

REGULAR MEETING OF THE CITY COUNCIL
OF THE CITY OF SAN ANTONIO HELD IN
THE COUNCIL CHAMBER, CITY HALL, ON
THURSDAY, OCTOBER 9, 1980.

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The meeting was called to order at 1:00 P.M. by the presiding officer, Mayor Lila Cockrell with the following members present: CISNEROS, WEBB, DUTMER, WING, EURESTE, THOMPSON, ALDERETE, CANAVAN, ARCHER, STEEN, COCKRELL; Absent: NONE.

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80-50 The invocation was given by Councilman Thompson.

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80-50 Members of the City Council and the audience joined in the Pledge of Allegiance to the flag of the United States.

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80-50 CORRECTION TO THE MINUTES

Mr. Canavan noted a spelling error in the Minutes and will provide it to the City Clerk for correction.

With this correction, the minutes of the meeting of September 25, 1980 were approved.

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80-50 THOMAS JEFFERSON HIGH SCHOOL BAND

Mayor Cockrell took note of her recent Sister Cities trip to Guadalajara and stated that the highlight of the parade was the appearance of the Thomas Jefferson High School Band of San Antonio.

She then read the following Citation:

In recognition of their outstanding performance and contribution made as official Representatives of the City of San Antonio to the recent Sister City Celebration held in Guadalajara, Mexico.

The City Council on behalf of its citizens is proud to have been represented by this group of excellent musicians. Through their display of warm friendship in their role of Ambassadors of Goodwill they helped in drawing our countries together. The City Council commends them for a job well done.

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Mayor Cockrell called representatives of the Jefferson High School Band to the podium to receive the Citation, in addition to Mr. Julian Rodriguez of the Mexican Chamber of Commerce of San Antonio who also made the trip to Guadalajara.

Mayor Cockrell then asked the Councilman from the District, Joe Alderete to accompany her to the podium to make the presentation afterwhich all the members of the Council individually congratulated the band members, school representatives and Mr. Rodriguez.

On behalf of the school group, Jefferson Principal Mr. Alaniz thanked the Council for the opportunity to represent San Antonio on the trip.

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80-50

THOMAS A. RAFFETY

Mayor Cockrell read the following Citation:

On the occasion of his election as President of the Airport Operators Council International. AOCI Member Airports handle ninety-two percent of the passengers in the United States and more than three-quarters of the World's Air Travelers.

Mr. Raffety's illustrious management career spans over thirty years, and during his years as the City's Aviation Director, passenger traffic at the International Airport has increased from 600,000 in 1967 to nearly 1,700,000 in 1979.

The City Council congratulates Mr. Raffety on his many accomplishments and commends his latest achievement which has brought national prominence not only to himself but to the City of San Antonio.

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Mr. Raffety thanked the Council for the honor, and also thanked the City Manager, Thomas Huebner for allowing him to undertake the many future duties of the job as AOCI President.

80-50

MR. WILLIS WILLIAMS

Mayor Cockrell acknowledged the presence in the Council Chambers of Mr. Willis Williams, representative of the Handicapped of San Antonio.

Mr. Williams thanked the Council for its assistance to the handicapped in securing access to public buildings and other areas. He also thanked City Manager, Thomas Huebner for creating the Handicapped Access Office in City government, a function copied by many other cities. He took note of the progress being made in the City's building modification program as well as other improvements that are making San Antonio more accessible to the handicapped person.

Mayor Cockrell noted that Mr. Williams is the National Handicapped Citizen of San Antonio and thanked him for his work.

City Councilman Frank Wing stated that General Lynwood Clark of Kelly Air Force Base, Commander of the San Antonio Air Logistics Command Installation, has been cited by the City of San Antonio as Handicapped Employer of the Year in the City.

Mr. Steen asked Mr. Williams to reduce to writing the speech he recently made to a Goodwill Industries event.

City Manager, Thomas E. Huebner stated that Assistant City Manager, Mr. Louis J. Fox had nominated him for a national award in relation to handicapped access activities. He noted that San Antonio is a model City in the field of handicapped access and thanked Ms. Judy Babbitt and her staff in the Handicapped Access Office for their work.

Mr. Lawrence Baeza, representing the Westside YMCA, spoke on the upcoming October 25 Las Colonias Marathon, and presented a Proclamation to the Marathon's Grand Marshal, Councilman Joe Alderete, along with a T-shirt with the Marathon symbol.

Mr. Alderete thanked Mr. Baeza for the honor and noted that this marathon has been designated as the official marathon of San Antonio and a number of the winners in the run will be running later in the Boston Marathon.

80-50 CONSENT AGENDA

Mr. Steen moved that items constituting the consent agenda be approved with the exception of items 9, 18, and 21 to be considered individually. Mr. Webb seconded the motion.

On roll call, the motion, carrying with it the passage of the following Ordinances, prevailed by the following vote: AYES: Cisneros, Webb, Dutmer, Wing, Eureste, Thompson, Alderete, Canavan, Archer, Steen, Cockrell; NAYS: None; ABSENT: None.

AN ORDINANCE 52,867

ACCEPTING THE PROPOSAL FROM AMIGOS BIBIOGRAPHIC COUNCIL, INC., TO FURNISH THE CITY OF SAN ANTONIO WITH AN INTER-LIBRARY LOAN SERVICE FOR A NET TOTAL OF \$8,520.00.

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AN ORDINANCE 52,868

ACCEPTING THE LOW BIDS OF HEALTHCO DENTAL SUPPLY CO., JAHN DENTAL SUPPLY CO. AND PATTERSON DENTAL SUPPLY COMPANY TO FURNISH THE HEALTH DEPARTMENT WITH DENTAL SUPPLIES FOR A TOTAL OF \$9,088.75.

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AN ORDINANCE 52,869

ACCEPTING THE LOW BIDS OF HALPRIN SUPPLY COMPANY AND ALAMO FIRE AND SAFETY EQUIPMENT COMPANY TO FURNISH THE FIRE DEPARTMENT WITH PROTECTIVE CLOTHING FOR FIREFIGHTING FOR A TOTAL OF \$9,840.55.

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AN ORDINANCE 52,870

ACCEPTING THE LOW BID OF COMMUNICATION SPECIALISTS, INC., TO FURNISH THE CITY WITH THE PRINTING AND MAILING OF SEWER RATE NOTICES FOR A NET TOTAL OF \$4,280.00.

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AN ORDINANCE 52,871

AUTHORIZING EXECUTION OF FIELD ALTERATION NO. 2 IN THE SUM OF \$55,075.00 TO THE CONTRACT FOR NEW ROOF COVERING SYSTEM FOR

AIRPORT TERMINAL BUILDING; AND APPROPRIATING SAID SUM OUT OF FUND 51.

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AN ORDINANCE 52,872

ACCEPTING THE LOW QUALIFIED BID OF MEADOR CONSTRUCTION CO., INC., IN THE SUM OF \$1,424,020.76 FOR THE ASHBY DRAINAGE PROJECT #32; AUTHORIZING EXECUTION OF A STANDARD PUBLIC WORKS CONTRACT; REVISING THE PROJECT BUDGET; AND AUTHORIZING PAYMENTS OF \$1,577,627.83 OUT OF FUND 26.

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AN ORDINANCE 52,873

ACCEPTING THE LOW QUALIFIED BID OF MJM CONTRACTORS, INC., IN THE SUM OF \$21,532 TO CONSTRUCT A RESTROOM AT MARTINEZ PARK; AUTHORIZING A BUDGET REVISION; AND AUTHORIZING PAYMENT OF \$23,532 FROM FUND 28.

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AN ORDINANCE 52,874

AUTHORIZING EXECUTION OF A MUNICIPAL CONSTRUCTION AND MAINTENANCE AGREEMENT WITH THE STATE DEPARTMENT OF HIGHWAYS AND PUBLIC TRANSPORTATION FOR RECONSTRUCTION OF O'CONNOR ROAD.

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AN ORDINANCE 52,875

GRANTING A LICENSE TO KEYSTONE SCHOOL TO OCCUPY CERTAIN SPACE IN PUBLIC RIGHT OF WAY ADJACENT TO NEW CITY BLOCK 1706, TO ERECT A STONE FACING AND CAP; AND STONE COLUMNS WITH IRON GRILLE, AND MANIFESTING AN AGREEMENT IN CONNECTION THEREWITH.

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AN ORDINANCE 52,876

AUTHORIZING EXPENDITURE OF THE SUM OF \$56,270.00 OUT OF VARIOUS FUNDS FOR THE PURPOSE OF ACQUIRING TITLE AND/OR EASEMENTS TO CERTAIN LANDS; ACCEPTING THE DEDICATION OF TITLE AND/OR EASEMENTS TO CERTAIN LANDS AND AUTHORIZING THE CITY MANAGER TO EXECUTE A PIPE LINE LICENSE; ALL TO BE USED IN CONNECTION WITH CERTAIN RIGHT-OF-WAY PROJECTS; AND AUTHORIZING TRANSFER OF THE SUM OF \$935.01 FROM 1970 DRAINAGE BOND FUNDS TO O'CONNOR ROAD RECONSTRUCTION FUND NO. 26-059046.

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AN ORDINANCE 52,877

AUTHORIZING EXECUTION OF A FIVE YEAR LEASE AGREEMENT WITH THE HILL COUNTRY WATER WORKS COMPANY FOR MAINTENANCE OF A POLICE

RADIO COMMUNICATIONS SYSTEM ANTENNA ON
A WATER TANK AND AN EQUIPMENT SHELTER LOCATED
ON THE COMPANY'S PROPERTY IN HILL COUNTRY
ESTATES, TRACT 49; AND AUTHORIZING PAYMENT
OF RENTS FROM THE GENERAL FUND.

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AN ORDINANCE 52,878

MANIFESTING AN AGREEMENT BETWEEN THE
CITY AND HEALY MURPHY CENTER FOR LEASE
OF THE DULLNIG HOUSE TO BE USED AS A
DAY CARE CENTER.

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AN ORDINANCE 52,879

MANIFESTING AN AGREEMENT WITH PHILIP
POLICE TO EXTEND THE PRESENT LEASE
AGREEMENT OF CERTAIN SPACE IN THE TERMINAL
BUILDING AT INTERNATIONAL AIRPORT FOR USE
AS A BARBER SHOP.

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AN ORDINANCE 52,880

MANIFESTING AN AGREEMENT AND AUTHORIZING
THE TRANSFER OF CERTAIN OFFICE FURNITURE
AND EQUIPMENT TO THE BEXAR COUNTY APPRAISAL
DISTRICT BY THE CITY OF SAN ANTONIO.

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AN ORDINANCE 52,881

CLOSING AND ABANDONING AN ALLEY IN NEW
CITY BLOCK 2313, BETWEEN TRINITY AND PINTO
STREETS, AND AUTHORIZING QUITCLAIM DEEDS
TO ADJACENT OWNERS.

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AN ORDINANCE 52,882

AMENDING THE PAY PLAN SO AS TO CHANGE THE
DESIGNATION OF JOB CLASS NO. 608 FROM
"POLICE INSPECTOR" TO "DEPUTY CHIEF".

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AN ORDINANCE 52,883

AUTHORIZING AN EXCEPTION TO ORDINANCE
51213 TO PERMIT USE OF ALAMO PLAZA FOR AN
ART SHOW ON OCTOBER 18 AND 19, 1980.

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AN ORDINANCE 52,884

ACCEPTING THE HIGH BIDS RECEIVED IN
CONNECTION WITH \$2,500,000 IN CITY FUNDS
AVAILABLE FOR DEPOSIT IN INTEREST-BEARING
CERTIFICATES OF DEPOSIT.

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80-50 The Clerk read the following Ordinance:

AN ORDINANCE 52,885

ACCEPTING THE LOW BID OF NORTHLINE BUS CENTER, INC., TO FURNISH THE POLICE DEPARTMENT WITH A MOTOR HOME (TO BE USED AS A CRIME PREVENTION LABORATORY) FOR A NET TOTAL OF \$31,870.00.

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Dr. Cisneros moved to approve the Ordinance. Mr. Canavan seconded the motion.

Mrs. Dutmer explained that the mobile home mentioned in the Ordinance actually is a mobile crime prevention laboratory to assist citizens in learning how to protect their homes from crime.

Mr. Steen thanked Mrs. Dutmer for providing the mobile facility from her discretionary fund.

After discussion, the motion, carrying with it the passage of the Ordinance, prevailed by the following vote: AYES: Cisneros, Dutmer, Wing, Eureste, Thompson, Alderete, Canavan, Archer, Steen, Cockrell; NAYS: None; ABSENT: Webb.

80-50 The Clerk read the following Ordinance:

AN ORDINANCE 52,886

AMENDING AND EXTENDING THE EXISTING AGREEMENT WITH WILLIAM F. GRINNAN, JR., FOR LEASE OF CITY-OWNED PROPERTY ON THE RIVER WALK FOR THE ROYAL STREET CROSSING RESTAURANT.

* * * *

Mr. Steen moved to approve the Ordinance. Mr. Archer seconded the motion.

Mr. Thompson stated that the rate being charged for the Royal Street Crossing Restaurant on the River Walk seems to be quite low.

Ms. Rebecca Q. Cedillo, Administrative Assistant to the City Manager, explained that this rate, which is negotiated annually, actually is triple the old rate.

Mr. Ron Darner, Director of Parks and Recreation stated that a study now is underway on the lease rate structure for the River Walk, and a report is due in about January.

Mr. Thompson stated that the rate as quoted is too low, and he would not be supporting the Ordinance.

After discussion, the motion, carrying with it the passage of the Ordinance, prevailed by the following vote: AYES: Cisneros, Webb, Dutmer, Wing, Eureste, Alderete, Canavan, Archer, Steen, Cockrell; NAYS: Thompson; ABSENT: None.

80-50 The Clerk read the following Ordinance:

AN ORDINANCE 52,887

AUTHORIZING THE CITY MANAGER TO EXECUTE
A LEASE AGREEMENT WITH THE LIGHT OF THE
LOOP FOR SPACE AT SAN ANTONIO INTERNATIONAL
AIRPORT.

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Dr. Cisneros moved to approve the Ordinance. Mr. Steen seconded the motion.

In response to a question by Mr. Archer as to why the City needs to rent space for another freeway sign, Aviation Director, Mr. Thomas A. Raffety explained that this involves a new process in which an image is projected onto the side of a large silver City Water Board storage tank near the airport. He noted that this is a one-year lease, cancellable on 60-day notice.

A discussion of the technical aspects of the new projection process and the possibility of this being a traffic hazard to freeway traffic was held.

After discussion, the motion, carrying with it the passage of the Ordinance, prevailed by the following vote: AYES: Cisneros, Webb, Dutmer, Wing, Eureste, Thompson, Alderete, Canavan, Archer, Steen, Cockrell; NAYS: None; ABSENT: None.

80-50

DISCUSSION OF ALLEGED BROTHEL

At this point, Mr. Eureste stated that strong accusations have been made that one particular Inspector on the Police Department allegedly is connected with the operation of a brothel which has been in the news of late. He asked how it would be possible to bring about an investigation of these accusations and noted that he had been told of alleged police protection to the house in question in 1972. Mr. Eureste stated that he had been in contact with the Federal Bureau of Investigation to see if an investigation was to be made.

Mayor Cockrell stated that no member of the present City Council was in that office in 1972 and noted that if any police officer was connected to the incident, an investigation should be made in a timely manner.

City Manager, Thomas E. Huebner provided background information on undercover efforts to get inside the house in question in order to make a case, and stated that he had no interest in covering up anything for any City employee.

Mr. Eureste stated that if a Police Department Inspector was tied to one individual involved in the raid, the matter should be investigated. He also asked that it be determined if police protection had been provided to the house in question, and stated that the matter deserves an investigation.

Mayor Cockrell stated that any pertinent information in this matter should be brought to the City Manager for his investigation, noting that the City Council has the authority to ask for an independent investigation if it wishes. She stated her feeling that the City Manager should determine if there has been coverup by a Police Department employee, and if so, to take the necessary action or, if not, to so state.

Mr. Eureste explained his concern that such action by any individual might affect the equal enforcement of the law to everyone, and stated that he would rather have the FBI investigate the matter.

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Mr. Huebner stated that it would be helpful if Mr. Eureste would provide him with pertinent names and other information.

Mr. Eureste moved to have City staff provide the City Council with a report on the raid and an investigation of allegations of a police cover-up. Mr. Wing seconded the motion.

A discussion then took place concerning a list of names reportedly found during the raid on the house in question.

After discussion, the motion carried by the following vote: AYES: Cisneros, Webb, Dutmer, Wing, Eureste, Thompson, Alderete, Canavan, Cockrell; NAYS: None; ABSENT: Archer, Steen.

80-50

PUBLIC HEARING --CHANGES TO THE ZONING ORDINANCE

Mayor Cockrell declared open the Public Hearing:

No citizens appeared to speak.

Mayor Cockrell declared the hearing closed.

The Clerk then read the following Ordinance:

AN ORDINANCE 52,888

AMENDING THE CITY CODE OF THE CITY OF SAN ANTONIO, CHAPTER 42, ZONING, SO AS TO ALLOW BASEBALL PARKS, FOOTBALL FIELDS AND TENNIS COURTS, EITHER COMMERCIAL OR NON-COMMERCIAL, IN RESIDENTIAL, OFFICE, AND LIGHT-COMMERCIAL ZONING DISTRICTS WITH SPECIAL APPROVAL OF THE CITY COUNCIL, PROVIDING FOR THE IMPOSITION OF CONDITIONS UPON SUCH OPERATIONS AND PROVIDING A PENALTY FOR VIOLATION HEREOF.

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Mrs. Dutmer moved to approve the Ordinance. Mr. Wing seconded the motion.

After consideration, the motion, carrying with it the passage of the Ordinance, prevailed by the following vote: AYES: Cisneros, Dutmer, Wing, Thompson, Alderete, Canavan, Steen, Cockrell; NAYS: None; ABSENT: Webb, Eureste, Archer.

80-50

ZONING HEARINGS

27. CASE 8234 - to rezone Parcel 9B, NCB 15318, 5132 S.W. Military Drive, from Temporary "R-1" Single Family Residential District to "B-2" Business District, located on the southwest side of S.W. Military Drive, being 170' southeast of the intersection of Rustleaf Drive and S.W. Military Drive, having 118.97' on S.W. Military Drive and a depth of 300'.

The Zoning Commission has recommended that the request of change of zone be approved by the City Council.

No citizen appeared to speak in opposition.

Mrs. Dutmer expressed her concern regarding the placing of a service station next to a day-care center.

Mr. Thompson stated that it would be safe, and that a large wall would separate the two functions. He urged approval of the Ordinance.

After discussion, Dr. Cisneros moved that the recommendation of the Zoning Commission be approved provided that proper platting is accomplished. Mr. Thompson seconded the motion. On roll call, the motion, carrying with it the passage of the following Ordinance, prevailed by the following vote: AYES: Cisneros, Dutmer, Wing, Thompson, Alderete, Canavan, Cockrell; NAYS: None; ABSENT: Webb, Eureste, Archer, Steen.

AN ORDINANCE 52,889

AMENDING CHAPTER 42 OF THE CITY CODE THAT CONSTITUTES THE COMPREHENSIVE ZONING ORDINANCE OF THE CITY OF SAN ANTONIO BY CHANGING THE CLASSIFICATION AND REZONING OF CERTAIN PROPERTY DESCRIBED HEREIN AS PARCEL 9-B, NCB 15318, 5132 S.W. MILITARY DRIVE, FROM TEMPORARY "R-1" SINGLE FAMILY RESIDENTIAL DISTRICT TO "B-2" BUSINESS DISTRICT, PROVIDED THAT PROPER PLATTING IS ACCOMPLISHED.

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28. CASE 8235 - to rezone the east 100' of Arbitrary Tract 12, NCB 10615, from "A" Single Family Residential District to "B-2" Business District, located on the east side of S. W.W. White Road, being 283' north of the intersection of Kay-Ann Drive and S.W.W. White Road; Arbitrary Tract 12, save and except the east 100', NCB 10615, 630-638 S.W.W. White Road, from "A" Single Family Residential District to "B3" Business District, located on the east side of S.W.W. White Road, being 283' north of the intersection of Kay-Ann Drive and S.W.W. White Road; the "B-2" zone being 292' east off of S.W.W. White Road, having a width of 208' and a depth of 100'; the "B-3" zone having 208' on S.W.W. White Road and a depth of 292'.

The Zoning Commission has recommended that this request of change of zone be approved by the City Council.

No citizen appeared to speak in opposition.

After consideration, Dr. Cisneros moved that the recommendation of the Zoning Commission be approved provided that proper platting is accomplished and that a six foot solid screen fence is erected and maintained along the east property line. On roll call, the motion, carrying with it the passage of the following Ordinance prevailed by the following vote: AYES: Cisneros, Webb, Dutmer, Thompson, Alderete, Canavan, Archer, Cockrell; NAYS: None; ABSENT: Wing, Eureste, Steen.

AN ORDINANCE 52,890

AMENDING CHAPTER 42 OF THE CITY CODE THAT CONSTITUTES THE COMPREHENSIVE ZONING ORDINANCE OF THE CITY OF SAN ANTONIO BY CHANGING THE CLASSIFICATION AND REZONING OF CERTAIN PROEPRTY DESCRIBED HEREIN AS THE EAST 100' OF ARBITRARY TRACT 12, NCB 10615, FROM "A" SINGLE FAMILY RESIDENTIAL DISTRICT TO "B-2" BUSINESS DISTRICT; ARBITRARY TRACT 12, SAVE AND EXCEPT THE EAST 100', NCB 10615, 630 THRU 638 S.W.W. WHITE ROAD, FROM "A" SINGLE FAMILY RESIDENTIAL DISTRICT TO "B-3" BUSINESS DISTRICT, PROVIDED THAT PROPER PLATTING IS ACCOMPLISHED AND THAT

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A SIX FOOT SOLID SCREEN FENCE IS ERECTED AND MAINTAINED ALONG THE EAST PROPERTY LINE.

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29. CASE 8229 - to rezone Lots 24 thru 28, Block 3, NCB 8675, in the 1200 Block of Parkridge Drive, from "A" Single Family Residential District to "I-1" Light Industry District, located on the north side of Parkridge Drive, approximately 547.32' east of the intersection of Parkridge Drive and Slavin Avenue, having 231.2' on Parkridge Drive and a depth of 222.6'

The Zoning Commission has recommended that this request of change of zone be approved by the City Council.

No citizen appeared to speak in opposition.

After consideration, Dr. Cisneros moved that the recommendation of the Zoning Commission be approved. Mrs. Dutmer seconded the motion. On roll call, the motion, carrying with it the passage of the following Ordinance, prevailed by the following vote: AYES: Cisneros, Webb, Dutmer, Thompson, Alderete, Canavan, Archer, Cockrell; NAYS: None; ABSENT: Wing, Eureste, Steen.

AN ORDINANCE 52,891

AMENDING CHAPTER 42 OF THE CITY CODE THAT CONSTITUTES THE COMPREHENSIVE ZONING ORDINANCE OF THE CITY OF SAN ANTONIO BY CHANGING THE CLASSIFICATION AND REZONING OF CERTAIN PROPERTY DESCRIBED HEREIN AS LOTS 24 THRU 28, BLOCK 3, NCB 8675, IN THE 1200 BLOCK OF PARKRIDGE DRIVE, FROM "A" SINGLE FAMILY RESIDENTIAL DISTRICT TO "I-1" LIGHT INDUSTRY DISTRICT.

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30. CASE 8237 - to rezone Lots 10 and 11, Block 8, NCB 3935, Lots 14 and 15, Block 17, NCB 3940, 1202-1207 W. Ridgewood Court, from "B" Two Family Residential District to "I-1" Light Industry District, located southwest of the intersection of W. Ridgewood Court and Jerry Street, having 110' on W. Ridgewood Court and 120' on Jerry Street. Lots 14 and 15 are located on the north side of Ridgewood Court and Jerry Street, having 100' on W. Ridgewood Court and a depth of 120'.

The Zoning Commission has recommended that this request of change of zone be approved by the City Council.

No citizen appeared to speak in opposition.

After consideration, Dr. Cisneros moved that the recommendation of the Zoning Commission be approved provided that street dedication is given in accordance with the Traffic Department's recommendations. Mrs. Dutmer seconded the motion. On roll call, the motion, carrying with it the passage of the following Ordinance, prevailed by the following vote: AYES: Cisneros, Webb, Dutmer, Thompson, Alderete, Canavan, Archer, Cockrell; NAYS: None; ABSENT: Wing, Eureste, Steen.

AMENDING CHAPTER 42 OF THE CITY CODE THAT CONSTITUTES THE COMPREHENSIVE ZONING ORDINANCE OF THE CITY OF SAN ANTONIO BY CHANGING THE CLASSIFICATION AND REZONING OF CERTAIN PROPERTY DESCRIBED HEREIN AS LOTS 10 AND 11, BLOCK 8, NCB 3935, LOTS 14 AND 15, BLOCK 17, NCB 3940, 1202-1207 W. RIDGEWOOD COURT, FROM "B" TWO FAMILY RESIDENTIAL DISTRICT TO "I-1" LIGHT INDUSTRY DISTRICT, PROVIDED THAT STREET DEDICATION IS GIVEN IN ACCORDANCE WITH THE TRAFFIC DEPARTMENT'S RECOMMENDATIONS.

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80-50 At this time, Mayor Cockrell asked for Council concensus to bypass agenda item 31, beina a proposed ordinance regulating the rates electric and gas service through the San Antonio Electric and Gas Systems operated by the City Public Service Board of San Antonio, temporarily until Mr. Steen returned to the Council Chambers.

Item 31 was temporarily postponed.

80-50 The following Ordinance was read by the Clerk and after consideration, on motion of Mrs. Dutmer, seconded by Dr. Cisneros, was passed and approved by the following vote: AYES: Cisneros, Webb, Dutmer, Alderete, Canavan, Archer, Cockrell; NAYS: None; ABSENT: Wing, Eureste, Thompson, Steen.

AN ORDINANCE 52,893

AUTHORIZING SUBMISSION OF A PREAPPLICATION TO HERITAGE CONSERVATION AND RECREATION SERVICE FOR A REHABILITATION GRANT, ASSURING THE GRANTING AGENCY OF COMPLIANCE WITH ALL REQUIREMENTS FOR SAID GRANTS AND ASSURING AVAILABILITY OF MATCHING FUNDS AT SUCH TIME AS A TENTATIVE GRANT IS OFFERED AND A FORMAL APPLICATION IS REQUESTED.

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80-50 The following Ordinance was read by the Clerk and after consideration, on motion of Dr. Cisneros, seconded by Mrs. Dutmer, was passed and approved by the following vote: AYES: Cisneros, Webb, Dutmer, Thompson, Alderete, Canavan, Archer, Cockrell; NAYS: None; ABSENT: Wing, Eureste, Steen.

AN ORDINANCE 52,894

APPOINTING MEMBERS TO THE PRIVATE INDUSTRY COUNCIL OF THE ALAMO CONSORTIUM FOR THE 1980/81 PROGRAM YEAR UNDER THE PROVISIONS OF THE COMPREHENSIVE EMPLOYMENT AND TRAINING ACT.

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The following list of names are prospective members of the Private Industry Council of the Alamo Consortium for 1980-81 Program year:

- Irene Florida
- Irene Wischer
- Paul Herder
- Brent Harnish
- Baxter Grier
- Ken Little
- Albert Garcia
- Bob Blase
- Mark Boyd
- Gerald Dubinski

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REAPPOINTMENTS

Hull Youngblood
 Wesley Clepper
 Curtis Neal
 Bob Flores
 Jesse Villarreal
 Joan Suarez
 Edward D. Hodo
 Nellie Thorogood
 Juan Patlan

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NEW APPOINTMENTS

Mary Powell
 George Tamez
 Ofelia Garza
 Ross Dewhurst
 Dunbar W.R.
 Ex-Officio - Joe Morales

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80-50

The Clerk read the following Ordinance:

AN ORDINANCE 52,895

APPOINTING MEMBERS TO THE EMPLOYMENT
 TRAINING ADVISORY COUNCIL (ETAC) OF THE
 ALAMO CONSORTIUM FOR THE 1980-81 PROGRAM
 YEAR UNDER THE PROVISIONS OF THE COM-
 PREHENSIVE EMPLOYMENT AND TRAINING ACT.

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Mr. Thompson moved to approve the Ordinance. Dr. Cisneros seconded the motion.

Mrs. Dutmer stated that she would like for a representative of the Texas A&M Skills Center to be one of the members of the Employment and Training Advisory Council of the Alamo Consortium for the 1980-81 Program Year.

Dr. Cisneros explained that representatives for the board from the category in which the Skills Center is listed are selected on a rotating basis, and that the Skills Center would be represented next program year on the board.

The following list of names are members of the Employment and Training Council Membersshp for the fiscal year 1980-81:

Linda Ramirez
 Erna Lopez
 Reverend LaValle Lowe
 Ernest Leake
 Gene Becker
 James Vasquez
 Joseph Morales
 Ofelia Garza
 Bettye Gatlin
 Sylvia Garcia
 Rosalinda Martinez
 Logan Damewood
 Ernestine Figueroa
 Christine Pacetti
 Joe Garza
 Dick Kuenstler
 Ed Shackelford

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Ex-Officio Members

Narciso Cano
Colonel Sander
Hull Youngblood

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After consideration, the motion, carrying with it the passage of the Ordinance, prevailed by the following vote: AYES: Cisneros, Webb, Dutmer, Thompson, Alderete, Canavan, Archer, Cockrell; NAYS: None; ABSENT: Wing, Eureste, Steen.

80-50 The Clerk read a proposed ordinance granting a variance to the City Fire Prevention Code to allow the Homeowners for Better Building to conduct a demonstration of the flammability of certain building materials.

Dr. Cisneros moved to approve the ordinance. Mr. Webb seconded the motion.

Mr. Archer stated that he felt it was demeaning for the City Council to have to go outside City Hall to watch a demonstration, especially if the Fire Chief had recommended against granting approval for that demonstration.

City Manager, Thomas E. Huebner concurred with the Fire Chief's recommendation.

A discussion then took place concerning the projected demonstration area, actions necessary to conduct the demonstration and possible damage that might be caused by it.

Mr. Thompson stated his opposition to the request, noting that he felt it is an attempt to generate emotion about the issue of flammability of certain building materials.

Mr. Alderete stated that Mrs. Janet Ahmad wants to show the combustibility of certain plastic pipe and building materials, and supported the Fire Chief in his recommendation against granting the variance.

Mrs. Dutmer spoke in favor of the Fire Chief's recommendation and asked why such material is in the Building Code when it burns.

Fire Chief I.O. Martinez then explained that virtually all building materials are combustible to some degree, and this has never been a serious problem to the Fire Department. He stated that other areas of a fire are of more immediate concern to the Fire Department, and noted that it is a national Building Code that San Antonio uses that permits its use.

A discussion then took place concerning the use of plastic materials and other materials in construction work, and a discussion of bonfires, the requests for which are generally handled administratively.

In response to a question by Mr. Webb as to why the Fire Department didn't handle this case in a similar manner, Fire Chief Martinez stated that he had refused the request for variance sought for the demonstration and that decision was appealed to the City Council as the highest administrative body in the City.

Chief Martinez noted that the Environmental Protection Agency permits only three types of fires in the City: food processing, ceremonial fires and training fires.

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Mr. Webb spoke in favor of the request of a variance.

Mr. Wing stated that the proposed demonstration fire would not produce any test data to prove something, and spoke in favor of the Fire Chief's decision.

After discussion, the motion to approve the ordinance failed to carry by the following vote: AYES: Cisneros, Webb; NAYS: Dutmer, Wing, Thompson, Alderete, Canavan, Archer, Cockrell; ABSENT: Eureste, Steen.

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DISCUSSION OF CITY PUBLIC SERVICE'S REQUEST
FOR A RATE INCREASE

MAYOR COCKRELL: We will call on the City Public Service Staff and we would appreciate a full explanation of the reasons why the staff and CPS Board has recommended this increase.

MR. JACK SPRUCE, GENERAL MANAGER OF CITY PUBLIC SERVICE : Thank you, Mayor Cockrell, I'm Jack Spruce, General Manager of City Public Service, we had previously furnished this Council with statistical data showing the City Public Service cash-flow position, revenues and expenses and we furnished some detail including charts on July 2, 1980. The Council did take this matter under consideration at its regular meeting of July 24, 1980 and decided at that time to defer making a decision on the rate request issue. Council expressed an opinion at that time that City Public Service was experiencing large sales of electric power and felt that possibly the hot summer months was going to generate cash-flows that might possibly mitigate the need for the rate increase. It was agreed that it would be looked at again after the summer to decide whether or not this, in fact was the case. Following the summer weather a reevaluation was made and we sent a letter to the Council on September 18, 1980, explaining that, at the beginning when we came to the Council in early July, our revenues and sales were running well behind our forecast. They did show substantial increases during the hot summer months, during the additional need for power because of air-conditioning load, principally. And when we ended up the hot weather, the end of August, we found that actually, we netted out very close to the forecast. Obviously, the error here was that the earlier part of the year, the sales were well below forecast and even though they came up during the summer months, we were still running just about on par, which was level with the figures that we use in computing the need for the rate request. The reason, the principal reason that we offer for the sales being less than forecast in the earlier month was because of higher projections than actually materialized on sales to South Texas Electric Co-op and the Medina Electric Co-op. We have forecast sales to them under a firm power sale agreement, wherein we reserve capacity for them and they take that power only when they need it and only when it is competitive with other suppliers that they also have. So, that's the main reason for the deficiency. And net effect, of course, of the overall picture at the end of summer and as it exists at the present time, is that CPS is still in the position that it predicted in the beginning, and the revenues still do need augmenting by this, what we consider to be a very modest 2.4% increase in electric and gas revenues for this year. You will recall that the trustees and the Council, well I won't say the Council agreed, the City Public Service Board Trustees agreed that they would try to minimize the need for rate request and make them on an annual basis and make them as small as possible and thereby, causing the least impact on the consumers. And with that as our basis for computing a rate request, it did come out to 2.4% for this year. We had asked that the gas rate increase be implemented on the first of September, 1980 and that the electric rate increase be implemented on the first of November. We do feel that it is appropriate that a thirty day notice be given therefore, even at this time, could not implement it by the first of November on either of the commodities. But we do solicit approval of the City Council for the rate increase and we would be happy to furnish any other information that Council requires.

MAYOR COCKRELL: All right, I think the Council, one of the aspects of this thing that we need to know is really the impact upon the City's and upon CPS bonds and the rating on bonds, and the coverage for bonds projections into the future of that kind and I would like to see if we could have a presentation on our needs in that respect.

MR. SPRUCE: All right, very briefly, I will address that and we can provide further detail. Council is aware that in our bond covenants we do require a level of coverage of 1.5% of, let's see let me read this paragraph to you, if I may. "For the twelve months ending August

31, 1980 and including the effects of \$85 million dollar bond issue which was approved by the Council, bonds were delivered in early September, our coverage was 1.79. The higher interest rates that occurred on the last two bond issues have caused that coverage level to deteriorate more rapidly than we had anticipated. At current revenue levels, this will give us a coverage of only 1.61 for the next bond issue, assuming that it would be the same size and at the same interest rates." And we really don't know what those interest rates will be but it does not appear that they are going to go back to the level that we have experienced earlier, therefore, we are getting quite close to the 1.5 level which is our coverage requirement. And for that reason, probably more seriously than any other, the rate increase is needed to insure that coverage.

MAYOR COCKRELL: All right, let me ask, in terms of the type of credit rating that we get, do you have someone from your financial staff who could advise what impact it will have if we narrow that up and get very close.

MR. SPRUCE: Yes, mam, If I may, I would like to ask Mr. Howard Freeman, who is our Assistant General Manager for Administration and Finance to address that to the Council.

MAYOR COCKRELL: Mr. Freeman.

MR. HOWARD FREEMAN, ASSISTANT GENERAL MANAGER FOR ADMINISTRATION AND FINANCE: Thank you, Jack. Mayor and Council, as Mr. Spruce has indicated, our coverage requirements are deteriorating and part of this is because of the current marketing interest rates. The test that is required, is a little more strenuous test than just the current interest requirements. Our current interest and principal requirements we actually have coverage of about 2.12 times but in order to issue bonds you have to show the ability to pay not only your current requirements but those of the additional bond, when they're, the bonds when they are issued with your current revenues and that is where we get to the coverage of the 1.61 that Jack referred to earlier. The City Public Service Board has a very fine reputation in the financial, with financial institutions. Our bonds has historically traded very well, they actually have been trading higher than a double A rating. They have traded higher than what most people attribute to double A rated bonds and many times have been compared by analysts, to triple A rated bonds. As our coverage is deteriorating, of course there is more risk to the bond purchaser because they don't have as much money that's available to cover the debt service before it's required or after it's required to pay your operating expenses as they did if our coverage was two times or two-and-a-half-times. In relation to other issuers, our coverage, their coverage is also going down. But if we let this go down too far, there are two things that can happen; one is that the bonds can be down-rated from a double A to an A and that means higher interest costs because the better interest rating, the less risk of the better interest rate we will get. The second thing that can happen is that if we allow this to drop below the 1.5 times coverage, which is required by our indenture, we cannot issue bonds, so part of our financial plan that we have laid with the Board and with the Council has been to try to lay out the bond requirements and the rate increases which are necessary in the next few years in order to maintain a reasonable coverage and also in order to reduce the impact on the rates as much as we can so that we're financing the maximum amount of our capital needs with bonds rather than out of rates.

MAYOR COCKRELL: All right, let's see Mr. Webb, do you have some questions.

MR. JOE WEBB: I'll wait 'till they all are finished.

MAYOR COCKRELL: May I ask if Mr. Spruce, would you like to call any of the other members of your staff to comment.

MR. SPRUCE: Yes, Mayor Cockrell, one question that had come up by the Council was the effect of the Houston Lighting and Power sale, let me give you a little background on that. We have been approached by Houston Lighting and Power earlier and I might mention

that we also have pending at the present time additional requests from neighboring utilities in the State of Texas with whom we do have interconnections either directly or through someone else about reserving power capacity for them in future years. Houston Lighting and Power, because they are experiencing an unprecedented growth, phenomenal growth in that area are having a hard time maintaining sufficient forecast generating capacity to accommodate their needs and they've gone to different utilities. They came to us, they came to us as one they recognized we did have some additional gas generating capacity that was not being used by our service area, by our customers' needs. And we indicated to them that we could make certain amounts of capacity available in the future years. So, there has, a contract has been made as the Mayor knows, by serving on the Board of Trustees which would reserve between 200 and 500 megawatts of power for Houston Lighting and Power during the years 1982 through 1986. These units we would make available to Houston Lighting and Power are units that are now in semi-mothball condition. We are not using them. We do not see any need in any of our peak generation in future years for their requirement by our customers mainly because of the fact that we built the coal units and they are now supplying about 60% of our power needs. We quoted the price to Houston Lighting and Power as best we could based on competition from the others and putting a factor in there for the City payment as we were required to do and they did accept the proposition that we made them and I'll tell you what that means to us in the way of revenues, both the City Public Service and to the City Council. Incidentally, I believe we did furnish to the Council information on that contract that I would like to, I've got one here. Okay, for the year 1982, the CPS fixed recovery cost would be \$7 million dollars including the City benefit which would be 1.26 million. Over the six year period, City Public Service would recover, from what we call "fixed-cost recovery," Now, these "fixed-cost recoveries" are monies that, of course obviously not this much, but it is what we need to recover the cost of just owning those plants and having them in the system and having to pay debt service on them, not operating expense because they are not operating but there is some minor maintenance associated with it. So, over the five year period, CPS would derive some \$34 million in benefits and the City would derive some \$5.5 million, that being 14% of the fixed charge. In addition, anytime that power is taken up to the capacities that are being reserved for Houston Lighting and Power, Houston would reimburse City Public Service with the full cost of operation and maintenance on those units plus again, the 14% City benefit. They would pay for natural gas at our cost of natural gas or whatever the cost of fuel would be. The capacity from the coal units or any other form of electrical power supply, which would be, at the lowest rate, would be reserved for our own customers. They will benefit only in the use of the gas units or they will take power only from those units. They have an option in here, rather than buying power from us with our fuel. They have an option in there to send us fuel, should they so desire, therefore, they have to make arrangements with the gas transportation system which in our case is Valero to supply natural gas to these boilers and we would generate power with that in that event and we would sell the power back to them at the agreed rates, less we would not have any cost of fuel from our standpoint because they would be furnishing the fuel. Additional benefit from that, I've got that table in here also, if I can . . . , bear with me just a second . . . The average . . . Don, why don't you go ahead and explain it here.

DON THOMAS, MANAGER OF RATES AND REGULATORY MATTERS: Houston has indicated to us some amounts of consumption that they would take and of course what Jack had pointed out was what the benefit would be whether they take any consumption or not. Taking the projection, according to the forecast, using the quantities that Houston indicates to us that they would take which I would say, we should be very cautious about using at this point because they are planning numbers but they indicated that over the next six years, they would take something like 532,000 megawatt hours which is lots of power, pricing that out as the price of gas generation. It would produce roughly \$3 million more per year in City benefits because of that consumption. So, taking the whole six year total, if they take the consumption they indicate, now, big "If", the City benefit over the next six years could amount to the total of about \$34 million. So, it's totally dependent on what they take, in other words, according just to the demand charge which is a contract minimum, you would

get \$5 million 5, and CPS, fixed cost would get 34. If they take energy at the rate they indicate they will, there could be an additional \$34 million worth of benefits to the City and essentially, CPS would get more benefits, but it would essentially be money for fuel. So, those are some

MR. SPRUCE: There are some benefits for CPS for general operating expense, but actually, where we benefit the most, where CPS benefits the most is by getting payment from them to amortize units that are already on the books anyway. It does not benefit CPS that much from operation.

MAYOR COCKRELL: Okay, Mr. Webb.

MR. WEBB: There is just a \$10 million discrepancy in what you said according to the report here. It says \$24,600,000.

MR. THOMAS: Did I say that? Thirty four million? I was in error it is \$24,000,000.00.

MR. WEBB: Just a slight, not much \$10,000,000.00, it's not very much anyway.

MR. THOMAS: No, it's a lot of money as you well realize. I meant \$24,000,000.00.

MAYOR COCKRELL: Are there any other questions, Mr. Webb.

MR. WEBB: I have some but I would like to wait until they are finished with their presentation.

MAYOR COCKRELL: Let me ask one other question of Mr. Thomas and that is relative to this contract, which I personally feel is beneficial not only to CPS but also to the City, I guess one of the bottom line things about it is there anything about this contract that would alter or amend the need for the rate increase now?

MR. THOMAS: We address that in looking at our financial projection. First off, the sale commences in 1982, January 1982, which is of course beyond the current period. We have looked at the revenues that we need according to the forecasts between 1982 and 1987, with and without the Houston sale. With the Houston sale, we would anticipate it would produce roughly 12% of the needed new revenues that we would need from customers during that period. Twelve percent of the projected rate increases during that period amount to about 3/10ths of a percentage point. Or in other words, if we would be asking for a 3% rate increase without Houston sale, we would then be asking for a 2.7 because of the benefits. The obvious is that those fixed costs that we yield will simply be used to defer the need from our own customers and it roughly amounts to about 3/10ths of a percentage point of what we would otherwise need.

MAYOR COCKRELL: And that's in the period of how many years?

MR. THOMAS: Six years, 1982 through 1987.

MAYOR COCKRELL: All right, Dr. Cisneros do you have a question . .

DR. HENRY CISNEROS: Yes, on the question that you just brought up Mayor, I followed the period of the sale '82 through '87, but the Mayor's question was: does it affect the present rate request and your answer was

MR. THOMAS: My answer was that it would not, because it does not yield us any funds until 1982.

DR. CISNEROS: But for the request that comes about in '82, then it would be 3/10ths of the percentage point of the increase that you otherwise have programmed for that

MR. THOMAS: That is correct.

DR. CISNEROS: Okay.

MR. THOMAS: As best, as you know, as best as we can size it up. Now, that's just using this fixed cost recovery alone, if we get some other benefit through sales, it might help us just a slight bit more.

DR. CISNEROS: Okay. I do have some other questions, Mayor, but I don't know whether they are finished with their presentation or not, following Mr. Webb, I'll just wait my turn.

MAYOR COCKRELL: Okay, let's see Mrs. Dutmer, do you have any questions at this point.

MRS. HELEN DUTMER: Likewise, I'll wait.

MAYOR COCKRELL: All right, now Mr. Thompson do you have any now or would you prefer to wait.

MR. BOB THOMPSON: All right, I really don't know what the scope of the presentation is so it's hard for me to make a decision.

MAYOR COCKRELL: All right, is there, let me ask Mr. Spruce to clarify, are there any other persons you plan to call on.

MR. SPRUCE: No, Mayor, unless you have some questions, I can go back and review these charts that we did furnish to Council and I might point out that while the overall rate request is 2.4% there are variations in the impact on the various classes of customer and

MAYOR COCKRELL: While you are . . if I may ask you to wait just a minute, I had not called on Mr. Wing to see if he had any questions.

MR. FRANK WING: Yes, madam, I do, I want to know . . .

MAYOR COCKRELL: All right, fine, let's get Mr. Wing's question.

MR. WING: I want to know first of all, how much would the 2.4% generate in revenue?

MR. SPRUCE: I believe the figure is about \$9.3 million in the first twelve months.

MR. WING: And you would realize the increase, or the \$9.3 million in 1980?

MR. SPRUCE: Well, we would propose that the increase be implemented beginning approximately 30 days from now which I believe that the date that you had picked was November 19, we had originally requested November 1, we feel that it would be appropriate to give 30 days notice. So, we would implement it on November 19 and beginning with that date and following twelve months thereafter, it would generate \$9.3 million.

MR. WING: Okay, so just to make sure it would be \$9.3 million a year.

MR. SPRUCE: That is our forecast, yes sir.

MR. WING: And let me tell you with the difficulty is not only with me but with the rate payers. The rate payers see what obviously what you have been trying to explain for the last five or six minutes, that there will be a so called \$24 million deal, if you will, with Houston Lighting and Power, and we also have been made very, very much aware of a supposed \$45 million savings in the coal rate, hauling rate, between Burlington Northern and the City of San Antonio, spaced over a period of five years. If in fact, we will have a savings of \$45 million just from the coal rate hauling fee at all, that would over a five year period, that would equate to a \$9 million savings, if you will, in one year, if you couple that with a \$24 million, a simple person like myself, or a rate payer would obviously see that there is no need for an increase, but rather that we should have a decrease in our rates. And I was just wondering why that's not possible.

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MR. SPRUCE: Well, as far as the coal savings is concerned, that will immediately become a part of the fuel adjustment and any revenue is generated by the kilowatt hour sales to Houston, that also is practically just a washout, CPS with fuel because although we get any extra revenues, we've got to turn right around and pay that back out in the cost of fuel. Any reduction in the cost of fuel to City Public Service is applied to the cost of fuel which we apply to the fuel adjustment and results in a lower price to the rate payer, whether a rate increase is involved or not. So, the only part that would impact the earnings of the City Public Service in a positive way, the money we would get to keep, so to speak, would be from the demand charge, with the capacity charge, and that is the percent that would be applicable to what Mr. Thomas is talking about. Do you want to add something to that?

MR. THOMAS: The \$9.3 million would be dispersed of course, 14% would go to the City and 86% would go to City Public Service. As Jack mentioned any savings in coal will automatically be passed on as it occurs. That would be automatic. So, we're talking about what we need to raise the base rate by that generates the capital needs to support the bonds. Fuel is a one to one, if the fuel goes up, the bill goes up, if the fuel goes down, the bill goes down. The Houston \$24 million is broken down, most of that would be fuel again, the City would be the main beneficiary there because we would get something from the Houston sale which would reduce the rate changes as I indicated but the additional sales are simply priced to cover the fuel plus the City payment and a little bit of operation maintenance. So, when you get that money, most of it goes to the City, most of it goes to the fuel supplier and we maintain just a slight amount for operation and maintenance. So, that's why the numbers seem to add together but it's how they are applied, that I think might be the answer. I don't know whether

MR. WING: Yes, you have, because I feel that if you budgeted X millions of dollars to pay for your coal rate-haul for one year and you incur a savings in that, you already still had the money budgeted, if I may finish, is that any savings that you get from the hauling rate is automatically transpired to a savings to the rate payer, right, because you don't have to pass it through to the rate payer.

MR. THOMAS: That's correct.

MR. WING: What do you do with the money that you had budgeted for that budget item for five years or six years . . .

MR. THOMAS: The budget item is simply a projection of what we think we are going to spend for fuel. What we actually pay is what is billed to the customers. Whether that is more than the budget amount or less than the budget amount. We have not collected those funds that are in the budget as of yet. Those are collected each month as we bill the customer as we pay for the fuel. So, you're assuming that we have already have collected that money. And in the fuel case, we do not collect money for fuel in advance, we collect it as we go.

MR. WING: But you do budget for it.

MR. THOMAS : We budget for it.

MR. WING: You do have an idea.

MR. THOMAS: We do have an idea, so therefore, if fuel in actual cost is less than our budget amount, that's what we pay, that's what we bill our customers and when you look at the end of the year, we will underspend the budget.

MR. WING: So basically, the trade-off, assuming that we can rationalize that after so many hours, the trade-off with Houston Lighting and Power is just some money to keep, upkeep some of the plants that we have on line but are not using.

MR. THOMAS: That is correct. And which our customers are paying for because they were built before and we have to pay for them with our rate payers' money so if we get any money from the outside to help us pay for those, that is just less money that we have to get from our own rate payers. And I think that is the real benefit and then I think

the greatest benefit of this sale is that we produce additional revenues from the City of San Antonio from outside the City of San Antonio.

MR. WING: What is the total amount of your total working budget for this year ?

MR. SPRUCE: We have two budgets at City Public Service. One is called our capital budget and the other one is our operating budget. And the figures for that

MR. WING: What is your operating . . .

MR. SPRUCE: Just one second. \$292 million for operating and that is really a forecast, that is based on a projection of our anticipated kilowatt hour sales with fuels at certain projected levels. If sales are less, we spend less, we collect less. They just ride together because the margin of course, above what the fuel costs and what we sell to the customer for with the operating and maintenance is what City Public Service is talking about. The capital budget is \$196 million.

MR. WING: Well, whether it's \$292 million or \$196 million, it's hard for a person like myself, a layman to conceive that management cannot make some type of an adjustment within their budgetary process to make up for a 2.4% short-fall. In trying to relieve the rate payer from having to undergo another rate increase in the face of all the rate increases that the citizens of San Antonio have been incurring. And you don't help matters any when you throw about pseudo-figures that supposedly are going to benefit the rate payers of the City of San Antonio. Forty-five million dollars within the next five years, thirty-four million dollars within the next five years. The citizens of San Antonio are not going to see that at all. The only way they'll see it is if you reduce or leave the rate the way it is.

MR. SPRUCE: Okay, we concur with that, Councilman. You know, we could probably go a little bit farther without the rate increase, now the first thing we run into is as we have mentioned earlier, is the coverage on bonds. That really is going to be the critical item as far as CPS' actual need. Now, we could rock along a little longer and then when we get down the road, two, three, four years, or whatever period of time we would talk about when we were really in a crunch that we would come back with a larger increase. That is one of the reasons that we had agreed to break it up and ask for increases, small increases on an annual basis, we feel that they impact the customers in the least. It is a way to accomplish what we need and keep the amount between what we take in and what we have to pay out, just at the minimum. And we're doing everything we can to control costs over there.

MR. WING: Yes sir, I realize that but I also realize that the \$45 million, if you will, could be taken into consideration, if you make do, just like you just stated, a little while longer without the rate increase and the \$45 million just on the coal-rate haul is effective and it does become to flourish and then you can always explain to the folks that their bill, technically is going down because the pass-through is not being charged, or is not as high because of the so-called \$45 million savings which would equate to \$9 million a year across the board for the rate payers of the City of San Antonio. And you would be in a better position to come and ask for a rate increase because in effect, if your \$45 million savings is true, or will come true, then the citizens of San Antonio and the rate payers will be getting a lower rate on the pass-through. Is that not true?

MR. SPRUCE: Well, that's true, but that's just a flow-through, that doesn't do anything for City Public Service and of course, we do have inflationary increases in all the other items that we use, all of our operating interests besides fuel, the cost of our fuels for our vehicles increases and salaries to employees, increases in the cost of supplies, both expandable and capital items that go into the system. We feel that 2.4% is a very thin margin based on what inflation generally is. Now, we can talk about \$45 million if we save on freight hauls, yes, but we never collect that in the first place so the customer benefits as soon as the benefit comes to the City Public Service in the form of a lower fuel cost and it immediately goes into the rate.

MR. WING: Thank you.

MAYOR COCKRELL: All right, let see. let's go back and start with Mr. Webb.

MR. WEBB: Yes, Mr. Spruce, I noticed that there are about seven or eight gentlemen in the audience that apparently are associated with CPS. Can I have those names.

MR. SPRUCE: Yes sir, we have myself and Mr. Howard Freeman, whom you have met, he is Assistant General Manager for Finance and Administration, we have Mr. J.B. Poston, he's Assistant General Manager for Operations, Mr. Arthur Von Rosenberg, Manager of Planning and Development, Mr. Ken Harz.

MR. WEBB: Is he somebody that's new with City Public Service Board?

MR. SPRUCE: No, he's been with us for many years, he's Manager of our Financial Operations Department.

MR. WEBB: Was he just recently promoted?

MR. SPRUCE: No sir he's had the job for about 3 to 4 years.

MR. WEBB: Three to four years?

MR. SPRUCE: He's been over here with us before, he's probably hasn't spoken too much to the Council, however, he's . . .

MR. WEBB: One more out there I haven't been able to discern who he is.

MR. SPRUCE: We have a couple more, we've got Mr. . . .

MR. WEBB: There's a heavy blonde out there, that one.

MR. SPRUCE: Mr. Mike Hardt, Mr. Michael H-a-r-d-t, he is the Senior Engineer for Nuclear Planning.

MR. WEBB: And the other one is Ken . . .

MR. SPRUCE: Mr. Vern Lange, oh, Mr. Harz . . .

MR. WEBB: No relations to . . .

MR. SPRUCE: No, H-a-r-z. You've met Mr. Thomas.

MR. WEBB: And there are two others who look like they are associated with . . .

MR. SPRUCE: Mr. Oran Park, he's Manager of Special Projects. Mr. Vern Lange.

MR. WEBB: The reason why I'm doing this is because we had asked, Madam Mayor, that there be some sort of promotion or something within the ranks of City Public Service and I noticed that all nine of these are white Anglo-Saxon male and I was just wondering, what have we done, about you know, any internal promotions, or any if any. I noticed that there are nine present here today and I suspect that all of these are on the top echelon of the City Public Service.

MR. SPRUCE: I would like to apprise you that during the last several months there have been, I believe it's a total of seven people who would be classified as minorities have been promoted into the management rank. None of them happen to be in this particular group. Probably, Mike Hardt is the youngest one of this group, I guess he's been with us for about ten years. Some of the others have been with us for awhile. But we have

promoted two black people to management ranks , four hispanics, and one female.

MR. WEBB: What are those two blacks doing?

MR. SPRUCE: Mr. Ira Smith, who is Superintendent of Computer Operations and Mr. Steve Braimer, who is at the present time, Superintendent of Employment. We promoted a young lady by the name of Jamie Kumpf, she is Superintendent of Generation Planning, we have four hispanic people that have been promoted, we have Mr. Richard Gonzalez, I'm sorry I can't remember his title, with Customer Service and Joe Trevino . . .

MR. WEBB: That's enough . . .

MR. SPRUCE: in Engineering, John Leal, EEO Director and Ralph Alonzo.

MR. WEBB: That's enough, I just wanted to make a point, for the benefit since I had the benefit of the camera I wanted to point out the fact that we do have these nine present today with us that are pushing this rate request. And I just wanted to say that I totally concur with Mr. Wing and that we have run a cadillac operation, City Public Service at the expense of the taxpayers and I think that perhaps that maybe if we might settle for an Oldsmobile, or Buick operation, until we get these additional monies that have seemed to be identified as new revenues or until we really have been pinched, really, really, where you can come back to the taxpayers and say, " Look, we really are in a bind, and we really do need a rate increase." And then, I think that, and only then will I think I will be granting a rate increase. But at the present, I really don't think it is needed. I've looked at the material and I just can't see where you couldn't last until 1982. Until you have identified these new revenues, or until you have received some of these new revenues that are apparently going to be coming forward, the cost in your own words, you have identified those, so I'll be voting against the rate increase today.

MAYOR COCKRELL: Dr. Cisneros.

DR. CISNEROS: Thank you Madam Mayor. Mr. Spruce you pin your arguments for the rate increase on the issue of the coverage of the bonds, is that correct?

MR. SPRUCE: Yes sir, that is one of the principal factors that leverages the need for the increase at this time.

DR. CISNEROS: Now, in answer to Mr. Wing's questions, you responded as if essentially, for accounting purposes, practical purposes, there are really two separate issues; there is the issue of the fuel account and the way the fuel costs are paid, and then there is the operation of the system itself included in that operation of the system is some of the debt for handling the capital budget etc. And that the rate, the 2.4% that is being asked is asked on that portion and that if there is to be a savings in coal, it would simply reduce the size of the fuel payment that would have to be in the bill. Is that a correct . . .

MR. SPRUCE: That is correct, it also does affect the gross amount of the bill, obviously, there are already some pluses and minuses that appear on the bill, for example, the benefit from the Coastal settlement which is now in everybody's bill every month. They are not large but they will go on for a long time. That just flows through. You know, it makes no impact on our cost of operation, whatsoever. Now, I might clarify one point, that debt services are really treated as a different item rather than an operations and maintenance but it is essentially an operating cost.

DR. CISNEROS: It's treated as a separate item but you have to pay the debt service out of the funds that are generated from that basic rate.

MR. SPRUCE: Absolutely, yes sir, correct.

DR. CISNEROS: Again, I think you answered with respect to the sale to Houston that the first time we see monies on that is in '82.

MR. SPRUCE: Yes, sir, that's correct.

DR. CISNEROS: What month in '82, do you have any feel for that?

MR. SPRUCE: January.

DR. CISNEROS: January of '82, so just a little over a year from now, about a year and two months from now, the first sale which is to generate monies on a monthly basis, is that correct?

MR. SPRUCE: Yes sir.

DR. CISNEROS: And the amount that you will get on a monthly basis will be equivalent to about 3/10ths of the increase that you would otherwise be asking for in '81, is that . . . or be asking for in '82.

MR. SPRUCE: In '82, yes sir. Now we can provide you with the numbers that result in that percent figure if it would be anymore meaningful. What you divide by, what, in order to demonstrate that.

DR. CISNEROS: Okay, let me ask you this, and perhaps Mr. Freeman is the person to ask it. What is the size of the reserve that you maintain on a regular basis.

MR. SPRUCE: The cash reserve?

DR. CISNEROS: That's correct.

MR. SPRUCE: We don't call it a reserve, Mr. Freeman can explain that.

MR. FREEMAN: I would be glad to give you the numbers as of the end of August, that's the latest I have. The Improvement Contingencies Fund which is the funds which all of your revenues that are not applied to operations, to debt service, to the payment to the City, the ones that remain at the end of all of these payments go into what we call the Improvement Contingencies Fund.

DR. CISNEROS: It is essentially a contingency fund.

MR. FREEMAN: It is the fund then which we use to pay for construction if bond funds are not available.

DR. CISNEROS: I see, you've drawn that down in the past when we have delayed selling bonds, you've drawn that down.

MR. FREEMAN: Yes, and it's also used for any kind of emergency which might come up on the system; for example, during the last year, we paid about \$27 million worth of our construction cost out of the Improvement Contingencies Fund.

DR. CISNEROS: Because bonds were not forthcoming in time, or something like that.

MR. FREEMAN: That's correct and the Improvement Contingency Fund at the end of August amounted to \$45.8 million. That is roughly three months construction cost.

DR. CISNEROS: In other words, if we were late in approving a bond issue or for some reason the market changed, and you couldn't sell, you have about three months of lead time to play . . .

MR. FREEMAN: That's correct. For example in August, we had anticipated receiving the bond funds in earlier August, and in fact, the funds were not received until mid-September. So that in August, we paid the entire construction cost because all the bond funds had been used, I believe in June, the later part of June.

DR. CISNEROS: Then when you sell the bonds . .

MR. FREEMAN: You do not reimburse the funds. Once those funds are used, the purpose of the bond funds which we sell are for construction and not for reimbursing the INC parking structure.

DR. CISNEROS: So what reimburses the INC?

MR. FREEMAN: The only source of funds going into the INC funds are those funds that are left over at the end of the month after all the other bills have been paid.

DR. CISNEROS: What is the trend line on the INC? Is it 45.8, frankly, it sounds like a large amount.

MR. FREEMAN: Yes, we have increased the INC fund because of the large amount of construction being required. If construction were only \$5 a month and because of the exposure on our system, in case you have a storm and this sort of thing, you have to replace major items. We have increased the amount of INC funds. We used to think that \$5 million for example, was a sufficient amount to keep in the INC funds and now, frankly, \$50 million does not look like an inordinately large amount because of the exposure that we have to the fund.

DR. CISNEROS: From the financial standpoint, what is the good thing to relate the INC to as a percentage. As a percentage of total gross receipts, or as a percentage of assets, what's a good thing to use as a guide if you wanted to say that the INC ought to be 2%, or 5%, or 10%. What should that be of?

MR. FREEMAN: Well, our original indenture put a maximum on the INC fund and of course, now I don't think that there is any way we will reach that.

DR. CISNEROS: It was an absolute dollar maximum.

MR. FREEMAN: No, it was a percent of the total plant. And it said that should your INC fund exceed 20% of your total plant then any monies that are available to go into the INC fund have to be used for one of two purposes; either to reduce outstanding bonds, or two, to give a rate decrease to your rate payers. Of course, 20% of our total plant now, is in excess of 1.5 billion dollars.

DR. CISNEROS: Our total plant is 1.5 billion?

MR. FREEMAN: Yes. So that is . . .

DR. CISNEROS: So 20% of that would be about

MR. FREEMAN: Very large figure, \$500 million dollars, \$400 million.

DR. CISNEROS: About \$300 million.

MR. FREEMAN: \$300 million, I'm sorry.

DR. CISNEROS: So, actually, we are not even near 20% we are more like a sixth of that which would be about 3%.

MR. FREEMAN: So that is not a major, a valid in our estimation. We have tried to look at it more in terms of what our exposure is when we need to be able to finance to get through the day to day. The amount that we are putting into the INC fund is not a rate from month to month because of the INC, the money that is going into the INC fund, the only payments other than construction that we make are the new series bonds.

DR. CISNEROS: Okay, you have bonds now which we allotted last, was it August, July?

MR. FREEMAN: July.

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DR. CISNEROS: And that was what?

MR. FREEMAN: \$85 million.

DR. CISNEROS: So how many months of construction does that cover?

MR. FREEMAN: It'll take us into about February.

DR. CISNEROS: You'll be back with another bond issue in February. In other words, if you didn't get today's rate increase and it was to generate 9.3, so you had to take 9.3 out of the INC, let's say until next fall, that would reduce it to 36 and you're paying about \$12 million a month in construction costs?

MR. FREEMAN: Twelve, fifteen million.

DR. CISNEROS: So that would reduce what is presently a three-month lead time to a two-month lead time. At that point, is that correct?

MR. FREEMAN: Yes, but I think that the point that you're making is a little bit of apples and oranges, in that the INC fund is not the only reason for needing this . . .

DR. CISNEROS: You mean that construction is not the only reason for needing the INC.

MR. FREEMAN: Right, the INC fund to pay for construction. The critical point is that the longer you delay this in order to be able to meet your debt service requirements in order to issue additional bonds it's going to take a larger rate increase if you delay it.

DR. CISNEROS: Right, because you need to build up that accumulative momentum, compounding thing.

MR. FREEMAN: Right, that's correct.

DR. CISNEROS: All right, let me ask you this, here at the City, we haven't had a tax increase, per se, since about the '73 period something like that, '72 maybe. And all that time took to compound things, to make things worse, we have been working with a 1972 property tax base. Now, it's not completely accurate to say that that's what we are working on because we get this 14% payment which has swelled to \$42 million last year.

MR. FREEMAN: It's \$50 million now in the past twelve months.

DR. CISNEROS: \$50 million okay. Nevertheless the City has been very very very very frugal, very frugal, as a matter of fact, we have probably cut deep into the marrow of the bone of City's services. So much so, that frankly, I think that there are some City departments that are sadly, sadly underfunded, the library being one, street departments being another and such. CPS hasn't had that same discipline imposed on it in the last few years because you have been able to ride the crest of the increased fuel prices to a degree and because we have been there with rate increases at some critical times. What kind of discipline is imposed in terms of putting yourself through the same sacrifices that we've been forced to put the City through. In terms of moderate employee increases, cuts in key departments, that sort of thing.

MR. FREEMAN: Let me see if I can go back and just mention that I kind of disagree with your claim because about 1973 the City Public Service with considerably fewer customers than we now have, we had about 3100 employees, we made a concerted effort to reduce employment and we actually got down to where our employment was about 2700 employees.

DR. CISNEROS: What is it today?

MR. FREEMAN: It's back to about 3000; many of these were added however, when the coal plants came on because of having to have people not only to man the coal plant, but the coal yards, the rail-repair shops and the other things that went in with it. So, a lot of that increase has been added in there. To some extent, we suffer the same problems that you do in regulations, and additional reporting requirements. Our numbers of customers have increased substantially during the past seven years, I don't have that number exactly, but we are now serving out

350,000 electric customers. The type of customers we are serving require more service, or they call on us more, we have more movement in and out because of apartment house individual meters, for example. There is a lot more mobility in apartment houses than there were in individual residences in the past. People move in and out, they call, we have to go out turn on service, turn off service, and so there are have been a lot of other things that have been added as well, so I think the fact that we are only 100 employees less than we had in 1973, maybe it doesn't sound like much but when you look at the increased service area and the increased things that we are doing, I believe that that shows some cutting back.

DR. CISNEROS: Okay, one final question and that is, refresh my memory on the scale of increases that you anticipate, you anticipate another 2% in '81. It will be the summer or fall of '81, is that right?

MR. FREEMAN: We have other increases that are projected, I think that it's more like the 3% maximum and most of them what we have tried to do, I think is in our forecast, we have put them in in the fall of the year. So we assume that they would go in about October for planning purposes.

DR. CISNEROS: Tell me where I'm wrong in this. Three percent to be anticipated in the fall of '81, October or so of '81, if you were not granted 2.4 now, you would have to dig into that INC. Is that correct?

MR. FREEMAN: Well, assuming the scenario from here, the next thing that we will be doing will be coming back to the Board, I mean to the Council in the early part of the year for bonds.

DR. CISNEROS: Well, let's say you've got the bonds passed.

MR. FREEMAN: Okay, assuming those bonds are passed, our coverage at that time will drop, presuming again, about \$85 million bond issue and interest costs, about the current level, it will drop to the 1.61as Jack mentioned earlier. We will be back, probably again in the late summer next year on another bond issue because we think it's appropriate to split these bond issues in two parts to try to maintain at least two or three bidders.

DR. CISNEROS: Okay, at that point in the summer, you really couldn't go with that bond issue at that moment.

MR. FREEMAN: Using our revenues right now,

DR. CISNEROS: That would take it below.

MR. FREEMAN: We could not go, right, we could not go.

DR. CISNEROS: So, if we don't do a rate increase now, and we intend on staying with the construction program and issuing bonds first in February and then again in late summer, we absolutely have to raise rates at that moment. Is that correct?

MR. FREEMAN: That's correct, you'll have to raise them

DR. CISNEROS: Or violate the bond indenture at that moment.

MR. FREEMAN: And it wouldn't be, it's not a matter of 2.4 now plus

DR. CISNEROS: It'd be five or six or something.

MR. FREEMAN: I haven't looked at it but it's probably eight, nine, or ten percent.

DR. CISNEROS: And it's the summer period when the bills are likely to be at their worst.

MR. FREEMAN: Yes, that's another one of the reasons why of course, we've looked at the bond issues for this time of the year. It's during the period when the bills are lower and it's not, the increases in bills can be attributed to consumption more than rate increase.

DR. CISNEROS: So, what you're telling me is we either pay about 2.4 now or get prepared for an absolute necessity to do something significantly larger than that in order to meet the bond coverage for the bond issue that we anticipate issuing in late summer. We could ride through February-March period, sell the bonds, hold the 1.61 coverage, but we're only setting ourselves for a more serious situation in the summer.

MR. FREEMAN: This is also accumulative, of course you know, that means the farther into trouble we get now, the more problems we'll have later on in order to meet . . .

DR. CISNEROS: If you had to draw on the INC because you didn't get 9.3, and if you went ahead and issued bonds in March, I mean in February, the coverage is at 1.61, will that affect the bond rating on those bonds?

MR. FREEMAN: Well, I can't tell you at this moment.

DR. CISNEROS: Is that a factor that is considered?

MR. FREEMAN: It is a factor.

DR. CISNEROS: The 1.61 as opposed to something else.

MR. FREEMAN: It is a factor because as I mentioned earlier, the source of payment for the new series bonds is out of the INC fund. The money is paid out of funds that would otherwise be staying in the INC and be available for construction and the bond holders see some of this money as it is being depleted from the INC if there is less protection for them getting their payments from the improvement contingencies fund there is more risk to them and therefore, the interest cost will probably be higher to us. Also the rating agencies may well determine that that is a risk of your bond and should not be a double A but should be some other rating.

DR. CISNEROS: Okay, thank you very much.

MAYOR COCKRELL: Thank you. Mrs. Dutmer.

MRS. HELEN DUTMER: Yes, I've heard so many figures that they are bouncing around up here. You tell me that you need to be in a safe margin or you absolutely have to have 1.5 as a back-up for your bonding or you can't issue bonds, is that correct?

MR. FREEMAN: Your coverage test, Mrs. Dutmer has to be 1½ times your maximum your debt service.

MRS. DUTMER: I realize that. Okay, you had 1.79 now, is this last bond sale taken from that when you say that you still have 1.61?

MR. FREEMAN: Yes it is, now in our last official statement, the debt service coverage that we showed had the audited figures at the end of the year. And I think even the last quarter that we had which was about the end of April, and at that time, our coverage with the last bond issue was 1.57. However, it has been improved during the summer months because our revenues have been greater because of the warmer weather.

MRS. DUTMER: Now it's back to 1.61, Right?

MR. FREEMAN: It's actually back to 1.79.

MRS. DUTMER: The difference of .18, anyhow. Figuring it out, with your 1.61 and what you have to have, the 1½ time, you still have .56 play, in there which would allow you anyhow, well into next year before you . . .

MR. FREEMAN: I'm sorry, I didn't understand the .56.

MRS. DUTMER: Well, the difference you have 1.61 now, you need .5

MR. FREEMAN: 1.5

MRS. DUTMER: 1.5 oh, . .

MR. FREEMAN: That's point 1 6.

MRS. DUTMER: Oh, that was my error, okay, then I want to know also, on this coal pass-through, it would seem to me that that would not be a fuel pass-through that you would have to repay because seems to me that the actual coal, period, is the fuel and transportation seems to me would come under operating. Or am I wrong there also.

MR. FREEMAN: No, the cost of fuel includes the cost of fuel as it is delivered to us here which is the cost of fuel at about \$7.00 a ton and the cost of transportation.

MRS. DUTMER: Well, then it isn't actually a fuel pass-through, it's transportation for your operations along with it, right?

MR. FREEMAN: No, I think that you can argue that the cost of gas to us is the cost of gas at the plant, that includes extracting it from the ground and also moving it through the mains to get it to here. The fuel cost is recognized to be the cost of fuel delivered to the utility and in fact, we follow the uniform system of accounts, which prescribes the cost of fuel being that cost which is paid at the of the generator. So, it includes the transportation to get it here. The cost of oil would be, the cost of oil from the refinery plus the transportation to get it here.

MRS. DUTMER: Well it seems a little, I don't know, I'm not a utility figurer, rate figure but just using the round figures that you are going to get \$40 million back from transportation over the next seven years which doesn't begin until eighty, no, that's not the one, the contract doesn't begin until '82. You are going to get \$24 million over seven years beginning in '82. Or five years, but it doesn't begin until '82, so that's an automatic seven years from today. All right, \$40 million back from transportation, that's \$64 million that you are looking at and I realize that even if you give the \$40 million back, you're still playing with \$24 million each year coming in. Why do we need it right now . .

MR. FREEMAN: Maybe we haven't done a very good job of explaining to you on the fuel and also what might come from the contract. In terms of the fuel, if we don't pay it, we don't charge our customers for it.

MRS. DUTMER: Right.

MR. FREEMAN: Okay, so whenever the fuel cost is decreased, our revenues are decreased.

MRS. DUTMER: But it also decreases your cost.

MR. FREEMAN: It goes down a dollar. The customer's bill goes down by the amount of that dollar and there's no . . .

MRS. DUTMER: Divided by the number of persons.

MR. FREEMAN: So, that goes down. It does not appear as a cost, it does not appear as revenue. In the case of monies that might be recovered from the contract with Houston, that starts in '82, and therefore, we will be taking that into consideration, whenever we look at our rate increase request, the next time we come over here. Since it does not go into effect during this current year and the amount of money that we need at this point in time are calculated based on our needs and our requirements now we have the 2.4. But as Don says, next year we have monies coming in from the Houston contract, that will be taken into consideration and should reduce the amount of increase to our customers.

MRS. DUTMER: In other words, you're telling me that you had planned to come back next year, already, and you'll take this into account or asking for a rate increase next year.

MR. FREEMAN: Yes, very definitely, as you recall, last, well it was January of '79 when the Board of Trustees approved our budget, we had a rate increase in there about every three years and it was of the six to eight percent magnitude. They asked us at that time to reconsider the way we request rate increases and to make it a much more modest increase to come in each year for a rate increase. And so, that's what we have adopted the two, two one-half rate increase range instead of the six or eight percent every two or three years. And so, our financial plans, I think we have sent a copy to the Council, I'll be glad to send additional information, but it does lay out our projections of bond requirements and rate request requirements over the next several years.

MRS. DUTMER: Well, to me it just points out that you'll either die very quickly from hunger or else you are going to lengthen out the starvation process here. Either way, you're going to in the ultimate end get approximately the same. Another thing that bothers me right now, is that you say that this is going into what you call an INC or capital improvements. If you do not have the bonds, then you use it for your capital improvements. That as you well know, does not set well with me because I just simply do not feel that right now the citizens of this City should have to pay for a brand-spanking new building. And I don't really care down the line if you have this building but I think that this is a wrong time for it until you find out what your economy is going to do. I further have been looking into some of these rates here for businesses within our City, the commercial rates, we have been out beating the brush and asking businesses to come and yet we're penalizing our business users. We pay more in San Antonio actually than Houston and Dallas does and Houston is going to buy from us in order to furnish their business customers, their industrial customers over there. I know. I have been around, I've talked to some people. The packing houses, laundries, the people who are dependent on energy for their businesses are really being penalized. They pay more, of course they can pass it on to who? Mr. and Mrs. San Antonio who has no one to pass it on to. And so, therefore, you're paying their bills too and I find it a little bit hard to accept in plain words, now if everyone were to get on with the retrofit program and cut their energy costs, then I have no doubt that you would be coming back here sooner than ever. So again you've got a Catch 22, you don't use energy, you've got to have more revenue. I just don't see any end to it and we just have to do something. Some people, I represent a district that has many many senior citizens in it. Some of these senior citizens actually right now cannot afford food because of their utility bills. When they go to Welfare and ask for help, actually, their check is more than what they can get. It, they say, well, I'm sorry but you are in the wrong income bracket and so forth. So I have to protect those citizenry of my district and indeed all over the City. So, I'm having a hard time with it and in particular that you can use these monies for capital improvements whenever you see fit. And that's where I have a bad hang-up.

MR. FREEMAN: Well, I understand your feeling on the . . .

MRS. DUTMER: I've never changed it from the word, from the first concern I had.

MR. FREEMAN: The only thing that I can say on the building and that is that we believe that we have some inefficiencies that we can overcome in our operation today by being able to consolidate people under one roof and we have been in a very overcrowded condition. As you may know, we looked at a new office building back in the early '70's. With the substantial increase in fuel cost that we had in the early '70's and the rising bills there was just no way that we could consider, the situation has just gotten worse. And I know that utility bills are still high compared to what they were some years ago; I wish that I could tell you today that utility bills are going to come down considerably but I don't think that . . .

MRS. DUTMER: Mr. Freeman, I'm not putting this on anyone's shoulder. It's the sign of the times, the way the world is changing. However, in a time when young people can't even afford a home and they are living in two rooms with large families, they are overcrowded too, but they still have to have that dollar to you and if they don't have that dollar there, they don't have the heat, they don't have anything. That is a very very heavy concern that I go to sleep with sometime and wake up and think about. Not being emotional about it, just being factual about it, I think that now is the time to ask ourselves, "Is this really necessary?" Another thing that sticks in my craw, is the fact that CPSB was used on this projection as private money and indeed it was not private money until they got private money together and then they dropped it and admitted it was public and I can't go for that, I'm sorry.

MAYOR COCKRELL: Mr. Thompson.

MR. BOB THOMPSON: I've heard most of the discussion, I initially was going to lead my question about trying to outline the scope of the negative impact of this, if it does not pass. I'm trying to see the harmful or down-side effect if you don't get a rate increase. I think we've gone over that. Dr. Cisneros went through those details that I wanted to review. I'm impressed with the message that has been spoken by my Council colleagues about our concern for increased rates today. That, the message that we are I think speaking is not one of original thought, but merely conduiting what we hear in the community as a very real and honest concern as stewards of the taxpayer's dollar. How are we doing with that job? And as we ask that question of ourselves and another question which is almost indictment in itself; look what we have done, are we pleased with that. I think your record at CPS, the management and the philosophy that you've used, and the discipline that you've used in providing the utility service that we expect is unparalleled, you have an excellent reputation. However, that concern I think, is maybe manifesting itself today, for as much possible physical restraint as can be exercised without being fatal. Now, I made this statement before, that as I review rate increases that you all have presented it seems to be kind of a concrete block phenomenon, I can't buy part of it, it's the requirement that we either take the 2.4% or we're committing hara-kiri, I'm glad to see such a small request. On the other hand that I think that if it is denied, it would not have the tremendous adverse effect of a 12½% increase that would be denied, I think that would be catastrophic at least if the request was legitimate. So, I'm very concerned about that. I am very concerned as I try to represent people that have a great deal of apprehension about politics, politicians, and the stewardship that we have to display. There is nothing I think that we're doing any better than having our utility out front. We have made tremendous strides in providing those energy needs. We have seen with somewhat of surprise this contract with Houston. We find that justification overlapping somewhat the justification for the Nuclear Power project. There is an interference there and that interference is somewhat frustrating, one notion to another and it takes a great deal of understanding of the inherent basic notions in our long term planning before those two things can sit side to side without friction. So, I'm very concerned about it.

MR. FREEMAN: Councilman, I know that Mr. Spruce would like to address some of those and let me just say from the start, I think, we said before the Council in the early '70's with much the same message as we do now when we were trying to get the coal plant going, I realize that the transportation is something that has kept San Antonio from gaining all the fruit that we would like to have from the coal plant, but I would like to tell you that there have been substantial

benefits to this community as result of putting the coal plants on line. The initial cost of those two coal plants were in the \$250 million range. That was a lot of money, in terms of income that we had at that time. However, in the last year or so, we have been able to save approximately \$100 million, what we would have been paying if we had to burn gas. And this is including the fact that transportation has been high. I think that the citizens of San Antonio our rate payers deserve better than that. I think that they should have been paying less because we should have been paying a lower freight rate than we were. We think, the other thing I would like to say is that we have been over here talking about our construction program and our needs for capital. I don't think that we have ever justified, from the coal plants on, the need for putting additional generating facilities on the basis strictly of our growth, our capacity needs. It's been on a fuel diversification program. We feel that with the uncertain conditions that exist in gas, oil and coal in all the industries today, that we need to have as many different sources of fuel as possible in order to insure that San Antonio has an adequate supply of energy. What Mr. Spruce reported earlier as the basis for selling energy to Houston, will be our gas fired plant, they are our most expensive to operate and so these are the plants which would be idled when we base load on coal or nuclear or any other fuel we have.

MR. THOMPSON: Let me interject before Mr. Spruce comments on that. All those things are very relevant and I'm convinced are 100% true but as you evaluate those things, you must evaluate them in light of all power structures that are at work and how are we to one truth evaluated compared to another and which one is the most weighty. And ultimately, the weight that counts the most is the will of the people. We all have to answer to that and I'm very concerned that we might be somewhat out of step with that, knowing that rate increase after rate increase, on and on and on. And it's still the citizens' City and I'm, I hear a very strong message there and I'm passing that on to you.

MR. FREEMAN: We understand that. And if you look at our rates in comparison with our costs, you won't find any, I'm not going to say any in the country, that might be a slight exaggeration, but very few in the country that can produce power or will sell gas at closer to their cost than we do. I will also say that by most standards, any kind of comparison that you want to look at, that our rates are below average and when you look at the rate increases that are being granted to other utilities of 10 and 20%, Houston just had one, Texas Utilities has rate increase requests in and none of them are within the range of 2%. And so, I feel that we are pinching pennies to the extent that we can, we are trying to maximize the utilization of our equipment, we're faced with inflationary costs in our daily operations, so I think that we are doing as well as can be expected. But we will stand up against anybody else and I think that you can be proud of CPS, you know, the final analysis.

MR. THOMPSON: Well we are, there is no question. Mr. Spruce wanted to say something . . .

MR. SPRUCE: Well, I can't add a whole lot of what Mr. Freeman said, I just want to express to the Council, the philosophy of City Public Service, the trustees as well as the staff, is to operate the system under a stewardship arrangement for the City. I think that we are just as sensitive to economies and impact on our rate payers as anybody. We try to look at a rate structure where everybody pays equivalent to cost of service. We have not accepted the philosophy where one class as a customer subsidizes another. The only other thing I was going to add was what Mr. Freeman already said that if you compare the dollars that we spend per customer, whether it be on transmission, distribution, meter reading, administrative costs, any of those factors, we compare very favorably. The only utilities of any size that we are being beat by on the margin are the people who have subsidized hydro power or something that derives benefit from some other form of federal subsidy, which we don't have access to. Everybody looks at our system capacity and always say, "Why do you want to build anymore plants, you've got all this capacity?" But we have demonstrated, I believe and I think all of you

understand that we built the coal plants, we didn't need the capacity, we did it to diversify the fuel and we save money for the rate payers. And our whole building program is predicated on having, into the figure, adequate power for San Antonio at a competitive price, adequate power at the least possible cost to the rate payer. If we don't look ahead, if we wait until we get in trouble down the road, faced with a federal ultimatum that you can't burn gas in a power plant after 1990, it's too late to build a power plant. We've got to plan ahead, and our very best efforts and objections and we run all various forms of programs, we consider all possible forms of fuel cost and construction, projected cost of fuel, we iterate and reiterate and that's the construction program we come up. We think that what we are doing here is the best possible balance of borrowed money versus money brought in by revenues from the rate payers, that's what we are doing, we're borrowing pretty much as heavily as is practical, we think, and incurring debt service but incurring it into the time frame where those that use the facilities will be getting the benefit from it. That keeps the rates low on the front end. I don't see how we can cut them much closer than they are. We're trying to run a very conservative operation and I believe that by any measure compared to any another utility we do come out looking pretty good.

MR. THOMPSON: Very good, I agree with that and the only thing I can say is that there is another dimension to the problem that I have to be most concerned about and that is the people that I represent as you are concerned to your board and to the rate payers. I am very very sensitive to that constituency and as a politician there is always that duality of role of being servant or being leader. And sometimes you must be one and sometimes you must be the other. But in either role, you cannot get out of step with those people you call your friends and neighbors, those that you represent. You've got to be in tune with that. I feel with this particular increase, this particular rate increase that we're asking today, that our constituents, mine in particular, have been taxed and re-taxed and this might be a very positive signal that as stewards, we are very careful. I feel that's a strong message. Thank you.

MAYOR COCKRELL: Let's see, Mr. Wing.

MR. FRANK WING: Yes madam, given the type of individual that you have working for you, it's hard for me to envision that you cannot come up with a formula based on what type of savings that you're going to, or purported to have in the future that would preclude a rate increase at this time. The fact that just on one so-called savings alone, would amount to \$45 million, at best, what I feel we could do is break out even. Because even if you do take the money that is passed onto the customers as a pass-through on the fuel adjustment and you keep the so-called, say for instance, what you want now, 2½% increase, the bill should remain stable, at what it is now, given the situation where you have to wait until next year, and that's why you need a rate increase now because some of these savings will not be effective or effected until next year. Then, what is to keep you again from borrowing or from going into this so-called INC fund until some of these savings materialize that you are going to pass on to the customer through a pass-through but yet, come up with an increase that will keep the bill stable. As an example, if we were doing it today where you need an increase of 2.4% that would generate \$9.3 million in revenue and you would have a \$9 million windfall if you will, from this so-called coal rate that would adjust your fuel and if you kept an increase of 2.4, your bill would remain almost constant or stable. So, I can't rationale with all the brain power that you have there that we have to have an increase at this particular time.

MR. SPRUCE: The only thing that I can say is to try to clarify again, that we never collect that money if we are never billed for it as far as the reduction in the rail-rate. The other increase that we are asking for goes into meeting the needs of the cost of operating the organization, which obviously hardly anyone can say that the cost of anything has been no more than 2½%. And we're saying that that is what we feel is the correct amount this year, to maintain the proper balance, to maintain the level of coverage where we can continue our construction program. We indicated before, yes, we can coast on down the road a little further, but then when we do come back, the impact is greater and we feel that this is the best way to do it.

MR. WING: Yes sir, but further on down the road, given the situation where we would have the same situation that we have now, 2.4, 9.3, versus \$9 million in savings in the pass-through. If you come up to a 2.4 increase, you would remain stable at that particular time. See what I am getting at, no increase, no rate increase. The savings that the rate payer would be getting because of the so-called pass-through would not be really realized because you would tack on a 2.4 increase on top of that, that would keep the bill constant.

MR. SPRUCE: I really don't know what that balance will be. What you say has some merit. Yes, if we didn't get a rate increase and there was a lowering of the freight cost, the bills would drop a little bit in the fuel adjustment. On the other hand, with the increase and the lowering of the freight haul, the customer may not really see a change in his unit cost per kilo-watt hour, depends on his level of consumption and just where this comes out. I really don't know what those numbers are. The two are really not, one cannot be weighed against the other because the cost of operation of City Public Service inevitably increases just like everybody else's cost of living increases. And as I mentioned before, I don't know anybody or any business that hasn't seen increases in excess of 2½%.

MR. WING: I see, but the revenue would be coming from the same source, which would be

MR. SPRUCE: The revenues for City Public Service all come from the rate payers.

MAYOR COCKRELL: All right, Mr. Archer.

MR. VAN ARCHER: Is is Spruce?

MR. SPRUCE: Yes sir.

MR. ARCHER: I was interested in your talk a little while ago, it's been so much time I have forgotten, but in your Affirmative Action Program, I noticed these people standing up, do you have any Italians over there?

MR. SPRUCE: Italians? Yes, sir. I don't know the number, I don't know if any of this group are of Italian extraction or not. But we do have some.

MR. ARCHER: I had Italian food last night and wondered if you had some out there. The ones that stood up were lean and slim, are there any fat people out there?

MR. SPRUCE: Yes, sir, we have Mr. Henne who is . . I believe, would you stand up?

MR. ARCHER: Well, you've got a good program then, I just wanted to check on you, Mr. Spruce.

MR. WEBB: I didn't get his name a while ago. Madam Mayor, I didn't get his name.

MR. ALDERETE: Point of order, Madam Mayor.

MAYOR COCKRELL: Will you state your point of order, sir.

MR. ALDERETE: Yes Madam Mayor, you know, I've heard several of the Councilmembers speak and I've heard some of them speak more than once and I'm just wondering, can we have the folks that came down here to speak so that we can really hear what this community has to say about CPS' rate increases instead of the Council discussing it over and over again. I really think that we need to have them here.

MAYOR COCKRELL: Yes we do have three Councilmembers, two more, one of which is you, Mr. Alderete and then we have four citizens and we'll move just as fast as we can. Mr. Steen.

MR. ALDERETE: I know that is what I was going to ask for before all of them kept talking.

MR. JOHN STEEN: Thank you very much, Madam Mayor. You know, Jack, what you said about your rates, is very true because I know; I pay CPS bills in other places. San Antonio has the cheapest rates by far. In fact, there are a couple of co-ops that I do business with. Their rates are supposed to be very cheap because they are co-ops, you know cooperatives designed to help the rural people and their rates are much higher than the City of San Antonio. I never have figured that out, I have asked them from time to time, they said, "Well, you know those are our rates, we don't know what the San Antonio people are doing and that's what you have to pay us." But, nearly all the rates, all of them that I pay are higher than what we pay here in San Antonio and I still think it's a question and we've repeated this time and time again but it's either you vote for a series of small minute increases sort of speak, and every now and then you vote for a large increase and that's what you've been saying. Like if we should vote for the 2.4 increase today, perhaps a year would pass and you would ask for maybe the same increase again. I've forgotten what your chart said, isn't that true?

MR. SPRUCE: We have the numbers of them, I believe the next one is approximately 3%, however, if we pass this one, then the next one would be more on the order as Mr. Freeman has said, six to eight percent I don't know what that would be.

MR. STEEN: If you didn't pass this one today.

MR. SPRUCE: Yes sir, if we did not.

MR. STEEN: Is it a year off? I forgot the next increase.

MR. SPRUCE: We had projected that we would come to the Council each year requesting rate adjustments during the fall months when it would have the least impact on the customers.

MR. STEEN: Right, so in another words, if we passed the 2.4, it would probably be a year and you would probably ask for a 3.0 increase but if we don't pass the 2.4 today, then you might come back and have to ask us for a six to eight in the summer.

MR. SPRUCE: That's correct, yes, sir, like we did this year, we brought it in the summer and asked for Council's approval for it to be implemented in the fall. That would probably be the best way that way everybody sees it well ahead.

MR. STEEN: So, I think that's really the bottom line of the only thing that you can look at is the fact that we are going to vote for a number of small increases annually, or we're going to wait and vote for a big increase. So, I think you have to bite the bullet one way or the other. Do you want to bite a small bullet each year or do you want to wait a long time and try to swallow a great big bullet and that's what it all amounts to, it seems to me.

MAYOR COCKRELL: Mr. Alderete.

MR. ALDERETE: Yes Mayor, I want to relinquish my time to the people that came down here to speak so that they can address this Council and this body.

MAYOR COCKRELL: All right. Mr. Webb.

MR. WEBB: I concur with that.

MAYOR COCKRELL: Mr. Eureste

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MR. EURESTE: Yes, Madam, I've just noticed that the question in here has to do with what you eat and I hope that none of us come in here after having eaten deviled eggs or deviled ham.

MAYOR COCKRELL: All right, at this time I will call on the first citizen, Sister Bernice Mallory.

MR. ALDERETE: Madam Mayor, Sister Bernice Mallory had to leave to an appointment she had but she was here to speak against the rate increases and she is also Secretary of the Lackland Jaycees Life-line Foundation which deals with quite a few people that are unable to pay either their City Public Service bills or their City water bills. And I think, that that speaks for itself and what is the purpose of that agency and her reason for being here.

MAYOR COCKRELL: Howard Rogers.

MR. HOWARD ROGERS: Madam Mayor, Councilmembers, I'm Howard Rogers and I represent the San Antonio Manufacturers' Association. We're not opposed to the rate increase, per se, we feel like the Council should decide. We had expressed some reluctance at the last hearing on this because of the percentage. We heard about a 2.4% increase and we're rather concerned that Mr. Freeman mentioned that the Council had asked that we try to avoid the, that is the City Public Service Board, try to avoid 6% increases and we wholeheartedly concur in that. We have a little bit of a problem in that if you look at the publication that the City Public Service submitted this 1980 rate filing, turn to page, Roman numeral IV, page 19 and it shows that many large commercial users are going to be charged far in excess of 5%. The figures that City Public Service has submitted show, for some of the very large users, 5.38% and 5.17%. Some of the accounts that we looked at that were rather large, ran up as high as, in that order and this is the part that bothers us. We agree that the cost of service should be consideration of City Public Service's rate structure. We don't think that one class should subsidize another. We think, taking figures from this document, it's quite evident that one class of service is being asked to support another. For instance, on Roman numeral IV page 3, when they discuss the cost of making service available to residential electric customers, they say that's \$4.31 a month. They are asking for an increase from \$2.50 to \$3.00, and then they say that it is intended that the service availability charge will eventually be increased to a level that corresponds to the actual cost of service, taking into account this overall impact on consumers. What they are saying is that this is other classes are being asked to subsidize that class. Now, we realize that we all have this common problem. But, for some reason there seems to be the attitude that if some large user pays it, then we don't pay it individually. And that isn't true. These large users have several choices. We saw in the News, overnight, that one large user decided to shut down all of the burdens, not just the electricity but all the economic and other factors, problems caused him to shut his business down. This was Blayland Park. We see large industrial users that are deciding not to expand in the San Antonio area because they can buy electricity cheaper in other areas. Certainly, there are, most of the rates are better in San Antonio. I deal own personal business in four Texas cities and generally, I find this to be true. Our rates are quite favorable but one of these large food processors submitted to us information showing that his nationwide average was 3.84 cents for electricity and he included places like Chicago with 6.8 cents per kilowatt hour, Clifton New Jersey was 7.3. His nationwide average was 3.84, and he was averaging in San Antonio 4.0; this was a food processor. Their expansion will be limited in the San Antonio area; they can go into the Arlington area and this may be temporary but at least today, they can buy electricity, and they are buying it, for 2.6 cents per kilowatt hour, in Garland for 3.2, in Hereford for 3.8. We are averaging 4.0 here. We are not asking that this increase be stopped, that is really the business of Council; we want to see a very solvent, a very strong City Public Service. But, we do feel a need to bring this rate schedule into an equitable position.

MAYOR COCKRELL: All right, Mr. Webb,

MR. WEBB: Where was that shut-down at, that plant? You said a plant shut down business.

MR. ROGERS: They had, overnight, we saw, they had an announcement that Playland Park was shutting down.

MR. WEBB: Playland Park, here in San Antonio.

MRS. DUTMER: I thought you were talking about a steel plant that closed down.

MR. WEBB: Is that because of the rates?

MR. ROGERS: Their public statement was that it was because of the overall burden which includes utilities.

MR. WEBB: I see, thank you, I didn't hear that information. I just wanted to know. But the other question is that are you saying that, if I hear you correctly, that the commercial business and industry is paying a rate much greater than those that are residents?

MR. ROGERS: It is our feeling that the schedule has been equitable. But this increase that is being asked for right now, is , according to the City Public Service's own information, 5.38% or 5.17 for certain class of customers and our own information, so is that that is a relevant figure.

MR. WEBB: Okay, do you know where the so-called chart starts for a commercial user as opposed to that of the kilowatt hour of the resident?

MR. ROGERS: I beg your . . .

MR. WEBB: Let me have Mr. Spruce or one of the others to answer this question for me. Somebody from that . . . , I can't explain the difference but I wish you would . . . , I think that it would be good for him to understand.

MR. DON THOMAS: Mr. Rogers quoted that one business' average rate was 4 cents; we didn't have any question with that, typically, the average for residential is more like 4.7 in that range, so, there is a schedule for residential, there is a schedule for small commercial, and there is a schedule for industrial. Essentially, the industrial customers pay roughly a penny per kilowatt hour less than residential customers.

MR. WEBB: Thank you very much, that explains it. That's what I wanted to tell you; I appreciate your argument but I just wanted to show you that really, that that's not the case.

MAYOR COCKRELL: All right, thank you, Mrs. Dutmer.

MRS. DUTMER: I have a little bit of problem with that, the reasoning, the residential pays 4 cents per kilowatt, Don? Or 4.07?

MR. THOMAS: If you just take all the bills for all residential and average them out, it runs around 4.7, somewhere in the range. It'll vary a tenth of a cent, depending upon what the fuel price is that night.

MRS. DUTMER: And you're throwing all the businesses in the same as you are all the residential and comes out only 4.7?

MR. THOMAS: No, they are on a separate billing schedule.

MRS. DUTMER: Precisely, that's the point I wanted to bring out.

80-50 At this time, Mayor Cockrell recognized a large delegation of Cub Scouts who was present in the audience.

MAYOR COCKRELL: We'll go then to the next speaker; Ida Kinney.

MRS. IDA KINNEY: Mayor Cockrell, my good friend Helen, and members of the City Council, I represent the Senior Citizens of Bexar County, and also the Texas Senior Citizens Association. I know I don't have to remind you from hearing the remarks that were given to us, that you were there for the good of the people. You were put in by the people and for the people and I am one of those that's very angry just as Mr. Thompson was speaking about it. If you have ever seen the trauma of a senior citizen who has had their utility cut off. Ask me, I've had mine cut off, it just made me madder than all get out. But I can do something about it, and that was all over the argument of whether a meter was registering or not. But I have found senior citizens crying in the dark. They are too proud to go and say that they don't have the money, they sit there, very helpless. I've seen many of them spend money for utilities, instead of medicine, I'm not exaggerating on that and I have a very wonderful Irish husband that speaks of flannel-mouth Irishman when they want to sell something or put something across. In listening to the presentation by the City Public Service Board, I was amazed at the word, "there might be, there could be, there can be," but not once, "there will be," or "we have to have it or we will go under." And I feel that we could say the same thing of "what could happen" if people would get so angry about these bills that they would rebel. I tell you "what could happen" if people would get so angry about these bills that they would rebel. I could tell you, "what could happen" because people are so angry when they can't afford a house, when they can't afford their utilities and they see City Public Service Board building a multi-million dollar building that they feel is completely unnecessary. I have talked to dozens of individuals and to this day, I have not found one that approves of it and say that they believe that it should be done. There could be terms that are worrying me as I am sure they are worrying others when their statistics thrown at you, 34 million, 24 million, save 10 million, they also are not going to have the assets. But I can remember an old proverb that says also, that when everything else fails, snow them with statistics. And I think that that's what's happening here. And I can't criticize the service that City Public Service is giving. They are excellent. I will admit that, but I do not believe that they know the value of economizing. They don't know the value of doubling up in offices that they can double up still more. I've seen not only senior citizens but young mothers with children and they go to the grocery store and they reach for the milk and they put their hand back. I've seen senior citizens that have seen cottage cheese go from 39¢ to \$1.69. They do without it. I've taught senior citizens to make cottage cheese out of skim milk, dried milk. There are many things that we are doing to cut costs, and I believe that the City Public Service can cut cost. This lovely little lady here is one of my favorite people, and for all her life she has lived in her home on Woodlawn. She's been very happy there. She's a little sad on this because she had to give that house up. The utility bills were eating her out. She could not afford to pay to have the porch repaired and the fences repaired, the pecan trees fell over, it would cost \$100 to cut the pecan trees so she moved into the Pecan Hill Senior Citizens Center. She's been very happy there except along the way, someone neglected to insulate that southwest wall. And this little lady lives on the southwest corner. The heat of the summer was unbelievable. It made you ill to go in there. I went to HUD and complained about it and they said that they were very sorry; the contract was given before the insulation rules to require better insulation in the buildings. This little lady has had to pay the utility bill because that is one of the new units that they do not pay the utility bill. You can see what I am talking about.

MR. ALDERETE: I would like to grant an extra five minutes to Mrs. Ida Kinney if she so desires.

MRS. DUTMER: Second.

MAYOR COCKRELL: There is a motion and a second to extend. Those in favor of the extension say "Aye," any opposed, "No."

(Mrs. Kinney was granted an extension of time.)

MRS. KINNEY: Thank you, you make me very grateful and very humble about it. What I am saying is that we were comparing rates of major cities in Texas but we visited in Colorado and we were shocked to find that houses of the same size, same bedrooms, and baths, the utility bills were much cheaper than here in San Antonio. We found the same thing in California. So, we began to question. It's a matter of apples and oranges as to whether we are getting cheaper rates here or not. I do not think that at this time, we should consider the bond rating. If we're thinking about using that bond rating to build a new building, and I'm not that sure that the interest rates are not going to come down and that it'll make that much difference in the bond rating. Your double A, or your triple A, or your single A rating. I think that we're going to have to live with the fact that City Public Service Board is going to economize. We need to do without the new building and if you are going to have a 2-cent sales tax put on, which is now the rumor, to repay the Municipal Building. If we are going to have another sales tax added for the hospital district, it's just that much more that the senior citizens cannot bear. Thank you very much and thank you for your patience.

MR. ALDERETE: Thank you Ida, very much.

MAYOR COCKRELL: Thank you mam, Mrs. Dutmer.

MRS. DUTMER: Yes Madam, my question is I wonder if the San Antonio Housing Authority who operates the senior citizens places would like to ask Harold if they have contacted him for this program. They haven't, Harold?

MRS. KINNEY: I'm sorry, I asked the same thing. In fact, I went to Pecan Hill and sat in own their conferences and asked, couldn't this be applied to the utilities. They said not at this time, that they were using them to buy fans for people who had no air-conditioning at all, and I could understand.

MRS. DUTMER: Yes, Mrs. Kinney, I'm not worrying about that, what I'm worried about is the actual structure and the retrofit program which goes in and reduces the energy costs for that particular building and with HUD sending so many dollars down here right now for building more units then I think that they should look to the Retrofit Program, especially with federal government so interested in saving energy.

MRS. KINNEY: I would be glad to check in on that.

MRS. DUTMER: I'll contact them too and I'll find out what is going on out there. Thank you.

MAYOR COCKRELL: Irene Vargas.

MS. IRENE VARGAS: My name is Irene Quinney Vargas, I'm past president of the Senior Citizens Council of Bexar County, I also was Chairman of the 150th Anniversary for the Juan Vargas family when he came to San Antonio. We had a 1000 members attending it and I'm sorry that Mr. Cisneros and Mr. Webb couldn't make it. Mr. Alderete did make it. Honorable Mayor and Council members, we are dealing with humans and their lives, not just the luxury of the utilities. High utility rates affect most senior citizens if they own their own home. It costs too much in the summer to keep cool and it is even a harder hardship in the winter. As you have to have heat in order to survive the cold, this is even going to effect elderly living in the public housing as they are being charged more for utilities each month. Not only do the elderly need relief, young families also cannot cope with their higher utilities. What can be done about it? We do not have to raise the rates that we do the following. There may be solution: eliminate one or two CPS officials and use their salaries to take care of the elderly and the poor. That would help a lot. Most of the poor have never had an income of over \$2,500.00 per year. And some, even less, and they've had to live with it. So, let the City Public Service live with it.

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MAYOR COCKRELL: Thank you. We have heard from all the citizens who were registered.

MR. ALDERETE: Mayor, there were some more folks who didn't get to sign up on that list that wanted to speak.

MAYOR COCKRELL: Yes, certainly, we will permit you to be recognized.

MRS. BEATRICE CORTEZ: My name is Beatrice Cortez, the Executive Vice-President from COPS. We feel like the questions that the community has raised, have been raised and have been presented to the City Public Service; the hardships that the people are talking about and what was presented today, are happening throughout the organization and through the local organizations. And this is what we want to voice to you today. The message is very brief and very clear; it is that we do not want a rate increase and we want this Council to vote against it.

MAYOR COCKRELL: All right, Mrs. Dutmer.

MRS. DUTMER: No, you left it on from last time, Madam Mayor.

MAYOR COCKRELL: Oh, fine, Mr. Eureste.

MR. EURESTE: Yes madam, the reality is that the City Public Service has projected for the next fifty years, a rate increase each year. Some of you who are here today, who may not be aware of this should be made aware and this is just one in a sequence of rate increases that are on the books, on the planning charts of CPS that ties in to the projects they are involved in, one of those projects is the Nuclear Project. Without the rate increases, that Nuclear Project is going to have problems somewhere down the road. What is basically happening today, is a postponement of a rate increase. I am against the rate increase, I will be voting against the rate increase as I have in the past. The rate increases are necessary to pay for major capital programs, including the STNP Project. I think that people that are concerned about folks that are on fixed income, people that are on the low-income of the economic ladder, working people, need to take a look at what CPS is into. They are doing, supposedly, projects for this community. If the community and the elected officials support those projects, then where does that leave poor people, people on fixed incomes? I think that's the real question that needs to be raised. We have a project in that nuclear project that is running, right now, at a cost of \$750 million cost to San Antonio; original cost to San Antonio ran around a little over \$200 million. The cost has increased over 300% since 1973. If you want to know why you have to pay more, a part of it and a good part has to do with the Burlington problem. But another good cost and one of the reasons that we are here right now, and one of the reasons that you're having to, you're asking to pay more in your bill is because these funds and these revenues that are generated are needed to pay for bonds that are sold to continue with the construction of the nuclear project that is being built in Bay City. A nuclear project that the City of San Antonio has 28%, that costs the City today \$750 million, and very likely will be increased in cost before the project is completed. Already, the project has slipped in time by four years, four years, it is four years out of kilter in terms of the completion date. So, I would ask you to inform yourselves about that project because this Council, as we did a few months ago, dealt with the matter of the rate increase; if they don't get it today, which I think it looks like if they are not going to get it today, they're going to be back and they're going to be pleading poverty next time they come around and they're going to be telling this Council that if we don't give it to them, the nuclear project is down the river. And that kind of pressure is going to get certain Councilmembers here on this Council to approve a rate increase. And as soon as we do that, CPS will be right back here, asking us for another rate increase. I would like to ask Mr. Spruce or the rate analyst for CPS; what does the rate increase for CPS and that which they are requesting, how does that look like for the next fifteen years?

MR. SPRUCE: The amounts of the increases for the next several years . . .

MR. EURESTE: Fifteen years.

MR. DON THOMAS: In the material that was in the orange book that Mr. Rogers shows that the projections at this time show 3%, these would be in October of each year, 3% projected for '81 and then in order, 3%, 2%, 2½, 2½, and 2. And that would take us through 1987, which is the next five years, five or six years.

MR. EURESTE: And how about the ten years beyond that point.

MR. THOMAS: We show 4%, 6,6,6,6,4,4, and 3.

MR. EURESTE: Okay, thank you very much. So, I ask those of you who are concerned about what you pay, to become as informed as you can about the projects of CPS. I've been fighting a battle along with my colleagues and I would be more than glad to acknowledge that Joe Webb, a colleague that sits here on this Council, would have to claim and we would have to give him credit for being the first Councilmember and perhaps the only Councilmember that has been consistently against that nuclear project. Joe Alderete, myself, are two other Councilmembers that have had no difficulty in joining with our colleague Joe Webb in opposing this project. And we have sat here and voted against those bond issues and have voted against those rate increases that are tied to that project. But we, to be very frank with you, we need help and senior citizens are a constituent of this City Council because you have senior citizens in all parts of the City and you need to come here every time CPS comes to this Council to talk about bond issues as you have done today when they also talk to us about rate increases. You need to be here with your representatives because the rest of the Council might not pay as much attention to Joe Alderete and I, or Councilman Webb. But they surely will pay attention to a 87 year old person who sits there and tells them the real stories of what it is when you're having to live out there on a fixed income. You begin to work on the conscience of this City Council and I think you have done an effective job today and I will be against this rate increase, I will be against it today and if they come back next year, or whenever they come back. They are going to back soon, I'll grant you that much. I would be against it again. But you need to be on guard to be sure that you have yourselves present and I would say that if senior citizens were to fill this Council Chamber everytime CPS came in for a rate increase, I bet you that the City Council would not grant it because it is getting very close to elections. And if there is anybody that votes, it is senior citizens that vote. Thank you very much.

MAYOR COCKRELL: At this time, the Chair would like to make a statement, I've listened very carefully to some of the comments that have been made, particularly, the comments about the cost of the nuclear power plant. Now, I might say that it is certainly true that the increase will assist us in providing the coverage for the bonds for the nuclear power plant, make no mistake about it. But the thing that you have not been told, that you absolutely need to know, is that if we do not go forward with that nuclear power plant, the increases will be much larger in the future than those that are now projected. The most costly thing that this City could do would be to drop out of the South Texas Nuclear Plant, and that is the reason that there are members of this Council who have stood up and have been willing to vote in favor of the City Public Service Bonds. I would like to ask the City Public Service staff to come back and talk to us about the long-term effect if we would completely drop out of the South Texas Nuclear Plant, What it's going to cost this City and what it's going to cost you as the consumers. What you're going to have to pay if we drop out of that nuclear plant.

MR. SPRUCE: Thank you Mayor Cockrell. And that is a correct statement according to our assessment and I'm going to ask Mr. Thomas if he will give you some numbers along those lines. If we drop out of the nuclear power plant, the power is going to have to come from somewhere. We know it is going to be more costly to generate with natural gas, eventually, our system-capacity would be exceeded and we would have to

build something more expensive or we would have to buy power. But I think Don has some numbers and we'll share those with you. Thank you.

MR. WEBB: Madam Mayor, may I ask for a point of inquiry?

MAYOR COCKRELL: Yes, sir.

MR. WEBB: Is the rate increase that is presently asked for, tied to the STNP project, today?

MAYOR COCKRELL: It would include, certainly it would include servicing those . . .

MR. SPRUCE: It goes into the general fund and is allocated to all the different expenses, part of which are for the nuclear power plant, part of which are to pay bonds which are used to finance the nuclear power plant. It is not exclusively for that, however, some of the money will go into that.

MR. WEBB: May I ask, Madam Mayor, what portion of that is needed to help with the STNP project?

MAYOR COCKRELL: In one sense, the entire amount is used in terms of considering the forward coverage and income, but for the ability to issue bonds.

MR. SPRUCE: Maybe one way to answer that would be to give you the percentage of our budget that is allocated to the nuclear plant, that would be a measure . . .

MR. WEBB: Let him go ahead Madam Mayor, I just wanted to ask . . .

MR. SPRUCE: That may not be a precise evaluation but it's a . . . what percent of our construction budget is applicable to the nuclear plant? About 65% of the capital budget as far as the whole budget, it would be substantially less, it would probably be on the order of about 30%. You know, if we add the construction and the operating budgets together, part of that allocated to the nuclear plant would probably be about 30%. If we take strictly the capital budget, that amount of money that we spend for capital additions to the system, transmission lines substations and so forth, the nuclear power plant is taking about 65% of that.

MR. WEBB: The reason why, Madam Mayor, if I may, I know you have asked them to present . . . , the reason, the thought occurred to me that if in fact that we need this rate increase to support our STNP project then why not sell it, sell bonds instead of raising the rate.

MAYOR COCKRELL: We do sell bonds

MR. WEBB: I know but at a higher, at an escalated rate.

MAYOR COCKRELL: Yes, sir, but then we have to pay the bonds back, in other words, we have to have the amount of coverage to make the payments on the bonds. If we were paying it all out of the income, then of course, our rates would be much higher than by, you know, having the bonds. But we sell the bonds, but then, the bonds have to be paid back in orderly, you know, the payments. So that's, in order to provide the coverage for that, that's why we need the rate increase.

MR. WEBB: Well, my heart just kind of opened up for the fact of all the letters that I've gotten from senior citizens and from those who are on fixed incomes, and that sort of thing. And I was just saying I would much rather pay for the bonds and keep the rate lower. That's all, Madam Mayor.

MAYOR COCKRELL: Yes, but to get back to the point I was trying to make is that, you know, I certainly am touched by the plight of the senior citizens and the concern I have is that if we don't go forward with this program, in a very short period of time we are going to be hit with costs much greater than if we had provided the slow but steady support for the nuclear power plant. And if that is out of the picture, we are really going to be hit with higher utility costs. And I would like to have the staff confirm that that is correct.

MR. DON THOMAS: We, we at the request of Council and other bodies, and also to prove it to ourselves, we ran this fifteen year projection out without the nuclear project in it. Assuming that you just get out of it and we even factored in the consideration assuming that we could sell it for the amount of money that we have in it, gave that credit back to the rate payer and putting in what units we would have had to have in order to meet the needs of our consumers. We should bear in mind that the plan meets the needs of our consumers. When you crank that out over fifteen years

MR. WEBB: Madam Mayor, question on that. .

MAYOR COCKRELL: Could we let him finish then we'll let him answer

MR. WEBB: But he didn't make that clear. Are you saying that we have to build new units?

MR. THOMAS: Yes, Mr. Webb, according to our projections, our level of usage in San Antonio does not stay fixed. As we add population we have new customers, they require power and energy just like the ones that are already here. When we project out that, we don't add units unless we need them to meet the new customer growth and the growth of existing customers. When you do that, you can meet that by using the South Texas Project, or if you don't have the South Texas Project, probably we would build some additional coal units or lignite units, we put the cheapest ones in there. When you add up how much money you have to have from customers with the nuclear project or with the alternatives, over the next fifteen years, the next cheapest alternative from nuclear is over a billion dollars more expensive over the next fifteen years. So that's why we recommend the nuclear project and obviously the point that the Mayor makes is these increases would even be higher if it was the next cheapest alternative. Or we don't meet our customer requirements. That's the other alternative.

MAYOR COCKRELL: Thank you. Excuse me mam, I'm sorry I'm going to have to stick with the order of speakers at this moment. Let me say Mrs. Kinney, if you will submit the question up here, we will ask it for you. But I cannot deviate from the next speaker. Let's see, Mr. Richey had also asked to speak and there are several Councilmembers. Let's see, Mr. Alderete.

MR. ALDERETE: Mayor, I don't want to lose my place but I understand that there were some other citizens that were here to be heard

MAYOR COCKRELL: Mr. Richey is the only other one that I knew about.

MR. E.L. RICHEY: Mayor Cockrell and members of the City Council, my name is E.L. Richey, citizen of San Antonio and of District 1. I want to voice my opposition to Item 31, the ordinance regulating the rates for electric and gas service operated by the City Public Service Board. I want to tell you why I am in opposition. If the rates will adversely affect the already-hard-hit citizens of San Antonio, I am against it. They are on fixed salaries. Who will this rate regulate disturb the most? These people who can the least afford the rate regulation. How do you think you can get anything when there is almost nothing left. The people will have to dig deeper into their pockets, as I have told you before to try to find more coins down there to make up the rates. These people are the ones who have already worn holes in their pockets trying to find enough coins to pay for the last rate. I wish I could say it was to be the last, period. Do you realize that when the people dig down in their pockets, to try to find extra coins and find the holes, they simply will not be able to pay anymore. They think they are paying too much already. The next move will be by the CPSB to turn off the electric and gas service at all the homes unable to pay more. With winter approaching soon, think of all the people left in those homes. By April, they will be over being cold but they will be so mad that they will vote against all of you who vote for the rate regulation. Remember, there are more poor than rich people. I wouldn't want this on my conscience. I like to be able to sleep at night, and I mean it. Thank you.

MAYOR COCKRELL: Thank you.

MR. ALDERETE: Mayor.

MAYOR COCKRELL: All right, let's see, Mr. Alderete.

MR. ALDERETE: There was one other gentleman that wanted to speak, Reverend Lester Heisman, from Marbach Christian Church, wanted to address the Council. I knew that there was somebody else on the list.

MAYOR COCKRELL: All right, this is the last one that did not get on the list. Yes sir, would you give your name again for the record.

REVEREND LESTER HEISMAN: I too am for a lower bottom line statement on our bills if possible, in behalf of those who are in low-income or middle-income bracket. I would like to support that by saying also, that I would like to compliment the power company here in San Antonio for reaching out to economize with the Burlington, for a lower cost on transmission of our coal supplies for our coal burning generators. This is certainly a help, I think, in the right direction to have, one, a diversity of fuels and to be able to get away from the over-dependence I think upon OPEC and upon the other energy necessities in our Country. I would like to say that I feel with the Mayor that our dependence upon other energy other than coal and natural gas is going to be found in atomic fuel. Here I think that the cost of the fuel to produce other energy is going to save us money in the long run, therefore, a lower bottom line rate. Thank you.

MAYOR COCKRELL: Thank you sir. Mr. Alderete.

MR. ALDERETE: Yes Madam, I would like to first of all thank the citizens who came here to express their concerns. I would like to just remind them that this is only one step and one small case here. And that the City Council of San Antonio is actually the rate setter for CPS. Many times CPS has been chastised unfairly for their high rates; I think to set the record straight, this is the body, this body right here that you elect is actually the body that sets the rate and that's very important. And I think that it's important because this body is elected and it also has been providing an injustice by these high rates. Mr. Jack Spruce at one of the presentations he made to this Council announced that there is approximately about 3,000 cut-offs a month. Of these cut-offs, 85% of the people need that electricity and come back and pay that electricity. Those 85% of the people if they have had their electricity cut off will pay a late charge on their electric bill. Those 85% of the people will also have to pay a turn-on charge on their electric bill. Am I wrong so far, Jack.

MR. SPRUCE: That's correct and those charges are based on what it costs the utility to perform that operation.

MR. ALDERETE: Thank you very much. Madam Mayor, I think that it has already been stated very clearly to this Council that food prices have gone up, gasoline costs have gone up, the prices of automobiles have gone up, home-interest rates have gone up, and I think it's a sad situation where this Council doesn't try and take the bull by the horn and try to set a direction that will help this community instead of hurting it. We have a report here from the City Manager's Office and it's signed by the City Manager and it's signed by also Mr. Roger Ibarra, Supervisor of Public Utilities, and it says that the CPS rate increase proposal should be approved by the City Council. I'm wondering why the City Manager or why his staff, or why this Council, hasn't initiated an action to try to find out on how we can stabilize or lower the utility rates in this community instead of always trying to raise them. And that is a situation that I think is bad and I think a situation that we should be ashamed of. You know, our only contribution so far, in raising the rates to the community is that we have actually lowered the standard of living and we have contributed it to people that are out there struggling by helping make them poorer. We've taken money out of their pockets. And so social service agencies crop up to help the poor and here are some of the very same people that are voting for rate increases who chastise the social service agencies that are trying to help people pay their utility bills that can't afford them. I think we need some soul-searching to be done. And then on top of all of that, we go over there and I think

that Councilwoman Helen Dutmer said it very appropriately, these people try to conserve, the senior citizens, low-income people, middle-class people who are out hunting for aluminum cans and garbage cans along the highway to try and make ends meet. And these people when they conserve will in the long term be penalized for conserving by raising the rates. I think what we've done is that we have built an energy monster that feeds on the people. And you know, you talk about an attitude by CPSB, we recently received a newspaper from the National League of Cities that stated that Senate Bill 1116 is going to give grants to northeastern states for converting to coal. Where was San Antonio, where were Texas representatives where were our spokesmen at when San Antonio was building coal plants? Why don't we get the same kind of breaks that everybody else in this country is? Are we being penalized because we are ahead of the power curve? And what are we doing about it now, to try and say, "Hey, if San Antonio had to build those coal plants, if San Antonio rate payers had to pay for those coal plants, if we had to issue bonds to build those coal plants, why is the northeastern section getting away with it?" And I think that all of these things are tied in very well. But there is one consistent thing that we have always managed to do. And that is that we have always managed to go back to the same well. And we keep going back to the same well every single time and it becomes very easy to go back to the well when there is nobody out there and I would like to thank again very much the folks that came out here, especially that senior citizen that had to give up her home because she could not pay her utility bill and when we average our utility bills, maybe we should average them on what HUD considers to be a medium income, which is \$12,000.00 for a family of four and if we can see the ridiculousness of that figure, maybe we ought to adjust our rates so that it sits with some of the HUD figures, of something of a family that is making that small amount of money. There is another question that I think other information that people need to be aware of. In 1973, CPS' decision was made, or CPSB Board decision was made to go with nuclear power. But it was also proposed that we go with lignite; had we gone with lignite at that time, I'm sure that the plant would have been on line, we wouldn't of had as much federal government regulation, and probably would have been built at a much cheaper rate because we wouldn't have had inflation impacting it as greatly as it is in these years. And I think, the other thing we need to do, Madam Mayor and Council, is that we need to get somebody on the City Public Service Board that is, that really represents a middle-class point of view. I'm tired of people that find it so easy to pay their City Public Service bill, I want people that have a hard time paying that bill representing people on that board because that's what we need. We always manage to find people and it's not to question their integrity or penalize their success, but they find it so easy to pass that cost on. We need to find somebody that is going to make CPS more efficient by pulling in the reins. And I think that that's the type of representation we need on there and that's the type of representation we need on this Council. Thank you, Mayor.

MAYOR COCKRELL:

The next speaker is Mr. Canavan.

MR. GENE CANAVAN:

Madam Mayor, I just have a couple of comments. One is that I think there has been a move to, you know, limit this rate increase or postpone it so that South Texas Nuclear Project suffers. One of the things in the bare-bones budget that this City Council seems to forget is that we have increased our general fund budget by 14% this past year, four point seven million dollars one day prior to adoption. We keep talking about the elderly and certainly all of us are concerned but we have said nothing about the extra \$8 million dollars in the past twelve months that this City has garnered thru the increase in rates. Not one person has said, "Let's give that to the elderly." What you are talking about is killing a nuclear plant and I think that's the worst thing that we can do in the City of San Antonio.

MAYOR COCKRELL:

Mrs. Dutmer.

MRS. DUTMER:

Yes, I just want to say for the record, that my vote is not politically based and I do not want to delay this vote today; also that when I see that the nuc project is in trouble, I'll change my vote and why, because the nuc plant will provide in the long run cheaper energy that can reduce these rates to the people. I'm awfully glad that it was explained a few minutes ago that these rates were brought

about for the next fifteen years without the nuclear plant because I was just going to question as to why they were higher after the new plant came on board. So, I do thank you for that. My reasoning for my vote of course, is addressed to what I feel are unnecessary expenditures at this time. Later on when the economy is more stable, I have no problems. But it's sort of like wanting to buy a cadillac, and you buy the cadillac by charging your groceries. One is a necessity to life and the other is a luxury that is anticipated and wanted. And I think really that we can do without the luxuries right now and get down to the nitty-gritty and that's what my vote is based on, purely and simply.

MAYOR COCKRELL: Dr. Cisneros.

DR. CISNEROS: Pass.

MAYOR COCKRELL: Mr. Thompson.

MR. THOMPSON: My colleagues have mentioned things that even my imagination couldn't bring up, so I pass.

MAYOR COCKRELL: Mr. Webb.

MR. WEBB: I couldn't pay my utility bill last month and I hold ~~two months~~ in my hand, here, almost \$300 worth of utility bills and I'm going to save fifteen cents by giving it to one of these executives here and see if

MRS. DUTMER: And he'll lose it and then they'll cut your gas and light.

MAYOR COCKRELL: All right, I'm going to make a final comment and that is that my family and I also are concerned about the utility bills, like everyone else. And at home we are fortunate or unfortunate whichever you look at it, in having a central air-conditioning system. I keep it on 90% all day long. When I come home, I put it down to about 85. If we get hot, on rare occasions, we'll turn it down a little bit below 85. And I don't think that everybody is keeping their houses that warm in order to save on the utility bills. I think we all have to do it. I think we just have to learn a different life-style. But I want to point out that your utility bill does not just reflect the rates. The rate really has a lot to do with the basic part of your bill, but it does not reflect the pass-through fuel charges and that's where you get hit, many times, very heavy. Now, it's in those pass-through fuel charges, particularly on the coal transportation that we have been fighting and working day and night and we are seeing glimmers of light that we may be able to have some kind of a roll-back, in fact, we're hoping that recent court decisions are paving the way so that we can have some roll-back on those fuel costs. And that's going to help a whole lot. But it still doesn't provide the basic necessities of City Public Service in terms of facing the impact of over 13% inflation this year and in trying to look at the long term needs. In my judgement again, I support the nuclear plant wholeheartedly, for one reason, that our staff in their best judgement has told us that in the next fifteen years, if we don't stay with that plant, it's going to cost us a billion dollars more in utility costs out of our pockets because we haven't stayed with that commitment and in good conscience, I couldn't turn my back on the citizens and say, "You pay a billion dollars more so that I could have the luxury of voting now, no, I'm not going to vote for the rate increase, that 2½% rate increase." And so, yes, I am going to vote for that 2½% rate increase, I'm doing it because I feel it's better in the long run to do this on a gradual basis than to hit right in the middle of the summer and say that we've got to have 8%, we've got to have it now or we're going down the drain. I don't like crisis or brinkmanship on these utilities, and I think to maintain the stability that we need, we need to address this in an orderly manner. Now, I certainly understand the problem that everybody faces and it's just a tearing problem for everybody but I think that we all have to try to understand the bigger problem here that we have to have energy, we have to get through this period and we just have to do it

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by being as frugal as we can just individually so that we are able to do it and meanwhile we pledge that we continue to fight on these transportation rates, on that fuel cost so that we try to keep your bill as low as we possibly can and that is the only commitment that I can make to you. Mr. Alderete.

MR. ALDERETE: I have a question; Mr. Spruce, if everybody was to conserve as the Mayor is doing, would we need, if we had a strong conservation drive, would we need a rate increase on the direction we're going in right now?

MR. SPRUCE: Yes, sir.

MR. ALDERETE: Could you repeat that, Mr. Spruce.

MR. SPRUCE: I said, yes we would.

MR. ALDERETE: In other words, if everybody was to conserve as the Mayor is doing, we would need a rate increase; why, Mr. Spruce?

MR. SPRUCE: Our cash flow is predicated on certain sale, certain levels of production of kilowatt hours, of course, I don't know, I think that everybody is conserving, some more than others. By the process that the Mayor described, I think you're probably being a little more conservative than a lot of people follow, based on the bills we see over there. If everybody cut back, our kilowatt hour sales would be less, our revenues would be less, would not mitigate the need for the rate increase because this is going to increase our cash flow as we mentioned before to maintain the proper coverage. It would fall on an even lower level if the revenues were less.

MR. ALDERETE: Thank you, Mr. Spruce. Mayor, I would like to thank you for your fight on the severance tax issue that Wyoming has imposed on the City of San Antonio and other cities like us. And I think that we ought to commend the Mayor for that fight, but by the same token, I think she also received the same memo that I received that that severance tax bill has also dumped, was dumped into a Senate Committee according to Mr. Jerry Henckel's words, means that that severance tax bill was virtually killed, or will be killed in committee. So, the efforts of our Mayor, commendable and justified, can be under-cut very easily up there in the national level. And I think that the fight has gone on for a long time, in Court with the CPSB staff, I think honestly trying to fight and maybe some Councilmembers trying to fight. But I think that the only people that have gotten richer off this whole thing have been the lawyers that have represented either side of it and the people that sell us natural gas and oil or transport coal to us.

MAYOR COCKRELL: Thank you. That last decision though, that last Court decision we seem to have won, so that's what we are hoping.

MR. ALDERETE: Mayor, there seem to be a lot of "seems to" for a long time and there are still people sitting in the dark I think, as Mrs. Kinney so adequately stated and that is, we need to do something about them.

MAYOR COCKRELL: Thank you. Mrs. Dutmer.

MRS. DUTMER: Yes, if this rate increase was going to be used strictly for operating expenses that are necessary to keep CPSB alive, well, it would be a different matter, but if anyone was listening very closely, the rate will add to that INC fund that can be used for capital improvements. If it can be used for that, then it can be used also to protect that \$45 million can be used also to protect the bond rating. If that's the problem. What you're doing when you vote for this rate increase, actually is endorsing the \$21 million unnecessary expenditure that the rate payers are going to have to bear and it isn't that simple, no matter what kind of language you use or what you do with it.

MAYOR COCKRELL: Dr. Cisneros.

DR. CISNEROS: Yes, Madam, I was very moved by the arguments, especially by the lady who was here, who is 89 years old who simply cannot pay her bill and I see people like that in my district all the time and I think that the decision that one has to make whether in setting prices in a way that people who are very poor and who are elderly are not overly-discomforted, whether you can build a system that changes the plight of people in the next generation. And it seems to me, that what we have been trying to do and what CPS has been embarked upon is building a system for growth. And building a system that makes sense from a price point of view for the future and building a system that allows us to attract the really high technology industries that are going to pay good wages, that are going to bring good jobs to this City, that gives us an advantage with other cities. If we can't do that, if we can't attract those industries, because we don't have the power or because we choose the wrong mix of power, then all we have done is maintain people poor and assure that the next generation of elderly is going to be in the same plight as this generation of elderly. It seems to me, there's a really important question of building for the future. There's another issue, and another reason why I support the nuclear project and I do so without the slightest reservation and that is a national question and an international question. This country has a very serious energy problem, a very serious energy crisis that revolves around the lack of independence. We cannot run this country for more than 90 days if events break out in the Middle East that cut off our oil supplies. And you might ask, what is the relationship between oil supplies and San Antonio's energy base, because we don't use oil, we use natural gas and we use coal. Well, that's true. But deregulation and other measures are going to peg the price of coal and the price of natural gas to the price of oil per barrel. And right now, we see a situation as seemingly remote as the war in Iran and Iraq and at the same time, we see that it relates to us directly because those, the immediate fears is that those tankers cannot get out of those straits and if those tankers can't negotiate those straits, the Strait of Hormuz, then that oil does not get here. And what oil does get here, is going to have to be priced for the scarcity that it represents and that is directly related after deregulation to the price of coal and to the price of natural gas. What we're talking about is San Antonio's role in the energy independence of this country and I personally feel that nuclear power is more important than ever, more important than six months ago, more important than a year ago, nuclear power plays a role. And my position to be honest, to be honest is that I have to support as the Mayor has said in an orderly way, the means by which we raise the money to build a nuclear project, to build a nuclear project to sustain our part of a national energy independence strategy and to sustain our energy system for the future. And that is seems to me is what this is about and I really truly don't like to raise rates, I know exactly the impact that they have on people but I also know that if we don't go about this in an orderly way, all we have assured is that the next generation of San Antonio looks forward to the same scarcity and the same tight budget and the same discomfoting old age because the job base in this town won't be any better and the salaries that we attract won't be any better and energy is a part of that picture. And that is why I am going to support, I know that this a losing cause today, but I think that the honest thing to do, if you have taken the position that I have in support of the project, is to vote for an orderly plan of increases over the period of several years and that's what I intend to do.

MAYOR COCKRELL: Mrs. Dutmer.

MRS. DUTMER: That all sounds very high and mighty, the words are beautiful but what did we do before we ever heard of CPSB bringing electricity into our homes, before we had heat where you turned on the tap and had it and all the rest of it. We had water, we lived, we did all right. I came from a home that didn't have inside electricity nor inside running water. Believe it or not. Nor did we have an inside bath. Furthermore, you are not taking into account that these nations also are not stupid, they need this export in order to keep up their standard of living and someday, somehow, they are going to sell that oil because that is their main commodity. Now, it's not something you eat, not something you drink, it's a comfort, but nevertheless they are going to get rid of it because they need it for their economies as well as we do here in

the United States. Personally, I have more faith in the American people than that. And I'm going to vote against it.

MAYOR COCKRELL: All right, I think that we have heard from everyone, we will now have the roll call.

The Clerk read a proposed ordinance regulating the rates for electric and gas service through the San Antonio Electric and Gas Systems operated by the City Public Service Board of San Antonio.

MR. ARCHER: I move.

MR. STEEN: Second the motion.

MAYOR COCKRELL: There is a motion and second for approval. The Clerk will call the roll.

MR. CANAVAN: Yes.

MR. ARCHER: Yes.

MR. STEEN: Yes.

MAYOR COCKRELL: Yes.

DR. CISNEROS: Yes.

MR. WEBB: No.

MRS. DUTMER: For the people, No.

MR. WING: No.

MR. EURESTE: No.

MR. THOMPSON: No.

MR. ALDERETE: No.

CITY CLERK: The motion failed.

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PUBLIC HEARING - SKYLINE WATER WORKS PETITION TO TERMINATE SERVICE

Mayor Cockrell declared open the Public Hearing.

Mr. Roger Ibarra, Supervisor of Public Utilities gave a brief report on the petition. He provided the Council with a brief history of the situation concerning the Skyline Water Works service and noted the deadline for water user petitions to be made to City Water Board for new service, once Skyline is allowed to terminate service.

At this point, Mrs. Maria Dominguez, the only citizen registered to speak on the matter, was called upon to speak.

Mrs. Dominguez stated that she wished to speak in opposition to the City Public Service rate increase request, which was acted upon earlier. She noted the City's payment from CPS in lieu of taxes, and stated that CPS would need little increase in rates if the City would eliminate the payment.

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Mayor Cockrell explained that the payment in lieu of taxes has enabled the City to avoid raising property taxes in past years.

Mrs. Dominguez also spoke against the planned sale of electricity by CPS to Houston Lighting and Power.

In response to a question by Mr. Steen concerning the Skyline service matter, Mr. Ibarra noted that the firm services some 29 homeowners who have not yet petitioned City Water Board for water service when Skyline terminates its service December 1, 1980. Mr. Ibarra stated that his office would notify these homeowners by mail to explain the situation. He noted that the permission to terminate service is contingent upon Skyline paying all its outstanding debts beforehand.

In response to a question by Mr. Webb, Mr. Ibarra stated that as smooth a transition as possible would be coordinated in the changeover in water suppliers.

Mayor Cockrell declared the hearing closed.

The Clerk then read the following Ordinance:

AN ORDINANCE 52,896

APPROVING THE PETITION OF SKYLINE WATER WORKS TO DISCONTINUE WATER SERVICE WITHIN THE CITY OF SAN ANTONIO AND PROVIDING THE CONDITIONS UPON WHICH WATER SERVICE MAY BE DISCONTINUED.

* * * *

Mr. Canavan moved to approve the Ordinance. Mr. Webb seconded the motion.

On roll call, the motion, carrying with it the passage of the Ordinance, prevailed by the following vote: AYES: Cisneros, Webb, Dutmer, Canavan, Steen, Cockrell; NAYS: None; ABSENT: Eureste, Thompson, Alderete, Archer.

80-50

CITIZENS TO BE HEARD

MR. ANDRES RODRIGUEZ

Mr. Rodriguez thanked the City Council for the opportunity to read them his poem entitled, "Paseo del Rio" which he did, speaking in Spanish. He then explained the poem and its meaning, and presented copies to each Councilmember. (A copy of the poem is attached to the papers of this meeting.)

MRS. JANET AHMAD

Mrs. Ahmad stated her disappointment at not being at the Council meeting for the decision on her request for a variance to the Fire Prevention Code to demonstrate the flammability of certain building materials outside City Hall. She stated that the Fire Chief objected to burning of the materials outside City Hall, yet permitted their use in construction of homes. She asked the Council for a set time and proper place where she might demonstrate the flammable properties of the materials in question.

Mayor Cockrell spoke in opposition to the demonstration, saying that the Fire Chief reports the materials are flammable, therefore she sees no need for a demonstration of their flammability. She noted that many things in a home are also flammable, including clothing and rugs, and suggested Mrs. Ahmad begin the process to legally change the City Code if she so desired.

In response to a question by Mayor Cockrell, Assistant to the City Manager, Alexander Briseno stated that he knew of no current

revision study underway concerning the City Code.

Mr. Wing stated that the Council Housing Committee had reviewed much of what was being discussed today, and noted that the Committee is in something of a dilemma, wanting to provide the best housing for the best price. He stated that any upgrading of the Building Code must be considered in light of its impact upon costs of a home, and stated that safety was uppermost in the minds of committee members.

A discussion was then held concerning the procedures necessary for studying possible changes to the City Code.

Mrs. Ahmad stated that some items used in construction are not approved by the City Code and noted that she had spoken to a member of the City Fire Marshal's Office concerning testing and approval of 'alternate' materials used in construction. She stated that upgrading the Code is not the answer to the problem.

Mayor Cockrell stated that perhaps the Council needed a report on the ability of the Building Inspections Department to approve materials not approved by the Fire Department.

Mr. Alderete stated that the City Code can better equip a home with fire-retardant materials, and stated that perhaps this portion needs a review.

Mrs. Dutmer recommended that Mrs. Ahmad go to the State Legislature to give the county powers to regulate building construction, since most of the current construction is now going on outside the City limits.

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MRS. MARIA DOMINGUEZ

Mrs. Dominguez spoke on the pending Hildebrand drainage project, when it is to begin and her concern that a future City Council might not carry it through to completion.

Mayor Cockrell explained that the funds for the project have been approved, and the matter is receiving priority attention.

A discussion then took place concerning the problems of drainage in the City.

Mayor Cockrell stated that she would have a report prepared on the matter of the Hildebrand Drainage Project and have a copy to Mrs. Dominguez before next Thursday.

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ABSENTEE POLLING PLACES

Mr. Thompson noted that a memorandum was in circulation to City Councilmembers concerning absentee voting sites for the January bond issue election, and noted that the City must give the Justice Department 60 days notice of those sites.

(Mayor Cockrell was obliged to leave the meeting, Mayor Pro-Tem Eureste presided.)

Mr. Thompson explained that Edgewood Square no longer is available as an absentee voting site, that the City Clerk had suggested the site be moved to the Fire Station on 36th Street and Northington, and that he had recommended one absentee site in South Park Mall and another in the Valley-Hi Mall, necessitating the addition of one new absentee polling place and staff for it.

October 9, 1980

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(At this point, Mr. Eureste left and Mr. Steen took the chair.)

A discussion then took place concerning possible alternative sites to the 36th Street Fire Station, the additional \$5,000 per election cost to have another voting site and the question of either a replacement site for Edgewood Square or creation of two new sites in replacement for the Edgewood Square site.

Mr. Eureste stated that perhaps the Council might want to consider creating an absentee voting site in each district and recommended that one absentee voting site be located at the City's Zarzamora Service Center, another at the Valley-Hi Mall and a third in the East Side Multi-Service Center in Lincoln Park.

Mr. Eureste made a motion to have a "B" Session discussion on the bond election regarding absentee sites. Mr. Thompson seconded the motion. On roll call, the motion carried by the following vote: AYES: Webb, Dutmer, Wing, Eureste, Thompson, Steen; NAYS: None; ABSENT: Cisneros, Alderete, Canavan, Archer, Cockrell.

DAY LABORERS

At this point, Mr. Frank Cortez of Radio Station KCOR addressed the Council on reports that complaints from a merchant caused police to make a number of persons move from the parking lot at Pecos and Houston Street, where they traditionally wait for requests for day labor. Mr. Cortez stated that he found the day laborers several blocks to the north, at Pecos and Martin.

Mr. Wing asked for Council concurrence for the City Attorney's Office to investigate the matter, including the ownership of the parking lot in question, and report to the City Council.

80-50 The Clerk read the following Letter:

October 2, 1980

Honorable Mayor and Members of the City Council
City of San Antonio

The following petition was received in my office and forwarded to the City Manager for investigation and report to the City Council.

September 29, 1980

Petition submitted by Mr. Robert March, owner and operator of Wild West Tours of Texas, requesting permission to operate sightseeing tours in San Antonio.

* * * *

/s/ NORMA S. RODRIGUEZ
City Clerk

October 9, 1980
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There being no further business to come before the Council,
the meeting was adjourned at 6:30 P.M.

A P P R O V E D

Lila Cockell

M A Y O R

ATTEST:

Norma J. Rodriguez
C i t y C l e r k