



City of San Antonio

Agenda Memorandum

File Number: 19-6722

Agenda Item Number: 4E.

Agenda Date: 9/12/2019

In Control: City Council A Session

DEPARTMENT: Office of Management and Budget

DEPARTMENT HEAD: Justina Tate

COUNCIL DISTRICTS IMPACTED: City Wide

SUBJECT:

Amending Fees and Establishing New Fees for FY 2020

SUMMARY:

An ordinance establishing new fees and amending existing fees for various City departments and funds as recommended in the FY 2020 Proposed Budget, revised by subsequent City Council budget amendments, and enacted by the 86th Texas Legislature. The following table summarizes, by Fund, the proposed additional revenues projected to be generated from the recommendations included in the FY 2020 Proposed Budget as presented by the City Manager to the City Council on August 8, 2019:

FY 2020 PROPOSED BUDGET REVENUE ADJUSTMENTS - General Fund	
Department	Projected Additional Revenue
Center City Development & Operations	\$2,235,572
City Clerk	2,238
Convention & Sports Facilities	4,525
Finance	9,900,000
Library	7,940
Police	229,789

FY 2020 PROPOSED BUDGET REVENUE ADJUSTMENTS BY FUND	
Fund	Projected Additional Revenue

Carver Special Revenue Fund	\$2,475
Community & Visitor Facilities Fund	5,930
Market Square Fund	27,200
Parks Environmental Fund	3,679,221
Solid Waste Operating & Maintenance Fund	(4,759,230)
Storm Water Operating Fund	1,117,320

BACKGROUND INFORMATION:

City staff annually reviews existing revenue sources and service delivery processes in order to identify both new sources of revenue and potential changes to existing revenues. The policy direction for the FY 2020 budget process regarding revenue adjustments focused on implementation of City Council adopted policy, revenue changes that allow cost recovery from those who benefit from service (User Fees) as well as service areas that had not been adjusted in the recent past. The concept of cost recovery is to recover some or all of the costs associated with providing city services and programs at varying levels depending on factors such as the nature of the service provided, the population served, and the intended impact to the community.

In addition to revenue changes recommended in the FY 2020 Proposed Budget, the revenue ordinance also includes changes enacted by the 86th Texas Legislature which affect Bingo Taxes collected by the Finance Department and court costs collected by Municipal Court.

Currently, the Bingo Tax assesses a 5% tax on all cash prizes and goods valued over \$5.00. This tax is collected by the state and the city receives approximately \$1.1 million annually. With the passage of House Bill 914, current law related to the regulation of bingo games was amended to collect tax only on cash prizes over \$5. Additionally, the amended legislation requires a municipality to vote before November 1, 2019 to continue to collect the Bingo Tax. With this item, City Council will consider passage of a resolution to fulfill the requirement of HB914. Upon passage, the Finance Department will assume collection of the City’s portion of the Bingo Tax revenue. At this time, no additional resources are requested to collect the City’s portion of the Bingo Tax revenue, the City will absorb it within current staffing levels. In the event that the City does not pass a resolution to continue to collect the Bingo Tax revenue before November 1, 2019, the City would forfeit its share of the revenue.

The State Legislature also passed SB346 which repealed provisions of the Code of Criminal Procedure that previously regulated recovery of court costs from persons convicted of misdemeanor offenses. Subchapter C, Section 134.103 increases the total court fee from \$12 to \$14. Under previous law, the Municipal Court Security Fund received \$3; the Juvenile Case Manager Fund received \$5; and the Municipal Court Technology Fund received \$4. These are now broken out into percentages which ultimately results in the increase to the Municipal Court Security Fee from \$3 to \$5. This increase is projected to generate approximately \$142,000 in the FY 2020 Proposed Budget for the Municipal Court Security Fund. The law also changes the name of the Juvenile Case Manager Fund to be named the Local Truancy Prevention and Diversion Fund. This item revises portions of Chapter 20 of the City Code to bring them in compliance with SB346 which takes effect January 1, 2020.

ISSUE:

The FY 2020 Proposed Budget includes increases to several existing fees and creates new fees and charges for service. These new and adjusted revenue items for the General Fund total \$12,380,064. The policy direction for the FY 2020 budget process regarding revenue enhancements focused on revenue changes that impact those

who benefit from service (User Fees).

SAWS Transfer: The City of San Antonio owns the San Antonio Water System (SAWS). As the owner, the City can receive up to 5% of the gross monthly revenues of SAWS (in accordance with the payments pledged and appropriated and in the order of priority set out in bond ordinances adopted by the City Council). Currently, the City receives 2.7% of SAWS' gross revenues. As part of the City's strategy to address revenue challenges, the FY 2020 Proposed Budget includes an increase of this transfer to 4%, which is expected to generate an additional \$9.9 million in revenue for the General Fund in FY 2020.

Riverbarge and Tower Ticket Fees: The FY 2020 Proposed Budget also includes increases to Riverbarge and Tower of the Americas tickets. A \$1 per ticket increase to Riverbarge ticket prices is included as per the scheduled increase included in the concessioner contract, and is estimated to generate \$1.1M which is included in the FY 2020 Proposed General Fund revenues. In addition, \$0.50/ticket increases are proposed to both Riverbarge and Tower of the Americas tickets which would generate \$1.1 million to be utilized for homeless initiatives.

Center City Housing Incentive Policy (CCHIP) Assignment Fee: The FY 2020 Proposed Budget includes a new fee for the assignment of CCHIP projects. The proposed fee is \$2,500 per assignment plus \$100 per housing unit and \$0.25 per sq foot of leasable commercial space. This is anticipated to generate approximately \$10,000 in FY 2020.

Based on additional review, staff recommends two changes to the proposed fee

- Establishing a maximum fee of \$7,500; and
- For CCHIP projects that include affordable units, the per-unit assignment fee be reduced to \$0 for any units qualifying as affordable. For CCHIP Projects where at least half of the units are affordable, these projects will be exempt from the per-unit assignment fee.

Additionally, several categories of cost recovery and user fees were evaluated including: Center City Development & Operations, City Clerk, Convention & Sports Facilities, Library, and Police. Attached is a report that lists all the recommended fees/rate adjustments for the General Fund. Material in this report has been included in the FY 2020 Proposed Budget Document.

Restricted Funds

The FY 2020 Proposed Budget includes increases to several existing fees and also creates new fees and charges for service in certain Restricted Funds. Funds impacted and projected additional revenues for the new or adjusted revenues can be found in the table below.

FY 2020 PROPOSED BUDGET REVENUE ADJUSTMENTS BY FUND	
Fund	Projected Additional Revenue
Carver Special Revenue Fund	\$2,475
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Carver Special Revenue Fund: The FY 2020 Proposed Budget includes fee increases at the Carver Center to increase fees related to season tickets.

Community & Visitor Facilities Fund: The FY 2020 Proposed Budget includes adjustments to the rental rates for the Lila Cockrell Theater based on a rate study of comparable theater facilities.

Market Square Fund: Market Square currently has rates for renting individual plazas, but not the entire facility. For large events/festivals, organizers are charged up to \$3,400 per day to rent three outdoor plaza areas totaling approximately 23,480 square feet, plus two street areas. The \$3,400 fee is not sufficient to recover the city costs for an event that uses all three plazas. The proposed fee of \$6,800 is to recover these costs.

Parks Environmental Fee: The FY 2020 Budget proposes to increase the monthly Parks Environmental Fee by \$0.50 to a total of \$1.50 beginning October 1, 2019 and at the same time decrease the monthly Solid Waste Environmental Fee by \$0.50 from \$2.24 to \$1.74. Both of these fees are included in the CPS Energy Bill. These changes in fees will not have an impact on the ratepayer and will allow the General Fund to transfer \$3.6 million in eligible functions to the Parks Environmental Fund. This transfer keeps the General Fund balanced in FY 2020 and FY 2021. With this proposed increase, the FY 2020 Parks Environmental Fee would generate \$11 million in annual revenue.

Solid Waste Operating & Maintenance Fund: The City’s recycling rate is currently at 36%. This year’s proposed budget continues the Cart Downsizing program. In the Cart Downsizing program, customers are offered a choice of three garbage carts, each with their own rate. The smaller the cart, the lower the rate they are charged. This program is designed to incentivize residents to recycle more and move to a smaller garbage cart. To help motivate more residents to participate in the program, the solid waste fee is being reduced by \$2.00 per month for the small garbage cart. The medium and large garbage cart fees will remain the same. The fee range differential between the small garbage cart and the large garbage cart will be \$12 per month. Over a year, a customer with the small cart saves \$144 annually. The table below reflects the revised rates.

Solid Waste Fee	Monthly Fee	
	FY 2019	Proposed FY 2020
Garbage Cart Size		
Small (48 gal)	\$ 16.76	\$ 14.76
Medium (64 gal)	\$ 18.76	\$ 18.76
Large (96 gal)	\$ 26.76	\$ 26.76

The Budget also proposes a reduction of \$0.50 to the monthly Solid Waste Environmental Fee. This proposed decrease from FY 2019 is combined with a corresponding \$0.50 monthly increase in the Parks Environmental Fee as described under the Parks Section of this memorandum. This will result in no net impact to ratepayers.

	Monthly Fee	
	FY 2019	Proposed FY 2020
Solid Waste Environmental Fee	\$ 2.24	\$ 1.74

Storm Water Operating Fund: In FY 2016, the Adopted Budget introduced a new impervious cover methodology and rate structure. The new methodology and rate structure assesses fees based on rate and volume of storm water runoff. A five-year rate plan using the new methodology was adopted by City Council. The FY 2020 Proposed Budget includes an increase to fees consistent with the five-year rate plan of 2.25%, which is estimated to generate \$1 million in additional revenue for new capital projects.

Attached is a report that lists all the recommended fees/rate adjustments for the Restricted Funds. Material in

this report has been included in the FY 2020 Proposed Budget Document (see attachment for individual rate increases).

ALTERNATIVES:

The FY 2020 Proposed Budget accounts for the estimated additional revenues to be generated from the proposed revenue changes included in this item. Should any of these proposed revenue adjustments not be approved by the City Council, City staff will need to determine if the exclusion of the anticipated revenue will cause a negative impact to the Budget. If so, one or both of the following actions must be taken by City Council:

1. Reduce expenditure levels
2. Increase other sources of revenue

FISCAL IMPACT:

The individual revenue adjustment items included herein propose to increase revenues within various City funds as outlined in the table below:

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In addition to the above revenues, this item also includes provisions related to legislation passed by the 86th State Legislature related to Bingo Taxes and Municipal Court Fees.

RECOMMENDATION:

Staff recommends approval of the proposed fees.