



FY 2019 Six Plus Six Financial Report & FY 2020-2024

Five Year Financial Forecast

City Council “B” Session May 8, 2019
Presented by: Justina Tate, Budget Director

Presentation Overview



Federal & State Budget Update

6+6 Budget and Finance Report

Property Tax Relief & Five Year Forecast

Mid-Year Budget Adjustment



FY 2020-2024 **Five Year Forecast**

Federal & State Budget Update

Federal Budget

- FY 2020 President Proposed Budget submitted in March 11
- \$21 Million in potential grant reductions
- Would impact the City's FY 2021 Budget



State Budget



SB2 Reduces Property Tax Rollback Rate

8% → 3.5%

Roll Back Rate

Roll Back Rate

- Reduces the City's ability to deliver critical services
- Would impact City's FY 2021 Budget



Had a 3.5 % revenue cap been in place during the past decade

**\$137
Million**

Less revenue to
the City over
10 years

**\$51
Million**

Smaller General
Fund in FY 2019

**\$20
Dollars**

Average Annual
savings to City
average Homestead
(Average Monthly
\$1.65)

State Legislative Session –HB 3535 & SB 1152

Current Fee

**Telecommunications
Companies**

Cable Franchise Fee
ROW Access Line

Proposed Fee

**Telecommunications
Companies**

Cable Franchise Fee
OR
ROW Access Line

\$7 Million Less Revenue the General Fund



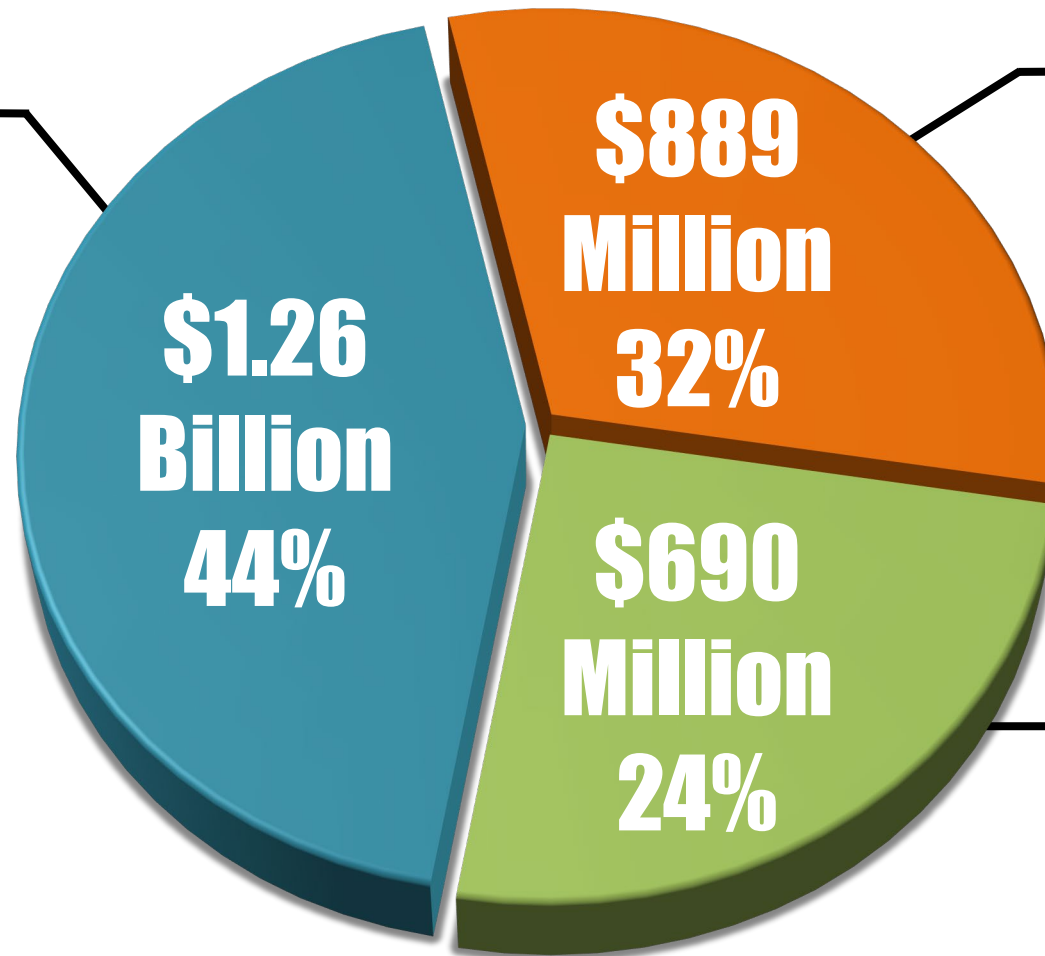
FY 2020-2024 **Five Year Forecast**

6+6 Budget and Finance Report

FY 2019 Total City Budget \$2.8 Billion

General Fund

Supports most basic City services: Police, Fire, Streets, Parks, Library



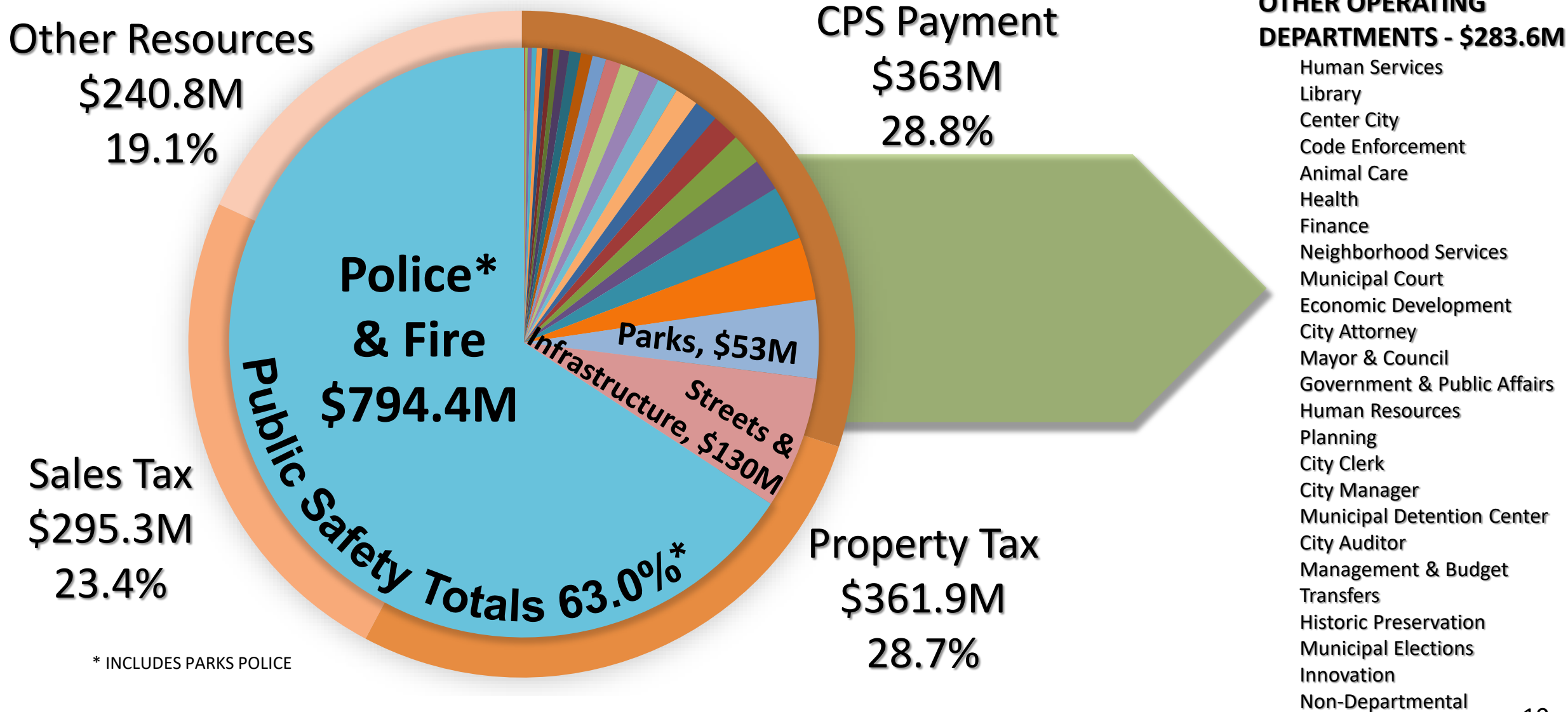
Restricted Funds

- Airport Fund
- Development Services
- Hotel Occupancy Tax
- Solid Waste
- Storm Water

Capital Program

- 2017 bond projects
- Airport projects
- Park Venues

FY 2019 General Fund Budget: \$1.26B



FY 2019 General Fund

Overall, General Fund
ends 2nd Quarter
\$600,000 below budget

- ✓ \$1.6 Million in Less Revenue
- ✓ \$1 Million in less Expense



FY 2019 General Fund Revenue Projections



\$600,000 Less Revenue Projected by Year End

Revenue Source (\$ in Millions)	FY 2019 Adopted Budget	FY 2019 6+6 Projection	Variance
Property Tax	\$361.9	\$361.9	\$0
Sales Tax	295.3	299.7	4.4
CPS Energy	363.0	355.3	(7.7)
Other	209.2	211.9	2.7
Total	\$1,229.4	\$1,228.8	(\$0.6)

FY 2019 Sales Tax Revenue

(\$ in Millions)

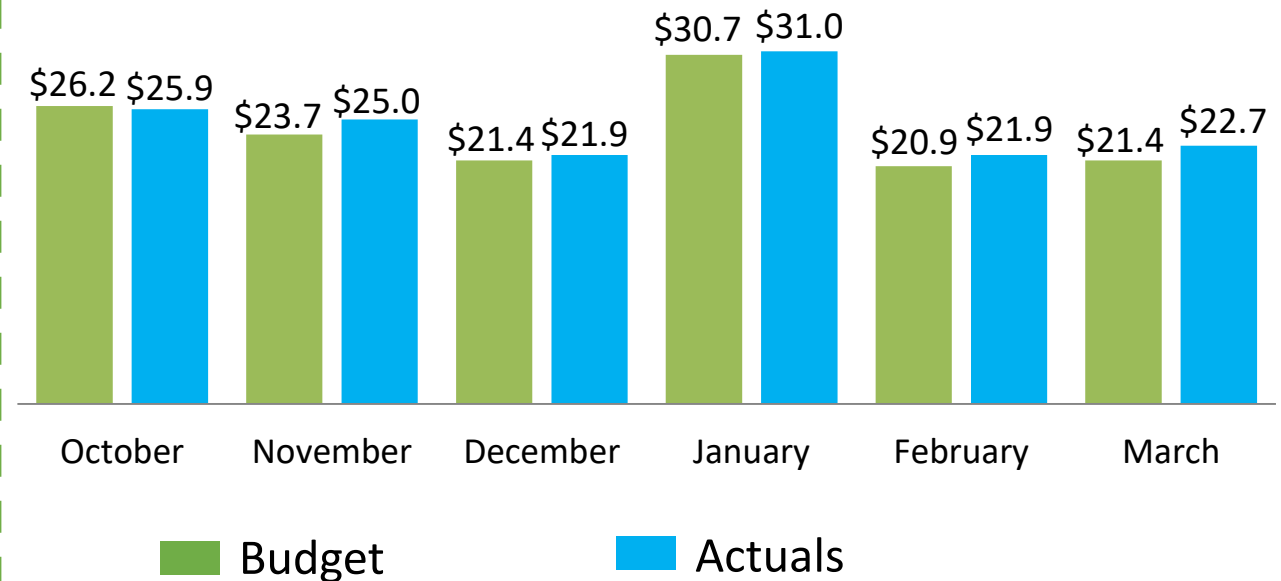


2nd Quarter

Budget	\$144.3
Actual	\$148.5
Variance	\$4.2

FY 2019 Estimate

Budget	\$295.3
Estimate	\$299.7
Variance	\$4.4



FY 2019 CPS Energy Revenue

(\$ in Millions)

2nd Quarter Results

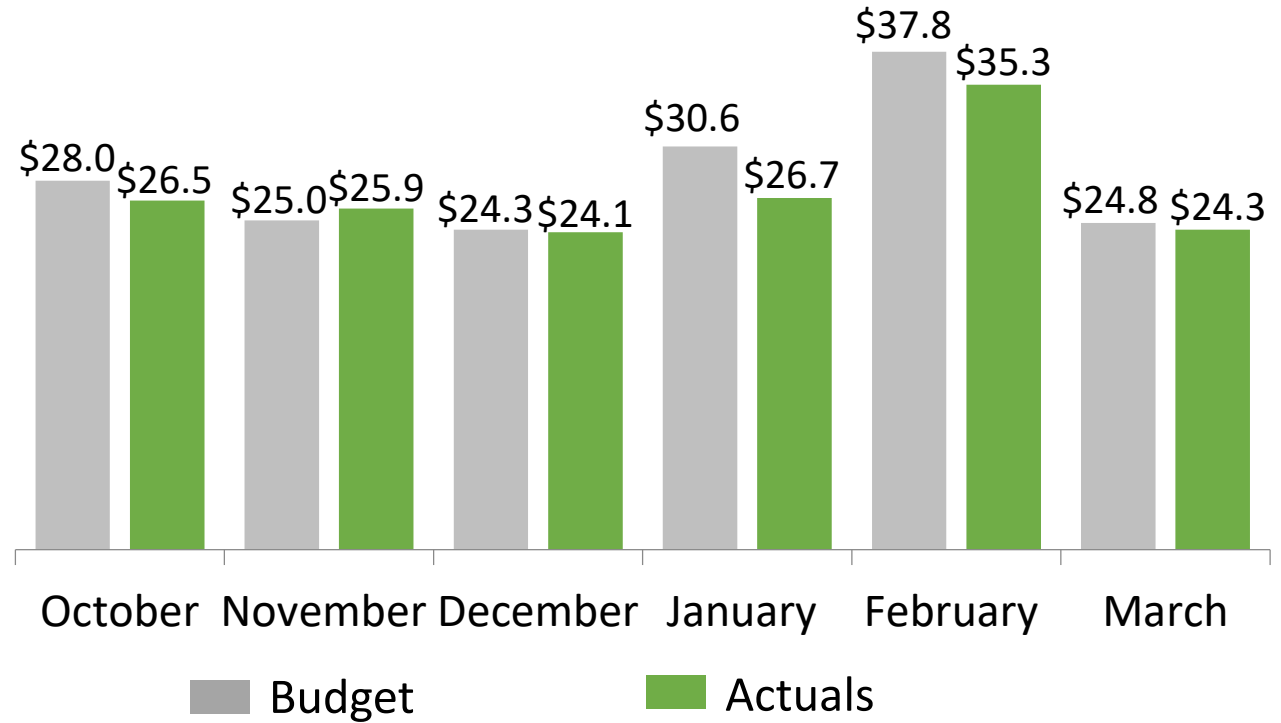


Budget	\$170.5
Actual (Oct to March)	\$162.8
Variance	\$(7.7)

FY 2019 Estimate



Budget	\$363.0
Projection (Oct to Sept)	\$355.3
Variance	\$(7.7)



General Fund Year End Projection

FY 2019 Year End Variance (\$ in Millions)	3+9 Variance (February 2019)	6+6 Variance (May 2019)
Additional Ending Balance from FY 2018	\$14.0	\$14.0
Revenues	\$2.3	(\$0.6)
Less Expense	\$0.8	\$1.3
Better Ending Balance	\$17.1	\$14.7



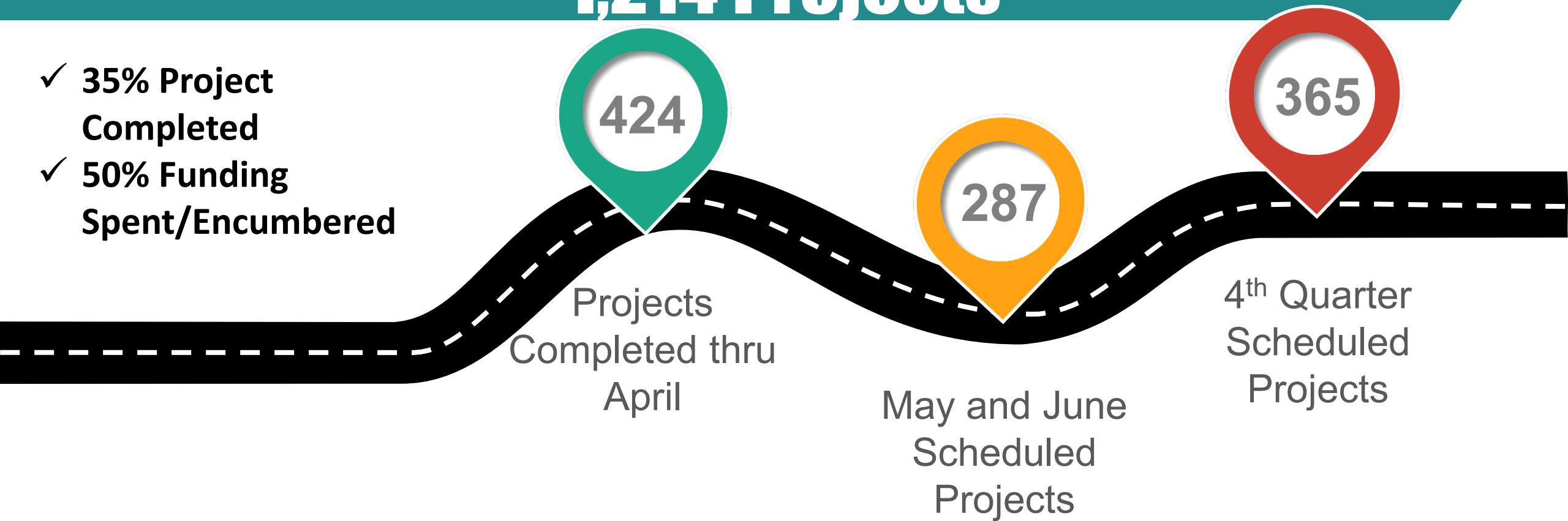
FY 2020-2024 **Five Year Forecast**

Budget Initiatives

\$110 M STREET MAINTENANCE PROGRAM

1,214 Projects

- ✓ 35% Project Completed
- ✓ 50% Funding Spent/Encumbered



138 Projects completed by April FY 2020

SIDEWALK PROGRAM – 40 Miles

2nd Quarter
14.5 Miles
Completed

3rd Quarter
8.5 Miles

4th Quarter
17 Miles

\$19M
FY 2019

\$9M
FY 2019 ATD

\$10M
2017 BOND

Affordable Housing: \$26.1 Million

General Fund: \$9.5 M

CDBG/HOME: \$13.5 M

San Antonio Housing Trust: \$2 M

Donation: \$1 M

Under 1 Roof \$5.25M 222 of 400 roofs replaced	Owner Occupied Rehab \$7.4M 22 of 81 Rehabilitations under construction 47 of 64 homes painted 21 of 75 homes abated of lead based paint	Homebuyer Assistance \$3.3M 122 of 265 Residents assisted	New Housing Development & Gap Financing \$7.5M 380 single/multi family affordable housing units	Risk Mitigation Fund \$1M 33 families assisted
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\$1.625 Million for Coordinated Housing System/LISC is on schedule

Police



Filling Uniform Vacancies

45 Vacant Uniform Positions as of May 3:

Filled Sworn Positions:	2,246
Cadets	156
Vacant	<u>45</u>
Total Authorized Count	2,447

2 additional cadet classes scheduled in FY 2019, July & September

FY 2020 SASpeakUp Campaign



Survey opened in Mid-March and will close May 19



Results will be compiled and presented to City Council at Goal Setting Session on June 21

30

Events Held

2

Remaining Events

6,429

Surveys Completed

8,551

Participants through May 6



Property Tax Relief

Proposed State Legislation

Had a 3.5 % revenue cap been in place during the past decade



**\$137
Million**

Less revenue to the
City over
10 years



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in FY 2019



**\$20
Dollars**

Average Annual savings
to City average
Homestead
(Average Monthly \$1.65) ²³

Bexar Appraisal District Study

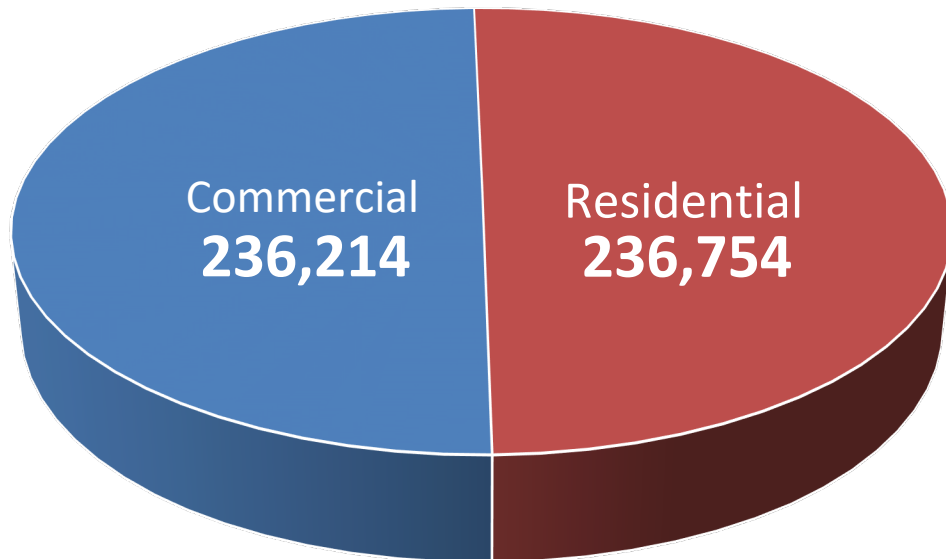
- **City Council Request (CCR) from Councilman Peláez**
- **Study of BCAD appraisal practices in comparison to other Texas cities**
- **Timeline: May 23rd Kick-Off Meeting with BCAD & EPS**
3 Months – Data Collection & Analysis
Estimated Completion – September 2019

Current City Property Tax Relief

- **City currently offers a \$65,000 Over Age-65 and \$12,500 Disabled persons tax exemption along with a Tax Freeze**
- **In FY 2019, the City will forego nearly \$52 million in property tax revenue from these exemptions and Tax Freeze**

FY 2019 Property Tax Statistics

**472,968 Total Parcels
on City Property Tax Rolls**



**44% of Residential Homesteads
have a Over Age-65 & Disabled
Exemptions**

- Exemptions with a Tax Freeze
 - 96,504 Over Age-65
 - 8,769 Disabled
- Statutory Exemptions
 - 23,867 Disabled Veteran
 - Other Statutory Exemptions

FY 2019 Property Tax Statistics

Years In Home	Number of Homesteads	Number of HS With Over-65 & Disabled	% of HS With Over-65 & Disabled
< 10	99,646	24,740	25%
11 to 20	71,894	27,195	38%
21 to 30	34,336	24,335	71%
> 30	30,878	29,003	94%
Total	236,754	105,273	44%

CCR from Councilman Courage & Councilman Perry

- Requested Consideration of studying the establishment of a General Homestead Tax Exemption and increasing the Over Age-65 & Disabled Tax Exemptions

Impact of Increasing Over-65 and Disabled Exemptions

Over-Age 65 Exemption		
Current \$65,000 Revenue Forgone \$32 Million	Alternative \$75,000	Alternative \$100,000
Incremental Forgone Revenue	\$4 Million	\$12.7 Million

Disabled Exemption			
Current \$12,500 Revenue Forgone \$550K	Alternative \$50,000	Alternative \$75,000	Alternative \$100,000
Incremental Forgone Revenue	\$1.6 Million	\$2.4 Million	\$3 Million

San Antonio Area Exemption Comparison

Jurisdiction	Homestead Exemption	Over-65 Exemption	Disabled Exemption	Senior Tax Freeze
City	✗	✓	✓	✓
County	✗	✓	✓	✓
School Districts	✓	✓	✓	✓
UHS	✗	✓	✗	✗
Alamo Colleges	✗	✓	✓	✓
SARA	✓	✓	✓	✗

Impact of Over Age- 65 and Tax Freeze - All Taxing Units

Example Tax Bill		
	Age 64 Homeowner	Age 65 Homeowner
Homestead Value	\$200,000	\$200,000
City	\$1,117	\$754
County	\$602	\$463
San Antonio ISD	\$2,656	\$2,500
UHS	\$552	\$524
Alamo Colleges	\$298	\$254
SARA	\$36	\$35
Total Tax Bill	\$5,261	\$4,530

✓ **14% Bill
Reduction and
all Tax Entities
frozen except
SARA and UHS**

Homestead Exemption Requirements

- Applies to all homesteads regardless of value
- May not be adopted as a dollar amount, only as a percentage
- Limit of up to 20% of appraised value with a minimum of \$5,000
- Must be approved by City Council prior to July 1, 2019 to be effective in FY 2020

Homestead Exemption Scenarios

Estimated Annual Tax Savings to Homeowner

	Homestead Value	Total Tax Bill	COSA Tax Bill	\$5K Exemption	5% Exemption	10% Exemption	20% Exemption
	\$100,000	\$2,396	\$558	\$28	\$28	\$56	\$112
	\$200,000	\$5,261	\$1,117	\$28	\$56	\$112	\$223
	\$300,000	\$8,127	\$1,675	\$28	\$84	\$167	\$335
	\$500,000	\$13,859	\$2,791	\$28	\$140	\$279	\$558
Average	\$178,929		\$999	\$28	\$50	\$100	\$200

Revenue Loss to General Fund ¹	\$3,643,775	\$7,535,929	\$14,842,174	\$29,478,696
Revenue Loss to Debt Service Fund ¹	2,225,024	4,605,752	9,071,715	18,020,754
Total Revenue Loss	\$5,868,799	\$12,141,681	\$23,913,889	\$47,499,450

¹ Data from Bexar Appraisal District 2019 Preliminary Roll.

Next Steps

- **Information provided today provides context about homestead exemptions**
- **Sets framework for discussion at June 21 Goal Setting Session along with other policy issues**



Five Year Financial Forecast FY 2020 - FY 2024

What is the Financial Forecast?



Early financial outlook for the City as the budget development process begins for FY 2020



Initiates Council Policy discussions for budget



Financial Forecast is not a budget

General Fund Five Year Forecast

- Reflects Proposed State Legislative Changes
- Limited capacity to add additional spending beyond current levels of service
- Structurally Balance by FY 2022
- Maintains a minimum of 15% General Fund Ending Balance



Revenue Assumptions

**Five Year Financial Forecast
FY 2020- FY 2024**

Distribution of Property Tax Bill

50%

K-12 Public School
Districts



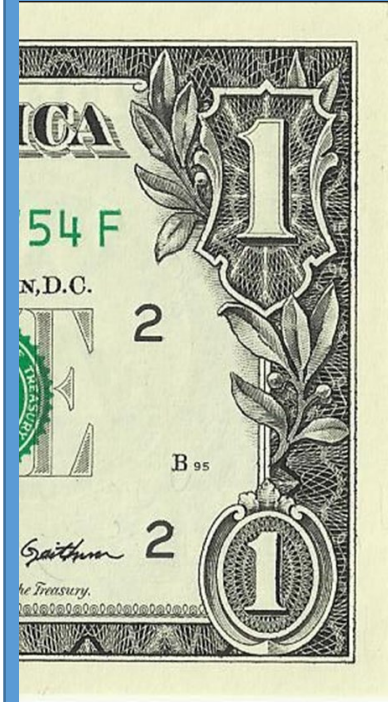
30%

County, Community Colleges,
SA River Authority,
University Health District



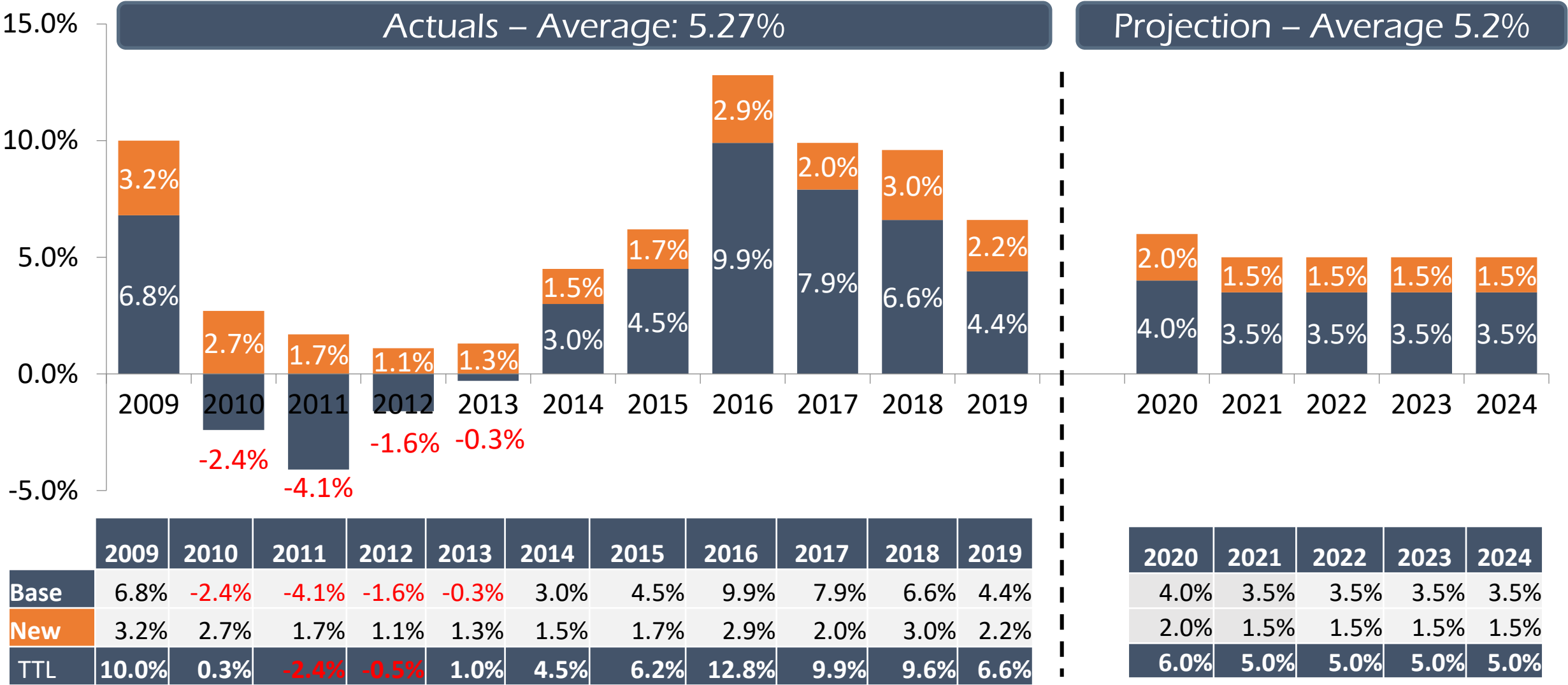
20%

City of San Antonio



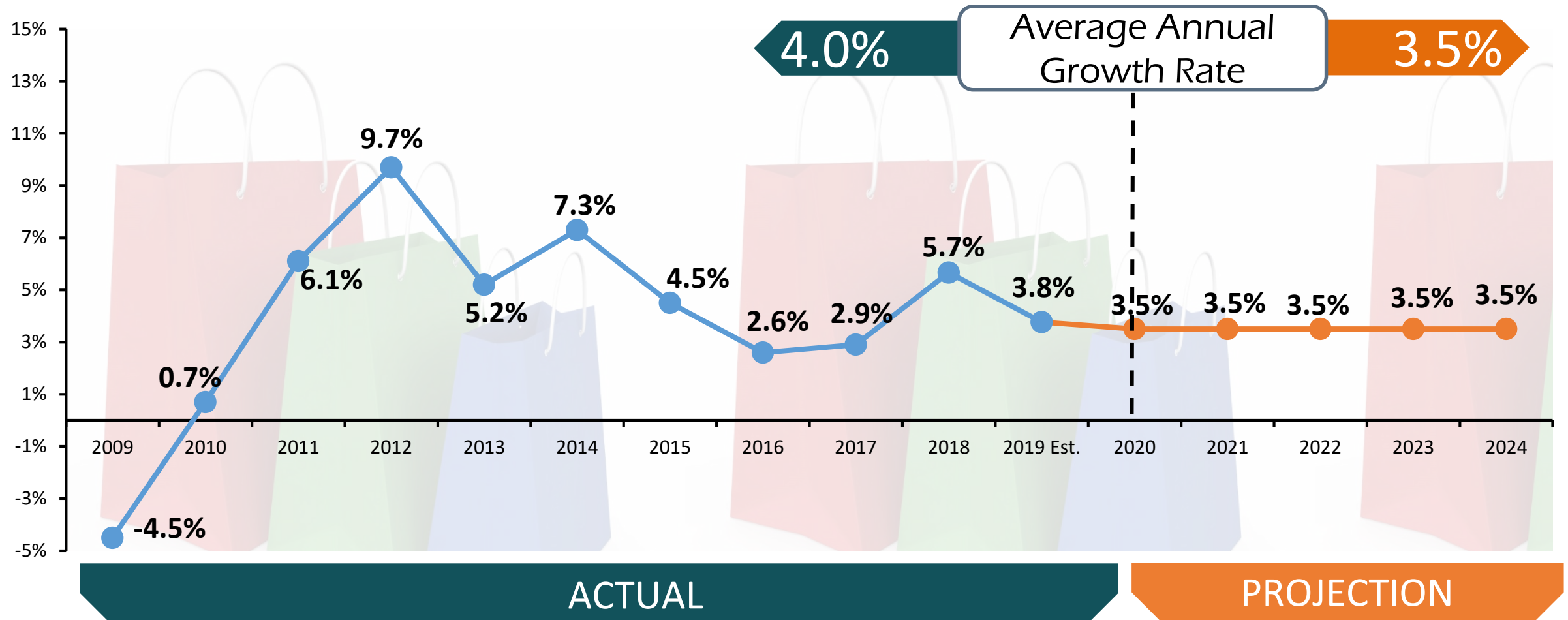
The City of San Antonio receives
approximately 20% of the property tax bill

Property Tax - Taxable Valuation % Change from Prior Year



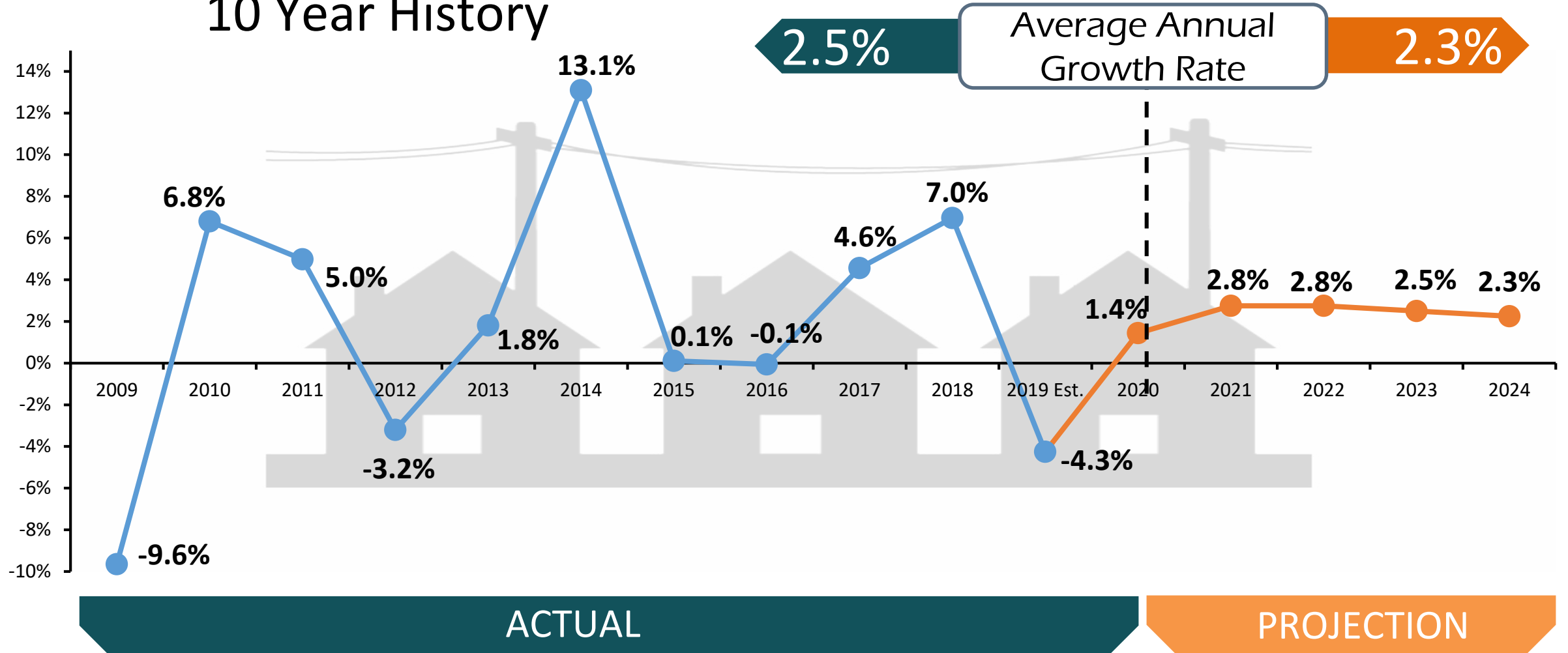
Sales Tax – % Change from Prior Year

Actual Collections



CPS Payment to City – Change from Prior Year Actual Collections

10 Year History





Expenditure Assumptions

**Five Year Financial Forecast
FY 2020- FY 2024**

Major Program Assumptions

Maintains
Current Level
of Service



\$110 Million in Street
Maintenance



\$23 Million for Affordable
Housing (\$9.5 M in General
Fund; \$13.5 M in Grants)



Maintains a minimum of
15% General Fund Balance

Major Program Assumptions

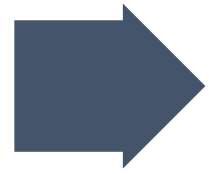
➡ | \$15/Hour Civilian Entry Wage

➡ | Collective Bargaining for
Police and Evergreen for Fire

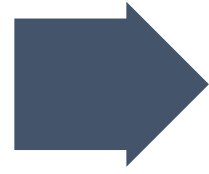
➡ | Civilian Pay Plan 2% to 4%

Employee
Compensation ➡ | Civilian 1% Cost of Living
Adjustment & Performance
Pay Allocation (3% of Wages)

Major Program Assumptions



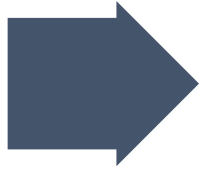
D1 Central Library



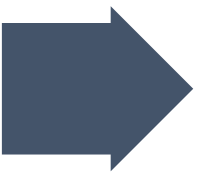
D3 McCreless Library



D4 Heritage Community Center



D5 Las Palmas & Memorial
Library



D9 Senior Center

Operating
Costs of 2017
Bond Projects

General Fund 5-Year Financial Forecast

(\$ in Millions)	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Projected Resources ^a	\$1,346.8	\$1,374.6	\$1,418.6	1,467.2	1,521.0
Projected Expenses ^b	1,343.7	1,383.9	1,418.3	1,461.6	1,498.1
Capacity for Policy Issues	\$3.1	\$(9.3)	\$0.3	\$5.6	\$22.9
Policy Issues					
<i>Affordable Housing (Incremental)</i>	<i>\$15</i>	<i>\$20</i>	<i>\$25</i>	<i>\$25</i>	<i>\$25</i>
<i>Police – 25 New Officers every year</i>	<i>0.9</i>	<i>3.7</i>	<i>6.8</i>	<i>10.1</i>	<i>13.6</i>
<i>Fire –2 Ladders, 1 EMS Unit & 42 New Firefighters</i>	<i>1.8</i>	<i>4.7</i>	<i>5.8</i>	<i>7.2</i>	<i>7.5</i>
<i>Residential Homestead Exemption (\$5K)</i>	<i>3.6</i>	<i>3.8</i>	<i>3.9</i>	<i>4.0</i>	<i>4.1</i>
Adjustment required to fund policy issues ^c	[\$18.2]	[\$41.5]	[\$41.2]	[\$40.7]	[\$27.3]

a: Includes Use of Reserves from Prior Fiscal Year

b: Includes Set Aside of Reserves for following Fiscal Year

c: Options for additional funding will be studied during the summer



FY 2020-2024 **Five Year Forecast**

Restricted Funds



FY 2020-2024 **Five Year Forecast**

Development Services

Development Services Fund

Revenues

2nd Quarter Results

Budget	Actuals	Variance
\$16.8	\$18.5	\$1.7

FY 2019 Projection

Budget	Projection	Variance
\$34.4	\$37.0	\$2.6

Expenses

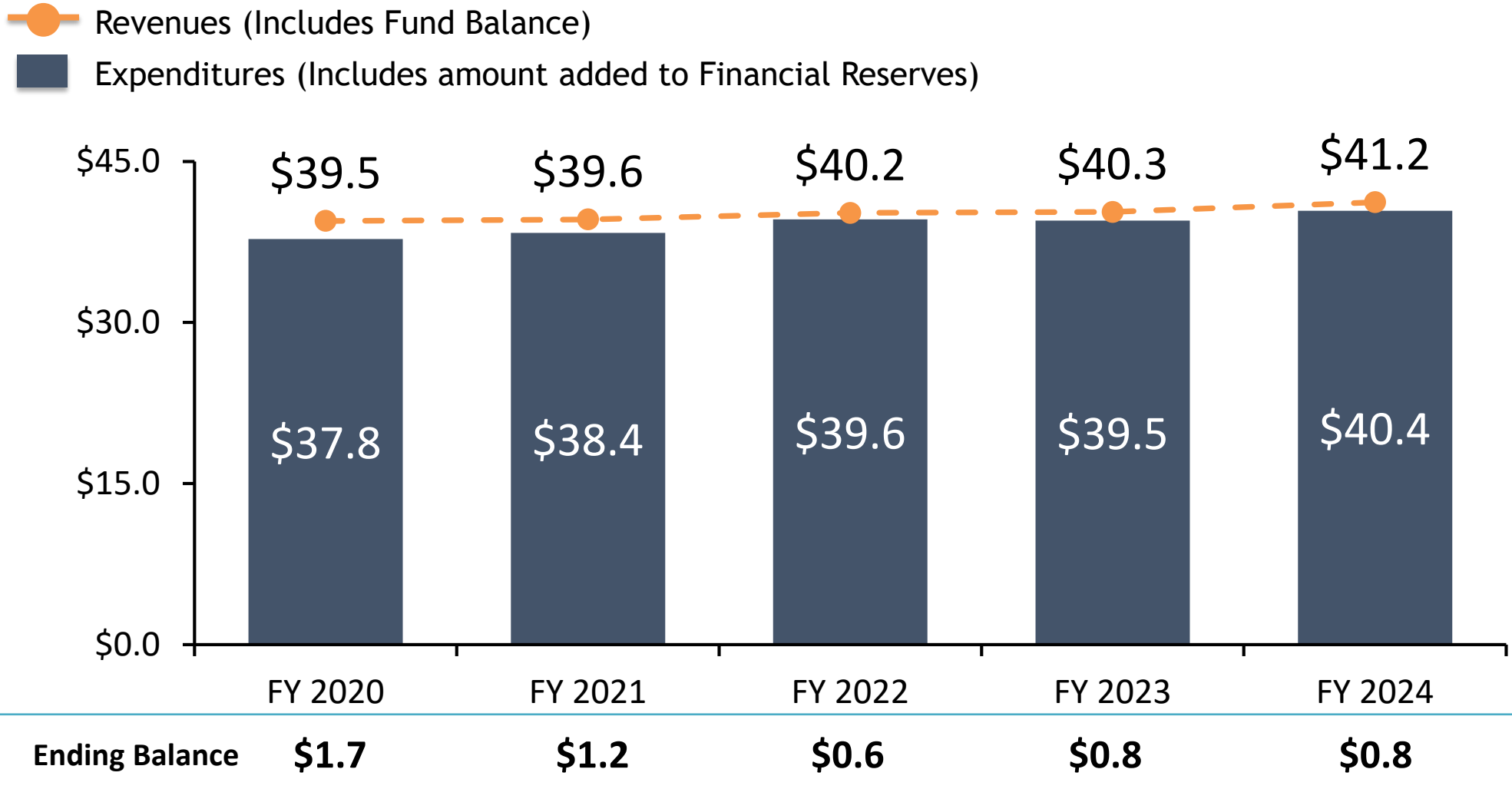
2nd Quarter Results

Budget	Actuals	Variance
\$16.2	\$16.1	\$0.1

FY 2019 Projection

Budget	Projection	Variance
\$37.5	\$37.1	\$0.4

Development Services Fund 5-Year Forecast



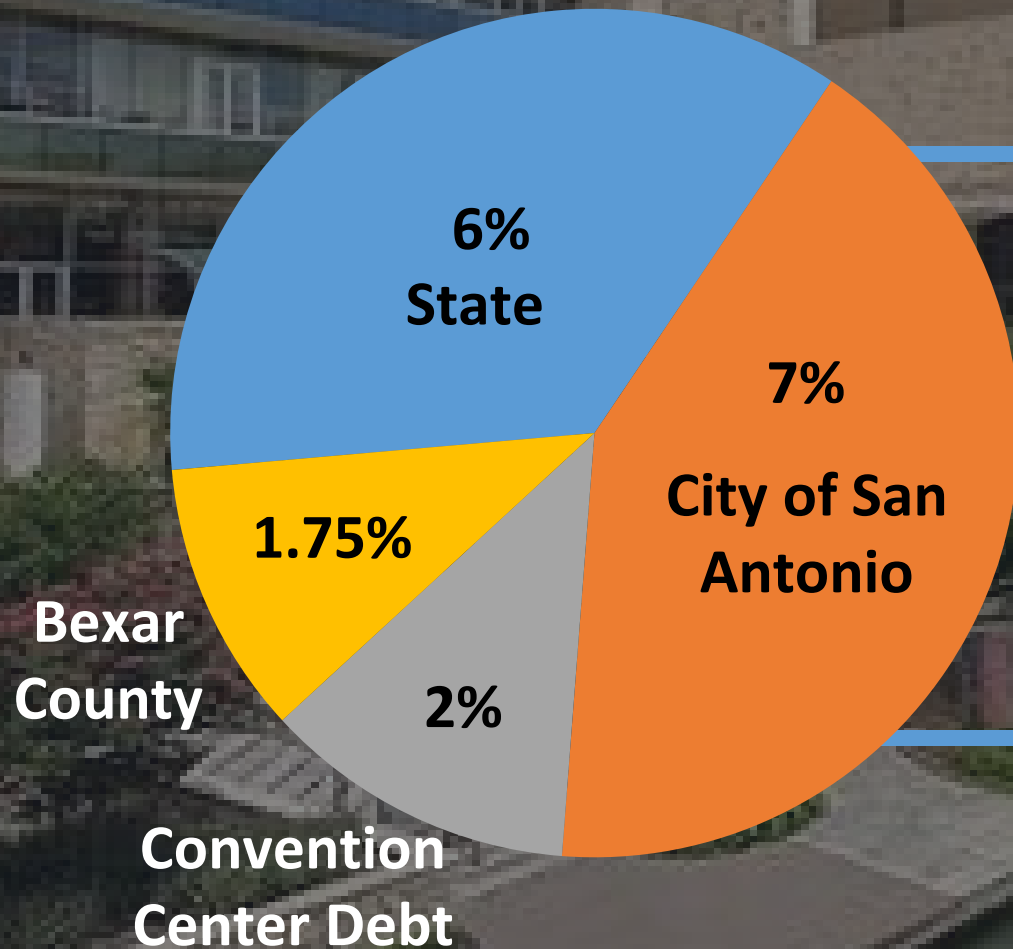


FY 2020-2024 **Five Year Forecast**

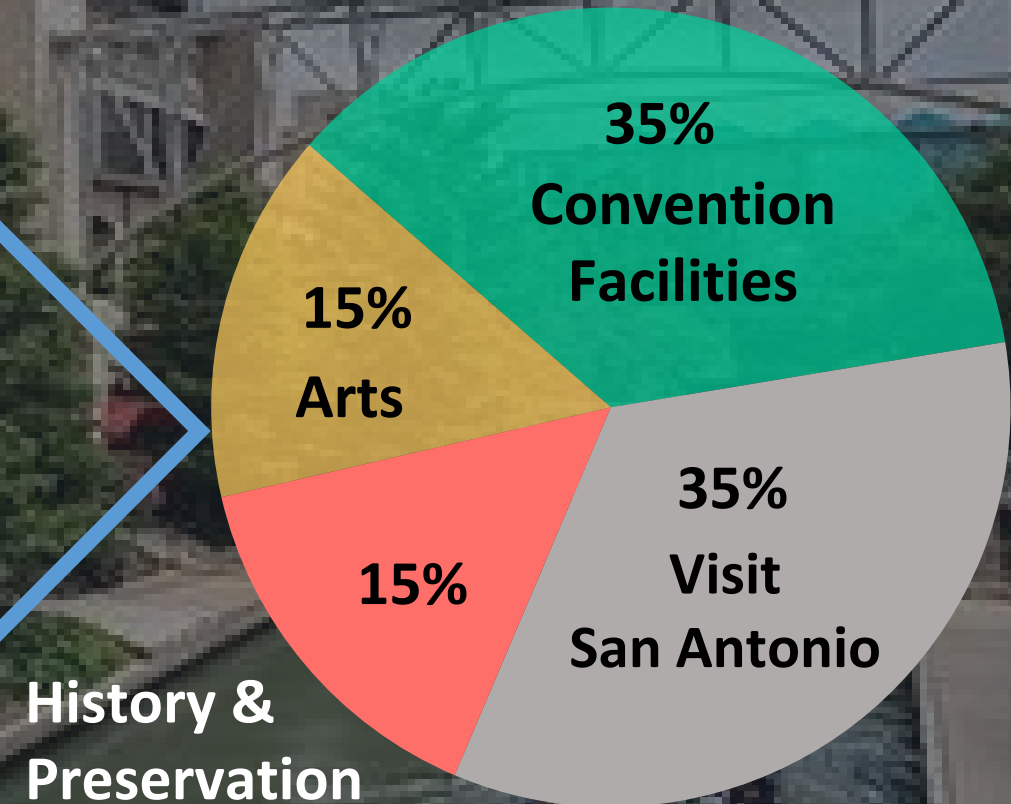
Hotel Occupancy Tax

Hotel Occupancy Tax Rate

HOT Rate: 16.75%



COSA HOT Tax Allocation



Hotel Occupancy Tax Revenues

2nd Quarter (\$ In Millions)

Budget	Actuals	Variance
\$34.1	\$35.4	\$1.3

FY 2019 Projection (\$ in Millions)

Budget	Projection	Variance
\$70.8	\$72.8	\$2.0

Hotel Occupancy Tax Expenses

Departments supported by HOT tax within Budget



\$50.7 Million

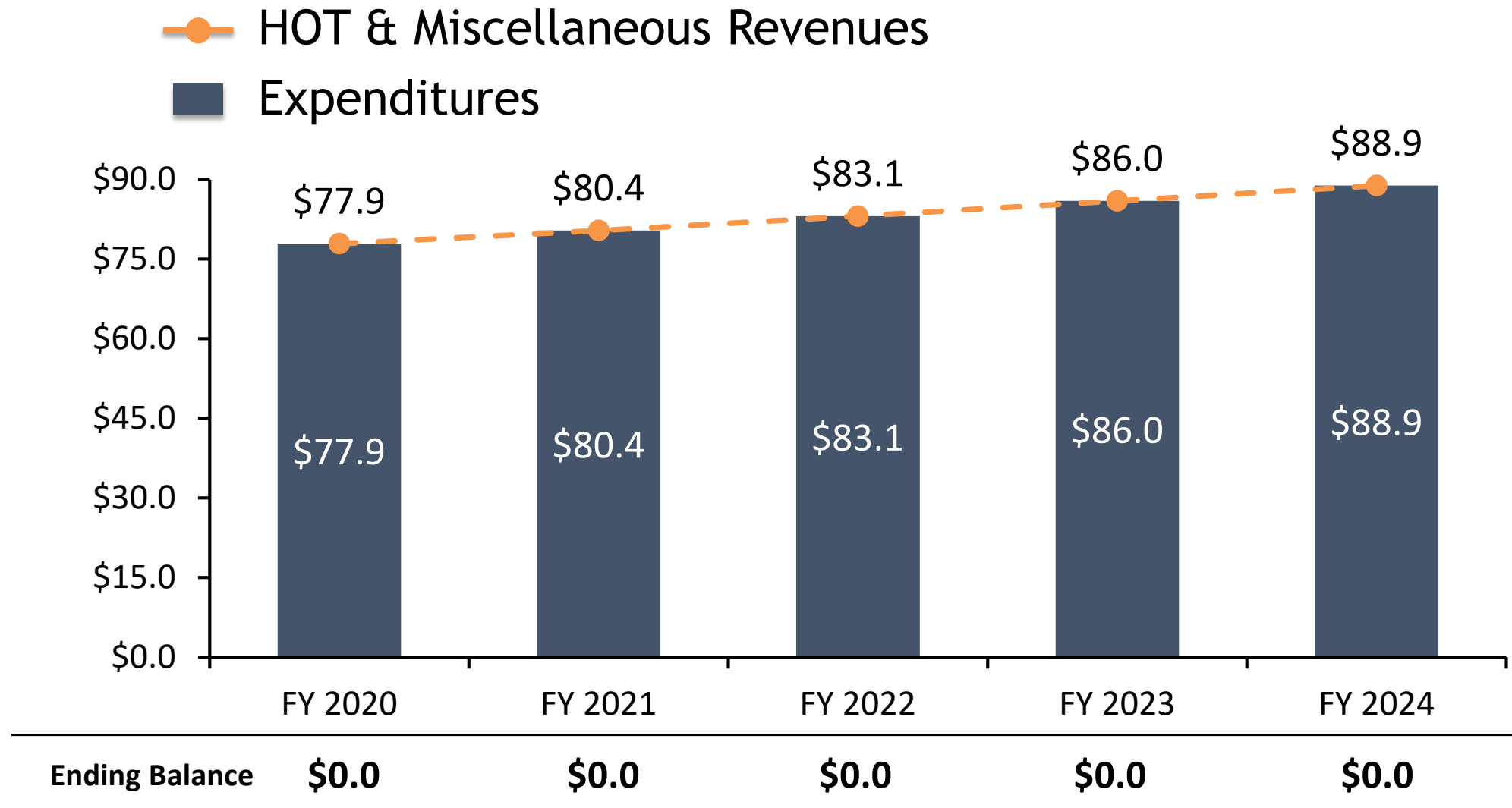


\$23.8 Million



\$10.9 Million

Hotel Occupancy Tax 5-Year Forecast





FY 2020-2024 **Five Year Forecast**

Solid Waste

Solid Waste Management Fund

Revenues

2nd Quarter Results

Budget	Actuals	Variance
\$65.3	\$67.1	\$1.8

FY 2019 Projection

Budget	Projection	Variance
\$126.4	\$133.9	\$7.5

Expenses

2nd Quarter Results

Budget	Actuals	Variance
\$60.9	\$60.3	\$0.6

FY 2019 Projection

Budget	Projection	Variance
\$126.5	\$125.8	\$0.7

Solid Waste Monthly Rate

Small Cart Fee

Medium Cart Fee

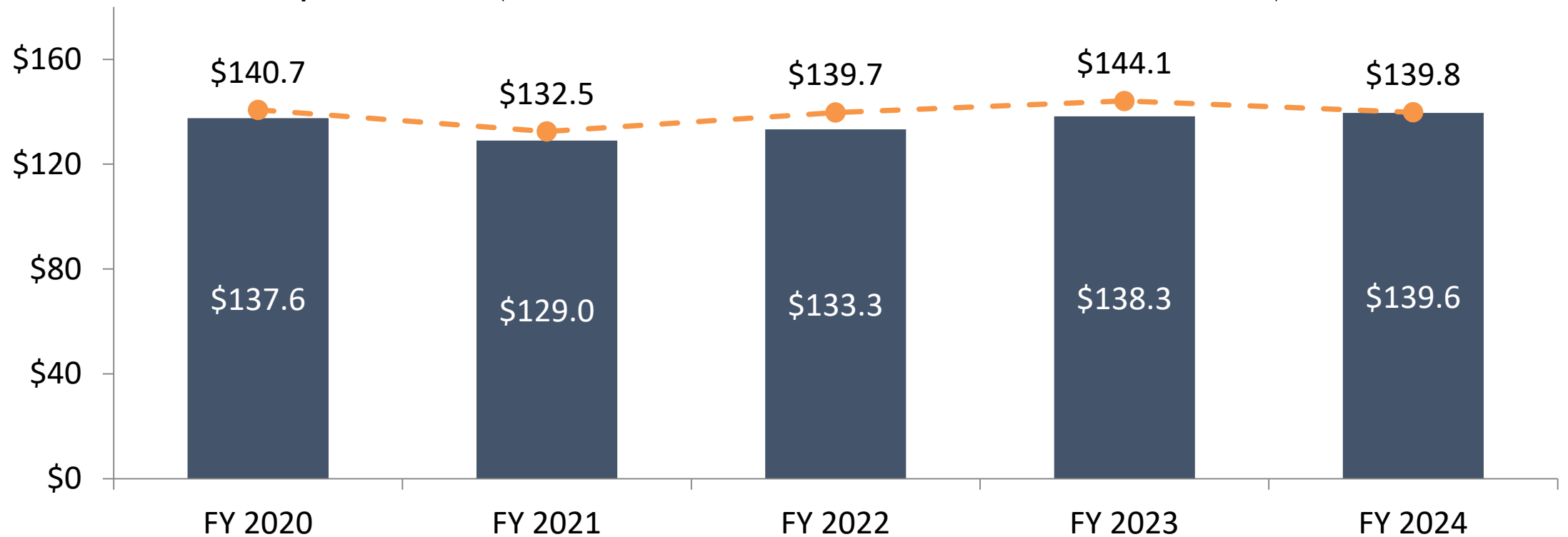
Large Cart Fee



FY 2019		\$19.00	\$21.00	\$29.00
FY 2020	\$17.00		\$21.00	\$29.00
FY 2021	\$16.00			\$32.00
FY 2022				\$35.00
FY 2023				\$38.00
FY 2024				

Solid Waste Fund 5-Year Forecast

- Revenues (Includes Beginning Balance)
- Expenditures (Includes amount added to Financial Reserves)



Ending
Balance

\$3.1

\$3.5

\$6.4

\$5.8

\$0.2



FY 2020-2024 Five Year Forecast

Mid-Year Adjustments

Scheduled for City Council Approval on May 16

Proposed FY 2019 Mid-Year Adjustment Summary

- **General Fund: 4 Adjustments \$288,072**
 - Funded from General Fund Contingency
- **Restricted Funds: 3 Adjustments \$1.3 Million**
 - Funded from better than budgeted revenues
- **Capital Budget: 2 Adjustments: \$2.4 Million**
 - Funded from Capital Budget Contingency

Broadcast & Live Stream City Council Committee Meetings & Board/Commission Meetings at One-Stop

\$26,000

- **2 Positions**
- **Equipment at One Stop Center**

- **\$26,000 from General Fund**
- *** \$300,000 in Capital Equipment to be purchased from PEG Fund**



Large Area Rezoning

\$63,000
in General
Fund

- **2 Positions**
- **11 City initiated Large Area Re-Zoning in queue dating back to 2014**



Ella Austin Youth Programming

\$45,000

**Reallocation from CD2
Police Surveillance
Equipment**

- **65 Additional Youth
served in Summer
Program**

Comprehensive Assessment of Community Homeless System

- December 2018: Council request for long-term sustainability options for Haven for Hope as part of broader strategy to address homelessness
- January to April: Input from stakeholder groups from over 25 different organizations
- Results on potential funding alternatives:
 - Increase to River Barge Ticket Fee
 - New fee on scooters
 - Increase to downtown Parking fees
 - City and stakeholders will continue to work on funding alternatives over the summer
- Stakeholders agree on more discussion on these options and support a community strategic plan to address homelessness

Comprehensive Assessment of Community Homeless System

\$200,000

**ASSESS COMMUNITY
HOMELESS SYSTEM**

- **Comprehensive Assessment of community homeless services**
- **Identify Gaps**
- **Develop, in consultation with stakeholders, strategic plan to address gaps**

Development Services

**\$256,000 for
6 positions**

- **Meet review goals for commercial and residential plan intake & reviews**
- **Address increase in residential building inspections**

Hotel Occupancy Tax



\$523,000

Design to replace roof due to
weather damage



\$500,000

Visit San Antonio to drive
additional visitation for summer
2019 and 2020

Capital Budget



\$2.4 Million

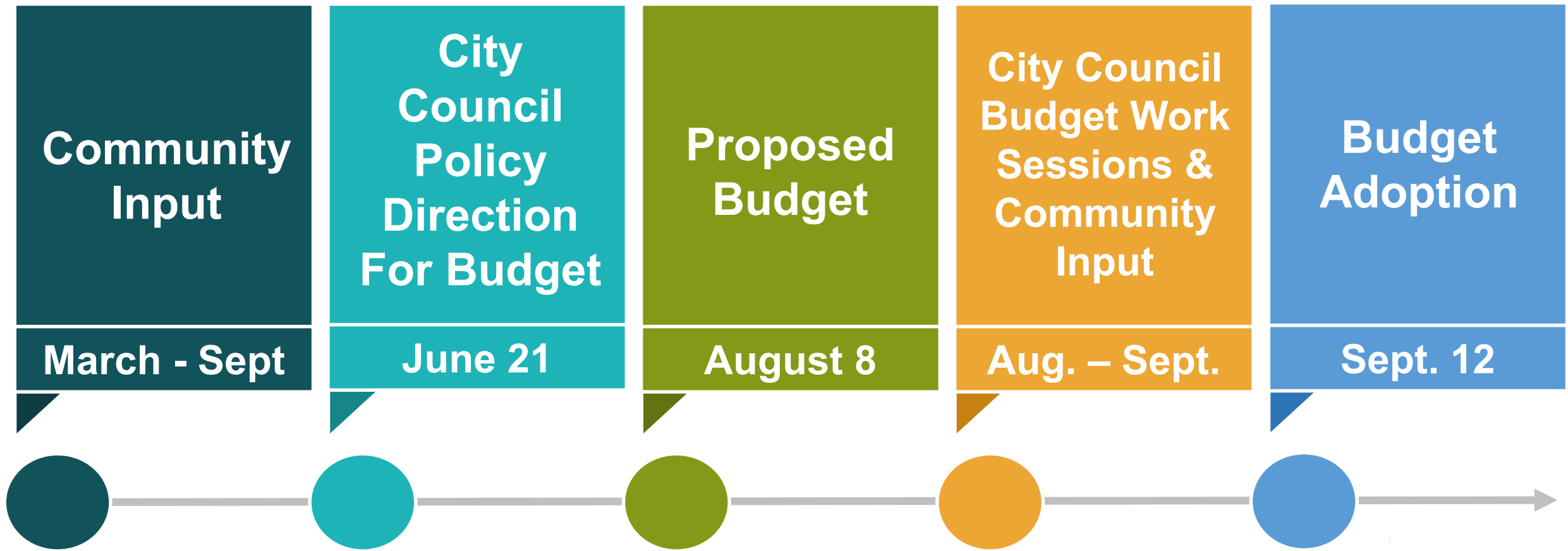
Funding to Haven for Hope:
Complete renovations to existing
building adding 120 beds serving
500 homeless annually



\$0

Reallocate \$100,000 from District 7
Park Development to Jane Dubel Park

Next Steps in FY 2020 Budget Process



Conclusion

- **FY 2019 Budget is balanced and slightly ahead of budget**
- **Financial Forecast Reflects Proposed State Legislative Changes**
- **Limited capacity to add additional spending beyond current levels of service**
- **Recommended Budget Adjustments scheduled for City Council Approval on May 16**
- **Briefing on Financial Policies on June 12**
- **Goal Setting Session on June 21 for City Council to discuss policy issues and financial policies for the FY 2020 Budget**



FY 2019 Six Plus Six Financial Report & FY 2020-2024

Five Year Financial Forecast

City Council “B” Session May 8, 2019
Presented by: Justina Tate, Budget Director