

**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 30, 2011.

The San Antonio City Council convened in a Budget Work Session at 2:00 pm Tuesday, **August 30, 2011**, Municipal Plaza Building, with the following Councilmembers present: Bernal, Taylor, Ramos, Saldaña, D. Medina, Lopez, C. Medina, Williams, Chan, Soules, and Mayor Castro.

1. STAFF PRESENTATION ON THE FY 2012 PROPOSED BUDGET FOCUSING ON, BUT NOT LIMITED TO, THE FOLLOWING:

A. ECONOMIC DEVELOPMENT

Rene Dominguez stated that the Economic Development Department's FY 2012 Proposed Budget included funding from the General Fund and Restricted Revenue Funds. He provided the Council with funding and personnel allocations authorized by the FY 2012 Proposed Budget.

Mr. Dominguez stated that the Department's FY 2012 operational goals included implementing the final components of a three-phased reorganization process focusing on the department's core functions. Operational goals include management of a collaborative contract with the Economic Development Foundation (EDF) to recruit and retain/expand businesses and market San Antonio. He mentioned that the Economic Development Department also collaborated and monitored contracts with partner organizations and workforce delegate agencies. It was noted that the implementation of the 2010 SBEDA Ordinance; that went into effect January 1, 2011, also remained an operational goal for the Department.

In regards to funding allocations, Mr. Dominguez noted that the Economic Development Department's FY 2012 Budget included allocating \$4,000,000 to the Economic Development Incentive Fund. He stated that said funding allowed the Department to attract, expand and retain business, create new jobs, and stimulate development and investment across the City.

Mayor Castro thanked the Economic Development Staff for their hard work and for aligning departmental goals with the SA 2020 Initiative. He asked of the collaboration with the Economic Development Foundation (EDF). Mr. Dominguez replied that EDF had met all goals except for the goals associated with the Business Retention Expansion Program. He noted that Departmental recruitment efforts focused on pursuing companies within the identified SA 2020 core industries that offered competitive wages. Assistant City Manager A.J. Rodriguez added that the FY 2012 Action Plan incorporated SA 2020 goals. Mayor Castro asked of the Centralized Vendor Registry. Mr. Dominguez replied that over 1,500 businesses had enrolled in the program and that staff was collaborating with the Hispanic Chamber of Commerce to outreach to businesses.

Mayor Castro requested a status on Project Quest. Mr. Dominguez noted that he had been meeting with Project Quest Representatives and would be developing a work group to evaluate its Plan of Action. As it relates to Economic Development Resources in recruiting business to the area, Mr.

Dominguez stated that the City's strength was collaborating with community partners to recruit businesses. Ms. Sculley added that staff was continuing to develop the City's relationship with EDF in order to attract companies in the fields of Cyber Security, BioMedical, Energy, and Financial Services. Mr. Rodriguez highlighted improvements made to the Incentive Program and noted that the City targeted industries offering a minimum job salary of \$85,000. He noted that goals were to enhance communication with partners and to evaluate retention efforts.

Councilmember Williams asked of the City's partnership with the EDF. Mr. Dominguez replied that EDF was the marketing arm of the Economic Development Department and that the organization collaborated with the City to recruit companies to the area. As part of the collaboration, the City provides technical assistance through Development Services. Councilmember Williams voiced his concern with there not being one identified lead entity in said collaboration. Ms. Sculley clarified that EDF was the lead agency with other entities providing support services. Councilmember Williams requested that EDF enhance recruitment efforts in the Manufacturing Sector even if companies pay less than \$85,000 annually.

Ms. Sculley stated that she would provide the City Council with a list of individuals that serve on the Task Force as it relates to recruiting companies. As for the South Texas Research Facility, Councilmember Williams requested data on the number of companies recruited and funds expended. It was noted that the Investment Review Committee was responsible for the monitoring of said and that the agreement required submission of an annual report. Councilmember Williams expressed his concern with the City requiring a lower matching fund rate for Project Quest and noted that he would propose a 50/50 funding match for Project Quest.

Councilmember Chan thanked staff for their work and noted the difficulty in establishing one lead agency when recruiting businesses. She spoke of the need to increase job opportunities for all industries, lower unemployment rates, and increase the median income. It was noted that strategies needed to be developed as resources were limited. Mr. Dominguez provided an example of the importance manufacturing played locally. In regards to the China Strategic Plan, Councilmember Chan noted that the China Advisory Sub-committee had provided staff with great feedback and recommendations. She continued by highlighting some recommendations and events scheduled for later this year. Mr. Dominguez mentioned that the Department's Strategic Plan for increasing International Business Relations as well as Tourism and Cultural Exchanges had been aligned with the Sub-committee's recommendations.

Ms. Sculley added that the Economic Development Department was scheduled to present its Plan of Action regarding International Business Relations at a "B" Session. She highlighted efforts made to increase the manufacturing industry.

Councilmember Saldaña referenced back-up material provided and asked for clarification regarding funding allocations for the SBEDA Unit. Mr. Dominguez stated that said unit was funded via the Operating Budget.

Councilmember D. Medina expressed support for Project Quest and highlighted the positive impact to District 5 Residents. Regarding PETCO, he asked of the required job salary of \$85,000. Mr. Rodriguez explained that the PETCO contractual agreement required the company to pay employees within identified salary ranges and that this was the first time the City required higher

salary ranges. He stated that in the past the City required companies to pay employees a Living Wage. Mr. Dominguez added that the City's Tax Abatement Guidelines require that all employees receive a Living Wage of \$10.75 per hour with 70% of employees receiving \$13.70 per hour after the first year of employment. Mr. Rodriguez added that the City welcomed all jobs to the community and noted that recruitment methods varied for each industry. Councilmember D. Medina referenced the Small Business Resource Guide and requested that EDD make available the brochure at the Community Link Center located at Las Palmas.

B. CENTER CITY DEVELOPMENT

Pat DiGiovanni noted that the Proposed Budget for the Center City Development Office (CCDO) included funding from the General Fund and Federal Grants. He provided the Council with funding and personnel allocations authorized by the FY 2012 Proposed Budget.

Mr. DiGiovanni stated that CCDO's mission was to facilitate development and redevelopment of neighborhoods, businesses, and cultural resources in the Inner City/Reinvestment/Infill Policy Area (ICRIP) which allowed CCDO to foster thriving neighborhoods, including downtown.

In regards to the Department's FY 2012 operational goals, Mr. DiGiovanni noted that goals included implementing an awareness campaign of CCDO as well as the increasing reinvestment and redevelopment, facilitating increased redevelopment through public/private partnerships, and expanding mechanisms to support reinvestment. He mentioned that the FY 2012 Proposed Budget included resources supporting Inner City economic development incentives. It was noted that said incentives would encourage economic development projects, especially in the downtown area.

Mr. DiGiovanni highlighted the following CCDO service enhancements:

- Adds resources for a Brownfields Program to identify and inventory brownfield sites within San Antonio as well as assisting in clean up, enforcement, and redevelopment efforts that support commercial and residential uses.
- Adds a Special Projects Manager and other professional services for the Mission Drive-In Redevelopment.

Lastly, Mr. DiGiovanni noted that the Center City Development's FY 2012 Proposed Budget incorporated efficiencies/reductions totaling \$300,000. He stated that said efficiencies were a result of reducing fees to professional contactors.

Mayor Castro stated that he was pleased with the progress made to revitalize the urban core of the city and highlighted public and private investments made.

Councilmember Bernal expressed support for the First Time Homebuyer Program referenced on Slide 30. He asked of the City's partnership with the San Antonio Housing Trust Foundation. John Kenny, Executive Director of the San Antonio Housing Trust Foundation, replied that the organization worked closely with the City on programs like "OUR SA" and other programs managed by Development Services. Councilmember Bernal referenced Slide 16 and asked about the various phases of the "OUR SA" Program. Mr. DiGiovanni replied that staff was working on developing incentives which would attract builders and homeowners. Ms. Sculley spoke on the Plan of Action in acquiring and developing properties and the goals to be achieved. Councilmember Bernal asked if the City planned on purchasing all vacant lots before starting construction or planned on building as lots were purchased. Mr. DiGiovanni replied that it would

depend on various factors and that staff would have to gauge next steps based on the progress made. It was noted that the intent was to develop the area once several properties were purchased. Ms. Sculley added that they did not want to drive up prices by purchasing several lots at once. Councilmember Bernal asked how the City would determine when to begin developing properties if not all 37 were purchased. Ms. Sculley replied that it was based on the City's Budget. Councilmember Bernal asked of funding for streets and sidewalks. Ms. Sculley stated that infrastructure needs would be funded through Project Funds, NAMP Funds, Bond Funds, Capital Improvement Funds, and any other funds available.

Mayor Castro excused himself for the meeting at this time and Mayor Pro Tem Lopez presided over the meeting.

Mayor Pro Tem Lopez referenced Slide 20 and asked for a timeline for completion of HPARC Projects. Mr. DiGiovanni replied that completion was based on many factors as several entities were involved. Phase I was highlighted and it was noted that completion was expected in early 2014. Andres Andujar stated that there would be some early opportunities that would be brought to City Council for consideration and that the development of the Tower Park would be driven by the FY 2012 Bond Program.

Mayor Pro Tem Lopez referenced the Brownfields Project and asked of the collaboration with the Land Bank. Mr. DiGiovanni highlighted the scope of the Brownfields Project and noted that it could be completed via various avenues. Mayor Pro Tem Lopez referenced Slide 28 and asked of the omission of the Multi-Modal Project. Mr. DiGiovanni stated that the list contained items that the City actively pursued in FY 2011. Ms. Sculley added that the City was performing due diligence on the analysis of VIA Transportation Studies and would provide an update to the City Council after the adoption of the Budget. Mr. DiGiovanni highlighted the Home Ownership Program referenced on Slide 30 and noted that the new program was created to encourage homeownership within the inner city. Mayor Pro Tem Lopez spoke on the various Homeownership Programs available and the resulting benefits.

Councilmember D. Medina thanked staff for focusing on inner city redevelopment and revitalization. He mentioned that traffic and mobility issues would be welcomed by individuals residing in the inner city. Councilmember Medina added that he was glad to see that the City would be implementing the Brownfields Program.

Councilmember Soules stated that he would like to meet with staff on the Land Bank Program. He asked of the status of the Federal Courthouse land swap. Mr. DiGiovanni replied that the city was first in the line to receive federal funding in 2012 for the Project and that City's Federal delegation was conveying the importance of the project. Carlos Contreras expanded on the federal appropriations process and noted that funding could be delayed because of the federal debt ceiling discussions. Mr. DiGiovanni noted that the city was scheduled to vacate and move to the Public Safety Headquarters in 2012.

Councilmember Chan asked of the difference between the Land Bank and Brownfields Program. Mr. DiGiovanni replied that the Land Bank Program was designed to acquire properties within the inner city for revitalization purposes while the Brownfields Program focused on assessing and remedying environmental issues of properties prior to redevelopment. He added that there was not

enough staff within the Land Bank to focus on Brownfields. Ms. Sculley expanded by stating that the Land Bank focused on housing units while the Brownfields Program focused on remediation of industrial and commercial properties.

At the request of Councilmember Chan, Mr. DiGiovanni explained that the Land Bank had a staff composition of eight with two more staff members to be added via the FY 2012 Budget. Maria Villagomez noted that a staff member had been funded out of the CIMS Department in the FY 2011 Budget and would now be funded out of the Center City Budget. Councilmember Chan asked about HemisFair Park Area Redevelopment Corporation (HPARC) staffing. Mr. DiGiovanni replied that HPARC was requesting an additional \$100,000 in the FY 2012 Budget for salaries. He stated that the City did not intend on funding HPARC long-term and that current funding levels were based on performance and operational needs. It was noted that a 10-year Funding Plan would be presented to Council.

Councilmember Saldaña asked about utilization of Land Bank funds. Mr. DiGiovanni replied that approximately \$1.5 million had been expended on acquiring 37 lots, providing incentives, and funding public improvements. Ms. Sculley clarified that the balance of the funds were being carried over from FY 2011 and that \$90,000 was being requested to fund a full-time staff member. Councilmember Saldaña asked about the methodology used to identify properties to be purchased by the Land Bank. Ms. Sculley stated that last year the Council had identified areas and properties meeting ICRIP Guidelines and that the Land Bank Program was a pilot program. Mr. DiGiovanni noted that abandoned flea markets would qualify as a Brownfields Project.

Mayor Pro Tem Lopez spoke on the differences between city and federal requirements for funding of Brownfields Programs. It was stated that land had to be contaminated in order to qualify for funding.

Councilmember Ramos requested a breakdown of the properties by City Council District noted on Slide 7. In regards to the Land Bank Program, she requested additional information on the properties acquired and funding allocations. Mr. DiGiovanni replied that 37 properties had been identified for purchase in Phase I and that ten of these properties were pending contracts. He stated that additional properties would be purchased in FY 2012. Councilmember Ramos asked of the use of the Inner City Incentive Funds denoted on Slide 22. Mr. DiGiovanni replied that the \$3 million would be used to support SA 2020 Housing Initiatives as well as fund public infrastructure improvements and the Public Employee Homeownership Program.

Councilmember C. Medina asked of the collaboration between the Westside Development Corporation and St. Mary's University. Ray Flores confirmed that they were working closely with St. Mary's University and were in the process of identifying the best way to proceed.

C. PLANNING AND COMMUNITY DEVELOPMENT

T.C Broadnax noted that the Planning & Community Development Department was created in FY 2011 to provide a cohesive focus on redevelopment and revitalization by consolidating functions that were located in various City Departments. He highlighted funding and personnel allocations authorized by the FY 2012 Proposed Budget. It was noted that funds totaling \$1.3 million would be carried forward into the FY 2012 Proposed Budget for the Fort Sam Houston Community

Development Office. Mr. Broadnax detailed proposed departmental reductions and mentioned that it would result in a cost savings of \$132,208.

Councilmember Williams recognized Patrick Howard for his military service. He inquired if the City planned on conducting a cost benefit analysis regarding the annexation of City South. Mr. Broadnax replied that the City had not recently conducted said type of study. He mentioned that a previous study indicated that it was not economically beneficial for the City to annex City South. Councilmember Williams spoke of the opportunity for growth on the Southside and requested data and the cost to the City in annexing City South.

Councilmember D. Medina referenced City South and asked about the costs associated with completing the studies denoted in Slide 23. Mr. Broadnax replied that additional funds totaling \$150,000 were necessary due to the size of the City South area to be studied and the extensiveness of the study to be undertaken. Councilmember Medina asked about funding allocations. Mr. Broadnax replied that funds for the completion of the studies would be paid from General Fund monies. Councilmember D. Medina requested clarification on the number of rehabs completed. Mr. Broadnax stated that a total of 7 rehabs were completed in FY 2011. In regards to Community Development Projects, Mr. Broadnax provided the criteria for the selection of Project Areas and explained that cuts in the Departmental Budget did not allow for the completion of Projects. He noted that he would need to get with staff to determine if District 5 Community Development Projects had been identified for completion. Councilmember D. Medina asked of the maximum home price as denoted in the Housing Policy Update. Mr. Broadnax replied that said price was \$115,000 and explained the process for allocating homeowner assistance funding.

Councilmember Taylor spoke of the overlapping roles between the Planning and Community Development Department and the Center City Department in regards to revitalization efforts. She noted that the Fort Sam Houston Community Development Office and City Center were both implementing housing initiatives around Fort Sam Houston. Councilmember Taylor requested that the Departments collaborate and coordinate implementation. As it relates to the City's Comprehensive Plan, Councilmember Taylor requested that components of the Plan be linked together for accessibility purposes. She also requested that planning and budget efforts be aligned in order to ensure the success and effectiveness of revitalization initiatives. Mr. Broadnax stated that the Department already had planned on incorporating Development Initiatives into the Budget. In regards to the Housing Policy Update, she voiced her concern with Program Criteria being established before the identification of Program Goals. Mr. Broadnax noted that the Department would re-evaluate the Program Criteria. Lastly, Councilmember Taylor recommended the inclusion of Housing Initiatives in the FY 2012 Bond Program. She requested that the City utilize limited resources in an effective manner and as a catalyst for continued development.

Councilmember Soules recognized city staff for their work on the Master Plan and noted how it would assist the City in managing growth.

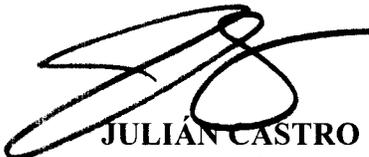
Councilmember Ramos asked of bonding of City-Funded TIFS. Ms. Sculley stated that the City had not previously used bonding, but was available if needed. She highlighted the criteria in using bonding as a funding tool. Ben Gorzell provided examples where the City had issued debt against Projects. He explained the differences between the scenarios as well noted the benefits and weaknesses of each. Councilmember Ramos asked for data on the City's funding capacity.

In regards to City South Management Authority, Councilmember Ramos asked of the role that Bexar County played in funding and with managing the ETJ. Mr. Broadnax replied that no discussions had been initiated with Bexar County but that the intent was to request assistance once studies are completed. Councilmember Ramos spoke on the lack of communication between the City and Bexar County regarding the City South Development and Land Use. Mr. Broadnax stated that stakeholders were informed of the Plan of Action at Board Meetings. Councilmember Ramos expressed concern with the City South Effectiveness Study taking over a year to complete. Carlos Contreras explained that the Effectiveness Study was mandated by the Texas Legislature in the 2011 Legislative Session. It requires the City South Management Board to complete a comprehensive study of the area. Mr. Broadnax mentioned that the City also needed to conduct an Economic Development Strategic Plan for City South. Councilmember Ramos spoke on the development of an Annexation Plan for City South and noted that it was a good time to annex parts of City South. Mr. Broadnax noted that said Plan could be completed separately from the other studies.

AJOURNMENT

There being no further discussion, Mayor Pro Tem Lopez adjourned the Work Session at 5:10 pm.

APPROVED


JULIÁN CASTRO
MAYOR

Attest:


LETICIA M. VACEK, TRMC/CMC
City Clerk