

**State of Texas
County of Bexar
City of San Antonio**



**Meeting Minutes
City Council B Session**

Council Briefing Room
City Hall
100 Military Plaza
San Antonio, Texas 78205

2023 – 2025 Council Members

Mayor Ron Nirenberg

Dr. Sukh Kaur, Dist. 1 | Jalen McKee-Rodriguez, Dist. 2
Phyllis Viagran, Dist. 3 | Dr. Adriana Rocha Garcia, Dist. 4
Teri Castillo, Dist. 5 | Melissa Cabello Havrda, Dist. 6
Marina Alderete Gavito, Dist. 7 | Manny Pelaez, Dist. 8
John Courage, Dist. 9 | Marc Whyte, Dist. 10

Wednesday, May 7, 2025

2:00 PM

Council Briefing Room

The City Council convened a B Session meeting in the Council Briefing Room beginning at 2:08 p.m. City Clerk Debbie Racca-Sittre took the Roll Call noting a quorum with the following Council Members present:

PRESENT: 11 – Nirenberg, Kaur, McKee-Rodriguez, Viagran, Rocha Garcia, Castillo, Cabello Havrda, Alderete Gavito, Pelaez, Courage, Whyte

ABSENT: None

BRIEFING ONLY

1. Briefing on the Six Plus Six Financial Report for FY 2025 and the Five-Year Financial Forecast for FY 2026 to FY 2030. [María Villagómez, Deputy City Manager; Justina Tate, Director, Management and Budget]

City Manager Erik Walsh reported that sales tax and Hotel Occupancy Tax (HOT) revenues

were not meeting Budget projections and noted that the United States economy had contracted for the first time in several years, which was negatively impacting sales tax, Hotel Occupancy Tax (HOT), and airport revenues. City Manager Walsh reminded the City Council that the financial forecast was not the Budget and there would be more reliable information for the Budget Goal Setting Session, which was scheduled for June 27, 2025.

The second part of the presentation addressed comprehensive Budget reviews, according to City Manager Walsh. He indicated that these reviews were being conducted by the Office of Management and Budget (OMB) and the Office of Innovation (OI). City Manager Walsh noted that PFM Consulting would provide the last portion of the presentation that addressed Councilmember Whyte's Council Consideration Request (CCR 2024-0011) on Zero Based Budgeting. City Manager Walsh stated that PFM Consulting was retained to provide a review and recommendations for the annual Budget process that better aligned with the new City Council four-year terms. City Manager Walsh explained that there would be another conversation when the newly elected City Councilmembers took office.

City Manager Walsh introduced the Director of OMB, Justina Tate, who presented the Five Year Forecast. Tate's presentation and the full report was attached to the minutes. Tate explained that the Financial Forecast was an early financial outlook for the City's major funds and set the framework for upcoming discussions on annual Budget development. Tate reiterated that the forecast was not a Budget.

Tate reported the FY 2026 to FY 2030 Forecast General Fund Expenditure Assumptions and provided a timeline for the FY 2026 Budget including a Goal Setting Session scheduled for June 27, 2025. Tate introduced Kate Kinnison, Chief Innovation Officer, who stated that the City Manager reinstated the Comprehensive Budget Review (CBR) Process in FY 2025 in response to forecast trends and to get back to basics post COVID. Kinnison explained the systematic CBR structure and process and stated that recommendations to City Council would reflect opportunities for process improvement and more effective resource allocation were being identified for implementation in FY 2026 and would be included in the City Manager's Proposed FY 2026 Budget on August 14, 2025.

Danielle Scott-Parker, of PFM Consulting, provided a presentation (attached) stating that they had been engaged by the City of San Antonio to analyze the City's current Budget process and identify opportunities to integrate alternative budgeting approaches such as Zero-Based Budgeting (ZBB), Performance-Based Budgeting, and Outcomes-Based Budgeting. Scott-Parker introduced Victoria Azari with PFM who described the hierarchy of authority for the City of San Antonio and best practices. Azari outlined the Strengths, Weaknesses, Opportunities and Threats (SWOT) Analysis that was conducted by their firm.

Scott-Parker compared budgeting methodologies and described the components of multiple budgeting methodologies the City of San Antonio used in its' existing Budget process. PFM recommended a hybrid approach that would help the City be more efficient, transparent, and strategic in how it allocated resources to meet its goals. Scott-Parker outlined a newly proposed Budget timeline that included a transitional year (Year One) and a standard process during regular Budget years (Years Two, Three and Four). Staff and PFM Consulting

presentations are attached.

DISCUSSION:

Mayor Nirenberg cautioned that outcomes had been established through various adopted strategic plans informed by community engagement processes, surveys and other outreach methods. He suggested that municipal benchmarking of facilities and energy efficiencies was important. Mayor Nirenberg stated that the Financial Forecast was a sobering report and he noted the economic slowdown was being felt everywhere; businesses were paralyzed, and the City would need to plan for the downturn.

Councilmember Rocha Garcia asked Tate about HOT Revenues noting that there were new hotels being built around the City and suggested that construction might be hurting our visitor tax. Tate projected a 62% occupancy rate and City Manager Walsh noted a lower than average daily rate for hotels was also impacting the revenue. Councilmember Rocha Garcia suggested collaboration with Visit San Antonio (VSA) on the projections.

Councilmember Rocha Garcia asked City Manager Walsh if he thought the City would need to raise property tax to the 3.5% allowed by the State. City Manager Walsh stated that it was too early to tell but was a potential that the City Council could enact but he had not projected anything. Troy Elliott, Chief Financial Officer, indicated that a 1% increase had the potential for \$14 million in new revenues. Councilmember Rocha Garcia asked how the new policies under CCRs and changes in State Law might impact the revenues or Budget. City Manager Walsh stated that no new policies were assumed in the forecast, but it would be included when more was known. She asked about the status of Texas House Bill (HB) 19. Jeff Coyle, Assistant City Manager, reported that HB 19 capped debt issuance and was still in the House Ways & Means Committee.

Councilmember Rocha Garcia asked if staffing levels would be impacted by a \$2 million projected shortfall. City Manager Walsh stated that it was manageable, and spending could be slowed. Councilmember Rocha Garcia asked how long Comprehensive Budget Reviews (CBRs) had been performed. City Manager Walsh indicated that the Office of Innovation started CBRs in 2009 and had worked with nearly every department.

Councilmember Rocha Garcia asked if City Manager Walsh routinely asked for percentage reductions. City Manager Walsh recommended a more measured and specific approach to reductions based on programs rather than across the board percentages.

Councilmember Whyte was pleased that this process had begun incorporating components of a Zero-Based Budget (ZBB) in accordance with his Council Consideration Request (CCR 2024-0011) and he lauded the development of a more efficient budgeting process. Councilmember Whyte did not support any increase in the property tax rate or fees and suggested that the problem was with spending rather than revenue. He highlighted the CPS Energy Off-System sales policy.

Councilmember Whyte noted the problems PFM found with the current Budgeting process in the Threats section of its SWOT Analysis and supported PFM's recommendations. He

disagreed, however, that the burden placed on the Mayor and City Council to prioritize which services to fund was a threat and looked forward to the new process. Councilmember McKee-Rodriguez commented that poverty, affordable housing, well-paying jobs, healthcare and wellness, climate changes, access to greenspace, home weatherization, increased access to public transit, social services, infrastructure, and other interventions were needed to address basic needs. He urged an equitable approach to City spending and services rather than simply splitting the City into 10 council districts.

Councilmember McKee-Rodriguez wanted to ensure a review of housing and human services, which included their ancillary impact on crime. He suggested that every department was probably understaffed and under resourced and he recommended identification of proper metrics to ensure meaningful impact.

Councilmember McKee-Rodriguez recommended moving money within the departments themselves and not defunding programs in one department to give to another. He asked if PFM identified a spending or Budget problem or was this recommendation simply a process improvement. Scott-Parker stated that the review was of the whole process, and they did not go into detail on the City's use of its funds. Scott-Parker concluded that the City was already utilizing best and promising practices but there was always room for improvement. Councilmember McKee-Rodriguez noted that some problems were difficult to solve.

Mayor Nirenberg clarified that nothing had changed but there were good recommendations from PFM and the staff needed input from the City Council as to how to put the new process in place.

Councilmember Viagran wanted to ensure that the poverty rate and historic issues such as redlining and discrimination were not forgotten through the new process. She noted that some individuals were one accident or disease away from losing their homes. Councilmember Viagran agreed with Councilmember McKee-Rodriguez to look within the departments and noted that all were understaffed. She expressed concern that this new process would put a burden on the staff through the year-round budgeting process and noted that the City's goal should be to reduce the overall poverty rate and create a more prosperous San Antonio.

Councilmember Castillo commented that residents wanted to know why the City kept spending money on multi-million-dollar vanity projects such as a Sports and Entertainment District (SED) when the residents wanted to focus on streets, drainage, housing, public safety, and health. Councilmember Castillo supported using HOT for the Arts and other tourism inducing activity and cautioned that the HOT should not be stripped to create the new SED. She recommended looking at how large users of CPS Energy paid a lower rate than regular homeowners, which was a subsidy to big businesses.

Councilmember Alderete Gavito asked if any improvements were included in the five-year forecast including the new police officers. Tate stated that new improvements were not including the officers. City Manager Walsh clarified that the forecast was not a Budget, so it made no assumptions related to improvements. Councilmember Alderete Gavito noted that while it was not a Budget, the forecast would inform budget goals. She asked how the order in which departments would be reviewed would be determined. Scott-Parker stated

that the full report included criteria for ZBB, which was best leveraged at a program and service level.

Councilmember Whyte commented that PFM had suggested that without a method to evaluate whether services were aligned and optimally provided, the City could continue to fund fragmented or overlapping services.

Councilmember Kaur requested a little more time to receive the information before the meeting to better review the data provided. She suggested an outcome of this process could be that the City could be more nimble noting priorities were set for four years. Scott-Parker mentioned that the City needed to have the ability to adjust and shift its priorities based on environmental and economic changes or community sentiment and felt that their recommendation could allow for that flexibility. City Manager Walsh noted that it was important to be able to adjust to changed conditions, however; budgeting was more about discipline than being nimble.

Councilmember Kaur suggested further review of the community engagement process. Scott-Parker stated that the much longer Goal Setting Session would allow more opportunities for the community to be a part of the discussion. Councilmember Kaur requested recommendations on types of performance metrics. Scott-Parker commented that training and guidance was needed for performance measurement while considering data collection processes and methods.

EXECUTIVE SESSION

Executive Session was not held.

ADJOURNMENT

There being no further discussion, the meeting was adjourned at 4:03 p.m.

Approved

**Ron Nirenberg
Mayor**

**Debbie Racca-Sittre
City Clerk**