

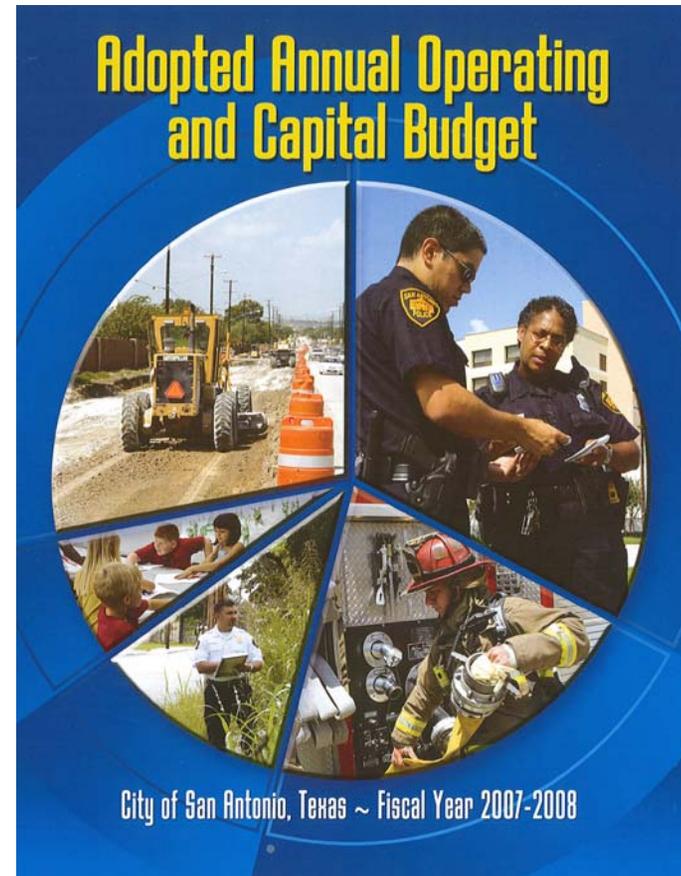


THREE PLUS NINE BUDGET & FINANCE REPORT



Agenda

- **FY 2008 Budget Overview**
- **Budget Initiatives Update**
- **Local Economic Update / Analysis**
- **3 + 9 Financial Report**
 - General Fund
 - Revenues
 - Expenditures
 - Other Funds
 - Environmental Services Fund
 - Storm Water Fund
 - Development Services Fund
 - Hotel Occupancy Tax Related Funds
 - Airport Operating Fund
- **Next Steps**





Budget Highlights

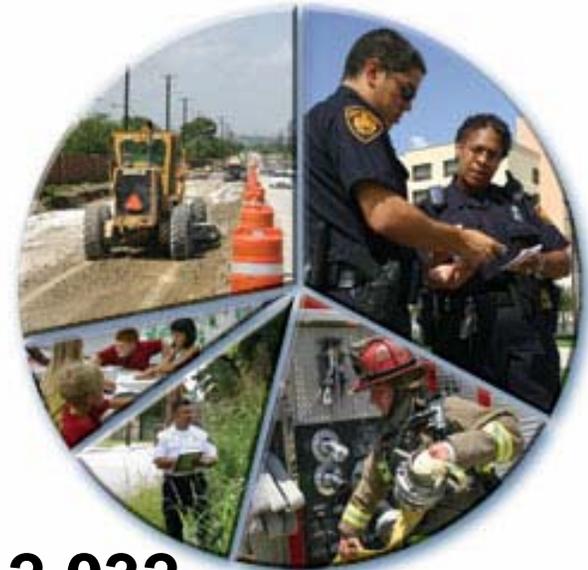
- **FY 2008 Budget unanimously approved by City Council on September 13th**
- **Fiscal Year starts on October 1, 2007 ending September 30, 2008**
- **Two-year balanced budget plan achieved**
- **Budgeted Financial Reserves at 8% of General Fund expenditures**
- **General Fund Budget includes over \$40 Million in service enhancements**
- **FY 2007 and FY 2008 Budgets includes over \$9 million in reductions in lesser priority programs and inefficiencies**
- **Budget rolled back City property tax rate**





Budget Highlights

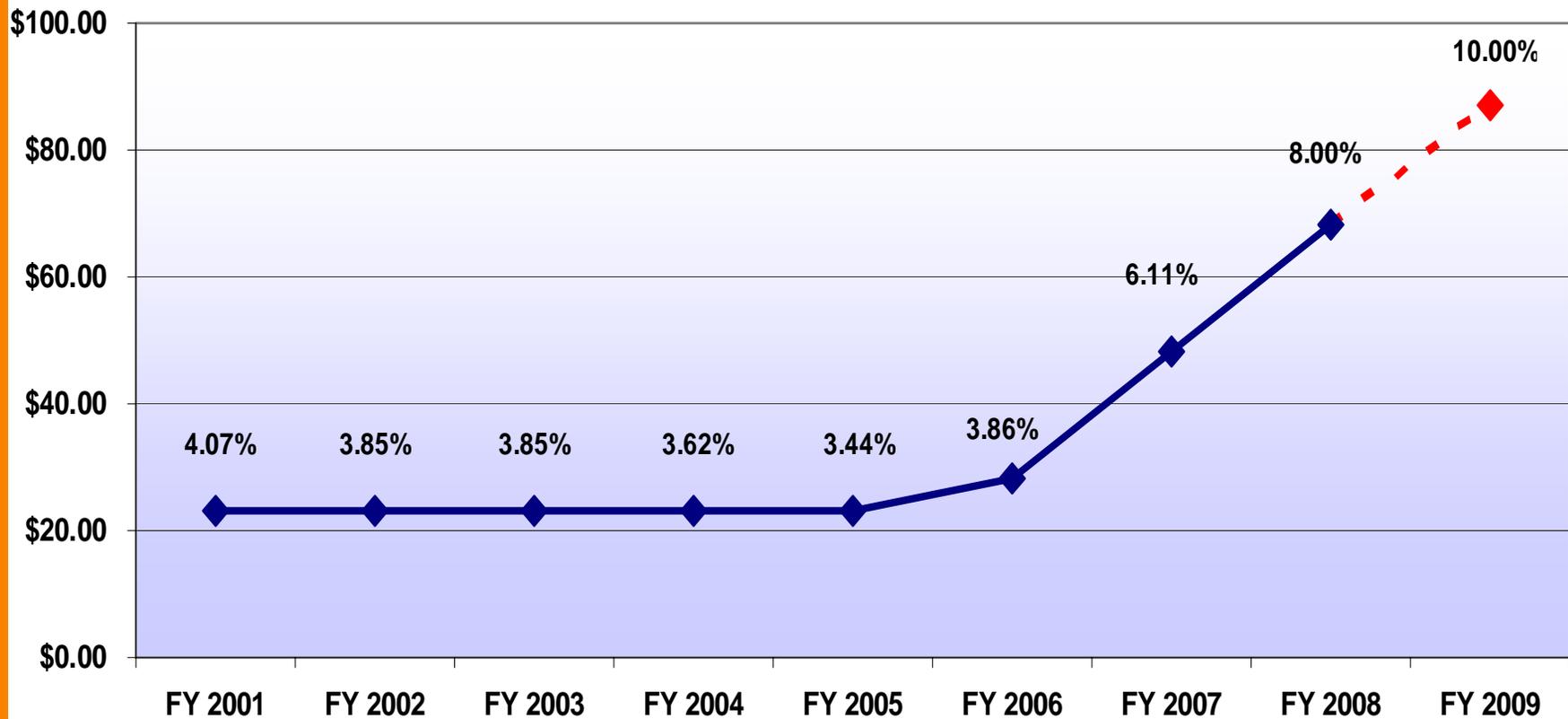
- **Consolidated Annual FY 2008 Budget: \$2.037 Billion**
 - Operating: \$1.43 Billion
 - Capital: \$605 Million
- **General Fund FY 2008 Budget: \$853 Million**
- **All Funds Authorized Positions: 12,032**
 - General Fund Civilian Positions: 4,008
 - Uniform Police Positions (w/ Grant Funded): 2,202
 - Uniform Fire Positions: 1,564



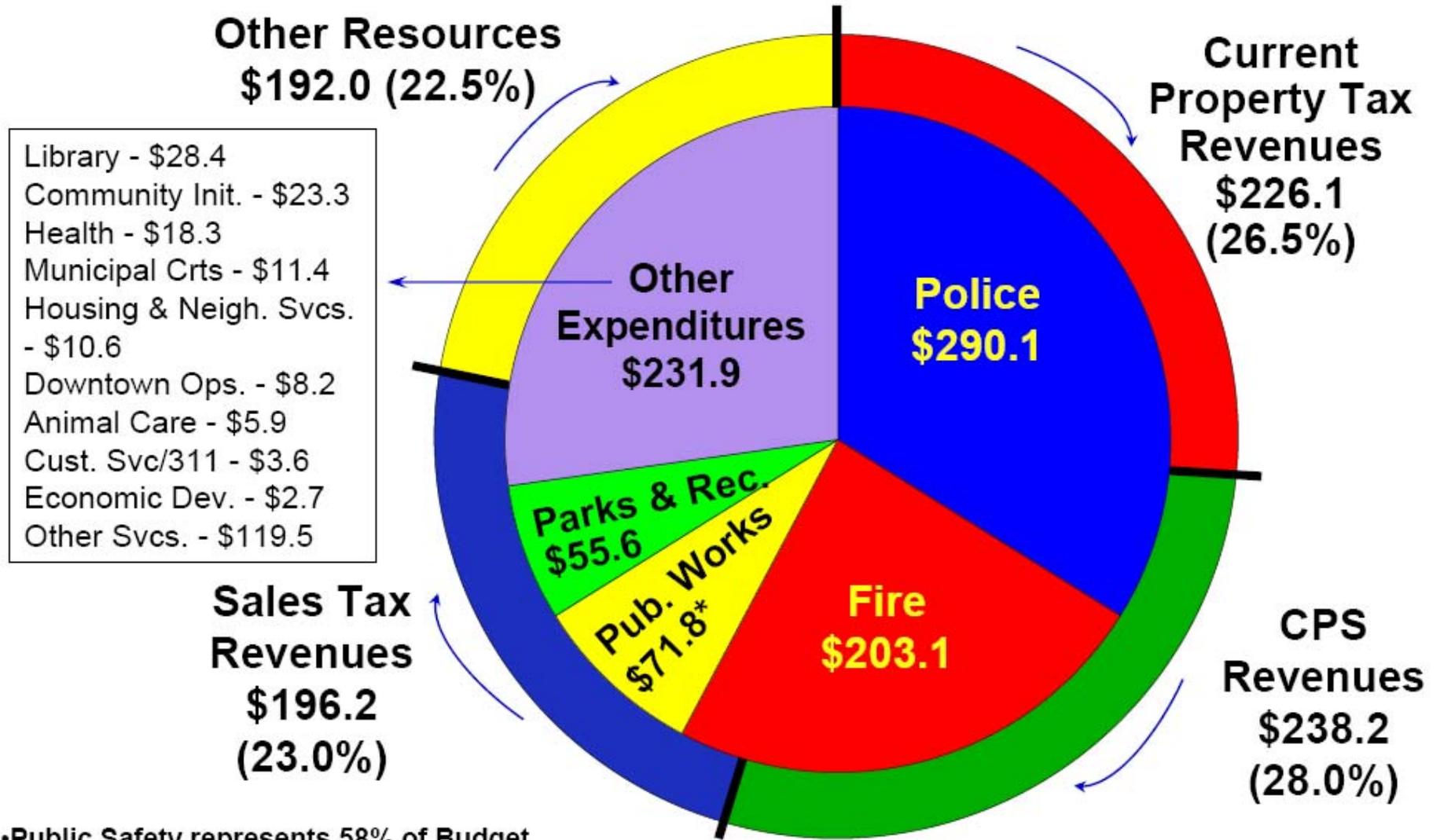


Budget Highlights

Budget Financial Reserve Trend (\$ in Millions)



FY 2008 ADOPTED GENERAL FUND AVAILABLE RESOURCES DISTRIBUTED OVER MAJOR SPENDING AREAS (\$ in millions)



•Public Safety represents 58% of Budget
 *Includes transfer to Street Maintenance Fund

TOTAL: \$852,549,322



Streets, Alleys, & Traffic Signals

- Funding level for Street Maintenance increased 33% since FY 2006
 - 2 years ago (FY 2006): \$45.8 million
 - Today (FY 2008): \$60.7 million
- Street Maintenance Program managed through Rolling Five-Year Infrastructure Management Program
- Consistent with City Council policy direction, added funds to Street Maintenance Program have been allocated toward contractual delivery
- One contract awarded in January, remaining contracts to be awarded in April





Streets, Alleys, & Traffic Signals

- Contractual Neighborhood Access Mobility Program (NAMP)
 - Budget increased NAMP by \$1 million
 - Total program: \$3 million for FY 2008
 - 2 project selection/bidding cycles in fiscal year
 - Work for cycle one is scheduled to begin April 2008
 - Work for cycle two is projected to begin June 2008



Streets, Alleys, & Traffic Signals

- Alley Maintenance
 - Budget continued allocation of \$1 million Alley Maintenance Program
 - All alleys have been inventoried, evaluated and indexed
 - Proposed alleys selected by City to be improved in FY 2008 are being reviewed by CPS and SAWS to coordinate efforts
 - Maintenance work is scheduled to begin July 2008



Streets, Alleys, & Traffic Signals

- Traffic Signals
 - Total funds for FY 2008 allow for 11 new installations
 - 6 designs complete
 - 5 under design
 - All installations will be completed by September 30, 2008
 - Recent City Council policy recommends warranted signals to be funded within two budget cycles once identified



Streets, Alleys, & Traffic Signals

- Traffic Signal System Modernization
 - \$33 million five-year initiative funded utilizing Advanced Transportation District resources
 - Enables remote control and monitoring of all intersections from a central location
 - 250 signal locations will be addressed annually



Police Protection/Public Safety

- \$14.3 million for Police Protection Enhancements
 - \$6.6 million in improvements
 - \$7.7 for Collective Bargaining Agreement
- 90 new Police Officer positions added for neighborhood patrol
 - 80 new positions and 10 redirected positions from vehicle storage operation
 - 51 cadets currently in training

Cadet Class	# of Cadets	Deployment Date
October 2007	22	July 2008
January 2008	29	November 2008
April 2008	29	February 2009
Total	80	



Police Protection/Public Safety

- Additional cadets trained to address normal attrition
 - Cadet class schedule for FY 2008 includes training for up to 200 police officers
 - 80 new officers added in Budget
 - 120 for normal attrition





Fire Protection/Emergency Medical Services

- \$13.3 million for Fire Enhancements
 - \$4.5 million in improvements
 - Adds 35 sworn personnel; 10 civilian staff
 - \$7.9 million for Collective Bargaining Agreement
- Added 1 EMS unit to improve response time
 - 12 paramedics started class January 2008
 - New EMS unit to come online August 2008



Fire Protection/Emergency Medical Services

- Fire Service Enhancements
 - Four person staffing
 - Cadet class including new firefighters to conclude in June 2008
 - Four person staffing completed by August 2008
 - Goal of having 100% Pumper Trucks with four person staffing achieved in 2008 (with added staff overtime funding)
 - Paramedics in Firefighting
 - Will allow for more vehicles to have Advanced Life Support and delivery capabilities
 - Equipment ordered October 2007
 - 49 Pumper Trucks and 19 Ladder Trucks being fitted with equipment



Fire Protection/Emergency Medical Services

- Fire Service Enhancements
 - Dispatch enhancements to address service requests
 - 10 uniform positions added
 - Paramedic class to graduate June 2008; Implementation to be complete August 2008
 - Firefighter Safety and Training Enhancements
 - Equipment to enhance ladder trucks to be received by March 2008
 - 7 positions for Fire Safety and Wellness Program to be filled by July 2008





Neighborhood Code Enforcement & Graffiti Abatement

- **Graffiti Wipe-out**
 - 7 added Graffiti Abatement positions have been filled
 - Compared to first quarter of FY 2007 to the first quarter of FY 2008, total square footage of graffiti abated increased by 100%
 - Turnaround time for graffiti abated has decreased from approximately 3-4 days to 1-2 days
- **Code Enforcement**
 - 7 newly added Code Officer positions have been filled
 - Working towards reducing average case closure rate from 28 days to 26 days





Animal Care Services

- \$724,000 for Animal Care Services enhancements budgeted
- Expand free and low cost spay/neuter services
 - 8 added positions to be filled by April
- Field Strategic Plan Initiatives
 - 5 added Animal Care Officers to be filled by April
 - Instillation of portable laptop computers that can access work order requests in the field to be completed in April, improving response time
- 4 positions added to enhance Customer Service at new Animal Care Facility
 - 2 positions filled; 2 positions to be filled by March





Library

- Budget includes \$1.3 million in Enhancements
- Staffing Study Implementation
 - 12 added positions
 - 7 positions filled in first quarter
 - 5 positions to be filled by the end of second quarter
 - Addition of 4 public service hours at all branch locations will begin March 2008
- New patron computers at all libraries
 - The first 100 of 250 computers received
 - Currently being installed at Library Branches



Library

- Six-Year Capital Budget includes \$21.5 million for Library Projects
 - \$4.9 million for deferred maintenance projects at 10 library facilities
 - \$14 million for two new branch libraries
 - \$2.6 million for Fine Arts Library Facility and History Center Portal





San Antonio Economy

- Economic activity in San Antonio has not slowed as greatly as U.S. economic activity
- San Antonio, however, has decelerated from 2006 pace
- Unemployment rate remains below U.S.
 - U.S (December) – 5.0%
 - San Antonio (December) – 4.0%
- Cost of doing business at 87% of U.S.
- Cost of living at 93% of U.S.

Source: Moody's SA Economic Outlook - December 2007 & Bureau of Labor Statistics (bls.gov)



San Antonio Economy

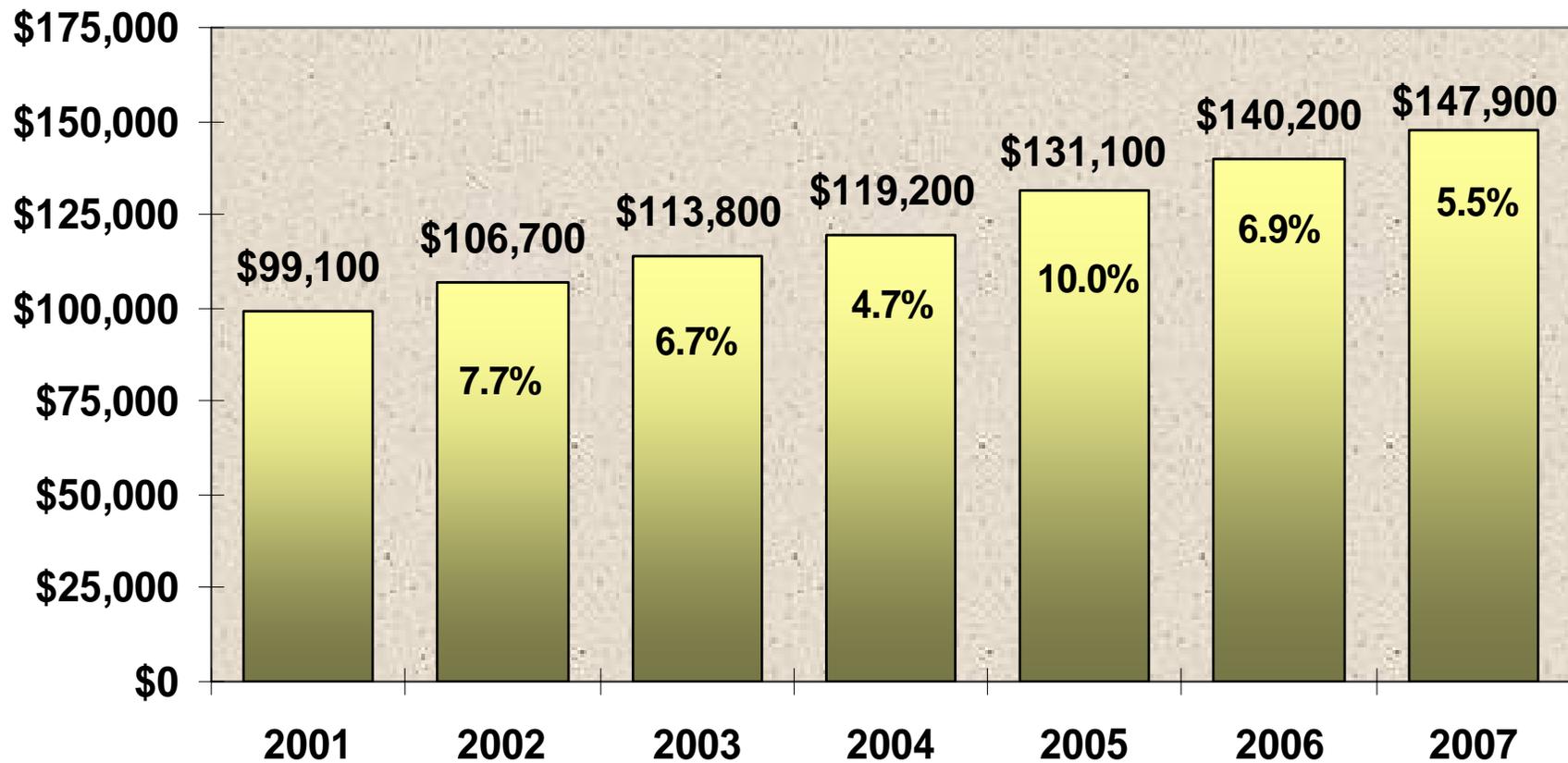
- Business-Cycle Index reflects growth at slower pace for San Antonio
- Index measures key economic indicators in a particular region including employment (non-agriculture), the unemployment rate, wages and retail sales
- San Antonio has experienced strong growth since 2003 but shows leveling of growth during 2007
 - 2003-2006 experienced a 2.5% average annual growth each year over previous year
 - 2006-2007 shows growth of 0.14%

Source: Federal Reserve Bank of Dallas



San Antonio Housing Indicators

Median House Price (With Year Over Year Percent Change)

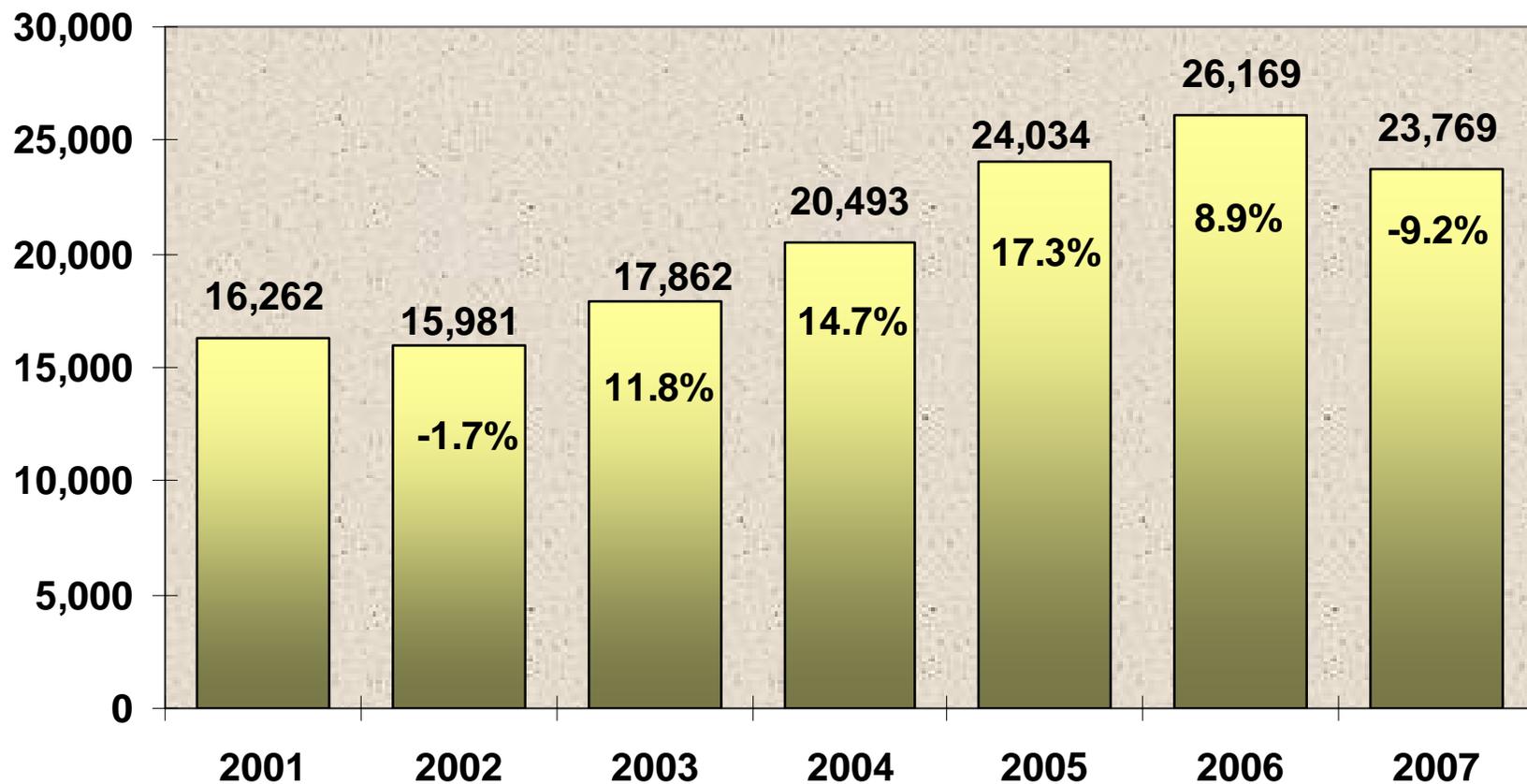


Source: Real Estate Center at Texas A&M University



San Antonio Housing Indicators

Home Sales (With Year Over Year Percent Change)

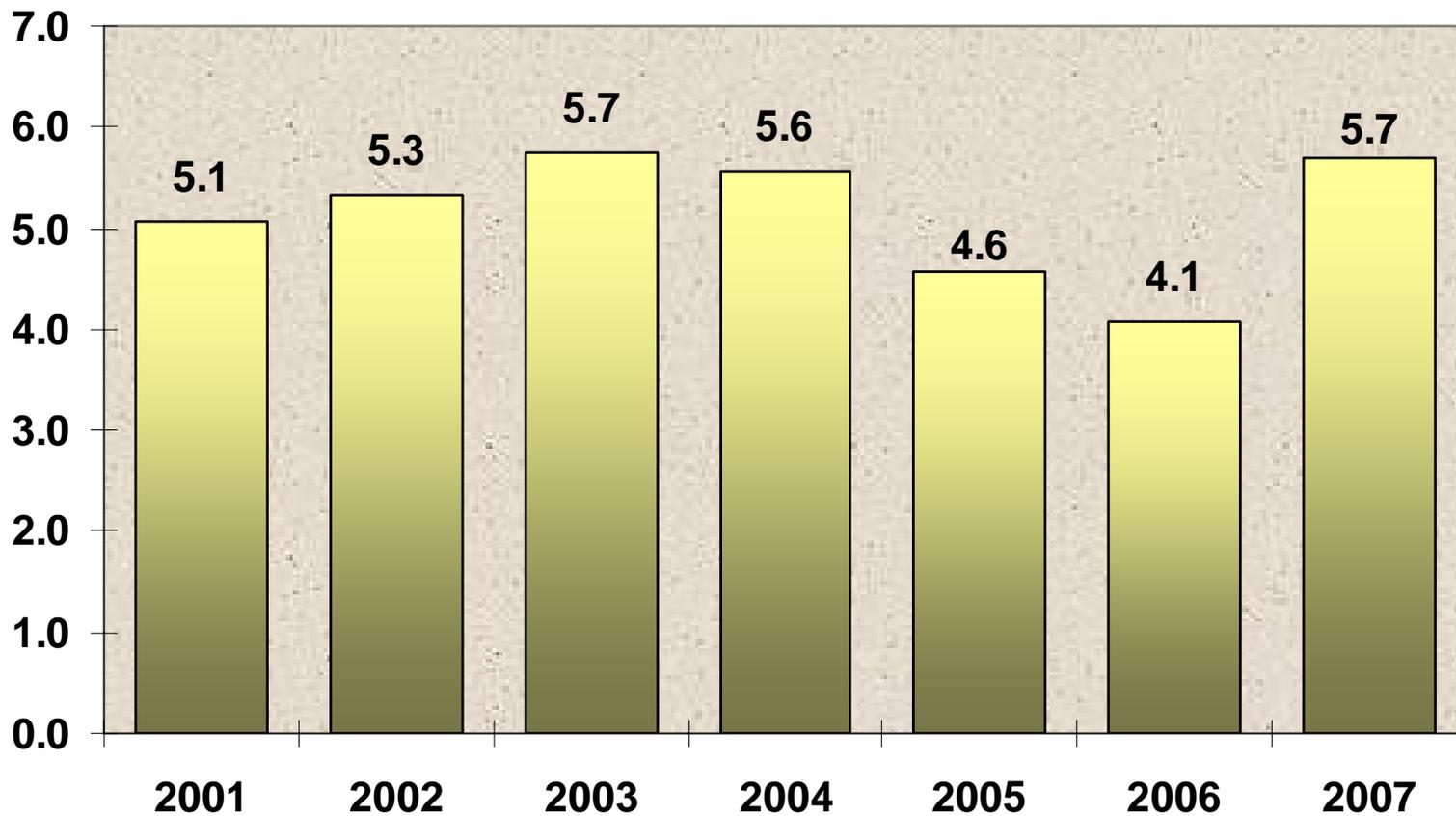


Source: Real Estate Center at Texas A&M University



San Antonio Housing Indicators

- Average number of months to clear all existing inventory



Source: Real Estate Center at Texas A&M University



Other City Comparisons

Projected Deficit Amount for FY 2009 General Fund

City/State	FY 2008 Budget	Projected Deficit
San Antonio, TX	\$853 Million	Balanced Budget (as of 9/13/2007)
San Diego, CA	\$1.10 Billion	\$12 Million
San Jose, CA	\$1.03 Billion	\$24 Million
Phoenix, AZ	\$1.19 Billion	\$70 Million
Atlanta, GA	\$645 Million	\$70 Million
Tampa, FL	\$415 Million	\$20 Million



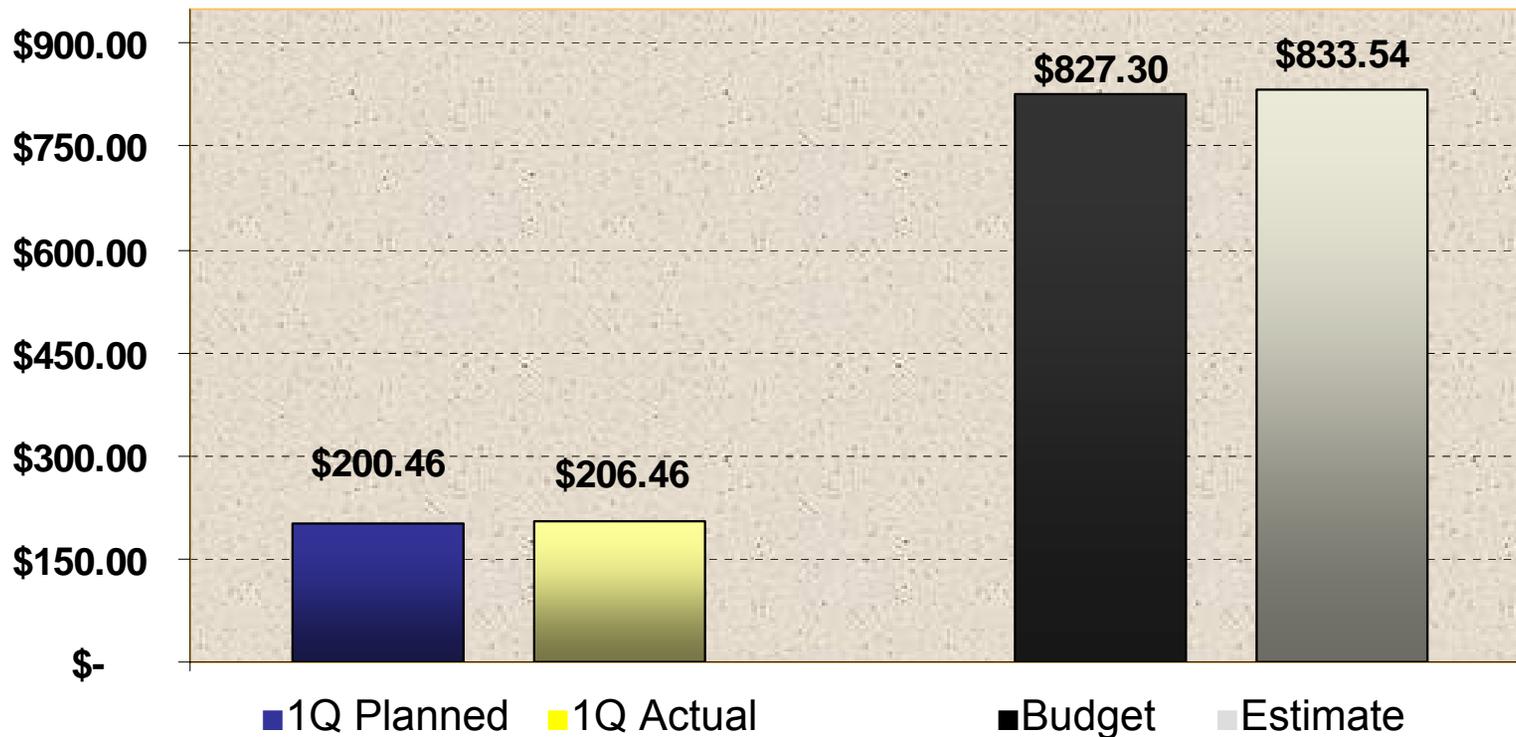
FY 2008 Financial Conditions Summary (General Fund)

- Resources
 - Overall are being received at planned amounts
 - No significant extra-ordinary collections to report
- Expenditures
 - Overall within projected planned amounts with few departments needing corrective action plans to shore up budget
- Position with preliminary closing of FY 2007 financial statements improves by \$12 million
- Staff will continue to closely monitor revenues and expenditures in the second quarter



General Fund Revenues – All Sources (\$ in Millions)

FY 2008 Estimate \$6.2M over FY 2008 Budget

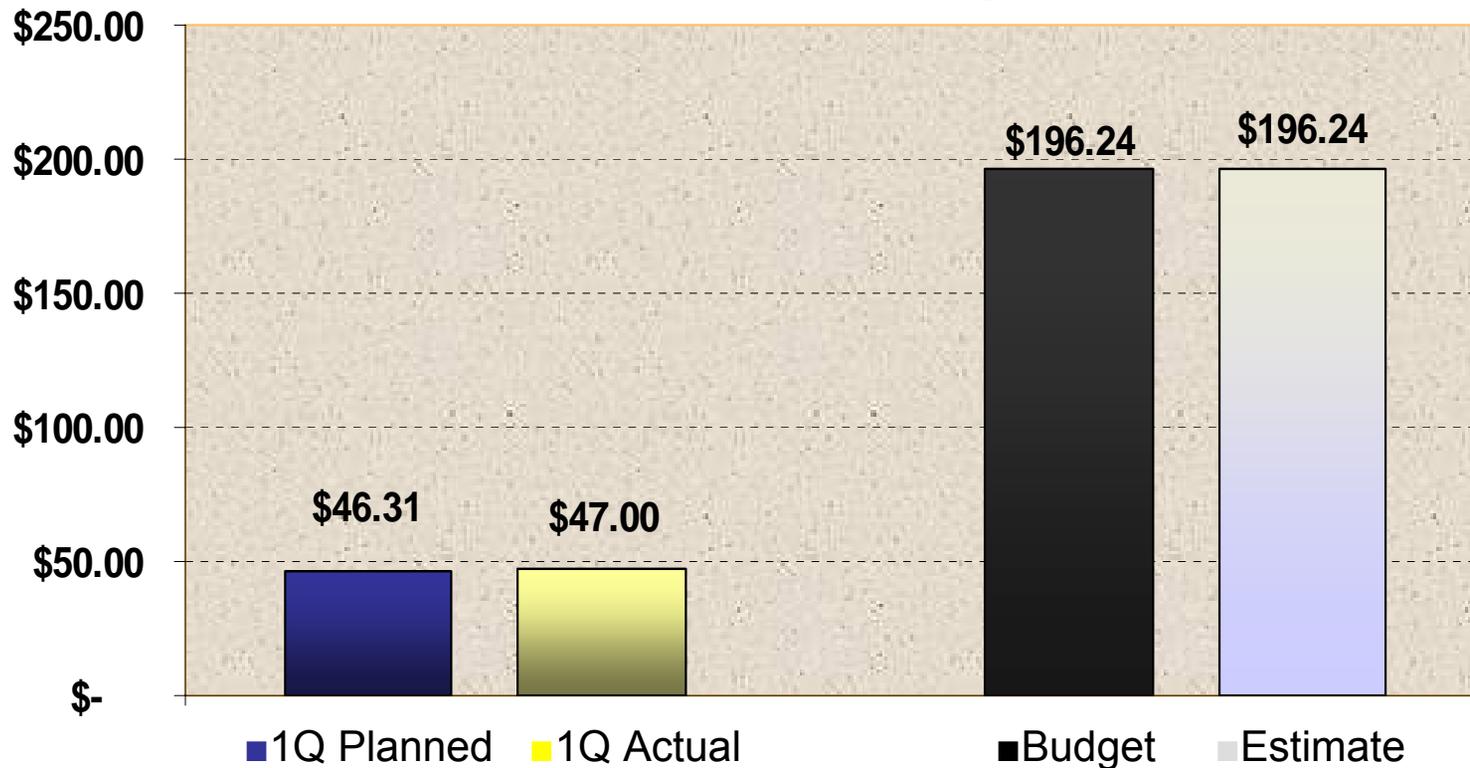


	1Q-Planned Amount	1Q-Actual Amount	Favorable Variance	FY 2008 Budget	FY 2008 Estimate	Favorable Variance
Revenues	200,461,812	206,464,716	6,002,904	827,301,740	833,542,227	6,240,487



Sales Tax Revenues (\$ in Millions)

FY 2008 Estimate at Budgeted Levels

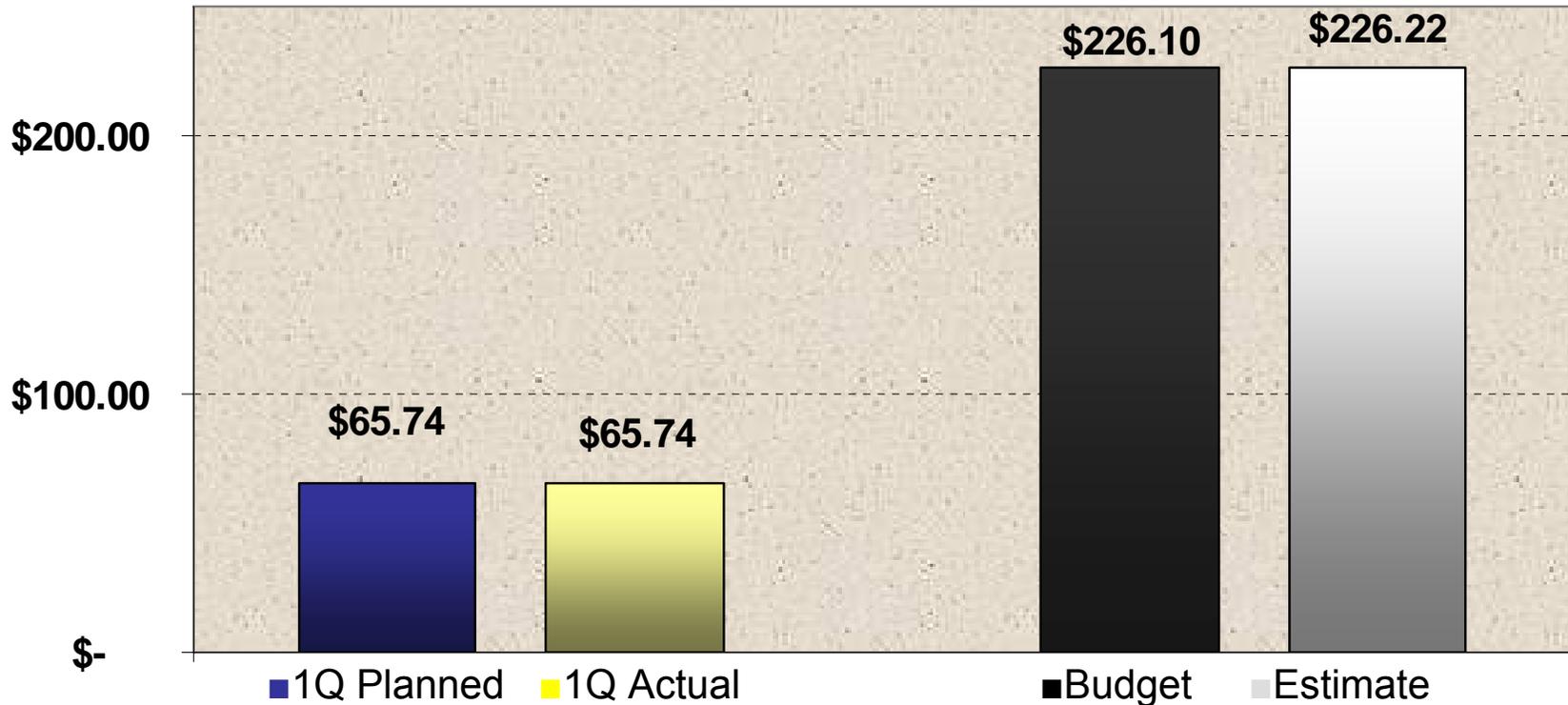


	1Q-Planned Amount	1Q-Actual Amount	Favorable Variance	FY 2008 Budget	FY 2008 Estimate	Variance
Revenues	46,309,206	46,996,303	687,097	196,242,533	196,242,533	0



Property Tax Revenue (\$ in Millions)

FY 2008 Estimate \$121K over FY 2008 Budget



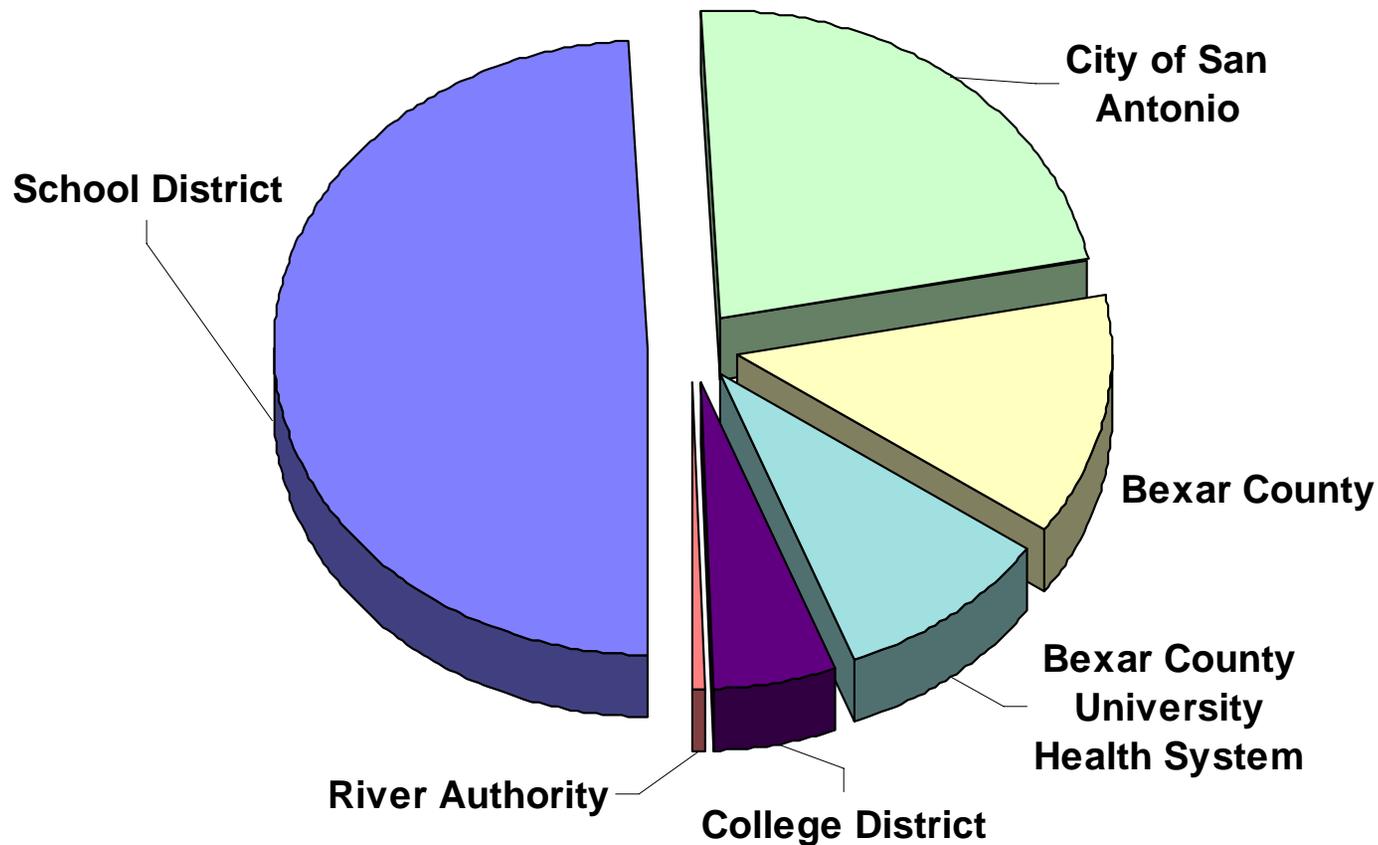
	1Q-Planned Amount	1Q-Actual Amount	Variance	FY 2008 Budget	FY 2008 Estimate	Favorable Variance
Revenues	65,744,215	65,744,215	0	226,095,647	226,216,688	121,041



Property Tax Revenue

Over 75% of total Tax Bill for schools & County with less than 1/4 for City

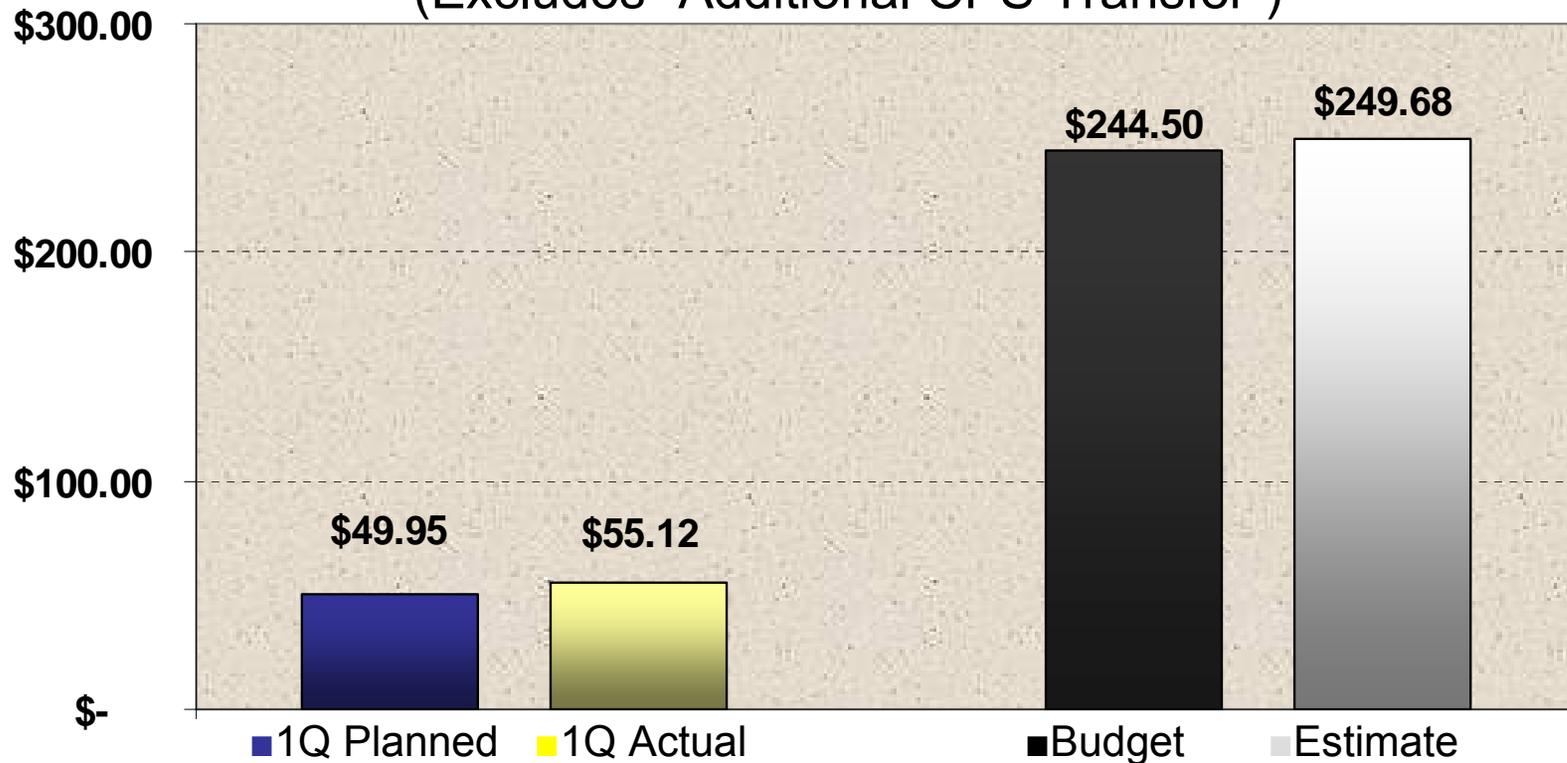
Sample Property Tax Statement





CPS Revenues (\$ in Millions)

FY 2008 Estimate \$5.2M over FY 2008 Budget
(Excludes "Additional CPS Transfer")

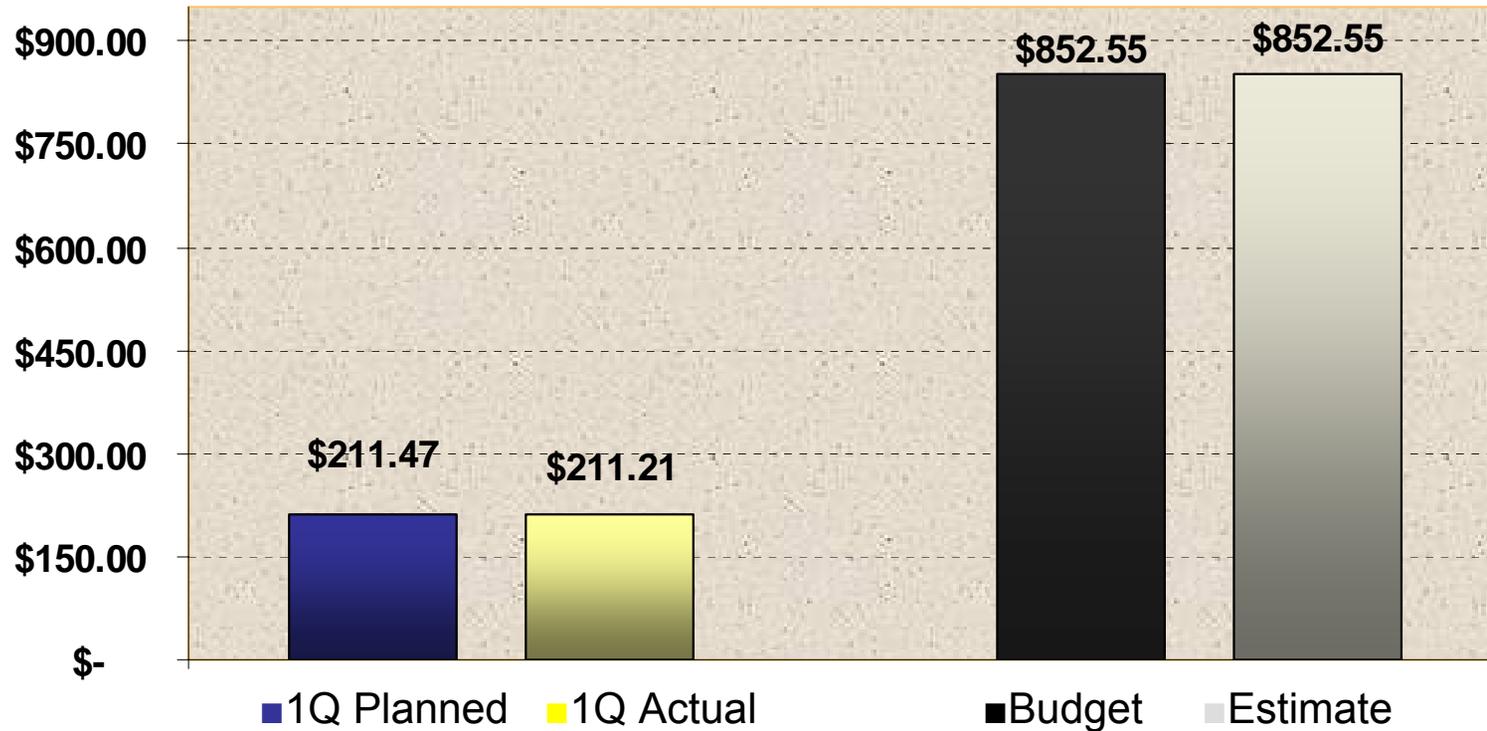


	1Q-Planned Amount	1Q-Actual Amount	Favorable Variance	FY 2008 Budget	FY 2008 Estimate	Favorable Variance
Revenues	49,948,000	55,120,132	5,172,132	244,503,000	249,675,132	5,172,132



General Fund Expenditures (\$ in Millions)

FY 2008 Estimate within FY 2008 Budget



	1Q-Planned Amount	1Q-Actual Amount	Favorable Variance	FY 2008 Budget	FY 2008 Estimate	Variance
Expenditures	211,472,869	211,211,427	261,442	852,549,322	852,549,322	0



Environmental Services Fund



- Enterprise Fund
 - Fee based – not supported with property tax
 - Revenue generated from service fees charged to users
 - Current Monthly Rate: \$17.99
 - Rate kept low due to \$5 million Utility Rebate in FY 2008
- Solid Waste Fee Assistance Program
 - \$1.6 million budgeted to provide rate assistance for seniors, the disabled community and low-income families
 - Program provides one-time credit of \$24
 - Equal to FY 2008 rate increase of \$2 per month
 - As of February 1st, 9,500 households received credits



Environmental Services

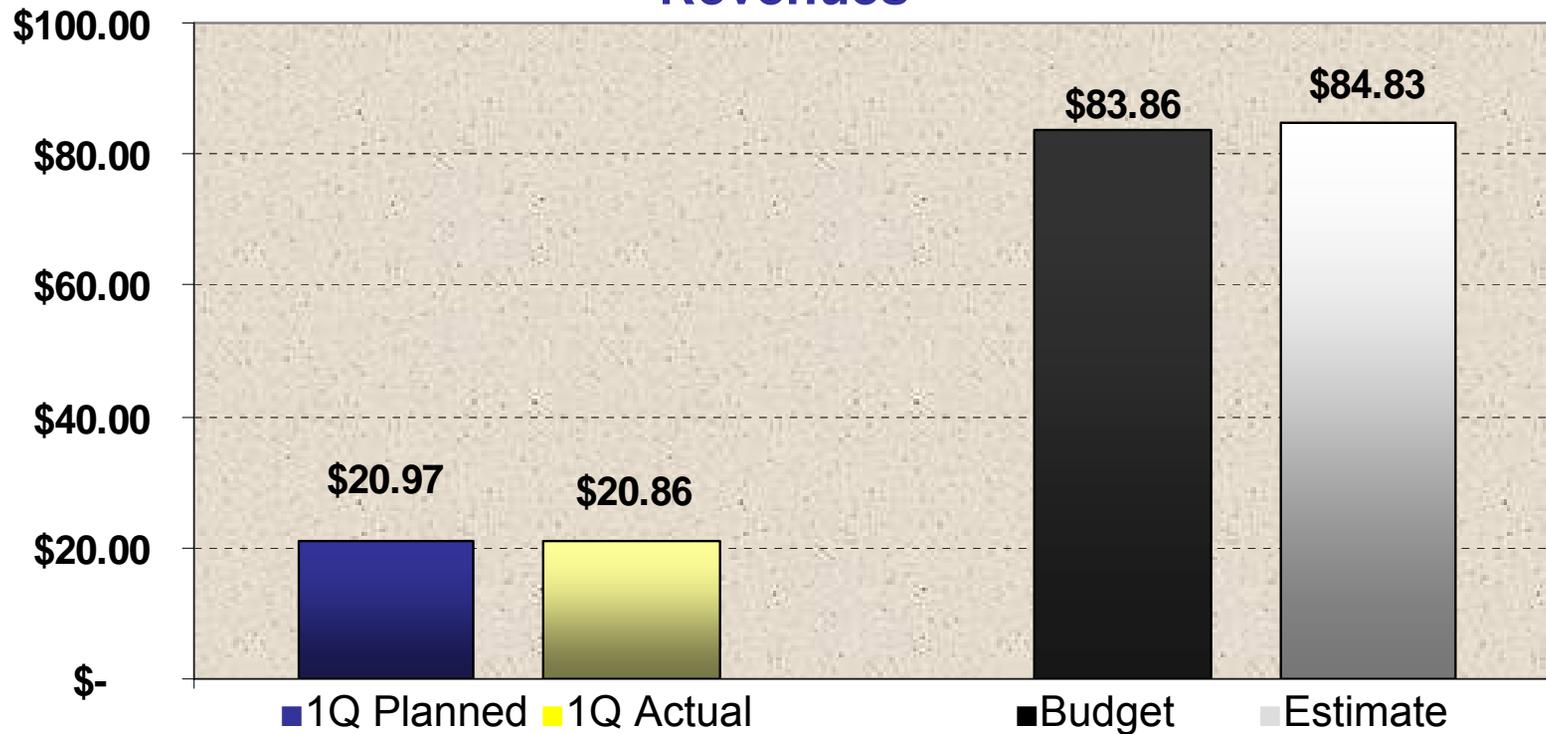
- Solid Waste Management
 - Focuses on providing weekly residential refuse and recycling collection services and semi-annual brush pickup service
- Environmental Management Programs
 - Maintains closed City landfills and other sensitive, environmentally regulated areas
- Office of Environmental Policy
 - Created in FY 2008 to focus exclusively on environmental issues such as environmental quality and reduced energy consumption
 - Currently interviewing for candidates for Manager position



Environmental Services Fund (\$ in Millions)

FY 2008 Estimate \$970K over FY 2008 Budget

Revenues



	1Q-Planned Amount	1Q-Actual Amount	Unfavorable Variance	FY 2008 Budget	FY 2008 Estimate	Favorable Variance
Revenues	20,965,401	20,863,958	(101,443)	83,861,602	84,831,553	969,951



Environmental Services Fund (\$ in Millions)

FY 2008 Estimate \$385K under FY 2008 Budget

Expenditures



	1Q-Planned Amount	1Q-Actual Amount	Favorable Variance	FY 2008 Budget	FY 2008 Estimate	Favorable Variance
Expenditures	17,794,321	17,544,110	250,211	84,703,960	84,319,007	384,953



Storm Water Fund

- Special Revenue Fund accounting for storm water management services and funded with monthly fee
- FY 2008 Budget: \$32.5 million
- Storm Water Fee
 - Assessed to all property platted within City limits that receives water service or sanitary sewer service
 - Supported programs include River Maintenance, Vegetation Control, Tunnel Operations, Street Cleaning, Engineering and Floodplain Management



Storm Water Fund

- FY 2008 Budget increased average residential monthly fee by 32 cents to cover operating costs and to support \$1.6 million in enhancements
 - Expedite Salado & Leon Creek debris removal to a 2-year maintenance cycle (improved from prior 3-year maintenance cycle)
 - Increase mowing on engineered channels from 3 to 4 times per year
 - Increase bridge vegetation maintenance
- Fund estimated to remain financially strong in FY 2008



Development & Planning Services Fund

- Enterprise fund established in FY 2007
 - Development Services Department
 - Planning & Community Development Department
 - Fire Prevention (New Commercial & Annual Inspection)
- Development revenues used to support development services
- Enhanced accountability by appropriately aligning revenue with expenses and adjusting to economic trends
- Greater trust by stakeholders and improved perception of the departments



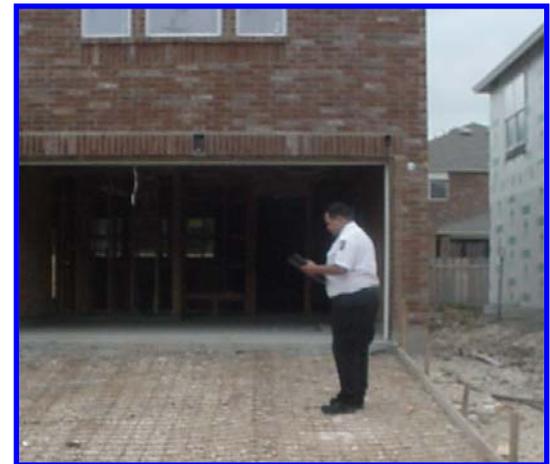
Development & Planning Services Fund

- FY 2007 Adopted Budget enhanced service levels by adding \$2.4 million in enhancements – including 41 new positions
 - No adjustments in fees/charges for services
- Downward trend in residential permitting activity that began in the 2nd quarter of FY 2006 unexpectedly continued into FY 2007
- Fund's financial status began to be negatively impacted



Development & Planning Services Fund

- Financial stabilization plan included fee adjustments
 - Preferred by stakeholders over decreases in service
 - FY 2007 Mid-Year Fee Adjustment
 - Approved by City Council in May 2007
 - Additional Fee Adjustments approved in FY 2008 Budget
 - Effective October 1, 2007
 - FY 2008 Adopted Budget projected positive ending fund balance





Development & Planning Services Fund

FY 2008 1st Quarter Activity Summary

- 11% decrease in actual revenue collected compared to the FY 2008 1st quarter planned amount
- 53% decrease in new residential permitting activity compared to the FY 2008 1st quarter planned amount
- Commercial permitting activity slightly above 1st quarter planned amount
 - Expected to remain on track for remainder of FY 2008
- Current projections for FY 2008 result in negative ending balance within fund



Development & Planning Services Fund

Performance Indicators

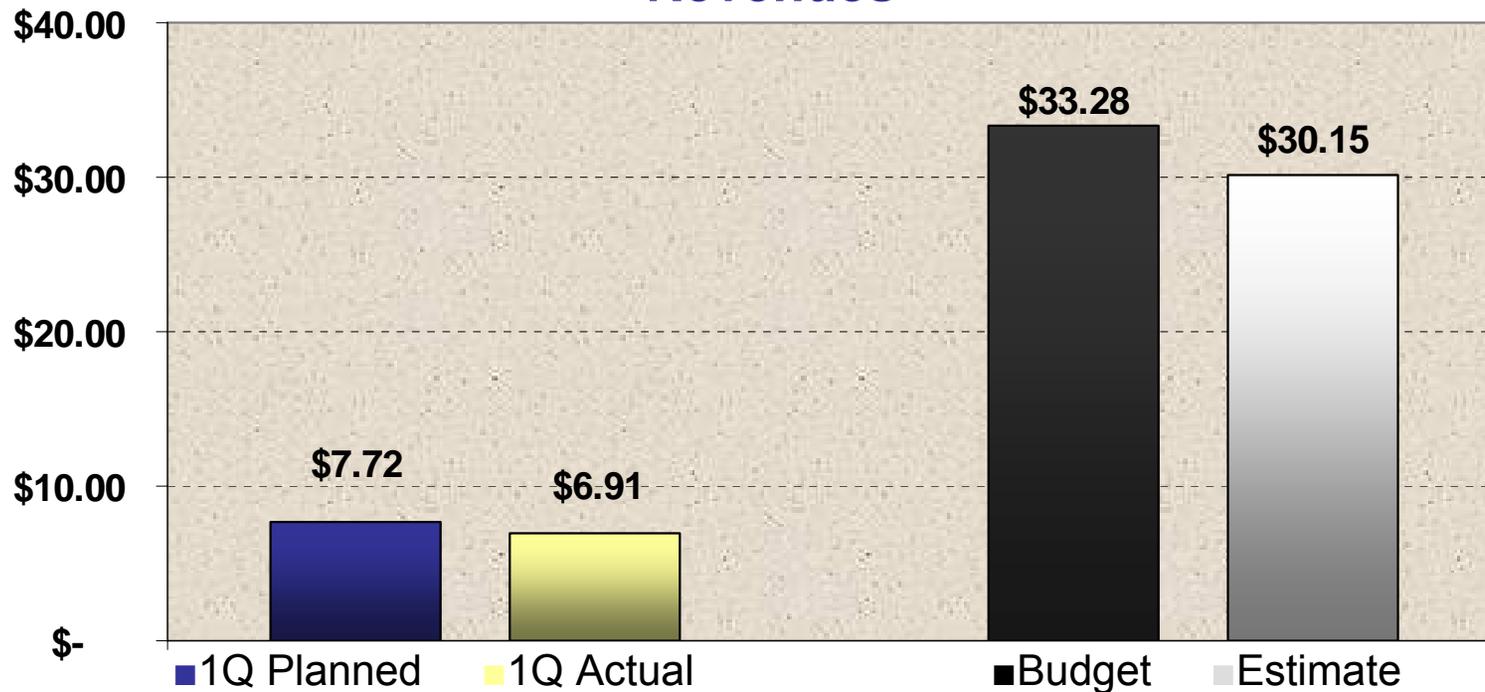
Activity	Goal	Oct 07 - Jan 08 Performance
Telephone Abandonment Rate	5%	4%
Major Plat Technical Review		
Longest Review - All Agencies	35 Days	41 Days
Longest Review - Development Services	35 Days	25 Days
Zoning Verification Letters	10 Days	4 Days
Residential Building Plan Review (Initial)	3 Days	2 Days
Complex Commercial Plan Review (Initial)	18 Days	19 Days
Building Code Inspections Performed as Scheduled	95%	97%



Development & Planning Services Fund (\$ in Millions)

FY 2008 Estimate \$3.1M under FY 2008 Budget

Revenues

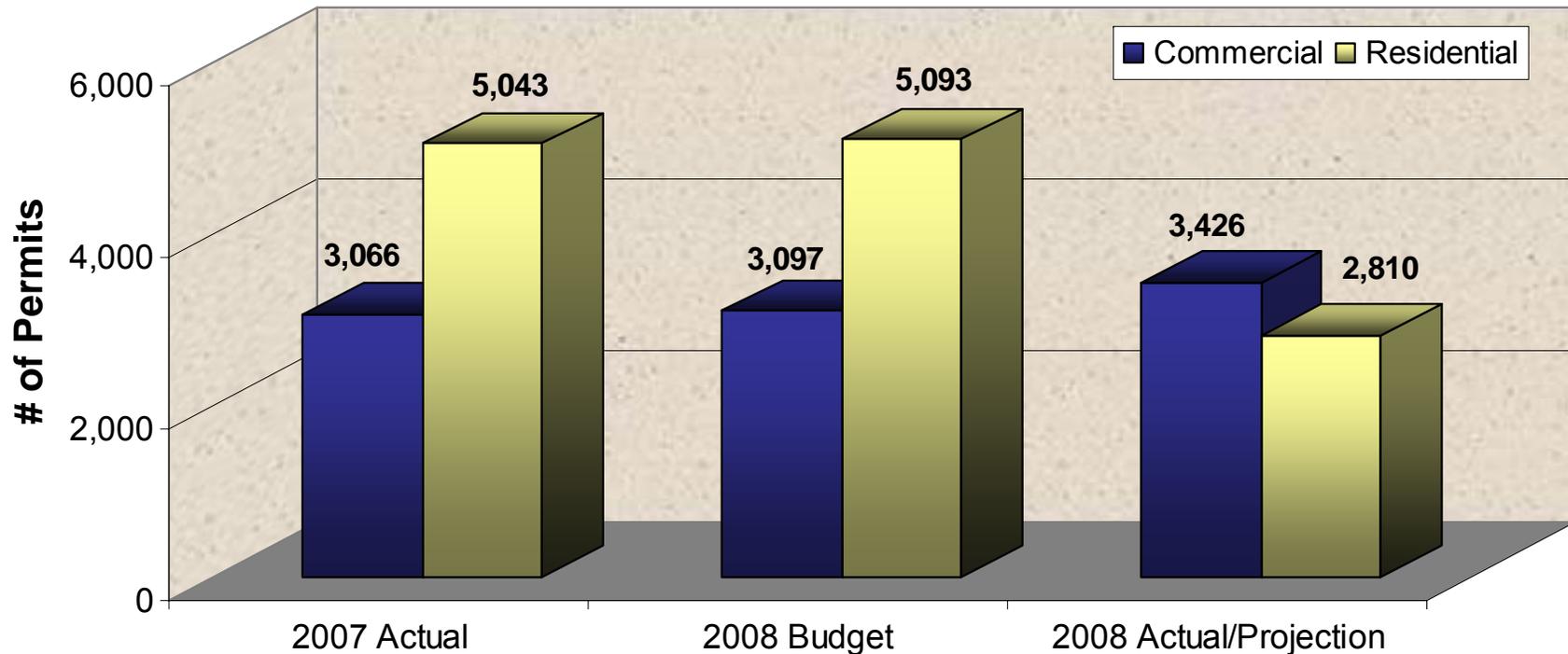


	1Q-Planned Amount	1Q-Actual Amount	Unfavorable Variance	FY 2008 Budget	FY 2008 Estimate	Unfavorable Variance
Revenues	7,718,877	6,905,532	(813,345)	33,279,773	30,150,089	(3,129,684)



Development & Planning Services Fund

Development Services - Building Permits (New Residential/New & Existing Commercial)



New residential permits re-forecasted downward by 40% for FY 2008 based on 1st Quarter actual activity



Texas Cities Comparison

- Houston
 - 1st Quarter FY 2008 (July-September) comparison over FY 2007 1st Quarter
 - Residential activity is down 23%
 - Commercial activity is down 5%
- Ft Worth
 - October-January FY 2008: New residential activity down 46% compared to first 4 months of FY 2007 (October-January)
 - Commercial activity up 47% compared to first 4 months of FY 2007
- Dallas
 - FY 2008 1st Quarter (October-September) revenue \$442,000 below planned amount
 - Department cutting expenditures and anticipates freezing positions



Development & Planning Services Fund

Nationwide Cities Comparison

- Sacramento, CA
 - \$3.7 million shortfall in FY 2008 revenue
 - Development Services Department layoffs in progress
- Las Vegas, NV
 - New residential building permits decreased by 22% in calendar year 2007 compared to 2006
- Mesa, AZ (suburb of Phoenix)
 - Building permits decreased by 14% in November 2007 and 11% in December 2007 compared to same months in 2006
 - 35 layoffs implemented in the Building Safety Division



Development & Planning Services Fund

Nationwide Cities Comparison

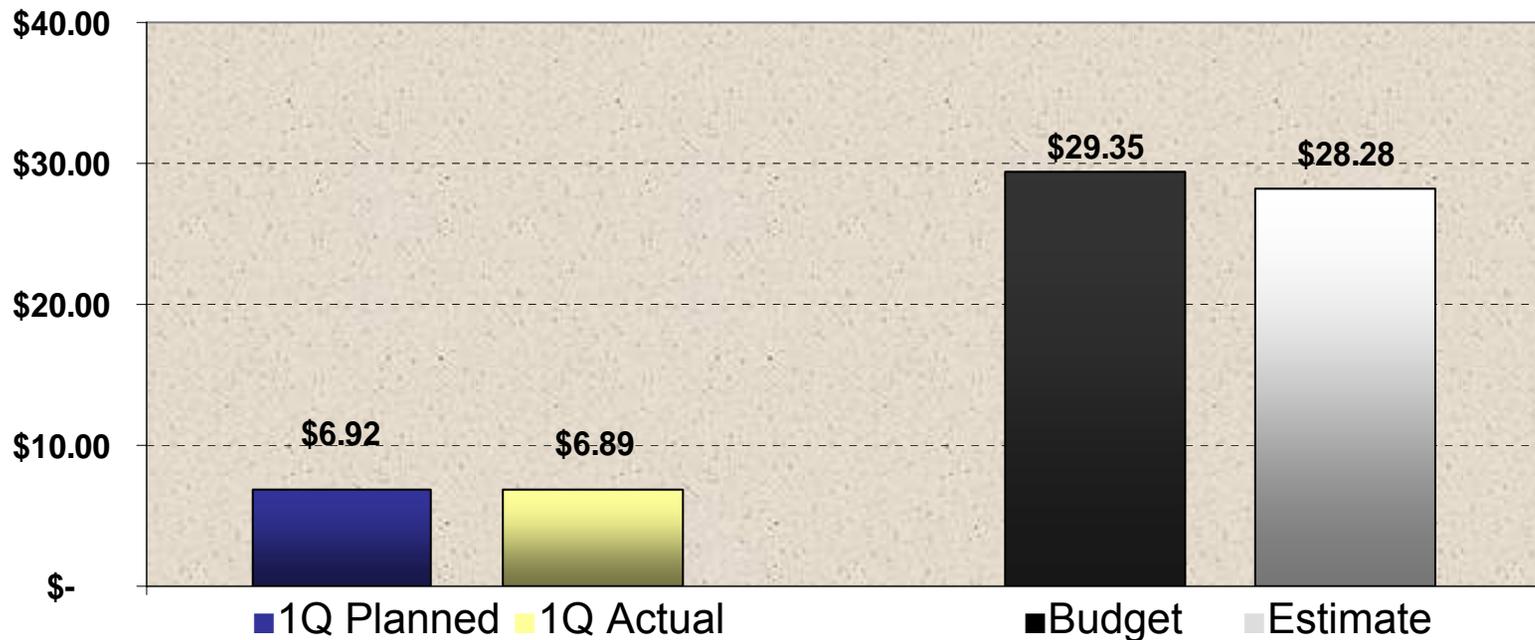
- Phoenix, AZ
 - Residential permits decreased by 26% in FY 2007 (July-June) compared to FY 2006
 - FY 2008 Reduction in Force of 121 positions
- Denver, CO
 - Building permits decreased by 40% in January 2008 compared to January 2007
- Tampa, FL
 - Residential permitting decreased by 16% in January 2008 compared to January 2007



Development & Planning Services Fund (\$ in Millions)

FY 2008 Estimate \$1.1M under FY 2008 Budget

Expenditures



	1Q-Planned Amount	1Q-Actual Amount	Favorable Variance	FY 2008 Budget	FY 2008 Estimate	Favorable Variance
Expenditures	6,918,845	6,893,154	25,691	29,353,868	28,281,260	1,072,608



Corrective Action

- Since January, Development Services has implemented measures to mitigate declining revenues
 - Reduced operating expenditures (overtime, capital outlay)
 - More closely evaluated filling vacant positions
- Since February 1st, additional measures have been implemented
 - Developed two-year Deficit Reduction Strategy
 - Immediate freezing of 33 vacant positions for remainder of FY 2008 and FY 2009
 - Continue to evaluate filling vacancies as they occur
 - Corrective actions to-date will not impact current service levels



Corrective Action

- Stakeholders indicate a preference for reduction in positions over additional fee increases
- Staff is currently finalizing corrective alternatives that could be implemented in April 2008 if financial condition continues to erode during the 2nd Quarter



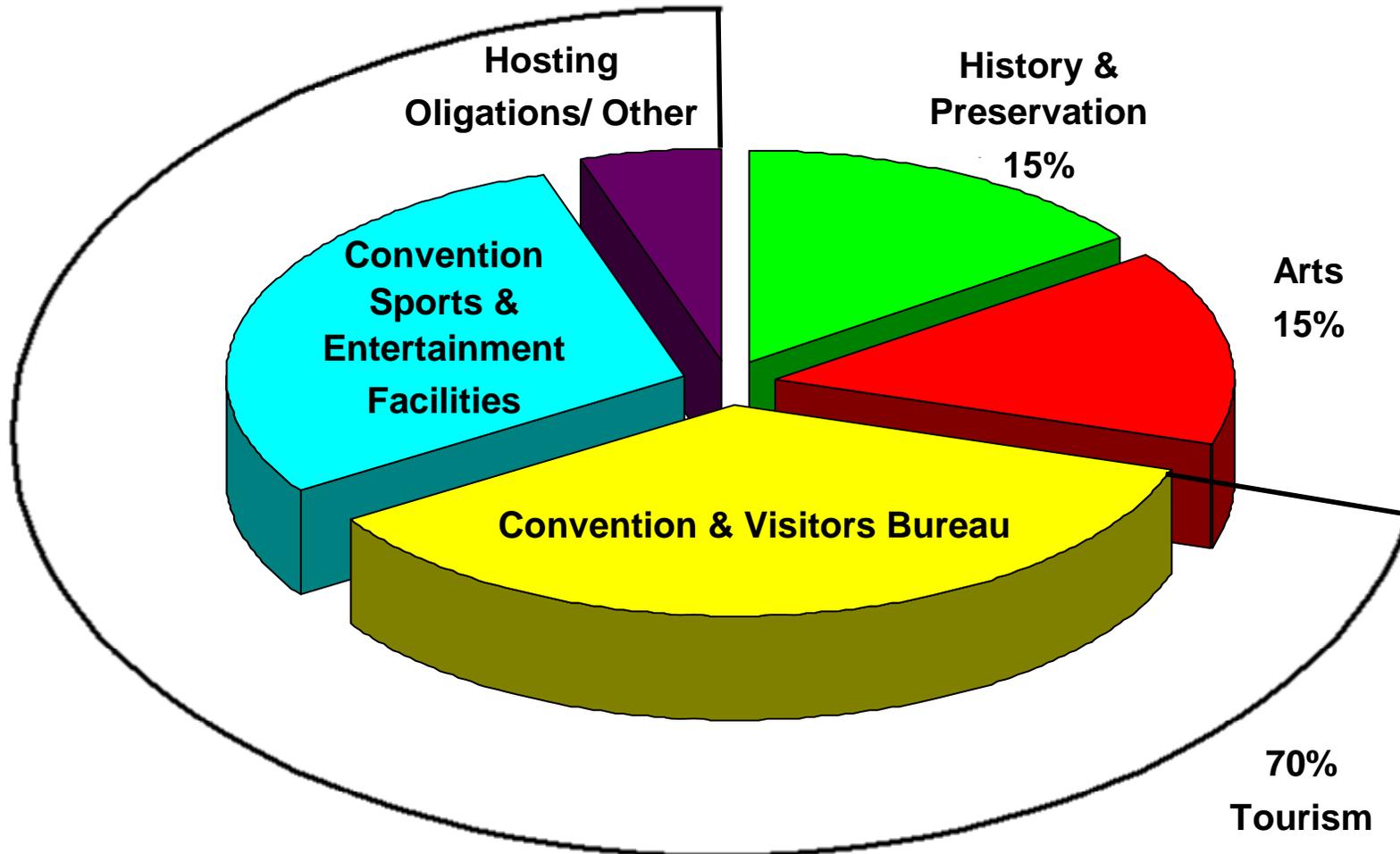
Visitor Related Operations & Major Funding Sources

- Resources
 - Hotel Occupancy Tax Collections
 - Convention Center / Alamodome Revenues
- Operations
 - Convention Center
 - Convention & Visitors Bureau
 - Cultural Affairs
 - International Affairs
 - Arts & Cultural Programming



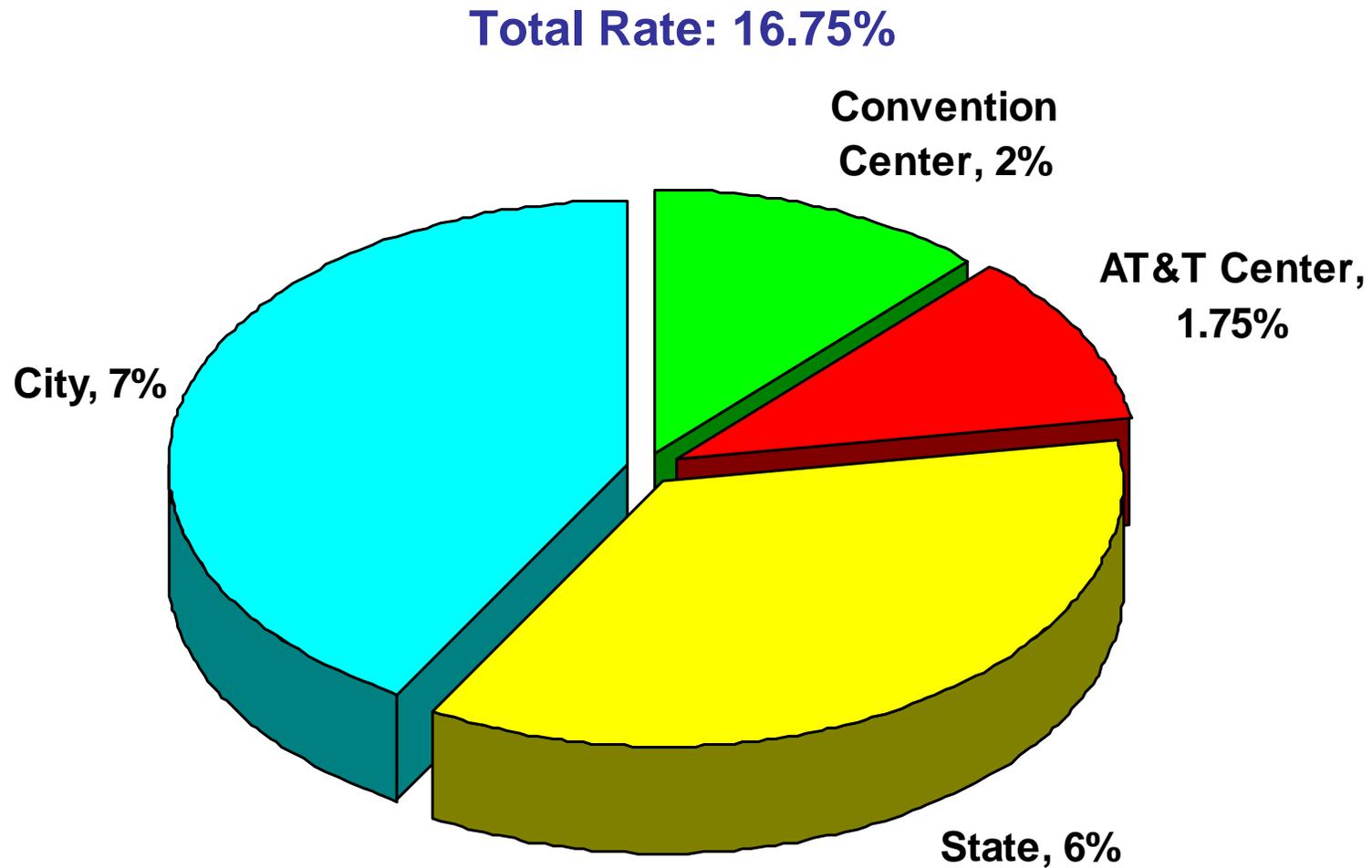
Hotel Occupancy Tax

FY 2008 Tax Distribution





Hotel Occupancy Tax Rate

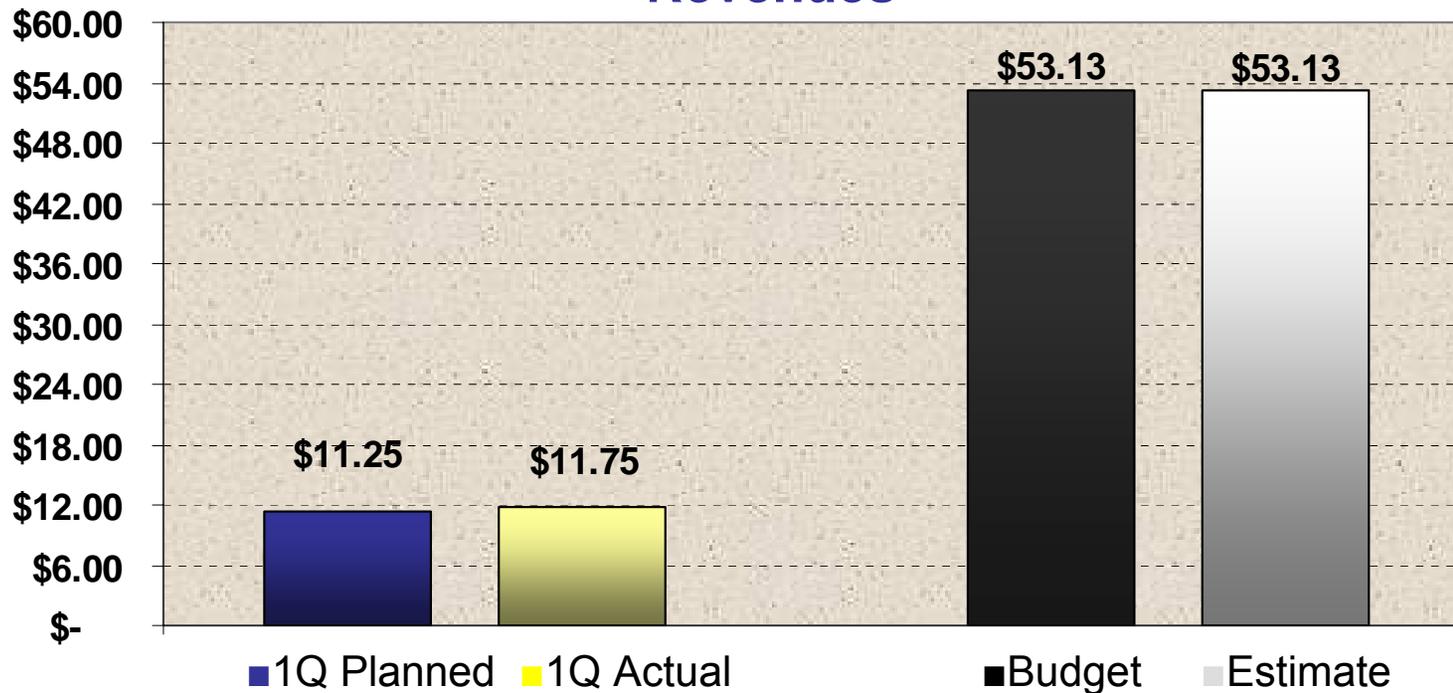




HOT Collections (\$ in Millions)

FY 2008 Estimate within FY 2008 Budget

Revenues



	1Q-Planned Amount	1Q-Actual Amount	Favorable Variance	FY 2008 Budget	FY 2008 Estimate	Variance
Revenues	11,248,509	11,751,682	503,173	53,132,658	53,132,658	0

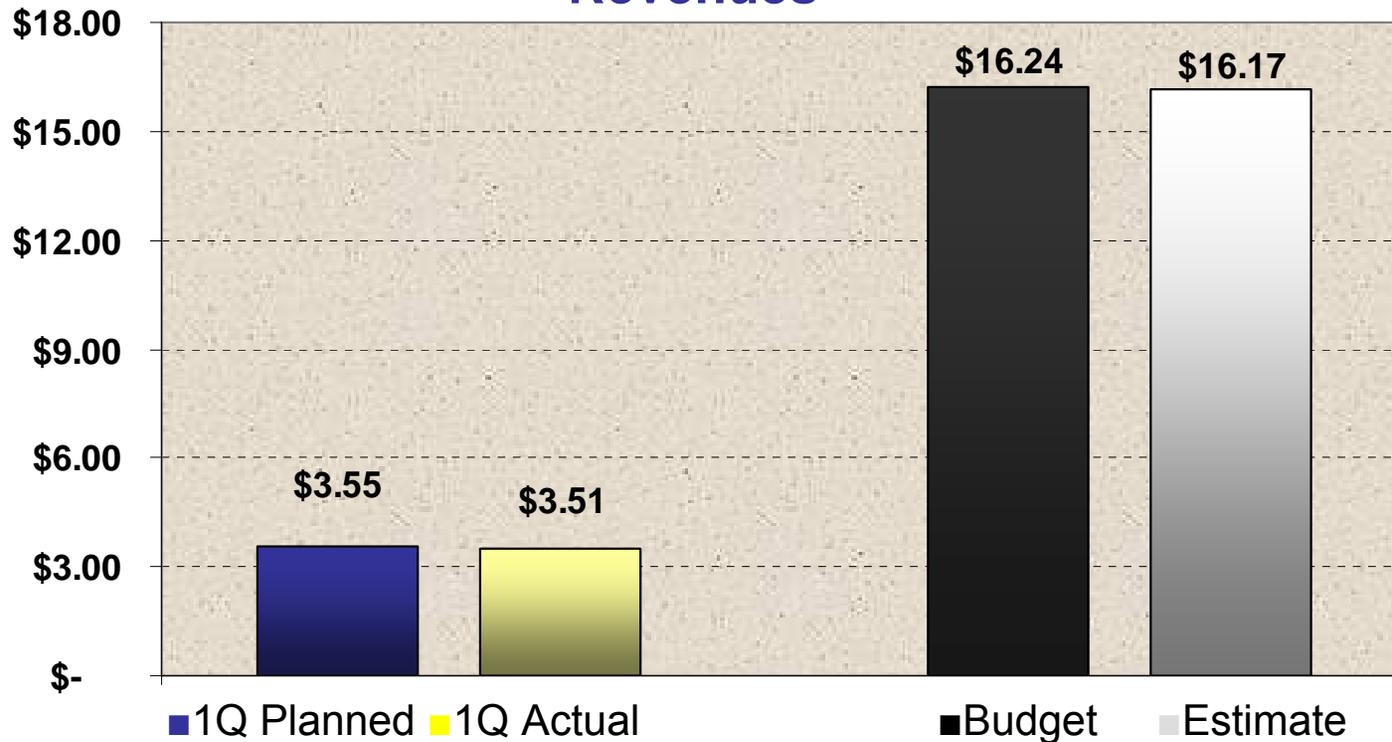


Convention Center / Alamodome

(\$ in Millions)

FY 2008 Estimate \$71K under FY 2008 Budget

Revenues



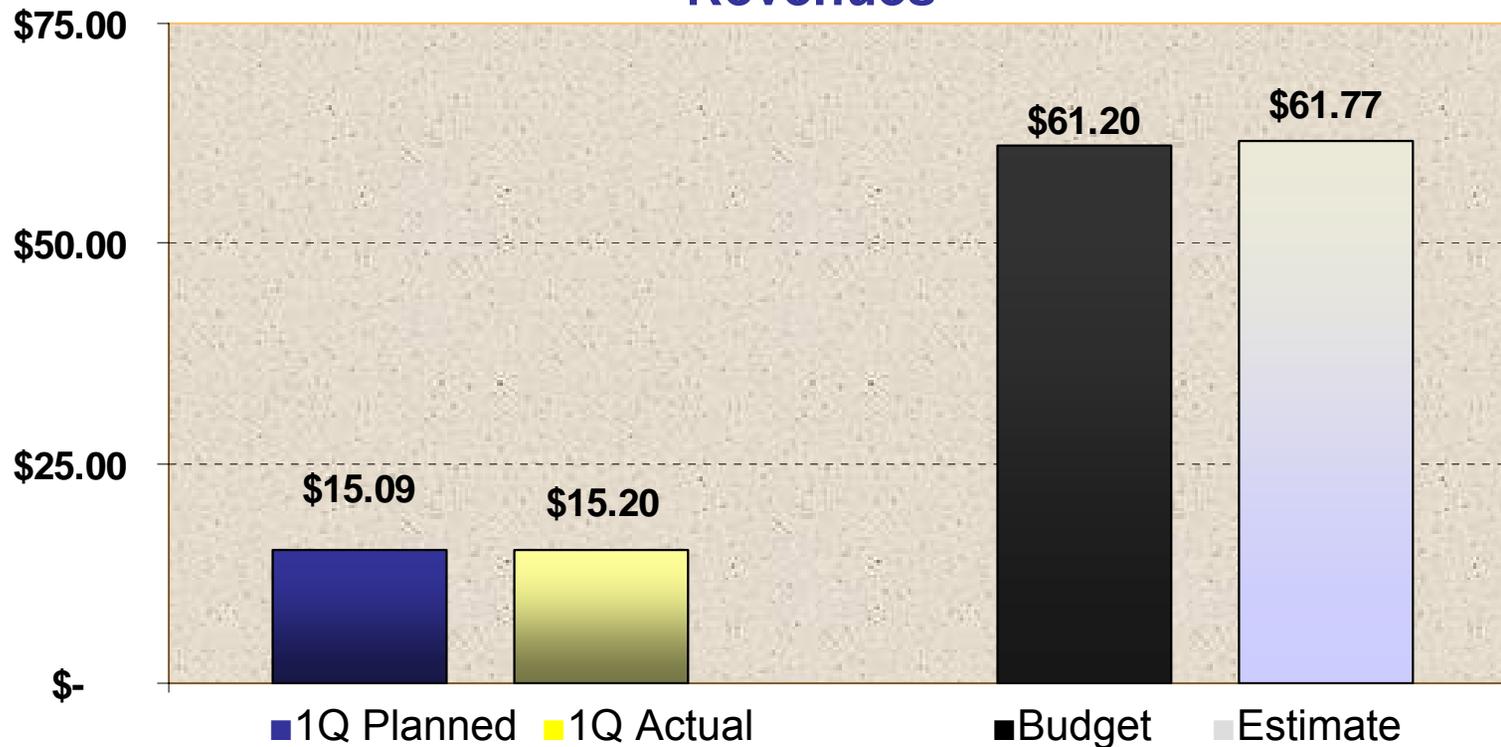
	1Q-Planned Amount	1Q-Actual Amount	Unfavorable Variance	FY 2008 Budget	FY 2008 Estimate	Unfavorable Variance
Revenues	3,550,022	3,512,209	(37,813)	16,241,679	16,170,643	(71,036)



Airport Operating Fund (\$ in Millions)

FY 2008 Estimate \$565K over FY 2008 Budget

Revenues

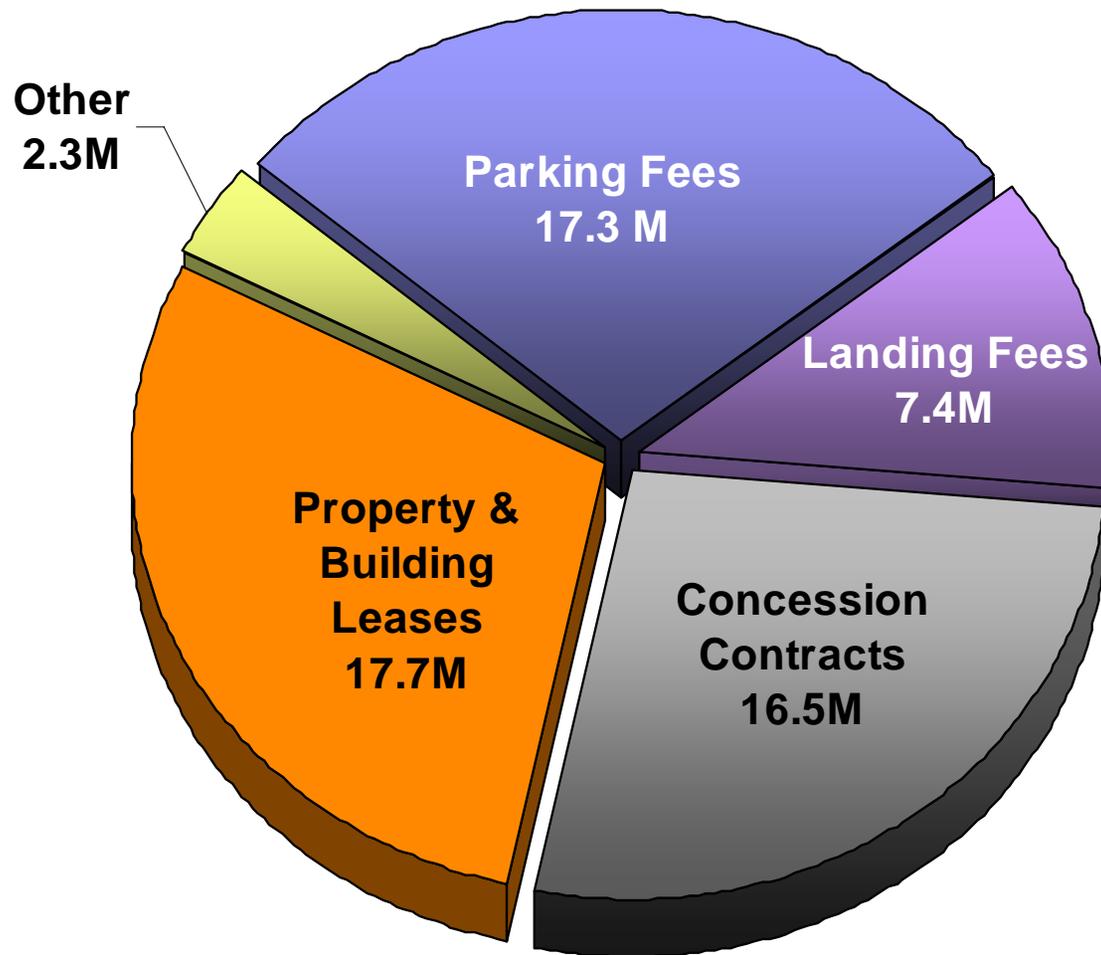


	1Q-Planned Amount	1Q-Actual Amount	Favorable Variance	FY 2008 Budget	FY 2008 Estimate	Favorable Variance
Revenues	15,088,498	15,202,179	113,681	61,203,331	61,767,979	564,648



Airport Operating Fund

Revenue Summary (\$61.2 Million)

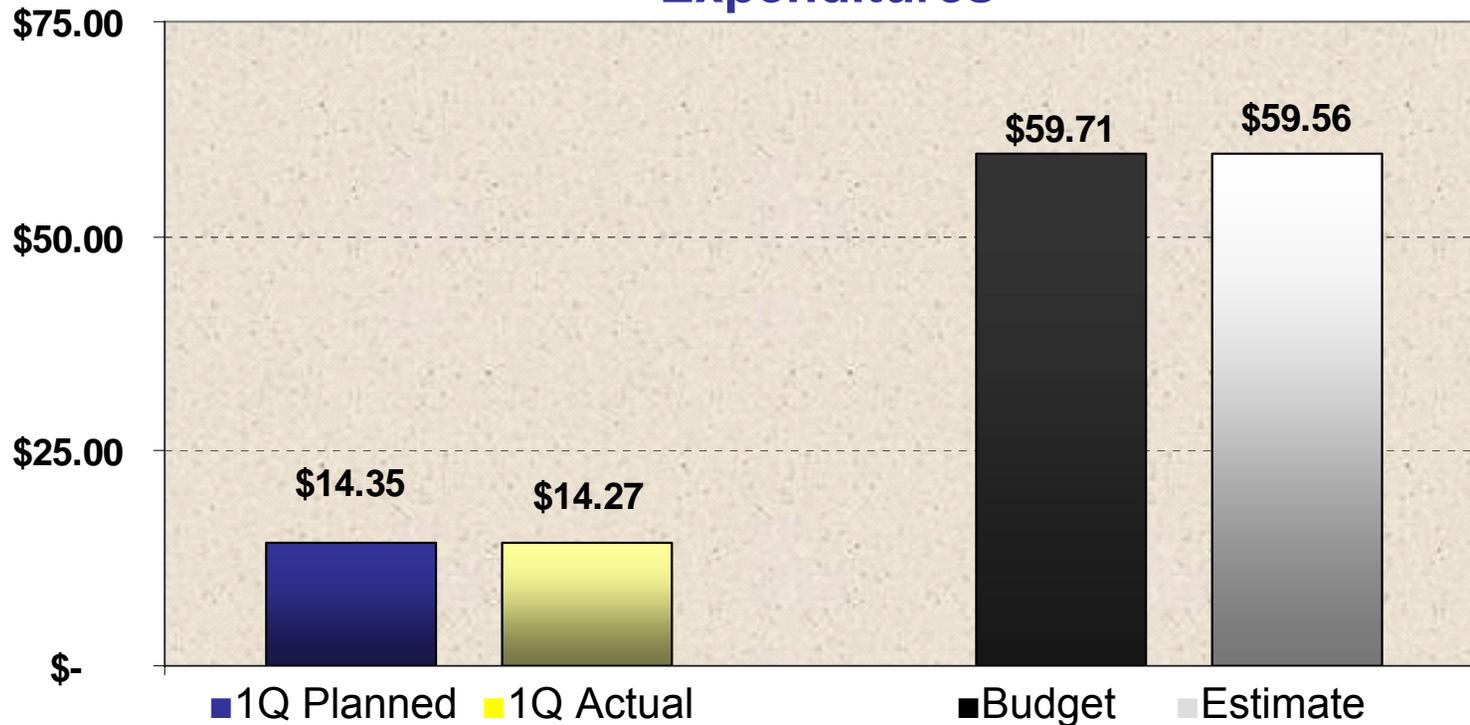




Airport Operating Fund (\$ in Millions)

FY 2008 Estimate \$146K under FY 2008 Budget

Expenditures

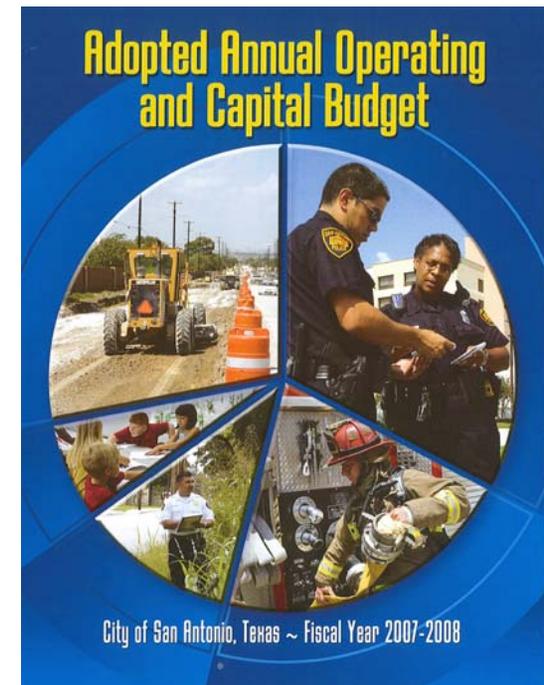


	1Q-Planned Amount	1Q-Actual Amount	Favorable Variance	FY 2008 Budget	FY 2008 Estimate	Favorable Variance
Expenditures	14,353,361	14,272,473	80,888	59,707,455	59,561,061	146,394



Next Steps

- Budget Calendar Development for FY 2009
 - Citizen Civic Academy
 - Citizen Input Forums
 - Employee Input Forums
 - Council Budget Goal Setting Worksession
- Long Range Financial Forecast
- 6+6 Budget & Financial Report
 - Update on 2nd Quarter Financial and Budget Initiatives
 - Mid-Year Budget Amendments for Council Consideration





THREE PLUS NINE BUDGET & FINANCE REPORT
