

**STATE OF TEXAS
COUNTY OF BEXAR
CITY OF SAN ANTONIO**

**A BUDGET WORK SESSION OF THE CITY COUNCIL OF THE CITY OF SAN ANTONIO
WAS HELD IN THE MUNICIPAL PLAZA BUILDING, TUESDAY, AUGUST 27, 2013.**

The San Antonio City Council convened in a Budget Work Session at 2:00 pm Tuesday, August 27, Municipal Plaza Building, with the following Councilmembers present: Bernal, Taylor, Viagran, Saldaña, Gonzales, Lopez, Medina, Nirenberg, Chan, Soules, and Mayor Castro. **ABSENT:** None.

**1. STAFF PRESENTATION ON THE FY 2014 PROPOSED BUDGET FOCUSING ON,
BUT NOT LIMITED TO, THE FOLLOWING CITY DEPARTMENTS:**

A. SOLID WASTE

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David McCary detailed the Department's Accomplishments, Programs and Services, Recycling Goals, and Proposed FY 2014 Proposed Budget and Improvements. He reported that the Department was proposing a budget allocation of \$95 million which was a 6.1% increase from FY 2013. It was noted that the Department had opened 2 Bulky Waste Drop-off Centers in FY 2013. In FY 2014, the Department planned to open 2 more Bulky Waste Drop-off Centers, to expand the Organics Recycling Subscription Program, and increase the monthly Solid Waste Fee. Mr. McCary stated that the Department was an Enterprise Fund and that 79% of revenue collected was derived from Solid Waste Fees with the balance coming from other fees and the sale of recyclables as commodities.

Mr. McCary depicted how waste proceeds from the home to the landfill. As it relates to the Recycling & Resource Recovery Plan, it was noted that said Plan detailed the City's long-term recycling goal. He stated that the Plan was approved by the City Council in June 2010 and amended in January 2013. It was reported that said Amendment revised the date of achieving a 60% Recycling Rate for Single-Family Residences to the year 2025 and incorporated provisions for compliance by Multi-Family Residences and Commercial Businesses. He provided a status report on recycling efforts by category.

Mr. McCary noted that the Department opened 2 New Bulky Waste Drop-off Centers at a cost of \$3.3 million and had expanded the Organics Recycling Subscription Program. He stated that the Department launched 2 Apps so that customers could view Services Offered and Collection Information. As it relates to Performance, it was reported that the residential recycling rate had increased from 27% in FY 2012 to 31% in FY 2013.

It was noted that the Department was proposing a FY 2014 Budget allocation of \$95 million and a personnel compliment of 567 employees. Mr. McCary noted that said funding would allow the Department to build 2 additional Bulky Waste Drop-Off Centers and expand the Organics Recycling Subscription Program in FY 2014. He stated that the plan was to have Centers available in each Quadrant of the City while utilizing City-owned property. As it relates to the recycling of organics, it was reported that the Department planned on registering 100,000 households to the Program and that the Subscription cost would remain \$3.00 per month. Mr. McCary provided an overview of the contract with New Earth, Inc. for recycling services and spoke of the issuance of a RFP.

Mr. McCary stated that the Department was proposing a fee increase of \$0.50 per month and noted that said amount of bring the monthly cost for Solid Waste services to \$19.93 per month. He reported that the fee increase was needed to off-set increased costs and for the construction and operation of new facilities.

Councilmember Medina asked of the timeline for completing the Recycling & Resource Recovery Plan. Mr. McCary reported that the goals for the Single-Family Recycling Program were 50% complete while the goals for the Multi-Family Recycling Program were completed in December 2012. Mrs. Sculley provided a status of the Recycling & Resource Recovery Plan and noted that recycling of organics had also been implemented even though it was not a requirement of the Recycling Ordinance. She noted that the target date for achieving a 60% recycling rate for Single-Family Residences had been extended to the year 2025 and that the Pay-As-You-Throw Program would be implemented in FY 2017.

Mrs. Sculley noted that the City Council had not yet adopted a Recycling Plan for Commercial Property and that the Department would present an Ordinance in the near future. She stated that businesses were not supportive of the City's Plastic Bag Plan. She recommended the City either ban the use of plastic bags or impose a usage fee. Mr. McCary added that the Dial-A-Trailer Program was still available for use.

Councilmember Medina asked for the methodology in determining the \$3.00 monthly subscription fee for Organics Recycling. Mr. McCary stated that the fee was determined based on city-wide recycling efforts and that the fee would provide for full recovery of expenses upon city-wide implementation. He noted that fees collected would be used for future expenditures associated with the Organics Recycling Program.

Councilmember Saldaña asked of investments made to deter illegal dumping. Mr. McCary detailed marketing efforts to promote the availability of Bulky Waste Drop-off Centers. David Newman noted that Code Compliance Officers were promoting the use of the Drop-off Centers. Councilmember Saldaña recommended that signs denoting penalties for illegal dumping be placed where needed. Mr. McCary stated that he would get direction from the Councilmember regarding the placement and content of the signs.

At the request of Councilmember Saldaña, Ms. Sculley explained that the Commercial Recycling & Resource Plan had not been implemented as the City was trying to identify a partner. She stated that Commercial Businesses were not required to recycle and spoke of marketing efforts to get businesses to voluntarily participate. Mr. McCary stated that the Department was researching best practices and noted that several cities and states mandated Commercial Recycling.

Councilmember Saldaña recommended that the City move forward with a Plan to implement a fee for using Plastic Bags.

Councilmember Chan asked for clarification on the number of households proposed for inclusion in the Organics Recycling Program. Mr. McCary reported that the goal was to get 18,000 additional households to participate in FY 2014 and noted that the Department was targeting areas of the City where individuals were more likely to recycle. He clarified that only the households in the identified areas were eligible to participate in the Organics Recycling Program at this time. Mr. McCary added that those households who did elect to participate would pay the monthly subscription fee of \$3.00.

At the request of Councilmember Chan, Mr. McCary reported that the Department was proposing a monthly fee increase of \$0.50 that would be added to CPS Energy bills. He stated that a monthly fee increase of \$0.25 for Solid Waste would generate \$1 million in revenue and that the monthly Environmental Assessment fee increase of \$0.25 would generate \$1.6 million in revenue. Expenditures to

be made with the \$0.50 increase were detailed. It was noted that it cost approximately \$1 million annually to operate and \$2 million to construct one Drop-Off Center. Mrs. Sculley explained that the revenue collected via the Solid Waste Fee of \$0.25 would be used to off-set costs associated with operating the Drop-Off Center.

Councilmember Viagran asked for clarification on the monthly fee increase. Mr. McCary explained that with the proposed \$0.50 monthly fee increase, the monthly Solid Waste charge would be \$19.93. It was noted that said charge did not include the \$3.00 monthly subscription fee for Organics Recycling.

Councilmember Viagran asked for information regarding the increase in Single-Family residential recycling rates from FY 2010 to FY 2011. Mr. McCary stated that said increase was due to the completion of the Automated Garbage Collection Process. Mrs. Sculley provided a history regarding said Council Initiative. In the area of Contractual Services, it was reported that said line item was for payment of landfills and other disposal services.

Councilmember Viagran concurred with the recommendation made by Councilmember Saldaña to place signs at illegal dumping sites informing individuals of Bulky Waste Drop-off Centers. Mr. McCary highlighted marketing efforts to promote the use of the Centers and noted that all items collected were removed from the facility on a daily basis.

Councilmember Nirenberg asked of recycling compliance rates at Multi-family Residences. Mr. McCary stated that there was a compliance rate of 97% and that the 3% non-compliance rate was attributed to recycling containers being too small resulting in residents throwing recyclables in the garbage. He clarified that the Multi-family Recycling Program was 100% implemented and that the Recycling Ordinance mandates that apartment complex owners purchase recycling containers as well as ensure that containers were the correct size.

Mr. McCary noted that back in 2010, the original goal presented was to achieve a city-wide recycling rate of 40% by 2020. As the Council desired a higher rate to be achieved, the Recycling Plan was reassessed. He noted that the goal was now to achieve a city-wide recycling rate of 60% by 2025.

Councilmember Nirenberg spoke of the high cost associated with recycling. Mr. McCary spoke of how the City was able to sell recycled materials collected at a profit off-setting the financial burden of utilizing disposal services. Councilmember Nirenberg requested that said message be conveyed to the public as the view was that there was no benefit to recycling.

Councilmember Lopez asked of the number of requests received for Dial-A-Trailer usage. Mr. McCary stated that the number was about the same as before and added that the Department was tracking trends to illustrate the positive impact of Solid Waste services offered.

Mr. McCary spoke of the partnership established with Animal Care Services (ACS) to increase responsible pet ownership. Mrs. Sculley noted that ACS picked-up about 35,000 stray animals annually.

Councilmember Gonzales asked of measures utilized to track recycling efforts and marketing programs regarding recycling. Mr. McCary noted that the Department periodically set-up tables with recycling information at apartment complexes and partnered with school districts to send materials home with children. Mrs. Sculley explained that at this time fines were not assessed for non-compliance and that Council had the option of imposing a fine. Mr. McCary reported that the Department was researching ways to incentivize recycling such as offering a reduction in monthly Solid Waste charges.

B. AVIATION

Frank Miller detailed the Department's Mission, personnel compliment, Accomplishments, and Proposed Enhancements. He stated that the Department was an Enterprise Fund which was supported by user fees paid by Airport tenants and passengers. It was noted that by law said fees could only be used to fund Airport Operations, Improvements, and Debt Service. It was reported that the Department completed a Master Plan for Stinson Airport in March and extended Runway 4/22 and Taxiways N & Q in December 2012. Mr. Miller stated that the Department also completed the Prime Concession Program and Parking Revenue Control System. He highlighted features of the Parking System which included counting of vehicles, web monitoring of parking facilities, dispatching of ground transportation services, and installation of credit card machines for payment at pay station.

Mr. Miller provided an overview of flight operations and noted that international travel continued to increase. He stated that the City was the 10th largest Gateway into Mexico from the United States and spoke of marketing efforts to increase awareness of international services and relationships. The number of Non-Stop flights, destinations, and airlines offering said service was highlighted. Mr. Miller detailed the Enplanement Process and stated that the utilization of said service had increased since FY 2004. As it relates to FY 2013 Performance, it was noted that Parking and Concession Revenue was anticipated to be lower than in FY 2012. He reported that said decline was a result of the closure of Concession Facilities during renovations and change in car rental contract terms.

As it relates to the FY 2014 Budget, the Department was proposing to expend \$87.3 million, generate \$87.6 million in revenue, and was requesting a personnel compliment of 479. He detailed allocations for Operations & Maintenance and Debt Service as well as amounts to be transferred into the Capital Improvement Fund. Mr. Miller reported that as a result of the Federal Sequestration, TSA may transfer responsibility of security and air traffic control services to Airports. If this were to occur, the potential impact to the City would be approximately \$1.2 million annually.

In the area of FY 2014 Efficiencies, it was reported that the Department proposed eliminating 5 vacant positions and 1 part-time filled position at a cost of \$374,350. Service Improvements were highlighted which included the addition of 5 staff at a cost of \$376,515. Mr. Miller highlighted the necessity of said new positions. It was noted that parking rates and other service fees would increase resulting in \$278,952 of new revenue.

Mr. Miller reported that between FY 2014 and FY 2019, the Department anticipated spending \$416.7 million on 80 Projects as part of the 6-year Aviation Capital Improvements Program. He detailed Improvement Projects which included Terminal A Renovations, Improvements at Stinson Airport, and security upgrades. Of the \$416.7 million, \$87.1 million was allocated for FY 2014 Improvements. Projects to be completed were highlighted and benefits were noted.

Councilmember Medina recommended that live music be played at the Airport as in Orlando. Councilmember Medina asked of the impact of the 2013 Federal Sequestration. Mr. Miller reported that effective October 1st the City would be responsible for incurring the costs associated with security at exit lanes and air traffic control services and that said costs were denoted on Slide 22. He noted that next steps were dependent on action taken by the Federal Government.

Councilmember Viagran asked for clarification on the issuance of a RFP for Air Traffic Control Services. Mr. Miller noted that the city planned on assessing the value of utilizing the current provider or issuing a

RFP. He detailed items that the City planned on including in the RFP and stated that only a few providers were capability of providing the required service. It was noted that next steps could not be determined until the Federal Government took action; but hoped to have a decision made by the end of September. Mr. Miller explained that he could not determine if Grant funded Capital Projects would be impacted by the Sequestration as exceptions could be made for usage of Grant Funds.

Councilmember Viagran asked for the list of the 9 Cities identified as Gateways to Mexico as well as the number of flights and airline carriers flying to and from Mexico.

Councilmember Chan asked if pay stations would continue to be available outside the short-term parking area once the new Parking Revenue Control System was implemented. Mr. Miller stated that the City was planning to remove said devices as most customers paid with credit cards. Councilmember Chan recommended that the Department install a credit card pay station near parking lots to alleviate long lines at the booths as well as accept Texas Toll Road Tags as payment.

At the request of Councilmember Chan, Mr. Miller provided a history on funds transferred into the Capital Improvements Funds since 2006. He explained that money collected from airline lease agreements in excess of expenses were deposited into the Capital Improvements Fund and that a portion of the money was allocated to Debt Services. Councilmember Chan asked to meet with Mr. Miller off-line to discuss said items in further detail.

It was clarified that the personnel compliment reflected on Slide 19 included Airport Fire and Police Officers. Councilmember Chan asked of staffing allocations proposed for FY 2014 Improvement Projects. Mrs. Sculley stated that professional staff was available on a daily basis to address construction challenges associated with the Projects. Mr. Miller clarified that CIMS staff assisted on smaller Projects as well. Councilmember Chan asked of parking rate increases reflected on Slide 25. Maria Villagomez reported that the rate structure would be updated and would provide said information.

Councilmember Nirenberg encouraged that Aviation Staff to be prepared when negotiating contracts on the City's behalf.

Councilmember Lopez asked of the impact associated with the Federal Sequestration. Mr. Miller stated that the TSA transferred the responsibility of providing security and air traffic control services to the Airports. He noted that it was undetermined at this time if the City would be reimbursed for payment. Councilmember Lopez asked for Aviation Staff to poll other cities to determine if they also were concerned with the financial burden of funding these services. He asked staff to research the authority of TSA to mandate said action. It was recommended that Aviation Staff maintain bathrooms.

Councilmember Lopez asked for the process in getting InterJet to offer more direct flights. Mr. Miller reported that the Department was communicating with InterJet as well as other airlines to offer more direct flights and noted that the financial impact was based on various factors.

Councilmember Lopez asked of the strategy in getting International Freight Flights to land at Stinson Airport or Port San Antonio. Mr. Miller noted that the city was marketing domestic cargo carriers and would collaborate with Port San Antonio to develop a Plan of Action for marketing International Cargo Carriers. Mr. Robert Peche from Port San Antonio noted that the organization was working with the FAA to obtain the appropriate designation for Stinson Airport to accept cargo flights. Councilmember Lopez requested that said item be presented to the Intergovernmental Relations Committee for discussion and possible action.

Councilmember Saldaña asked of the role played by TxDOT in building the air control towers at Stinson Airport. Mr. Miller reported that TxDOT manages Federal Block Grant Funds on behalf of the State and as such would be allocating funds to the city for said Improvement Project. It was also noted that TxDOT would be managing said Project.

At the request of Councilmember Saldana, Mr. Miller spoke of the challenge associated with International General Aviation flights parking at Terminal A and noted that the City planned on building a permanent area for said flights on the other side of the Airport. He reported that in the interim, International General Aviation plans would be parking on the Southern part of Concourse A and spoke of the services to be offered at said site.

C. CIMS

Mike Frisbie presented on the Department's Mission, organizational structure, Accomplishments, and Improvements. He highlighted departmental responsibilities and reported that in FY 2014 they were anticipating managing 239 Projects totaling \$419 million. It was noted that the department received recognition for work completed on the Public Safety Headquarters and Downtown Transportation Study. Mr. Frisbie stated that a total of 57 Projects were completed in FY 2013 totaling \$221 million and highlighted participation in the City's Diversity Outreach Program.

As it relates to Accomplishments, it was noted that the Department implemented the PRIMELink Payment System. Benefits of said System were highlighted which include paying vendors on average 9 days sooner. Mr. Frisbie provided a status of 2012 Bond Projects and noted that a total of 132 Projects were in the Pre-Construction Phase while construction had begun on 8 Projects. He detailed work completed as part of the Edwards Aquifer Protection Program which included the acquisition of almost 100,000 acres of land and the identification of an additional 60,000 acres for future purchase. Mr. Frisbie reported that the Department planned on implementing the SWMBE Capacity Building Pilot Program at a cost of \$200,000. He stated that the intent of the Program was to provide technical assistance and training to small business owners through a consultant/mentor dynamic. It was anticipated that a total of 10 businesses would participate in the Program during FY 2014.

Mr. Frisbie stated that the department was proposing to expend \$18.5 million, generate \$18.4 million in revenue, and was asking for a personnel compliment of 195 employees. He noted that the department's Operating Budget had increased by \$8 million since FY 2008 due to increased Project Management tasks. As for Revenues, it was reported that General Fund contributions had decreased by \$3 million since FY 2008. Mr. Frisbie reported that the department was proposing to transfer 9 positions to other City Departments and eliminate 12 positions. Eliminations and associated impact were detailed.

Projects scheduled to be completed as part of the 6-year Capital Improvement Plan were detailed. It was noted that the department anticipated completing 395 Improvement Projects totaling \$1.7 billion in 9 Program Categories. Mr. Frisbie highlighted Projects totaling \$570 million scheduled to be completed in FY 2014 by Program Category. He detailed the Capital Improvement Budget Development Process and noted that identified Projects were approved by the Council with City Leadership monitoring progress. It was stated that the City saved a total of \$34.6 million from 2007 Bond Projects and planned on spending said savings on various Street Maintenance and Capital Improvement Projects. Projects funded with savings were Infrastructure Projects at Port San Antonio and Brooks City Base, Riverwalk Improvements, City-wide Deferred Maintenance Projects, and UTSA Blvd.

Projects scheduled for completion in FY 2014 and FY 2015 include renovations and improvements to the Witte Museum totaling \$4 million, \$44.7 million for Radio and System Replacement, and implementation of the Service Center Strategic Plan. Mr. Frisbie noted that the allocation for the Witte Museum was in addition to funds identified in the 2012 Bond Program. Recommendations denoted in the Strategic Plan include the reduction in the number of Service Centers, construction of New Centers, relocation of equipment, and decentralization of Central Shops.

Councilmember Medina spoke of the benefits in implementing the PRIMELink Payment System. He asked for clarification on the SWMBE Capacity Building Pilot Program. Mr. Frisbie reported that said Program would serve to inform and teach small business owners on how to develop a business plan, management skills, as well as tools needed to negotiate contracts. He detailed community outreach efforts to be utilized for said Program.

Councilmember Medina voiced his concern with the elimination of 12 positions. Mr. Frisbie noted that staff would be spending less time inspecting Projects as a result of the Reduction in Force and that it was estimated to save \$770,000. He stated that the Contractor was responsible for ensuring that quality and workmanship did not suffer and spoke of the negative financial impact associated with hiring private sector companies to complete inspections. Mrs. Sculley reported that work performance was scored and that Contractors not meeting performance standards would not be used on future City Projects. As it relates to the placement of the filled positions, it was noted that the City was working to transfer the employees to other city positions. She reported on efforts being undertaken to transfer all 279 employees identified as part of the Reduction in Force to other positions.

Councilmember Medina asked of the collaboration between Public Works and CIMS staff regarding Street Projects. Mrs. Sculley explained that CIMS was responsible for construction of the new streets while Public Works was responsible for maintenance of streets. Mr. Frisbie spoke on funding allocations for services rendered. As it relates to the amount of savings denoted on Slide 35, it was clarified that the city saved a total of \$34.6 million from 2007 Bond Program Projects. Mr. Frisbie spoke on how the savings was achieved while Mrs. Sculley spoke on the model utilized for identifying Bond Projects.

Councilmember Chan spoke on how the City was utilizing the savings from the 2007 Bond Program to fund new Capital Improvement Projects and how it would eventually benefit the General Fund. She noted that she was pleased with the proposal to eliminate positions as the department did not cut positions last Fiscal Year. Mrs. Sculley explained that the CIMS Department was one of the few City Departments that funded vacant positions at 100% as priority was completing Projects. Councilmember Chan stated that the department could be more effective and efficient with less staff and believed that projects would not be negatively impacted as a result of Reduction In Force. She requested that CIMS staff be more diligent when monitoring performance.

Councilmember Chan voiced her concern with the utilization of the PRIMELink Payment System as a web-based payment plan which was implemented in FY 2006 at a cost of \$600,000. Mr. Frisbie spoke of the deficiencies of the previous payment system and noted that the City would be paying \$250,000 annually for a vendor to host data off-site. Debbie Sittre added that the System was linked with SAP which resulted in vendors getting paid sooner. She noted that the workflow of the System allowed for vendors to upload invoices while City staff reviewed and processed invoices.

Councilmember Gonzales asked for clarification on Edwards Aquifer Protection Program expenditures. Mr. Frisbie stated that the Department purchased easements along the Edward Aquifer and that land purchased assisted with protecting the Aquifer. As it relates to Capital Improvements Projects funded with

savings from the 2007 Bond Program, it was noted that identified projects were approved by City Council in June. Councilmember Gonzales asked if services to be provided by the SWMBE Capacity Building Pilot Program were duplicative of services to be offered by Café Commerce. Rene Dominguez stated that the services offered by the Programs complemented each other and that the SWMBE Pilot Program was targeting Construction Business Owners.

At the request of Councilmember Viagan, it was reported that the smallest funded Bond Project completed by the Department totaled \$75,000. Councilmember Viagan requested to be provided with a Plan of Action for the SWMBE Capacity Building Pilot Program. Work completed so far, partnerships developed, and goals to be achieved were detailed. Ms. Sittre clarified that program goals complimented those of Café College and that the intent was to offer one-on-one assistance to Construction Business Owners. As it relates to the reductions (Slide 38), Mr. Frisbie clarified that equipment located at the Service Centers was being relocated and that the plan was aligned with the Service Center Strategic Plan. Councilmember Viagan noted that she was in support of the department including Construction Projects at Port San Antonio and Brooks City Base.

Councilmember Lopez voiced his concern with the proposal to eliminate positions as quality would suffer. He stated that project oversight was mandatory and expected by the public.

Councilmember Nirenberg concurred with Councilmember Lopez regarding the elimination of positions. As it relates to the Edwards Aquifer Protection Program, Mr. Frisbie clarified that the department was responsible for identifying and acquiring land to be purchased by the city and monitored easements for illegal development. Councilmember Nirenberg asked for clarification regarding the transfer of \$1.7 million from the General Fund as noted on Slide 17. Mr. Frisbie stated that said transfer covered services and personnel costs associated with providing assistance to other City Departments. Councilmember Nirenberg voiced his concern with the department reporting that eliminations would have little to no impact.

Councilmember Saldaña voiced his concern with the proposed Reduction in Force as the number of Projects had increased over the years and had become more complex. Mr. Frisbie stated that his department did have a Project Completion Plan which took into account project needs and staffing levels.

ADJOURNMENT

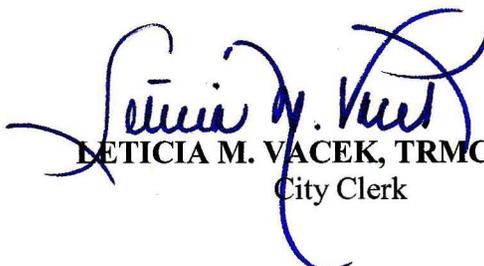
There being no further discussion, Mayor Castro adjourned the meeting at 5:11 pm.

APPROVED



JULIÁN CASTRO
MAYOR

Attest:



LETICIA M. VACEK, TRMC/MMC
City Clerk