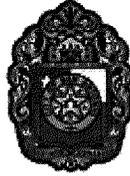


**State of Texas
County of Bexar
City of San Antonio**



**FINAL
Meeting Minutes
City Council B Session**

City Hall Complex
114 W. Commerce
San Antonio, Texas 78205

Wednesday, August 12, 2015

2:00 PM

Municipal Plaza Building

The City Council of San Antonio convened in the "B" Room of the Municipal Plaza Building. City Clerk Leticia Vacek took the Roll Call with the following Councilmembers present:

PRESENT: 11 - Mayor Taylor, Treviño, Warrick, Viagran, Saldaña, Gonzales, Lopez, Medina, Nirenberg, Krier, and Gallagher

1. Staff presentation on the FY 2016 Proposed Budget focusing on, but not limited to, the following City Departments: [Sheryl Sculley, City Manager; Maria Villagomez, Director, Management & Budget]
 - A. Lone Star Rail District
 - B. Airport

A. LONE STAR RAIL DISTRICT

Peter Zanoni presented a Power Point regarding the Lone Star Rail (LSR) District noting that the LSR would provide Passenger Rail Services between the San Antonio and Austin Areas. He stated that it would be viewed as two commuter rail systems with San Marcos being the center point. He noted that they would utilize the existing Union Pacific Rail

Road Track with new freight constructed east of San Antonio. He indicated that it would reduce 10% of riders off IH-35 daily which equated to 18,000 vehicles and 20,000 people per day. He stated that the LSR District requested \$499,500 from the City of San Antonio in FY 2016 and continual commitments thereafter. He noted that there would be a 36-year Funding Commitment Agreement and 36-year Transportation Infrastructure Zone (TIZ) Agreement.

Mr. Zaroni reported that the FY 2016 contribution would be used by the LSR for staffing and consultant services. He stated that the City's Contribution would consist of a General Fund Allocation and dedicated Property Tax Revenue from TIZ designated areas around LSR Stations. He outlined the City of San Antonio Contributions from 2016 through 2051 totaling \$14.5 Million in 2051. He noted that the LSR was requesting funding from Bexar County and the Alamo Colleges. He mentioned that the current funding plan has a financial gap of \$44 Million and has no identified funding for maintenance of the San Antonio Stations totaling \$24 Million over 30 years. He provided an overview of the funding split among San Antonio, Austin, and Smaller Cities. He spoke of the three levels of service and funding: 1) Initial Service; 2) Base Service Level twice as much as Initial Service; 3) Full Service Level three times as much as Initial Service. He reported a capital cost of \$2.4 Billion for which funding was being sought from grants and the private sector. He recommended that \$500,000 be allocated in the City's Budget Amendment Process for the LSR.

Mr. Tullos Wells presented a Power Point and stated that local funding was the gateway to capital funding from public and private sources. He explained that trains were three times cleaner than trucks on a ton-mile basis and four times more fuel efficient. He reported that Passenger Rail could remove three to five million car trips per year from the IH-35 Corridor. He stated that the LSR District was an independent entity authorized by the State of Texas and created by the Cities of Austin and San Antonio. He noted that their mission was to establish regular passenger rail service between Austin and San Antonio. He provided a map showing the connectivity of the rail service and stated that there would be 16 full service stations providing 32 round trips per day between and San Antonio and Georgetown. He noted that there would be two stations in San Marcos, one in New Braunfels, one in Schertz, and seven in San Antonio.

Mayor Taylor entered the meeting at this time.

Mr. Wells provided an overview of Operations and Maintenance Costs noting that local funding would be primarily established through Interlocal Agreements. He noted that there would be no city or county debt, no added tax or fee on station area properties, and no tax increase on station area properties or city residents. He outlined the TIZ Funding and stated

that the city would retain funds in a special account until the LSR District met performance measures. He mentioned that the LSR District must secure capital funding and have a new freight line agreement with Union Pacific Railroad within six years. He added that the LSR District would annually identify excess TIZ Funds to return a prorated amount to contributing jurisdictions. He highlighted the agreements executed thus far to include the City of Austin, Austin Community College District, and the City of San Marcos. He confirmed that local jurisdictions would not be asked to fund major capital costs. He requested that the City of San Antonio include \$499,500 in the FY 2016 Budget for LSR.

Mayor Taylor apologized for being late and thanked Messrs. Zanoni and Wells for their presentations. She noted that the LSR Project would help reduce traffic congestion on IH-35.

Councilmember Lopez stated that he had served on the Metropolitan Planning Organization (MPO) almost the entire time he had served on the City Council. He noted that as Chair of the MPO, he also serves on the LSR District. He referenced an article written by Councilmember Krier on the LSR District and commented that the LSR cannot exist without San Antonio's Participation. He spoke of the importance of economic development and reduction of emissions which the LSR can provide. He stated that he was supportive of including funding for the LSR District in the FY 2016 Budget. He asked of the vote that occurred in Austin last year. Mr. Wells replied that the City of Austin had approved a Local Funding Agreement with the LSR District. Mr. Joe Black, Rail Director for the LSR District added that there was a public vote for a Bond Issue in Austin that would have enhanced the road system and built a \$600-700 Million Urban Rail System. He noted that the Bond Issue did not pass but did not believe it was a vote against rail; only a vote against that particular project.

Councilmember Saldaña stated that he was convinced that there should be a rail system between San Antonio and Austin and expressed support for \$500,000 to be included in the FY 2016 Budget for the LSR District. He noted that San Marcos was the fastest growing city in the country and spoke of the great amount of growth in San Antonio and Austin. He asked of the \$2.4 Billion in capital costs that was needed. Mr. Wells replied that they were confident that they would receive the necessary funds from the State and Federal Government once they had the support of Local Entities. He added that he was confident that there would be significant private capital investment.

Councilmember Warrick asked if Sunset Station had been considered as a terminal. Mr. Wells replied that they had but must work seamlessly with their partners to identify locations. Councilmember Warrick asked of economic development in the areas of the route. Mr. Black stated that it was too early to determine that at this time and must first

complete the relationships with the partner cities. Councilmember Warrick asked of the cost per trip from San Antonio to Austin. Mr. Black replied that it would be determined by their Board of Directors but that it typically cost 25 cents per mile. Councilmember Warrick asked if the project would increase the housing prices in San Antonio. Mr. Wells stated that projects and investments such as this would help lift people out of poverty. Councilmember Warrick asked of the schedule for the 12 trains. Mr. Black responded that they initially modeled the project using one train per hour and their goal was to have a train every half-hour during peak times. Councilmember Warrick asked of rail safety initiatives. Mr. Black stated that freight railroads currently run a very safe system and that the new freight line to the East would be substantially grade separated with no road crossings. He spoke of grade separations that would occur and channelization of the gates.

Councilmember Krier stated that he had been discussing the rail project with his constituents for two years and they were supportive. He spoke of the City of San Antonio's Contributions through 2051 and highlighted the fact that there were cancellation options should milestones and goals not be met. Councilmember Krier stated that he had discussed the project with Judge Wolff and he indicated that Bexar County was committed to the project. He noted that he had been an advocate for the project for 20 years and was doing this for the future of San Antonio.

Former Councilmember Carroll Schubert spoke and stated that it was important to move forward at this time. He noted that it would help decrease traffic and provide transportation options for the public. Dr. Richard Gambitta spoke of the green spaces that are still available in San Antonio and stated that the project would provide an opportunity for affordable housing and transit-oriented development.

Councilmember Viagran stated that this was a great investment for the future and was pleased to serve on the City Council that was moving the project forward. She asked if Texas A&M San Antonio and the Port Authority would be included in the Environmental Impact Study (EIS). Mr. Wells replied that they would be added to the EIS. Councilmember Viagran asked how far apart the stops would be. Mr. Wells replied that he did not have the exact mileage but noted the distance between Schertz and Loop 1604. Councilmember Viagran expressed support for \$500,000 to be allocated in the FY 2016 Budget for the LSR District.

Councilmember Nirenberg stated that there was a concerted effort to focus on energy, environment, and natural resources throughout the county. He mentioned the Resolution passed by the National League of Cities last year with the Transportation and Infrastructure Committee that made Rail Safety a priority nationwide. He asked how many freight trains go through the city on a daily basis. Mr. Wells replied that Union Pacific was very safe but

had issues with how they were configured in the city. Mr. Black estimated that 50 trains per day traveled through the city. Councilmember Nirenberg asked who would own the system once it was completed. Mr. Black replied that the LSR District would own, operate, dispatch, and maintain the system through an agreement with Union Pacific. Councilmember Nirenberg asked of the \$800 Million for the existing track. Mr. Black replied that the funds would be used to make improvements to the current rail line, build stations, and purchase rail cars. Councilmember Nirenberg asked of the 36-year Funding Plan. Mr. Black replied that they needed a six-year window to secure capital funding and the remaining 30 years is to pay back Federal Financing.

Councilmember Gallagher commended Councilmember Krier for his Editorial on the LSR District in the Express-News. He spoke of the traffic congestion along IH-35 and stated that he was pleased they were trying to solve the concerns. He stated that he was interested to see the TIZ and future development due to the project. He expressed concern with moving the freight rail line and asked where the \$500,000 City Funds would come from. Mrs. Sculley replied that she would provide options to the City Council.

Councilmember Gonzales spoke of pedestrian safety issues and requested to see the number of lives that could be saved. Mr. Wells stated that he was very passionate about safety issues and would include that information in future presentations. Councilmember Gonzales expressed concern with the many trains that travel through District 5. Mr. Wells reported that freight lines would not be added in San Antonio. Councilmember Gonzales noted that her husband was a Professor at Texas A&M San Antonio and hoped to use the system frequently.

Councilmember Medina spoke of the traffic congestion along IH-35 and stated that he concurred with Councilmember Gonzales regarding the importance of public safety. He asked of the freight that would come off IH-35. Mr. Wells replied that they did not have that information but would provide it to the City Council. Councilmember Medina asked if \$500,000 initial investment was sufficient. Mr. Wells replied that it was the amount they requested from San Antonio and felt it was sufficient at this time. Councilmember Medina asked at what point the City of San Antonio would see a return on their investment. Mr. Black replied that every year there must be a break even point and would live within the available funding.

Mayor Taylor thanked everyone for the presentation.

B. AIRPORT

Item B was not addressed.

Mrs. Sculley stated that they would continue the previous day's presentation on the Debt Service Plan.

DEBT MANAGEMENT PLAN

Mr. Ben Gorzell presented a Power Point and outlined the types of debt issued by the City of San Antonio that include: General Obligation Bonds, Certificates of Obligation, Tax Notes, and Revenue Debt. He reported outstanding debt totaling \$2.8 Billion consisting of \$1.6 Billion of Ad Valorem Debt. He explained that per State Law and the City Charter; Ad Valorem Debt should not exceed 10% of Total Assessed Valuation. He noted that Property Taxes levied for debt must not exceed \$1.50 per \$100 of Assessed Valuation. He spoke of the \$489 Million in Self-Supporting Debt for Airport Projects and \$550 Million for the Convention Center Expansion Project. He mentioned other Self-Supporting Debt for Storm Water, Public Safety Emergency Dispatch, and Taxable Revenue Notes totaling \$142 Million.

Mr. Gorzell reported that San Antonio had one of the lowest Ad Valorem Debt Per Capita in Texas and that San Antonio was the only city with a population of more than one million to receive a "AAA" General Obligation Rating from all three Bond Rating Agencies. He noted that on July 21, 2015, Moody's raised the City's Outlook from negative to stable. He mentioned that strong management and financial policies and practices had attributed to the "AAA" Ratings. He highlighted the value of "AAA" and the cost of a potential rating downgrade. He outlined the FY 2015 New Issuances and Refundings in the amount of \$540.2 Million. He reported that since April 2012, there had been eight refundings with Total Gross Savings of \$84.6 Million.

Mr. Gorzell spoke of the Ad Valorem Debt Management Plan and highlighted assumptions and planned issuances. He stated that they would add capacity as follows: \$62.7 Million in Certificates of Obligation in FY 2016 for Streets & Sidewalks, Parks, and Fire Stations; \$23.9 Million in Tax Notes in FY 2016 for Streets, Technology, Fire Stations, Police Equipment, and Facilities Maintenance; and \$15 Million in Tax Notes each year from FY 2017-2026 for Streets and Technology. He outlined future proposed Bond Issuances for Fall 2015 for Passenger Facility Charge and Subordinate Lien Airport System Revenue Refunding Bonds, Series 2015. He noted that they would issue \$54 Million in General Obligation Improvements Bonds, \$106 Million in Certificates of Obligations, and \$29 Million in Tax Notes in Summer 2016.

Mayor Taylor asked of the projected amount for the 2017 Bond Program. Mrs. Sculley replied that it was \$750 Million.

Councilmember Nirenberg asked of the strategies utilized to maintain the City's AAA Bond Rating. Mr. Gorzell replied that it was due to the financial management which includes strong financial policies, 2-year budget strategy, and ending fund balance. Councilmember Nirenberg asked of any new strategies that should be implemented for the future. Mr. Gorzell noted the importance of maintaining the Public Safety Budget at 66% of the General Fund. Councilmember Nirenberg asked of the importance of City Services as it relates to the ratings. Mr. Gorzell responded that the Bond Rating Agencies would look at how the city addresses its capital needs and the plan for Infrastructure Projects. He noted that they would also look at the remaining services the city offers and would like to see a healthy mix of services.

Councilmember Warrick asked if the Bond Rating Agencies had commented on the lack of Collective Bargaining Agreements. Mr. Gorzell replied that they had provided the Bond Rating Agencies with the guiding principles being utilized to negotiate the contracts and they understood that the negotiations took time. Councilmember Warrick asked if they utilized the ending balance and financial reserves to make decisions on the ratings. Mr. Gorzell replied that the Rating Agencies utilized a methodology which varied by agency. Councilmember Warrick asked if any Small, Minority-Owned Businesses were being utilized for debt issuances. Mr. Gorzell replied that they utilized a pool of 17 Underwriters approved by the City Council. He stated that they would put a financing team together and present it to the City Council for approval.

Councilmember Krier asked of the report issued in 2013 by Former Comptroller, Susan Combs, regarding debt by cities per capita in which SAWS and CPS Energy Debt was included with the City of San Antonio. Mr. Gorzell confirmed that the City was not responsible for SAWS or CPS Energy Debt. Councilmember Krier mentioned the low interest rates and asked if everything that could be re-financed had been re-financed. Mr. Gorzell replied that they had not because of the Call Provision and explained same. Councilmember Krier stated that he would like to have additional discussions on Executive Compensation of SAWS and CPS Energy.

Councilmember Saldaña stated that he was pleased with the \$750 Million 2017 Bond Program. He asked of the Summer 2016 Issuances. Mr. Gorzell explained that the \$54 Million was the remainder of the 2012 Bond Program and the \$106 Million was for current and future Capital Projects. He stated that Tax Notes would be used for shorter term projects such as Technology as they could not exceed seven years. Councilmember Saldaña confirmed that the Net Taxable Assessed Value Growth Rate of 14.3% for FY 2016 was due to the high property values this year. Mr. Gorzell confirmed same.

Mayor Taylor thanked staff for the presentation.

EXECUTIVE SESSION

Mayor Taylor recessed the meeting into Executive Session at 5:09 pm to discuss the following:

- A. Deliberations regarding economic development negotiations and discuss related legal issues pursuant to Texas Government Code Sections 551.087 (economic development) and 551.071 (consultation with attorney).
- 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).
- C. Discuss legal issues related to collective bargaining pursuant to Texas Government Code Section 551.071 (consultation with attorney).

RECONVENED

Mayor Taylor reconvened the meeting at 6:00 pm and announced that no action was taken in Executive Session. She addressed Citizens to be Heard.

CITIZENS TO BE HEARD

Ms. Karen Weehler spoke on the Vista Ridge Pipeline and expressed concern with the sustainability and locality of the project.

Mr. Mark Perez expressed concern with public safety and businesses operating inside the city limits without the proper permits.

Ms. Cynthia Brehm expressed concern with the improper zoning of the Planned Parenthood Facility located at 2140 Babcock Road. She stated that the facility was located in a residential area.

Mr. Danny Petri expressed concern with the improper zoning of the Planned Parenthood Facility located at 2140 Babcock Road and petitioned the City Council to limit activities

performed at the facility.

Mr. Mike Knuffke expressed concern with the inconsistencies related to the zoning of the Planned Parenthood Facility located at 2140 Babcock Road.

Mr. Patrick Von Dohlen expressed concern with the improper zoning of the Planned Parenthood Facility located at 2140 Babcock Road. He petitioned the City Council to remove the facility from the neighborhood.

Representatives of the Bexar County Green Party addressed the City Council. Ms. Rachell Tucker expressed opposition to the Vista Ridge Pipeline Project based on expenditures and privatization associated with execution of the agreement. She stated concerns regarding the impact to ratepayers and urged SAWS and the City Council to cancel the project and pursue alternatives. Ms. Ellen Berky referenced a recent court case against Southern California Edison Public Utility Corporation in which costs were inappropriately distributed to ratepayers. She expressed concern for the lack of citizen consultation in discussions between Elected Officials and SAWS.

Ms. Margaret Day expressed concerns with the Vista Ridge Project and stated the need for greater transparency and inquiry into the project.

Ms. Meredith McGuire expressed opposition to the Vista Ridge Pipeline Project and petitioned the City Council to reject the SAWS proposed rate restructuring. She expressed concern with the impact of increased rates to families.

Ms. Sylvia Villarreal requested that the Planned Parenthood Facility located at 2140 Babcock Road be removed from the neighborhood. She expressed concern with the improper zoning of the facility and increased criminal activity in the area.

Ms. Julie Iris Oldham expressed concern with the oversight of public safety.

Ms. Betty Eckert petitioned the City Council to re-examine the zoning of the Planned Parenthood Facility located at 2140 Babcock Road.

Mr. Nazirite Ruben Flores Perez commented on the recent Mayoral Election and stated the importance of truth.

Mr. Arturo Titian spoke of the contributions of Indigenous Peoples to modern society and their role in History.

Mr. Antonio Diaz proposed a Resolution recognizing October 12th as Indigenous Peoples Day. He spoke of the historical injustices endured by Indigenous Peoples.

Mr. Artman Bland expressed concern with Code Compliance and spoke of the importance of revitalization of homes and residences.

Faris Hodge, Jr. submitted written testimony requesting that the Airport and Park Police Officers be paid the same salary as San Antonio Police Officers. He wrote of the CPS Energy land donation to the San Antonio Museum of Art and highlighted the work to protect endangered species at the construction project at Hwy 151 and Loop 1604.

ADJOURNMENT

There being no further discussion, Mayor Taylor adjourned the meeting at 7:10 pm.

APPROVED



IVY R. TAYLOR
MAYOR

ATTEST:



LETICIA M. VACEK, TRMC/CMC/MMC
CITY CLERK