September 30, 2004

To the Honorable Mayor and City Council:

I am pleased to present the Adopted Budget for the City of San Antonio. The Adopted Consolidated Annual Budget for FY 2005, comprised of all funds, excluding transfers, totals $1.5 billion. Operating expenditures total $1.15 billion and the FY 2005 capital improvement program totals $397.1 million. Within the operating expenditures, General Fund expenditures and transfers total $673.2 million, an increase of 4.9% over the FY 2004 Revised Adopted Budget.

This year's budget development process involving citizens, the Mayor and City Council, the Management Team, and all city departments provided a targeted focus on organization-wide policy and service delivery issues to develop a budget that allocates resources toward service delivery plans that provide quality city services, targeted investments, and addresses key policy issues.

The revenue outlook is one of continued strength from San Antonio's local economy allowing the City to realize stronger receipts in sales tax projected through FY 2005. Continued development and strong property values together with added CPS revenue have improved the overall revenue outlook for the City. Finally, the General Fund would gain from new revenues and adjustments to current revenues to recover costs associated with providing City services and programs.

The FY 2005 Adopted Budget provides targeted investment in City Council priorities including infrastructure, public safety, economic development, human development, accountability, the environment, neighborhoods, and senior and health services. The FY 2005 Budget provides City Council with a property tax relief option for seniors and disabled citizens and establishes for the first time a Disabled Homestead Exemption of $12,500 for FY 2006.

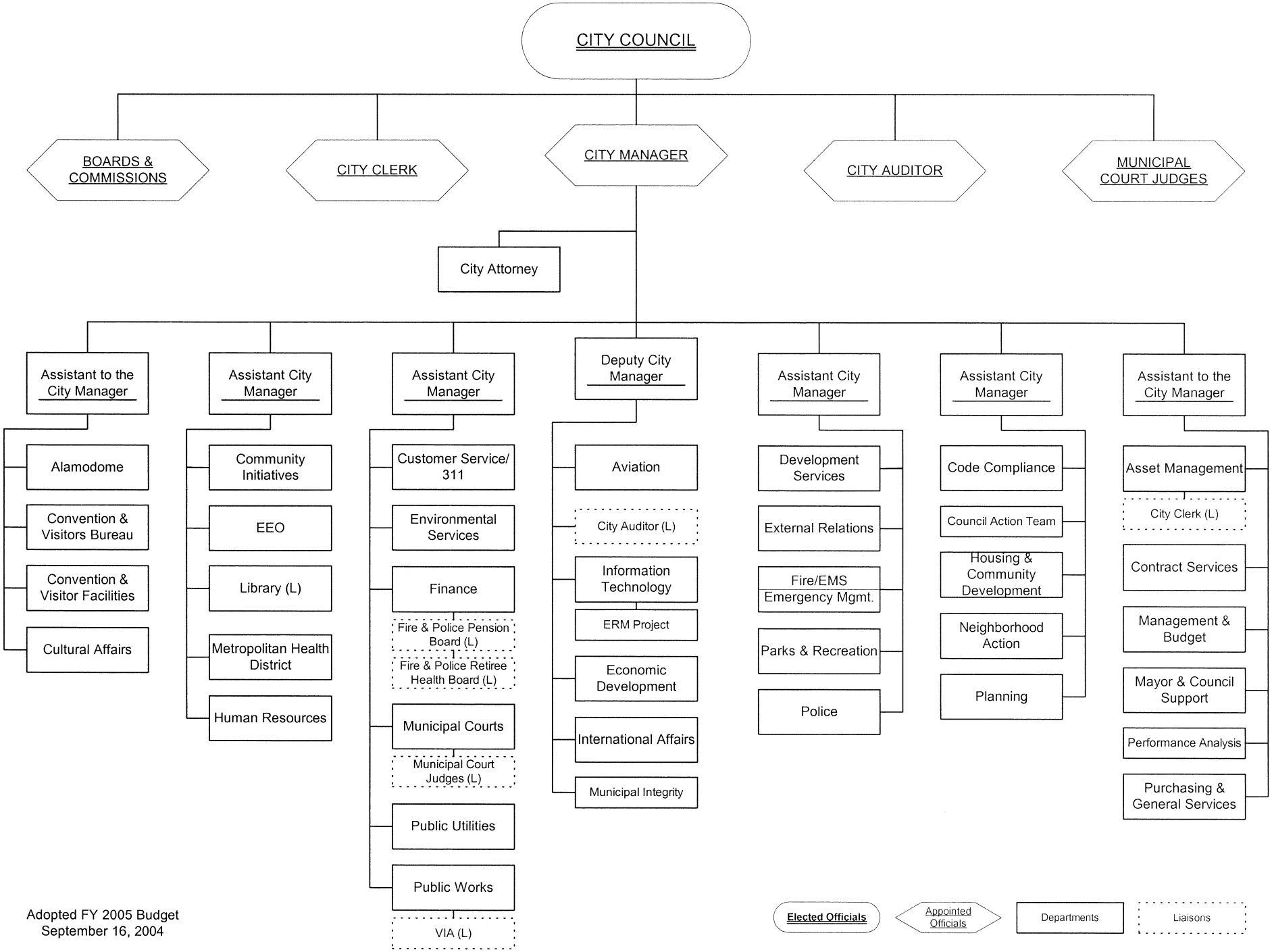
The FY 2005 Budget includes a proposed City Public Service (CPS) Revenue Policy for consideration by the City Council. The CPS Revenue Policy is designed to manage the City's reliance on this significant revenue source, establish a reserve fund, and provide potential funding for utility assistance and economic development and infrastructure initiatives. In addition, in FY 2005 at the request of City Council, the CPS Board of Trustees will consider the possible expansion of eligible costs, to include economic development initiatives, to be funded with City designated CPS Underground Utility Conversion funds. Finally, the City Council will review allocation proposals for the City's Economic Development Incentive Fund to include additional funding for street maintenance and workforce initiatives related to new job creation.

I would like to express my sincere appreciation to the City Council for providing valuable policy guidance during the budget goal-setting worksessions held in late April and in May and during the Council Goals and Objective Worksession. I would also like to thank the staff in each department for their continued professionalism throughout the process. I particularly would like to recognize the contribution of the City employees who participated in the second annual Bottom Line Strengthening Program (BLS) this spring. Finally, I would like to call particular attention to the extensive dedication and commitment of the Executive Team, Management Team, and the long hours of hard work by the staff of the Office of Management & Budget in this important effort.

Respectfully submitted,

Terry M. Brechtel
City Manager

CITIZENS OF SAN ANTONIO



Adopted FY 2005 Budget
September 16, 2004

Executive Summary
Fiscal Year 2004 - 2005 Adopted Budget

Overview

The **FY 2005 Annual Adopted Operating and Capital Budget** has been developed to allocate resources toward service delivery plans that provide quality city services, targeted investments, and continued infrastructure improvement projects. The annual budget development process serves as the foundation for the City's allocation of resources toward service delivery plans that provide quality services, targeted investments, and continued improvements. Additionally, the budget process encapsulates incremental changes to address service requirements and builds upon initiatives funded in prior years as well as establishes new direction for programs through the allocation of resources. Finally, the annual budget development process and the annual budget itself is a fixed strategy that allows for plan changes throughout the year to address service requirements of the customer.

The Executive Summary included within the Annual Operating Budget serves as a broad overview to highlight how the allocation of City financial, human, and capital resources are targeted to achieve the goals listed above. The Executive Summary is organized in the following manner and is only one component of an overall financial and service delivery strategic plan.

Executive Summary Outline

1. Budget Development Process
2. FY 2005 Total City Budget (All Funds)
3. City Personnel Levels
4. General Fund Revenues
5. Significant Changes from the FY 2004 Revised Adopted Budget - All Funds
6. Other Funds Overview
7. Six Year Capital Improvement Plan

Budget Development Process

The process of developing the FY 2005 Adopted Budget is a comprehensive effort that involves input from citizens, the Mayor and City Council, outside governmental and private agencies and organizations, and all city departments and offices. There are several major components to the process including the annual goal-setting process with the Mayor and City Council, analysis of cross cutting organizational issues, and a review of City services and revenues. This year's budget process was improved in many ways including providing the Mayor and City Council with eight pre-proposed budget development goal setting worksessions, scheduling an additional week for Mayor and City Council to consider the proposed budget, and restructuring the organizational analysis and city service delivery reviews with all city departments and offices.

During the fifteenth annual City Council Goals & Objectives worksession, two major themes were developed. One included listing the Council's Key Success Factors (KSF). KSF are the underlying drivers that result in achieving the major goals set out by the Mayor and City Council in the FY 2005 Budget and beyond. The following is a listing of the Key Success Factors that were developed by the Mayor and City Council. The KSF's are listed in priority order with "1" being the most important success factor.

Key Success Factors

1. Leverage our economic vitality to increase the tax base
2. Prevent cost drivers (by addressing preventative goals)
3. Fully utilize City resources
   - Maximize staff capabilities and leverage productivity
   - Maximize assets
4. Leverage San Antonio's distinctiveness
5. Maximize San Antonio's human potential

The second major theme from the Goals & Objectives was to establish service priority areas that should be addressed with the FY 2005 Proposed Budget. The City Council outlined both their individual and collective priorities for the FY 2005 Budget including the following Priority Areas.

FY 2005 City Council Priority Areas

- Infrastructure
- Economic Development
- Human Development
- Accountability
- Environment
- Neighborhoods
- Senior Services
- Health
- Public Safety
- Interlocal Cooperation

The City staff followed the Council's guidance from the Goals & Objectives Worksession as the basis for recommending redirections and reductions in the Proposed Budget and for proposing targeted added investments in key Council priority areas.

In early spring, departments were given target budgets based on current service requirements. Each department was asked to prepare proposals for the redirection of resources and/or suggested program improvements or reductions from the Council's priority listing and the identified list of City Services for evaluation that was presented to City Council during a goal-setting worksession. Additionally, each department was asked to present proposals addressing applicable recommendations coming from the Bottom Line Strengthening (BLS) Program.

Since early June, the City Manager and the Management Team have met with each department director to review the department's balanced scorecards, estimated commitments for FY 2004, FY 2005 base budgets, proposed revenue enhancements, resource redirections, program reductions, fund schedules capital and grant programs, organization-wide policy issues, and service delivery methods to include the following:

Organization-wide Policy and Service Delivery Topics

- Employee Benefits and Compensation
- Certification Pay
- Employee Uniform Initiatives
- Marketing City Services & Community Outreach
- Contracts Administration
- Capital Projects & Infrastructure Improvement Strategies
- Overtime Use and Overtime Budgets
- Enterprise Resource Management
- Administrative Efficiencies
- Cash Handling Policy & Procedures
- Public Utility Policies
- City Vehicles Use & Maintenance

The Five Year Financial Forecast projected a shortfall of $21.3 million for the General Fund under certain assumptions. The Proposed Budget for FY 2005 eliminates the projected shortfall through a combination of revenue changes, reductions, and redirections designed to minimize negative impacts on service delivery while at the same time setting aside resources for making service delivery improvements. The table on the following page summarizes the steps taken to balance the Budget for FY 2005.

After receipt of the Proposed Budget, the City Council held fourteen worksessions to review the proposed service program details. The Budget worksessions included a review of revenues and presentations by various departments that included a description of the significant policy issues many of which cross departmental lines. After considering all the recommendations and receiving input from citizens at four public hearings, City Council amended the budget by balancing program revenues and expenditures. The FY 2005 Budget was adopted on September 16, 2004. The specific adjustments to the General Fund, Airport Operating Fund, Parks Development & Expansion Fund and the Six Year Capital Budget are detailed on the schedules provided on the following pages.

Regarding the Six Year Capital Budget, the Adopted Budget includes $6,450,000 in dollar-for-dollar challenge match improvements that were added to the Budget as City Council Amendments. The City's contribution for these challenge match projects is from Certificates of Obligation. The Six Year Capital Budget was also amended through City Council redistribution of project budget funds to either amend a proposed project or to replace a project with another project totaling $238,000 within the HUD 108 Loan Program in City Council Districts 2, 4, 5 and 8. Also, $1,094,000 was redistributed to each of the City Council Districts based on the HUD distribution formula from the HUD 108 Loan funded NID Challenge Match leaving $1 million for that initiative These reallocated funds will be used to either augment each City Council Districts' HUD 108 District-Wide Neighborhood Accessibility and Mobility Program or to provide additional funding to a recommended project or to add a new eligible project.

How the FY 2005 Budget Was Balanced
From May 2004 Projections to August 2004 Proposed Budget
-- Approximation in Millions of $ --

Five-Year Forecast FY 2005 Projected General Fund Shortfall (May 2004)	**($21.3)**
Revenue Changes in FY 04 Re-Estimate since May 2004 Forecast Projection	
FY 2004 Change in Sales Tax Re-Estimate	(1.3)
FY 2004 Change in CPS	6.5
FY 2004 Change in other Revenues	1.2
	6.4
Revenue Changes in FY 05 Current Services Budget since May 2004 Forecast Projection	
FY 2005 Change in Sales Tax	(1.4)
FY 2005 Change in Current Property Tax	4.5
FY 2005 Change in CPS	4.4
FY 2005 Change in other Revenue Projections	2.9
	10.4
Revenue Changes Proposed in FY 05 Budget (Not included in Forecast Presentation)	**4.6**
FY 2004 Savings in Expenditure Re-estimates since May 2004 Forecast Projection	**1.4**
Expenditure Changes in FY 2005 Proposed Budget to Forecast Current Service Budget	
FY 2005 Reductions in Mandate Expenditures (compared to Mandates in Forecast)	1.5
FY 2005 Proposed Budget Reductions/Redirections	5.9
FY 2005 Employee Benefit Savings included in FY 05 Proposed Budget	3.0
	10.4
Amount available for improvements in FY 2005 Proposed Budget:	**$11.9**

Finally, the City Council also amended the FY 2005 Proposed Budget to increase the Storm Water Fee to provide funding for Storm Water Revenue Bonds for Regional Storm Water Projects. The fee increase will be scheduled to take place in December 2004 after appropriate public notice and a public hearing is scheduled and held that the City Council consider approving a $0.60 increase to the Storm Water Fee for FY 2005. The increase to the fee will allow the City to acquire an additional $56,885,000 in Storm Water Revenue Bonds that could be used to complete ten priority storm water projects. The $0.60 rate increase will move the average Residential Rate from the current $3.08 monthly fee to a $3.68 monthly fee.

Amendments to the Proposed General Fund Budget

Added Amendments

City Council Budget Priority	Description	Amount
Infrastructure	Support Bexar County Regional Mobility Authority	$500,000
Community Development	Support San Antonio Symphony	$320,000
Public Safety	Restore Fire Lieutenant assigned to Personnel	$100,483
Public Safety	Maintain Officer Complement on Ladder Trucks	$211,123
Public Safety	Restore EMS Peak Overtime Budget	$21,600
Public Safety	Restore Lieutenant assigned to EMS Communications	$101,725
Human Development	Provide Funding to Diabetes Prevention Program Bienestar	$100,000
Human Development	Provide Funding for Day Center	$125,000
Human Development	Provide Funding for Mobile Canteen	$125,000
Economic Development	Add funding for Austin-San Antonio Corridor Council	$50,000
Economic Development	Increase contribution to Project Quest	$500,000
Neighborhoods	Provide Funding for Downtown Strategic/Master Plan	$50,000
Other	Increase amount for City Council Administrative Assistant Compensation	$39,446
Other	Increase amount for City Auditor Budget	$236,804
Revenues	Amend Vested Rights proposed fee structure and application increase	$53,220
	Total Added Amendments	**$2,534,401**

Supporting Sources

Department/Source	Description	Amount
Municipal Elections	Eliminate funding for February 2005 Sales Tax Election	$575,000
Adjustment for Reserves	Release encumbered funds for Audit Services Contract	$236,804
Sales Tax Revenue	Increase FY 2004 Sales Tax Revenue Re-Estimate	$1,195,931
EMS Transport Fee	Increase Emergency Medical Services Transport Fee by $10 per transport classification	$108,353
Transfers	Reduce funding for SAWS headquarter building finish-out	$300,000
One-Time Projects	Reduce General Fund Capital Outlay budget	$118,313
	Total Supporting Sources	**$2,534,401**

Amendments to the Proposed Airport Operating Fund

Added Amendments

City Council Budget Priority	Description	Amount
Community Development	Secure Performances from San Antonio Symphony at International Airport	$80,000
	Total Added Amendments	**$80,000**

Supporting Sources

Department/Source	Description	Amount
Transfer to I&C Fund	Reduce FY 2005 Transfer to Airport I&C Fund	$80,000
	Total Supporting Sources	**$80,000**

Amendments to the Proposed Parks Development & Expansion Fund

Added Amendments

City Council Budget Priority	Description	Amount
Infrastructure/Community Development	Add 1 Special Projects Manager to the Linear Park Program	$80,000
	Total Added Amendments	**$80,000**

Supporting Sources

Department/Source	Description	Amount
Fund Balance	Reduce Parks Development & Expansion Fund Fund Balance	$80,000
	Total Supporting Sources	**$80,000**

Amendments to the Proposed Six Year Capital Budget

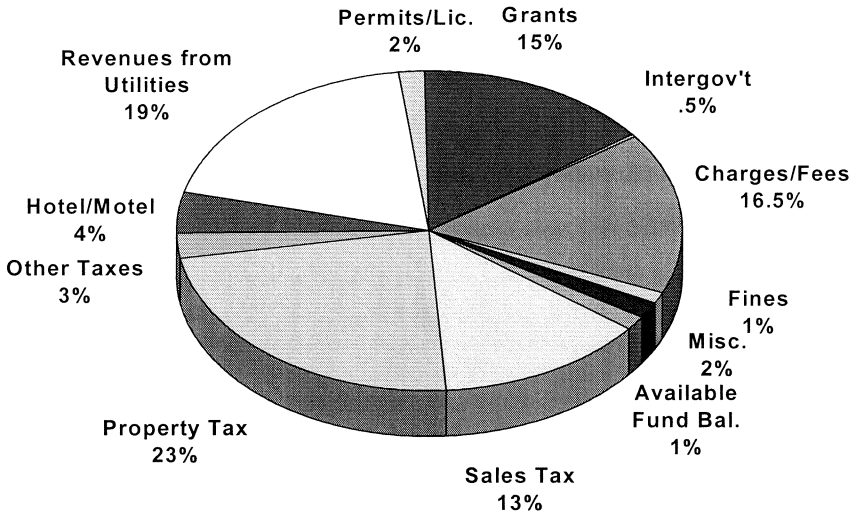
Added Amendments

City Council Budget Priority	Description	Amount
Transportation – Streets	Bulverde Road Traffic Signal/Harcourt Challenge Match	$200,000
Transportation – Streets	Hardy Oaks Street Challenge Match	$500,000
Transportation – Streets	Medical Center Infrastructure Challenge Match with Medical Center Alliance (FY 2006 thru FY 2010)	$5,500,000
Recreation & Culture – Municipal Facilities	Witte Museum Infrastructure Improvement Challenge Match	$250,000
	Total Added Amendments	**$6,450,000**

FY 2005 Total Adopted City Budget Summary

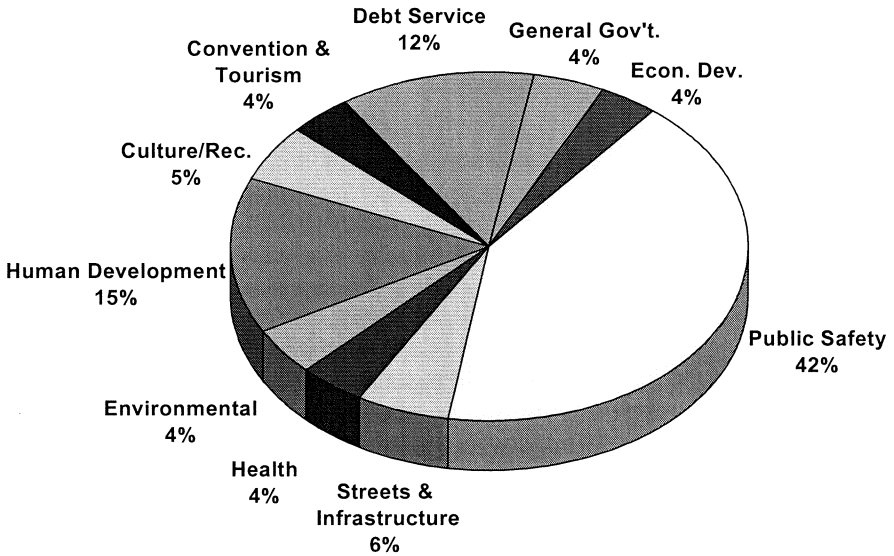
The FY 2005 Adopted Budget appropriation for **All Funds is $1.54 billion**, excluding transfers of **$165.9 million**. This amount includes **total operating expenses of $1.14 billion and $397.1 million in capital expenditures**. The following charts show adopted operating revenues and appropriations for all funds for FY 2005. These charts are followed by the General Fund chart that layers operating expenditures over major revenue categories. Finally, a table is presented that details the City's One Year Capital Improvement Plan by program category.

FY 2005 Adopted Consolidated Operating Budget Source of Current Revenues



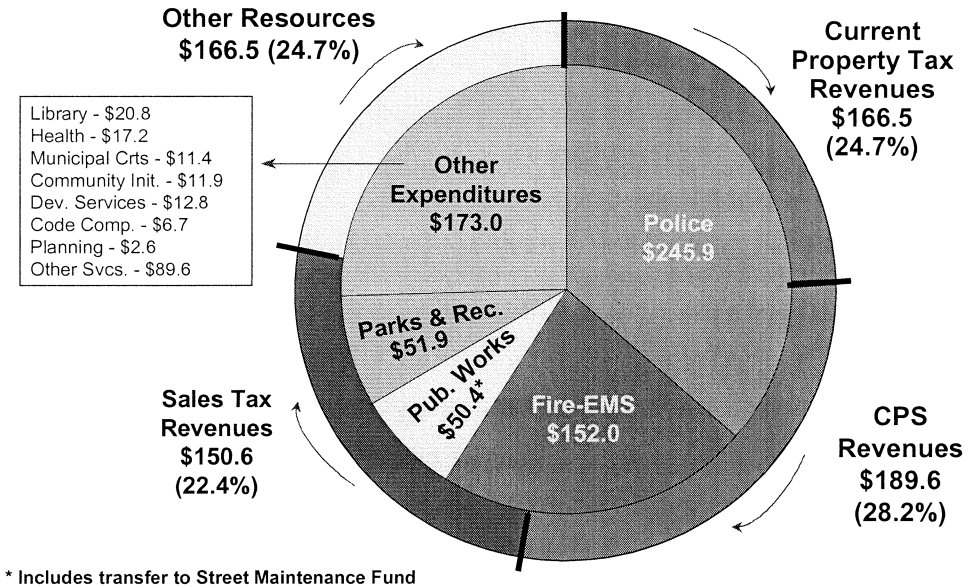
Total: $1,147,133,830

FY 2005 Adopted Consolidated Operating Budget Use of Funds



Total: $1,147,133,830

FY 2005 ADOPTED GENERAL FUND AVAILABLE RESOURCES DISTRIBUTED OVER MAJOR SPENDING AREAS (in millions)



* Includes transfer to Street Maintenance Fund

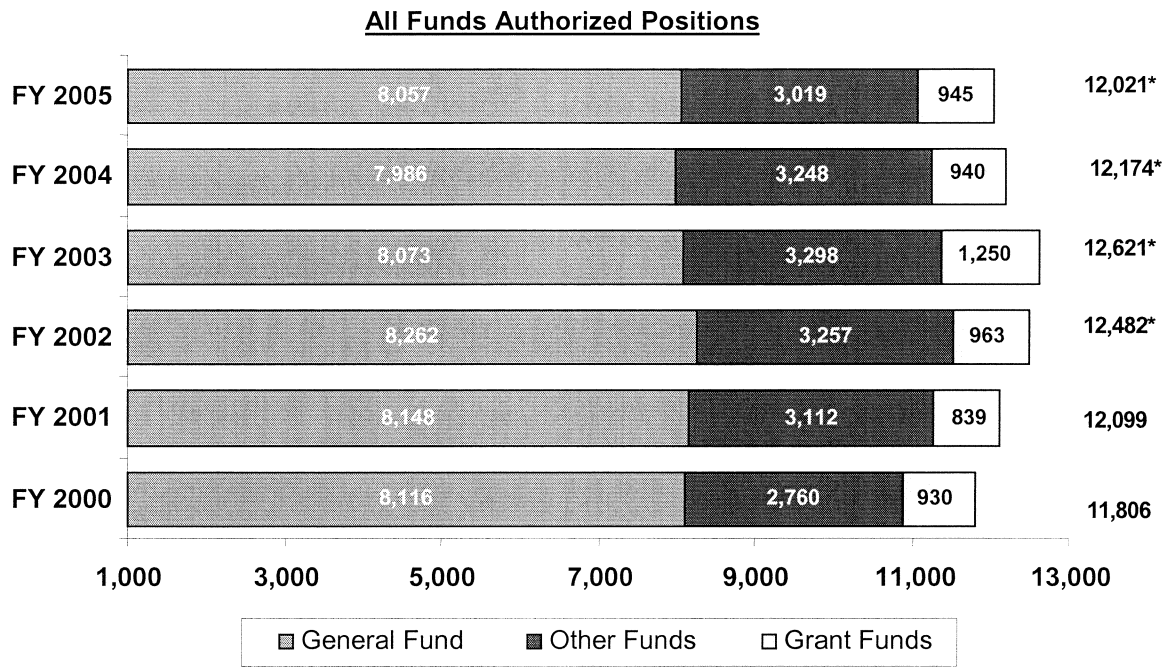
TOTAL: $673,170,519

FY 2005 Capital Improvement Program by Program Category
($ in Thousands)

Program Category	Amount	Percentage
Air Transportation	$166,842	42.0%
Streets	69,090	17.4%
Drainage	57,194	14.4%
Parks	50,231	12.6%
Municipal Facilities	34,537	8.7%
Libraries	7,336	1.9%
Fire Protection	7,171	1.8%
Law Enforcement	4,293	1.1%
Community Initiatives	403	0.1%
Total FY 2005 Program	**$397,097**	**100.00%**

Personnel

The FY 2005 Adopted Budget includes a total of 12,021 positions in All Funds not including the Alternative Workforce positions. The following bar graph compares the total authorized positions over a six year period from FY 2000 to FY 2005. The graph denotes those positions that are authorized with the General Fund, other Operating Funds, and Grant Funds. For comparative purposes, the FY 2002 through FY 2005 totals do not include 1,776 alternate workforce positions recognized in FY 2002.



*Note: For comparison purposes, the FY 2002, FY 2003, FY 2004, and FY 2005 totals do not include 1,776 alternate workforce positions recognized in FY 2002.

The total number of positions in FY 2005 for all funds including grants will decrease by 153 positions from 12,174 in FY 2004 to 12,021 adopted for FY 2005.

The following table shows the number of uniform and civilian positions authorized in the General Fund over the last six years. (Uniform positions are sworn positions within the San Antonio Police Department and San Antonio Fire Department.) The table provides a summary of the net result in positions after program reductions, mandates, program improvements, and reorganizations. On the civilian side, there is a net increase of 70 civilian positions from FY 2004 to FY 2005. On the uniformed positions side, there is a net increase of one uniformed position to provide for a consistency in count for the Fire and Police Chiefs. With civilian and uniformed positions combined, there is an overall net increase of 71 positions in the General Fund.

General Fund Authorized Civilian and Uniform Positions

Fiscal Year	Civilian Position	Uniform Positions	Total Positions
2005	4,606	3,451	8,057
2004	4,536	3,450	7,986
2003	4,634	3,439	8,073
2002	4,829	3,433	8,262
2001	4,762	3,386	8,148
2000	4,786	3,330	8,116

General Fund Revenues

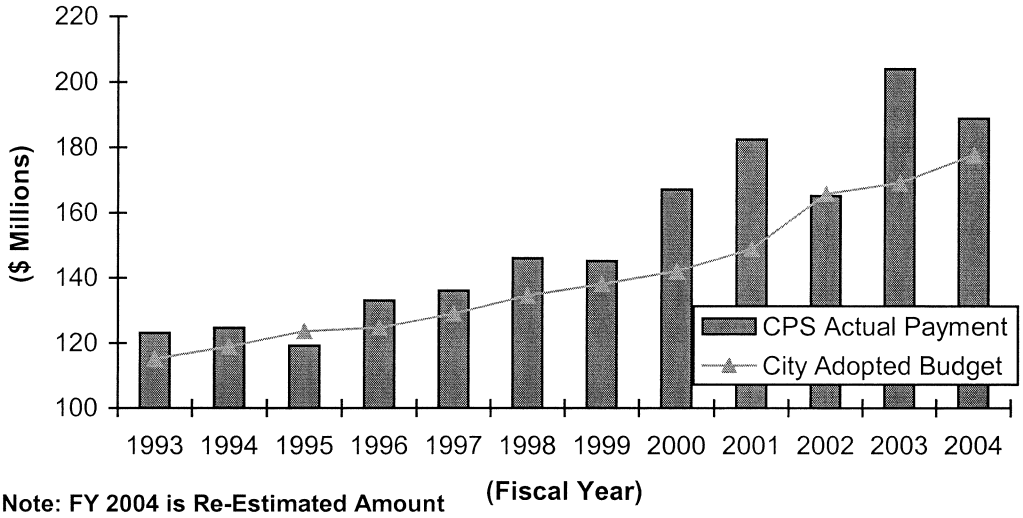
General Fund available resources are anticipated to be $673.2 million. The three principal sources of General Fund revenue are: City Sales Tax, City Public Service (CPS) payments, and Property Tax. Taken together, these three sources of revenue account for approximately $506.6 million, or 75.4%, of the total General Fund available resources. In addition to the major revenue sources mentioned above, the Adopted Budget includes a number of new and/or enhanced revenues. These are summarized in the following pages with additional detail provided in the Program Changes section of the Adopted Budget.

City Public Service ($189.5 Million) & CPS Revenue Policy The City's payment from City Public Service (CPS) represents the largest source of revenue to the General Fund. Fourteen percent of all CPS gas and electric customer revenue is paid to the City as a return on investment. The FY 2005 Adopted Budget amount of $189.5 million from CPS revenues is $700,000, or 0.37%, higher than the FY 2004 re-estimate of $188.8 million. The estimated revenue of $188.8 million for FY 2004 is $11.17 million, or 6.3%, higher than the original $177.7 million budgeted in FY 2004.

Revenues from CPS are one of the most difficult to project due to a number of variables which can significantly impact CPS revenues and consequently, the City's payment. The payment to the City from CPS can fluctuate significantly from year to year. Therefore, as has been the case for the past several years, the Adopted Budget amount of $189.5 million for FY 2005 is conservative. City staff utilized the CPS forecast as a basis for the development of the adopted budget amount. CPS' forecasted demand (growth) assumptions were partially discounted and adjustments to forecasted natural gas prices were made. The resulting adopted budget assumes a normalized weather pattern, discounted forecasted demand, and does not assume continuation of conditions such as very high natural gas prices. The adopted budget was also developed with consideration for a multi-year forecast outlook, managing the City's reliance on revenues from CPS, and the current level of reserves within the City's General Fund.

Accurately forecasting the CPS payment revenue is challenged by a number of variables such as the weather, growth of the system, fuel prices, generation mix, and unscheduled maintenance on generation plants. For the past several years, instability in natural gas prices coupled with fluctuations in demand due to weather have resulted in significant variances in the City's payment from CPS from year to year. The graph below reflects the actual payment from CPS as compared to the adopted budget for the past ten years.

10 Year History - CPS Actual Payment to City Compared to Adopted Budget



Note: FY 2004 is Re-Estimated Amount

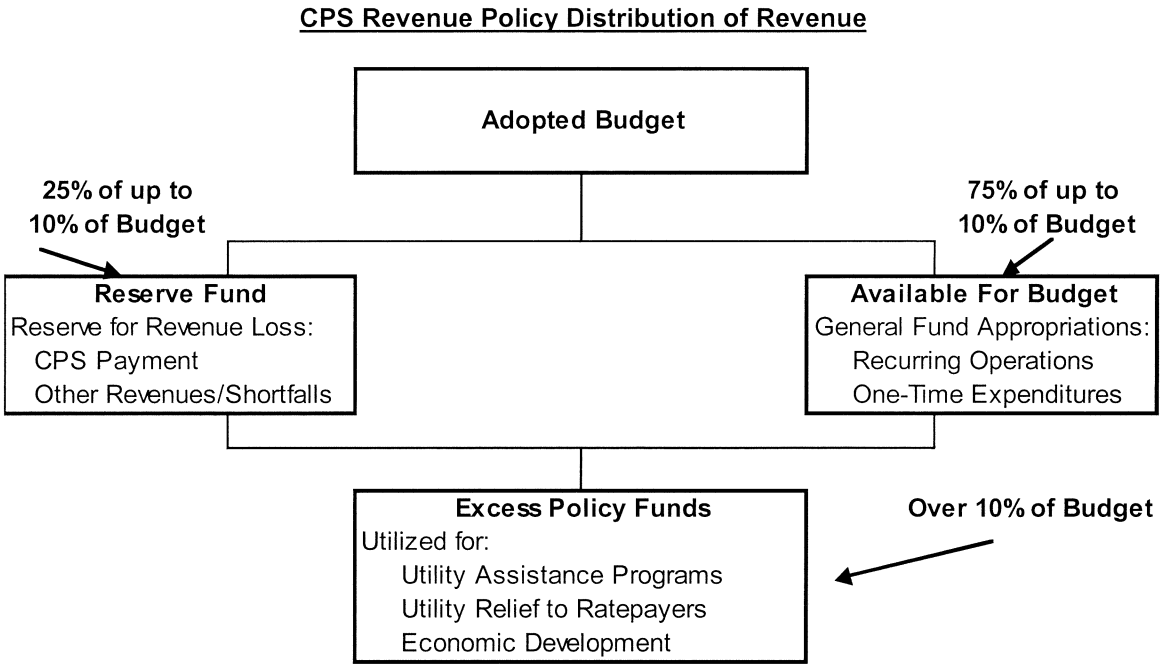
As illustrated in the graph, the actual payment from CPS has exceeded the City's adopted budget in all but two of the ten years presented.

The City's reliance on CPS revenues to the General Fund has been an area of concern expressed by the rating agencies. A conservative projection allows the City to curb reliance on this single major revenue source during the budget process and address the allocation of revenues in excess of budget in the context of recurring revenues and one-time revenues.

With recent significant fluctuations in payments from CPS from year to year and continued volatility associated with natural gas prices, a policy on how actual funds received from CPS in excess of the adopted budget should be considered. Such a policy would provide structured utilization of additional funds and assist the City in managing its reliance on the CPS payment.

Consistent with the City's budget philosophy, the payment from CPS will continue to be forecasted on a conservative basis. In the event additional funds are available beyond the adopted budget, it is proposed that funds may be utilized in accordance with the following structure should City Council adopt such a policy in the near future.

The first category within the structure is up to 10% over the Adopted Budget which will be available for the purposes of appropriation within the annual budget process and the funding of a Reserve Fund. On an annual basis, additional funds exceeding the Adopted Budget amount for the CPS payment by 10% or less will be allocated as follows: a) 75% will be available for utilization in the annual budget process; and b) 25% to fund a Reserve Fund.



Funds allocated for use in the annual budget process will be available for appropriation to support operations of the General Fund or one-time expenditures. The determination on the utilization of these additional funds will be made during the budget process and will be guided by the goal of managing the City's reliance on the CPS payment for the funding of recurring operational expenditures. The proposed Reserve Fund will be maintained within the City's General Fund. The Reserve Fund may be utilized to meet a shortfall in the City's forecasted payment from CPS, to smooth out unexpected fluctuations in revenues available from CPS in an annual budget cycle, meet a shortfall in other forecasted revenues of the General Fund, and/or fund shortfalls resulting from the implementation of property tax relief.

The second category within the proposed structure is applicable in the event the City's payment from CPS in a fiscal year exceeds the adopted budget amount for the CPS payment by more than 10%. This determination will be made as a part of the annual budget process. In such an instance, the actual amount of the CPS payment which exceeds the adopted budget amount for the CPS payment by more than 10% will be available to fund the following at the discretion of the City Council:

- Utility Assistance Programs (such as Project Warm);
- Utility Relief to CPS ratepayers in the form of customer credits; and/or
- Economic Development Initiatives

While the City has effectively managed fluctuations in revenues and the impact on its operational budget, the proposed policy further strengthens the City's ability to respond to changing fiscal conditions. Furthermore, it preserves the City's conservative approach to forecasting revenues while providing a structure to address the utilization of additional revenues above the adopted budget in a fiscally responsible manner. The following summarizes some of the advantages of the proposed policy:

- Provides for Structured Utilization of CPS Revenues;
- Manages reliance on CPS Revenues in funding recurring operational expenditures;

- Continues to provide for projected conservative growth in the budget while smoothing fluctuations of available revenues from CPS in annual budget cycles;
- Establishes a Reserve Fund within the City's General Fund
  - Increases flexibility for dealing with changing financial conditions;
  - Mitigates the City's risk to annual declines in CPS revenues or other revenue sources of the General Fund;
- Provides potential funding for Economic Development Initiatives; and
- Provides for additional Utility Assistance, if necessary.

It is recommended for further discussion in FY 2005 with the City Council the possible expansion of eligible costs to be funded from the City Public Service (CPS) Underground Utility Conversion Fund to allow the City to have greater flexibility in using the approximately $40 million currently designated for the City within the Fund. City and CPS staff are currently studying and analyzing the expansion of eligible expenses to provide more flexibility in using the funds to provide economic development incentives and fund energy efficiency projects. If the CPS Underground Utility Conversion Fund's eligibility criteria is expanded by the CPS' Board of Trustees to include economic development incentives, it is recommended that further discussion take place with the City Council to allocate funds currently residing within the City's Economic Development Incentive Fund (EDIF). Suggested uses of the $9 million within the EDIF include allocating $6 million for street maintenance, $1 million for Toyota supplier training, $1 million for a Neighborhood Improvement District challenge match fund, and $1 million for a reserve fund for economic development. City Council will continue to discuss the implementation of this issue and the finalization of the $9 million allocation in the upcoming year.

As the eligibility criteria of the CPS Underground Utility Conversion Fund is defined, City Council should consider utilizing excess policy funds to complement economic development initiatives funded from the CPS' Conversion Fund and/or funding infrastructure projects with matching private sector funds. Once finalized, the CPS Revenue Policy can be adopted by the City Council at a later date through a separate Ordinance.

Sales Tax ($150.6 Million) The state of the national economy greatly impacts revenue projections for the sales tax. The national economic slowdown that began in late 2002 has begun to show signs of recovery. Actual sales tax collections for the current year are projected to be at $147.1 million. This amount is $4.2 million, or 2.9%, more than the $142.9 million budgeted in FY 2004 for sales tax revenue.

The Five-Year Financial Forecast, presented in May 2004, projected a 3.00% increase in the $142.9 million sales tax revenue adopted in FY 2004. Since May, the re-estimated FY 2004 sales tax revenue has been adjusted to $147.1 million resulting from strong economic activity.

Sales tax revenues in FY 2005 are projected to increase by 3.23% to $150.6 million. Beyond FY 2005, as the economy continues to recover, revenue levels from this source are expected to steadily increase. While economists still predict steadily gaining economic growth later this year and through to 2005, the status of sales tax revenue source will be closely monitored throughout the upcoming fiscal year.

City Current Property Tax ($166.5 million) The FY 2005 Adopted Budget includes $166.5 million in maintenance and operations support for the General Fund from property taxes while maintaining the tax rate at the current year level - 57.854 cents per $100 taxable valuation. **For the twelfth straight year, no increase in the overall tax rate is planned.**

In the Five-Year Financial Forecast presented in May, the current property tax revenue projected for FY 2005 was $162.0 million. The estimate assumed no change to the property tax rate and was based solely on added revenue coming from anticipated growth in new property value improvements. Specifically, the projected 1.56% rate of increase over re-estimated FY 2004 property tax revenues was based upon preliminary estimates of new improvement taxable value from the Bexar Appraisal District.

The Forecast projection has been modified based on the receipt of the certified tax roll from the Bexar Appraisal District (BAD) in late July. Specifically, based upon the certified roll, the new FY 2005 projection is $166.4 million as opposed to the $162.0 million projected by the Forecast – a difference of $4.4 million.

As described above, the property tax rate consists of two components. The first is the debt service component that is determined by the City's debt service requirements. The current debt service rate for FY 2004 is 21.150 cents per $100 of taxable value. Funds from this component of the property tax receipts are deposited in the Debt Service Fund and are used exclusively to pay the principal and interest on debt. The second component of the tax rate is the amount for maintenance and operations (M&O) contributed to the General Fund. The current M&O rate for FY 2004 is 36.704 cents per $100 of taxable value. These two components taken together provided for a total tax rate for FY 2004 of 57.854 cents per $100 of taxable value.

Property tax values are determined by the BAD in conformance with State law. Values for the City of San Antonio recently reported by BAD for FY 2005 show an increase in total net taxable value of approximately $2.1 billion, or 4.71%, above last year. Included in this total are $1.25 billion for new improvements and $69,500 in annexations, which reflects real growth of 2.80% over last year's total taxable value. The taxable value less new improvements and annexations yields the base valuation. The increase in the base valuation from last year is $853.7 million, or 1.91%. The following chart breaks down the components of total taxable value.

FY 2005 Taxable Values in Billions

Base Value FY 2004	Increase in Base Value	Annexation	New Improvements	Total Value FY 2005
$44.609	**$0.854**	**$0.000**	**$1.245**	**$46.708**
% of Increase Over FY 2004:	***1.91%***	***0.00%***	***2.80%***	***4.71%***

State law requires cities to calculate an "effective M&O tax rate" which is generally equal to the prior year's M&O taxes divided by the current taxable value of properties that were also on the tax roll in the prior year (less new improvements and annexation). As indicated above, base valuations increased from last year by $853.7 million, or 1.91%. Consequently, to generate the same amount of General Fund revenue for FY 2005 as generated in FY 2004, the effective M&O property tax rate for FY 2005 would be set at 35.915 cents per $100 taxable valuation, a decrease from the adopted FY 2004 M&O tax rate (36.704) of 0.789 cents, or 2.20%.

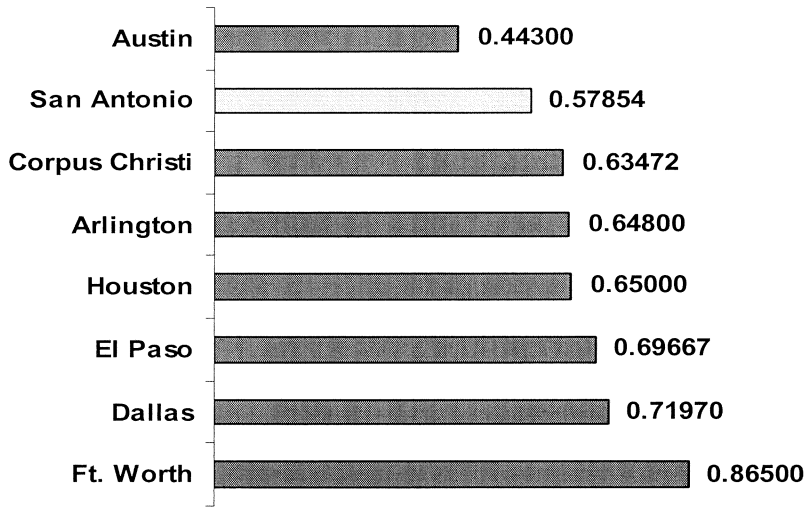
The Adopted Budget maintains the overall Property Tax rate for FY 2005 at the same absolute level set for FY 2004 – 57.854 cents per $100 taxable valuation. Specifically, the FY 2005 M&O rate is adopted at 36.704 cents per $100 taxable valuation which reflects no change from the FY 2004 adopted M&O rate. The FY 2005 Debt Service rate is adopted at 21.150 cents per $100 taxable valuation which reflects no change from the FY 2004 adopted debt service and is consistent with the requirements of the City's Debt Management Plan.

For the individual homeowner whose appraised value has not changed from FY 2004 to FY 2005, there will be no change in their City property tax bill. However, if the Bexar Appraisal District changes the appraised value on the same home to reflect changes in market value, the impact will vary, depending on the value determined by BAD. From FY 2004 to FY 2005, the average homestead in the City of San Antonio increased in value from $93,679 to $96,826 which represents an increase of $3,147, or 3.36%. The calculation of the average residence homestead value takes into account new improvements as well

as changes to base valuations. The increase in the average value means that the average residence homestead would pay $18.21 a year more in City property taxes in FY 2005. The changes to property values will vary, but the property tax rate will remain the same.

The adopted tax rate for FY 2005 of 57.854 cents per $100 taxable valuation places San Antonio as the second lowest of the major cities in Texas. The following chart shows the adopted FY 2005 tax rate for San Antonio as compared to the rates in other major Texas cities.

Texas Cities Tax Rate Comparison



The following sample statement of taxes due demonstrates the portion of local taxes that are due to the City of San Antonio. This sample statement compares current and adopted tax rates for a $96,826 home, which is the FY 2005 average residence homestead value. City taxes represent $560.18 or 21.18% of the total taxes due.

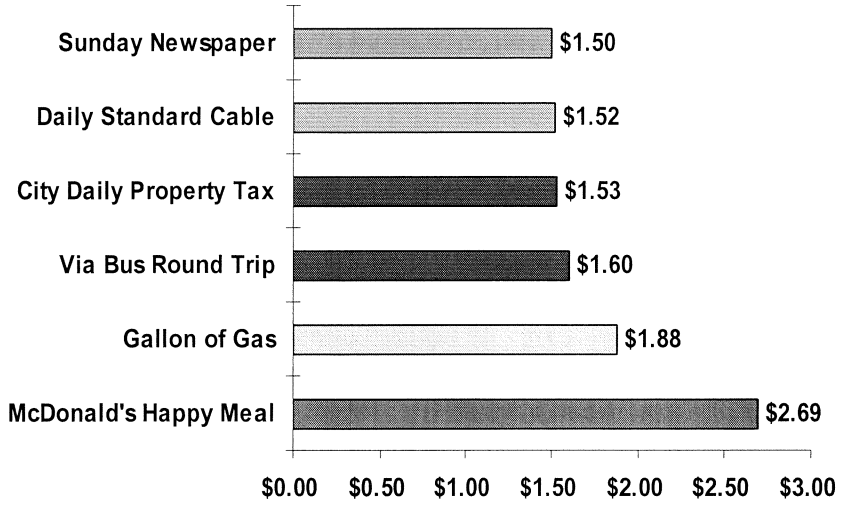
SAMPLE STATEMENT
AD VALOREM TAXES
BEXAR COUNTY, TEXAS
2004 TAX YEAR

Taxing Unit	2004 Assessed Value*	Homestead Exemption	2004 Taxable Value	Tax Rate per $100 Valuation	2004 Tax Levy	Percent of Total Levy
San Antonio I.S.D.	96,826	15,000	81,826	$ 1.722000	$ 1,409.04	53.28%
Alamo Community College District	96,826		96,826	0.107050	103.65	3.92%
Bexar County	96,826		96,826	0.318471	308.36	11.66%
University Health System	96,826		96,826	0.243869	236.13	8.93%
Road & Flood	96,826	3,000	93,826	0.012719	11.93	0.45%
San Antonio River Authority	96,826	5,000	91,826	0.016425	15.08	0.57%
City of San Antonio	**96,826**		**96,826**	**0.578540**	**560.18**	**21.18%**
Totals				$ 2.999074	$ 2,644.38	100.00%

**Assessed value is based on the City of San Antonio average residence homestead property.*

The average daily amount of City property taxes due is **$1.53**, which compares favorably with the common consumer services and items shown in the following chart. All applicable added sales taxes and franchise fees are included in the costs shown. The daily property tax is based on the average residence homestead value of $96,826.

FY 2005 Property Tax
Daily Consumer Costs Comparison



Property Tax Relief The City of San Antonio has long recognized the need to provide senior citizens and disabled veterans with property tax relief. The City initially offered an over-65 homestead exemption in the amount of $3,000 in FY 1974. The over-65 homestead exemption amount has increased on five different occasions to the current exemption amount of $65,000 set in FY 2004. At this level, the City of San Antonio offers one of the highest homestead exemptions among major Texas cities. The following table summarizes the senior citizen homestead exemption amount since FY 1974.

Over-65 Homestead Exemption History

Fiscal Year	Over-65 Exemption Amount Granted
1974	$3,000
1975	10,000
1981	22,200
1985	50,000
1987	60,000
2004	65,000

For FY 2005, a total of 68,070 over-65 homestead exemptions were granted. Of these exemptions, a total of 36,118 homeowners, or 53.06% of the total homesteads exempted, paid no City property taxes because their assessed homestead valuation was $65,000 or less. The taxable value of the senior citizen homesteads for fiscal year 2005 is $3.762 billion. **This equates to $21.766 million in property tax revenue that is exempted under the current exemption amount.**

The City also provides the State mandated Disabled Veterans Exemption (DAV) offering eligible tax payers a homestead exemption ranging from $5,000 to $12,000 depending on the veteran's percentage of service connected disability. For FY 2005, 17,948 DAV exemptions were granted exempting $733,309 in property tax revenue.

In September 2003, Texas voters approved Proposition 13 which amended the Texas Constitution by authorizing the governing body of a county, municipality, or junior college district to prohibit increases in the amount of property taxes that may be imposed on the residence homestead of a person who is 65 years of age or older or disabled. Alternatively, upon receipt of a petition signed by at least five percent (5%) of the political subdivision's registered voters, a local governing body would have to call an election to determine by majority vote whether to freeze property taxes for elderly and disabled homeowners.

Proposition 13 freezes the amount of property taxes paid on a residence homestead once the property owner qualifies for either the over-65 or disabled residence homestead exemption. Additionally, the amendment allows the transfer of the property tax freeze upon the death of an over-65 or disabled homeowner to a surviving spouse who is 55 years of age or older when the owner died as long as the spouse claims the property as their residence homestead. Property taxes could only increase on homesteads to the extent the homeowner made improvements (other than governmentally required repairs or improvements) that increase the property's value. Once adopted, Proposition 13 may not be repealed or rescinded by the governing body.

If Proposition 13 were enacted for the City, the projected cumulative lost property tax revenue would equate to $68.1 million over the next ten years by freezing property tax payments for the senior citizen and the disabled. Of this amount, the total cumulative loss due to the over-65 accounts would be $61.7 million and the total cumulative loss due to the disabled exemption accounts would be $6.4 million. This ten year projection is based on the following assumptions: 1.) annual growth in appraised values at 3.97% each year (The 3.97% rate equates to the average annual growth rate for over-65 residence homesteads from FY 1998 through FY 2004.); 2.) an annual increase of 2.27% in the over-65 population; and 3.) the FY 2005 adopted tax rate of $0.57854 per $100 taxable valuation would remain throughout the ten-year period.

An alternative to implementing Proposition 13 would be to provide a stair-stepped increase in the current over-65 homestead exemption amount over the next five fiscal years in $5,000 increments. Additionally, an exemption would be provided to the disabled with additional stair stepped increases over the same period beginning at $7,500. The following table lists the stair-stepped exemption amounts by fiscal year for the senior and disabled account.

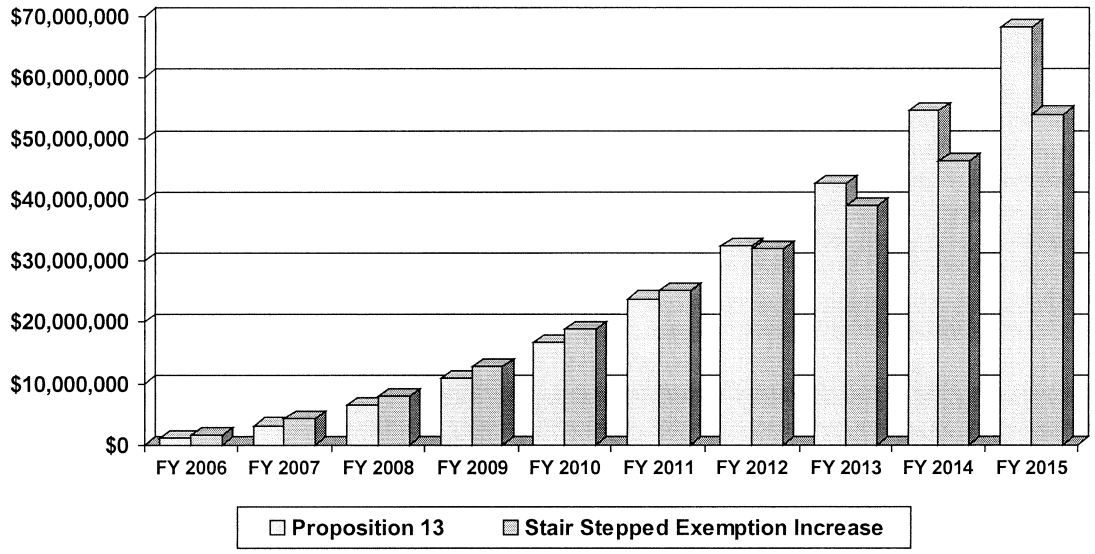
Stair-Stepped Over-65 and Disabled Alternative

Fiscal Year	Over-65 Exemption Amount	Disabled Exemption Amount
2005	$65,000	$0
2006	70,000	7,500
2007	75,000	10,000
2008	80,000	12,500
2009	85,000	15,000
2010 - 2015	90,000	20,000

The projected cumulative lost property tax revenue by increasing the over-65 and disabled exemption amounts would equate to $54 million. Of this amount, the total cumulative loss due to the over-65 account would be $44 million and the total cumulative loss due to the disabled exemption account would be $10 million. This projection is based on the same growth and tax rates as those used

to calculate the estimated Proposition 13 revenue losses. The following bar graph show details the cumulative property tax revenue loss from FY 2006 through FY 2015 for Proposition 13 and the stair stepped home stead exemption increases. As indicated, the City would lose $14.1 million more in cumulative property tax revenue over the ten year period if Proposition 13 was in place.

Cumulative Property Tax Revenue Loss - Over 65 & Disabled Residence Homesteads

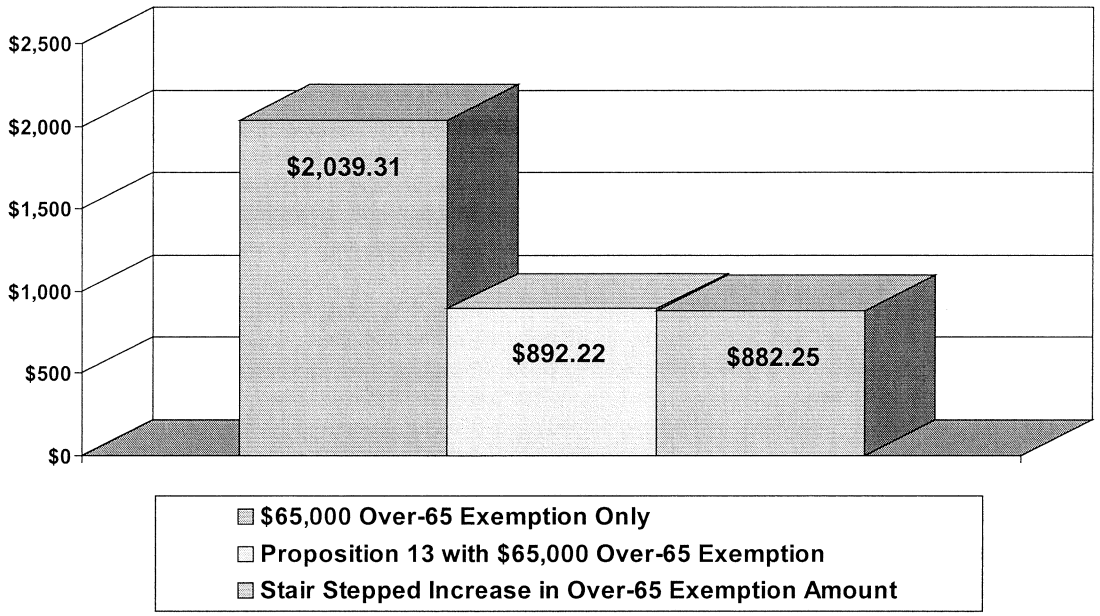


The following bar graph shows the ten-year cumulative tax bill payment to the City based on an average over-65 resident homestead value of $80,442 assuming a 3.97% annual growth rate and a tax rate of $0.57854 per $100 of taxable valuation. As indicated, under the current homestead exemption amount of $65,000, the resident would pay $2,039.31 in property taxes over ten years.

Under Proposition 13, this same property owner would pay **a cumulative total of $892.22 in City property taxes or $9.97 more**. Additionally, the average disabled homeowner would pay **$49.12 less over ten years in City property taxes** under the stair stepped exemption alternative.

Assuming the exemption amounts detailed in the above table, the average over-65 residence homestead property owner would pay **a cumulative total of $882.25 in City property taxes over the next ten fiscal years**. The current percent of homesteads paying zero property taxes to the City would increase from 53.06% in FY 2006 to 61.78% by FY 2010.

10 Year Cumulative Tax Bill Comparison



The first year impact to the maintenance and operation (M&O) property tax dollars of providing additional property tax relief for seniors and disabled citizens ranges from $658,000 to $992,000 in FY 2006 by providing additional property tax relief by either respectively enacting Proposition 13 or by increasing the current senior citizen homestead exemption amount along with adding a disabled exemption and stair-stepping the amounts over time as outlined above. The projected mid-range loss of M&O property tax revenue for FY 2006 between the two proposals would total approximately $825,000.

While acknowledging that property tax relief for seniors and disabled citizens is a policy priority, it is also important to point out that lost property tax revenue to the City may challenge the City's ability to provide current levels of service in future years. Using the City's current cost projections, $825,000 in revenue can provide the following services and materials:

- 12 City of San Antonio Police Officers for one year
- 2 new fire pumper trucks and 1 new emergency medical services ambulance
- 27,500 library circulation items (an item is considered to be either a book, a music CD or a DVD)
- 167,700 total homebound and congregate daily meals for senior citizens
- 75,700 box fans used in the City's Project Cool

Although the revenue loss to the City will be a challenge, proponents argue property tax relief is warranted due to the following:

- Rising property taxes and increasing valuations are heavy financial burdens on elderly and disabled homeowners with the vast majority living on fixed incomes.

- Freezing the amount of property taxes for the elderly and disabled will allow these homeowners to predictably budget for that expense for as long as they own and occupy their residence homestead.

Conversely, arguments against providing senior and disabled with current or additional property tax relief include:

- Freezing taxes for the elderly and disabled homeowner unfairly shifts the tax burden onto other property owners such as young couples and single parents who are not entitled to special exemptions nor have had much time to increase their earning capacity or savings

- The elderly and disabled extensively use many City services and programs (such as police, fire, EMS, libraries, recreation centers, senior services including transportation and nutrition services). By lowering property tax payments the City will be prevented from asking these residents to pay their fair share of these costs.

In summary, should the City Council decide to provide property tax relief for seniors and for the disabled, the aforementioned ten year analysis was prepared to provide a side-by-side comparison of Proposition 13 verses stepped homestead exemption increases with the goal of providing an equal or better benefit over a defined ten year period. Property tax relief through a strategy of adjusting the homestead exemption amount consistent with the stair-stepped table listed above for FY 2006 through FY 2015 is preferable for the following reasons:

- The average over-65 and disabled resident property homestead owner would received greater property tax relief in the first six years
- The City would maintain flexibility to adjust exemption amounts in order to reflect increases or decreases in resident homestead property values
- The City would lose less property tax revenue (as projected over the ten year period) placing less stress on alternate financial resources required to provide city services
- The stair-stepped homestead exemption approach recognizes that senior resident property values may increase and targets the benefit to those most in need.

It is further recommended that after five years of $5,000 exemption increases, in FY 2010 the City analyze actual housing value growth rates and compare the actual experienced growth rates to the growth rate assumptions used to develop the information presented in the adopted budget. Further adjustments to the homestead exemption could be made after FY 2010 should there be a significant disparity between the value of the tax relief using adjustments to the homestead exemption compared to using Proposition 13 as tax relief instruments.

Should City Council enact a property tax relief measure before the end of calendar year 2004, the first year impact to the City property tax revenue collections would be realized beginning in fiscal year 2006 or tax year 2005.

With the passage of the FY 2005 Adopted Budget, City Council approved a $12,500 Disabled Residence Homestead (DRH) Exemption effective for FY 2006. City Council will pass an ordinance in early calendar year 2005 to finalize this action. The DRH exemption will have an impact on the property tax relief analysis detailed in the sections above. **In November and December 2004, City Staff will update the property tax relief models to reflect the adopted DRH and other more current data to include average home value and property value growth rates.**

Changes to Revenues In order to address the pressure on available funds, the Adopted General Fund Budget, including the Emergency Medical Services fund, includes recommendations to increase several existing fees and create new fees and charges for service. **These recommended revenue items total $2.9 million**. Several revenue adjustments were identified during the second year of the Bottom Line Strengthening process. The revenue adjustments are summarized below with additional detail provided in the Program Changes section of the Adopted Budget.

The policy direction for the FY 2005 budget process regarding revenue enhancements focused on cost recovery. The concept of cost recovery is to recover some or all of the costs associated with providing city services and programs at varying levels depending on factors such as the nature of the service provided, the population served, and the intended impact to the community. There are four categories of cost recovery that were evaluated: Basic City Services, Targeted Population Services, User-Driven Services and Fees/Fines/Rates for Community-Wide Benefit.

REVENUE CHANGES BY COST RECOVERY CATEGORY

Cost Recovery Category	Adopted FY 2005 Revenue Generated
User Driven Service	$1,534,740
Basic City Service	$1,288,062
Fees/Fines/Rates for Community-Wide Benefit	$75,743
Targeted Population	$99,390

User Driven Services are provided to specific populations with varying level of charges for service to ensure health and public safety within communities (i.e., Development Services, Health Inspections) and to provide individual benefit (i.e., Admission Fees). The revenue changes associated with User Driven Services total $1,534,740.

Basic City Services are provided with or without minimal direct charge for service. Examples include Police services, Fire services and Library services. These are community-wide services that are supported with community-wide revenues. The revenue changes associated with Basic City Services total $1,288,062.

Fees/Fines/Rates for Community-Wide Benefit are leveraged to influence certain outcomes within the community. Examples include Code Violation Fines, Parking Fees, and Swift-Water Rescue Fees. The revenue changes associated with Community-Wide Benefit total $75,743.

Targeted Population Services are provided with minimal charge for service. Although population served is not community-wide, minimal charge is a reflection of the population groups' ability to pay as well as community-wide benefit obtained from service. Examples include Youth programs, Athletic programs, Senior Services. The revenue changes associated with Targeted Population Services total $99,390.

A more detailed explanation of revenue changes can be found within the "Revenues" section of the Program Changes portion of the Adopted Budget.

Parade/Special Event Revenue Several departments are involved in the preparation, coordination and/or the operation of Parades or Special Events (i.e., Runs/Walks) that are held in the City. The Police Department coordinates (and often provides) necessary security resources. The Public Works Department coordinates street closure/barricades and cleanup. Parks and Recreation coordinates rental of park facilities and in some cases staging and sound equipment. The Fire Department coordinates inspection of certain food and float facilities and determines the appropriate EMS staffing requirements. There are several small fees associated with the multi-departmental effort. In an effort to provide for a comprehensive and efficient planning that will provide for the full recovery of the costs, the City is proposing to study the process, workload, and policies associated with the support needed to conduct these events in FY 2005. The study would include a best-practices comparison of comparable cities. Potential outcomes could be one consolidated multi-departmental process, additional requirements, and one comprehensive fee, which will provide for the full recovery of the City cost. The results of the study will be brought before City Council during the upcoming fiscal year, therefore there is no fiscal impact included in the FY 2005 Adopted Budget.

Reserves The final element of resources available in the General Fund is the fund balance in excess of the $23.17 million Reserve for Revenue Loss. The General Fund is estimated to have an unreserved fund balance of $30.5 million that will be used to augment available resources for FY 2005. The $23.17 million Reserve for Revenue Loss is set aside in the event the City faces a catastrophic event resulting in the loss of a crucial revenue source(s) such as Sales Tax. These Reserves would be used to continue providing essential and critical City services. It has been a financial goal of the City to set aside ultimately 5% of the City's General Fund appropriations toward the Reserve for Revenue Loss. The $23.17 million equates to 3.4% of the FY 2005 Adopted General Fund appropriations. The proposed policy for the use of CPS revenue will also assist the City in achieving this goal.

Significant City Service Changes from the FY 2004 Budget

The following section of the Executive Summary focuses on addressing several of the major organization-wide policy issues and service delivery methods that have been identified by the City Council and the City Manager's Office as high-priority during the City's pre-budget worksessions. Within the FY 2005 Adopted Budget, many of these policy issues are addressed by either reducing current resources allocated to them, by redirecting dollars to or from them and/or by adding additional dollars.

In All Funds, program change redirections/reductions included as part of the FY 2005 Adopted Budget will result in the net elimination of 29 positions within the General Fund and 99 positions in All Funds.

For a complete listing of all city service changes for all funds that have been included as part of the FY 2005 Adopted Budget, refer to the Program Changes section of the Adopted Budget document. Listed within that section are each of the adopted improvements, redirections/reductions and mandate policy issues along with their associated costs and savings.

Savings, Reductions and Redirections The adopted budget includes $5.5 million in operational savings, reductions and redirections. Each of these program change areas with the total dollars included within the FY 2005 Adopted Budget is listed below.

Savings, Reductions and Redirections in FY 2005 Adopted Budget

- $2.8 million in operational savings
- $1.7 million in reductions
- $951,883 in redirections

Operational savings in the adopted budget are in areas of vehicle efficiencies ($2.3 million), reduced funding requirements for scholarship funds for the San Antonio Education Partnership based on actual annual need ($255,746) and energy savings from the installation of LED traffic signal lights ($200,000).

The Parks & Recreation Department will eliminate 12 positions in Horticultural Services. Currently, contractors mow 23%, or 431 acres, of all city parkland. With this reduction, the department will contract out an additional 630 acres of mainly large park parcels and still achieve an overall reduction of $175,651. Additionally, in anticipation of the start of construction scheduled at the Tower of Americas in late 2004, the adopted budget includes a gradual reduction in operating expenses. This reduction will allow for minimal operating funds for continued public access of the observation deck through February 2005. This reduction totals $385,090.

Other reductions include the elimination of two administrative positions at Municipal Courts due to the complete implementation of an imaging system. Previously, the issuance of warrants and files was handled manually. The recently completed imaging system will allow the department to electronically manage many of the court documents. This reduction totals $47,762.

In terms of redirections, the adopted budget includes the redirection of $890,000 in Human Development Services Funds (HDSF) to a number of new initiatives:

- $141,000 in funding for the Volunteer Income Tax Assistance Program (VITA),
- $135,000 in funding for the creation of an Ambassador Scholarship Program, providing internships and a stipend to college students,
- $384,828 in funding to establish the San Antonio Education Partnership in three additional high schools,
- $30,000 in funding to support feasibility studies recommended by the Joint Commission on Elderly Affairs, and
- $199,172 of the total $297,304 Hunger & Homelessness Initiative

Workforce & Compensation

Market Salary Adjustment & Performance Pay The City recognizes the dedication and commitment to public service portrayed by City employees. Among our most valuable assets the City employees are responsible for delivery of critical services to over a million citizens each day and 20 million visitors each year. The Five Year Financial Forecast presented in May 2004 and outlined in the 2004 City Council Goals and Objectives Work session identified the City's workforce compensation issues. Providing an enhanced compensation package has been a priority in finalizing the FY 2005 Adopted Budget.

The Adopted Budget provides a civilian compensation package that includes a market salary adjustment and performance pay incentive for eligible employees. The combined cost is $4.6 million in the General Fund and a total of $8.4 million for all funds. The market salary adjustment, effective in October 2004, will be distributed to civilian full-time and part-time employees with annual salaries as follows:

- Employees with $40,000 annual base salary and below will receive a 3% salary increase
- Employee with above $40,000 annual base salary will receive 2% salary increase

The market salary adjustment totals $6.0 million in All Funds and $3.3 million in the General Fund.

To reward those employees who routinely demonstrate exemplary performance in providing the highest quality of service, all eligible civilian City employees with at least one year of service (who have been on the City's payroll as of October 1, 2003) will also be able to receive performance pay targeted for May 2005. The FY 2005 Budget includes an equivalent of 2% of civilian salaries totaling $2.3 million for All Funds and $1.3 million in the General Fund for this incentive. In addition, a reserve has been allocated for full year funding of this incentive in FY 2006. The City's existing Employee Performance Management & Development System will serve as the foundation for the successful and effective implementation of this performance pay distribution.

The FY 2005 Adopted Budget also includes $13.3 million for contractually required pay increases for uniform police, fire and emergency medical service (EMS) personnel in accordance with the City's Collective Bargaining Agreements with the San Antonio Professional Firefighters Association and the San Antonio Police Officers Association. In FY 2005, the Fire and EMS uniform employees will receive a 3% pay increase, contractually required increases in longevity pay, increases to incentive pays, and the addition of step increases for the ranks of Fire Fighter and Fire Apparatus Operator. The FY 2005 Adopted Budget includes $6.8 million for these Fire uniform compensation enhancements. Also in FY 2005, the Police uniform employees will receive a 3% pay increase, increase in incentive pays, and contractually required increases in longevity pay. The FY 2005 Adopted Budget includes $6.5 million for these compensation enhancements.

Reclass & Regrade Adjustments The Adopted Budget also sets aside $500,000 to address compression issues in certain job classifications to keep the pay scales competitive with the local market allowing the City to continue attracting and retaining quality employees in these positions. In FY 2004, the minimum starting salaries for 33 jobs classifications was increased or regraded totaling $635,585 in All Funds. This action resulted in salary increases for over 500 existing employees. A total $686,000 is budgeted in the current services budget for FY 2005 to continue to pay full-year funding for the regrades implemented in FY 2004.

Certification Pay Pilot Program The concept of paying employees for additional skills obtained is funded within the FY 2005 Adopted Budget with the implementation of a pilot Certification Pay program. The program will focus on rewarding employees for the obtainment of approved certifications, primarily in skilled craft and service/maintenance jobs. Examples include Gardeners, Electricians, Plumbers, Inspectors and Equipment Technicians. The program will also reimburse civilian employees for exam fees and certification fees paid in the obtainment of the certification. The FY 2005 Budget includes $162,687 in the General Fund and a total of $291,571 in all funds to cover the costs of this pilot program.

Employee Health Benefits Program The City has long maintained as a significant employment benefit a health insurance program for employees, their dependents and eligible City retirees. However, as described in the Five Year Financial Forecast, the City's ability to maintain this benefit has been threatened by significantly rising medical and prescription costs that have increased in recent years well above the normal rate of inflation. National authorities project medical costs to increase by 10% to 15% in FY 2005 with prescription costs increasing at a rate of 10% to 18% in FY 2005.

The Employee Benefits Fund actual end-of-year balance for FY 2003 was a negative $19.9 million. The Five Year Financial forecast presented to City Council in May 2004 indicated that the Fund would have a negative ending balance of $25.8 million in FY 2005. Through the following policy issue adjustments included as part of the Adopted Budget totaling $8.1 million, the Employee Benefits Fund is projected to have a FY 2005 revised negative ending balance of $22.5 million. (The Five Year Financial Forecast also assumed savings from many of the Benefit Program Changes listed below.)

FY 2005 Adopted Employee Benefit Program Changes

Policy Issue	Savings
Third Party Administrator	$ 4.5 M
Self Insured Heath Maintenance Organization	2.3 M
Employee Premium Adjustments	0.8 M
CitDent, Cobra, Medicare Premiums	0.2 M
Tricare Supplement & Advantage 90	0.3 M
Total	$ 8.1 M

The City's Employee Benefits Program allows employees to select between a Health Maintenance Organization (HMO) or the City's self-funded CitiMed program. Revenues for the benefits fund are derived primarily from departmental assessments (funded by each of the City Funds to which an employee is budgeted) and participant premiums. However, as with many employers, the City faces rising healthcare costs in prescriptions and medical claims and therefore has identified a need to re-evaluate plan funding and design strategies in order to mitigate pressures of rising health care costs.

To maximize efficiency and ensure competitive medical pricing in the plan, a combined Health and Benefits Request for Proposal (RFP) process was released in March 2004. This RFP was designed specifically to seek opportunities to restructure the City's benefit plan and take advantage of possible network changes and discount improvements. Currently, staff is in the process of finalizing information received from these vendors and a recommendation for a Third Party Administrator, Preferred Provider Network and Utilization Review will be forthcoming. Negotiations thus far have indicated that the Health

and Benefits Request for Proposal efforts will increase provider discounts resulting in an **estimated savings of at least $4.5 million in claims costs** beginning in FY 2005 with many opportunities for enhanced services through wellness and disease management program offerings.

The CitiMed program currently provides a benefit package to employees for a monthly premium of $5 for single employees and $15 for employees with dependents. These premiums were introduced in FY 2004 in an effort to off-set escalating costs. Prior to this fiscal year, the CitiMed program was offered to employees and their dependents free of charge. For FY 2005, the City has formulated a strategy to establish a funding ratio plan to address the long-term financial needs of the benefits program first by transforming the traditional premium tier structure and then applying a subsidy philosophy to those tiers in order to fairly share the cost burden of employee health benefits plan premiums. This premium strategy is expected to generate $786,511 in additional revenue. **Within the adopted revised structure, the City will cover 1.) 97% of an employee's; 2.) 90% of a child's; and, 3.) 85% of a spouse's monthly health insurance plan costs.** The current structure of Employee, Employee plus one dependent, and Employee plus two or more dependents will transition to the following structure.

CitiMed Health Benefit Plan for Civilian Employees
Adopted Premium Structure for FY 2005 (Effective January 1, 2005)

Category	Monthly City Share	Monthly Employee Share
Employee Only	$227	$7
Employee + Child(ren)	384	25
Employee + Spouse	426	42
Employee + Family	584	59

In addition to premium structure changes for employees, the City will increase premiums for CitiDent, Cobra participants and CitiMed Retirees to generate an estimated $194,940 in additional revenue. The addition of a Tricare Supplement as an optional plan for City employees who are retired from the military and covered under Tricare will result in an estimated savings of $338,275. The conversion of the fully insured HMO plan to a self-funded plan will result in a one-time savings of $2.25 million. Finally, the addition of an Advantage90 program through Walgreens will provide increased discounts for 90-day prescriptions purchased at the retail level and result in estimated savings of $30,000.

The adopted budget also includes $200,000 to retain a benefits consultant to provide recommendations for the development of a comprehensive benefit strategy that will 1.) assess and measure the effectiveness of current plan offerings; 2.) evaluate utilization patterns and recommend plan modifications; 3.) project plan costs based on variant models of plan design and proposing alternative funding vehicles; 4.) provide actuarial analysis and review; and 5.) assess the contribution strategy of health plans. The consultant will also be utilized to assist the City in health benefit discussions during the upcoming negotiations with the Police & Fire associations in 2005.

TMRS 2005 Contribution Rate Mandated Increase One of the many benefits offered to the City of San Antonio employee is a two-to-one match toward the Texas Municipal Retirement System (TMRS). Permanent City of San Antonio employees automatically become members of the TMRS on the first date of employment. Employees contribute 6% of their gross earnings to TMRS, and the City contributes two times the employee's contribution, or 12% of their gross earnings. City employees become 100% vested after five years of service. Effective for FY 2005, the TMRS reduced the assumed actuarial interest rate and payroll growth assumptions utilized in calculating city contribution rates. This resulted in a 0.82% TMRS City contribution rate increase. In terms of dollars, the FY 2005 Adopted budget includes an additional $1.6 million for All Funds to sufficiently provide the required match to TMRS.

Employee Uniform Initiative Working toward the goal of reducing costs while improving the quality and consistency of City issued uniforms, the Purchasing & General Services Department has begun initial steps to develop a standard employee uniform initiative. This will establish requirements related to the purchase and/or lease and issuance of uniforms to full-time permanent city employees. Over 3,000 civilian City employees in over 145 job classifications are currently issued some type of clothing or uniform. Under this initiative, all employees within specified job classes will be provided with uniforms appropriate for their work environment in an effort to increase safety, promote a positive public perception, and maintain a consistent level of quality for clothing provided to employees. By providing a citywide consolidated process for uniform purchases/leases and distribution, savings will be realized to individual department budgets. This initiative is estimated to generate savings in FY 2005 of $100,000 in All Funds and $56,136 of savings in the General Fund.

City Council Administrative Assistant Compensation. The FY 2004 Revised Adopted Budget included $119,544 each for the Mayor and City Council to obtain Administrative Assistant services to assist the City Councilmembers in their official duties. The FY 2005 Adopted Budget increases this allocation by 3% to provide sufficient funding to provide, at the discretion of the Mayor and City Council, current and future Assistants with a Cost of Living Adjustment of up to 3%. This increase will result in a combined increase of $39,446 to the FY 2005 Budget providing a $3,586 increase to the Mayor's and each Councilmember's Administrative Assistant budget.

Efficiencies

Bottom Line Strengthening Program Including front line employees from across the organization in finding efficiencies within the delivery of city services is the primary objective of the Bottom Line Strengthening (BLS) Program. For the second year in a row, the City Manager sought ideas from City employees through the process. The BLS Program has become and will continue to be an important part of the budget process allowing City employees the opportunity to identify possible revenue generators and service delivery improvements. This year, the program engaged 210 employees randomly selected and placed into Action Teams each moderated by a member of the Management Team. Each Action Team was comprised of 30 members and met in the months of March and April 2004. From this year's BLS process, twelve recommendations with savings and new revenues totaling $518,215 were developed and are included in the Adopted Budget.

Administrative Efficiencies One of several organization-wide policy issues and service delivery issues reviewed during this summer's budget development worksessions with all city departments was "administrative efficiencies." Several policy proposals have financial impact savings included with the FY 2005 Adopted Budget or will be implemented within the upcoming fiscal year and are expected to show savings beginning in FY 2006.

One significant administrative efficiency initiative will be implemented within the Community and Visitor Facilities Fund. Approximately sixteen positions, seven from the Alamodome and nine from the Convention Facilities Department, will be consolidated into one division within the Convention Facilities Department. The consolidation will assist in providing resources to the two departments for fiscal

management, human resource management and quality assurance activities in the conduct of the business of the City's community and visitor facilities. The sixteen positions were identified from fiscal, contract services, human resources, and planning and development units within the two departments.

A second significant administrative efficiency will be piloted in FY 2005, and depending on the pilot results, will be broadened where appropriate. The pilot program consists of the consolidation of ERM roles related to payroll and financial transactions for seven smaller departments and offices located in City Hall. The payroll and finance-related roles require the assignment of 26 departmental-roles for the departments at City Hall that would have resulted in 364 assignments for the seven departments. As a result of the consolidation of roles in the pilot program, only 110 assignments will be necessary. Efficiencies are anticipated from this consolidation.

Centralization of Human Resource & Payroll Administration To improve consistency in the application of human resources-related policy and procedures and to create a centralized point of accountability, thirty positions will be redirected and reclassified as "Human Resource Specialists". These positions will concentrate exclusively on human resource and payroll-related functions for one department or a pod of departments. Increased accountability results from centralized reporting to mid-level managers and the Director in the Human Resources Department. Enhanced customer service to departmental and employee "customers" will be facilitated through location of these specialists in departmental and field offices. The HR Specialist concept gains efficiencies by centralizing the roles of human resources and payroll services yet allowing decentralized working locations.

Crisis Care Center One of the San Antonio Police Department's (SAPD) measures of quality service is maintaining or increasing the patrol availability factor (PAF). PAF measures the actual time a Patrol Officer is available to provide a continual active presence within the City's neighborhoods and communities. The FY 2005 Adopted Budget includes allocating $100,000 from the Police Confiscated Property Fund to support the creation of a Crisis Care Center (CCC) that will provide preferred medical assistance to detainees requiring care. The creation of the CCC will allow more officers to be available for patrol and to respond to calls for service which will result in a significant savings in the Patrol Officer's time.

Currently, detainees in the custody of a San Antonio Police officer are transported to the City's Detention Center, located in downtown San Antonio, where they are booked and held for magistration. Detainees determined to be ill or injured prior to booking into the Bexar County Jail System are transported to the University Hospital Emergency Care Unit, located more than eight miles away in the northwest section of the City. Once at the University Hospital, the Officer and detainees are seen in order of their arrival often waiting for service for several hours.

The City of San Antonio, the Center for Health Care Services, the University Health System, and the University Physicians Group have collaborated to create the plans to expand the downtown Urgent Care Clinic to serve as a Crisis Care Center. Two key services will be provided: a Crisis Care Center operating on a 24-hour basis providing medical and mental health screenings with six 23-hour holding beds; and medical screening for arrestees, public inebriates, and other detainees of the City's Detention Center. According to SAPD estimates, this facility could reduce by half the amount of time an officer spends transporting and guarding arrestees.

Under these conditions, transporting and guarding an arrestee can last from three to six hours. The SAPD has determined that its officers spend approximately 16,614 hours annually handling prisoners that require medical treatment. Over 70% of these hours (or 11,504 hours) are during "on-duty" time while the remaining 5,110 hours are on an "overtime" status. The CCC will reduce the amount of time required for transporting detainees and reduce the wait time for medical service by more than 90%.

City Vehicles The FY 2005 Adopted Budget continues to address efficiencies in providing a reliable and practical city fleet at lower costs and in providing additional competitive fleet and equipment maintenance

services. In the FY 2004 Adopted Budget, 108 underutilized vehicles were eliminated from all funds for a combined savings of $1,504,227. The FY 2005 Adopted budget eliminates an additional 28 vehicle assignments that currently have significantly lower mileage than the rest of the City's fleet. The General Fund savings from this proposal will total $251,522 with a total savings of $356,704 in All Funds. The departments will continue to rely on other vehicles within the fleet as well as use established city "motor pools" for transportation services.

A second city vehicle related efficiency issue that will provide savings is to continue to extend the life of the current fleet from 72,000 miles to 84,000 miles. In the FY 2004 Adopted Budget, the City extended the life of 214 vehicles by moving their replacement criteria to 84,000 miles. The FY 2005 Adopted Budget realizes a net total savings of $2.2 million in All Funds by extending the replacement criteria mileage for 1,038 vehicles to 84,000 miles. The savings in the General Fund will be $1.5 million. To cover the additional maintenance costs that can be expected by this proposal, $50,200 is added in various departmental budgets in FY 2005.

The third efficiency issue pertaining to City Vehicles that will generate savings in FY 2005 is to provide in-house fleet and equipment maintenance, repair, and paint and body services that are currently being performed at higher costs from the private sector. This proposal includes: 1.) performing winterizing services of seasonal vehicles and equipment; 2.) performing hydraulic repairs in-house; and 3.) performing minor body repairs and paint services for vehicles within the city fleet when necessary. Additionally, the initiative includes savings by modifying the paint and body repairs policy. Currently, all minor and major body repair and paint work is performed on city vehicles. Under this proposal, all vehicle damage under $1,000 generally will not be repaired unless needed and all vehicle damage between $1,000 to $3,500 will be performed in-house. These combined proposals will provide $836,614 in savings for All Funds with $663,032 of the savings being within the General Fund.

The combined saving from these vehicle initiatives--eliminating underutilized vehicles, extending vehicle life, performing more in-house repairs, and modifying body repairs and paint policy--is $2.4 million in the General Fund and $3.3 million in All Funds.

City/County Service Integration The Citizens Commission on City/County Service Integration was jointly created in October 2003. The Commission was charged with the following:

- Review best practices and models from other communities, including the role of special districts;
- Implement community education programs on the desirability of functional consolidation;
- Recommend a plan to transfer/consolidate functions between City and County governments that is equitable to taxpayers;
- Develop draft legislation needed to implement recommendations

On May 6, 2004, the Commission presented its report which contained 25 recommendations for functional integration of City and County services. City and County staff have coordinated and completed an analysis and provided a timeline to implement most of the recommendations.

Some of the recommendations from the Citizens Commission are already implemented. These include the following:

- Coordinated library book purchases. This is currently coordinated through the Alamo Area Library System.
- Coordinated street maintenance materials purchases. Both the City and County street operations work with each other to maximize opportunities for savings by jointly bidding for street materials to maximize quantity discounts.

Recommendations that are being reviewed for implementation by end of FY 2004 and during FY 2005 include the following:

- Development of a centralized jury pool
- Development of a Joint Technology Standards Work Group
- Adoption of a final set of subdivision development policies in the ETJ
- Open a social services one-stop pilot
- Development of a single Countywide GIS system
- Include the San Antonio River Authority in consolidated park reservation system
- Increase accessibility to various park policies and identify possible areas for standardization
- Coordinate various human resources related functions and services

Recommendations that will be continued to be studied for future year implementation include the following:

- Establishment of a joint 311- Customer Service system
- Creation of a single City-County housing authority
- Creation of a single City-County health authority
- Creation of a joint City-County police, sheriff training academy
- Open City household hazardous waste collection site to Bexar County residents
- Development of a customer service center network
- Evaluate the feasibility of consolidating quality of life services on a county-wide basis.
- City will provide a bid to perform maintenance of traffic signals in the County

Overtime Use and Overtime Budgets Significant attention was devoted to reducing the City's overtime expenditures across all funds and many departmental budgets. During the budget development worksessions in depth analysis of overtime policies and procedures citywide were reviewed resulting in identifiable savings to certain department budgets through the implementation of more efficient hiring and workflow processes. Departments identified expenditure savings to the General Fund in the amount of $1,535,086. The total savings to all funds will be $1,820,481 in FY 2005. The chart below outlines the dollar amounts that departments will realize as a result of these efficiencies.

FY 2005 Adopted Overtime Expense Savings

General Fund	Savings
Fire/EMS	$155,332
Health	30,000
Municipal Court	15,000
Parks & Recreation	43,416
Police	1,149,904
Public Works	125,000
Other Departments	16,434

Other Funds	Savings
Aviation	$70,000
Environmental Services	100,000
Facility Services	32,000
Parking	70,000
Other Funds	13,395

As listed above, the Fire Department is estimating to save $155,332 by eliminating overtime used to fund the Safehouse during the rodeo, by reducing Emergency Medical Services peak overtime, and reducing regular overtime expenditures. To achieve the operating overtime savings, the department plans to give certified paramedics in the Firefighting Division the opportunity to work EMS overtime allowing for the distribution of work hours and overtime occasions.

The Police Department will implement several initiatives to reduce their overall use of overtime for a combined savings of $1,149,904. The Department has developed an alternative work-flow process that will reduce overtime associated with late calls that occur near the end of patrol shifts and cause officers to extend their shift at an overtime rate of pay. This program will redirect non-emergency late calls to the subsequent shift. If this response is not convenient for the caller, then a Police Officer will be sent at a suitable time for the caller. For FY 2005, it is estimated that this will result in savings of $230,000 in overtime expenditures. In addition to this program, the Police Department will reduce overtime expenditures resulting from Assignment Extensions, Voluntary Return (to work) and Work Relief Days for a total of $257,985, and reduce expenditures of other controllable overtime budgets for a total of $160,175. Also included within the budget is the elimination of overtime expenditures associated with traffic control at the Joe & Harry Freeman Coliseum and the SBC Center for a total of $105,491. Finally, the Police Department, along with several other departments and entities will create a consolidated urgent care facility in the downtown area (Crisis Care Center) that will reduce the number of overtime hours an officer expends transporting and guarding arrestees for medical treatment saving $96,254 in overtime costs.

The Health Department is planning to reduce overtime by repositioning an Animal Care Officer to a later evening shift to correspond to "priority" calls that are received after 6:00 p.m. This reduction will result in total savings of $30,000. Municipal Courts will reduce the overtime budget due to increased efficiencies of technology in court services, court operations, and magistrate services. This reduction will result in $15,000 in savings. Parks and Recreation will reduce the overall overtime budget for Parks and Recreation by ten percent. Public Works will reduce controllable overtime in the signs manufacturing section and in the street maintenance division by managing work-flow schedules resulting in $125,000 in savings.

Other Funds will realize savings in overtime expenditures in FY 2005. The Aviation Department will reduce overtime within the Aviation Fund by rotating fire personnel from Stinson Municipal Airport to the International Airport when possible resulting in savings of $70,000. Environmental Services will reduce overtime expenditures by increasing the efficiency of the hiring process and developing a labor pool for Environmental Services resulting in savings of $100,000 for the Environmental Services Fund. The Municipal Facility Services fund includes strategies to reduce the overtime budget by $32,000 in facility services achieved by the creation of a staggered work shift. Also, the Parking Fund will reduce the overtime budget by adjusting work schedules and maximizing the availability of part-time and temporary employees resulting in a savings of $70,000.

Public Safety Integrated Technology (PSIT) In FY 2005 the City's Police Department will continue to realize significant efficiencies through the continued implementation and use of their Public Safety Integrated Technology (PSIT) system included within the 1999-2003 G.O. Bond Program. The PSIT system contains three components: the Field Entry Reporting System (FERS), the Supplemental Report Management System, and an Electronic Document Management System.

The FERS consists of laptop computers within each police car. Unlike the mobile data terminals being replaced, FERS will allow officers access to real-time information in an electronic environment and to submit police reports electronically. This system will also provide immediate access to maps and photos, will allow police officers to enter police reports while in the field, and will allow the scanning of thumb prints and drivers licenses also while in the field. A total of 630 laptops are required for FERS. To date, 306 Laptops have been purchased and installed with 324 remaining to be purchased.

The Supplemental Report Management System (SRMS) expands on the electronic report submission and provides immediate access to police reports and real-time data for supervisors and investigative staff. SRMS will also eliminate manual case tracking and enhance case filing through an electronic interface with the District Attorney's Office. The Electronic Document Management System interfaces with the other two components of PSIT and provides reduced paper flow and more efficient storage of case files.

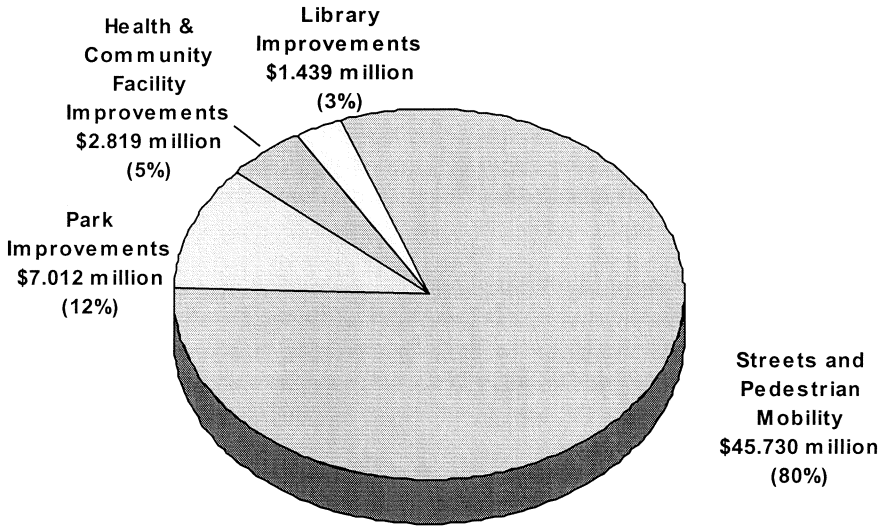
Final field-testing will conclude early in FY 2005 and complete system rollout will follow. Additional remaining work includes the Optical Disk Storage & Retrieval System and the purchase of the necessary electronic storage capability to ensure five-year availability of police report and related documents. In addition, implementation of the wireless broadband and microwave data networks envisioned in the original system designed to improve the flow of data to and from police vehicles and facilities remains with an estimated completion date of September 2005.

Infrastructure / Community Development / Environment

HUD 108 Capital Improvement Program The need for infrastructure and facilities improvements within the City is immense. The last two general obligation bond elections provided funding for $255.2 million in infrastructure projects yet there remains a great need for additional dollars. The Adopted FY 2005 - 2010 Capital Improvement Plan includes utilizing the Housing & Urban Development (HUD) 108 Loan Program to fund critical capital projects that would otherwise not be funded or would be funded in phases over several years.

The Housing and Urban Development (HUD) 108 Loan Program provides $57 million in funding for 85 projects that will improve street and pedestrian mobility (55 projects), parks (16 projects), health and community facilities (10 projects), and libraries (4 projects). This program will not require a tax increase nor affect the City's future bond capacity. The figure below shows the breakout of the $57 million by program category.

HUD 108 Capital Improvement Program - $57 Million



The HUD 108 Capital Program will achieve the following:

- Provide funding for $57 million of projects in today's dollars that will be completed in four years instead of funding these projects over a multi-year period contingent on CDBG entitlements. This funding will be available subsequent to City Council action to authorize the submission of an application for the HUD 108 Loan.
- Provide match funding to support the Neighborhood Improvement District (NID) Program, which was identified as a priority by the City Council in its goal setting worksession.
- Provide funding to complete street, pedestrian mobility, and drainage projects that have been designed and not yet fully funded for construction.
- Provide full funding for capital project needs identified throughout the City that could not be funded in the past due to the large magnitude of the project scope and limited annual funding capacity.
- Provide funding to upgrade many of the City's recreation, library, health and other human development service facilities to increase our potential for service delivery and improve our operation efficiency.

The HUD 108 Loan is a debt instrument that was designed by the federal government to give municipalities the opportunity to leverage dollars in an amount sufficient to finance large HUD eligible capital projects without having to fund them in multiple phases through annual Community Development Block Grant (CDBG) entitlements. The program allows municipalities to leverage up to five times their annual CDBG entitlement ($17 million for COSA in FY 05) in the form of a loan that is repaid over a twenty-year term.

The City is required to pledge a portion of the CDBG entitlement in order to secure the loan. If approved, City Council can authorize the annual debt payment of this loan be made from the City's annual CDBG entitlement until the debt is paid. In addition, if the block grant is eliminated, the debt is also eliminated. The annual debt on $57 million over a twenty-year period is approximately $5 million. If the debt is paid from the entitlement, 15% of the budget would remain available for public service projects, 20% for administration, and the remainder ($6 million) could be used to fund housing and neighborhood revitalization needs as well as other capital projects.

Bexar County Regional Mobility Authority The FY 2005 Adopted Budget includes $500,000 to provide a loan to the Regional Mobility Authority (RMA) in Bexar County. The City's contribution will assist in providing the RMA with the initial start-up dollars necessary for administration and capital vital to this new local government entity. The loan will be repaid by the RMA in the future as toll revenue becomes available. The RMA was recently created through the joint efforts of Bexar County and the Texas Department of Transportation to implement regional mobility solutions including turnpike projects. The $500,000 will allow the City to become an investment partner to the RMA matching a $500,000 contribution from Bexar County. It is planned that the City Council will first adopt an Interlocal Agreement between the City of San Antonio, the RMA and Bexar County prior to providing the FY 2005 loan payment. The $500,000 City contribution will ensure that the City of San Antonio will have representation on the seven-member Authority Board and will benefit the overall San Antonio area transportation system.

San Antonio Symphony To provide the San Antonio Symphony support in the total amount of $400,000, the FY 2005 Adopted Budget includes $320,000 within the General Fund and $80,000 within the Airport Operating Fund. The San Antonio International Airport will benefit from at least three performances within the Airport's terminals in FY 2005 in exchange for the $80,000. The Symphony has recently emerged from bankruptcy and has embarked in a new direction with a new President/CEO, a negotiated musician contract that allows for a reduced number of weeks of performance, and an operating budget of $5.6 million. Significant effort is underway by the Symphony to secure private and

corporate support. The Kronkosky Foundation has awarded the Symphony a $250,000 matching grant to encourage other funders. City funding will support the artistic activities of the Symphony's operations.

NID Challenge Match As authorized by Chapter 372 of the Texas Local Government Code, a city is allowed to levy and collect special assessments on property that is within the city to be used by the Neighborhood Improvement District (NID). A NID is created when the area or the neighborhood petitions the city for public improvements to their area. The petition must include those owners of taxable real property representing more than 50 percent of the appraised value of taxable real property liable for assessment. Examples of eligible improvements include landscaping, signs, acquiring or constructing sidewalks or streets, improvement of public spaces, and supplementing or enhancing existing infrastructure and/or public improvement projects. In an effort to support neighborhoods that may want to form a NID but may need financial resources to support intended goals, the FY 2005 Capital Budget allocates $1 million within the adopted HUD 108 Loan Program for a NID Challenge match. These funds will be used in CDBG eligible areas to challenge match neighborhood contributions toward an established NID in order to improve and enhance neighborhood infrastructure.

Capital Improvements Program Staffing Support To ensure that the $115 million 2003-2007 Bond Program project delivery is kept on schedule and to implement, administer, and maintain the adopted $57 million HUD 108 Capital Projects Program included in the FY 2005-2010 Capital Improvement Plan, the FY 2005 Budget adds ten additional positions to the Capital Programs Division within the Public Works Department and two additional positions to the Parks Capital Programs section within the Parks & Recreation Department. The 2003-2007 Bond Program includes 113 projects throughout San Antonio that have been and will improve streets, drainage, libraries, parks, and public health and safety facilities. The HUD 108 Program includes 85 projects that provide additional streets, library, and park improvements. This improvement will add one Capital Improvement Projects (CIP) team, half of a CIP team for two months, and two Real Estate Specialists for twelve months to support the Real Estate Section in Public Works. The CIP team will consist of one Sr. Engineer, one Engineer, one Engineering Associate, one Capital Projects Officer, and one Sr. Engineering Technician position. The half-CIP team will consist of one Sr. Engineer, one Engineer, and one Engineering Associate position. The costs associated with this improvement will total $473,885 in FY 2005. Although the costs for this improvement will initially be paid for by the General Fund, the 2003-2007 Bond Program and the HUD 108 Program will reimburse approximately ninety percent of the costs leaving the remaining ten percent to be charged to the General Fund.

$1 Million Additional Contractual Street Maintenance The Adopted Budget includes $1 million to augment resources available for Contractual Street Maintenance Program. It is estimated that the additional funds of $1 million will result in an increase of about 18.35 lane miles in FY 2006 (to be performed by contractors). This output is based on the current mix of street maintenance applications. Should City Council members select different type of applications, the output in lane miles will vary. Total available funds for contractual street maintenance will increase to $7.7 million in FY 2005.

LED Traffic lights Energy Savings A Bottom Line Strengthening (BLS) Program recommendation included in the FY 2004 Budget was to replace the incandescent bulbs currently in traffic signals with light emitting diode (LED) bulbs that require less energy to operate. The City has 1,077 traffic signals under its control and replacement of all current bulbs with LED bulbs is estimated to save the City over $750,000 a year in electricity costs. During the current fiscal year, the City's Public Works Department applied to the State of Texas' Lonestar Program for one-time resources of $1,663,700 to acquire new LED bulbs for City traffic signals. The use of the Lonestar program will require the payment of interest and principal scheduled over a five year period. It is anticipated that over the eight-year life cycle of the LEDs, the City will realize estimated savings of $5,625,000. Of this amount, $1.7 million will be set aside for a LED replacement fund; $1.8 million will be used to pay back the SECO loan and the remaining $2.1 million will be realized as General Fund savings. The FY 2005 Adopted Budget includes a first-year savings in energy costs of $200,000. The conversion of traffic signals to extended view LED lights is estimated to be completed by February 2005.

Ultra Low Sulfur Diesel Fuel Mandate The City's Environmental Services and Purchasing & General Services Departments have initiatives in place and under consideration to address the issues of clean energy and air quality. One state-mandated initiative addressed within the FY 2005 Adopted Budget is the use of Ultra Low Sulfur Diesel within the city fleet. Bexar County is one of 110 counties in central and east Texas that will be required to utilize this low emission diesel starting in April 1, 2005. The City will begin using the fuel in January 2005. There are 978 vehicles within the city's fleet that use diesel fuels including most of the city's heavy-duty garbage trucks, recycling trucks, and off-road heavy equipment including tractors and bulldozers. The Purchasing fund includes an additional $231,698 to support the use of ultra low sulfur diesel fuel in FY 2005.

Automated Collection Pilot Program A six month pilot program to test an automated garbage collection system was approved within the FY 2004 Budget. Experience by other cities with automated collection has shown cost reductions by utilizing a smaller crew (one person versus three in manual collection) and reducing employee injuries.

Six pilot areas across the City were identified consisting of 6,795 homes. The specialized collection garbage trucks along with the appropriate carts were ordered and a comprehensive education campaign was implemented. Automated collection began on June 1, 2004 and will continue through the end of November, 2004. Current surveys of citizens in the test areas indicated a very favorable response to the program. A final report with recommendations will be provided to City Council in January 2005.

With successful completion of the pilot and the approval to proceed with a City wide implementation, the Environmental Services Department projects a seven year implementation plan could begin in FY 2006. Preliminary estimates indicate a potential cumulative 10 years savings for the Department of over $17.5 million by using the automated collection system which is similar to what other cities have experienced.

Single Stream Recycling Processing Contract A new recycling processing contract was approved in June 2004 allowing for a single stream collection of the City's residential curbside recyclable materials. The use of a single stream collection method versus the dual stream method allows the City's recycling driver/collector to move through the route quicker. The change to single stream collection will have no impact in the citizen's use of the program.

It is estimated that the use of the single stream collection will result in annual operational savings of over $125,073. Additionally, the new seven-year contract provides for payment to the City for the sale of the various components of the collected recycled materials (i.e., paper, metals, and plastics). Preliminary estimates place the additional annual revenue to the City at about $360,000.

Storm Water Rate Structure Study The FY 2005 Storm Water Fund includes $100,000 budgeted for one-time consultant services to perform a rate structure study on the Storm Water Fee. This monthly fee that is included on the water bill is the primary revenue source of the Storm Water Operating Fund. The Fee is assessed to property platted within the City that receives water or sanitary sewer service. The rate is currently based on lot size. The $100,000 included within the FY 2005 Budget will provide professional services to restructure the Storm Water fee so that the fee is based on impervious land cover and/or land use. Additionally, the professional services will analyze the current program, policies and priorities; cost of service; and organizational issues related to the fee. The goal will be to have a rate structure developed that satisfies program priorities through adequate cash flow and assist in the development of the rate ordinance. A master account file system would be developed along with a billing system to include customer service. Finally, a general plan for implementing and executing the revised rate structure to include public education would be provided.

Accountability

City Auditor Enhancement The FY 2005 Adopted Budget included $2,785,877 for the City Auditor's Office Budget. This amount provides funding for 30 positions for an entire fiscal year (with a full-year added cost of $236,804). The budget includes the addition of three full-time Auditor II positions at twelve months funding ($204,013) to support the internal auditing activities of the Office. As indicated by the City Auditor, funds set aside and currently encumbered for an Audit Services Contract for performance audit activities of the Enterprise Resource Management (ERM) project are no longer needed. These funds will be released providing the offsetting dollars of $236,804 to fund the City Auditor FY 2005 Adopted Budget.

Contract Management Over the last several years, the City has made significant improvements to the contracting process. In FY 2002, the Contract Services Division was created in the Asset Management Department. Since then, this division has established a centralized contract training schedule, created consistent contract policies and procedures, conducted high-risk contract evaluations, and provided assistance to departments during the initiation phase of the contract process. Although the initial focus was on the early stages of the contract process, the division recently began conducting citywide training on contract administration. This marks the beginning of the next phase of improving the City's contracting processes: the administration and monitoring of contracts.

The adopted budget includes the creation of a new, centralized contracts department to coordinate citywide training, develop and apply consistent contract policies, and provide for centralized compliance reviews. The Contract Services Department will be staffed by redirecting ten existing positions from Asset Management and creating six new additional positions. The cost of creating the six new positions is $412,780.

In addition to continuing to provide solicitation reviews and contract initiation services for high-risk contracts, the department's work plan will consist of the following contract compliance tasks:

- Develop a schedule for each high risk contract based on complexity, risk factors, and length of contract.
- Insure departmental contract monitoring plans are established.
- Conduct contract compliance reviews on high-risk contracts on an annual or biannual basis.
- Provide in-house consultant services to departments on contract administration.
- Assist departments in dispute resolution.
- Develop annual compliance work plans.

In keeping with the accountability model that places responsibility of contract administration and monitoring at the department level, the adopted budget includes the creation and expansion of several departmental contract units.

- Parks & Recreation - three contract compliance positions.
- Health – three contract compliance positions.
- Community Initiatives - one contract compliance position.
- Airport – three contract compliance positions.
- Finance – full year funding of an Audit & Compliance Resolution Manager and the redirection of an existing Tax Investigator position to monitor Hotel/Motel Occupancy Tax receipts.

Public Utilities Office The Public Utilities Office is being created in FY 2005 and involves the transfer of the Public Utilities Division within the Finance Department to a new Department in conjunction with additional resources. The Office is being created to be a distinct and separate Office focused on the vast range of issues associated with public utilities.

The number and complexity of public utility issues has continued to increase as technology advances, the regulatory framework evolves, and the utility environment changes. With respect to oversight of CPS and SAWS, both entities have increasingly important and challenging policy matters which will require study, analysis, and in certain instances approval by the City. For instance, over this past year, City staff reviewed a proposed adjustment to the SAWS' water supply fee followed shortly thereafter with increases to the water delivery and wastewater rates. Review of rate packages such as these requires an extensive amount of resources and time to determine adherence to cost of service methodology, policy changes to cost of service, and ultimately ratepayer impacts. As SAWS continues to implement the water supply program and address its aging water delivery and wastewater infrastructure, it is anticipated that rate adjustments will be forwarded for consideration in each of the next several years in order to fund the significant capital program being proposed. Continuing to achieve a balance between SAWS' requirements and impacts to ratepayers will be increasingly challenging.

City staff continues to work with CPS on projects such as rate adjustments related to the acquisition of an additional interest in the South Texas Project, proposed revisions to certain gas tariffs, residential rate restructuring, overhead conversion fund, the potential restructuring of the methodology for the City's payment from CPS, and numerous other items. A review of the methodology for the City's payment from CPS will be one of the most important endeavors undertaken by the City. The payment received from CPS is the City's single largest General Fund revenue source. However, a review of the CPS payment methodology is necessary as CPS prepares for the possibility of competition in the future. As such, the City has included $100,000 in the FY 2005 budget to engage a consultant to assist in a review of the CPS payment to the City. The review will include a range of analysis including historical payments to the City, managing the City's reliance on CPS revenues, protecting the CPS Payment to the City in a competitive environment, and restructuring options taking into consideration provisions of the deregulation statute.

This Office will also be responsible for providing support to the City's liaison to the Fire & Police Pension and Retiree Healthcare Funds and assistance with the financial oversight of the City's Liability, Workers' Compensation, and Employee Benefits Funds.

The creation of the Office will include the redirection of four positions from the Finance Department and the addition of five positions at a cost of $330,010. The additional resources will be funded from savings in energy charges for streetlights. In 2000, the City partnered with CPS to have all streetlights converted from mercury vapor lamps to high-pressure sodium lamps which utilize less energy resulting in reduced utility costs for the City. The conversion of streetlights has been completed and recovery of CPS' project costs from the energy savings will be complete in September 2004. As such, in FY 2005, the City will begin to realize the savings in energy charges for streetlights. These savings have been utilized to fund the additional resources for the Public Utilities Office.

Cash Handling Initiatives Many City services delivered to the public involve a daily exchange of money for partial or full-cost of the services. There exists over 90 daily cash collection sites and several more special one-time collection sites operating throughout the year. Collection of cash occurs, for instance, at the City's Golf Courses, Parking Facilities, the Airport, at Municipal Courts and at the City's One-Stop Development Services Center.

In an effort to ensure proper cash handling policies and procedures and adequate internal controls, a citywide cash handling assessment was conducted in FY 2004 that included the professional services of outside Certified Public Accountants and consultants. Several pertinent cash handling improvements have been initiated and several more have already been completed in FY 2004 at a total cost of approximately $201,993.

The FY 2005 Adopted Budget includes $201,993 in improvements to continue addressing this initiative. Included in these costs is the addition of three positions. Two positions--one Cashier and one Office Assistant--will be added in the Finance Department as well as funds to reclassify four existing positions totaling $52,600. One Administrative Assistant II position will also be added in the Health Department

with nine month funding to monitor cash handling and to develop a point of sale system. Finally, funds are included in the Library Department budget to in-lieu a vacant position to a Fiscal Operations Manager. The Human Resources Budget includes an additional $11,251 to conduct background checks on a portion of employees who are identified as cash handlers. Finally, included in the FY 2005 budget is $64,259 to provide additional security cameras, new cash registers, and credit card terminals.

Customer Service & 311 Call Center. The FY 2005 Adopted Budget provides additional resources to the City's Customer Service & 311 Call Center. The $241,313 improvement will add eight positions to the Customer Service Department to address an expected 1.2 million calls for service in 2005, a 20% increase in call volume. Two of the eight positions will be assigned dispatching duties so that existing 311 representatives can be redirected back to answering calls for service.

Environmental Services Payment Audit and Compliance Throughout the country, the Solid Waste Industry data shows approximately 3% of customers are not billed or are incorrectly billed for solid waste collection services. City Public Service (CPS) bills and collects the solid waste, environmental and brush collection fees for the City's Environmental Services Department. Billing is based on coding on residential electric meter accounts and is done via a batch system. Continuous customer moves, electric service disconnects, new services and changes to master meter accounts result in an inaccurate customer database and loss of revenue to the Department. The FY 2005 Budget includes funding for a program improvement that will fund two Route Analyst positions and associated equipment costs necessary to conduct audits of solid waste collection routes to ensure that revenues are received for all services rendered. The net savings to the Environmental Services Fund in FY 2005 from this initiative is estimated to be $116,250. Savings are projected to be $155,000 in FY 2006 with full-year implementation of the program.

Ethics Review Board & Campaign Finance Reform The Adopted Budget includes $33,596 to provide support to the Ethics Review Board and the campaign finance reform initiative. Funds have been allocated in the amount of $2,957 to in-lieu a vacant position in the City Clerk's Office to an Administrative Assistant II position. This position will be responsible for providing support on matters of campaign finance reform to the newly independent Ethics Review. Additional funding has been budgeted in the City Clerk's Office to allow the Information Technology Services Department to develop a new electronic filing system for campaign reports. This will allow candidates and officeholders to file their required reports on-line. This improvement will require an additional $51,200 in funding to fund increased data processing costs. In addition, funding of $118,521 is set aside in the FY 2005 Adopted Budget for one Attorney III and one Paralegal position to be added to provide additional legal support for these two new initiatives for a total cost of $206,274 in FY 2005.

Public Safety

Police Department Budget Realignment The FY 2005 Adopted Budget reflects a fiscal realignment of the Police Department budget with a goal of better managing budget resources. A model was developed using actual expenditures from FY 2003 and re-estimated expenditures from FY 2004 as indicators for select contractual and commodity line items that could be moved to other budget areas that have required added resources. This realignment, coupled with the $1.149 million reduction in overtime expenditures, should allow the department to better manage total expenditures throughout the upcoming fiscal year.

Family Domestic Violence Response The FY 2004 Budget included $450,000 for possible use as a match for a domestic violence grant from the Substance Abuse and Mental Health Services Administration (SAMHSA) or to be used to support added City costs to provide similar services. Since the grant was not secured, part of the FY 2004 allocation was placed in the Police Department's budget to develop a program to provide services to individuals affected by domestic violence as well as other violent crimes.

The Police Department responded by creating a Crisis Response Team (CRT). The CRT supports the mission and goals of the Police Department through the integration of expertise from experienced community-oriented policing officers and professional caseworkers who provide short-term crisis intervention, mental health assistance, referrals to appropriate resources and advocacy services. In FY 2004 four new civilian positions (Caseworker IIs) and four new Police Officer positions were added to the Police Department. First year costs were estimated at $209,108 based on the funding of positions for five months. The balance ($240,892) of the total added budgeted funds for this initiative has been carried forward into the Adopted FY 2005 Budget and has been augmented with an additional $449,551 for full year funding of the CRT in FY 2005.

Police Differential Response Redirecting City resources from one service initiative to another to achieve efficiencies while not giving up quality services has been an overall strategy in developing a balanced budget that provides targeted investments in City Council priority areas. The FY 2005 Adopted Budget includes a redirection of police services that will increase the Police Patrol Availability Factor (PAF). The Differential Police Response (DPR) Program provides alternative methods to the traditional field response to non-emergency requests for police services. DPR will optimize police resource utilization and availability and still provide citizens with a non-urgent response.

Currently, the Police Department handles select calls for service by taking a telephonic report using 11 specially trained Senior Service Agents (Expediters), light-duty Police Officers, and Dispatchers (when not engaged in dispatching Police Officers to calls). Calls handled by Expediters are 1.) cold cases; 2.) non-life-threatening; 3.) do not include personal injuries; and, 4.) no suspect is present. Handling calls in this manner precludes sending an officer to take a report, and as a result, frees officers to handle more urgent calls or to perform community policing outreach. On average, 54,907 calls are handled by expediters each year. However, in each year, another 59,000 to 70,000 calls could be handled by expediters. The FY 2005 Adopted Budget approves revising response policies to route more of the calls for service to expediting when the call is eligible for expediting. This revised response service level will include 14 categories of calls that are currently eligible for optional expediting. In addition to these 14 categories found in the table below, Non-Injury Assault cases will be responded to at the desire of the caller to include the options of expediting the call or dispatching a Police Officer.

Calls Assigned to DPR Expediting

- Theft under $10,000 in value
- Theft of vehicle, trailers and boats
- Burglary of vehicle
- Burglary of utility sheds / detached garage
- Graffiti under $10,000 in value
- Property Damage under $10,000 in value
- Harassment or threatening calls
- Theft of service
- Unauthorized use of motor vehicle
- Burglary of coin operated machine
- Criminal mischief under $10,000 in value
- Lost property
- Request for additional information
- Interference with child custody

To address the increased workload of expediting additional calls, an additional 11 full-time Expediters are included in the Adopted Budget with $258,467 in funding. The result of implementing the DPR is savings in Police Officer time equivalent to adding 40 new officers to patrol. Additionally, the increase in efficiency will increase the Patrol Availability Factor (PAF) by 2.37 percentage points. The table below demonstrates the affect of the increase PAF efficiencies from the DPR and lists additional PAF benefits from the Crisis Care Center improvement also included in the Adopted Budget.

Patrol Availability Factor with Adopted Program Changes

	Estimated FY 04	Adopted FY 05 Baseline	Gains from Crisis Care Center	Gains from DPR	Adopted FY 05 *(with efficiencies)*
Patrol Availability Factor	40.19%	40.36%	0.18%	2.37%	**42.91%**

Homeland Security Grants In FY 2004, various City of San Antonio departments were awarded over $8.2 million in homeland security/domestic preparedness-related grants. These funds are aimed at increasing airport security, bio-terrorism preparedness and first-responder readiness. The following are examples of how these funds are being used today.

- The Police Department is equipping its officers with a Personal Protection Equipment (PPE) kit consisting of a full-face air purifying respirator, chemical suit, chemically-resistant gloves, and other personal safety items.
- The Fire Department is purchasing for large-scale, mass casualty events various first-responder vehicles including a hazardous materials command vehicle and a self-contained breathing apparatus (SCBA) vehicle equipped with a cascade system for refilling air cylinders.
- The Health Department is utilizing grant funding to complete its Bio-terrorism Preparedness Project that includes vaccinating Tier 1 Smallpox Response Teams and constructing a bio-terrorism laboratory.

In FY 2005, the City of San Antonio is expecting to secure an additional $7.2 million in homeland security-related funding.

Economic Development

KellyUSA The City will continue its commitment to a successful re-building partnership of KellyUSA. This partnership has achieved a 96% occupancy of 8.9 million square feet of marketable buildings and has leveraged a $2.5 billion annual impact on the local economy. Currently, 12,171 jobs at KellyUSA have been created by the business center's 73 tenants. The 2003-2007 Bond Program includes $2.8 million for infrastructure improvements at KellyUSA in accordance with KellyUSA's Master Plan. The $57 million HUD 108 Capital Improvement Program which is included within the FY 2005 - 2010 Capital Improvement Plan sets aside $2.0 million for two street improvement projects. The KellyUSA 36th Street Extension funded for $1.0 million will construct street and drainage improvements from Growden to Duncan Drive on KellyUSA. The City's contribution together with KellyUSA's portion is expected to leverage $11.2 million in federal funds from the transportation reauthorization and appropriations process to be enacted in 2004. The second street project designated for funding by the City in FY 2005 is the KellyUSA Frio City Ramp. This project will construct a new ramp from Frio City Road onto General Hudnell for traffic leaving East Kelly along Cupples Road. This ramp will keep anticipated truck traffic off neighborhood streets in the vicinity. The Six Year Capital Improvement Plan sets aside $1.0 million for this project.

Brooks City-Base The FY 2005 Adopted Budget continues the commitment the City has made to Brooks City-Base since FY 1999. In FY 2004, the General Fund Budget supported $2.247 million in operating support and capital improvements. This included $797,880 to support Books City-Base staff and operations costs and $1,450,000 in one-time funds to support additional one-time contractual services need by the Brooks Development Authority (BDA) and to supplement capital resources available to construct a drainage culvert along the eastern boarder of Brooks City-Base to facilitate future development. In addition, the 2003-2007 Bond Program includes $21.1 million worth of projects that will be located at and benefit the infrastructure of Brooks City-Base. These projects include the City's projected $20.5 million share of the Emergency Operations Center to be located at Brooks and $600,000 for Military/Goliad Road Improvements. The FY 2005 Adopted Budget includes an additional $2.145 million for operating and new capital improvement funds for Brooks City Base. Operating dollars in the amount of $845,000 will assist in offsetting the costs of 16 positions at BDA, will provide for legal services, public relations, marketing, and other professional services such as insurance and security services. The $57 million HUD 108 Capital Improvement Program included in the FY 2005 - 2010 Capital Improvement Plan includes $1.3 million for a new 86 foot boulevard extension to be constructed from the Brooks City-Base entrance to the DPT laboratory facility.

Project Quest The FY 2005 Adopted Budget includes an additional contribution to Project Quest in the amount of $500,000 over what was included in the FY 2005 Proposed Budget. This increase brings the total General Fund contribution in FY 2005 to $1.5 million. With the additional $500,000, the total Quest Budget will sustain 274 current participants and allow Project Quest to enroll up to 60 new job trainees in FY 2005. With the additional $500,000 contribution to Project Quest, it will be expected under the guidelines approved by City Council that Project Quest will raise additional matching dollars for the agencies total FY 2005 Budget so that the 65%/35% funding rule will be met. Should Project Quest fail to meet these guidelines, then the $500,000 amended allocation to Project Quest will be redirected to street maintenance initiatives.

San Antonio Military Initiatives & BRAC Funding is included in the FY 2004 Budget in the amount of $125,000 to support community efforts to protect military facilities located in San Antonio from the next round of military base closures. With funding in the amount of $75,000 within the Adopted FY 2005 Budget and $50,000 from the Adopted FY 2004 Budget, the City will continue its funding of the San Antonio Military Initiatives at $125,000.

Austin-San Antonio Corridor Council A total allocation in FY 2005 of $100,000 is included in the budget for Austin-San Antonio Corridor Council association dues. The Austin-San Antonio Corridor

Council is a private, non-profit corporation comprised of contributing members from the region's business and public sectors. The Corridor Council advocates regional economic development efforts combined with regional infrastructure planning and implementation. The City's commitment of an additional $50,000 above what was included in the FY 2005 Proposed Budget is contingent on the City of Austin also providing the Corridor Council a total of $100,000 in FY 2005 and contingent on the Corridor Council providing a member-seat on the existing 36 Executive Committee of the Council to an elected City of San Antonio Councilmember.

SATAI The FY 2005 Adopted Budget includes $500,000 for the San Antonio Technology Accelerator Initiative (SATAI). The mission of SATAI is to identify, aggregate, and coordinate resources, initiatives, and networks necessary to foster the growth of San Antonio's technology-based growth industries. SATAI is achieving this mission and is surpassing all of its goals. SATAI has grown into an organization vital to the economic development of our technology industries. SATAI has received in-kind funding from other sources, such as UTSA, and it is engaged in a 3-year plan to increase the amount of funding from other sources and become a self-supporting organization.

Southside Initiative In FY 2005, City Staff will continue to provide support toward two targeted efforts related to the Southside Initiative. The first effort is the proposed Southside Texas A&M Campus. Staff and officials from Texas A&M University have been working together to identify property within the Southside Initiative Area to be used for the development of a Texas A&M University Campus. The FY 2003 Budget allocated $500,000 to support efforts to secure this future campus. These funds were allocated to support environmental studies, master planning, infrastructure, and other professional services as determined with final site selection. Staff, in conjunction with Texas A&M officials, have identified the needs for the first phase of the Texas A&M Campus. New resources in the amount of $200,000 are included within the FY 2005 Adopted Budget to complement the first phase initiative and other development planning initiatives that interface with the proposed campus.

A second effort is the creation of the Defense Adjustment Management Authority. One of the goals of the City is to balance San Antonio's growth by attracting new residents and businesses to the Southside. One method to achieve that goal is to create a Defense Adjustment Management Authority (DAMA) within the Southside Initiative area. Before the DAMA is implemented, it is proposed that a DAMA Advisory Committee be created. It is recommended that a staffing component be established in an effort to coordinate the process to create the DAMA and manage on-going activities pertaining to the Southside Initiative. The FY 2005 Adopted Budget includes $179,397 to staff these efforts and redirects one Senior Planner in the Planning Department (created by Council for the Southside Initiative) to the DAMA Transition staffing effort.

The DAMA Transition staff will support a DAMA Advisory Committee prior to the creation of the DAMA Board. The Office will also manage and coordinate proposed development activities within the Southside Initiative area to ensure that the goals and objectives of the Southside Initiative Plan are met. Finally, the staff support will inform the Committee of activities related to zoning and land use plan amendments in the area, coordinate activities related to legislative authority that govern the DAMA, and administer Council approved funds from FY 2004 in the amount of $300,000 for professional services to develop a public improvement master plan for the Southside Initiative area.

Economic Development Incentive Fund The FY 2004 Adopted Budget included $12 million in one-time resources for an Economic Development Incentive Fund. The Fund was established to attract or retain large-scale businesses in targeted industries and other significant investments that will serve as economic generators measured by new job creation, capital investment, and additional dollars leveraged from other entities. The proposed City Public Service (CPS) Revenue Policy included in the FY 2005 Budget development process provides for future opportunities to grow the Economic Development Incentive Fund. The proposed CPS Revenue policy establishes guidelines for allocating the City's payment from CPS in a given year if the actual payment exceeds 10% of the adopted budget amount for the CPS payment to fund economic development initiatives. In order to better track the revenue and

expenditures within the Economic Development Incentive Fund, the FY 2005 Adopted Budget transfers $12 million plus interest earned from the General Fund to a Special Revenue Fund.

Neighborhoods

HemisFair Master Plan - HemisFair Park Capital Improvements During this fiscal year, the Asset Management Department completed a Master Plan for HemisFair Park that will benefit both residents and visitors. HemisFair Park, located in downtown San Antonio, was developed on the site of the 1968 World's Fair. The Master Plan included the potential reuse/redevelopment of non-city owned property in the Park. One such property reviewed was an approximately 6-acre tract of land owned by the University of Texas System that is adjacent to the Institute of Texan Cultures. Through an agreement expected to be finalized in August 2004, the City will gain legal control of the 6-acre tract of land by swapping land of equivalent value with UTSA near the UTSA Downtown Campus. This action will benefit both parties by assisting in the efforts to accommodate the orderly growth and revitalization of HemisFair Park and the future expansion of UTSA's Downtown Campus. The HemisFair Park will also benefit from funds set aside in the HUD 108 Capital Loan Program within the Adopted FY 2005 Capital Budget. The project allocates $352,000 toward the HemisFair Park Playground. Specifically, the funds will provide for the replacement of playground equipment and provide for park-surfacing.

Downtown East & West End Corridor Revitalization Plans The core of San Antonio's visitor industry generally falls in the East End Corridor bounded by Houston Street on the north, Cherry Street on the east, Nueva Street on the south and the main channel of the San Antonio River (using the by-pass channel) on the west. This "East Corridor" contains many of the City's visitor attractions, including the Alamo, River Walk, Convention Center, Alamodome, St. Paul Square/Sunset Station, and most of the full-service hotels and restaurants. The heart of San Antonio's visitor industry is located east of the River, but Market Square and the Alameda Theater are located within the Corridor. Also, the Museo Americano and San Fernando Cathedral are major attractions for both locals and visitors.

The FY 2005 Adopted Budget includes a combined $150,000 for a Downtown East End and a Downtown West End Revitalization Plan. The Plan will address access and circulation, both vehicular and pedestrian, and will identify linkages with the surrounding areas that could be developed or maintained Use of urban design features will be evaluated including streetscape, landscape and public art. The Plans will evaluate creating "gateways" that draw people in and create a sense of place when they arrive. Parking issues will also be addressed. Finally, potential land uses for underutilized property will also be identified.

Downtown Strategic/Master Plan The FY 2005 Adopted Budget also sets aside $50,000 to fund a Downtown Strategic/Master Plan. This plan will focus geographically on the Downtown central business district and will address long-term visioning for downtown businesses, the visitor industry, convention facilities and services, downtown assets including historic facilities, downtown housing, and for the expanded and enhanced River Walk. The Downtown Plan will be coordinated with two other Downtown-related plans included in the budget--the Downtown West End and East End Corridor Revitalization Plans.

Code Compliance Proactive Initiatives The Code Compliance Department has developed five initiatives for the FY 2005 Adopted Budget to improve the efficiency and effectiveness of its delivery of code enforcement services to the community. The Department focuses on two major goals: 1.) a new approach to proactive enforcement and 2.) an enhanced public education and outreach program for both children and adults. The total cost of the below listed initiatives is $64,987.

First, the proactive enforcement program will be directed to respond to code violation growth and frequency analysis rather than complaint calls. This program will track the strategy utilized by the Police Department in their Community Policing program (SAFFE) where high crime areas are targeted and

resources are deployed in an effort to reduce criminal activity. Similarly, the Code Compliance strategy will map citywide code violation history and analyze violation "hotspots". Investigators will be deployed to patrol, identify and enforce chronic visible violations in accordance with the analysis. This program will be known as the "Comprehensive Lead Enforcement Activity in Neighborhoods" (CLEAN) Project as it will be the Investigators that will take the lead in the violation abatement rather than react to a citizen complaint call. The Department will allocate nine to ten Investigators to the CLEAN Team without interrupting the current level of reactive response time.

A second pro-active program is the redirection of one Code Compliance Investigator to a position to be entitled Historic Building Enforcement Officer. This Enforcement Officer will proactively inspect repairs and improvements of historic structures to ensure a Certificate of Appropriateness has been obtained in accordance with the Unified Development Code and that compliance is being met for those that do have a Certificate of Appropriateness. A violation fee of $500 is approved for non-compliance.

A third pro-active effort is the scheduled of mowing of City owned lots that Code Compliance addresses each year. City owned lots will be scheduled for mowing at least three times a year at a cost of $104,805. This amount will be designated within the current contract clean/secure and mowing budget allocated in the Code Compliance budget. Part of this effort will also be the identification of high complaint City properties and the aggressive sale of these properties back to private property owners.

The fourth initiative is the establishment of a formal Outreach and Public Awareness program with a high visibility campaign. The elements include new code enforcement slogans, new mascots, children's coloring book, bus shelter panel campaign ads, billboards and radio advertising. Total adopted budget is $53,000.

The fifth initiative is the towing of junked vehicles. Code Compliance will solicit requests for proposals to tow declared junked vehicles. The Department is anticipating towing 220 junked vehicles with a revenue receipt totaling $5,500.

Perrin Beitel/Naco Perrin Neighborhood Initiatives The FY 2005 Budget addresses the Perrin Beitel/Naco Perrin Neighborhood Revitalization Plan using current staffing resources within the Neighborhood Action Department (NAD). NAD staff will work with the Perrin Beitel corridor merchants (from 410 to Thousand Oaks) to form a Merchants' Association to focus on creating marketing and promotional opportunities to apply for neighborhood planning services through the City's Planning Department, and to undertake a marketing study in coordination with the City's Economic Development Department. The Merchants' Association will provide business owners and tenants with information regarding resources available to small businesses and prioritize the needs of the area to improve the appearance of the corridor. The FY 2005 Adopted Budget includes $5,000 to assist with a market study of the area. The Six Year Capital Budget also provides resources within the Perrin Beitel/Naco Perrin area. HUD 108 Loan Program resources in the amount of $1.065 million are earmarked for the acquisition of a building located at Naco Perrin. The 8,400 square foot facility will provide an interdepartmental multi-use facility housing that will house the Health Department and the Department of Community Initiatives (DCI). The facility will function as a full clinic for adults and children to include immunization services for children, adults, and foreign travel. Other services to be provided include family planning, well-child care and prenatal services. DCI will provide adult and youth services at the center.

Neighborhood Commercial Revitalization This improvement will provide $60,000 for the Neighborhood Commercial Revitalization Program's Operation Facelift, a facade improvement program, and will provide $5,000 for the Neighborhood Commercial Revitalization Program's Partnership Projects. The Operation Facelift Program provides matching funds for businesses undergoing facade improvements to properties throughout the eight designated NCR Target Areas. This improvement will assist four businesses with a dollar for dollar match up to $15,000 to be used for proposed building improvements. These funds will be used for projects in NCR Target Areas supported by the General Fund. The Partnership Project Program provides $5,000 for an organization that has demonstrated their

capacity to meet the criteria in order to submit an application to be designated as a Partnership Project. These funds can be used for newsletters and marketing materials for one proposed project to be selected during FY 2005.

Human Development

Hunger & Homelessness Initiative. In the summer of 2003, the Mayor appointed a Task Force on Hunger and Homelessness. In response to the task force's interim recommendations, the City Council provided $1.014 million in one-time funding. In the area of hunger, the task force recommended additional support for food pantries, a food stamp enrollment campaign and food security for seniors. In the area of homelessness, the task force recommended strengthening the safety net for family emergency shelter care and chronic street homeless people. As of June 2004, 4,175 seniors received 25 pounds of food; twice monthly, totaling 844 tons of food, and 2,019 new applications for Food Stamp Applications have been completed. For chronic homeless people, a mobile canteen served 19,510 meals and 2,099 participated in day center services.

The FY 2005 Adopted Budget reinforces the City's strong commitment to address hunger and homelessness by recommending more than $11.45 million in General Fund and grant dollars toward this initiative. Approximately, $1.35 million in services will be purchased through the Consolidated Human Development Services funds comprised of General Fund dollars and Emergency Shelter Grant (ESG) grant dollars. These purchases will continue many of the investments outlined in the previous paragraph. The remaining $4.8 million of the allocation continues funding of the Senior Nutrition Program which provides persons, 60 years and older, with a nutritionally balanced noon meal in either one of 66 congregate settings or through homebound delivery service five days a week.

The City funds hunger and homeless service organizations through two federal funding streams: the Supportive Housing Program (SHP) and the Emergency Shelter Grant Program (ESG). The SHP annual funding total of $4.8 million provides for 16 community and faith based organizations to sponsor more than 27 programs. ESG funding totals $648,000 and provides funding for five community and faith based organizations as well as funding for the DCI related homeless prevention services.

The FY 2005 Adopted Budget increases the funding for two initiatives aimed at fighting hunger and homelessness by a combined total of $250,000. A separate Request for Proposals (RFP) will be initiated for these services. Specifically, the budget includes increasing funding for the Day Center Program and for the Mobile Canteen Program. The day center services expansion of $125,000 will provide enhanced services to the chronic homeless on the fringe of downtown. Presently, two day centers serve the chronic homeless in the central downtown area. These day center services will include a covered area away from the elements, substance abuse counseling, employment referrals, identity recovery, and an opportunity to network with other agencies. Through an RFP process, the City could enhance service at the current locations or provide funding for an additional location. Enhanced day center services will include assisting participants in enrolling in mainstream programs such as food stamps and Supplemental Security Income (SST).

The Mobile Canteen Program will also be enhanced by $125,000. Through a delegate agency contract, the City presently supports mobile canteen services on the western edge of downtown. This mobile canteen expansion will extend meal and outreach services to the chronic homeless. The mobile canteen, through an array of community partners, will also provide on site medical, mental health and social services that seek to connect the chronic homeless to the mainstream community. Through the combined investment in day centers and mobile canteen programs the City continues to strengthen the safety net of support for the chronic homeless.

The Fiscal Year 2005 budget consists of $297,304 in new and redirected funds for three enhancements to be funded out of the Department of Community Initiatives (DCI). This first, will provide funding for a

vacant Special Projects Coordinator position to serve as the City's policy lead on issues of homelessness. Members of the Bexar County Continuum of Care currently provide over $2.6 million in matching local support for services to homeless families and individuals. These funds leverage other federal funds awarded through the City.

The second improvement will facilitate the transfer of the Dwyer Avenue Family Transitional Housing Program to KellyUSA's Billy Mitchell Village Apartments. The Dwyer Center units will be designated as Emergency Family Shelter units. The Adopted Budget includes an additional $90,000 that will augment a grant and one-time allocations awarded in FY 2004 for the family emergency shelter. This improvement will create 16 new family emergency shelter units, serving 192 family members annually.

The third improvement will provide a grant match of $146,489 for the Supportive Housing Program (SHP). The grant match will provide homeless families with child care and leverage approximately four federal dollars for every one city dollar.

Diabetes Prevention Program Bienestar The FY 2005 Adopted Budget funds the Bienestar program at $100,000 in FY 2005. The Bienestar program is a privately operated initiative conducting studies on the prevention of childhood diabetes and providing early intervention and control when the disease is found in children. Staff within the City's Health Department will assist the program through sharing of community health data and provision of clinical services such as immunizations to qualified Bienestar enrollees. City dollars will augment the program's current funding that includes several grants including support from the University Health System.

Health Initiative The FY 2005 Adopted Budget includes enhancements to two critical service areas in the 9-zip codes. As previously discussed, these areas experience significant health and health-related challenges. In the area of teen pregnancy, it is planned that $140,355 be allocated to enhance Project WORTH. First, a public health professional will personally contact every teen mother residing in the target area within 30 days of delivery to link the young women to appropriate resources. In addition, two new positions, one Health Program Specialist and one Public Health Nurse Practitioner, will further impact the reduction of teen births. Within these zip codes, there were 746 teen births, including 110 subsequent births. These funds will provide for medical supplies and marketing services that will further the promotion of abstinence, parent communications, and responsible behavior.

The Health Initiative also involves providing $134,120 in additional resources in FY 2005 to address immunization disparities. In order to be protected from a disease, the Centers for Disease Control and Prevention (CDC) estimates that a community needs approximately 90% of its population to be immunized (or have natural immunity through a previous infection). A recent CDC National Immunization Survey determined that San Antonio and Bexar County children ages 19 to 35 months had an overall immunization rate for the childhood diseases such as polio, measles, and others such as haemophilus influenza type b (HIB) of 76%. Although this is below the target of 90%, it ranks as one of the best rates in the State. However, some areas in San Antonio have children who lag behind this rate by a considerable margin. The "nine zip codes area" had immunization rates ranging from only 16% to 44%. The $134,120 in additional FY 2005 resources will add four positions, two Administrative Aides and two Licensed Vocational Nurses, to increase immunization rates by 15% within the aforementioned nine zip code area.

Consolidated Human Development Services Fund The Adopted Budget for FY 2005 continues the City's strong commitment to strengthening long-term economic viability in San Antonio through investment in human development. On June 24, 2004, City Council approved $10,348,880 in human development services investments contingent upon Adoption of the FY 2005 General Fund Budget. The Consolidated Funding pool includes General Fund, Community Development Block Grant (CDBG), Housing Opportunities for Persons with AIDS (HOPWA), Emergency Shelter Grant (ESG), and Community Services Block Grant (CSBG). This budget will provide partial funding for 53 delegate

agencies and 89 projects providing family strengthening, youth development, workforce development, safety net, and elderly and disabled services.

SAEP Initiatives & Human Development Service Fund Redirection The San Antonio Education Partnership (SAEP) provides a carefully designed set of incentives to motivate and support students to remain in high school through graduation. For those students who maintain a B average and 95% school attendance, SAEP offers scholarships to an accredited college or university in San Antonio. Presently, SAEP serves students attending 15 San Antonio high schools in seven San Antonio school districts covering seven city council districts. The participating schools include: Edgewood ISD -- Kennedy and Memorial High Schools; Harlandale ISD - Harlandale and McCollum High Schools; North East ISD - Lee High School; San Antonio ISD -- Burbank, Edison, Fox Tech, Highlands, Houston, Jefferson, and Lanier High Schools; Southside ISD -- Southside High School; South San ISD - South San High School; and, Southwest ISD - Southwest High School.

Currently, the City contributes resources to fund 15 city positions--one advisor for each of the 15 participating high schools--and five support staff positions to manage the program. The City also provides scholarship support for five high schools (Burbank, Highlands, Jefferson, McCollum, and Lee) that were added to the SAEP in FY 2001. The private sector and external sources provide the scholarship support to the 10 other SAEP high schools.

The FY 2005 Adopted Budget provides funding to extend SAEP services to every city council district by inviting Northside ISD's Clark High School (Council District 8), and North East ISD's Churchill High School (Council District 9), and Madison High Schools (Council District 10) to the partnership. The amount needed to fund scholarships for approximately 507 students within these three schools is $268,869 beginning in FY 2005. The Adopted Budget also sets aside funding for advisor services for these added schools at a first year cost of $115,959. The cost of this improvement is $384,828

The FY 2005 Adopted Budget supports implementing several changes in its FY 2005 allocation of dollars to the fund that holds in trust the scholarship money for students enrolled in the Partnership Program. Each year since FY 2001 when the City set aside funding for the five new high schools by providing eight semesters of support for each graduating class. Over the past four years, this scholarship fund has accrued a $1.75 million balance. Rather than provide eight semesters of support in advance, the City will now offer adequate scholarship funding annually for the eight high schools.

Under this funding schedule, the City will receive a one-time reimbursement from SAEP of $1.339 million in FY 2005. The remaining scholarship fund, held in escrow, will be $364,000. This amount will be sufficient to fund the projected average annual scholarship support needed for the eight SAEP high schools. An annual incremental amount will continue to be added in years subsequent to FY 2005.

The FY 2005 Adopted Budget also sets aside $135,000 for the Ambassador Program. The goal of this program is to provide 75 internships for students enrolling in universities outside of San Antonio. It will require participating students to attend local career/college fairs and serve two summer internships. The San Antonio Education Partnership will coordinate the fairs and the awarding of the summer internships, as well as facilitate the summer internships and coordinate and monitor the overall initiative. The City's Economic Development Department and the Chamber of Commerce will provide support by engaging employers' support of the internships and the Ambassador Program.

To achieve these education enrichment initiatives, the FY 2005 Adopted Budget redirects $890,000 from the Mayor and City Council Human Development Service Funds (HDSF). An additional $141,000 is also redirected from the HDSF to the Community Initiatives Department for added support to the Volunteer in Income Tax Assistance program. With these redirections, in FY 2005 the HDSF Fund will continue to support $330,000 ($30,000 for the Mayor and each City Council District) in human development programs such as senior services, childcare, youth services, other scholarship initiatives and job training programs. The adopted budget also includes $30,000 for a Senior Resource Center Project.

Salinas Dental Clinic The FY 2005 Adopted Budget includes $150,000 for second year funding approved as part of the FY 2004 Adopted Budget to be provided to the Salinas Dental Clinic. This clinic continues to provide much needed pediatric and critical care dental services.

Visitor Industry

Air Service Incentive Program & City Marketing through Network 2006 In response to the Mayor and City Council's FY 2005 budget priorities, an air service marketing incentive program is planned in order to gain new nonstop routes in US and Mexico markets, particularly in northern Mexico. The City of San Antonio Aviation Department will set aside a $200,000 budget in FY 2005 to fund the San Antonio International Airport Air Service Development Incentive Program ("Program"). The objective of this Program is to alleviate some of the financial risks airlines encounter with the start of new routes not currently served on a nonstop basis and to assist a new airline brand entering the San Antonio market to introduce itself to a new customer base.

The importance of developing new flights into northern Mexico has gained momentum recently with the ties that Toyota is expected to have with Mexico-based suppliers for the proposed Tundra assembly plant that begins operations in South Bexar County in 2006. Implementation of the US VISIT program and the border crossing delays expected with the start of that program will impact the northern Mexico-San Antonio drive market. These factors are expected to increase demand for additional flights and the need for increased aircraft capacity which can be met through the use of larger jets in existing northern Mexico markets.

In addition, a $50,000 one-time program improvement for FY 2005 is included for expenses to secure an airline conference in San Antonio in 2006--Network 2006. This will present an opportunity for San Antonio to showcase its city to 75 domestic and international airline representatives from North and South America, as well as Europe. The conference attendees will include the City's targeted audience of airline marketing, planning and scheduling executives, who are engaged in determining route additions or changes for their respective airlines.

San Antonio Area Soccer Advocates The San Antonio Spurs moved from the Alamodome to the SBC Center in 2002 resulting in increased scheduling flexibility and enabling the Alamodome to expand its programming strategies and develop new initiatives for future event growth. Major League Soccer (MLS), the country's professional soccer league, has expressed interest in San Antonio for future expansion and has been in close communication with the City in pursuit of this goal. Additionally, on June 19, 2004, the Alamodome hosted the City's first international soccer match, an official World Cup Qualifying match between Mexico and Dominica, drawing an attendance of 37,462. This match marked the kickoff event in the soccer development initiative for the City and the Alamodome. As shown by the City's ability to host an international soccer event, the City will be working to position the City and the Alamodome as a major destination for future professional soccer matches at the international level. To assist in achieving these goals, the Alamodome will retain consultant services for FY 2004 and FY 2005. The consultants to be retained will assist in working with MLS to help fulfill the goal of having the Alamodome as the home of a professional soccer team and will work with promoters and international soccer teams to play matches in the Alamodome.

Convention Center Hotel The Convention Center Hotel Advisory Board (CCHAB) has been meeting for the past year to develop a recommendation to the City Council regarding this proposed development. The CCHAB has presented their findings and recommendation to the City Council. An RFP was released on June 15, 2004 to the three development groups interested in the hotel project. The selection of a development team and negotiations of an agreement will occur during FY 2005.

This project will continue to utilize staff resources from several departments, including: City Manager's Office, Economic Development, Finance, City Attorney, Convention & Visitors Bureau, and Convention Facilities. Additionally, outside consultants have been retained to assist with the hotel developer and operator evaluation process. Following a selection of a preferred development team for negotiations, consultants and legal counsel will be involved.

Community Outreach / Marketing City Services

Municipal Marketing Program The City is studying the possibility of implementing a Municipal Marketing and Partnership Program. The comprehensive and integrated program would identify opportunities and strategies that would allow the City to generate cash and goods and services over a specified amount of time. Possible partnership opportunities include beverage vending, telecommunication (cell phones, pagers), municipal furniture and fixtures, internet (information kiosks and websites), bank and affinity cards, and services (travel). Other cities that have either implemented or are in the process of implementing a marketing program include Austin, Dallas, Fort Worth, San Diego, Denver, New York, and Miami/Dade County.

City staff will develop a Request for Proposals (RFP) to identify and hire a firm that specializes in municipal marketing to help the City create a strategic marketing plan. If the City chooses to implement the plan, the RFP would allow the option to do so with the same firm. Phase I of the Program will be to develop the Strategic Marketing Plan. This includes a review of existing City assets, development of policies and procedures for the plan, establishment of measurable goals and objectives, identification of marketing and sponsorship opportunities, prioritization of opportunities, development of a structure for implementation and City Council approval. Phase II will be the implementation and management of the program. This will include development of marketing and presentation materials, identification of local and national partners, and selection process for partners.

Assuming the release of the RFP for consultant services in September 2004, a revenue contract would not be available until October, 2005. This allows time for consultant selection, development of the strategic plan and selection and Council approval of partnerships. This process will occur throughout FY 2005 but will not generate additional revenue until FY 2006.

Other Funds

Community & Visitor Facilities The City operates several community and visitor industry-related facilities which include the Alamodome, Convention Center, Municipal Auditorium and Nelson W. Wolff Stadium. Prior to FY 2004, the revenues and expenditures were recorded in three separate funds: the Hotel/Motel Occupancy Tax Fund, the Alamodome Fund and the Wolff Stadium Fund. The Community and Visitor Facilities Fund was established in FY 2004 to account for revenues and expenditures generated from all convention and tourism related activities and to increase efficiency by combining resources from the Alamodome, Convention Center, Municipal Auditorium, and Nelson W. Wolff Stadium into one fund.

This Special Revenue Fund supports the Alamodome, Convention & Visitors Bureau, Convention Facilities, International Affairs, Cultural Affairs, outside arts agencies, and other convention/tourist-related activities. The primary sources of revenue for the fund come from the Hotel/Motel Occupancy Tax, Convention Center rentals, Alamodome and Wolff Stadium rentals, fees and food and beverage concessions.

The Five Year Financial Forecast projected a $4.059 million shortfall for FY 2005. The Adopted Budget for the Community & Visitor Facilities Fund eliminates the shortfall through a combination of revenue

enhancements and reductions/redirection. The total FY 2005 Adopted Budget for this fund is $55.1 million.

The current Hotel/Motel Occupancy Tax (HOT) rate of 16.75% levied on every room night charge is broken out to 1.75% for the SBC Center arena, 7% for the City, 6% for the State, and the remaining 2% is a dedicated source of revenue to pay debt service for the Convention Center Expansion Project. Hotel/Motel Occupancy Tax revenue projections are based upon an analysis of anticipated lodging demand, projected number of room nights sold, projected average daily room rates, estimated hotel/motel room supply, inflation rates and known events. Estimates for the FY 2004 Hotel/Motel Occupancy Tax revenues amount to $36.16 million, an increase of $200K over the Adopted revenue. Beyond FY 2004, visitor activity is expected to continue to return to more normal levels along with Hotel/Motel Occupancy Tax revenues. The FY 2005 projected HOT revenue is $37.89 million, an increase of $1.73 million above the FY 2004 Re-estimate.

The primary sources of revenue from operation of the Alamodome are facility rentals, food and beverage concessions, reimbursable expenses and various event-related fees. Revenues are estimated based on an event mix projection. Total Alamodome rental and facility fee revenue in FY 2004 is estimated at $4.26 million which will be 23.38%, or $1.3 million lower than the $5.56 million budget.

The Alamodome Department is adopting the following three revenue enhancements that will generate $402,177 in additional revenue for FY 2005:

- Increase event parking fees at the Alamodome from $7 to $8. This increase is projected to generate $140,570 in additional revenue.
- Create a Renewal & Improvement (R&I) Fee to help fund facility improvements and operations at the Alamodome. The $0.50 Fee per ticket is projected to generate $235,912 in additional revenue.
- Increase event parking fees at Wolff Stadium from $3 to $4. This increase will generate $25,695 in additional revenue.

The primary sources of revenue for the Convention Center are facility rentals, catering commissions, reimbursable expenses, and various event-related fees. Revenues are estimated based on both scheduled and projected events. The Convention Facilities Department will increase several fees generating $69,440.

- The Municipal Auditorium rental fee is to increase from $800 to $1,200 for social events, generating $18,000 in additional revenue.
- Increase various fees associated with equipment rental and use of audio visual equipment. The increases will generate an additional $51,440 in revenue.

For the Convention Facilities Department, the Adopted Budget eliminates 31 positions and freezes two positions for a total savings of $1.01 million. Of these 31 positions, 25 are in the Maintenance and Operations Division, three are in Booking and Event Services, two are in Municipal Auditorium Operations and one is in Technical Support. The Department will also add one Administrative Assistant II which will be redirected from Public Works' Project Management Office. The position will be funded from proceeds from the 2% HOT Tax Fund associated with the Convention Center Expansion Project.

The Alamodome will eliminate 18 positions to generate savings of $491,354. Of the 18 positions, ten are filled and eight are vacant. The positions are comprised of five from Administration, three from Security, one from Event Services and nine from Operations and Maintenance. In addition, the Department will eliminate two vacant Maintenance positions from Wolff Stadium for an additional $53,783 in savings.

In an effort to provide for administrative efficiencies in the Community and Visitor Facilities Fund, approximately sixteen positions, seven from the Alamodome and nine from the Convention Facilities

Department, will be consolidated into one division within the Convention Facilities Department. This division will be responsible for providing fiscal, human resources and quality assurance resources for the two departments. The sixteen positions were identified from fiscal, contract services, human resources, and planning and development units within the two departments.

With respect to the Convention & Visitors Bureau (CVB), the Adopted Budget freezes three Account Executive positions generating $124,298 in savings. The Department will also reduce Travel and Hosting expenses by $100,000.

For the Cultural Affairs Office, the Adopted Budget includes $48,000 in funding for implementation of the Cultural Collaborative. Additionally, a one-time reduction of $60,000 is included in the budget which will eliminate funding for the Neighborhood Heritage Initiative (NHI) Program. It is anticipated that the Arts in the Community (AIC) program will provide the Neighborhood Commercial Revitalization projects with similar opportunities and support their immediate requirements. It is anticipated that funding for the NHI will be reinstated in FY 2006. However, in FY 2004 the City Council will award $120,000 in projects for the NHI for a second year-round.

Golf Fund The FY 2005 Adopted Golf Fund Budget is $6.6 million. The fund continues to face fiscal challenges; however, the Parks & Recreation Department continues to address the financial challenges with targeted improvement and revenue strategies. The Five Year Financial Forecast projected a $1.3 million shortfall for the Fund in FY 2005. The projected shortfall has been revised to $1.04 million in the Adopted Budget.

In FY 2004**,** The City of San Antonio contracted the National Golf Foundation (NGF) as a consultant to complete a study of the City's golf operations. The purpose of the golf study was to identify activities within the City's golf structure that had both positive and negative impacts to the golf operation's bottom line. This study was presented to the City Council in April 2004

The NGF made several recommendations, and the FY 2005 Adopted Budget includes the following recommendations to be implemented:

- Create a separate fee structure for similar courses based on their unique characteristics rather than a system-wide fee structure.
- Reduce the number of fee categories so as to make the system more understandable to customers.
- Eliminate the use of the Discount Card and replace them with golf promotionals which are time certain. The Discount Card will be eliminated by September 30, 2005. The City will honor all existing cards through their respective expiration dates through the end of the fiscal year.
- Implement a new Point-of-Sale system at all courses.

The Parks & Recreation Department will increase various fees in Golf Operations for a total increase in revenue of $526,867 in FY 2005.

Following are the relevant fee changes:

- The Greens Fees at Brackenridge, Olmos Basin and Willlow Springs will increase by $0.50 (Regular Rate) and $2.00 (Discount Rate to expire 9-30-05), Senior/Disabled rate will become a blended rate of $10.00 weekday and $16.00 weekend to generate $306,434 in additional revenue.
- The Greens Fees at Riverside and Mission Del Lago will decrease by $2.50 (Regular Rate) and $1.00 (Discount Rate to expire 9-30-05), Senior/Disabled rate will be a blended rate of $10.00 weekday and $16.00 weekend decreasing revenue by $5,275.

- The Greens Fees at Cedar Creek will increase by $.50 (Regular Rate) and $2.00 (Discount Rate to expire 9-30-05), Senior/Disabled rate will be a blended rate of $16.00 weekday and $19.00 weekend increasing revenue by $74,373.
- The Par 3 Green Fees will increase from $5 per weekday and $6 per weekend for a Nine-Hole course to a flat rate of $7; and from $7 per weekday and $8 per weekend for an 18-hole course to a flat rate of $9. This adjustment will generate $12,305 in additional revenues.
- Range balls will increase by $1.00 for a small, $2.00 for a medium and $2.00 for a large bucket (San Pedro increase for large bucket will lonely be $1) of balls increasing revenue by $72,434.
- The Golf Cart Rental Fees will increase by $1.00 in order to generate $66,596 in additional revenue.

Storm Water Fund The FY 2005 Adopted Budget for the Storm Water Operating Fund is $23.4 million. The budget includes $292,949 allocated to provide Storm Water Service eligible employees with a market salary adjustment, performance incentive pay and certification pay. The primary revenue for the Storm Water Fund is the Storm Water Fee and through participation in the Regional Storm Water Management Program, with a fee in lieu of on-site detention. Programs supported by the Storm Water Fee include River Maintenance, Vegetation Control, Tunnel Operations, Street Cleaning, Engineering and Floodplain Management. Included in the budget also is the charging of 75% of the Public Works Assistant Director the Fund saving approximately $95,486 as well as a mandate of $13,861 for increase landfill disposal fees. The FY 2005 Adopted Budget also includes $100,000 for a one-time consultant service to perform a rate structure study on the Storm Water Fee. This will provide professional services to restructure the Storm Water Fee so that the fee is based on impervious land cover and/or land use.

In the current fiscal year, City Council approved an increase in the monthly Storm Water Fee by ten cents (from $2.98 to $3.08 for residential) to increase maintenance in the natural creek ways. The City Council adopted within the FY 2005 Budget an increase to the Storm Water Fee to provide funding for Storm Water Revenue Bonds for Regional Storm Water Projects. The fee increase would take place in December 2004 after appropriate public notice and a public hearing is scheduled and held that the City Council consider approving a $0.60 increase to the Storm Water Fee for FY 2005. The increase to the fee will allow the City to acquire an additional $56,885,000 in Storm Water Revenue Bonds that could be used to complete ten priority storm water projects. The $0.60 rate increase will move the average Residential Rate from the current $3.08 monthly fee to a $3.68 monthly fee.

Aviation Fund The Adopted Budget for the Aviation Fund is $47.07 million. In FY 2005 the Fund will continue to maintain a three-month operational reserve of $7.026 million.

Airport parking fees will change as follows: Long-Term Parking from $8.00 daily maximum to $9.00 daily maximum; and, Economy Parking from $4.50 daily maximum to $5.00 daily maximum. No change in fee is recommended for short term parking and no change is recommended to the hourly rates. The increase will generate an additional $923,100 in revenue in FY 2005. The adjustment to the fees is necessary to offset an increase in operating and maintenance expenses and to help finance the cost of the planned expansion of the Airport's parking facilities.

In 2004, the San Antonio International Airport received two awards related to its improved concessions--the "Best Retail/Specialty Program" Award from the Airports Council International, which honors airports that provide superior concessions to meet the needs of the traveling public and "Best Overall Concession Program" from the Airport Revenue News.

A comprehensive terminal renovation project was completed in 2003 to improve the quality of services provided to passengers at the San Antonio International Airport. The project, which cost approximately $28 million, included a completely new appearance to the building interiors and provided state-of-art terminal amenities. Included in the terminal renovations was complete redevelopment of the concessions program that provided high-quality retail and food establishments offering a mix of regional and national brands at competitive prices. Concession space was expanded from 30,000 square feet to over 40,000

square feet. In total, 42 concession contracts were awarded. Through the expansion and reconfiguration of concession space, 85% of retail shops and food outlets are now at airside locations. The new concessions program is also projected to increase revenues in the Airport from $3.2 million in fiscal year 2002 up to $4.8 million in fiscal year 2009.

In terms of program improvements, the Airport Fund sets aside $80,000 to provide the San Antonio Symphony support operational support in FY 2005. The San Antonio International Airport will benefit from at least three performances within the Airport's terminals in FY 2005 in exchange for the $80,000.

Environmental Services Fund The FY 2005 Adopted Budget for the Environmental Services Fund is $53.97 million. The budget includes $629,048 in allocated to provide Environmental Services eligible employees with a market salary adjustment, performance incentive pay and certification pay. The three primary sources of revenue for this fund are the Solid Waste Processing Fee, the Environmental Service Fee and the Brush Collection Fee. Programs supported by these fees include residential waste collection and disposal, brush & bulky goods collection and disposal, curbside recycling, dead animal retrieval and disposal and landfill closures. Below is a five year history of the rate associated with the Environmental Services fund and the adopted rates for FY 2005.

Environmental Service Fee History – FY 2000 through FY 2005

Fee						Adopted
	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Solid Waste Fee	$9.20	$9.20	$9.20	$9.71	$9.71	$9.71
Brush Collection Fee	0.00	0.00	1.20	1.20	1.20	1.20
Environmental Fee	1.30	1.30	1.30	1.30	1.30	1.30
Total	**$10.50**	**$10.50**	**$11.70**	**$12.21**	**$12.21**	**$12.21**

In addition to the Automated Garbage Pilot Program and the Recycling Single Stream Recycling initiative described in the prior sections of the Executive Summary, the Environmental Services Department has also implemented an annual programmed purchase of replacement garbage and recycling trucks with the Purchasing Department. Due to this method of purchasing, the Adopted Budget reflects a one-time reduction of $454,590 in the maintenance and repairs budget.

Parking Facilities Fund The Adopted Budget for the Parking Facilities Fund is $10.5 million. As with other funds, the budget includes $89,176 allocated to provide Parking Fund eligible employees with a market salary adjustment, performance incentive pay and certification pay. The primary revenues for the Parking Fund include City owned parking garages, surface lots and metered parking places. Revenues collected support the operation of the City of San Antonio Parking System. The FY 2005 Adopted Budget includes a funding for the Parking Fund to build and operate additional parking at a Frio Street location on city owned property that could provide additional parking for Municipal Courts. This lot will reduce congestion and provide additional parking at a rate of $3 per vehicle. It is anticipated that this additional parking will generate a net revenue to the General Fund of $26,416 in the coming year.

Information Technology Services Fund & Enterprise Resource Management With its expected completion in Summer of 2005, the Enterprise Resource Management Project (ERM) will put the City of San Antonio on the path to being one of the most technologically advanced municipalities. ERM is the City's enterprise wide project that will improve the delivery of services to citizens and other customers through a Customer Relationship Management (CRM) component, reengineered business functions through an Enterprise Resource Planning (ERP) component and a Land & Development Services component that will more effectively meet the needs and timelines of developers, builders, and others. ERM will also enable and build a foundation for E-government services. Because ERM is a fully integrated system with a shared database, it will enhance the quality of data available across the organization for resource planning, decision-making and collaboration.

The implementation of the first phase of the ERM Project, last year, has already put certain development services on-line, including permitting and the scheduling of inspections. The business community is responding favorably to the first phase. Additionally, Human Resources functionality went live on April 26, 2004 and is currently operational. The remaining waves are scheduled to go live October 2004 and July 2005 and will include functionalities such as Finance, Contracting, Procurement, Inventory, Projects, Payroll, Time, Benefits, and Customer Relationship Management. The ERM Project will be nearing its completion with the implementation of the remaining waves and will be beginning the transformation from an implementation project to a maintenance and support function. In order to facilitate this transition, beginning October 1, 2004 the remaining 26 ERM Project positions in the ERM Fund will be transferred to the Information Technology Services Department (ITSD) and 14 new positions will join the ERM support team for the purpose of providing ongoing production support services to City Departments and customers.

These resources will be added to a current ERM staff complement of 38 existing positions within the ITSD Fund for a total of 79 positions available for ERM post production in FY 2005.

The ITSD Fund Adopted Budget for FY 2005 totals $28.6 million. The FY 2004 Revised Adopted Budget totaled $24.9 million. Assessments and billings to all user departments and agencies will augment the total funding required to support the Fund.

Workers' Compensation Fund The FY 2005 Adopted Budget for the Workers' Compensation Fund totals $14.6 million. Revenues collected by the fund are received through departmental assessments based upon claims loss history. The same types of medical expenses that have been noted for the Employee Benefits Fund have adversely impacted the Worker's Compensation Fund. Consequently, the Fund has experienced shortfalls since the end of FY 2002. The Five Year Financial Forecast presented in May 2004 projects the Fund with a positive ending balance in FY 2008 achieved by increased departmental assessments, medical cost containment measures, and increased safety program initiatives.

Six Year Capital Improvement Plan

Six Year Capital Improvement Plan The FY 2005 through FY 2010 Capital Budget for the City of San Antonio totals **$765.7 million** The One Year Capital Budget for FY 2005 totals $397.1 million. The six-year program represents the City's long-range physical infrastructure development and improvement plan. **The Capital Budget includes 444 projects.** Items in the six year scope include new streets and sidewalks, street improvements, drainage enhancement projects, park and library facility rehabilitation projects, aquifer land acquisition and linear park development, public health and safety enhancements, airport system improvements, flood control projects, and municipal facility construction and refurbishment projects. For additional information on the Capital Budget, reference the material within the Capital Improvement Plan section of the Propose Operating Budget or reference the Adopted Annual Capital Budget document.

Conclusion

The Adopted Budget for FY 2005 represents the staff's best professional judgment on a program of revenues and expenditures that provide for as high a level of basic services to the community as possible within the limits of available resources. The task was particularly challenging due to the desire to balance the budget in the face of projected shortfall without a tax rate increase and with due regard for the priorities identified by City Council this year.

The Adopted Budget for FY 2005 eliminates the projected General Fund shortfall through a combination of revenue changes, reductions, and redirections designed to minimize the adverse impact on the delivery of priority services. Additionally, the Adopted Budget requires no increase in the overall property tax rate for the twelfth consecutive year remaining at 57.854 cents per $100 valuation. The Adopted Budget also provides for added targeted investments in Council priority areas such as existing infrastructure, public safety, elderly services, neighborhoods, economic development, employee services, human development, accountability, and customer service.

ALL FUNDS
SUMMARY OF ADOPTED BUDGET REVENUES
PROGRAM CHANGES BY FUND

	ACTUAL FY 2002-2003	REV. BUDGET FY 2003-2004	RE-ESTIMATE FY 2003-2004	CURRENT SVC. FY 2004-2005	PROGRAM CHANGES	ADOPTED FY 2004-2005
GENERAL FUND						
Revenue						
City Sales Tax	$ 138,962,225	$ 142,900,000	$ 147,070,931	$ 150,586,763	$ 0	$ 150,586,763
Liquor by the Drink Tax	3,862,581	4,019,135	4,179,900	4,352,540	0	4,352,540
Current Property Tax	146,884,063	157,133,993	159,280,473	166,511,367	0	166,511,367
Delinquent Property Tax	2,571,816	2,008,940	2,637,330	2,324,100	0	2,324,100
Penalty and Interest on Delinquent Taxes	1,873,223	1,339,500	1,747,200	1,539,690	0	1,539,690
Business and Franchise Tax	26,364,175	25,344,397	24,992,707	24,878,169	90,100	24,968,269
Licenses and Permits	13,912,258	17,207,017	16,191,879	16,972,311	369,940	17,342,251
City Public Service	178,104,864	177,662,000	188,829,000	189,529,000	0	189,529,000
City Public Service Board - One-Time	25,912,006	0	0	0	0	0
San Antonio Water System	6,449,286	6,577,975	6,712,967	7,255,803	0	7,255,803
Other Agencies	2,878,131	2,892,200	2,766,974	2,795,306	0	2,795,306
Charges for Current Services						
General Government	8,037,347	7,218,480	8,238,878	8,621,654	310,289	8,931,943
Planning	2,427,218	1,966,982	2,379,579	2,625,741	193,960	2,819,701
Public Safety	5,596,593	5,767,663	5,586,732	5,503,351	796,956	6,300,307
Highways/Streets/Sanitation	244,585	405,705	439,284	442,525	0	442,525
Health	2,379,375	2,246,208	2,304,720	2,326,560	101,456	2,428,016
Recreation and Culture	8,598,311	9,189,057	8,543,225	7,559,401	380,957	7,940,358
Fines	11,282,396	12,171,665	11,906,190	12,308,017	397,634	12,705,651
Miscellaneous Revenue						
Sale of Property	1,589,687	1,490,647	1,819,038	1,856,021	0	1,856,021
Use of Money and Property	2,172,178	2,176,454	1,877,295	1,894,072	5,000	1,899,072
Recovery of Expenditures	2,151,188	2,330,727	1,542,524	1,850,040	1,363,478	3,213,518
Miscellaneous	84,634	10,400	3,750	8,500	0	8,500
Interfund Charges	3,813,227	4,236,233	4,208,216	4,373,022	367,440	4,740,462
TOTAL GENERAL FUND	**$ 596,151,368**	**$ 586,295,378**	**$ 603,258,792**	**$ 616,113,953**	**$ 4,377,210**	**$ 620,491,163**
OTHER FUNDS						
Alternate Services Employee	$ 9,904,729	$ 2,067,286	$ 7,854,892	$ 8,777,526	$ 0	$ 8,777,526
Aviation	43,441,331	43,551,662	43,740,981	46,885,584	923,100	47,808,684
Better Jobs	44,170	56,950	30,140	41,820	0	41,820
Bexar County Rabies Control	220,214	219,013	215,250	225,225	0	225,225
Capital Improvements Reserve	1,522,148	1,847,610	2,128,656	1,979,820	0	1,979,820
Community & Visitor Facilities	54,948,646	54,154,673	53,308,184	54,129,875	471,617	54,601,492
Confiscated Property	1,781,210	1,054,940	1,315,190	1,298,267	0	1,298,267
Economic Development Incentive	N/A	0	0	158,100	0	158,100
Emergency Medical Services	38,188,045	38,898,285	40,823,269	42,541,177	212,101	42,753,278
Environmental Services	50,292,248	50,501,991	50,809,703	52,176,150	0	52,176,150
Equipment Renewal & Replacement	11,888,741	14,205,091	13,054,561	18,844,330	0	18,844,330
Facility Services	9,099,132	9,243,135	8,855,543	9,791,418	0	9,791,418
Facility Services Improvement & Contingency	7,980	167,430	162,870	542,846	0	542,846
Golf	6,119,031	6,673,641	6,254,116	5,876,239	526,867	6,403,106
Hotel/Motel 2%	13,277,198	10,285,898	10,424,143	10,847,070	0	10,847,070
Information Technology Services	20,970,701	22,952,150	20,181,763	27,500,206	140,385	27,640,591
International Center	1,008,192	1,035,298	1,058,470	1,068,386	7,500	1,075,886
Job Training, Neighborhood Rev, & Econ Dev	54,681	68,060	36,650	51,760	0	51,760
Parking	9,164,972	9,622,839	10,728,207	10,470,036	0	10,470,036
Parks Development and Expansion	17,570,405	12,527,756	13,964,432	240,289	0	240,289
Passenger Facility Charge	8,949,228	10,065,450	9,141,200	9,530,460	0	9,530,460
Public Health Support	2,666,842	2,304,760	2,455,415	2,387,120	0	2,387,120
Purchasing & General Services	27,722,659	27,050,664	26,855,302	26,565,926	0	26,565,926
Recreation Athletic	460,159	481,604	411,000	426,220	0	426,220
San Jose Burial	124,063	91,170	103,170	165,290	6,250	171,540
Self Insurance	82,250,980	89,409,539	85,659,763	107,424,238	0	107,424,238
South Texas Business	453,245	531,614	564,599	544,781	0	544,781
Stormwater	21,190,187	22,152,906	22,312,288	22,350,520	0	22,350,520
Stormwater Regional Facilities	3,871,345	2,988,015	4,006,767	4,060,081	0	4,060,081
Streets Maintenance & Improvement	31,497,444	34,608,121	34,980,611	34,429,639	0	34,429,639
Streets Right of Way	1,112,602	952,381	1,116,128	1,008,480	0	1,008,480
Tax Increment Financing	268,516	238,562	447,403	331,450	0	331,450
Visitor Information Center & City Store	179,575	404,184	369,250	402,450	0	402,450
TOTAL OTHER FUNDS	*$ 470,250,619*	*$ 470,412,678*	*$ 473,369,916*	*$ 503,072,779*	*$ 2,287,820*	*$ 505,360,599*
TOTAL ALL FUNDS	**$ 1,066,401,987**	**$ 1,056,708,056**	**$ 1,076,628,708**	**$ 1,119,186,732**	**$ 6,665,030**	**$ 1,125,851,762**

GENERAL FUND
SUMMARY OF ADOPTED BUDGET APPROPRIATIONS
PROGRAM CHANGES BY DEPARTMENT

	ACTUAL FY 2002-2003	REVISED BUDGET FY 2003-2004	RE-ESTIMATE FY 2003-2004	CURRENT SERVICE FY 2004-2005
DEPARTMENTAL APPROPRIATIONS				
Asset Management	$ 1,473,804	$ 1,664,684	$ 1,595,421	$ 1,082,261
City Attorney	4,529,747	5,110,903	4,804,087	5,437,475
City Auditor	1,215,463	1,933,909	1,383,898	2,345,060
City Clerk	1,124,839	1,195,912	1,051,746	1,352,156
City Manager	1,854,976	1,815,712	1,805,660	1,859,614
Code Compliance	6,019,997	6,348,156	6,283,702	6,727,021
Community Initiatives	10,513,357	10,696,567	10,694,560	11,204,037
Contract Services				733,934
Customer Service & 311 System	2,554,590	2,838,929	2,837,711	2,904,462
Development Services	10,380,371	12,281,116	12,051,919	12,822,093
Economic Development	1,579,936	1,814,209	1,803,343	1,922,353
External Relations	1,132,441	1,315,478	1,323,028	1,357,388
Finance	7,006,879	8,030,771	8,030,248	6,694,076
Fire	108,701,655	111,560,356	111,684,869	115,641,138
Health	16,389,306	15,523,745	15,523,708	16,857,689
Human Resources	2,192,857	2,360,208	2,342,041	2,488,161
International Affairs	338,144	391,969	391,845	408,135
Library	18,147,693	19,375,197	18,980,476	20,536,206
Management & Budget	1,158,926	1,143,598	1,142,702	1,176,257
Mayor and Council	3,257,100	3,242,179	3,167,241	2,540,057
Municipal Courts	10,646,839	11,023,010	10,312,199	11,319,308
Municipal Elections	717,143	778,766	934,196	1,007,297
Neighborhood Action	1,297,917	1,333,814	1,259,892	1,404,748
Parks and Recreation	47,669,677	48,694,228	47,885,052	51,905,351
Planning	2,638,365	2,679,540	2,674,667	2,670,104
Police	221,608,018	230,295,284	232,695,047	239,667,521
Public Utilities Office				377,016
Public Works	16,245,467	15,319,549	15,270,800	16,364,534
Agencies	4,986,069	6,247,468	5,892,959	6,463,720
Non-Departmental/Non-Operating	22,430,180	26,427,044	23,125,548	25,029,268
One-Time Projects	1,281,005	17,924,892	16,778,265	2,301,687
Transfers				
Emergency Medical Services	28,190,994	28,577,506	30,086,388	29,530,397
Streets Maintenance & Improvement	29,279,775	34,254,168	34,637,960	33,275,083
Other Transfers	10,915,001	9,730,860	9,829,496	9,264,437
TOTAL APPROPRIATIONS	**$ 597,478,531**	**$ 641,929,727**	**$ 638,280,674**	**$ 646,670,044**
TOTAL AVAILABLE FUNDS	**$ 662,130,326**	**$ 665,193,989**	**$ 693,161,352**	**$ 691,673,800**
GROSS ENDING BALANCE	**$ 64,651,795**	**$ 23,264,262**	**$ 54,880,678**	**$ 45,003,756**
RESERVE FOR REVENUE LOSS	**$ 23,168,000**	**$ 23,168,000**	**$ 23,168,000**	**$ 23,168,000**
ENDING BALANCE	**$ 41,483,795**	**$ 96,262**	**$ 31,712,678**	**$ 21,835,756**

GENERAL FUND
SUMMARY OF ADOPTED BUDGET APPROPRIATIONS
PROGRAM CHANGES BY DEPARTMENT

REDIRECTION/REDUX FY 2004-2005	IMPROVEMENTS FY 2004-2005	MANDATES FY 2004-2005	TOTAL PROG. CHANGES	ADOPTED FY 2004-2005	DEPARTMENTAL APPROPRIATIONS
$	$	$	$ 0	$ 1,082,261	Asset Management
(38,404)	118,521		80,117	5,517,592	City Attorney
	440,817		440,817	2,785,877	City Auditor
(346)	54,157		53,811	1,405,967	City Clerk
			0	1,859,614	City Manager
(48,631)	64,987		16,356	6,743,377	Code Compliance
(259,255)	750,010	227,846	718,601	11,922,638	Community Initiatives
	412,780		412,780	1,146,714	Contract Services
	241,313		241,313	3,145,775	Customer Service & 311 System
(87,385)	100,000		12,615	12,834,708	Development Services
			0	1,922,353	Economic Development
(9,675)			(9,675)	1,347,713	External Relations
(32,298)	52,600		20,302	6,714,378	Finance
(351,706)		5,605,267	5,253,561	120,894,699	Fire
(159,092)	455,625		296,533	17,154,222	Health
(61,883)	11,251		(50,632)	2,437,529	Human Resources
			0	408,135	International Affairs
(1,469)	233,453	73,930	305,914	20,842,120	Library
			0	1,176,257	Management & Budget
	26,034		26,034	2,566,091	Mayor and Council
(66,071)	121,215		55,144	11,374,452	Municipal Courts
(800)			(800)	1,006,497	Municipal Elections
(194)	70,000		69,806	1,474,554	Neighborhood Action
(835,574)	366,000	474,023	4,449	51,909,800	Parks and Recreation
(52,951)			(52,951)	2,617,153	Planning
(1,359,161)	708,018	6,867,657	6,216,514	245,884,035	Police
	330,010		330,010	707,026	Public Utilities Office
(498,192)	403,572		(94,620)	16,269,914	Public Works
	1,170,000		1,170,000	7,633,720	Agencies
(202,734)	7,069,052	93,660	6,959,978	31,989,246	Non-Departmental/Non-Operating
(890,000)	1,825,304		935,304	3,236,991	One-Time Projects
			0		Transfers
(225,173)		1,763,647	1,538,474	31,068,871	Emergency Medical Services
(321,495)	1,000,000	153,391	831,896	34,106,979	Streets Maintenance & Improvement
	718,824		718,824	9,983,261	Other Transfers
$ (5,502,489)	**$ 16,743,543**	**$ 15,259,421**	**$ 26,500,475**	**$ 673,170,519**	**TOTAL APPROPRIATIONS**
				$ 696,403,776	**TOTAL AVAILABLE FUNDS**
				$ 23,233,257	**GROSS ENDING BALANCE**
$ 0	**$ 0**	**$ 0**	**$ 0**	**$ 23,168,000**	**RESERVE FOR REVENUE LOSS**
				$ 65,257	**ENDING BALANCE**

FY 2004-2005 ALL FUNDS
BUDGET SUMMARY

ORGANIZATIONS	GENERAL FUND	COMMUNITY DEV. BLOCK GRANT/HOME	CATEGORICAL GRANTS	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	TRUST AND AGENCY
Departmental Appropriations						
Alamodome	$	$	$	$ 7,759,458	$	$
Asset Management	1,082,261			769,041		
Aviation			545,239		20,144,284	
City Attorney	5,517,592	329,527	246,963			
City Auditor	2,785,877					
City Clerk	1,405,967					
City Manager	1,859,614					
Code Compliance	6,743,377	195,824				
Community Initiatives	11,922,638	214,313	110,203,701			
Contract Services	1,146,714					
Convention Facilities				18,859,421		
Convention & Visitors Bureau				13,986,354		
Cultural Affairs			167,925	859,096		
Customer Service & 311 System	3,145,775					
Development Services	12,834,708	110,078		163,274		
Economic Development	1,922,353	68,671	347,200	506,965		
Environmental Services						
External Relations	1,347,713					
Finance	6,714,378	69,225				
Fire	120,894,699		5,130,198	42,753,278		
Health	17,154,222		23,266,989	2,741,944		
Housing and Community Development		2,162,992				
Human Resources	2,437,529					
Information Technology Services						
International Affairs	408,135			926,047		
Library	20,842,120		2,123,903			
Management & Budget	1,176,257					
Mayor & Council	2,566,091					
Municipal Court	11,374,452					
Municipal Elections	1,006,497					
Neighborhood Action	1,474,554	1,279,975		310,068		
Non-Departmental/Non-Operating	31,989,246			1,490,309	10,858,745	
Parks & Recreation	51,909,800		799,820	7,586,813	0	401,439
Planning	2,617,153	118,441				
Police	245,884,035		6,367,113	2,569,636		
Public Utilities Office	707,026					
Public Works	16,269,914	22,134		47,259,101	6,211,541	
Purchasing & General Services						
Self Insurance						
Contribution to Other Agencies	7,633,720	18,496,404		2,329,157		
One-Time Projects	3,236,991					
Alternate Services Employee						
Debt Service					103,763,470	
Total Net Appropriations	*$ 598,011,408*	*$ 23,067,584*	*$ 149,199,051*	*$ 150,869,962*	*$ 140,978,040*	*$ 401,439*
Transfers	*$ 75,159,111*	*$ 0*	*$ 0*	*$ 56,487,896*	*$ 0*	*$ 28,631*
TOTAL APPROPRIATIONS	**$ 673,170,519**	**$ 23,067,584**	**$ 149,199,051**	**$ 207,357,858**	**$ 140,978,040**	**$ 430,070**

FY 2004-2005 ALL FUNDS
BUDGET SUMMARY

ENTERPRISE FUNDS	TOTAL OPERATING FUNDS	CAPITAL PROJECTS	TOTAL OPERATING/ CAPITAL PROJECTS FUND	INTERNAL SERVICE FUNDS	ORGANIZATIONS
					Departmental Appropriations
$	$ 7,759,458	$ 3,279,000	$ 11,038,458	$	Alamodome
	1,851,302	14,293,000	16,144,302	8,066,504	Asset Management
28,691,181	49,380,704	166,842,000	216,222,704		Aviation
	6,094,082		6,094,082		City Attorney
	2,785,877		2,785,877		City Auditor
	1,405,967		1,405,967		City Clerk
	1,859,614		1,859,614		City Manager
	6,939,201		6,939,201		Code Compliance
	122,340,652	1,803,000	124,143,652		Community Initiatives
	1,146,714		1,146,714		Contract Services
	18,859,421	8,950,000	27,809,421		Convention Facilities
	13,986,354		13,986,354		Convention & Visitors Bureau
	1,027,021		1,027,021		Cultural Affairs
	3,145,775		3,145,775		Customer Service & 311 System
	13,108,060		13,108,060		Development Services
	2,845,189	2,800,000	5,645,189		Economic Development
50,314,516	50,314,516		50,314,516		Environmental Services
	1,347,713		1,347,713		External Relations
	6,783,603		6,783,603		Finance
	168,778,175	7,171,000	175,949,175		Fire
	43,163,155	2,238,000	45,401,155		Health
	2,162,992		2,162,992		Housing and Community Development
	2,437,529		2,437,529		Human Resources
	0	1,696,000	1,696,000	27,923,541	Information Technology Services
	1,334,182		1,334,182		International Affairs
	22,966,023	7,336,000	30,302,023		Library
	1,176,257		1,176,257		Management & Budget
	2,566,091		2,566,091		Mayor & Council
	11,374,452		11,374,452		Municipal Court
	1,006,497		1,006,497		Municipal Elections
	3,064,597		3,064,597		Neighborhood Action
	44,338,300		44,338,300		Non-Departmental/Non-Operating
	60,697,872	57,523,000	118,220,872		Parks & Recreation
	2,735,594	248,000	2,983,594		Planning
	254,820,784	4,293,000	259,113,784		Police
	707,026		707,026		Public Utilities Office
5,620,749	75,383,439	118,625,000	194,008,439		Public Works
	0		0	47,711,959	Purchasing & General Services
	0		0	75,561,548	Self Insurance
	28,459,281		28,459,281		Contribution to Other Agencies
	3,236,991		3,236,991		One-Time Projects
	0		0	9,026,651	Alternate Services Employee
	103,763,470		103,763,470		Debt Service
$ 84,626,446	*$ 1,147,153,930*	*$ 397,097,000*	*$ 1,544,250,930*	*$ 168,290,203*	*Total Net Appropriations*
$ 34,253,482	*$ 165,929,120*	*$ 0*	*$ 165,929,120*	*$ 29,746,218*	*Transfers*
$ 118,879,928	**$ 1,313,083,050**	**$ 397,097,000**	**$ 1,710,180,050**	**$ 198,036,421**	**TOTAL APPROPRIATIONS**