

**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 AT THE HENRY B. GONZALEZ CONVENTION CENTER, ROOM 217,  
WEDNESDAY, JUNE 22, 2011.**

The San Antonio City Council convened in a Budget Work Session at 9:00 am, Wednesday, **June 22, 2011**, at the Henry B. Gonzalez Convention Center, Room 217. City Clerk, Leticia M. Vacek noted a quorum of the Council with the following present: Bernal, Taylor, Ramos, Saldaña, D. Medina, Lopez, C. Medina, Williams, Chan, Soules, and Mayor Castro. **ABSENT:** None.

**1. CITY COUNCIL FY 2012 BUDGET AND POLICY GOAL SETTING WORKSESSION,  
ADDRESSING CITY FINANCIAL POLICIES AND SERVICE PRIORITIES FOR THE  
FY 2012 PROPOSED BALANCED BUDGET AND THE FY 2013 BUDGET-PLAN, TO  
INCLUDE POSSIBLE ACTION ON MATTERS PRESENTED AND DISCUSSED.**

Mayor Castro welcomed all to the Budget and Goal Setting Session for FY 2012 and spoke of the importance of prioritizing spending due to the challenging economic conditions. He asked that everyone keep the interests of the entire city in mind when making budget decisions.

City Manager Sheryl Sculley stated that this was an opportunity to receive feedback regarding City Council Budget Priorities and provided an overview of the agenda. She spoke of the city's financial position, noting that a shortfall is projected for FY 2012 ranging from \$8-\$20 million. She noted that staff would recommend items for reduction or efficiency and indicated that new facilities and rising healthcare costs have contributed to the deficit. She mentioned that staff was conducting a review of the numerous municipal facilities in an effort to consolidate where possible. She introduced the facilitator, Ben Warner, Vice-President of Jacksonville Community Council, Inc.

Mr. Warner stated the rules of engagement for today's session and noted that there would be several presentations followed by questions. He asked that electronic devices be placed on vibrate and that everyone participate in order to reach consensus.

Maria Villagomez, Budget Director, presented a Power Point and provided an overview of the FY 2011 Adopted Budget. She outlined the General Fund Available Resources Distributed over Major Spending Areas, noting that they were able to add some resources to improve various areas to include Police and Fire Uniform Positions. She reported that property tax and solid waste fees were not increased and highlighted the Enterprise, Special Revenue, and Internal Service Funds. She added that the Capital Improvement Program totals \$711 million for FY 2011.

Ms. Villagomez stated that the FY 2011 Adopted Budget is balanced but the recently adopted FY 2011 Federal Budget and budget proposals for FY 2012 State and Federal Budgets may impact the City's FY 2012 Budget and beyond. She provided an update of the total revenues and noted that the April and May receipts for Sales Tax and CPS Energy Revenue were \$3.5 million higher than estimated. She indicated that additional revenues and less spending have resulted in \$24.2 million added to the FY 2012 Beginning Balance. She reported that an \$8.5-\$19.9 million shortfall was projected for FY

2012 and \$78-\$90 million was projected for FY 2013. She provided a Five-Year Forecast through FY 2016, noting deficits ranging from \$19.9-\$102.5 million. She outlined next steps that include Budget Development in July; Budget Worksessions and Community Hearings in August/September; and Budget Adoption on September 15, 2011.

Flor Garcia, Interim Human Resources Director, presented a Power Point and provided an overview of the Employee Benefits Fund that totals \$110 million. She stated that the city is self-insured and outlined the Claims by Employee Type that cost \$8,643 per employee. She highlighted the Uniform and Civilian Benefits Cost that total \$136,169,022 for Uniform Employees and \$85,301,366 for Civilian Employees. She reported that Uniform Positions participate in the San Antonio Fire and Police Pension Fund and Civilian Positions participate in the Texas Municipal Retirement System (TMRS).

Ms. Garcia highlighted projected FY 2012 Plan Performance, noting loss ratios by Plan ranging from 59%-123.7%; and loss ratios by Group ranging from 93.3%-161.6%. She provided a trend of Health Benefits Claims from FY 2006-Projected FY 2012 that continue to rise, and noted the Medical Benefit Cost Sharing Percentages between City and Employee Contributions. She indicated that the city has taken various steps to manage costs and address health care needs including the implementation of an Employee Wellness Program; creating a Reserve Fund; and eliminating costly Plan Options.

Ms. Garcia outlined the Civilian Step Pay Plan and stated that it was re-designed in FY 2008 to address market-competitiveness with input from the Employee-Management Committee. She reported that once fully implemented in FY 2013, employees will move through the range one step each year, and reach the maximum of the pay range after 10 years on the job. She spoke of the Retirement/Pension Plans for Civilian and Uniform Employees, as well as the Retiree Health Care Benefits.

Councilmember Ramos asked about the Reserve Fund and if it is in addition to the City's Reserve Fund. Ms. Villagomez confirmed that they were two different Reserve Funds and that the Employee Benefits Reserve Fund totaled \$8 million.

Councilmember Chan asked of the Legal Line Item of \$1.4 million on Slide 6. Ms. Villagomez replied that it is for any legal services for Uniform Employees. Erik Walsh added that it was a separate trust funded by the City of San Antonio. Councilmember Chan asked of the Active Employee Health Contributions referenced on Slide 10. Ms. Sculley replied that there was a two-tiered system in which the goal for employees hired before January 1, 2009 was 80%/20% with the city funding 80%. She stated that for employees hired after January 1, 2009, the goal was 70%/30% with the city funding 70%. Councilmember Chan asked of the Employer Prefund Health Care Contribution on Slide 12. Ms. Sculley replied that the program was approved by the 1988 Contract for Police and Fire and enables Retirees to receive free health care.

Dr. Steve Nivin of the SABER Research Institute presented a Power Point of the State of the Economy. He noted a ten-year minus one-year bond interest rate with the yield and stated that it was a strong indicator of when a recession was coming. He reported that corporate profits increased \$38.2 billion in the 4<sup>th</sup> Quarter of 2010 and that inflation has increased a little. He indicated that employment growth is positive but needs to be stronger and that the unemployment rate has slightly increased. He stated that the leading index continues to trend upward and that the Texas Business Cycle Index has grown each month since January, 2010. He added that according to the Business Cycle Index, the

major metropolitan economies are all showing growth and that the San Antonio MSA monthly hotel occupancy rates have been showing improvement since the beginning of 2011.

Mr. Nivin reported that the US housing starts appear to have hit bottom and provided a House Price Index from 1980-2011. He stated that San Antonio and Austin were the only regions that experienced price increases in April compared to last year and that the housing inventory decreased in Texas in April. He noted that growth in home sales was mostly negative in April but is trying to push positive. He indicated that the decline in building permits may be reaching a bottom and the foreclosure rate was relatively low in San Antonio in May. He provided 2011 Positive Trends vs. Risks, noting that employment is improving and San Antonio is a relatively attractive investment. He mentioned that risks include uncertain policy in the areas of financial and healthcare reform, as well as instability in Mexico, Africa, and the Middle East.

Councilmember Williams asked why inflation was not included in the risks since it will affect the budget. Dr. Nivin stated that he did not foresee the economy reaching growth levels that would drive inflation. He added that the Federal Government would deal with inflation by raising interest rates. Councilmember Chan asked if we track that people are coming from outside Texas as it relates to unemployment. Dr. Nivin stated that the data is not that detailed. Councilmember Chan stated that the City Council has been aggressive in creating jobs yet the unemployment rate remains the same.

Councilmember Ramos asked if statistical data regarding individuals relocating to San Antonio can be tracked through housing sales. Mr. Nivin replied that he was not aware of such data but would see if he could gather data that could be helpful. Councilmember Saldaña asked of the housing price increases experienced in San Antonio and Austin as referenced on Slide 16. Mr. Nivin replied that San Antonio was one of the last metropolitan economies to go into the recession and one of the first to come out. He added that San Antonio did not experience a housing bubble and has an overall healthy economy. Councilmember David Medina asked if the trends for auto sales were similar to those of housing sales. Mr. Nivin stated that there was some logic to the idea that the trends were similar. Councilmember David Medina stated that it was helpful information for the City Council to determine future transportation needs.

### **RECESSED**

The Budget Work Session was recessed at 10:03 am for a break.

### **RECONVENED**

The Budget Work Session was reconvened at 10:23 am.

Peter Zanoni presented the results of the Ballot of City Services for Policy Direction. He stated that the "Create Your Budget" Exercise included nine major city services and budget categories to comprise the budget and required reducing the budget from \$10.00 to \$9.50. He indicated that the calculated average change from 11 members in each budget category was used to determine the overall City Budget. He reported that minor reductions in funding resulted within the following categories: Animal Care Services (No change in funding); Police funding reduced by 1.6%; and Fire funding reduced by 1.7%. He noted the following moderate reductions: Streets, Sidewalks and Bike Lanes reduced by 7.5%; Parks and Recreation reduced by 10.3%; Library Services reduced by 12.5%; and

Code Enforcement and Graffiti Services reduced by 14.3%. He indicated large reductions as follows: Health and Human Services including Homelessness reduced by 25%; and Economic Development and Job Creation reduced by 26.7%. He provided an analysis of the City Council Budget when looking at resources as a percentage of the total budget, noting that: 1) Police and Fire funding in total increases by 3%; 2) Streets, Libraries, Animal Care and Code Compliance funding is maintained; and Economic Development, Parks, and Health and Human Services funding decreases by 1% each.

Mr. Warner asked if the results accurately reflect the Council's Priorities. Councilmember Chan expressed concern with the large reductions within Economic Development. Councilmember Taylor asked of the items included within the Economic Development and Job Creation Category. Mr. Zanoni replied that it consisted of recurring expenditures to include the Economic Development Department and Economic Development Incentives. He stated that eight cents of the budget were one-time funds and that the budget also included funding for the Workforce Development Delegate Agencies.

Councilmember Soules spoke of the significant reduction in the budget exercise and asked of the specific revenue shortfalls projected for FY 2012. Ms. Sculley replied that the exercise was not a dollar for dollar exercise and that it was based on relativity. She stated that the growth of the revenue base is not meeting the cost to provide services. Councilmember Soules asked of the projected revenues for FY 2012. Ms. Villagomez replied that revenues for FY 2012 were projected at \$887 million.

Councilmember Bernal stated that the first exercise was broad in categories but specific in dollars, while the second exercise provided for greater specificity of services but lower specificity in terms of dollars. He noted that he believed that the second exercise provided a better perspective of the City Council. Councilmember Williams concurred with Councilmember Bernal.

Councilmember Ramos spoke of the reductions to Economic Development and the Workforce Development Delegate Agencies but noted the greater collaboration with CPS Energy and other agencies for grants and incentives. She expressed concern with the large reductions to Parks and Recreation, noting that it would affect maintenance and security. Ms. Sculley stated that the new strategy within Economic Development is to ensure a return on the investment and would occur over the long-term.

Councilmember David Medina also expressed concern with the decrease to Parks and Recreation and spoke of basic issues that need to be addressed at parks including lighting and minor improvements. He also expressed concern with the decrease in the Health and Human Services Category.

Councilmember Lopez stated that he was surprised by the decrease to Economic Development and asked what was included in the Parks and Recreation Budget. Ms. Sculley replied that the budget included maintenance and operation of park facilities and recreation programs. Xavier Urrutia added that the three components of the Parks Budget include: 1) Operations and Maintenance; 2) Park Police; and 3) Other Programs. He added that there is a transfer from the General Fund that covers maintenance of the Linear Parks.

Councilmember Soules stated that he would be interested to see the results utilizing worst, current and best case scenarios. Councilmember Medina noted that the decrease to the Parks Budget would affect many youth and impact neighborhood associations.

Mr. Warner stated that they would begin conversation about SA 2020 and how it fits into the Council's Budget Priorities.

Mayor Castro referred to the SA 2020 Report and stated that the majority of the work will not be done by city government. He noted that he agreed that the cuts were too steep in regard to Economic Development and spoke of the need to create a brain power community. He stated that the new Economic Development model has had a higher success rate in bringing in high-paying jobs in four major industries: 1) Biosciences and Healthcare; 2) New Energy Economy; 3) Aerospace; and 4) Information Security. He added that the goal is to increase per capita income by 10%.

Mayor Castro stated that the second goal is to supplement the educational delivery of services within our community. He stated that we have played a significant role in supplementing education but history shows that educational accomplishments have lagged in San Antonio. He indicated that we have gotten sharper on our end in setting up accountability metrics and ensuring that there is an impact on what we are spending. He added that in order to maintain the Fortune 500 companies here in Texas, we need to maintain and make the right investments for San Antonio.

Mayor Castro noted that the third goal is to focus on the Urban Core and spoke of the need to create a magnet of livability and vibrancy in the older neighborhoods throughout the city. He stated that resources were needed to redevelop the East, West and South Sides of the city and enhance the quality of life for those areas. He indicated that one of the goals of SA 2020 was to create 5,000 more units in the Urban Core and keep neighborhoods healthy and vibrant. He asked the City Council to keep the vision of SA 2020 in mind when making budget decisions.

Ms. Sculley stated that Education had emerged as one of the top goals of SA 2020 and that although some resources would be necessary; it would be important to find new ways to make an impact to the community. A slide was shown relative to Solid Waste being more effective. Ms. Sculley spoke of incentives such as setting up payroll deduction for employees to help save for their children's college and mentioned the Executive Mentoring Program in which Executive Team Members will become mentors to second graders.

Councilmember Williams stated that he felt that the negative reaction within the Economic Development Category was due to legacy programs that may not align with the goals of SA 2020. He noted that a great amount of funds were directed toward education but it would be a good idea to re-look at the programs. He spoke of the challenges to incentivizing individual projects and noted the need to invest in manufacturing. He added that investment in the Inner City was important but transportation was key to its success. Mayor Castro stated that manufacturing is encompassed as a component within the four major industries. He noted that there must be a balance within Economic Development regarding incentives.

Councilmember Taylor stated that she was pleased that focus areas were identified through SA 2020 and that the information would be very helpful in making budget decisions. Mayor Castro added that transportation was a very important component to connecting individuals to the Inner City. He

mentioned that the Governor had not vetoed VIA Metropolitan Transit's Bonding Authority. Councilmember Williams spoke of the need to give buses an advantage and expressed concern that the Governor had vetoed the Pilot Program to allow buses to use street shoulders.

Peter Zanoni continued with the Power Point Presentation and provided an overview of the results of the "Rate City Services" Exercise, noting that 37 programs were evaluated using a five-point rating scale. He reported that based on the ballot results; there is willingness to reduce six programs and services that include Adult Athletic Recreation Programs and Haven for Hope. He stated that there is willingness to increase the budget in eight programs and services including Police Officers for Patrol and Property Crimes; and Stray Animal Enforcement and Preventative Services. He noted that there was willingness to maintain current funding levels for the remaining 23 programs and services that include Graffiti prevention programs and Graffiti removal services. He added that the ballot results further reflect willingness to increase the number of residential curbside bulky collections from one bulky collection to two, and to implement the Organic Recovery Program as planned over a three-year period.

Mr. Zanoni reported that 11 votes were received in favor of maintaining the current FY 2011 Property Tax Rate at 56.569 per \$100 assessed valuation. He stated that there were two votes to increase the Property Tax Rate to collect the same amount year over year. He added that there was no willingness indicated to increase or decrease User Driven Fees and five votes to increase Fees/Fines/Rate Leveraged to Influence Outcomes within the Community such as Code Violations.

Councilmember Williams expressed concern that the Economic Development portion of the Ballot had rankings 1 and 2 grayed out and only allowed Councilmembers to select a rating between 3 and 5. Mr. Zanoni explained that there were five topical areas within the Economic Development Category that had one time funds allocated this fiscal year. Since they are not included in the FY 2012 Budget, there is not an option to select a rating of 1 (eliminate) or 2 (reduce).

Mayor Castro stated that there would be an opportunity to discuss departmental budgets in further detail in the future.

Mr. Warner referenced Slide 20 and asked if the areas identified for reduction were reflective of the priorities of the City Council.

Councilmember Bernal stated that there were some areas that were reflective of their priorities but others were not.

Mr. Warner asked of the reductions related to Adult Recreation Programs. All concurred that the results were acceptable. Mr. Warner asked of the Education and Workforce Development to include Project Quest. All concurred that the results were acceptable. Mayor Castro stated that there was a need to discuss individual Delegate Agencies during the budget process. Councilmember Saldaña stated that it would be helpful to discuss Education and Workforce Development Agencies individually and review accountability measures. Councilmember Ramos added that she would also like to review accountability measures from the Delegate Agencies. Mr. Zanoni noted that the Federal Budget for Delegate Agencies would be reduced by \$400,000 on October 1, 2011. Mr. Warner asked of the results related to Bike Lanes. Mr. Zanoni noted that although the funding was only \$200,000, staff was looking for policy direction related to same. Councilmember Lopez stated that as a policy issue, it

was critically important to incorporate and fund bike lanes. Mayor Castro concurred with Councilmember Lopez and spoke of the importance of including bike lanes in capital projects. Councilmember Williams stated that there were some concerns regarding retrofitting current streets compared to including them in new construction.

Mayor Castro exited the meeting at this time.

Mr. Warner asked of the results related to Railroad Crossing Quiet Zones. Councilmember Medina asked that the City Council take into consideration the Council Districts that have many railroads and crossing zones. Mr. Warner asked of the results for the Summer Youth Employment Program. Councilmember Saldaña stated that he would like to maintain the funding but would like additional information. He noted that some districts need the services more than others. Councilmember Taylor stated that she would also like to maintain the funding and that the goals of the program aligned with those of SA 2020. Councilmember Bernal stated that they need more specifics on the program and further discussion. Councilmember Medina spoke in support of maintaining the funding for the program. Councilmember Chan stated that the program was positive but if funds are not available, does not want to assume that youth will commit crimes. Councilmember Ramos stated that although she does not want to be negative, it is a fact that more crimes are committed by youth during the Summer. She added that Railroad Quiet Zones and Bike Lanes can be funded by allocating more NAMP Funds to each of the Councilmembers.

Councilmember Soules stated that for this exercise, the City Council only reviewed 37 programs but there are many other programs offered by the city. He noted that there could be savings identified in the Municipal Facilities Study. Councilmember Saldaña stated that the program would provide positive gains for proactive youth that will participate in the program. Councilmember Cris Medina added that he hopes that funding for the program can be maintained. He asked of the Ambassador Program. Gloria Hurtado replied that it was a separate program and focused on college-age youth.

### **RECESSED**

The Budget Work Session was recessed at 12:15 pm for lunch.

### **RECONVENED**

Mayor Castro reconvened the Budget Work Session at 1:15 pm.

Ms. Sculley presented the financial and budget policies and spoke of the Budgeted Financial Reserves. She stated that Reserve Funds are one-time resources and that the Government Finance Officers Association (GFOA) recommends maintaining reserves equivalent to one to two months of operating expenses. She indicated that the current City Reserve Fund is 9% of General Fund Appropriations.

Ms. Sculley stated that since FY 2007, the City Council has endorsed a policy to utilize a two-year balanced budget approach. She reported that the FY 2011 Budget sets aside \$18 million to mitigate the projected budget challenge in FY 2012. She noted that in regard to the Property Tax Rate, there had been no increase in 18 years. She added that the FY 2011 Budget maintains the same rate after three years of decreases. She spoke of the City Property Tax Value Growth, noting a projected decline of 2.37% for FY 2012 in existing property, and an increase of 1.12% in new property. She stated that

based on preliminary property value estimates, the city will collect \$2.7 million less property tax operating revenue in FY 2012 compared to FY 2011. She added that the final certified tax role from the Bexar Appraisal District will be received in July. She outlined property tax scenarios and their impact to the city.

TC Broadnax provided an overview of the San Antonio Population Distribution and Change. He reported that the City of San Antonio grew from 1.1 million in 2000 to 1.3 million in 2010. He stated that of the 10 Largest US Cities, San Antonio added the most people and the highest percent of population increase (15.9%). He indicated that Bexar County grew from 1.3 million in 2000 to 1.7 million in 2010 and that unincorporated areas had the highest population growth rate. He presented the Census Data by District to the Mayor and Council and noted that updates would be provided in the future.

Chief William McManus presented a Power Point on the number of substations, Problem Oriented Policing (POP), and the San Antonio Fear Free Environment (SAFFE) Officer Program. He indicated that the POP Program had been expanded due to its success and provided results on the Eastside Initiatives.

Councilmember Saldaña asked of the public/private partnerships utilized for the Eastside Initiatives. Chief McManus spoke of several key partnerships to include a plan for redevelopment of the Friedrich Building for use by the San Antonio Independent School District and negotiations with a developer for redevelopment of the Willow Springs Golf Course.

Councilmember Lopez asked of the cost of the Eastside Initiatives relative to POP. Ms. Sculley replied that 50 Police Officers were added through Stimulus Funds and 24 were assigned to the Eastside Initiatives. She stated that the city has been placing monies aside to utilize when the grant funds expire. She indicated that much of the work was performed by reallocating services but would follow up with the City Council on a dollar amount.

Pat DiGiovanni presented an overview of the Eastside Reinvestment Initiative, noting that they focused on the four C's -- 1) Code Enforcement; 2) Crime; 3) Canines; and 4) Catalytic Projects. He spoke of the additional resources provided in the target areas that include Police Officers and Detectives, as well as a brush crew and equipment. He highlighted the 3,099 dogs impounded; 1,646 vacant structures cleaned and secured; and 16,876 code violations resolved. He outlined the catalytic projects identified and noted that they would work with the Eastside Accountability Committee to evaluate progress.

Councilmember Bernal asked of the high number of resolved code compliance cases. David Garza stated that staff went door-to-door to educate and alert property owners of code violations and many were willing to resolve the issues. Councilmember Taylor thanked all involved and spoke of the great progress that has been made on the Eastside. Councilmember Cris Medina commended Councilmember Taylor for her efforts and stated that he was pleased with the success of the Eastside Initiatives.

AJ Rodriguez presented an overview of the West Side Economic Development Initiative and showed a map of their boundaries. He spoke of the two meetings held thus far and stated that 26 major corridors and over 100 projects were identified at the first meeting. He reported that since 2006 and through May 2012, a total of \$58,026,364 will have been invested in Capital Improvement Projects in the

targeted area. He noted that five major corridors were prioritized during the second meeting and outlined next steps that include a meeting with investors and discussions on budget impact. Ms. Sculley noted that the \$58 million in capital investments was comprised of 2007 Bond Funds, Annual City Budget, and other Federal Funds.

Councilmember Lopez asked of a timeline for the land bank. Mr. DiGiovanni replied that they were in the process of hiring a Real Estate Manager and would begin acquiring properties over the Summer.

Councilmember Ramos complimented the Mayor and Council for the implementation of these new initiatives. She asked of the funding dedicated to the POP Program. Ms. Sculley replied that it was a philosophy as well as reallocation of resources. Chief McManus added that the 50 Police Officers funded by Stimulus Funds were required to engage in Community Oriented Policing Activities and the 104 SAFPE Officers would focus on the POP Program. Councilmember Ramos expressed concern that the reallocation of resources is negatively affecting other areas of the city and requested additional funding and resources to address same.

Councilmember Lopez spoke in support of Brownfields to identify and clean up vacant lots.

### **RECESSED**

The Budget Work Session was recessed at 2:30 pm for a break.

### **RECONVENED**

Mayor Castro reconvened the Budget Work Session at 2:48 pm.

Erik Walsh presented the history and projections within the Animal Care Services Department in reference to Intake; Live Release; Euthanasia; Spay/Neuter Surgeries; Citations Issued; and Volunteer Hours. He highlighted Animal Care Policy Issues to include an update of the 5-Year Strategic Plan and revision of 2012 Goals. He noted that they would review national best practices and make recommendations to the City Council. He spoke of the need to save more animals through improved coordination with the Humane Society and Animal Defense League. He indicated that they would improve targeted outreach for Spay/Neuter Services and explore the use of incentives for residents to take advantage of the services. He stated that they would review opportunities to strengthen enforcement and build upon the success of Animal Court. He added that they would tie an educational program into school curriculum and implement a comprehensive program to recruit, retain, and manage volunteers.

Councilmember Chan noted the large drop in citations issued from 2009 to 2010 and asked how citations were addressed. Mr. Walsh replied that the citations are addressed by Municipal Court and will collect data to provide to the City Council. He stated that he did not have information regarding the reduction in citations issued but would provide it to the City Council. Councilmember Soules asked of the global size of the problem. Mr. Walsh stated that in order to meet the needs, 300,000 spay/neuter surgeries must be performed each year. He noted that only 56,000 are being performed annually at this time. Councilmember Soules spoke of the potential to decrease the animal population by addressing the issue up front with additional resources. Councilmember Taylor asked of a timeline for updating the 5-Year Strategic Plan. Mr. Walsh indicated that the goal was to have it completed by

the end of the Summer. Councilmember Taylor expressed concern with the stray animal population, noting that it was a public safety issue. She also noted concerns with the accessibility and lack of signage for the Animal Care Services Facility.

Councilmember Williams stated that this was a challenging issue and that more emphasis should be placed on responsible pet ownership. He noted that education was important and that the penalty for not being a responsible pet owner should be increased.

Councilmember David Medina noted that he was pleased that much work has been done but that there should be various approaches to dealing with the issue based on geographic area. He concurred that it is a public safety issue that must be addressed.

Mr. Warner provided an overview of the discussion and stated that per his notes; the shortfall for FY 2012 was projected at \$5-16 million and \$78-89 million for FY 2013. He noted that the Council did not want to increase property taxes or fees and that resources should be increased for areas not within the Eastside and Westside Initiatives due to reallocation of services for these projects. He added that all had agreed to make reductions to the Softball Program within Parks and Recreation. He asked the City Council for potential reductions.

Councilmember Ramos expressed concern that there was not a true estimated deficit and that there were many unknowns. She noted that there were positive impacts that had not been taken into consideration including savings from TMRS Restructuring. She encouraged staff to begin negotiations with Brooks City-Base for additional kennel space and asked of the potential for Delegate Agencies to provide volunteer hours at the Animal Care Facility. She asked of Cost of Living Adjustments for City Employees. Ms. Sculley replied that a 1% increase was included in the budget and that the cost for every 1% is \$1.5 million.

Councilmember Taylor stated that she was interested to see data from the Municipal Facilities Study and the consideration of furlough days for City Employees. She asked that they be strategic in allocating Infrastructure Maintenance Project (IMP) Funds that may be addressed through the Bond Program.

Mayor Castro asked that the City Council be mindful of the Federal and State reductions to social services and adjust for that in the City Budget.

Councilmember Soules asked of the utilization of Reserve Funds. Ms. Sculley replied that the city followed GFOA Guidelines that recommend reserves of 8-17% to be utilized for a catastrophic event.

Ms. Sculley spoke of the improved management of the IMP and stated that the Library Board would be finalizing their Strategic Plan that will provide input to the City Council.

Mayor Castro thanked staff for the presentations.

## **EXECUTIVE SESSION**

At this time, Mayor Castro Session recessed the Budget Work Session at 3:50 pm to convene in Executive Session for the purposes of:

- A. DELIBERATIONS REGARDING ECONOMIC DEVELOPMENT NEGOTIATIONS AND DISCUSS RELATED ISSUES PURSUANT TO TEXAS GOVERNMENT CODE SECTION 551.087 (ECONOMIC DEVELOPMENT). ITEM A WAS NOT ADDRESSED.
- B. DELIBERATE THE PURCHASE, EXCHANGE, LEASE OR VALUE OF REAL PROPERTY AND DISCUSS RELATED LEGAL ISSUES PURSUANT TO TEXAS GOVERNMENT CODE SECTIONS 551.072 (REAL PROPERTY) AND 551.071 (CONSULTATION WITH ATTORNEY). ITEM B WAS NOT ADDRESSED.
- C. DISCUSS LEGAL ISSUES RELATED TO BEXARMET PURSUANT TO TEXAS GOVERNMENT CODE SECTION 551.071 (CONSULTATION WITH ATTORNEY). ITEM C WAS NOT ADDRESSED.
- D. DISCUSS LEGAL ISSUES RELATED TO FIREWORK DISPLAYS PURSUANT TO TEXAS GOVERNMENT CODE SECTION 551.071 (CONSULTATION WITH ATTORNEY).

Mayor Castro reconvened the Budget Work Session at 4:45 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 Budget Work Session at 4:45 pm.

**APPROVED**



**JULIAN CASTRO**  
MAYOR

Attest:



**LETICIA M. VACEK, TRMC/CMC**  
City Clerk