



City of San Antonio

Agenda Memorandum

File Number:20-3679

Agenda Item Number: 4.

Agenda Date: 6/18/2020

In Control: City Council A Session

DEPARTMENT: City Manager's Office

DEPARTMENT HEAD: Scott Huizenga

COUNCIL DISTRICTS IMPACTED: City Wide

SUBJECT:

FY 2021 Trial Budget and FY 2021-FY 2025 Five-Year Financial Forecast

SUMMARY:

City Council will be provided with an informational briefing on the City's FY 2021 Trial Budget and the City's Five-Year Financial Forecast covering FY 2021 through FY 2025. The Forecast will focus on the City's General Fund, Development Services Enterprise Funds, and the Hotel Occupancy Tax Fund.

BACKGROUND INFORMATION:

FY 2021 Trial Budget

COVID-19 has caused an unprecedented economic disruption with the national unemployment rate rising to levels not seen since the Great Depression. As a result of the dramatic impact to the local economy, the City estimated significant revenue losses to the General Fund, Hotel Occupancy Tax Fund, Airport Fund, and other restricted funds. Measures were approved by City Council on June 4, 2020 to keep the budget in balance including canceling or suspending programs and projects including street maintenance, economic development incentives, and instituting a civilian hiring freeze.

Financial challenges are expected in FY 2021 and the City Manager recommends a Trial Budget be presented to City Council for the General Fund, Hotel Occupancy Tax, Airport Fund, Development Services Fund, and the Parking Fund. The Trial Budget provides an opportunity to discuss potential reductions to the budget before the proposed budget is developed.

To give City Council and the Community an opportunity to provide feedback on the Budget, prior to the Proposed Budget in August, staff will provide an overview of the FY 2021 Trial Budget. The Trial Budget will include certain revenue and expenditure assumptions, as well as potential reductions to certain funds as a result of the impact of COVID-19 on the economy. The Trial Budget presented on June 18th will be discussed in detail during the June 26th City Council Goal Setting Session.

Additionally, the City will be holding virtual community outreach between June 18 and June 24 to receive feedback from the community on the FY 2021 Trial budget. Results of this outreach will be presented to the City Council at the Goal Setting Session on June 26th.

FY 2021 to FY 2025 Five-Year Financial Forecast.

Also presented to City Council on June 18, will be the City's Five-Year Financial Forecast covering FY 2021 through FY 2025. The Financial Forecast provides a current and long-range financial assessment addressing revenues, City services and programs, and financial reserves. The Forecast will focus on the City's General Fund, Development Services Enterprise Fund, and the Hotel Occupancy Tax.

The Financial Forecast is a projection of revenues and expenses for the next five fiscal years based on a set of assumptions as of June 2020. The Financial Forecast is not a budget, it is intended to provide the City Council and the community with an early financial outlook for the City as the budget development process begins for FY 2021.

ISSUE:

City Council will be presented with the FY 2021 Trial Budget along with the City's Five-Year Financial Forecast for FY 2021 to FY 2025. Both items will provide the City Council with financial projections and help identify significant issues that need to be addressed in the upcoming FY 2021 Budget Development Process. The Forecast will focus on the City's General Fund, Development Services Enterprise Fund, and the Hotel Occupancy Tax Fund.

ALTERNATIVES:

This is an informational briefing only.

FISCAL IMPACT:

This is an informational briefing only.

RECOMMENDATION:

This is an informational briefing only.