

FIVE YEAR FINANCIAL FORECAST
AND TRIAL BUDGET
Fiscal Year 2021-2025



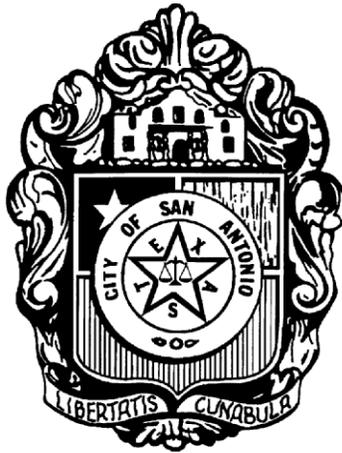
A CURRENT AND LONG-RANGE ASSESSMENT OF FINANCIAL CONDITIONS AND COSTS FOR CITY SERVICES

CITY OF SAN ANTONIO

CITY OF SAN ANTONIO

Five Year Financial Forecast and Trial Budget

Fiscal Year 2021-2025



PREPARED BY:

OFFICE OF MANAGEMENT AND BUDGET

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CITY OF SAN ANTONIO

FIVE YEAR FINANCIAL FORECAST

FY 2021 – FY 2025

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OVERVIEW AND SUMMARY

OVERVIEW AND SUMMARY

The Five-Year Financial Forecast provides a current and long-range financial assessment addressing revenues, City services and programs, and financial reserve policies. The primary objective of the Forecast is to provide the City Council and the community with an early financial assessment and to identify significant issues that need to be addressed in the budget development process.

As a result of the current economic condition, the City is introducing a Trial Budget that presents City Council and the Community with planned adjustments to balance the FY 2021 and FY 2022 Operating Budget.

The forecast information presented in this document combines projected resources, current service expenditures, and mandated expenditures to illustrate the financial impact to the General Fund, Development Services Fund, and Hotel Occupancy Tax (HOT) Funds. A FY 2021 Trial Budget is presented for these funds as well as the Airport Operating & Maintenance Fund and the Parking Operations & Maintenance Fund.

Recent revenue trends and economic assumptions (a number of which can be found in the Economic Outlook & Perspective section of this document) influence forecasted revenues. Service expenditures required to sustain the current (FY 2020) level of services are used throughout the forecast period based in part on the rate of inflation. The net result of this combined data highlights the adjustments needed over the forecast period to maintain a balanced budget as required by State Law.

Many of the assumptions, projections, and cost estimates within this document are based on the most recent information available in the wake of the economic impact of COVID-19. These projections will be refined and adjusted as the FY 2021 Proposed Operating Budget is developed and presented to City Council on August 6, 2020.

IMPACT OF COVID-19

Beginning in December 2019 news reports began to emerge from the People's Republic of China that an outbreak of a novel coronavirus had been identified centered in the province of Hubei and specifically the city of Wuhan. The virus, which became named "Coronavirus Disease 2019" or COVID-19, began to spread outside Wuhan and Hubei Province and was declared a Public Health Emergency of International Concern by the World Health Organization. The first known case of COVID-19 in the United States was identified in late January 2020 and the country has since seen over 2.1 million cases and more than 100,000 deaths.

In San Antonio, during the month of March 2020, Mayor Ron Nirenberg issued a series of Emergency Declarations for the City of San Antonio following the evacuation of US Nationals from China and the surrounding area to Joint Base San Antonio-Lackland where a quarantine was established. On March 23rd, Emergency Order #5 was issued which established Stay Home/Work Safe measures which required individuals living within the City of San Antonio to stay at home unless working or engaging in activities specifically exempted by the order including procuring necessary supplies such as food or medicine, obtaining healthcare services,

outdoor exercise (using social distancing), financial, governmental, childcare, or any other sector/business deemed critical by the National Cybersecurity and Infrastructure Agency.

As economic activity declined due to the pandemic, local businesses such as hotels closed their doors. This impact was acutely felt in the San Antonio economy during what would normally be one of the strongest times of the year for tourism activity including Spring Break, Easter, and the annual Fiesta San Antonio celebration. As a result, revenues to the City were impacted including sales tax, hotel occupancy tax, liquor by the drink tax, and other tourist-driven revenues such as river barge tours and activity at the San Antonio International Airport.

As a result of the impact to the local economy and City's revenues, City Council approved measures on June 4, 2020 to maintain a balanced budget which included canceling or suspending programs and projects including street maintenance, economic development incentives, and instituting a civilian hiring freeze.

COVID-19 has caused an unprecedented economic disruption with the national unemployment rate rising to levels not seen since the Great Depression. Long-term prospects for economic recovery are uncertain even as measures such as stay-at-home orders expire in Texas and other states around the country. The revenue losses experienced as well as the prospect for continued uncertainty pose significant budget challenges into FY 2021 and beyond.

GENERAL FUND

The external factors described above were taken into consideration as the Five-Year Financial Forecast was developed. The forecasted General Fund for FY 2021 projects a negative ending balance of \$19.9 million prior to the adjustments included in the Trial Budget to achieve a balanced budget.

During the forecast period, total General Fund revenue is expected to grow annually at rates ranging from (2.8%) to 2.7%. The FY 2020 Revenue Estimate is approximately \$54 million lower than the FY 2020 Adopted Budget, or an overall decrease of 4.3%. This decrease is primarily due to the economic impact from COVID-19 as experienced in Sales Tax, CPS Energy, Liquor by the Drink Tax, Municipal Court Fines and service revenues from passports, vital statistics, and River Barge cruises as a result of closures. The rate of revenue growth projected in FY 2021 over the FY 2020 Adopted Budget is a (2.8%) decrease. Revenue growth beyond FY 2021 is forecasted at rates of 1.5% in FY 2022, 1.9% in FY 2023, 2.3% in FY 2024, and 2.7% in FY 2025.

The General Fund Forecast reflects the annual projected expenditures required to sustain the current Fiscal Year 2020 level of service. The growth in expenditures over the forecast period is primarily due to increases in healthcare costs, contractual and inflationary increases, mandated operational costs associated with 2017 Bond Projects and other capital projects as well as the Collective Bargaining Agreements with Police and the Fire.

The General Fund contains two sections – the current service forecast and a Trial Budget for FY 2021. The current service budget section shows the aggregate annual projected expenditures required to sustain the current FY 2020 level of services and projected ending

balance/shortfall. The trial budget section builds on the forecast and presents an initial view of the FY 2021 Proposed Budget.

METHODOLOGIES AND ASSUMPTIONS

REVENUES

Departments responsible for administering the services and/or collecting the associated revenues work with the Office of Management & Budget to develop revenue projections based on an analysis of various factors. These include historical trends, current economic conditions, projected economic activity, and known future factors such as contracts and inter-local agreements.

These revenues are projected using the most up-to-date information, however the economic conditions for the remainder of FY 2020 and beyond include uncertainty and will be refined and updated as further information becomes available.

The FY 2021 Trial Budget is based on the same revenue projections as the FY 2021-2025 Forecast.

EXPENDITURES

Expenditures assumed in the Forecast and included in the FY 2021 Trial Budget are based on the current service level. Year-end estimates for FY 2020 are based on an analysis of current fiscal year expenditure trends by using seven months of actual expenditures to project estimated expenditure levels for the remaining five months. The FY 2021 base projection modifies current service costs for price changes, assumes the removal of one-time improvements and adds second year costs for improvements included in the FY 2020 Adopted Budget. Inflation rates are also used to project certain non-personal services expenditures derived from the San Antonio Consumer Price Index (CPI) projections for each year from 2021 through 2025 (See Economic Outlook & Perspective section for more detail on CPI projections used).

Expenditures in the Forecast include funding for current contractual obligations, funding for the Police and Fire Collective Bargaining Agreements, operations and maintenance costs for the 2017 Bond Program projects, as well as other mandated expenditures. Mandated expenditures are described in more detail later in this document.

The City of San Antonio is financially strong and strives to provide high quality public services to the community while maintaining fiscal responsibility and affordability for taxpayers. As part of these efforts and per City Council policy direction, the forecast maintains budgeted financial reserves at 10% of General Fund revenues and maintains the Two-Year Budget Plan reserve of 5% of General Fund revenue.

GENERAL FUND FORECAST

GENERAL FUND FORECAST

General Fund Forecast (\$ in Millions)

	FY 2020 Adopted	FY 2020 Revised	FY 2020 Estimate	FY 2021 Projection	FY 2022 Projection	FY 2023 Projection	FY 2024 Projection	FY 2025 Projection
RESOURCES								
Beginning Balance (Excluding Financial Reserves)	\$0.0	\$15.0	\$15.0	\$39.5	\$0.0	\$0.0	\$0.0	\$0.0
Use of Reserve for Two Year Balanced Budget Plan	101.8	101.8	101.8	79.7	57.9	60.6	63.6	65.1
Use of Reserve for SB2	0	0	0	2.0	0	0	0	0
Use of Reserve for 2nd Year Costs of Amendments	0	0	0	3.3	0	0	0	0
Accounting Adjustment	0	28.1	28.1	0	0	0	0	0
CURRENT REVENUES								
Property Tax	\$381.3	\$381.3	\$377.8	\$386.8	\$379.0	\$377.1	\$382.8	\$394.3
Sales Tax	313.1	269.0	290.9	293.8	304.1	314.8	325.8	337.2
CPS Energy	353.7	339.1	342.6	351.5	361.2	369.9	378.7	386.2
Other	217.1	201.7	199.6	197.3	203.2	209.9	213.8	218.1
TOTAL CURRENT REVENUES	\$ 1,265	\$ 1,191	\$ 1,211	\$ 1,229	\$ 1,248	\$ 1,272	\$ 1,301	\$ 1,336
TOTAL RESOURCES	\$ 1,367	\$ 1,336	\$ 1,356	\$ 1,354	\$ 1,305	\$ 1,332	\$ 1,365	\$ 1,401
TOTAL EXPENDITURES	\$ 1,278	\$ 1,232	\$ 1,228	\$ 1,316	\$ 1,334	\$ 1,364	\$ 1,387	\$ 1,410
FINANCIAL RESERVES								
10% Financial Reserve Incremental	3.6	3.6	3.6	0	0	0.6	2.9	3.5
Reserve for 2-Year Balanced Budget Plan	79.7	79.7	79.7	57.9	60.6	63.6	65.1	66.8
Reserve for 2nd Year Costs of amendments	3.3	3.3	3.3	0	0	0	0	0
Reserve for SB 2	2.0	2.0	2.0	0	0	0	0	0
ENDING BALANCE	\$ 0.0	\$ 15.6	\$ 39.5	\$ (19.9)	\$ (88.9)	\$ (95.6)	\$ (90.8)	\$ (79.3)
TRIAL BUDGET REDUCTIONS								
Police Overtime Reduction				3.4	4.4	4.4	4.4	4.4
Hiring Freeze & Temporaries				10.9	6.1	0	0	0
Economic Development Incentives				5.5	5.5	5.5	5.5	5.5
HemisFair Park Contribution				1.7	1.7	1.7	1.7	1.7
Consulting Fees for SA Tomorrow				1.4	1.4	1.4	1.4	1.4
Management Fellow Program				0.3	0.3	0	0	0
General Fund and Fuel Contingencies				1.5	1.5	0	0	0
Personnel Expense Adjustments				12.8	0	0	0	0
Street Maintenance				27.8	22.5	0	0	0
TOTAL TRIAL BUDGET REDUCTIONS				\$ 65.3	\$ 43.4	\$ 13.1	\$ 13.1	\$ 13.1
ADJUSTED ENDING BALANCE				\$ 45.4	\$ (45.4)	\$ (82.6)	\$ (77.7)	\$ (66.2)

GENERAL FUND REVENUES

Total FY 2021 General Fund revenue is anticipated to be \$35.8 million, or 2.8%, below the FY 2020 Adopted Budget and 1.5% or \$18.5 million above the FY 2020 Estimate. Over the forecast period, these revenues are expected to increase at an average annual rate of 2.0%, with annual rates of change ranging from 1.5% in FY 2021 to 2.7% in FY 2025.

General Fund Forecast of Current Revenues (\$ in Millions)

Revenue	FY 2020 Adopted	FY 2020 Revised	FY 2020 Estimate	FY 2021 Projection	FY 2022 Projection	FY 2023 Projection	FY 2024 Projection	FY 2025 Projection
Current Property Tax	\$ 381.3	\$ 381.3	\$ 377.8	\$ 386.8	\$ 379.0	\$ 377.1	\$ 382.8	\$ 394.3
City Sales Tax	313.1	269.0	290.9	293.8	304.1	314.8	325.8	337.2
CPS Energy	353.7	339.1	342.6	351.5	361.2	369.9	378.7	386.2
Business and Franchise Taxes	20.3	22.6	22.6	19.9	19.5	19.1	18.8	18.5
Liquor by the Drink Tax	10.1	8.1	8.1	9.0	9.7	10.2	10.4	10.6
Delinquent and Penalties	3.8	3.1	3.1	3.8	3.8	3.8	3.8	3.8
Licenses and Permits	9.2	9.1	9.1	9.2	9.3	9.4	9.6	9.7
San Antonio Water System	29.2	28.6	28.6	29.4	29.8	30.3	30.7	31.1
Other Agencies	5.4	5.0	5.0	4.9	5.0	5.1	5.1	5.2
Charges for Current Services	69.0	53.7	53.4	62.2	65.0	67.0	67.4	68.7
Fines	10.3	8.0	5.4	8.1	8.2	8.2	8.3	8.4
Miscellaneous Revenue	19.8	19.4	20.5	14.4	15.0	16.8	18.6	19.7
Transfers from Other Funds	40.0	44.1	43.8	36.4	38.0	40.0	41.1	42.4
Total Revenue	\$ 1,265.2	\$ 1,191.1	\$ 1,210.9	\$ 1,229.4	\$ 1,247.6	\$ 1,271.7	\$ 1,301.1	\$ 1,335.8

CURRENT PROPERTY TAX REVENUE – MAINTENANCE & OPERATIONS

Projected Annual Rates of Change

FY 2021 ¹	FY 2022	FY 2023	FY 2024	FY 2025
1.4%	(2.0%)	(0.5%)	1.5%	3.0%

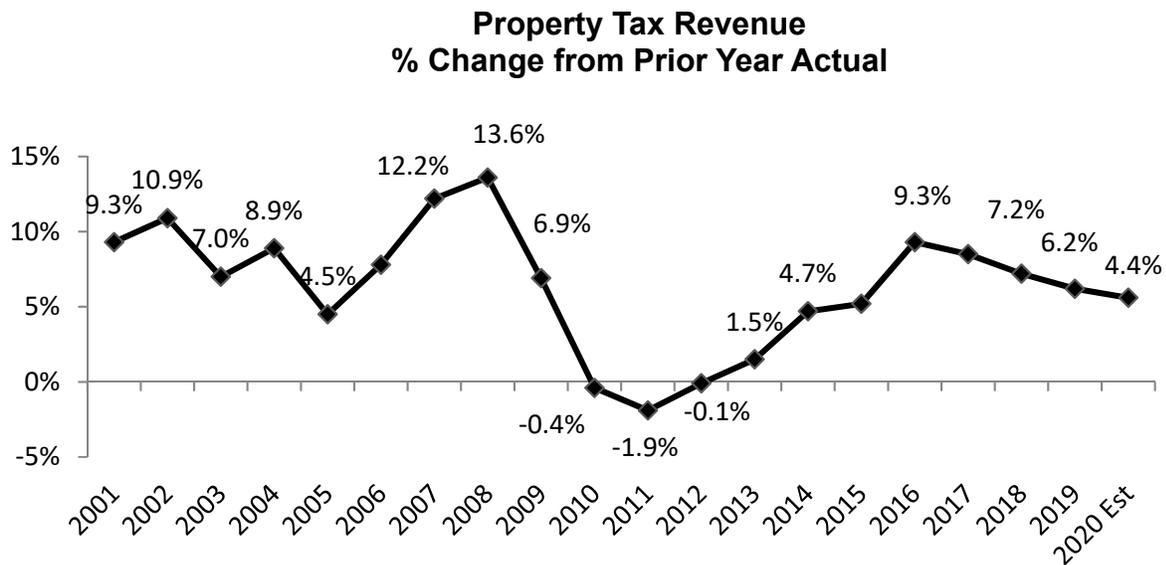
Property tax revenue is the largest revenue in the General Fund and accounts for 30% of the total FY 2020 General Fund Adopted Budget. This revenue category is comprised of current property tax revenues only. Additional property tax revenues collected by the City that are accounted for in the Other Resources category include delinquent property tax and revenues from penalties and interest on delinquent property tax. Property tax revenue is generated from the City's ad valorem tax rate levied against taxable values as determined by the Bexar Appraisal District and in conformance with State law. The FY 2021 projected property taxable value is based on preliminary data from the Bexar Appraisal District. The final Certified Property Tax Roll will be available by the end of July 2020.

The City of San Antonio has long recognized the need to provide senior citizens and disabled veterans with property tax relief. The property tax revenue projections used in the budget and over the forecast period are derived from the City's total assessed value less exemptions such as

¹ Property Tax revenue is projected 2.4% above the FY 2020 Estimate and 1.4% above the FY 2020 Adopted Budget

the City Homestead exemption, Over-65 and Disabled Residence Homestead and Disabled Veterans exemptions. City property taxes for the elderly and disabled are frozen and may not increase as long as the residence is maintained as a homestead by the owner. Additional tax relief provided by the City includes Tax Abatement/Phase-Ins exemptions, Freeport exemptions, Historic Property exemptions, and the 10% limitation on Residence Homestead Taxable Valuation.

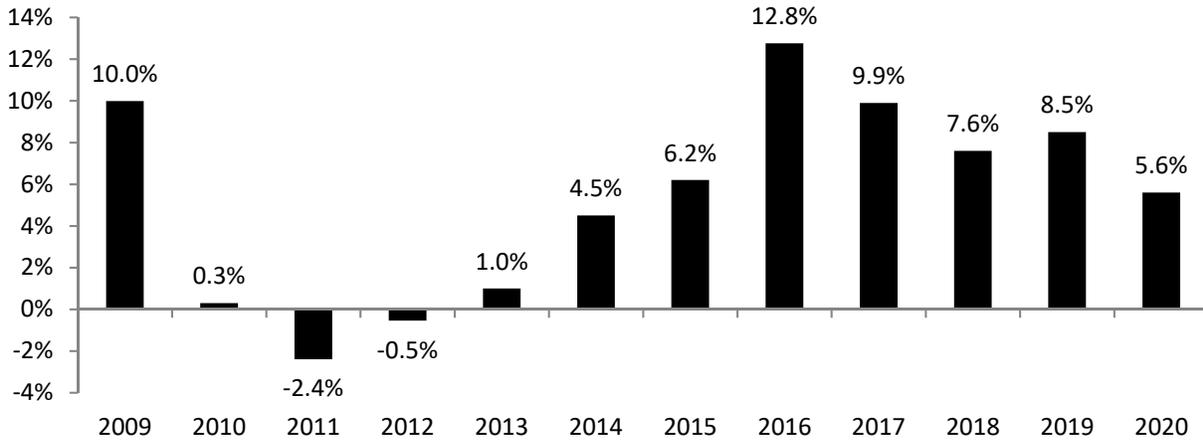
The revenue estimated to be generated in FY 2021 includes the current property tax rate of 55.827 cents per \$100 of taxable valuation. The General Fund maintenance and operation portion is 34.677 cents with the remaining 21.150 cents used to support the City's debt service requirements. The revenue projected to be generated through the forecast period assumes no change in the City's Property Tax Rate. The City has not increased the property tax rate for twenty-seven years and has decreased it seven times over that same period.



Taxable valuations are estimated to increase by 2.0% in FY 2021 as compared to the FY 2020 Adopted Budget. Thereafter, taxable valuations are projected to decrease by -2.0% in FY 2022 and -0.5% in FY 2023 before increasing 1.5% and 3.0% in FY 2024 and FY 2025, respectively. These estimates are a result of projections of base value change and new property improvements.

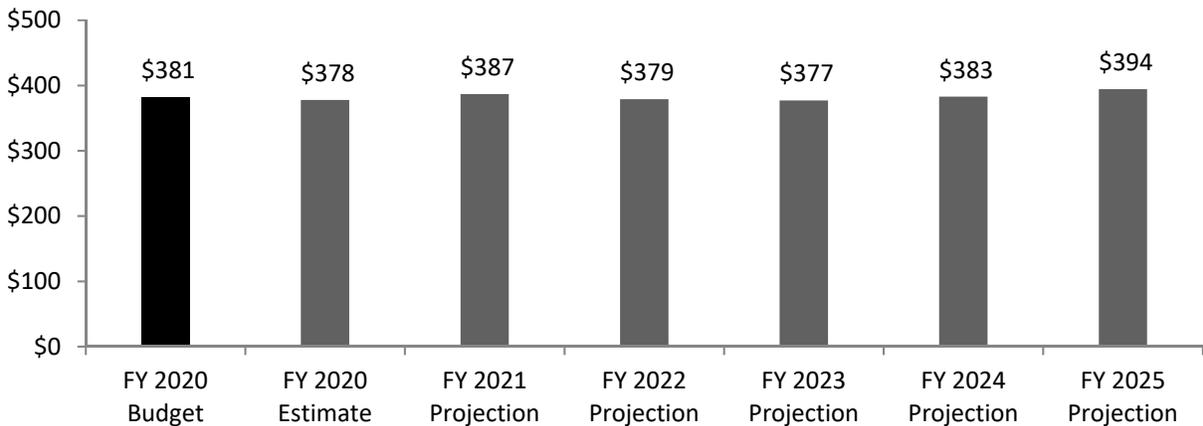
Assessed Valuation Category	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Base	0.5%	-4.0%	-1.5%	0.5%	1.5%
New Improvements	1.5%	2.0%	1.0%	1.0%	1.5%
Total % Change - Taxable Value	2.0%	-2.0%	-0.5%	1.5%	3.0%

Historical Growth in Taxable Valuation % Change from Prior Year Actual



The projections in assessed valuations result in City property tax revenue projections throughout the forecast period and are represented in the following graph.

Property Tax Revenues FY 2020 Estimate and FY 2021 - 2025 Projections (\$ in Millions)



CITY PUBLIC SERVICE ENERGY (CPS ENERGY)

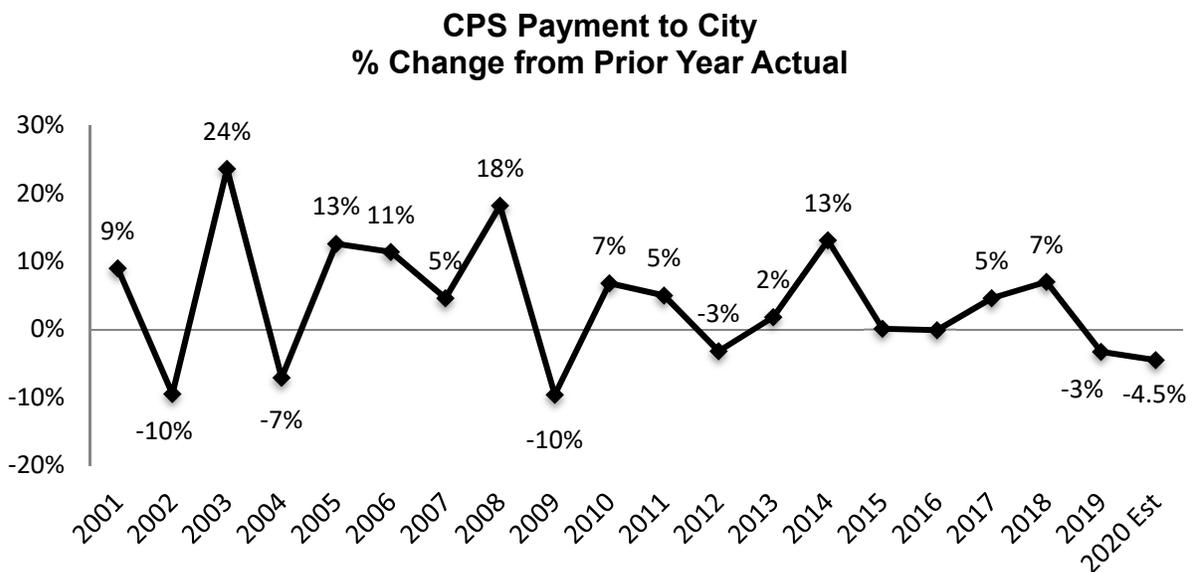
Projected Annual Rates of Change for CPS Recurring Revenues

FY 2021 ²	FY 2022	FY 2023	FY 2024	FY 2025
(0.6%)	2.8%	2.4%	2.4%	2.0%

The City's payment from CPS Energy represents the second largest source of revenue to the General Fund, accounting for 28% of the FY 2020 General Fund Adopted Budget. 14% of CPS Energy gas and electric gross revenue is paid to the City as a return on investment. The estimated revenue of \$342.6 million for FY 2020 is \$11.1 million lower than the \$353.7 million FY 2020 Adopted Budget due to decreases in electric and natural gas revenue resulting from mild San Antonio weather throughout the winter and spring of FY 2020 as well as an allowance for doubtful accounts related to unpaid customer accounts due to COVID-19. One-time CPS revenues are not projected in the forecast.

Accurately forecasting the CPS Energy payment revenue is challenged by a number of variables such as the weather, growth of the system, changes in per capita consumption, fuel prices, generation mix, and unscheduled maintenance on generation plants. Historically, 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 Energy from year to year.

To further illustrate the fluctuations in demand, the graph below depicts the percent change in the City's annual payment from CPS Energy year-over-year.

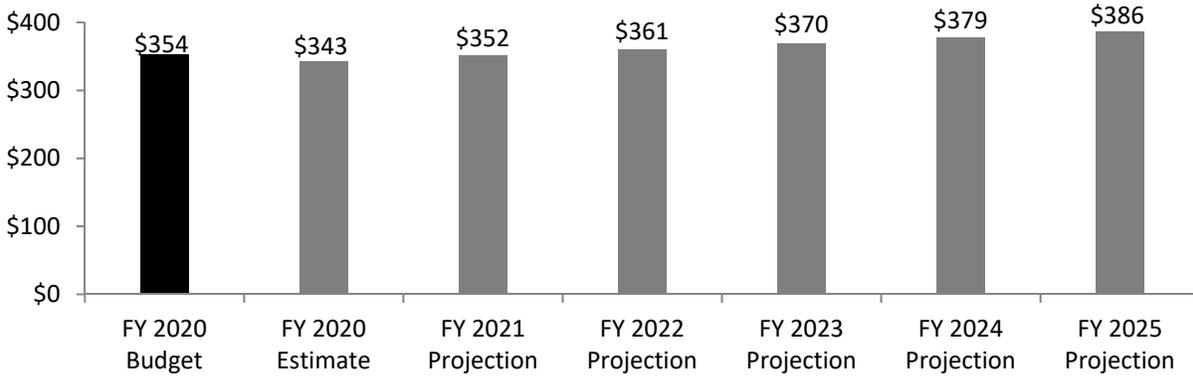


As a result of the volatility in the price to generate power as well as other external factors such as off-system sales to the electrical grid, the City's projections of the payment from CPS Energy

² CPS revenue is projected 2.6% above the FY 2020 Estimate and -0.6% below the FY 2020 Adopted Budget.

remain conservative. The graph below reflects the projected CPS Energy revenues over the forecast period.

CPS Revenues
FY 2020 Estimate and FY 2021 - 2025 Projections
(\$ in Millions)



The forecast for FY 2021 of \$351.5 million is \$2.2 million, or -0.6%, lower than the FY 2020 Adopted Budget of \$353.7 million and \$9.0 million or 2.6% higher than the FY 2020 Estimate.

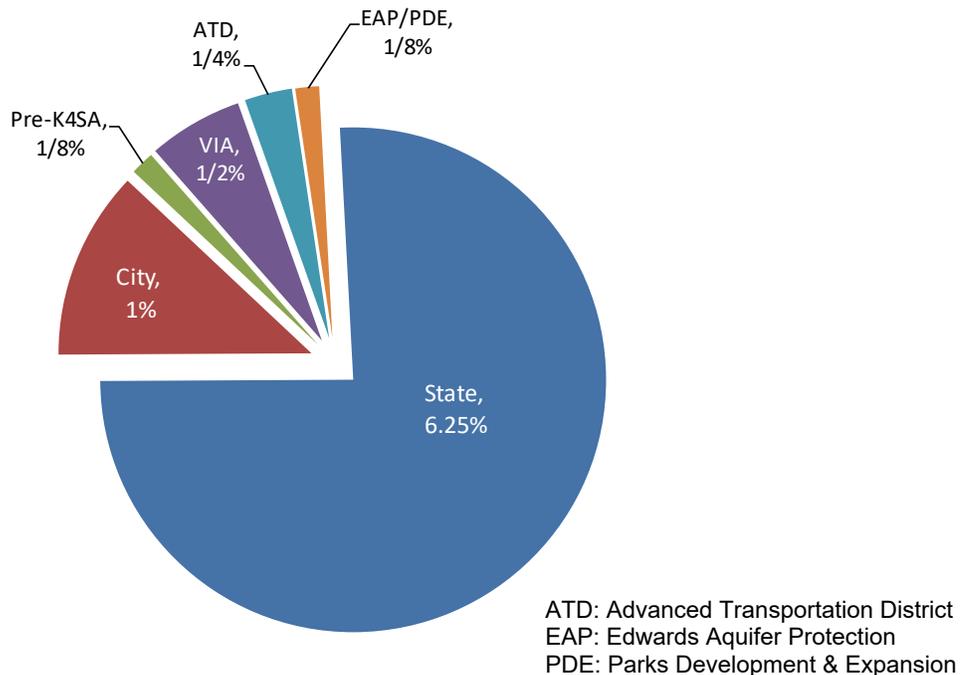
The forecasted amounts for FY 2022 through FY 2025 are based on an average growth rate of 2.4%.

CITY SALES TAX REVENUE

Projected Annual Rates of Change

FY 2021 ³	FY 2022	FY 2023	FY 2024	FY 2025
(6.2%)	3.5%	3.5%	3.5%	3.5%

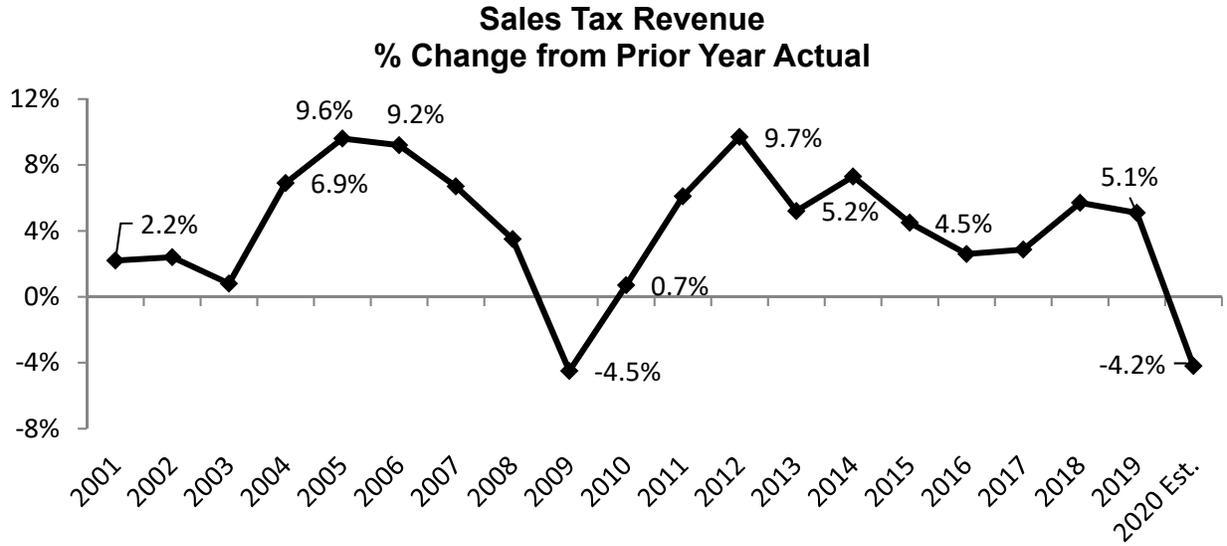
Sales tax revenue collected to support maintenance and operations of services in the General Fund accounts for 24% of the FY 2020 General Fund Budget. San Antonio's current sales tax rate is 8.25%. Several entities receive percentages of all sales tax proceeds as summarized in the chart below.



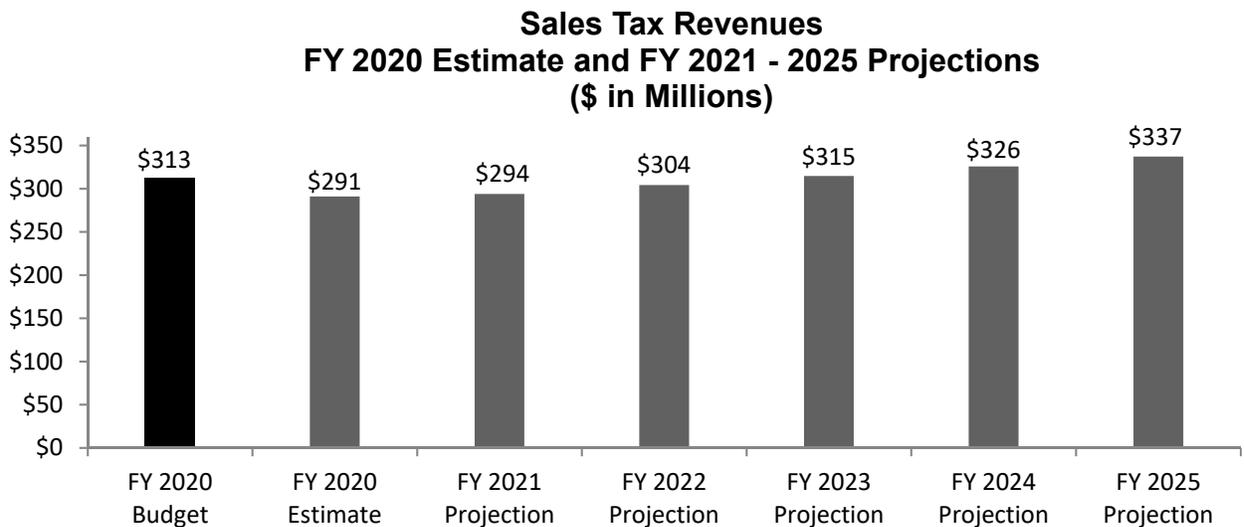
Actual sales tax collections for the current year are projected to be \$290.9 million. This amount is -7.1% below the \$313.1 million budgeted in FY 2020 for sales tax revenue. General Fund sales tax revenue in FY 2021 is projected to decrease by -6.2% over the FY 2020 Adopted Budget and 1.0% above the FY 2020 Estimate. Beyond FY 2021, revenue levels from this source are expected to grow by 3.5%. Future years' projections are based on historical trends, retail sales, and projected employment and population growth.

These estimates and the projections for the forecast period exclude the sales tax collected by the City for Pre-K 4 SA, the Edwards Aquifer Protection and Parks Development & Expansion venues, and the City's Advanced Transportation District as they are received and accounted for separately from the General Fund sales tax.

³ Sales Tax revenue is projected 1.0% above the FY 2020 Estimate and -6.2% below the FY 2020 Adopted Budget.



Sales tax collections have a strong correlation to national and local economic conditions. As described in the Economic Perspective & Outlook section, both the local and national economies have grown over the past several years. The COVID-19 pandemic has drastically affected local economic conditions and sales tax collections have declined. The forecast reflects conservative growth for FY 2021 before modest growth in FY 2022-2025. The projections in sales tax throughout the forecast period are shown in the following graph.



CHARGES FOR CURRENT SERVICE

Projected Annual Rates of Change

FY 2021 ⁴	FY 2022	FY 2023	FY 2024	FY 2025
(9.7%)	4.4%	3.2%	0.7%	1.9%

The Charges for Current Service category includes revenues related to recreation and culture such as the River Barge and Tower of the Americas revenue contracts and library fines and fees, various general government service charges such as Municipal Court administrative fees associated with criminal cases tried in Municipal Court, Public Safety related revenues such as those generated by EMS Ambulance Service fees and alarm renewal fees, and revenues generated by birth and death certificates. Actual revenues for the current year are projected to be \$53.5 million, or \$15.5 million below the Adopted Budget, due to lower revenues from River Barge fees and EMS Transports. The FY 2021 Projection is \$62.2, or \$6.7 Million below FY 2020 Adopted Budget. Projected annual rates of change over the forecast period are based on known changes in revenue contracts or estimated demand.

BUSINESS AND FRANCHISE TAXES

Projected Annual Rates of Change

FY 2021 ⁵	FY 2022	FY 2023	FY 2024	FY 2025
(2.0%)	(2.2%)	(1.9%)	(1.7%)	(1.5%)

The 86th Texas State Legislature passed SB1152 which reduced the revenue paid by companies that provide both cable and telecommunication services in the state. The law changed the statute such that a company providing both cable and telecom services would pay the City either the cable or telecommunication fee, depending on which was greater state-wide, but not both. FY 2021 reflects a full year fiscal impact of SB1152 which took effect January 1, 2020.

The Business and Franchise Tax revenue category is primarily comprised of telecommunication providers' rights-of-way access line fees and cable television franchise fees. The forecast for FY 2021 is \$19.9 million, or \$2.8 million less than the FY 2020 Estimate. The forecasted amounts for FY 2022 through FY 2025 decrease at an average of 1.8% annually. Compensation from telecommunication providers is governed by state law and is comprised of a monthly fee paid to the City on a quarterly basis for each business line \$4.36 and each residential line \$1.32. Revenue derived from telecommunication providers has been declining based on a decrease in actual line counts as reported on a quarterly basis to the Public Utility Commission of Texas. Other Cities throughout Texas, both large and small, are experiencing similar revenue declines. The

⁴ Charges for Current Service are projected 16.4% above the FY 2020 Estimate and 9.7% below the FY 2020 Adopted Budget.

⁵ Business and Franchise Tax revenues are projected -12.2% below the FY 2020 Estimate and -2.0% below the FY 2020 Adopted Budget.

telecommunication provider forecast for FY 2021 is \$7.8 million, which represents a \$1.7 million decrease from the FY 2020 Estimate of \$9.6 million.

Compensation from cable/video providers for use of municipal rights-of-way is governed by state law. The cable/video providers are required to pay a quarterly franchise fee of 5.0% of gross revenues. The FY 2021 forecast for this revenue source is \$10.2 million, which is slightly less as compared to the FY 2020 Estimate of \$10.3 million.

SAN ANTONIO WATER SYSTEM (SAWS) PAYMENT

Projected Annual Rates of Change

FY 2021 ⁶	FY 2022	FY 2023	FY 2024	FY 2025
0.7%	1.5%	1.5%	1.4%	1.5%

The SAWS revenue payment to the City is based on 4.0% of SAWS' total projected revenue for each year of the forecast period. This payment agreement was initiated in April 1992 when certain City of San Antonio water and wastewater systems were consolidated into the San Antonio Water System. The projected revenue for FY 2021 from SAWS is \$29.4 million. This is an increase of \$0.2 million, or 0.7%, from the FY 2020 Adopted Budget of \$29.2 million and \$0.8 million, or 2.8%, from the FY 2020 Estimate of \$28.6 million. Projections for the forecast period are based on the current rate structure as approved by the City Council and SAWS' historical revenues for each of its core business units.

OTHER RESOURCES

Projected Annual Rates of Change

FY 2021 ⁷	FY 2022	FY 2023	FY 2024	FY 2025
(13.1%)	3.3%	3.6%	1.9%	2.1%

Other revenues received by the General Fund include delinquent property tax, penalties and interest on delinquent tax, licenses and permits, fines, liquor by the drink, interest earnings, transfers from other funds, and other miscellaneous revenue. Other resources for the current year are projected to be approximately \$94.9 million compared to the FY 2020 Adopted Budget of \$98.6 million. This \$3.7 million decrease is largely attributable to declines in from interest income as a result of lower interest rates than anticipated.

For FY 2021, total other General Fund revenue is expected to be \$85.8 million, which is 13.1% below the FY 2020 Adopted Budget or \$12.9 million lower. This is due to lower interest income as a result of lower interest rates and less fine revenues.

⁶ SAWS revenues are projected 2.8% above the FY 2020 Estimate and 0.7% above the FY 2020 Adopted Budget.

⁷ Other resources are projected -9.6% lower than the FY 2020 Estimate and -13.1% lower than the FY 2020 Adopted Budget.

MANDATED EXPENDITURES AND COMMITMENTS

Mandates are defined as programs that the City is required to support by Federal, State, or Local Law, contractual obligation, or in order to support operations and maintenance costs for completed capital improvement projects.

The following table projects the cost requirements of mandated expenditures and commitments over the FY 2021 to FY 2025 forecast period and the impact to the General Fund. All expenditures shown are incremental.

Mandate Title	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
COLLECTIVE BARGAINING AGREEMENTS					
Police	\$ 16,772,372	\$ 5,573,247	\$ 1,391,106	\$ 1,412,248	\$ 1,433,813
Fire	2,676,927	5,613,108	6,548,919	6,461,448	1,318,256
Subtotal	\$ 19,449,299	\$ 11,186,355	\$ 7,940,025	\$ 7,873,696	\$ 2,752,069
2017 BOND PROGRAM					
Heritage Park Community Center	\$ -	\$ 795,521	\$ 361,817	\$ 13,214	\$ 13,875
Walker Ranch Senior Center	-	1,300,623	720,330	33,481	35,155
World Heritage Facility	-	530,241	325,756	-	-
Classen-Steubing Ranch Ph I	-	547,560	-	-	-
HemisFair Civic Park	-	-	1,127,718	-	-
Subtotal	\$ -	\$ 3,173,945	\$ 2,535,621	\$ 46,695	\$ 49,030
Total Mandated Costs					
	\$ 19,449,299	\$ 14,360,300	\$ 10,475,646	\$ 7,920,391	\$ 2,801,099

UNIFORM COLLECTIVE BARGAINING AGREEMENTS

This mandate provides for funding of uniform employee compensation provisions contained in collective bargaining agreements (CBA) between the City and the San Antonio Police Officers Association (SAPOA) and the International Association of Fire Fighters, Local 624 (IAFF). The current CBA between the City and SAPOA expires in FY 2021 and the CBA between the City and IAFF runs through FY 2024. The forecast assumes evergreen provisions for longevity and step pay increases upon the conclusion of the CBAs.

2017 BOND PROGRAM

District 4 Heritage Park Community Center: This mandate provides for maintenance and operation costs for a new community center near the existing Heritage pool site.

District 9 Walker Ranch Senior Center: This mandate provides for maintenance and operation costs for the new District 9 Senior Center which will support senior and constituent services, meeting space and other recreation services.

World Heritage Facility: This mandate provides for maintenance and operation costs for a new World Heritage Facility that will serve as an orientation center and provide information on World Heritage as well as programming.

Classen-Steubing Ranch: This mandate provides for maintenance and operation costs of the Phase I of Steubing Ranch.

HemisFair Civic Park: This mandate provides for maintenance and operation costs of the development of HemisFair Civic Park.

FINANCIAL RESERVES

The establishment and maintenance of appropriate reserves within the General Fund is critical to prudent financial management. Currently, the City holds a 'AAA' general obligation bond rating by two of the three major bond rating agencies - Standard & Poor's and Moody's and AA+ from Fitch. The 'AAA' bond rating is the highest credit rating an organization can receive and it allows the City to pay the lowest possible interest rates in the market. San Antonio is the only major city with a population of more than one million to have an 'AAA' bond rating from any one of the major rating agencies.

Consistent with the financial policies adopted by City Council in the FY 2015 Budget, the financial forecast maintains a 15% General Fund ending balance every year of the forecast.

HOTEL OCCUPANCY TAX RELATED FUNDS

CONVENTION, TOURISM, AND ENTERTAINMENT SERVICES

The Hotel Occupancy Tax (HOT) Fund captures revenues and expenditures associated with Hotel Occupancy Tax collections. The fund supports tourism, convention activities, and arts and cultural programming across the City. This is done through transfers to the Community and Visitor Facilities Fund, Arts and Culture Fund, and an allocation of HOT to fund a Destination Marketing Agreement with Visit San Antonio.

The following is the Five-Year Financial Forecast for the Hotel Occupancy Tax Fund. The Forecast includes as its starting point the current fiscal year budget and preliminary estimated projections for the fiscal year. The Forecast includes financial projections on revenues, expenditures, ending balances, and potential adjustments.

Hotel Occupancy Tax Fund Forecast (\$ in Millions)

	FY 2020 Adopted	FY 2020 Revised	FY 2020 Estimate	FY 2021 Projection	FY 2022 Projection	FY 2023 Projection	FY 2024 Projection	FY 2025 Projection
Beginning Balance	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Release of Reserve for Grand Hyatt Debt	2.7	2.3	2.3	0.0	0.0	0.0	0.0	0.0
Net Balance	\$2.7	\$2.3	\$2.3	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
REVENUES								
Hotel Occupancy Tax	\$74.7	\$43.5	\$43.5	\$48.1	\$61.0	\$67.5	\$69.8	\$72.2
General Fund				\$6.9				
Use of Contingency	0.0	10.1	11.1	0.0	0.0	0.0	0.0	0.0
Interest Earnings & Miscellaneous Revenues	0.3	0.2	0.2	0.1	0.2	0.2	0.3	0.3
TOTAL REVENUES	\$75.0	\$53.8	\$54.8	\$55.1	\$61.2	\$67.7	\$70.1	\$72.5
TOTAL RESOURCES	\$77.7	\$56.1	\$57.1	\$55.1	\$61.2	\$67.7	\$70.1	\$72.5
TRANSFERS OUT								
Community & Visitor Facilities Fund from HOT Tax	\$20.9	\$16.7	\$18.5	12.0	\$16.3	\$16.7	\$17.0	\$16.8
Community & Visitor Facilities Fund from General Fund	-	-	-	6.9	-	-	-	-
Visit San Antonio	25.0	17.5	17.5	16.2	18.7	21.3	21.9	22.6
Arts & Culture	10.7	8.4	8.4	6.9	8.0	9.1	9.4	9.7
Support for History and Preservation	10.7	5.4	5.4	6.9	8.0	9.1	9.4	9.7
Transfer to Debt Service	4.7	5.3	4.5	3.0	7.0	8.2	9.1	10.4
Other Transfers	3.0	2.8	2.8	3.2	3.2	3.3	3.3	3.3
TOTAL TRANSFERS	\$75.0	\$56.1	\$57.1	\$55.1	\$61.2	\$67.7	\$70.1	\$72.5
Ending Balance	\$2.7	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Reserve for Grand Hyatt Debt	\$2.7	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
ENDING BALANCE	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0

ANALYSIS OF REVENUE VS EXPENDITURES

The Hotel Occupancy Tax Fund Forecast table presents a comparison of projected yearly revenues, current services expenditures, mandates, potential service reductions, and projected balances over the forecast period. The ending balance reflects the difference between total available resources (the beginning balance plus operating revenues) and operating expenditures.

Revenues - The current Hotel Occupancy Tax rate of 16.75% is levied on eligible hotel room stays. Of this total, 6% goes to the State, 1.75% to Bexar County, 7% to the City, and 2% is reserved to meet the debt service requirements for the Henry B. Gonzalez Convention Center.

The COVID-19 pandemic has had an unprecedented impact on both the demand for hotel room nights and average daily room rates. Beginning in early March, large scale events and

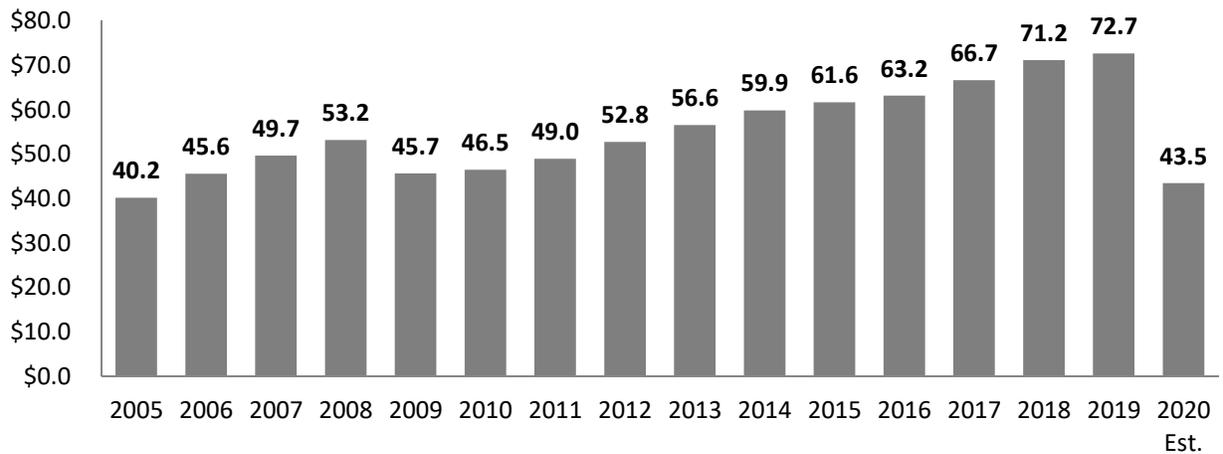
conventions were cancelled, tourism attractions such as Six Flags and SeaWorld shut down locally and nationally, and official restrictions were implemented to limit all non-essential travel outside of the home. In the month of April, hotel room demand decreased 74%, the available supply of hotel rooms decreased by over 150,000 (-13%), and the average daily rate decreased 49%, as compared to April 2019. Pre-demand shock, the average daily room rate was \$117. The rate fell to \$60 in April. Trends in San Antonio are mirroring those at a national level, which saw the lowest hotel occupancy rates on record and the lowest average daily rates since 1997, according to STR, a hotel data analytics group.

Given this unparalleled impact to Hotel Occupancy Tax revenues, the forecast was prepared under conditions of great uncertainty. HOTA revenue projections were prepared in consultation with local industry experts and were based on an analysis of historic events that induced hotel room demand-shocks, including the 2008 recession, the September 11 terrorist attacks, and the SARS and H1N1 outbreaks. Hotel markets with early COVID-19 outbreaks were also examined to estimate the recovery of lodging demand, hotel room supply and average daily room rates.

Based on these assumptions, Hotel Occupancy Tax revenue is projected to be \$48.0M in FY 2021 (+10.2% from FY 2020 Estimate), \$61.0M in FY 2022 (+27.2%), \$67.5M in FY 2023 (+10.6%), \$69.8M in FY 2024 (+3.4%), and \$72.2M in FY 2025 (+3.4%).

The historical 7% HOTA Collections graph below shows both the unprecedented impact to revenues, and the recovery period after the most recent hotel revenue downturn in FY 2008.

**7% Hotel Occupancy Tax Collections
(\$ in Millions)**



Expenditures – The City’s 7% HOTA collections are used to support tourism, convention activities, and arts and cultural programming across the City. The Hotel Occupancy Tax allocation includes funding for the operation and maintenance of the Convention Center and Alamodome, up to 15% of total Hotel Occupancy Tax revenues for Arts, up to 15% for History and Preservation, and up to 35% to fund the Destination Marketing Agreement with Visit San Antonio. The Texas State Tax Code requires that no more than 15% of City HOTA revenue can fund arts and cultural programs, and a maximum of 15% can be used for history and preservation.

In FY 2013, City Council approved the issuance of debt for the Convention Center Expansion Project. The City utilizes the dedicated 2% Hotel Occupancy Tax, along with a portion of the 7% HOT, to make the required annual debt payments. The allocation of operating funding described above will be based on Hotel Occupancy Tax revenues net the funding required for the debt service. As Hotel Occupancy Tax revenues recover to pre-COVID-19 levels, it is anticipated that 7% HOT revenues will be required to contribute more to the debt service than in prior years over the five-year forecast period.

Expenditures in the Forecast are based on current service levels and include operational reductions to address the decline in revenues. These reductions and their anticipated second year impacts are outlined in the FY 2021 Trial Budget section of this document. The forecasted expenses also include mandated expenditures, such as hosting obligations for booked conventions and sporting events, and inflation rates over the forecast period based on Consumer Price Index projections for the San Antonio Area. These rates and their underlying assumptions are described in the Economic Perspective and Outlook section.

COMMUNITY AND VISITOR FACILITIES FUND

The Community and Visitor Facilities Fund (CVF) accounts for revenues and expenditures generated from convention, tourism, sports, and entertainment related activities. The primary sources of revenue for the Convention and Sports Facilities Department are facility rentals, catering and concession commissions, reimbursable expenses, parking revenue, and various ticket fees from the Alamodome, Henry B. Gonzalez Convention Center, and Lila Cockrell Theatre. These revenues are expected to similarly be impacted by decreased demand amid ongoing public health concerns and a worsening economic outlook and are projected to recover to pre-COVID-19 levels by FY 2022.

The following is the Financial Forecast for the Community and Visitor Facilities Fund:

Community and Visitor Facilities Fund (\$ In Millions)

	FY 2020 Adopted	FY 2020 Revised	FY 2020 Estimate	FY 2021 Projection	FY 2022 Projection	FY 2023 Projection	FY 2024 Projection	FY 2025 Projection
RESOURCES								
Beginning Balance	\$0.0	\$2.6	\$2.6	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Transfer from HOT 7% Tax Fund	20.9	16.7	18.5	12.0	16.3	16.7	17.0	16.8
Transfer from General Fund	-	-	-	6.9	-	-	-	-
Convention Center and Alamodome Revenues	33.1	18.3	16.7	23.2	30.3	33.2	35.1	36.1
Other Revenues	0.4	0.4	0.4	0.3	0.3	0.3	0.3	0.3
TOTAL RESOURCES	\$54.4	\$38.0	\$38.2	\$42.4	\$46.9	\$50.2	\$52.4	\$53.2
TOTAL EXPENDITURES	\$54.4	\$38.0	\$38.2	\$47.5	\$49.3	\$50.2	\$52.4	\$53.2
Net Ending Balance	\$0.0	\$0.0	\$0.0	-\$5.1	-\$2.4	\$0.0	\$0.0	\$0.0
Expense Adjustment	\$0.0	\$0.0	\$0.0	\$5.1	\$2.4	\$0.0	\$0.0	\$0.0

ARTS & CULTURE FUND

The Arts & Culture Fund accounts for the operating expenditures of the Department of Arts & Culture as well as the contributions made to art and cultural agencies.

The following is the Financial Forecast for the Arts & Culture Fund:

Arts and Culture Fund (\$ In Millions)

	FY 2020 Adopted	FY 2020 Revised	FY 2020 Estimate	FY 2021 Projection	FY 2022 Projection	FY 2023 Projection	FY 2024 Projection	FY 2025 Projection
RESOURCES								
Beginning Balance	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Transfer from HOT 7% Tax	10.7	8.4	8.4	6.9	8.0	9.1	9.4	9.7
Other Revenue	0.8	0.7	0.7	0.8	0.8	0.8	0.8	0.8
TOTAL RESOURCES	\$11.5	\$9.1	\$9.1	\$7.7	\$8.8	\$9.9	\$10.2	\$10.5
TOTAL EXPENDITURES	\$11.5	\$9.1	\$9.1	\$11.5	\$11.5	\$11.5	\$11.5	\$11.5
Net Ending Balance	\$0.0	\$0.0	\$0.0	-\$3.8	-\$2.7	-\$1.6	-\$1.3	-\$1.0
Expense Adjustments	\$0.0	\$0.0	\$0.0	\$3.8	\$2.7	\$1.6	\$1.3	\$1.0

The forecast assumes that funding for Arts and Culture will remain at 15% of HOT collections net of debt service payments related to the Convention Center Expansion. It is anticipated that all HOT funded operations expenses will return pre-COVID-19 levels at the same pace as the overall Hotel Occupancy Tax revenues.

**DEVELOPMENT
SERVICES FUND**

DEVELOPMENT SERVICES FUND

INTRODUCTION

The Development Services Fund was established in FY 2007 to account for revenues and expenditures generated from all development-related activities and to ensure development revenues are used to support development expenses. In addition to accounting for the revenues and expenses associated with the Development Services Department (DSD), the Fund collects revenue for the San Antonio Fire Department's Fire Prevention Division. This revenue is transferred to the General Fund to offset costs incurred to provide Fire Prevention services.

The Development Services Department is responsible for protecting the health, safety, and quality of life for the residents of San Antonio through regulation of land and building development. In addition, the Department seeks to provide an efficient and effective development process that supports City growth and economic development. This process includes consulting, educating, reviewing, permitting, inspecting, and granting authority to develop land and occupy buildings within the City. The Department is also responsible for master development plans, vested rights, subdivision mapping/parcel addressing, zoning administration, subdivision administration, building codes administration, landscaping, tree preservation, sign regulation, and development review of streets and traffic.

Since the development process involves review by other City departments and outside agencies, the Development Services Department seeks to facilitate the coordination of these reviews to provide quality customer service throughout the development process. The creation of the Development Services Fund has provided the following benefits to City departments and their customers:

- Greater trust by stakeholders and improved perception of the department
- Enhanced accountability by appropriately aligning revenues with expenses and responsively adjusting to economic trends

Establishment of the Fund has also allowed the City to expand or reduce staffing levels and resources when needed to (1) ensure a positive fund balance, (2) make continuous improvements in the cycle time for permitting, (3) ensure consistency and quality of plan review and inspections, and (4) enhance customer service.

FIVE YEAR FINANCIAL FORECAST

The Financial Forecast for the Development Services Fund reflects projections in anticipated economic effects of the global COVID-19 pandemic on the Development Services Fund's business and financial activity. Projections are based partially on the Great Recession of 2008 since this is the most recent and similar economic event. Financial data from FY 2008 to FY 2012 was analyzed and a year-over-year aggregate percent change was calculated and applied to the current forecast.

The Development Services Fund Five Year Financial Forecast represents a comparison of projected yearly revenues, expenditures, reserves, and balances in the Fund over the Forecast period. The Fund's ending balance reflects the beginning balance and operating revenues, less operating expenditures, transfers, and allocations for budgeted financial stabilization reserves.

Development Services Fund Forecast (\$ in Thousands)

	FY 2020 ADOPTED BUDGET	FY 2020 REVISED BUDGET	FY 2020 ESTIMATE	FY 2021 PROJECTION	FY 2022 PROJECTION	FY 2023 PROJECTION	FY 2024 PROJECTION	FY 2025 PROJECTION
AVAILABLE FUNDS								
Beginning Balance	\$ 8,046	\$ 9,602	\$ 9,602	\$ 8,221	\$ 2,565	\$ 0	\$ 0	\$ 0
Adjustment for Prior Year Reductions	0	0	0	0	3,973	0	0	0
Net Balance	\$ 8,046	\$ 9,602	\$ 9,602	\$ 8,221	\$ 6,538	\$ 0	\$ 0	\$ 0
REVENUES								
Development Services Revenues	\$ 35,303	\$ 35,670	\$ 35,592	\$ 30,534	\$ 29,252	\$ 31,970	\$ 36,833	\$ 40,172
Transfer from General Fund - ICRIP	2,500	1,156	1,234	1,037	954	1,040	1,196	1,303
Total Revenues & Transfers	\$ 37,803	\$ 36,826	\$ 36,826	\$ 31,571	\$ 30,206	\$ 33,010	\$ 38,029	\$ 41,475
TOTAL AVAILABLE FUNDS	\$ 45,849	\$ 46,428	\$ 46,428	\$ 39,792	\$ 36,744	\$ 33,010	\$ 38,029	\$ 41,475
BASE EXPENDITURES								
Operating Expenses	33,024	32,667	33,638	33,141	34,096	35,435	36,762	38,074
Transfers	4,580	4,580	4,569	4,086	4,073	5,800	4,620	4,824
Total Appropriations	\$ 37,604	\$ 37,247	\$ 38,207	\$ 37,227	\$ 38,169	\$ 41,235	\$ 41,382	\$ 42,898
GROSS ENDING BALANCE	\$ 8,245	\$ 9,181	\$ 8,221	\$ 2,565	\$ (1,425)	\$ (8,225)	\$ (3,353)	\$ (1,423)
Financial Stabilization Reserve	\$ 8,231	\$ 8,231	\$ 7,388	\$ 2,762	\$ 2,842	\$ 2,953	\$ 3,064	\$ 3,173
NET ENDING BALANCE	\$ 14	\$ 950	\$ 833	\$ (197)	\$ (4,267)	\$ (11,178)	\$ (6,417)	\$ (4,596)
TRIAL BUDGET REDUCTIONS								
	\$ 0	\$ 0	\$ 0	\$ (4,304)	\$ (4,267)	\$ (4,267)	\$ (4,267)	\$ (4,267)
ADJUSTED ENDING BALANCE	\$ 14	\$ 950	\$ 833	\$ 4,107	\$ 0	\$ (6,911)	\$ (2,150)	\$ (329)

ANALYSIS OF REVENUES AND EXPENDITURES

Revenues – Total revenue for the current FY 2020 Estimate is projected to be approximately \$36.8 million, or \$1 million below the FY 2020 Adopted Budget. As a result of the impact of COVID -19 on the development community, it is anticipated that new and existing commercial permits will be approximately 33.6% below FY 2019 actuals and new residential permits will be 21.0% below FY 2019.

Development Services operating revenues reflect a similar downward trend from the projected FY 2020 year-end estimate to FY 2022 then rebounding with growth in FY 2023 through FY 2025. Total aggregate revenues are forecasted to change by the following percentages over the forecast period:

<u>FY 2021</u> ⁸	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>
(14.3%)	(4.3%)	9.3%	15.2%	9.0%

Expenditures – Expenditures are based on the current service levels. The forecast assumes inflationary adjustments to certain line-items over the forecast period. These inflation rates were derived from the Consumer Price Index (CPI) projections for each year from FY 2021 through FY 2025. These rates and their underlying assumptions are described in the *Economic Outlook and Perspective* section.

Below are the assumed inflation rates for each fiscal year of the forecast period:

<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>
2.37%	2.53%	2.40%	4.41%	2.35%

In light of decreased permitting and inspections activity, expenditure reductions are included as part of the FY 2021 Trial Budget. The Forecast includes the corresponding changes to the Budgeted Financial Stabilization Reserve. The Net Ending Balance accounts for the full impact of all transfers and operating expenses, including reductions to service, employee compensation issues, and necessary improvement requests.

The establishment and maintenance of appropriate financial reserves within the Development Services Fund is critical to prudent financial management. Budgeted Financial Stabilization Reserves assist in smoothing fluctuations in available resources from year to year and, as the name suggests, stabilizing the budget. The reserve for the Development Services Fund is forecasted from FY 2021 to FY 2025 at the sum of one month of total annualized operating expenses less transfers.

⁸ Development Services revenue is projected to be (16.5%) below FY 2020 Adopted Budget and (14.3%) below FY 2020 Estimates.

ECONOMIC OUTLOOK & PERSPECTIVE

ECONOMIC OUTLOOK

OVERVIEW

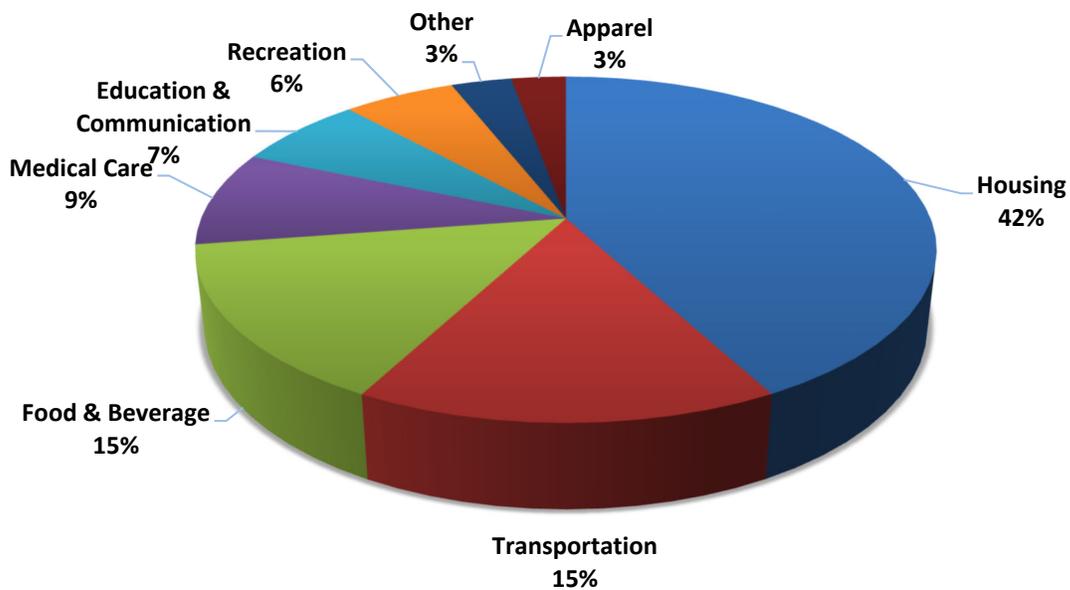
A forecast of the City's finances recognizes that the City's fiscal health is directly linked to the success of the local, national, and global economies. Considering this relationship, the fiscal projections provided in this document are based, in large part, upon an analysis of historical and available economic data and trends. The sudden and unprecedented disruption and financial damage of the coronavirus pandemic has dramatically affected the overall health of the economy across the nation and in San Antonio. This pandemic has caused many businesses and public gatherings to close statewide, reduced consumer spending, unemployment filings to hit all-time records, and significant repercussions on tourism and travel. There is no way to tell exactly the full effect of these impacts, but they will be significant.

The historical data and forecast projections in this section are provided by both government and private organizations.

INFLATION

The **Consumer Price Index** (CPI), commonly referred to as the inflation rate, measures the average price change for a market basket of consumer goods and services. This basket of goods and services contains a wide array of items, ranging from groceries and motor fuel to club memberships and solid waste disposal services. The CPI does not, however, include investments such as stocks or real estate.

2019 CPI Market Basket of Goods



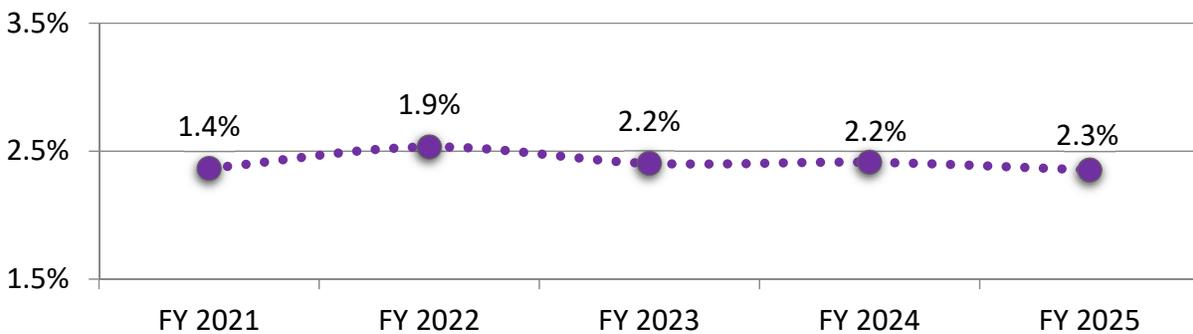
Source data: Bureau of Labor Statistics, U.S. Department of Labor, The Economics Daily, *Consumer Price Index: 2019 In Review*. Obtained February 2020.

The Bureau of Labor Statistics has classified each expenditure item in this basket of goods into more than 300 categories. Each one of these categories is cataloged into eight major groups, as shown in the figure above. For example, prescription and nonprescription drugs is a category located in the medical care group and makes up 1.5% of the total basket of goods in the 2019 index. In other words, in 2019 the cost of these items relative to the rest of the items in the basket cost the average American \$1.50 per \$100.

The CPI is used as the inflationary factor for specific non-personnel services expenditures to develop the City’s General Fund and other funds’ forecasts. This allows the City to plan for possible increases in certain commodities and other costs in the next five years by accounting for rising prices.

Additionally, the CPI serves as a cost of living index. With assistance from Moody’s Financial Services, the projections for CPI have been developed and modified to reflect the City’s budget cycle based on a fiscal year, which spans from October 1 to September 30.

San Antonio Consumer Price Index Percent Change Forecasted FY 2021 - 2025



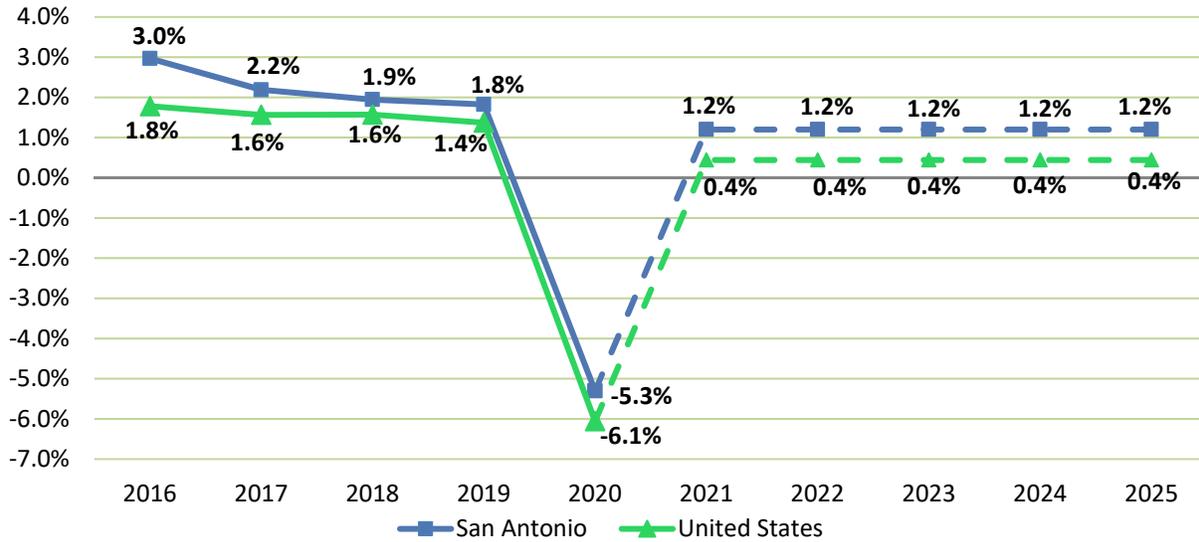
Source: Projection Data from Congressional Budget Office May 2020 Report

SAN ANTONIO ECONOMY

EMPLOYMENT

Increases in the total number employed persons in a region can be attributed to either job creation from within the area or the migration of jobs into the region. The figure below provides employment growth rate historical and projected data for San Antonio and the United States. The decrease in total number employed persons for 2020 is attributed to job loss due to the COVID-19 pandemic, a 7.1% decrease from 2019’s 1.8% in San Antonio.

Employment Growth Rate San Antonio vs. United States

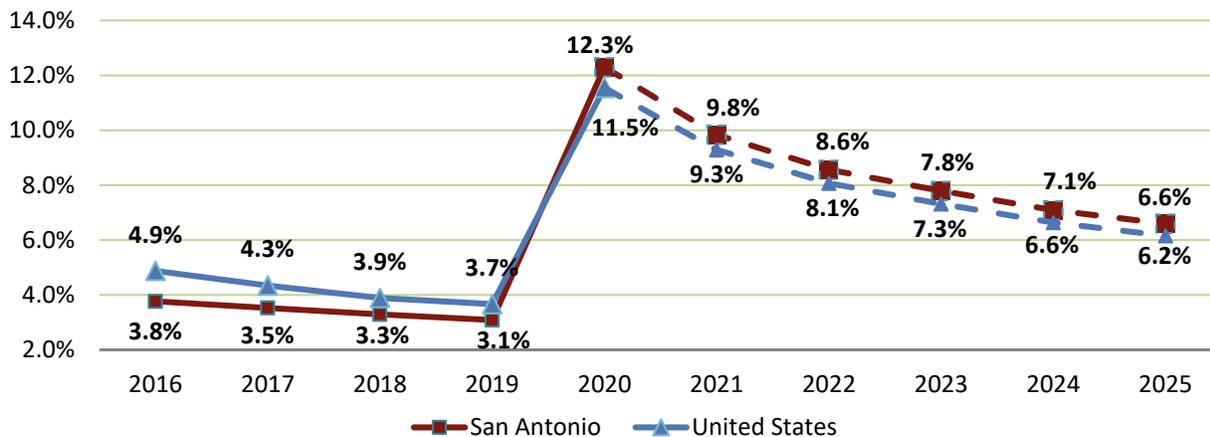


Source: Projection Data from Moody's Economy.com, TXP.com, & StevenIvin.com

UNEMPLOYMENT

The **Unemployment Rate** represents the number of unemployed persons as a percent of the labor force. An unemployed person is generally defined as someone aged 16 years or older who has been looking for employment for at least four weeks. Due to the COVID-19 pandemic, the national unemployment rate is projected to reach 11.5% by years end, a sharp increase to that of previous years. The City of San Antonio's unemployment rate reached a record high of 12.3% in April 2020 and is projected to surpass the national unemployment rate over the next five years.

Unemployment Rate San Antonio vs. United States

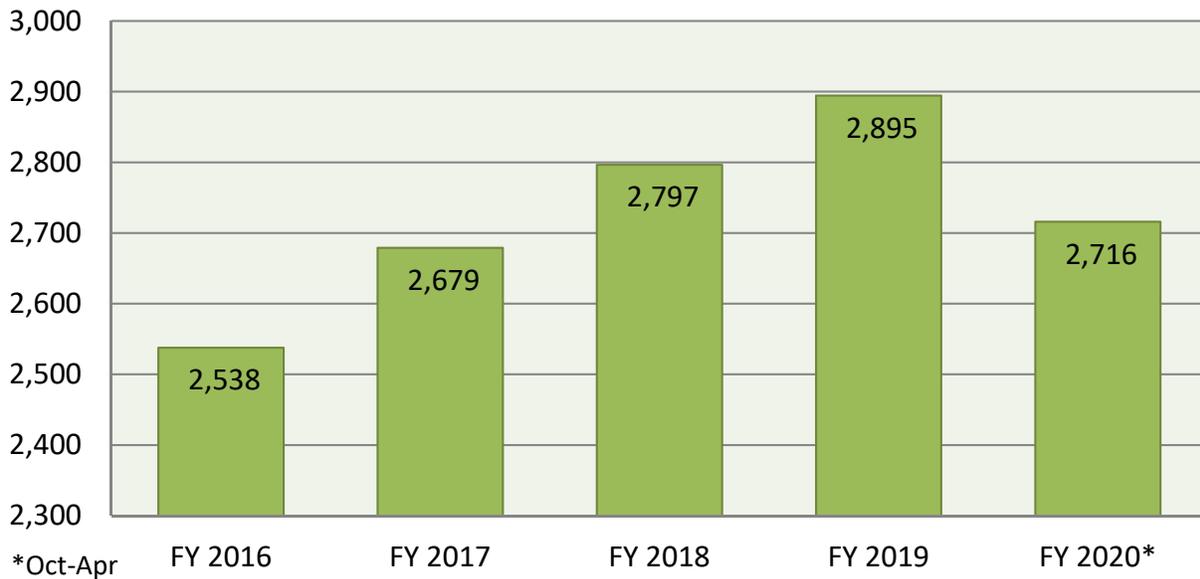


Source: Projection Data from Congressional Budget Office May 2020 Report & Federal Reserve Bank of Dallas.org

HOUSING

From 2015 to 2019 (only 2016 to 2020 data shown), the Housing Market in San Antonio has seen a steady increase in Average Monthly Home Sales and Median Housing Price, while the Average Months in Inventory fluctuated over that same period. The current year's Average Monthly Home Sales through the first half of FY 2020 shows a decrease of 6.2% from last year. However, using a combination of historical trends and current fiscal year performance metrics, the data suggests the prices continue to rise while the inventory supply trends similarly to FY 2018.

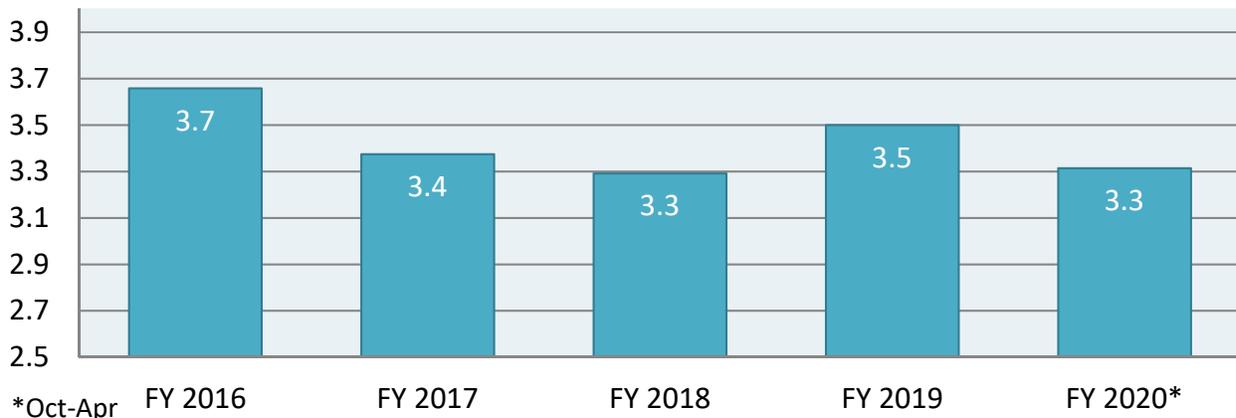
Average Monthly Home Sales



Source: Real Estate Center at Texas A&M University

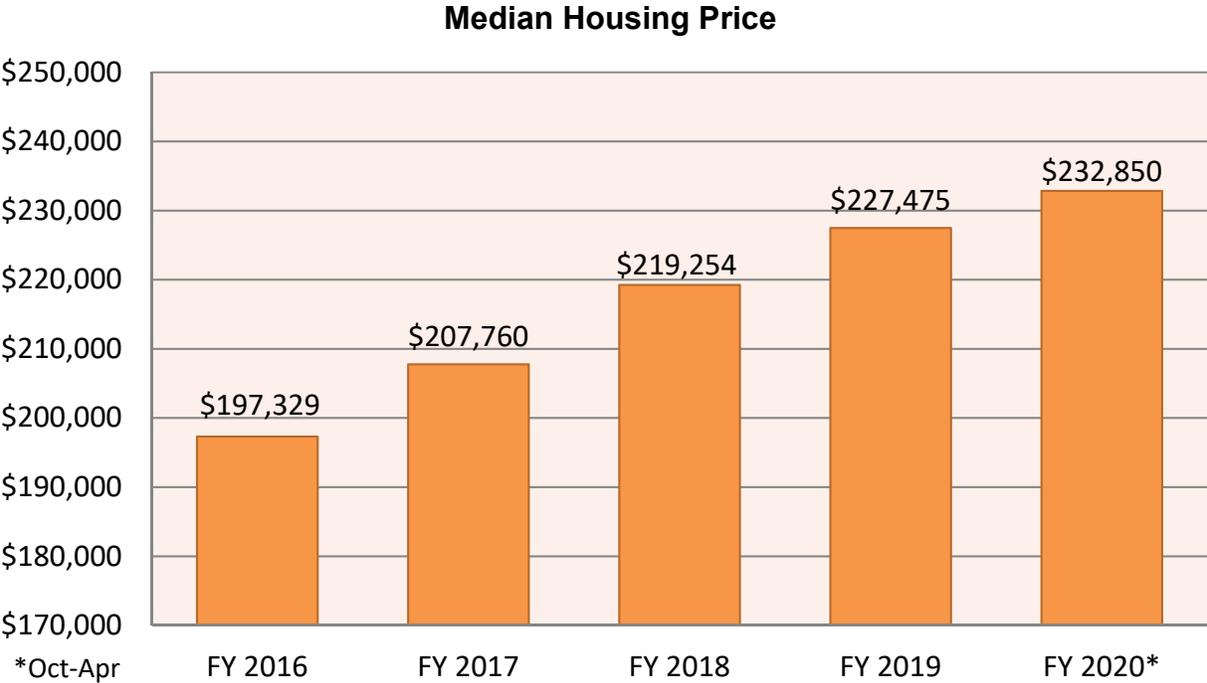
Months in Inventory measures the amount of time it would take to sell the current housing inventory or supply if no other homes were added to the current inventory. The first half of FY 2020 the average of 3.3 months in inventory is lower than the previous year's average and a decrease of 10.8% from FY 2016's 3.7 months.

Average Months in Inventory



Source: Real Estate Center at Texas A&M University

Median Housing Price is the midpoint price of home sales in each year at which half the homes are sold above this price and half the homes are sold below this price. Since FY 2016, San Antonio has experienced an average annual increase of 4.84% or \$9,792 in median housing prices year-over-year. The median prices for home sales increased each of the past four years, with a 15.2% increase from FY 2016 to FY 2019.

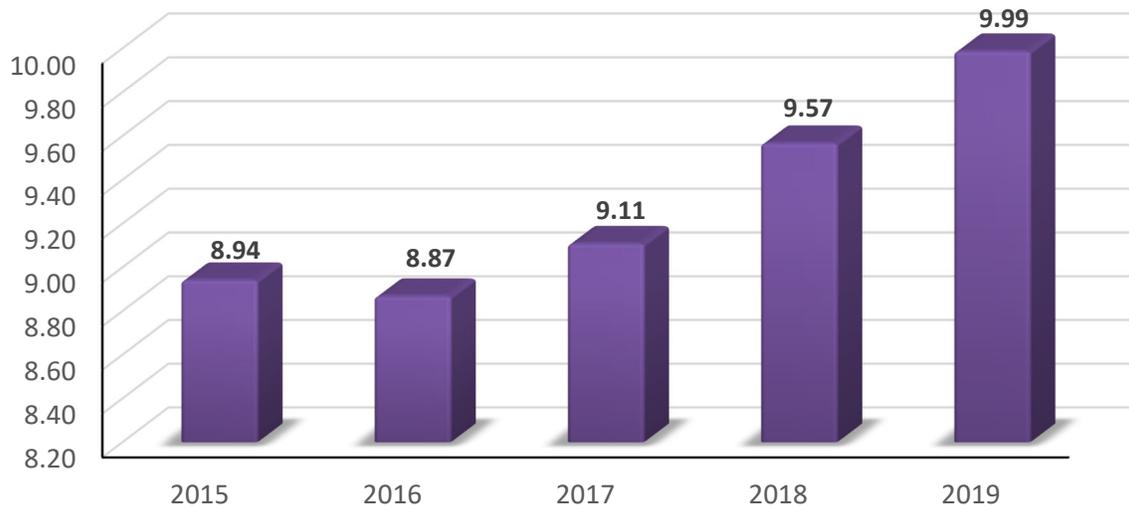


Source: Real Estate Center at Texas A&M University

HOSPITALITY INDUSTRY

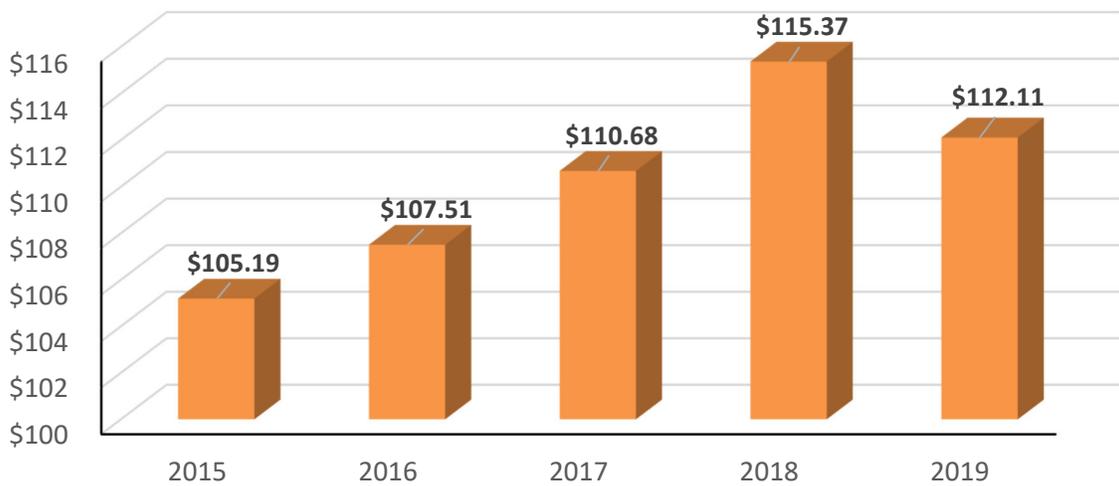
The San Antonio hospitality industry continues to be one of the top leisure/convention cities in the country and benefits from being located within driving distance from Dallas, Houston, and other Texas cities. **Annual Hotel Room Demand** is defined as the number of rooms sold or rented, excluding complimentary rooms. Industry data on the San Antonio market show 2019 hotel room demand increased by 4%, or 420,000 rooms, over the previous year.

Annual Hotel Room Demand in San Antonio (Millions)



Average Daily Rate (ADR) is the average price of a single room night in San Antonio. The ADR metric is indicative of the hospitality industry’s health and is influenced by the supply of hotel rooms. San Antonio’s ADR saw a reduction in 2019, decreasing 3% below the 2018 rate to \$112.11 per night for a single room.

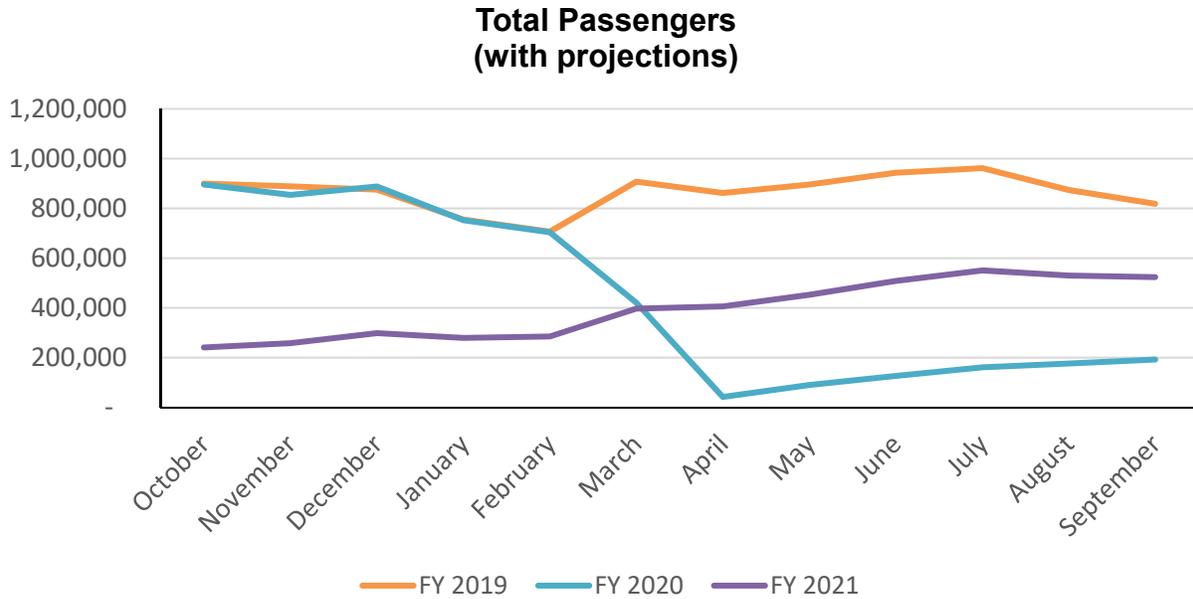
Average Daily Room Rate (City-Level)



Hospitality Data Source: 2020 STR, Inc. Data obtained from Smith Travel Research based on hotels in San Antonio Market reports dated February 2016-2020.

TOTAL PASSENGERS

San Antonio International Airport is the only commercial service airport serving the City and the San Antonio metropolitan area. Like other major city airports, the San Antonio Airport experienced a major decline in travel due to the COVID-19 pandemic. In April 2020, there were 42,118 total passengers, a decline of 95% from the 861,896 total passengers in April last year. While the remainder of FY 2020 is projected to steadily increase, FY 2021's projected total passengers, 4,730,785, will be 54% less than that of FY 2019's 10,388,945 total passengers.



Source: Aviation Department, City of San Antonio

OVERVIEW OF TRIAL BUDGET

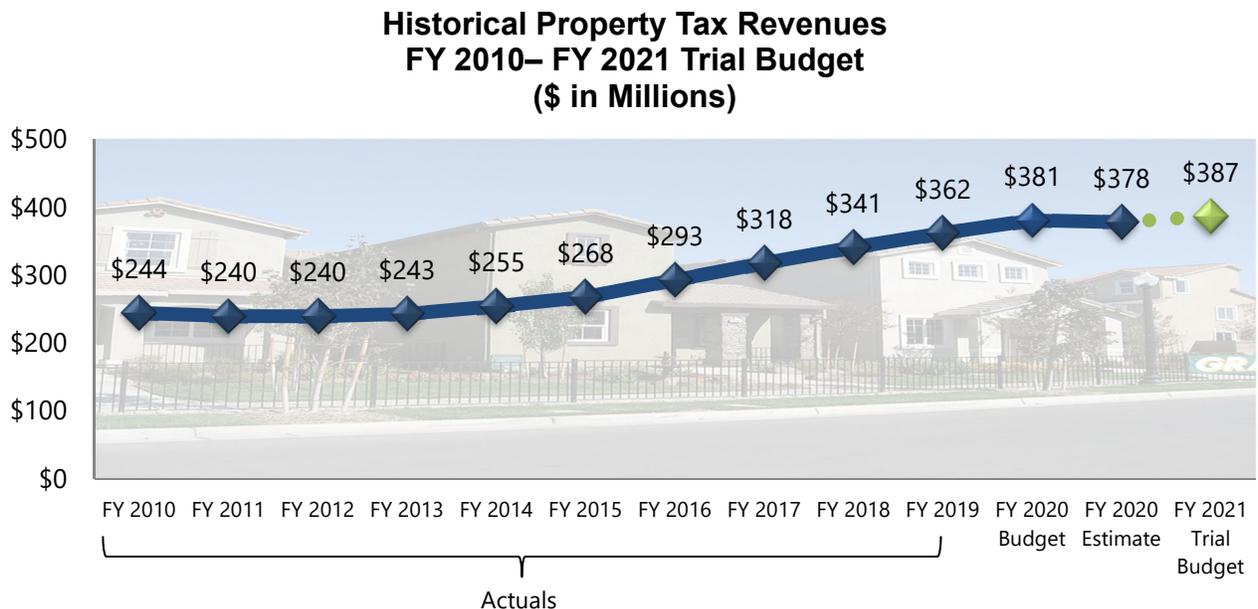
GENERAL FUND TRIAL BUDGET

The FY 2021 Trial Budget provides expenditure reductions to maintain a balanced Budget in FY 2021 and FY 2022. It is designed to provide a plan to address the challenges projected in the Five-Year Financial Forecast as well as to be a basis for policy direction, community review, and comment. The Trial Budget does not reflect the FY 2021 Proposed Budget that will be presented to City Council in August and will continue to be refined and updated as economic conditions change and to incorporate Council policy direction and community input.

REVENUES

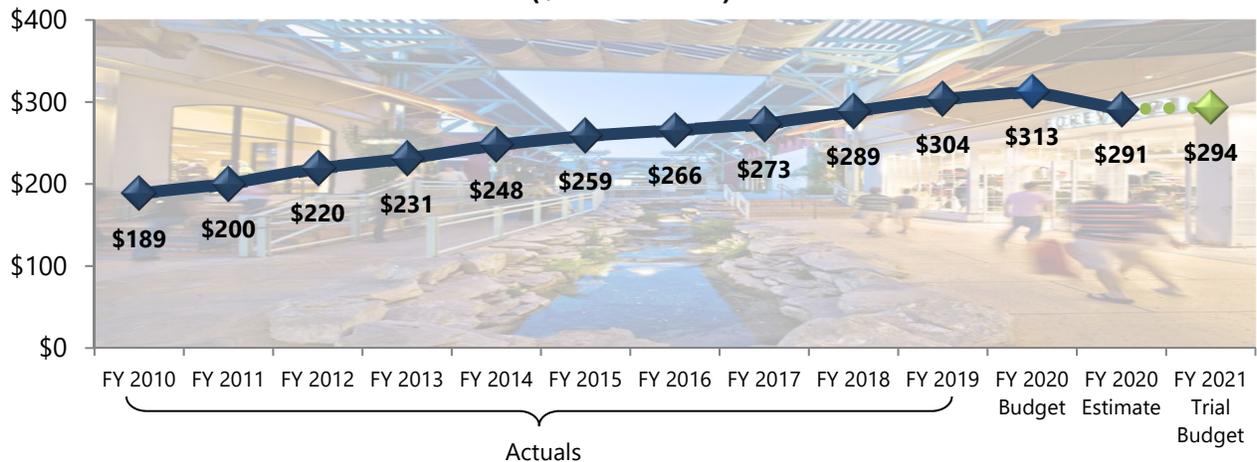
The General Fund is supported by four major sources: property tax, sales tax, CPS Energy payment, and other resources including business and franchise taxes, fines, and charges for services. These revenues have been included in the trial budget consistent with the Five-Year Forecast.

Property Tax - Property tax revenues are forecasted using assumptions for changes in property values for both existing land and buildings as well as new growth from development as determined by the Bexar Appraisal District. For FY 2021, values are projected to increase by an aggregate of 2.0%. The trial budget assumes maintaining the current tax rate of 55.827 cents per \$100 of valuation. Below is a chart showing historical property tax revenues for the General Fund:



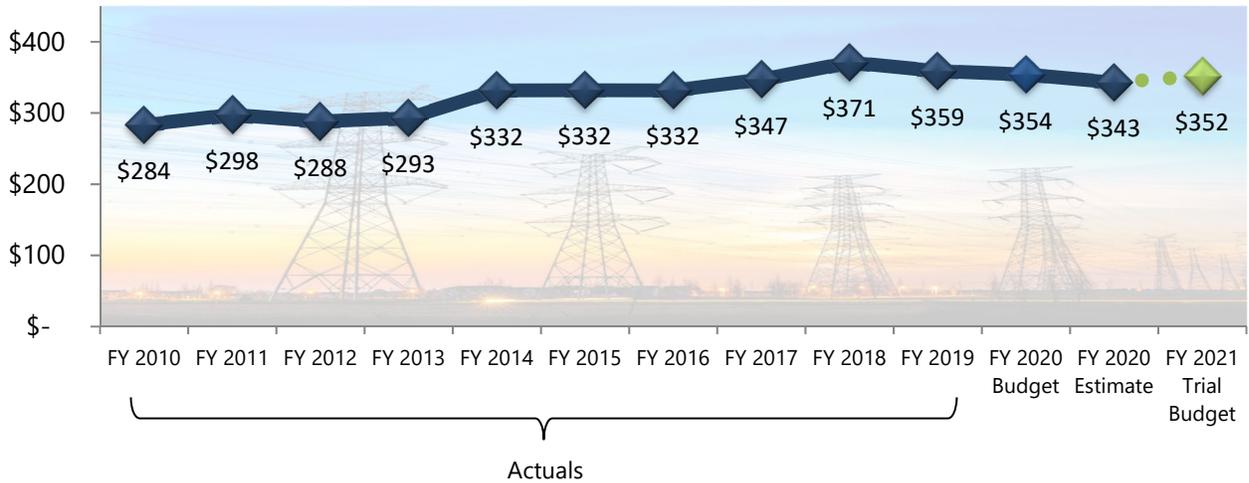
Sales Tax - Sales taxes are heavily influenced by the local economy which has been severely affected by COVID-19. In FY 2020, sales tax is projected to end the fiscal year down 7.1% as compared to the FY 2020 Adopted Budget. Given the great deal of uncertainty regarding the local economy and prospects for an economic recovery, the FY 2021 projection for sales tax is conservative at a 1% growth over the FY 2020 Estimate. Below is a graph reflecting the change in sales tax over the past ten years:

**Historical Sales Tax Revenues
FY 2010 to FY 2021 Trial Budget
(\$ in Millions)**



CPS Energy - The City receives a payment from CPS Energy equivalent to 14% of gross electric and gas sales as a return on investment and a payment in-lieu-of taxes. CPS energy represents the second largest revenue in the General Fund; however, it is also one of the most volatile revenues to forecast. CPS revenues depend on multiple factors including electricity demand and the cost to generate power which is influenced by the price of natural gas. For FY 2021 the Trial Budget includes a moderately conservative forecasted growth rate of 2.6% over the FY 2020 Estimate reflecting uncertain conditions in both the economy and commodity markets. Below is a ten-year historical chart on CPS Energy revenues to the City:

**Historical CPS Revenues
FY 2010 to FY 2021 Trial Budget
(\$ in Millions)**



Other Resources - Other revenues in the General Fund include business and franchise taxes, liquor by the drink taxes, fines, and other charges for service such as EMS transport fees. These revenues are forecasted in concert with the supervising departments. Many of these revenues are dependent on economic activity and have declined as COVID-19 forced the closure of many businesses including City facilities. For FY 2021 these revenues are forecasted to decline by a further -5.9% as compared to the FY 2020 Estimate due primarily to less revenues from River Barge cruises, interest income, and fines.



EXPENDITURES

The General Fund supports city services including Police, Fire/EMS, Public Works, Parks & Recreation and other basic services. The FY 2021 Trial Budget for the General Fund is projected at maintaining services levels as funded in the FY 2020 Adopted Budget. Consistent with the Five-Year Financial Forecast, the Trial Budget also includes mandated expenditures for FY 2021 such as uniform collective bargaining agreements with Police and Fire as well as operating and maintenance expenses for completed capital projects included in the 2017 Bond Program.

Due to the forecasted declines in revenues related to the economic downturn caused by the COVID-19 pandemic, the Five-Year Financial Forecast projects a shortfall of \$19.9 million in FY 2021 and \$88.9 million in FY 2022. This structural imbalance must be addressed through expenditure reductions in order to achieve a balanced budget as required by law.



EXPENSE ADJUSTMENTS

Addressing the projected structural imbalance in the General Fund, in the absence of additional revenue, will require reductions to departmental expenses in order to balance FY 2021 as well as provide resources to address the larger projected deficit in FY 2022 as part of the Two-Year Budget Plan shown at the conclusion of this section. A complete list of reductions is included under the Program Changes section of this document.

The following table shows the FY 2021 General Fund Trial Budget and the projection for FY 2022 as part of the Two-Year Budget Plan:

Two-Year General Fund Budget Plan			
(\$ in Thousands)			
	FY 2021	FY 2022	
	Trial Budget	Projection	
REVENUES			
Beginning Balance (Excluding Financial Reserves)	\$ 39,535	\$ 45,425	
Use of Reserve for Two Year Balanced Budget Plan	79,697	57,871	
Use of Reserve for SB2	2,000	0	
Use of Reserve for 2nd Year Costs of Amendments	3,295	0	
Accounting Adjustment	0	0	
Operating Revenues	<u>1,229,417</u>	<u>1,247,569</u>	
TOTAL REVENUES	\$ 1,353,944	\$ 1,350,865	
EXPENDITURES			
Total Service Delivery Costs	<u>1,315,940</u>	<u>1,333,736</u>	
GROSS ENDING BALANCE	\$ 38,005	\$ 17,129	
FINANCIAL RESERVES			
10% Financial Reserve Incremental	0	0	
Reserve for 2-Year Balanced Budget Plan	<u>57,871</u>	<u>60,578</u>	
NET ENDING BALANCE	\$ (19,866)	\$ (43,450)	
OPERATING EXPENSE REDUCTIONS			
	<u>65,291</u>	<u>43,450</u>	
ADJUSTED NET ENDING BALANCE	\$ 45,425	\$ 0	
BUDGETED FINANCIAL RESERVES SUMMARY			
Total Annual Budgeted Financial Reserves (10% of Revenue)	\$ 126,522	\$ 126,522	
Reserve for 2 Year Budget Plan	<u>57,871</u>	<u>60,578</u>	
Total Reserves	\$ 184,393	\$ 187,101	
Reserves as % of Operating Revenues	15.0%	15.0%	

AIRPORT

AIRPORT DEPARTMENT

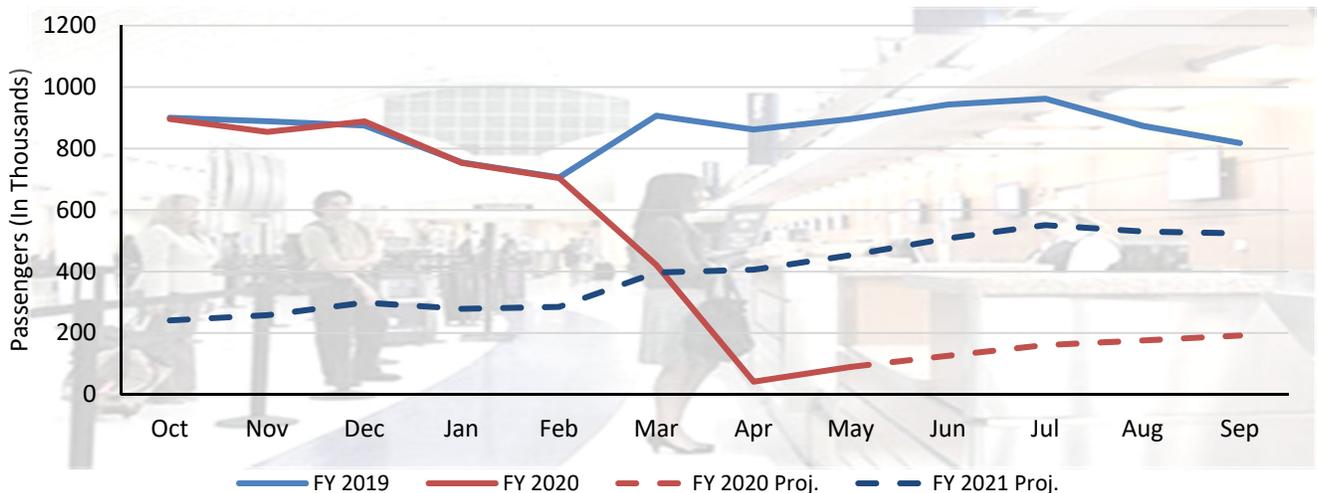
SUMMARY

The FY 2021 Trial Budget provides for \$88.5 million to operate the City's two airports, San Antonio International Airport and Stinson Municipal Airport. Services include both commercial and general aviation services such as: airport operations, facility maintenance, vehicle and fleet maintenance, planning and development of airport facilities, airport security, fire protection, financial, property and procurement administration, and marketing and community affairs including air service and economic development.

Total passengers

During FY 2019, the Airport experienced record passenger growth totaling 10.4 million passengers for the year. Passenger counts through February 2020 remained robust, but the effects of the COVID-19 pandemic began to impact Airport traffic in March 2020. As a result of COVID-19, FY 2020 total passengers are estimated to be 5.3 million representing a 49% decrease from FY 2019 total passengers. The FY 2021 total passengers are estimated to be 4.7 million, representing a 10.8% decrease from FY 2020 total passengers. The following chart illustrates the FY 2019 through FY 2021 total passengers at the International Airport.

FY 2019 – FY 2021 Total Passengers



AIRPORT REVENUE

The decrease in total passengers will affect the FY 2021 Revenues across all funds. In FY 2021, the Airport Operating & Maintenance Fund is estimated to receive \$85 million in Airline and Non-Airline Revenue. The fund will also receive \$3.5 million in airline credit revenue from the Airport Capital Improvement Fund.

There are two major sources of revenue in the Airport Operating & Maintenance Fund: Airline Revenue and Non-Airline Revenue.

Airline Revenue

Airline revenue will increase from the FY 2020 Adopted budget by 2.2% when compared to the FY 2021 Trial Budget. This is due to the new Airline lease that will take effect in FY 2021 which will impact revenues such as: Landing Fees, Terminal Building Rentals, Baggage Handling System Charges, Passenger Loading Bridges and City Gate Charges, RAMP/RON Fees and FIS charges.

Non-Airline Revenue

Non-Airline revenue will decrease from the FY 2020 Adopted budget by 32.6% when compared to the FY 2021 Trial Budget. This is due to the impacts of COVID-19 on revenues such as Concession Contracts for Car Rentals, Food and Beverage Concessions, Retail Concessions, and Parking Revenues from the Airport's Parking Garages and Lots. The Airport will be allocating \$7.4 million of its Coronavirus Aid, Relief and Economic Security (CARES) Act funding to the FY2021 Trial Budget as non-airline revenue.

AIRPORT FUNDS

The table below illustrates the FY 2021 impact on revenues as compared to the FY 2020 Adopted Budget.

Revenue Source (\$ in Millions)	FY 2020 Budget	FY 2021 Trial Budget	Variance
Airline Revenues	\$40.7	\$41.6	\$0.9
Non-Airline Revenues	64.4	36.0	(28.4)
Transfer from Other Funds	7.0	3.5	(3.5)
Passenger Facility Charge	21.5	9.4	(12.1)
Customer Facility Charge	14.9	10.7	(4.2)
CARES Act Funding	0	13.3	13.3
Total	\$148.5	\$114.5	(\$34.0)

AIRPORT FUNDS

The tables below illustrates the FY 2021 Trial Budget for the Airport Funds.

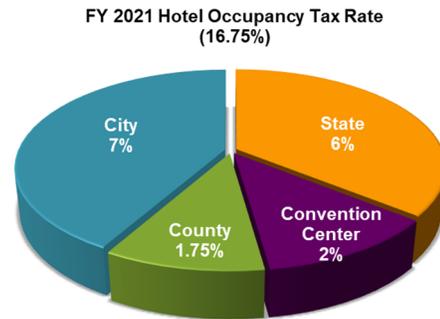
	FY 2020 Budget	FY 2021 Trial Budget	Variance
Reduction in Operating Expenses	\$16.0	\$12.7	(\$3.3)
Personnel Expense Adjustment	25.3	24.4	(0.9)
Reduce Transfers for Airport Capital Improvements	32.6	10.8	(21.8)
Reduced Debt Service Requirements due to Refinancing of Debt	41.5	33.5	(8.0)
		Total	(\$34.0)

HOTEL OCCUPANCY TAX

HOTEL OCCUPANCY TAX FUNDS

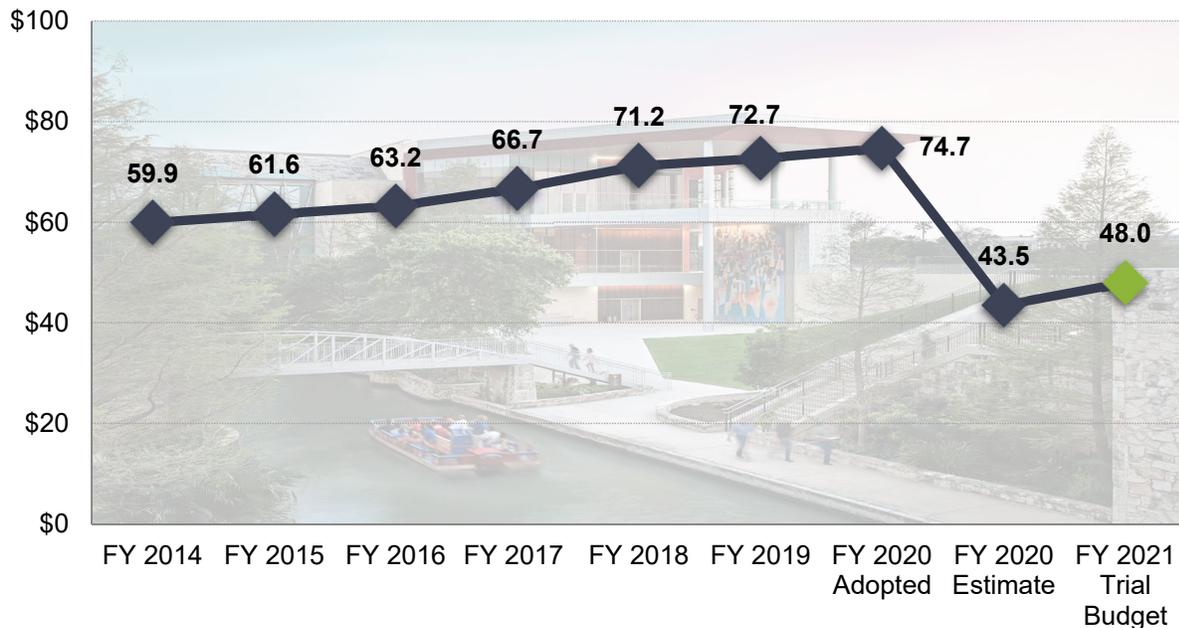
The Hotel Occupancy Tax Fund (HOT) captures revenues and expenditures associated with Hotel Occupancy Tax collections.

The current HOT rate of 16.75% levied on every room night contributes 6% to the State, 1.75% to Bexar County, and 7% to the City, with the remaining 2% dedicated to pay the debt service for the Henry B. Gonzalez Convention Center. The chart to the right shows the allocation of the HOT rate.



The COVID-19 pandemic has had an unprecedented impact to hotel room night demand. The FY 2021 Trial Budget includes \$48.0 million in estimated HOT collections, representing a projected decrease of 35.8% over the FY 2020 Adopted Budget and a 10.2% increase over the FY 2020 Estimate. The Hotel Occupancy Tax FY 2021 revenue projection assumptions are detailed in the Five-Year Forecast section of this document.

**Historical Hotel Occupancy Tax Revenue
FY 2014 to FY 2021 (\$ in Millions)**



Hotel Occupancy Tax funding is used to support tourism, convention activities, and arts and cultural programming across the City. This is done through transfers to the Community and Visitor Facilities Fund, Arts and Culture Fund, and an allocation of HOT to fund a Destination Marketing Agreement with Visit San Antonio.

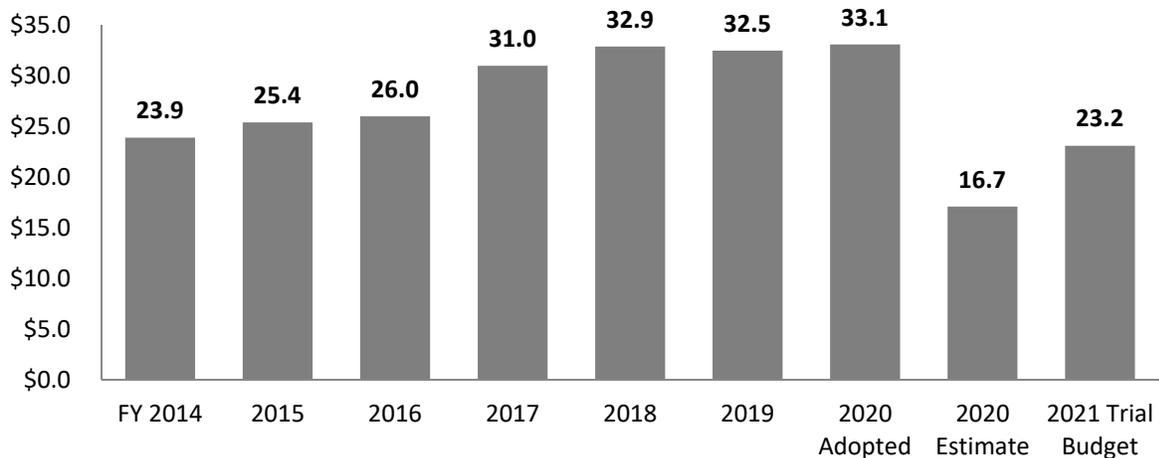
After the annual Convention Center debt service payment is made, the remaining net HOT collections for FY 2021 are anticipated to be allocated to Visit San Antonio at 35% (\$16.2 million), to the Arts and Culture Fund at 15% (\$6.9 million), and to the General Fund for history and preservation at 15% (\$6.9 million). The FY 2021 Trial Budget additionally includes \$12 million in HOT funding to support the Community and Visitors Facility Fund.

COMMUNITY AND VISITOR FACILITIES FUND

The Community and Visitor Facilities Fund was established in FY 2004 to account for revenues and expenditures generated from all convention and sports related activities operated by the Convention and Sports Facilities (CSF) Department. The fund includes both the Convention & Sports Facilities Department operating budget and non-departmental expenses related to convention hosting obligations. CSF is responsible for the operations of the Henry B. Gonzalez Convention Center, Lila Cockrell Theater, and the Alamodome.

Due to the impact of COVID-19 on large scale conventions, concerts and other gatherings, ongoing public health concerns, and overall economic outlook, Convention Center and Alamodome revenues are expected to be significantly lower than in prior years. Total Convention Center and Alamodome revenue in FY 2021 is estimated at \$23.2 million, which is 30% lower than the FY 2020 Adopted Budget of \$33.1 million. Revenue from facility rentals, catering commissions, food and beverage concessions commissions, and various event-related fees are all expected to be impacted.

**Historical Convention Center and Alamodome Revenues
FY 2014 to FY 2021 (\$ in Millions)**



HOTEL OCCUPANCY TAX RELATED DEPARTMENTS

The table below illustrates the FY 2021 Trial Budget for Hotel Occupancy Tax Related Departments.

	FY 2020 Budget	FY 2021 Trial Budget	Variance
Community & Visitor's Facility	\$54.4	\$42.4	(\$12.0)
Visit San Antonio	\$24.9	\$16.2	(\$8.7)
Arts & Culture	\$11.5	\$7.7	(\$3.8)

To offset the Community & Visitor Facilities Reduction in FY 2021; the General Fund would transfer \$6.9 Million in FY 2021 and adjustments to personnel and other expenses would be made in the amount \$5.1 Million. A complete list of reductions is included under the Program Changes section of this document.

DEVELOPMENT SERVICES FUND

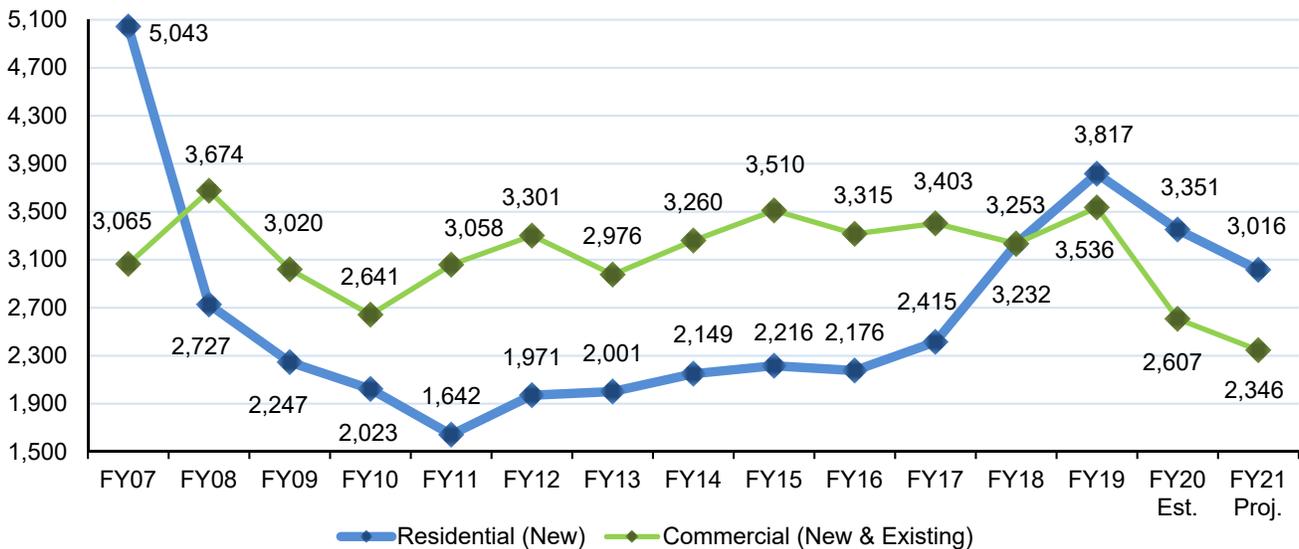
DEVELOPMENT SERVICES FUND

FY 2021 TRIAL BUDGET

The Development Services Fund was established in FY 2007 to account for revenues and expenditures generated from all development-related activities and to ensure that development fees are used to support the activities associated with supporting the development community.

Permit Activity - The following graph illustrates trends for building permit activity over time. The number of residential permits grew moderately from FY 2011 to FY 2019. In response to the global COVID-19 pandemic, residential permitting is projected to end FY 2020 down (21.0%) from FY 2019. Commercial permit has experienced more volatility as compared to the residential sector. FY 2020 Commercial permit activity is anticipated to end the year 33.7% below FY 2019.

**FY 2007 - FY 2021
Residential & Commercial Building Permit Activity**



Permit Project Valuation The graph below highlights trends for total annual building permit valuation over time. Building permit project valuation provides an additional layer of information regarding construction activities around the San Antonio. Higher annual project valuations suggest the construction of larger developments marked by increased size, scope, and/or complexity of the building projects involved. Commercial building projects are the primary driver for development activity in the City.

Due to the economic decline, Development Services is anticipating a significant decrease in the number of new residential and new and existing commercial building permits to be issued in FY

**FY 2007 - FY 2021
New & Existing Commercial Building Permit Valuation
(\$ in Millions)**



DEVELOPMENT SERVICES FUND

DEVELOPMENT SERVICES FUND	FY 2020 ADOPTED BUDGET	FY 2020 REVISED BUDGET	FY 2020 ESTIMATE	FY 2021 TRIAL BUDGET
Beginning Balance	\$8,046,474	\$9,601,604	\$9,601,604	\$8,220,549
Revenues	37,802,784	36,826,315	36,826,315	31,571,335
Expenses	37,604,416	37,246,457	38,207,370	37,227,107
Operating Reserves	8,231,263	8,231,263	7,387,985	6,866,105
FY 2021 Trial Budget Reduction				3,973,113
Reduce Financial Reserves				328,215
ENDING BALANCE	\$13,579	\$950,199	\$832,564	\$0

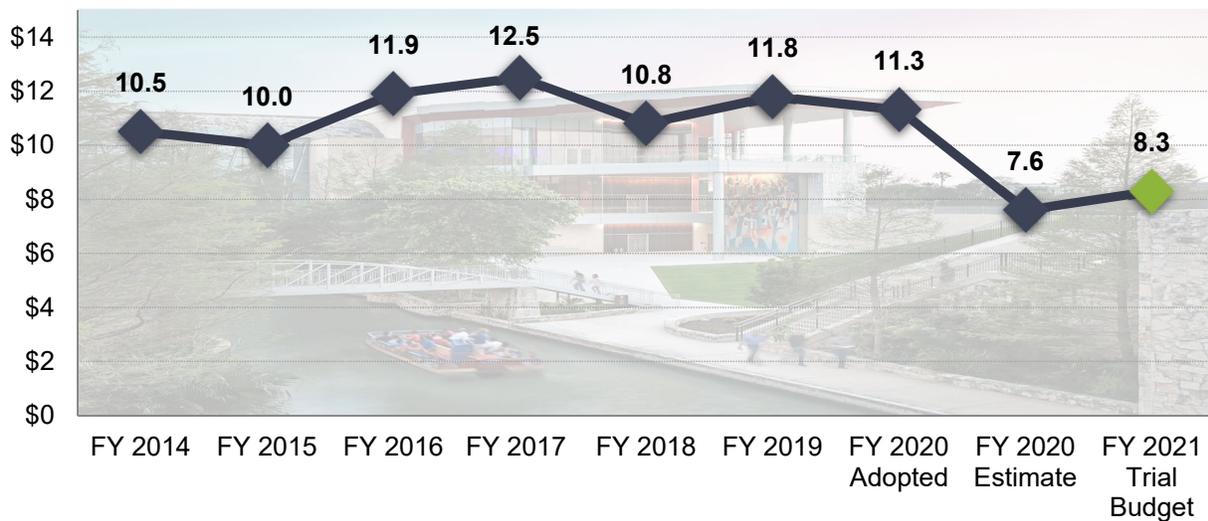
PARKING FUND

PARKING OPERATING AND MAINTENANCE FUND

The FY 2021 Trial Budget for the Parking Operating and Maintenance fund is \$10.7 million. Funding is used for the operation and maintenance of the City's 4 parking garages and 7 lots located in downtown San Antonio.

As a result of the impact of COVID-19, parking revenues are anticipated to be lower in FY 2021 than in prior years. Ongoing public health concerns and the continuation of telecommuting practices at major downtown employers are expected to decrease parking demand at downtown garages.

**Historical Downtown Parking Revenues
FY 2014 to FY 2021 (\$ in Millions)**



PARKING REDUCTIONS

To address this decrease in revenue and maintain structural balance in the fund, the following reductions are presented as part of the FY 2021 Trial Budget:

Personnel Expense Adjustment - \$196,495 This would adjust personnel expenses.

Vacancy Freezes - \$327,429 This reduction would freeze 5 full-time and 4 part-time vacant positions in the Parking Fund. Reduced parking demand in FY 2021 is anticipated to reduce the need for staffing at downtown parking garages.

PARKING FUND SCHEDULE

PARKING FUND	FY 2020 ADOPTED BUDGET	FY 2020 REVISED BUDGET	FY 2020 ESTIMATE	FY 2021 TRIAL BUDGET
Beginning Balance	13,307,958	14,389,677	14,389,677	5,040,085
Revenues	11,306,782	7,571,211	7,601,029	8,278,870
Expenses	20,700,086	18,961,037	16,950,621	11,183,141
Operating Reserve	2,133,728	2,440,633	2,438,029	1,979,165
FY 2021 Trial Budget Reduction				523,924
ENDING BALANCE	\$1,780,926	\$559,218	\$2,602,056	\$680,573

FY 2021
GENERAL FUND TRIAL
BUDGET REDUCTIONS



**FY 2021 TRIAL BUDGET PROGRAM CHANGES
GENERAL FUND REDUCTIONS**

FUND

<i>Department</i>	FY 2021 Amount	Recurring Amount	Civilian Positions	Uniform Positions
Program Change Title and Description				
GENERAL FUND				
Center City Development & Operations				
Reduce Funding for HemisFair Park Area Redevelopment Corporation (HPARC)	1,687,000	1,687,000	0	0
Ordinance 2016-06-30-0530 authorized a funding agreement between the City and HPARC which committed the City to provide \$1.7 million annually from FY 2017 through FY 2020. This reduction phases out the contribution as scheduled.				
<i>Center City Development & Operations Total</i>	<u>1,687,000</u>	<u>1,687,000</u>	<u>0</u>	<u>0</u>
Citywide				
Civilian Hiring Freeze and Temporary Positions	10,861,055	6,054,862	0	0
This reduction would maintain the current civilian hiring freeze through FY 2021 for all positions with the exception of 911 call takers, 911 dispatchers, 311 representatives and Municipal Court positions. Additionally, this would reduce some funding for temporary hires.				
One-Time Personnel Expense Adjustment	12,831,324	0	0	0
This could include mandatory unpaid furlough days or reductions in pay.				
Suspend Economic Development Incentives	5,541,654	5,541,654	0	0
This would suspend \$5.5 million of \$6.6 million in the Economic Development Incentives programs to include the city fee waivers, inner city incentives, and economic development incentives.				
<i>Citywide Total</i>	<u>29,234,033</u>	<u>11,596,516</u>	<u>0</u>	<u>0</u>
Human Resources				
Eliminate Management Fellowship Program	271,812	271,812	0	0
Eliminates funding to support fellowship positions for recent graduate school students that encourages careers in city government.				
<i>Human Resources Total</i>	<u>271,812</u>	<u>271,812</u>	<u>0</u>	<u>0</u>



**FY 2021 TRIAL BUDGET PROGRAM CHANGES
GENERAL FUND REDUCTIONS**

FUND

<i>Department</i>	FY 2021 Amount	Recurring Amount	Civilian Positions	Uniform Positions
Program Change Title and Description				
GENERAL FUND				
<i>Non-Departmental</i>				
Eliminate General Fund Contingency	1,000,000	1,000,000	0	0
Eliminates the \$1 million General Fund Contingency.				
Reduces Fuel Contingency	500,000	500,000	0	0
Eliminates \$500,000 of the \$1 million fuel contingency budget.				
<i>Non-Departmental Total</i>	<u>1,500,000</u>	<u>1,500,000</u>	<u>0</u>	<u>0</u>
<i>Planning Department</i>				
Eliminate consulting fees for SA Tomorrow Plans	1,421,910	1,421,910	0	0
This would eliminate consulting fees for SA Tomorrow Plans. Plans will be done by the planning staff.				
<i>Planning Department Total</i>	<u>1,421,910</u>	<u>1,421,910</u>	<u>0</u>	<u>0</u>
<i>Police</i>				
Police Overtime	3,401,368	4,401,368	0	0
Reduces Police overtime budget by 19% as uniform vacancies are filled.				
<i>Police Total</i>	<u>3,401,368</u>	<u>4,401,368</u>	<u>0</u>	<u>0</u>
<i>Public Works</i>				
Reduces Funding for Street Maintenance	27,775,000	22,515,000	0	0
This would reduce the annual Street Maintenance Program in FY 2021 from \$110 million to \$82 million and in FY 2022 from \$110 million to \$87 million.				
<i>Public Works Total</i>	<u>27,775,000</u>	<u>22,515,000</u>	<u>0</u>	<u>0</u>
GENERAL FUND TOTAL	<u><u>65,291,123</u></u>	<u><u>43,393,606</u></u>	<u><u>0</u></u>	<u><u>0</u></u>

FY 2021
OTHER FUNDS TRIAL
BUDGET REDUCTIONS



**FY 2021 TRIAL BUDGET PROGRAM CHANGES
OTHER FUNDS REDUCTIONS**

FUND

<i>Department</i>	FY 2021 Amount	Recurring Amount	Civilian Positions	Uniform Positions
Program Change Title and Description				
AIRPORT OPERATING & MAINTENANCE FUND				
<i>Airport</i>				
One-Time Personnel Expense Adjustment	1,609,888	0	0	0
This could include mandatory unpaid furlough days or reductions in pay.				
<i>Airport Total</i>	<u>1,609,888</u>	<u>0</u>	<u>0</u>	<u>0</u>
AIRPORT OPERATING & MAINTENANCE FUND TOTAL	<u><u>1,609,888</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>



**FY 2021 TRIAL BUDGET PROGRAM CHANGES
OTHER FUNDS REDUCTIONS**

FUND

<i>Department</i>	FY 2021 Amount	Recurring Amount	Civilian Positions	Uniform Positions
Program Change Title and Description				
ARTS & CULTURE FUND				
<i>Arts & Culture</i>				
Arts & Culture Reductions	3,659,664	2,721,591	0	0
This would reduce Arts & Culture funding to potentially include Art Agency funding and Arts programming.				
One-Time Personnel Expense Adjustment	114,204	0	0	0
This could include mandatory unpaid furlough days or reductions in pay.				
<i>Arts & Culture Total</i>	<u>3,773,868</u>	<u>2,721,591</u>	<u>0</u>	<u>0</u>
ARTS & CULTURE FUND TOTAL	<u><u>3,773,868</u></u>	<u><u>2,721,591</u></u>	<u><u>0</u></u>	<u><u>0</u></u>



**FY 2021 TRIAL BUDGET PROGRAM CHANGES
OTHER FUNDS REDUCTIONS**

FUND

<i>Department</i>	FY 2021 Amount	Recurring Amount	Civilian Positions	Uniform Positions
Program Change Title and Description				
COMMUNITY & VISITOR FACILITIES FUND				
Arts & Culture				
Film Commission Incentives	287,585	131,845	0	0
Reduces funding for film incentives and advertising.				
<i>Arts & Culture Total</i>	<u>287,585</u>	<u>131,845</u>	<u>0</u>	<u>0</u>
Convention & Sports Facilities				
Personnel Expense Adjustment	4,489,721	1,950,326	0	0
This could include mandatory unpaid furlough days or reductions in pay.				
Various Line Item Reduction	353,358	353,358	0	0
Reduces capacity for vendor costs related to traffic barricades, disposal services, consultant studies, and building maintenance.				
<i>Convention & Sports Facilities Total</i>	<u>4,843,079</u>	<u>2,303,684</u>	<u>0</u>	<u>0</u>
COMMUNITY & VISITOR FACILITIES FUND TOTAL	<u><u>5,130,664</u></u>	<u><u>2,435,529</u></u>	<u><u>0</u></u>	<u><u>0</u></u>



**FY 2021 TRIAL BUDGET PROGRAM CHANGES
OTHER FUNDS REDUCTIONS**

FUND

<i>Department</i>	FY 2021 Amount	Recurring Amount	Civilian Positions	Uniform Positions
Program Change Title and Description				
DEVELOPMENT SERVICES FUND				
<i>Development Services</i>				
Personnel Expense Adjustment	1,820,212	584,676	0	0
This could include mandatory unpaid furlough days or reductions in pay.				
Position Freeze	1,806,972	3,012,973	0	0
This would freeze current positions and through attrition would freeze any additional vacant positions.				
Various Line Item Reduction	345,929	345,929	0	0
This reduction will decrease several line items within the Development Services Fund.				
<i>Development Services Total</i>	<u>3,973,113</u>	<u>3,943,578</u>	<u>0</u>	<u>0</u>
DEVELOPMENT SERVICES FUND TOTAL	<u><u>3,973,113</u></u>	<u><u>3,943,578</u></u>	<u><u>0</u></u>	<u><u>0</u></u>



**FY 2021 TRIAL BUDGET PROGRAM CHANGES
OTHER FUNDS REDUCTIONS**

FUND

<i>Department</i>	FY 2021 Amount	Recurring Amount	Civilian Positions	Uniform Positions
Program Change Title and Description				
PARKING OPERATING & MAINTENANCE FUND				
<i>Center City Development & Operations</i>				
One-Time Personnel Expense Adjustment	196,495	0	0	0
This could include mandatory unpaid furlough days or reductions in pay.				
Position Freeze Effective October 1, 2020	327,429	0	0	0
This reduction would freeze full-time and part-time vacant positions in the Parking Fund.				
<i>Center City Development & Operations Total</i>	<u>523,924</u>	<u>0</u>	<u>0</u>	<u>0</u>
PARKING OPERATING & MAINTENANCE FUND TOTAL	<u><u>523,924</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>