



City of San Marcos

630 East Hopkins
San Marcos, TX 78666

Meeting Minutes City Council

Wednesday, June 26, 2019

4:30 PM

City Council Chambers

630 E. Hopkins - Budget Workshop #1

I. Call To Order

With a quorum present, the Workshop Meeting of the San Marcos City Council was called to order by Mayor Hughson at 4:35 p.m. Wednesday, June 26, 2019 in the City Council Chambers, 630 E. Hopkins, San Marcos, Texas 78666.

II. Roll Call

Dr. Marquez arrived after roll call at 4:36 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 of the preliminary Fiscal Year 2019-2020 Budget.

The following topics were discussed during this workshop:

1. Revenue Analysis
2. Expenditure Analysis
3. General Fund Capacity /Proposed Additions
4. Economic Development Reallocation
5. Bond Projects

The revenue highlights include property tax, sales tax, and user fees.

Property Tax:

As San Marcos continues to experience rapid growth we must recognize that financial impact from additional debt financed infrastructure needs, economic incentive obligations, and greater demands on maintenance and operations

exceed the net revenue proceeds from property tax.

Sales Tax:

Year over year growth in Sales Tax has decreased as compared to prior years resulting in reduced new revenue available to fund growing costs.

User Fees: Revenue trends from user fees are inconsistent and do not support the growing cost to provide programs and services.

The expenditure analysis includes Neighborhood Enhancement, Community Development, Community Services, Public Safety and Administrative Services.

NEIGHBORHOOD ENHANCEMENT:

Animal Rescue - Largest animal rescue in history with 94% animals saved, implementation plan for 90% Live Outcomes

Neighborhood Vitality - Increased flow of information regarding construction projects and impacts to neighborhoods

Environmental Health - Amendments to health code were passed and now compliant with state laws

Permits - Realized increased efficiency and reduced fees due to the new temporary food permits for Non-profits

Code Compliance - Creating partnerships has helped property owners become compliant and beautify neighborhoods

COMMUNITY DEVELOPMENT:

Engineering - \$24M in construction projects completed 89% on schedule with only 5% overage. Secured \$2.5M in loan forgiveness

Planning - Conducted citizen surveys on housing needs, code updates and historic preservation

Permitting - Online permit process with 85% submittals, streamlined development process

CDBG - Assisted with home ownership and repairs, neighborhood park renovations, \$57M in disaster recovery funding

Library - Provided over 800 adult education programs, 21GEDs, 12 Microsoft certifications, enrolled 1,400 children in reading program

COMMUNITY SERVICES:

Youth - Host free events year-round such as carnivals, egg hunts, costume contest, and movies in the park

Sr Programs & Arts - Over 25 unique senior programs annually, 17 Life Long Learning classes, mural arts program

Transit - Five-year strategic plan, implemented city wide nondiscrimination policy

Fleet - Enterprise leasing program with 159 vehicles reducing operating costs and increasing fuel efficiency

Parks - Completed park renovations at Dunbar, Anita Reyes, Dog Park, Adult Softball, Ramon Lucio bridge and baseball canopies

PUBLIC SAFETY:

Community Outreach - Emergency Management (EM) – Texas Youth Preparedness Camp, Police Department (PD) – Blue Santa, immigration events with Mexican Consulate

Fire – Citizens Fire Academy, pancakes with Santa, Training & Education, Fire – 24 fire fighters now state certified for fire prevention to assist in investigations, EM – preparedness training with Emergency Operations Center, Additional state mandates for Fire & PD increasing training requirements

Raising the Bar - Refined SM Emergency Ops Center, emergency dispatch protocols, full transition to federal mandated incident reporting system (PD)

Expansion of Service - Design of new fire station and renovation of PD

Fire Prevention - Over 2,300 inspections, scientific forensic based fire investigations, coordinate all Special Events permits

ADMINISTRATIVE SERVICES:

Outside Agency's - Human Services Advisory Board, Court Appointed Special Advocates, museums, Crime Stoppers

Events - Over 20k citizens participated in City hosted events

Emergency Medical Services - Contracted with Hays County EMS for emergency services

Capital Outlay - Light duty Fleet Lease program, equipment, facility improvements, PD pursuit vehicle replacement

General Operations - Facility maintenance & utilities, insurance, tuition reimbursement, software & maintenance

Ms. Neel continued the presentation and discussed the General Fund Capacity. Current projections indicate \$600,000 available capacity in the General Fund for additional expenditures. The Fiscal Year (FY) 2020 Budget assumptions include Meet & Confer, Merit 4%, Insurance 5%, Contractual obligations 5%, Department budgets held flat.

Additional considerations include over 65 tax freeze, Animal Services partner funding, Community Enhancement Fee, and Women's Shelter transitional housing \$400,000.

Economic Development Reallocation includes proposed funding to support Strategic Initiatives. These proposals include the following initiatives:

Workforce Development - Scholarship funds, City facility location, and Marketing

Workforce Housing - Land acquisition, Design competition that attracts local architects and builds momentum around the project, Unsafe structures

Downtown Vitality - Downtown arch, Landscaping, Benches, Art within the sidewalk, Pedestrian Wayfinding, Street signage and traffic signal boxes wrapping from local artist

Multi-Modal Transportation - Design for shared use path River Road – Thorpe Lane, and additional bus shelters on Hutchison and Outlet mall

Council asked that the shop windows or storefronts of businesses that are closed be filled with something to improve the look of these in our downtown area and to add this to the list under the downtown vitality initiative.

Council asked staff to look into the use of community enhancement fees for downtown arch and unsafe structures removal and put money back into Community Development Block Grant (CDBG) for Southside for home rehab. Staff will bring this back at the next Budget Workshop meeting.

Mayor Pro Tem Prewitt provided a brief update on the Women's Shelter Transitional Housing and the \$400,000 funding they have requested. This is an 18-unit complex that will help women and children transition out of the shelter into a more long-term housing situation. There will be resources available for them and their children. They will be able to stay in these units for 12 to 18 months. This funding is the last \$400,000 needed for the construction of the facility.

There was a question regarding the Best Buy money, and Staff stated this was budgeted for capital outlay needs. There are no excess funds to allocate in FY19.

There was a brief discussion on a 65 Year tax freeze and when this would go into effect if approved. Council consensus would like to place a discussion on homestead exemption at a future meeting.

Staff will create a memo regarding these Economic Development Manager position that is being proposed in this budget. This would include ongoing costs, job description, and what the funding source would be used.

Ms. Hurlburt provided a brief presentation regarding the bond program status including the project schedule.

The library renovation includes the following:

- Construction forecasted to begin Fall 2019 per current schedule
- Projected budget overrun due to inflation
- Construction costs have increased approximately 3% annually over the past 3 years
- Project size and scope has remained unchanged, but the original project budget established in 2016 did not account for inflation.
- The City has identified approximately \$1M of additional funds to cover overage
- The City, Jacobs, and Design/Build team weighing additional cost savings options through the ongoing design phase

Fire training Master Plan and Phase I includes the following:

- Abercrombie to provide final draft of the masterplan and site plan for review and comment this week
- Masterplan efforts have identified infrastructure and prioritized training structure that will fit the Phase 1 construction budget (\$1.5 M)
- Once the Masterplan is finalized and approved, Abercrombie will submit a proposal for design services for Phase 1 of construction.
- Once the design is complete, City will issue the Phase 1 project in a Close Sealed Proposal Solicitation

New Fire Station #2 and #6 include the following:

- Latest construction cost estimate from the Design-Build team for the same structure is approximately 15% higher than the final construction cost for FS 4.
- FS 2 estimated cost increase is primarily due to additional needed sitework
- The City, Jacobs, and Design Build team are currently weighing cost savings options to get the construction cost closer to the initial budget and include a 4th bay in the scope.
- FS 6 Design Build solicitation not scheduled to be published until later in 2020, but publishing the solicitation ASAP may help mitigate additional project cost escalation.

Police Department Addition/Renovation include the following:

- Project budget was based on a construction estimate that did not include design fees/project soft costs and the budget did not factor inflation (approximately \$2.0M)
- The project budget did not account for ADA accessibility and fire safety renovations required by Code (approximately \$1.0M)

- **Cost allocated for site improvements and the SWAT building was significantly less than the latest construction estimate (approximately \$2.0M)**
- **Facility's mechanical system issues have grown since the initial assessment. The system is past its expected life cycle and in need of a full replacement (approximately \$1.5M)**
- **Planning a strategy to add supplemental funds via CIP budget in the upcoming years to provide full scope**

Staff illustrated some cost savings to date:

- **On average JACOBS was able to help the City successfully negotiate approximately 20% savings on design-builder fee proposals received for Fire Station 2 and Library.**
- **The team was able to successfully negotiate \$230K of savings from KGA's initial proposal for design services for the Police Department.**
- **Other savings have been captured by vetting proposals received, for geotechnical services and land survey services.**
- **Forecasted potential savings based on expediting the FS 6 project and vetting initial construction estimates on Fire Station 2 for inefficiencies.**

Council would like to look into additional cost savings for these projects.

III. Adjournment.

Mayor Hughson adjourned the budget workshop meeting of the City Council at 6:51 p.m

Jamie Lee Case, City Clerk

Jane Hughson, Mayor