



City of San Marcos
2007 Budget Policy Statement
San Marcos City Council
Adopted: March 31, 2006

I. Fund Balance Goals

★ Fund Balances

- Goals for fund balances will be at the following levels:
 - General Fund: 25%
 - Water/ Wastewater Fund: 25 %
 - Electric Utility Fund: 25 %
- Use amounts over the 25% level to fund one-time capital purchases

GENERAL FUND

★ Property Tax Rate

- Endeavor to incorporate new debt for voter-approved bond election projects into the budget without raising the current property tax rate
- Ask the Planning & Zoning Commission to prioritize bond election projects as part of the CIP process

★ Revenues

- Continue to use conservative estimates to project increases in sales tax revenues (3% increase) and property tax values (3% increase)

CAPITAL IMPROVEMENTS PROGRAM

★ CIP/ New Debt

- Continue with the 10-year CIP projects that have been identified

WATER/ WASTEWATER FUND

★ Water/ Wastewater Rates

- Set up reserve account in fund balance for excess revenues to begin saving for the new Wastewater Treatment Plant
- Cash fund \$3 million of capital improvement projects
- Pursue winter averaging for wastewater billing

ELECTRIC UTILITY FUND

★ Electric Utility

- Hold off on the recommended 2% rate increase
- Forego charging the Electric Utility this fiscal year for the franchise fee on the LCRA fuel adjustment increase due to large fuel adjustment increases from LCRA

II. Major Policy Issues

★ Employee Benefits/ Raises

- Implement the market study for all employees and fund the Police and Fire Civil Service pay plan

★ New Personnel

- Consider new personnel as recommended by the City Manager

★ Capital Outlay

- Appropriate \$900,000 for Capital Outlay for the General Fund
- Appropriate \$500,000 for Capital Outlay for the Water/ WW Utility Fund
- Appropriate \$200,000 for Capital Outlay for the Electric Utility Fund

★ Greenspace

- Invest \$5,000 in acquiring and developing greenspace

III. External Programs

★ **Hotel/ Motel Fund**

- Change the “Future Cooperative Advertising Partnerships” line item to “Branding/ Marketing San Marcos”
- Reduce the percentage allocation for each program as indicated below
- Increase the percentage allocation for “Future Conference Center” as indicated below
- Establish a cap of 10% over the 2007 anticipated allocation for each line item except the “Future Conference Center”

<u>Current Distribution</u>	
CVB	55.0%
Arts Commission	5.5%
Main Street	18.5%
Hispanic Chamber	6.0%
Tanger/ Prime Advertising	3.5%
Council Tourism Account	1.0%
Future Conference Center	7.0%
Future Cooperative Advertising Partnerships	3.5%

<u>Proposed Distribution</u>	
CVB	45.0%
Arts Commission	4.5%
Main Street	15.5%
Hispanic Chamber	5.5%
Tanger/ Prime Advertising	3.5%
Council Tourism Account	1.0%
Future Conference Center	21.5%
Branding/ Marketing San Marcos	3.5%

★ **Social Services**

- Maintain Social Service funding at the \$395,000 level
- Change the “Youth Center” line item to “Youth Projects” and fund at \$5,000

★ **CDBG Funding**

- Hold a special workshop to allocate CDBG funds and incorporate a component to update Council about affordable housing programs currently available

★ **Economic Development**

- Maintain Economic Development funding at the \$298,295 level
- Continue funding Economic Development from the Electric Utility Fund

★ **Drainage Utility Fund**

- Increase the Drainage Utility fee for all rate classifications to support an expanded maintenance program for existing facilities and fund at least \$1 million in new projects. The chart below indicates the proposed monthly increases for residential and commercial customers:

Customer Class	Current Monthly Average Charge	Proposed Monthly Average Charge	Proposed Monthly Average Increase
Residential - Small Lot	2.00	2.47	0.47
Residential - Average Lot	3.21	3.96	0.75
Residential - Large Lot	3.67	4.53	0.86
Commercial - Small Lot	80.00	98.80	18.80
Commercial - Average Lot	60.99	75.32	14.33
Commercial - Large Lot	7.34	9.06	1.72

★ **Miscellaneous Issues**

- Implement Phase I of the Animal Shelter transition to injection by euthanasia and spay/ neuter program
- Explore partnering opportunities with Hays County for a joint Animal Services facility
- Determine costs for adding new early voting locations at the Library and Activity Center
- Implement procurement procedures to ensure staff considers purchasing alternative fuel vehicles when possible
- Consider options for providing security for Municipal Court
- Consider funding the Hopkins Street pedestrian bridge from CDBG or seek other funding sources
- Include \$200,000 in the budget to fund traffic signal maintenance to include \$125,000 for inventory purchases and \$75,000 for contracting with an outside company
- Establish a maximum budget amount to provide matching funds for cemetery maintenance grants the City receives
- Fund the \$10,000 Summerfest Tourism Fireworks request from Hotel/ Motel Fund Balance