

FY 2008 Financial Update
FY 2008 Mid-Year Budget Adjustment
Five-Year Financial Forecast
Ballot of City Services

Presented by Peter Zanoni, Director
Office of Management & Budget

April 30, 2008
City Council “B” Session

BUDGET DEVELOPMENT STRATEGY

FY 2009

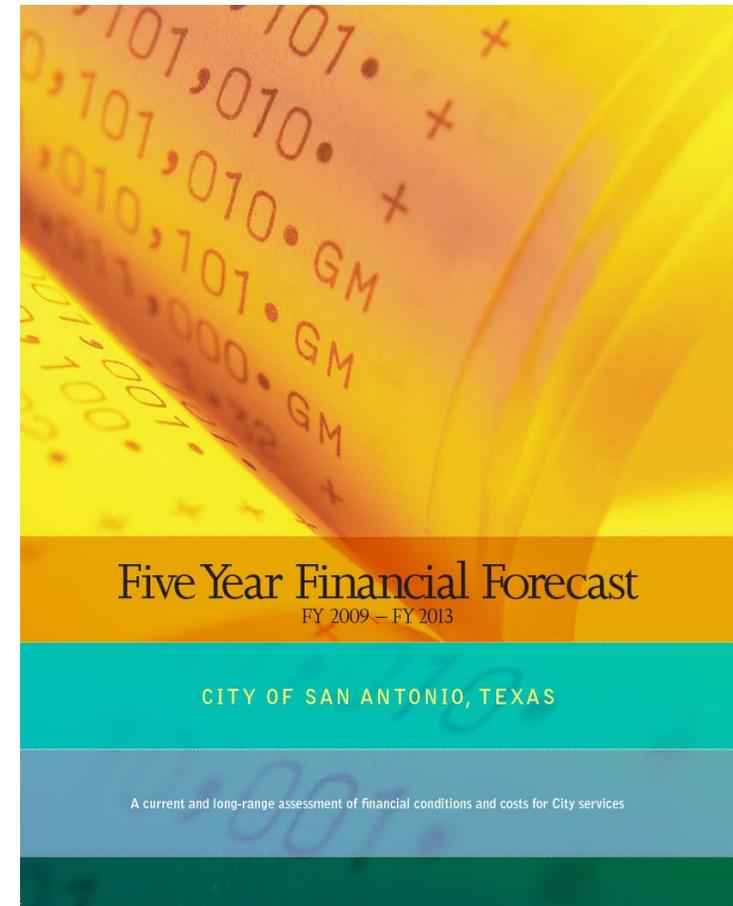
Community & Employee Input	City Council Policy Direction			Service Delivery Plan Recommendation & Review			Adopted Budget
March 3	April 30 "B" Session	May 13 City Council Budget Retreat	June 18 "B" Session	July 1 - July 31	August 14 "A" Session	August 18 - Sept. 10	Sept. 11 "A" Session
Budget Input Box & Frontline Employee Focus Groups	Financial Forecast & Service Rating Ballot for Policy Direction	Set City Council Policy Goals & Service Delivery Priorities	Preliminary Budget Proposals	Develop Proposed Budget	Proposed Budget	Community & City Council Review	FY 2009 Budget & Appropriations Ordinance

All Events Scheduled Within Budget Calendar - City of San Antonio

Five Year Financial Forecast

Five Year Financial Forecast Agenda

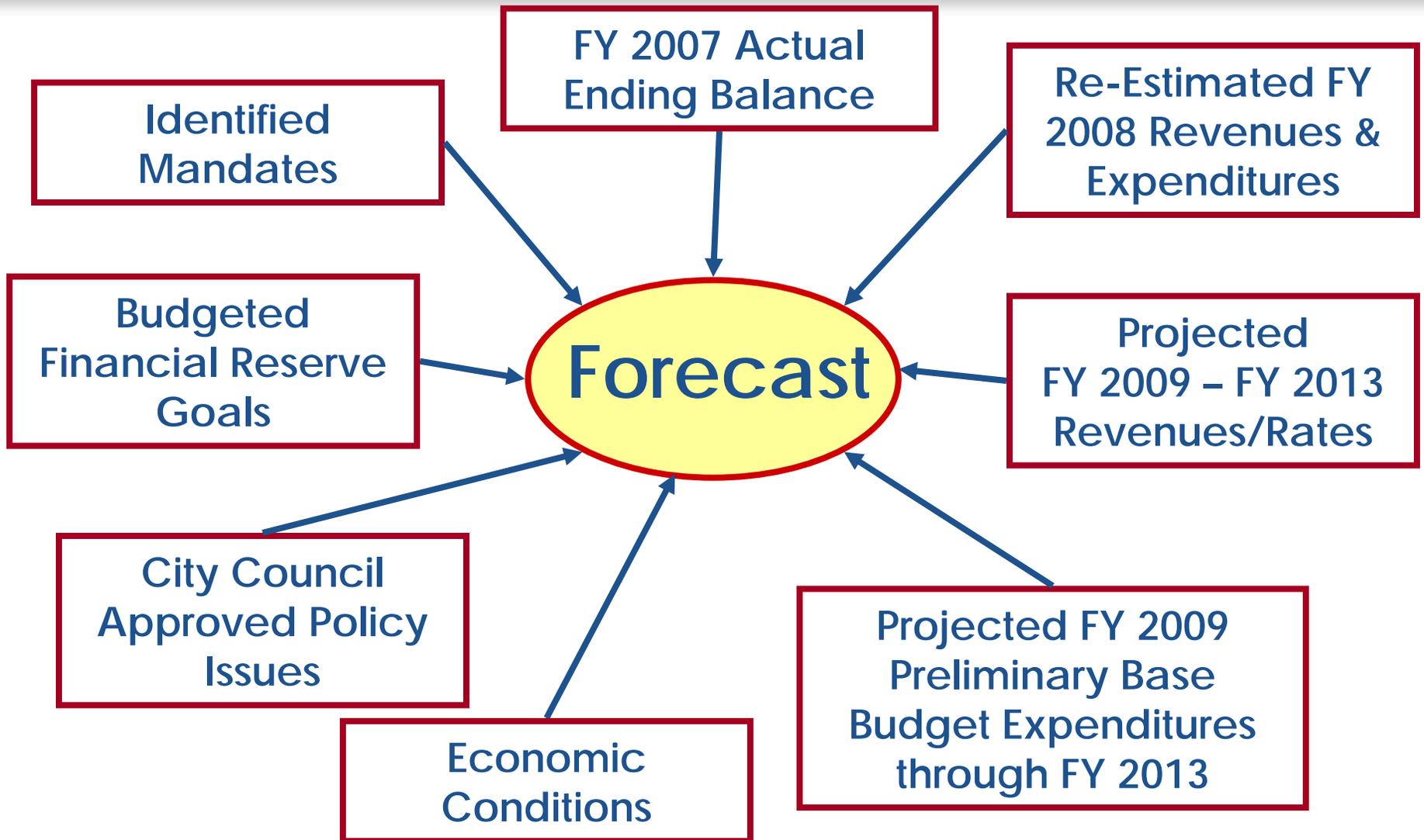
- **General Fund**
 - Purpose/Summary
 - Assumptions
 - Forecast
 - Revenue Detail
- **Other Funds/Areas**
 - Hotel Occupancy Tax Related Funds
 - Community & Visitor Facilities
 - Convention & Visitors Bureau
 - Cultural Affairs
 - Development Services Fund
 - Environmental Services Fund



Purpose of Forecast

- Budgetary planning tool
- Early identification of projected ending balances
- Provides strategic model to evaluate future impact of budget decisions
- Part of service delivery/goal setting strategy for FY 2009 Proposed Budget

Forecast Components



General Fund Forecast Summary

- General Fund ending balance projected shortfall in FY 2009 of **\$13.67 M**
- Two-Year Balance Plan not achieved with FY 2010 projected shortfall of **\$58.18 M**

Revenue Assumptions

- City Property Tax Rate reduction
 - Commensurate to Health Department expenditure reduction for transfer of clinical services to University Health System
 - FY 2009 rate reduction 5/10ths of a cent
 - FY 2010 rate reduction 2/10ths of a cent
- CPS payment within the Forecast period based on current rates

Expenditure Assumptions in Forecast Period

- Reflects funding to provide today's level of recurring City services
- Includes projected FY 2009 staffing levels/cost based on current personnel complement
- Funds adopted Five Year Rolling Infrastructure Management Program
- Funds Parks Maintenance & Renovation Program
- Removes FY 2008 "one-time" expenditures
- Adds Mandate costs

Expenditure Assumptions in Forecast Period

- Includes Pay Plan implementation for civilian employees
- Includes funding for the phase-in of higher retirement contribution rates identified by TMRS
- Medical inflation factors included in healthcare and workers' compensation costs
- Reflects higher anticipated costs for Police/ Fire retiree payouts/vacation leave buyback
- Includes funding for Peace Officer salary adjustments consistent with Meet & Confer Agreement

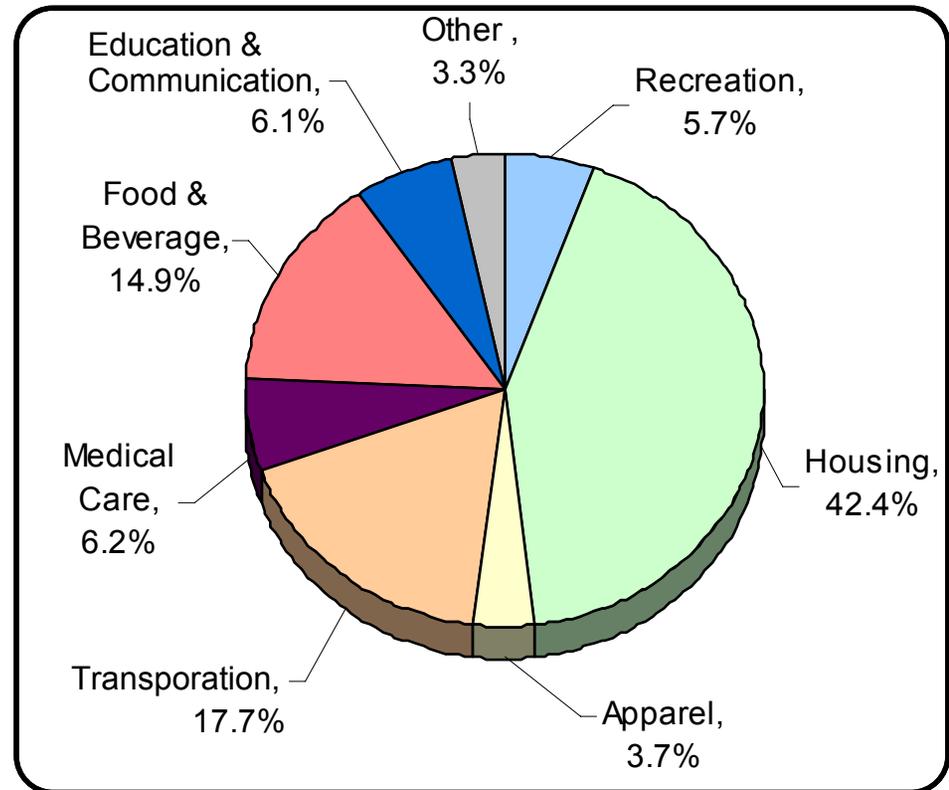
Expenditure Assumptions in Forecast Period

- Select Commodities and Contractual Service budgets increased by inflation rates
- Fuel budgets increased 33% in FY 2009
- Includes recurring Base Funding levels within City Council approved policy plans
- Increases funding for newly identified costs since FY 2008 budget adoption
- Includes funding to support commitment to National Bio Agro Defense Facility
- Forecast includes Financial Reserve Policy recommendations for FY 2009 and beyond

Consumer Price Index (Inflation)

- CPI measures change in cost of buying goods and services
- CPI increase of more than 1% from FY 2008 to FY 2009 results in uncontrollable cost increases for General Fund programs

Items Surveyed to develop CPI



Forecasted Inflation Rates

FY 2008 (initial projection)	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
2.21%	3.37%	3.37%	2.60%	2.60%	2.60%

Mandates Included in Forecast

Mandate Summary

(\$ In Millions) Incremental	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Total Mandates	\$21.64	\$8.14	\$2.47	\$4.92	\$1.63

- Capital Improvements Operations & Maintenance for Parks, Libraries and Fire Stations
- Police and Fire Contract Requirements
- Public Safety Grant Match Requirements

FY 2008 Enhancements Not In Forecast

(\$ in Thousands)

Street Maintenance One-time funding level enhancement	\$9,000
Neighborhood Access & Mobility Program (NAMP) - FY 2009 Base Budget is \$2M	\$1,000
Workforce Development (Quest, etc.) - \$1.3 M needed to make FY 2009 funding level consistent with FY 2008	\$1,300
Library Technology Enhancements	\$366
Library Resource Funding - FY 2009 Base Budget includes \$2.7 M	\$350
Early Childhood - FY 2009 Base Budget includes \$450,793	\$124

FY 2008 Enhancements Not In Forecast

(\$ in Thousands)

Women's Pavilion Improvements at Hemisfair	\$50
Summer Youth Program Employment Initiative	\$250
Downtown Trolley Service Initiative Pilot	\$250

Multi-Year Policy Commitments Not In Forecast

(\$ in Thousands)

Final Phase of Fire Four-Person Pumper Staffing	\$672
Three Year Library staffing plan (Year 2)	\$665
San Antonio Education Partnership (Year 3 of 5 Year Plan)	\$570

Additional and Recent Requests Not Included in Forecast

- More Police and Fire Uniform Staffing
- Street Endowment Fund Corpus
- Ongoing street maintenance and newly identified projects
- More NAMP dollars
- Undergrounding of overhead utility lines
- More Animal Care services
- More aggressive code enforcement for dangerous property abatement

Additional and Recent Requests Not Included in Forecast

- Economic Development Incentive Funds including Land Bank Funds
- Public Art Master Plan
- Hemisfair Park Master Plan
- Hemisfair Public Art
- Flood Notification Program
- Low Water Crossing Improvement

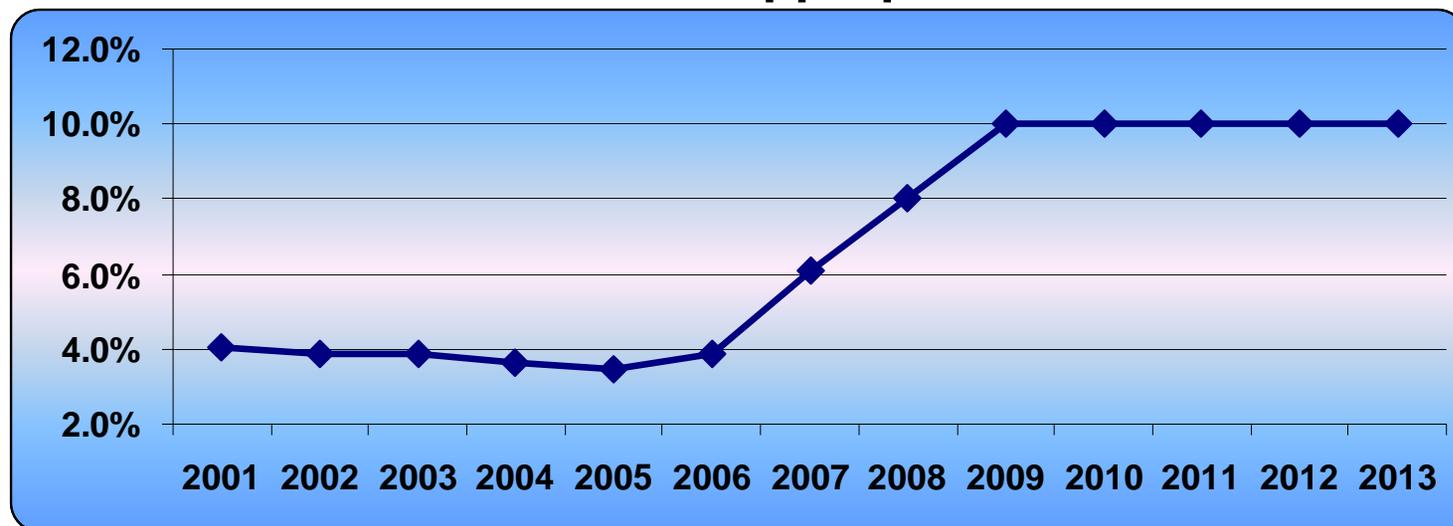
Additional and Recent Requests Not Assumed in Forecast

- More services at Haven for Hope
- Senior Centers
- Payment of Carver Loan

Budgeted Financial Reserves (General Fund)

- Maintained to meet unforeseen or extraordinary occurrences that change City's financial position
- Policy goal initiated in FY 2007 increases reserves to 10% by FY 2009

Reserves as % of Appropriations



(\$ In Millions)	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Yearly Increase	\$20.85	\$3.62	\$2.60	\$2.90	\$2.29
Total Reserve	\$89.02	\$92.64	\$95.23	\$98.14	\$100.43

General Fund FY 09 Beginning Balance

FY 2008			
(\$ In Millions)	FY 2008 Revsd Budget	FY 2008 Re-Est.	<i>FY 2008 Variance</i>
Total Revenues	826.88	841.14	14.26
Less Revenue used in Mid-Year Budget Adjustment			(1.83)
Total Expenditures	853.97	853.10	0.87
Total Combined Variance			13.30

- FY 2007 Preliminary Actual Ending Balance above FY 2007 Re-estimate: **\$12.6 M**
- FY 2008 Re-estimate above FY 2008 Revised Budget: **\$13.3 M**
- FY 2008 Ending Balance Reserve for FY 2009: **\$22.7 M**
- **Total FY 2009 Beginning Balance: \$48.6 M**

General Fund Forecast

(\$ In Millions)	FY 2009 Projection	FY 2010 Projection	FY 2011 Projection	FY 2012 Projection	FY 2013 Projection
Beginning Balance	25.89	0	0	0	0
Reserve for 2 YR Balanced Budget	22.71	0	0	0	0
Current Revenues	848.78	871.83	895.70	920.86	946.31
Total Available Resources	897.38	871.83	895.70	920.86	946.31
Total Expenditures	890.20	926.40	952.35	981.37	1,004.29
Target Goal Financial Reserves (Increment)	20.85	3.62	2.60	2.90	2.29
Ending Balance	(13.67)	(58.19)	(59.25)	(63.41)	(60.27)

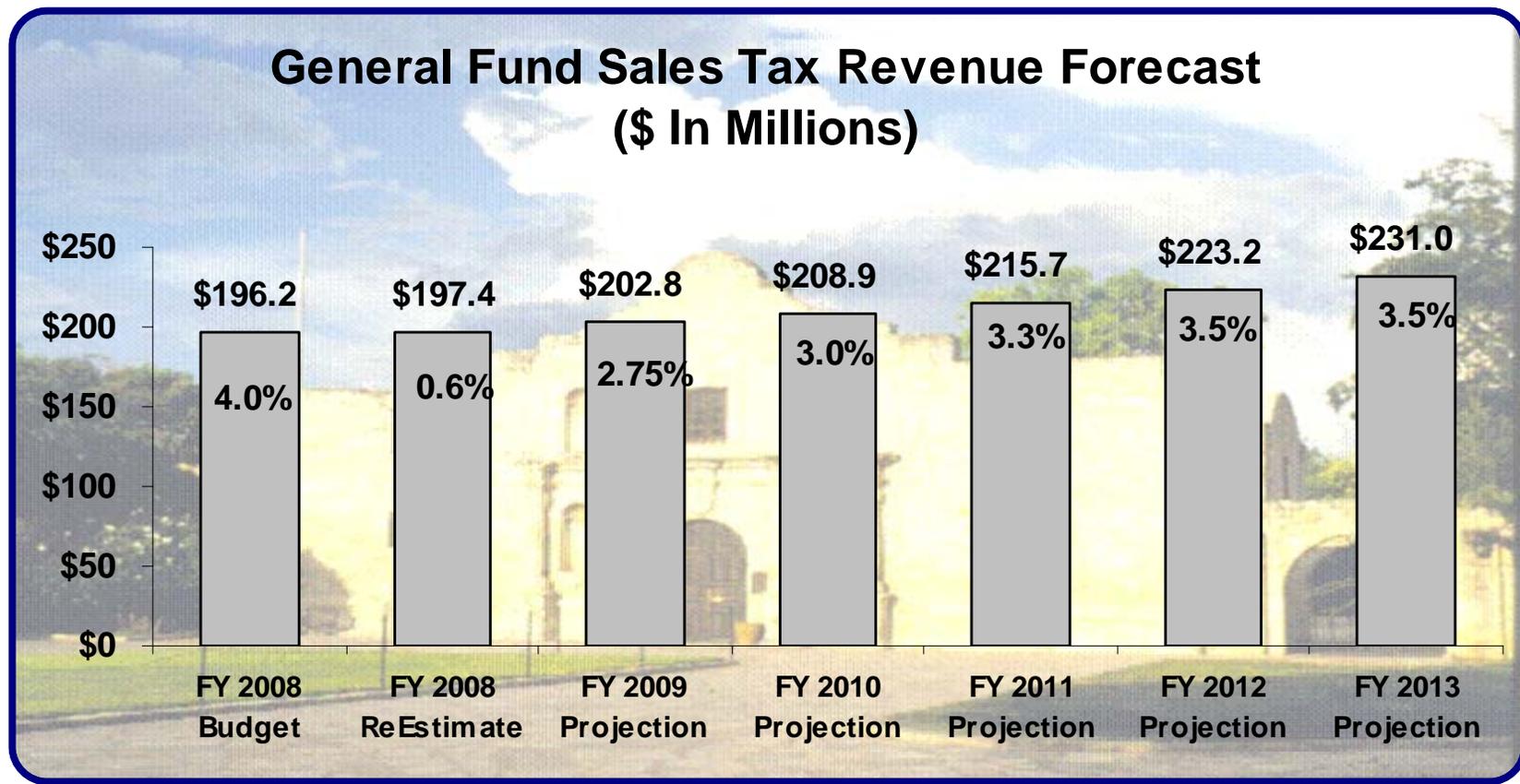
Change in FY 2009 Budget Position

- **Current revenue projection for FY 2009 below last year's projection by \$10.6 M**
 - Decrease in property tax revenue (\$1.7 M)
 - Decrease in sales tax revenue (\$1.3 M)
 - Decrease in interest earnings (\$7.6 M)*
- **Base budget costs higher than last year's projection (\$4.9 M)**
 - Fuel up 33% over last year
 - Inflation increased over 1% from last year's projection
- **New unforeseen expenses added to FY 2009 Budget (\$11.8 M)—including**
 - Civilian retirement costs rate increase recommended by TMRS
 - Added cost to reflect lower turnover rate in Departments
 - Peace Officer Pay Adjustment for Meet & Confer
 - National Bio Agro Defense Commitment
 - Increase in costs for Police and Fire retirements

**Represents loss in Interest Earnings for FY 2008 and FY 2009*

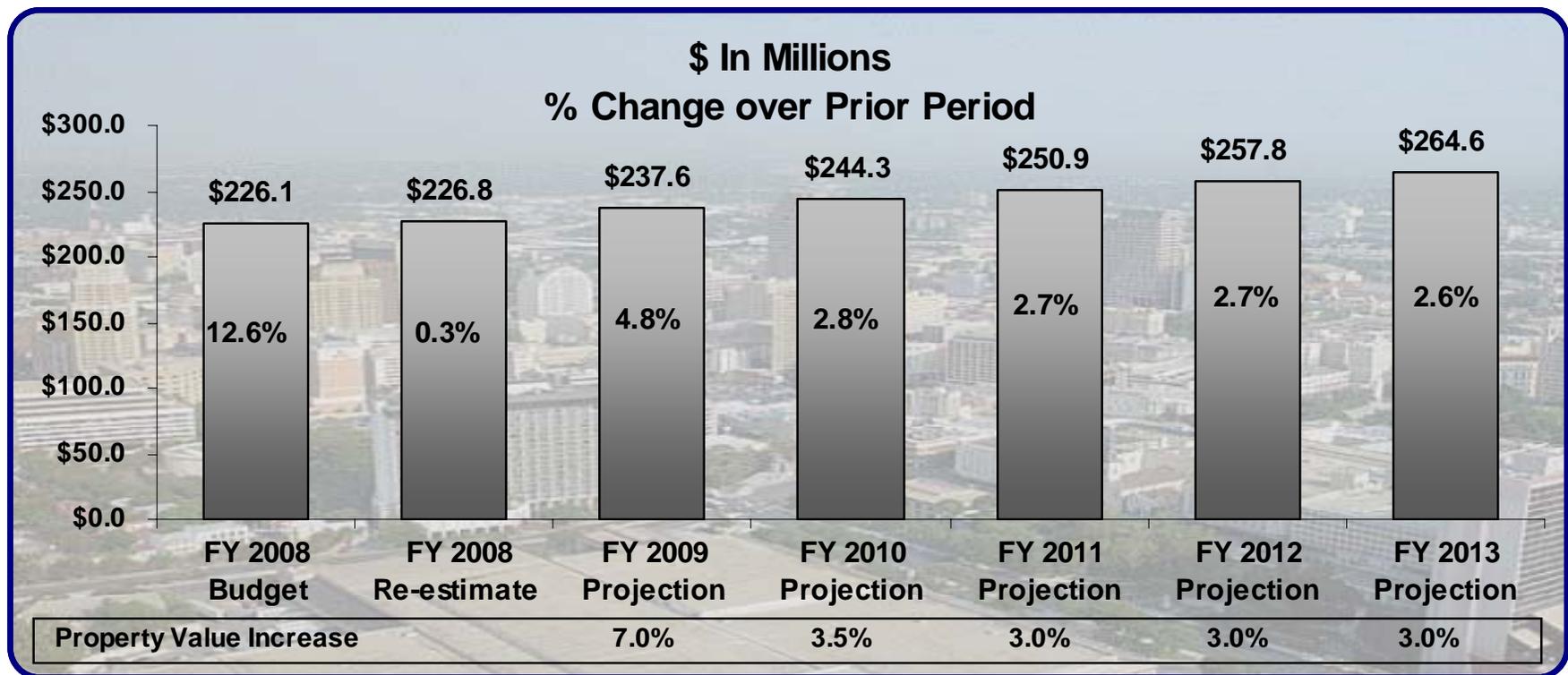
Sales Tax Revenue

- FY 2008 Estimate \$1.2 M above budget
- FY 2009 Projection \$5.4 M over FY 2008 Estimate



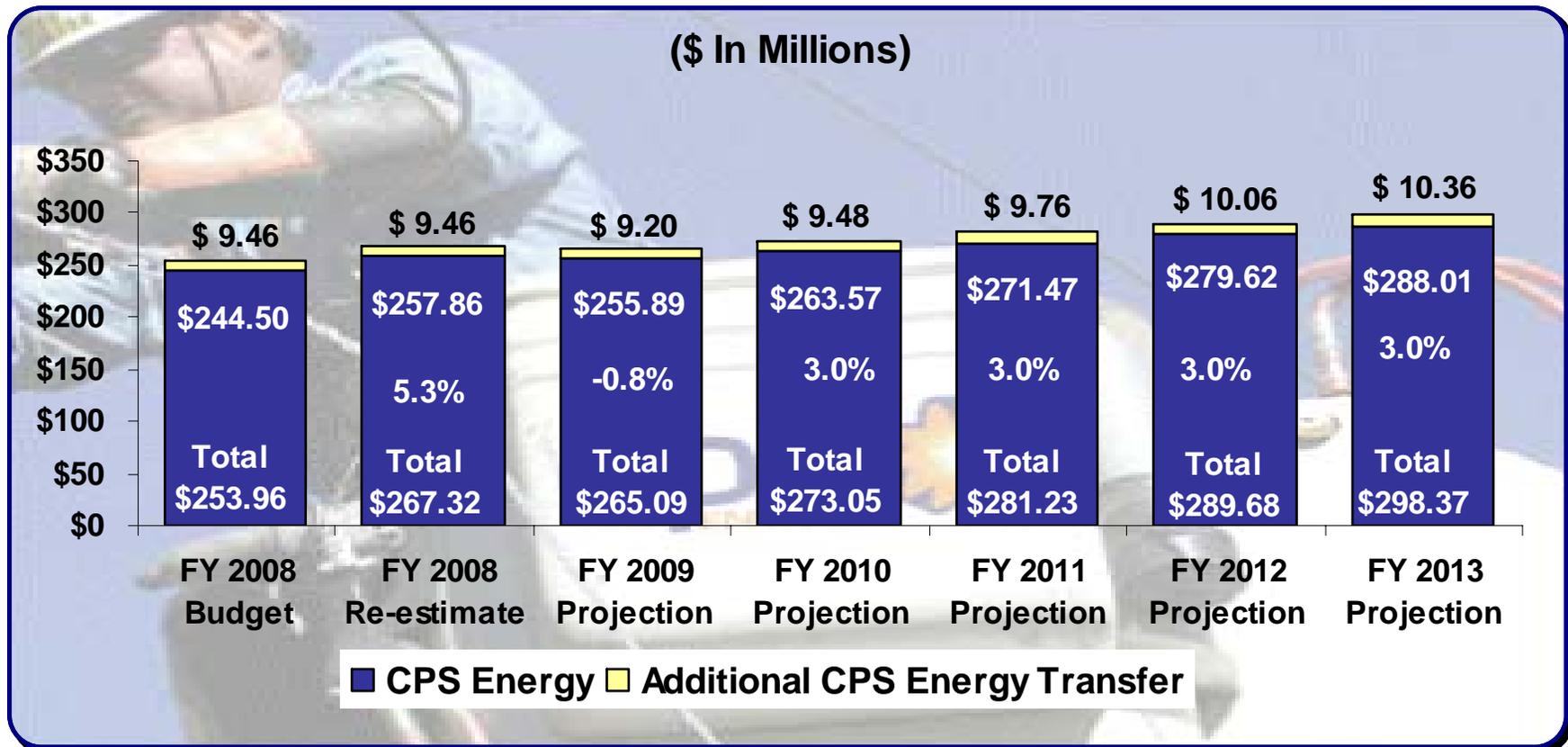
Current Property Tax Revenue

- FY 2009 Projection \$10.8 M above FY 2008 Re-Estimate



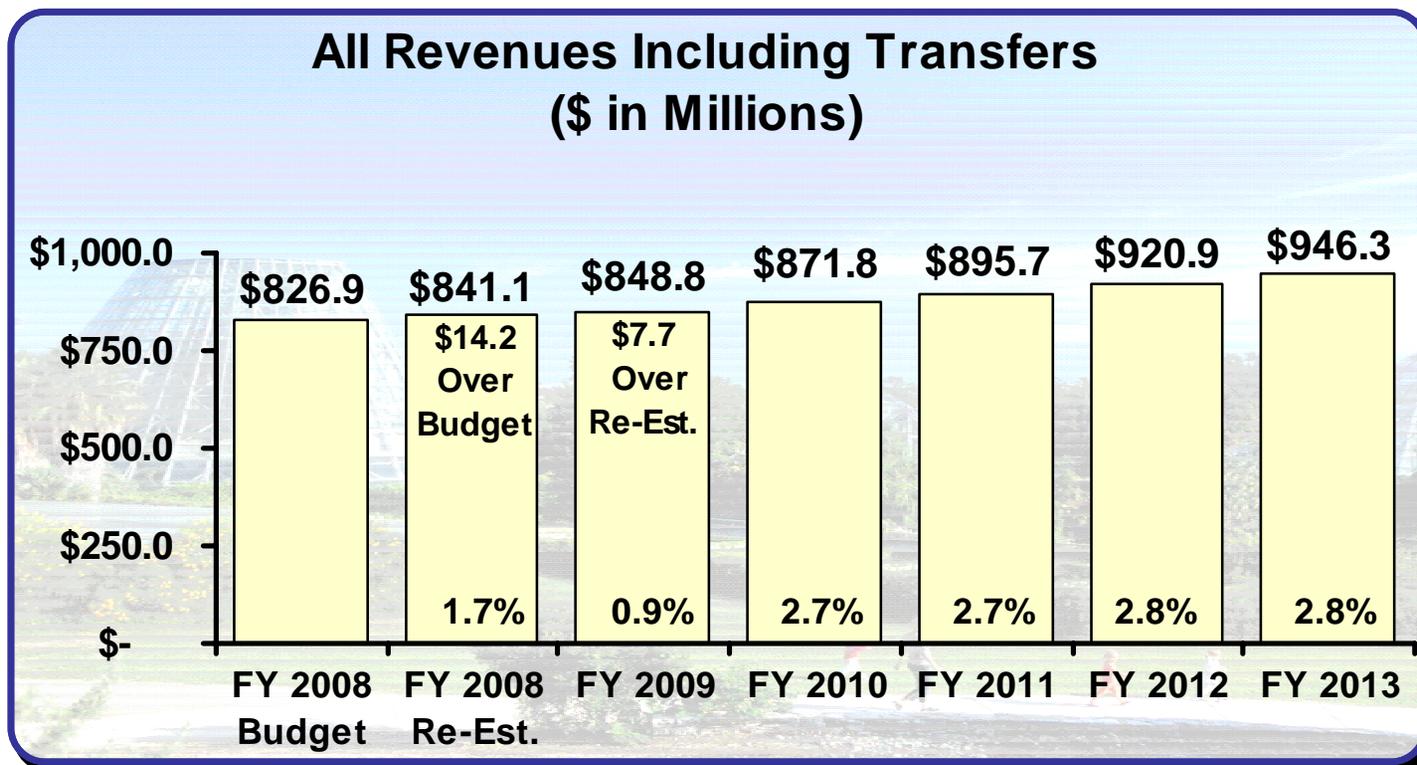
CPS Revenues w/ Additional Transfer

- FY 2008 Re-Estimate \$13.36 M above budget
- Forecast includes additional CPS transfer



All Current Revenues

- FY 2008 Re-Estimate is \$14.2 M over FY 2008 Budget
- Mid-Year Budget Adjustment uses \$1.84 M of \$14.26 M favorable revenue variance
- FY 2009 \$7.7 M over FY 2008 Re-Estimate



Environmental Services Fund



- Solid Waste, Brush, and Environmental Programs
- Service provided to 344,000 homes
 - City crews service 330,000 homes
 - Private contractors service 14,000 homes

Environmental Services Fund

3½ Year Automated Conversion Schedule



Home Conversion Schedule

Route Conversion	FY 2007 Actual	FY 2008 Actual	FY 2009 Estimate	FY 2010 Estimate
Homes Converted (Approximate)	75,000	100,000	100,000	34,600

Environmental Services Fund

- Forecast projections reflect final implementation of automated conversion schedule
- Forecast projections may change from continued analysis and options in FY 2009 Proposed Budget development process

Environmental Services Fund Forecast

(\$ In Thousands)	FY 2009 Projection	FY 2010 Projection	FY 2011 Projection	FY 2012 Projection	FY 2013 Projection
Beginning Balance	4,636	2,947	868	12	3,185
Current Revenues	87,295	90,386	94,031	96,942	98,953
Total Available Resources	91,931	93,333	94,899	96,954	102,137
Total Expenditures	88,484	91,964	94,687	92,569	96,370
Target Goal Financial Reserves (Increment)	500	500	200	1,200	1,200
Ending Balance	2,947	868	12	3,185	4,568

Rate Analysis

Monthly Fee Projections

Monthly Fees	FY 2009 Projected	FY 2010 Projected	FY 2011 Projected	FY 2012 Projected	FY 2013 Projected
Solid Waste, Brush, Automated Conversion, & Environmental Fees	\$17.99	\$19.59	\$20.14	\$20.81	\$21.29
Projected Monthly Increase	1.60	0.55	0.67	0.48	0.25
Total Monthly Fee	\$19.59	\$20.14	\$20.81	\$21.29	\$21.54

Remaining Rate Assistance Program dollars budgeted in FY 2008 (\$1.6M) will be programmed for assistance in FY 2009

Development & Planning Services Fund



Development & Planning Services Fund

FY 2008 Revised Budget reflecting Deficit Reduction Strategy (\$ in Thousands)

	FY 2008 Adopted Budget	FY 2008 Rev. Budget	FY 2008 Re-Est.
Beginning Balance	(\$3,708)	(\$3,112)	(\$3,112)
Current Revenues	33,279	30,150	30,150
Total Expenditures	29,354	28,281	28,213
Remaining Balance	\$217	(\$1,243)	(\$1,175)
Budgeted Financial Reserve	0	0	0

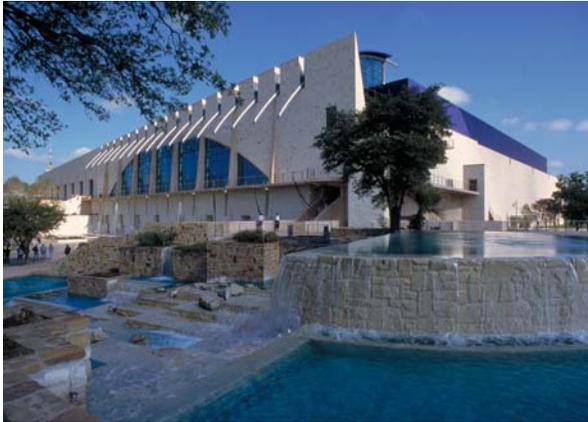
Development & Planning Services Fund

Five Year Forecast

(\$ in Thousands)

	FY 2009 Forecast	FY 2010 Forecast	FY 2011 Forecast	FY 2012 Forecast	FY 2013 Forecast
Beginning Balance	(\$1,175)	\$461	\$957	\$1,010	\$583
Current Revenues	30,172	30,735	31,309	31,894	32,491
Total Expenditures	28,536	30,239	31,256	32,321	32,384
Remaining Balance	\$461	\$957	\$1,010	\$583	\$690
Budgeted Financial Reserves	0	0	0	0	0

Hotel Occupancy Tax & Related Funds



Convention,
Alamodome and
Other Facilities

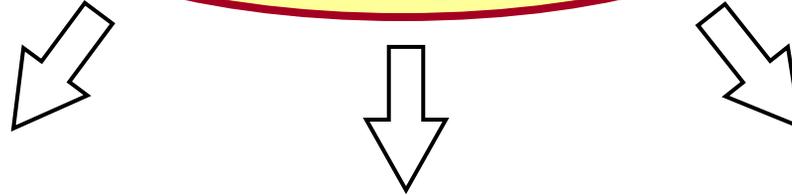


Convention &
Visitors Bureau



Arts & Cultural
Office and
Programs

Hotel Occupancy Tax Fund



Community & Visitors Facilities Fund

Transfer from HOT
Other Revenues

Departments

Convention, Sports,
Entertainment Facilities,
International Affairs,
Non-Departmental (Hosting
Obligations)

Convention & Visitors Bureau Fund

Transfer from HOT
Other Revenues

Departments

Convention and Visitors Bureau

Cultural Affairs Fund

Transfer from HOT
Other Revenues

Departments

Office of Cultural Affairs
Art & Cultural Agencies

HOT Fund FY 2008 Analysis

FY 2008			
(\$ In Millions)	FY 2008 Budget	FY 2008 Re-Est.	FY 2008 Variance
Total Revenues	54.3	54.6	0.3
Expenditures & RI&C	57.0	57.0	0.0
2-YR Balanced Budget Res.	4.6	6.2	1.6

- FY 2007 Actual Ending Balance above FY 2007 Re-estimate: **\$1.30 M**
- FY 2008 Revenue variance: **\$300 K**
- FY 2008 2 YR Balanced Budget Reserve increases by: **\$1.6 M**
- Results in FY 2009 beginning balance of **\$0**

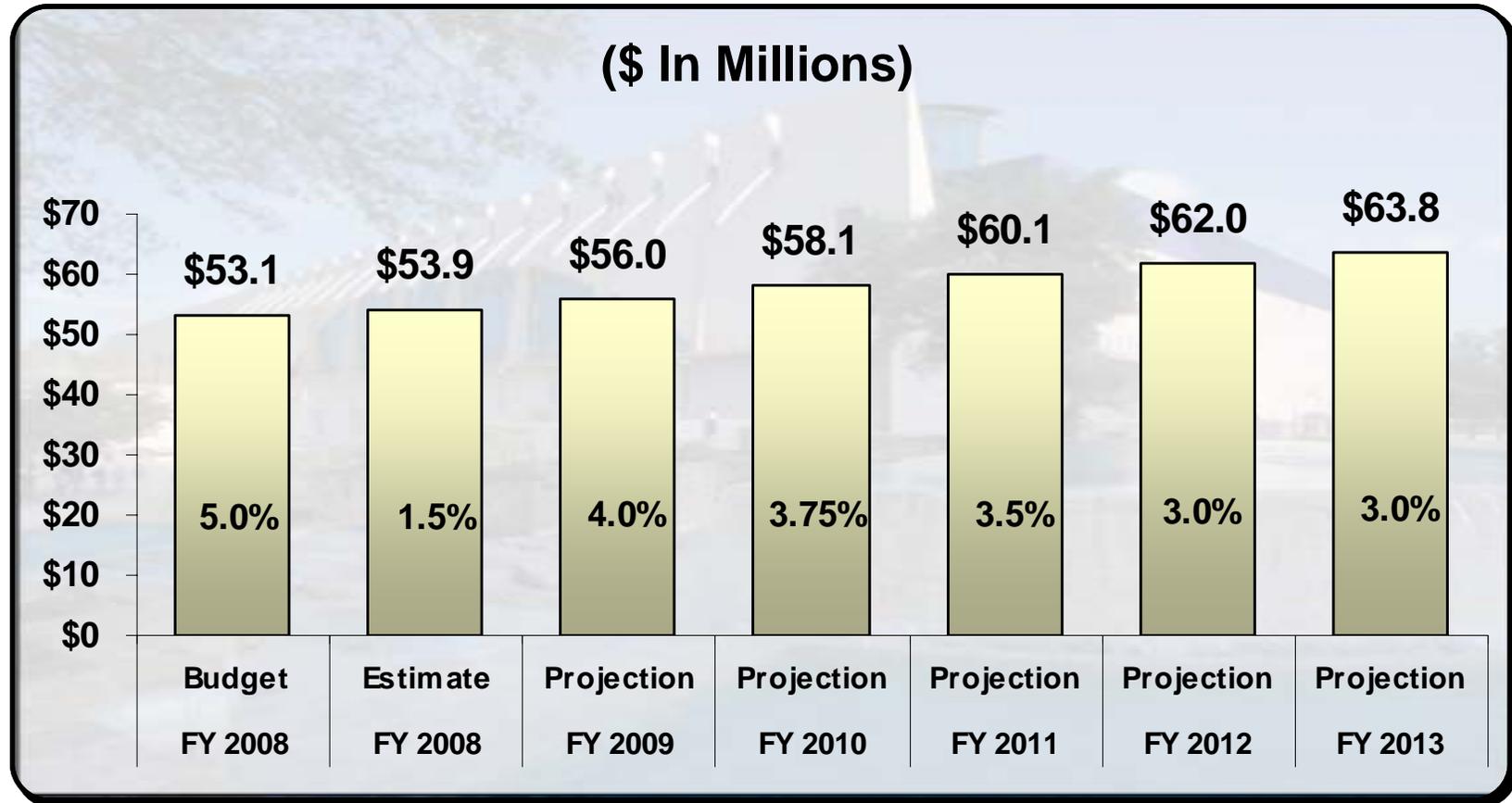
HOT Fund Forecast - Revenues

(\$ In Millions)	FY 2009 Projection	FY 2010 Projection	FY 2011 Projection	FY 2012 Projection	FY 2013 Projection
Beginning Balance	0	0	0	0	0
Use of Reserve for 2-Yr Balanced Budget	6.18	1.51	0	0	0
Current Revenues	56.39	58.50	60.56	62.37	64.24
Total Available Resources	62.57	60.01	60.56	62.37	64.24

HOT Fund Forecast - Expenditures

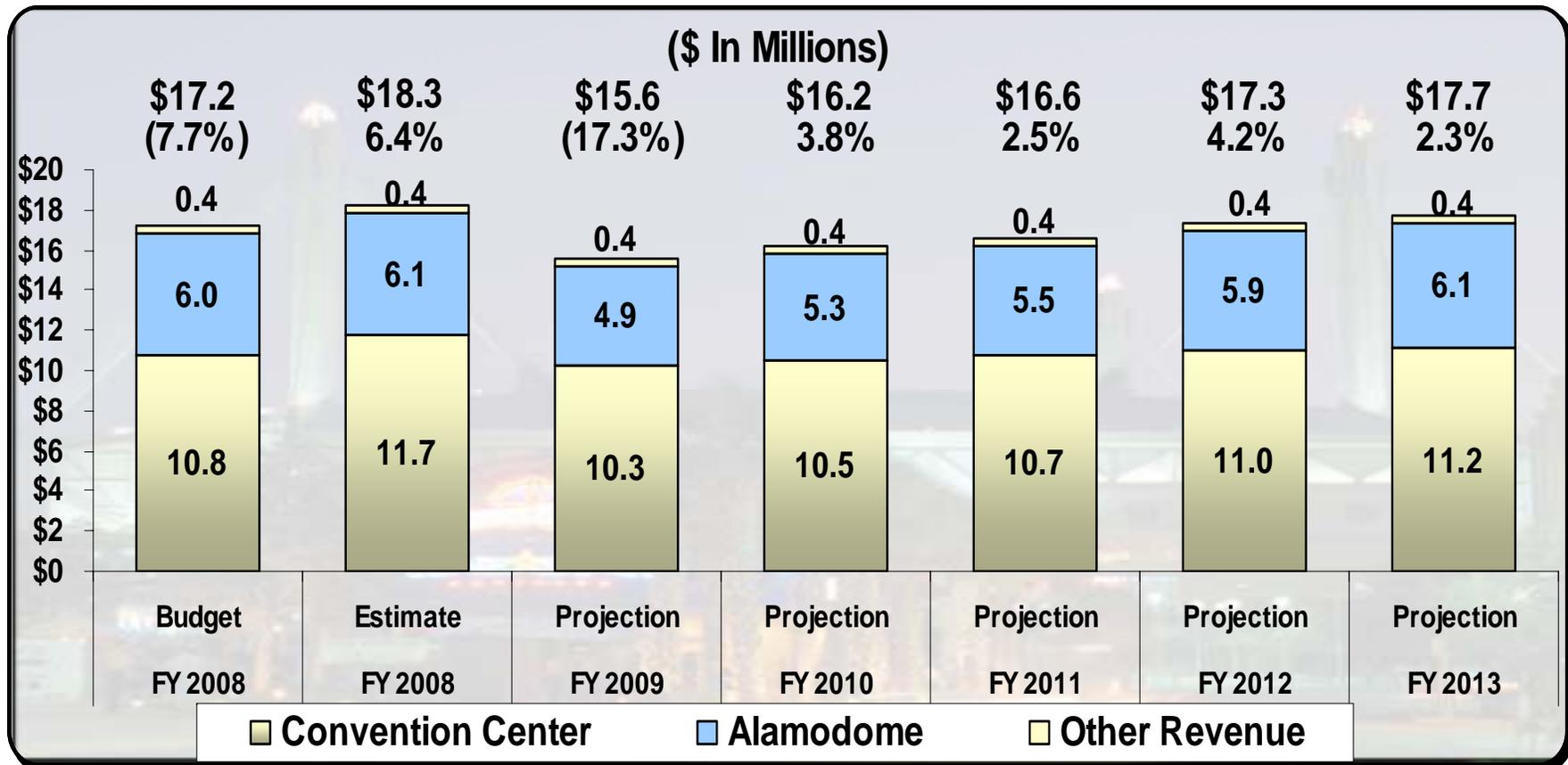
(\$ In Thousands)	FY 2009 Projection	FY 2010 Projection	FY 2011 Projection	FY 2012 Projection	FY 2013 Projection
Transfer to CVF	20.22	21.30	22.19	22.75	23.91
Transfer to CVB	20.24	20.79	21.63	22.28	22.91
Transfer to OCA/Arts	8.40	8.72	9.02	9.29	9.57
H&P and Other Transfers	10.70	11.03	11.36	11.66	11.95
RI&C	1.50	1.00	1.00	1.00	1.00
2-Yr Balanced Budget Reserve	1.51	0	0	0	0
Ending Balance	0.00	(2.83)	(4.64)	(4.61)	(5.11)

HOT Fund Revenues



HOT Revenue projections reflect conservative growth estimates over last year's forecast which can fluctuate depending on future conditions

Community & Visitor Facilities Revenues



Forecast Assumptions

- Major Conventions/Sporting Events
 - American Dental Association
 - Shriners
 - International Foundation of Employee Benefits
 - Texas Municipal League
 - 2010 NCAA Women's Final Four
- Marketing & Advertising Budget (Convention & Visitors Bureau) in Forecast period begins at FY 2008 base funding level



Forecast Assumptions

- 15% for Arts and Cultural Programming maintained in Forecast period

(\$ In Thousands)	FY 2009	FY 2010	FY 2011	FY 2012	FY2013
	Projection	Projection	Projection	Projection	Projection
Incremental Contribution	\$432	\$315	\$305	\$271	\$278

- 15% for History & Preservation maintained

(\$ In Thousands)	FY 2009	FY 2010	FY 2011	FY 2012	FY2013
	Projection	Projection	Projection	Projection	Projection
Incremental Contribution	\$432	\$315	\$305	\$271	\$278

Forecast Assumptions

- Reserve for Renewal, Improvement, and Contingency
 - RI&C Funding to provide for current and future facility maintenance needs identified in recently completed Study
 - Forecast does not fully fund identified Convention & Alamodome facility maintenance needs

(\$ In Thousands)	FY 2009	FY 2010	FY 2011	FY 2012	FY2013
	Projection	Projection	Projection	Projection	Projection
RI&C Reserve (Incremental)	1,500	1,000	1,000	1,000	1,000

FY 2008 Financial Update
FY 2008 Mid-Year Budget Adjustment
Five-Year Financial Forecast
Ballot of City Services

Presented by Peter Zanoni, Director
Office of Management & Budget

April 30, 2008
City Council “B” Session