

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

**A WORK SESSION OF THE CITY COUNCIL OF THE CITY OF SAN ANTONIO WAS HELD
IN THE MUNICIPAL PLAZA BUILDING, TUESDAY, SEPTEMBER 7, 2010.**

The San Antonio City Council convened in a Work Session at 2:00 pm on Tuesday, **September 7, 2010**, Municipal Plaza Building with the following Councilmembers present: Cisneros, Taylor, Ramos, Cortez, Lopez, Rodriguez, Williams, Chan, Clamp, and Mayor Castro. **ABSENT:** Medina.

1. STAFF PRESENTATION ON THE FY 2011 BUDGET FOCUSING ON, BUT NOT LIMITED TO, THE FOLLOWING:

• **CONVENTION AND VISITORS BUREAU**

Scott White presented an overview of the Department and Industry, noting that their department consists of 80 full-time employees and 30-50 part-time employees. He provided Market Indicators comparing hotel data from January-July 2009 to the same period in 2010, indicating a 3% increase this year. He spoke of the FY 2010 Accomplishments that include conducting 185 site inspections and hosting the Alcoholics Anonymous Convention, the largest convention ever in San Antonio. He outlined the major conventions coming to San Antonio that include the Society of Petroleum Engineers in 2012 with 10,000 attendees and the General Council of Seventh-Day Adventists in 2015 with 65,000 attendees. He mentioned that they had received \$18 million in editorial value from Good Morning America, Today Show, and "36 Hours in San Antonio" story in the New York Times.

Mr. White stated that the San Antonio Film Commission estimated that \$7.1 million had been spent on production in 2010. He spoke of the primary marketing programs that include hosting film and television producers, motion picture studio sales calls, and attending motion picture/TV industry tradeshows. He mentioned that they had coordinated the Economic Development Video Production and Website for the Shanghai Trip. He added that the CVB had achieved accreditation from Destination Marketing Association International.

Mr. White outlined CVB Performance Measures, noting that they estimated booking 835,000 Convention Room Nights and 599,000 Convention Delegates for FY 2010. He stated that their FY 2011 Budget was reduced by \$700,000 and three positions. He spoke of their priorities and initiatives for FY 2011 that include an increase in booking goals by 12,000 room nights and developing a strategy to enhance and grow the Film Industry. He noted that they would provide assistance for the 175th Anniversary of the Alamo and develop a Public Relations Program similar to *Eat, Pray, Love*. He added that they would continue to contract with San Antonio Sports to attract and retain amateur sporting events and update the original 2006 Destination SA Strategic Plan.

Mayor Castro stated that he was pleased with the progress in targeting conventions including those in the BioSciences, Cyber/Homeland Security, and Military Medical sectors. He asked if San Antonio had convened a Board to attract these types of conventions. Mr. White replied that they had conducted informal conversations but would review the possibility of convening a formal Board. Mayor Castro spoke of the importance of bringing these conventions to San Antonio and also to leverage their presence in the city. Mayor Castro stated that he was pleased with the increase in Film Production and asked of a possible incentive package from the city. Mr. White replied that he was not aware of any

cities that offered local incentives. Drew Mayer-Oakes noted that New York City offered a 1% Tax Credit on their Income Tax. Mayor Castro asked what a local incentive package would look like. Mr. Mayer-Oakes replied that it would likely be a grant and could also include in-kind services. Mayor Castro stated that staff should look at taking a proactive approach to enhance production in San Antonio. He asked of the three eliminated positions. Mr. White replied that a Stock Clerk had been eliminated and the other two positions were transferred to the General Fund. Mayor Castro requested that staff notify the organizations that indicated that they would not come to San Antonio since it was not a "Smoke-Free City" of the ordinance taking effect in August 2011. He asked of the impact of the decrease in State Funding for Tourism. Mr. White replied that San Antonio benefits from the State and the cuts could negatively impact the city.

Councilmember Williams spoke of the three Fortune 500 companies that come to San Antonio. Mr. White stated that they are still coming to San Antonio but only utilize one hotel and do not use the Convention Center very much. Councilmember Williams asked of their schedule. Mr. White replied that staff would provide the information to the City Council. Councilmember Williams asked of the feedback received regarding what San Antonio needs to work on. Mr. White replied that flight access was always an issue but noted that flights through Houston or Dallas occurred almost every hour.

Councilmember Clamp asked of a forecast of the industry over the next 5-10 years. Mr. White replied that he was unsure of how the market would fare but noted that a study was being conducted by the Convention, Sports and Entertainment Facilities Department regarding opportunities to improve and potentially expand the Convention Center. He stated that they were ranked 32nd in the nation in terms of size of Convention Center. Councilmember Clamp asked of the impact of the Marketing Campaign. Mr. White stated that the ranking is indicated by the size of the convention center and number of hotel rooms. He noted that the Grand Hyatt Hotel had added to the amount of rooms available while other hotels made significant improvements. Councilmember Clamp asked of State Incentives for the Film Commission. Mr. White replied that they were provided in the form of grants. Mr. Mayer-Oakes added that there had been a \$60 million appropriation for the biennium in the last session. In response to Councilmember Clamp, Mr. White reported that he was looking to bring in a third party to review the city's strengths and weaknesses in the Film Industry and that San Antonio did not have a strong labor-based crew.

Councilmember Rodriguez asked of the comparison in costs for print and on-line media. Mr. White replied that their costs were similar and that more targeted media was more expensive. Councilmember Rodriguez stated that he was pleased with the advertisements he had seen in the Southwest Airlines Spirit Magazine and encouraged staff to focus on other similar efforts. He expressed support for growing the Film Industry. Councilmember Lopez asked of the outreach for individuals that attend graduation ceremonies at Lackland Air Force Base. Mr. White replied that staff was assigned to Military Initiatives and had tapped into opportunities due to the Base Realignment and Closure (BRAC). Councilmember Ramos spoke of the great opportunities in the Film Industry and the importance of National Park Systems. She asked that staff look for opportunities to provide transportation and marketing of the San Antonio Missions. Councilmember Chan recognized the CVB for their work and spoke of the importance of growing the Film Industry. She asked of visitors' perception of San Antonio's Transportation System. Mr. White replied that San Antonio was a huge car rental destination. Lastly, he stated that there were areas for improvement and would continue to work on better ways to get visitors to attractions outside of Downtown.

- **CAPITAL IMPROVEMENTS MANAGEMENT SERVICES & CAPITAL IMPROVEMENTS BUDGET (6 YEAR CIP)**

Mike Frisbie outlined FY 2010 Accomplishments, noting that within the 2007 Bond Program, 37 projects were complete and 58 projects were in construction. He reported that revenue for FY 2011 was estimated at \$17.1 million through the Capital Administrative Charge that is recovered from capital project funds. He stated that the FY 2011 Proposed Budget was increased by \$1.4 million and 10 additional positions. He noted that four positions would manage Federally-funded Roadway Projects; three would provide Architectural Project Management; and one position would support the Small Business Economic Development Advocacy (SBEDA). He provided an overview of the Six-Year Capital Improvement Plan (CIP) and stated that \$710 million was projected to be spent in FY 2011. He noted that 294 projects and \$1.1 billion was projected to be spent over the next six years. He outlined the Capital Budget development process in which all capital projects were reviewed and evaluated annually. He reported that all Bond Project schedules, scope and budgets were reviewed and monitored on a monthly basis.

Mr. Frisbie spoke of the 2007 Bond Program and stated that 19 projects have been identified with excess funding in the amount of \$16.1 million. He noted that staff recommended the delay of reprogramming of funds until projects have entered into the construction phase of the project and that 51 projects were scheduled for completion in FY 2011. He reported that \$185.7 million was allocated in Certificates of Obligation for new construction and replacement of Fire Stations and the Public Safety Headquarters. He outlined the Public Safety and Library Projects that included new Fire Stations 50 and 51, as well as the new Mission and Parman Libraries. He stated that \$30.6 million was allocated for 14 Street Projects; \$20.7 million for 23 Parks Projects; and \$28.3 million for Municipal Facilities. He provided an overview of the Edwards Aquifer and Linear Creeks Projects, noting that 96,797 acres have been protected to date and 22 miles of Linear Creekway has been completed. He mentioned that the November Ballot would include two propositions to continue use of the 1/8th cent sales tax. He added that \$16 million was included for 22 Storm Water Projects to address flooding and drainage issues throughout the city.

- **DEBT MANAGEMENT PLAN**

Ben Gorzell provided an overview of the Debt Management Plan noting that the city issued the following types of debt: 1) General Obligation Bonds; 2) Certificates of Obligation; 3) Tax Notes; 4) Revenue Bonds; and 5) Sales Tax Commercial Paper Notes. He presented a list of outstanding debt as of September 30, 2010 that totals \$2,010,500,000. He spoke of the excellent Bond Ratings in which San Antonio was the only major city with "AAA" bond ratings from all three agencies. He spoke of the Ad Valorem Debt Management Plan and proposed key variables that include estimated tax collections at 97.5% and no projected increase in the Debt Service Tax Rate. He mentioned that \$386,993,000 in debt had been issued for the 2007 Bond Program and the remaining \$163,007,000 would be issued next summer. He noted that the Proposed Tax Rate for FY 2011 would be \$0.35419 for the General Fund and \$0.21150 for the Debt Service Fund keeping the Total Tax Rate at \$0.56569. He outlined the Legal Debt Limitations and stated that the planned drawdown from the Debt Service Fund for FY 2011 was \$15.3 million. He noted that positive performance over the Ad Valorem Debt Management Plan would be utilized to provide further flexibility and spoke of next steps that include a comprehensive update to the Ad Valorem Debt Management Plan in Summer 2011.

Councilmember Chan asked of the Fire Stations and Libraries included in the last Bond Program. Mr. Gorzell replied that various committees had reviewed the projects included in the Bond Program and that two new libraries had been identified. He stated that they were aware that there would not be full funding available for both libraries and had utilized Certificates of Obligation.

Councilmember Chan commended CIMS Staff for their oversight of the 2007-2012 Bond Program and asked of the projects for the next Bond Program. Mr. Frisbie replied that they would review the priorities of each department and follow a similar process as the previous Bond Program to include community participation. Councilmember Chan asked of the 210 department employees. Mr. Frisbie stated that some positions may be held vacant when closing out the current Bond Program and that 75% of employee time was charged to Capital Projects. Councilmember Chan requested a list of the department positions.

Councilmember Williams referenced Slide 42 regarding the Outstanding Debt and stated that it would be helpful to come back with a document that provides year by year information regarding the city's debt position, limits, and interest. He noted that there was some leeway in regard to General Obligation Bonds and Certificates of Obligation. Councilmember Clamp concurred with Councilmember Williams regarding a 5 to 10-Year Debt Plan that includes principal and interest, debt collection and fund balance. He asked of the Debt Service Fund Balance Drawdown referenced on Slide 56. Mr. Gorzell replied that as of September 30, 2009, there was a Debt Service Fund Balance of \$83.7 million and that the city would have to draw on some of the balance to cover the difference between the revenues and debt payment. Councilmember Clamp expressed concern with the pre-collection of taxes and stated that if the Debt Tax Rate was reduced, there could be a possibility of increasing the Maintenance and Operations Rate. He asked of the Ad Valorem Debt Management Plan. Mr. Gorzell replied that it had been adopted in 2006 and that the Early Redemption Program had not been utilized due to the economic conditions. Lastly, Mr. Gorzell spoke of the options to manage debt and the necessary flexibility.

- **DEVELOPMENT SERVICES**

Rod Sanchez stated that the Development Services Enterprise Fund was established in FY 2007 and that development revenues were used to support development expenses. He provided FY 2010 Performance Indicators, noting that the goal for FY 2010 Major Plat Technical Reviews was estimated at 34 days and was now projected to be completed within 22 days. He spoke of FY 2010 Accomplishments that include evaluation of accreditation by International Accreditation Service, Inc. (IAS) and key ordinances passed regarding the Tree Canopy and On-Premises Digital Signs. He outlined the FY 2011 Proposed Operating Budget that was decreased by \$20.1 million and reduced by 25 positions due to reorganization including the Planning and Community Development Department. He provided permit activity data noting that 2,300 New Residential Permits and 2,556 New Commercial Permits were projected for FY 2011. He reported that since 2008, 69 positions have been eliminated and \$5.4 million has been reduced in the department budget due to decreases in permitting activity. He noted that the FY 2011 Budget proposes to continue to freeze 23 positions which will be filled as needed. He added that the budget includes a \$250,000 transfer from the General Fund to offset fee waivers associated with the Inner City Reinvestment Infill Policy.

Mr. Sanchez spoke of the FY 2011 Department Goals that include improving cycle time and ensuring consistency and quality of services. He stated that in anticipation of the potential recovery in permitting activity, they would fill eight positions to address immediate needs in key service areas. In

the long-term, they would market an after-hour plan review; allow division overtime; outsource to a third party for basic plan review and inspections; and hire temporary employees. He noted that they would implement a new audit for quality control that would be utilized to identify training opportunities, process improvements, and recognize performance. Lastly, he stated that they would implement recommendations from the Community Survey to increase online activity and provide more information in Spanish, as well as develop a Customer Satisfaction Outreach Program.

Mayor Castro commended Development Services Staff for their work and stated that he was pleased with significant improvements and enhancements that had been made within the department. Councilmember Clamp asked of the staffing levels. Mr. Sanchez replied that once the permitting process increased, there would be opportunities to hire necessary staff. Councilmember Lopez stated that he was pleased to see that staff was working to ensure consistency and asked of staff dedicated to tree health. Mr. Sanchez stated that there were Tree Inspectors and an investigative unit that would follow up on same. Councilmember Ramos confirmed that 23 employees were being transferred to the Planning and Community Development Services Department. Councilmember Williams thanked staff and spoke of the great amount of work that was accomplished this past year.

ADJOURNMENT

There being no further discussion, Mayor Castro adjourned the Work Session at 4:37 pm.

APPROVED



JULIÁN CASTRO
MAYOR

Attest:



LETICIA M. VACEK, TRMC/CMC
City Clerk