,200	\$-27,400	
Rent Credits	\$47,400	\$65,000	17,600	
Airport Management	460,000	449,000	-11,000	
Contracted Services	64,000	49,800	-14,200	
Materials and Supplies	5,000	200	-4,800	
Other Expenses	2,200	200	-2,000	
Incentive Payments	92,000	79,000	-13,000	
Ending Fund Balance		\$5,400		

FY 2019 Year End Summary

Hotel/Motel Fund

	Budget	Actual	Variance	Notes
Beginning Fund Balance		\$208,000		
Total Revenue	\$3,745,500	\$4,226,200	\$480,700	
Hotel Motel Tax	3,600,000	3,965,000	365,000	
Late Charges & Penalties	1,000	39,900	38,900	
General Fund Transfer	143,500	143,500	0	
Interest	\$1,000	\$77,800	76,800	
Total Expenses	4,055,200	3,897,000	\$-158,200	
Personnel	754,200	763,700	9,500	
Contracted Services	468,000	489,000	21,000	
Materials and Supplies	632,000	599,900	-32,100	
Other Expenses	117,000	52,300	-64,700	
Tourism Programs	315,000	196,000	-119,000	Limited expenses in Eco Tourism, Sports Tourism, and Downtown Marketing matching program
Arts Funding	250,000	250,000	0	
Capital Expense	8,000	8,100	100	
Transfer to Debt Service	1,511,000	1,538,000	27,000	
Ending Fund Balance		\$537,200		

Budget Development



Set strategic initiatives for the coming year



Formulate policy statement to guide city manager during budget preparation



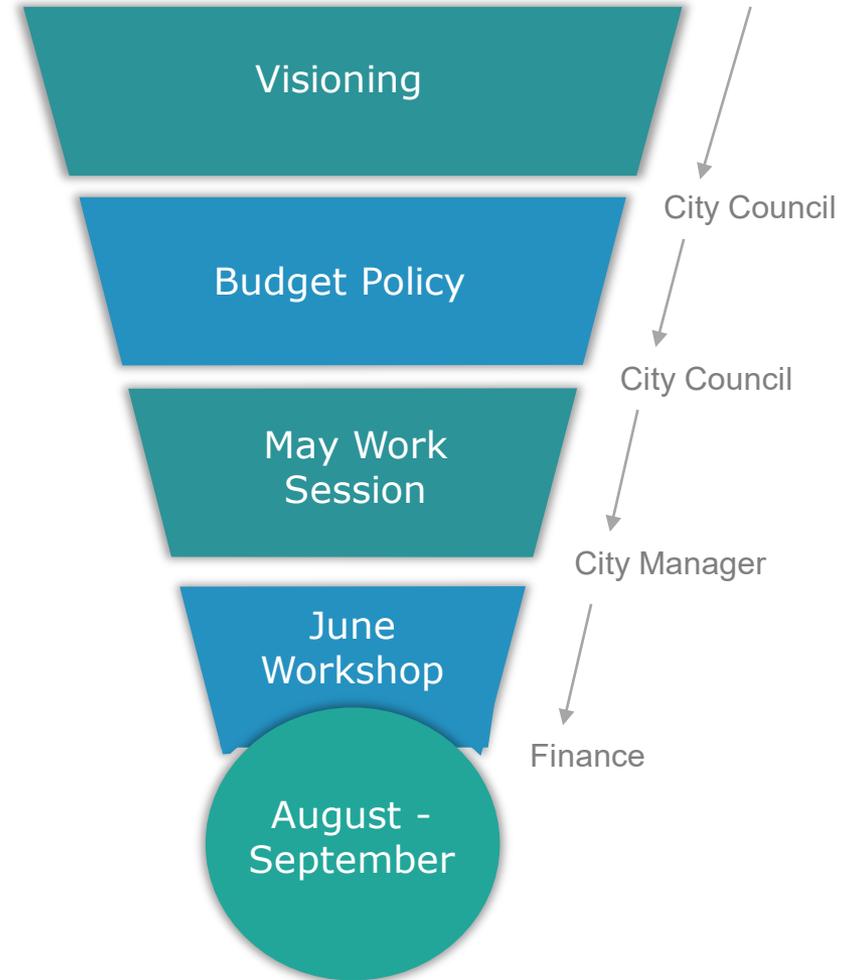
Deliver budget capacity and trends



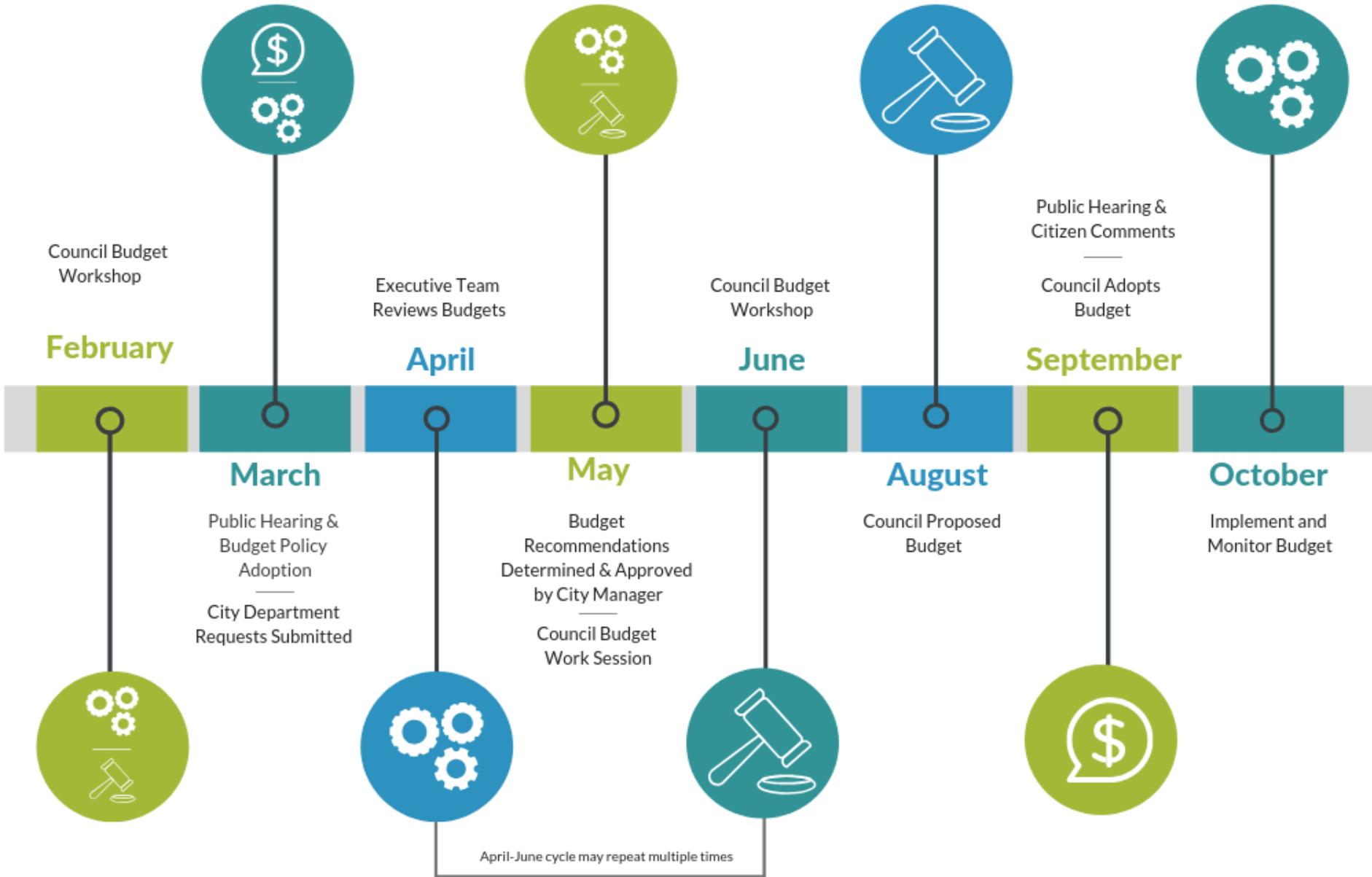
Deliver budgeted programs, revenues, and expenditure philosophy



Deliver proposed budget of all general budget items by fund type



Once City Council formulates a budget policy the City Manager works with staff to develop the budget document

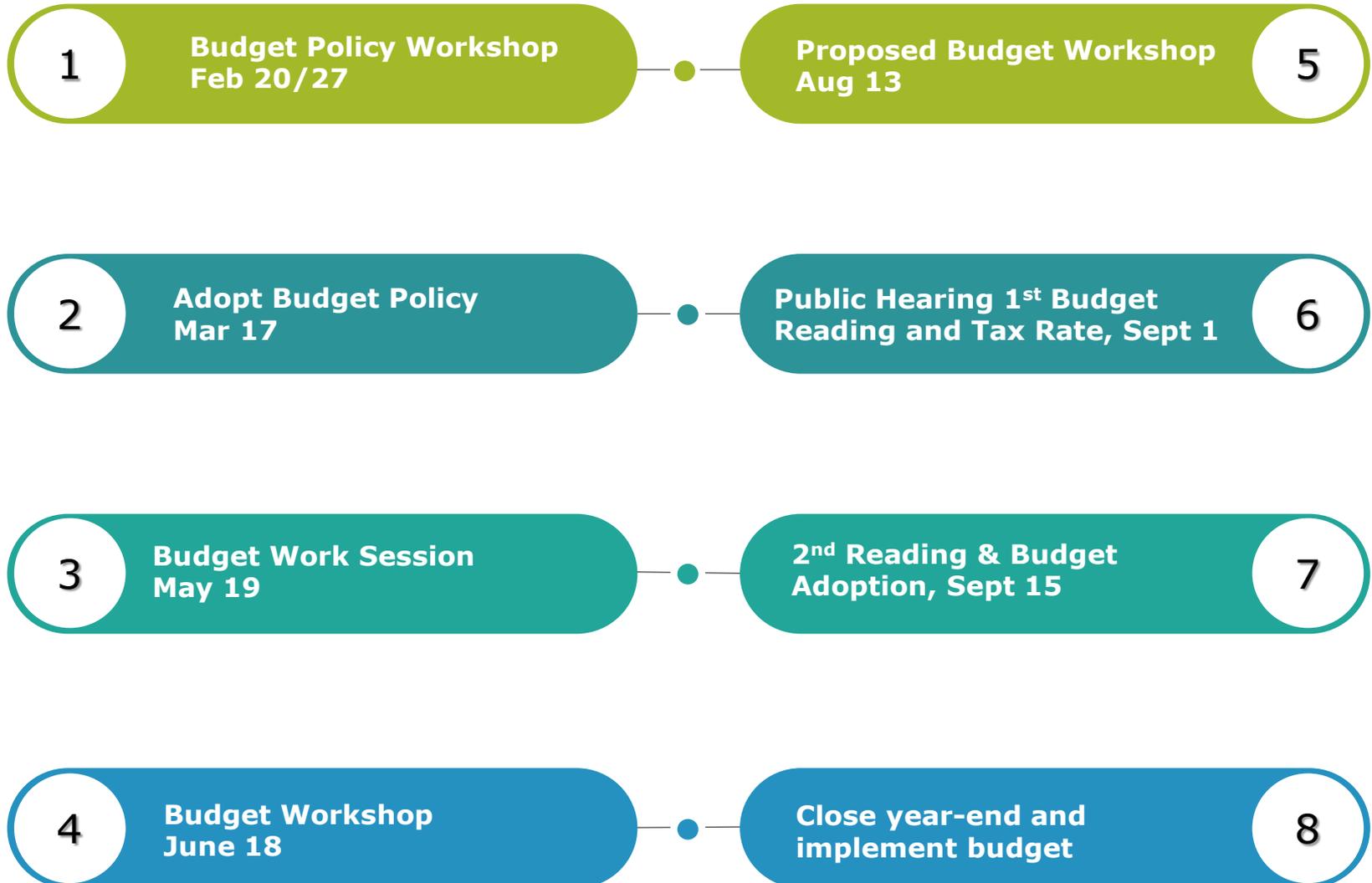


 Conducted by City Staff

 Conducted by City Council

 Includes Public Hearing

Budget Timeline



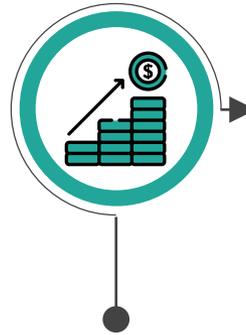
Economic Indicators



Unemployment
December 2019



Wages
year-over-year



Hourly Rate
Private Sector



Home Prices
year-over-year



CPI
December 2018
Consumer price index

Federal	3.5%	↑ 0.5%	\$27.38	↑ 3.7%	↑ 2.2%
State	3.4%	↑ 3.8%	\$27.55	↑ 3.5%	↑ 2.1%
Regional	2.5%	↑ 2.2%	\$30.13	↑ 3.7%	
Hays	2.6%	↑ 4.4%	\$20.00	↑ 4.6%	

Home prices continue to outpace the rise in income across Hays County

2020-21 Strategic Initiatives

Multi Modal Transportation

- A. City reviews the benefits and challenges of creating an integrated, seamless transit partnership between the City and Texas State University.
- B. City continues other multi-modal initiatives.



Downtown Vitality

- A. Support diversified business activity.
- B. Take measures to improve downtown quality of place.
- C. Accessibility to and within the downtown.



Workforce Development

- A. Leverage and partner with the community.
- B. Facilitate opportunities for Training and Programming.



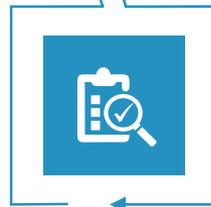
Sustainability

- A. Develop a baseline of sustainability performance measures.
- B. Promote sustainability practices throughout the community.
- C. Determine strategies to incorporate sustainability into City construction and operations.
- D. Develop economic development and procurement policies to encourage sustainability for businesses that work with the City.



Workforce Housing

- A. Update, consolidate, and communicate housing policies and action plans.
- B. Develop dedicated housing and revenue sources.
- C. Implement land use and zoning regulations that support diverse, mixed income communities in all areas of the City.



General Fund Revenue



Property Tax

First year of SB2 Property
Tax Cap @ 3.5%

Sales Tax

Comptroller Sales Tax
ruling: change in definition
of place of business
determining collection point

All Other

Other fees forecasted
using historical growth
trends

Property Tax Rate



	FY17	FY18	FY19	FY20
Tax Rate per \$100	53.02	61.39	61.39	61.39
Total Appraisal	\$ 4,070M	\$ 4,577M	\$ 5,062M	\$ 5,644M
Total Levy	\$ 21.6M	\$ 28.1M	\$ 31.1M	\$ 34.6M
Debt Service %	38.2%	41.6%	36.8%	33.7%
Operations %	61.8%	58.4%	63.2%	66.3%

- SB2 new terminology: *Voter-approval tax rate* (rollback rate) and *no new revenue tax rate* (effective rate)
- Assumption in base budget: Tax rate would be equal to or less than the *voter approval tax rate* of 61.39
- Exceeding the *voter-approval tax rate* automatically triggers an election

Sales Tax Revenue



51%

Base

7% average growth over last 12 months. Potential loss of \$1.8M pending Comptroller interpretation of ruling (low risk of occurrence)



24%

Outlets

4% average growth over last 12 months. Positive growth since Sept 2017

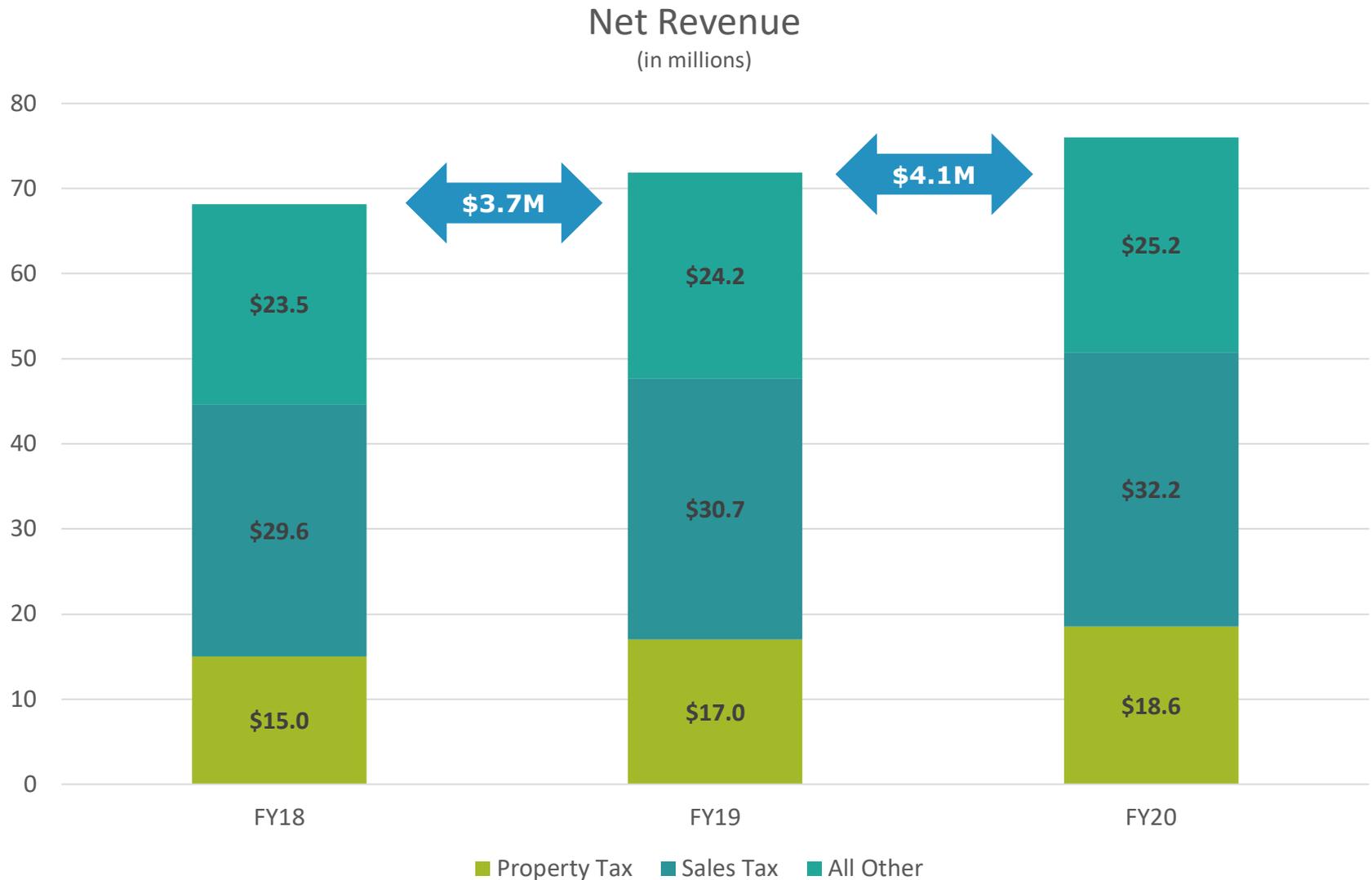


25%

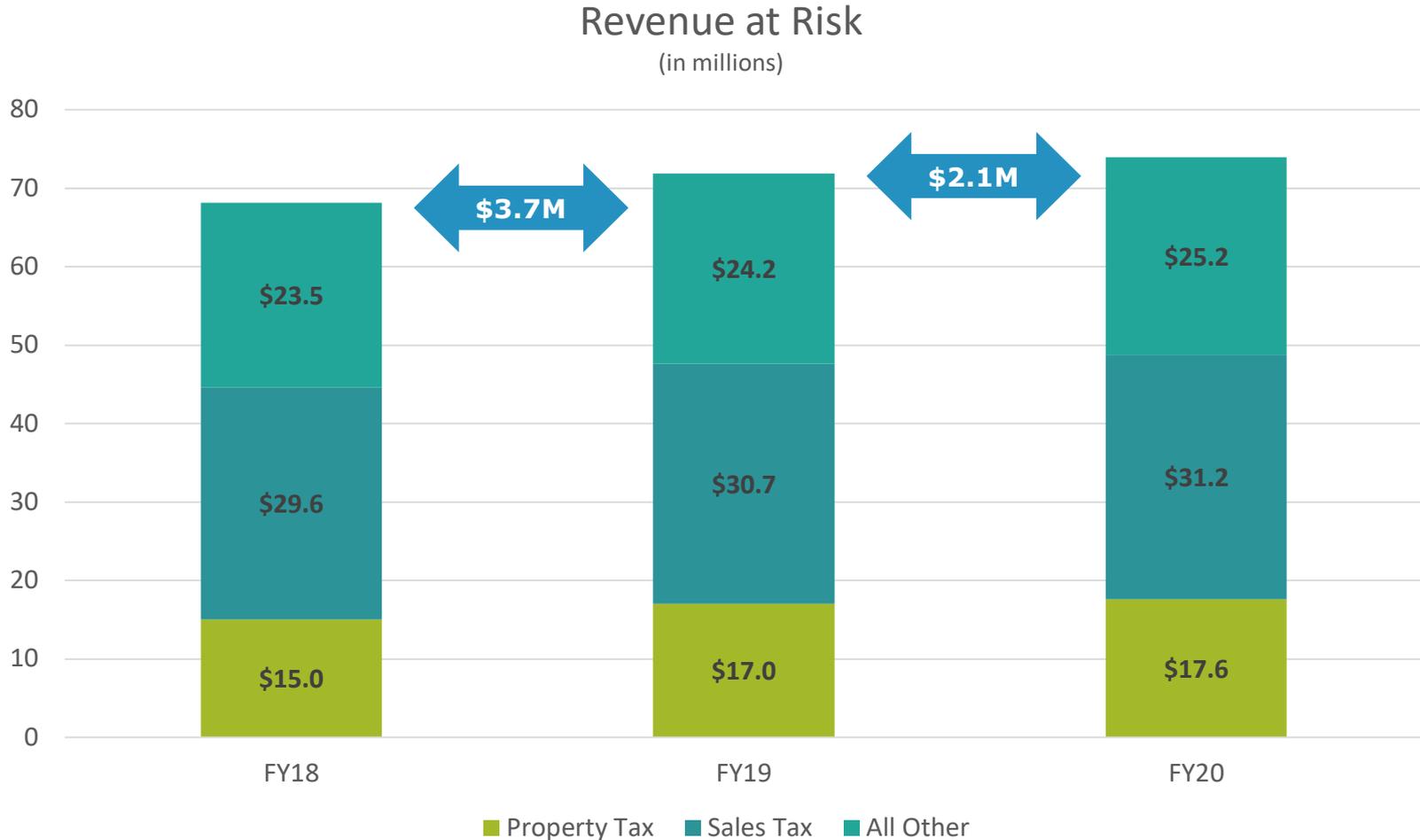
Best Buy CC

FY20 budgeted revenue of \$8M, retained collections \$2M. Potential FY23 revenue loss pending Comptroller ruling (very high risk of occurrence)

General Fund Revenue Trend



General Fund Revenue



- Impact on FY20 Property Tax if SB2 was implemented this year would have been approximately \$1M
- Incremental replacement of Best Buy Call Center \$1M (BBCC grandfathered in, FY23 impact will be \$2M+)

General Fund Committed Funding

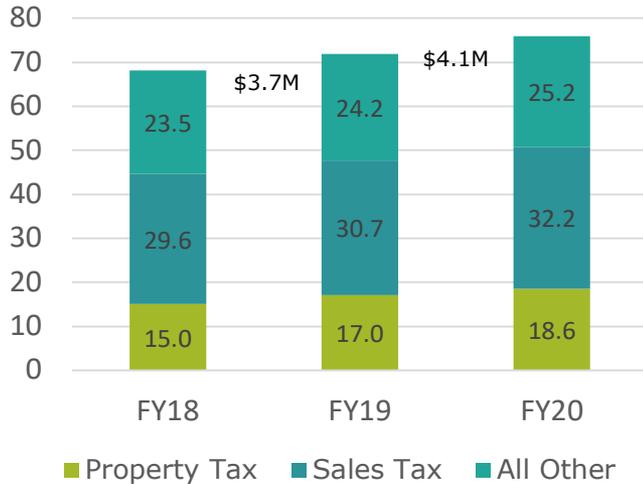


Description	Amount	% Increase
Operating:		
Facility Services/Utilities	\$45,000	3%
Facility Maintenance	500,000	100%
Vehicle Repairs	150,000	45%
Parks Maintenance	100,000	75%
SW License & Maint	30,000	2%
Contracted Veterinarian	5,000	5%
Street Maintenance	85,000	4%
Library Books	4,500	3%
EMS Services	100,000	10%
Bond Project Operating Reserve	500,000	100%
Transit Local Match	400,000	62%
Personnel:		
Civil Service	1,000,000	4%
Non-civil Service	1,100,000	4%
Total Recurring Expenses:	\$4.0M	

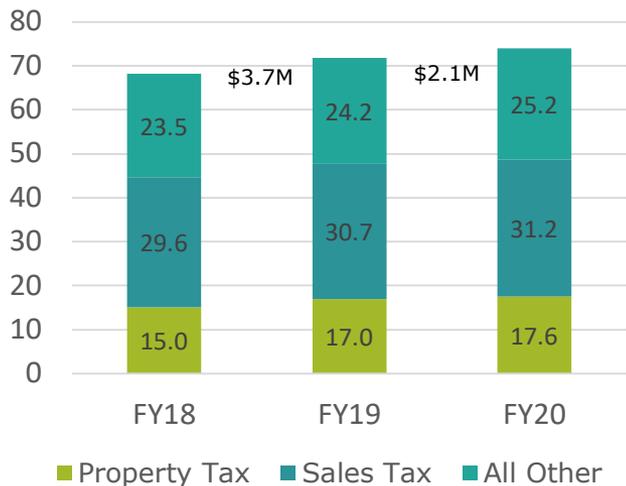
- Preliminary forecasted base budget could require ~ \$4M increase of General Fund capacity
- Does not include any new or additional funding towards Animal Services Live Outcomes initiative
- Budget requests last year for new personnel & operating expenses >\$8M with ~\$800K approved for funding (not including base increase)

General Fund Capacity

Net Revenue
(in millions)



Revenue at Risk
(in millions)



Description	Amount	% Increase
Operating:		
Facility Services/Utilities	\$45,000	3%
Facility Maintenance	500,000	100%
Vehicle Repairs	150,000	45%
Parks Maintenance	100,000	75%
SW License & Maint	30,000	2%
Contracted Veterinarian	5,000	5%
Street Maintenance	85,000	4%
Library Books	4,500	3%
EMS Services	100,000	10%
Bond Project Op Reserve	500,000	100%
Transit Local Match	400,000	62%
Personnel:		
Civil Service	1,000,000	4%
Non-civil Service	1,100,000	4%
Total Recurring Expenses:	\$4.0M	

General Fund Committed Funding



Description	Amount	Totals
Social Services:		\$1,015,000
Human Services Advisory Board	\$500,000	
HCWC	150,000	
CASA	45,000	
Family Justice Center	45,000	
Youth Initiatives:		
Personnel	\$100,000	
Community Action ½ FTE	25,000	
Youth Funding	50,000	
Museums	100,000	
Other:		\$230,000
Sights n Sounds	80,000	
Veterans Day	5,000	
Summer Fest	15,000	
Special Events	30,000	
Homebuyers Incentives	100,000	
Total Recurring Expenses:		\$1,245,000

General Fund Capacity Options



Reduce Fund Balance

- Reducing required fund balance from 25 to 20% could reduce revenue requirements of \$1.2-\$1.5M



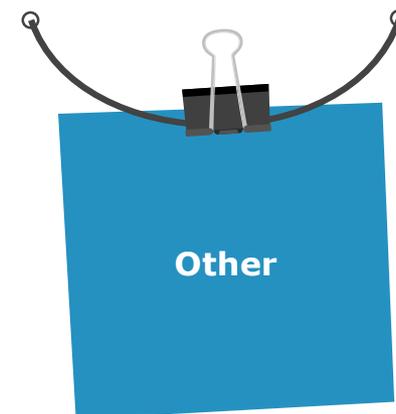
Operating Process

- Identify potential cost savings through revised budget process
- Explore potential reductions in service levels



Diversify Revenue

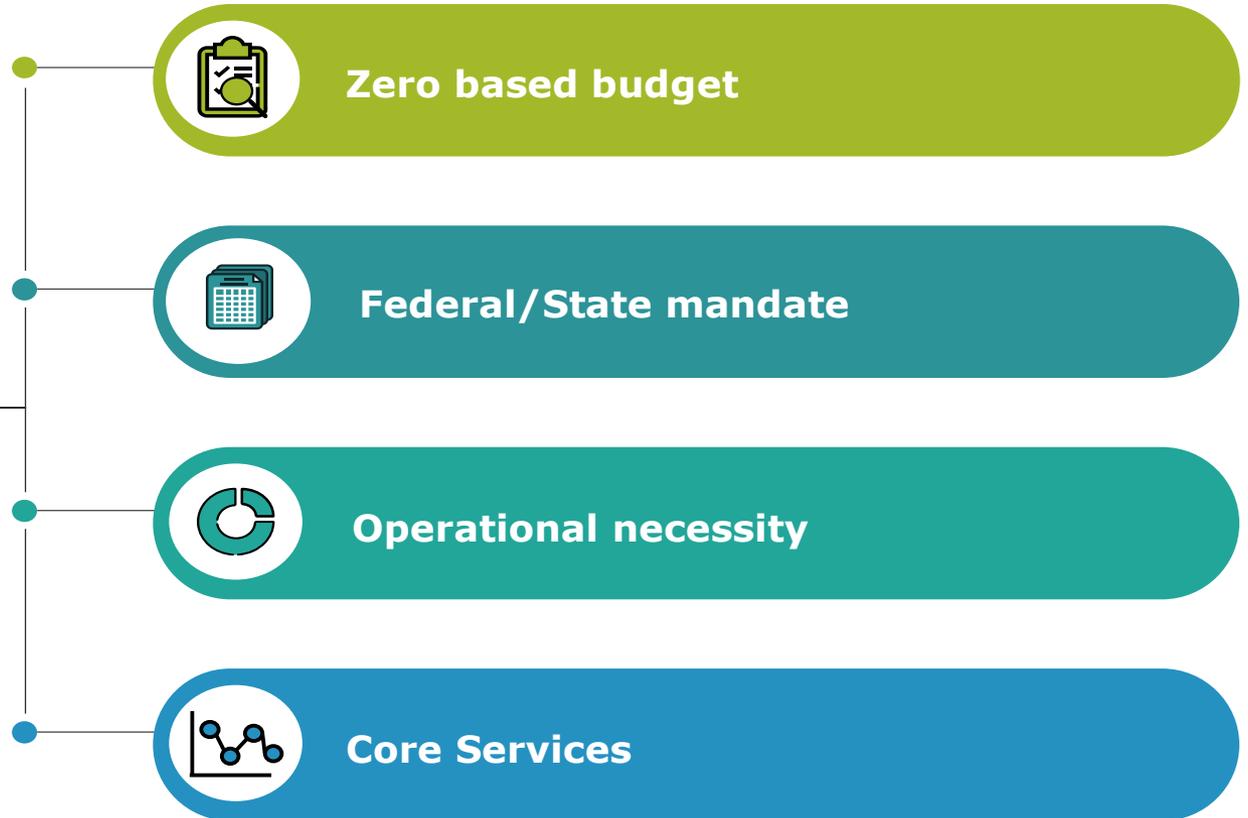
- Explore new revenue sources in General Fund to recover cost of services provided



Other

- CIP
- Refinance TIRZ #2 (Blanco Vista)
- TRZ #1 (Loop 110)

General Fund Operating Process



General Fund Revenue Diversification



-  **Implementation of fees to achieve cost recovery**
-  **Introduction of new fees**
-  **Alternative Funding Sources:** paid parking, expense to be paid out of TIRZ, Redwood/Lantana projects to fund Workforce Development in future years
-  **Restructure economic development incentive policy**

TIRZ #2 Refinance



Blanco Vista TIRZ created in 2005 for the construction of a bridge over the railroad tracks at Yarrington Road



Total amount owed developer was \$9.6M



Interest equal to Prime rate plus $\frac{1}{2}\%$ (currently 4.75%) paid on outstanding principal since completion in 2008



Slower than expected growth in the early years lead to payments being applied to a total of \$5.67M in interest



FY2020 payment of an estimated \$1.5M will pay down approximately \$945K of principal

TIRZ #2 Refinance



Recommendation



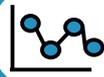
Negotiate a payoff with developer



Issue debt at a lower interest rate to pay off amount owed to developer



Use proceeds from TIRZ increment to pay debt service-no effect on General Fund capacity



Dissolve or repurpose TIRZ



Future growth will create capacity in General Fund and full capacity will move to General Fund when debt is paid



General Fund Additional Considerations



-  **EMS expansion of service**
-  **Municipal Court Judge to full time**
-  **Sustainability**
-  **Youth Services Funding**
-  **Historic Preservation**

Enterprise Fund Revenue

Model rates over a multi-year period to determine required adjustments



Operations & Maintenance



Capital Needs & Existing debt obligations



Current and future infrastructure needs



Increase rates in small increments over time to meet future needs

Other Forecasting Assumptions



Hotel occupancy rates show favorable growth - average daily room rates began to increase mid 2019



Stormwater rate study - Proposed structure and rates to be implemented Oct. 1



Transit cost per hour

Decision Point Summary



**Tax rate not to exceed
*voter-approval tax rate***

Merit Increase



Fund Balance

Revenue Diversification
See slide 26



Social Services & Other
See slide 23

TIRZ Refinancing
See slide 28



Youth Services

Additional Considerations
See slide 29



Thank You



Bert Lumbreras

City Manager



Stephanie Reyes

Assistant City Manager



Heather Hurlbert

Director of Finance/CFO



Melissa Neel

Assistant Director of Finance