

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



**Meeting Minutes  
City Council B Session**  
City Hall Complex  
San Antonio, Texas 78205

**2021 – 2023 Council Members**

Mayor Ron Nirenberg  
Mario Bravo, 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  
Manny Pelaez, Dist. 8 | John Courage, Dist. 9  
Clayton Perry, Dist. 10

**Wednesday, February 8, 2023**

**2:00 PM**

**Municipal Plaza Building**

The City Council convened a regular meeting in the Norma S. Rodriguez Council Chamber in the Municipal Plaza Building beginning at 9:00 AM. City Clerk Debbie Racca-Sittre took the Roll Call noting a quorum with the following Council Members present:

**PRESENT: 8** – Nirenberg, Bravo, McKee-Rodriguez, Castillo, Cabello Havrda, Pelaez, Courage, Perry

**ABSENT: 2** - Viagran, Rocha Garcia

**ITEMS**

1. Briefing on the FY 2023 Three Plus Nine (3+9) Budget and Finance Report, Recommended FY 2024 Budget Calendar, and update on the COVID-19 Recovery & Resiliency Plan and the American Rescue Plan Act (ARPA) Programs. [María Villagómez, Deputy City Manager; Justina Tate, Director, Office of Management and Budget]

City Manager Erik Walsh stated that the General Fund was in a positive financial position in the first three months of the fiscal year, and CPS Energy revenues were up initially and sales tax was ahead of budget. He mentioned challenges to the Solid Waste Fund and noted that the budget calendar would include a City Council session in early April 2023 to incorporate into the Trial Budget and Financial Forecast that would be presented in May 2023. City Manager Walsh added

that a statistically valid community survey would be conducted.

City Manager Walsh stated that there would also be an update on the Recovery & Resiliency Plan and noted a balance remaining in Federal COVID related grants. City Manager Walsh introduced Director of the Office of Management and Budget Justina Tate who presented the first quarter “3+9” Financial Report and the FY 2024 proposed Budget calendar.

Tate provided an Economic Update and reported that the Gross Domestic Product (GDP) was improving, unemployment was at pre-pandemic levels, inflation was decreasing but still a challenge and a local economist had warned that a slight recession was possible. Tate provided an overview of the \$3.4 billion total City Budget which included \$1.51 billion in the General Fund, \$1.25 billion in Restricted Funds, and a \$651 million Capital Program. Tate anticipated revenues to be ahead by \$11.7 million and expenses \$2.5 million for a total positive variance of \$14.2 million by the end of the fiscal year. She provided a breakdown of the revenues.

Tate reported the Hotel Occupancy Tax (HOT), which was levied on hotel nights, was anticipated to be \$7.2 million ahead of budget and showed a graph of the projected HOT collections which would exceed the 2019 pre-pandemic collections. Tate projected that the Airport Fund would end the year with a \$2 million positive variance and the Development Services Fund was projected to be \$3.5 million ahead of budget. Tate mentioned that the Solid Waste Enterprise Fund was not structurally balanced due to increases in personnel, equipment and landfill costs with a negative overall balance of \$2.1 million

Tate concluded her 3+9 Financial Report presentation with the FY 2024 Recommended Budget Calendar.

Gwen Estrada, American Rescue Plan Act (ARPA) Executive Officer, presented updates on the Recovery & Resiliency Plan. Estrada reported that the City began its response to the COVID-19 Pandemic in January 2020 with measures taken to mitigate the spread of the virus. In June 2020, City Council approved the Recovery & Resiliency Plan to help the community recover from the pandemic with funding for Emergency Response, Health Implementation, Recovery & Resiliency and CARES Act totaling \$732.9 million which was invested in four pillars: housing security, small business, digital inclusion and workforce development with a remaining General Fund balance (including interest income) of \$9.4 million. City Manager Walsh recommended using the funding balance for digital inclusion, community safety and reserve for reimbursement from the Federal Emergency Management Agency (FEMA) which was being sought.

Estrada provided information on \$544.4 million in ARPA funding which was signed into law in March 2021 and was made available in two allocations both in 2021 but were required to be spent by December 2024. She reported that all but \$3.9 million had been either spent or committed and she outlined the process for outreach and allocation which included review and policy discussions at the various City Council Committees. Estrada presented a new website and dashboard which provided transparent reports on ARPA funding allocations and spending. She stated that staff recommended \$3.9 million to be discussed at the Governance Committee meeting scheduled for February 15, 2023.

Mayor Nirenberg stated that he was pleased that the 3+9 was showing a favorable balance for the

end of the year and lauded the work of staff to get most of the pandemic related funding spent. Mayor Nirenberg noted that the \$9.4 million of General Fund available from the Recovery & Resiliency Plan as well as the \$3.6 million in ARPA was a small percent of the total funding allocated to recovery from the COVID-19 Pandemic. Mayor Nirenberg clarified that none of the \$3.6 million would be committed at the Governance Committee, it would simply be a discussion on the categories and urged caution related to the FEMA reimbursement.

Councilmember Cabello Havrda noted that there were many stories of residents touched by the incredible effort of the City related to recovery from the COVID-19 Pandemic. Councilmember Cabello Havrda supported maintaining the current framework for ARPA dollars with the money going back into the same categories that were originally allocated and the Mental Health funding being reviewed by the Public Safety Committee, which she chaired. City Manager Walsh clarified that the \$3.7 million discussed last week at A session remaining from ARPA was separate from the \$3.9 million balance reported today so there was a total of \$7.6 million.

Councilmember Cabello Havrda requested clarification on the unemployment rate and how the Ready to Work Program (RtW) impacted that. Director of Workforce Development, Mike Ramsey, reported that RtW had 1,200 enrolled, 3,600 interviewed and 10,000 total applicants expressed interest in the RtW Program. City Manager Walsh explained that the RtW Program was brokering relationships between training providers and employers.

Councilmember Cabello Havrda recommended development of a plan to handle any large CPS Energy surplus. City Manager Walsh stated this would be a part of the conversation in the spring with the Budget work sessions. Councilmember Cabello Havrda asked if the recent collection schedule changes to Solid Waste had helped improve the financial status of the department. Director of the Solid Waste Department David Newman credited the restructuring with staving off an increase in the rates this year but increasing costs for equipment and landfills was still outpacing the revenues.

Councilmember Cabello Havrda asked how the airport funding would be spent. City Manager Walsh stated that this would be accomplished during the Budget process and noted that there was an update planned for next week on the Airport Terminal Development Plan. Councilmember Cabello Havrda cited recent sold out concerts at the Alamodome as providing increased revenues to help with HOT.

Councilmember Courage asked if the CPS Energy projections would consider recovery of losses related to outstanding bills. Chief Financial Officer Ben Gorzell stated that he did not expect a significant change because of uncollectable debts. City Manager Walsh noted that the uncollectable bills for Solid Waste fees were increased because these were collected by CPS Energy. Councilmember Courage suggested that some new Solid Waste contracts might save some money. City Manager Walsh stated that recycling prices were down and Newman stated that while the rate was fixed, the costs continued to rise. Councilmember Courage asked how many households were helped with the Recovery & Resiliency funding for housing or workforce assistance. Estrada reported that 75,000 households had received rental assistance and of the over 5,000 participants in the Train for Jobs program, 3,500 completed training and 3,000 received new jobs at a cost of \$37.3 million.

Councilmember Courage suggested that May 10, 2023 might be a premature timeline for the Trial Budget since the City Council election was May 6, 2023.

Councilmember McKee-Rodriguez supported the budget timeline and recommended that the community survey and feedback occur earlier, particularly budget town halls which typically occurred after the Budget was proposed.

Councilmember McKee-Rodriguez suggested that the revenues were from working class people who were contributing more to the City than large corporations as they were often able to navigate ways to pay less for CPS Energy and Solid Waste Fees. Councilmember McKee-Rodriguez did not support more funding (\$1.8 million) for digital inclusion and recommended more funding in the small business grants for construction and community safety including programs to decrease opioid use. Councilmember McKee-Rodriguez stated that his ARPA priorities were Mental Health and Youth Services.

Councilmember Bravo requested clarification on the total amount available from ARPA. City Manager Walsh clarified that the \$3.7 million discussed last week at A session remaining from ARPA was separate from the \$3.9 million balance reported today so there was a total of \$7.6 million which could include more funding for the small business grants for construction and youth programs. Councilmember Bravo supported funding for the Violence Prevention Plan and harm reduction.

Councilmember Castillo supported community safety funding so long as it was equity focused and requested clarification on infrastructure opportunities. She recommended using some funding for cleanup of vacant properties. She supported the review by the Governance Committee and other committees but asked City Council to consider that Council District 5 had a disproportionate amount of hot spots and opioid overdoses. Councilmember Castillo noted that two non-profits that provided harm reduction services under last week's ARPA awards were not located in Council District 5 and wanted them to provide services to her council district. She recommended supplementing the Mobile Integrated Unit (MIU). Deputy City Manager Maria Villagomez noted that there was an item on tomorrow's agenda with a grant from STRAC to help the MIU.

City Manager Walsh clarified that community safety funding was not included in the funding that would be going through the Governance Committee process but rather would follow a full city council process. Mayor Nirenberg clarified that the committees could recommend more funding to those areas and added that Corazon Ministries had saved 17,000 people from opioid overdoses and supported more funding for harm reduction.

Councilmember Perry requested clarification on the remaining \$28 million in the 3+9 Report which was not included on the presentation slides. Councilmember Perry asked for an explanation on the Solid Waste Fund structural imbalance. Tate explained that the fund was structurally imbalanced because revenues did not cover expenses due to increases in personnel costs, equipment and landfill fees. Newman stated that there was an escalator in the contracts related to the Consumer Price Index (CPI) which went up 6% last year and 9% this year and noted that the contract would expire in 2025. Councilmember Perry noted that these should have been included in the Budget. Tate explained that the increases were budgeted but a \$12 million fund balance had been covering

the overages but was now running out of money. City Manager Walsh stated that the cost of workers had increased due to the economy and the need to hire workers at competitive wages. Councilmember Perry requested a breakdown of the \$12 million.

Councilmember Perry recommended increasing the homestead exemption to 20% and did not support increasing commercial rates for CPS Energy, commenting that those businesses would simply pass their costs onto customers. Councilmember Perry suggested that the remaining Recovery & Resiliency Fund as well as ARPA go to small businesses. Councilmember Perry suggested looking at those agencies that already applied for providing more grants using the remaining ARPA.

Councilmember Pelaez supported the remaining ARPA funding to return to its original categories to help fund additional programs. Councilmember Pelaez recommended more funding for CASA San Antonio in Mexico and requested clarification on the Request for Proposals (RFP). Economic Development Department Director Brenda Hicks- Sorensen stated that there would be an RFP for a consultant to expand into Latin America. Councilmember Pelaez recommended more funding for economic partnerships in India as an untapped market.

Councilmember Pelaez expressed concern that the research and development projects did not have a Council Committee to report to. Director of the Office of Innovation, Brian Dillard stated that there were projects in the areas of transportation, health, and infrastructure safety. City Manager Walsh stated that a full report could be made to the Economic and Workforce Development Committee (EWDC) which was chaired by Councilmember Pelaez.

Councilmember Bravo supported funding for small business construction grants as well as a reserve for businesses that opened after COVID to be eligible for a flat grant of \$5,000 to \$10,000. Councilmember Bravo suggested using the lighting gap analysis to install more lighting using the remaining Recovery & Resiliency Funds and suggested addressing reduction of random gun shots which was a source of complaints from his residents. City Manager Walsh recommended discussions with the neighborhoods related to reporting those gun shots to police so they could have more data to help.

Councilmember McKee-Rodriguez wondered if there was a potential to use some of the remaining ARPA funding for those proposals that did not get funding by allowing proposers to amend their proposals. City Manager Walsh did not recommend a proposal amendment process but, instead, could support a new RFP on a short timeline.

Councilmember McKee-Rodriguez requested information on how many CPS Energy customers opted out of the rebate last fall, with the report broken down by customer classification. He stressed that large businesses often did not pay their fair share in the CPS Energy rate structure.

Councilmember Cabello Havrda supported digital inclusion funds to be reallocated to small business grants and community safety for opioid overdose programs and community lighting.

Councilmember Castillo supported digital inclusion funds to be reallocated to small business grants and community safety for opioid overdose programs and code compliance abatement fund.

## **EXECUTIVE SESSION**

Mayor Nirenberg recessed the meeting into Executive Session at 3:43 PM to deliberate and 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 litigation involving the City pursuant to Texas Government Code Section 551.071 (consultation with attorney).
- D.** Legal issues relating to COVID-19 preparedness pursuant to Texas Government Code Section 551.071 (consultation with attorney).

Mayor Nirenberg reconvened the meeting in Open Session at 4:52 PM and announced that no official action had been taken in Executive Session.

## **ADJOURNMENT**

There being no further discussion, the meeting was adjourned at 4:54 PM.

**Approved**

**Ron Nirenberg  
Mayor**

**Debbie Racca-Sittre  
City Clerk**