FY 2018-19 BUDGET WORKSHOP
August 2, 2018

Bert Lumbreras, City Manager
Steve Parker, Assistant City Manager/CFO
Collette Jamison, Assistant City Manager
Heather Hurlbert, Finance Director
Melissa Neel, Assistant Finance Director
General Fund
Hotel Motel
Airport
CIP Projects
Vote to set tax rate
Break: 5:30 to 6 p.m.
Strategic Initiatives

Key Priorities

Workforce Housing
Public Transit
Stormwater Management
Community Partners
City Facilities
General Fund
FY 2018-2019
• Tax rolls certified on July 25th

• Certified tax rolls came in lower than preliminary tax rolls due to a Freeport exemption filed after the April preliminary reports were issued
  • Total preliminary appraised value - $5.094B
  • Total certified appraised value - $5.062B

• As a result, no additional capacity was created in the General Fund

• Once cent on the tax rate generates $506,200 in General Fund revenue
• Community Enhancement Fee (CEF) established December 1, 2015

• Established to enhance the cleanliness and beautification of the City by providing services related to litter and nuisance abatement

• Beautification and cleanliness activities include but are not limited to:
  • Litter and nuisance abatement
  • Street cleaning
  • Mowing and landscaping
  • Dead animal removal
  • Building improvement grant programs
Over $1.1M has been generated by the CEF to fund ongoing and one-time activities since FY2016.

Ongoing Activities

- Increased mowing and trash pick up on IH-35 and major gateway roads
- Increased trash pick up at City parks during tubing season
- Citizen Education
  - Signage
  - River Video
- Dumpster enclosure program

One-Time Activities

- Sweeper and trailer for downtown bike lanes and parking spaces
- Sweeper and trailer for sidewalks
- Trailers for parks trash collection
- Animal proof trash and recycling containers for City parks and sports fields
- Pet Waste stations, supplies and signage
- Neighborhood Beautification trailer
- Craddock Median project
$430,000 available for one-time and ongoing CEF activities in FY 19 at current rate

**Ongoing Activities**

- Mowing and trash pick up
- Dumpster Enclosure Program
- Citizen Education
- Neighborhood Beautification trailer
- Maintenance and replacement of existing equipment

**One-Time Activities**

- Final year of animal proof trash and recycling containers for City parks and sports fields
- Showcase Project-capacity for one
  - Hopkins Gateway landscape update
  - Update Craddock median from Bishop to Wonder World
- Iris Garden renovation
Areas of Responsibility/Oversight—Public and Private Property

- Public nuisances—High weeds, Trash/rubbish, mosquito/pests
- Prohibited parking—front/side yard, large vehicles/boats, street/alley
- Junk vehicles
- Accessory building occupancy and issues such as set backs, construction, unauthorized occupancy
- Construction without a permit
- Illegal dumping and bulky waste
- Violation of land use, home occupation, single family occupation
- Unsafe/non-conforming/dangerous structures
- Prohibited sign type and locations
- Swimming pool complaints
- MS4 stormwater violations
- Sidewalk/alley obstruction and maintenance
- News rack violations
- Homeless camps and cleanup
- Short term rental registration and violations
- Long term rental registration and violations
- Rental registration
- Residential permit parking program
ANNUAL BUDGET 2019

GENERAL FUND

CODE ENFORCEMENT

Code Enforcement Activity

- Prohibited Conditions: 42%
- Occupancy Violations: 22%
- Trash Container at Street: 9%
- Residential Parking: 13%
- Nuisance Vehicle: 10%
- Other: 4%

Code Actions Taken

- Formal Notice of Violation: 22%
- Courtesy Notice: 35%
- Verbal Contact: 36%
- Citation Issued: 7%
Proactive vs Reactive Approach

• Provide education and assistance to residents on code regulations
• Be a resource to assist residents and connect them with solutions when possible
• Develop a resource guide to offer options and rely on enforcement as a last resort
• Partner with neighborhood groups and stakeholders to reach out and work collectively with residents
• Create a new Neighborhood Liaison position with existing staff to be a direct contact, resource, advocate and problem solver in our community
• Assess existing staff resources to identify efficiencies in beautification, furniture/debris pickup and other programs.
• Work with Texas State and community to restart a program to collect furniture/debris left in the community and partner with non-profits to utilize in restore opportunities
Other Areas to Assess/Pursue

• Consider shifting zoning related code issues to Planning and Development Services
• Assess substandard buildings and explore creation of a new Building and Standards Commission
• Continue the work of the Rental Registration Council Sub-Committee to review life and safety concerns of rental properties
• Identify and evaluate technology solutions to improve staff efficiency and customer experience

Staff will continue to assess staffing needs to adequately provide the needed services and properly administer existing and new programs.
### General Fund

<table>
<thead>
<tr>
<th>Customer Count</th>
<th>$.50 Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial Customers</td>
<td>1,675</td>
</tr>
<tr>
<td>Residential Customers</td>
<td>25,450</td>
</tr>
</tbody>
</table>

**Potential CEF Revenue:** $162,750

### Community Enhancement Fee

<table>
<thead>
<tr>
<th>Expenses Shifted to CEF</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trash pickup and mowing of right of ways, City owned lots, athletic fields park land</td>
<td>$83,550</td>
</tr>
<tr>
<td>Maintenance of McCarty and Wonder World right of ways and gateways</td>
<td>$41,800</td>
</tr>
<tr>
<td>Keep San Marcos Beautiful</td>
<td>$20,000</td>
</tr>
<tr>
<td>Community Enhancement Technicians</td>
<td>$17,400</td>
</tr>
</tbody>
</table>

**Total** $162,750

Shifted $162,750 in qualifying expenses that were paid from other sources in the General Fund to the CEF

### Proposed Code Program

<table>
<thead>
<tr>
<th>Proposed Code Program</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Two Code Enforcement Officers</td>
<td>$140,000</td>
</tr>
<tr>
<td>Increase Community Enhancement Technicians from 15 hours/week to 25 hours/week to provide community assistance</td>
<td>$17,500</td>
</tr>
<tr>
<td>Supplies and educational and outreach materials</td>
<td>$5,250</td>
</tr>
</tbody>
</table>

**Total** $162,750
Bond Election

Bond program was structured to include debt service for the infrastructure, staffing expense, and operational expenses for the projects.

• Bond election approved $32.2M in bonds
• Estimated tax rate required to fund 100% of debt service and operational expenses was 9.85 cents
• Proposed a tax rate increase of 8.37 cents
  • Funds 85% of debt service on $32.2M bonds
  • Funds 85% of $1,950,000 increase in operational expenses

Tax Rate Breakdown

• Debt Service - estimated at 5.42 cents
  • Increased tax rate - 4.61 cents
  • From existing General Fund capacity - .81 cents
• Operating costs - estimated at 4.43 cents
  • Increase tax rate - 3.77 cents
  • From existing General Fund capacity - .66 cents
• Operational capacity created by tax rate increase for FY19 is $1,000,000

• Recommend adding additional Fire personnel:
  • Rescue squad of 8 fire fighters
  • 2 Fire Inspectors

• Addition of the firefighters will allow for an increase from 5 to 6 total units available to respond to calls during all shifts

• Addition of the fire inspectors will allow for more frequent inspections of multifamily and hotel establishments

<table>
<thead>
<tr>
<th>General Fund</th>
<th>Fire Staffing</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Amount</strong></td>
<td><strong>$957,500</strong></td>
</tr>
<tr>
<td>Additional Fire Staffing</td>
<td>8 – Fire Fighters &amp; Equipment</td>
</tr>
<tr>
<td>Fund Balance 25%</td>
<td>$151,250</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$756,250</strong></td>
</tr>
<tr>
<td>Additional Fire Marshal Staffing</td>
<td>2-Fire Inspectors</td>
</tr>
<tr>
<td>Fund Balance 25%</td>
<td>$40,250</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$201,250</strong></td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td><strong>$957,500</strong></td>
</tr>
</tbody>
</table>
ANNUAL BUDGET 2019

RECOMMENDATIONS

Temporary Office Space-Lease vs Buy

• Office space of 2,016 square foot with ADA bathroom and 4 offices built out. Should provide workspaces for up to 20 employees.
• Office space-new building which includes all building set up, technology, and furnishing costs
  • Lease-48 month term- $162,000
  • Purchase-$228,000
• Recommend lease option

City Hall Parking

• Parking Spaces Available: 190
• Parking Needed for Employees and Customers: 250-262
• Parking Needed does not account for pre-construction meetings, employee training, cross-departmental meetings, Council work sessions.
• Recommend moving forward with addition of 24 parking spaces at a cost of $137,000 to provide needed additional parking
Hotel Motel Fund
FY 2018-2019
Fiscal Year 2018 Revenue is trending below budget and prior year’s collections:

- October through May collections are 5% below FY17 collections and $213K below budget.
- Hoping to see increased room rates over the summer months to produce revenue to somewhat reverse the trend. Do not believe the increased collections will be enough to make up budget deficit.
- Will not receive June collections until the end of July.
- Due to current trend, HOT program expenses will need to be reduced from FY18 levels.
Program expense budgets need to be reduced by $250,000 or 15.5% due to reduced revenue in FY19

<table>
<thead>
<tr>
<th>Current Programs</th>
<th>FY18 Budgeted Expenses</th>
<th>FY18 Reduced Expenses</th>
<th>FY19 Recommendation (15.5% reduction)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CVB (excluding personnel)</td>
<td>$ 975,800</td>
<td>$ 852,600</td>
<td>$ 815,900</td>
</tr>
<tr>
<td>Main Street (excluding personnel)</td>
<td>$ 155,500</td>
<td>$ 121,400</td>
<td>$ 132,100</td>
</tr>
<tr>
<td>Tanger Marketing Program</td>
<td>$ 150,000</td>
<td>$ 150,000</td>
<td>$ 126,750</td>
</tr>
<tr>
<td>Downtown Marketing Coop</td>
<td>$ 30,000</td>
<td>$ 30,000</td>
<td>$ 25,350</td>
</tr>
<tr>
<td>Eco Tourism</td>
<td>$ 40,000</td>
<td>$ 40,000</td>
<td>$ 33,800</td>
</tr>
<tr>
<td>Sports Tourism</td>
<td>$ 60,000</td>
<td>$ 60,000</td>
<td>$ 50,700</td>
</tr>
<tr>
<td>Tourist/Transportation</td>
<td>$ 10,000</td>
<td>$ 0</td>
<td>$ 0</td>
</tr>
<tr>
<td>Mural Program</td>
<td>$ 35,000</td>
<td>$ 35,000</td>
<td>$ 29,580</td>
</tr>
<tr>
<td>Arts Project/Permanent Art</td>
<td>$ 250,000</td>
<td>$ 250,000</td>
<td>$ 211,250</td>
</tr>
<tr>
<td>Conference Center Repairs</td>
<td>$ 10,000</td>
<td>$ 10,000</td>
<td>$ 10,000</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td><strong>$1,716,300</strong></td>
<td><strong>$1,549,000</strong></td>
<td><strong>$1,435,430</strong></td>
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</table>
Airport
FY 2018-2019
**Airport Revenue and Expenses**

**Revenue FY19 Budget**

<table>
<thead>
<tr>
<th>Description</th>
<th>FY19 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY18 Budgeted Revenue</td>
<td>$584K</td>
</tr>
<tr>
<td>Hanger, Shelter, and Land Rentals</td>
<td>$28K</td>
</tr>
<tr>
<td>Fuel Flowage Fee/Gross Receipts</td>
<td>$34K</td>
</tr>
<tr>
<td><strong>Total Budgeted Revenue</strong></td>
<td><strong>$646K</strong></td>
</tr>
</tbody>
</table>

**Expenses FY19 Budget**

<table>
<thead>
<tr>
<th>Description</th>
<th>FY19 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY18 Budgeted Expenses</td>
<td>$609K</td>
</tr>
<tr>
<td>TAP Contract/Incentive Expense</td>
<td>$32K</td>
</tr>
<tr>
<td>Building Maintenance</td>
<td>$4K</td>
</tr>
<tr>
<td><strong>Total Budgeted Expenses</strong></td>
<td><strong>$645K</strong></td>
</tr>
</tbody>
</table>

- No transfer from the General Fund is required
- FY19 CIP includes $100K for facility maintenance and repair
- Moved focus from pavement marking and signage to airport marketing in FY19
- No capacity to add additional expenses requested by TAP for the Airport Operations

**Requests**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>City Owned Facility Repair and Maintenance-Funded in CIP</td>
<td>$100K</td>
</tr>
<tr>
<td>Airport Vehicle</td>
<td>$35K</td>
</tr>
<tr>
<td>Runway Signage and Striping</td>
<td>$15K</td>
</tr>
<tr>
<td>Airport Marketing-Included in FY19 budget</td>
<td>$25K</td>
</tr>
<tr>
<td>Runway Pavement Crack Sealing</td>
<td>$150K</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$325K</strong></td>
</tr>
</tbody>
</table>
PEG Funds
FY 2018-2019
PEG Funds

Definition and Uses

Public, Education and Governmental Access (PEG)

• 1% Fee collected by cable providers for the support of public, educational, and governmental access
• To be used for capital costs for PEG access facilities. Cannot be used for staffing or operating expenses.

Annual Collections

• The City receives approximately $95,000 annually in PEG funds
• Currently have a balance of $500,000 that can be used for current and future projects

Budget Recommendations

• Vehicle for Communication Department-$13K
  • Communications does not have a dedicated vehicle for transport of equipment
  • Currently using employee’s personal vehicle for transport
• Upgrade cameras and sound for council chambers and conference room-$80K
  • Equipment can be utilized in any new facility
• Possible reconfiguration of council chambers to move ACM desk-$5.5K
Citizen Scorecard

Community Enhancement Fee- $.50/month

Water/Wastewater- $3.30/month

Stormwater Management- $1.58/month

Resource Recovery- $.81/month

Total Monthly Impact to Average Citizen- $6.19/month
CIP | PROCESS

Throughout the year, new project requests and scope changes are submitted for the 10-year CIP.

Oct-Dec
Detailed review and prioritization of projects
(focus on next 3 years for workload & funding constraints)

January
Review with Directors and ACM’s for prioritization changes

February
CIP finalized with City Manager

March-Apr
CIP presented to P&Z for recommendation to City Council per Charter

May
Recommended CIP presented to City Council 120 days prior to fiscal year start

June-Sept
Council discussion and adoption of first year funding with Budget

October
Projects authorized to expend funds

Mar-Apr
City Council approval on CIP project debt issuance
## 2019 Project Funding

<table>
<thead>
<tr>
<th>Fund Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Bonds Issued*</td>
<td>$11,350,000</td>
</tr>
<tr>
<td>General w/o Bonds</td>
<td>$8,033,000</td>
</tr>
<tr>
<td>Water</td>
<td>$8,929,000</td>
</tr>
<tr>
<td>Water ARWA</td>
<td>$24,000,000</td>
</tr>
<tr>
<td>Wastewater</td>
<td>$7,367,000</td>
</tr>
<tr>
<td>Stormwater</td>
<td>$9,183,800</td>
</tr>
<tr>
<td>Electric</td>
<td>$10,394,179</td>
</tr>
<tr>
<td><strong>Total FY19 Projects</strong></td>
<td><strong>$82,136,979</strong></td>
</tr>
</tbody>
</table>

- **Bonds Approved & Issued**: $11,350,000
- **Anticipated Debt Issuance**: $70,786,979

### 2019 Funding

- **General**: $35,000,000
- **Water**: $30,000,000
- **Wastewater**: $25,000,000
- **Stormwater**: $20,000,000
- **Electric**: $15,000,000

### Projects

- #72 Fire Dept. Relocation Station #2: $4.60M
- #106 Library Expansion & Renovation: $6.75M
Strategic Initiative - Stormwater

- #633 Blanco Riverine Project - $2.6M
- #617 Blanco Gardens Stormwater - $250k Electric
Strategic Initiative - Stormwater

- #90 Hopkins St. Imp Bishop to Moore - $8.4M
- #521 Sessom Creek Bank Stabilization - $2.67M
- #419 Sessom/Academy Intersection Imps - $1.75M
Strategic Initiative – Facilities

- #653 Airport – City Facilities - $100k
- #526 City Facility Renovations - $900k
- #639 Pub Svs/Comm Svs Complex – Fiber/Tower - $450k
- #716 San Marcos River Bike and Ped Trail - $287k
Strategic Initiative – Transit
• #476 Sheltered Bus Stops - $80k

Infrastructure
• #636 Aquarena Springs Waterline Replacement $370k
• #142 Old Bastrop Hwy Water Rattler Rd to Centerpoint - $1.6M
• #642 Rehab LS14 River Rd - $100k
• #643 Rehab LS25 Hills of Hays - $100k
• #207 SSES & Repairs - $650k yearly
• #430 Staples Rd 12” Water - $1.4M
• #638 Surface Water Treatment Plant Access - $50k
• #388 Upgrade Redwood Substation Transformer RW-T2 $3.1M
Downtown
• #477 Guadalupe St. Imp - $2.1M
• #588 Hutchison St. Lot - $155k
Strategic Initiative – Stormwater

- #627 Belvin St Imp. - $525k
- #183 Bishop St. Imps. - $820k
- #680 Castle Forest Channel - $250k
- #563 Linda Drive Imp - $1.6M
- #644 Sunset Acres Subdivision - $850k
**Strategic Initiative – Stormwater Con’t**
- #358 Downtown Water Quality Implementation - $100k yearly
- #582 E. Aquarena Springs Drive Reconstruction - $150k
- #629 IH35 Utility Relocations - $125k
- #621 River Ridge Stormwater Imp - $270k
- #618 Various Stormwater Imps - $200k
- #33 Cottonwood Creek Detention Study - $250k Analysis

**Strategic Initiative – Facilities**
- #524 Airport – Taxiway System, Ramp Rehab Design - $124k
- #542 City Hall Reconstruction - $200k
- #713 Parks ADA Access to River - $50k
- #678 Network Cabling Infrastructure for City Facilities Bond - $100k
Downtown
• #712 Downtown Pedestrian Safety & Comfort Imp - $435k

Infrastructure
• #325 Briarwood Water Imp - $50k
• #555 Hwy 80 Lift Station and 10 in Force Main - $1M
• #480 Hopkins Sidewalk Widening CM Allen to Thorpe - $75k
• #96 Hwy 123 12” Water AC Line Replacement - $350k
• #649 SMEU Substation Feeder Breaker Upgrade - $250k
• #648 SMEU System Power Factor Improvement - $250k
• #288 Water Supply – HCPUA - $24M
• #652 WWTP Electric Backup Feed - $600k
• #100 IH 35S Water Wonderworld to Clovis Barker and Civic - $125k PER
One time or Study

• #690 Fiber Optic Emergency Replacements - $100k
• #69 Fiber Optic Infrastructure Expansions - $351k
• #31 Comprehensive Plan (5 year update) - $200k
• #715 CAMPO Southwestern Hays Sub-Regional Study - $200k
• #689 AMI Generation 2 Upgrade - $2.867M
• #711 Asset Management System Development - $100k
• #40 Customer Extensions – New Service Electric $471k
• #714 SCADA Replacement - $900k
• #212 Street Light Replacement Program - $500k
• #703 Traffic Signal Synchronization and Improvements - $125k
• #708 Wastewater Oversizing $500k
Yearly funding – Typically Cash Funded

- #210 Stormwater System Imps - $120k
- #667 Critical Utility Security - $150k
- #710 Pole Replacement CIP Projects - $200k
- #405 Pole Replacement Elect Power Poles - $150k
- #583 Transportation Oversize - $100k
- #232 URD Cable Replacement - $100k
- #258 Wastewater Collection Imp - $150k
- #244 Wastewater Imp - $150k
- #245 Wastewater Lift Station Imp - $150k
- #248 Water Imps - $150k
- #249 Water Main Oversizing - $150k
- #251 Water Pump Station Imp - $150k
- #247 Water System Imps - $150k
Budget Timeline
FY 2018-2019
• **August 2**: Workshop on Proposed Budget / Vote to set the tax rate

• **August 21**: Public hearing on the tax rate

• **September 4**: Public hearing on tax rate, budget, utility rates

• **September 18**: Budget and tax rate adoption