



# City of San Antonio

## Agenda Memorandum

**File Number:**19-6378

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**Agenda Item Number:** 1.

**Agenda Date:** 8/28/2019

**In Control:** City Council Special Session

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**DEPARTMENT:** Office of Management and Budget

**DEPARTMENT HEAD:** Justina Tate

**COUNCIL DISTRICTS IMPACTED:** City Wide

### **SUBJECT:**

City Council Worksession on the FY 2020 Proposed Budget

### **SUMMARY:**

Staff presentation on the FY 2020 Proposed Budget focusing on, but not limited to, the following City policies and initiatives:

- A. Airport
- B. Convention & Sports Facilities
- C. Arts & Culture
- D. Visit San Antonio

### **BACKGROUND INFORMATION:**

The FY 2020 Proposed Budget was presented to City Council on August 8, 2019. The budget is balanced as required by law and reflects the City's continued commitment to providing public services and programs that enhance the quality of life for the San Antonio residents. Guided by the City Council policy direction and community input, the proposed budget focuses on strong families and children, police, streets, sidewalks and transportation, affordable housing, and property tax relief.

The Proposed FY 2020 Consolidated Annual Budget, comprised of all funds, excluding transfers, totals \$2.9 billion. The General Fund budget is \$1.27 billion; restricted funds such as Airport, Development Services, Solid Waste, and Hotel Occupancy Tax total \$937 million; and the Capital Budget totals \$715 million.

Following the presentation of the proposed budget a series of city council budget worksessions are scheduled from August 13 to September 11. 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 12 for the City's fiscal year that begins on October 1.

## **ISSUE:**

A budget worksession is scheduled for Wednesday, August 28 from 2:00 P.M. to 5:00 P.M. at the Municipal Plaza "B" Room. At this session, the City Council will be presented with the FY 2020 Proposed Budgets for the Airport, Convention & Sports Facilities, Visit San Antonio, and Arts & Culture departments.

## **Airport**

The Airport provides for all operations and maintenance of the San Antonio International Airport and Stinson Airport. The Proposed FY 2020 Budget for the Aviation Department includes funding from Restricted Funds. Below is a summary of the funding and position counts that would be authorized by the FY 2020 Proposed Budget.

<b>FUND</b>	<b>FY 2020 PROPOSED BUDGET</b>	<b>AUTHORIZED POSITIONS</b>
Airport Operating & Maintenance Fund	\$111,644,952	499
Customer Facility Charge	14,878,536	0
Passenger Facility Charge	21,535,469	0
Capital Projects	52,115,934	0
<b>Total</b>	<b>\$200,174,891</b>	<b>499</b>

The FY 2020 Proposed Budget for the Aviation Department includes an improvement designed to enhance operational efficiency and improve the customer experience. A total of five positions are recommended for the Customer Experience Operations Team totaling \$223,833 in FY 2020.

The FY 2020 Proposed Budget Improvements for Airport are detailed in Attachment 1.

## **Hotel Occupancy Tax**

The current Hotel Occupancy Tax (HOT) rate of 16.75% and is levied on every room night. Every person owning, operating, managing or controlling any hotel shall collect the tax imposed, complete a Hotel Occupancy Tax Report and remit both to the City. Of this rate, 6% is remitted to the State, 1.75% to Bexar County, and 9% to the City of San Antonio.

The City of San Antonio's Hotel Occupancy Tax rate of 9% is comprised of a 7% general occupancy tax and an

additional 2% for the Convention Center expansion. The 7% of the HOT Tax in FY 2020 is estimated at \$74.7 million and it supports the City's Convention & Sports Facilities, Visit San Antonio, Historic Preservation and Arts.

After the annual convention center expansion debt service payment is made, the remaining net HOT collections for FY 2020 are allocated to Visit San Antonio at 35% (\$24.9 million), to the Arts and Culture Fund at the maximum state allowed amount of 15% (\$10.7 million), and to the General Fund to support history and preservation at 15% (\$10.7 million), the remaining 35% (\$24.9 million) is allocated to the Convention Sports Facilities Funds and other support activities as well as the Lease Payment Fund.

## Convention & Sports Facilities

The Proposed FY 2020 Budget for the Convention & Sports Facilities includes funding from the General Fund and Restricted Funds. Below is a summary of the funding and position counts that would be authorized by the FY 2020 Proposed Budget.

<b>FUND</b>	<b>FY 2020 PROPOSED BUDGET</b>	<b>AUTHORIZED POSITIONS</b>
Community & Visitor Facilities Fund	\$50,265,164	344
Community & Visitor Facilities Fund (Non-Departmental)	3,183,916	0
General Fund (Carver Community Cultural Center)	1,158,182	7
Carver Special Revenue Fund	677,447	7
Convention & Sports Facilities State Reimbursement Fund	2,567,156	0
Convention Center Lease Payment Fund	25,777,665	0
Capital Projects	14,300,657 <sup>1</sup>	0
<b>Total</b>	<b>\$97,930,187</b>	<b>358</b>

<sup>1</sup>\$14.3 million is the FY 2020 Capital Spending Plan for the Convention and Sports Facilities Department, including previously appropriated projects.

The FY 2020 Proposed Capital Budget includes a total of \$14.3 million to fund maintenance and replacement projects at the Convention Center and Alamodome. This funding includes facility improvements as part of the City's commitment to prepare for the NCAA Men's Final Four in 2025 and projects recommended by an extensive facility needs assessment conducted at both the Alamodome and the Convention Center.

The FY 2020 Proposed Budget includes \$2.5 million for Visit San Antonio Hosting Obligations to support major conventions, meetings and/or events. The FY 2020 Proposed Budget also includes revenue enhancements for the Lila Cockrell Theatre and Carver Theatre. The detailed list of FY 2020 mandates and revenues is included in Attachment 2.

## Arts & Culture

The Proposed FY 2020 Budget for the Department of Arts & Culture includes funding from Restricted Funds.

Below is a summary of the funding and position counts that would be authorized by the FY 2020 Proposed Budget.

<b>FUND</b>	<b>FY 2020 PROPOSED BUDGET</b>	<b>AUTHORIZED POSITIONS</b>
Arts & Culture Fund	\$10,758,837	12
Public Art San Antonio	782,494	6
SA Film Commission (Community & Visitor Facilities Fund)	535,138	2
<b>Total</b>	<b>\$12,076,469</b>	<b>20</b>

The FY 2020 Proposed Budget maintains funding for Arts & Culture at 15% of Hotel Occupancy Tax (net of debt service transfers for the Convention Center Expansion Project). The City Council adopted new arts agency funding policies during FY 2018 which changed the funding cycle from two years to three years and established a funding scale based on the size of the arts agency's operating budget. FY 2020 represents year two of the new three year arts agency funding cycle. Attached is a schedule with the funding recommendations for Arts Agencies in FY 2020.

### **Visit San Antonio**

In September 2016, the City Council approved a Destination Marketing Agreement (DMA) with Visit San Antonio (VSA) which transitioned the City's former Convention & Visitors Bureau into an independent nonprofit agency. VSA's work will continue to market and promote the City as a destination for conventions and leisure travel. As part of the DMA, the City will target an annual allocation to VSA equal to up to 35% of the HOT revenue budget net of the debt service payments related to the Convention Center Expansion. The FY 2020 City of San Antonio Proposed Budget recommends an allocation of \$24,987,287 for Visit San Antonio.

### **ALTERNATIVES:**

This item is a scheduled worksession for the FY 2020 Proposed Budget.

### **FISCAL IMPACT:**

This presentation provides a briefing on the major initiatives within the Airport, Convention & Sports Facilities, Arts & Culture and Visit San Antonio. The FY 2020 Budget is scheduled to be adopted by City Council on September 12, 2019.

### **RECOMMENDATION:**

This item is a worksession for discussion of the FY 2020 Proposed Budget and is for briefing purposes only.