

City of San Marcos FY22 Proposed Budget Policy Statement

I. FUND BALANCE

- General Fund: Maintain 20-25% of recurring operating expenses for FY22 and return to 25% in future years.
- Water/ Wastewater Fund: Maintain 25% of recurring operating expenses.
- Drainage Utility Fund: Maintain 25% of recurring operating expenses.
- Electric Utility Fund: Maintain minimum of the equivalent of 60 days of operating expenses including purchased power.

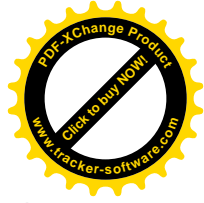
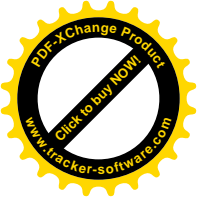
II. REVENUE

GENERAL FUND

- Property tax rate to be less than or equal to the FY21 adopted tax rate.
- Amend budget during fiscal year if revenue deviates from budget
- Property tax to be forecasted based on existing properties not exceeding 3.5% tax cap.
- Sales tax to be forecasted with loss in Best Buy Call Center revenue and COVID-19 impact.
- All other revenues will be budgeted based on historical trends.
- Potential new fees to be evaluated and proposed to Council during the budget process.
- Cost Recovery fees will be implemented for Development Services effective Sept 1, 2021. Other user fees may be increased by CPI index for the FY2022.
- Potential revenue from alternative funding sources will be evaluated and proposed to Council during the budget process.
- Recommendation for revisions to the economic development policy to be presented later in the budget process and consider the impacts of Senate Bill 2 revenue caps on economic development incentive agreements.

WATER/WASTEWATER FUND

- Continue annual rate study to determine possible rate increases and/or structure changes.



- Citizens Utility Advisory Board will make recommendations to Council related to rate structure and future rate adjustments.

ELECTRIC FUND

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

STORMWATER MANAGEMENT FUND

- Rate study was completed in FY20 with inclusion of multiyear rate increases. Per direction last year, FY22 would include a 6.5% increase; however, staff will be reviewing to ensure revenues and expenditures are in line based on the model and will bring forward for discussion during the budget process.

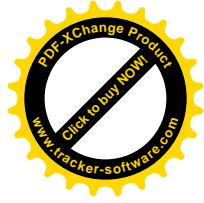
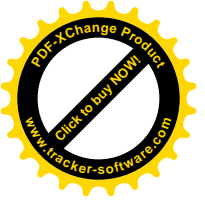
HOTEL MOTEL FUND

- Revenue budgeted based on conservative trends and the impact that COVID-19 has had on the hospitality and tourism industry.

III. EXPENDITURES

GENERAL FUND

- The 3rd year of meet and confer agreement for Civil Service employees.
- Merit and cost of living increase for non-civil service employees will be budgeted with a 4% pool structured to provide more to lower paid employees and consideration given to a market competitive component.
- Departments will follow a zero-based budget format. All budgets must be justified and ranked by priority.
- Health insurance will be evaluated and presented to Council during the budget process based on plan needs.
- Fuel/Contractual Obligations Consumer Price Index increases allowed.
- Continue funding Social Services programs as follows:
 - Human Services Advisory Board increased to \$650,000 for FY22 only.
 - HCWC transitional housing reduced to \$0 as the 3rd payment of 3 was made in FY21.
 - CASA maintained at \$45,000 (4 of 10 payments).
 - Family Justice Center maintained at \$45,000.

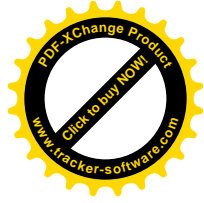
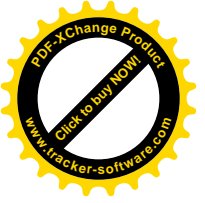


- Youth Services Coordinator (Community Action) maintained at \$50,000.
- Museums maintained at \$100,000.
- Sights n Sounds event budget will be reviewed with potential reduction in funding of current \$80,000 in FY22.
- City hosted events will continue funding as follows:
 - Veterans Day \$5,000
 - Summer Fest \$15,000
 - Special Events (arts commission) \$30,000
- The Economic and Business Development Manager and program cost of \$200,000 will be an allocation between General Fund, Water Wastewater Fund, and Electric Fund.
- Transit operations funding requests to be presented later in the budget process.
- Additional funding sources will be pursued for COVID-19 assistance and presented to Council during the budget process.
- City will be implementing a new staff Spanish bilingual program.
- Animal Shelter will continue with current goal of higher live outcome with a modest increase for all participants. In addition, staff will continue to analyze whether veterinary services are best served as a contracted service or in-house.
- City will be looking at the weatherization needs of our facilities and budgeting accordingly.

WATER/WASTEWATER FUND

- Merit and cost of living increase for non-civil service employees will be budgeted with a 4% pool structured to provide more to lower paid employees and consideration given to a market competitive component.
- health insurance will be evaluated and presented to Council during the budget process based on plan needs.
- Departments will follow a zero-based budget format. All budgets must be justified and ranked by priority.
- Fuel/contractual obligations consumer price index increases allowed.
- The Economic and Business Development Manager and program cost of \$200,000 will be an allocation between General Fund, Water Wastewater Fund, and Electric Fund.
- Utility fund transfers to the General Fund budgeted at amount determined by Cost Allocation Plan.

ELECTRIC UTILITY FUND



- Merit and cost of living increase for non-civil service employees will be budgeted with a 4% pool structured to provide more to lower paid employees and consideration given to a market competitive component.
- Health insurance will be evaluated and presented to Council during the budget process based on plan needs.
- Departments will follow a zero-based budget format. All budgets must be justified and ranked by priority.
- Fuel/contractual obligations consumer price index increases allowed.
- The Economic and Business Development Manager and program cost of \$200,000 will be an allocation between General Fund, Water Wastewater Fund, and Electric Fund.
- Utility fund transfers to the General Fund budgeted at amount determined by Cost Allocation Plan.

STORMWATER UTILITY FUND

- Merit and cost of living increase for non-civil service employees will be budgeted with a 4% pool structured to provide more to lower paid employees and consideration given to a market competitive component.
- Health insurance will be evaluated and presented to Council during the budget process based on plan needs.
- Departments will follow a zero-based budget format. All budgets must be 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 budgeted with a 4% pool structured to provide more to lower paid employees and consideration given to a market competitive component.
- Health insurance will be evaluated and presented to Council during the budget process based on plan needs.
- Funding for special programs will be evaluated based on revenue projections.
- Departments will follow a zero-based budget format. All budgets must be justified and ranked by priority.