

**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 Rosie
Castro, Dist. 7 | Manny Pelaez, Dist. 8
John Courage, Dist. 9 | Clayton Perry, Dist. 10

Wednesday, May 10, 2023

2:00 PM

Municipal Plaza Building

The City Council convened a regular meeting in the City Hall Council Briefing Room beginning at 2:02 PM. City Clerk Debbie Racca-Sittre 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, Castro, Pelaez, Courage, Perry

ABSENT: None

ITEMS

1. Briefing on FY 2023 Six Plus Six Financial Report, Mid-Year Budget Adjustment, FY 2024 to FY 2028 Five-Year Financial Forecast, FY 2024 Trial Budget, and Recovery/Resiliency & ARPA Programs. [María Villagómez, Deputy City Manager; Justina Tate, Director, Management and Budget; Gwen Estrada, ARPA Executive Officer]

City Manager Erik Walsh introduced the Item and provided a timeline for the Trial Budget noting that after revised figures were received from the Bexar County Appraisal District, the tax rate could be determined.

Justina Tate, Director of Budget, provided the FY 2023 Six Plus Six Financial Report noting that at the

end of the second quarter, the city had a positive financial position, sales tax remained strong, Hotel Occupancy Tax (HOT) exceeded pre-pandemic levels, airport passenger counts were projected to be at pre-pandemic levels by the end of FY 2023 and building permits remained strong.

Tate reported that the total FY 23 Adopted Budget was \$3.4 billion comprised of: \$1.51 billion General Fund, \$1.25 billion Restricted Fund and \$651 million Capital Program. Tate projected a 4% positive variance at year end for the General Fund due to strong collections in sales tax and revenues from CPS Energy. Tate projected a \$7.9 million positive variance at year end for Hotel Occupancy Tax (HOT), positive variance for Airport and positive variance of \$600,000 for the Development Services Fund but projected a deficit in the Solid Waste Fund which required deferral of equipment purchases to balance. Tate displayed a graph comparing the funds over the past five years.

The Five-Year Financial Forecast was an early financial outlook at the City's major funds and the Trial Budget was a preliminary allocation of resources for the next fiscal year, explained Tate. She stated that the plan included a two-year balanced Budget and provided a timeline on the FY 2024 Budget process. Tate listed the following council priorities:

- Property tax relief
- Implementation of the strategic plan for Animal Care Services
- Public safety to include additional patrol officers
- A new EMS unit for 2024 and a ladder company for 2025.
- Continuing the implementation of the Strategic Housing Implementation Plan and homeless outreach.
- Employee compensation
- Infrastructure to include streets, sidewalks and vision zero community and safety
- focus on the Good Neighbor Program and the Dangerous Assessment Response Team.

Deputy Chief Financial Officer Troy Elliott reported that property tax was one of the city's three major revenue sources and noted that the estimates were very preliminary and outlined the three property tax exemptions which all increased last year including: homestead, over-65, and disabled with a tax freeze for all over 65 and disabled persons.

Elliott stated that SB2 capped the roll back rate and went into effect between 2020 and 2021 but allowed the City to bank the unused increment if the City did not max out the cap rate during any fiscal year. Elliott provided a chart indicating the City's tax rate history and several scenarios which included a 20% homestead plus unused increment, 15% homestead plus the unused increment but, recommended no change to the current 10% homestead exemption but leveraging the unused increment to meet City Council priorities. He added that reducing overall taxing rates versus focusing on the homestead exemption created a balanced approach which would provide tax relief for all property owners, not just homeowners. Elliott noted that there was continued discussion about property tax relief at the State Legislature.

Elliott provided an example of the benefit of the senior tax freeze noting that the freeze did not allow them to access the homestead exemption. He provided key dates including the May 15, 2023 deadline to file a protest with revenue estimates from the Bexar County Appraisal District (BCAD) expected by the end of July 2023.

Tate provided a chart of sales tax collections and noted that a 4% straight line increase was projected, while the projected increase from CPS Energy was an average of 2.7%. She noted that major assumptions included funding consistent with today's service levels, adjustment for inflation, cost to bring bond projects into service such as public safety, parks, and community facilities. Tate stated that the Trial Budget aligned with the current terms of the Police and Fire Union Collective Bargaining Agreements.

Tate reviewed the five-year forecast which included strong financials from FY 24-26 but a deficit in FY 27-28. She noted that the Financial Forecast assumed property tax relief and maintained a 15% ending balance for the General Fund.

Tate reported that the Trial Budget included adding 50 new Police Officers through the COPS Grant and additional officers through the General Fund. She noted that funding for a new Emergency Medical Services (EMS) Unit and ladder company, funding to address various strategic plans such as the Animal Care Services (ACS) Strategic Plan, SA Tomorrow Comprehensive Plan and the SA Forward Plan by Metro Health, infrastructure needs, and expansion of the Good Neighbor Program (GNP) and Dangerous Response Assessment Team (DART). Tate stated that \$152.8 million was included for infrastructure maintenance.

Tate detailed the Solid Waste Fund indicating that expenses had risen steadily since 2018 (by 15%) and the last increase to the fee was in 2019. She noted that the forecast reflected the current level of services and incorporated increased costs which indicated a fee increase was needed.

Tate stated that the HOT rate was 16.75% with the city receiving 9%, of which 2% was reserved for improvements to the Alamodome and Convention Center. The remaining 7% was split between Visit San Antonio, Convention Center/Dome, Historic Preservation and Arts & Culture.

Tate recommended the following mid-year Budget adjustments: \$848,000 to support the ACS Strategic Plan, the addition of two teams to the SA Community Outreach and Resiliency Effort (CORE) Program which was projected to cost \$750,000 in FY 2023 and \$2.7 million reoccurring. Tate recommended providing the City Manager with authority to accept grants up to \$150,000.

Tate stated that a community survey would begin tomorrow with results analyzed by expert consultants. Tate provided an overall timeline and next steps for the Budget.

Mayor Nirenberg spoke in support of property tax relief and concurred that freezing the taxes for seniors made increasing their exemptions a moot point but overall he supported increasing the homestead exemption. Mayor Nirenberg noted that the reports were mostly good news including improved services such as decreased response times for Fire, Police, and EMS. City Manager Walsh agreed but commented that additional proposed staff would help increase availability and reduce response time.

Mayor Nirenberg recommended increasing the number of spay/neuters under ACS. City Manager Walsh noted that several contracts were being brought before the City Council next week along with the lease at Brooks. Mayor Nirenberg supported the Solid Waste rate adjustment but recommended keeping rates for the smaller carts the same and increasing the large garbage cart fees.

Councilmember McKee-Rodriguez urged caution on declaring that City Council action already focused on homestead exemptions and people's taxes were still increasing. Councilmember McKee-Rodriguez recommended more education to ensure residents knew about services. He suggested that the CORE Team needed to be made available to school districts and should be accessible. Councilmember McKee-Rodriguez requested additional constituent staff as people were not getting good responses calling an overburdened department such as ACS. Councilmember McKee-Rodriguez had questions about the use of Council Project Funds and whether the General Fund could be used to purchase property for community use.

Councilmember Rocha Garcia asked if the San Antonio Fire Department's (SAFD) strategic planning included addressing the closure of the hospital. SAFD Chief Charles Hood stated that their plan to purchase more units included new EMS units to help with response and transport times. Councilmember Rocha Garcia asked how SAPD responded and requested specific metrics. Councilmember Rocha Garcia recommended a dashboard for the new Proactive Apartment Inspection Program. Councilmember Rocha Garcia asked how the Senior Centers expressed their needs. Department of Human Services Director Melody Woosley stated that they were surveyed, and their requests were taken into consideration.

Councilmember Rocha Garcia noted that earned media value did not include City Council press releases and requested data on employee terminations, and Return to Work (RtW) calls to 3-1-1. She recommended an overlay of demographics of calls related to mental health relative to the Violence Prevention Plan. Councilmember Rocha Garcia requested details on the expenses related to the SA Tomorrow Plan and the additional \$1 million recommended for the homeless. Councilmember Rocha Garcia requested a comparison of infrastructure projects and recommended equitable resources for ACS.

Councilmember Courage asked how Solid Waste funding was used for streets. Tate stated that the Solid Waste Fund typically improved streets for the benefit of the Solid Waste operations but due to the current revenue situation those uses would be suspended. Councilmember Courage noted that the projection indicated a change in growth for sales tax and CPS Revenues that seemed too conservative. Chief Financial Officer Ben Gorzell proposed flexibility as economic changes could substantially impact our sales tax revenues and noted that CPS revenues were historically volatile. Councilmember Courage requested more information on the proposed Solid Waste Fund rate increase. City Manager Walsh stated that this would be provided during the Budget process.

Councilmember Courage requested more information on the proposed growth for the HOT and suggested that revenues would improve in 2024, when the National Collegiate Athletic Association (NCAA) Final Four was expected to come to San Antonio. Tate confirmed that the NCAA Final Four was considered in the calculations. Councilmember Courage recommended the following mid-year budget adjustments: funding for the San Antonio Philharmonic, drainage funding for longstanding drainage needs, replacement of trees on completed bond projects that had dead trees and cleaning up roadway markings. City Manager Walsh added that the Trial Budget included funding for roadway striping.

Councilmember Cabello Havrda recommended support of programs to assist women with breast cancer screenings noting that Black women were 40% more likely to die from breast cancer. Councilmember Cabello Havrda suggested funding for parks to ensure maintenance was being

addressed through an equity lens asserting that many parks in low-income neighborhoods were in disrepair. Councilmember Cabello Havrda also recommended improvement to sidewalks for low-income, senior or disabled homeowners and suggested a grading system for sidewalks similar to streets.

Councilmember Cabello Havrda supported full funding for the ACS Strategic Plan and recommended a program to transport animals to other communities that were seeking animals. City Manager Walsh confirmed that the mid-year adjustment included funds for more transporting.

Councilmember Castillo stated that she was impressed with the SA CORE Program and supported the addition of teams. She also supported funding for ACS and asked how many positions were included in the mid-year and Trial Budgets. Tate reported that there were no positions included in the mid-year but 30 new positions for ACS were included in the Trial Budget. Councilmember Castillo supported funding for the SA Philharmonic and recommended funding to be added to the Code Compliance Assistance Fund.

Councilmember Castillo asked why staff was recommending authorizing the City Manager to accept grants of up to \$150,000 and asserted that it was important for City Council to know when those funds came into the City and added that it was a minor thing to put on the consent agenda. Deputy City Manager Maria Villagomez stated that there were about 50 grants of that size being taken to City Council annually which would save staff time to not take them to City Council. City Manager Walsh clarified that staff needed to seek City Council approval to apply for grants and this was simply for acceptance adding that the recommendation came from the Intergovernmental Relations Committee (IGR), which was chaired by Councilmember Pelaez.

Councilmember Perry asked of revenues projected to be remaining this year and how much was included in the mid-year Budget adjustment for reprogramming. Tate stated that the General Fund revenues projected overage was 4% or \$60 million and \$848,000 was recommended for reprogramming at mid-year. Councilmember Perry suggested using some of the funding to add Police Officers.

Councilmember Perry asked how adding one EMS unit would improve the response time and suggested adding more. Chief Hood stated that the goal was to decrease the number of transports. Councilmember Perry recommended increasing the homestead exemption to 20% and asked how much money the taxable value increase of 13.2% would produce. Elliott responded that the amount was over \$600 million.

Councilmember Perry expressed concern that the \$152 million in infrastructure funding would not significantly reduce or eliminate the "F" graded streets. Councilmember Perry requested the results of ACS FY 2023 improvements before giving them more funding at mid-year.

Councilmember Perry asked whether the Airport passenger projections included migrants traveling through San Antonio with assistance from Catholic Charities under the Federal programs. City Manager Walsh replied that the passenger counts included all paid passengers, of which, the migrants were included.

Councilmember Viagran recommended a discussion to set policy for use of excess CPS Energy

revenues. Gorzell described the financial policy that if the variant revenue on CPS Energy revenue exceeded 10%, there would be a City Council discussion, if it was below the 10% it would be rolled into the next year's budget. However, Gorzell stated that the CPS revenues were not projected to be high this year due to market trends which would be monitored over the summer. City Manager Walsh confirmed that if the amount went over the 10%, it would be the first Budget conversation in the fall.

Councilmember Viagran supported the addition of Police Officers and suggested a program to dispose of nonservice alleys to help improve safety. She recommended a review of the City's fleet noting that the Senior Centers needed new vans and expressed concern that the Solid Waste Management Department was going to have to wait for their new trucks which could adversely impact services so she supported an increase to the Solid Waste Fee particularly for the larger garbage carts.

Councilmember Viagran requested more weekend Code Compliance Officers and suggested improvements and a grading system for sidewalks as many sidewalks on the south side were not walkable due to tree intrusion and utility poles.

Councilmember Viagran asked how expansion of the ACS Apprenticeship Program would help improve outcomes. ACS Director Shannon Sims replied that the one year of certified animal handling experience was a barrier to bringing in new Animal Care Officers and assured the Councilwoman that although they were paid less than the Officers, their pay was competitive. Sims provided a timeline and overview of the training program. Councilmember Viagran asserted that spay/neuter was the key to improving outcomes and education was also important.

Councilmember Bravo supported increasing the homestead exemption and wondered if there were any legislative changes proposed at the State level that could limit the City's ability to provide property tax relief. Bravo added that the City's portion was only 22% of the total property tax and expressed concern that legacy homeowners were being taxed out of their homes by not just the City but the other taxing entities.

Councilmember Bravo supported the GNP but expressed concern that the Program needed to have sufficient funding to be successful and help our community deal with nuisance properties and animal issues. Councilmember Bravo recommended doubling the capacity for sidewalk repair by adding another in-house crew and requested information on street lighting gaps and a plan to increase street lighting.

Councilmember Bravo suggested improvements to the enforcement of speeding in neighborhoods and noted that the San Antonio Fear Free Environment (SAFFE) Officers stated that they did not have their own radar guns. Councilmember Bravo recommended expediting purchase of vehicles for animal transport at ACS and supported funding for the Code Compliance Assistance Fund and the SA Philharmonic.

Councilmember Pelaez expressed concern about the structural imbalance of the Solid Waste Fund and requested a historical perspective of how it happened and a plan to prevent it in the future. Councilmember Pelaez supported delegating authority of the City Manager to accept grants up to \$150,000 noting that it did not include the approval to seek a grant which still required City Council approval. Councilmember Pelaez noted that Texas Senate Bill 1110 by State Senator Charles Schwertner of Round Rock, Texas, proposed stripping the City of its CPS Energy revenues, but was

stopped because Chief Financial Officer Ben Gorzell testified that the City of San Antonio had provided a refund to the ratepayers last fall adding that he had supported that vote and would do so again if requested.

Councilmember Castro stated that she recalled that there was going to be an increase in Code Compliance officers in the new budget and she supported Councilmember Castillo's request to increase the Code Compliance Assistance Fund. Councilmember Castro recommended that all library branches provide enhanced library cards that could be used as identification and recommended funding for SAFFE Officers to better serve the neighborhoods.

Councilmember Perry recommended more analysis of the Solid Waste Fund to ensure the rate increase was as limited as possible and asked whether the smaller carts contributed to less garbage going into the landfill. Newman stated that a smaller cart had the same fees as the larger carts, but promoted more recycling cart usage. Councilmember Perry asked how the community survey would be advertised and how large the sample size would be. Communications and Engagement Department Assistant Director Laura Mayes stated that the survey was a representative sample. Communications and Engagement Department Director Alana Reed stated that there would be 100 participants per council district and if more responded, the data would be included in the report.

Councilmember Viagran recommended a line item for art in the General Fund to provide public art maintenance and other funding for the arts adding that the NCAA also increased sales tax revenues.

Councilmember Courage recommended the exemption for seniors and disabled at \$100,000, increasing the homestead exemption to 20% and an across-the-board tax reduction. Councilmember Courage supported funds for street maintenance, speed humps and radar for all police patrol to reduce speeding and make streets safer.

Councilmember Courage requested Safe Baby Boxes in a dozen fire stations, funding for all council districts to do participatory Budgets, and expansion of child care opportunities through RtW and Pre K 4 SA. He supported the recommendation to address salary compression and Councilmember Castillo's request to expand the Code Compliance Assistance Fund.

Councilmember Pelaez supported tax relief but expressed concern that the State Legislature could implement a plan that would harm our city. Mayor Nirenberg agreed that more information was needed from the State Legislature before setting up plans for tax relief. City Manager Walsh noted that the timeline for setting the tax rate intentionally included finalization after May 29, 2023 when the 2023 Texas Legislative Session was expected to end.

Gwen Estrada, COVID-19 Administrator, presented information on the City's COVID-19 Recovery & Resiliency Plan which was initiated in March 2020. Estrada reported that \$729.4 million of CARES ACT Funding had been budgeted with \$688.1 million spent, \$40.6 million was committed and \$0.7 million remaining. She noted that City Council developed spending framework categories for American Rescue Plan Act (ARPA) in 2021 and of the total \$552.2 million budgeted in ARPA, \$297 million had been spent, \$225.6 million was committed and \$29.62 million was remaining in the areas of emergency response, mental health, employee retention and other programs. She added that the remaining funds were under procurement for partners with contracts planned to be brought before City Council in August 2023.

Mayor Nirenberg clarified that the \$225.6 million was committed by the City Council and mostly contracted. Deputy City Manager Maria Villagomez confirmed that most of the committed funding was under contract.

Councilmember Rocha Garcia suggested that the \$2 million in remaining ARPA funding that was designated to address health disparities could be used to help fill in the gaps from the southside hospital closure as the area was highly impacted by COVID 19.

Councilmember McKee-Rodriguez expressed concern that Artificial Intelligence (AI) could present a risk to our City and should be included in our emergency preparedness plans. Councilmember McKee-Rodriguez agreed that there was a deficit in availability of health care in certain parts of the City and noted that San Antonio had high rates of diabetes and the rising costs of medicine could be addressed through ARPA funding. Councilmember McKee-Rodriguez supported the addition of more Community Resiliency Centers (CRC) as these were needed during both cold and extreme hot weather.

City Manager Walsh responded that CRCs were included in the funding. City Manager Walsh commented that the access to care concern came up at a Community Health Environment and Culture Committee (CHECC) meeting and he had invited the Chief Executive Officer of University Health System to come before the Committee and explain how they planned to fill the gaps in care.

Mayor Nirenberg suggested that low barrier housing would also be a way to address health outcomes. Councilmember Perry asked how much money was set aside for Train for Jobs and asked if all the CARES funding was spent. Estrada stated that Project Quest was closing out the Program and a report would be provided. Councilmember Perry requested outcome measures for all the programs. Deputy City Manager Villagomez stated that staff was working on a dashboard to show the Budget and outcome measures. Estrada noted that the Recovery & Resiliency Dashboard had been available for over a year and ARPA was being added.

Councilmember Perry cautioned that the ARPA funds were one-time and should not be used for long term needs and further recommended using the funds to set up the CRCs.

Councilmember Viagran agreed with improved access to healthcare and wanted to improve the digital divide so that people could access telehealth online.

Councilmember Pelaez commented that education representatives from school districts had presented to the Intergovernmental Relations (IGR) Committee. He reported that each public school student was allotted approximately \$9 for security and suggested that funding could be dedicated to providing protection to schools against shootings. Councilmember Pelaez recommended \$10 million for school safety and the rest for emergency preparedness.

Councilmember Castillo asked staff to determine if the ARPA funding could be used to elevate homes in flood prone areas and requested an individual briefing.

Councilmember McKee-Rodriguez recommended returning to the Public Safety Committee before the Trial Budget to review ARPA again. City Manager Walsh noted that the framework was set by

the entire City Council. Councilmember McKee-Rodriguez suggested a discussion by City Council before staff made recommendations.

Mayor Nirenberg commented that many suggestions had been made and stated that he would call a B Session to further discuss ARPA. Councilmember McKee-Rodriguez asked whether the B Session would include a draft plan. City Manager Walsh stated that a plan would be proposed.

EXECUTIVE SESSION

Executive Session was not held.

ADJOURNMENT

There being no further discussion, the meeting was adjourned at 4:53 p.m.

Approved

**Ron Nirenberg
Mayor**

**Debbie Racca-Sittre
City Clerk**