

FY 2009 Budget & Finance Update Five Year Financial Forecast FY 2009 Mid-Year Budget Adjustment

*Presented by Peter Zanoni,
Management & Budget Director
City Council "B" Session
April 29, 2009*

Presentation Outline

- Review Steps taken to Manage Budget
 - Review Presentation Format
- San Antonio Economic Indicators
- General Fund Analysis
 - Actuals, Estimates, and Projections
 - Comparative Analysis
 - Recommended FY 2009 Mid-Year Adjustments
- Other Funds Analysis
 - Actuals, Estimates, Projections, Adjustments
- Next Steps



Budget / Finance Condition Summary

- FY 2009 Adopted Budget is balanced
- FY 2009 Budget remains balanced today and will be balanced on September 30, 2009
- General Fund Revenues are down
- Budget / Finance strategy allows budget to remain balanced and generates \$25 million for FY 2010 General Fund Budget



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Proactive Measures to Manage FY 2009 Budget

- September
 - FY 2009 Balanced Budget approved on September 11
 - Fiscal Year starts October 1, 2008 and ends September 30, 2009
- November
 - Early status of FY 2009 Budget provided to City Council
 - City Manager's Report – Budget Update
- January
 - Weakness is seen in major General Fund revenue sources
 - "Hiring Chill" initiated
 - Departmental Reduction Contingency Plans Requested
 - Options to slow FY 2009 Budgeted enhancements reviewed

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Proactive Measures to Manage FY 2009 Budget

- February
 - 3+9 Budget & Finance Report presented to City Council
 - Options to Slow Down Spending within FY 2009 General Fund Budget Enhancements presented to City Council
 - FY 2009 Monthly Financial Report through January provided to City Council
 - Major Revenues Sources experienced further declines
- March
 - FY 2009 Monthly Financial Report through February provided to City Council
 - Major Revenue Sources continue to experience further declines

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Proactive Measures to Manage FY 2009 Budget

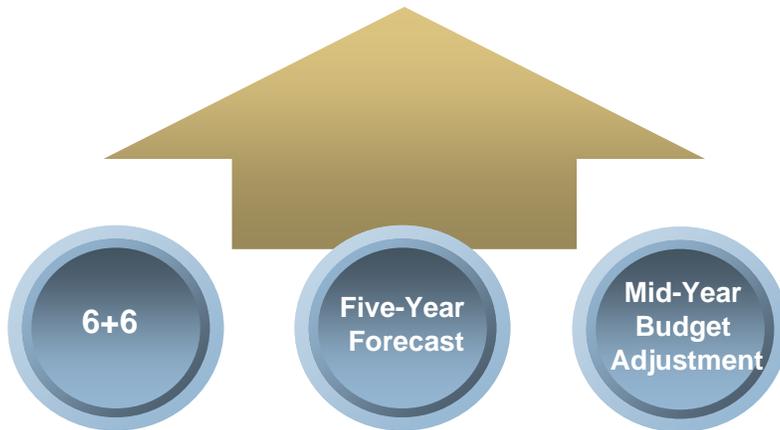
- March
 - City Manager's Report – Budget update provided
 - Hiring Freeze Initiated for non-public safety employees
 - Revenue Update/Budget Updated during "B" Session



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Budget Strategy

Overall Budget / Finance Condition



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FY 2009 6+6 Budget, Finance, and Performance Report

- Continuation of reporting FY 2009 financial and performance status to City Council
- Includes actual revenue and expenditure amounts compared to planned amounts through the Second Quarter of FY 2009
- Projects revenues and expenditures for remaining two quarters of FY 2009

6+6

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FY 2010-FY 2014 Five Year Financial 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 2010 Proposed Budget



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FY 2009 Mid-Year Budget Adjustments

- Adjustment recommendations based on actual activity seen in first six months of fiscal year along with future projections
- FY 2009 Mid-Year Budget Adjustment Ordinance considered during tomorrow's April 30 City Council "A" Session
- Result is Revised FY 2009 Budget
 - FY 2009 Budget reset
 - Expenditures brought in-line with available funding to address updated revenue projections



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San Antonio Economic Indicators

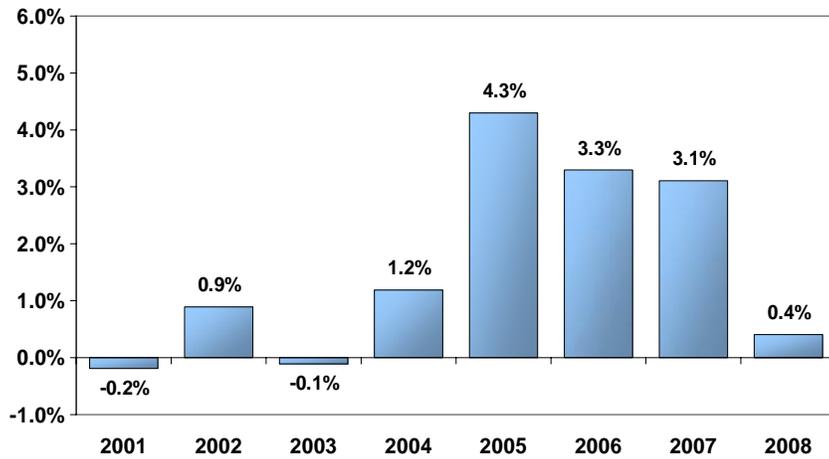


San Antonio Economy

- Employment Growth & Unemployment Rate
- Business Cycle Index
- Housing Indicators
- State Economic Indicator Maps



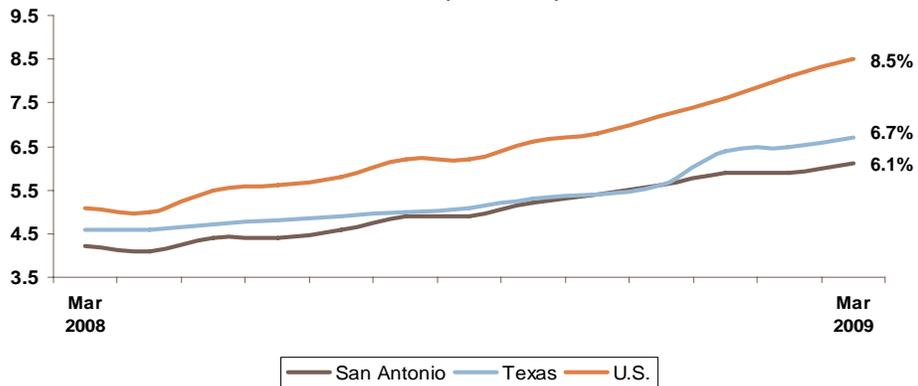
SA Employment Growth Rate



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Unemployment Rate

Annual Change in Unemployment Rate:
San Antonio / Texas / U.S.



Source: Federal Reserve Bank of Dallas, Bureau of Labor Statistics

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Unemployment Rate

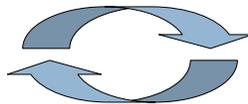
March 2008/2009 Unemployment Rate			
City/Region	2008	2009	Change
U.S.	5.1%	8.5%	3.4%
Texas	4.6%	6.7%	2.1%
Dallas	4.6%	7.2%	2.6%
Ft Worth	4.4%	7.0%	2.6%
Houston	4.4%	6.8%	2.4%
San Antonio	4.2%	6.1%	1.9%
Austin	3.9%	6.3%	2.4%

Source: Federal Reserve Bank of Dallas

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Business Cycle Index

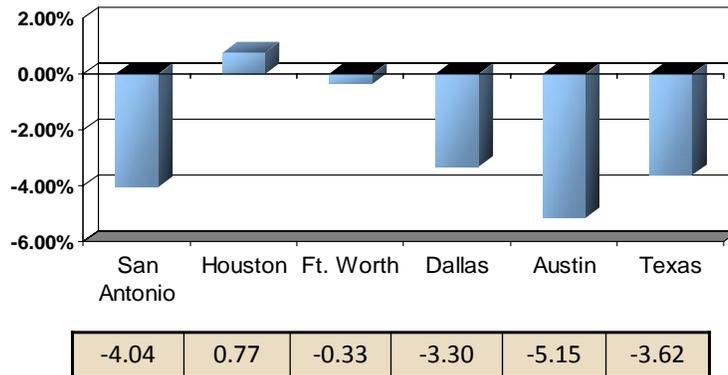
- Business Cycle Index measures key economic indicators in particular region including employment (non-agriculture), unemployment rate, wages and retail sales
- Movement in index indicates direction of local economy
- Index reflects growth at slower pace for San Antonio and all major metro areas in Texas



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Business Cycle Index

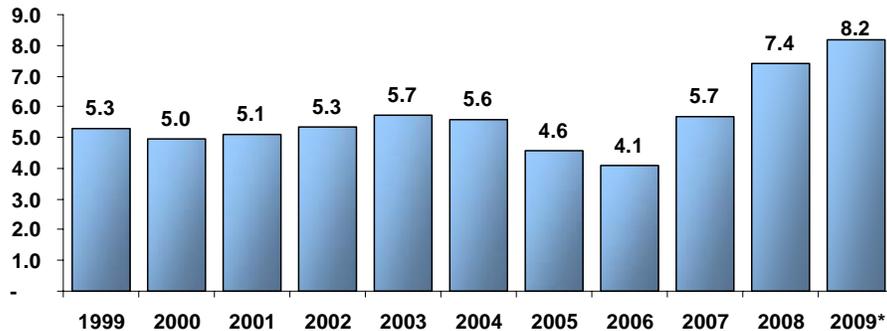
Annualized % Change: Sept. to March 2009



Source: Federal Reserve Bank of Dallas; Percent change calculated by SABER Institute

San Antonio Housing Inventory

Annual Average Number of months to clear all existing inventory

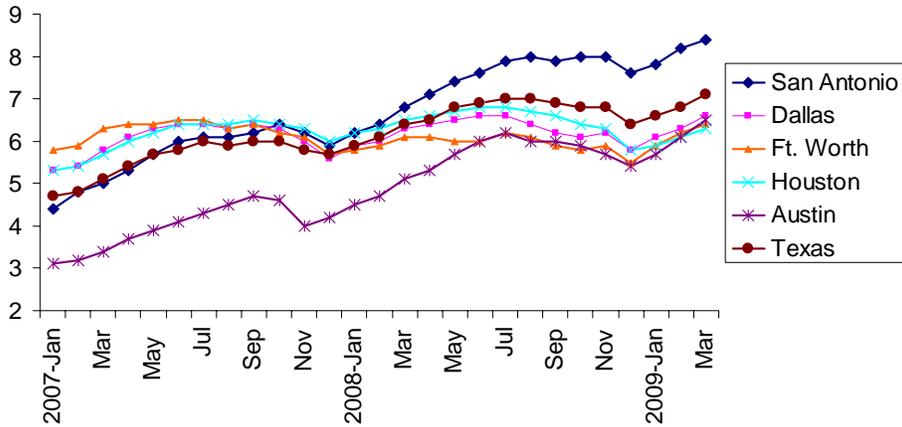


Source: Real Estate Center at Texas A&M University

*Year-to-Date through March 31, 2009

Texas Cities Housing Inventory

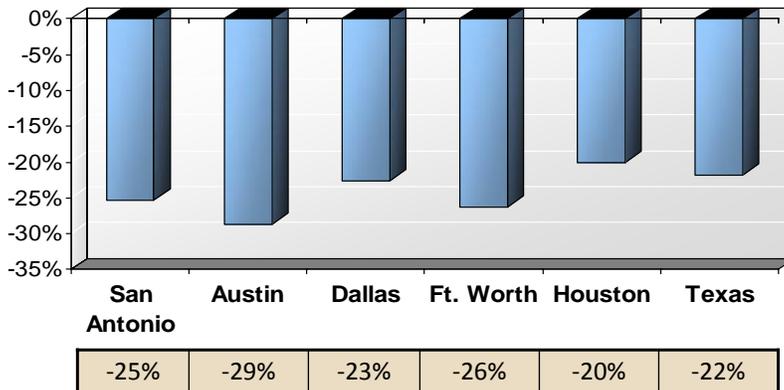
Average Number of Months to Clear all Existing Inventory



Source: Texas A&M Real Estate Center, SABER Institute

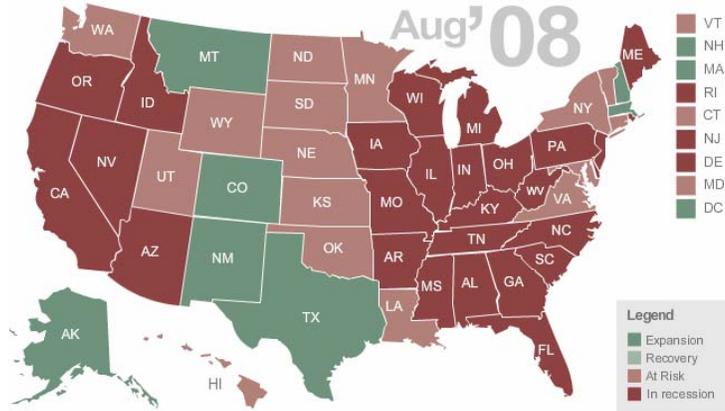
Texas City Home Sales

Year-over-Year % Change
March 2008-March 2009



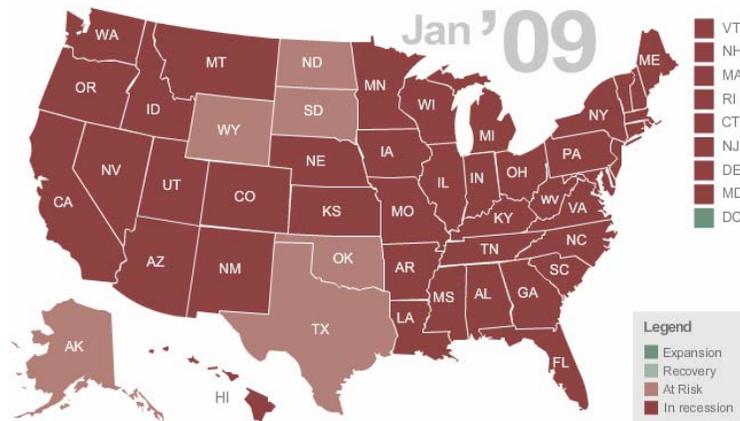
Source: Real Estate Center at Texas A&M University

State Economic Indicator



Source: Moody's Economy.com

State Economic Indicator



Source: Moody's Economy.com

Budget and Finance Current Status and Forecast



Budget / Finance Condition Summary

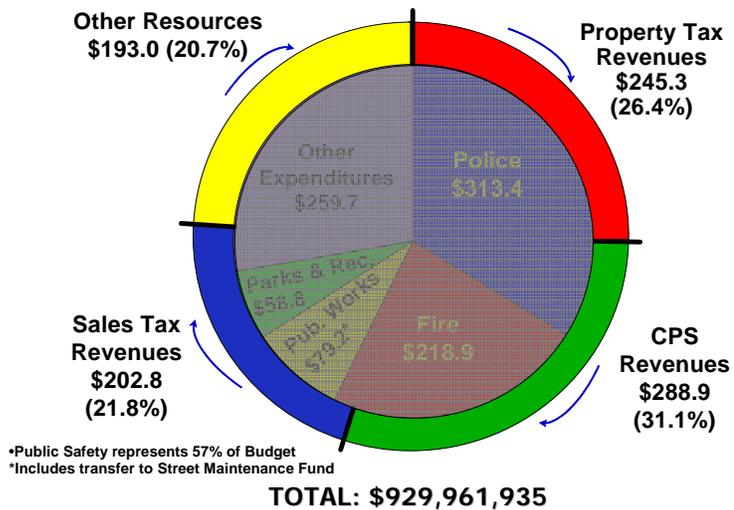
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- FY 2009 Budget remains balanced today and will be balanced on September 30, 2009
- General Fund Revenues are down
- Budget / Finance strategy allows budget to remain balanced and generates \$25 million for FY 2010 General Fund Budget



General Fund Revenues



FY 2009 General Fund



General Fund Revenue Summary

- With 3+9 Budget and Finance Report, General Fund Revenues for FY 2009 were projected to be below planned budget amount by **\$21 M**, or **2.4%**
 - Negative Variance Offset by \$21.5 M better beginning balance
- Now, with 6+6 Report, General Fund Revenues for FY 2009 are projected to be below planned budget amount by **\$49 M** or **5.5%**

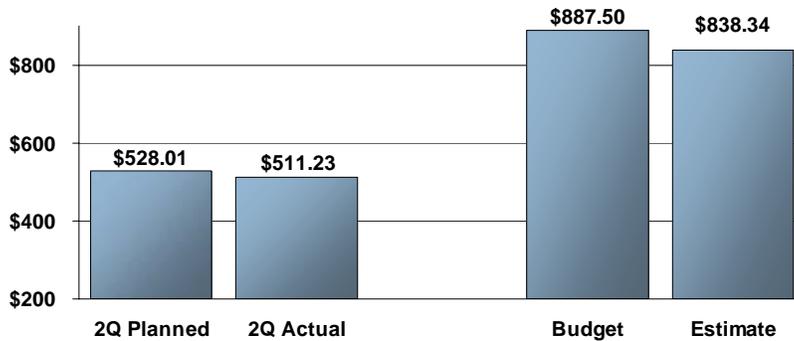
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General Fund Revenue Variance (\$ in Millions)

Revenue Source	3+9 Variance	6+6 Variance	Change
CPS Payment	(\$14.9)	(\$34.5)	(\$19.6)
Sales Tax	\$0	(\$10.8)	(\$10.8)
Property Tax	(\$3.4)	(\$3.1)	\$ 0.3
Other Revenue	(\$3.1)	(\$0.1)	\$ 3.0
Total	(\$21)	(\$49)	(\$27)

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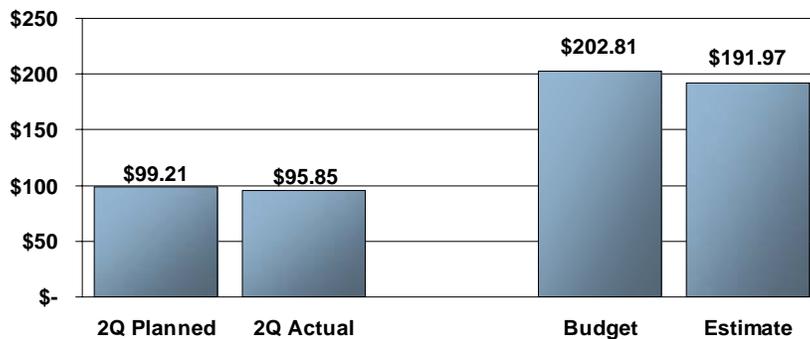
General Fund Revenues – All Sources (\$ in Millions)



	2Q-Planned Amount	2Q-Actual Amount	Unfavorable Variance	FY 2009 Budget	FY 2009 Estimate	Unfavorable Variance
All Sources	\$528,014,008	\$511,228,329	(\$16,785,679)	\$887,502,155	\$838,341,329	(\$49,160,826)

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6+6 Sales Tax Revenue (\$ in Millions)



	2Q-Planned Amount	2Q-Actual Amount	Unfavorable Variance	FY 2009 Budget	FY 2009 Estimate	Unfavorable Variance
Sales Tax	\$99,208,858	\$95,845,841	(\$3,363,017)	\$202,809,519	\$191,968,436	(\$10,841,083)

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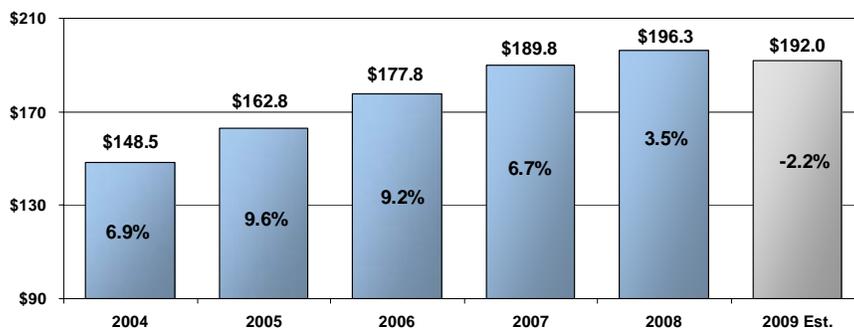
FY 2009 Sales Tax Monthly Collection (\$ in Millions)

Month Posted	Planned Amount	Actual Amount	Variance	Percent Collected
October	\$17.91	\$17.94	\$0.03	100.17%
November	14.63	15.94	1.31	108.95%
December	15.37	14.27	(1.10)	92.84%
January	22.29	21.02	(1.27)	94.30%
February	14.32	13.35	(0.97)	93.23%
March	14.68	13.33	(1.35)	90.80%

- 4 Month (Dec. – Mar.) average decrease from Budget Plan: -7.2%
- 6+6 Estimate projects monthly continued decline from planned amount by -7.2%
- Spring Break Sales Tax Revenues to be received in May

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Historical Sales Tax Revenues (\$ in Millions)

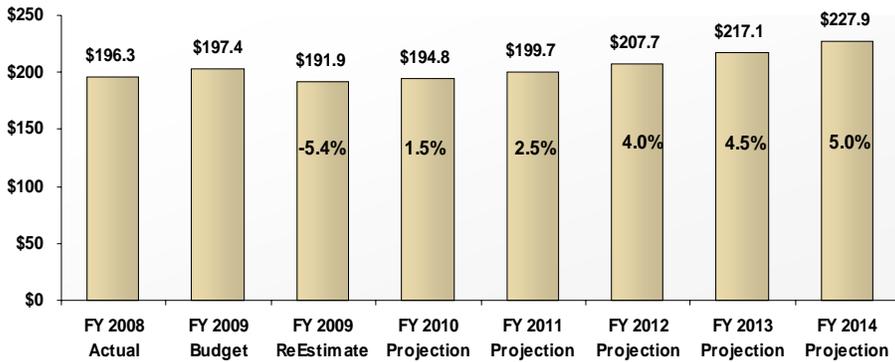


- Ten year average percent growth is 5.2%

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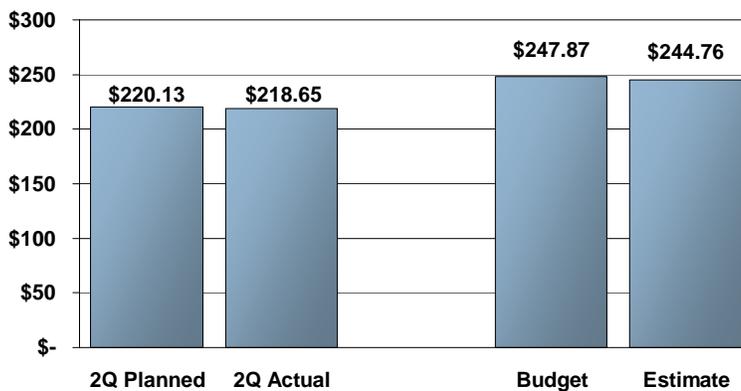
Forecasted Sales Tax Revenue (\$ in Millions)

- FY 2009 Estimate \$10.8 M below budget
- FY 2010 Projection \$2.88 M over FY 2009 Estimate



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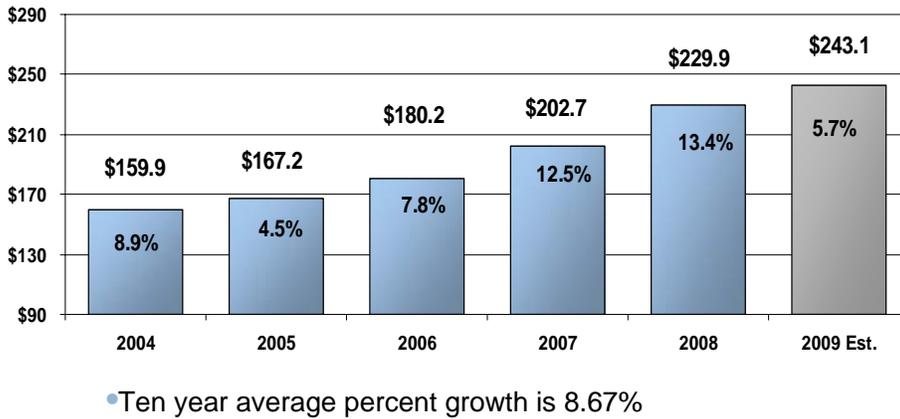
6+6 Property & Delinquent Tax Revenue (\$ in Millions)



	2Q-Planned Amount	2Q-Actual Amount	Unfavorable Variance	FY 2009 Budget	FY 2009 Estimate	Unfavorable Variance
Property Tax	\$220,125,599	\$218,646,898	(\$1,478,701)	\$247,872,945	\$244,759,270	(\$3,113,675)

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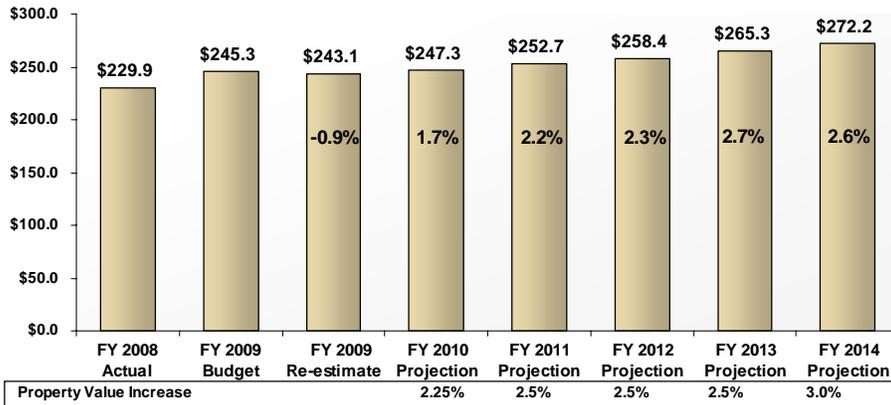
Historical Property Tax Revenues (\$ in Millions / Excluding Delinquent Taxes)



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Forecasted Property Tax Revenue (\$ in Millions)

- FY 2010 Projection \$4.2 M above FY 2009 Re-Estimate
- Property Value Increase Estimated at 2.25% for FY 2010



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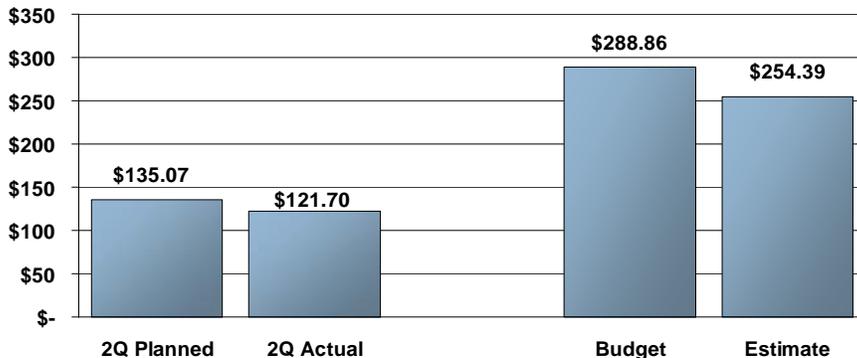
Property Tax Rate Forecast Assumptions

- City Property Tax Rate in FY 2010 reflects final phase of UHS / City Health Clinic Consolidation
 - FY 2009 Adopted City Tax Rate per \$100: 56.714 cents
 - Reduction of 0.516 cents (5/10ths of a cent)
 - FY 2010 City Tax Rate per \$100: 56.514 cents
 - Reduction of 0.200 cents (2/10ths of a cent)

Property Tax Rate	FY 2009 Adopted	FY 2010 Estimated
Maintenance & Operations	35.564	35.364
Debt Service	21.150	21.150
Total	56.714	56.514



6+6 CPS Revenues (\$ in Millions)



	2Q-Planned Amount	2Q-Actual Amount	Unfavorable Variance	FY 2009 Budget	FY 2009 Estimate	Unfavorable Variance
CPS	\$135,071,937	\$121,699,811	(\$13,372,126)	\$288,861,091	\$254,387,000	(\$34,474,091)

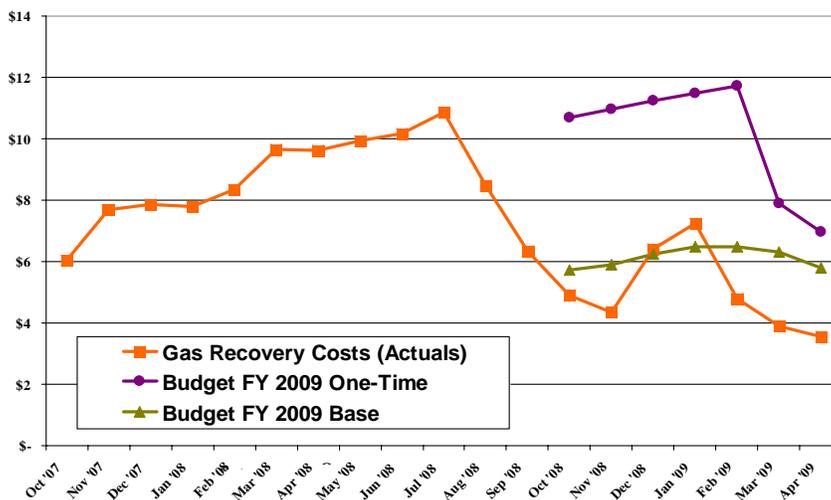
Factors Affecting CPS Revenue

- Natural gas fuel costs down for generation and resale
 - July 2008 Average Natural Gas prices: \$10.88
 - April 2009 Average Natural Gas prices: \$3.56
- Electric and gas business sales down due to moderate weather conditions
 - Electric sales down 3.9% from Budget
 - Gas sales down 12.7% from Budget



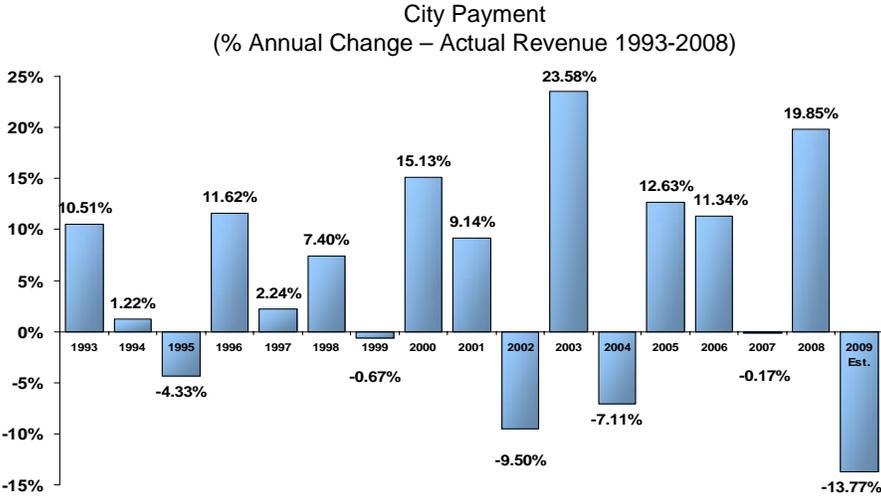
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CPS Natural Gas Recovery Costs (Oct 2007 – April 2009)



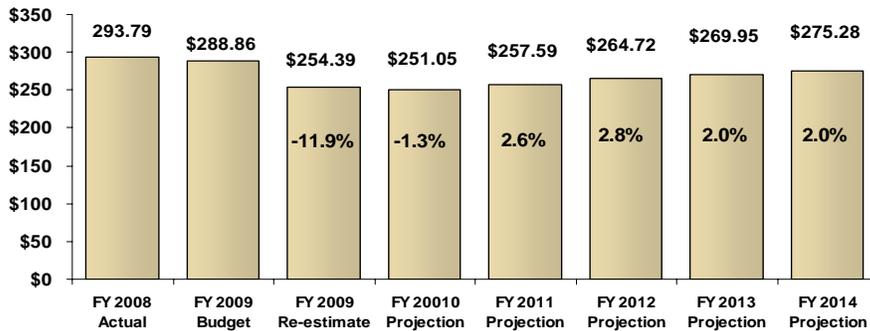
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CPS Revenue Volatility



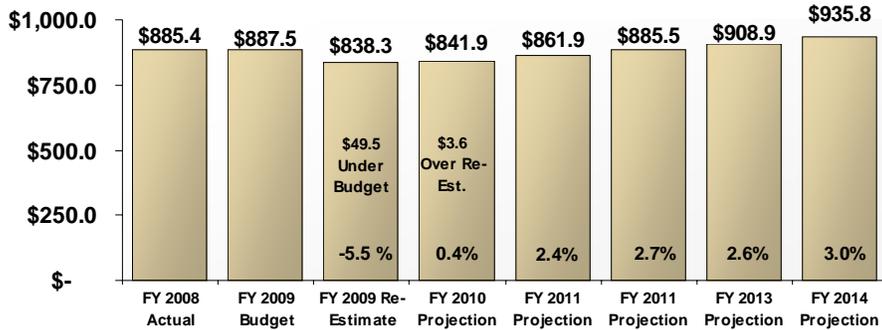
Forecasted CPS Revenues (\$ In Millions)

- FY 2010 Projections 1.3% below FY 2009 Re-estimate
- CPS Payment within Forecast Period based on Current Customer Utility Rates

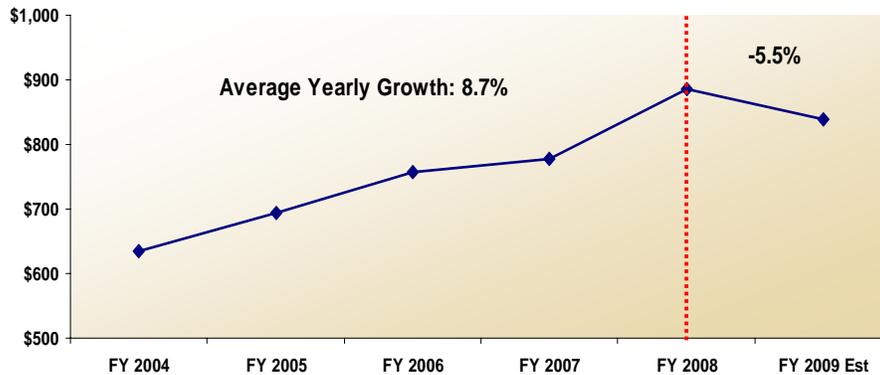


General Fund All Revenues Forecast (\$ in Millions)

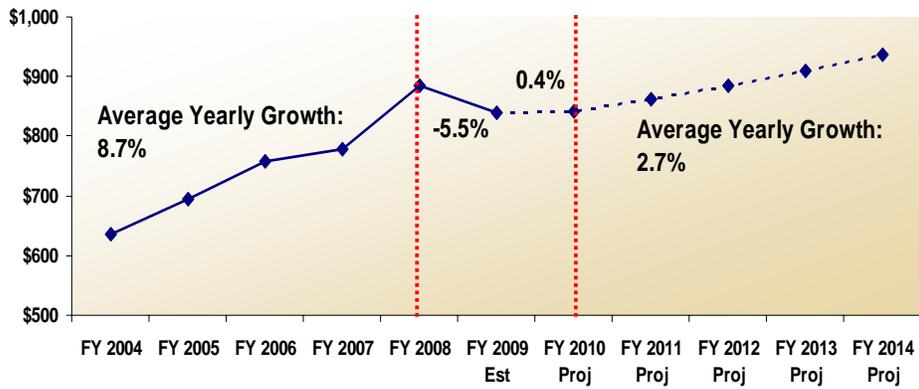
- FY 2009 Re-Estimate is \$49 M under FY 2009 Budget
- FY 2010 \$3.6 M over FY 2009 Re-Estimate or 0.4% Growth



General Fund Revenues Growth Analysis (\$ in Millions)



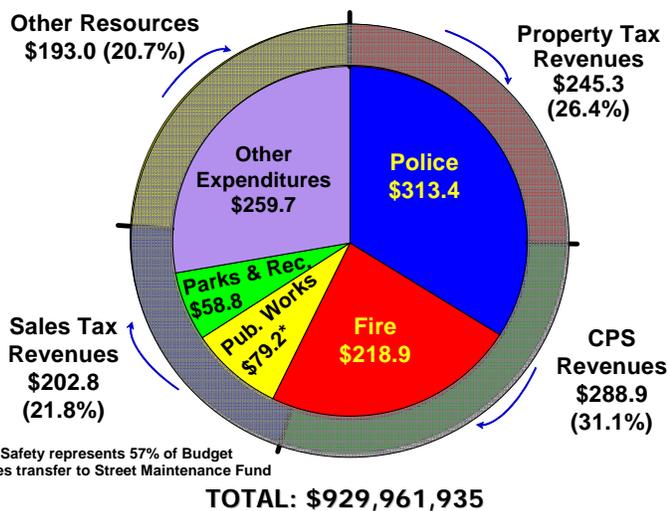
General Fund Revenues Growth Analysis (\$ in Millions)



General Fund Expenditures



FY 2009 General Fund



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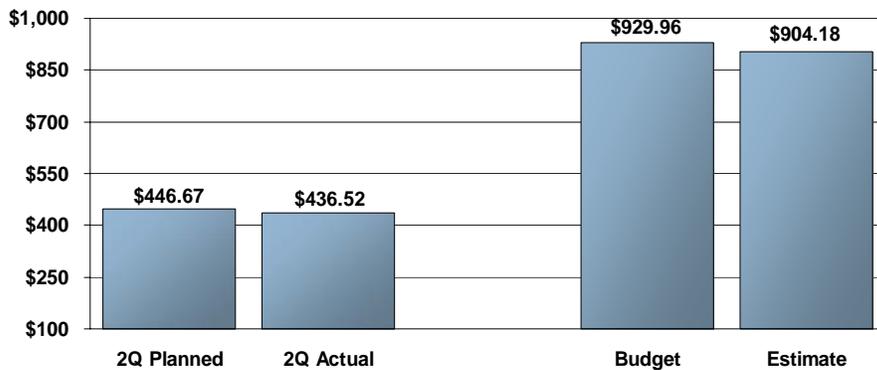
FY 2009 Mid-Year Budget Strategy

- Expenditure Strategy designed to manage City Budget given recent economic conditions
- FY 2009 General Fund reduced spending, mid-year recommendations, and better than anticipated beginning balance generates \$74 M
 - Reduced FY 2009 expenditures- \$25.7 M
 - Less Transfer from General Fund to Solid Waste Fund -CPS Utility Rebate Transfer- \$7.0 M
 - Defer infrastructure improvements- \$16.9 M
 - Mid-year budget reductions- \$3.0 M
 - Better than anticipated beginning balance- \$21.5 M



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6+6 General Fund Expenditures (\$ in Millions)



	2Q-Planned Amount	2Q-Actual Amount	Favorable Variance	FY 2009 Budget	FY 2009 Estimate	Favorable Variance
Expenditures	\$446,669,650	\$436,519,307	\$10,150,344	\$929,961,935	\$904,184,355	\$25,777,580

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FY 2009 Expenditure Savings

- Savings from non-uniform hiring freeze
- Fuel budget savings
- Better managed healthcare program
- Other efficiency savings in departmental budgets
- General Fund savings of \$25.7 M represents approximately 3%



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Less Transfer to Solid Waste Fund

- Recommended to Transfer \$3.0 M of \$10.0 M budgeted in CPS Utility Transfer Rebate from General Fund to Solid Waste Fund
- Less transfer possible due to well managed operation and lower-than-budgeted fuel and other costs in the Solid Waste Fund
- With action, projecting no rate increase in FY 2010



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Defer “One Time” Improvements

- \$17 M funded with “one-time” revenues recommended to be deferred
 - \$14 M in contractual street maintenance
 - Offset partially by added street work from \$30 M bond balance programs
 - \$1.3 M in pavement markings
 - Base budget of \$1 M continues as planned
 - \$1.6 M in Economic Development Fund
 - \$2.4 M still being allocated to fund committed projects



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Enhancements Not Affected by Mid-Year Adjustments

- Streets and Infrastructure
 - FY 2009 Streets IMP Base Budget of \$21.5 M on schedule
 - \$8 M in City Advanced Transportation District funding for sidewalk construction
 - NAMP funding maintained at \$4 M
 - ADA improvements
 - \$1 M in alley maintenance program



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Enhancements Not Affected by Mid-Year Adjustments

- Police Protection / Public Safety
 - 100 New Police Officers added in FY 2009 Budget progressing as planned
 - To date, 70 cadets started or completed academy training
 - 30 cadets to be trained in July and September as planned
- Fire Service/EMS
 - 60 New Firefighter positions added to improve Fire & EMS Services scheduled for academy as planned
 - May and September cadet classes



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Other Enhancements Not Affected by Mid-Year Adjustments

- \$750 K for free and low-cost spay/neuter procedures
- \$339 K for 2 Animal Care Officers and 5 Graffiti Abatement Staff
- \$500 K for summer youth employment program
- \$525 K for five-year plan to replace Parks playground equipment of older design
- \$5 M in new resources for Libraries (Operating and Capital)



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Mid-Year Budget Reductions

- All Departments required to submit reductions
 - 1% for Police and Fire
 - 2% for other funds and departments
- Reviewed and are recommending \$3.0 M for mid-year implementation
 - Detail forthcoming in presentation



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General Fund Five-Year Forecast

FY 2009 General Fund Summary

FY 2009			
(\$ In Millions)	FY 2009 Revsd Budget	FY 2009 Re-Est.	FY 2009 Variance
Beginning Balance	\$86.26	\$107.78	\$21.52
Total Revenues	\$887.50	\$838.34	(\$49.16)
Total Expenditures	\$929.96	\$904.17	\$25.79
<i>Reduced Utility Rebate, Deferrals, and Mid-Year Budget Reductions</i>			\$26.95
Added Ending Balance for FY 2010 Budget			\$25.10

- FY 2008 Preliminary Actual Ending Balance above FY 2008 Re-estimate: **\$21.52M**
- FY 2009 Revenue Projection below FY 2009 Budget: **\$49.16M**
- FY 2009 Reduced Spending: **\$25.79**
- Reduced Utility Rebate, Deferrals, and Mid-Year Budget Reductions **\$26.95**
- FY 2010 Better Beginning Balance **\$25.10**

General Fund Forecast

(\$ In Millions)	FY 2010 Projection	FY 2011 Projection	FY 2012 Projection	FY 2013 Projection	FY 2014 Projection
Additional Beginning Balance	\$25.10	0	0	0	0
Total Available Resources	\$895.31	\$861.90	\$885.53	\$908.91	\$935.76
Total Expenditures	\$904.91	\$ 929.44	\$ 951.68	\$ 969.79	\$978.40
Ending Balance	(\$9.60)	(\$67.54)	(\$66.15)	(\$60.88)	(\$42.64)

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Expenditure Assumptions in Forecast Period

- Reflects funding to provide today's level of recurring City services
- Removes FY 2009 "one-time" expenditures
- Funds adopted Five Year Rolling Infrastructure Management Program in FY 2010 and beyond
- Funds Parks Maintenance & Renovation Program
- Funds Parks Playground Replacement Program
- Adds Mandated costs

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Expenditure Assumptions in Forecast Period

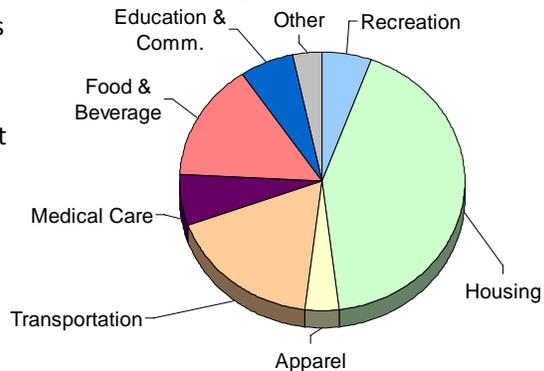
- Includes funding for phase-in of higher retirement contribution rates identified by TMRS
- Medical inflation factors included in healthcare and worker's compensation costs
- Select Commodities and Contractual Service budgets increased by inflation rates
- Forecast maintains Financial Reserve Policy of 9% of total appropriations for FY 2009 and beyond

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Consumer Price Index (Inflation)

- CPI measures change in cost of buying goods and services
- CPI increase of more than 1% from FY 2009 to FY 2010 results in uncontrollable cost increases for General Fund programs
- Medical inflation forecasted at 10% over forecast period

Items Surveyed to Develop CPI



**Forecasted
Inflation Rates**

FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
1.59%	2.42%	2.47%	2.52%	2.20%

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Mandates Included in Forecast

Mandate Summary

(\$ In Millions) Incremental	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Total Mandates	\$13.30	\$11.05	\$10.34	\$4.97	\$3.66

- Capital Improvements Operations & Maintenance for Police and Fire (CAD), New Fire Stations, New Libraries and Parks
- Public Safety Grant Match Requirements
- American Recovery and Reinvestment Act Funding Requirements (117 Police Officer Positions Requested)
 - Prefunding set aside for FY 2013 and FY 2014 Impact

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FY 2009 One-Time Enhancements Not in Five-Year Forecast

- Streets & Infrastructure
 - Contractual Street Maintenance \$14.0 M
 - Contractual NAMP \$2.0 M
 - Increase Pavement Markings Program \$1.5 M
- Neighborhood Related Enhancements
 - Free and Low-Cost Spay/Neuter Services \$750 K
 - Graffiti Abatement \$341 K



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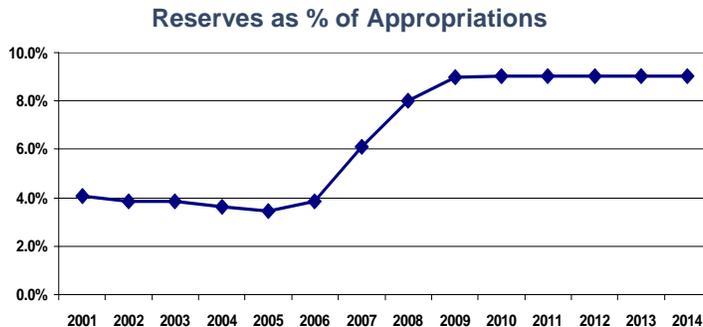
FY 2009 One-Time Enhancements Not in Five-Year Forecast

- Youth, Senior & Homelessness Services and Parks & Library Services
 - Summer Youth Employment Program \$500 K
 - Library Resource Funding \$500 K
- Workforce, Business & Economic Development
 - Economic Development Fund \$4.0 M



Budgeted Financial Reserves (General Fund)

- Financial reserves maintained at 9% over forecasted period



(\$ In Millions)	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Total Reserve	\$82.22	\$85.14	\$87.64	\$89.80	\$91.12

Forecast Policy Issues

- FY 2010 Ending Balance shortfall of \$9.6 M does not include funding for Civilian or Uniform personnel cost of living adjustments in FY 2010 or for continuation of the Pay Plan and other policy issues such as new funding for Haven for Hope, Inc.
 - Civilian COLA for every 1%: \$2.0 M
 - Police & Fire Uniform COLA for every 1%: \$3.6 M
 - Pay Play (Steps): \$1.9 M
 - Haven for Hope, Inc.: \$880 K
- Including Policy Issues, FY 2010 shows an adjusted ending balance shortfall of \$21.03 M

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Haven for Hope Funding Summary

General Fund Resources	FY 2009	FY 2010
Base	721,523	721,523
Improvement	750,000	2,338,000
Total	1,471,523	3,059,523

- Funding supports food, residential, safe sleeping, and outreach services. Funding also support delegate agencies providing expanded services on the Haven for Hope campus

Capital Funding	FY 2009
Certificates of Obligation	15,000,000
Additional Funding	
\$30 Million Bond Allocation	1,575,000
Federal Stimulus Dollars	455,174

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Comparable City Analysis

City/State	FY 2009 General Fund Budget	FY 2010 Projected Shortfall
San Antonio, TX	\$930 Million	\$9 Million
Austin, TX	\$621 Million	\$30 Million
Dallas, TX	\$1.09 Billion	\$100 Million
San Diego, CA	\$1.18 Billion	\$60 Million
San Jose, CA	\$1.05 Billion	\$59 Million

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Actions Taken to Address Shortfalls

- **Austin**

- Estimated FY 2010 Shortfall of \$30 Million
- Mid-Year Reduction Plan enacted in February
 - Departmental Reductions: \$7.1M in General Fund, \$4.4M in Other funds
 - Organization Wide Reductions: \$8.6M
- FY 2010 Forecast includes a Property Tax increase of 4 cents
- Forecast includes mandated pay increases for Police and EMS
 - FY 2010: 2.75%, FY 2011-2014: 3%
- Fire and Civilian Pay not in FY 2010 forecast
 - FY 2011-2014 increases 2.0%, subject to contract negotiations



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Actions Taken to Address Shortfalls

- **Dallas**

- Preliminary estimates place FY 2010 deficit at close to \$100 Million due to several factors including:
 - Declining Sales Tax Revenue
 - Stagnant Property Tax Base
 - \$18 Million in expenses to fund additional Police
 - \$10 Million in mandated increases in pay for current Police and Fire
 - \$3.4 Million for O&M of newly constructed facilities
- City Officials are considering asking Council for a tax increase
- Some City Departments have been asked to prepare 15% reduction proposals



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Actions Taken to Address Shortfalls

- **San Diego**

- Projected General Fund shortfall of \$60 Million
- Proposed FY 2010 Budget eliminates 149.27 FTE
 - Since FY 2007, San Diego has cut over 874 FTE
- 2-Yr labor contract with three unions
 - Freeze Salaries, Reduce Benefits, Fewer Holidays, and Mandatory Furloughs
 - San Diego Municipal Employee Association agreed to \$8.9 Million in Pay and Benefit Cuts
 - Firefighters Union agreed to reduced compensation totaling \$5.8 Million
 - Deputy City Attorneys Association agreed to \$700,000 in reduced pay and benefits



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Actions Taken to Address Shortfalls

- **San Jose**

- Estimated deficit of \$59 Million
- FY 2010 will mark 8th consecutive year that San Jose will require reductions to balance budget
- City has identified strategy to address its structural deficit which includes:
 - Raise current fees and/or establishing new fees to aid in total cost recovery particularly for Parks, Library, and Neighborhood Services



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Mid-Year Budget Adjustment

- Reduced General Fund Transfer to Solid Waste
- Adjusted for Lower Expenditures General and Other Funds
 - Airport Fund
 - CIMS Fund
 - HOT Fund
 - Employee Benefits Fund
 - Facility Services Fund
 - Solid Waste Fund
 - Storm Water Fund
 - Purchasing Fund
 - ITSD Fund
- Mid-Year Budget Reductions
- Also recommending \$17.0 M deferment in “one-time” General Fund Enhancements



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\$3 M General Fund Recommended Reductions

Reduction Category	Savings
Efficiency/Lower Bid Price Savings	\$ 1,142,745
Staff Reductions Resulting in Workload Reassignment and Potential Service Impact	762,848
Service Modifications	707,082
Line Item Budget Reductions	228,021
Travel/Education/Training	143,667
Cost Transfer to Grant/Other Funds	68,591

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General Fund Recommended Reductions

EFFICIENCY / LOWER BID PRICE SAVINGS

<i>Public Works</i>	Savings in the Pavement Markings Contract	232,785
<i>Public Works</i>	Street Maintenance Contract Bid Savings (All Scheduled IMP Work to be Delivered)	200,000
<i>Police</i>	Reduce Radio Budget Resulting from Savings	200,000
<i>Fire</i>	Reduce Software Licensing Budget Resulting from Savings	130,583
<i>Fire</i>	Reduce Radio Budget Resulting from Savings	100,000



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General Fund Recommended Reductions

EFFICIENCY / LOWER BID PRICE SAVINGS

<i>Fire</i>	Reduce Fees to Professional Contractors Budget Resulting from Savings	100,000
<i>Parks & Recreation</i>	Consolidate Youth Recreation Program at the Lincoln Community Center with the Dawson Community Center	53,910
<i>Customer Service & 311 System</i>	Eliminate 1 Vacant Dispatcher Position	30,696
<i>Parks & Recreation</i>	Eliminate 1 Filled Stock Clerk and 1 Filled Dispatcher Position through Centralization of Parks Department Warehousing Operations	29,620
<i>Communications & Public Affairs</i>	Reduce Fees to Professional Contractors Budget	20,755

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General Fund Recommended Reductions

EFFICIENCY / LOWER BID PRICE SAVINGS

<i>Animal Care Services</i>	Reduce Employee Uniform Budget	16,251
<i>Community Initiatives</i>	Reduce Long-Term Drug Treatment Funding	15,570
<i>Animal Care Services</i>	Reduce Disposal Costs	12,575



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General Fund Recommended Reductions

STAFF REDUCTIONS RESULTING IN WORKLOAD REASSIGNMENTS AND POTENTIAL SERVICE IMPACT

<i>Finance</i>	Reduce 5 Vacant Positions Including: 1 Customer Service Representative, 1 Administrative Assistant II, 1 Administrative Associate, 1 Fiscal Operations Manager, and 1 Senior Special Project Manager	150,657
<i>Housing & Neighborhood Services</i>	Eliminate 1 Vacant Assistant Director Position and Support Costs	128,354
<i>Community Initiatives</i>	Eliminate 1 Vacant Community Services Specialist and 1 Vacant Community Services Supervisor	89,064
<i>Police</i>	Eliminate 1 Filled Photo Lab Supervisor and 1 Filled Administrative Associate in Police Photo Services Lab Division	84,154

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General Fund Recommended Reductions

STAFF REDUCTIONS RESULTING IN WORKLOAD REASSIGNMENTS AND POTENTIAL SERVICE IMPACT

<i>City Attorney</i>	Eliminate 1 Vacant Assistant City Attorney III Position	50,735
<i>Community Initiatives</i>	Eliminate 1 Vacant Community Services Supervisor Position	45,999
<i>Health</i>	Eliminate 1 Vacant Administrative Associate and 1 Filled Public Health Nurse Supervisor	40,179
<i>Health</i>	Eliminate 1 Vacant Laboratory Technologist	33,836
<i>Community Initiatives</i>	Eliminate 1 Vacant Administrative Associate Position	30,267

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General Fund Recommended Reductions

STAFF REDUCTIONS RESULTING IN WORKLOAD REASSIGNMENTS AND POTENTIAL SERVICE IMPACT

<i>Community Initiatives</i>	Eliminate 1 Vacant Administrative Associate Position	25,045
<i>Police</i>	Eliminate 1 Vacant Senior Police Service Agent Position in Forgery Division	17,767
<i>Police</i>	Eliminate 1 Filled Printer Position in Police Print Services Division	14,938
<i>Police</i>	Eliminate 1 Vacant Fingerprint Classifier Position in Identification/Latent Prints Division	13,258
<i>Police</i>	Eliminate 1 Vacant Administrative Associate Position in the Internal Affairs Division	12,934

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General Fund Recommended Reductions

STAFF REDUCTIONS RESULTING IN WORKLOAD REASSIGNMENTS AND POTENTIAL SERVICE IMPACT

<i>Police</i>	Eliminate 1 Vacant Administrative Associate Position in Applicant Processing Division	12,934
<i>Police</i>	Eliminate 1 Filled Administrative Associate Position in the Legal Advisors Office	12,727



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General Fund Recommended Reductions

SERVICE MODIFICATIONS

<i>Library</i>	Savings from October 1 Opening of Roosevelt Branch Library	252,045
<i>Downtown Operations</i>	Reduce One-Time Sidewalk Cleaning Funding and Various Line Items	338,000
<i>City Manager</i>	Eliminate 1 Vacant Management Intern Position	51,162
<i>Animal Care Services</i>	Reduce Microchip Contract and Pet Supply Budget	26,105
<i>Center City Development</i>	Reduce Fees to Professional Contractors Line Item	15,159
<i>Health</i>	Eliminate 1 Vacant Administrative Associate within Vital Statistics Division	12,934
<i>International Affairs</i>	Eliminate Export Leaders Program	11,677

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General Fund Recommended Reductions

LINE ITEM BUDGET REDUCTIONS

<i>Parks & Recreation</i>	Eliminate Pools Annual Contract	120,750
<i>Economic Development</i>	Reduce Various Operational Line Items	48,895
<i>Management & Budget</i>	Reduce Various Line Item budgets Including Printing and Supplies	34,376
<i>Intergovernmental Relations</i>	Reduce State Lobbyist Contract Budget	14,000
<i>Intergovernmental Relations</i>	Reduce Subscriptions to Publications Budget	10,000



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General Fund Recommended Reductions

TRAVEL/ EDUCATION/TRAINING

<i>Human Resources</i>	Reduce Various Line Item Budgets including Software and Educational Resources	70,532
<i>Animal Care Services</i>	Reduce Various Line Items Including Travel and Training	49,180
<i>City Attorney</i>	Reduce Education Budget	13,155
<i>Human Resources</i>	Maintain Current Rate of Incentive Pay for "Train the Trainer" Program	10,800

COST TRANSFER TO GRANT/OTHER FUNDS

<i>Health</i>	Transfer Portion of Communicable Disease Control costs to Grant Funded Program	43,662
<i>Health</i>	Redirect 50% of Personnel Costs for Grants Management Officer to Grant Funded Program	12,534
<i>Health</i>	Transfer 1 Filled Dental Assistant Position to Grant Funded Program	12,395

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Other Funds Recommended Reductions

AVIATION FUND- REDUCTIONS TOTALING \$612 K

<i>Aviation</i>	Reduce IT Master Plan and Environmental Studies Budget	310,237
<i>Aviation</i>	Reduce Capital Outlay Budget	170,624
<i>Aviation</i>	Freeze Three Positions	85,914
<i>Aviation</i>	Reduce Travel and Education Line Item Budgets	45,690



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Other Funds Recommended Reductions

HOTEL OCCUPANCY TAX FUND- ALL DEPARTMENTS AND OPERATIONS WITH 2%

<i>Convention & Visitors Bureau</i>	Eliminate Portion of Destination San Antonio Reserve	396,722
<i>Convention Facilities</i>	Reduce Convention Center Building Maintenance Funding	395,630
<i>Alamodome</i>	Reduce Alamodome Maintenance Funding and Training & Travel	214,972
<i>Cultural Affairs</i>	Reduce Budget for Fall Arts Festival Marketing & Promotion	38,980
<i>Convention Facilities</i>	Reduce Convention Center's Budget for Travel & Training	34,201
<i>Departmental/Non-Operating</i>	Reduce Hotel Occupancy Tax Funds for Special Events	29,676
<i>International Affairs</i>	Eliminate Special Events/Hosting Support	12,760
<i>International Affairs</i>	Reduce CASA San Antonio Professional Services	9,000

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Other Funds Recommended Reductions

INFORMATION AND TECHNOLOGY FUND

<i>Information Technology Services Department</i>	Reduce ITSD Personal Services Budget	809,574
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FACILITY SERVICES FUND

<i>Facility Services</i>	Defer Municipal Plaza Interior Upgrades	297,290
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FY 2009 Mid-Year Budget Adjustment Summary (\$ in Thousands)

Fund	Adjustment	FY 2009 Budget	Mid-Year Adj.	FY 2009 Revised Budget
General Fund	Expenditure Savings		(\$25,778)	
	Reduce Utility Rebate		(\$7,000)	
	Mid-Year Reductions		(\$3,054)	
	Total General Fund	\$929,962	(\$35,832)	\$894,130
CIMS Fund	Expenditure Savings		(\$252)	
	Airport Program Change		\$172	
	Total CIMS Fund	\$14,845	(\$80)	\$14,765

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FY 2009 Mid-Year Budget Adjustment Summary (\$ in Thousands)

Fund	FY 2009 Budget	Mid-Year Adjustment	FY 2009 Revised Budget
Airport Fund	\$70,117	(\$1,598)	\$68,519
HOT Fund	\$60,744	(\$2,075)	\$58,698
Employee Benefits Fund	\$99,352	(\$7,510)	\$91,842
Facility Services Fund	\$15,358	(\$455)	\$14,903
Solid Waste Fund	\$100,197	(\$9,909)	\$90,288
Storm Water Fund	\$36,370	(\$345)	\$36,025
Purchasing Fund	\$50,536	(\$6,849)	\$43,687
ITSD Fund	\$41,179	(\$1,141)	\$40,038

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Personnel Reductions Summary

	Adopted Position Count	Mid-Year Adjustment	Revised Position Count
General Fund	7,858	(31)	7,827
Other Funds	5,547	5	5,552
TOTAL	13,405	(26)	13,379

Other Funds Current Status and Forecast

Solid Waste Fund



Solid Waste Fund



- Solid Waste, Brush, and Environmental Programs
- Service provided to 344,000 homes

Solid Waste Fund

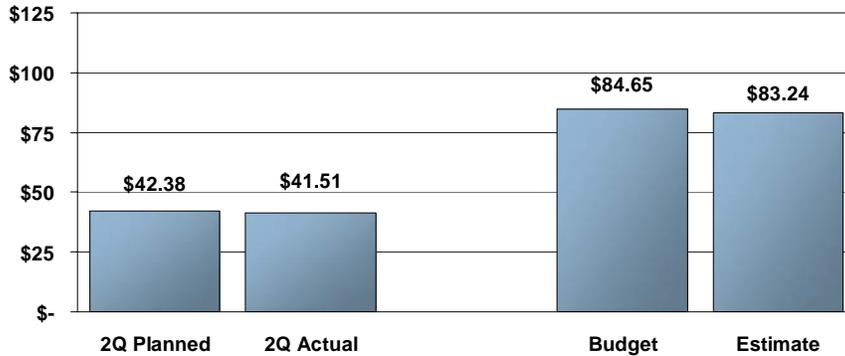
**3½ Year
Automated
Conversion
Schedule**



Home Conversion Schedule

Route Conversion	FY 2007 Actual	FY 2008 Actual	FY 2009 Estimate	FY 2010 Estimate
Homes Converted (Approximate)	75,000	118,000	107,000	45,000
Cumulative Total	75,000	193,000	300,000	345,000

6+6 Solid Waste Fund Revenues (\$ in Millions)



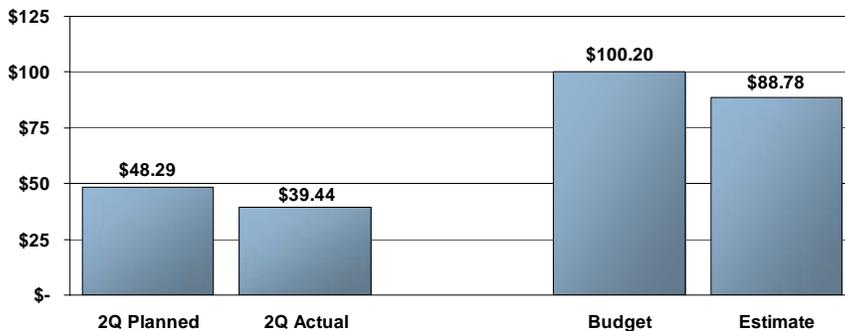
	2Q-Planned Amount	2Q-Actual Amount	Unfavorable Variance	FY 2009 Budget	FY 2009 Estimate	Unfavorable Variance
All Sources	\$42,377,438	\$41,512,616	(\$864,822)	\$84,654,876	\$83,237,886	(\$1,416,990)

- Excludes General Fund Transfer

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6+6 Solid Waste Fund Expenditures (\$ in Millions)

- Projected savings primarily due to decrease in cost of fuel



	2Q-Planned Amount	2Q-Actual Amount	Favorable Variance	FY 2009 Budget	FY 2009 Estimate	Favorable Variance
All Sources	\$48,294,373	\$39,438,304	\$8,856,069	\$100,196,577	\$88,783,039	\$11,413,538

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Solid Waste Expenditure Variance

- Solid Waste FY 2009 Expenditures lower than planned amount due to:
 - \$5.4 M in Fuel savings
 - \$1.76 M in Maintenance & Repair savings due to truck warranties
 - \$1 M in Contracted Collection savings from lower than anticipated rates
 - \$1.8 M from lower landfill disposal costs due to overall decrease in disposal tonnage



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Rate Analysis

Monthly Fee Projections

Monthly Fees	FY 2010 Projected	FY 2011 Projected	FY 2012 Projected	FY 2013 Projected	FY 2014 Projected
Solid Waste, Brush, & Environmental Fees	\$18.74	\$18.74	\$19.49	\$20.24	\$21.09
Projected Monthly Increase	0.00	0.75	0.75	0.85	0.80
Total Monthly Fee	\$18.74	\$19.49	\$20.24	\$21.09	\$21.89

- No projected rate increase in FY 2010

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Solid Waste Fund Forecast

(\$ In Thousands)	FY 2010 Projection	FY 2011 Projection	FY 2012 Projection	FY 2013 Projection	FY 2014 Projection
Total Available Resources	\$89,334	\$91,457	\$93,040	\$98,809	\$105,247
Total Expenditures	\$84,469	\$89,077	\$89,418	\$93,212	\$97,356
Ending Balance	\$4,865	\$2,380	\$3,622	\$5,597	\$7,891

Other Funds Current Status and Forecast

Planning and Development Services



Planning & Development Services Enterprise Fund

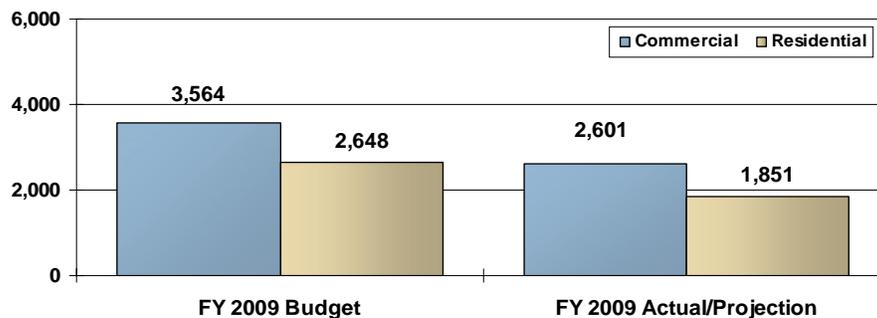
- Two-year Deficit Reduction Strategy implemented in January 2008 to address fund deficit by the end of FY 2009
- Further corrective action taken in 2nd Quarter FY 2009 to mitigate additional decline in revenue
- Enterprise Fund expenditures reduced by \$4.9 Million over the past 3 fiscal years (FY 2007- FY 2009)
- 69 positions have been eliminated over same time period



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Planning & Development Services Enterprise Fund

Building Permits (New & Existing Commercial & New Residential)

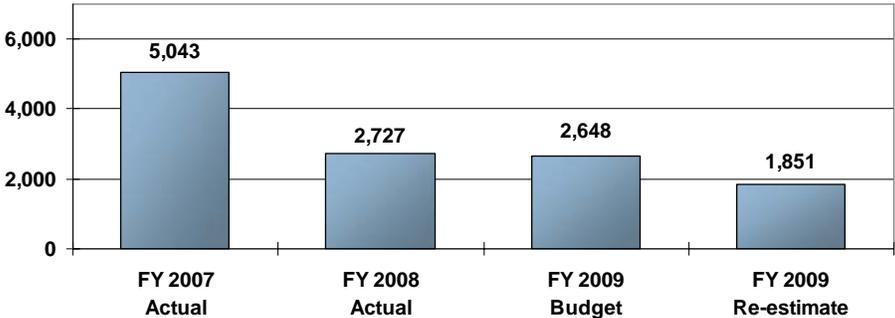


- New & Existing Commercial permits re-forecasted downward by 27% from August 2008 Projections
- New Residential permits re-forecasted downward by 30% from August 2008 Projections

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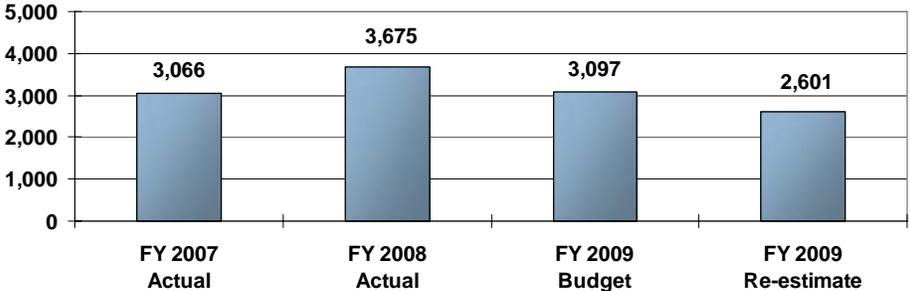
Planning & Development Services Enterprise Fund

New Residential Permits



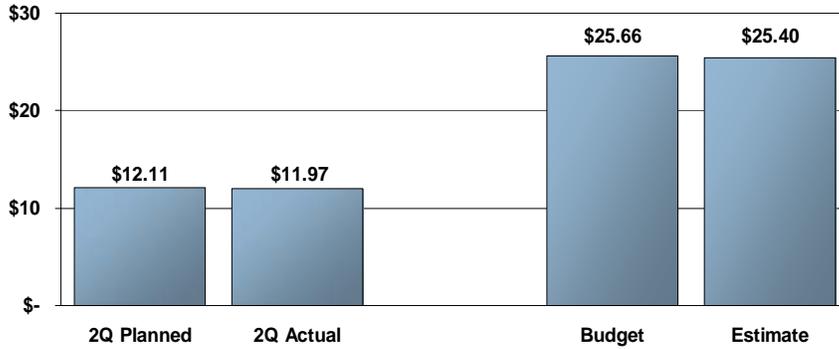
Planning & Development Services Enterprise Fund

New & Existing Commercial Permits



6+6 Planning & Development Services Revenues (\$ in Millions)

- FY 2009 Estimate \$256 K or 1% under FY 2009 Revised Budget

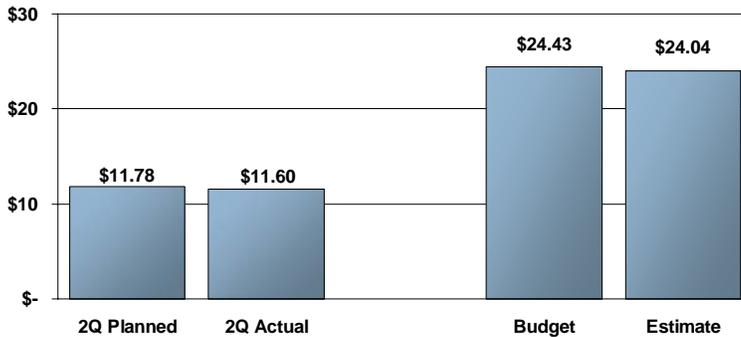


	2Q-Planned Amount	2Q-Actual Amount	Unfavorable Variance	FY 2009 Budget	FY 2009 Estimate	Unfavorable Variance
All Sources	\$12,114,816	\$11,974,959	(\$139,857)	\$25,656,006	\$25,399,753	(\$256,253)

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Planning & Development Services Expenditures (\$ in Millions)

- The FY 2009 Budget reflects the 3+9 Budget Adjustment Action which reduced expenditures by \$1,100,000



	2Q-Planned Amount	2Q-Actual Amount	Favorable Variance	FY 2009 Budget	FY 2009 Estimate	Favorable Variance
All Sources	\$11,784,816	\$11,595,297	\$189,520	\$24,430,358	\$24,043,675	\$386,683

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Planning & Development Services Fund Forecast

(\$ In Thousands)	FY 2010 Projection	FY 2011 Projection	FY 2012 Projection	FY 2013 Projection	FY 2014 Projection
Total Available Resources	\$26,120	\$27,233	\$28,534	\$29,461	\$31,322
Total Expenditures	\$24,831	\$24,777	\$25,397	\$24,959	\$25,471
Ending Balance	\$1,289	\$2,456	\$3,137	\$4,502	\$5,851

Other Funds Current Status and Forecast

Hotel Occupancy Tax Fund



Hotel Occupancy Tax & Related Funds



Convention,
Alamodome and
Other Facilities



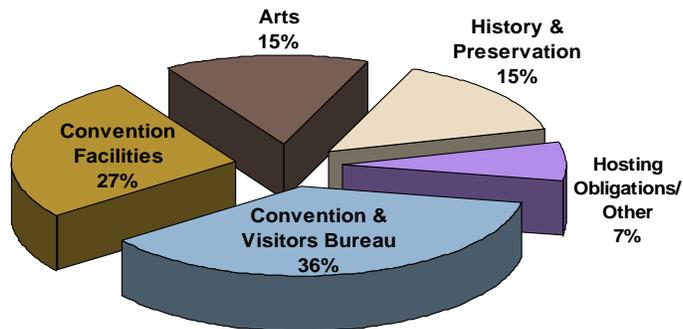
Convention &
Visitors Bureau



Arts & Cultural
Office and
Programs

Hotel Occupancy Tax

FY 2009 Projections Total \$56.5 Million

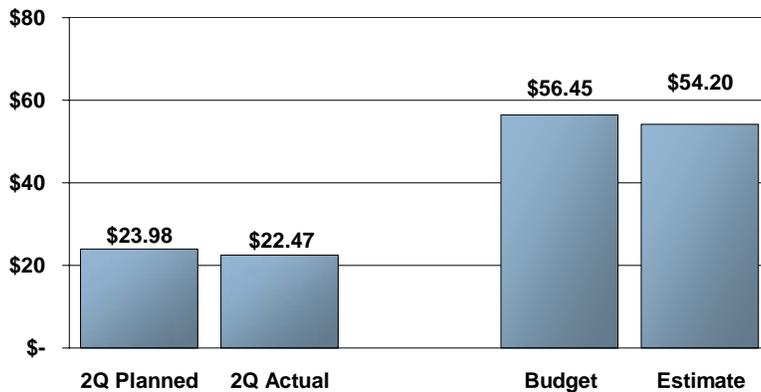


Hotel Occupancy Tax Industry Economic Outlook

- U.S. Hospitality Industry updated forecast shows declines in 2009 (National Level)
 - Occupancy down 4%
 - Average Daily Room Rate down 2%
 - Revenue per Available Room down close to 6%
 - Bounce-back anticipated midway through 2010
- COSA HOT collections
 - Decline experienced for January through March
 - Anticipated to remain flat from April to August, picking up during September to December

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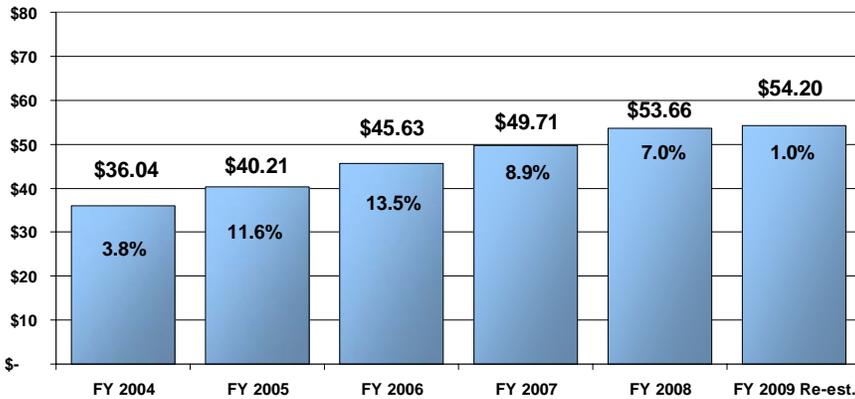
6+6 Hotel Occupancy Tax Collections (\$ in Millions)



	2Q-Planned Amount	2Q-Actual Amount	Unfavorable Variance	FY 2009 Budget	FY 2009 Estimate	Unfavorable Variance
All Sources	\$23,980,746	\$22,469,542	(\$1,511,204)	\$56,452,620	\$54,200,000	(\$2,252,620)

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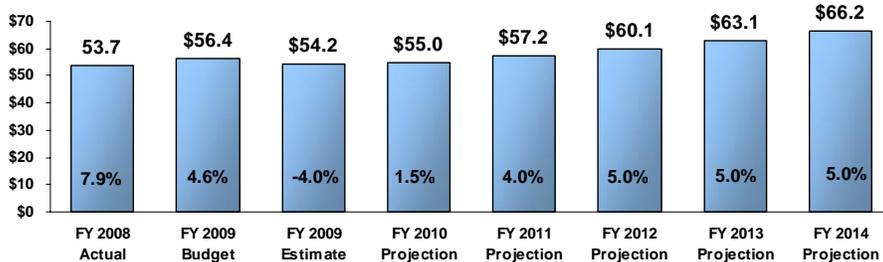
Historical Hotel Occupancy Tax Collections



- Ten Year average percent growth is 5.8%

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Forecast HOT Fund Revenues (\$ in Millions)



- FY 2009 Budget was projected at 4.6% growth over the FY 2008 Estimate of \$53.97 M
- Unaudited FY 2008 Actual represents 7.9% growth over the FY 2007 Actual of \$49.7 M
- HOT Revenue projections reflect conservative growth estimates which can fluctuate depending on future conditions including: Hotel Occupancy Levels, Average Daily Room Rates, and Room Demand Levels

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HOT Fund FY 2009 Analysis

FY 2009			
(\$ In Millions)	FY 2009 Budget	FY 2009 Re-Est.	FY 2009 Variance
Total Revenues	57.4	54.6	(-2.8)
Expenditures & RI&C	60.8	58.2	2.6
2-YR Balanced Budget Res.	4.0	4.0	0.0

- FY 2008 Actual Ending Balance above FY 2008 Re-estimate: **\$2.0 M**
- FY 2009 Revenue variance: **(\$2.2 M)**
- FY 2009 2 YR Balanced Budget Reserve maintained at \$4.0
- Results in FY 2009 ending balance of **\$1.0 M**

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HOT Fund Forecast

(\$ In Millions)	FY 2010 Projection	FY 2011 Projection	FY 2012 Projection	FY 2013 Projection	FY 2014 Projection
Additional Beginning Balance	\$1.13	\$1.01	0	\$0.14	\$1.54
Total Available Resources	\$60.52	\$58.11	\$61.27	\$64.36	\$67.84
Total Expenditures	\$60.48	\$61.66	\$63.80	\$65.89	\$67.27
Ending Balance	\$1.17	(\$2.54)	(\$2.53)	(\$1.53)	\$2.11

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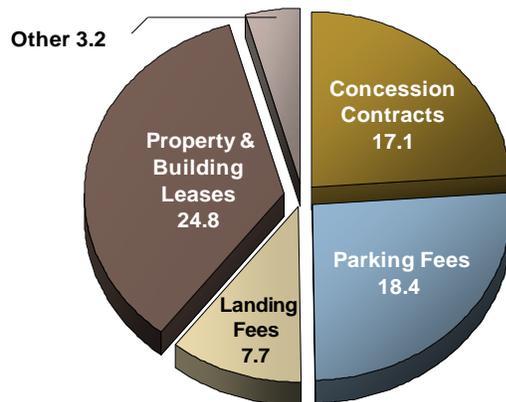
Other Funds Current Status and Forecast

Aviation Fund



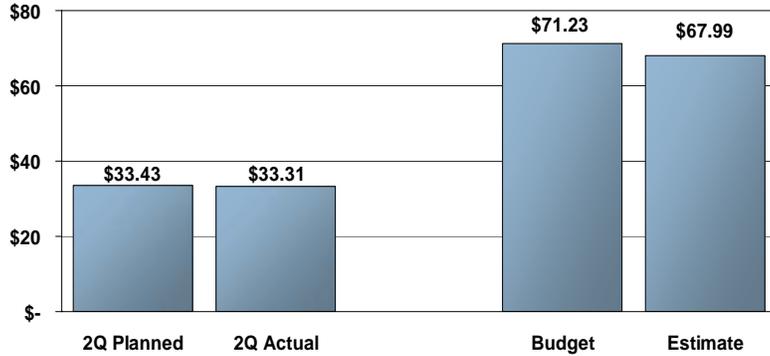
Airport Operating Funds

**FY 2009 Revenue Summary
(\$71.2 M)**



6+6 Airport Operating Fund Revenues (\$ in Millions)

- Revenues are projected at \$3.2 M under budget, due to decreased Parking, Car Rental Fees, and Interest Earnings Revenues

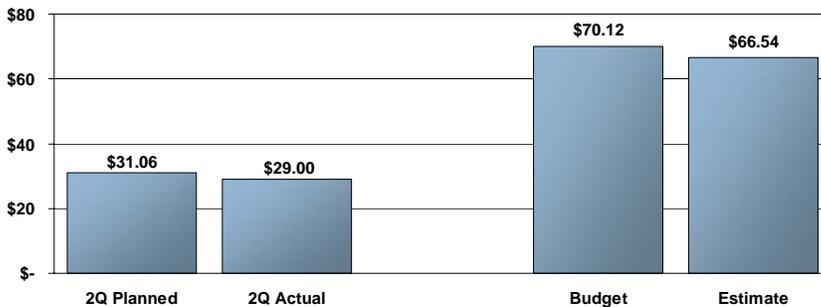


	2Q-Planned Amount	2Q-Actual Amount	Unfavorable Variance	FY 2009 Budget	FY 2009 Estimate	Unfavorable Variance
All Sources	\$33,426,985	\$33,314,936	(\$112,049)	\$71,226,865	\$67,986,458	(\$3,240,407)

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6+6 Airport Operating Fund Expenditures (\$ in Millions)

- Projections include continued implementation of contingency plan to address projected decreases in revenues



	2Q-Planned Amount	2Q-Actual Amount	Favorable Variance	FY 2009 Budget	FY 2009 Estimate	Favorable Variance
Expenditures	\$31,056,195	\$28,996,434	\$2,059,761	\$70,117,288	\$66,542,270	\$3,575,018

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Aviation Fund

- To better plan, direct and manage capital projects at International Airport, Mid-Year Budget Adjustment includes program change in Capital Improvements Management Services Department Budget
 - Funded with Airport Capital Project Budgets initially designated for outside professional services
 - Adds 5 Additional Positions
 - Increases CIMS Fund
FY 2009 Appropriations
by \$172,012



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Performance Measures



Performance Measures

- Select City-wide Performance Measures

Dept	Performance Measure	Annual Goal	2 nd Qtr Goal	2 nd Qtr Result
Public Works	Complete 100% of Street Maintenance Projects in the IMP	100%	40%	43%
Public Works	Install 100% of ADA curbs as planned in the City's IMP Program in FY 2009	100%	40%	32%
Police	Respond to 60% of priority one calls within 5 minutes	60%	60%	58%
Police	Achieve Clearance Rate for violent crimes at 32.8%	32.8%	32.8%	41.3%

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Performance Measures

- Select City-wide Performance Measures

Dept	Performance Measure	Annual Goal	2 nd Qtr Goal	2 nd Qtr Result
Fire	Achieve average response time to emergency incidents from dispatch to arrival of 5.99 minutes	5.99	5.98	5.93
Economic Develop.	Achieve 85% customer satisfaction rating on content and quality of technical assistance from customers receiving counseling	85%	85%	89%
Animal Care	Achieve average response time to Priority calls from dispatch to arrival on scene of 60 minutes	60	60	40

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Performance Measures

- Select City-wide Performance Measures

Dept	Performance Measure	Annual Goal	2 nd Qtr Goal	2 nd Qtr Result
Housing & Neigh. Svcs	Close case within 24 days of Initial Investigation to Code Violation	24	24	31
Housing & Neigh. Svcs.	Achieve turnaround time of 2 days from initial call to clean-up of all graffiti on the public right-of-way	2	2	1
Parks	Complete 85% of planned replacements scheduled for completion within the fiscal year	85%	21%	30%
Planning & Dev.	Provide major plats technical review within 34 business days	34	34	24

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Performance Measures

- Select City-wide Performance Measures

Dept	Performance Measure	Annual Goal	2 nd Qtr Goal	2 nd Qtr Result
Planning & Dev.	Perform 96% of inspections as scheduled	96%	96%	99%
Environ. Policy	Reduce energy and water use in City facilities by completing an inventory and analysis of energy and water saving opportunities of 70% of City facilities	70%	20%	20%
Purchasing	Achieve 80% of scheduled Preventative Maintenance completed on time	80%	80%	90%
Health	Achieve 80% children with up-to-date immunizations through Vaccine for Children (VFC) providers	80%	80%	86%

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Summary and Next Steps



Budget / Finance Condition Summary

- FY 2009 Adopted Budget is balanced
- FY 2009 Budget remains balanced today and will be balanced on September 30, 2009
- General Fund Revenues are down
- Budget / Finance strategy allows budget to remain balanced and generates \$25 million for FY 2010 General Fund Budget



Next Steps

- Mid-Year Budget Adjustment Ordinance
 - City Council “A” Session, April 30, 2009
- FY 2009 Budget Updated to Council
 - May 20 or 21, 2009 (Tentative)
- City Council Ballot for Policy Direction
 - City Council “B” Session, June 10, 2009
- City Council Major Policy and Budget Goal Setting Worksession
 - June 24, 2009
- FY 2009 Budget Update to City Council
 - August 5th or 6th, 2009
- Proposed FY 2010 Budget Presentation
 - City Council “A” Session, August 13, 2009



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FY 2009 Financial Update Five-Year Financial Forecast Mid-Year Budget Adjustment

Presented by Peter Zanoni

April 29, 2009

