FY 2019-2023

FY 2018 Six Plus Six Financial Report & FY 2019 –FY 2023 Five Year Financial Forecast

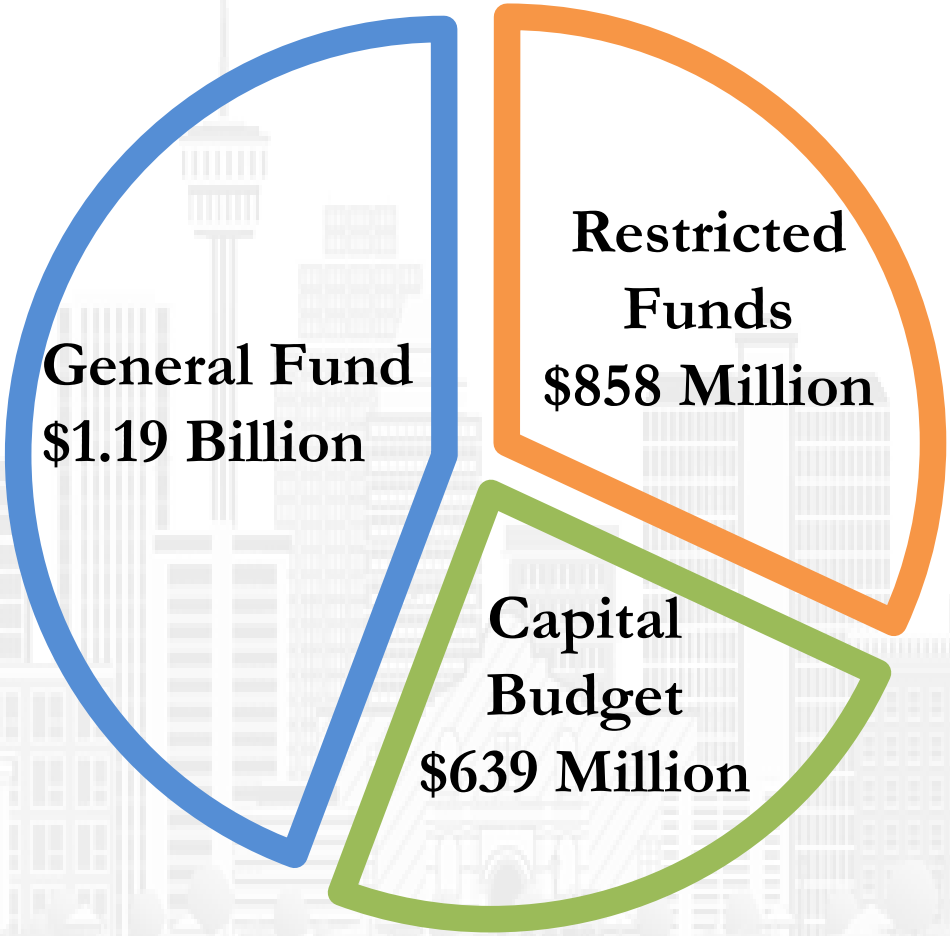
City Council “B” Session April 18, 2018

Presentation Overview

- 6+6 Budget and Finance Report
- Five Year Forecast
- Mid-Year Budget Adjustment
- FY 2018 Budget Initiative Status
- Homestead Exemption

FY 2018 Total City Budget

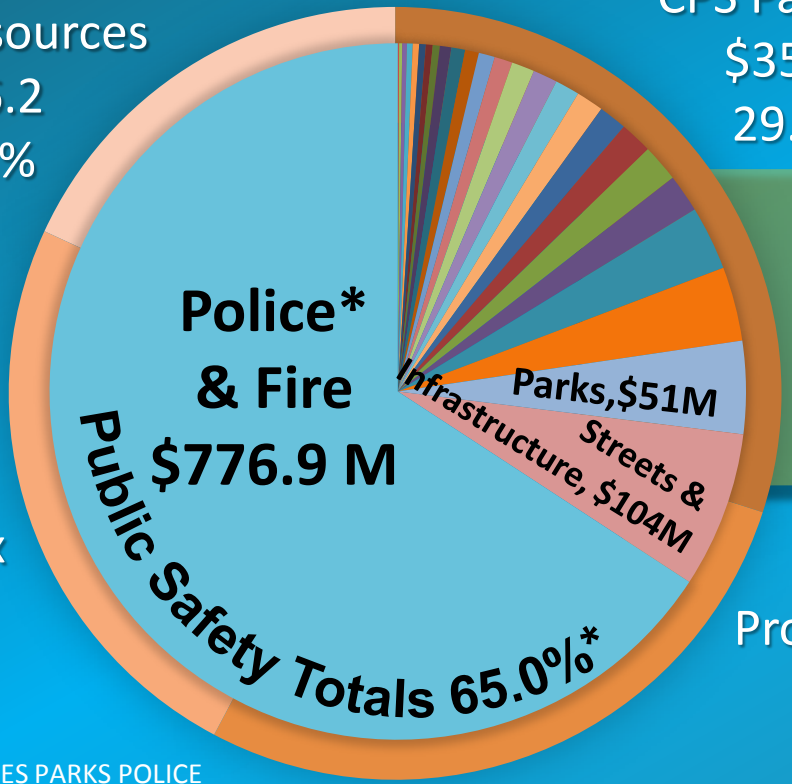
$2.7 Billion



FY 2018 General Fund Budget: $1.19B

Other Resources
$216.2
18.1%

CPS Payment
$352.5
29.5%



Sales Tax
$285.2
23.8%

Property Tax
$342.2
28.6%

* INCLUDES PARKS POLICE

OTHER OPERATING DEPARTMENTS - $264 M

- Human Services
- Library
- Center City
- Code Enforcement
- Animal Care
- Health
- Finance
- Municipal Court
- Economic Development
- City Attorney
- Mayor & Council
- Government & Public Affairs
- Human Resources
- Planning
- City Clerk
- City Manager
- Municipal Detention Center
- City Auditor
- Management & Budget
- Transfers
- Historic Preservation
- Municipal Elections
- Innovation
- Eastpoint
- Non-Departmental

General Fund FY 2018

2nd Quarter Results

$7.2 Million Additional Revenue

$1.6 Million less Expense

FY 2018 General Fund Property Tax Revenue

2nd Quarter	
Budget	$320.8
Actual	$320.8
Variance	$0

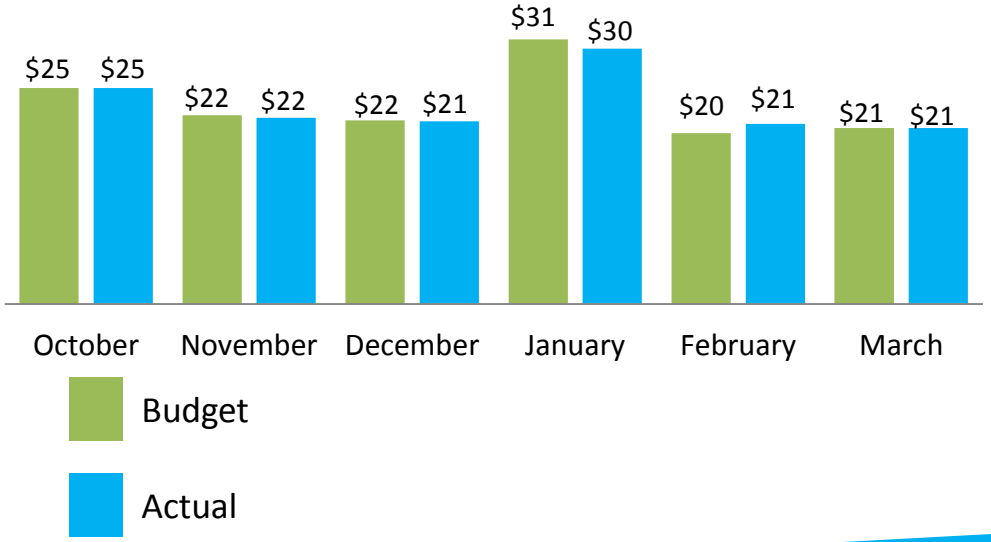
FY 2018 Estimate	
Budget	$342.2
Estimate	$342.2
Variance	$0

- Certified Tax Roll received from Bexar Appraisal District in July
- No deviation in the revenue received between Budget and Estimate

FY 2018 General Fund
Sales Tax Revenue ($ in Millions)

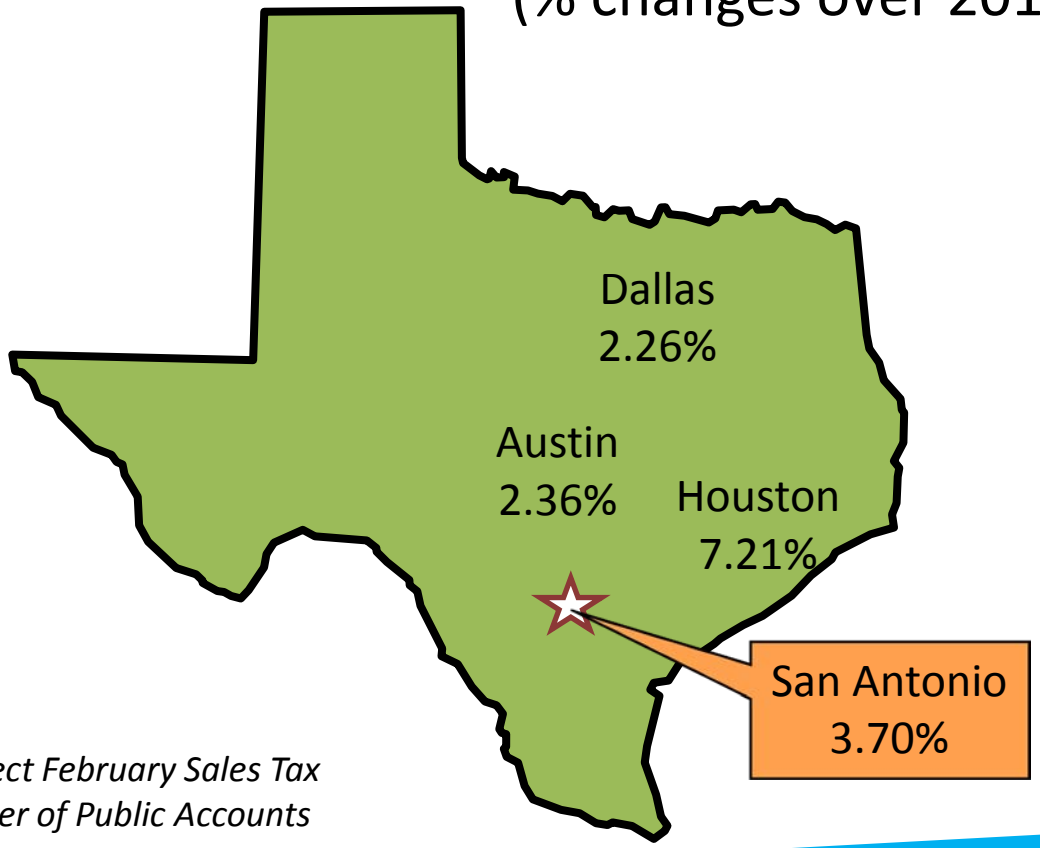
2nd Quarter	
Budget	$140.5
Actual	$140.1
Variance	($0.4)

FY 2018 Estimate	
Budget	$285.2
Estimate	$283.3
Variance	($1.9)



Texas Cities Sales Tax Revenues

2018 January to April
(% changes over 2017)



Note: April receipts reflect February Sales Tax
Source: Texas Comptroller of Public Accounts

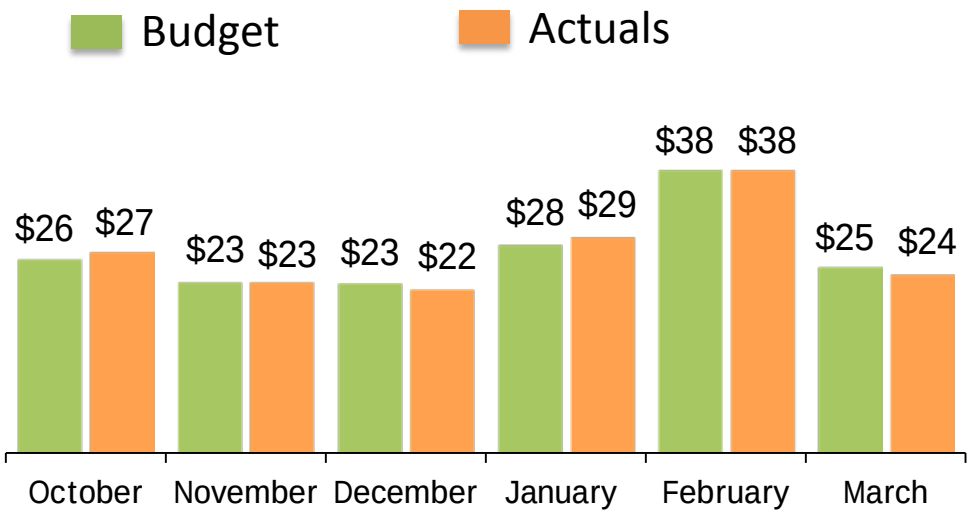
FY 2018 General Fund
CPS Energy ($ in Millions)

2nd Quarter Results

Budget	$163.1
Actual *(Oct to March)*	$163.3
Variance	**$0.2**

FY 2018 Estimate

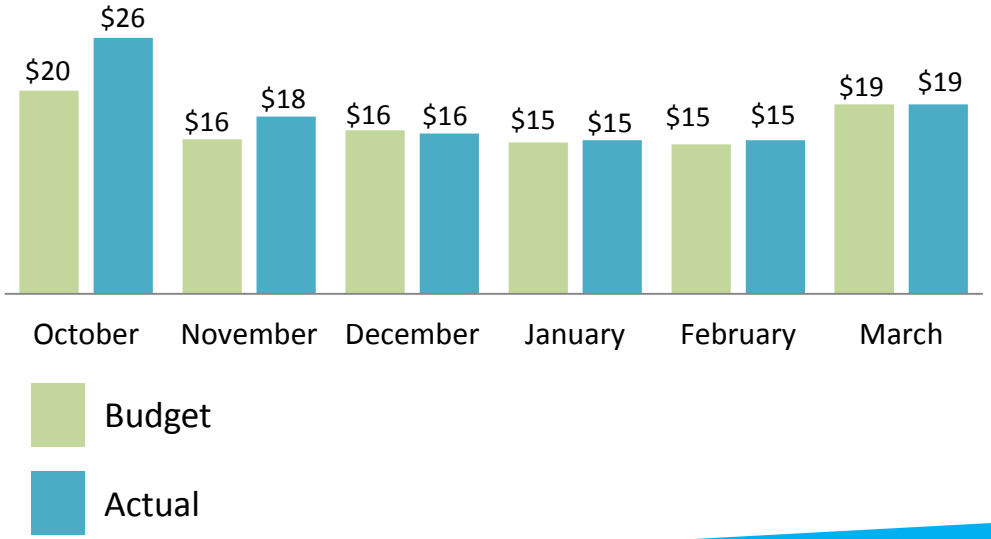
Budget	$352.5
Projection *(Oct to Sept)*	$352.5
Variance	**$0**



FY 2018 General Fund Other Revenues ($ in Millions)

2nd Quarter	
Budget	$101.4
Actual	$108.8
Variance	$7.4

FY 2018 Estimate	
Budget	$202.6
Estimate	$210.0
Variance	$7.4



General Fund
FY 2018 Year End Projection ($ in Millions)

$6.0 M
Additional Ending Balance for FY 2017

+

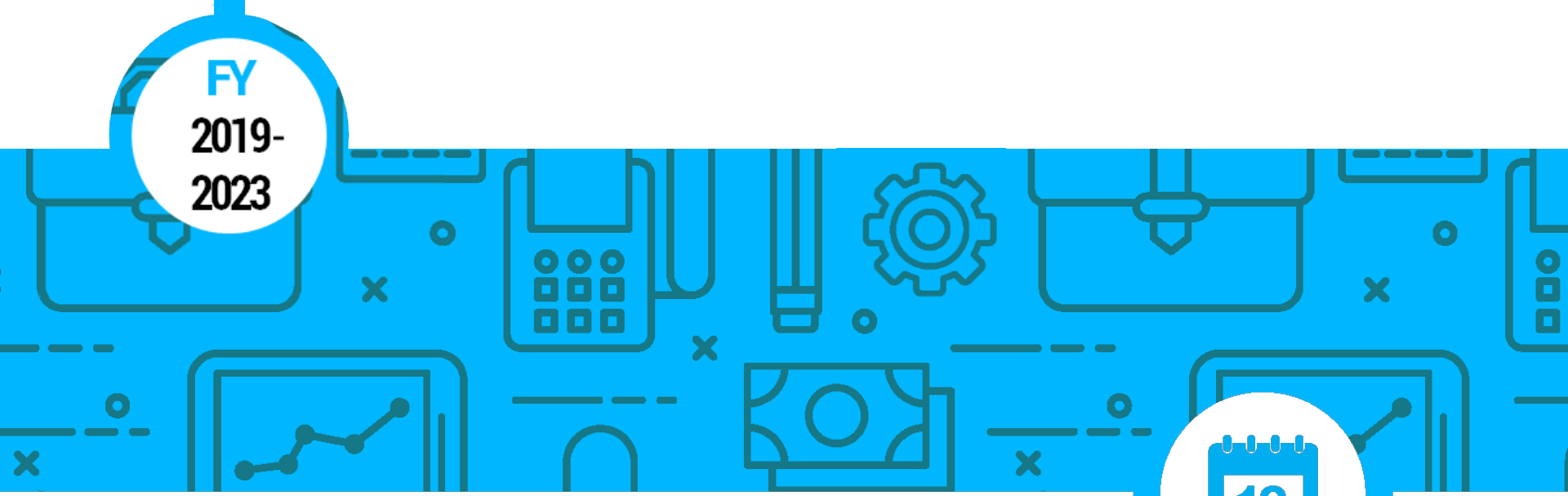
$5.5 M
More Revenue in FY 2018

+

$1.7 M
Less Expense in FY 2018

=

$13.2 M
Better Ending Balance for FY 2018



FY 2019 – FY 2023
Five Year Financial Forecast

What is the Financial Forecast ?

Early financial outlook for the City as the budget development process begins for FY 2019

Initiates Council Policy discussions for budget

Financial Forecast is not a budget

General Fund Five Year Forecast

- Structurally Balanced
- Overall General Fund revenues projected to increase by 2.8% while expenditures projected to grow by 2.5% on average every year of forecast

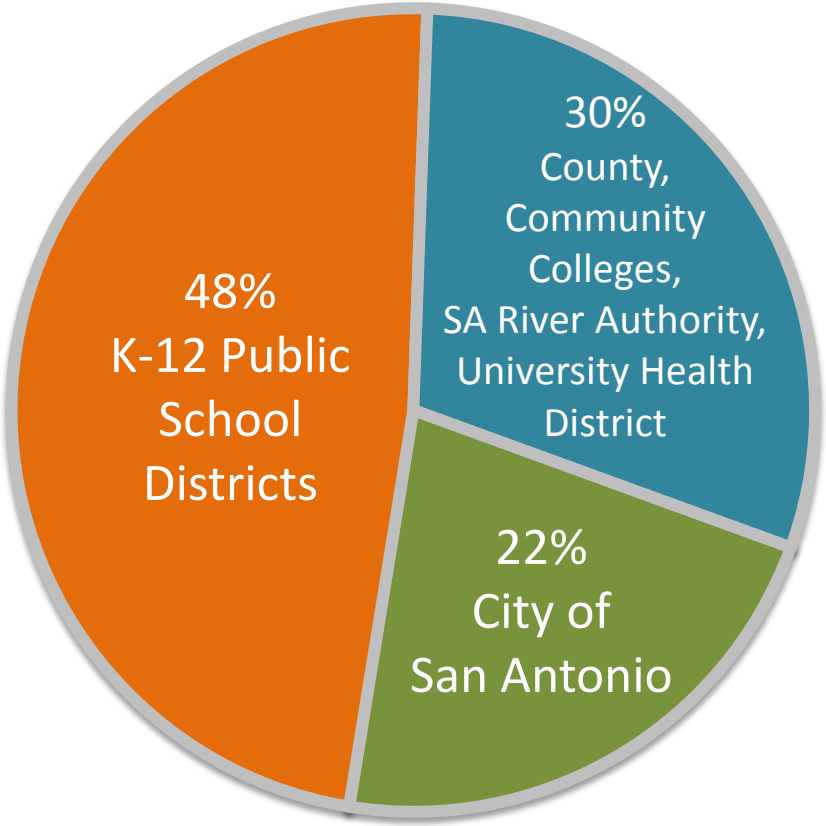
Property Tax Value Growth

Property Tax Value Growth	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Base Valuation	3.53%	2.5%	1.5%	1.5%	1.5%
New Improvements	1.8%	1.5%	1.5%	1.5%	1.5%
Annexation	0.2%	0%	0%	0%	0%
Total	5.53%[a]	4.0%	3.0%	3.0%	3.0%

Note a: After appeals, protests, and corrections

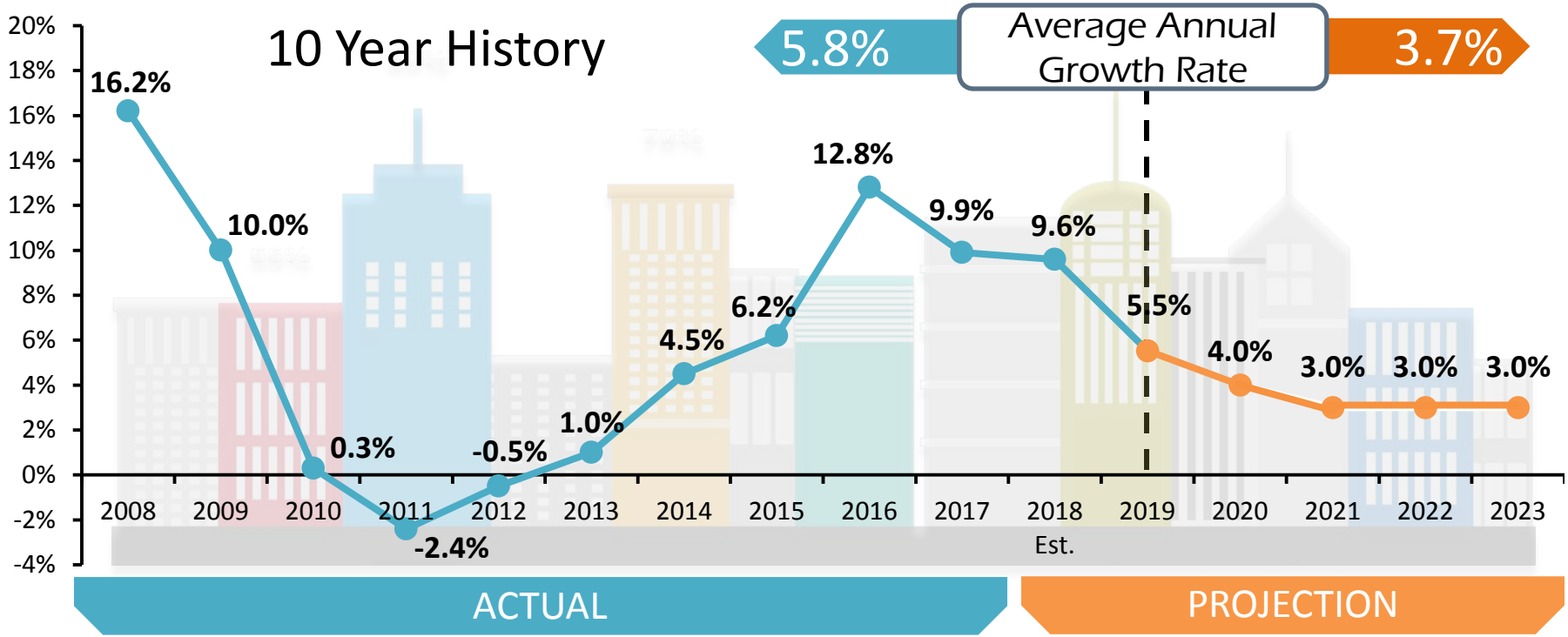
City Property Tax rate of 55.83 cents per $100 in valuation is maintained during the forecast period

Distribution of Property Tax Bill



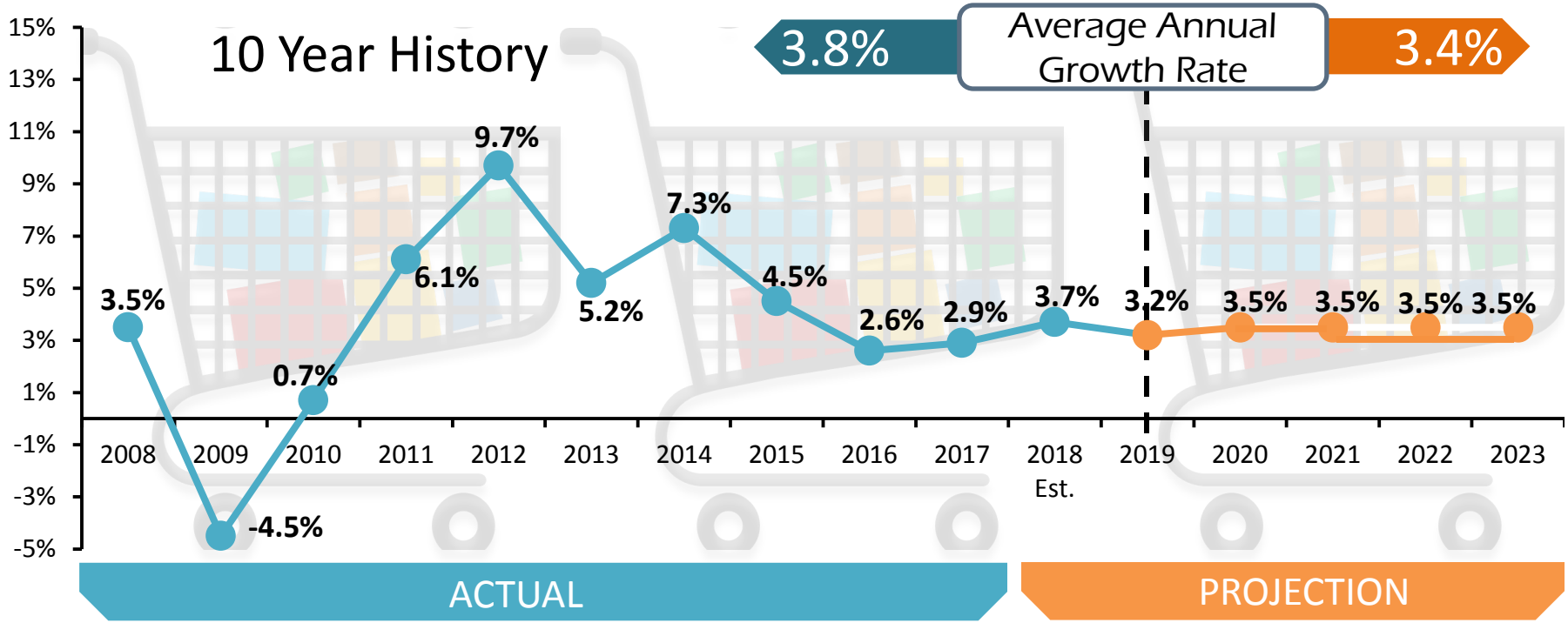
The City of San Antonio receives approximately 22% of the property tax bill

Property Tax – Taxable Valuation % Change from Prior Year Actual

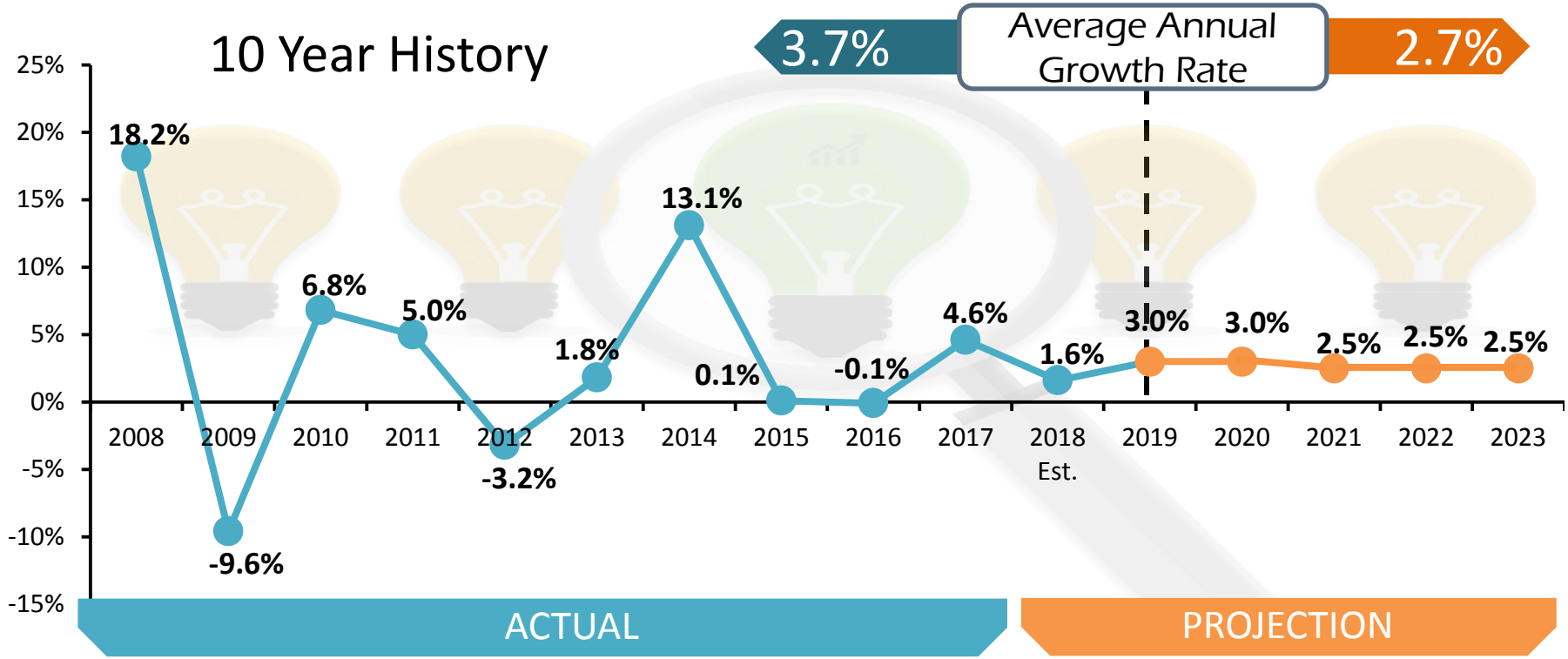


City's Property Tax Rate has not been increased in the last 25 years, it has been decreased 4 times since 2007

Sales Tax – % Change from Prior Year Actual Collections



CPS Payment to City - % Change from Prior Year Actual Collections



General Fund Assumptions

- Maintains current level of service
- Maintains General Fund Ending Balance at a minimum of 15%
- Structurally Balanced – Revenues sufficient to cover Expenditures
- Includes Operations and Maintenance Costs for FY 2017 Bond Program and completed capital projects

General Fund Assumptions

- Civilian Step Pay Plan Employees: 2% to 4% step increase, Entry Wage at $15, 1% Cost of Living Adjustment
- Civilian Professional and Managerial Employees: Performance Pay equivalent to 3% of wages, and 1% Cost of Living Adjustment
- Reflects Collective Bargaining Agreement with Police and Evergreen for Fire
- Continues SA Tomorrow Implementation

General Fund Remove One-Time Spending

Under 1 Roof	$1 Million
Lift-Fund	$250,000
Let's Paint	$400,000
Northeast Corridor	$400,000 ***(FY 2019 at $100K)***
Alley Pilot Program	$460,000
Project Quest	$300,000 ***(FY 2019 at $2.2M)***

General Fund Five Year Financial Forecast

($ in Millions)	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Projected Resources [a]	$1,299	$1,323	$1,359	$1,394	$1,431
Projected Expenses [b]	1,299	1,323	1,359	1,394	1,431
Balance	*$0*	*$0*	*$0*	*$0*	*$0*
Policy Issues	**FY 2019**	**FY 2020**	**FY 2021**	**FY 2022**	**FY 2023**
Streets – Achieve $110 M Annually [c]	*22.8*	*33.2*	*36.5*	*41.8*	*39.0*
Police – 25 New Officers every year	*0.3*	*3.1*	*6.0*	*9.2*	*12.5*
Fire – 1 EMS Unit, 2 Ladders, & 42 New Firefighters	*0.0*	*1.8*	*4.7*	*5.8*	*7.2*
Adjustment required to fund policy issues	*($23.2)*	*($38.1)*	*($47.2)*	*($56.8)*	*($58.7)*

a: Includes Use of Reserves from Prior Fiscal Year
b: Includes Set Aside of Reserves for following Fiscal Year
c: Options for additional funding will be studied during the summer to include certificates of obligation and capital project balances.

FY 2019-2023

FY 2019 – FY 2023 Five Year Forecast

Development Services

Development Services Fund

Revenues

2nd Quarter Results

Budget	Actuals	Variance
$16.4	$16.5	$0.1

FY 2018 Estimate

Budget	Estimate	Variance
$33.5	$33.7	$0.2

Expenses

2nd Quarter Results

Budget	Actuals	Variance
$15.6	$15.5	$0.1

FY 2018 Estimate

Budget	Estimate	Variance
$33.1	$32.8	$0.3

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

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Projected Resources (Includes Fund Balance)	$36.1	$36.6	$37.2	$38.0	$38.8
Projected Expenses (Includes amount added to Financial Reserves)	34.8	35.5	36.1	36.9	37.8
Net Ending Balance	**$1.3**	**$1.1**	**$1.1**	**$1.1**	**$1.0**

FY 2019-2023

FY 2019 – FY 2023 Five Year Forecast

Hotel Occupancy Tax

Hotel Occupancy Tax Fund

Revenues

2nd Quarter Results

Budget	Actuals	Variance
$33.3	$33.0	($0.3)

FY 2018 Estimate

Budget	Estimate	Variance
$68.9	$68.9	$0.0

Expenses

Departments supported by HOT tax within Budget

Convention Facilities*
$49.8 Million

Visit SA
$23.3 Million

Arts & Culture
$10.7 Million

*Supported by Alamodome and Convention Center Revenues

Hotel Occupancy Tax 5-Year Forecast

($ in Millions)

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Hotel Occupancy Tax & Miscellaneous Revenues	$71.0	$73.6	$76.1	$78.7	$81.4
Projected Expenses	71.0	73.6	76.1	78.7	81.4
Net Ending Balance	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**

FY 2019-2023

FY 2019 – FY 2023 Five Year Forecast

Solid Waste

Solid Waste Fund

Revenues

2nd Quarter Results

Budget	Actuals	Variance
$58.0	$59.5	$1.5

FY 2018 Estimate

Budget	Estimate	Variance
$117.0	$119.2	$2.2

Expenses

2nd Quarter Results

Budget	Actuals	Variance
$56.6	$56.4	$0.2

FY 2018 Estimate

Budget	Estimate	Variance
$119.0	$119.1	($0.1)

Solid Waste Monthly Rate

	2018 *Current*	2019 *Projected*	2020 *Projected*	2021 *Projected*	2022 *Projected*	2023 *Projected*
	$19.93	$19.43	$18.93	$18.43	$17.93	$17.93
	$21.93	$21.93	$21.93	$21.93	$21.93	$21.93
	$24.68	$29.43	$32.68	$35.93	$39.18	$39.18

Solid Waste Fund 5-Year Forecast ($ in millions)

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Projected Resources (Includes Fund Balance)	$135.8	$140.2	$140.9	$135.2	$131.0
Projected Expenses (Includes amount added to Financial Reserves)	129.1	132.3	133.2	132.0	130.2
Net Ending Balance	**$6.7**	**$7.9**	**$7.7**	**$3.2**	**$0.8**

FY
2019-
2023

Mid – Year Adjustment

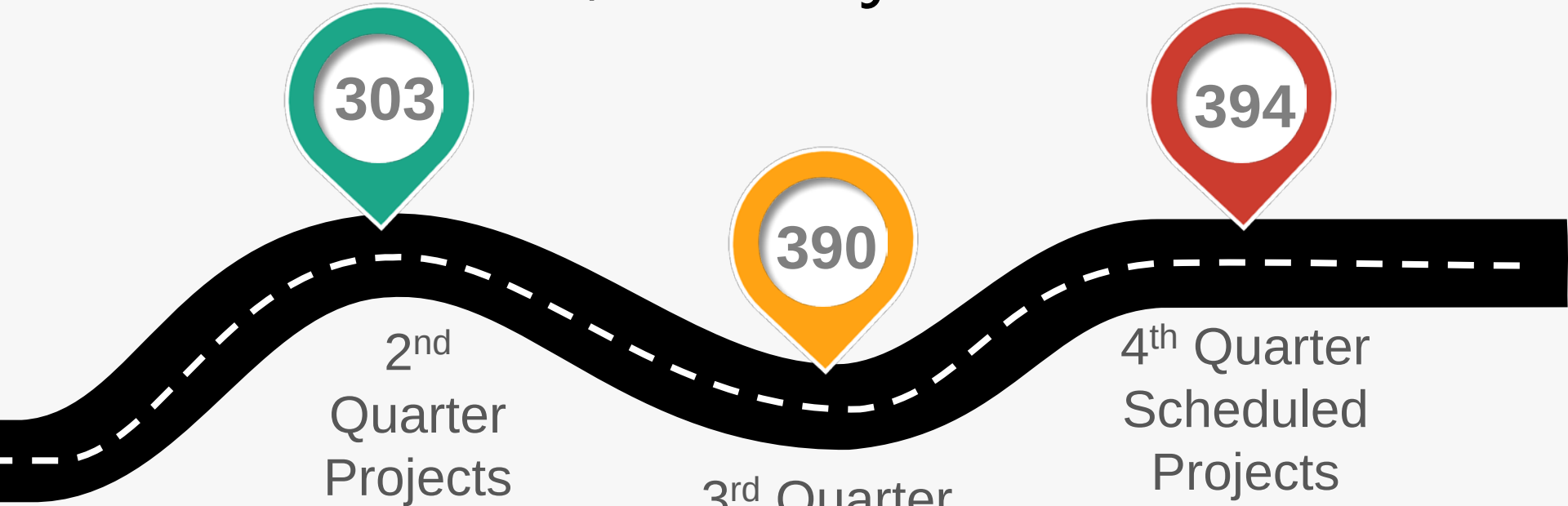
General Fund – Mid Year Adjustment

- Adds two Sergeant Positions – Effective May 1
- Improve supervisory span of control in Special Victims Unit
- Total Costs: $26,370

FY 2019-2023

Budget Initiatives

$99 M Street Maintenance Program: 1,192 Projects



2nd Quarter Projects Completed

3rd Quarter Scheduled Projects

4th Quarter Scheduled Projects

105 Projects will be completed in FY 2019

$4 Million

Police Improvements

42 New Officers

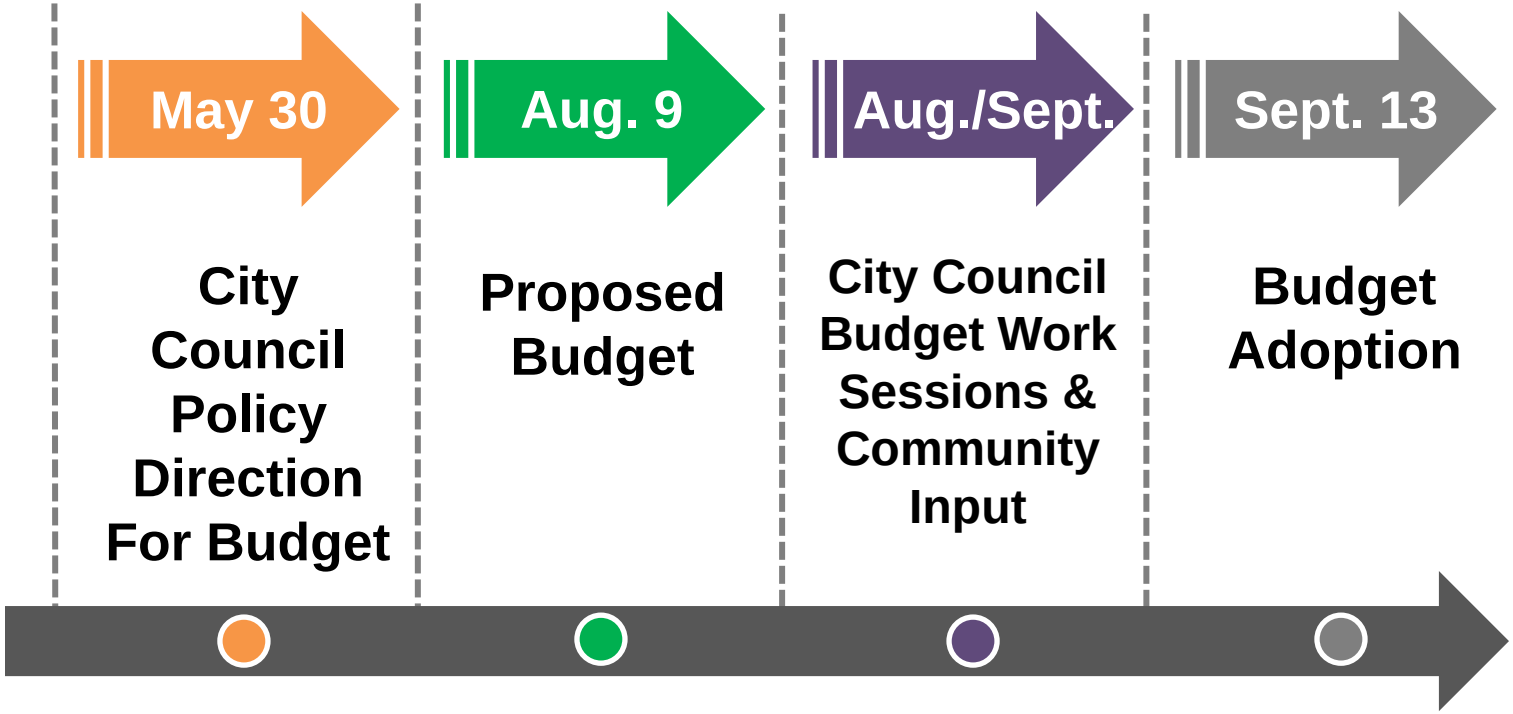
- Three Academy Classes
  - 111 current cadets
  - Includes 25 COPS grant officers
- 2 more classes scheduled of 100 cadets
- 8 SAFFE Officers assigned to East and West
- 4 Park Police
  - 2 Completed Training
  - 2 Started Training
- 2 Airport Police begin training in Spring

$5.2 Million

43 New Firefighters/EMS

- 1 Training Officer for Airport hired in January
- Med Unit 32 to go on-line in July 2018
- Ladder 18 to go on-line in July 2018
- 26 firefighters for Medic and Ladder Units in January 2018 Academy Class

Next Steps in FY 2019 Budget Process



Conclusion

- Today, General Fund financial position is slightly better than at budget adoption; recommend reserving better ending balance for FY 2019 Budget
- Uncertainty in Federal Budget and potential grant eliminations/reductions
- Potential State Property Tax Revenue Caps

FY 2019-2023

Homestead Exemption

Property Tax Code: Homestead Exemptions

- Mandated
  - Disabled Veteran & Surviving Spouse: $5K – 100% of appraised value
  - Armed Services & First Responder Surviving Spouse: 100% of appraised value
- Homestead value limited to 10% increase per year

- Local Options
  - Over-65 & Surviving Spouse: $65,000
  - Disabled homeowners and Surviving Spouse: $12,500
  - In 2005, City established a limitation, or tax freeze on homestead of persons over 65 years of age or disabled

City Tax Relief

$47 Million

101,000 seniors & disabled homestead exemptions & frozen city tax payments

28,000 senior and disabled homeowners pay **$0** City Property Tax in FY 2018

Consideration of Additional Local Homestead Exemption

- ✓ Applies to all Homesteads regardless of value
- ✓ May not be adopted as a dollar amount, only as a percentage
- ✓ Limit of up to 20% of appraised value with a minimum of $5K

Tax Rates and Local Option Exemptions

Jurisdiction	Assessed Valuation ($ In Billions)	FY 2018 Rate	Local Homestead	Over 65 Exemption	Disabled Exemption	Senior Tax Freeze
Houston	$231.13	0.58642	20%	$160,000	$160,000	N
Austin	$138.78	0.44180	8%	$85,500	$85,500	N
Dallas	$118.32	0.78420	20%	$95,000	$95,000	N
San Antonio	**$107.59**	**0.55827**	**0**	**$65,000**	**$12,500**	**Y**
Fort Worth	$60.95	0.83500	20%	$40,000	$40,000	Y
El Paso	$34.10	0.75966	1%	$40,000	$40,000	N
Corpus Christi	$20.31	0.60626	10%	$50,000	$50,000	Y

Tax Rates and Local Option Exemptions

Tax Savings with local Homestead Exemption					
Value of Homestead	Average Tax Bill	$5,000 Exemption	5% Exemption	10% Exemption	20% Exemption
$100,000	$2,436	$27.91	$27.91	$55.83	$111.65
200,000	5,251	27.91	55.83	111.65	223.31
300,000	8,066	27.91	83.74	167.48	334.96
500,000	13,696	27.91	139.57	279.14	558.27
Budget Impact					
Impact to General Fund		$3,760,405	$7,113,180	$13,816,935	$27,431,122
Impact to Debt Service		2,293,525	4,338,431	8,427,148	16,730,635
	Total Impact	***$6,053,930***	***$11,451,611***	***22,244,083***	***$44,161,757***

$5,000 Homestead Exemption

$3.8 Million Impact to General Fund

What $3.8 Million Funds today:

- 100% of Neighborhood Services and Innovation combined
- 33% of Economic Development
- 26% of Animal Care Services
- 25% of Code Enforcement
- 20% of Delegate Agencies
- 9% of Library Budget
- 4% of Street Maintenance
- 38 Police Officers
- 36 Fire Fighters

$5,000 Homestead Exemption

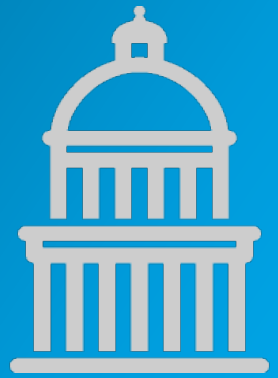
$2.3 Million Impact to Debt Service

Less capacity in future bond programs

Other Property Tax Based Programs

- ☑ Neighborhood Empowerment Zones
- ☑ Seek Legislative Changes in 2019

State Budget



- 2019 Legislative Session will likely include consideration of revenue cap legislation

- Governor Abbott's Recent Tax Proposal reduces property tax rollback rate from 8% to 2.5%

Governor Abbott's Recent Tax Proposal

- Increases above 2.5% cap can be used only for public safety compensation and critical infrastructure, and requires a vote
- Prohibits State from imposing future unfunded mandates on local government
- Requires a 2/3 supermajority vote by City Council to approve issuance of new local debt (General Obligation Bonds)
- Restricts the use of Certificates of Obligation to infrastructure projects related to natural disasters

Federal Budget

Grant ($ in Millions)	Annual Amount	City Positions
Eliminates Community Development Block Grant	$11.6	33
Eliminates HOME Investment Partnership Program	4.8	8
Reduces funding for public health programs funded through CDC and EPA	2.4	23
Eliminates Community Services Block Grant	2.0	26
Reduces Supplemental Nutrition Program for Women, Infants, and Children (WIC) by 5.9%	0.5	0
Total	**$21.3**	**90**

FY 2019-2023

FY 2018 Six Plus Six Financial Report & FY 2019 –FY 2023

Five Year Financial Forecast

City Council “B” Session April 18, 2018