



FY 2016-2017

BUDGET WORKSHOP

JULY 20 AND 21, 2016

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# FY 2017 Budget

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We will work with City Council to develop a fiscally responsible budget that supports the vision and goals of the City Council and the City's Comprehensive Master Plan.



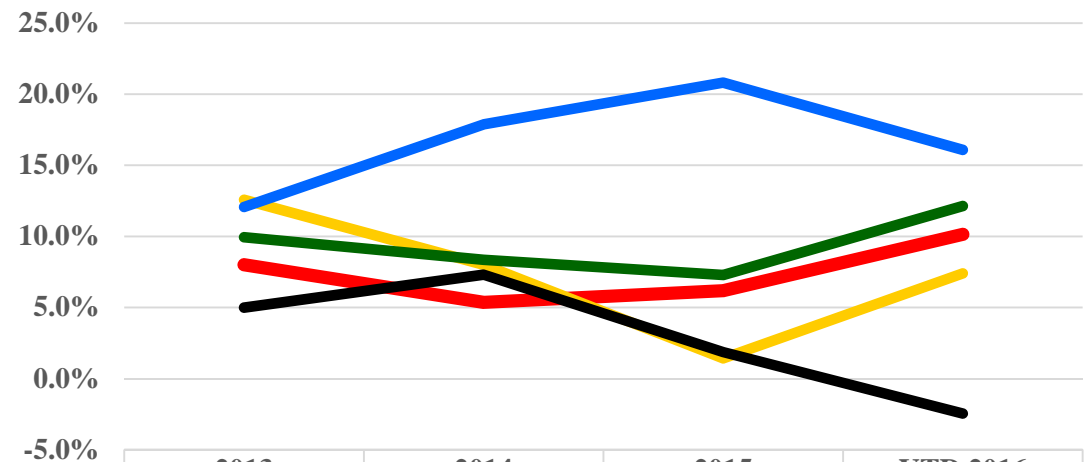
# General Fund

# Sales Tax

## □ Sales Tax

- Strong performance across the region
- San Marcos Trending with other Peer Cities
- Average 7.1% increase year over year for the last 5 years

Year over Year percentage increase  
based on calendar year



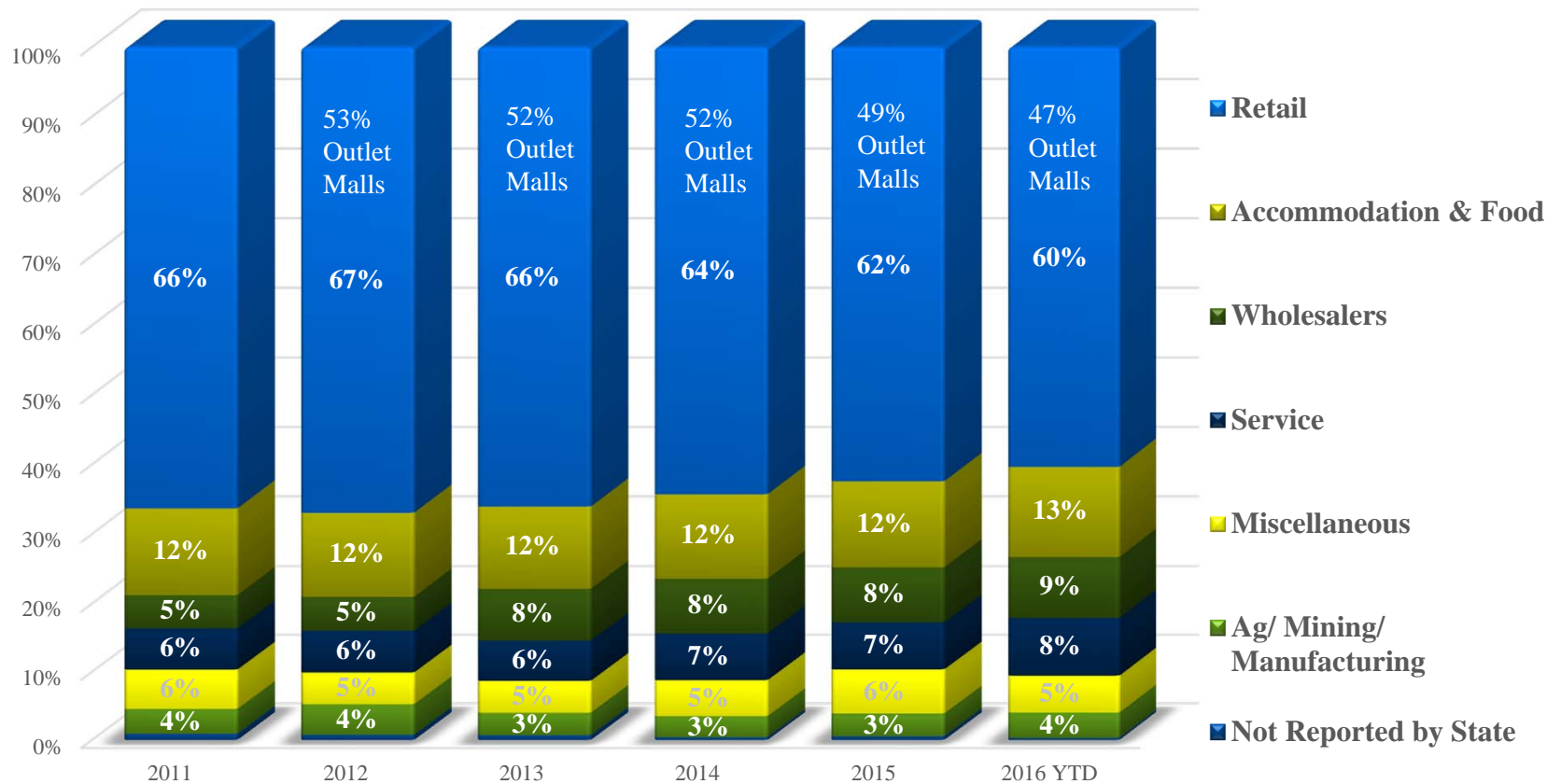
### Collections

	<u>2015</u>	<u>2016 YTD</u>
San Marcos	\$26.1M	\$14.1M
New Braunfels	\$27.3M	\$13.7M
Hays County	\$15.4M	\$ 8.4M
Kyle	\$ 5.9M	\$ 3.3M

	2013	2014	2015	YTD 2016
San Marcos	8.0%	5.4%	6.2%	10.1%
New Braunfels	12.6%	8.0%	1.4%	7.4%
Hays County	9.9%	8.4%	7.3%	12.1%
Kyle	12.1%	17.9%	20.8%	16.1%
State of Texas	5.0%	7.3%	1.9%	-2.5%

# Sales Tax

## Collections by Category



# Sales Tax

## □ Outlet Malls

Calendar Year	QTR	Total Sales Tax	Change from prior year
2013	1	2,027,194	19.37%
2013	2	1,902,163	*-4.18%
2013	3	2,251,054	3.02%
2013	4	2,926,184	6.34%
2014	1	1,799,673	*-11.22%
2014	2	2,086,848	9.71%
2014	3	2,383,836	5.90%
2014	4	3,012,591	2.95%
2015	1	1,912,078	6.25%
2015	2	1,972,674	*-5.47%
2015	3	2,179,609	-8.57%
2015	4	2,916,443	-3.19%
2016	1	1,999,474	4.57%

## □ Downtown

Calendar Year	QTR	Total Sales Tax	Change from prior year
2013	1		
2013	2	312,040	4.20%
2013	3	338,983	4.78%
2013	4	332,064	17.86%
2014	1	331,505	5.53%
2014	2	334,626	7.24%
2014	3	393,084	15.96%
2014	4	389,662	17.35%
2015	1	399,890	20.63%
2015	2	427,474	27.75%
2015	3	445,523	13.34%
2015	4	392,978	0.85%
2016	1	409,538	2.41%

\*Decline due to timing of Holy Week



# New Valuation-permit/planning

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## Single Family Permits

Calendar Year	New Home Permits	Permit Value
2011	182	25.2M
2012	224	32.3M
2013	237	38.0M
2014	279	48.9M
2015	238	40.0M
2016**	152	26.4M
<b>Total</b>	<b>1,160</b>	<b>\$184.4M</b>

## Multi-Family Projects

Calendar Year	Projects	Units	Projects Value
2011	3	815	53.5M
2012	4	733	56.0M
2013	6	825	65.7M
2014	4	854	60.1M
2015	4	649	46.0M
2016**	1	76	12.2M
<b>Total</b>	<b>21</b>	<b>3,876</b>	<b>\$281.2M</b>

## Commercial Projects

Calendar Year	Projects	Permits Value
2011	96	16.2M
2012	124	37.0M
2013	148	22.2M
2014	127	80.7M
2015	186	134.9M*
2016**	90	47.0M
<b>Total</b>	<b>681</b>	<b>\$291.0M</b>

\*\*All 2016 amounts are for Jan 1, 2016 through July 14, 2016

\* Amazon accounts for 70M of the 2015 Commercial Value



# Tax Rate Comparison

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City	FY 16 Tax Rate	City	FY 16 Tax Rate
Buda*	0.3475	New Braunfels	0.4982
Round Rock	0.4147	Seguin	0.5256
Georgetown	0.4340	<b>San Marcos</b>	<b>0.5302</b>
College Station	0.4525	San Antonio	0.5656
Austin	0.4589	Kyle	0.5848
Cedar Park	0.4800	Bryan	0.6299
Schertz	0.4911	Leander	0.6329

\*Fire and EMS services funded through an ESD with a \$0.10 tax rate

# Downtown TIRZ

- Currently 70% of increment from base tax year 2011 for 5 years
- Expires tax year 2016 and converts into the Lone Star Rail TIZ with 50% of increment from base year
- Can extend TIRZ and take up to 50% increment
  - Must modify by December 2016
  - County participation to be determined
- Staff recommends a 25% increment if TIRZ is extended

Fiscal Year	Est 25% City Contribution	Est 25% County Contribution	Accumulated Total-City Only after 2017	Accumulated Total City & County
Beg Bal			346,200	346,200
2016	207,300	166,200	719,700	719,700
2017	266,800	214,000	1,200,500	1,200,500
2018	118,700	95,200	1,319,200	1,414,400
2019	144,400	115,800	1,463,600	1,674,600
2020	172,700	138,500	1,636,300	1,985,800
2021	203,800	163,400	1,840,100	2,353,000



# Other Revenue

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- ❑ No CPI adjustment for user fees
- ❑ Planning and Development fee study underway
- ❑ Clean Community Fee estimated at \$400K
- ❑ Fire Recovery averaging \$5K per month



# Preliminary Budget-Revenue

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Revenue	Preliminary Budget	% Change from FY 16
Property Taxes	\$13,280,000	12%
Sales Tax	28,850,000	6%
Franchise Taxes and other Fees	8,375,000	2%
Licenses and Permits	3,100,000	2%
Fines and Penalties	1,485,000	19%
Interest Income	61,000	0%
Cultural and Recreational	870,000	4%
Current Services	725,000	1%
Other Revenue	1,400,000	-19%
Reimbursement from Other Funds	4,865,000	3%
<b>Total</b>	<b>\$63,011,000</b>	<b>5%</b>



# Expenses

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- Budgeted recurring expenses less than recurring revenue
  - Capacity to fund capital maintenance, routine capital replacement, facility improvement
  - Future capacity for recurring expenses
- Historically actual expenses are less than budgeted expenses due to conservative budgeting



# General Fund Historical Trend

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Fiscal Year	Total Employees/ FTE	Total Actual Revenue	Total Actual Expenses	Ending Fund Balance	Capital Outlay
2011	480 / 419	\$43,038,000	\$42,600,000	\$13,815,000	\$500,000
2012	484 / 423	\$43,915,000	\$42,805,000	\$14,925,000	\$500,000
2013	500 / 429	\$48,246,000	\$46,199,000	\$16,972,000	\$700,000
2014	528 / 456	\$50,446,000	\$51,402,000	\$16,016,000	\$900,000
2015	555 / 483	\$55,917,000	\$54,255,000	\$17,678,000	\$1,038,000
2016 Forecast	578 / 498	\$60,506,000	\$59,771,000	\$18,416,000	\$1,971,000



# Assumptions

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## □ Revenue Increase

- 12% Property valuation
- 3% Sales Tax less one-time revenue plus known increases
- All other fees based on trends-no CPI adjustment

## □ Calculated increases for

- 7% Health Insurance
- 4% Non-Civil service employee compensation
- Second year of Meet and Confer agreement

## □ Other expenses

- \$1.8M in Capital Outlay
- TIRZ per growth projections



# Expense Increase

Expense	Justification	Increase
Health Insurance	Continued health care cost increases	\$300K or 7%
Workers Compensation	Increase in rates due to increased claim activity and head count	\$113K or 57%
Merit/Cost of Living adjustment	6 months for FY17 adjustment with the balance of the increase included in the FY18 budget	FY 17-\$430K
Meet and Confer	Per contracted increases	\$397K
Employee Related Expenses	Tuition Reimbursement, Safety Program, Employee Group, Employee Recognition, Civil Service Administration	\$20K
EMS Funding	Total of \$910K	\$350K
Economic Development/TIZ	Offset by increased revenue	\$235K
Contracted Increases	Software Licenses, Bank/Credit Card Fees/Municipal Court rent	\$232K



# Future Capacity Needs

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- ❑ Fire Based EMS
- ❑ Trace Community Fire Station (est 2021-2022)
- ❑ Possible Public Safety Answering Point (PSAP)  
(est 2019-2020)
- ❑ Health Insurance and Wellness
- ❑ Facility Needs



# Preliminary Budget-Expenses

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OPERATING EXPENSES	FY17 Preliminary
Personnel	44,422,000
Contracted Services	6,720,000
Materials & Supplies	4,196,000
Other Charges	3,661,000
Social Services	450,000
Operating Transfers	1,366,000
Total Operating	\$60,815,000

NON-OPERATING / ONE-TIME EXPENSES	FY17 Preliminary
Economic Development Incentives/TIRZ/TIZ/TRZ	1,079,000
Capital Outlay	1,800,000
Homebuyer Incentive	40,000
Other Agency/Museum Funding	75,000
Fire, Police, Parks Routine Capital Maintenance	150,000
Building Capital Maintenance	200,000
Parks Capital Maintenance	200,000
Technology Capital Maintenance	200,000
Total One-Time	\$3,744,000

**Total Expenses \$64,559,000**



# Preliminary Budget FY2017

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Before recommended additions

□ Revenue	\$63,011,000
□ Operating Expenses	\$60,815,000
□ Non-Operating Expenses	\$ 3,744,000
□ Ending Fund Balance	\$16,868,000 or 28.4%



# General Fund Personnel Recommendations

POSITION	DESCRIPTION
Records Management Program Supervisor (City Clerk)	Allows for two individuals, one full-time and one part-time, to focus on administering the City's record management program-Incremental funding increase to current position to proposed position
Records Management Program Administrator (City Clerk)	Addition of a part time head count to replace existing position
Construction Specialist (Facilities)	Perform building maintenance and general construction tasks; currently using temp or outside services.
Activity Center Attendant (Activity Center)	Expand services to cover extra/added rentals and events. Increase 2 -30 hour Attendant position to 40 hours per week.
Fleet Services Specialist (Fleet)	Provide the expertise needed to further expand the use and functionality of Tyler Munis. Incremental increase to existing FTE to upgrade position
Fire Fighters (3)	Additional staff to allow for partial implementation of the rescue squad and expanded paramedic training.



# General Fund Personnel Recommendations

POSITION	DESCRIPTION
Combination Inspector (Development Services)	Assist building inspections department to conduct residential and combination field inspections.
Financial Program Coordinator (Finance)	Maintain all modules and security on Tyler Munis, train end users on processes and trouble shoot when there are problems.
Code Compliance Officer (PTE to FTE) (Code Compliance)	Will align with the council priority of code enforcement, development of beautification program, completion of the reorganization of the City's departments to have self supporting division.
Code Compliance Officer (Code Compliance)	Additional FTE (Part of explanation above)
Police Officer / Training (Police) (No FTE & Equipment – reduction in revenue from Texas State reimbursement)	Transition of training unit officer from ALERRT assignment (grant funded position) back to non-grant funded officer position to assist with the training needs of a growing department, growing demand for city and citizen training courses, and continue as an adjunct trainer in the ALERRT program.



# General Fund Personnel Recommendations

POSITION	DESCRIPTION
Volunteer Coordinator (Police)	Part-time coordinator of volunteers through the nationally recognized VIPS program. The coordinator will recruit, determine eligibility, train, and schedule volunteers to work in the police department completing non-sworn tasks
Night Support Services Sergeant (Police)	New position to allow for supervision of expanded support services division for officers that work during the night time hours.
Certified Training Officer (CTO) (Police)	Incremental increase to existing position to serve as a trainer for new TCO's in accordance to standards set forth by state of Texas licensing, as well as policies/protocols established by SMPD, SMFD and San Marcos Hays County EMS.
Traffic Signal Technician (Transportation)	FTE to maintain, repair, inspect and install traffic signals.
System Administrator (Information Technology)	Additional FTE to assist in maintaining (patch/upgrade) 135 virtual servers and 20 physical servers, and maintain (patch/upgrade) 150+ departmental applications.



# General Fund Personnel Recommendations

POSITION	DESCRIPTION
Traffic Control Equipment Operator (Transportation)	Assists traffic crew in maintaining the City's traffic system including signage, traffic signal, traffic control, striping and right-of-way maintenance.
Senior Engineer (Engineering)	Management of capital improvement projects, investigation of drainage complaints, review of development projects for compliance with City ordinances.
Maintenance Worker (Main Street)	A dedicated position to preform general maintenance, grounds maintenance, mowing, and sidewalk sweeping/cleaning downtown. Possible funding from Downtown TIRZ.

	AMOUNT
Salaries, Benefits & Recurring Expenses	866,000
One-Time Expenses	48,000
One-Time Capital Outlay	155,000
<b>Total Personnel Recommendations Cost</b>	<b>\$ 1,069,000</b>



# General Fund Operating Recommendations

REQUESTED EXPENSE	REQUESTING DEPARTMENT	RECURRING/ ONE-TIME	AMOUNT
Social Media Archiving Extended Service	Communications	Recurring	3,500
GSMCON Conference	Communications	Recurring	2,000
Government Technology Conference	Communications	Recurring	2,000
Government Social Media Org Dues	Communications	Recurring	185
Federal Government Relations Services (Normandy)	Communications	Recurring	18,000
Seasonal Staff for Maintenance/Upkeep of Ramon Lucio Youth Baseball Fields	Activity Center	Recurring	30,000
Migrate IMPACT permit data to MyPermitNow	Development Svs	One-Time	20,000
Add'l Professional Development for Tyler Training	Finance	Recurring	3,000



# General Fund Operating Recommendations

REQUESTED EXPENSE	REQUESTING DEPARTMENT	RECURRING/ ONE-TIME	AMOUNT
Increase Public Education Account	Fire	Recurring	2,500
Increase Civil Services Testing Account	Human Resources	Recurring	5,000
NeoGov Recruitment Software	Human Resources	One-Time	9,000
ADA Interpreting	Human Recourses	Recurring	15,000
Increase Travel-Homeland Security Training	Marshal's Office	Recurring	2,000
Ammunition	Park Rangers	Recurring	4,000
CoolNerd Kiosk	Library	One-Time	4,000
Increase Professional Development	Library	Recurring	1,515
Opticom Emergency Pre-Emption System	Traffic	Recurring	22,000
Increase Supplies-Signalization	Traffic	Recurring	15,000
Increase for add'l Driver Feedback Signs	Traffic	Recurring	10,500



# General Fund Operating Recommendations

REQUESTED EXPENSE	REQUESTING DEPARTMENT	RECURRING/ ONE-TIME	AMOUNT
Increase Supplies Pavement Markings	Traffic	Recurring	5,000
TEEX Training	Traffic	Recurring	4,560
Increase Contracted Services	Traffic	Recurring	9,580
Increases due to Employee Transfer	Traffic	Recurring	4,955
Application Fee for Certification	GIS	One-Time	550
Increase Professional Development	GIS	Recurring	3,500
AppSense Management & Redirection Software	IT	One-Time	11,400
<b>TOTAL RECURRING</b>			<b>\$ 163,795</b>
<b>TOTAL ONE-TIME</b>			<b>\$ 44,950</b>

# Social Services Funding

Agency	Funded FY16	Recommended FY17	Agency	Funded FY16	Recommended FY17
Hays County Food Bank	45,000	45,000	Greater San Marcos Youth Council	43,000	50,000
San Marcos Housing Authority	25,000	20,000	Society of St. Vincent de Paul	12,000	14,100
San Marcos Youth Service Bureau	20,000	12,000	Casa of Central Texas Inc.	18,000	14,000
Southside Community Center	66,000	66,000	Community Action	20,500	20,500
Hays Caldwell Women's Shelter	67,600	60,000	Hays Caldwell Council on Alcohol & Drug Abuse	36,400	32,400
Combined Community Action	12,000	12,000	Pet Prevent a Litter (PALS) of Central Texas	6,000	6,000
Scheib Opportunity Center	42,500	39,000	United Way of Hays County	3,000	1,000
Hays County Homespun	16,000	14,000	SMCISD	0	15,000
Central TX Dispute Resolution Center (DRC)	4,000	4,000	Hays Co Child Protective Board (CPB)	0	10,000
School Fuel-food program	6,500	10,000	Nosotros La Gente	5,000	5,000
			<b>Total</b>	<b>450,000</b>	<b>450,000</b>

# Outside Agencies

Agency/Organization	Funding Request	Increase from FY16
Crime Stoppers	15,000*	0
Lone Star Rail District	49,500*	0
Sights & Sounds	80,000*	0
CVB	HOT - 1,654,050	HOT - 349,050
Greater San Marcos Partnership	375,000*	15,000
Arts Commission-Includes Arts Master Plan and a part-time personnel request	HOT - 334,086 GF - 55,400	HOT - 184,086 GF - 0
Outside Agency Funding-LBJ Museum, El Centro, Price Center, Calaboose Museum	75,000*	0
PALS	15,000	9,000
Greenbelt Alliance-Natural Area Land Manager	60,486	60,486
Clean Air Alliance	\$100	\$100

\*Included in FY17 base budget



# General Fund Overview

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## Preliminary Fund Balance with Recommended Expenses

	FY17 Preliminary
Total Revenue	\$ 63,011,000
Operating Expenses	60,815,000
Recommended Expenses	1,029,795
<b>Total Operating Expenses</b>	<b>61,844,795</b>
Non-Operating Expenses	3,744,000
Recommended Non-Operating Expenses	92,950
Recommended Capital Expenses	155,000
<b>Total One-Time Expenses</b>	<b>3,991,950</b>
<b>Ending Fund Balance</b>	<b>\$15,590,255</b>
Fund Balance %	25.79%



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# Hotel/Motel Tax



# Hotel Growth

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Calendar Year	Rooms Added	Occupancy Rate	Daily room Rate
2012	80	58.8%	\$88.20
2013	0	61.2%	\$91.15
2014	97	62.1%	\$94.94
2015	180	62.8%	\$95.70
2016	298	*59.3%	\$95.36
2017	94		

\*Calendar YTD as of May-does not include peak summer season occupancy



# Hotel Motel Fund Overview

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## Historical Revenue

	FY12	FY13	FY14	FY15 ACTUAL	FY16 EST	% 5yr GROWTH
Hotel Occupancy Tax	1,333,000	1,481,000	1,560,000	1,866,000	2,121,000	59.1%
Embassy Tax Revenue	797,000	901,000	943,000	975,000	984,000	23.5%
2% Venue Tax	381,000	423,000	444,000	533,000	606,000	59.1%
Other Revenue	5,000	1,000	1,000	5,000	1,000	N/A
General Fund Operating Transfer-Main Street	41,000	47,000	47,000	53,000	55,000	34.1%
Total	\$2,557,000	\$2,853,000	\$2,995,000	\$3,432,000	\$3,767,000	47.3%



# Hotel Motel Fund Overview

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## Revenue

	FY15 ACTUAL	FY16 EST	FY17 PRELIMINARY
Hotel Occupancy Tax	1,866,000	2,121,000	2,301,000
Embassy Tax Revenue	975,000	984,000	989,000
2% Venue Tax	533,000	606,000	657,000
Other Revenue	-	1,000	1,000
General Fund Operating Transfer-Main Street	53,000	55,000	56,000
Total Revenues	\$3,427,000	\$3,767,000	\$4,004,000



# Hotel/Motel Fund Overview

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## Historical Expenses

	FY12	FY13	FY14	FY15	FY16 EST	% 5yr GROWTH
CVB	940,000	1,014,000	1,014,000	1,179,000	1,304,000	38.7%
Tanger/Prime	100,000	150,000	150,000	150,000	150,000	50.0%
Other Programs	6,000	27,000	27,000	24,000	160,000	2566.7%
Arts	61,000	100,000	73,000	104,000	185,000	203.3%
Main Street Program	181,000	259,000	235,000	253,000	273,000	50.8%
Venue Tax Transfer	1,178,000	1,324,000	1,387,000	1,440,000	1,590,000	35.0%
Total	\$2,466,000	\$2,874,000	\$2,886,000	\$3,150,000	\$3,662,000	48.5%



# Expenses

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- Transition CVB to City Department
  - Current funding levels of \$1,304,000
    - Promotion / Trade Shows
    - Media buys and production
    - Personnel and operating costs
  - Potential increase of \$100,000 to bring employees into City salary and benefits program
- Budget Requests and Needs
  - Ramon Lucio Park light replacements
  - Downtown lighting enhancement for all downtown events
  - Arts
  - Central Texas Wing hanger modification
  - Main Street
    - Increase for intern funding
    - Dedicated downtown maintenance position

# Historical Funding

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	FY13 Budget	FY14 Budget	FY15 Budget	FY16 Budget
San Marcos CVB	1,014,000	1,014,000	1,179,000	1,304,000
Tanger/Prime Marketing	100,000	150,000	150,000	150,000
Downtown Marketing Coop	25,000	75,000	75,000	75,000
Building Repairs	32,000	32,000	32,000	32,000
Tourist Account	5,000	5,000	5,000	5,000
Transportation	10,000	10,000	10,000	10,000
Airport Branding/Wayfinding		130,000		
City Wayfinding		250,000		
Eco Tourism			40,000	40,000
Sports Tourism			60,000	60,000
Mural Funding			30,000	35,000
Arts Project	50,000	50,000	50,000	75,000
Permanent Art	50,000	50,000	50,000	75,000
Main Street	237,000	235,000	264,000	273,000
Total	\$1,522,000	\$2,031,000	\$1,945,000	\$2,134,000

# Hotel Motel Fund Expenses

	FY16 Budget	FY17 Add'l Requests	FY17 Budget
		<b>Beg Fund Balance</b>	609,499
		<b>Available Revenue</b>	2,358,000
San Marcos CVB	1,304,000	CVB Operations - 350,050 Personnel Related - 100,000	1,754,050
Tanger	150,000	-	150,000
Downtown Marketing Coop	75,000	Recommend 25K reduction	50,000
Building Repairs	32,000	-	30,000
Tourist Account	5,000	-	5,000
Transportation	10,000	-	10,000
Eco Tourism	40,000	-	40,000
Sports Tourism	60,000	Ramon Lucio Lighting - 450K	510,000
Mural Funding	35,000	-	35,000
Arts Project	75,000	50,000	125,000
Permanent Art	75,000	50,000	125,000
Arts Position and Master Plan Update		84,100	84,100
Central Texas Wing		50,000	50,000
Main Street	272,982	Personnel - 7,770 Interns - 35,000	280,752
<b>Total Expenses</b>	<b>\$ 2,133,982</b>	<b>\$ 1,101,920</b>	<b>\$ 3,285,902</b>
		<b>Ending Fund Balance</b>	<b>(318,403)</b>



# Hotel/Motel Fund Reserves

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□ Arts Funding	\$108,525
□ Mural Funding	\$ 31,609
□ Conference Center Repairs	\$ 47,000
□ Eco/Sports Tourism	\$100,000
□ Branding	\$ 23,825
□ Wayfinding	<u>\$173,006</u>
□ <b>Total</b>	<b>\$483,965</b>



# Hotel/Motel Fund Recommendations

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## □ Operating Budget

■ Arts Funding	\$146,000
□ Arts Projects \$50K	
□ Permanent Art \$50K	
□ Arts Part-Time Position \$21K	
□ Master Plan \$25K	
■ CVB	\$206,000
□ Personnel transition \$100K	
□ Marketing activities \$106K	
■ Main Street annual increases	\$ 7,771
■ Ramon Lucio Lighting	\$450,000
■ CAF Hanger	\$ 50,000
■ Reduction in Downtown Marketing	<u>(\$ 25,000)</u>

□ <b>Total Operating Increase</b>	<b>\$859,771</b>
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# Hotel/Motel Fund Recommendations

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## □ **Reserves**

- Downtown Lighting-approximate cost \$100,000

## □ **Land Manager Position**

- Land Management Study to be done during FY17. Possible funding from grant funding or existing general fund budget
- Defer consideration of full or part-time position until after the study is complete

# Hotel Motel Fund Expenses

	FY16 Budget	FY17 Add'l Requests	FY17 Budget
		<b>Beg Fund Balance</b>	609,499
		<b>Available Revenue</b>	2,358,000
San Marcos CVB	1,304,000	CVB Operations – 106,000 Personnel Related - 100,000	1,510,000
Tanger	150,000	-	150,000
Downtown Marketing Coop	75,000	Recommend 25K reduction	50,000
Building Repairs	32,000	-	30,000
Tourist Account	5,000	-	5,000
Transportation	10,000	-	10,000
Eco Tourism	40,000	-	40,000
Sports Tourism	60,000	Ramon Lucio Lighting - 450K	510,000
Mural Funding	35,000	-	35,000
Arts Project	75,000	50,000	125,000
Permanent Art	75,000	50,000	125,000
Arts Position and Master Plan Update		46,000	46,000
Central Texas Wing		50,000	50,000
Main Street	272,982	Personnel - 7,770	280,752
<b>Total Expenses</b>	<b>\$ 2,133,982</b>	<b>\$ 1,101,920</b>	<b>\$ 2,966,852</b>
		<b>Ending Fund Balance</b>	<b>747</b>



# Hotel/Motel Fund Overview

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	FY15 ACTUAL	FY16 EST	FY17 PRELMINARY
Revenue	3,431,000	3,766,000	4,004,000
Expenses	3,148,000	3,677,000	4,612,000
Fund Balance	\$520,000	\$609,000	\$1,000
Fund Balance %	30.42%	29.20%	0%



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# Utility Funds



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# Electric Utility



# Electric Utility Overview

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## Revenue

	FY15 ACTUAL	FY16 ESTIMATED
Current Services	62,800,000	52,800,000
Pole Attachment Fee	389,000	400,000
Other Revenue	867,000	1,257,000
F&PCRF	2,600,000	90,000
Transfer from Other Funds	1,560,000	1,760,000
Total	\$68,216,000	\$56,307,000



# Electric Utility Overview

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## Expenses

	FY15 ACTUAL	FY16 ESTIMATED
Personnel	4,252,000	4,978,000
Purchase Power	38,959,000	32,515,000
Contracted Services	1,685,000	2,270,000
Materials & Supplies	534,000	500,000
Other Charges	2,960,000	3,001,000
Franchise Fees	4,293,000	3,548,000
Debt Service	2,358,000	2,900,000
Capital Outlay/Operating Transfers	1,318,000	2,006,000
Capital Reserve Transfer	10,317,000	4,800,000
Total	\$66,676,000	\$56,518,000



# Electric Fund-Ferguson Power Plant

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- Ferguson Power Plant performing above expectations
- Projected negative return in first years of operating
- Ferguson continues to provided a net benefit to the Electric Utility
  - Savings from purchasing power at net cost
  - Cash payments from net operating income
  - Fiscal year to date-\$927K
  - Life to date-\$2.6M



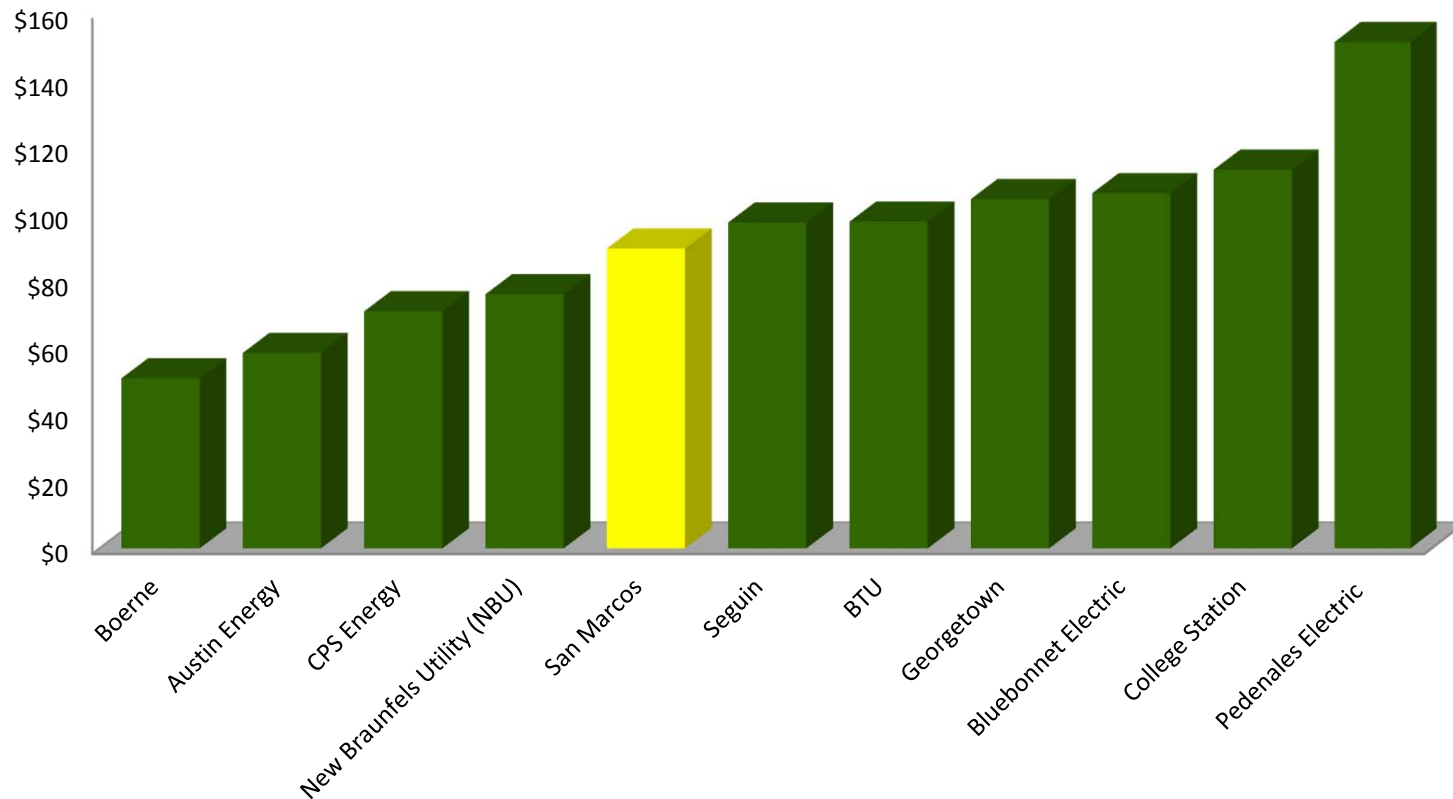
# Electric Utility Rate Modeling

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- Rate adjustment not needed for FY2017
  - Continue passing power through at uniform LCRA rate
  - Times coverage above the 1.20 goal
  - Possible need for increase in 2019
- Achieved operating reserve level recommended by Standard & Poors of 60 days operating expense including Cost of Power in FY16
- Additional recurring and one-time operational expenses-\$578,855
- Capital Outlay Funding-\$415,000

# Electric Utility Rate Modeling

**Average Monthly Residential Electric Bills**



# Electric Personnel Recommendations

POSITION	DESCRIPTION
Graduate Engineer	Entry level engineer in training – graduate electrical engineer. Work with electrical engineering department personnel to learn about SMEU and how to design and estimate cost of installations.
Meter Service Technician (2)	Installation, replacement and maintenance of electric and water meters, troubleshooting AMI, perform customer connects and disconnects and annual walkabout metering checks.

	AMOUNT
Salaries, Benefits & Recurring Expenses	231,400
One-Time Expenses	18,300
One-Time Capital Outlay	-
<b>Total Personnel Recommendations Cost</b>	<b>\$ 249,700</b>



# Electric Operating Recommendations

REQUESTED EXPENSE	RECURRING/ ONE-TIME	AMOUNT
Engineering Services for non-capital projects	One-Time	135,000
Technology Group Professional Services for Non-Capital Projects	Recurring	31,000
MeterSense Professional Services	One-Time	30,000
Maximo Development Consultant (Electric Fund Allocation)	One-Time	33,000
Current Transformer Meter Testing	One-Time	20,000
Line Locating Services	Recurring	2,400
Software Enhancements (Electric Fund Allocation)	One-Time	11,250



# Electric Operating Recommendations

REQUESTED EXPENSE	RECURRING /ONE-TIME	AMOUNT
Additional Energy Efficiency Rebates/Incentives	Recurring	43,000
Drone maintenance Services	Recurring	10,000
Additional Travel and Meal funds for Professional Development	Recurring	3,500
Consulting Services for Software Migration for AMI to Yukon (Electric Fund Allocation)	Recurring	10,000
AppSense Management & Redirection Software	One-Time	11,400
<b>TOTAL RECURRING</b>		<b>\$ 99,900</b>
<b>TOTAL ONE-TIME</b>		<b>\$ 240,650</b>



# Electric Capital Recommendations

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REQUESTED EXPENSE	CAPITAL OUTLAY	AMOUNT
Aerial Drone for Utility Inspections	Capital Outlay	100,000
55 Foot Material Handling Bucket Truck	Capital Outlay	225,000
AMI Cellular Modem Replacement	Capital Outlay	30,000
Fork Lift-20K to 25K Lbs Lifting Capacity	Capital Outlay	60,000
<b>TOTAL CAPITAL OUTLAY</b>		<b>\$ 415,000</b>



# Electric Utility Rate Modeling

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## FY16 Model

	FY16	FY17	FY18
Revenue	\$61.7M	\$59.7M	\$61.4M
Operating Expenses	\$55.9M	\$52.8M	\$55.1M
Debt Payment	\$2.9M	\$3.5M	\$4.2M
Capital Reserves	\$2.0M	\$3.4M	\$1.8M
Ending Fund Balance	\$9.0M	\$8.9M	\$9.3M
Weather Stabilization Reserve	\$.75M	\$.77M	\$.79M
Debt Coverage	2.2	2.0	1.5
Potential Rate Adjustment	0%	0%	2%



# Electric Utility Rate Modeling

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## FY17 Model

	FY17	FY18	FY19
Revenue	\$58.5M	\$60.2M	\$62.5M
Operating Expenses	\$52.3M	\$54.9M	\$56.8M
Debt Payment	\$3.3M	\$4.1M	\$5.2M
Capital Reserves	\$6.0M	\$1.9M	\$.6M
Ending Fund Balance	\$9.3M	\$9.8M	\$10.3M
Weather Stabilization Reserve	\$.70M	\$.75M	\$.76M
Debt Coverage	2.2	1.5	1.3
Potential Rate Adjustment	0%	0%	2%



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# Water/Wastewater Utility



# Water/Wastewater Utility Overview

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## Revenue

	FY15 ACTUAL	FY16 ESTIMATED
Current Services	32,022,000	33,936,000
Other Revenue	557,000	368,000
Debt Service Reimbursement	845,000	884,000
Total	\$33,424,000	\$35,188,000



# Water/Wastewater Overview

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## Expenses

	FY15 ACTUAL	FY16 ESTIMATED
Personnel	3,322,000	3,874,000
Contracted Services	8,601,000	8,987,000
Materials & Supplies	973,000	1,159,000
Other Charges	4,730,000	5,247,000
Franchise Fees	2,127,000	2,163,000
Debt Service	9,863,000	10,544,000
Capital Outlay/Operating Transfer	708,000	887,000
Reserve Transfer	2,600,000	1,900,000
Total	\$32,924,000	\$34,761,000



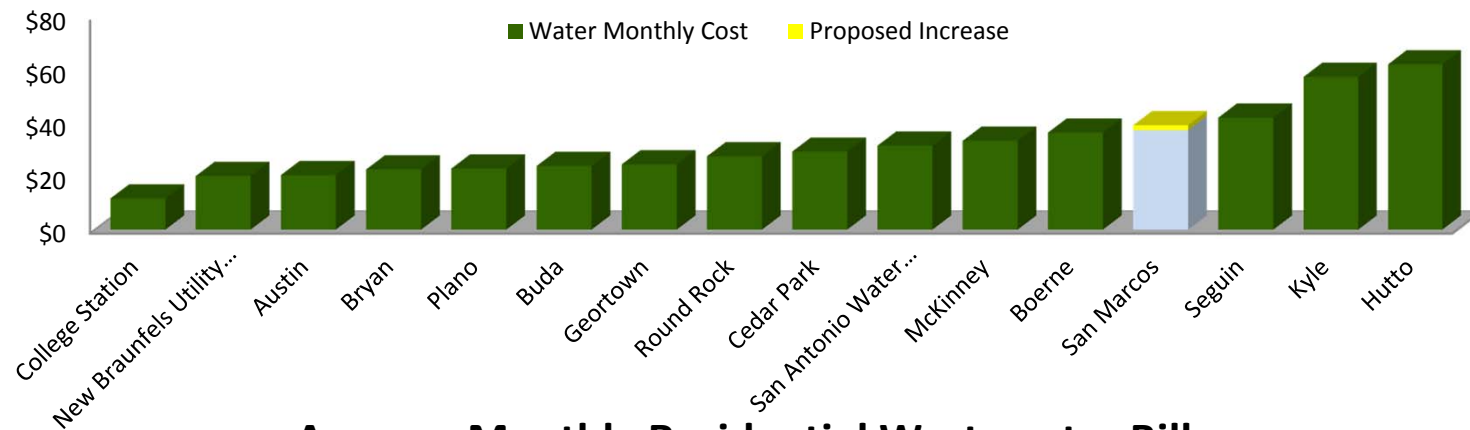
# Water/Wastewater Rate Modeling

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- 5% Water rate adjustment
  - Monthly cost to the average residential customer of \$1.85 per month
  - Continue small, steady rate increases to fund future capital projects
  - HCPUA-Phase 1 B-D-Treatment Plant, Well field, Transmission pipeline
    - Cost to City-approx. \$65.8 M
    - Timeline shifted to begin in FY18
    - Will use a combination of cash and debt funding to minimize times coverage pressures
- 2% Wastewater rate adjustment
  - Monthly cost to the average residential customer of \$0.90 per month
- Additional recurring and one-time operational expenses-\$404,600
- Capital Outlay Funding-\$795,000

# Water/Wastewater Rate Modeling

## Average Monthly Residential Water Bills



## Average Monthly Residential Wastewater Bills



# Water/Wastewater Rate Modeling

## Combined Average Monthly Residential Water/Wastewater Bills





# WWW Personnel Recommendations

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POSITION	DESCRIPTION
Administrative Clerk	Provide administrative and clerical duties for the WWW division of Public Services.
Crew Leader	Plans, coordinates, leads, and participates in the maintenance and construction of the City's WWW systems and other assigned duties.
Equipment Operator I	Participates in maintaining the City's WWW and related equipment; operates various types of maintenance equipment and tools, etc.
WWW Certification Pay Program	To provide incentive to personnel to gain further knowledge and achieve higher levels of water and wastewater certification.



# WWW Personnel Recommendations

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	AMOUNT
Salaries, Benefits & Recurring Expenses	328,000
One-Time Expenses	4,500
One-Time Capital Outlay	35,000
<b>Total Personnel Recommendations Cost</b>	<b>\$ 367,500</b>



# WWW Operating Recommendations

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REQUESTED EXPENSE	RECURRING/ ONE-TIME	AMOUNT
Consulting Services for Software migration for AMI to Yukon (WWW Fund Allocation)	Recurring	10,000
Software Enhancements (WWW Fund Allocation)	One-Time	11,500
Maximo Development Consultant (WWW Fund Allocation)	One-Time	33,000
AppSense Management & Redirection Software	One-Time	11,400
<b>TOTAL RECURRING</b>		<b>\$ 10,000</b>
<b>TOTAL ONE-TIME</b>		<b>\$ 55,900</b>



# WWW Capital Requests

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REQUESTED EXPENSE	CAPITAL OUTLAY	AMOUNT
Water/Wastewater SCADA Software	Capital Outlay	300,000
Water System Trihalomethane Monitors	Capital Outlay	140,000
Replacement of 2003 Vactor 2100 Combo Truck	Capital Outlay	355,000
<b>TOTAL CAPITAL OUTLAY</b>		<b>\$ 795,000</b>



# Water/Wastewater Rate Modeling

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## FY16 Model

	FY16	FY17	FY18
Revenue	\$34.4M	\$36.2M	\$37.9M
Operating Expenses	\$22.4M	\$23.4M	\$24.0M
Debt Payment	\$10.1M	\$10.5M	\$11.0M
Capital Reserves	\$.6M	\$1.8M	\$2.6M
Ending Fund Balance	\$8.7M	\$9.1M	\$9.5M
Weather Stabilization Reserve	\$3.1M	\$3.3M	\$3.5M
Debt Coverage	1.2	1.2	1.2
Potential Rate Adjustment	5% Water 1% Wastewater	5% Water 2% Wastewater	5% Water 2% Wastewater



# Water/Wastewater Rate Modeling

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## FY17 Model

	FY17	FY18	FY19
Revenue	\$37.9M	\$40.1M	\$42.3M
Operating Expenses	\$23.7M	\$24.6M	\$25.4M
Debt Payment	\$11.3M	\$11.9M	\$13.2M
Capital Reserves	\$2.0M	\$3.1M	\$3.0M
Ending Fund Balance	\$8.8M	\$9.1M	\$9.6M
Weather Stabilization Reserve	\$2.6M	\$2.8M	\$3.0M
Debt Coverage	1.3	1.4	1.3
Potential Rate Adjustment	5% Water 2% Wastewater	5% Water 2% Wastewater	5% Water 2% Wastewater

# Water/Wastewater Rate Modeling

Long Term with slow, steady increases

	FY17	FY18	FY19	FY20	FY21	FY22	FY23
Revenue	\$37.8M	\$40.1M	\$42.3M	\$44.5M	\$46.8M	\$49.3M	\$51.9M
Expenses	35.1M	36.4M	38.6M	41.3M	41.7M	45.2M	\$48.8M
Ending Fund Balance	8.8M	9.1M	9.6M	10.3M	10.4M	11.3M	12.2M
Weather Stabilization Reserve	2.6M	2.8M	3.0M	3.2M	3.3M	3.6M	3.8M
Debt Coverage	1.31	1.35	1.32	1.25	1.38	1.27	1.18
Potential Rate Adjustment	5% W 2% WW	5% W 2% WW	5% W 2% WW	5% W 2% WW	5% W 2% WW	5% W 2% WW	5% W 2% WW

Cumulative Water increase 35%

Cumulative Wastewater increase 14%

# Water/Wastewater Rate Modeling

Long Term without slow, steady increases

	FY17	FY18	FY19	FY20	FY21	FY22	FY23
Revenue	\$36.9M	\$38.3M	\$40.7M	\$43.8M	\$44.7M	\$48.0M	\$52.4M
Expenses	35.1M	36.4M	38.6M	41.3M	41.7M	45.2M	\$48.8M
Ending Fund Balance	8.8M	9.1M	9.6M	10.3M	10.4M	11.3M	12.2M
Weather Stabilization Reserve	2.5M	2.6M	2.8M	3.1M	3.1M	3.4M	3.8M
Debt Coverage	1.22	1.20	1.20	1.20	1.25	1.20	1.20
Potential Rate Adjustment	1% W 0% WW	1% W 2% WW	12% W 3% WW	15% W 5% WW	0% W 0% WW	16% W 3% WW	18% W 5% WW

Cumulative Water increase 63%

Cumulative Wastewater increase 18%



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# Drainage Utility



# Drainage Fund Overview

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## Revenue before Rate Adjustment

	FY15 ACTUAL	FY16 EST	FY17 PRELIMINARY
Interest Income	860	1,000	1,000
Drainage Utility Fee	3,090,000	3,583,000	3,810,000
Penalties	29,000	29,000	29,300
Build America Subsidy	43,000	45,800	44,700
Total Revenues	\$3,162,860	\$3,658,800	\$3,885,000



# Drainage Fund Overview

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## Expenses before Recommendations

	FY15 ACTUAL	FY16 EST	FY17 PRELIMINARY
Personnel Services	314,000	429,000	448,000
Contracted Services	800,000	841,000	842,000
Materials and Supplies	36,000	57,000	81,000
Other Charges	173,000	236,000	238,000
Debt Service	1,587,000	1,801,000	2,107,000
Total Expenses	\$2,910,000	\$3,364,000	\$3,716,000



# Drainage Rate Modeling

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- Revenue increases an average of 4% annually due to growth
- Recommend a 10% rate adjustment (\$0.83/per month for a medium lot) to continue funding of needed CIP projects
  - Continued need for Drainage CIP Projects
  - Continued need for Drainage CIP participation in projects
  - Drainage Master Plan underway

# Rate Comparison

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CITY	RATES
San Marcos-per Sq Ft	
0-6,000	\$ 5.20
6,001-12,000	\$ 8.32
12,001+	\$ 9.53
Georgetown	\$ 5.25
Round Rock	\$ 4.75
Schertz	\$ 5.20
Bryan	\$14.00
Denton-per Sq Ft	
2,001-3,000	\$ 5.45
3,001-4,000	\$ 7.60
4,001-5,000	\$ 9.75
5,001-6,000	\$12.00
6,001+	\$15.50
Austin-calculated off total impervious cover	Average home \$ 9.00 to \$15.00



# Drainage Personnel Recommendations

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POSITION	DESCRIPTION
Stormwater Coordinator	Public education, outreach and involvement activities as outlined by the MS4 SWMP. Development of training programs and materials, public education campaigns and public events.

	AMOUNT
Salaries, Benefits & Recurring Expenses	49,600
One-Time Expenses	1,500
One-Time Capital Outlay	5,500
<b>Total Personnel Recommendations Cost</b>	<b>\$ 56,600</b>



# Drainage Capital Requests

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REQUESTED EXPENSE	CAPITAL OUTLAY	AMOUNT
12 Yard Combination Vacuum Truck	Capital Outlay	375,000
Attachments for compact Track Loader (including grading blade, forks and tree snips)	Capital Outlay	25,000
<b>TOTAL CAPITAL OUTLAY</b>		<b>\$ 400,000</b>



# Drainage Fund Overview

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## Budget with Recommendations

	<b>FY15 ACTUAL</b>	<b>FY16 EST</b>	<b>FY17 PRELIMINARY</b>
Revenue	3,162,000	3,660,000	4,243,000
Operating Expenses	2,910,000	3,365,000	3,765,000
One-Time Expenses	100,000	206,500	407,000
Fund Balance	\$1,450,000	\$1,539,000	\$1,610,000
Fund Balance %	49.83%	45.73%	42.76%



Airport



# Airport Fund Overview

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## Budget before Recommendations

	<b>FY12</b>	<b>FY13</b>	<b>FY14</b>	<b>FY15</b>	<b>FY16 ESTIMATE</b>	<b>FY17 BUDGET</b>
Operating Revenues	263,300	287,600	288,100	251,600	265,200	469,000
Operating Expenditures	343,800	386,800	384,200	403,800	415,900	476,000
Transfer from General Fund	80,500	99,000	96,000	145,200	150,000	10,000



# Airport Fund Requests

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REQUESTED EXPENSE	RECURRING/ ONE-TIME	AMOUNT
Increase to contract to fund additional employee and contract service expenses related to improved customer service, implementation of the Airport Business Development Plan, and lease negotiation activity	Recurring	90,000
Marketing	Recurring	30,000
Security System	One-Time	10,000
<b>Total Recurring</b>		<b>\$ 120,000</b>
<b>Total One-Time</b>		<b>\$ 10,000</b>



# Airport Fund Overview

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## Budget with Recommendations

- Contract increase of \$50K
- Fund marketing through remaining branding/marketing funds
- Fund security upgrades through GF Facilities

	FY15 ACTUAL	FY16 ESTIMATE	FY17 PRELIMINARY
Operating Revenues	251,600	265,200	469,000
Operating Expenditures	403,800	415,900	476,000
Transfer from General Fund	145,200	150,000	60,000



# Key Dates

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- July 21-Second Budget Workshop
- July 25-Tax Rolls Certified
- July 29-Proposed Budget filed with City Clerk
- Aug 16-First Reading of the Budget
- Sept 6-Second Reading of the Budget
- Solid Waste, CIP, and Transit will be discussed at a future meeting.