

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

A SPECIAL MEETING OF THE CITY COUNCIL OF THE CITY OF SAN ANTONIO WAS HELD IN THE THIRD FLOOR CONFERENCE ROOM OF THE INTERNATIONAL CENTER ON TUESDAY, MAY 18, 2010.

The San Antonio City Council convened in a Special City Council Meeting at 8:30 am, Tuesday, May 18, 2010, in the Third Floor Conference Room of the International Center. City Clerk, Leticia M. Vacek noted a quorum of the Council with the following present: Cisneros, Taylor, Ramos, Cortez, Medina, Lopez, Rodriguez, Williams, Chan, Clamp, and Mayor Castro.

1. CITY COUNCIL FY 2011 MAJOR POLICY AND BUDGET GOAL SETTING WORKSESSION, ADDRESSING CITY SERVICE PRIORITIES AND FINANCIAL POLICIES FOR THE FY 2011 PROPOSED BALANCED BUDGET AND THE FY 2012 BUDGET-PLAN, TO INCLUDE POSSIBLE ACTION ON MATTERS PRESENTED AND DISCUSSED.

Mayor Castro welcomed all to the work session and stated that this was the beginning of making choices and setting priorities. City Manager Sheryl Sculley stated that the session would help set budget priorities and reach Council Consensus. She introduced Dr. Elliott Stephenson who would facilitate the session. Dr. Stephenson stated that he was pleased with the opportunity to facilitate the session and that the focus today would be guidance. He noted that they would build on the work that has already been done and provide clarity. He added that this was not the last opportunity to provide input and direction on the budget.

Dr. Steve Nivin provided an overview of the national and local economies. He noted that corporate profits increased in the fourth quarter of 2009 and that consumption expenditures have slightly increased in the first quarter of 2010. He stated that there had been a sharp decline in commercial lending activity since 2007 and that the US Unemployment Rate had increased to 9.9% in April 2010. He mentioned that San Antonio has an unemployment rate of 7.5% and is very favorable compared to other areas throughout the nation. He reported that the Texas Business Cycle Index has increased for the past three months and that the Texas and Metro economies are showing signs of recovery. He spoke of the House Price Index and noted that the listings growth is moving into positive territory indicating a recovering housing market. He stated that home sales are showing some improvement in growth and that the decline in permits may be reaching a bottom. He added that San Antonio's economy is in recovery, although it may not be as robust as other times coming out of recession. He also mentioned that consumer spending was returning and that there was a need for more business lending.

Councilmember Lopez asked why we did not experience the housing bubble in Texas. Mr. Nivin replied that San Antonio was on the verge but the timing was good. He spoke of the investors from California that purchased numerous properties site unseen. Councilmember Lopez asked if Texas' success was due to investment in the community and approval of bond issues. Mr. Nivin replied that San Antonio had created a business climate that is supportive of activity and growth and includes institutional investment. He noted that tourism was key to San Antonio's economy and played a large role in avoiding the recession and effects. Councilmember Rodriguez asked of Slide 11 regarding

employment growth and noted that Austin and Houston were steadily climbing. Mr. Nivin replied that there was an upward trend for all communities and that Austin fared well due to its strong educational base and IT Industry. He noted that Austin and Dallas had a great entrepreneurial environment and were national leaders in this area.

Councilmember Chan asked of the unemployment rate and if it included the jobs lost and created. Mr. Nivin stated that it includes the total level of employment divided by all included in the labor force. He noted that individuals would have to be actively looking for a job. Councilmember Chan spoke of the many jobs created with support from the City Council and asked if the net gain of jobs was accounted for in the unemployment rate. Mr. Nivin stated that he was not sure and that there was a lag time for new jobs with companies locating in San Antonio. Councilmember Chan noted that she was discouraged that the unemployment rate is so high seeing that many jobs have been created. Mr. Nivin stated that he would review the data and added that San Antonio was doing well compared to the rest of the nation.

Councilmember Clamp asked of lending practices. Mr. Nivin reported that institutions have tightened up and that there were many housing loans sitting on the books. He noted that there was some indication that they were loosening up but have not yet seen the impact. He added that the housing market has been completely restructured. Councilmember Ramos referenced the 3.2% consumption expenditures increase and asked of San Antonio's sales tax revenue. Ms. Sculley replied that San Antonio had experienced a sales tax revenue decrease for the past 16 consecutive months. Maria Villagomez reported that compared to the same month in 2009, there was an increase of 6%.

Ms. Villagomez presented a recap of the Five Year Financial Forecast and reported that revenues were less than projected but overall favorable due to CPS Energy Revenues. She stated that the FY 2011 Budget Forecast has challenges due to lower than projected revenue for property and sales taxes. She reported that the ending balance for FY 2011 totaled \$12.4 million. She outlined the following items that were not included in the FY 2011 Proposed Budget: 1) Employee Compensation scenarios that included a 2% Cost of Living Adjustment for civilian employees and 2) List of requests for additional spending. She added that the financial position for FY 2011 is positive if services are maintained at current levels.

Councilmember Chan asked of the \$9.6 million additional spending for Street Maintenance. Ms. Villagomez replied that the additional funds would be necessary to match the FY 2008 level of \$60.7 million and was not currently budgeted. Councilmember Chan asked of the Economic Incentives for Lank Bank and Fee Waivers. Ms. Villagomez responded that the reduction in revenue would have an impact of \$5-10 million to the budget. Councilmember Lopez confirmed that the projected ending balance of \$12.4 million did not include the Reserve Fund and asked of the balance of the Fund. Ms. Villagomez stated that the current balance was \$79 million. Councilmember Clamp asked if revenue projections for FY 2011 included the SAWS fee increases. Ms. Villagomez stated that fee increases were not included. Councilmember Clamp asked of the Step Pay Plan. Ms. Sculley stated that it was designed for implementation over multiple years and the \$2.56 million reflects the cost for FY 2011. She noted that the plan was scheduled for completion in FY 2013. Ms. Sculley further explained that it had been implemented for civilian employees to attract and retain employees. She added that in terms of health care, the city was covering 83% and employees were responsible for 17%.

Councilmember Clamp confirmed that the items listed on Slides 4, 5 and 6 were additional expenditures and asked of the \$921 million in FY 2011 Expenditures. Ms. Villagomez stated that the

projection was based on the current cost of services and mandates, and also factors the completion of capital projects. Councilmember Clamp asked if there was opportunity for reductions. Ms. Sculley replied that staff was continuously looking for improvements and spoke of the comprehensive budget reviews that had been conducted.

Councilmember Williams expressed concern with not providing a cost of living adjustment for city employees and asked that staff identify efficiencies to fund same. He suggested that savings due to eliminated positions be used to reward good workers so that they do not leave employment. Councilmember Ramos requested a comparison of the salaries and benefits of CPS Energy and SAWS Employees. She asked of the Reserve Fund and the current percentage. Ms. Sculley stated that it equated to 9% and recommended that it be maintained at 9% for FY 2011. Councilmember Ramos requested a historical perspective on the number of city employees over the past five years. Councilmember Cisneros asked of the total ARRA Funding received. Ms. Villagomez stated that \$118 million over three years had been awarded to the city. Mr. Zanoni noted that the city planned to spend \$54 million by September 30, 2010. He added that it was not mandated but part of the city's spending plan.

Councilmember Cisneros requested information on the departments pending ARRA grant notification and asked of the Tobacco Prevention and Control Grant. Dr. Alsip replied that it was a four-year State Grant from the Department of Health and Human Services that would be used to collect data on those that are at highest risk for starting to smoke. Councilmember Cisneros requested a breakdown of the budget and asked of the Obesity Prevention Grant. Dr. Alsip stated that it was an 18-month State Grant looking at nutrition improvement and focused in the Harlandale School Area in Districts 3, 4, and 5. Councilmember Cisneros requested a meeting with the Health Department.

Councilmember Chan asked of the hiring freeze and if the positions are included in the budget. Ms. Villagomez stated that the city is currently in a hiring chill and that the positions are funded in the budget at the beginning of the Fiscal Year. She noted that the savings help with the current year budget. Councilmember Chan asked of the number of civilian vacancies. Elizabeth Braune stated that there were less than 200 positions vacant. Ms. Sculley noted that some positions were held vacant for savings and others were due to turnover. Councilmember Chan asked that staff review vacancies for permanent reduction and asked of the percentage of turnover and the amount of savings due to vacancies. Ms. Villagomez replied that it varied by department.

Councilmember Cortez asked of the ending balance of \$12.4 million. Ms. Villagomez stated that it was the projection for the end of FY 2011 and that \$72.5 million was projected as the ending balance for FY 2010. Councilmember Cortez confirmed that higher revenues would affect the beginning balance and asked of the interest on the Reserve Fund. Ms. Villagomez noted that it was budgeted within the General Fund Revenues. Councilmember Cortez asked of the amount of the interest collected. Ms. Villagomez responded that she would provide that information to the City Council. Councilmember Cortez asked of the savings on bond projects. Ms. Sculley stated that the funds must remain within the bond category and could be used to further develop projects or defease debt.

Mayor Castro recessed the meeting at 10:35 am for a break. Mayor Castro reconvened the meeting at 10:47 am.

Ms. Sculley stated that there were three items that needed policy direction: 1) Budget Financial Reserves; 2) Two-Year Balanced Budget; and 3) Property Tax Rate. She noted that the Financial

Reserves would increase the City's credit worthiness resulting in stronger credit ratings and lower interest costs. She mentioned that the Reserves had been held at 9% in FY 2009 and FY 2010, and recommended 9% for FY 2011. She reported that the General Obligation Ratings were recalibrated by Moody's and Fitch that the City of San Antonio was one of the few major US Cities to be rated 'AAA' by all three rating agencies. She recommended that the two-year balanced approach continue but not strictly adhered to, noting the need for flexibility. She reported that the City Property Tax Rate had not been increased in 17 years and has decreased six times during that period. She stated that FY 2010 was the third year that the City Property Tax Rate had decreased and that based on preliminary property value estimates, the City will collect less revenue in FY 2011 compared to FY 2010.

Mayor Castro stated that he was pleased to see the recalibration of 'AAA' bond for the City's General Obligation ratings. He noted that with respect to a strict Two-Year Balanced Budget, it would require drastic cuts that were not necessary at this time. He expressed support for keeping the Reserve Fund at 9% and maintaining the current Property Tax Rate. Councilmember Rodriguez asked of the Property Tax Rate percent. Ms. Villagomez stated that every one cent equates to \$7 million in revenue. Councilmember Rodriguez stated that the responsible thing to do is to maintain the current Property Tax Rate. He added that he was pleased with the 'AAA' Bond Rating, noting that there would be a large savings on interest. Councilmember Lopez asked of Property Tax Rate compared to the Effective Tax Rate. Ms. Sculley stated that in order to generate the same amount of revenue as FY 2010, the tax rate would need to be increased to .846 cents. She noted that the Effective Tax Rate only utilizes the base to generate the same amount of funds. She added that maintaining the rate would generate less funds.

Councilmember Lopez stated that he was inclined not to raise taxes but is open to an increase in the Property Tax Rate. He noted that a Two-Year Balanced Budget would be optimal but understands the drastic cuts that would be necessary and this is not a good time to implement same. He added that he is amenable to maintaining the Reserves at 9% but if there were windfall revenues, he recommended that it be designated for a specific expenditure. Councilmember Williams stated that he would like to see any increase in revenues (CPS Energy) dedicated toward the Reserve Fund. He expressed support for a Two-Year Balanced Budget, noting that it would provide awareness of changes that need to be made. He noted that the current Property Tax Rate should be maintained.

Councilmember Clamp expressed support for maintaining the Financial Reserves at 9%. In regard to a 2-Year Balanced Budget, he asked that staff not get too lax and that it would be good to stay disciplined. He noted that the current Property Tax Rate should be maintained but would be open to the possibility of reducing it. Councilmember Ramos stated that she was in support of maintaining the Financial Reserves at 9% and that she was flexible in regard to the Two-Year Balanced Budget. She asked of the impact to households if the Property Tax Rate was increased to generate the same amount for FY 2011. Ben Gorzell stated that it would impact an average homestead of \$128,000 by \$10.89 annually. Councilmember Ramos confirmed that the city could request a higher percentage payment from SAWS. She asked if the SAWS rate increase had been included in the budget. Mr. Gorzell replied that the increase had not been built into forecast. He noted that the city would collect an additional \$7 million from SAWS if the full 5% was requested. Councilmember Ramos requested the total projected that will be collected from the proposed SAWS rate increase.

Councilmember Medina expressed support for maintaining the Reserve Fund at 9% and the current Property Tax Rate. He stated that he was opposed to the Two-Year Balanced Budget due to the drastic cuts that would be necessary. Councilmember Cisneros recommended maintaining the Property Tax

Rate and the Reserve Fund at 9%. She asked that staff be sensitive to community needs in regard to the Two-Year Balanced Budget. Councilmember Cortez asked of the savings realized in interest due to the 'AAA' bond ratings. Mr. Gorzell replied that they had projected savings of \$8 million but a lot has changed in the market. Councilmember Cortez asked of the impact of a 1% increase or decrease to Reserve Fund. Ms. Sculley stated that it would equate to \$8-9 million. Councilmember Cortez asked of the Two-Year Balanced Budget. Ms. Sculley suggested that there be flexibility. Councilmember Cortez stated that he would support that approach and recommended maintaining the current Property Tax Rate.

Councilmember Chan stated that she was supportive of maintaining the Reserve Fund at 9%. She noted that she understands the challenges associated with a Two-Year Balanced Budget but cautioned staff not to overspend. She added that she was in support of maintaining the current Property Tax Rate. Councilmember Taylor stated that she was also in support of maintaining the Reserve Fund at 9% with the goal that if the outlook is better, it increase to 10%. She noted that she concurred with the flexibility regarding the Two-Year Balanced Budget. She added that in relation to the Property Tax Rate, she would entertain discussion and further analysis to achieve the current Effective Tax Rate but the city is not in a position to decrease the rate at this time.

Ms. Villagomez presented the results of the Ballot of City Services and stated that the City Councilmembers had "Rated City Services and Revenues," as well as "Created Your Budget". She reported the following summary of City Service Results: 9 Services/Programs to Redirect or Maintain Resources; 30 Services/Programs to Maintain Current Level of Resources; 9 Services/Programs to Increase of Maintain Resources; and 5 Services/Programs to Increase Resources. She noted that in the Revenue Category, there had been a consensus to increase fees/fines/rates leveraged to influence outcomes within the community and to maintain the current City Property Tax Rate.

Dr. Stephenson outlined the nine categories in which there was not clarity and requested direction on how to proceed. Councilmember Cortez asked of the cost savings on health clinics due to the consolidation with Bexar County. Ms. Villagomez replied that when the clinics were transferred, the Health Department Budget was reduced. Dr. Alsip noted that their budget included \$4.2 million for clinical services which leverages \$5.7 million in grants and would pursue opportunities to transition additional clinical services to Bexar County. Councilmember Cortez stated that he was in support of reducing/redirecting funding in that category. Councilmember Cortez asked of the Education and Workforce Development Agency Funding. Ms. Sculley replied that the majority of the funding was provided to Project Quest. Councilmember Cortez expressed support for maintaining the funding in that category. He asked of the budget for Alley Maintenance. Ms. Villagomez stated that \$2 million was budgeted. Majed Al Ghafry stated that the funds were allocated city-wide. Councilmember Cortez noted that he was in support of maintaining the Alley Maintenance Budget.

Councilmember Ramos spoke of the increase in fees and noted that she understood the need for higher education. She stated that the delegate agencies within the Education and Workforce Development category had been made aware of the possible 10% budget cuts and asked that the budget be maintained or reduced. She recommended that funding within the Housing Programs be maintained or conditionally increased. Councilmember Williams stated that there was not a need to spend a great amount on Adult Athletic Recreation Programs. He expressed concern that funding for Project Quest had not been reduced since they had received State Funds. He noted that there were many grants available for Housing Programs and would recommend moving the funds allocated for those programs out of the General Fund.

Councilmember Rodriguez asked of the funding reduced last year for the Adult Athletic Recreation Programs. Xavier Urrutia reported that they had reduced softball, basketball and kickball leagues, and had also increased the fees for participation. Councilmember Rodriguez stated that he would support a reduction within the Adult Athletic Recreation Programs. He asked of the funding for Environmental Policy Initiatives. Laurence Doxsey reported that \$140,000 was allocated from the General Fund for operational costs for the Office of Environmental Policy. He noted that they had received \$35 million worth of grants. Ms. Sculley added that it was a combination item and would add temporary positions to manage the grant funds. Councilmember Rodriguez stated that he was in support of maintaining the current funding for Environmental Policy Initiatives. With respect to Alley Maintenance, he stated that he was supportive of maintaining the current funding but understood that increasing could be necessary due to the lack of attention in the past. He recommended that the funding for the Social Service/Delegate Agencies be maintained. He requested a breakdown of clinical services and asked of the Bienestar Program. Dr. Alsip stated that the Bienestar Program was funded by the General Fund and the \$1 million noted on Slide 11 leveraged \$35 million in grant funding.

Councilmember Taylor stated that she would support reducing or eliminating the Adult Athletic Recreation Program and asked of the Arts and Crafts Program. Mr. Urrutia replied that they were included and that those services were provided to seniors. Councilmember Taylor requested maintaining the Arts and Crafts services provided at Senior Centers. She expressed support for maintaining funding for the Social Services Agencies due to the challenging economic conditions. She spoke in support of strengthening the partnership with Bexar County for Clinical Services in an effort to reduce and redirect in the future. She stated that Project Quest should develop a plan to provide more matching funds and receive the majority of their funding from other sources. She stated that it was important to maintain resources related to Health Education and Prevention Programs due to their vast economic impact to the city. She suggested that a strategic use and program effectiveness be developed for Housing Funds. She noted that the Federal Funds that the city receives have criteria and requirements and limit the amount of people that can be served. She asked that General Fund resources be conditionally increased in this category. She noted that the city should be a leader in the categories of Green Jobs and Environmental Policy Initiatives.

Councilmember Cisneros requested that funding be maintained for Adult Athletic Recreation Programs and for the Social Service/Delegate Agencies and requested additional discussion regarding same. She stated that there were sufficient health grants for Clinical Services and suggested that staff partner with others including Bexar County. She noted that Project Quest has worked very hard in the Westside and recommended maintaining that funding. She asked that funds for the Health Education and Prevention Programs also be maintained and requested support for the Bienestar Program. She stated that she was supportive of Housing Programs and spoke of the importance of Inner City Revitalization. She noted that there should be more programs to help the community and would like to reanalyze all of the Housing Programs to possibly increase in the future. She spoke of the importance of funding within the Environmental Policy Initiatives/Green Jobs category to support the goals of Mission Verde.

Councilmember Medina asked of the Adult Athletic Recreation Programs. Mr. Urrutia stated that they included softball, tennis, and aquatics, as well as Senior Programs. Councilmember Medina asked of the sites that offered Senior Programs. Mr. Urrutia replied that they were provided at Granados, Lion's Field and Commander's House. Councilmember Medina stated that he was open to reducing athletic leagues but does not recommend any reduction to the swimming program for Seniors at the Natatorium. He noted that he was interested in adding Arts and Crafts Classes at the Palm Heights

Center. He asked of the city's role in Teen Pregnancy Prevention. Dr. Alsip stated that they operated Project Worth and also partnered with agencies in the community on teen pregnancy issues. He mentioned that staff had identified grant opportunities to assist in this effort. Councilmember Medina expressed support for maintaining funding for Health Education and Prevention Programs and Housing Programs.

Councilmember Lopez asked of the Adult Recreation Leagues. Mr. Urrutia replied that those activities with the least participation had been reduced and could review the possibility of increasing fees. Councilmember Lopez asked of Alley Maintenance. Mr. Al-Ghafry stated that prior to implementation of the program, there was no work being performed in alleys. He noted that they had provided minimal cleaning. Councilmember Lopez recommended reducing and redirecting funds for alley maintenance and directing them to creekways. He asked of the work of Downtown Operations. Ms. Sculley stated that the city has always maintained downtown but now have a department dedicated to Downtown. Councilmember Lopez stated that he recognized the importance of Downtown but would support the reduction of funds within Downtown Operations and possibly redirect to Code Compliance.

Councilmember Chan asked if staff was clear on the direction of the City Council. Ms. Sculley replied that the comments were valuable and that although everyone did not agree; she understands the perspectives. Councilmember Chan requested the funding on the Adult Recreation Program and each of the programs being discussed. She asked of the programs where the most money is allocated. Ms. Villagomez noted that the Adult Recreation Program Budget was approximately \$2.7 million. Councilmember Chan stated that she would like to see as much consolidation as possible and that all job creation should be streamlined with economic development. Ms. Sculley mentioned that they were not rating based on departments but on policy area. Councilmember Ramos stated that the cost for Adult Athletic Recreation Services should pay for itself. She expressed support for increasing the funding for alley maintenance by utilizing savings in the Solid Waste Fund. Councilmember Clamp expressed support for Alley Maintenance.

RECESSED

Mayor Pro Tem Clamp recessed the meeting at 12:28 pm to break for lunch and noted that the meeting would resume at 1:15 pm.

RECONVENED

Mayor Pro Tem Clamp reconvened the meeting at 1:25 pm.

Dr. Stephenson spoke of the results of the "Create Your Budget" Exercise and referenced Slide 7. He reported that the three areas indicating that Resource Levels should be increased were: Police Protection/Public Safety, Fire Protection/Emergency Medical Services (EMS), and Infrastructure Management. He noted that five areas were identified for potential reduction and three areas were recommended to maintain funding.

Councilmember Ramos stated that the results were somewhat confusing because in the previous exercise, there were many programs within Quality of Life that were recommended to maintain funding yet this showed an 18.3% decrease in the Quality of Life Category. Ms. Villagomez replied that the first exercise was to give indication of specific programs within categories and that this

exercise would give staff direction regarding potential cuts within the FY 2011 Proposed Budget. Councilmember Ramos expressed concern with the 18.3% decrease in the Quality of Life Category. Councilmember Lopez asked if the results were averaged. Ms. Villagomez confirmed that they were. Councilmember Lopez expressed concern with the individuals on opposite sides of the spectrum and used the example of Infrastructure Management. Councilmember Cisneros asked for support from the City Council in regard to a future bond program. Councilmember Medina expressed support for a future bond program and stated that there was a need to maintain and increase funding for street maintenance and infrastructure improvements.

Dr. Stephenson noted that the results for the Number of Police Officers for Neighborhood Patrol and Street Maintenance categories indicated an increase in funding. Councilmember Cisneros asked of the Stimulus Funds for Police Officers. Ms. Sculley confirmed that those Officers were being utilized for community policing. She noted that the first 25 were assigned to the Eastside and the other 25 would be graduating from the academy at the end of the month. Councilmember Cortez stated that his top priorities were Public Safety and Street Maintenance. Councilmember Clamp confirmed that the ballot results indicated that the Council was in support of adding Police Officers. He stated that he would like to see additional funds allocated to Infrastructure and Public Safety with more Police Officers assigned to the SAFFE Program. Councilmember Taylor stated that she would also like to discuss the possibility of a future bond program so that funds could be allocated toward other programs. Ms. Sculley stated that bonds have been typically utilized for capital street projects rather than operations and that there should also be on-going maintenance.

Councilmember Ramos stated that the Infrastructure Management Program (IMP) addressed issues with smaller neighborhood streets and asked if curbs and sidewalks were included. Ms. Sculley confirmed that they were. Councilmember Ramos concurred with the priority of Public Safety and Street Maintenance. She added that a future bond program would likely address issues in the FY 2012 Budget. Mayor Castro stated that there did not need to be drastic changes in regard to social services. He noted that departments had been conservative in hiring and spending but does not want to be too cautious so that good spending is lost. He requested an analysis of those programs funded by Stimulus Funds. He mentioned that basic services are very important but would like to see a greater investment in education. He spoke of the need to invest in brain power and an educated workforce.

Dr. Stephenson referenced Slide 21 in regard to increasing or maintaining resource levels. Councilmember Cortez stated that funds for Graffiti Prevention Programs should be maintained or increased due to the city wide issues. He asked of the increase in Police Officers for neighborhood patrol and community policing or property crimes. Erik Walsh noted that these funds were geared toward Police Officers to conduct investigations and not Patrol Officers. Councilmember Cortez stated that he was in support of maintaining funds within that category, as well as the funding for Aggressive Code Enforcement. He spoke of the need to maintain or increase Animal Care Services and Programs with a balance between picking up strays and providing spay/neuter services. He recommended increasing funds for Fire Fighting Services and maintaining funds for Sidewalk Maintenance. He spoke of the need to increase funds for Senior Services reducing or redirecting funds for Code Compliance Enforcement. Lastly, he added that Economic Development should be increased or conditionally increased at a minimum.

Councilmember Clamp asked of Sidewalk Maintenance. Mr. Al-Ghafry replied that it was part of the IMP and that a citywide priority list had been identified. Councilmember Cisneros expressed her support for maintaining funds for Graffiti Prevention Programs, Investigative Police Officers, and

Aggressive Code Enforcement. She asked that staff continue to solicit grants. She noted that animal care is a big issue in many districts and requested another mobile animal care unit to provide spay/neuter services throughout the community. She stated that if there were reductions in the number of senior nutrition sites, there would likely be a challenge with transportation. She mentioned that job creation required funding and asked that the Councilmembers be open and supportive of the Incentive Fund. She commended Mayor Castro for his focus on bringing jobs to San Antonio.

Councilmember Taylor spoke in support of maintaining funding for Graffiti Prevention Programs and Investigative Police Officers. She asked that funds for Code Compliance and Animal Care Services be maintained or conditionally increased. She expressed support for maintaining funds for Fire Fighting Services, Sidewalk Maintenance, and Senior Services. She asked that staff continue to review the senior transportation issue and noted that it could possibly be provided by community partners. She added that it was important to maintain or increase the Economic Development Incentive Fund. Councilmember Chan requested that additional resources be allocated to the Economic Development Incentive Fund due to the importance of attracting economic development and businesses to San Antonio.

Councilmember Ramos stated that she was in support of increasing Animal Care Services for public health and safety purposes and recommended that a volunteer program similar to Volunteers in Policing be implemented to support the efforts. She stated that she would like to conditionally increase funding for Aggressive Code Compliance to address issues with illegal dumping and increase funding for Code Compliance Enforcement. She noted that she understood the importance of the Economic Development Incentive Fund and noted the merger with ACCION Texas. Ms. Sculley added that the merger was implemented for efficiency purposes. Councilmember Chan confirmed that the city was transferring a specific fund to ACCION Texas but there were no General Funds transferred. Councilmember Ramos asked of the amount of the Incentive Fund. Ms. Sculley replied that \$2 million had been allocated his year and \$4 million was allocated the previous year. Councilmember Ramos asked of the number of jobs that had been created with the \$6 million allocated over the past two years. She stated that she would support increasing the fund if additional funds were identified.

Councilmember Chan spoke in support of economic development and stated that it was important for the city to continue to have a healthy tax base. Councilmember Ramos stated that she was in support of funding for Library Services due to the great need in District 3. Councilmember Medina spoke in support of increasing funds for Graffiti Programs and asked of the annual allocation and employees dedicated to same. Ms. Villagomez reported that the budget was \$848,000 and funded 15 employees. Councilmember Medina asked of the square footage abated annually. David Garza stated that 3 million square feet has been abated and had been accomplished due to community partnerships. He spoke of the partnership with Union Pacific. Councilmember Medina asked how an increase to funds for Animal Care Services would be utilized. Ms. Sculley replied that it would be utilized for spay/neuter services and education and did not recommend adding staff. Councilmember Medina stated that he was in support of an increase for Animal Care Services and maintaining or increasing the current funding level for senior services.

Dr. Stephenson stated that the next group of categories that would be discussed would be those that had not been previously funded.

Councilmember Lopez expressed support for funding the VIA Street Car Project but noted that there was a need to address transportation issues throughout the city. He added that the increase in funding

for transportation should be in the form of a Master Plan and should be coordinated with Bexar County and the Metropolitan Planning Organization (MPO). Councilmember Williams stated that there was much work to be done in regard to developing downtown and expressed concern that the area was not accessible. He noted that the last mile problem should be addressed and that while the Street Car Project is a potential solution, there should also be development of the 2-3 mile Development Zone. He spoke in support of the creation of economic centers on the East and West sides of the city.

Councilmember Taylor expressed that it was difficult to make budget decisions on these slides since they were not presented in an overall context of the direction of the city. She noted that it would be easier to make decisions if there was a vision for the city. She noted that a Master Plan for the city had been adopted in 1997. She asked of VIA's plan to develop both the North/South and East/West Routes together and if so, the city should make decisions based on that plan. She agreed with making downtown more accessible and that the area should be embraced by the entire city. She stated that a Land Bank could be a useful tool but need to identify how to get there. She spoke of the need to invest without having to invest a lot of funds and that it was more important to ensure funding for inner city reinvestment than a contingency fund.

Councilmember Cisneros spoke of the importance of downtown to the entire city and expressed concern with air quality and non-attainment issues. Ms. Sculley stated that all indications are that Federal non-attainment standards will be lowered and that non-attainment applies to both the public and private sectors. Councilmember Cisneros stated that the Land Bank was important even if it was implemented on a small scale. She expressed support for creating a contingency fund to address the issue of a quiet zone, specifically in the area surrounding the Haven for Hope Campus. Councilmember Clamp stated that there was a real opportunity to engage in a new dialogue with VIA to create economic centers even without the Street Car System and to establish long-term transportation goals. He asked of the Land Bank concept. Mr. DiGiovanni explained that the Land Bank was part of the Inner City Revitalization Policy that was recently adopted by the City Council. That policy would allow existing or new entities to acquire and dispose of abandoned buildings and land to increase opportunities for Infill Development. Councilmember Clamp stated that he was open to the idea of the creation of a Land Bank and opportunities to work with VIA.

Councilmember Medina stated that he was in support of a small amount of contingency funding. He spoke of the issue of railroad crossings and the quiet zones that are needed. He added that addressing quiet zone issues would improve the quality of life. Councilmember Chan stated that the funding for targeted city incentives on Slide 37 could be included within the Economic Development Incentive Fund. She asked of the inner city economic development strategies referenced on Slide 38. Mr. DiGiovanni replied that there was a significant housing gap for the development community in regard to commercial and residential development in the Downtown Area. Ms. Sculley noted that several Councilmembers had requested that there be a focus on inner city development. Councilmember Taylor expressed support for keeping incentives for Inner City separate.

Councilmember Ramos stated that she would like for a percentage of Community Development Block Grant (CDBG) Funds to be allocated toward Inner City Development. Mayor Castro stated that there had not been any decisions made regarding the Street Car System but was hopeful that it would move forward. He expressed support for the creation of a Land Bank to accomplish small business development. He mentioned that it makes sense to distinguish Inner City Development from other economic development due to the lack of investment in the area. He added that it was important to

ensure that the urban core of the city is protected. Lastly, he thanked the staff for their work and noted that it would be a busy budget season.

ADJOURNMENT

There being no further discussion, Mayor Castro adjourned the meeting at 3:03 pm.

APPROVED



**JULIÁN CASTRO
MAYOR**

Attest:



LETICIA M. VACEK, TRMC/CMC
City Clerk