



City of San Marcos 2010 Budget Policy Statement

Adoption: May 5, 2009

I. Fund Balance Goals

★ Fund Balances

Goal for fund balances will be at the following levels:

- General Fund: 27%-30%
- Water/ Wastewater Fund: 27%-30%
- Electric Utility Fund: 27%-30%

II. General Fund

GENERAL FUND

★ Property Tax Rate

- No property tax rate increase.

WATER/ WASTEWATER FUND

- Not yet determined if rate increase is needed.
- City Manager will bring back more information to the City Council regarding the rate study and Efficiency Task Force analysis.

ELECTRIC UTILITY FUND

- No electric rate increase.
- Allocate an additional \$250,000 for Energy Efficiency programs.

CAPITAL IMPROVEMENTS PROGRAM

★ CIP/ New Debt

- Move toward a 50%-55% debt ratio goal.

Utility Debt

- Limit issuing Certificates of Obligation to minimize or defer a potential rate increase.
- Cash fund \$6.9 Million in Water-Wastewater projects in FY 2009.

III. Major Policy Issues

★ Operating Expenses

- Limit department increases for operating expense line items to 2%

★ Employee Benefits/ Raises

- Continue implementing and phasing in Year 2 of the Compensation and Classification plan
- Police and Fire - Meet and Confer

★ Personnel

- Three percent (3%) increase in the Personnel costs category.

★ Capital Outlay

- Appropriate \$500,000 from the General Fund for needed Capital Outlay.
- Appropriate \$185,000 from the Water/Wastewater Fund for needed Capital Outlay.
- Appropriate \$500,000 from the Electric Fund for needed Capital Outlay.

IV. External Programs

★ Hotel/ Motel Fund

- The City Council requests to receive Hotel Motel proposed program budgets for FY2010 using zero-based budgeting principles. Entities are asked to submit their marketing plans as well as documentation substantiating performance indicators that demonstrate whether the Hotel Occupancy Tax two-prong legal requirements were met for the previous calendar year. Upon evaluation, the City Council will look at the distribution percentages and budget totals.
- Funding from Hotel Occupancy Tax monies should meet the following four Goals established by the City Council : Sports Tourism, Cultural Arts & Heritage Tourism, Conventions and Conferences, & Shopping Tourism
- The City Council maintains the commitment toward early debt retirement for the San Marcos Conference Center.

★ **Social Services**

- Increase social services funding by 3% for a total of \$439,213.

★ **Community Development Block Grant**

- Focus funds towards the Victory Gardens neighborhood with an impact project Downtown, if possible.
- Maintain Housing Rehabilitation program funding.

★ **Homebuyer's Incentive Program**

- City Council would like to continue funding this incentive. Staff will research other possible recipients.

★ **Miscellaneous Issues**

- Fund Census Complete Count Program – \$75,000 in FY 2009.
- Identify recurring funding source to implement Downtown Master Plan.