

CITY OF SAN ANTONIO

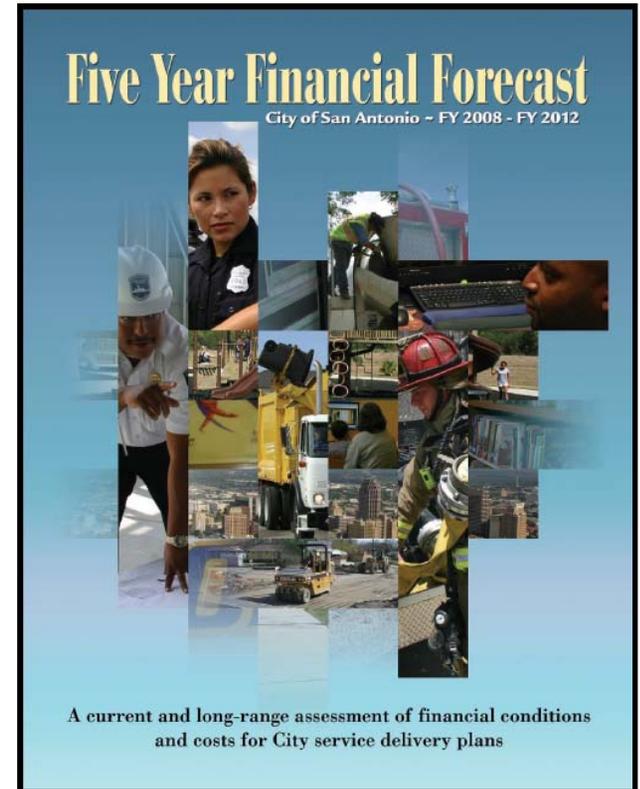
Five Year Financial Forecast FY 2008 – FY 2012

**Presented by Peter Zanoni
Management & Budget Director
May 16, 2007**

Overview

Purpose . . . General Fund . . . Other Funds

- **Purpose**
- **General Fund**
 - Revenues
 - Expenditures
 - Financial Reserve Policies
- **Other Funds/Areas**
 - Hotel Occupancy Tax Related Funds
 - Community & Visitor Facilities
 - Convention & Visitors Bureau
 - Cultural Affairs
 - Development Services Fund
 - Environmental Services Fund



BUDGET DEVELOPMENT STRATEGY

FY 2008

Community
& Employee
Input

City Council
Policy Direction

Service Delivery Plan
Recommendation
& Review

Adopted
Budget

March 1

May 16
"B" Session

June 6
"B" Session
June 13

June 27
City Council
Retreat

Aug. 16

Aug. 20 –
Sept. 12

Sept. 13

c-BID,
e-BID,
Frontline
Focus

Financial
Forecast
& Policy
Option
Discussion

Service
Rating
for Policy
Direction

Set City
Council
Policy Goals
& Service
Delivery
Priorities

Proposed
Budget

Community
&
City Council
Review

FY 2008
Budget

All Events Scheduled Within Budget Calendar – City of San Antonio

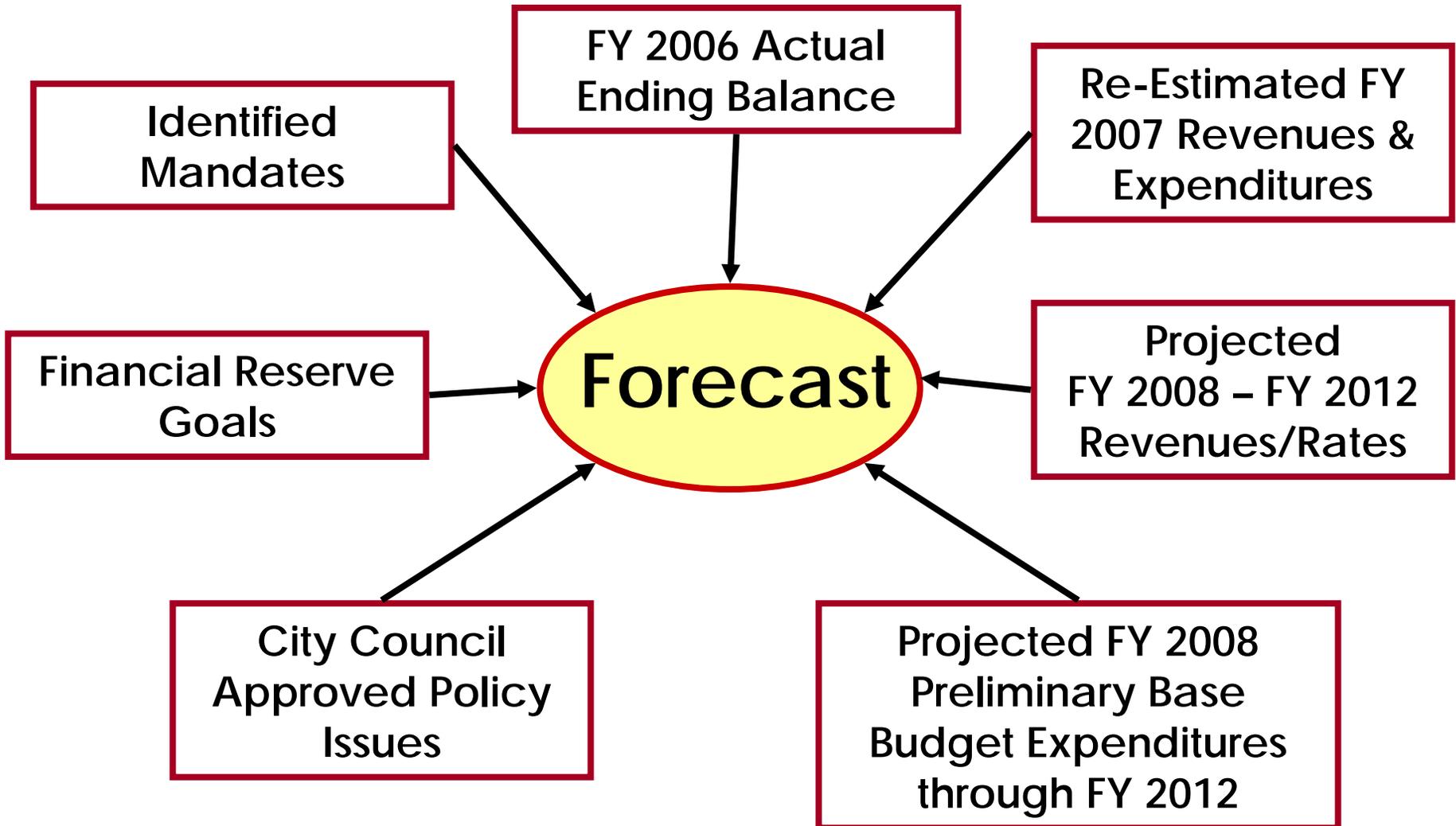
Purpose of Forecast

Purpose . . . General Fund . . . Other Funds

- Budgetary planning tool
- Early identification of projected ending balances
- Provides strategic model to evaluate future impact of budget decisions
- Part of service delivery/goal setting strategy for FY 2008 Proposed Budget

Forecast Components

Purpose . . . General Fund . . . Other Funds



General Fund Forecast Highlights

Purpose . . . **General Fund** . . . Other Funds

- General Fund ending balance financially strong in FY 2008
- Two-Year Balance Plan not achieved with FY 2009 projected shortfall of \$29.9 M
- Forecast includes 50 additional Police Officers in FY 2008 (funded in FY 2007)
- Forecast includes \$5 M in CPS Utility Rebate to Environmental Services utility

General Fund Forecast Highlights

Purpose . . . **General Fund** . . . Other Funds

- Forecast funds City service enhancements (mandates)
- Forecast funds adopted Five Year Rolling Infrastructure Management Program
- Forecast includes Financial Reserve Policy recommendations for future years

General Fund FY 08 Beginning Balance

Purpose . . . **General Fund** . . . Other Funds

FY 2007			
(\$ In Millions)	FY 2007 Budget	FY 2007 Re-Est.	<i>FY 2007 Variance</i>
Total Revenues	739.1	764.6	25.5
Total Expenditures	788.1	786.0	2.1
Total Combined Variance			27.6

- FY 2006 Actual Ending Balance above FY 2006 Re-estimate: **\$11.5 M**
- FY 2007 Re-estimate above FY 2007 Budget: **\$27.6 M**
- FY 2007 Ending Balance Reserve for FY 2008: **\$21.0 M**
- **Total FY 2008 Beginning Balance: \$60.1 M**

General Fund Forecast

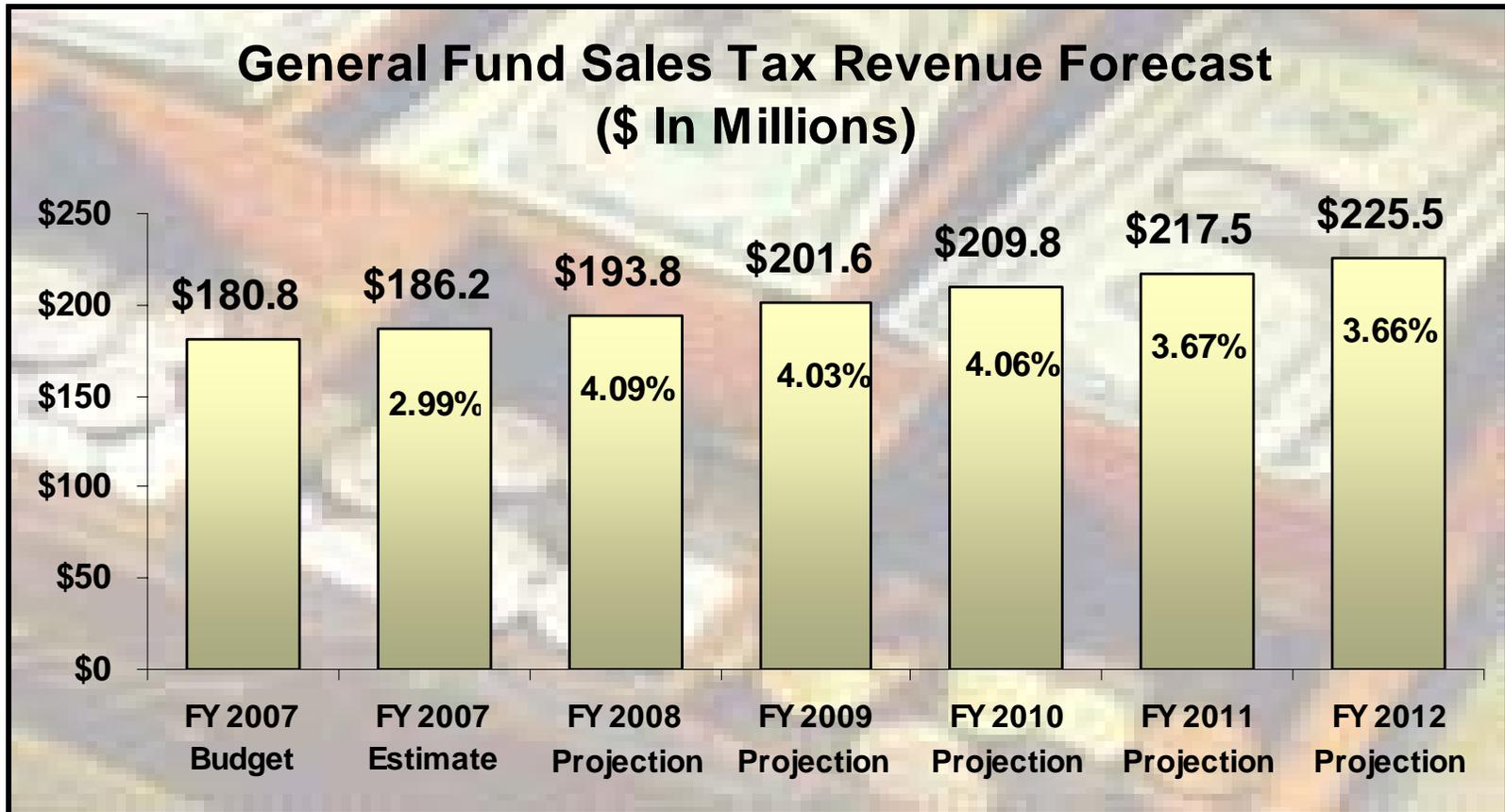
Purpose . . . **General Fund** . . . Other Funds

(\$ In Millions)	FY 2008 Projection	FY 2009 Projection	FY 2010 Projection	FY 2011 Projection	FY 2012 Projection
Beginning Balance	60.1	12.5	0	0	0
Reserve – 50 Police Officers	2.4	0	0	0	0
Current Revenues	787.2	807.0	831.8	856.9	881.2
Total Available Resources	849.7	819.5	831.8	856.9	881.2
Total Expenditures and Reserves	837.2	864.4	895.2	925.8	950.5
Use of Budget Stabilization Reserve	0	15.0	0	5.7	5.9
Remaining Balance	12.5	(29.9)	(63.4)	(63.2)	(63.4)

Sales Tax Revenue

Purpose . . . **General Fund** . . . Other Funds

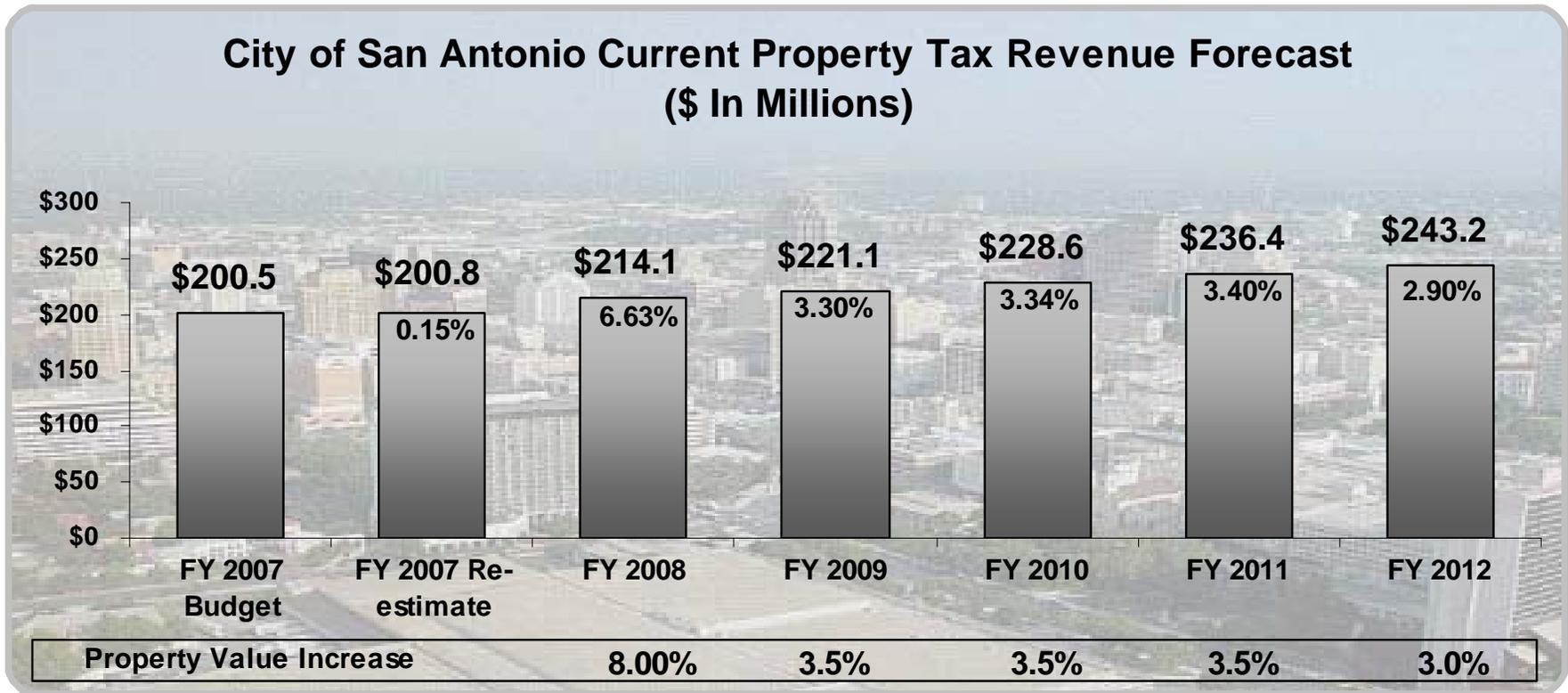
- FY 2007 Estimate \$5.4 M above budget
- FY 2008 Projection \$7.6 M over FY 2007 Estimate



Property Tax Revenue

Purpose . . . **General Fund** . . . Other Funds

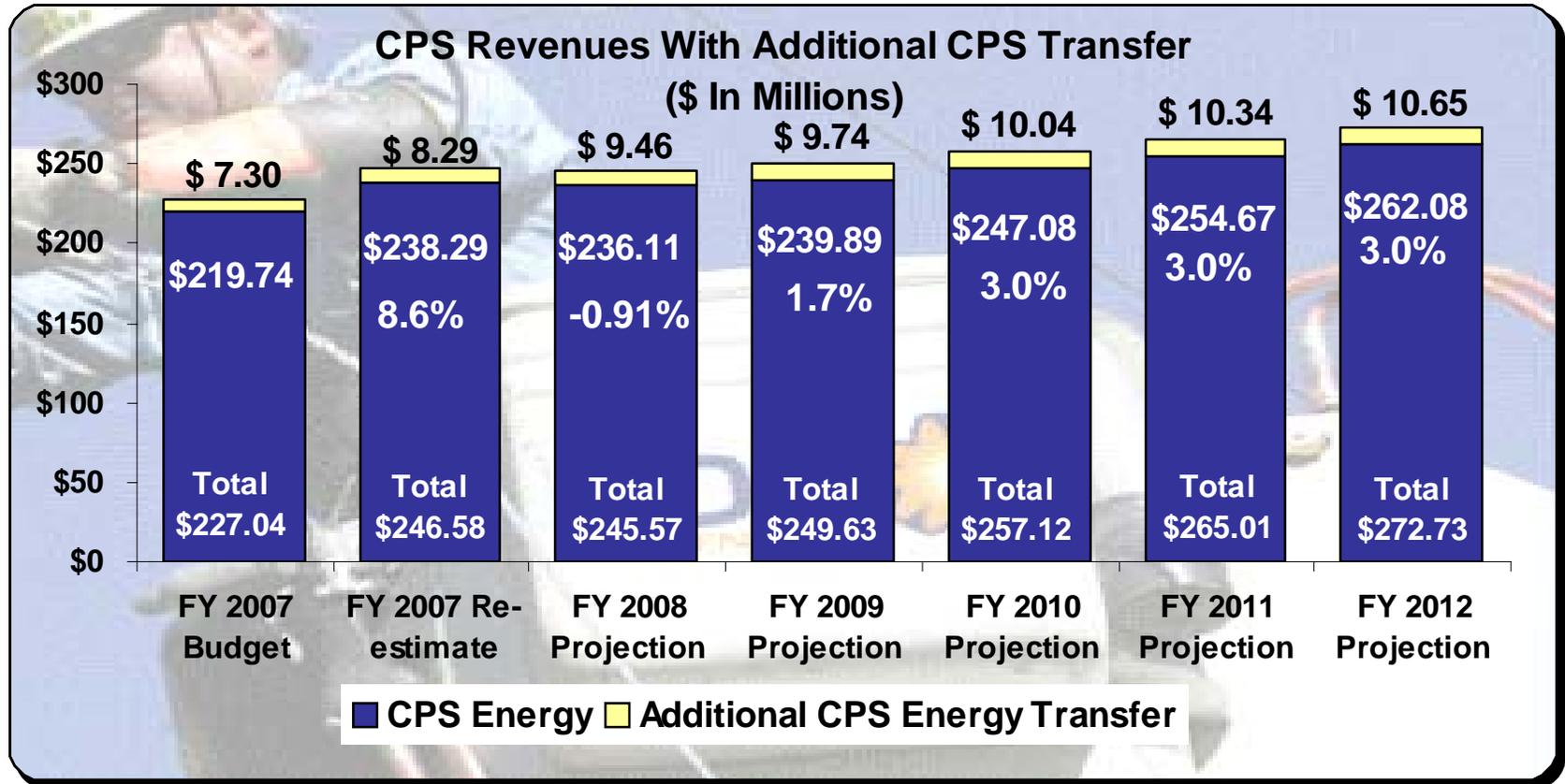
- FY 2008 Projection \$13.3 M above FY 2007 Re-Estimate



CPS Revenues

Purpose: . . . **General Fund** . . . Other Funds

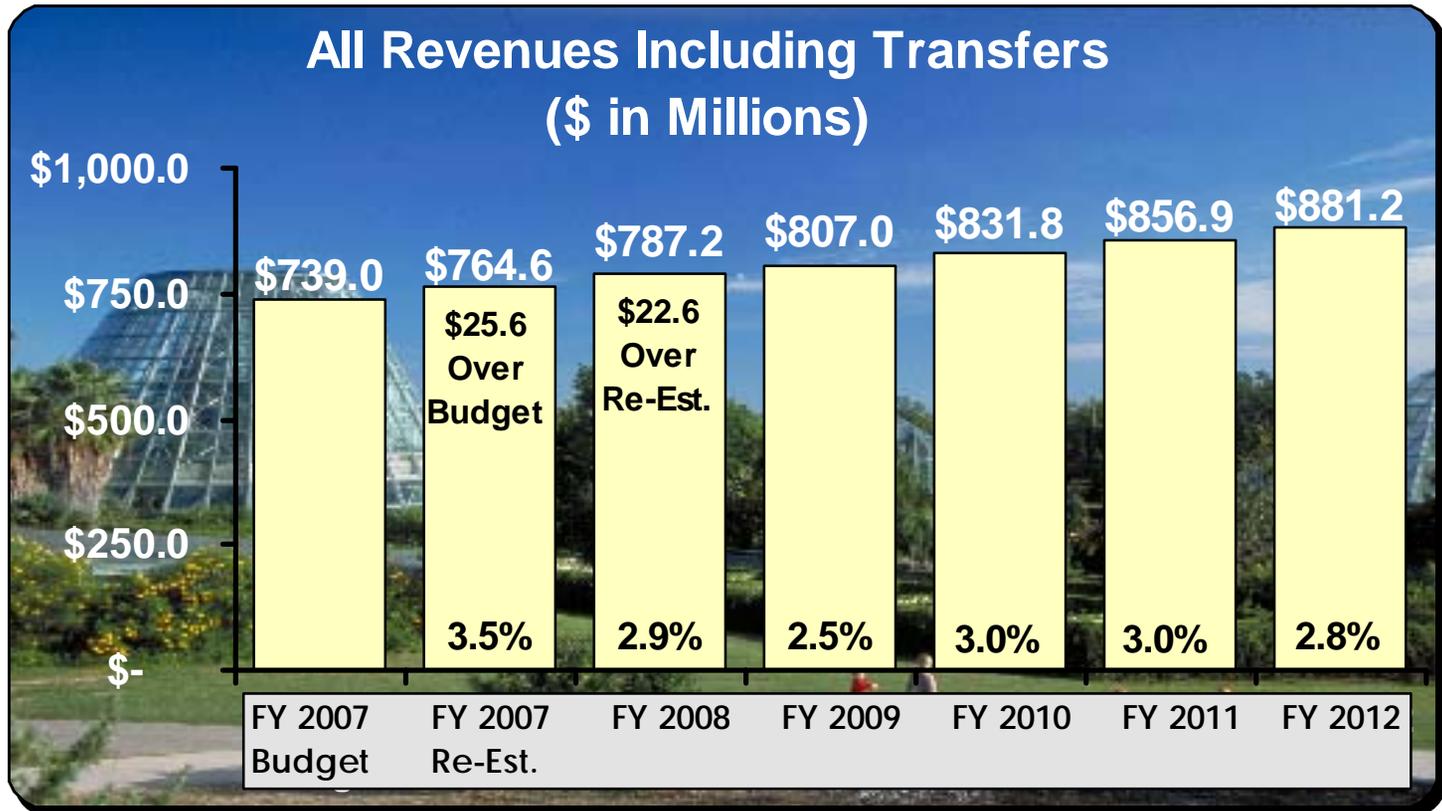
- FY 2007 Re-Estimate \$18.55 M above budget
- Forecast includes additional CPS transfer



All Current Revenues

Purpose . . . **General Fund** . . . Other Funds

- FY 2007 Re-Estimate is \$25.6 M over FY 2007 Budget
- FY 2008 \$22.6 M over FY 2007 Re-Estimate



Expenditure Assumptions in Forecast Period

Purpose . . . **General Fund** . . . Other Funds

- Reflects funding to provide today's level of recurring City services
- Includes projected FY 2008 staffing levels based on current personnel complement

Mandate Expenses

Purpose . . . **General Fund** . . . Other Funds

- Capital Improvements Operations & Maintenance
- Contract Requirement
- Grant Match Requirement

(\$ In Millions)	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Total Mandates	\$4.15	\$2.35	\$4.05	\$3.62	\$1.22

Expenditure Assumptions in Forecast Period

Purpose . . . **General Fund** . . . Other Funds

- Inflation rate projections applied to select contractual and commodity budgets

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Inflation Rates	2.21%	2.09%	2.14%	2.22%	2.32%

- Adds Mandate costs
- Includes Base Funding levels within City Council approved policy plans
- Removes “one-time” expenditures

Enhancements & Other Issues not in Forecast

Purpose . . . **General Fund** . . . Other Funds

(\$ in Thousands)

China Initiative	\$25
Veteran's Affairs Commission - Medal of Honor Memorial	\$50
Free Trade Alliance	\$50
Human Development Services Funds (one-time FY 2007 increase to base)	\$110
After School Challenge Program (one-time FY 2007 increase to base)	\$201
Traffic Signal Installation - Potential Warranted Unfunded Traffic Signals	\$379
Project REAP (Residential Energy Assistance Program)	\$750

Enhancements & Other Issues not in Forecast

Purpose . . . **General Fund** . . . Other Funds

(\$ in Thousands)

Project Quest (one-time FY 2007 increase to base)	\$1,000
Alley Roadway Maintenance	\$1,000
Neighborhood Access & Mobility Program (NAMP) one-time FY 2007 increase to base	\$1,000
Support Infrastructure at Port Authority of San Antonio	\$2,000
Contractual Neighborhood Sidewalk Program	\$2,000
Contractual Street Maintenance Services (one-time FY 2007 increase to base)	\$5,000

Financial Reserve Policies

Purpose . . . **General Fund** . . . Other Funds

Emergency
Reserve Fund

To be used in the event of unforeseen and extraordinary occurrences

Budget Stabilization
Reserve Fund

Assist in smoothing fluctuations in GF resources from year to year

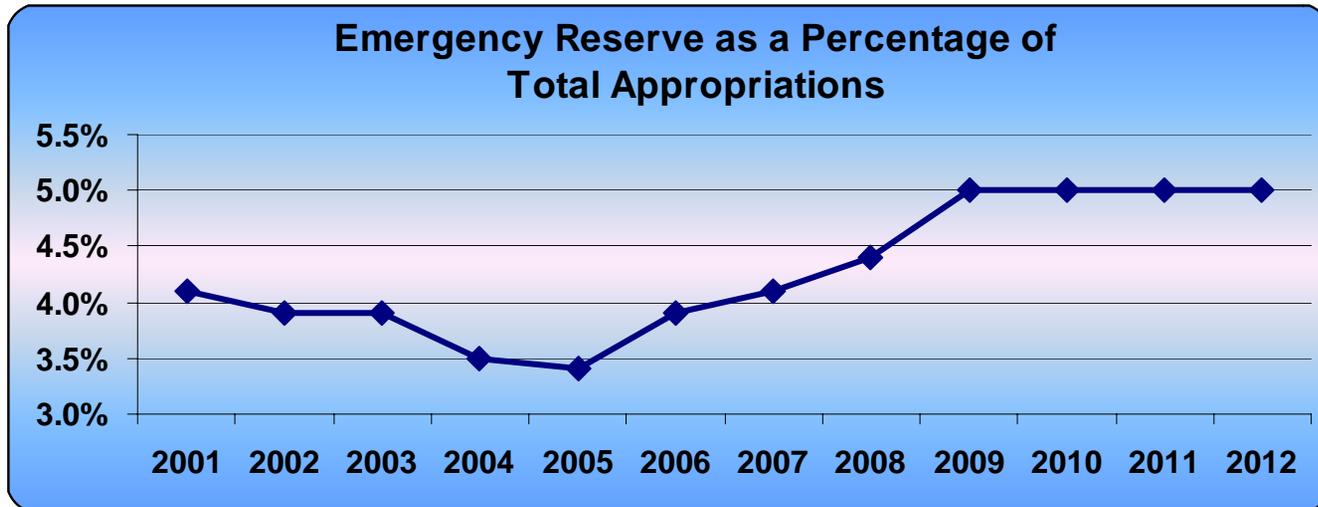
Contingency
Reserve Fund

Utilized to meet unforeseen operational or capital requirements

Emergency Reserve

Purpose . . . **General Fund** . . . Other Funds

- Maintained since 1989 to provide services in case of catastrophic event
- Policy goal approved by City Council in FY 2007 of 5% reached and maintained in Forecast



(\$ In Millions)	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
Yearly Increase	\$4.00	\$7.00	\$1.50	\$1.70	\$1.50
Total Reserve	\$36.17	\$42.17	\$43.67	\$45.37	\$46.87

Budget Stabilization Reserve

Purpose . . . **General Fund** . . . Other Funds

- To offset unforeseen revenue shortfalls or expenditure requirements that cannot be addressed with expenditure savings and/or other resources
- Forecast reserves \$15 M in FY 2007
- \$15 M used to address shortfall in FY 2009
- Unplanned revenue next year can be directed toward Budget Stabilization Reserve to address future year issues

Contingency Reserve

Purpose . . . **General Fund** . . . Other Funds

- Provides resources for unforeseen operational or capital requirements
- Current FY 2007 Adopted Budget includes \$1 M in Contingency Reserve funds
- Contingency funds increase by \$1 M in FY 2008

(\$ In Millions)	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
Yearly Increase	\$1.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Contingency Reserve	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00

Hotel Occupancy Tax & Related Funds

Purpose . . . General Fund . . . **Other Funds**



Convention,
Alamodome and
Other Facilities

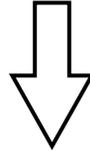


Convention &
Visitors Bureau



Arts & Cultural
Office and
Programs

Hotel Occupancy Tax Fund



Community & Visitors Facilities Fund

*Transfer from HOT 55%
Other Revenues 45%

Departments

Convention, Sports,
Entertainment Facilities,
International Affairs,
Non-Departmental (Hosting
Obligations)

Convention & Visitors Bureau Fund

*Transfer from HOT 99%
Other Revenues 1%

Departments

Convention and Visitors Bureau

Cultural Affairs Fund

*Transfer from HOT 100%
Other Revenues 0%

Departments

Office of Cultural Affairs
Art & Cultural Agencies

*Percentage based on FY 2007 Adopted Budget

HOT Fund FY 2007 Analysis

Purpose . . . General Fund . . . **Other Funds**

FY 2007			
(\$ In Millions)	FY 2007 Budget	FY 2007 Re-Est.	FY 2007 Variance
Total Revenues	47.7	51.8	4.1
Expenditures	50.81	50.04	.77
RI&C	1.5	7.5	6.0
Stabilization	.4	2.4	2.0

- FY 2006 Actual Ending Balance above FY 2006 Re-estimate: **\$6.9 M**
- FY 2007 Revenue variance: **\$4.1**
- RI&C funding for Facility Improvements: **\$6.0**
- Budget Stabilization: **\$2.0**

HOT Fund Forecast - Revenues

Purpose . . . General Fund . . . **Other Funds**

(\$ In Millions)	FY 2008 Projection	FY 2009 Projection	FY 2010 Projection	FY 2011 Projection	FY 2012 Projection
Beginning Balance	4.03	1.15	.35	.31	.65
Current Revenues	54.44	57.50	60.34	63.32	66.45
Total Available Resources	58.47	58.65	60.69	63.63	67.10

HOT Fund Forecast - Expenditures

Purpose . . . General Fund . . . **Other Funds**

(\$ In Millions)	FY 2008 Projection	FY 2009 Projection	FY 2010 Projection	FY 2011 Projection	FY 2012 Projection
Transfer to CVF	16.66	16.52	17.52	17.64	18.06
Transfer to CVB	19.26	20.22	21.04	22.23	23.27
Transfer to OCA/Arts	7.61	8.06	8.48	8.92	9.38
H&P & Other Transfers	10.79	10.90	11.34	11.79	12.28
RI&C and Reserves	3.00	2.60	2.00	2.40	2.40
Total Expenditures and Reserves	57.32	58.30	60.38	62.98	65.39
Remaining Balance	1.15	.35	.31	.65	1.71

HOT Fund Revenues

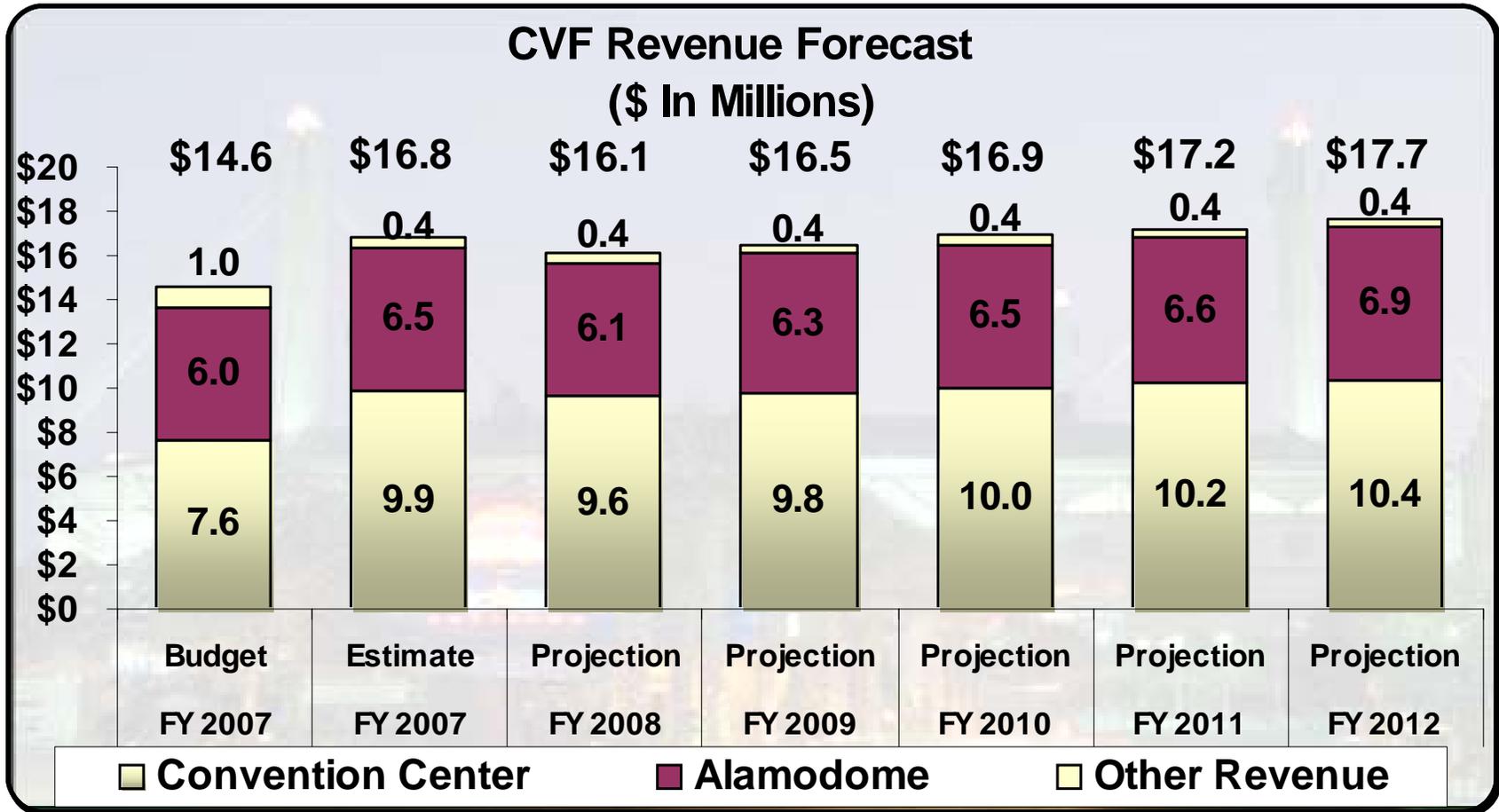
Purpose . . . General Fund . . . **Other Funds**

Hotel Occupancy Tax Revenue Forecast (\$ In Millions)



Community & Visitor Facilities Revenues

Purpose . . . General Fund . . . **Other Funds**



Major Expenditure Assumptions

Purpose . . . General Fund . . . **Other Funds**

- **HOT & Facility-Related Resources toward:**
 - Convention Facilities
 - Alamodome
 - International Affairs
 - Hosting Obligations

Major Expenditure Assumptions

Purpose . . . General Fund . . . **Other Funds**

- Forecast includes additional funds for budget issues such as:
 - CVB Operating Budget
 - Destination SA
 - HemisFair Redevelopment

\$ Increase for Budget Issues - Incremental (\$ in Millions)

FY 2008 Forecast	FY 2009 Forecast	FY 2010 Forecast	FY 2011 Forecast	FY 2012 Forecast
\$1.48	\$0.96	\$0.81	\$1.18	\$1.04

Major Expenditure Assumptions

Purpose . . . General Fund . . . **Other Funds**

- 15% for Arts and Cultural Programming maintained in Forecast period
 - Maximum Allowed by State Tax Code

**Contribution to Maintain 15% - Incremental
(\$ in Millions)**

FY 2008 Forecast	FY 2009 Forecast	FY 2010 Forecast	FY 2011 Forecast	FY 2012 Forecast
\$0.82	\$0.43	\$0.39	\$0.41	\$0.43

- 15% for History & Preservation maintained
 - Maximum Allowed by State Tax Code

Major Expenditure Assumptions

Purpose . . . General Fund . . . **Other Funds**

- Facility and Improvement Contingency Funds addressed
- Budget Stabilization Policy addressed
 - Budget Stabilization Reserve of \$9.8M in FY 2011 reaches 2 months operating expense target

Development & Planning Services Fund

Purpose · · General Fund · · **Other Funds**



Development & Planning Services Fund

Purpose . . . General Fund . . . **Other Funds**

- Development Services Department is achieving most of its established performance service goals
- City established Development & Planning Services Fund in FY 2007 Budget
 - Added \$2.4 M in Service Enhancements including 41 added positions
 - No fee adjustments were included in FY 2007 Budget
 - Last across-the-board fee increases in Oct. 2001
 - Fund created to be self-supporting

Development & Planning Services Fund

Purpose · · General Fund · · **Other Funds**

- **Fund Benefits**
 - Improves accountability by assuring all fees are used to provide stakeholder service
 - Aligns revenues with expenditures
 - More responsive to economic trends
- **2nd Quarter Financial Report shows revenue collection less than budgeted**
 - Fund is experiencing a downturn in permitting activity
 - Activity below five-year trend
 - Reflects unanticipated development outside of City limits

Development & Planning Services Fund

Purpose . . . General Fund . . . **Other Funds**

- Midyear review of Fund includes recommendations for adjustments
 - Fee adjustments planned in May and in FY 2008 Budget
 - Expenditure adjustments are ongoing with more planned
 - However, stakeholders wish to maintain current service delivery levels

Development & Planning Services Fund

Purpose . . . General Fund . . . **Other Funds**

FY 2007 Re-estimate

(In Millions)	FY 2007 Budget	FY 2007 Re-Est.
Beginning Balance	0	0
Current Revenues	31.0	24.9
Proposed Midyear Rev. Adj.	0	1.9
Total Expenditures	30.8	29.8
Remaining Balance	\$0.2	(\$3.0)
Annual Reserves	1.0	0



Development & Planning Services Fund

Purpose . . . General Fund . . . **Other Funds**

Five Year Forecast

(In Millions)	FY 2008 Forecast	FY 2009 Forecast	FY 2010 Forecast	FY 2011 Forecast	FY 2012 Forecast
Beginning Balance	(3.0)	0	0	0	0
Current Revenues	30.5	30.5	30.5	30.5	30.4
Total Expenditures	32.3	32.1	33.0	33.9	34.7
Remaining Balance	(\$4.8)	(\$1.6)	(\$2.5)	(\$3.4)	(\$4.3)
Annual Reserves	1.0	1.0	1.0	1.0	1.0

Environmental Services Fund

Purpose . . . General Fund . . . **Other Funds**



- Solid Waste, Brush, and Environmental Programs
- Service provided to 339,000 homes
 - City crews service 325,000 homes
 - Private contractors service 14,000 homes

Environmental Services Fund

Purpose . . . General Fund . . . **Other Funds**

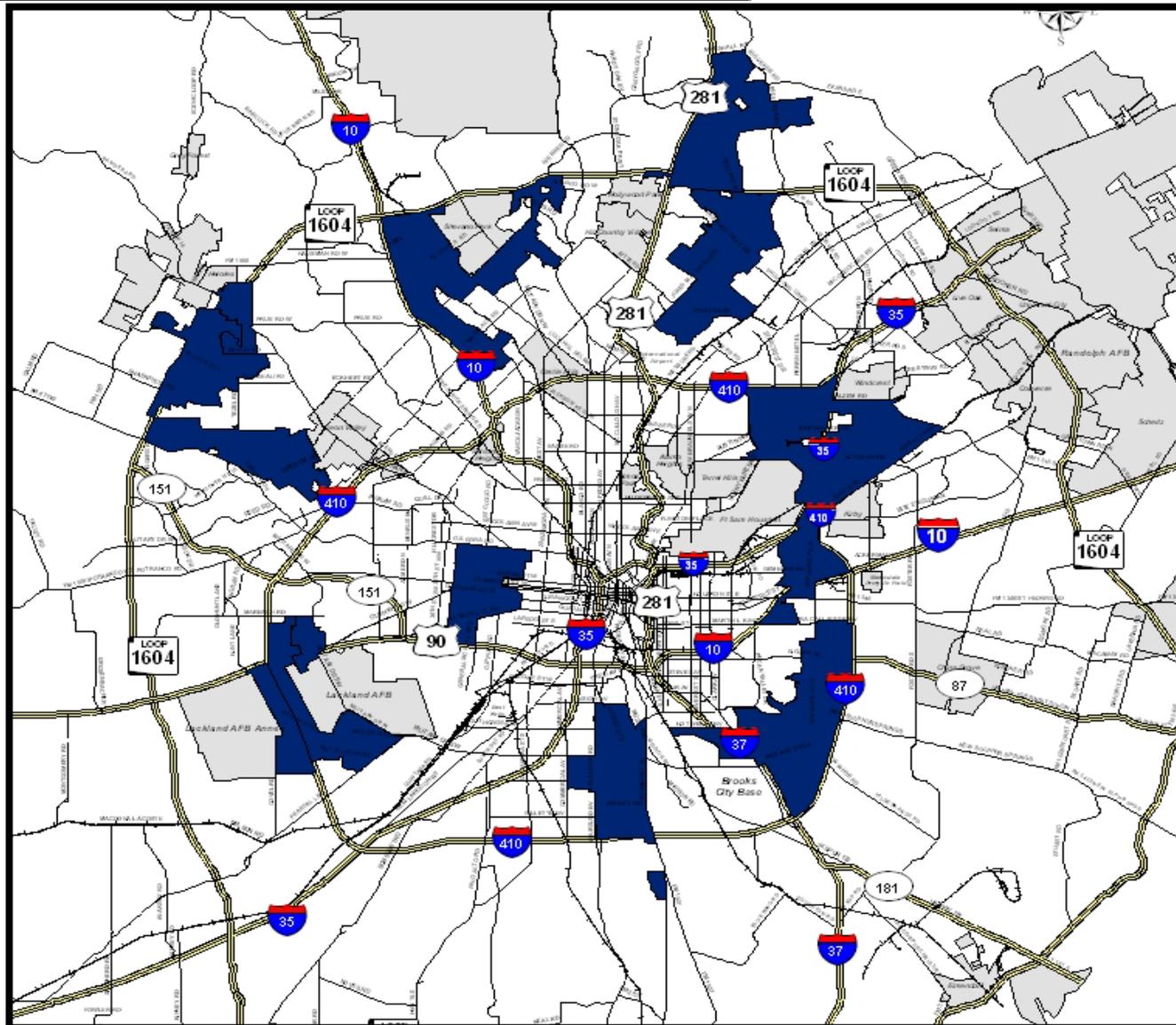
Accelerated 3½ Year Automated Conversion Schedule



	FY 2007	FY 2008	FY 2009	FY 2010
Route Conversion	Actual	Estimate	Estimate	Estimate
Homes Converted (approximate)	75,000	88,000	92,000	24,000

Areas with Automated Service

Purpose · · General Fund · · **Other Funds**




Represents
areas currently
with Automated
Collection

Environmental Services Fund

Purpose . . . General Fund . . . **Other Funds**

- Forecast projections reflect continued implementation of approved accelerated automated conversion
- Analysis and options in FY 2008 Proposed Budget development process may impact Forecast projections

Environmental Services Fund Forecast

Purpose . . . General Fund . . . **Other Funds**

- **FY 2007 Re-estimate Ending Balance \$2.0 M with \$2.2 M in Financial Reserves**

(In Millions)	FY 2008 Forecast	FY 2009 Forecast	FY 2010 Forecast	FY 2011 Forecast	FY 2012 Forecast
Beginning Balance	2.0	1.2	1.2	0.2	0.5
Current Revenues	83.1	85.8	89.4	92.1	94.3
Total Expenditures	83.9	85.8	90.4	91.8	90.7
Remaining Balance	1.2	1.2	0.2	0.5	4.1
Annual Reserves	2.9	3.4	4.0	4.6	4.6

Rate Analysis

Purpose . . . General Fund . . . **Other Funds**

Monthly Fee Projections

Monthly Fees	FY 2008 Projected	FY 2009 Projected	FY 2010 Projected	FY 2011 Projected	FY 2012 Projected
Solid Waste, Brush, Automated Conversion, & Environmental Base Fees	\$15.99	\$17.99	\$19.59	\$20.14	\$20.81
Projected Monthly Increase	\$2.00	\$1.60	\$0.55	\$0.67	\$0.48
Total Monthly Fee	\$17.99	\$19.59	\$20.14	\$20.81	\$21.29

Next Steps

Purpose . . . General Fund . . . Other Funds

- Work within Budget Calendar to enhance Revenue projections
- Refine Expenditure assumptions in FY 2007 Budget and FY 2008 Base Budget
- Develop service policy options and recommendations to address City Council identified priorities for FY 2008 Budget
- City Manager presents FY 2008 Proposed Budget on August 16, 2007

CITY OF SAN ANTONIO

Five Year Financial Forecast FY 2008 – FY 2012