



# City of San Marcos

## 2019 Proposed Budget Policy Statement

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### **I. Fund Balance**

- General Fund: Maintain 25% (of recurring operating expenses).
- Water/ Wastewater Fund: Maintain 25% (of recurring operating expenses).
- Drainage Utility Fund: Maintain a range of 20% (of recurring operating expenses).
- Electric Utility Fund: Minimum of the equivalent of 60 days of operating expenses including purchased power.

### **II. Revenue**

#### **GENERAL FUND**

- Property tax rate maintained at 61.39 cents per \$100 of valuation.
- Property values increased based on a conservative trend estimated at 10%.
- Explore impact of providing homestead exemption and an over 65 freeze.
- Base sales tax revenue and revenue generated by the outlet mall will not be increased from the FY18 budget. Revenue generated by Best Buy will include the City's 25% allocation and will be increased by 4% from FY2018. These estimates will be updated as the collection trend indicate.
- Maintain City-owned utility fund franchise fee transfers to the General Fund at 8%.
- Bring forward Community Services fee adjustments based on the results of the cost of service study.
- All other revenues will be budgeted based on historical trends.
- Fees for services will be increased approximately 2.12% based on the average CPI index for the calendar year 2017.

#### **WATER FUND**

- Rate study to determine possible rate increases and structure changes.
- Citizens Utility Advisory Board will make recommendations related to rate structure and future rate adjustments.

#### **ELECTRIC FUND**

- Rate study to determine possible rate increases and structure changes. No rate adjustment anticipated.
- Citizens Utility Advisory Board will make recommendations related to rate structure and future rate adjustments.

#### **STORMWATER MANAGEMENT FUND**

- Rate study underway and preliminary results and decision points will be presented to Council during budget discussions.
- Proposed rates will be brought forward after the first of the calendar year for adoption.

## **HOTEL MOTEL FUND**

- Revenue budgeted based on conservative trends reflecting new hotel rooms, occupancy rate, and average room rate.

## **III. Expenditures**

All budget requests from outside agencies must be submitted for consideration prior to May 1.

## **GENERAL FUND**

- Funding year 4 of the Meet and Confer agreement with Police and Fire with a 4.5% increase in wages.
- Pursue the goal of funding 4.5% merit and cost of living increase for non-civil service employees.
- Additional personnel will be evaluated through the departmental budget request process.
- Estimated 5% increase in health insurance premium beginning January 1, 2019.
- Base operations budgets flat. Additions to the department budgets must be requested, justified, and ranked by priority.
- Fuel/Contractual Obligations/Consumer Price Index increases allowed.
- Continue the annual \$200,000 contribution to the economic development reserve that is shared equally between General Fund, Water Wastewater Fund, and Electric Fund. The City Manager will review the Special Economic Development Funding Policy during the budget process in order to analyze the policies and potential uses.
- Continue allocation of \$150,000 to fund the existing Youth Services Manager position and youth focused programs identified in the youth master plan. The City Manager will examine structure and cycle of funding.
- Increase allocation for museum funding \$25,000 to \$100,000 with a maximum of \$25,000 per participant.
- Increase Social Services funding levels \$50,000 to \$500,000. The City Manager will examine the structure and funding cycle.

## **WATER/WASTEWATER FUND**

- Pursue the goal of funding 4.5% merit and cost of living increase for non-civil service employees.
- Additional personnel will be evaluated through the departmental budget request process.
- Estimated 5% increase in health insurance premium beginning January 1, 2019.

- Base operations budgets flat. Additions to the department budgets must be requested, justified, and ranked by priority.
- Fuel/Contractual Obligations/Consumer Price Index increases allowed.
- Continue the annual \$200,000 contribution to the economic development reserve that is shared equally between General Fund, Water Wastewater Fund, and Electric Fund.
- Utility fund transfers to the General Fund budgeted at 8%.

## **ELECTRIC UTILITY FUND**

- Pursue the goal of funding 4.5% merit and cost of living increase for non-civil service employees.
- Additional personnel will be evaluated through the departmental budget request process.
- Estimated 5% increase in health insurance premium beginning January 1, 2019.
- Base operations budgets flat. Additions to the department budgets must be requested, justified, and ranked by priority.
- Fuel/Contractual Obligations/Consumer Price Index increases allowed.
- Continue the annual \$200,000 contribution to the economic development reserve that is shared equally between General Fund, Water Wastewater Fund, and Electric Fund.
- Utility fund transfers to the General Fund budgeted at 8%.

## **STORMWATER UTILITY FUND**

- Pursue the goal of funding 4.5% merit and cost of living increase for non-civil service employees.
- Additional personnel will be evaluated through the departmental budget request process.
- Estimated 5% increase in health insurance premium beginning January 1, 2019.
- Base operations budgets flat. Additions to the department budgets must be requested, justified, and ranked by priority.
- Fuel/Contractual Obligations/Consumer Price Index increases allowed.

## **HOTEL MOTEL FUND**

- Pursue the goal of funding 4.5% merit and cost of living increase for non-civil service employees.
- Funding for special programs remains flat. Organizations can request increases during the budget process for specific programs.

## **IV. Debt**

On April 3<sup>rd</sup>, a City Council work session will be held to discuss the City's current debt balances, future debt requirements, and the effect on the budget.