City of San Marcos

630 East Hopkins
San Marcos, TX 78666

Workshop Agenda - Final

City Council

Thursday, June 27, 2019 | **4:30 PM** | **City Council Chambers**

630 E. Hopkins - Budget Workshop #2

I. Call To Order

II. Roll Call

PRESENTATIONS

1. Receive a Staff presentation and hold discussion regarding the preliminary Fiscal Year 2019-2020 Budget, and provide direction to Staff.

III. Adjournment.

POSTED ON MONDAY, JUNE 24, 2019 @ 2:30PM

JAMIE LEE CASE, TRMC, CITY CLERK

Notice of Assistance at the Public Meetings

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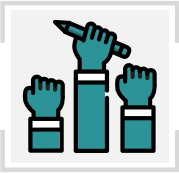
FY2020 Budget Workshop
June 26th – 27th

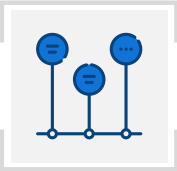
City of San Marcos | Finance

Budget Workshop Day 1

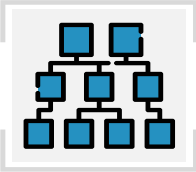


Revenue Analysis

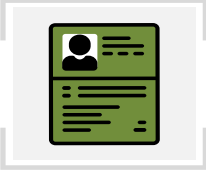
Expenditure Analysis



General Fund Capacity / Proposed Additions

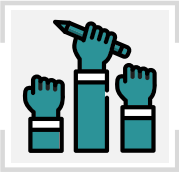


Economic Development Reallocation



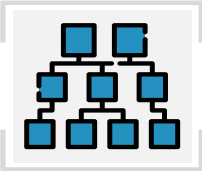
Bond Projects

Budget Workshop Day 2



Other Major Funds

Enterprise Funds



Questions & Discussion

Budget Policy Highlights

- Maintain a 25% fund balance
- Maintain current tax rate
- Base budgets held flat
- Resume 7% utility franchise fee
- General Fund fee adjustments
- Community Service fees based on Cost Recovery Plan

- Meet & Confer
- Merit, COLA, & health insurance adjustment
- Best Buy call center revenue for one-time exp or special projects
- Economic Dev funds for special projects
- Youth services On hold
- CUAB recommended rate adjustments

Revenue Analysis

Revenue Highlights

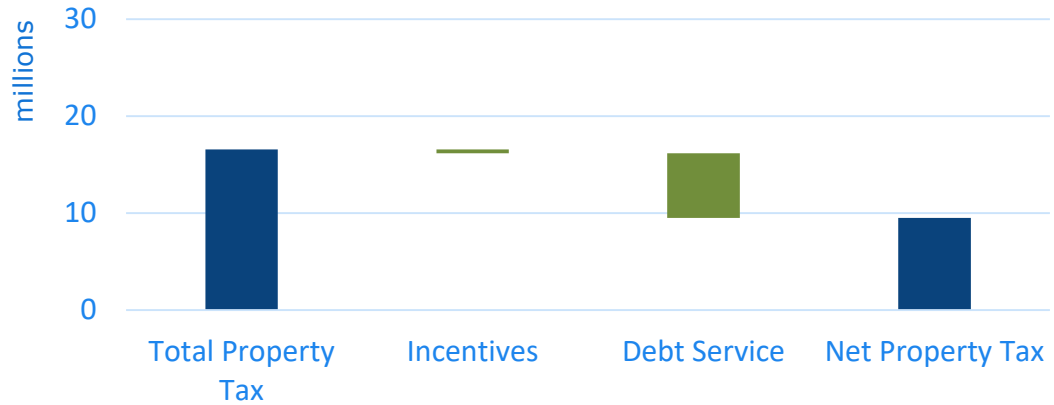
Significant growth from economic incentivized areas

Less year over year growth to fund increased operating costs as seen in prior years

Year over year trends are not in sync with operating areas rising costs

Property Tax Then & Now

SAN MARCOS



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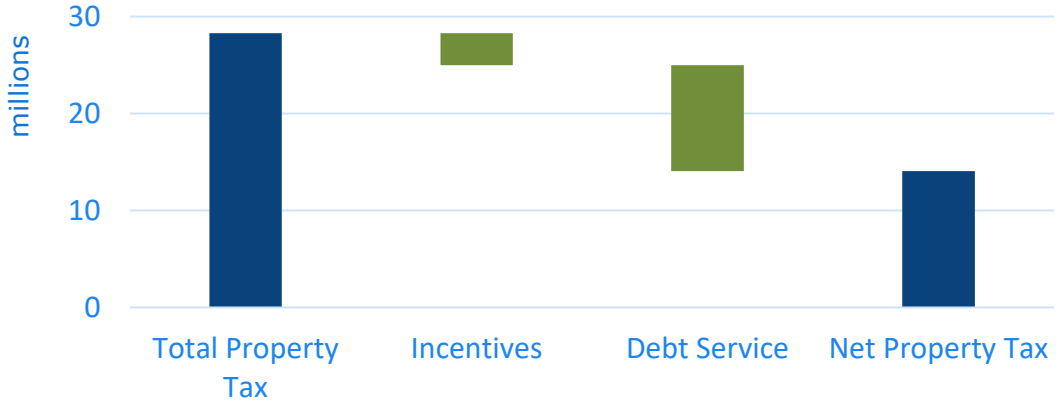
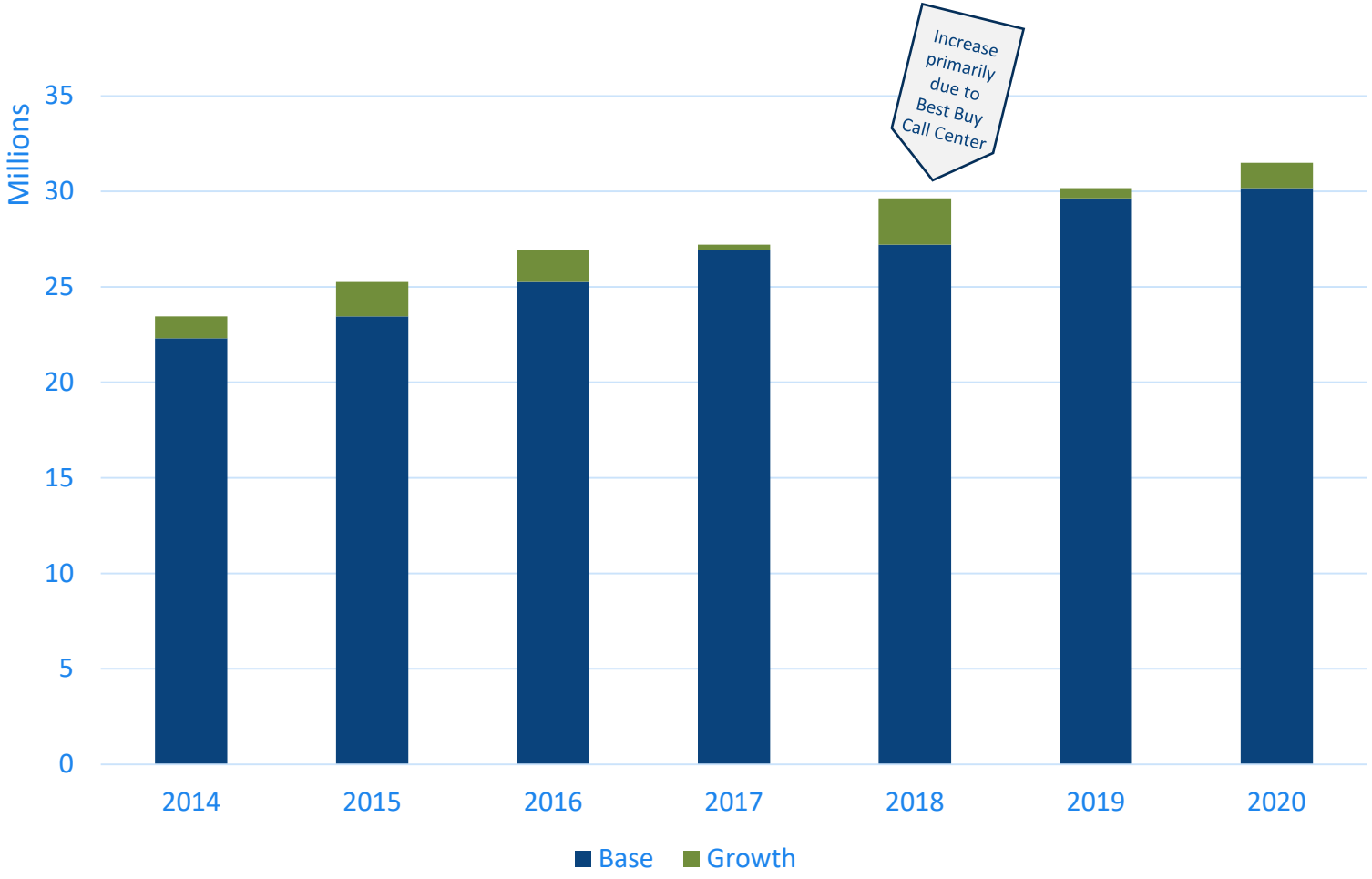


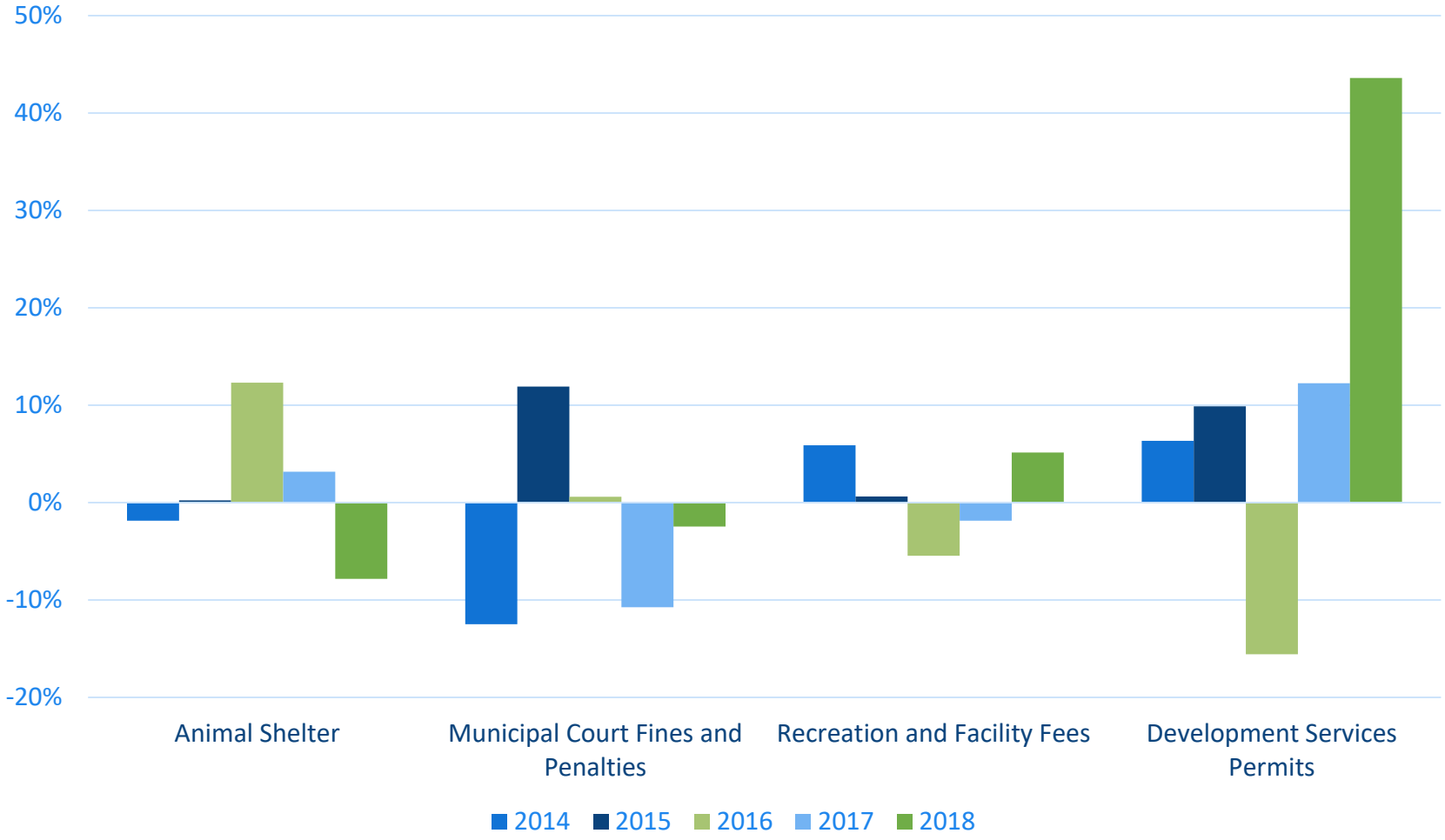
As San Marcos continues to experience rapid growth we must recognize that financial impact from additional debt financed infrastructure needs, economic incentive obligations, and greater demands on maintenance and operations exceed the net revenue proceeds from property tax.

Sales Tax Growth



Year over year growth in Sales Tax has decreased as compared to prior years resulting in reduced new revenue available to fund growing costs

Annual Growth of User Fees



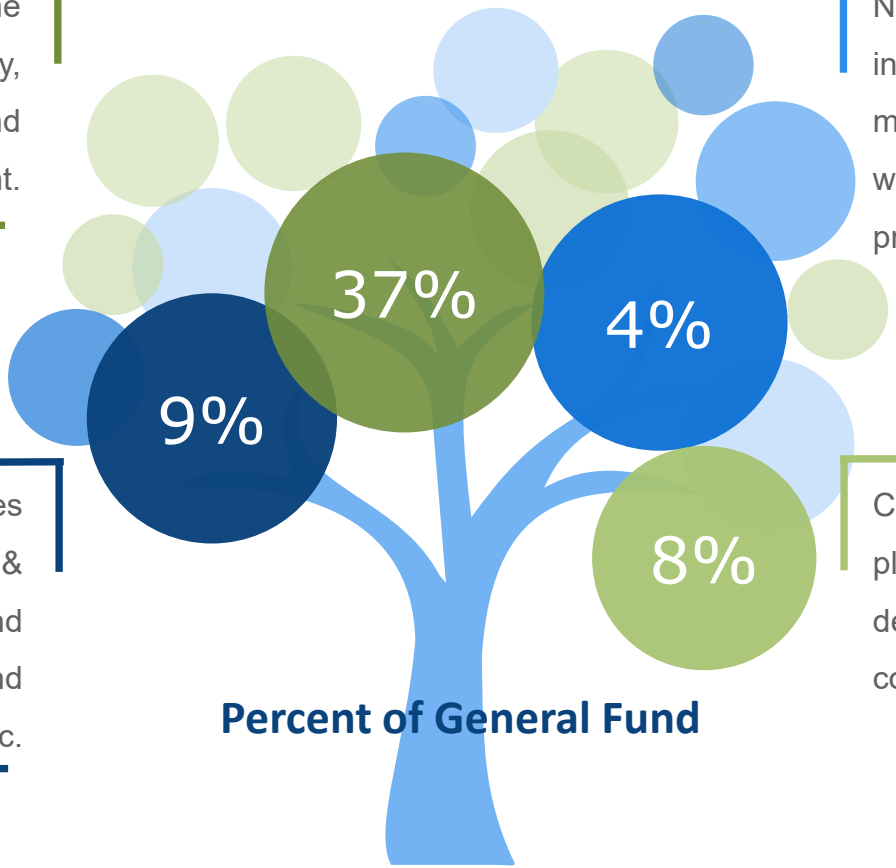
Revenue trends from user fees are inconsistent and do not support the growing cost to provide programs and services.

Expenditure Analysis

Community Value

Public Safety provides the community with life safety, law enforcement, and emergency management.

Neighborhood Enhancement insures our community maintains proper compliance with local ordinances and provides animal services



Community Services maintains parks & recreational areas, and provides programs and events to the public.

Community Development plans for current and future development of the community.

Neighborhood Enhancement

Animal Rescue

Largest animal rescue in history with 94% animals saved, implementation plan for 90% Live Outcomes

Neighborhood Vitality

Increased flow of information regarding construction projects and impacts to neighborhoods

Environmental Health

Amendments to health code were passed and now compliant with state laws

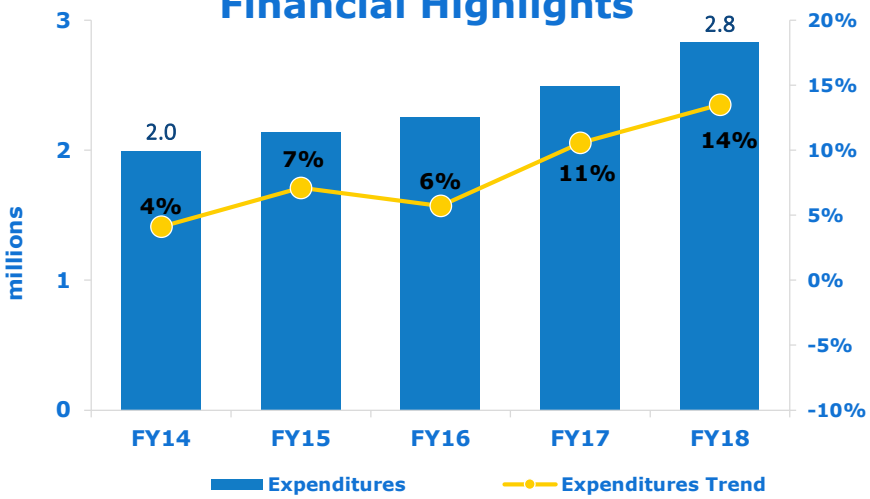
Permits

Realized increased efficiency and reduced fees due to the new temporary food permits for Non-profits

Code Compliance

Creating partnerships has helped property owners become compliant and beautify neighborhoods

Financial Highlights



Service Areas

General Fund

Animal Control
Animal Shelter
Code Compliance
Environmental/Health

Community Development

Engineering

$24M in construction projects completed 89% on schedule with only 5% overage. Secured $2.5M in loan forgiveness

Planning

Conducted citizen surveys on housing needs, code updates and historic preservation

Permitting

Online permit process with 85% submittals, streamlined development process

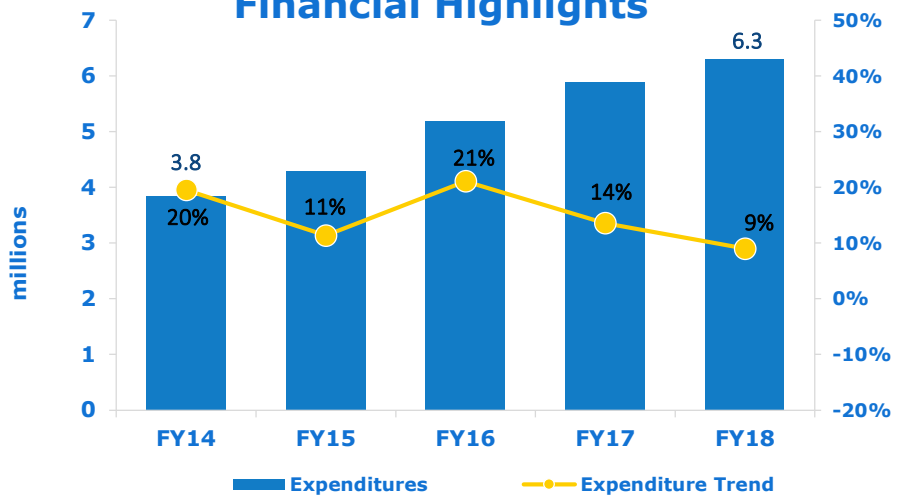
CDBG

Assisted with home ownership and repairs, neighborhood park renovations, $57M in disaster recovery funding

Library

Provided over 800 adult education programs,21 GEDs, 12 Microsoft cert, enrolled 1,400 children in reading program

Financial Highlights



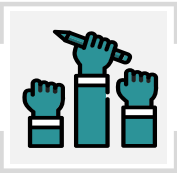
Service Areas

- Engineering & CIP
- Real Estate
- Planning & Permitting
- Inspections
- CDBG Administration
- Library

Community Services

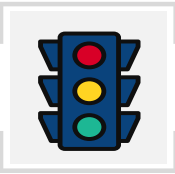
Youth

Host free events year round such as carnivals, egg hunts, costume contest, and movies in the park



Sr Programs & Arts

Over 25 unique senior programs annually, 17 Life Long Learning classes, mural arts program



Transit

Five year strategic plan, implemented city wide nondiscrimination policy

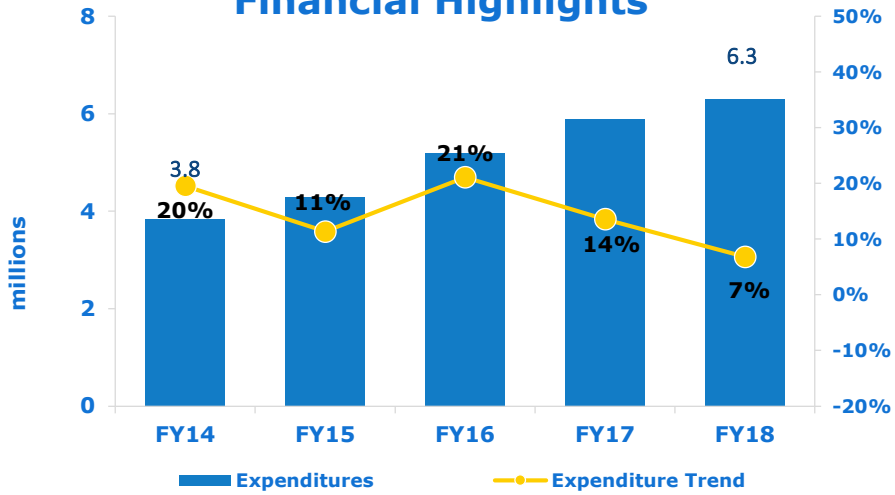
Fleet

Enterprise leasing program with 159 vehicles reducing operating costs and increasing fuel efficiency

Parks

Completed park renovations at Dunbar, Anita Reyes, Dog Park, Adult Softball, Ramon Lucio bridge and baseball canopies

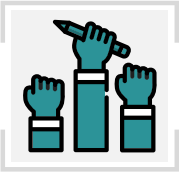
Financial Highlights



Service Areas

- Parks & Recreation
- Park Rangers
- Facilities & Maintenance
- Fleet
- Transit
- Parking Management

Public Safety

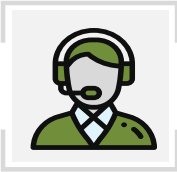


Community Outreach

EM – Texas Youth Preparedness Camp
PD – Blue Santa, immigration events w/ Mexican Consulate
Fire – Citizens Fire Academy, pancakes w/ Santa

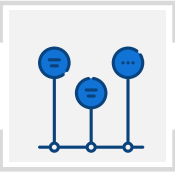
Training & Education

Fire – 24 fire fighters now state certified for fire prevention to assist in investigations
EM – preparedness training with EOC
Additional state mandates for Fire & PD increasing training requirements



Raising the Bar

Refined SM Emergency Ops Center, emergency dispatch protocols, full transition to federal mandated incident reporting system (PD)



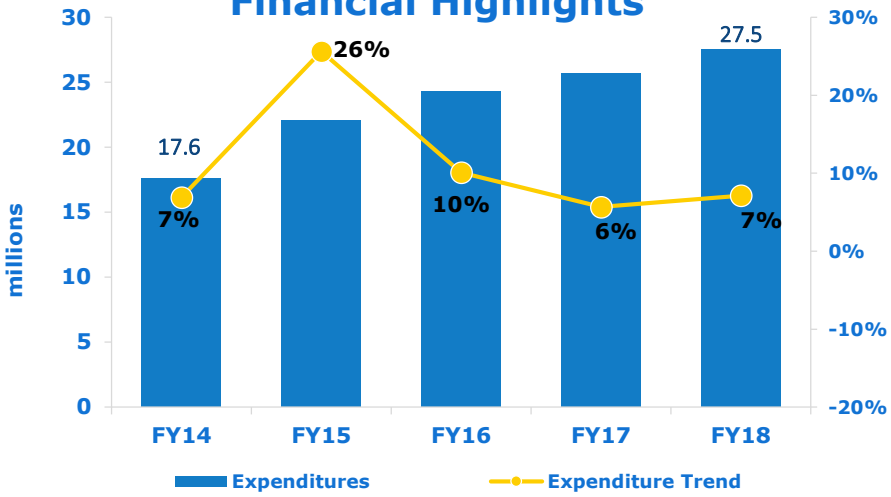
Expansion of Service

Design of new fire station and renovation of PD

Fire Prevention

Over 2,300 inspections, scientific forensic based fire investigations, coordinate all Special Events permits

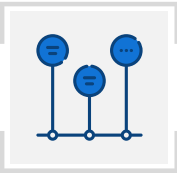
Financial Highlights



Service Areas

- Emergency Management
- Fire
- Police
- Municipal Court

Administrative Services

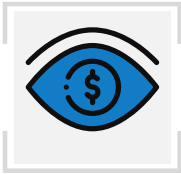


Outside Agency's

HSAB, CASA, museums, Crime Stoppers

Events

Over 20k citizens participated in City hosted events

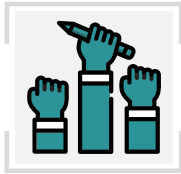


EMS

Contracted with Hays County EMS for emergency services

Capital Outlay

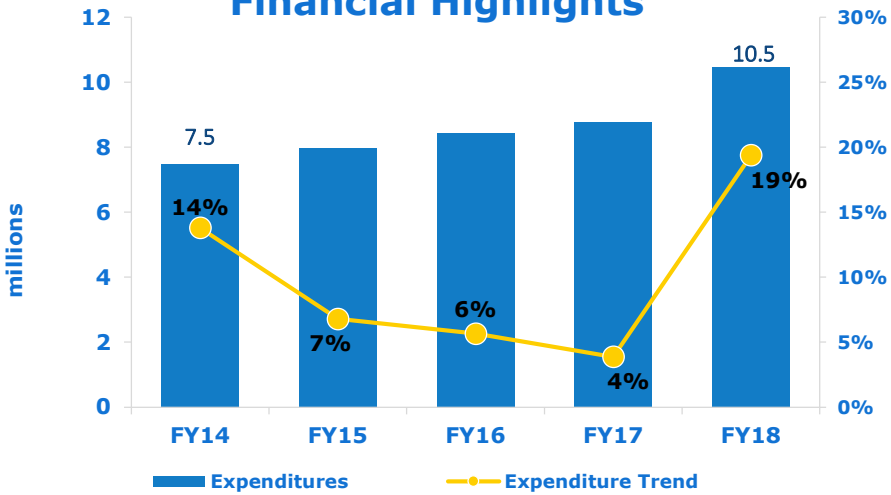
Light duty Fleet Lease program, equipment, facility improvements, PD pursuit vehicle replacement



General Operations

Facility maintenance & utilities, insurance, tuition reimbursement, software & maintenance

Financial Highlights

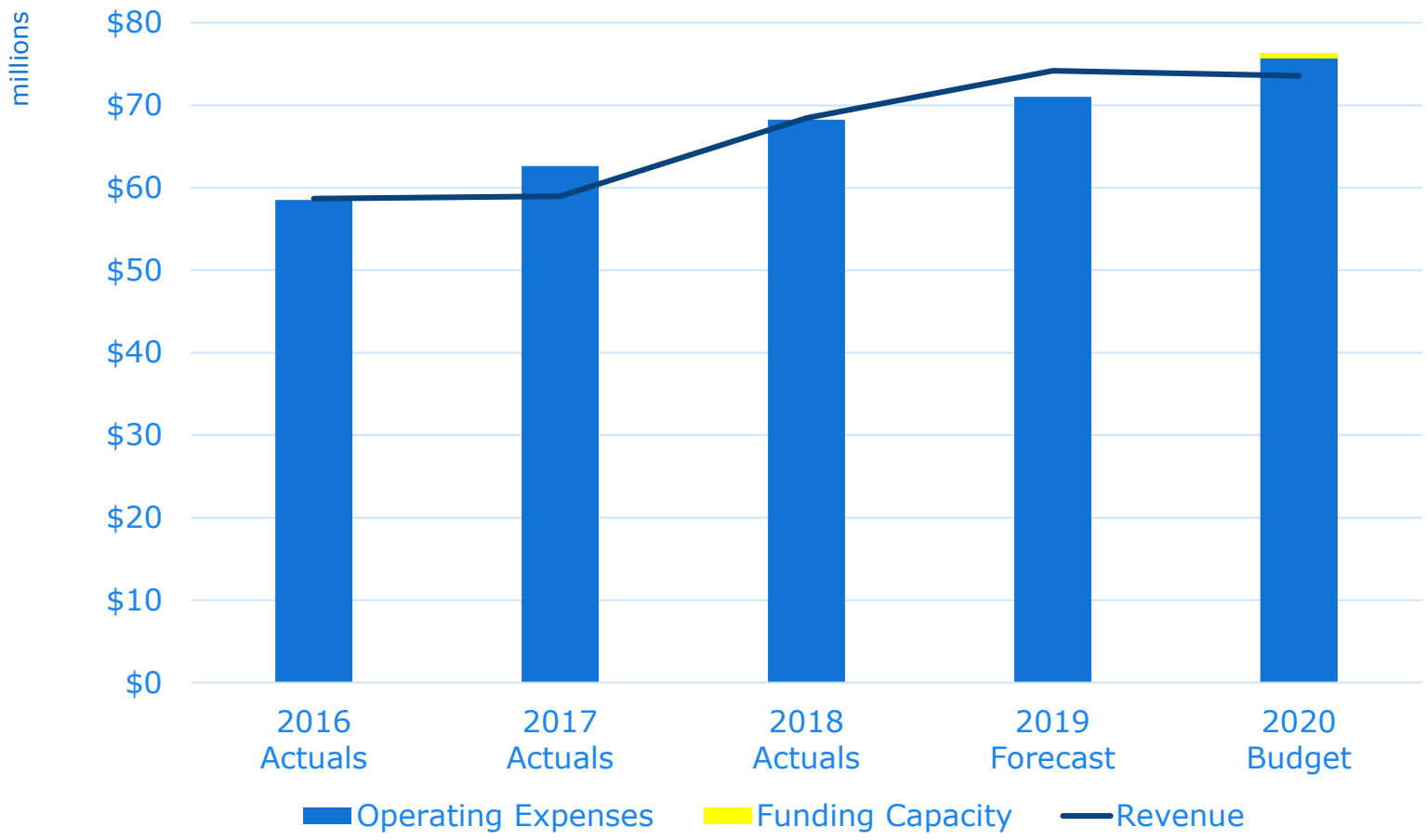


Service Areas

- General Operations
- Legal
- Human Resources
- Finance
- Information Technology
- City Manager's Office
- City Clerk

General Fund Capacity

General Fund Capacity



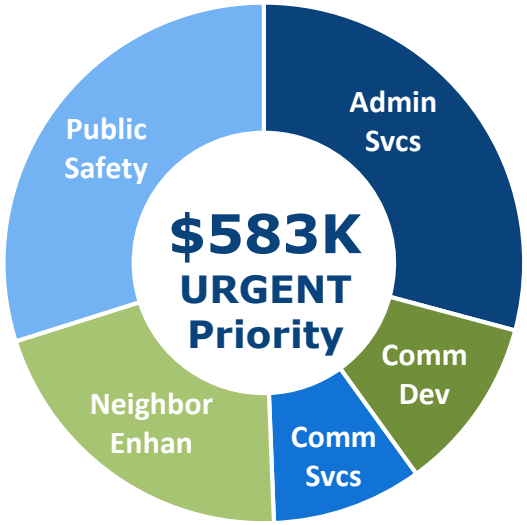
Current projections indicate $600,000 available capacity in the General Fund for additional expenditures.

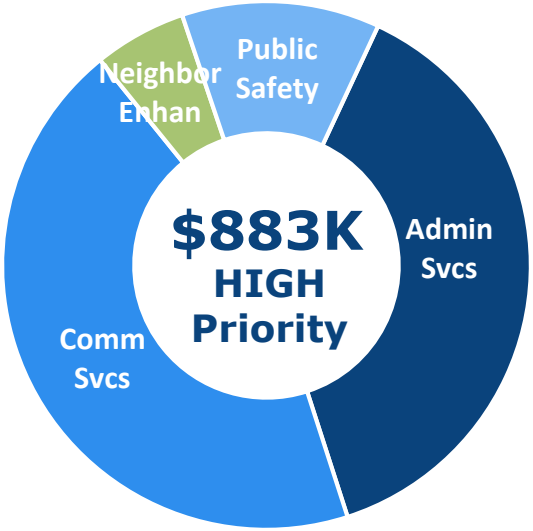
Base Budget Assumptions

FY2020 Budget Assumptions

- Meet & Confer
- Merit 4%
- Insurance 5%
- Contractual obligations 5%
- Department budgets held flat

General Fund Capacity





Urgent Priorities have been limited to $600K capacity of proposed funding , should additional capacity become available the High Priority requests will be considered

Proposed - Personnel

Department	Position
City Manager's Office	Management Assistant – FT (half year)
City Manager's Office	Grant Administrator – FT
Communications	Video Technician – PT
Engineering	Watershed Engineer – FT (split with Stormwater Fund)
Animal Control	Animal Protection Officer, Sr – reclass (half cost)
Animal Shelter	Adoption Counselor – FT (half cost)
Animal Shelter	Shelter Technician – FT (half cost)
Police	Volunteer Program Coordinator – FT (reclass from PT)
Police	Training/Compliance Coordinator – FT
Total Proposed Personnel:	**$318,120**

Proposed - Operating

Department	Position	Expense
City Clerk	City Council Chamber Security	$20,000
Communications	Professional Development & Travel	$2,500
Information Technology:	General Fund portion	
Hardware	DR – Firewall bundle internet connection	$13,330
Software	DR – Firewall bundle yearly maintenance	$4,000
Contracted Services	Increase to internet bandwidth	$6,800
Library	Professional Development & Travel	$2,000
Real Estate	Vehicle lease	$9,330
Community Services Admin.	Materials, tools, supplies for Arborist	$25,000
Facilities & Ground Maintenance	Landscape maintenance	$10,000
Facilities & Ground Maintenance	Contract Services – maintain LED bldg. lights	$12,000
Fleet Services	Professional Development – EVT/ASE certifications	$7,500

Proposed – Operating Cont'd

Department	Position	Expense
Animal Shelter:		
Materials & Supplies	Medical supplies (half cost)	$24,000
Contracted Services	Veterinary Services (half cost)	$11,000
Materials & Supplies	Volunteer/Foster Program supplies (half cost)	$5,000
Professional Services	Temp staff standard staffing needs	$7,500
Code Enforcement	Increase to operating costs	$15,000
Neighborhood Enhancement Admin	Increase to operating costs	$8,000
Neighborhood Enhancement Admin	Austin Tenants Council – Professional Services	$4,000
Police	Software – Automated License Plate Reader	$11,250
Fire	Paramedic Program (pending program development)	$67,000
	Total Proposed Operating:	**$265,210**

Proposed – Operating Cont'd

Funding Summary		Expense
Personnel		$318,120
Operating		$265,210
	Grand Total Proposed Expenditures:	**$583, 330**

Proposed – Other Funded Areas

Department	Description	Expense
Library	O&M tax proceeds: Librarian I	$55,000
Communications	PEG Funded – video equipment, video editing	$30,000
Streets	TIRZ Funded: Downtown Sidewalk	$350,000
	Total Other Funding:	**$435,000**

Additional Considerations

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Additional Capacity Needed

- Over 65 tax freeze
- Animal Services partner funding
- Community Enhancement Fee
- Women's Shelter transitional housing $400,000

City Manager Recommendation:

- FY19-Amend budget to fund $150K with excess sales tax revenue
- FY20 & FY21-Amend budget if revenues are in excess of budget

Economic Development Reallocation

Economic Development Funds

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$200K

FY20 Allocation

- Economic/Business Development Manager
- Economic Development program

Accrued Balance

- Proposed funding to support Strategic Initiatives

$800K

2019 Strategic Initiatives

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Workforce Development

Partner with community, training/programming,

Downtown Vitality

Support diversified business activity, improve quality of place, accessibility

Workforce Housing

Policies, dedicated housing and revenue sources, land use and zoning regulations

City Facilities

Short-term alternatives for expansion, alternative delivery methods, 5 yr plan, project design and scope, future land purchases

Multi Modal Transportation

Funding recipient, inter-local agreements, continue other initiatives

Proposed Funding

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Workforce Development

- Scholarship funds
- City facility location
- Marketing

Workforce Housing

- Land acquisition
- Design competition that attracts local architects and builds momentum around the project
- Unsafe structures

Proposed Funding

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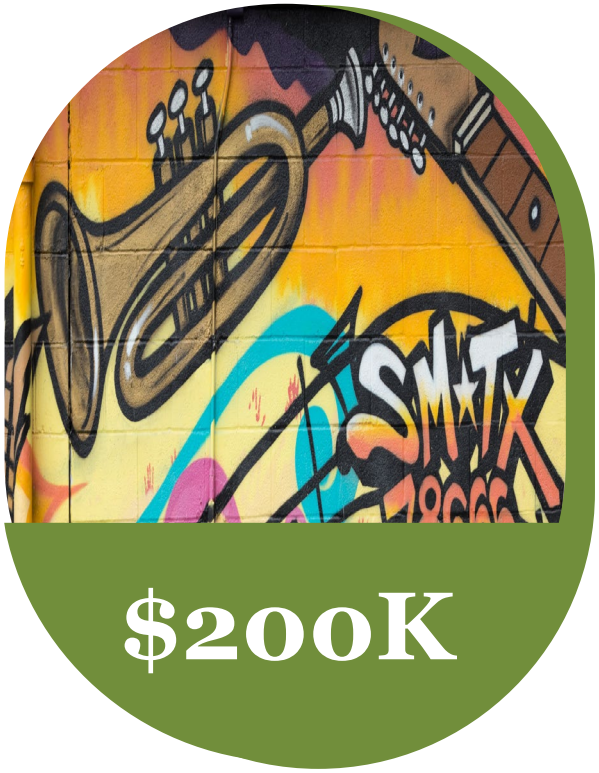


$200K

Downtown Vitality

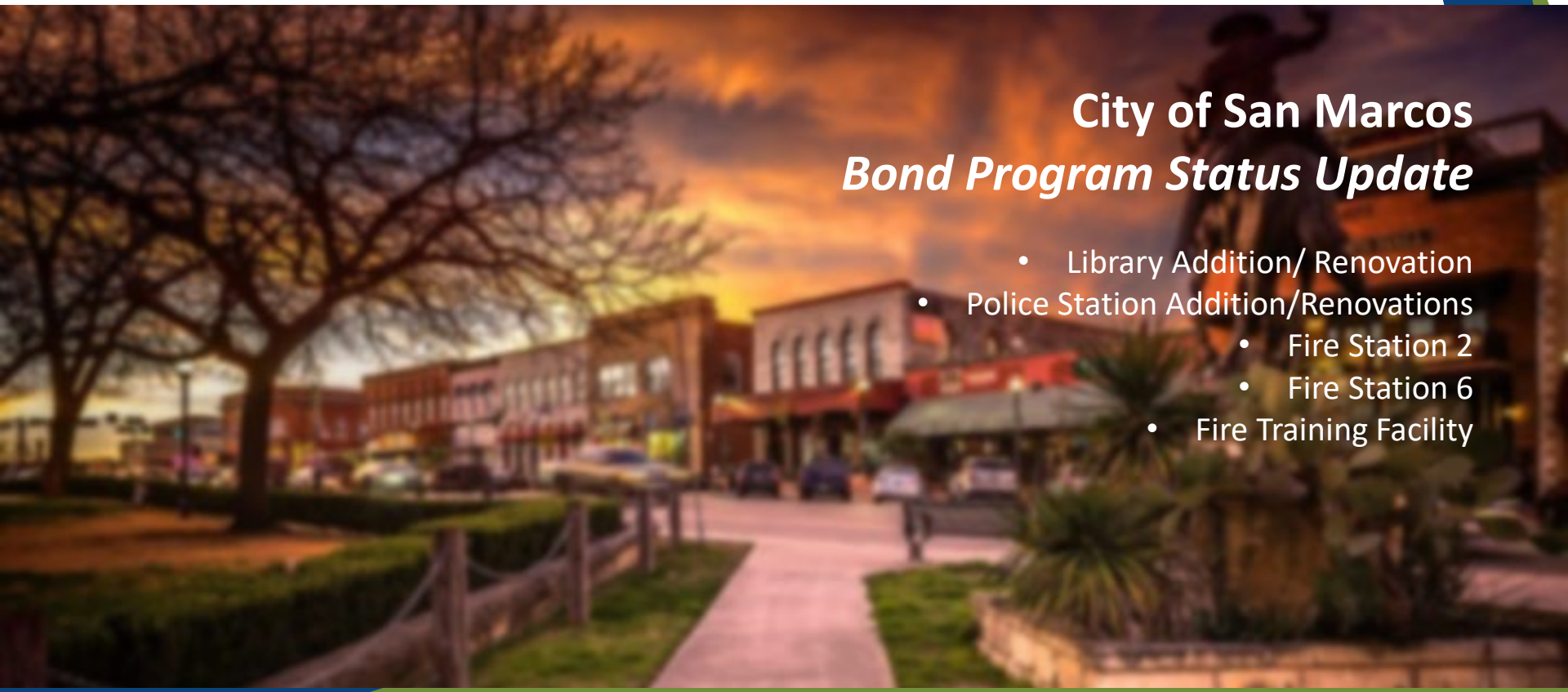
- Downtown arch
- Landscaping
- Benches
- Art within the sidewalk
- Pedestrian Wayfinding
- Street signage and traffic signal boxes wrapping from local artist

$200K

Multi Modal Transportation

- Design for shared use path River Rd – Thorpe Ln
- Additional bus shelters on Hutchison and Outlet mall

Bond Program

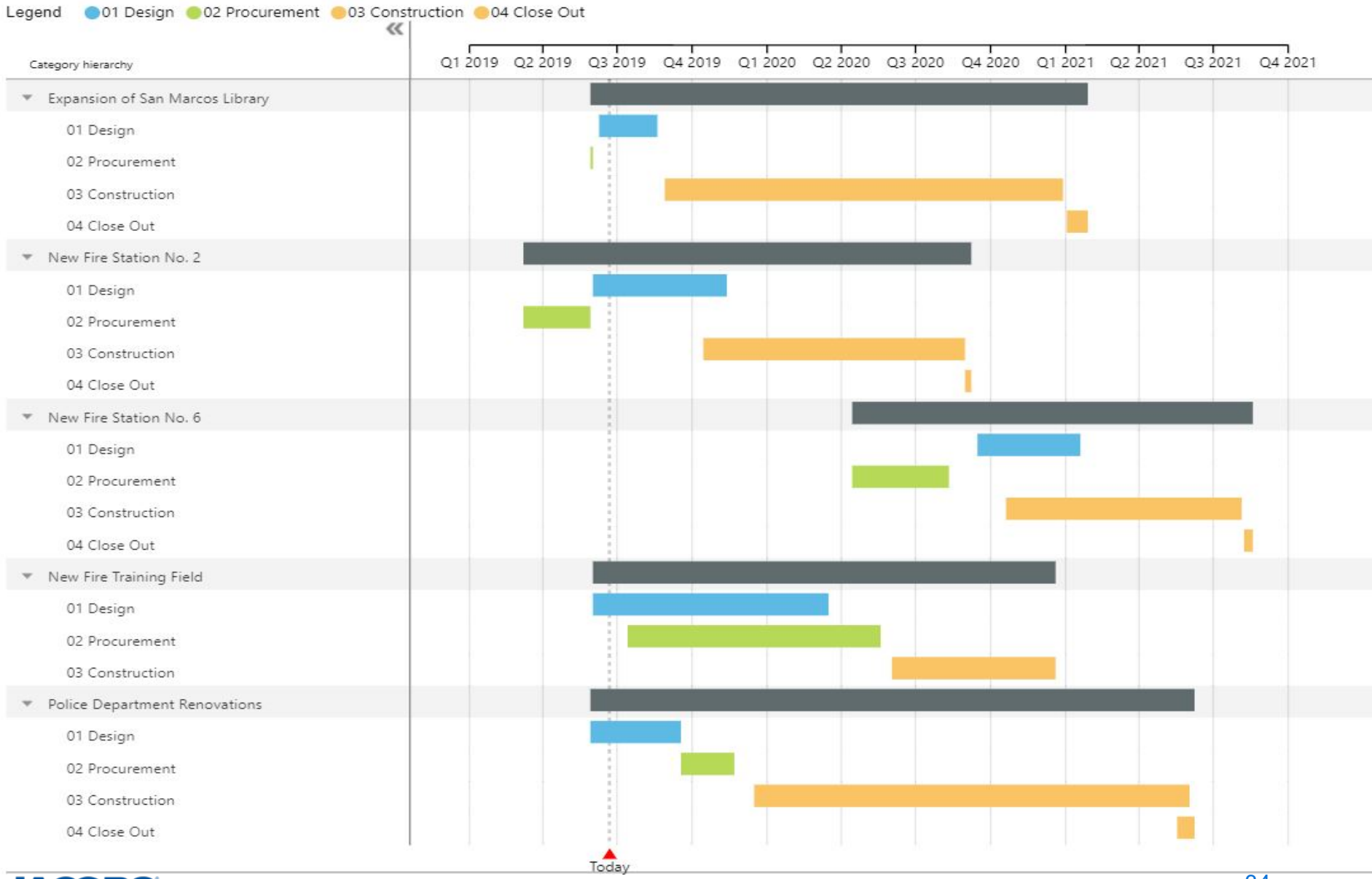


City of San Marcos

Bond Program Status Update

- Library Addition/ Renovation
- Police Station Addition/Renovations
- Fire Station 2
- Fire Station 6
- Fire Training Facility

Project Schedule Update



Library Addition/ Renovation

Rendering by PGAL

Total Project Budget	Estimated Total Project Cost
$14.6 M	$15.9 M

- Construction forecasted to begin Fall 2019 per current schedule
- Projected budget overrun due to inflation
- Construction costs have increased approximately 3% annually over the past 3 years
- Project size and scope has remained unchanged, but the original project budget established in 2016 did not account for inflation.
- The City has identified approximately $1M of additional funds to cover overage
- The City, Jacobs, and D/B team weighing additional cost savings options through the ongoing design phase

Fire Training Master Plan and Phase 1

Preliminary masterplan site layout from design charette
The overall fire training facility includes office/classroom building, driving skills pad, burn buildings, outdoor classrooms, and new fire station

Total Project Budget	Estimated Total Project Cost
$2.0 M	$2.0 M

- Abercrombie to provide final draft of the masterplan and site plan for review and comment this week
- Masterplan efforts have identified infrastructure and prioritized training structure that will fit the Phase 1 construction budget ($1.5 M)
- Once the Masterplan is finalized and approved, Abercrombie will submit a proposal for design services for Phase 1 of construction.
- Once the design is complete, City will issue the Phase 1 project in a Close Sealed Proposal Solicitation

New Fire Station 2 & 6

Using the new Fire Station #4 design as a prototype for new stations

	Estimated Total Project Cost
Fire Station 2	$5.3 Million
Fire Station 6	$6.8 Million

- Latest construction cost estimate from the Design-Build team for the same structure is approximately 15% higher than the final construction cost for FS 4.
- FS 2 estimated cost increase is primarily due to additional needed sitework
- The City, Jacobs, and Design Build team are currently weighing cost savings options to get the construction cost closer to the initial budget and include a 4th bay in the scope.
- FS 6 Design Build solicitation not scheduled to be published until later in 2020, but publishing the solicitation ASAP may help mitigate additional project cost escalation.

Police Department Addition/ Renovation

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Rendering by KGA Architects

Total Project Budget	Estimated Total Project Cost
$5.6 M	$11.6 M*

- Project budget was based on a construction estimate that did not include design fees/project soft costs and the budget did not factor inflation (approximately $2.0M)
- The project budget did not account for ADA accessibility and fire safety renovations required by Code (approximately $1.0M)
- Cost allocated for site improvements and the SWAT building was significantly less than the latest construction estimate (approximately $2.0M)
- Facility's mechanical system issues have grown since the initial assessment. The system is past its expected life cycle and in need of a full replacement (approximately $1.5M)
- Planning a strategy to add supplemental funds via CIP budget in the upcoming years to provide full scope

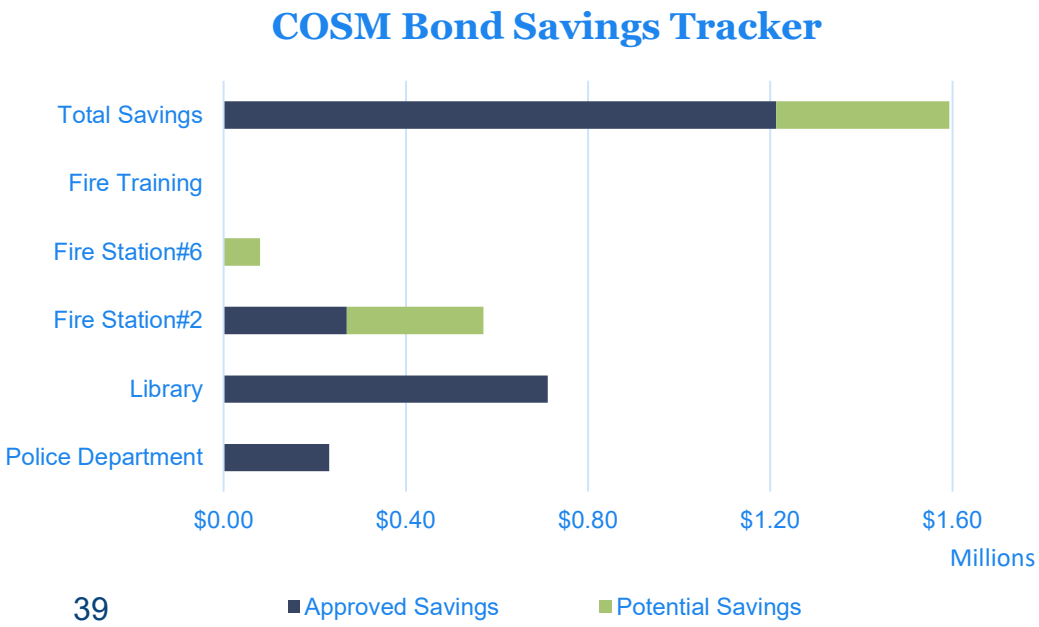
*Please note the following for reference:

- City of Garland has an upcoming project for a new PD facility worth $23M
- City of New Braunfels has an upcoming project for a new PD facility worth $36M

JACOBS

Cost Savings To-Date

Bond Program Savings Summary	Column1
Total Approved Savings	$1,213,344.61
Total Pending/ Potential Savings	$380,000.00
Total	$1,593,344.61



- On average JACOBS was able to help the City successfully negotiate approximately 20% savings on design-builder fee proposals received for FS 2 and Library.
- The team was able to successfully negotiate $230K of savings from KGA's initial proposal for design services for the Police Department.
- Other savings have been captured by vetting proposals received, for geotechnical services and land survey services.
- Forecasted potential savings based on expediting the FS 6 project and vetting initial construction estimates on FS 2 for inefficiencies.

Day Two

- **Other Major Funds**
- **Enterprise Funds**
- **Wrap Up**
- **Discussion**

Other Major Funds

Other Major Funds

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Hotel Motel

Recruited conference with over 1,700 attendees, 2022 Texas Downtown Association. $3.1M reinvested in downtown

Airport

Hosted inaugural Go-Wheels-Up event with over 4,000 attendees

Resource Recovery

Over 300k lbs trash & 23k lbs recycled through community cleanup events, 400+ graffiti instances removed, 92 illegal dumping instances cleaned

WIC

Provided counseling, clinical assessments, supplemental foods and immunizations to eligible members of the community

Hotel Motel Tax Fund

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- Fiscal Year 2019 Revenue is trending above budget
- Recommending reinstating full expense budget for fiscal year 2019 due to increase in revenue collections
- Conservative 1% increase in revenue for fiscal year 2020
- Recommend holding operating expenses flat with the exception of personnel and contractual obligations

Revenue for Current Programs	
FY18 Revenue	$2,367,000
FY19 Revenue Forecast	$2,539,000
FY20 Budget	$2,531,000

Current Programs	FY20
CVB	$1,647,400
Main Street	$ 390,900
Tanger Marketing Program	$ 150,000
Downtown Marketing Coop	$ 30,000
Eco Tourism	$ 40,000
Sports Tourism	$ 60,000
Tourist/Transportation	$ 10,000
Mural Program	$ 35,000
Arts Project/Permanent Art	$ 250,000
Conference Center Repairs	$ 10,000
Total:	**$2,613,300**

Arts Commission-Total Requested Increase $54,550

- $12,500 increase for Art Projects
- $12,500 increase for Permanent Art
- $39,550 increase to move Art Coordinator to full time from part time

Airport Fund

Revenue	FY20 Budget
FY19 Budgeted Revenue	$646K
Hanger, Shelter, and Land Rentals	$ 39K
Fuel Flowage Fee/Gross Receipts	$ 5K
Total Budgeted Revenue	**$690K**

Expenses	FY20 Budget
FY19 Budgeted Expenses	$646K
TAP Contract/Incentive Expense	$ 17K
Rent Incentives	$ 27K
Total Budgeted Expenses	**$690K**

- No transfer from the General Fund is required
- If revenue budgets are not achieved, the General Fund will have to make up shortage.

Requests	
City Owned Facility Repair and Maintenance	$100K
Runway Signage and Striping	$ 50K
Airport Marketing	$ 25K
Runway Pavement Crack Sealing	$150K
SUV Lease	$9K
Total	**$334K**

Resource Recovery Fund

Revenue	FY20
FY19 Budgeted Revenue	$4.4M
Additional revenue generated by customer growth and rate adjustment	$0.4M
Total Budgeted Revenue	**$4.8M**

Expenses	FY20
FY19 Budgeted Expenses	$4.4M
Contracted Services-Trash/Recycling	$0.3M
Other Expenses	$0.1M
Total Budgeted Expenses	**$4.8M**

- Residential rates adjusted .88 cents per month, $10.51 annually
- Multifamily rates adjusted .34 cents per month, $4.09 annually
- Both rates increased .15 cents per month to build reserve for the future relocation of the Household Hazardous Waste Facility

Operating Expenses	One-time / Recurring	Annual Cost
Program Coordinator – Reclassification	Recurring	$17,500
Vehicle – Tommy lift flat bed truck lease	Recurring	$13,500
Total Resource Recovery Funding:		**$31,000**

Enterprise Funds

Enterprise Funds

Utilities

- Dept submitted budget requests
- Consultants prepare rate model considering: growth factors, ops increases, future CIP & capital needs
- Rate model output presented to CUAB (Citizen Utility Advisor Board)
- CUAB prepares rate recommendations for Council

Water / Wastewater Fund FY20

Water/Wastewater Fund

Rate Recommendation

- Rate Study underway. Results of modeling will be presented at August Budget Workshop
- CUAB will receive results in July and make a recommendation to City Council for rate adjustment
- Expect that rate adjustment will follow long term plan of 3%-5%
- All proposed expenses will be included in modeling to evaluate effect on rates

Water/Wastewater Fund

SAN MARCOS

Debt Service and Potential Rate Adjustments from FY19 Rate Modeling

	FY19	FY20	FY21	FY22	FY23
Revenue	$43.2M	$45.9M	$48.5M	$51.2M	$54.1M
Expenses	40.0M	43.2M	43.3M	47.8M	49.8M
Ending Fund Balance	10.0M	10.8M	10.7M	11.9M	12.4M
Weather Stabilization Reserve	3.0M	3.2M	3.4M	3.6M	3.8M
Debt Coverage	1.27	1.16	1.36	1.19	1.23
Potential Rate Adjustment	5% W 2% WW	5% W 2% WW	5% W 3% WW	5% W 3% WW	3% W 3% WW

Water/Wastewater Fund

SAN MARCOS

Proposed Additional Expenditures

Personnel Expenses	Annual Cost
Equipment Op 2 (reclass)	
Equipment Op 2 (reclass)	
Equipment Op 2 (reclass)	
Crew Leader	
Equipment Op 1	
Equipment Op 1	
Equipment Op 1	
Water Quality Tech	
Total Personnel Expenses:	**$369,050**

Water/Wastewater Fund

SAN MARCOS

Proposed Additional Expenditures

Operating Expenses	One-time / Recurring	Annual Cost
Increase internet bandwidth	Recurring	$6,800
DR - Firewall bundle - Hardware	One Time	$13,333
DR - Firewall bundle - Software	Recurring	$4,000
Funding for arborist to provide tree care, maintenance and removal	Recurring	$25,000
WQ - Locus Environnemental Information Management software	Recurring	$18,500
Ipads for field data entry	One Time	$5,110
WQ - Locus Environnemental Information Management software modules	One Time	$6,500
Total Operating Expense:		**$79,243**

Water/Wastewater Fund

Proposed Additional Expenditures

Capital Expenses	Annual Cost
Tokay BFP upgrade	$25,000
MAPS trenchbox	$25,000
Road Trench Plates	$10,000
Sonetics wireless headsets	$18,000
Total Capital Expense:	**$78,000**
Funding Summary	
Personnel	$369,050
Operating	$79,243
Capital	$78,000
Total Waster/Wastewater Funding:	**$526,293**

Electric Fund FY20

Electric Fund

Rate Recommendation

- Rate Study underway. Results of modeling will be presented at August Budget Workshop
- CUAB will receive results in July and make a recommendation to City Council for rate adjustment
- Expect that no rate adjustment will be needed
- All proposed expenses will be included in modeling to evaluate effect on rates

Electric Fund –

Proposed Additional Expenditures

Personnel Expenses	Annual Cost
Senior Engineering Tech - reclass	
Lineworker	
Network Administrator	
Application Analyst	
Total Personnel Expenses	**$335,900**

Electric Fund

Proposed Additional Expenditures

Operating Expenses	One-time / Recurring	Annual Cost
Software	Recurring	$4,000
Software	One-time	$47,000
Hardware	One-time	$20,133
Contracted Services	Recurring	$255,800
Contracted Services	One-time	$7,500
Equipment	One-time	$2,000
Vehicle Lease & Maintenance	Recurring	$26,806
Professional Development	Recurring	$50,710
Arborist supplies	Recurring	$25,000
Total Operating Expense:		**$428,949**

Electric Fund

Proposed Additional Expenditures

Capital Expenses	Annual Cost
Manual Meter Reading System replacement	$10,000
Bucket Truck for Meter techs	$145,000
Locator	$6,500
Crew truck	$86,000
Cargo Trailer	$10,000
Total Capital Expenses:	**$275,500**

Electric Fund

Proposed Additional Expenditures

Funding Summary		Annual Cost
Personnel		$335,900
Operating		$444,949
Capital		$275,500
Total Electric Fund Expenses:		**$1,038,350**

Stormwater Fund FY20

Stormwater Fund

SAN MARCOS

Rate Recommendation

- Rate study significantly complete. Results presented to City Council at work session
- Continue to finalize recommendation for new rate structure
- Expect to implement new rates in second quarter fiscal year 2020. No rate adjustment October 1.
- All proposed expenses will be included in modeling to evaluate effect on rates

Stormwater Fund

Proposed Additional Expenditures

Personnel Expenses	Annual Cost
Watershed Engineer-FT (split with GF)	
Crew Leader	
Operator 2	
Operator 1	
Operator 1	
Total Personnel Expenses	**$326,850**

Stormwater Fund

SAN MARCOS

Proposed Additional Expenditures

Requested Expenses	One-time / Recurring	Annual Cost
Arborist supplies	Recurring	$25,000
Total Operating Expense:		**$25,000**
Front end wheel loader*		$170,000
Rover camera and CCTV equipment*		$160,000
Total Capital Expense:		**$330,000**
Funding Summary		
Personnel		$326,850
Operating		$25,000
Capital		$330,000
Total Stormwater Funding:		**$681,850**

* Exploring financing over a 5-7 year timeframe

Budget Timeline

Budget Timeline

1. Budget Policy Workshop
   Feb 13
2. Adopt Budget Policy
   Mar 19
3. Budget Work Session
   May 7
4. **Budget Workshop**
   June 26 - 27
5. **Proposed Budget Workshop**
   Aug 1
6. **1st Reading Tax Rate**
   Aug 20
7. **1st Budget Reading, 2nd Reading Tax Rate, Sept 3**
8. **2nd Reading & Budget Adoption, Sept 17**

Wrap Up

Questions

Discussion

Thank You

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