



City of San Antonio

Council Visioning Session

May 22, 2026 _____ _____

What We Do

FINANCIAL ADVISORY

transaction management & bond pricing | credit strategies | capital planning

FINANCIAL PLANNING

Synopsis powered by Synario™

ALTERNATIVE FINANCE

public private partnerships & economic development | developer selection & negotiation | asset & real estate portfolio analysis & monetization | environmental finance | tax credit & incentive policies

INVESTOR RELATIONS

powered by Munite®
investor intelligence & outreach | analytics | customized dashboards

CONSULTING

fiscal planning & budgeting | organizational efficiency & effectiveness | policy & program analysis | workforce strategy & negotiation support

SPECIALIZED SERVICES

derivatives advisory | treasury management consulting | retirement finance





PFM's Management and Budget Consulting (MBC) Team

- ◆ MBC is a team of professionals whose mission is to help local government, state government, and non-profit leaders overcome their toughest financial challenges, improve the efficiency of their day-to-day operations, and align their resources to their community's long-term goals.
- ◆ We work with our clients to strengthen their finances, improve operating performance, and increase capacity to deliver services effectively.
- ◆ We are unique in our ability to view policy and operational issues in a fiscal context, understanding that efficiency needs to be in the service of achieving larger goals. That's why virtually all of our major local government engagements focus on the point of intersection between operations, policy, and budget.
- ◆ In just the last three years, our MBC practice has worked with over 80 local governments on a variety of engagements.
- ◆ Over the years, PFM has supported the City on a variety of projects, including workforce, collective bargaining, American Rescue Plan Act support and last year's budget methodology work.



Danielle Scott Parker

Director
PFM Financial Advisors LLC
scottd@pfm.com



Victoria Asare

Senior Managing Consultant
PFM Group Consulting LLC
asarev@pfm.com



Charles Bell

Analyst
PFM Group Consulting LLC
bellc@pfm.com



AGENDA

SESSION OVERVIEW & FRAMING

OVERVIEW OF COUNCIL GOALS & PRIORITIES

BUDGET DISCUSSION ON CITY SERVICES AND PROGRAMS

WRAP UP & NEXT STEPS

Session Purpose

- ◆ Highlight City's budget picture and options to balance the budget
- ◆ Report out on what the PFM team heard from the one-on-one conversations
- ◆ Evaluate city services, programs, and functions that are not mandated or priority for funding cuts and reductions



The Need for Immediate Action

- Like most municipalities across the state and country, San Antonio is seeing rapidly growing expenditures of 6.3%, which is outpacing revenue growth of (0.2%).
- With a cumulative deficit of \$130.7 million over the next two fiscal years, city government will need to make tough choices over the next four years.
- Today's session is intended for Councilmembers to share thoughts and insights on areas the City should be prioritizing for funding along with budget cuts and associated service or program reductions.
- The City will **need to explore a combination of solutions that include new revenue and budget solutions in order to balance the budget and maintain current city services.**
- Further, the City will **likely need to go further in identifying new revenue in order to make investments above and beyond current service levels.** The City has explored revenue raising options including:
 - Property tax increase
 - EMS transport fee
 - Parks environmental fee
 - Fire prevention fees
- In order to fund services above and beyond current operations, the City will need to identify additional revenues or realign expenditures.
- To evaluate which programs should be considered for funding reductions, the City will need to take a strategic and data-driven approach that balances legal and regulatory mandates, essential services, and priorities.



The Need to Do Things Differently and Do Different Things

- ◆ Building off of PFM’s 2025 work to analyze the City’s current budget process and identify opportunities to integrate alternative budgeting approaches the team recommended a hybrid-based budget methodology.
- ◆ The hybrid budget methodology combines components of zero-based, performance-based, target-based, and outcomes-based budgeting – while maintaining aspects of the current budget process (comprehensive budget reviews or CBRs) that are effective – to make more informed, data-driven decisions.
- ◆ This methodology suggested the City evaluate its budget through a core and non-core service lens.
- ◆ This transparent and data-driven budgeting lens provides greater insight for informed decision-making, ultimately improving the quality of critical services and ensuring that investments are more meaningful and impactful for the City.

Hybrid Budget Methodology Goals

Alignment with Goals

Transparency and Accountability

Enhanced Efficiency

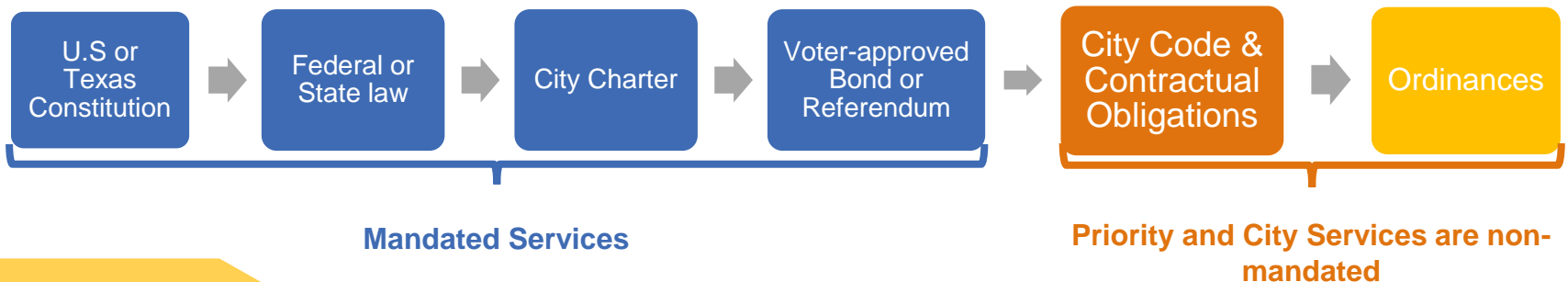
Strategic Allocations

Improved Decision-making



A New Lens For Budget Decision Making

- Described in this process as Mandated, Priority, and City Services; this framework allows for elected leaders, departments, and the City administration to identify areas to reduce spending in service of balancing the budget.
- **Mandated** services must be delivered based on the following gradations of legal authority
 - Texas or U.S. Constitution
 - State or federal law
 - City Charter
 - Voter-approved bond or referendum
- Priority and City Services are **Non-Mandated** meaning they are not legally required, yet they still play an important role in strengthening communities and improving the quality of life of San Antonio residents.
- **Priority** services are identified by the City Council as priorities for the upcoming budget cycle.
- **City Services** are all other functions and are considered discretionary and up for potential budget reductions.





Why Mandates Matter for Goal Setting

- ◆ The mandated framework includes a few guiding principles:
 - **Mandated services must be funded first** – failure to do so can result in legal, financial or operational challenges.
 - Services that are not mandated does not mean unimportant, unnecessary, or ineffective – these services may still be highly valuable and widely supported priorities.
 - When revenues are constrained, Council must weigh non-mandated services against priorities and available funding capacity only after mandated obligations are met.
- ◆ **The mandated distinction reflects the City’s legal obligation and not community value or policy priority.**
 - City Council’s challenge is not deciding what policies and programs matter but how to balance legal requirements with limited resources and community needs.
- ◆ **Budget decisions around priority and city services may involve difficult trade-offs**, and Council will have to think creatively about how to achieve specific budget goals within a resource constrained environment.



Balancing Goals and Priorities with Available Resources

- ◆ In an effort to understand priorities in light of the City's fiscal constraints, the City engaged PFM to assist in facilitating the goal setting process.
- ◆ To start, PFM met virtually with the Mayor and each councilmember to understand the most pressing priorities facing the City and ideal outcomes for those priorities. During the meetings, the PFM team focused on getting feedback on the below framing questions:
 - *What are the top priorities for your district and the City as a whole in this upcoming budget year? What issues are the most critical to address?*
 - *If resources were limited, are there initiatives, programs, or services that you would prioritize to maintain, redesign, or reduce funding?*
 - *What does success look like for your highest priority areas at the end of the fiscal year or over the next four years?*
 - *Are there programs that are currently funded but may not be clearly contributing to desired outcomes? If so, which ones and why?*
- ◆ Responses were summarized and will be reviewed as a part of today's session.
- ◆ The guidance from Council on goals and priorities in addition to the data driven evaluation of the City's mandated services provide a foundation for evaluating programs, services, and functions that should be considered for redesign or funding reductions.



Key Considerations for Evaluating City Services

- As Councilmembers participate in today's discussions and consider funding for individual programs and services, a focus on the broader outcomes, priorities, and long-term direction for the City should be at the forefront. Council should consider:

Outcomes

Focus on the desired outcomes and community impact associated with each priority area rather than specific programs or line items.

Multi-Year Strategy

Think about priorities from a long-term, strategic perspective rather than as one-time or single-year expenditures.

Effectiveness and Efficiency

Consider both how well programs are delivered and how efficiently resources are being used

Leveraging Partnerships

Explore how partnerships can strengthen service delivery and expand impact

Business of the City vs Delegate Partners

Discuss the appropriate role of the City in providing programs and services

City Mandates vs Policy Priorities

Differentiate between services the City is required to provide and those that reflect discretionary policy choices or community priorities



Overview of Council Goals & Priorities



What We've Heard: Top 3 Priority Areas

Public Safety

- Increase public safety presence and deterrence efforts related to speeding, gun violence, and property theft
- Maintain strong Fire and EMS response capabilities
- Explore technology solutions that improve service delivery and reduce long-term personnel costs
- Expand support for Animal Care Services
- Improve responsiveness and coordination through 311 services
- Prioritize prevention strategies to address crime

Infrastructure

- Improve street safety and mobility, including prioritization of D/F-rated streets and enhancements for bus and bicycle infrastructure
- Address drainage issues through durable, long-term repair solutions
- Reduce reliance on temporary or patchwork repairs
- Minimize neighborhood impacts during construction, including avoiding detours through residential streets where possible

Human Services

- Strengthen homeless response by expanding social services and outreach, increased staffing, and coordination with nonprofit housing and service partners
- Expand and enhance programming at parks, libraries, and senior centers
- Evaluate expansion of the Stand Up SA program service area to include at least Loop 410 or Loop 1604
- Increase support for senior housing and aging-related services



What We've Heard

In addition to the top three priority areas, councilmembers highlighted priorities and outcomes on additional functions summarized in the following slides.

◆ Public Safety

- Includes programs in Police, Fire, Emergency Response, and Animal Care Services
- Support for more proactive policing, traffic enforcement, and faster response times
- Openness to explore strategies that free up sworn police officers to engage in more proactive policing and responding to calls
- Growing concern about stray and dangerous animals across districts
- Need for expanded staffing, facilities, and field response capacity for Animal Care Services

◆ Infrastructure

- Includes programs related to streets, sidewalks, and Public Works
- Frustration with delayed or underfunded infrastructure commitments
- Calls for long-term repair strategies over temporary “patchwork” fixes
- Consensus on prioritizing and addressing D and F streets
- Interest in investing in higher quality materials that could have longer use of life
- Desire for “complete streets” that are safe, ADA-compliant, and support pedestrians, cyclists, and transit users
- Equity in infrastructure investment remains a major concern, particularly in historically underserved districts



What We've Heard

◆ Homeless Support

- Broad agreement that homelessness investments should focus on housing outcomes and prevention
- Support to maintain and increase outreach staffing
- Recognition that housing affordability and mental health services are key to homeless prevention
- Mixed views on encampment abatements; concern they create recurring cycles and erode trust

◆ Housing & Affordability

- Housing affordability remains a growing concern, especially for younger and older residents
- Support for expanding eligibility for home repair and housing assistance programs
- Interest in long-term strategies that stabilize communities and prevent displacement

◆ Parks, Libraries & Community Spaces

- Call out to focus on accessibility rather than level of service or program offerings
- Parks, libraries, and community spaces viewed as essential quality-of-life investments
- Strong support for accessible green space and modernized facilities
- Libraries recognized as important community hubs for connectivity and access
- Interest in expanding targeted and high impact youth, family, and senior programming in neighborhoods



What We've Heard

● Economic Development

- Support for economic development efforts that avoid duplication and improve coordination with partner organizations
- Focus on ensuring investments produce tangible community benefits and long-term impact through attracting business and creating jobs
- Interest in evaluating current TIRZ commitments and ROI
- Concern that Greater SATX is not being fully leveraged

● Efficiency & Accountability

- Frustration that plans and studies are created but not implemented
- Questions about ROI and effectiveness of planning efforts
- Desire for stronger alignment between planning, implementation, and measurable outcomes
- Concern on the effectiveness of 311, specifically as an area where services may be redundant or inefficient

● City's Responsibility vs Role (Leveraging City Partnerships)

- Acknowledgement that there are some efforts that may be better delivered by non-profits or other partners
- Desire to prioritize core city services and evaluate duplication of efforts
- Concern over the sustainability of funding programs with inconsistent sources
- Interest in pursuing alternative funding agreements with partners, including stronger accountability measures, matching requirements, and sunset reviews for funding

● Retention of City Employees

- Concern for employee burnout
- Interest in attracting and retaining specific critical positions (e.g. code enforcement, patrol officers, etc.)



What We've Heard: **Community Survey**

- ◆ In addition to the feedback Council provided during one-on-one conversations with the PFM, the San Antonio community at large ranked services and functions.
- ◆ The highest-ranked priorities overall from the 9,554 total survey responses echo many of the topics identified by council.
- ◆ These themes and the responses from the survey are another key data point for both the City staff and Council when evaluating options to address the City's budget deficit.

Council Priorities

Public Safety

(police, animal care, and response times)

Infrastructure

(streets and sidewalks)

Human Services

(seniors, housing, and homeless services)

Parks, Community Spaces, and Libraries

Community Survey Priorities

Homeless Services

Affordable Housing

Police Services

Streets

Fire & EMS



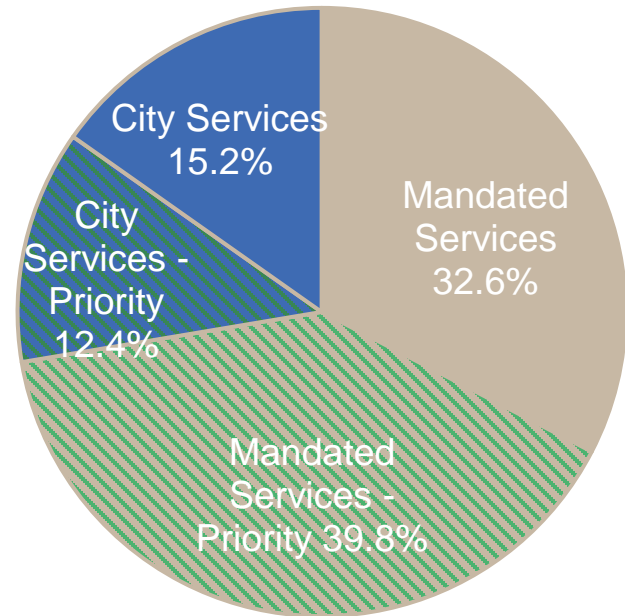
Budget Discussions on City Services and Programs



Overview of City Budget

- The City provided detailed templates for public facing departments that identifies the mandated, priority, and city services along with their associated FY2026 budget amount.
 - Analysis completed on 91.2% of General Fund
- In addition to the department budget figures, the templates provide brief descriptions of the associated program or service lines.
- The below table highlights example mandated, priority, and city services.

**Program Inventory Analysis
Public Facing Departments
(\$1,546.9 Million)**



Department	Mandated	Priority	City Service
Parks and Recreation	Park maintenance	Community centers	Cultural programming
Animal Care Services	Bites investigations	ACS contract vets	Adoptions, foster, and rescue
Fire	Fire suppression	EMS	San Antonio Community Outreach and Resiliency Effort (SA-CORE)



Council Discussion

Considerations for discussion:

- ◆ Are there city services that should be priority?
- ◆ Are there cross-cutting topics or services that should be evaluated for redesign or funding reductions?
- ◆ Are there other opportunities to increase revenue or reduce spending the City should consider?



Wrap-up & Next Steps



Wrap-up & Next Steps

◆ PFM Next Steps:

- Compile and synthesize all feedback, discussion points, and input gathered during the session.
- Share this information with the OMB.

◆ City Administration Next Steps:

- Use the feedback to develop the trial budget.
- Present trial budget to Council on June 18th at the Council A session.



Thank You!