

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



**Meeting Minutes
City Council B Session**

Council Briefing Room
City Hall
100 Military Plaza
San Antonio, Texas 78205

2023 – 2025 Council Members

Mayor Ron Nirenberg

Dr. Sukh Kaur, Dist. 1 | Jalen McKee-Rodriguez, Dist. 2
Phyllis Viagran, Dist. 3 | Dr. Adriana Rocha Garcia, Dist. 4
Teri Castillo, Dist. 5 | Melissa Cabello Havrda, Dist. 6
Marina Alderete Gavito, Dist. 7 | Manny Pelaez, Dist. 8
John Courage, Dist. 9 | Marc Whyte, Dist. 10

Wednesday, May 8, 2024

2:00 PM

Council Briefing Room

The City Council convened a B Session meeting in the Council Briefing Room beginning at 2:06 PM. City Clerk Debbie Racca-Sittre took the Roll Call noting a quorum with the following Council Members present:

PRESENT: 11 – Nirenberg, Kaur, McKee-Rodriguez, Viagran, Rocha Garcia, Castillo, Cabello Havrda, Alderete Gavito, Pelaez, Courage, Whyte

ABSENT: None

ITEMS

1. Briefing on FY 2025 Trial Budget [Maria Villagómez, Deputy City Manager; Justina Tate, Director, Management and Budget]

City Manager Erik Walsh introduced the Item and Director of the Office of Management and Budget (OMB) Justina Tate who presented the FY 2025 Trial Budget, the FY 2026 Plan for the General Fund (GF) and the Solid Waste Management Fund (SWMF). City Manager Walsh clarified

that the Trial Budget was not the Proposed Budget but was a preliminary update on the allocation of resources that incorporated feedback from the Goal Setting Session on April 17, 2024.

Tate stated that the total City Budget was \$3.7 billion with \$1.33 billion (36%) in restricted funds, \$798,000 (21%) in the Capital Program, and \$1.6 billion (43%) in the General Fund. She reported that the General Fund was funded through property taxes (29%), CPS Energy Revenues (26.3%), sales tax (25.7%), and other revenues (18.7%). Tate reported that the preliminary property tax values had been received from the Bexar County Appraisal District (BCAD) and indicated an estimated 8.3% increase but did not consider property tax protests and new laws providing exemptions to child care facilities, however, revenue growth was capped by State Law at 3.5%. Tate anticipated that the current tax rate would stay the same as in 2024 and still incorporate more revenues due to increased valuation and growth but there was an unused increment available and to stay within today's tax rate, staff assumed that \$2.5 million could be used in FY 2025 and \$2.7 million could be used in FY 2026.

Tate reported that the Trial Budget was built upon the 5-year financial forecast, continued FY 2024 City Council priorities, and added improvements for priorities discussed at the Goal Setting Session which included: public safety, infrastructure, homeless services, housing strategic plan, animal care, small business support, and employees. She indicated that expenditures included in the Trial Budget included operating and maintenance costs for new capital projects that were expected to come online in FY 2025 such as parks and facilities included in the 2022 Bond Program.

Other mandates included in the 5-year forecast were the Police Contract 4% increase, the 2023 COPS Grant, State Legislative Contracts, and high-volume pet partners, according to Tate. She stated that other expenses included the Fire Union Collective Bargaining Agreement, civilian compensation, 130 new Police Officers over two years, the second year of the Animal Care Services Strategic Plan, and enhancements to address medical calls by the Fire Department. Tate listed improvements added as a result of the Goal Setting Session including continuing the Construction Mitigation Grant Program, Neighborhood Access and Mobility Program (NAMP) at \$550,000 per Council District, additional speed traffic signs (100 total), enhancing spay/neuter services, additional flashing signs at key accident locations (100 total) and continuing the Senior Assistance Program.

Tate indicated that the expenditures for FY 2025 would be over budget by \$5.1 million, and she suggested that the City would need to reduce spending, reduce new improvements, or raise revenue. City Manager Walsh interjected that the Fire Union Collective Bargaining Agreement was still under negotiation, and it was important to keep their compensation package competitive yet affordable. He indicated that the City offered the Firefighters approximately a 22% wage increase over five years and the Fire Union countered with a 39% increase over three years which was \$363 million more than the City's offer. City Manager Walsh stated that the Fire Union's current offer was unaffordable and it was calculated that an additional \$50 million would be needed annually to fund the Fire Union's current proposal.

Tate stated that the SWMF was a \$148.7 million enterprise fund that provided curbside collection services to approximately 375,000 residential customers. She indicated that the 5-year forecast for

SWMF included a rate increase of \$0.50 for the medium cart and \$0.75 for the large cart to cover increased labor, disposal, and equipment costs as well as a new five-person illegal dumping crew at a cost of \$800,000 per year. She added that there was no rate increase for the small cart.

In closing, Tate provided a timeline for the development and adoption of the FY 2025 Budget which began with the results of a statistically valid community budget survey being briefed to the City Council on June 20, 2024, Budget Work Sessions and Townhalls in August, and September after the City Manager proposed the Budget on August 15, 2024, but before Budget adoption which was slated for September 19, 2024.

DISCUSSION:

Councilmember Rocha Garcia clarified that the unused property tax increment was added to the General Fund and suggested that this could be put into the reserve. City Manager Walsh explained that not putting the revenue into operations would simply increase the deficit.

Councilmember Rocha Garcia requested clarification on the mandates and improvements and asked about the progress in year one of the Animal Care Services (ACS) Strategic Plan. Director of ACS, Shannon Sims stated that ACS hired new staff and lost some due to attrition but their critical call rate was at 54%, which was a 10% increase over last year. Councilmember Rocha Garcia requested additional recruitment information and asked if \$3.9 million was enough to cover new programming such as SnipSA. City Manager Walsh stated that the details were not finalized and City Council's priorities could be considered such as the SnipSA Programs.

Councilmember Rocha Garcia was pleased that the Trial Budget included \$100,000 per council district more for NAMP and she supported more money for the Capital Improvement Program (CIP) and the Senior Assistance Program. She understood fee increases were never popular, however, Solid Waste Management services needed to be expanded such as with the new illegal dumping team.

Councilmember Cabello Havrda noted that public safety was a City Council priority and it was 65% of the Budget. San Antonio Police Department (SAPD), Parks Police, and the San Antonio Fire Department were part of the 65%, according to Tate. Councilmember Cabello Havrda asked about the fire contract including the City's offer and Fire Union's proposal. Deputy City Manager Maria Villagomez stated that the City had increased its proposal since the start of the negotiations, and the City's newest offer was included in the Trial Budget expenditures adding that the current proposal from the union was unaffordable.

Councilmember Cabello Havrda asked if the latest Fire Union proposal kept the total public safety costs under 66% in the Budget. City Manager Walsh provided context that while the total for public safety was under the City's financial policy of 66% there was not an unallocated portion of the General Fund that could be used to pay for more. Councilmember Cabello-Havrda requested an Executive Session and a breakdown of the numbers.

Councilmember Cabello Havrda recommended that some of the funding in SWMF be spent on prevention of illegal dumping, not just cleanup. City Manager Walsh confirmed that there was a need.

for a public education campaign to combat illegal dumping. Councilmember Cabello Havrda requested information on the Community Budget Survey and the calendar. Alana Reed, Director of Communications & Engagement, stated that the SASpeakUp portal would be launched Friday, May 10, 2024 through texts, social media, and flyers with the survey also available in paper form.

Councilmember Whyte supported not increasing the property tax rate, and adding more Police, funding the Construction Mitigation Grant, and asked if there would be an executive session on the Fire Union negotiations. Mayor Nirenberg stated that the updates on the Fire Union negotiations were being provided to the individual Councilmembers and through memos from the City Attorney. Councilmember Whyte strongly advocated for increasing the base pay for the San Antonio Firefighters and supported cutting other parts of the budget to pay for it. Councilmember Whyte recommended Zero Base Budgeting, looking at every department, what was working and what was not working.

Councilmember Whyte noted that the General Fund Budget was \$90 million to \$100 million more than last year and recommended limiting the growth of other non-public safety departments. He supported having another Executive Session on the Fire Union contract.

Councilmember Whyte commented that the City raised rates on garbage collection last year and this would be the second year of an increase. He asked if there were restrictions on what could be dropped at the landfills and how much it cost. City Manager Walsh stated that the brush sites were free for residents, but were not for commercial waste and bulky sites were available to anyone.

Director of the Solid Waste Management Department David Newman stated that there had been a crackdown on construction companies from dumping for free but that was not really an issue and there was curbside collection twice a year for both bulky and brush. Councilmember Whyte stated that he had heard that there were some restrictions from residents that were causing folks to illegally dump and asked what it cost to operate the drop-off centers. Tate stated that \$7.5 million was budgeted to operate the drop-off centers and the FY 2025 Budget would include a one-time purchase of equipment but the reoccurring equipment cost was \$500,000 per year.

Councilmember Whyte asked if there were fines for illegal dumping. Newman confirmed that there were fines but it was hard to know who was doing the illegal dumping.

Councilmember Alderete Gavito clarified that employee compensation as a City Council priority was specific to the Local Government Corporation (LGC) staff of the City Council and recommended merit reviews and merit raises for those teams. She committed to advocating for public safety and supported having an Executive Session to discuss the Fire Union Collective Bargaining Agreement (CBA). She thought there were ways to cut the Budget to focus on core services but supported the additional services being provided by ACS.

Councilmember Kaur asked why the Construction Mitigation Grants were proposed to be kept at the current level. City Manager Walsh explained that the demand for the grants was not yet determined because we were not far enough along with the Pilot Program and after lessons learned, the funding could be adjusted.

Councilmember Kaur questioned raising the SWMF rates, noting that they were just raised last

year and asked if it was more expensive to service a larger size cart. City Manager Walsh stated that since the City had to pay disposal fees, it was more expensive if residents used the medium or large cart.

Councilmember Kaur commented that disposal was a fee that everyone paid, even if they were renters, and asked about sustainability. City Manager Walsh stated that in FY 2021 and FY 2022, the rates were kept low, and revenues fell behind, however, the department needed to accommodate increased costs for labor, disposal, and equipment. City Manager Walsh suggested a two or three-year adjustment to the SWMF fees to create more certainty. Councilmember Kaur requested to explore more long-term sustainability.

Councilmember Kaur asked what type of signs were being ordered. City Manager Walsh stated that it was the flashing and speed radar signs tied to traffic studies. Councilmember Kaur agreed that public safety was the number one priority and encouraged the City's negotiation team to work diligently with the Fire Union to come up with an acceptable offer showing that we valued their work but within Budget.

Councilmember Pelaez stated that Zero Based Budgeting was a double-edged sword and there was a risk that departments could say they needed even more money but noted that it was a worthy suggestion. Councilmember Pelaez thought it was important to clean up homeless encampments and illegal dumping as it was what residents wanted. Councilmember Pelaez commented that bonfires had been set near neighborhoods and these could easily catch fire to residences during a drought.

Councilmember Pelaez recommended a review and analysis of the effectiveness of the small business grants. He recommended supporting Police Officers and Firefighters to keep our residents safe noting that residents wanted to see faster response times as well as excellent services. Councilmember Pelaez supported competitive wages for Police and Firefighters, however, he was alarmed by the violence that broke out during Fiesta and suggested that there be a new strategy to keep the peace.

Councilmember Castillo was pleased that there would be an increase to NAMP and also recommended an increase to CIP. She supported funding to ensure competitive wages for employees and the flexibility to compensate LGC employees for their hard work. Councilmember Castillo supported funding for homeless services and housing programs noting that this was a concern of the residents that included fires in empty structures and drug overdoses. She supported using CPS Energy revenues to help support SAFD and the Residential Energy Efficiency and Sustainability (REES) Fund suggesting both were influenced by extreme weather. She expressed concern that there were more applications than slots available for the Minor Home Repair Program.

Councilmember Castillo commented there were many illegal dumping locations in her council district and recommended working collaboratively with SAPD to monitor certain locations that were repeatedly found to have illegal dumping.

Councilmember McKee-Rodriguez commented that the forecast sounded very bleak and it seemed more imminent than had been portrayed a couple of weeks ago at the Budget Goal Setting Session and requested clarification on the \$50 million shortfall. City Manager Walsh clarified that

the \$50 million was related to the Fire Union contract if the City were to accept their current proposal.

Councilmember McKee-Rodriguez stated that his highest priority was ACS and picking up stray animals and addressing dangerous dogs. He noted that Public Works had been successful in working to achieve equity goals through F Street Goals for pavement conditions and added that CIP and NAMP were a funding priority. Employees in every department should feel well compensated and cared for noting that the Fire Union wanted more than what the City was offering but other employees were also concerned with compensation, according to Councilmember McKee-Rodriguez.

Councilmember McKee-Rodriguez expressed concern that the SAPD Budget continued to grow and was the most impactful to our Budget and recommended targeting SAPD's large Budget for efficiencies as their growth was at the expense of every other department including SAFD. Councilmember McKee-Rodriguez proposed asking Bexar County to pay for City services and perhaps withholding City services to county residents until they started paying their fair share.

Councilmember McKee-Rodriguez suggested setting clear expectations for non-profits that could be funded and having them apply through the Delegate Agency or other solicitation processes noting that new non-profits should compete rather than be included in an earmark just for them.

Councilmember Viagran suggested trading all large cans for medium and making residents specifically request the large can and requested costs to help reduce costs and meet climate action goals.

Councilmember Viagran asked about the proposal to cut \$50 million. City Manager Walsh explained that there was a shortfall of \$5 million per year but if the City accepted the Fire Union's current proposal there would be an additional \$50 million shortfall in FY 2025. She challenged the City Council to find the funds if they wanted to fund the full request from the Fire Union and asked City Manager Walsh if the \$50 million in cuts would impact employees. City Manager Walsh explained that 91% of the City's Budget was for personnel and their support to do their job.

Councilmember Courage asked the City Manager how well our Firefighters today were compensated compared to those in other cities in Texas. Deputy City Manager Villagomez stated that the current SAFD compensation was within the top three. Councilmember Courage pointed out that while the City was currently under negotiation with the Fire Union, in two years, the Police Union would also be asking for pay raises as well.

Councilmember Courage suggested that there had been some benefits from the COVID-19 Pandemic because we were able to fill up holes in our Budget with approximately \$800 million in Federal funds that paid our staff, expanded programs, and went to grants. He mentioned that now we were going back to relying on our own revenue and we still had 250,000 people living in poverty, thousands who were homeless; we were in a housing crisis, the Food Bank had more people coming to get food every day, people wanted the City to address animal care, small

businesses, youth and senior services, yet people also wanted tax relief. Councilmember Courage suggested that public education affected the quality of life of people in our community noting that the City could not provide all services on our own as non-profits provided significant support to our residents.

Councilmember Kaur supported money for construction incentives to ensure projects would be completed on time. She recommended adding one shift to Code Enforcement for nights and weekends and thought the bike patrol would benefit neighborhoods. She supported the Minor Home Repair Program and the Economic Development Department's Façade Improvement Grants.

Councilmember Alderete Gavito requested key performance indicators (KPI) for some departments and requested details for the expenditures included in the Budget for EDD, the Center City & Downtown Operations Department (CCDO), Office of Innovation, as well as line items for non-departmental, non-operations, agency, and transfers. Councilmember Whyte supported more Code Enforcement Officers.

Mayor Nirenberg recommended a redesign of the \$1.4 million grants for small businesses impacted by construction but felt it was more important to complete projects timely to reduce impact. Mayor Nirenberg noted that the Trial Budget process was first implemented during the COVID-19 Pandemic and its purpose was to provide a high-level overview of the forecasted revenues and expenditures noting that the Budget Work Sessions would include an in-depth department by department review.

Mayor Nirenberg wanted a contract with the Fire Union that included our Firefighters being compensated fairly and cautioned that if a Councilmember wanted to increase funds to the Fire Union, the City needed to find cuts in other parts of the Budget. He commented that the 66% policy was a cap set to keep public safety from overtaking the entire Budget. We were spending down some Federal American Rescue Plan Act (APRA) funding this year and were at 60.2% but we needed to be mindful of all the needs of our community, according to Mayor Nirenberg. He supported more efforts to assist with affordable housing, including title clearance and minor home rehabilitation.

Councilmember Cabello Hayrda clarified that the \$50 million shortfall was the difference between the City's proposal and the Fire Union's current proposal. City Manager Walsh explained that even without the Fire Union's proposal, we were already short \$5 million so the deficit was really anywhere from \$5 million to \$55 million noting that hard decisions would need to be made this summer. Councilmember Cabello Hayrda requested a breakdown of wage increases versus other costs such as 404 new Firefighters. City Manager Walsh stated that the agreement was an entire package and all costs needed to be covered. Mayor Nirenberg clarified that aside from the Fire Union's request, we were still needing to cut \$5 million.

City Manager Walsh closed by stating that everything he did was balancing needs and resources and there was no question that employees were the backbone of the organization and they, along with the tools needed to do their job, were 91% of the Budget. City Manager Walsh stated that if there was a need to make cuts, some reduction to City services and employees would be implemented. He also noted that Sales Tax revenues were returning to normal and other cities

were experiencing the same following the COVID-19 Pandemic.

EXECUTIVE SESSION

Executive Session was not held.

ADJOURNMENT

There being no further business, the meeting was adjourned at 4:02 p.m.

Approved

Ron Nirenberg
Mayor

Debbie Racca-Sittre
City Clerk