

FY 2012 2nd Qtr Financial Report FY 2013 to FY 2017 Financial Forecast



City Council "A" Session
May 17, 2012

Presented by
María Villagómez, Budget Director

Agenda

- General Fund
 - FY 2012 2nd Quarter Financial Status Report
 - FY 2013 to FY 2017 Five Year Financial Forecast
- Restricted Funds
 - FY 2012 2nd Quarter Financial Status Report
 - Solid Waste Fund FY 2013 to FY 2017 Five Year Financial Forecast
- Mid-Year Budget Adjustment
- Summary and Next Steps



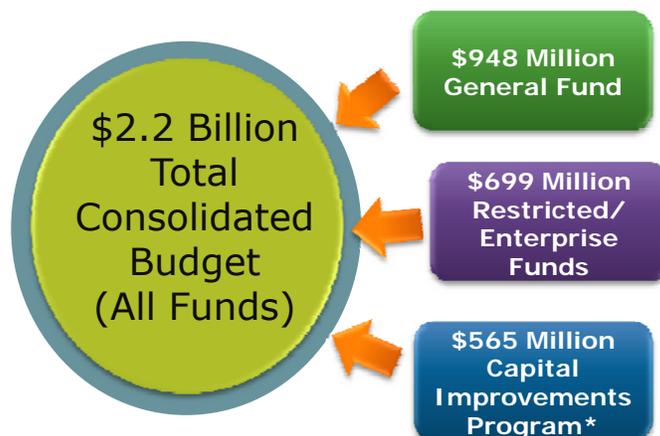
Financial Condition Summary

- Financial update for FY 2012 is positive for year end; financial challenges exist for FY 2013 and beyond
- Economic recovery continues at steady pace with some improvements over last year



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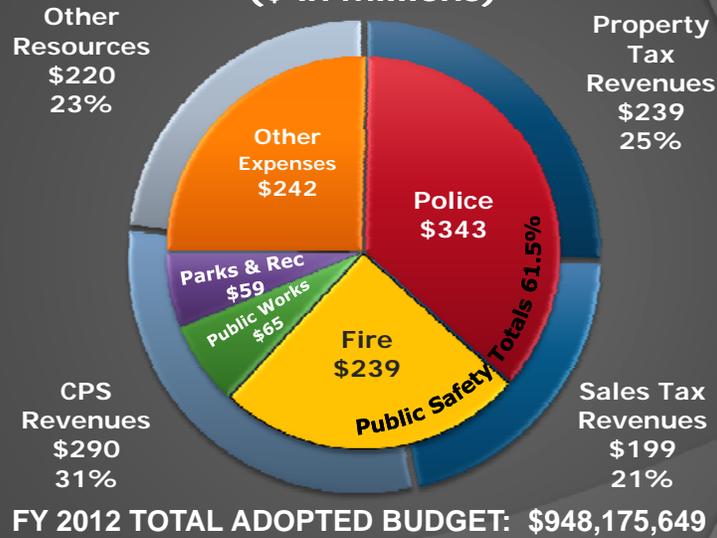
FY 2012 Budget Facts



* Does not include recently approved FY 2012-2017 Bond Program

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GENERAL FUND AVAILABLE RESOURCES DISTRIBUTED OVER MAJOR SPENDING AREAS (\$ in millions)



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Non-Public Safety General Fund Other Expenditures

Amount (\$ in Millions)	Department/Services
\$36.7	• Human Services/Delegate Agencies
\$33.3	• Library
\$12.6	• Municipal Court
\$11.4	• Health
\$11.3	• Code Enforcement
\$9.4	• Animal Care
\$7.4	• Downtown Operations
\$3.9	• Customer Service/311
\$2.4	• Economic Development Department
\$113.6	• Other Services
\$242.0	Total

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2nd Quarter Financial Update

General Fund



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General Fund FY 2012 2nd Quarter Financial Summary

6+6

- Financial Condition for first six months (Oct.-March) favorable by \$500,000
- General Fund Revenues down \$1.2 Million over adopted budget
 - CPS Revenues down \$7.7 Million
 - Property Tax at budget
 - Sales Tax up \$6.2 Million
 - Other revenues up \$300,000
- General Fund Expenditures below budget \$1.7 Million



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General Fund FY 2012 Six Plus Six Financial Summary

6+6

- Financial condition improves over remaining six months (April-Sept.) by additional \$13.7 million
 - Better sales tax revenues
 - Less CPS base revenue
 - More CPS revenue from gas plant
- Total FY 2012 Annual General Fund variance (Oct.-Sept.) \$14.2 million better than budget



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FY 2012 Ending Balance

6+6

- Overall ending balance for Fiscal Year 2012 is \$33.4 million better than Adopted Budget
 - \$19.2 million better FY 2011 ending balance
 - \$14.2 million in more revenue and less expense in FY 2012



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General Fund Revenue Variance (\$ in Millions)

6+6

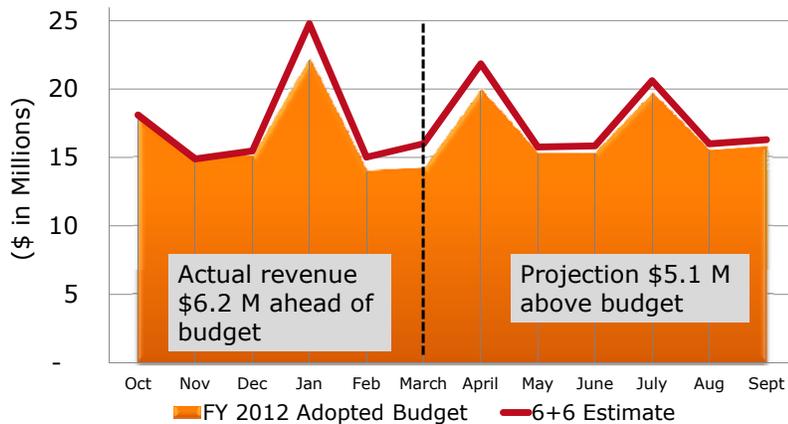
Revenue Source	FY 2012 Budget	FY 2012 Projection	Variance
Property Tax	\$239.4	\$239.5	\$0.1
Sales Tax	199.3	210.6	11.3
CPS Payment	289.6	277.3	(12.3)
CPS – Rio Nogales Plant Payment	0.0	12.1	12.1
Other Revenue	167.1	168.0	0.8
Total	\$895.4	\$907.5	\$12.0

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FY 2012 Sales Tax Revenue

6+6

- FY 2012 Sales Tax Revenue projection up \$11.3 million or 5.1%

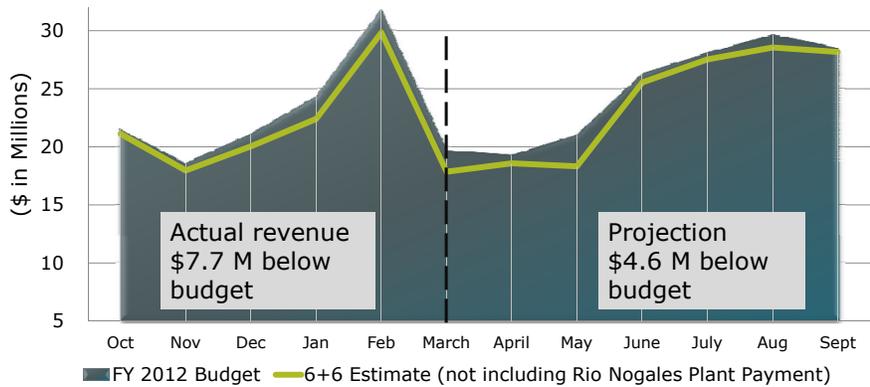


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CPS Payment – Excluding New Gas Plant

6+6

- FY 2012 CPS payment down \$12.3 million or 5% due to mild weather and low natural gas prices, however overall at budget only because of CPS Rio Nogales Plant payment



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General Fund Expenditures

6+6

- FY 2012 Annual projection \$2.2 million in departmental savings

(\$ in Millions)

Revenue Source	FY 2012 Budget	FY 2012 Projection	Variance
General Fund Expenditures	\$948.6	\$946.4	\$2.2

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FY 2013 to FY 2017 Five Year Financial Forecast

General Fund



FY 2013 to FY 2017 Five Year Forecast

5_{yr}

- Budgetary Planning Tool
- Early Identification of projected financial position
- Provides strategic model to evaluate future impact of budget decisions



General Fund Forecast

5_{yr}

- Deficit projected for FY 2013 between \$12.1 million and \$24.6 million
 - Less than what was projected as part of two-year budget plan in September 2011
- Deficit results from recurring Revenues to Expenditure imbalance
- 5.8% or \$56.5 million in available revenues in 2013 Forecast from beginning balance



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FY 2012 General Fund Summary

5_{yr}

(\$ in Millions)	FY 2012 Budget	FY 2012 Re-Est.	Variance	
Beginning Balance	\$76.9	\$96.1	\$19.2	• \$19.2 million Better FY 2011 Ending Balance:
Total Revenues	895.4	907.5	12.0	• Additional FY 2012 Revenues: \$12.0 million
Total Expenditures	948.6	946.4	2.2	• FY 2012 Less Spending: \$2.2 million
Added Ending Balance for FY 2012 Budget			\$33.4	• \$33.4 million added to FY 2013 \$20.8 M Two Year Budget Reserve

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General Fund Forecast – (\$ in Millions)

5yr

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Available Resources	\$965.6*	\$930.3	\$954.6	\$983.3	\$1,011.4
Expenditures	\$977.7	\$1,005.4	\$1,014.9	\$1,026.5	\$1,037.8
Ending Balance	(\$12.1)	(\$75.0)	(\$60.3)	(\$43.3)	(\$26.3)
Additional Expenditures/ Policy Issues	\$12.4	\$14.9	\$18.1	\$21.0	\$22.9
Adjusted Ending Balance	(\$24.6)	(\$90.0)	(\$78.4)	(\$64.4)	(\$49.3)

* Includes \$33.4 million better ending balance from FY 2012 & \$21 million in FY 2013 Two Year Balance Budget Reserve

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FY 2013 Policy Issues Included in the Forecast

5yr

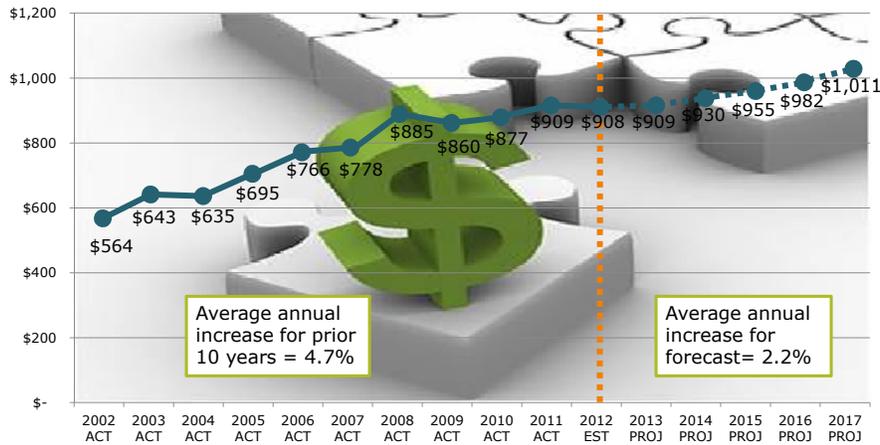
Additional Expense / Policy Issue	Amount (\$ in Millions)
Civilian Cost of Living Adjustment- Including Retiree Ad Hoc COLA (every 1%)	\$1.8
Deferred Maintenance Library	\$1.3
Economic Development Incentives	\$7.0
VIA Street Car Payment – Debt Service	\$0.4
Animal Care Resources to Maintain 70% Live Release	\$0.9
Budgeted Financial Reserves to maintain 9%	\$1.0
Total	\$12.4

All policy issues continue over 5-year forecast period with varying amounts in FY 2014 to FY 2017

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General Fund All Revenues Forecast (\$ in Millions)

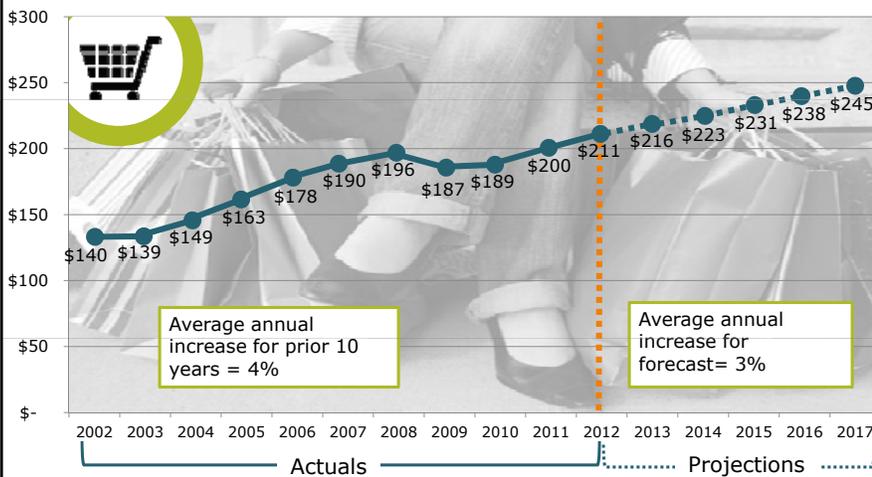
5yr



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Sales Tax (\$ in Millions)

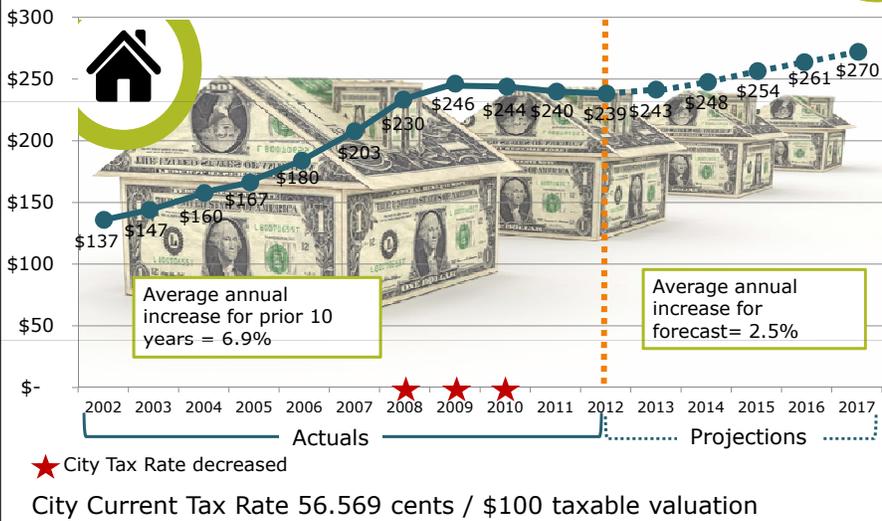
5yr



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Property Tax (\$ in Millions)

5yr



Property Tax Valuation

5yr

Forecast Percent Change in Property Taxable Valuation

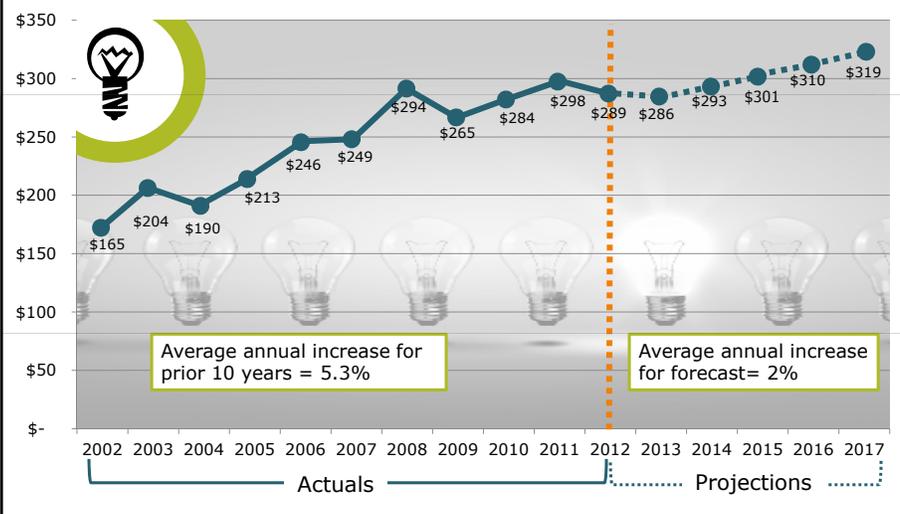
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Existing Value	-1.87%	-3.78%	-1.69%	0.02%	0.50%	0.75%	1.0%	1.00%
New Value	2.70%	1.68%	1.15%	1.24%	1.50%	1.75%	2.00%	2.50%
Taxable Value	0.83%	-2.10%	-0.54%	1.26%	2.00%	2.50%	3.0%	3.50%



Based on Bexar Appraisal District initial estimation. Final certified role expected late July

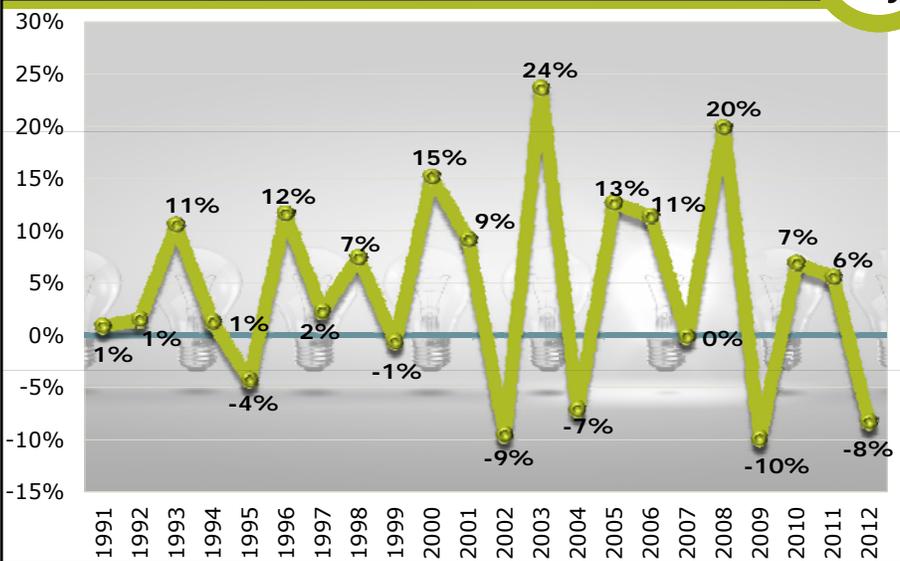
CPS Revenues (\$ in Millions)

5yr



CPS Revenues % Change from Previous Year

5yr



Expenditure Assumptions in the Forecast Period

5yr

- Reflects funding to provide today's level of recurring City services
- Provides for increases in collective bargaining agreements for Police and Fire whose terms expire September 2014
- Funds final phase of Civilian Pay Plan implementation
- Includes medical inflation in healthcare at 7%



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Expenditure Assumptions in the Forecast Period

5yr

- Fully funds 50 police officers funded by Federal Stimulus Grants in FY 2013
- Includes City's match for 19 police officers funded by COPS grant
- Continues 5-year Infrastructure Management Program in FY 2013 and beyond
- Adds Mandated Costs including those for 2012 to 2017 forecast
- Maintains Financial reserve policy of 9% of total appropriations for FY 2013 and beyond



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Mandated Costs Included in the Forecast - Summary

5yr

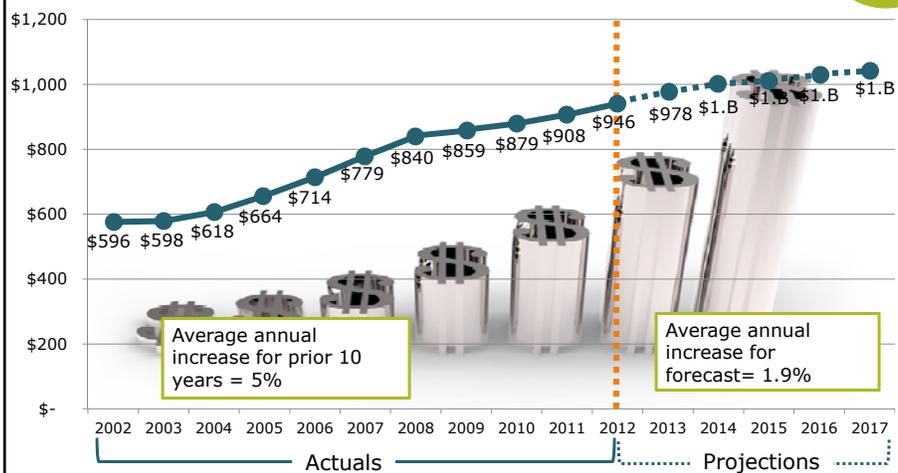
Projection	(\$ In Millions) Incremental Total
FY 2013	\$7.1
FY 2014	\$4.7
FY 2015	\$2.1
FY 2016	\$3.5
FY 2017	\$1.2

- Maintenance and support for Animal Care Services Adoption Center
- Operating and maintenance costs for 2012 Bond Projects
- Maintenance and security for newly acquired park land and greenway trails

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General Fund All Expenses Forecast (\$ in Millions)

5yr



Excluding policy issues found on slide 20

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General Forecast Summary

5_{yr}

- Financial Challenge for FY 2013 of \$12.1 million to \$24.6 million
- Economic recovery underway with some improvements in Sales Tax and Property Tax revenues over last year; CPS revenues volatile
- Forecast supports existing recurring service levels and provides additional expenditure for policy issues



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2nd Quarter Financial Update

Restricted Funds



Restricted Funds Financial Condition

6+6

Aviation	↑ Revenues up - \$2.4 million → Expenses at budget
Development Services	↑ Revenues up - \$2.9 million → Expenses at budget
Solid Waste	↓ Revenues down - \$300 thousand → Expenses below budget- \$600 thousand
HOT	↑ Revenues up - \$2.9 million → Expenses at budget
Storm Water Operations	↑ Revenues up - \$300 thousand → Expenses at budget

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FY 2013 to FY 2017 Five Year Financial Forecast

Solid Waste



10-Year Plan to reach 60% residential recycling goal

5_{yr}

- Department service plan guided by City Council approved 10-Year Plan to increase residential recycling to 60% by 2020
- Recent service enhancements to reach goal include:
 - Separate Brush and Bulky Collection
 - Additional Southside Brush Facility
 - Blue Cart recycling education initiatives
 - Increased school outreach
 - Plastic Bag Initiative
 - Multi-Family Recycling Ordinance
 - Organics Recycling Pilot

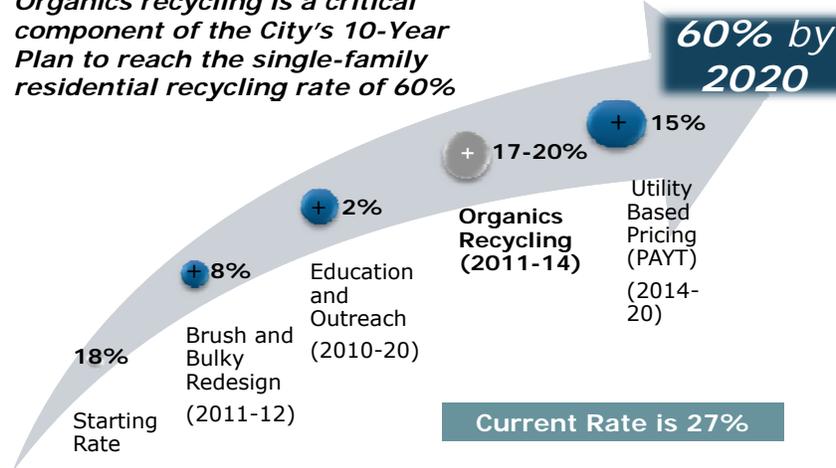


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Organics Recycling

5_{yr}

Organics recycling is a critical component of the City's 10-Year Plan to reach the single-family residential recycling rate of 60%



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FY 2012 Organics Recycling Pilot

5_{yr}

- 30,000 homes
- Majority of residents accepted program and are participating
 - Most accepted larger cart option
 - About 1% opted out
 - Other residents continue to ask when program will expand into their areas

Organics Recycling Pilot Routes (in Green)



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FY 2012 Organics Recycling Pilot

5_{yr}

- Pilot Program is ongoing
 - Service/data collected for Fall and Winter season
 - Spring and Summer service/data ongoing
- Final results to be presented to City Council during Aug./Sept. 2013
- Budget Process
 - Staff recommendation offered
 - City Council policy input and direction sought



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FY 2012 Organics Recycling Pilot Performance Measures

5_{yr}

- Established to measure results and pilot success
- Pilot shows positive results in all four measures

Description	Target			Result
	Poor	Fair	Good	
Recycling Rate Increase (Pilot's Contribution)	<0.7%	~0.9%	≥ 1.1%	1.3%
Average weekly carts set out	<10%	~18%	≥ 30%	26%
Contamination Rate	>30%	~25%	≤ 20%	5%
Average weekly pounds per cart	4.8	5.8	6.9	8.0

Reporting Period is 11/28/11 to 3/31/12

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Organics Recycling

5_{yr}

- Forecast includes option to expand program over three year period

	FY 2012	FY 2013 Projected	FY 2014 Projected	FY 2015 Projected
# of Homes	28,526	80,000	115,000	121,834
Cumulative Homes	28,526	108,526	223,526	345,360

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Solid Waste Forecast Summary

5_{yr}

- Supports current service delivery
- Includes two options
 - Expand Organics Recycling Program, to support 60% residential recycling goal by 2020
 - No Organics expansion, results in not achieving 60% residential recycling goal by 2020



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Solid Waste Customer Rate

5_{yr}



With Organics Recycling Implementation

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Monthly Rate	\$19.43	\$20.68	\$21.93	\$23.18	\$23.43
Adjustment	\$0	\$1.25	\$1.25	\$1.25	\$0.25



Without Organics Recycling Implementation

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Monthly Rate	\$19.43	\$19.68	\$19.93	\$20.18	\$20.43
Adjustment	\$0	\$0.25	\$0.25	\$0.25	\$0.25

Note: Service Center Replacement strategy being developed, may impact rate increase beyond rates listed above

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Solid Waste Forecast- Includes Organics Recycling

5yr

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Available Resources	\$95.1	\$99.7	\$107.0	\$108.0	\$110.4
Expenditures and Reserves	\$92.1	\$98.7	\$107.0	\$108.9	\$110.4
Ending Balance	\$3.0	\$1.0	\$0	\$0	\$0

Note: No rate increase in 2013; rate increase in FY 2014 to 2017
5% of Budgeted Financial Reserve achieved by FY 2017

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Solid Waste Forecast- Does Not Include Organics Recycling

5yr

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Available Resources	\$95.1	\$92.5	\$94.5	\$96.3	\$97.7
Expenditures and Reserves	\$95.1	\$92.5	\$94.5	\$96.3	\$97.7
Ending Balance	\$0	\$0	\$0	\$0	\$0

Note: No rate increase in 2013; rate increase of \$0.25 in FY 2014 to 2017
5% of Budgeted Financial Reserve maintained in each year of forecast

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FY 2012 Mid Year Adjustment



FY 2012 Mid-Year Adjustment

Mid-yr

- Adjustment recommendation to FY 2012 Operating and Capital budget
- Operating adjustments based on actual activity seen in first six months of fiscal year and future projections
 - General Fund and Restricted Funds
- Capital Budget adjustment resulting from recently approved 2012-2017 Bond Program



FY 2012 Mid-Year Adjustment Mid-yr

- FY 2012 Mid-Year Budget Adjustment Ordinance considered during May 17 City Council "A" Session
- Result is a revised FY 2012 Budget



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FY 2012 Recommended Mid-Year Budget Adjustment – General Fund Mid-yr

	FY 2012 Budget	6+6 Projection	Mid-Year Adjustment
	(\$ In Millions)		
Revenues	\$895.4	\$907.0	\$12.0
Expenditures	\$948.6	\$946.4	(\$2.2)

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FY 2012 Recommended Mid-Year Budget Adjustment – Restricted Funds

Mid-yr

Fund	FY 2012 Budget	6+6 Projection	Mid-Year Adjustment
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(\$ In Millions)

Development Services Fund

Revenues	\$23.5	\$26.4	\$2.9
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Expenditures	\$24.1	\$24.3	\$0.2
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Purchasing Fund

Revenues	\$41.6	\$42.5	\$0.9
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Expenditures	\$38.3	\$39.2	\$0.9
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FY 2012 Recommended Mid-Year Budget Adjustment – Capital Budget

Mid-yr

- 2012 Bond Program
 - Adjustment to Six-Year Capital Improvement Program to appropriate recently approved \$596 million 2012 Bond Program over 5 years

2012 - 2017
**\$596 MILLION
 BOND
 PROGRAM**

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Community Input Budget Hearings



Next Steps in Budget Development

Community Budget Input Hearings

- Five (5) Area Budget Hearings
May 21st – May 24th

City Council Policy Direction for Budget

- June 6th – City Council Policy Goal Setting Session

Proposed Budget Development Review

- Aug 9th "A" Session –Budget Proposal
- Mid Aug. to Mid Sept. - Council Worksessions and Community Hearings

Adopted Budget

- September 13th "A" Session - Budget Adoption

Community Budget Input Hearings

- 12 Community Budget Input Hearings will be held
 - 5 Pre-proposed Community Budget Hearings May 21st through May 24th
 - 5 Post-proposed Community Budget Hearings after Budget is proposed
 - 2 City-wide Public Budget Hearings will be held after the Budget is proposed



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Community Budget Input Hearings

- Below are the dates and locations for the Community Budget Input Hearings prior to presentation of the Proposed Budget

Date	Location
Monday, May 21 st	St. Bonaventure Catholic Church
Monday, May 21 st	St. Matthew Catholic Church
Tuesday, May 22 nd	Northeast Service Center
Wednesday, May 23 rd	S.J. Davis Middle School
Thursday, May 24 th	Alicia Treviño Lopez Senior Center

- All meetings will begin at 6:00 p.m.

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City Council Policy Goal Setting Session

- ◆ Council Policy Goal Setting Session on Wednesday, June 6 at Central Library
 - 9:00am to 4:00pm
- ◆ Format based on feedback received at the March 28 "B" Session
- ◆ Focus on development of strategic goals and service delivery priorities for next three to five years
 - Will guide spending plan for FY 2013 aligned with City Council priorities and SA 2020



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Conclusion

- ◆ Financial update for FY 2012 is positive for year end
- ◆ Financial challenges exist for FY 2013 and beyond



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