



City of San Antonio

Agenda Memorandum

File Number:19-5692

Agenda Item Number: 4B.

Agenda Date: 8/8/2019

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 2020 Proposed Annual Budget

SUMMARY:

On August 8, 2019, the City Manager will present the Proposed Fiscal Year (FY) 2020 Operating and Capital Budget to the Mayor and City Council as required by the City Charter. 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 2020 Proposed Budget:

- A) An ordinance setting the City's proposed maintenance and operations tax rate at 34.677 cents per \$100 of taxable valuation and the City's proposed debt service tax rate at 21.150 cents per \$100 of taxable valuation as recommended in the FY 2020 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 2020 Operating and Capital Budget, the Tax Year 2019 Ad Valorem City Property Tax Rate, and revenue adjustments are scheduled to be adopted by City Council on Thursday, September 12, 2019. By City Charter the City's budget must be adopted not later than 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 not later than September 27th of every year in accordance with the City Charter. On February 20, 2019, the City Council was provided with the FY 2019 First Quarter Financial Report and on March 7, 2019, the FY 2020 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 8, 2019, City Council was provided a briefing on the FY 2019 Six Plus Six Budget and Financial Status Report as well as the City's Five Year Financial Forecast covering Fiscal Year 2020 through Fiscal Year 2024.

Community Input for the Preparation of the Budget Process: Along with monitoring the FY 2019 Budget, the City of San Antonio implemented a widespread effort to gather information about residents' views of budgetary priorities for the upcoming Fiscal Year 2020. An SASpeakUp survey regarding the budget was developed by the City of San Antonio in conjunction with UTSA and made available to residents in both English and Spanish from March 2019 to May 2019.

Resident participation was solicited through numerous channels. A bilingual outreach team comprised of UTSA students and City of San Antonio staff attended 30 community events between March 19 and May 15 and asked residents to take the survey at each event. A link to the survey was posted on the SASpeakUp website, which was advertised through digital, radio and television advertising. Paper copies of the survey were available at libraries, community centers, and seniors centers around San Antonio. The survey was emailed to a sample of residents using an email list provided by UTSA's College of Public Policy, past SASpeakUp respondents, City department email lists and stakeholder groups. The survey was also promoted on the City's social media platforms, and residents could also post budget-related comments on the City's Facebook, Instagram, and Twitter accounts.

A total of 11,049 residents participated in the input process for the proposed budget- a new high for the City of San Antonio's public participation regarding the budget. 8,693 completed the survey, 2,100 participated in a March 19 telephone town hall and 256 residents provided comments regarding the FY 2020 Budget on social media. Residents also participated through the City's Budget Input Box available at city departments, libraries, community centers, and online. The results from the SASpeakUp Campaign were provided ahead of the June City Council Budget Goal Setting Session.

Notice for the Proposed Budget and Tax Rate Public Hearings will be posted in the Express-News in English and Spanish. Announcements regarding the budget community days will also be published on the City's websites, promoted on the City's cable TV Channel 21 (TVSA), social media, English and Spanish radio and television advertisements and digital advertising. 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.

City Council Budget Goal Setting Session: On June 21, 2019, the City Council FY 2020 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 2020 Proposed Budget and the FY 2021 Budget-Plan. City Council established service delivery priorities that were utilized by staff to prepare a balanced Fiscal Year 2020 Proposed Annual Operating and Capital Budget. A report of the results of the City Council Goal Setting Session is available in the City's Website.

Proposed Budget: On August 8, 2019 the City Manager will present the FY 2020 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 21 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 8, 2019, 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 28th and Wednesday September 4th) at City Council Chambers at 6:00pm. The City will also host two SASpeakUp Community Days and one telephone town hall meeting to gather resident input on the proposed budget.

Budget Adoption: The FY 2020 Budget is scheduled to be approved by the City Council on September 12, 2019.

ISSUE:

On August 8, 2019, the City Manager will present the Proposed Fiscal Year (FY) 2020 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.

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 2020 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 2020 Budget development, the City Council will consider the Tax Rate for Tax Year 2019. Revenue collected during the Tax Year 2019, will be recognized in the FY 2020 Budget as the City's Fiscal Year begins October 1, 2019. City Staff recommends City Council adopt an ordinance setting the proposed Ad Valorem Tax Rate for Tax Year 2019. There is no recommended City Property Tax Rate increase included in the FY 2020 Budget.

- A) 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 2019 exceeds the Effective Tax Rate. While there is no recommended Property Tax Rate increase included in the FY 2020 Budget, the amount of revenue estimated to be collected from Property Tax in FY 2020 is higher than the amount generated in FY 2019.
- B) Consistent with the requirements of the City Charter and State Law, City staff recommends City Council hold two Public Hearings on the FY 2020 Proposed Budget. The hearings would take place on Wednesday, August 28 and Wednesday, September 4, 2019 in the City Council Chambers immediately following the Tax Year 2019 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. 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.

The FY 2020 Operating and Capital Budget, the Tax Year 2019 Ad Valorem City Property Tax Rate, and revenue adjustments are scheduled to be adopted by City Council on Thursday, September 12, 2019. By City Charter the City's budget must be adopted not later than September 27th.

ALTERNATIVES:

By City Charter the City's budget must be adopted not later than September 27th.

City Council may amend items in the FY 2020 Proposed Budget prior to the adoption on Thursday, September 12, provided that the budget remains balanced.

FISCAL IMPACT:

The FY 2020 Proposed Budget is balanced as required by the City Charter.

RECOMMENDATION:

The following two ordinances related to the FY 2020 Budget are recommended for approval:

- 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 2020 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.

No action is required by City Council for the FY 2020 Proposed Budget presentation as it has been scheduled for presentation purposes only. The City Council is scheduled to vote on the FY 2020 Budget on September 12.