



City of San Marcos

630 East Hopkins
San Marcos, TX 78666

Work Session Meeting Minutes City Council

Tuesday, May 19, 2026

3:00 PM

City Council Chambers

630 E. Hopkins St. - Work Session

I. Call To Order

With a quorum present, the work session of the San Marcos City Council was called to order by Mayor Hughson at 3:00 p.m. Tuesday, May 19, 2026. This meeting was held both in person and online.

II. Roll Call

Council Member Lorenzo Gonzalez joined the meeting remotely at 3:02 PM.

Deputy Mayor Pro Tem Garza joined the meeting at 3:15 PM.

Present: 7 - Mayor Pro Tem Shane Scott, Deputy Mayor Pro Tem Alyssa Garza, Council Member Amanda Rodriguez, Mayor Jane Hughson, Council Member Lorenzo Gonzalez, Council Member Matthew Mendoza and Council Member Josh Paselk

III. Citizen Comment Period

Maxfield Baker, representing the San Marcos Civics Club, shared that their review found some outdated information on the city's boards and commissions webpage. He noted a recent correction made with help from a staff liaison and asked the city to consider working with the Club to keep this information accurate and accessible for the community.

PRESENTATIONS

1. Receive a Staff presentation and hold discussion regarding the preliminary Fiscal Year 2026-2027 budget and related budgetary considerations and provide direction to the City Manager.

City Manager Stephanie Reyes introduced newly appointed Director of Neighborhood Enhancement Shanna O'Brien and Interim Public Services Director Robert Goode.

Finance Director Jon Locke presented the budget calendar, noting the process is at its midpoint and that a full draft budget will be presented June 25, with the certified tax roll expected in late July and formal submission to Council on August 18. Public hearings are scheduled for September 1 and 15, with

adoption anticipated on September 15.

Director of Economic and Local Business Development, Helen Ramirez, outlined the city's economic development philosophy, emphasizing the role of commercial and industrial growth in reducing the residential tax burden. She reviewed available incentive tools, noted that incentives such as Chapter 380 agreements and Tax Increment Financing are performance-based, and highlighted upcoming projects and a recent business survey with over 90 responses.

Finance Director Locke summarized key economic indicators, including a population estimate of just over 91,000 and rising inflation. He noted that departments have held budgets flat for several years, creating real reductions in purchasing power, and that per-capita spending in FY 2027 remains below FY 2023 when adjusted for inflation.

On sales tax, Mr. Locke reported that the city had experienced 17 months of negative growth due largely to a decline from one major taxpayer but that the rolling average has since rebounded. He recommended budgeting 1.8 percent growth for FY 2027. Mayor Pro Tem Shane Scott asked about the negative period, and Locke confirmed it was primarily attributable to the single taxpayer.

Mr. Locke presented preliminary property tax data, reviewed definitions, and noted estimated taxable value of \$10.7 billion after applying the standard protest allowance. He discussed new value trends and the disparity between residential and commercial additions. He outlined the current rate, the estimated no-new-revenue rate, and the voter-approval rate, cautioning that these remain preliminary.

0.39.00 Current tax rate is 65.15. Other estimated rates at this time are preliminary: No New Revenue Rate 65.50, Voter approval rate 70.32. Final information will be available at the budget presentation in August.

Mr. Locke then reviewed the updated general fund forecast, noting revenue improvements from the preliminary tax roll, EMS revenues, and the return of a Housing Finance Corporation property to the roll. New expenses include EMS operations and IT infrastructure needs. With savings from the retirement incentive program and managed hiring, FY 2027 is now projected to be

balanced. He recommended use of approximately \$3 million in excess fund balance for city hall, health insurance reserves, capital outlay, and participatory budgeting.

Unfunded requests total more than \$11 million, including 82 personnel positions. Council discussed storm water fee timing, TIF end dates, and the possibility of a more incremental approach to the tax rate. Council Member Rodriguez also requested historical context slides and emphasized the potential fiscal impacts of upcoming legislative changes. The Mayor requested multi-scenario tax rate presentations in August. Council expressed appreciation for staff's work.

Finance Director Locke provided an update on the Community Benefit Charge, clarifying that the itemized line will not increase utility bills. The Mayor and Mayor Pro Tem Scott raised concerns about customer communication, and staff agreed to pursue supplemental messaging and the possible addition of a QR code.

Director of Destination Services Rebecca Ybarra presented a proposal to rebrand the Convention and Visitors Bureau division as "Visit San Marcos," effective October. The Mayor supported the change but requested improved website visibility for both the CVB and the Destination Services department. Staff will evaluate options. Council expressed support, and Council Member Rodriguez commended Visit San Marcos' recent promotional work. Council Member Gonzalez asked for clarification on whether CVB would be listed separately or combined with the Visit San Marcos entry. The Mayor clarified that both should appear—CVB in the "C" listings linking to Visit San Marcos, plus the creation of a dedicated department page. Council consensus supported this approach.

- 2. Receive an update on the City's expanded Utility Payment Assistance Program; and provide direction the City Manager, or her designee.**

City Manager Reyes introduced the item, noting the program's collaborative structure involving four partner agencies—Business and Community Lenders of Texas (BCL), Community Action, Communities in Schools (CIS), and the Salvation Army—and summarizing outcomes: over \$133,000 distributed to more than 300 households in FY 2025, with FY 2026 on track to distribute approximately \$125,000.

Community Support and Resource Navigation Manager Grisell Perez-Carey and Utility Billing Manager Christine Avalos jointly presented the program

update.

Program Overview and Enhancements

Ms. Perez-Carey summarized FY 2025 program changes: expansion to four partner agencies with city funding; distribution of about \$45,000 in customer donations to three agencies; quarterly partner meetings; administrative fee increase from 8% to 10%; increase in eligible assistance instances from two to four per year; inclusion of reconnection and new-connection fees; and authorization to assist customers of PEC, Bluebonnet, and CenterPoint. Outreach was broadened through events, bus boards, and partner networks.

Disconnection Summary and Financial Snapshot

Utility Billing Manager Avalos reviewed service and disconnection trends. Clerks provide up to two-week payment extensions and refer customers to partners. Disconnections are paused during extreme heat or cold, and not conducted on Fridays, holidays, or weekends. Disconnections totaled 3,438 (FY 2024), 4,237 (FY 2025), and 2,615 (FY 2026 YTD). Accounts receiving assistance that were later disconnected rose from 134 to 255 year-over-year. FY 2025 used \$108,368 of a \$165,001 budget; FY 2026's \$127,744 budget is nearly depleted.

Program Insights and Demographics

In FY 2025, 335 households were assisted; in FY 2026 YTD, 302. Senior households increased significantly. CIS aided families across nine campuses, with Crockett Elementary representing 47% of pledges. Common hardships included income loss, cost-of-living increases, health expenses, and vehicle repairs. CIS noted that families at Zavala and Travis Elementary could not access the program because they do not receive city utilities—likely due to being outside city limits. Agencies reported strong client appreciation. All agencies are projected to exhaust funds early, with BCL and Salvation Army depleting allocations especially quickly.

Staff Recommendations

**Specify that each bill counts as one instance of assistance.
Add hardship/emergency as a formal eligibility criterion.
Allow CIS to assist Zavala and Travis students served by external utility providers using donation funds.
Set quarterly funding caps, with CIS maintaining its internal model.**

Council Discussion and Direction

Waiver of Fees: Council agreed unanimously to waive late, reconnection, and

disconnect fees for program participants, noting minimal financial impact and alignment with original program intent.

Assistance Limits: Council supported a revised structure where up to three months of arrears counts as two instances—closing the loophole while still offering meaningful support.

Hardship/Emergency Criterion: Council requested clarification on how hardship would be defined and applied, along with a full eligibility review and related income data, before making changes.

CIS External Provider Students: Decision deferred pending confirmation of service areas and billing arrangements.

Quarterly Funding Caps: Council expressed concerns about seasonality and preferred gathering a full year of trend data before implementing caps.

Summary of Direction to Staff

Council directed immediate implementation of waived fees and the revised assistance-instance structure. Staff will return in September with 11 months of data, a full eligibility analysis, hardship definitions, demographic trends, and updated information on CIS external-provider students to guide FY 2028 program adjustments.

3. Receive a Staff presentation on Fiscal Year 2027 Capital Improvements Program as contained within the proposed Fiscal Year 2027 budget.

Director of Engineering and Capital Improvement Shaun Condor presented and offered to either present the full 29 slide presentation or defer the full presentation to August when the final CIP would be presented, noting the draft CIP and recommendation will meet the presentation criteria with the agenda item. Council indicated the item was adequately introduced, had no questions at this time, and agreed to consider the presentation received, with Director Condor to present the full CIP update at the August budget submission meeting. Director Condor noted that the draft CIP document is publicly available and that the location for obtaining a hard copy is in Building #2 at 630 East Hopkins street.

EXECUTIVE SESSION

4. The City Council will convene in executive session pursuant to the following sections of the Texas Government Code:
 - A. Section 551.074 (Personnel Matters): To deliberate regarding Municipal Court Judge candidate review.
 - B. Section 551.071 (Consultation with Attorney): To receive legal advice regarding the arrest of two individuals near Aquarena Springs Drive and Charles Austin Drive on

March 14, 2026.

Due to time constraints, Mayor Hughson announced that the executive session would be held at the 6:00 PM regular meeting as it is posted there also. .

IV. Question and Answer Session with Press and Public.

There were no questions from the press or public this afternoon.

V. Adjournment.

Mayor Hughson adjourned the work session of the City Council on Tuesday May 19, 2026 at 5:42 p.m.

Elizabeth Trevino, City Clerk

Jane Hughson, Mayor