



# City of San Marcos

630 East Hopkins  
San Marcos, TX 78666

## Budget Policy Workshop Agenda - Final City Council

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Thursday, February 27, 2020

4:30 PM

City Council Chambers

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### 630 E. Hopkins - Budget Policy Workshop

I. Call To Order

II. Roll Call

#### PRESENTATIONS

1. Receive a Staff presentation and hold discussion regarding the Fiscal Year 2020-2021 Budget Policy for the City of San Marcos, and provide direction to the City Manager.

III. Adjournment.

**POSTED ON MONDAY, FEBRUARY 24, 2020 @ 3:00PM**

**TAMMY K. COOK, INTERIM CITY CLERK**

Notice of Assistance at the Public Meetings

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Legislation Text

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**File #:** ID#19-985, **Version:** 1

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**AGENDA CAPTION:**

Receive a Staff presentation and hold discussion regarding the Fiscal Year 2020-2021 Budget Policy for the City of San Marcos, and provide direction to the City Manager.

**Meeting date:** February 27, 2020

**Department:** Finance

**Amount & Source of Funding**

**Funds Required:** Click or tap here to enter text.

**Account Number:** Click or tap here to enter text.

**Funds Available:** Click or tap here to enter text.

**Account Name:** Click or tap here to enter text.

**Fiscal Note:**

**Prior Council Action:** Held 1<sup>st</sup> Budget Policy Workshop for FY20-21 on Thursday, February 20, 2020.

**City Council Strategic Initiative:** [Please select from the dropdown menu below]

Choose an item.

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.
- Core Services
- Not Applicable

**Master Plan:** *[Please select the corresponding Master Plan from the dropdown menu below (if applicable)]*

Choose an item.

**Background Information:**

Per city charter budget policy workshop must be held before February 28<sup>th</sup> each year. The budget policy serves as the framework for developing the budget document for the next fiscal year. This is the first step in the process which culminates with the adoption of the budget in September.

**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.



# Budget Policy FY 2021

February 27, 2020 | City of San Marcos | Finance



# Agenda Day 2



**City Manager Introduction**



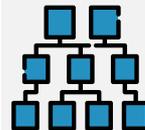
**Recap Day 1 Decisions**



**Discussion of Pending Items**



**Strategic Initiatives**



**Discussion**



**The End**

# Decision Recap Day 1



Tax rate not to exceed  
*voter-approval tax rate*



Fund Balance to remain at  
25% with the option to  
adjust if necessary later in  
the budget process  
(FY20 1% of Fund Balance = \$700K)



Non Civil Service merit & cost of  
living increase to be analyzed  
and determined later in the  
budget process



Social Services & Museums to  
remain at current funding  
levels



City hosted events to remain  
at current funding levels with  
the exception of Sight's n  
Sounds, this event will follow  
the guidelines in the City's  
events policy



Youth Services Coordinator at  
Community Action \$50K  
(50% full-time position)  
No grant funding in FY21  
(note: FY20 funds of \$56K  
remain on hold)

# Decision Recap Day 1 - continued



Potential revenue capacity generated from new fees to be evaluated and presented later in the budget process



Continue with implementation of cost recovery, Parks & Rec fees effective Sept 1, Development Services cost of service study FY20



Potential revenue from alternative funding sources and revision to economic development policy to be evaluated and proposed to Council



No additional funding provided for Sustainability or Historic Preservation at this time



EMS expansion of service not to exceed \$650K, revised forecast available in April



TIRZ #2 Blanco Visit will be refinanced. To be completed prior to calendar year-end

# Remaining Decisions Day 2



Municipal Judge increase  
from 30 to 40 hours per  
week. Impact ~ \$36K



Homebuyer Incentive  
Program Currently \$100K,  
proposed funding by Council  
\$70-75K

# 2020-21 Strategic Initiatives

## Multi Modal Transportation

- A. City reviews the benefits and challenges of creating an integrated, seamless transit partnership between the City and Texas State University.
- B. City continues other multi-modal initiatives.



## Downtown Vitality

- A. Support diversified business activity.
- B. Take measures to improve downtown quality of place.
- C. Accessibility to and within the downtown.



## Workforce Development

- A. Leverage and partner with the community.
- B. Facilitate opportunities for Training and Programming.



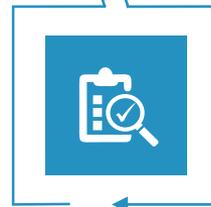
## Sustainability

- A. Develop a baseline of sustainability performance measures.
- B. Promote sustainability practices throughout the community.
- C. Determine strategies to incorporate sustainability into City construction and operations.
- D. Develop economic development and procurement policies to encourage sustainability for businesses that work with the City.



## Workforce Housing

- A. Update, consolidate, and communicate housing policies and action plans.
- B. Develop dedicated housing and revenue sources.
- C. Implement land use and zoning regulations that support diverse, mixed income communities in all areas of the City.



# Thank You



**Bert Lumbreras**

*City Manager*



**Stephanie Reyes**

*Assistant City Manager*



**Heather Hurlbert**

*Director of Finance/CFO*



**Melissa Neel**

*Assistant Director of Finance*

# **Day 1 Slides**

## **February 20, 2020**

# FY 2019 Year End Summary

## General Fund

|                               | Budget              | Actual              | Variance            | Notes  |
|-------------------------------|---------------------|---------------------|---------------------|--|
| <b>Beginning Fund Balance</b> |                     | <b>\$16,100,000</b> |                     |  |
| <b>Total Revenue</b>          | <b>\$80,873,000</b> | <b>\$80,765,000</b> | <b>\$-108,000</b>   |  |
| Taxes                         | 56,448,000          | 57,100,000          | 652,000             | Sales Taxes more than budgeted   |
| Utility Franchise Fees        | 10,000,000          | 9,200,000           | -800,000            | City Utility Franchise Fees less than budgeted   |
| License and Permits           | 2,900,000           | 3,400,000           | 500,000             |  |
| Fines and Penalties           | 1,400,000           | 1,200,000           | -200,000            |  |
| Recreational                  | 700,000             | 660,000             | -40,000             |  |
| Community Enhancement Fee     | 593,000             | 590,000             | -3,000              |  |
| Animal Shelter                | 570,000             | 495,000             | -75,000             |  |
| Other Revenue                 | 1,700,000           | 1,890,000           | 190,000             |  |
| Transfer from Other Funds     | 6,300,000           | 6,200,000           | -100,000            |  |
| <b>Total Expenses</b>         | <b>\$81,870,000</b> | <b>\$79,770,000</b> | <b>\$-2,100,000</b> |  |
| Personnel                     | 50,400,000          | 50,100,000          | -300,000            |  |
| Contracted Services           | 8,300,000           | 7,380,000           | -920,000            | Savings in Software License & Maint, Utilities and Contracted Svs offset by increased Facility Maintenance |
| Materials and Supplies        | 4,630,000           | 4,530,000           | -100,000            |  |
| Other Expenses                | 4,780,000           | 3,730,000           | -1,050,000          | CEF expenses less than budgeted  |
| Social Services               | 500,000             | 500,000             | 0                   |  |
| Economic Incentives/TIRZ      | 8,710,000           | 9,050,000           | 340,000             |  |
| Capital Expense               | 2,740,000           | 2,740,000           | 0                   |  |
| Operating Transfers           | 1,810,000           | 1,740,000           | -70,000             |  |
| <b>Ending Fund Balance</b>    |                     | <b>\$17,100,000</b> |                     |  |

# FY 2019 Year End Summary

## Electric Utility Fund

|                                   | Budget              | Actual              | Variance            | Notes  |
|-----------------------------------|---------------------|---------------------|---------------------|--|
| <b>Beginning Fund Balance</b>     |                     | <b>\$9,260,000</b>  |                     |  |
| <b>Total Revenue</b>              | <b>\$62,846,000</b> | <b>\$58,846,000</b> | <b>\$-4,000,000</b> |  |
| Current Services                  | 59,340,000          | 55,190,000          | -4,150,000          | Revenue down due to milder weather patterns  |
| Ferguson Revenue                  | 406,000             | 426,000             | 20,000              |  |
| Other Revenue                     | 850,000             | 770,000             | -80,000             |  |
| Transfers from Other Funds        | 2,000,000           | 2,060,000           | 60,000              |  |
| Interest                          | 250,000             | 400,000             | 150,000             |  |
| <b>Total Expenses</b>             | <b>\$64,540,000</b> | <b>\$59,610,000</b> | <b>\$-4,930,000</b> |  |
| Personnel                         | 6,300,000           | 5,620,000           | -680,000            |  |
| Cost of Power                     | 37,780,000          | 35,610,000          | -2,170,000          | Cost down due to reduced electric usage  |
| Contracted Services               | 4,020,000           | 2,380,000           | -1,640,000          | Savings in contracted and professional services and software license and maintenance |
| Materials and Supplies            | 1,680,000           | 630,000             | -1,050,000          | Savings in materials costs   |
| Other Expenses                    | 8,740,000           | 7,800,000           | -940,000            | Savings in franchise fee due to revenue variance                                     |
| Debt Service                      | 4,250,000           | 4,250,000           | 0                   |  |
| Capital Expense                   | 770,000             | 320,000             | -450,000            |  |
| Transfer to Capital Reserves      | 1,000,000           | 3,000,000           | 2,000,000           | Increased transfer to capital reserves due to operational savings                    |
| <b>Rate Stabilization Reserve</b> |                     | <b>\$760,000</b>    |                     |  |
| <b>Ending Fund Balance</b>        |                     | <b>\$8,496,000</b>  |                     |  |

# FY 2019 Year End Summary

## Water/Wastewater Utility Fund

|                                   | Budget              | Actual              | Variance            | Notes   |
|-----------------------------------|---------------------|---------------------|---------------------|---|
| <b>Beginning Fund Balance</b>     |                     | <b>\$9,260,000</b>  |                     |   |
| <b>Total Revenue</b>              | <b>\$42,530,000</b> | <b>\$40,220,000</b> | <b>-\$2,310,000</b> |   |
| Current Services                  | 41,430,000          | 39,050,000          | -2,380,000          | Wastewater revenue below budget due to modeling error in budget   |
| Other Revenue                     | 850,000             | 770,000             | -80,000             |   |
| Interest                          | 250,000             | 400,000             | 150,000             |   |
| <b>Total Expenses</b>             | <b>\$44,021,000</b> | <b>\$40,397,000</b> | <b>-\$3,624,000</b> |   |
| Personnel                         | 5,000,000           | 5,000,000           | 0                   |   |
| Contracted Services               | 11,500,000          | 9,700,000           | -1,800,000          | Savings in several expense lines including software license & maintenance, plant operations expenses, and professional services |
| Materials and Supplies            | 1,440,000           | 1,440,000           | 0                   |   |
| Other Expenses                    | 10,160,000          | 9,430,000           | -730,000            | Savings in franchise fee due to revenue variance  |
| Debt Service                      | 13,360,000          | 13,360,000          | 0                   |   |
| Capital Expense                   | 761,000             | 467,000             | -294,000            | Equipment and vehicle purchase delayed  |
| Transfer to Capital Reserves      | 1,800,000           | 1,000,000           | -800,000            |   |
| <b>Rate Stabilization Reserve</b> |                     | <b>\$2,880,000</b>  |                     |   |
| <b>Ending Fund Balance</b>        |                     | <b>\$9,083,000</b>  |                     |   |

# FY 2019 Year End Summary

## Drainage Utility Fund

|                               | Budget             | Actual             | Variance          | Notes  |
|-------------------------------|--------------------|--------------------|-------------------|--|
| <b>Beginning Fund Balance</b> |                    | <b>\$910,000</b>   |                   |  |
| <b>Total Revenue</b>          | <b>\$5,838,000</b> | <b>\$5,780,500</b> | <b>\$-57,500</b>  |  |
| Current Services              | 5,791,000          | 5,730,000          | -61,000           |  |
| Other Revenue                 | 42,000             | 41,000             | -1,000            |  |
| Interest                      | 5,000              | 9,500              | 4,500             |  |
| <b>Total Expenses</b>         | <b>\$5,552,000</b> | <b>\$5,132,000</b> | <b>\$-420,000</b> |  |
| Personnel                     | 794,000            | 779,000            | -15,000           |  |
| Contracted Services           | 900,000            | 692,000            | -208,000          | Less mowing expense than budgeted              |
| Materials and Supplies        | 143,000            | 108,000            | -35,000           |  |
| Other Expenses                | 328,000            | 324,000            | -4,000            |  |
| Debt Service                  | 3,126,000          | 3,121,000          | -5,000            |  |
| Capital Expense               | 261,000            | 108,000            | -153,000          | Lease expense less than budgeted due to timing |
| <b>Ending Fund Balance</b>    |                    | <b>\$1,558,500</b> |                   |  |

# FY 2019 Year End Summary

## Airport Fund

|                               | Budget           | Actual           | Variance         | Notes  |
|-------------------------------|------------------|------------------|------------------|--|
| <b>Beginning Fund Balance</b> |                  | <b>\$24,600</b>  |                  |  |
| <b>Total Revenue</b>          | <b>\$646,000</b> | <b>\$624,000</b> | <b>\$-22,000</b> |  |
| Operating Revenue             | 646,000          | 594,000          | -52,000          | Agricultural land lease reduction                      |
| General Fund Transfer         | 0                | 30,000           | 30,000           | Transfer from General Fund to replace revenue shortage |
| <b>Total Expenses</b>         | <b>670,600</b>   | <b>643,200</b>   | <b>\$-27,400</b> |  |
| Rent Credits                  | \$47,400         | \$65,000         | 17,600           |  |
| Airport Management            | 460,000          | 449,000          | -11,000          |  |
| Contracted Services           | 64,000           | 49,800           | -14,200          |  |
| Materials and Supplies        | 5,000            | 200              | -4,800           |  |
| Other Expenses                | 2,200            | 200              | -2,000           |  |
| Incentive Payments            | 92,000           | 79,000           | -13,000          |  |
| <b>Ending Fund Balance</b>    |                  | <b>\$5,400</b>   |                  |  |

# FY 2019 Year End Summary

## Hotel/Motel Fund

|                               | Budget             | Actual             | Variance          | Notes  |
|-------------------------------|--------------------|--------------------|-------------------|--|
| <b>Beginning Fund Balance</b> |                    | <b>\$208,000</b>   |                   |  |
| <b>Total Revenue</b>          | <b>\$3,745,500</b> | <b>\$4,226,200</b> | <b>\$480,700</b>  |  |
| Hotel Motel Tax               | 3,600,000          | 3,965,000          | 365,000           |  |
| Late Charges & Penalties      | 1,000              | 39,900             | 38,900            |  |
| General Fund Transfer         | 143,500            | 143,500            | 0                 |  |
| Interest                      | \$1,000            | \$77,800           | 76,800            |  |
| <b>Total Expenses</b>         | <b>4,055,200</b>   | <b>3,897,000</b>   | <b>\$-158,200</b> |  |
| Personnel                     | 754,200            | 763,700            | 9,500             |  |
| Contracted Services           | 468,000            | 489,000            | 21,000            |  |
| Materials and Supplies        | 632,000            | 599,900            | -32,100           |  |
| Other Expenses                | 117,000            | 52,300             | -64,700           |  |
| Tourism Programs              | 315,000            | 196,000            | -119,000          | Limited expenses in Eco Tourism, Sports Tourism, and Downtown Marketing matching program |
| Arts Funding                  | 250,000            | 250,000            | 0                 |  |
| Capital Expense               | 8,000              | 8,100              | 100               |  |
| Transfer to Debt Service      | 1,511,000          | 1,538,000          | 27,000            |  |
| <b>Ending Fund Balance</b>    |                    | <b>\$537,200</b>   |                   |  |

# Budget Development



Set strategic initiatives for the coming year



Formulate policy statement to guide city manager during budget preparation



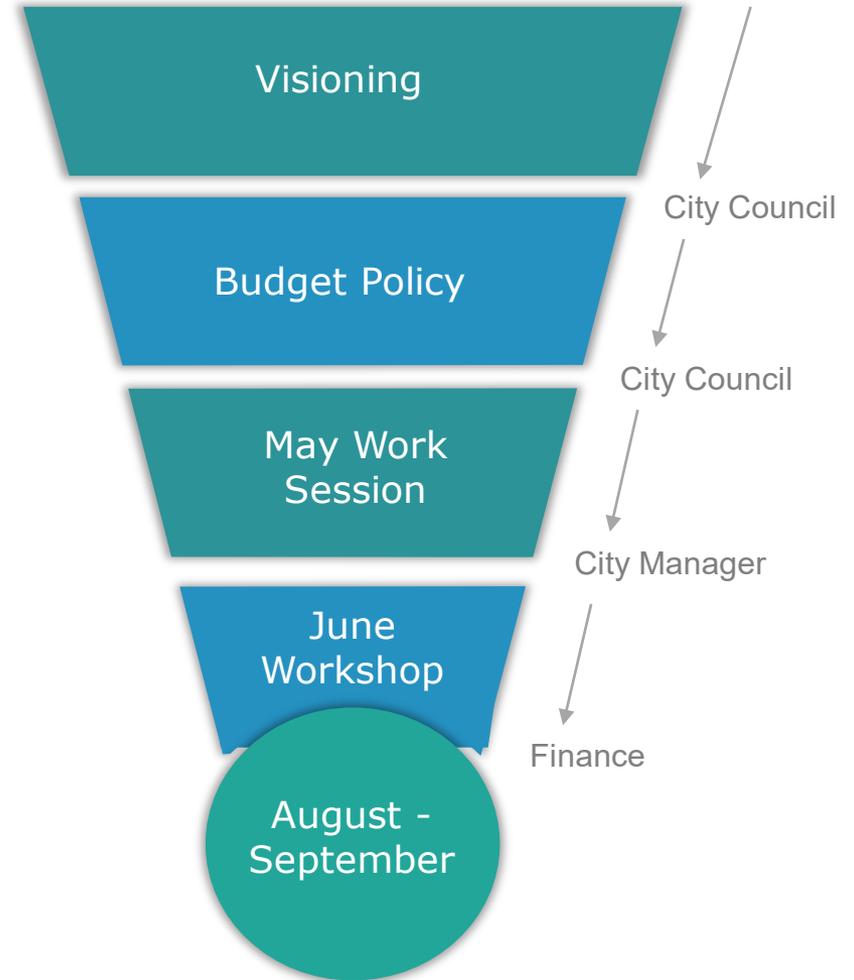
Deliver budget capacity and trends



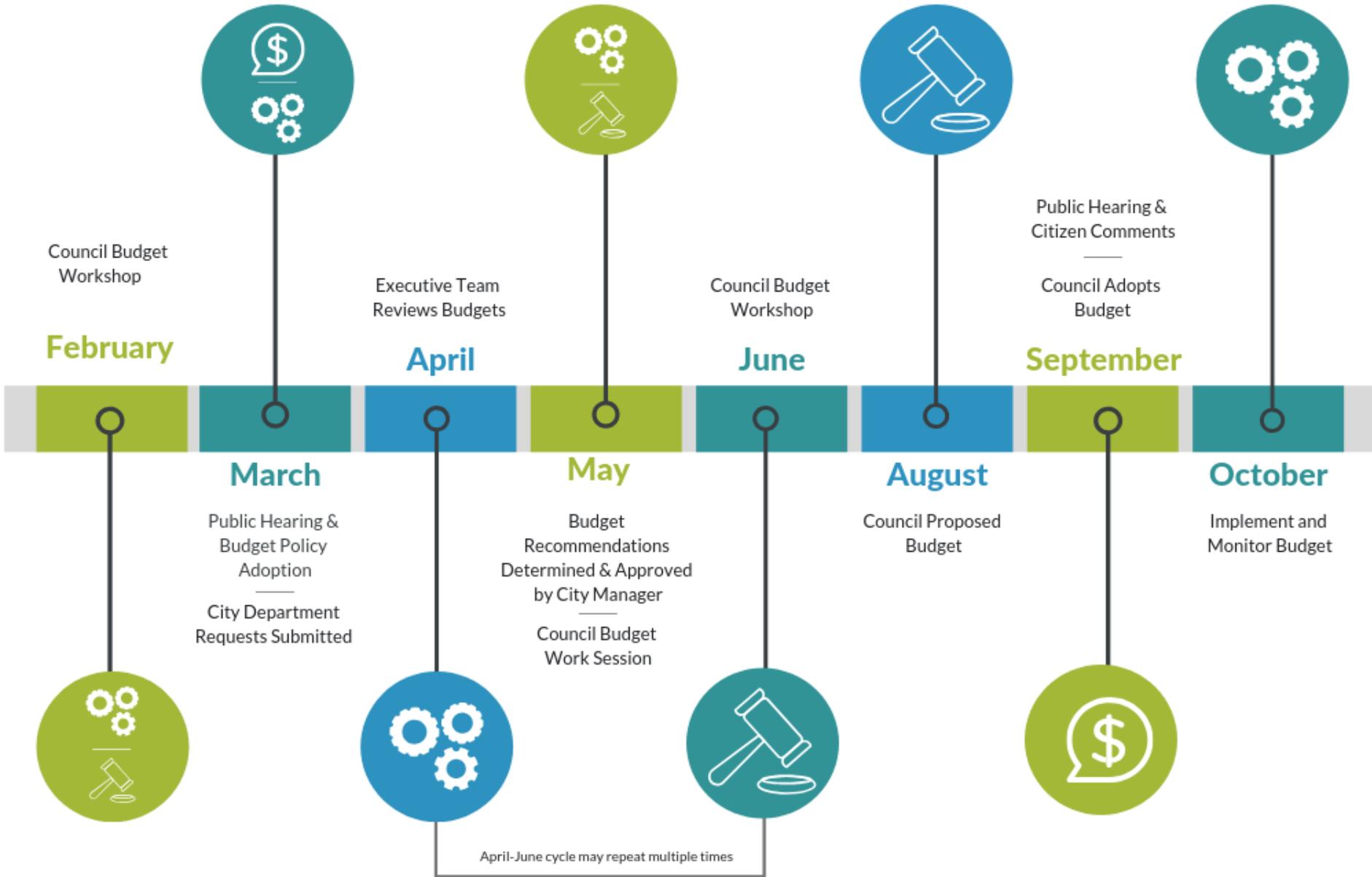
Deliver budgeted programs, revenues, and expenditure philosophy



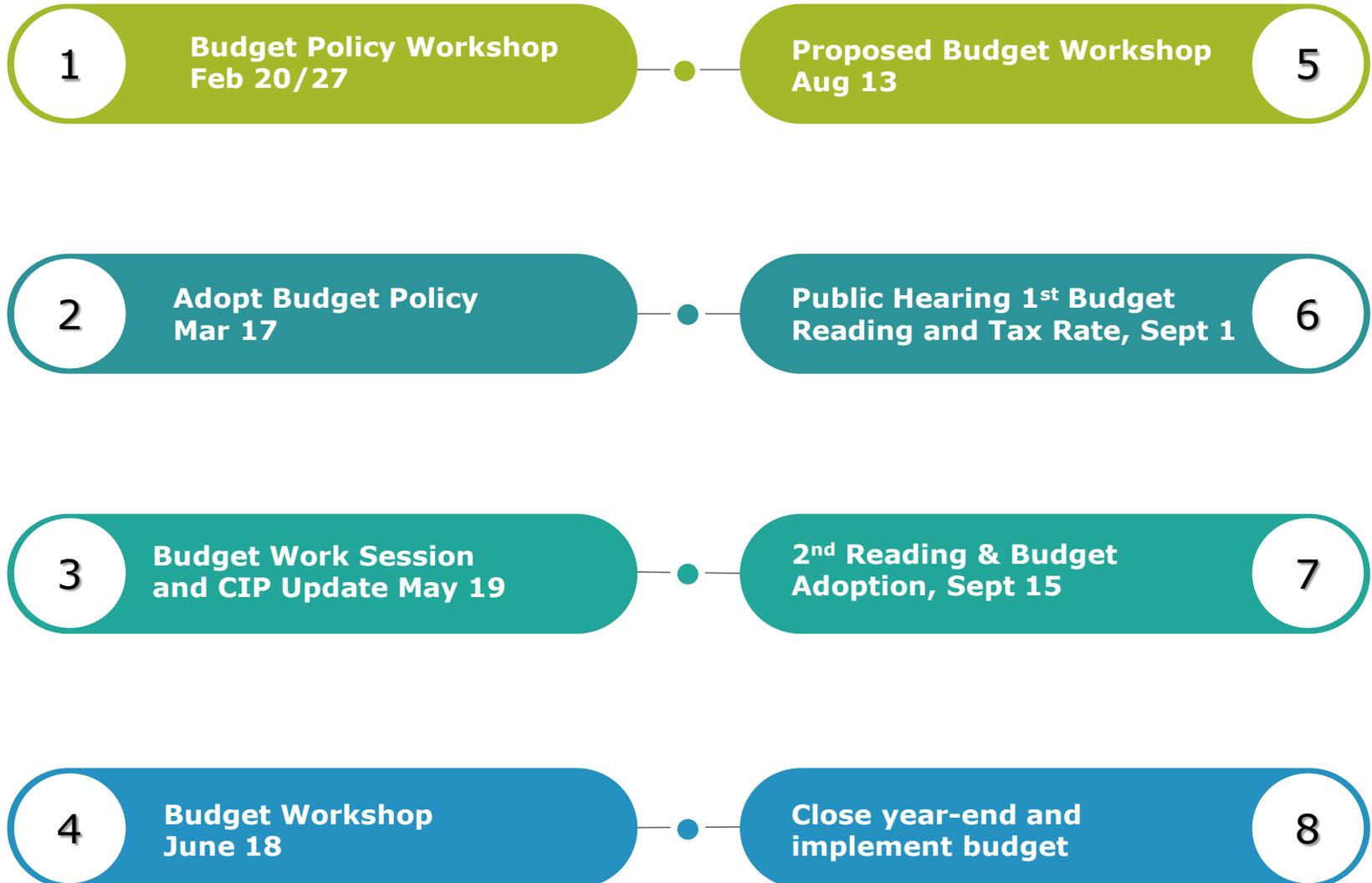
Deliver proposed budget of all general budget items by fund type



**Once City Council formulates a budget policy the City Manager works with staff to develop the budget document**



# Budget Timeline



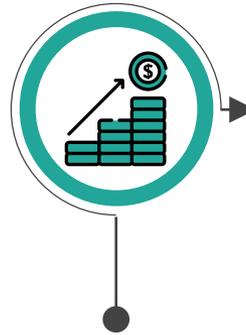
# Economic Indicators



**Unemployment**  
December 2019



**Wages**  
year-over-year



**Hourly Rate**  
Private Sector



**Home Prices**  
year-over-year



**CPI**  
December 2019  
Consumer price index

|                 |      |        |         |        |        |
|-----------------|------|--------|---------|--------|--------|
| <b>Federal</b>  | 3.5% | ↑ 0.5% | \$27.38 | ↑ 3.7% | ↑ 2.2% |
| <b>State</b>    | 3.4% | ↑ 3.8% | \$27.55 | ↑ 3.5% | ↑ 2.1% |
| <b>Regional</b> | 2.5% | ↑ 2.2% | \$30.13 | ↑ 3.7% |        |
| <b>Hays</b>     | 2.6% | ↑ 4.4% | \$20.00 | ↑ 4.6% |        |

**Home prices continue to outpace the rise in income across Hays County**

# General Fund Revenue



## Property Tax

First year of SB2 Property  
Tax Cap @ 3.5%

## Sales Tax

Comptroller Sales Tax  
ruling: change in definition  
of place of business  
determining collection point

## All Other

Other fees forecasted  
using historical growth  
trends

# Property Tax Rate



|                           | FY17      | FY18      | FY19      | FY20      |
|---------------------------|-----------|-----------|-----------|-----------|
| <b>Tax Rate per \$100</b> | 53.02     | 61.39     | 61.39     | 61.39     |
| <b>Total Appraisal</b>    | \$ 4,070M | \$ 4,577M | \$ 5,062M | \$ 5,644M |
| <b>Total Levy</b>         | \$ 21.6M  | \$ 28.1M  | \$ 31.1M  | \$ 34.6M  |
| <b>Debt Service %</b>     | 38.2%     | 41.6%     | 36.8%     | 33.7%     |
| <b>Operations %</b>       | 61.8%     | 58.4%     | 63.2%     | 66.3%     |

- SB2 new terminology: *voter-approval tax rate* (rollback rate) and *no new revenue tax rate* (effective rate)
- Assumption in base budget: Tax rate would be equal to or less than the *voter approval tax rate* of 61.39
- Exceeding the *voter-approval tax rate* automatically triggers an election

# Sales Tax Revenue



51%

## Base

7% average growth over last 12 months. Potential loss of \$1.8M pending Comptroller interpretation of ruling (low risk of occurrence)



24%

## Outlets

4% average growth over last 12 months. Positive growth since Sept 2017

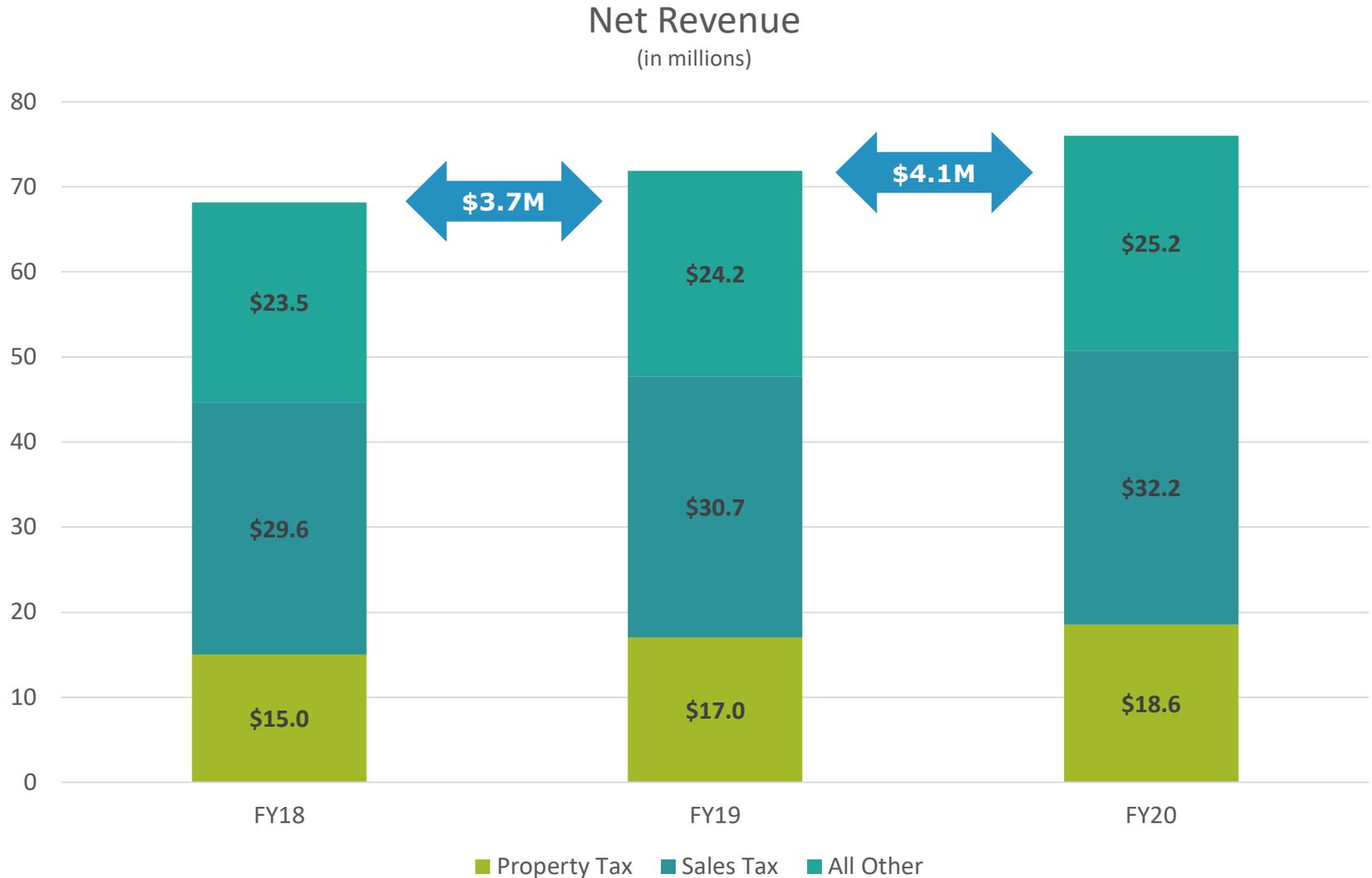


25%

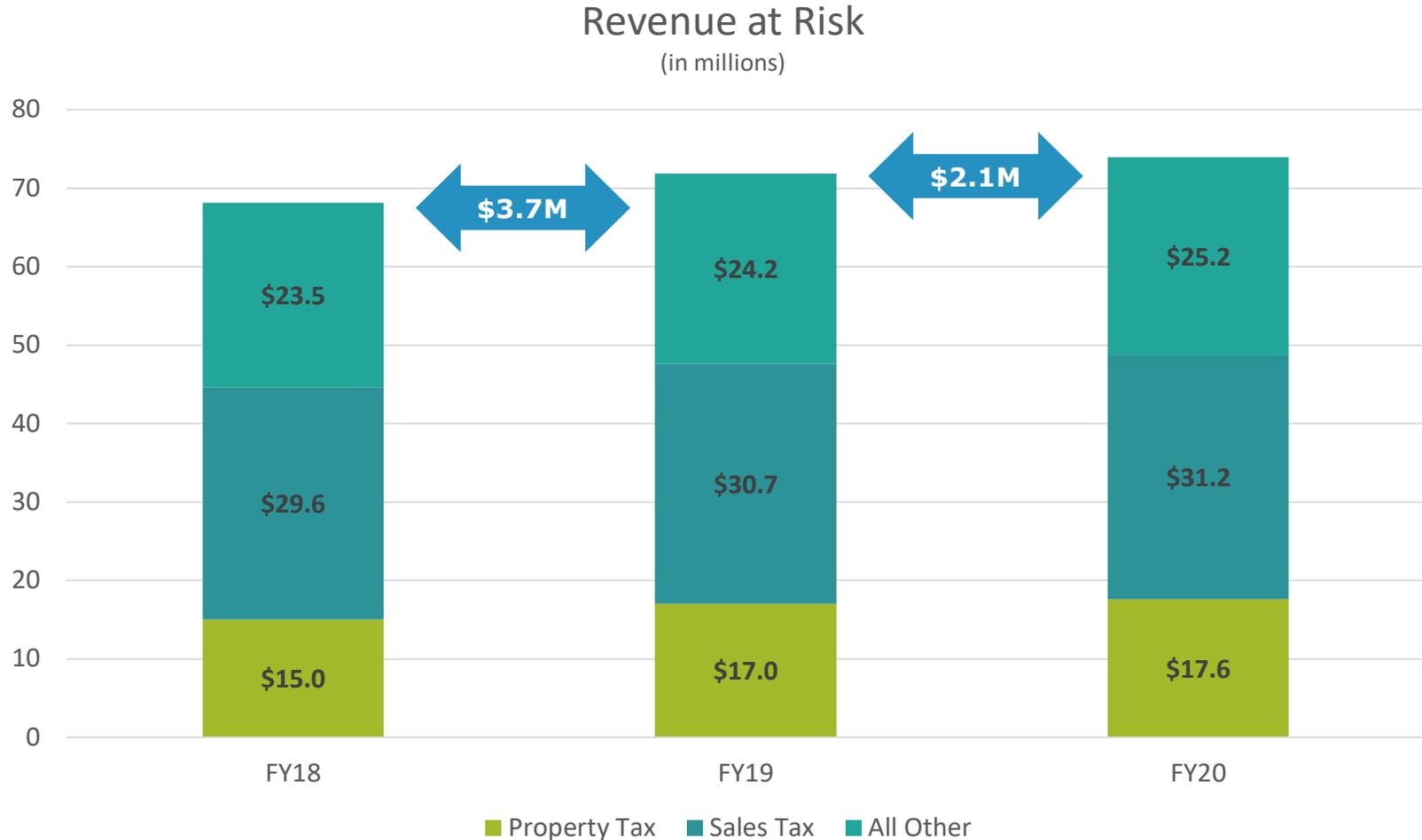
## Best Buy CC

FY20 budgeted revenue of \$8M, retained collections \$2M. Potential FY23 revenue loss pending Comptroller ruling (very high risk of occurrence)

# General Fund Revenue Trend



# General Fund Revenue



- Impact on FY20 Property Tax if SB2 was implemented this year would have been approximately \$1M
- Incremental replacement of Best Buy Call Center \$1M (BBCC grandfathered in, FY23 impact will be \$2M+)

# General Fund Committed Funding

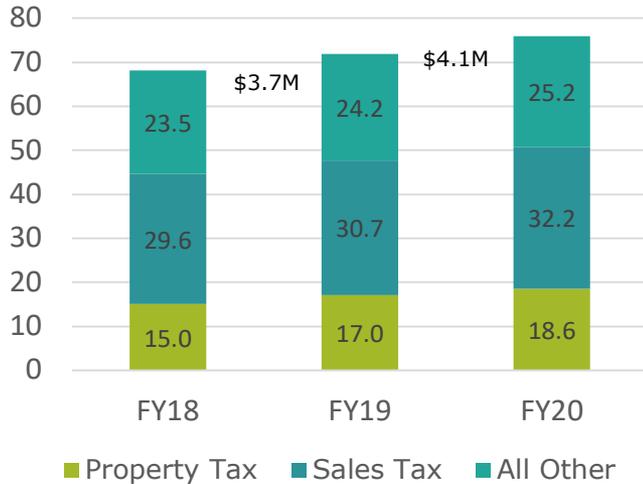


| Description                      | Amount        | % Increase |
|----------------------------------|---------------|------------|
| <b>Operating:</b>                |               |            |
| Facility Services/Utilities      | \$45,000      | 3%         |
| Facility Maintenance             | 500,000       | 100%       |
| Vehicle Repairs                  | 150,000       | 45%        |
| Parks Maintenance                | 100,000       | 75%        |
| SW License & Maint               | 30,000        | 2%         |
| Contracted Veterinarian          | 5,000         | 5%         |
| Street Maintenance               | 85,000        | 4%         |
| Library Books                    | 4,500         | 3%         |
| EMS Services                     | 100,000       | 10%        |
| Bond Project Operating Reserve   | 500,000       | 100%       |
| Transit Local Match              | 400,000       | 62%        |
| <b>Personnel:</b>                |               |            |
| Civil Service                    | 1,000,000     | 4%         |
| Non-civil Service                | 1,100,000     | 4%         |
| <b>Total Recurring Expenses:</b> | <b>\$4.0M</b> |            |

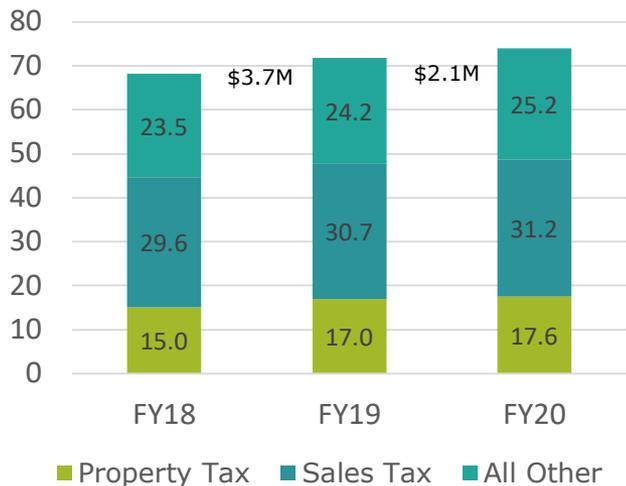
- Preliminary forecasted base budget could require ~ \$4M increase of General Fund capacity
- Does not include any new or additional funding towards Animal Services Live Outcomes initiative
- Budget requests last year for new personnel & operating expenses >\$8M with ~\$800K approved for funding (not including base increase)

# General Fund Capacity

Net Revenue  
(in millions)



Revenue at Risk  
(in millions)



| Description                      | Amount        | % Increase |
|----------------------------------|---------------|------------|
| <b>Operating:</b>                |               |            |
| Facility Services/Utilities      | \$45,000      | 3%         |
| Facility Maintenance             | 500,000       | 100%       |
| Vehicle Repairs                  | 150,000       | 45%        |
| Parks Maintenance                | 100,000       | 75%        |
| SW License & Maint               | 30,000        | 2%         |
| Contracted Veterinarian          | 5,000         | 5%         |
| Street Maintenance               | 85,000        | 4%         |
| Library Books                    | 4,500         | 3%         |
| EMS Services                     | 100,000       | 10%        |
| Bond Project Op Reserve          | 500,000       | 100%       |
| Transit Local Match              | 400,000       | 62%        |
| <b>Personnel:</b>                |               |            |
| Civil Service                    | 1,000,000     | 4%         |
| Non-civil Service                | 1,100,000     | 4%         |
| <b>Total Recurring Expenses:</b> | <b>\$4.0M</b> |            |

# General Fund Committed Funding



| Description                      | Amount    | Totals             |
|----------------------------------|-----------|--------------------|
| <b>Social Services:</b>          |           | \$1,015,000        |
| Human Services Advisory Board    | \$500,000 |                    |
| HCWC                             | 150,000   |                    |
| CASA                             | 45,000    |                    |
| Family Justice Center            | 45,000    |                    |
| Youth Initiatives:               |           |                    |
| Personnel                        | \$100,000 |                    |
| Community Action ½ FTE           | 25,000    |                    |
| Youth Funding                    | 50,000    |                    |
| Museums                          | 100,000   |                    |
| <b>Other:</b>                    |           | \$230,000          |
| Sights n Sounds                  | 80,000    |                    |
| Veterans Day                     | 5,000     |                    |
| Summer Fest                      | 15,000    |                    |
| Special Events                   | 30,000    |                    |
| Homebuyers Incentives            | 100,000   |                    |
| <b>Total Recurring Expenses:</b> |           | <b>\$1,245,000</b> |

# General Fund Capacity Options



## Reduce Fund Balance

- Reducing required fund balance from 25 to 20% could reduce revenue requirements of \$1.2-\$1.5M



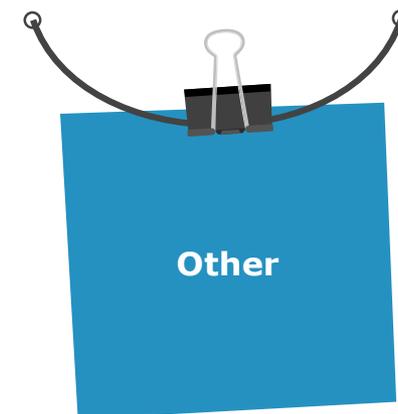
## Operating Process

- Identify potential cost savings through revised budget process
- Explore potential reductions in service levels



## Diversify Revenue

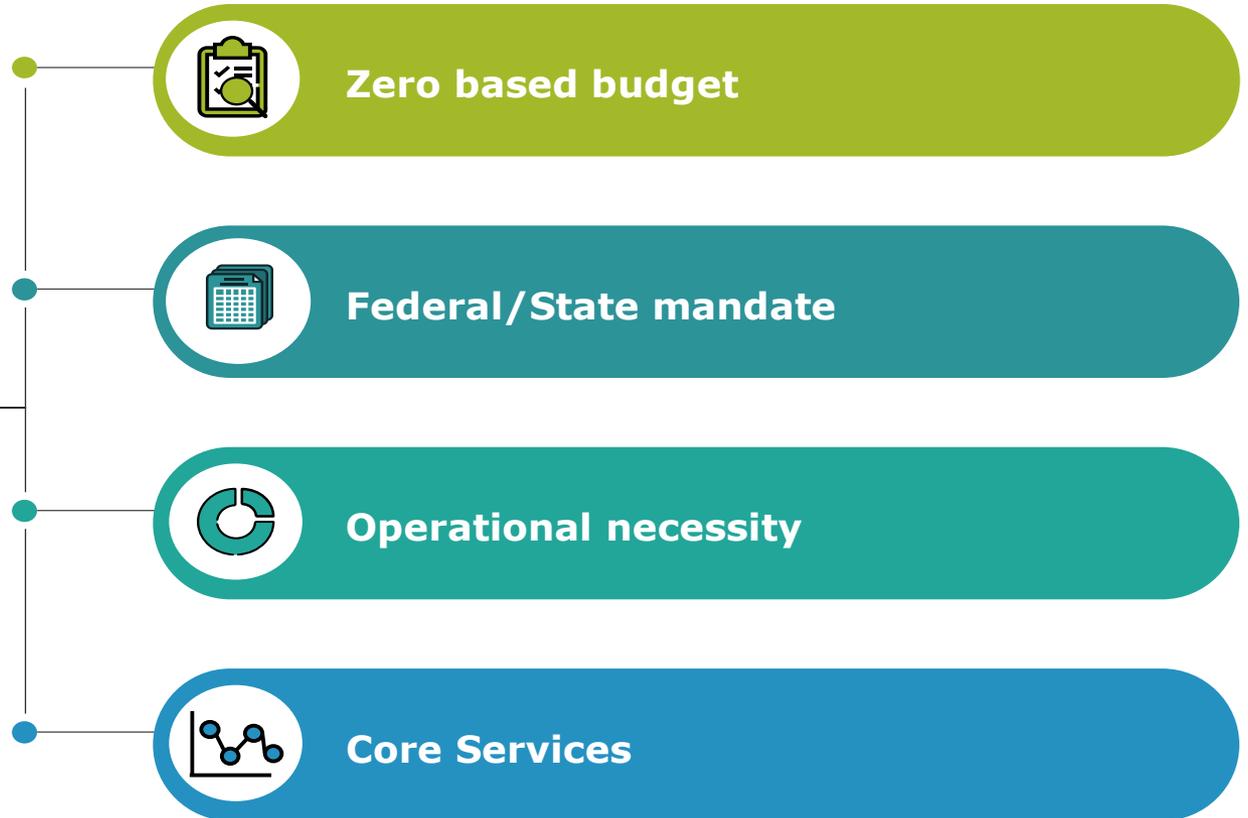
- Explore new revenue sources in General Fund to recover cost of services provided



## Other

- CIP
- Refinance TIRZ #2 (Blanco Vista)
- TRZ #1 (Loop 110)

# General Fund Operating Process



# General Fund Revenue Diversification



-  **Implementation of fees to achieve cost recovery**
-  **Introduction of new fees**
-  **Alternative Funding Sources:** paid parking, expense to be paid out of TIRZ, Redwood/Lantana projects to fund Workforce Housing in future years
-  **Restructure economic development incentive policy**

# TIRZ #2 Refinance



Blanco Vista TIRZ created in 2005 for the construction of a bridge over the railroad tracks at Yarrington Road



Total amount owed developer was \$9.6M



Interest equal to Prime rate plus ½% (currently 4.75%) paid on outstanding principal since completion in 2008



Slower than expected growth in the early years lead to payments being applied to a total of \$5.67M in interest



FY2020 payment of an estimated \$1.5M will pay down approximately \$945K of principal

# TIRZ #2 Refinance



## Recommendation



**Negotiate a payoff with developer**



**Issue debt at a lower interest rate to pay off amount owed to developer**



**Use proceeds from TIRZ increment to pay debt service-no effect on General Fund capacity**



**Dissolve or repurpose TIRZ**



**Future growth will create capacity in General Fund and full capacity will move to General Fund when debt is paid**



# General Fund Additional Considerations



-  **EMS expansion of service**
-  **Municipal Court Judge to full time**
-  **Sustainability**
-  **Youth Services Funding**
-  **Historic Preservation**

# Enterprise Fund Revenue

Model rates over a multi-year period to determine required adjustments



**Operations & Maintenance**



**Capital Needs & Existing debt obligations**



**Current and future infrastructure needs**



**Increase rates in small increments over time to meet future needs**

# Other Forecasting Assumptions



**Hotel occupancy rates show favorable growth** - average daily room rates began to increase mid 2019



**Stormwater rate study** - Proposed structure and rates to be implemented Oct. 1



**Transit cost per hour**

**Key Priorities:**

The Strategic Initiatives identified by the Council during the Visioning Meeting in January 2019 focus around the following key priorities:

- Workforce Housing
- Multi Modal Transportation
- ~~City Facilities~~
- Workforce Development
- ~~Downtown Vitality~~
- Sustainability

**Strategic Initiatives**

**Key Priority: Workforce Housing**

**A. Update, consolidate and communicate housing policies and action plans.**

**Strategies:**

- ~~I. Conduct a housing study that analyzes housing supply, housing demand, and housing choice.~~
- ~~II. Update the Affordable Housing Policy and adopt a housing framework / blueprint based on the work of the San Marcos Workforce housing Task Force.~~
- ~~III. Maintain a robust website and participate as a community partner in advancing the City's housing goals.~~
- ~~III. Develop internal city capacity and support capacity building efforts in community partners to advance the City's housing goals. Work with local employers such as Texas State University, San Marcos ISD, Hays County, Central Texas Medical Center, the banking community, the Greater San Marcos Partnership and area non-profits to identify and implement housing solutions.~~
- IV. Focus on improving sub-standard housing.
  - a. Determine appropriate role for code

- enforcement.
- b. Research budgetary impact of increased role for Tenants Council.
- a.c. Evaluate requirements for owners to make repairs to rental properties.

**B. Develop dedicated housing and revenue sources that meet goals.**

**Strategies:**

- I. Build additional permanently affordable homes targeted to flood victims on city-owned lots with CDBG-DR funds.
- ~~II. Apply for HOME funds. Utilize CDBG funds to preserve and maintain for households earning less than 80% AMI through the Housing Rehabilitation Program.~~
- ~~IV. Lend CDBG first-time homebuyer funds to households earning less than 80% AMI to purchase housing.~~
- II. Enter into cooperative agreements with other taxing entities to identify tax-forfeiture properties and make them available for construction of permanently affordable workforce housing.
- III. Establish a land bank and community land trust with the purpose of supporting permanently affordable workforce housing.
- IV. Establish an Emergency Housing Rehabilitation Program.

**C. Implement land use and zoning regulations that support diverse, mixed income communities in all areas of the City.**

**Strategies:**

- I. Encourage mixed income communities within new development.
- II. Monitor the bonus density program for effectiveness and re-assess during the annual code update.
- III. Monitor the number of new missing middle housing types built under Code SMTX and re-assess during the annual

Code update.

- IV. Draft an ordinance targeting geographic locations and non-profit home builders for appropriate zoning when permanently affordable for sale housing is constructed.

~~IV.V. Research what is necessary in order to utilize data, such as average median income, specific to San Marcos instead of the data for the Austin metropolitan statistical area in regards to low income housing tax credit and other housing projects.~~

- I. Assess the operating and financial alternatives for coordinated transit services.
  - a. Continue Five Year Strategic Plan for Transit Service
- II. Evaluate the benefits and constraints of a transit partnership with Texas State, to include:
  - a. Seamless transit services for all customers.
  - b. Expand community access to transit options
  - c. Share capital budget resources.
  - d. Coordinate transit routes to maximize efficiency.
  - e. Leverage state and federal funding opportunities.
  - f. Contribute to regional goals to reduce traffic and protect air quality.

~~III. Evaluate the challenges of a transit partnership with Texas State, to include:~~

- ~~a. Determine who will be the Direct Recipient.~~

~~b.a. Create a shared governance structure.~~

~~e.b. Compliance with federal and state regulations, to include paratransit services.~~

~~d.c. Coordinate transit routes to maximize efficiency.~~

~~e.d. Establish a financial plan to include operating funds, initial investment of capital for vehicles, maintenance facility, and passenger amenities.~~

~~IV. Consider the potential impacts of the 2020 US Census upon transit services in the San Marcos urbanized area.~~

**Key Priority: Multi-Modal Transportation**

~~**A. City becomes the Direct Recipient for federal and state transit funding allocated to the San Marcos urbanized area.**~~

**Strategies:**

- ~~I. Formalize official concurrence from TxDOT PTN and the FTA, that the City is the Direct Recipient for the San Marcos urbanized area. All federal and state requirements for the Direct Recipient from CARTS to the City by October 1, 2019.~~
- ~~II. Consider the potential impacts of the 2020 Census upon transit services in the San Marcos urbanized area.~~

**A. City reviews the benefits and challenges of creating an integrated, seamless transit partnership between the City and Texas State University.**

**Strategies:**

- ~~I. Review transit partnership models and select a system model to operate and manage the transit services, which that historically have been accepted by the FTA and TxDOT.~~

**B. City continues other multi-modal initiatives.**

**Strategies:**

- I. Transportation Demand Management/ including downtown parking management:

- a. Adopt and implement parking management plan.
  - b. Prioritize Transportation Master Plan projects to improve multi-modal alternatives.
  - c. Evaluate and prioritize other transportation demand management tactics.
  - d. Work with Texas State on park and ride locations
  - e. Market businesses that promote multimodal transportation
- II. Improve Bicycle Friendly Community rating:
- a. Improve and expand dockless bike share program and explore other shared mobility opportunities.
  - b. Revisit Complete Streets policy and propose changes for Council consideration.
  - c. ~~Draft Vision Zero policy for Council consideration.~~
  - d. Consider creation of a Bicycle & Pedestrian Advisory Committee.
  - e. Adopt and implement bicycle master plan.
  - f. Engage community at events for bicycles
- III. Improve pedestrian connectivity and accessibility:
- a. Conduct updated assessment of existing sidewalk infrastructure.
  - b. ~~Conduct gap analysis and identify/prioritize needed connections to multimodal facilities, transit stops, schools, neighborhoods, hike-bike trails, and east-west connections.~~
  - c. Develop and adopt Sidewalk Master Plan.
  - d. ~~Identify and implement short-term maintenance and gap improvements.~~
  - e. Identify and program long-term pedestrian improvements.
  - f. Conduct site survey sampling for ADA compliance.
  - g. ~~Continue utilizing external sources to confirm ADA compliance and staff training.~~
- IV. Other regional transit partnerships:
- a. Evaluate the benefits of regional transit partnerships with interurban providers including multimodal transit facility options.
  - b. Explore-Investigate light rail, AMTRAK, and other future transit opportunities.
- c. Explore options for a downtown circulator, including all alternative fuel/vehicle options.
- V. Pursue multi-modal funding opportunities.

### ~~Key Priority: City Facilities~~

#### ~~A. Explore short-term alternatives for staff expansion within City Hall Complex.~~

##### ~~Strategies:~~

- I. ~~Determine 3-4 year staff growth potential for current City Hall Services.~~
- II. ~~Examine possible facility expansion alternatives to current City Hall campus, which could include temporary portable facilities.~~
- III. ~~Examine potential for possible short-term facility lease.~~
- IV. ~~Explore possible City Hall parking alternatives.~~

#### ~~B. Review all possible alternative delivery methods for new facility construction.~~

##### ~~Strategies:~~

- I. ~~Identify advantages and disadvantages of alternative delivery methods for City facility related projects.~~
- II. ~~Provide education materials to City staff and City Council on the alternative delivery methods.~~
- III. ~~Hire experienced project manager to implement those alternatives.~~
- IV. ~~Evaluate the success or issues related to each delivery method used by the City.~~

#### ~~C. Develop a 5-year Fiscal Strategic Plan for implementation of Bond Projects.~~

##### ~~Strategies:~~

- I. ~~Develop design and construction schedules for all facility projects.~~
- II. ~~Develop cost and time tracking system for all facility projects.~~
- III. ~~Develop Citizen Bond Review Committee~~

~~that will meet periodically to review projects.  
IV. Provide quarterly updates to Council.~~

~~**D. Develop Public Services, Community Services and City Hall Project Design and Scope.**~~

~~**Strategies:**~~

- ~~I. Develop RFP for Public and Community Service Maintenance Facility project.~~
- ~~II. Evaluate potential future alternatives for City Hall Campus.~~
- ~~III. Create a master plan for City Hall redevelopment.~~
- ~~IV. Implement strategic plan for City Hall redevelopment.~~

~~**E. Explore alternatives for future land purchases for facilities.**~~

~~**Strategies:**~~

- ~~I. Develop strategy for future facility site locations.~~
- ~~II. Build cost into 10-year CIP Projects.~~
- ~~III. Identify opportunities for land and/or facility acquisitions related to all City services and programs.~~

**B. Facilitate opportunities for Training and Programming.**

**Strategies:**

- I. Identify and communicate existing training available, including through technology such as a mobile phone application.
- II. Explore opportunities to promote Career and Technical Education (CTE), General Education Diploma (GED), financial literacy, and life skills.
- III. Identify potential gaps and barriers for San Marcos residents and consider alternate delivery methods when possible.
- IV. Identify potential items to include when incentivizing economic development agreements.
- V. Evaluate Greater San Marcos Partnership (GSMP) contract to include deliverables that require training and programming opportunities.
- VI. Determine where to invest city funding to mitigate gaps and barriers that have been identified including a possible training location.

**Key Priority: Workforce Development**

**A. Leverage and Partner with the Community.**

**Strategies:**

- I. Identify current assets including partners, existing services, possible locations, and organizational purpose. Include mapping of assets and services within the City.
- II. Identify community partner to anchor a cradle to career initiative.
- III. Identify and develop outreach opportunities.
- IV. Identify challenges and unmet needs in the business community that are impacted by workforce development.
- V. Explore possibility of a day labor program implemented through social service agencies

**Key Priority: Downtown Vitality**

**A. Support diversified business activity.**

**Strategies:**

- I. Begin a revised Downtown Master Plan including, the innovation, cultural and arts districts.
  - a) Scope and Visioning Exercise with district Stakeholders and City Council.
  - b) Request for Proposal (RFP) and Contract for consultant.
  - c) Public outreach with key stakeholders including the Downtown Association, Main Street, the University, as well as other key stakeholders.
  - d) Work with Arts Commission to identify projects linking Downtown and the river

~~e)e)~~ Drafting and adopting the Downtown Master Plan.

~~II. Review permitted and conditional uses in the downtown area.~~

- ~~a) Identify potential code amendments during the annual code update process.~~
- ~~b) Explore other modifications to alcohol Conditional Use Permits (CUP) related ordinances.~~
- ~~c) Discuss bar service hours with the Council CUP Committee.~~

~~II. Define goals and objectives for the Main Street program.~~

~~III.~~

- a) Review current goals and objectives within the Four Point approach of (1-Economic Vitality, 2-Design, 3-Organization, and 4-Promotion).
- b) Develop a strategy for transformation of Downtown along the Four Points.
- c) Define quantifiable outcomes for the transformation strategies identified.
- d) Align organizational resources to achieve desired outcomes through the budget process.

~~III. Review possible programs for legacy businesses.~~

- ~~a) Promoting City grant programs.~~
- ~~b) Buying down interest rates for small businesses.~~

~~IV. Evaluate funding for co-working sites.~~

## **B. Take measures to improve downtown quality of place.**

### **Strategies:**

- I. Review and assess possible sites and facilities which could promote San Marcos as a destination.
- II. Review and address underground electric ordinances.
  - ~~a) Feasibility and cost analysis.~~
  - ~~b)a)~~ Identify code amendments during the annual code update process.
- III. Review and assess strategies for vacant and neglected buildings.

a) Review model programs, including incentives, and identify resources needed for implementation.

~~b)~~ Propose code amendments during the annual code update process.

~~b)c)~~ Identify possible options to maintain health and safety, including inspections.

~~IV.~~ Identify strategic locations for streetscape and infrastructure improvements and identify funding options.

~~IV.~~

~~a) Define departmental roles and responsibilities with regard to design, construction, operation and maintenance of downtown streetscape and infrastructure improvements.~~

~~b)a)~~ Develop an interim maintenance and beautification plan and coordinate efforts amongst stakeholders.

~~e)b)~~ Explore the long-term solutions for beautification and maintenance including a downtown management district with downtown stakeholders.

~~c)~~ Align organizational resources to achieve desired outcomes through the budget process.

~~V. Identify advertising opportunities with area stakeholders to highlight city attractions.~~

~~VI. Continue working with Texas State University Police regarding Downtown patrols.~~

~~d)~~

~~V-VII.~~ Review and amend the Downtown Tax Increment Reinvestment Zone (TIRZ) #5.

~~a) Convene the TIRZ Board to consider pending funding request for Cheatham Street Flats project.~~

~~b) Ensure previously approved project (Crossroads/Justice Center) is completed, in conjunction with TxDOT and COSM improvements to Guadalupe Street.~~

~~e)a)~~ Prepare a revised Project & Finance Plan for Board consideration and approval.

~~b)~~ Present revised Project & Finance Plan for Council and Commissioner's Court consideration.

- d)c) Work with the County and TIRZ Board on Downtown vision.

### **C. Accessibility to and within the downtown.**

#### **Strategies:**

- ~~I. Complete the San Marcos River Bike and Pedestrian Trail project.~~
  - ~~a) Finalize design.~~
  - ~~b) Letting of Project—TXDOT.~~
- II. Approve and implement the Parking Management Plan.
  - a) Hire Parking & Mobility Manager.
  - ~~b) Parking Advisory Board orientation, bylaws and work plan.~~
  - e)b) Procure parking management technology (meters & mobile app).
  - d)c) Create program branding and marketing campaign.
  - e)d) Initiate phased rollout of on-street paid parking.
  - f)e) Negotiate off-street parking agreements with private property owners and facilitate options.

### **Key Priority: Sustainability**

#### **A. Develop a baseline of sustainability performance measures.**

##### **Strategies:**

- I. Work with Texas State University and other Texas communities to assess their sustainability programs.
- II. Consider if a consultant is necessary in order to determine the baseline of sustainability measures.

#### **B. Promote sustainability practices throughout the community.**

##### **Strategies:**

- I. Increase public education and outreach of City's conservation and sustainability efforts

- II. Develop and adopt incentive programs for water conservation to include incentivizing builders to reduce or eliminate turf irrigation systems.
- III. Develop and adopt incentive programs for comprehensive weatherization or energy efficiency retrofits.

#### **C. Determine strategies to incorporate sustainability into City construction and operations.**

##### **Strategies:**

- I. Implement sustainable infrastructure solutions in the City's capital improvement program projects.
- II. Develop and adopt a formal Building Design Standard for municipal buildings or design elements that reduce resource consumption.
- III. Continue evaluation of alternate energy technologies and opportunities.
- IV. Develop and implement programs for elimination of bottled water usage and other single use plastic products.

#### **D. Develop economic development and procurement policies to encourage sustainability for businesses that work with the City.**

##### **Strategies:**

- I. Research and adopt policies encouraging sustainability in economic development.
- II. Research and adopt policies incorporating sustainability in the procurement process.

- ❖ ~~Staff will continue to prioritize work around Stormwater and Community~~

Partnerships moving forward implement work on City Facilities through completion of the bond projects, Public Service Center, and determining next steps on City Hall.

- ❖ Staff will work towards “Year of the City”.
- ❖ Staff will continue to assist on homelessness initiatives.

## **Key Priorities:**

The Strategic Initiatives identified by the Council during the Visioning Meeting in January 2020 focus around the following key priorities:

- Workforce Housing
- Multi Modal Transportation
- Workforce Development
- Downtown Vitality
- Sustainability

## **Strategic Initiatives**

### **Key Priority: Workforce Housing**

#### **A. Update, consolidate and communicate housing policies and action plans.**

##### **Strategies:**

- I. Update the Affordable Housing Policy and adopt a housing framework / blueprint based on the work of the San Marcos Workforce housing Task Force.
- II. Maintain a robust website and participate as a community partner in advancing the City's housing goals.
- III. Develop internal city capacity and support capacity building efforts in community partners to advance the City's housing goals. Work with local employers such as Texas State University, San Marcos ISD, Hays County, Central Texas Medical Center, the banking community, the Greater San Marcos Partnership and area non-profits to identify and implement housing solutions.
- IV. Focus on improving sub-standard housing.
  - a. Determine appropriate role for code enforcement.
  - b. Research budgetary impact of increased role for Tenants Council.
  - c. Evaluate requirements for owners to make repairs to rental properties.

#### **B. Develop dedicated housing and revenue sources that meet goals.**

##### **Strategies:**

- I. Build additional permanently affordable homes targeted to flood victims on city-owned lots with CDBG-DR funds.
- II. Enter into cooperative agreements with other taxing entities to identify tax-forfeiture properties and make them available for construction of permanently affordable workforce housing.
- III. Establish a land bank and community land trust with the purpose of supporting permanently affordable workforce housing.
- IV. Establish an Emergency Housing Rehabilitation Program.

#### **C. Implement land use and zoning regulations that support diverse, mixed income communities in all areas of the City.**

##### **Strategies:**

- I. Encourage mixed income communities within new development.
- II. Monitor the bonus density program for effectiveness and re-assess during the annual code update.
- III. Monitor the number of new missing middle housing types built under Code SMTX and re-assess during the annual Code update.
- IV. Draft an ordinance targeting geographic locations and non-profit home builders for appropriate zoning when permanently affordable for sale housing is constructed.
- V. Research what is necessary in order to utilize data, such as average median income, specific to San Marcos instead of the data for the Austin metropolitan statistical area in regards to low income housing tax credit and other housing projects.

## Key Priority: Multi-Modal Transportation

**A. City reviews the benefits and challenges of creating an integrated, seamless transit partnership between the City and Texas State University.**

**Strategies:**

- I. Assess the operating and financial alternatives for coordinated transit services.
  - a. Continue Five Year Strategic Plan for Transit Service
- II. Evaluate the benefits and constraints of a transit partnership with Texas State, to include:
  - a. Seamless transit services for all customers.
  - b. Expand community access to transit options
  - c. Share capital budget resources.
  - d. Coordinate transit routes to maximize efficiency.
  - e. Leverage state and federal funding opportunities.
  - f. Contribute to regional goals to reduce traffic and protect air quality.
- III. Evaluate the challenges of a transit partnership with Texas State, to include:
  - a. Create a shared governance structure.
  - b. Compliance with federal and state regulations, to include paratransit services.
  - c. Coordinate transit routes to maximize efficiency.
  - d. Establish a financial plan to include operating funds, initial investment of capital for vehicles, maintenance facility, and passenger amenities.
- IV. Consider the potential impacts of the 2020 US Census upon transit services in the San Marcos urbanized area.

**B. City continues other multi-modal initiatives.**

**Strategies:**

- I. Transportation Demand Management/ including downtown parking management:
  - a. Adopt and implement parking management plan.
  - b. Prioritize Transportation Master Plan projects to improve multi-modal alternatives.
  - c. Evaluate and prioritize other transportation demand management tactics.
  - d. Work with Texas State on park and ride locations
  - e. Market businesses that promote multimodal transportation
- II. Improve Bicycle Friendly Community rating:
  - a. Improve and expand dockless bike share program and explore other shared mobility opportunities.
  - b. Revisit Complete Streets policy and propose changes for Council consideration.
  - c. Consider creation of a Bicycle & Pedestrian Advisory Committee.
  - d. Adopt and implement bicycle master plan.
  - e. Engage community at events for bicycles
- III. Improve pedestrian connectivity and accessibility:
  - a. Conduct updated assessment of existing sidewalk infrastructure.
  - b. Develop and adopt Sidewalk Master Plan.
  - c. Identify and program long-term pedestrian improvements.
  - d. Conduct site survey sampling for ADA compliance.
- IV. Other regional transit partnerships:
  - a. Evaluate the benefits of regional transit partnerships with interurban providers including multimodal transit facility options.
  - b. Investigate light rail, AMTRAK, and other future transit opportunities.
  - c. Explore options for a downtown circulator, including all alternative fuel/vehicle options.
- V. Pursue multi-modal funding opportunities.

**Key Priority: Workforce Development****A. Leverage and Partner with the Community.****Strategies:**

- I. Identify current assets including partners, existing services, possible locations, and organizational purpose. Include mapping of assets and services within the City.
- II. Identify community partner to anchor a cradle to career initiative.
- III. Identify and develop outreach opportunities.
- IV. Identify challenges and unmet needs in the business community that are impacted by workforce development.
- V. Explore possibility of a day labor program implemented through social service agencies

**B. Facilitate opportunities for Training and Programming.****Strategies:**

- I. Identify and communicate existing training available, including through technology such as a mobile phone application.
- II. Explore opportunities to promote Career and Technical Education (CTE), General Education Diploma (GED), financial literacy, and life skills.
- III. Identify potential gaps and barriers for San Marcos residents and consider alternate delivery methods when possible.
- IV. Identify potential items to include when incentivizing economic development agreements.
- V. Evaluate Greater San Marcos Partnership (GSMP) contract to include deliverables that require training and programming opportunities.
- VI. Determine where to invest city funding to mitigate gaps and barriers that have been identified including a possible training location.

**Key Priority: Downtown Vitality****A. Support diversified business activity.****Strategies:**

- I. Begin a revised Downtown Master Plan including, the innovation, cultural and arts districts.
  - a) Scope and Visioning Exercise with district Stakeholders and City Council.
  - b) Request for Proposal (RFP) and Contract for consultant.
  - c) Public outreach with key stakeholders including the Downtown Association, Main Street, the University, as well as other key stakeholders.
  - d) Work with Arts Commission to identify projects linking Downtown and the river
  - e) Drafting and adopting the Downtown Master Plan.
- II. Define goals and objectives for the Main Street program.
  - a) Review current goals and objectives within the Four Point approach of (1-Economic Vitality, 2-Design, 3-Organization, and 4-Promotion).
  - b) Develop a strategy for transformation of Downtown along the Four Points.
  - c) Define quantifiable outcomes for the transformation strategies identified.
  - d) Align organizational resources to achieve desired outcomes through the budget process.
- III. Review possible programs for legacy businesses.
  - a) Promoting City grant programs.
  - b) Buying down interest rates for small businesses.
- IV. Evaluate funding for co-working sites.

**B. Take measures to improve downtown quality of place.****Strategies:**

- I. Review and assess possible sites and facilities which could promote San Marcos as a destination.

- II. Review and address underground electric ordinances.
    - a) Identify code amendments during the annual code update process.
  - III. Review and assess strategies for vacant and neglected buildings.
    - a) Review model programs, including incentives, and identify resources needed for implementation.
    - b) Propose code amendments during the annual code update process.
    - c) Identify possible options to maintain health and safety, including inspections.
  - IV. Identify strategic locations for streetscape and infrastructure improvements and identify funding options.
    - a) Develop an interim maintenance and beautification plan and coordinate efforts amongst stakeholders.
    - b) Explore the long-term solutions for beautification and maintenance including a downtown management district with downtown stakeholders.
    - c) Align organizational resources to achieve desired outcomes through the budget process.
  - V. Identify advertising opportunities with area stakeholders to highlight city attractions.
  - VI. Continue working with Texas State University Police regarding Downtown patrols.
  - VII. Review and amend the Downtown Tax Increment Reinvestment Zone (TIRZ) #5.
    - a) Prepare a revised Project & Finance Plan for Board consideration and approval.
    - b) Present revised Project & Finance Plan for Council and Commissioner's Court consideration.
    - c) Work with the County and TIRZ Board on Downtown vision.
- b) Procure parking management technology (meters & mobile app).
  - c) Create program branding and marketing campaign.
  - d) Initiate phased rollout of on-street paid parking.
  - e) Negotiate off-street parking agreements with private property owners and facilitate options.

### Key Priority: Sustainability

#### ***A. Develop a baseline of sustainability performance measures.***

##### ***Strategies:***

- I. Work with Texas State University and other Texas communities to assess their sustainability programs.
- II. Consider if a consultant is necessary in order to determine the baseline of sustainability measures.

#### ***B. Promote sustainability practices throughout the community.***

##### ***Strategies:***

- I. Increase public education and outreach of City's conservation and sustainability efforts
- II. Develop and adopt incentive programs for water conservation to include incentivizing builders to reduce or eliminate turf irrigation systems.
- III. Develop and adopt incentive programs for comprehensive weatherization or energy efficiency retrofits.

#### ***C. Accessibility to and within the downtown.***

##### ***Strategies:***

- I. Approve and implement the Parking Management Plan.
  - a) Hire Parking & Mobility Manager.

#### ***C. Determine strategies to incorporate sustainability into City construction and operations.***

**Strategies:**

- I. Implement sustainable infrastructure solutions in the City's capital improvement program projects.
- II. Develop and adopt a formal Building Design Standard for municipal buildings or design elements that reduce resource consumption.
- III. Continue evaluation of alternate energy technologies and opportunities.
- IV. Develop and implement programs for elimination of bottled water usage and other single use plastic products.

***D. Develop economic development and procurement policies to encourage sustainability for businesses that work with the City.*****Strategies:**

- I. Research and adopt policies encouraging sustainability in economic development.
  - II. Research and adopt policies incorporating sustainability in the procurement process.
- 
- ❖ *Staff will continue to implement work on City Facilities through completion of the bond projects, Public Service Center, and determining next steps on City Hall.*
  - ❖ *Staff will work towards "Year of the City".*
  - ❖ *Staff will continue to assist on homelessness initiatives.*

**CITY OF SAN MARCOS  
MUNICIPAL COURT OF RECORD**

712 S Stagecoach Trail, Suite #2233  
San Marcos, TX 78666  
(512) 393-8190 • Fax: (855) 246-9121  
municipalcourtinfo@sanmarcostx.gov



**Presiding Judge:**  
Dallari Landry  
**Alternate Judge:**  
John P. Burke Jr  
**Court Administrator:**  
Susie Garcia

February 21, 2020

Honorable Mayor Hughson and City Council Members  
630 East Hopkins  
San Marcos, Texas 78666

Re: Full-time consideration for Judge Landry

Dear Mayor Hughson and City Council Members:

This letter/memo is in response to the mayor's request that I provide Council with justification regarding increasing the Presiding Judge position from 30 hours per week to 40.

1. In January of 2020, municipal court began a project review regarding one of its goals to look at older cases for possible closure if they were found to be at least 15 years old and uncollectible. This process is pursuant to section 103.0081 of the Texas Code of Criminal Procedure and enacted by the legislature effective as of September 1, 2019. We began with the year 1995 (25 year old cases) and completed the closure of these cases by February. About 955 cases were reviewed and closed. We are currently working on 1996. The judge has to review each case and determine whether or not it is eligible for closure. This is a very time-consuming project that will continue for years to come. This project adds several hours (at least 4 hours depending on time required for trials and dockets each week) to the judge's weekly responsibilities.
2. Judge Landry was recently approached by Chase Stapp regarding signing search and arrest warrants during the week for SMPD, and I informed him that I would be amenable to doing this but I would need more access to the county program, Odyssey due to the fact that I would need to draft the warrant itself after reviewing a probable cause affidavit. Mr. Stapp is looking into acquiring this access for the judge. The warrant process would also involve several hours per week, but it would help our officers.
3. Blood warrants are signed after hours, weekends and holidays.
  - (a) 2018 there were 10 blood warrants taking approximately 20 hours of judicial time.
  - (b) 2019 there were 16 blood warrants taking approximately 32 hours of judicial time.
  - (c) 2020 there have been five (5) in less than two months taking about 10 hours.These are expected to increase due to the current program in place by SMPD. I am on call 24/7, 365 days a year. I am not compensated for being available and on call.

**CITY OF SAN MARCOS  
MUNICIPAL COURT OF RECORD**

712 S Stagecoach Trail, Suite #2233  
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**Presiding Judge:**  
Dallari Landry  
**Alternate Judge:**  
John P. Burke Jr  
**Court Administrator:**  
Susie Garcia

4. For timely processing of cases it is necessary for the judge to be present more hours each week to review and approve correspondence from defendants. Many citizens come to the window to ask for judge consideration in their case(s). Dockets and trials monopolize Tuesdays, Wednesdays and some Thursdays, so it is important to have time on a Monday or Friday to respond to the citizens/defendants.
5. There are a considerable number of meetings to attend, more than in previous years. In the light of criminal justice reform I attend the COSM Criminal Justice Reform Committee meetings and I am also a voting member of the Hays County Criminal Justice Coordinating Committee and I attend those meetings as well.
6. It is difficult to express how judges and lawyers work, however, there is always more work than time available. As the legislature requires more handling of each case and promotes procedural fairness there are many more court dates and correspondence requirements. Currently, I am involved in the evaluation process of our office staff. Coming up next is budget which will also require my input. Additionally, my continuing legal and judicial education requirements must be met each year to maintain my law license and judicial credentials.
7. Another consideration is my work ethic, I draft my own motions/orders, letters and correspondence, and do research which was not the case with the previous presiding judge. I work much more independently to allow the clerks to focus on their own work. This also allows my court administrator to supervise staff, attend meetings, run reports and keep up with her own considerable work load.

I hope this memo guides the mayor and council in their decision. I am happy to answer any questions or be available if necessary.

Sincerely,

Dallari Landry

# **Tax Increment Financing (TIF): An Overview of Tax Increment Reinvestment Zones (TIRZ)**

The City has several Tax Increment Financing (TIF) Funds that have been adopted by City Council to provide funding for different economic development projects. The City has two types of TIFs, the first is a Tax Increment Reinvestment Zone (TIRZ) and the second is a Transportation Reinvestment Zone (TRZ).

## **How does a TIF work?**

When a TIF is created, a base year for property tax collected for the properties within the TIF boundary is established. Then as the properties and improvements within the zone become more valuable, the taxes collected equal to the base year go to the General Fund and the designated percentage of collections above the base year, or the growth increment, goes into the TIF fund.

## **Current City TIF's**

The City currently has 4 TIRZ zones and 1 TRZ zone.

### **TIRZ #2-Blanco Vista**

TIRZ #2 was created in 2005 to reimburse the developer for construction of the bridge that goes over the railroad tracks at Yarrington Road. In this TIRZ, 100% of the taxes collected by both the City and County over the base year is deposited in the TIRZ fund and paid to the developer to reimburse for the improvement costs. The City keeps \$175 per house for administration costs. This is a joint TIRZ, with the County contributing up to \$1,000,000 of the taxes collected to the TIRZ fund. The County met their \$1.0M obligation in FY18. The current outstanding obligation to the developer is approximately \$10M. Based on developer build projections and current valuation, the obligation is estimated to be paid in FY2025.

### **TIRZ #3-Conference Center**

TIRZ #3 was created in 2006 to pay for a portion of the construction of the San Marcos Conference Center on McCarty Road. In this TIRZ, 100% of the taxes collected over the base year for the conference and hotel site is deposited in the TIRZ fund and used to pay the debt service on the bonds issued for construction. This is a joint TIRZ, with the County contributing the M & O portion of taxes collected to the TIRZ fund.

The taxes generated in the TIRZ, in addition to the 2% venue tax and the HOT taxes generated by the Embassy Suites, are used to pay the debt service on the bonds issued for the construction of the Conference Center. The remaining principal balance on these bonds is \$8.1M which is scheduled to be paid off in 2032.

#### **TIRZ #4-Kissing Tree**

TIRZ #4 was created in 2011 to pay for water/wastewater, drainage, and road infrastructure in the Kissing Tree housing development. In this TIRZ, 40% of the taxes collected over the base year is deposited in the TIRZ fund and is paid to the developer to reimburse for the infrastructure costs. This is a joint TIRZ, with the County contributing 40% of taxes collected to the TIRZ fund. The City's maximum liability for this TIRZ is \$30M. Due to the delay in development, the addition of new valuation has been delayed and estimated repayment schedules have not been updated. Original estimations had the obligation being met in 2041.

#### **TIRZ #5-Downtown**

TIRZ #5 was created in 2011 to pay for re-development of the former Justice Center and link the area to downtown. The TIRZ boundaries follow the area that was previously designated as the Downtown SmartCode District which encompasses 244 acres in the downtown bounded by Texas State University on the west, CM Allen on the north, IH-35 on the east, and primarily commercial areas on the south. This project did not move forward and the building was ultimately redeveloped by a private party. No moneys have been distributed out of the TIRZ fund which currently has a balance of \$1.5M at the end of FY2018. To use the funds accumulated, the TIRZ board (made up of 2 representatives from both the City and County and a 5<sup>th</sup> person mutually agreed on by both entities) must approve a new development plan. In this TIRZ, 70% of the taxes collected over the base year is deposited in the TIRZ fund. This is a joint TIRZ, with the County contributing 70% of taxes collected to the TIRZ fund. This TIRZ was initially adopted for a 5 year term. After the first 5 year term, it was extended for another 5 year term by mutual agreement of the City and County. Staff is recommending that this TIRZ be extended for a longer period of time which would allow the City to issue debt for downtown revitalization and use the funds generated by the TIRZ to pay the debt service on the bonds.

#### **TRZ #1-Loop 110**

TRZ #1 was created in 2013 to pay for the City's portion of the construction of the Loop 110 which will go from McCarty Road to Yarrington on the east side of town. This TRZ zone covers the east side of the City bounded by IH-35 on the west, and the City limits on the north, east and south of the City with the exception of properties already in another TIF zone and the outlet malls. In this TRZ, 50% of the taxes collected over the base year is remitted to the County to reimburse TxDot for up to \$48M in funds loaned for the project. The obligation to the City is approximately half or \$24M and originally the City was expected to meet the obligation in FY2031. Since the formation of the TRZ, the growth rate has exceeded the projections, the City increased the tax rate, and the costs for the project have increased. The County is currently updating the calculations and the timeframe for meeting the obligation may change as a result.

### Summary of Base Years and Current Values

|                                | <b>Base Year Value</b> | <b>Tax Year 2017 Value</b> | <b>Increment Captured</b> | <b>Total City Taxes Collected</b> | <b>City Taxes Deposited in TIF Fund</b> |
|--------------------------------|------------------------|----------------------------|---------------------------|-----------------------------------|---|
| <b>TIRZ #2</b><br>Blanco Vista | \$628,810              | \$182,350,104              | \$181,721,294             | \$1,114,372                       | \$995,005                               |
| <b>TIRZ #3</b><br>Conf Center  | \$1,306,800            | \$25,400,000               | \$24,093,200              | \$147,908                         | \$147,908                               |
| <b>TIRZ #4</b><br>Kissing Tree | \$1,948,070            | \$22,686,398               | \$20,738,328              | \$127,313                         | \$50,925                                |
| <b>Tirz #5</b><br>Downtown     | \$104,184,156          | \$190,650,978              | \$86,366,376              | \$1,170,406                       | \$368,718                               |
| <b>TRZ #1</b><br>Loop 110      | \$715,472,845          | \$963,978,658              | \$248,505,813             | \$5,917,865                       | \$740,797                               |
| <b>Total</b>                   | <b>\$823,540,681</b>   | <b>\$1,385,066,138</b>     | <b>\$561,425,011</b>      | <b>\$8,477,864</b>                | <b>\$2,303,353</b>                      |