

**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, February 14, 2024

2:00 PM

Council Briefing Room

The City Council convened a B Session meeting in the Council Briefing Room beginning at 2:05 PM. City Clerk Debbie Racca-Sittre took the Roll Call noting a quorum with the following Council Members present:

PRESENT: 10 – Nirenberg, Kaur, McKee-Rodriguez, Rocha Garcia, Castillo, Cabello Havrda, Alderete Gavito, Pelaez, Courage, Whyte

ABSENT: 1 - Viagran

ITEMS

1. Briefing on the FY 2024 Three Plus Nine (3+9) Budget and Finance Report, Recommended FY 2025 Budget Calendar, and update on the American Rescue Plan Act (ARPA) Programs. [María Villagómez, Deputy City Manager; Justina Tate, Director, Office of Management and Budget]

City Manager Erik Walsh introduced the Item and Justina Tate, Director of the Office of Management and Budget (OMB), who presented the FY 2024 First Quarter Financial Status

Report and Year End Projections as well as the FY 2025 recommended Budget Calendar and next steps. City Manager Walsh stated that the First Quarter Financial Status Report was also called the 3+9 Report which reflected the first three months of actuals and projections for the remaining nine months. City Manager Walsh stated that he reviewed the City's financials monthly with OMB and the Finance Department which provided the City with an ability to adjust during the middle of the fiscal year or the 6+6 Report.

Tate stated that the first quarter report was from unaudited actuals from October through December 2023 and compared the first quarter results to the FY 2024 Adopted Budget. Tate reported that General Fund results were favorable, unemployment in December 2023 remained low and employment growth was still strong, sales tax revenue remained flat compared to 2023 and the Federal Reserve was expected to lower interest rates in the coming months.

Tate reported that the total FY 2024 Adopted Budget for the City was \$3.7 billion with \$1.33 billion in restricted funds, \$798 million in capital funds, and \$1.6 billion in the General Fund. Tate provided a chart of the General Fund which showed that \$967.1 million (over 60%) alone was allocated to public safety. First quarter revenues had a positive variance of \$6.4 million; expenses were tracking slightly ahead of schedule, according to Tate. She reported that property tax revenue was on target, sales tax was down \$3.4 million (from \$100.6 million planned to 97.2 actuals), CPS Energy revenues were up \$7.3 million (\$85.4 million was planned and \$92.7 million was collected), and other revenues were up \$2.5 million (\$62.9 million was collected as compared to the planned \$60.4 million).

Tate presented a chart of preliminary projections based on the 3 months of actual revenue which was expected to be ahead of the Revenue Budget by \$23.9 million as a result of CPS Energy and other revenues by the end of FY 2024. She recommended any remaining funds be reserved for negotiation of the collective bargaining agreement.

Tate stated that restricted funds from the Hotel Occupancy Tax (HOT) were slightly below budget in the first quarter, but were projected to level off and come in within budget at the end of the year. However, Tate stated that revenues for the Convention Center and Alamodome were above budget.

Tate reported that Airport Revenues for the first quarter were above budget by \$2.2 million with a total planned positive variance for FY 2024 to be \$6.6 million, taking into consideration that spending was also ahead of plan. She noted that the Development Services Department Fund included building permits and solid waste revenues which were below target for the first quarter but were expected to be on budget by the end of the year.

Tate stated that the FY 2025 Budget Calendar which would begin April 17, 2024 with the five-year forecast, City Council Goal Setting April 18, 2024, and the Trial Budget on May 8, 2024. She proposed the process to include a statistically valid community survey to be completed by June 20, 2024. She recommended updating the process to include three focused Budget Work Sessions each Wednesday versus the 10 two-hour department work sessions held in the past.

Gwen Estrada, COVID-19 Administrator, reported that of the \$730.2 million in COVID-19

funding budgeted, \$705 million had been spent and \$25.2 million was committed. She added that the Federal Emergency Management Agency (FEMA) still owed the City \$1.4 million in COVID-19 Response funding and \$24.2 million in Migrant Response funding. Since May 2021, the City allocated \$326 million in American Rescue Plan Act (ARPA) Funds.

Tate provided an overview of the Opioid Settlement Funds which were a result of City, County and State of Texas lawsuits against the opioid manufacturers and distributors. She noted that to date, the State of Texas had secured \$1.6 billion in Opioid Settlement Funds, of which up to 15% was expected to be passed on to local government. She noted that the City of San Antonio anticipated receiving \$6.1 million over 18 years. She reported that the City of San Antonio had received \$1.4 million so far, and recommended spending \$909,000 in FY 2024 and FY 2025 to provide substance use outreach and community capacity capability.

Mayor Nirenberg opened the discussion by asking City Manager Walsh if there were any top line areas he recommended that the City Council focus on. City Manager Walsh noted that sales tax was not growing as high as projected which seemed to be driven by consumer hesitancy in the economy even though the economy was good. Nirenberg supported possible reserves being held for collective bargaining for Firefighters. City Manager Walsh wanted to ensure that revenues and expenses were balanced over a longer term which could mean reducing or reallocating funds in certain areas which would be driven by community and City Council input.

Mayor Nirenberg noted that the first quarter performance indicators showed leveling since the pandemic and he looked forward to the Goal Setting Session. Mayor Nirenberg commented that the new proposed budget format with the three day-long meetings would allow City Council more time to deliberate and discuss the budget.

Councilmember Cabello Havrda expressed concern with the gap in the Solid Waste revenues versus expenditures and requested solutions for that. City Manager Walsh noted that there was a delay in receiving 83 new trucks but these were anticipated to be delivered and the new trucks should improve the operations because the older trucks were costing more in maintenance.

Councilmember Cabello Havrda requested clarification on the reimbursements for the Migrant Response and whether any City expenses would not be reimbursable. Deputy City Manager Maria Villagomez stated that the City had operated the Migrant Resource Center from July 2022 until December 2023 but costs were from January 2021 and all costs were eligible for reimbursement, however, there was still an outstanding advance which should reimburse the City for its expenses to date. Councilmember Cabello Havrda requested information about the future of the program and questioned whether it was sustainable. City Manager Walsh stated that the City needed to continue to press the Federal Government and he promised the Councilmember that if the City needed to allocate its own money, it would be a large conversation with the City Council.

Councilmember Cabello Havrda asked what would be done with the unspent money such as the interest earnings. City Manager Walsh recommended reserving the \$3.4 million of interest earnings in case the City was not reimbursed fully by FEMA.

Councilmember Rocha Garcia expressed concern that crowding multiple departments into one day might reduce the City Council's time to review and research outside the session. She noted that

the sales tax slump was a national issue. She asked if there would be input meetings for the mid-year budget adjustment. Deputy City Manager Villagomez stated that there would be a “B” Session for the City Council and two weeks later the City Council would take action on the adjustment. Councilmember Rocha Garcia commented that critical areas such as emergency response, housing, mental health and non-profit social services had not been spent and noted that more time was needed. Deputy City Manager Villagomez clarified that the contracts were designed to have the funding spread over several years as that was the timeline offered by the Federal Government. City Manager Walsh further explained that if an agency was not spending their money as planned, he would come back to City Council to recommend reallocation of the funds.

Councilmember Rocha Garcia supported the Opioid Settlement recommendation as it had been approved by the Community Health Committee. She asked if there was an increase in crime in parks as a result of unfilled positions in Park Police. Deputy City Manager Villagomez replied that there was not. Councilmember Rocha Garcia noted that sales of liquor by the drink was lower than anticipated in the first quarter. Tate stated that total liquor sales were down statewide by 1.5%. Councilmember Rocha Garcia expressed concern that the Charity Care Reimbursement for persons below the poverty line that did not have Medicare or Medicaid was lower.

Councilmember McKee-Rodriguez recommended that outstanding CCRs be prioritized to use any additional revenues received. He requested a timeline of when the agencies would spend their ARPA funding. He expressed concern that attendance at Budget Work Sessions tended to drop toward the last few sessions and was not sure that a full day of discussion would be more beneficial. He suggested breaking up the presentations so that City Council could address each issue independently even in a longer session. Councilmember McKee-Rodriguez recommended a consent list of departments that did not need a presentation. He added that if there was a niche department that one or two Councilmembers wanted to hear from, the discussion could occur one on one.

Councilmember Courage requested the amount of the FY 2024 and FY 2025 fund balances and whether they included potential grants. Deputy City Manager Villagomez replied that the fund balance was \$60 million for the FY 2024 Budget and did not include Federal grants which were about \$240 million. He noted that Metro Health and the Neighborhood and Housing Services Department (NHSD) received Federal funding which was not included in the general fund chart. Councilmember Courage requested more information about the Firefighter contracts. Deputy City Manager Villagomez stated that more details would be presented once the negotiations began, however she recommended balancing out years with potential collective bargaining.

Councilmember Courage recommended a review of the large number of vacancies in Park Police, suggesting that pay might be too low. Councilmember Courage asked how Airport Police were funded. Tate stated that Airport Police were paid with Aviation Department funds. Councilmember Courage requested information about the source of “other revenues.” Tate responded that interest earnings made up most of the other revenues.

Councilmember Courage requested clarification on community and visitor facilities. Tate stated that the budget was for the Alamodome and Convention Center operations while renovations and improvements were reflected in the Capital Budget. Councilmember Courage asked how conventions factored into the Hotel Occupancy Tax (HOT) revenues. Director of Convention Sports

Facilities Patricia Muzquiz Cantor, stated that more conventions citywide impacted the HOT positively but also included the leisure business. City Manager Walsh stated that hotel occupancies were lower than last year, but the daily rate was higher which resulted in more revenue. Councilmember Whyte requested that “B” Session presentation information be provided with more review time and recommended using a Zero-Based Budget (ZBB) rather than an incremental budget. He explained that each General Fund department would be required to build their budget from zero and justify every line-item expense based upon their expected results to give our residents more transparency and information about the return on their investment.

Councilmember Whyte commented that now would be a good time to do a ZBB after coming out of the pandemic and suggested looking at our City resources and an evaluation of how expenditures created economic growth. He recommended that all General Fund departments go to City Council and justify their budget. City Manager Walsh agreed that it was important to look at priorities and ensuring that the City was continuing programs that City Council wanted and discontinuing those that City Council did not support; he just needed to know what those priorities were. City Manager Walsh explained that the budget was not done incrementally now, because each year, departments were stripped to their base budget. Councilmember Whyte noted that the Children’s Rehabilitation Institute Teleton USA (CRIT) and Morgan’s Wonderland were ahead of schedule for services.

Councilmember Alderete Gavito commended the City for its transparency with the 24/7 Report but also supported the ZBB process proposed by Councilmember Whyte. She asked whether projections of the CPS Revenues included the rate increase. Tate stated that the rate increased on February 1, 2024 so was not included in the report which reflected October through December 2023.

Councilmember Alderete Gavito requested an update as to the hiring of additional Animal Care Services (ACS) Officers to investigate dangerous dogs. Director of ACS, Shannon Sims, stated that one new class of 15 Officers had graduated and another class was starting in two weeks with a 3-month academy and he stated that the goal would be met. Councilmember Alderete Gavito asked if the Culebra area Spay/Neuter Clinic would be ready by September 2024. Sims reported that some potential locations had been identified using data from the equity atlas.

Councilmember Alderete Gavito applauded Code Enforcement’s Homeowner Assistance Program and recommended assistance with repair of public housing. She agreed with Councilmember Cabello Havrda that the City should not use local funds for the Migrant Resource Center. Her overall goal was to improve public safety.

Councilmember Alderete Gavito asked when the City could expect ARPA Federal reimbursements. Estrada stated that staff was meeting with FEMA and the Texas Department of Emergency Management (TDEM) weekly and anticipated receiving \$12.9 million for housing security that was already at the State level.

Councilmember Castillo requested that information and presentations be provided further in advance of the meeting. She thanked the staff for their response to the CCR and plan for opioid use.

Councilmember Castillo stated that the Reproductive Justice Fund was expected to be reviewed in

the third quarter as women in Texas were carrying children from rape and waiting nine months would not provide them assistance. Councilmember Castillo requested more information about SAPD vehicle maintenance, towing, ammunition and overtime.

Councilmember Kaur requested clarification on the low-barrier shelter numbers. Assistant City Manager Lori Houston stated that the shelter was opened in December 2023 and there were currently 76 in the shelter with 10 moving in each week. She stated that the report showed numbers from the last quarter (October-December 2023). Houston stated that the number did not include transfers, just new move-ins. City Manager Walsh stated that there would be a "B Session at the beginning of April 2024 to provide an update on the Homeless Plan.

Councilmember Kaur expressed concern that there were many vacancies remaining from the new positions created in the Budget and asked what the barriers were to hiring, particularly for Data Analysts and ACS Officers. City Manager Walsh clarified that no positions were included in the Budget with 12 months of funding, and most were expected to be filled in January 2024. Sims stated that ACS had to post the new officer positions twice to get enough cadets to fill the academy class. Councilmember Kaur requested a more direct line to ACS Officers to receive and provide information.

Councilmember Kaur expressed concern that an eight-hour session would be too difficult to digest and provide adequate time for feedback and deliberations. She suggested hosting engaging community conversations in addition to the community survey during May and June 2024 rather than only after the City Manager proposed the Budget.

Councilmember Pelaez noticed that \$50,000 in Opioid Settlement funding was allocated to create a substance use portal and asked if that was a new website. Jessie Higgins, Chief Mental Health Officer, stated that a new portal would need to be developed through a solicitation process and the format would be determined by whomever could best provide the services. Councilmember Pelaez cautioned against standing up another website and recommended helping an existing service provider improve their outreach and visibility.

Councilmember Pelaez commented that there was local talent in the legal community that could help the City sue Hyundai and Kia for their lack of response to the epidemic of auto thefts related to their faulty vehicle starters. Segovia stated that Councilmember Castillo had requested review of legal avenues against those car companies and his team was currently reviewing options.

Councilmember Pelaez asked why sales taxes were flat. Tate stated that a 4% increase in sales tax revenues had been projected for FY 2024 over FY 2023, however, more research was needed to find out why the revenues were flat.

Councilmember McKee-Rodriguez recommended that Councilmembers have more control budgeting and suggested that City Manager Walsh propose the bare bones of what we have right now plus obligations. Deputy City Manager Villagomez stated that the financial forecast was a base budget without any improvements. City Manager Walsh stated that the Base Budget/financial forecast included obligations called mandates but not improvements and added that the Trial Budget included additional items that City Council requested in the Goal Setting Session.

Councilmember McKee-Rodriguez suggested that revenue forecasts were not accurate, and staff generally recommended what to do with the additional funding. He requested a comparison of the past few years. City Manager Walsh noted that with a \$3.7 billion Budget, a 1% swing in revenue was a large amount of money. City Manager Walsh supported more City Council group discussion to ensure that the priorities of the majority of the City Council were identified.

Councilmember McKee-Rodriguez recommended review of all revenue that was not allocated and asked about continuing improvements to future years. City Manager Walsh replied that items that City Council stated that they wanted to fund for a second year or multi-years needed to be layered into the projections, however, the City Council could make adjustments at any time.

Councilmember Courage supported the ZBB and noted that the Trial Budget did not allow time for community input. Councilmember Courage noted that the planned increase in Police Officers, ACS Officers, and the Firefighter contract would need to be in the Trial Budget.

Councilmember Courage asked how having three days of work sessions versus 10 would be different. City Manager Walsh noted that the feedback last summer was that we were meeting on the Budget three times in one week, but it seemed that the City council did not support three long days. Councilmember Courage supported Councilmember McKee-Rodriguez' recommendation that not all departments needed to be heard.

Councilmember Kaur supported funding CCRs and noted that a ZBB was a challenge because the majority of the funding in the City's Budget paid for employees. She stated that the idea was to help City Council understand priorities and ensure resources were aligned to the community priorities. Councilmember Kaur suggested that not all departments needed to create a ZBB and this exercise could be performed over time. She added that subcommittees could help review department budgets. City Manager Walsh stated that programmatic Budgets could be reviewed by committees.

Mayor Nirenberg stated that he was neutral about ZBB and the current format because it generally resulted in the same budget amounts. He agreed that determining priorities were key and added that they resulted from financial policies, goal setting conversation and resident needs as shown in the surveys. Mayor Nirenberg expected the organization to become more efficient on a regular basis, not just during budget conversations.

2. Briefing by CPS Energy and City Staff on the CPS Energy Residential Affordability Discount Program. [Ben Gorzell Jr., Chief Financial Officer; Troy Elliott, Deputy Chief Financial Officer]

K.J. Feder, Senior Director and Vice President of Community Engagement and Corporate Responsibility at CPS Energy, provided an overview of the current customer outreach efforts which included attendance at Head Start Centers, PreK 4 SA, senior centers, town halls as well as block walking and partnerships with other entities. Feder outlined the steps governing the Affordability Discount Programs (ADP) as well as the Residential Electricity Affordability Program (REAP).

Councilmember Cabello Havrda thanked CPS Energy for partnering with non-profits such as the San Antonio Food Bank to outreach affordability programs.

Councilmember Rocha Garcia supported the outreach program in working with Opportunity Home to outreach customers as well as helping with weatherization and coordination with the Neighborhood Housing Services Department (NHSD). She supported increasing the eligibility requirements to allow higher income families to qualify for ADP.

Councilmember McKee-Rodriguez requested comparison of data related to additional enrollees and current accounts in good standing after six and 12 months of assistance.

Councilmember Courage requested clarification on CPS Energy Revenues. Councilmember Whyte suggested providing funding for CPS from the City's Budget. Councilmember Alderete Gavito commented that residents were concerned about energy affordability. Rudy Garza stated that CPS Energy's Board had approved the Budget which included expanded capacity for their affordability programs.

Councilmember Kaur thanked CPS Energy for knocking on 12,000 doors but suggested they identify themselves to help residents feel safe to open the door. She recommended an equity approach to the ADP rather than averages to really target the most energy burdened residents.

EXECUTIVE SESSION

Executive Session was not held.

ADJOURNMENT

There being no further business, the meeting was adjourned at 4:20 p.m.

Approved

**Ron Nirenberg
Mayor**

**Debbie Racca-Sittre
City Clerk**