



City of San Marcos

630 East Hopkins
San Marcos, TX 78666

Meeting Minutes City Council

Thursday, June 27, 2019

4:30 PM

City Council Chambers

630 E. Hopkins - Budget Workshop #2

I. Call To Order

With a quorum present, the budget workshop meeting of the San Marcos City Council was called to order by Mayor Hughson at 6:05 p.m. Thursday, June 27, 2019 in the City Council Chambers, 630 E. Hopkins, San Marcos, Texas 78666.

II. Roll Call

Council Member Derrick arrived after roll call at 6:10 p.m.

Present: 7 - Mayor Pro Tem Lisa Prewitt, Council Member Saul Gonzales, Council Member Melissa Derrick, Mayor Jane Hughson, Council Member Ed Mihalkanin, Council Member Joca Marquez and Council Member Mark Rockeymoore

PRESENTATIONS

1. Receive a Staff presentation and hold discussion regarding the preliminary Fiscal Year 2019-2020 Budget, and provide direction to Staff.

Heather Hurlburt, Finance Director and Melissa Neel, Assistant Finance Director provided the presentation regarding the preliminary Fiscal Year 2019-2020 Budget.

The follow up items from the budget workshop last night included the continuation of 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.

The existing balance of the Economic Development reserve of \$800,000 will be used to fund Strategic Initiatives 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.

The proposal from the City Manager for FY20 Economic Development

includes \$150,000 for the Economic/Business Development Manager and they will be responsible for recruiting new business, serves as the Greater San Marcos Partnership Liaison, and address local business needs.

\$50,000 in Economic Program funds would go towards program funds, professional development, and other needs.

The \$200K is included in the operational budgets of the General Fund, Electric Fund, and Water/Wastewater Fund.

Strategic Initiatives Funding totals \$800,000 and includes:

Downtown Vitality \$200,000

Multi Modal Transportation \$200,000

Workforce Housing \$225,000

Workforce Development \$75,000

One-time Economic/Business Development Incentives \$100,000

Ms. Neel discussed CDBG Repurpose Funding:

Council adopted the resolution to allocate funding for the CDBG program year 2019 on June 18, 2019 and per Council direction, funding of \$67,142 for unsafe structures will be repurposed for housing rehabilitation by Southside Community Center. Amendment required to change program year action plan which will be brought to Council in October for formal adoption.

Amendment will be to award a total of \$192,142 for housing rehabilitation to Southside Community Center and remove funding for unsafe structures.

Per discussion and council direction at the budget workshop held on June 26, 2019 \$200K in funding from the Community Enhancement Fee will be used for unsafe structures and a downtown decorative arch.

Ms. Neel discussed the other major funds which include:

Hotel/Motel

Recruited conference with over 1,700 attendees, 2022 Texas Downtown Association. \$3.1M reinvested in downtown

- Fiscal Year 2019 Revenue is trending above budget**
- Recommending reinstating full expense budget for fiscal year 2019 due to increase in revenue collections**
- Conservative 1% increase in revenue for fiscal year 2020**

- **Recommend holding operating expenses flat with the exception of personnel and contractual obligations**

Council had concerns regarding the Tanger Marketing Program and the lack of logo usage and promotional advertisement for the City, including our downtown, as per the agreement. Council consensus is to change the funding from \$150,000 per year to \$50,000 to the Tanger Marketing Program. Allow staff to recommend where to place the remaining \$100,000 to ensure it aligns with our strategic initiatives. This recommendation will be provided at the August 1 Budget workshop.

Arts Commission requested a total increase of \$54,550

- **\$12,500 increase for Art Projects**
- **\$12,500 increase for Permanent Art**
- **\$39,550 increase to move Art Coordinator to full time from part time**

However, funding capacity is not available to approve this request at this time. On August 1, 2019 Council will bring back a recommendation to discuss this request and possibly use the money that remains from the Tanger Marketing Program as outlined above.

Airport

Hosted inaugural Go- Wheels-Up event with over 4,000 attendees

- **No transfer from the General Fund is required**
- **If revenue budgets are not achieved, the General Fund will have to make up the shortage.**

Staff discussed the Texas Aviation Partners (TAP) contract briefly and the incentive they receive per this contract. Council would like to receive quarterly reports from TAP.

The following requests include:

City Owned Facility Repair and Maintenance \$100K

Runway Signage and Striping - \$50K

Airport Marketing - \$25K

Runway Pavement Crack Sealing - \$150K

SUV Lease - \$9K

Resource Recovery (covers recycling and trash pick-up)

Over 300k lbs. trash & 23k lbs. recycled through community cleanup events, 400+ graffiti instances removed, 92 illegal dumping instances cleaned

- **Residential rates adjusted .88 cents per month, \$10.51 annually**

- **Multifamily rates adjusted .34 cents per month, \$4.09 annually**
- **Both rates increased .15 cents per month to build reserve for the future relocation of the Household Hazardous Waste Facility**

Ms. Neel continued the presentation and spoke on Enterprise Funds which include Water/Wastewater Fund, Electric Fund, and Stormwater Fund.

The potential rate adjustments for the Water/Wastewater fund were discussed briefly which include a 5% increase in Water and 2% increase in Wastewater. Increase in water rates is to acquire and pipe future new water through the Alliance Regional Water Authority that is in our plan for the next 50 years. Staff briefly discussed proposed personnel, operating, and capital expenses.

The Electric Fund Rate Study is underway and results of modeling will be presented at August Budget Workshop. The Citizen Utility Advisory Board (CUAB) will receive results in July and make a recommendation to City Council for rate adjustment. Staff does not expect a rate adjustment will be needed. All proposed expenses will be included in modeling to evaluate effect on rates. Proposed personnel, operating and capital expenses were discussed briefly.

The Stormwater rate study is significantly complete and results will be presented to City Council at work session to continue and finalize recommendation for new rate structure. Staff expects to implement new rates in second quarter Fiscal Year 2020. No rate adjustment October 1. All proposed expenses will be included in modeling to evaluate effect on rates.

Staff provided the budget timeline and recap:

- 1. Budget Policy Workshop was held on February 13th**
- 2. Budget Policy was adopted on March 19th**
- 3. Budget Work session was held on May 7th**
- 4. Budget Workshops were held on June 26th and June 27th**
- 5. Proposed Budget Workshop to be held on August 1st**
- 6. 1st Reading of Tax Rate to be held on August 20th**
- 7. 1st Budget Reading, 2nd Reading Tax Rate to be held on September 3rd**
- 8. 2nd Reading & Budget Adoption to be held on September 17th**

III. Adjournment.

A motion was made by Council Member Derrick, seconded by Council

Member Gonzales, to adjourn the budget workshop meeting of the City Council at 7:26 p.m. The motion carried by the following vote:

- For:** 7 - Mayor Pro Tem Prewitt, Council Member Gonzales, Council Member Derrick, Mayor Hughson, Council Member Mihalkanin, Council Member Marquez and Council Member Rockeymoore
- Against:** 0

JAMIE LEE CASE, TRMC, CITY CLERK