

**GOVERNANCE CITY COUNCIL COMMITTEE
MEETING MINUTES
MARCH 20, 2019 at 11:30 AM
MUNICIPAL PLAZA "B" ROOM**

Committee Present:	Mayor Ron Nirenberg, <i>Chair</i> Councilmember Roberto Treviño, <i>District 1</i> Councilmember Rebecca Viagran, <i>District 3</i> Councilmember Ana Sandoval, <i>District 7</i>
Committee Absent:	Councilmember Rey Saldaña, <i>District 4</i>
Staff Present:	Councilmember John Courage, <i>District 9</i> ; Councilmember Clayton Perry, <i>District 10</i> ; Erik Walsh, <i>City Manager</i> ; Andy Segovia, <i>City Attorney</i> ; Leticia Vacek, <i>City Clerk</i> ; Trey Jacobson, Bruce Davidson, & Victoria Gonzalez, <i>Mayor's Staff</i> ; Peter Zaroni, <i>Deputy City Manager</i> ; Ben Gorzell, <i>Chief Financial Officer</i> ; Margaret Villegas & Tina Murillo, <i>Finance Dept.</i> ; Jeff Coyle, <i>Govt. & Public Affairs Dept. Director</i> ; Lori Steward & Krystal Strong, <i>Human Resources Dept.</i> ; Ed Guzman, Ray Rodriguez, & Krista Cover, <i>City Attorney's Office</i> ; Veronica Soto, Jaime Lalley Damron, & Mike Etienne, <i>Neighborhood & Housing Services Dept.</i> ; Caitlin Krobot, <i>City Manager's Office</i> ; Jay Podjenski, <i>District 1 Staff</i> ; Chris Villa, <i>District 3 Staff</i> ; Tim Salas, <i>District 4 Staff</i> ; Mario Hune, <i>District 6 Staff</i> ; Bianca Maldonado, <i>District 7 Staff</i> ; Derek Roberts & Zach Lyke, <i>District 9 Staff</i> ; Paul Jimenez, Rebecca Podowski, & Landry Stafford, <i>District 10 Staff</i> ; Lina Rodriguez, <i>Executive Assistant to the City Clerk</i>
Others Present:	Linda Wishard, <i>Segal Waters Consulting</i> ; Dylan McGuinness, <i>SA Express News</i> ; Iris Dimmick, <i>Rivard Report</i> ; Joey Palacios, <i>Texas Public Radio</i> ; Jim Greenwood & Rudy Morales, <i>Citizens</i>

CALL TO ORDER

Mayor Nirenberg called the meeting to order.

1. Approval of the Minutes from the City Council Governance Committee Meeting of January 16, 2019.

Councilmember Treviño moved to approve the Minutes from the City Council Governance Committee Meeting of January 16, 2019. Councilmember Viagran seconded the motion. The motion carried by those present.

Items 2, 3, and 4 were addressed jointly.

**2. A briefing and discussion regarding the proposed City Manager performance measures for 2019.
[Ben Gorzell, Chief Financial Officer; Lori Steward, Director, Human Resources]**

**3. A briefing and discussion regarding the proposed City Clerk performance measures for 2019.
[Ben Gorzell, Chief Financial Officer; Lori Steward, Director, Human Resources]**

4. A briefing and discussion regarding compensation report of executives appointed by the Mayor and City Council. [Ben Gorzell, Chief Financial Officer; Lori Steward, Director, Human Resources]

Human Resources Director Lori Steward noted that on June 21, 2018, City Council approved a professional services agreement with Segal Waters Consulting for the development of evaluations and compensation review of executives appointed by the Mayor and City Council for 2019 and beyond. These services specifically included the following positions: City Manager, City Internal Auditor, City Clerk, and Presiding Judge of the Municipal Court. Ms. Steward noted that the recommendations presented were specifically for performance evaluation for each Appointed Official for FY19. She stated that 40% of the total value would be comprised of metrics regarding the C.O.R.E. values and new competencies to include: Service Excellence, Strategic Planning, Leadership, and Goal Orientation-Obtaining Results. She noted that the remaining 60% of the total would be comprised of metrics for each Appointed Official.

Linda Wishard from Seagal Waters Consulting stated that her presentation would be a brief overview. She stated that when conducting the compensation report, they did a survey of 10 peer cities and some outside agencies. She noted that based on those surveys, all Appointed Officials in the City of San Antonio are compensated within the market competitive range.

Mayor Nirenberg stated that the next steps would be to examine the details of the report as a full Council. He noted that the City of San Antonio needs to remain an employer of choice and the need to demonstrate excellence and compensate Appointed Officials in order to be market competitive.

Councilmember Viagran requested that the full City Council consider adding "Equity" as a performance measure for all Appointed Officials.

Councilmember Sandoval asked of the current job descriptions that were utilized and if the report included existing ongoing job duties, budget initiatives/goals, and professional qualities for each Appointed Official and how that was or could be given more value within the performance evaluation metrics. Ms. Wishard responded that the lack of job descriptions impeded their ability to compare San Antonio compensation ranges to those of the peer cities that were surveyed. Councilmember Sandoval requested that job descriptions for each Appointed Official be provided to the full City Council.

No action was required for Items 2, 3, and 4.

5. A briefing and discussion of a Council Consideration Request (CCR) from Councilmember Courage on a General Homestead Exemption and increase to the Existing Over-65 and Disabled Tax Exemption. [Ben Gorzell, Chief Financial Officer; Troy Elliot, Deputy Chief Financial Officer, Finance]

Chief Financial Officer Ben Gorzell briefed the Committee the CCR from Councilmembers Courage and Perry for consideration of a General Homestead Tax Exemption and increasing the Over-65 and Disabled tax exemptions. He noted that the City currently offers a \$65,000 Over-65 and \$12,500 Disabled persons tax exemption along with a tax freeze that was adopted in FY 2005. He stated that City staff had analyzed a 2.5% property tax rollback rate and the impact to the City budget would be substantial. He noted that if a 2.5% rollback rate had been in place for the past decade, the property tax revenue loss to the City would have been approximately \$304 million cumulatively and the amount of property taxes in the General Fund would be lower in FY 2019 by approximately \$82 million. He noted that the savings to the average homestead over this timeframe would be an average of \$3.77 per month or \$45.24 annually.

Mr. Gorzell stated that the City's adopted legislative program included a meaningful property tax relief plan for residents which can be accomplished through more State funding for public education and additional flexibility in providing targeted property tax relief through tax exemption options. He noted that the adopted legislative program included opposition to reducing the rollback rate, which would provide minimal tax relief while impacting the City's ability to deliver critical services. He recommended that City staff continue to analyze the impact of a local option homestead exemption and an increase to the over-65 and disabled tax exemptions. He further recommended an update be provided as part of the City's Five Year Financial Forecast regarding the proposed property tax legislation and the potential significant impact such legislation could have on the budget.

Mayor Nirenberg yielded the floor to Councilmembers Courage and Perry for their remarks regarding their CCR. Councilmember Courage stated that the purpose of the CCR was to begin forming a reasonable and responsible plan to be implemented over time to provide relief for all homeowners, while also providing critical City services. Councilmember Perry noted that he supported the property tax relief initiative proposed in the last budget cycle. He also noted that this proposed plan should take into consideration those homeowners who do not currently fit into a category covered by a tax exemption. He reiterated that homeowners have many other bills to pay and any amount of relief would be meaningful.

Mayor Nirenberg asked of benchmarking the City's tax exemptions and he requested a comparison of peer cities regarding the total tax relief and tax burden to the average homeowner taking into account various local tax exemptions offered in the peer cities. He requested that the average housing cost burden and the percentage of that burden that comes from property taxes be included in the peer cities comparison. He asked of the total tax revenue received by the City. Mr. Gorzell replied that approximately \$365 million is garnered from property taxes. Mayor Nirenberg asked of the total public safety budget. Mr. Gorzell replied that approximately \$794 million is spent on the Police and Fire Departments. Mayor Nirenberg noted that the amount of revenue collected via property taxes is utilized to pay for core City services. He also noted that a relief plan must be in a thoughtful and responsible way.

Councilmember Treviño noted that there are many homeowners who qualify for tax exemptions but have not applied for them. He asked of the plan to improve the lines of communication to those who qualify for tax exemptions but have not taken advantage of them. He stated the importance of data sharing between entities in order to assist in closing the knowledge gap between homeowners and the tax exemptions currently offered.

Councilmember Sandoval noted that when looking at the benchmarking and comparison of peer cities, San Antonio has one of the lowest tax rates of the peer cities mentioned. She inquired as to the rates of the tax exemptions and if/when those rates had changed. Mr. Gorzell replied that in 2005 the Over-65 and Disabled tax exemption rates were adjusted and the senior tax freeze was implemented. Councilmember Sandoval also noted that staff keeps in mind our City's renters and not just our homeowners as they have a rising housing cost burden.

Councilmember Viagran inquired about the difference in budgets for the comparison between peer cities. She suggested searching for a creative approach to update the current tax exemptions offered by the City. She requested an additional briefing about the proposed legislation regarding property tax relief.

No action was required for Item 5.

6. A briefing and discussion of a Council Consideration Request (CCR) from Councilmember John Courage on a request to create a Neighborhood Improvements Bond affordable housing fund. [Peter Zanoni, Deputy City Manager; Verónica R. Soto, Director, Neighborhood & Housing Services]

Neighborhood & Housing Services Director Veronica Soto briefed the Committee on the CCR submitted by Councilmember Courage that requested the creation of a Neighborhood Improvements Bond (NIB) Tax Increment Affordable Housing Fund. She stated that this would also include other affordable housing incentive programs offered by the City such as the City Center Housing Incentive Program (CCHIP) and fee waivers. She noted that the CCHIP Program would develop an affordable housing fund and designate an amount equal to 25% of the ad valorem tax increment paid by the developer of a completed CCHIP incentivized project to the fund, to support affordable housing projects. She noted that the Neighborhood & Housing Services Department would manage the affordable housing fund generated by the CCHIP Program that could be used citywide. She reiterated that the Mayor's Housing Policy Task Force's Framework Report recommended the evaluation and development of a dedicated revenue stream to fund affordable housing. She further recommended that an update be brought to the Comprehensive Plan Committee.

Mayor Nirenberg yielded the floor to Councilmember Courage for remarks regarding his CCR. Councilmember Courage stated that the goal of the CCR was to capture any tax increment that might come out of the Bond monies. He reiterated the necessity for creating a fund dedicated to affordable housing which could lead to other opportunities through the development process for additional revenue sources for affordable housing. He stated that his concern is regarding the monies going into the General Fund and the possibility of those monies being allocated in many different ways. He noted that a dedicated fund for affordable housing was most needed for future housing projects.

Mayor Nirenberg noted his support for the creation of this dedicated fund for affordable housing that is in line with the Mayor's Housing Policy Task Force's Framework Report.

Councilmember Viagran moved to approve the staff recommendation and future update to the Comprehensive Plan Committee. Councilmember Treviño seconded the motion. The motion carried by those present.

ADJOURNMENT

There being no further discussion, Mayor Nirenberg adjourned the meeting at 12:52 pm.

ATTEST:


Leticia M. Vacek, TRMC/CMC/MMC
City Clerk


Ron Nirenberg, Mayor