

SPECIAL MEETING OF THE CITY COUNCIL  
OF THE CITY OF SAN ANTONIO HELD IN  
THE COUNCIL CHAMBER, CITY HALL, ON  
WEDNESDAY, JULY 27, 1977.

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The meeting was called to order at 5:00 P. M. by the presiding officer, Mayor Lila Cockrell, with the following members present: CISNEROS, WEBB, DUTMER, WING, EURESTE, ORTIZ, ALDERETE, PYNDUS, HARTMAN, STEEN, COCKRELL; Absent: NONE.

77-40 The invocation was given by Mayor Lila Cockrell.

77-40 Members of the City Council and the audience joined in the Pledge of Allegiance to the flag of the United States.

77-40 Mayor Cockrell stated that this Special Meeting had been called for the purpose of adopting the Budget for the Fiscal Year 1977-78.

The Clerk read the following Ordinance:

AN ORDINANCE 48,296

ADOPTING THE ANNUAL BUDGET FOR THE CITY OF SAN ANTONIO FOR THE FISCAL YEAR 1977-78, APPROPRIATING FUNDS IN ACCORDANCE WITH SAID BUDGET, FIXING THE AUTHORIZED NUMBER OF EMPLOYEES IN EACH MUNICIPAL DEPARTMENT AND OFFICE, APPROVING AN AMENDED PAY PLAN, PROVIDING FOR UPGRADING OF PERSONNEL IN CERTAIN PAY RANGES AND IN CERTAIN SALARY STEPS, PROVIDING FOR PAY & SALARY INCREASES FOR CITY EMPLOYEES OTHER THAN THOSE WHOSE SALARY IS DETERMINED THROUGH COLLECTIVE BARGAINING CONTRACTS, PROVIDING THAT THESE EMPLOYEES SHALL BE PAID IN ACCORDANCE WITH SUCH CONTRACTUAL PROVISIONS AS AGREED UPON OR AS OTHERWISE LEGALLY ESTABLISHED, CREATING TWO ADDITIONAL CITY DEPARTMENTS AND DESIGNATING THEIR FUNCTIONS AND DUTIES.

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The following discussion took place:

MAYOR LILA COCKRELL: All right, I would like to ask as a start for the meeting if the City Manager or his designee would point out the provisions of this Ordinance just in general including the arrangements for salary increases for employees and other features that it contains.

CITY MANAGER TOM HUEBNER: This Ordinance calls for all employees in Ranges 17, 18 and 19 to be placed into Range 20 and all regular hourly employees, not the summer-time, temporary employees, but all regular, hourly employees who are in the "A" Step of their classification shall be moved to "B" and all in "B" should be moved to "C". In addition, for all classified employees, there is a 4.6% pay increase, for all unclassified employees--a raise of 4%, and the City Clerk receives a raise to \$25,179 per year, the City Manager a raise to \$52,000 per year, the Municipal Court Judges a raise of 6%.

In addition, the Ordinance calls for the City to pay the full cost of dependent medical coverage for those employees wishing to

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take advantage of the program. The changes in the Pay Plan will be effective August 1, 1977, the pay period commencing after August 1, I am sorry. Additionally, the City Manager is entitled to four weeks of vacation per year to be accumulated without limit and the City acknowledges its intent to enter into a contract with the I.C.M.A.-R.C. whereby the City Manager or any other City employee will be permitted or authorized to participate in the program related to deferred compensation.

MAYOR COCKRELL: All right, thank you, sir. I would like to lay out one proposal for Council consideration. I know that each member of the Council has been giving serious study, and there may be several proposals laid out; but I felt a responsibility to lay out one option, at least, for Council to consider because, in addition to the appropriations, obviously, we have a problem in the balancing of the budget. So, I will read this very briefly to you.

In reviewing the Budget options, we are faced with tough options.

One additional problem has surfaced. In reporting on-going programs funded by Revenue Sharing, one program was inadvertently omitted by the Budget staff--the Human Resources Youth Services Program for \$499,200. Thus, in addition to the \$2,358,580 already reported; the additional amount brings the Budget Revenue Sharing deficit to \$2,857,780.

Two of the programs listed under the continuing Revenue Sharing Program could be considered, in my opinion, for cuts. Of the \$200,000 listed for the school sidewalk program--\$100,000 could be transferred to Community Development and the balance retained for areas not eligible for Community Development funds.

Staff reports that the Youth Symphony has not yet attained stability and could be considered to be dropped. It is currently funded at \$84,000.

That would mean that \$184,000 could be eliminated from the Revenue Sharing deficit, leaving \$2,673,780 to be replaced in addition to the funds for the waste collection.

I point out that, if the Council does not wish to make this specific decision on programs to be cut but would prefer to review them you could consider that you would simply have to make a cut in that general amount if you did not wish to specify the cuts.

To meet the needs, I recommend as follows:

1) The Waste Collection Program--Although my personal preference is for the service to be self-sustaining, I do recognize the arguments regarding the impact on low-income homes and would be willing to move to a middle position of \$1.00 service fee increase and an \$0.08 tax-rate increase to pay for this service.

2) To fund those programs which are continuing programs in Revenue Sharing with the two exceptions noted above, it means that \$2,673,780 must be freed up from other allocations or added to the tax burden. Faced with this choice, I reluctantly have to recommend re-allocation of the \$2,700,000 previously earmarked from Revenue Sharing for utility rate relief. I say "reluctantly" I will have to underline. So, I would like to present this to the Council as at least one solution to the problem.

MR. JOHN STEEN: I would like to ask a question. Does it take eight people to adopt the Budget?

MAYOR COCKRELL: May I ask the City Attorney to clarify the number needed for the adoption of the Budget?

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CITY ATTORNEY PARKER: It only takes a majority of six to adopt the Budget, but to make the Budget effective immediately upon passage so it can come into effect immediately after passage or on the first of August, it would take eight affirmative votes.

MR. STEEN: Thank you, very much.

MAYOR COCKRELL: All right. Mr. Hartman.

MR. GLEN HARTMAN: Mayor Cockrell, I realize that I was absent for some of the discussions that took place with regard to the lawsuits. I don't apologize for it and I don't use it as an excuse either. I feel that, perhaps, the reason I am mentioning it is the fact that I am sure some of this was discussed at length at sessions that I missed but I do think that there is a need to once again, or at the outset of considering this Budget, to really get down to the decision on philosophy with regard to the funding from service fees versus taxation. I think that that is the first thing that really has to be tied down and I don't think, if I understand, that this has been fully tied down. I think the options are still open. Is that correct?

MAYOR COCKRELL: Well, that is correct. The reasons for funding from service fees, I think, has been laid out; but no decision has yet been made as to the Council's position on which alternative to take.

MR. HARTMAN: With that, as a sort of preamble, I would like to raise this issue again. I think that it is so basic that we need to think of it very carefully. I think when you are considering Budget expenditures and when you are considering revenue, budget officials are always faced with that uncomfortable situation of selecting the least inequitable manner of financing the budget. There is just never enough to go around. There is never enough money; so, it is a case of trying to place the burden in such a manner that the least number of people are really hurt.

We have in San Antonio an ad valorem tax base which is, to say the least, unique. First of all, our tax base is predominately homes, houses, real estate that people have invested their life savings in. We don't have any large industrial plants or anything of this sort. That is basically our ad valorem tax base.

Now, additionally, San Antonio has another uniqueness. That is the fact that of the tax base about 40% of the real estate is exempt from taxation. That is due to a number of factors. Of course, we have a number of governmental facilities that are exempt by law, both state and federal. We also have, of course, churches and then we have non-profit organizations. But, then, we also have a great deal of property that is exempt by virtue of being declared a property that can stand the tax-exempt status. Now, 40% tax exemption certainly makes our job even more difficult. We also have a lot of general exemptions--veterans, elderly--these are all there by certainly good logic and good cause.

I think that as long as we have a tax base that is so imbalanced where we have 40% of the potential tax base not on the tax rolls, we have to think very seriously before we move toward putting an additional burden on that rather shrunk tax payer group. I think that there needs to be an objective on the part of this Council to work over the next year to make sure that we closely examine the 40% and see what can be pulled back on the tax roll. I have some real difficulty with some properties that I am aware of that I don't see as being in the tax exemption category, logically. I think, also, that there needs to be some very close attention paid to the matter of property appraisal. I think the Council needs to come forth with some very precise guidelines over the next year on how property should be appraised so that we can achieve some degree of equity in that area.

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Thirdly, there is a lot of property that goes at a lower level on the tax rolls for a period of time when a new house is built. That property is carried for some period of time, upwards to a year, in an unimproved status so we don't get the benefit of that tax base for that period of time.

So, what I am saying first of all is, Madam Mayor, my first point is that we have a very awkward and inequitable tax base to deal with.

That brings me to my second point about the question of increased taxes versus service fee. The service fee is certainly not a pleasant way to go either. But, I think that when you recognize the inequities that exist in our tax base at this juncture. A service fee has less of a bad impact on those people who can less afford any kind of taxation, be it a service fee or direct taxation. It also provides a consistency with what was adopted by the last Council-- the idea that the cost of service principle be adhered to. The service fee represents the fact that he who gets a service pays.

Madam Mayor, I think that my position is simply this: As long as we have what I consider to be gross inequities within the ad valorem tax base, I would find it difficult to, in good conscience, say to pursue that course. What I would like to see is a very firm commitment on the part of this Council to appoint itself for the next year to work very diligently to remove the very bad inequities that now exist in our tax base which I described before. I would hope, Madam Mayor, that we could for this year pursue the matter of the service fee route with the precise understanding and with a commitment that these inequities that now exist in our tax base be corrected, and that we then pursue the route of revenue through taxes after our wholly inadequate and wholly improperly balanced tax base is corrected. And my position, Madam Mayor, would be that this year the necessary revenue can be made up in the realm of service fees.

MAYOR COCKRELL: Thank you. Let's see, I don't know which one was first. Helen Dutmer.

MRS. DUTMER: I don't see it in the same light, Glen. I hesitate to put any further burden on these people who cannot pay their City Public Service Board bills now. And, if we take the City Attorney's word for it, yesterday, the only way that we can enforce getting the extra fee would be to cut off the gas and light services to these people who do not pay the fee. So, I hesitate to put the burden on them. In the second place, I don't think that eight cents is overburdening to the property owner. And, therefore, I think that it would be more equitable if these property taxes were part of it and the fee were another part. Namely, \$0.08 and \$1.00.

By the time that next year comes up, perhaps we can have a better outlook on our ad valorem taxes at that time whereby we can adjust the ad valorem taxes to where they would be more equitable. I don't hold out a whole hope for that since they're now using 1968-69 values instead of the values that they were supposed to, of 1972. In actuality, they are 1968-69 values. So, it's for this reason that I'd like to divide it a little bit more between the people who cannot be hit any harder with any further burden on their City Public Service Board bills and between them and the property owner. And I think that would be the most equitable way to go.

MAYOR COCKRELL: Dr. Cisneros.

DR. CISNEROS: I would like to read a statement if I may:

The least enticing aspect of public service is having to increase costs to the consumer. We all want to offer the most service possible for the least cost. But the hard reality is that there is no such thing as a free service--not garbage collection, not fire protection, not

meals for the elderly, not housing inspections. If a service receives the labor of personnel or uses paper or if it includes vehicles that use gasoline--it has been paid for.

The issue before us then, is not whether we must pay for municipal services, but how we are going to pay. The choices that have been presented us are basically either to increase the garbage collection fee, to increase the property tax rate, or to increase these sources in some combination. There are a number of strong arguments in favor of securing the needed revenues through the basic source of municipal finance--the property tax.

1. The property tax is designed to ride the crest of ever increasing property values and of new property developments. Simply stated, revenues from the property tax have the capacity to grow. With San Antonio's growth rate of new residences and commercial ventures, property tax revenues should keep pace with inflation of municipal costs.

2. The principal alternative to the property tax, increasing the garbage collection fee a flat \$21. to everyone who uses city garbage services, bears no relationship to one's ability to pay or to one's use of city services. Putting a \$21. flat fee on garbage collection is a hidden tax that might as well be placed on bread or aspirins or water or some other equally needed service. Charging everyone a \$21 flat fee bears no relationship to whether one is an elderly widow who carries out one-half can of garbage per collection day or an upper middle-class family of five who puts out three cans per collection day. It bears no relationship to their respective uses of City parks, or streets, or the Convention Center, or the other City facilities we need more revenues to pay for.

3. Furthermore, the flat fee increase allows many major commercial institutions to get off with virtually no contribution to the increased cost of City services. The shopping malls, the telephone company, major office buildings--all properties that have generated costs in terms of security services--would pay almost no increase-- while every residential consumer would carry the burden of increasing municipal costs.

4. The property tax, on the other hand, apportions the burden of paying for the increase in the cost of municipal services more fairly. Citizens will pay more closely in accordance with their ability to pay-- a basic principle of progressive public finance. An analysis of the burden of an \$0.18 increase in the tax rate per year indicates the following distribution:

<u>Market Value of Home</u>	<u>Tax Increase Per Year</u>
\$10,000	\$ 8.10
\$20,000	\$16.20
\$30,000	\$24.30
\$40,000	\$32.40
\$50,000	\$40.50
\$60,000	\$48.60
\$70,000	\$56.70

Analysis shows that 69% of the families in San Antonio would fare better by increasing the property tax than by increasing garbage fees.

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Furthermore, the median tax paid by going the property tax route will be \$15.60 which means that fully 50% of San Antonio families will pay less than that amount.

5. Still another advantage to the property tax approach is that since we have in effect a \$10,000 tax exemption on assessed value for persons over 65 years of age, elderly citizens on fixed incomes will fare better and more fairly. Also, since property taxes are a deductible expense on an itemized income tax statement, both residents and businesses will garner greater federal tax savings than would be possible from the garbage fee route.

6. An increase of \$0.18 in property taxes is unquestionably a serious increase. However, an increase up to \$1.84 per \$100 brings us into line with other Texas cities. The data on other Texas cities is as follows:

	<u>% Assessment</u>	<u>Tax Rate</u>	<u>Adjusted</u>
Houston	53%	\$1.58	\$ .83
Dallas	75%	\$1.39	\$1.04
San Antonio	45%	\$1.65 (1.83)	\$ .74 (.82)
Fort Worth	55%	\$1.69	\$ .93
El Paso	100%	\$1.50	\$1.50
Austin	75%	\$1.27	\$ .95
Corpus Christi	60%	\$1.54	\$ .92

PER CAPITA AD-VALOREM TAX REVENUE

Houston	60.02
Dallas	103.65
San Antonio	23.34 (25.91)
Fort Worth	47.15
El Paso	83.16
Austin	76.37
Corpus Christi	49.74

7. Increasing property taxes is a long term structural decision that has the potential for growth of revenues, thus preventing increases of a patch work nature in future years.

In effect, if we build it into a Budget this year, if we get the appraisal program cleaned up and we're able to continue to grow in terms of property commercial ventures, new industry and new population, this time next year, we will not have to be doing patchwork solutions. There should be natural growth that we will structure into the Budget by getting the property taxes rate into conformance with proper public finance principles.

MAYOR COCKRELL: All right, before we go any further, I want to get a couple of things clarified by the City Attorney by way of procedure. I think, obviously, our discussion is going to center primarily around the method of funding the budget and what method we select. In terms of the Ordinance that is now before, it does not specify the funding method and so would this be in the nature of separate ordinances or amendments to the Budget or what is the proper way when the time comes when motions are to be made regarding the method of funding?

CITY ATTORNEY PARKER: In my opinion, the proper motion would be that the Budget would be where the funds are to be derived from would be changed to reflect, say on Page IX of the proposed Budget, where it says the source of funds, that the income would be increased whatever percentage the property tax increase of \$0.18 would propose to that and the corresponding deduction would be made from where the anticipated funds before as proposed by the Manager and the current services would be reduced by the same amount.

MAYOR COCKRELL: Now, you're in the Budget document itself.

CITY ATTORNEY PARKER: Yes, Ma'am.

MAYOR COCKRELL: All right, if you'll give us that page so...

CITY ATTORNEY PARKER: Page IX.

CITY MANAGER HUEBNER: It's immediately behind the transmittal letter.

CITY ATTORNEY PARKER: The Budget charts is a page immediately behind... and then, say where else in the Budget that they would be changed would reflect the same provision.

MAYOR COCKRELL: All right. Mr. Hartman.

MR. GLEN HARTMAN: Thank you, Madam Mayor. I think the presentation that was made by Dr. Cisneros is a very thorough and very precise one. I think that one area that I would like to point out, where there seems to be general agreement among several of us at least is the fact that there is a desperate need to bring equity to our tax base. I think that's the one thing everyone agrees to. I think this is one objective that we need to set ourselves very strongly.

I think, though, that there are a couple of areas in the proposal for a tax increase, as presented in Dr. Cisneros' argument, that need to be looked at very carefully. One is the fact that it is stated here that through a tax increase, that we actually also place a burden on the shopping centers, malls, etc., which would not be gotten by increasing service fees. I think, on the surface that appears to be the case; however, I think we would be less than kidding with ourselves if we didn't recognize the fact that the cost of increased taxes to the malls, for example is certainly going to be passed on to the consumer. I think that has been an experience that we're all quite familiar with.

I think the second point, the last one I'd like to identify here, is in relating with the City of San Antonio to the other cities in Texas that are listed. I think this is extremely pertinent information. I think the thing that needs to be pointed out though is the fact that San Antonio in the terms of exempt property runs considerably higher than any of those cities. That is my basic concern, the fact that there is this high inequity. This very high inequity in San Antonio. We're unique in a number of ways and here's another one that we're unique-- we have 40% of our tax base that is not on our tax rolls. And that is the part that really distresses me and that is the basis really for my position. The fact is that the tax base needs to be equitized, if you will, before we go putting the burden in it.

MAYOR COCKRELL: All right. Mrs. Dutmer.

MRS. HELEN DUTMER: Madam Mayor, I also cannot go along with the tax. I'm sure they have their votes all lined up or they wouldn't have brought it forth. I can't go along with this. We cannot compare San Antonio with the other cities in Texas for the very simple reason that they have very large industries that they can tax. Their tax base is entirely different from ours. It is like comparing apples and oranges. Furthermore, I think if we go the tax route, once again we are putting the full burden on the middle-income people to support the poor because the affluent doesn't have to worry about it. So, here again, we're adding one more burden to the old wage-earning, middle-class people when you put this tax on their back.

MAYOR COCKRELL: All right. Mr. Steen.

MR. JOHN STEEN: Thank you, Madam Mayor. You know, I guess this is maybe the fourth or fifth meeting that I've sat through and I hear the same conversation over and over again. It is repetitious to me, it must be repetitious to the people listening to us. My goodness, I go home at night and go to sleep and I don't think about any of this until I get up the next morning. But I want to say again, and this is repetitious, I guess I've said this five or six times, but I want to say again that when we have a chance, an opportunity to put one of the operations over here at the City on a self-supporting or self-sustaining basis, we ought to do that. That is the business-like way of handling

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the City's money. If you ran a business that is what you would do. You'd put each department on a basis whereby it pays for itself or perhaps even makes some profit if it was private enterprise. But I definitely am against any sort of increase in property taxes at this time.

I think it's clearly stated that an increase in property taxes would be aimed primarily in the direction of Districts 8 and 10. They seem to be the most affluent districts, and, therefore, the property tax would affect them the hardest. That's all right. That looks like their way of life this day and time, but even regardless of that, I am against increasing of property taxes.

I have a lot of objections for this Budget that we're looking at, this Ordinance. One of them is, of course, I do not want to include a property tax increase in order to raise funds to balance the Budget. Another objection that I do have is the fact that we're giving the employees a raise, but we are giving the classified employee the raise of 4.6%. We're giving the unclassified employee a raise of four percent. I object to that. I think all of our employees should have been treated in the same manner. They should have an equal increase in pay. Just because you have a job that pays a little bit more than perhaps another man that has another job, I don't think you should be punished by getting a lesser increase in your monthly salary. That is what is happening in this Ordinance. That is not fair and never will be fair in my way of thinking.

I have many other objections to this Budget or this Ordinance that we're looking at; but, I don't want to be repetitive again and take up all of your time. I am perhaps going to vote against this Ordinance tonight, because it looks like in order to raise additional funds, we're going to have a combination of a tax rate increase along with fees. And I do object to that.

MAYOR COCKRELL: All right, in order to move ahead and get to the decision-making point, I would think it would be appropriate first to have a motion adopting the Ordinance to get it on the floor formally. Then following that, if there are motions for amendments, they could then be placed for discussion and action.

MR. HARTMAN: When you say a motion for the Ordinance, we're in effect saying a motion for adoption of the Budget without having addressed the point where the money really comes from.

MAYOR COCKRELL: Well, that will come included. Actually, it's included because the recommendation that is included is the recommendation for the use of the garbage collection fee. Is that correct? Yes. And then the additional problem in the Revenue Sharing Fund, actually is a separate problem which could be handled with the Revenue Sharing Fund Budget, if the Council elects to do it that way.

MR. HARTMAN: What I'm saying in terms of actuality, and I very candidly have not read the whole Ordinance...

MAYOR COCKRELL: Yes, in other words, if you move to, if you move for favorable consideration of the Ordinance as it now stands, that refers to the Budget document and includes the proposal for the increase in the waste collection fund. So, it would be, in other words, the positions you were advocating. That should place it on the floor for consideration. Then, if there were those who wished to move for the consideration of the change to the tax rate method, that would come in an amendment.

MR. HARTMAN: Mayor, that be the case, I think there's subject for further discussion which as it will be taking place, I would move for adoption of this Ordinance as it stands. Inasmuch as it's related to a service fee increase.

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MAYOR COCKRELL: All right. May I ask the City Attorney to clarify and be sure we're on the...Is he out? My understanding is that the Ordinance adopts the budget but at the very end it talks about, as I understand it, refers to this document. In other words, the Budget, the Ordinance, refers to or includes this document also. Is that correct?

CITY ATTORNEY PARKER: Actually, in Section I....

MAYOR COCKRELL: Yes, all right, so that the motion for the adoption of the Ordinance would include the method of financing the Budget that is in the proposal.

CITY MANAGER HUEBNER: Which is service-fee oriented.

MAYOR COCKRELL: Yes, that is correct. All right, is there a second to the motion to get it on the floor?

MRS. DUTMER: Who made the motion?

MAYOR COCKRELL: Mr. Hartman has made the motion to adopt the Budget.

MRS. DUTMER: I'll second it.

MAYOR COCKRELL: All right. It has been moved and seconded to adopt the Budget Ordinance as proposed. Now then, is there any discussion or other action? Mr. Pyndus.

MR. PHIL PYNDUS: The question on the total Budget, is that \$153 million?

MAYOR COCKRELL: May we ask for clarification? With the changes in the...Yes, that would be \$153,224,900, that is the new total reflecting the changes in the salaries and other adjustments.

MR. PYNDUS: The Revenue Sharing Fund that we have included in the revenues that would be received, how much of the Revenue Sharing Funds are we utilizing? All of them?

MAYOR COCKRELL: May I ask the Manager to comment on the amount of Revenue Sharing Funds that we'll be utilizing.

CITY MANAGER HUEBNER: Yes that would...yes.

MR. PYNDUS: Now, we were talking about the need for additional...

MAYOR COCKRELL: Excuse me, just a minute, I don't believe that's quite correct in the utilization of the Budget itself. My understanding is that you are leaving in still the amount that would be designated in the Revenue Sharing, the amount that would be designated for the rate relief program, which would have to be handled separately.

CITY MANAGER HUEBNER: Yes, that's correct.

MAYOR COCKRELL: All right, so in other words, it leaves it in the...that would be left in Revenue Sharing, other than what's used in this Budget, there is \$270,000 that up to now has been designated for the utility relief program.

CITY MANAGER HUEBNER: \$2,700,000.

MAYOR COCKRELL: \$270,000...(inaudible conversation). Excuse me, I'm sorry. \$2,700,000.

MR. PYNDUS: All right, now plus the on-going outside agencies?

MAYOR COCKRELL: Those are presently...unless the total amounts to just under \$270,000.

MR. PYNDUS: I had \$1.4 million on the figure we had yesterday as far as the recurring outside agency costs budgeted in the Revenue Sharing as in previous years. And, I wondering if that \$1.4 million is included in the \$153 million Budget.

MAYOR COCKRELL: None of these on-going programs from Revenue Sharing are included.

MR. PYNDUS: (inaudible)

MAYOR COCKRELL: In other words, you would have to handle those the only way I know at this point. Either you have to add those to the General Fund and add them to the tax burden or you have to leave them in Revenue Sharing and you have to wipe out the utility tax relief plan.

MR. PYNDUS: The next question is what is the total amount for the salary increase? We have a figure of \$5.2 million. Doesn't that leave some personnel out? What is the estimated amount of dollars that will be used for the total increase in salaries for City personnel including the fire and police?

MR. JOHN BOLLMAN: (Budget Officer), \$5,208,000.

MR. PYNDUS: That's from the General Fund? Can you give me what would be out of other funds? Would it be possible to give a total of other funds, just a total? I'm trying to arrive at a net figure of what we're paying for salary increase.

MAYOR COCKRELL: All right. While they're doing that computation, are there any other questions?

MRS. DUTMER: Before we can come to light, before we can adopt this Budget, there are many things in here that have to be changed that have not even been taken under consideration yet. The Symphony Society, some of the other things, there's a change in figures there. We didn't adopt it last night.

MAYOR COCKRELL: Those changes were adopted by the Council as a policy to ask the Manager to have it reflected in the Budget. I think the only change there was in reference to a transfer of funds from the Convention Funds over to the General Fund.

MRS. DUTMER: I'd like to ask the City Attorney about this.

CITY ATTORNEY PARKER: The changes, as I recall, were being implemented.

MAYOR COCKRELL: There was a change in the proposed allocations.

CITY ATTORNEY PARKER: Allocations--that's what I'm talking about.

MAYOR COCKRELL: Well, I thought that...I would have assumed that they were approved by the Council as a preliminary move. We need to be sure that those, that is done in the official document that the City Clerk has because Council had made that decision last night in the proposed Budget. All right, are there any other questions while we're waiting for those figures for Mr. Pyndus?

CITY MANAGER HUEBNER: Madam Mayor, the cost of the raise in City funds, and that's not counting grant funds you know, federal grant-funded people, is \$5,987,710. That includes the corresponding wage increase to Transit employees which results in an increase subsidy to the Transit System.

MR. PYNDUS: The federal grant would be an addition to the City Funds of \$5.2--would be a total of about \$12 million.

MR. HUEBNER: \$12 million?

MR. PYNDUS: You gave me a figure of 5.2 from City Revenue Sharing Funds, from federal grants you gave a figure of 5.9.

CITY MANAGER HUEBNER: I thought the question was, what is the cost of the raise. The cost of the raise in total in City funds is \$5,987,710.

MR. PYNDUS: That would include the fire and police?

CITY MANAGER HUEBNER: Yes, it would.

MAYOR COCKRELL: Are there other questions? All right, is there any other discussion or are you ready to vote on the question?

MR. PYNDUS: I would like to speak against the motion, if I may, Mayor.

MAYOR COCKRELL: All right.

MR. PYNDUS: I think that the City Manager, whom we have hired as a financial expert according to his background, has presented to the Council a Budget totalling \$142 million. In a short 30 days, we have increased the Budget to \$153 million. I do not feel that shows any financial restraint. I think that we have not attempted--made any serious attempt to turn the tide of any increasing cost of government. I see in this Budget the same old political plays, power plays of funding organizations at the expense of the taxpayer. These fundings are in the Budget.

Now we have in this City a group of people that finance the majority of the federal grants coming into San Antonio. I say that this group of people are the more affluent individuals in San Antonio and they squarely carry the major burden of taxes. Now the taxes may go to Washington, but they come back in federal grants that are spread to the less fortunate areas of this City and that is as it should be. But, we take a City Budget and we further strip that portion of town that carries the major burdens. The Revenue Sharing Funds that have been dissipated in this Budget could have been used in these areas. The other funds that come into San Antonio can only be used in the low income areas. So, here we have not taken care of those people who carry the heaviest burden in my estimation.

We also leave these individuals with very high utility bills. Then we hold out the promise, the carrot, that they would get some relief and then, inside of a two-week period, we say we're going to take that rate relief plan away from them. To me, I don't think that that is a fair shake to stack on top of a property increase the high utility bills and also the service bills. As I understand, as we project the expenses that the citizens face under another federal program, The 201 Plan, there will be an additional increase for our waste disposal. I think when we take all of this cost involved that we haven't shown the courage to say we cannot afford this because I know we're generous but we're generous with other people's money. I don't think that that is what we're elected to do. I feel that, if someone does not speak up and say "just one second, hold the line or try to hold the line." But, I would say to each one of you, individually and as a group, you have made no attempt, no serious attempt whatsoever as an elected public official to come to grips and hold the line on this Budget and I cannot vote for it.

MAYOR COCKRELL: All right, Mr. Pyndus, I know that you have opposed the salary increase, is that specifically one place you feel... all right, are there any other specific areas that you would have advised us not to go into.

MR. PYNDUS: Yes, ma'am. I think it was called to our attention that we have a half million dollars in human services for youth programs. Approximately 3 to 4 to 5 weeks ago, I asked for the youth programs that we have on-going in this City. We have approximately 15 youth programs, Mayor, that are being financed from federal grants as well as from the City's human services. If we're to see what areas these programs go into we are financing out of the City into the same areas we're getting federal grants in the same areas and the burden has been going to someone else and that's a half million dollars.

MAYOR COCKRELL: That's not in this Budget, that's in the Revenue Sharing Budget.

MR. PYNDUS: Yes, ma'am, but we're going to utilize that as pointed out to us in the note today that it was left out.

MAYOR COCKRELL: It was omitted from the Revenue Sharing, but it is not adopted in this Budget.

MR. PYNDUS: I see the Barrio Corporation with monies and they receive federal grants. I see the Minority Contractors Assistance Center. They were investigated by the FBI, they got a clean bill of health all of a sudden. I see organizations that receive federal funds, the majority of which are furnished by the people that carry the greatest burden and they're going right back into the area, to me on an unfair portion, and I just think that the backs of these individuals that I'm trying to speak for will be broken.

MAYOR COCKRELL: Well, I certainly sympathize with many of the points that you have made. On the other hand, I cannot, in effect, ask the City employee to bear the responsibility for shouldering the deficit in the City Budget which I think is what we would be doing if we failed to give our employees some needed increase. I think we've given a very modest increase and I think if we say "no increase" that's saying that we're asking this specific employee to bear the deficit. I think that's the way we would be looking at it. Yes, Mr. Eureste.

MR. BERNARDO EURESTE: I'd like to make a few comments.

1) I think we've had a good amount of time, perhaps not enough, to discuss the Budget inside and out and perhaps we didn't do it as thoroughly as we wanted to do it. I had some criticisms about the way it was presented to us. At the same time, I don't appreciate another Council member chastising the rest of the Council for not being responsible for their actions. I think each one of us has to assume that responsibility and I don't think we need another Council member to go around determining who is responsible and who isn't. You, Mr. Pyndus, had as much time as I had or anybody else to make whatever recommendations you wanted to make with regards to trimming this Budget and in whatever areas. I never say any of those proposals. The only thing I heard from you was that you were against the pay increase. That is something that most of the Council members could not go with. And we decided to award the increase to the City employees. That is the end of that particular point.

2) I would like to move, at this point, that we increase the property taxes by \$0.18 and to have that change reflected in the Budget.

MAYOR COCKRELL: All right. There is a motion. Is there a second?

MR. FRANK WING: I'll second it.

MAYOR COCKRELL: It's been moved and seconded that there be an amendment to the Budget which would delete the use of the waste collection increase and add an increase of \$0.18 or would anticipate rather an increase of \$0.18. Actually, the tax rate is not set until next January but the motion would, in effect, delete the increase in the anticipated waste collection fee and would simply anticipate an \$0.18 raise in the tax rate at the time it is set in the early spring. All right, is there any discussion on that motion. Yes, Mrs. Dutmer.

MRS. DUTMER: I cannot speak strongly enough against this amendment. You are putting the entire burden on the taxpayer's back. There are too many people riding free in this City right now that the taxpayers are supporting. I agree with Mr. Steen and Phil in some of the ideas that they have. And I will not go along with it. I will go the straight garbage fee before I'll put any more burden on the taxpayer's back and this is it, period.

MAYOR COCKRELL: All right. Mr. Hartman.

MR. HARTMAN: Madam Mayor, I've already stated my position earlier with regards with my concern about placing the burden in the ad valorem tax because of its gross basic and complete inequity. And I think that for those that are concerned about not placing the burden on the poor, should again look at the fact that we're talking here about only sixty percent of the potential real estate tax being subject to taxation. I think it is a gross inequity. I think it's a gross inequity in the realm of evaluation. And I think really unfortunate to place this whole burden in the ad valorem tax area. I am absolutely opposed to the amendment.

MR. WING: I would like to state in answer to Mr. Hartman, those are noble words indeed. But we did discuss these words when you were not here, Councilman Hartman. I would also like to state that I don't think the Districts 8, 9, and 10 have a corner on the taxpayers as far as the City of San Antonio goes. There's other areas in the City that do have a few taxpayers.

MR. STEEN: I said "8 and 10," Mr. Wing.

MAYOR COCKRELL: All right, fine, any other discussion.

DR. CISNEROS: I'd like to get Mr. Bollman or Mr. White or the City Manager to address this question about property because we did discuss it at Council Meeting, Mr. Wing said last week. My understanding was that if you try to specify how many dollars you would collect by the application of the increase in the garbage fee to exempt properties that the amount would be miniscule indeed. So that that is a spurious issue, at best, to try to say that the problem of collection of garbage fee from exempt property. In other words, if the alternative to the property tax somehow get at those people.

MAYOR COCKRELL: May we have that clarified. Exactly how much or is there any projection regarding those persons who are the properties that are tax exempt. My recollection of what was said the other evening was that many of the larger installations used a private collection service, but that the smaller ones, such as individual churches or individual things, private schools would use the City service. Could we have any percentage so that was just a very vague statement. Mr. Sueltenfuss, can you give us any further clarification?

MR. MEL SUELTFENFUSS: (Director of Public Works), Not having what the 40 percent consists of, there's very few tax exempt agencies that do receive the service. Because most of the commercial-type establishments have to buy bags, which doesn't come in the monthly fees. The major users or major people are, would be apartment house owners. Most of them would apply for service. As far as paying a service, it could (inaudible). As far as a tax exempt, the figures are very, very small. We would not be able to get any...

MAYOR COCKRELL: Individual churches, for example, those all go to private services.

MR. SUELTFENFUSS: No, they would have to use the bags so they would not be affected by the monthly charge.

DR. CISNEROS: So, my point, Mayor, is simply this, that if the argument as to why the property tax is not a good way to do is because you want to somehow put some burden on exempt property through garbage collection fee, that fee is not a very effective way of accomplishing that. First of all, there's not that many of them and, secondly, those that are doing it through other things, such as, for example, the bag. So, it's just not a telling argument, if you will.

MAYOR COCKRELL: I think most of us have stated most of the positions. Can we make this real short, Mr. Pyndus.

MR. PYNDUS: The amount of dollars that will be derived, Mayor, I haven't got that clear. From an eighteen cent tax.

DR. CISNEROS: \$4.5 million.

MAYOR COCKRELL: \$4.5 million, let's see, that's - for eighteen cents it's \$4,238,118.00. All right, Mr. Hartman.

MR. HARTMAN: Just a brief clarification, Mayor. I think the argument with regards to service fee versus tax was not to be construed in the context that this was a situation where we could offset the garbage. In other words, there was not a relationship between the service fee and the taxation. I'm saying that because of the gross inequity within the tax base itself, the fact that we have this high percentage of exempt property to place the burden on that sector seems to be highly inordinant because of the inequity in terms of who pays.

MAYOR COCKRELL: May we have one last comment, Mr. Steen.

MR. STEEN: I'd like to break the record here and move for the question.

MAYOR COCKRELL: Is there a second?

MR. PYNDUS: Second.

MAYOR COCKRELL: It's been moved and seconded that we have the previous question. Those in favor of the motion on the previous question to close debate say aye, any oppose no. (The motion carried). We now will have the motion which is on the amendment by Mr. Eureste which would, in effect, be carried out through the corrections in the budget. It would reflect that we would not increase the collection fee for waste collection, but would be anticipating a tax rate increase of eighteen cents when the tax rate is set in the early spring. Clerk will call the roll.

AYES: Webb, Wing, Eureste, Ortiz, Alderete, Cisneros.

NAYS: Dutmer, Pyndus, Hartman, Steen, Cockrell.

CITY CLERK JACKSON: The motion carried.

MAYOR COCKRELL: All right, the motion has carried. And that change must be reflected. Can we move ahead on the consideration of adoption or does that have to be changed in any document first?

CITY ATTORNEY PARKER: It should be changed in budget first to reflect that change.

MAYOR COCKRELL: Are there any other motions or amendments that the Council wishes to offer?

MR. ORTIZ: Madam Mayor, on the new departments that are being created, the Budget and Research and the Economic Development Assistant Departments, I would like to introduce an amendment that the Economic Development Assistant Department should include, besides the Manpower component, the Community Development program. And make it three types of programs with one department head. I think that it's been reported in the Federal newsletter that there will be increased emphasis on additional funds made available under the Community Development program for Economic Development type work in assistance, and I think that in this particular time it might do the City well to consider combining these different functions. So, with that I'll leave it as an amendment and if there's a second fine and it not...

MR. EURESTE: Second it.

MAYOR COCKRELL: All right, it has been moved and seconded. This actually comes in as an amendment to a managerial reorganization plan that has been previously submitted to the Council and given at least informal consideration by the Council. May I ask the Manager for any comments he may have about the proposed amendment.

CITY MANAGER HUEBNER: I'd like to report two things. Number one, I met once again today with the Adhoc Committee to advise me on the Manpower planning situation. Gene Rodriguez and Alfredo Escobel were there. Tony Ferino I will meet with tomorrow morning, but in essence what they have recommended is an endorsement of the concept of combining Manpower efforts of the City with Economic Development. They did not address the issue of placing Community Development into that department. I would just like to reiterate that I think that one major problem that we had in considering this budget is the fact that it is one of three basic budgets that the City deals with and it is very, very difficult to make decisions in one budget that doesn't have an impact on another. We are painfully aware of what this is doing to general revenue sharing budget. I don't really see us straightening it out until we get Community Development Block Grants, General Revenue Sharing and the General City Budget all into one document. I would urge that my recommendation for combined Budget and Research Department be approved or retained.

MAYOR COCKRELL: May I ask, in terms of procedure, the only other thing I would like to suggest, perhaps, to Mr. Ortiz, is that the suggestion has come to us, you know, very quickly to try to have the opportunity to think it through. I just don't know if we could try to move on it this rapidly with it just coming up at this point, would be my only comment.

MR. PYNDUS: Mayor, there may be some merit to his suggestion, but I would ask that we postpone it tonight, and discuss it at a later time, not at a budget hearing.

MAYOR COCKRELL: Well, is there any other comment?

MR. EURESTE: I was just wondering. I would like to ask Council Ortiz this. I understand the department can be changed at any point.

MAYOR COCKRELL: Yes, in other words, it could come - this could be given further consideration and review in perhaps, something like a B Session and then a final decision made, could it not? In other words, the amendment, as I understood it, Mr. Ortiz, was to add the Community Development to the budget section. Is that, was that the intent? I may have misunderstood.

MR. ORTIZ: No, no, to the Economic Development Assistance Office.

MAYOR COCKRELL: The Economic Development Assistance Office, all right.

MR. EURESTE: Madam Mayor, I think that what Councilman Ortiz referred to perhaps does deserve much more discussion because I think that what he was reading in the letter from HUD, I think, does talk about, you know, perhaps a view into the future that would be combining not the Economic Development thrust community with the Community Development thrust. Given that we're trying to develop a department with type of specialization of trying to promote Economic Development that perhaps at the same time Community Development should also be tied into that with, naturally, the Manpower aspect tied in there also. I don't know, I'd like to ask Councilman Ortiz if he would be willing to wait for discussion on this at a later point or...

MR. ORTIZ: Are you asking me?

MR. EURESTE: Yes.

MR. ORTIZ: Okay. Well, we'll pick it up next week...

MAYOR COCKRELL: Well, we will be glad to have further discussion...

MR. ORTIZ: ...and see about this change.

MAYOR COCKRELL: Fine. May I ask - the amendment was withdrawn then? We appreciate it and we will certainly give the opportunity to have it discussed. Mr. Hartman.

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MR. HARTMAN: Again, for the record, I'd like to ask the Manager and the Finance Director of the total amount of revenue now that is to be generated by the 18¢ tax increase.

MAYOR COCKRELL: It is \$4,238,118.00.

MR. HARTMAN: Okay.

MAYOR COCKRELL: All right, are the -

CITY ATTORNEY PARKER: As I understand it, Council direction, it would only pull back the fee being assessed to the single family. It will not affect the commercial rate nor the landfill rate of the increase that's proposed. We would have to bring in an ordinance next week to implement those charges. They would have to be done by ordinance.

MR. HARTMAN: It does pull back the single family?

CITY ATTORNEY PARKER: It would, in effect, only pull back the single family and not the commercial or the landfill...

MAYOR COCKRELL: All right, let me ask first of all. Have the corrections been made yet to the budget so that's it's ready for the state on adoption?

CITY MANAGER HUEBNER: John Bollman is still out of the room. I assume he's still working on the corrections.

MAYOR COCKRELL: All right, now then, if the budget is adopted then during the Revenue Sharing budget consideration, you will have the decision to make regarding the matter of either the ongoing program that would be eligible for refunding or the rate relief utility package. Because the two million seven is what would be left. The only thing that could be considered for reallocation in the Revenue Sharing budget and that will come with the Revenue Sharing hearing.

CITY MANAGER HUEBNER: Which is - we're...

MAYOR COCKRELL: That will be when, Mr. Huebner?

CITY MANAGER HUEBNER: I am to deliver my recommendations to you, I believe, it's either August 4 or August 11, and then in a certain period of time you have to advertise for a public hearing. I don't think you actually hold a hearing until September. Sometime in September.

MR. HARTMAN: So, aren't we saying, Madam Mayor, just to get it cleared up in my simple mind, is to the fact that we're actually holding out the final decision on the rate relief package until we....

MAYOR COCKRELL: ...Revenue Sharing.

MR. HARTMAN: So, we're talking in terms of September before a decision is made on that.

MAYOR COCKRELL: That's correct.

MR. HARTMAN: Now, with regard to the question some of these outside agencies who are having concern about funding about October 1 -

MAYOR COCKRELL: That were in Revenue Sharing ?

MR. HARTMAN: Yes.

MAYOR COCKRELL: They will, that will be in the process of adoption of the Revenue Sharing budget.

MR. HARTMAN: We will not decide until September for those.

MAYOR COCKRELL: Yes. It's going to be a choice between the rate relief or the ongoing agencies. That's what we're down to. Well, then we just wait then until the budget corrections are made and we have a document ready for adoption.

MR. STEEN: Call the question, Mayor...

MAYOR COCKRELL: I think it's legally important to have the correct document in hand.

(At this point there was a short recess while corrections were being made).

CITY CLERK JACKSON: The budget is corrected.

MAYOR COCKRELL: We need two additional Council Members. I want a full house.

MR. PYNDUS: I have a question, Mayor, while getting on the...

MAYOR COCKRELL: Yes, Mr. Pyndus.

MR. PYNDUS: Several alert reporters have pointed out to me a deficiency of, on page 6 of the City Manager's message he said the approval of a fee increase would result in additional \$4.584 million. If we pass the increase of 18¢ it would generate \$4.238118 million and it would be a shortage and I'm wondering...

MAYOR COCKRELL: No. I think that's - my understanding is that there, it depends on some of the commercial charges that make up that difference. Is that correct?

CITY MANAGER HUEBNER: That's correct.

CITY ATTORNEY PARKER: An ordinance will be brought to you next week and Mr. Sultenfuss told us he would be proposed, that it would be effective thirty days to give us some lead time on it so that the people, that commercial charges can add their records.

MR. PYNDUS: Is it legal to have it as sort of a deficit thing?

CITY ATTORNEY PARKER: No, sir, because this actually projects what that revenue would be. It's part of the others added to it.

MR. PYNDUS: Thank you.

MAYOR COCKRELL: All right. We have pending the main motion on adoption of the budget as it has been amended. Is there any other discussion? All right, City Clerk will call the roll on the motion. Before we vote, let me make one comment. As I understand it for it to effect immediately, we should put it into effect on Monday, it would require eight votes. I want to point out to those Council Members who did not wish to go the tax rate route that you have the privilege, as I'm going to do of voting in favor of the budget but simply making the comment that you differ in this particular respect. You can go on record as differing in that respect and still record a favorable vote on the budget. And I think that's an option you ought to consider. Clerk will call the roll.

DR. CISNEROS: Yes.

MR. WEBB: Yes.

MRS. DUTMER: Yes to the budget, no to the method.

MR. WING: Yes.

MR. EURESTE: Yes.

MR. ORTIZ: Yes, with very grave reservations, Yes.

MR. ALDERETE: Yes.

MR. PYNDUS: With no reservations, No.

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MR. HARTMAN: Yes, with the reservations with regard to the 18¢.

MR. STEEN: Absolutely No.

MAYOR COCKRELL: Yes, with objection to the 18¢ tax rate increase.

CITY CLERK JACKSON: The motion carried with nine yes votes.

MAYOR COCKRELL: All right, the motion is carried with nine yes votes and we are now adjourned.

The meeting adjourned at 6:45 P. M.

A P P R O V E D

*Lila Cockrell*

M A Y O R

ATTEST:

*G. V. Jackson*  
C i t y C l e r k