City of San Marcos

Workshop Agenda - Final
City Council

Thursday, January 25, 2024
8:30 AM
Pauline Espinosa Community Hall -
170 Charles Austin Dr

City Council Visioning Session - Day 1

I. Call To Order

II. Roll Call

III. Citizen Comment Period

NOTE: Those wishing to speak in person must sign up in the City Clerk's office the day prior to the meeting between 8:00AM - 5:00PM.

1. Hold discussion and participate in Fiscal Year 2024-2025 Visioning Workshop, topics discussed may or may not include or be limited to: growth, quality of life, economic development policies, transportation, community partners, outreach, future infrastructure and facility needs, beautification and community enhancement, enhancement of core services including future staffing and personnel needs, flood mitigation strategies, and provide direction to Staff.

IV. Question and Answer Session with Press and Public.

NOTE: This is an opportunity for the Press and Public to ask questions related to items on this agenda. If attending in person, no sign up is required.

NOTICE: In accordance with Section 2.045 of the City Code, speakers must state their name, and must limit their remarks to three minutes. The allotted time will commence from the beginning of the speaker's remarks and will include any time spent in discussion between the speaker and council or board or commission members. Issues taking longer to communicate can be addressed outside the meeting to the city staff or to individual members of the council or board or commission, or submitted in writing.

V. Adjournment.

POSTED ON FRIDAY, JANUARY 19, 2024 AT 4:00PM

LUCIA CORDOVA, DEPUTY CITY CLERK
Notice of Assistance at the Public Meetings

The City of San Marcos does not discriminate on the basis of disability in the admission or access to its services, programs, or activities. Individuals who require auxiliary aids and services for this meeting should contact the City of San Marcos ADA Coordinator at 512-393-8000 (voice) or call Texas Relay Service (TRS) by dialing 7-1-1. Requests can also be faxed to 855-461-6674 or sent by e-mail to ADArequest@sanmarcostx.gov
AGENDA CAPTION:
Hold discussion and participate in Fiscal Year 2024-2025 Visioning Workshop, topics discussed may or may not include or be limited to: growth, quality of life, economic development policies, transportation, community partners, outreach, future infrastructure and facility needs, beautification and community enhancement, enhancement of core services including future staffing and personnel needs, flood mitigation strategies, and provide direction to Staff.
Meeting date: January 25, 2024

Department: City Clerk’s Office for City Council

Amount & Source of Funding
Funds Required: N/A
Account Number: N/A
Funds Available: N/A
Account Name: N/A

Fiscal Note:
Prior Council Action: Click or tap here to enter text.

City Council Strategic Initiative: All will be discussed.

Choose an item.

Choose an item.

Comprehensive Plan Element(s): [Please select the Plan element(s) and Goal # from dropdown menu below]

- Economic Development - Choose an item.
- Environment & Resource Protection - Choose an item.
- Land Use - Choose an item.
- Neighborhoods & Housing - Choose an item.
- Parks, Public Spaces & Facilities - Choose an item.
- Transportation - Choose an item.
- Not Applicable
Background Information:
The City Council holds an annual Visioning Workshop at the beginning of each year to set their goals and priorities for the upcoming budget season. Once drafted the Council will be adopting their goals in open session at a regular meeting.

Council Committee, Board/Commission Action:
Click or tap here to enter text.

Alternatives:
Click or tap here to enter text.

Recommendation:
Click or tap here to enter text.
City Council Visioning Session

Thursday, January 25, 2024
Friday, January 26, 2024
Citizen Comment Period

TIME IS UP
Objectives

- Review City of San Marcos Strategic Plan
- Develop list of budget priorities
Setting the Stage

Day 1
- Review Strategic Plan & Achievements
- Financial/CIP Overview
- Discuss budget priorities
- Wrap-Up and Next Steps

Vision Meeting - Thursday, January 25, 2024
Setting the Stage

Day 2
- Finalize budget priority list
- Review and Finalize Strategic Plan Goals and Outcomes
- Wrap-Up and Next Steps
Review Strategic Plan & Achievements
Strategic Goals

- Quality of Life & Sense of Place
- Economic Vitality
- Public Safety, Core Services & Fiscal Excellence
- Mobility & Connectivity
- Environmental Protection and Sustainability
Quality of Life and Sense of Place

The City of San Marcos cultivates a community that promotes inclusivity, equity, and belonging; has a unique sense of place due to our distinct natural, historical, and cultural assets; and commits to a healthy quality of life for families of all types.
Quality of Life & Sense of Place

• Comprehensive Planning
• Strong Community Engagement
• Downtown Vitality
• Arts, Culture, and Special Events
• Parks, Open Space, and Recreation
• Neighborhood Preservation and Enhancement
• Housing Affordability
Achievements:

• Downtown Area Plan approved in November
• South of Downtown Area Plan: kickoff will occur in 2024.
• Historic Preservation Plan: consultant will be selected in early 2024
• Strategic Housing Action Plan: City Council gave prior direction to kickstart outreach and update portions of the plan where data is available. This engagement will start following adoption of the Comprehensive Plan and Area Plans.
• Artistic Board-Up Ordinance approved in November 2023.
• Created problem property task force to include Fire Marshals, Police, Code, Planning & Development and Main Street.
• Created a Neighborhood Application for residents to find information about who their utility provider is, what City resources are in their neighborhood, and explore recreation assets.
Achievements:

- Hosted five public Dream Sessions to engage community members in the conversation to discuss inclusivity and equity.
- Began use of mobile message signs that were purchased with ARPA funds to inform the community of events and notifications.
- Installed and dedicated a local artist mural near the intersection of Guadalupe and San Antonio Street and another at City Hall.
- Neighborhood Enhancement hosted four Neighborhood Conversations in various areas throughout the city.
- Staff presented concepts to City Council to temporarily activate the downtown properties the city purchased on Guadalupe Street.
- Continued to expand audiences utilizing new information sharing tools and platforms, including an increase in subscribers to the bi-weekly San Marcos News Hub newsletter and video.
Economic Vitality

The City of San Marcos fosters a vibrant economic climate for our community through new commercial and residential uses, education, workforce development, and support of new and existing businesses of all sizes.
Economic Vitality

• Economic Development Policy
• Business Community
• San Marcos as a Destination
• Education and Workforce Development
• Intentional Growth
Achievements:

• Implemented Minority Business Stabilization Program.
• City Council approved Lease Agreement with Austin Community College in December 2023.
• Legacy Program available spring 2024
• Launched Minority Business Stabilization Fund to provide direct assistance to local businesses.
• Economic Development San Marcos (EDSM) board met twice in fall 2023 and established regular quarterly meetings for 2024.
• ThinkBIG provides classes and individual support for Spanish-speaking entrepreneurs.
Public Safety, Core Services & Fiscal Excellence

The City of San Marcos delivers quality government services and improve community safety in a fiscally responsible manner with a professional workforce.
Public Safety, Core Services & Fiscal Excellence

- Community Safety
- Core Government Services
- Financial Management
- Workforce Recruitment and Retention
- Support Services
- Infrastructure Management
Police graduated 8 officers from field training. 5 are currently attending CAPCOG's academy. 6 remaining vacancies. A civil service exam is posted for Saturday, January 27, 2024.

Downtown security cameras are now live and offering video feed.

Purchased an advanced visual analysis software tool that supports complex crime analytics (multiple suspects, locations, networks, etc.)

Anticipated completion of Fire Training facility in 2024.

Provided mental health programs such as art and music therapy, caregiving connection support group, yoga, sound therapy, retirement readiness, adult time out crafting, and self-care and coping.
Achievements:

- Completed a citywide Pavement Condition Index (PCI) assessment of all City maintained streets.
- Implemented Stormwater infrastructure inspection through use of mobile technology levering GIS for analysis and improved maintenance. 450 linear feet of inspections completed this quarter.
- Public Works initiated a comprehensive traffic signal inspection and preventive maintenance program to proactively assess and identify issues to avoid emergency repairs and identify needed improvements. 10 inspections have been completed.
Mobility and Connectivity

The City of San Marcos improves neighborhood and regional connectivity to provide a safe, convenient, and efficient multimodal system for goods, services, and people of all income levels and abilities to move throughout the City.
Mobility & Connectivity

• Multimodal Transportation System
• Bicycle, Sidewalk and Trail Systems
• Roadways and Traffic Operations
• Public Transit
Achievements:

• Total SPIN scooter rides have increased by 4,000+ from 2022 to 2023.
• Increased marketing for the Downtown electric shuttle and Employee Pilot Parking from 13 vehicles to 31 vehicles.
• Seeking recertification as a Bicycle Friendly Community in summer 2024.
• Real-time multimodal transportation application implemented for local fixed routes and interurban routes connecting San Marcos to Austin.
• Interlocal Agreement for transit partnership with Texas State University was approved by Council on September 5, 2023.
• Public Works is integrating Crash Records Information System (CRIS) and GIS analysis to improve transportation safety and identify improvements to inform construction, operations, and maintenance.
Environmental Protection

The City of San Marcos advances responsible stewardship of the community’s natural, cultural, and historical resources through varied environmentally friendly policies and practices.
Environmental Protection

• Environmental Stewardship
• Environmentally Friendly Growth
• Resilient Infrastructure
• Environmental Programs
Achievements:

• Collaborated with Texas State University Chemistry Department to develop Fats, Oils and Grease program.
• Created education on environmental stewardship of the River, litter abatement and endangered species.
• Grant funding awarded to help fund the Sessom Creek Drainage Project and green alley stormwater infrastructure as part of the Downtown Alley Reconstruction project.
• Continued partnership with US Army Corps of Engineers on San Marcos Ecosystem Restoration project to include stormwater outfall rehabilitation and removal of non-native vegetation.
Achievements

• Grant funding was awarded to help fund the Sessom Creek Phase II project ($120k) and green alley stormwater infrastructure as part of the Downtown Alley Reconstruction project ($200k grant award).

• Continued to work with Edwards Aquifer Authority, US Fish and Wildlife Service, EAHCP permittees/stakeholders on the next iteration of the EAHCP which will likely extend from 2028-2058.
Financial Overview
City of San Marcos
Council Visioning

January 25 & 26, 2024
Agenda

• What we heard from Council
• General Fund
  – History of Property Tax Relief
  – Property Tax Rate Background
  – Sales Tax Trends
  – Four Year Forecast
  – New Property Tax Relief Considerations
• Community Enhancement Fee
• Enterprise Funds
What We Heard From Council

• Examine options for property tax relief
• Alternative ways to fund Community Enhancement
• Look at options to minimize utility rate increases
**State of Texas Proposition 4**

- $18 billion property tax-cut package for school districts
- Increased homestead exemption from $40K to $100K
- Reduced operating tax rate for school districts

<table>
<thead>
<tr>
<th></th>
<th>Pre- Proposition 4 Tax Levy*</th>
<th>Post Proposition 4 Tax Levy*</th>
</tr>
</thead>
<tbody>
<tr>
<td>San Marcos CISD</td>
<td>$ 3,422</td>
<td>$ 2,398</td>
</tr>
<tr>
<td>City of San Marcos</td>
<td>1,971</td>
<td>1,971</td>
</tr>
<tr>
<td>Hays County</td>
<td>994</td>
<td>968</td>
</tr>
<tr>
<td>Special Road District</td>
<td>58</td>
<td>67</td>
</tr>
<tr>
<td>Total Annual Tax Levy</td>
<td>$ 6,445</td>
<td>$ 5,404</td>
</tr>
</tbody>
</table>

*FY 2024 Average Homestead Value = $341,829"
General Fund

*Primary operating fund for core government services and used to account for all resources not required to be accounted for in another fund and not otherwise devoted to specific activities.*

**Primary Revenue Source:**
- Property Tax
- Sales Tax

**Supports Core Services:**
- Public safety
- Parks and Recreation
- Neighborhood Enhancement
- Capital Improvement Program
The local sales tax rate is limited to 2% (City and County)
In addition to the 1% regular rate, municipalities can adopt additional local sales tax rates for several purposes that include:
- Economic development (Type A or Type B)
- Property tax relief
City’s regular sales tax rate of 1% began in April 1968
Voters approved 0.5% sales tax for property tax relief in January 1988
- Sales tax generated by the 0.5% reduces the property tax rate
History of Property Tax Relief Cont.

• Voters also approved 0.5% sales tax for property tax relief for the County in January 1988
• The local sales tax rate is at the maximum allowed – 2%
  – City’s regular rate – 1%
  – City’s sales tax for property tax relief rate – 0.5%
  – County’s sales tax for property tax relief rate – 0.5%
• Changes to the sales tax rate require an election.
  – Voters may adopt a tax rate in increments of 0.125%
Sales Tax for Property Tax Relief

- Only 30% of Texas cities have sales tax for property tax relief

<table>
<thead>
<tr>
<th></th>
<th>Current - With Sales Tax</th>
<th>Without Sales Tax</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Home Value</td>
<td>$ 353,793</td>
<td>$ 353,793</td>
<td>$ -</td>
</tr>
<tr>
<td>Homestead Exemption</td>
<td>$ (15,000)</td>
<td>$ (15,000)</td>
<td>$ -</td>
</tr>
<tr>
<td>Taxable Value</td>
<td>$ 338,793</td>
<td>$ 338,793</td>
<td>$ -</td>
</tr>
<tr>
<td>Tax Rate</td>
<td>60.30¢</td>
<td>75.62¢</td>
<td>15.32¢</td>
</tr>
<tr>
<td>Annual Tax Levy for City*</td>
<td>$ 2,043</td>
<td>$ 2,562</td>
<td>$ 519</td>
</tr>
</tbody>
</table>

*Taxable Value / 100 x City Tax Rate = City Taxes Paid
Timeline of Homestead Exemptions

• 1973: Homestead exemption for over 65 years of age - $3K
• 1975: Homestead exemption for over 65 years of age - $5K
• 1982: Homestead exemption for over 65 years of age - $10K
• 2007: Homestead exemption for over 65 years of age - $25K
   Homestead exemption for disabled - $25K
• 2022: Homestead exemption for over 65 years of age - $35K
   Homestead exemption for disabled – $35K
   Homestead exemption - $15K
Currently Approved Exemptions

• Assumptions
  – Homestead counts grows by the 5-year average of approximately 8%
  – Tax rate stays at 60.30¢
Property Tax Rate Background
Property Tax Rate Components

Operations
Tax Rate 44.47¢

Debt
Tax Rate 15.83¢

Total
Tax Rate 60.30¢

Core Services
Strategic Goals
Capital Projects
Investing in Employees
Special Programs
Tax Rate Balancing Act

If the tax rate remains the same, a change in one component will have the opposite effect on the other component.
## Historical Tax Rate Split

### Tax Rate per $100 Value

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Operations</th>
<th>Debt</th>
<th>Total</th>
<th>Value of Penny</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>26.42</td>
<td>26.60</td>
<td>53.02</td>
<td>$292,992</td>
</tr>
<tr>
<td>2015</td>
<td>29.33</td>
<td>23.69</td>
<td>53.02</td>
<td>$315,577</td>
</tr>
<tr>
<td>2016</td>
<td>31.47</td>
<td>21.55</td>
<td>53.02</td>
<td>$331,135</td>
</tr>
<tr>
<td>2017</td>
<td>31.85</td>
<td>21.17</td>
<td>53.02</td>
<td>$371,020</td>
</tr>
<tr>
<td><strong>2018</strong>*</td>
<td>35.85</td>
<td>25.54</td>
<td><strong>61.39</strong></td>
<td>$406,880</td>
</tr>
<tr>
<td>2019</td>
<td>38.77</td>
<td>22.62</td>
<td>61.39</td>
<td>$440,140</td>
</tr>
<tr>
<td>2020</td>
<td>40.70</td>
<td>20.69</td>
<td>61.39</td>
<td>$481,507</td>
</tr>
<tr>
<td>2021</td>
<td>41.94</td>
<td>17.36</td>
<td>59.30</td>
<td>$529,427</td>
</tr>
<tr>
<td>2022</td>
<td>40.76</td>
<td>19.54</td>
<td>60.30</td>
<td>$589,438</td>
</tr>
<tr>
<td>2023</td>
<td>42.56</td>
<td>17.74</td>
<td>60.30</td>
<td>$700,165</td>
</tr>
<tr>
<td>2024</td>
<td>44.47</td>
<td>15.83</td>
<td>60.30</td>
<td>$823,006</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Operations</th>
<th>Debt</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax Rate Change from FY 2023</td>
<td>1.91</td>
<td>(1.91)</td>
</tr>
<tr>
<td>Value of Penny</td>
<td>$823,006</td>
<td>$823,006</td>
</tr>
<tr>
<td>Revenue Change</td>
<td>$1,571,941</td>
<td>$(1,571,941)</td>
</tr>
<tr>
<td>Impact on CIP capacity</td>
<td>$ (19,649,263)</td>
<td></td>
</tr>
</tbody>
</table>

* The tax rate following the bond election approved by the voters was 61.39
FY 2023 Property Tax Rate Percent Split

PROPERTY TAX RATE % SPLIT - Peer Cities

Operations Average: 62%

<table>
<thead>
<tr>
<th>City</th>
<th>Operations</th>
<th>Debt</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Waco</td>
<td>81%</td>
<td>19%</td>
<td>62%</td>
</tr>
<tr>
<td>Austin</td>
<td>79%</td>
<td>21%</td>
<td>62%</td>
</tr>
<tr>
<td>Lewisville</td>
<td>72%</td>
<td>28%</td>
<td>62%</td>
</tr>
<tr>
<td>Conroe</td>
<td>71%</td>
<td>29%</td>
<td>62%</td>
</tr>
<tr>
<td>Bryan</td>
<td>71%</td>
<td>29%</td>
<td>62%</td>
</tr>
<tr>
<td>Round Rock</td>
<td>66%</td>
<td>34%</td>
<td>62%</td>
</tr>
<tr>
<td>Denton</td>
<td>66%</td>
<td>34%</td>
<td>62%</td>
</tr>
<tr>
<td>North Richland Hills</td>
<td>64%</td>
<td>36%</td>
<td>62%</td>
</tr>
<tr>
<td>College Station</td>
<td>63%</td>
<td>37%</td>
<td>62%</td>
</tr>
<tr>
<td>Sugar Land</td>
<td>60%</td>
<td>40%</td>
<td>62%</td>
</tr>
<tr>
<td>Seguin</td>
<td>58%</td>
<td>42%</td>
<td>62%</td>
</tr>
<tr>
<td>Cedar Park</td>
<td>58%</td>
<td>42%</td>
<td>62%</td>
</tr>
<tr>
<td>New Braunfels</td>
<td>52%</td>
<td>48%</td>
<td>62%</td>
</tr>
<tr>
<td>Garland</td>
<td>50%</td>
<td>50%</td>
<td>62%</td>
</tr>
<tr>
<td>Georgetown</td>
<td>48%</td>
<td>52%</td>
<td>62%</td>
</tr>
</tbody>
</table>

sanmarcostx.gov
General Fund Debt Capacity Assumptions

• Annual issuance for Capital Improvement Plan
  – 2024 - $17,250,000, includes stormwater
  – 2025 - $36,565,000, includes stormwater
  – 2026 and beyond - $20,000,000

• Tax rate remains the same at 60.30¢

• Tax rate not used for debt is used for operations

• Taxable valuation increases
  – 2025: 6%
  – 2026 and 2027: 10%
  – 2028 through 2034: 5.75% average
## Forecasted Debt Tax Rate

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Taxable Value (No TIRZ)</th>
<th>Estimated Debt Service</th>
<th>Maximum Current Debt Rate</th>
<th>Amount Over/(Under)</th>
<th>Additional Tax Rate Needed</th>
<th>Tax Rate %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2025</td>
<td>$8,889,197,945</td>
<td>$14,659,030</td>
<td>$14,071,600</td>
<td>$(587,430)</td>
<td>0.0066</td>
<td>27%</td>
</tr>
<tr>
<td>2026</td>
<td>9,794,862,279</td>
<td>16,329,573</td>
<td>15,505,267</td>
<td>$(824,306)</td>
<td>0.0084</td>
<td>28%</td>
</tr>
<tr>
<td>2027</td>
<td>10,795,488,376</td>
<td>17,052,457</td>
<td>17,089,258</td>
<td>36,801</td>
<td>(0.0004)</td>
<td>26%</td>
</tr>
<tr>
<td>2028</td>
<td>11,114,389,846</td>
<td>17,889,431</td>
<td>17,594,079</td>
<td>$(295,352)</td>
<td>0.0026</td>
<td>27%</td>
</tr>
<tr>
<td>2029</td>
<td>11,838,169,489</td>
<td>19,566,031</td>
<td>18,739,822</td>
<td>$(826,209)</td>
<td>0.0069</td>
<td>27%</td>
</tr>
<tr>
<td>2030</td>
<td>12,561,445,964</td>
<td>20,597,942</td>
<td>19,884,769</td>
<td>$(713,173)</td>
<td>0.0056</td>
<td>27%</td>
</tr>
<tr>
<td>2031</td>
<td>13,284,214,242</td>
<td>21,764,099</td>
<td>21,028,911</td>
<td>$(735,188)</td>
<td>0.0055</td>
<td>27%</td>
</tr>
<tr>
<td>2032</td>
<td>14,006,469,236</td>
<td>23,226,647</td>
<td>22,172,241</td>
<td>$(1,054,406)</td>
<td>0.0075</td>
<td>27%</td>
</tr>
<tr>
<td>2033</td>
<td>14,726,974,739</td>
<td>24,984,120</td>
<td>23,312,801</td>
<td>$(1,671,319)</td>
<td>0.0113</td>
<td>28%</td>
</tr>
<tr>
<td>2034</td>
<td>15,531,328,791</td>
<td>26,498,986</td>
<td>24,586,093</td>
<td>$(1,912,893)</td>
<td>0.0123</td>
<td>28%</td>
</tr>
</tbody>
</table>
General Fund Debt Management Plan

- Fund balance = 25%
- Debt portion of tax rate = 30% - 35%
  - Current is 26%
  - Peer cities:
    - Average = 38%
    - Median = 36%
- Impact of increasing to 30% debt tax rate on current rate
  - Keep operations the same = 2.5¢ tax rate increase (debt rate)
  - Keep tax rate the same = 2.4¢ decrease in operations
- Need to designate pay as you go funding
  - Start small and increase using a phased approach
Tax Rate Split Trend and Forecast

<table>
<thead>
<tr>
<th>Year</th>
<th>Operations</th>
<th>Debt</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td>2015</td>
<td>55%</td>
<td>45%</td>
</tr>
<tr>
<td>2016</td>
<td>59%</td>
<td>41%</td>
</tr>
<tr>
<td>2017</td>
<td>60%</td>
<td>40%</td>
</tr>
<tr>
<td>2018</td>
<td>58%</td>
<td>42%</td>
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<tr>
<td>2019</td>
<td>63%</td>
<td>37%</td>
</tr>
<tr>
<td>2020</td>
<td>66%</td>
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<tr>
<td>2021</td>
<td>71%</td>
<td>29%</td>
</tr>
<tr>
<td>2022</td>
<td>68%</td>
<td>32%</td>
</tr>
<tr>
<td>2023</td>
<td>71%</td>
<td>29%</td>
</tr>
<tr>
<td>2024</td>
<td>74%</td>
<td>26%</td>
</tr>
<tr>
<td>2025</td>
<td>73%</td>
<td>27%</td>
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<td>2026</td>
<td>72%</td>
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<tr>
<td>2027</td>
<td>74%</td>
<td>26%</td>
</tr>
<tr>
<td>2028</td>
<td>73%</td>
<td>27%</td>
</tr>
</tbody>
</table>

Operations and Debt percentages show a forecasted trend from 2014 to 2028.
Sales Tax Trends
Sales Tax Rolling 12-Month Average

Example:
January 2023 – December 2023 total sales tax collections compared to January 2022 – December 2022 totals sales tax collections
### Industry Segment Monthly Year-Over-Year Trend

<table>
<thead>
<tr>
<th>SEGMENT</th>
<th>Jul</th>
<th>Aug</th>
<th>Sep</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail Trade</td>
<td>3.2%</td>
<td>0.8%</td>
<td>7.1%</td>
<td>-1.9%</td>
<td>2.7%</td>
<td>-5.0%</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>-15.8%</td>
<td>26.4%</td>
<td>32.3%</td>
<td>-10.5%</td>
<td>-15.0%</td>
<td>-30.7%</td>
</tr>
<tr>
<td>Lodging, Food Svcs</td>
<td>5.1%</td>
<td>10.1%</td>
<td>6.5%</td>
<td>2.1%</td>
<td>4.6%</td>
<td>-5.0%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>19.1%</td>
<td>15.1%</td>
<td>5.5%</td>
<td>4.5%</td>
<td>-5.2%</td>
<td>6.4%</td>
</tr>
<tr>
<td>Telecom</td>
<td>-7.4%</td>
<td>15.3%</td>
<td>-29.9%</td>
<td>-48.0%</td>
<td>-72.1%</td>
<td>-3.2%</td>
</tr>
<tr>
<td>All Others</td>
<td>6.4%</td>
<td>12.4%</td>
<td>19.8%</td>
<td>6.9%</td>
<td>21.0%</td>
<td>14.1%</td>
</tr>
<tr>
<td>Total Collections</td>
<td>1.0%</td>
<td>8.7%</td>
<td>10.4%</td>
<td>-2.9%</td>
<td>-2.3%</td>
<td>-7.4%</td>
</tr>
</tbody>
</table>
## Top 10 Largest Companies (Oct. – Nov.)

<table>
<thead>
<tr>
<th>Rank*</th>
<th>Company</th>
<th>NAICS Key</th>
<th>Prior Fiscal YTD Sales Tax Collections</th>
<th>Current Fiscal YTD Sales Tax Collections</th>
<th>Change $</th>
<th>Change %</th>
<th>Current Fiscal YTD % Total Collections</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>MATHEUS LUMBER COMPANY INC.</td>
<td>8</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>H-E-B LP</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>CITY OF SAN MARCOS</td>
<td>24</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>MAINTENANCE SUPPLY HEADQUARTERS LP</td>
<td>9</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>WAL-MART STORES TEXAS LLC</td>
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<td></td>
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<td></td>
</tr>
<tr>
<td>6</td>
<td>LOWE'S HOME CENTERS LLC</td>
<td>9</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>7</td>
<td>TARGET CORPORATION</td>
<td>9</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>AMAZON.COM SERVICES INC (MARKETPLACE)</td>
<td>9</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>SAM'S EAST INC.</td>
<td>9</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>GRANDE COMMUNICATIONS NETWORKS LLC</td>
<td>12</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tbody>
</table>

**TOP 10 LARGE** Companies

<table>
<thead>
<tr>
<th>Prior Total</th>
<th>Current Total</th>
<th>Change</th>
<th>Change %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2,120,912</td>
<td>1,697,040</td>
<td>423,871</td>
<td>-20.0%</td>
</tr>
</tbody>
</table>

*Ranked by total of last fiscal year + current fiscal year to date

NAICS = North American Industry Classification System:
8 = Wholesale Trade, 9 = Retail Trade, 12 = Telecom, 24 = Public Admin

Confidential Information
General Fund Four-Year Forecast
Original General Fund Assumptions

• Revenues
  – Property taxes
    • Includes reappraisal and new growth
    • Net of Tax Increment Reinvestment Zone (TIRZ)
    • Taxable value increase:
      – 2025 and 2026: 10%
      – 2026: 5%
      – 2028: 7%
    • Average taxable value growth: 3-year 15%, 5-year 14%
  – Sales tax increase 2.5% year over year from FY 2024
  Budget
Original General Fund Assumptions

• Expenditures
  – Annual Salary increases
    • Public Safety and Non-Public Safety (3% - 5%)
  – Expenditures increase by 3% year over year to account for inflation
Original General Fund Forecast

*FY24 Budget (Includes $5 million one-time use of Fund Balance)
Revised General Fund Assumptions

• Revenues
  – Property taxes
    • Includes reappraisal and new growth
    • Net of Tax Increment Reinvestment Zone (TIRZ)
    • Reduced by $209K due to two properties sold to Texas State
    • Taxable value increase:
      – 2025: 6%
      – 2026 and 2027: 10%
      – 2028: 4.5%

  – Sales Tax increase 2.5% year over year from forecasted FY 2024 collections
Revised General Fund Assumptions

• Expenditures
  – Annual Salary increases
    • Public Safety and Non-Public Safety (3% - 5%)
  – Expenditures increase by 3% year over year to account for inflation
Revised General Fund Forecast

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenues</th>
<th>Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>2024*</td>
<td>$111</td>
<td>$115</td>
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<tr>
<td>2025</td>
<td>$112</td>
<td>$115</td>
</tr>
<tr>
<td>2026</td>
<td>$118</td>
<td>$119</td>
</tr>
<tr>
<td>2027</td>
<td>$126</td>
<td>$123</td>
</tr>
<tr>
<td>2028</td>
<td>$129</td>
<td>$127</td>
</tr>
</tbody>
</table>

*FY24 Budget

(Includes $5 million one-time use of Fund Balance)
New Property Tax Relief Considerations
Property Tax Relief Options

• Implement a tax ceiling (freeze)
  – Residential homeowners affected: age 65 and older/disabled
  – Important note: May not repeal or rescind

• Increase property tax homestead exemptions
  – Residential homeowners affected: everyone

• Reduce property tax rate
  – Commercial and Residential affected

• A combination of above
  – Commercial and Residential affected
Tax Ceiling (Freeze)

- Texas Constitution VIII 1-b(h) and Tax Code 11.261(a)
- Sets a cap, or ceiling, on the amount of property taxes paid to the City when the homeowner turns 65 years of age. In future years, property taxes may go below, but not above, the ceiling amount
  - Tax ceiling can be raised if home is improved
  - May not repeal or rescind

- Assumptions:
  - Average homestead assessed value grows by 3.5%
  - Homestead count grows by a 5-year average of approximately 8%
  - Tax rate stays the same at 60.30¢
# Tax Ceiling (Freeze)

<table>
<thead>
<tr>
<th></th>
<th>FY 2024</th>
<th>FY 2025</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Home Value</td>
<td>$341,829</td>
<td>$353,793</td>
<td>$11,964</td>
</tr>
<tr>
<td>Homestead Exemption</td>
<td>$(50,000)</td>
<td>$(50,000)</td>
<td>$-</td>
</tr>
<tr>
<td>Taxable Value</td>
<td>$291,829</td>
<td>$303,793</td>
<td>$11,964</td>
</tr>
<tr>
<td>Tax Rate</td>
<td>60.30¢</td>
<td>60.30¢</td>
<td>0.00¢</td>
</tr>
<tr>
<td>Annual Tax Levy for City*</td>
<td>$1,760</td>
<td>$1,832</td>
<td>$72</td>
</tr>
<tr>
<td>Less Property Tax Freeze</td>
<td>$-</td>
<td>$(72)</td>
<td>$(72)</td>
</tr>
<tr>
<td>Adjusted Tax Levy</td>
<td>$1,760</td>
<td>$1,760</td>
<td>$-</td>
</tr>
</tbody>
</table>

**Annual Savings:**
- Homestead Exemption: $302 $302 $-
- Property Tax Freeze: $- $72 $72

*Taxable Value / 100 x City Tax Rate = City Taxes Paid*
Tax Ceiling (Freeze) Levy Comparison

<table>
<thead>
<tr>
<th>FY</th>
<th>No Tax Freeze Levy</th>
<th>Tax Freeze Levy</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2024</td>
<td>$5.7</td>
<td></td>
</tr>
<tr>
<td>FY 2025</td>
<td>$6.4</td>
<td>$6.2</td>
</tr>
<tr>
<td>FY 2026</td>
<td>$7.3</td>
<td>$6.6</td>
</tr>
<tr>
<td>FY 2027</td>
<td>$8.3</td>
<td>$6.7</td>
</tr>
<tr>
<td>FY 2028</td>
<td>$9.4</td>
<td>$6.9</td>
</tr>
</tbody>
</table>

FORECASTED

$2.5M
Homestead Exemptions

• Texas Tax Code 11.13
• City Council must approve a new exemption by July 1st to be effective in current tax year
• Percentage set must produce a minimum of $5K and may not exceed 20%
Homestead Exemptions

- Residents that qualify for the Senior/Disabled Homestead Exemption also receive the Homestead Exemption

- **Increasing homestead exemptions by $5K**
  - Homestead Exemption increases by $5K
  - Senior/Disabled Homestead increases by $5K

- **Increasing homestead exemptions by $10K**
  - Standard Homestead Exemption increases by $10K
  - Senior/Disabled Homestead increase by $10K

- **Assumptions:**
  - Homestead count grows by a 5-year average of approximately 8%
  - Tax rate stays the same at 60.30¢
## Homestead Exemption

<table>
<thead>
<tr>
<th></th>
<th>Current</th>
<th>Incr $5K</th>
<th>Incr $10K</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Home Value</td>
<td>$353,793</td>
<td>$353,793</td>
<td>$353,793</td>
</tr>
<tr>
<td>Homestead Exemption</td>
<td>$(15,000)</td>
<td>$(20,000)</td>
<td>$(25,000)</td>
</tr>
<tr>
<td>Taxable Value</td>
<td>$338,793</td>
<td>$333,793</td>
<td>$328,793</td>
</tr>
<tr>
<td>Tax Rate</td>
<td>60.30¢</td>
<td>60.30¢</td>
<td>60.30¢</td>
</tr>
<tr>
<td>Annual Tax Levy for City*</td>
<td>$2,043</td>
<td>$2,013</td>
<td>$1,983</td>
</tr>
</tbody>
</table>

### Annual Savings:

<table>
<thead>
<tr>
<th></th>
<th>Current</th>
<th>Incr $5K</th>
<th>Incr $10K</th>
</tr>
</thead>
<tbody>
<tr>
<td>Homestead Exemption</td>
<td>$90</td>
<td>$121</td>
<td>$151</td>
</tr>
<tr>
<td>New from Increased Exemption</td>
<td>$30</td>
<td>$60</td>
<td></td>
</tr>
</tbody>
</table>

*Taxable Value / 100 x Tax Rate = City Taxes Paid
# Over 65/Disabled Homestead Exemption

<table>
<thead>
<tr>
<th></th>
<th>Current</th>
<th>Incr $10K</th>
<th>Incr $20K</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Home Value</td>
<td>$353,793</td>
<td>$353,793</td>
<td>$353,793</td>
</tr>
<tr>
<td>Homestead Exemption</td>
<td>$(50,000)</td>
<td>$(60,000)</td>
<td>$(70,000)</td>
</tr>
<tr>
<td>Taxable Value</td>
<td>$303,793</td>
<td>$293,793</td>
<td>$283,793</td>
</tr>
<tr>
<td>Tax Rate</td>
<td>60.30¢</td>
<td>60.30¢</td>
<td>60.30¢</td>
</tr>
<tr>
<td>Annual Tax Levy for City*</td>
<td>$1,832</td>
<td>$1,772</td>
<td>$1,711</td>
</tr>
</tbody>
</table>

**Annual Savings:**

- Homestead Exemption $302 $362 $422
- New from Increased Exemption $60 $121

*Taxable Value / 100 x Tax Rate = City Taxes Paid*
All Homestead Exemptions

Tax revenue loss from City homestead exemptions

<table>
<thead>
<tr>
<th>FY 2024</th>
<th>FY 2025</th>
<th>FY 2026</th>
<th>FY 2027</th>
<th>FY 2028</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Exempted Value</td>
<td>Exempted Value Increased by $5K</td>
<td>Exempted Value Increased by $10K</td>
<td>Exempted Value Increased by $15K</td>
<td>Exempted Value Increased by $20K</td>
</tr>
<tr>
<td>$1.1M</td>
<td>$1.9M</td>
<td>$2.1M</td>
<td>$2.2M</td>
<td>$2.4M</td>
</tr>
</tbody>
</table>
Homestead Exemptions Count

Count by Neighborhood

<table>
<thead>
<tr>
<th>Neighborhood</th>
<th>Exemption Count</th>
<th>Median Property Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blanco Vista</td>
<td>1195</td>
<td>$413,920.00</td>
</tr>
<tr>
<td>Kissing Tree</td>
<td>711</td>
<td>$649,944.00</td>
</tr>
<tr>
<td>Cottonwood Creek</td>
<td>598</td>
<td>$319,035.00</td>
</tr>
<tr>
<td>Willow Creek</td>
<td>365</td>
<td>$693,860.00</td>
</tr>
<tr>
<td>Castle Forest</td>
<td>287</td>
<td>$385,210.00</td>
</tr>
<tr>
<td>La Cima</td>
<td>284</td>
<td>$574,430.00</td>
</tr>
<tr>
<td>El Camino Real</td>
<td>247</td>
<td>$343,150.00</td>
</tr>
<tr>
<td>Hunter's Hill</td>
<td>245</td>
<td>$435,690.00</td>
</tr>
<tr>
<td>Heritage</td>
<td>234</td>
<td>$393,715.00</td>
</tr>
<tr>
<td>Trace</td>
<td>228</td>
<td>$338,515.00</td>
</tr>
<tr>
<td>Sunset Acres</td>
<td>181</td>
<td>$205,630.00</td>
</tr>
<tr>
<td>Blanco Gardens</td>
<td>176</td>
<td>$237,475.00</td>
</tr>
<tr>
<td>Whisper</td>
<td>174</td>
<td>$345,510.00</td>
</tr>
<tr>
<td>Dunbar</td>
<td>160</td>
<td>$293,880.00</td>
</tr>
<tr>
<td>Victory Gardens</td>
<td>158</td>
<td>$202,885.00</td>
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<tr>
<td>Oak Heights</td>
<td>157</td>
<td>$354,870.00</td>
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<tr>
<td>Westover</td>
<td>150</td>
<td>$271,235.00</td>
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<tr>
<td>Hills of Hays</td>
<td>144</td>
<td>$300,120.00</td>
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<tr>
<td>Rio Vista</td>
<td>132</td>
<td>$218,135.00</td>
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</tbody>
</table>
Homestead Exemptions Property Value

Property Value by Neighborhood

<table>
<thead>
<tr>
<th>Neighborhood</th>
<th>Median Property Value</th>
<th>Exemption Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Willow Creek</td>
<td>$693,860.00</td>
<td>365</td>
</tr>
<tr>
<td>Kissing Tree</td>
<td>$649,944.00</td>
<td>711</td>
</tr>
<tr>
<td>Vista de los Santos</td>
<td>$608,033.00</td>
<td>74</td>
</tr>
<tr>
<td>Sierra Circle</td>
<td>$591,878.00</td>
<td>121</td>
</tr>
<tr>
<td>La Cima</td>
<td>$574,430.00</td>
<td>284</td>
</tr>
<tr>
<td>Spring Lake Hills</td>
<td>$538,910.00</td>
<td>103</td>
</tr>
<tr>
<td>Hughson Heights</td>
<td>$450,630.00</td>
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</tr>
<tr>
<td>Forest Hills</td>
<td>$447,250.00</td>
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</tr>
<tr>
<td>Tanglewood</td>
<td>$438,560.00</td>
<td>113</td>
</tr>
<tr>
<td>Hunter's Hill</td>
<td>$435,690.00</td>
<td>245</td>
</tr>
<tr>
<td>Blanco Vista</td>
<td>$413,920.00</td>
<td>1195</td>
</tr>
<tr>
<td>Heritage</td>
<td>$393,715.00</td>
<td>234</td>
</tr>
<tr>
<td>Castle Forest</td>
<td>$385,210.00</td>
<td>287</td>
</tr>
<tr>
<td>Holland Hills</td>
<td>$370,335.00</td>
<td>48</td>
</tr>
<tr>
<td>Southwest Hills</td>
<td>$356,440.00</td>
<td>118</td>
</tr>
<tr>
<td>McCarty Commons</td>
<td>$355,695.00</td>
<td>62</td>
</tr>
<tr>
<td>Oak Heights</td>
<td>$354,870.00</td>
<td>157</td>
</tr>
<tr>
<td>Whisper</td>
<td>$345,510.00</td>
<td>174</td>
</tr>
<tr>
<td>Sessom Creek</td>
<td>$343,340.00</td>
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</tr>
<tr>
<td>El Camino Real</td>
<td>$343,150.00</td>
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</tr>
<tr>
<td>Blanco River North</td>
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<td>113</td>
</tr>
<tr>
<td>Trace</td>
<td>$338,515.00</td>
<td>228</td>
</tr>
<tr>
<td>Downtown</td>
<td>$333,610.00</td>
<td>4</td>
</tr>
<tr>
<td>Cottonwood Creek</td>
<td>$319,035.00</td>
<td>598</td>
</tr>
<tr>
<td>Hills of Hays</td>
<td>$300,120.00</td>
<td>144</td>
</tr>
</tbody>
</table>
Over 65 Exemptions Count

Count by Neighborhood

<table>
<thead>
<tr>
<th>Neighborhood</th>
<th>Exemption Count</th>
<th>Median Property Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kissing Tree</td>
<td>571</td>
<td>$645,810.00</td>
</tr>
<tr>
<td>Blanco Vista</td>
<td>256</td>
<td>$409,585.00</td>
</tr>
<tr>
<td>Willow Creek</td>
<td>213</td>
<td>$687,900.00</td>
</tr>
<tr>
<td>Heritage</td>
<td>123</td>
<td>$429,050.00</td>
</tr>
<tr>
<td>Sunset Acres</td>
<td>107</td>
<td>$199,280.00</td>
</tr>
<tr>
<td>Castle Forest</td>
<td>95</td>
<td>$401,130.00</td>
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<tr>
<td>Blanco Gardens</td>
<td>86</td>
<td>$230,155.00</td>
</tr>
<tr>
<td>Victory Gardens</td>
<td>86</td>
<td>$198,340.00</td>
</tr>
<tr>
<td>Hunter's Hill</td>
<td>76</td>
<td>$417,390.00</td>
</tr>
<tr>
<td>Cottonwood Creek</td>
<td>74</td>
<td>$314,620.00</td>
</tr>
<tr>
<td>La Cima</td>
<td>74</td>
<td>$553,576.50</td>
</tr>
<tr>
<td>Dunbar</td>
<td>70</td>
<td>$281,310.00</td>
</tr>
<tr>
<td>Oak Heights</td>
<td>63</td>
<td>$365,050.00</td>
</tr>
<tr>
<td>Rio Vista</td>
<td>63</td>
<td>$216,790.00</td>
</tr>
<tr>
<td>Wallace Addition</td>
<td>60</td>
<td>$176,300.00</td>
</tr>
<tr>
<td>Westover</td>
<td>58</td>
<td>$256,895.00</td>
</tr>
<tr>
<td>Sierra Circle</td>
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<td>$618,780.00</td>
</tr>
<tr>
<td>Southwest Hills</td>
<td>55</td>
<td>$366,340.00</td>
</tr>
<tr>
<td>Tanglewood</td>
<td>55</td>
<td>$460,160.00</td>
</tr>
<tr>
<td>Spring Lake Hills</td>
<td>54</td>
<td>$555,200.00</td>
</tr>
</tbody>
</table>
# Over 65 Exemptions Property Value

## Property Value by Neighborhood

<table>
<thead>
<tr>
<th>Neighborhood</th>
<th>Median Property Value</th>
<th>Exemption Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Willow Creek</td>
<td>$687,900.00</td>
<td>213</td>
</tr>
<tr>
<td>Kissing Tree</td>
<td>$645,810.00</td>
<td>571</td>
</tr>
<tr>
<td>Sierra Circle</td>
<td>$618,780.00</td>
<td>57</td>
</tr>
<tr>
<td>Vista de los Santos</td>
<td>$605,100.00</td>
<td>31</td>
</tr>
<tr>
<td>Spring Lake Hills</td>
<td>$555,200.00</td>
<td>54</td>
</tr>
<tr>
<td>La Cima</td>
<td>$553,576.50</td>
<td>74</td>
</tr>
<tr>
<td>Downtown</td>
<td>$531,930.00</td>
<td>2</td>
</tr>
<tr>
<td>Tanglewood</td>
<td>$460,160.00</td>
<td>55</td>
</tr>
<tr>
<td>Forest Hills</td>
<td>$447,080.00</td>
<td>19</td>
</tr>
<tr>
<td>Heritage</td>
<td>$429,050.00</td>
<td>123</td>
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<tr>
<td>Hughson Heights</td>
<td>$420,580.00</td>
<td>31</td>
</tr>
<tr>
<td>Hunter’s Hill</td>
<td>$417,390.00</td>
<td>76</td>
</tr>
<tr>
<td>Blanco Vista</td>
<td>$409,585.00</td>
<td>256</td>
</tr>
<tr>
<td>Castle Forest</td>
<td>$401,130.00</td>
<td>95</td>
</tr>
<tr>
<td>Blanco River North</td>
<td>$375,050.00</td>
<td>29</td>
</tr>
<tr>
<td>Southwest Hills</td>
<td>$366,340.00</td>
<td>55</td>
</tr>
<tr>
<td>Oak Heights</td>
<td>$365,050.00</td>
<td>63</td>
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<tr>
<td>El Camino Real</td>
<td>$343,150.00</td>
<td>39</td>
</tr>
<tr>
<td>Trace</td>
<td>$339,885.00</td>
<td>28</td>
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<tr>
<td>Whisper</td>
<td>$338,800.00</td>
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<tr>
<td>Sessom Creek</td>
<td>$333,995.00</td>
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<tr>
<td>Holland Hills</td>
<td>$333,250.00</td>
<td>22</td>
</tr>
<tr>
<td>McCarty Commons</td>
<td>$326,990.00</td>
<td>3</td>
</tr>
<tr>
<td>Cottonwood Creek</td>
<td>$314,620.00</td>
<td>74</td>
</tr>
</tbody>
</table>

[Map of San Marcos with neighborhood details and median property values]
Reduce the Property Tax Rate

- Reducing the property tax rate impacts residential and commercial properties
  - Commercial properties reduce the residential tax burden

- Two scenarios
  - Decreasing property tax rate by 1¢
  - Decreasing property tax rate by 2¢

- Assumptions:
  - Net taxable values grow by an average of 7%
## Reducing Tax Rate for Homestead

<table>
<thead>
<tr>
<th></th>
<th>Current</th>
<th>Decr 1¢</th>
<th>Decr 2¢</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Home Value</td>
<td>$ 353,793</td>
<td>$ 353,793</td>
<td>$ 353,793</td>
</tr>
<tr>
<td>Homestead Exemption</td>
<td>$(15,000)</td>
<td>$(15,000)</td>
<td>$(15,000)</td>
</tr>
<tr>
<td>Taxable Value</td>
<td>$ 338,793</td>
<td>$ 338,793</td>
<td>$ 338,793</td>
</tr>
<tr>
<td>Tax Rate</td>
<td>60.30¢</td>
<td>59.30¢</td>
<td>58.30¢</td>
</tr>
<tr>
<td>Annual Tax Levy for City*</td>
<td>$ 2,043</td>
<td>$ 2,009</td>
<td>$ 1,975</td>
</tr>
</tbody>
</table>

### Annual Savings:

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Homestead Exemption</td>
<td>$ 90</td>
<td>$ 89</td>
<td>$ 87</td>
</tr>
<tr>
<td>Tax Rate Reduction</td>
<td>$ -</td>
<td>$ 34</td>
<td>$ 68</td>
</tr>
</tbody>
</table>

Total Savings: $ 90 $ 123 $ 155

*Taxable Value / 100 x Tax Rate = City Taxes Paid
## Reducing Tax Rate for Over 65/Disabled

<table>
<thead>
<tr>
<th></th>
<th>Current</th>
<th>Decr 1¢</th>
<th>Decr 2¢</th>
</tr>
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<td>$(50,000)</td>
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<td>$(50,000)</td>
</tr>
<tr>
<td>Taxable Value</td>
<td>$303,793</td>
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<td>60.30¢</td>
<td>59.30¢</td>
<td>58.30¢</td>
</tr>
<tr>
<td>Annual Tax Levy for City*</td>
<td>$1,832</td>
<td>$1,801</td>
<td>$1,771</td>
</tr>
</tbody>
</table>

### Annual Savings:

- **Homestead Exemption**: $302, $297, $292
- **Tax Rate Reduction**: $- , $30, $61

**Total Savings**: $302, $327, $352

*Taxable Value / 100 x Tax Rate = City Taxes Paid
## Reduce the Tax Rate Revenue Loss

<table>
<thead>
<tr>
<th></th>
<th>FY 2024</th>
<th>FY 2025</th>
<th>FY 2026</th>
<th>FY 2027</th>
<th>FY 2028</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1¢ Reduction</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Residential</td>
<td>$ 554,269</td>
<td>$ 586,687</td>
<td>$ 646,461</td>
<td>$ 712,502</td>
<td>$ 733,550</td>
</tr>
<tr>
<td>Commercial</td>
<td>285,533</td>
<td>302,233</td>
<td>333,025</td>
<td>367,047</td>
<td>377,889</td>
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<tr>
<td><strong>Total 1¢ Reduction</strong></td>
<td>$ 839,802</td>
<td>$ 888,920</td>
<td>$ 979,486</td>
<td>$ 1,079,549</td>
<td>$ 1,111,439</td>
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<tr>
<td><strong>2¢ Reduction</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Residential</td>
<td>$ 1,108,538</td>
<td>$ 1,173,374</td>
<td>$ 1,292,922</td>
<td>$ 1,425,004</td>
<td>$ 1,467,099</td>
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<tr>
<td>Commercial</td>
<td>571,065</td>
<td>604,465</td>
<td>666,051</td>
<td>734,093</td>
<td>755,778</td>
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<tr>
<td><strong>Total 2¢ Reduction</strong></td>
<td>$ 1,679,603</td>
<td>$ 1,777,839</td>
<td>$ 1,958,973</td>
<td>$ 2,159,097</td>
<td>$ 2,222,877</td>
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</table>
### Property Tax Relief Comparison

#### FY 2025 Impact

<table>
<thead>
<tr>
<th></th>
<th>Homestead</th>
<th>Over 65</th>
<th>Lost Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax Ceiling (Freeze)</td>
<td>$</td>
<td>-</td>
<td>$ 200,918</td>
</tr>
<tr>
<td>$5K increase</td>
<td>30</td>
<td>60</td>
<td>309,713</td>
</tr>
<tr>
<td>$10K increase</td>
<td>60</td>
<td>121</td>
<td>619,426</td>
</tr>
<tr>
<td>Reducing 1¢</td>
<td>34</td>
<td>30</td>
<td>888,920</td>
</tr>
<tr>
<td>Reducing 2¢</td>
<td>68</td>
<td>61</td>
<td>1,777,840</td>
</tr>
</tbody>
</table>

#### FY 2028 Impact

<table>
<thead>
<tr>
<th></th>
<th>Homestead</th>
<th>Over 65</th>
<th>Lost Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax Ceiling (Freeze)</td>
<td>$</td>
<td>-</td>
<td>$ 2,569,112</td>
</tr>
<tr>
<td>$5K increase</td>
<td>30</td>
<td>60</td>
<td>392,188</td>
</tr>
<tr>
<td>$10K increase</td>
<td>60</td>
<td>121</td>
<td>784,375</td>
</tr>
<tr>
<td>Reducing 1¢</td>
<td>39</td>
<td>36</td>
<td>1,111,439</td>
</tr>
<tr>
<td>Reducing 2¢</td>
<td>79</td>
<td>72</td>
<td>2,222,878</td>
</tr>
</tbody>
</table>
# Property Tax Relief Equivalent

## FY 2025 Impact: Year 1

<table>
<thead>
<tr>
<th>Lost Revenue</th>
<th>Tax Rate Impact</th>
<th>New Development Required to Breakeven</th>
<th>Police Officers</th>
<th>Firefighters</th>
<th>Heavy Equipment Operators</th>
<th>Equipment Operators</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax Ceiling (Freeze)</td>
<td>$200,918</td>
<td>$0.0023</td>
<td>$33,319,813</td>
<td>2</td>
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<td>2</td>
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<tr>
<td>$5K increase</td>
<td>309,713</td>
<td>0.0036</td>
<td>51,362,059</td>
<td>3</td>
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<td>4</td>
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<tr>
<td>$10K increase</td>
<td>619,426</td>
<td>0.0071</td>
<td>102,724,118</td>
<td>6</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>Reducing 1¢</td>
<td>888,920</td>
<td>0.0102</td>
<td>149,902,158</td>
<td>8</td>
<td>8</td>
<td>10</td>
</tr>
<tr>
<td>Reducing 2¢</td>
<td>1,777,840</td>
<td>0.0204</td>
<td>304,946,756</td>
<td>16</td>
<td>17</td>
<td>21</td>
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</tbody>
</table>

## FY 2028 Impact: Year 4

<table>
<thead>
<tr>
<th>Lost Revenue</th>
<th>Tax Rate Impact</th>
<th>New Development Required to Breakeven</th>
<th>Police Officers</th>
<th>Firefighters</th>
<th>Heavy Equipment Operators</th>
<th>Equipment Operators</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax Ceiling (Freeze)</td>
<td>$2,569,112</td>
<td>$0.0236</td>
<td>$426,054,994</td>
<td>20</td>
<td>21</td>
<td>28</td>
</tr>
<tr>
<td>$5K increase</td>
<td>392,188</td>
<td>0.0036</td>
<td>65,039,407</td>
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<td>3</td>
<td>4</td>
</tr>
<tr>
<td>$10K increase</td>
<td>784,375</td>
<td>0.0072</td>
<td>130,078,813</td>
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<td>7</td>
<td>8</td>
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<tr>
<td>Reducing 1¢</td>
<td>1,111,439</td>
<td>0.0102</td>
<td>187,426,473</td>
<td>9</td>
<td>9</td>
<td>12</td>
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<tr>
<td>Reducing 2¢</td>
<td>2,222,878</td>
<td>0.0204</td>
<td>381,282,671</td>
<td>17</td>
<td>18</td>
<td>24</td>
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</tbody>
</table>
## General Fund Considerations

<table>
<thead>
<tr>
<th></th>
<th>2024*</th>
<th>2025</th>
<th>2026</th>
<th>2027</th>
<th>2028</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Fund Balance</td>
<td>42,786,277</td>
<td>39,257,745</td>
<td>36,293,392</td>
<td>35,373,045</td>
<td>38,054,901</td>
</tr>
<tr>
<td>Revenues</td>
<td>$111,351,806</td>
<td>$112,464,456</td>
<td>$118,253,567</td>
<td>$125,715,921</td>
<td>$129,115,972</td>
</tr>
<tr>
<td>Expenditures</td>
<td>114,880,338</td>
<td>115,428,809</td>
<td>119,173,914</td>
<td>123,034,065</td>
<td>126,855,835</td>
</tr>
<tr>
<td>Ending Fund Balance</td>
<td>39,257,745</td>
<td>36,293,392</td>
<td>35,373,045</td>
<td>38,054,901</td>
<td>40,315,038</td>
</tr>
</tbody>
</table>

Available Capacity (+/-)  
- $ (3,528,532)  
- $ (2,964,353)  
- $ (920,347)  
- $ 2,681,856  
- $ 2,260,137  

### Revenue Loss from Property Tax Relief Options:

<table>
<thead>
<tr>
<th>Tax Ceiling (Freeze)</th>
<th>200,918</th>
<th>691,213</th>
<th>1,570,105</th>
<th>2,569,112</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase Exemptions $5,000</td>
<td>309,713</td>
<td>335,071</td>
<td>362,506</td>
<td>392,188</td>
</tr>
<tr>
<td>Increase Exemptions $10,000</td>
<td>619,426</td>
<td>670,143</td>
<td>725,013</td>
<td>784,375</td>
</tr>
<tr>
<td>Reduce Tax Rate 1¢</td>
<td>888,920</td>
<td>979,486</td>
<td>1,079,549</td>
<td>1,111,439</td>
</tr>
<tr>
<td>Reduce Tax Rate 2¢</td>
<td>1,777,840</td>
<td>1,958,972</td>
<td>2,159,098</td>
<td>2,222,878</td>
</tr>
</tbody>
</table>

*FY 2024 One-Time use of Fund Balance - $5 million*
General Fund – Key Takeaways

• Long-term planning to balance the operation and debt components of the tax rate

• There are more demands than resources
  – Reduction in revenue must be balanced with an equivalent reduction in expenses or by adding more commercial development
  – Reducing expenses will impact operations, capital improvement projects, and/or services

• April is a key month
  – Next quarter end for sales tax that have been lower year-over-year for four consecutive months
  – Preliminary tax roll
Community Enhancement Fund

Established to enhance the appearance of San Marcos through increased litter pickup and beautification projects. Beautification efforts focus on I-35, major corridors, downtown, neighborhoods, and parks.

Primary Revenue Source:

- Residential and Commercial fees

Supports:

- Graffiti abatement
- Litter pickup
- Maintaining public flower beds
- Downtown sweeping
- Mowing neighborhood parks and additional I-35 mowing
- Code enforcement for unsafe structures and blight
FY24 Funded Items

• Community Enhancement Technicians: Graffiti abatement, illegal signs, dumping, and flyers/stickers, and abandoned homeless camps

• Keep San Marcos Beautiful: Adopt a spot, environmental educational outreach, river cleanups, monthly and special litter cleanups, beautification maintenance and projects, and citywide certifications (Bird City, Scenic City, Bee City)

• Horticultural Team: Maintain 90,000 square feet of public beds with two-person team, create pollinator beds, and Certified Habitat Stewardship Program

• Easter Seals: Roadway litter pickup, maintain medians, downtown sweeping, weekend/holiday litter pickup at river parks, mowing neighborhood parks and extra I-35 mowing

• Code Enforcement Officers: Funds two Code Enforcement Officers that address unsafe structures and blight
Community Enhancement Fee

• Assumptions:
  – Revenue reduced by $11K due to reduction in customer count from the sale of two properties to Texas State University
  – Revenues increase 3% year over year
  – Personnel increase 3% year over year
  – Expenditures increase by 3% year over year
Community Enhancement Fee (CEF)

### Total Operating Revenues

<table>
<thead>
<tr>
<th></th>
<th>FY22 Actuals</th>
<th>FY23 Actuals</th>
<th>FY24 Adopted</th>
<th>FY25 Forecast</th>
<th>FY26 Forecast</th>
<th>FY27 Forecast</th>
<th>FY28 Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Fund Balance</td>
<td>804,042</td>
<td>731,846</td>
<td>660,183</td>
<td>660,183</td>
<td>628,740</td>
<td>576,240</td>
<td>502,051</td>
</tr>
<tr>
<td>Total Operating Revenues</td>
<td>685,805</td>
<td>710,777</td>
<td>1,085,322</td>
<td>1,086,438</td>
<td>1,098,918</td>
<td>1,111,772</td>
<td>1,125,012</td>
</tr>
<tr>
<td>Total Operating Expenditures</td>
<td>758,001</td>
<td>782,440</td>
<td>1,085,322</td>
<td>1,117,882</td>
<td>1,151,418</td>
<td>1,185,961</td>
<td>1,221,539</td>
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<td>Ending Fund Balance</td>
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### Total Operating Expenditures

<table>
<thead>
<tr>
<th></th>
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<td>405,524</td>
</tr>
</tbody>
</table>
CEF Funding Options

• Keep Community Enhancement Fee as is
• Fund Community Enhancement with property tax
• Keep Community Enhancement Fee as is
  – Transfer funding for 2 Code Enforcement Officers to General Fund over time
    • (1 in FY27 and 1 in FY28)
## Fund Community Enhancement with Property Tax

<table>
<thead>
<tr>
<th>Community Enhancement Comparison</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY25 Homestead Values</td>
</tr>
<tr>
<td>Annual Payment - Community</td>
</tr>
<tr>
<td>Enhancement Fee</td>
</tr>
<tr>
<td>Annual Payment - Raising Property</td>
</tr>
<tr>
<td>Tax Rate by 1.3¢</td>
</tr>
<tr>
<td>Additional Cost to Residential</td>
</tr>
<tr>
<td>Ratepayer</td>
</tr>
</tbody>
</table>

*Average Homestead Assessed Value (including exemption)
Transfer Employees to General Fund

• Assumptions
  – Transfer the first Code Enforcement Officer in FY 2027 at a cost of approximately $78K
  – Transfer the second Code Enforcement Officer in FY 2028 at a combined cost of $155K
## Transfer Employees to General Fund

### Total Operating Revenues vs Total Operating Expenditures

<table>
<thead>
<tr>
<th></th>
<th>FY22 Actuals</th>
<th>FY23 Actuals - Est.</th>
<th>FY24 Adopted</th>
<th>FY25 Forecast</th>
<th>FY26 Forecast</th>
<th>FY27 Forecast</th>
<th>FY28 Forecast</th>
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<td>685,805</td>
<td>710,777</td>
<td>1,085,322</td>
<td>1,086,438</td>
<td>1,098,918</td>
<td>1,111,772</td>
<td>1,125,012</td>
</tr>
<tr>
<td>Total Operating Expenditures</td>
<td>758,001</td>
<td>782,440</td>
<td>1,085,322</td>
<td>1,117,882</td>
<td>1,151,418</td>
<td>1,107,831</td>
<td>1,066,219</td>
</tr>
</tbody>
</table>

This table shows the transfer of employees to the general fund from FY22 to FY28, with comparisons to actuals and forecasts for operating revenues and expenditures.

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*sanmarcostx.gov*
CEF Key Takeaways

• Since 2016 the Community Enhancement Fee has allowed the City of San Marcos to provide additional services such as:
  – Litter pickup on I-35 and major corridors twice a month
  – Extra mowing cycles on I-35 and major corridors, 10 times a year
  – Added animal-proof trash and recycle containers in city parks
Enterprise Funds

A governmental fund used to account for services that are financed and operated in a manner similar to private businesses. The fund is self-supported by charging user fees that cover the expense of providing services.
Utility Debt Management Plan

- Working capital days cash on hand = 90 days
- Debt service coverage ratios
  - Legal requirement = 1.2 to 1.3
  - Healthy coverage = 1.4 to 1.5
  - Strong coverage = 1.5+ to 1.75
- Trends are more important than a point in time
  - A 1.5 at a point in time is healthy, not strong
  - A 1.5 maintained over a 10-year period demonstrates the City is staying on top of things as is viewed as strong
- Need to designate pay as you go funding
  - Start small and increase using a phased approach
Electric

Accounts for the transactions related to the city’s operation, maintenance, and improvement of electric utility services. Purchases and distributes electric power to the San Marcos community.

Primary Revenue Source:

- Rates charged to customers for electric services within the Certificate of Convenience and Necessity (CCN) boundary

Supports:

- Operations
- Electric Conservation
- Meter Operations
- Maintenance
- Administration
- Utility Billing / Business Office
- Capital Improvement Program
Original Electric Forecast

• Assumptions
  – No electric rate increase applied for FY 2025 and beyond
    • Revenues increase from account growth by 3% year over year
  – Operational expenses increase by 3% in FY 2025 and 4% in FY 2026 and beyond
  – Annual salaries increase by 3% year over year
  – Capital Outlay not applied for FY 2025 and beyond
Original Electric Forecast

<table>
<thead>
<tr>
<th></th>
<th>FY22 Actuals</th>
<th>FY23 Actuals - Est.</th>
<th>FY24 Adopted</th>
<th>FY25 Forecast</th>
<th>FY26 Forecast</th>
<th>FY27 Forecast</th>
<th>FY28 Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Beginning Fund Balance</strong></td>
<td>14,222,675</td>
<td>13,892,861</td>
<td>16,810,165</td>
<td>15,625,538</td>
<td>14,405,372</td>
<td>12,387,079</td>
<td>9,516,255</td>
</tr>
<tr>
<td><strong>Total Operating Revenues</strong></td>
<td>66,296,364</td>
<td>71,315,401</td>
<td>72,749,545</td>
<td>74,932,031</td>
<td>77,179,992</td>
<td>79,495,392</td>
<td>81,880,254</td>
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<tr>
<td><strong>Total Operating Expenditures</strong></td>
<td>66,626,178</td>
<td>68,398,097</td>
<td>73,934,172</td>
<td>76,152,197</td>
<td>79,198,285</td>
<td>82,366,216</td>
<td>85,660,865</td>
</tr>
<tr>
<td><strong>Ending Fund Balance</strong></td>
<td>13,892,861</td>
<td>16,810,165</td>
<td>15,625,538</td>
<td>14,405,372</td>
<td>12,387,079</td>
<td>9,516,255</td>
<td></td>
</tr>
<tr>
<td><strong>Required Fund Balance, Evaluate 90 Day</strong></td>
<td>16,181,207</td>
<td>16,495,467</td>
<td>18,189,793</td>
<td>19,038,049</td>
<td>19,799,571</td>
<td>20,591,554</td>
<td>21,415,216</td>
</tr>
</tbody>
</table>
Revised Electric Forecast

• Assumptions
  – Electric rate increase of 1.7% (effective rate) applied for FY 2025, FY 2026 and FY 2027
    • Revenues increase from account growth by 3% year over year
  – Expenditures increase by 3% in FY 2025 and 4% in FY 2026 and beyond
    • Annual salaries increase by 3% year over year
  – Capital Outlay not applied for FY 2025 and beyond
Revised Electric Forecast

### Total Operating Revenues

<table>
<thead>
<tr>
<th></th>
<th>FY22 Actuals</th>
<th>FY23 Actuals - Est.</th>
<th>FY24 Adopted</th>
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<th>FY28 Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY22 Actuals</td>
<td>14,222,675</td>
<td>13,892,861</td>
<td>16,810,165</td>
<td>15,625,538</td>
<td>15,494,371</td>
<td>15,740,477</td>
<td>16,401,764</td>
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<tr>
<td>Total Operating Revenues</td>
<td>66,296,364</td>
<td>71,315,401</td>
<td>72,749,545</td>
<td>76,115,726</td>
<td>79,641,295</td>
<td>83,334,643</td>
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<tr>
<td>Total Operating Expenditures</td>
<td>66,626,178</td>
<td>68,398,097</td>
<td>73,934,172</td>
<td>76,246,893</td>
<td>79,395,189</td>
<td>82,673,357</td>
<td>85,972,414</td>
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### Total Operating Expenditures

<table>
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<tr>
<th></th>
<th>FY22 Actuals</th>
<th>FY23 Actuals - Est.</th>
<th>FY24 Adopted</th>
<th>FY25 Forecast</th>
<th>FY26 Forecast</th>
<th>FY27 Forecast</th>
<th>FY28 Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Required Fund Balance, Evaluate 90 Day</td>
<td>16,181,207</td>
<td>16,495,467</td>
<td>18,189,793</td>
<td>19,061,723</td>
<td>19,848,797</td>
<td>20,668,339</td>
<td>21,493,103</td>
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</tbody>
</table>
**Historical Electric Debt Service Coverage**

<table>
<thead>
<tr>
<th>FISCAL YEAR</th>
<th>GROSS REVENUE</th>
<th>LESS: OPERATING EXPENSES *</th>
<th>NET AVAILABLE REVENUE</th>
<th>DEBT SERVICE</th>
<th>COVERAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>$48,848,992</td>
<td>$43,237,059</td>
<td>$5,611,933</td>
<td>$1,180,000</td>
<td>3.16</td>
</tr>
<tr>
<td>2014</td>
<td>55,440,398</td>
<td>46,886,182</td>
<td>8,554,216</td>
<td>625,000</td>
<td>4.58</td>
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<td>2015</td>
<td>66,548,588</td>
<td>51,562,916</td>
<td>14,985,672</td>
<td>815,000</td>
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<td>2016</td>
<td>55,932,644</td>
<td>45,653,796</td>
<td>10,278,848</td>
<td>1,295,000</td>
<td>3.56</td>
</tr>
<tr>
<td>2017</td>
<td>58,234,989</td>
<td>49,067,758</td>
<td>9,167,231</td>
<td>1,630,000</td>
<td>2.69</td>
</tr>
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<td>2018</td>
<td>60,332,737</td>
<td>51,439,483</td>
<td>8,893,254</td>
<td>1,915,000</td>
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<tr>
<td>2019</td>
<td>56,189,627</td>
<td>50,036,643</td>
<td>6,152,984</td>
<td>2,170,000</td>
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<tr>
<td>2020</td>
<td>56,854,660</td>
<td>51,455,645</td>
<td>5,399,015</td>
<td>2,326,164</td>
<td>1.21</td>
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<tr>
<td>2021</td>
<td>57,366,408</td>
<td>48,615,896</td>
<td>8,750,512</td>
<td>2,008,599</td>
<td>2.06</td>
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<tr>
<td>2022</td>
<td>64,105,606</td>
<td>51,447,973</td>
<td>12,657,633</td>
<td>2,730,000</td>
<td>2.63</td>
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</tbody>
</table>

*Excludes depreciation*
Electric Key Takeaways

- Create financial stability
- Continue to address legacy cost allocations
- Establish & maintain 90-day fund balance
- Strive to return to A- credit rating or higher from the recent downgrade of BBB+
- Reach a Debt Service Coverage ratio of 1.5 and maintain
- Rate increases are necessary to support current needs and long-term outlook
Water/Wastewater

Accounts for the operations, maintenance, and improvement of the City’s water & wastewater utility including water production, distribution, wastewater collection, and treatment system.

Primary Revenue Source:

– Rates charged to customers for water/wastewater service

Supports:

– Wastewater Collection
– Water Quality Services
– Water Distribution Maintenance
– Water Conservation
– Water / Wastewater Administration
– Capital Improvement Program
Enterprise Fund – Water/Wastewater

• Assumptions
  – Annual personnel and operational expenses increase by 3%
  – No water/wastewater rate increase applied
  – Capital Outlay not applied for FY 2025 and beyond
  – Debt service payment decreases in FY28
  – Additional Alliance Regional Water Authority (ARWA) debt issuances are not built into water/wastewater after FY 2025
Enterprise Fund – Water/Wastewater

<table>
<thead>
<tr>
<th></th>
<th>FY22 Actuals</th>
<th>FY23 Actuals - Est.</th>
<th>FY24 Adopted</th>
<th>FY25 Forecast</th>
<th>FY26 Forecast</th>
<th>FY27 Forecast</th>
<th>FY28 Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Fund Balance</td>
<td>18,041,104</td>
<td>21,581,356</td>
<td>21,184,065</td>
<td>19,240,227</td>
<td>19,961,251</td>
<td>20,533,453</td>
<td>20,970,748</td>
</tr>
<tr>
<td>Total Operating Revenues</td>
<td>56,133,088</td>
<td>57,359,217</td>
<td>63,256,984</td>
<td>63,475,531</td>
<td>64,225,580</td>
<td>64,986,630</td>
<td>65,758,858</td>
</tr>
<tr>
<td>Total Operating Expenditures</td>
<td>52,592,836</td>
<td>57,756,508</td>
<td>65,200,822</td>
<td>62,754,507</td>
<td>63,653,378</td>
<td>64,549,335</td>
<td>62,296,586</td>
</tr>
<tr>
<td>Ending Fund Balance</td>
<td>21,581,356</td>
<td>21,184,065</td>
<td>19,240,227</td>
<td>19,961,251</td>
<td>20,533,453</td>
<td>20,970,748</td>
<td>24,433,020</td>
</tr>
<tr>
<td>Required Fund Balance, 90 Day</td>
<td>12,228,842</td>
<td>13,979,802</td>
<td>15,620,268</td>
<td>15,688,627</td>
<td>15,913,344</td>
<td>16,137,334</td>
<td>15,574,147</td>
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</tbody>
</table>
# Historical Water Debt Service Coverage

<table>
<thead>
<tr>
<th>FISCAL YEAR</th>
<th>GROSS REVENUE</th>
<th>LESS: OPERATING EXPENSES *</th>
<th>NET AVAILABLE REVENUE</th>
<th>DEBT SERVICE PRINCIPAL</th>
<th>DEBT SERVICE INTEREST</th>
<th>COVERAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>$29,743,387</td>
<td>$15,927,532</td>
<td>$13,815,855</td>
<td>$5,825,000</td>
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<td>2014</td>
<td>$32,720,309</td>
<td>$16,347,440</td>
<td>$16,372,869</td>
<td>$6,130,000</td>
<td>$3,660,102</td>
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</tr>
<tr>
<td>2015</td>
<td>$35,231,959</td>
<td>$20,031,444</td>
<td>$15,200,515</td>
<td>$6,435,000</td>
<td>$3,090,380</td>
<td>1.60</td>
</tr>
<tr>
<td>2016</td>
<td>$37,421,054</td>
<td>$20,469,973</td>
<td>$16,951,081</td>
<td>$6,905,000</td>
<td>$3,616,990</td>
<td>1.61</td>
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<tr>
<td>2017</td>
<td>$41,211,800</td>
<td>$22,773,111</td>
<td>$18,438,689</td>
<td>$7,340,000</td>
<td>$3,836,437</td>
<td>1.65</td>
</tr>
<tr>
<td>2018</td>
<td>$46,329,180</td>
<td>$24,867,508</td>
<td>$21,461,672</td>
<td>$8,205,000</td>
<td>$4,006,660</td>
<td>1.76</td>
</tr>
<tr>
<td>2019</td>
<td>$45,316,631</td>
<td>$25,431,370</td>
<td>$19,885,261</td>
<td>$8,385,000</td>
<td>$4,243,921</td>
<td>1.57</td>
</tr>
<tr>
<td>2020</td>
<td>$48,970,140</td>
<td>$26,664,514</td>
<td>$22,305,626</td>
<td>$8,784,174</td>
<td>$4,642,770</td>
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<tr>
<td>2021</td>
<td>$57,779,669</td>
<td>$28,280,984</td>
<td>$29,498,685</td>
<td>$6,533,801</td>
<td>$4,234,254</td>
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<tr>
<td>2022</td>
<td>$72,713,874</td>
<td>$39,092,755</td>
<td>$33,621,119</td>
<td>$8,495,000</td>
<td>$4,868,842</td>
<td>2.52</td>
</tr>
</tbody>
</table>

*Excludes depreciation*
Water/Wastewater Key Takeaways

• Current wastewater treatment plant has improvement needs
• Wastewater treatment plant #2
• Continue to address legacy cost allocations
Stormwater

Established to provide funding for the planning, engineering, construction, maintenance, improvement, and reconstruction of stormwater management projects throughout the City.

Primary Revenue Source:
- Rates charged to customers for stormwater management based on impervious cover

Supports:
- Maintaining all City-owned drainage infrastructure
- Street Sweeping Operations
- Municipal Separate Storm Sewer System Program (MS4)
- Capital Improvement Program
Stormwater

• General Fund continues to fund Stormwater capital improvement projects FY 2024 and FY 2025

• Assumptions
  – Revenues increase from account growth by 3% year over year
  – Expenses increase by 3% year over year
### Enterprise Fund - Stormwater

#### FY22 Actuals - Est.
- Beginning Fund Balance: $1,193,658
- Total Operating Revenue: $7,993,356
- Total Expenses: $7,662,659
- Ending Unreserved Fund Balance: $1,524,355

#### FY23 Actuals
- Total Operating Revenue: $8,794,936
- Total Expenses: $8,214,109
- Ending Unreserved Fund Balance: $2,105,182

#### FY24 Adopted
- Total Operating Revenue: $9,475,184
- Total Expenses: $9,440,380
- Ending Unreserved Fund Balance: $2,139,986

#### FY25 Forecast
- Total Operating Revenue: $9,759,440
- Total Expenses: $9,723,591
- Ending Unreserved Fund Balance: $2,175,834

#### FY26 Forecast
- Total Operating Revenue: $10,052,223
- Total Expenses: $10,015,299
- Ending Unreserved Fund Balance: $2,212,758

#### FY27 Forecast
- Total Operating Revenue: $10,353,789
- Total Expenses: $10,315,758
- Ending Unreserved Fund Balance: $2,250,789

#### FY28 Forecast
- Total Operating Revenue: $10,664,403
- Total Expenses: $10,625,231
- Ending Unreserved Fund Balance: $2,289,961

#### Required Fund Balance, Work Toward 90 Days
- FY22 Actuals: $7.7
- FY23 Actuals - Est.: $8.8
- FY24 Adopted: $9.5
- FY25 Forecast: $9.8
- FY26 Forecast: $10.1
- FY27 Forecast: $10.4
- FY28 Forecast: $10.7

#### Millions

<table>
<thead>
<tr>
<th>FY22 Actuals</th>
<th>FY23 Actuals</th>
<th>FY24 Adopted</th>
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<td>1,524,355</td>
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<td>2,212,758</td>
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<td>Total Operating Revenue</td>
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<td>8,794,936</td>
<td>9,475,184</td>
<td>9,759,440</td>
<td>10,052,223</td>
<td>10,353,789</td>
</tr>
<tr>
<td>Total Expenses</td>
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<td>9,723,591</td>
<td>10,015,299</td>
<td>10,315,758</td>
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<td>2,139,986</td>
<td>2,175,834</td>
<td>2,212,758</td>
<td>2,250,789</td>
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<table>
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<th>FY22 Actuals</th>
<th>FY23 Actuals - Est.</th>
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</thead>
<tbody>
<tr>
<td>1,900,677</td>
<td>2,053,527</td>
<td>2,360,095</td>
<td>2,430,898</td>
<td>2,503,825</td>
<td>2,578,940</td>
<td>2,656,308</td>
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</table>
### Historical Stormwater Debt Service Coverage

<table>
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<tr>
<th>FISCAL YEAR</th>
<th>GROSS REVENUE</th>
<th>LESS: OPERATING EXPENSES *</th>
<th>NET AVAILABLE REVENUE</th>
<th>DEBT SERVICE</th>
<th>COVERAGE</th>
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<tbody>
<tr>
<td>2013</td>
<td>$2,673,393</td>
<td>$1,059,148</td>
<td>$1,614,245</td>
<td>$800,000</td>
<td>1.02</td>
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<tr>
<td>2014</td>
<td>2,885,937</td>
<td>1,054,349</td>
<td>1,831,588</td>
<td>820,000</td>
<td>1.15</td>
</tr>
<tr>
<td>2015</td>
<td>3,163,498</td>
<td>1,299,053</td>
<td>1,864,445</td>
<td>935,000</td>
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<td>2016</td>
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<td>1,478,160</td>
<td>2,286,830</td>
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<td>1.29</td>
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<tr>
<td>2017</td>
<td>4,937,409</td>
<td>1,590,650</td>
<td>3,346,759</td>
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<td>3,197,603</td>
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<tr>
<td>2019</td>
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<td>3,820,397</td>
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<td>1.00</td>
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<tr>
<td>2021</td>
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<td>3,475,761</td>
<td>2,114,491</td>
<td>0.95</td>
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<tr>
<td>2022</td>
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<td>4,857,217</td>
<td>3,535,822</td>
<td>2,320,000</td>
<td>0.87</td>
</tr>
</tbody>
</table>

*Excludes depreciation*
Stormwater Key Takeaways

• Current revenues are not sufficient to meet all Capital Improvement Plan and maintenance activities
• Working towards building a reserve of 90 days
  – Rate increase of 1.5% needed in FY 2026 and FY 2027
• Explore other revenue sources for needed infrastructure
• Need to determine whether General Fund will continue to support CIP Stormwater projects
Resource Recovery

Established to account for activities related to the City’s integrated solid waste disposal system.

Primary Revenue Source:
– Rates charged to customers for solid waste services

Supports:
– Residential trash, recycling, and green waste pickup
– Multifamily recycling
– Recycling and brush drop off
– Downtown trash collection
– Household Hazardous Waste
– Reuse Warehouse
– Brush drop-off & mulch pick-up
Resource Recovery - Considerations

• Assumptions:
  – Revenues increase 3% year over year
  – Annual Salary increases 3% year over year
  – Expenditures increase by 3% year over year
Resource Recovery

<table>
<thead>
<tr>
<th></th>
<th>FY22 Actuals</th>
<th>FY23 Actuals - Est.</th>
<th>FY24 Adopted</th>
<th>FY25 Forecast</th>
<th>FY26 Forecast</th>
<th>FY27 Forecast</th>
<th>FY28 Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Operating Revenue</strong></td>
<td>1,983,212</td>
<td>2,445,896</td>
<td>2,271,918</td>
<td>2,271,918</td>
<td>2,271,168</td>
<td>2,269,646</td>
<td>2,267,327</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>6,146,310</td>
<td>7,119,818</td>
<td>7,243,073</td>
<td>7,459,615</td>
<td>7,682,654</td>
<td>7,912,383</td>
<td>8,149,005</td>
</tr>
<tr>
<td><strong>Ending Unreserved Fund Balance</strong></td>
<td>2,441,872</td>
<td>2,559,113</td>
<td>2,271,918</td>
<td>2,271,168</td>
<td>2,269,646</td>
<td>2,267,327</td>
<td>2,264,190</td>
</tr>
</tbody>
</table>
Resource Recovery Key Takeaways

- Relocation of operations and building a new facility
Airport

Established to account for the revenues and expenses of the San Marcos Regional Airport.

Primary Revenue Source:
- Commercial and agricultural leases
- Hangar rentals
- Fuel flowage fees

Supports:
- Operations at the San Marcos Regional Airport
Airport Considerations

• Assumptions:
  – Revenues increase 2% year over year
  – Expenditures increase by 3% year over year

• Expenses are outpacing revenues and causing a continuous decline in fund balance
Airport – Key Takeaways

- Strong demand for airport access, facilities, and services continue
- Based aircraft increased 21% from 225 to 272 within the last two years
- Airport currently has over 200 names on our waitlist for aircraft hangars
- 2023 aircraft take offs and landings totaled 93,537, averaging 256 per day
• Realistic airport development efforts continue with Master Plan update for project and specific needs assessment for FAA Certification approval

• Capital Improvement Plan is aligned with anticipated airfield projects to accommodate larger aircraft
Capital Improvement Program Overview
City Council Visioning

Capital Improvements Program Overview

Shaun Condor, PE
Director of Engineering and CIP

January 25-26, 2024
Agenda

1. Strategic Plan
2. CIP Overview
3. FY 2024 Recap
4. Process Improvement
5. Funding CIP Projects
6. Significant Projects
7. Considerations
Strategic Plan – As It Relates To the CIP

• QUALITY OF LIFE & SENSE OF PLACE
  – Ensure master plans align with the current Comprehensive Plan.
  – Provide opportunities for public engagement to receive feedback from the residents for CIP projects.
  – Ensure CIP projects in the Downtown Area are scoped to promote Downtown Vitality.
  – Look for opportunities to include Art in CIP projects.

• ECONOMIC VITALITY
  – Ensure master plans align with the current Comprehensive Plan to promote responsible growth

• PUBLIC SAFETY, CORE SERVICES & FISCAL EXCELLENCE
  – Ensure debt models are coordinated with the CIP and consider the impacts of the CIP to the Budget.
  – Pursue grant funding opportunities on CIP projects.
  – Develop and implement the CIP to maintain infrastructure needs

• MOBILITY & CONNECTIVITY
  – Maintain and coordinate the transportation master plan to ensure multimodal transportation with CIP projects.
  – Coordinate with CAMPO to ensure specific San Marcos projects are identified in the Safe Streets for All program.

• ENVIRONMENTAL PROTECTION
  – Incorporate green stormwater and water/energy conservation infrastructure on CIP projects.
  – Incorporate and anticipate future needs of the City into CIP Projects to mitigate future risks and create resilient infrastructure.
Capital Improvements Program

- Multi-year financial planning tool used to identify and plan for major capital projects
- Address growth, transportation, public safety, and utility infrastructure issues in conjunction with goals and priorities as determined by City Council.
- The adoption of the CIP and its 1st year of funding coincides with the adoption of the budget and uses a ten-year projection
  - Before requesting funding, all projects in year 1 are evaluated for:
    - Project Readiness
    - Staff Work Load
    - City Ability to Fund The Project
  - In FY25, “Ability to Fund” takes over the driver seat on a project moving forward
FY 2024 Visioning Recap

• CIP Funding Challenges
  – Utility Debt Models: Our debt does not drop off until 2028/2029
  – Construction Cost: Dramatic increase since COVID; nearly 50% increase
  – Scope Creep: Project scopes are becoming more complex and larger

• CIP Goals
  – Present a realistic and feasible CIP
  – Change Messaging to Public: Timing based off funding
  – Aggressively Pursue Grant/Alternate Funding for Projects
  – Plan For Future Bond Election
FY 2024 Budget Recap

• Stormwater Fund
  – Funded by General Fund for FY 2023, 2024 and 2025
  – Rate Increase
    • FY2024 = 0% for FY 2024 (due to General Fund Support)
    • FY2025 = 0% (anticipated)

• Water/Wastewater/Electric Fund
  – $17M in debt added in FY 2024 for ARWA
  – Rate Increase
    • FY2024 = 5% for FY 2024 for all three (Electric: 5% Base = 1.9% Effective)
    • FY2025 = ± 5% (anticipated) for all three
    • Pulled from reserves & fund balance to keep rate increase at 5% in FY 2024.

• General Fund
  – Bond Election required to support future CIP
  – Debt rate for FY2024 ~ Stayed at 15.83₵ out of 60.30₵ (26% of total tax rate)

• Other Assumptions
  – Growth/Inflation/Operation Cost Increase = 2%-5%
Process Improvement

- Multi-Year Process
- Will Not Be Perfect

Actual Route
Adjustments & Fine Tune
Along The way

Fastest Route
Not Feasible
Does Not Account For
Adjustments Along The way

Make Changes → Listen → Evaluate → Adjust
Present a CIP that is feasible and realistic when looking past year 1.

- Clearly identify funding associated with Bond Election candidates
- Implement a web-based CIP for easier identification of projects
- Continue to update and evaluate Project Rankings
- Move reoccurring cost into department budgets, where it belongs
- Continue to pursue grant funding
- Increase our focus on using Master Plans to justify project need
- Work on debt strategy that helps guide CIP capacity
- Continue to delay projects that are Bond Election candidates

<table>
<thead>
<tr>
<th>Year #</th>
<th>FY 2025</th>
<th>FY 2026</th>
<th>FY 2027</th>
<th>FY 2028</th>
<th>FY 2029</th>
<th>FY 2030</th>
<th>FY 2031</th>
<th>FY 2032</th>
<th>FY 2033</th>
<th>FY 2034</th>
<th>TBD</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
<td>8</td>
<td>9</td>
<td>10</td>
<td>Bond</td>
<td></td>
</tr>
</tbody>
</table>
Process Improvement

- Bond Election Funding Clearly Identified
- Reserving capacity for future years as Master Plans get updated
  - +$60M in FY 2025
  - +$42M in FY 2026 and beyond
Process Improvement

- Interactive Map of 10Year CIP for additional Transparency
  - City Of San Marcos Webpage > Departments > Engineering > 10 Year Capital Improvements Program

Downtown Alley Reconstruction

- Reconstruct the alley between MLK and Guadalupe from Haltom to Hiltom, approx. 950 LF. Kissing Alley from Hiltom to Haltom and Jackie Alley from Guadalupe to US 290 will occur in 2023 and 2024. Pavers will be used and overhead electric and telecomm will be converted to underground along Kissing Alley, Jackie Alley and along Haltom St between Guadalupe and MLK. In addition,afety improvements will be made to intersections at MLK, Highway 183, and the Drainage Improvements (CIP) project will be designed and constructed as part of Downtown Alley Reconstruction. Possible TVS funding may include green infrastructure. Electric will need a pole transformer (acquisition needed) in Kissing Alley.

Department Responsible for Project: Engineering/CIP

Strategy's Indicators: Downtown Infrastructure, Stormwater

Estimated Project Cost: $1,590,000

Previously Approved Funding:
- General Fund: $50,000
- General R Fund: $105,000
- Water Funds: $150,000
- Stormwater Funds: $414,000
- Electric Funds: $80,000
- Total Funds: $1,350,000

2020
- General Fund: $150,000
- General R Fund: $105,000
- Water Funds: $300,000
- Stormwater Funds: $400,000
- Electric Funds: $3,300,000
- Total Funds: $8,500,000
Process Improvement

• Project Rankings
  – Clarify if a project is a “want vs need”
  – Move low ranking projects to a “wait list”
• Reorganized Operating VS Debt
  – Put funding where it belongs
  – Will be apparent with FY2024 Debt Sale
• Grant Funding – FY 2023
  – Awarded: $ 1.8M with 13 grants
  – Applications are limited by required match
Process Improvement

- Master Plans
  - Comp Plan *(2024 Update Anticipated)*
  - Transportation Master Plan *(Start update 2025)*
  - Stormwater Master Plan *(Start update 2024)*
  - Water Master Plan *(2022 Updated)*
  - Wastewater Master Plan *(2024 Update Anticipated)*
  - Airport Master Plan *(2024 Update Anticipated)*
  - Electrical Master Plan *(2022 Updated)*
  - Parks Master Plan *(Start update 2024)*
  - Facilities Master Plan *(2019)*
  - Fire Master Plan *(2022 Updated)*
Process Improvement

• Master Plans
  – **Document**: Existing system, capacity, sources of water, treatment, assessments, problem areas, undersized systems
  – **Operations & Maintenance**: Directs areas of focus for maintenance
  – **Planning**: Tool to support future growth, provide regional solutions
  – **CIP**: Prioritized list of projects addressing gaps, deficiencies, and critical routes. Providing estimated costs
  – **Water & Wastewater**: Supports Impact Fees Assessments
  – **Electric, Storm & Transportation**: Accommodate required improvements through their development when the impacts reach a certain level

“Squeaky wheel gets the grease”

“Full System Check Up”
• Present a CIP that is feasible and realistic

We Can Fund

Use lots of funding
OR consider
breaking into
smaller projects

Requires Grant
Funding or Bond
Election

Confidence Increase As Move Down
• Scope
• Funding Needs
• Readiness
• Community Need
• Community Benefit
Process Improvement

- Either use all capacity each year or reserve for future years

**Fund Max Capacity Each Year**

**Reserve Capacity For Future Year**

**Allows For Bigger Projects To Be Funded**
Funding CIP Projects

• How do we fund CIP Projects?
  – Debt Issuance (Majority)
  – Cash
  – Impact Fees
  – Grant Funding
  – Sale of city assets (not typical)

• How do we gain debt capacity?
  – Debt Falls Off
  – Growth (Add New Account or Tax Base)
  – Rate Increase (Utility Rates or Tax Increase)
Funding CIP Projects

Money In

Money Out

Previous FY Fund Balance

Increase In Proposed FY

New Accounts 3%-6%

Rate Increase 3%-6%

New Fund Balance 1%-2%

New Debt 3%-6%

New Operating Expenses 3%-6%

Inflation 3%-6%
Funding CIP Projects

Money In

Rate Increase 5%
New Accounts 6%

11%

Money Out

Debt Falling Off
New Debt 3%
New Fund Balance 1%
New Operating Expenses 4%
Inflation 3%

11%
Funding CIP Projects – Impact Fee

- Water/Wastewater Impact Fee To Support Future Growth
  - All existing funds have been expended in FY 2024
  - Collection rate is back down to $4.5M - $5M range
  - Impact Fee Study is in motion for both W/WW
  - Some projects that are impact fee eligible are being delayed; such has HWY 80 Utilities

---

**W/WW Impact Fees Collected**

<table>
<thead>
<tr>
<th>Year</th>
<th>Impact Fees Collected</th>
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</thead>
<tbody>
<tr>
<td>2016</td>
<td>$1,000,000.00</td>
</tr>
<tr>
<td>2017</td>
<td>$2,000,000.00</td>
</tr>
<tr>
<td>2018</td>
<td>$3,000,000.00</td>
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<tr>
<td>2019</td>
<td>$4,000,000.00</td>
</tr>
<tr>
<td>2020</td>
<td>$5,000,000.00</td>
</tr>
<tr>
<td>2021</td>
<td>$7,000,000.00</td>
</tr>
<tr>
<td>2022</td>
<td>$9,000,000.00</td>
</tr>
<tr>
<td>2023</td>
<td>$6,000,000.00</td>
</tr>
</tbody>
</table>
Funding CIP Projects – Impact Fee

• HWY 80 Utilities
  – Not being driven by AXIS/Smart Terminal Project
  – Identified in the 2015 Wastewater Master Plan to address capacity issues anticipated in the near future due to the growth north and east of the Blanco River.
  – 1 of 3 projects required
    • New Lift Station and Force Main
    • 27-inch Wastewater Main
    • 24-inch Wastewater Main
    • Stop Gap Measure: Davis Lane LS will go into construction in FY 2025
  – Funding (Just HWY 80 Utilities)
    • $25M Construction (impact fee eligible)
    • Applied for grant/0% loan through the Texas Water Development Board and just barely missed the cut off
Funding CIP Projects – Summary

- Ability to fund is dependent upon:
  - Cash
  - Impact Fees
  - Grant Funding
  - Sale of city assets (not typical)
  - Debt Falling Off
  - Growth
  - Rate Increase

- Increase the property tax split to 30%-35%

<table>
<thead>
<tr>
<th>Fund</th>
<th>FY 2025</th>
<th>FY 2026 +</th>
</tr>
</thead>
<tbody>
<tr>
<td>General/Storm</td>
<td>± $35M</td>
<td></td>
</tr>
<tr>
<td>General</td>
<td></td>
<td>± $20M</td>
</tr>
<tr>
<td>Storm</td>
<td></td>
<td>± $2M</td>
</tr>
<tr>
<td>Water/Wastewater</td>
<td>± $15M</td>
<td>± $10M</td>
</tr>
<tr>
<td>Electric</td>
<td>±$10M</td>
<td>±$10M</td>
</tr>
<tr>
<td>Total</td>
<td>±$60M</td>
<td>±$42M</td>
</tr>
</tbody>
</table>
Funding CIP Projects Summary

Tax Rate Split Trend

Reducing Tax Rate = Prevented Growth in CIP
Significant Projects

- Projects with a major impact to the General Fund
  - Assume the General Fund will support large stormwater projects
- Need Council to assist with priorities for projects when funding capacity is not available
- Project timing is dependent on many factors:
  - Debt Capacity
  - Bond Election
  - Grant Opportunities
  - Growth of the City
Significant Projects – Airport

• **Master Plan Update** (fully funded)

• **Airport - Runway 17-35 Extension**
  - $5M-$7M ~ Project Match Estimate (10% Match Listed)
  - Shown as CIP Funding

• **Airport - Various State/Federal Funded Projects**
  - $1.5M-$2M ~ Project Match Estimate (10% Match Listed)
  - Shown as CIP Funding

• **Projects to Accommodate Larger Aircraft**
  - $100M+ ~ Project Total Estimate After Master Plan Update
Significant Projects - Transportation

- **Outer Loop** *(Centerpoint Extension Through La Cima)*
  - $TBD
  - Not in CIP
- **Centerpoint Bridge over Railroad Tracks** *(Partner with County)*
  - $35M-$40M ~ Project Total Estimate
  - Not in CIP
- **Old Ranch Rd 12 Improvements – Craddock to Holland**
  - $8M-$10M ~ Construction Cost Estimate
  - Shown as Bond Election
- **Leah Drive** *(Partner with County)*
  - $2M-$3M ~ Project Total Estimate
  - Shown as CIP Funding
Significant Projects - Downtown

• **Downtown Reconstruction Ph 2**
  - $13M-$15M ~ Project Total Estimate
  - Shown CIP Funding

• **Hopkins Street Improvements Project from Moore to Guadalupe**
  - $11M-$13M ~ Project Cost Estimate
  - Shown as Bond Election & CIP Funding
Significant Projects – Flood Mitigation

- **Sunset Acres (Top Priority)**
  - $25M-$30M ~ Project Total Estimate Still To Be Funded
  - Shown In CIP

- **Wallace Addition (Top Priority)**
  - $22M-$25M ~ Project Total Estimate Still To Be Funded
  - Shown In CIP

- **Purgatory Creek Ph 1 & 2**
  - $55M-$60M ~ Project Total Estimate Still To Be Funded
  - Shown as Bond Election For Construction

- **By-Pass Creek**
  - $135M - $150M Project Estimate
  - Not In CIP
Significant Projects – Fire Stations

- **Fire Department New Station #7 - Yarrington and IH 35**
  - $12M - $15M ~ Project Total (Top Priority)

- **Fire Station 1**
  - $16M - $19M ~ Project Total

- **Fire Administration and Training Facility Phase 2**
  - $22M - $25 ~ Project Total

- **Fire Department New Station – Airport**
  - $17M - $20M ~ Project Total

- **Design Funding in CIP and Bond Election For Construction**
Significant Projects – Facility

- **City Hall**
  - $80M-$90M~ Project Total Estimate Still To Be Funded
  - Bond Election and/or Public-Private Partnership

- **Animal Shelter & HHW Facility (Previously HHW Facility)**
  - $11M-$13M ~ Project Total Estimate Still To Be Funded
  - Funding in CIP *(Will be partially funded by Resource Recovery Reserves)*

- **Quail Creek**
  - TBD After Master Plan~ Project Total Estimate Still To Be Funded
  - Not in CIP

- **Gary Softball Complex Renovations Phase 2**
  - $11M-$13M ~ Project Total Estimate Still To Be Funded
  - Design Funding in CIP and Bond Election For Construction
Significant Projects – Bond Election

• Bond Election Amounts Identified: + $200M
  – $170M-$175M~ General Fund
  – $25M-$30M~ Stormwater Fund

• Schedule (if direction is given to move forward)
  – 2026: Update Design & Costs
  – 2027: Bond Committee: Finalize Project List 1 Year Prior to Election
  – 2028: Bond Election in November
  – 2029: Start Construction
Considerations

• What are your priority projects within the next 3 years?
  – Sunset Acres
  – Wallace Addition
  – Others?

• Do you want to increase the property tax split to 30%-35%?

• When do you want to consider a Bond Election? Later than 2028?

• Do you want the General Fund to continue to support stormwater projects in FY 2026 and beyond?
Questions
Prioritization Exercise
Prioritizing Budget Topics
Topics to Prioritize

• Single Use Container Ban
• Multi-Year Public Safety Staffing Plan
• Municipal Court Relocation
• Employee Benefits/Merit/Compensation
• Downtown Staffing
• Mental Health Diversion
• Expand Eviction Prevention Services with Texas RioGrande Legal Aid
Topics to Prioritize

• Animal Shelter/Partnership with PALS
• Diversity, Equity, and Inclusion
• Cybersecurity
• Parks Maintenance
• Economic Development
• Water Supply and Growth
• IH-35 Beautification
• Airport Funding
• Stormwater Fee
Topics to Prioritize

• Facilities Maintenance
• Mitchell Center
• Property Tax Relief
• Property Tax Allocation to fund Debt/Operations
• Utility Rate Increases
• Community Enhancement Fee
• Future Bond Election

• Anything missing from this list?
Review Strategic Plan
Wrap Up and Next Steps
Wrap Up

• Parking Lot Issues
• Debrief of Session
• Requested information for Budget Policy preparation
Next Steps

- Budget Policy Workshop – February 22 at 5:00 PM
- Staff will develop strategies to identified goals/outcomes
- Plan will be brought back for approval
Question and Answer Session with Press and Public

TIME IS UP

3:00  2:40  2:00  1:40  1:20  1:00  0:40  0:20
Additional Slides
Visioning 2024 Considerations:

- Honor past initiatives and prior Council direction
- Capital Improvement Program
- Comprehensive Plan/Master Plans/Needs Assessments
- Tax rate
- Homestead Exemptions
- Utility Rates
Roles and Responsibilities

Council (Policy)

- Vision Statement

- 4 – 5 Goals

- Objectives → Desired Outcomes

Staff (Operations)

- Strategies – Staff’s plan to achieve the outcomes

Reported through:
- Quarterly reports
- Progress on website
- Agenda Request Forms
<table>
<thead>
<tr>
<th>Item</th>
<th>Department</th>
<th>Description</th>
<th>Funding Source</th>
<th>Anticipated Cost</th>
<th>Implementation Year (2025, 2026 or 2027)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Tax Relief</td>
<td>Finance</td>
<td>Options will be discussed in Finance presentation</td>
<td>General Fund</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property Tax Allocation to Fund Debt versus Operations</td>
<td>Finance/CIP</td>
<td>Options will be discussed in CIP presentation</td>
<td>General Fund</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Utility Rate Increases</td>
<td>Utilities</td>
<td>Options will be discussed in Finance presentation</td>
<td>Water/Wastewater and Electric</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community Enhancement Fee</td>
<td>Neighborhood Enhancement</td>
<td>Options will be discussed in Finance presentation: 1. Keep as is; 2. Remove fee and increase tax rate; or 3. Keep as is and transfer funding for 2 code compliance officers into the General Fund over time</td>
<td>Community Enhancement, General Fund</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bond Election</td>
<td>CMO</td>
<td>Fund CMO 2025/2026 projects including Fire Stations, Park improvements, transportation (road/RR overpass) and flood protection. Targeting a 2019 bond election. $17-20M for planning in FY 2025-2026.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee Benefits/Merit/ Compensation Program</td>
<td>ALL</td>
<td>Implement employee benefits, compensation and merit program as reflected in the Employee Compensation Philosophy approved by Council</td>
<td>ALL Funds</td>
<td>5% of personnel costs</td>
<td>2025, 2026, 2027, ongoing</td>
</tr>
<tr>
<td>Single Use Container Ban</td>
<td>Parks/Marshals</td>
<td>Enforcement, litter reduction, and education measures to improve safety, health, and welfare.</td>
<td>General Fund</td>
<td>$255,000</td>
<td>2024</td>
</tr>
<tr>
<td>Multi-Year Public Safety Staffing Plan</td>
<td>Police/Finance</td>
<td>FY24 Mid-Year: Add 4 Firefighters ($320,000) + 2 Police Officers ($232,000). FY25 Anticipated: Request additional Police Officer ($116,000) + SAFER Grant for Fire Protection.</td>
<td>General Fund, SAFER Grant</td>
<td>$668,000</td>
<td>2024</td>
</tr>
<tr>
<td>Municipal Court Relocation</td>
<td>CIP/Engineering, Municipal Court</td>
<td>$292,000 has been budgeted - $92,000 of which is the final year of our lease with Hays County. Lease with Hays County ends in Sept. 2025.</td>
<td>General Fund</td>
<td>N/A</td>
<td>2024</td>
</tr>
<tr>
<td>Downtown Staffing</td>
<td>Downtown Destination Services</td>
<td>Move funding for temporary maintenance staff from Downtown TIRZ funding and transition to full-time employees in the General Fund. Amount covers two employees, uniforms, and mobile phones.</td>
<td>General Fund</td>
<td>$133,600</td>
<td>2025</td>
</tr>
<tr>
<td>Mental Health Diversion</td>
<td>Police</td>
<td>Operationalize the newly created Hays County Behavioral Threat Assessment Group (BTAG). Improve forensic service coordination and prevent and reduce justice involvement for people with mental illness (MI) and substance use disorders (SUD) by creating a diversion center. $82,460 was allocated toward this from ARP in Dec. 2023. General Fund, ARP</td>
<td></td>
<td>additional $347,000 for 3 years</td>
<td>2025</td>
</tr>
<tr>
<td>Category</td>
<td>Department/Office</td>
<td>Description</td>
<td>Fund Source</td>
<td>Amount ($)</td>
<td>Fiscal Year</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>---------------------------</td>
<td>-----------------------------------------------------------------------------</td>
<td>-------------</td>
<td>------------</td>
<td>-------------</td>
</tr>
<tr>
<td>Homelessness</td>
<td>Neighborhood Enhancement</td>
<td>Expand contract with Austin Tenants Council, add Eviction</td>
<td>General Fund</td>
<td>80,000</td>
<td>2025</td>
</tr>
<tr>
<td>Animal Shelter</td>
<td>Animal Services</td>
<td>Spay/neuter program in partnership with PALS</td>
<td>General Fund</td>
<td>45,000</td>
<td>2025</td>
</tr>
<tr>
<td>City Efforts</td>
<td>City Manager’s Office</td>
<td>Continue funding salary of CRI Coordinator past the two years</td>
<td>General Fund</td>
<td>125,000</td>
<td>2025</td>
</tr>
<tr>
<td></td>
<td></td>
<td>allocated from ARP funding.</td>
<td>ARP</td>
<td></td>
<td></td>
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<tr>
<td>Cybersecurity</td>
<td>IT</td>
<td>Personnel and technology to protect the city from cyberattacks and meet</td>
<td>General Fund</td>
<td>100,000</td>
<td>2025</td>
</tr>
<tr>
<td></td>
<td></td>
<td>federal requirements; $100,000 to fund additional Security Analyst in FY25;</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>will have to cover ARP Funded Security Analyst in FY27 (funding goes through Dec. 31, 2026)</td>
<td>Water/WW, Electric</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Parks Maintenance</td>
<td>Parks</td>
<td>Adequately fund annual maintenance of parkland and City owned facilities</td>
<td>General Fund</td>
<td>150,000</td>
<td>2025</td>
</tr>
<tr>
<td>Economic Development</td>
<td>City Manager’s Office</td>
<td>Develop budget for more formalized economic development efforts.</td>
<td>General Fund</td>
<td>TBD</td>
<td>2025</td>
</tr>
<tr>
<td>Water Supply/Growth</td>
<td>Utilities</td>
<td>Hone in on future implementation practices to secure water supply and</td>
<td>General Fund</td>
<td>TBD</td>
<td>2026</td>
</tr>
<tr>
<td></td>
<td></td>
<td>process water through our system. Include immediate next steps City would</td>
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<td></td>
<td></td>
<td>take if Council chooses to prioritize this item during our Visioning</td>
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<td></td>
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<td>session.</td>
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<tr>
<td>HH-35 Beautification</td>
<td>Neighborhood Enhancement</td>
<td>Continue funding Stormwater CIP out of the General Fund allowing us to not</td>
<td>Stormwater,</td>
<td>365,000</td>
<td>2026</td>
</tr>
<tr>
<td></td>
<td></td>
<td>increase the Stormwater rate but reducing the capacity of General Fund CIP.</td>
<td>General Fund</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outdoor Advertising</td>
<td>Public Works</td>
<td>Anticipate lack of internal maintenance of City owned facilities leased to</td>
<td>Stormwater,</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>nonprofits to maintain safety, reduce deterioration, and increase life.</td>
<td>General Fund</td>
<td>N/A</td>
<td>2027</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$100,000 was budgeted for this expense in the FY2024 Budget. Staff proposes</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>seeing how new lease agreements work over the next 2-3 years and reduces</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>the budgeted amount.</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Mitchell Center</td>
<td>Public Works</td>
<td>Release land that the Mitchell Center currently sits on to the Boys and</td>
<td>Stormwater,</td>
<td>80,000</td>
<td>2027</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Girls Club; releasing land reduces some flexibility for the city in regards</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>to the Purgatory Creek project; cost to purchase land</td>
<td></td>
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</tbody>
</table>

CIP Projects
<table>
<thead>
<tr>
<th>Bond Election</th>
<th>DNO</th>
<th>Fund CIP identified bond projects including: Fire Stations, Park improvements, transportation (road/RR overpass) and flood protection. Targeting a 2028 bond election: $17-20M for planning in FY 2025-2028.</th>
<th>General</th>
<th>$20,000,000 for planning; $200,000 bond election 2025-2028</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improvement Projects</td>
<td>Eng/Airport</td>
<td>Various improvements required to accommodate larger aircraft</td>
<td>General</td>
<td>$110,000,000 2025</td>
</tr>
<tr>
<td>RR Overpass</td>
<td>Eng</td>
<td>Install a bridge over the railroad crossing on Center Point Road between Hunter Road and IH 35</td>
<td>General</td>
<td>$3,100,000 TBD</td>
</tr>
<tr>
<td>Western Loop</td>
<td>Eng</td>
<td>Connect Center Point Road to Kissing Tree to Kearnanpoint Road from La Casa</td>
<td>General</td>
<td>$40,000,000 TBD</td>
</tr>
<tr>
<td>Sunset Acres</td>
<td>Eng</td>
<td>Install stormwater improvements in the Sunset Acres neighborhood. Will reconstruct the streets as required and install utilities to address conflicts.</td>
<td>General</td>
<td>$30,000,000 2018-2030</td>
</tr>
<tr>
<td>Wallace Addition</td>
<td>Eng</td>
<td>Install stormwater improvements in the Wallace Addition neighborhood, including re-route flows around the neighbor. Will reconstruct the streets as required and install utilities to address conflicts.</td>
<td>General</td>
<td>$44,000,000 2018-2028</td>
</tr>
<tr>
<td>Purgatory Creek</td>
<td>Eng</td>
<td>The project mitigates flood risk through channel modifications, ROW acquisition, and bridge modifications. The project also includes trails and pedestrian lighting, activating green space that was previously inaccessible to the public.</td>
<td>General, Water, Wastewater, Stormwater, Electric</td>
<td>$60,000,000 2018-TBD</td>
</tr>
<tr>
<td>By-Pass Creek</td>
<td>Eng</td>
<td>Widen Bypass Creek (near Gary Job Corp) from IH 35 to SH 30. The Blanco Riverine improvements are considered a short term option, but only mitigates up to a 50-year event. This is a long term solution mitigates up to a 100 year event.</td>
<td>Stormwater</td>
<td>$88,000,000 TBD</td>
</tr>
<tr>
<td>Fire Admin &amp; Training Facility</td>
<td>Fire</td>
<td>Complete design and construct a new Fire Administration ($10.2M), Logistics and Support Services ($2.2M), Driving Track ($1.75M), Technical Rescue Training Facility ($2M), and 3-Story Apartment/Hotel/Motel burn building ($2.8M), in accordance with the Training Facility Master Plan that was completed by Abercrombie Planning and Design in October 2019.</td>
<td>General</td>
<td>$23,000,000 TBD</td>
</tr>
<tr>
<td>Quad Creek Park Imp.</td>
<td>Parks</td>
<td>TBD</td>
<td>TBD</td>
<td></td>
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</tbody>
</table>
Renovation and expansion of the animal shelter due to the 90% live outcome resolution initiative. Relocation of the HHW Facility to 750 River Rd. This construction will also include office space for Resource Recovery, Parks & Recreation and meeting space. Resource Recovery and General funding will be used. We will need fiber for future staffing. Must be completed before City Hall Demo.

<table>
<thead>
<tr>
<th>Animal Shelter &amp; HHW Facility</th>
<th>Resource Recovery Reserves</th>
<th>$12,000,000</th>
<th>2021-2028</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gary Softball Imp 2</td>
<td>Parks</td>
<td>General</td>
<td>$2,500,000</td>
</tr>
<tr>
<td>Renovate concession building, restrooms, fencing, bleachers, and sidewalks.</td>
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</table>
COMPREHENSIVE PLAN VISION STATEMENT
“San Marcos is a community of diverse and inclusive neighborhoods that protects and celebrates the river and other rich natural, historical and cultural assets; embraces its small-town feel, charm and quality of life; and leverages strategic development to continue building a sustainable community with enhanced access and opportunities for people and businesses.”

STRATEGIC GOALS

QUALITY OF LIFE & SENSE OF PLACE
Cultivate a community that promotes inclusivity, equity, and belonging; has a unique sense of place due to our distinct natural, historical, and cultural assets; and commits to a healthy quality of life for families of all types.

ECONOMIC VITALITY
Foster a vibrant economic climate for our community through new commercial and residential uses, education, workforce development, and support of new and existing businesses of all sizes.

PUBLIC SAFETY, CORE SERVICES & FISCAL EXCELLENCE
Deliver quality government services and improve community safety in a fiscally responsible manner with a professional workforce.

MOBILITY & CONNECTIVITY
Improve neighborhood and regional connectivity to provide a safe, convenient, and efficient multimodal system for goods, services, and people of all income levels and abilities to move throughout the City.

ENVIRONMENTAL PROTECTION
Advance responsible stewardship of the community’s natural, cultural, and historical resources through varied environmentally friendly policies and practices.

1. QUALITY OF LIFE & SENSE OF PLACE
Cultivate a community that promotes inclusivity, equity, and belonging; has a unique sense of place due to our distinct natural, historical, and
cultural assets; and commits to a healthy quality of life for families of all types.

A. COMPREHENSIVE PLANNING - Complete and utilize the City’s Comprehensive Plan and other master plans as our guiding principles for decision-making.

i. Adopt and implement the Comprehensive Plan.

ii. Ensure master plans align with the current Comprehensive Plan.

B. STRONG COMMUNITY ENGAGEMENT - Engage residents and community partners to promote a sense of belonging.

i. Cultivate relationships with community partners and neighborhood leaders to engage diverse populations.

ii. Identify and nurture community champions to advocate for local initiatives.

iii. Enhance presence in the community through new community engagement initiatives and leveraging the channels which can best reach the targeted audiences.

C. DOWNTOWN VITALITY - Continue investment in the Downtown area to preserve its unique and historical character, capitalize on opportunities for redevelopment, and make it a safe and inviting destination for people of all ages and backgrounds.

i. Adopt and utilize the Downtown Area Plan.

ii. Create, adopt, and implement the Historic Preservation Plan.

iii. Develop methods and programs to address vacant and neglected buildings.

D. ARTS, CULTURE, AND SPECIAL EVENTS - Promote arts, culture, and special events as a driver to improve quality of life, increase tourism, and support local economic development.

i. Improve aesthetics and public art within public spaces, corridors, and gateways to create a positive visual experience, instilling pride and creating a unique identity.

ii. Develop and promote programs and activities to increase resident engagement and bring in outside visitors.
iii. Support arts and culture projects and events to encourage new initiatives and take current ones to the next level.

E. PARKS, OPEN SPACE, AND RECREATION - Provide an accessible, diverse, connected network of parks, open spaces, and recreation facilities to serve all ages, backgrounds, and abilities.

i. Implement the recommendations included in the Parks and Open Space master plans.

ii. Provide outdoor gathering places and parks for active and passive places for family activities.

F. NEIGHBORHOOD PRESERVATION AND ENHANCEMENT - Protect and enhance the natural, cultural, and historic resources of all neighborhoods through programs, improvements, stabilization, intentional growth, and compatible development.

i. Create, adopt, and implement the Historic Preservation Plan and Neighborhood Area Plans.

ii. Develop and promote ways to engage neighborhoods to increase community identity and pride in their neighborhood.

iii. Work with residents for neighborhood revitalization and safety.

G. HOUSING AFFORDABILITY - Facilitate safe and affordable housing for all, including those experiencing or who are at risk of homelessness or displacement.

i. Update Housing Data and Adopt Strategic Housing Action Plan.

ii. Complete and implement the recommendations from the Homeless Needs Assessment.

iii. Identify and implement methods to provide affordable housing.

2. ECONOMIC VITALITY
Foster a vibrant economic climate for our community through new commercial and residential uses, education, workforce development, and support of new and existing businesses of all sizes.
A. ECONOMIC DEVELOPMENT POLICY - Encourage the development of a diverse economy through technical and financial assistance to businesses that invest in the community to enhance the lives of our residents.

   i. Implement Legacy Business Program, and other incentives adopted in the Economic Development Policy.

   ii. Explore menu of economic development options.

B. BUSINESS COMMUNITY - Actively support and attract diversified business activity, including local and emerging small businesses, to thrive and expand in our community.

   i. Increase exposure of local businesses.

   ii. Assist emerging and existing small businesses, including non-traditional, through grant assistance and technical support.

C. SAN MARCOS AS A DESTINATION - Expand and support responsible tourism programs to promote local commerce.

   i. Identify promotional opportunities with area stakeholders to highlight City attractions.

   ii. Identify areas needing enhancement for a cohesive visual look for the City, including within corridors and gateways.

   iii. Use consistent messaging to promote unique and vibrant experiences to enhance economic impact.

D. EDUCATION AND WORKFORCE DEVELOPMENT - Facilitate opportunities for job training and educational programming through partnerships.

   i. Work with community partners on outreach for job fairs and other employment opportunities.

   ii. Identify challenges and unmet needs in the business community that are impacted by workforce development.

   iii. Determine where to invest City funding to mitigate gaps and barriers that have been identified including a possible training location and regular access to workforce development resources on the east side.
E. RESPONSIBLE GROWTH - Diversify and deliberately expand for a prosperous economy.

i. Actively participate in the recruitment and retention of businesses in San Marcos utilizing the Economic Development San Marcos (EDSM) board and City Council to vet potential incentives.

3. PUBLIC SAFETY, CORE SERVICES & FISCAL EXCELLENCE
Deliver quality government services and improve community safety in a fiscally responsible manner with a professional workforce.

A. COMMUNITY SAFETY - Collaborate to prioritize and enhance public safety services while building resiliency and trust within our community.

i. Adequately staff public safety departments to address community safety.

ii. Complete construction and open Fire Station 6 and Phase I of the Fire Training Facility.

iii. Optimize the use of technology to improve community safety.

iv. Expand programs and partnerships that engage the community and strengthen community trust, including employing strategies for reaching diverse populations.

v. Enhance emergency management by increasing all-hazards and disaster preparedness, response and recovery through coordination and local partnerships and intergovernmental cooperation.

B. CORE GOVERNMENT SERVICES - Ensure operations are funded for the delivery of high-quality customer experiences and community-focused programs and services.

i. Responsibly plan for and deploy resources and staff using best practices, needs assessments, and fiscal modeling.

ii. Identify and pursue process improvements and opportunities for increased efficiency, effectiveness, and cost savings.

iii. Develop a comprehensive community resource guide and assure its availability to citizens.
C. FINANCIAL MANAGEMENT - Use strategic financial decision making to meet our community’s existing and future needs.

i. Create a fiscal analysis tool based on the Comprehensive Plan to evaluate fiscal sustainability associated with growth.

ii. Continue debt management in a financially prudent and strategic manner and take advantage of market conditions when present.

iii. Pursue grant funding opportunities for applicable projects, including CIP.

D. WORKFORCE RECRUITMENT AND RETENTION - Invest in the recruitment and retention of an adequately staffed, skilled, and professional workforce.

i. Complete and begin to implement the compensation plan.

ii. Improve our competitiveness as an employer to attract, hire and retain a diverse and highly skilled workforce.

iii. Develop employees’ skills through education and training.

iv. Design strategies for succession planning at various levels of the organization to maintain direction and management.

E. SUPPORT SERVICES - Provide necessary resources to internal service departments to support reliable, consistent, and effective city operations.

i. Establish and employ streamlined policy and governance processes that align support services with customer expectations and mission requirements.

ii. Ensure efficient and effective performance of core business functions, enterprise services and data management.

F. INFRASTRUCTURE MANAGEMENT - Dedicate the financial and staffing resources necessary for capital improvement project planning, construction, operations, and maintenance.

i. Develop and implement the CIP.
ii. Invest necessary resources, including in the use of technology and equipment, to maintain and extend the life of the City’s infrastructure.

4. MOBILITY & CONNECTIVITY

Improve neighborhood and regional connectivity to provide a safe, convenient, and efficient multimodal system for goods, services, and people of all income levels and abilities to move throughout the City.

A. MULTIMODAL TRANSPORTATION SYSTEM - Develop a diverse transportation system to improve multimodal connectivity and capacity by implementing the Transportation Master Plan.

   i. Maintain and coordinate the thoroughfare plan within the transportation master plan with CIP projects.

   ii. Implement multimodal Transportation Master Plan recommendations.

   iii. Increase multimodal transportation options, participation, and use.

B. BICYCLE, SIDEWALK AND TRAIL SYSTEMS - Increase the accessibility and connectivity of bicycle, sidewalk, and trail systems between parks, river areas, downtown, schools, businesses, services, and residential neighborhoods.

   i. Maintain and coordinate the bike & greenways plan within the transportation master plan with CIP projects.

   ii. Integrate and connect all modes of multimodal travel.

   iii. Evaluate emerging transportation opportunities for last/first mile connectivity.

   iv. Invest in and maintain existing multimodal facilities.
C. TRANSPORTATION AND TRAFFIC OPERATIONS - Increase the safety, convenience, and reliability of the transportation system, including investment in technology and maintenance.

   i. Coordinate with Capital Area Metropolitan Planning Organization (CAMPO) to ensure specific San Marcos projects are identified in the Safe Streets for All program.

   ii. Invest in the use of technology and other innovative solutions to increase the safety and efficiency of the existing roadway system and capacity.

   iii. Invest in traffic equipment, operations, and maintenance.

D. PUBLIC TRANSIT - Prioritize the resources necessary to achieve a seamless, coordinated public transit system through partnerships and implementation of the Transit Master Plan.

   i. Continue partnership with the University for coordinated public transit system.

   ii. Leverage grant funds to replace aging transit fleet with safer, more efficient vehicles.

   iii. Identify and implement short-term Transit Master Plan recommendations.

5. ENVIRONMENTAL PROTECTION
Advance responsible stewardship of the community’s natural, cultural, and historical resources through varied environmentally friendly policies and practices.

A. ENVIRONMENTAL STEWARDSHIP - Set the standard by demonstrating responsible stewardship of the environment, including our rivers, aquifers, and other sensitive features.

   i. Incorporate green stormwater and water/energy conservation infrastructure on CIP projects.

   ii. Ensure that applicable City staff is equipped and trained to readily identify and respond to releases (i.e. sewer discharges, chemical spills, etc.) that may cause negative impacts to rivers and aquifers.

   iii. Incorporate environmental stewardship into new and existing City facilities and master plans.

   iv. Develop and promote programs that protect and promote environmental stewardship.
B. ENVIRONMENTALLY FRIENDLY GROWTH - Promote environmental protections and sustainable building practices through codes and processes.

i. Implement the Preferred Scenario Map.


iii. Update and amend water conservation and drought ordinance and plan.

C. RESILIENT INFRASTRUCTURE - Incorporate resiliency into existing and future City infrastructure planning, construction, operations, and maintenance.

i. Incorporate and anticipate future needs of the City into CIP Projects to mitigate future risks.


iii. Reinvest in City facilities to improve facility security and resiliency.

D. ENVIRONMENTAL PROGRAMS - Promote innovative programs and educate residents about environmental resiliency.

i. Continue participation and implementation of the Edwards Aquifer Habitat Conservation Plan.

ii. Seek out opportunities to secure grant funding and build partnerships to develop environmental education programs and implement environmental improvement projects.