



# City of San Marcos

## FY 2027 Capital Improvements Program (CIP) Overview

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May 19<sup>th</sup> 2026



# Capital Improvements Program

- Long-range plan and schedule for capital projects and system assets
  - Identifies workload for Departments
  - Identifies funding needs/options
- Year 1 Projects Evaluated For →
- Planning Tool
  - Year 1 is only year approved in budget
  - Years 2-10 placeholders for planning purposes

1. Project Readiness
2. Staff Workload
3. City Ability to Fund The Project

FY	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	TBD
Year #	1	2	3	4	5	6	7	8	9	10	Bond

To Be Approved  
In Budget

Not Approved In Budget  
Placeholders For Future Needs



# What is a CIP Project?

- A major capital project, generally involves a significant expenditure of funds, beyond operation and maintenance costs, for planning, design, acquisition or construction of a needed facility or infrastructure.
- Total project cost should exceed \$100,000 and tie to long term assets
- Source of projects
  - Master Plans
  - Operations Request
  - Council Direction
  - Citizen Input



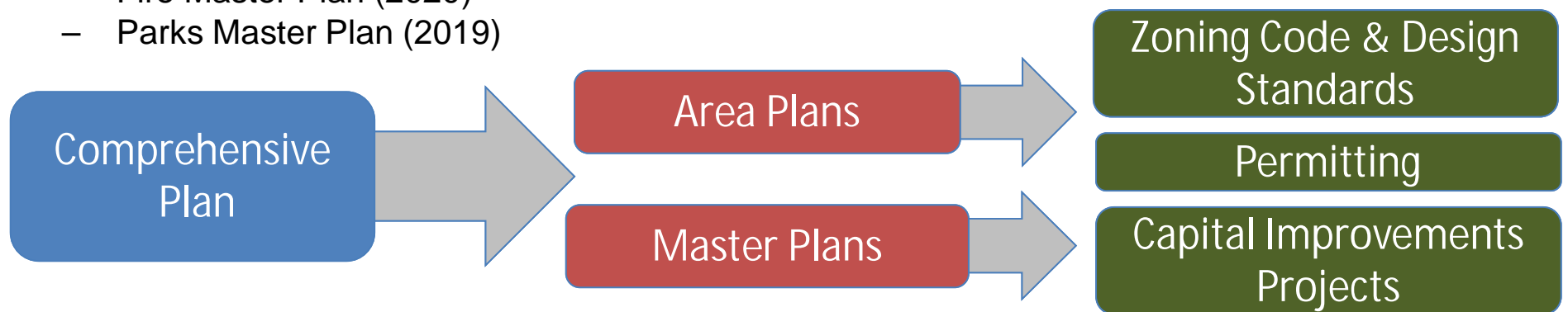


# Why Master Plans?

- **Master Plans**

- Transportation Master Plan (*In progress*)
- Transit Development Plan (*In progress*)
- Stormwater Master Plan (*In progress*)
- Reclaimed Water Master Plan (2026)
- Comprehensive Plan (2025)
- Wastewater Master Plan (2025)
- Airport Master Plan (2025)
- Facilities Condition Assessment (2025)
- Water Master Plan (2024)
- Electrical Master Plan (2022)
- Fire Master Plan (2020)
- Parks Master Plan (2019)

Provide an overview of the major improvements needed by a City





# CIP Funding Challenges

- General Fund CIP budget reduced from \$20M to \$10M
  - Used to fund the equipment replacement list at shorter term loans
  - Used to offset operations costs
- Stormwater CIP budget is capped at \$5M per current rate models
  - No rate increase has been approved since 2023
- Utility Debt Models (Water/Wastewater/Electric)
  - Our debt does not drop off until 2028/2029
  - Currently, rate increases are the only way to fund new debt
  - Shifting our focus from procuring water to treating water
- Construction Cost
  - Budgets are not keeping up with inflation
  - Estimates doubled since COVID
  - Engineers are struggling to get accurate estimates
- Project Scopes
  - Project scopes are becoming more complex
  - Neighborhood projects are becoming more cost prohibitive



# CIP Funding Challenges

- Why take out debt?

- Willing to pay interest to have asset now since it will benefit the residents now and in the future.
- The asset must outlive the debt.

- How do we refer to debt?

- **Home:** Refer to it as \$1,300 a month house payment? Or a \$200,000 home?
- **CIP**
  - Refer to the value...but what controls...is the payment.
  - Rate models are used to determine what we can afford

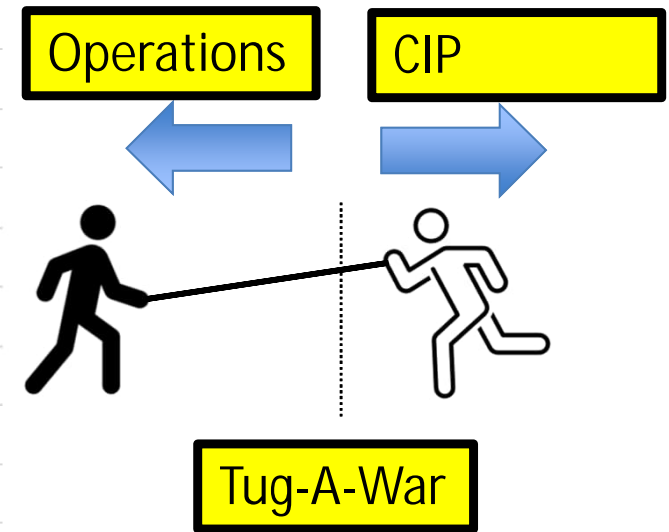
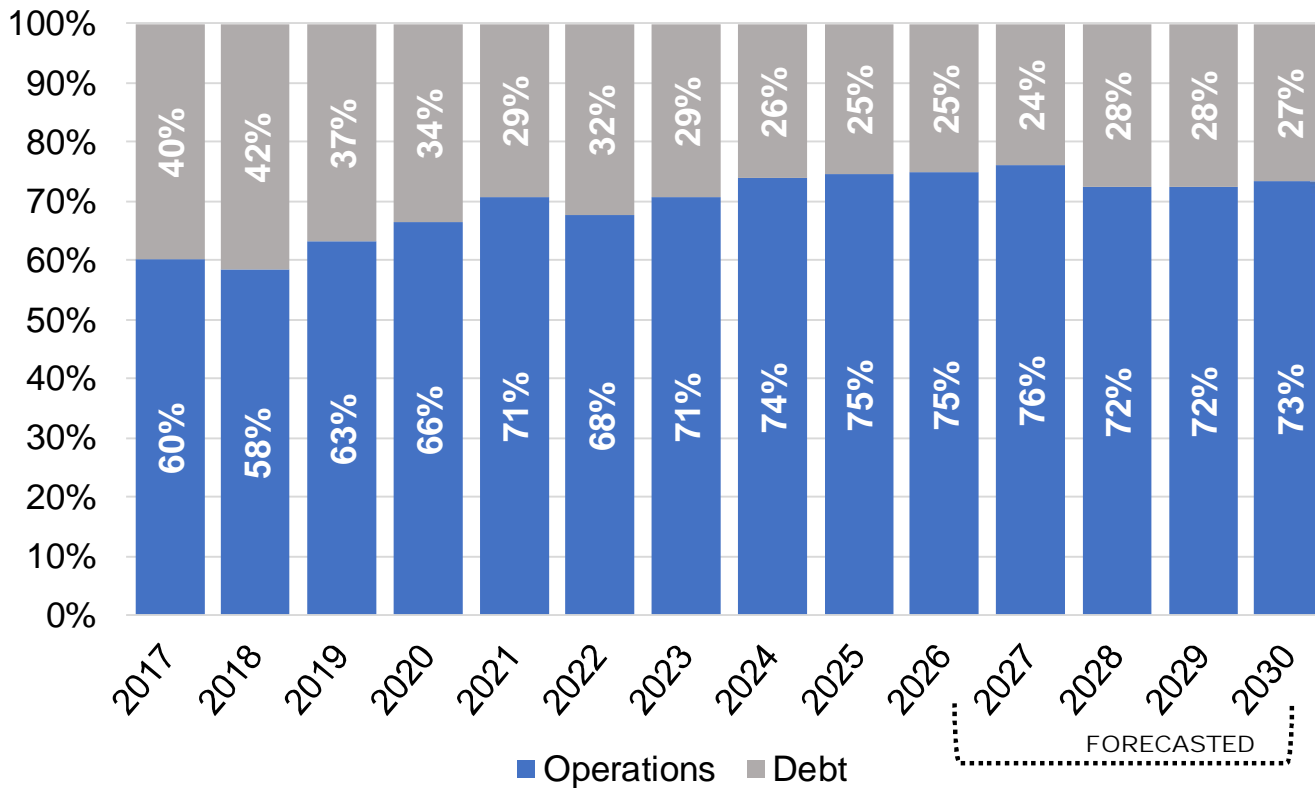
Example: \$50M CIP =  $\pm$ \$4M Annual Payment

Key Point

# CIP Funding Challenges

- Balancing act between Operations & Debt for CIP**

- Example: General Fund Property Tax Rate Split





# CIP Funding Challenges

## • Value of Rate Increase ~ Utility Rates or Tax Rates

- General Fund: Value of 1 cent increase
  - Operations = \$876,000
  - CIP = \$11M
- Stormwater Fund: Value of 1% increase
  - Operations = \$99,600
  - CIP = \$1.2M
- Water Fund: Value of 1% increase
  - Operations = \$375,000
  - CIP = \$4.5M
- Wastewater Fund: Value of 1% increase
  - Operations = \$260,000
  - CIP = \$3.3M
- Electric Fund: Value of 1% increase
  - Operations = \$285,000
  - CIP = \$3.5M

Fund	Typical CIP Constraints
General	\$ 10M
Storm	\$ 5M
Water/Wastewater	\$ 15M
Electric	\$ 10M
Total	\$ 40M



# CIP Funding Challenges

- Example of Typical CIP Funding Constraints VS Large CIP Projects

Fund	Typical CIP Constraints	Sunset Acres Area	Wallace Addition Area	Bishop/Belvin	New FM1978 Water *Reclamation Facility & Projects
General	\$ 10,000,000	\$ 12,600,000	\$ 15,500,000	\$ 2,500,000	\$ -
Storm	\$ 5,000,000	\$ 24,050,000	\$ 23,000,000	\$ 10,000,000	\$ -
Water/Wastewater	\$ 15,000,000	\$ 3,375,000	\$ 7,500,000	\$ 5,000,000	\$ 299,000,000
Electric	\$ 10,000,000	\$ 10,000,000	\$ 1,000,000	\$ 500,000	\$ -
Total	\$ 40,000,000	\$ 50,025,000	\$ 47,000,000	\$ 18,000,000	\$ 299,000,000

*Project Details will be discussed later in the presentation*

\* Reclamation Facility = 2<sup>nd</sup> Wastewater Treatment Plan (WWTP) that produces reclaimed water

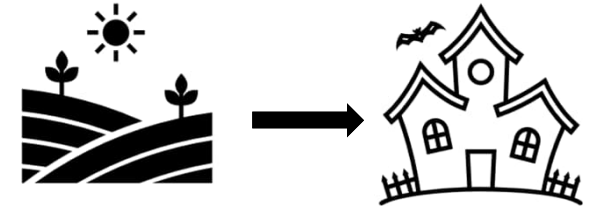


# CIP Funding Strategies

- **CIP Options: Increase Funding or Decrease Expenses**
- **Rate Increase:** Discussed on previous slides
- **Bond Election** - Timing of the bond election was adjusted in light of economic uncertainty (will discuss in greater detail later)

- **Economic Development**

- Offer incentives to encourage development
- Simple Example



- **Vacant Land:** = \$50K in property tax & \$0 in sales tax
- **Developed Land:** \$500K property tax & \$1.0M in sales tax
- **Incentive:** City & Developer share a percentage of the increased property and/or sales tax



# CIP Funding Strategies

- **Delaying Projects** – most common
  - Break projects into multiple phases - examples on Wallace Addition and Sunset Acres
  - Not starting new big dollar projects until we can finish funding what we have started
- **Reduce/Limit Scope of CIP Projects** – only what needs to be fixed
- **Pursue Cost Sharing Partners** – FM 1978 Water Reclamation
- **Pursue Grant Funding** – Multiple Projects (*see next slide*)
- **Above Items = Result in longer project schedule; but it gets done**



# Grant Funding Benefits On CIP

Project	Grant Amount
Sunset Acres Subdivision Improvements (Drainage)	\$ 13,875,840
Hwy 80 Utilities	\$ 5,389,120
Sunset Acres - Regional Detention Pond ( <i>Pending</i> )	\$ 4,182,854
Flood Infrastructure Fund (FIF):	\$ 3,560,000
Cape St Reconstruction and SUP (Wallace Offsite)	\$ 2,132,000
FM110 Connection Drive	\$ 2,060,497
IH 35 Shared Use Path	\$ 2,205,000
Sunset Acres Subdivision Improvements (W/WW)	\$ 2,000,000
Thorpe Lane @ Springtown	\$ 807,810

\$36M

[sanmarcostx.gov](http://sanmarcostx.gov)

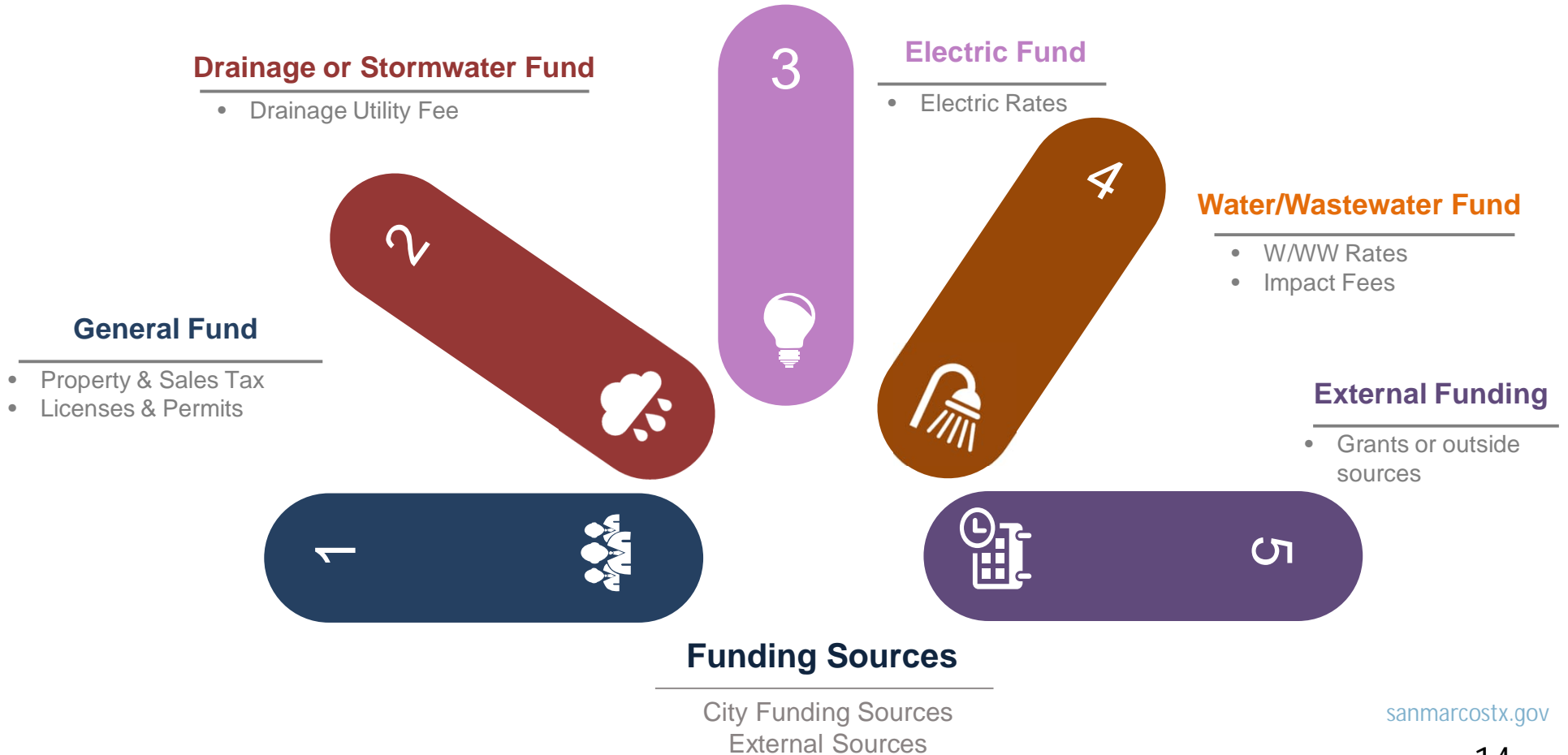


# CIP Funding Needs

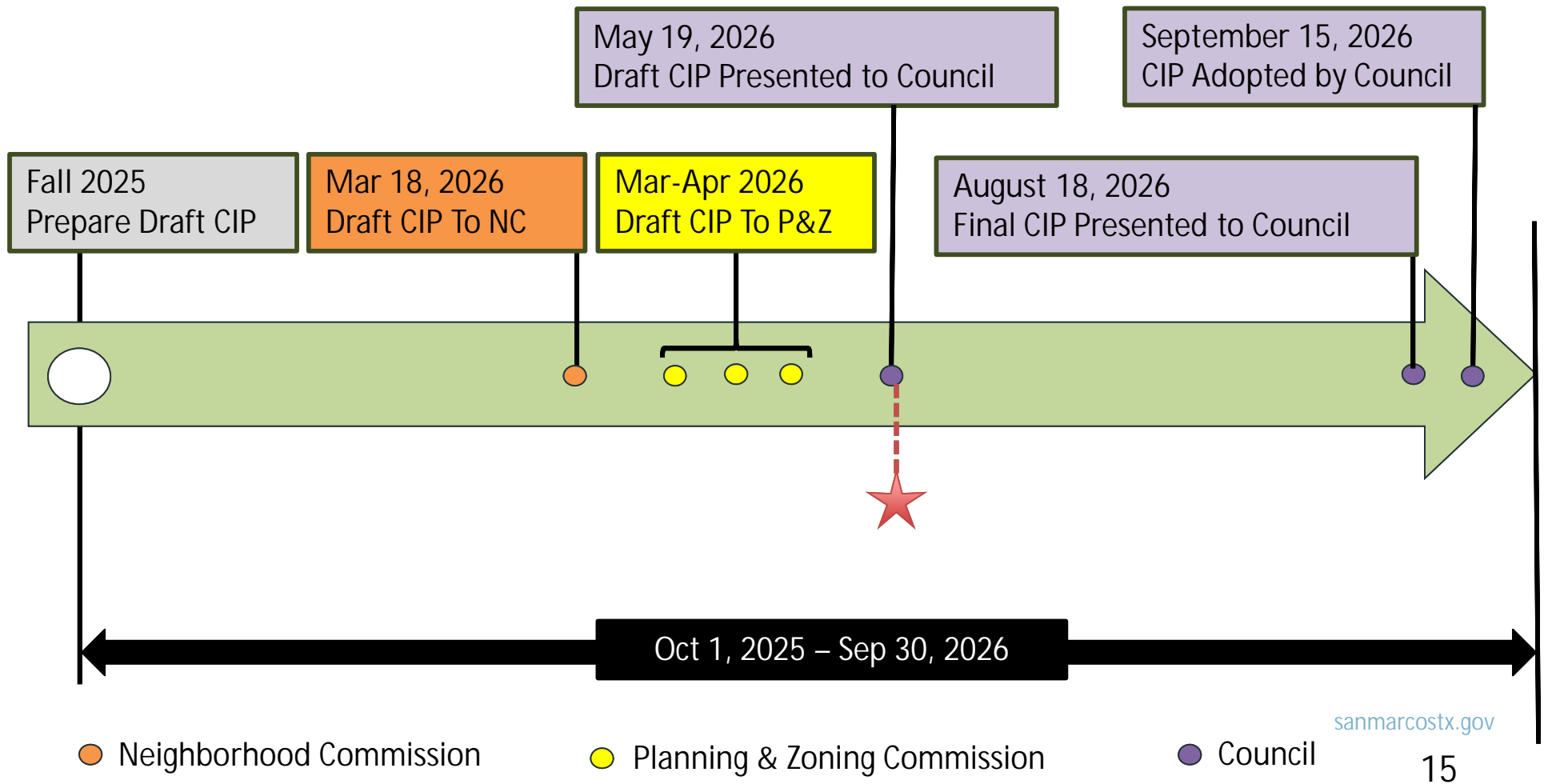
- What funding capacity can the CIP support?

Fund	Typical CIP Constraints	What It Needs to be?
General	\$ 10M	\$ 30M
Storm	\$ 5M	\$ 20M
Water/Wastewater	\$ 15M	\$ 30M
Electric	\$ 10M	\$ 10M
Total	\$ 40M	\$ 90M

# Capital Improvements Program Funding



# FY 2027 CIP Schedule



# P&Z Recommendation & Response



- Approve the 10-year CIP with no amendments
  - 6-1 vote in favor
  - Commissioner Hardy, dissenting
- Additional Recommendations For Consideration:
  - Consider increasing stormwater fee.
  - Consider increasing property tax.
  - Address needs to Wallace Addition and prioritizing as practical.

# FY 2027 Funding For CIP Projects



Fund	FY 2027
General	\$10.1M
Storm*	\$5.2M
Water/Wastewater/Reclaimed	\$36.5M
Electric	\$9.1M
Total	\$60.9M

\*Any costs above 5M will need to be supplemented by the General Fund

# Big Projects Updates

- **Sunset Acres Area**

- Subdivision
- Detention Pond

- **Wallace Addition Area**

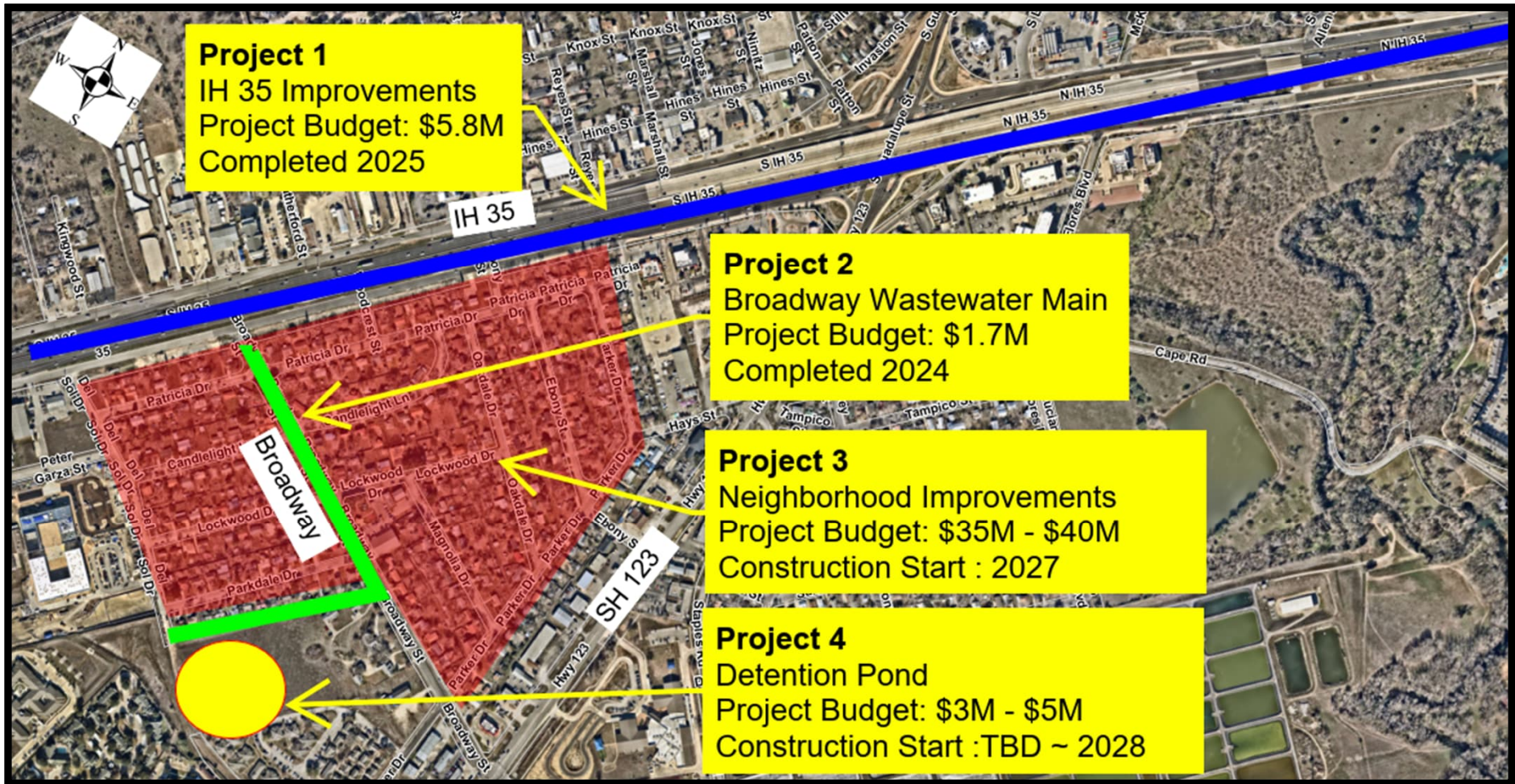
- Offsite Drainage
- Subdivision
- IH 35 Shared Use Path Connection
- Cape Road Bridge Repair
- Cape Road Shared-Use Path

- **Historic District Area Improvements**

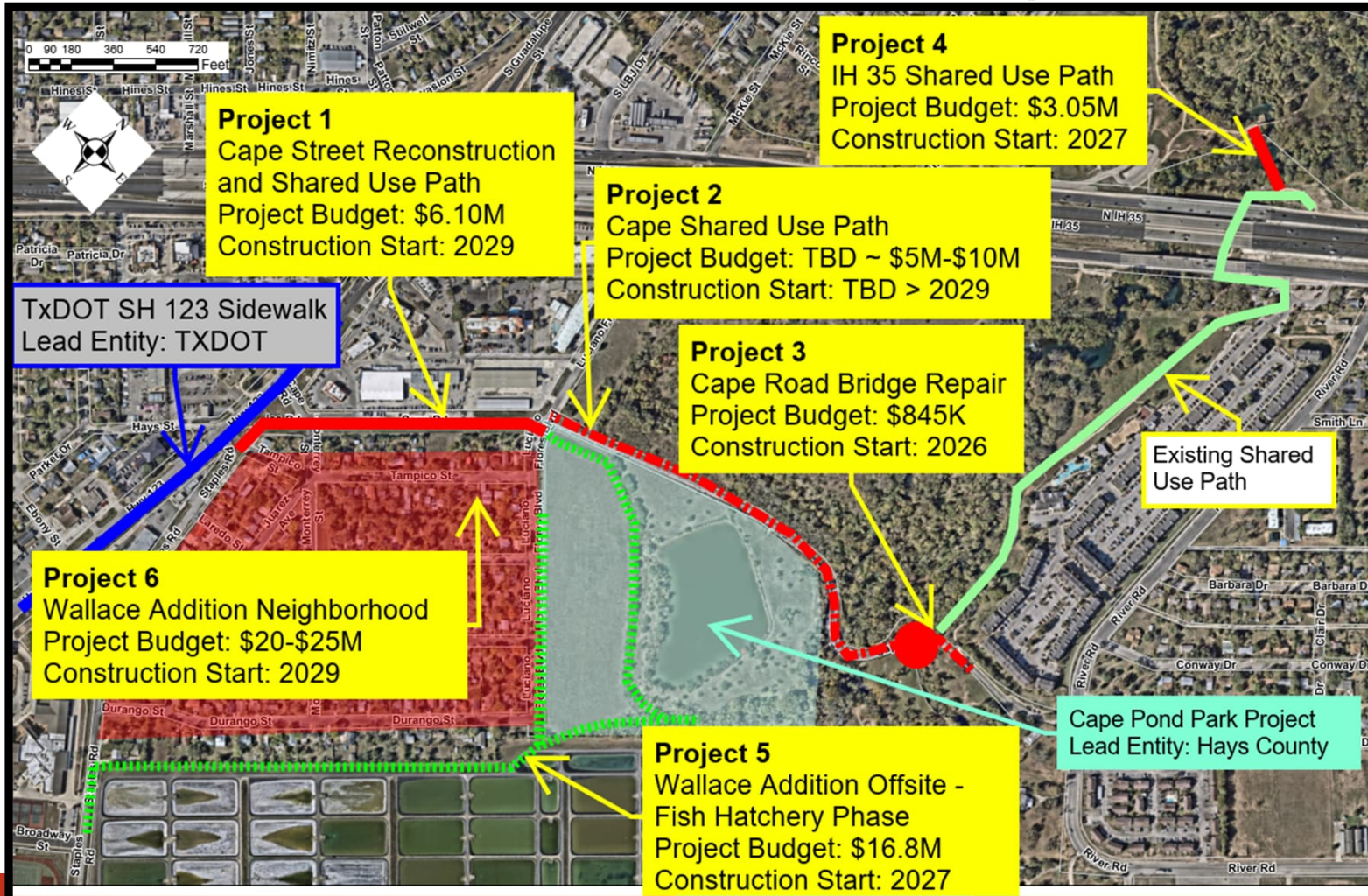
- **New FM 1978 Water Reclamation Facility**



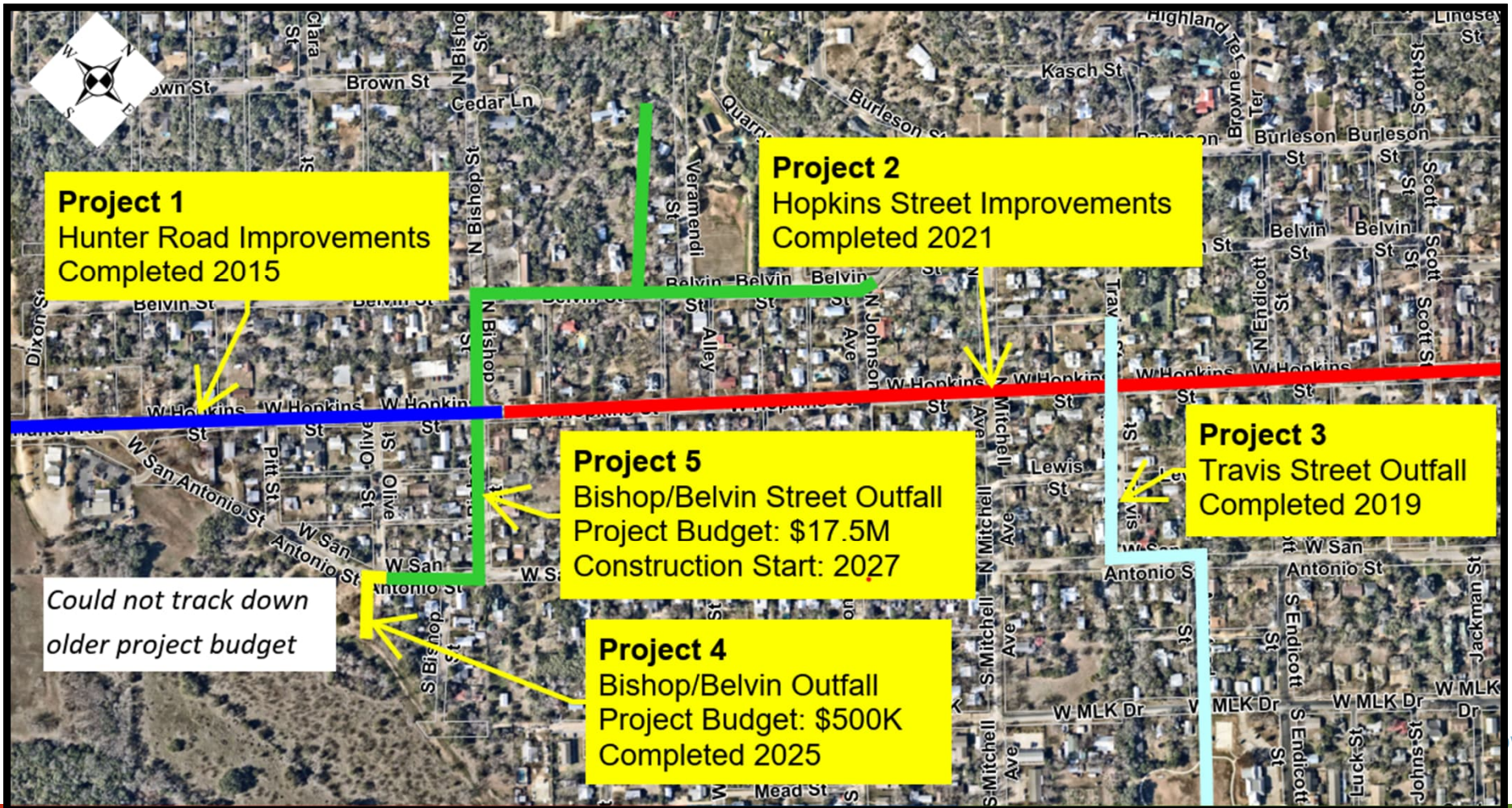
# Sunset Acres Area Improvements



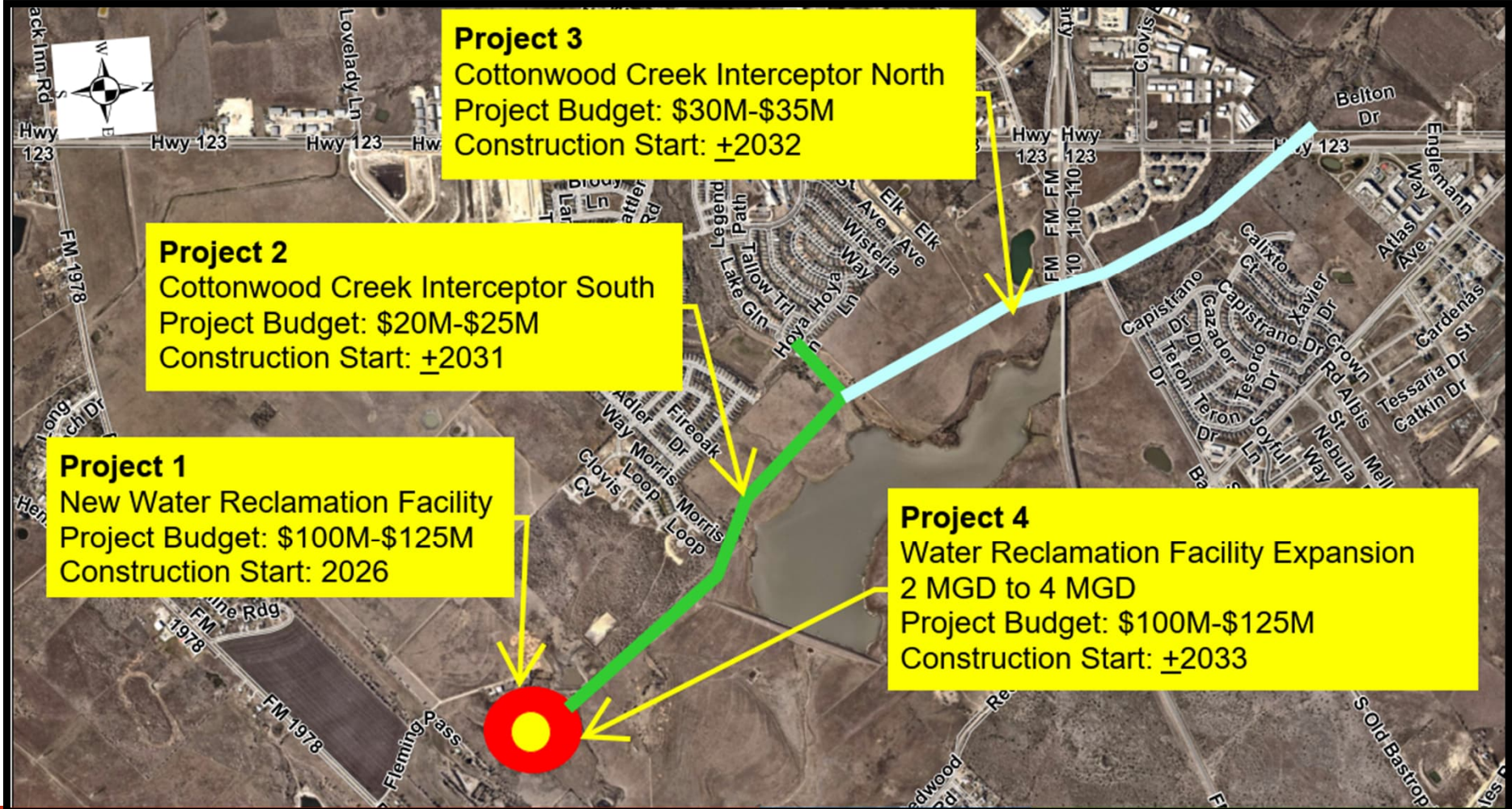
# Wallace Addition Area Improvements



# Historic District Area Improvements



# New Water Reclamation Facility Area





# Interactive Map



## SAN MARCOS

2027 - 2036 Capital Improvements Plan

Submit Feedback

Capital Improvements Website

**Filter by Keyword**

Find address or place

**Filter by Fiscal Year**

Previously Funded

2027

2028

2029

2030

2031

2032

2033

2034

2035

2036

Bond Election

**Filter by Department**

Engineering/CIP

Parks & Recreation

Public Works - Facilities

**Downtown Reconstruction Ph. II - LBJ: Grove St. to Hopkins - 45**

Elevated Storage Tank Posey Rd. - 66

Existing Apron Pavement Reconstruction Program - 51

Fire Administration and Training Facility Phase 2 - 796

Fire Department New Station - Airport - 8

Fire Department New Station #7 - Whisper Location - 771

Fire Station 1 - 801

FM 1978 Water Reclamation Facility Expansion - 57

Gary Job Corp Lift Station (LS #46) Decommissioning - 575

Gary Softball Complex Renovation Ph 2. - 751

Ground Storage Tank WWTP - 65

Harris Hill Rd Water Line - 660

Hazelton St. Wastewater Improvements - 814

Highway 80 Lift Station Expansion - 572

**Harris Hill Rd Water Line (660)**

Construct 12" water line along Harris Hill Rd from Hwy 21 at the San Marcos Airport to River Ridge Pkwy. 9800lf WMP#25. A developer is not anticipated to design or build this main.

**Department Responsible For Project:**  
Engineering/CIP

**Strategic Initiative:** Public Safety, Core Services, and Fiscal Excellence

**Estimated Project Cost:** \$3,550,000

Previously Funded  
 General Funds: \$0  
 General-T Funds: \$0  
 Water Funds: \$0  
 Water-I Funds: \$550,000  
 Reclaimed Funds: \$0  
 Wastewater Funds: \$0  
 Wastewater-I Funds: \$0  
 Stormwater Funds: \$0  
 Electric Funds: \$0  
 Total Funds: \$550,000

2027  
 General Funds: \$0  
 General-T Funds: \$0  
 Water Funds: \$0  
 Water-I Funds: \$3,000,000  
 Reclaimed: \$0  
 Wastewater Funds: \$0  
 Wastewater-I Funds: \$0  
 Stormwater Funds: \$0  
 Electric Funds: \$0

View Neighborhood Projects
View Citywide Projects

# Understanding the Spreadsheet



Category	Project ID	Project Name	Project Description	NEW Comp Plan Goals	Strategic Initiative	Total Rank	Funding Source	Previously Funded	2027	2028	2029
*Potential Bond Projects											
*Potential TIRZ Funding Projects											
*Impact Fee Eligible Projects											
Multi	568	Airport Water/Wastewater Main Re-routing	Construct new 12-inch wastewater mains per WWMP #H-4, to convey municipal airport flows into the existing City owned 18-inch wastewater main near the railroad. This project also includes decommissioning the existing Gary Job Corp lift station (LS46) as shown in WWMP#H-1. 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 to the railroad tracks near LS#46 as shown in WMP#30. This project will include railroad crossings.	ECD-3.5	Workforce Development	8	Water			\$ 250,000	
							Wastewater			\$ 1,000,000	
Multi	54	Airport Drive Stormwater Improvements	Install stormwater improvements along Airport Drive. Funding over multiple years to cover planning/environmental, design, and construction in phases. 10% match is anticipated for federal funds covering 90% of cost.	TR-1.3	Stormwater, Multi-Modal Transportation	9	General			\$ 100,000	
							Water			\$ 50,000	
							Wastewater			\$ 50,000	
							Stormwater			\$ 100,000	
Multi	680	Castle Forrest	Increase capacity along Castle Forest Channel due to erosion and damage caused to fences during recent storm events. DMP #51 to repair driveway at 2029 Castle Gate Circle and extend storm system down Castle Gate Circle. The project will include an H&H analysis considering the entire subdivision, development of proposed flood risk reduction alternatives and summarized in a Preliminary Engineering Report (Phase 1). Recommendations include stormwater detention, channel improvements and		Stormwater	8	Water	\$ 120,000			
							Wastewater	\$ 120,000			
							Stormwater	\$ 1,850,000	\$ 500,000		

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	NEW Comp Plan Goals	Strategic Initiative	Total Rank	Funding Source	Previously Funded	2027
Multi	752	Downtown Alley Reconstruction Ph 2	The Alleys exceed their useful life cycle in FY 2015. Reconstruct the remaining Kissing Alley between Guadalupe and LBJ from Hutchison to University Dr, approx. 400 LF. The alley will be constructed 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 along University Dr to the riser pole just northwest of University/LBJ intersection. Possible TIRZ funding.		Downtown Vitalization, Stormwater	8	General T Water Wastewater Stormwater Electric		
Fire	801	Fire Station 1	Purchase land, design, and construct a new downtown Fire Station at S LBJ and MLK, including soft-costs (permitting, material testing, A&E, utilities, and FF&E). Possible use for remodel and MS4 improvements if new station doesn't move forward.	PPS-4.1	Community Safety, City Facilities	8	General	\$ 7,000,000	
Water	660	Harris Hill Rd Water Line	Construct 12" water line along Harris Hill Rd from Hwy 21 at the San Marcos Airport to River Ridge Pkwy. 9800lf WMP#25. A developer is not anticipated to design or build this main.	ECD-3.5	Public Safety, Core Services, and Fiscal Excellence	10	Water I	\$ 550,000	\$ 3,000,000
Water	88	RR12 and Comanche Tank Replacements	Replacements on Comanche and RR12 tanks. Comanche tank install and Build new 1.0 Million Gallon Elevated/Ground storage tank, welded Steel, in place of Failing, leaking, leaning, Bolted Tank, Build to Correct Height for correlation and operations of cottonwood water station for distribution to COSM residents. RR12 tank replace leaking 1MG Bolted tank, with 1 MG Steel Welded in place tank, this will eliminate leak points and tank shifting to keep in compliance with TCEQ state regulations.		Public Safety, Core Services, and Fiscal Excellence	10	Water		\$ 2,500,000
Water	87	S. LBJ Upsize from Grove to IH-35	Upgrade small diameter line in S. LBJ from E. Grove St. to IH-35 Crossing with 1,630 LF of 12" water line per 2022 WMP #41.		Public Safety, Core Services, and Fiscal Excellence	8	Water		

Brown Highlight  
TIRZ Funding

Blue Highlight  
Potential Future Bond Projects

Pink Highlight  
Impact Fee Eligible

White Highlight  
Means Nothing

Gray Highlight  
Means Nothing



# Bond Election Projects

- **Bond Election Amounts Identified:  $\pm$  \$165M**

- \$135M ~ General Fund
- \$30M ~ Stormwater Fund

- **Schedule**

- *Timing of the bond election was adjusted in light of economic uncertainty*
- *No Sooner than 2031*

Funding Used To Update Design & Project Costs

Amount Recommended For Bond Election

Category	Project ID	Project Name	Project Description	NEW Comp Plan Goals	Strategic Initiative	Total Rank	Funding Source	Previously Funded	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	Bond Election
Fire	796	Fire Administration and Training Facility Phase 2	Complete design and construct a new Fire Administration (\$10.2M), Logistics and Support Services (\$2.2M), Driving Track (\$1.75M), Technical Rescue Training Facility (\$2M), and 3-Story Apartment/Hotel/Motel/Inn building (\$2.8M) in accordance with the Training Facility Master Plan that was completed by Abercrombie Planning and Design in October 2019. These prices include soft costs (permitting, material testing, A/E, utilities, and FF&E). Start design in 2025 and focus on Admin building as top priority at this site.	PPS-4.3 PPS-4.1	Community Safety, City Facilities	9	General	\$ 2,000,000	\$ 500,000			\$ 1,000,000							\$ 30,000,000
Fire	8	Fire Department New Station - Airport	Future Fire Station, 50/50 match - joint-use fire station located on airport property along SH 21. This will be a dual purpose Airport Rescue Fire Fighting (ARFF) station and a municipal structure fire and EMS station. It will need to house specialized ARFF vehicles and meet FAA requirements as well as house traditional engine/ladder companies, an ambulance, and possibly a brush truck. \$100k of the project cost is for fiber.	PPS-4.1	Community Safety, City Facilities	8	General					\$ 500,000							\$ 25,000,000

# Next Steps



Today →

May 19<sup>th</sup> – City Council Receives P&Z Recommendation

May - Aug – City Council Budget Workshops

Sept - Budget Adoption by City Council including CIP

# Questions



- Location of CIP
  - Digital Copy & Interactive Map
    - <http://www.sanmarcostx.gov/366/10-Year-Capital-Improvements-Plan>
    - City Of San Marcos Webpage > Departments > Engineering > 10 Year Capital Improvements Program
  - Hard Copy
    - San Marcos Public Library, 625 E. Hopkins, during normal library hours: San Marcos Public Library Services
    - Engineering and Capital Improvements office located at 630 E. Hopkins, San Marcos TX 78666; Monday – Friday, 8:00 am – 5:00 pm

