



City of San Antonio

Agenda Memorandum

File Number:

Agenda Item Number: 1

Agenda Date: August 30, 2023

In Control: City Council Budget Work Session

DEPARTMENT: Office of Management & Budget

DEPARTMENT HEAD: Justina Tate

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

City Council Work Session on the FY 2024 Proposed Budget

SUMMARY:

Staff presentation on the FY 2024 Proposed Budget focusing on, but not limited to, the following City policies and initiatives:

- A. Convention & Sports Facilities
- B. Arts & Culture
- C. VisitSA

BACKGROUND INFORMATION:

The FY 2024 Proposed Budget was presented to City Council on August 10, 2023. The proposed budget reflects both City Council and Community priorities focuses on four key areas: property tax relief, keeping San Antonio safe, enhancing quality of life and improving customer service.

The Proposed FY 2024 Consolidated Annual Budget, comprised of all funds, excluding transfers, totals \$3.7 billion. The General Fund budget is \$1.60 billion; restricted funds such as Airport,

Development Services, Solid Waste, and Hotel Occupancy Tax total \$1.33 billion; and the Capital Budget totals \$798 million.

Following the presentation of the proposed budget, a series of City Council budget worksessions are scheduled from August 15 to September 13. 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 14 for the City's fiscal year that begins on October 1.

Hotel Occupancy Tax

The current Hotel Occupancy Tax (HOT) rate of 16.75% is levied on eligible room nights. 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, other debt payments, and capital improvements. The 7% of the HOT in FY 2024 is budgeted at \$83.8 million and it supports the City's Convention & Sports Facilities, Visit San Antonio, Historic Preservation, and Arts & Culture.

After the annual convention center expansion debt service payment is made, the remaining net HOT collections for FY 2024 are allocated to Visit San Antonio at 35% (\$27.6 million), to the Arts and Culture Fund at the maximum state allowed amount of 15% (\$11.8 million), and to the General Fund to support history and preservation at 15% (\$11.8 million), the remaining 35% is allocated to the Community & Visitor Facilities Fund and other support activities as well as debt service for the convention center expansion project.

ISSUE:

A budget worksession is scheduled for Wednesday, August 30 from 2:00 PM to 5:00 PM. At this session, the City Council will be presented with the FY 2024 Proposed Budgets for Convention Sports Facilities, Arts & Culture, and VisitSA.

Convention & Sports Facilities

The FY 2024 Proposed Budget for Convention & Sports Facilities includes funding from the HOT Fund, Convention Center and Alamodome revenue, and other restricted funds. The Community & Visitors Facilities Proposed Budget also reflects a transfer of \$7.0 million from American Rescue Plan Act (ARPA) funding. The table below reflects the budget allocation within the FY 2024 Proposed Budget for the Convention & Sports Facilities Department.

FUND	FY 2024 PROPOSED BUDGET	AUTHORIZED POSITIONS
Community & Visitor Facilities Fund	\$54,559,584	337
Community & Visitor Facilities Fund (Non-Departmental)	3,366,240	0
General Fund – Carver Community Cultural Center	1,664,801	7
Carver Special Revenue Fund	603,182	7
State Reimbursement Fund	6,440,105	0
Convention Center Lease Payment Fund	41,359,151	0
Capital Projects	27,547,935	0
Total	\$135,540,998	351

The FY 2024 Proposed Budget includes \$3,000,000 for annual contractual obligations for Visit San Antonio

A detailed listing of the Convention Sports Facilities Department’s program changes is included in Attachment 1.

Arts & Culture

The Arts and Culture Fund was created in FY 2007 to account for expenses generated in support of San Antonio arts and cultural programming. The Arts and Culture Fund receives 15% of the net HOT allocations. With oversight by the San Antonio Arts Commission and its Committees, the Department of Arts & Culture enriches the quality of life in San Antonio by leading and investing in arts and culture through initiatives including Arts Agency Funding, Cultural Events & Exhibits, Public Art, and the San Antonio Film Commission.

The table below reflects the budget allocation within the FY 2024 Proposed Budget for the Arts & Culture Department.

FUND	FY 2024 PROPOSED BUDGET	AUTHORIZED POSITIONS
Arts & Culture Fund	\$11,858,017	17
Public Art	741,100	6
SA Film Commission (Community & Visitor Facilities Fund)	472,321	1
Total	\$13,071,438	24

The FY 2024 Proposed Budget adds one position to oversee maintenance and conservation of the City’s Municipal Art Collection. Additionally, \$500,000 is included in the FY 2024 Proposed General Fund Budget for art maintenance. The total art maintenance budget for FY 2024 is \$650,000 which will provide funding to maintain 25 art pieces in FY 2024.

A detailed listing of the Department of Arts & Culture program changes is included in Attachment 2.

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 2024 Proposed Budget recommends an allocation of \$27,552,041 for Visit San Antonio.

ALTERNATIVES:

This item is a scheduled work session for the FY 2024 Proposed Budget.

FISCAL IMPACT:

This presentation provides briefings on Convention Sports Facilities, Arts & Culture, and VisitSA. The FY 2024 Budget is scheduled to be adopted by City Council on September 14, 2023.

RECOMMENDATION:

This item is a work session for discussion of the FY 2024 Proposed Budget and is for briefing purposes only.