

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

**A BUDGET WORK SESSION OF THE CITY COUNCIL OF THE CITY OF SAN ANTONIO WAS HELD IN THE MUNICIPAL PLAZA BUILDING, WEDNESDAY, AUGUST 26, 2009.**

The San Antonio City Council convened in a Budget Work Session at 2:00 pm Wednesday, **August 26, 2009**, Municipal Plaza Building with the following Councilmembers present: Cisneros, Taylor, Ramos, Cortez, Medina, Lopez, Rodriguez, Williams, Chan, Clamp, and Mayor Castro.

- 1. STAFF PRESENTATION ON THE FY 2010 PROPOSED BUDGET, FOCUSING ON, BUT NOT LIMITED TO, THE FOLLOWING:**
  - A. INFRASTRUCTURE MANAGEMENT PROGRAM (STREETS, SIDEWALKS, ALLEYS)**
  - B. STORM WATER OPERATIONS (DRAINAGE)**

Majed Al-Ghafry, Public Works Director, presented an overview of the Public Works Department and noted that it was divided into three divisions. The three divisions being Streets; Transportation; and Storm Water Operations. He stated that the Streets Division had a budget of \$53.5 million and 275 Full Time Equivalents (FTEs) that provided services including Street Maintenance; Pavement Engineering; Right of Way Management; and the Neighborhood Access and Mobility Program (NAMP). He explained that the Transportation Division had a budget of \$21.5 million with 125 FTEs and provided oversight in the areas of Traffic Engineering; Traffic Operations; Traffic Signal System Modernization (TSSM) Program; and the Advanced Transportation District (ATD) Program. He noted that the Storm Water Division operated with a budget of \$60 million and 278 FTEs to provide Storm Water Operations and Engineering Services.

Mr. Al-Ghafry presented the Proposed Budget for FY 2010 noting that all Public Works Funds totaled \$137,088,145. He spoke of the Infrastructure Management Program (IMP) adopted in February 2007 as a five-year rolling program that identified projects and developed schedules for street maintenance; sidewalks; traffic signals; drainage maintenance; alley maintenance; pavement marking; and ATD Improvements. He noted that 295 of 334 IMP street maintenance projects had been completed in FY 2009 and that 303 projects were scheduled for completion by September, 2009. He stated that reductions to the IMP included a transition of the Barricade Services Program to an on-call service and reduction of heavy equipment and fleet realignment.

Mr. Al-Ghafry spoke of Pavement Preservation and Rubberized Asphalt Pavement, two enhancements to the FY 2010 Budget. He explained that Pavement Preservation was a new initiative that would optimize the pavement lifecycle through the use of several pavement techniques and materials. He noted that types of sealants included crack seal; fog seal; and scrub seal, and that 160 Center Line Miles would be addressed. He reported that the Rubberized

Asphalt Pavement Program was a pilot program that would integrate rubber-modified asphalt as an application in Street Maintenance and 27 Center Line Miles were planned for FY 2010. In regard to IMP Sidewalks, he stated that 10 of 13 miles had been completed and that 10 miles were planned for FY 2010. He spoke of the Americans with Disabilities Act (ADA) Sidewalk Transition Plan, noting that it would provide a pedestrian friendly environment in which all sidewalks and crosswalks were ADA compliant. He reported that 560 ADA Ramps had been completed in 2009 and 1,222 were scheduled for completion in 2010.

Mr. Al-Ghafry discussed the IMP Traffic Signals program and mentioned that six wood pole conversions were under construction and two new traffic signals had been recommended in FY 2009. He stated that for FY 2010, five wood pole conversions and two new traffic signals were planned. Regarding the IMP Drainage Maintenance, he reported that 35 of 60 miles had been completed for Natural Creekway Maintenance and that 27 of 32 Channel Restoration Projects had been completed. Within IMP Alley Maintenance, he reported that 37 projects had been designed in FY 2009 and that the program would be combined with the FY 2010 collaborative effort between Solid Waste Management and Public Works. He noted that 74 of 101 miles had been completed through the IMP Pavement Markings Program and that 100 miles were scheduled for completion in FY 2010.

Mr. Al-Ghafry stated that the ATD had been approved in November, 2004 and outlined planned projects for FY 2010 including 10 Audible Pedestrian Signals; 9 miles of Bike Facilities; and 41 School Zone Pavement Markings Upgrades. He spoke of the TSSM Project, noting that it was a \$33 million city-wide 5-year program that would provide optimum traffic flow operation through the coordination and efficient timing of all signals within the city. He reported that the TSSM was in Phase II of a 5-Phase Program and that 471 of 1,260 locations had been timed and coordinated throughout the city. He stated that the Traffic Management Center at TransGuide would be fully functional by December, 2009.

Mr. Al-Ghafry reported that the Low Water Crossing Program had been implemented in FY 2009 and was a coordinated effort with the Fire Department. He stated that they had identified 31 of the City's 147 low water crossings as high priority and created a five-year plan to implement short-term improvements. He noted that they had created San Antonio Flood Emergency (SAFE) Routes that were available at [www.safloodsafe.com](http://www.safloodsafe.com).

Mr. Al-Ghafry spoke of the San Antonio River Water Quality Program, an effort of the San Antonio River Water Quality Technical Advisory Committee chaired by former Councilmember Lynda Billa Burke. He stated that the Committee consisted of representatives from the City, San Antonio River Authority (SARA), San Antonio Water System (SAWS), and the community. Their efforts are focused on Flow Augmentation and Water Quality Monitoring. He reported that in FY 2010, Public Works Staff would perform sediment removal during the Annual River Cleaning Event in January, 2010.

Mr. Al-Ghafry outlined FY 2010 Reductions and Redirections within Storm Water Operations, noting that 10 positions would be redirected from the Regional Facilities Fund to the Storm Water Operating Fund and three positions would be reduced for efficiency purposes. He noted that staff was reviewing the Storm Water Regional Facilities Fee Structure with SARA and

Bexar County, and that based on Watershed Master Planned Regional Improvements, a new fee schedule would be developed. He stated that they would implement an Infrastructure Mapping System that would identify, digitize, and develop a conditioning index on existing and new storm water infrastructure. He spoke of the increase in the payment to SAWS for Texas Pollutant Discharge Elimination System Permit support services and Storm Water Fee billing, collection and customer service.

Mr. Al-Ghafry outlined the upcoming Drainage Projects included in the Six-Year Capital Improvement Program funded through the Storm Water and Regional Facilities Funds. He stated that \$10.4 million of the \$30 million Excess Bond Capital Improvement Program was designated toward Street Improvements and that seven of the 61 projects managed by Public Works were complete. He noted that all work would be completed by July, 2010.

Councilmember Ramos asked of ATD Funds and if voters would have to reapprove their allocation. Mr. Al-Ghafry stated that voters had already approved ATD Funds and that approximately \$11.2 million was collected per year. Ms. Sculley added that ATD Funds would be utilized to support the TSSM Program, as well as sidewalk and ADA improvements. Councilmember Ramos thanked staff for the drainage work on the Mission Drive-In Project. Councilmember Cisneros asked of the contingency allocations for future contracts. Mr. Al-Ghafry explained that beginning in FY 2010, the amount of contingency would be allocated on a sliding scale based on the total amount of the contract instead of allocating a standard 10% contingency. Councilmember Cisneros asked of the completion of the Alley Maintenance Program. Mr. Al-Ghafry stated that it would be completed by September, 2010 and that the 35 service alleys would be addressed first. Councilmember Cisneros asked of the ADA Ramp on River North for the VFW. Ms. Sculley stated that SARA would install the ramp.

Councilmember Lopez asked of the utilization of contingency funds that were not used for projects. Mr. Al-Ghafry stated that unused contingency funds were utilized for other projects. Councilmember Lopez asked of the lack of bidders for drainage maintenance. Mr. Al-Ghafry stated that the work was challenging and that specialized equipment was needed. He noted that staff was now working with bidders to address their issues and that they were on schedule. Councilmember Lopez asked of the ability of real time redirection during emergencies at the Traffic Management Center. Mr. Al-Ghafry reported that 471 of 1,260 would have that ability beginning in December, 2009.

Councilmember Williams asked of the requirement of five years of experience for contractors working on the Watershed Program. Mr. Al-Ghafry stated that it was a requirement due to the specialized work and equipment necessary. Mayor Castro asked how long the requirement had been in place. Richard Mendoza, Assistant Director stated that it had been in place for a minimum of two years and was initiated to protect the habitat and vegetation in creeks. Ms. Sculley stated that they would follow up with an implementation date and that there needed to be a balance between flood control and affecting the environment. Mr. Al-Ghafry added that the city began contracting this work in 2007.

Councilmember Cortez asked of the status of the projects in the IMP that had been deferred. Mr. Al-Ghafry stated that the projects were included in the base budget for FY 2010 and that the bid

process would begin in October. Councilmember Cortez requested that a public meeting be held regarding the drainage issues and improvements on the Indian Creek Project. He asked of the percentage of in-house construction performed by city employees. Mr. Al-Ghafry stated that it depended on the project, noting that 25% of pavement marking projects and 50% of street projects were performed by city staff.

Councilmember Clamp asked of the Street Maintenance Cycle for the City of San Antonio. Mr. Al-Ghafry stated that it was 53 years but that through preservation techniques and other such efforts, they were hoping to move into a 12-year cycle. Councilmember Clamp asked how long that transition would take. Mr. Al-Ghafry stated that it depended on several factors including preservation, reclamation, and reconstruction. Councilmember Clamp asked if bid specifications had been revised to encourage the use of better materials for future preservation. Mr. Al-Ghafry confirmed that they had and were working with the Planning and Development Services to ensure that contractors were held accountable for their work. Councilmember Clamp asked of the City's payment to SAWS. Mr. Al-Ghafry explained that the City paid SAWS for the collection of Storm Water Fees and was based on a tier system. He noted that they also paid SAWS for support services for Texas Pollutant Discharge Elimination System Permits.

Councilmember Chan asked of the process if a need for additional contingency funds was identified. Mr. Al-Ghafry stated that staff would be required to request the appropriation of funds from the City Council but that had not occurred. Councilmember Medina asked of the preservation of streets that had no sidewalks or curbs. Mr. Al-Ghafry stated that they performed work on streets that did not have barriers and were taking the initiative to install asphalt or concrete curbs in certain cases.

Councilmember Rodriguez asked of the selection process and prioritization of the installment of sidewalks. Mr. Al-Ghafry stated that sidewalks near activity centers and schools were given priority and that constituent concerns were also taken into account. He added that connectivity to bus locations was also a factor used to evaluate sidewalks and that 10-12 miles of sidewalk were installed per year. He spoke of the possibility of utilizing methods other than concrete such as recycled asphalt or decomposed granite. Councilmember Rodriguez spoke of the great need to address sidewalks and stated that funds should continue to be allocated toward same. He requested that the city coordinate drainage maintenance with other municipalities and thanked staff for their work on alley maintenance.

The Mayor and Council thanked Mr. Al-Ghafry for his presentation and work.

### **C. CAPITAL IMPROVEMENTS PROGRAM**

Mike Frisbie presented the Capital Improvement Management Services (CIMS) Budget and provided a summary of the Six-Year Capital Improvement Plan (CIP). He stated that creation of the CIMS Department had been recommended in the FY 2007 Budget with the responsibilities of managing the CIP; handling the City's real estate efforts; and oversight of Public Art San Antonio (PASA). He spoke of the mass selection process for the Bond Program and noted that contracts had been revised to be more user-friendly. He reported that specifications had been updated so that projects were completed with high quality materials and that a Design Guidance

Manual had been created. He stated that there had been increased coordination among various agencies and utility companies.

Mr. Frisbie spoke of the department's FY 2009 accomplishments, noting that there had been an effort regarding compliance so that workers and subcontractors were being properly paid. He reported that CIMS staff was providing project management for the Airport Expansion Program and that the Dashboard Program had been implemented to allow individuals to track the status of bond projects. He stated that the PASA Master Plan had been approved in March, 2009 that would integrate art into construction projects and that a Public Art Board had been created. He explained that within the operating budget, project management was recovered from capital project funds and that Real Estate Disposition and Lease Services were funded through the General Fund. He outlined the FY 2010 Budget, noting that a 6.1% increase was proposed.

Mr. Frisbie provided an overview of the Six-Year CIP and noted that it included 415 projects and totaled \$1.4 billion. He stated that projects scheduled for FY 2010 totaled \$715 million and outlined the projects by category. He reported that capital projects were reviewed and evaluated annually as part of the Budget Development Process and that bond projects were reviewed to ensure that they were on schedule, scope and budget. He explained that the budget allocated \$13 million in certificates of obligation to address immediate project needs in the community and better align new facility construction schedules in the 2012 Bond Program. He spoke of the funding for projects at the San Antonio International Airport for a total of \$211 million in FY 2010.

Mr. Frisbie stated that 58 bond projects were scheduled to begin construction in FY 2010 and provided a current status of the Bond Program. He noted that \$155 million was allocated for new construction and replacement of various Fire Stations and a new Public Safety Headquarters. He reported that \$13.3 million was allocated toward Library Projects and \$31 million for Street Improvement Projects. He outlined new projects that would be addressed within Parks, Streets, Community Centers, and Libraries. He spoke of the Edwards Aquifer and Linear Creeks projects and noted that 2,290 jobs would be created through the CIP including stimulus projects.

Councilmember Cisneros asked of the City's infrastructure needs. Mr. Frisbie stated that the infrastructure assessment completed prior to the 2007 Bond Program totaled \$3 billion in streets and drainage. Councilmember Cisneros expressed support for the many jobs that would be created in FY 2010 and the performance measures for CIMS. She asked of the completion date for the Lila Cockrell Theatre renovation. Mr. Frisbie reported that the project would be completed by October, 2010. Councilmember Cisneros asked of Proposition 1. Mr. Frisbie reported that the \$2.8 million allocated in FY 2010 was the remaining portion to purchase conservation easements and would be completed by December, 2009. Ms. Sculley noted that staff would have a policy discussion with the City Council regarding the possibility of extending Proposition 1.

Councilmember Chan stated that she was pleased that payments to contractors were being made in a timely manner. In response to Councilmember Chan, Mr. Frisbie reported that the Purchasing and CIMS Departments coordinated the Licensed Architect Review, noting that

maintenance issues were handled by the Purchasing Department and structural issues were addressed by the CIMS Department. Councilmember Chan asked of the funds utilized for personnel. Mr. Frisbie explained that 70% of the salaries were charged to capital projects and 30% were charged to the General Fund. Councilmember Chan asked of the Program Management Teams. Mr. Frisbie explained that the three firms assisted with specialized tasks such as addressing alternative delivery method issues and setting baseline schedules for the Dashboard Program. Councilmember Chan stated that it was important to protect public interest and ensure that the projects stayed on time and on budget. She asked of coordination with SAWS. Mr. Frisbie stated that they partnered with SAWS on the design of water and sewer lines for projects.

Councilmember Cortez asked of the status of work on Medina Base Road. Mr. Frisbie stated that it would be under construction beginning in May, 2010. Councilmember Cortez noted the importance of the project due to the many drainage issues and of communication with the residents. He asked of cost savings on the bond projects due to the AAA Bond Rating. Mr. Frisbie stated that the bid process had been very successful with many firms bidding on projects and some coming in at 20-30% below estimate. He noted that cost savings were not immediately taken from projects and could be utilized to add to their scope.

The Mayor and Council thanked Mr. Frisbie for his presentation and work.

At this time, Ben Gorzell, Finance Director, spoke of the types of debt issued by the City noting that General Obligation Bonds were voter authorized and used for Major Infrastructure Improvements, while Certificates of Obligation were non-voter authorized and used for Special Capital Projects. In regard to Sales Tax Commercial Paper Notes, he reported that the 1/8 cent sales tax would be capped in 2011 and could either be extended or would cease at that time. He provided an overview of the City's outstanding debt as of September 30, 2009 noting that it totaled \$1.9 billion. He reported that there was also \$208 million in Headquarter Hotel Debt that did not belong to the City and explained that the City had pledged the two percent Hotel Occupancy Tax as a credit enhancement to that debt. He noted that the debt would be re-paid through hotel revenue and other mediums before the City would use their revenue to support the debt.

Mr. Gorzell stated that the City's General Obligation Debt was rated "AAA" from Standard & Poors; "Aa1" from Moody's Investors Service, Inc.; and "AA+" from Fitch Ratings, Inc. He spoke of the great value of the "AAA" Bond Rating, noting that it had provided the City access to capital markets during challenging economic times. He reported that the proposed Property Tax Rate for FY 2010 was \$0.56569 that included the General Fund and the Debt Service Fund. He provided an overview of the City's legal debt limitations and spoke of the Ad Valorem Taxable Value Changes from 1991 through 2010. He stated that the proposed growth in Taxable Assessed Values for FY 2010 was 0.83% based on Bexar Appraisal District Certification.

Mr. Gorzell reported that there was no projected increase in the Debt Service Tax Rate and that estimated tax collections were 97.5%. He noted that the projected Interest Rate for Issuances was 5.50% for FY 2010 and 6.75% for FY 2011 and thereafter. He provided an overview of

actual and potential Bond Elections; Certificates of Obligation; and Tax Notes through 2021. He stated that any positive performance over the Debt Plan would be utilized to provide flexibility.

Councilmember Ramos asked of the outstanding debt related to Starbright. Mr. Gorzell noted that it had been utilized for site acquisition and preparation for the Toyota Plant. Councilmember Clamp asked of the impact of debt plans of the City, CPS Energy and SAWS. Mr. Gorzell noted that bond rating agencies looked at direct debt as well as overlapping debt associated with utilities and school districts. He added that they measured debt per capita for all entities and compared them to other cities. Mayor Castro asked of the projected bond issuance for FY 2012. Mr. Gorzell noted that it was \$596 million based on today's model. Mayor Castro asked of the zero dollars reported for Certificates of Obligation and Tax Notes for 2013-2021. Mr. Gorzell stated that currently, there was capacity to support the General Bond Obligations for 2012 and 2017 based on today's projections.

Mayor Castro recessed the Work Session at 5:10 pm to convene in Executive Session for the purposes of:

- A. Discuss legal issues related to the regulation of signs pursuant to Texas Government Code Section 551.071 (consultation with attorney).**
- B. Discuss legal issues related to worker's compensation benefits pursuant to Texas Government Code Section 551.071 (consultation with attorney).**

Mayor Castro reconvened the Work Session at 6:05 pm at which time it was noted that the City Council had been briefed on the above-styled matters but took no action.

**ADJOURNMENT**

There being no further discussion, Mayor Castro adjourned the meeting at 6:05 pm.

A P P R O V E D



**JULIÁN CASTRO**  
M A Y O R

Attest:



**LETICIA M. VACEK**  
City Clerk