



# City of San Marcos

## City Council Work Session

### Budget Workshop

June 29, 2021



# Agenda

- **FY 21 Update**
- **Hotel Occupancy Tax Trend**
- **General Fund-Revenue Drivers**
- **FY 22**
  - Budget Update
  - General Fund – Assumptions
  - General Fund – Drivers
  - General Fund – Gap
  - Personnel Requests
  - Capital Outlay Requests
  - General Fund – Agency Funding Requests
  - Rate Study Update
  - Budget Timeline
- **Exemption Update**
- **Council Direction**



## FY21 Update

Fund	Budgeted Use of Fund Balance	Projection
General	\$2,794,633	Anticipate no use of fund balance and beginning 2022 at 29% of 2022 operating costs
Electric	\$472,406	Will need budget amendment for winter storm; est. use of \$3.1M of fund balance less rollover of \$2.5M = \$600K
Water/ Wastewater	\$217,507	Anticipate no use of fund balance
Stormwater	\$80,522	Est. max. use of \$450K of fund balance bringing fund balance down to 20.8%

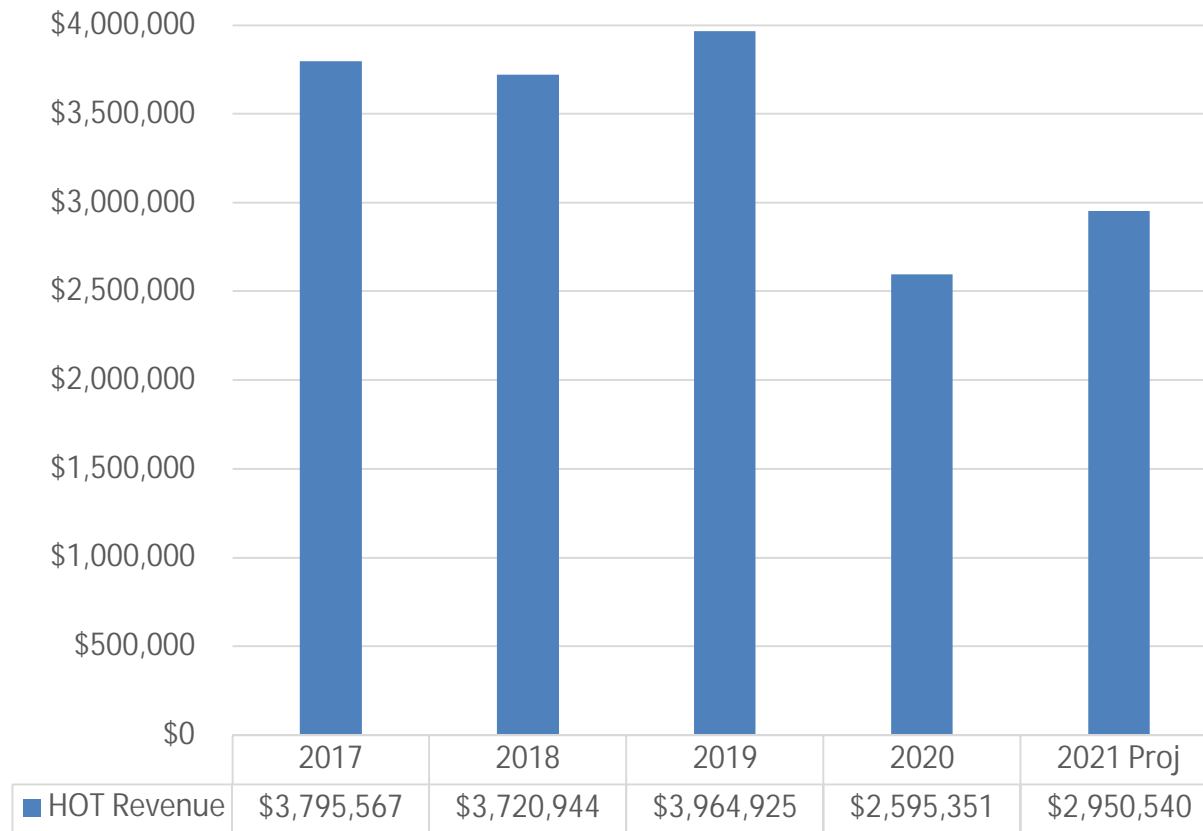


## FY21 Update

Fund	Budgeted Fund Balance	Projection
Resource Recovery	\$61,338	No use of fund balance
Airport	\$58,906	Est. max. transfer from General Fund of \$59K
Hotel Tax	\$276,841	Est. max. use of fund balance of \$220K



# Hotel Occupancy (HOT) Tax



[sanmarcostx.gov](http://sanmarcostx.gov)

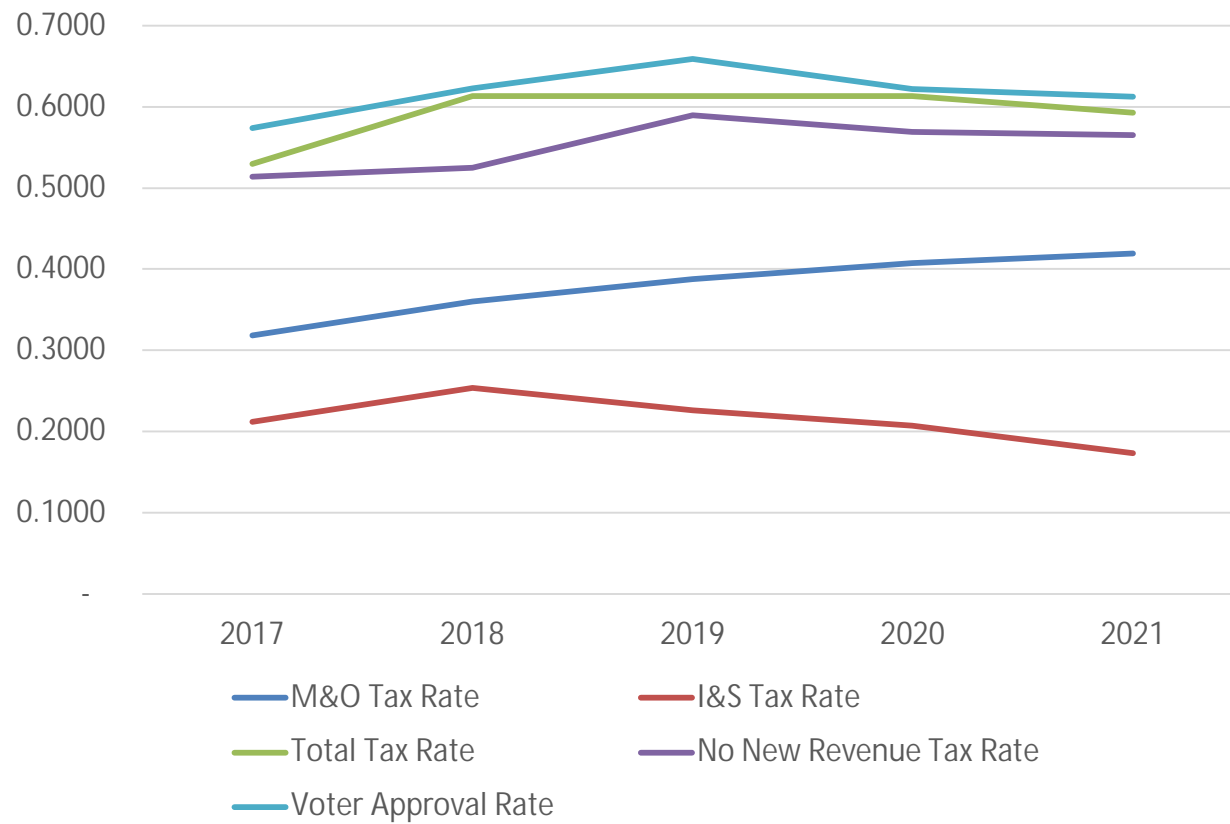


# General Fund – Revenue Drivers

- Tax Rates
- Adopted Tax Rate
- Average Home Value
- Assessed Value
- No New Revenue Tax Rate
- Current Ad Valorem Collected
- Sales Tax



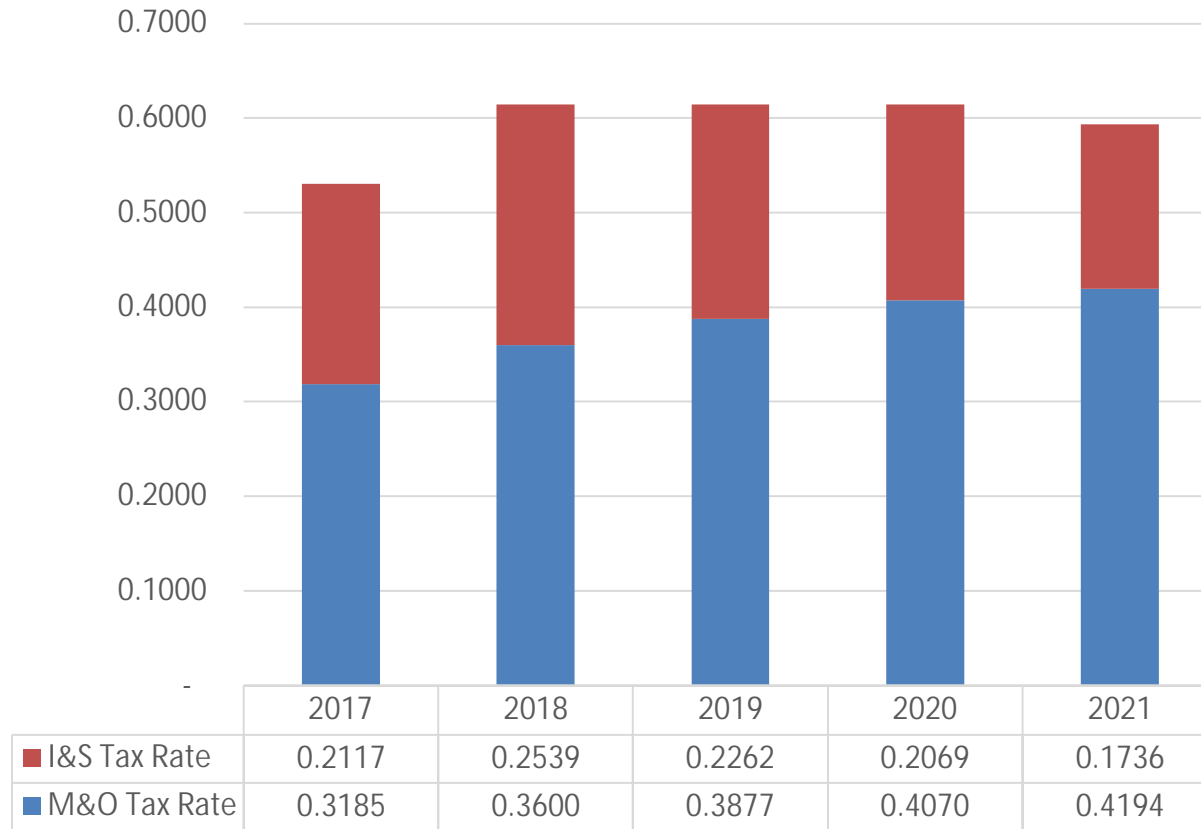
# San Marcos Tax Rates



[sanmarcostx.gov](http://sanmarcostx.gov)



# San Marcos Adopted Tax Rate



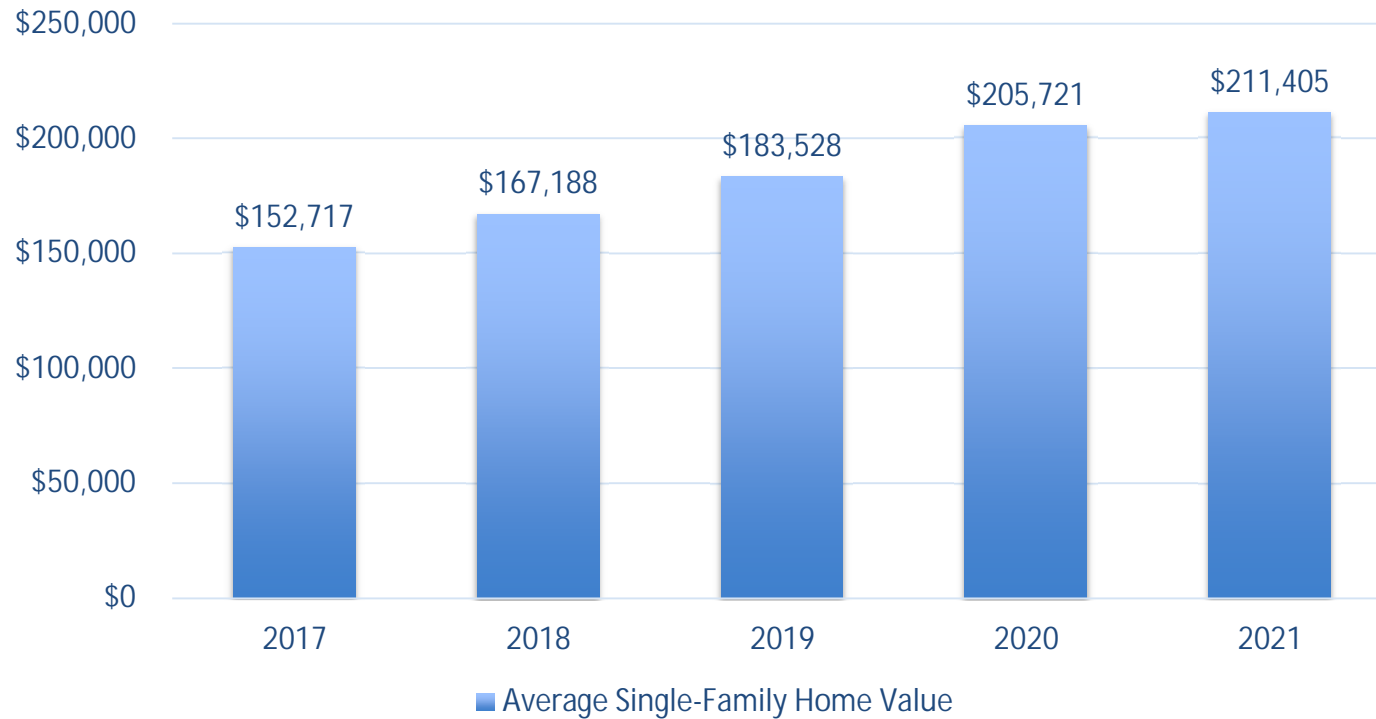
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# Average Home Value

Source: Hays CAD Comptrollers Audit Report for Certified Roll

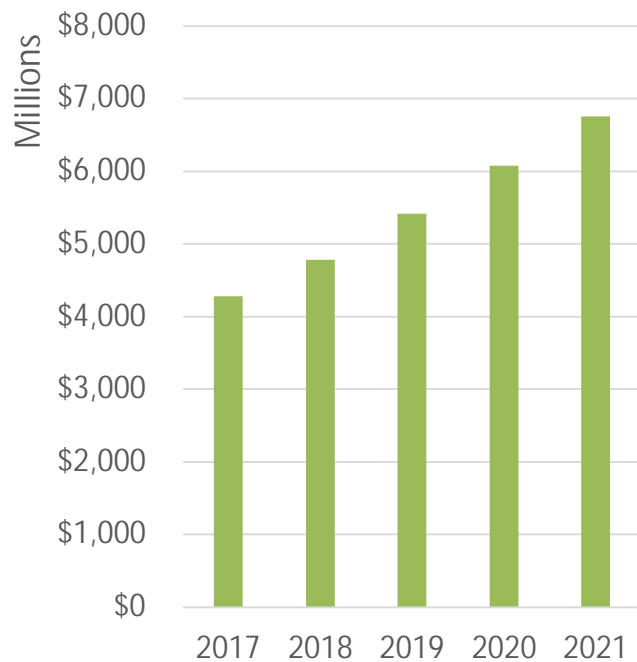


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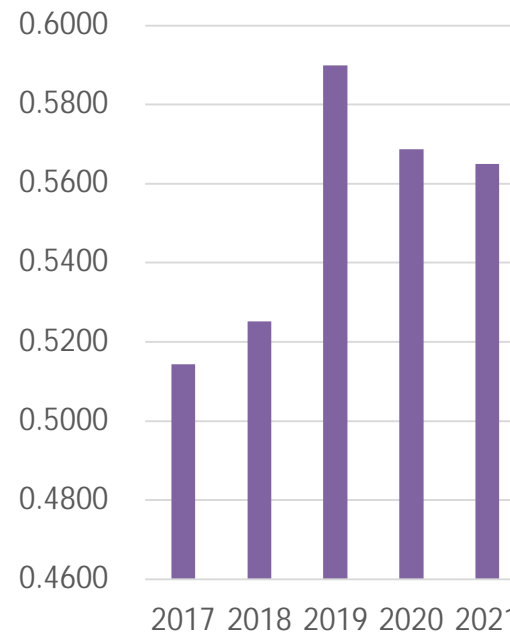


## • San Marcos

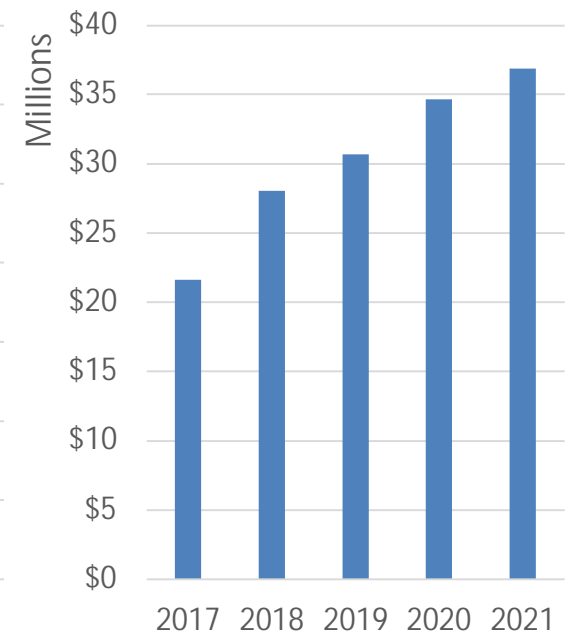
Assessed Value



No New Revenue Tax Rate



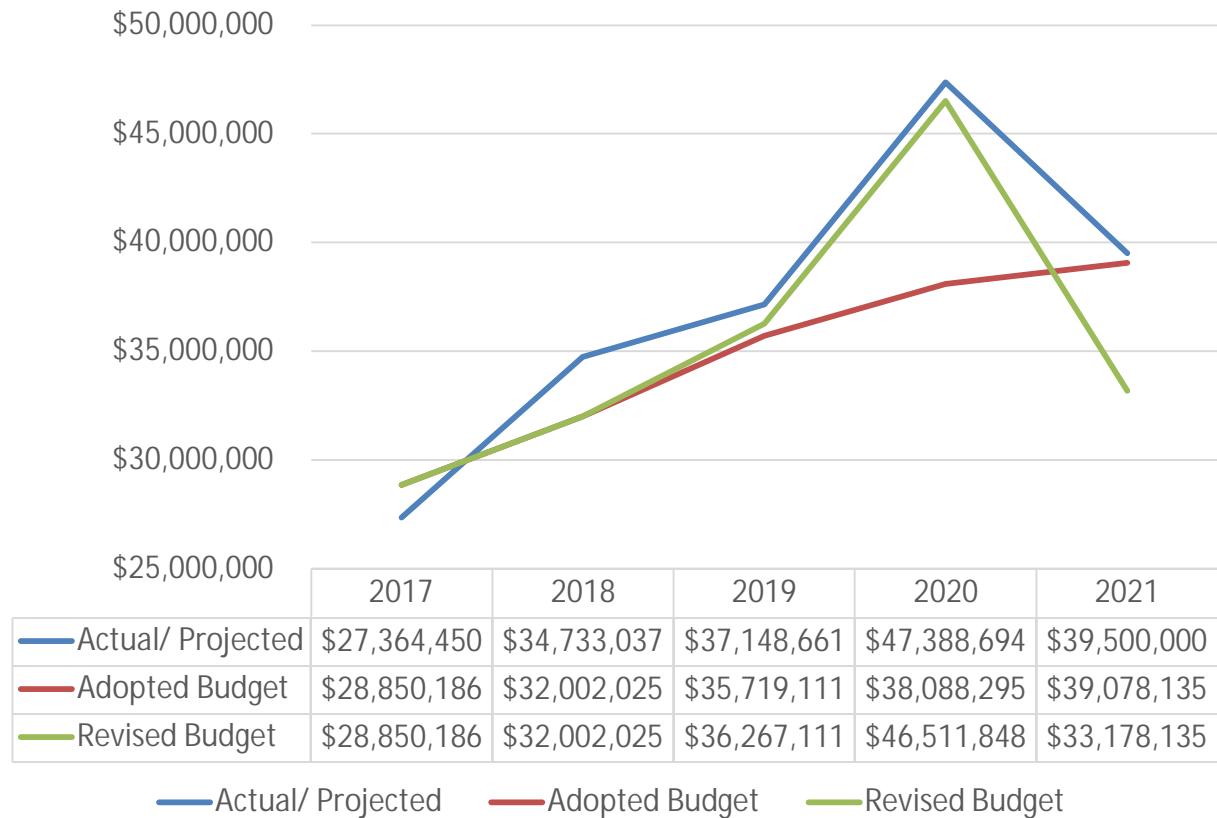
Current Ad Valorem Collected



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# Sales Tax



[sanmarcostx.gov](http://sanmarcostx.gov)



## FY22 Budget Policy Update

Fund	Policy	Update
Stormwater	Rate increase of 6.5%	Updated rate models shows 8% needed
All	Non-civil service employee pay increase of 4%	Based on general fund numbers may need to reduce
All	Health Insurance will be evaluated	Costs are increasing; will finalize rates in July
Transit	Operations funding to be presented at later date	Funding needed is \$800K



# FY22 Budget Update

- **Continue to work on finalizing numbers and balancing budget**
- **Finalize property tax numbers**
  - Potential increase in debt rate
  - Potential lower tax rate depending on tax roll
- **Continue to monitor sales tax**
- **Net revenues are currently anticipated approximately flat**
- **Analyzing elimination of TIRZ#2**
- **Reviewing Chapter 380 agreements**
- **Finalize increase in benefit costs**



# FY22 General Fund Budget Assumptions

- **Revenue**

- Property tax: flat tax rate with increase from new property
- Sales tax: 2% increase over the last 12 months pre-pandemic
- Franchise fees: based on anticipated utility revenue from COSM and trend for others
- Permit fees: average of prior three years' revenue
- Fines: average of FY19 and FY20
- Parks: primarily based on FY19 with review of historical trend
- Community Enhancement Fee: 2% growth
- Investments and other: current year trend



## FY22 General Fund – Cost Drivers

- **Increases in personnel costs = \$3.015M**
  - 4% salary adjustment = \$1.9M
  - 1.4% increase in TMRS = \$850K
  - 60% increase in workers compensation = \$265K
- **Restoration of support of transit operations = \$650K**
- **Increased operational costs = \$1.29M**
  - Facilities and utilities = \$600K
  - Equipment repairs = \$200K
  - Transportation (asphalt, concrete, signalization) = \$250K
  - Transportation Indirect Cost Chargeback = \$140K
  - Irrigation maintenance program = \$100K



# FY22 General Fund Budget-Gap

- **Current Gap = \$2.8M**

Use of additional ARP funds

Reduce or delay non-civil service employees pay increase

Finalize property tax

Reduction in operating costs

Refine revenues

Not fund all new personnel or capital outlay requests

Reduce fund balance %

Increase property tax rate

Reduce outside agency and event funding







## Fiscal Year 22 Requests-Personnel

Positions requested are to address the challenges faced with the increased demand of providing core services for our growing community.

Fund	#	Cost
General	33	\$2,841,188
Stormwater	5	\$360,241
Water/Wastewater	2	\$208,905
Electric	1	\$111,216
Combination	12	\$1,243,909
Total	53	\$4,765,459



## Fiscal Year 22 Requests-Capital Outlay

Requests received are to address the challenges faced with the increased demand of providing core services for our growing community as well replace necessary vehicles and equipment.

Fund	#	Cost
General	43	\$3,574,541
Stormwater	1	\$230,000
Water/Wastewater	8	\$898,000
Electric	12	\$573,949
Total	64	\$5,276,490



## FY22 General Fund Agency Funding Requests

Organization	Submitted	Amount
Mermaid Society	No	
LBJ Museum	Yes	\$25,000
Calaboose African American Museum	Yes	\$20,000
GSM Area Sr. Center	Yes	\$25,000
Centro Cultural De Hispano	No	\$25,000
Go Wheels Up	Yes	\$95,000
Sights and Sounds	Yes	\$100,000
Human Services Advisory Board	N/A	\$650,000



# Rate Study Update

- **Stormwater**
  - Rate increase of 8% needed
- **Water/Wastewater**
  - Finalizing rate model to go to Citizen's Utility Advisory Board in July
- **Electric**
  - Finalizing rate model to go to Citizen's Utility Advisory Board in July
- **Development Services**
  - Working on RFP to complete fee study



# Exemption Update

- **Effective FY23 Budget**
- **Next step – Ordinance to amend Section 78.077 of the City Code**
- **\$628K = \$0.01 to FY21 tax rate**

	<u>Current</u>	<u>New</u>
<u><b>Sr. Exemption</b></u>		
<b>Number of over 65 exemptions</b>	<b>1,982</b>	<b>1,982</b>
<b>Exempt Amount</b>	<b>\$ 25,000</b>	<b>\$ 35,000</b>
<b>Tax Rate</b>	<b>\$ 0.5930</b>	<b>\$ 0.5930</b>
<b>Total tax forfeited due to exemption</b>	<b>\$293,832</b>	<b>\$411,364</b>
<b>Additional tax forfeited due to exemption</b>		<b>\$117,533</b>
<b>Savings per household</b>	<b>\$ 148.25</b>	<b>\$ 207.55</b>
<b>Additional savings per household</b>		<b>\$ 59.30</b>
<u><b>Homestead Exemption</b></u>		
<b>Number of properties</b>		<b>4,959</b>
<b>Exemption Amount</b>		<b>\$ 15,000</b>
<b>Tax Rate</b>		<b>\$ 0.5930</b>
<b>Savings Per resident</b>		<b>\$ 88.95</b>
<b>Total Reduction</b>		<b>\$441,103</b>
<b>Total Estimated General Fund Impact</b>		<b>\$558,636</b>



# Budget Timeline

June

- 29 – Budget Workshop

July

- 25 – Receive Certified Tax Rolls

Aug

- 3 - Take record vote on Tax Rate & Set Date of Public Hearing
- 12 – Budget Workshop

Sept

- Hold Public Hearing
- 21 – Adopt Budget and Tax Rate



## Council Direction

- **Tax Rate: Current tax rate or lower**
- **Stormwater Rate Increase: 8% or reduce costs \$107K to keep at original 6.5%**
- **Ad Valorem Tax Exemptions**
- **Additional Considerations**



**Bert Lumbreras**

City Manager

**Stephanie Reyes**

Assistant City Manager

**Joe Pantalione**

Assistant City Manager

**Chase Stapp**

Director of Public Safety

**Marie Kalka**

Finance Director

**Anna Miranda**

Assistant Finance Director

Thank You