



City of San Marcos Budget Policy Development

Fiscal Year 2027

February 26, 2026



Agenda

- **Budget Calendar**
- **Strategic Goals & Budget Process**
- **Fund Discussions**
 - Financial Overview
 - Parameters & Assumptions for Budget Policy
 - Decision Points

Fiscal Year 2027 Budget Calendar



BUDGET EVENT	DATE	DONE
Council Visioning & Strategic Planning Work Session	January 29 – 30	✓
Budget Policy Workshop	February 26	← We are here
Budget Policy Adoption	March 31	
Neighborhood Commission Presentation	April 15	
Budget Workshop & Preliminary CIP	May 19	← PRELIMINARY TAX ROLL: APRIL 30 th
Budget Workshop	June 25	
Budget/CIP Submitted to Council & Maximum Tax Rate Set	August 18	← CERTIFIED TAX ROLL: JULY 25 th
Neighborhood Commission Presentation	August TBD	
Public Hearings on Budget, Tax Rate & Fee Changes	September 1 & 15	
Budget, Tax Rate & CIP Adoption	September 15	

Strategic Goals



QUALITY OF LIFE & SENSE OF PLACE

Cultivate a community that promotes inclusivity, equity, and belonging; has a unique sense of place due to our distinct natural, historical, and cultural assets; and commits to a healthy quality of life for families of all types.



ECONOMIC VITALITY

Foster a vibrant economic climate for our community through new commercial and residential uses, education, workforce development, and support of new and existing businesses of all sizes.



PUBLIC SAFETY, CORE SERVICES & FISCAL EXCELLENCE

Deliver quality government services and improve community safety in a fiscally responsible manner with a professional workforce.



MOBILITY & CONNECTIVITY

Improve neighborhood and regional connectivity to provide a safe, convenient, and efficient multimodal system for goods, services, and people of all income levels and abilities to move throughout the City.



ENVIRONMENTAL PROTECTION

Advance responsible stewardship of the community's natural, cultural, and historical resources through varied environmentally friendly policies and practices.



Fund Discussion

All Funds



FY 2027 Budget Process - Considerations Across all Funds

- Budget must be aligned with City Council's strategic plan goals
- Continue revenue forecasting based on historical and recent trends
- Adjust operating expense forecasts for inflation to maintain current service levels
- Incorporate benefits from economic development
- Confirm support of previously adopted Council Resolution regarding Compensation Philosophy. Compensation is one of several pillars for becoming an Employer of Choice.
- Prioritize core services
- Be diligent in managing available capacity
- Monitor and respond to changes in revenues and expenses
- Adopted budget must be balanced, should be structurally balanced

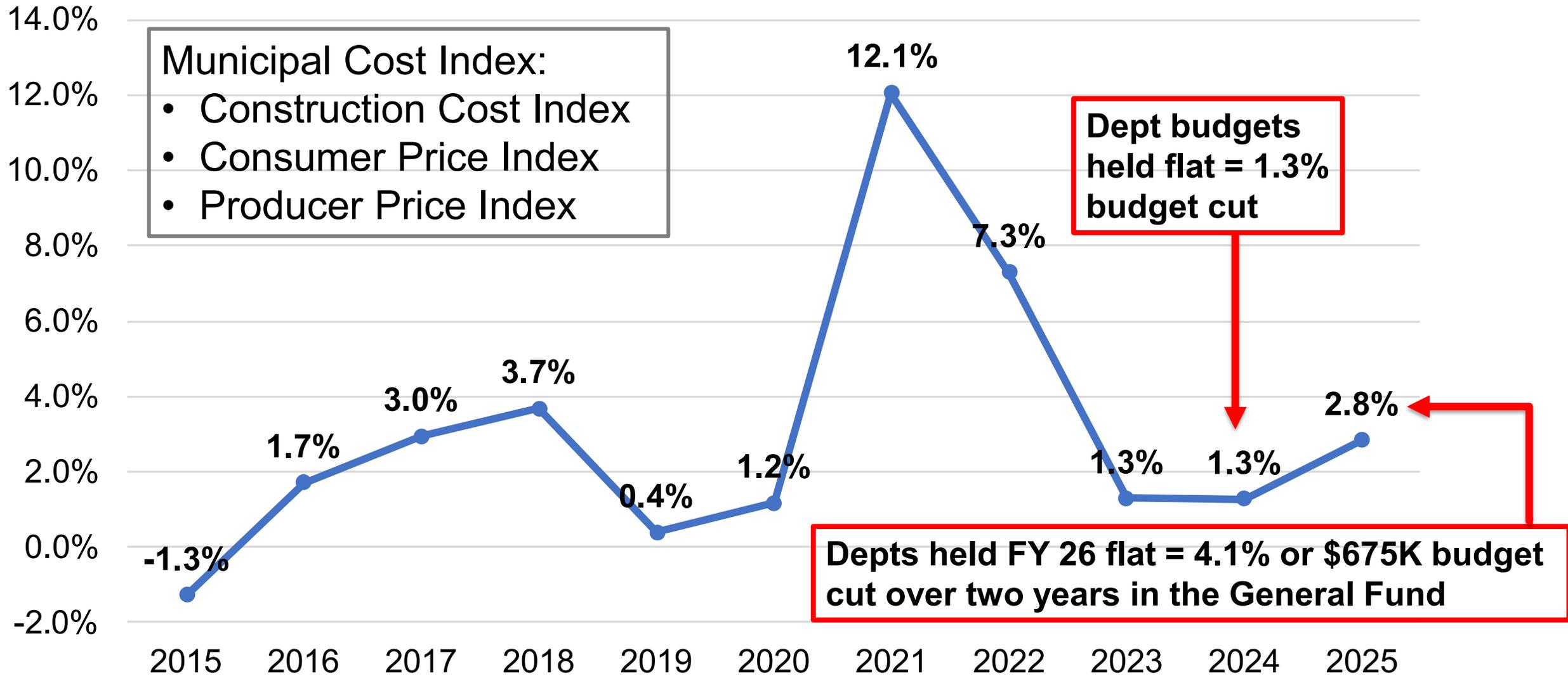
What is a Structurally Balanced Budget?



- Definition: A financial plan where ongoing services are funded entirely by ongoing revenues rather than temporary fixes.
 - Key Distinction: Unlike a "statutorily balanced" budget, which may use one-time sources like reserves or asset sales to reach a zero balance, a structural balance requires sustainability without relying on those non-recurring funds.
- The Goal: To ensure that the city does not spend beyond its long-term means.
- Why Structural Balance is Important
 - Long-Term Sustainability: It supports financial health for multiple years into the future, preventing "financial potholes" caused by using one-time bonuses for permanent expenses.
 - Service Stability: It helps maintain consistent delivery of essential services to residents without the risk of sudden, drastic cuts.
 - Economic Resilience: Cities with structural balance are more nimble in responding to economic downturns or major fiscal shocks because their reserves remain intact for true emergencies.
 - Creditworthiness: Maintaining structural balance is a sign of good financial management, which can lead to better credit ratings and lower interest rates for municipal bonds.
 - Intergenerational Equity: It ensures that today's costs are not shifted to future generations by failing to address long-term liabilities like pensions.



Inflation – Municipal Cost Index





Fund Discussion

General Fund

General Fund

Slide updated



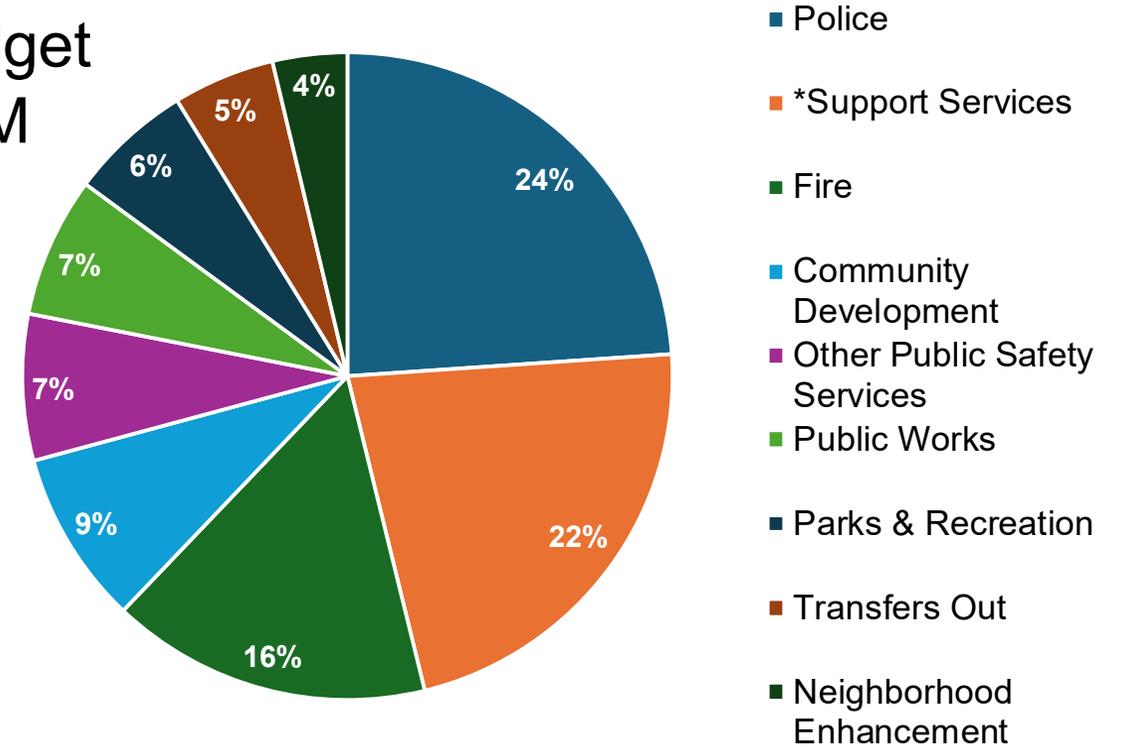
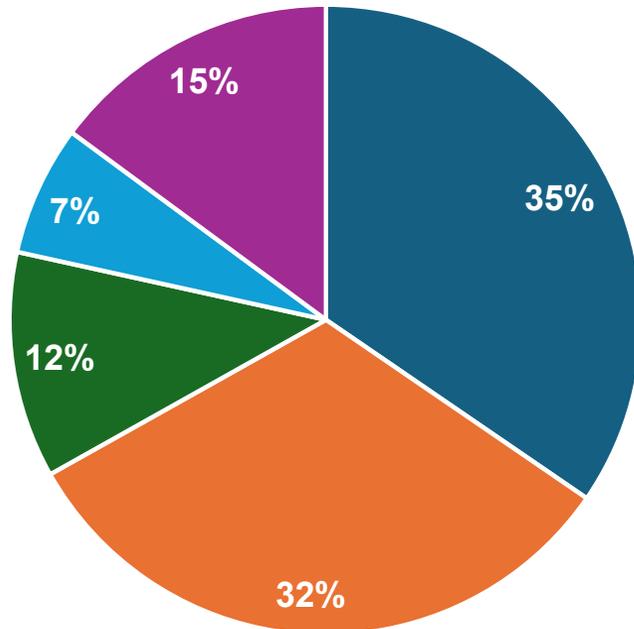
Primary operating fund for core government services and used to account for all resources not required to be accounted for in another fund and not otherwise devoted to specific activities.

Primary Revenue Sources:

Supports Core Services such as:

FY26 Budget
= \$123M

- Property Taxes
- Sales Taxes
- Franchise Fees
- Support Services Allocation*
- Other



*Support services: City Manager Office, City Clerk, Council, Communications, Finance, Legal, Human Resources, Engineering, Facilities & Grounds, and Fleet



General Fund Major Revenues

FY 2026 Property Tax Discussion

How a Dollar of Property Tax is Divided



Slide updated

No Homestead Exemption

Homestead Exemption



San Marcos ISD
49¢

City of San Marcos
32¢

Hays County
17¢

Special Road District 2¢

San Marcos ISD
38¢

City of San Marcos
38¢

Hays County
21¢

Special Road District 3¢

For Every Dollar of Property Tax

- Property tax revenue dedicated to debt service and tax increment financing (TIFs) is set aside first, before any funds can be used for operations.
- For FY26, this left 65¢ of every dollar for operations.





General Fund Major Revenues

Property Tax – Taxable Values

Taxable Value History



Fiscal Year*	Tax Rate ¢	Net Taxable Value**	Percent Change
2018	61.39	\$ 4,187,267,795	9.6%
2019	61.39	4,526,652,609	8.1%
2020	61.39	4,948,764,414	9.3%
2021	59.30	5,545,004,955	12.0%
2022	60.30	6,170,634,960	11.3%
2023	60.30	7,179,975,303	16.4%
2024	60.30	8,432,693,909	17.4%
2025	60.30	8,812,202,603	4.5%
2026	65.15	8,878,123,243	0.7%

**2018-2026 Certified Tax Roll*

**Net Taxable Value subtracts Property Tax Value obligated for Tax Increment Financing

New Property Taxable Value



Fiscal Year	Total New Property Taxable Value Added	New Property Revenue
2019	\$ 152,965,319	\$ 920,273
2020	201,841,053	1,214,320
2021	251,338,608	1,460,629
2022	211,472,588	1,249,676
2023	388,488,031	2,295,731
2024	553,105,667	3,268,523
2025	576,134,538	3,404,609
2026	290,865,265	1,857,087

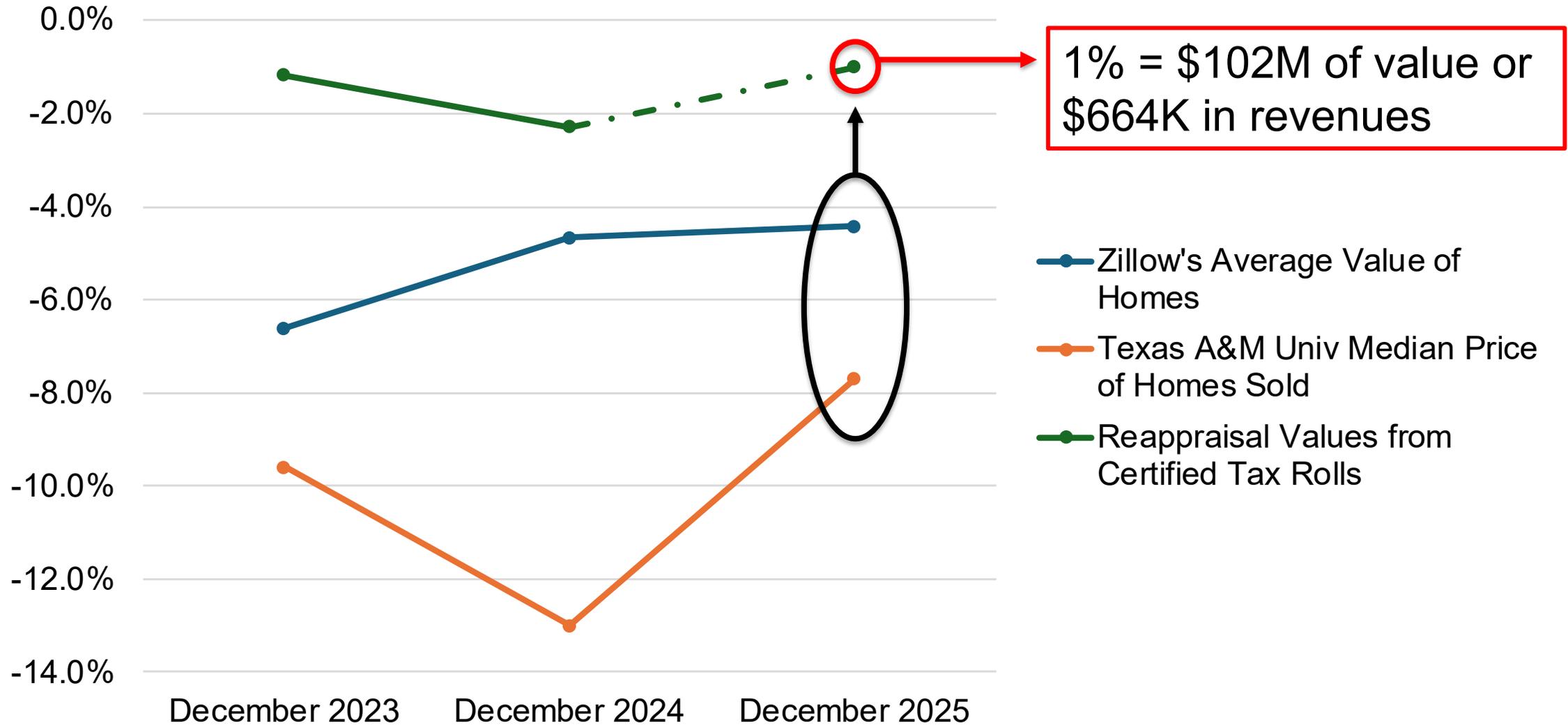
FY 26 New Taxable Value			
Type	Count	Value	Average
Residential	636	\$176,060,647	\$276,825
Commercial	27	\$67,105,215	\$2,485,378
% Complete	<u>81</u>	<u>\$47,699,403</u>	
Totals	744	\$290,865,265	



9 Houses = 1 Commercial

3-year average = \$473M
5-year average = \$404M

Comparing Home Value Metrics





General Fund Major Revenues

Property Tax Exemptions



Slide updated

Allowed Sales Tax Uses

- In addition to the general city sales tax rate that may be used for any municipal purpose, cities can adopt additional local sales tax rates for specific purposes that include:
 - Economic development (Type A or Type B)
 - Property tax relief
- The total local sales tax rate is limited to 2% (City and County).
 - Voters approved a 1% city sales tax rate that became effective in April 1968.
 - Voters approved a 1% additional sales tax for property tax relief that became effective in January 1988, County = 0.5% & City = 0.5%.
 - In FY26, the City's 0.5% sales tax for property tax relief reduced the tax rate by 14.85¢.



Allowed Sales Tax Uses Cont.

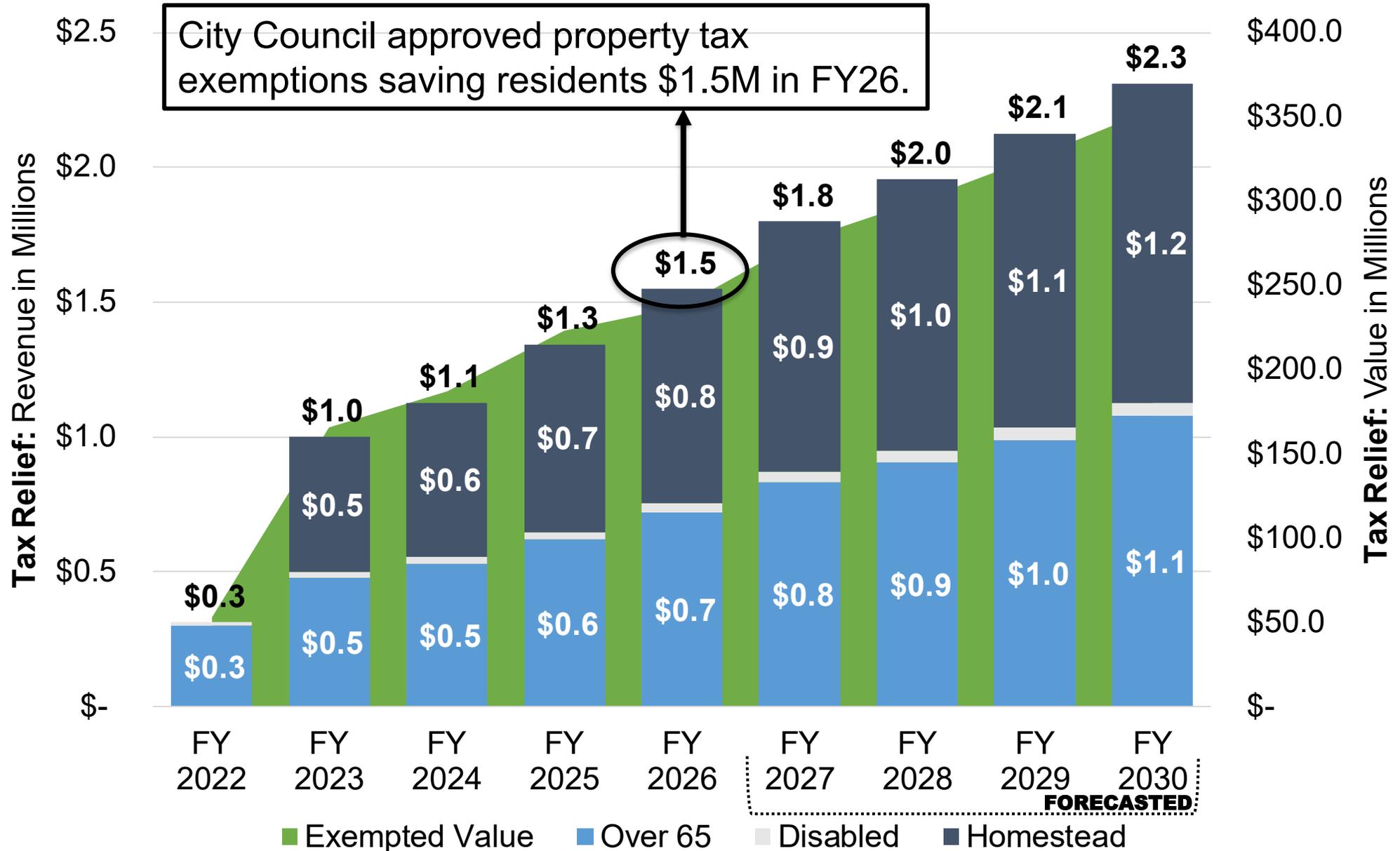
- Changes to the sales tax rate requires an election.
 - Voters may adopt a tax rate in increments of 0.125%, subject to the 2% ceiling.
 - Any change to the sales tax rate purpose would negatively impact operations in the General Fund.
- There are 1,175 cities in Texas that have a local sales tax rate.
 - 354 or 30% of cities have sales tax for property tax relief.
 - 191 or 16% of cities have Type A – sales tax for economic development, limited to manufacturing and industrial development.
 - 521 or 44% of cities have Type B – sales tax for economic development, covers projects eligible under 4A plus quality of life improvement projects.



Timeline of Homestead Exemptions

- 1973: Homestead exemption for over 65 years of age - \$3K
- 1975: Homestead exemption for over 65 years of age - \$5K
- 1982: Homestead exemption for over 65 years of age - \$10K
- 2007: Homestead exemption for over 65 years of age - \$25K
Homestead exemption for disabled - \$25K
- 2022: Homestead exemption for over 65 years of age - \$35K
Homestead exemption for disabled - \$35K
Homestead exemption - \$15K

City Council Approved Exemptions





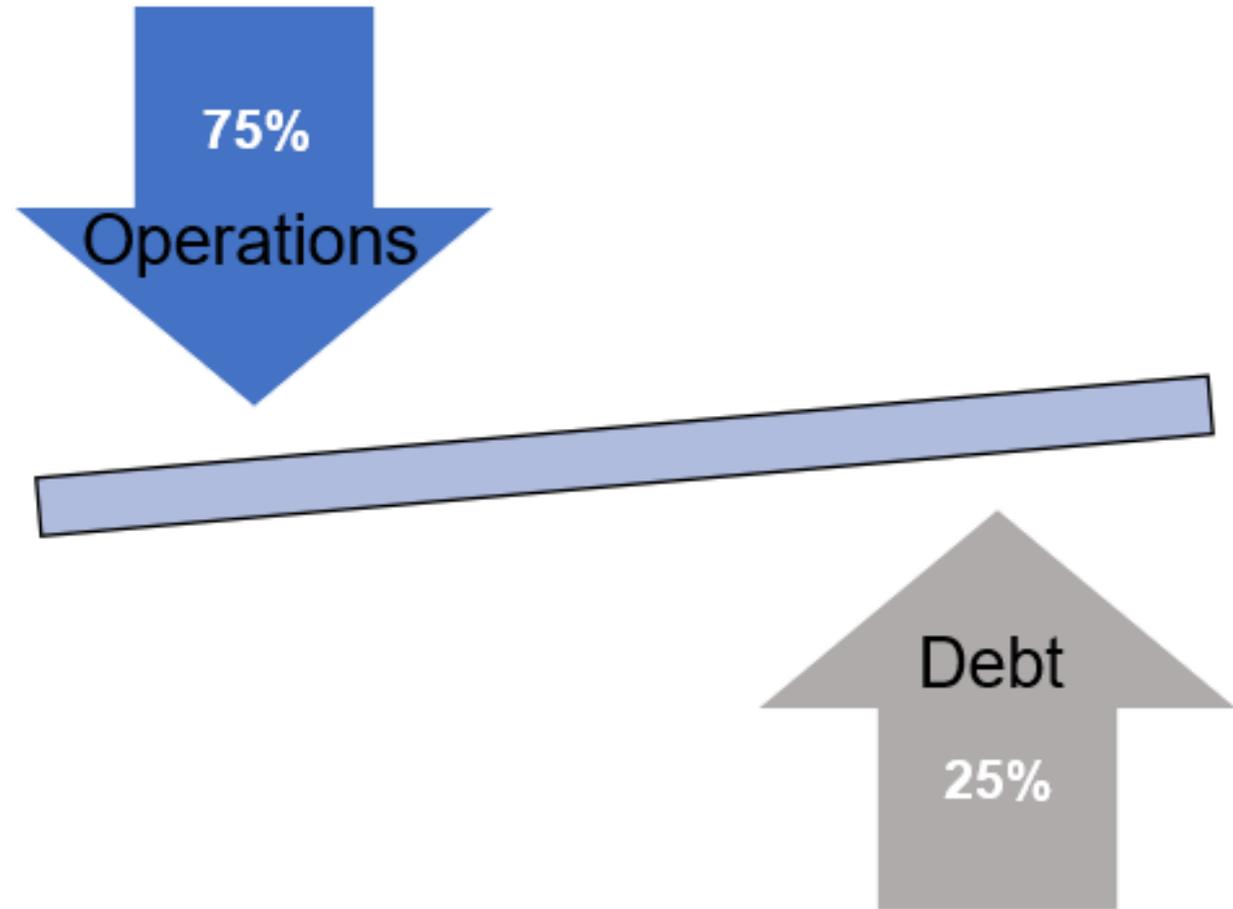
General Fund Major Revenues

Balancing the Property Tax Rate

Tax Rate Balancing Act



If the tax rate remains the same, a change in one component will have the opposite effect on the other component.



What Does a Penny in Property Tax Buy?



1¢ = \$876,000; that equals...



5 Police Officers including vehicle, uniforms, and equipment



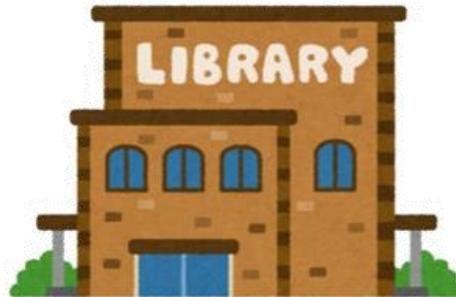
Almost half of the cost to run the Animal Shelter



Almost our entire Code Compliance Division



7.5 lane miles of resurfacing (approximately 1.5 neighborhoods)



1/3 of Library including salaries, books, and materials



6 Firefighters including uniforms and equipment

What Does a Penny in Property Tax Buy?

1¢ = \$11M in capital projects; that equals...



New Fire Station



**Old Ranch Road 12
improvements from Craddock
to Holland**



New water tank



**Quail Creek and Riverfront Parks
Improvements**



**Hopkins Street Improvements
from Moore to Guadalupe**



General Fund Major Revenues

Property Tax Rate - Debt

General Fund Debt Capacity Assumptions



- Tax rate remains the same at 65.15¢
- Annual issuance for Capital Improvement Plan (CIP)
 - \$10M annually
- Equipment replacement, non-CIP items
 - 2027 - \$1.7M
 - 2028 - \$2.9M
 - 2029 - \$2.2M
 - 2030 - \$2.0M

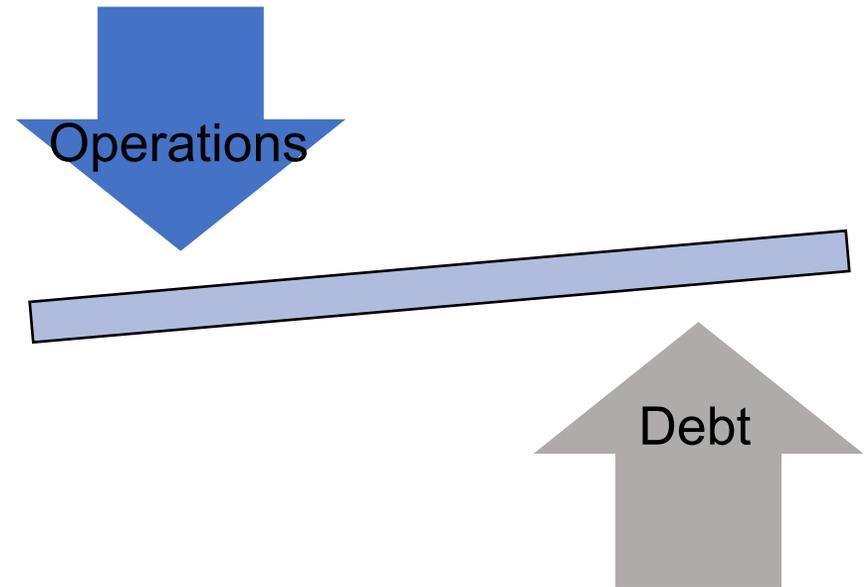


Forecasted Debt Tax Rate

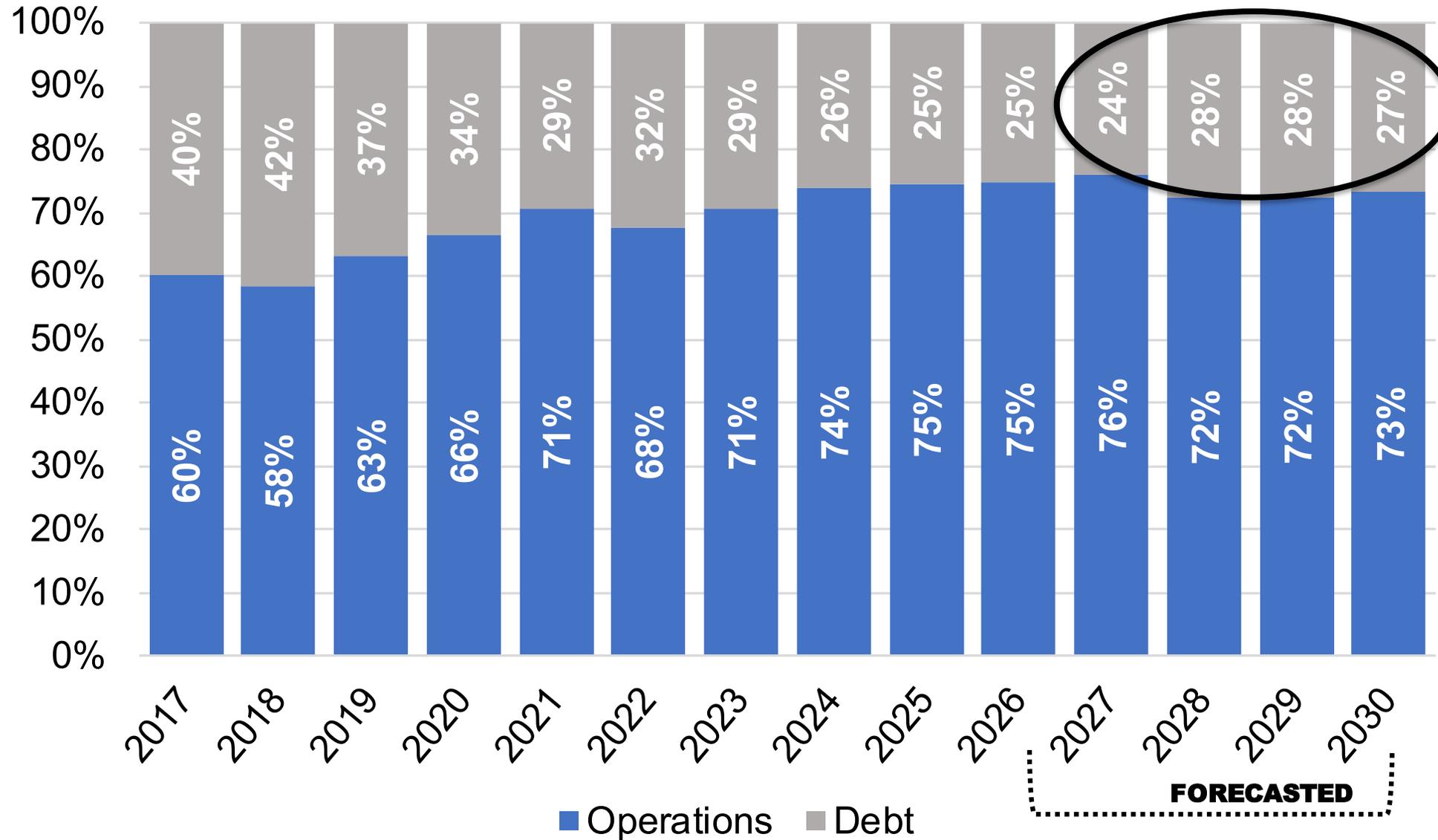
Fiscal Year	Estimated Debt Service Needed	Debt Service Capacity Using Current Rate	Additional Debt Service Needed	Additional Tax Rate Needed
2027	\$ 15,035,280	\$ 15,891,618	\$ (856,338)	(0.9)¢
2028	\$ 17,532,750	\$ 16,019,476	\$ 1,513,274	1.6¢
2029	\$ 17,669,250	\$ 16,204,742	\$ 1,464,508	1.5¢
2030	\$ 17,632,451	\$ 16,687,219	\$ 945,232	0.9¢

Compared to current debt tax rate of 16.47¢

- Debt service is paid first, remaining funding is for operations
- As the debt service requirement increases, funding for operations decreases

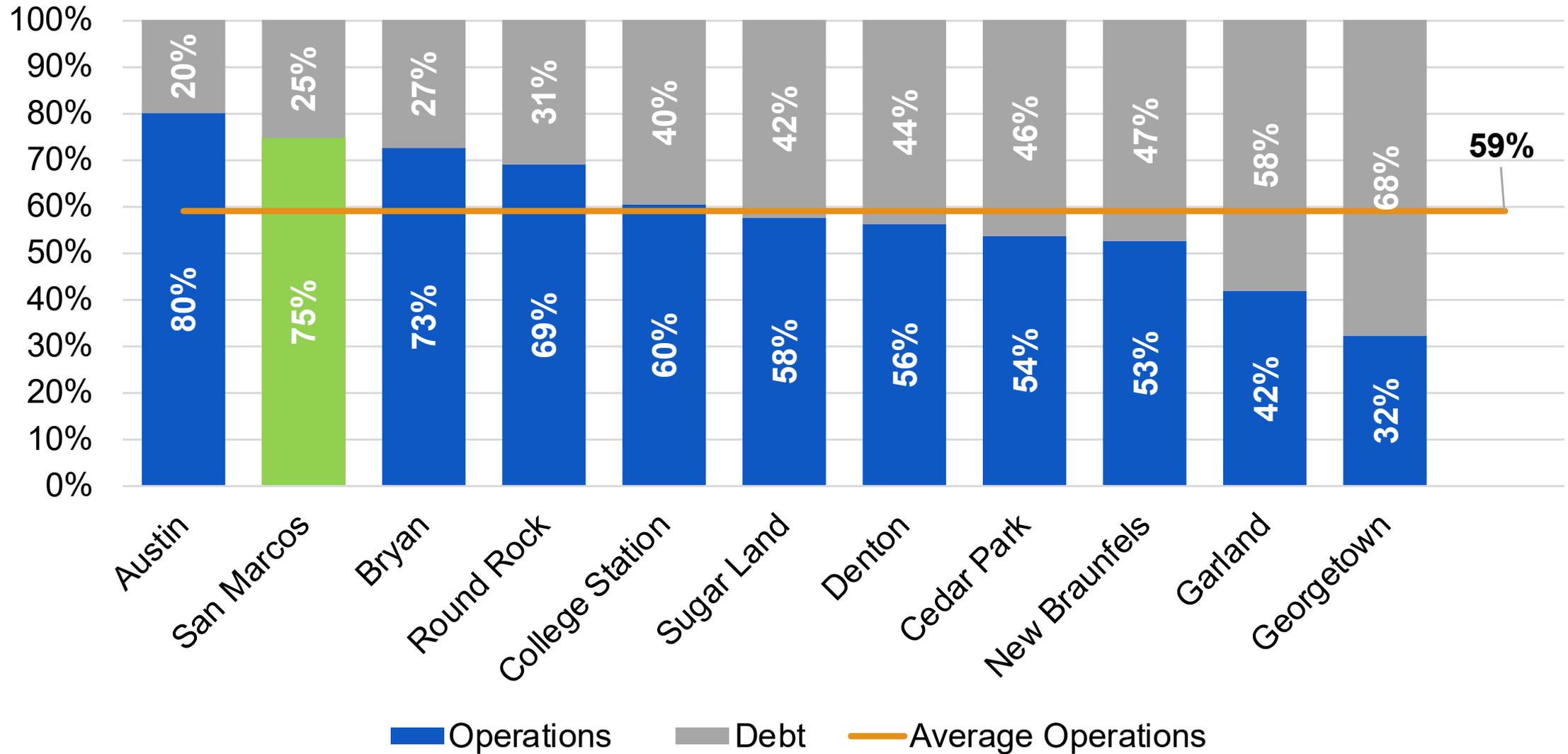


Tax Rate Split Trend and Forecast



Staying under the 30% debt rate approved by Council

FY26 Property Tax Rate Split



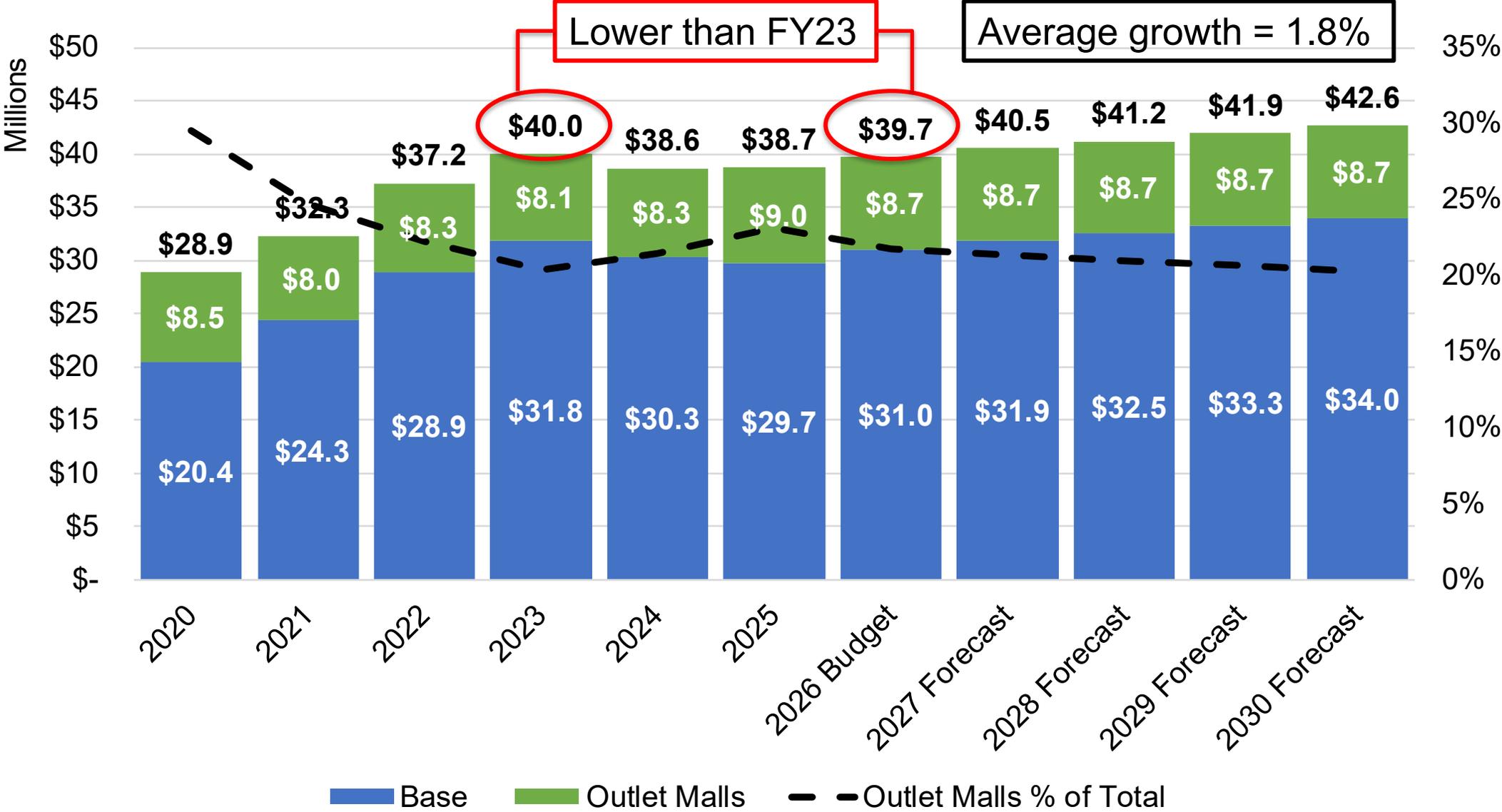
Source: Texas Comptroller's Office – 2025 Tax Year City Tax Rates and Levies



General Fund Major Revenues

FY 2026 Sales Tax Discussion

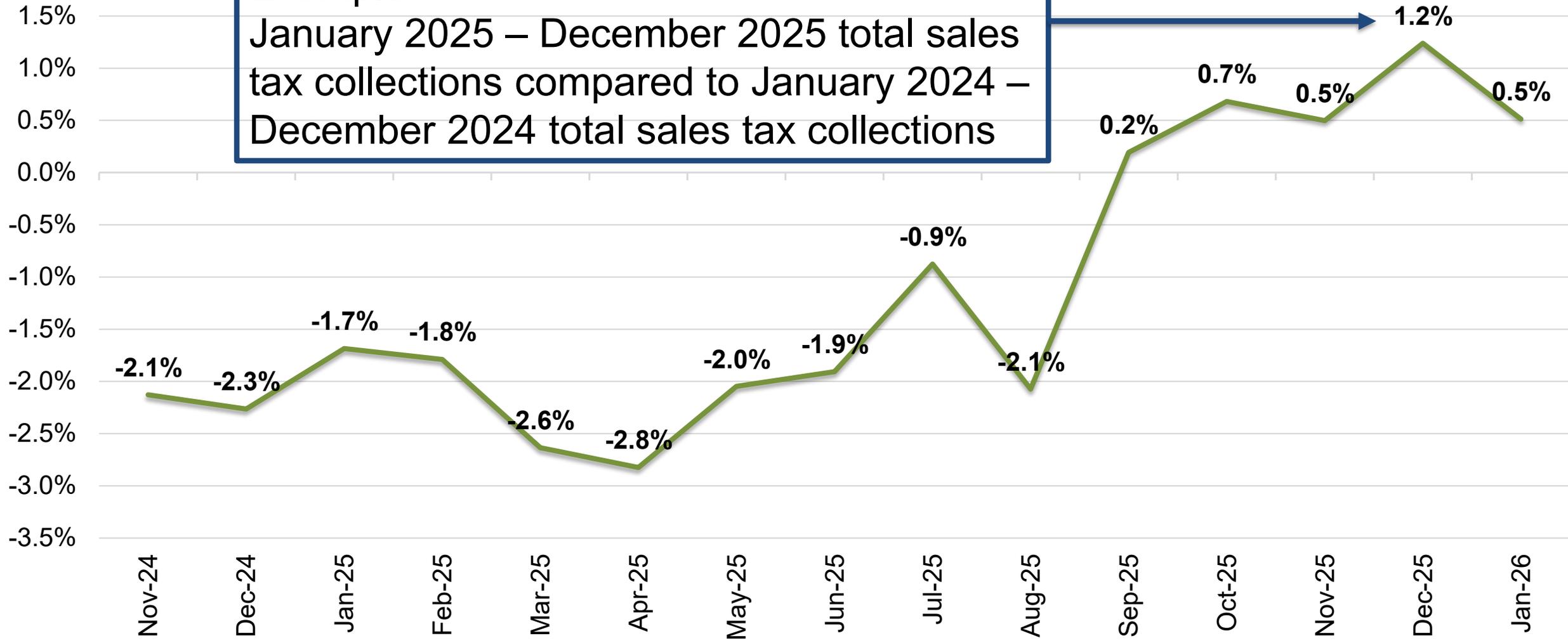
Sales Tax Collections



Sales Tax Rolling 12-Month Average



Example:
January 2025 – December 2025 total sales tax collections compared to January 2024 – December 2024 total sales tax collections



Top 10 Sales Tax Ranking



Rank*	Company	NAICS Key	Prior Fiscal YTD Sales Tax Collections	Current Fiscal YTD Sales Tax Collections	Change \$	Change %	Current Fiscal YTD % Total Collections
1	MATHEUS LUMBER COMPANY INC.	8					
2	H-E-B LP	9					
3	LOWE'S HOME CENTERS LLC	9					
4	CITY OF SAN MARCOS	24					
5	AMAZON.COM SERVICES LLC (MARKETPLACE)	9					
6	WAL-MART STORES TEXAS LLC	9					
7	SAM'S EAST INC.	9					
8	TARGET CORPORATION	9					
9	AMAZON.COM SERVICES LLC	9					
10	GUCCI AMERICA INC.	9					
TOP 10 LARGE** COMPANIES			3,215,607	3,170,883	(44,724)	-1.4%	21.7%

Confidential
Information

YTD = Year To Date October-January

North American Industry Classification System (NAICS) Key: 8 – Wholesale Trade, 9 – Retail Trade, 24 – Public Admin



General Fund

Visioning Forecast

Visioning General Fund Assumptions



- **Revenues**

- Property Tax – adjusted for new personal property tax law, assumes declining reappraised value offset by new growth = flat.
 - Includes revenue & offsetting expense from 3 Housing Finance Corporations.
- Sales Tax – average growth of 1.8%, includes estimated growth from Buc-ee's and HEB.
- Other revenues – fees adjusted 3% annually in accordance with Council direction and evaluated independently based on current trends.

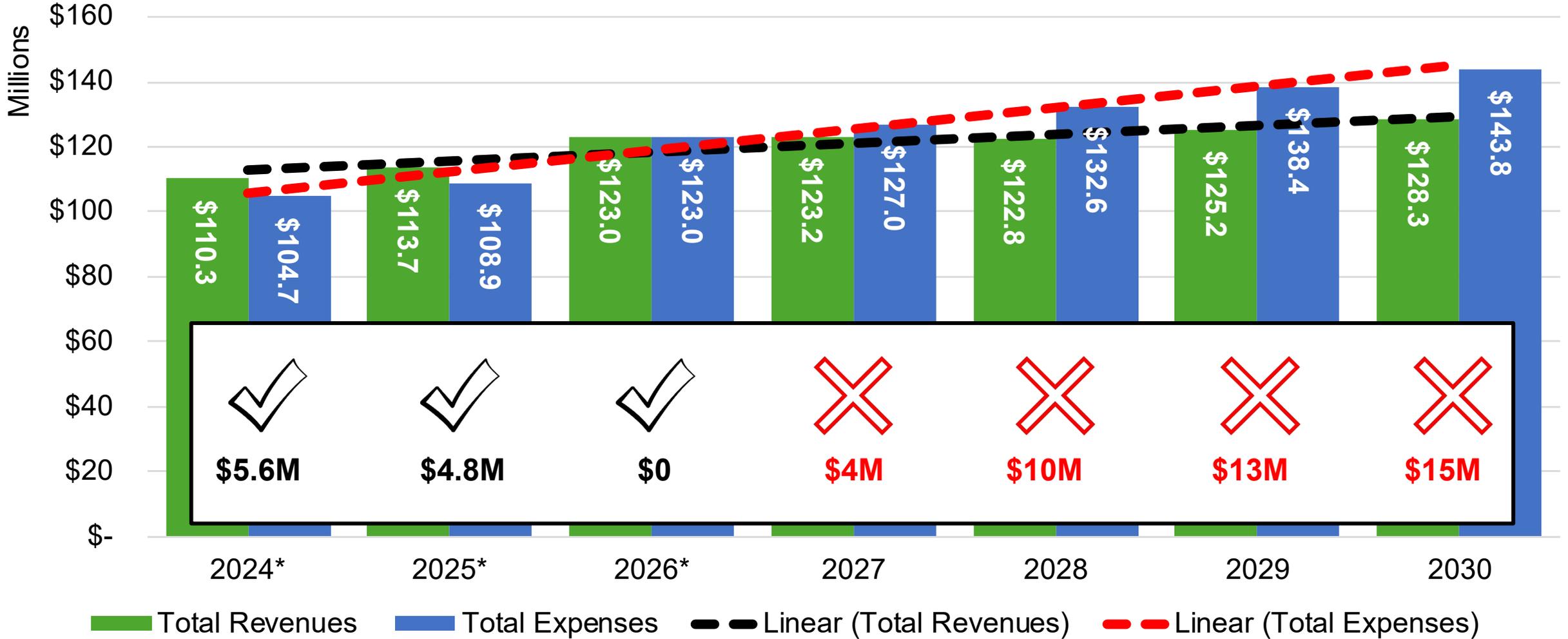
- **Expenses**

- Average 3% (non civil) - 5% (civil for meet & confer) increase to personnel costs (salary + benefits).
- Expiring Federal funding (2 positions and operational expenses).
- Other (equipment replacement, legacy software allocation).

Visioning General Fund Forecast



Slide updated



*Does not include one-time expenses covered by fund balance more than policy. FY24 = \$5.1M, FY25 = \$9.2M, FY26 = \$3.0M

X = Not Balanced

✓ = Balanced



General Fund

What's Driving Forecast Change?

Revised General Fund Assumptions

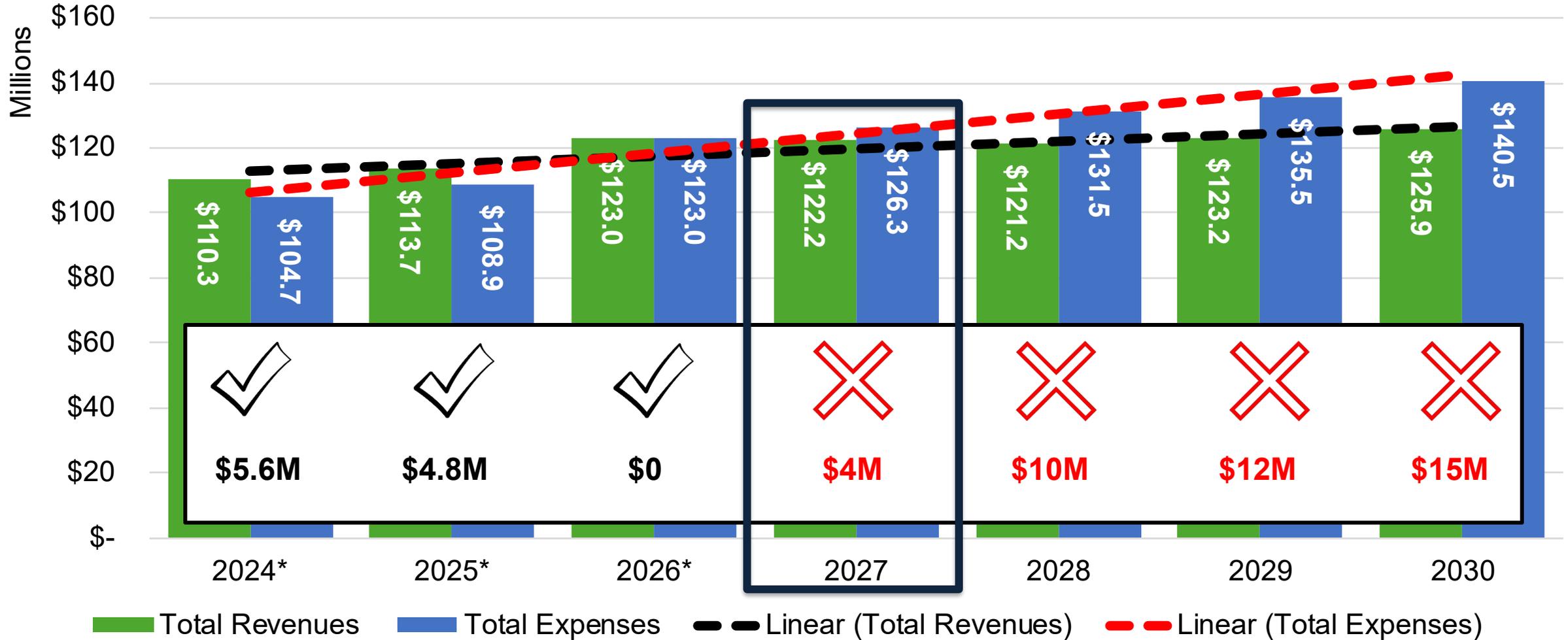


- **Revenues = \$1M decrease**
 - Property Tax – no changes since Visioning.
 - Sales Tax – no changes since Visioning.
 - Other revenues – evaluated and adjusted independently based on current trends.
- **Expenses = \$1M decrease**
 - Removed City's match for the Staffing for Adequate Fire and Emergency Response (SAFER) Grant.
 - Does NOT account for retirement incentive program outcomes.
 - Does NOT account for any additional funding for Emergency Medical Services or personnel adjustments for the Police staffing study.

Revised General Fund Forecast



Slide updated



*Does not include one-time expenses covered by fund balance more than policy. FY24 = \$5.1M, FY25 = \$9.2M, FY26 = \$3.0M

X = Not Balanced

✓ = Balanced

What has the City Done to Address \$4M Gap?



- Continue the managed hiring program and assess each vacancy to confirm whether the position is still necessary.
- Retirement incentive program to reduce personnel costs.
- Fleet lease analysis to verify most cost effective way to manage the City's fleet (lease versus buy).
- Identifying underutilized vehicles to reduce fleet.
- Managing temporary employee process in house versus hiring through agencies to reduce costs.
- Radio analysis to right-size inventory across the City, reducing replacement and on-going costs.
- Reviewing Parks and Library fees for cost recovery.

What is not in General Fund's FY26 Budget?



Fire	19	2,668,271
Streets	6	618,140
IT	3	430,910
Planning and Development	5	347,494
Traffic	3	304,849
Parks Recreation	5	273,648
Fire Marshal	1	161,652
Facilities and Grounds	1	157,336
Engineering	1	125,897
Human Resources	1	101,887
Fleet	1	71,486
Communication	1	48,334
Personnel Requests	47	\$ 5,309,904
Operating Requests	3	\$ 113,911
Total Supplemental Requests	50	\$ 5,423,815



Service/Program Level Impacts

- **City Manager's Office** – defer hiring Community Support Specialist position that will impact the speed and service level of the Office of Community Support and Resource Navigation.
- **Finance** – unfilled vacancies have increased workload for purchasing staff and required the manager to take on additional duties, delaying strategic projects to focus on daily operations. Despite process improvements, one position still needs to be filled.
- **Library** - Due to our inability to afford additional cameras or additional staff, we have limited to no coverage of our children's area in the library (a safety concern for staff and parents). We are unable to hire additional staff to ensure adequate staffing at all hours or to purchase automation software (to provide automatic check in or self-check stations), leading to long lines for checkout service, longer wait periods for computer or reference assistance, items not being processed to go out on the shelves in a timely manner, items not being checked in and shelved in a timely manner, and burnout among current staff.
- **Public Works** – reduction in street maintenance and resurfacing; reduction in sidewalk maintenance and ADA improvements.

Service/Program Level Impacts – Communications



Slide added

- Operating under managed hiring and unable to immediately fill 4 critical positions: Marketing and Media Coordinator, Digital Design Specialist, Communications Specialist, and Video Technician. These vacancies cut the department in half, yet the standard of work and amount of work remains the same.
 - The loss of our entire marketing team has had the greatest impact on the department. For nearly 10 months, we have been without a Marketing and Media Coordinator or a Digital Design Specialist, leaving no dedicated staff to manage the website, social media, marketing outreach, or design needs. Media requests have risen from 460 in 2024 to 586 in 2025—a 27% increase—and we’ve already received 102 requests in 2026. Three communications specialists have absorbed these additional responsibilities on top of their original duties, leading to overwork, burnout, and declining morale as the workload shows no sign of easing. Although two positions have recently been approved for hire, the backlog is substantial and will take time to return us to last year’s capacity.
- Service levels have been affected due to limited staffing and reduced capacity to monitor all communication platforms. Without a dedicated marketing and social media team, branding and messaging have become inconsistent across departments. Day-to-day demands have left little time to implement organization-wide communication standards, resulting in longer turnaround times, delayed training, and slowed compliance efforts—especially as web content updates must meet new ADA requirements by April.
- New offices and departments, such as Economic Development and the Office of Community Support and Navigation, have increased Communications’ workload without added staff, with EMS soon to follow. Additionally, ARPA funding for Council agenda translations ends in December 2026, and current request volumes will require clear criteria for what can be translated moving forward.
- While critical communication needs are still being met, ongoing staffing shortages and budget constraints are diminishing service quality, compliance readiness, strategic capacity, and staff sustainability.



Slide added

Service/Program Level Impacts – Fire

- Elimination of the following programs:
 - Citizen’s Fire Academy
 - Fire Department Open House and Kick-Off to Fire Prevention Month
- External funding for the Junior Fire Academy and Clown Shows to all elementary schools has ended. Current donation funding can cover these programs for a little longer, but if the department’s budget can’t increase in future years, then these programs will also be cut.
- The department has absorbed the following price and/or contract increases within existing budget:
 - Increase for radio service through LCRA
 - Parts and repair prices through various vendors for fire apparatuses
 - For example, aluminum ladders have increased by 40%
 - Uniform prices
 - Medical physicals – the offering of this program previously covered more members, but this has been limited
 - Recent legislation (SB-1545) will require the City to offer an annual medical examination to each firefighter employed by the fire department at no cost to the firefighter



Service/Program Level Impacts - Parks

- The use agreement with the school district has minimized impacts thus far.
- Vacancies at the Activity Center have led to:
 - Operational Disruption: The Activity Center Supervisor is currently covering 2–3 shifts per week, pulling them away from their essential duties such as staff oversight, program management, and customer service. This reduces efficiency and delays core responsibilities.
 - Safety Concerns: Our standard practice is to have two staff members present at all times to ensure quick response to emergencies and maintain a safe environment. Operating with minimal coverage increases risk and liability.
 - Service Quality: Reduced staffing impacts member experience, leading to longer wait times and potential program disruptions.
 - Employee Well-being: The current arrangement places additional strain on staff, increasing the risk of burnout, absenteeism, and turnover.
 - After-Hours Events: When we host evening or special events, the strain on staffing hours becomes even greater. These events require additional coverage, which further pulls staff from their regular duties and compounds scheduling challenges.



Service/Program Level Impacts - Planning

- **Planning**

- Time-consuming, high-profile cases
- Increased timelines for cases in pre-entitlement phase(Committees [management and preparation] and postponed actions at PZ/CC)
- High number of long range and special projects
- Tracking that is needed for long range implementation
- Increased attention to CUPs and enforcement + management of monthly CUP Committee
- Increased overall participation in code compliance cases/issues (this is good, but it's still new)
- Inefficiencies with case assignment (new MGO software improvements will assist)

- **Building**

- Added Chief Building Official and Permits Manager Workload due to Assistant Director Vacancy
- 82% increase in inspections since 2015
- 102% increase in single family home issuance since 2015
- 48% increase in total issued permits since 2015
- Currently one (1) Building inspector vacancy

- **Community Development**

- Community Development Block Grant (CDBG) Administrator Vacancy
- Duties for Human Services Advisory Board (HSAB) and CDBG with Department Manager
- Delayed Progress on Strategic Housing Action Plan

Service/Program Level Impacts - Police



- The ARPA funded Mental Health Clinician ends Dec 2026, so this position will be eliminated January 1, 2027.
- Due to limited staffing, the Criminal Investigations Division was able to investigate only 27% of reported crimes (1,086 out of 4,011 offenses). Supervisors must review all reported offenses and prioritize cases that warrant investigation based on available resources. Investigations are increasingly time-consuming, particularly as technology enables more complex criminal activity. Crimes that are typically not assigned for investigation absent known offender or strong physical evidence include, but are not limited to:
 - Harassment
 - Assaults not involving family violence
 - Cases with uncooperative victims
 - Credit card abuse
 - Cryptocurrency-related offenses
 - Certain retail thefts

Service/Program Level Impacts - Police



- Professional Development (Training) has been cut by 35%. Focus is on bare minimum requirements, due to fiscal cuts, backfill costs, meals and travel expenses.
- Grant-funded training also being denied due to backfill, meals and travel expenses.
- Reduced memberships in professional associations.
- Community Outreach cut by 41%. Citizen Police Academies cancelled for 2027-2030. Trunk or Treat, largest annual outreach event, cancelled 2027-2030.
- Eliminated meals for annual Volunteer Appreciation Dinner and minimized annual awards banquet that recognizes community members and departmental staff.
- No longer taking reports for non-injury accidents.



General Fund

Fundamentally People-Driven

Funding Services Our Community Relies On

Employee Compensation Philosophy Statement



The City of San Marcos is committed to attracting, engaging, and rewarding a diverse and multi-generational workforce. By offering career progression opportunities and a total rewards package including competitive compensation and benefits and a purposeful work life, the City will regularly survey the market to ensure we are an employer of excellence focused on serving our community and accomplishing our core values of Integrity, Teamwork, Professionalism, Customer Experience, and Innovation.

Year	Citywide Vacancy Rate
2021	14%
2022	15%
2023	10%
2024	8%
2025	8%



General Fund

Decision Points

Decision Points – General Fund



Strategic Goal: *Public Safety, Core Services, & Fiscal Excellence*



Strategic Goal: *Quality of Life & Sense of Place*



Strategic Goal: *Environmental Protection*

1. Keep tax rate between current rate and voter-approval rate?
2. Keep debt component of tax rate less than or equal to 30%?
3. Include Cost of Living Adjustment (COLA) for non-civil service of 3% = \$1.3M?
 - Council approved the Meet & Confer contract extension for civil service = \$1.5M:
 - Fire at 4.5% = \$640K
 - Police at 5% = \$864K
4. Need Council guidance for the items on the following slide?
5. Other considerations?



Decision Point #4

Items Needing Council Guidance	Amount
Transit Federal funding expiring	350,000
Citywide software allocation (Year 1 of 4)	250,000
1 Cybersecurity Analyst	138,973
Mental Health Clinician	100,000
1 Downtown Grounds Specialist	93,262
Eviction Prevention Services	70,000
Diversion Beds (Evoke Wellness)	50,000
Prevent a Litter Central Texas Partnership	45,000
Intrusion Prevention System for IT	35,000
Internet connection improvements at Police building	11,700
Public Service Center Emergency Operations Data Services	8,940
Chatbot tool for Communications	7,500
Access to Candid Directory for Library	4,000

Recommended to continue

On-going operations

Expiring Federal Funding

Total* \$ 1,164,375

* Currently included in the \$4M shortfall

Social Services

- **Human Services Advisory Board (HSAB)**
- **Community Development Block Grant (CDBG)**

HSAB Historical Allocations



Agency	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	Grand Total
Hays-Caldwell Women's Center	55,000	82,724	100,000	60,000	83,000	\$ 380,724
Hays County Area Food Bank	-	40,000	80,000	85,000	80,000	\$ 285,000
Greater San Marcos Youth Council	35,000	50,250	45,000	41,000	50,000	\$ 221,250
Southside Community Center	-	56,000	50,000	48,000	54,500	\$ 208,500
Home Center	93,500	56,090	-	20,000	-	\$ 169,590
School Fuel	21,500	24,383	34,500	44,000	44,000	\$ 168,383
First Baptist Church NBC	111,000	48,220	-	-	-	\$ 159,220
Outside Agency Funding	150,000	-	-	-	-	\$ 150,000
Court Appointed Special Advocates	-	15,000	35,000	42,000	40,000	\$ 132,000
Community Action of Central Texas	11,000	23,100	20,000	18,000	35,000	\$ 107,100
Cenikor	25,000	30,000	22,500	7,500	20,000	\$ 105,000
Society of St Vincent de Paul	-	20,000	20,000	20,000	35,000	\$ 95,000
Any Baby Can	-	6,000	20,000	30,000	35,000	\$ 91,000
Hays County Child Protective Board	-	13,750	25,000	15,000	25,000	\$ 78,750
Salvation Army	25,000	35,768	-	10,000	-	\$ 70,768
San Marcos Youth Services Bureau	9,500	10,000	25,000	10,000	15,000	\$ 69,500
SMCISD	15,000	20,000	15,000	-	15,000	\$ 65,000
Nosotros la Gente	10,000	15,000	15,000	10,000	13,000	\$ 63,000
Prevent A Litter (PALS)	-	15,000	45,000	-	-	\$ 60,000
Combined Community Action	-	15,000	15,000	15,000	15,000	\$ 60,000
MELJ Center	60,000	-	-	-	-	\$ 60,000
Hill Country MHMR	-	-	-	-	60,000	\$ 60,000

HSAB Historical Allocations Continued



Agency	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	Grand Total
ACCEYSS Network	-	30,000	18,000	10,000	-	\$ 58,000
San Marcos Housing Authority	-	18,920	-	15,000	20,000	\$ 53,920
SCHEIB Opportunity Center	-	-	-	15,000	36,400	\$ 51,400
Seek Institute	43,500	-	-	-	-	\$ 43,500
Blanco River Regional Recovery Team	-	-	-	-	37,000	\$ 37,000
Bobcat Pride Scholarship Fund	-	5,000	5,000	5,000	10,000	\$ 25,000
Centro Esperanza	-	-	10,000	-	15,000	\$ 25,000
Hill Country MHDD	-	20,000	-	-	-	\$ 20,000
Outsiders Anonymous	-	-	20,000	-	-	\$ 20,000
Abundant Life Christian Church	-	-	-	20,000	-	\$ 20,000
LifeLong Learning	-	-	-	8,000	9,500	\$ 17,500
Girls Empowerment Network	-	-	15,000	-	-	\$ 15,000
Communities in Schools	-	3,500	10,000	-	-	\$ 13,500
Central TX Dispute Resolution	5,000	8,000	-	-	-	\$ 13,000
Price Center	-	-	5,000	-	-	\$ 5,000
Austin Habitat for Humanity	-	3,327	-	-	-	\$ 3,327
Genaustin	-	3,000	-	-	-	\$ 3,000
Angels for Our Elders	-	-	-	-	2,600	\$ 2,600
Hands of Hope	-	1,600	-	-	-	\$ 1,600
Head to Toe San Marcos	-	-	-	1,500	-	\$ 1,500
Total General Fund Awarded	500,000	500,000	550,000	550,000	750,000	\$ 2,850,000
Total ARPA Awarded	170,000	169,632	100,000	-	-	\$ 439,632



HSAB Allocations

- General Fund's contribution to the Human Services Advisory Board (HSAB) increased from \$550,000 to \$750,000 in Fiscal Year 2026.
- Budget Policy states beginning in Fiscal Year 2027, the funding level for HSAB will increase by the inflation adjustment permitted for operating budgets of departments within the General Fund, not to exceed 2.5%.

CDBG Historical Allocations



Community Development Block Grant (CDBG) Summary

Agency	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	Grand Total
COSM Administration	142,296	145,496	142,500	153,213	150,000	\$ 733,505
Thorpe Lane Sidewalk Improvements	-	-	-	497,941	180,000	\$ 677,941
Owner Occupied Housing Rehab	294,963	159,930	-	-	-	\$ 454,893
Rental Rehab	-	271,940	-	-	-	\$ 271,940
Victory Gardens park	-	-	253,362	-	-	\$ 253,362
CASA of Central Texas, Inc.	60,000	39,725	35,000	37,909	40,000	\$ 212,634
COSM Affordable Housing	-	-	-	-	206,405	\$ 206,405
Paul Pena park	159,500	41,000	-	-	-	\$ 200,500
Homebuyer Assistance	87,000	-	96,000	-	-	\$ 183,000
Family Violence Shelter	45,000	41,465	35,000	-	-	\$ 121,465
Swift Memorial park	-	-	84,137	-	-	\$ 84,137
Habitat for Humanity	23,656	4,000	-	-	50,000	\$ 77,656
Hays-Caldwell Women's Center	-	-	-	28,000	35,000	\$ 63,000
Calaboose African American History Museum	-	-	-	-	55,000	\$ 55,000
Salvation Army	-	23,930	12,500	12,000	-	\$ 48,430
St Vincent de Paul	-	-	12,500	12,000	8,500	\$ 33,000
Cape's Pond park	-	-	30,000	-	-	\$ 30,000
Greater San Marcos Youth Council	-	-	-	13,000	16,000	\$ 29,000
Central Texas Food Bank	-	-	-	-	13,500	\$ 13,500
Southside	-	-	-	12,000	-	\$ 12,000
Family/Youth Success	-	-	11,900	-	-	\$ 11,900
Dunbar	11,000	-	-	-	-	\$ 11,000
Total Awarded	823,415	727,486	712,899	766,063	754,405	\$ 3,784,268



Social Services

Decision Points

Decision Points – Social Services



Strategic Goal: *Public Safety, Core Services, & Fiscal Excellence*



Strategic Goal: *Quality of Life & Sense of Place*

- HSAB funding increases at the same level of departments operating budgets, not to exceed 2.5%. How is HSAB funding impacted if City department operating budgets are decreased?
- Other considerations?



Fund Discussion

Special Revenue Funds

Hotel Occupancy Tax (HOT)



Established to account for a local occupant tax of 9%. Hotel Tax monies collected are used to support tourist development activities, downtown events and promotion, and the arts in accordance with State law.

Primary Revenue Source:

- Hotel/Motel Occupancy Tax Fees
 - Occupancy Tax of 7%
 - Venue Tax of 2%

Supports:

- Marketing and promotion of the City
- Tourist development activities
- Downtown events and promotion
- Promotion and improvement of the arts
- Historic Restoration and Preservation



Allowable HOT Uses

Nine Categories:

1. Convention center or visitor information center
2. Convention registration
3. Advertising and promotion attracting tourists and convention delegates
4. Promotion of the arts**
5. Historical restoration or preservation projects**
6. Promotion and hosting of sporting events for certain municipalities
7. Enhancing existing sports facilities or fields for certain municipalities
8. Transportation of tourists from hotels to attractions
9. Wayfinding signage for tourists to sights and attractions

**Expenditure maximum according to Chapter 351 of Texas Tax Code: A city may not expend more than 15% of the city's annual hotel occupancy tax revenue on arts and historic projects.

FY27 HOT Assumptions

- **Revenues:**

- Increase 1% annually
 - 3-year average = 7% growth
 - 5-year average = 17% growth

- **Expenses:**

- Personnel and operational expenses increase by 3% annually

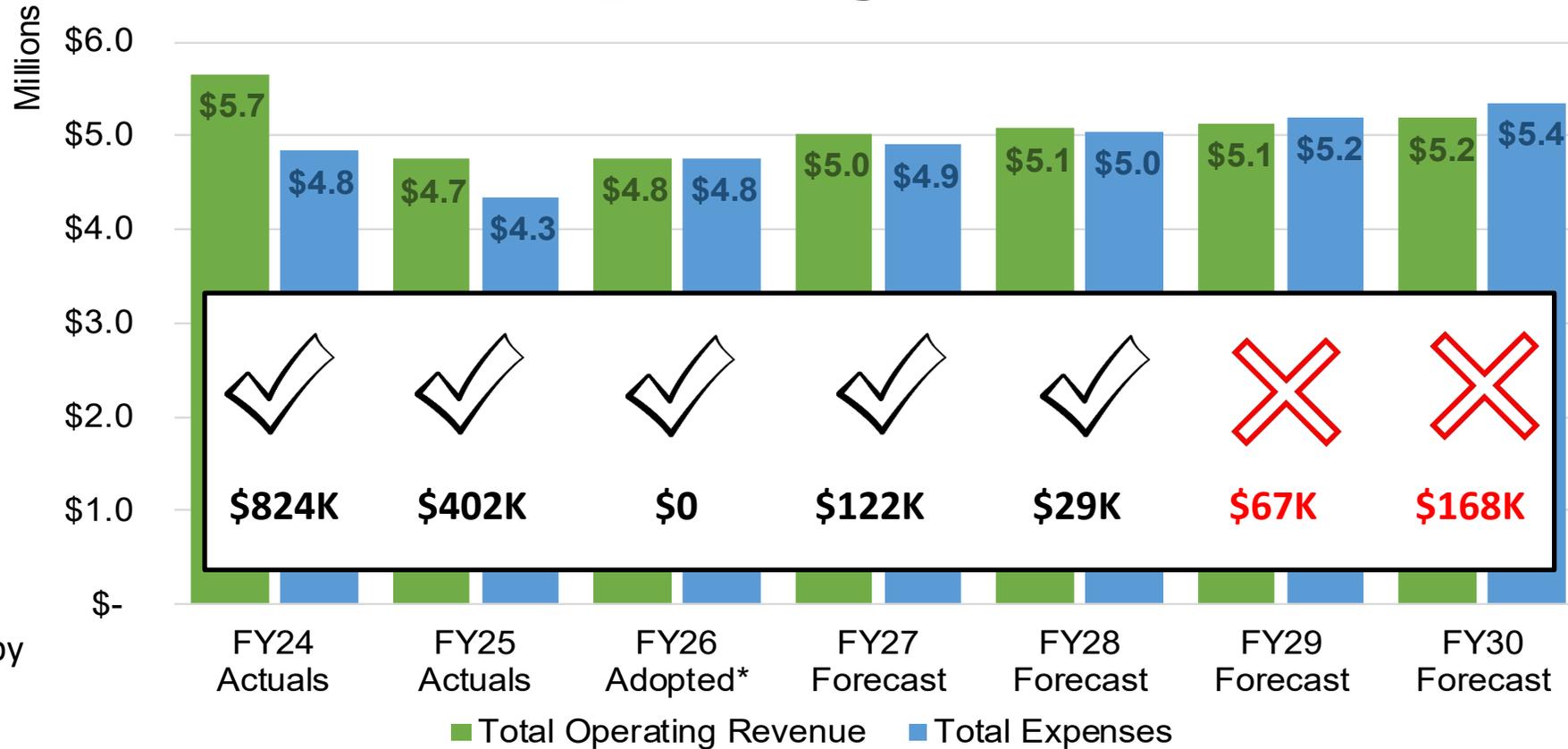
- **Note:**

- City is onboarding a firm that will automate the Hotel Occupancy Tax collection process and provide auditing services.

FY27 Hotel Occupancy Tax Forecast



Slide updated



X = Not Balanced

✓ = Balanced

*Does not include \$875K of one-time expenses covered by fund balance more than policy.

	FY24 Actuals	FY25 Actuals	FY26 Adopted*	FY27 Forecast	FY28 Forecast	FY29 Forecast	FY30 Forecast
Beginning Fund Balance	4.0M	4.8M	5.2M	5.2M	5.3M	5.3M	5.3M
Ending Unreserved Fund Balance	4.8M	5.2M	5.2M	5.3M	5.3M	5.3M	5.1M
25% Required Fund Balance	1.2M	1.1M	1.2M	1.2M	1.3M	1.3M	1.3M



Hotel Occupancy Tax Breakdown - Actuals FY24 & FY25

Allowable Category	Expense Percent by Fiscal Year	
	FY 2024	FY 2025
Convention center/Visitor info center	37.50%	23.20%
Convention registration/servicing	6.80%	6.90%
Advertising and promotion	17.50%	22.70%
Arts**	13.80%	12.70%
Historical projects**	0.00%	0.30%
Wayfinding	0.00%	0.00%

Categories listed above are those required for the Texas Comptroller's Annual Hotel Occupancy Tax (HOT) Report. These percentages include a portion of staff salaries and operational expenses.

***Expenditure maximum of 15 percent on arts and historic projects*

Decision Points – HOT



Strategic Goal: *Quality of Life & Sense of Place*



Strategic Goal: *Economic Vitality*

- Continue budgeting revenues based on conservative historical trends?
- Continue allocating funding for historical restoration and preservation based on capacity, up to \$500K?
 - Limited to 15% of Hotel Occupancy Tax collections
- Policy questions:
 - Review how other cities use HOT revenue to financially support City Council Policy objectives without solely relying on the General Fund?
 - Create policy recommendations for allocating HOT revenue by specific percentages to support City Council policy objectives?
- Other considerations?

Community Enhancement Fund



Community Enhancement Fee became effective January 2016 for activities and programs contributing to the beautification and cleanliness of the City that may include, but are not limited to, litter and nuisance abatement, street cleaning, mowing and landscaping, dead animal removal, and building improvement grant programs.

Revenue Source:

- Residential and Commercial fees

Supports:

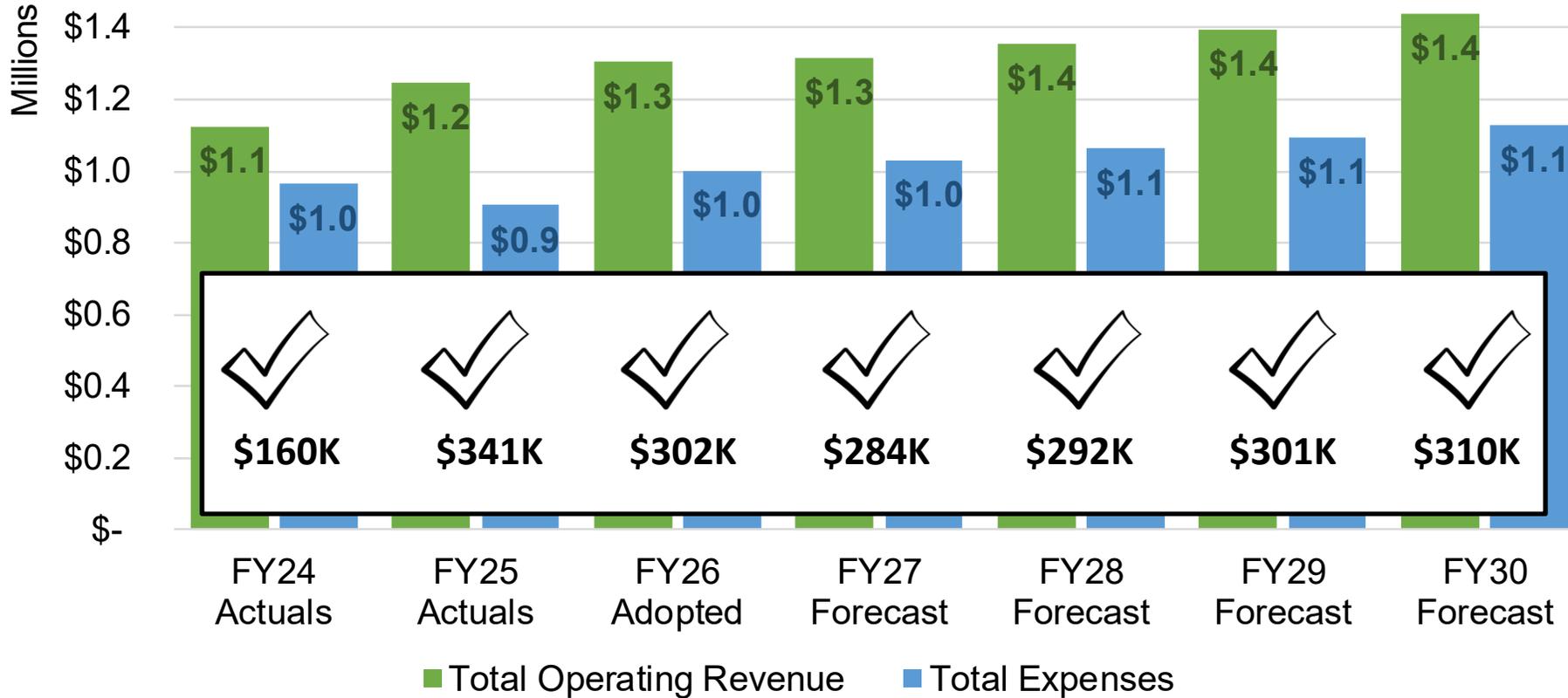
- Beautification efforts
- Graffiti abatement
- Litter pickup
- Maintaining public flower beds
- Downtown sweeping
- Mowing neighborhood parks and additional I-35 mowing
- Code enforcement for unsafe structures and blight

FY27 Community Enhancement Assumptions



- **Revenues:**
 - Increase 3% annually
- **Expenses:**
 - Personnel and operational expenses increase by 3% annually

FY27 Community Enhancement Forecast



	FY24 Actuals	FY25 Actuals	FY26 Adopted	FY27 Forecast	FY28 Forecast	FY29 Forecast	FY30 Forecast
Beginning Fund Balance	0.7M	0.8M	1.2M	1.5M	1.7M	2.0M	2.3M
Ending Unreserved Fund Balance	0.8M	1.2M	1.5M	1.7M	2.0M	2.3M	2.7M
25% Required Fund Balance	0.2M	0.2M	0.3M	0.3M	0.3M	0.3M	0.3M

Possible One-time Uses of Fund Balance

- **Spruce Up Along I-35 (examples: updating signage and/or painting building exterior)**
 - Set up as a pilot program
 - Approx \$75,000
- **Fence Sunset Acres (I-35 between Wonder World & Hwy 123)**
 - Approx \$250,000 - \$300,000



Decision Points – Community Enhancement



Strategic Goal: *Quality of Life & Sense of Place*



Strategic Goal: *Economic Vitality*

- Increase operating expenses (contracted services) up to \$250K annually to take over maintaining HWY 123 & I-35 plantings?
- Budget one-time uses of fund balance for:
 - Sprucing up along I-35?
 - Fence Sunset Acres?
- Other considerations?



Fund Discussion

Enterprise Funds

Electric



Accounts for the transactions related to the city's operation, maintenance, and improvement of electric utility services. Purchases and distributes electric power to the San Marcos community.

Primary Revenue Source:

- Rates charged to customers for electric service use within the Certificate of Convenience and Necessity (CCN) boundary

Supports:

- Operations
- Electric Conservation
- Meter Operations
- Maintenance
- Administration
- Utility Billing / Business Office
- Capital Improvement Program



FY26 Budget Forecast Assumptions

- **Revenues:**
 - Continue with incremental rate adjustments
 - Annual rate adjustment of 1.2% on average
 - Policy change of starting Citizens Utility Advisory Board (CUAB) review process earlier in order to have rate recommendations to Council in June
- **Expenses:**
 - Operating expenses increase by 2.3% on average
 - Personnel expenses increase by 3% annually

As Presented to CUAB & Council During FY26 Budget



UTILITIES FUND - ELECTRIC	FY 2025 PROJECTED	FY 2026 PROPOSED	FY 2027 FORECAST	FY 2028 FORECAST	FY 2029 FORECAST	FY 2030 FORECAST
Beginning Fund Balance	\$ 31,457,144	\$ 32,524,778	\$ 33,197,862	\$ 35,673,972	\$ 38,431,175	\$ 42,258,217
Revenues	\$ 75,989,584	\$ 85,103,463	\$ 89,070,156	\$ 91,184,001	\$ 93,369,417	\$ 94,617,324
Electric Services	69,098,181	73,988,115	77,090,198	79,041,630	81,061,433	82,206,231
Other Revenue	6,891,403	11,115,347	11,979,958	12,142,371	12,307,984	12,411,093
Expenses	\$ 74,921,950	\$ 83,395,598	\$ 86,194,046	\$ 88,026,798	\$ 89,142,375	\$ 90,177,739
Personnel	8,603,703	9,890,923	10,187,651	10,493,281	10,808,079	11,132,321
Operating	58,865,658	65,725,069	67,161,608	67,964,814	68,758,390	69,483,468
Debt Service	7,452,589	7,779,605	8,844,787	9,568,703	9,575,906	9,561,950
Cash Funding	\$ -	\$ 1,034,780	\$ 400,000	\$ 400,000	\$ 400,000	\$ 400,000
Capital Improvement Projects/Capital Outlay	-	1,034,780	400,000	400,000	400,000	400,000
Ending Fund Balance	\$ 32,524,778	\$ 33,197,862	\$ 35,673,972	\$ 38,431,175	\$ 42,258,217	\$ 46,297,801
Suggested Overall Rate Increase		13.5%	7.0%	3.0%	3.0%	0.0%
Effective Rate - % Impact		4.4%	2.5%	1.1%	1.1%	0.0%
Total Days of Cash on Hand	154	140	144	152	163	176
Debt Service Coverage (DSC) Ratio	1.14	1.22	1.33	1.33	1.44	1.46

Electric Utility Rates



History of Rate Increases

	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26 ADOPTED
<u>Electric - Residential</u>	0.0%	0.0%	0.0%	0.0%	0.0%	3.4%	0.0%	1.7%	5.5%	4.4%
Minimum Charge	9.29	9.29	9.29	9.29	9.29	10.25	10.25	10.76	12.61	14.31
Cost per kWh	0.02080	0.02080	0.02080	0.02080	0.02080	0.02885	0.02885	0.03029	0.03550	0.04029
<u>Electric - Small General</u>	0.0%	0.0%	0.0%	0.0%	0.0%	3.4%	0.0%	1.7%	5.5%	4.4%
Minimum Charge	10.92	10.92	10.92	10.92	10.92	12.00	12.00	12.60	14.77	16.76
Cost per kWh	0.0208	0.02080	0.02080	0.02080	0.02080	0.02915	0.02915	0.03061	0.03587	0.04071
<u>Electric - Medium General</u>	0.0%	0.0%	0.0%	0.0%	0.0%	3.4%	0.0%	1.7%	5.5%	4.4%
Minimum Charge	49.14	49.14	49.14	49.14	49.14	50.00	50.00	52.50	61.53	69.84
Cost per kWh	0.0102	0.01020	0.01020	0.01020	0.01020	0.0114	0.0114	0.01197	0.01403	0.01592
Cost per kW (Demand Threshold >50kW)	3.61	3.61	3.61	3.61	3.61	5.50	5.50	5.78	6.77	7.68

All electric rate adjustments shown as effective rate increases.

Decision Points – Electric



 **Strategic Goal:** *Public Safety, Core Services, & Fiscal Excellence*

- Continue to maintain Debt Service Coverage Ratio of 1.2, while working towards 1.4?
- Other considerations?



Water/Wastewater

Accounts for the operations, maintenance, and improvement of the City's water & wastewater utility including water production, distribution, wastewater collection, and treatment system.

Primary Revenue Source:

- Rates charged to customers for water/wastewater service use

Supports:

- Wastewater Collection
- Water Quality Services
- Water Distribution Maintenance
- Water Conservation
- Water / Wastewater Administration
- Capital Improvement Program



FY26 Budget Forecast Assumptions

- **Revenues:**

- Continue with incremental rate adjustments
- Annual rate adjustment of 2.0% on average
- Policy change of starting Citizens Utility Advisory Board review process earlier in order to have rate recommendations to Council in June

- **Expenses:**

- Operating expenses increase by 2.3% on average
- Personnel expenses increase by 3% annually

As Presented to CUAB & Council During FY26 Budget



UTILITIES FUND - W/WW	FY 2025 PROJECTED	FY 2026 PROPOSED	FY 2027 FORECAST	FY 2028 FORECAST	FY 2029 FORECAST	FY 2030 FORECAST
Beginning Fund Balance	\$ 30,676,317	\$ 33,620,442	\$ 31,857,582	\$ 32,701,637	\$ 34,408,676	\$ 36,276,374
Revenues	\$ 69,422,652	\$ 75,375,203	\$ 79,532,808	\$ 80,810,506	\$ 83,382,610	\$ 85,604,759
Water & Wastewater Services	64,657,250	66,204,608	69,975,594	71,100,753	73,451,691	75,470,626
Other Revenue	4,765,402	9,170,595	9,557,213	9,709,753	9,930,919	10,134,133
Expenses	\$ 66,478,527	\$ 72,481,580	\$ 75,938,753	\$ 75,553,467	\$ 77,489,912	\$ 79,069,355
Personnel	7,798,798	8,602,031	9,032,132	9,483,739	9,957,926	10,455,822
Operating	43,791,762	48,184,648	50,093,645	50,630,372	51,198,713	51,749,769
Debt Service	14,887,967	15,694,902	16,812,976	15,439,357	16,333,274	16,863,764
Cash Funding	\$ -	\$ 4,656,482	\$ 2,750,000	\$ 3,550,000	\$ 4,025,000	\$ -
Capital Improvement Projects/Capital Outlay	-	4,656,482	2,750,000	3,550,000	4,025,000	-
Ending Fund Balance	\$ 33,620,442	\$ 31,857,582	\$ 32,701,637	\$ 34,408,676	\$ 36,276,374	\$ 42,811,777
Suggested Water Rate		10.8%	7.9%	0.0%	3.3%	2.2%
Suggested Sewer Rate		9.7%	0.0%	0.0%	0.0%	0.0%
Effective Rate - % Impact		10.4%	4.1%	0.0%	2.0%	1.4%
Total Days of Cash on Hand	182	158	155	164	169	195
Debt Service Coverage (DSC) Ratio	1.20	1.18	1.21	1.34	1.36	1.39



Water/Wastewater Utility Rates

History of Rate Increases

	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26 ADOPTED
<u>Water - 5/8" to 3/4" Water Meter</u>	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	0.0%	5.0%	5.0%	10.8%
Minimum Charge	21.01	22.06	23.16	24.32	25.54	26.82	26.82	28.16	29.57	32.76
0 to 6,000	3.52	3.70	3.88	4.07	4.28	4.49	4.49	4.71	4.95	5.48
6,001 to 9,000	6.16	6.47	6.79	7.13	7.49	7.86	7.86	8.25	8.67	9.61
9,001 to 12,000	7.05	7.40	7.77	8.16	8.57	9.00	9.00	9.45	9.92	10.99
12,001 to 20,000	7.93	8.33	8.74	9.18	9.64	10.12	10.12	10.63	11.16	12.37
20,001 to 50,000	8.80	9.24	9.70	10.19	10.70	11.24	11.24	11.80	12.39	13.73
Over 50,000	10.56	11.09	11.64	12.22	12.84	13.48	13.48	14.15	14.86	16.46
<u>Wastewater - 5/8" to 3/4" Water Meter</u>	2.0%	2.0%	2.0%	3.0%	3.0%	3.0%	0.0%	5.0%	5.0%	9.7%
Minimum (up to 2,000)	24.52	25.01	25.51	26.28	27.07	27.88	27.88	29.27	30.74	33.73
over 2,000	7.07	7.21	7.36	7.58	7.81	8.03	8.03	8.43	8.85	9.71

Decision Points – Water/Wastewater



 **Strategic Goal:** *Public Safety, Core Services, & Fiscal Excellence*

- Continue to maintain Debt Service Coverage Ratio of 1.2, while working towards 1.4?
- Other considerations?

Stormwater

Established to provide funding for the planning, engineering, construction, maintenance, improvement, and reconstruction of stormwater management projects throughout the City.

Primary Revenue Source:

- Rates charged to customers for stormwater management based on impervious cover

Supports:

- Maintaining all City-owned drainage infrastructure
- Street Sweeping Operations
- Municipal Separate Storm Sewer System Program (MS4)
- Capital Improvement Program

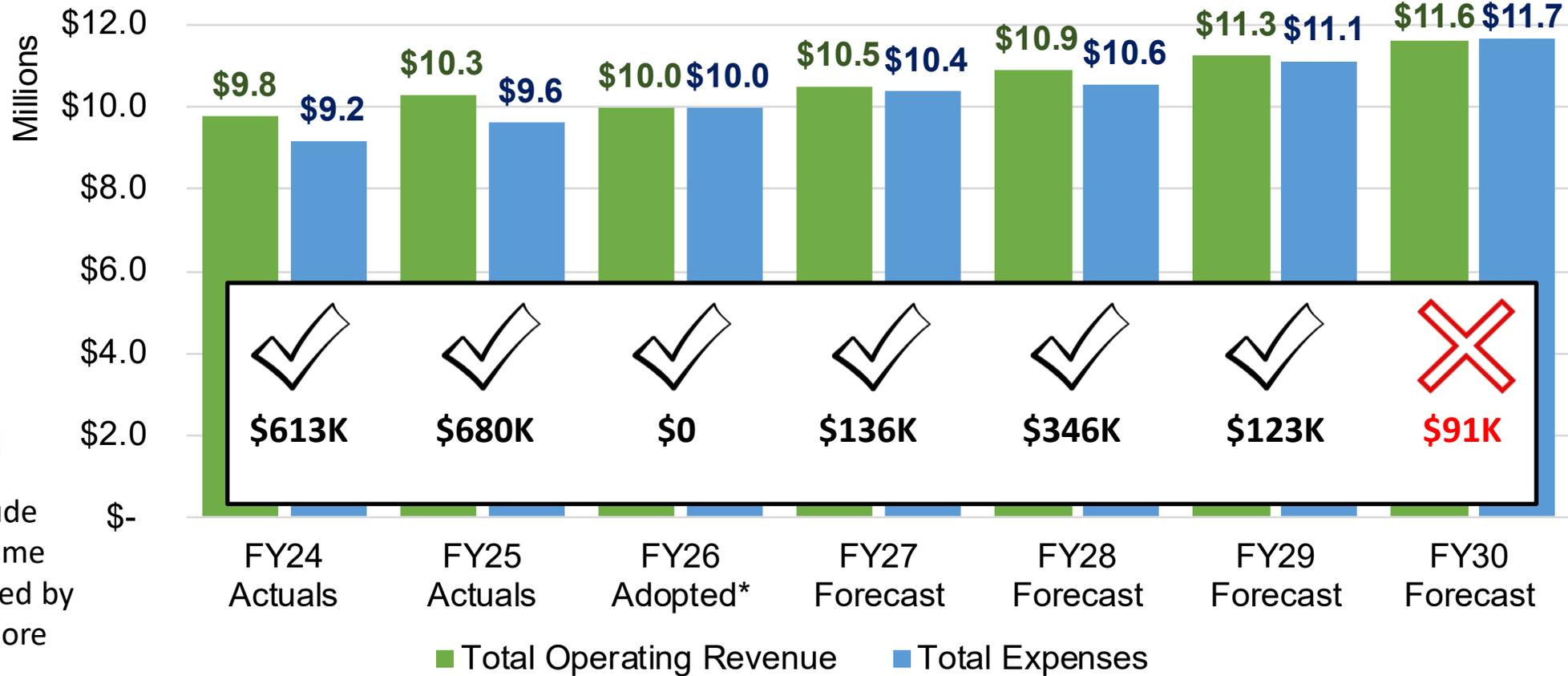
FY27 Stormwater Assumptions

- **Revenues:**
 - Revenues increase from account growth by an average of 3% annually
- **Expenses:**
 - Personnel and operational expenses increase by 3% annually
 - In FY23 and FY24, the General Fund fully financed all Stormwater CIP projects - \$14M; however, this approach is not sustainable given the current financial outlook of the General Fund.
 - In FY25 a hybrid approach began, where Stormwater funds up to \$5M and the General Fund financed the remainder as capacity allows.
 - In FY25 General Fund financed \$13M

FY27 Stormwater Forecast



Slide updated



X = Not Balanced

✓ = Balanced

*Does not include \$350K of one-time expenses covered by fund balance more than policy.

	FY24 Actuals	FY25 Actuals	FY26 Adopted*	FY27 Forecast	FY28 Forecast	FY29 Forecast	FY30 Forecast
Beginning Fund Balance	2.5M	3.0M	3.7M	3.7M	3.8M	4.2M	4.3M
Ending Unreserved Fund Balance	3.0M	3.7M	3.7M	3.8M	4.2M	4.3M	4.2M
Required Fund Balance, Maintain 90 Days	2.3M	2.4M	2.5M	2.6M	2.6M	2.8M	2.9M

Stormwater Utility Rates



	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26 ADOPTED
Tax Rate	0.5302	0.6139	0.6139	0.6139	0.5930	0.6030	0.6030	0.6030	0.6030	0.6515
NNR/Effective Rate	0.5143	0.5252	0.5899	0.5686	0.5650	0.6999	0.5459	0.5305	0.5996	0.6278
Stormwater										
Small Residential	5.72 10.0%	6.58 15.0%	7.57 15.0%	7.57 0.0%	7.91 4.5%	8.59 8.6%	9.14 6.4%	9.14 0.0%	9.14 0.0%	9.14 0.0%
Typical Residential	9.15 10.0%	10.52 15.0%	12.1 15.0%	12.1 0.0%	12.89 6.5%	13.99 8.5%	14.9 6.5%	14.9 0.0%	14.9 0.0%	14.90 0.0%
Large Residential	10.48 10.0%	12.05 15.0%	13.86 15.0%	13.86 0.0%	18.83 35.9%	20.43 8.5%	21.77 6.6%	21.77 0.0%	21.77 0.0%	21.77 0.0%
Commerical (per ERU)	9.15 10.0%	10.52 15.0%	12.10 15.0%	12.10 0.0%	12.89 6.5%	13.99 8.5%	14.90 6.5%	14.90 0.0%	14.90 0.0%	14.90 0.0%
*ERU - Equivalent Residential Unit										

Decision Points - Stormwater



 **Strategic Goal:** *Public Safety, Core Services, & Fiscal Excellence*

 **Strategic Goal:** *Environmental Protection*

- Continue funding stormwater capital improvement projects using a hybrid approach, \$5M for Stormwater and remaining use General Fund?
- Other considerations?

Resource Recovery



Established to account for activities related to the City's integrated solid waste disposal system.

Primary Revenue Source:

- Rates charged to customers for solid waste services

Supports:

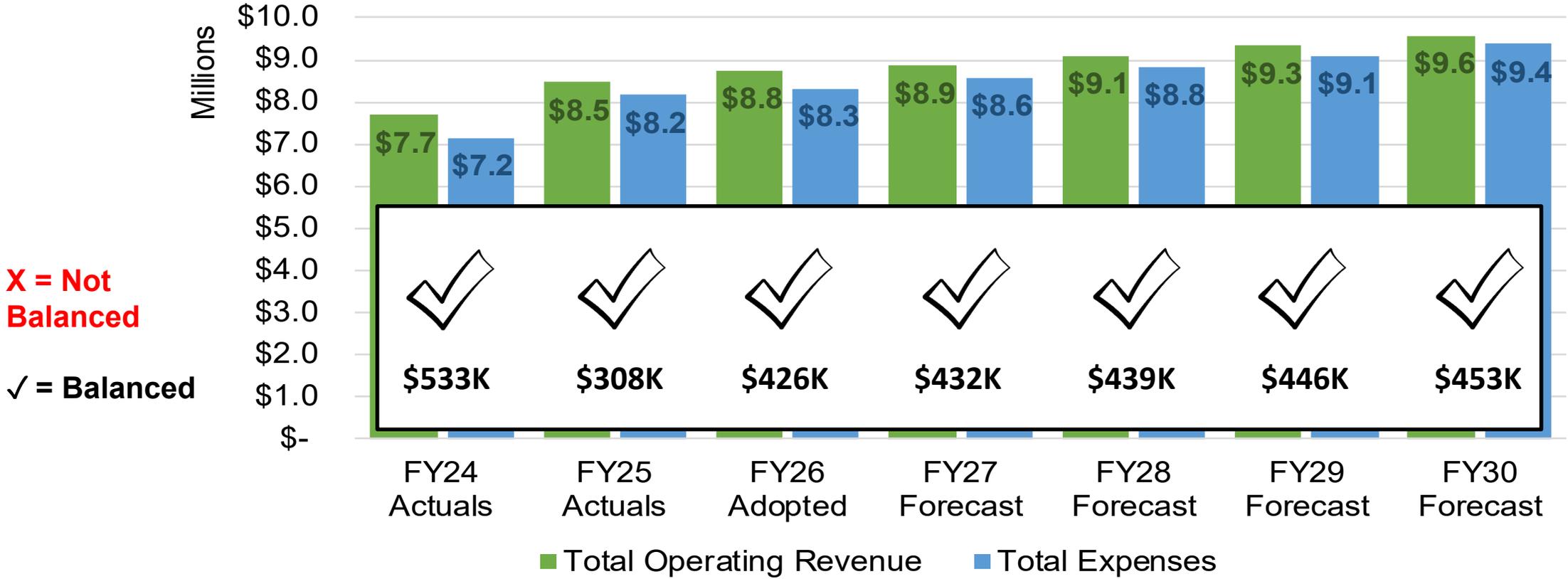
- Residential trash, recycling, and green waste pickup
- Multifamily recycling
- Recycling and brush drop off
- Downtown trash collection
- Household Hazardous Waste
- Reuse Warehouse
- Brush drop-off & mulch pick-up
- Mattress removal program



FY27 Resource Recovery Assumptions

- **Revenues:**
 - Increase 3% annually
 - Approximately 2% rate increase
- **Expenses:**
 - Personnel and operational expenses increase 3% annually
 - Texas Disposal Systems contract for FY27 will increase 3% annually through FY30

FY27 Resource Recovery Forecast



	FY24 Actuals	FY25 Actuals	FY26 Adopted	FY27 Forecast	FY28 Forecast	FY29 Forecast	FY30 Forecast
Beginning Fund Balance	2.6M	3.2M	3.5M	3.9M	4.2M	4.5M	4.7M
Ending Unreserved Fund Balance	3.2M	3.5M	3.9M	4.2M	4.5M	4.7M	4.9M
Required Fund Balance, 90 Days	1.8M	2.0M	2.1M	2.1M	2.2M	2.3M	2.3M

Resource Recovery Utility Rates



	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26 ADOPTED
Resource Recovery										
Single family residential (65 gal trash cart)	23.61 82.0%	24.35 3.1%	25.16 3.3%	26.09 3.7%	26.87 3.0%	27.91 3.9%	28.8 3.2%	29.66 3.0%	30.95 4.3%	31.26 1.0%
- with 96 gal trash cart	26.61 66.6%	27.35 2.8%	28.16 3.0%	29.09 3.3%	29.87 2.7%	30.91 3.5%	33.8 9.3%	34.66 2.5%	35.95 3.7%	36.26 0.9%
Multifamily recycling	6.86 23.8%	7.07 3.1%	7.39 4.5%	7.78 5.3%	8.01 3.0%	8.49 6.0%	8.79 3.5%	9.05 3.0%	10.13 11.9%	10.23 1.0%
Extra 96 gal trash cart	6.11 -23.4%	6.29 2.9%	6.48 3.0%	6.85 5.7%	7.06 3.1%	7.34 4.0%	10.27 39.9%	10.49 2.1%	10.56 0.7%	10.67 1.0%
Extra 96 gal recycling cart/green waste	5.82 26.2%	5.99 2.9%	6.17 3.0%	6.85 11.0%	7.06 3.1%	7.06 0.0%	7.27 3.0%	7.49 3.0%	7.56 1.0%	7.64 1.0%

Decision Points – Resource Recovery



 **Strategic Goal:** *Public Safety, Core Services, & Fiscal Excellence*

 **Strategic Goal:** *Environmental Protection*

- Other considerations?

Airport

Established to account for the revenues and expenses of the San Marcos Regional Airport.

Primary Revenue Sources:

- Commercial and agricultural leases
- Hangar rentals
- Fuel flowage fees

Supports:

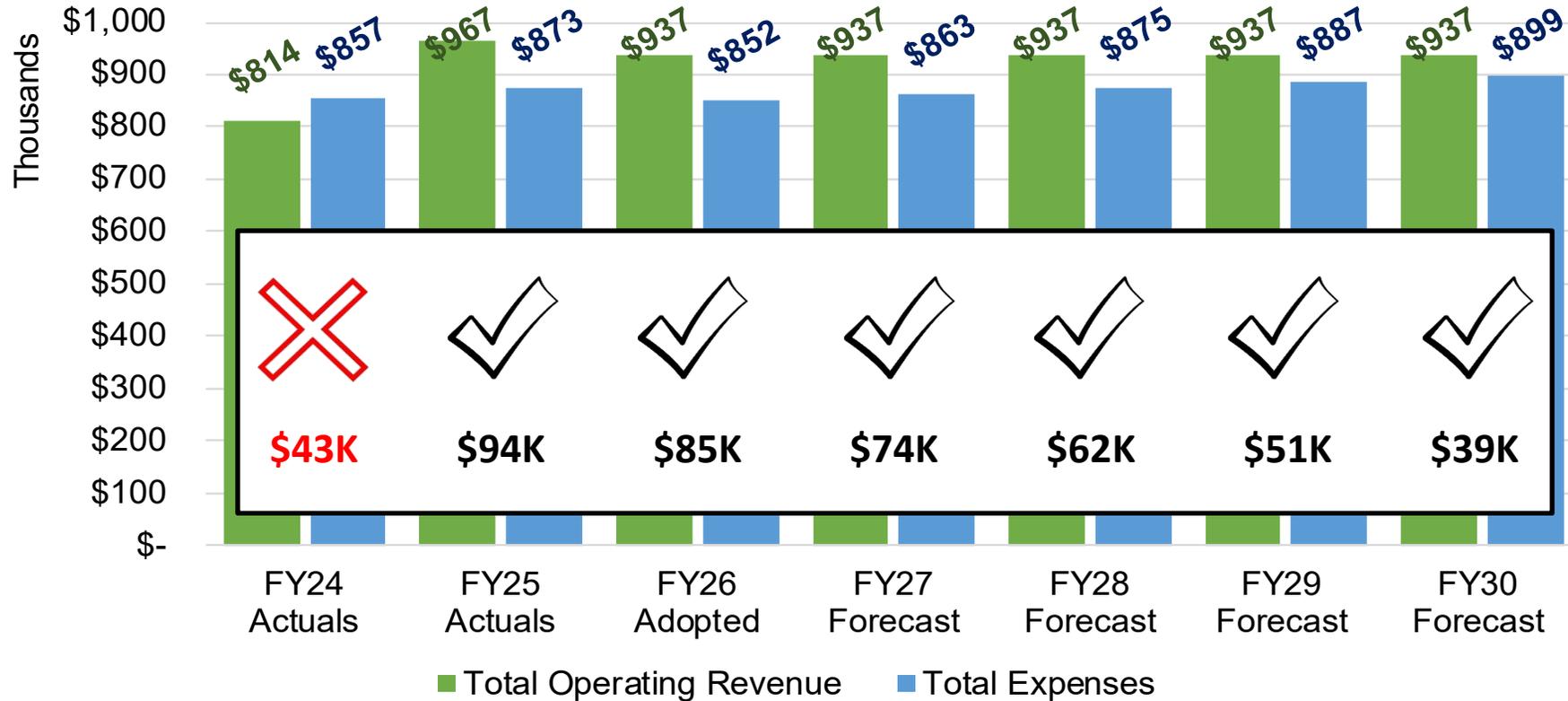
- Operations at the San Marcos Regional Airport



FY27 Airport Assumptions

- **Revenues:**
 - Held flat to FY26 budgeted amount
 - Does NOT include property tax revenues generated at the Airport
- **Expenses:**
 - Increase by 1% annually
 - Base contract increased by 2% annually
 - Indirect cost allocation increased by 3% annually
 - Does NOT restore \$90,500 from COVID funding (funding ended in FY25)
 - City is considering a partial or full restoration subject to available capacity and meeting potential fund balance requirements.

FY27 Airport Forecast



	FY24 Actuals	FY25 Actuals	FY26 Adopted	FY27 Forecast	FY28 Forecast	FY29 Forecast	FY30 Forecast
Beginning Fund Balance	95K	58K	152K	237K	300K	351K	390K
Ending Unreserved Fund Balance	58K	152K	237K	300K	351K	390K	418K

Decision Points – Airport



Strategic Goal: *Mobility and Connectivity*



Strategic Goal: *Economic Vitality*

- Establish a fund balance requirement?
- Defer implementing impact of keeping property tax revenue generated at the airport to FY 2028?
- Other considerations?



Transit

Accounts for the revenues and expenses related to the public transit system within the City.

Primary Revenue Source:

- Federal and State transit grant funds
 - Approximately 70%
- General Fund contribution
 - Approximately 30%

Supports:

- Public transit operations to include
 - Local fixed bus routes
 - Paratransit – ADA Service
 - Commuter bus route, San Marcos - Austin

FY27 Transit Assumptions



- **Revenues:**

- Increase by 3% annually

- Federal and State funding reduced by \$213K in FY27 and an estimated \$350K beginning in FY28 forward
- General Fund's contribution increased by \$213K in FY27 and an estimated \$350K beginning in FY28 forward

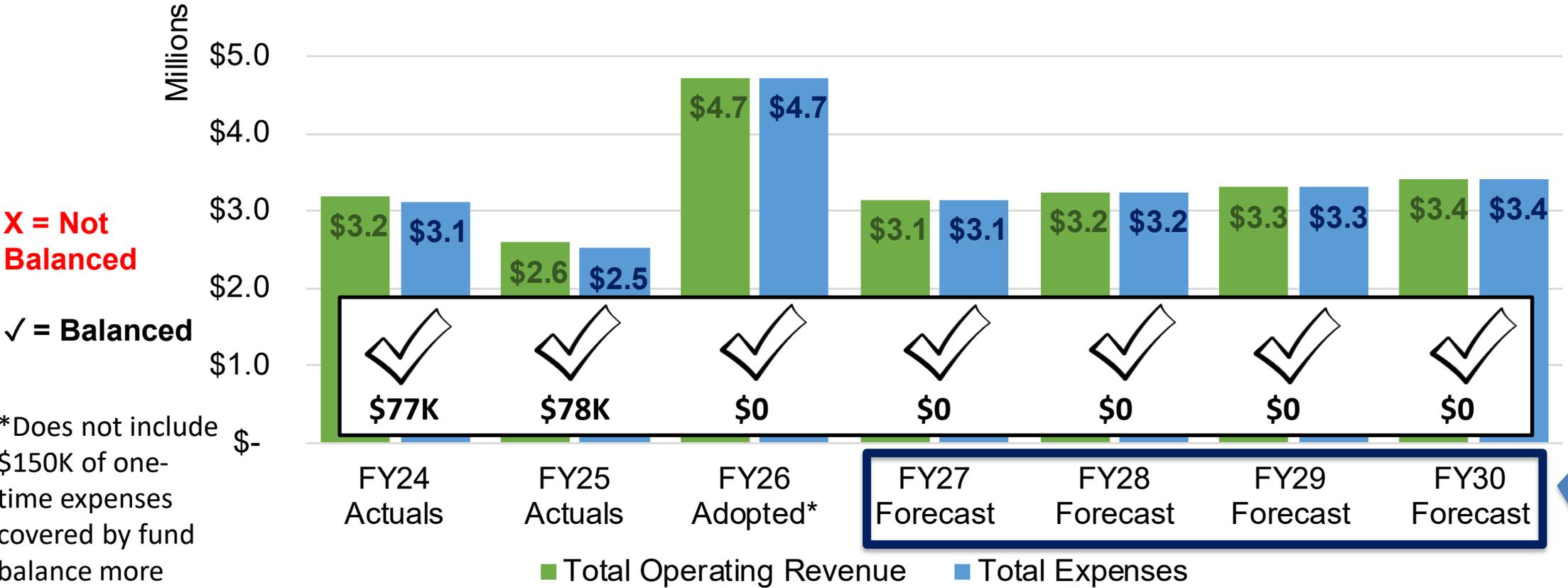
- **Expenses:**

- Personnel and operational expenses increase by 3% annually

FY27 Transit Forecast



Slide updated



	FY24 Actuals	FY25 Actuals	FY26 Adopted*	FY27 Forecast	FY28 Forecast	FY29 Forecast	FY30 Forecast
Beginning Fund Balance	0.6M	0.7M	0.8M	0.8M	0.8M	0.8M	0.8M
Ending Unreserved Fund Balance	0.7M	0.8M	0.8M	0.8M	0.8M	0.8M	0.8M
Required Fund Balance, 60 days	0.5M	0.4M	0.8M	0.5M	0.5M	0.6M	0.6M

Decision Points - Transit



Strategic Goal: *Mobility and Connectivity*

- Other considerations?





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Questions

