



# City of San Marcos

## Budget Work Session

May 17, 2022

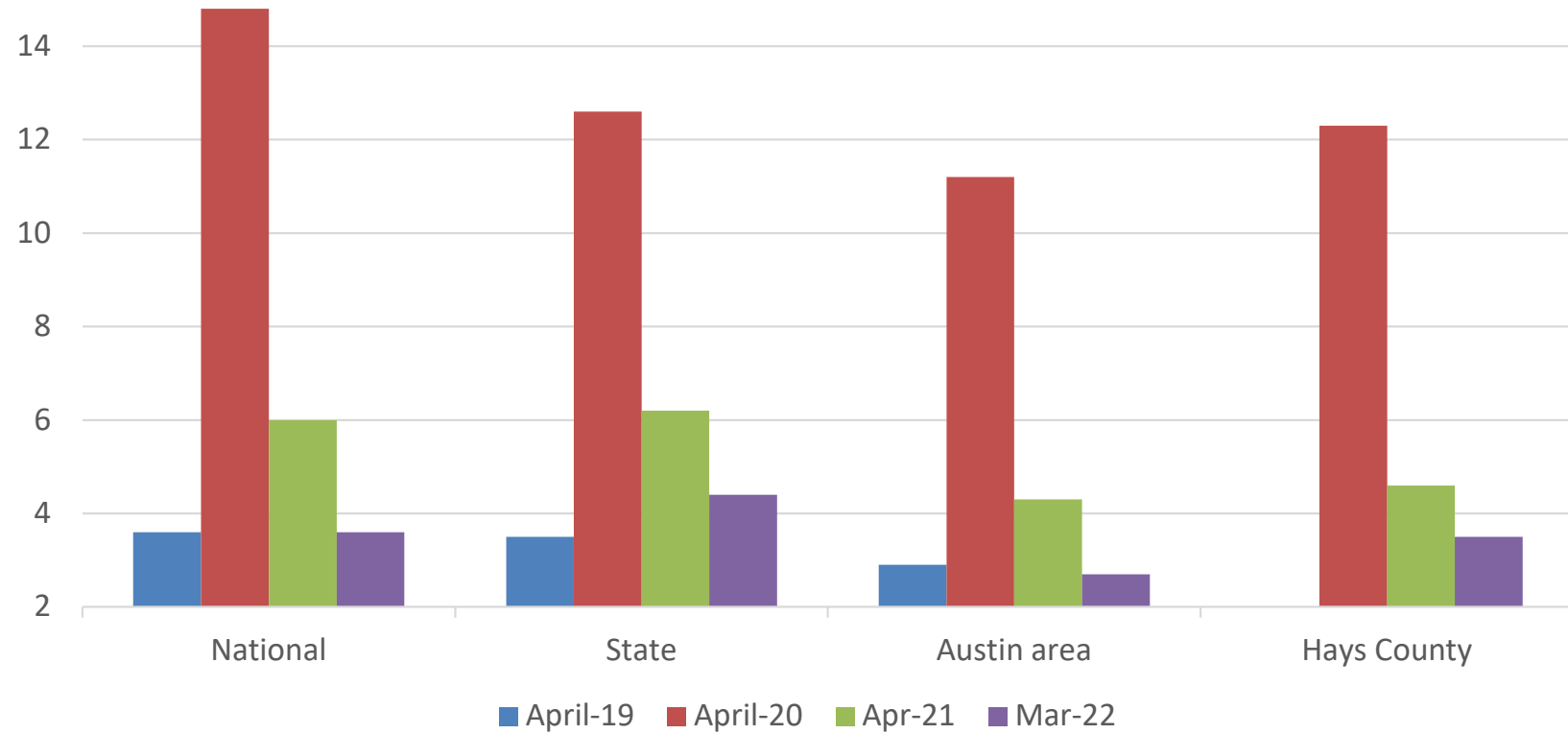


## Purpose

- To update City Council on economic indicators, FY22 General fund revenues, and FY23 budget process and factors
- To update City Council on FY23 Capital Improvement Program and process
- To hear a presentation regarding CIP multi-year financing plan from our Financial Advisor



## Economic Indicators: Unemployment Rate



### Sources:

National and State data – U.S. Bureau of Labor Statistics

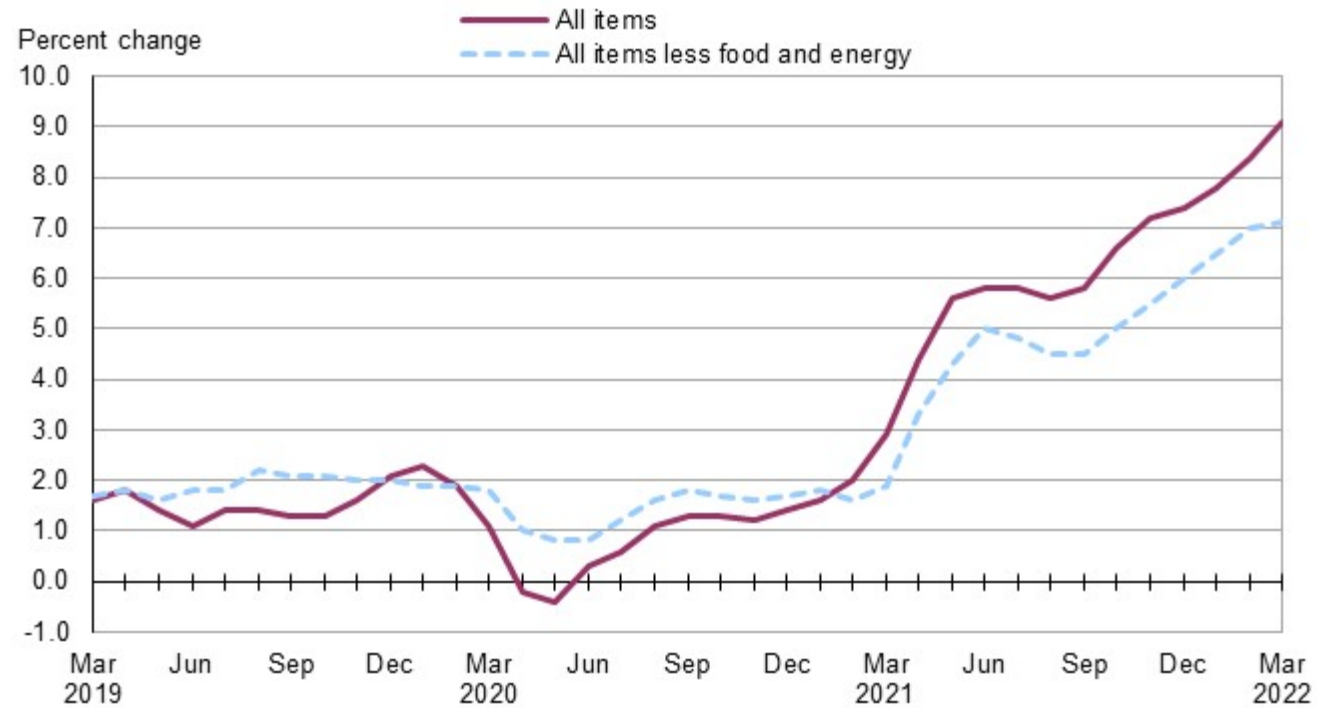
Hays County – FRED Economic Data, Federal Reserve Bank St. Louis

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## Economic Indicators: Consumer Price Index

**Chart 1. Over-the-year percent change in CPI-U, South region, March 2019–March 2022**

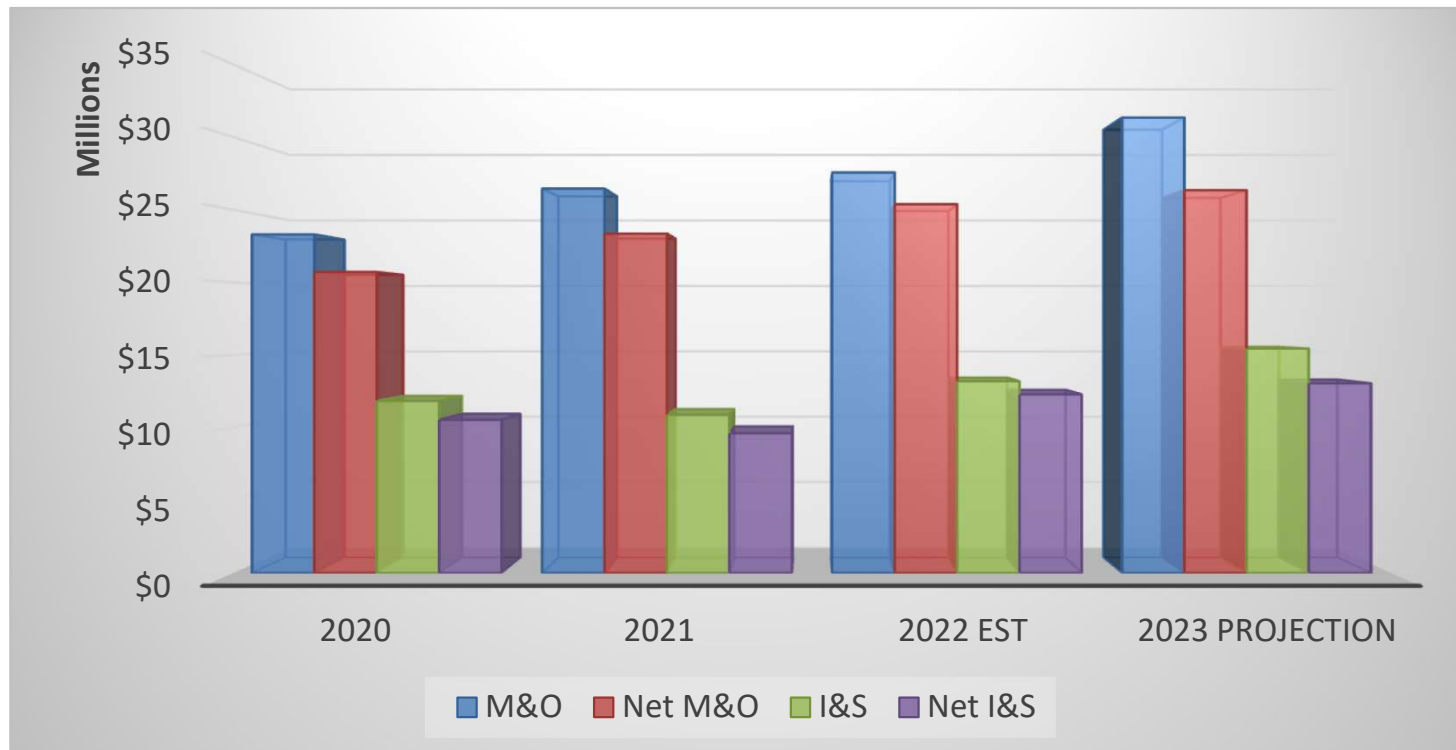


Source: U.S. Bureau of Labor Statistics.

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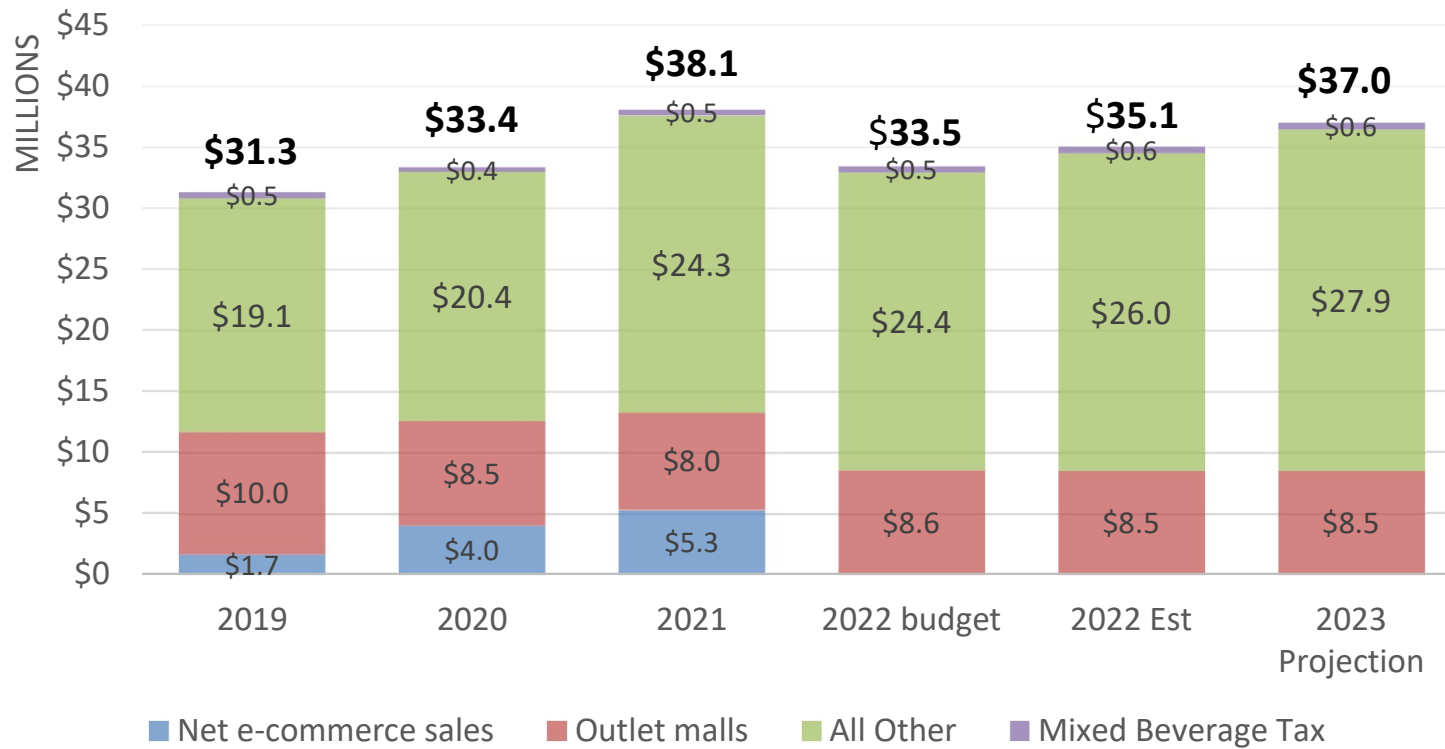
## Financial Update: Property Tax Revenue



Net M&O and Net I&S refer to net of payments to Tax increment reinvestment zones



## Financial Update: Sales Tax Collections





## Financial Update: General Fund Revenues

<i>(shown in millions)</i>	FY 20 Actual	FY 21 Actual	FY 22 Budget	FY 22 Estimate *	FY 23 Preliminary *
Property Taxes (net of TIRZ)	\$ 20.7	\$ 23.3	\$ 24.6	\$ 25.4	\$ 26.6
Sales Taxes (net of incentives)	33.4	38.1	33.5	35.0	37.0
Franchise Fees	9.4	10.1	11.1	11.2	11.6
Licenses and Permits	3.7	5.4	3.9	4.3	4.5
Fines and Penalties	0.8	0.7	1.0	0.8	0.9
Charges for Services	1.2	1.3	1.0	1.0	1.0
Interest and Other	2.4	2.3	2.0	1.9	2.0
Transfers	<u>6.7</u>	<u>6.7</u>	<u>8.1</u>	<u>8.8</u>	<u>7.5</u>
<b>Total</b>	<b>\$ 78.3</b>	<b>\$ 87.9</b>	<b>\$ 85.2</b>	<b>\$ 88.4</b>	<b>\$ 91.1</b>

\* May is still early in the budget estimation process, these figures will be adjusted as we continue to receive information.

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## FY 22 Overview

- Revenue trending over budget
- Extremely challenging hiring market
- Continuing supply chain disruptions
- FY22 Mid-Year budget amendment
  - High inflation - Budget adjusted for increased fuel costs
  - Budget adjusted for increased sales tax revenue
    - 2% cost of living increase
    - Additional positions





## Where we are in the process

- Late April –
  - Received preliminary assessed values
  - Departments submitted operating budget requests
- Early May –
  - Review department operating requests and compile supplemental requests
- Late May –
  - Evaluate supplemental requests for new personnel, capital outlay requests



## FY 23 Budget – Revenue Expectations

- Increased preliminary appraisal values
- Increased exemptions approved by City Council
  - New homestead exemption
  - Increased senior/disabled exemption
- Implement results of development services cost recovery fee study
- Utility rate models are in progress



# FY 23 Budget Considerations

- Expenses

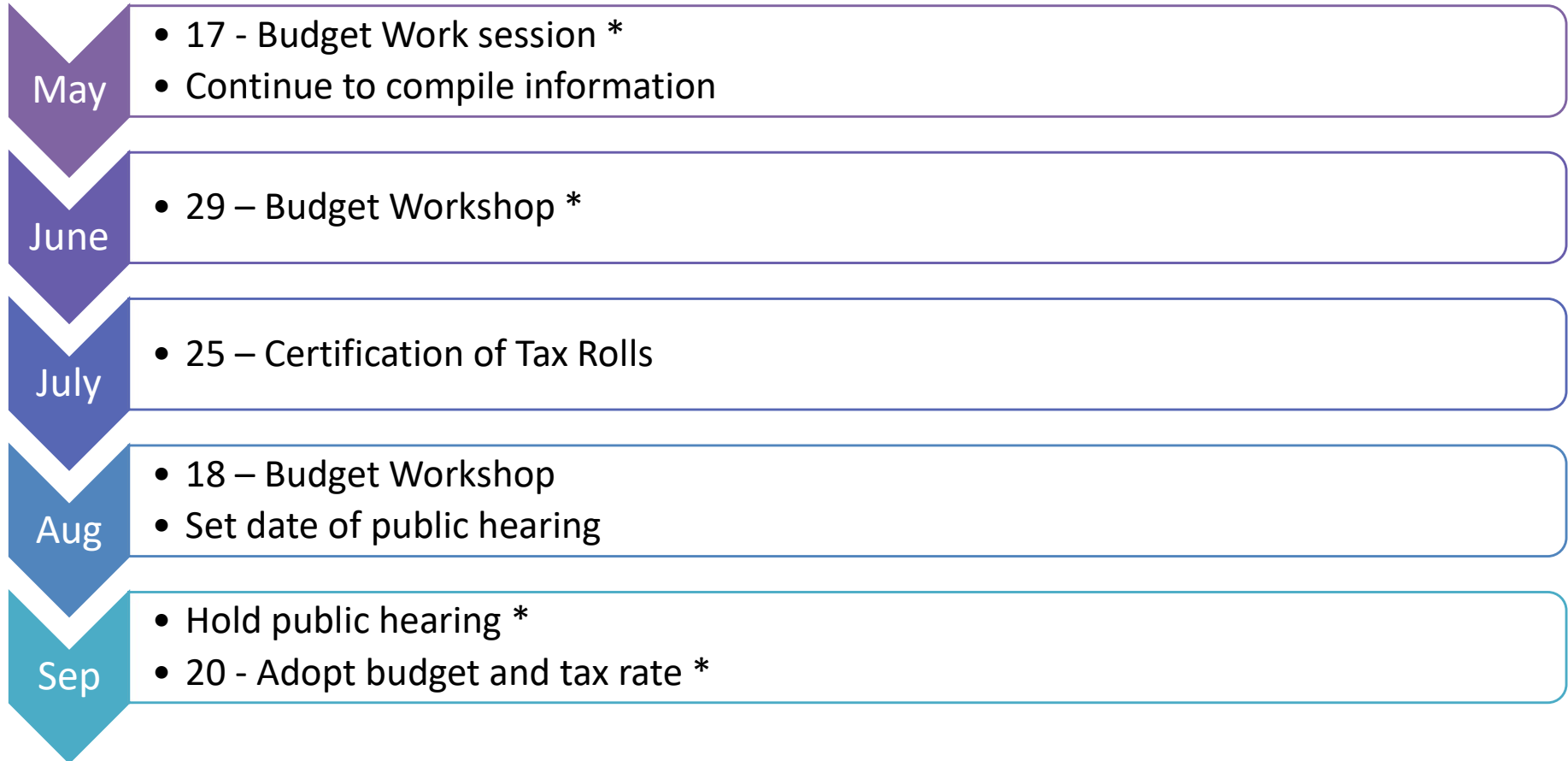
- Inflation concerns
  - Increased costs for routine maintenance
  - Increased fuel costs
- Numerous requests for additional personnel for core services
- Increased transfers to TIRZ – increased appraisal values
- Increased transfer in support of Transit
- Funds available for one-time non-recurring costs
- Market study – phase 1 cost of implementation
- Unknown impact of meet and confer negotiations with PD



## FY 23 Budget – Fund Balance Targets

- Maintain fund balance at:
  - 25% for General fund
  - 25% for Water/Wastewater
  - 60 days for Electric

# Budget Timeline



\* Council meeting dates



# CIP Update

Shaun Condor



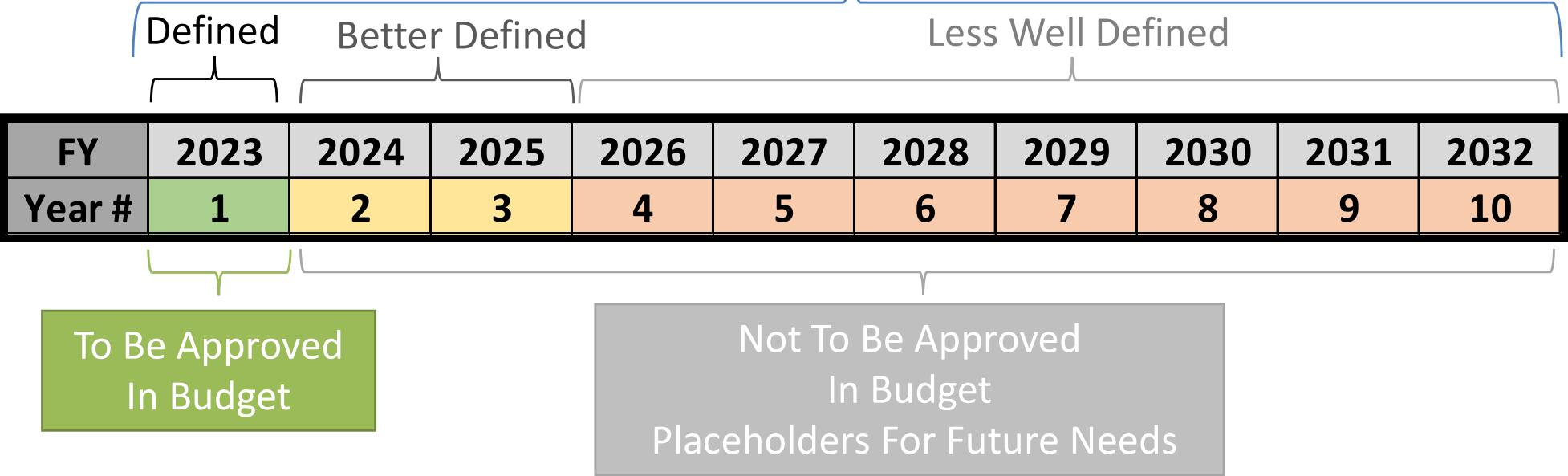
# Capital Improvements Program

- Long-range plan and schedule for capital projects and system assets
  - Identifies workload for Departments
  - Identifies funding needs for City
- Identifies options for financing projects
- Planning Tool
  - Year 1 is only year approved in budget
  - Years 2-10 placeholders for planning purposes
- Online: COSM Engineering & CIP webpage
- Hardcopy: COSM Engineering & CIP Department



# Capital Improvements Program Years

10 Year CIP: FY 2023-2032







# Typical Life Cycle of a project

- Simple Project = \$200K - \$1M
  - 3 – 4 Year
- Complex Project = \$1M - \$10M
  - 5 – 7 Years
- Very Complex Project = \$10M +
  - 8-10 Years

## Important Notes:

- Last Year Is For Construction
- We program “best case scenario”
- As challenges arise, construction funding is delayed until the project is ready

Year #	1	2	3	4	5	6	7	8	9	10
Simple Project		\$200,000	\$800,000							
Complex Project		\$1,000,000	\$1,000,000	\$5,000,000						
Very Complex Project		\$2,000,000		\$1,000,000		\$10,000,000				

LEGEND

Preliminary Work

Design / Acquisitions / Permitting

Construction

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# Example Complex Project

FY	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Year #	1	2	3	4	5	6	7	8	9	10
Complex Project - Funding		\$1,000,000	\$1,000,000	\$5,000,000						

▲ Preliminary Phase	412 days	Sun 1/1/23	Fri 2/16/24
▷ Scoping	112 days	Sun 1/1/23	Sat 4/22/23
▷ RFQ	180 days	Sun 4/23/23	Thu 10/19/23
▷ Professional Service Contract	120 days	Fri 10/20/23	Fri 2/16/24
▲ Design Phase	878 days	Sat 2/17/24	Mon 7/13/26
▷ COSM Design	878 days	Sat 2/17/24	Mon 7/13/26
▷ Easements	571 days	Fri 12/6/24	Mon 6/29/26
▷ Permits	477 days	Wed 8/7/24	Wed 11/26/25
▷ Public Outreach	394 days	Wed 8/7/24	Thu 9/4/25
▷ Agreements With County/TXDOT	185 days	Sun 4/6/25	Tue 10/7/25
▷ Utility Relocation	508 days	Fri 12/6/24	Mon 4/27/26
▷ Bid Phase	139 days	Tue 7/14/26	Sun 11/29/26
▷ Construction Phase	360 days	Mon 11/30/26	Wed 11/24/27
▷ Closeout Phase	150 days	Thu 11/25/27	Sat 4/22/28

Delay Funding If Needed

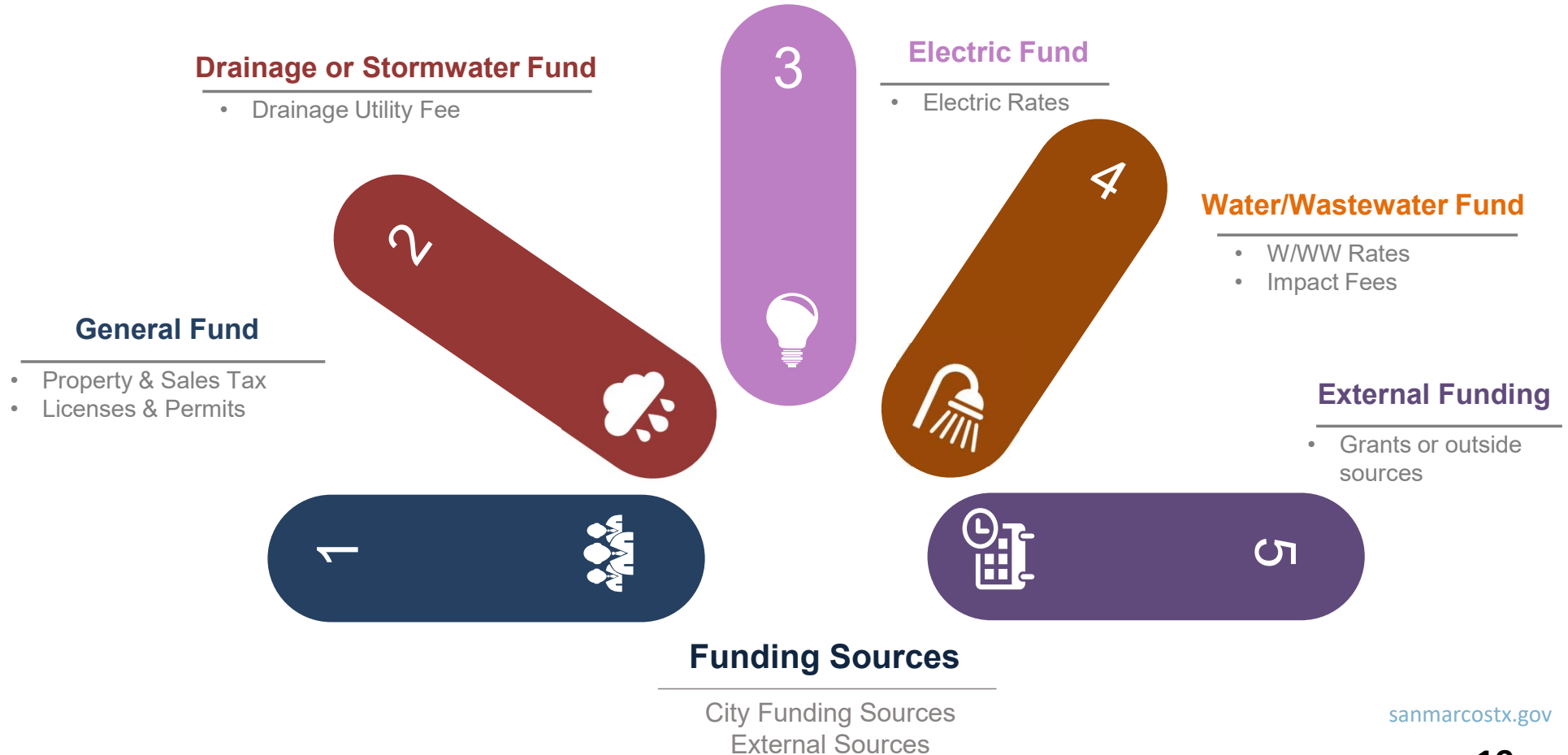
Year 1 Funding - Design

Year 2 Funding - Easements

Year 3 Funding - Construction



# Capital Improvements Program Funding





# FY 23 CIP Process – Where are we?



## **New Projects: All Year**

Departments Submit New Project Requests



## **Department Review: Oct-Dec**

All Departments Review Comprehensive List of Projects



## **Workload Capacity: Jan**

Projects reviewed for timeline and workload capacity



## **Fund Constraints: Feb-Mar**

General at \$10M & Stormwater at \$6M



## **P&Z Review: Apr**

Discussion with P&Z Commission & Public Hearing



## **P&Z Recommendation: May**

Receive P&Z Recommendation for City Council

## **Recommendation to Council: May**

Present City Council with P&Z Recommendation

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# Understanding the Spreadsheet

Category	Project ID	Project Name	Project Description	Comp Plan Goals	Strategic Initiative	Prioritization Rank	Funding Source	Previously Approved Funding	2023	2024	2025	2026	2027
<b>*Potential 2024 Bond Projects</b>													
<b>*Potential TIRZ Funding Projects</b>													
Multi	606	Airport - FM 110 Connection Drive	New Roadway to connect the airport to FM 110. Include Airport Drive Improvements in this project. Will also support development on west side of FM110 on airport property. Supplemental funding may come from other sources regarding the land release and negotiations with Gary Job Corp.	EDG602, EDG603		30	General	\$ 250,000		\$ 600,000			
							Water			\$ 300,000			
Multi	524	Airport - Taxiway System, Ramp Rehab Design	Various analysis in 2013, 2015, and 2017 indicate failure of pavement on taxiways Alpha through Foxtrot. The City will initiate design for taxiways Alpha and Charlie as the priority, to be ready for construction when discretionary funds become available. Discretionary funding is pending for Txy Charlie in FY22 (10% local match required) and for Txy Alpha in FY23	EDG601, EDG602, EDG603, EDG604		40	General	\$ 1,274,000	\$ 1,100,000				
							Stormwater	\$ 15,000					
Multi	568	Airport Water/Wastewater Main Re-routing	Construct new 10-inch/12-inch wastewater mains, to convey municipal airport flows into the existing City owned 18-inch wastewater main near the railroad. WWMP#19. Rerouting of existing services from airport facilities are included to facilitate future development and replacing ageing service lines. Extend 12" water main from dead end at the Airport	LUG105	Workforce Development	25	Water			\$ 250,000		\$ 1,600,000	
							Wastewater			\$ 650,000		\$ 2,500,000	
Multi	507	Airport - Utilities & Stormwater Imps	Extension of utilities and stormwater improvements from the Airport entrance to the ILS of runway 13, to provide for development sites on the north side development area. Waterlines are within the airport property and are separate connections to the 12" waterline constructed in project	LUG105, EDG601, EDG602, EDG603	Stormwater	10	Water						\$ 140,000
							Wastewater						\$ 200,000
							Stormwater						\$ 140,000

Grouped by Category  
Multi = projects with more than one funding source.

Supporting Strategic Initiatives, Comp Plan Goals & Prioritization Ranking

Shows funding needed by Source and Year



# Understanding the Spreadsheet

Category	Project ID	Project Name	Project Description	Comp Plan Goal	Strategic Initiative	Prioritization Rank	Funding Source	Previously Approved Funding	2023	2024
Multi	752	Downtown Alley Reconstruction Ph 2	Reconstruct the remaining Kissing Alley between Guadalupe and LBJ from Hutchison to University Dr, approx. 400 LF. The alley will be constructed in 2027, with possible concrete pavement. All utilities will be replaced and overhead electric and telecom will be converted to underground along Kissing Alley between Hutchison and University Dr including UG conversion of street lighting. This project is a continuation of the Downtown Master Plan.	EDG105 TG205	Downtown Vitalization, Stormwater	20	General T			
							Water			
							Wastewater			
							Stormwater			
							Electric			
Multi	45	Downtown Reconstruction Ph. II - LBJ, Grove St. to Hopkins	Reconstruction to implement goals of Downtown Master Plan. Includes street, stormwater, water, wastewater, underground electric and telecom \$200k/\$1M (included in electric funding) as required. Design funds in first year, Construction funds in second year. Proj # 37 -	LUG105 LUG203	Downtown Vitalization, Stormwater, Multi-Modal Transportation	20	General T			
							Water			
							Wastewater			
							Stormwater			
Multi	631	Heritage Neighborhood Imps	Improvements on Viola, Serur, Browne, Burleson, Scott, Blanco, Rogers and Lindsey Streets. Replacement of old inadequate water lines to improve flows, system pressure and fire protection. Replacement AC and cast iron pipes, non-operational valves and upgrade fire	ERPG204 ERPG101 LUG302	Stormwater	25	General			
							Water			
							Wastewater			
							Stormwater			
Multi	719	Hopkins Drainage and Wastewater Imps from Riverside to City Hall	Stormwater improvements per DMP# 40 and replace 6" sanitary sewer crossing with 8" at Hopkins and Riverside. Street lighting will be replaced along the drainage ditch and a 10ft sidewalk will be installed.	LUG105	Stormwater, Multi-Modal Transportation	30	General			\$ 200,000
							Wastewater			\$ 20,000
							Stormwater			\$ 60,000
							Electric			\$ 100,000
Multi	534	Hopkins Street Improvements Project from Moore to Guadalupe	Reconstruct street, water, wastewater, stormwater and electric infrastructure pursuant with complete streets ordinance on Hopkins Street from Moore St. to Guadalupe. Widen Comanche Street to add a dedicated Left turn lane onto Hopkins St. to improve safety and intersection capacity to alleviate the	ERGP204 ERGP306 LUG105	Stormwater, Multi-Modal Transportation	30	General B	\$ 350,000		
							Water	\$ 130,000		
							Wastewater	\$ 130,000		
							Stormwater	\$ 100,000		
							Electric	\$ 450,000		
Multi	555	Highway 80 Utility Project	This project consists of constructing a new lift station with an initial firm pumping capacity of 1.25 MGD and a wet well capacity to handle the 2035 peak flow of 5.0 MGD. The proposed lift station will be located at Highway 80 and CR 102 and includes a 12-inch force main that discharges directly to the existing wastewater		Workforce Development	35	Water I	\$ 250,000	\$ 250,000	\$ 3,000,000
							Wastewater I	\$ 6,000,000		\$ 18,000,000

Brown Highlight  
TIRZ Funding

White Highlight  
Means Nothing

Gray Highlight  
Means Nothing

Blue Highlight  
Potential Future Bond Projects

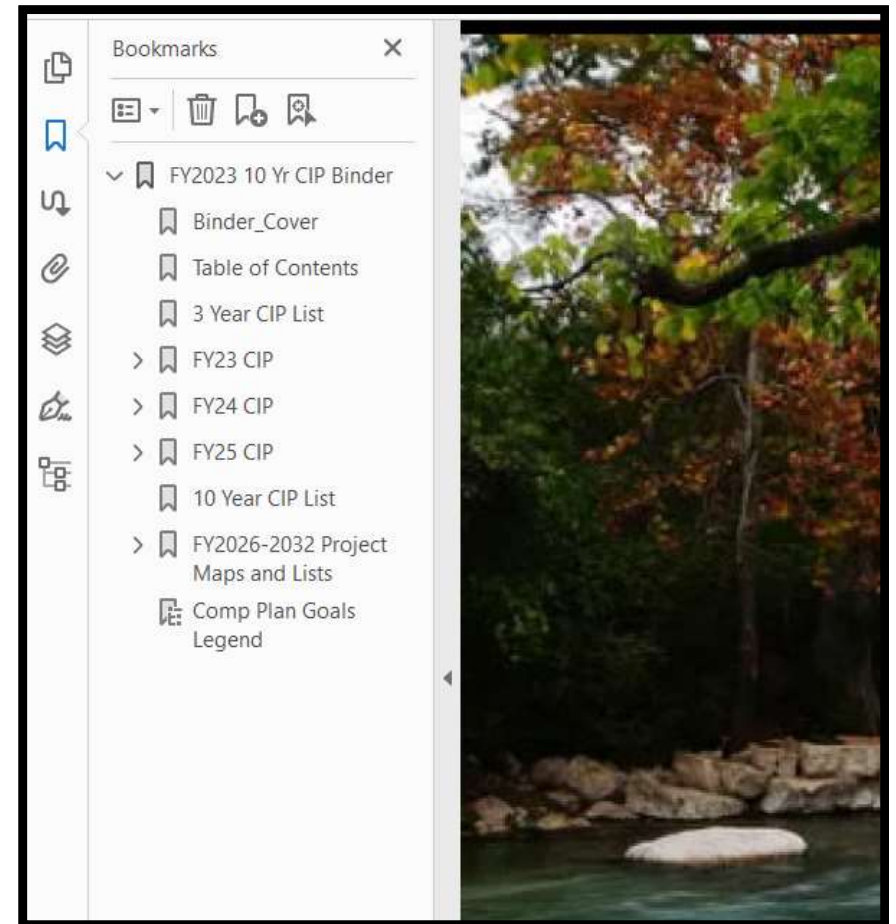
Pink Highlight  
Impact Fee Eligible





## Navigating the PDF

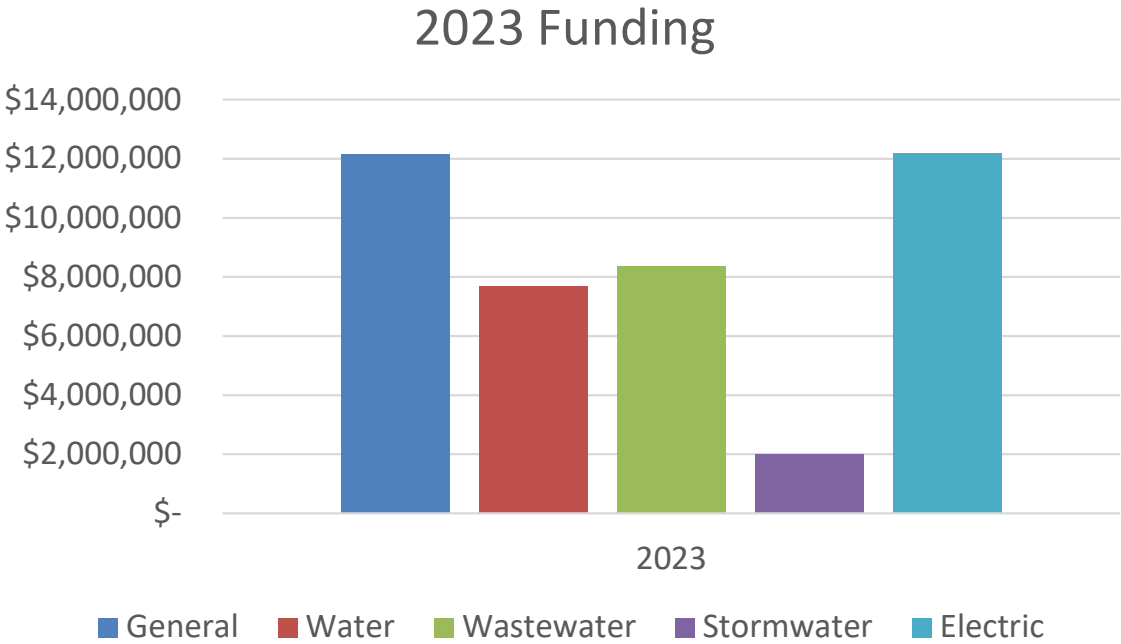
- Bookmarks feature is used
  - 3 Year List
  - Details for next 3 years
    - Map
    - Project List
    - Detail Sheets
  - 10 Year List
  - Details for last 7 years
    - Map
    - Project List
  - Comprehensive Plan Goals





# CIP Totals by Fund

General	\$	12,135,000
Water	\$	7,675,000
Wastewater	\$	8,380,000
Stormwater	\$	2,020,000
Electric	\$	12,210,000
<b>Total</b>	<b>\$</b>	<b>42,420,000</b>





## P&Z Recommendation & Response

Project	P&Z Recommendation	Staff Response
#525 – Wallace Addition Subdivision	Expedite Project	Currently in Design, Construction in FY26
#731 – Wallace Offsite Drainage	Expedite Project	Currently in Design with add'l funding in FY23, Construction in FY25



## Changes to FY23 since it was presented to P&Z

- Addition of Plaza Park/City Park Pedestrian Bridge Repairs - \$200K General



## Next Steps

May - Aug – City Council Budget Workshops

Sept - Budget Adoption by City Council including  
the FY23 CIP Projects

To Be Determined - Future Bond  
Election Discussion



# Questions?



# Thank you!

Anna Miranda, CPA, CGFO

*Interim Director of Finance*

Shaun Condor, PE, PMP

*Interim Director of Engineering and Capital Improvement*