



City of San Antonio

Agenda Memorandum

File Number:

Agenda Item Number: {{item.number}}

Agenda Date: September 19, 2024

In Control: Select Meeting Type

DEPARTMENT: Office of Management & Budget

DEPARTMENT HEAD: Justina Tate

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Adopting the Annual Consolidated Operating and Capital Budgets for FY 2025

SUMMARY:

An Ordinance adopting the Annual Consolidated Operating and Capital budgets for the City of San Antonio Fiscal Year 2025 that begins October 1; approving projects included in the FY 2025 to FY 2029 Five-Year Infrastructure Management Plan; approving the FY 2025 to FY 2030 Six-Year Capital Improvements Program for the City of San Antonio; approving certain contracts; providing for a one-time annuity increase for retirees and their beneficiaries and a revision to the City's contribution rate in connection with the Texas Municipal Retirement System; authorizing personnel complements; appropriating funds; and amending related ordinances.

Following the action taken on this item, the City Council will consider, through separate ordinances, the following:

1. Adoption of Ordinance Ratifying Adoption of Budget
2. Adoption of Ordinance Setting the Maintenance & Operation (M&O) Property Tax Rate
3. Adoption of Ordinance Setting the Debt Service Property Tax Rate
4. Adoption of Fee Adjustment Ordinance
5. Adoption of Closing Ordinance

Separate memos have been placed on the September 19 agenda that address the Ratification of the Budget, Ad Valorem Tax Rate, Revenue Adjustments, and the Closing Ordinance.

BACKGROUND INFORMATION:

The City Manager presented the FY 2025 Proposed Budget to the Mayor and City Council on August 15, 2024.

About the City Budget

The FY 2025 Proposed Budget is \$3.96 billion for all funds and \$1.67 billion for the City's General Fund. To mitigate rising costs, the budget proposes \$36.6 million in spending reductions over the next two years. These reductions were accomplished by transferring expenses from the General Fund to our Capital Budget and other funds, reducing development incentives, aligning workforce development spending, and adjusting department's budgets to actual spending and service demands. These reductions allow the city to remain resilient and continue investing in the top priorities of the community.

The need to be more resourceful and mindful of spending is due to expenses growing faster than revenue and revenue growth returning to pre-pandemic levels. There is no change to the City's property tax rate.

The Proposed Budget reflects both the priorities of the City Council and the community. Investments in key, core areas are proposed while continuing to support the services the community expects. These priorities include Streets and Sidewalks, Animal Care Services, Public Safety, services to assist the Homeless and Encampment Cleanups, and Affordable Housing.

Budget Work Sessions:

A total of 9 City Council work sessions were held prior to budget adoption on September 19 to present the budget in detail to the City Council.

- August 21: Airport Operating and Capital Budget
- August 27: Debt Management Plan, Public Works, Transportation
- August 27: Animal Care Services, Solid Waste Management, and Development Services
- August 28: Human Services, Neighborhood and Housing Services, Health, and ARPA
- September 3: Police, Fire and Municipal Court
- September 3: Employee Compensation and Benefits, Economic Development, Library, and Planning
- September 4: Convention Sports Facilities, Arts and Culture, Visit San Antonio
- September 10: Parks and Resiliency, Energy Efficiency, and Sustainability
- September 11: All other departments

Additionally, two worksessions were held for the City Council to discuss Potential Budget Amendments on September 17 and 18.

Community Input:

Eleven townhall meetings across the City took place between August 19 and August 31. At these meetings the public provided feedback on the proposed budget.

Additionally, 2 public hearings on the City's Property Tax Rate and Proposed Budget were held. The first hearing was held on September 4 and the second hearing was held on September 12 at City Council Chambers.

Budget Adoption:

The budget is scheduled to be adopted on September 19 for the City's fiscal year that begins on October 1. By City Charter the Budget must be approved before September 27.

ISSUE:

On September 19, City Council will consider six actions that are related to the FY 2025 Proposed Operating and Capital Budget. The following items will be considered in the order shown below:

1. Adoption of the FY 2025 Proposed Operating and Capital Budget
2. Adoption of Ordinance Ratifying Adoption of Budget
3. Adoption of Ordinance Setting the Maintenance & Operation (M&O) Property Tax Rate
4. Adoption of Ordinance Setting the Debt Service Property Tax Rate
5. Adoption of Fee Adjustment Ordinance
6. Adoption of Closing Ordinance

Separate memos have been placed on the September 19 agenda that address the Ratification of the Budget, Ad Valorem Tax Rate, Revenue Adjustments, and the Closing Ordinance.

ALTERNATIVES:

This item is required by City Charter.

FISCAL IMPACT:

City Council consideration and subsequent adoption of this item by ordinance will adopt expenditures levels for the City of San Antonio Fiscal Year 2025 Operating and Capital Budgets.

RECOMMENDATION:

Staff recommends approval of this item.