

**State of Texas
County of Bexar
City of San Antonio**



DRAFT

**Meeting Minutes
City Council B Session**

City Hall Complex
105 Main Plaza
San Antonio, Texas 78205

Wednesday, February 1, 2017

2:00 PM

Municipal Plaza Building

The City Council of San Antonio convened in the “B” Room of the Municipal Plaza Building. City Clerk Leticia Vacek took the Roll Call and noted the following Councilmembers present:

PRESENT: 11 - Mayor Taylor, Treviño, Warrick, Viagran, Saldaña, Gonzales, Lopez, Medina, Nirenberg, Krier, and Gallagher

1. A Briefing on the status of the City's Annexation program areas of IH-10 West and US 281 North, and the draft Interlocal Agreement with the City of Converse addressing the IH-10 East area. [Peter Zanoni, Deputy City Manager; Bridgett White, Director, Planning and Community Development]

Peter Zanoni reviewed the following benefits of Annexation: 1) Provides financial resources to provide urban level services and capital projects to areas of need; 2) Provides for economic growth and development; 3) Provides for orderly growth and development; and 4) Protects our military installations and minimizes encroachment to their important missions. He stated that in November 2016, City Council approved the annexation of 19.67 square miles on the south side and it was annexed into the city on December 31, 2016. He noted that two recently constructed Fire Stations would service said area. He stated that the annexation of land in the US 281 Commercial Corridor was also annexed in December 2016. He noted that said area was located approximately three miles north of the Loop

1604/US 281 Interchange and was approximately four miles in length. He noted that City Council approved a First Responder Contract with the Bexar County Emergency Services District #3 to provide First Responder Services to said area with annual fees based on the annual cost per incident. He stated that the San Antonio Fire Department (SAFD) would provide all emergency medical treatment and transport services to the area. He noted that Bexar County would follow City Guidelines to ensure that the service provided mirrored that of the city.

Mr. Zaroni reviewed a timeline for the US 281 Residential Annexation noting that the City Council would consider a 17-Year Non-Annexation Agreement on March 2, 2017. He stated that said residential areas would come into the City Limits in 2034 with a subsequent vote by the City Council. He noted that there were 25,000 residents and 8,600 homes in said area with a median value of \$227,000. He stated that the area was 23 square miles in size and reviewed a map of said area. He reviewed a map of the IH-10 West Area and noted that it was approximately 15 square miles with a median home value of \$287,000. He reviewed the following timeline for the IH-10 West Area:

- September 8, 2016: Area placed into Three-Year Annexation Plan
- November 2016: Property owners were notified of Annexation
- April 2017: Begin development of inventory of services
- Fall 2017: Complete Service Plan and hold two City Council Public Hearings
- Fall 2019: Planning Commission Public Hearing
- September 2019: City Council Consideration of Annexation
- October 7, 2019: Area would be brought into the City Limits

Mr. Zaroni reviewed a map of the IH-10 East Area which was 12 square miles in size and had a population of 40,000 with a median home value of \$90,000. He stated that City Council directed staff not to annex this area last fall, but to explore delivery of services to the area. He noted that staff had developed a plan to address the IH-10 East Area and were close to developing an Interlocal Agreement (ILA) with the City of Converse which would require approval by both City Councils. He stated that the ILA would contain a series of triggers on dates when the City of San Antonio would release territory and when the City of Converse would annex property. He stated that the City of Converse would utilize Full Purpose Annexation, so each annexation phase would be implemented in three-year increments. He noted that the ILA would be brought before the full City Council on March 9, 2017 and before the Converse City Council on March 21, 2017.

Jeff Coyle presented a Legislative Update regarding Annexation. He outlined four House and Senate Bills proposed in the current Legislative Session related to annexation that would change State Law and affect City Timelines and Authority:

- 1) House Bill (HB) 299 - Would limit Limited Purpose Annexation going forward and would require an election
- 2) HB 434 - Requires an election and approval from the majority of voters in areas to be annexed
- 3) Senate Bill (SB) 465 - Voters in area included in Municipality's Annexation Plan are entitled to vote in elections for municipality governing body
- 4) SB 471 - Reduces authority to annex without an Annexation Plan

Mr. Coyle stated that if approved; all four bills would go into effect on September 1, 2017.

Mayor Taylor thanked staff for the presentation. She expressed support noting that this would achieve the right balance and enable the City of San Antonio to be a good neighbor.

Councilmember Viagran asked of the development adjacent to Randolph Air Force Base. Mr. Zanoni stated that the City of Converse would plan any development to the west; thus, avoiding development adjacent to Randolph Air Force Base. Councilmember Viagran asked if the relinquished area would give the City of Converse more revenue. Mr. Zanoni replied that it would.

Councilmember Warrick asked how the Converse Police and Fire Departments would address needs in the area. Mr. Zanoni replied that the City of Converse wanted to annex these areas so that they could provide adequate services. He noted that the City of Converse recently hired a Police Chief who was ready to address said areas. Councilmember Warrick asked if Bexar County would assist in the transition. Mr. Zanoni replied that conversations have been held with Commissioner Calvert to ensure a smooth transition. Councilmember Warrick spoke of keeping the IH-10 East Frontage Area because it would be a good source of revenue.

Councilmember Nirenberg asked if the city was pursuing options to address Impervious Cover in the IH-10 West and US 281 Areas. Mr. Zanoni replied that there was a 15% Impervious Cover Limit in the County and once annexed; the Impervious Cover Limit would increase to 30%. Andy Segovia added that the Impervious Cover Limit applied to the city as a whole. He recommended that the City Council attempt to change the Impervious Cover Limit through zoning parameters and not by Ordinance. Councilmember Nirenberg stated that he would like to explore options related to same.

Councilmember Krier asked if the Non-Annexation Agreements required approval by the City Council. Mr. Zanoni replied that said agreements would be brought before the full City Council on March 2, 2017. Councilmember Krier asked if residents in districts where

annexation was proposed to occur would have a vote on whether or not to annex. Mr. Coyle replied that the vote would only be for those in the proposed annexation areas.

Mayor Taylor thanked staff for the presentation.

2. A Briefing of the Hemisfair Park Area Redevelopment Corporation's (HPARC) Northwest Zone Public Private Partnership. [Lori Houston, Assistant City Manager; John Jacks, Interim Director, Center City Development & Operations]

Lori Houston provided a brief History of Hemisfair Park and stated that the Hemisfair Park Area Redevelopment Corporation (HPARC) was to be self-sufficient by 2021. She introduced Andres Andujar, Hemisfair CEO.

Mr. Andujar spoke of Hemisfair Park and highlighted the great public process and outreach that had gone into its development. He noted that Yanaguana Gardens opened in October 2015 and one million visitors were expected by September 2017 which would make it one of top most visited parks per acre in the State of Texas. He stated that construction would begin in the next few weeks on the first P3 approved by the City Council called Acequia Lofts. He reported that they estimated \$13 Million new tax dollars and \$400 Million in economic impact would be generated annually by Hemisfair. He introduced Omar Gonzalez, Hemisfair Director of Real Estate.

Mr. Gonzalez stated that the project was located in the Northwest Zone of Hemisfair at Alamo and Market Streets. He noted that the Request for Qualifications (RFQ) for the P3 Project was issued in 2015 and that respondents were subject to a Blue Ribbon Panel Review. He mentioned that the Selection Committee was comprised of representatives from the City Manager's Office, City Attorney's Office, Finance, Transportation and Capital Improvements, and HPARC while the Blue Ribbon Panel was comprised of Subject Matter Experts. He highlighted the financial comparison conducted during the RFP Process and reviewed the following Development Concept and Benefits to Hemisfair:

- Vibrant urban design
- Porosity (access from street to park)
- Financial Plan
- Local experience and reputation

Mr. Gonzalez stated that they recommended Zachry/NRP Group for the project and highlighted Zachry's Community Partnerships. He provided the following updated proposal summary:

- \$200 Million estimated Mixed-Use Private Investment
- 385 units of Mixed-Income Residential
- 50,000 to 70,000 square feet of ground floor Food and Beverage/Retail
- 60,000 to 110,000 square feet of Office Space
- 200 room Full-Service Hotel
- 800 parking spaces created

Mr. Gonzalez stated that they hoped that the agreements would be signed in the next few weeks followed by a period of due diligence to encompass the 2017-2022 Bond Program Election. He noted that no substantial construction would occur during the Tricentennial Celebration and the Final Four. He indicated that construction would commence in July 2018 with construction completed in February 2021. He reviewed the following terms of the Lease Agreement:

- 50-year term with four 10-year options and one seven-year option
- Lease payment begins at project completion (estimated 2021)
- If project is terminated after due diligence, payment to HPARC required
- Lease payment is fixed base with participation: 1) First two years at \$1.925 Million per year; and 2) Year three and beyond: \$1.45 Million base+participation in retail rent venues (projected additional lease payment of \$500,000 plus)
- Rent increases annually with the Consumer Price Index (CPI)
- Market rate adjustments occur every 10 years
- All funds reinvested into Hemisfair

Mr. Gonzalez reviewed the Employee Commitment from the Zachry Hospitality Group. He noted that the P3 Project allowed for the creation of an 800 space parking garage which would be owned and operated by the City of San Antonio. He stated that said parking garage would include parking for the Alamo, Hemisfair, La Villita, and the Riverwalk. He noted that the city committed to spending no more than \$18 Million for the project. He stated that staff would bring the Hotel Deed Restriction Review Process before City Council on February 2, 2017 for consideration. He noted that City Council previously adopted restrictions based on hotel size and number of rooms at Hemisfair which required the City of San Antonio and the Conservation Society each to enforce hotel project compliance. He noted that the Hotel Developer would submit documents to the Transportation and Capital Improvements (TCI) Department and the Conservation Society and they would review said documents for Certification of Compliance. He noted that the City Manager or Designee would issue a preliminary, supplemental, or final Certification for Compliance as appropriate. He mentioned that the hotel development would not receive incentives from the City of San Antonio or HPARC. He noted that the Multi-Family Residential Project

would receive Center City Housing Incentive Policy (CCHIP) Incentives as previously authorized by the City Council. He stated that once the parking garage was designed and budgeted; staff would request funding authorization from the City Council. He noted that all projects were located in the proposed Hemisfair Tax Increment Reinvestment Zone (TIRZ) to be brought before the City Council on February 2, 2017 for consideration. He added that all proceeds from the Lease and TIRZ would go back to support the activation and operation of Hemisfair.

Mayor Taylor expressed her support and asked of the location of the hotel development. Mr. Gonzalez replied that it was located across the street from the Hilton Palacio Del Rio and the land was owned by HPARC; it was not parkland.

Councilmember Treviño asked of State Laws applicable to Hemisfair. Carlos Contreras stated that the applicable State Law authorized the City Council to dedicate park land and areas subject to development within Hemisfair. He noted that the restriction in the law was that a minimum of 18 acres would remain within the Hemisfair Parkland and that the 18 acres could not be decreased. Councilmember Treviño asked of the public engagement process. Mr. Andujar stated that there were three workshops which generated between 200 and 300 attendees and Zachry was committed to continuation of the public process. Councilmember Treviño asked Mr. David Zachry to address the City Council on Zachry Hospitality Group's participation.

Mr. David Zachry stated that the company was created over 96 years ago and noted the many entities that the company had contributed to. He noted that 480 employees participated in volunteer events in the community and outlined the benefits provided to employees. He stated that the company was committed to building something that the community was proud of and would enjoy for years to come.

Councilmember Saldaña asked when the parameters for the Request for Proposals (RFP) were brought before City Council. Mr. Gonzalez replied that the parameters for the RFP were brought before a City Council Committee and not the full City Council. Councilmember Saldaña asked why the RFP and Request for Qualifications (RFQ) were not brought before the City Council for approval. Mrs. Houston replied that the P3 Guidelines for the HPARC were approved by City Council which specifically stated that the RFP would be brought before a Council Committee. Councilmember Saldaña stated that it was important that the process was correct. Mrs. Houston provided information on the P3 Process and noted that the P3 Guidelines were approved by the City Council in June 2014. Mrs. Sculley added that staff could provide alternatives regarding future P3s.

Councilmember Gonzales asked how many buildings would be included for the housing

component. Mr. Gonzalez replied that there was one but because of the porosity guidelines; the building allowed for a passageway through it. Councilmember Gonzales asked of the necessity of the number of parking spots planned. Mrs. Houston stated that there were 385 housing units and 200 hotel rooms and that parking was also in demand for La Villita, the Alamo, and the Convention Center. Mr. Gonzalez added that a Parking Demand Study was performed and identified 1,200 spaces in demand for parking.

Councilmember Warrick asked if Bexar County was participating in funding of the project. Mr. Gonzalez replied that the City of San Antonio supported Bexar County's participation on the TIRZ. Mrs. Houston indicated that there have been conversations between HPARC and Bexar County regarding funding opportunities.

Councilmember Viagran asked who would be responsible for programming of the park. Mrs. Houston replied that HPARC would be providing programming for the park. Councilmember Viagran asked of the height of the hotel. Mrs. Houston stated that the hotel would be a little higher than the Hilton Palacio Del Rio but not as high as the Marriott.

Councilmember Nirenberg asked of the current designation of green space. Mr. Gonzalez stated that at least 18 acres of green space had been identified. Councilmember Nirenberg asked of opportunities for the public to provide input on the HPARC Plan. Mr. Gonzalez stated that staff had met with neighborhood associations and community organizations and that the public had been asked what they wanted from the park. He added that the public outreach process began in 2010.

Councilmember Lopez expressed his support for the project. Councilmember Medina thanked everyone for the robust community engagement and recognition of the individuals who would work in the park. Councilmember Gallagher expressed support for the project.

Mayor Taylor thanked everyone for the presentation.

EXECUTIVE SESSION

Mayor Taylor recessed the meeting into Executive Session at 5:08 pm to discuss the following:

- A. Deliberations regarding economic development negotiations and discuss related legal issues pursuant to Texas Government Code Sections 551.087 (economic development) and 551.071 (consultation with attorney).

- B. Deliberate the purchase, exchange, lease or value of real property and discuss related

legal issues pursuant to Texas Government Code Sections 551.072 (real property) and 551.071 (consultation with attorney).

- C. Discuss legal issues related to collective bargaining pursuant to Texas Government Code Section 551.071 (consultation with attorney).
- D. Discuss legal issues related to a utility line warranty program pursuant to Texas Government Code Section 551.071 (consultation with attorney).
- E. Discuss legal issues related to an audit of cable franchise and Public Education and Government Access fees pursuant to Texas Government Code Section 551.071 (consultation with attorney).
- F. Discuss legal issues relating to the SAPD procedures for investigation of certain crimes pursuant to Texas Government Code Section 551.071 (consultation with attorney).
- G. Discuss legal issues relating to grant requirements promulgated by the State of Texas pursuant to Texas Government Code Section 551.071 (consultation with attorney).
- H. Deliberate the evaluation and duties of public officers and discuss legal issues pursuant to Texas Government Code Section 551.074 (personnel matters) and Texas Government Code Section 551.071 (consultation with attorney).

RECONVENED

Mayor Taylor reconvened the meeting at 5:45 pm and announced that no action was taken in Executive Session.

CEREMONIALS

Mayor Taylor presented a Citation to Mya Prado, a Shepard Middle School Student that won 1st Place for her animated version of "Holes" at the Sixth Annual 90-Second Newbery Film Festival held in San Antonio. It was noted that the event was held on January 21, 2017 at the Charline McCombs Empire Theatre and is an Annual Video Contest in which kid filmmakers create a movie that tells the entire story of a Newbery-Winning Book in 90 seconds.

Mayor Taylor presented a Proclamation in recognition of National Court Reporting and Captioning Week from February 11-18, 2017. It was noted that Court Reporters and Captioners translate spoken work into text and are responsible for closed captioning seen scrolling across televisions, screens at sporting stadiums, and in other community and educational settings.

Mayor Taylor presented a Proclamation in recognition of the 68th Annual San Antonio Stock Show & Rodeo that will be held February 9-26, 2017 at the AT&T Center/Freeman Coliseum. It was noted that the event is sponsored by the San Antonio Livestock Exhibition (SALE), Inc., a volunteer organization that emphasizes Agriculture and Education to develop the Youth of Texas. It was also noted that the Stock Show & Rodeo has been recognized as the “Large Indoor Rodeo of the Year” by the Professional Rodeo Cowboys Association for the last 12 consecutive years.

PUBLIC HEARING

City Clerk Vacek read the caption for Item 3:

3. The second of two Public Hearings on the US 281 North Residential Annexation Area on the provision of services in lieu of annexation.[Peter Zanoni, Deputy City Manager; Bridgett White, Director, Department of Planning & Community Development]

Mayor Taylor opened the second of two Public Hearings on the US 281 North Residential Annexation Area on the provision of services in lieu of annexation. There being no citizens registered to speak, Mayor Taylor closed the Public Hearing.

CITIZENS TO BE HEARD

Mayor Taylor called upon the citizens registered to speak under Citizens to be Heard.

Theresa Berlanga expressed concern with erosion that has occurred in three areas within District 10. She commended all for their work in maintaining the Downtown Area. She spoke against the \$850 Million Bond Program noting that it was too expensive.

Louie Rodriguez stated that he was a Resident of District 7 in support of the development of Hemisfair Park. He noted that he had given a tour of Hemisfair Park to several visitors to the city and they were very impressed.

Nazirite Ruben Flores Perez stated that he had attended several meetings regarding the San Pedro Creek Project and spoke of the difference between creeks and rivers. He expressed concern that there were many false religions.

Two Bears invited everyone to attend a demonstration of the Earthen Solar Poly Sustainable Economic Housing Project at 9:00 am on February 22, 2017 at Advanced Earthen Construction Technologies, Inc. He spoke of the need to address Mental Health Issues.

Rhett Smith thanked the City Council and citizens that were in attendance. He spoke of the First Amendment and noted concern with the Federal Policy on Immigration.

Mark Perez addressed the City Council regarding concerns for Public Safety. He stated that there were many businesses operating without the proper permits throughout the City of San Antonio including the AGE Refinery Building.

Faris Hodge, Jr. submitted written testimony highlighting the San Antonio Spurs' visit to the White House. He expressed concern that Child Support was getting out of hand and that Fire Inspections were not being conducted on time. He submitted a newspaper article entitled, "Property Tax Cap would be a crippling blow to cities."

ADJOURNMENT

There being no further discussion, Mayor Taylor adjourned the meeting at 6:27 pm.

APPROVED

IVY R. TAYLOR
MAYOR

ATTEST:

LETICIA M. VACEK, TRMC/CMC/MMC
CITY CLERK