



City of San Antonio

Agenda Memorandum

File Number:

Agenda Item Number: 3

Agenda Date: August 11, 2022

In Control: City Council A Session

DEPARTMENT: Office of Management & Budget

DEPARTMENT HEAD: Justina Tate

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Presentation of City's FY 2023 Proposed Annual Budget

SUMMARY:

On August 11, 2022, the City Manager will present the Proposed Fiscal Year (FY) 2023 Operating and Capital Budget to the Mayor and City Council as required by the City Charter. The City's fiscal year begins on October 1 and ends on September 30. Following this presentation, the City Council will consider the following ordinance related to the FY 2023 Proposed Budget: An ordinance setting the City's proposed maintenance and operations tax rate at 33.011 cents per \$100 of taxable valuation and the City's proposed debt service tax rate at 21.150 cents per \$100 of taxable valuation as recommended in the FY 2023 Proposed Budget, and;

The FY 2023 Operating and Capital Budget, the Tax Year 2022 Ad Valorem City Property Tax Rate, and revenue adjustments are scheduled to be adopted by City Council on Thursday, September 15, 2022. By City Charter the City's budget must be adopted not later than September 27th.

BACKGROUND INFORMATION:

The City of San Antonio's fiscal year begins on October 1 and ends September 30. Each year, the City Manager transmits a budget development calendar to the City Council in February/March with key dates for each phase of the budget process. The phases include (1) City Council Budget Goal Setting Session, (2) Five-Year Financial Forecast and FY 2023 Trial Budget, (3) public input before the budget is prepared, (4) Proposed Budget for the upcoming fiscal year, (5) City Council budget worksessions, and public input meetings/public hearings on the proposed budget, and (6) adoption of the Budget for the next fiscal year. The Annual Operating and Capital Budget must be approved by the City Council not later than September 27th of every year in accordance with the City Charter. On February 16, 2022, the City Council was provided with the FY 2023 Budget Calendar. This calendar included the key dates for the six phases of the City of San Antonio budget development process.

City Council Budget Goal Setting Session: On April 13, 2022, the City Council FY 2023 Budget Goal Setting Session was held at the Betty Kelso Center at the San Antonio Botanical Gardens. The purpose of the Budget Goal Setting Session was to obtain City Council policy direction to guide the development of the upcoming fiscal year budget. Five policy focus areas were discussed during the session: 1) Financial Policies, 2) Residential Property Tax Homestead Exemptions, 3) Streets, Sidewalks, and Vision Zero, 4) Civilian Compensation, and 5) Police Services. City Council provided feedback that was utilized to prepare a FY 2023 Trial Budget and Five Year Forecast that reflected the priorities of the City Council. A report of the results of the City Council Goal Setting Session is available in the City's Website.

Five Year Financial Forecast and FY 2023 Trial Budget: On May 11, 2022, City Council was provided a briefing on the City's Five Year Financial Forecast covering Fiscal Year 2023 through Fiscal Year 2027 and the FY 2023 Trial Budget. The forecast is intended to provide the City Council and the community with an early financial outlook for the City of San Antonio and to identify significant issues that need to be addressed in the budget development process. The Five Year Financial Forecast focused on the General Fund, Hotel Occupancy Tax, Development Services, and Solid Waste Management funds.

The Trial Budget was presented to the City Council for the General Fund. The Trial Budget is a step in the Budget Development Process that was introduced for the FY 2021 Budget Development Process as staff prepared alternatives to balance the budget in the midst of the COVID-19 pandemic for City Council consideration. The process was useful for the City Council and staff to deliberate on alternatives to balance the budget and the FY 2023 Budget Development Process continues with this practice. The Trial Budget was developed based on input the City Council provided during the Goal Setting Session and reflected identified City Council priorities. It also provided City Council an opportunity to discuss potential improvements to the budget before the proposed budget was developed. The Trial Budget provided a two-year balanced plan for the General Fund.

Community Input for the Preparation of the Budget Process: Along with monitoring the FY 2022 Budget, the City of San Antonio implemented a widespread virtual and grassroots effort to gather feedback from residents regarding their budgetary priorities for the upcoming Fiscal Year 2023. After the FY 2023 Trial Budget was presented to City Council, 10 Community Budget town hall meetings were held to gather input from residents about the FY 2023 Trial Budget.

Additionally, a budget survey was made available to the public through SASpeakUp.com. It closed on July 8. Survey results will be presented to the City Council during the proposed budget presentation. Following the presentation of the proposed budget, the City will seek input from residents through additional town hall events and a survey in August. The City also distributed information to past survey respondents, advertised the budget survey through social media, as well as held block walking in neighborhoods. The results of the community input process is attached.

Proposed Budget: On August 11, 2022 the City Manager will present the FY 2023 Proposed Operating and Capital Budget to City Council. This budget was prepared in the month of July and incorporates the policy direction provided by the City Council from the Goal Setting Session and Trial Budget Presentation and the community input provided through the SASpeakUp Campaign.

City Council Budget Worksessions, public input meetings/public hearings on the proposed budget: After the budget is proposed on August 11, 2022, ten city council budget worksessions are scheduled to present the proposed budget in detail to the City Council.

The City will host two public hearings Wednesday, August 31 at 5:00pm and Thursday, September 8 at 9:00am in City Council Chambers.

Budget Adoption: The FY 2023 Budget is scheduled to be considered for approval by the City Council on September 15, 2022.

ISSUE:

On August 11, 2022, the City Manager will present the Proposed Fiscal Year (FY) 2023 Operating and Capital Budget to the Mayor and City Council. The City's fiscal year begins on October 1 and ends on September 30. Following this presentation, the City Council will consider an ordinance setting the proposed tax rate and an ordinance setting the date, time, and place for two Budget Public Hearings and two Ad Valorem Tax Rate Public Hearings.

This ordinance sets the proposed Maintenance and Operations tax rate at 33.011 cents per \$100 of taxable valuation and the proposed Debt Service tax rate at 21.150 cents per \$100 of taxable valuation as recommended in the FY 2023 Proposed Budget. Each year, City Council considers an ordinance which sets the Proposed City Ad Valorem Tax Rate for Maintenance and Operation (M&O) and the Debt. With the FY 2023 Budget development, the City Council will consider the Tax Rate for Tax Year 2022. Revenue collected during the Tax Year 2022, will be recognized in the FY 2023 Budget as the City's Fiscal Year begins October 1, 2022. City Staff recommends City Council adopt an ordinance setting the proposed Ad Valorem Tax Rate for Tax Year 2022.

Notice for the Proposed Budget, Tax Rate Public Hearings and Budget Open Houses will be posted in the Express-News. Announcements will also be published on the City's website site and promoted on the City's cable TV Channel 21 (TVSA).

The FY 2023 Operating and Capital Budget, the Tax Year 2022 Ad Valorem City Property Tax Rate, and revenue adjustments are scheduled to be adopted by City Council on Thursday,

September 15, 2022. By City Charter the City's budget must be adopted not later than September 27th.

ALTERNATIVES:

City Council may amend items in the FY 2023 Proposed Budget prior to the adoption on Thursday, September 15, provided that the budget remains balanced. By City Charter the City's budget must be adopted not later than September 27th.

FISCAL IMPACT:

The FY 2023 Proposed Budget is balanced as required by the City Charter.

RECOMMENDATION:

The following two ordinances related to the FY 2023 Budget are recommended for approval: An ordinance setting the proposed Maintenance and Operations tax rate at 33.011 cents per \$100 of taxable valuation and the proposed Debt Service tax rate at 21.150 cents per \$100 of taxable valuation as recommended in the FY 2023 Proposed Budget, and;

No action is required by City Council for the FY 2023 Proposed Budget presentation as it has been scheduled for presentation purposes only. The City Council is scheduled to vote on the FY 2023 Budget on September 15.