

**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, April 3, 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 the Terminal Development Program for the San Antonio International Airport; a post-solicitation briefing on the Parking Operator for the San Antonio International Airport; and a pre-solicitation briefing on Security Services for the San Antonio International Airport. [Jeff Coyle, Assistant City Manager; Jesus Saenz, Director, Aviation]

City Manager Erik Walsh provided an overview of the Item and introduced Jesus Saenz, Director

of Aviation, who provided a quarterly update including that the department had developed a new logo and branding for the San Antonio International Airport (SAIA) and advertising for all airlines. Saenz stated that March 8, 2024 broke customer records and the airport was ranked number one in its class.

Construction had been initiated on the new Terminal A Ground Load Facility with the Construction Manager at Risk (CMR) which was a part of the Terminal Development Program (TDP), according to Saenz. He also reported that SAIA had been awarded \$30 million in grant funds with the potential for \$25.6 million in additional funding in FY 2024; they were planning to seek additional funds in FY 2025 to support TDP and airfield programs.

Saenz provided a post solicitation briefing on the Parking Optimization for SAIA intended to create a better experience and increase non-aeronautical revenues. He stated that the parking operations generated \$31 million in FY 2023 but the current structure did not allow dynamic pricing or other optimization opportunities. Saenz outlined the schedule of the solicitation, listed the evaluation team members, and scoring criteria.

Saenz reported that the SP Plus Corporation had submitted the highest ranked proposal to manage, operate, and optimize SAIA parking and SP Plus was recommended for the 10-year contract term with two, five-year options at a \$282,000 initial year cost and future payments based on a revenue sharing methodology.

Saenz stated that 34 employees within the Aviation Department were impacted. Of those, eight were considering staying with the new operator or retiring and five positions were being reduced, however, no parking employee would lose their job as they would be moved to other positions within the department.

Saenz provided a pre-solicitation briefing on the Security Services for the Airport. Saenz outlined the schedule of the solicitation, listed the evaluation team members, and scoring criteria.

DISCUSSION:

Councilmember Rocha Garcia asked whether 100% of disabled veterans could park for free at SAIA and asked how many employees were eligible for retirement. Saenz stated that there would be no change to the services to disabled veterans and no employees would be without a job. City Manager Walsh clarified that there would be positions eliminated but the employees who wanted jobs would still be able to stay with the City.

Councilmember Rocha Garcia recommended that the new operator's benefits be comparable to the City's and asked how many of the 34 employees were eligible to retire. Saenz stated that nine employees were able to retire and could even get another job with the new operator. Councilmember Rocha Garcia commented on the new logo.

Councilmember Castillo expressed excitement that passenger counts had increased and supported the logo update. She asked what the evaluation panel considered in the financial submission. Saenz explained that the evaluation panel reviewed the respondents' Pro-Formas. Deputy Chief Financial

Officer Troy Elliott stated that it was scored by the net benefit to the City. Councilmember Castillo stated that she had recently visited SAIA and recommended more signage for the parking lots.

Councilmember Cabello Havrda congratulated the department on receiving the \$30 million in grants. She recommended more security and convenience for on-site parking within the optimization contract. Councilmember Cabello Havrda asked how a person would reserve a space. Saenz explained that the parking reservation system would be a smartphone application that would allow users to be assured that they would have a parking space or have valet parking. Councilmember Cabello Havrda asked if the new parking options would be affordable. Saenz reported that the current pricing was not expected to change, and the City would have to approve any rate changes, however, the optimization contract allowed the operator to be creative.

Councilmember McKee-Rodriguez commented on the revenue difference anticipated which was \$309 million if the City continued and \$376 million with the contract over 10 years. Assistant City Manager Jeff Coyle stated that the contractor's Yield Management Program would allow pricing to be adjusted based on demand which might mean lower prices during non-peak times that would encourage people to drive and park versus using rideshare services. Councilmember McKee-Rodriguez asked how many positions were impacted. Saenz confirmed that 34 employees would stay or retire and added that the five positions being reduced had been managed by the department and no one would be left behind.

Councilmember McKee-Rodriguez asked how the evaluation panel scored the employee compensation package. Saenz stated that the Human Resources Team evaluated and presented the employee compensation for each respondent to the evaluation panel. Councilmember McKee-Rodriguez recommended more diversity in future committees and suggested that a parking employee could have provided excellent input into this type of solicitation. Saenz stated that the department had worked closely with the Finance Procurement Division to ensure maximum diversity and expertise on the panel. City Manager Walsh commented that the goal was to change so employee feedback might not have resulted in change recommendations.

Councilmember Alderete Gavito agreed that branding was much improved and was excited to see the uptick in travelers and asked how many were visiting San Antonio. Saenz stated that San Antonio was generally a destination airport, so most travelers were staying for a visit and not simply passing through. Councilmember Alderete Gavito wanted to ensure the transition of the 34 employees was being handled with care and compassion. Saenz reported that the department leadership had 18 meetings with the employees and over 100 individual meetings with the Human Resources Team, noting that many were excited about the opportunity to move into new operational opportunities.

Councilmember Alderete Gavito asked if any parking fee increase was anticipated. Saenz stated that there would be no parking rate changes during the transition period, however, future rates would be reviewed.

Councilmember Kaur stated that she loved the airport parking system because it was affordable and quick so she was concerned that the rates would increase and requested a guarantee that the rates would not be raised arbitrarily. City Manager Walsh clarified that the City had to approve the

parking fees. She asked how the discounted rates would be determined. Assistant City Manager Coyle explained that the City would maintain the maximum but the operator would use discounted dynamic pricing using their technology to drive more usage.

Councilmember Kaur asked if the valet revenue that the City was going to increase in generation, would that go towards the overall zero to 3% kind of increment increase or would the City get a larger percent of the valet growth. Elliott stated that the management fee of \$282,000 was profit and SP Plus would receive reimbursement for their operating expenses.

Councilmember Kaur asked if they would make any capital improvements such as adding more Electric Vehicle (EV) chargers noting that the need for EV support was growing. Saenz stated that the operator could recommend capital upgrades but the City would need to make them.

Councilmember Courage asked how ground loading for airplanes would impact persons with limited mobility. Saenz stated that both the front and back doors would be open and there would be lifts for disabled persons. Councilmember Courage asked about the annual operating costs for SAIA parking. Deputy Director of Aviation, Ryan Rocha, stated that the Budget was \$7 million and included all operating expenses including those for employees. Saenz clarified that the revenues were \$309 million only for parking over 10 years so the airport earned \$23-\$24 million per year after expenses.

Councilmember Courage expressed concern that the contract would include surface and garage lots, but the operator would only provide two roving security personnel. Saenz stated that existing SAIA security would supplement the parking operator and there were cameras under 24/7 surveillance. Councilmember Courage asked if the contract could include more parking areas if the City added them. Saenz confirmed that the contract was expandable.

Councilmember Whyte asked if the vendor was evaluated based on their operation in other airports around the country and if rate structures had been evaluated. Saenz stated that the evaluation included the vendor's experience in over 160 airports and the rates would be monitored with market research helping inform any future recommendations. Councilmember Whyte noted that the airport was a major employer and wanted to ensure that the 34 employees were taken care of.

Councilmember Viagran expressed concern with security and recommended coordination with the San Antonio Police Department. She wanted to explore new technologies and the needs of employees. Councilmember Viagran noted that she had been a City employee that moved onto another employer during privatization of the Convention and Visitor's Bureau which was a good experience.

Councilmember Pelaez commented that City of San Antonio employees understood the assignment, were proud of their airport, but felt that sometimes others such as the airline employees did not always treat travelers with the same respect so he wanted to ensure that the new vendor would have excellent customer service. Councilmember Pelaez recommended that the application that provided space reservations also automated payment and offered customer loyalty programs. He noted that more EVs were parking and charging equipment was needed and

he mentioned that portable EV chargers might be an option. Saenz stated that they were looking at new technology and other opportunities which was something the new parking operator would evaluate using data analytics and be able to make recommendations.

Councilmember Pelaez asked if the goal was to go cashless for concessions and recommended applications that not only promoted brand loyalty for SAIA, but also directed people to concessionaires. Saenz noted that the parking operator was a concession contract and other options would be considered and agreed that not having cash increased safety for travelers.

Mayor Nirenberg asked who would access and control the data analytics for the application. Saenz stated that the department would be able to capture and use the data to improve the customer experience. Mayor Nirenberg confirmed that the City still had approval authority over the parking rates but asked about the process for changing or raising rates. City Manager Walsh stated that any parking rates would be approved through the Budget process and possibly an Ordinance could give the Airport Director a limit which he might approve.

2. Briefing by the San Antonio Water System (SAWS) on the process used and results of the update to the SAWS Impact Fees [Ben Gorzell Jr., Chief Financial Officer; Troy Elliott, Deputy Chief Financial Officer]

Robert Puente, President and Chief Executive Officer for the San Antonio Water System (SAWS), introduced the Item by explaining that impact fees were the fees paid by developers not ratepayers and introduced Andrea Huizar Beymer, SAWS Chief Operating Officer, who stated that SAWS had been internationally recognized as a leading utility of the world. She stated that during the COVID Pandemic, San Antonio was the fastest growing City in the country and was now ranked third. Beymer stated that SAWS managed its infrastructure growth through impact fees which were one-time payments made by developers to cover the capital costs of infrastructure growth. He added that the Texas Local Government Code required an update to the fees every five years.

Beymer stated that the process was overseen by the Capital Improvement Advisory Committee (CIAC) which was a City appointed board. The CIAC met between July 2023 and January 2024 to review land use assumptions plan, capital improvements plans, maximum fee calculations and recommended impact fee amounts. She explained that the highest impact fees were on the Northwest Side of San Antonio because of geology and the lowest impact fees were in the Southeast Side because it was lower in elevation. Impact fees kept costs lower for ratepayers and compared other cities fees, according to Beymer.

According to Beymer, SAWS planned to have a public hearing on May 16, 2024 to discuss the updated land use assumptions plan, capital improvements plans, maximum fee calculations and recommended impact fee amounts.

DISCUSSION:

Councilmember Alderete Gavito asked what impact fees had on the cost of housing. Beymer offered to look at the actual costs but noted that the impact fees were a small amount of the cost of a new home. Puente stated that the impact fees were less than 1% of the cost of a new home.

Councilmember Alderete Gavito thanked SAWS for conducting community outreach and asked how the money would be used. Doug Evanson, SAWS Chief Financial Officer, stated that the additional fees would pay for planned infrastructure to meet growth demands.

Councilmember Courage asked if the CIAC had any representatives that were not appointed by the City Council. Beymer confirmed that all members of the CIAC were appointed by City Council. Councilmember Courage asked if the rates varied by council district. Beymer responded that development in areas further away from water and wastewater infrastructure cost more and the revenues were only used for capital costs.

Councilmember Rocha Garcia recommended that SAWS collect feedback from the South Texas Business Partnership (STBP) and South Side businesses. Beymer committed to meeting with STBP and added that SAWS would continue to contribute \$3 million annually for City impact fee waivers.

Councilmember Kaur asked if there was a diverse membership on the CIAC. Beymer provided a list of members and who they represented. Councilmember Kaur asked if SAWS had outreached the Associated General Contractors, Hispanic or Black Contractors Associations. Beymer stated that the building contractor associations were not outreached because they did not pay the impact fees.

Councilmember Kaur recommended incentives for developers to build near public transit. Beymer stated that infill development was not very expensive and if there was already a water meter on the property, there was no impact fee.

Councilmember Whyte commended SAWS on their open, transparent, and data driven process. He was interested in how the impact fees could affect the cost of housing.

Councilmember Viagran expressed concern that there was a lack of infrastructure in the southern sector of the City which needed to be addressed by a solid plan and recommended collaboration with STBP and Bexar County.

Councilmember Pelaez commented that non-profit organizations had to cover impact fees and asked if there was a policy on setting aside fee waivers for non-profit organizations. Beymer stated that the City controlled the use of the impact fee waivers. City Manager Walsh stated that there was a council approved SAWS impact fee waiver policy. Director of Neighborhood and Housing Services Department, Veronica Garcia, stated that the fee waiver policy was updated over a year ago and her team would analyze impact to housing affordability and could also look at non-profits. City Manager Walsh committed to having staff provide the Fee Waiver Program information to City Council on May 16, 2024 along with the SAWS Item.

Councilmember Pelaez noted that SAWS had 2,000 excellent employees that worked during adverse conditions and dealt with people in crisis. Puente thanked Councilmember Pelaez for his kind words.

Mayor Nirenberg thanked SAWS and the CIAC for their work and commented that this was the

first time it had been a smooth process crediting the recent rate restructuring which had resulted in most ratepayers paying less. Mayor Nirenberg suggested that the impact fees were a necessity to keep rates low and housing affordable.

EXECUTIVE SESSION

Executive Session was not held.

ADJOURNMENT

There being no further business, the meeting was adjourned at 3:55 p.m.

Approved

Ron Nirenberg
Mayor

Debbie Racca-Sittre
City Clerk