



City of San Antonio

Legislation Details (With Text)

File #: 20-4650

Type: Staff Briefing - Without Ordinance

In control: City Council Special Session

On agenda: 8/11/2020

Title: Staff presentation of the FY 2021 Proposed Budget focusing on, but not limited to, the following City Departments or Initiatives: [Erik Walsh, City Manager; Scott Huizenga, Director, Management and Budget]

A. Update on COVID-19 Response and Recovery & Resiliency Plan

B. General Fund Budget: Revenues, Expenses and Budget Changes

Sponsors:

Indexes:

Code sections:

Attachments: 1. Staff Presentation - Fire, 2. Staff Presentation - Budget

| Date | Ver. | Action By | Action | Result |
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DEPARTMENT: Office of Management and Budget

DEPARTMENT HEAD: Scott Huizenga

COUNCIL DISTRICTS IMPACTED: City Wide

SUBJECT: City Council Worksession on the FY 2021 Proposed Budget

SUMMARY:

Staff presentation on the FY 2021 Proposed Budget focusing on, but not limited to, the following City policies and initiatives:

- A. Update of COVID-19 Response and Recovery & Resiliency Plan
- B. General Fund Budget: Revenues, Expenses and Budget Changes

BACKGROUND INFORMATION:

The FY 2021 Proposed Budget was presented to City Council on August 6, 2020. The budget is balanced as

required by law and reflects both the City's continued commitment to long-term recovery and resilience from the COVID-19 pandemic as well as to address the community's priorities including health and human services, workforce development, affordable housing, infrastructure, and violence prevention while also maintaining the city in a strong financial position.

The Proposed FY 2021 Consolidated Annual Budget, comprised of all funds, excluding transfers, totals \$2.9 billion. The General Fund budget is \$1.28 billion; restricted funds such as Airport, Development Services, Solid Waste, and Hotel Occupancy Tax total \$999 million; and the Capital Budget totals \$641 million.

Following the presentation of the proposed budget a series of city council budget worksessions are scheduled from August 11 to September 16. At these sessions, City staff will review the budget proposals with the Mayor and City Council in detail. The budget is scheduled to be adopted on September 17 for the City's fiscal year that begins on October 1.

ISSUE:

A budget worksession is scheduled for Tuesday, August 11 from 2:00 to 5:00 PM. At this session, the City Council will be presented with an update on the City's response to COVID-19 and the implementation of the Recovery & Resiliency Plan.

Update of COVID-19 Health Implementation Plan and Response & Resiliency Plan

Health Implementation Plan: Since January, Metro Health and SAFD, alongside other community partners like the South Texas Regional Advisory Council (STRAC), have been working to respond to the COVID-19 pandemic. They worked in concert with the CDC, Health and Human Services (HHS), the office of the Assistant Secretary for Preparedness and Response (ASPR) and the Texas Department of State Health Services to provide evacuee and traveler response on JBSA-Lackland and later to provide direct response to the emerging pandemic situation in San Antonio.

The Mayor and County Judge, as a part of their response to the pandemic situation, created a Health Transition Team whose primary goal was to outline guidance around warning and progress indicators to assist City and County leadership as they formulated guidance for reopening San Antonio and Bexar County.

Metro Health and SAFD have taken that guidance and created an implementation plan to operationalize the guidance provided by the Health Transition Team. The Health Transition Team (HTT) Implementation plan is built to provide the indicators behind decision making, the actions proposed to expand capacity and ability to analyze, and the plans for assuring the general public that the decisions made are backed up by the data analyzed.

The COVID-19 Community Response Coalition (CRC) led by co-chairs, Dr. Colleen Bridger and Dr. Barbara Taylor are providing oversight to the Implementation Plan. The Coalition is made up of 5 distinct workgroups contributing in areas outlined in three phases: Watch (Indicator Workgroup); Expand (Testing & Lab Reporting Workgroup and Contact Tracing Workgroup); and Assure (Enforcement & Education Workgroup and Policy & Health Alerts Workgroup).

Response and Recovery & Resiliency Plan. FY 2021 represents an unprecedented time for our community. COVID-19 has drastically affected the city and caused an economic disruption not seen since the Great Depression. Long-term prospects for economic recovery remain uncertain as unemployment remains above

levels experienced during the height of the 2009 recession according to the Federal Reserve Bank of Dallas.

The Recovery & Resiliency Plan, adopted by City Council, invests in the community for the long-term and addresses four pillars including Workforce Development, Small Business Support, Digital Divide, and Housing Security. These programs, supported through federal funds received through awards such as the Coronavirus Aid, Relief, and Economic Security Act or CARES Act, include:

- Job training and childcare support
- Rental/mortgage assistance
- Financial stabilization assistance
- Homeless services
- Domestic violence prevention
- Micro business support
- In-home internet service for distance learning

This briefing will provide the Mayor and City Council an update on the budget expenses and work completed by the CRC to date and what is included in the FY 2021 Proposed Budget.

General Fund Budget: Revenues, Expense and Budget Changes

The largest portion of the \$2.9 billion Proposed Budget is the General Fund, which funds the City of San Antonio's core services, like public safety, street maintenance, parks, and libraries. The FY 2021 Proposed Budget is \$5.7 million or 0.4% larger than the FY 2020 Adopted Budget, and it maintains a 15 percent minimum ending balance.

The FY 2021 Proposed General Fund is focused on areas identified as priorities by the City Council and community including: violence prevention, improve public health, ensure safe and affordable housing, develop the skills of San Antonio's workforce and address mental health. The budget also continues the historic level of investment in our city's infrastructure with \$102 million budget for street maintenance in FY 2021.

General Fund Revenues

General Fund services are primarily supported by property tax, sales tax, and CPS Energy payments as well as other resources such as EMS transport fees, licenses and permits, and revenues from the San Antonio Water System (SAWS).

Property Tax is the largest source of revenue for the General Fund. Property taxes are determined using property values as appraised by the Bexar Appraisal District as well as the tax rate set by City Council. The FY 2021 Proposed Budget maintains the City's property tax rate at 55.827 cents per \$100 of valuation. The Proposed Budget includes \$381.3 million in maintenance and operations support for the General Fund from property taxes, which is \$16.6 million, or 4.4% more than the FY 2020 Adopted Budget. This increase is driven by growth in both base valuations as well as new improvements and annexations. For FY 2021 base values increased 3.1% and new values increased 1.9% for a total of 5.0% as compared to the prior year.

The FY 2021 Proposed Budget reflects the City's continued commitment to provide targeted property tax relief. In FY 2021, the City will forego \$65.8 million in property tax revenue as a result of the homestead exemption, senior and disabled homestead exemptions, and frozen City property tax payments.

Sales tax for FY 2021 Proposed Budget is \$295.4 million. Sales tax revenue is highly dependent upon the condition of the local economy which has been severely affected by the COVID-19 pandemic. For FY 2021,

sales tax is forecasted to be \$17.7 million or 5.7% below the FY 2020 Adopted Budget and \$2.9 million or 1% above the FY 2020 Estimate. The FY 2021 Budget reflects a conservative estimate as economic growth prospects remain uncertain and unemployment levels remain high.

The City's payment from CPS Energy represents the second largest source of revenue to the General Fund accounting for \$351.5 million or 27% of the FY 2021 Proposed Budget. 14% of CPS Energy's gas and electric gross revenue is paid to the City as a return on investment. CPS revenues are one of the most difficult revenues to forecast as they depend on a number of variables including the weather, growth of the system, changes in per capita consumption, fuel prices, and any unscheduled maintenance on generation plants. For FY 2021, CPS revenues are projected at \$351.5 million or \$2.2 million or 0.7% below the FY 2020 Adopted Budget and \$8.1 million or 2.4% above the FY 2020 Estimate.

The final component of General Fund revenues are derived from other sources which include business and franchise tax, liquor by the drink tax, licenses and permits, charges for service such as EMS transport fees, fines, interest earnings, recreation and culture activities such as commissions from river barge and Tower of the Americas concessions, and payment from SAWS. These revenues for FY 2021 are proposed at \$196.6 million. Revenues in this category have also been affected negatively by the COVID-19 pandemic due to the decline in tourism activity which affected including the contract with the operator of the river barges which temporarily closed in March 2020 and re-opened on a limited capacity in June 2020. FY 2021 river barge revenues are anticipated to decrease by \$2 million from the FY 2020 Adopted Budget due to a projected 20% decrease in ticket demand.

General Fund Expenses

The General Fund supports the City's most basic services including public safety, street maintenance, parks, and libraries. The FY 2021 Proposed Budget is \$1.284 billion, an increase of \$5.7 million or 0.4% over the FY 2020 Adopted Budget.

The FY 2021 General Fund budget includes \$38 million in reductions and efficiencies which enable the City to both address financial challenges in FY 2021 and FY 2022 as well as to address those priority areas of the City Council and community residents. These reductions include the delayed hiring of non-critical positions, reducing police overtime as officer vacancies have been filled, a reduction to the annual street maintenance program, and other efficiencies.

ALTERNATIVES:

This item is a scheduled worksession for the FY 2021 Proposed Budget.

FISCAL IMPACT:

This presentation provides an update on the City's response to COVID-19 and the implementation of the Recovery & Resiliency Plan as well as a briefing on the FY 2021 General Fund Budget. The FY 2021 Budget is scheduled to be adopted by City Council on September 17, 2020.

RECOMMENDATION:

This item is a worksession for discussion of the FY 2021 Proposed Budget and is for briefing purposes only.