



# **City of San Marcos**

## **Budget Workshop**

### **Fiscal Year 2025**

August 20, 2024

# FY 2025 Budget Workshop Agenda



- Introductory Remarks from City Manager
- Budget Development Timeline
- Budget Policy Statement
- General Fund and Major Special Revenue Funds
  - Revenue Estimates
  - Cost Drivers
- Enterprise Funds
  - Revenue Estimates
  - Cost Drivers

# Strategic Goals



## **QUALITY OF LIFE & SENSE OF PLACE**

Cultivate a community that promotes inclusivity, equity, and belonging; has a unique sense of place due to our distinct natural, historical, and cultural assets; and commits to a healthy quality of life for families of all types.



## **ECONOMIC VITALITY**

Foster a vibrant economic climate for our community through new commercial and residential uses, education, workforce development, and support of new and existing businesses of all sizes.



## **PUBLIC SAFETY, CORE SERVICES & FISCAL EXCELLENCE**

Deliver quality government services and improve community safety in a fiscally responsible manner with a professional workforce.



## **MOBILITY & CONNECTIVITY**

Improve neighborhood and regional connectivity to provide a safe, convenient, and efficient multimodal system for goods, services, and people of all income levels and abilities to move throughout the City.



## **ENVIRONMENTAL PROTECTION**

Advance responsible stewardship of the community's natural, cultural, and historical resources through varied environmentally friendly policies and practices.

# Budget Calendar



BUDGET EVENT	DATE	DONE
<del>Council Visioning &amp; Strategic Planning Work Session</del>	<del>January 25-26</del>	<del>✓</del>
<del>Budget Policy Workshop</del>	<del>February 22</del>	<del>✓</del>
<del>Budget Policy Adoption</del>	<del>March 19</del>	<del>✓</del>
<del>Neighborhood Commission Presentation</del>	<del>April 17</del>	<del>✓</del>
<del>Budget Workshop</del>	<del>May 21</del>	<del>✓</del>
<del>Budget Workshop</del>	<del>June 27</del>	<del>✓</del>
Budget Submitted to Council & Maximum Tax Rate Set	August 20	✓
Neighborhood Commission Presentation	August 21	
Public Hearings on Budget and Tax Rate	September 3 & 17	
Budget and Tax Rate Adoption	September 17	

**PRELIMINARY  
TAX ROLL:  
APRIL 30<sup>th</sup>**

**CERTIFIED  
TAX ROLL:  
JULY 25<sup>th</sup>**



# Budget Policy Statement

# Fund Balance








## Public Safety, Core Services & Fiscal Excellence

Fund	Policy Statement	Status
<b>General Fund</b>	Maintain 25% of recurring operating expenses	
<b>General Fund</b>	Use fund balance in excess of 25% for one-time expenses and direct remaining funds to future City Hall	
<b>Electric</b>	Work towards 90 days of recurring operating expenses	
<b>Water/Wastewater</b>	Maintain 90 days of recurring operating expenses	
<b>Stormwater</b>	Maintain 90 days of recurring operating expenses	

# Fund Balance, Continued






## Public Safety, Core Services & Fiscal Excellence

Fund	Policy Statement	Status
<b>Resource Recovery</b>	Explore maintaining 60 days of recurring operating expenses with leeway of implementation due to construction of new Resource Recovery facility	
<b>Transit</b>	Explore maintaining 60 days of recurring operating expenses	
<b>Hotel Occupancy Tax</b>	Explore maintaining 90 days of recurring operating expenses	
<b>Community Enhancement</b>	Explore maintaining 60 days, while working towards 90 days, of recurring operating expenses	
<b>All</b>	Fund balance in excess of thresholds used for one-time expenses	

# Revenues



## Public Safety, Core Services & Fiscal Excellence





Fund	Policy Statement	Status
<b>All</b>	Continue budgeting revenues using historical trends. Each revenue source will be independently evaluated to take into consideration recent changes impacting trends	
<b>All</b>	For all utilities, continue incremental rate increase approach when rate increases are required	
<b>All</b>	Develop a plan to regularly review fees. Impact fees will be revised based on master plan updates <ul style="list-style-type: none"><li>In Fiscal Year 2025 special events fees and utility “Other Charges/Fees” will be reviewed</li></ul>	



# Revenues, Continued



## Public Safety, Core Services & Fiscal Excellence

Fund	Policy Statement	Status
<b>General Fund</b>	Property tax rate to be kept the same as the FY 2024 adopted tax rate	
<b>General Fund</b>	Amend budget during fiscal year if revenue deviates from budget	
<b>General Fund</b>	Potential revenue from alternative funding sources including fees will be evaluated and proposed to Council during the budget process	
<b>General Fund</b>	Consider impact of American Rescue Plan (ARP) funding	






# ARPA Funded Items

- Cybersecurity: IT Security Analyst
- Mental health diversion and support
- Eviction prevention services
- Partnership with Prevent a Litter of Central Texas
- Downtown staffing
- Single use beverage container ban implementation
- Integrated library system implementation

# Revenues, Continued





## Public Safety, Core Services & Fiscal Excellence

Fund	Policy Statement	Status
<b>Electric and Water/Wastewater</b>	Continue annual rate study to determine possible rate changes and the Citizen Utility Advisory Board will make and present recommendations to Council related to rate structure and future rate adjustments	
<b>Electric</b>	Explore identifying community-based charges separate from the electric utility rate component (i.e., customer assistance programs, service area street lighting, and energy efficiency programs)	
<b>Stormwater</b>	Continue using rate model to determine possible rate increases and minimize rate adjustments through use of General Fund's capacity to fund capital improvement projects for stormwater management	

# Revenues, Continued





## Public Safety, Core Services & Fiscal Excellence

Fund	Policy Statement	Status
<b>Hotel Tax</b>	Continue to budget revenues based on conservative historical trends and the impact that COVID-19 has had on the hospitality and tourism industry	
<b>Airport</b>	Research impact of using property tax and sales tax revenues generated at the airport for airport operations in FY 2026 and determine right time for implementation	

# Expenses





## Public Safety, Core Services & Fiscal Excellence

Fund	Policy Statement	Status
All	Departments will follow a zero increase budget format factoring in necessary Consumer Price Indexes as appropriate by industry. All budgets must be justified and prioritized	
All	If capacity allows, include an increase of 3-5% of total personnel costs to continue investing in staff by implementing employee pay for performance and benefits that support the Employee Compensation Philosophy, evaluating recruitment and retention strategies, and increasing personnel to adequately support core services and City Council's strategic goals	

# Expenses, Continued



## Public Safety, Core Services & Fiscal Excellence

Fund	Policy Statement	Status
<b>All</b>	Health insurance will be evaluated and presented to Council during the budget process based on plan needs. Staff anticipates any additional funding needed is included as part of the 3-5% increase in personnel costs stated above	
<b>All</b>	Enhance City's grant program to maximize funding from other sources	

# Grant Funded Items



Grant Name	Funder Name	Amount Awarded
Underrepresented Community Grant (URC): Nomination of Historical Buildings	Department of Interior, National Park Service	\$30,000
WaterSmart Grants – Water Recycling and Desalination	Bureau of Reclamation	\$250,000
American Express Partners in Preservation: Main Streets Grant	National Trust for Historic Preservation	\$150,000
Transportation Alternatives Set-aside (TA) – Shared Use Pathway	Texas Department of Transportation	\$1,358,101
Clean Water Act (CWA) Section 319(h) – Green Alley Initiative	Texas Commission on Environmental Quality	\$199,999
Clean Water Act (CWA) Section 319(h) – Sessom Creek Restoration	Texas Commission on Environmental Quality	\$120,000
Promoting Resilient Operations for Transformative, Efficient, and Cost-Saving Transportation Program (PROTECT) – Sunset Acres Stormwater Project	U.S. Department of Transportation, Federal Highway Administration	\$13,875,840
WaterSMART Aquatic Ecosystem Restoration Projects	Bureau of Reclamation	\$250,000



# Expenses, Continued



## Public Safety, Core Services & Fiscal Excellence

Fund	Policy Statement	Status
<b>General Fund</b>	Given available capacity, create budget based on priority list developed during City Council's Visioning:	
<b>General Fund</b>	Priority A's: <ul style="list-style-type: none"> <li>• Increase Police and Fire staffing to recommend staffing levels based on available capacity and using a multi-year approach</li> <li>• Mental health diversion</li> <li>• Municipal Court relocation</li> <li>• Employee Benefits/Merit/Compensation Plan</li> <li>• Cybersecurity</li> </ul>	    











# Expenses, Continued



## Public Safety, Core Services & Fiscal Excellence




Fund	Policy Statement	Status
<b>General Fund</b>	Priority B's: <ul style="list-style-type: none"> <li>• Parks Maintenance</li> <li>• Expand Eviction Services with Texas Rio Grande Legal Aid</li> <li>• Diversity, Equity, and Inclusion efforts</li> </ul>	  
<b>General Fund</b>	Priority C's: <ul style="list-style-type: none"> <li>• Partnership with PALS (Pet Prevent a Litter of Central Texas)</li> <li>• Single Use Container Ban Implementation</li> <li>• Downtown Staffing</li> </ul>	  



# Expenses, Continued








## Public Safety, Core Services & Fiscal Excellence

Fund	Policy Statement	Status
<b>General Fund</b>	Focus Human Services Advisory Board and Community Development Block Grant allocations toward meeting City Council's strategic goals. Funding levels to be determined later in the budget process	
<b>General Fund</b>	Move one manager position from Community Development Block Grant to the General Fund	
<b>General Fund</b>	Transit operations funding requests to be presented later in the budget process	

# Expenses, Continued



## Public Safety, Core Services & Fiscal Excellence




Fund	Policy Statement	Status
<b>General Fund</b>	Animal Shelter will continue with current goal of higher live outcome rate with continued funding from all partner agencies	
<b>General Fund</b>	<ul style="list-style-type: none"> <li>• Continue to constrain the capital improvement program (CIP) to keep debt rate within limits established in the City's debt model</li> <li>• If capacity allows, explore increasing the debt service component of the tax rate by 1%</li> </ul>	 
<b>General Fund</b>	Explore policies that will provide funding for non-recurring expenses while protecting the City from revenue volatility	
<b>General Fund</b>	Continue to allocate funding for City Council's strategic goals	



# Expenses, Continued





## Public Safety, Core Services & Fiscal Excellence

Fund	Policy Statement	Status
<b>Electric and Water/Wastewater</b>	Utility fund transfers to the General Fund budgeted at amount determined by Cost Allocation Plan	
<b>Hotel Tax</b>	Allocate funding for historical restoration and preservation projects based on capacity and explore how we can meet the 51% of tourism function requirement	
<b>Hotel Tax</b>	Use hotel tax funding for the City’s branding plans and incorporate a community input component	

# Expenses, Continued



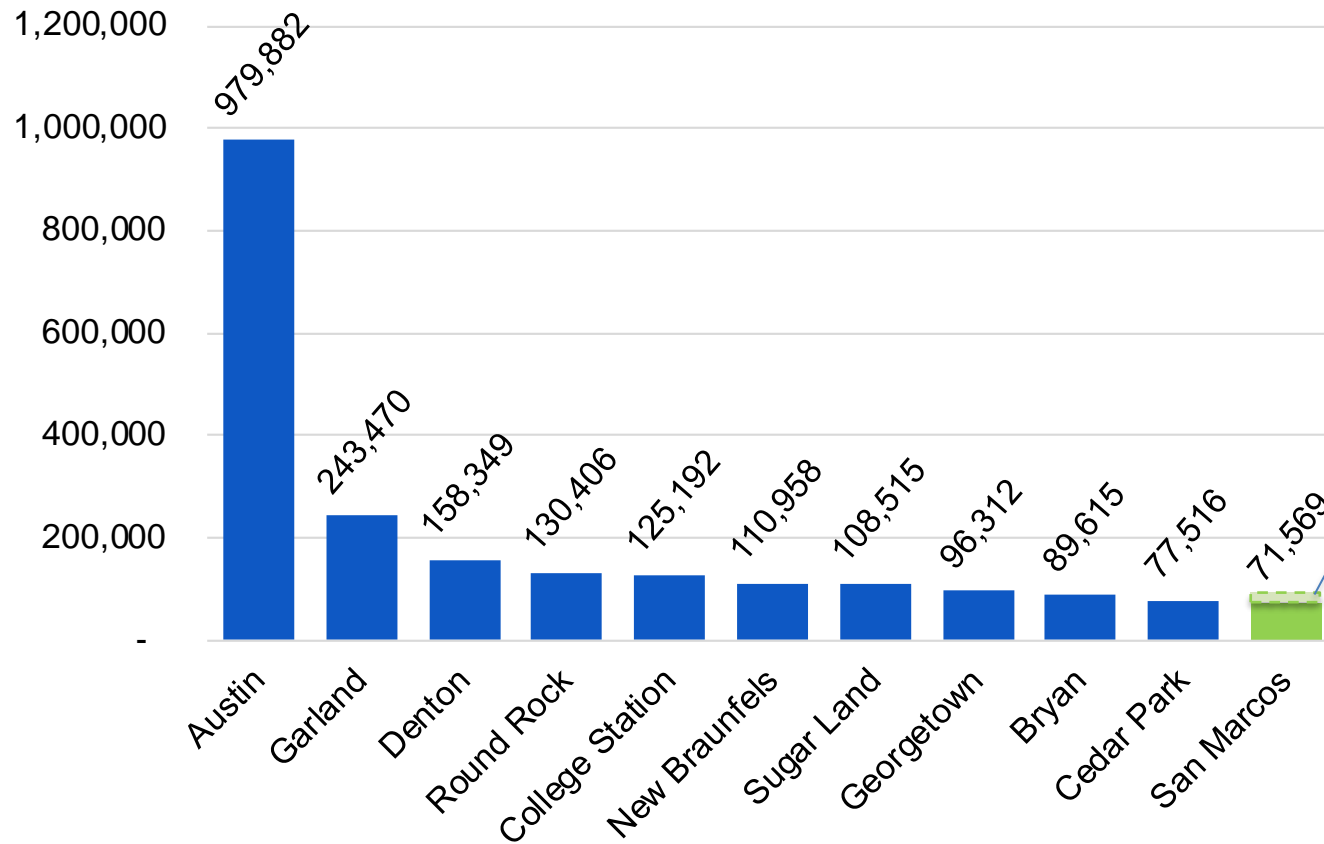
## Public Safety, Core Services & Fiscal Excellence

Fund	Policy Statement	Status
<b>Community Enhancement</b>	Continue to budget funds to address community enhancement items that come up during the fiscal year	
<b>Community Enhancement</b>	Explore moving code enforcement officers to General Fund and moving temporary downtown staff to Community Enhancement if capacity allows after implementing the other General Fund priorities	



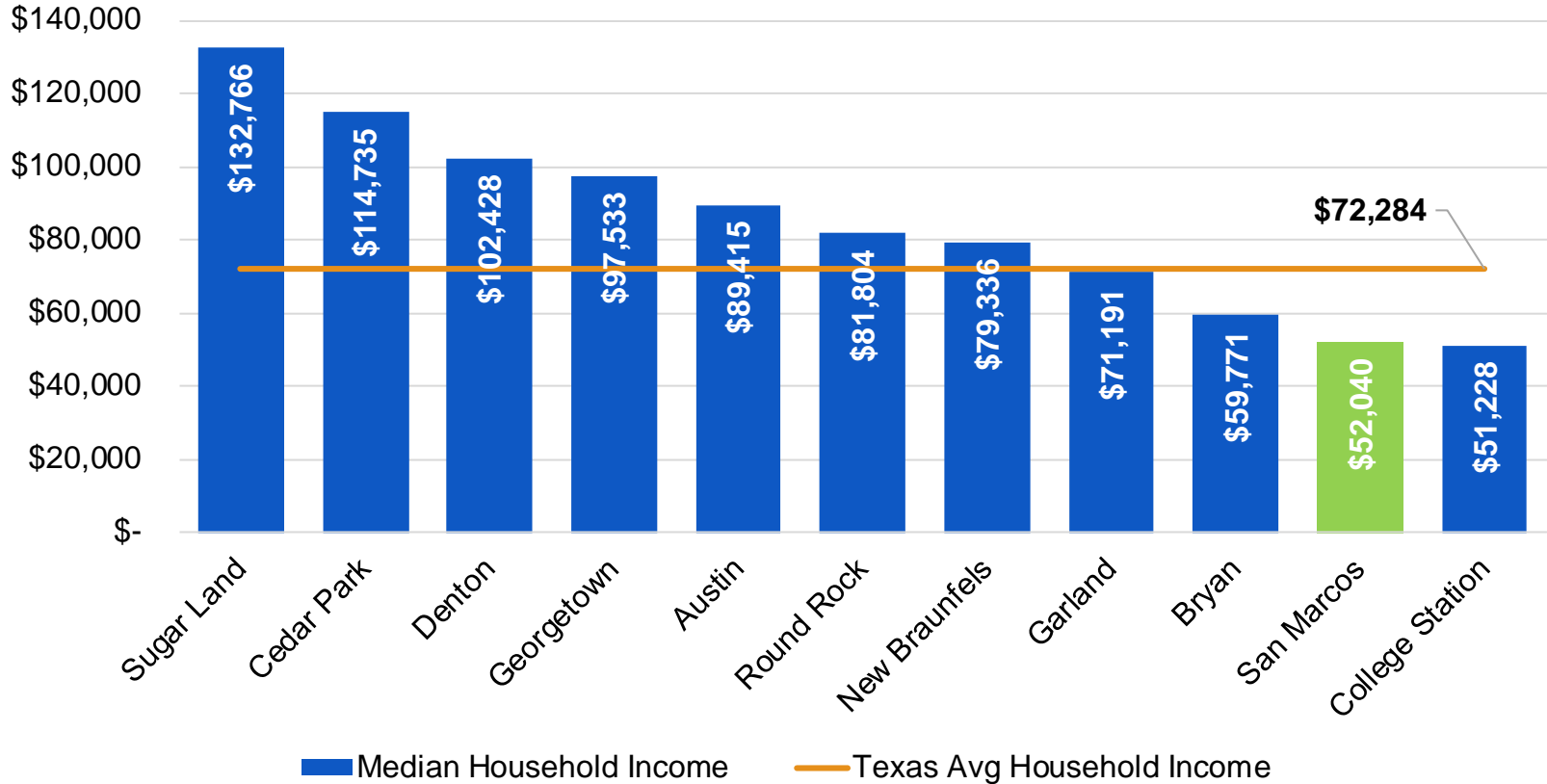
# Benchmarking

# Population as of July 1, 2023



81,877 per  
Planning &  
Development

# Median Household Income

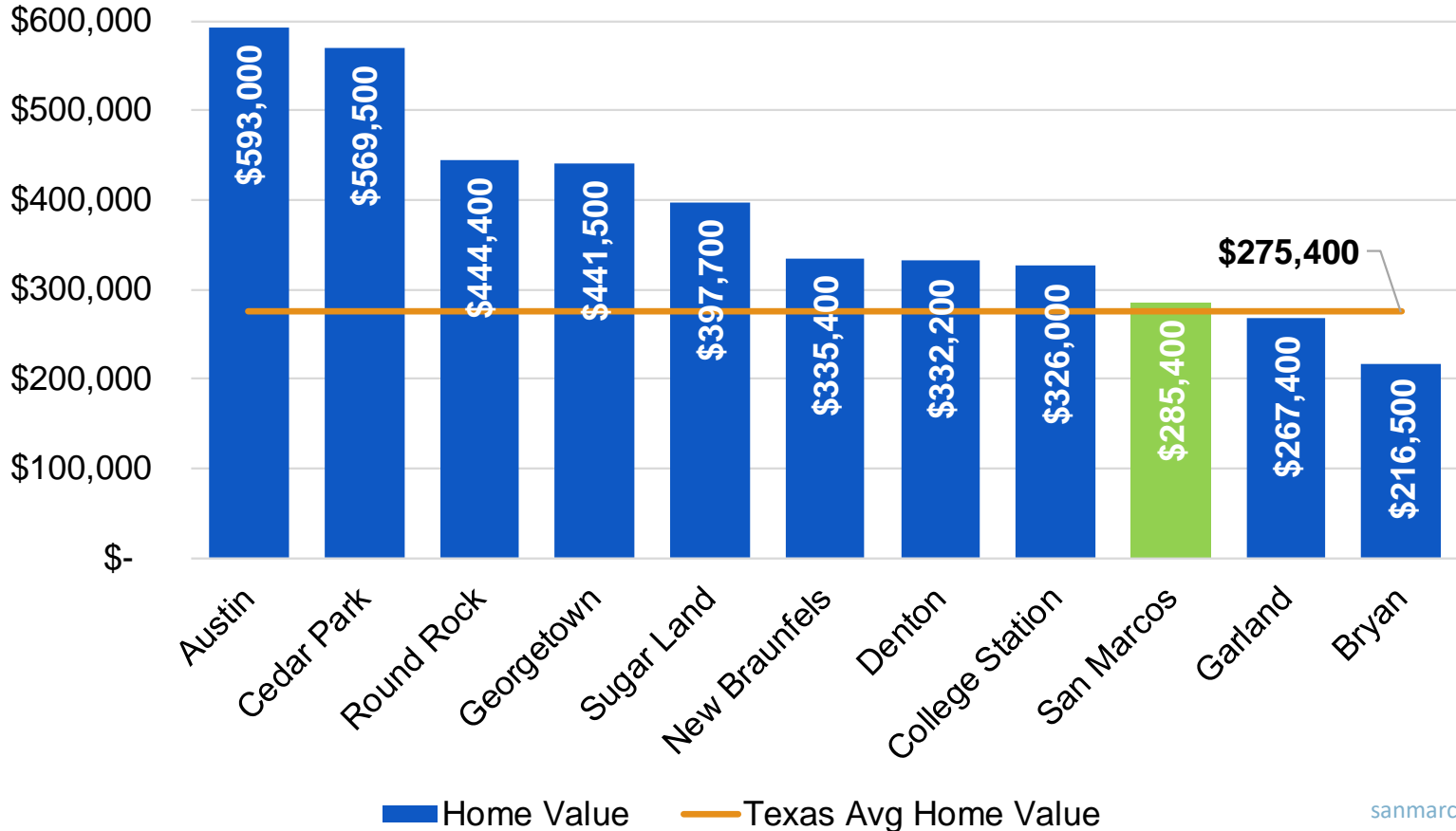


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Source: U.S Census Bureau, American Community Survey, 1-Year Estimates (in 2022 dollars)

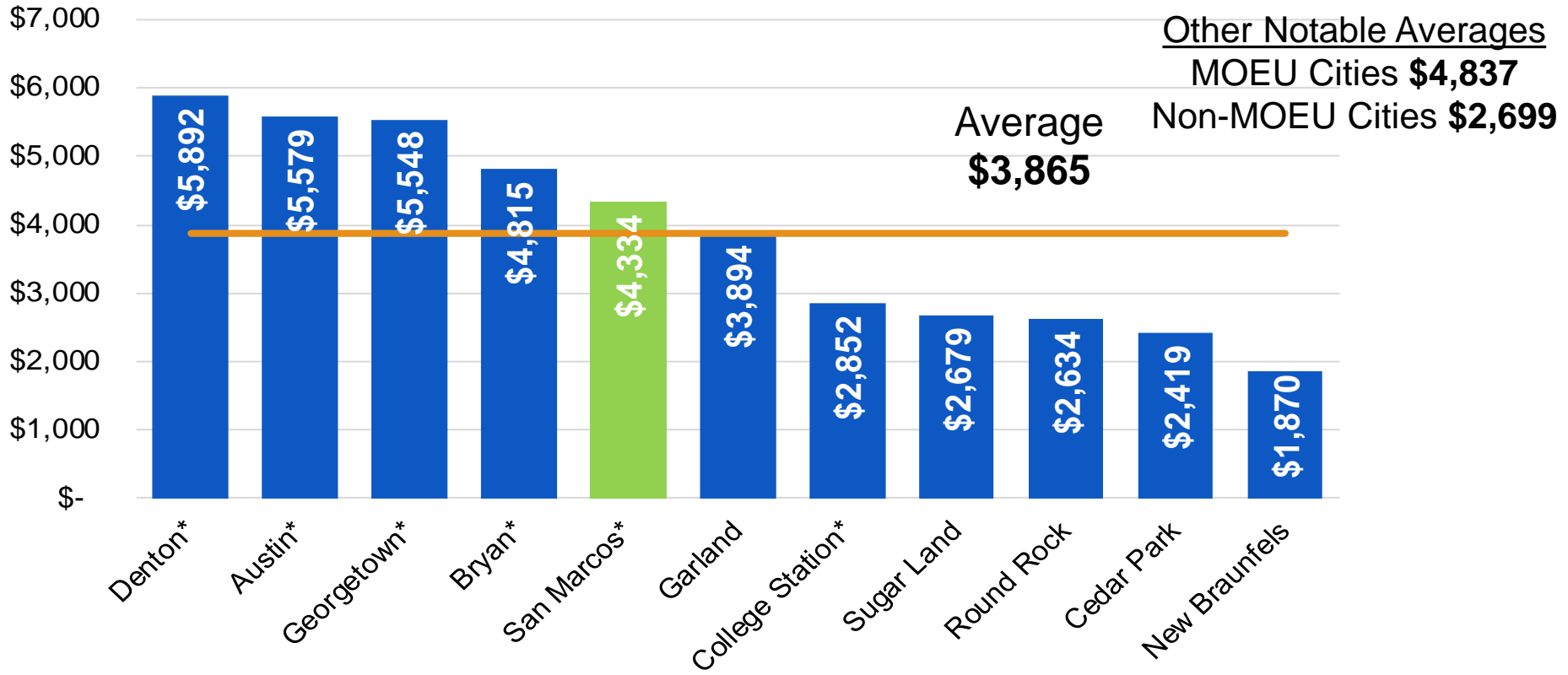


# Median Home Values





# All Fund Expenditures per Capita

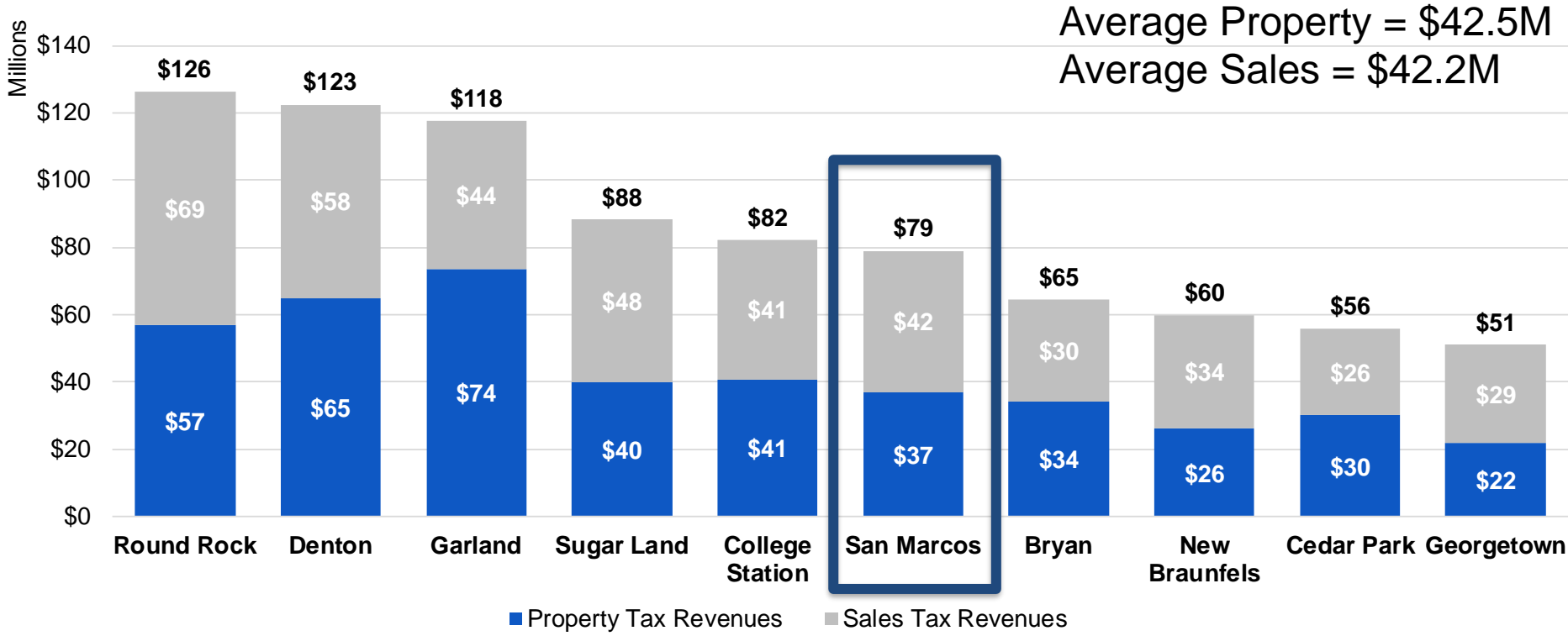


\*Cities with Municipally-Owned Electric Utilities (MOEU)

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Source: U.S Census Bureau, QuickFacts, Population Estimates July 1, 2023 (V2023); FY 2024 Budget Books

# FY 2024 Budgeted Property/Sales Taxes

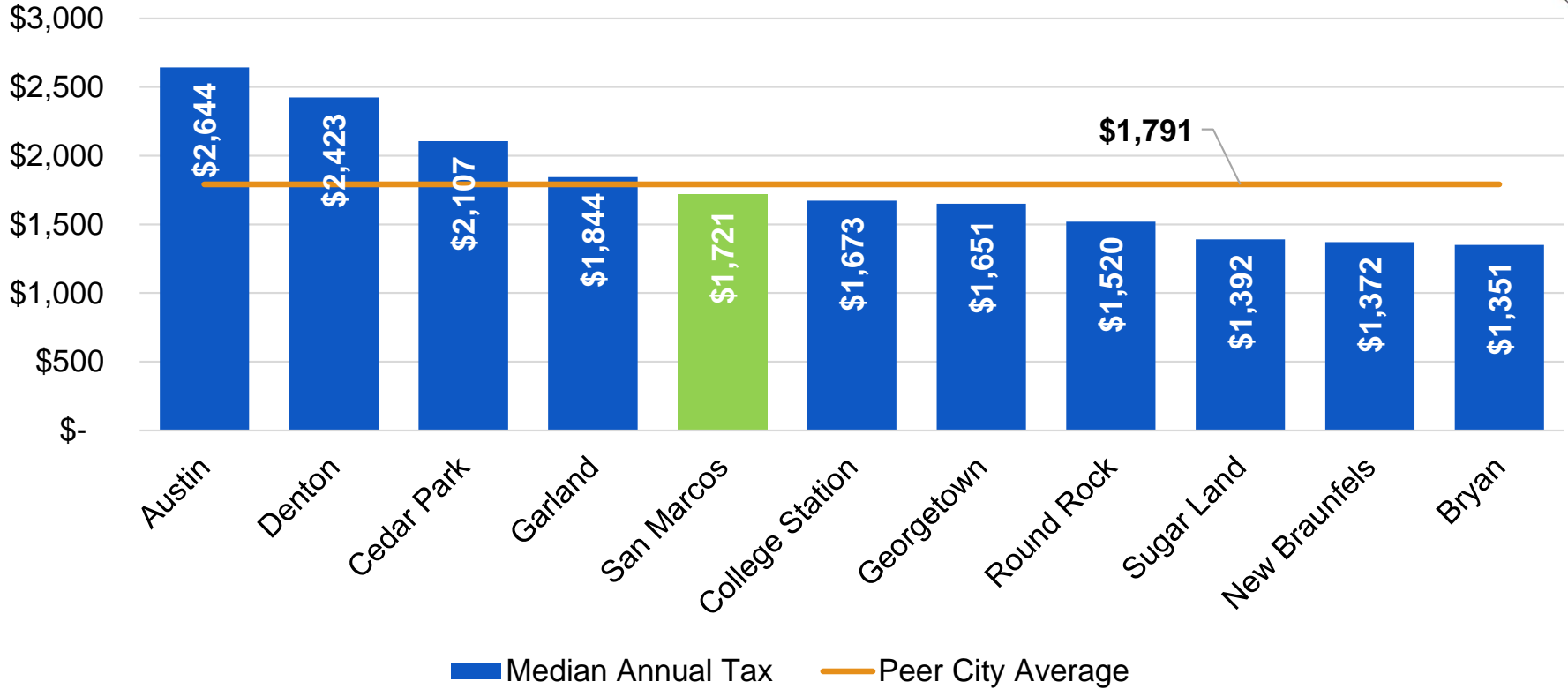


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Source: FY 2024 Budget Books; Austin = \$636M Property Tax & \$376M Sales Tax



# Median Household Annual City Property Tax



Source: Median Household Values - U.S Census Bureau, American Community Survey, 1-Year Estimates (in 2022 dollars); using FY2024 tax rate



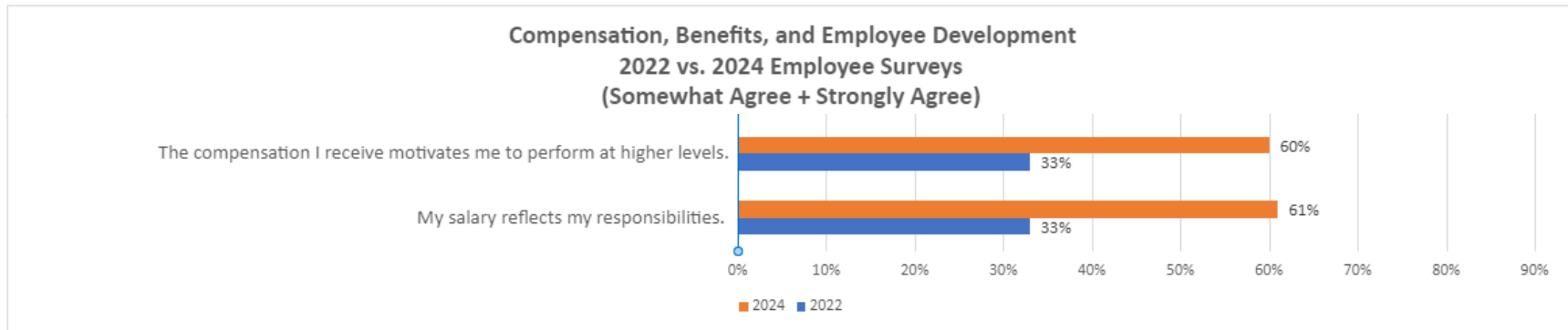
# Investing in Employees

# Employee Compensation Philosophy



Public Safety, Core Services & Fiscal Excellence

- Emphasis on and commitment to employees
  - Classification and Compensation Study
  - City Council approved Compensation Philosophy
- Perception by employees has shifted dramatically in a positive direction
- Employee Engagement Survey results – 2022 vs. 2024





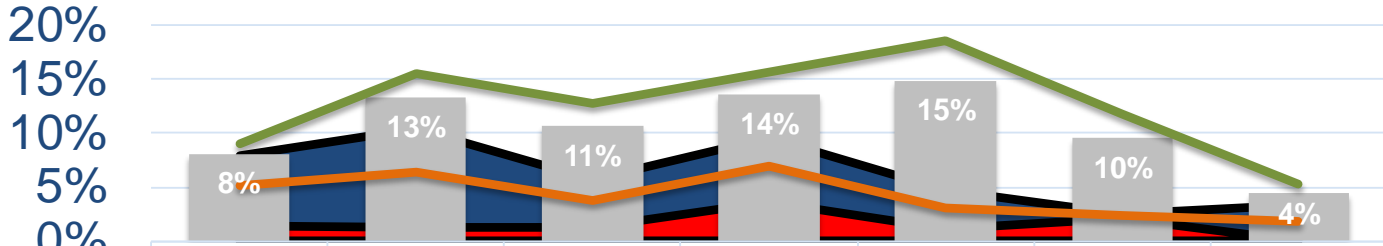
# Investing In Employees

- Cost of living adjustment
  - 3% for non-civil = \$1.2 million
  - Contractual increase of 5% for civil = \$1.3 million
- Increase to longevity
  - For non-civil = \$36K
- Re-establish employee homebuyer assistance program= \$50K



# Employee Vacancy Rate Excluding Retirements

\*As of June, FY 2024 annualized



	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024 YTD
Police	8%	10%	6%	10%	5%	3%	3%
Fire	1%	1%	1%	4%	1%	2%	0%
City-wide	8%	13%	11%	14%	15%	10%	4%
Non-Civil Service	9%	16%	13%	16%	19%	12%	5%
Civil Service	5%	6%	4%	7%	3%	2%	2%

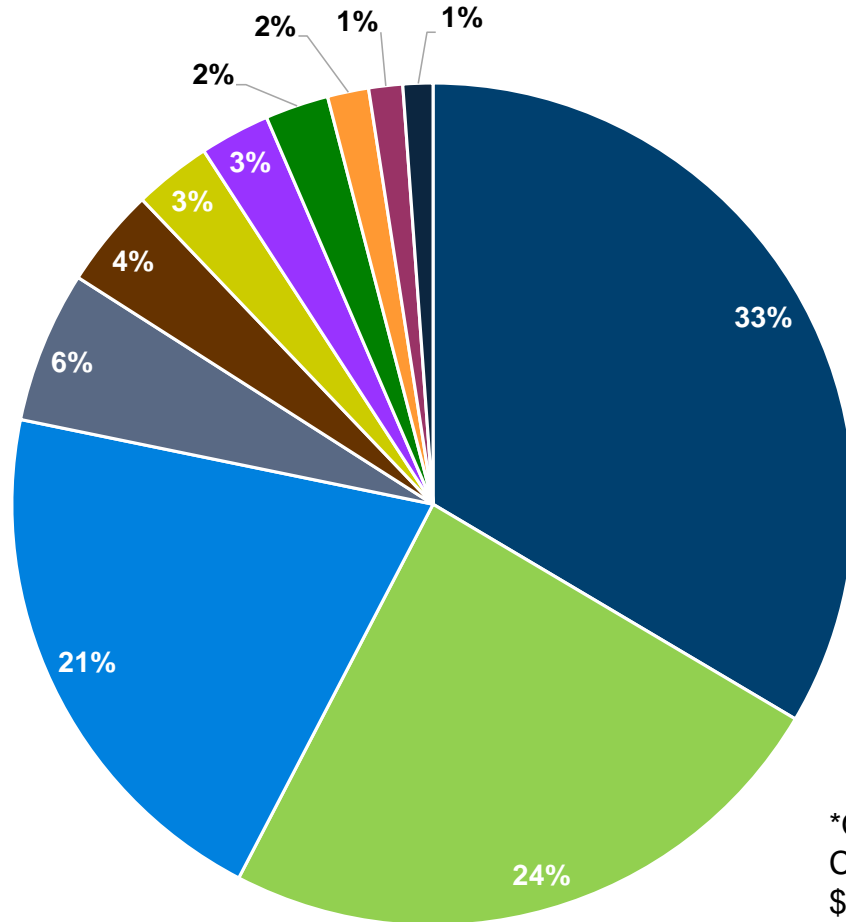
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# All Funds

# Revenues – All Funds



Total Revenues = \$337.1M

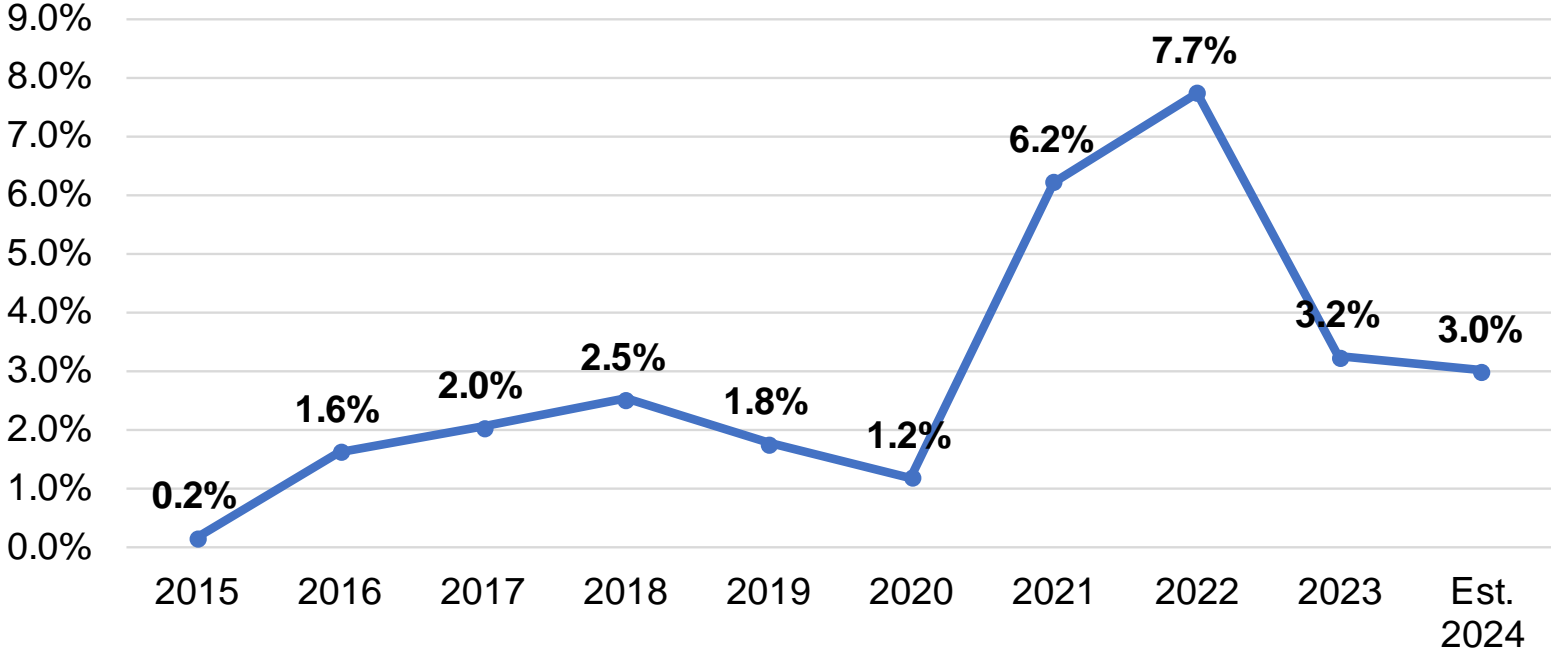
- General Fund - \$113.0M
- Electric - \$81.3M
- Water-Wastewater - \$69.4M
- Debt Service - \$19.6M
- Health Insurance Fund - \$12.9M
- Stormwater - \$10.0M
- TIFs - \$9.1M
- Resource Recovery - \$8.2M
- \*Other Revenues - \$5.3M
- Hotel Occupancy Tax - \$4.4M
- Other Special Revenue Funds - \$3.9M

\*Other Revenues = Transit \$2.9M, Community Enhancement \$1.1M, Airport [sanmarcostx.gov](http://sanmarcostx.gov) \$873K, Health Insurance Trust Fund \$500K

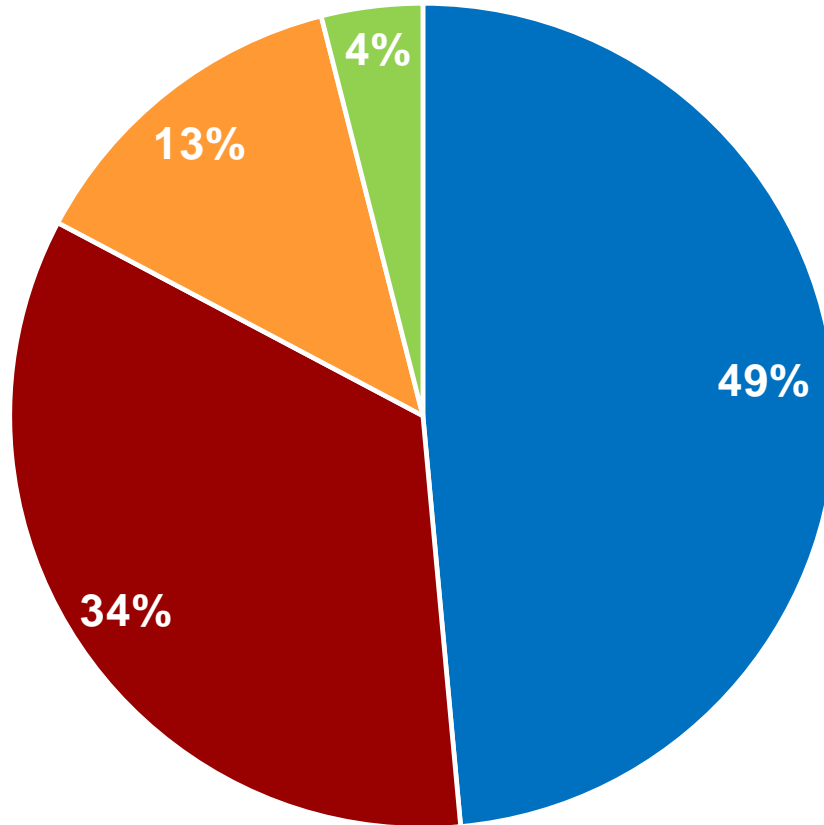
# Inflation - Consumer Price Index



U.S. City Average CPI for All Urban Consumers



# Expenses – All Funds



Total Expenses = \$342.6M

- Operating - \$165.2M
- Personnel - \$117.2M
- Debt Service - \$45.5M
- One-Time - \$16.7M



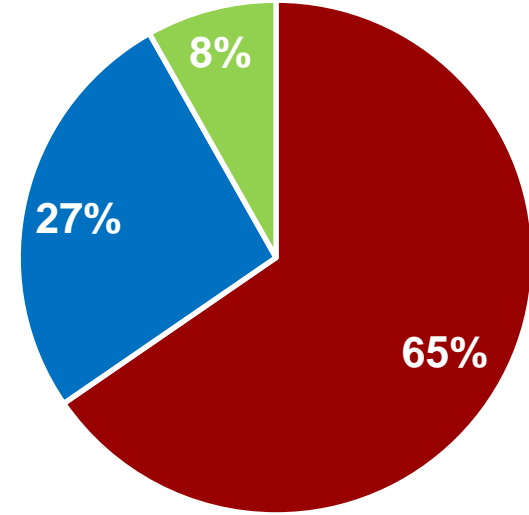
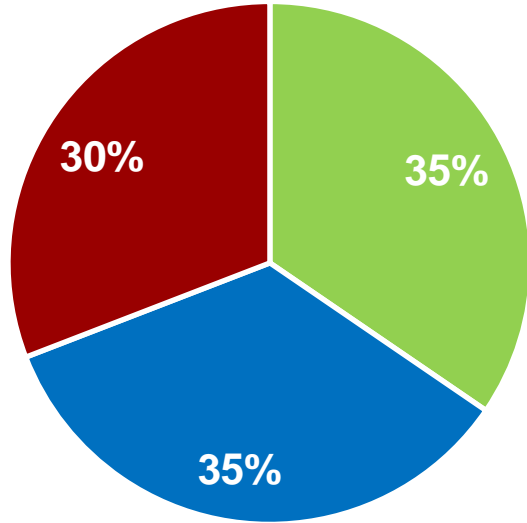
# General Fund

# General Fund Overview



Total Revenues = \$113.0M

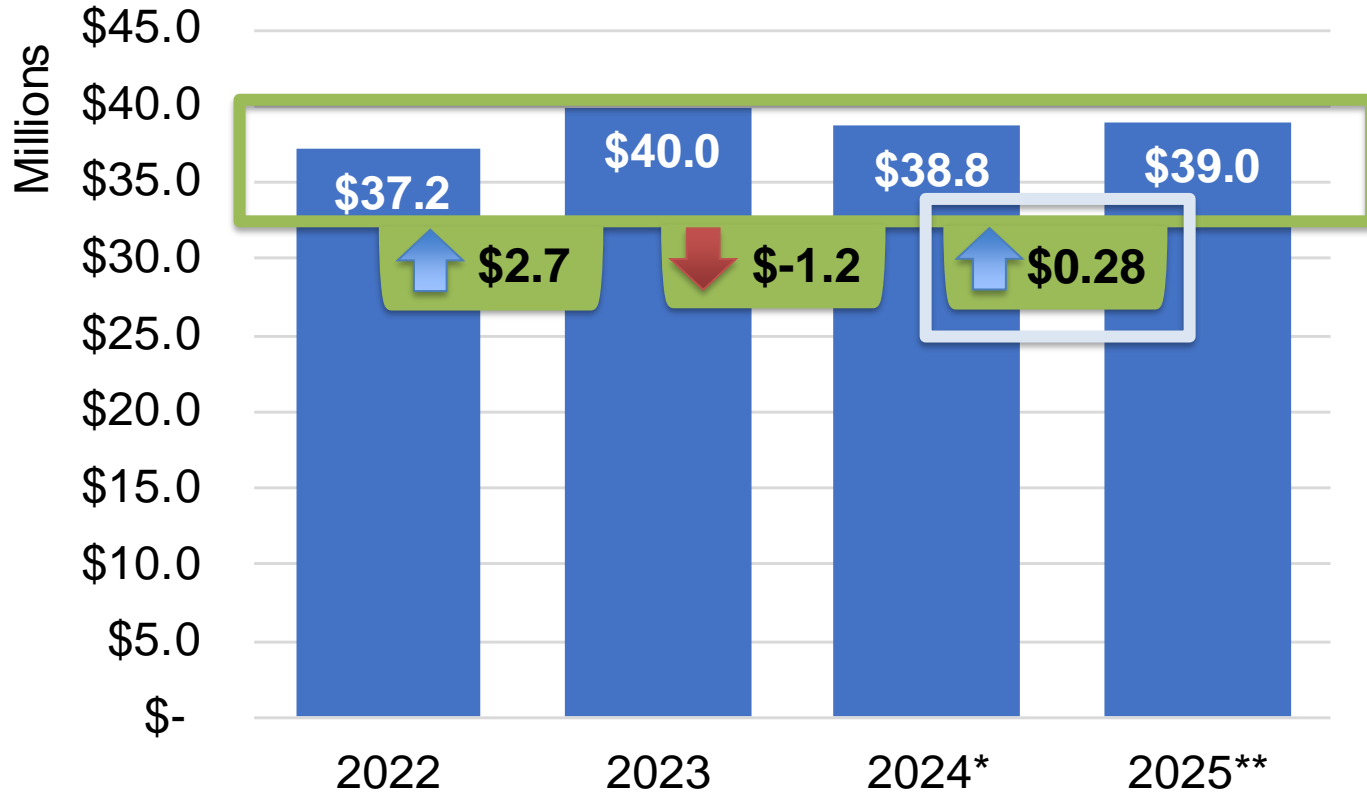
Total Expenses = \$123.0M



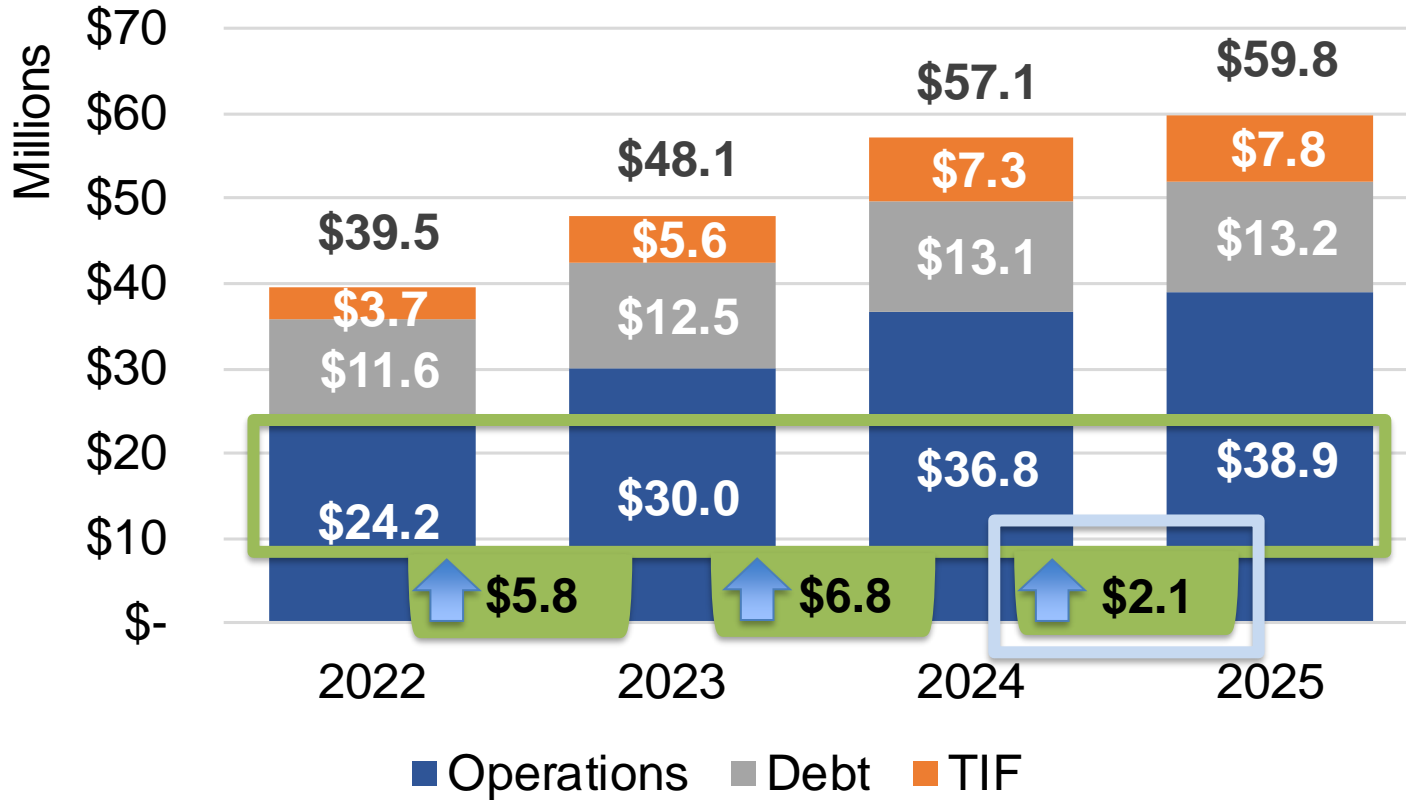
■ Sales Tax   ■ Property Tax   ■ Other Revenue

■ Personnel   ■ Operating   ■ One-time

# Annual Sales Tax Revenue



# Annual Tax Levy





# General Fund



GENERAL FUND	FY 2023 ACTUALS	FY 2024 BUDGET	FY 2024 ESTIMATE	FY 2025 PROPOSED
<b>Beginning Fund Balance</b>	\$ 41,930,414	\$ 42,855,821	\$ 42,855,821	\$ 42,074,947
<b>Revenues</b>	\$ 103,778,494	\$ 111,351,806	\$ 108,400,668	\$ 112,984,173
Sales Tax	39,976,616	42,150,789	38,750,778	39,035,250
Property Tax	34,454,175	36,983,186	36,832,059	39,071,814
Other Revenue	29,347,703	32,217,831	32,817,831	34,877,109
<b>Expenses</b>	\$ 102,853,087	\$ 114,880,338	\$ 109,181,542	\$ 123,043,658
Personnel	65,973,016	75,832,191	74,998,716	80,471,884
Operating	32,710,705	33,184,972	28,542,775	32,512,289
One-time	4,169,366	5,863,175	5,640,051	10,059,485
<b>Ending Fund Balance</b>	\$ 42,855,821	\$ 39,327,289	\$ 42,074,947	\$ 32,015,462
25% Required	24,670,930	27,254,291	25,885,373	28,246,043

# General Fund Revenue Changes Since June



- **Sales taxes**
  - Decrease of \$779K from updated forecast
- **Property taxes**
  - Increase of \$475K from Preliminary Roll
- **Other Revenues**
  - Increase of \$553K from multiple sources

# General Fund Expense Changes Since June



- **Personnel**
  - Increase of \$150K
- **Operating**
  - Increase of \$50K for re-establishing employee homebuyer incentive
- **One-time**
  - Increase of \$474K

# General Fund Expense Changes



Public Safety, Core Services & Fiscal Excellence



Economic Vitality

## Cost Drivers – Personnel

- Personnel increased by 3-5% = \$2.5 million
  - Cost of living adjustment, 3% = Non-Civil \$1.2 million
  - Contractual increase, 5% = Civil \$1.3 million
- New positions included in proposed FY 2025 Budget
  - (1) \*Plumber = \$118K (\$113K recurring, \$5K one-time)
  - (1) \*Streets Supervisor = \$132K (\$127K recurring, \$5K one-time)
  - (1) \*Administrative Clerk = \$21K recurring
  - (1) \*Business Retention & Expansion Coordinator = \$91K (\$88K recurring, \$3K one-time)
  - (1) \*Reclassification to Special Events Coordinator = \$10K recurring
  - (2) \*Convert 2 part-time to full-time Parking Technicians = \$45K recurring
  - (1) \*Convert 3 part-time to 1 full-time Deputy Marshal = \$85K recurring

[sanmarcostx.gov](http://sanmarcostx.gov)

# General Fund Expense Changes



 Public Safety, Core Services & Fiscal Excellence

 Economic Vitality

## Cost Drivers – *Personnel*

- New positions included in proposed FY 2025 Budget, continued
  - (1) Police Officer = \$167K (\$140K recurring, \$27K one-time)
  - (1) Crime Analyst = \$126K (\$117K recurring, \$9K one-time)
  - (1) Reclassification of Corporal to Commander = \$18K recurring
  - (1) Housing & Community Development Manager transferred from CDBG = \$94K recurring
  - (1) Code Compliance Officer transferred from Community Enhancement = \$85K recurring
  - (1) Master Technician – Emergency Vehicle Technician = \$108K (\$101K recurring, \$7K one-time)
  - (1) Reclassification to Legal assistant = \$21K recurring

# Multi-Year Public Safety Staffing Plan Successes



## Public Safety, Core Services & Fiscal Excellence

- Police staffing study completed in 2021 recommended adding 10 new police officers
  - Police officers at time of study = 112
  - Police officers in preliminary FY 2025 Budget = **125**
  - Police officers 2021 study goal = **122**✓
- Fire Standards of Cover and Community Risk Assessment completed in 2020 recommended 27 new firefighter positions
  - Firefighter positions at the time of study = 75
  - Firefighter positions in preliminary FY 2025 Budget = 90
  - Firefighter positions request in SAFER Grant = 15
  - Firefighter positions if SAFER Grant is awarded = **105**
  - Firefighter positions 2020 assessment goal = **102**✓



# Public Safety Staffing Plan Path Forward



Public Safety, Core Services & Fiscal Excellence

## Fire

- Add 2 firefighters every year at the end of the SAFER grant (3 years)

## Police

- Add 2 police officers every year
- Add 1 911-telecommunicator every year

## City Marshal

- Beginning a staffing study in current fiscal year

# General Fund Expense Changes



Public Safety, Core Services & Fiscal Excellence

## **COST DRIVERS** – *Operating*

- Citywide Body Camera Contract - \$419K
- Municipal Court Lease - current lease \$92K and budgeting \$221K for new facility in the event lease terms overlap



# General Fund Expense Changes



 Public Safety, Core Services & Fiscal Excellence

 Economic Vitality

## **Staff recommendation** – *Fund balance in excess of 25%*

- Hopkins Redevelopment/Future City Hall Project – \$4.0 million
- Fiscal Year 2025 Capital Outlay – \$1.8 million
- Municipal Court Relocation – In negotiations
- Replace 8 patrol vehicles – \$600K
- Fiscal Year 2025 CIP – \$426K

# General Fund Decision Points



- Do you agree with staff recommendations as presented?
- Other direction for staff



*other*

# **GOVERNMENTAL OPERATING FUNDS**

## **Special Revenue Funds**



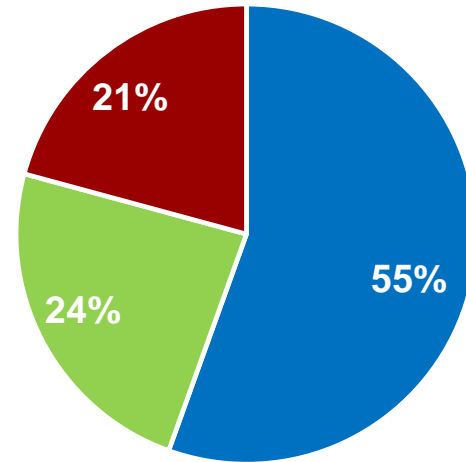
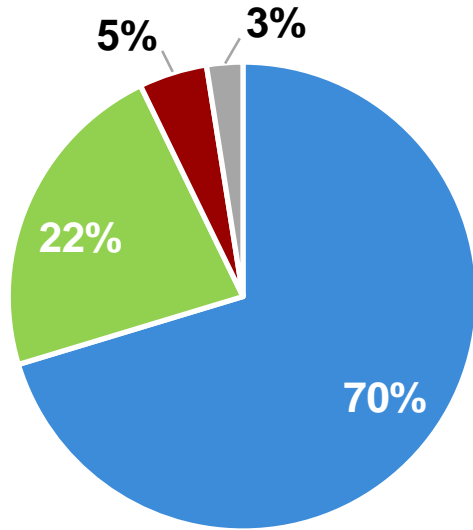
# Hotel Tax Fund

# Hotel Occupancy Tax Overview



Total Revenues = \$4.4M

Total Expenses = \$6.2M



- Hotel Tax
- Venue Tax
- General Fund Transfer
- Other Revenue

- Operating
- One-time
- Personnel

# Hotel Tax Fund



<b>SPECIAL REVENUE FUND</b>	<b>FY 2023 ACTUALS</b>	<b>FY 2024 BUDGET</b>	<b>FY 2024 ESTIMATE</b>	<b>FY 2025 PROPOSED</b>
<b>Beginning Fund Balance</b>	<b>\$ 3,465,054</b>	<b>\$ 3,968,022</b>	<b>\$ 3,968,022</b>	<b>\$ 3,540,072</b>
<b>Revenues</b>	<b>\$ 5,074,910</b>	<b>\$ 4,964,188</b>	<b>\$ 4,841,748</b>	<b>\$ 4,387,678</b>
Hotel & Venue Tax	4,828,711	4,708,215	4,585,775	4,072,063
General Fund Transfer	147,718	210,973	210,973	206,156
Other Revenue	98,481	45,000	45,000	109,459
<b>Expenses</b>	<b>\$ 4,571,943</b>	<b>\$ 5,637,788</b>	<b>\$ 5,269,697</b>	<b>\$ 6,212,459</b>
Personnel	991,896	1,236,246	1,156,826	1,290,847
Operating	3,580,047	3,490,542	3,701,871	3,446,916
One-time	-	911,000	411,000	1,474,696
<b>Ending Fund Balance</b>	<b>\$ 3,968,022</b>	<b>\$ 3,294,421</b>	<b>\$ 3,540,072</b>	<b>\$ 1,715,291</b>

Fund balance as a percent 36%

**Fund Balance Reserve Requirement for 25% \$ 1,184,441**

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# Hotel Tax Revenue Assumptions



- Hotel taxes (7% General)
  - Original estimate: flat compared to estimated FY 2024 collections
  - Revised estimate: reduced 11% for Embassy Suites remodel
- Venue tax (2% Conference Center)
  - Original estimate: flat compared to estimated FY 2024 collections
  - Revised estimate: reduced 10% for Embassy Suites remodel

# Hotel Tax Expense Changes



-  Quality of Life & Sense of Place
-  Economic Vitality

## **Cost Drivers – Personnel**

- 3% increase in personnel costs = \$47K
- (1) Downtown Grounds Specialist = \$67K (ARPA funded)

## **Cost Drivers – Operating**

- New crew cab truck lease = \$16K

## **Cost Drivers – One-time**

- Wayfinding Second Phase = \$500K
- Permanent Arts = \$429K
- Mural Arts = \$108K
- Historical Restoration & Preservation = \$438K





# Community Enhancement Fund

# Improve Use of Community Enhancement Fee



Quality of Life & Sense of Place



Environmental Protection

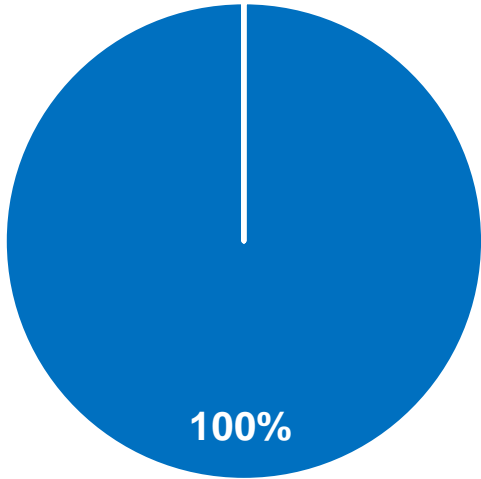
- **GOAL:** Use Community Enhancement Fee to beautify rights-of-way and develop standards for maintenance.
- **STRATEGIES:**
  - Move the funding of one Code Enforcement Officer from the Community Enhancement Fund to the General Fund to free up revenue from Community Enhancement Fee to be used for maintenance.
  - Develop a design guide that prescribes standard types of plantings across multiple rights-of-way.
  - Update the Citywide mowing map to clearly show City properties and rights-of-way to be maintained.
  - Cease maintaining private property that was previously mowed erroneously.
  - Develop routine mowing maintenance standards and schedule for City properties and rights-of-way (including corridors, gateways, Downtown, drainage easements, City facilities, riparian areas, etc.)

# Community Enhancement Overview

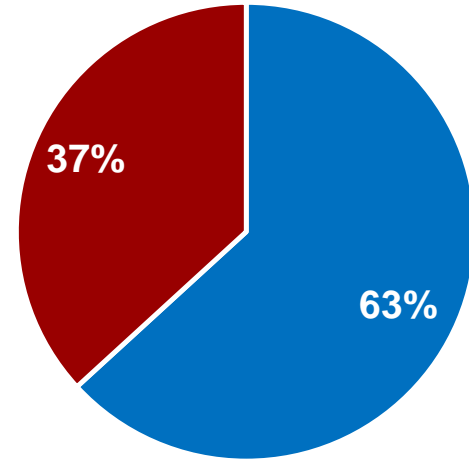


Total Revenues = \$1.1M

Total Expenses = \$1.1M



■ Community Enhancement Fee



■ Operating ■ Personnel

# Community Enhancement Fund



<b>SPECIAL REVENUE FUND</b>		<b>FY 2023</b>		<b>FY 2024</b>		<b>FY 2024</b>		<b>FY 2025</b>
		<b>ACTUALS</b>		<b>BUDGET</b>		<b>ESTIMATE</b>		<b>PROPOSED</b>
<b>Beginning Fund Balance</b>	\$	<b>731,846</b>	\$	<b>660,182</b>	\$	<b>660,182</b>	\$	<b>746,878</b>
<b>Revenues</b>	\$	<b>710,777</b>	\$	<b>1,085,322</b>	\$	<b>1,078,374</b>	\$	<b>1,088,514</b>
Community Enhancement Fee		699,757		1,085,322		1,078,374		1,088,514
Donations		11,020		-		-		-
<b>Expenses</b>	\$	<b>782,441</b>	\$	<b>1,085,322</b>	\$	<b>991,678</b>	\$	<b>1,069,182</b>
Personnel		368,580		443,663		461,138		393,637
Operating		413,861		641,659		530,540		675,545
One-time		-		-		-		-
<b>Ending Fund Balance</b>	\$	<b>660,182</b>	\$	<b>660,182</b>	\$	<b>746,878</b>	\$	<b>766,210</b>
						Fund balance as a percent		72%
						<b>Fund Balance Reserve Requirement for 60 Days</b>	\$	<b>178,553</b>



# Community Enhancement Budget Changes



Quality of Life & Sense of Place



Environmental Protection

## Revenues

- Community Enhancement Fee
  - Increase in revenue from growth

## Cost Drivers

- Personnel
  - 3% increase in personnel costs = \$17K
  - Decrease from transferring (1) Code Compliance Officer to GF = \$85K
- Operating
  - Mowing services = increased by \$82K

# Special Revenue Funds Decision Point



- Do you agree with staff recommendations as presented?
- Other direction for staff

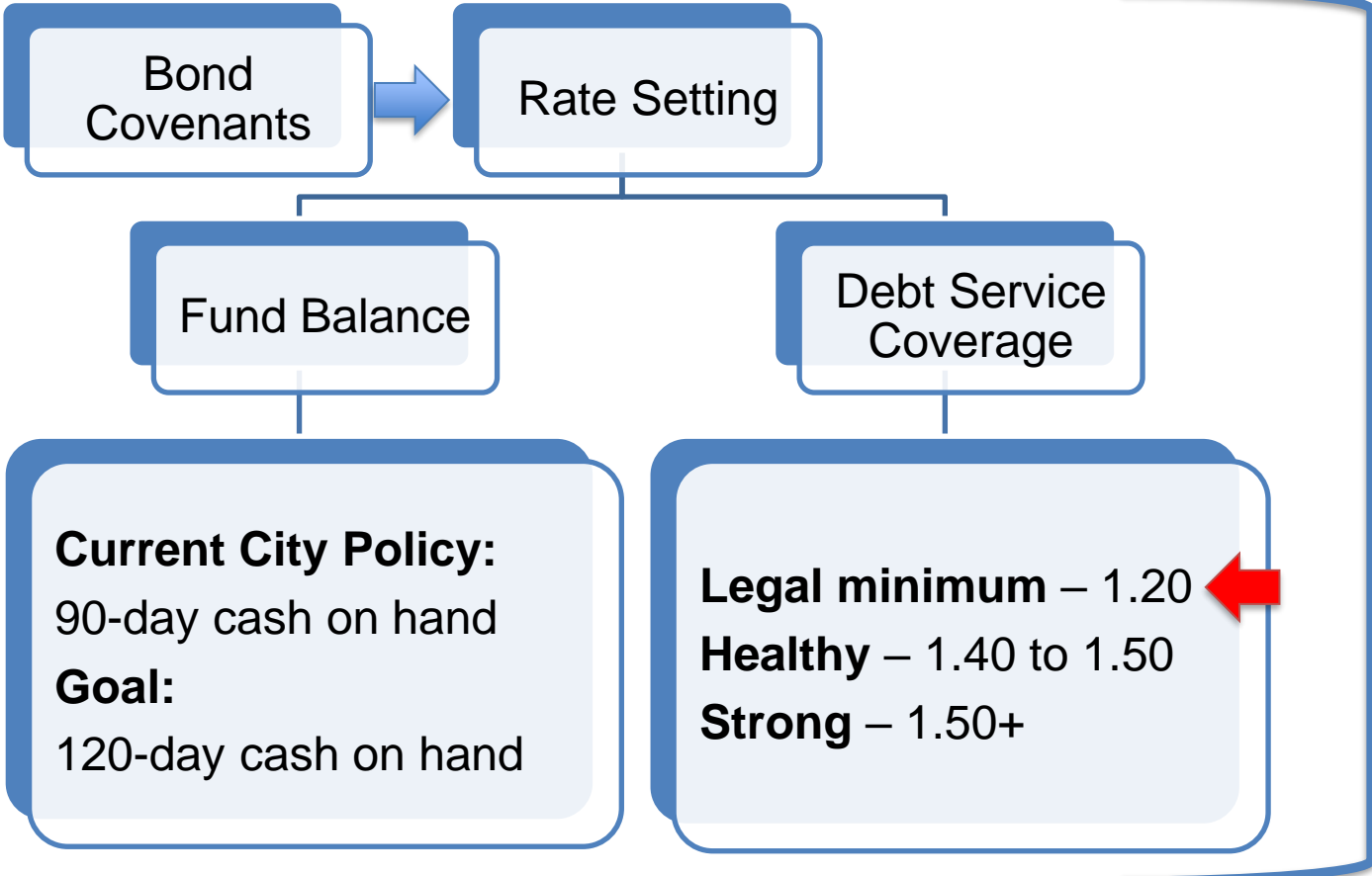


*other*

# **MAJOR OPERATING FUNDS**

## **Enterprise**

# Electric & Water-Wastewater Bond Rating



Consistency of review and consideration of recommended changes





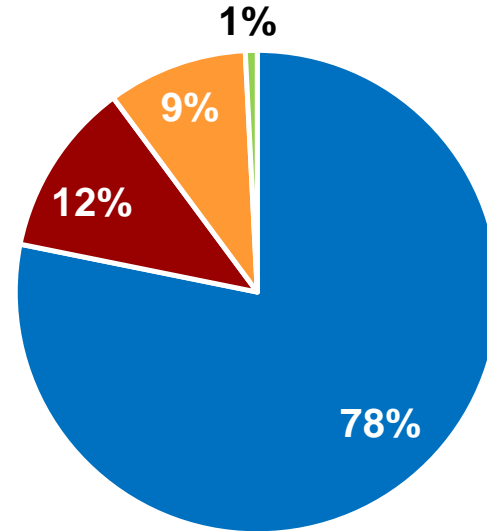
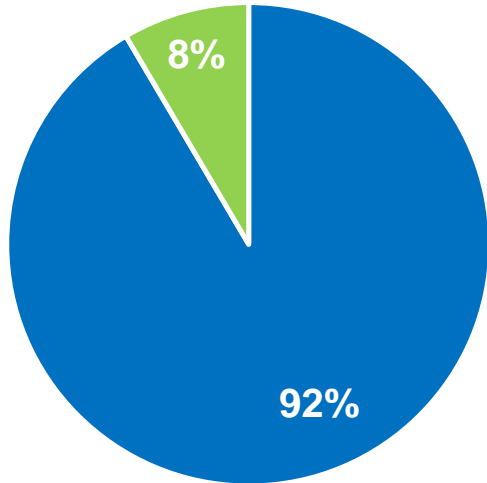
# Electric Utility Fund

# Electric Utility Overview



Total Revenues = \$81.3M

Total Expenses = \$79.8M



■ Electric Utility Bills ■ Other Revenue

■ Operating ■ Personnel ■ Debt Service ■ One-time

[sanmarcostx.gov](http://sanmarcostx.gov)

# Electric Utility Fund



UTILITIES FUND - ELECTRIC	FY 2023 ACTUALS	FY 2024 BUDGET	FY 2024 ESTIMATE	FY 2025 PROPOSED
<b>Beginning Fund Balance</b>	\$ 14,441,688	\$ 17,316,539	\$ 17,316,539	\$ 23,373,700
<b>Revenues</b>	\$ 71,318,608	\$ 72,749,545	\$ 83,851,779	\$ 81,309,572
Electric Utility Bills	64,344,447	69,350,335	67,954,985	74,418,169
Other Revenue	6,974,161	3,399,210	15,896,794	6,891,403
<b>Expenses</b>	\$ 68,443,757	\$ 73,934,172	\$ 77,794,618	\$ 79,768,752
Personnel	7,022,921	8,684,369	7,905,046	9,318,838
Operating	54,997,324	57,128,446	61,273,199	62,359,853
Debt Service	6,309,665	6,946,357	6,946,357	7,456,749
One-time	113,847	1,175,000	1,670,016	633,312
<b>Ending Fund Balance</b>	\$ 17,316,539	\$ 16,131,912	\$ 23,373,700	\$ 24,914,520

Days of Cash on Hand 113

**Fund Balance Reserve Requirement for 90 Days \$ 19,783,860**

[sanmarcostx.gov](http://sanmarcostx.gov)

# CUAB Recommendations



- Electric – 5.5% Effective Rate
- Continue with smaller annual increases until all financial targets are met, annual trends are upward, and a strong financial position is established
- Provide Citizen Utility Advisory Board (CUAB) approved Utilities Financial Policy to City Council
  - Establishes a foundational outline for increasing/maintaining credit rating standards
  - Structurally defines the Electric rates
  - In time for Council’s 2025 Visioning

# Electric Utility Rating Reports



- September 2022:  
Downgrade from A- to BBB+

Credit Rating Scales by Agency, Long-Term

Moody's	S&P	Fitch	
Aaa	AAA	AAA	Prime
Aa1	AA+	AA+	High grade
Aa2	AA	AA	
Aa3	AA-	AA-	
A1	A+	A+	Upper medium grade
A2	A	A	
A3	A-	A-	
Baa1	BBB+	BBB+	Lower medium grade
Baa2	BBB	BBB	
Baa3	BBB-	BBB-	
Ba1	BB+	BB+	Non-investment grade speculative
Ba2	BB	BB	
Ba3	BB-	BB-	
B1	B+	B+	Highly speculative
B2	B	B	
B3	B-	B-	
Caa1	CCC+	CCC	Substantial risk
Caa2	CCC		Extremely speculative
Caa3	CCC-		Default imminent with little prospect for recovery
Ca	CC	CC	
	C	C	
	D	D	In default
/			
/			



"Junk"



# Cash Reserve & DSC Outlook w/Rate Adjustment



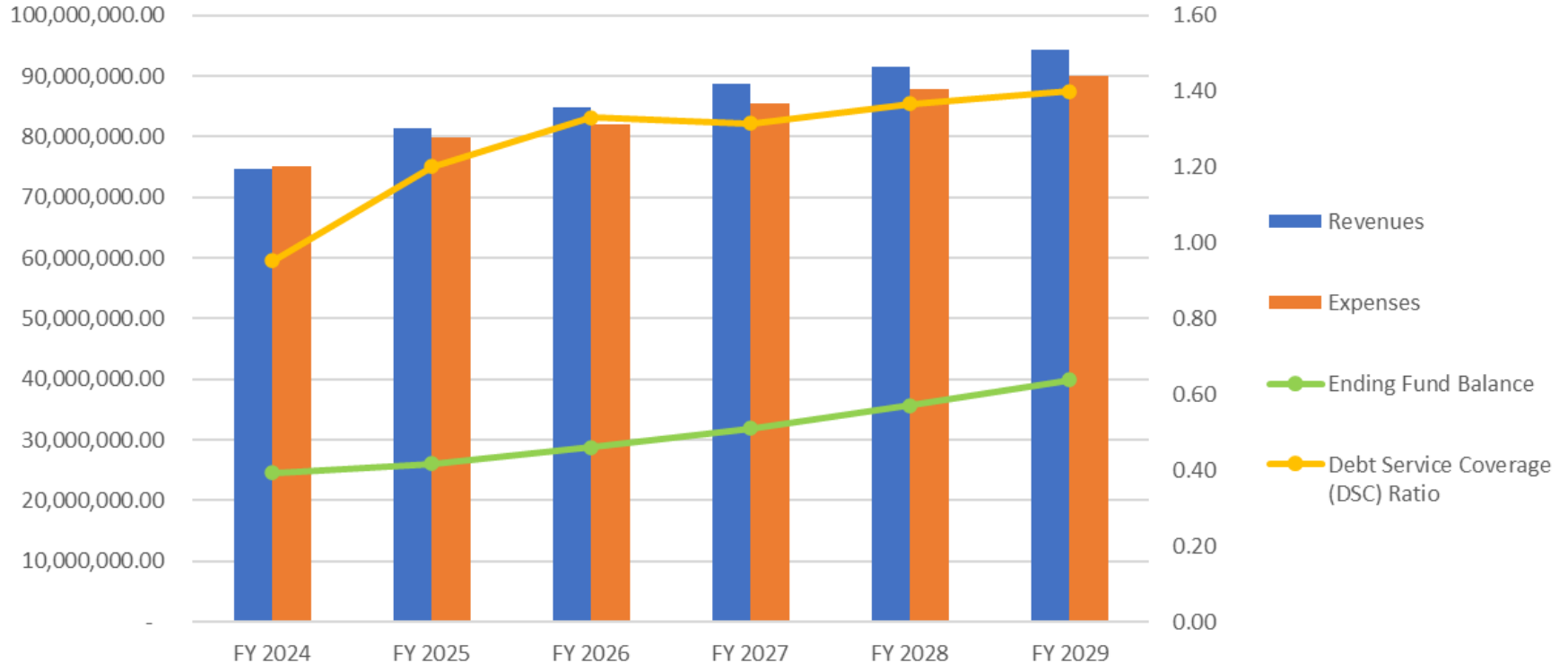
UTILITIES FUND - ELECTRIC	FY 2025 PROPOSED	FY 2026 FORECAST	FY 2027 FORECAST	FY 2028 FORECAST	FY 2029 FORECAST
<b>Beginning Fund Balance</b>	<b>\$ 23,373,700</b>	<b>\$ 24,914,520</b>	<b>\$27,646,861</b>	<b>\$ 30,755,147</b>	<b>\$34,513,514</b>
<b>Revenues</b>	<b>\$ 81,309,572</b>	<b>\$ 84,734,806</b>	<b>\$88,700,072</b>	<b>\$ 91,608,870</b>	<b>\$94,249,633</b>
Electric Services	74,483,700	77,802,765	81,644,729	84,432,199	86,959,076
Other Revenue	6,825,872	6,932,041	7,055,342	7,176,670	7,290,557
<b>Expenses</b>	<b>\$ 79,768,752</b>	<b>\$ 82,002,465</b>	<b>\$85,591,786</b>	<b>\$ 87,850,503</b>	<b>\$89,997,688</b>
Personnel	9,318,838	9,784,780	10,274,019	10,787,720	11,327,106
Operating	62,997,327	63,953,155	65,453,976	66,812,496	68,015,130
Debt Service	7,452,587	8,264,530	9,863,790	10,250,286	10,655,452
<b>Ending Fund Balance</b>	<b>\$ 24,914,520</b>	<b>\$ 27,646,861</b>	<b>\$30,755,147</b>	<b>\$ 34,513,514</b>	<b>\$38,765,460</b>
<b>Effective Rate (Total Bill % Impact)</b>	<b>5.5%</b>	<b>2.9%</b>	<b>2.7%</b>	<b>1.2%</b>	<b>0.8%</b>
Days of Cash on Hand	113	121	129	141	155
Debt Service Coverage (DSC) Ratio	1.21 *	1.33	1.32	1.37	1.40
<b>Fund Balance Reserve to Achieve 120 Days</b>	<b>\$ 26,589,584</b>	<b>\$ 27,334,155</b>	<b>\$28,530,595</b>	<b>\$29,283,501</b>	<b>\$29,999,229</b>

\* Proposed FY25 Debt Service Coverage is above the legal minimum required of 1.20

# Cash Reserve & DSC Outlook w/Rate Adjustment



## Adjusted Rate Trend - Electric Utilities



# Electric Utility Rating Reports



- Five Year Target

Credit Rating Scales by Agency, Long-Term

Moody's	S&P	Fitch	
Aaa	AAA	AAA	Prime
Aa1	AA+	AA+	High grade
Aa2	AA	AA	
Aa3	AA-	AA-	
A1	A+	A+	Upper medium grade
A2	A	A	
A3	A-	A-	
Baa1	BBB+	BBB+	Lower medium grade
Baa2	BBB	BBB	
Baa3	BBB-	BBB-	
Ba1	BB+	BB+	Non-investment grade speculative
Ba2	BB	BB	
Ba3	BB-	BB-	
B1	B+	B+	Highly speculative
B2	B	B	
B3	B-	B-	
Caa1	CCC+	CCC	Substantial risk
Caa2	CCC		Extremely speculative
Caa3	CCC-		Default imminent with little prospect for recovery
Ca	CC	CC	
	C	C	
C	D	D	In default
/			
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"Junk"





# Rate Comparison – Residential Electric



Utility	500 kWh	1,000 kWh	1,500 kWh
College Station (Jan. 2024)	\$ 75.10	\$ 143.20	\$ 211.30
New Braunfels Utilities (Aug. 2024)	81.37	142.74	204.11
Austin (Jan. 2024)	76.29	141.66	216.54
CPS (San Antonio, Feb. 2024)	65.45	130.00	196.70
Pedernales Electric Coop. (Oct. 2023)	73.68	124.86	176.04
Bluebonnet Electric Coop. (Mar. 2017)	70.49	118.48	166.47
<b>San Marcos (Proposed)</b>	<b>65.02</b>	<b>117.42</b>	<b>169.83</b>
<b>San Marcos (Current)</b>	<b>60.56</b>	<b>110.36</b>	<b>160.16</b>
Seguin (Oct. 2023)	61.79	109.07	156.36

# Rate Comparison – Commercial Electric



Utility	500 kWh	1,000 kWh	1,500 kWh
Austin (Jan. 2024)	\$ 116.37	\$ <b>197.04</b>	\$ 439.05
College Station (Jan. 2024)	86.70	<b>164.40</b>	345.45
New Braunfels Utilities (Aug. 2024)	90.76	<b>146.06</b>	311.96
Pedernales Electric Coop. (Oct. 2023)	86.17	<b>134.84</b>	280.84
Bluebonnet Electric Coop. (Mar. 2017)	80.08	<b>130.15</b>	280.38
Seguin (Oct. 2023)	79.27	<b>123.54</b>	256.35
CPS (San Antonio, Feb. 2024)	62.44	<b>121.98</b>	269.02
<b>San Marcos (Proposed)</b>	<b>67.36</b>	<b>119.95</b>	<b>277.73</b>
<b>San Marcos (Current)</b>	<b>62.56</b>	<b>112.52</b>	<b>262.41</b>

# Electric Utility Rate History



## Base Rate Charges & Effective Rate Increases

	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25 PROPOSED
<b>Electric - Residential</b>										
<b>(Avg. Household)</b>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.4%	0.0%	1.7%	5.5%
Minimum Charge	9.29	9.29	9.29	9.29	9.29	9.29	10.25	10.25	10.76	12.61
Cost per kWh	0.02000	0.02080	0.02080	0.02080	0.02080	0.02080	0.02885	0.02885	0.03029	0.03550
<b>Electric - Small General</b>										
<b>(Small Business)</b>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.4%	0.0%	1.7%	5.5%
Minimum Charge	10.92	10.92	10.92	10.92	10.92	10.92	12.00	12.00	12.60	14.77
Cost per kWh	0.02000	0.0208	0.02080	0.02080	0.02080	0.02080	0.02915	0.02915	0.03061	0.03587
<b>Electric - Medium General</b>										
<b>(Chick-Fil-A)</b>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.4%	0.0%	1.7%	5.5%
Minimum Charge	49.14	49.14	49.14	49.14	49.14	49.14	50.00	50.00	52.50	61.53
Cost per kWh	0.01000	0.0102	0.01020	0.01020	0.01020	0.01020	0.0114	0.0114	0.01197	0.01403
>50kW)	3.61	3.61	3.61	3.61	3.61	3.61	5.50	5.50	5.78	6.77

\*No rate increases in 7 of the last 9 years

# Electric Utility Revenue Changes



- **Electric services**

- Citizens Utility Advisory Board recommended a 5.5% effective rate increase = \$4,691,066

# Electric Utility Expense Changes



Public Safety, Core Services & Fiscal Excellence

## **Cost Drivers** – *Personnel*

- 3% increase in personnel costs = \$330K
- (1) Utilities Safety Position = \$153K (\$149K recurring, \$4K one-time)

## **Cost Drivers** – *One-time*

- (4) Large equipment replacements = \$612K (Bucket Truck, Gas Monitors & Test Stand, Warehouse Forklift, and Heavy Duty Lift)

## **Cost Drivers** – *Debt Service*

- New debt service for FY 2024 CIP = \$441K

# Electric Services Rate Options



Electric Services			
Debt Service Coverage Ratio	1.20+	1.30	1.40
Effective Rate Increase Needed	5.5%	6.3%	7.6%
Total Monthly Increase to Typical Residential Ratepayer	\$ 6.97	\$ 8.12	\$ 9.41

Staff recommends a 5.5% effective rate increase to meet the legal minimum 1.20 debt service coverage ratio

# Electric Fund Decision Points



- Electric services rate adjustment
  - A 5.5% effective rate adjustment for electric

Electric Services			
Debt Service Coverage Ratio	1.20+	1.30	1.40
Effective Rate Increase Needed	5.5%	6.3%	7.6%
Total Monthly Increase to Typical Residential Ratepayer	\$ 6.97	\$ 8.12	\$ 9.41

- Other direction for staff



# **Water-Wastewater Utility Fund**

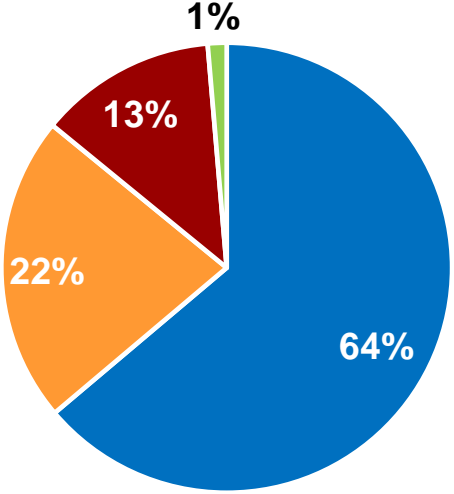
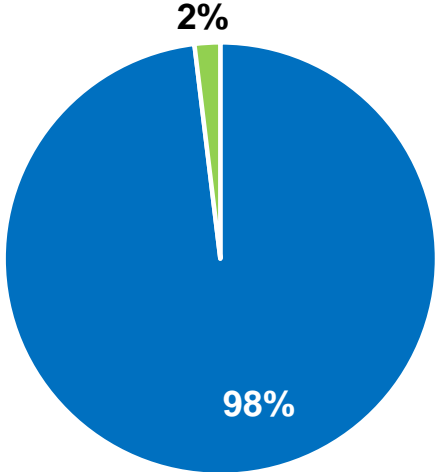


# Water-Wastewater Utility Overview



Total Revenues = \$69.4M

Total Expenses = \$67.4M



- Water & Wastewater Utility Bills
- Other Revenue
- Operating
- Debt Service
- Personnel
- One-time

# Water-Wastewater Utility Fund



UTILITIES FUND - W/WW	FY 2023 ACTUALS	FY 2024 BUDGET	FY 2024 ESTIMATE	FY 2025 PROPOSED
<b>Beginning Fund Balance</b>	\$ 22,666,086	\$ 28,271,950	\$ 28,271,950	\$ 23,437,248
<b>Revenues</b>	\$ 57,172,598	\$ 63,256,984	\$ 63,256,984	\$ 69,422,652
Water & Wastewater Utility Bills	55,289,448	61,928,035	61,928,035	68,093,703
Other Revenue	1,883,150	1,328,949	1,328,949	1,328,949
<b>Expenses</b>	\$ 51,566,734	\$ 65,200,822	\$ 68,091,686	\$ 67,426,341
Personnel	6,199,245	8,991,202	7,662,112	8,579,954
Operating	24,911,649	32,703,382	36,923,336	43,038,154
Debt Service	19,590,127	20,786,489	20,786,489	14,895,489
One-time	865,713	2,719,749	2,719,749	912,744
<b>Ending Fund Balance</b>	\$ 28,271,950	\$ 26,328,112	\$ 23,437,248	\$ 25,433,559
			Days of Cash on Hand	136
		<b>Fund Balance Reserve Requirement for 90 Days</b>	\$	<b>16,628,399</b>

# CUAB Recommendations



- Water-Wastewater – 5% for both
- Continue with smaller annual increases until all financial targets are met, annual trends are upward, and a strong financial position is established
- Provide Citizen Utility Advisory Board (CUAB) approved Utilities Financial Policy to City Council
  - Establishes a foundational outline for increasing/maintaining credit rating standards
  - Structurally defines the Water-Wastewater rates
  - In time for Council's 2025 Visioning

# Water-Wastewater Utility Rating Reports



- July 2023:  
Upgraded from AA- to AA

Credit Rating Scales by Agency, Long-Term

Moody's	S&P	Fitch	
Aaa	AAA	AAA	Prime
Aa1	AA+	AA+	
Aa2	AA	AA	High grade
Aa3	AA-	AA-	
A1	A+	A+	
A2	A	A	Upper medium grade
A3	A-	A-	
Baa1	BBB+	BBB+	
Baa2	BBB	BBB	Lower medium grade
Baa3	BBB-	BBB-	
Ba1	BB+	BB+	Non-investment grade speculative
Ba2	BB	BB	
Ba3	BB-	BB-	
B1	B+	B+	
B2	B	B	Highly speculative
B3	B-	B-	
Caa1	CCC+	CCC	Substantial risk
Caa2	CCC		Extremely speculative
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C			
/	D	D	In default
/			



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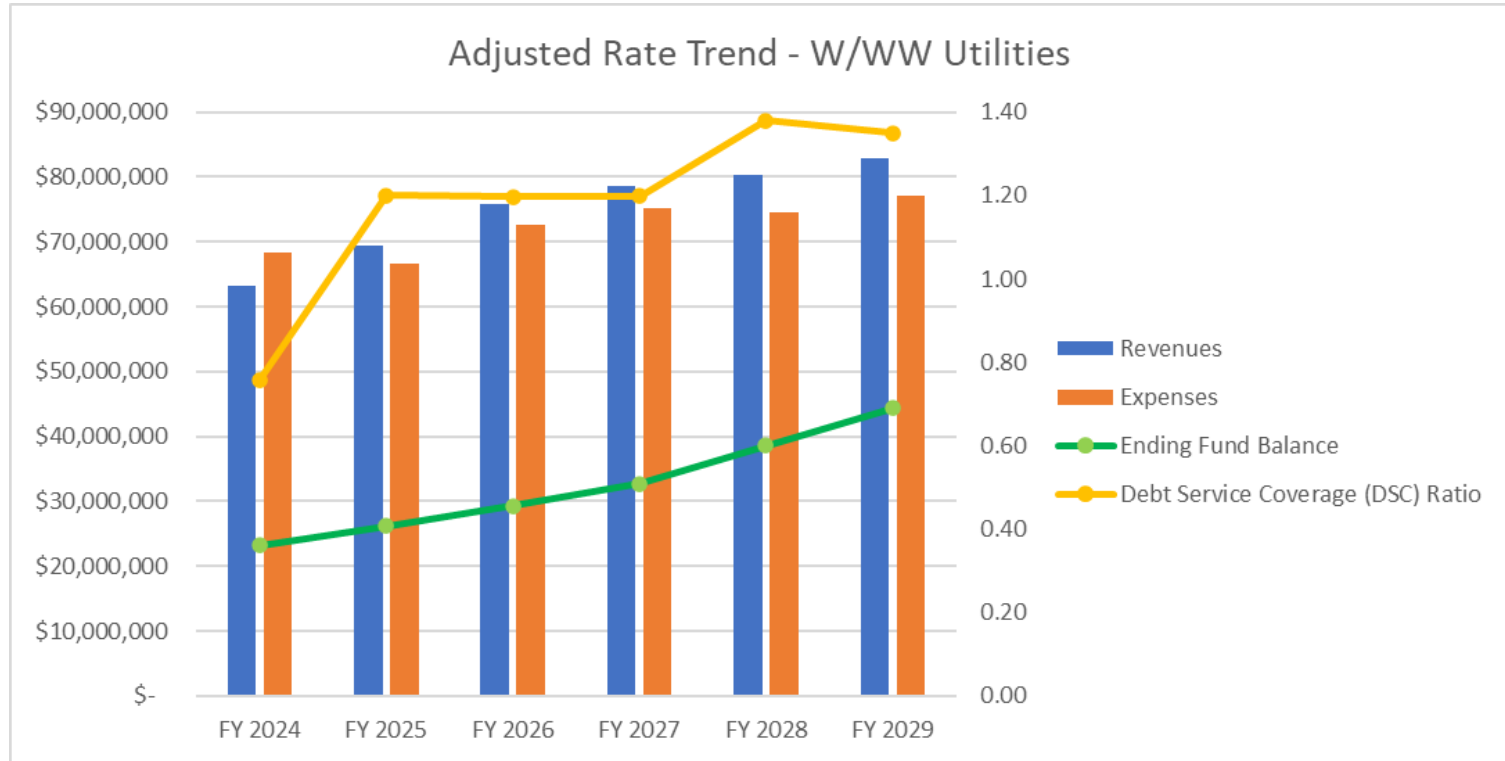
# Cash Reserve & DSC Outlook w/Rate Adjustment



UTILITIES FUND - W/WW	FY 2025 PROPOSED	FY 2026 FORECAST	FY 2027 FORECAST	FY 2028 FORECAST	FY 2029 FORECAST
<b>Beginning Fund Balance</b>	<b>\$ 23,437,248</b>	<b>\$ 26,321,485</b>	<b>\$ 29,476,979</b>	<b>\$ 32,906,364</b>	<b>\$ 38,728,375</b>
<b>Revenues</b>	<b>\$ 69,422,652</b>	<b>\$ 75,754,044</b>	<b>\$ 78,556,114</b>	<b>\$ 80,295,721</b>	<b>\$ 82,794,358</b>
Water & Wastewater Services	60,118,647	66,450,039	69,252,109	70,991,716	73,490,353
Other Revenue	9,304,005	9,304,005	9,304,005	9,304,005	9,304,005
<b>Expenses</b>	<b>\$ 66,538,415</b>	<b>\$ 72,598,550</b>	<b>\$ 75,126,729</b>	<b>\$ 74,473,710</b>	<b>\$ 77,023,133</b>
Personnel	8,579,954	9,008,952	9,459,399	9,932,369	10,428,988
Operating	43,070,492	47,504,397	48,372,927	49,196,554	50,060,242
Debt Service	14,887,969	16,085,201	17,294,403	15,344,787	16,533,904
<b>Ending Fund Balance</b>	<b>\$ 26,321,485</b>	<b>\$ 29,476,979</b>	<b>\$ 32,906,364</b>	<b>\$ 38,728,375</b>	<b>\$ 44,499,599</b>
<b>Suggested Base Rate Increase</b>	<b>5.00%</b>	<b>9.00%</b>	<b>2.70%</b>	<b>1.00%</b>	<b>2.00%</b>
Days of Cash on Hand	142	146	158	187	208
Debt Service Coverage (DSC) Ratio	1.20	1.20	1.20	1.38	1.35
<b>Fund Balance Reserve to Achieve 120 Days</b>	<b>\$ 22,179,472</b>	<b>\$24,199,517</b>	<b>\$25,042,243</b>	<b>\$24,824,570</b>	<b>\$25,674,378</b>

\* Proposed FY25 Debt Service Coverage meets the legal minimum required of 1.20

# Cash Reserve & DSC Outlook w/Rate Adjustment



# Rate Comparison – Residential 5,000 Gallon



Utility	Water	Sewer	Total
Crystal Clear SUD (Nov. 2023)	\$ 119.44	\$ 55.86	\$ 175.30
Pflugerville (Oct. 2023)	\$ 71.70	\$ 79.50	\$ 151.20
Hutto (Jun. 2024)	\$ 52.88	\$ 68.96	\$ 121.84
Buda (Oct. 2024 Proposed)	\$ 49.52	\$ 67.88	\$ 117.40
Kyle (Oct. 2024 Proposed)	\$ 73.06	\$ 43.31	\$ 116.37
<b>San Marcos (Proposed)</b>	<b>\$ 54.32</b>	<b>\$ 57.29</b>	<b>\$ 111.61</b>
Seguin (Jul. 2024)	\$ 52.25	\$ 57.89	\$ 110.14
<b>San Marcos (Current)</b>	<b>\$ 51.71</b>	<b>\$ 54.56</b>	<b>\$ 106.27</b>
New Braunfels (Aug. 2024)	\$ 31.63	\$ 66.16	\$ 97.79
Georgetown (Apr. 2024)	\$ 38.80	\$ 48.85	\$ 87.65
Austin (Nov. 2023)	\$ 32.97	\$ 52.65	\$ 85.62
Round Rock (Feb. 2022)	\$ 29.32	\$ 28.72	\$ 58.04

# Rate Comparison – Residential 10,000 Gallon



Utility	Water	Sewer	Total
Crystal Clear SUD (Nov. 2023)	\$ 154.69	\$ 71.25	\$ 225.94
Pflugerville (Oct. 2023)	110.70	108.00	218.70
<b>San Marcos (Proposed)</b>	<b>95.17</b>	<b>101.54</b>	<b>196.71</b>
<b>San Marcos (Current)</b>	<b>90.62</b>	<b>96.71</b>	<b>187.33</b>
Hutto (Jun. 2024)	85.88	100.61	186.49
Austin (Nov. 2023)	79.26	105.65	184.91
Buda (Oct. 2024 Proposed)	91.24	93.53	184.77
Kyle (Oct. 2024 Proposed)	112.70	63.76	176.46
New Braunfels (Aug. 2024)	74.49	101.91	176.40
Seguin (Jul. 2024)	76.55	87.84	164.39
Georgetown (Apr. 2024)	53.75	48.85	102.60
Round Rock (Feb. 2022)	42.12	44.17	86.29



# Rate Comparison – Commercial 50,000 Gallon



Utility	Water	Sewer	Total
<b>San Marcos (Proposed)</b>	<b>\$ 524.94</b>	<b>\$ 468.47</b>	<b>\$ 993.41</b>
Kyle (Oct. 2024 Proposed)	592.36	400.36	992.72
Pflugerville (Oct. 2022)	628.95	336.00	964.95
Buda (Oct. 2023 Proposed)	667.26	290.00	957.26
<b>San Marcos (Current)</b>	<b>499.84</b>	<b>446.23</b>	<b>946.07</b>
Hutto (Jan. 2022)	441.24	452.24	893.48
Crystal Clear SUD (Nov. 2023)	656.66	194.37	851.03
New Braunfels (Aug. 2023)	393.75	451.45	845.20
Austin (Nov. 2023)	326.54	485.85	812.39
Seguin (Jul. 2024)	335.81	372.34	708.15
Round Rock (Feb. 2022)	176.32	179.32	355.64
Georgetown (Apr. 2024)	220.75	48.85	269.60

# Rate Comparison – Commercial 100,000 Gallon



Utility	Water	Sewer	Total
<b>San Marcos (Proposed)</b>	<b>\$ 1,067.94</b>	<b>\$ 910.97</b>	<b>\$ 1,978.91</b>
Kyle (Oct. 2024 Proposed)	1,121.36	777.86	1,899.22
Crystal Clear SUD (Nov. 2023)	1,544.96	348.27	1,893.23
<b>San Marcos (Current)</b>	<b>1,016.84</b>	<b>867.73</b>	<b>1,884.57</b>
Pflugerville (Oct. 2022)	1,243.95	621.00	1,864.95
Buda (Oct. 2023 Proposed)	1,304.76	539.00	1,843.76
New Braunfels (Aug. 2023)	885.75	860.45	1,746.20
Hutto (Jan. 2022)	831.74	816.24	1,647.98
Austin (Nov. 2023)	616.20	961.35	1,577.55
Seguin (Jul. 2024)	611.31	550.84	1,162.15
Round Rock (Feb. 2022)	316.32	333.82	650.14
Georgetown (Apr. 2024)	373.25	48.85	422.10

# Water-Wastewater Utility Rate History



	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25 PROPOSED
<b><u>Water - 5/8" to 3/4" Water Meter</u></b>	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	0.0%	5.0%	5.0%
Minimum Charge	20.01	21.01	22.06	23.16	24.32	25.54	26.82	26.82	28.16	29.57
0 to 6,000	3.35	3.52	3.70	3.88	4.07	4.28	4.49	4.49	4.71	4.95
6,001 to 9,000	5.87	6.16	6.47	6.79	7.13	7.49	7.86	7.86	8.25	8.67
9,001 to 12,000	6.71	7.05	7.40	7.77	8.16	8.57	9.00	9.00	9.45	9.92
12,001 to 20,000	7.55	7.93	8.33	8.74	9.18	9.64	10.12	10.12	10.63	11.16
20,001 to 50,000	8.38	8.80	9.24	9.70	10.19	10.70	11.24	11.24	11.80	12.39
Over 50,000	10.06	10.56	11.09	11.64	12.22	12.84	13.48	13.48	14.15	14.86
<b><u>Wastewater - 5/8" to 3/4" Water Meter</u></b>	1.0%	2.0%	2.0%	2.0%	3.0%	3.0%	3.0%	0.0%	5.0%	5.0%
Minimum (up to 2,000)	24.04	24.52	25.01	25.51	26.28	27.07	27.88	27.88	29.27	30.74
over 2,000	6.93	7.07	7.21	7.36	7.58	7.81	8.03	8.03	8.43	8.85

# W/WW Utility Revenue Changes



- **Water/Wastewater services**
  - Citizens Utility Advisory Board recommended a 5.0% rate adjustment for water and wastewater = \$2,829,460

# Water-Wastewater Utility Expense Changes



Public Safety, Core Services & Fiscal Excellence

## **Cost Drivers – Personnel**

- 3% increase in personnel costs = \$291K

## **Cost Drivers – Operating**

- Alliance Regional Water Authority contract = \$250K
- Surface water treatment plant contract = \$280K
- Wastewater treatment plant contract = \$357K

## **Cost Drivers – One-time**

- Large equipment replacement and infrastructure upgrades = \$888K

## **Cost Drivers – Debt-service**

- Debt service payment increase from FY24 CIP issuance = \$565K



# Water-Wastewater Services Rate Options

Water-Wastewater Services			
Debt Service Coverage Ratio	1.20+	1.30	1.40
Effective Rate Increase Needed	5.0%	7.7%	10.3%
Total Monthly Increase to Typical Residential Ratepayer	\$ 5.20	\$ 8.02	\$ 10.70

Staff recommends a 5.0% rate increase  
To meet the legal minimum 1.20 debt  
service coverage ratio

# Water-Wastewater Fund Decision Points



- Water/Wastewater services rate adjustment
  - 5% rate adjustment for water and wastewater

Water-Wastewater Services			
Debt Service Coverage Ratio	1.20+	1.30	1.40
Effective Rate Increase Needed	5.0%	7.7%	10.3%
Total Monthly Increase to Typical Residential Ratepayer	\$ 5.20	\$ 8.02	\$ 10.70

- Other direction for staff



# **Utility Assistance Program and Resource Navigation**





# Utility Assistance in San Marcos

- Utility assistance is provided by the City through several agencies funded through the Human Services Advisory Board (HSAB) and Community Development Block Grant (CDBG). The San Marcos Utilities' program is administered by Community Action, Inc.

Funding Source or Program	Agency	Funding
HSAB*	Bobcat Pride Scholarship Fund	\$5,000
HSAB*	Society of St. Vincent de Paul	\$20,000
HSAB *	Southside Community Center	\$50,000
CDBG	Salvation Army	\$12,000
CDBG	Southside Community Center	\$12,000
CDBG	Society of St. Vincent de Paul	\$12,000
SMTX Utilities	Administered by Community Action, Inc.	\$120,000
	<b>TOTAL FUNDING ALLOCATED BY CITY</b>	<b>\$231,000</b>

\*Funding amounts for the 2024 calendar year. The 2025 process for HSAB funding is underway.



# Utility Assistance Program

- **Electric: \$60,000; Water/Wastewater: \$60,000**
  - 8% Administrative Fee to Community Action, Inc.
  - Works in concert with the Texas Comprehensive Energy Assistance Program and with Low-Income Household Water Assistance Program
- **Eligibility & Qualifications**
  - Low Income (250% of federal poverty level) families
  - Member of the household is: elderly, disabled, veteran, or children five years old or younger
  - Customers may receive assistance twice a year
  - To be utilized for current billing period and arrears amount due to not exceed sixty days of outstanding bills and delinquent fees



# Utility Assistance Program

- **Utility Assistance Awards per program in FY2024**

Utility Assistance Program	Dollar Amounts	Number of Accounts
City Program	\$13,196.60	93
Comprehensive Energy Assistance Program (CEAP)	\$223,887.97	352
Low-Income Household Water Assistance Program (LIHWAP)	\$53,580.97	131
TOTAL	\$290,305.54	576

- Awards vary across programs in amount and duration each year
  - City program: Current and outstanding balance, up to two times per year
  - CEAP: May be awarded for up to \$2,400 each year



# Utility Assistance Program

- **Application**

- Applications open third week of January
- May be completed/submitted in-person, via email, fax, or mail

- **Application Process**

- Initial Review by Community Action of application, documents, and income calculation
- Request of customer usage from City
- Community Action Case Manager Follow-Up
- Utility Assistance Award Decision
  - If approved: customer is notified, and pledge is sent to Utility Billing
  - If denied: customer is notified with explanation
- Expedited process due to disconnection notice



# Utility Assistance Program

- **Barriers & Opportunities**

- Submitting supporting documents is a challenge for some applicants, with birth certificates being the most challenging due to cost
  - Continue providing support to customers navigating processes to obtain and/or replace documents
  - Collaborate with Community Action to include additional information on Utility Assistance application to provide clarity of this funding source, eligibility criteria, and necessary documents for those only eligible/interested in City funding for 2025



# Utility Assistance Program

- **Barriers & Opportunities**

- Application timeline and length of process
  - Continue resource referral and assist with marketing and promotion while preparing customers to submit their completed application once applications open in January
- Communication Flow between City and agencies receiving funding
  - Increase levels of communication and information sharing to better support customers requesting assistance, including those who have been denied utility assistance
  - Initiate regular meetings and touch points with agencies receiving funding to better understand the experience of community members and identify barriers to access

# Resource Navigation

- **San Marcos Public Library is available to provide resource referral at the Information Desk, and hosts programs, classes, and workforce assistance**
  - Librarians can provide limited assistance with researching and contacting agencies, and submitting applications for available resources
  - Care Navigators provide in-depth bilingual assistance with finding resources on Tuesday mornings



## SMTX RESOURCES

City departments provide services to people in need every day and we are able to refer people to the resources they need. It is a critical component in caring for members of our community.

### LIBRARY SERVICES

The library is open 7 days per week providing free resources to all with access to wi-fi, computers, short telephone calls, restrooms, printing, and a safe place to be. Hours: Monday - Thursday 9am to 9pm, Friday 9am to 6pm, Saturday 10am to 6pm and Sunday 1pm to 6pm. Call 512-393-8200 or email [smpl@sanmarcostx.gov](mailto:smpl@sanmarcostx.gov) for assistance. 625 E. Hopkins St.



### LIBRARY PROGRAMS

- Care Navigators can provide in-depth assistance with find resources and are available Tuesdays 9am to noon.
- Enhanced photo library ID cards for 18+ are available Wednesdays, 2pm to 4pm or by appointment. Our cards can be used as a supporting document for Texas ID.
- Mental Health programs are available.
- Free legal aid, call 512-393-8200 for dates/times.
- Texas Rio Grande Legal Aid 956-996-8752

### LIBRARY CLASSES AND WORKFORCE

- GED, ESL, and Citizenship classes are free and are scheduled Mondays to Thursdays, day and evening.
- Additional Vocational training may be available.
- Drop-in hours for job, resume, and employment resources are available weekly or by appointment.
- Monthly Job Fair, call 512-393-8200 for date/time.
- Computer assistance is provided during all hours and one-to-one help and instruction is available Fridays 10am to 11am.

### HOUSING

- BR3T housing can provide rental security deposits, pet deposits and utility deposits, and application fees, 512-677-9701.
- San Marcos Housing Authority, 512-353-5058.
- COSM free reuse Warehouse, 634 E. Hopkins St, open Saturdays 8am to noon.
- Austin Tenant's Council in-person events at the SM Library or call 512-474-1961 to receive help with fair housing and tenant's rights.

For more resources - <https://sanmarcostx.gov/communityresources>

## COMMUNITY PARTNERS

City Departments can provide information about agencies, programs, and services available in our San Marcos community. **Here are some places to start.**

### SOUTHSIDE COMMUNITY CENTER

- Breakfast Monday - Friday, 8am to 9am and Sunday 10am to 11am and dinner every day 4pm to 5pm.
- Laundry and showers are by appointment, or you can check with the office as a walk-in.
- 518 S. Guadalupe St.
- Other assistance may be available, call 512-392-6694.



### HAYS COUNTY FOOD BANK

- Distribution in San Marcos is on Mondays 4pm to 6pm at the Food Bank, 220 Herndon St.
- Other locations available in Kyle, Wimberley, and Buda. Call 512-392-8300 for schedule.
- Assistance Navigators are available to help clients with yourtexasbenefits.com account and filling out other benefit forms. Call 512-392-8300 ext 225 for appointment.



### VICTIM SERVICES

- Hays Caldwell Women's Center provides free and confidential services to people who have experienced family violence, sexual assault, or child abuse who are in Hays or Caldwell Counties. Available 24/7.
- 24-hour crisis response, 800-700-4292.
- SM Police Department Victim Services provides crisis intervention, help with protective orders, and information about victim rights. Call 512-753-2106.



### OTHER OPTIONS

- Community Action provides health, education, senior services, utility assistance, and more. 512-392-1161
- St. Vincent de Paul 218 Roosevelt (no phone)
- Salvation Army 512-754-8541
- SM Bus Schedules and Information 512-805-7433
- Texas Workforce Commission 512-392-1291
- San Marcos Animal Shelter 512-805-2650
- SMCISD Community Engagement 512-393-6700
- City Utility Assistance 512-393-8383
- Alcoholics Anonymous SMTX 512-396-2060
- Hays County Veterans Services 512-392-8489
- First Baptist Mission Able 512-392-3377



[sanmarcostx.gov](https://sanmarcostx.gov)



# Resource Navigation

- **Other City departments, teams, and staff regularly provide resource referral and/or access to other programs and services**
  - Neighborhood Enhancement connects community members with agency resources and/or access to the Reuse Warehouse
  - Utility Billing provides resource referral for utility assistance programs and other resources to customers
  - Homeless Outreach Team comprised of City Marshals, Neighborhood Enhancement, and Police departments
  - Diversity, Equity, and Inclusion Coordinator
- **One City, One Voice**





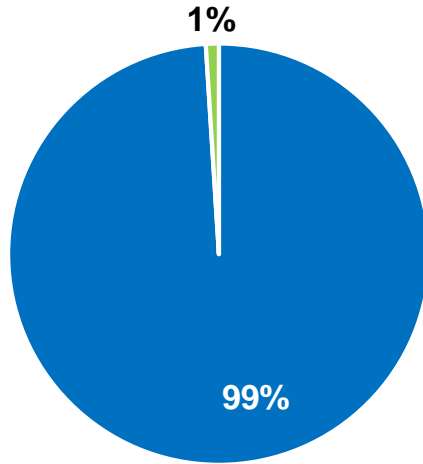
# Stormwater Utility Fund

# Stormwater Overview

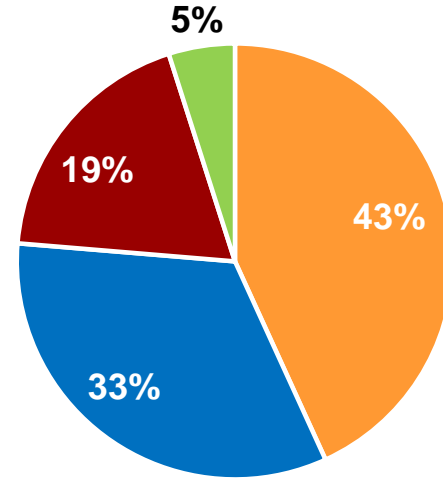


Total Revenues = \$10.0M

Total Expenses = \$10.0M



■ Stormwater Utility Fees ■ Other Revenue



■ Debt Service ■ Operating ■ Personnel ■ One-time

# Stormwater Utility Fund



STORMWATER FUND	FY 2023 ACTUALS	FY 2024 BUDGET	FY 2024 ESTIMATE	FY 2025 PROPOSED
<b>Beginning Fund Balance</b>	\$ 1,916,577	\$ 2,492,224	\$ 2,492,224	\$ 2,627,632
<b>Revenues</b>	\$ 8,794,936	\$ 9,475,184	\$ 9,156,825	\$ 10,039,433
Stormwater Utility Fees	8,707,076	9,387,932	9,022,599	9,939,433
Other Revenue	87,860	87,252	134,226	100,000
<b>Expenses</b>	\$ 8,219,289	\$ 9,440,380	\$ 9,021,416	\$ 10,039,433
Personnel	1,472,651	1,772,204	1,671,119	1,883,752
Operating	2,410,360	3,327,961	3,010,082	3,326,859
Debt Service	4,336,278	4,340,215	4,340,215	4,335,761
One-time	-	-	-	493,061
<b>Ending Fund Balance</b>	\$ 2,492,224	\$ 2,527,028	\$ 2,627,632	\$ 2,627,632
			Days of Cash on Hand	99
			<b>Fund Balance Reserve Requirement for 90 Days</b>	\$ 2,386,593

# Stormwater Utility Budget Changes



Public Safety, Core Services & Fiscal Excellence

## Revenues

- Stormwater fees
  - No rate adjustment
  - Increase in revenue from growth

## Cost Drivers - *Personnel*

- 3% increase in personnel costs = \$67K



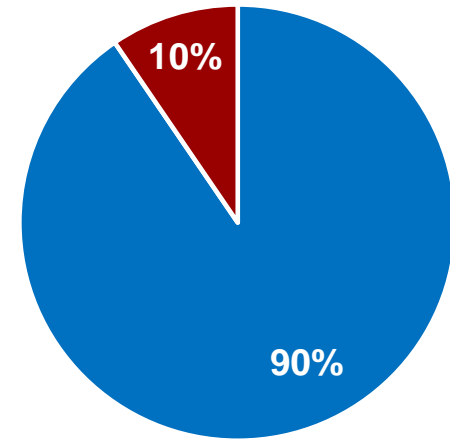
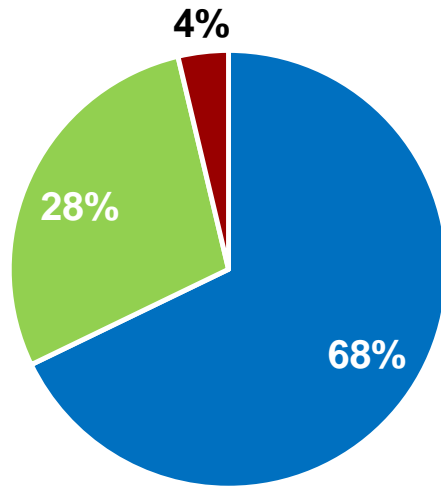
# Resource Recovery Fund

# Resource Recovery Overview



Total Revenues = \$8.2M

Total Expenses = \$7.9M



- Garbage Collection Fee
- Recycling Collection Fee
- Other Revenue

- Operating
- Personnel

# Resource Recovery Fund



RESOURCE RECOVERY	FY 2023 ACTUALS	FY 2024 BUDGET	FY 2024 ESTIMATE	FY 2025 PROPOSED
<b>Beginning Fund Balance</b>	\$ 2,452,121	\$ 2,645,338	\$ 2,645,338	\$ 2,979,881
<b>Revenues</b>	\$ 7,199,818	\$ 7,243,073	\$ 7,406,538	\$ 8,225,356
Garbage Collection Fee	4,902,708	5,000,800	5,016,743	5,578,821
Recycling Collection Fee	1,986,331	2,014,273	2,059,795	2,341,535
Other Revenue	310,779	228,000	330,000	305,000
<b>Expenses</b>	\$ 7,006,601	\$ 7,243,073	\$ 7,071,995	\$ 7,902,512
Personnel	509,988	772,042	707,317	752,897
Operating	6,424,003	6,471,031	6,364,678	7,149,615
One-time	72,610	-	-	-
<b>Ending Fund Balance</b>	\$ 2,645,338	\$ 2,645,338	\$ 2,979,881	\$ 3,302,725

Days of Cash on Hand 150

**Fund Balance Reserve Requirement for 60 Days \$ 1,317,085**

# Resource Recovery Revenue Changes




## Revenues

- Collection fees
  - Increase in revenue from 1% rate increase and \$1 for mattress removal program



# Resource Recovery Expense Changes



 Public Safety, Core Services & Fiscal Excellence

 Environmental Protection

## Cost Drivers – *Personnel*

- 3% Increase in Personnel Costs = \$29K

## Cost Drivers – *Operating*

- Solid waste residential contract increased by \$250K
- Recycling services contract increased by \$451K

# Resource Recovery Rate History



	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25 PROPOSED
<b><u>Resource Recovery</u></b>										
Single family residential (65 gal trash cart)	12.97 0.0%	23.61 82.0%	24.35 3.1%	25.16 3.3%	26.09 3.7%	26.87 3.0%	27.91 3.9%	28.8 3.2%	29.66 3.0%	30.95 4.3%
- with 96 gal trash cart	15.97 0.0%	26.61 66.6%	27.35 2.8%	28.16 3.0%	29.09 3.3%	29.87 2.7%	30.91 3.5%	33.8 9.3%	34.66 2.5%	35.95 3.7%
Multifamily recycling	5.54 0.0%	6.86 23.8%	7.07 3.1%	7.39 4.5%	7.78 5.3%	8.01 3.0%	8.49 6.0%	8.79 3.5%	9.05 3.0%	10.13 11.9%
Extra 96 gal trash cart	7.98 0.0%	6.11 -23.4%	6.29 2.9%	6.48 3.0%	6.85 5.7%	7.06 3.1%	7.34 4.0%	10.27 39.9%	10.49 2.1%	10.56 0.7%
Extra 96 gal recycling cart/green waste	4.61 0.0%	5.82 26.2%	5.99 2.9%	6.17 3.0%	6.85 11.0%	7.06 3.1%	7.06 0.0%	7.27 3.0%	7.49 3.0%	7.56 1.0%

FY25 includes 1% rate increase + \$1 for mattress removal program

# Utility Bill Comparison



## Estimated Monthly Impact of Proposed Rate & Fee Changes on a "Typical" Residential Ratepayer

SERVICE or FEE	FY 2023-24 MONTHLY RATE AVERAGE	FY 2024-25 MONTHLY RATE AVERAGE	MONTHLY DOLLAR CHANGE	TYPICAL RATEPAYER DEFINED AS:
ELECTRIC	\$108.66	\$115.63	\$6.97	Average Consumption of 983 kWh
WATER	\$50.77	\$53.33	\$2.56	Average Consumption of 4,800 Gallons
WASTEWATER	\$52.77	\$55.41	\$2.64	Average Consumption of 4,788 Gallons
STORMWATER	\$14.90	\$14.90	\$0.00	R2 Residential Property
RESOURCE RECOVERY	\$29.66	\$30.95	\$1.29	Single-Family Solid Waste Collection / Recycling
COMMUNITY ENHANCEMENT	\$2.35	\$2.35	\$0.00	Residential Property
<b>TOTAL MONTHLY IMPACT</b>	<b>\$259.11</b>	<b>\$272.57</b>	<b>\$13.46</b>	<b>COMBINED INCREASE OF: 5.5%</b>

# Resource Recovery Decision Points



- Resource Recovery rate adjustment
  - 1% rate increase
- Other direction for staff

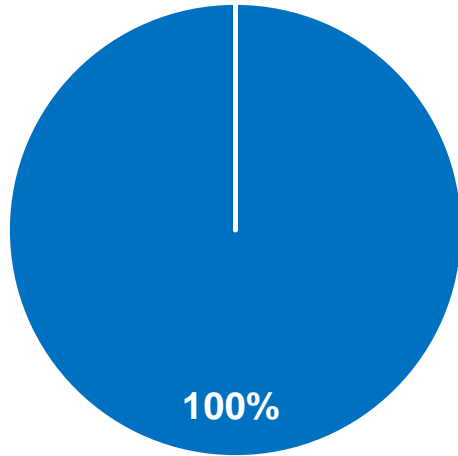


# Airport Fund



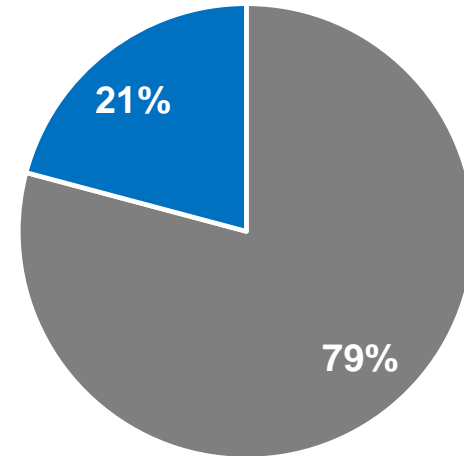
# Airport Overview

Total Revenues = \$0.9M



■ Operating Revenue

Total Expenses = \$0.9M



■ Contract Services ■ Operating

[sanmarcostx.gov](http://sanmarcostx.gov)

# Airport Fund



<b>AIRPORT</b>	<b>FY 2023 ACTUALS</b>		<b>FY 2024 BUDGET</b>		<b>FY 2024 ESTIMATE</b>		<b>FY 2025 PROPOSED</b>	
<b>Beginning Fund Balance</b>	\$	<b>52,099</b>	\$	<b>95,178</b>	\$	<b>95,178</b>	\$	<b>67,106</b>
<b>Revenues</b>	\$	<b>803,851</b>	\$	<b>851,387</b>	\$	<b>823,315</b>	\$	<b>873,008</b>
Operating Revenue		803,851		851,387		823,315		873,008
<b>Expenses</b>	\$	<b>760,772</b>	\$	<b>851,387</b>	\$	<b>851,387</b>	\$	<b>873,008</b>
Contract Services		589,280		679,280		679,280		691,056
Operating		151,293		172,107		172,107		181,952
One-time		20,199		-		-		-
<b>Ending Fund Balance</b>	\$	<b>95,178</b>	\$	<b>95,178</b>	\$	<b>67,106</b>	\$	<b>67,106</b>



# Airport Budget Changes



Economic Vitality



Mobility & Connectivity

## Cost Drivers – Revenue

- Commercial Land/ Facilities rent = \$33K
  - Fire Training Facility rent = \$27K

## Cost Drivers – Operating

- Annual 2% increase in airport operational contract = \$12K
- Estimated incentive for increased revenue = \$18K





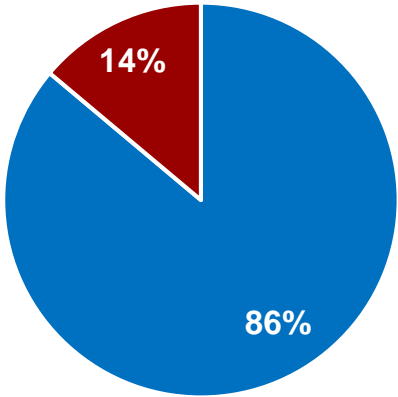
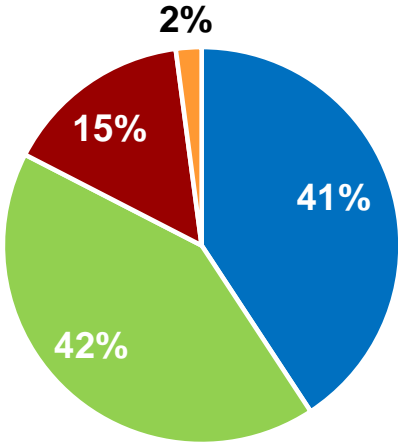
# Transit Fund



# Transit Overview

Total Revenues = \$2.9M

Total Expenses = \$2.8M



- Federal/State Transit Funds
- General Fund Transfer
- CARES/ARP
- Other

- Operating
- Personnel

# Transit Fund



TRANSIT	FY 2023 ACTUALS	FY 2024 BUDGET	FY 2024 ESTIMATE	FY 2025 PROPOSED
<b>Beginning Fund Balance</b>	\$ 418,170	\$ 603,836	\$ 603,836	\$ 906,341
<b>Revenues</b>	\$ 2,685,135	\$ 3,367,290	\$ 3,380,290	\$ 2,868,234
Federal/State Transit Funds	1,011,926	1,316,169	1,316,169	1,169,059
General Fund Transfer	1,013,425	1,062,104	1,062,104	1,199,294
CARES/ARP	589,881	515,433	515,433	439,881
Other	69,903	473,584	486,584	60,000
<b>Expenses</b>	\$ 2,499,469	\$ 3,367,290	\$ 3,077,785	\$ 2,825,957
Personnel	191,782	371,422	364,975	392,203
Operating	2,307,687	2,572,320	2,289,262	2,433,754
One-time	-	423,548	423,548	-
<b>Ending Fund Balance</b>	\$ 603,836	\$ 603,836	\$ 906,341	\$ 948,618
			Days of Cash on Hand	121
			<b>Fund Balance Reserve Requirement for 60 Days</b>	<b>629,096</b>



# Transit Budget Changes



## Mobility & Connectivity

### Cost Drivers – Personnel

- 3% Increase in Personnel Costs = \$14K
- The General Fund's contribution has been lower due to CARES and ARP funding
- Federal funding will end in Fiscal Year 2026
- General Fund's contribution will increase approximately \$300K in FY 2027

# Enterprise Funds Decision Points



- Other direction for staff



# Next Steps

- Opportunities for Community Input
  - Neighborhood Commission Presentation – August 21<sup>st</sup>
  - 2 Budget Public Hearings – September 3<sup>rd</sup> and 17<sup>th</sup>
  - 2 Tax Rate Public Hearings – September 3<sup>rd</sup> and 17<sup>th</sup>
- Council considers Budget and Tax Rate Adoption – September 17<sup>th</sup>



**Stephanie Reyes**  
City Manager

**Joe Pantalione**  
Assistant City Manager

**Lonzo Anderson**  
Assistant City Manager

**Rodney Gonzales**  
Assistant City Manager

**Jon Locke**  
Finance Director/CFO

**Trisha Patek**  
Budget Manager

# Questions

