

City of San Antonio



AGENDA City Council B Session

City Hall Complex
105 Main Plaza
San Antonio, Texas 78205

Wednesday, June 12, 2019

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 noting a quorum with the following Councilmembers present:

1. Briefing on the City's financial policies and potential budget policy issues in preparation for the June 21, 2019 City Council Budget Goal Setting Session for the FY 2020 Budget. (María Villagómez, Deputy City Manager; Justina Tate, Director, Management & Budget)

Ben Gorzell reviewed the purpose and current financial policies which include those for the General Fund that: 1) Maintain structural balance; 2) Maintain a two-year Budget plan; 3) Maintain public safety spending below 66%; and 4) Maintain a minimum ending balance of 15%. He noted that other financial policies included: 1) Contingency of \$1 million in General Fund and \$3 million in Capital Budget; and 2) Address internal fund deficits within three to five years. He reviewed the general obligation ratings and the City's current bond ratings which were Aaa for Moody's Investor's Services; AAA for Standard and Poor's; and AA+ for Fitch and the impact of a rating downgrade. He stated that State Legislative changes to the financial parameters included: 1) Senate Bill (SB) 2 which reduced the rollback rate from 8% to 3.5% and includes the ability to carryforward unused capacity (deemed credit negative by Moody's Investor's Services); and 2) SB 1152 regarding compensation for use of public Rights-of-Way which would reduce the General Fund base revenues by \$7 million. He noted that passage of Proposition C in November 2018 gave the Fire Union unilateral ability to call for binding arbitration, resulted in a downgrade from Fitch from AAA to AA+ in December 2018.

He stated that the tax rate for maintenance and operation for the General Fund was 0.34677 and the tax rate for debt services was 0.21150 for a total tax rate of 0.55827. He noted that the tax rate had decreased over time and he reviewed the taxable valuation percent change from prior years. He stated that from fiscal year (FY) 2014 to FY 2019, the M&O tax levy grew by 42.2% or an average annual increase of 7.3% and noted that the tax levy included new improvements. He proposed the following updates to the financial policy: 1) Annually adjust the General Fund M&O property tax rate to the State imposed rollback rate of 3.5%; and 2) 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. He noted that the review would take into consideration City Council priorities, service delivery, carryforward of property tax capacity from prior years, and impact to taxpayers. He stated that staff

would: 1) Annually review property tax relief with a focus on homeowners; and 2) Annually review and periodically adjust fees and charges to provide for cost recovery, inflation, and/or alignment with comparable charges. He noted that Councilmembers Courage and Perry submitted a Council Consideration Request (CCR) requesting consideration of studying the establishment of: 1) General homestead exemption; 2) Increasing the Over Age 65 Exemption; and 3) Increasing the Disabled Persons Exemption. He stated that the City currently offered a \$65,000 Over Age 65 and a \$12,500 Disabled Persons tax exemption along with a tax freeze. He noted that in 2019, the City will forego nearly \$52 million in property tax revenue from said exemptions and tax freeze. He spoke of the impact of SB 2 over the last ten years and noted that there would have been: 1) \$81 million less revenue to the City; 2) \$37 million smaller General Fund; 3) \$12 average annual savings to City average homestead. He reviewed the impact of increasing the Over Age 65 and Disabled Exemptions. He stated that the homestead exemption requirements: 1) Applied to all homesteads regardless of value; 2) May not be adopted as a dollar amount, only as a percentage; 3) Limit of up to 20% of appraised value with a minimum of \$5,000; and 4) Must be approved by City Council prior to July 1, 2019 to be effective in FY 2020. He noted that the City Council would have the option to consider this during the Goal Setting Session on June 21, 2019. He reviewed several homestead exemption scenarios and the impact of an M&O tax rate reduction on the General Fund. He spoke of the impact of weather on the City Public Service (CPS) forecast. He also stated that staff would update said forecast and the debt plan/capital plan and would gather the certified roll from the Bexar County Appraisal District (BCAD).

Mayor Nirenberg stated that the City Council has an opportunity to consider a new exemption and policy direction which was needed as it related to the adjustment year-to-year based on the 3.5% rollback. He spoke of the need to remain flexible under the circumstances.

Councilmember Viagran requested a map of homestead exemptions throughout the City. Mr. Gorzell noted that maps by years in the home were not available but said data would be compiled.

Councilmember Courage asked of the current Bond indebtedness. Mr. Gorzell stated that the current Bond indebtedness for property tax was approximately \$2 billion.

Councilmember Gonzales expressed support for raising the Over Age 65 Exemption from \$65,000 to \$75,000.

Councilmember Sandoval asked if Bexar County offered a homestead exemption. Mr. Gorzell replied that Bexar County did not offer a homestead exemption. She asked what tax relief residents could expect as the result of SB 2 and the School Finance Reform Bill. City Manager Walsh replied that staff would follow up with said information before June 21, 2019.

Councilmember Perry expressed support for a homestead exemption.

Councilmember Courage expressed support for raising the exemption over time for all homeowners.

Councilmember Peláez asked of the amount a homeowner would save annually with a homestead exemption of 10%. Mr. Gorzell replied that the average savings for the average homestead of \$178,000 would be \$100 annually. Councilmember Peláez asked of the effect of a 10% homestead exemption to the City. Mr. Gorzell stated that said exemption would reduce the General Fund by \$14.8 million; and the Debt Service Fund by \$9 million.

Councilmember Hall stated that the two-year Budget was a recommendation he brought forward and

was glad it was still effective. He added that the constant addition to the reserve should be protected in relation to the city's bond rating.

Councilmember Saldaña expressed support for delaying a homestead exemption.

Councilmember Treviño stated that the BCAD would be auditing all homesteads and noted that property taxes were comprised of the appraised value and the tax rate.

Mayor Nirenberg spoke of the positive impact on homeowners due to the buy-down of the school tax rate.

Razi Hosseini stated that the mission statement for the Transportation and Capital Improvements (TCI) Department was that through innovation and dedication, we build and maintain San Antonio's infrastructure. He noted that TCI worked to ensure residents had safe multimodal access to community destinations and was responsible for the planning and implementation of infrastructure needs and accountable to its residents. He stated that of the 4,155 centerline miles in the City, 38% had a grade of A (excellent); 24% had a grade of B (good); 14% had a grade of C (fair); 14% had a grade of D (poor); and 10% had a grade of F (failed). He reviewed the methods for preservation and rehabilitation of infrastructure and noted that the cost to bring all 4,155 centerline miles to a grade of A would be \$1.5 billion. He stated that the goal of the Two-Year Street Improvement Strategy was to maintain the network at an average Pavement Condition Index (PCI) of 70 or above. He reviewed the annual funding provided from 2009 to 2019 and noted that by the end of FY 2019 all districts were projected to have average PCI scores of 70 or above. He stated that funding for the Street Maintenance Program (SMP) for FY 2018 was \$99 million; for FY 2019 was \$110 million; and for FY 2020 was proposed to be \$110 million. He noted that SMP projects were completed within 12 months and for the Two-Year Reconstruction Program: 1) Design begins in year one; 2) Construction begins in the second year; and 3) Projects were completed within 18-24 months.

He stated that \$17 million in funding was proposed for sidewalks in FY 2020 and the goal was to fill all sidewalk gaps citywide in prioritized areas being near schools, bus stops, healthcare and community spaces. He presented fatality data for the first five months of 2015-2019 and noted that \$1 million was proposed for Vision Zero, school pedestrian safety, and traffic calming while \$5.6 million in funding was proposed for pavement markings. He noted that funding for bicycle facilities in FY 2019 was \$1 million. The Bike Master Plan would be updated to include: 1) Data collection and assessment of roadway conditions; 2) Crash data analysis; 3) Public outreach/engagement; 4) Implementation and strategy; and 5) Cost estimation and funding strategy. He noted that funding of \$50,000 was proposed for Connect SA to: 1) Develop more sophisticated software tools to complete 10,000 surveys by the end of 2019; and 2) Provide communication and marketing materials to distribute at a minimum of five community input meetings per Council District.

Councilmember Gonzales asked if costs for removal of utility poles (where present) would be included in the sidewalk Budget. Mr. Hosseini replied that City Public Service (CPS) Energy would absorb said costs.

Councilmember Peláez asked of the increase in bicycle miles since 2011. Art Reinhardt stated that approximately 100 bicycle miles had been added since 2011.

Councilmember Treviño asked of the new Pedestrian Mobility Officer (PMO). Mr. Hosseini stated that the main goal for the new PMO was to build sidewalks at a lower cost.

Councilmember Courage requested the Master Plan for bicycle lanes in 2011 for District 9. He spoke of the lack of connectivity in his and other Districts.

Councilmember Viagran asked if projects funded in FY 2019 would be completed in FY 2019. Mr. Hosseini replied that the completion date would depend on the size and complexity of the project.

EXECUTIVE SESSION

Mayor Nirenberg recessed the meeting at 5:17 pm to discuss the following items:

- 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. Legal issues related to a lawsuit involving the City of Austin pursuant to Texas Government Code Section 551.071 (consultation with attorney).

RECONVENED

Mayor Nirenberg reconvened the meeting at 6:00 pm and announced that no action was taken in Executive Session.

CITIZENS TO BE HEARD

Mayor Nirenberg called upon the citizens registered to speak.

Jack Sampson spoke of careless drivers and the addition of unmarked police vehicles. He requested assistance in scheduling a meeting with the Assistant District Attorney.

Cecilia Sampson stated that her father was hit by a vehicle and passed away. She stated that she fears that no charges will be made against the driver.

Nazarite Ruben Flores Perez spoke of the Southern Baptist Meeting on sexual abuse reforms.

Peter Bella spoke in support of the City's Climate Action and Adaptation Plan and requested that the City Council reinvigorate the Plan.

Blake Zimmerman urged the City Council to vote on the Climate Action and Adaptation Plan immediately.

The Climate Flash Choir sang a song about the earth and climate change.

Henry Rodriguez with the Riverwalk Vending Group spoke of Rose Lopez and her Riverwalk vending

challenges.

Elizabeth Franklin spoke of Doug Steadman and his wife and noted that tomorrow was the opportunity to bring their work to completion.

Julian Villareal spoke in support of the Climate Action and Adaptation Plan and urged the City Council to act in favor of it.

The EcoLiberation Group (Climate Change and how We Can Fight It) requested that the City Council address animal agriculture as it contributes carbon dioxide. The group stated that adopting a vegan diet would cut an individual's carbon footprint in half.

Sheereen Ibtesam requested that the City Council pass the Climate Action and Adaptation Plan.

Antonio Diaz reminded the City Council that the statue of Christopher Columbus was still standing. He requested that the statue be removed and the park renamed.

Diana Uriegas stated that Nustar had tanks that leaked and requested that they be moved.

Alice Canestaro suggested that City Council Members speak to two citizens for each developer that they meet with.

Fidel Belmarez spoke in support of ending abortion in San Antonio.

Rhett Smith spoke about the first amendment and freedom.

Antonio Padron spoke of increased development in District 3 and requested that the City Council focus on growth and the environment.

ADJOURNMENT

There being no further discussion, the meeting was adjourned at 7:20 pm.

APPROVED

RON NIRENBERG
MAYOR

Attest:

LETICIA M. VACEK, TRMC/CMC/MMC
City Clerk