



# **City of San Marcos**

## Budget Policy Statement

### Fiscal Year 2027

March 31, 2026

# Fiscal Year (FY) 2027 Budget Calendar



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



# FY 2027 Budget Public Engagement Opportunities Completed

BUDGET EVENT	DATE	DONE
Community Town Halls on Visioning and Priorities	January 8 & 14 (online form available through Jan 15)	✓
Council Visioning & Strategic Planning Work Session	January 29 - 30	✓
Participatory Budgeting Launched Idea Collection	February 1 (closing Feb 28)	✓
Participatory Budgeting Community Outreach: Tabling	Feb 5 & 26 (San Marcos Activity Center)	✓
	February 9, 17, 20 (San Marcos Library)	✓
	Feb 28 (Love Where You Live)	✓
Community Outreach: Bingo	February 11 (Springtown Villas)	✓
	February 18 (CM Allen Homes)	✓
Budget Policy Workshop	February 26	✓

# FY 2027 Upcoming Budget Public Engagement Opportunities



- Participatory Budgeting: Proposal Development Begins (April)
- Budget Presentation at UniverCity (April 2)
- State of the City address (April 23)
- Community Town Halls (May 26, 2 others TBD)
- SMTX 2026 (June 1)
- Proposed Budget Book (Aug. 18)
- Adopted Budget Book (Dec. 14)

# Budget Policy Statement



- Section 8.02 of the City Charter requires City Council to hold a budget policy workshop no later than February 27 each year.
- City Council held the Fiscal Year 2027 budget policy workshop on February 26, 2026.
- During the workshop, City Council received a presentation and provided direction for developing the Fiscal Year 2027 Budget Policy Statement.
- The City Charter requires a public hearing and approval of the Budget Policy Statement by March 31 each year.
- The approved Budget Policy Statement will guide the City Manager in preparing the proposed Fiscal Year 2027 budget.



# Fund Balance

- **Establish a fund balance requirement for the Airport Fund**
  - FY26 estimated ending fund balance = \$207K or 84 days.
    - Proposed fund balance requirement is to maintain 60 days of recurring operating expenses = \$147K.

# Revenues



- **Property Tax Rate**
  - Keep at current rate of 65.15¢.
- **Property Taxes Generated at the Airport**
  - Identify the appropriate time for utilizing property tax revenues generated at the airport for airport operations in Fiscal Year 2028.

# Expenditures



- **Personnel increases**
  - Increase total personnel costs for non-civil service employees by 3% for an estimated cost of \$1.3M in the General Fund and \$785K across all other funds.
  - Civil service employees will receive the pay increases that were approved by City Council as part of the Meet & Confer agreements.
- **Health Insurance**
  - Increased health insurance contribution recommendations are still being finalized and will be brought back once complete.
- **Emergency Medical Services (EMS) expenses**
  - Forecasted General Fund shortfall of \$4M does not include additional funding for EMS.

# Expenditures Continued



Fiscal Year 2027 Planning Considerations	Total Amount
Operating: Transit Federal funding expiring (\$213K in FY27)	\$ 350,000
Operating: Citywide software allocation (Year 1 of 4)	250,000
Personnel: 1 Cybersecurity Analyst*	138,973
Operating: Mental Health Clinician*	100,000
Personnel: 1 Downtown Grounds Specialist*	93,262
Operating: Eviction Prevention Services*	81,034
Operating: Prevent a Litter Central Texas Partnership*	45,600
Operating: Intrusion Prevention System for IT*	40,517
Operating: Internet connection improvements at Police building*	13,544
Operating: Access to Candid Directory for Library*	4,631
<b>Total</b>	<b>\$1,116,961</b>

Included in the General Fund's \$4M shortfall.



\*Federal funding expires in December 2026. As a result, only 75% of the amount shown will impact the FY 2027 budget. The remaining 25% will fall in the FY 2028 budget.

# Expenditures Continued



- **Hotel Occupancy Tax**

- Continue to allocate funding for historical restoration and preservation projects based on capacity, up to \$500K.
- Review how other cities use Hotel Occupancy Tax revenue to financially support City Council policy objectives without solely relying on the General Fund.
- Create policy recommendations for allocating Hotel Occupancy Tax revenue by specific percentages to support City Council policy objectives.

# Expenditures Continued



- **Community Enhancement**

- Increase operating expenses for 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 at approximately \$75K and fencing Sunset Acres at approximately \$250K - \$300K.



# Next Steps

- **Neighborhood Commission Meeting – April 15<sup>th</sup>**
- **Preliminary Tax Roll – April 25<sup>th</sup>**
- **Next Budget Workshop – May 19<sup>th</sup>**

# Questions?

