


**CITY OF SAN ANTONIO  
OFFICE OF THE CITY MANAGER**

TO: Mayor & Council

FROM: Erik Walsh, City Manager 

COPY: Executive Leadership Team  
Justina Tate, Budget Director

SUBJECT: **City Council Goal Setting Session Report for FY 2025 Budget**

DATE: May 3, 2024

This correspondence transmits a summary of the feedback provided by Mayor and City Council at the Budget Goal Setting Session held on April 18, 2024. The City Council priorities reflected in this report will be utilized to develop the Trial Budget that will be presented at the May 8<sup>th</sup> "B" Session.

I want to thank the Mayor and the Council for the productive conversation we had, and the policy direction provided. The Trial Budget presentation next week will serve as another opportunity for Mayor and City Council to provide policy direction before the Proposed Budget is developed during the summer.

**Attachment**

- Budget Goal Setting Session Summary Report

**CITY COUNCIL BUDGET GOAL SETTING SESSION  
SUMMARY REPORT  
FOR THE FY 2025 BUDGET AND FY 2026 PLAN**



Each year the City of San Antonio conducts a budget goal setting session for the development of the City's annual budget. The purpose of this session is to obtain City Council policy direction that will guide the development of the upcoming fiscal year budget.

The session for the FY 2025 Budget was convened on Thursday, April 18, 2024, at the Henry B. Gonzalez Convention Center. The session was hosted by the City Manager with the Mayor and City Council participating and presentations by executive staff. The City's fiscal year runs from October 1 of each year to September 30 of the following year. The summary information below will guide the City Manager in the development of the FY 2025 Budget and FY2026 Plan.

**SUMMARY OF CITY COUNCIL PRIORITY AREAS**

The following key priorities were identified by the Mayor and City Council during the course of the day. These priorities will be used to guide staff in the development of the FY 2025 Budget.

- Public Safety
  - Continued implementation of adding a total of 360 officers over five years and support for SAFFE officers
  - Support for Fire Department improvements and resources to include EMS services
  - Continued support for SA Core, Violence Prevention Programs to include domestic violence
- Infrastructure
  - Increase funding for Neighborhood Access and Mobility Program and City Council capital infrastructure program
  - Identify ways to incentivize contractors to complete projects quickly but with quality work
  - Funding to address drainage needs
- Homeless - support to enhance homeless solutions to include navigators, outreach, and encampments.
- Employees
  - Expand City's benefit programs to include In-Vitro fertilization or surrogacy support
- Animal Care Services - Support for Animal Care Services Strategic plan to include increased staffing, enhance spay/neuter surgery services, and implement more robust educational campaigns regarding responsible pet ownership.
- Housing
  - Development of a variety of housing to ensure affordable housing is available, to include permanent supportive housing and other housing opportunities for homeless individuals
  - Continued support for minor & major home repair
  - Support for assistance with title clearance
  - Continued funding support for Opportunity Home maintenance fund
- Small Businesses - support to enhance programs that directly impact small businesses to include construction mitigation grant.

**BUDGET DISCUSSION-POLICY AREAS**

Each section below represents the discussion and outcome for each of the policy areas presented on April 18, 2024. These points reflect key ideas and insights from Council Members for either action or study.

**Financial Policies**

The Mayor and City Council support the current Financial Policies:

- Maintain a minimum General Fund ending balance of 15%.
- Maintain Public Safety below 66% of the General Fund.
- Manage structural balance in the General Fund.
- Maintain a \$1 Million contingency in the General Fund and \$3 Million in the Capital Budget.
- Address Internal Fund deficits within 3 to 5 years.

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- Annually review the impact of the State imposed 3.5% Property Tax Cap on service delivery and provide a recommendation on whether to adjust the Property Tax Rate.
- Annually review property tax relief with a focus on homeowners.
- Annually review and periodically adjust fees and charges to provide for cost recovery, inflation, consumer relief, and/or alignment with policy goals.
- Annually assess the City's payment from CPS Energy to determine the portion, if any, deemed unusually, out of the ordinary, and one-time in nature, and make recommendations for that amount taking into consideration factors such as the City's overall financial position, impact on service delivery, benefit to the community, and responsible ownership.

**CPS Energy Financial Policies**

On April 17, 2024, during the City Council "B" Session, staff presented a complementary financial policy that would cap City Payment from CPS Energy off-system sales revenues at \$10 million. Any City Payment from off-system sales above \$10 million would be reserved in a CPS Energy Capital Reserve Fund (CRF). Once the fiscal year has ended, a determination would be made on whether the City met its City Payment base budget for the fiscal year (the non-off system sales portion). Funds remaining in the CRF, less a shortfall, if any, in the City Payment base budget would be transferred to CPS Energy to be utilized for future rate increase mitigation. This policy was incorporated into the Five-Year Forecast and will be incorporated into the Trial Budget.

Additionally, during the Goal Setting Session, a potential amendment to the current financial policy on City Payment from CPS Energy was discussed. Under the current policy, amounts over 10% of the adopted City Payment budget are set aside for City Council input before recommendations are made. The proposed amendment would revise this current policy to be funds in excess of 10% of the adopted City Payment base budget (revised based on proposed policy on City Payment from off-system sales) and allocate these funds as follows: 80% to CPS Energy resiliency and reliability projects, and 20% to the City's Resiliency Energy Efficiency and Sustainability Fund (REES).

**Conclusion on CPS Energy Financial Policies**

There was support to implement the financial policy on City Payment from off-system sales and to amend the current City Payment financial policy to include a pre-set allocation for funds in excess of 10% of the City Payment base budget to CPS Energy resiliency and reliability projects and the City's REES Fund. However, City Council cited the following during the discussion of these policies:

- Need to obtain assurances from CPS Energy that City Payment from the CRF would be dedicated to future rate increase mitigation;
- Need for additional information regarding how the resiliency and reliability projects for CPS Energy would be selected and the importance of including the City's Sustainability Department in the selection;
- Increase in the allocation to the City's REES Fund;
- Increase in the number of briefings to City Council from CPS Energy; and
- Expand the usage of the REES fund to include Metro Health.

**Property Tax Update**

Some support was indicated for adding the unused property tax rate increment in the FY 2025 Budget development process. The unused property tax rate increment will be included in the FY 2025 Trial Budget.

**OUTCOME OF OTHER PRIORITIES DISCUSSED BY COUNCIL MEMBERS**

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The following items were identified as priorities by two or more members but there was no clear consensus by City Council:

- Overall support for the Senior Assistance Pilot Program that was implemented with the FY 2024 Budget
- Clean Cities program
  - Support to focus on and implement ways to keep San Antonio clean to include ensuring responsible parties are maintaining their right of ways and implementing a marketing campaign.
- Parks and Park Improvements
  - Support improvements for park system to include restrooms and lighting at Monterey Park
- Health Disparities and Access to care
  - Overall support for Public Health and ensuring that all areas of the City have Access to Care
- Workforce development and job creation
  - Support for workforce development and job creation to include implementing stronger apprenticeship/job training programs, work to remove childcare as a barrier to better paying careers, and focus on high paying jobs
- City and Neighborhood Facilities
  - Ensure funding is available to address maintenance of City facilities and the Riverwalk
  - Provide funding to Homeowners Association to help upkeep and maintain facilities and/or playgrounds
- Support for additional Code Enforcement officers
- Work with school districts to address school safety
- Additional investments in public art and art maintenance
- Hope Lodge capital gap funding of up to \$1 million. Support for City's funding that would leverage Bexar County participation
- Asian Resource Center San Antonio (ARCSA) capital funds. Support for City's funding that would leverage Bexar County participation
- Support for San Antonio Sports
- Continued support for Transportation
  - Support transportation throughout the City to include the development of VIA mass transit system, Airport Terminal Development Project, and Transit Oriented Development

**The following comments were made by individual council members regarding priority areas:**

- Public Safety:
  - City Council District 3 Substation
  - Gun violence prevention to include removing guns from the streets or getting guns into lockboxes
  - Continued support for the Cellebrite Software
- Infrastructure:
  - Funds for signage
  - Support funds to address failed sidewalks
  - Resources for quick build infrastructure needs
  - Focus on ability to retain City engineers to completed traffic study in more expedited manner
  - Provide specific funding for pedestrian safety in capital projects
- Homeless:
  - Funding for a campaign to educate residents on the City's Homeless efforts
  - Maintain funding for Haven for Hope
  - Focus on diabetes insulin cost share program in connection homeless outreach and food security for homeless individuals

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- Employees:
  - Expand parental leave to eight weeks with goal to get to 12 weeks
- Animal Care Services:
  - Funds for additional kennels and space for dogs
  - Additional incentives for City rescue partners
- Housing:
  - Support for Rental and Utility assistance to keep families and individuals housed
- Small Business:
  - Support programs that help small businesses succeed so employees are paid more
  - Research additional ways to directly impact small business.
  - Coordinated support for food and beverage business
  - Continue funding for façade grants

**The following items were identified as priorities by individual council members**

- Add staffing to 311
- Focus efforts on Latin America and India to attract companies to San Antonio
- International Affairs
- Expand teen court program
- Funding for community organization to include Latino Texas Policy Center, Thru Project, and 100 Club of San Antonio
- Additional community and engagement support/position in each City department
- Include funding to support Goodwill training center downtown
- Ensure Energy and Water Security
- Provide for down payment assistance for accessory dwelling units
- Wrap VIA buses with City services to include Ready to Work and potential public art
- Ensure that Senior Center HVAC are maintained and the Centers include appropriate gym equipment for seniors
- Reduce HAZMAT Fee
- Continued support for Seniors in Play
- Support park improvements and development to reach goal of parks within a 10 minute walk
- Funding to implement park improvements to make parks ultra-accessible
- Provide funding to construct bike skills tracks at parks around the City
- Continued support for SA Forward
- Support resources needed to implement Zero Based Budgeting

**The following items were identified as lower priorities by individual council members for possible reductions**

- Pause hiring on vacancies in certain departments for non-essential positions
- Increase the number of years to hire the 360 patrol officers
- Evaluate delegate agencies that are not meeting performance metrics
- Review redundancies between departments
- Growth in infrastructure spending would be a lower priority
- Growth in code enforcement would be a lower priority
- Growth in City Council budgets would be a lower priority

**Other issues that would require further City Council discussion**

- Local Government Corp structure