

# FY 2021 to FY 2025 Five Year Financial Forecast & FY 2021 Trial Budget

City Council “A” Session  
June 18, 2020

Presented by: Maria Villagómez, Deputy City Manager



# Overview

- Five Year Forecast
- Trial Budget
- Next Steps

# Total FY 2020 City Budget \$2.9 Billion



**\$938 Million**



## Restricted Funds

Airport Fund, Development Services, Hotel Occupancy Tax, Solid Waste, Storm Water

**\$715 Million**



## Capital Program

2017 bond projects  
Airport projects

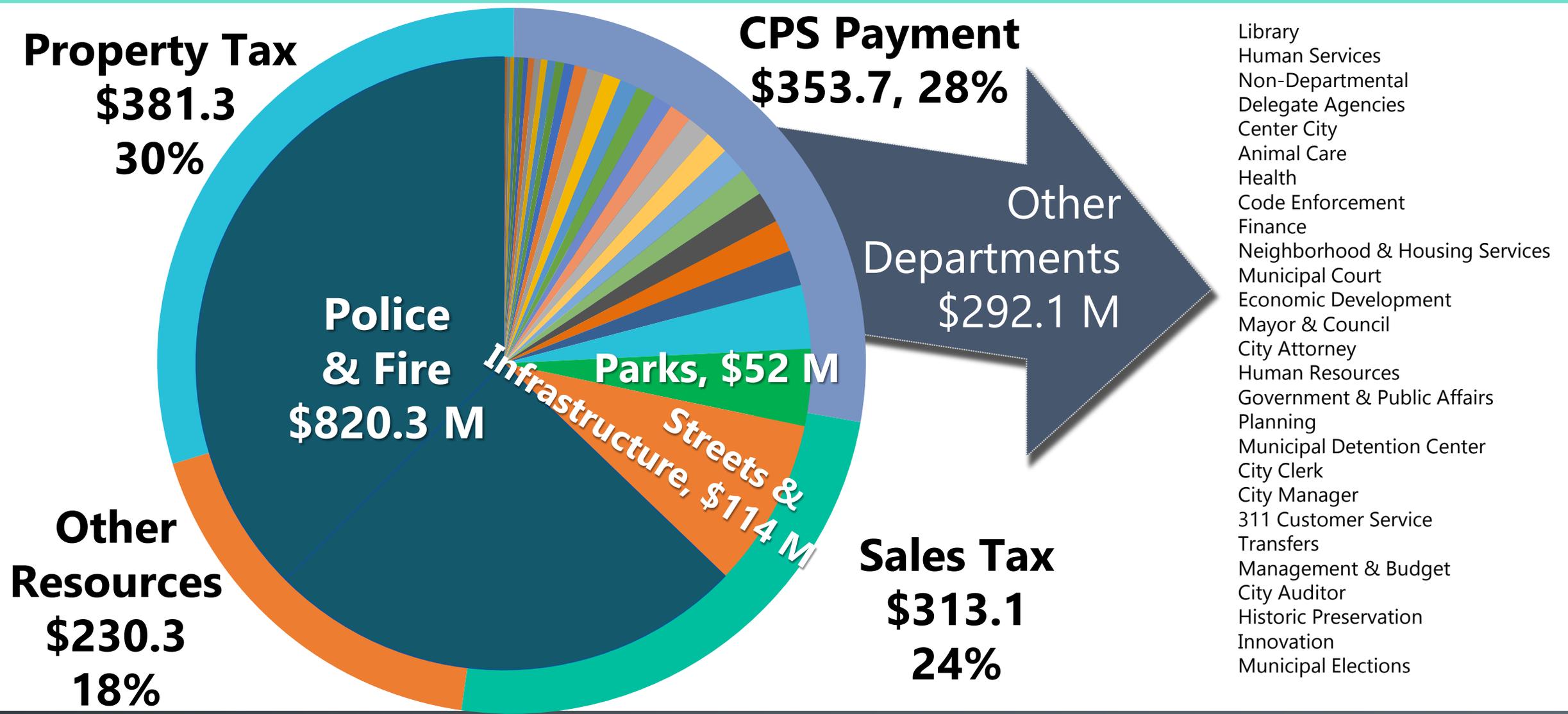
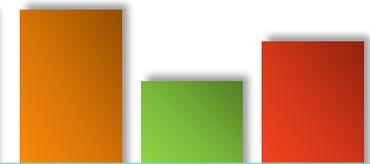
**\$1.27 Billion**



## General Fund

Supports most basic City services: Police, Fire, Streets, Parks, Library

# FY 2020 General Fund Budget: \$1.27 Billion



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

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

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

# Five Year Financial Forecast FY 2021 - FY 2025

# What is the Financial Forecast ?



Early financial outlook for the City as the budget development process begins for FY 2021

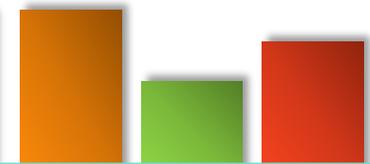


Initiates Council Policy discussions for budget



Financial Forecast is not a budget

# General Fund Five Year Forecast



- Unprecedented economic uncertainty
- Financial challenges in each year of forecast
- Increases for contractual obligations and completion of bond projects
- Reductions required to achieve balanced budget
- Trial Budget Provides Financial Flexibility

FIVE YEAR FINANCIAL FORECAST  
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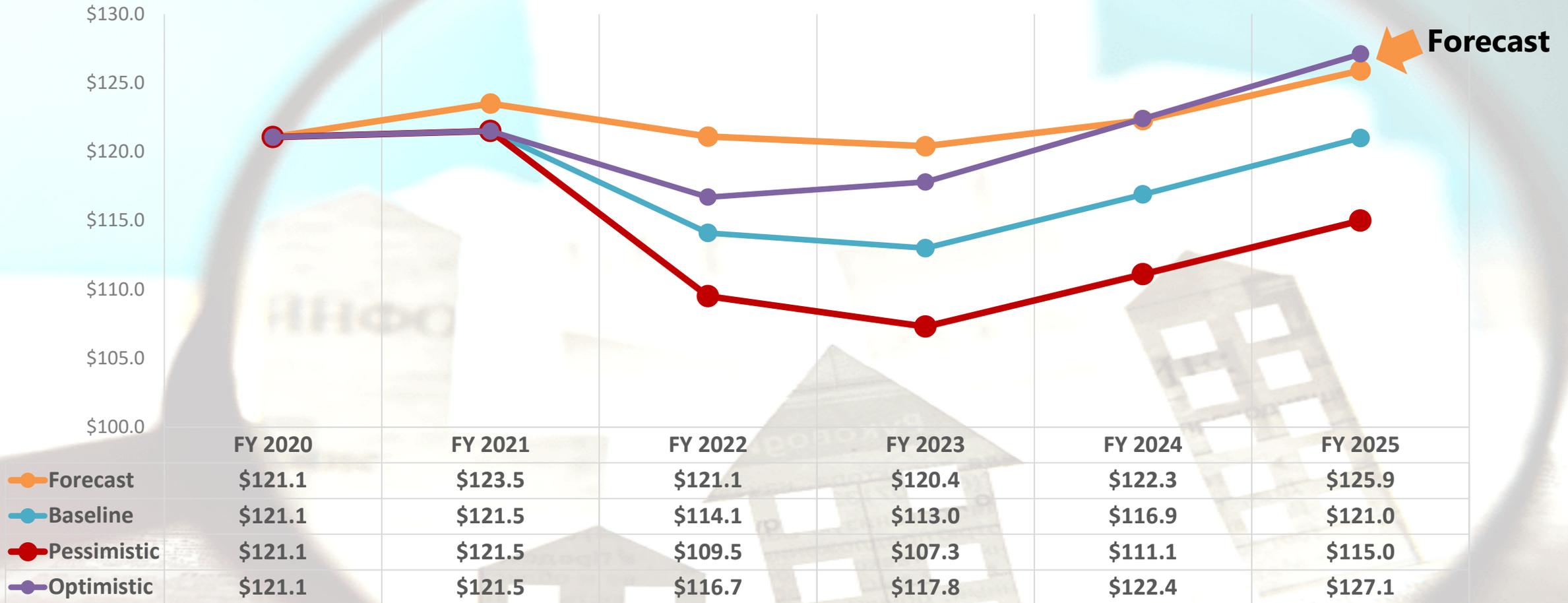
CITY OF SAN ANTONIO

CITY OF SAN ANTONIO

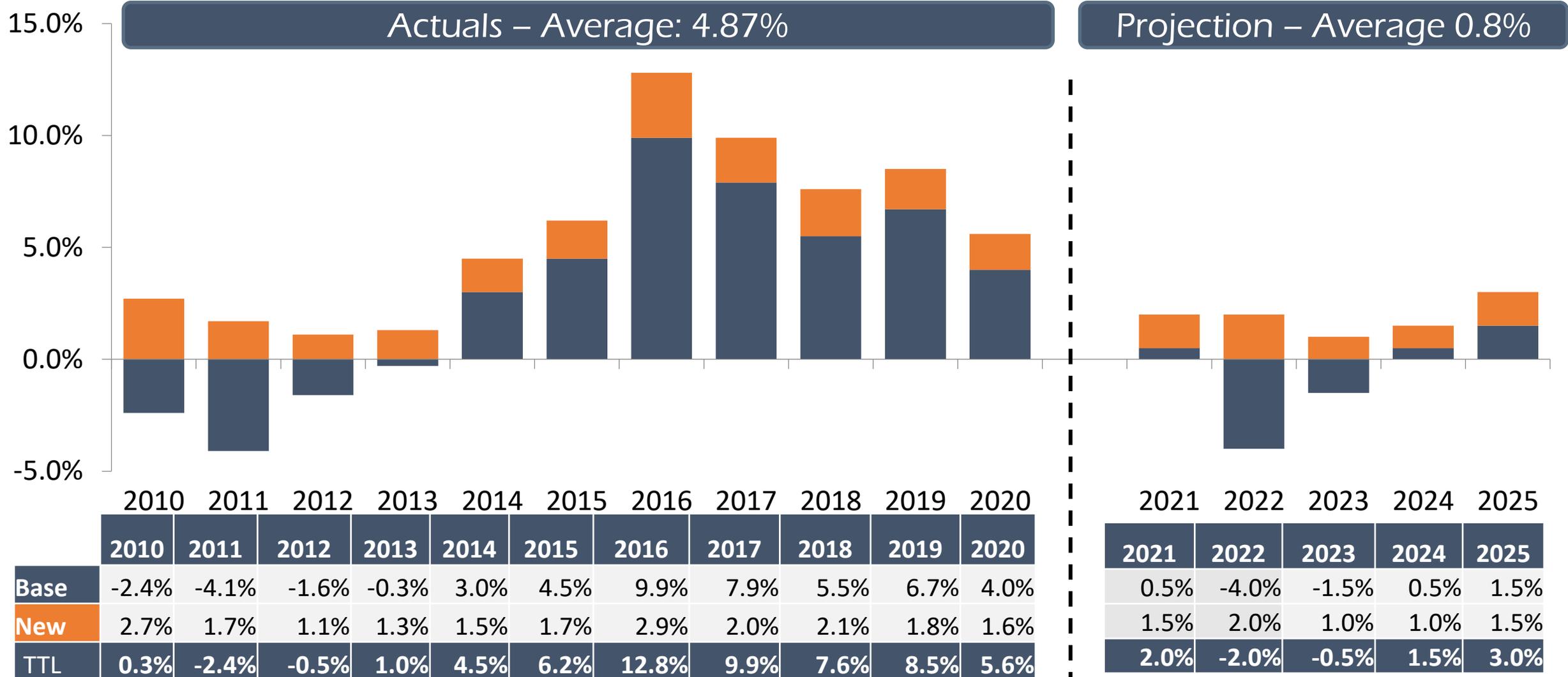
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# Revenue Assumptions

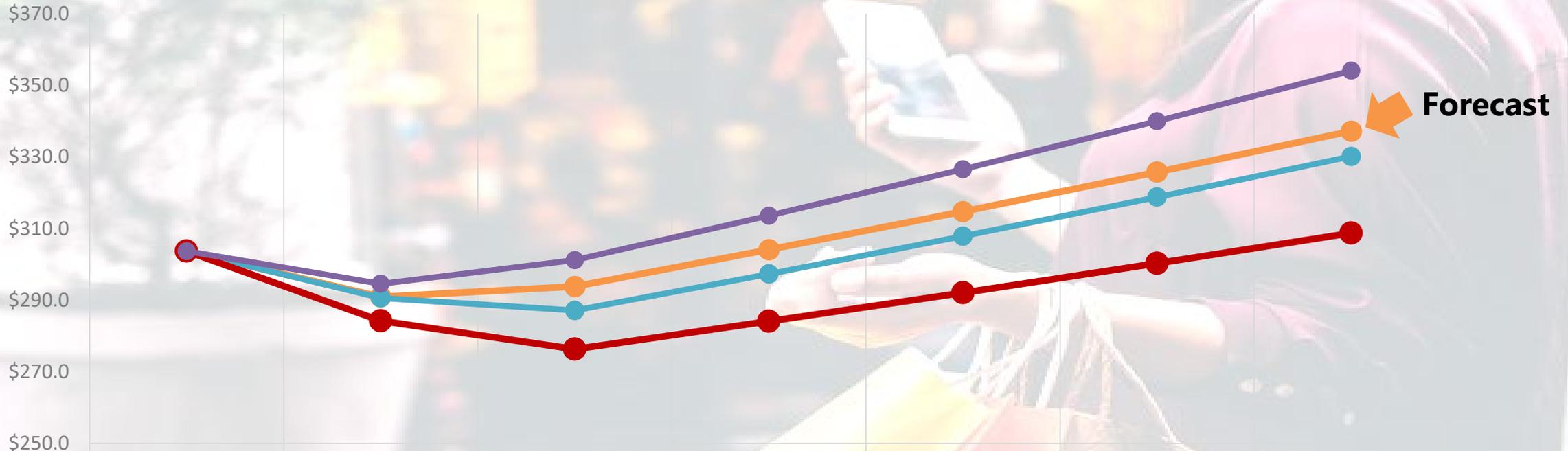
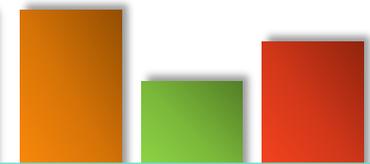
# Property Tax Valuation (\$ in Billions)



# Property Tax - Taxable Valuation % Change from Prior Year

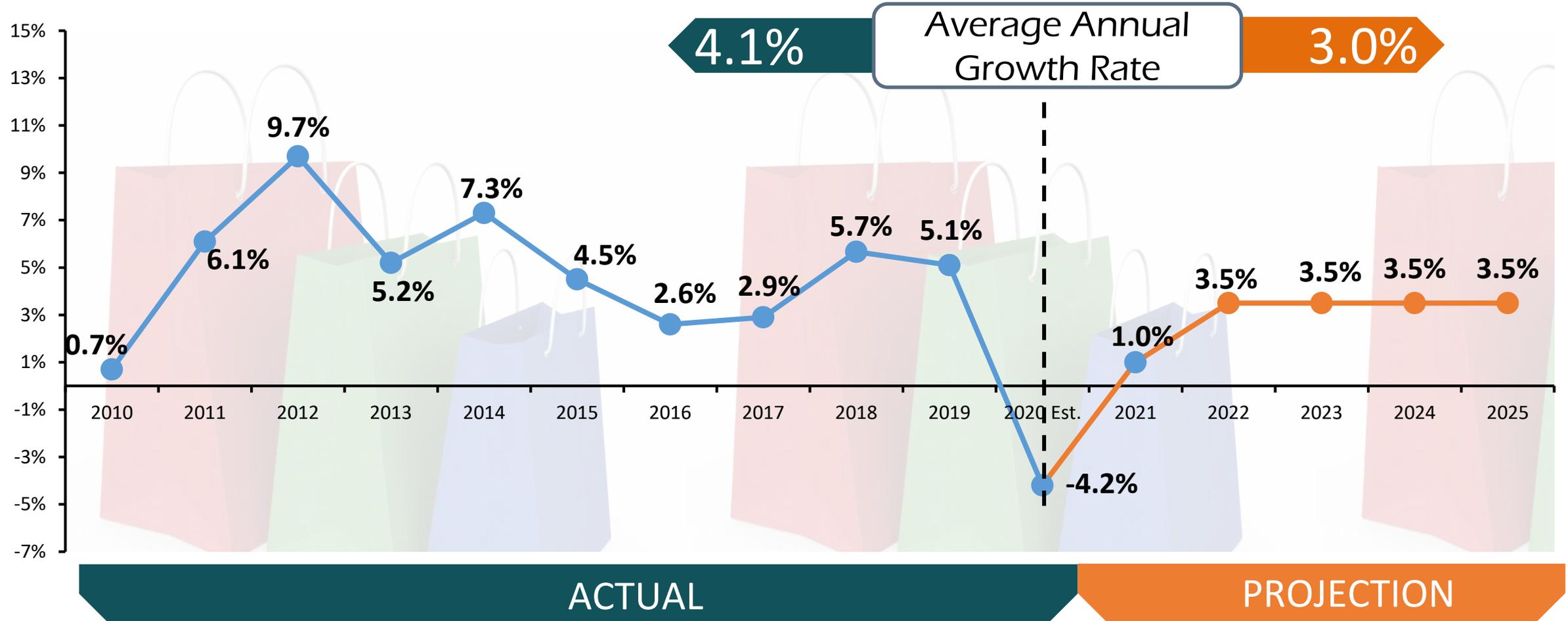


# Sales Tax Projection (\$ in Millions)

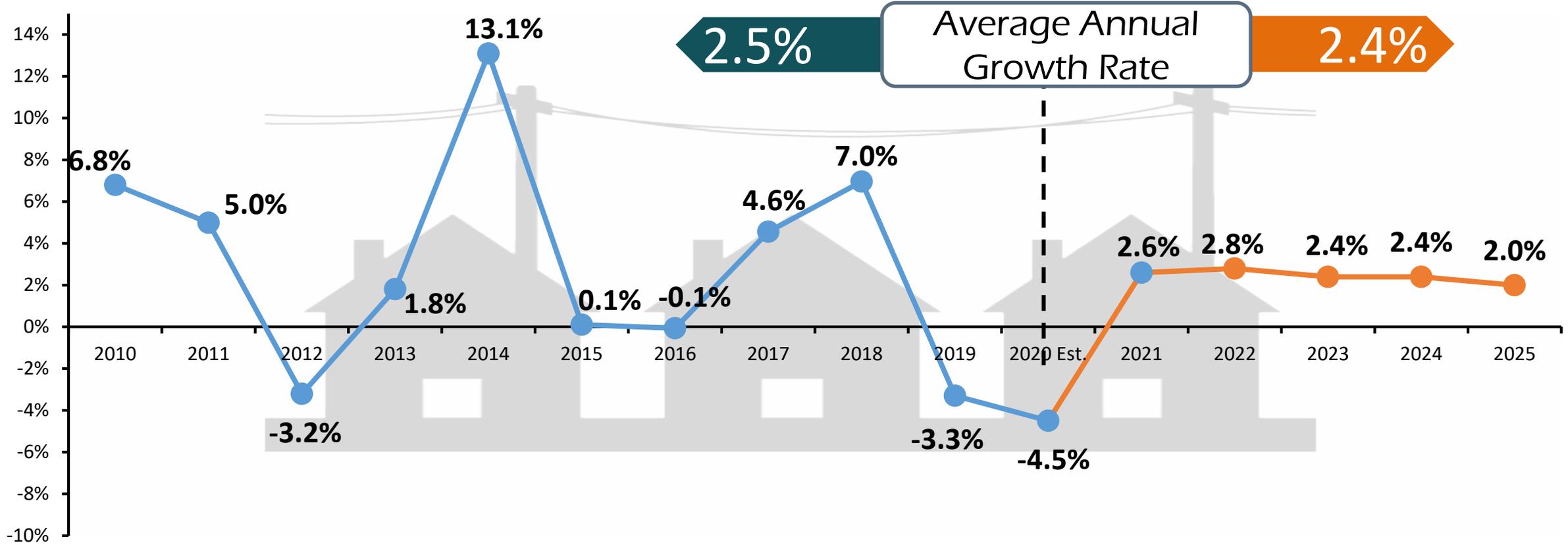


	FY 2019	FY2020 Estimate	FY2021	FY2022	FY2023	FY2024	FY 2025
Forecast	\$303.7	\$290.9	\$293.8	\$304.1	\$314.8	\$325.8	\$337.2
Baseline	\$303.7	\$290.6	\$287.1	\$297.3	\$307.9	\$318.8	\$330.1
Pessimistic	\$303.7	\$284.3	\$276.4	\$284.1	\$292.1	\$300.3	\$308.8
Optimistic	\$303.7	\$294.6	\$301.2	\$313.6	\$326.6	\$340.0	\$354.1

# Sales Tax – % Change from Prior Year Actual Collections



# CPS Payment to City – Change from Prior Year Actual Collections



**ACTUAL**

**PROJECTION**

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



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CITY OF SAN ANTONIO

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# Expenditure Assumptions FY 2021 - FY 2025

# Major Program Assumptions



- Maintains current level of service
- Includes fire and police collective bargaining agreement increases
- Adds Operating Cost for bond projects
  - D3 World Heritage Facility
  - D4 Community Center
  - D9 Walker Ranch Senior Center
  - D9 Steubing Ranch
- Reflects increases in medical inflation and modest inflationary increases for commodities

# General Fund Five-Year Financial Forecast



(\$ in Millions)	FY 2020 Budget	FY 2021 Projection	FY 2022 Projection	FY 2023 Projection	FY 2024 Projection	FY 2025 Projection
Projected Resources <sup>a</sup>	\$1,367	\$1,354	\$1,305	\$1,332	\$ 1,365	\$1,401
Projected Expenses	1,278	1,316	1,334	1,365	1,389	1,411
Two-Year Budget Reserve	89 <sup>b</sup>	58	60	64	68	71
Ending Balance/(Adjustment Needed)	\$0	\$(20)	\$(89)	\$(97)	\$(92)	\$(81)

*a: Includes Use of Reserves from Prior Fiscal Year*

*b: Includes reserve for Year 2 cost of FY 2020 budget amendments & reserve for impact of Senate Bill 2*

# General Fund Trial Budget (FY 2021 & FY 2022)

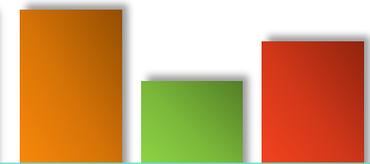
	FY 2021	FY 2022	Total
<b>Projected Deficit</b>	<b>\$(20)</b>	<b>\$(89)</b>	<b>\$(109)</b>
<b>Trial Budget Reductions</b>			
Police Overtime Reduction	\$3.4	\$4.4	<b>\$7.8</b>
Hiring Freeze & Temporaries	10.9	6.1	<b>17.0</b>
Economic Development Incentives	5.5	5.5	<b>11.1</b>
HemisFair Park Contribution	1.7	1.7	<b>3.4</b>
Consulting Fees for SA Tomorrow	1.4	1.4	<b>2.8</b>
Management Fellow Program	0.3	0.3	<b>0.5</b>
General Fund and Fuel Contingencies	1.5	1.5	<b>3.0</b>
One Time Personnel Expense Adjustments	12.8	0.0	<b>12.8</b>
Street Maintenance	27.8	22.5	<b>50.3</b>
<b>Total</b>	<b>\$65.3</b>	<b>\$43.4</b>	<b>\$109</b>



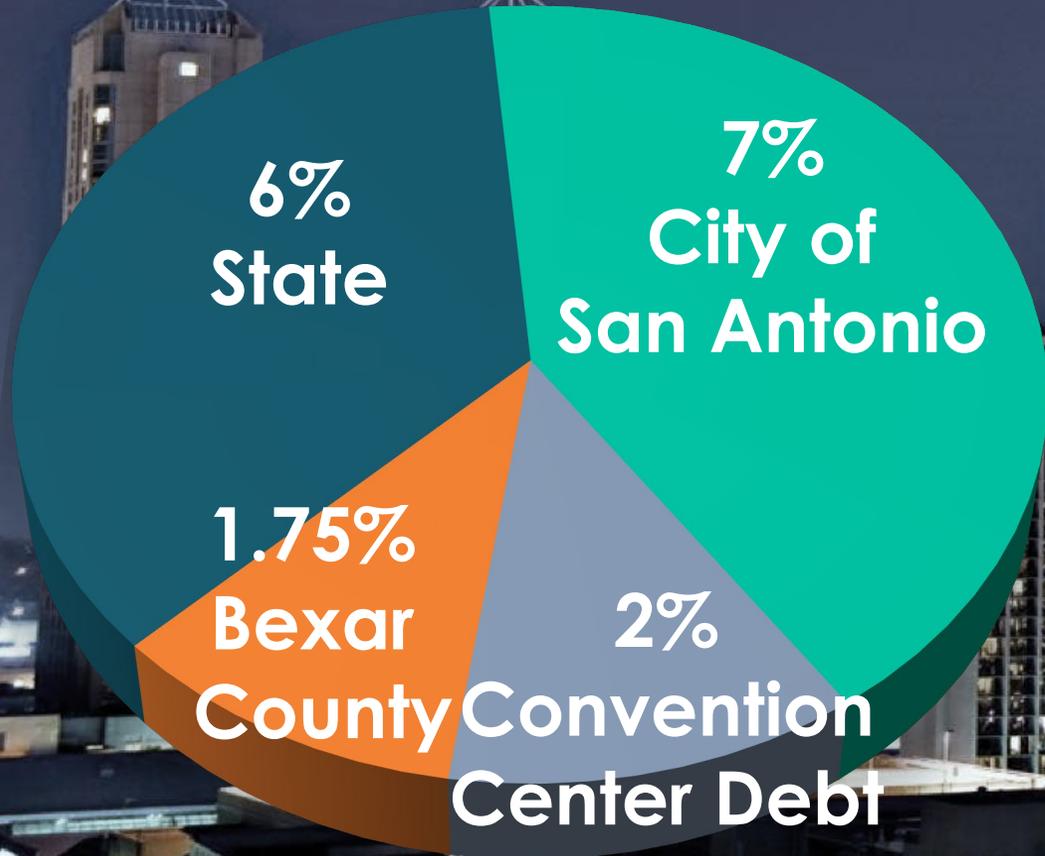
# Five Year Financial Forecast FY 2021 - FY 2025

## Hotel Occupancy Tax

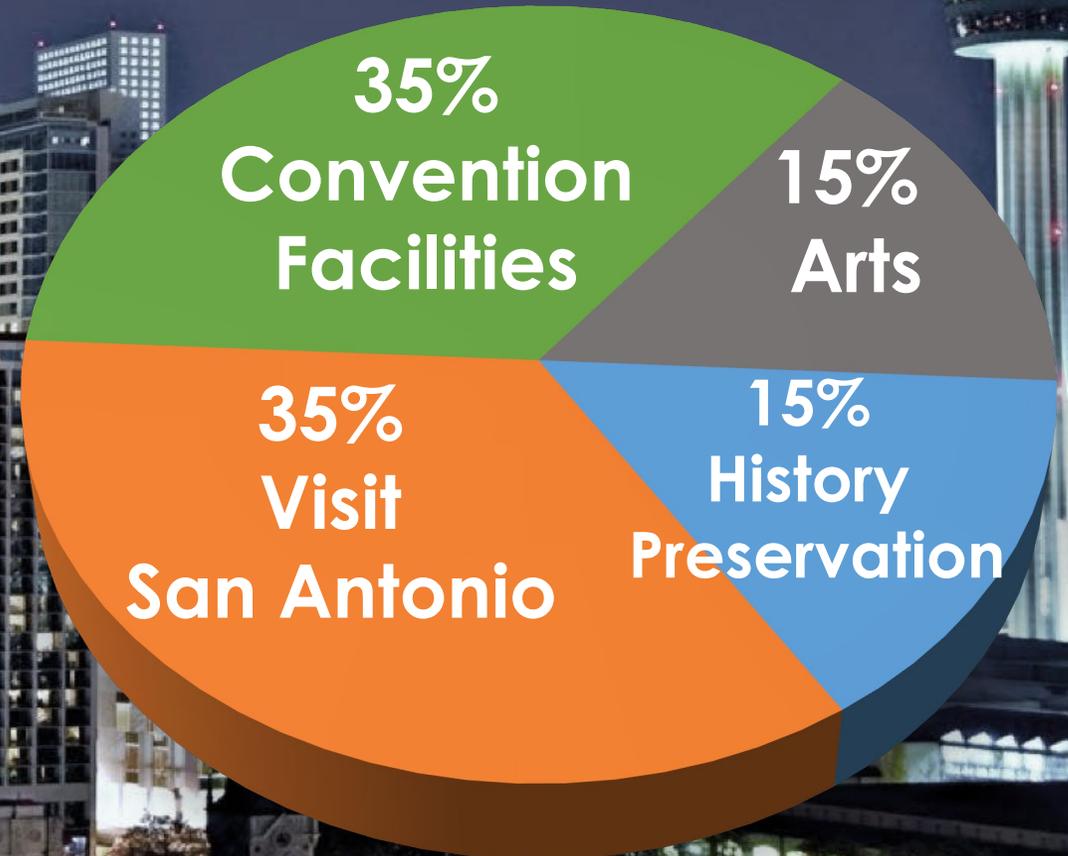
# Hotel Occupancy Tax Rate



**HOT Rate: 16.75%**



**COSA HOT Tax Allocation**



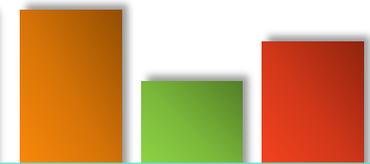
# Hotel Tax Projection



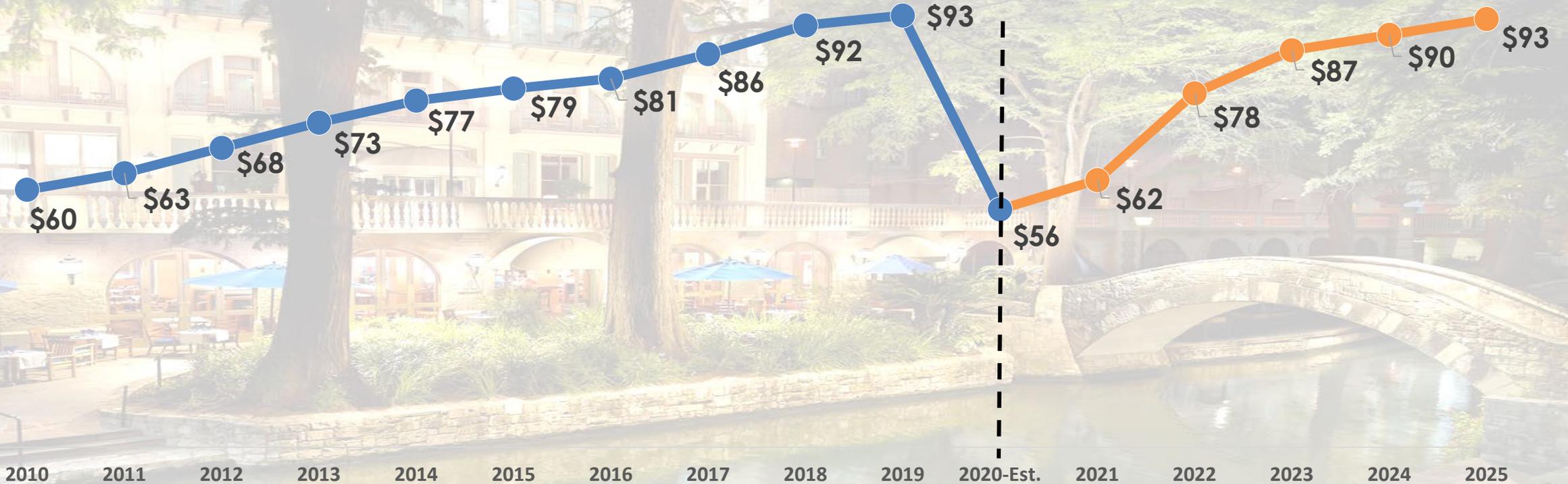
- Forecast
- Baseline
- Pessimistic
- Optimistic

	FY 2019	FY2020 Estimate	FY2021	FY2022	FY2023	FY2024	FY 2025
Forecast	\$93.5	\$56.0	\$61.7	\$78.4	\$86.7	\$89.7	\$92.8
Baseline	\$93.5	\$57.8	\$63.4	\$78.6	\$84.9	\$89.1	\$93.4
Pessimistic	\$93.5	\$55.0	\$57.8	\$74.1	\$79.3	\$83.2	\$87.2
Optimistic	\$93.5	\$60.6	\$72.0	\$83.8	\$90.9	\$95.3	\$100.0

# Hotel Occupancy Tax – 9%



## Annual Revenue (\$ in Millions)



ACTUAL

PROJECTION

# Hotel Occupancy Tax Fund



(\$ in Millions)	FY 2020 Budget	FY 2021 Projection	FY 2022 Projection	FY 2023 Projection	FY 2024 Projection	FY 2025 Projection
Community & Visitor Facilities	\$54.4	\$42.4	\$46.9	\$50.2	\$52.4	\$53.2
Visit San Antonio	\$24.9	\$16.2	\$18.7	\$21.3	\$21.9	\$22.6
Arts & Culture	\$11.5	\$7.7	\$8.8	\$9.9	\$10.2	\$10.5
History and Preservation	\$10.7	\$6.9	\$8.0	\$9.1	\$9.4	\$9.7

# Hotel Occupancy Tax Fund – Trial Budget



(\$ in Millions)	FY 2020 Budget	FY 2021 Projection	Reduction
Community & Visitor Facilities	\$54.4	\$42.4	(\$12.0) <sup>a</sup>
Visit San Antonio	\$24.9	\$16.2	(\$8.7)
Arts & Culture	\$11.5	\$7.7	(\$3.8)

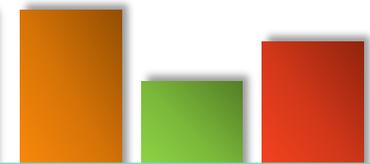
***a: To offset the Community & Visitor Facilities Reduction in FY 2021; the General Fund would transfer \$6.9 Million in FY 2021 and adjustments to personnel and other expenses would be made in the amount \$5.1 Million***



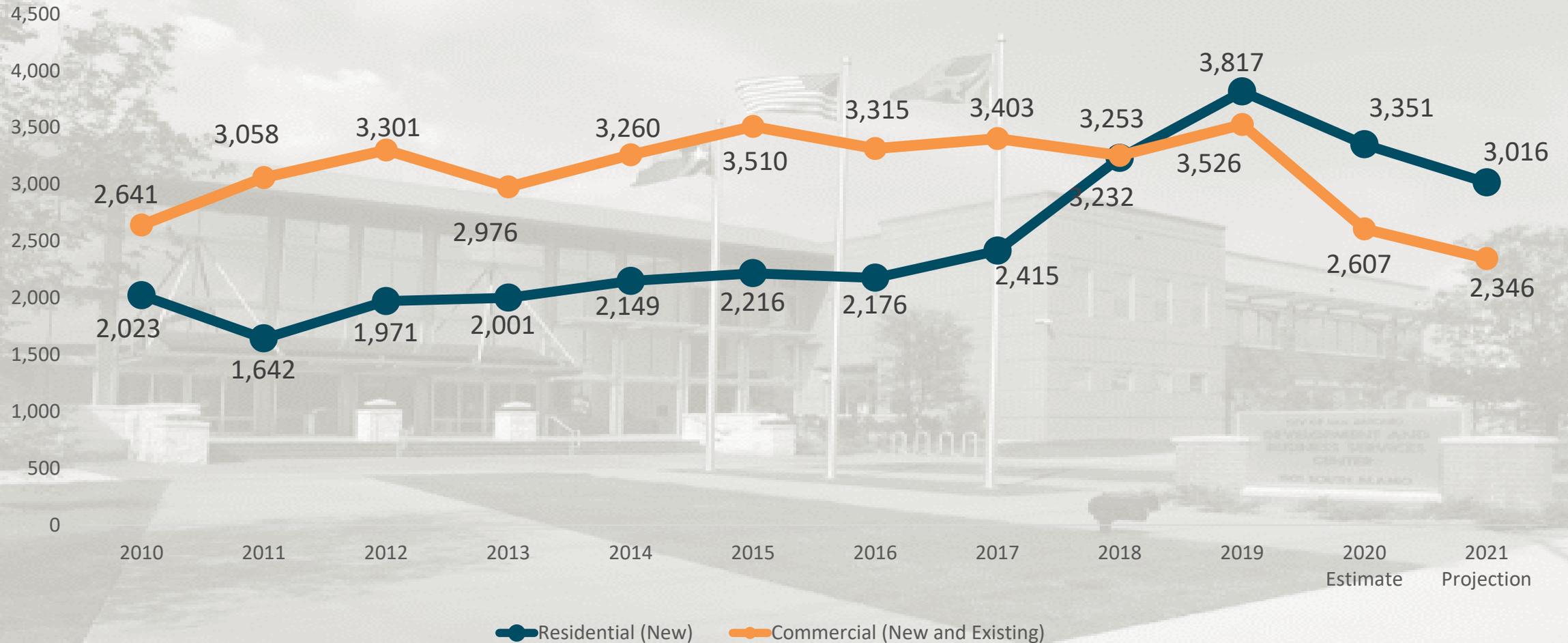
# Five Year Financial Forecast FY 2021 - FY 2025

## Development Services

# Development Services Fund

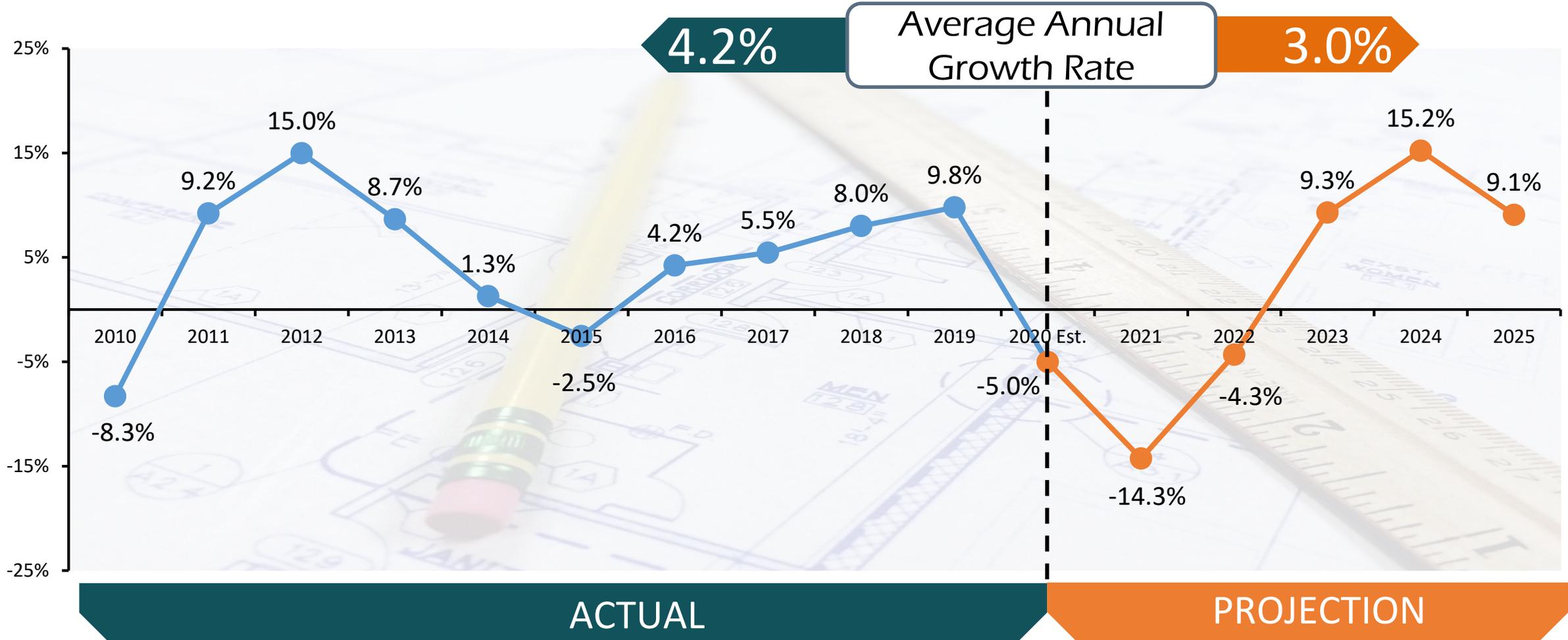


## Residential & Commercial Building Permit Activity



# Development Services

## % Change from Prior Year Actual Collections



# Development Services

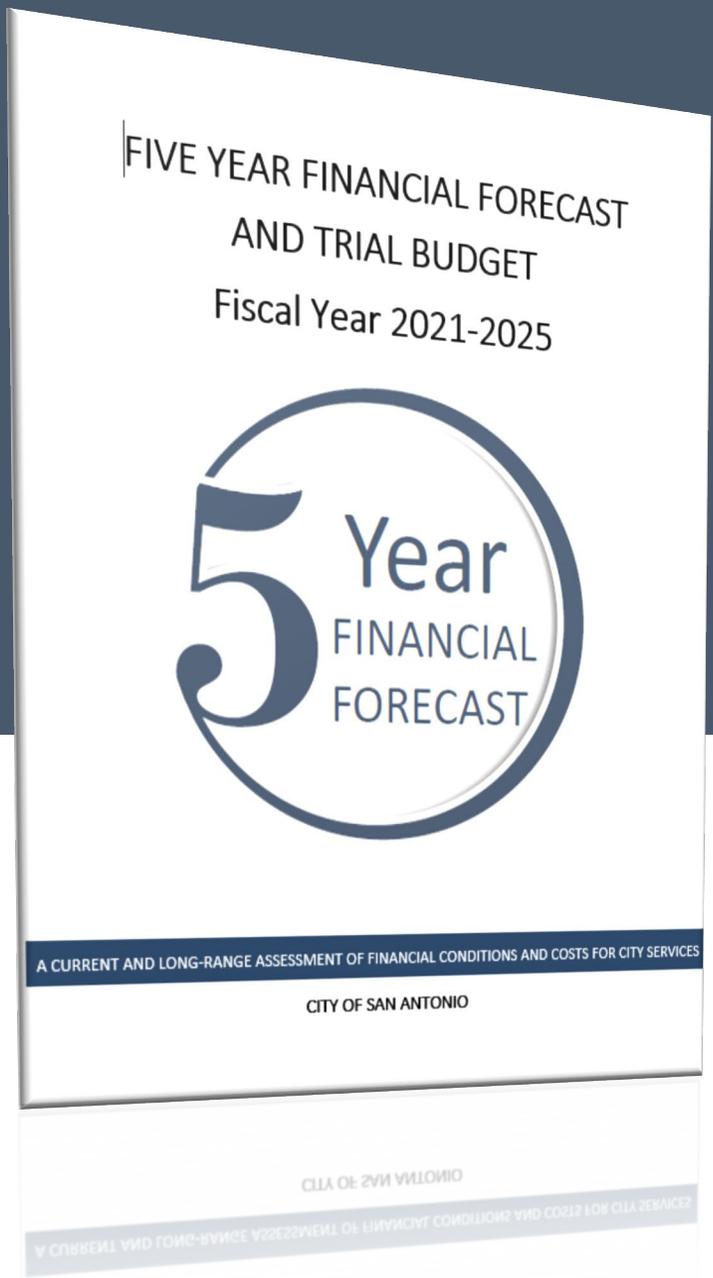


(\$ in Millions)	FY 2020 Budget	FY 2021 Projection	FY 2022 Projection	FY 2023 Projection	FY 2024 Projection	FY 2025 Projection
Projected Resources	\$45.8	\$39.8	\$32.8	\$33.0	\$38.0	\$41.5
Projected Expenses	37.6	37.2	38.2	41.2	41.4	42.9
Operating Contingency	8.2	2.8	2.8	3.0	3.0	3.2
Ending Balance/(Adjustment Needed)	\$0	\$(0.2)	\$(8.2)	\$(11.2)	\$(6.4)	\$(4.6)

# Development Services Fund Trial Budget (FY 2021 & FY 2022)

	FY 2021	FY 2022	Total
<b>Projected Deficit</b>	<b>\$(0.2)</b>	<b>\$(8.2)</b>	<b>\$(8.4)</b>

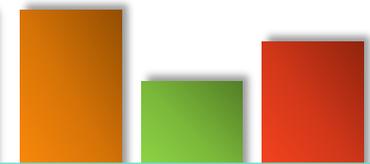
<b>Trial Budget Reductions</b>			
Personnel Expense Adjustments	\$1.8	\$0.6	<b>\$2.4</b>
Hiring Freeze	1.8	3.0	<b>4.8</b>
Various Line Item Reduction	0.3	0.3	<b>0.6</b>
Use of Operating Contingency	0.3	0.3	<b>0.6</b>
<b>Total</b>	<b>\$4.3</b>	<b>\$4.3</b>	<b>\$8.4</b>



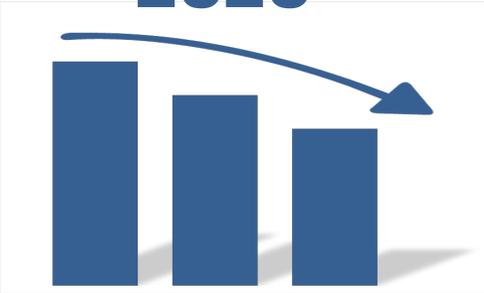
# Five Year Financial Forecast FY 2021 - FY 2025

## Airport

# Airport Passengers



**2020**

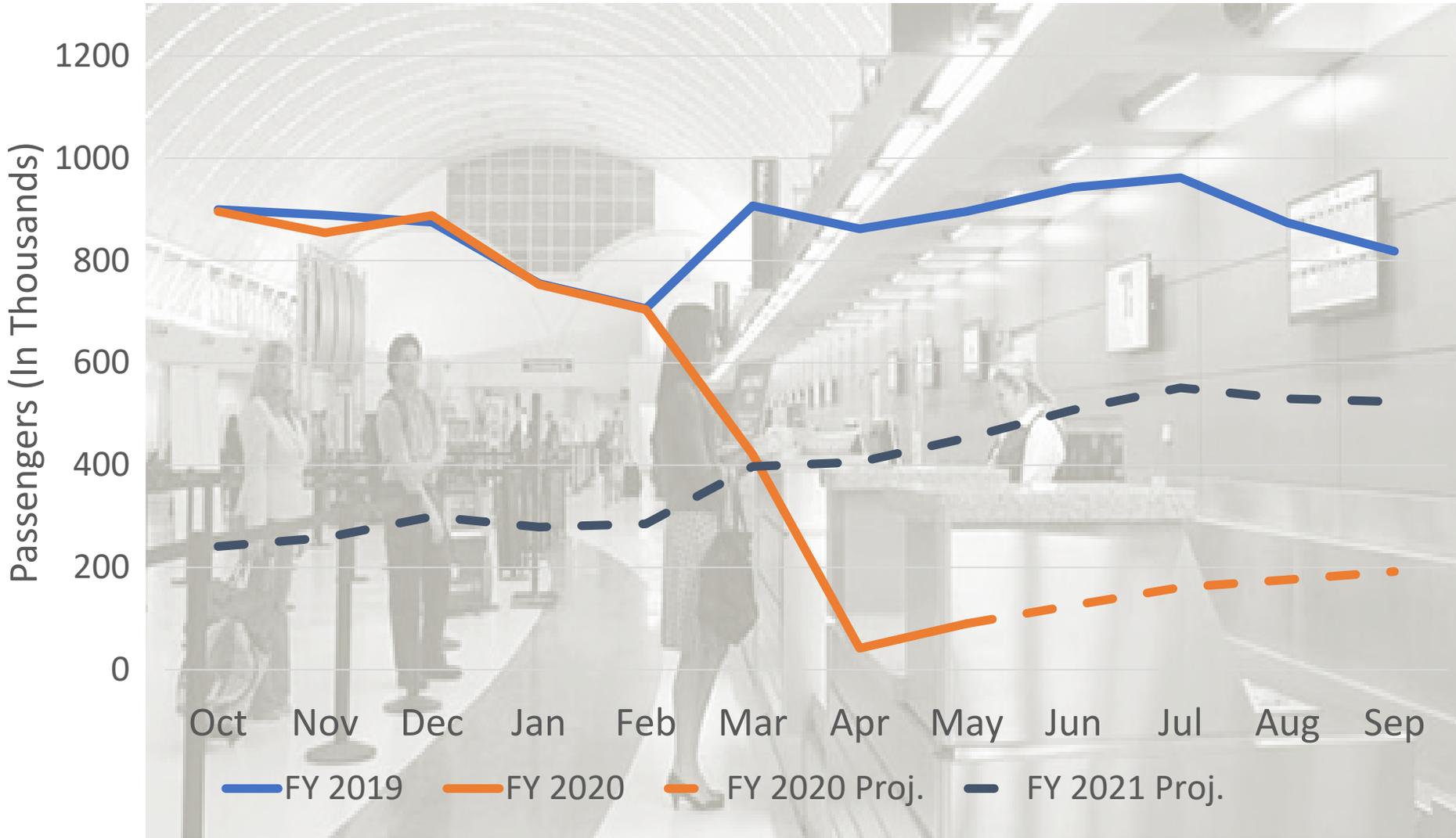


**49% Decrease**

**2021**



**10.8% Decrease**



# Airport Revenue Projection



\$160.0  
\$140.0  
\$120.0  
\$100.0  
\$80.0  
\$60.0  
\$40.0



	FY 2019	FY2020 Estimate	FY2021	FY2022	FY2023	FY2024
Trial Budget*	\$148.3	\$98.1	\$101.2	114.7	120.1	122.6
Baseline	\$148.3	\$95.2	\$96.6	\$111.1	\$117.3	\$119.7
Pessimistic	\$148.3	\$83.7	\$74.5	\$99.2	\$112.5	\$117.3
Optimistic	\$148.3	\$102.6	\$108.2	\$119.7	\$125.1	\$127.6

\*Trial Budget does not include CARES Act Funding

# Airport Funds Revenue Impact



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
<b>Total</b>	<b>\$148.5</b>	<b>\$114.5</b>	<b>(\$34.0)</b>

# Airport Fund Trial Budget



	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)
		<b>Total</b>	<b>(\$34.0)</b>

## Next Steps

- Community Input  
June 18 – June 24
- Goal Setting Session  
June 26
- Budget Proposal  
August 6
- Budget Adoption  
September 17

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June 18, 2020

Presented by: Maria Villagómez, Deputy City Manager

