



City of San Marcos

City Council Workshop

FY 2022-23 Proposed Budget

August 18, 2022



Agenda

- **City Manager Message**
- **Budget Policy Statement**
- **Tax Rate**
- **General Fund**
- **Hotel Occupancy Fund**
- **Enterprise Funds**
 - Electric
 - Water/Wastewater
 - Transit
 - Resource Recovery
- **Airport**
- **Council Direction**
- **Next Steps**
- **CIP Update**



Fiscal Year 2022-23 Proposed Budget

- **Aligns with Council's Budget Policy**
- **Intentional process – similar to American Rescue Plan funding**
- **Addresses core services and Council strategic initiatives**
- **Proposed reduction in property tax rate**
- **Take care of our existing employees**
 - Public safety employees receive scheduled salary increases through agreements
 - Base pay increase for non-civil service employees
 - All employees receive proposed flat, one-time payment
 - Compensation study



FY 23 Budget Policy Statement

I. FUND BALANCE

- ✓ General Fund: Maintain 25% of recurring operating expenses. *Done*
- ✓ Water/ Wastewater Fund: Maintain 25% of recurring operating expenses. *Done*
- ✓ Stormwater Utility Fund: Work toward 25% of recurring operating expenses. *Done*
- ✓ Electric Utility Fund: Maintain minimum of the equivalent of 60 days of operating expenses including purchased power. *Done*
- ✓ Fund balance in excess of established thresholds will be used to fund capital improvement projects (CIP) and/or other one-time expenditures. *Done*



FY 23 Budget Policy Statement

II. REVENUE

GENERAL FUND

- ✓ Property tax rate to be less than or equal to the FY22 adopted tax rate. *Done - 59.30-cents proposed (FY22 = 60.30-cents)*
- ✓ Amend budget during fiscal year if revenue deviates from budget.
- ✓ Sales tax and other revenues to be forecasted based on historical trends. *Done*
- ✓ Consider impact of American Rescue Plan (ARP) funding. *Done*
- ✓ Cost Recovery fees will be implemented for Development Services effective October 1, 2022. *Draft report expected this week*



FY 23 Budget Policy Statement

II. REVENUE (continued)

GENERAL FUND (continued)

- ✓ Potential revenue from alternative funding sources including fees will be evaluated and proposed to Council during the budget process. *No new fees proposed – development cost of service study*
- ✓ Incorporate the impact of the new \$15,000 homestead exemption and increase of disabled/senior exemption from \$25,000 to \$35,000. *\$101.4 million in new exemptions = \$600k in tax savings to taxpayer*

HOTEL MOTEL FUND

- ✓ Revenue forecast based on conservative trends as the hospitality and tourism sector continues to rebound. *Done*

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FY 23 Budget Policy Statement

II. REVENUE *(continued)*

WATER/WASTEWATER FUND and ELECTRIC FUND

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

STORMWATER MANAGEMENT FUND

- ✓ Prior year rate study called for multiyear rate increases. Per direction last year, FY22 included an 8.5% increase. FY23 is proposed at 6.5%; however, staff will be updating the model to ensure revenues and expenditures are in line and will bring forward for discussion during the budget process. *6.5% rate increase proposed as indicated in PY*

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FY 23 Budget Policy Statement

III. EXPENDITURES

- ✓ Zero-based budget factoring in CPI. Budgets must be justified and ranked by priority. *Done*
- ✓ Complete a market-based classification/compensation study; and develop a compensation philosophy. Fund recommendations over multiple fiscal years. FY23 budget will include 5% of FY22 personnel costs to fund the first phase of the compensation study results.
Delays due to consultant availability – budget includes 5% salary adjustment
- ✓ Evaluate health insurance. *Done – no increase needed*
- ✓ Fund additional positions based on the needs of our growing community to support core services and strategic initiatives. *Done*
- ✓ Enhance City's grant program to maximize funding from other sources. *Done*



FY 23 Budget Policy Statement

III. EXPENDITURES *(continued)*

GENERAL FUND

- ✓ Police meet and confer negotiations. *Pending Council action*
- ✓ Focus Human Services Advisory Board and Community Development Block Grant allocations toward meeting Council Strategic Initiatives. *Done*
- ✓ Continue funding Social Services programs, with the goal to supplement with grant funds. *Done*
- ✓ Consider HOT funds to continue funding museums and special events at current levels. *Shift funding for outside organization events*



FY 23 Budget Policy Statement

III. EXPENDITURES *(continued)*

GENERAL FUND *(continued)*

- ✓ Additional funding sources including ARP, will be pursued for COVID-19 assistance and presented to Council during the budget process.
Done
- ✓ Animal Shelter will continue with current goal of higher live outcome rate with continued funding from all partner agencies. *Done*
- ✓ Incorporate funding City Council Strategic Initiatives. *Done*
- ✓ Constrain capital improvement program (CIP) to keep debt rate within limits established in the City's debt model. *Done*



FY 23 Budget Policy Statement

III. EXPENDITURES (continued)

HOTEL MOTEL FUND

- ✓ Funding for special programs will be evaluated based on revenue projections. *Done – list of Signature Events created*

WATER/WASTEWATER FUND and ELECTRIC FUND

- ✓ Utility fund transfers to the General Fund budgeted at amount determined by Cost Allocation Plan. *Done*



Tax Rate Definitions

- No New Revenue Rate (NNR): tax rate that would produce the same amount of tax revenue on properties taxed in both years
- Proposed Budget Rate: tax rate used to prepare the FY 2023 Proposed Budget
- Current Rate: tax rate used in the current fiscal year
- Voter Approval Rate: maximum rate allowed by law without voter approval and is the sum of the NNR Operations rate plus 3.5%, the calculated I&S rate and any unused increment from the prior 3 years



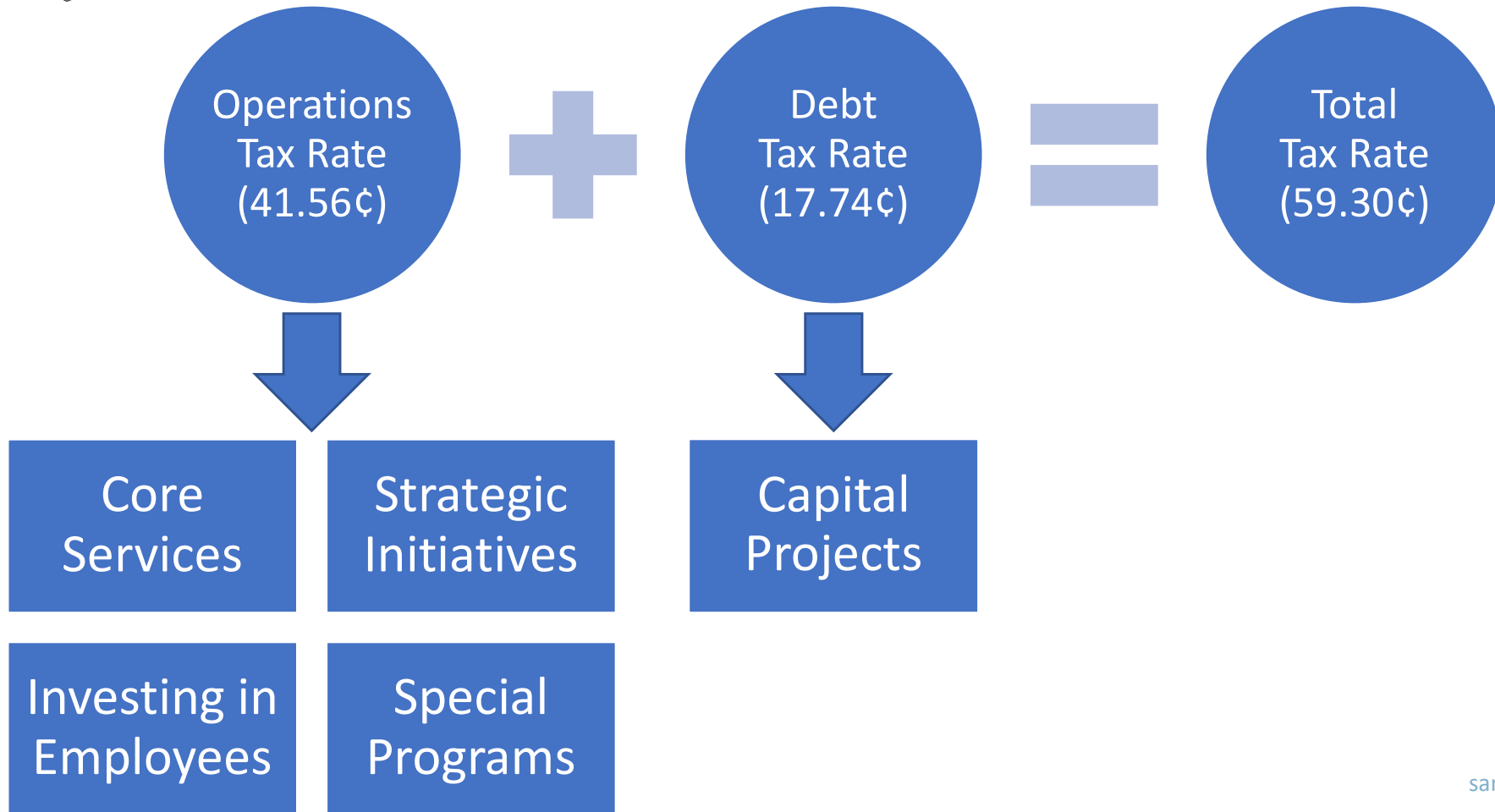
Tax Rate Alternatives

	<u>Tax Rate</u>	<u>Property Tax Revenue</u>	<u>Difference from Budgeted Rate</u>
No New Revenue Rate	54.59¢	\$ 38,424,623	\$ (3,315,259)
Proposed Budget Rate	59.30¢	\$ 41,739,882	\$ -
Current Rate	60.30¢	\$ 42,443,759	\$ 703,877
Voter Approval Rate	72.70¢	\$ 51,171,829	\$ 9,431,947

* 1¢ on the tax rate = approximately \$700K

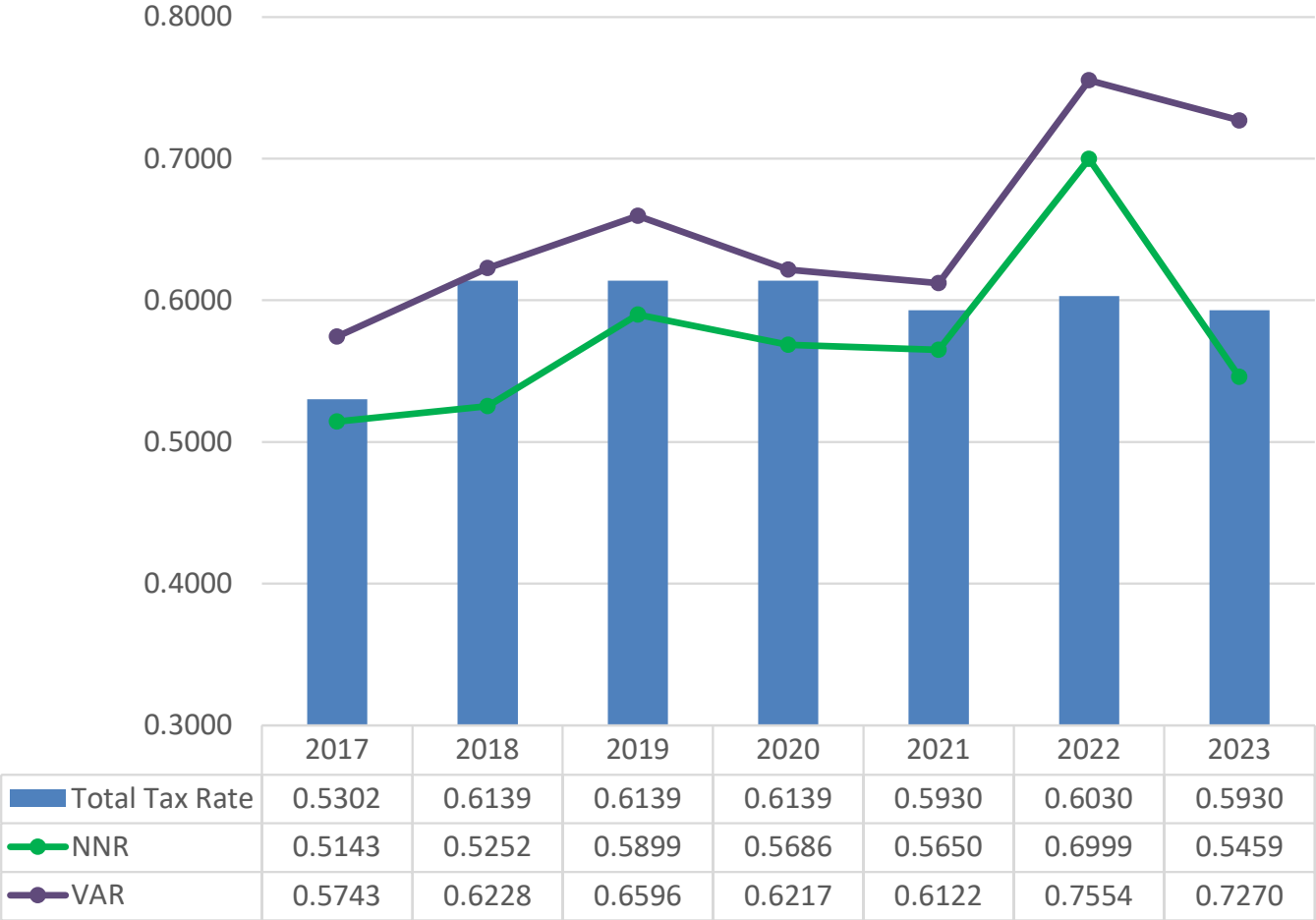


Tax Rate Components





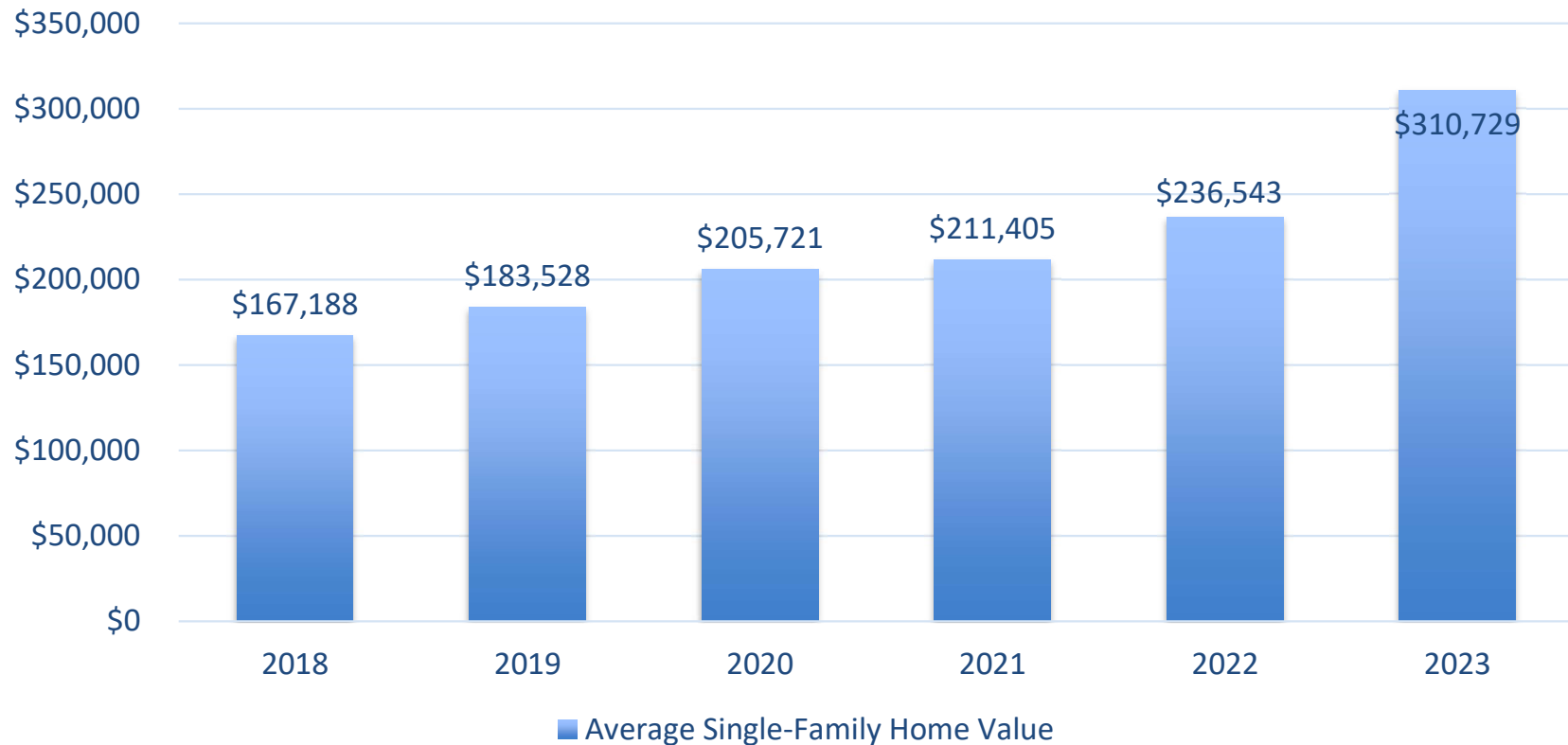
San Marcos Tax Rate





Average Assessed Home Value

Source: Hays CAD Comptrollers Audit Report for Certified Roll



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Average Taxable Homestead Value Comparison

	FY 2022	FY 2023	
	Current	Proposed	Difference
Average Home Value	\$ 236,543	\$ 260,197	\$ 23,654
Homestead Exemption	<u>-</u>	<u>(15,000)</u>	<u>(15,000)</u>
Taxable Value	\$ 236,543	\$ 245,197	\$ 8,654
Tax Rate	60.30¢	59.30¢	(1.00)¢
Annual Tax Levy*	\$ 1,426	\$ 1,454	\$ 28
Monthly Cost	\$ 118.86	\$ 121.17	\$ 2.31
Annual Savings:			
Homestead Exemption	\$ -	\$ 89	\$ 89
Tax Rate Reduction of 1¢	\$ -	\$ 25	\$ 25

*Taxable Value / 100 x Tax Rate = City Taxes Paid



How the Property Tax Rate is Divided (FY 2023)

City of San Marcos - 29¢

Hays County - 14¢



San Marcos ISD - 56¢

Special Road District - 1¢

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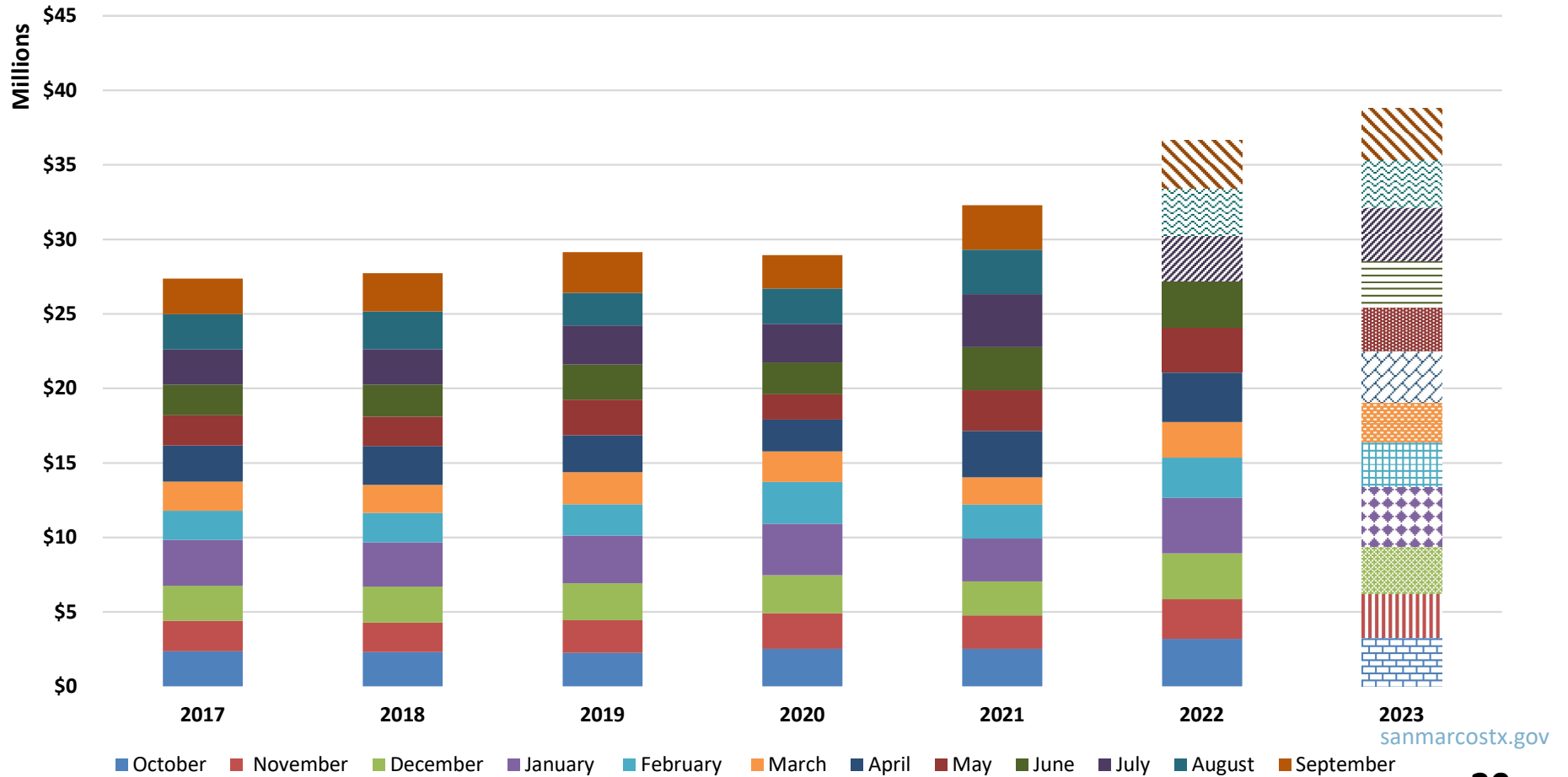
FY23 General Fund Revenue Assumptions

Revenue

- Property tax: Proposed rate = 59.30 cents per \$100 valuation
- Sales tax: 5.8% over 2022 estimated
- Franchise fees: Based on anticipated utility revenue from COSM and trend for others
- Permit fees: Adjusted for anticipated impact of cost-of-service study
- Fines: Increased activity, used a 4-year average
- Parks: Based on FY19 level of revenue
- Investments and other revenues: anticipated increase in interest rates through FY23



Sales Tax Revenues





General Fund – Revenue

(shown in millions)	FY 21 Actual	FY 22 Budget	FY 22 Estimate	FY 23 Proposed
Property Taxes (net of TIRZ)	\$ 23.3	\$ 24.6	\$ 25.3	\$ 29.3
Sales Taxes	42.5	34.7	37.3	39.4
Franchise Fees	10.1	11.1	11.0	11.2
Licenses and Permits	5.4	3.9	5.0	5.2
Fines and Penalties	0.7	1.0	0.7	0.9
Charges for Services	1.3	1.0	0.7	0.9
Interest and Other	2.5	2.1	2.2	2.1
Transfers	6.4	8.1	8.9	7.0
Total	\$ 92.3	\$ 86.5	\$ 91.1	\$ 96.0

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General Fund – Expenditures

(shown in millions)	FY 21 Actual	FY 22 Budget	FY 22 Estimate	FY 23 Proposed
Personnel Services	\$ 54.5	\$ 59.6	\$ 56.0	\$ 66.4
Contracted Services	9.0	11.2	10.4	11.9
Materials and Supplies	5.1	6.2	6.1	6.4
Other Charges	4.0	4.6	4.5	5.7
Debt Service	0.1	0.1	0.1	0.1
Economic Development	4.4	3.1	1.6	2.1
Social Services and Arts Funding	0.5	0.7	0.6	0.6
Transfers	3.2	2.3	2.1	1.9
Operating Expense	\$ 80.8	\$ 87.8	\$ 81.4	\$ 95.5
Non – Recurring Expense	3.4	6.3	7.2	11.6
Total	\$ 84.2	\$ 94.1	\$ 88.6	\$ 107.1

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General Fund – Fund Balance

(shown in millions)	FY 21 Actual	FY 22 Budget	FY 22 Estimate	FY 23 Proposed
Total Revenues	\$ 92.3	\$ 86.5	\$ 91.1	\$ 96.0
Total Expenditures	84.2	94.1	88.6	107.1
Net Change in Fund Balance	\$ 8.1	(\$ 7.6)	\$ 2.5	(\$11.1)
Beginning Fund Balance	\$ 25.4	\$ 33.4	\$ 33.4	\$ 35.9
Ending Fund Balance	\$ 33.4	\$ 25.8	\$ 35.9	\$ 24.8
<i>As a % of Operating Expense</i>	41.3%	29.3%	44.0%	25.9%



FY22 General Fund Budget Variances

- *Positive* variance of \$10.1 million
 - Estimated revenue variances include:
 - Sales tax by \$2.6 million (7.5%)
 - Licenses and permits by \$1.1 million (28.2%)
 - Transfers by \$800k – related to the dissolution of TIRZ #2
 - Estimated expenditure variances include:
 - Personnel costs by **\$3.6 million** [*vacancy savings*]
 - Economic Development by \$1.5 million



FY23 General Fund Expenditure Cost Drivers

Recurring Costs:

- Increases in personnel costs = \$6.5M
 - 5% salary and compression adjustments = \$2M
 - Nine new positions added midyear '22 = \$500K
 - Mid-year adjustments in '22 = \$300K
 - Civil Service 2% salary adjustment = \$800K
 - Funding twenty-six new positions in FY23 = \$2.2M
 - 1.1% increase on TMRS rate = \$100K
 - Compensation adjustments for hard-to-fill positions = \$350K
 - Adjustments for temporary labor costs due to vacancies = \$300K



FY23 General Fund Expenditure Cost Drivers

Recurring Costs:

- Restore level of support of transit operations = \$200K
- Inflationary increases
 - Vehicle Fuel and repairs
 - Software contracts
 - Professional services and contracted
 - Property and liability insurance



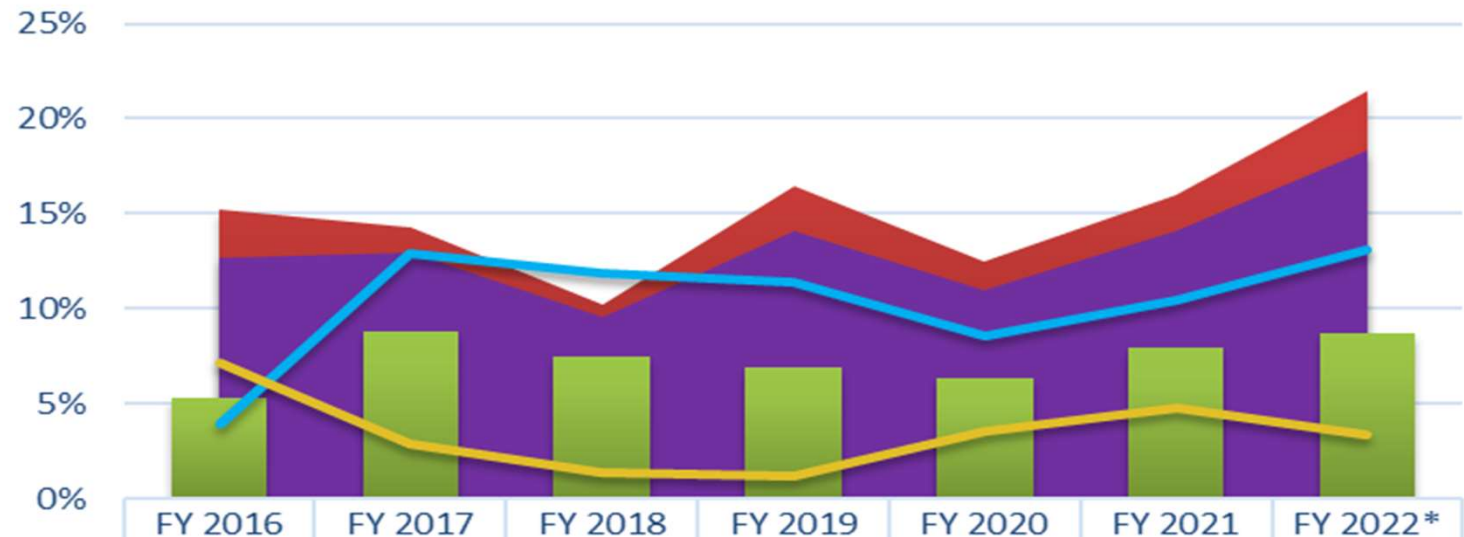
FY23 General Fund Expenditure Cost Drivers

Non-Recurring Costs:

- Strategic Initiatives
 - Economic Development - \$212.5K
 - Other - \$150K
- Capital Outlay: \$2.9M funded with use of fund balance
- Reinvest a portion of FY 22 vacancy savings in city staff by funding one-time retention payments - \$1.6M
 - City staff have persevered through unprecedented vacancy levels
 - Budget includes a one-time flat retention payment of \$2,500

City of San Marcos Vacancy

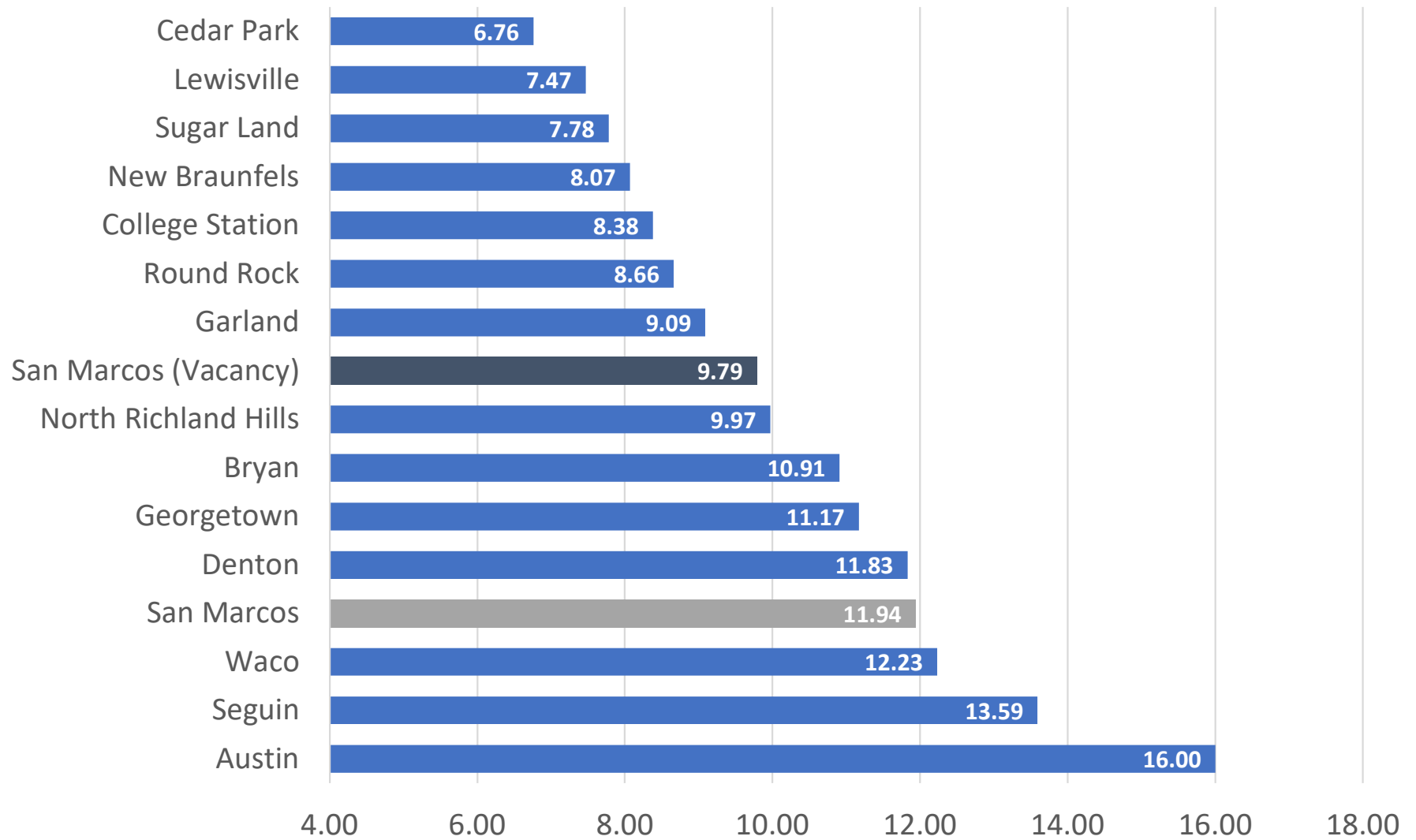
July 2022



	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022*
Non-Civil Service	15%	14%	10%	16%	13%	16%	21%
City-wide	13%	13%	10%	14%	11%	14%	18%
Civil Service	5%	9%	8%	7%	6%	8%	9%
Police	4%	13%	12%	11%	9%	10%	13%
Fire	7%	3%	1%	1%	4%	5%	3%

- August 21 – July 22 – rolling 12 months

Citywide FTEs per 1,000 Population





FY 2023 Regional City Compensation

City	Non-Civil Service	Police	Fire	One-time Payment
Buda	7% COLA	7% COLA, plus steps	No Fire Department	\$1,500
Cedar Park	2%-5% COLA, plus 3% merit	4% COLA, plus steps	4% COLA, plus steps	\$1,500
Georgetown	3% COLA, plus 4%-6% merit	No response	No response	None
Kyle	8.5% COLA	5% COLA, plus steps	No Fire Department	None
New Braunfels	5% COLA	5% COLA, plus steps	5% COLA, plus steps	None
Pflugerville	5% COLA, plus 3% merit	Varies by rank	No Fire Department	None
Round Rock	3%-5% COLA, merit undetermined	3% COLA, plus steps	3% COLA, plus steps	\$1,000
Seguin	5% COLA, plus 2.5% merit	5% COLA, plus 2.5% merit	5% COLA, plus 2.5% merit	None



FY23 General Fund Personnel Additions

Public Safety:

- Fire Engineer/Inspector-Investigator (2)
- Public Safety Liaisons (3)
- Sr. Administrative Assistant - Fire
- Sr. Administrative Assistant – City Marshal

Engineering:

- Project Engineer

Development Services:

- Sr. Planning Mapping Analyst
- Permit Manager
- Chief Planner

Support Services:

- GIS Analyst - Public Safety
- IT Specialist – PD
- Contracts Coordinator/Specialist
- Administrative Coordinator – HR

Library:

- Library Clerk

Animal Shelter:

- Animal Adoption Specialists (2)

Parks:

- Natural Area Maintenance Worker



FY23 General Fund Personnel Additions

Grant Funded:

- Network Specialist – (ARP funding authorized in FY22)

Limited Fiscal Impact:

- Assistant Director of Public Works
- Traffic Signal Supervisor
- Multimodal Parking Initiatives Manager
- Facility Journeyman Electrician
- Fleet Service Technician
- Grant Specialist

Restructuring:

- An FTE will be moving from Communications to Animal Services
 - Based on needs identified during the Team Shelter USA feasibility study
 - Facilitation and execution of adoption events
 - Community Outreach and Social media correspondence



Council Strategic Initiative: Community Safety

Considerations for developing a multi-year plan for addressing sworn staffing in our Fire, Police and City Marshal departments



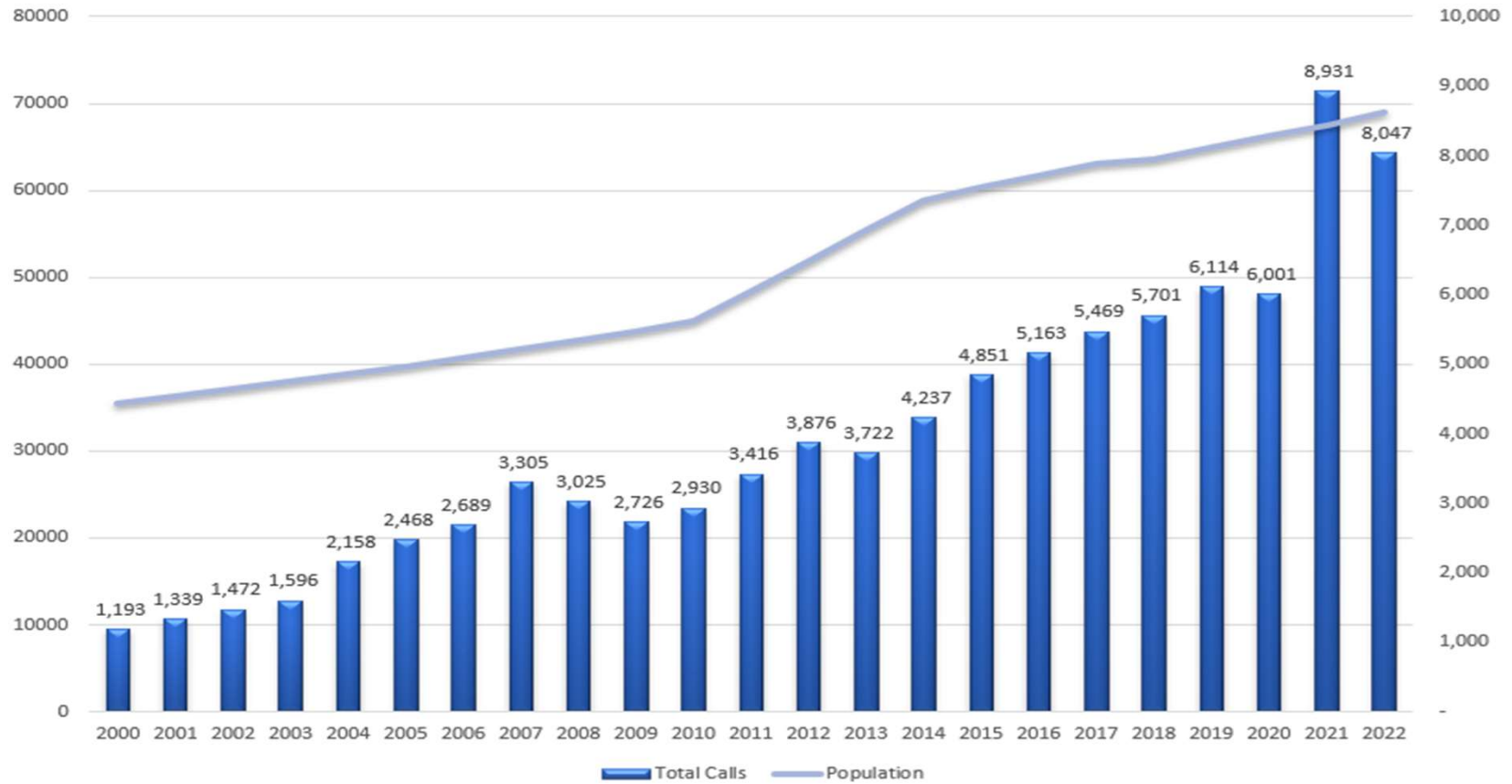
Fire Department

- Standards of Cover and Community Risk Assessment
 - Completed and presented to Council in 2020
 - Effective Fire Department response force requires daily operations staffing of 27 personnel
 - Current staffing is 20 on-duty personnel among all stations
 - Factor of 1.3 applied to minimum staffing to allow for personnel on leave, training, etc.
 - $20 \times 1.3 = 26$ current daily staffing level
 - $27 \times 1.3 = 35$ current daily staffing level
 - $9 \text{ new personnel} \times 3 \text{ shifts} = 27 \text{ new positions}$



SMFD - Annual Call Volume: 2000 - 2022

(2022* - Based on estimates through 8/10/22)



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Police Department

- Staffing study completed and shared with Council in 2022
 - Notable findings: 52% violent crime increase in the last five years
 - Average response time to Priority 1 calls is 8 ½ minutes; most cities average 5 minutes
 - Average time of receipt from call to dispatch was 2:30, as dispatchers struggle to find available officers. Most cities dispatch within 1 minute
 - For every 650 new citizen-generated calls, an additional police officer should be considered for future FYs



Police Department

- Recommendations
 - Continue transition to Intelligence-led Policing
 - Add 10 new sworn positions
 - Current sworn staffing is 112; 122 is needed for effective service delivery; any decision to hire a new police officer will take 20 months to materialize



Incremental Approach

- For both Fire and Police, consider authorizing full recommended headcount in FY23 without funding (budget the positions as vacant)
- Implement incremental new positions in the coming years with a goal of adding 2 to 3 new positions per year in each department until all approved positions are funded
- First review of potential funding availability mid-year FY23



City Marshals

- Responsibilities:
 - Primary emergency responders to both medical and law enforcement calls in all City Parks;
 - Bailiff support for Municipal Court;
 - Peace Officer licensing oversight for Fire Marshals.
- No current staffing study; plan is underway to transition from a mostly part-time model to a mostly full-time employee model.
 - FY21: 3 full-time deputies, 2 supervisors, multiple part-time/seasonal employees
 - FY22: 7 full-time deputies, 2 supervisors, minimal part-time employees for peak demand seasons



Summary

- Authorize the full number of positions identified in the study in both Police and Fire
- Budget the positions as vacant initially in FY23
 - No impact on positions already recommended for FY23
- Goal to fund 2 to 3 new positions in each department per year
 - First review of capacity mid-year FY23



FY23 Outside Agency Requests for Funding

CASA of Central Texas

- Existing Agreement to fund facility construction – Training and Support Center
 - \$45,326.60 annually for 10 years
 - Have made 4 of 10 payments through FY22
- Request:
 - Accelerate remaining payments of \$271,959.60
 - Additional one-time payment of \$72,360 to pay off facility construction loan in full
- *Council Direction Requested*



FY23 Outside Agency Requests for Funding

Splash Coworking (through GSMP)

- Small Business Development Program
 - Initiate education events for small business
 - Develop a Business Success Roadmap
 - Create a recruitment and talent management database
 - Identify grant funding opportunities
- Request:
 - Fund \$250K for an 18-month period
- *Council Direction Requested*



FY23 Outside Agency Requests for Funding

San Marcos Art Center

- Serves as home base for Art League programs (ex. Art Squared Market) and exhibitions (ex. Bill Hudson collaboration).
- Location in downtown provides support to Downtown Vitality Strategic Initiative
- Request:
 - \$25,000 General Funding to maintain downtown location
- *Council Direction Requested*



Future City Hall

City Manager goal to “Explore new City Hall opportunities.”

- Funding needed for preliminary work
- Future Council discussion on design parameters
- Request:
 - Use excess fund balance to establish “savings” account to move project forward.
- *Council Direction Requested*



Hotel Occupancy Tax Fund

	FY 21 Actual	FY 22 Budget	FY 22 Estimate	FY 23 Proposed
Hotel Occupancy Tax	3,512,769	3,370,180	4,191,550	4,210,700
Other Revenue	172,465	177,850	173,850	158,718
Total Revenue	\$ 3,685,234	\$ 3,548,030	\$ 4,365,400	\$ 4,369,418
Convention and Visitors Bureau	1,485,497	1,680,119	1,620,978	2,016,512
Main Street Program	401,897	467,497	438,453	538,364
Marketing and Arts programs	220,240	430,000	436,928	530,000
Special Events and Eco Tourism	11,388	19,500	19,500	211,000
Facility Maintenance	79,600	10,000	10,000	10,000
Transfer of Venue Tax	499,202	748,930	931,450	935,700
One-Time Nonrecurring expense	0	0	0	726,250
Total Expense	\$ 2,697,824	\$ 3,356,046	\$ 3,457,309	\$ 4,941,576
Change in Fund Balance	\$ 987,410	\$ 191,984	\$ 908,091	(\$ 572,158)

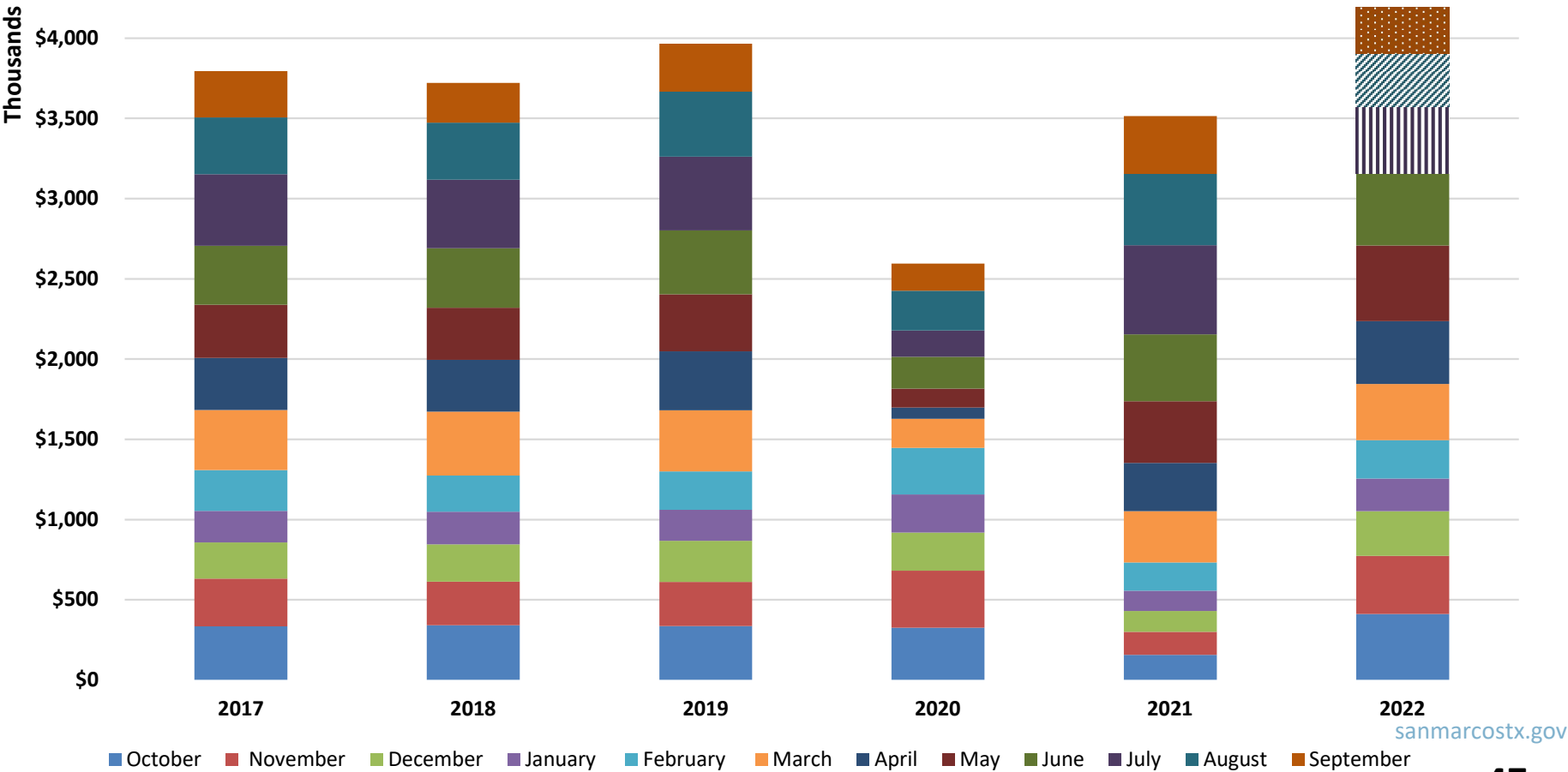


Hotel Occupancy Tax— Fund Balance

	FY 21 Actual	FY 22 Budget	FY 22 Estimate	FY 23 Proposed
Total Revenues	\$ 3,685,234	\$ 3,548,030	\$ 4,365,400	\$ 4,369,418
Total Expenditures	\$ 2,697,824	\$ 3,356,046	\$ 3,457,309	\$ 4,241,576
Net Change in Fund Balance	\$ 987,410	\$ 191,984	\$ 908,091	\$ 127,842
Beginning Fund Balance	882,831	1,348,980	1,348,980	2,257,071
Reserved – PY Arts Allocations	(521,261)			
Ending Fund Balance	1,348,980	1,540,964	2,257,071	1,684,913
As a % of Operating Expense	61.4%	59.1%	89.4%	51.4%



Hotel Occupancy Fund Revenues





Signature Events - New

- Holistic review of requests for event funding considering Hotel Occupancy (HOT) and General Funds
- Identified annual events with the following criteria:
 - Strongly identified with San Marcos
 - Held successfully for three consecutive years*
 - Minimum attendance of 5,000 people or more
 - Respectful of the environment / collaborating with Resource Recovery
 - Accessible and inclusive event
- Developed criteria for funding source:
 - Event attendance greater than 50% from outside of San Marcos qualify for 100% Hotel Tax funding
 - Less than 50% outside attendance funding is split equally between General and HOT



Signature Events - New

- Developed criteria for funding amount:
 - 30% of eligible expenses or
 - \$100K max for reimbursement funding
- Maintaining FY21 General Fund amount of \$127,000 allowed:
 - Additional \$10k for annual City fireworks display
 - Additional \$55k for competitive community arts event funding through Arts Commission

Signature Event	Total Qualifying Budget	30%	General Fund	HOT
Sacred Springs PowWow	108,863.00	32,658.90		32,658.90
Summer in the Park	93,265.00	27,979.50	-	27,979.50
Sights and Sounds	584,700.00	175,410.00	50,000.00	50,000.00
Go Wheels Up	405,000.00	121,500.00	-	100,000.00
Mermaid Promenade & Faire	-	0	12,500.00	12,500.00

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Enterprise Funds

Electric Fund

Water/Wastewater Fund

Stormwater Fund

Transit Fund

Resource Recovery Fund

Airport



Electric Fund

- Citizen's Utility Advisory Board
 - Staff presented a "No rate increase" option, with reasonable future increases needed
 - No rate increase is recommended by CUAB
- Expenditures increased 2.5% from FY22 Revised
- 5% salary adjustment included
- New Personnel
 - Utility Billing Office - Customer Service Clerk - \$60k
- Debt Service increase related to the Public Services Center
- Capital Outlay Additions: \$1.1M
 - Supply chain delays have created significant lead times and FY23 capital funding reflects funds for initial financing payments for replacements in FY23 and subsequent years.



Electric Fund— Fund Balance

<i>(shown in millions)</i>	FY 21 Actual	FY 22 Budget	FY 22 Estimate	FY 23 Proposed
Total Revenues	\$ 57.3	\$ 63.7	\$ 62.2	\$ 65.1
Operating Expenditures	52.7	63.0	61.0	64.6
One-Time Expenditures	2.0	2.3	\$ 2.3	2.2
Net Change in Fund Balance	\$ 2.6	(\$ 1.6)	(\$ 1.1)	(\$ 1.7)
Beginning Fund Balance	\$ 12.2	\$14.0	\$ 14.0	\$ 12.9
Reserved – Revenue Stabilization	(0.8)			
Ending Fund Balance	\$ 14.0	\$ 12.4	\$ 12.9	\$ 11.2
Days of Operating Expense	104.0	76.7	82.6	67.7

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Water/Wastewater Fund

- Citizen's Utility Advisory Board
 - Staff presented a "No rate increase" option, with reasonable future increases needed
 - No rate increase is recommended by CUAB
- Expenditure increase of 10.1% from FY22 Revised
- 5% salary adjustment included
- New Personnel (13) - \$600k
 - * Lab Supervisor & Technicians (3) * Water Construction Crew (4)
 - * Wastewater CCTV Crew (3) * Field Maintenance Crew (3)
- Debt Service increase
- Capital Outlay Additions: \$1.6M
 - Equipment for Water Construction Crew
 - CCTV Equipment



Water Wastewater Fund— Fund Balance

<i>(shown in millions)</i>	FY 21 Actual	FY 22 Budget	FY 22 Estimate	FY 23 Proposed
Total Revenues	\$ 49.1	\$ 54.3	\$ 55.8	\$ 57.8
Operating Expenditures	41.9	51.3	50.9	56.5
One-Time Expenditures	3.8	5.7	4.7	1.8
Net Change in Fund Balance	\$ 3.4	(\$ 2.7)	\$ 0.2	(\$ 0.5)
Beginning Fund Balance	\$ 15.3	\$15.1	\$ 14.0	\$ 15.3
Reserved – Revenue Stabilization	(3.6)			
Ending Fund Balance	\$ 15.1	\$ 12.4	\$ 15.3	\$ 14.8
As a % of Operating Expense	36.0%	24.2%	30.1%	26.3%



Stormwater Fund

- Recommended rate increase for FY23: 6.5%
 - Majority of customers will see an increase of 89¢ monthly
 - CIP remains constrained at \$6M annually
- Overall increase from FY22 Revised = 10.1%
- 5% salary adjustment included
- New Personnel (4) - \$275K
 - Water Quality crew
- Increased debt service and indirect cost
- Capital Outlay Additions: \$100K



Stormwater Fund— Fund Balance

	FY 21 Actual	FY 22 Budget	FY 22 Estimate	FY 23 Proposed
Total Revenues	6,861,991	7,999,400	7,978,000	8,873,960
Total Expenditures	7,085,975	7,913,292	7,696,507	8,789,337
Net Change in Fund Balance	(223,984)	86,108	281,493	84,623
Beginning Fund Balance	1,626,069	1,402,085	1,402,085	1,683,578
Ending Fund Balance	1,402,085	1,488,193	1,683,578	1,768,201
As a % of Operating Expense	19.8%	19.0%	22.1%	20.4%



Transit Fund

- Increase in General Fund funding of approximately \$200k
- CARES/ARP grants continue to minimize General Fund impact
- Operating Expense Driver
 - CARTS contract = 8% increase
- Capital Outlay Additions: \$423k
 - 100% Grant funded
- Future Council actions on coordinated system:
 - Texas State ILA for coordinated system – Fall 2022
 - Subrecipient project agreements – Winter 2022/23
 - Joint bidding & award of operation contract – 2023/2024



Transit Fund— Fund Balance

	FY 21 Actual	FY 22 Budget	FY 22 Estimate	FY 23 Proposed
Total Revenues	2,170,087	2,619,667	2,193,452	3,159,168
Total Expenditures	2,271,540	3,000,874	2,094,314	3,164,168
Net Change in Fund Balance	(101,452)	(381,207)	99,138	(5,000)
Beginning Fund Balance	204,906	103,453	103,453	202,592
Ending Fund Balance	103,453	(277,754)	202,592	197,592
<i>As a % of Operating Expense</i>				7.21%



Resource Recovery Fund

- Revenue Additions: \$1M
 - Rate increase of approx. 3% passed through from contractor and proposed surcharge for FY23 of \$1.00 per account passed through from contractor - \$1.89 monthly increase
 - Increase in customer counts
- Expenditures increased 17.8% from FY22 Revised
- Funding set aside for results of market compensation study
- Personnel Additions \$225k
 - Resource Recovery Program Coordinator
 - Resource Recovery Specialist
 - Digital Design Specialist
- Operating Expense Drivers
 - Increase in garbage contract due to rate and # of customers
- Capital Outlay Additions: \$195K



Resource Recovery – Fund Balance

	FY 21 Actual	FY 22 Budget	FY 22 Estimate	FY 23 Proposed
Total Revenues	5,466,680	6,014,000	6,066,622	7,086,735
Total Expenditures	5,378,045	5,974,227	5,815,677	7,231,841
Net Change in Fund Balance	88,634	39,773	250,945	(145,106)
Beginning Fund Balance	1,993,655	2,082,289	2,082,289	2,333,234
Ending Fund Balance	2,082,289	2,122,062	2,333,234	2,188,129
<i>As a % of Operating Expense</i>	38.7%	35.5%	40.1%	31.1%



Airport Fund

- Reflects conservative 7% increase in revenue
- Positive Fund Balance
- No General Fund transfer necessary
 - Updated indirect cost formula
- \$20,000 capital outlay for UTV



Airport – Fund Balance

	FY 21 Actual	FY 22 Budget	FY 22 Estimate	FY 23 Proposed
Total Revenues	643,596	760,020	731,214	767,013
Total Expenditures	622,402	797,880	709,681	765,811
Net Change in Fund Balance	21,194	(37,860)	21,533	1,202
Beginning Fund Balance	(23,244)	(2,050)	(2,050)	19,483
Ending Fund Balance	(2,050)	(39,910)	19,483	20,685
<i>As a % of Operating Expense</i>	-0.3%	-5.0%	2.7%	2.8%



Council Direction Requested

Staffing

- 5% Salary adjustment Oct 1 to remain competitive with surrounding cities
- One-Time Retention Incentive payments

General Fund

- Tax Rate
- Transfer for future CIP projects / City Hall
- Outside Requests
 - CASA
 - GSMP - Splash Co Working
 - Art Center
- Personnel additions



Council Direction Requested

Hotel Occupancy Tax Fund

- Signature Event funding

Electric Fund

- Personnel additions

Water Wastewater Fund

- Personnel additions

Stormwater Fund

- 6.5% rate increase
- Personnel additions

Resource Recovery Fund

- 3% rate increase + \$1 surcharge (passed through)
- Personnel additions

Next Steps

August 18

- Budget Workshop
- Set date of public hearing

September 6

- Hold public hearing *
- First Reading budget and tax rate *

September 20

- Hold public hearing *
- Adopt budget and tax rate *

* Council meeting dates



CAPITAL IMPROVEMENT PROJECTS



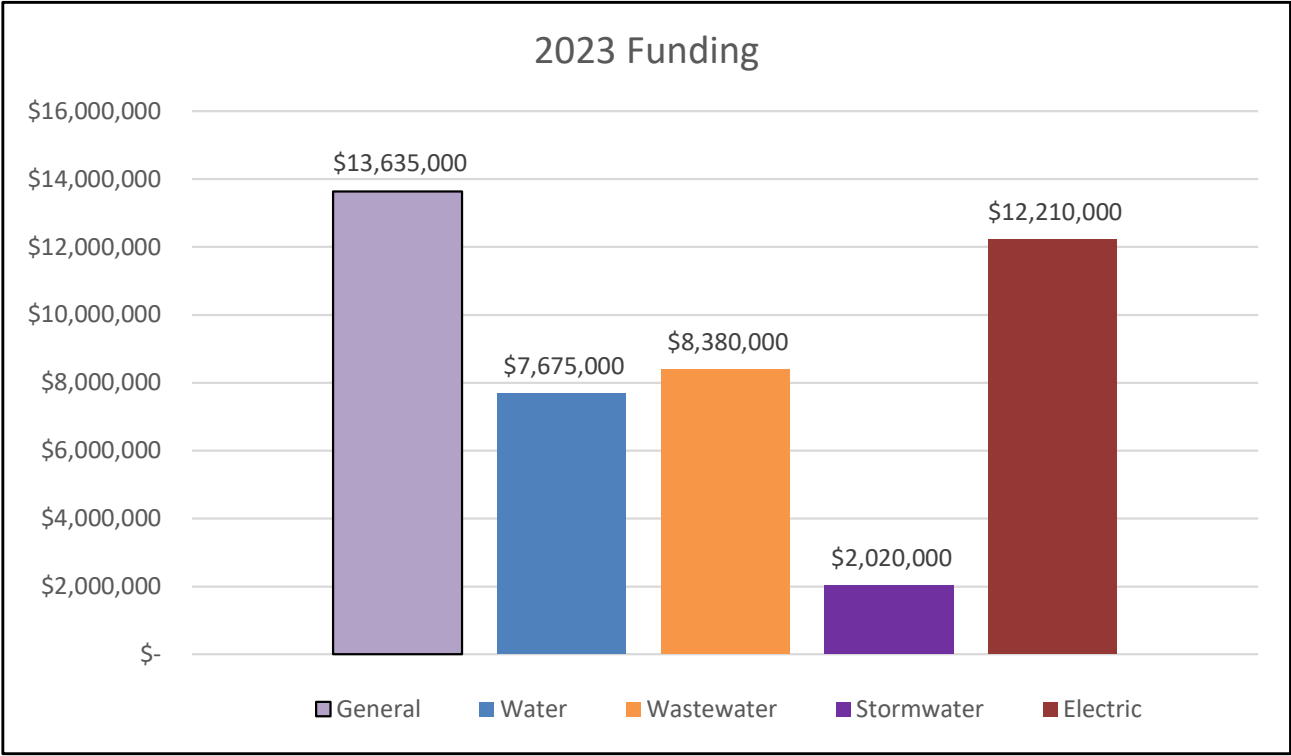
FY23 CIP Changes since May 17th presentation

- **General Fund**
 - Added #543 Fire Training Facility Ph 1 - \$1.5M
- **10 Year CIP – Binder was updated in June**
 - PDF is located on the Engineering & CIP webpage
 - Hardcopy is available at the COSM Engineering & CIP Department



FY 23 Recommended CIP Totals

General	\$	13,635,000
Water	\$	7,675,000
Wastewater	\$	8,380,000
Stormwater	\$	2,020,000
Electric	\$	12,210,000
Total	\$	43,920,000





Moving Forward with CIP

- **Analyze CIP funds to reduce future debt issuance**
- **Pursue Alternative Funding**
- **Potential future bond election for General and Stormwater Funds**
 - Projects will continue to be delayed without a Bond Election, due to funding constraints
 - Staff needs 2 years to implement a Bond Election
 - General Fund ~ Typically \$10M
 - Proposed FY 24 = \$27M
 - Proposed FY 25 = \$17M
 - Stormwater Fund ~ Typically \$6M
 - Proposed FY 24 = \$12M
 - Proposed FY 25 = \$25M



Stephanie Reyes

Interim City Manager

Joe Pantalione

Assistant City Manager

Laurie Moyer

Interim Assistant City Manager

Chase Stapp

Director of Public Safety

Jonathan Locke

Director of Finance

Anna Miranda

Assistant Director of Finance

Thank You!