



# FY 2021 Mid-Year Financial Report & FY 2022-2026 Five Year Forecast


City Council “B” Session May 12, 2021  
Presented by: Scott Huizenga, Budget Director

# Overview



- ✓ Economic Outlook
- ✓ 2<sup>nd</sup> Quarter Financial Update
- ✓ Mid-Year Budget Adjustment
- ✓ Five Year Forecast
- ✓ Next Steps

# Economic Outlook

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- An illustration on the left side of the slide shows a teal-gloved hand holding a medical syringe. The syringe is positioned over a background that features a bar chart with several vertical bars of varying heights and a line graph with a solid red line and a dashed teal line. The red line starts low, rises sharply to a peak, and then slightly declines. The dashed teal line starts low and rises steadily. The overall theme suggests a connection between economic data and public health interventions.
- ✓ Economy remains unsettled due to ongoing public health crisis
  - ✓ Availability of vaccines and low positivity test rates increase confidence
  - ✓ Record stimulus funding adds to the economy

# San Antonio Economy Improving but Uncertainty Remains

- ✓ Consumer confidence is optimistic
- ✓ Unemployment rate decreased to 6.4% in April 2021 compared to 14.1% last year, but still much higher than 2019
- ✓ Room nights sold in April 2021 more than doubled compared to last year, but still approximately 13% lower than 2019
- ✓ Airport saw a significant increase in passengers in 2021 compared to last year, but still lower than 2019
- ✓ Building permits saw a dip in 2020, however 2021 activity is stronger than 2019

# COVID-19 City Revenue Impact

- ✓ Significant impact on city revenue, **\$248 million** impact over FY 2020 and FY 2021
  - ✓ \$174.2 million not including Airport
- ✓ Some sectors of the economy recover, while others like the hospitality and travel industry continue to lag





# 2nd Quarter Financial Update

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# FY 2021 Total City Budget

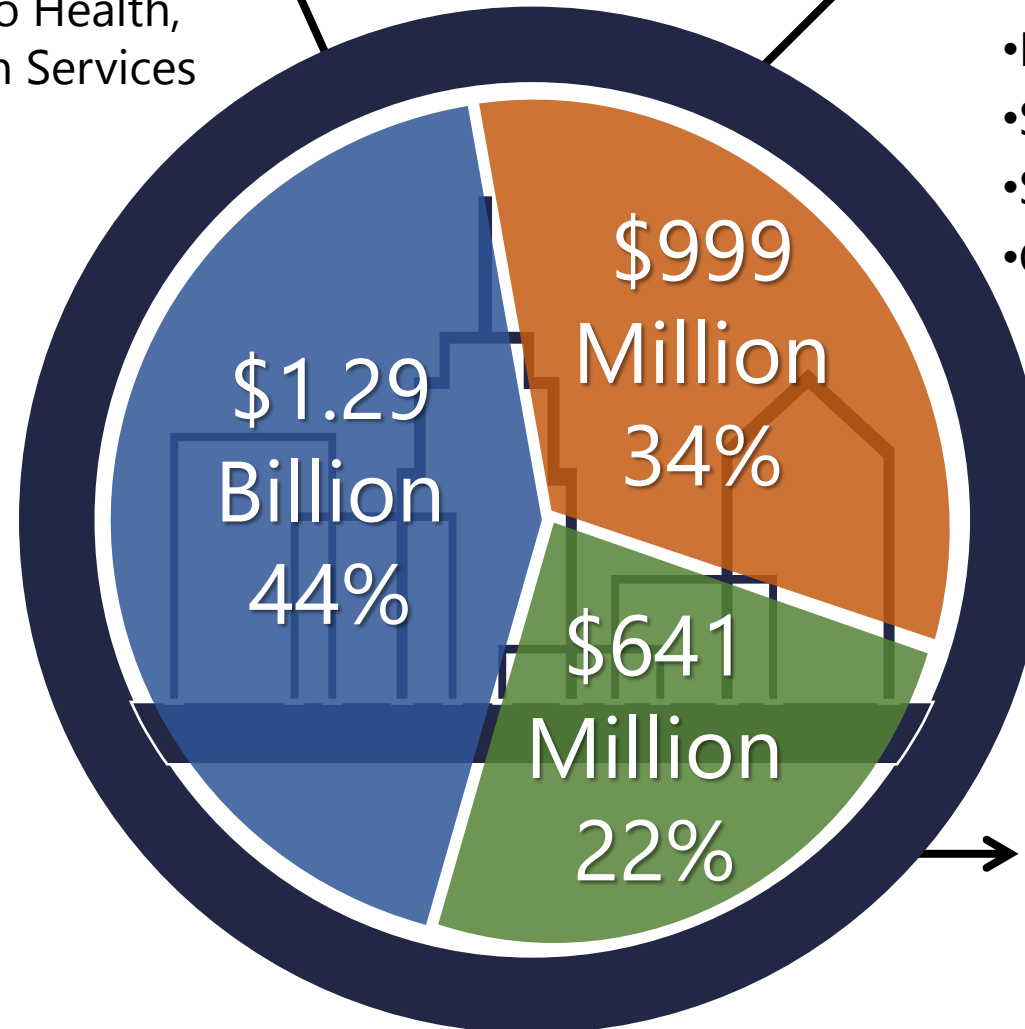
**\$2.9  
Billion**

## General Fund

Supports most basic City services: Police, Fire, Streets, Metro Health, Parks, Human Services

## Restricted Funds

- Airport Fund
- Development Services
- Hotel Occupancy Tax
- Solid Waste
- Storm Water
- Grant/CARES



## Capital Budget

- 2017 Bond Programs
- Airport Projects

# Revenue Loss Mitigation Measures

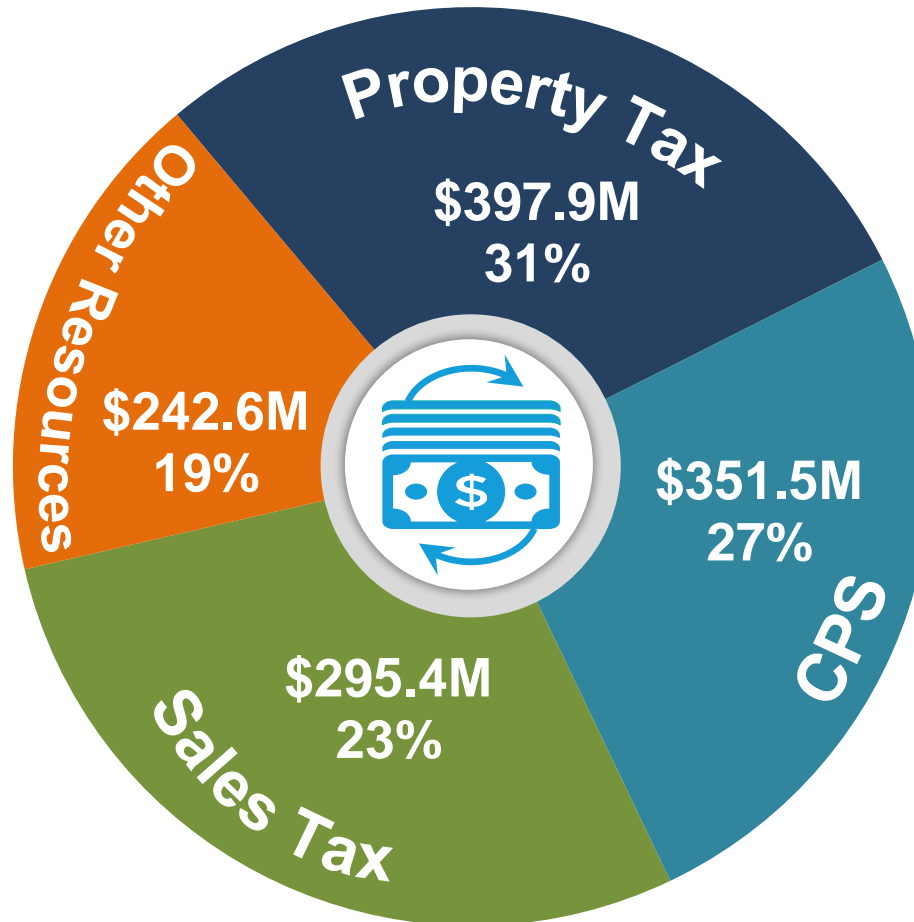
- ✓ Budget balanced by reducing spending over 3 years (FY 2020, FY 2021, FY 2022)
- ✓ General Fund included \$87 million in reductions to balance FY 2021 and FY 2022 including:
  - ✓ Reducing street maintenance program
  - ✓ Eliminating economic development incentives
  - ✓ Deferring civilian compensation increases
- ✓ Hotel Occupancy Tax departments, Visit SA, and arts agencies budgets reduced below 2019 levels



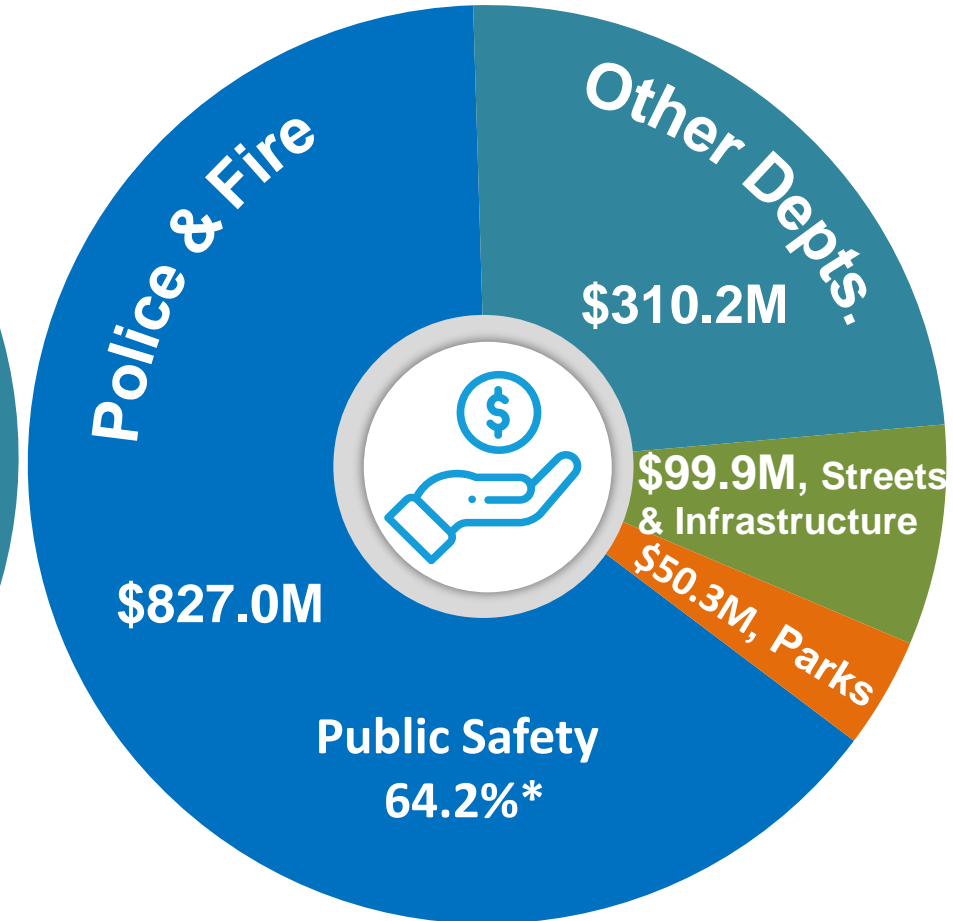
# FY 2021 General Fund Budget

**\$1.29  
Billion**

## Revenues (In Millions)



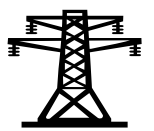



## Expenses (In Millions)



\* INCLUDES PARKS POLICE

# General Fund Revenue Update

Revenue Source (\$ in Millions)		FY 2021 Adopted Budget	6-month Variance	12-month Variance (Est)
	Property Tax	\$397.9	\$0.0	\$0.0
	Sales Tax	295.4	\$4.2	\$11.3
	CPS Energy	351.5	\$0.6	\$0.0
	Other	242.5	(\$6.1)	(\$10.9)
Total		\$1,287.3	(\$1.3)	\$0.4

# General Fund (\$ in Millions)

## 2<sup>nd</sup> Quarter Report (October to March)

### Revenues

Budget	Actuals	Variance
\$782.2	\$780.87	(\$1.3)

### Expenses

Budget	Actuals	Variance
\$610.5	\$602.4	\$8.1

**\$6.7 Million Ahead of Budget**

## 6+6 Report (October to September)

### Revenues

Budget	Estimate	Variance
\$1,287.3	\$1,287.7	\$0.4

### Expenses

Budget	Estimate	Variance
\$1,287.3	\$1,283.1	\$4.2

**\$4.6 Million Ahead of Budget**

# General Fund

## FY 2021 Year End Projection (\$ in Millions)



**\$20.2 M**

Additional Ending  
Balance for  
FY 2020



**\$0.4 M**

More Revenue in FY  
2021



**\$4.2 M**

Less Expense in FY  
2021



**\$24.8 M**

Better Ending  
Balance for  
FY 2021

# Hotel Occupancy Tax Fund Revenues (\$ in Millions)

## 2<sup>nd</sup> Quarter Report (October to March)

	Budget	Actuals	Variance
HOT Tax	\$29.5	\$18.1	(\$11.4)
Alamodome	\$2.7	\$2.5	(\$0.2)
Convention Center	\$2.5	\$0.2	(\$2.2)

## 6+6 Report (October to September)

	Budget	Actuals	Variance
HOT Tax	\$61.7	\$51.1	(\$10.6)
Alamodome	\$7.3	\$7.1	(\$0.2)
Convention Center	\$9.1	\$4.7	(\$4.4)



# Development Services (\$ in Millions)

## 2<sup>nd</sup> Quarter Report (October to March)

Revenues		
Budget	Actuals	Variance
\$16.6	\$20.7	\$4.2



Expenses		
Budget	Actuals	Variance
\$17.7	\$17.8	(\$0.1)

**\$4.1 Million Ahead of Budget**

## 6+6 Report (October to September)

Revenues		
Budget	Estimate	Variance
\$31.7	\$38.8	\$7.1

Expenses		
Budget	Estimate	Variance
\$35.2	\$36.1	(\$0.9)

**\$6.2 Million Ahead of Budget**

# Airport Operating Fund (\$ in Millions)

## 2<sup>nd</sup> Quarter Report (October to March)

### Revenues

Budget	Actuals	Variance
\$42.1	\$45.4	\$3.3



### Expenses

Budget	Actuals	Variance
\$37.1	\$35.2	\$1.9

**\$4.1 Million Ahead of Budget**

## 6+6 Report (October to September)

### Revenues

Budget	Estimate	Variance
\$94.7	\$90.5	\$(4.2)

### Expenses

Budget	Estimate	Variance
\$94.7	\$90.6	\$4.1

**\$100,000 Below Budget**



# Mid Year Budget Adjustment

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# Requested Abatements/Waivers

General Fund	Restricted Funds
<ul style="list-style-type: none"><li>• La Villita tenants</li><li>• Vehicle for Hire Permits (Taxicabs)</li><li>• River Barge - Go Rio</li><li>• Tower of the Americas - Landry's</li><li>• International Center (Sushi Zushi &amp; Biga)</li><li>• Plaza De Armas (Fratello's)</li></ul>	<ul style="list-style-type: none"><li>• Market Square tenants</li><li>• River Walk Patio Leases</li><li>• Parking contracts and retail tenants</li><li>• SA Missions Baseball Rent Abatement</li></ul>
<b>\$1.6 Million (FY 2021 Impact)</b>	<b>\$1.5 Million (FY 2021 Impact)</b>



# Use of Delegate Agencies Reserve to address COVID-19 Impacts

## Delegate Agencies Reserve

Emergency Food Assistance for Seniors - \$100,000

Youth Education & Career Opportunities for Disconnected and Disabled Youth - \$1 Million

Homeless Street Outreach Support - \$390,000

## Mental Health Reserve

Wrap Around Mental Health Services for Children Exposed to Domestic Violence - \$100,000

Mental Health Services for Survivors of Domestic Violence - \$160,000

Prevention & Intervention for Postpartum Depression - \$40,000



# Capital Projects – Mid Year Adjustment

Cancel 2017 Parks Bond Project: CD3 YMCA \$2.0 Million due to inability to raise funds; funds reallocated to two projects

**\$1.5 Million**

World Heritage Park & Land  
Acquisition



**\$500,000**

Jupe Manor Park



# FY 2022-2026

## FIVE YEAR FINANCIAL FORECAST



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

CITY OF SAN ANTONIO

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# Five Year Financial Forecast FY 2022 - FY 2026

# What is the Financial Forecast ?



Early financial outlook  
for the City

Initiates Council Policy  
discussions for budget

Financial Forecast is not  
a budget

# Forecast Outlook

- ✓ Continued economic uncertainty
- ✓ Consumer demand, housing demand, and infusion of federal stimulus is encouraging
- ✓ Revenue gradually rebounds as services and facilities reopen
- ✓ Maintains current services
- ✓ Structural imbalance exacerbated by revenue loss



# **FY**2022-2026 FIVE YEAR FINANCIAL FORECAST



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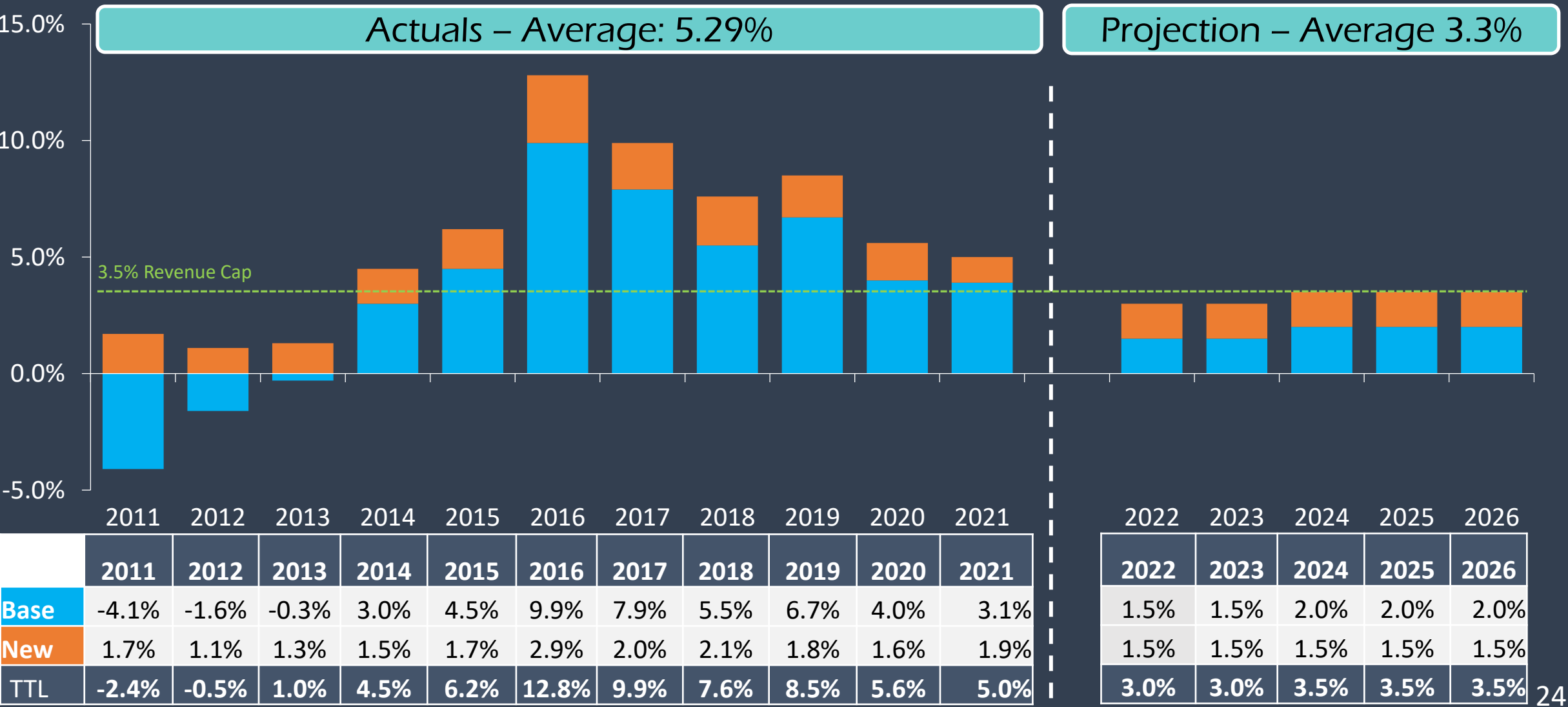
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# Revenue Assumptions FY 2022 - FY 2026

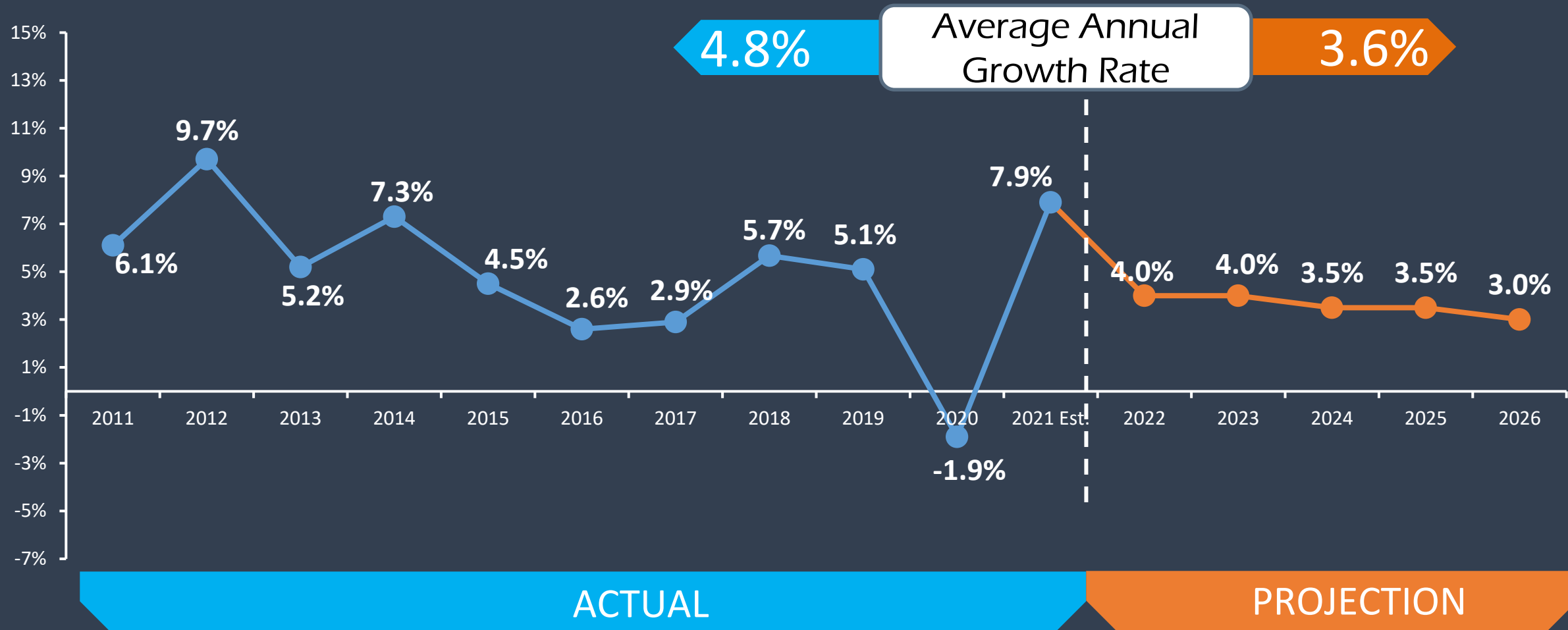
## General Fund



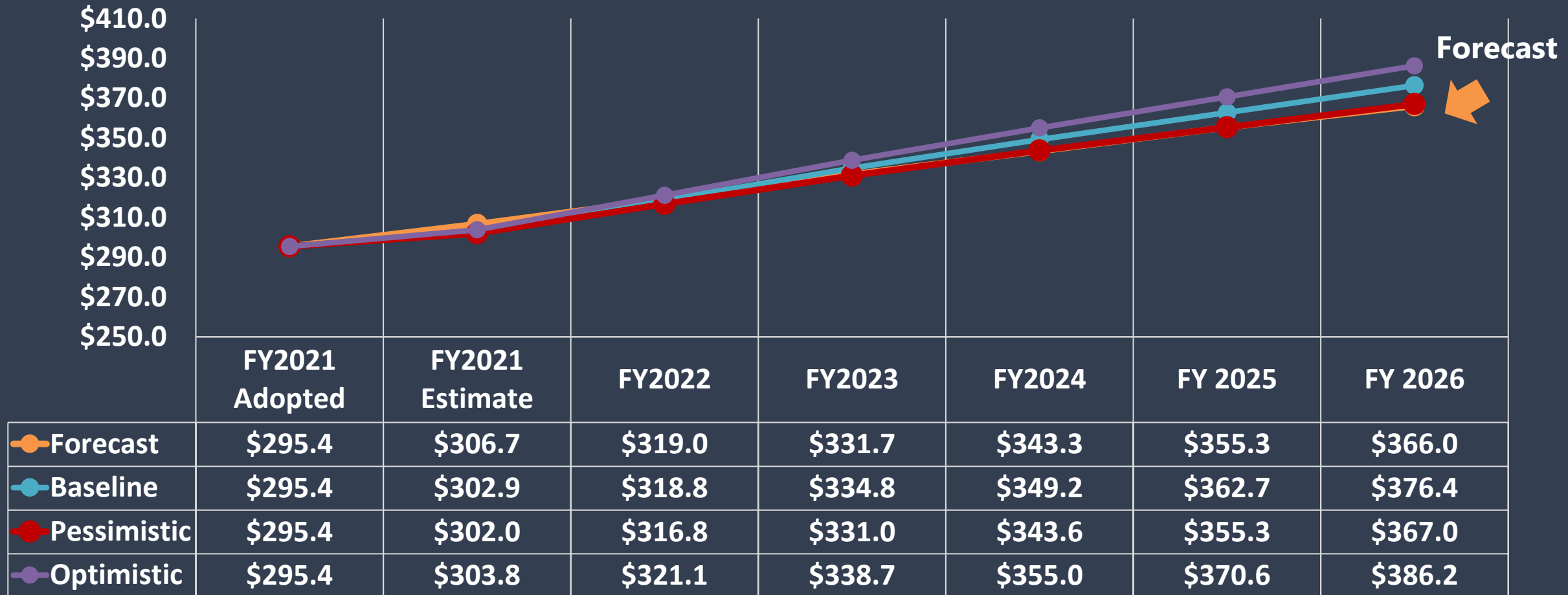
# Property Tax - Taxable Valuation % Change from Prior Year



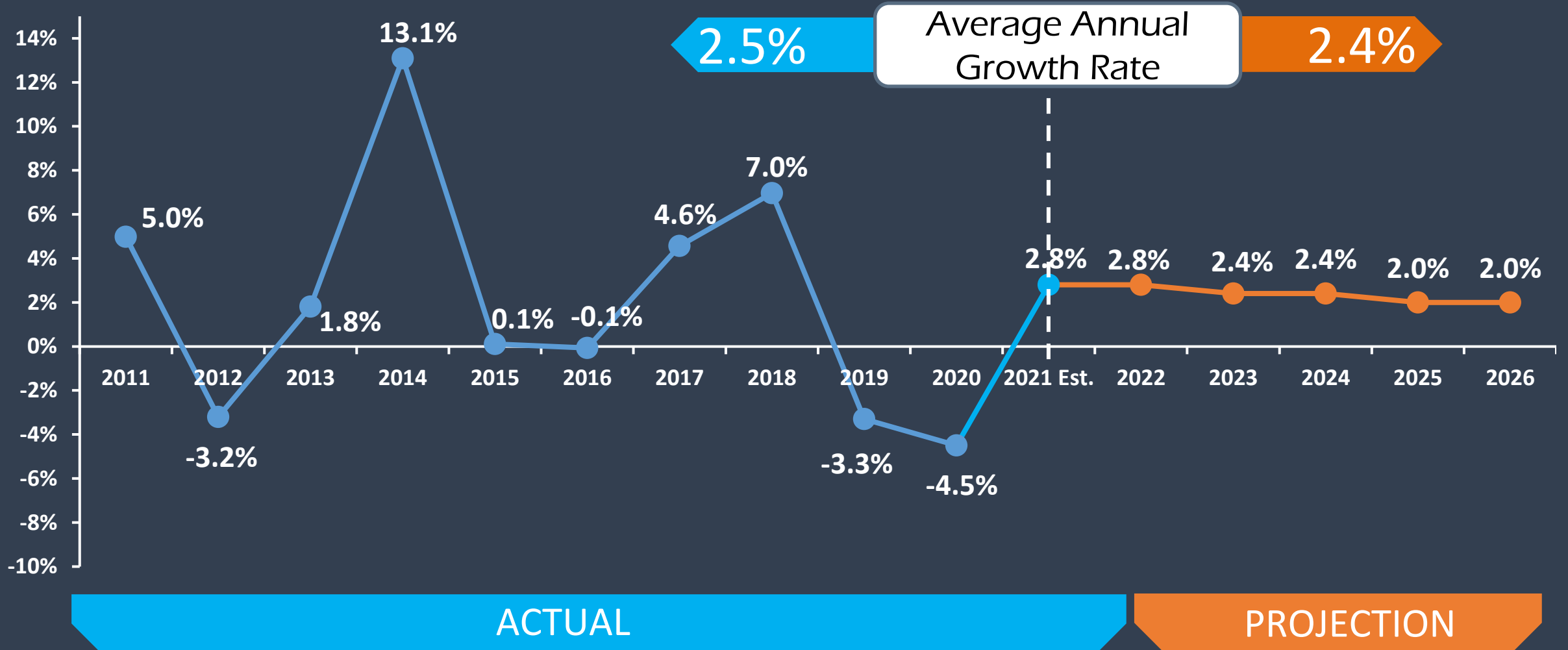
# Sales Tax – % Change from Prior Year Actual Collections



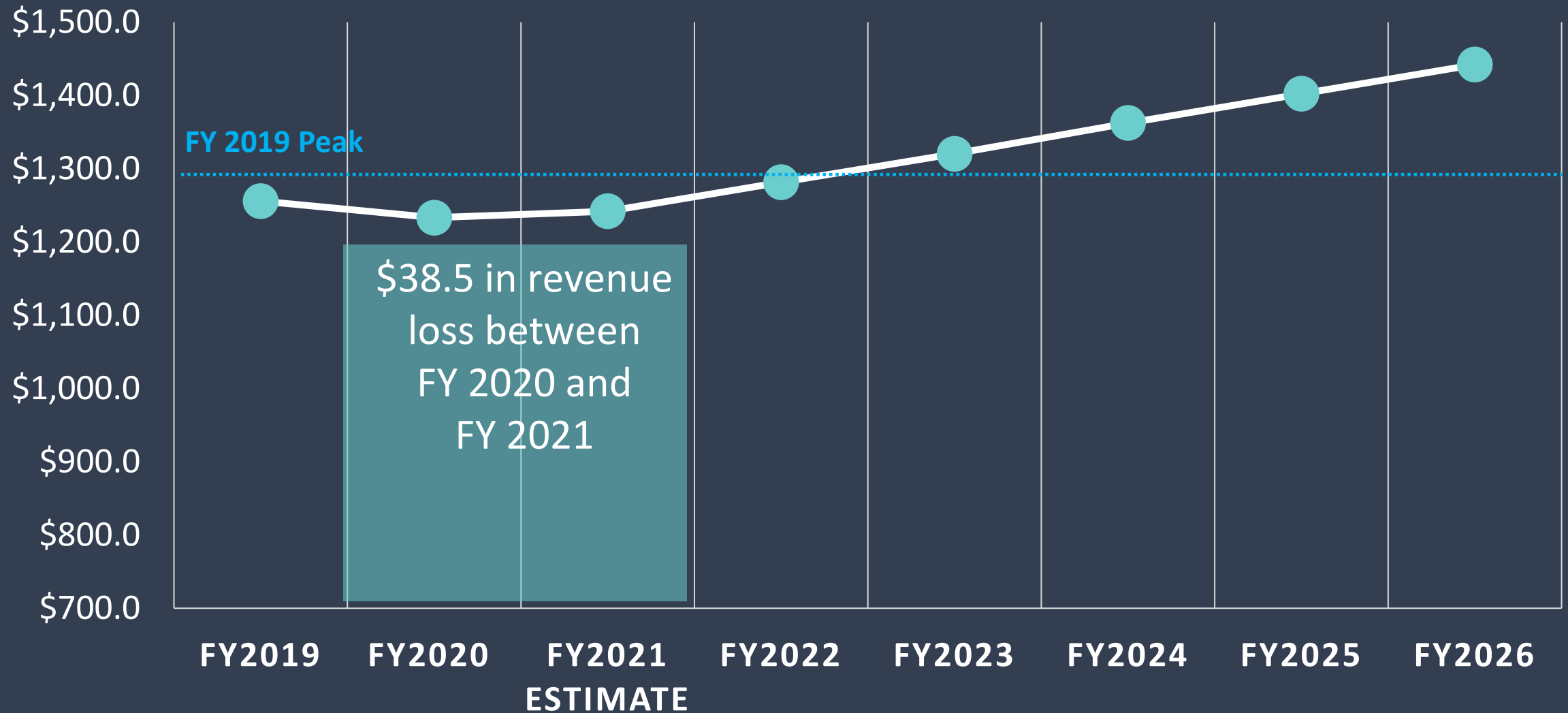
# Sales Tax Projection (\$ in Millions)



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



# General Fund Revenues – (\$ in Millions)





**FY 2022-2026**

**FIVE YEAR  
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# Expenditure Assumptions FY 2022 - FY 2026

## General Fund

# Major Program Assumptions

- Maintains current levels of service
- Includes fire collective bargaining agreement increases
- Adds operating cost for bond projects and grant matches
- Reflects increases in medical inflation and modest inflationary increases for commodities
- Assumes restoration of some FY 2022 Planned Reductions

# FY 2022 Reductions Restored (\$ In Millions)

Program	Restored
Street Maintenance Program	\$16.2
Employee Furloughs	6.6
Civilian Hiring Freeze (partially restored)	1.2
Economic Development Incentives	5.5
Civilian Compensation Increase	5.8
Citywide Planning	1.4
Employee Home Incentive & Fellowship	0.5
<b>Total</b>	<b>\$37.2</b>

# General Fund Five-Year Financial Forecast

(\$ in Millions)	FY 2022 Projection	FY 2023 Projection	FY 2024 Projection	FY 2025 Projection	FY 2026 Projection
Projected Resources <sup>a</sup>	<b>\$1,399.0</b>	<b>\$1,398.5</b>	<b>\$1,428.4</b>	<b>\$1,470.5</b>	<b>\$1,512.2</b>
Current Service Expenses	<b>\$1,282.9</b>	<b>\$1,314.5</b>	<b>\$1,338.2</b>	<b>\$1,359.2</b>	<b>\$1,374.4</b>
Restore FY 2022 Reductions	31.8	32.4	32.4	32.4	32.4
Civilian Compensation	6.2	12.4	18.7	25.0	31.3
Two-Year Budget Reserve	65.7	69.9	72.3	74.1	76.1
<b>Ending Balance/(Adj Needed)</b>	<b>\$9.9</b>	<b>(\$32.3)</b>	<b>(\$33.1)</b>	<b>(\$20.2)</b>	<b>(\$1.9)</b>
<i>Policy Issue-Police CBA<sup>b</sup></i>	0.0	5.9	12.0	18.1	24.4
<b>Net Ending Balance/(Adj Needed)</b>	<b>\$9.9</b>	<b>(\$38.2)</b>	<b>(\$45.1)</b>	<b>(\$38.3)</b>	<b>(\$26.3)</b>

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

*b: City wage proposal presented to SAPOA*

# **FY**2022-2026 FIVE YEAR FINANCIAL FORECAST



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# Five Year Financial Forecast FY 2022 - FY 2026

## Hotel Occupancy Tax

# HOT Fund Forecast



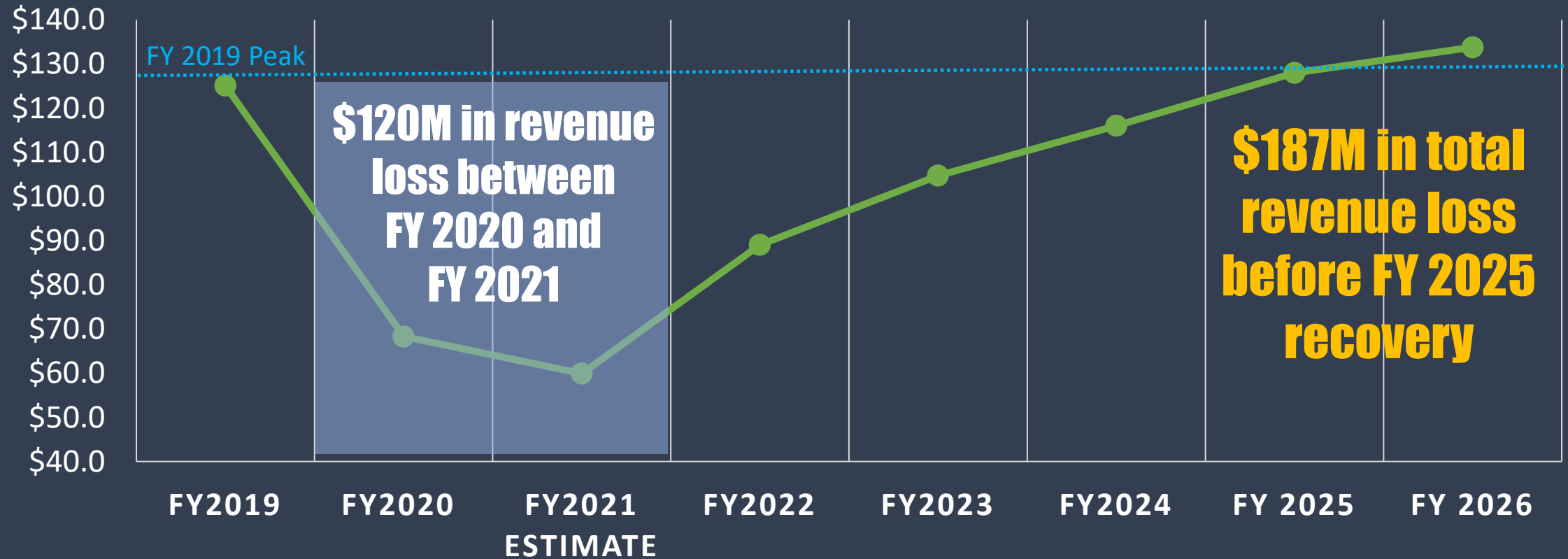
- ✓ Assumes full revenue recovery in FY 2025
- ✓ Restores staffing levels at Convention Center and Alamodome by FY 2022
- ✓ Maintains funding for Arts and Culture at 15% of net HOT increase
- ✓ Maintains funding for Visit San Antonio at 35% of net HOT increase



# Hotel Tax Projection (\$ in Millions)



# HOT Fund Revenues – (\$ in Millions)



HOT 9% Tax	\$93.48	\$52.08	\$48.10	\$63.16	\$76.32	\$84.36	\$93.93	\$98.94
Convention Ctr	19.00	10.19	4.75	15.57	17.02	19.57	20.58	21.52
Alamodome	12.62	6.03	7.07	10.33	11.38	12.10	13.50	13.35
Total	\$125.10	\$68.30	\$59.92	\$89.06	\$104.72	\$116.03	\$128.01	\$133.81

# Hotel Occupancy Tax Fund Forecast

(\$ in Millions)	FY 2021 Projection	FY 2022 Projection	FY 2023 Projection	FY 2024 Projection	FY 2025 Projection	FY 2026 Projection
HOT Fund Revenues	\$54.4	\$63.3	\$76.6	\$84.7	\$94.3	\$99.4
Convention Facilities	\$13.0	\$26.9	\$30.1	\$24.6	\$23.6	\$24.3
Visit San Antonio	15.1	15.5	17.7	20.1	22.5	23.6
Arts & Culture	6.4	7.2	7.3	7.9	8.9	10.5
History & Preservation	6.5	7.2	7.3	7.9	8.9	10.5
Debt Service/Other	22.4	23.9	30.9	32.1	34.9	36.7
<b>Ending Balance</b>	<b>(\$9.1)</b>	<b>(\$17.4)</b>	<b>(\$16.8)</b>	<b>(\$8.1)</b>	<b>(\$4.5)</b>	<b>(\$6.3)</b>

**FY 2022-2026**

**FIVE YEAR  
FINANCIAL FORECAST**



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# Five Year Financial Forecast FY 2022 - FY 2026

## Development Services

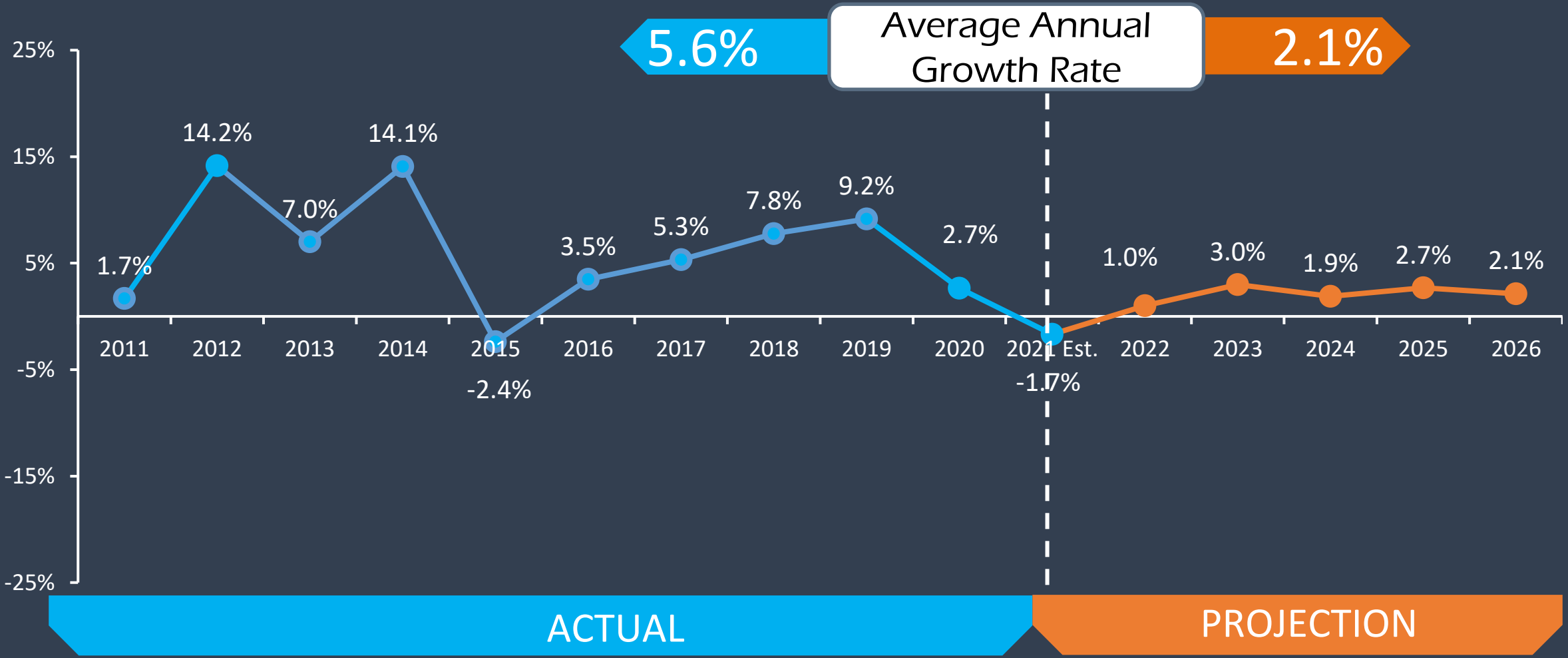
# Development Services Fund

## Residential & Commercial Building Permit Activity



# Development Services

## % Change from Prior Year Actual Collections





# Development Services

(\$ in Millions)	FY 2021 Projection	FY 2022 Projection	FY 2023 Projection	FY 2024 Projection	FY 2025 Projection	FY 2026 Projection
Projected Resources	\$50.8	\$53.9	\$54.9	\$54.9	\$56.0	\$56.8
Projected Expenses	36.1	39.4	41.2	41.3	42.6	43.9
Operating Contingency	8.1	8.6	8.9	9.2	9.5	9.8
Ending Balance	\$6.6	\$5.9	\$4.8	\$4.4	\$3.9	\$3.1

**FY 2022-2026**

**FIVE YEAR  
FINANCIAL FORECAST**



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# Five Year Financial Forecast FY 2022 - FY 2026

## Airport

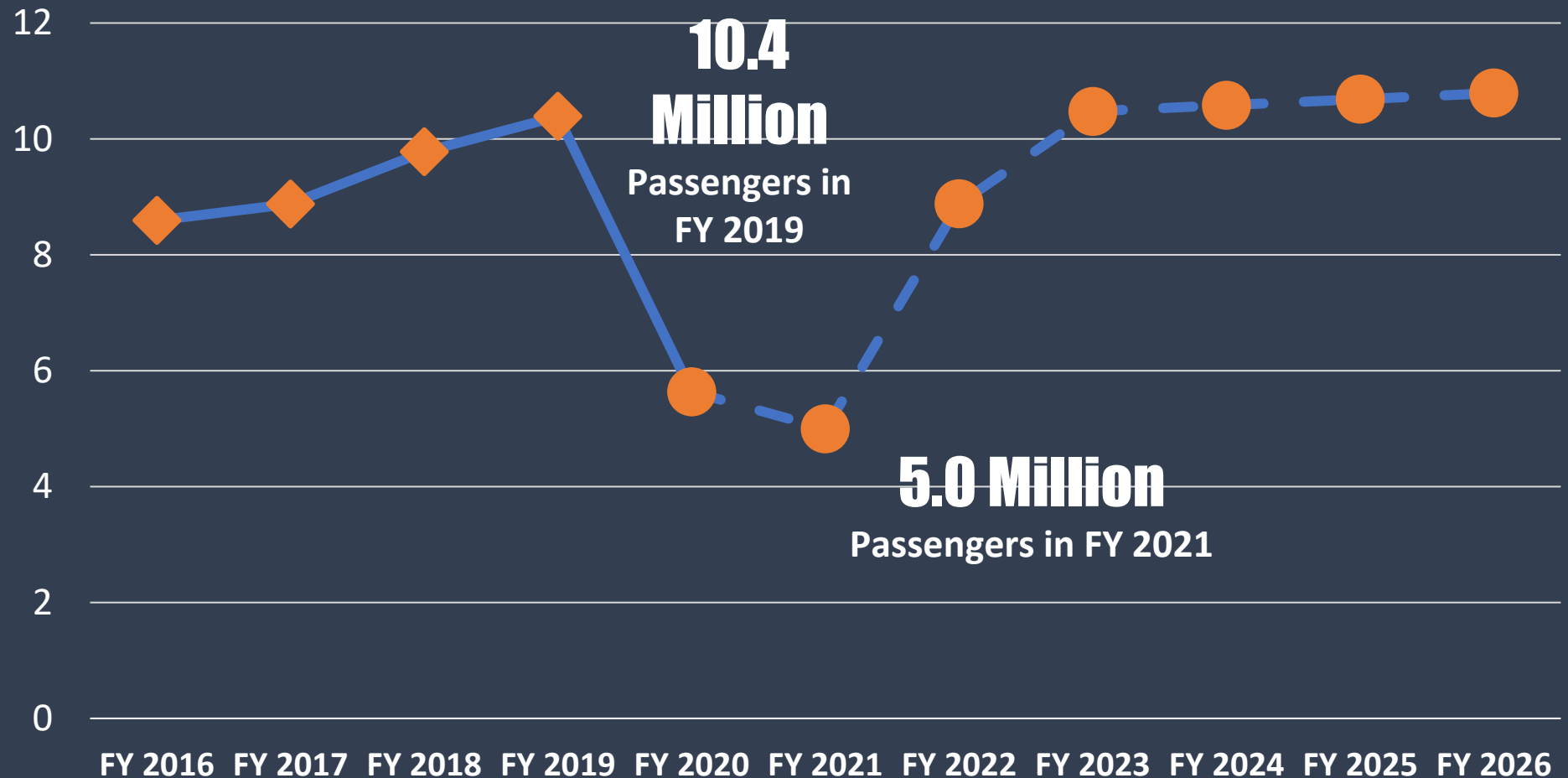
# Airport Passengers (in millions)

**FY 2021**

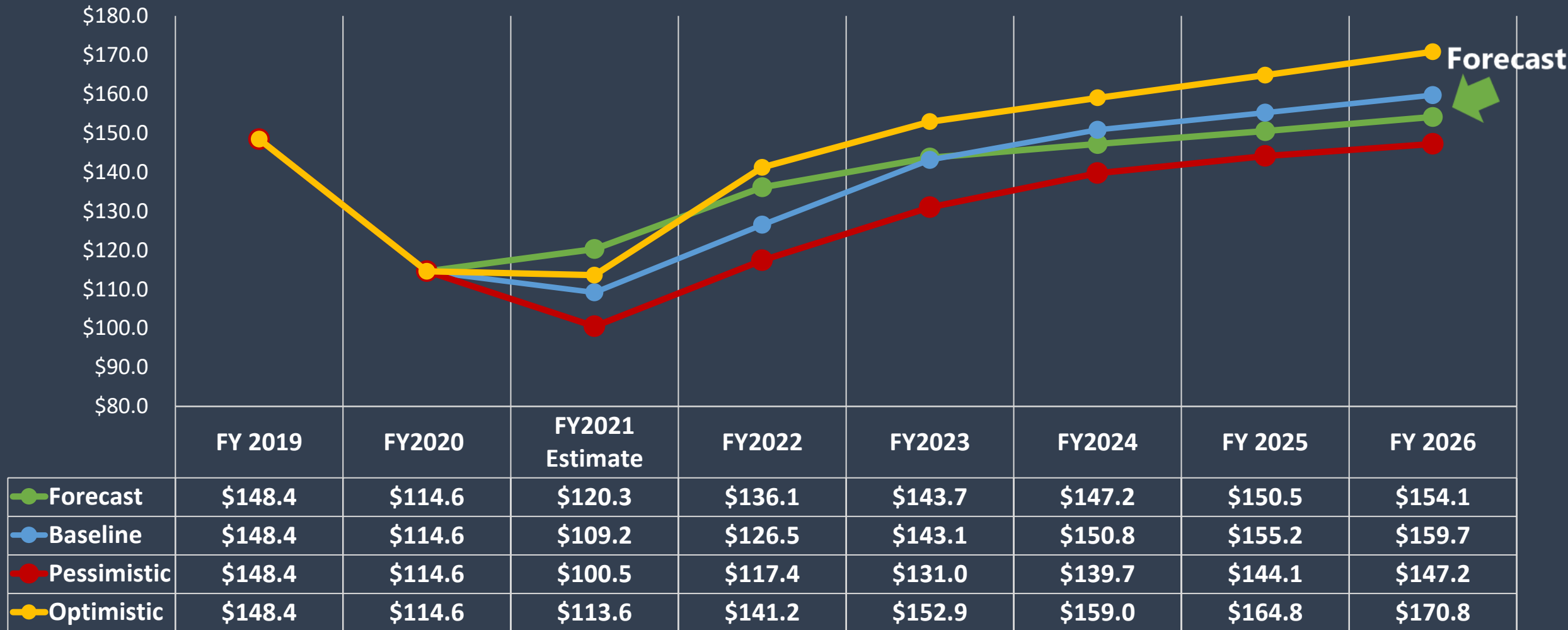
**53%**

less passengers  
than FY 2019

Passengers  
recover in FY  
2023 to pre-  
pandemic levels



# Airport Revenue Projection



# Airport Operations and Maintenance Fund

(\$ in Millions)	FY 2021 Projection	FY 2022 Projection	FY 2023 Projection	FY 2024 Projection	FY 2025 Projection	FY 2026 Projection
Projected Resources	\$107.9	\$124.1	\$129.7	\$133.2	\$136.8	\$140.9
Projected Expenses	90.6	103.6	108.9	111.6	114.4	117.6
Restricted Reserve	17.3	20.5	20.8	21.6	22.4	23.3
Ending Balance	\$0	\$0	\$0	\$0	\$0	\$0

# Next Steps

- ✓ Community Input May - June
- ✓ Trial Budget June 16
- ✓ Goal Setting Session June 25
- ✓ Budget Proposal August 12
- ✓ Council and Community Input (August-September)
- ✓ Budget Adoption September 16



# Conclusion

- ✓ Economy is recovering but uncertainty remains
- ✓ Industries like Hospitality and Travel will take several years to recover
- ✓ Cautious approach heading into next year's budget
- ✓ Recommend reserving FY 2021 General Fund Ending Balance to restore street maintenance and eliminate employee furloughs in FY 2022
- ✓ Recommends using \$174 million of the American Rescue Plan funds for revenue recovery for FY 2020 and FY 2021

# American Rescue Plan Act Update (ARPA)

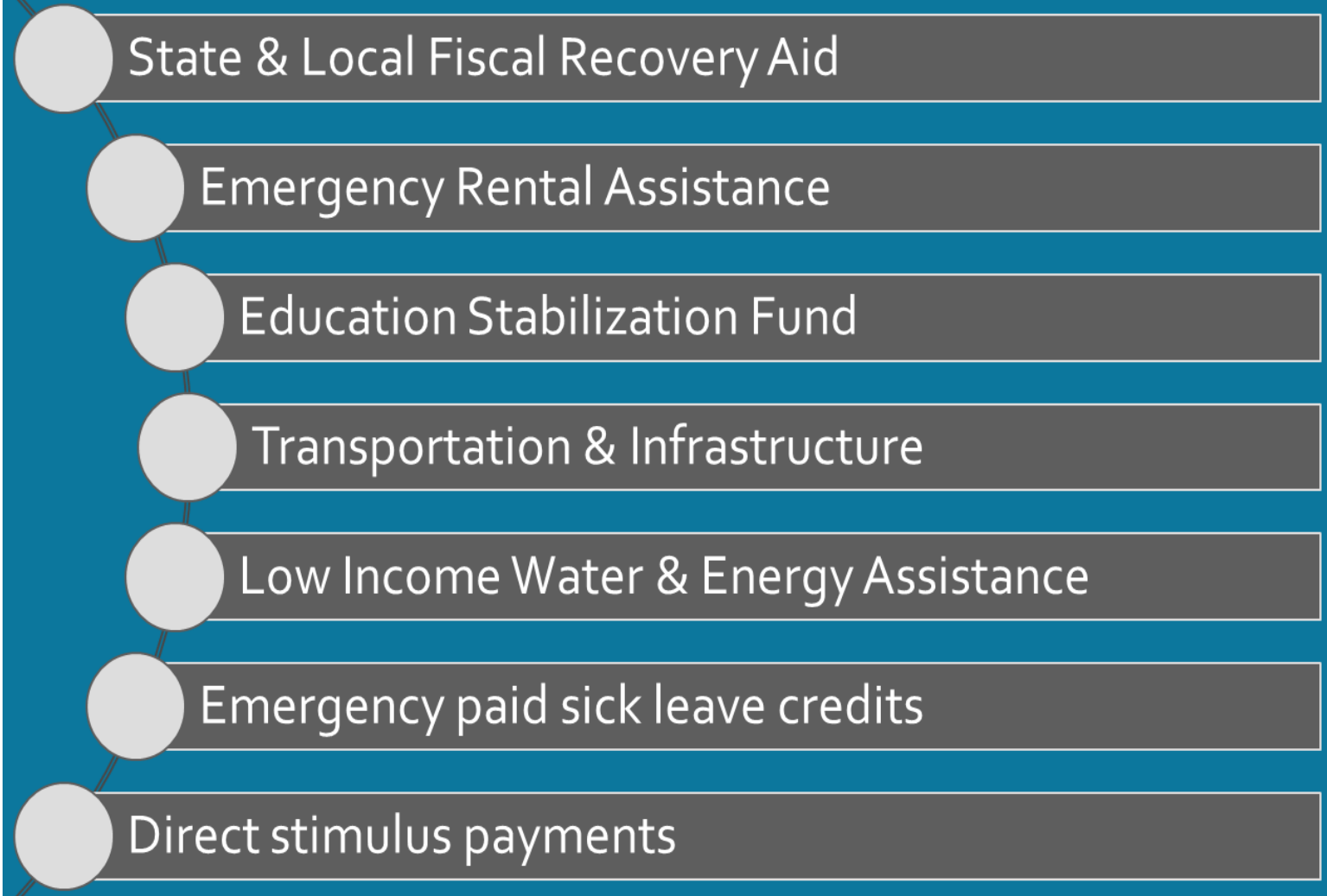


# American Rescue Plan Act (ARPA): Highlights

**\$1.9 Trillion**

Packet to address challenges caused by pandemic

- **19%** allocated to State & Local Governments fiscal recovery
- **81%** to other programs



# Estimated Allocations to City of San Antonio

## as of May 10, 2021

<b>Amount (in Millions)</b>	<b>ARPA Description</b>
---------------------------------	-------------------------

<b>\$326.9</b>	<b>Fiscal Recovery</b>
<b>69.7</b>	<b>Housing Security</b>
<b>38.3</b>	<b>Airport</b>
<b>26.6</b>	<b>Health Disparities</b>
<b>4.0</b>	<b>Head Start</b>

<b>\$465.5</b>	<b>Estimated Total</b>
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PFM Consultants have been retained to augment analytical and planning efforts:

- Maximize federal funds
- Build and prepare for long-term financial sustainability

# Additional Allocation from Coronavirus Response and Relief Supplemental Appropriations ACT (CRRSA)

Amount (in Millions)	CRRSA Description
\$14.0	COVID-19 Vaccination
11.0	Airport Coronavirus
1.0	Head Start
0.7	Child Care Development Block
\$26.7	Estimated Total

# NEXT STEPS



## June 2 “B” Session

- Update on Recovery and Resiliency Plan
- Update on American Rescue Plan Act Funds & Guidelines
- Update on any additional federal funding sources





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