

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



**DRAFT
Meeting Minutes
City Council Special Meeting**

Wednesday, June 28, 2017

9:00 AM

HBG Convention Center

The City Council convened in a Special Meeting in the Lonesome Dove Room of the Henry B. Gonzalez Convention Center. City Clerk Leticia Vacek took the Roll Call noting the following Councilmembers present:

PRESENT: 11 - Nirenberg, Treviño, Shaw, Viagran, Saldaña, Gonzales, Brockhouse, Sandoval, Pelaez, Courage, and Perry

1. City Council Budget Policy Goal Setting Session establishing budget policy direction that will guide the development of service priorities for the FY 2018 Proposed Budget and the FY 2019 Budget-Plan to include possible action on matters presented and discussed. [María Villagómez, Assistant City Manager; Justina Tate, Director, Management and Budget]

Mayor Nirenberg welcomed all to the Budget Goal Setting Session. He directed Councilmembers to work together to address the priorities of their districts and the city as a whole.

City Manager Sculley stated that staff was seeking input and policy direction from the City Council for the development of the Fiscal Year (FY) 2018 Budget and provided a timeline for budget adoption. She introduced the Facilitator, Francisco Gonima, who reviewed the

process and agenda for the meeting. He stated that he met individually with each of the City Councilmembers and organized their feedback into key policy areas. He stated that the goal was to reach consensus; not unanimity.

Mrs. Sculley stated that the current financial policies were adopted by the City Council in September 2014. She noted that said policies were a best practice for Municipal Governments, critical to prudent financial management and contributed to the City's AAA Bond Rating. She reviewed the following adopted financial policies: 1) Keep Public Safety spending below 66% of General Fund; 2) Manage structural balance in General Fund; 3) Sustain contingencies of \$1 million in the General Fund and \$3 million in the Capital Budget; 4) Maintain a minimum General Fund ending balance of 15%; 5) Maintain moderately conservative revenue projections; and 6) Address internal services fund deficits in 3 to 5 years.

Mrs. Sculley stated that there had not been a City Tax Rate increase in 24 years and said rate was reduced seven times. She noted that the FY 2018 preliminary budget projections maintain the current City Property Tax Rate. She reviewed potential legislative impact to the city as the result of a cap on the Rollback Rate. She stated that California had prohibited state-funded or state-sponsored travel to Texas, citing House Bill (HB) 3859. She noted that VisitSA reported that groups were not coming to San Antonio due to the Bathroom Bill and Senate Bill (SB) 4 regarding Sanctuary Cities.

Maria Villagómez stated that President Trump introduced the proposed Federal Budget in May 2017 which included an annual reduction in grants to the City of San Antonio in the amount of \$18 million. She outlined the grant funds which would be affected and mentioned that the City had a U.S. Housing and Urban Development (HUD) 108 Loan which was outstanding with an annual payment of \$4 million until 2024. She noted that if the proposed Federal Budget was passed, the \$28 million loan would be due to HUD. She stated that the following community partners could be affected by the proposed Federal Budget: 1) After School Programs and Challenge; 2) Utility assistance for low income households; and 3) Meals on Wheels. She reviewed the potential impact to the city if a revenue cap had been in place over the last 10 years and and of the Bathroom Bill. She provided an overview of the revenues and expenditures of the FY 2017 General Fund Budget and noted that said Budget was \$2.5 billion. She stated that the General Fund Budget was \$1.14 billion; the Restricted Funds Budget was \$824 million; and the Capital Budget was \$585 million. She stated that the financial forecast initiated City Council policy discussions for the Budget and was not a Budget. She noted that the Budget was currently \$8.2 million better since the FY 2016 Year End Report. She noted the following financial forecast General Fund assumptions:

- Maintains current level of service
- Maintains General Fund ending balance at a minimum of 15%
- Structurally balanced-revenues sufficient to cover expenditures
- Includes operation and maintenance costs for FY 2017 Bond Program
- Continues 3-year implementation of SA Tomorrow
- Reflects new Collective Bargaining Agreement with Police and Evergreen for Fire
- Includes required increase in City contribution to Fire and Police Pre-Fund Retiree Healthcare Fund
- Includes Step Pay Plan and performance pay for civilian and maintains civilian entry wage at \$13.75

Mrs. Villagómez presented the General Fund Five-Year Forecast. She noted that there were three policy issues to be addressed: 1) Maintenance of streets for \$64 million; 2) 25 new Police Officers; and 3) One Emergency Medical Services (EMS) Unit, 3 Ladders, and 57 new Firefighters. She stated that \$12.4 million would be available for said policy issues but would cost \$15 million. She reviewed the potential for new revenues which included a one cent increase in the City Property Tax Rate and a new Transportation User Fee. She added that the City Sales Tax Rate was currently at capacity.

Jeff Coyle reviewed the SASpeakUp Campaign by which the City had received and would continue receiving feedback regarding the Budget. He provided a briefing on the number of responses received and the demographics of those responding. He stated that respondents were asked of the services they utilize the most. He noted that based on the 6,082 responses received; Budget Priorities were established in the following order:

- 1) Streets, drainage, sidewalks, and transportation
- 2) Public safety
- 3) Parks and recreation
- 4) Human and social services
- 5) Health and wellness
- 6) Workforce and economic development
- 7) Libraries
- 8) Animal Care Services
- 9) Code Enforcement

Mr. Coyle stated that further input would be gathered via public hearings which would be held in August and September 2017.

Mike Frisbie noted that the City of San Antonio contained 4,081 center line miles of streets. He reviewed street network conditions and the Pavement Conditions Index (PCI) for city

streets. He stated that the cost to maintain all streets in top condition would be \$1.4 billion and reviewed the annual funding for streets from 2007 to 2017. He stated that the rough proportionality approach equalized the investment of infrastructure between the Annual Budget and Bond Programs. He provided an overview of the street maintenance allocation by Council District. He noted that \$1 million was allocated annually to 1,109 center line miles of pavement markings and that future funding of \$5.6 million was proposed for pavement markings. He noted that this would improve the City's pavement marking maintenance cycle from a 20-year cycle to a five-year cycle. He spoke of the Traffic Signal System and noted that there was a 98% communication between the signals and the Traffic Management Center. He reported that the benefits to the Traffic Signal System included a reduction in drive time (12%), fewer stops (32%), and a decrease in emissions (33%). He noted that the SA Tomorrow Multimodal Plan was a 25-year plan which would be accomplished in five-year increments. He stated that said Plan would improve Congestion, Reliability, Safety, Maintenance, Quality of Life, and Economic Competitiveness.

Mr. Frisbie noted that the sales tax revenue that VIA received was less than other major Texas Cities. He stated the \$10 million in city funds would result in a 4% increase to VIA's total expenditure budget. He noted that a one half cent increase to VIA's Metropolitan Transit Authority (MTA) sales tax would result in an approximate increase of \$140 million. He reviewed the previously recommended city funding to VIA Bus Service by the Transportation, Technology, and Utilities Council Committee which was postponed until after the 85th Legislative Session.

Erik Walsh reviewed the resources and needs of the San Antonio Fire Department (SAFD). He noted that SAFD proposed to add one new Medic Unit, three Ladder Companies, and two Division Chiefs in the FY 2018 Budget. He outlined the San Antonio Police Department's (SAPD) strengths and new positions noting that SAPD proposed an increase in Sworn Officer positions and an increase in communications staff. He reviewed the FY 2018 personnel plan, department response times, and 9-1-1 dispatch performance.

Chief McManus stated that a Violent Crime Task Force was created as a strategy to address violent crime. He noted that the success of the Violent Crime Task Force would be evaluated at the end of the calendar year and spoke of other entities that have joined in the mission of the Violent Crimes Task Force. He mentioned the Texas Anti-Gang Initiative (TAG) and noted that \$1.9 million in grant funds were awarded to the TAG in May 2016. He added that 120 Law Enforcement Personnel would participate in the TAG.

Peter Zanoni provided an update on Neighborhood and Housing Services. He stated that existing positions in the Department of Planning and Community Development were reorganized to create the Neighborhood and Housing Services Department and the City and

Regional Planning Department. He reviewed the focus of the Neighborhood and Housing Services Department and mentioned that Veronica Soto was appointed as the Director of the new department. He highlighted neighborhood engagement, the Housing Policy, Housing Programs, and Housing Partners. He stated that the \$20 million Neighborhoods Improvement Bond would allow the City to make properties ready for affordable housing development and summarized delivery of the Neighborhoods Improvement Bond. He noted that City Council authorized the creation of a 17-member Neighborhood Improvements Advisory Committee to provide oversight of the Bond Program. He stated that staff would partner with the Mayor and City Council to complete all appointments with the Committee meeting in July or August 2017.

Bridgett White stated that the SA Tomorrow Plan included the Comprehensive Plan, the Sustainability Plan, and the Multimodal Plan. She reviewed the following components of implementation of the Comprehensive Plan: 1) Master Plan Development (area plans); 2) Outreach and Engagement; and 3) Collaboration. She provided an overview of the scope of work and future Master Plan Development.

Lori Steward reviewed the demographics of the City of San Antonio Workforce. She reported that the Step Pay Plan was established in 2008 with input from the Employee Management Committee (EMC). She noted that said Plan was implemented over a six-year period at a cost of over \$80 million. She provided the history of the entry wage and reviewed the entry wage for major Texas Cities. She noted that the current Step Plan challenges were: 1) Recruitment; 2) Employee morale; and 3) Salary compression. She provided the Step Pay Plan Strategy for the \$15.00 entry wage plan. She briefed the City Council on the recommendations for FY 2018 and provided information on the phase-in to \$15.00 per hour. She noted that in summary, they will: 1) Continue plan to achieve a \$15.00 entry wage; 2) Address challenges with the current Step Pay Plan; 3) Continue to reward strong employee performance; and 4) EMC supports revised Step Pay Plan recommendations.

Councilmember Viagran asked if the Step Pay Plan would include a reduction in the number of employees. Mrs. Steward replied that it would not. Councilmember Viagran spoke of the need for visibility of Police Officers in the community and gaps in the service of San Antonio Fear Free Environment (SAFFE) Officers. Councilmember Brockhouse spoke of the results of attrition in the Cadet classes and noted that those numbers were not reflected in the presentation. Councilmember Courage expressed concern that the policy regarding public safety does not reflect the needs of citizens. Councilmember Treviño asked why streets in the worst condition were not the first to be addressed. Mr. Frisbie replied that streets in the worst condition were very expensive to remedy through the annual budget and would be better served as part of a Bond Program or by use of the proposed

Transportation Fee.

Councilmember Gonzales asked of the funds and time that would be needed to address streets with the worst conditions. Mr. Frisbie replied that distribution of the Infrastructure Management Program (IMP) to accommodate streets with the worst conditions would take 2-9 years and cost an additional \$11 million. He noted that if the rough proportionality method was utilized; the cost would be an additional \$33 million and take two years. Councilmember Shaw asked if the amount of overtime for Police Officers would decrease if non-violent offenders were ticketed and released. Chief McManus replied that it would to a degree. Councilmember Shaw asked if any Cadets were placed in the SAFFE Officer Program after graduating from the academy. Chief McManus replied that Cadets exiting the academy would become Patrol Officers before potentially entering the SAFFE Program. Councilmember Saldaña asked for an explanation of the blue box on slide 7 of the presentation. Mr. Frisbie replied that the blue box denoted the network condition and distribution of funds according to need.

Councilmember Sandoval requested a hand-out on the distribution of restricted funds and asked if the responses from the SASpeakUp Campaign were distributed by Council District. Mr. Coyle replied that they were. Councilmember Sandoval requested to see the responses received in Spanish. Mr. Coyle replied that he would provide said responses to her. Councilmember Sandoval expressed concern that overtime for Police Officers would lead to fatigue. Mr. Walsh replied that all overtime was voluntary. Councilmember Perry asked how the 15% ending balance in the General Fund was derived. Mrs. Sculley replied that it was based on affordability and the guidelines of the rating agencies. Mayor Nirenberg asked of additional guidelines to achieve the current bond ratings in terms of fund balance, contingency funds, level of service, and maintenance of infrastructure. Mr. Gorzell stated there were no new guidelines and that it was important that the City continue to review its financial policies.

RECESSED

Mayor Nirenberg recessed the meeting at 12:45 pm to break for lunch.

RECONVENED

Mayor Nirenberg reconvened the meeting at 1:25 pm.

Mayor Nirenberg asked of the AAA Bond Rating and the importance of maintaining it. Mr. Gorzell replied that there would be a cost associated with each notch that the city lost which equated to millions over the life of debt. Mayor Nirenberg stated that it was not an option to compromise the current standard.

Councilmember Pelaez asked of the change in pavement marking maintenance cycles from 21 years to 5 years. Mr. Frisbie replied that the thermoplastic material they utilized for striping had a 3-5 year life cycle and that was the reason for the change. Councilmember Pelaez stated that he would like to have additional discussions regarding adaptive traffic signalization systems and asked of Base Realignment and Closure (BRAC) Preparedness. Jeff Coyle replied that the Military Transformation Task Force (MTTF) worked on these types of issues and would be re-focused to work on a potential BRAC.

Mr. Gonima asked the City Council to provide input on the current six financial policies.

Mayor Nirenberg stated that the SA Tomorrow Plan had a military component and he would like to ensure that a potential BRAC is accounted for within the proposed budget. Councilmember Courage spoke of the need to identify additional revenue and requested that staff explore the potential to receive more revenue from SAWS. Councilmember Brockhouse spoke of the need for additional General Funds. Councilmember Saldaña asked of the increase in financial reserves from 9% to 15%. Mr. Gorzell replied that there were two components; a budgeted reserve and a 2-year balanced budget plan. He explained that the reserves had grown over time and the 2-year balanced budget plan helped manage for the second budget year. He noted that both were important to maintain the AAA Bond Rating. Councilmember Perry stated that there would always be more requests than resources and he would like for staff to identify expenditure reductions.

Mayor Nirenberg stated that the most important issue identified through the SA SpeakUp Campaign was basic infrastructure and that it was not fiscally sound to reduce the 15% ending fund balance. Councilmember Sandoval asked of the policy to keep public safety spending below 66% of the General Fund. Mrs. Sculley replied that the percentage was recommended by the City Council-Appointed Legacy Task Force that had studied the issue.

Mr. Gonima asked the City Council if they would like to continue discussion on the adopted financial policies. Councilmember Pelaez stated that he was not sure if the adopted financial policies should remain the same based on recent occurrences and would like to have additional discussion. Councilmember Brockhouse expressed concern with the lack of discussion and stated that he did not want to keep doing things the same way they have always been done. Councilmember Courage requested that the verbiage be changed to say things such as keep public safety spending below two-thirds; not below 66%. Councilmember Gonzales stated that she was comfortable with the adopted financial policies. Councilmember Sandoval stated that she would feel comfortable if all agreed with the foundation of the budget. Mayor Nirenberg noted that they would have a month to work with staff on the budget and that this was an organic process.

Councilmember Viagran stated that all districts were not on a level playing field in terms of streets and sidewalks and asked of the potential to increase the Under 1 Roof Program. She asked for further review of PCI Scores and Rough Proportionality. Councilmember Saldaña concurred that he would also like to see more equity among all Council Districts with regard to resources for streets, sidewalks, and drainage. Councilmember Courage asked of the evaluation of streets. Mr. Frisbie stated that streets were evaluated annually but that it took three years to evaluate all of the streets throughout the city. Councilmember Shaw concurred with Councilmembers Viagran and Saldaña regarding equity in all council districts regarding infrastructure. He expressed concern with some schools in District 2 that do not have sidewalks.

Councilmember Treviño spoke of the importance of access and connecting people. He noted that they needed additional discussions regarding alleys. He highlighted the Under 1 Roof Program and advocated for the Tree Planting Program. Councilmember Pelaez expressed support for the Under 1 Roof Program but noted that citizens should be informed of their rights regarding filing a claim for roof replacement. Councilmember Gonzales expressed concern that PCI Scores continue to decline and noted that the rough proportionality model was not a good way to budget. She spoke of the need to address child abuse and transit issues. Mayor Nirenberg stated that the majority of the City Council was in favor of budgeting IMP Funds based on an equitable performance of streets and sidewalks. Councilmember Perry spoke of issues with crime, increased property taxes, and a potential BRAC. Councilmember Sandoval stated that she would like to look at areas of greatest need with regard to capital improvements. She suggested the creation of a pilot program to have community members work with Police Officers or further look at the types of crimes being committed and work to reduce those behaviors. She spoke of the need for affordable housing and helping families stay in their homes. Councilmember Viagran spoke of the opportunities to expand funding for victims of human trafficking and domestic violence. She advocated for continued investment of Wi-Fi at Libraries. Councilmember Courage stated that they should work to address child abuse issues. He noted that it was critical to improve VIA Service and requested that they incentivize areas in need of economic development.

Councilmember Pelaez spoke of the need for increased investment in intelligent Smart Cities and addressing domestic violence. Councilmember Shaw stated that they needed to assist homeowners in District 2 stay in their homes and not be pushed out by new development and rising property taxes. He noted that additional investments should be made to expand Wi-Fi/Internet Access to the community. Councilmember Treviño stated that there should be a more customized approach with regard to hiring City Council Staff. Councilmember Gonzales advocated for increasing the city's living wage to \$15.00 per hour. Mayor Nirenberg expressed support for increased investments in Smart City

Initiatives to include expanding Wi-Fi in city parks. He requested additional analysis on increasing the living wage to \$14.75 per hour in FY 2018. Councilmember Saldaña stated that he was pleased to be moving toward a \$15.00 per hour living wage and that contracted staff should also be receiving the living wage. He requested that staff provide options to reduce speeding in neighborhoods and would like a status on SA 2020 during the budget work sessions.

Councilmember Brockhouse stated that he concurred with Councilmember Gonzales regarding investing on streets with greatest need. He expressed support for improvements to VIA Bus Service, strengthening relationships with delegate agencies, and the Linear Creekway Program. Councilmember Sandoval noted that she would also like to see options regarding traffic calming devices and addressing streets with the greatest need. She asked city staff to consider not buying bottled water due to the cost and pollution. Councilmember Viagran added her support for funding for VIA.

Mr. Gonima provided an overview of the priorities identified and asked Councilmembers for ideas on paying for the requests. Councilmember Courage stated that he would like to further explore the Transportation User Fee presented by staff as well as the ability for SAWS to contribute more to the city. Councilmember Gonzales asked of the potential to issue Certificates of Obligation. Mr. Gorzell replied that debt capacity would be reviewed after receiving the certified tax rolls from the Bexar Appraisal District. Councilmember Pelaez asked of the Municipal Court. Mrs. Sculley replied that they would provide further detail on Municipal Court through a budget work session. Councilmember Viagran stated that she would like for staff to explore potential increases on fines for repeat offenders. Mayor Nirenberg stated that he was reluctant to add fees; however, he would like to ensure that the Transportation User Fee would be dedicated to transportation expenses if implemented.

Mr. Gonima asked the City Council if there was consensus regarding the top four priority categories: 1) Public Safety; 2) Transit, VIA Funding, & Traffic Control Technologies; 3) Streets, Sidewalks, Alleys, & Traffic Calming; and 4) Neighborhood Improvement. Councilmember Brockhouse expressed concern that today was the first time he had heard of the Transportation User Fee. Councilmember Pelaez stated that their job was to have difficult conversations and felt that a lot of ground was covered today. Councilmember Gonzales stated that she was comfortable with the priority categories but noted that there should be clarification regarding public transit as opposed to adding highway capacity. Councilmember Shaw asked how the term “equity” was defined and spoke of the need to bring districts that have been underfunded in the past up to par. Mayor Nirenberg stated that they need to match the level of resources to the level of need. Councilmember Courage stated that they should treat everyone as fair as possible.

Mayor Nirenberg provided closing remarks and thanked everyone for their participation. He asked everyone to keep an open mind as this was only the beginning of the budget process.

EXECUTIVE SESSION

Mayor Nirenberg recessed the meeting into Executive Session at 4:20 pm to discuss the following:

- A. Economic development negotiations pursuant to Texas Government Code Section 551.087 (economic development).
- B. The purchase, exchange, lease or value of real property pursuant to Texas Government Code Section 551.072 (real property).
- C. Legal issues related to collective bargaining pursuant to Texas Government Code Section 551.071 (consultation with attorney).
- D. Litigation matters involving the City including pending or contemplated litigation or settlement offers pursuant to Texas Government Code Section 551.071 (consultation with attorney).
- E. Legal issues related to identification and issuance of the appropriate financing vehicle to provide interim funding for Airport capital projects pursuant to Texas Government Code Section 551.071 (consultation with attorney).
- F. Legal issues related to annexation pursuant to Texas Government Code Section 551.071 (consultation with attorney).
- G. Legal issues related to procurement rules pursuant to Texas Government Code Section 551.071 (consultation with attorney).

RECONVENED

Mayor Nirenberg reconvened the meeting at 5:42 pm and announced that no action was taken in Executive Session.

ADJOURNMENT

There being no further discussion, Mayor Nirenberg adjourned the meeting at 5:42 pm.

APPROVED

RON NIRENBERG
MAYOR

ATTEST:

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