

City of San Marcos

~~FY21~~ FY22 Proposed

Budget Policy Statement

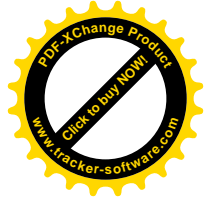
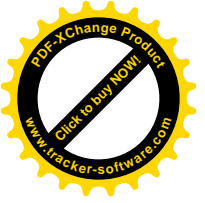
I. FUND BALANCE

- General Fund: Maintain 20-25% ~~(of recurring operating expenses)~~ for FY22 and return to 25% in future years, with the option to bring back to Council for further consideration later during the budget process
- Water/ Wastewater Fund: Maintain 25% ~~(of recurring operating expenses)~~.
- Drainage Utility Fund: Maintain 25% ~~(of recurring operating expenses)~~.
- Electric Utility Fund: Maintain minimum of the equivalent of 60 days of operating expenses including purchased power.

II. REVENUE

GENERAL FUND

- Property tax rate to be less than or equal to the FY21 adopted voter approval tax rate.
- Amend budget during fiscal year if revenue deviates from budget
- Property tax to be forecasted based on existing properties not exceeding 3.5% tax cap.
- Sales tax to be forecasted with incremental impact of \$1M decrease assumed loss in Best Buy Call Center revenue and COVID-19 impact, based on pending ruling from Comptroller
- All other revenues will be budgeted based on historical trends.
- Potential new fees to be evaluated and proposed to Council during the budget process.
- Cost Recovery fees will be implemented for Parks & Recreation Development Services effective Sept 1, 2020/2021. Development Services will begin Cost of Service Study during FY20, oOther user fees may be increased by CPI index for the calendar year 2019/FY2022.
- ~~Revenue generated from the increased tax rate's operating & maintenance capacity \$500,000 to be reserved for additional bond project expenses~~
- Potential revenue from alternative funding sources will be evaluated and proposed to Council during the budget process.



- Recommendation for revisions to the economic development policy to be presented later in the budget process and consider the impacts of Senate Bill 2 revenue caps on economic development incentive agreements.

WATER/WASTEWATER FUND

- ~~Rate-Continue annual rate~~ study to determine possible rate increases and /or structure changes.
- Citizens Utility Advisory Board will make recommendations to Council related to rate structure and future rate adjustments.

ELECTRIC FUND

- Continue annual rRate study to determine possible rate increases and /or structure changes. ~~No rate adjustment anticipated.~~
- Citizens Utility Advisory Board will make recommendations to Council related to rate structure and future rate adjustments.

STORMWATER MANAGEMENT FUND

- Rate study ~~ongoing~~ was completed in FY20 with inclusion of multiyear rate increases. Per direction last year, FY22 would include a 6.5% increase; however, staff will be reviewing to ensure revenues and expenditures are in line based on the model and Proposed rates and rate structure will be broughtbring forward for discussion during the budget process.

HOTEL MOTEL FUND

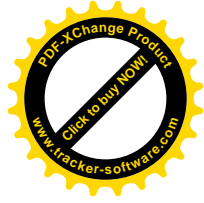
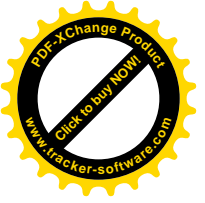
- Revenue budgeted based on conservative trends and the impact that COVID-19 has had on the hospitality and tourism industry ~~reflecting new hotel rooms, occupancy rate, and average room rate.~~

III. EXPENDITURES

GENERAL FUND

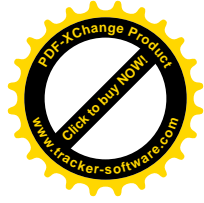
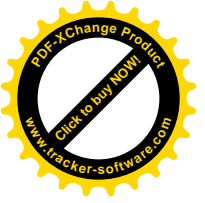
- The ~~2nd-3rd~~ year of meet and confer agreement for Civil Service employees.
- Merit and cost of living increase for non-civil service employees will be budgeted with a 4% pool structured to provide more to lower paid employees and consideration given to a market competitive component ~~determined later in the budget process as capacity allows.~~

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- Departments will follow a zero-based budget format. All budgets must be justified and ranked by priority.
- ~~Increase to health insurance~~ will be evaluated and presented to Council during the budget process based on plan needs.
- ~~Municipal Judge will increase to full-time~~
- Fuel/Contractual Obligations ~~Consumer Price Index~~ increases allowed.
- Continue funding Social Services programs as follows:
 - Human Services Advisory Board ~~increased to \$500,000~~ increased to \$50,000 for FY22 only.
 - HCWC transitional housing ~~\$150,000 reduced to \$0 as the 3rd payment of 3~~ was made in FY21.
 - CASA maintained at \$45,000 (3-4 of 10 payments).
 - Family Justice Center maintained at \$45,000.
 - Youth Services Coordinator (Community Action) maintained at \$50,000.
- Museums maintained at \$100,000.
- Sights n Sounds event ~~must submit application for funding based on City's event policy guidelines~~ budget will be reviewed with potential reduction in funding of current \$80,000 in FY22.
- ~~Homebuyers Incentives program will not be funded, prior year funding was \$100,000~~
- City hosted events will continue funding as follows:
 - Veterans Day \$5,000
 - Summer Fest \$15,000
 - Special Events (arts commission) \$30,000
- ~~No funding allocated for Sustainability or Historic Preservation~~
- ~~Expansion of service for EMS with an amount not to exceed \$650,000~~
- ~~TIRZ #2 - Blanco Vista will be refinanced during 2020 calendar year~~
- The Economic and Business Development Manager and program cost of \$200,000 will be an allocation between General Fund, Water Wastewater Fund, and Electric Fund.
- Transit operations funding requests to be presented later in the budget process.
- Additional funding sources will be pursued for COVID-19 assistance and presented to Council during the budget process.
- City will be implementing a new staff Spanish bilingual program.
- Animal Shelter will continue with current goal of higher live outcome with a modest increase for all participants. In addition, staff will continue to analyze whether veterinary services are best served as a contracted service or in-house.
- City will be looking at the weatherization needs of our facilities and budgeting accordingly.

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WATER/WASTEWATER FUND

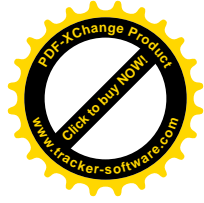
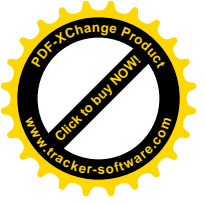
- Merit and cost of living increase for non-civil service employees will be budgeted with a 4% pool structured to provide more to lower paid employees and consideration given to a market competitive component~~determined later in the budget process as capacity allows.~~
- ~~Increase to h~~health insurance will be evaluated and presented to Council during the budget process based on plan needs.
- Departments will follow a zero-based budget format. All budgets must be justified and ranked by priority.
- Fuel/contractual obligations~~7~~ consumer price index increases allowed.
- The Economic and Business Development Manager and program cost of \$200,000 will be an allocation between General Fund, Water Wastewater Fund, and Electric Fund.
- Utility fund transfers to the General Fund budgeted at amount determined by Cost Allocation Plan~~7%~~.

ELECTRIC UTILITY FUND

- Merit and cost of living increase for non-civil service employees will be budgeted with a 4% pool structured to provide more to lower paid employees and consideration given to a market competitive component~~determined later in the budget process as capacity allows.~~
- ~~Increase to h~~health insurance will be evaluated and presented to Council during the budget process based on plan needs.
- Departments will follow a zero-based budget format. All budgets must be justified and ranked by priority.
- Fuel/contractual obligations~~7~~ consumer price index increases allowed.
- The Economic and Business Development Manager and program cost of \$200,000 will be an allocation between General Fund, Water Wastewater Fund, and Electric Fund.
- Utility fund transfers to the General Fund budgeted at amount determined by Cost Allocation Plan~~7%~~.

STORMWATER UTILITY FUND

- Merit and cost of living increase for non-civil service employees will be budgeted with a 4% pool structured to provide more to lower paid employees and consideration given to a market competitive component~~determined later in the budget process as capacity allows.~~



- ~~Increase to health~~ insurance will be evaluated and presented to Council during the budget process based on plan needs.
- Departments will follow a zero-based budget format. All budgets must be justified and ranked by priority.
- Fuel/contractual obligations/consumer price index increases allowed.

HOTEL MOTEL FUND

- Merit and cost of living increase for non-civil service employees will be budgeted with a 4% pool structured to provide more to lower paid employees and consideration given to a market competitive component~~determined later in the budget process as capacity allows.~~
- ~~Increase to health~~ insurance will be evaluated and presented to Council during the budget process based on plan needs.
- Funding for special programs will be evaluated based on capacity revenue projections.
- Departments will follow a zero-based budget format. All budgets must be justified and ranked by priority.