

FY2017-2018 Budget Public Hearing

September 5, 2017

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FY 2018 Budget

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

FY 2018 Budget

- ✓ **The FY2018 budget totals \$213,968,615. This is an increase of \$26,913,794 or 23.53% from the FY2017 adopted budget.**
- ✓ **The budget is balanced and recurring revenues exceed recurring expenditures.**

General Fund

Revenue

Property Tax

- **Proposed tax rate of 61.39**
 - Increase of 8.37 cents from FY17 rate of 53.02 cents
 - 4.60 cents for debt service of bond projects
 - Debt will be issued as needed starting in Spring of 2018
 - Revenue generated in excess of debt service will be used to defease existing debt until all bonds are issued for projects
 - 3.77 cents for operational expenses related to bond projects
 - Revenue generated in excess of operational expenses will be put in reserve to use for contingency and expenses related to the bond projects until all operational expenses are needed
- **Total levy of \$28.1M**
 - Debt Service-\$11.7M or 43.35%
 - Maintenance and Operations-\$16.4M or 56.65%

Sales Tax

Budgeted Revenue-\$32.0M

- **2% increase in base sales tax**
- **1% increase in sales tax generated by outlet malls**
- **Reduced for one-time collections**
- **Includes \$4.7M which is 75% of the estimated revenue generated by the Best Buy call center**

Other Revenue

- Franchise fees for City owned utility franchises temporary increased from 7% to 8%
- Cost of service study underway for library, animal services, health services, code enforcement, and police
- All other fees increased by annual average CPI of 1%

Revenue

	FY17 Budget	FY 18 Proposed Budget	Increase/ (Decrease)
Sales Tax	28.85M	32.00M	3.15M
Property Tax	13.33M	15.92M	2.59M
Other Tax & Franchise Fees	8.50M	10.00M	1.50M
License & Permits	3.10M	2.86M	-240K
Fines & Penalties	1.48M	1.74M	260K
Cultural & Recreational	872K	815K	-57K
Current Services	726K	764K	38K
Other Revenue	1.40M	1.36M	-4K
Reimbursement from other funds & interest	4.98M	5.92M	94K
Total	63.24M	71.38M	*8.14M

*\$2.6M available to fund for general operations
 \$4.7M is reserved for Best Buy rebate
 \$750K is reserved for bond project expenses

Expenses

Expenses

Changes for FY18

– Year 3 of Meet and Confer	\$600K
– 5% Health Insurance increase	\$220K
– 4% Merit Increase	\$465K
– FY17 full year Merit Increase	\$440K
– Software Maintenance Increase	\$225K
– EMS funding level increase	\$ 90K
– Contracted Services	\$ 40K
– Best Buy rebate	\$4.7M
– Amazon rebate	\$876K
– ED incentives and rebates	\$100K
– Facility utility budget reduction	(\$200K)
– Airport Transfer reduction	(\$ 60K)
– TIRZ payments to Debt Service	(\$707K)
– Capital Outlay reduction	(\$300K)

Net Change

\$6.5M*

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* Net change varies slightly from actual change due to other minor variances

General Fund Expense Additions

Requested Expense	Requesting Department	Recurring/ One-time	Amount
Downtown sidewalk cleaning	City Manager	Recurring	30,000
Downtown landscape maintenance	City Manager	Recurring	20,000
HR Intern reclass to full time position	HR	Recurring	21,400
Reclass 3 Drivers from Engineer to Captain	Fire	Recurring	No budget impact
Fire GIS Data Analyst (funding the incremental increase from a Firefighter position to GIS position)	Fire	Recurring	40,000
IT support analyst	IT	Recurring	No budget impact
Body cameras for Animal Control officers, Bailiffs, Code Compliance officers, and Park Rangers-annual maintenance	Marshal	Recurring	23,000
Park Ranger pay increase (year 1 of 3)	Marshal	Recurring	65,000
Building Maintenance	Facilities	Recurring	95,000
Total			\$294,400

HSAB Recommendation

Agency	Funded FY17	Recommended FY18	Agency	Funded FY17	Recommended FY18
Hays County Food Bank	45,000	45,000	Greater San Marcos Youth Council	50,000	47,500
San Marcos Housing Authority	20,000	20,000	Society of St. Vincent de Paul	14,100	14,100
San Marcos Youth Service Bureau	12,000	11,000	Casa of Central Texas Inc.	14,000	15,000
Southside Community Center	66,000	69,000	Community Action	20,500	13,500
Hays Caldwell Women's Shelter	60,000	60,000	Hays Caldwell Council on Alcohol & Drug Abuse	32,400	27,400
Combined Community Action	12,000	12,000	Pet Prevent a Litter (PALS) of Central Texas	6,000	7,000
Scheib Opportunity Center	39,000	39,000	United Way of Hays County	1,000	2,500
Hays County Homespun	14,000	9,000	SMCISD	15,000	15,000
Central TX Dispute Resolution Center (DRC)	4,000	2,000	Hays Co Child Protective Board (CPB)	10,000	12,500
Salvation Army		8,500	Nosotros La Gente	5,000	7,000
School Fuel-food program	10,000	13,000	Total	450,000	450,000

Proposed Expenses

Operating Expenses	FY18 Proposed
Personnel	46,744,000
Contracted Services	7,079,000
Materials & Supplies	4,264,000
Other Charges	3,876,000
Social Services	450,000
Operating Transfers	1,451,000
Total Operating	\$63,864,000

Total Expenses \$73,192,000

11.1% increase from FY17

Non-Operating / One-Time Expenses	FY18 Proposed
Economic Development Incentives	6,058,000
Capital Outlay	1,655,000
Homebuyer Incentive	40,000
Other Agency/Museum Funding	75,000
Fire, Police, Parks Routine Capital Maintenance	150,000
Building Capital Maintenance	200,000
Parks Capital Maintenance	200,000
Technology Capital Maintenance	200,000
Bond Project Reserve	750,000
Total One-Time	\$9,328,000

Proposed Budget FY18

	FY18 Proposed
Forecasted Beginning Fund Balance	\$17,593,000
Revenue	\$71,380,000
Operating Expenses	\$63,864,000
Non-Operating Expenses	\$9,328,000
Ending Fund Balance	\$15,781,000
Fund Balance %	25.3%

Expenses for Possible Funding with Future Best Buy Revenues

REQUESTED EXPENSE	REQUESTING DEPARTMENT	RECURRING/ ONE-TIME	AMOUNT
The Village Main		One-Time	442,000
Master Mechanic-Emergency Vehicle Tech	Fleet	Recurring	70,220
Narcotics Detective (possible mid-year addition)	PD	Recurring	107,100
Code Officer	Marshal	Recurring	97,000
Security Posture Review	IT	Recurring	25,000
Facility Maintenance	Facilities	Recurring	110,000
Asphalt Overlay increase due to increased land miles	Transportation	Recurring	50,000
Tree care, maintenance, and removal	Community Services	Recurring	100,000
East Side Workforce Center			

Electric Utility

Electric Rate Modeling

- **Rate adjustment not needed for FY2018**
 - Continue passing power through at uniform LCRA rate
 - Times coverage above the 1.20 goal
 - Possible need for increase in three to five years
- **Achieved operating reserve level recommended by Standard & Poors of 60 days operating expense including Cost of Power in FY16**
- **Temporary increase of franchise fees from 7% to 8%**
- **Additional recurring and one-time operational expenses-\$753,800**
- **Capital Outlay Funding-\$419,000**

Electric Expense Additions

Requested Expense	Expense Type		Requested Expense	Expense Type	
Engineering Tech I	Recurring	107,000	Update Electric Utility construction standards	One-Time	55,000
Additional Tree Trimming Services	Recurring	235,000	Electric Utility line locating services	Recurring	15,100
Pole Attachment and Health Assessment Survey	One-Time	35,000	Current Transformer test for CT metered accounts	One-time	35,000
Professional Services to augment Engineering	One-Time	60,000	Professional development for Lineman's College Metering Course	One-time	14,000
Integration services for OMS, SCADA, Milsoft, CAD	One-Time	125,000	Strava Metro Data Services	Recurring	3,000
Inventory Technician	Recurring	69,700			
			Total Operating Expense		\$753,800
45 Foot material handling bucket truck	Capital Outlay	195,000	URD Cable pulling machine	Capital Outlay	185,000
12 Foot dump trailer	Capital Outlay	8,000	Lecia Viva GS16	Capital Outlay	31,000
			Total Capital Outlay	\$	419,000

Proposed Budget FY18

	FY18 Proposed
Forecasted Beginning Fund Balance	\$9,409,000
Revenue	\$63,594,000
Operating Expenses	\$62,484,000
Non-Operating Expenses	\$809,000
Ending Fund Balance	\$9,710,000
Fund Balance – Days Operating	60.5

Water/ Wastewater

W/WW Rate Modeling

- **5% Water rate adjustment**
 - Monthly cost to the average residential customer-\$1.95
 - Continue small, steady rate increases to fund future capital projects
 - ARWA-Phase 1 B-D-Treatment Plant, Well field, Transmission pipeline
 - Cost to City-approx. \$65.8M to begin in FY18
 - Will use a combination of cash and debt funding to minimize times coverage pressures
- **2% Wastewater rate adjustment**
 - Monthly cost to the average residential customer-\$0.91
- **Temporary increase of franchise fees from 7% to 8%**
- **Additional recurring and one-time operational expenses-\$376,000**
- **Capital Outlay Funding-\$310,000**

Water/Wastewater Expense Additions

Requested Expense	Expense Type		Requested Expense	Expense Type	
Cross Connection Control BFP Tech	Recurring	69,000	AMI Supplies	Recurring	45,000
Water Quality Technician	Recurring	111,000	Meter Supplies	Recurring	111,000
EPA Mandated water sampling	One-time	30,000	Capping two wells at Oakridge Tank Site	One-time	10,000
			Total Operating Expense		\$376,000
Backhoe	Capital Outlay	90,000	Vac-Hunter hydro excavator replacement skid	Capital Outlay	80,000
Rubber Track Excavator	Capital Outlay	100,000	Isco Flow meter	Capital Outlay	40,000
			Total Capital Outlay		\$310,000

Proposed Budget FY18

	FY18 Proposed
Forecasted Beginning Fund Balance	\$8,735,000
Revenue	\$40,404,000
Operating Expenses	\$38,606,000
Non-Operating Expenses	\$870,000
Ending Fund Balance	\$9,663,000
Fund Balance %	25.03%

Drainage

Drainage Rate Modeling

- **Recommend a 15% rate adjustment**
 - \$1.37/per month increase for a total of \$10.52 for a medium lot
 - The rate, with additional 15% increases each year, supports the debt service for \$66.1M in projects over the next 5 years
- **Additional recurring and one-time operational expenses-\$312,000**
- **Capital Outlay Funding-\$55,000**

Drainage Expense Additions

Requested Expense	Expense Type		Requested Expense	Expense Type	
Drainage Maintenance Operator 1	Recurring	100,700	Increase budget for herbicide program	Recurring	15,000
Citywide Chemical waste collection and disposal	Recurring	15,000	Increase in supplies budget line	Recurring	15,000
Citywide SPCC plan	Recurring	19,500	Increase in Vehicle Maintenance budget line	Recurring	20,000
Drainage Senior Engineer	Recurring	126,800			
			Total Operating Expense		\$312,000
Replacement vehicle for herbicide program	One-time	27,000	High Velocity Nozzles	One-time	16,500
Dump Trailer	One-time	5,500	Leased Vehicle for new position	Recurring	6,000
			Total Capital Outlay		\$55,000

Proposed Budget FY18

	FY18 Proposed
Forecasted Beginning Fund Balance	\$875,000
Revenue	\$4,994,000
Operating Expenses	\$4,661,000
Non-Operating Expenses	\$55,000
Ending Fund Balance	\$1,153,000
Fund Balance %	24.80%

Resource Recovery

Resource Recovery Rate

- **Rate adjustment correlate with TDS contract increase of 3% and administrative cost increase of 4%**
- **Residential single family rate adjustment of \$.75 per month for a total rate of \$24.36**
- **Multifamily rate adjustment of \$.21 per month for a total of \$7.07**

Resource Recovery Expense Additions

Requested Expense	Expense Type	
Operating		
Reclass Specialist from part-time to full-time	Recurring	No budget impact
Resource Recovery Specialist	Recurring	51,300
Increase printing/publication for new education and outreach programs	Recurring	6,000
Increase postage line for communication about new education and outreach programs	Recurring	4,000
Total Operating		\$61,300
Capital		
Trash and recycling cans		\$40,000

Proposed Budget FY18

	FY18 Proposed
Forecasted Beginning Fund Balance	\$952,000
Revenue	\$4,172,000
Operating Expenses	\$4,093,000
Non-Operating Expenses	\$40,000
Ending Fund Balance	\$991,000
Fund Balance %	24.23%

Airport

Airport Expense Additions

Requested Expense	Recurring/ One-Time	Funding Source	Amount
City-Owned Hanger Maintenance	Recurring	Excess project funds	53,000
Signage	One-Time	Existing wayfinding	20,000
Runway/Taxiway Signage	One-Time	Existing wayfinding	30,000
Ongoing Pavement Marking Maintenance	Recurring	Operating Budget	25,000
Increased Runway sweeping	Recurring	Operating Budget	24,000
Maintenance Equipment	Recurring	Operating Budget	10,000
Total Recurring			\$162,000
Total One-Time			\$ 50,000

Proposed Budget

	FY18 Proposed Budget
Beginning Fund Balance	\$32,800
Operating Revenues	\$584,300
Operating Expense	
Improvement Credits	46,000
Management Fee/Incentive	486,800
Maintenance	10,000
Other Expenses	7,200
Runway Maintenance	25,000
Runway Sweeping	24,000
Maintenance Equipment Payment	10,000
Total Expenses	\$609,000
Ending Fund Balance	\$8,100

Hotel Motel Tax

Proposed Budget FY18

	FY17 Budget	Changes from FY17	FY18 Budget
		Beg Fund Balance	\$100,000
		Available Revenue	\$2,449,400
San Marcos CVB	1,531,000		1,553,698
Tanger	150,000	-	150,000
Downtown Marketing Coop	50,000	20K reduction	30,000
Building Repairs	30,000	20K reduction	10,000
Tourist Account	5,000	-	5,000
Transportation	10,000	5K reduction	5,000
Eco Tourism	40,000	-	40,000
Sports Tourism	510,000	Remove 450K for FY17 project	60,000
Mural Funding	35,000	-	35,000
Arts Project	125,000		125,000
Permanent Art	125,000		125,000
Arts Position and Master Plan Update	46,000	Remove 25K for master plan	21,000
Central Texas Wing	50,000	Remove 50K for FY17 project	0
Main Street	299,733	30K for sidewalk cleaning (from General Fund)	366,067
Total Expenses	\$3,006,733		\$2,493,968
		Ending Fund Balance	\$23,635

Proposed Budget FY18

	FY18 Proposed
Forecasted Beginning Fund Balance	\$101,000
Revenue-non restricted	\$2,449,000
Revenue-Embassy and 2% Venue Tax	\$1,655,000
Convention & Visitors Bureau	\$1,563,000
Main Street	\$366,000
Arts/Murals	\$285,000
Tanger Marketing/Downtown Marketing	\$180,000
Eco/Sports Tourism	\$100,000
Other Expenses	\$20,000
Venue/Embassy Tax Transfer	\$1,655,000
Ending Fund Balance	\$36,000

CIP

FY 2017–2018 Capital Improvement Program

- 10 year Summary Totals
- Includes implementation of all new stormwater projects

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
General Including Bond Projects	14.5M	25.6M	28.6M	13.9M	18.4M	19.0M	15.9M	10.8M	14.2M	17.9M
General Excluding Bond Projects	13.5M	7.0M	26.2M	9.8M	18.4M	19.0M	15.9M	10.8M	14.2M	17.9M
Water	10.9M	36.6M	9.3M	52.1M	16.4M	3.5M	4.1M	3.9M	10.3M	12.5M
Wastewater	4.1M	10.2M	12.6M	12.6M	10.9M	21.7M	9.8M	13.1M	1.2M	1.73M
Stormwater	9.6M	11.2M	19.5M	14.1M	12.9M	3.3M	6.4M	2.5M	6.1M	2.2M
Electric	9.9M	8.4M	12.3M	\$1.7M	4.8M	3.7M	3.7M	159k	75k	75k
Total w/Bond Projects	\$49.0M	\$92.1M	\$82.3M	\$94.4M	\$63.4M	\$51.2M	\$39.9M	\$30.5M	\$31.9M	\$34.4M
Total w/o Bond Projects	\$48.0M	\$73.4M	\$79.9M	\$90.2M	\$63.4M	\$51.2M	\$39.9M	\$30.5M	\$31.9M	\$34.4M

Next Steps

- **September 15th-Second tax rate public hearing**
- **September 19th-Adoption of budget, tax rate and utility rates**
- **October 1st-Adopted budget effective**