

**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, SEPTEMBER 15, 2009.**

The San Antonio City Council convened in a Budget Work Session at 2:00 pm Tuesday, **September 15, 2009**, Municipal Plaza Building with the following Councilmembers present: Cisneros, Taylor, Ramos, Cortez, Medina, Lopez, Rodriguez, Williams, Chan, Clamp, and Mayor Castro.

**1. STAFF PRESENTATION ON THE FY 2010 PROPOSED BUDGET, FOCUSING ON, BUT NOT LIMITED TO, THE FOLLOWING:**

**A. THE CITY'S HOUSING PROGRAMS AND RELATED STRATEGIC INITIATIVES**

Assistant City Manager TC Broadnax provided an overview of the housing programs offered by the Neighborhood Services Department and related strategic initiatives. He reported that funding in the amount of \$21 million was provided through Community Development Block Grants (CDBG) and the Housing and Urban Development (HUD) HOME Program. He outlined affordable housing needs of the city, noting that there was a housing shortage and that many families were living in substandard housing conditions.

Mr. Broadnax stated that the city's housing programs included the following: 1) Owner Occupied Rehabilitation/Reconstruction Program; 2) Rental Rehabilitation Program; 3) Lead Based Paint Hazard Control Program; 4) Minor Housing Repair Program; 5) Affordable Showcase of Homes; and 6) Homebuyer Counseling/Down Payment Assistance Program. He noted that 293 units would be addressed through all housing programs for FY 2009. He spoke of the Extreme Target Sweep Program in which one neighborhood per Council District receives a month of proactive city services and one-year of follow-up.

Mr. Broadnax outlined the Five-Year Consolidated Plan that identifies the City's overall housing and community development needs and outlines a strategy to address same. He stated that it included a Housing and Community Assessment; Market Analysis; and Investment Plan. He reported that identified Housing Strategies for the five-year period included providing assistance to 362 low and moderate income families with homeowner opportunities and had assisted 656 families over a period of four years. Additionally, it was recommended that 1,500 housing units be inspected through the Neighborhood Code Compliance Program and staff had greatly exceeded the goal by conducting 153,000 health and safety inspections.

Mr. Broadnax spoke of the process for establishing a Strategic Plan for Community Development and noted that the city had contracted with Sandra Williams to provide a 2007 Consolidated Report. He stated that there were 224 recommendations and 131 of them had been implemented. He explained that 85 were not feasible or had not been implemented and eight were implemented but not successful. He reported that the Community Development Division

had been created within the Planning and Development Services Department and that Strategic Plan Work Sessions had been held over the Summer, 2007. He stated that the Strategic Plan had been presented at the Housing Summit in September, 2007 and consequently adopted by the City Council in September, 2008.

Mr. Broadnax reported that the guiding principles were as follows: 1) Citizen Involvement; 2) Inclusiveness; 3) Ownership; 4) Comprehensiveness; 5) Product Oriented; and 6) Relevant. He noted that the Community Development Advisory Committee (CDAC) had been created to coordinate, provide oversight and evaluate the implementation of the Strategic Plan. He delineated components of the Strategic Plan that included reinvestment planning, coordinating City Resources, and leveraging private sector investment. He spoke of the Real Estate Market Value Analysis, noting that it was a data-driven framework to guide policy formulation and public and private investment. He stated that it took an in-depth look at key real estate variables and identified eight distinct housing markets.

Mr. Broadnax highlighted FY 2009 accomplishments, noting that they had applied the City-Wide Real Estate Market Value Analysis to ongoing projects and had completed three Reinvestment Plans. He stated that they had implemented a Community Development Indicators Initiative and coordinated the development of an Infill and Reinvestment Policy. He noted that FY 2010 Initiatives included evaluating progress within Initial Focus Areas and the selection of new Reinvestment Plan Areas. He added that they would confirm existing goals and establish new goals for future years of the Plan.

Mr. Broadnax spoke of the benefits of the Infill and Reinvestment Policy that include placing vacant properties back into productive use and more efficient use of existing infrastructure. He reported that key principles for implementation were to establish a comprehensive reinvestment plan and concentrate efforts in targeted areas. He stated that the four target areas included: 1) Westside Development Corporation; 2) Fort Sam Houston Growth Management Plan; 3) Arts and Entertainment District; and 4) CRAG Area. He provided a list of incentives and resource priorities to include fee waivers and grants. He noted that the next step was to adopt an Infill and Reinvestment Policy that establishes target areas and an interdepartmental oversight body and structure. Lastly, he outlined the FY 2010 Initiatives that included the establishment of a Historic Preservation Loan/Grant Program and a Targeted Neighborhood Enhancement Program.

Councilmember Taylor spoke of coordinating city resources and emphasized the importance of utilizing them for effective reinvestment plans. Mr. Broadnax stated that staff would update the Consolidated Plan and the City Council would recommend prioritization of funds and provide direction regarding reinvestment areas. Councilmember Taylor requested that staff utilize current incentives and prioritize the availability of incentives toward targeted areas. She encouraged staff to partner with the school districts and expressed concern with the schools closing due to a lack of investment. She asked of the length of time that an area was designated as a reinvestment area. Patrick Howard stated that there was no specific timeframe and depended on the scope of the reinvestment plan. Councilmember Taylor suggested that staff take a strategic approach to affordable housing and include mixed income communities.

Councilmember Clamp asked of the process for tax waivers for vacant properties and areas that are not economically viable. Mr. Broadnax stated that staff had begun the process of reviewing the practice of other cities and would bring forth a recommendation. Councilmember Clamp

asked of projects that work best for revitalizing neighborhoods. Mr. Broadnax noted that there was a myriad of programs available and would utilize whatever worked best for a particular neighborhood. Councilmember Clamp spoke of the importance of capital investment. Mayor Castro asked of the public input that had been received. Mr. Broadnax reported that during the 2007 Strategic Planning Process, citizens expressed concern with the lack of centralization and asked that a plan be established with action steps and performance goals.

Mayor Castro spoke of the need for collaborated efforts and the establishment of a task force to revitalize areas along with CPS Energy, SAWS, VIA, and other spending partners. Mr. Broadnax replied that staff coordinated with community partners and would formalize same. Mayor Castro asked that staff provide information on the neighborhoods that were identified for revitalization. Councilmember Cisneros asked that the TIRZ be included. Ms. Sculley spoke of the need to take a holistic approach to housing and maximizing outcomes through partnerships.

**B. PROPOSED FEES/RATE ADJUSTMENTS**

**C. PROPERTY TAX, SALES TAX, AND CPS REVENUE ANALYSIS**

**D. CITY COUNCIL BUDGET WORKSESSION WRAP-UP AND INITIAL REVIEW OF POTENTIAL AMENDMENTS TO THE FY 2010 PROPOSED BUDGET**

Peter Zaroni presented an overview of the General Fund Revenues by major spending area. He reported that in regard to property taxes, the School Districts and Bexar County Taxing Units represented over 75% of the annual tax bill. He stated that taxable property value for existing properties had declined for the first time since 1993 and that a Property Tax Rate reduction was included in the FY 2010 Proposed Budget. He noted that the City would continue its commitment to provide tax relief to Senior Citizens and Disabled Property Owners and that new legislation would provide a 100% property tax exemption for Disabled Veterans.

Mr. Zaroni provided a 5-Year Sales Tax History and outlined the City's 8.125% Sales Tax allocation. He spoke of the decline in CPS Energy Revenues and the volatility of the CPS Energy payment to the City due to the fluctuating cost of natural gas price. He noted that the City received revenues in the amount of \$200.2 million from other resources that included Municipal Court Fines and payment from SAWS. He stated that major user fees included the EMS Ambulance Service Fee and fees for Licenses and Permits. He reported that a revenue audit had been conducted from November, 2008 to May, 2009 and had recommended that a comprehensive written policy be developed for setting user fees.

Mr. Zaroni spoke of the revenue adjustments that were included in the FY 2010 Proposed Budget, noting that they would generate an additional \$3.59 million. He stated that they were aimed at cost-for-service recovery and would impact those that utilized the service.

CM Williams expressed concern with the increase in Alarm Permit Fees and noted that it penalized citizens for obtaining and installing alarms. Mr. Zaroni stated that the fee would be frozen at \$35 for Senior Citizens and would be increased to \$50 for all others. Councilmember Clamp expressed support for keeping the Alarm Permit Fee at \$35 and asked of an increase in False Alarm Fees. Mr. Zaroni stated that there was no cap on commercial False Alarm Fees but there was a cap on the residential side. Councilmember Clamp requested additional outreach to citizens regarding the fees charged for EMS Services.

Councilmember Ramos asked of the False Alarm Fees. Mr. Zanoni stated that there was a limit of \$50 on a residential False Alarm Fee and the City currently charged \$35 and that there was no limit on the commercial False Alarm Fee. Ms. Sculley stated that the increase was being implemented on a cost recovery basis. Councilmember Ramos expressed concern with the large increase in Animal Surrender Fees and recommended a lower increase. Mr. Zanoni stated that the Animal Care Services Department would work with those individuals that needed assistance. Councilmember Cisneros asked of CPS Revenues for FY 2010. Mr. Zanoni stated that the projection for FY 2010 was decreased by 4.25% from the re-estimate for FY 2009 and that the City had received \$35 million less than projected this year. Councilmember Cisneros asked of the sales tax and CPS variances. Mr. Zanoni stated that the August, 2009 sales tax payment had a favorable variance of \$200,000 while CPS revenue was \$1.7 million greater than expected. Councilmember Cisneros asked of the revenue audit. Mr. Zanoni stated that the City Auditor's Office had conducted the audit and recommended that staff develop a comprehensive written policy for setting usage fees.

Councilmember Williams asked of the new fee for adoption of medium and large animals. Gary Hendel stated that the fee was for the adoption of animals other than cats and dogs. Councilmember Cortez asked of the customer usage fee within the Customer Service/3-1-1 Department. Mr. Zanoni stated that the \$1 fee would be charged to those customers purchasing a service at one of the five Community Link Centers. Councilmember Chan asked of the potential for increasing the Economic Development Incentive Fund. Ms. Sculley stated that staff did not have a recommendation but would review the funds allocated through the CIED Fund. Councilmember Rodriguez asked for additional analysis on the cost of living adjustment (COLA) for City Retirees. Ms. Sculley distributed a memo to the City Council outlining the TMRS Retiree COLA provisions. Councilmember Cisneros requested that staff identify key points of the ordinance regarding COLA for retirees. Mr. Gorzell outlined the features that were currently in place, noting that the City had an annual repeating COLA at a rate of 70% of CPI. He stated that the TMRS Board had gone through a process to change actuarial methodologies which had resulted in a significant impact to contribution rates for cities. Councilmember Clamp also requested additional discussion regarding the Economic Development Incentive Fund.

### ADJOURNMENT

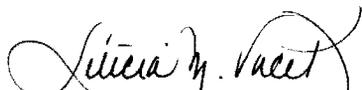
There being no further discussion, Mayor Castro adjourned the meeting at 4:36 pm.

A P P R O V E D



JULIÁN CASTRO  
MAYOR

Attest:



LETICIA M. VACEK  
City Clerk