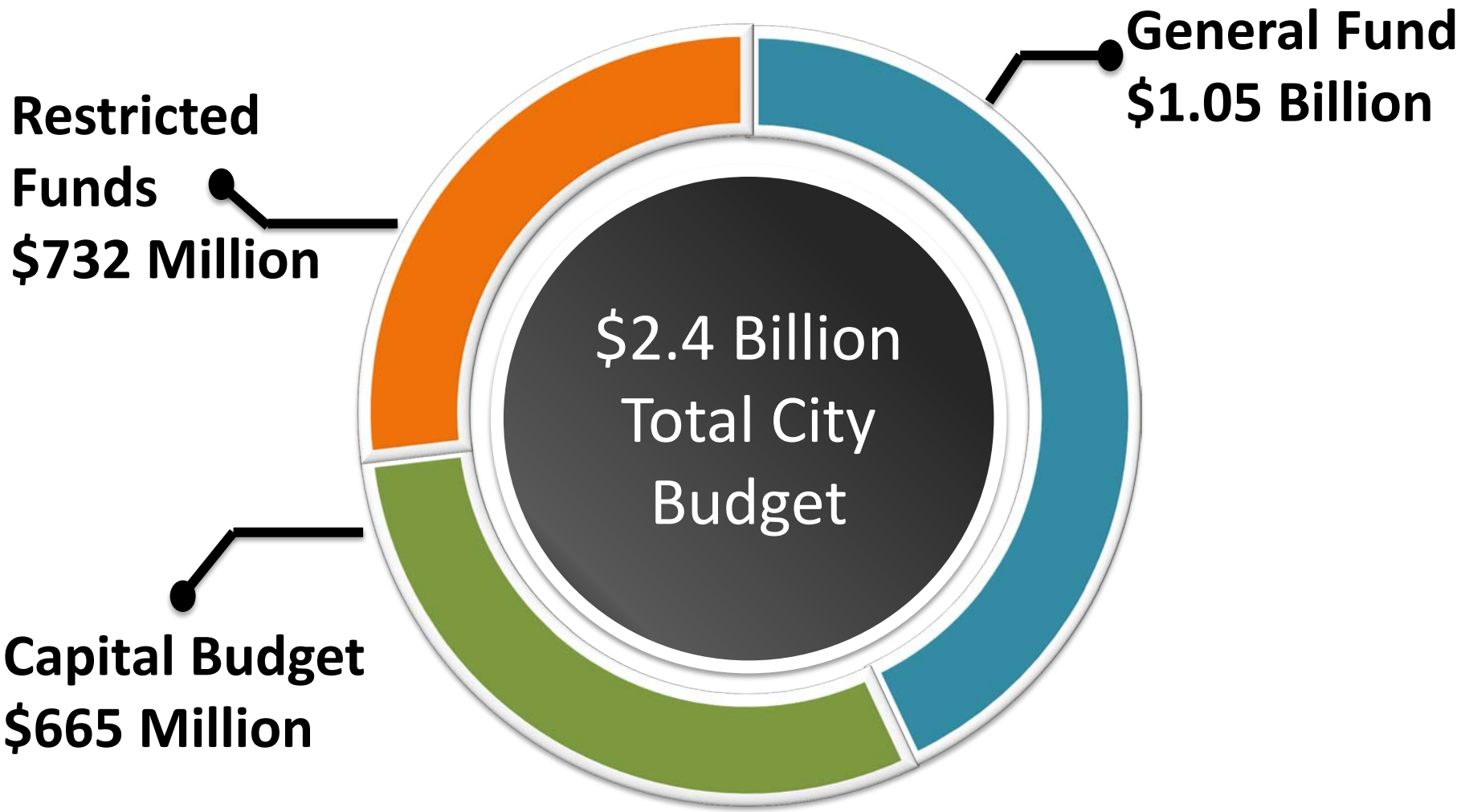
FY 2015 Six Plus Six Financial Report & FY 2016 to FY 2020 Five Year Financial Forecast

City Council "B" Session

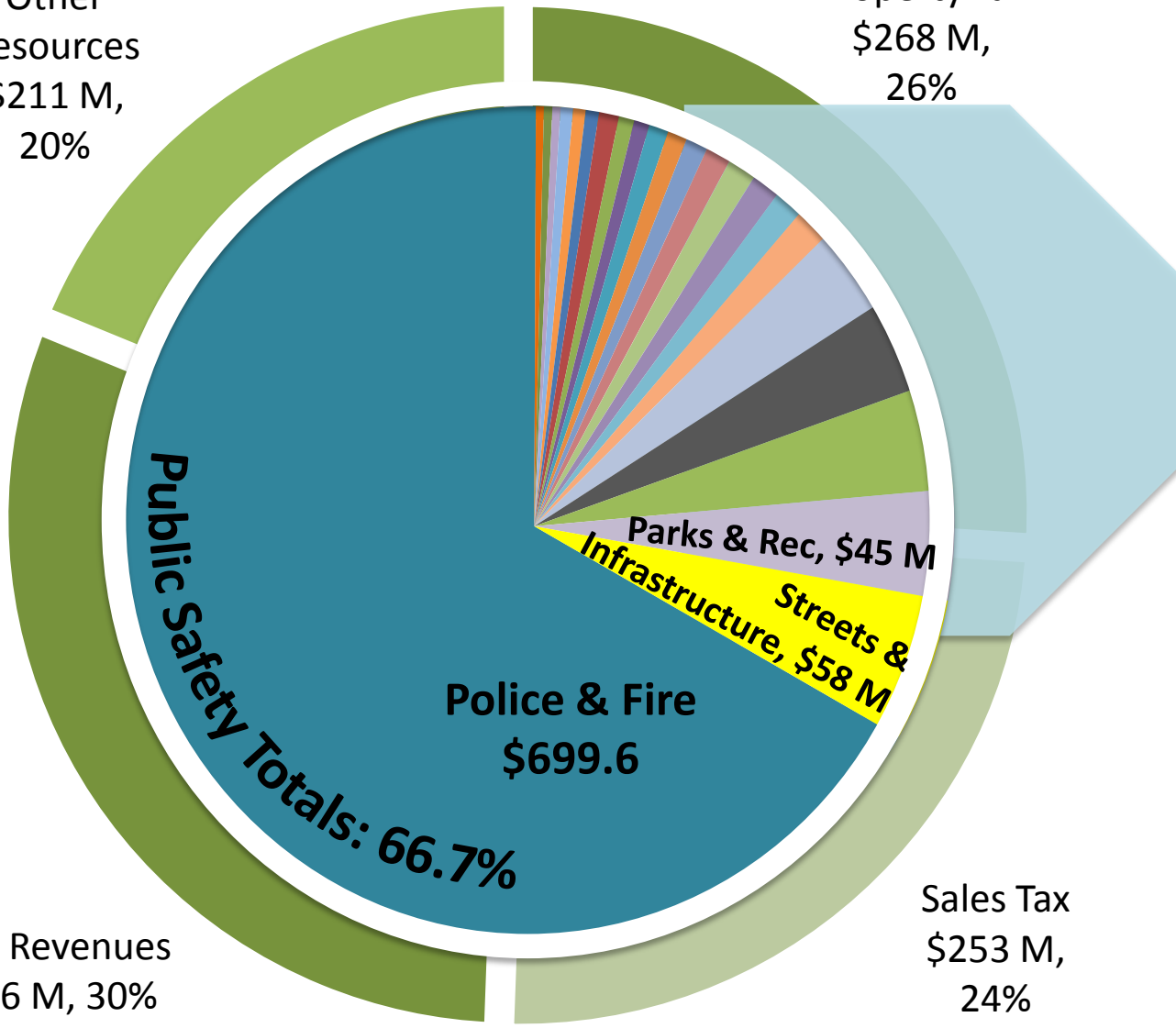
May 13, 2015

Presented by: María Villagómez, Budget Director

FY 2015 City Budget



FY 2015 General Fund Budget - $1 Billion



Other Operating Depts – $245.4 Million

Human Services
Library
Municipal Court
Code Enforcement
Animal Care
Health
Center City
Planning
Historic Preservation
East Point Office
311/Communications
Economic Development
Non-Departmental
Administration:
- City Attorney
- City Auditor, City Clerk
- Human Resources
- Finance & Budget
- Mayor and Council
- City Manager
- One times
- Transfers

FY 2015 General Fund Amendment

$14 Million Budget Amendment approved by City Council on November 2014 to increase uniform employee healthcare

$8.9 Million in Deferred Street Projects

$3.4 Million in Police Uniform Vacancies

$2 Million by Delaying Paramedic Training Class

General Fund Six Plus Six Financial Report

General Fund
Six Plus Six Financial Report

- FY 2015 projected year-end financial position is better than at budget adoption
- Includes lump sum payment to uniform employees consistent with March 20 collective bargaining proposal
- Maintains a 15% General Fund ending balance consistent with City's Financial Policies

General Fund Revenues FY 2015 Projections

- $20 Million in projected additional revenue primarily from CPS and Sales Tax

Revenue Source ($ in Millions)	FY 2015 Adopted Budget	FY 2015 6+6 Estimate	Variance
Property Tax	$268	$268	$0
Sales Tax	253	263	10
CPS	316	329	13
Other	195	192	(3)
Total	**$1,032**	**$1,052**	**$20**

Sales Tax Revenues

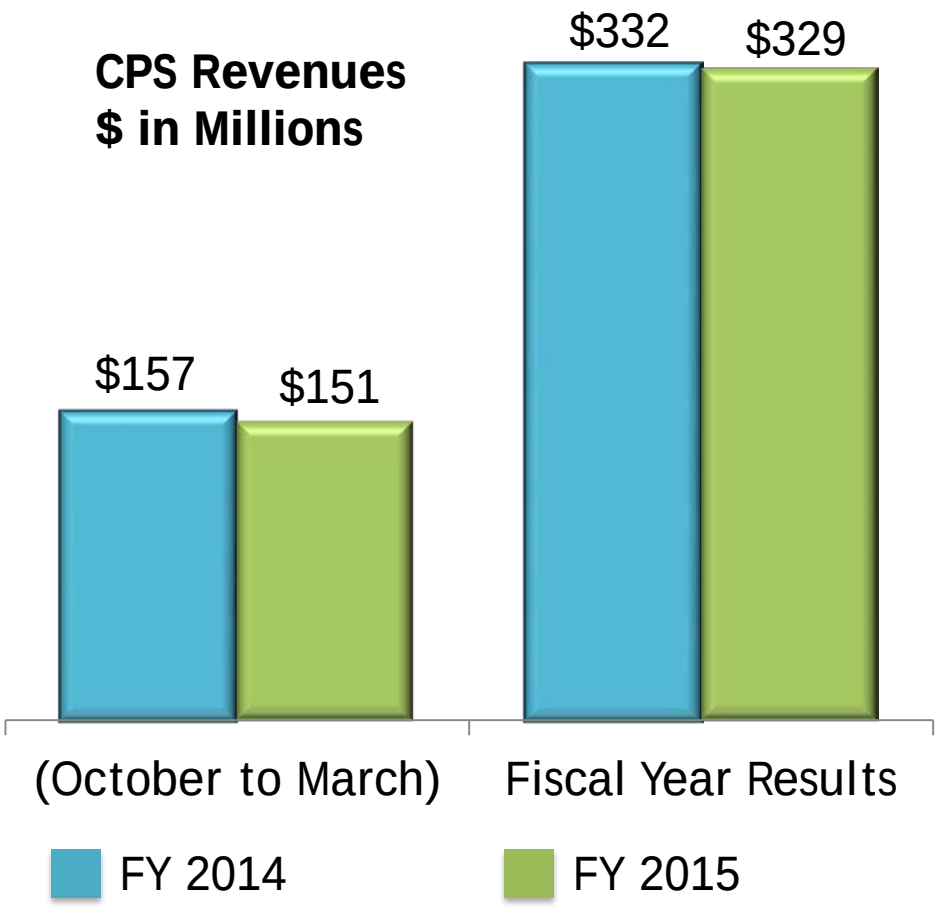
- Sales Tax Revenues are better than last year, but year-to-date collections lag other Major Cities in Texas

City	May 2015[1] (% change over May 2014)	2015 Jan to May (% change over 2014)
Austin	9.26%	6.74%
Dallas	8.73%	7.01%
Houston	6.21%	6.33%
Fort Worth	4.94%	6.97%
San Antonio	**2.16%**	**5.24%**

Note 1: May receipts reflect March Sales Tax
Source: Texas Comptroller of Public Accounts

CPS Revenues

- CPS Revenues lower in FY 2015 when compared to FY 2014
- Electric Reliability Council of Texas forecasts that state has an 80% chance temperatures will be normal or below normal



General Fund Expenditures FY 2015 Projections

- $4.2 Million in net savings in Department Budgets primarily from lower fuel prices
- General Fund departments within budget with a few exceptions:
  - Code Enforcement: $370,000
  - Fire Department: $420,000
  - Municipal Elections: $630,000

City Wide Fuel Savings

$6.2 Million in Fuel Savings anticipated in FY 2015

$3.7 Million savings in General Fund

$2.5 Million savings in Restricted Funds

FY 2015 General Fund 6+6 Projection Summary

- $13 Million in better FY 2014 ending balance
- $24 Million in additional FY 2015 revenue and less expense
- $37 Million ending balance reserved to balance FY 2016 and for collective bargaining
- FY 2015 Projected ending balance is 15.6% of General Fund revenues; on target to achieve 16% as expected by Moody's rating agency

FY 2015 Employee Healthcare Costs

Uniform claims 14% **higher** than FY 2014

Civilian claims (3%) **below** FY 2014

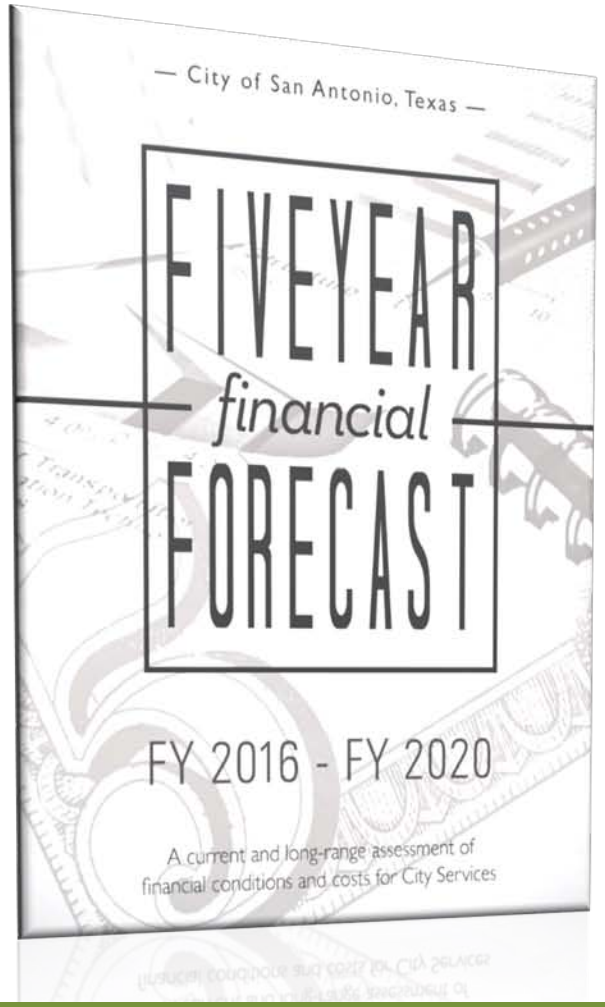
Additional Uniform healthcare increases the Employee Benefits Deficit by $2.1 million to a total of $22.7 million

Financial Forecast

What is the Financial Forecast?

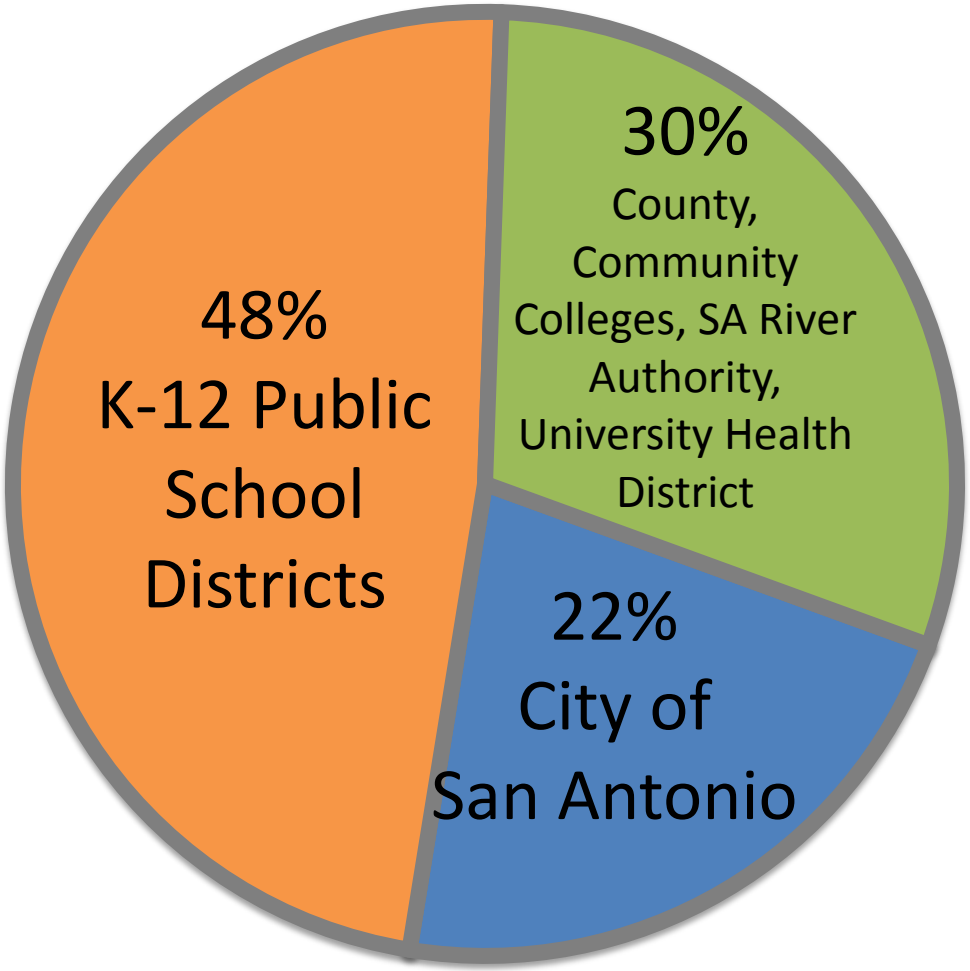
- Early financial outlook for the City as the budget development process begins for FY 2016
- Initiates Council Policy discussions for budget
- Financial Forecast **is not** a budget

General Fund Forecast



- Manageable challenge in FY 2016 of less than $1 million
- Reflects public safety spending at the City's March 20 Collective bargaining Proposal level
- Maintains the general fund ending balance at 15% every year of forecast
- Structurally balanced by FY 2017

Distribution of Property Tax Bill



- The City of San Antonio's receives less than 25% of the property tax bill

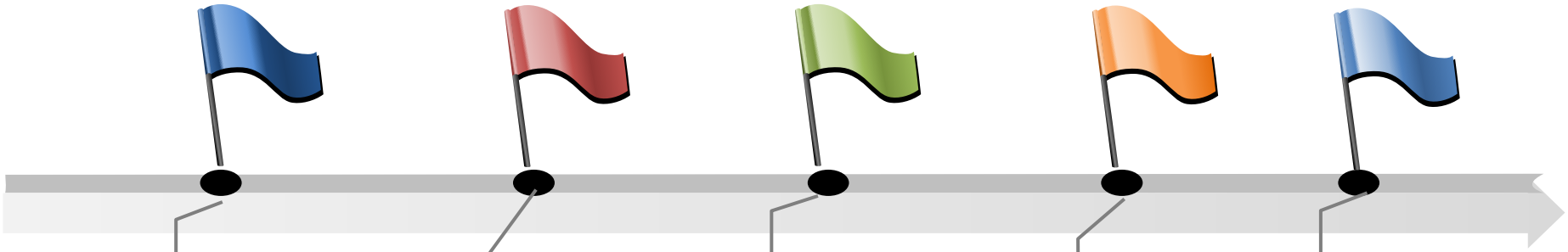
** Includes Alamo Colleges, Bexar County, University Health Systems, Road & Flood, San Antonio River Authority*

Property Tax Bill for Average Homestead - $135,609*

Tax Unit	Tax Bill	Share
San Antonio ISD	$1,668	48.2%
City of San Antonio	767	22.1%
Bexar County	385	11.1%
University Health System	375	10.8%
Alamo Colleges	202	5.8%
Road & Flood	41	1.2%
San Antonio River Authority	23	0.7%
Total	**$3,460**	**100%**

*Based on July 2014 property certified tax roll

Property Tax Appraisal Process
Bexar Appraisal District



January 1
Bexar Appraisal District
Appraises Property for tax purposes

April 30
Deadline for filing exemption application with **Bexar Appraisal District**

June 1
Deadline for filing protest of appraised value with **Bexar Appraisal District**

End of July
City of San Antonio receives certified tax roll

October 1
Bexar County Tax Office mails Property tax bills

Preliminary Property Tax Estimates for Fiscal Year 2016

Taxable Value Increase*	
Gross Taxable Value Increase	**15.64%**
Minus Appeals, Protests, and Corrections	**(6.14%)**
Net Taxable Value % Change	**9.50%**

Property Tax Revenue*	
Gross Property Tax Revenue	**$70.6 Million**
Minus: • Appeals, Protests, and Corrections, Exemptions, Delinquencies, & TIRZ Payments • Debt Service	($35.0 Million) ($13.3 Million)
Net Property Tax Revenue to the General Fund	**$22.3 Million**

**Preliminary numbers. The Bexar Appraisal District will release the Property Tax Certified Roll by July 25, 2015.*

Property Tax Value Growth

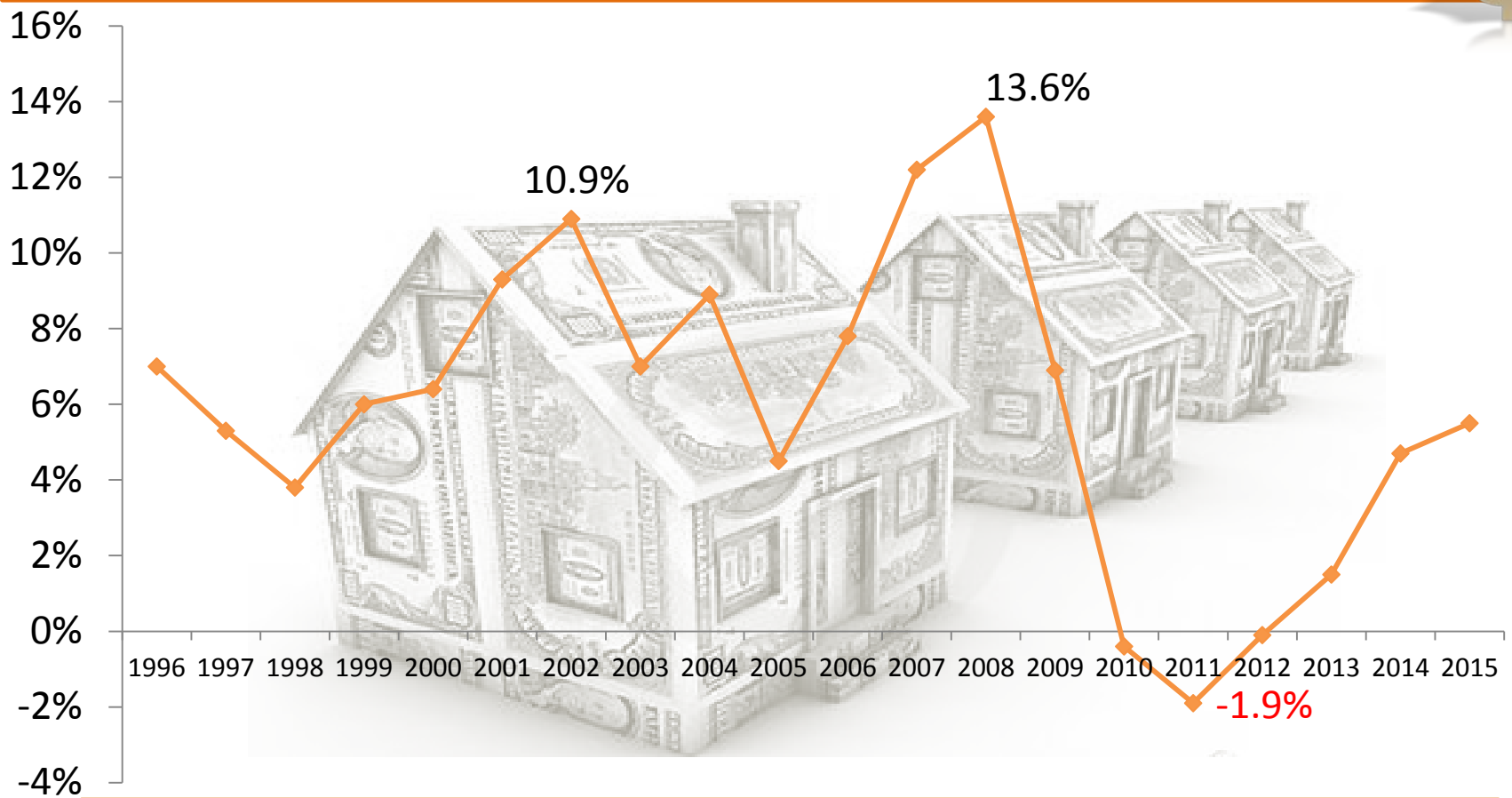
Property Tax Value Growth	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Base Valuation	6.45%	4.0%	1.5%	1.5%	1.5%
New Improvements	3.05%	2.5%	3.0%	1.5%	1.5%
Total	**9.50%[1]**	**6.5%**	**4.5%**	**3.0%**	**3.0%**
Additional Revenue to General Fund ($ in Millions)[2]	**$22**	**$19**	**$14**	**$10**	**$10**

*Note 1: A*fter appeals, protests, and corrections

Note 2: The Financial Forecast projects a 5.1% annual average property tax revenue increase

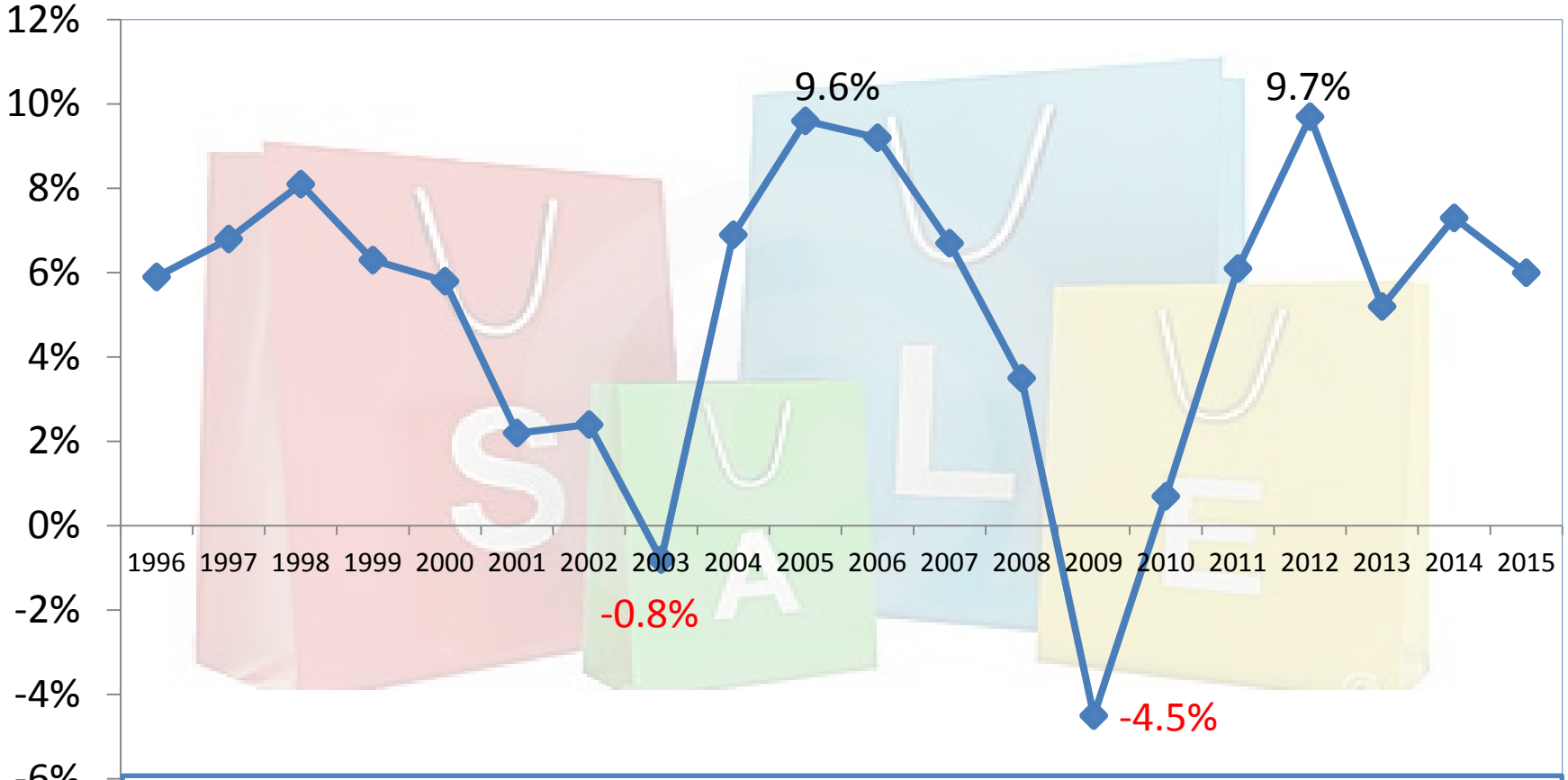
Property tax rate of 56.56 per $100 in valuation is maintained during the forecast period

Property Tax Revenue
% Change from Prior Year's Actual Collections



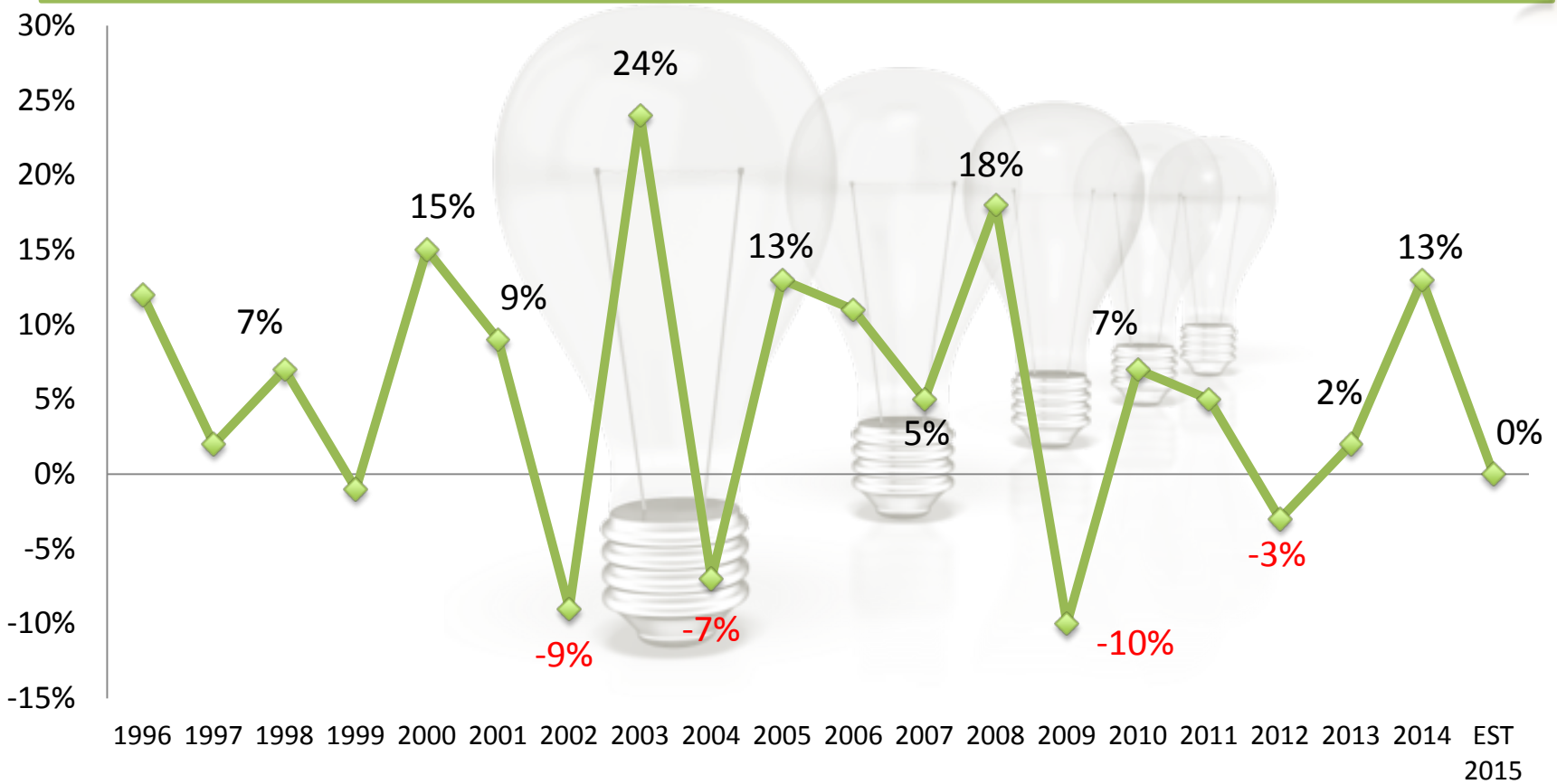
- *City's Property Tax Rate has not increased in the last 22 years, it has been decreased 3 times since 2007*

Sales Tax
% Change from Prior Year's Actual Collections



- *The Five Year Forecast projects a 4% average annual growth in sales tax revenue*

CPS Payment to City
% Change from Prior Year's Actual Collections



- *The Five Year Forecast projects a 2.6% average annual growth in CPS revenue*

General Fund Forecast Expenditure Assumptions

Forecast Assumptions

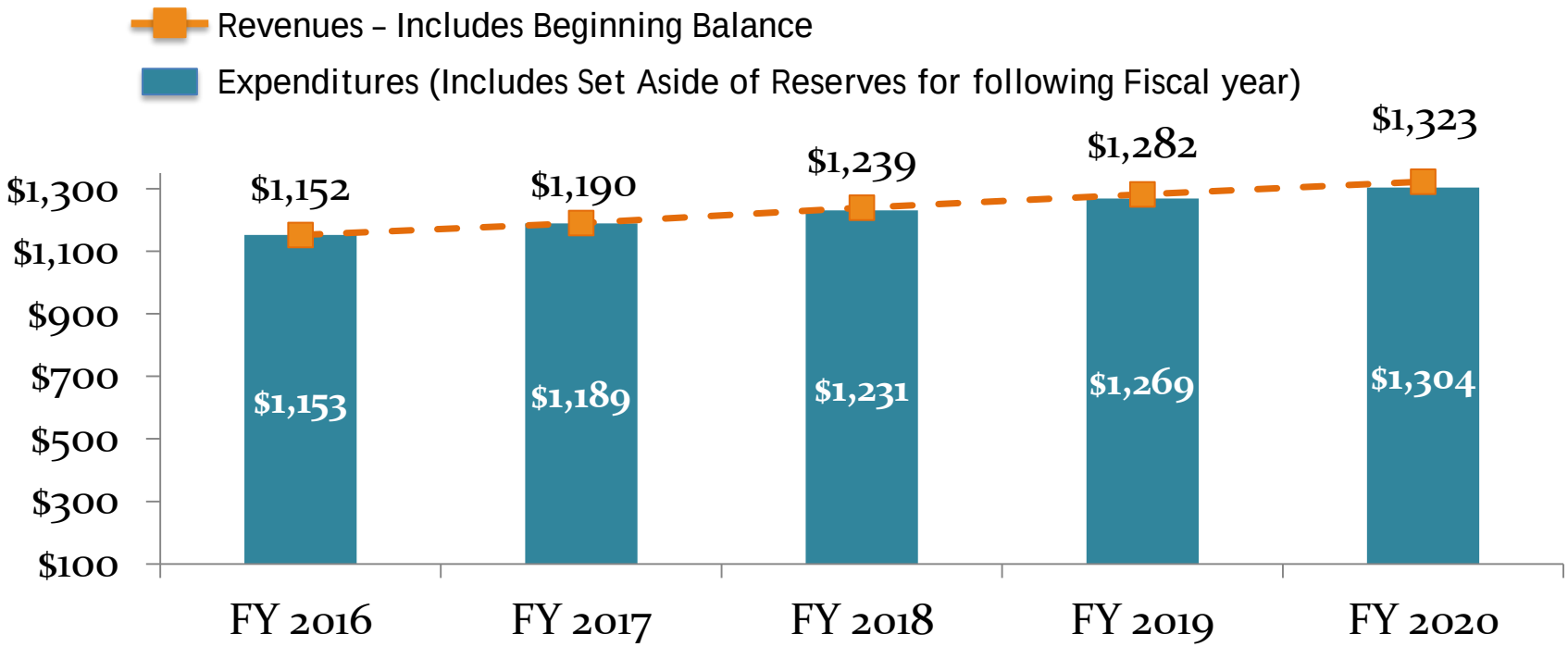
- Maintain current Level of Service
- Restores $8.9 M in Street Maintenance
- March 20 Collective Bargaining Proposal
- Maintains 15% General Fund Balance
- Operating Costs for completed 2012 Bond Program
- Pay Plan for Civilians included

Comparison of Collective Bargaining Proposals

	City Proposal March 20	SAPOA Proposal March 17
Increase in Wages over Life of the Contract (FY 2015 to FY2018)	$46.3 Million	$79 Million
Healthcare Costs to City per Employee	$12,485	$14,196
Percentage of General Expenditures	Maintains Public Safety expenses within 66%	Increases Public Safety expenses close to 70%

General Fund
Five Year Forecast (in Millions)

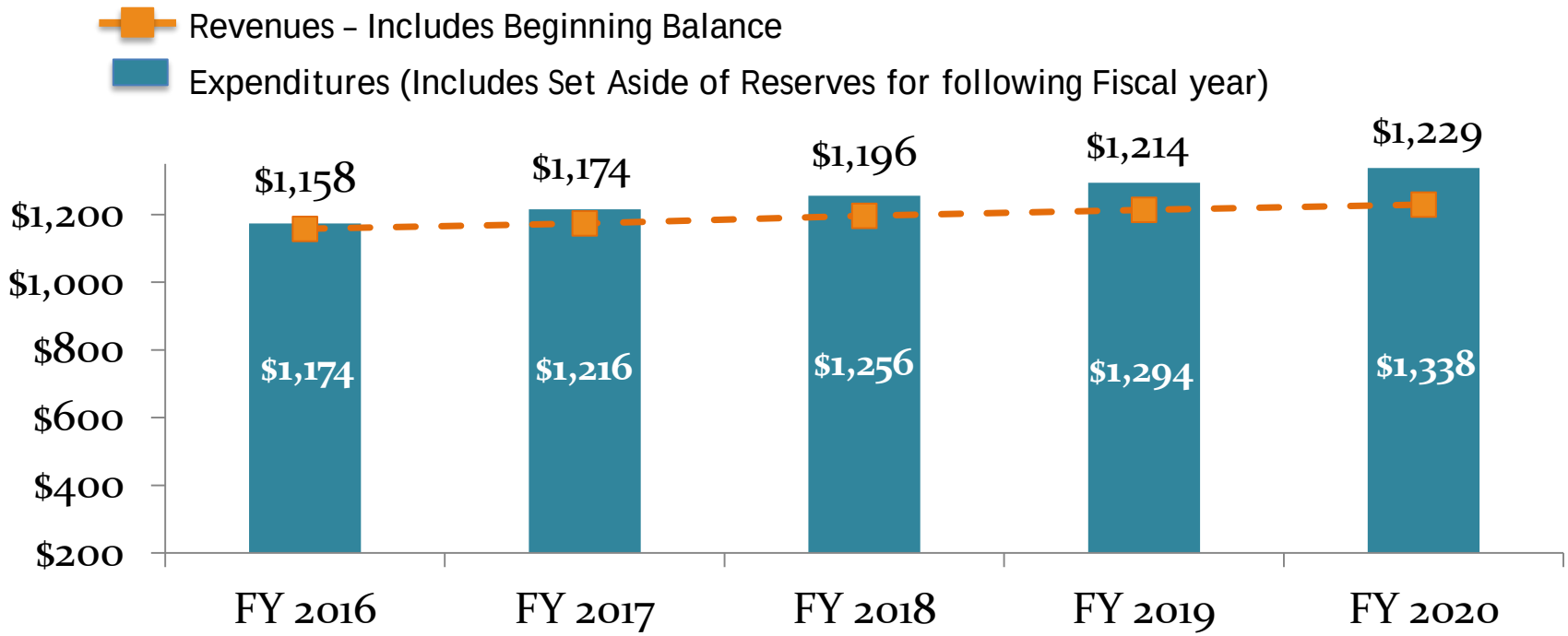
Reflects Public Safety Expenses consistent with City's March 20 Labor Proposal



Surplus (Deficit)	**($0.7)**	**$1.5**	**$8.3**	**$13.2**	**$18.4**

General Fund
Five Year Forecast (in Millions)

Reflects Public Safety Expenses with SAPOA's March 17 Labor Proposal



(Deficit)	($16.4)	($41.8)	($59.7)	($80.0)	($108.6)

Incremental deficit; assumes no budget reductions

2016 Budget Policy Issue
City South Annexation

- Limited Purpose annexation approved by City Council in January 2014
- Areas eligible for full purpose annexation in January 2017
- If annexation moves forward, police and fire positions would be added as part of FY 2016 Budget
- Not included in the Forecast Projections

Funding Requests

General Fund FY 2015 Funding Requests	Amount ($ in Millions)
Animal Care Services Marketing and Education	*0.15 to 0.5*
SA2020-Grant Match	*0.15*
My Brother's Keeper Program	*0.08*
Claude Black Youth Leadership Summer Employment Program Challenge-Match	*0.05*
Education Strategic Plan	*0.05*
Gun Shot Detection (Shot Spotter) Pilot Initiative	*0.40*
Park Security at Greenway Trail System	*0.1*
Total	*$0.98 to $1.3 Million*

- $1 Million General Fund Contingency Available

Non-General Fund FY 2015 Funding Requests	**Amount ($ in Millions)**
B-Cycle (HOT and Energy Efficiency Funds)	*$0.12*
Workforce Development with Alamo Colleges (Economic Development Incentive Fund)	*$0.10*
Cyber-Security for partially funding position at Chamber of Commerce (Economic Development Incentive Fund)	*$0.05*
Pedestrian Safety Improvement Plan (ATD Fund and balances from completed streets projects)	*$1.0*
Ella Austin Building– Emergency Plumbing Repairs (Facilities Fund)	*$0.02*
Capital Budget FY 2015 Funding Requests	
Springvale Street Project (Capital Projects Fund Balance)	*$1.0*
Pedestrian Crossing at Floyd Curl (Balance from completed street projects)	*$0.18 to $0.23*

FY 2016 General Fund Funding Requests	Amount ($ in Millions)
Implementation of Comprehensive Plan	*$0.50 to $0.65*
Local Initiatives Support Corporation	*0.5*
Ella Austin – Auditorium Renovation	*1.6*
Body Cameras Phase I Implementation	*0.5*
Northern Hills Settlement and Acquisition	*2.5*
Northwest Area Recreation Center Property Acquisition ($1.3 Million over 3 years)	*1.3*
Total	*$6.9 to $7.1 Million*

Restricted Funds

Development Services Fund FY 2015 Results and Projections

Financial update for FY 2015 is positive when considering Fund Balance

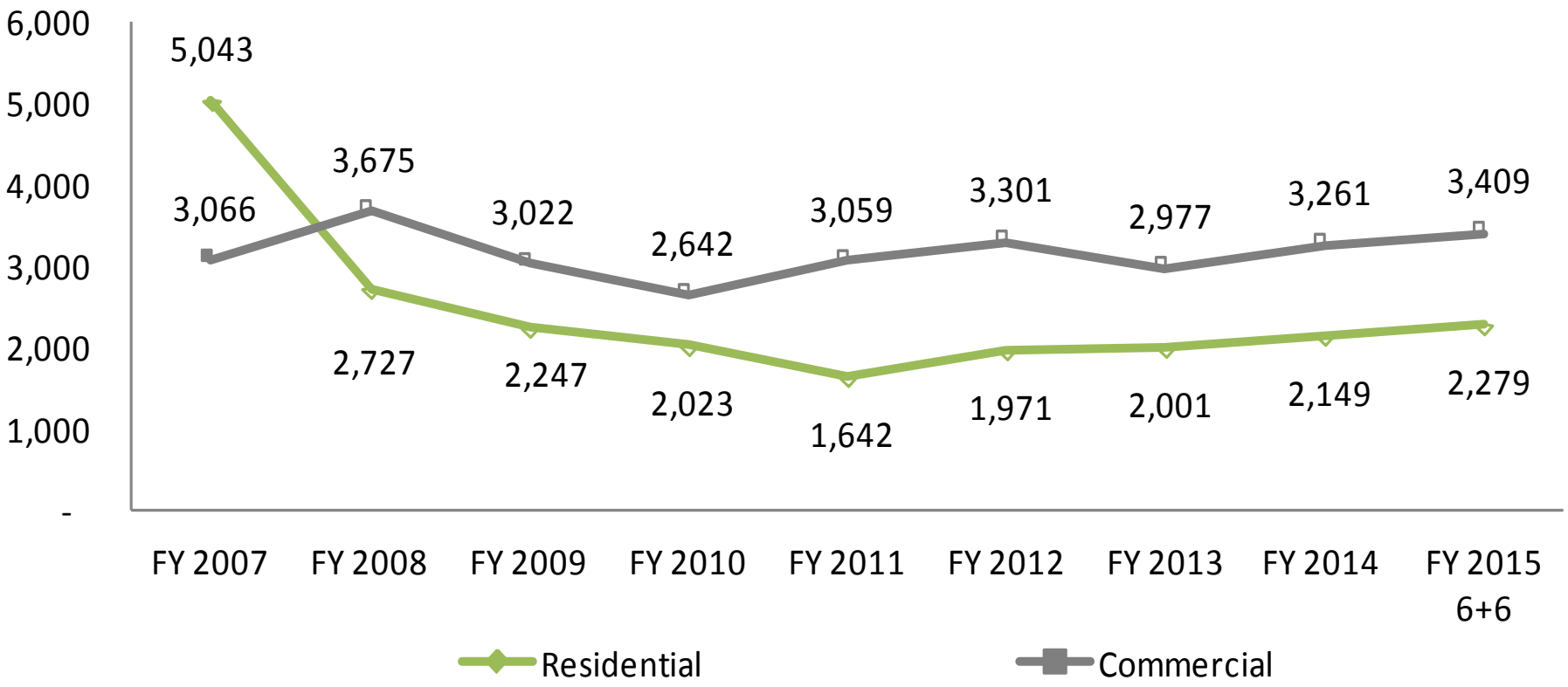
2nd Quarter Results

- $508,000 in less revenue
- $72,000 in less expense

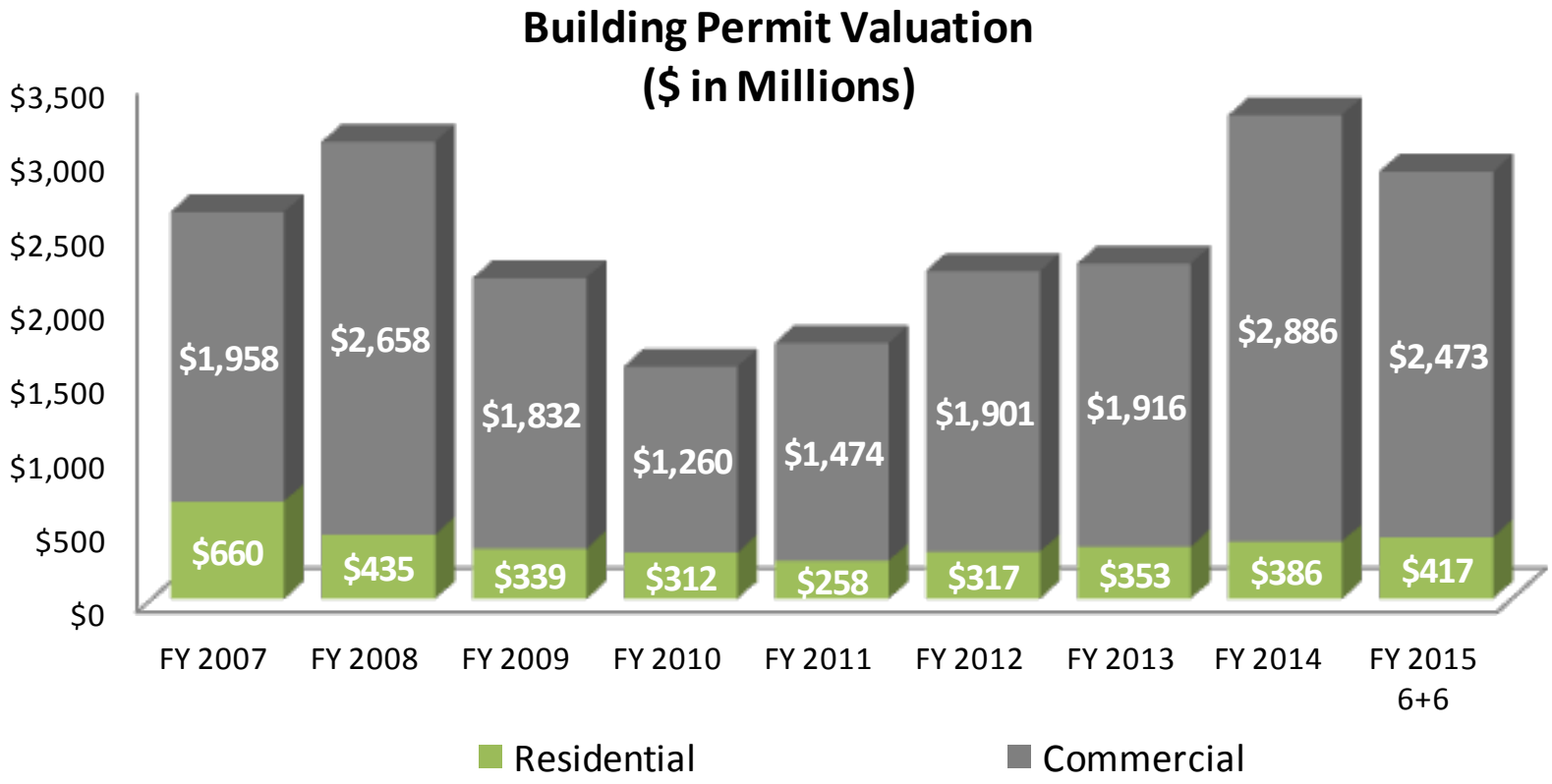
FY 2015 Projection

- $798,000 in less revenue
- $186,000 in less expense

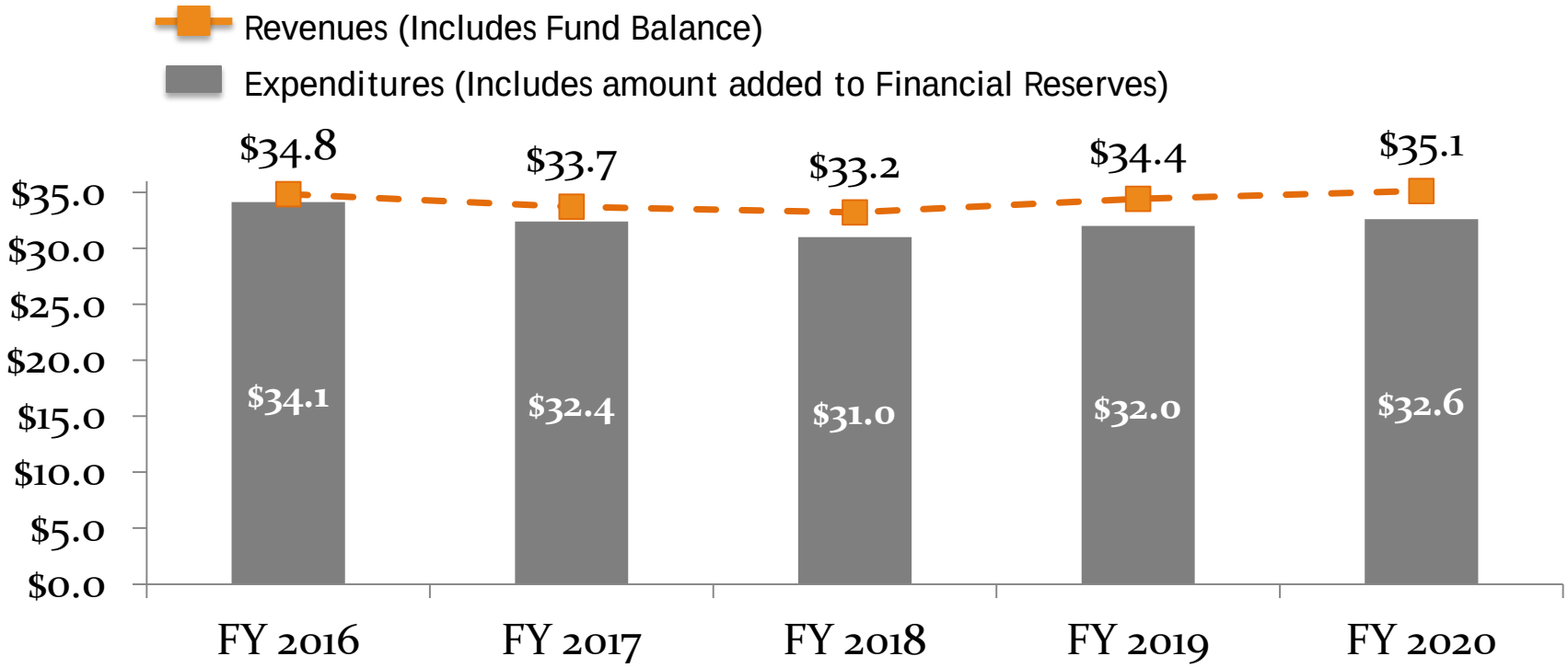
Development Services Fund Building Permit Activity



Development Services Fund Building Permit Valuation



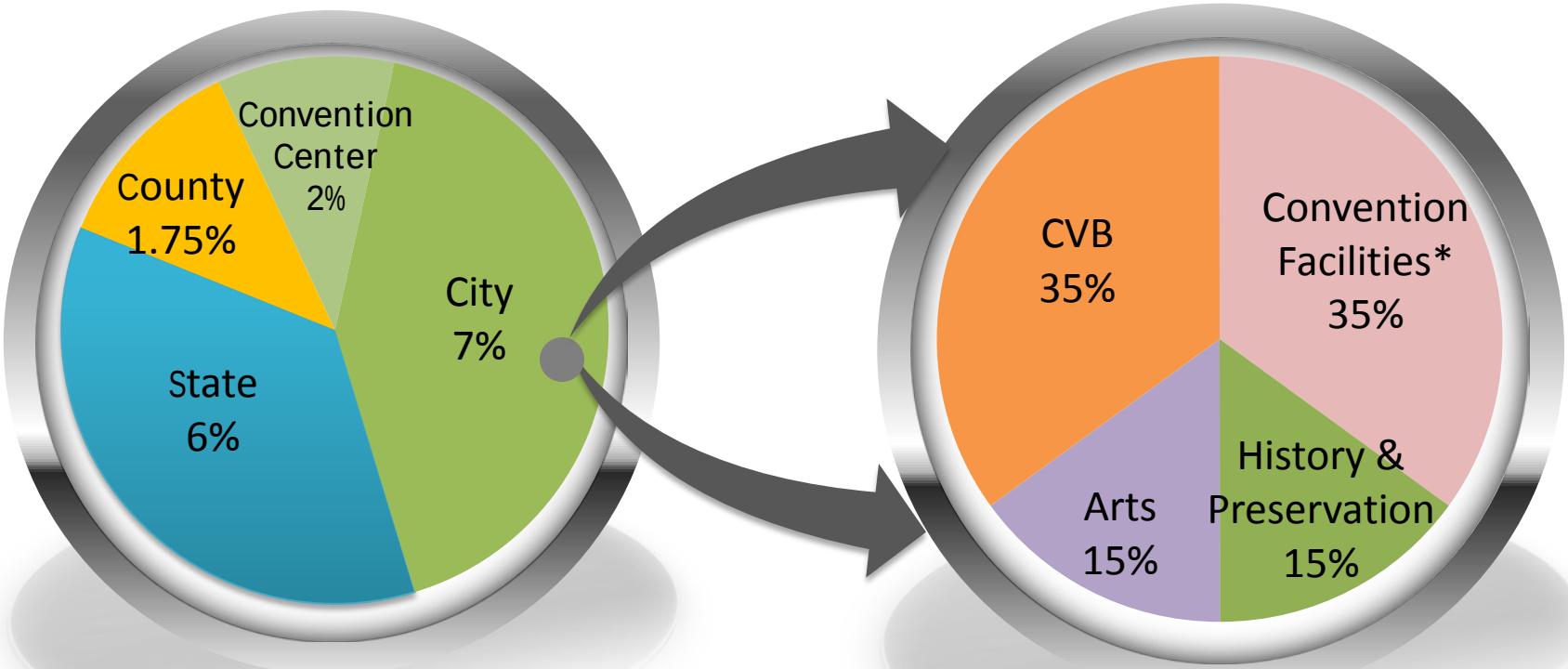
Development Services Fund 5-Year Forecast ($ in Millions)



	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Surplus	**$0.7**	**$1.3**	**$2.2**	**$2.4**	**$2.5**

Hotel Occupancy Tax (HOT) and Allocation

Hotel Occupancy Tax Rate (16.75%)	Allocation of HOT 7% Rate to City



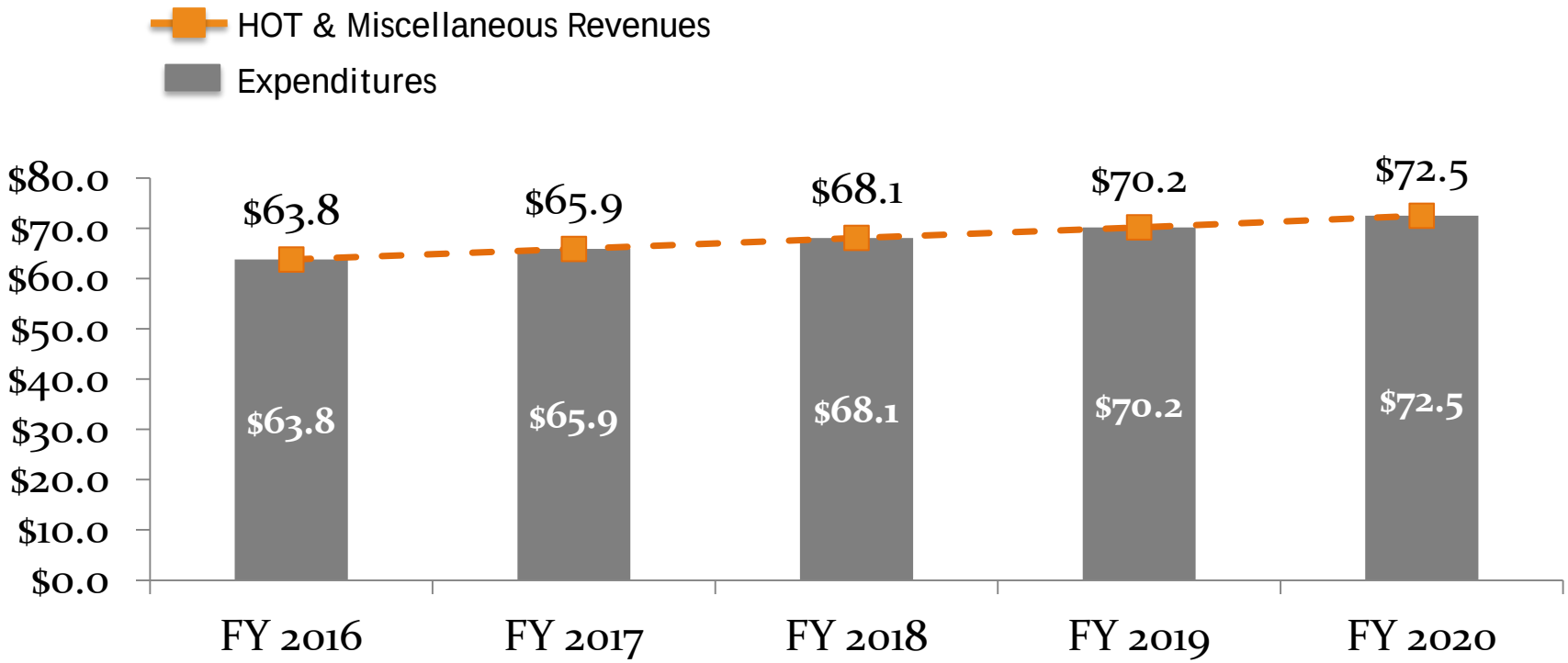
* Department supported by Alamodome and Convention Center Revenues

Hotel Occupancy Tax Fund (HOT) FY 2015 Results and Projections

- Financial update for FY 2015 is positive:
  HOT Tax projected at $820,000 more than budget

- Departments supported by Hotel Occupancy Tax within Budget

Hotel Occupancy Tax
5-Year Forecast ($ in Millions)



Surplus	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**

Solid Waste Fund
FY 2015 Results and Projections

Financial updated for FY 2015 is positive:
$5.6 Million better than budget

2nd Quarter Results

- $242,000 in more revenue
- $4.4 Million in less expense

FY 2015 Projection

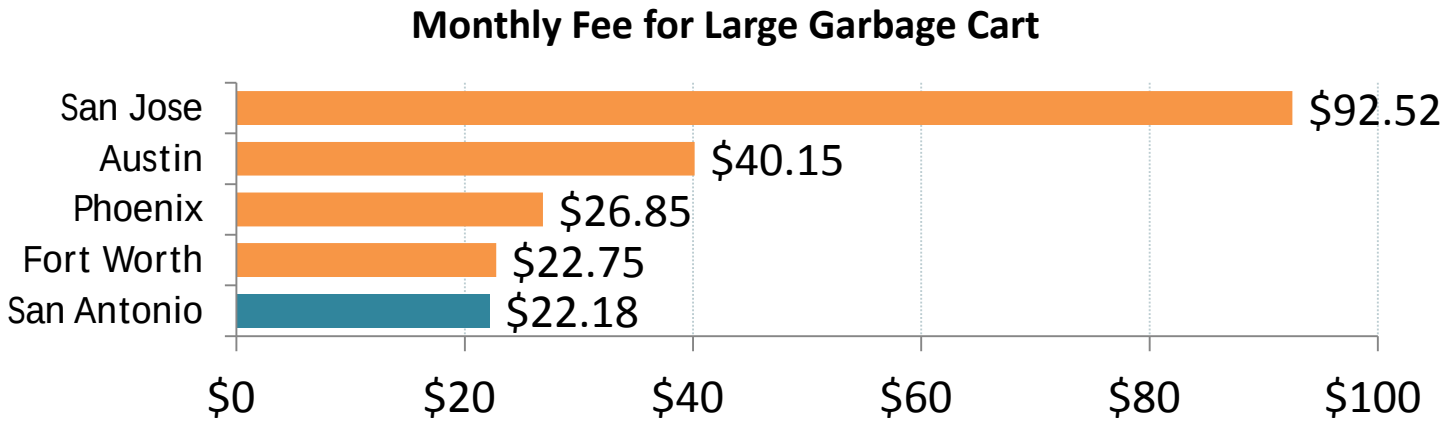
- $485,000 in more revenue
- $5.1 Million in less expense

Solid Waste Fund
Variable Rate Pricing (VRP)

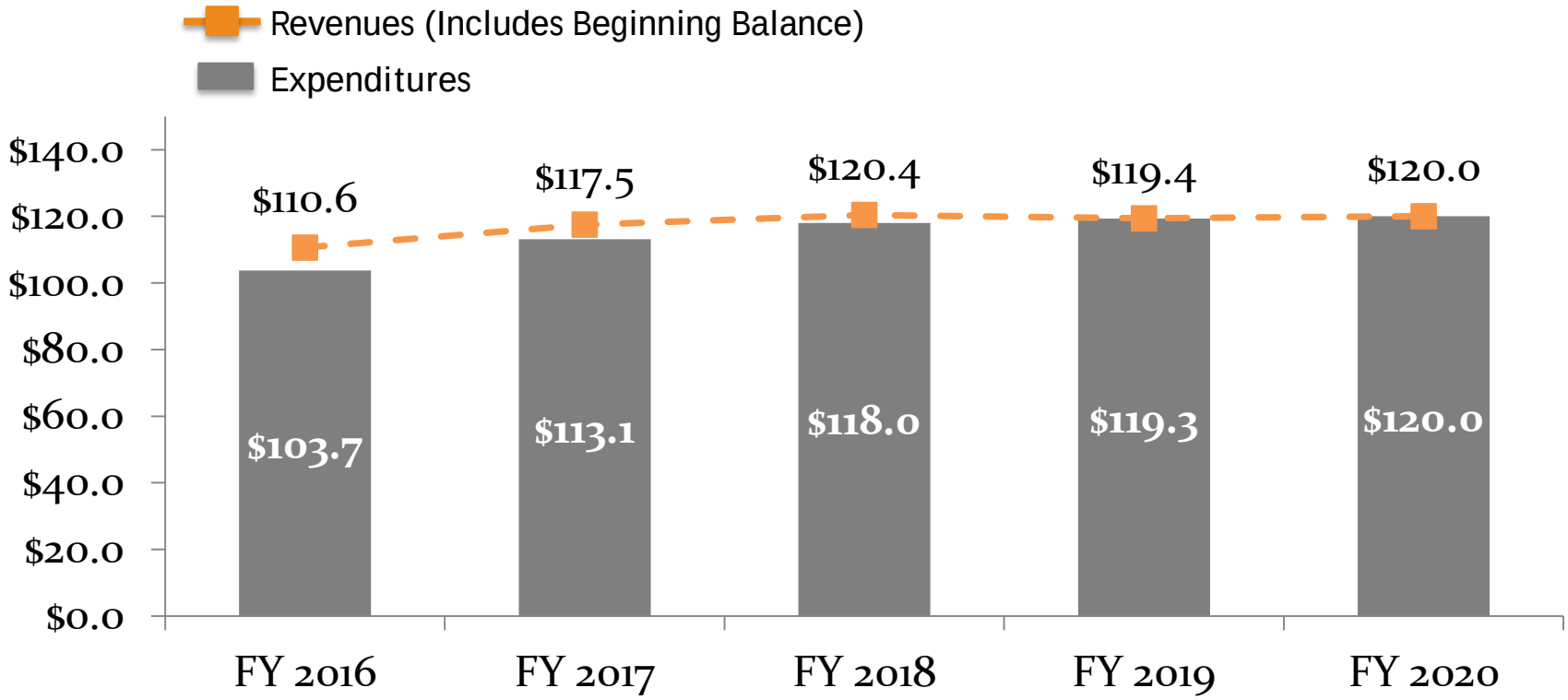
- 18 Month Rollout with Continuous Neighborhood Outreach
- Begins October 2015 (FY 2016)
- To be Completed April 2017 (FY 2017)

Solid Waste Fund Projected Fee Schedule

Monthly Fee	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Small Cart	$20.93	$20.43	$20.43	$19.93	$19.93	$19.43
Medium Cart		$20.93	$21.68	$22.43	$23.18	$23.18
Large Cart	$20.93	$22.18	$24.43	$26.93	$29.93	$33.18
Small to Large Difference	**$0.00**	**$1.75**	**$4.00**	**$7.00**	**$10.00**	**$13.75**



Solid Waste Fund
Five Year Forecast ($ in Millions)



Surplus	**$6.86**	**$4.43**	**$2.39**	**$0.08**	**$0.03**

FY 2015 Mid-Year Adjustment

FY 2015 Recommended Mid-Year Adjustment – General Fund

General Fund	FY 2015 Budget	FY 2015 Revised Budget	FY 2015 Mid Year Adjustment
Revenues	$1,031.9	$1,051.9	$20.0
Expenses	$1,048.4	$1,044.2	($4.2)

Increases to General Fund Departments

- Municipal Elections - $630,000
- Code Enforcement - $370,000
- Fire Department - $420,000

Title Reclassifications in the Fire Department

1 Fire Engineer & 1 Lieutenant	To	2 District Chief positions

FY 2015 Recommended Mid-Year Adjustment – Restricted Funds

- Convention & Visitors Bureau - In anticipation of receiving positive news regarding World Heritage Designation in July 2015, $300,000 increase for marketing and promotion
- Convention Sports Facilities – $411,000 for emergency electrical repair and suite improvements
- Right-Of-Way Fund -$119,000 to move employees to Transguide Location

Next Steps in Budget Process

Budget Development Strategy

Community & Employee Input for Budget

May to June

City Council Policy Direction for Budget

May 13
"B" Session – 6+6, Five Year Forecast
June 25
Council Goal Setting Session

Proposed Budget Development Review

August 6
Proposed Budget
Aug. 10 – 13
Council Worksessions/ Community Input

Adopted Budget

Sept. 10
Budget Adoption

Community Engagement

1) MeetUps

Host meetings where people already are

2) Social Media

#SASpeakUp

3) MeetUp Fair

- Department booths
- A Budget booth
- Innovative Ideas booth

4) Online

Online tool to learn and share priorities

ACS Strategic Plan Enhancement

ACS Strategic Plan Enhancement

Adding "Engage & Educate Community" to ACS Strategic Priorities

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$150,000 to $500,000 Annually

Creation of ACS Outreach Division

- Adds 3 new positions to promote responsible pet ownership in the community
- Allow ACS to speak at 100 HOA/Community Meetings, Canvas 25,000 homes, & meet with 1,500 residents in one-on-one setting
- $150,000 Annually

Marketing Enhancement

- Enhances current marketing efforts to promote responsible pet ownership
- Increases gross media impressions to 10 Million annually
- $70,000 in FY 2015 and $120,000 in FY 2016

Enhancement to ACS's Positive Incentive Program

- Add resources to positively incentivize pet owners to spay/neuter, microchip, and vaccinate pet
- Funds 2,700 additional spay/neuter surgeries & 5,000 microchips and 5,000 vaccinations
- $200,000 annually

Addition of Community Animal Trainer

- Adds 1 Animal Trainer Position to provide free community pet training classes in the community
- Funds basic training for 1,500 pets through 100 training classes annually
- $60,000 annually

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