



City of San Antonio

Agenda Memorandum

File Number:

Agenda Item Number: 2

Agenda Date: August 16, 2022

In Control: City Council B Session

DEPARTMENT: Office of Management & Budget

DEPARTMENT HEAD: Justina Tate

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

City Council Worksession on the FY 2023 Proposed Budget.

SUMMARY:

Staff presentation on the FY 2023 Proposed Budget focusing on, but not limited to, the following City policies and initiatives:

A. Electric Utility Customer Credit

BACKGROUND INFORMATION:

The FY 2023 Proposed Budget was presented to City Council on August 11, 2022. The proposed budget reflects both City Council and Community priorities, invests in San Antonio's ongoing economic recovery by giving funds back to taxpayers through property tax relief and CPS Energy credits. The budget also focuses on the retention and recruitment of City employees and makes the greatest investments ever in infrastructure and facilities.

The Proposed FY 2023 Consolidated Annual Budget, comprised of all funds, excluding transfers, totals \$3.5 billion. The General Fund budget is \$1.5 billion; restricted funds such as Airport,

Development Services, Solid Waste, and Hotel Occupancy Tax total \$1.2 billion; and the Capital Budget totals \$641 million.

Following the presentation of the proposed budget, a series of City Council budget worksessions are scheduled from August 16 to September 14. 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 15 for the City's fiscal year that begins on October 1.

ISSUE:

A budget worksession is scheduled for Tuesday, August 16 from 2:00 P.M. to 5:00 PM. At this session, the City Council will be presented with the proposed Electric Utility Customer Credit.

Electric Utility Customer Credit

CPS Energy Revenue: The City of San Antonio is the owner of CPS Energy (CPS). The CPS payment to the City represents the second largest source of revenue to the General Fund in FY 2023. CPS pays the City 14% of all gas and electric customer gross revenue as a return on investment. Revenues from CPS Energy are one of the most difficult revenues to forecast. Weather, natural gas prices, and other variables can significantly impact CPS revenues and the City's payment can fluctuate significantly from year to year. The FY 2023 Proposed Budget includes CPS revenues in the amount of \$392 million, an increase of 8.5% from the FY 2022 Adopted Budget. In FY 2022, the revenues estimated to be received are unusually high due to an extremely hot summer and natural gas prices. As a result, FY 2022 Estimate CPS revenues are projected to be \$75 million ahead of FY 2022 Adopted Budget.

As part of the FY 2023 Proposed Budget, the City of San Antonio proposes providing a credit of \$50 million to all customers of CPS Energy, which is owned by the City. The \$50 million would be allocated as follows:

- \$5 million would be contributed to the Residential Energy Assistance Program (REAP) to assist eligible low-income residential customers. The City and CPS Energy will work together to amend the REAP guidelines to provide additional flexibility for low-income customers to be able to access these funds.
- \$45 million would be credited to all CPS Energy customers' bills in the month of October. The credit will be based on each customers' energy usage during the month of July. The average residential customer will see a \$31 credit on their October bill.

City Council would need to take action by September 1 for the credit to be effective on the October bill.

ALTERNATIVES:

This item is a scheduled worksession for the FY 2023 Proposed Budget.

FISCAL IMPACT:

This presentation provides briefings on the Electric Utility Customer Credit. The FY 2023 Budget is scheduled to be adopted by City Council on September 15, 2022.

RECOMMENDATION:

This item is a worksession for discussion of the FY 2023 Proposed Budget and is for briefing purposes only.