

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



**Meeting Minutes
City Council Budget Work Session**

Council Briefing Room
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, August 30, 2023

2:00 PM

Council Briefing Room

The City Council convened a Budget Work Session in the Council Briefing Room beginning at 2:02 P.M. 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. Staff presentation on the FY 2024 Proposed Budget focusing on, but not limited to, the following City Departments or Initiatives: [Erik Walsh, City Manager; Justina Tate, Director, Management & Budget]

A. Convention & Sports Facilities

B. Arts & Culture

C. VisitSA

City Manager Erik Walsh introduced the Items and stated that the three topics would be presented sequentially with discussion to occur afterward for all topics simultaneously.

Justina Tate, Director of the Office of Management and Budget, provided an overview of the Hotel Occupancy Tax (HOT) which included the distribution of the City's 7% share which included funding for Convention Center Expansion debt. Tate expected to collect \$107.7 million in FY2024 which indicated that the fund had recovered and surpassed FY2019 pre-pandemic levels.

Krystal Jones, Director of the Department of Arts & Culture (DAC), introduced her staff and highlighted significant accomplishments of the four divisions of the department: Grants Management, Cultural Events & Exhibits, Public Art and Marketing, Film & Music. The FY2024 Proposed Operational Budget for the department from the HOT was \$13.1 million which was a 5.7% increase over FY2023. She added that the Proposed Budget included \$500,000 in General Funds for Public Art maintenance including a system and position to manage the public art maintenance and donations.

Jones stated that the DAC Proposed Budget included \$250,000 (General Fund \$150,000 and Hotel Occupancy Tax \$100,000) to support administration and marketing of online and in-person programming at the Mexican American Civil Rights Institute (MACRI) new headquarters. She provided an overview of the Arts Grants Program which was in year three of a three-year funding cycle with \$6.5 million for 35 agencies. Jones provided the timeline for a community review of all grant guidelines before the next three-year cycle.

Jones provided a report on the \$15.7 million included in the 2022–2027 General Obligation Bond Public Art which was funded at 1.5% of eligible capital projects. Jones planned 35 new public art pieces to be paid from the Bond Program.

Patricia Muzquiz Cantor, Director of the Convention & Sports Facilities (CSF) Department, provided an overview of the department's operations and Proposed a FY2024 Budget totaling \$94.2 million with the largest amount from restricted funds (\$65 million, an 11.9% increase) and General Fund of \$1.7 million (5.7% increase) for the Carver Community Cultural Center. Muzquiz Muzquiz Cantor stated that there was \$27.5 million proposed for capital projects.

Muzquiz Cantor reported that the number of events and revenues for both the Convention Center and the Alamodome had recovered from the pandemic and was above pre-pandemic levels. She stated that the Proposed Budget included \$166,193 to add or replace equipment at the Carver Community Cultural Center; \$13.1 million for NCAA required improvements and structural repairs at the Alamodome; \$13.4 million for elevator/escalator replacement and west building park entrance remodel at the Convention Center; and facility improvements for Wolff Stadium. Muzquiz Cantor noted that the Alamodome was a 30-year-old facility and was now considered too old for many profitable events and recommended discussion regarding replacement. She also mentioned that the Convention Center was not large enough to host many conferences and recommended discussions regarding expansion.

Marc Anderson, Director and Chief Executive Officer of Visit San Antonio (VSA), provided visitor statistics and an overview of the Proposed Budget. Anderson stated that the total revenue was proposed at \$30.1 million, a 5% increase from FY2023. He reported that HOT funding comprised 92% of revenue and 82% of funding was dedicated to sales and marketing efforts. The independently managed Tourism Public Improvement District (TPID) was projected at \$10.9 million. Anderson provided statistics on tourism and travel which included a plan to bring 670 events to San Antonio in FY2024 including continued development of San Antonio as global brand.

Anderson planned to increase domestic and international media attention with an emphasis on history, culinary, outdoor fun, meetings/conventions, arts and culture. He noted that VSA had a goal to position San Antonio as a premier domestic and international leisure destination, increase domestic and international media attention, drive demand to local businesses by reaching travelers and local audiences, leverage the River Walk (RW) in all marketing priorities and objectives, and drive groups to hold meetings, conventions and tradeshow while enhancing the uniqueness of San Antonio.

Anderson reported on the success of IPW San Antonio 2023. He stated that IPW was the country's largest travel trade show driving international tourism to the United States and was held for the first time in San Antonio on May 20-24, 2023.

Mayor Nirenberg was pleased to see the rebound of arts and tourism after the pandemic and commended VSA on the execution of IPW San Antonio 2023 and asked Anderson what was next. Anderson stated that they were working on major events and conventions for the future. Mayor Nirenberg commented that San Antonio was an uplifting and compassionate city that was known by tourists as being welcoming.

Mayor Nirenberg supported the additional revenue for public art and public art maintenance and asked where the City was with its film incentives. Jones reported that the State passed a \$200 million film incentive (22.5%) for this biennium along with the City's 7.5% film incentive. Mayor Nirenberg recommended making it easy to film in San Antonio such as addressing soft costs, permitting or other services to leverage other funds besides the incentive to help bring filmmaking to San Antonio. Jones reported that film permits were free, and her office negotiated other City fee waivers.

Mayor Nirenberg noted that significant events were happening in the Alamodome but expressed concern that there were limitations due to the age of the facility in bringing significant events such as the NCAA Final 4 to San Antonio. Mayor Nirenberg commented that it was important to have a broader discussion regarding investment in facilities relative to the age of the Alamodome and the size of the convention center.

Councilmember Viagran acknowledged the importance of public art maintenance and stated that the City was the owner of public art and we needed to invest in our public art. Councilmember Viagran recommended including art by other owners such as Bexar County in the database and supported the additional staff. Councilmember Viagran supported funding for festivals, the Film

Incentive Program and the increase in funding to the Mexican American Civil Rights Institute (MACRI). She expressed concern that agencies needed to fund raise, provide free events in underserved areas to underserved populations and requested performance metric reports.

Councilmember Viagran expressed concern that during her trip to London, people had not heard of San Antonio and recommended more work by VSA to promote San Antonio. She thanked VSA for including Council District 3 Artists in the IPW San Antonio 2023 Conference.

Councilmember Viagran asked whether Broadway Across America was still planned to come to the Lila Cockrell Theater. Muzquiz Cantor stated that their plans to move had been postponed because of the pandemic, however, they were holding dates. Councilmember Viagran recommended an arts convening to see what our market might be able to support. She wanted to ensure that persons coming from out of town to work on events at the Alamodome were trained in downtown offerings and the San Antonio welcome.

Councilmember Viagran recommended bringing private stakeholders in to discuss the future of tourism perhaps as a B Session similar to the one recommended for economic and workforce development. Councilmember Viagran expressed concern about downtown traffic, parking and walkability.

Councilmember Rocha Garcia asked about the proposed reduction in positions for CSF. Tate stated that the positions were vacant and proposed to be reorganized to the Finance Department to assist with procurement. Councilmember Rocha Garcia requested clarification on the capital project expenditures for the Carver Community Cultural Center and how much the total cost would be to bring the facility completely up to date. Councilmember Rocha Garcia also expressed concern about downtown traffic, parking and walkability. She recommended interdepartmental coordination.

Councilmember Rocha Garcia requested clarification on the Public Art Maintenance Budget and whether it would be enough money to maintain all public art. Jones and City Manager Walsh commented that it was enough for now but as the collection grew, the need for maintenance would grow. Councilmember Rocha Garcia asked whether a consideration had been made for agencies that might need more money such as the Westside Coalition. Jones stated that the department was in the process of reviewing the funding guidelines and those agencies had been included.

Councilmember Rocha Garcia asked of the status of the Film Strategic Plan and how many film applications were received. Jones reported that FY2023 saw 293 film days and one incentive was in the works, however, the State funds their film incentive for a two-year period and they only had \$40 million in the last Legislative session.

She supported funding for MACRI and asked how artists were determined. Jones stated that Individual Artist Project Grants required an application that included an equity score and was evaluated by an independent panel and staff monitored the grant to ensure compliance.

Councilmember Rocha Garcia recommended inclusion of the Westside Arts Coalition and other

grassroots agencies in VSA sponsored events. She noted that most people thought of San Antonio as a food place. Anderson commented that VSA had been working for the past few years to market San Antonio as the Culinary Capital of Texas leveraging the UNESCO designation as a Creative City of Gastronomy.

Councilmember Castillo supported additional funding and the new physical location for MACRI. She recommended supporting DAC more from the HOT noting that there was a discrepancy between the 15% HOT and how much money there was in the Proposed Budget. Tate explained that 2% of the total HOT collection was reserved for debt service for the convention center expansion. Councilmember Castillo asked about the difference between what Centro San Antonio, VSA, the Economic Development Department (EDD), and the Deconstruction Advisory Committee was doing. Assistant City Manager Lori Houston stated that Centro's Art Everywhere Program was a collaboration with the City and VSA did not do art but activations. Councilmember Castillo noted that while tourism work had an economic impact, we needed to meet the needs of all of our residents and commented that the Westside Arts Coalition and local artists needed more money.

Councilmember Cabello Havrda supported investments in the facilities and asked if the City had considered selling the naming rights for the Alamodome. Muzquiz Cantor stated that there was a plan to increase sponsorships at the facilities and a contract with a consultant was planned to be brought to City Council later this fall.

Councilmember Cabello Havrda asked how VSA partnered with DAC. Jones stated that DAC helped provide authentic content and access to artists through their Local Artists Registry for paid jobs with VSA events. She supported increasing the funding to MACRI noting that they probably could use more. Councilmember Cabello Havrda requested the return-on-investment numbers from VSA particularly quantifying the direct impact on San Antonio as there were many organizations that would like to get more of the HOT. She asked what percentage of the HOT went to VSA and proposed that VSA look more to San Antonio's future rather than a city stuck in the past which could be marketed instead of the usual and requested a review of VSA's next marketing campaign before it went out to ensure it was not too cliché. She requested more communication, but thought that IPW was well-done.

Mayor Nirenberg requested clarification on funding for arts.

Councilmember Alderete Gavito asked what happened to the 15% for Historic Preservation. Tate stated that various departments received that funding for historical facilities such as the Botanical Gardens, Riverwalk and La Villita. Councilmember Alderete Gavito recommended that CSF partner with VIA for events at the Alamodome.

Councilmember Alderete Gavito asked if there was a map of public art and requested the timeframe for the arts grants and requested an individual meeting to discuss payment timelines for Artists. She supported the funding for maintenance and requested a copy of the Public Art Maintenance Plan. Councilmember Alderete Gavito asked about the partnership with the Public Works Department and DAC. Jones stated that there was coordination between the departments owning the facilities from the beginning of the project to the end of the project for community

engagement, design and construction considerations.

Councilmember Alderete Gavito asked about the number of staff at VSA and key performance indicators such as where people were coming from and why people did not want to bring their convention to San Antonio. Anderson stated that VSA had 75 FTEs and some of the barriers to events were the size of the convention center and the lack of direct flights. Anderson reported that 90% of San Antonio's business were from the drive market rather than air flight.

Councilmember McKee-Rodriguez commented that San Antonio had a strong relationship to the civil rights movement but expressed concern that there was a disconnect between these departments and assets on the historic eastside such as the MLK March, Juneteenth, the Carver Community Cultural Center and residents. He recommended making the eastside a priority for visitors and economic development.

Councilmember McKee-Rodriguez stated that the Alamodome and the San Antonio International Airport (SAIA) could market local eateries and establishments. He noted that the Eastside Youth Content Creator Program should be expanded to help cultivate more filmmakers and requested funds from the General fund for the Program. Councilmember McKee-Rodriguez advocated for MLK March funding to bring a special guest and installation of a new mural on North New Braunfels through a community art contest.

Councilmember Courage asked about the new public art in Council District 9. Jones stated that there was a new Bloom sculpture being installed on Friday. He noted that \$15.7 million was programmed for Public Art but asked what was proposed for programming and events. Jones listed the grant funded programs for non-profits and artists which was \$7.6 million and there were two grant programs funded through the Ticketmaster Fund which included funding for facility improvements and back of house costs. Councilmember Courage recommended funding for the Classical Music Institute (CMI) and the Philharmonic.

Councilmember Courage requested information on investments made to the Alamodome in the past, use of the facility, the return on investment and the costs of a new facility. Councilmember Courage noted that VSA actually received \$41 million when the TPID was included and this funded 75 positions. He asked how much was invested to bring the IPW here. Anderson stated that \$7.2 million was invested and IPW alone generated \$15.5 million from the hotel stays and sales tax etc, Councilmember Courage asked how they tracked international visitor spending and visits to attractions. Anderson stated that Rockport Analytics would be hired to track the return on investment over the next 3.5 years. Councilmember Courage questioned Anderson's assertion that conventions were lost because the convention center was 200,000 square feet too small noting that there might be other reasons for not coming here.

Councilmember Pelaez commented that he had watched some shows filmed in San Antonio and asked if the Film Commission was involved in those. Jones stated that the DAC worked with all of the films that came to San Antonio. Councilmember Pelaez recommended featuring City of San Antonio employee artists at the Libraries, Senior Centers and SAIA. Jones stated that there had been employee spotlight videos shown at City Council meetings as well as a showcase of employee artists at SAIA. Councilmember Pelaez commented that DAC advised other owners on

how to develop public art or hire artists. Jones mentioned that DAC was finalizing a toolkit on how to work with artists. Councilmember Pelaez requested a plan on how to implement the Silk Road Corridor and shade as art/art as shade. Jones stated that community engagement was planned for September 2023. Jones stated that she would meet with the Councilmember to review the opportunity. Councilmember Pelaez supported funding for the Philharmonic and suggested a review of the grant funding criteria. Jones recommended a review of their IRS990s. City Manager Walsh stated that there was \$75,000 set aside in the Proposed Budget to be able to treat them as new agencies even if they did not qualify under the guidelines. Assistant City Manager Houston commented that the DAC was going through a community process to update the guidelines which could increase percentages for certain categories.

Councilmember Pelaez stated that \$520 million was lost because the convention center was too small but requested information about the lost revenue due to the absence of direct flights.

Councilmember Kaur asked if agencies could get more funding this year. Jones stated that the agencies were in the third year of a three-year funding cycle and all of them were receiving the maximum amount allowed under the guidelines. Councilmember Kaur recommended funding for arts in education to be included in the guidelines. Councilmember Kaur asked how locations for public art were determined. Jones stated the projects were tied specifically to capital projects in the Bond and needed to physically touch a project but there was a community engagement process for determining the locations and type of art.

Councilmember Kaur asked if the Alamodome had to bid on concerts and events and recommended taking a more diverse approach. Muzquiz Cantor stated that the sales team performed outreach and coordinated with event promoters. Councilmember Kaur noted that the San Japan Anime Conference had grown significantly and recommended replication of this effort to launch new conferences from San Antonio. Councilmember Kaur supported bringing more national sporting events such as women's football to the Alamodome in its current condition.

Councilmember Kaur requested tangible evidence of how small businesses and specific districts benefited from conventions that VSA attracted to San Antonio. Anderson stated that he would gather and provide the requested information. Councilmember Kaur recommended a partnership with San Antonio Sports to bring more amateur sports events to San Antonio and advocated for more funding for the organization. Anderson stated that VSA was a key partner for San Antonio Sports to bring sports events to San Antonio and the VSA Board had approved continued funding for San Antonio Sports. Councilmember Kaur recommended additional funding for San Antonio Sports.

Councilmember Whyte asked how CSF worked to attract events to be hosted at the Alamodome and asked why we did not get the World Cup to San Antonio and supported bringing major league soccer to San Antonio. Muzquiz Cantor described the work of her sales team and tracking the outcomes of outreach activities and mentioned that the Alamodome probably did not have enough suites to host the World Cup but CSF were expected to host FIFA MX. Councilmember Whyte asked whether the Alamodome could be renovated enough to open these new opportunities. Muzquiz Cantor mentioned that it was an older stadium, and we were competing with larger and newer stadiums in Houston and Dallas. City Manager Walsh stated

that a feasibility study was needed and noted that HB 2220 might allow funding for upgrades or replacement, if necessary. Councilmember Whyte noted that the life span of these facilities was 25-30 years but agreed that San Antonio was often viewed as a second-tier city so he recommended thinking bigger and investing in the right things.

Councilmember Whyte asked why \$65,000 was needed to maintain a 25-piece art set and asked about the types of maintenance. Jones clarified that the collection had 800 pieces of art and the funding would maintain 25 pieces of art and these were large scale projects such as Light Channels under Commerce Street and Ballroom Luminoso under Theo/Malone Bridge and repainting large sculptures.

Councilmember Whyte asked about VSA's Activate Diversity Action Plan. Anderson stated that VSA undertook a diversity study a few years ago and now it was time to implement.

Councilmember Castillo commented that becoming a first-tier city was not only about tourism but also an issue of respecting labor, funding basic needs such as housing and drainage infrastructure and promoting the health and well-being of its residents.

Councilmember Castillo commented that \$41 million was being directed to one entity as well as 75 full time employees was significantly more than many other city departments. Councilmember Castillo asked how VSA tracked when a conference attendee got into a taxi and then went into our City to spend money. Anderson stated that VSA worked with a special contract with Trinity University that collects this data and offered to meet with the Councilmember separately. She argued that there were amazing restaurants and attractions that deserved investment.

Councilmember Castillo requested clarification on the difference between the work that CSF staff did versus VSA. Muzquiz Cantor stated that VSA marketed the convention center 12 months out and CSF marketed 12 months in.

Councilmember Castillo suggested looking at VSA potentially absorbing some of the cost of downtown public art maintenance within the TPID.

Mayor Nirenberg recommended adjourning the meeting to attend the Public Hearing at 5:00 p.m.

Deputy City Manager Maria Villagomez suggested that the City Council could email their additional questions and she would include the answers in a follow-up memorandum.

Mayor Nirenberg closed the meeting by noting that all departments and agencies funded through the HOT would win if the HOT Fund grew which was a key function of VSA and others.

EXECUTIVE SESSION

Mayor Nirenberg recessed the meeting into Executive Session at 2:02 p.m. 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 related to emergency preparedness pursuant to Texas Government Code Section 551.071 (consultation with attorney).

Mayor Nirenberg reconvened the meeting in Open Session at 2:19 p.m. and announced that no official action was taken in Executive Session.

ADJOURNMENT

There being no further business, the meeting was adjourned at 5:03 p.m.

Approved

**Ron Nirenberg
Mayor**

**Debbie Racca-Sittre
City Clerk**