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**CITY OF
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FY 2014 Proposed Annual Operating & Capital Budget

Presented by Sheryl Sculley, City Manager

August 8, 2013

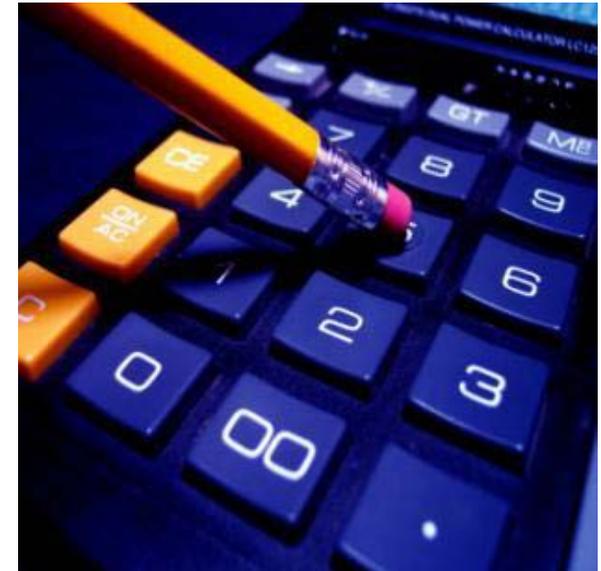
Budget Summary

- FY 2014 Budget is balanced
- No City Property Tax Rate Increase
- Maintains current Public Safety staffing levels
- Continues funding for streets
- Increases funding for sidewalks and drainage
- Expands 3 Senior Centers
- Focuses on Neighborhood Revitalization through Code Enforcement, Animal Care Services, and Education



Changes Since Five Year Forecast in May 2013

- Five Year Forecast projected budget shortfall of \$35 to \$50 Million for FY 2014
- Today, FY 2014 budget is balanced and reserves \$7.6 Million for FY 2015
- Challenges exist for FY 2015 of \$29 Million (assumes no employee compensation increases for collective bargaining for uniform personnel or civilians)



Community Input



- 5 area budget hearings hosted in June prior to budget preparation
- Provided opportunities for residents to identify service priorities for Proposed Budget

City Council Policy Vision Areas and Strategic Goals

- Budget developed following City Council policy direction provided at June 25 Budget Goal Setting Session
 - No Property Tax rate increase
 - Non-Public Safety Budget Reductions
 - Use of sales proceeds from Zarzamora Center
 - Use of \$17.3 Million in bond savings for existing Street Maintenance Projects funded in the General Fund
 - Increase in existing user fees

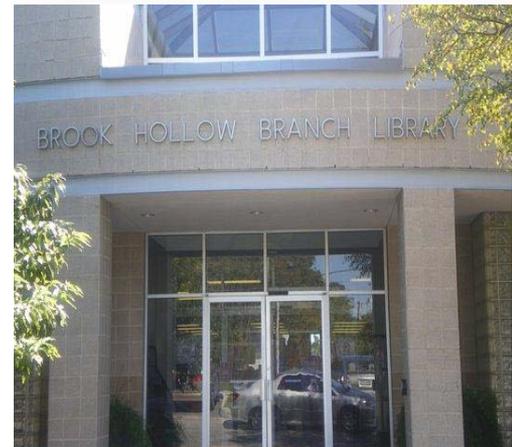


FY 2013 Program Accomplishments

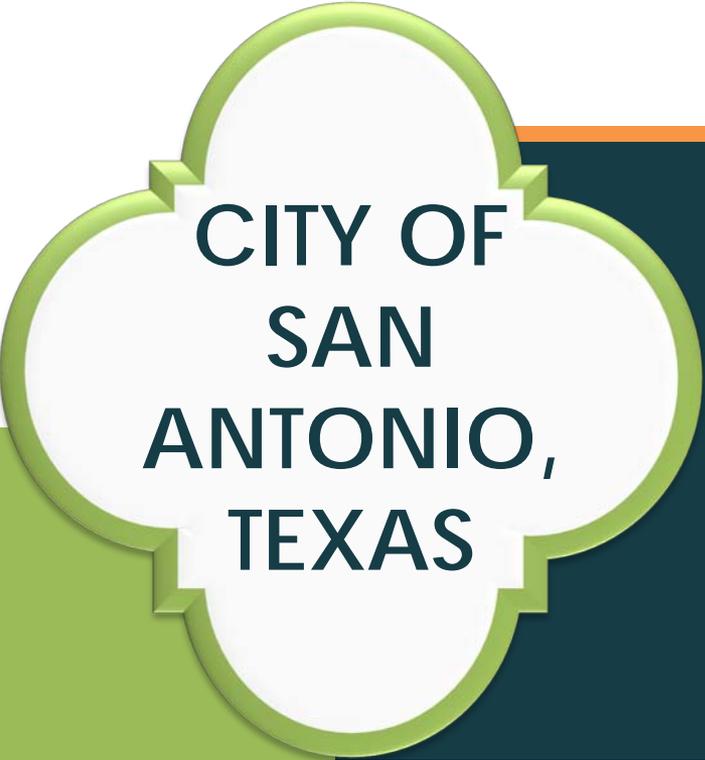
- AAA General Bond rating re-affirmed by all rating agencies in July 2013 for the 4th consecutive year
- Implemented Boarding Homes Ordinance
- Applied for \$43 Million in 1115 Waiver Funds over the next four years for Diabetes Prevention, Teen Pregnancy Prevention, School Oral Health and Neighborhood Health
 - \$10 Million expected in FY 2014

FY 2013 Program Accomplishments

- 7 Code Enforcement Positions added in FY 2013
 - Improved Citizen Compliance
 - Improved Targeted Enforcement
 - Increased Proactive Efforts and Customer Service
- \$1.4 Million added to address deferred maintenance needs at Thousand Oaks, Forrest Hills, Johnston, Brookhollow, and Guerra Libraries
- Opened two Pre-K Education Excellence Centers



FY 2014 Proposed Budget

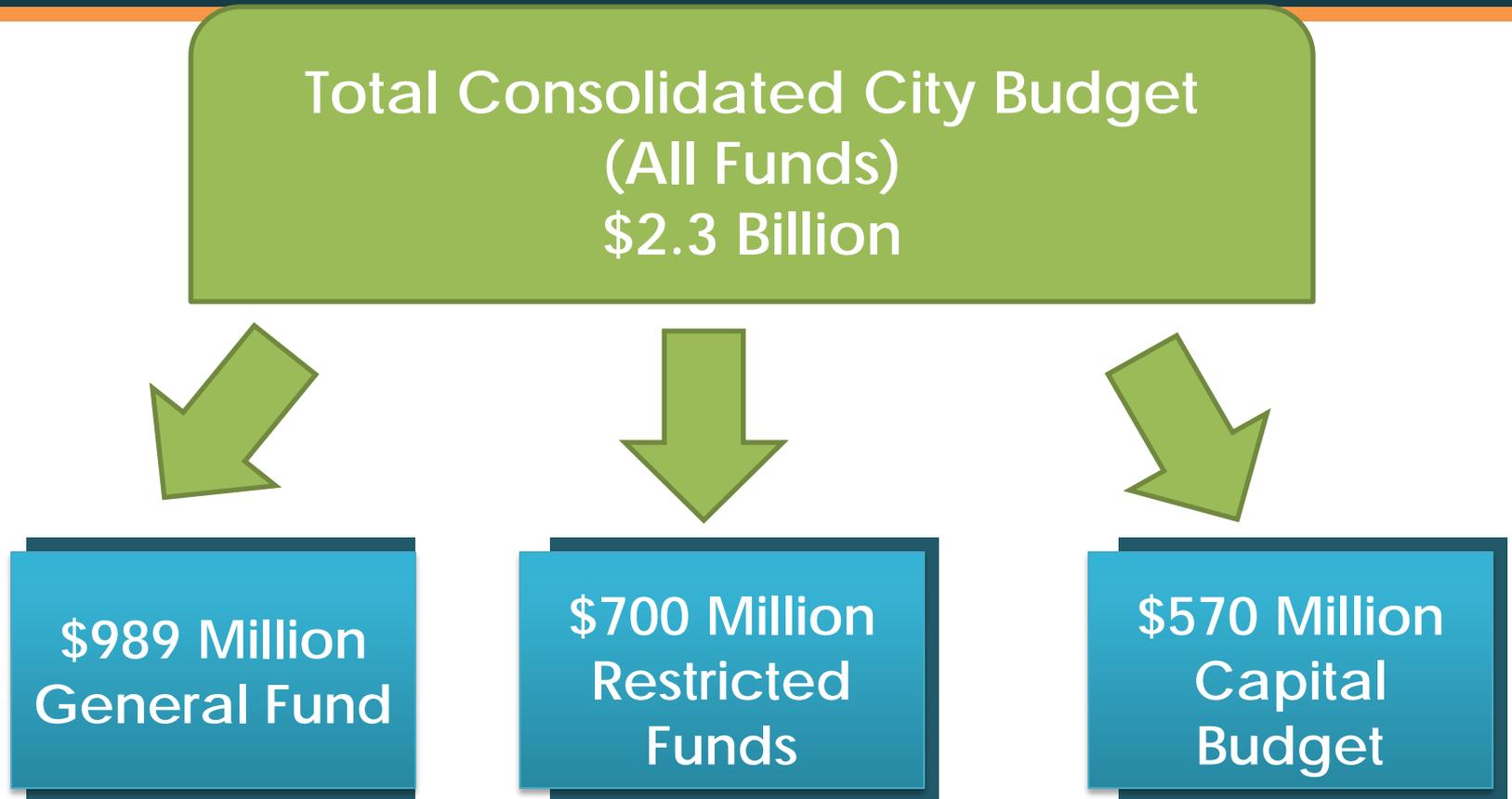
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Budget Summary

City of San Antonio, Texas

Consolidated Budget



- City's Consolidated Budget is 1% less than FY 2013

General Fund Budget Year over Year Change

- FY 2014 General Fund Proposed Budget is less than 1% higher than FY 2013

	Budget FY 2013	Budget FY 2014	Percent Change
General Fund Total Expenses (\$ in Millions)	\$979.6	\$988.9	0.9 %



General Fund Summary Points

- \$13 Million in Budget Reductions representing an average of 5% reduction to non-public safety departments and programs
 - Majority are efficiencies and reduce overhead; some service modifications included
 - 279 civilian positions eliminated in all funds, no uniform positions reduced
 - Total positions added 129 (all funds including grants)



General Fund Summary Points

- \$6.2 Million in added costs for service improvements
 - 3 Senior Center Expansions
 - Animal Care Services
 - Neighborhood Revitalization
- 18 New General Fund positions added with improvements and mandates



Employee Compensation

- \$24.7 Million for Employee Compensation Increases
 - \$17.9 Million for Police and Fire Collective Bargaining increases
 - \$3.0 Million in salary increases to civilian Step Pay Plan employees
 - \$3.4 Million in Performance Pay for Professional and Executive Civilian Employees
 - \$400,000 in Cost of Living Adjustment to Civilian Retiree Annuities



GENERAL FUND AVAILABLE RESOURCES DISTRIBUTED OVER MAJOR SPENDING AREAS (\$ IN MILLIONS)

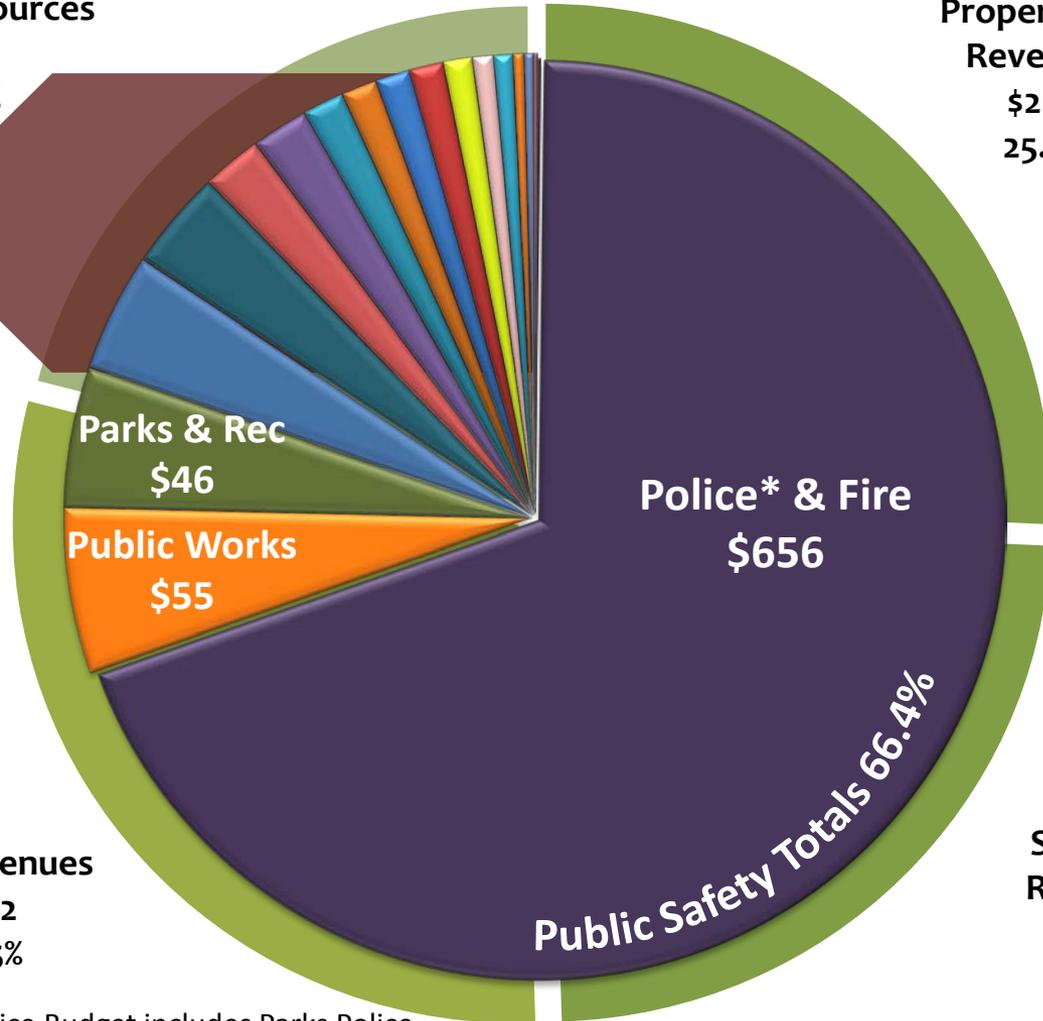
Other Operating Depts - \$232 Million

- Historic Preservation
- Center City Planning
- Economic Development
- One-Time Projects
- Downtown Operations
- Transfers
- Animal Care
- Health
- Code Enforcement
- Municipal Court
- Agencies
- Human Services
- Library
- Non-Departmental Administration:
 - *City Attorney
 - *City Clerk
 - *Human Resources
 - *Finance & Budget
 - *City Manager
 - *Mayor and Council

Other Resources
\$208
21.0%

CPS Revenues
\$292
29.5%

* Police Budget includes Parks Police



Property Tax Revenues
\$254
25.7%

Sales Tax Revenues
\$235
23.8%

FY 2014 PROPOSED BUDGET: \$988,890,690

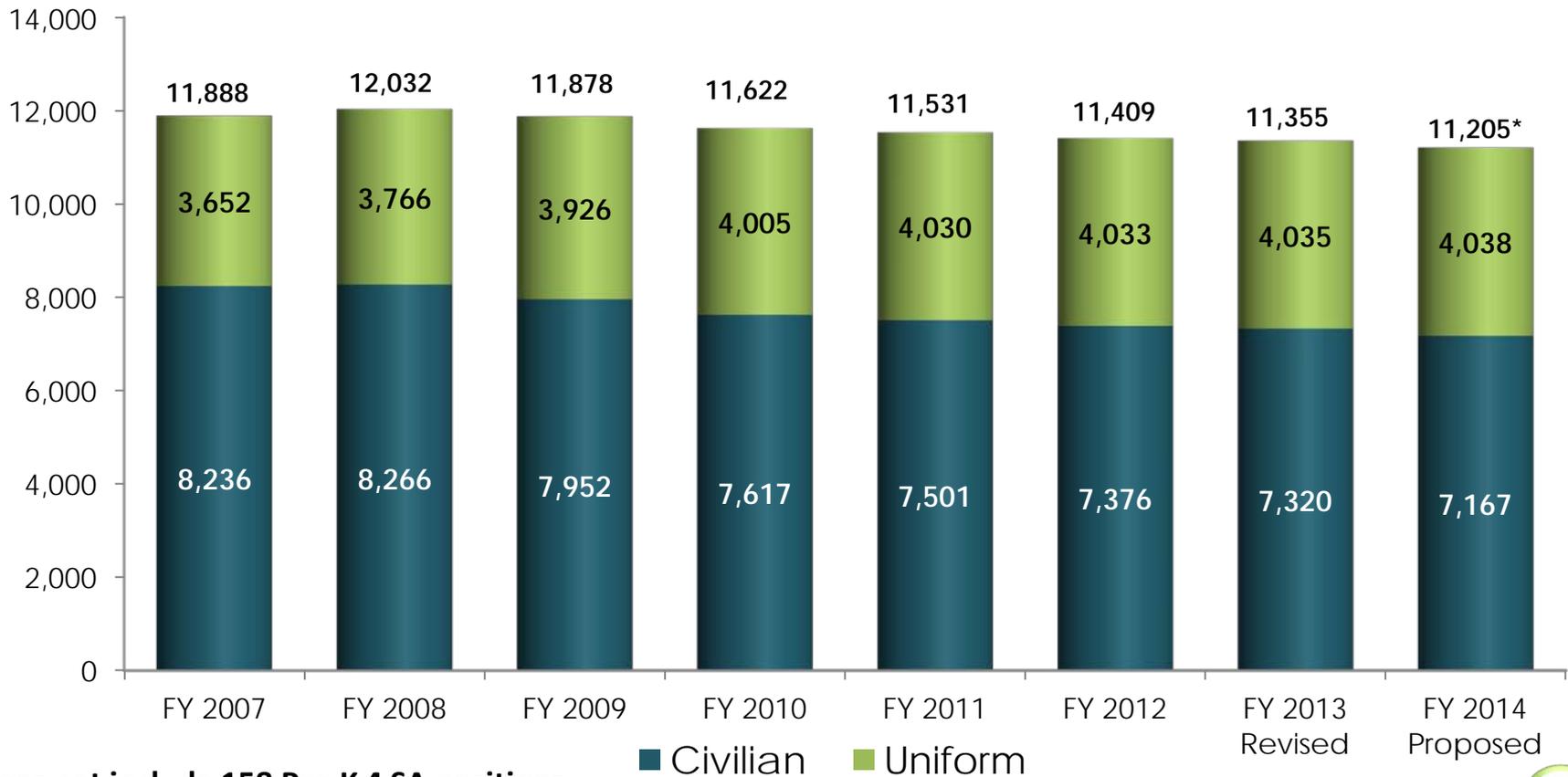
History of Reductions

- \$87.7 Million in General Fund budget reductions since 2007
- Eliminated 1,633 City positions with no layoffs since 2007

Fiscal Year	Amount
FY 2007	\$4.5 M
FY 2008	4.3 M
FY 2009	3.8 M
FY 2010	19.2 M
FY 2011	10.9 M
FY 2012	24.0 M
FY 2013	8.0 M
FY 2014	13.0 M
Total	\$87.7 M

City Authorized Positions

- Net reduction of 150 Positions in FY 2014 Budget; 279 Reductions and 129 new positions



*Does not include 158 Pre-K 4 SA positions

1,633 Civilian Positions Eliminated since 2007

Reduction Type	Civilian Positions Eliminated 2007 to 2013	Civilian Positions Eliminated 2014
Administrative Staff	142	20
Automation/Technology	180	16
Contract Services	400	49
Organizational Efficiencies	504	126
Service Modifications	128	68
Total	1,354	279

474 Uniform Positions Added since 2007

- Total Fire uniform positions have increased by 167 or 11% and the budget has increased by 37% since 2006
- Total Police uniform positions have increased by 307 or 15% and budget has increased by 36% since 2006



FY 2014 Proposed Budget

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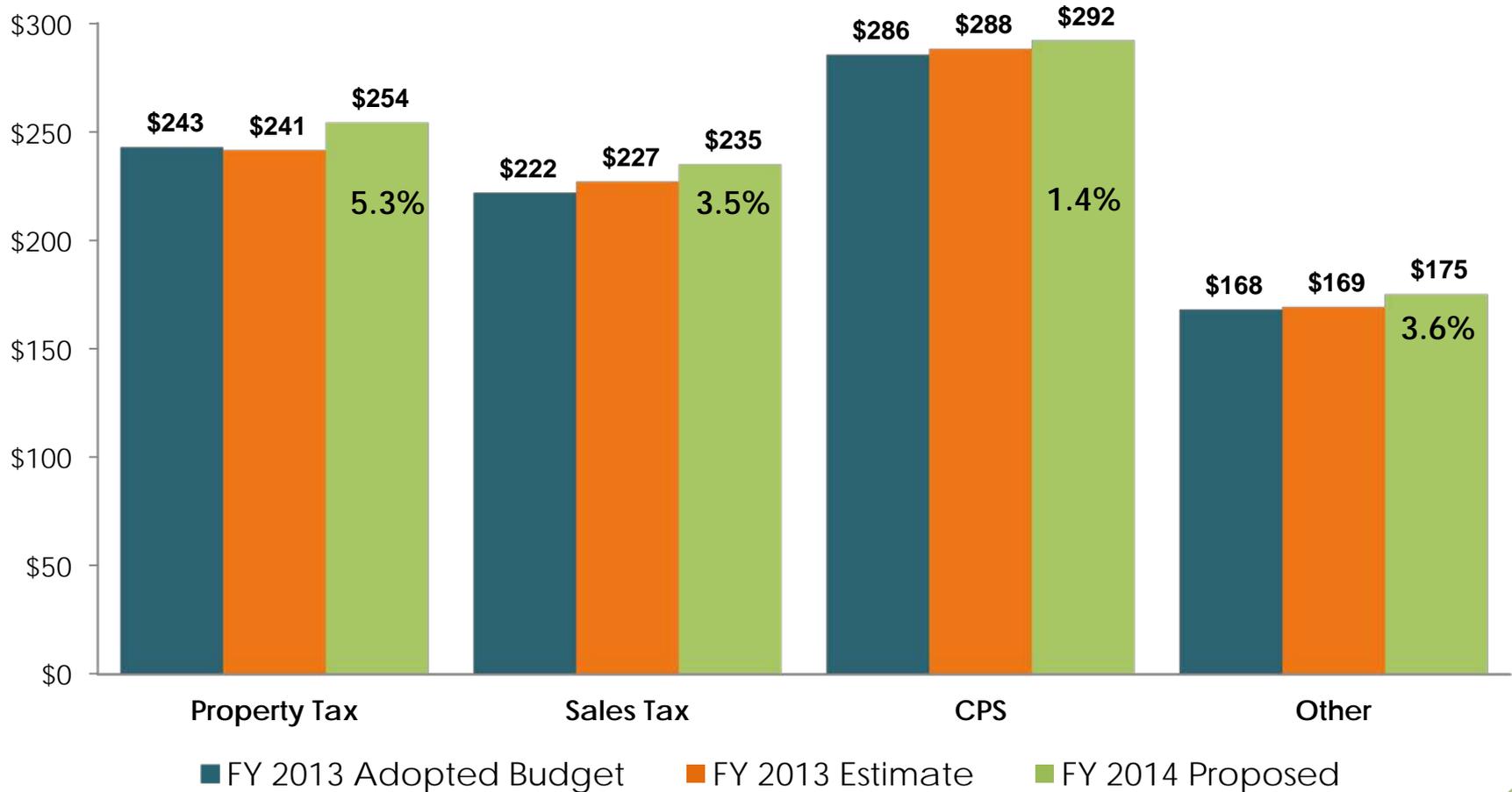
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General Fund Revenues

City of San Antonio, Texas

General Fund Revenues

(\$ in millions)

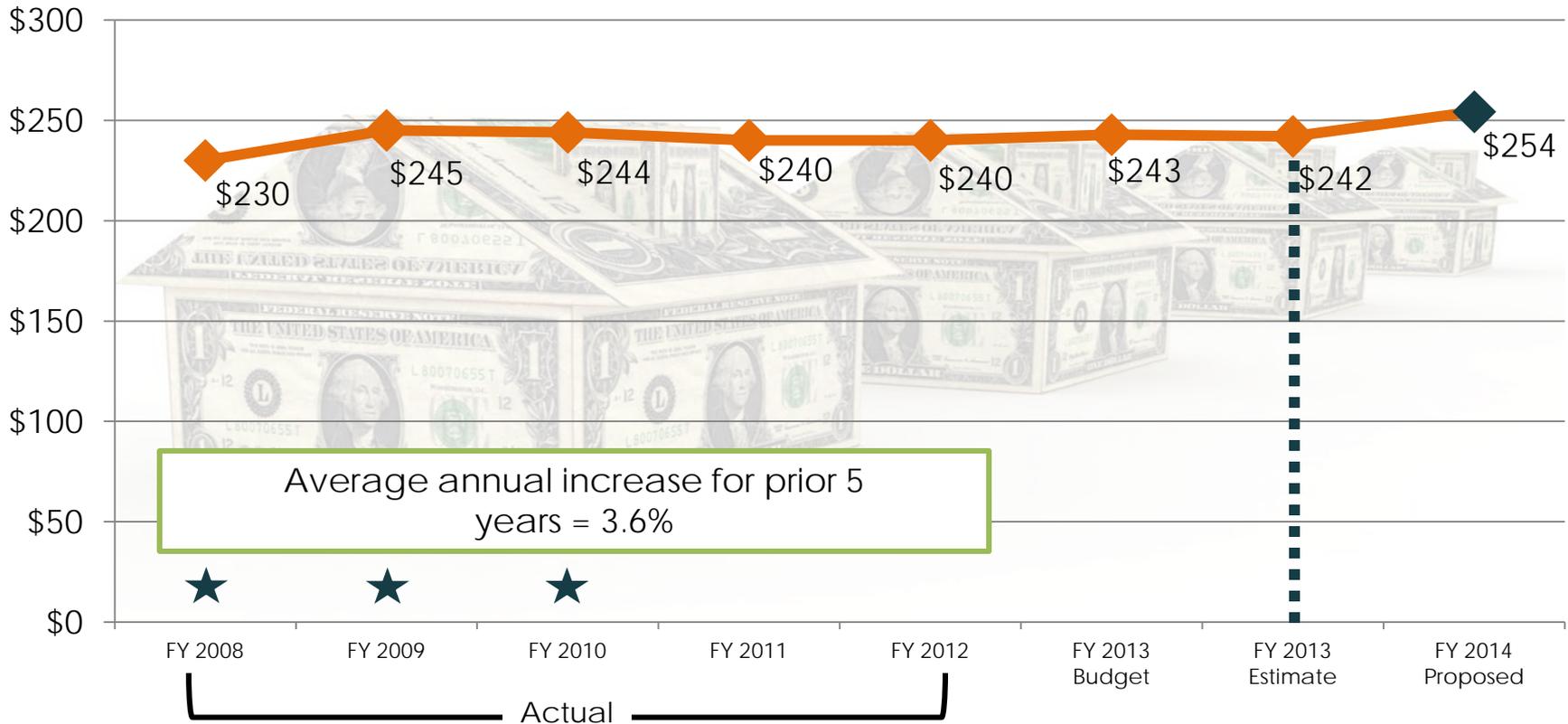


General Fund Other Revenues

Revenue Category	FY 2014 Proposed Budget (\$ in Millions)
Public Safety including EMS Transports	\$ 37.4
Business Franchise Tax (Telecommunications)	31.0
Fines	14.4
Payment from SAWS	11.9
Recreation and Culture	11.7
HOT Tax reimbursement for History and Preservation activities	7.9
Outside Agencies including County Reimbursement for City Services	7.4
Licenses and Permits	7.4
Sale of Property, Interest Earnings, Recovery of Expenditures, Other	45.9

Property Tax Revenue (\$ in Millions)

- FY 2014 Proposed Budget is 5.3% higher than FY 2013 Estimate



★ City Tax Rate decreased

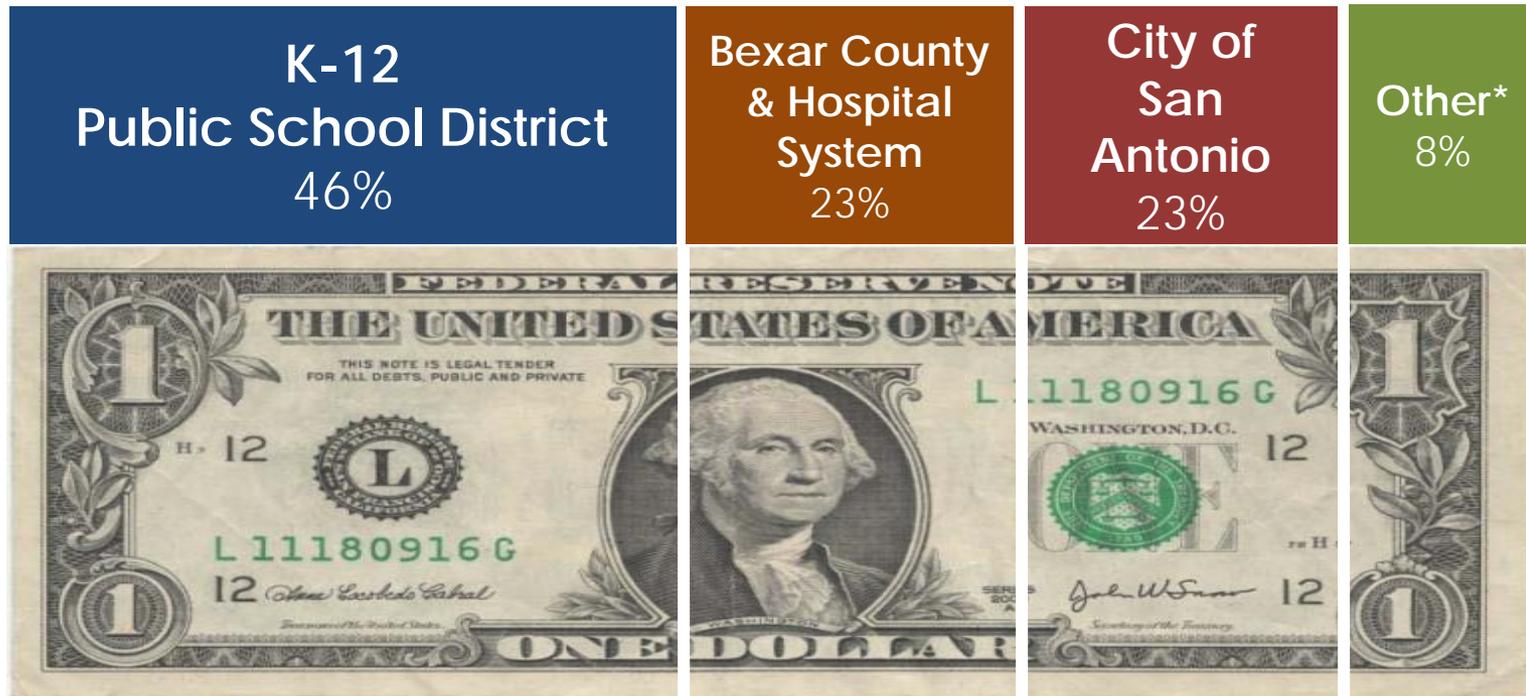
City Current Tax Rate 56.569 cents / \$100 taxable valuation

Property Tax Valuation

- Property Values up 4.68%
- 3.21% increase in Existing Property Values
- 1.47% increase in value from new improvements

	FY 2013 Budget	FY 2014 Proposed Budget
Existing Value	-0.42%	3.21%
New Value	1.26%	1.47%
Taxable Value	0.84%	4.68%

Property Tax Bill



* Note: Includes Community College District (6%) and River Authority (2%)

- School Districts Taxing Units represent close to half of annual tax bill
- City represents less than 25% of annual tax bill

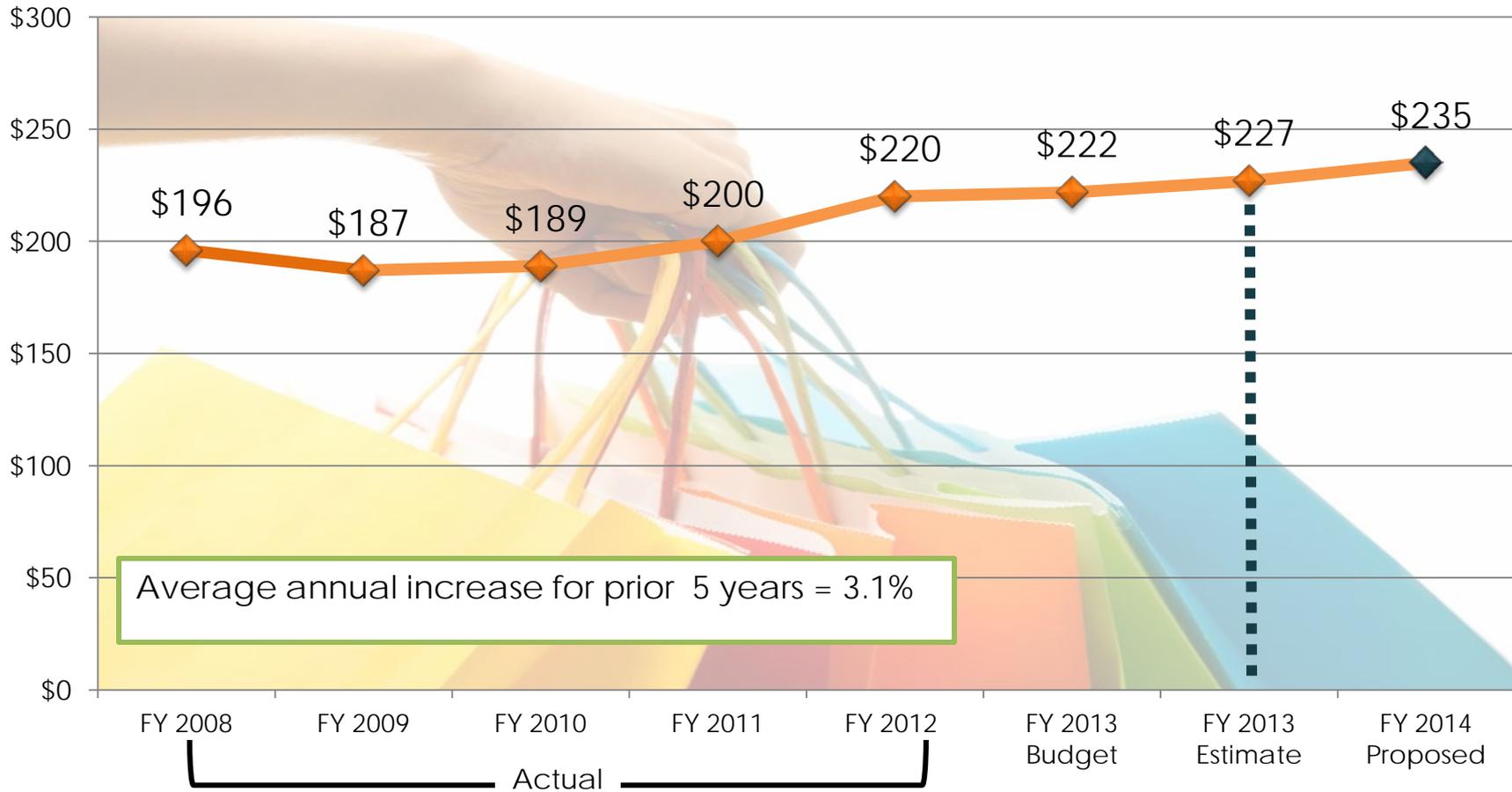
Property Tax Relief

- City continues commitment to provide Tax Relief to Seniors and Disabled Property Owners
- FY 2014 Budget foregoes \$31 Million in property tax revenue from Senior and Disabled Homestead Exemptions and Frozen City Tax Payments
 - Over 81,000 Seniors and nearly 9,500 Disabled Homestead Exemptions
 - Approximately 31,000 Senior and disabled homeowners pay zero City Property Taxes



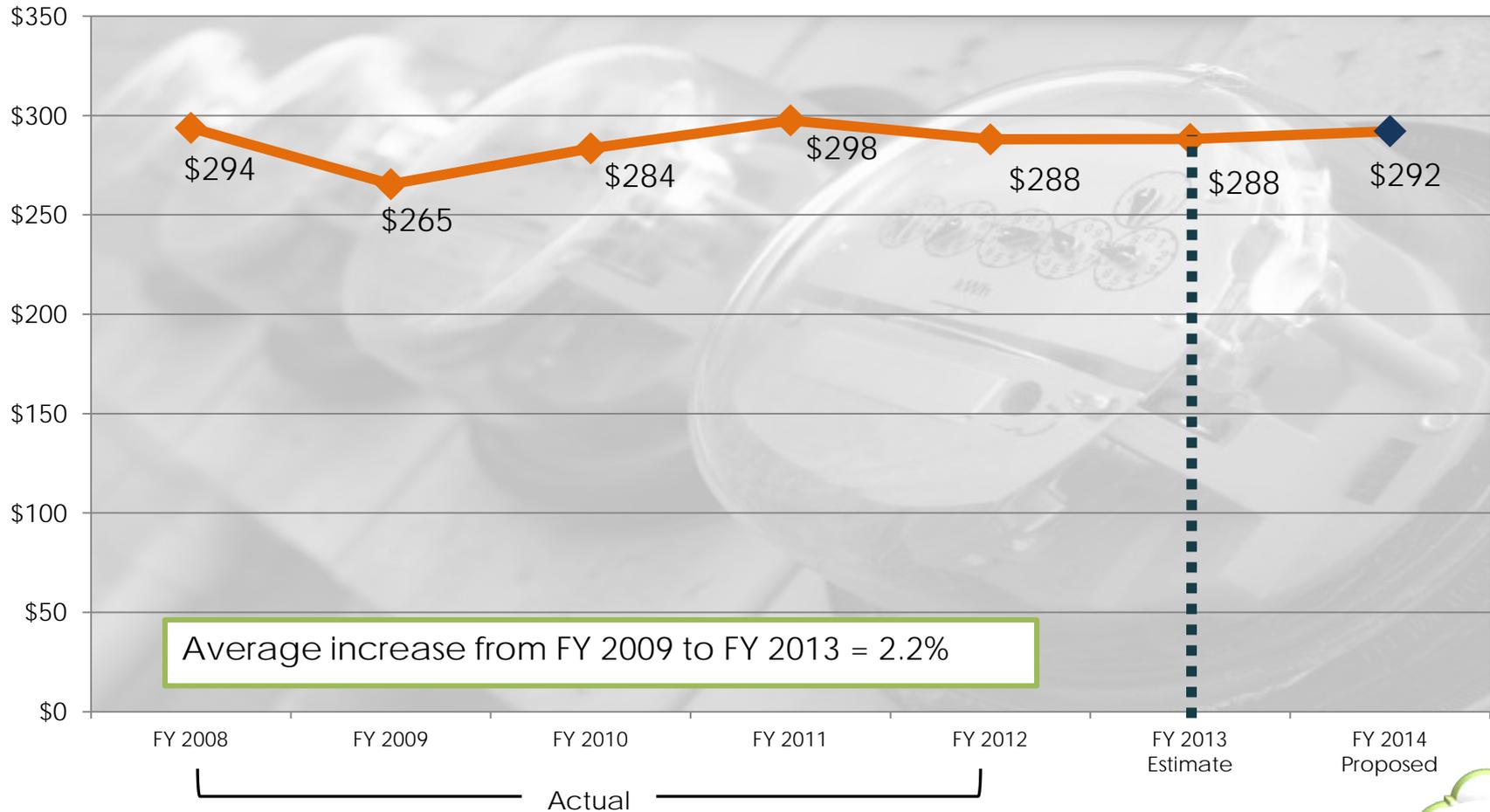
Sales Tax Revenue (\$ in Millions)

- FY 2014 Proposed Budget is 3.5% higher than the FY 2013 Estimate



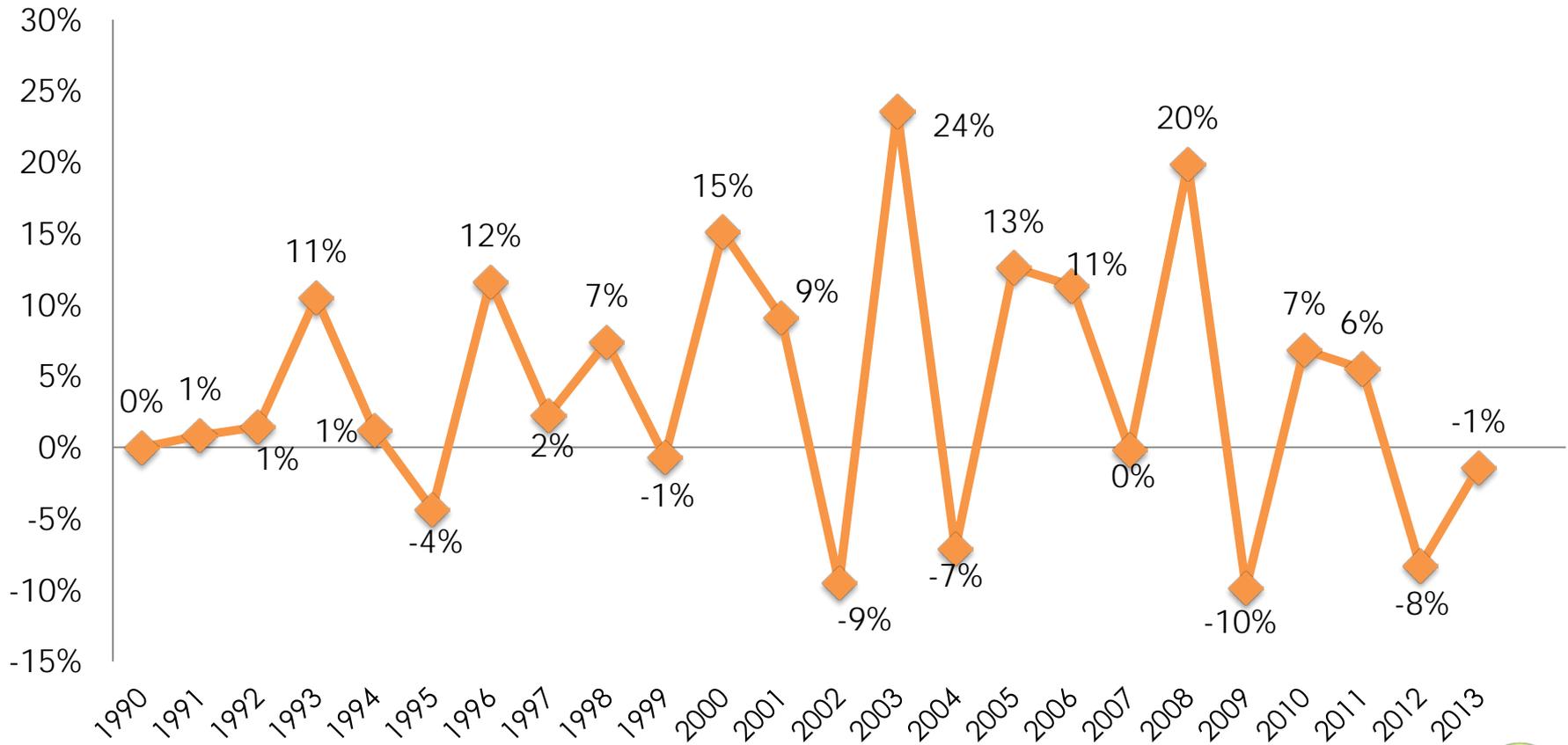
CPS Revenues (\$ in Millions)

- FY 2014 is 1.4% higher than the FY 2013 Estimate



CPS Revenue – Volatility

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



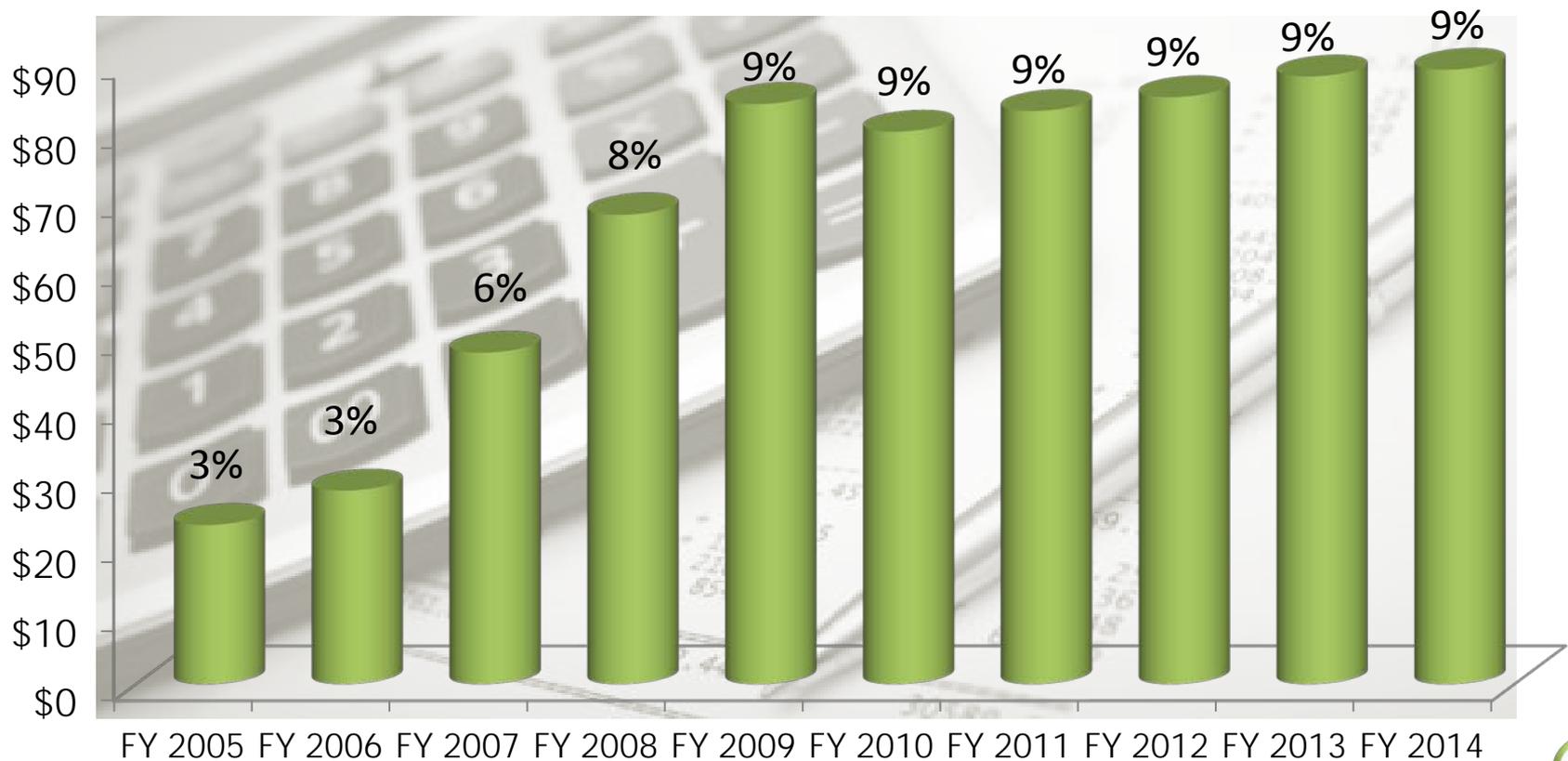
Budgeted Financial Reserves



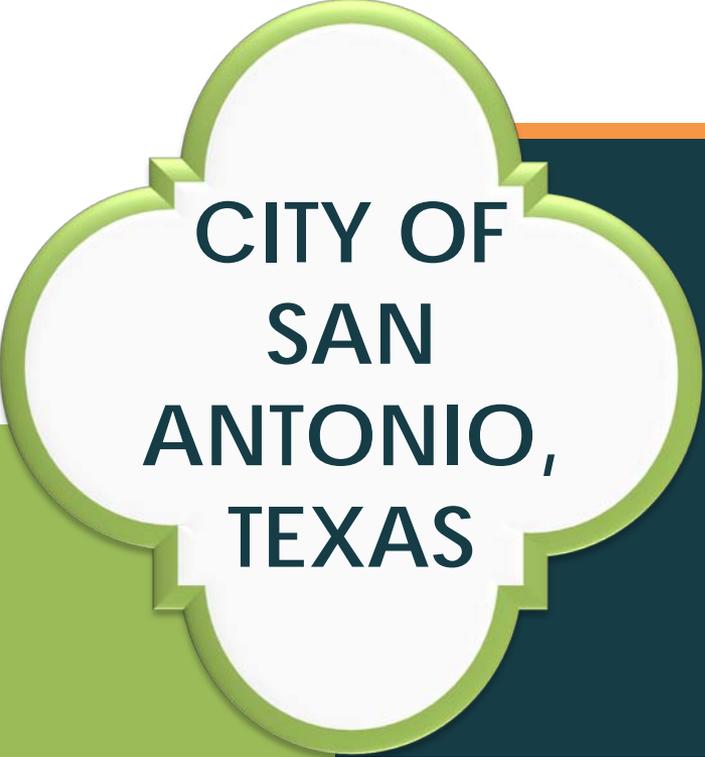
- Reserves maintained at 9% (\$89 Million in FY 2014)
- Critical to prudent financial management
- Increase City's credit worthiness resulting in higher credit ratings
- Measure of last resort to provide budgetary stability for unexpected events
 - Natural disasters
 - Catastrophic change in City's financial position

Budgeted Financial Reserves

- Financial Reserves maintained at 9% of General Fund appropriations (\$89 Million in FY 2014)



FY 2014 Proposed Budget

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Proposed Revenue Increases

City of San Antonio, Texas

General Fund Revenues

Proposed Revenue Adjustments

- \$5.2 Million in fee increases
 - EMS transport fees
 - HazMat inspection fees
 - Parks and Recreation fees for rental of pavilions and facilities, pools, athletic and cultural programs
 - Library fees for use of space for special events, and increases fees for non-service area customers

FY 2014 Proposed Budget

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Budget Improvements

City of San Antonio, Texas

Public Safety – Police

- \$307,000 City match for Community Oriented Policing Services (COPS) Hiring Grant
 - Grant may award 10 to 25 new Police Officer positions
- \$305,000 for Advanced Authentication software and hardware
 - Hardware will continue to allow Police Officers secure access to federal databases
- \$1.3 Million added for in-car video equipment and other equipment replacement



Public Safety – Fire

- \$326,000 added to enhance the Hazardous Materials Inspection Program
 - 3 uniform positions added to increase hazardous materials inspections
 - Expense offset by fees
- \$3.0 Million included to replace two HazMat trucks and other equipment



Streets, Sidewalks and Drainage

- Budget continues Infrastructure Management Program (IMP) at \$54 Million
 - \$35 Million for Streets
 - \$8.5 Million for Sidewalks (\$4.5 Million allocated for Sidewalks to Schools); \$2.5 Million increase over FY 2013
 - \$3.5 Million for Drainage
 - \$7.0 Million for Markings, Alleys, Traffic signals, and bike facilities



Neighborhoods

- \$1.15 Million added to support HPARC operations, an increase of \$615,000 over 2013
- \$700,000 added for Neighborhood Revitalization (REnewSA Land Bank Program)



Neighborhoods



- \$225,000 added to continue to perform 25,000 spay and neuter surgeries
- \$175,000 for Fit Pass Program
- \$150,000 for a Siclovia event
- No service reductions in Code Enforcement

Senior Services

- \$1.5 Million for the expansion of 3 existing Senior Centers in Districts 2, 6 and 7
 - Doubles existing capacity at District 2 to allow for an additional 200 participants daily
 - Increases capacity at District 6 with a redesigned floor space to help meet rising demand for additional activities
 - Helps open new 23,000 sq. ft. senior center in District 7 anticipating more than 300 participants daily



Economic Development

- \$3.5 Million included in budget for Economic Development Incentives
 - \$1.75 Million for city-wide incentives
 - \$1.75 Million for inner-city incentives
- \$500,000 for International Program



FY 2014 Proposed Budget

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General Fund Efficiencies and Reductions

City of San Antonio, Texas

Efficient Operations

- \$13 Million in Budgeted Reductions
 - Improved Service Delivery Models
 - Better Utilization of 500+ City Facilities
 - Reduction of Administrative Overhead
 - Operational Efficiencies



Process Improvement Municipal Court

- \$1 Million in savings at Municipal Court
 - Streamlined business processes and taking advantage of technology investments
 - Reduces wait time in the Court for the customer by an average of 30%
 - Reduces staffing costs by 25%
 - Court will be more flexible by cross-training staff members across multiple job functions



Administrative Overhead

- \$1.3 Million reduction in line items budget and administrative overhead in General Fund departments; Reduction eliminates 11 positions
- \$354,000 savings from 50% reduction in travel budgets



Operational Efficiencies

- \$523,000 savings from transitioning Community Link Center services to other City facilities including Libraries
- \$1.4 Million in savings due to State transferring adult literacy programs to Texas Workforce Commission negating the need for City to provide facilities for program



Operational Efficiencies



- \$760,000 in savings from realigning Parks, Sanitation and Landscape Maintenance schedules
- \$550,000 in savings by consolidating 10 open play community centers with low attendance with other full service centers in close proximity

Proposed Reductions

- \$630,000 reduction to delegate agency funding - 5% funding reduction consistent with average reduction of non-public safety city departments affecting 61 agencies
 - Haven for Hope will remain at FY 2013 funding levels
- \$295,000 reduction to City Council project fund allocation
 - Reduces annual allocation from \$61,818 to \$35,000



FY 2014 Proposed Budget

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Solid Waste

City of San Antonio, Texas

Solid Waste Fund

- Solid Waste Enterprise Fund Budget: \$95.8 Million
- City guided by Recycling Resource & Recovery Plan
 - Establishes 60% recycling goal of residential waste by 2025; rate currently at 30%
- FY 2014 Budget expands recycling opportunities and continues focus on customer convenience
 - Organics Recycling Subscription Program
 - Neighborhood Drop Off Collection Centers
- \$0.50 fee increase is included in the proposed budget



Solid Waste Service Enhancements

- Organics Recycling Subscription Program
 - Program will be offered to nearly 100,000 San Antonio residents in FY 2014
 - Monthly subscription fee of \$3.00
- Bulky Waste Drop Off Centers
 - Two additional bulky waste drop off centers will be operational by June 2014
 - Culebra (District 6)
 - Rigsby (District 2)
 - 4 bulky waste drop off centers will be operational in FY 2014



Solid Waste Customer Rate

- Forecast includes rate increases to support additional services. Current Monthly rate is \$19.43
- No rate increase was included in FY 2013

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
--	---------	---------	---------	---------	---------

Total Monthly Fee	\$18.74	\$18.74	\$19.43	\$19.43	\$19.93
Increase	\$0.00	\$0.00	\$0.69	\$0.00	\$0.50
% Increase	0%	0%	3.7%	0%	2.6%

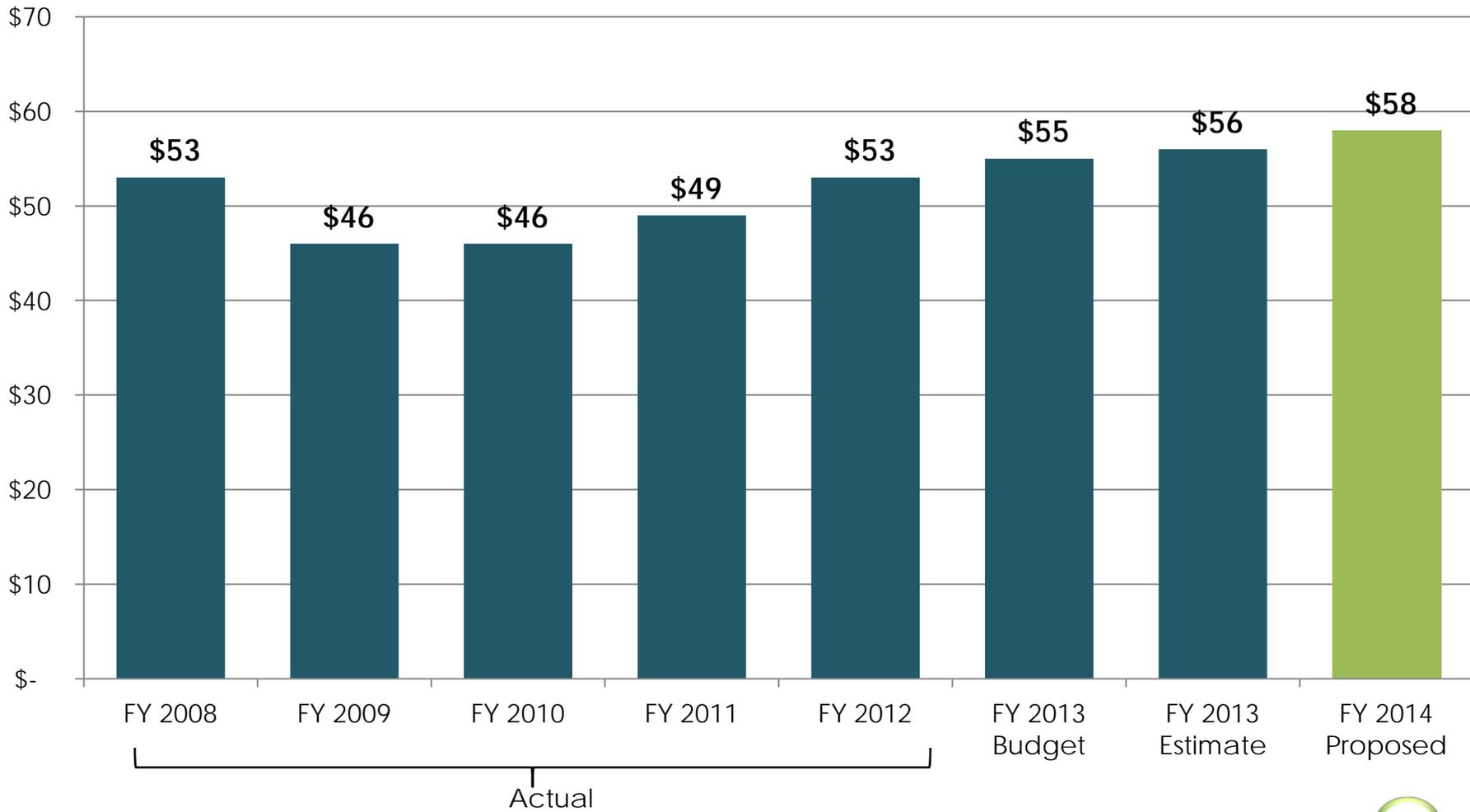
FY 2014 Proposed Budget

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Hotel Occupancy Tax

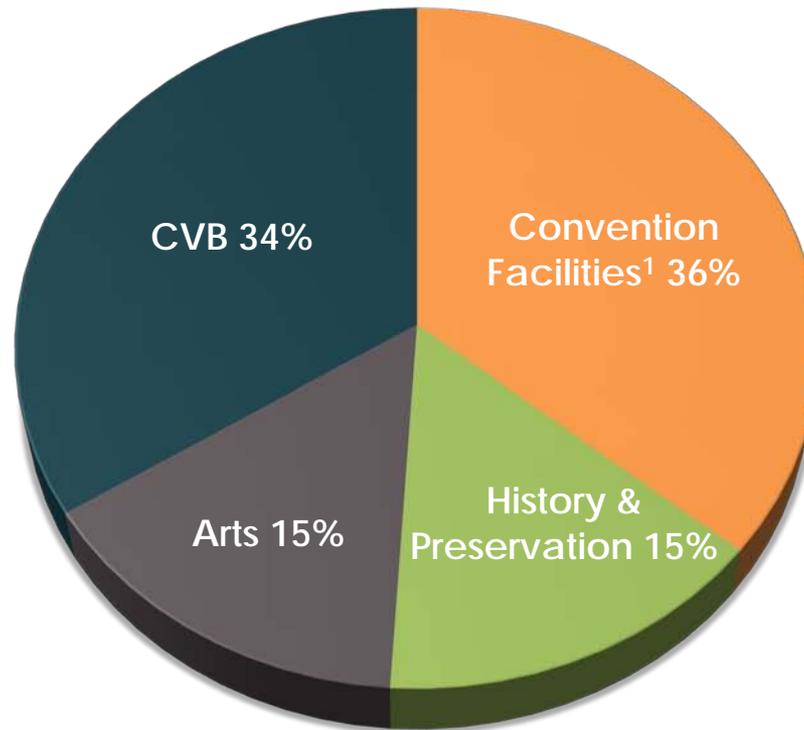
City of San Antonio, Texas

HOT Tax Revenue History (\$ in Millions)



Hotel Occupancy Tax Fund

City's HOT Tax Distribution



¹Includes funding for International Relations and Hosting Obligations

Hotel Occupancy Tax Fund

- Arts and Cultural Programming
 - FY 2014 extends FY 2013 funding cycle
 - Funding to arts agencies remain at FY 2013 levels



FY 2014 Proposed Budget

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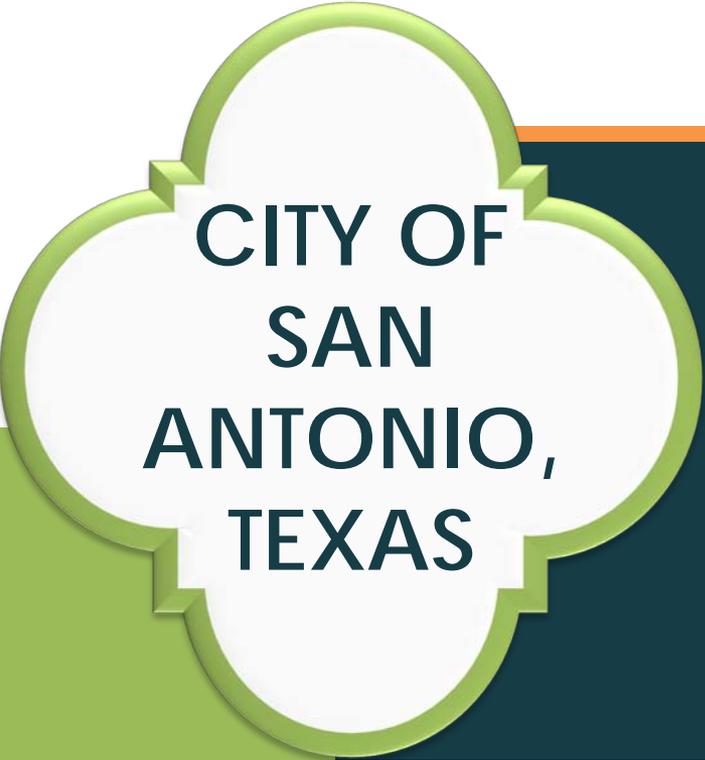
Airport

City of San Antonio, Texas

- FY 2014 Aviation Fund Budget totals \$87 Million
- 52% increase of international travelers as of May 2013 from May 2012
- Terminal A renovations currently underway with construction scheduled to be complete in Spring 2014
- Consolidated Rental Car Facility
- Proposed budget includes US Customs and Border Protection area improvements in Terminal A



FY 2014 Proposed Budget

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Development Services

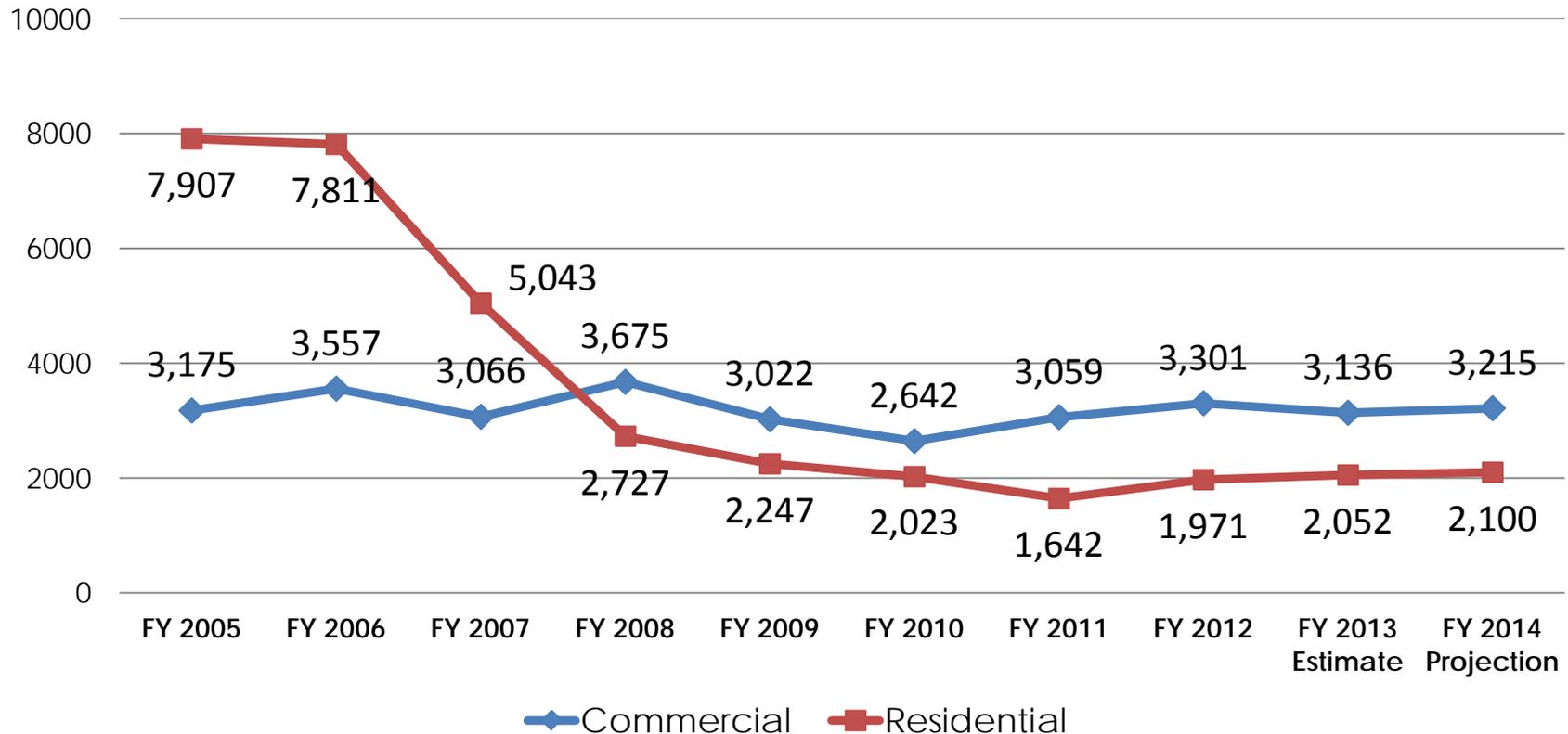
City of San Antonio, Texas

Development Services Fund

- FY 2014 Development Services Fund Budget totals \$25 Million
- FY 2014 Total Permits expected to increase slightly over FY 2013 levels as development activity continues to improve
- Budget adds 12 new positions to keep pace with increased development activity and improve service delivery



New Permit History



FY 2014 Proposed Budget

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Storm Water Operations

City of San Antonio, Texas

Storm Water Operations

- FY 2014 Storm Water Operations Budget totals \$40.9 Million
- Storm Water Fund is supported by the Storm Water Fee and provides:
 - Channel and River Maintenance
 - Mowing
 - Tunnel Operations
 - Floodplain Management
 - Street Cleaning



Storm Water Operations

- No Rate increase proposed in FY 2014
 - Rate not adjusted since FY 2008
- Funds included in FY 2014 Budget for:
 - Study of current Storm Water Fee and recommend revised fee structure in the FY 2015 Budget
 - Additional mowing of medians and right-of-ways
 - Five-year Manhole Replacement Program to limit theft of lids

FY 2014 Proposed Budget

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Capital Budget

City of San Antonio, Texas

Capital Improvements

- FY 2014 Capital Program \$570 Million
- Major Projects include:
 - 2012-2017 Bond Program
FY 2014: \$118 Million
 - Airport Improvements
FY 2014: \$87 Million
 - Convention Center
Expansion
FY 2014: \$100 Million



FY 2014 Proposed Budget

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Employee Benefits

City of San Antonio, Texas

Employee Compensation Principles

- Pre-2006, City of San Antonio employee wages below market rates and benefits package above industry trends
- In last 7 years, wages have been increased to be consistent with market competitive rates
 - Cost sharing goal for healthcare is 80% City, 20% employee
 - In FY 2014, cost sharing ratio 87% City, 13% employee, even with premium and out of pocket increases



Employee Compensation

- \$24.7 Million for Employee Compensation Increases
 - \$17.9 Million for Police and Fire Collective Bargaining increases
 - \$3.0 Million in salary increases to civilian Step Pay Plan employees
 - \$3.4 Million in Performance Pay for Professional and Executive Civilian Employees
 - \$400,000 in Cost of Living Adjustment to Civilian Retiree Annuities



Collective Bargaining - \$17.9 Million

- Wage Increases:
 - 3% for Police; and 3.4% for Fire
- Rank Step Increases
 - Ranging from 2% to 3%
- Longevity Pay
 - 3% increase for Police and Fire Uniform employees for each five years of longevity
- Clothing allowance increase
- New Leave Buyback Program for Fire uniform employees



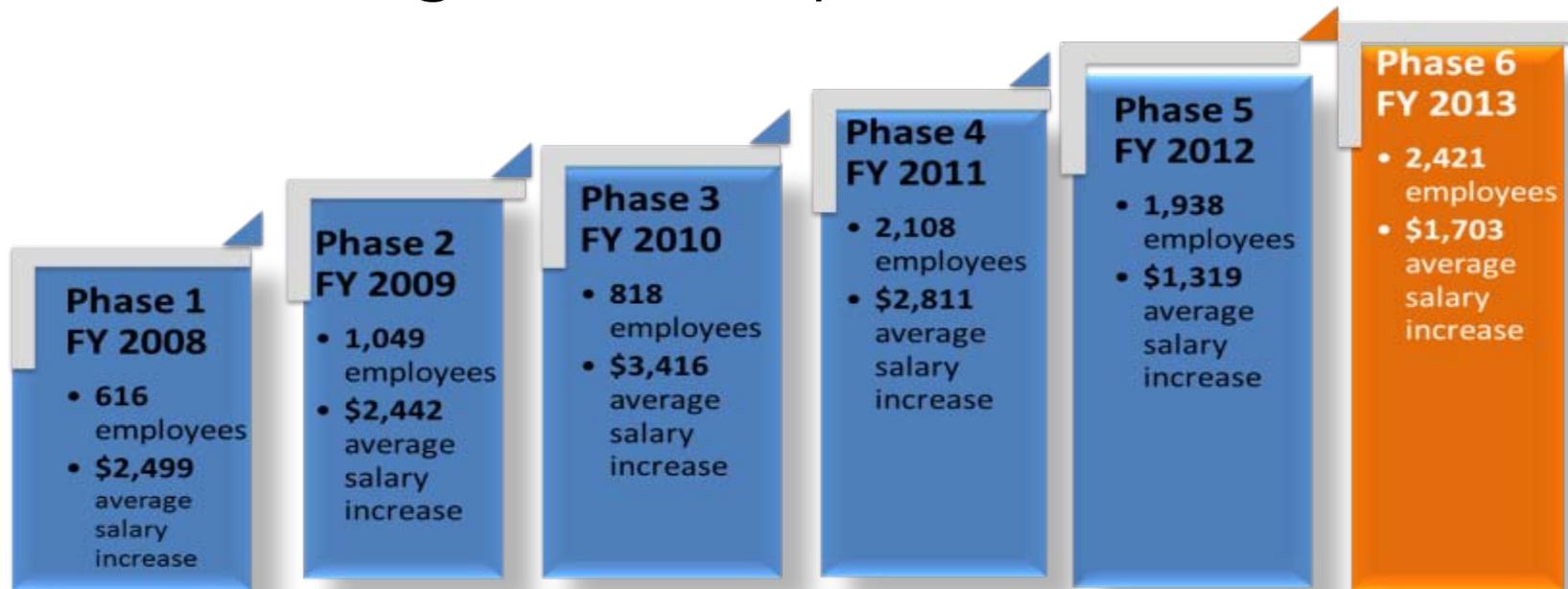
Civilian Compensation

- Step Pay Plan Employees: 4,079 Civilian employee will receive on average a 3% salary increase
- Professional, Managers and Executives: 3,258 Civilian employees would be eligible to receive performance pay
 - Budget allocates equivalent of 3% of salaries
- Civilian retirees would received a cost of living adjustment equivalent to 1.2% of their annuity consistent with TMRS rules



Civilian Step Pay Plan

- Six Year Program finished implementation in FY 2013
- In FY 2014 Eligible employees will received on average a 3% step increase



Employee Healthcare

- Budget addresses employee health care needs and manages cost
- Promotes wellness and continues rewards programs
- Offers three health care plans
 - Consumer Choice, New Value, and Premier



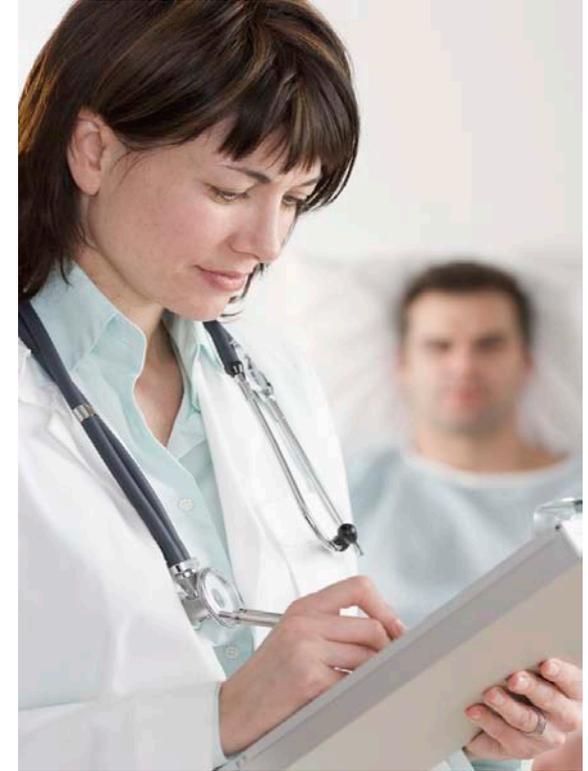
Employee Healthcare

- Increases Civilian Employee Contributions to Health Care Cost
 - Aligns prescriptions deductibles, and office co-pay maximums with industry standards
- Healthcare costs increased in FY 2013 and projected to increase in FY 2014
 - Medical Inflation
 - Utilization
 - Affordable Care Act



Affordable Care Act

- Affordable Care Act has benefitted employees by:
 - Increasing Age of covered dependents
 - Preventive Services with no Cost Sharing
 - New Women's Services with no Cost Sharing
 - No Pre-existing Conditions Exclusions
- Cost of Act since implementation is \$5.3 Million, FY 2014 cost projected at \$3.9 Million



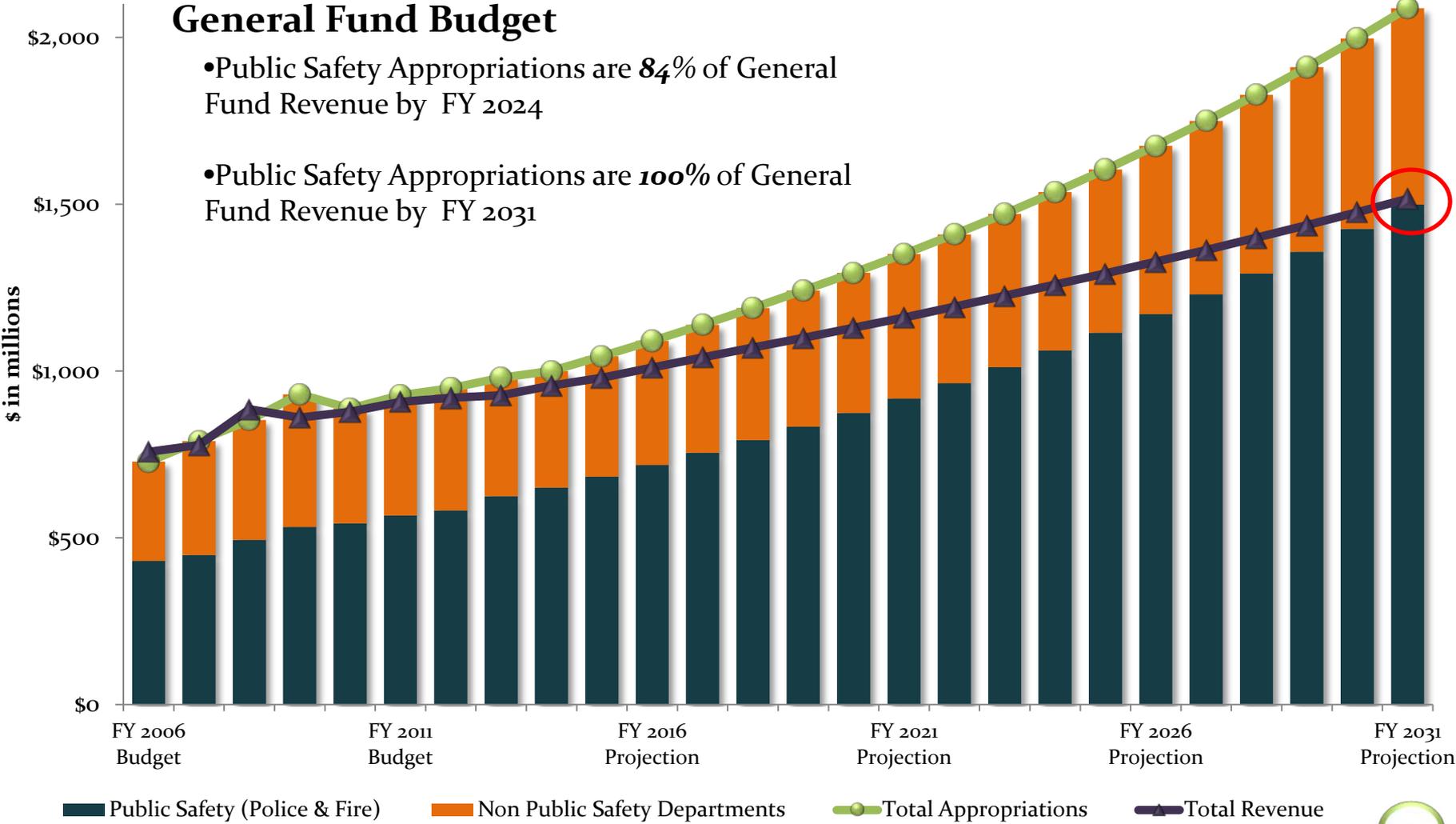
Employee Legacy Costs

- Legacy Costs include costs associated with providing health care and pension
 - Health care for active civilians and uniforms and their dependents
 - Health care for retired civilians (pay-as-you go)
 - Pre-fund of health care benefits for current active uniforms
 - Pension contributions for active civilians and uniforms

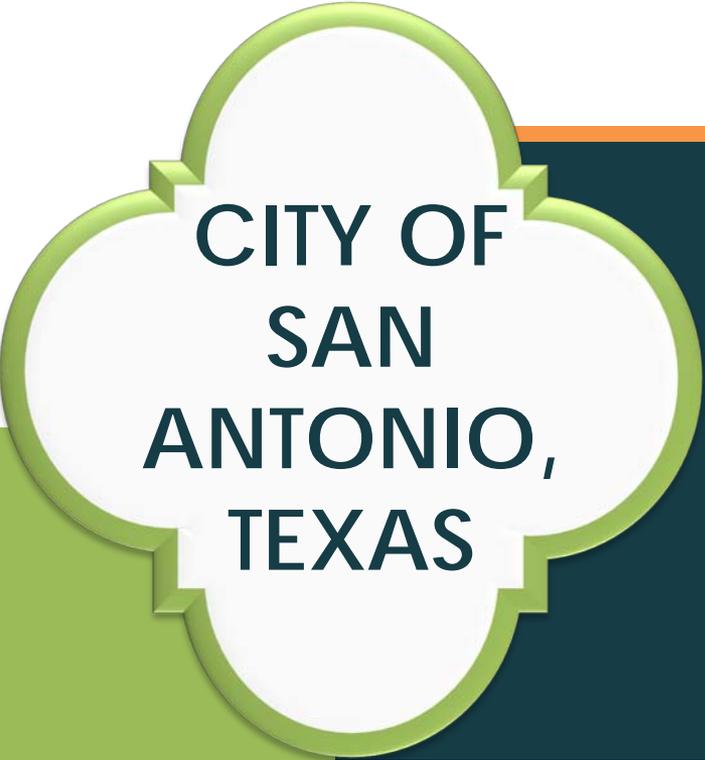
Legacy Costs

General Fund Budget

- Public Safety Appropriations are **84%** of General Fund Revenue by FY 2024
- Public Safety Appropriations are **100%** of General Fund Revenue by FY 2031



FY 2014 Proposed Budget

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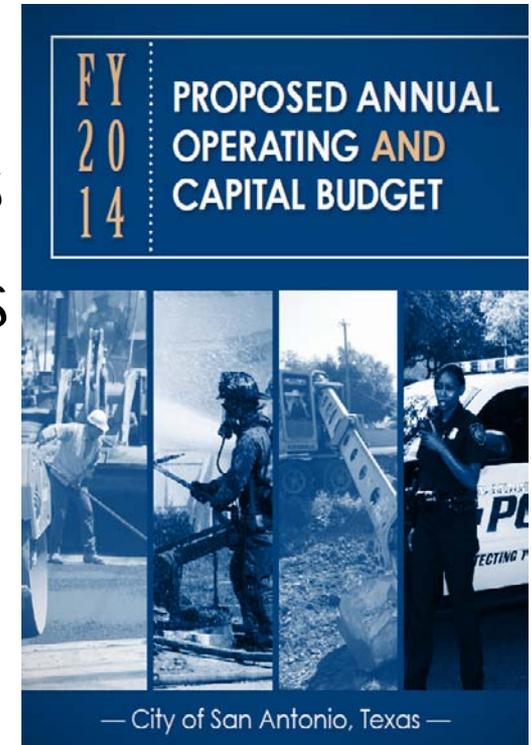
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Budget Communication

City of San Antonio, Texas

Budget Communication

- Highlights Brochure
 - Printed in English and Spanish
- Employee Highlights Pamphlets
- Newspaper Inserts for Residents
 - San Antonio Express News
 - La Prensa
- Budget Video
- Budget Document
- Area Budget Hearings



Five Community Budget Hearings

- All area meetings to begin at 6:00 PM

Date	Area
Monday, August 12	West
Tuesday, August 13	North
Wednesday, August 14	Northwest
Thursday, August 15	Central
Tuesday, August 20	Southeast

Twelve City Council Budget Work Sessions

- Meetings held during City Council Budget Work sessions to allow for presentation and discussion of budget proposals

Date	Date
Tuesday, August 13	Wednesday, August 28
Wednesday, August 14	Thursday, August 29
Tuesday, August 20	Tuesday, September 3
Wednesday, August 21	Wednesday, September 4
Thursday, August 22	Tuesday, September 10
Tuesday, August 27	Wednesday, September 11

Budget Adoption

- 2 Budget Public Hearings at City Council Chambers at 6:00PM
 - Wednesday, August 28
 - Wednesday, September 4
- Budget Adoption
 - Thursday, September 12
 - City Council Chambers

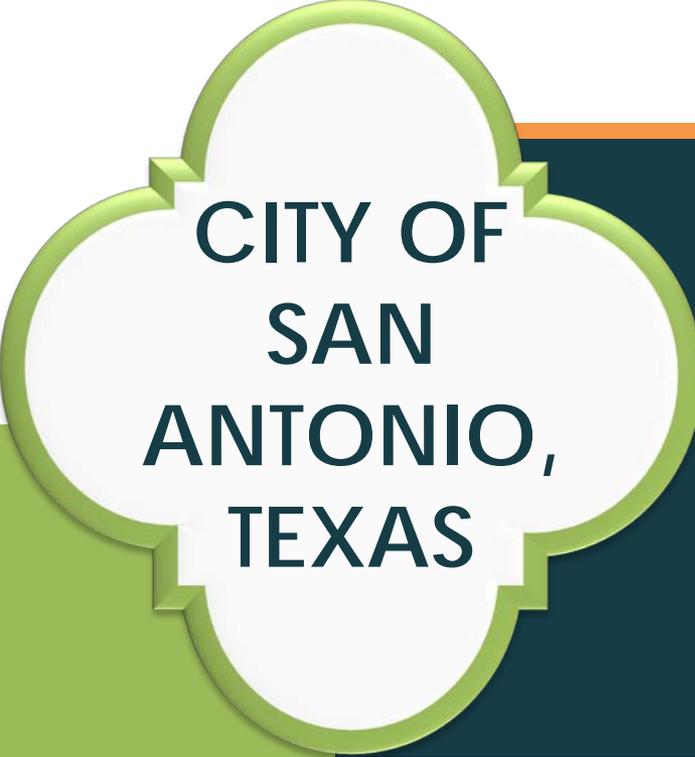


Budget Summary

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- Focuses on Neighborhood Revitalization through Code Enforcement, Animal Care Services, and Education



City of San Antonio, Texas

The logo is a stylized four-lobed shape, resembling a flower or a cross with rounded ends. It has a white center and a thick green border. The text "CITY OF SAN ANTONIO, TEXAS" is written in a bold, dark blue, sans-serif font, centered within the white area.

**CITY OF
SAN
ANTONIO,
TEXAS**

FY 2014 Proposed Annual Operating & Capital Budget

Presented by Sheryl Sculley, City Manager

August 8, 2013