

REGULAR MEETING OF THE CITY COUNCIL
OF THE CITY OF SAN ANTONIO HELD IN
THE COUNCIL CHAMBER, CITY HALL, ON
THURSDAY, APRIL 25, 1974.

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The meeting was called to order at 8:30 A. M., by the presiding officer, Mayor Charles L. Becker, with the following members present: COCKRELL, SAN MARTIN, BECKER, BLACK, LACY, MORTON, BECKMANN, PADILLA, MENDOZA; Absent: None.

74-18 The invocation was given by The Very Reverend Michael G. McManus, St. Patrick's Catholic Church.

74-18 Members of the City Council and the audience joined in the Pledge of Allegiance to the flag of the United States of America.

74-18 APPROVAL OF MINUTES

Dr. San Martin called attention to a typographical error on page 12 of the minutes of April 18, 1974 and asked that the words, "policy of futility" be stricken and replaced with the word, "objection". With this correction, the minutes of April 18, 1974, were approved.

74-18 Dr. San Martin introduced the following Resolution for consideration:

A RESOLUTION
NO. 74-18-22

OF THE CITY COUNCIL OF THE CITY
OF SAN ANTONIO, TEXAS, APPROVING
THE CREATION OF A SISTER CITY
AFFILIATION BETWEEN THE CITY OF
SAN ANTONIO AND THE CITY OF
GUADALAJARA, JALISCO, MEXICO,
AND AUTHORIZING THE MAYOR TO
TAKE THE NECESSARY STEPS TO
EFFECTUATE THE AFFILIATION PROGRAM.

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Mr. Carlos Freyman of the Greater San Antonio Chamber of Commerce stated that this Resolution will greatly enhance the already friendly relations between the City of San Antonio and Guadalajara, Mexico. He congratulated the Council for taking this action.

Mr. Manuel Anaya, President of the Mexican Chamber of Commerce, also spoke in support of the Resolution.

Dr. San Martin advised the Council that today a similar Resolution is being introduced to the City Council of Guadalajara by Senor Benigno Aguilar, one of the Councilmen who visited in San Antonio last week.

April 25, 1974
nsr

After consideration, on motion of Dr. San Martin, seconded by Mr. Padilla, the Resolution was passed and approved by the following vote: AYES: Cockrell, San Martin, Becker, Black, Lacy, Morton, Beckmann, Padilla, Mendoza; NAYS: None; ABSENT: None.

74-18 Mr. Padilla introduced the following Resolution:

A RESOLUTION
NO. 74-18-23

COMMENDING ST. MARY'S UNIVERSITY BASKETBALL
TEAM FOR ITS ACCOMPLISHMENTS IN THE FIELD
OF INTERCOLLEGIATE BASKETBALL.

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After consideration, on motion of Mr. Padilla, seconded by Dr. San Martin, the Resolution was passed and approved by the following vote: AYES: Cockrell, San Martin, Becker, Black, Lacy, Morton, Beckmann, Padilla, Mendoza; NAYS: None; ABSENT: None.

74-18 The Clerk read the following Resolution:

A RESOLUTION
NO. 74-18-24

DESIGNATING COUNCILMAN ALVIN G.
PADILLA, JR., AS MAYOR PRO-TEM
OF THE CITY OF SAN ANTONIO TO
SERVE DURING THE PLEASURE OF
THE CITY COUNCIL OF THE CITY
OF SAN ANTONIO FOR A PERIOD OF
THREE MONTHS, BEGINNING MAY 1,
1974.

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After consideration, on motion of Mr. Beckmann, seconded by Mr. Morton, the Resolution was passed and approved by the following vote: AYES: Cockrell, San Martin, Becker, Black, Lacy, Morton, Beckmann, Padilla, Mendoza; NAYS: None; ABSENT: None.

April 25, 1974
nsr

MAYOR CHARLES BECKER: I would like to depart from the agenda a moment to give City Water Board Chairman an opportunity to report briefly on the status of the deadline and so forth with respect to the Cibolo Reservoir application.

MR. JOHN SCHAEFER: Thank you, Mayor. I am John Schaefer, Chairman of the City Water Board. As I promised the Council at their last regular meeting, I would contact our Congressmen and find out if in fact there was a deadline or not. I met personally with Abraham "Chick" Kazen our representative to Congress last Friday, and in meeting with him, I found out how difficult it had been to bring the Cibolo Reservoir bill to the status it is. I would like to at this time make aware to the City Council and to the citizens of San Antonio the tremendous job that Chick Kazen has done in this particular project. This is the first project of its kind, should it be funded or should it be approved, and we have every indication that it will be, it's ready for what they call mark up, in other words, a reporting out of subcommittee at this time. It will be the first such bill or such project that has been reported out of committee since the Republican administration came into power five years ago - the first one. I think that the citizens of San Antonio and South Texas owe Chick Kazen a debt of gratitude for the fact that he has fought this thing, along with our other Congressmen, but Mr. Kazen is on the committee. He's got this reported out and I think it shows the high esteem that he has held by his fellow Congressmen. This has not been an easy thing.

Now, the question that I had for Mr. Kazen was, we have not been told that there is an April 30th deadline. That we have to act on this, if we don't we're not going to get it. Mr. Kazen told me and I'm not quoting verbatim but he said in effect, "that's a damn lie". And it is a lie. I would like to come up here and say it's a falsehood but it's not a falsehood, it's a lie. There is no April 30th and there has not been an April 30th deadline. Somebody has been lying to somebody else. And I, as Chairman of the Water Board, don't appreciate it. And I think you as City Councilmen would not appreciate the fact that you've been put in a box like the used car salesman that says, "Boy, if you don't buy it today, it's going to be gone tomorrow." Well, it's not gone tomorrow. It's not in any way gone tomorrow. Mr. Kazen said as a matter of fact that we had until the middle of June to report whether we want this project or whether we don't want the project. Now that is a long way from April 30th.

I would say that the Water Board is going to follow the timetable that it set at its last called meeting. We will take this subject up, as I said we would, in our regular May 14th meeting. We will have some recommendations for this City Council's consideration the next day on the 15th. I cannot tell you how disappointed I have been in the people in the press that didn't go back, I don't know who's lying to who, but somebody just didn't check - do their homework. Somebody came up with this for what reason, I don't know, I'm at a loss. I'm absolutely stunned that we would be asked to make an \$80 million decision without the facts and that's what I told you all when I was here last week - that our Water Board was not going to be put in a box and make a mistake. Whether we approve or disapprove of this project will be done on the facts, not on a false deadline. And that briefly is my report. I'll be happy to answer any questions you have at this time but I don't want to take up any more of your time than is necessary but

April 25, 1974
el

I want you to know that you've been put to the wall and I've been put to the wall needlessly. We will, I've checked with my staff at the Water Board and they will have the facts by the May 14th meeting so that we can give you an intelligent presentation.

MAYOR BECKER: Thank you very much, John. I appreciate you bringing that information to us. I think it does place the whole matter on an entirely different light. It takes the onus of the emergency nature of the situation out of it and I think puts it in true perspective. And I can only say one thing that I wish that the people in this United States of ours would only realize one thing about these jobs that some of us have, whether it be a City Councilman or a County Commissioner or a State Legislator or a Federal official of some kind, the job is hard enough at the best and if we could only deal with the facts and just the facts without elaborations and without prevarications and everything, it would just make it so much easier and so much more constructive and really better for the whole nation. Today, it's a rat race. I think part of the situation that you see going around is the resignation of high officials and various people is brought on largely by this constant battle that you're engaged in in trying to arrive at the truth and stick with the truth and stick with facts and some people seem to have little or no regard for it whatsoever. Lila, did you care to....

MRS. LILA COCKRELL: Yes, sir, I did. First of all, I just want to tell John how much I appreciate the remarks he made about Congressman Kazen. I concur with you that we really do, all of the citizens owe him a great debt of appreciation and I know he will appreciate your gracious remarks about him and the record.

Also, I want to say that I am delighted to learn that the deadline appears not to be April 30th as we had all understood. That it is the middle of June and again, I think that's very good news because it means that we do have more time locally to consider this. The only part of your remarks that I would like to temper in any way, or just perhaps urge caution, is I think it is very possible that those who have locally mentioned this assumed deadline of April 30th may have thought they were acting under correct information. I just am personally aware as things go through Congress that early estimates of deadlines and times do change as things go through and it certainly could be an error that was not made deliberately to mislead us.

MR. SCHAEFER: Mrs. Cockrell, I'm not pointing the finger at anyone.

MRS. COCKRELL: Yes, sir. But that was the only part of your remarks that I just wanted to offer a possible tempering of but I do appreciate the fact that you have made this effort and I appreciate learning that we have a little more time and I just am very anxiously awaiting the next Water Board meeting and I know that you're working hard on it. Thank you, sir.

MR. ALVIN PADILLA: Mr. Mayor. May I say a word to Mr. Schaefer? I'd like to repeat on the records basically what I said this morning. This sounds like a very basic question but sometimes we overlook the very basic things. I asked here about two months ago, I remarked that one of the first questions that should be answered in terms of surface water is, do we need it. Not do we need it today but do we need it at the time that the Cibolo is projected to be completed and you know, we have to build, of course, a few years ahead of time. At the risk of

perhaps offending someone, I would like to ask you to have this question answered - it's a very basic question. There's no excuse for Cibolo or for anything else in the way of surface water unless we establish that we do need it. I would like that question addressed first and foremost before we even consider spending the kind of money that this kind of project costs.

MR. SCHAEFER: Mr. Padilla, I assure you that this question will be resolved. This is the reason that we need a staff report. It's a two-fold question. Number one, do we need surface water? And number two, what is the best surface water available to the citizens of San Antonio and the cost of that water? And this is the reason that we have to have the study.

MR. PADILLA: We hear many things, John. One of the things that I've heard from highly placed people at the Water Board is that surface water is more or less an answer to a general concern that the case and this is what I hear and this is why I'm concerned. That the case is not so much that we need surface water but that we need something to answer the general concern of the community with. To be able to say, well, here it is, we're going to hand you this. I have heard that what we do need, the exposure, in terms of the aquifer is not so much that we will deplete it but that we may pollute it. And that we need perhaps plants to purify. I think we should determine what our needs are and if they are surface water, certainly we would be smart to proceed to find surface water. If we need something else, then we shouldn't be out building surface water to make somebody feel good but rather we should be building perhaps purification plants that we might need. These are the concerns I have.

MR. SCHAEFER: These, I believe Mr. Padilla, will be answered at our next meeting. At least we will have the facts and be able to report back to this Council.

REV. BLACK: Mr. Mayor, I'd just like to mention this....

MAYOR BECKER: Excuse me, Claude, I think Cliff was next.

MR. CLIFF MORTON: John, just so we can get it down to a yes or no type proposition. If you would follow some of the reporting that has been done on this particular question by certain members of the media, you would conclude that you all had passed this project up. I think that would be the general impression that was made. Could you answer - do you have an open mind about the question of looking for a source of surface water?

MR. SCHAEFER: Mr. Morton, as I've stated before this Council which somehow didn't get in the news media, we are not opposed to the Cibolo project per se. I'm not, nor to my knowledge is any member of the Water Board. We never have been opposed to this project. I'm not saying we're opposed or in favor. You say an open mind, we have an open mind. The thing that we greatly resent and even more so now that the facts are out, is that we were put in the position, as I say, do it today or never do it. And as I stated to this Council, my personal opinion was, if I had to do something without the facts, I would rather do nothing than do something wrong. But I have an open mind, I know the Water Board has an open mind. All we want is time to gather the pertinent information and the facts to make a reasonable decision.

MR. MORTON: Can you tell me why there has been so much emphasis on the Cibolo, when the Cibolo is just one of several alternatives, that I'm sure you're considering? As you look at the time and space that's been devoted to it, you would think that the Cibolo was - had the volume of the Mississippi River and at best I can tell, the Cibolo is a dry creek. Could you tell me why this particular project is put up here as apparently number one, when as I see, there are at least three other alternatives that certainly could be explored.

MR. SCHAEFER: Mr. Morton, I am at a loss - an absolute loss - to tell you why there has been such pressure to approve the Cibolo, by itself, not as a viable system with the Applewhite and the pipeline which I've gone over with this Council before. And I am at an absolute loss to understand why there has been such a cry to build Cibolo Reservoir and no mention at all of building a pipeline and building a reservoir to pump the water out of in San Antonio to bring it to San Antonio. I'm not going to speculate really as to what's hidden in the closet, why these people have - there's obviously more to it than just building the Cibolo and I really don't want to get into it. But I'm at an absolute loss to understand why we've had the clamor that we've had to just build the Cibolo Reservoir and no mention of bringing the water to San Antonio, just build the reservoir. There's more to it than meets the eye and I haven't dug into it. I frankly am a little dubious of some of these motives.

REV. CLAUDE BLACK: Mr. Mayor. I regret that we have gotten into this kind of discussion on this because I think this is the kind of thing that ought to have been reserved primarily for the Board. And I think that possibly any reflection on it should have come at a time when possibly we would have had more material. But when you begin to throw out this kind of an expression on these projects, I think it's not too responsible. I just want to say that frankly. And I don't know anything about either one of them but I think it's always dangerous to do this kind of thing. I think the main issue is that when the Council receives dates, there's always the possibility of having wrong dates or right dates. I think the real issue is whether or not the Water Board in the light of whatever information is made available is prepared to assume responsibility and to be held accountable for its decision. And it seems to me that what you have indicated is that this date was not proper therefore, you're prepared to assume responsibility for change of date, for what you believe is a more accurate account of what this matter should be considered. Now, I think that is the main issue. That's all that the Council can ask of the Board. That it respond in terms of accountability for that information is made available. Now we can never really as a Council ever simply guarantee that all the information that we might receive, and when we talk about these things, is altogether accurate. But the main issue is whether or not a board that is related to the City, once it has gathered the information that is available, will be held accountable for its decision-making and this, I think, you have indicated you're willing to do. I don't think that the Council was seeking to necessarily dictate. There was expressions of interest and concern but necessarily dictated knew that the final responsibility was the responsibility of the board. I think we do in the light of the various issues that have been raised by the paper and all of this, that possibly the best way to do this is simply to gather the information as you have indicated and then act on that information. But when we say on the one hand, we do not have adequate information and on the other hand, we begin to express conclusions, I think we have conflict. And I would certainly think that that would not be the best way to approach this problem.

April 25, 1974

-6-

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MR. SCHAEFER: Well, Mr. Black, if you got the idea that I was expressing a conclusion, let me correct you. I'm only speculating as to why we've had such a clamor for this without the facts. My mind is open and I believe I can speak for the rest of the board in this aspect, that their mind is open, and we want the facts and we are going to demand the facts before we make a decision. We are not going to be put in a corner and I speak for I believe the board because I've talked to them on this matter. And this is what we resent very, very greatly is the fact that people tried to put us in a box and tried to make us hold up our hand before we knew the facts and I will have to say that I will commend the rest of that Water Board for the fact that they stood up to it and said, "We're not going to make a decision right or wrong until we have the facts". And you can be sure that if we don't have the facts by the 14th, we're not going to make a decision then until we have the facts. I can also assure this Council and the citizens of San Antonio that when we have the facts, we will make a decision.

MAYOR BECKER: Thank you very much, John. You know, I think that one of the great problems in the nation today, really, rest with the reporting that's done in the news media. And I'm going to say it, I should have reserved it for perhaps a year from now but I'm going to say it now. If you want to get off to a bad start, turn the TV set on in the morning at your home and listen to all the grief and misery throughout the world. Pick up the newspapers and read all the murders, and the horror killings and the sex slayings and everything else, and it just goes on and on. What we need in this nation today is some positive thinking and a positive approach to reporting some of the good things that are occurring in the United States of America. And there is indeed a great many good things occurring. Watergate and all those things notwithstanding, but there seems to be a fixation and an obsession to report these unseemly side of life, the perverse side of the human being, the awful part of human nature, the part that we're least proud of, to the almost exclusion of everything else. And it's tearing the bottom out of the boat.

If this country can survive another 25 years or so of this type of thing, then the American people have to be the strongest race of people that ever came down the pike. Now I've read one positive bit of reporting in the paper this morning, San Antonio Express, and it was brought out that the Farah plant might ultimately hire and employ 3,000 people. And a union representative, I think, is the one that made the statement. Now that's the first encouraging news that I've read in a long time to do that subject of the Farah strike.

I'm asking our City Manager to deal with an editorial that appeared the other day which put all of a group of projects in a common basket and intimated as much if we had let them all go to the hell and a hand basket that weren't doing a thing about any of them. River Corridor, Alamo Plaza Project, HemisFair Project, and I can't think of all of them - there were several others. I resent those inferences as much as you do, John. I think it's thoroughly and totally irresponsible and here while some of us are working our guts out to try to make something good happen in this town, we have others that seem to be intent on destroying everything that's being attempted. And I don't understand the rationale. I don't know how they expect to build a City that way and I don't know how we can expect to receive any type of decent, national representation as long as certain people just seem to be pre-occupied with this sort of thing almost to the total exclusion of everything else. I fail to find the positive side of it. And I am offering a challenge for this City pulling together in a positive vein and start

April 25, 1974

-7-

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thinking positively and getting a grip on itself and let's go on down the road together and stop all of this monkey motion that's been going on around here for so long. It's wasteful, it's non-productive, and God knows it's tiresome.

MR. GLENN LACY: Mr. Becker, may I say this one comment? Mr. Schaefer, I have received a number of telephone calls and several letters and they were quite taken up with the fact that two or three of us on the Council last week voted against the project which made us look as though we were unconcerned totally with the future, that we didn't have any foresight, we were certainly going to be in a big mess and it's all our fault and furthermore that we didn't like recreation or fishing and they didn't know why we didn't want to go ahead and build a big lake and put a lot of fish in it so a lot of people would have a lot of fun. It was the very fact that I would just like to hope that the news media would put it out, put the story out that we do have to have the facts. And when we do have the facts, just as you have stated, and we are able to put them all together and intelligently vote, then we may take a different position. But it wasn't with the idea we were trying to pass up money and throw away \$20 million and that we didn't want to have any foresight about water or recreation.

MR. SCHAEFER: Thank you, Mr. Lacy, that's well put.

MRS. COCKRELL: I did want to just assure Mr. Lacy, that as you mentioned, you wondered why people were just talking about the Cibolo and I did want to recall to the Council that when I presented this motion, I did point out this was interlocking and interworking water system and it depended on developing the Cibolo, developing the Applewhite, and developing the pipeline system. So, at least, I wanted to assure you I had mentioned all three last week and that's on page 4 of the minutes.

MR. SCHAEFER: Thank you, Mr. Mayor.

MAYOR BECKER: Thank you very much, Mr. Schaefer. I appreciate you coming in this morning and giving us that news.

The Public Hearing on the request of the City Public Service Board was called to order by the Mayor and called on Mr. Eloy Centeno, Vice Chairman, to make an opening statement.

MR. ELOY CENTENO: Good Morning: I am Eloy Centeno, Vice Chairman of the Board of Trustees of City Public Service of San Antonio. Honorable Mayor and distinguished City Council members, and our valuable customers of City Public Service: The discussion this morning is on our November, 1973 request of City Council for a rate increase for City Public Service. It is also a discussion about alternatives. Formulating discussions and making a choice is never easy, especially when the subject is a broad based one like energy. San Antonio today is at a crossroads. Our beloved City desperately needs more industry to give our increasing population jobs and income. Yet, our City Public Service estimates show that future energy requirements cannot be met unless we take immediate steps to provide additional generating plants. City Public Service has already taken the initiative and our new coal burning plants will remove us from our present dependancy on gas and oil. These plants are coming on stream in 1976-77. Additional plants are badly needed and will cost millions of dollars. Our investment in the South Texas Joint Energy Project is also expensive, but essential. If we forgo this expansion, what is the alternative? It all goes back to making a choice. Do we want more industry, more jobs and more income in San Antonio or do we want to keep a status quo situation? The records show that it has been at least 30 years since the last residential electric rate increase at City Public Service. That's hard to believe. The last residential rate increase in gas was in 1962. In 1965, City Public Service, believe it or not, voluntarily gave a 5% rate reduction, with a little arm twisting, of course. Most people have completely forgotten this. We have become accustomed to low gas and electric rates. A 19% rate increase is being recommended to the City Council by an independant consulting firm. We feel that based on present costs and future expansion needs, a 25% increase is needed to do the job. I pride myself on staying in touch with the working men, my firm serves the working men of this City, and I feel that with the wage increases now coming about, this 25% utility rate increase can be absorbed. Certainly, the alternative of healthy men wanting and willing to work and no jobs available is not a favorable one. Personally, I would love to see no rate increase at all, but life is not that simple and to stop growing is to go backwards. Every one of you on the City Council and every Trustee of the City Public Service Board must rely upon rate and utility experts in setting fair rates to the public. None of us wishes to fix a rate that is too low to maintain service; or is higher than necessary. Expert utility advice is crucial to our future needs. I hope that these experts can give us the guidance necessary for us to do our duties to the public. You are intelligent men and women dedicated to do your best for your community and the people who live in it. For the future of San Antonio and the future of your families, we urge you to approve this most necessary 25% rate increase. Thank you. I will now turn over the discussion to our City Public Service staff, Mr. Don Thomas.

MAYOR BECKER: Eloy, you didn't have the opportunity, but you might care to explain Mr. Berg's situation and the fact that he's ill, and would have otherwise been here.

MR. CENTENO: With the multiplication of butterflies that I've had in my belly here, I have forgotten alot of things. My deal here was about four minutes and our presentation would be about twenty-five minutes. Mr. Berg is ill. He does have a blood clot and hopefully he'll be back on the job stumping for the City Public Service on Monday.

MAYOR BECKER: Well, I thought it should be explained that he would have been here, had it not been for the illness. We do appreciate the fact that you're here making the presentation and also, we wish Mr. Berg a speedy recovery and that he take care of himself.

MR. CENTENO:
Mr. Don Thomas.

Thank you, Mr. Mayor and I think we'll call on

MAYOR BECKER:

Mr. Don Thomas.

MR. DON THOMAS:

Mr. Mayor and Council members, as Mr. Centeno mentioned, we are trying to keep this presentation as brief as possible in line with your wishes. So, my idea is to quickly go through the presentation that you all have been furnished sometime ago and just hit the highlights for our citizens and then stand by for any questions in that regard. My comments, I believe, I can go through them in about fifteen minutes. As a matter of fact, I'm gonna try and keep watch of that and make sure that we get through it. We do have some slides here.

MAYOR BECKER:

I believe you need less light, don't you Mr. Thomas, for that to work.

MR. THOMAS:

Yes, a little less light would be helpful. I might mention, while we're getting that ready to go that you're very familiar with the report on our rate filing that we submitted last November. I might report to you that we are up to giving out as many as about 150 copies of this. So, I think the citizens have had quite a bit of opportunity. We've given them to everyone that requested them, they've been in the libraries as per your instructions. As Mr. Centeno just mentioned, our last rate increase was back in 1962 when we increased due to the cost of gas increase. The total increase in gas rates was 21% and 5.7% in electric rates and, as you might note, the residential electric rate was not increased in 1962. The reason I go back is this is the base of the rates and you need to go there to come forward. After we introduced these rates, we found that we were paying in the subsequent years, as little as 50 cents on the dollar for some electrical equipment, due to the anti-trust suits in the 1959 period and as a result, we are accumulating funds in excess of our requirements. As a result, management requested that an additional rate studies be undertaken to see about reducing rates. As a result of these studies, we did, in fact, reduce rates in 1965 by some 7.3% on electric and at that time, as you might note, we reduced the residential electric rate while we have not increased it in 1962. There were just some minor changes in gas rates at that time, but by enlarge, they were maintained the same. Thus, in essence, these are the rates that have been in effect since 1965 up until the current time.

These rates were very adequate in meeting the customers requirements during the period from 1965 up until the last couple of three years, until we began to experience the same factor that has been happening across the country and that is the decline in the reserves of natural gas. You are all very familiar with this curve but it shows that the decline of recoverable reserves of natural gas has been in that mode since 1956 and the last date of 1972 were down to about ten years supply of natural gas. And, of course, as the supply of natural gas has gone down, the price has gone up. Other fuels have become, in short supply and of course, this is the basis of the energy situation that we are in which you are all very familiar with.

In the Railroad Commission Hearing last year, presentations were made showing how the cost of gas had been for five or six pipelines in the State of Texas and as you can see the cost of gas has been rising steadily since about 1969. It was rather stable up until that period, and, of course, the price rise corresponds to the decline in the reserves. As you can see the price, we're getting up into the 25 cents, 30 cents, and and even higher during that period. Of course, this is when our engineers began, a couple of years ago, studying the trends and getting ready for what we knew was coming and that is going to other fuels, other than natural gas. A little history, insofar as the Sommer's No. 3, power plant in 1976. It was originally scheduled to be a gas fired plant. A little bit later, it redesigned to be a gas fired with oil fire. And, then subsequently, it was converted to a coal plant, to show you the

April 25, 1974
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chronology of these things. But it's all precipitated by the shortage of fossil fuels primarily natural gas. As a result, we began our projections of what it would need to meet the customer's requirements, and I noted this morning that it is the customer's requirements that we are trying to meet here.

When we put all of these cost projections together, we have a rather startling picture as depicted on this line. And, it shows the next 15 years that we're going to experience or require an additional 2.2 billion dollars, an astronomical number in order to meet the conversion of power plants to burn the alternate fuels, to meet the customer's requirements and to meet all the environmental requirements that the City is well aware of in their operation. As you can see, the prior year, prior to 1974, we're in balance. This is the income verses disbursements slide and, of course, this was done primarily through the issuance of revenue bonds as they became needed. Now, I might just mention that this is rather important record when you consider that we have not had to raise rates for all this period that we are talking about. Just a moment, I might just mention, part of the reasons why we've been able to do this. We've instituted many, many economies such as bucket trucks. This extends the life of linemen to where they can operate on lines longer. Before that, climbing poles, the life was about 45 years and then they had to quit climbing poles. The mechanization we have instituted has been helpful in keeping these costs in line. Things like computers which is very important has helped to automate every daily work process of the organization, in order to reduce costs and keep costs in line.

We undertook a car pool arrangement, which you may or may not be familiar with, which pools all of our Board cars in such a way that we check them out as needed and of course, keep the fleet down to the minimum size.

We have trained many of our employees. This is a picture of some of our GED training in order to upgrade their skills so that we could in-house train them and increase our productivity through on-the-job training.

This picture is a slide that tried to represent that we've merged many of our outside contact representative. We use to have a person who would go out and look at the right-of-way and then another one to come to look at whether we could build, and another one to talk with the builder. We've tried to train our representative to where they can handle all of the requirements when they go or as many of them as it is technically feasible. This is trying to get a one-stop type of service so they can handle all of the requirements. We've gone into some joint construction, particularly putting our gas and electric lines underground in those areas that require underground electric utility. Some cases we've even included telephone lines in the same trench. Of course, this just reduces your construction cost. When you compare all of this and tally it all up, I think you can see that we have maintained a record that is very favorable, when compared to other utilities.

This is our cost per customer of distribution, a cost that it takes to operate the distribution system. For example, our cost being \$20.57 per customer for 1972 as opposed to the other figure shown on the graph, total A & B price of utilities across the whole country is \$23.60. In the area of customer accounting or the area of cost that would include your meter reading, your billing collection, that sort of thing, \$5.91 is our annual cost per customer as compared to others ranging anywhere from \$11.98 to as high as \$14.15. The administrative, in general or what some might refer to as the overhead, the executive salaries, the accounting functions, legal services, all of this aggregation, we still compare very favorable, being lowest among those tabulated.

April 25, 1974

-11-

gc

I might just mention that we tried to tabulate the experience in the major Texas cities, we haven't tried to just pick these. These are the major Texas cities, the utilities serving the major Texas cities which will be comparable comparison. So, you see in these cost comparisons, we do seem to be rather favorable. We don't think this is enough to sit on a record like this so we are considering in these projections, things like automatic meter reading. As soon as we can get that and it's economically feasible, we want to go to it. Microfilming maps and records saves space, reduces cost, we're into that. The area that is quite important to us is things like automatic work scheduling. How to manage this tremendous capital expenditure program that we are undertaking; how to get it down to the lowest possible cost. Energy conservation, trying to encourage customers to save and use it wisely and also do it ourselves. Many, many others are in these projections and I just might mention one of the things that wasn't in the presentation, we are embarked under a numerous task force now to see if there are other possible economies that we can achieve. And, certainly we have every interest to do this and work cooperatively in this regard. I want just to comment that when you put all of these together, we are still in a situation of needing substantial new financing through rates and bonds. And, as Mr. Centeno mentioned, we still feel like we need a 25% rate increase and particularly, which was scheduled for February of this year, an \$85 million bond issue for August of this year.

But taking those requirements, we move a little bit into another area, "How do we go about trying to derive those revenues." We set several objectives, and these were set by meeting with a number of different groups, trying to keep current with ideas of what this was all about. The first step always is to design rates to meet what your requirements are. Then, there is another one which is a technical one, trying to follow cost to serve. In other words, we would not like to charge any particular class of customers more than what it has cost us, or any less, and try to keep that in line. We have a very seasonal pattern in our usage here in San Antonio, in that the winter usage is some 2-1/2 times during the summer. We would like to do something about levelizing that. Revenue stability is one that simply says let's try to keep the rates in such a way that if usage is changed, that you don't lose substantial amounts of blocks of revenue, such as curtailment, this type of thing, and have to change rates because of that. Reduce the range of price in the rates. There's a lot of interest across the country to flatten rates, we take it in terms of reduce the range. Consider the effect on the disadvantaged group. We're well aware, and have taken note of the fact, that there are citizens in San Antonio, where this kind of increases are very significant and we try to take in the rate design account of as many of the factors as is possible. The rates, as you know, are very complicated at best and we try to keep them as simple as can be to meet the requirements.

Here's our residential electric rate which is the one that everyone would be personally effected by. In this rate, as you can see, we've reduced the number of steps of the rate on the left from four steps to two steps. This would make it a little easier. As you can see, the range of price has been narrowed in the new rates. There is a service charge that has been introduced of \$1.50 which is in line, well below the cost in that area, but we think that will be satisfactory. There's an additional feature to the rate down there under nomenclature, winter. This is an attempt to take care of the seasonality of use that I mentioned before and also to try to help in the concerted use of our energy. This block says that whatever you use in the summer will help determine what your winter bill is. Another way of saying it, those people that lower their summer usage will not only save on their summer bill, but that will help lower their winter bill. In other words, it's trying to put the cost of the summer energy in proper perspective. If they do something there, they get a benefit all year around. And we're hopeful that this will have a significant effect in helping improve the utilization of equipment and also to use energy wisely.

Some of the key features of that rate as I mentioned, will encourage discretionary use of the energy. It is a rate that does follow cost of service which is a technical point, but it is important. We think it will promote the better utilization of our plant which I mentioned. It does produce a smaller increase as set on this chart, "Lower Income Group." It produces a lower increase to the lower usage groups which are somewhat synonymous to the low income group. There is less differential in the pricing.

The residential gas rate which is the companion to the electric rate has also been simplified. The number of steps have been reduced from four to three and the pricing differential has also been worked on and a seasonal feature has been added as well to help on the gas side, the resale gas side of the picture. When you tabulate what these rates will be as opposed to what has been charged in other cities, we find this comparison. Fourteen dollars and fifty nine (\$14.59) in San Antonio now for a typical usage of 750 kilowatt hours, which by the way is very close to the average usage of all customers, would go up to \$18.69 in the summer and \$17.64 in the winter. I don't want to mislead anyone. There is a note down here that this charge has been prepared as the cost of gas for all utilities of \$29.55 which was the original Railroad Commission ruling. Looking at the current figures, the March figures, I got those together so we'll know what those are. For a March, 1974 bill, San Antonio's current bill is \$17.93, it would go to \$21.51 on a summer basis, \$20.46 on a winter basis. Austin currently would have a bill for 750 kilowatt hours of \$20.12, Ft. Worth \$16.66, and both of those utilities are currently in rate cases today and will be going up. Corpus currently \$22.68, they recently had a rate increase and this reflects it, Houston \$15.33. Taking this new residential electric rate and showing it's effect on the different people within the group, the low usage people instead of experiencing the overall 27% increase would only achieve an 18.6% increase with the higher users which are also the ones that predominantly have the high summer usage pattern would experience the higher increases. So, in fact, this does meet the one objective of trying to keep the increases in the lower ranges to as low as possible.

This is the residential gas rate comparison to other cities. And, as you can see, San Antonio gas bill for a low usage would increase \$1.24 per month ranging up a little bit higher for the larger usage which is the winter usage. As you can see, San Antonio's rate on both the former tabulation and this one, will be about mid-range with the other Texas cities. And, I think, rather than take time, I originally had comparison on commercial and industrial rates, but when you tabulate those, they are very similar in results to residential. In other words, San Antonio's rates with the 25% increase would be about in the mid-range. And, I think that summarizes it. There are charts in the book on that, but that summarizes, that I believe for this purpose: I don't want to dwell on this one, but I think it is important that when you consider this increase in residential electric rates will be about 21% over the rate in 1962. Now is the rate exclusive of fuel. I don't want to mislead you or anyone on that either. This is the cost of which we control, would be the measure of this. And, of course, you are very familiar that all other costs have gone well up, particularly total price index, which has risen during this period of some 46%. And, I think when we put it in these perspectives and considering the other alternatives, I think we feel like we have a pretty good picture here, for San Antonio. We're hopeful that the Council will agree with this in this light. I think that's what I wanted to cover. I think it hits the high points, Mr. Mayor, and if there are any questions, I'd be happy to answer any.

MAYOR BECKER: Thank you very much Mr. Thomas.

COUNCILMAN AL PADILLA: Mr. Mayor, may I ask Mr. Thomas?

MAYOR BECKER: Yes sir.

MR. PADILLA: Mr. Thomas, there are very many questions I could ask, but one that caught my attention as you went through your various graphs and charts and so forth, was that early in the presentation you showed us apparently what were the figures that reflect that we have a lower overhead, that we have a lower cost of production, that we have a lower this, and that, and the other, and yet, later in the presentation, almost at the end of it, we find that Houston's rates for instance, apparently are about the same or are a little cheaper than ours. And, I could cover some others. We also find that we seem to be mid-range in the price of gas. I noticed in your charts as you went through them that at least a couple of other communities that are recognized as major cities in Texas have lower gas rates as an example. I would like to know how we can, on one set of charts, find that we are cheaper in everything, on the other set of charts we find that we are on the high side.

MR. THOMAS: Mr. Padilla, that's a very good question. And, both figures are correct. The explanation is that in San Antonio, we have a lower percentage of industry than in Houston or in any of these other cities. Therefore, what costs we have, have to be spread over less sales. Therefore, we can compare very favorably on what it costs us to do a particular item of our business, but when we have to charge it back to our customer, we have to have less volume on which to charge it. And, that's why the getting and tracking of industry is very important in keeping utility rates down as well as providing jobs. That's the explanation. We refer to it as a local factor or plant utilization which is not uncommon to a manufacturing concern that has to invest in tools and died. If you make 100 units, it costs you one thing. If you make a thousand, it's a lot less. We're making less units with our facilities than the others are.

MAYOR BECKER: You're working from an unfavorable base position.

MR. THOMAS: We're working from an unfavorable base is what I'm trying to say in simple terms. The numbers are correct, but that's the connection that you are seeking, I believe.

MR. PADILLA: Thank you.

MAYOR BECKER: Any other questions from Mr. Thomas?

MR. CLIFFORD MORTON: We're looking at a series of increases?

MR. THOMAS: That's correct also. Well, of course, we have, in our long range proposal and of course, we're hopeful we can work on those in some way, but as it stands now, we are looking at a series of increases.

MR. MORTON: In order to be able to attract industry, it doesn't take too much sophistication to look beyond what the plans are for the utilities for one year. I'm sure that you have in mind, some increase that you can apply to the present rate. You say, here's ultimately what we want over a period of time span. Do you feel too, that the rate that you are projecting ultimately for this mass of capital expenditures, which is essentially what you are saying, the money is going to go, do you think when all of this is compounded that we still remain competitive with those Texas cities for industrial development?

MR. THOMAS: I feel that we will, Mr. Morton, and I think there is a key point in this, and that is we have already moved into providing coal plants. We're ahead of some in that regard. I think the answer to that might very well, not lie in price, but in availability of power. We have taken those steps to have power available, whereas, others may not be in as good a position. So, while our price may be slightly ahead in increasing of some others, I think we have that advantage also.

MR. MORTON: Well, is that really a true statement? Do you have a source of coal at the present time?

MR. THOMAS: No, I wouldn't, I'd rather refer that to Mr. Deely. I'm not familiar with the status of that contract in negotiation right now. I would refer that and let him answer it, if you would Mr. Morton.

MR. MORTON: Okay, I'll hold that question.

MR. THOMAS: And then, of course, at any rate, I think the prices the others are increasing their rates right along too. I think they are facing the same kind of problem. I believe that our rates are going to remain competitive. I wouldn't want to, all indications we get, they are very competitive and they are going to remain competitive. And, that's a great concern to us to keep them in that way and it is one of the design criterias in setting rates. So, I know of no reason why we shouldn't be able to.

MR. MORTON: As the foundation for your being able to make that statement, are you saying that you have the projected capital expenditures for the utilities that serve the other major Texas cities and what effect it will have on their rates.

MR. THOMAS: We have figures like that and we continue to compare them and try to keep ours in line. Ours are not out of line with what other utilities are facing. I do have, we recently called and checked what some of the capital expenditures were in other utilities. What their fuel costs are. We keep, we do receive rate sheets of all the other utilities in the country. We periodically call when we make our tabulations. We're in contact with their people as to what their fuel costs are, what their current bills are, and try to maintain a very close surveillance to see that we don't get out of line. I think that's very important that we try to keep that under constant surveillance, and have those data available.

MR. MORTON: I share that same concern.

MRS. LILA COCKRELL: Mr. Mayor, I wanted to ask a question just over the overall financial picture and that is in connection with the future bonding issues and so forth, to finance all of these improvements that will have to be paid for by rate increases. What is the standard amount that you place into account for contingencies or for a financial base, you might say?

MR. THOMAS: Well, Mrs. Cockrell, we have, of course, we have a trust indenture that we are obligated to meet and one of those provisions in our particular situation is that we always have on deposit with the trustee, one year's payment of principal and interest for the coming...the highest payment of next coming bonds. For example, with this \$85 million, we'll have to produce funds to build up to that so that we always have one year principal and interest payment on deposit at all times, which we can't use for any other purpose. In addition to that, our trustees, a number of years ago established the policy matter that we would not let any of our construction funds get so low as to be less than \$5 million at any time before issuing new bonds or cutting up the rate change. When you look at \$5 million, compare your total investment plan of a half a billion, that's the other reserve that we maintain.

MRS. COCKRELL: If it were not for the provision in the bond indenture, would just average sound financial management indicate having that much of a reserve built up in advance?

MR. THOMAS: I don't think it would be inappropriate. I would have to compare some statistics with others. I don't have any particular information to answer that. We do have, I did notice, our controller is here today, if you would want to get into that. Mr. Deely may want to refer that one to him. But, I don't have specific information. He may very well have some.

April 25, 1974
gc

-15-

MRS. COCKRELL: I have just heard some comments that possibly we are really paying higher costs in terms of servicing, keeping this large a balance on hand in advance, so that possibly this is disadvantageous to the consumers. And, I would just like to have an additional comment on this.

MR. THOMAS: Maybe I would refer this to Mr. Deely to comment on.

MAYOR BECKER: I would like to comment on something that Mr. Thomas said, and it hits the very heart of the whole matter, really. That is, that most of their users here are residential, compared to Houston or Dallas, and certain other cities. We don't have the base on which to draw. Now, San Antonio is going to have to finally come to peace with itself. As to the future of the City, particularly in this period of escalating costs because we're now gonna have to start paying for having a rather tranquil, peaceful existence here. And, perhaps in the past we haven't exactly welcomed new corporate or capital involvement or capital investment in this community. It has affected us adversely from the standpoint of per capita income wage levels. We suffer by comparison. We're pittance low on the list for a City that's been given credit for eleventh in population. I think our per capita wage income is something in the neighborhood of 49th in the Nation. Most of the entities here that we have, that are substantial are tax free. And, I'm not complaining about the fact that they are. I'm merely making that statement as a statement of fact, that they are, and thank heavens for them, that they are here. But, they are, nevertheless, tax free. We need to bring about cohesiveness in this community that will encourage and sponsor and aid and abet the interests and the desire on the part of corporation investment in this community. And, with the exodus that is occurring in the eastern part of the United States and the northern part of the United States, now is the time to strike a blow for victory in this City, if we're ever going to achieve it. There is absolutely no reason on earth why the City of Austin could fall heir to eight electronic firms and not a one of them locate in the City of San Antonio. There's no reason on earth, why Dallas, Texas is the beneficiary of all the corporate headquarters and the points of distribution and branch offices of major corporations as well as insurance companies and everything else, and nothing comes to this City. Now, this isn't just accidental that they don't come here. They do not care to come to an area where they already are burdened with governmental edicts and controls from the Federal Government. Competition, competitive forces, all the new things that are occurring in the Nation, all the environmental protection agencies, and everything else that's harrasing the business world and other factors and then have to take an additional adversaries to add to an already imposing list of difficulties of just being in business today and pressuring people with jobs and making payrolls for those people.

We're going to have to address ourselves to this problem. And, it's a challenge to the City of San Antonio, it's a challenge to everybody in it to start thinking positively, acting positively and working toward one common goal and that is alleviating a situation that, frankly, I'm not proud of. When you stop to consider that we have about a 100 or 150,000 people here whose incomes is supposed to be in the neighborhood of \$3,000 a year or less, that's a tragic commentary on the City that is as old as this City is. When you stop to consider that at one time, San Antonio was the number one leading City in the State of Texas. And that occurred in the twenties and early thirties. We were larger than Houston. We were larger than Dallas. Our skyline was something to behold in the way of downtown office buildings. Neither Houston or Dallas had anything to compare with it. And, somehow we've slipped from first to second, second to third, and we're in the process of slipping from third to fourth, or fifth because Ft. Worth and Austin are close on our heels.

You know, when people talk about it, it's a great place to live. It certainly is, and it's a wonderful place to live and it's been a good place for me to live. But, I can't overlook the plight of those who haven't shared in this fantastic benefit of living in San Antonio. We have fifteen thousand shacks here that are a living testimony to poverty. Places that are not fit as dwelling units for farm animals, much less people. And, these conditions will never be eradicated until we start taking a positive approach to trying to bring corporation influence to bear on bringing payrolls to this City and stirring up some interest in capital investment and making this town occupy the position that it should occupy. And, we are in the very direct line of migration from the United States of America. We are in the finest, fastest, most important growth potential area in the whole country. And that is the Dallas, Ft. Worth, Houston, San Antonio triangle.

MR. THOMAS: Well, Mr. Mayor, I can't agree with you more. I did want to try to point out those two responses to Mr. Morton's question. We are trying to keep them as competitive with them as possible. Secondly, I didn't mention this, and it's a technical matter, but there has been a lot of attention, a lot of emphasis over the country has been given to charging all users the same. We have not done that because to do that, would raise the industrial rates even more, and again above, and we have not done that in this design. That's one way of trying not to discourage it and further, in that regard, it's a negative side, but it's a positive one when you consider the motive behind it, I think.

MAYOR BECKER: Well, Mr. Thomas, I wasn't directing my comments against you.

MR. THOMAS: I know that, but I'm very concerned about that as well. I'm sure that Mr. Deely and Mr. Centeno have some comments.

REV. CLAUDE BLACK: Mr. Thomas, I would just like to raise one or two questions. One of the great concerns that I have and I imagine is shared by others, of course, is part of the issue that the Mayor has presented, and that is, that we are at a low per capita income. We are a per capita income community. And, therefore, when you begin to talk about increases on utilities, you're not talking about an increase that can be avoided. You're talking about an increase that must be shared and has to be assumed by those persons that have low incomes as well, as those persons who have medium incomes. And, therefore, we are concerned about how, where do we stop? Everything is going up, everything is going up for those families, but their income. And, I suppose what I'm really talking about is what comes first, the chicken or the egg. I would like to know is whether or not, I dare say, it's extremely difficult for any Councilman to take a position against job development. I mean, that's like motherhood, you know. Everybody loves his mother. Every Councilman would certainly feel a responsibility to job development, but at the same time I have not seen in the presentation, a projection in which this can be forecast. With reference to this particular raise in rates, what are we talking about in terms of job projection? What kind of built-in requirements do we have? How do we measure these projections? If we are going to deal with this as well as one of the basic appeals for action, positive action, then it seems to me there must be projection within the framework of what we have here, somekind of time line or indication of what we can expect within a given period of time. And, then we're acting not on some good ideal, but we're acting upon some concrete evidence of what's going to happen to our community. I certainly would like to know this. In addition to this, I would also like to know how, I notice in one of your items of evaluation of your rates, you also included this hardship aspect of the community, I mean that deprived group within the community. I wanted to know how you figured that in, because we're talking about a public utility. We're not just talking about a private business, which means that we're talking about a utility that belongs to the citizens of this City, and, therefore, they should be beneficiaries of its operation in a very significant way. And then we begin to compare rates...I think we must

April 25, 1974
gc

be sure to compare rates with other utilities that certainly have the same kind of basic responsibility. It is not simply the fact that we are talking about a utility that simply must measure itself in terms of operation and certain percentage of profits on investment and that sort of thing, but we're talking about the involvement of people and the compacity of that community to assume the additional costs, which must be taken into consideration. And, this is the only question that concerns me as I listen to the projection.

MR. THOMAS: Well, I might just address the first one just a moment on the job projection. We do not have that in that specific way. We do make projections on what our customer requirements are going to be. And, of course, that's the basis of these plans. Now as far as how many jobs there could be, I suppose we could translate that into that and we might be able to provide a more specific plan in that regard. Perhaps the Chamber has other projections in that regard also.

REV. BLACK: It seems to me when we use that as a "B" basis, then we ought to have concrete evidence of it. Otherwise, it would make it extremely difficult for you to respond positively.

MR. THOMAS: Perhaps we could provide some additional information in that regard. Insofar as the hardship aspects, we have noted, of course, your comments in my previous appearance and also when the City's rate consultant was retained that this was a concern and we did sample a lot of data in different areas of the City, to see what consumers use in different areas, particularly those that would have lower income and try to measure what impact these rates would have on those. This is part of the problem and we have a lot of information in this regard, but in order to try to keep the time down too, you're constrained. I wanted to mention to you that we found very few of the users in the low income areas, actually they are what you would call basic users. They are fairly sizeable consumers of power, which may be actually working against them, but part of the designers rate was to keep that rate increase in those lower ranges down to the very lowest possible that we could. Now, that's why I wanted to try at least to get over simply, as I could that this rate does produce lower percentages in those lower ranges and lower dollar amounts. Now, we're well aware of the income in San Antonio and we have tried to accomplish it in this way.

MAYOR BECKER: I think that, Rev. Black, the City Public Service Board is expressing itself in terms in being responsive and communicative, not only with the people, but with the City Council. Now, every indication that has been reflected here in the last, you might say, year, has led me to believe that there is a new sense of obligation, that there's a new sense of responsibility that they're willing to admit by their entering into and engaging in a cooperative effort to work with the City and the other utilities in bringing about a more efficient operation and more harmonious rapport, you might say with all the family, municipal family.

DR. JOSE SAN MARTIN: I just have one short question of Mr. Thomas, Mr. Mayor.

MAYOR BECKER: Let me just finish please, Doctor, I'm wound up like a seven day clock this morning. I've had a rest this week. Now, the whole matter is that if there ever was any lack of regard or lack of concern as to what the City Council thought of such and such or any of that sort of thing, or what, even perhaps the general citizenry thought of the operation, I don't think there is one vestage of that element of indifference left in that operation over there. And, Chairman Berg and Co-Chairman Centeno and Trustees, Mr. John Newman and Dr. West and Mr. Deely and his staff are showing a tremendous desire to bring about the very things that we asked them to bring about and that is have a particular awareness for these people that your' talking about and that I'm talking about. Unfortunately, the situation today

is such that CON-ED passed their dividend just this week. The whole Nation and the whole world is beleaguered with this problem of first of all, just obtaining the energy. And the problem even extends into food and we are entering an era in our history of the world and in our lifetimes of shortages rather than surpluses for the first time. It's going to impose a burden on the entire populace of the United States, of Europe, of Asia, Africa and every place else. It's going to be one traumatic experience but we're gonna have to learn how to overcome that. So, that's why it's even more important than ever that today, San Antonio get up off of it's hands and start energetically pursuing and bringing people to this town to help eradicate and alleviate these impoverished conditions in this City.

DR. SAN MARTIN: Mr. Thomas, I just wanted to know how you're addressing yourself to the differential between the outside of the City rate compared to the inside the City limit rates?

MR. THOMAS: Dr. San Martin, many, many years ago, I don't recall exactly, they did have a differential rate and went away from that because our service area is so compact and all integrated. For example, we have transmission lines around the outer city limits and this sort of thing. We do not believe there's a cost justification to substantiate a difference in the rate, and have always, in recent years had the common rate throughout the whole service area. So, the answer specifically, is we do not recommend a differential in the rates.

DR. SAN MARTIN: Did you review that particular aspect in presenting this. Eloy, did you review that, and the Board decided to leave it the way it is. Any special reason, other than what Mr. Thomas said?

MR. CENTENO: There are a lot of legal problems, Doctor and I don't think we could do it.

DR. SAN MARTIN: I believe that when the consultants were first here, I specifically asked him to review, not only the legal, but the practical aspects of that. I think I asked Mr. Crawford Reeder at the time, whether there were any legal regulations there.

MR. THOMAS: You did Doctor, and I thought maybe we could get by with it, but I have had reasons to alter my opinion which I'll explain to you after the meeting.

DR. SAN MARTIN: Okay.

MR. GLENN LACY: The one thing that discourages me, just a little bit, is that as the Mayor has just gone over the thesis about Houston and Ft. Worth and other cities drawing more people and more industry, more businesses to their cities. A man said to me just the other day, who is proposing building a motel here in San Antonio. He said, "isn't it true that in San Antonio, your utility rates when you say you have a commercial rate, it means that you get gigged. In other cities, it means that you get help because it's a lower rate." A commercial rate in other cities means a lower rate, whereas here in San Antonio, it means a higher rate because they gig it for being in business, in effect, is the way he views it. He said, now we don't have demand meters in some of these other cities and if they do, they are fixed the same as the residences. So, here you have your residence, but if you go in business, you use like a motel, you use a high rate, alot of electricity, like say on a Saturday night. So then they would take that as your basis because it went way over to so many percentages or what do you call it, kilowatts, it measures how much you use. Then of course, Monday night, you're empty, these big motels have very few people in them, maybe 10%, but you are measured on where this hand went over on this high usage on the Saturday night and then when they figure your bill out and you have 5,000 hours, then they just add another 3,000 on it, just because that hand swung over there a little bit high on Saturday night. Isn't that true?

April 25, 1974
gc

-19-

MAYOR BECKER: It's those TV sets that they have on.

MR. LACY: But isn't that true, San Antonio gigs you for being in business, rather than help you.

MR. THOMAS: You have the idea of how it works pretty close. The idea that San Antonio "gigs" you is totally incorrect. I have been making rate comparisons between San Antonio and cities all over the country for some twelve years and San Antonio's commercial rates have always been among the very lowest.

MR. LACY: There are residences where it's higher, isn't it?

MR. THOMAS: No, that is not true. We have made rate comparisons again in this period of time that I am specifically familiar with and we have almost always been the lowest, the lowest in San Antonio. And, I can show you the rate sheets of others and bills.

MR. LACY: I'm not referring to others necessarily and residences don't have demand meters.

MR. THOMAS: That's correct, they do not.

MR. LACY: Every business has a demand meter.

MR. THOMAS: And that is the other part of question I want to address myself to. Every other utility on commercial and industrial have this dual feature billing, we are not unique at all.

MR. LACY: Doesn't that make the businessman pay more for his electricity than the home owner?

MR. THOMAS: No, because the charge that goes for the energy is actually less than the residential rate. In the combined billing, so many dollars you pay and when you add up how many dollars you pay for a commercial establishment or industrial establishment in San Antonio and divide it by the amount of usage and compare that with any other City, you will find it is very favorable. I could provide you with more specific information.

MR. LACY: Just take the demand meter off and you would be the same as the rest, wouldn't you?

MR. THOMAS: Well, the idea and I don't want to get into that discussion too much unless you want to, but the demand meter is an attempt to measure how much we have to provide facilities to meet the one hour's requirement.

MR. LACY: So does Handy-Andy? They have their grocery list. They have their warehouses full. They say anytime we're going to have a big run, we're going to have to have it. Well, you are going to have to have the electricity when they have a run. But they don't charge extra because they have the warehouses ready to go. I don't know why the utilities have to charge more because they have to generate it.

MR. THOMAS: You put that question in a hard vein for me to answer. All I can say is this is a technical, a very technical aspect of utility billing. We are well in line with what others do, we are not out of line. It is an attempt to recover the cost of the facility, not make an energy charge. If you use the facility like an industry does, most of the time, then you can achieve a much, much lower rate by having this form of billing. It is actually designed to encourage a person to get a lower rate once he uses it steadily; which is the kind of industry that Houston has.

MR. LACY: Another thing that grows steadily everyday is the hotel business.

MR. THOMAS: Yes sir, and it's costing you the same either way.

MAYOR BECKER: That's what's known as a Freudian slip. Any one have any further questions? I'll say one thing, Glenn, you certainly know your business. Any one have any further questions of Mr. Thomas?

MR. DEELY: Mr. Mayor and honorable Council. I'm going to take just a few minutes. First, I might answer one or two questions that came up. One of them, I believe, related to the monies that we have on deposit with our bond trustee. Of course, that money is required by the indenture trust and I believe that is common in practically all bond issues that you do put up one year's requirements of payments and on that amount of money you have, the bonds that you have outstanding. We also - a point that might be brought to your attention - we get from 8 to 8½ percent on that money. So, it really is a fairly good investment, insofar as our operation is concerned. Now, there was one other question, Mr. Morton, that I have forgotten, that you brought up.

MR. MORTON: We were talking about planning for the future and I was asking a question. At the present time, can we tell anyone we actually have a source for coal that we can rely on?

MR. DEELY: If I lay this back to the Mayor's kind words about our cooperation with the Council, I would like to not answer that. We are in negotiations. They are progressing. We presently have two, I'd say, hot prospects and I expect, hopefully, within the next few weeks we'll be able to give you something specific on it.

MR. MORTON: I think you just answered my question. My next question would be this. If, as you just said, "No, you do not have a source", have you committed yourself for any expenditures for railroad costs?

MR. DEELY: Yes, we have.

MR. MORTON: I'd like to know how you can determine how many railroad cars you need if you don't know where the coal is coming from?

MR. DEELY: We determine the number of cars on the basis of negotiations that were going on at that time in Colorado. And it looked like we would complete a contract there. As a matter of fact, it came right up to the deadline, but for a number of reasons, we did not sign that contract. One was the quality of coal, as it progressed with our tests. Another was the amount of coal which was there.

MR. MORTON: How many dollars have you committed for railroad cars?

MR. DEELY: I believe that figure is slightly more than \$7 million.

MR. MORTON: \$7 million dollars?

MR. DEELY: Yes.

MR. MORTON: What percentage of your total energy generation will be coal as opposed to other fuels?

MR. DEELY: At the time of the two units of '76 and '77, it will be about 28 percent.

MR. MORTON: About 28 percent?

MR. DEELY: Yes.

DR. SAN MARTIN: I can't hear you.

MR. MORTON: You can't hear me. Okay, thank you. I'd ask this question. I understand that Texas Power and Light has a much higher

~~220~~ Percentage of their requirements that they rely on coal, is that true or not?

MR. DEELY: Fortunately, they had a man by the name of Bill Lynch who went out many years ago and bought Texas lignite and as a result it's come into its own. And you are correct that Texas Utilities as such, well I don't know whether all of Texas Utilities - whether it's a larger amount than that of all Texas Utilities requirements. But it does furnish us with considerable amount of their actual generation.

MR. MORTON: And they haven't bought at prices....

MR. DEELY: They practically took over the lignite deposits in Texas, all of those deposits that were workable, that were good deposits. So that was foresight.

MR. MORTON: How long ago did they start doing that?

MR. DEELY: I would have to guess. He's retired now, probably 30, 35 years ago.

MR. MORTON: When did we first start looking for coal?

MR. DEELY: We started looking for coal about two years ago. I must remind you, Mr. Morton, that we were assured that our gas supplies would last until the end of the contract.

MR. MORTON: That's, you know, less than ten years away now.

MR. DEELY: That's right. We found out the sad facts on May 1, 1973.

MR. MORTON: I don't have any other comments.

MAYOR BECKER: Anyone else, Doctor?

DR. SAN MARTIN: I have one question and the others are for our rate consultants. Mr. Deely, the information that you have that the consultants gave us, on figure 1 and figure 2, I'm sure or I assume, are taken from your own figures. Like on page 2, Item No. 36, for instance, you say that you have fuel stocks for 60 days. Is that correct?

MR. DEELY: I should explain that briefly. That was a figure that we gave as to the fuel supply that we have, that is not correct. We gave that figure to your consultants. The figure, a more realistic figure, we have about 1,300,000 barrels in storage at this time and depending, of course, on what the use will be - if it were 30,000 barrels a day, assuming practically our full generation on that, you can see that we have considerably more than 60 days supply.

DR. SAN MARTIN: I can realize that. It also changes the figure that you have here, 1,041,000 to something higher if you have that much of a supply. At \$7.50, \$8.00 a barrel, something like that.

MR. DEELY: Yes, sir.

DR. SAN MARTIN: Okay, now I'm not questioning the wisdom of 60 days or 30, I know you have to be safe, but I'm questioning why do you list it as a working capital figure instead of an operating expense, because when you burn oil, it becomes part of your operating expense. When you hold it in reserve you call it working capital, and then it becomes a part of your rate of return when you do that.

MR. DEELY: I think you raised a question that is being discussed by the consultants and our consultants.

DR. SAN MARTIN: Well, that has been the practice in the past. Haven't you done that in the past, Tom?

MR. DEELY: We show it as supplies in stock.

April 25, 1974
brk

DR. SAN MARTIN: Well, you have always done that?

MR. DEELY: Yes.

DR. SAN MARTIN: Is that common in the industry?

MR. DEELY: I believe it is.

DR. SAN MARTIN: I understand there is a tendency in the industry to call it an operating expense. Because when you burn it it becomes part of your fuel costs which is an operating expense.

MR. DEELY: I would imagine Doctor that some companies charge it in when they store it and some expense it as they use it. I don't know that there's any set rule. I would have to refer you to our controller on that particular question.

DR. SAN MARTIN: What I'm trying to get at besides that is it becomes a part of your rate of return, when you figure your rate of return, if you leave it in your working capital. Is that correct?

MR. DEELY: I think that's done, yes.

DR. SAN MARTIN: And you've always done it.

MR. DEELY: Well, we have never figured on a rate of return basis, Doctor.

DR. SAN MARTIN: I know, but we are talking about rate of return here. We are talking about 3.86% rate of return on page 2.

MR. DEELY: I would suggest, Doctor, that you refer that question to....

DR. SAN MARTIN: I would be happy to, but I wanted to know what historically you have done as to this particular figure. I think Mr. Carl White also should have some response to that. Thank you.

MR. DEELY: Mayor and Council, I'll try to run over this very quickly. I have just a few points here that I'd like to refer to. One is the time table for the bond issue which we hope the Council will authorize. The first step in that is the notice of intent to issue which is required and is not voting of the bonds portion at all. But the Notice of Intent to Issue which has to be made 30 days prior to the time of issuance. We will give to Mr. Granata a letter together with pertinent data that will spell this out to you. We have here with us rate experts from EBASCO, Mr. Art Shapero, Mr. Southerland and Mr. Jack Riley, if you have any specific questions that you wanted to ask of them. You stole our thunder on Con-Edison. I have a little statement here that appeared on Electrical Week this past issue, and this is a quotation from a Public Service Commission member in New York State. "The Company is in bad trouble. There is no way to stop earning erosion within a time frame. People think the die is cast." This source says there are doubts among the staff that even the sale of the generating units under construction, they are proposing a sale of two units that are under construction to raise cash, the generating units under construction would help much with the cash low situation, so we're not alone really in this problem that we're in.

The other thing that I would like to suggest for the Council's consideration that if there's differences as between your rate experts, O'Brien and Gere, and our experts from EBASCO, that we ask them to get together and try to iron out these difficulties and come up with a common solution to them. And that completes all that I have.

MAYOR BECKER: All right, sir. Did you want to ask. I wanted, before we took a break, we're going to take a five minute break if we may, I wanted to pay special recognition to John Newman sitting at the front row there. And John, oh, oh, I hope that didn't ruin your coat, because if

April 25, 1974
brk

it did, we'll get you a new one. Those chairs are famous for that. John, I want to say to you that the City of San Antonio and the people in it really owe you a great deal for the time, effort and energy that you have expended in the last several years, three years, whatever it's been. Of almost a constant pursuit of trying to help solve this problem that we've had down here, and I know that it's been a great personal sacrifice not necessarily financially, but perhaps from the health standpoint. It just, you know, I just didn't want you to know that we weren't mindful of it and that we weren't grateful to you for all the things you've done for us.

MR. JOHN NEWMAN: Thank you very much. I really appreciate it. I'd like to say that I came today just to visit with you all a few minutes because I wanted to point out just some things generally speaking. First of all, I'm very interested in the comment you made earlier, Charlie, about Austin. It's an astonishing thing to me that in San Antonio when we go out for industry we're told about our fuel shortage in San Antonio. And when Houston goes out, you know, and Austin goes out, they're not. And we're better off than they are. But we're not gonna stay better off. We're better off at the moment but let me, for example, you see Austin is in an identical position, gas wise, that we're in. Oil wise then has to be the difference, and oil wise we far surpass anything they have. We surpass Houston Light and Power at anything they have. And they rely for 49% of the gas that they receive from Pennzoil. Pennzoil in turn relies for a great percentage of that from Lavaca. So the thing is, what we're looking at in these various cities is a real serious problem, more serious in this particular time frame, than our own. Now, I have been told by people going out for getting, bringing the executives in, that every time they go they're told the same thing, we're worried about San Antonio and about energy. So I would just like to visit with you a second about what I think we should do.

Your remarks, Cliff, about what percentage coal would be of our total. And Tom says perhaps 25% when they come on. First of all, let me remind that we see 1976 for one and 1977 for the other. Well, they won't be in that. With the shortages that exist today and the efforts that are being made everywhere to do these various things, you can expect a delay of a year, maybe six months, maybe 18 months. It just isn't gonna come like we think because of the overall shortages. But in any event, we have a situation here where we use our energy increase has been on the basis of approximately 11% a year doubling every seven years. Right now we talk about having 2,350 megowatts. You can imagine in seven years time or maybe eight years time, if we have to talk about having 4,700, we're going to really and truly have to do something and do it, and it's gonna have to be bold in order to keep up. So I would suggest that the first thing that would happen would be that we go ahead and we talk about seventy-six and seventy-seven for two coal units. And '78 and '79 and immediately get them on the board. We talk about a five year lead time, you see. My point is simply this. If in the end someone could later say to us, you over built. I'd like to see us over built to the point that we could advertise in Business Week and say, "San Antonio has Energy." And the day you could do that, if we could do it, believe me, we would be way out in front of anybody else. You could choose, pick and choose your industry.

We have two problems, and this you must please bear in mind in determining on this rate. Rev. Black, we have a sociological problem. But that's one problem and it must not be confused with the energy problem or the power problem. They are two separate and distinct problems. If you tried to solve your energy problem as you would say on the basis of a sociological problem and say, "We won't increase it," and if we do increase it, it makes it yet more difficult for a certain segment. We can hurt that segment far more greatly by our failure to go ahead and provide the energy that we need for industry to provide the jobs that we must have. Believe me, then we can by curtailing back and saying, "We're not gonna come up with this because they can't afford it." The fact of the matter is we can't afford not to do it.

The next thing, we speak of Consolidated Edison today. You know

if you're operating in this business, it doesn't take all this tremendous foresight that people say either exists or doesn't exist to see what's going to happen. Three years ago I told a friend of mine in New York who owns one whale of a lot of New York real estate that I wouldn't have an office in an office building that didn't have stand-by generators in it and the fuel to run them. And he said, "Why not?" And I said because Consolidated Edison is in trouble and New York City is in trouble and the first time you have a real winter back here, you're going to find out what I mean by trouble. Well, now it has surfaced, but let me tell you a very interesting thing about that. The head of a New York State public service deal is a man by the name of, now believe this, this is astonishing, but true, Joseph C. Swindler, who was the head of a federal power commission who was responsible for bringing on the rules and regulations and enforcing them to put the gas industry and the oil industry and the power industry in the shape that it's in now. All we had to do is follow Mr. Swindler. Wherever he goes, there's trouble.

If you want to bring the United States to it's knees, attack the energy. If you want to bring San Antonio to its knees, attack the energy. Now, finally, we reached the point which says, well, you talk about the rate increase and they come up with 25%. It's beyond my ability or expertise to determine whether they need 22, 23, 25 or 30. I've been through the presentation of the rates several times. What I do have, and this is the only way I can judge on something like this, is total confidence in the City Public Service Company, in its management and in its staff. I have absolutely nothing to do with the organization over there. It was in existence when I went over there. So whatever I say certainly couldn't be interpreted as being boastful. I'm just telling you you've got a great company. They know how to spend the money. They've done a fine job of handling it. Let them have the money that they need to get on with the show. Any time anybody speaks of a rate increase on anything, it's bad. And it takes a hell of a lot of courage, but down the line, believe me, you'll look back and you'll say, well, we had to make that decision. This was done. We won't end up with a surplus folks. But if we did, that would be good. But I'd like to be able to see us in ads, the Chamber of Commerce ads down the line come out with that showing what San Antonio is doing. The positive side, Charlie. What we're doing most especially for the energy, and for power and for industry. You're going to have to create a different image. Now I'm telling you. All over this country before you're going to get exactly what you need to make our economy that is viable as it can be and eliminate what you're speaking of, Charlie. Well, so much for that. I thank you so much for hearing me. I feel so sincerely everything that I'm saying. I think that we know what we're doing. I would like to see incidentally, more oil tanks. But every single thing that I can come up with, I can think of a lot of things along those lines. They all cost money. And I guess you're just fortunate that I just don't have - well, maybe you are and maybe you aren't with all the money that's required. We'll have energies running out of our ears. But that's what I think we're gonna have to have and I don't think whatever we do today to provide that we'll be sorry for. Thank you all.

MAYOR BECKER: John, before you leave the podium, I want to say that several people that I regard very highly in the oil and gas industry give you the credit for the fact that San Antonio has those oil storage tanks built and completed out there that helped pull us through this last winter when we had to go on this oil-fired program instead of using natural gas. They say that had it not been for your foresight and determination in that matter we would have been up-a-tree last winter.

MR. NEWMAN: The truth is though, that in my efforts over there I've had from the very beginning the total cooperation from the Board and total and complete cooperation that have always worked within the organization that exists, you know. You can suggest these things, but to implement them and get on with them, that was organization. But truthfully, I feel that we've all been working together. I think that a good job has been done. I know you just wouldn't believe how we compare with, for example, Houston, and if the people, for example, were moving to Houston, well, I would just say one thing that astonishes me. Pennzoil is building two

buildings over there. The exterior is glass. Pennzoil, now they've got to know what the situation is in Houston, they're furnishing the gas to Houston Light and Power. They're also through United, furnishing the gas to the burner tips, you see. And it astonishes me to see the design of the buildings that they would build, and building them in Houston.

And I want, leave one thought with you all again before we get back to the coal thing. Those of us in the industry who have objected for years to the burning of gas in boilers. There's a much better use for it and that use is in burner tips, you see, far, far better, and we're going to come to a time...

MAYOR BECKER: Would you mind explaining what burner tips are?

MR. NEWMAN: Well, in other words, if you have a gas range and you light that gas range in the homes, you see. In other words, gas for distribution or gas for gas heaters, now here's a thing that really concerns many of us and it certainly concerns me. I wouldn't be surprised that within a period of three years, that's not a long time, you're going to be told utilities will phase out and you will be given a time length, you're going to phase out of burning gas in a boiler. Gas burned in a boiler is 30 percent efficient. That's 70 percent inefficient. That's just no good. We can't stand that. And we're burning up our most premium fuel, natural gas. If this comes to pass, we can hear, now we're in a position now and we're way ahead of the others on that too, I'm pleased to say, I'm being able to convert over and burn oil. We're not totally converted for a 100 percent burning of oil, you understand, believe me. But we're way ahead of anybody else and we're going as fast as both the organization and money is available to do these things. But the time will come following that you'll be told, no more oil in the boiler. There's a much better use for oil than a boiler. But the time won't come when anybody will tell you that there's better use for coal than burning it in a boiler. It's better in a boiler than gasified, it's better than burning it in its natural state than it is when it's liquified. It takes 30 percent of the energy in a ton of coal to liquify or to gasify. Do you understand? In other words, I am saying you're getting up to the top, maximum efficiency. So we'll face those things, you know, down the line and we must plan for them now. I think that your City Public Service Company is planning one. Thank you again.

MAYOR BECKER: Thank you very much, John. Let's take a five minute break and we'll return.

MEETING RESUMES AFTER BREAK

MR. DEELY: Mr. Mayor, I would like to formerly request that the City Council consider putting on their agenda for May 2, the Notice of the Intention to Issue Revenue Bonds, 30 days after that date.

MAYOR BECKER: Yes, sir. I agree with that request and I know that it's most necessary and it's something that we're gonna have to act on as rapidly as possible.

MR. DEELY: Thank you very much.

MR. GRANATA: I'll put in on the agenda today since tomorrow we're closed. I have to post next week's agenda by 4 o'clock today. I'll have that caption on the agenda in order to meet the open meeting law.

MAYOR BECKER: All right. Now who was next on the presentation?

CITY MANAGER SAM GRANATA: I'm at a bit of a loss. Of course, Mr. Kubik was next, but I would suggest that you forego him until after lunch if you will because the Randolph people have been here so long, along with all of the commanding officers and they have been waiting.

However, there are also three citizens that wanted to be heard on this topic.

MAYOR BECKER: Well, all right now, I have a list here Citizens to be Heard, CPSB Only, and I have a Lt. Col. Thomas Ball and an M. D. Taylor and a W. B. Stafford. Now are those the...

MR. GRANATA: Yes, sir, that's the three I am speaking of. Now would you like to hear from them with about five minutes apiece on what they have to say and then, of course, Mr. Kubik is here. You've all received his report. You're aware of what he's recommended. However, he can brief you if you like or you can ask questions of him. Public Service is aware of what he's recommended. They've had his report for two weeks and met with him this past Wednesday or yesterday. So, and maybe if we'll listen to the citizens now and then, we'll interrupt the agenda with the annexation hearing. Then you can recess for lunch and we can ask Mr. Kubik to come back after lunch if he doesn't mind.

MAYOR BECKER: All right, first of all, I would like to hear from the gentlemen from Randolph and Lackland and the various bases. This will permit you to go back to your post. We kept you long enough this morning.

LT. COL. THOMAS BALL: Mr. Mayor and Council of San Antonio, my name is Lt. Col. Thomas P. Ball of the Judge Advocate General's Department in the United States Air Force, stationed at Lackland Air Force Base, Texas. Pursuant to a delegation of authority from the administrator of the General Services Administration, I represent the consumer interests of all executive agencies of the federal government involved in this rate increase before the commission today, the Council today. I would like to submit to your adoption a petition to intervene in these proceedings since the executive agencies of the United States purchases substantial quantities of natural gas and electricity from the City Public Service Board of San Antonio, Texas. It would appear that the increase sought by the City Public Service Board of San Antonio, Texas, would represent an additional cost to the United States of more than \$872,427.00 in annual billings. Therefore, we respectfully request to intervene in these proceedings and protest the rate increase proposed by the City Public Service Board of San Antonio. I have our petition.

MAYOR BECKER: All right, sir. Any one have any questions of Col. Ball? All right, thank you very much Colonel.

COL. BALL: Well, I also have some further additional information. The United States at this time would also like to make a motion for continuance of this hearing on this matter, further presentation of evidence by the United States due to the fact that we received notice of this hearing on April 16th, which the United States deems an unreasonable period of time to intelligently evaluate and adequately prepare its case and in substance would be denied the amount of time required to prepare it and present it intelligently before the Council. And I'd like to present that motion to you also.

MR. PADILLA: Colonel, Mr. Mayor, may I ask one question. Colonel do you in your recommendation that we postpone this, do you also recommend to when or how long we postpone it? How much time would you need to prepare something?

COL. BALL: In our motion, we have asked for at least a 20 day extension to be heard before the Council so that we can adequately prepare for it and give further study to the O'Brien & Gere report that was only available to us on 17 April, 1974.

MR. PADILLA: Thank you, sir.

124

COL. BALL: We would further, maybe I should ask this in the form of a question first before I make another motion. And that is would it be possible at a future hearing, if you gentlemen and lady decide, that we can have this extension, would it be possible at a future meeting of the Council for the federal government to be able to cross examine witnesses of the City Public Service Board and cross examine witnesses of O'Brien and Gere so that we might be able to ascertain exactly how they came to their conclusions in this matter?

MAYOR BECKER: Colonel, I shouldn't even try to answer your question here, this morning, without having an opportunity to even prepare myself intelligently but I'll have to say this. This matter of this rate increase now has been held up by the City Council down here for something like two or three months. We have employed the firm of, I never can remember, O'Brien and Gere, and they have been indulged in this analytical research and analysis of this rate increase now, what has it been, two months, something on that order. Now with all due respect to the military, the importance of the military of San Antonio, the position that the military occupies in our community, and as I said earlier God Bless them and thank heavens for them because they are tremendously important to this community, and the economy of the community. We're honored by the presence of the military and the fact that it's almost been, you might say, tradition to have the military in our City dating back with Ft. Sam Houston and Air Force, Brooks Field, Duncan Field, Kelly Field and Randolph and all the rest.

I don't really know that we can properly delay this matter any longer than it has already been delayed. And I'll tell you why. The Public Service Company is running substantial deficits over there right now. In the same fashion that a business would. Every four week operating period or every month, however their accounting procedures are, they showed fantastic red figures, loss operation. Now they're cutting into reserves, surpluses, they are getting precariously low with their contingency reserve requirements as set forth in the bond indentures and so forth. We all share this concern that you have and the military has with this rate increase. There isn't anyone of us in this Council, there isn't any citizen in the City, old or young or whatever that doesn't deplore the fact that we are faced with this predicament. But a decision is going to have to be made and if I may say so, and I say this with all respect, it's going to have to be made as rapidly as possible. Because we have delayed these proceedings now, you might say, to the point where it can't be justified any longer. We've studied the question, we've probed, we've quizzed, we've dealt with, we've been accusative, we've been provocative, we've done everything that we know of to make the City Public Service Board justify every cent of this increase request. We have strained all the fat out of it and all the water out of it. And I don't think anybody in their mind, after the attitude that the City Council and certain other factions in the community have shown with respect to this rate increase, I don't think that anybody in their mind would come over here and ask for something that was not necessary. Because the spotlight has been on them and they've been under the heat and they've been on the burner. So, I'm just speaking for myself. I'm not speaking for the other Council members, if you'll forgive me, but I don't know how we can rightfully and conscientiously delay this thing any longer than we already have and do justice to the community and the citizens in the community including the military.

MR. PADILLA: Mr. Mayor, may I make a remark on that very same subject. It's curious to me in trying to evaluate the kind of situation the Colonel is asking us to make this morning that we are again faced with a deadline that does not leave sufficient time for preparation to be able to rebut, to be able to question, to be able to ascertain where certain information was gathered and how it was arrived at. It's true we've had this request for three months. It is also true that the Public Service Board pointed out this morning there has not been a rate increase since 1962, I believe. I can't help but wonder myself, one, how a major utility can go fourteen years or so,

twelve years perhaps without a rate increase and then ask for such a major increase such as 25%. I do not understand how after going something over ten years without a rate increase we are somehow put into a situation where the time schedule becomes critical. It seems to me that Public Service shares in the responsibility, if indeed we do have a serious time crunch. This rate request could have easily come perhaps 90 days earlier than it did. I do not know why they take it right to the line. I sometimes, my low and suspicious mind sometimes tells me that this is part of the tactics employed, and I have said this before in reference not only to Public Service but other utilities. Last year, we were faced with a water rate hike and again, we also then had the time. It was critical. It had to be "now." I, again, speak for myself, Mr. Mayor, but I think the Colonel has raised a very valid point and that is one of them. The point is one of trying to determine, I think all citizens are interested in this, I think the City Council is vitally interested in this, we have to question, we have to ascertain just what is necessary. I notice in the consultants report itself that they constantly refer to Phase II. They constantly refer to the fact that the rate that they recommend is predicated upon their accepting the capital improvement figures of Public Service at face value. They have not had time to evaluate these things. We do not know if we grant or refuse to grant X% increase that we are, have in any way validated or at least checked the figures that City Public Service cites as necessary for capital improvements. I think that we have to examine these things. I appreciate the fact that we are faced with a critical time factor. But I also hold Public Service partially responsible at least, along with the rest of us, for the fact that we are faced with a critical time schedule at this time. I think in view of the fact that they haven't had a rate increase in something over ten years that they share the responsibility for not coming to this Council, perhaps three months earlier than it did. In view of that, I would be inclined to grant sufficient time, not an undue delay, I'm not counseling that, but sufficient time to prepare some sort of rebuttal, to prepare some sort of an opportunity, to give an opportunity to major customers such as the military and other citizens, to come in and have an opportunity to present their case. Because I think it's an important factor in what we are all looking for and that is what is the situation.

MAYOR BECKER: Mr. Padilla, I'm going to say this if I may make mine first please. Mr. Matthews, if you'll pardon me. I think I've probably been as much of a critic, a provocateur, whatever you care to call me, of the City Public Service Company as anybody in this part of the country. I've "laid the wood" to them pretty good in times past and probably will again in the future, at some future date. But with all due respect to that, I've come to this conclusion that if we ever were playing games with each other, we're no longer. And what they are asking for is justified and an honorable request. Now, in this connection, I'm going to ask Mr. Kubik, who is the gentleman in charge of analyzing the rate request, if he'd care to make a statement at this time that would either express his own opinion as to the justification in the first place as to the rate request and what he sees as to how this is generally tied in with what's occurring all over the United States and of course, the world at large. So, Mr. Kubik, would you care to make a comment on that, please, sir?

COL. BALL: Would I have a chance to respond?

MAYOR BECKER: Yes, sir, absolutely. This may be a little unorthodox procedure but it won't be the first time that I've been unorthodox so if you'll bear with me.

MR. KUBIK: Your Honor and Members of the City Council, I am planning in the afternoon to describe at some length without being unduly worried about it the procedures we used in reviewing the CPS filings and in arriving at the conclusions which we did arrive at. At this point I'll state the conclusion in answer to the Mayor's question.

April 25, 1974
brk

The conclusion is that CPS does require a rate increase in the amount in our judgment of not less than 19% in relation to the present rates. I'll have to comment on the words "not less." We have used a method, as Dr. San Martin mentioned previously, in reviewing the filing which is different from the method by CPS in preparing the filing. This method had to be used because of the time frame. The agreement which we have with the City Council was for reviewing the CPS filing in 60 to, I believe, 75 days. In that time it would not have been possible, practical or humanly possible to review from the ground up the huge capital spending program which was so well, which was described by the members of the City Public Service, which results in the fifteen year program of about \$3 billion.

The process proposed for review consisted of the two-step review. Review of initial request for a rate increase which CPS has filed on the basis of 25% to be done in 60 to 75 days and then a subsequent review to consume the remaining time before February 1, 1975, which is the scheduled date for action on the next step of rate increase which has been requested in the amount of 17%. This time factor is indeed critical and the reason we have suggested "not less than" is because these two steps of rate increase have to be reviewed and viewed by the City Council in conjunction with one another. Because what we do have there, I lost my demonstrator, this is like a beam with a focal point off center. Whatever is granted now, assuming that the capital program is valid as filed upon review, and assuming that there is to be growth in this community of which the Mayor spoke, whatever is allowed or denied at this point at the future point in time it's going to be mighty tight as it would be on this unbalanced level. And the reason for it is twofold. First of all, there is the time value of money which causes a dollar collected or invested to be worth more than one dollar a year from today. The second reason for it is that there is growth and there is escalation. And the demands upon any utilities, capital requirements a year from today, five years from today, seven years from today, may double. In the case of CPS the growth is approximately 11% per year historically which does correspond to doubling every seven years.

In relation to the second part of the question, which is - is it normal or expected of most utilities in the country, the answer is yes. The history of the utility industry shows that not only CPS but every other major utility with a possible exception of Con Ed which has had special problems because of the urban problems near the city which simply receded similar programs in any other cities. But every other utility until about five years ago has generally not experienced rate increases, needs for rate increases. This was because the growth, the sale, the rate of sales exceeded the rate of escalation and inflation. The mounting inflation which started in earnest perhaps five years ago or so, caused all utilities, beginning with the largest, The American Electric Power System, to the smallest municipals and cooperatives to go for rate increases to their regulating agencies. This situation is not at all unusual. This partly also answers the question why CPS has not sought rate relief since 1962 and now is seeking a large one. That's the basic reason because it has changed. And the need for that money at the other end of that level is so large, that the large adjustment is needed. Regarding the time schedule, I would only comment this, that the filing initially was made, I believe, sometime in November, 1973. We were authorized to commence this review on January 31, 1974, and believe me it was necessary to take the 2½ months which we have used to complete the filing. But at this point we are ready to make that statement, the recommendation that not less than 19% is now required.

MAYOR BECKER: Thank you, Mr. Kubik. Col. Ball, did you care to continue? I thought that would be helpful to the case.

COL. BALL: Well, substantially it is but as a procedural matter, I still would like to renew my motion for a continuance as I set forth

in the motion which I presented to the Council and for two reasons. Number one, we have only had eight days notice of this meeting and in the manner in which it was going to be held procedurally; and number two, we only received the filing of the O'Brien-Gere report on 17 April, 1974. And I think, although we are just as concerned with the time element as the Council is, I think it only in fairness and reasonableness that we should have a chance, an adequate period of time to explore the points brought out in the O'Brien and Gere report and to be able to intelligently present any comments or rebuttal that we may have on those points. And, in addition to that fact, it's the position of the United States Government we feel on a matter of such importance as this in which the executive agencies of the federal government may have the increase by almost a million dollars in annual billing that we should have the opportunity to have a full blown rate hearing as evidenced in most of the states in union whereby we will have the opportunity to cross examine witnesses from CPSB and witnesses from O'Brien and Gere.

MAYOR BECKER: Colonel, I want to mention one thing and that is that the firm of O'Brien and Gere was selected from a list of how many firms, Mr. Granata, that were furnished us by Carl White? Three or four?

DR. SAN MARTIN: We started out with five or six, Mr. Mayor, and we cut it down to two.

MR. CARL WHITE: There were six.

MAYOR BECKER: Six, all right. We had six firms that were chosen to review before we entrusted any one of them with this report that Mr. Kubik's firm was finally chosen to make. Now the firm was purposely chosen by the City Council so as to not be chosen by the City Public Service. That was very carefully constructed so that there couldn't be any possible overlapping of desire or any of that sort of thing involved. Now, I have every confidence and every reason to believe that they've constructed their work and accomplished it in an efficient, scientific, fairly intelligent fashion. They have a reputation for being very competent. I must confess to you that I am not an engineer, nor am I rate analyst or any of those kind of things. So it's for that reason that the City Council went this route. Now, as far as I'm concerned sir, I could recommend to the City Council and it would be up to them that the military, your group, be given a thirty minute hearing next week, a chance to air your views and so forth at the next Council meeting on Thursday. But to cause this to be you know, protracted over a period of 30 or 60 or 90 days, I don't say that is perhaps not a reasonable request. I'm not gonna say that it perhaps isn't a warranted request. All I can wonder is that, "Would it prove anything other than what we are having delivered to us here today in the form of this report". With all due respect to those involved. And I'm not trying to be quarrelsome. I'm not trying to be at odds with your request, but I do know that certain functions that the City Public Service with respect to their fiscal responsibility and the desirability of selling the bonds and the necessity for maintaining this ratio that they must maintain in order to keep these bonds in a triple A rating classification which in itself reduces the interest rate by perhaps a half a point or five-eighths or something on that order. I'll have to ask of them to tell me exactly what the differential would be. I think we're dealing with something here that, I appreciate the importance of it, but I'm not sure that we're going to arrive at any different conclusion in what we know must be done. Now, I hope you understand I'm just presenting my view in this matter. Cliff, did you have....

MR. MORTON: May I offer this as a suggestion? First of all, are we scheduled, I'll start by asking a question. Are we scheduled to vote on this next week?

CITY MANAGER GRANATA: No sir, not unless you direct us to.

MR. MORTON: Okay, but we have how long?

CITY MANAGER GRANATA: Of course, the sooner they'd like, the sooner the better. I'd say we have another 60 days since it was...another 30, 45 days maybe, I don't know. Tom, how soon - what was your deadline that you have to have a rate increase, June the 1st?

MR. DEELY: We are out of money in June. You realize, of course, that this is tied in with the bond situation. If we don't get that money until after August 1st, we are going to be out of money before then. We've used up - I'd better defer this to our - how about coming down here, Harold.

CITY MANAGER GRANATA: While he's coming down, Tom, did the armed forces, have they known about the effect of the rate for several months and have you had any meetings with them?

MR. DEELY: We started out early having meetings with the armed forces and visiting each one of the commands to advise them of what the effect of the increased rates would be. I have subsequently seen various letters go across my desk - I would say a month or two ago, two months ago. When did those letters go out?

MAYOR BECKER: Tom, would you like to come forward because that microphone won't pick up what you're saying when you're back there and bring Mr. Freeman with you if you will.

CITY MANAGER GRANATA: Mr. Mayor, I had asked Mr. Deely if the armed forces were aware of the rate increases and if they had any meetings with them and I understand they have. Then Mr. Kubik would like to offer something at this time after Mr. Deely is finished.

MR. DEELY: Yes, Mr. Mayor, we have had contact with the armed forces. We started out early in the day, as soon as we had a general picture of what this rate was going to be, of what the rates were going to be, so that we could give them some kind of notice of what our intent was. Since that time, we have had meetings with them, all the commands. We also have written letters detailing what their increase cost was going to be. I would say that those letters have gone out. I'll have to ask Mr. Boulden. When did those letters go out?

MR. BOULDEN: We contacted them in January....(inaudible).

MR. DEELY: The contact was made in January and the letters went out right after that. So they have known the effect of the raise on their billing since that time.

MR. PADILLA: Mr. Deely, I think we're talking about two different things if I understand you and Colonel Ball correctly. Colonel Ball did not say that you have not contacted him or that you have not been advising them of what the effect would be. Colonel Ball, I think, pointed out that he is requesting in the name of the federal government a 20-day time span in which they can, they feel they can adequately prepare some sort of a presentation for this Council. I think they further requested, as he said, they be allowed to cross-examine some of the people that compiled this report to try to ascertain how and where and why they arrived at their conclusions. I think that's his only point. I don't think he pointed out that you have not contacted

him in any way. And this is my concern as well. I am concerned for the situation that Public Service, of course, we all are. But I'm also concerned that when we have these situations arise, we seem to structure things in such a way that the citizen in this case, I'm sure you'll agree the federal government is a major customer of your utility, these people have the report and eight days later, we're pressing for action. I think the whole point is that people that are interested enough to come down here and want to participate that have an interest in the community as we all do, do not have an adequate opportunity to prepare any sort of a presentation that might perhaps present other viewpoints. I think that's the whole point.

MR. DEELY: Well, that's not our intent to stifle participation in it.

MR. PADILLA: I'm sure you don't intend to do it but this is the effect that we take action today, because this report has been out just some ten days.

MAYOR BECKER: Cliff, would you like to make comment on this?

MR. MORTON: Yes, I would. I'd like to suggest to the Council that we vote on this question next week unless you, Colonel, after having an opportunity this week to get the same information that we as Councilmen have and any other information that you might request, or any other citizen who would have an opportunity to again look at what we have, unless you can show cause that we do not have the facts that we need to make a responsible decision on. I'm not saying that we're going to be absolutely committed to vote next week. If you could come up here and say, "you people are being misled - here are the facts on this situation or you need additional facts", well fine. We'll give you the opportunity to do that but with this condition that you be able to show cause or any other citizen be able to show cause, that we do not have the correct information or enough information, and I would move that we vote on this issue next week.

MR. ALFRED BECKMANN. Mr. Mayor, I have a question. I'd like to ask the City Attorney - what type of meeting are we having today?

CITY ATTORNEY CRAWFORD REEDER: What we're having today is not what the Colonel apparently thinks it is, although I can understand his error. Colonel, this is not an adversary hearing. I don't mean to be blunt about this, but this isn't the kind of hearing where you have the right to cross-examine witnesses and that sort of thing. In this case, the City owns the utility. This is purely a legislative hearing. Now, I think that just in the interest of fair play as Mr. Morton has said, it would be well for the Council to allow you to make any kind of presentation you want next week, but I don't think the law requires it. I think that the only thing the law requires here is that the Council hear from their own experts and the Public Service Board and you could make a decision today. And I think you'd be within your legal rights. This isn't the kind of thing that the Railroad Commission is having with Coastal, Lovaca, and us, where we're against the other side and so forth, even though you are caught in between. I can understand that, but legally, I think you would find, I don't mean to be presumptuous toward you, I know you're a lawyer, probably a lot better than I am, I was just a Captain when I was in the Air Force, and I wasn't a lawyer either, but I think you will find that you don't have the right to cross-examine witnesses. The Council could give you that right, but I don't think that due process requires it. We checked it out pretty closely. Thank you.

MR. WILBUR MATTHEWS: Let me say something to Colonel Ball. He's a very fine gentleman....

MAYOR BECKER: You'd better come forward please, if you will please, Wilbur.

MR. MATTHEWS: He's been with us over in Austin in the hearings and he's shown a great interest in it, and we've tried to keep him informed and abreast of it. And, our relationship with him has been most cordial and most wonderful. And, I didn't want the idea to be here, that he's really an adversary because he's been quite friendly and helpful to us.

MAYOR BECKER: We appreciate that, Wilbur.

MR. MATTHEWS: Of course, the City Attorney's opinion is correct about it and you must remember that Col. Ball's under command and he comes down here and presents things as a lawyer and he isn't the man that makes these procedures, but, of course, he ought to be heard. There's no question in a reasonable and proper way. And, as far as information is concerned, he's been in our office and has communicated with us on many occasions and is a most understanding and wonderful gentleman.

MAYOR BECKER: Fine, thank you sir. Mr. Freeman, would you care to comment on the financial condition of the Public Service?

COL. BALL: Mr. Mayor, just before I finish, I'd just like one thing, just to set the record straight. The only reason that we asked for the twenty (20) days was because of the O'Brien-Gere Report which we only received last week, and, in fact that we had notice of this just this week. So, am I to understand now, that our delay will be granted next week.

MR. MORTON: The motion that I am proposing would be this, that we act on this next week, unless you can show reason why we do not have the right facts or sufficient facts to make a responsible decision. And, I think incorporated into this motion would be that the City Manager be directed to give you or any other citizen, every bit of information that one could reasonably request that is relevant to this subject.

COL. BALL: And then we have a right to make a presentation next week?

MR. MORTON: You certainly would have.

MR. PADILLA: Mr. Mayor, very briefly....

MAYOR BECKER: May I first of all do this, please Al, I kind of like to carry these things out in sequence if I may, or else I'll lose my trend of thought. I wanted Mr. Kubik to comment and then Mr. Freeman and then if you care to, then you make your comments, and then well discuss the motion.

MR. KUBIK: I merely wish to make a suggestion which is of procedural nature and it deals with the situation such as this, which is allowed for in the regulation process. What most regulation commissions do and the majority of them, if not all, recognize intervenors. They recognize that the intervention petition are always submitted at the last minute because the staff, the commission staff and the utilities filings are also generally submitted fairly close to the requested date for approval. Most regulation commissions will recognize intervenors. And, if they are otherwise ready to act on the filing, they'll act on the filing and they will make the approval of the filing contingent, subject to the completion of the intervention petition, review of the intervention petition. If the commission should find for the intervenors and decide that the rate increase was too large or unjustified,

the amount of increase is subject to refund. And, the City Council if it wished to provide the military with added time to prepare a case, could consider this suggestion as satisfying both objectives. As soon as the action at the near future date on the filing and also providing the United States with adequate time to prepare the intervention case.

MAYOR BECKER: Well, Mr. Kubik, I'm gonna ask something of you and make a request of you and I don't think that it's improper, or out of order. Could you or one of your staff assist Col. Ball and the military in the interpretation of your report, if they so desire it?

MR. KUBIK: I would be very pleased to do so, Mr. Mayor.

MAYOR BECKER: Alright, fine sir, thank you. Let me and Mr. Freeman discuss the requirements of the bond indentures and all that business.

MR. HOWARD FREEMAN: Mr. Mayor and members of the Council, I am Howard Freeman, the controller with City Public Service Board, and I would just like to point out to you all, the revenues which the Board receives for the sale of gas and electricity and from any other income that it has, goes into a general fund each month. From this fund, is paid the monthly operating expenses, the principal and interest requirements, the City payment and after these payments are made, then the balance of the fund goes into what we call improvements and contingencies fund. Now, this fund is used for construction purposes. The City Council requested information about the cash that was available to finance construction and all other cash. The City Public Service Board had available last November, and as I recall, the amount of cash that was available to furnish to finance construction at that time was \$29 million. There was also some cash in the General Fund. I don't recall the amount of that off hand, but the General Fund cash has now been reduced primarily because of having to purchase supplies or additional supplies of oil. The cash has been converted into inventories of oil primarily. At this point, we have about \$5 million in the General Fund. This represents commitments which we have to our customers, for customer deposits. It represents money that has been charged to expense and needs to be paid during the few days after the end of the month and it also represents any other monies which is owed to our customers or our creditors.

The \$29 million which is the figure that was given to you at the end of November has been depleted now until the balance in the Improvements and Contingencies Fund at the end of March was \$13 million. So, as you can see, there was approximately a \$16 million requirement for funds to finance construction, in addition to those funds which were generated from the business. The draw down, as I recall, on the Improvements and Contingencies Fund last month was approximately \$4.5 million more than what was generated after the operating expenses and other prior commitments were paid for. With the \$13 million, and a \$4.5 million approximate requirement each month, you can see that the balance that is available to finance our construction is getting very critical indeed.

MAYOR BECKER: All right. The bond requirements, the ratio, what point is it that you cannot fall below or else you go from a AAA rated down to a lesser rating, and what would that have, what effect would that have to the interest rates on these bonds that you hope to sell shortly?

MR. FREEMAN: Well, there are several points I might make there, Mayor. I think that in general, the degree of risk that the bond holders or the purchasers might be subjected to is the main thing which is going to drop from AAA to AA or an A rating. If they think that there's more risk involved in buying the bonds. If they think the City Public Service could not meet their principal and interest, this would be the thing that would first cause the rating on the bonds

240

to drop. I don't know that I could give you dollar figures. If we don't have X number of dollars in our reserve account or available, that it would drop. We are required by the trust indenture to have earnings of at least two times the maximum year requirements for the two previous years before we can issue a bond.

MAYOR BECKER: Right. So what is the penalty that would be suffered approximately in interest rates say from a favorable rate of say five percent of something as a triple A rating to a double A rating, what would that interest rate increase or to an A rating? There's some ball park estimate in there someplace that's applicable to that subject.

MR. FREEMAN: If I might just ask Sam Maclin from Russ Securities, he can probably give you a better feeling for that. He's here this morning.

MAYOR BECKER: And remember now, what we're dealing with here is a request for how many million, \$85 million?

MR. FREEMAN: Eighty-five million dollars.

MAYOR BECKER: All right now, one point on \$85 million, and what were these bonds gonna be retired over, 23 years? So, you might try to calculate that in your mind, Sam, while your about it.

MR. MACLIN: Of course, the differential between the double A and a triple A varies because according to the market at the time. If it's a good market, the difference might be small. Right now there's a lot of pressure on interest rates. The ball park figure, I would say, each decline in rating would amount to about 20 basis points, or almost one quarter of one percent. Now, over the life of these \$85 million bonds, which will have an average life of about 17 1/2 years, it would be in the hundreds of thousands of dollars, and I don't have that figure, but I can get it for you.

MAYOR BECKER: Well, one point difference on \$85 million, say, at an average of 17 years would approximately amount to what, the difference in \$3 million in interest costs, \$4 million?

MR. FREEMAN: Let me get the bond years, and I can tell you exactly.

MAYOR BECKER: All right, okay. Now, then, Mr. Padilla, do you have anything else to add, Mr. Freeman?

MR. FREEMAN: No, sir, not unless the Council has a question.

MAYOR BECKER: All right, does anyone have any questions for Mr. Freeman at the time?

MR. MORTON: I'd like to ask one question I think might shed some light on the urgency of this situation. Would you mind telling us approximately how much you have spent converting gas to oil burning?

MR. FREEMAN: I think that figure is about \$13 million, and, of course, in addition to that we have from the time we started filling oil tanks, which was about September of 1972 as I recall, until now, we have accumulated a \$10 million inventory of oil.

MR. MORTON: I was just calculating your oil just a few minutes ago when you said \$1.3, how much have you spent for storage tank construction?

MR. FREEMAN: I don't recall just what that figure is.

MR. DEELY: I think it is about \$8 million.

MR. MORTON: So, we're talking about something in the \$25 to 30 million range that you've taken out of this construction fund for which there have been no bond sales. Is that right?

MR. DEELY: So far.

MR. FREEMAN: That's correct.

MR. MORTON: I understand.

DR. SAN MARTIN: May I ask how that surplus was accumulated so you could buy so much oil and build so many storage tanks and still run the CPS if there were no bond sales to cover it?

MR. FREEMAN: Well, of course, what has happened, Doctor, is that the \$35 million issue of bonds which was sold in February of '73 was expected to last longer than it has. We've depleted those funds much quicker because of these additional requirements.

DR. SAN MARTIN: What were they originally programmed for?

MR. FREEMAN: We thought the \$35 million would get us through the next fiscal year. Of course, we had no idea at that point of the oil requirements.

DR. SAN MARTIN: It would get us through building programs only? Is that what we're talking about?

MR. FREEMAN: Through our construction requirements for the next fiscal year.

DR. SAN MARTIN: Did I hear Mr. Deely say that this purchase of oil and construction of storage tanks, you said for which there was no money for, did I hear you say that a little while ago? No. In other words, these funds were available out of bond money, is that correct?

MR. MORTON: But they were unexpected.

DR. SAN MARTIN: They were unexpected.....

MR. FREEMAN: But they were made out of the working capital. It reduced our working capital to a very low point.

DR. SAN MARTIN: Okay, what were these funds earmarked for, if it was not for additional construction of coal plants and storage tanks? They were not earmarked for that?

CITY MANAGER GRANATA: Were new lines, line replacements, or were they generator or what were they?

April 25, 1974
nsr

-37-

MR. FREEMAN: Actually, this was out of earnings that were accumulated during this period of time. The bonds, themselves, represented an increase in working funds. These are the funds that would normally be used to acquire materials and supplies, to finance accounts receivable until they could be collected, and the other requirements of working funds.

MAYOR BECKER: Well now, Mr. Freeman, when you say this period of time, I think what you have to add there is over what period of time, how many years did it take to arrive at the accumulation of this surplus, so to speak? It wasn't done in six months or a year. It was done in approximately how many years?

MR. FREEMAN: This was done over a period of time from the time the City took over, from the very beginning.

MAYOR BECKER: And when does that go back to?

MR. FREEMAN: 1942.

MAYOR BECKER: All right.

MR. MACLIN: I'd like to ask a question.

MAYOR BECKER: Okay, Sam.

MR. MACLIN: For each twenty basis points, the cost in interest would be \$2,949,000.

MAYOR BECKER: Almost \$3 million.

MR. MACLIN: Right. For each decrease in rating, from AAA to AA, it would cost the City approximately \$3 million.

MAYOR BECKER: Right, in additional interest.

MR. MACLIN: Right. Thank you very much, Sam.

MR. DEELY: Mayor Becker, just to clear up one point about where these funds came from, in our pro forma statement that we have made, we thought we could go through the next fiscal year before these additional expenses hit us. Now, Mr. Freeman mentioned that we have \$5 million for which we have a fund to pay for our various accounts and to carry our accounts and so forth and so on. That fund should be about \$12 million on the basis of our expenditures. But the \$35 million that we got in bond money, actually, it explains in part your question, Mr. Padilla, about why did you wait until November to come to us? When we were hit with all these additional expenses for oil fired equipment, storage tanks and oil, it depleted what we thought we would have in funds and that's the reason that we saw that we had to come to the City Council for an increase.

MAYOR BECKER: Well, your liquidity has almost vanished, and you're becoming highly leveraged, is what it amounts to. And to get into that condition unduly becomes precipitous and precarious to say the least.

MR. DEELY: Yes, sir.

MR. LEO MENDOZA: Mr. Mayor...

MAYOR BECKER: I think Al preceded you, if you don't mind, Leo.

MR. PADILLA: I just want to comment to the motion that I think Mr. Morton has indicated that he's ready to make, and that is in reference to Col. Ball's request that they be granted not 30 or 50 or 90 day delay, I agree with you, Mr. Mayor, that an undue delay would create a great deal of harm. We cannot live with it. But, I think Col Ball asked for 20 days as the time they figure that they need to be able to present an adequate presentation to us. Now, Councilman Morton indicated that he's ready to make a motion to act next week unless Col. Ball or any other citizen can show cause why we should not. I'd like to speak to that point. I am concerned that they have adequate time without an undue delay to show cause. I'm sure that if we were to tell him to show cause the next hour, there's no way in the world that he could do it. On the other hand, we don't want to give him three months, but I think he's asked for 20 days, and I think we should evaluate Councilman Morton's motion in that light. Are we indeed giving people time to show cause? Are we giving them a reasonable time without an undue delay of this thing? Seven days does not fit Col. Ball's interpretation of adequate time. I think he asked for 20.

MR. MORTON: Well, I'm not so sure that he would be against the motion. You might want to speak to him.

MAYOR BECKER: The only point that I'd like to try to make, Al, on the 7 days, the 20 days, or whatever, I'm not trying to be in a position of pre-judging anything or making any assumption, I only question any additional information that's going to be provided, and that's the reason I'm requesting of Mr. Kubik and his associates that they assist in the analysis or the description or whatever of this report that's been made. I think what we're dealing with here is really a kind of fact that's very evident to me, self-evident, that is that we do have a problem. We must deal with it, and to just try to discuss it to the point where it's going to change the figures, I don't think it will do that, you see.

MR. PADILLA: I think your first suggestion, Mayor, that they get together with the military, I think is excellent. As for the other, I think that it's a bit of assumption at this point of time because to assume that anything the citizens or Col. Ball or the U. S. Government is going to present will not alter the figures. We could just as well say there's not going to be public hearing, except for the fact that we're required to have one under the law. We've got to assume that anyone that wants to contribute to this thing might be able to contribute something.

MAYOR BECKER: That's right. You have to make that assumption. The only thing I question is whether there's anyone that could contribute something to it that's going to change the condition.

MR. MENDOZA: Mr. Mayor, I am prepared to second the motion, if you haven't already made the motion, whenever you make the motion, I'm prepared to second it. Now, I don't know whether an additional week would make any difference. I'm just wondering if you would amend the motion, say instead of next week, the following week. This is 14 days instead of 20 days.

DR. SAN MARTIN: I'll second the motion of 7 days.

MR. BECKMANN: I'll go along with the 7 days.

MAYOR BECKER: Well, let's vote on the 7 days versus the 14 or the 20.

MRS. COCKRELL: May I ask the City Attorney a question? I'm not really very familiar with this suggested procedure of the Petition of Intervention. It's apparently been suggested that the Council vote, let's say next week, if we choose to, on the rate increase, but have it subject to the receipt of a Petition of Intervention with a time frame attached before it would become final. Would you comment on that procedure?

CITY ATTORNEY REEDER: Well, since this isn't; it's not an adversary proceeding, Mrs. Cockrell, the Petition of Intervention, you don't even have to take. Now, you took it out of courtesy, and I'm sure that you will check it and look at it, but there is no legal requirement that we go through the procedure that we go through in an adversary hearing. That's the only comment I have to make about that.

REV. BLACK: It seems to me before we actually set the days, we ought to get some kind of a response from the Colonel on this, because I don't know whether, my judgment would be based upon the effect that it would have upon his report. I am particularly concerned because he talked about all of these raises dealing with the economics of the community, and here we have a representative of that economics in this community which is talking about an additional bill for almost a million dollars. This, of course, relates to the whole proposition that we're dealing with. I'm greatly concerned about one who at least symbolizes that kind of community economy and what he feels about his report, or his analysis, whether or not 14 days would be substantially acceptable.

COL. BALL: I would accept 14 days.

REV. BLACK: Would seven days substantially make it - would it make it more difficult for you in terms of any reliable examination of this?

COL. BALL: Yes, sir. It would.

MAYOR BECKER: Even if we spent, Colonel, the next - well, let's see what is today, Thursday, if you were to spend the next week in the company of Mr. Kubik or one of his associates or a group of his associates in reviewing this report, would that in any way help accelerate your decision or your conclusions?

COLONEL BALL: Well, of course, we are very happy that you've given us this change to work with Mr. Kubik. Of course, we have our own experts that have to review this also and they're in Washington and that's why I feel that 14 days would be much better than seven days.

MR. MORTON: Mr. Mayor, if the 14 days instead of the seven days will not in any way upset the schedule on our intended authority to sell bonds, I would alter the motion and have it 14 days from today.

MR. MATTHEWS: (Speaking from the audience, was inaudible).

CITY MANAGER GRANATA: That will come next week.

MR. MORTON: That is next week. This is coming next week, sir?

CITY MANAGER GRANATA: But does the extra week tie down anything?

MR. MATTHEWS: This rate matter is of equal urgency and, of course, the military has had the presentation of the Public Service Board or at least had it available since last November. The idea of this report that came in here would have impeded their preparation for it or ideas' about it is it really is not a valid contention, gentlemen. This report merely reviews the thing that they've had essentially and every member of the public. It's been deposited in the public libraries and available to the citizens generally. It's been here in the City Hall and the City Clerk's office and I believe actually in the hands of the military since about last November. So, we're confronted here with pretty much a technicality.

MR. MORTON: I'll bet you couldn't order a cup of coffee without being an advocate. That's what he's paid for.

COLONEL BALL: I think Mr. Matthews has missed the point. We don't have anything in conflict with the fact that we've had that report, but my motion that I presented here is only regarding the O'Brien and Gere report which is from another company. I would like to say that I thought that the representation by Mr. Matthews in the Lovaca case was outstanding. I don't think you could have had a better man up there representing the City of San Antonio.

MAYOR BECKER: Thank you, Colonel. All right, what's your pleasure?

MR. MORTON: I move that we, this Council, vote on the issue of the rate request two weeks from today and that in the interim, not only a representative of the military but any other citizen be given all the information that is relevant to this, that with special emphasis on the interest that has been shown by the military because of how they are affected by this, if we can use this as one entity, that the City Manager be instructed to insure that they have all the information that they need that's relevant to this question.

MR. MENDOZA: I'd like to second that motion.

MAYOR BECKER: All right. All in favor? Opposed?

DR. SAN MARTIN: Mr. Mayor, I voted yes with a view, if you will allow me about 10 seconds, with the understanding that in two weeks from now, I would like a further discussion from our consultants, Mr. Kubik on the question that I asked as to the computation of your working capital, as to the operating expenses of your fuel oil supply. I would

also like in the two weeks that will intervene that the City Manager study the possibility of the City foregoing the 14 percent of the rate increase and bring us a recommendation as to whether he recommends that we forego or that we keep the 14 percent and use that money at the discretion of the Council or as a part of the budget item, as a part of a possible tax cut, or whatever recommendations you may want to bring to this Council or whether we forego the 14 percent in order to create perhaps less than the 19 percent rate increase.

CITY MANAGER GRANATA: Is it my understanding that in two weeks, we will have an ordinance prepared granting a rate increase? I will leave the amount, the percentage blank, and you'll insert a percentage at that time? In the interim, Kubik will be with the military to brief them, and in two weeks, Mr. Kubik will bring back to Dr. San Martin the items he suggested and that I am to come back and tell you whether or not we should forego our 14 percent of the supposedly added increase and then tell you whether we need a tax increase or decrease because of the many impacts that we've had with the wage laws and all.

DR. SAN MARTIN: Sam, I don't especially agree with the words you use, "supposedly". There is a rate increase. There's going to be an increase to the City. So it's not supposition.

CITY MANAGER GRANATA: Yes sir, okay. Just the amount of what the percentage will be.

DR. SAN MARTIN: Well, we know it's going to be 14 percent, so there's going to be 14 percent more of a certain amount. So it's not a supposition.

MAYOR BECKER: You might, Sam, take into your account in your computations the affect of the recent wage.

CITY MANAGER GRANATA: Yes sir, I'll take that and what it will do to our next budget and the indenture, whether we can by the indenture or not...

MAYOR BECKER: All right, we voted on that. Now, there were two other gentlemen signed up here to speak to the question. Mr. M. D. Taylor, I don't know whether he's of rank or a civilian, and Mr. W. B. Stafford.

COLONEL BALL: No, Mr. Mayor, I didn't understand. I thought everyone had to sign up that was with me. So they're just with me. We can forget about those for right now.

MAYOR BECKER: All right. Thank you very much, Colonel. Okay. Now, then, that was all of that. It's one o'clock.

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74-18

VISIT OF KING ANTONIO LII AND
THE QUEEN AND PRINCESS OF FIESTA

At 11:45 A. M., King Antonio LII in the person of James Cavender III, accompanied by the Texas Cavaliers, paid a goodwill visit to the Council. He introduced Miss Marguerite Parker, Queen of the Order of the Alamo's Court of the Musical Theater and the Princess, Miss Lucie Jean Wolf.

King Antonio then presented each Council member with a gift of appreciation.

74-18

FESTIVAL SAN JACINTO ASSOCIATION

Mr. Reynolds Andricks, President of the Festival San Jacinto Association, appeared before the Council with visitors from Minneapolis and St. Paul, Minnesota. He introduced his guests as well as the members of the Fiesta Galaxie.

Mr. Andricks thanked the Council for its support of the Flambeau Parade and the Fiesta celebration.

74-18

PUBLIC HEARING ON THE PROPOSED ANNEXATION OF 5,887 ACRES OF
LAND, MORE OR LESS, BY THE CITY OF SAN ANTONIO. (RANDOLPH AREA)

Mayor Becker declared open a public hearing to consider the proposed annexation of 5,887 acres of land adjacent to Randolph Air Force Base on the south.

Mr. Cipriano Guerra, Director of Community Development and Planning, showed maps of the area and described its location.

Mr. John Jandt, representing Mr. Robert Hofferickter, spoke in opposition to the proposed annexation. He said that this is strictly farm land and there is no proposal to develop any of it at this time. He also said that increased taxes would impose further burdens on the farmers in the area.

Mayor Becker advised Mr. Jandt that because of encroachment on the runway areas, it is possible that the base could be closed unless it is afforded some protection. It is necessary that the area be annexed to give control and protection.

Mr. Guerra stated that there is a proposed amendment to the Zoning Ordinance which will be ready for consideration soon. This amendment provides for farm areas under the Code. Tax assessments will also be reduced according to the restrictions which may be imposed on the land when it is annexed. The new ordinances should be ready in about two weeks.

Also speaking in opposition were: Mr. Andrew Allison, Attorney, spoke in behalf of Herbert N. Allison and John Lundquist. Mr. Norman Hofferickter, Route 1, Box 155, Converse, Texas and Mr. Gilbert Voenig.

Mayor Becker advised all of the opponents that copies of the new ordinances would be made available to them.

April 25, 1974

-43-

nsr

640

Col. John Rollston, Base Commander of Randolph A.F.B., explained the position of the Air Force in the annexation. He said that the Air Force did not ask the City to annex the area, but that he had discussed the problem of encroachment with City officials. It was the City's decision to annex the area. He said that the Air Force is reasonable and does not want to damage anyone. He said that he would be glad to meet with any concerned citizen to discuss the situation.

Mayor Becker declared the hearing closed.

74-18

CITIZENS TO BE HEARD

MR. BILL WALLACE

Mr. Bill Wallace, representing Blacks Organized for Progressive Endeavors, spoke to the Council of the need of the Blacks who live on the West side to have full use of the new multipurpose center. He asked that the staff include a Negro Assistant Coordinator as well as several persons to contact teenagers as well as the elderly. He said also that more police officers are needed in the area to protect elderly persons.

Mr. Wallace said that there are no sites located in the Black community on the Westside to administer the Nutrition Program for the Elderly. He asked that a site be selected as soon as possible.

City Manager Granata said that the Westside Service Center will be restaffed in the near future. Mr. Bill Donahue, Director of Human Resources and Services, is working on this at the present time. He said also that he would look into the situation regarding the nutrition program.

FIESTA PARADES

Rev. Black stated that Mrs. Jean Kazen had been in the Council Chamber but was compelled to leave. The purpose of her visit was to bring to the Council's attention the commercial use of the available space to view the River Parade. As time goes on more and more free space is taken over by some organization that charges a fee. He said that a survey should be made of the situation with the idea of allocating some areas for free use.

Mayor Becker agreed with Reverend Black that a review of all of the Fiesta parades should be made and asked that the City Manager look into the matter. He also mentioned that the City should be responsible for preventing some of the gambling activities that take place at the carnival, stock show and other events.

City Manager Granata said that he would have Mr. Stewart Fischer look into the parade viewing problems and Police Chief Peters to check into the gambling problem.

MR. RAUL RODRIGUEZ

Mr. Raul Rodriguez, 719 Delgado, spoke to the Council concerning the Fire and Police Civil Service Commission. He said that Frank Manupelli has served on the Commission for 12 years and asked that he not be reappointed when his present term expires.

April 25, 1974
nsr

Mr. Rodriguez also stated that the Council had instructed that a bulletin board be placed in the City Hall for posting notice of tax sales but this had not been done.

Mayor Becker asked that the board be installed at once. He then asked Mr. Rodriguez to meet with Mr. Mendoza and Mr. Ted Wagner to discuss procedures relating to tax sales as had been previously agreed to.

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MRS. MARIA DOMINGUEZ

Mrs. Maria Dominguez spoke regarding houses being put up for sale by the Southside School District. She said that no address is given for the houses and it is impossible to know where they are located. She also spoke of other problems connected with tax sales by school districts. She asked that the address of properties to be sold for taxes be included with the legal advertisements.

After discussion of the matter, Mayor Becker invited Mrs. Dominguez to attend the meeting of Raul Rodriguez with Mr. Mendoza and Mr. Ted Wagner. It was agreed that such a meeting would be held at 9:30 A. M., on Monday, April 29, 1974.

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74-18 The meeting recessed for lunch at 2:15 P. M., and reconvened at 3:00 P. M.

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74-18 ZONING HEARINGS

A. CASE 5520 - to rezone Lots 14 and 15, Block 7, NCB 6774, 722 - 726 Kirk Place, from "B" Two Family Residential District to "O-1" Office District, located on the south side of West Kirk Place, being 190' west of the intersection of West Kirk Place and Frio City Road; having 100' on West Kirk Place and a depth of 140'.

Mr. Gene Camargo, Planning Administrator, explained the proposed change, which the Planning Commission recommended be approved by the City Council.

No one spoke in opposition.

After consideration, Mr. Beckmann made a motion that the recommendation of the Planning Commission be approved, provided that proper replatting is accomplished and that a six foot solid screen fence is erected on the west property line. Mrs. Cockrell seconded the motion. On roll call, the motion, carrying with it the passage of the following Ordinance, prevailed by the following vote: AYES: Cockrell, San Martin, Becker, Morton, Beckmann; NAYS: None; ABSENT: Black, Lacy, Padilla, Mendoza.

AN ORDINANCE 43,696

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 14 AND 15,

April 25, 1974
nsr

BLOCK 7, NCB 6774, 722 - 726
 KIRK PLACE, FROM "B" TWO FAMILY
 RESIDENTIAL DISTRICT TO "O-1"
 OFFICE DISTRICT, PROVIDED THAT
 PROPER REPLATTING IS ACCOMPLISHED
 AND THAT A SIX FOOT SOLID SCREEN
 FENCE IS ERECTED ON THE WEST
 PROPERTY LINE.

* * * *

B. CASE 5504 - to rezone a total of 16.3 acres out of NCB 15837, being further described by field notes filed in the office of the City Clerk, 1400 Block of Bell Drive, from Temporary "R-1" Single Family Residential District to "R-3" Multiple Family Residential District; a 16.8 acre tract of land out of NCB 15837, being further described by field notes filed in the office of the City Clerk, 1400 Block of Bell Drive, from Temporary "R-1" Single Family Residential District to "R-6" Townhouse District; and a 4.1 acre tract of land out of NCB 15837, being further described by field notes filed in the office of the City Clerk, 1400 Block of Bell Drive, from Temporary "R-1" Single Family Residential District to "B-2" Business District.

Subject properties are generally located south of the intersection of Stahl Road and Bell Drive; having 1310' on Bell Drive and a total frontage of 1150' on Stahl Road.

Mr. Gene Camargo, Planning Administrator, explained the proposed change, which the Planning Commission recommended be approved by the City Council.

No one spoke in opposition.

After consideration, Dr. San Martin made a motion that the recommendation of the Planning Commission be approved, provided that proper replatting is accomplished. Mrs. Cockrell seconded the motion. On roll call, the motion, carrying with it the passage of the following Ordinance, prevailed by the following vote: AYES: Cockrell, San Martin, Becker, Black, Morton, Beckmann, Mendoza; NAYS: None; ABSENT: Lacy, Padilla.

AN ORDINANCE 43,697

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 A TOTAL OF 16.3
 ACRES OUT OF NCB 15837, BEING FURTHER
 DESCRIBED BY FIELD NOTES FILED IN THE
 OFFICE OF THE CITY CLERK, 1400 BLOCK
 OF BELL DRIVE, FROM TEMPORARY "R-1"
 SINGLE FAMILY RESIDENTIAL DISTRICT TO
 "R-3" MULTIPLE FAMILY RESIDENTIAL
 DISTRICT; A 16.8 ACRE TRACT OF LAND
 OUT OF NCB 15837, BEING FURTHER DES-
 CRIBED BY FIELD NOTES FILED IN THE
 OFFICE OF THE CITY CLERK, 1400 BLOCK
 OF BELL DRIVE, FROM TEMPORARY "R-1"

TO "R-6" TOWNHOUSE DISTRICT; AND
A 4.1 ACRE TRACT OF LAND, OUT OF
NCB 15837, BEING FURTHER DESCRIBED
BY FIELD NOTES FILED IN THE OFFICE
OF THE CITY CLERK, 1400 BLOCK OF
BELL DRIVE, FROM TEMPORARY "R-1"
SINGLE FAMILY RESIDENTIAL DISTRICT
TO "B-2" BUSINESS DISTRICT, PROVIDED
THAT PROPER REPLATTING IS ACCOMPLISHED.

* * * *

C. CASE 5468 - to rezone Lots 1 through 16, Block 6, NCB 2852, and a .898 acre tract of land out of NCB A-9, being further described by field notes filed in the office of the City Clerk, 200 Block of McKay Street and 300 Block of Mitchell Street, from "C" Apartment District and "GG" Local Retail District to "B-3" Business District, located on the east side of King Roger Street between Mitchell Street and McKay Street; having 366.08' on King Roger Street, 320.78' on Mitchell Street and 320' on McKay Street.

Mr. Gene Camargo, Planning Administrator, explained the proposed change, which the Planning Commission recommended be approved by the City Council.

No one spoke in opposition.

After consideration, Mr. Beckmann made a motion that the recommendation of the Planning Commission be approved, provided that proper platting is accomplished and that a six foot solid screen fence is erected on the north and west property lines. Mrs. Cockrell seconded the motion. On roll call, the motion, carrying with it the passage of the following Ordinance, prevailed by the following vote: AYES: Cockrell, San Martin, Becker, Black, Morton, Beckmann, Padilla, Mendoza; NAYS: None; ABSENT: Lacy.

AN ORDINANCE 43,698

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 1 THROUGH 16,
BLOCK 6, NCB 2852 AND A .898 ACRE TRACT
OF LAND OUT OF NCB A-9, BEING FURTHER
DESCRIBED BY FIELD NOTES FILED IN THE
OFFICE OF THE CITY CLERK, 200 BLOCK OF
McKAY STREET AND 300 BLOCK OF MITCHELL
STREET, FROM "C" APARTMENT DISTRICT AND
"GG" LOCAL RETAIL DISTRICT TO "B-3"
BUSINESS DISTRICT, PROVIDED THAT PROPER
PLATTING IS ACCOMPLISHED AND THAT A SIX
FOOT SOLID SCREEN FENCE IS ERECTED ON
THE NORTH AND WEST PROPERTY LINE.

* * * *

D. CASE 5518 - to rezone Lots 16 and 17, NCB 12116, 2471 N. E. Loop 410 Expressway, from "R-3" Multiple Family Residential District to "B-3" Business District, located on the northside of N. E. Loop 410 Expressway, being 1705' west of the intersection of Perrin-Beitel Road and N. E. Loop 410 Expressway; having 401.75' on N. E. Loop 410 Expressway and a maximum depth of 1085.13'.

Mr. Gene Camargo, Planning Administrator, explained the proposed change, which the Planning Commission recommended be approved by the City Council.

No one spoke in opposition.

After consideration, Mr. Mendoza made a motion that the recommendation of the Planning Commission be approved, provided that proper replatting is accomplished, that a six foot solid screen fence is erected on the north property line, that a 65' building setback be imposed from the north property line and that a non-access easement be imposed on the north property line. Mrs. Cockrell seconded the motion. On roll call, the motion, carrying with it the passage of the following Ordinance, prevailed by the following vote: AYES: Cockrell, San Martin, Becker, Black, Morton, Beckmann, Padilla, Mendoza; NAYS: None; ABSENT: Lacy.

AN ORDINANCE 43,699

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 16 AND 17,
 NCB 12116, 2471 N. E. LOOP 410 EXPRESS-
 WAY, FROM "R-3" MULTIPLE FAMILY RESIDEN-
 TIAL DISTRICT TO "B-3" BUSINESS DISTRICT,
 PROVIDED THAT PROPER REPLATTING IS
 ACCOMPLISHED, THAT A SIX FOOT SOLID SCREEN
 FENCE IS ERECTED ON THE NORTH PROPERTY LINE,
 THAT A 65' BUILDING SETBACK BE IMPOSED FROM
 THE NORTH PROPERTY LINE AND THAT A NON-ACCESS
 EASEMENT BE IMPOSED ON THE NORTH PROPERTY
 LINE.

* * * *

E. CASE 5455 - to rezone Lots 33 and 34, NCB 6797, 1301 N. W. 24th Street, from "B" Two Family Residential District to "B-3" Business District, located northwest of the intersection of West Poplar Street and N. W. 24th Street; having 85' on N. W. 24th Street and 137.25' on West Poplar Street.

Mr. Gene Camargo, Planning Administrator, explained the proposed change, which the Planning Commission recommended be approved by the City Council.

No one spoke in opposition.

April 25, 1974
 nsr

After consideration, Mr. Mendoza made a motion that the recommendation of the Planning Commission be approved, provided that proper platting is accomplished and that a six foot solid screen fence is erected on the north property line. Mr. Morton seconded the motion. On roll call, the motion, carrying with it the passage of the following Ordinance, prevailed by the following vote: AYES: Cockrell, San Martin, Becker, Black, Morton, Beckmann, Padilla, Mendoza; NAYS: None; ABSENT: Lacy.

AN ORDINANCE 43,700

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 33 AND 34,
NCB 6797, 1301 N. W. 24th STREET,
FROM "B" TWO FAMILY RESIDENTIAL DISTRICT
TO "B-3" BUSINESS DISTRICT, PROVIDED
THAT PROPER PLATTING IS ACCOMPLISHED AND
THAT A SIX FOOT SOLID SCREEN FENCE IS
ERECTED ON THE NORTH PROPERTY LINE.

* * * *

F. CASE 5513 - to rezone the northwest 400' of Parcel 2, NCB 13667, 9900 Block of Huebner Road, from Temporary "R-1" Single Family Residential District to "B-2" Business District; and Parcel 4 and Parcel 2, save and except the northwest 400', NCB 13667, 9900 Block of Huebner Road, from Temporary "R-1" Single Family Residential District to "R-3" Multiple Family Residential District.

Subject properties are located on the southeast side of Huebner Road, being 1359' northeast of the intersection of Greenvally Road and Huebner Road; having 543.8' on Huebner Road and a maximum depth of 2760'. The "B-2" zoning being on the northwest 400' of subject property and the "R-3" zoning being on the remaining portion.

Mr. Gene Camargo, Planning Administrator, explained the proposed change, which the Planning Commission recommended be approved by the City Council.

No one spoke in opposition.

After consideration, Mr. Mendoza made a motion that the recommendation of the Planning Commission be approved, provided that proper replatting is accomplished. Mr. Beckmann seconded the motion. On roll call, the motion, carrying with it the passage of the following Ordinance, prevailed by the following vote: AYES: Cockrell, San Martin, Becker, Black, Morton, Beckmann, Padilla, Mendoza; NAYS: None; ABSENT: Lacy.

AN ORDINANCE 43,701

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 THE NORTHWEST 400' OF PARCEL 2, NCB 13667, 9900 BLOCK OF HUEBNER ROAD, FROM TEMPORARY "R-1" SINGLE FAMILY RESIDENTIAL DISTRICT TO "B-2" BUSINESS DISTRICT; AND PARCEL 4 AND PARCEL 2, SAVE AND EXCEPT THE NORTHWEST 400', NCB 13667, 9900 BLOCK OF HUEBNER ROAD, FROM TEMPORARY "R-1" SINGLE FAMILY RESIDENTIAL DISTRICT TO "R-3" MULTIPLE FAMILY RESIDENTIAL DISTRICT, PROVIDED THAT PROPER REPLATTING IS ACCOMPLISHED.

* * * *

G. CASE 5508 - to rezone a 0.762 acre tract of land out of NCB 11134, being further described by field notes filed in the office of the City Clerk, 234 Palo Alto Road, from "B" Two Family Residential District to "B-3" Business District, located between Palo Alto Road, and Poteet-Jourdanton Highway being 152.63' south of Mally Boulevard having 123.98' on Palo Alto Road, 125.59' on Poteet-Jourdanton Highway and a maximum distance of 276.62' between Palo Alto Road and the Poteet-Jourdanton Highway.

Mr. Gene Camargo, Planning Administrator, explained the proposed change, which the Planning Commission recommended be approved by the City Council.

No one spoke in opposition.

After consideration, Mr. Beckmann made a motion that the recommendation of the Planning Commission be approved, provided that proper platting is accomplished. Mr. Morton seconded the motion. On roll call, the motion, carrying with it the passage of the following Ordinance, prevailed by the following vote: AYES: Cockrell, San Martin, Becker, Black, Morton, Beckmann, Padilla, Mendoza; NAYS: None; ABSENT: Lacy.

AN ORDINANCE 43,702

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 A 0.762 ACRE TRACT OF LAND OUT OF NCB 11134, BEING FURTHER DESCRIBED BY FIELD NOTES FILED IN THE OFFICE OF THE CITY CLERK, 234 PALO ALTO ROAD, FROM "B" TWO FAMILY RESIDENTIAL DISTRICT TO "B-3" BUSINESS DISTRICT, PROVIDED THAT PROPER PLATTING IS ACCOMPLISHED.

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April 25, 1974
nsr

The Clerk read a proposed ordinance to approve the price and conditions of sale by the Urban Renewal Agency of certain single-family residential lots located within the Kenwood North Project TEX. R-136.

Mr. Winston Martin, Executive Director of the Urban Renewal Agency, explained that his agency is required to obtain Council approval for the disposition of property. The lots proposed to be sold have been purchased over a period of time, cleaned off and replatted. The price is about 35 cents per square foot. He asked for Council's approval of the ordinance.

Mr. Alvin G. Padilla, Jr., called attention to a possible conflict of interest in connection with the acquisition of properties in Kenwood.

Mr. Martin explained that the problem involves a person who is on the Committee of the Kenwood Citizens' Council purchasing property from individuals in the area and in turn selling it to the Urban Renewal Agency for right of way or other uses. It is felt by some people that this constitutes a conflict of interest.

Mr. Padilla stated that the problem centers around the structure of the whole Kenwood Project as well as the Kenwood Community Council. He said that he had recommended that the Urban Renewal Board appoint a committee to ascertain the facts in this case.

Mr. Martin stated that a committee has been appointed, but it has not yet reported to the Board. He also stated that the approval of this ordinance could be delayed until the whole matter is cleared up.

After discussion, Mayor Becker asked that Mr. Martin contact the Urban Renewal Committee and the Kenwood Community Council to ascertain the definite facts in this matter. Meanwhile, the proposed ordinance would be held in abeyance pending a report.

* * * *

74-18

The Clerk read the following Resolution:

A RESOLUTION
NO. 74-18-25

PROVIDING THAT A PUBLIC HEARING BE HELD BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO ON THE 30TH DAY OF MAY, 1974, AT 10:00 O'CLOCK A.M., IN THE COUNCIL CHAMBER OF THE CITY HALL IN THE CITY OF SAN ANTONIO ON THE PROPOSED AMENDATORY #3 TO THE ROSA VERDE PROJECT, TEX. R-78, AND THE URBAN RENEWAL PLAN THEREFOR AS PROPOSED BY THE URBAN RENEWAL AGENCY OF THE CITY OF SAN ANTONIO; DIRECTING THE CITY CLERK TO ADVERTISE NOTICE OF SAID HEARING AS

April 25, 1974
nsr

-51-

PRESCRIBED BY LAW; IDENTIFYING THE PROJECT AREA; STATING THE PURPOSE OF SAID PUBLIC HEARING AND OUTLINING THE GENERAL SCOPE OF THE URBAN RENEWAL PROJECT UNDER CONSIDERATION; AND PROVIDING THAT ANY PERSON OR ORGANIZATION WILL BE AFFORDED AN OPPORTUNITY TO BE HEARD AT SAID PUBLIC HEARING.

* * * *

The Resolution was explained by Mr. Winston Martin, Executive Director of the Urban Renewal Agency, who stated that the public hearing will be held on May 30, 1974. It deals with some properties that are on San Pedro Creek right-of-way. It is necessary that these properties be acquired to correct a serious flooding problem. He said that all affected property owners would be notified by mail.

After consideration, on motion of Dr. San Martin, seconded by Mr. Morton, the Resolution was passed and approved by the following vote: AYES: Cockrell, San Martin, Becker, Black, Lacy, Morton, Beckmann, Padilla, Mendoza; NAYS: None; ABSENT: None.

74-18 The following Ordinance was read by the Clerk and explained by Mr. Ron Darner, Director of Parks and Recreation, and after consideration, on motion of Dr. San Martin, seconded by Mr. Beckmann, was passed and approved by the following vote: AYES: Cockrell, San Martin, Becker, Black, Lacy, Morton, Beckmann, Padilla; NAYS: None; ABSENT: Mendoza.

AN ORDINANCE 43,703

MANIFESTING A ONE-YEAR EXTENSION OF THE PRESENT CONTRACT WITH GORDON W. HUDSON III FOR USE OF A PORTION OF THE BEAUTIFIED SECTION OF THE SAN ANTONIO RIVER IN CONJUNCTION WITH A RESTAURANT OPERATION.

* * * *

74-18 The Clerk read the following Ordinance:

AN ORDINANCE 43,704

AUTHORIZING RENEWAL OF A LEASE AGREEMENT WITH THE ECONOMIC OPPORTUNITIY DEVELOPMENT CORPORATION FOR USE OF FIVE (5) MOBILE RECREATION UNITS FOR THE PERIOD OF MAY 1, 1974, TO APRIL 30, 1975.

* * * *

The Ordinance was explained by Mr. Ron Darner, Director of Parks and Recreation, who said that the City leases five recreation mobile units from EODC. The units were purchased in 1969 with Federal funds. They are used in the summer recreation program at various parks. They are also used at churches and schools.

Mayor Becker expressed interest in these units and suggested that present day cost of the units be determined and efforts made to buy more of them for the City.

City Manager Granata stated that he would have the costs checked out, if possible, include additional units in the next budget.

After consideration, on motion of Mrs. Cockrell, seconded by Dr. San Martin, the Ordinance was passed and approved by the following vote: AYES: Cockrell, San Martin, Becker, Black, Lacy, Morton, Beckmann, Padilla; NAYS: None; ABSENT: Mendoza.

74-18 The following Ordinances were read by the Clerk and explained by Members of the Administrative Staff, and after consideration, on motion made and duly seconded, were each passed and approved by the following vote: AYES: Cockrell, San Martin, Becker, Black, Lacy, Morton, Beckmann, Padilla; NAYS: None; ABSENT: Mendoza.

AN ORDINANCE 43,705

AUTHORIZING EXECUTION OF AN AGREEMENT WITH BURDETTE PARKS, D/B/A MELODRAMA THEATRE, FOR LEASE OF BUILDING NO. 300 IN HEMISFAIR PLAZA FOR A TERM ENDING DECEMBER 31, 1974.

* * * *

AN ORDINANCE 43,706

MANIFESTING AN AGREEMENT WITH JOHN L. MACHADO, TO AMEND THAT AGREEMENT PROVIDING FOR LEASE OF SPACE IN BUILDING NO. 308 AT HEMISFAIR PLAZA SO AS TO REFLECT THE INCORPORATION OF SAID LESSEE'S BUSINESS.

* * * *

AN ORDINANCE 43,707

MANIFESTING AN AGREEMENT WITH THE GREATER SAN ANTONIO SAFETY COUNCIL TO EXTEND THE PRESENT AGREEMENT FOR LEASE OF SPACE IN BUILDING NO. 302 AT HEMISFAIR PLAZA FOR AN ADDITIONAL ONE YEAR PERIOD, UPON THE SAME TERMS AND CONDITIONS.

* * * *

AN ORDINANCE 43,708

APPROVING A SIX MONTH EXTENSION OF THE CITY'S IMMUNIZATION MAINTENANCE PROJECT IN THE HEALTH DISTRICT; AUTHORIZING THE DIRECTOR OF HEALTH TO ENTER INTO AN AGREEMENT WITH THE U. S. DEPARTMENT OF HEALTH, EDUCATION AND WELFARE COVERING SUCH EXTENSION, AND AMENDING THE PROJECT'S BUDGET FOR AN INCREASE OF \$1,000.00 IN THE GRANT.

* * * *

April 25, 1974

nsr

AN ORDINANCE 43,709

APPROPRIATING THE SUM OF \$37,865.00 OUT OF VARIOUS FUNDS FOR THE PURPOSE OF ACQUIRING TITLE TO CERTAIN LANDS AND EASEMENTS OVER, UNDER, AND ACROSS CERTAIN LANDS, AND ACCEPTING THE DEDICATION OF CERTAIN EASEMENTS, TO BE USED IN CONNECTION WITH THE STORM DRAINAGE #83-X (SIX MILE CREEK), THE 24TH STREET IMPROVEMENT, AND THE BIG TOWN SUBDIVISION OFF-SITE SANITARY SEWER MAIN PROJECTS.

* * * *

74-18 The following Ordinances were read by the Clerk and explained by Mr. George Bichsel, Traffic Safety Coordinator, and after consideration, on motion made and duly seconded, were each passed and approved by the following vote: AYES: Cockrell, San Martin, Becker, Black, Lacy, Morton, Beckmann, Padilla, Mendoza; NAYS: None; ABSENT: None.

AN ORDINANCE 43,710

AUTHORIZING SUBMISSION OF AN APPLICATION TO THE GOVERNOR'S OFFICE OF TRAFFIC SAFETY FOR A GRANT FOR A ONE YEAR CONTINUATION OF THE SYSTEMS MANAGEMENT FOR TRAFFIC SAFETY PROJECT.

* * * *

AN ORDINANCE 43,711

AUTHORIZING SUBMISSION OF AN APPLICATION TO THE GOVERNOR'S OFFICE OF TRAFFIC SAFETY FOR A GRANT FOR A STUDY TO DETERMINE THE HIGHEST TRAFFIC CASUALTY SITES, FOR THE FATAL ACCIDENT REDUCTION ENFORCEMENT PROGRAM.

* * * *

74-18D.W.I. ACCIDENTS

Mayor Becker asked Mr. George Bichsel what percent of convictions is obtained in D.W.I. cases.

Mr. Bichsel stated that the rate of conviction is about seven percent - this is when a penalty is assessed over and above a fine. In about 50 percent of D.W.I. cases, a defendant is placed on probation. This usually requires a person to attend a course of instruction or some other condition. He said that 35 percent to 50 percent of serious accidents are caused by persons under the influence of alcohol.

April 25, 1974
nsr

-54-

Mayor Becker and Mr. Bichsel discussed the problem of drunken driving and what could be done to discourage it.

Mr. Bichsel stated that he thought it would help if a severe penalty were assessed against repeated violators.

After consideration of the question, Mayor Becker asked Mr. Bichsel to prepare his recommendations regarding the enforcement of regulations against drunken driving and turn them over to the City Manager to be taken up with proper authorities.

74-18 The following Ordinance was read by the Clerk and explained by Mr. Stewart C. Fischer, Director of Traffic and Transportation, and after consideration, on motion of Mr. Mendoza, seconded by Mr. Morton, was passed and approved by the following vote: AYES: Cockrell, San Martin, Becker, Black, Lacy, Morton, Beckmann, Mendoza; NAYS: None; ABSENT: Padilla.

AN ORDINANCE 43,712

AUTHORIZING EXECUTION OF A CONSTRUCTION AND MAINTENANCE AGREEMENT WITH THE MISSOURI PACIFIC RAILROAD COMPANY FOR INSTALLATION OF AUTOMATIC SIGNALS ON HUTCHINS ROAD, AUTHORIZING \$23,220 OUT OF ACCOUNT 72-13-05 PAYABLE TO SAID RAILROAD AND THE SUM OF \$2,000.00 TO BE USED AS A CONTINGENCY FUND.

* * * *

74-18 The following Ordinance was read by the Clerk and explained by Mr. Carl White, Director of Finance, and after consideration, on motion of Mr. Beckmann, seconded by Dr. San Martin, was passed and approved by the following vote: AYES: San Martin, Becker, Black, Morton, Beckmann, Padilla, Mendoza; NAYS: None; ABSENT: Cockrell, Lacy.

AN ORDINANCE 43,713

PROVIDING THAT THE CITY TAKE OVER ALL PROPERTIES AND ASSETS OF BEXAR COUNTY WATER CONTROL & IMPROVEMENT DISTRICT NO. 20 (MEADOWCLIFF) AND ASSUME ALL DEBTS, LIABILITIES AND OBLIGATIONS OF SAID DISTRICT; AND APPROPRIATING THE SUM OF \$101,163.63 OUT OF FUND 820-01 TO U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT IN REPAYMENT OF A LOAN TO THE DISTRICT.

* * * *

74-18 The following Ordinance was read by the Clerk and explained by Mr. Carl White, Director of Finance, and after consideration, on motion of Dr. San Martin, seconded by Mr. Beckmann, was passed and approved by the following vote: AYES: San Martin, Becker, Black, Morton, Beckmann, Mendoza; NAYS: None; ABSENT: Cockrell, Lacy, Padilla.

AN ORDINANCE 43,714

APPROPRIATING THE SUM OF \$125,000 FROM FUND NO. 820-07, PAYABLE TO THE SAN ANTONIO RIVER AUTHORITY FOR PRINCIPAL, INTEREST, AND ADMINISTRATIVE FEES ON SARA-CITY OF SAN ANTONIO WASTE DISPOSAL CONTRACT REVENUE BONDS, SERIES 1972.

* * * *

74-18 The following Ordinance was read by the Clerk and explained by Mr. Frank Leach, Assistant Director of Project Development, and after consideration, on motion of Dr. San Martin, seconded by Mr. Padilla, was passed and approved by the following vote: AYES: San Martin, Becker, Black, Morton, Beckmann, Padilla, Mendoza; NAYS: None; ABSENT: Cockrell, Lacy.

AN ORDINANCE 43,715

AUTHORIZING THE CITY MANAGER TO APPLY TO THE ECONOMIC DEVELOPMENT ADMINISTRATION FOR A \$54,890.00 GRANT FOR CONTINUATION OF THE ECONOMIC DEVELOPMENT PLANNING SERVICES PROJECT FOR AN ADDITIONAL YEAR.

* * * *

74-18 The Clerk read the following Resolution:

A RESOLUTION
NO. 74-18-26

EXPRESSING THE CONCURRENCE OF THE CITY COUNCIL IN THE DESIGNATION OF THE ALAMO AREA COUNCIL OF GOVERNMENTS AS THE METROPOLITAN PLANNING ORGANIZATION PURSUANT TO THE FEDERAL AID HIGHWAY ACT OF 1973.

* * * *

The Resolution was explained by Mr. Stewart C. Fischer, Director of Traffic and Transportation, who said that the Highway Act appropriates planning funds that must be used in each of the metropolitan areas. San Antonio's share is about \$110,000 per year. The Act also requires that a single metropolitan planning organization be designated by the Governor. The Governor of Texas has designated the Alamo Area Council of Governments to be the planning organization for the San Antonio area. The designation was made subject to concurrence of the City, County, and State Highway Department.

Mrs. Cockrell reviewed the safeguards San Antonio has in connection with the program. The City has seven members on the Steering Committee which is responsible for allocating funds under this planning process. She recommended that this Resolution accepting the Governor's designation be approved.

Mr. Padilla stated that he is not very knowledgeable on this subject and had some reservations about it. Perhaps if there were a briefing session on the subject his concerns might be answered. He also said that he could not understand why there is a big hurry to pass this Resolution. He also stated that with San Antonio having a good planning department he could not understand why AACOG is being designated rather than the City.

Mr. Al Notzon, Executive Director of the Alamo Area Council of Governments, spoke to the Council about the circumstances surrounding the designation of AACOG as the planning organization. He said that he was in agreement with the arrangement and urged that the Council adopt the Resolution.

After consideration, on motion of Mr. Morton, seconded by Dr. San Martin, the Resolution was passed and approved by the following vote: AYES: Cockrell, San Martin, Becker, Black, Morton, Beckmann, Mendoza; NAYS: Padilla; ABSENT: Lacy.

74-18

AACOG RESOLUTION

Mr. Al Notzon stated that he wished to thank the Council for its Resolution commending himself and his staff. The recognition was deeply appreciated by all concerned.

74-18

The following Ordinances were read by the Clerk and explained by Mr. Mel Sueltenfuss, Director of Public Works, and after consideration, on motion made and duly seconded, were each passed and approved by the following vote: AYES: Cockrell, San Martin, Becker, Black, Morton, Beckmann, Padilla, Mendoza; NAYS: None; ABSENT: Lacy.

AN ORDINANCE 43,716

ACCEPTING THE LOW BID OF MISSION CONTRACTORS, INC., FOR CONSTRUCTION OF THE WOODSTONE SANITARY SEWER OUT-FALL PROJECT; AUTHORIZING EXECUTION OF A CONTRACT COVERING SUCH WORK AND APPROPRIATING \$53,134.05 OUT OF FUND 820-03 PAYABLE TO SAID CONTRACTOR \$2,656.70 TO BE USED AS A MISCELLANEOUS CONTINGENCY ACCOUNT AND \$2,422.75 PAYABLE TO R. MARVIN SHIPMAN & CO. AS ADDITIONAL ENGINEERING FEES, ALSO AUTHORIZING A TRANSFER OF FUNDS.

* * * *

AN ORDINANCE 43,717

ACCEPTING THE LOW BID OF W. L. HOFFMAN CO., FOR CONSTRUCTION OF THE HARRY WURZBACH ROAD CULVERT PROJECT; AUTHORIZING

EXECUTION OF A CONTRACT COVERING
SUCH WORK AND AUTHORIZING PAYMENT
OF \$147,685.05 OUT OF REVENUE
SHARING FUNDS PAYABLE TO SAID
CONTRACTOR AND \$7,385.00 TO BE USED
AS A MISCELLANEOUS CONTINGENCY
ACCOUNT.

* * * *

74-18

FIESTA PARADE SEATING

Dr. San Martin asked City Attorney Crawford Reeder to explain the agreement with the Fiesta Commission as it pertains to use of the streets.

Mr. Reeder stated that the agreement provides that the Commission can put up chairs two rows deep. Anything more than that would be illegal.

Dr. San Martin asked that this provision be enforced this week in order that people may stand behind the chairs and view the parades.

Mr. Padilla stated that many church groups and school organizations also put in whole sections of chairs to rent.

City Manager Granata stated that he felt that the entire situation needs to be reviewed with the Fiesta Commission prior to next year.

74-18 GREATER SAN ANTONIO HOMEBUILDERS' ASSOCIATION RESOLUTION

Mr. Padilla introduced the following Resolution which was passed and approved by unanimous vote of the Council:

A RESOLUTION
NO. 74-18-27

CONGRATULATING THE GREATER SAN
ANTONIO BUILDERS ASSOCIATION ON
BECOMING THE LARGEST BUILDERS
ASSOCIATION IN THE UNITED STATES

* * * *

WHEREAS, on November 30, 1973, the Greater San Antonio Builders Association became the largest Builders Association in the United States, and

WHEREAS, the 1,423 members of the Greater San Antonio Builders Association represent an important part of the San Antonio community, both in economic and civic involvement, and

WHEREAS, the Association worked toward this goal as a demonstration of their economic confidence in San Antonio and its future,

bringing in 385 new members in the six week period preceding November 30; NOW, THEREFORE:

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:

SECTION 1. The City Council does hereby commend and congratulate the Greater San Antonio Builders Association on the noteworthy achievement of becoming the largest Builders Association in the United States.

* * * *

74-18

CHILD CARE FACILITIES

Mrs. Cockrell referred to a memo from Mr. William Donahue concerning child care facilities in San Antonio. Mr. Donahue stated that after study by the City's staff he recommended against an ordinance regulating these facilities. Mrs. Cockrell said that she concurs with the recommendation. There was a recommendation that the Council pass a resolution urging greater enforcement of the state laws covering child care centers. Mrs. Cockrell asked that the Department of Human Resources study what type of resolution should be considered as an alternative to an all encompassing ordinance.

Dr. San Martin asked also that the resolution include strict enforcement of all City codes and regulations governing these child care facilities.

74-18

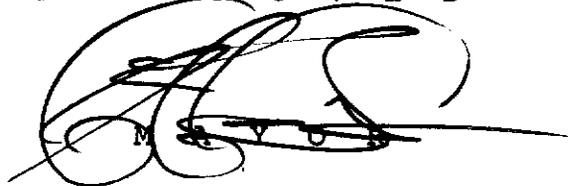
CHARTER REVISION ELECTION

Mrs. Cockrell stated that in another week or so the Charter Revision Committee will make its final report to the City Council. She said that she felt that the Council needs to set up a time table for its own consideration.

City Attorney Crawford Reeder said that he would prepare a time table outline on the election for the Council.

There being no further business to come before the Council, the meeting adjourned at 4:45 P. M.

A P P R O V E D



Charles L. Becker

ATTEST:

J. H. Duellmann
C i t y C l e r k

April 25, 1974
nsr

