



FY 2024 Six Plus Six Report

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Five Year Financial Forecast

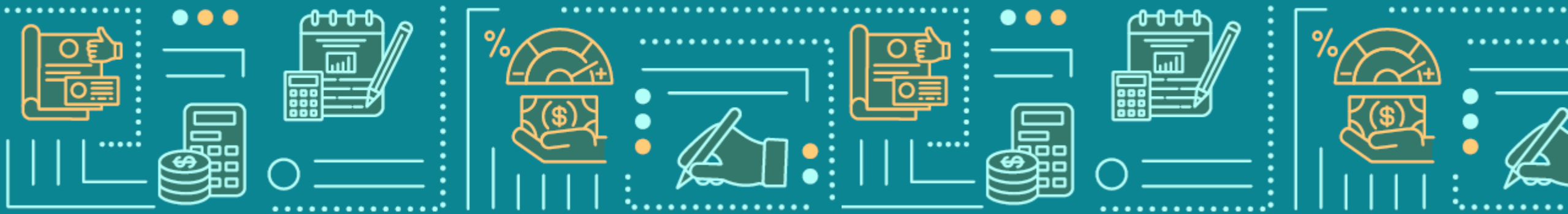


Presented by: Justina Tate, Budget Director
City Council "B" Session
April 17, 2024

Presentation Overview



- FY 2024 Six plus Six Financial Report
- Five Year Financial Forecast
 - General Fund
 - Solid Waste
 - Hotel Occupancy Tax
 - Development Services
- Next Steps in Budget Process



2nd Quarter Report

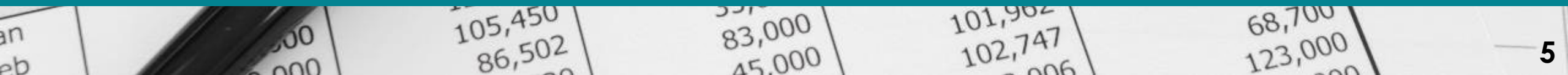
2nd Quarter Report

- Unaudited Actuals October to March
- Compares 2nd Quarter results to FY 2024 Adopted Budget
- Highlights General Fund and selected Restricted Funds
- Report includes other funds and is available online



2nd Quarter Financial Highlights

- General Fund results for 2nd quarter are favorable
 - Property tax under budget from additional exemptions, litigation, and appeals
 - Sales Tax revenue below budget to date
 - CPS revenues slightly higher due mainly to off-system sales
 - Interest earnings continue to out-perform budget
- Restricted Funds
 - Hotel Occupancy, Solid Waste and Development Services are performing within budget
 - Airport revenues are outpacing projections



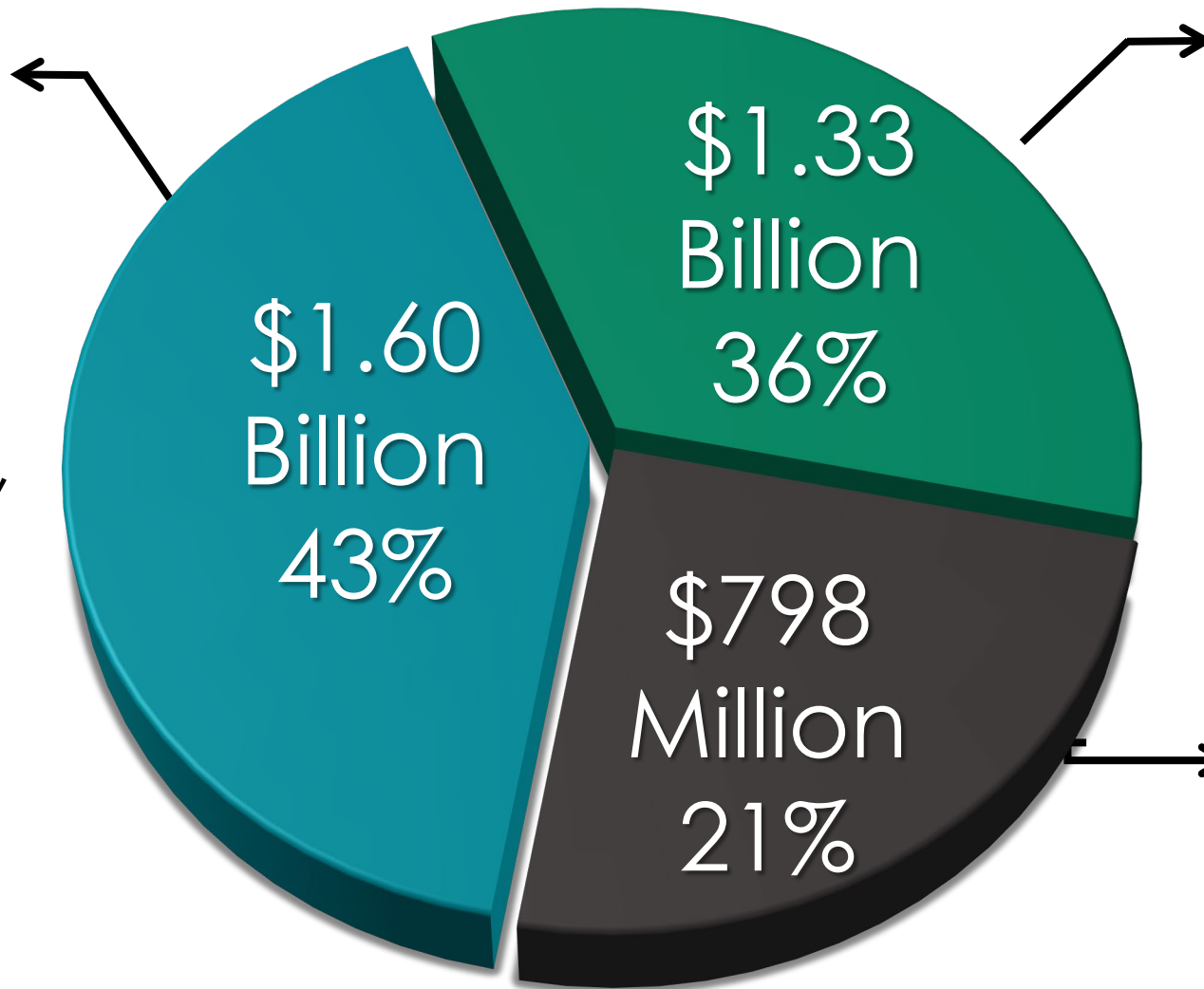
Background image showing financial data tables with numbers such as 105,450, 86,502, 83,000, 45,000, 101,962, 102,747, 68,700, and 123,000.

FY 2024 Adopted Budget

Total City Budget \$3.7 Billion

General Fund

Supports most basic City services: Police, Fire, Public Works, Parks, Library



Restricted Funds

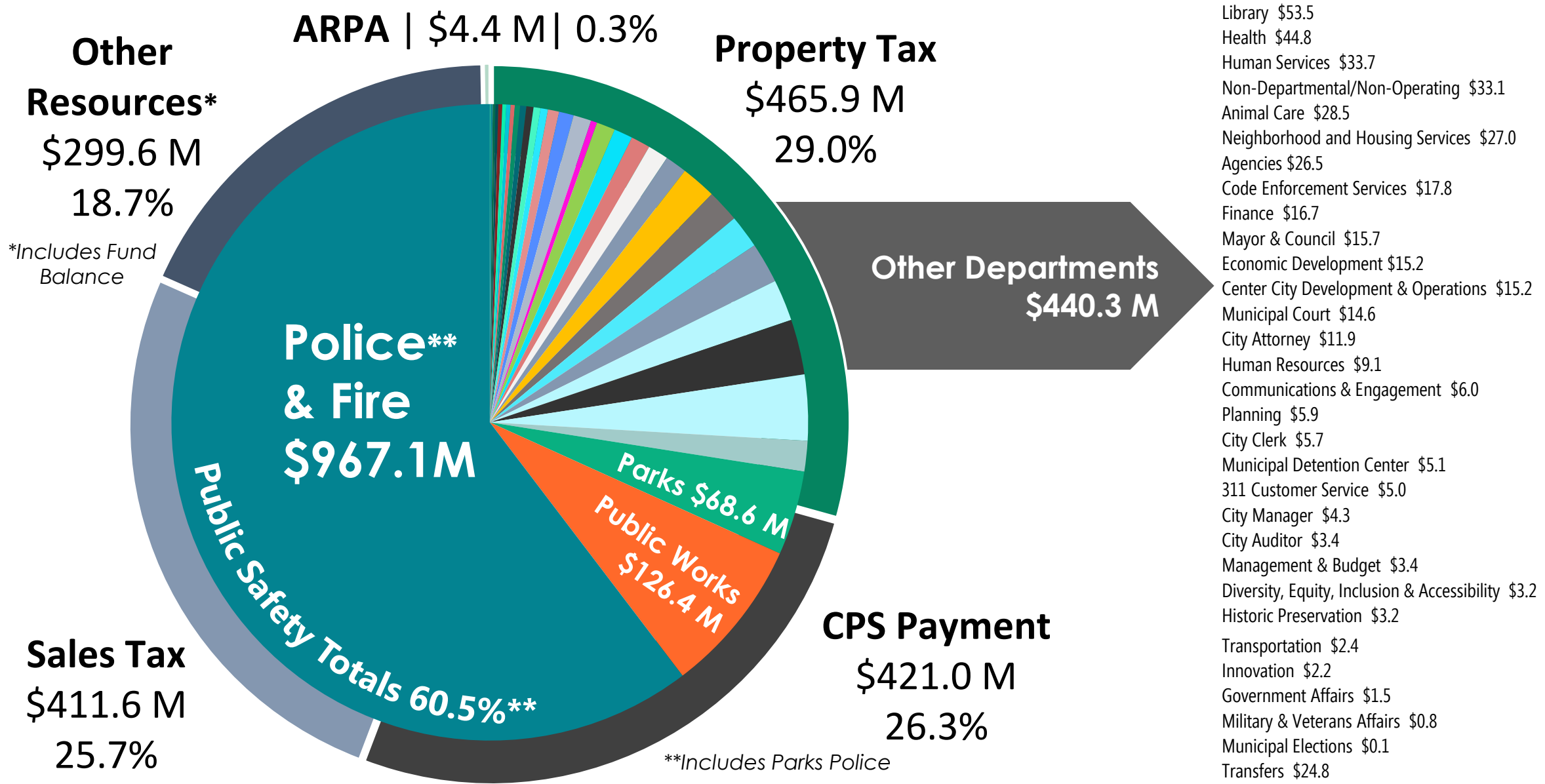
- Airport Fund
- Development Services
- Hotel Occupancy Tax
- Solid Waste
- Grants

Capital Program

- 2022 bond projects
- Airport projects

FY 2024 General Fund

Total Budget \$1.6 Billion



General Fund – 2nd Quarter

- General Fund Revenues are \$17.3 million ahead of budget

Revenue Source (\$ in Millions)	FY 2024 2 nd Quarter Budget	FY 2024 2 nd Quarter Actuals	FY 2024 2 nd Quarter Variance
Property Tax	\$448.3	\$444.7	\$(3.6)
Sales Tax	203.3	198.3	(5.0)
CPS Energy	188.2	206.7	18.5
Other	119.1	126.5	7.4
Total	\$958.9	\$976.2	\$17.3

- General Fund expenses are \$850,000 below budget for second quarter

2nd Quarter Sales Tax

FY 2019 to FY 2023 Sales Tax

Percent change in collections



FY 2024 Sales Tax

- 4% budgeted increase over 2023 estimate
- Actual collections are 1.6% higher than FY 2023 but 2.5% below budget

Month (\$ in Millions)	FY 2024 Actuals	Variance	
		to FY 2023 Actuals	to FY 2024 Budget
October	\$33.3	(\$1.1)	(\$2.8)
November	\$31.9	\$0.9	(\$0.1)
December	\$32.0	\$0.4	(\$0.5)
January	\$40.4	\$0.4	(\$2.3)
February	\$30.7	\$1.8	\$0.9
March	\$30.0	\$0.8	(\$0.2)
6-Month Total	\$198.3	\$3.2	(\$5.0)
% of Variance		1.6%	-2.5%

2nd Quarter CPS Energy Payment

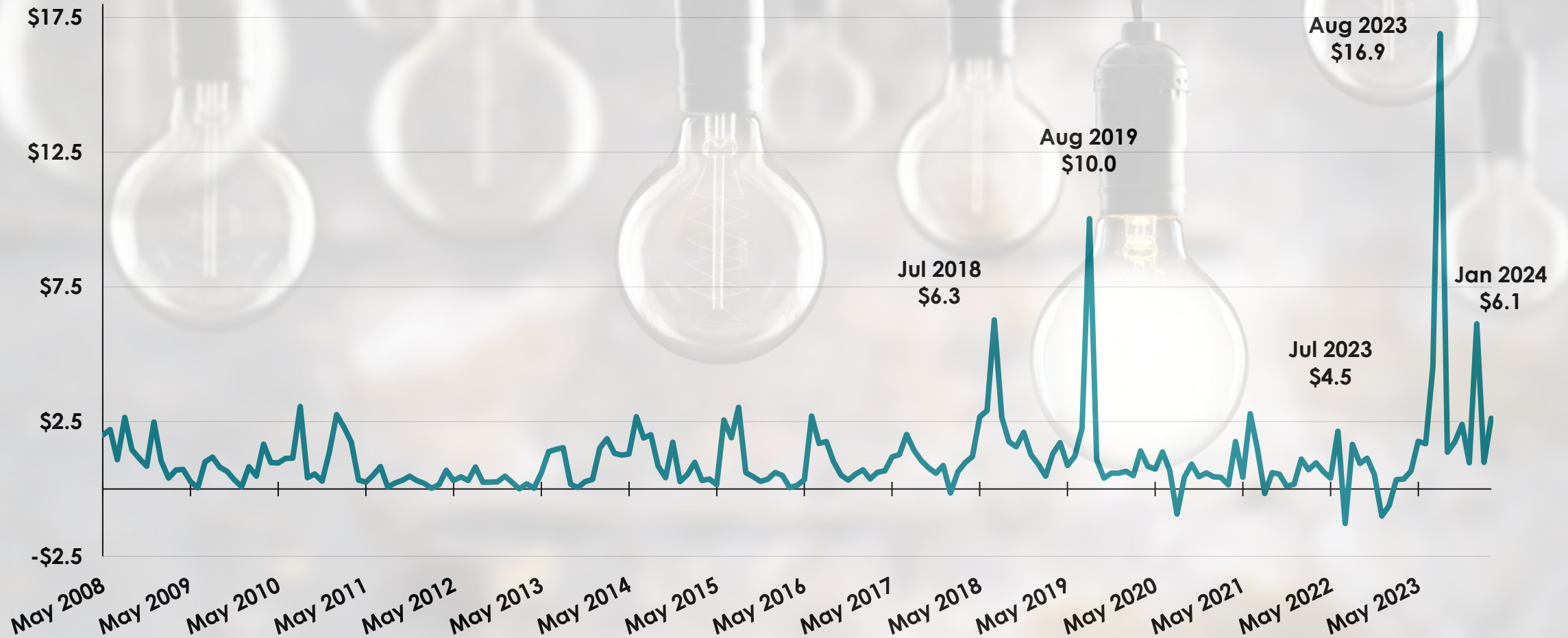
- CPS Actual collections are 9.8% higher than budget and 4.6% higher than FY 2023

Month (\$ in Millions)	FY 2024 Actuals	Variance	
		to FY 2023 Actuals	to FY 2024 Budget
October	\$38.0	\$3.6	\$7.6
November	\$28.5	\$0.5	\$1.1
December	\$26.2	(\$0.5)	(\$1.4)
January	\$39.3	\$3.8	\$8.4
February	\$45.1	(\$0.8)	\$2.5
March	\$29.6	\$2.5	\$0.3
6-Month Total	\$206.7	\$9.1	\$18.5
	% of Variance	4.6%	9.8%

Monthly Off-System Sales City Payment

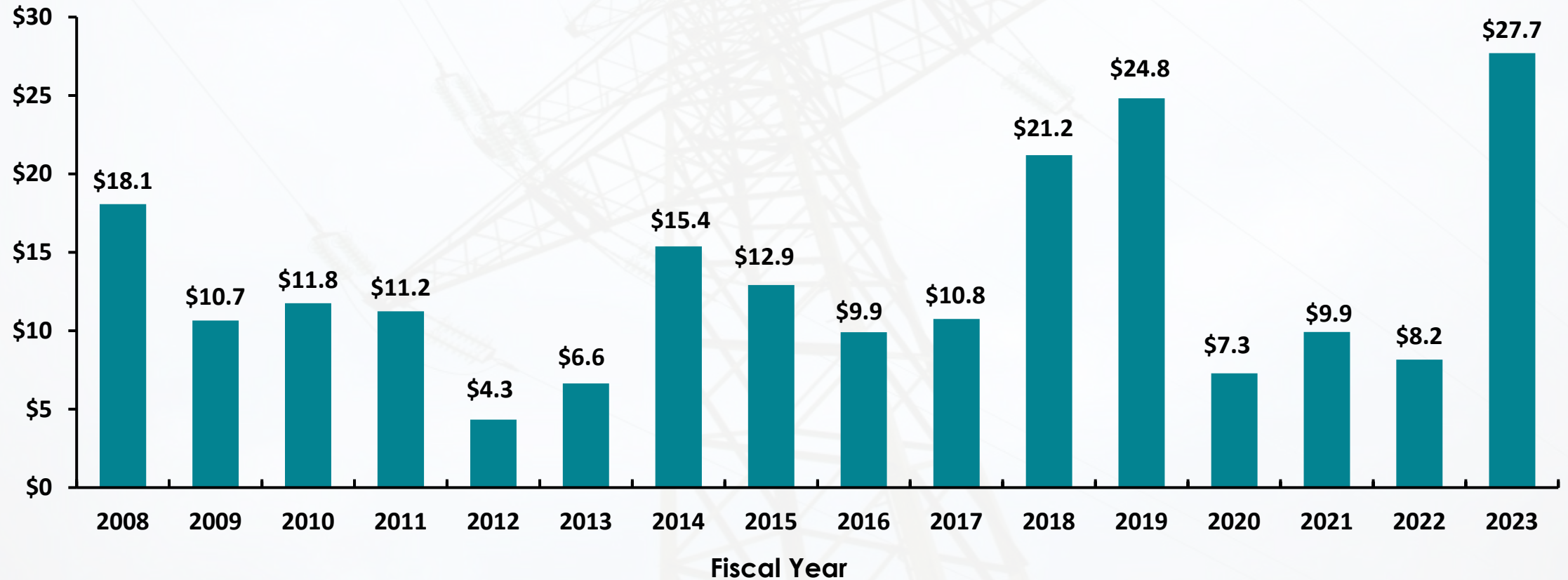
[In Millions]

Actuals through March 2024



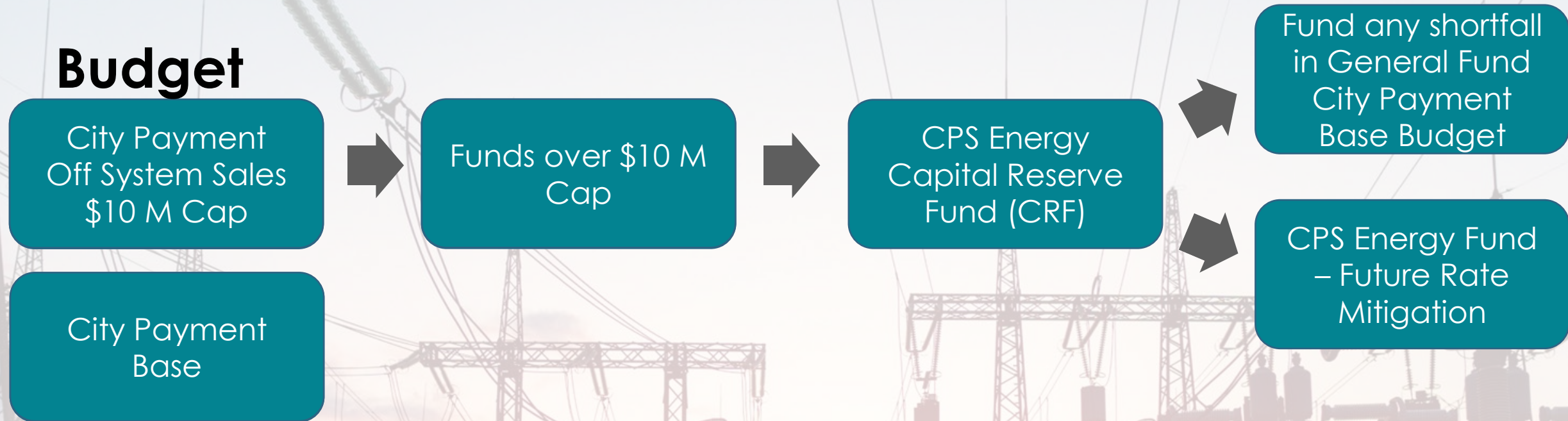
Off-System Sales City Payment

FY 2008 – FY 2023 Total Off System Sales Payment (\$ in Millions)



Proposed Financial Policy

Proposed City Policy on City Payment from Off-System Sales



CPS Energy Payment

CPS Energy Payment 2024 Projections

2024 Projection	Base Amount
3+9 Projection	\$421.4
6+6 Projection	430.4
Variance	\$9.0

2024 Projection	Off System Sales
3+9 Projection	\$14.9
6+6 Projection	10.0
Variance	(\$4.9)

CPS Energy Payment 2024 Actuals

CPS Payment (\$ in millions)	Base Payment	Off System Sales	CRF (over \$10 M cap)
October	\$36.2	\$1.7	
November	26.1	2.4	
December	25.3	1.0	
January	33.2	4.9	1.3
February	43.7		1.0
March	27.0		2.6
Total	\$191.5	\$10.0	\$4.9

General Fund – FY 2024 Year End Estimates

- General Fund Revenues projected at \$27 Million ahead of budget

Revenue Source (\$ in Millions)	FY 2024 Budget	FY 2024 Estimate	FY 2024 Variance
Property Tax	\$465.9	\$462.3	(\$3.6)
Sales Tax	411.6	411.6	0.0
CPS Energy	421.0	440.4	19.4
Other	246.4	257.6	11.2
Total	\$1,544.9	\$1,571.9	\$27.0

- General Fund expenses projected at \$73,000 over budget

Hotel Occupancy Tax Fund

(\$ in Millions)

Revenue	FY 2024 Adopted Budget	2nd Quarter Variance	FY 2024 6+6 Projection Variance
HOT Tax	\$107.7	(\$0.5)	\$0.0
Convention Center	\$21.4	\$0.0	\$2.0
Alamodome	\$17.3	\$1.1	(\$0.7)

Expenses	FY 2024 Adopted Budget	2nd Quarter Variance	FY 2024 6+6 Projection Variance
Community & Visitor Facilities	\$59.5	\$0.4	\$0.2
Visit San Antonio	\$27.6	\$0.0	\$0.0
Arts & Culture	\$12.6	\$0.1	\$0.1
History and Preservation	\$11.8	\$0.0	\$0.0

Airport Fund (\$ in Millions)

2nd Quarter Results (October to March)

Revenues

Budget	Actuals	Variance
\$69.0	\$72.7	5.4%

Expenses

\$56.6	\$56.5	0.2%
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Overall, for the first six months of FY 2024 the Airport fund is \$3.8 Million ahead of budget

FY 2024 6+6 Projections (October to September)

Revenues

Budget	Estimate	Variance
\$135.0	\$143.5	6.3%

Expenses

\$121.4	\$122.5	(0.9%)
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For FY 2024 the Airport fund is projected to end \$7.3 Million ahead of budget

Development Services Fund (\$ in Millions)

2nd Quarter Results (October to March)

Revenues

Budget	Actuals	Variance
\$22.6	\$22.5	(0.4%)

Expenses

\$25.8	\$25.7	0.4%
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Overall, for the first six months of FY 2024 Development Services Fund is at budget

FY 2024 6+6 Projections (October to September)

Revenues

Budget	Estimate	Variance
\$49.8	\$49.6	(0.4%)

Expenses

\$52.4	\$52.4	0.0%
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For FY 2024 Development Services Fund is projected to be \$200,000 below budget

Solid Waste Fund (\$ in Millions)

2nd Quarter Results (October to March)

Revenues

Budget	Actuals	Variance
\$76.2	\$76.7	0.7%

Expenses

\$69.7	\$70.0	(0.4%)
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FY 2024 6+6 Projections (October to September)

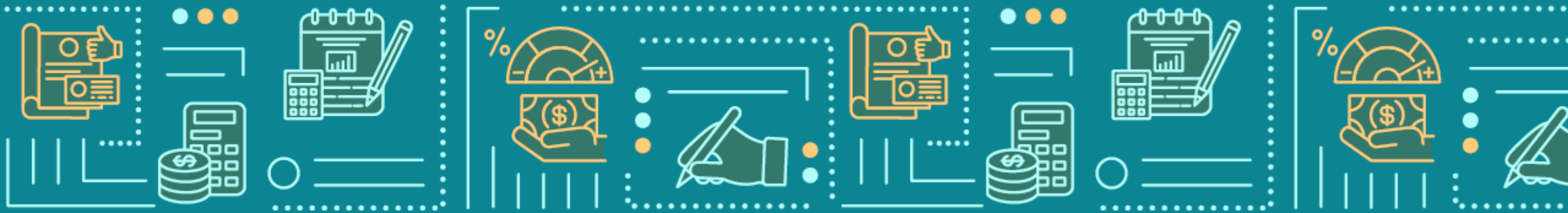
Revenues

Budget	Estimate	Variance
\$151.6	\$151.4	(0.1%)

Expenses

\$148.8	\$149.7	(0.6%)
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Expenses are over budget for 2nd Quarter and Year End due to cost of maintenance on Solid Waste vehicles



Growth in General Fund

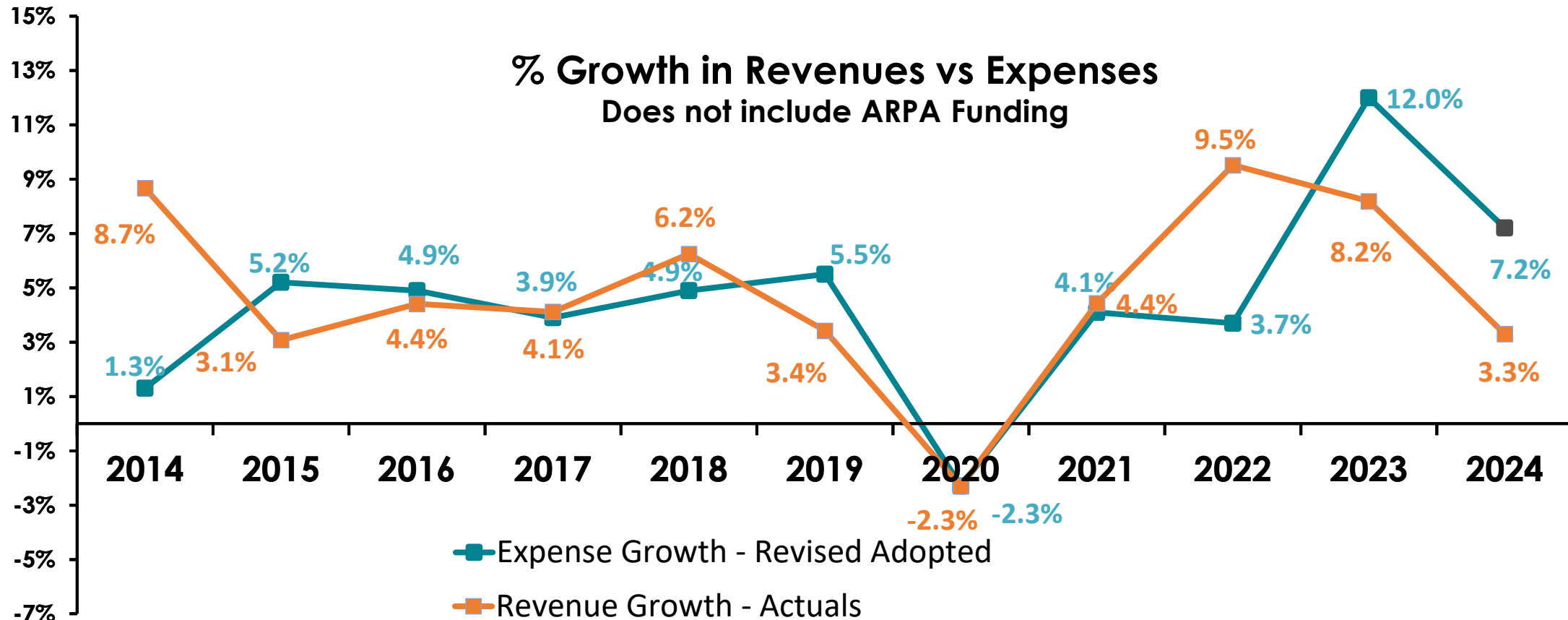
Addressing community needs

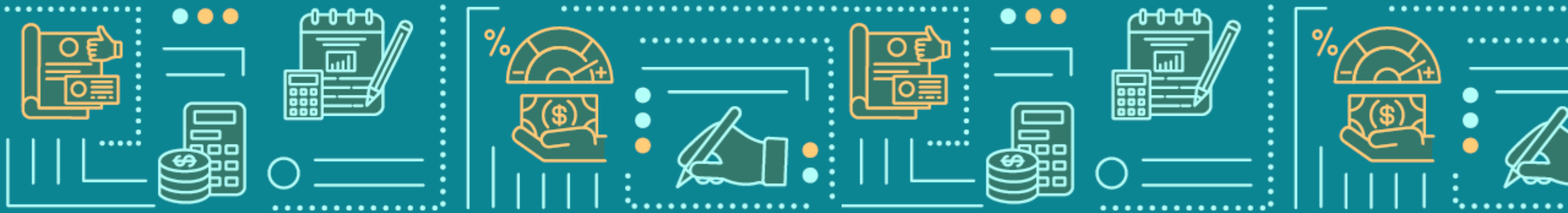
General Fund Growth

- Since 2019, revenue growth is 24.8% while expenditure growth is 27% (not including ARPA)
- Pandemic exposed vulnerabilities in community and actions were taken to address needs and priorities through CARES and ARPA funds:
 - Housing
 - Homeless
 - Health
 - Small Business
 - Domestic Violence
 - Public Safety
 - Resiliency & Emergency Preparedness

General Fund

- ARPA funding will be fully spent in the next two years
- Need to slow spending in General Fund to align with revenue growth





Five Year Forecast

General Fund

Five Year Financial Forecast



- Forecast **is not** a budget
- Forecast is an early financial outlook for City's major funds
- Sets framework for upcoming discussions on annual budget development

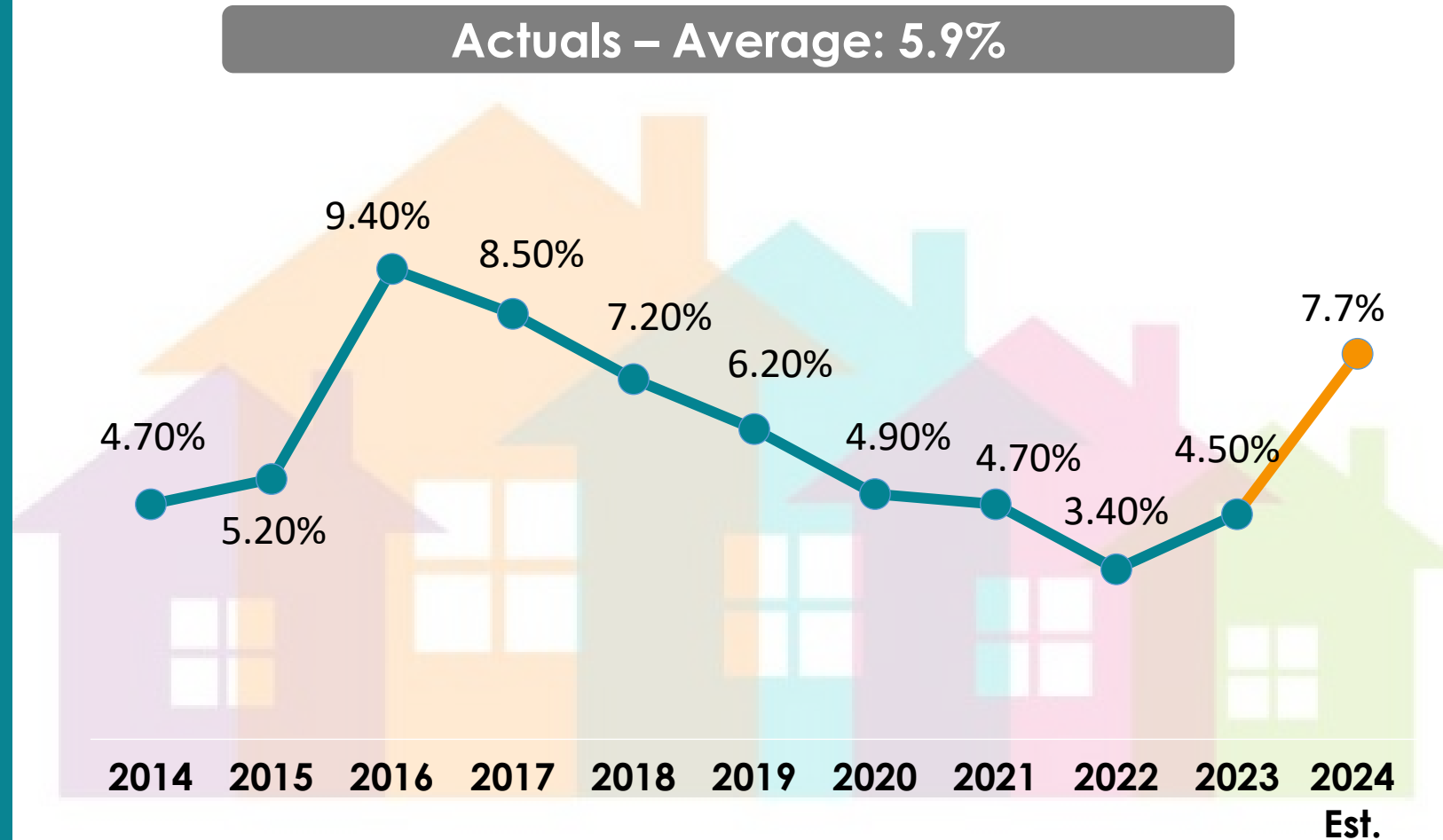
General Fund Forecast

- Forecast continues City Council priorities in 2024 and 2025 Two Year Budget Plan
- FY 2025 & FY 2026 are balanced, with use of two-year reserves
- Deficits projected in last three years
- Align expense growth with revenue growth

Property Tax - % Change from Previous Year Revenue Collected

Five Year Forecast

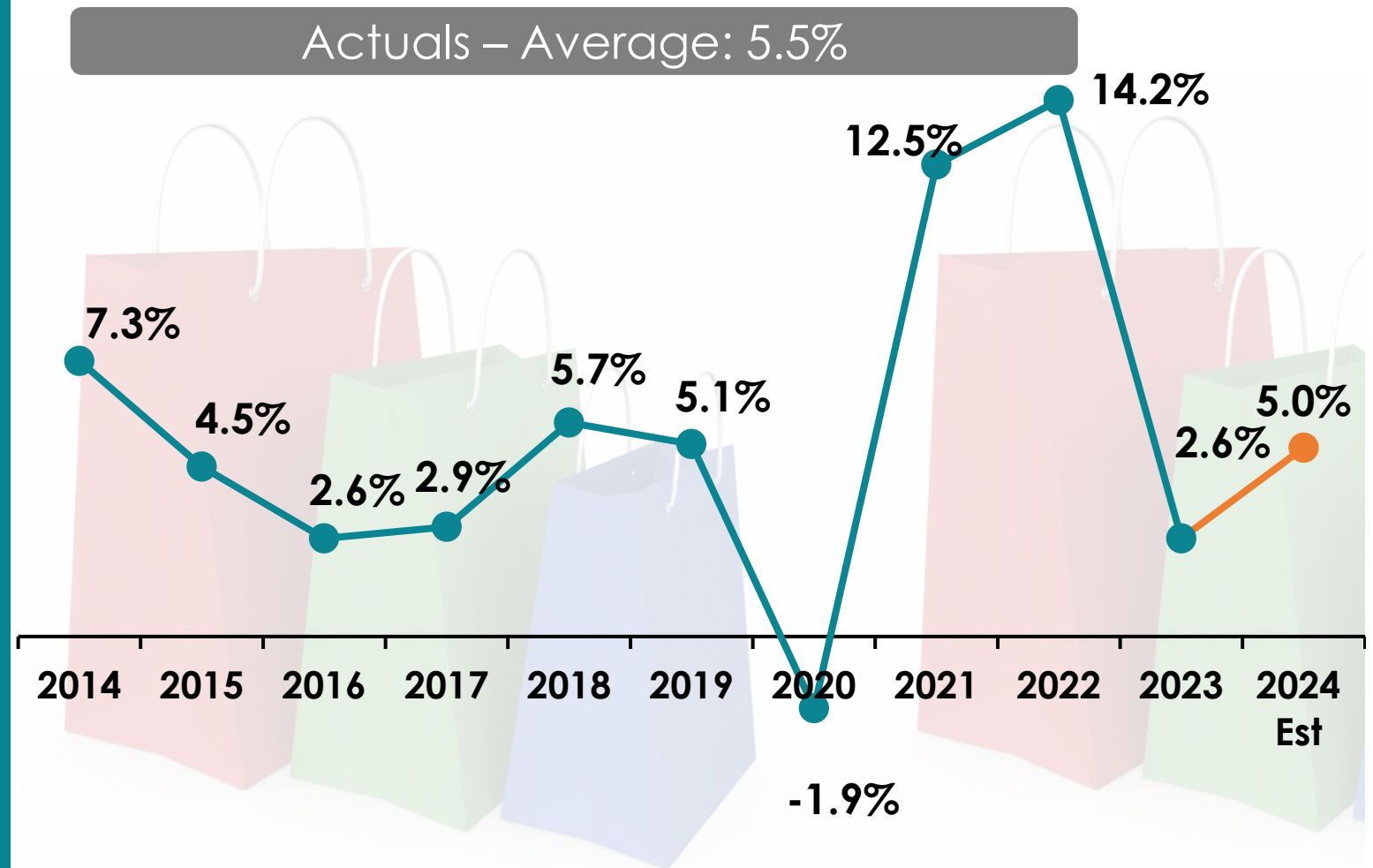
- Property Tax grows on average 5.5% annually



Sales Tax – % Change from Prior Year Collections

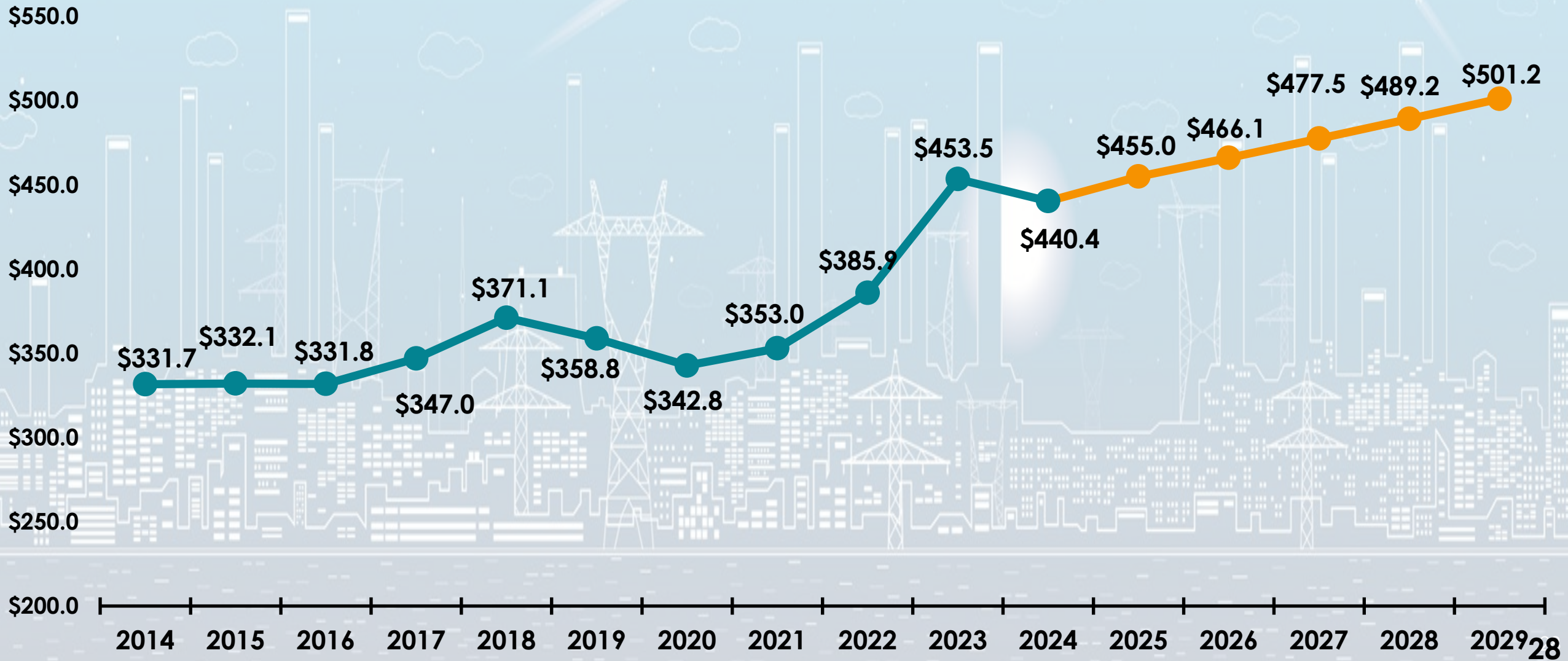
Five Year Forecast

- Sales Tax average growth is 4.0% annually



CPS Energy Payment to City – Total Revenue Collections (\$ in millions)

FY 2014 – FY 2029 Total CPS Energy Revenue Collected



Financial Forecast

Major Program Assumptions

- Reflects funding to provide today's level of City Services
- Removes one-times, fully funds initiatives added in 2024, and includes mandated expenses
- Includes increases for contracts, healthcare benefits and inflation
- Maintains General Fund Ending Balance at minimum of at least 15%

FY 2025 to FY 2029 Five Year Forecast Mandates - 2022 Bond Program

Item	Description	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
1	Parks Development Maintenance	\$1.0	\$1.4	\$0.5		
2	Linear Creekway Maintenance		1.3	1.5	0.3	0.2
3	D1 Multigenerational Center		0.1	0.8		
4	Ella Austin Community Center		0.1	1.4		
5	ACS Veterinary Hospital		0.9	1.6		
6	District 3 Substation			3.7	2.0	
7	Carver Branch Library		0.4	0.1		
8	Las Palmas Library	0.05	0.02			
Total Mandates – Bond Program		\$1.05	\$4.32	\$9.6	\$2.3	\$0.2

FY 2025 to FY 2029 Five Year Forecast

Mandates - Other

Item	Description	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
1	Police Contract (4%)	\$12.9	\$14.2	\$7.8		
2	2023 COPS Grant	1.3	1.3	1.7		
3	State Legislative Contracts	0.3		0.3		0.3
4	High Volume Pet Partners	0.3				
	Total Other Mandates	\$14.8	\$15.5	\$9.8	\$0.0	\$0.3

General Fund Five Year Financial Forecast

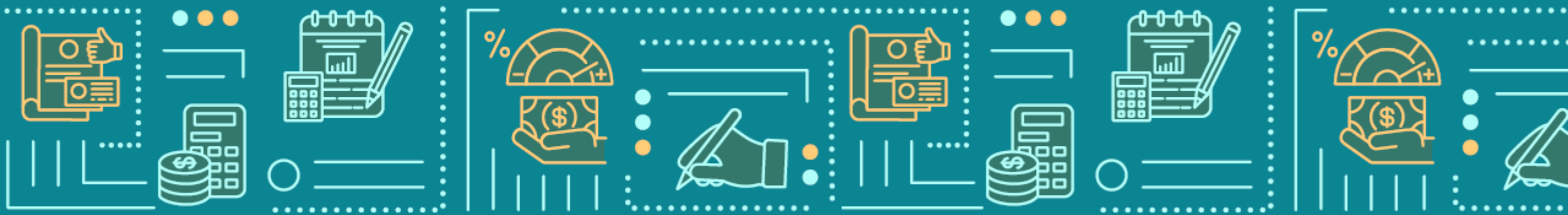
(\$ in Millions)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Projected Revenues	\$1,629.5	\$1,682.0	\$1,744.3	\$1,809.4	\$1,878.0
Current Service Expenditures	1,674.4	1,670.6	1,709.8	1,738.9	1,774.8
City's Fire Collective Bargaining Proposal (4%/year)	6.8	16.1	25.7	35.8	46.3
Civilian Compensation (3.1%/year)	10.6	19.9	29.6	39.5	49.7
Police – 260 Officers over Four Years	6.3	15.5	26.4	37.3	42.2
Fire Enhancements to address medical calls	1.3	2.5	2.6	2.7	2.7
ACS – 2 nd Year Strategic Plan Implementation	3.9	3.9	3.9	3.9	3.9
Total Expenditures	\$1,703.3	\$1,728.5	\$1,798.0	\$1,858.1	\$1,919.6
Balance / (Deficit)	\$0.0	\$0.0	(\$53.9)	(\$58.4)	(\$51.9)
2-Year Plan Reserve	\$144.8	\$93.1	\$87.2	\$90.5	\$93.9
Financial Reserves	18.9%	15.5%	15.0%	15.0%	15.0%

Comprehensive Department Budget Reviews



Budget and Office of Innovation will conduct internal reviews of department budgets, services, and processes in FY 2025

- Comprehensive Budget Reviews
- Operational Efficiencies
- Outcome based performance management
- Best practice research



Five Year Forecast

Restricted Funds

Solid Waste Forecast Assumptions

- Reflects today's level of service
- Incorporates new recycling contract and landfill contracts in FY 2025 and FY 2026
- Includes inflationary increases for commodities and services



Solid Waste Fund Five Year Forecast

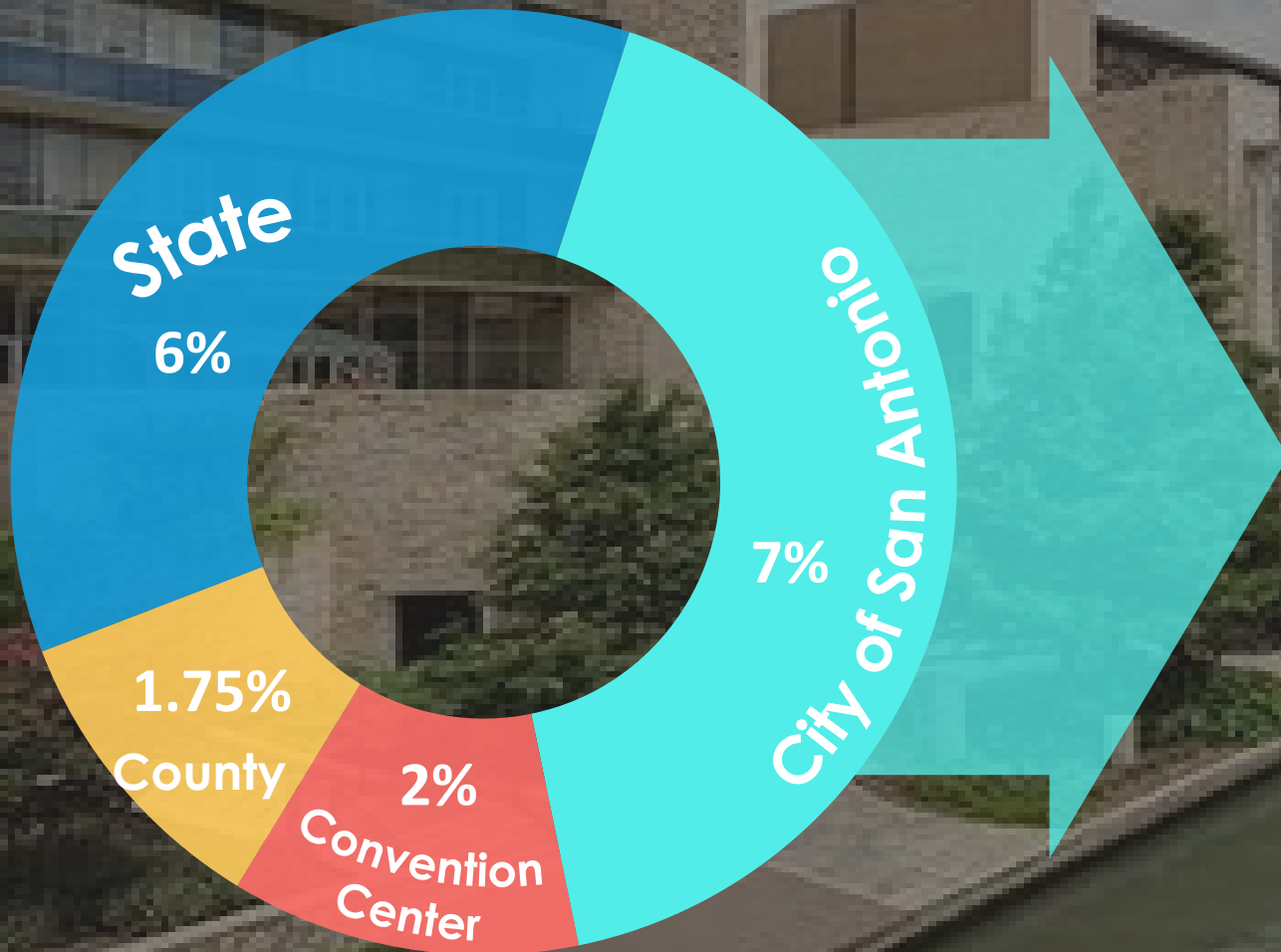
- Assumes no fee increases, however rate increases are needed to address increasing labor, disposal, and equipment costs
 - Develop plan over summer that will include rate increases every other year

(\$ in Millions)	FY 2025 Projection	FY 2026 Projection	FY 2027 Projection	FY 2028 Projection	FY 2029 Projection
Projected Resources ^a	\$159.1	\$160.4	\$160.2	\$161.9	\$163.7
Projected Expenses	156.3	159.2	164.6	168.9	172.6
Civilian Compensation	1.5	2.8	4.2	5.7	7.1
Ending Balance	\$1.3	(\$1.6)	(\$8.6)	(\$12.7)	(\$16.0)

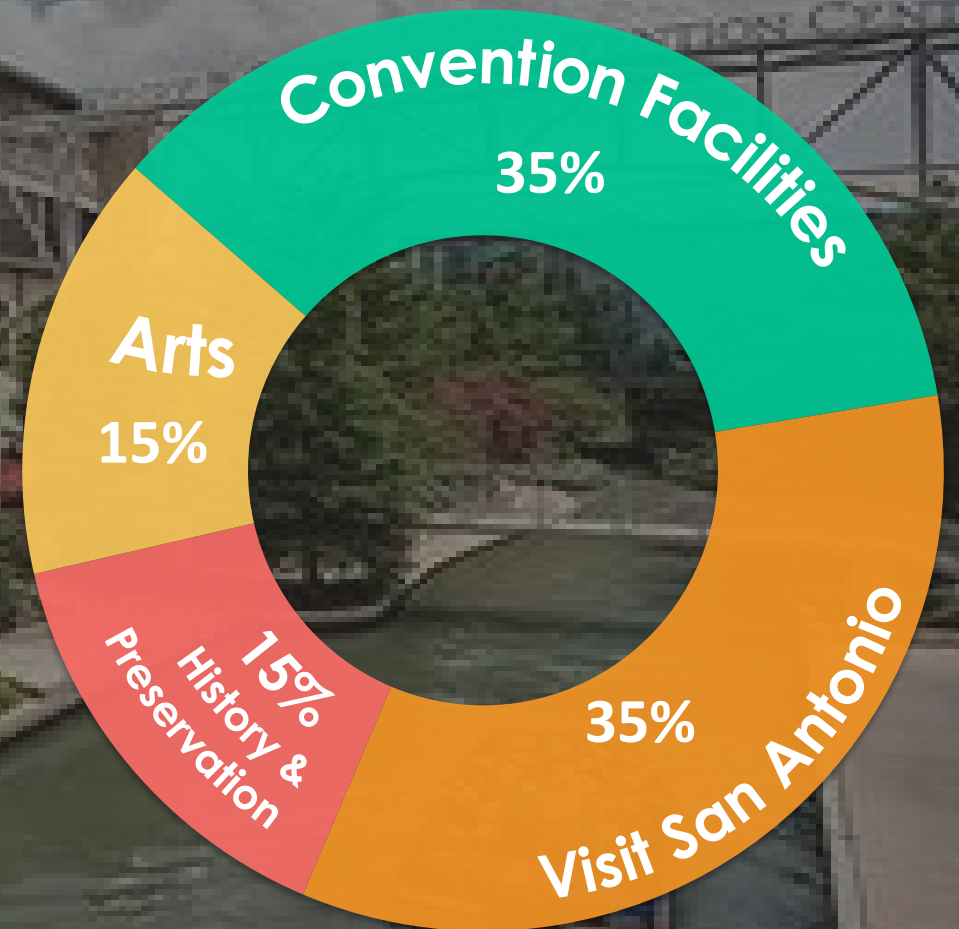
^a: Includes ending balance from Prior Fiscal Year

Hotel Occupancy Tax

Total HOT Rate in San Antonio:
16.75%

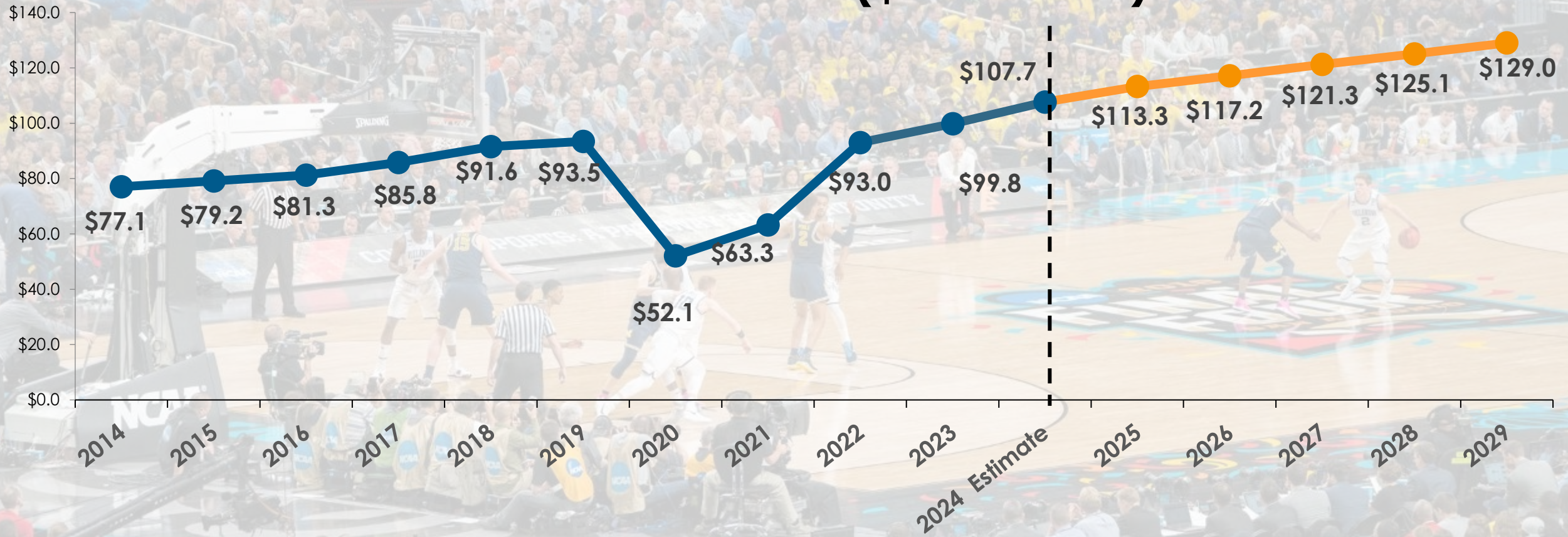


HOT Distribution of
City's 7%



Hotel Occupancy Tax – 9%

Annual Revenue (\$ in Millions)



ACTUAL

PROJECTION

Hotel Occupancy Tax Fund

(\$ in Millions)	FY 2025 Projection	FY 2026 Projection	FY 2027 Projection	FY 2028 Projection	FY2029 Projection
HOT Fund Revenues	\$114.8	\$118.6	\$122.7	\$126.5	\$130.4
Use of HOT Fund Revenues					
Convention Facilities	21.8	21.0	21.0	21.4	20.7
Visit San Antonio	28.4	29.2	30.1	30.9	31.8
Arts & Culture	12.2	12.6	12.9	13.3	13.6
History & Preservation	12.2	12.6	12.9	13.3	13.6
Debt Service	30.3	32.5	35.1	36.6	38.1
Other	9.9	10.7	10.7	11.0	12.6
Ending Balance	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0

Development Services

(\$ in Millions)	FY 2025 Projection	FY 2026 Projection	FY 2027 Projection	FY 2028 Projection	FY 2029 Projection
Projected Resources ^a	\$70.7	\$70.0	\$69.5	\$69.6	\$69.3
Projected Expenses	51.5	51.8	51.7	52.5	53.1
Civilian Compensation	1.0	1.8	2.7	3.6	4.6
Financial Reserves	11.6	11.9	12.2	12.7	13.0
Ending Balance	\$6.6	\$4.5	\$2.9	\$0.8	(\$1.4)

a: Includes Use of Reserves from Prior Fiscal Year

FY 2024 Mid Year Budget Adjustment

- On Thursday, May 2, City Council will consider FY 2024 Mid-Year Budget Adjustment
- Adjustment will right-size revenues and expenses reflected in the 6+6 Financial Report



Next Steps in FY 2025 Budget Process

City Council Input April and May

- Goal Setting Session: April 18
- Mid Year Adjustment: May 2
- Trial Budget: May 8

Community Input May and June

- Budget Survey
- Budget Survey and Community Input presentation: June 20

FY 2025 Budget Development July

FY 2025 Proposed Budget Presentation August

- City Manager Proposed Budget Presentation: August 15

City Council & Community Input August and September

- Budget Worksessions
- Budget Townhalls

FY 2025 Budget Adoption September

- Budget Adoption: September 19



FY 2024 Six Plus Six Report

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Five Year Financial Forecast



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