



City of San Marcos ~~2019~~-FY2020 Proposed Budget Policy Statement

I. Fund Balance

- General Fund: Maintain 25% (of recurring operating expenses).
- Water/ Wastewater Fund: Maintain 25% (of recurring operating expenses).
- Drainage Utility Fund: Maintain a range of 20% (of recurring operating expenses).
- Electric Utility Fund: Minimum of the equivalent of 60 days of operating expenses including purchased power.

II. Revenue

GENERAL FUND

- Property tax rate maintained at 61.39 cents per \$100 of valuation.
- ~~Property values increased based on a conservative trend estimated at 10%.~~
- ~~Amend budget during fiscal year if revenue deviates from budget~~
- ~~Revisit Over 65 tax freeze in June awaiting state legislature ruling on property tax cap on rollback rates~~
- ~~Explore impact of providing homestead exemption and an over 65 freeze.~~
- ~~Base sales tax revenue and revenue generated by the outlet mall will not be increased from the FY18 budget. Revenue generated by Best Buy will include the City's 25% allocation and will be increased by 4% from FY2018. These estimates will be updated as the collection trend indicate.~~
- ~~Utility Fund franchise fee transfers to the General Fund reduced back to 7%~~
- ~~Maintain City owned utility fund franchise fee transfers to the General Fund at 8%.~~
- ~~Bring forward Community Services fee adjustments based on the results of the cost of service study.~~
- All other revenues will be budgeted based on historical trends.
- ~~Adjust fees according to Fee Policy (upon adoption), or CPI index for the calendar year 2018.~~
- ~~Fees for services will be increased approximately 2.12% based on the average CPI index for the calendar year 2017.~~

- Revenue generated from the increased tax rate's operating & maintenance capacity remaining \$500,000 to be reserved for additional bond project expenses

WATER FUND

- Rate study to determine possible rate increases and structure changes.
- Citizens Utility Advisory Board will make recommendations related to rate structure and future rate adjustments.

ELECTRIC FUND

- Rate study to determine possible rate increases and structure changes. No rate adjustment anticipated.
- Citizens Utility Advisory Board will make recommendations related to rate structure and future rate adjustments.

STORMWATER MANAGEMENT FUND

- Rate study completed. Proposed rates and rate structure will be brought forward for discussion during the budget process. Rate study underway and preliminary results and decision points will be presented to Council during budget discussions.
- Proposed rates will be brought forward after the first of the calendar year for adoption.

HOTEL MOTEL FUND

- Revenue budgeted based on conservative trends reflecting new hotel rooms, occupancy rate, and average room rate.

III. Expenditures

All budget requests from outside agencies must be submitted for consideration prior to May 1.

GENERAL FUND

- Meet and Confer negotiations for civil-service employees will be finalized later in the budget process. The outcome will be reported later in the budget process.

Commented [HH1]: This should be in expenses, not the revenue section..

- ~~Funding year 4 of the Meet and Confer agreement with Police and Fire with a 4.5% increase in wages.~~
- Merit and cost of living increase for non-civil service employees will be determined later in the budget process.
- ~~Pursue the goal of funding 4.5% merit and cost of living increase for non-civil service employees.~~
- Base operations budgets held flat. Additions to the department budgets must be requested, justified, and ranked by priority.
- Staffing needs will be evaluated through the department budget request process
- ~~Additional personnel will be evaluated through the departmental budget request process.~~
- Estimated 10% increase in health insurance premium beginning January 1, 2020.
- ~~Estimated 5% increase in health insurance premium beginning January 1, 2019.~~
- ~~Base operations budgets flat. Additions to the department budgets must be requested, justified, and ranked by priority.~~
- Fuel/Contractual Obligations/Consumer Price Index increases allowed.
- Continue funding Social Services at \$500,000 for Human Service Advisory Board to administer application, contract, and funding process to eligible agencies.
- Youth initiatives funding \$150,000 to include Youth Services Manager put on hold pending application process modifications.
- The annual contribution to the Economic Development reserve of \$200,000 allocation between General Fund, Water Wastewater Fund, and Electric Fund will be used to fund Strategic Initiatives and/or special projects at the discretion of the City Manager.
- The existing balance of the Economic Development reserve of \$800,000 will be used to fund Strategic Initiatives and/or special projects at the discretion of the City Manager. The fund is a contribution of General Fund, Water Wastewater Fund, and the Electric Fund. Funds will be used on projects/initiatives that support all areas of funding source.
- Best Buy Call Center revenue net of sales tax rebate will be used for one-time expenses and/or special projects to include but not limited to:
 - Strategic initiatives
 - Workforce Housing
 - Workforce Development
 - Downtown Vitalization
 - Multi modal transportation
 - City Facilities

- Animal Services – Increase live outcomes
- Maintenance funding
 - Facilities
 - Parks
 - Streets

- ~~Continue the annual \$200,000 contribution to the economic development reserve that is shared equally between General Fund, Water Wastewater Fund, and Electric Fund.~~
- ~~Continue allocation of \$150,000 to fund the existing Youth Services Manager position and youth focused programs identified in the youth master plan. City Manager will examine structure and cycle of funding.~~
- Increase Maintain allocation for museum funding ~~\$25,000~~ to at \$100,000 with a maximum of \$25,000 per participant.
- Parking management funding requests to be presented later in the budget process
- CIP capacity to be determined to meet the needs of -
 - City facility projects
 - Cape’s Dam
 - Infrastructure projects
- Transit operations funding requests to be presented later in the budget process

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WATER/WASTEWATER FUND

- Merit and cost of living increase for non-civil service employees will be determined later in the budget process.
- Estimated 10% increase in health insurance premium beginning January 1, 2020.
- Base operations budgets held flat. Additions to the department budgets must be requested, justified, and ranked by priority.
- Staffing needs will be evaluated through the department budget request process
- Fuel/contractual obligations/consumer price index increases allowed.
- ~~Pursue the goal of funding 4.5% merit and cost of living increase for non-civil service employees.~~
- ~~Additional personnel will be evaluated through the departmental budget request process.~~
- ~~Estimated 5% increase in health insurance premium beginning January 1, 2019.~~

- ~~▪ Base operations budgets flat. Additions to the department budgets must be requested, justified, and ranked by priority.~~
- ~~▪ Fuel/Contractual Obligations/Consumer Price Index increases allowed.~~
- Continue the annual \$200,000 contribution to the economic development reserve that is shared equally between General Fund, Water Wastewater Fund, and Electric Fund. The funds will be used to fund Strategic Initiatives and/or special projects at the discretion of the City Manager.
- Utility fund transfers to the General Fund budgeted at 87%.

ELECTRIC UTILITY FUND

- Merit and cost of living increase for non-civil service employees will be determined later in the budget process.
- Estimated 10% increase in health insurance premium beginning January 1, 2020.
- Base operations budgets held flat. Additions to the department budgets must be requested, justified, and ranked by priority.
- Staffing needs will be evaluated through the department budget request process
- Fuel/contractual obligations/consumer price index increases allowed.
- ~~▪ Pursue the goal of funding 4.5% merit and cost of living increase for non-civil service employees.~~
- ~~▪ Additional personnel will be evaluated through the departmental budget request process.~~
- ~~▪ Estimated 5% increase in health insurance premium beginning January 1, 2019.~~
- ~~▪ Base operations budgets flat. Additions to the department budgets must be requested, justified, and ranked by priority.~~
- ~~▪ Fuel/Contractual Obligations/Consumer Price Index increases allowed.~~
- Continue the annual \$200,000 contribution to the economic development reserve that is shared equally between General Fund, Water Wastewater Fund, and Electric Fund. The funds will be used to fund Strategic Initiatives and/or special projects at the discretion of the City Manager.
- Utility fund transfers to the General Fund budgeted at 87%.

STORMWATER UTILITY FUND

- Merit and cost of living increase for non-civil service employees will be determined later in the budget process.
- Estimated 10% increase in health insurance premium beginning January 1, 2020.
- Base operations budgets held flat. Additions to the department budgets must be requested, justified, and ranked by priority.

- Staffing needs will be evaluated through the department budget request process.
- Fuel/contractual obligations/consumer price index increases allowed.
- ~~Pursue the goal of funding 4.5% merit and cost of living increase for non-civil service employees.~~
- ~~Additional personnel will be evaluated through the departmental budget request process.~~
- ~~Estimated 5% increase in health insurance premium beginning January 1, 2019.~~
- ~~Base operations budgets flat. Additions to the department budgets must be requested, justified, and ranked by priority.~~
- ~~Fuel/Contractual Obligations/Consumer Price Index increases allowed.~~

HOTEL MOTEL FUND

- Merit and cost of living increase for non-civil service employees will be determined later in the budget process.
- ~~Pursue the goal of funding 4.5% merit and cost of living increase for non-civil service employees.~~
- Funding for special programs remains flat will be evaluated based on capacity. Organizations can request increases during the budget process for specific programs.

IV. Debt

~~On April 3rd, a City Council work session will be held to discuss the City's current debt balances, future debt requirements, and the effect on the budget.~~