



City of San Antonio

Agenda Memorandum

File Number: 17-4465

Agenda Item Number: 4B.

Agenda Date: 8/10/2017

In Control: City Council A Session

DEPARTMENT: Office of Management & Budget

DEPARTMENT HEAD: Justina Tate

COUNCIL DISTRICTS IMPACTED: City Wide

SUBJECT:

Presentation of City's FY 2018 Proposed Annual Budget

SUMMARY:

On August 10, 2017, the City Manager will present the Proposed Fiscal Year (FY) 2018 Operating and Capital Budget to the Mayor and City Council. The City's fiscal year begins on October 1 and ends on September 30. Following this presentation, the City Council will consider two ordinances related to the FY 2018 Proposed Budget:

- A) An ordinance setting the city proposed maintenance and operations tax rate at 34.677 cents per \$100 of taxable valuation and the city proposed debt service tax rate at 21.150 cents per \$100 of taxable valuation as recommended in the FY 2018 Proposed Budget. There is no increase in the city's property tax rate, and;

- B) An ordinance setting the date, time, and place for two Budget Public Hearings and two Ad Valorem Tax Rate Public Hearings.

The FY 2018 Operating and Capital Budget, the Tax Year 2017 Ad Valorem City Property Tax Rate, and revenue adjustments are scheduled to be adopted by City Council on Thursday, September 14, 2017. By City Charter the City's budget must be adopted by September 27th.

BACKGROUND INFORMATION:

The City of San Antonio's fiscal year begins on October 1, and ends September 30. Each year the City Manager transmits a budget development calendar to the City Council in February/March with key dates for each phase

of the budget process. The phases include (1) Five-Year Financial Forecast and public input before the budget is prepared, (2) City Council Budget Goal Setting Session, (3) Proposed Budget for the upcoming fiscal year, (4) City Council budget worksessions, and public input meetings/public hearings on the proposed budget, and (5) adoption of the Budget for the next fiscal year. The Annual Operating and Capital Budget must be approved by the City Council before September 27 of every year in accordance with the City Charter. On March 8, 2017, the City Council was provided with the FY 2017 First Quarter Financial Report and the FY 2018 Budget Calendar. This calendar included the key dates for the five phases of the City of San Antonio budget development process.

Five Year Financial Forecast: On May 10, 2017, City Council was provided a briefing on the FY 2017 Six Plus Six Budget and Financial Status Report as well as the City's Five Year Financial Forecast covering Fiscal Year 2018 through Fiscal Year 2022.

Community Input for the Preparation of the Budget Process: Along with monitoring the FY 2017 Budget, the City staff gathered input on the priorities of the community for the FY 2018 Budget through the SASpeakUp Campaign. Through this campaign, the City reaches out to the community through a multi-faceted campaign to collect data on residents' use of city services and their ideas for spending in the upcoming year. Community input is gathered through the SASpeakUp bilingual (English and Spanish) street teams that attend events throughout the community to capture feedback, through digital media to include NextDoor.com, Facebook, Twitter, Instagram, email blasts, and an online survey, which is available in both English and Spanish. The survey is also available in hard copy at all City libraries, community centers and senior centers. Residents are also invited to provide input through the City's website and through the City's Budget Input Box available at city departments, libraries, community centers, and online. A presentation with the results from these meeting was provided at the June City Council Budget Goal Setting Session.

City Council Budget Goal Setting Session: On June 28, 2017, the City Council FY 2018 Budget Goal Setting Session was held at the Henry B Gonzalez Convention Center. The purpose of the Budget Goal Setting Session was to obtain City Council policy direction that guided the City Manager and staff in developing the FY 2018 Proposed Budget and the FY 2019 Budget-Plan. City Council established service delivery priorities and direction on potential general fund revenue increases and/or expenditure reductions that was utilized by staff to prepare a balanced Fiscal Year 2018 Proposed Annual Operating and Capital Budget.

Proposed Budget: On August 10, 2017 the City Manager will present the FY 2018 Proposed Operating and Capital Budget to City Council. This budget was prepared in the month of July and incorporates the policy direction provided by the City Council on June 28 and the community input provided through the SASpeakUp Campaign.

City Council Budget Worksessions, public input meetings/public hearings on the proposed budget: After the budget is proposed on August 10, 2017, nine city council budget worksessions are scheduled to present the proposed budget in detail to the City Council. A schedule of budget worksessions is included in Attachment I.

The City will host two public hearings (Wednesday August 30th and Wednesday September 6th) at City Council Chambers at 6:00pm. Five Budget Open Houses across the City to ask residents for their input on the proposed budget before the budget is finalized are also scheduled as shown in attachment II.

Budget Adoption: The FY 2018 Budget is scheduled to be approved by the City Council on September 14, 2017.

ISSUE:

FY 2018 Proposed Budget

On August 10, 2017, the City Manager will present the Proposed Fiscal Year (FY) 2018 Operating and Capital Budget to the Mayor and City Council. The City's fiscal year begins on October 1 and ends on September 30. Following this presentation, the City Council will consider an ordinance setting the proposed tax rate and an ordinance setting the date, time, and place for two Budget Public Hearings and two Ad Valorem Tax Rate Public Hearings.

The FY 2018 Operating and Capital Budget, the Tax Year 2017 Ad Valorem City Property Tax Rate, and revenue adjustments are scheduled to be adopted by City Council on Thursday, September 14, 2017. By City Charter the City's budget must be adopted by September 27th.

City Council Budget Worksessions on the Proposed Budget: Following the Proposed Budget presentation on August 10, the budget calendar includes up to eleven City Council Worksessions on the FY 2018 Proposed Budget. The worksessions will allow in-depth analysis and discussion of budget proposals and service delivery goals for FY 2018.

Community Budget Meetings: The City will hold Budget Open Houses on the Proposed Budget during the month of August. These meetings will provide residents an opportunity to learn about the City's proposed budget and provide their input before the budget is adopted.

Following the presentation on the FY 2018 Proposed Budget, the City Council will consider two ordinances related to the FY 2018 Proposed Budget:

- A) An ordinance setting the proposed Maintenance and Operations tax rate at 34.677 cents per \$100 of taxable valuation and the proposed Debt Service tax rate at 21.150 cents per \$100 of taxable valuation as recommended in the FY 2018 Proposed Budget. Each year, City Council considers an ordinance which sets the Proposed City Ad Valorem Tax Rate for Maintenance and Operation (M&O) and the Debt. With the FY 2018 Budget development, the City Council will consider the Tax Rate for Tax Year 2017. Revenue collected during the Tax Year 2017, will be recognized in the FY 2018 Budget as the City's Fiscal Year begins October 1, 2017. City Staff recommends City Council adopt an ordinance setting the proposed Ad Valorem Tax Rate for Tax Year 2017. There is no recommended City Property Tax Rate increase included in the FY 2018 Budget.
- B) An ordinance setting the Date, Time, and Place for the Proposed Budget and Tax Rate Public Hearings. A City Property Tax Rate Public Hearing is required by State Law because the Proposed Ad Valorem Tax Rate for Tax Year 2017 exceeds the Effective Tax Rate. While there is no recommended Property Tax Rate increase included in the FY 2018 Budget, the amount of revenue estimated to be collected from Property Tax in FY 2018 is higher than the amount generated in FY 2017.

Consistent with the requirements of the City Charter and State Law, City staff recommends City Council hold two Public Hearings on the FY 2018 Proposed Budget. The hearings would take place on Wednesday, August 30 and Wednesday, September 6, 2017 in the City Council Chambers immediately following the Tax Year 2017 Proposed Ad Valorem City Tax Rate Public Hearings.

Notice for the Proposed Budget, Tax Rate Public Hearings and Budget Open Houses will be posted in the Express-News and the La Prensa. Announcements will also be published on the City's website site and

promoted on the City's cable TV Channel 21 (TVSA). Additionally, the City's 311 Customer Service Call Center and Libraries will provide residents with the date and time of the public hearings as well as other budget calendar events when requested.

ALTERNATIVES:

The City Manager will present the FY 2018 Proposed Budget on Thursday, August 10, 2017. Following the presentation, City Council will be provided with in-depth information on the Proposed Budget. City Council may amend items in the FY 2018 Proposed Budget prior to the adoption on Thursday, September 14, provided that the budget remains balanced.

FISCAL IMPACT:

The FY 2018 Proposed Budget will be presented on Thursday, August 10, 2017. The final FY 2018 Budget, 2017 Ad Valorem Property Tax Rate, and other revenue adjustments for FY 2018 are scheduled for adoption on Thursday, September 14, 2017. Once adopted, the budget will become the City's spending plan for the fiscal year. The City's FY 2018 fiscal year begins on October 1 and ends on September 30.

RECOMMENDATION:

No action is required by City Council for the FY 2018 Proposed Budget presentation as it has been scheduled for presentation purposes only. The FY 2018 Proposed Budget Document will be provided to City Council on the morning of August 10, 2017.

Staff recommends City Council approve the following two ordinances related to the FY 2018 Budget:

- A) An ordinance setting the proposed Maintenance and Operations tax rate at 34.677 cents per \$100 of taxable valuation and the proposed Debt Service tax rate at 21.150 cents per \$100 of taxable valuation as recommended in the FY 2018 Proposed Budget, and;

- B) An ordinance setting the date, time, and place for two Budget Public Hearings and two Ad Valorem Tax Rate Public Hearings.