



FY 2018-19 BUDGET WORKSHOP

June 13-14, 2018

Bert Lumbreras, City Manager

Steve Parker, Assistant City Manager/CFO

Collette Jamison, Assistant City Manager

Heather Hurlbert, Finance Director

Melissa Neel, Assistant Finance Director

AGENDA | **DAY ONE**

General Fund

Stormwater

Resource Recovery

WIC (time permitting)

PEG Funds (time permitting)

Break: 5:30 to 6 p.m.



AGENDA | **DAY TWO**

Greater San Marcos Partnership

Airport

Hotel Motel

Water/Wastewater

Electric Fund

Break: 5:30 to 6 p.m.



STRATEGIC INITIATIVES

KEY PRIORITIES



Workforce Housing



Public Transit



Stormwater Management



Community Partners



City Facilities



General Fund

FY 2018-2019



GENERAL FUND**BASE BUDGET
ASSUMPTIONS**

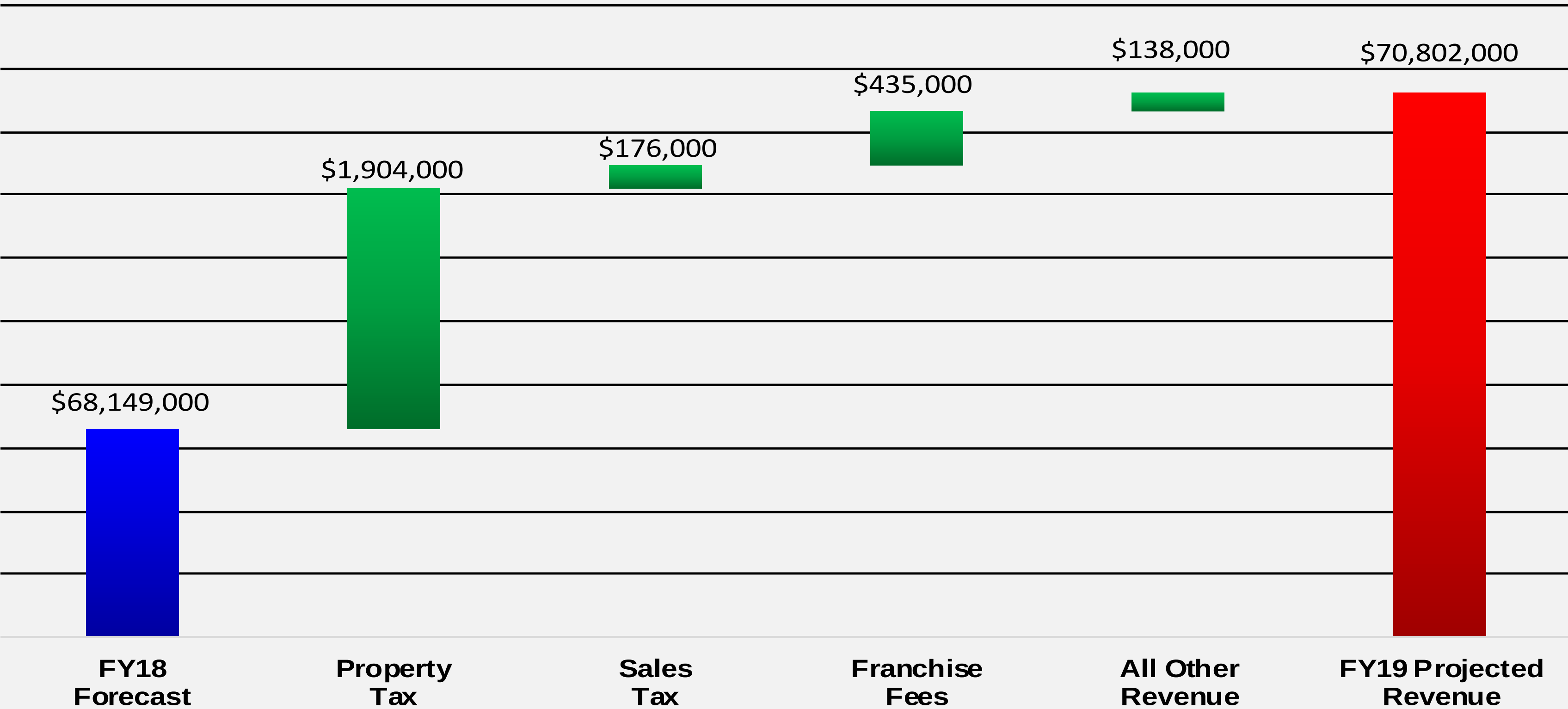
Description	FY19 Base Assumptions Increase
4.5% Merit Increase	\$1,728,000
• Civil Service	\$708,000
• Non-civil Service	\$554,000
• Full Year FY18 Non-civil Service Merit Increase	<u>\$466,000</u>
5% Health Insurance	\$231,000
Software Maintenance & Licenses	\$75,000
Social Services	\$50,000
Museum	\$25,000
CASA capital campaign funding	\$45,000
EMS	\$80,000
Homebuyer Incentive Program	<u>\$60,000</u>
Total:	\$2,294,000

The above expenditures have been included in the base budget for FY2019

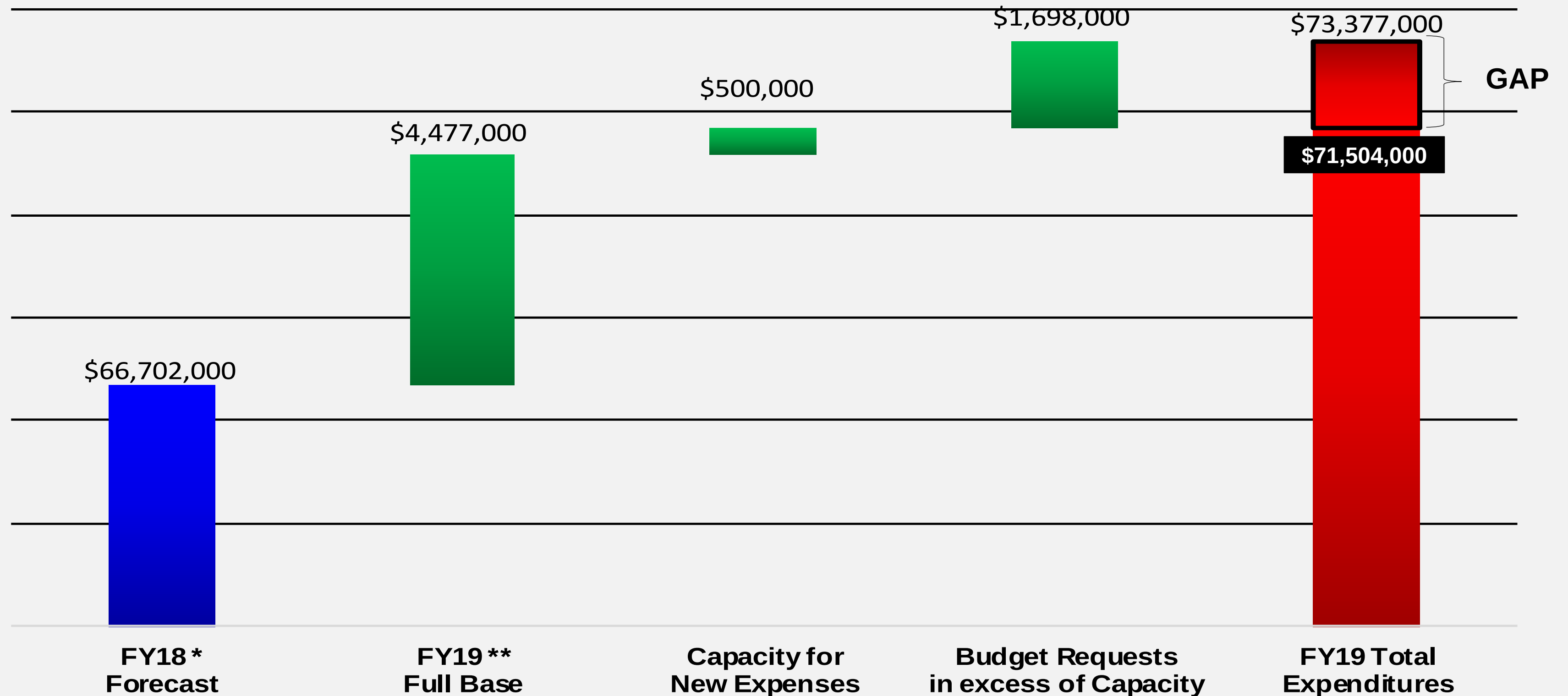
GENERAL FUND

PRELIMINARY
REVENUE

General Fund Revenue
Preliminary FY19 Budget



Revenue reflects 4% increase, \$2.6M from prior year net of economic incentives

GENERAL FUND**PRELIMINARY
EXPENDITURES****General Fund Expenditures
Preliminary FY19 Budget**

* Forecast assumes operational savings at year end

** Full Base includes base assumptions of \$2.2M, CPI increases, and zero operational savings

Current capacity to fund budget requests is \$500K. The “GAP” (top of red bar) represents the need for additional capacity to fund high priority additional budget requests

GENERAL FUND

REQUEST CRITERIA

Strategic Priorities

Core Services

Alternative funding sources or shift costs

Address significant challenges

Demands on growth



GENERAL FUND**PERSONNEL
RECOMMENDATION**

Department	Description	Requested \$	Other Funding Source	General Fund \$
City Clerk	Clerk – part time	\$24,000	\$15,000	\$9,000
Community Services:				
Facilities & Grounds	Construction Specialist	\$89,000	\$35,000	\$54,000
Fleet Services	Emergency Vehicle Technician	\$60,000	\$54,000	\$6,000
Engineering:	Acquisition Assistant	\$51,000	\$35,000	\$16,000
	Increase OT for project inspections of construction	\$4,000		\$4,000
Marshals Office:				
Code Compliance	FOG Enforcement Officer – supplies only	\$17,000		\$17,000
Animal Shelter	Veterinary Technician	\$43,000		\$43,000
Animal Shelter	Volunteer Coordinator – part time	\$17,500		\$17,500
Development Services:	Senior Planner	66,000		\$66,000
	Electrical Inspector	\$80,000	\$40,000	\$40,000
Police:	Narcotics Officer – mid-year	\$61,500		\$61,500
	School Resource Officer	\$87,500	\$34,500	\$53,000
Finance	Incremental adjustment for Purchasing staffing levels	\$6,000		\$6,000
	Personnel Total:	\$607,000	\$213,500	\$393,000

GENERAL FUND**OPERATING
RECOMMENDATION**

Department	Description	General Fund \$
Community Services:		
CS Admin	Increase to Operating Expenditures	\$5,500
Parks & Recreation	Increase Parks Maintenance	\$25,000
Parks & Recreation	Greenspace / Natural Area repairs to ADA Trails	\$25,000
Marshals Office:		
Park Rangers	Increase to Operating Expenditures	\$3,000
Animal Shelter	Contracted Services - Veterinarian	\$35,000
Engineering	Contracted Services – Environmental Inspections	\$10,000
	Operating Total:	\$103,500

Budget Request Recommendations	General Fund \$
Personnel	\$393,000
Operating	<u>\$103,500</u>
Total Recommendations:	\$496,500



GENERAL FUND**CAPACITY
ALTERNATIVES**

Potential Revenue		Amount
<u>Community Enhancement Fee</u> <u>\$1 increase:</u>		
Commercial	1,675 Customers	\$20,100
Residential	25,450 Customers	<u>\$305,400</u>
	Potential CEF Revenue:	\$325,500
Increase Fees for Services	1% Rate Increase	\$50,000
TRZ Loop 110	\$1,200,000	<u>\$450,000</u>
	Total Potential Revenue:	\$825,500

		Amount
Additional CEF Revenue:	3 – Code Compliance Officers	\$213,000
	Administrative Clerk	\$40,000
	Fund Balance 25%	<u>\$63,250</u>
	Total CEF Funds:	\$316,250
Bond Project Operating Expenditures:	8 – Fire Fighters & Equipment	\$550,000
	Fund Balance 25%	<u>\$137,500</u>
	Total Bond Funds:	\$687,500
Economic Development Supplemental Funding	Workforce Housing Seed Funding (66% from each – general fund, water/wastewater, electric)	\$200,000
	Fund Balance 25%	<u>\$50,000</u>
	Total Economic Development Funding:	\$250,000



Code Enforcement

- Focus on partnering with Police on notifications
- Alternative enforcement methods
- Trash bin violations

Development Services

- Improvements to Customer Experience: Consistent, Accessible, Reliable, Easy (C.A.R.E.)
- Realign positions to increase intake and completeness checks



GENERAL FUND**KEY ITEMS NOT
INCLUDED IN
BUDGET**

Expense Impacts

- Additional Facility Maintenance funds
- Additional Street Overlay funds
- Sufficient Park Maintenance funds

Revenue Impacts

- Homestead exemptions
- Over 65 tax valuation freeze

Remaining Departmental Requests



SALES TAX REVENUE

CURRENT
REVENUE

Sales Tax Revenue	
Total Revenue Collected to Date	\$1,431,000
Less The Village Main funding	<u>\$-442,000</u>
Net Revenue Available	\$989,000
Anticipated Revenue for Remainder of FY18	<u>\$560,000</u>
Total Estimated Available at year end FY18	\$1,549,000



Potential for expanding City Hall parking

- 22 parking spots freed by locating equipment to 40 acres
- Studied 3 parking options: Recommend Option B
- Option B: 24 spots in front of Public Services \$135,000

Potential for short term facilities or leased spaced

- Update Projected PGAL Staffing Study completed in 2015
- Two Portable Buildings 1,340 Square Feet \$180,000 for 2 year lease or purchase plus \$25,000 one-time costs
- Continue to explore options for leased space



SALES TAX REVENUE**RECOMMENDED
ONE-TIME USES**

	Sales Tax Revenue
Net Revenue to Date	\$989,000
• Temporary Office Space • Two year rental and set up costs	\$205,000
• Additional parking spaces	\$135,000
• Security review	\$ 25,000
• Facility security: Includes potential projects in Fire Station 5, Airport, Library, Activity Center	\$100,000
• Homebuyer incentive program	\$ 60,000
• CIS Software License upgrade	<u>\$129,000</u>
Less Subtotal: One-time Uses	<u>\$-654,000</u>
Remaining to build fund balance	\$335,000



**Move forward with the recommendations on the
June 19th budget amendment**



Stormwater Fund

FY 2018-2019

Preliminary Findings

- CIP cost biggest impact on rates
 - Leveling annual debt issuances over longer period
 - Potential CDBG-DR funding use for projects
- Increases necessary for annual O&M costs to maintain new capital projects
- Possible rate structure changes
 - Change in multi-family classification
 - Change based on findings from impervious cover assessment
 - Will be brought back to City Council for further discussion
- Still anticipate rate adjustments over the next 5 years



STORMWATER FUND**REVENUE AND
EXPENSES**

Revenue	FY19 Budget
FY18 Budgeted Revenue	\$5.0M
Current Services	\$0.8M
Total Budgeted Revenue	\$5.8M

- Recommend continuing 15% adjustment, as directed by City Council in 2017, effective October 1
- Continue discussions about rate structure
- Monthly bill for average residential customer would increase \$1.58 per month for an annual cost of \$18.96

Expenses	FY19 Budget*
FY18 Budgeted Expenses	\$4.7M
Operating Expenses	\$0.4M
Debt Service	\$0.6M
Total Budgeted Expenses	\$5.7M



Fund Balance maintained above 20%. Will continue to explore options of funding CIP projects with CDBG-DR funds to lessen the impact on the fund and rates.

STORMWATER FUND**EXPENSE
RECOMMENDATIONS**

Operating Expenses*	One-time / Recurring	Annual Cost
Street Sweeper Operator	Recurring	47,000
Contracted Services for MS4 program requirements	Recurring	50,000
Total Recurring Expenses		\$97,000
Street Sweeper		235,000
18 Yd Dump Truck		177,000
Compact Track Loader		124,000
Total Capital Expenses		\$301,000*

* Exploring financing over a 5-7 year timeframe





Resource Recovery Fund

FY 2018-2019

RESOURCE RECOVERY**REVENUE AND
EXPENSE**

Revenue	FY19
FY18 Budgeted Revenue	\$4.2M
Additional revenue generated by customer growth and rate adjustment	\$0.2M
Total Budgeted Revenue	\$4.4M

- Residential rates adjusted .81 cents per month, \$9.72 annually
- Multifamily rates adjusted .32 cents per month, \$3.84 annually

Expenses	FY19
FY18 Budgeted Expenses	\$4.1M
Contracted Services-Trash/Recycling	\$0.2M
Other Expenses	\$0.1M
Total Budgeted Expenses	\$4.4M



RESOURCE RECOVERY

EXPENSE
RECOMMENDATIONS

Operating Expenses	One-time / Recurring	Annual Cost
3 Interns to assist with operations and special events	Recurring	34,200
Total Recurring Expenses		\$34,200



WIC Looking Forward. . .

- Due to drop in participation the state's reimbursement rate (per participant) remains flat
- Open positions remain vacant to align expenses with projected reimbursements



Public, Educational & Government Access Funds

- Collect \$95,000 per year in revenue
- Current fund balance \$500,000
- Budget Requests \$100,000
 - Van for video equipment
 - Remote cameras, upgrade sound for Council chambers and conference room
 - Reconfigure Council chambers



Hotel Motel Fund

FY 2018-2019



HOTEL MOTEL TAX FUND | REVENUE AND PROGRAMS

- Fiscal Year 2018 Revenue is trending below budget and prior year's collections.
- Hoping to see increased room rates over the summer months to produce revenue to reverse trend
- If trend does not reverse, HOT program expenses will need to be reduced from FY18 levels.
- Will bring HOT back for discussion in August for final decisions.

Revenue for Current Programs	
FY17 Revenue	\$2,292,000
FY18 Revenue Forecast	\$2,273,000

Current Programs	FY19
CVB	\$1,577,800
Main Street	\$ 375,200
Tanger Marketing Program	\$ 150,000
Downtown Marketing Coop	\$ 30,000
Eco Tourism	\$ 40,000
Sports Tourism	\$ 60,000
Tourist/Transportation	\$ 10,000
Mural Program	\$ 35,000
Arts Project/Permanent Art	\$ 250,000
Conference Center Repairs	\$ 10,000
Total:	\$2,538,000

Requests from Outside Agencies

- **Arts Commission-Total Requested Increase \$43,550**
 - \$12,500 increase for Art Projects
 - \$12,500 increase for Permanent Art
 - \$18,550 increase to move Art Coordinator to full time from part time
- **Tanger Outlets-Total Requested Increase \$50,000**
 - \$50,000 increase to Marketing Program



Airport

FY 2018-2019



AIRPORT**REVENUE AND
EXPENSES**

Revenue	FY19 Budget
FY18 Budgeted Revenue	\$584K
Hanger, Shelter, and Land Rentals	\$ 29K
Fuel Flowage Fee/Gross Receipts	\$ 50K
Total Budgeted Revenue	\$663K

Expenses	FY19 Budget
FY18 Budgeted Expenses	\$609K
TAP Contract/Incentive Expense	\$ 36K
Building Maintenance	\$ 5K
Total Budgeted Expenses	\$650K

- No transfer from the General Fund is required
- \$12,000 available for additional expenses

Requests	
City Owned Facility Repair and Maintenance	\$100K
Airport Vehicle	\$ 35K
Runway Signage and Striping	\$ 40K
Airport Marketing	\$ 25K
Runway Pavement Crack Sealing	\$150K
Total	\$350K





Water Wastewater Fund

FY 2018-2019

WATER/WASTEWATER FUND

REVENUE AND EXPENSES

Revenue	FY19 Budget
FY18 Budgeted Revenue	\$40.4M
Water/Wastewater Current Services	\$ 2.5M
Other Services	\$ 0.2M
Other Revenue	\$ 0.1M
Total Budgeted Revenue	\$43.2M

- Citizen's Utility Advisory Board (CUAB) recommends a 5% Water and 2% Wastewater rate adjustment.
- Monthly bill for average residential customer would increase \$3.30 per month for an annual cost of \$39.60

Expenses	FY19 Budget*
FY18 Budgeted Expenses	\$39.3M
Operating Expenses	\$ 0.8M
Franchise Fees	\$ 0.2M
Debt Service	\$ 0.7M
Transfer to Capital Reserves	\$ 1.6M
Total Budgeted Expenses	\$42.6M



Fund Balance maintained at 25%, Revenue Stabilization Fund is fully funded, and debt coverage is at 1.27 times coverage.

Operating Expenses	One-time / Recurring	Annual Cost
Large Meter Testing Program	One-Time	20,000
I & C Technician	Recurring	86,400
Equipment Operator	Recurring	71,700
Increase in Energy Assistance Fund – CUAB Recommendation	Recurring	30,000
FOG Enforcement Officer-Personnel costs only	Recurring	67,000
2 of 5 Modules for Phase 2 Data Analytics System	One-Time	36,000
Total Recurring Expenses		\$225,100
Total One-Time Expenses		\$ 56,000
CCTV Van replacement		78,000
Hydra-Stop valve insertion equipment		85,000
Smart Cover remote monitoring system		35,000
John Deere 4WD backhoe replacement		95,000
Total Capital Expenses		\$293,000



WATER/WASTEWATER FUND | RATE MODELING FY19

ANNUAL BUDGET **2019**

	FY19	FY20	FY21	FY22	FY23
Revenue	\$43.2M	\$45.9M	\$48.5M	\$51.2M	\$54.1M
Expenses	40.0M	43.2M	43.3M	47.8M	49.8M
Ending Fund Balance	10.0M	10.8M	10.7M	11.9M	12.4M
Weather Stabilization Reserve	3.0M	3.2M	3.4M	3.6M	3.8M
Debt Coverage	1.27	1.16	1.36	1.19	1.23
Potential Rate Adjustment	5% W 2% WW	5% W 2% WW	5% W 3% WW	5% W 3% WW	3% W 3% WW

Debt Service and Potential Rate Adjustments from FY18 Rate Model

	FY19	FY20	FY21	FY22	FY22
Debt Coverage	1.18	1.18	1.32	1.20	1.20
Potential Rate Adjustment	5% W 2% WW	5% W 3% WW	3% W 3% WW	3% W 3% WW	3% W 3% WW



Electric Fund

FY 2018-2019



ELECTRIC FUND**REVENUE AND
EXPENSES**

Revenue	FY19 Budget
FY18 Budgeted Revenue	\$63.6M
Current Electric Services	\$ -1.2M
Other Revenue	\$ 0.3M
Total Budgeted Revenue	\$62.7M

- Citizen's Utility Advisory Board (CUAB) recommends no rate adjustment.

Expenses	FY19 Budget*
FY18 Budgeted Expenses	\$63.3M
Operating Expenses	\$ 0.3M
Cost of Power	\$ -2.2M
Franchise Fees	\$ -0.1M
Debt Service	\$ 0.2M
Transfer to Capital Reserves	\$ 1.2M
Total Budgeted Expenses	\$62.7M



Fund Balance maintained at 60 days, Revenue Stabilization Fund is fully funded, and debt coverage exceeds 1.2 times coverage.

ELECTRIC FUND**EXPENSE
RECOMMENDATIONS**

Operating Expenses	One-time / Recurring	Annual Cost
Metering Administrative Assistant	Recurring	57,000
Electrical Inspector-Split with Development Services	Recurring	39,000
OMS, SCADA, Milsoft, CAD, and GIS Interfaces	One-Time	125,000
Increase in Energy Assistance Fund - CUAB Recommendation	Recurring	30,000
Utility Analytics Dashboard	One-Time	80,000
Eaton Conference for Metering Team	One-Time	8,000
American Public Power Association dues	Recurring	13,500
Additional Engineering and Technical professional services	One-time	90,000
Total Recurring Expenses		\$139,500
Total One-Time Expenses		\$303,000



ELECTRIC FUND**EXPENSE
RECOMMENDATIONS**

Capital Expenses		Annual Cost
GPS Units and Laptop replacement		115,800
Automated Vehicle Locating (AVL) for Public Services Fleet		210,000
Hydrovac Machine for underground services		240,000
Total Capital Expenses		\$565,800



Budget Timeline

FY 2018-2019



TIMELINE**BUDGET TIMELINE**

- **June 13 & 14:** Budget Workshops
- **June 19:** Budget Amendment
- **August 2:** Workshop on Proposed Budget
- **August 21:** Public hearing on the tax rate
- **September 4:** Public hearing on tax rate, budget, utility rates
- **September 18:** Budget and tax rate adoption

