

**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 City 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
Ana Sandoval, Dist. 7 | Manny Pelaez, Dist. 8
John Courage, Dist. 9 | Clayton Perry, Dist. 10

Wednesday, September 15, 2021

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 Tina J. Flores took the Roll Call noting a quorum with the following Council members present:

PRESENT: 11 – Nirenberg, Bravo, McKee-Rodriguez, Viagran, Rocha Garcia, Castillo, Cabello Havrda, Sandoval, Pelaez, Courage, Perry

ITEMS

1. Staff presentation on potential amendments to the FY 2022 Proposed Operating and Capital Budget [Erik Walsh, City Manager, Scott Huizenga, Director, Management & Budget]

City Manager Erik Walsh rejoiced that we made it through the Proposed Budget process on schedule and that this meeting would discuss potential amendments to the FY2022 Budget. City Manager Walsh gave a financial update since the Budget proposal in August noting that

the revenues were now \$2 million below estimates at the time of the Proposed Budget and staff recommended two cuts to balance this reduction in revenues: 1) Economic Development Incentive fund \$1.3 million; and 2) Inner City Incentives of \$700,000 were proposed to be reduced in order balance the Budget.

City Manager Walsh noted that there were 38 City Council amendment requests totaling \$50.9 million in operating funds and 10 requests in the capital budget totaling \$6.7 million. He requested council direction on capital requests as there was \$4 million available in contingency funding. City Manager Walsh recommended including three zero cost Budget amendments, Tax Increment Reinvestment Zone (TIRZ) eligible amendments and deferral of other requests to Phase 2 of the American Rescue Plan Act (ARPA) strategy later this fall as the majority of the amendments appeared as eligible uses of ARPA.

The Zero-Cost Budget amendments included: 1) Moving a winter holiday to March 31 to recognize a Cesar Chavez holiday; 2) Pilot program to activate small city-owned green spaces spearheaded by District 7; and 3) Allocation of \$300,000 from the confiscated property fund to be utilized for violence prevention. City Manager Walsh listed six City initiated TIRZ and recommended using \$1 million from the Midtown TIRZ and \$2 million from the Inner City TIRZ for the Under One Roof Program and the Residential Demolition Diversion Program.

Additionally, City Manager Walsh proposed using \$326.9 million in ARPA to focus on financial stability, revenue loss recovery and immediate community needs. He noted that \$97.5 million had already been allocated to shore up the General Fund and Hotel Occupancy Tax Fund stating that the ARPA Phase 2 would begin in October 2021 with robust community input to focus on impactful and transformative projects. The balance of \$229.4 million in ARPA one-time funds must be programmed by 2024 and spent by 2026.

Ben Gorzell, Chief Financial Officer, presented the City's financial policies which he described as a cohesive set of policies and practices. Mr. Gorzell explained that the Reserve Fund policies key components included managing structural balance, maintaining a minimum ending balance of 15% and having a 2-year balanced Budget Plan.

Mr. Gorzell explained that the City's record of managing its finances as well as reserves were important to the rating agencies and outlined the rating methodologies for all three rating agencies: Moody's, S&P and Fitch. Currently, the City of San Antonio was rated AAA with both Moody's and S&P and AA+ with Fitch. Mr. Gorzell provided the best practice guidance from the Government Finance Officers Association (GFOA) for revenues which recommended a two month budgeted reserves for the General Fund which would be 16.7%. Mr. Gorzell stressed that reserves should be used for a rainy day or emergency use and these funds should not be drawn upon at other times.

Mayor Nirenberg stressed that the City was not budgeting for financial ratings, but to maintain service levels in the event of a catastrophe. Mr. Gorzell explained that a catastrophe could be a cyber-attack or other isolated incident that the Federal government would not assist with paying our employees and keeping services moving. City Manager Erik Walsh explained that reserves were the last line of defense, and that the City's first line of defense was to reduce

spending in a catastrophe. Mayor Nirenberg asked if the City had dipped into reserves over the last 18 months during the pandemic. City Manager Walsh replied that during the pandemic, the City's Budget was reduced, and reserves were not tapped and added that reserves should be reassessed every two years and FY2022 would be the next year for review.

Mayor Nirenberg noted that \$190 million was allocated for emergency housing assistance and asked how much had been unspent. Veronica Soto, Director Neighborhood Housing Services Department, stated that \$42 million was still available with \$40 million allocated for direct assistance and she did expect to exhaust that funding. Assistant City Manager Lori Houston reported that \$4.2 billion in Federal funding had recently been released for this use by high performing cities which the City of San Antonio was part of. Mayor Nirenberg noted that grants to small businesses and workforce had been priorities as well as many other areas of this Budget, however, the Phase 2 ARPA funding, the 2022 Bond and Infrastructure Plan of the Federal government were still an area of opportunity in addition to the FY2022 Budget.

Councilmember Courage applauded the efforts of the Budget Team but felt that many of the proposed amendments came without good discussion by the full Council. Councilmember Courage mentioned that he had his own amendments but would consider postponing those requests to see if they could be funded with ARPA funding and noted that the City expected to get another \$160 million in Federal funding in May 2022. Councilmember Courage supported TIRZ eligible amendments and said he would support using some of the \$4 million in capital funding to support some of the requests. He did not recommend making cuts to what had already been proposed to add all of these amendments.

Councilmember Sandoval noted that the Budget amendments served to begin a conversation about community needs and desires even if they could not all be funded with this Budget. She thanked Homer Garcia, Parks & Recreation Director, and the City Manager for considering the addition of green spaces. Councilmember Sandoval requested \$10,000 to pay for stipends for childcare for board and commission members to attend meetings. Councilmember Sandoval asked if ARPA could be used for housing, which City Manager Walsh replied that he could not definitively say what could be funded regarding ARPA and the second round of housing works Federal funding, but that these discussions would be forthcoming.

Councilmember Viagran commented that the capital amendments were mostly in Council District 10 and did not speak to equity. She wanted to make sure that any drainage work done in the northern City's Creekways did not adversely impact the Southside. Councilmember Viagran supported more equitable distribution of funds throughout the council districts but supported funding for spay/neuter. City Manager Walsh explained that the list of capital projects requested on the amendment had not been included in the Budget and that the City Council needed to discuss those items during this meeting, adding that there was \$1 million included in Animal Care Services Department's Operating Budget for spay neuter services.

Councilmember Pelaez suggested the \$4 million in Capital Funding should be reserved for contingency rather than allocating it with the FY 2022 Budget, noting that some of the projects could be discussed within the context of the 2022 Bond or ARPA infrastructure.

Councilmember Castillo provided a video on deconstruction and reuse of materials for homes prepared by the Office of Historic Preservation to support the Demolition Prevention and Renovation Pilot Program in 2020 noting that 8.6 million tons of reusable material went into the landfill. Shanon Miller, Director of the Office of Historic Preservation, stated that there was a construction company interested in deconstruction and reuse efforts and programs. Councilmember Castillo noted that most of home demolition were happening in Districts 1, 2, 3, 4 and 5.

Councilmember Castillo expressed support for sustainable programs such as the Under One Roof Program, the Homeowner Minor Repair Program, and the Risk Mitigation Fund and whether funding from TIRZ could be used for these programs. Additionally, Councilmember Castillo asked how much money was left in the Mortgage Assistance Fund. Assistant City Manager Lori Houston replied that all FY 2021 Mortgage Assistance Funding had been spent, but \$3.6 million was included in the FY22 Budget and there was a \$500,000 grant on the Council Agenda for September 16, 2021. Ms. Houston further explained that in order to use the TIRZ funding for a housing project, the project must be within the TIRZ boundaries or targeting residents earning 80% Area Median Income (AMI).

Councilmember Bravo stated that he supported a balanced Budget, however, noted that the City Council could adjust, adding that there had not been much time for new Councilmembers to put in their requests. Councilmember Bravo asserted that Budget issues were policy issues and with funding, City Council could vet the details later in Council Committee as long as there was money for the projects that help the most vulnerable such as reducing tax burdens for low-income residents.

Councilmember Bravo requested \$200,000 to fund a study of best procurement practices that would save the City money. Councilmember Bravo pointed out that the City spent \$100 million annually on streets, of which 30% was from the General Fund and suggested using some of those funds for other needs and move those street improvements to the General Obligation Bond. Councilmember Bravo did not think that the City should add more money to the Police Budget until a contract with the Police Union was settled and added that he supported the Deconstruction Program.

Councilmember McKee-Rodriguez requested a more even distribution of the \$4 million Capital Funding and suggested this could be allocated for Neighborhood Access and Mobility Program (NAMP) projects and also recommended funding the Alamo City Studios with TIRZ funding. He suggested taking two of the recycled positions in the Diversity Equity and Inclusion Office to be made into the Civil Rights Coordinator position.

Councilmember McKee-Rodriguez noted that the 3% increase to the SAPD Budget amounted to \$15 million and could multiply over time into more and more funding for SAPD. Councilmember McKee-Rodriguez also cited in an SA Speak Up resident priorities survey that Police ranked number 7 after other community services and requested only increasing SAPDs Budget by the minimum amount required under the Collective Bargaining Agreement.

Councilmember Cabello Havrda asked how the green spaces dollars were being allocated and

if they would be allocated citywide. City Manager Walsh described the green spaces initiative as City-owned property such as large medians and triangular intersections that could be beautified by adding landscape, seating, or doggie waste bag equipment. Councilmember Sandoval provided an example of a triangular area near an apartment complex that could be improved.

Councilmember Cabello Havrda suggested that childcare for boards and commission members could be supported through CCPF and Councilmember Cabello Havrda offered to donate her City Council Project Funds (CCPF) for this purpose.

Councilmember Perry asked City Attorney Andy Segovia for language for the September 16, 2021 Budget Adoption meeting that would add a motion to reduce the tax rate. City Attorney Segovia replied that the Budget would need to be cut to accommodate for property tax relief so it would need to occur before a vote on the Budget or else the tax rate could not be reduced. Councilmember Perry mentioned that City Council did not take action to increase the Homestead Exemption even though the City's tax revenues had continually increased and noted that Bexar County had recently reduced their tax rate.

Councilmember Perry supported keeping the contingency of \$4 million in Reserves for Capital Projects and directed staff to remove all of his District's capital request so that the contingency could remain. Councilmember Perry asked Mr. Gorzell to report on the total city reserves, which Gorzell stated that the Reserves were \$119,308 million. Councilmember Perry asked whether the City had a Contingency Plan for emergency cuts in order not to use reserves. City Manager Walsh replied that during the last year in response to the pandemic and winter storm event, the City had shed expenses of anything that could be delayed in accordance with the Emergency Plan strategies.

Councilmember Perry asked staff to clarify the purpose of TIRZ. Ms. Houston replied that TIRZ were set up to spur economic development in the TIRZ area and historically funds had been used for infrastructure, however, State law allowed the use of funds for affordable housing projects or programs. Councilman Perry asserted that he did not support the use of TIRZ funding for housing purposes.

Councilmember Rocha Garcia did not think City Council would be having a conversation about ARPA at this meeting, so she had not submitted her list of ARPA projects, to which City Manager Walsh replied that no one intended to have an ARPA conversation at this meeting and expected to put that on a later agenda. Councilmember Rocha Garcia suggested that funding for 75th anniversary of the USAF could be a zero cost budget item, City Manager Walsh replied that more work was needed with the Office of Military Affairs related to the Military City USA branding.

Councilmember Rocha Garcia wondered when the City last used the Reserve Fund. Mr. Gorzell said the Reserves started in 2006 at 3% and had built over time to the 15% level and during that time, the City has not tapped the Reserves. Councilmember Rocha Garcia was interested in more funding for streets in District 4, inquired as to where would Civil Rights Coordinator be housed and also supported funding for childcare for Boards and Commissioners

as well as support for Office of Historic Preservation's deconstruction efforts.

Councilmember Castillo recommended that two positions on the crisis response team should be Psychiatrists and suggested this change could be zero cost. City Manager Walsh noted that this was probably not a zero cost. Councilmember Castillo mentioned that she thought the housing team was comprised of Code compliance officers and would be zero cost, however, City Manager Walsh clarified that the housing team did not have Code Officers. Councilmember Castillo did not want any increase to the SAPD's budget beyond what was required under the Collective Bargaining Agreement.

Councilmember Sandoval supported the no cost amendments listed but requested that the housing navigators planned to be hired next year could be assigned to work with each Council District. City Manager Walsh did not recommend the housing navigators be split by district but agreed that they should work closely with the Council offices. Councilmember Sandoval requested a cross-disciplinary group to improve unsafe streets as a pilot with SAPD and Public Works. City Manager Walsh felt this could be absorbed within SAPD but would impact other areas. Councilmember Sandoval asked if McKee-Rodriguez' proposal for a Civil Rights Coordinator could be done and City Manager Walsh suggested that one position within the new office could be designated as the Civil Rights Coordinator.

Councilmember Pelaez wanted to highlight Councilmember Cabello Harada's support of the request for Older Americans Technology Services (OATS) funding and felt it was a priority, he asked if it was eligible for ARPA funding. City Manager Walsh replied that OATS could be eligible but the discussion on ARPA was scheduled for October 2021.

Councilmember Viagran recommended the \$10,000 for Boards and Commission childcare come from the General Fund and not CCPF so that it could be a permanent Budget line item. Councilmember Viagran inquired about the new animal kennels to which Shannon Sims, Director of Animal Care Services (ACS), reported the impact of the new kennels assist in saving 700 additional dogs from euthanization which was a 2% increase. Councilmember Viagran also wanted to see money for the Spay and Neuter Program and asked Chief McManus for more Police along the Mission Reach. Chief McManus said depending on where the call was made from, the Park Police or SAPD may respond which was coordinated between the services. With noise calls going to Code Compliance and animal calls going to ACS, Councilmember Viagran recommended adding more resources to the Mission Reach area. Chief McManus said after the Budget adoption and the changes made, he would discuss with City Council how to reallocate Police resources.

Councilmember Perry asked how much money the State had remaining for housing assistance. Ms. Houston replied that she would provide this information to Councilmember Perry. Councilmember Perry asked Shanon Miller about the deconstruction ordinance coming before Council Committee. Ms. Miller responded that this did go before a Committee for support but there were questions and issues related to Code updates. Councilmember Perry asked if this would come back to Committee. City Manager Walsh stated this should come before the Planning Committee.

Councilmember Perry supported additional SAPD Officer funding. He asked about the statistics related to the survey regarding Police services. Deputy City Manager Maria Villagomez said most respondents stated they felt safe at night, and they were generally satisfied with Police services. Councilmember Perry asked in regard to SA SpeakUp had controls in the survey assuring that individuals did not respond to the survey multiple times. Deputy City Manager Villagomez noted that a scientific survey was done for the Police survey, while SA Speak Up was more of a convenience survey. Laura Mayes Assistant Director, Government and Public Affairs, said that respondents could not take the survey more than once due to survey controls.

Councilmember Courage spoke regarding other opportunities to bring forward items in addition to the Budget and asked the City Attorney if the City Council could amend the Budget at any other time besides at Budget Adoption. City Attorney Andy Segovia stated that City Council could amend the Budget at any time but needed to stay within revenues. City Manager Walsh mentioned the Mid-Year Budget adjustment which happened every spring. Councilmember Courage asked City Manager Walsh to keep a homestead exemption tax break for the 2nd year of this 2 year Balanced Budget and to also consider it for FY2023 Budget. City Manager Walsh noted that Councilman Perry had asked to have the homestead exemption conversation in February 2022 and that the 2-Year Balanced Budget included reserves of 19% as a forecast.

Councilmember McKee-Rodriguez asked for an addition of a full-time staffer to his staff at zero cost to the Budget. City Manager Walsh asked that the rest of City Council weigh in on adding this to the Budget noting it would not be considered zero-cost. Councilmember McKee-Rodriguez stated that he supported \$10,000 for boards and commissions childcare needs and the demolition diversion initiative. He asked if increasing Police visibility always meant an increase in officer positions. Deputy City Manager Villagomez stated that it meant Police Officers attending specific events. She added that major changes, would need to follow and occur during the Budget process, via an election day, or by a Council Consideration Request (CCR) or other methods which were not as effective.

Councilmember Bravo appreciated being able to fund items in the future with ARPA funding to include larger requests for permanent supportive housing funding for mental health services for chronically homeless individuals. He noted his support for funding for spay and neuter services, procurement and affordable housing studies to review the effectiveness of City programs, and a review of CPS Energy. He added his support for property tax relief for the most vulnerable residents including being proactive, contracting with trusted messengers to help homeowners get the exemption for which individuals qualify.

Councilmember Sandoval asked if an increased language pay incentive could be included in this Budget. City Manager Walsh said that we could look at this within the Human Resources Pay Study and this would be reported to City Council with recommendations. Councilmember Sandoval agreed to move \$100,000 in requested funds for mid-block crossing into the Capital Budget or within her Council allocation funds. She asked how many Police Officers would be freed up to do other work. Deputy City Manager Villagomez stated that the Police Budget recommendation included five full-time equivalent position that would be available to be

reassigned with the reorganization of noise and animal calls to other areas.

Councilmember Castillo noted her support of amendments that pertained to Homestead Exemptions and associated education efforts for individuals to gain those exemptions, the creation of a Civil Rights Coordinator position, and funding for OATS to address senior resident needs. She stated that an equity lens needed to be applied to all funding allocations in order to assure equitable shares of Budget funding.

Councilmember Viagran expressed her support for increasing staffing of City Council staff levels from 7.5 to 8 full-time equivalent positions which would assist in meeting the increased requests from residents and fielded by the current constituent services staff.

Councilmember Courage also endorsed increasing staffing of City Council staff from 7.5 to 8 full-time equivalent as well as support of OATS for senior service needs.

City Attorney Andy Segovia informed City Council that that the Municipal Employees Local Government Corporation would need to review and approve the City Council increased staffing request.

Councilmember Bravo stated that he also supported the increase in City Council staffing and was ready to use his District Budget to fund the increased staffing. He added that a late breaking KSAT-TV story about CPS Energy staff being downtrodden and dejected which reiterated his request for an immediate study to be conducted on management and policy.

Councilmember Bravo asked if the 2022 Bond could fund certain capital projects or whether funding under the Bond would delay the completion of those projects. City Manager Walsh explained that the Bond could cover but moving projects to Bond Funding would take much longer to complete them. Councilmember Bravo asked if funding could be spent now on design of Bond projects. City Manager Walsh stated that contingency could be used if we knew which specific projects were to be considered but would be at the expense of street maintenance projects and reminded the Council that Contingency Funds would need to be utilized.

Mayor Nirenberg noted his support of childcare allowances for boards and commissions member utilization under CCPF funding.

City Manager Walsh reviewed the amendment topics the City Council provided direction on which included funding for OATS, the childcare initiative, Inner City TIRZ funding for \$250,000 for youth programs. He explained that staff would adjust one of the equity positions to be a Civil Rights Coordinator and added that the \$4 million in capital contingency funding would remain intact.

ADJOURNMENT

Mayor Nirenberg adjourned the meeting at 4:55 PM.

Approved

**Ron Nirenberg
Mayor**

Attest: **Debbie Racca-Sittre
Interim City Clerk**