



Meeting Minutes
City Council

Thursday, August 2, 2018

4:15 PM

Large City Hall Conference Room

630 E. Hopkins - Council Budget Workshop

I. Call To Order

With a quorum present, the budget workshop meeting of the San Marcos City Council was called to order by Mayor Thomaides at 4:15 p.m. Thursday, August 2, 2018 in the City Hall Conference Room, 630 E. Hopkins, San Marcos, Texas 78666.

II. Roll Call

Council Member Gonzales arrived just after roll call.

1. Consider approval, by motion, of a proposal to set the 2018 tax rate at a maximum 61.39 cents per \$100 valuation, which is higher than the effective tax rate.

A motion was made by Deputy Mayor Pro Tem Gregson, seconded by Council Member Derrick, to approve the setting of the 2018 tax rate at a maximum 61.39 cents per \$100 valuation, which is higher than the effective tax rate. The motion carried by the following vote:

For: 7 - Mayor Pro Tem Prewitt, Council Member Gonzales, Deputy Mayor Pro Tem Gregson, Council Member Derrick, Council Member Hughson, Mayor Thomaides and Council Member Mihalkanin

Against: 0

2. Receive a Staff presentation and hold discussion regarding the preliminary Fiscal Year 2018-2019 Budget, and provide direction to Staff.

Bert Lumbreras, City Manager, provided the Council with open statements. Within his statements, he asked Council to consider adding in this year, two more code enforcement officers to be paid out of General Fund created out of moving some already existing expenses to the proposed .50 increase in the Community Enhancement Fund. In addition to that proposal, he proposed to Council to strongly consider an additional recommendation to add two more Fire Inspection staff in the Fire Marshall's office. Mr. Lumbreras stated that this would be funded from the bond projects tax rate that Council has already adopted and would not be any additional increase. He recommended that Council use in particular the operating cost portion, which is about \$1 million

dollars, to fund the originally recommended 8 firefighters to help address significant call loads, longer response times, growth, increased demands with daytime population and other factors.

Heather Hurlbert, Director of Finance, provided the Council with the budget workshop presentation. She began with reviewing the General Fund and provided a property tax update. She provided that the tax rolls were certified on July 25, 2018 and that the Certified tax roll came in lower than the preliminary tax roll due to a Freeport exemption filed after the preliminary reports were issued in April. The total preliminary appraised value was \$5.094B and the total certified appraised value is \$5.062B. As a result, no additional capacity was created in the General Fund. One cent on the tax rate generates \$506,200 in General Fund revenue.

Mrs. Hurlbert provided an overview of the Community Enhancement Fee (CEF) and a brief history. Since this fee, being established in FY16 over \$1.1 million has been generated by the CEF to fund ongoing and one-time activities. She reviewed the ongoing and one-time activities since FY16 and in FY19 at the current rate. Mrs. Hurlbert reviewed the areas of responsibility and Oversight for Public and Private Property. Mrs. Hurlbert reviewed the new Code Enforcement model of being proactive vs. reactive. She provided that staff would continue to assess staffing needs to adequately provide the needed services and properly administer existing and new programs. Mrs. Hurlbert provided additional information on the CEF and reviewed the proposed expenses shifted to the CEF. \$162,750 in qualifying expenses there were paid from other sources in the General Fund would now be paid by the CEF. Those expenses are: Trash pickup and mowing of right of ways, City owned lots, athletic fields park land at \$83,550; Maintenance of McCarty and Wonder World right of ways and gateways at \$41,800; Keep San Marcos Beautiful at \$20,000; and Community Enhancement Technicians at \$17,400. Mrs. Hurlbert explained how this would free up the capacity in the General Fund to fund two code enforcement officers at \$140,000, increase Community Enhancement Technicians from 15 hours/week to 25 hours/week to provide community assistance at \$17,500, and supplies and education and outreach materials at \$5,250 for a total of \$162,750.

*Code Enforcement is now titled Code Compliance within the organization. References to Code Compliance moving forward in the minutes is the same as Code Enforcement referenced above.

Discussion was held and concerns expressed about defining what the CEF

funds could be used for. Discussion was held regarding creating a Code Compliance Fee to clearly show Code Compliance Staff being funded with the fee. Council provided consensus to have Staff bring back the Clean Community Fee Ordinance so that Code Compliance could be added as an allowable expense for transparency. Council provided consensus to move forward with the funding allocations as Staff has proposed.

Mrs. Hurlbert reviewed the Fire Staffing request that Mr. Lumbreras referenced in his opening remarks. She provided that Bond program was structured to include debt service for the infrastructure, staffing expense, and operational expenses for the projects. Mrs. Hurlbert provided that the operational capacity created by tax rate increase for FY19 is \$1,000,000. She provided the Staff recommendation of adding additional Fire personnel: Rescue squad of 8 Fire Fighters and 2 Fire Inspectors. She explained that the addition of the rescue squad would allow for an increase from 5 to 6 total units available to respond to calls during all shifts, and that the addition of the fire inspectors would allow for more frequent inspections of multifamily and hotel establishments. The total amount for staffing would be \$957,500.

Discussion was held regarding Fire Fighters being cross trained as Fire Inspectors. Discussion was held regarding the hiring of the 8 Fire Fighters being part of the 12 that would be hired for the new Station and how they are being paid for. Council provided consensus to move forward with the Fire Staffing as requested.

Mrs. Hurlbert reviewed the request for temporary Office Space-Lease vs. buying. She provided that the Office space is 2,016 square foot with ADA bathroom and 4 offices built out. It should provide workspaces for up to 20 employees. Office space-new building which includes all building set up, technology, and furnishing costs: Lease-48 month term- \$162,000 or Purchase-\$228,000. She stated that Staff recommends leasing at this time. Council provided consensus to purchase a portable building to be used for office space.

Mr. Lumbreras informed the Council that Staff is not asking for the additional \$137,000 to expand the parking lot at this time.

The Council recessed for dinner for 30 minutes.

Mrs. Hurlbert reviewed the Hotel Motel Tax (HOT) Fund revenue and informed the Council that due to the current trends that HOT program

expenses will need to be reduced from FY18 levels. Discussion was held regarding a possible reduction in Tanger Marketing Program. Following discussion Council provided consensus to continue to fund the Tanger Marketing Program and asked that all options are known to the City related to program. Council provided direction to move forward with the 15.5% reduction across all current programs.

Mrs. Hurlbert reviewed the Airport requests and recommended moving forward with the budget as is. The City Owned Facility Repair and Maintenance is funded in the CIP and the Airport Marketing is funding in the FY budget.

Mrs. Hurlbert reviewed the Public, Education and Governmental Access (PEG) Fund recommendations. Vehicle for Communication Department-\$13K, Upgrade cameras and sound for council chambers and conference room-\$80K, and the possible reconfiguration of council chambers to move ACM desk-\$5.5K. Council provided consensus to move forward with the proposed recommendations.

Laurie Moyer, Director of Engineering and Capital Improvements, provided the review of the 10 year CIP.

She provided the 2019 Project Funding:

General Bonds Issued* - \$11,350,000

General w/o Bonds - \$8,033,000

Water - \$8,929,000

Water ARWA - \$24,000,000

Wastewater - \$7,367,000

Stormwater - \$9,183,800

Electric - \$10,394,179

Total FY19 Projects - \$82,136,979

Bonds Approved & Issued - \$11,350,000

Anticipated Debt Issuance - \$70,786,979

Mrs. Moyer then reviewed FY19 construction projects, design projects, and the one-time or study projects. No direction was provided.

Mrs. Hurlbert reviewed the budget timeline and concluded her presentation.

III. Adjournment.

Mayor Thomaides adjourned the San Marcos City Council budget workshop at 7:19 p.m.

Jamie Lee Case, TRMC, City Clerk

John Thomaides, Mayor