



City of San Marcos

Meeting Minutes City Council

Tuesday, April 21, 2020

3:00 PM

Virtual Meeting

This meeting was held using conferencing software due to the COVID-19 rules.

I. Call To Order

With a quorum present, the work session meeting of the San Marcos City Council was called to order by Mayor Hughson at 3:04 p.m. Tuesday, April 21, 2020. This meeting was held virtually.

II. Roll Call

Council Member Marquez arrived after roll call at 5:15PM

Present: 7 - Council Member Melissa Derrick, Mayor Jane Hughson, Mayor Pro Tem Ed Mihalkanin, Council Member Joca Marquez, Deputy Mayor Pro Tem Mark Rockeymoore, Council Member Maxfield Baker and Council Member Saul Gonzales

PRESENTATIONS

1. Receive Staff presentation, and hold discussion, regarding an update on Fiscal Year 2020 financial strategy and planning in response to the COVID-19 health crisis, Fiscal Year 2020 Capital Improvement Plan (CIP) Projects, as well as, an update on the issuance of bonded debt to provide funding for the projects, and provide direction to Staff.

City Manager, Bert Lumbreras provided a brief update and introduced the following who will lead the presentation:

Dan Wegmiller, the City's Financial Advisor of Specialized Public Finance, Melissa Neel, Assistant Director of Finance, and Laurie Moyer, Director of Engineering /CIP

Mr. Wegmiller, provided the bond buyer's General Obligation Index since 2000 and it indicates that we are currently in a very low interest rate environment. He provided future credit rating considerations, preliminary current refunding opportunity and explained the bank placement sale method.

There were no questions posed by Council for Mr. Wegmiller.

Ms. Neel continued the presentation and discussed the Covid-19 Financial

Strategy which will be flexible, transparent and timely.

There will be three Phases:

Phase I: Should businesses reopen June 1, sales tax revenue shortfall would be estimated at \$6.4M

Phase II: Should businesses not open by June or shortfall exceed projections, Sales tax revenue shortfall would be estimated at \$8.0M

Phase III: Should social distancing measures be extended, fewer businesses reopen, other unforeseen revenue impacts, sales tax revenue shortfall would exceed 25% (more than \$8.0M)

Currently we are implementing Phase I cost saving initiatives. These include:

- *Managed Hiring Program**
- *April '20 Merit/COLA delayed**
- *Capital Outlay (non-essential items)**
- *Homebuyer Incentive & Business Improvement & Growth (BIG) Grant**
- *Dues, Subscriptions, Supplies**
- *Professional Development, Travel, Meals**
- *Departmental Line Item Reductions**
- *Facility Repairs (non-critical)**
- *Street overlay**

Staff is seeking direction from Council on the following considerations:

General Fund:

Phase I consideration to further increase cost savings:

- * Increase utility franchise fees from 7% to 8% - Council provided consensus to move forward**

Phase II considerations:

- * Use of General Fund Balance @ 2% \$1,600,000 Council provided consensus to move forward**

Phase III considerations:

- * Issue short-term tax notes for capital outlay \$2,000,000 - Council provided consensus to move forward**
- * Service Level Reductions/Changes - This will be brought back at a later date if needed**
- * External Agency Funding, Ch. 380 Agreements - This will be brought back at a later date if needed**

Hotel Occupancy: supplement personnel cost from General Fund \$600,000 - Council provided consensus to move forward

General fund and HOT are at the same level

Ms. Neel provided the next steps which include a FY20 Financial Update and FY21 Budget Workshop to be held on May 26th and June 30th. A Budget workshop on August 13th and Budget Adoption on September 15th.

Ms. Moyer continued the presentation with the Capital Improvement Plan (CIP) Process and the Financial Strategy.

Staff is seeking consideration on the following:

Does Council want to defer debt as a COVID response? Council is in support and provided consensus

Does Council agree with the debt issuance amount of \$33M? Council is in support and provided consensus

Is there any Council direction on the FY21 CIP? Council consensus was to have two funding amounts for each item, one will be the original expected amount and the second to be a minimum amount in the case we are still experiencing budget shortfalls. The smaller amount will be the proposed amount.

EXECUTIVE SESSION

2. Executive Session in accordance with the following Government Code Sections:
 - A. §551.071 - Consultation with Attorney regarding: Legal considerations of an anti-discrimination ordinance; and acquisition of property in Downtown San Marcos for public use
 - B. Section § 551.072 - Real Property: to receive a staff briefing and deliberation regarding acquisition of property in Downtown San Marcos for public use

A motion was made by Council Member Baker, seconded by Council Member Gonzales, to enter into Executive Session at 4:58 p.m. The motion carried by the following vote:

For: 6 - Council Member Derrick, Mayor Hughson, Mayor Pro Tem Mihalkanin, Deputy Mayor Pro Tem Rockey Moore, Council Member Baker and Council Member Gonzales

Against: 0

Absent: 1 - Council Member Marquez

III. Adjournment.

Mayor Hughson stated Executive Session concluded at 6:03 p.m.

A motion was made by Council Member Baker, seconded by Mayor Pro Tem Mihalkanin, to adjourn the work session meeting of the City Council at 6:04 p.m., April 21, 2020. The motion carried by the following vote:

- For:** 7 - Council Member Derrick, Mayor Hughson, Mayor Pro Tem Mihalkanin, Council Member Marquez, Deputy Mayor Pro Tem Rockeymoore, Council Member Baker and Council Member Gonzales
- Against:** 0

Tammy K. Cook, Interim City Clerk

Jane Hughson, Mayor