

# FY 2022 Six Plus Six Report Five Year Financial Forecast & Trial Budget



City Council “B” Session  
May 11, 2022

Presented by  
Justina Tate, Budget Director

FY2023-2027

# Presentation Overview



- FY 2022 Six Plus Six Financial Report
- Five Year Financial Forecast & Trial Budget
  - General Fund
- Five Year Financial Forecast
  - Hotel Occupancy Tax
  - Development Services
  - Solid Waste
- FY 2022 Mid-Year Budget Adjustment
- Next Steps in Budget Process

# 2<sup>nd</sup> Quarter Financial Highlights

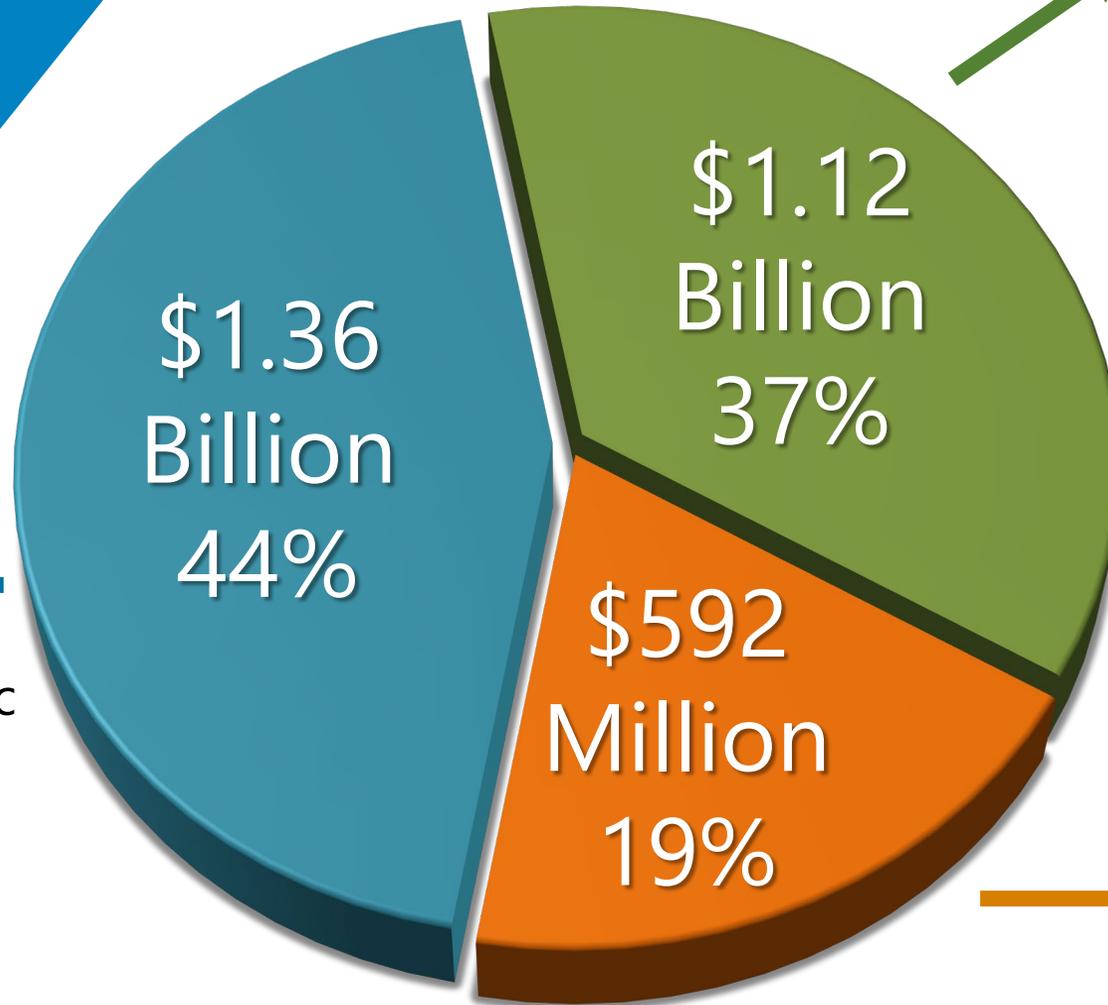
- Positive financial position for six months with most revenues performing better than budgeted
- Record collection in sales tax, 21% compared to last year
- Room nights sold in March were 35% more than last year, but still 7% lower than pre-pandemic
- Airport passengers have more than doubled compared to 2021, but still projecting 7% lower than 2019
- Building permit activity continues to be strong

# Total City Budget

## \$3.1 Billion

### General Fund

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



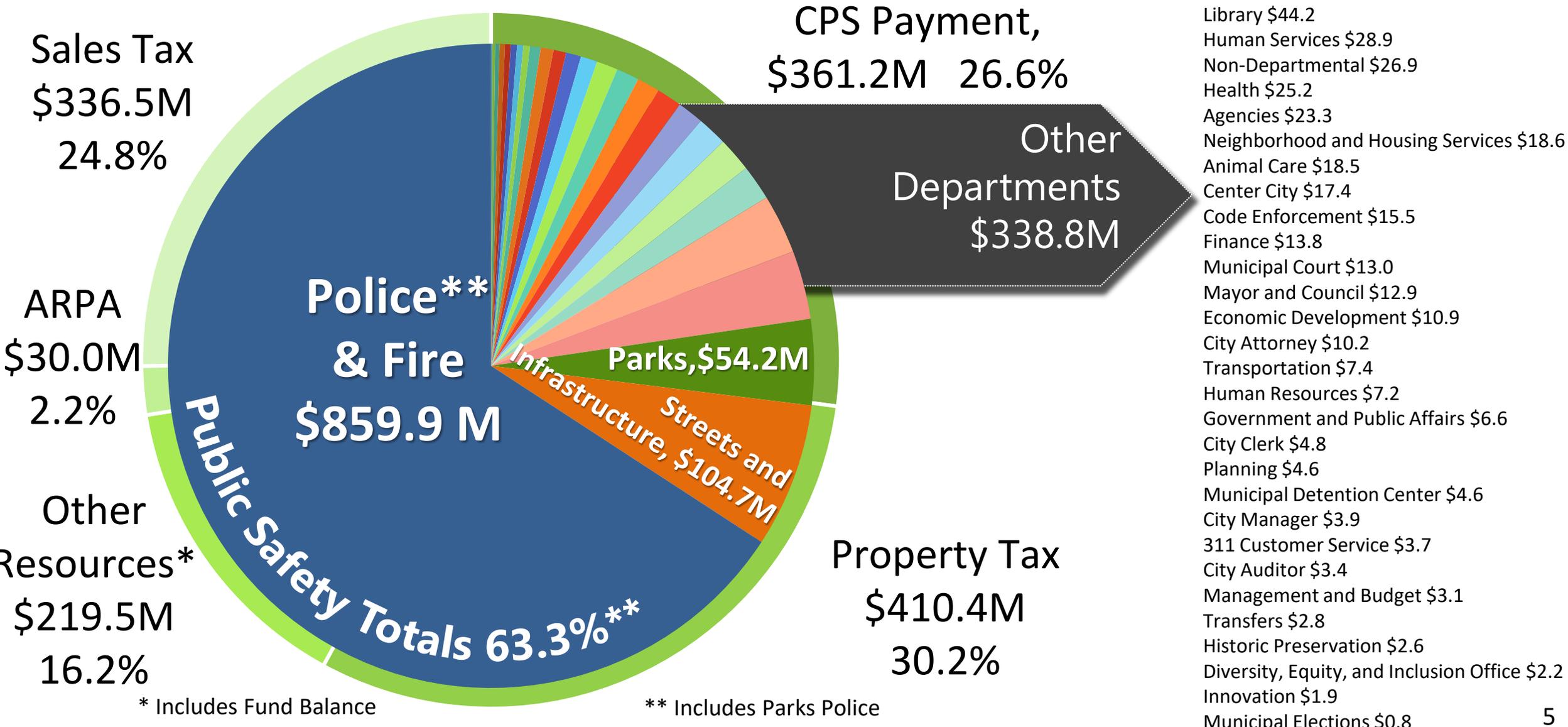
### Restricted Funds

Airport Fund  
Development Services  
Hotel Occupancy Tax  
Solid Waste  
Grants

### Capital Program

2017 bond projects  
Airport projects

# FY2022 General Fund Budget: \$1.36B



\* Includes Fund Balance

\*\* Includes Parks Police

# FY 2022 General Fund (\$ in Millions)

## 2<sup>nd</sup> Quarter Report (October to March)

### Revenues

Budget	Actuals	Variance
\$819.5	\$866.5	<b>\$47.0</b>

### Expenses

\$621.0	\$613.7	<b>\$7.3</b>
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## FY 2022 6+6 Projections (October to September)

### Revenues

Budget	Estimate	Variance
\$1,331.0	\$1,405.1	<b>\$74.1</b>

### Expenses

\$1,357.5	\$1,361.0	<b>(\$3.5)*</b>
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\* The FY 2022 Expenditure Estimate reflects increased costs for fuel and the projected lump-sum payment of \$5.9 Million to Police Officers as part of the Tentative Collective Bargaining Agreement that City Council will consider at tomorrow's "A" Session

# General Fund Revenues (\$ in Millions)

Revenue Source (\$ in Millions)	FY 2022 Budget	6-month Variance	12-month Variance (Estimate)
 Property Tax	\$410.4	<b>\$0.0</b>	<b>\$0.0</b>
 Sales Tax	336.6	<b>18.6</b>	<b>28.7</b>
 CPS Energy	361.2	<b>20.6</b>	<b>35.1</b>
 Other	222.8	<b>7.8</b>	<b>10.3</b>
<b>Total</b>	<b>\$1,331.0</b>	<b>\$47.0</b>	<b>\$74.1</b>

# Hotel Occupancy Tax Fund Revenues (\$ in Millions)

## 2nd Quarter Report (October to March)

## 6+6 Report (October to September)

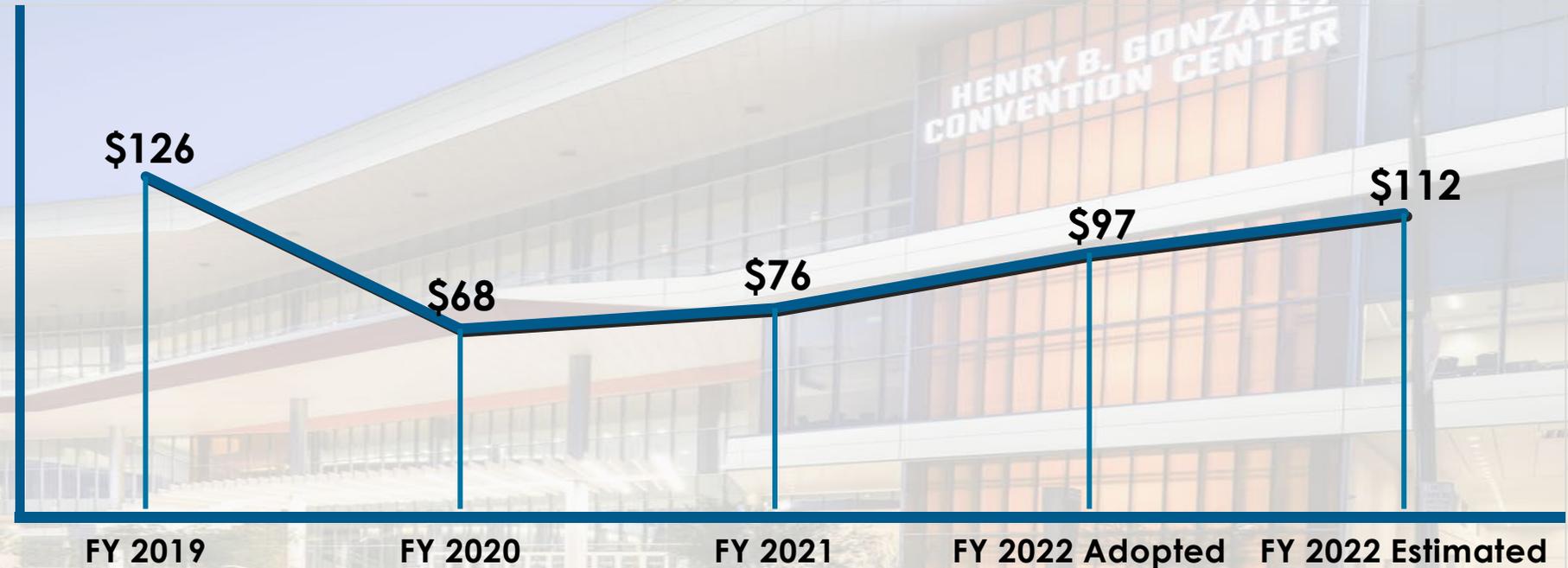
Revenue Source	Budget	Actuals	Variance
HOT Tax – (9%)	\$29.2	\$38.6	<b>\$9.4</b>
Convention Center	\$5.5	\$5.2	<b>(\$0.3)</b>
Alamodome	\$5.1	\$5.7	<b>\$0.6</b>

Budget	Estimate	Variance
\$71.1	\$86.0	<b>\$14.9</b>
\$15.6	\$15.0	<b>(\$0.6)</b>
\$10.3	\$11.1	<b>\$0.8</b>

- The monthly average of room nights sold for first 6 months of FY 2022 was over 736,000 nights compared to 546,000 in FY 2021 but still lower than FY 2019 of 788,000
- Convention Center attendance is lower than anticipated

# Annual HOT Related Revenue (\$ in Millions)

Revenues remain below 2019 collections



	FY 2019	FY 2020	FY 2021	FY 2022 Budget	FY 2022 Estimate
<b>HOT Tax</b>	\$93.5	\$52.1	\$63.3	\$71.1	\$86.0
<b>Convention Center</b>	19.9	10.2	4.3	15.6	15.0
<b>Alamodome</b>	12.6	6.0	8.5	10.3	11.1

# Hotel Occupancy Tax Fund Expenses (\$ in Millions)

## 2nd Quarter Report (October to March)

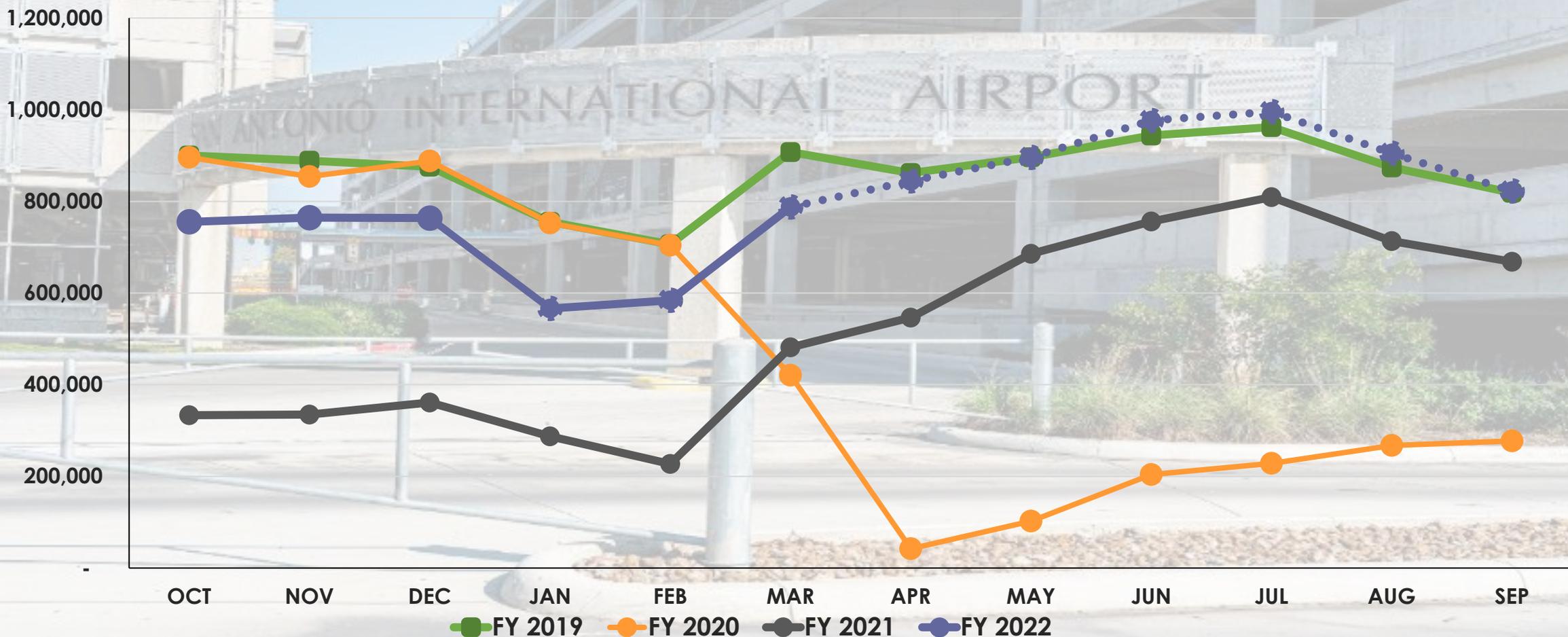
## 6+6 Report (October to September)

Department/Entity	Budget	Actuals	Variance	Budget	Estimate	Variance
Community & Visitor Facilities	\$24.1	\$22.6	<b>\$1.5</b>	\$55.2	\$53.6	<b>\$1.6</b>
Visit San Antonio	\$8.8	\$8.8	<b>\$0</b>	\$17.7	\$17.7	<b>\$0</b>
Arts & Culture	\$5.1	\$5.0	<b>\$0.07</b>	\$10.9	\$10.9	<b>\$0</b>
History and Preservation	\$3.8	\$3.8	<b>\$0</b>	\$7.6	\$7.6	<b>\$0</b>

- Departments supported by Hotel Occupancy Tax revenues are slightly below budget or at budget
- Overall, the HOT Fund Operating is \$11.3 Million ahead of budget for the first six months of the fiscal year and projected at \$16.7 Million ahead of budget for FY 2022

# Monthly Airport Passengers

Airport passengers have more than doubled compared to 2021, but still projecting 7% lower than 2019



# Airport Fund (\$ in Millions)

## 2<sup>nd</sup> Quarter Results (October to March)

### Revenues

Budget	Actuals	Variance
\$51.2	\$55.6	\$4.4

### Expenses

\$40.9	\$38.6	\$2.3
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**Overall, for the first six months of FY 2022 Airport Fund is \$6.7 million ahead of budget**

## FY 2022 6+6 Projections (October to September)

### Revenues

Budget	Estimate	Variance
\$109.2	\$119.3	\$10.1

### Expenses

\$98.0	\$94.2	\$3.8
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**Overall, for FY 2022 Airport Fund is projected to end \$13.9 million ahead of budget**

# Development Services Fund (\$ in Millions)

## 2<sup>nd</sup> Quarter Results (October to March)

### Revenues

Budget	Actuals	Variance
\$20.1	\$22.2	\$2.1

### Expenses

\$20.3	\$19.8	\$0.5
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**Overall, for the first six months of FY 2022 Development Services Fund is \$2.6 million ahead of budget**

## FY 2022 6+6 Projections (October to September)

### Revenues

Budget	Estimate	Variance
\$40.1	\$44.7	\$4.6

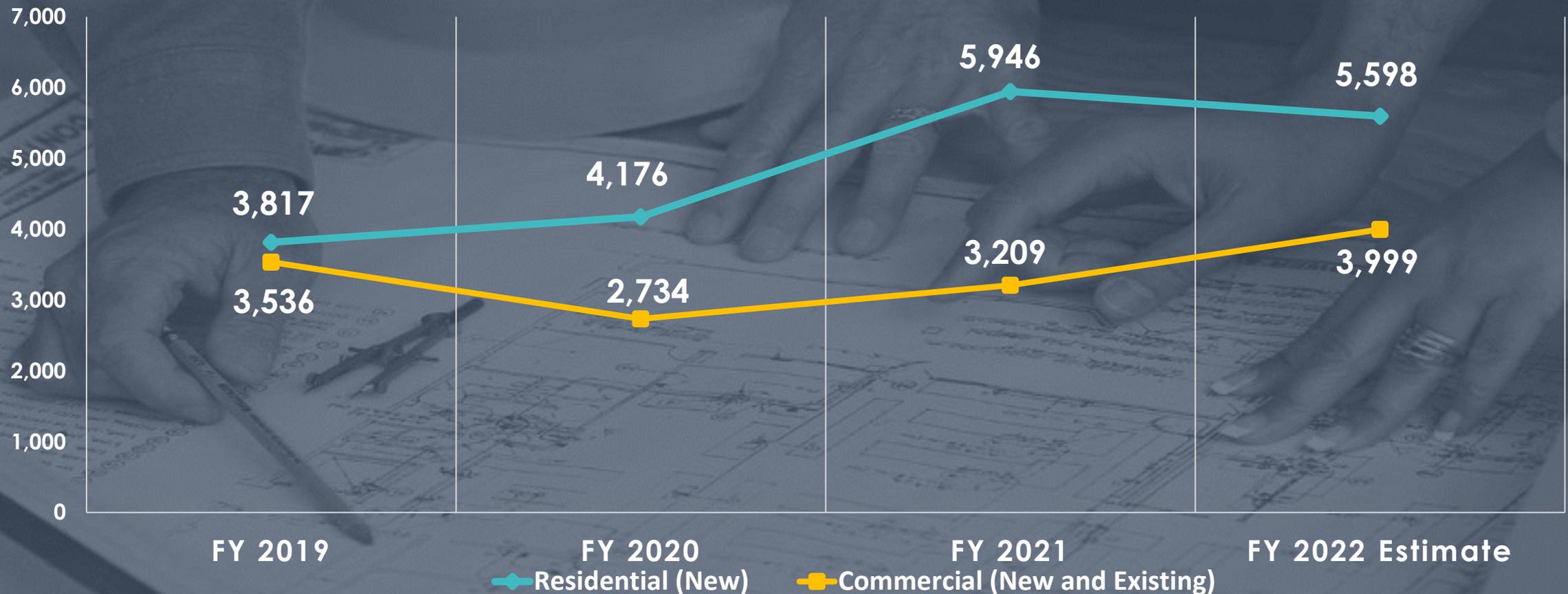
### Expenses

\$42.5	\$42.6	(\$0.1)
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**Overall, for FY 2022 Development Services Fund is projected \$4.5 million ahead of budget**

# Development Services Fund Permit Activity

Building permit activity continues to be strong



# Solid Waste Fund (\$ in Millions)

## 2<sup>nd</sup> Quarter Results (October to March)

### Revenues

Budget	Actuals	Variance
\$65.8	\$68.0	\$2.2

### Expenses

\$63.7	\$64.4	(\$0.7)
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**Overall, for the first six months of  
FY 2022 Solid Waste Fund  
is \$1.5 million ahead of budget**

## FY 2022 6+6 Projections (October to September)

### Revenues

Budget	Estimate	Variance
\$129.5	\$133.9	\$4.4

### Expenses

\$134.7	\$135.5	(\$0.8)
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**Overall, for FY 2022 Solid Waste  
Fund is projected  
\$3.6 million ahead of budget**



**FY2023-2027**



City of San Antonio

## FIVE YEAR FINANCIAL FORECAST AND TRIAL BUDGET

A CURRENT AND LONG-RANGE ASSESSMENT OF FINANCIAL  
CONDITIONS AND COSTS FOR CITY SERVICES

A CURRENT AND LONG-RANGE ASSESSMENT OF FINANCIAL  
CONDITIONS AND COSTS FOR CITY SERVICES

AND TRIAL BUDGET

# Five Year Financial Forecast & Trial Budget General Fund

# Five Year Financial Forecast & Trial Budget



## The Trial Budget

- Incorporates City Council Policy direction provided in April to the first two years of the forecast (FY 2023 & FY 2024)

## The Five Year Financial Forecast

- Financial Forecast is an early financial outlook for the City's major funds
- Provides an opportunity for continued City Council policy discussion on upcoming annual budget
- Forecast **is not** a budget

# City Council Budget Priorities

## April 13, 2022 Goal Setting Sessions

- Property Tax Relief
  - Increase Homestead Exemption
  - Evaluate increasing other exemptions
- Infrastructure
  - Evaluate options to allocate funds to the Street Maintenance Program
  - Increase funding for street maintenance, vision zero, and NAMP
  - Evaluate increasing storm water fee to address drainage needs
- Public Safety to include additional positions and services
- Affordable Housing and SA Forward
- Civilian Compensation and labor market adjustments

# Forecast Outlook

- Overall sentiment about San Antonio economy is positive, however:
- Geopolitical instability is cited as top risk to both global and domestic economies
- Energy prices and inflation are threats to the global and domestic economy
- Supply chain, interest rates and other economic factors



**FY2023-2027**



City of San Antonio

**FIVE YEAR FINANCIAL FORECAST  
AND TRIAL BUDGET**

A CURRENT AND LONG-RANGE ASSESSMENT OF FINANCIAL  
CONDITIONS AND COSTS FOR CITY SERVICES

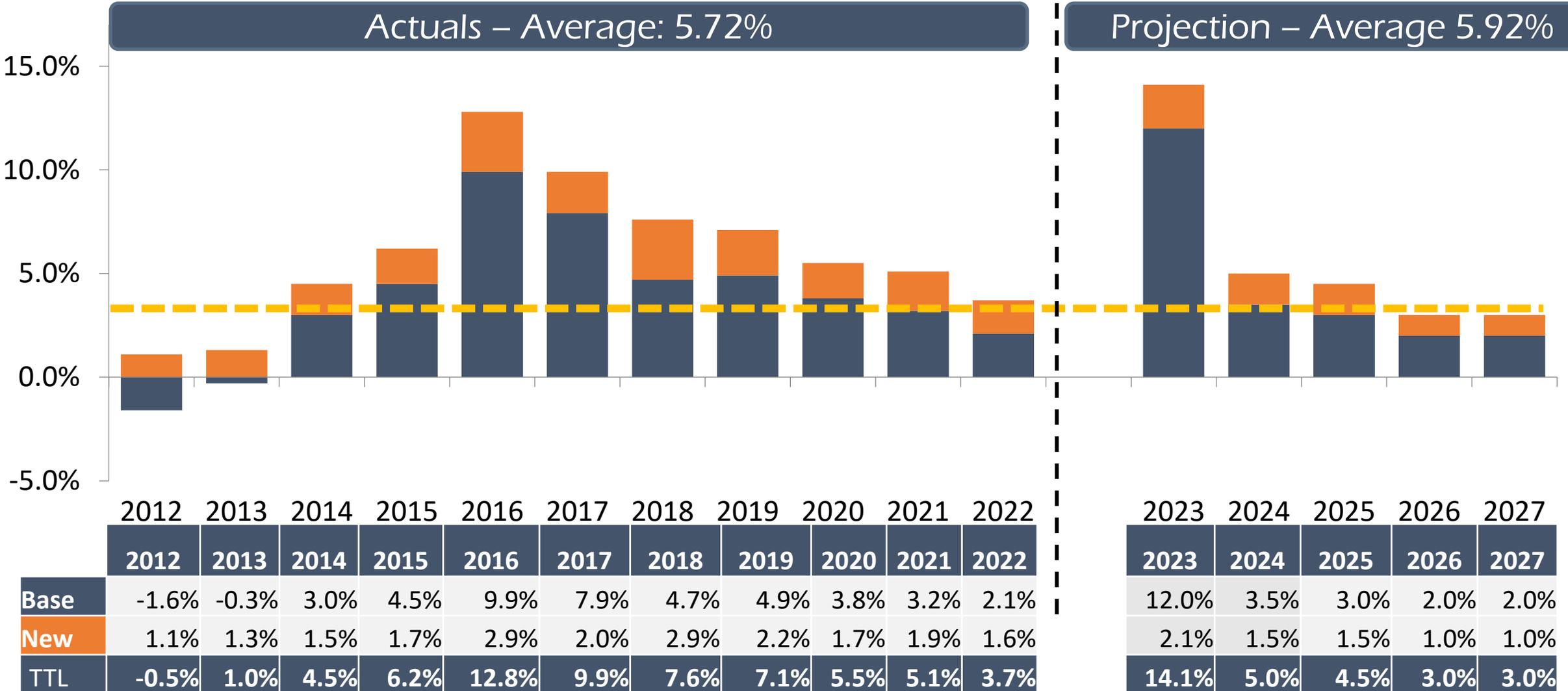
CONDITIONS AND COSTS FOR CITY SERVICES  
A CURRENT AND LONG-RANGE ASSESSMENT OF FINANCIAL

AND TRIAL BUDGET

# Revenue Assumptions

## FY 2023 - FY 2027

# Property Tax - Taxable Valuation % Change from Prior Year



# Property Tax Relief included in Forecast

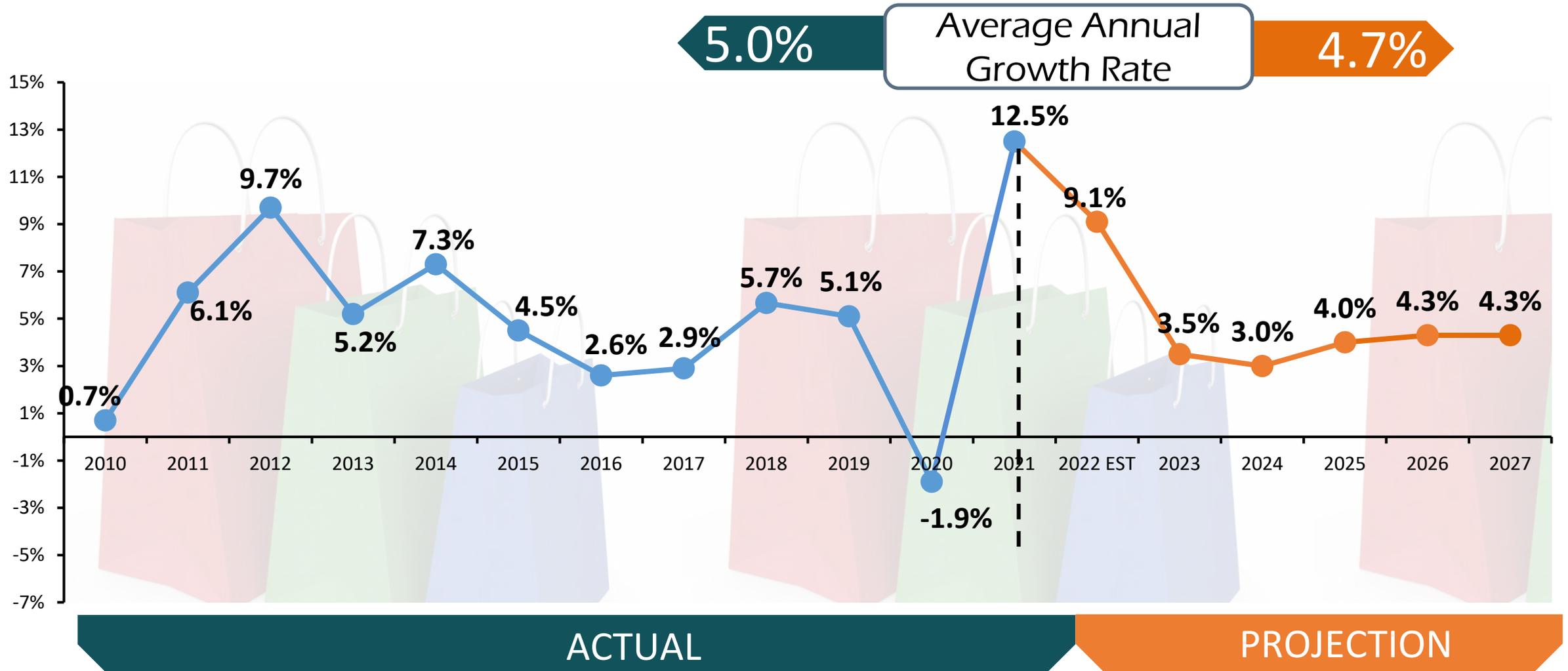


Reduction of 1.3 cents  
Property Tax Rate

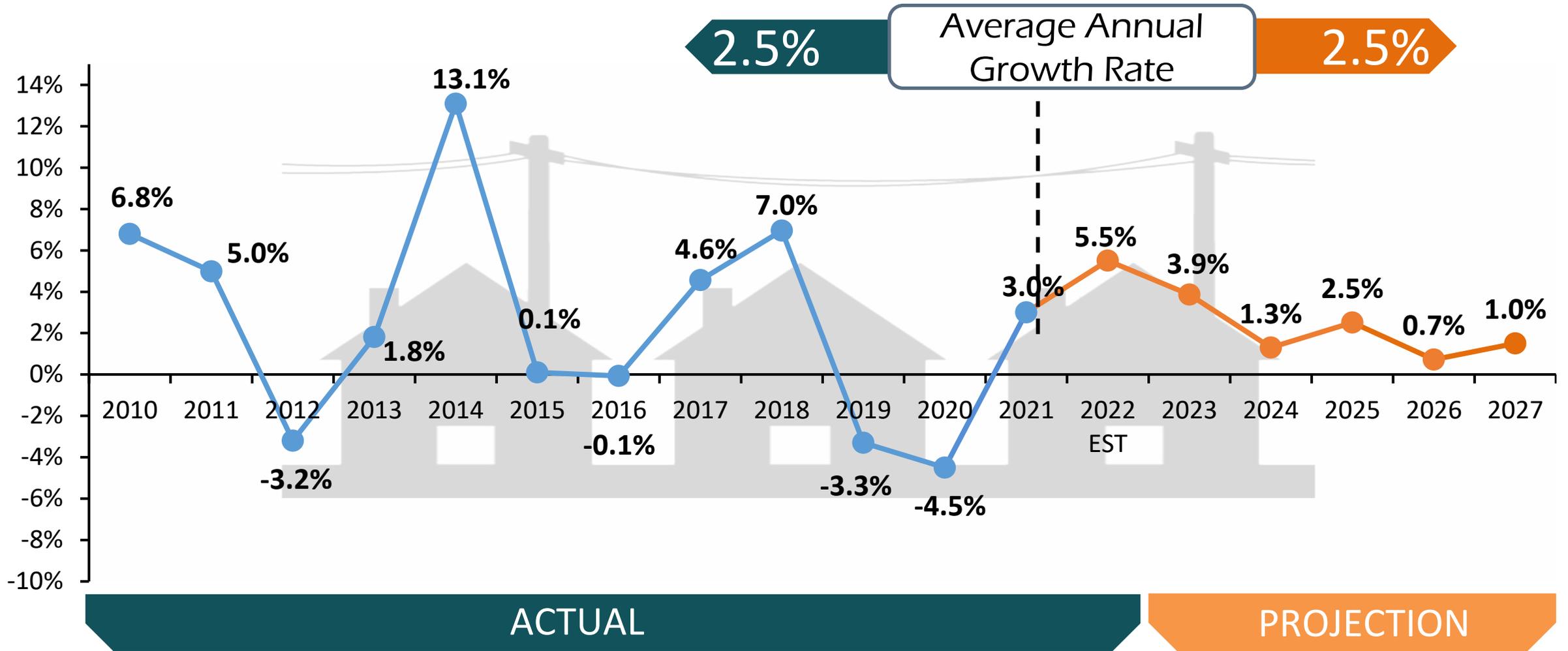
10% Homestead Exemption

\$85,000 Exemption for Over  
65 and Disabled

# Sales Tax – % Change from Prior Year Collections



# CPS Payment to City – Change from Prior Year Collections



- Change in CPS Collections does not include one time CPS revenue



**FY2023-2027**



City of San Antonio

**FIVE YEAR FINANCIAL FORECAST  
AND TRIAL BUDGET**

A CURRENT AND LONG-RANGE ASSESSMENT OF FINANCIAL  
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AND TRIAL BUDGET

# Expenditure Assumptions

## FY 2023 - FY 2027

# Financial Forecast

## Major Program Assumptions

- Incorporates City Council Budget priorities from the April Goal Setting Session in FY 2023 and financial impact through FY 2027
- Reflects increases in medical inflation and inflationary increases for commodities and services
- Includes collective bargaining contract increases
- Adds operating cost for bond projects
- Continues Edwards Aquifer Acquisition Program
- Continues implementation of SA Forward

# FY 2023 & FY 2024 Trial Budget Employee Compensation

Item	Description	FY 2023	FY 2024
1	Civilian Compensation (General Fund Only)	\$23.2	\$36.7
2	Collective Bargaining Agreements (Fire & Police)	13.3	31.9

# FY 2023 & FY 2024 Trial Budget Mandates

Item	Description	FY 2023	FY 2024
<b>2017 Bond Program</b>			
1	Parks Maintenance & Security	\$0.9	\$1.4
2	Hemisfair Civic Park		0.4
3	Heritage Park Community Center D4	0.9	0.9
4	Fire Station 24	0.6	0.7
5	St Mary's Substation	2.9	4.4
6	World Heritage Facility		0.7
7	Woodlawn Lake Multi-Gen Center	0.2	0.2

# FY 2023 & FY 2024 Trial Budget Mandates - Continued

Item	Description	FY 2023	FY 2024
<b>2022 Bond Program</b>			
8	Parks Maintenance & Linear Creekways		\$0.2
9	Central Library Renovation	0.2	0.2
10	D3 Police Substation		2.9
<b>Other Mandates</b>			
11	Linear Creekways Maintenance & Security	0.6	1.0
12	ACS Contracts – Spay& Neuter and Vets	0.5	0.5
13	Fire UT Health Contract	0.4	0.6
14	Police 2020 COPS Grant Match	0.5	1.3
15	State Consultant Contracts for 2023 Legislative Session	0.3	
<b>Total</b>		<b>\$8.0</b>	<b>\$15.3</b>

# FY 2023 & FY 2024 Trial Budget Improvements

Item#	Program – (\$ in Millions)	FY 2023	FY 2024
1	Affordable Housing to maintain 2022 funding levels in general fund	4.4	4.4
2	Police – 75 New Officers (50 in 2023 with Grant & 25 more in 2024)	3.6	6.5
3	Fire – 27 New Firefighters (15 in 2023 for Ladder & 12 in 2024 for EMS)	1.3	3.0
4	Continue Homeless programs funded with CARES grants (9 positions)	1.3	1.3
5	ACS Adoptions and Clinic staff (11 positions)	0.6	0.6
6	Code Enforcement Officers (5 Officers)	0.4	0.3
7	Library Books and Digital Materials (increases amount to \$6.2M annually)	1.0	1.0

# FY 2023 & FY 2024 Trial Budget Improvements - continued

Item #	Program – (\$ in Millions)	FY 2023	FY 2024
8	Seniors – OATS Program (maintain current FY 2022 funding)	0.5	0.5
9	Continuation of Edwards Aquifer acquisition program (debt funded)	0.3	0.7
10	Economic Development	3.0	3.0
11	Increase to NAMP Program from \$219,900 to \$450,000	2.3	2.3
12	Alamo Promise (increment for annual amount of \$2.7Million)	0.2	0.2
13	City Facility Maintenance and improvements	3.9	7.7
14	Update of Major Thoroughfare Plan	1.0	

# FY 2023 & FY 2024 Trial Budget Improvements - continued

Item #	Program – (\$ in Millions)	FY 2023	FY 2024
15	Deductible for Roof Replacements damaged by 2021 Hail Storm (\$7.4 M in insurance proceeds)	3.8	
16	Support for Public Works Streets & Sidewalk Program (6 positions)	0.4	0.4
17	Civilian positions for Fire Services & Logistics (5 positions)	0.2	0.3
18	City Clerk – Records, Accessibility and Accountability (4 positions)	0.2	0.3
19	Disability Status Report	0.07	
20	Military Spouse Fellowship Program	0.02	0.02
21	Innovation Research and Development League Projects	0.3	0.3
	<b>Total</b>	<b>\$29</b>	<b>\$33</b>

# General Fund Five Year Financial Forecast

(\$ in Millions)	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Projected Resources <sup>a</sup>	\$1,638	\$1,651	\$ 1,651	\$1,633	\$ 1,679
Projected Expenses	1,372	1,394	1,419	1,427	1,445
Financial Reserves	192	140	84	82	85
<b>Balance</b>	<b>\$ 73</b>	<b>\$117</b>	<b>\$148</b>	<b>\$124</b>	<b>\$149</b>
<b>Mandates &amp; Policy Issues</b>					
Civilian Compensation	23	37	50	62	75
Collective Bargaining Agreements	13	32	52	73	92
Mandates	8	15	19	23	25
Improvements	29	33	27	30	31
<b>Total</b>	<b>73</b>	<b>117</b>	<b>148</b>	<b>188</b>	<b>223</b>
<b>Ending Balance</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$64.2)</b>	<b>(\$73.8)</b>
<i>Public Safety as % of General Fund</i>	<i>62.6%</i>	<i>62.2%</i>	<i>62.5%</i>	<i>65.6%</i>	<i>65.9%</i>

a: Includes Use of Reserves from Prior Fiscal Year

# FY 2023 Infrastructure Funding: \$20M

Program – (\$ in Millions)	FY 2023
Additional Funding for Streets	\$ 10
Vision Zero Funding to complete construction of 28 mid – block crossings*	3.8
Warranted Traffic Signals	2.9
Non-Service Alley Maintenance	1.0
Reserve for Capital Project Contingency	2.3
<b>Total</b>	<b>\$ 20</b>

Total funding for mid-block crossings in FY 2023 will be \$7 Million, of which \$3.2 Million is from FY 2022

# Street Network Per Council District

## Recommended Funding Allocation

CD	FY 2017 PCI	FY 2022 PCI	FY 2022 F Streets	Projected FY 2030 PCI	Projected FY 2030 F Streets
1	67.79	71.96	16%	82.39	10%
2	64.74	73.10	16%	82.26	10%
3	67.82	73.36	14%	82.99	9%
4	72.89	73.69	13%	82.80	8%
5	69.39	72.87	14%	81.93	9%
6	77.79	79.72	5%	84.80	2%
7	71.46	72.94	14%	82.14	9%
8	76.74	81.59	5%	84.20	2%
9	78.05	83.91	1%	83.92	0%
10	68.70	74.14	11%	82.47	7%
CW	71.5	75.73	11%	82.99	7%

- All Districts reach an average PCI of 82 or above and F Streets 10% or less by FY 2030.
- Assumes \$120 Million annually
  - \$100 Million annual budget allocated based on 100% condition.
  - \$20 Million in 2022 Bond allocated based on 50% size & 50% condition.

# FY 2023 Annual Maintenance Allocation

## Funding Allocation Based on Condition of Street

	FY 2023 \$100 Million	
Council District	Trial Budget Distribution Based on Condition	
CD 1	12.55%	\$12,553,515
CD 2	13.23%	\$13,228,760
CD 3	11.72%	\$11,716,707
CD 4	10.20%	\$10,204,122
CD 5	10.39%	\$10,391,241
CD 6	7.83%	\$7,831,989
CD 7	10.73%	\$10,726,222
CD 8	5.97%	\$5,969,236
CD 9	4.89%	\$4,892,530
CD 10	12.49%	\$12,485,680
<b>Total</b>	<b>100.00%</b>	<b>\$100,000,000</b>

# FY 2023 Street Maintenance Program

**\$100 M**

**Annual Budget**

Allocation  
based on  
condition

**\$20 M**

**2022 Bond**

\$100.5M over 5yrs.  
50%/50%  
condition &  
network size

**\$10 M**

**ARPA**

Allocation  
based on miles  
F Streets

# FY 2023 Sidewalks

## Goal

Fill sidewalk gap miles citywide in prioritized areas



**\$15 Million**

**\$13M**  
ATD

**\$2M**  
2022 Bond

# Potential Transportation & Sidewalk Fees

- Public Works Department and City Attorney's Office are reviewing options for a potential transportation and sidewalk mitigation fee
- Recommendation will be presented as part of the proposed budget in August

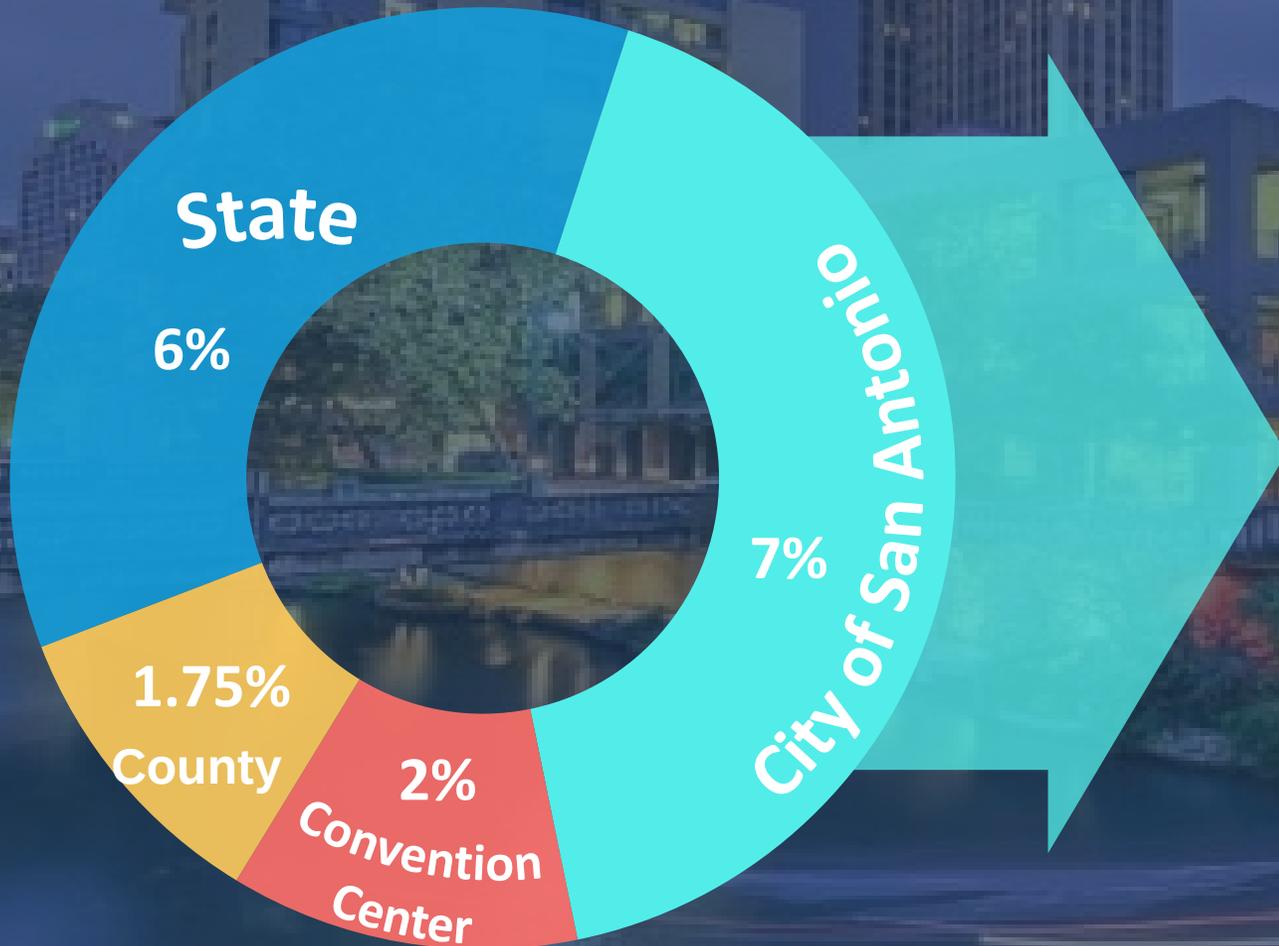


# Restricted Funds

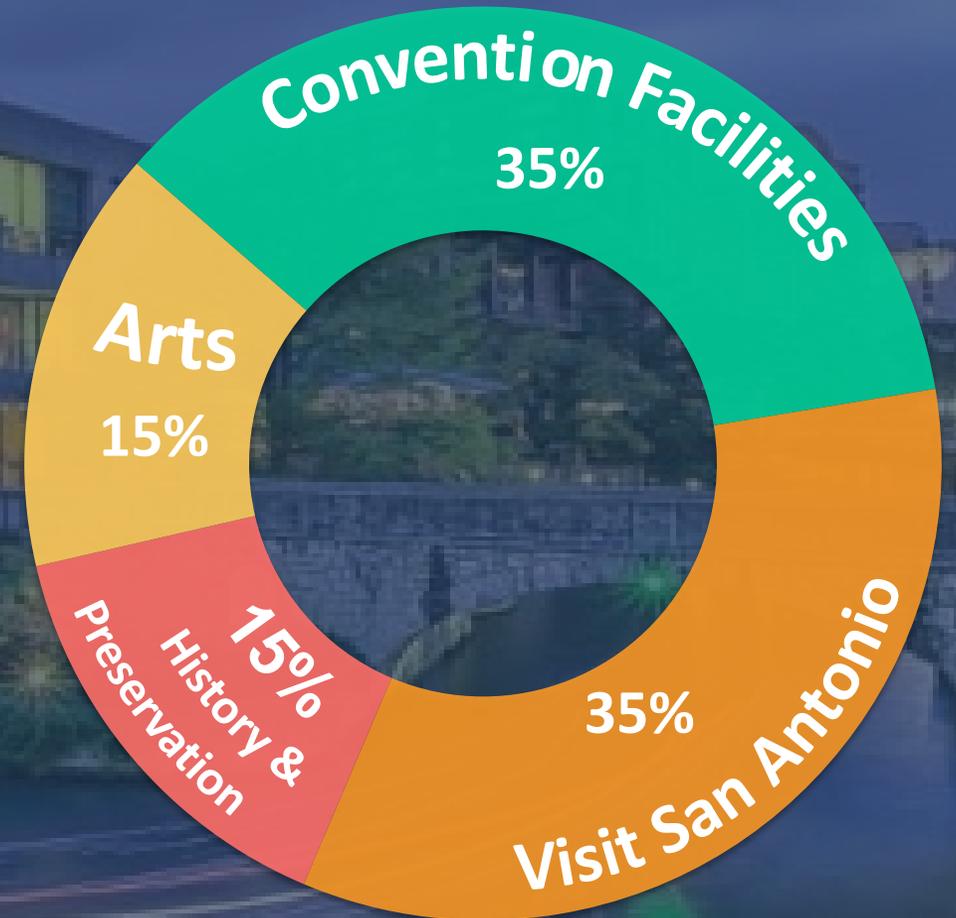
**FY 2023-2027**

# Hot Occupancy Tax Rate

Total HOT Rate in San Antonio:  
16.75%



HOT Distribution of  
City's 7%



# Hotel Occupancy Tax – 9%

## Annual Revenue (\$ in Millions)



Estimate

ACTUAL

PROJECTION

# Hotel Occupancy Tax Fund

(\$ in Millions)	FY 2023 Projection	FY 2024 Projection	FY 2025 Projection	FY 2026 Projection	FY 2027 Projection
HOT Fund Revenues*	\$108.8	\$111.8	\$111.0	\$114.9	\$119.4
<b>Use of HOT Fund Revenues</b>					
Convention Facilities	23.3	23.1	21.6	23.1	22.5
Visit San Antonio	25.9	26.8	27.8	28.9	29.6
Arts & Culture	11.1	11.5	11.9	12.4	12.7
History & Preservation	11.1	11.5	11.9	12.4	12.7
Debt Service	32.6	34.1	35.5	36.7	39.3
Other	4.8	4.8	4.9	4.9	4.9
<b>Ending Balance</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$(2.6)</b>	<b>\$(3.6)</b>	<b>\$(2.3)</b>

\*HOT Fund Revenues includes transfer in from ARPA for FY 2023, FY 2024 and FY 2025

# Hotel Occupancy Tax Budget Priorities \$100 Million

Facility needs identified for Convention Center and Alamodome prior to pandemic

- Preventative Maintenance
- Capital Replacements
- Facility Improvements



# Development Services

<b>(\$ in Millions)</b>	<b>FY 2023 Projection</b>	<b>FY 2024 Projection</b>	<b>FY 2025 Projection</b>	<b>FY 2026 Projection</b>	<b>FY 2027 Projection</b>
Projected Resources <sup>a</sup>	<b>\$65.6</b>	<b>\$64.8</b>	<b>\$62.3</b>	<b>\$62.5</b>	<b>\$62.1</b>
Projected Expenses	<b>47.9</b>	<b>50.3</b>	<b>48.5</b>	<b>50.1</b>	<b>51.7</b>
Operating Contingency	<b>10.2</b>	<b>10.6</b>	<b>10.9</b>	<b>11.3</b>	<b>9.7</b>
<b>Ending Balance</b>	<b>\$7.5</b>	<b>\$3.9</b>	<b>\$2.9</b>	<b>\$1.1</b>	<b>\$0.7</b>

*a: Includes Use of Reserves from Prior Fiscal Year*

# Solid Waste Fund

- No fee increases included in the forecast, may need an increase in FY 2024

<b>(\$ in Millions)</b>	<b>FY 2023 Projection</b>	<b>FY 2024 Projection</b>	<b>FY 2025 Projection</b>	<b>FY 2026 Projection</b>	<b>FY 2027 Projection</b>
Projected Resources	<b>\$148.8</b>	<b>\$140.7</b>	<b>\$139.6</b>	<b>\$141.1</b>	<b>\$142.7</b>
Projected Expenses	<b>144.8</b>	<b>147.4</b>	<b>154.4</b>	<b>157.6</b>	<b>160.7</b>
Operating Reserve	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Ending Balance</b>	<b>\$4.0</b>	<b>(\$6.7)</b>	<b>(\$14.8)</b>	<b>(\$16.5)</b>	<b>(\$18.0)</b>

# Third Brush Collection



- **Increase from 2 to 3 Brush Collections**
  - \$7 Million
    - \$4.6 Million for Equipment
    - 33 positions
  - 75 cent increase to monthly garbage fee would be needed

# FY 2022 Mid-Year Budget Adjustment

<b>General Fund</b>	<b>FY 2022 Budget</b>	<b>FY 2022 Revised</b>
Revenues	\$1,331.0	\$1,405.1
Expenses	\$1,357.5	\$1,361.0
<b>Airport</b>	<b>FY 2022 Budget</b>	<b>FY 2022 Revised</b>
Revenues	\$109.2	\$119.3
Expenses	\$98.0	\$94.2

# FY 2022 Mid-Year Budget Adjustment

<b>Solid Waste</b>	<b>FY 2022 Budget</b>	<b>FY 2022 Revised</b>
Revenues	\$129.5	\$134.0
Expenses	\$134.7	\$135.5

<b>Development Services</b>	<b>FY 2022 Budget</b>	<b>FY 2022 Revised</b>
Revenues	\$40.1	\$44.7
Expenses	\$42.5	\$42.6

# FY 2022 Budget Adjustments

(\$ in Millions)	FY 2022 Budget	FY 2022 Revised
HOT Fund Revenues	\$107.9	\$110.9
<b>Use of HOT Fund Revenues</b>		
Convention Facilities	29.0	27.2
Visit San Antonio	17.7	17.7
Arts & Culture	7.6	7.6
History & Preservation	7.6	7.6
Debt Service	20.4	20.4
Other	25.6	30.4
<b>Ending Balance</b>	<b>\$0.0</b>	<b>\$0.0</b>

HOT Fund Revenues includes transfer in from ARPA

# Budget Community Input



- **10 Council District Meetings**
- **Survey open from 5/12 – 6/30**
  - Hosted on SASpeakUp.com
  - Promoted through grassroots events
  - Paid advertising: TV, radio, digital and print
  - Out of home: street banners, yard signs, kiosk advertising, posters at City facilities
  - Door to door campaign
  - Neighborhood leaders and stakeholder engagement
  - Social media
  - Public service announcements

# Next Steps in FY 2023 Budget Process

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# FY 2022 Six Plus Six Report Five Year Financial Forecast & Trial Budget



City Council “B” Session  
May 11, 2022

Presented by  
Justina Tate, Budget Director

FY2023-2027