



# City of San Antonio

## Agenda Memorandum

**File Number:**

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**Agenda Item Number:** 1

**Agenda Date:** May 7, 2025

**In Control:** City Council B Session

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**DEPARTMENT:** Office of Management & Budget

**DEPARTMENT HEAD:** Justina Tate

**COUNCIL DISTRICTS IMPACTED:** Citywide

**SUBJECT:**

Briefing on the Six Plus Six Financial Report for FY 2025 and the Five Year Financial Forecast for FY 2026 to FY 2030.

**SUMMARY:**

A briefing on the City's FY 2025 Budget status through the second quarter (October through March) and projections on revenues and expenditures for the remaining six months of the fiscal year (April through September), additionally the Five-Year Financial Forecast for Fiscal Year 2026 through Fiscal Year 2030 will be presented. The Forecast will focus on the City's General Fund, Hotel Occupancy Tax (HOT) Fund and Development Services Enterprise Fund.

This briefing will also include an update on the City Comprehensive Budget Review process and an update on a proposed hybrid budget methodology that combines elements of priority-based budgeting, outcome-based budgeting, and zero-based budgeting.

**BACKGROUND INFORMATION:**

**FY 2025 Budget Update:**

As part of the City's financial management practices, the City Council will be provided an update

on the City's FY 2025 Budget. The FY 2025 Six Plus Six Financial Report will focus on financial performance for the first six months of the fiscal year (October through March) and will provide projections for the remaining six months of the fiscal year (April through September). Updates on budget initiatives approved as part of the FY25 Budget will be provided and results on the 24/7 performance metrics for the first six months of the fiscal year.

Additionally, adjustments recommended to be included in the Mid-Year Budget Adjustment will be presented. The adjustments are based on revenue and expense actual activity seen in the first six months of the fiscal year along with revenue and expense projections for the remainder of the year. The recommended FY 2025 Mid-year Budget Adjustment Ordinance will be considered at the May 15th City Council "A" Session.

### **Five-Year Financial Forecast:**

The Five-Year Financial Forecast provides a current and long-range financial assessment addressing revenues, City services and programs, and financial reserves. The Forecast will focus on the City's General Fund, HOT Related Funds, Development Services Fund and Solid Waste Funds. The Financial Forecast is a projection of revenues and expenses for the next five fiscal years based on a set of assumptions as of March 2025. The Financial Forecast is not a budget. It is intended to provide the City Council and the community with an early financial outlook for the City as the budget development process begins for FY 2026.

### **Comprehensive Budget Reviews:**

The City Manager reinstated the Comprehensive Budget Review (CBR) process in FY 2025. The CBR structure is systematic, data-driven and collaborative. The goals of the program are to identify process improvement, cost-savings, and efficiencies. Comprehensive budget reviews are underway in four departments:

- Public Works
- Human Services
- Metro Health
- Parks and Recreation

An update on the progress of the comprehensive budget reviews will be provided during the May 7th City Council "B" Session.

### **Budget Methodologies Evaluation:**

In August 2024, the Governance Council Committee approved staff's recommendation to develop a hybrid budget method incorporating zero-based, outcome-based, and priority-based budgeting principles. The city retained PFM Group Consulting to assist with a recommendation and implementation plan.

During the May 7th "B" Session, PFM will provide a recommended approach that incorporates Zero Based Budgeting principles with Outcomes-Based Budgeting that focus on community and City Council priorities.

### **ISSUE:**

A briefing on the City's FY 2025 Budget status through the second quarter (October through March) and projections on revenues and expenditures for the remaining six months of the fiscal year (April through September), additionally the Five-Year Financial Forecast for Fiscal Year 2026 through Fiscal Year 2030 will be presented. The Forecast will focus on the City's General Fund, Hotel Occupancy Tax (HOT) Fund and Development Services Enterprise Fund.

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**ALTERNATIVES:**

This is an informational briefing only.

**FISCAL IMPACT:**

This is an informational briefing only. The FY 2025 Mid-Year Adjustment recommendations will be considered at the May 15, 2025 City Council "A" session.

**RECOMMENDATION:**

This is an informational briefing only.