

REGULAR MEETING OF THE CITY COUNCIL
OF THE CITY OF SAN ANTONIO HELD IN
THE COUNCIL CHAMBER, CITY HALL, ON
THURSDAY, MAY 21, 1981.

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The meeting was called to order at 1:00 p.m. by the presiding officer, Mayor Henry Cisneros, with the following members present: Berriozabal, Webb, Dutmer, Wing, Eureste, Thompson, Alderete, Canavan, Archer, Hasslocher, and Cisneros. ABSENT: none.

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81-25 The invocation was given by Rev. Robert Letalien, Pastor, Our Savior's Advent Lutheran Church.

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81-25 Members of the City Council and the audience joined in the Pledge of Allegiance to the flag of the United States.

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81-25 The minutes of the regular meeting of May 7, 1981, were approved.

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81-25 DISCUSSION OF THE CITY PUBLIC SERVICE RATE INCREASE

The Clerk read the following Ordinance.

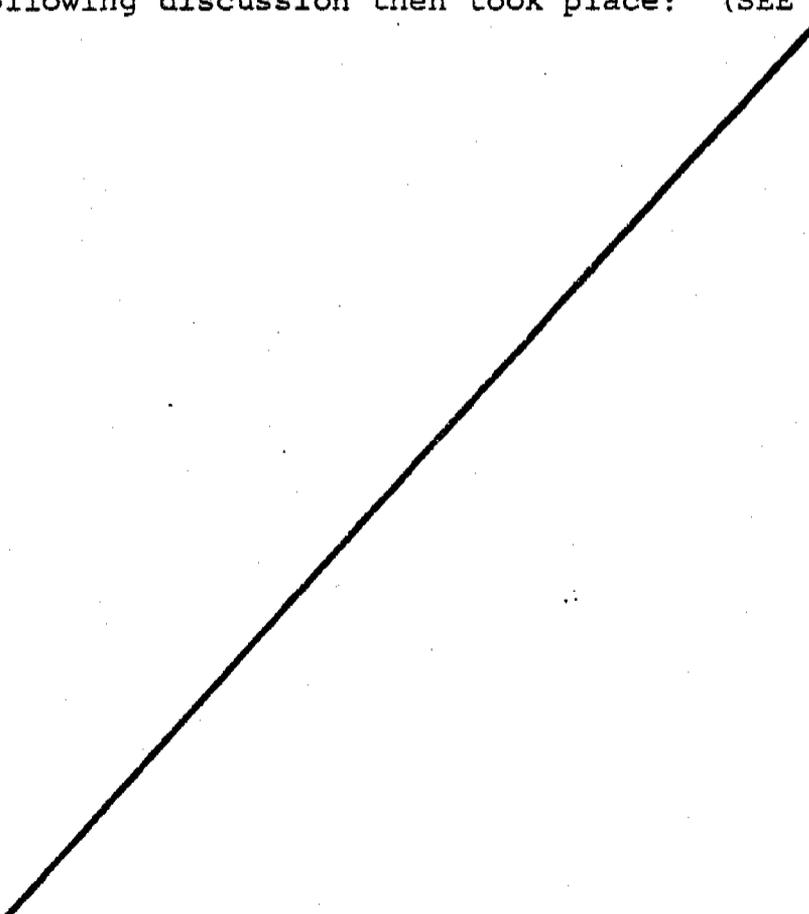
AN ORDINANCE 53,781

REGULATING THE RATES FOR ELECTRIC AND GAS
SERVICE THROUGH THE SAN ANTONIO ELECTRIC
AND GAS SYSTEMS OPERATED BY THE CITY PUBLIC
SERVICE BOARD OF SAN ANTONIO.

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Mr. Canavan moved to approve the Ordinance. Mrs. Dutmer seconded the motion.

The following discussion then took place: (SEE NEXT PAGES)



MAYOR HENRY CISNEROS: There is a motion and a second. There are a number of persons signed to speak on this item. There are some people signed to speak on this item. One is Mr. Golfrey Connally. Mr. Connally, if you'll come forward we'll proceed with the citizens.

MR. GOLFREY CONNALLY: For those who were not here two years ago on the Council, I'm Golfrey Connally. I teach economics at San Antonio College and I testified before the City Council, I believe it was nearly two years ago, warning about the escalating costs of the Plant down there. I'm not here to say, I told you so. I'm here to tell you what I consider is some very good news about how we might extricate ourselves from this problem.

MAYOR CISNEROS: Mr. Connally, I'm getting some signals from the back of the audience that they can't hear you. So if you could lift the mike just a tad and speak into it. I'd also inform you that the ground rules of the Council allow you five minutes.

MR. CONNALLY: I don't think I'm going to take that long. I think all of you have a copy of a brochure that I ran off from the original that gives a little bit about the activities and the experience of an organization that is headquartered in Boston, Massachusetts. It is called Energy Systems Research Group. And I believe that it is the most competent body in the United States to look into this question of electric utility rates. In fact, what they prefer to do is to make comprehensive analysis, such as the one that I'll show you. This is a study done for Maine Public Utilities Commission. It consists first of all of a long range forecast of Central Maine Power Company and New England electricity requirements at peak demands. The study is about 135 pages, plus appendixes. They follow that up then with an economic and financial analysis and comparisons of the various planning alternatives along with other various possibilities in dealing with the energy situation. And then finally, a conservation scenario to help meet the energy needs by reducing the ... (inaudible) ... level. These three studies represent their typical approach. This has absolutely no resemblance to the 18 page report of the ... (inaudible) ... some of you are familiar with it. It costs more but it is even on ... (inaudible) ... basis.

These are the top notch experts in the country and we feel that these are top notch scientists. The list of the 12 top men in here is in the back of this little brochure that you have seen. It consists of scientists, engineers, mathematicians, and others who have expertise in special areas of energy. What I'd like to recommend to the City Council is they contact several of the clients who are listed here. There are dozens of them in the back of this little brochure. Contact some of the ones that have recently had work done for them like the states of Pennsylvania, Maine, New York City. See what they think of the study. See whether you think \$80,000 is perhaps very cheap. After all that's \$1.00 for every \$20,000 that this plant is going to cost us, even using CPS's own estimates. One dollar in twenty thousand. I think that's all I have to say.

MAYOR CISNEROS: Thank you. Dr. Connally, is that correct? I have been calling you Mr. Connally. Professor Connally.

DR. CONNALLY: That's okay.

MAYOR CISNEROS: I'd like to have a copy of that if that's possible for use by our City staff.

DR. CONNALLY: I'll be glad to turn this over to you.

MAYOR CISNEROS: Mr. Roger Ibarra, our Utility Supervisor, might like to go through it. And he suggested that you had distributed a brochure which we should have seen. I don't think I've seen that.

DR. CONNALLY: Well, the results of another study.

MAYOR CISNEROS: You can hand it to the Clerk here.

DR. CONNALLY: There was another study done from the State of Pennsylvania much smaller one. They'll do partial studies and this one, Mr. Alderete received it yesterday and I thought perhaps they'd get it over to you, but if not he'll have it.

MAYOR CISNEROS: I really would like our Utility Supervisor to have a chance to review some of this material. Thank you very much for bringing it down. Mr. Edward G. Conroy.

MR. EDWARD G. CONROY: Ladies and gentlemen, I don't have a whole lot to add except to say that I have been working in collaboration with Mr. Connally and that we have looked throughout the country at a wide variety of people who are in the energy consulting business. I would just like to collaborate and I feel that the recommendations that he has made are sound and hope that the Council will take them into very serious consideration. Thank you very much.

MAYOR CISNEROS: What is the name of the firm, sir?

MR. CONROY: Oh, I'm with the Center for Economic.....

MAYOR CISNEROS: No, no. The foundation.

MR. CONROY: Energy Systems Research Group of Boston and they are, we feel, the most competent people to conduct this type of research.

MAYOR CISNEROS: Okay. Mr. Eureste.

MR. BERNARDO EURESTE: I have a question and I don't know who can answer it, you or Mr. Connally, on the cost of generating electricity by fuel source, coal, gas, lignite, nuclear and do we know that cost today? Number one, how is that comparison done? Is that done by kilowatt hours generated or exactly how is the comparison done in the industry to get a comparison and I'm interested first on the fuel cost and then the other would be the comparison on costs other than fuel costs, capital costs.

MR. CONROY: I wouldn't like to speak entirely to this myself. I would like to get Mr. Connally an opportunity to speak also. But I think that the most important point that should be considered when we're talking about, first of all, fuel costs, is that the uranium price is usually quoted for fuel costs does not usually take into account the final product which is put into the nuclear reactor itself. But there is a cost that is reported from the mines which is usually rather cheap, but there is another cost that is generally sometimes a factor, well, 2, 3, to 4 times above that when we're talking about what actually goes inside a reactor. So there's sometimes a certain amount of misunderstanding, we might say, when we're talking about fuel costs. Now the second thing that you're talking about, kilowatt hours, why don't we have Mr. Connally talk to that.

MR. EURESTE: Okay.

MAYOR CISNEROS: Do you have a question of Mr. Connally?

MR. EURESTE: Yes.

MAYOR CISNEROS: All right.

MR. CONNALLY: The best thing I can suggest is a book by Saunders Miller. He's an investment banker. He wrote a book about 5 or 6 years ago called Economics of Nuclear and Coal Power. It takes you step-by-step through all the processes involved in calculating the costs of generating electricity by those two respective means.

MR. EURESTE: Okay.

MRS. DUTMER: What's the name of this book, sir?

MAYOR CISNEROS: I think that book was made available to the Council. Every Council member got a copy of that about two years ago. I think it was the last Council, it may have been the Council before. But in any event, that should be in the bookshelves upstairs.

MR. EURESTE: Okay. Thank you very much.

MAYOR CISNEROS: Again, Mrs. Dutmer did ask a question related to the title and name of the book.

MRS. DUTMER: No, that's all right. That's all right. We have..

MR. CONNALLY: Miller, Miller is the banker's name. Economics of Nuclear and Coal Power is the title.

MAYOR CISNEROS: Mr. Thompson. The next person signed to speak is George Barnwell.

MR. GEORGE BARNWELL: I'm George Barnwell. I would like to speak on the problem of electric rates in San Antonio's energy future. CPS claims that future electric rates will be lower with nuclear than with coal or any other fuels. Yet, this figure on the projector shows a plot of data calculated from CPS's own projected revenue in customer increases in the 1979 rate filing that suggests the opposite. If STNP is to provide cheaper electricity why does the curve slope more steeply upward after STNP is completed than before? This shows an average annual rate increase of about 4½% indicated before the plan is completed with an annual rate increase of about 7½% afterwards. The latest construction delay in STNP will further escalate its costs. Could I have the second overlay please? The problem with this is with all large generating plants, is shown here. Can you turn that the other way? That's right. Thanks. To be the effects of double digit inflation acting over a long time period. If you notice the left hand axis shows the cumulative cost in millions of dollars. In this example, I selected three million dollars, and assumed that it would be spent in equal increments each year. You see that the short term options on the left for no inflation. They come up from the three million dollar mark, for 5%. They're not too far above for 15%; that's still not too bad. But for 10 years, look what happens. With 15% inflation, your costs can double or worse.

Now could I have the next overlay please? A well planned, comprehensive energy conservation program could save more energy at far less cost than the Nuclear Plant could ever provide. Yet they are paradoxes. One that is energy conservation saves the rate payers money but it results in lost revenues for CPS and San Antonio. The second is that continued energy waste through rate increases, new bond issues were increasingly expensive, new generating plants will temporarily relieve the cash flow problems for CPS and the City, but will lead to very high future electric rates, very high city taxes, and possible bankruptcy to CPS. Many utilities right now are facing bankruptcy because of over-commitments to construction. Now these problems are not as insoluble as they seem. If we were to sell a certain percentage of our interest in STNP we would both decrease our long term indebtedness and increase our cash flow. We would then replace this percentage of STNP with much cheaper energy conservation measures of direct and indirect benefit to all CPS customers. Energy conservation options, could I have the one please, costs only about 1/10 as much per kilowatt of new generating capacity.

Ed, could I have the next one please? Suppose, as an example, we reduced our share in STNP from 28 to 24 percent. This is a 14.3% decrease overall of our share. At a projected cost of 761 million, this reduction would save about \$109 million. If we spend 10% of that on energy conservation measures, we could make up for the difference in energy. We would save over \$100 million in the long run. Now, STNP would provide about 35% of our baseload requirements, supposedly. A 14% reduction in this is only about 5% of our total energy requirements and this is a goal that could easily be achieved with conservation in entirety.

Now the next overlay please. I would recommend that we cut back our percent interest in STNP and sell this portion. We should sell present excess capacity to Houston at a profit, more than we're selling now, eliminate CPS's new buildings or postpone it, trim the fat within CPS, make them conserve energy and economize in their own operations before asking for rate increases, institute a load management program, equip all water heaters in San Antonio with insulating jackets and convert the Deely Plant to burn a 10 to 20 percent mixture of municipal waste with coal. Now I have one more, if you can grant me an extra minute or so.

MAYOR CISNEROS: That's fine. Please try to conclude in that minute.

MR. BARNWELL: Okay. This is an example of the energy waste by CPS. The typical load curve for a summer day, CPS says load management is not needed because of its large excess generating capacity. Indeed, if we look at the total capacity of 3236 megawatts in comparison to our historical maximum peak of 1950 megawatts last summer, this seems to be the case. But that is misleading. This curve shows where the waste occurs. If you notice over on the right hand side, the capacity of the Deely and Sommers Plants are indicated. The lower dash line shows the Deely Plant alone. The upper dash line shows the combined capacity.

Now for the peak period of about 3 hours, those capacities are exceeded requiring an additional unit of one of the other plants to be operated during those 3 hours and that fuel is not free how this extra plant operates. It wastes money by being operated needlessly because load management could prevent it. Now I have several other othings I'd like to discuss but since we're out of time, I'll conclude. Thank you.

MAYOR CISNEROS: Yes, Maria Dominguez has signed.

MRS. DOMINGUEZ: I'll give Mr. Barnwell my time.

MAYOR CISNEROS: All right. That gives you an additional five minutes.
Mr. Barnwell.

MR. BARNWELL: Okay, let me continue with another example or two. In March of 1981, CPS had 300,783 residential electric customers and 244,333 residential gas customers. Since there are no all gas homes this suggests that there are 56,450 all electric homes. Each one of these must have a 4½ kilowatt electric water heater. If all 56,450 of these water heaters were on at the same time they would produce the staggering demand of 354 megawatts, which is 36% of the capacity of STNP just from having a bunch of water heaters on. Now the probability that all of these are on at once, of course, is a low. But the probability that most of them are on around 6 o'clock, the peak demand period, is very high because you think of how many uses you have for water, hot water, around that time of day.

The construction costs of new electrical generating capacity is from 200 to 1,000 dollars or more per kilowatt. Yet an electric water heater can be kept off during the entire peak demand period with a simple \$30.00 timer. The City Ordinance requiring such timers on all electric water heaters would be of immediate benefit. Prohibition of electric water heaters in new construction would be even better. Now the energy saving.

MR. THOMPSON: Point of order, Mr. Mayor. We've got a long day and I know alot of speakers, and I know that this gentlemen has some very good facts, but I really feel like it's improper to allow him to go and on and on..

MAYOR CISNEROS: Mrs. Dominguez had an extra five minutes and gave up her time, relinquished her time. I think you have about probably three minutes or so left, right at three.

MR. BARNWELL: Okay. Water heating accounts for about 14 to 15% of all residential and 7½% of all commercial energy consumption. Now the Department of Energy says energy savings of 35 to 50 percent for water heating are obtainable by adding extra insulation to water heaters. So if, for example, we spent some of this money on insulating all of the water heaters in San Antonio, all we would need to do is save about 1/3 of our total water heating energy and it would make up for this swap with the amount of STNP and give us the extra 5% energy. Now these are some examples that only hint at what could be done if CPS really tried to conserve energy. And this, of course, would help avoid rate increases like they're asking for right now and in the future.

In summary, I'm proposing that at the very least, we cut our share of STNP from 28 to 24 percent, and implement energy conservation measures to make up the 5% energy difference. Further waste of CPS should be eliminated before any further rate increases are allowed, load management programs should be begun, insulating jackets added to all water heaters, and the Deely Plant should be converted to burn municipal waste along with coal. These conservation measures could be largely financed with the money from the sale of this portion of STNP. The result would be lower gas usage, from the decreased need for peak plants and from insulated water heaters, lower oil usage from decreased need for peak plants, lower coal usage from the burning of municipal waste, improved financial conditions of CPS in San Antonio and lower bills for CPS customers. Thank you.

MAYOR CISNEROS: Thank you very much, Mr. Barnwell. Oh, I particularly appreciate the work that you have done in putting the analysis together and I think it is a very, very careful and responsible piece of work.

MR. BARNWELL: Thank you.

MAYOR CISNEROS: The final speaker on this matter is Mrs. Beatrice Cortez.

MRS. BEATRICE CORTEZ: My name is Beatrice Cortez, President of Communities Organized for Public Service. Mr. Cisneros, before we begin I would like to - before I begin my presentation, I would like to have staff answer a question and then I would like to proceed.

MAYOR CISNEROS: Be happy to try to get the answer for you.

MRS. CORTEZ: We would like some clarity about how the proposed rate increase is figured. And we would like for possibly Mr. Ibarra to explain. We hear that it's a 6%, but that it is really an 8%.

MAYOR CISNEROS: Yes, you raised that the other day.

MRS. CORTEZ: Could we have that explained to and educate everybody by how that came about?

MAYOR CISNEROS: I'm not sure whether we want to hear from Mr. Ibarra or CPS themselves. I'd be happy to get you whichever one you wanted.

MRS. CORTEZ: That's fine.

MAYOR CISNEROS: Okay. Mr. Thomas I presume, although I'll ask Mr. Spruce to come up. The question we raised in a meeting the other day that although it is called 6%, that somewhere the number 8% in terms of actual increase, the actual affect of the increase has come up. Do you know anything about that?

MR. JACK SPRUCE: When we proposed a rate hike, I'm Jack Spruce, City Public Service, when we proposed a rate increase last fall it was based on 2.4% on what we call the base rate. The base rate does not include any fuel

adjustments above the fuel rate that's included in the basic rate. This spring, when we came to you we were asked what would be an equivalent increase to be applied in the spring to compensate for the 2.4%, which was not accepted last fall. What we brought to you this time is a number of 6%, which is our calculation of an amount of increase applied to the total bill. The amount applied to the base bill would be a larger amount, you see, because the total bill is greater than what the basic rate is. So I don't remember the number, but I'll be glad to have Mr. Thomas talk to that. I think he would be the appropriate one and if you want more information about how the precise number of 6% was arrived at, we can give you that. Actually, the 6% is intended as a best estimate at this time to adjust things so as to balance the flow of funds to achieve their normal accomplishment of our needs and the City's needs with an agreement that we would re-look at the rate and re-look at an allocation and have a total rate study prepared to present to the Council in the fall of 1981, after the experience during the summer.

So the 6% is really not a precise number. It is a number that was developed to try to compensate for the funds that have not been collected since the 2.4% rate increase was turned down and to look at what it would take to get us on over to the rate study in the fall.

MAYOR CISNEROS: You're saying then, that by a - taken as a percentage of the total bill, that the figure is 6%.

MR. SPRUCE: That is correct. That 6% is a 6% increase applied to the total bill as it now stands.

MAYOR CISNEROS: The 6%. Now if you were to take a different measurement and calculate it as a percentage of the base rate, then it would be a higher percentage on the base rate?

MR. SPRUCE: That is correct.

MAYOR CISNEROS: Because it would be the same amount of money on a similar portion of the bill.

MR. SPRUCE: That's right.

MAYOR CISNEROS: Okay. Does that answer your question?

MRS. CORTEZ: That would be more like 8%?

MR. SPRUCE: I don't know.

MAYOR CISNEROS: He said he doesn't know what that number is.

MRS. CORTEZ: I think it would be good for the whole Council to know what we're going to vote on. You don't vote on something you don't know about.

MAYOR CISNEROS: Okay.

MR. SPRUCE: I'd like to call on Mr. Thomas to give you more information on that.

MR. DON THOMAS: I believe the number that equates to the 6% on the total bill is a little over 8% on basic bill.

MAYOR CISNEROS: Thank you very much.

MR. THOMAS: You are correct, the computation procedures so we would be real clear would be to compute the bill under current rate schedules with applicable fuel adjustment and then add 6% on top of that.

MAYOR CISNEROS: Okay. As a percentage from the consumer's standpoint, as a percentage of the total bill the adjustment would be a 6% adjustment.

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MR. THOMAS: Right, your bill today is \$50.00, it would be up plus 6%. If next month it's \$60.00, it would be plus 6%, and so on.

MAYOR CISNEROS: Fine. Mrs. Cortez, you may proceed. You have five minutes.

MRS. CORTEZ: I have another question. We have also been told that the 6% is absolutely essential in order to provide sufficient monies for payments to the City. However, we would like to see the amount of revenue that would be generated at a 5% increase. And we would like to know if staff could provide that information.

MAYOR CISNEROS: All right. We will try to get you that answer. Again I would presume that Mr. Spruce would be the best person to give you that answer. Do you know that figure?

MR. SPRUCE: We probably have it..(INAUDIBLE)..

MR. GENE CANAVAN: Point of order.

MAYOR CISNEROS: Yes sir?

MR. CANAVAN: I understand and I think the questions are good. But I don't appreciate the fact that these questions aren't coming from Councilmembers and they could, because everyone that stands up there, unless they're asked a question, is to have five minutes. What she is doing is questioning the CPS Board and I think with some very good questions. But I don't like the change in procedure over what we've had, unless the Council determines that that's what we're going to do. If we're going to allow the people at the podium to start asking questions, then we're going to have to do it across the board, and not just for one group.

MAYOR CISNEROS: Your point is well taken. I'd like to allow Mrs. Cortez to finish the present question, and then we'll get on with her presentation.

MRS. DUTMER: Mrs. Cortez.

MAYOR CISNEROS: Mrs. Cortez has the - now your question was, given the 6% and the figure that that generates to the City, and then, what would 5% do? Could we get that answer and then we'll proceed with the meeting.

MRS. CORTEZ: Would Mr. Canavan ask that question?

MR. CANAVAN: I don't have any problems with anything but the procedure because everyone deserves the same.

MAYOR CISNEROS: Mrs. Cortez, if you would direct your comments to the questions, we'll get underway.

MRS. CORTEZ: Would you ask the question? It's a good question.

MAYOR CISNEROS: Mrs. Cortez, if you would please? Mr., do you have the answer, yes or no?

MR. THOMAS: The question was on a projected basis how much does 6% increase will yield for the rest of City Public Service fiscal year, assuming Council approval..

MAYOR CISNEROS: Effective June 1.

MR. THOMAS: June through January. Now it will produce 19.2 million dollars of gross revenue to City Public Service.

MAYOR CISNEROS: The relevant question is what is the figure for the City in the time period of which our fiscal year is in question?

MR. THOMAS: I don't have that breakdown. The 5% number on the same time period is 16 million.

MAYOR CISNEROS: All right. Mrs. Cortez, we'll try to get you that answer from someone else on the City staff, if you will proceed with your presentation, please. I'd like to ask Mr. Ibarra if he would please work on that number with Mr. Jahns and we'll try to present that before we actually have the vote. The question is, what is the money generated in the June-July time frame by the 6% increase which solves the City's cash flow problem and what would be the figure generated by a 5% increase? Mrs. Cortez, you have five minutes please.

MRS. CORTEZ: The COPS Organization raises these questions because you are, before you, you will be making a very important decision on how it's going to affect the citizens of San Antonio and if you don't have that information yet, then how can you say that you're acting responsibly? The COPS Organization is here and we do not want a rate increase. Zilch. Nada. We want zero dollars. We want zero dollars added to our utility bills because we cannot afford any more. However, we are political realists and we know how to count. We know that there are only four Councilpeople who will vote against any rate increase. And that's Mr. Eureste, Mrs. Berriozabal, Mr. Webb, and Mr. Joe Alderete. We also know that there are two Councilpeople, Frank Wing, Bob Thompson and Mayor Cisneros, who will vote against COPS proposal and for a rate increase without asking any further questions. We urge this Council to consider the plight of the rate payers of San Antonio.

If there are not enough votes to defeat the increase then at least vote for a lower rate increase. The so-called 6% increase, which is really an increase over 8% on basic rates is too much. We cannot afford it, and we don't know how to tell you that we just cannot afford it. COPS wants this increase reduced and we want you to address the real question of the bond indebtedness of CPS. We would not be in this situation today if we were not passing out blank checks to pay for the cost overruns of the South Texas Nuclear Project. Checks which must be cashed before City payment can be met. This Council must make a commitment to address the situation, make a short-term commitment today by reducing the amount of the rate increase and make a long-term commitment within the next 30 days by putting a ceiling on the South Texas Nuclear Project. Call for a brown out - Brown and Root out of our pocketbooks.

MAYOR CISNEROS: Okay. We'll proceed with the Council's questions. Mr. Canavan.

MR. CANAVAN: I have a question for Mrs. Cortez.

MAYOR CISNEROS: Question from Mr. Canavan to Mrs. Cortez.

MR. CANAVAN: Realizing the concern that you have for the consumer and that every dollar is important, I'm wondering whether you would be interested in giving up the new CPS headquarters at Vista Verde South because that's \$25 million and I just heard you say the real question is bonded indebtedness. and if you're serious about that, are you willing to give up that \$25 million so that the rate payer will not give up food on the table, which I heard last week, but will give up that project because if you will do that, then I think you're going to start to get my vote, if you're really serious.

MRS. CORTEZ: CPS building does not belong to COPS to give up. We have never come before Council to say that we have taken a position and we'll be willing to sit down with you, Mr. Canavan, or anyone from the Council and talk about it.

MR. CANAVAN: The question is, that I have seen you here on every rate increase with the exception of the fact that on a \$58.00 a month bill that it's going to cost the average rate payer, which is the average rate suppositively 12¢, although last week I hear \$97.00 which represented 20% of someone else's income and I'm wondering whether, if we're trying to really cut and we're really trying to say whether it's the South Texas Project and whether it's energy. I personally feel like energy in the future is the future for everyone in San Antonio. It's the only way that we're going to

provide the energy to attract industry that's going to improve everybody's betterment, to the betterment of everyone. And I see a double edge sword here, but I only see you addressing one. That is, limit the bonded indebtedness, but I have not heard COPS say, let's do it on that CPS building only on the South Texas Nuclear Project. And we've got to go into lignite or something else and I'm concerned. I'm going to wait until August and when August comes, I'm going to look at those numbers as hard as I can because I think you're right. I think we ought, we may be getting to a point to where Brown and Root is just too expensive.

MRS. CORTEZ: Well, I think we need to look at the whole thing.

MR. CANAVAN: So, we can do that - but I have yet to hear anything on Vista Verde South. I support it. That is the reason I voted for the move. That's the reason I've been doing work to make everything work as far as that particular project. But I really have a problem when it comes to just let's knock out the rate increase but let's not even consider \$25 million for a new building. I would prefer the money go to generation of electricity for the needs of San Antonio, than a new building. I think CPS would prefer that.

MRS. CORTEZ: But there's a lot of questions to ask, both in regard to one and in regard to the other. And the building you're talking about \$25 million STNP, where are we? Five hundred and somewhat million dollars. There's different sets of questions and we're saying that COPS is willing to sit down and look at the whole thing. We have raised the question many times, both with CPS, with Mr. Biggs, the Chairman of the Board. We have asked different people, Mr. Martin, everybody down the line.

MR. CANAVAN: You have done, you have raised those questions on the South Texas Project and energy and I appreciate it.

MRS. CORTEZ: And on the building itself.

MR. CANAVAN: On the building at 25 million, I did not see and maybe I'm incorrect. Were you here when the vote came for 25 million? Did you speak to that issue, the expenditure of \$25 million for that project? Were you here to speak to it?

MRS. CORTEZ: We do not speak for or against it.

MR. CANAVAN: Right, but you are speaking against this project which is still millions of dollars and still has an effect to the rate payer.

MRS. CORTEZ: Based on, Mr. Canavan, the responses that we got, both from CPS, from Mr. Martin, from Mr. Cisneros, from other people, about the CPS building. They have the money for and those questions were raised by Mr. Cisneros, by Mr. Martin, with private officials and the money set aside for CPS were not in the mix-match for Vista Verde. We raised those questions with Mr. Biggs and his office, along with Mr. Poston on the phone, a conference call was held. We asked those questions.

MR. CANAVAN: The important thing was or wasn't....

MRS. CORTEZ: I respond..

MAYOR CISNEROS: If you would, Mr. Canavan, let her respond.

MRS. CORTEZ: Our response was based on that.

MR. CANAVAN: Okay.

MRS. CORTEZ: Like I say, today, if we want to get into some discussion COPS is willing to do that.

MR. CANAVAN: Okay. I just see some, I know that it's important. I feel very strongly that Vista Verde South is important for the City of San Antonio.

My district does not support a new CPS building. My efforts in the last few days have been to preserve Vista Verde South, via having CPS go there, but maybe in a way that is more acceptable to the rate payer and to the tax payer. And I've done alot of work on that. So I understand your problem and what you're fighting for but I think if we talk about bonded indebtedness, I think we're saying let's cut it off, but nobody has offered good alternatives that, suggestion of. Conservation is great. It should be implemented. There's no doubt about that. But then last week I heard your organization some one talk about the fact that you're conserving, but your rates are going up. That's because of the bonded indebtedness which includes the building. But I don't hear any criticism of the building.

MRS. CORTEZ: But I think that the question needs to be asked about where is the real problem. And we see it in the South Texas Nuclear Project at this point.

MAYOR CISNEROS: Okay, we're getting into just a two-way discussion back and forth and I have several other Councilmembers who want to speak.

MR. CANAVAN: One more comment and that is as of August, you may very well have me on your side, but I don't think 30 days is going to be a period of time or 60 days. I think we need the new facts on the, what that project is going to cost us, the new estimates and I'm not saying that's what it's going to cost us. I'm saying that that's going to be the new factor. We should have new figures and new delays and I anticipate that they're going to escalate. I agree with you that there is a point which we cannot tolerate, and we're rapidly reaching that. But I don't think forcing the Council not to support the bonded indebtedness or support the fact that the City has relied on that revenue and say just deny it? Which is what you want to do, or cut it back is the proper approach. I think we should use some business sense and say, we're in this thing let's go ahead and look at the figures in August and in August, if they are bad, then I think the entire Council is going to have to change its position and probably switch to something else. I would hate to say we're not going to have anymore energy.

MRS. CORTEZ: Mr. Canavan, we're not saying to get out altogether.

MR. CANAVAN: You're saying look..

MAYOR CISNEROS: Okay folks. We're getting back to this two-way discussion. Thank you very much. We'll proceed with Mr. Alderete's questions.

MR. ALDERETE: I'm going to pass for a moment.

MAYOR CISNEROS: We will go then to Mr. Eureste.

MR. EURESTE: Yes, I don't - I just wanted to take some time to say a few words. And well, you know, I think it would be appropriate given the conversation that I just heard. We talk about energy and the concern for energy and this rate increase that is before us. And if we were concerned for energy, we wouldn't be out selling 500 megawatts to the City of Houston in 1982. The STNP is expected to bring in 350 megawatts from the first unit in '84, and 350 megawatts from unit #2 in '86. And in 1986, we bring in 350 megawatts from unit #2, and we sell to the City of Houston 400 megawatts, and we bring in 350 megawatts at a megawatt cost of about 95,000 per megawatt per year, and we sell back to the City of Houston 400 megawatts at a cost of 18,000 per megawatt per year. I can't understand how it is we got into situations like this when we cry proverty in terms of energy, and we go around selling to the City of Houston, megawattage. In a six year period, we got a contract with Houston for, to a tune of 2,200 megawatts over a six year period. And Houston is going to give us \$39,000,000 for that megawattage which would be a capital cost basically for that megawattage. Yet our megawattage cost is going to run at about \$195,000,000 over that six year period. Our megawattage capital cost for that type of megawattage. Houston says \$106 - \$155 million and the City of San Antonio is out of pocket talking about a rate increase.

I just can't understand I mean, explain that to the average consumer of electricity, that how can you sell 500 or 400 megawatts to Houston in the same year that you're crying poverty about needing 350 megawatts from STNP. The average consumer, you know, will think that you've really, you know, will - you're going bananas. And in August, and that's assuming that the STNP cost us what it's suppose to cost us, \$750 million. My calculations, and I would assure you that the calculations of this morning's people that no statistics and no figures will tell you that this project is going to cost you twice what it's projected to cost you right now. So instead of \$750 million, you're talking about 1.5 billion, 1.5 billion just for principle alone. By the time you pay interest on that, you're talking about \$3.7 billion, \$3.5 billion cost to the City of San Antonio. And if you take that new cost on a megawattage, per year, we'll selling to Houston for \$18,000 what it's going to cost us about \$195,000 per year. The Houston cost of the megawattage for the six years is \$39,000,000. The capital cost for that megawattage to San Antonio is \$429,000,000. The savings to HL&P Houston, is \$390,000,000. You talk about suckers being born every minute.

One reason that Houston is way ahead of us is probably because they're smarter. They're smarter in dealing not only with the business community but in dealing with the City of San Antonio. They've taken us for a big ride. For a big ride. Now this not, this is, you know, pretty, pretty tense, to talk about 6% than we've been riding up and down on this and CPS basically has got us hostage. I don't know if it's equivalent to the Iranian situation, but I feel pretty hostage myself right now. They're holding back revenue that should be coming to the City and they've got us over a barrel. And I didn't get ourselves there. Those that have been voting for this STNP have got us there. You can blame yourselves for that, because I've sat here and voted against that thing everytime it has come up. And there are other Councilmembers that have done the same thing. And in August, this whole Council ain't going to turn around in August. Some Councilmembers are going to turn around. And they're going to join those people who have been telling you that this project is too expensive for the City of San Antonio. We cannot afford it. We can't afford it. We build this project in Bay City using labor from outside the City of San Antonio. We buy materials from people outside the City of San Antonio and it's under the control of HL&P, which is not San Antonio management. And it's done by a contractor that is not from San Antonio. And we will pay fo this project for the rest of our lives, for a project that is going to just suck us of everything we've got. All of the capital money that we need to do other projects is going to be taken up by this project here. And you try to intimidate a nice lady like Mrs. Cortez by telling her would she be willing to give up her CPS building in Vista Verde that's worth 25 million and in turn you're going to cooperate on the STNP. I'll tell you, like I said, I'm no sucker. But I'd be willing to deal with you. And I'll give you the CPS building right now; let's vote that down, let's also vote the STNP, right now.

And I haven't been to Las Vegas in over a year. But my feeling is that I think it's a good deal when you're willing to turn over 750 million that's probably going to turn into a \$1/5 billion project, a cost to San Antonio for a \$25 million building that does not have the hazzards of the STNP. I don't think that the CPS building is going to need a containing vessel, or I don't think we're going to have the voice problem that we've had with the STNP. And I would hope that Brown & Root does not construct that building. Maybe Mr. Zachry can build it. But anyway.

MR. CANAVAN: He'd probably do a better job.

MR. EURESTE: Anyway, I'm not going to vote for the rates and I'm going to ask some questions from CPS when they come up because I've got some questions about rate increases. We've got other rate increases every year for the next 15 years, CPS is coming to the City Council for rate increases. It's already projected, we know what the rate increases are and I would want them to repeat that for the public in a little while and if you think you've got a headache today, you're going to have a headache for the next 15 years. And if I were you, I would go out and buy alot of aspirins right

now, because they're going to go up, too.

MAYOR CISNEROS: Mr. Eureste, we had heard the CPS presentation before. I wasn't planning on a formal staff presentation.

MR. EURESTE: Bring them on.

MAYOR CISNEROS: Do you have any questions?

MR. EURESTE: Yea, bring them on.

MAYOR CISNEROS: Would you like to ask them now?

MR. EURESTE: Sure.

MAYOR CISNEROS: All right, CPS staff would come forward Mr. Eureste has questions. When the Councilmembers are completed with this round of questions, I would like to proceed to the vote. We have five persons in addition to Mr. Eureste signed up.

MR. CANAVAN: I want a personal privilige.

MAYOR CISNEROS: Yes, sir.

MR. CANAVAN: Benny, if you'll go next time to Las Vegas with me, I want to take you. It'll be nice to have you along.

MAYOR CISNEROS: Mr. Spruce.

MR. SPRUCE: Yes sir, with your forebearance I want to check with Mr. Thomas to make sure that this table that we prepared yesterday is consistent with the information you had before.

MR. EURESTE: Mr. Thomas. Why don't you let Mr. Thomas present the thing because he knows the thing alot better so. Mr. Thomas.

MAYOR CISNEROS: Before we begin, I'd like to have order. There's an awful lot of noise coming from the audience and it's going to be difficult to get a question and answer session going with that noise from the audience. Mr. Eureste, please proceed.

MR. EURESTE: It doesn't bother me. I'm used to this. Mr. Thomas, can you tell me in 1981, let's talk about first of all the CPS fiscal year would be what January 1, I mean February 1.

MR. THOMAS: February 1, through January is our fiscal year. So our fiscal year that we're in now will end next January.

MR. EURESTE: All right, and this is called fiscal year what, '81, or '82?

MR. THOMAS: We call it '81-'82, or fiscal year ending January, '82.

MR. EURESTE: All right, if we talk about an HL&P contract that's got 1982, what does that mean? Is that your fiscal year?

MR. THOMAS: It means that, excuse me again, the..

MR. EURESTE: I just want to know for, because I don't want to have to ask you this question again, Mr. Spruce would you know that? What fiscal year are we in? Are we in fiscal year '82 or '81?

MR. SPRUCE: At the present time, City Public Service is in fiscal year ending January 31, 1982. We call it fiscal year 81-82.

MR. EURESTE: 81-82. Okay.

MR. SPRUCE: It's the fiscal year ending January 31, 1982.

- MR. EURESTE: Okay. Let me ask you then, Mr. Thomas..
- MR. SPRUCE: Houston Power sales, did you say something about that?
- MAYOR CISNEROS: All right, we need to have one person at the podium.
- MR. EURESTE: I just the date.
- MR. SPRUCE: The Houston Power sale is on a calendar year basis. The contract with Houston commences January 1, 1982.
- MR. EURESTE: Okay. Thank you. All right, let me ask you a question, sir. What kind of rate increase did you all calculate or project out for last year. Let's talk about the year 80-81.
- MR. THOMAS: We came to the Council with a proposed for 2.4% increase in basic rate. That was one that was considered last fall.
- MR. EURESTE: All right, what did you have in your projection for the 81-21 year?
- MR. THOMAS: Using that previous rate base?
- MR. EURESTE: Yes.
- MR. THOMAS: I think it was 3½%. Again in basic rate, fall of '81.
- MR. EURESTE: This is for 81-82.
- MR. THOMAS: 81-82. This is the forecast that you looked at last year.
- MR. EURESTE: Okay. What is your projection for next year, 82-83?
- MR. THOMAS: If you were asking what was in that previous presentation?
- MR. EURESTE: Yes.
- MR. THOMAS: I don't have the rest of that series with me.
- MR. EURESTE: All right. Let me, take you back now.
- MR. THOMAS: I recall they were in the 3-4% range for several years.
- MR. EURESTE: Okay. Let me ask you this one then. Let's go to this year, 81-82. What is your rate increase that you're looking at?
- MR. THOMAS: If you'll recall the other night at the briefing, I indicated to this Council that if a 6% increase was granted now, that that would still not meet all the indenture requirements this fiscal year. And that we should relook at it in September or October. I think Councilman Dutmer asked me roughly what that would look like at that time. I indicated that it would look like we'd need another two to 2½% of total bill or something in that range this fall. And then we'd be back essentially for an increase each fall thereafter for several years.
- MR. EURESTE: Let's take off from 1982-83, which would be the third year.
- MR. THOMAS: Next year.
- MR. EURESTE: Yes, what does that schedule look like from that point on?
- MR. THOMAS: Our best estimate now looks like that'd be about 5% in basic bill. Now we're back on the basic bill.
- MR. EURESTE: What does that mean for the fourth year?
- MR. THOMAS: About 5½%

MR. EURESTE: Okay. And you've got this each for how many years do you have this?

MR. THOMAS: Ten years or so.

MR. EURESTE: You don't have it for 15 or up?

MR. THOMAS: No.

MR. EURESTE: Okay. All right, we're - why don't we do the - what's the next year, what year do you have there for the next year?

MR. THOMAS: Let's see, we said.

MR. EURESTE: 82-83.

MR. THOMAS: '83-'84 would be 5½%; '84-'85, 5½; '85-'86, 6; '86-'87, 6; '87-'88, 6; '88-'89, 5½; '89-'90, 4%; how far do you want to go?

MR. EURESTE: Keep on going.

MR. THOMAS: '90-'91, 4%.

MR. EURESTE: 4%. Okay. And '91?

MR. THOMAS: 91, another 4%.

MR. EURESTE: And in 92?

MR. THOMAS: 4½%

MR. EURESTE: Okay.

MR. THOMAS: 4%.

MR. EURESTE: In 93 it would be 4% again?

MR. THOMAS: Right.

MR. EURESTE: How about 94?

MR. THOMAS: 4%.

MR. EURESTE: How about 95?

MR. THOMAS: And one 4%.

MR. EURESTE: 4%. How about 96?

MR. THOMAS: '95-'96.

MR. EURESTE: You don't have 96-97?

MR. THOMAS: That's it on my tables.

MR. EURESTE: Okay, doing great. Let me ask you, what do you think would happen if the STNP - now this is based on a current estimated cost of your major capital projects, for example, STNP.

MR. THOMAS: All of these numbers are computed at the current project cost and schedule 2.7b plus this, as you well know, includes additional generating units later on.

MR. EURESTE: Lignite.

MR. THOMAS: And this is the total.

MR. EURESTE: Your total.

MR. THOMAS: Requirement.

MR. EURESTE: What would happen if STNP were to double in cost requiring say an additional 500 to maybe \$700 million that you have estimated? Would this create possibly a doubling of some of the rates that you calculated here?

MR. THOMAS: No, it would not have that effect. It would have a very significant effect, of course.

MR. EURESTE: So instead of 5% we might be talking about 7 or 8 percent, something like that?

MR. THOMAS: I think, as you well know, it is very important to realize that we're not asking for that whole series of rate increases at this time. And secondly, cost for the other alternatives go up at the same time, also.

MR. EURESTE: Yes, sir. You know, I just wanted to demonstrate or at least to show to the consuming public that's watching us on CABLE television right now, that the rate increase that we talk about is just one of the rate increases that we will be talking about for the next 15 years. And it has not been a habit for CPS to come to this Council for a rate increase every year, would that not be correct?

MR. THOMAS: If you go back in time a few years, we did not come every year and I think I have mentioned this to this Council that the Trustees several years ago, instructed the staff to present to the Council each year the financial needs for that year, and accordingly this schedule reflects that type of financial projection. I really would have to say these are projections at this time, and I will give them to you under that basis for you.

MR. EURESTE: You don't expect them to be less?

MR. THOMAS: It does not appear that they'll be less.

MR. EURESTE: But they could be more. All right, let me just ask you one other question. I think this would be for Mr. Spruce. And I'm through with you Mr. Thomas, thank you very much.

Mr. Spruce, naturally all of these rates are based on many assumptions, you know, the inflation rates that are calculated into the future and interest rates that are calculated into the future, etc., and the schedule of completing projects, you know, according to the way you have laid them out. Those are assumptions that you throw into these projections, is that correct?

MR. SPRUCE: That's correct.

MR. EURESTE: Okay. Let me ask you on the Houston contract, the HL&P contract. Has that contract been signed?

MR. SPRUCE: Yes.

MR. EURESTE: Okay. In other words, that is a final, an official legal contract we have with Houston.

MR. SPRUCE: I don't recall that there are any other contractual agreements that need to be signed.

MR. EURESTE: Okay sir. Let me ask you is this a fair price? If we went out to buy electricity on the market, would we be able to buy it at a certain megawattage capital cost? I noticed that all of your megawatt cost here that it's guaranteed to the CPS and to the City of San Antonio without any take but just having it available for take runs at \$18,000

per megawatt for that year. And it's pretty standard throughout - I mean, it's 18,000 to the tee for each of the years that we have that contract with Houston. Can we go out and buy, if we went out to the market today to buy electricity, could we buy it as that cost?

MR. SPRUCE: You mean could we reserve capacity at..

MR. EURESTE: Could we buy it from the City of Dallas? How much does the City of Dallas sell it's electricity for?

MR. SPRUCE: Well, what you have to find first is someone that has the capacity available and is willing to sell it. That considered fair price, that's based on us having some capacity available and generating an appropriate rate of return and what it's going to cost us to do some refurbishment of the facilities which certain expenses associated with owning those plants at the present time, even though they are not running, which we would be compensated for out of that and it includes the City payment and so forth. Now, your question about, can we buy it for that, I don't know. I don't know anybody that is offering any for sale. Obviously, Houston doesn't have any for sale; Central Power and Light does not; City of Austin, of course, as you're aware is presently selling power to Houston Lighting & Power under a contract of very similar terms.

MR. EURESTE: Is the \$18,000, is that considered a capital cost?

MR. SPRUCE: The \$18,000 is a, what would be called a demand charge. It is a charge that we apply for having that capacity available for Houston Lighting and Power. It compensates us for the things that I just mentioned a moment ago. It does not include the cost of energy. When we're called upon to generate power..

MR. EURESTE: Yea I understand that.

MR. SPRUCE: With that, then there is an additional charge.

MR. EURESTE: Yea, but shouldn't Houston be paying for the capitalization and the capital costs that it took to create the plant that is going to produce that electricity? In other words, if you had a lawn mower, let me give you an example. If I had a lawn mower, no if you had a lawn mower, and we were next door neighbors and you had a lawn mower and I didn't have a lawn mower, you know, and I went out and I told you I just bought a big lawn mower from Sears, and you had to put it on credit, Okay and you're still making payments on it and here I come along. I've got about, I'm Houston and you're San Antonio, I've got two acres of land and you've got a 50 foot front lot and you bought yourself a riding lawn mower. Could I go, you know, I'm going to you and asking you to borrow the lawn mower, you know, are you going to let me have it because we're friends, you know, at something less than what's it costing you to pay off the lawn mower and I tell you I'm going, I'll put in the gas and the oil and change the spark plug and I'll give it back to you whenever I'm through with it, or don't you think you might want to hit me for a capital cost, since you own the lawn mower, you're paying for it, this is asking you to make payments on it?

MR. SPRUCE: I think it would be fair if I wanted to have access if a person wanted to have access to the equipment for a certain period of time and have a call on it, reserve when the other person would not use it unless in an emergency, it would be fair to compensate for it. And there's compensation in that rate for that.

MR. EURESTE: Well, what is Houston, what is that compensation? I mean we're talking about this 18,000 per megawatt?

MR. SPRUCE: Well, I'll have to ask my staff to break down the components of that and I'll be glad to do it, to show you what's in it. But there is return on the investment in that a formula and also includes all the other items that we talked about a moment ago.

MAYOR CISNEROS: Would it be all right if they would get you that information?

MR. EURESTE: Yes. Well let me just ask him this.

MAYOR CISNEROS: Okay because I've got six Councilmembers here and we're get many people signed up for zoning cases and everything else all afternoon.

MR. EURESTE: I won't take long. This one point, Mr. Spruce. I calculated that based on the \$750 million for the 700 megawatts that we're buying from the STNP, that it's got a total payout say of 128% which would mean a total payback of \$1.7 billion, 960 million of interest, 750 of principal, 1.7 billion payback. That's San Antonio's payback, given the current cost. I then took 25 years payback normally for the bonds, and then I came back with a \$68 million payback per year, PNI, principal and interest. Then I took 700 megawatts and divided that into 68 million 4 hundred, and I got myself the \$97,714 per megawatt cost per year. This is for capital, Okay.

Now Houston is buying megawatt for 18,000. And we're paying 97,000 to produce the machine, or to create the machine or the plant that is going to provide us with megawattage. Our cost to build that machine is 97,000 per megawatt per year. Houston pays us 18,000 per megawatt per year. Now, Houston doesn't do it for one year. In other words, I'm not borrowing this lawn mower for one year. Every year I come back and borrow this lawn mower again. Houston is doing this for six years, with us, and they basically, what they have brought from the City, is a piece of our capital plant, of our plant that generates electricity. Six out of 25 years, that's close to 1/6 or 1/5 of the payback period that we're involved in. And all I'm saying to you sir, is that, if I was a financial consultant to the City of Houston, and I was going to save them some money, I would advise them to enter into a contract with the City of San Antonio to buy 2200 megawatts of electricity over a six year period for \$39,000,000 when the City of San Antonio has to be paying about \$214,000,000 over that same period. Houston saves \$175,000,000. And all I'm saying is if we're going to sell electricity to Houston, why don't we sell it to them at the rate that our own rate payers are having to pay? I mean, don't we impose the capital cost of whatever we have on our rate payers? I noticed my bill just this week. It had \$30.00 for fuel cost and I figured it out on electricity it has \$30.00 for other things. And the other \$30.00 is to pay your salary, to pay your staff, the employees of CPS, but also to pay back on the bonds that you're obligated to pay back over this 25, 30 years. And all I'm saying if you're willing to place that payback requirement on the rate payers of San Antonio, could we not place that same payback requirement on the City of Houston?

MAYOR CISNEROS: Mr. Eureste, I think the point's made. I really want to ask you as a matter of courtesy if we could move along because we've got six Councilmembers and at this rate we're going to be here very, very long.

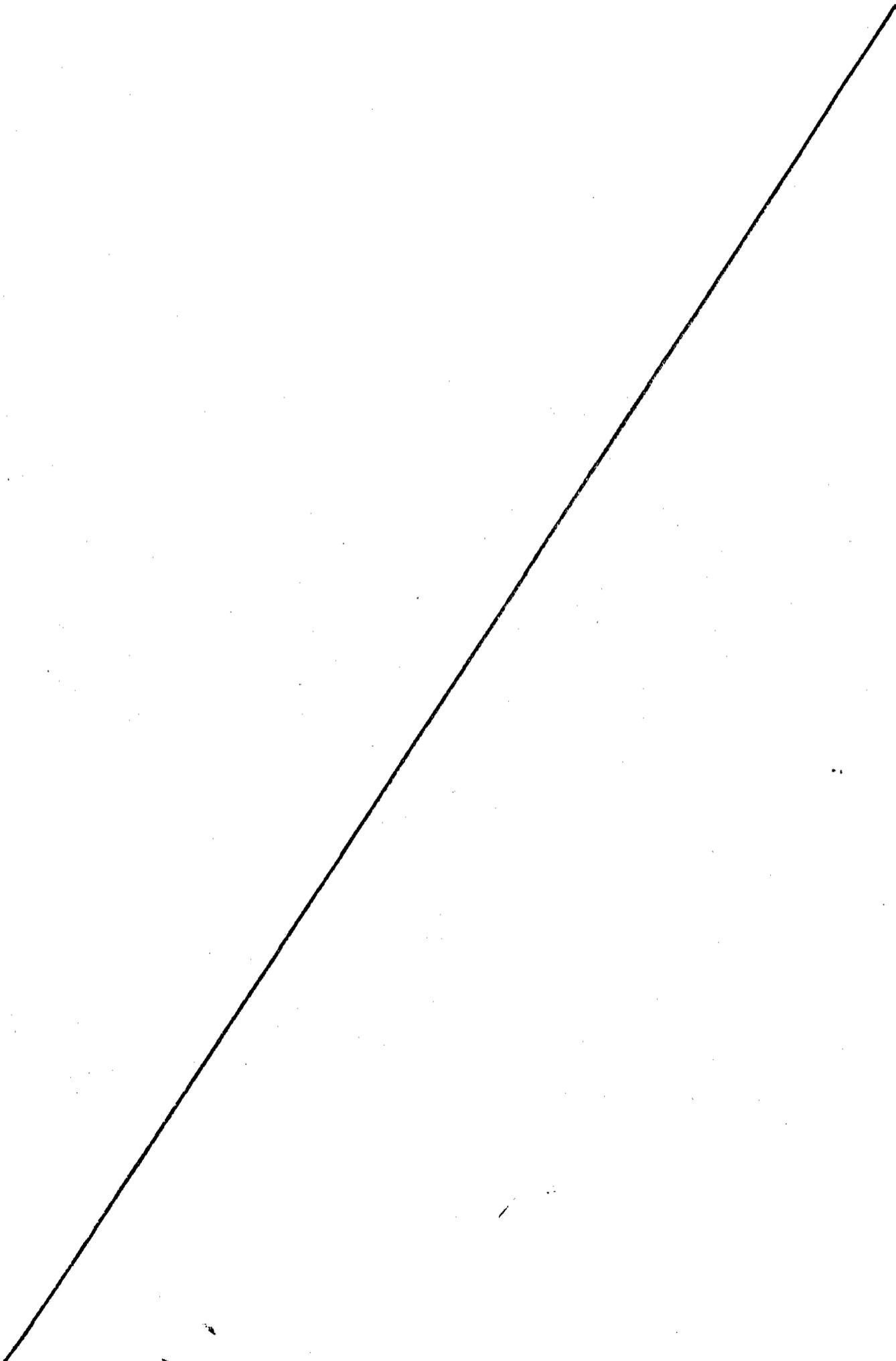
MR. EURESTE: Okay. Just one more point; is it true, Mr. Spruce, is it not true that the rate payer pays more per kilowatt hour than the City of Houston does under this contract?

MR. SPRUCE: No, sir.

MR. EURESTE: They don't?

MR. SPRUCE: There's not a real simple answer to that. If they don't take any power at all, they still pay a bunch. If they take a small amount of power the unit rate will be very high. If they take a great deal of power, and use it all, I still think it's more than what our large customers are using. But to say we're selling part of our system to Houston would not be an accurate description of the arrangement. But we don't have to sell the power to Houston. We can keep the plant here and not do anything with them. The idea of the other building... (INAUDIBLE).. is to

get power that can be produced cheaper then using these old gas plants, just like the coal plant. We can shut the coal plant down and we still can meet all of San Antonio's needs but the rate payers will pay many, many thousands of dollars more because of the difference of fuel costs. That's the idea behind the sale.



MR. EURESTE: That's a very bad answer.

MR. SPRUCE: I'm sorry.

MR. EURESTE: The question was very good, but the answer was very bad.

MAYOR CISNEROS: All right. Would it be possible to pursue this line of information that you're able to get from Mr. Eureste.

MR. EURESTE: The only way that you can really get to these people is to get them out into the public to speak before the public. How many people have read all of this junk that I get from over there? None of the people here know what's in these documents. You've got to get them out into the public and shake them down in the public so the public will know exactly what's going on. How many San Antonians know that we are selling 500 megawatts to the City of Houston? How many of them know? They don't know this. And that we're selling it to Houston at a rate that is going to be less than what San Antonians have to pay for the same electricity. I think that's wrong. I think if we're selling it to somebody from outside the City, I mean we're family. We're family. Houston is not family. We're family and you treat your family alot better than you treat people from the outside. And we're not doing that.

MAYOR CISNEROS: Mrs. Dutmer.

MRS. DUTMER: Yes. I'm going to try and stick to the reasons today, and I'd like to reason a bit without emotion put into it and look at the facts, and that is that CPS says that they cannot pay their debt to the City of San Antonio because their first commitment is to their bond holders. So this leads me to rationalize that the bonded indebtedness is indeed the cause for CPS to default in payment to the City. Yet only the week previous to this revelation, this shortfall to the City, CPS came to this Council and asked for permission to sell \$25 million more in bonds thus putting them further in debt and \$25 million may not sound like alot, but when you add the interest to it and all the other costs of servicing the bonds and everything, the truth of the matter is that the CPSB building over there will cost \$60 or \$65 million alone on this one \$25 million bonded indebtedness. And even then it is not going to be the total amount that they need to finish this complex over there.

Now, I, too, have been committed to Vista Verde South, but I have fought the CPSB building being placed in Vista Verde South with, as private money, when indeed it was public money, not private money. When it was declared public money, if my information is correct, the government, not us, the government, deleted it from the Vista Verde package and said that they would accept the remainder as the inkind contribution. Yet, now I am told that unless they dig a hole over there, you aren't going to get the UDAG money. These two things do not, to me, are not rational. One contradicts the other. So, I'll probably vote today for the rate increase because if I don't what it means is that we will raise the taxes to the citizens of the City of San Antonio that own property. Only those people then will be sharing this burden, whereas if we give the rate increase, people from all over the region that use the electricity from CPSB will help flip this shortfall. So I can't quite see burdening just a certain section of people with this and it doesn't do any good to conserve. You can talk conservation all you want to. CPSB, the Water Board, both. As soon as you conserve, your bill goes up. You're not getting the benefit of the product but your bill goes up because they are entitled to a certain profit. And I won't, simply won't - I've said it before, I will not default on the bonds for STNP. I would be ameanable to cutting it off, but I don't know how the contract was written and whether we can just say, "look, we're going to stop right here." Will that stop the project and then we will have lost \$525 million that we already paid in. These are the things that have to be weighed today.

But, and I would like to, now, while we have a very large room of people and publicly state that I was not the beginner or the starter or the instagater of RPL, the Rate Payer's League. Regardless of what you've read in the Commercial Recorder, Mario Cantu is not a part of the Rate Payer's League. But now that they have started I support them 100% in taking the CPSB building out of Vista Verde South. And you heard Mr. Canavan a while ago say his district was not in favor of it. I want you to know that we have boxes full of the little forms that we had in the paper. We have paper boxes full that we're going to bring down here to the Council and every council district in the City is opposed to that CPSB building. That's all, Mr. Mayor.

MAYOR CISNEROS: Mr. Webb.

MR. WEBB: Well, I think it's been already said by almost everybody on the Council, and have just about explored all the questions. I just want to ask maybe one small question, if possible. And that is, from a citizen's point-of-view that we'll be paying if this rate increase goes through that the City of San Antonio would be reimbursed the total amount of money that's projected as a shortfall of this year?

MAYOR CISNEROS: All right. We're trying to get specific information on that earlier. I don't know whether the gentlemen who are working on that are back yet. Mr. Huebner, do you know whether they're available, Mr. Ibarra and Mr. Jahns?

CITY MANAGER HUEBNER: I assume they're still working on it, Mayor Cisneros.

MAYOR CISNEROS: Would you see if we can get them back?

CITY MANAGER HUEBNER: Yes, I'll see.

MAYOR CISNEROS: Mr. Webb.

MR. WEBB: My question is this, is that how much - if this rate increase is granted, how much will the City's portion be?

MAYOR CISNEROS: That's what they're working on.

MR. WEBB: Will there be a shortfall or will there not be a shortfall?

MAYOR CISNEROS: The 6% was calculated in such a way that that would prevent the shortfall. I don't know whether some lesser rate would suffice. But that is what they are calculating right now. As soon as they get back, we will get you the answers.

MR. WEBB: It seems to me that I read in the paper that says that we still will have a \$9 million shortfall in 1981 from potential revenues received by the citizens of the City of San Antonio.

MAYOR CISNEROS: The budget year that we are in, that's not correct, but the next budget year will still have a deficit and that's something we'll have to deal with in our own budget.

CITY MANAGER HUEBNER: There was a letter dated May 20, 1981, from Jack Spruce, just to myself, if I could read the next to last paragraph. "In recognition of the additional revenues that the rate increase would generate for City payment, City Public Service staff would feel justified to recommend to its Trustees, that it advance the full amount of the City payment shortfall to the City on or before July 31, 1981."

MR. WEBB: The intended rate of \$11 million for 1981 by the end of the fiscal year.

CITY MANAGER HUEBNER: No, they're talking about a shortage of about 9.2 million in the event of the 6% rate being effective June 1st.

MR. WEBB: I see.

MAYOR CISNEROS: Okay. We'll proceed then to Mr. Thompson.

MR. BOB THOMPSON: Thank you, Mr. Mayor. There are three subject areas I want to discuss. I'll name them and then I'll get into them. One I would discuss the subject area I've termed "The Eureka Economics"; the second will be "CPS Contingency Fund and Payment to the City", and the third will be "A Rate Increase that would be Applied Only to the Top 80% of the Rate Payers of the City".

The first one I will discuss will be a statement that's made and I think it typifies, in some way, some arguments that have been made and I don't subscribe to them. No STNP, no Vista Verde. It's ludicrous. Vista Verde is an intergral part of the economic development of this City and anybody that bargains that away certainly has me to deal with. That's wrong and it shouldn't be. No STNP. I am not considered an expert in that area. I'm not ready to bargain away those areas of economic development that we have in hand, for something that I don't know the full extent of. I'm not willing to put myself in a position of saying, no rate increase. That is a very popular position. And I would love to be able to do that. But when you subscribe to that, you don't take part of it, you take all of its effects. And let's describe the effects. What are they? If you have no rate increase in your utilities we would all be happy today. But not our children, and not those that come into our City in the next year and that would be the limit because they wouldn't come after that. We would have no rate increase because we would have no growth, inflation would, in fact, index to the rate of decrease of our City and the only way we could keep our rates from increasing would be to decrease our product output, decrease the amount of energy that this City would use. If we could conserve at a rate equal to inflation, we would have zero rate increase providing no one came to our City. Now, somewhere along the way we have made a decision that - there seems to be some muddling that keeps annoying my mind and I don't know where it's coming from.

MAYOR CISNEROS: Please proceed, Mr. Thompson, and we'll try to keep order.

MR. THOMPSON: There's a decision somewhere along the way that we would like to see our City grow. But we cannot make this statement that we want our City to grow and new jobs come to our City and new industries come to our City, and the exciting things that happen and say at the same time, I subscribe to zero rate increases. You can say that, you can say that, but the credibility of one statement equals the credibility of the other statement equals zero. Now, those are my Eureka economic lessons.

Second, I would like to ask Mr. Spruce what the contingency fund program is with CPS and how in that paragraph that Mr. Huebner just read, that CPS can, with some generosity, allow the City the advance of \$9.2 million and why can't we consider that our own? What is the present status of the contingency fund, the amount that is in the contingency fund for CPS right now?

MR. SPRUCE: We're not suggesting that the funds be advanced from the I&C fund. Mr. Freeman will give us the value of the I&C fund at this time.

MR. HOWARD FREEMAN: Let me see if I can just answer your question very quickly.

MAYOR CISNEROS: Gentlemen, we have a practice of not allowing more than one person at the podium at one time so, Mr. Spruce, if you would. Thank you.

MR. FREEMAN: Currently in the Improvement and Contingencies Fund there is some \$48 million. This represents the money that is available for CPS to pay one for its debt service and two for any other construction that is done out of revenues. As you have seen the forecast of payments that we have problems making to the City. There is no money that is going into the Improvement and Contingency Fund when we can't pay the City because the only thing that's going into the Improvement and Contingencies Fund is that amount which is sufficient to pay for the debt service on the new series of bonds which is pledged ahead of the City payment. So to the extent that there is insufficient revenues to pay to the City there will not be an accumulation of funds in the I&C. I think that's one answer.

The other answer is that as I think you will, as you know, there have been times in the past when bonds were not issued exactly when forecasted for several reasons, some of which were market conditions. Some of them were just getting the things through and other cases we've had actual problems in getting the bonds delivered. The \$48 million which is in the I&C fund at this time represents about 3 months of construction requirements. Our construction costs are running about \$15 million a month. So I believe you can readily see that this is a small contingency when you - or not a small contingency but it's a small safeguard, 3 months construction. And it also provides ability to meet all other needs. If you have a wind storm, tornadoes, anything that hits your system and you have to make major repairs, these are funds that are used for that. There is a lot of our system which is not insurable, for example, the distribution transmission. So it represents a great deal of money in terms of dollars, but it represents a very short period of security for being able to meet the needs. If the entire funds were spent today, and there was no money left in the contingency fund, I would say that we would be on a very precarious position of having to default, if that be the case. We would have no ability to recover fast enough because I think you've seen in our ability to issue bonds, from the time this Council first approved bonds until we deliver, it takes a minimum of two months with a good schedule. So it's not an easy time to recover and so I recommend that we maintain some Improvements and Contingency fund and as a matter of fact, this also contributes some assistance to both the City and rate payers because this money is not sitting idle. It is being invested and it is being invested to the benefit of rate payers and the City of San Antonio.

MR. THOMPSON: Well, in my note and my way of thinking, the Contingency I had in mind is the failure to be able to pay the City and I think that might be legitimate contingency to subtract from that fund for. Is that right or wrong?

MR. FREEMAN: The payments to the City are based on a formal agreement of the priority of payment and it's based on the fiscal year. I think we went through this at the "B" Session on how the revenues of the system are allocated, and the program that we have discussed with the staff is advancing funds to the City. I understand that your immediate need is funds to carry you through your fiscal year, which ends January 31 at which time you have certain commitments which have to be paid. And so basically our agreement was to commit funds to this to try to help through this time but we would not want to commit funds beyond what would be payable to the City through the rest of our fiscal year... (inaudible)... subsequently so that in total you would still get the same type of payment that we're able to pay. And at this point I think it's with the 6%, as I recall, there was still some problem of about \$2.8 million by the end of the year. That's why we had discussed coming back in the fall.

MR. THOMPSON: Am I then to understand that the \$9.2 million that would be advanced would be a grant to the City? It would not have to be repaid?

MR. FREEMAN: It would be a sort of pre-payment against monies that would be due to the City in subsequent months.

MR. THOMPSON: We would in fact, have to pay that back?

MR. FREEMAN: Well, it would be withheld with subsequent payments because it would be an advance of monies.

MR. THOMPSON: I understand what you're saying.

MR. FREEMAN: And I think the other way of looking at it, though, is that we feel the obligation to pay the City the full payment if we have the revenues to apply to it. We do not have the revenues at this time. Coming at this time of the year is - we're coming off the low portion of our revenues. The greater portion of the revenues occur during the summer. And part of this would be payable back to the City at that time.

MR. THOMPSON: The City Council is in charge or has the responsibility for taxing our constituents to your rates. We have to bear the blunt of that. You must have dread the appearance before Council but I will assure you I dread the appearance before my voters, much more. The intensity of their distain is tremendous, unwavering, unceasing, calls day and night. I don't know whether they're calling you, but they have certainly been calling me. I feel the position of buffering that. I must take your concerns and translate those into ideas and concepts that the rate payers feel that we, the Council, have placed proper judgment on your request and their money to make an equation, an equation equal to a rate increase. The duality of our position and by that I mean you are spenders and we are rate makers. We can't keep the rates going fast enough because of the spending.

Now, most of the time, it's a good idea that those that are setting the rates control the spending. But that's not the case in our relationship. In as some factors have been uncontrollable with you, and admittedly some have been controllable. Request for a new building. Certainly from some quarters needed, from some of us an absolute extravagance. Between those two positions, maybe the truth lies. Pay increases for employees. Pure extravagance from the minimum wage earner in this City or from the unemployed. Absolutely required as viewed by the employee of CPS. In between maybe is where the truth, the proper, the fundamental justification lies, I don't know. But those are the concerns, those are the things that you have paid careful attention to in making sure your employees are paid commensurate wages and rates with other utility employees in other cities. But how does it compare with the wages and rates in San Antonio? I don't know the answer. I don't know what your overhead per person in personnel costs relates to. I'm very concerned about that. I think CPS is an excellent organization, management is top-notch. But I'm concerned that we might be at notch 9 when we can only afford notch 8. And I'm concerned about that. So you're saying that our Contingency fund cannot afford to pay the City and will not pay the City the \$9.2 million. Pay in a sense that it is owed to us and it is now paid to us in our debt ledger is now zero.

MR. FREEMAN: I'm saying that the funds in the Improvement Contingency Fund are not available under the agreement that is made with the bond buyer each time we issue bonds. It's a City Ordinance that passed states how these funds will be used. And it is not available for those for that use, you know. I don't want to see the City default. That's not part of my desire, but I have also a requirement, a legal document, which says this is the way you spend the revenues. If you don't have enough to go around, these are the priorities in which you spend them.

MAYOR CISNEROS: Mr. Thompson, I'm going to ask you to begin to wind down your questions, if you would. We have five other persons.

MR. THOMPSON: Yes, if this rate increase or some percentage is increased, of increases granted, what assurance does this Council have that there won't be a personnel pay rate increase granted tomorrow or in the very near future or other expenditures entered into or made by CPS which would in fact, then hasten or increase the necessity for another rate increase? We don't have a coupling of those two issues and I think until that is made, it's very difficult for me to have security or confidence in my position.

MR. FREEMAN: Well there are expenditures that need to be made and there are increases and expenditures that will happen. For example, currently we're paying \$7.43 a ton more for coal. That amounts to \$23 million a year.

MR. THOMPSON: But I pay that as a fuel adjustment.

MR. FREEMAN: You pay it as a fuel adjustment but on top of that, we also pay the City an additional \$3 million on that higher fuel cost. None of this money goes to CPS. Certain increases are built in. When we look at the changes in fuel, that has a moving target for looking at what our needs are going to be and how much the City is going to be paid. So some of these things fluctuate each time you go back and look at the circumstances at that time. You get a different answer. I know it must be frustrating for the Council. It is also frustrating for the staff too, each time you look at interest rates, each time you look at fuel costs, each time you look at all of the components, you notice changes.

MR. THOMPSON: Were the last two or three rate increases, when those were recommended, and in fact, granted as the staff recommended to the Board, was there an accompanying cost ticket saying, with this rate increase or this wage increase, we will have to have a rate increase of so much to pay for it? Was that kind of cost figure subscribed to it?

MR. FREEMAN: I think our basic forecast all along has said that there will be rate increases needed in order to meet the longer range plan.

MR. THOMPSON: I would like for the CPS Board to know that when they grant a pay raise for the employees, that it costs so much in rates to the City of San Antonio. The payers. The whole municipal complex the rate payers of that area. And they have been granted, with I think generosity. Now, I must hasten. My Mayor is now on my neck here. The, excuse me, Mr. Mayor, but I know you're impatient to..

MAYOR CISNEROS: There are five other Council members who are impatient, also. We're calling for you to finish.

MR. THOMPSON: They're very patient and I waited my turn. I want to consider a rate increase if it must be, applied only to the top 80% of the users by amount. Can you consider that and tell me the purpose in that is to eliminate the lower 20% by volume rate users which would be our fixed income. Those that are at the very lower end of the user spectrum to eliminate them from this rate increase. It is in the form of a progressive rate structure.

MAYOR CISNEROS: Let's try to hold the voices down around the Council if we could.

MR. THOMPSON: But it would be constantly applied to the top 80%.

MR. FREEMAN: I think what you are asking for is - this is something that can be done. There is no way that I can see that it could be done within the time frame that we're talking about here. You're talking about having to go back and do a detailed analysis of who pays what, sometimes low income personnel are also low users and sometimes they're not.

MR. THOMPSON: Well I'm talking about low users. Now if it doesn't index to poor people, then poor people are using a tremendous amount of energy they must pay for it. But if they are conserving and holding their uses down and being very careful about that, cautious, conservative to the nth degree that there is some benefit and reward for that. And I'm very hesitant to increase their rates at this time.

MR. FREEMAN: I would, saying within the time frame we're talking about that would be an almost impossible task, because of (inaudible) considerable work than what we are able to put into it to implement a rate increase the first of June or even by the end of summer.

MR. THOMPSON: How much time would you forecast in order to tell me the watt, the use below which you would not have to pay the rate increase? It looks to me like we could set that today.

MR. FREEMAN: Well, if we're going on the assumption that the 6% rate increase on total bills produces a certain amount of income, which is still going to be \$2.8 million short of meeting the total figure by the end of the year.

MR. THOMPSON: I understand. No, no.

MR. FREEMAN: Let me just follow through just one moment.

MR. THOMPSON: Okay.

MR. FREEMAN: Then, if you're going to eliminate part of that rate base and still try to generate the same amount of money,

MR. THOMPSON: No, I'm going to short the system a little.

MR. FREEMAN: You're going to short the payment to the City.

MR. THOMPSON: No, I want to short the payment to you all.

MR. FREEMAN: Well, I'm sorry but, you know, right now, I think that's one of the big problems is we're trying to come up with an adjustment to rates that will provide enough revenue to meet the City's payment for the year. That's, you see, the rates by law have to be set at an amount sufficient to cover the operating maintenance system, cost to the system, and a debt service. In addition to that, if they're going to cover the City payment for rates, it just has to be high enough to produce that amount of revenue, for the City to get their payment. I think what we've been saying is the rates are not producing that amount of revenue at this time without an increase.

MR. THOMPSON: I know, but there are two solutions possible. One is to cut down on spending and the other is to increase revenue. And we always take the latter.

MR. FREEMAN: Well, I think we're also trying to cut down on spending and that could generate some additional revenue, but I, from the forecast that I see, I'm not sure that we have that much flexibility. The spending that we're talking about is at least 80% fuel cost. Fuel and gas cost. We have control over only about 20% of the difference in the operating cost. The other part is..

MR. THOMPSON: But the fuel cost all pass-through. I mean, I'm not making my point here, somehow or another.

MAYOR CISNEROS: Mr. Thompson, I think that..

MR. THOMPSON: I want to see estimated cost..

MAYOR CISNEROS: Mr. Freeman has indicated that what you've asked about is not doable today.

MR. THOMPSON: And there's where we have a disagreement.

MAYOR CISNEROS: So you can select another course of action, but it doesn't suggest that you're going to get much more results by pursuing the line of questioning.

MR. THOMPSON: He was carefully explaining what I felt a very solid grass bob and that is, we would have reduced incomes to CPS if we applied the rate increase only to the top 80% and to the, by, well, I'm not willing to concede that because of some other factors I'd get into. If we had to have that balance, then if we went at 7% for the top 80%, I would be willing to make those kinds of risk predictions and projections to offer 7% on the top 80% of the rate, so as to exclude those that cannot pay. I will wait to make my motion until I've heard the rest of the Council, but I'll be suggesting those kind of applications.

MAYOR CISNEROS: All right. There is an original motion on the floor. It has a second. You may feel free to make a substitute motion anytime you want to because if you do not do that then that simply means another round of discussion at that time.

MR. THOMPSON: I will move as a substitute, that we apply a rate increase of 7% to the top 80% by amount of the rate payers in the CPS system.

MR. JOE ALDERETE: I'll second that motion.

MAYOR CISNEROS: There's a motion and a second to raise the figure from 6% to 7%, but have it apply only to the top 80% of the rate base.

MR. ALDERETE:: Based on use.

MAYOR CISNEROS: Okay. We have a substitute motion by Mr. Thompson, seconded by Mr. Alderete. The original motion was made by Mr. Canavan, seconded I believe, by Mrs. Dutmer.

MRS. DUTMER: That's right to get it on the floor.

MAYOR CISNEROS: All right.

MRS. DUTMER: But can we speak to his motion?

MAYOR CISNEROS: Well, there's five people lined up to speak.

MRS. DUTMER: To his motion?

MAYOR CISNEROS: Five people lined up to speak on the subject, on the general subject of rates. Mr. Hasslocher.

MR. JAMES HASSLOCHER: Thank you, Mr. Mayor. First of all, what I have to say, and I'm going to be very brief about it because we've spent, in my estimation, way too much time. We've got a tremendous agenda. There's a group that comes to City Hall who's asked to see me in the last two days. This is not personal. I have taken time yesterday and the day before to meet with this group. They have not met with me. I want them to know that I will be willing to meet with them anytime that's feasible for both of us. And I can assure you that we will discuss the matters in which you have come

before this Council to discuss. District 10, which is people that elected me, not only the first time, but obviously the second time, because I carried every precinct in the District, said, "Hasslocher, we want someone to be conservative, someone to watch out for expenditures to make sure that anytime that rates come before you, that you take a very good hard look at these." I'm trying to do so. Obviously, had I not been concerned about CPS, CPS's problems, a group of us would not have gone to Houston, but we did because we were deeply concerned not only about San Antonio's future but how these rates were going to have an effect on you, the rate payers. That means every citizen in San Antonio, just not District 10.

On the building, very quickly, I was not here and a member of the Council when that passed. I have obvious reservations to the building. And I will speak to those later. However, San Antonio, in order for this community to grow and this Council, where some of the members of this Council have pledged not once, but more than twice, that if San Antonio is going to grow, we're going to seek economic development for all sectors of San Antonio and I repeat, all sectors of San Antonio, not just the North Side, not Canavan's District and mine, but all segments that we're going to see rate increases. And they're going to be there. There's not anyone on this Council, more than I, that wants to see a complete study done of that South Texas Project as quickly and as feasibly as possible than I do. I have asked for and as soon as I get a report on that, and the Mayor gets it, and we're able to study it, we'll know what to do. I'm opposed to a ceiling at this point because I feel that it would cause some problems until we see some accurate data or some data that we feel is accurate, concerning that project. My closing remarks, if we're going to do, once again some of the things that we've talked about doing, we cannot do it without growth and new people coming to San Antonio. If this Council decides not only on this issue, but several other issues, if we're not going to see San Antonio grow and prosper, we're going to be in real trouble.

Now, I want to speak to one thing. Mr. Spruce knows how serious I am about this situation. And his staff knows, also. But I want to say to Jack Spruce and his group, that I think they have done a very commendable job in the past of working and handling the problems at CPS because it's obvious we have had, and been able to have, a reserve that's necessary for San Antonio and I can assure you that had we not been put in this position, the former Chairmen of the CPS and its staff, not work so dilligently to do this, we would be in serious trouble today. And I can assure you also that there are communities within this state that are going to have some serious problems this summer because they did not put themselves in the position that CPS put us in today as far as being able to have some reserves. I am very cautious about the project in South Texas. I, too, want to see the cost immediately on it, and I will take a look at that and report back then. But I am concerned about it. I want you to know that, Mrs. Cortez. Thank you.

MAYOR CISNEROS: Mr. Alderete, Joe Alderete.

MR. ALDERETE: I guess I have a question. I don't know if it's to Mr. Freeman or, let me ask Mr. Spruce. This I&C Fund. Do you have a mandatory bottom?

MR. SPRUCE: There is no mandatory minimum. There's an upper limit. I believe it's 20% of our gross revenue.

MR. ALDERETE: What percentage of it is it now?

MR. SPRUCE: What is it now?

MR. ALDERETE: Yes, sir.

MR. SPRUCE: About 10%.

MR. ALDERETE: So you're at the half-way mark.

MR. SPRUCE: Well, that's an upper limit. We haven't used that for a long time.

MR. ALDERETE: You're at half of your limit. No?

MR. FREEMAN: The upper limit on it is set at 20% of the fixed assets, not the gross revenue, so the upper limit is something in the range of \$350 million. It's very high because of our asset base being very high. So, we're not anywhere near it.

MR. ALDERETE: Howard, let me ask you another question. It's Improvement and Contingency Fund, is that the title of it?

MR. FREEMAN: Yes, it is.

MR. ALDERETE: Is the Contingency Fund not set out for the purposes of unforeseen unplanned expenditures?

MR. FREEMAN: It's set out and defined in the indenture for extensions and improvements to the systems and other obligations that were not provided for in the indenture, such as, this was the provision that allowed us to pay for the new series bonds. The old indenture only provided for the building and payment of one type of bonds and that was the old series. So when we issued the new series, it had to be paid out of the Improvements and Contingency Fund.

MR. ALDERETE: Okay. Well that didn't answer my question.

MR. FREEMAN: You're getting to the payment, the City payment out of the I&C. Is that it?

MR. ALDERETE: Let me ask you another question before we get to that point. You just said a moment ago, if you had something happen to your distribution of transmission lines in a storm of some sort or let's say some damage was done, you mean you could not utilize the Contingency Fund for that?

MR. FREEMAN: Yes, you could.

MR. ALDERETE: Well then a Contingency Fund is set up for unforeseen and unplanned expenditures, is that correct?

MR. FREEMAN: Yes, sir, otherwise not provided for in the indenture.

MR. ALDERETE: Okay. Then if the City payment was possibly an unforeseen or unplanned situation, could not the payment come out of that pocket of money there?

MR. FREEMAN: I don't think that it can.

MR. ALDERETE: Why can't it?

MR. FREEMAN: Because the City payment is paid for, or is established, under your flow of funds in the indenture itself. It provides for the means of payment. And the indenture and also the new series of bond ordinances speak to the fact that this is a way your funds will be used and if the amounts are insufficient to pay for the debt service on new bonds, then the City pledges the City payment to that.

MR. ALDERETE: Okay. Let me ask you something, who drafted up that document there?

MR. FREEMAN: The new series ordinances, is the ordinance that's passed each time the series of bonds is issued. It is passed by the Council.

MR. ALDERETE: I realize it's passed by the Council, but the Council doesn't draft it.

MR. FREEMAN: It's drafted by the Bond Attorney.

MR. ALDERETE: The Bond Attorney. Who is your Bond Attorney?

MR. FREEMAN: It's McCall, Parkhurst and Horton out of Dallas.

MR. ALDERETE: Did McCall, Parkhurst and Horton then recommend that the City place itself in a position of jeopardy like that in case that there was not sufficient revenues that they would then forfeit their share of the money coming into their coffer?

MR. FREEMAN: Well, I don't think it's a matter of placing the City in jeopardy because the City also has the ability to set rates. It's a two edge sword. If the City payment is going to be made, the rates have to be maintained to a level that is adequate to meet these needs... You have to have some security for the bond holders as well. The bond holders, if they don't have security, will not purchase these bonds. If bonds are not payable out of taxes, if you don't have sufficient revenues to pay them, you default.

MR. ALDERETE: The debt service or the money to pay the bonds, is that the only thing that is being paid for before you pay the City its share of the money?

MR. FREEMAN: That's the only thing that's being paid right now, yes. Actually, the debt service is the only thing and the operating maintenance cost.

MR. ALDERETE: Okay, and how about the operating and maintenance cost? You mean that is being paid before..

MR. FREEMAN: Before the City gets their money. The cost of operating the system, as I mentioned to Councilman Thompson earlier, a major portion of that is fuel costs, fuel for generating electricity and the gas that we sell to our customers through the gas distribution system, accounts for 80% or more of our total operating and maintenance cost. The rest is the cost of operating the system, of repairing it, maintaining it, reading meters, billing customers, you know, the whole bit of operating on a daily basis.

MAYOR CISNEROS: Does that conclude your questions?

MR. ALDERETE: No, sir, it does not. How much longer are we going to be under this situation here of a two edge sword, or were you in a sense, to put the City over a barrel by telling them if you don't raise the rates, we don't pay you?

MR. FREEMAN: Well, I'm not sure that I understand exactly what you're saying, if you're saying how long are we going to be in a position that if..

MR. ALDERETE: I mean how long legally are we going to be in that kind of predicament that CPSB through its bond attorneys have placed us?

MR. FREEMAN: Well, I think as long as you have bonds outstanding, you're going to have to have rates that are going to be sufficient to provide for these needs.

MR. ALDERETE: Wasn't the wording very key on how that bond..

MR. FREEMAN: I don't think that the word, the wording on these is much different from any other securities that you might find for any other utility, which has bonds outstanding.

MR. ALDERETE: You think or you know?

MR. FREEMAN: Well, I can't say that I've read all of them, but the flow of funds that you see, in most of the cases, is very similar to this. They

call their funds by different names, some of them have to pay all of these other items first, and then any balance remaining goes to the City.

MR. ALDERETE: I don't, I'll tell you. The only concern I have, Mr. Freeman, is that you know, probably, just about every member here on the Council hasn't read every little fine word or fine statement within those bond indentures and I think if many of them would have realized the predicament that they would have placed themselves in, in other words, they are, by supporting that bond indenture causing a rate increase automatically without any type of, a way of trying to get CPSB to review their situation. Now I'm talking about reviewing your entire situation over there. You know, I think the Council might have looked on it a little more differently. They probably would have proposed some, or told your bond attorneys to come up with something that was worded a little bit more differently in your bond indenture. I just don't appreciate that position, that's all.

MR. FREEMAN: Well I think you're going to have a very difficult time selling any kind of a bond, whether it's City Public Service or any other utility, which would place the debt service below or after the City gets their money, because most of them are - the persons who buy the securities, are looking at the ability of the City to repay that money and this is one way in which they make sure that they can be somewhat sure that, if the City gets money, the indebtedness of the system has been satisfied first.

MR. ALDERETE: All the CPS staff, everybody is paid before the City is paid, is that correct?

MR. FREEMAN: Well, some of the cost of paying the City Public Service staff is paid out of construction funds, because they do construction work. That's paid from bond funds or..

MR. ALDERETE: What I'm driving at is, if you all are paid before the City is paid. Is that correct?

MR. FREEMAN: Yes, we're in the operations of the business, yes.

MR. ALDERETE: You know, if the shoe were on the other foot, and you all were paid after the City is paid, I think there would be a much more different perspective on how you treat the whole situation that Councilman Eureste and Councilman Webb and myself and everybody else has been trying to, you know, have some sort of load management, some sort of conservation effort, some sort of limitation on capital improvements, you know, we're definitely in a situation, you know, there's the tail and here's the dog. And you all are wagging us. And that's exactly the position we're in right now. And there's no question about it. And now that the threatening, the arm twisting effort is that we will not pay you and therefore you will be \$9.2 million in arrears by the end of the fiscal year, the City's fiscal year, and that's the tail wagging the dog situation. I mean, there's no question about it.

MR. FREEMAN: Well, I'm not sure.

MR. ALDERETE: Well I'll tell you. If you're not sure of that, I mean you talk about this \$9.2 million and then you use the figure that the City Manager is using about 18 point something million dollar deficit and then what are you going to do if you're not going to scare the heck out of everybody out there in San Antonio. I mean all of a sudden you've gone from \$18 to \$27 million of possible arrears for the City of San Antonio. Now tell me, show me an individual over there that's not going to be alarmed by that. I'd like to see the hand of somebody that's not going to be alarmed by that. Everybody's going to be alarmed by those that.

MARIA DOMINGUEZ: (inaudible)

MR. ALDERETE: Thank you, Maria.

MAYOR CISNEROS: Mrs. Dominguez, if you would please, we're trying to conclude this discussion. Mr. Alderete.

MR. ALDERETE: Is the sale of this megawattage that Mr. Eureste was alluding to earlier, is that going to cause any kind of a rate increase for the San Antonio consumer?

MR. FREEMAN: I believe as Mr. Spruce tried to indicate earlier, I think that the sale of energy to Houston is in the best interest of San Antonio both to..

MR. ALDERETE: No, the question is, is it..

MR. FREEMAN: It is not, it is not.

MR. ALDERETE: That is definite.

MR. FREEMAN: Yes, I can tell you that. What we're doing is we're using older units which would otherwise be sitting idle. The cost of refurbishing those, I believe, is in the range of \$1½ million. For that, we're getting some \$39 million as a fixed fee for providing the power, before we even generate a kilowatt hour. In addition to that, if kilowatt hours are taken, there is a cost associated with that. And so, I think that we have made the move to go to alternate fuels. It is cheaper to generate a kilowatt hour on coal than it is on gas. It is cheaper to generate a kilowatt hour on a more efficient larger unit, at Sommers Plant, for example, than it is on the very small units at Mission Road Plant. What we have done is we have taken the capacity from these less efficient units, which we otherwise would not be using and in which we actually have had in moth balls, so to speak. We haven't maintained them, we're having to bring them up to speed and we're going to use those to furnish that power if it is necessary. The contract also provides that San Antonio's needs will be met first and if we can't meet those, we will not sell to Houston. So, I think it's in the best interest to San Antonio. I think it's in the best interest of the rate payer, to use this capacity.

MR. ALDERETE: Let me ask you something.

MAYOR CISNEROS: Mr. Alderete, if I may I'd like to ask you as I asked Mr. Eureste and Mr. Thompson before, to wind down the questions. We still have three people. We're working against a 3:30 deadline, and we have people here for zoning cases.

MR. ALDERETE: Okay, fine. Thank you. Why would Houston approach San Antonio for additional megawattage?

MR. FREEMAN: I think because we had it available. We and Austin. They have approached the two of us.

MR. ALDERETE: All right. They had it available and they needed it. Why would they sign a contract with us?

MR. FREEMAN: Why would they sign a contract with San Antonio? Because they needed the power and we had it.

MR. ALDERETE: If they needed it and we had it, would they sign it because it's also a good deal?

MR. FREEMAN: Well, you know it can be a good deal or not. I won't - for either party. As I say, I think it's a good deal for San Antonio.

MR. ALDERETE: Let me ask you, if they wanted to purchase that megawattage, in whatever form, be it natural gas, fuel oil, coal, nuclear power, lignite, whatever, would it have been more expensive for them to have constructed it and done it themselves instead of purchasing it from either San Antonio or Austin?

MR. FREEMAN: Well, that might be a moot question because I don't think they could have constructed the capacity in the short period of time that they needed it.

MR. ALDERETE: Regardless of the time element, would it have been more expensive for them to have gone that route?

MR. FREEMAN: It would be more expensive on the short term for them to construct it obviously, because we're in effect, renting them part of our capacity when we're not using it. In effect, in the long run, they're paying us for part of the capacity. It's like renting a house, that when the contract ends they have no call on it, they don't own anything, we still own the equipment. And so, in effect, it's helping to pay for the cost of those units if they were sitting idle we would have to be paying a cost on them. That would be a part of the rates. So, I think that it's in the best interest of San Antonio to utilize that equipment.

MR. ALDERETE: Yes, I hear what you're saying like when you rent a house, but what I'm saying is when you rent a house, you also rent a house and try to have, at least, you know, possibly a 10% increase that is profitable for you or something, or something that is of an advantage, financial advantage to you. I'm just not sure that we're in a financial advantageous position.

MR. FREEMAN: Again, I think earlier, we compared apples and oranges. We compared the capacity that we're adding, which is being added for two reasons. One, it provides lower fuel cost in the long run to San Antonio and will, hopefully, provide us something that we can generate electricity on and at the lowest possible cost. In the meantime, we have added capacity. We have capacity that we are not using. And this capacity that we're selling them from, costs us, as I recall, the most expensive gas unit that we have on our system, which is the newest gas unit, and it's at Sommers Plant, costs us in the range of \$100 a k/w, or that would be \$100,000 a megawatt. The older units that we're talking about here, probably cost us maybe \$50.00 or even less. I don't know what that cost is right now, but we were putting units in for about \$65.00 a k/w, or \$65,000. I think you can see that some of the demand charges that are being paid for these, even on the short four and five year basis, go a long way to paying for the initial capital cost. These units were constructed back in the '40's, or maybe even before that. So, it's not, I don't think it's quite correct to characterize us as adding capacity from a nuclear plant, in order to satisfy a sale to Houston. That's not at all the case.

MR. ALDERETE: Let me, I know I asked this question of Mr. Thomas last time and he didn't give me an answer and I'm wondering, in all the time we've spent since then, or we've gotten to this point, I asked for his recommendation or maybe Mr. Spruce might want to respond to it or Mr. Freeman, on how - what would be your recommendations on stabilizing the present rates for CPS? I want to know exactly what you recommend so we can do it, here on the Council, by way of giving you direction. What is it that you..

MR. FREEMAN: If any one thing that could reduce the cost of energy, I think it is doing something to lower the fuel cost. Now, that's not an easy job.

MR. ALDERETE: Lowering the fuel cost. What else can we do now, that we can take to this Council and the CPSB Board by way of direction and policy-making power, what can it do now to immediately or as in the near future as possible, to stabilize the rate structure? What was quoted to me last time, which was \$44.60 on 500 or something kilowatts or whatever figure you all used, what can we do now to start doing that? I want to hear your recommendations, because I'm going to stop guessing at it because I'm not an authority and everything that is said by us doesn't come out right, or we have a bunch of kooks are making estimates or whatever. We're not engineers. But I want to hear it from the authorities themselves, what they recommend to stabilize the rates.

MR. FREEMAN: Well, in order to stabilize the rates, I think at this point in time, that is probably the major factor because anything else that we do, maybe a very temporary stabilization of the rates. Actually, the cost of a kilowatt hour for the first four or five months of this year has been less this year than it was last year because we were paying a lower freight rate on the coal that we were bringing in. And so the cost of a kilowatt hour was less this year than it was last year. Where we can make headway in lowering the cost of fuel, it costs about a penny less; for example, on a kilowatt hour it costs about 1¢ less even at the higher fuel costs that we're paying right now, then it does to generate that kilowatt hour with gas. If we were using the \$16.00 a ton freight rate, that kilowatt hour cost 1½¢ less than it costs to generate it and these are rough figures but it costs about 1½¢ less than to generate with gas. Oil is more expensive than gas and these are our only three ways of generating a kilowatt hour. So, if there's anything that can be done to hold down fuel costs, to convert to a lower cost fuel, that is the thing we need to do. And I think that is what we're trying to do long range for the City.

MR. ALDERETE: My question again is still, what do we do now to stabilize rates? There's got to be somewhere you can cut, some recommendation that you would make to say, Okay, so if you really want to hold down the rates at this point and time, at this figure, what are the situations, what are the decisions we have to make now, not the long run because you can give me the argument that nuclear power is going to be cheaper in the long run. I don't want to know how you're going to stabilize the rate in the long run because obviously you're not stabilizing the rate. The figures that were given to Mr. Eusebio showed an increase every year. That's not stabilizing the rate. What I'm talking about stabilizing is stabilizing, not increasing. So how do we stabilize the rate. What is your recommendation?

MR. FREEMAN: Let me speak to that one more time and that is that, while we have rate increases in basic rates, if you can substitute lower cost fuel, you can still have rate increases and end up with a lower kilowatt hour cost. And I think that's one of the things that we're trying to look at over the long term. For example, right now we've, I think we've showed the City Council that all of the rate increases that have been granted, which I think are three, since 1965 have added approximately \$4.00 to a \$40.00 bill. I believe that was in one of the charts that we showed you last time or roughly about 10% to the cost of a bill. The fuel cost itself has added tremendously to it. The City payment adds on top of the fuel cost. Some of these other factors are beyond our control. We've fought with trying to keep the gas prices down. We weren't really successful, and I can't and I think we've told the Council before, I don't see much chance of gas ever dropping. I think we're seeing that it's been increasing by 5¢ a month. We're seeing tremendous changes in the cost of coals because of transportation. We've been in court, you know, trying to maintain that and last year we succeeded. We shaved about, well, the attorneys were able to shave about \$7.00 a ton off of the rate from what we were paying at the time to the new rates that the court's approved. Now the ICC has added a new rate increase, adding \$7.00 a ton which equates to about ¼ a cent a kilowatt hour. I can stand up here and tell you all day that, that these other things that we can work against and try to contain, but we're not always successful in containing these costs. We'd like to see the cost back at one and three-quarters to two percent level that it was in '73, but it's not going to happen.

MAYOR CISNEROS: Okay may we move on.

MR. ALDERETE: No, I'm not finished yet, Mr. Cisneros. I still want to hear the answer to my question, and I haven't heard an answer to my question yet. I mean, we've talked about we need lower fuel cost, we've talked about freight rates, and I know, I don't know how much of our attorneys charged us over the years? Is it in the millions? Well, I've got the figures in here, and I don't know whether to add three zeros to the end of that figure or not which would put it into the millions or not. But obviously, I don't think their success is not...

MAYOR CISNEROS: I don't know what to tell you, Mr. Alderete. You asked the question and the man gave the same answer three times in his best professional opinion, and I don't know how to get a different answer out of him.

MR. ALDERETE: Well, because you and I are not going to lower the fuel cost, Henry.

MAYOR CISNEROS: I agree.

MR. ALDERETE: You and I are not going to lower the freight rates. So what I'm asking this gentleman here is a very direct, very explicit question. And that is, what do we do now to lower the bill or stabilize the bill. I don't want any, any additional lowering the fuels or freight rates and Mr. Canavan is out of order because I have the floor at this point and time.

MR. CANAVAN: But I have an answer.

MR. ALDERETE: And I don't want to hear your answer. I'm asking this gentleman, because you're not the authority..

MAYOR CISNEROS: All right Mr. Spruce, do you want to take a crack at the question?

MR. SPRUCE: I just want to say that we spent our career over there trying to look at ways to lower the bills and reduce the bills and keep the bills stable.

The main factors that drive the cost of the bills up are the fuel costs. If we can get Valero to go to the producers, get them to take less for the gas, if we can get the railroads to take less for hauling coal, if we can go to the coal suppliers and get them to take less for the coal at the mine, if we can go to the people that are buying bonds and get them to buy the bonds for a lower interest rate, if we can get the City to take a less percent payment on what they take off of utility bills; we've cut personnel over there. I think we've done a good job of holding wages at comparable salaries, not only with the other industry but with the City and the community. The total City Public Service payroll over there is only 11 or 12% of our gross. If we ran everybody else we've got off over there, that's all that amounts to. I can't run the thing without people. There are people over there right now keeping the lights on. We've got to have that. We've got to have resources. If we can get our suppliers to take less for the coal and the wire and the gasoline that we buy, all of the commodities that we use, that would bring it down. It's just not happening. It's just not happening in the United States anywhere, that we're not seeing inflation.

If you look at the cost of a kilowatt hour in San Antonio right now compared it and we showed you this before not only on the national level, but all cities in Texas, even with a 6% increase we're still about second from the bottom. So, you know, you say, what can we do? I think we've done about everything that's humanly possible within those factors over which we have control. And we're willing to look at any suggestions that anybody brings us. But that's the answer. You know, there's just not anything that's of great magnitude except the cost of fuel. 80% of the operating cost is fuel.

MR. ALDERETE: You know, Mr. Spruce, I can't really believe that everything is being done because I'll tell you what. When this City decided to go into coal plants, I think everybody - I know certainly the President of the Local Chapter of the AFL-CIO came and warned the present City Council, and I don't know if you were on board at the time we went to the coal plants, but told them that the coal contract, the conversion to coal, was going to be bad in the sense that we had no control of the freight rates. Now, I mean it's a matter of public record. There was another point made by a former Mayor back in 1973 that instead of going to fiasco, the South Texas

Nuclear Project, that we move toward lignite. We could have owned the resources, mined the resources, generated the resource, and transmitted the resource. We would have covered every single little angle with a 400 year supply in this State, and we would have been far better off. We had an opportunity back with that, that gas contract, that fiasco with Alamo Gas and everybody else who was involved, to pay twice the amount of 35¢ per million cubic feet and get all the gas we wanted. There was a recommendation made by professional businessmen in this community pay 70¢ per million cubic feet and you'll get all the gas you want. I guarantee and this Council and I don't know who was on CPS at that time recommended against it. 70¢ and we're paying 2 what now a million cubic feet? Guaranteed amount.

MR. EURESTE: \$2.21.

MR. ALDERETE: \$2.21. Now I don't feel that everything is being done. And we've got a high-powered attorney firm over there that I don't know what we're paying them by the way of exorbitant attorney fees, who seemingly is representing the CPSB and is seemingly doing a good job, when there's all kinds of loopholes. I mean, if they win a little court case here, the ICC makes an inrun on them and jacks up the price anyway.

Now, if that's everything that's being done, I don't feel that that is an accurate statement. There's a lot of dilly-dallying being done with a lot of situations over there but that not everything is being done. You've got a "humongous" supply of coal a couple of hundred miles from here. We wouldn't even have to use Burlington/Northern. But because possibly we're not making them the offer that we want to make them, we'd rather suffer and be at the mercy of the ICC and Burlington/Northern. That's the problem. There's a mental attitude problem over at CPSB that they'd rather deal with somebody that's been shafting the City of San Antonio for so long. That's my concern, and all I get back by way of stabilizing the rates is the same old six and seven. Lower the fuel cost, fight the freight rates. Well, that's impossible for any of us to here. It's an impossibility because here you are with your high-powered law firm and you can't do it. What's going to make us any different? You've got a Board of Directors. We've got a City Council. We've got an attorney firm. But if your firm hasn't lowered the fuel cost, if your firm hasn't lowered the freight rates, how are we going to be successful in that effort or in that adventure on an immediate basis? What I'm asking is a very simple question. How do we do it now? Could one of your recommendations be, well, pull off some of your capital improvements? Find some other alternative sources? Move quicker into lignite? I don't see anything else being offered. Nothing.

Lignite is down the line, I don't know how many years down the line. You've just not offering alternatives other than two that have been seemingly impossible for you all to accomplish. You're asking the City Council to accomplish. How is that answering the question of stabilizing the rates? That is not answering the question. All you're doing is taking the monkey off your back and placing it on our back. And we still have higher utility bills. And that's exactly what the people are talking about. Because we've got somebody in the White House who decided it's time to take the money out of the pockets of the poor and the old who are already in tough straights and ask them to keep their electricity on, and their water on. And pay for their food bills. That's what's wrong. That's the whole fundamental problem. I don't see the same attitude. I don't see that attitude that sensitivity to the public, to the community; I was just there in a home today of an elderly couple just before I came to this Council meeting and those poor folks had everything single item off in the house. And they had their windows open. Luckily we had a beautiful day out there. But I stopped to think. Here they are, in the range and wondering what they do during the wintertime or during the heat of summer. And you know, what every person at CPSB from the top executive, yourself, all the way down, you should go live in one of those places and find out what it's like to pay one of those bills.

And the only reason why I live with it is because I'm the elected official. You don't go face the public.

MR. SPRUCE: I don't think that's a fair characterization and..

MR. ALDERETE: I'll tell you how it's not fair, Mr. Spruce.

MAYOR CISNEROS: Gentlemen, you're both trying to talk at the same time. As a matter of courtesy to the rest of the Council, I would like to ask that we could conclude this round of questioning. There are three people yet to speak.

MR. ALDERETE: Well, Mr. Cisneros, maybe you'd like to go over there and talk to those folks and convince them.

MAYOR CISNEROS: I'd be happy to. I've done it many times..

MR. ALDERETE: You've done it many times?

MAYOR CISNEROS: Yes.

MR. ALDERETE: And their bills still go up.

MAYOR CISNEROS: That's correct.

MR. ALDERETE: And there's still two or three thousand cut-offs per month.

MAYOR CISNEROS: That's correct.

MR. ALDERETE: And you think that's right?

MAYOR CISNEROS: No, but we're all doing the best we can.

MR. ALDERETE: We're all doing the best we can. What we're saying is the best is not good enough.

MAYOR CISNEROS: Fine. We'll go on with Mr. Canavan.

MR. ALDERETE: So I still am asking the question what do you recommend other than lowering fuel costs and other and lowering freight rates, what do you recommend to stabilizing the rates? What is your recommendation, Mr. Spruce?

MR. SPRUCE: My best answer to that, sir, is that we and all other utilities in the United States are doing everything possible to try to keep the cost of gas and electricity to our customers as low as possible. There is no easy answer, there is no one large solution that's going to be achieved. It's a matter of seeing after a lot of little details, trying to run the most efficient shop possible, trying to hold the line on cost and expenses of all kinds, trying to seek the best alternatives to supply the power and the natural gas to our communities, at the lowest possible cost.

MAYOR CISNEROS: Thank you very much.

MR. ALDERETE: The question is still how do we stabilize the rates at this point in time?

MAYOR CISNEROS: I think these gentlemen have answered everything they can possibly answer. The only thing I can - you might want to hear is that you would like for them to stop the construction program dead in its tracks. That would probably lower bills this year. But we'd all be paying for it next year, and the year after that, and the year after that, and the year after that, because all we'd have to live on is our present mix, which is coal and gas. Now, Mr. Spruce, perhaps you would answer that for Mr. Alderete in order that we may - can get on with the questioning and in

order that he can claimed to have lowered rates this year.

MR. SPRUCE: Well, of course, the present rate request is based on the current situation. If we stopped the construction program dead in its tracks, right now, yes, of course, first of all, I assume we would want to do that in such a way as not to be in default of the contractual agreement with Houston Lighting and Power who's managing the nuclear plant.

MAYOR CISNEROS: That's correct.

MR. SPRUCE: We then, of course, would seek a reduction in capital costs. If, however, we assume that we are going to want to continue to have power for the community, we're going to have to go to something else, which we say is going to cost more in the long run. So we're right back to the same story. There's just not an easy answer. If we stopped all construction programs right now, including local by the way, we could quit running gas and electricity to new subdivisions, we could discontinue transmission line projects that we have underway and the substation that's going to supply the downtown, yes, we could save, save money. But pretty soon the community would begin to suffer. The utility would not be able to supply the needs of its customers.

MR. ALDERETE: And for how long could we stabilize the rates? A year, two years, three years, five years, ten years?

MR. SPRUCE: I don't have an answer for that, sir.

MR. ALDERETE: Thank you, Mr. Spruce.

MAYOR CISNEROS: Mr. Canavan.

MRS. CORTEZ: Mr. Cisneros, could I make a point?

MAYOR CISNEROS: What is your point?

MRS. CORTEZ: Couldn't we postpone this whole thing until - a lot of questions are being raised and evidently you're going to make a decision without any information.

MAYOR CISNEROS: That will be the majority of the Council decision at the time it comes to a vote.

MRS. CORTEZ: Would you consider this?

MAYOR CISNEROS: I personally would not. No, madam, I think we need to vote on this.

MRS. CORTEZ: Well, you know what you're doing here is all of these questions should have been raised already. We have been raising these questions for over a year. Our people have been here for a long time. We're tired.

MAYOR CISNEROS: Thank you.

MRS. CORTEZ: I would like to commend the four people, the four people on this Council, who raised the questions that we have been raising for a long time.

MAYOR CISNEROS: Mrs. Cortez, you're out of order.

MRS. CORTEZ: The rest of you, the rest of you are going to go with it, regardless of what, and you're going to have to answer to the community, you can remain that -

MAYOR CISNEROS: Yes Madam, Mr. Canavan has the floor.

MRS. CORTEZ: Keep that word on your conscience because we're going to come after you, and after every one of those other people who have not responded to the community.

MR. CANAVAN: I have a suggestion.

MRS. CORTEZ: And that includes you, Mr. Canavan. That includes you, Mr. Canavan, because you're saying you're concerned about \$25 million for CPS and you turn around and you discuss \$530 million for STNP.

MAYOR CISNEROS: Mr. Canavan has the floor, Mrs. Cortez. You're 100% out of order.

MRS. CORTEZ: Economic development is not going to happen in District 6, is not going to happen in District 4, is not going to happen in any of our areas because it's not going to come until you are - drainage is not going to happen, Mr. Cisneros, you promised us destiny and you're going to sink us down a hole.

MAYOR CISNEROS: All right. Thank you very much. Mr. Canavan, you have the floor.

MR. CANAVAN: Part of the major problem I've heard CPS take it on the chin over and over while we talked about their increases, if you'll notice in 1976-77, we received \$33.5 million from CPS and in '80 and '81, we're going to receive \$52 million. That's a 20% year increase because we put the political monkey on their back we don't want to raise taxes and it's much easier to pick on CPS, then to say it's the Council and we're not gutting up to our responsibility. And it gets a little tiresome. None of us are advocating cutting back our take. You cut back your take but let's not cut back our take. I have to say when you start talking about hitting the top 80% of the utility users in the City, who are you talking about? Principally, the industry we're trying to bring into this community, as well as people who are working. It's the re-distribution of the wealth. And I can't advocate that. And I think it's time we started talking about the serious things in the community. One of them, and I'd like to ask Mr. Spruce a couple of questions, and I apologize..

MAYOR CISNEROS: Mr. Canavan, I want to remind you that you are in your second round of questions, and I would like to keep it sparse.

MR. CANAVAN: And I will be just as brief as I possibly can, but it does get frustrating and I don't know how to do it. But at any rate, it's just a quick question and it's come up, it's something I want to bring forth and I know you probably put some figures to it and that relates to the possibility of utilization of the CPS headquarters in Vista Verde South from a rental standpoint to a lease standpoint. And before you really answer, I'm not opposed to the building. I think we need that building in that area to make it viable. I'd like to see it. I can look at the \$13 million of savings over the next 20 years that are projected by the move, plus the \$6 million in capital sales that you get back from what you're doing so it's not that major a move. My question is, I don't know whether CPS or City staff has looked into a number of alternatives. The first thing that would come in..

MRS. DUTMER: Point of Order.

MAYOR CISNEROS: There's a point of order been raised. Mr. Canavan, if you'll hold it just a moment. Yes, madam?

MRS. DUTMER: Yes, speaking to a subject other than what's before us today.

MAYOR CISNEROS: Let me clarify this.

MRS. DUTMER: I would say I'd like to have some alternatives to that building but I do think that we need..

MAYOR CISNEROS: Let me clarify a point here. To the degree that there may be rate increase monies allocated to the debt service for the building, it's a relevant issue that Mr. Canavan has raised. Now, we earlier separated the bonds so that we would not vote capital improvement bonds and building bonds in the same package. But some portion of this rate increase would go to the debt service on those building bonds, is that correct?

MR. SPRUCE: Eventually, that would be right.

MAYOR CISNEROS: All right. So I have to rule then, it's in order and that the discussion may proceed.

MRS. DUTMER: That would put a complexion on the rate increase. Thank you.

MR. CANAVAN: I understand Mrs. Dutmer's position in her questioning, but during - in two days as much research as I possibly can when you say well, it might cost us the private developer 20% for his money would not make it feasible. Doing some checking, I find that there's a possibility of using CBDG funds that are down the line, not hindering any projects at all, for use in interim financing with a letter of credit to a developer. And I'm going to go real quick as I can and it takes some study. I feel very strongly that any capital expenditures at this point should go to the production of energy for this City's future. I know that a number of the major companies in this City that have bought buildings are now selling those building and leasing them back. The reason for it is and the the reason I don't own a building today is because I can't afford the capital expenditure for the building. So, therefore I lease. I think that CPS is now in that same situation. I don't believe that CPS can afford the \$25 million of bonds today for that new project. But yet, when I weigh it with Vista Verde and what it will do for the economic growth of San Antonio and for the inner West Side of San Antonio, then I feel that I need to support it.

What I'd like to do, and what I'd like the Council's concurrence, is before the bonds are sold that have been allocated that a thorough study be utilized to find out whether it is feasible to lease the space as opposed to buying the building and owning it yourself. And I have a couple of ideas along that line and I think any businessman knows the pluses and minuses but I think there is a favorable way, for instance, you can borrow three years of your CBDG funds, in advance you can borrow at a very low interest rate and you can use what is presently being held that isn't being drawn to help finance the interim cost, which will lower your rate per square foot. There's a possibility of buying the land and leasing it back to the developer which will give him the depreciation and amortization on the plan. What I'm asking the Council's concurrence and you without saying, it's the best deal, is the staff, CPS staff, as well as the City staff, look into the possibility of having CPS lease the space and I really also feel that we need to cut it down to the very minimum as far as the expenditure. I realize that there - you need to centralize; I know that's how good businesses operate. But I think we can cut \$25 million of indebtedness when that seems to be the question and utilize it for the generation of energy and I prefer to put it in the South Texas Project until August, until we get another look anyway. But I'm wondering if I could amend my, well, I hate to even amend it because I don't want to have it reflect. Let me ask you a question. When do you plan on selling the bonds for the new structure?

MR. SPRUCE: The sale is due June 11th of this year. The Council already approved the official notice of sale for the sale of the bonds.

MR. CANAVAN: Correct, I'm wondering because it's going to - if you sell the bonds now, it's going to be sometime until the settlement on Vista Verde lawsuits, etc. are completed before you can do anything anyway, other than initial plans on the building. I'm wondering whether the Council would concur in having a study by staff and CPS and I have some ideas I'd like to throw in and I think there's a bunch of other businessmen that do, also.

I'm not going to say that it's going to be cheap in the long run. I'm saying it will preserve some of our bonding capabilities and it may work out to be something we want to do. I'd like Council's concurrence in holding up the sale of the bonds until we get that report. I'm saying, we'll go with CPS in that area, but let's take a look at another alternative that may be a plus for the utility payer in San Antonio. There's no downside to it that I know of.

MAYOR CISNEROS: Except the delay on the sale of the bonds.

MR. CANAVAN: The delay on the sale of the bonds, but we can't implement the use of those bonds until the law says so.

MAYOR CISNEROS: If you feel strongly enough about it that you should make an amendment - an amendment to the original motion.

MR. CANAVAN: I'll pass a memo. I don't want it to cost the vote on the other so if I may, after this, I'll pass a memo around asking that it be held up in an informal manner unless someone also doesn't have, unless you all feel that you have no objections.

MAYOR CISNEROS: I think the agreement we made over at the Commander's House on the memorandum route was that that was a device to get items on the agenda, but not a device to make decisions. Because we can't assure that everybody's being considerate of one another.

MR. CANAVAN: I'd like some feel because I don't want it to affect the rate increase and yet I think it may help us as far as what our utility payers are having to pay.

MAYOR CISNEROS: If the votes are not there, for your amendment they will not be able to vote on the amendment.

MR. CANAVAN: I'd like to amend it to include a staff of CPS and the City together with some outside help, as far as the possibility of leasing a building, having the private sector construct that building, and then leasing it to City Public Service Board.

MAYOR CISNEROS: You're amending the original motion.

MR. CANAVAN: The original motion.

MR. ARCHER: Second it.

MAYOR CISNEROS: And there's a second. All right, discussion proceeds then and the speakers lined up are Mr. Eureste, Mrs. Berriozabal, and Mrs. Dutmer. We will proceed.

MR. EURESTE: I'm going to pass.

MAYOR CISNEROS: Pass, all right. Mrs. Berriozabal.

MRS. BERRIOZABAL: I'm going to pass, too.

MAYOR CISNEROS: Pass. Mrs. Dutmer.

MRS. DUTMER: No, I'm not going to pass. I'm faulting that type of thinking. Number one, its' going to cost the rate payers of the City anyhow, and I'd rather own our own building. I'm not here to set up private developers in business. Besides it would use CD money that was one of the suggestions anyhow, and that money is citizen's money and not to set up private industry. The plain fact is that the building is not a life and death matter. That there are less costly alternatives. But no one seems to want to take a look at the less costly alternatives. I would like to have one of these \$150,000 mansions to live in because they'll be more comfortable and I won't have to clean quite as hard as I do my more aged home and I won't have to repair things and all the rest of it. But the

simple fact is, to face facts and I can't build it right now because of financial constraints. So, I think, I don't think that's asking anybody too much concessions to wait awhile. I simply don't think it's just too much. No one said you just can't build your building or anything else. But you best wait until the financial picture changes. There's going to be a lot of people jumping out of windows again, I'm afraid, at the rate the economy is going. And I don't want to see the CPS people, I like them too much. I don't want to see any of them jumping out of windows.

MAYOR CISNEROS: Okay. I have a question myself. I think maybe the same one Mr. Wing wants. Are you going to ask Mr. Ibarra for some data?

MR. WING: Yes.

MAYOR CISNEROS: Well, I'll let you proceed. Is Mr. Ibarra present? This is the line of questioning, Mr. Ibarra, along the lines of the City's payment. Mr. Wing.

MR. WING: Yes, Mr. Ibarra, what is the least possible amount of a rate increase, if you have figured it out, that we can grant City Public Service at this particular moment? Let me finish, and we can do so now, with the thought that we could come back after the summer months, and then reassess the situation, whether it be for 2% or 3% or more, but what is the least amount that we could possibly grant today, and still meet the payment requirements that the City so desperately needs and then further down the road, address that later? Do you need a full 6% or can we do with something less?

MR. IBARRA: I'll give my answer then I'll explain my answer. In my opinion, 6% is the minimum. And the basis for that that I have is that if you recall, when we talked about, two weeks ago, we talked about that if there was no increase right now, our City shortage would be at the end of July, would be 8.6 million and, as originally planned by CPS, a 10% increase in October would still result in a 9.8 million at the end of their fiscal year of January, 1982. In the interim or one more month has elapsed, at least, the statistical data, the financial data from CPS and what has happened is that the shortage for May is almost current and we have received, and I believe Council has received a copy of the letter dated May 20th, where it shows that the shortages for the most current month are greater than anticipated. Obviously, what has happened there is that the revenues have not gone up as much as the expenses. And the primary reason is the fuel is year date, exceeding the budget for CPS at fuel costs.

On the general trend, I think that costs are going to continue probably as high so that there will not be any let up from that aspect. With the latest statistics now, I've updated this 8.6 million and the 9.8 million. What we have is that now in July instead of being 8.6 million short, I would anticipate being 10.2 million short. At the end of the year, going again on the assumption that you have a 6% increase now in June, going through the end of their CPSB fiscal year, I anticipate that the shortage will still be approximately \$3 million in January of 1982 with a 6% increase. If you go anything less the shortage gets magnified. Let me show you what I'm talking about. If you decrease the 6% to say 5%, instead of having - I'm sorry, 10.2% is no increase, no increase now, and that's comparable to your 8.6. If you get a 6% increase, that 10.6 gets reduced to 9.5%. I apologize for the mistake. Now, if we go the 5% increase, that's less revenue so you're going to be a little bit shorter, but it's not significant because you only have two months to work with, May and June. So instead of being 9.5 short at the end of July, you'd be about 9.6. However, the difference between the 6 and 5% carried out over through the end of CPS fiscal year, would add an additional, about 2 and a quarter million dollar shortage to the three million dollar shortage that I anticipate. So, I would anticipate that by the end of January with a 5% increase the shortage instead of being 3 million, would be something like about 5 and a quarter million. And that's my best analysis.

MR. WING: Mr. Mayor, I know that alot has been said here today and I just want to be brief, but I know there are fundamental questions as it relates to the overall scheme of CPSB and those fundamental questions are very valid. The questions of cost that Communities Organized for Public Service has revised over and over again are certainly valid. And I think that they deserve to be addressed and hopefully the majority of this Council is of the mind that we will address it. The fundamental questions to those people that are against nuclear power because of the safety aspect are valid also. And I don't know whether this Council in its infinite wisdom, is in a position to answer to the degree necessary or satisfactory to the people that oppose nuclear power based on safety factors. But the basic question that this Council has to deal with today, is not one of whether STNP today is good for San Antonio or not, or whether STNP is safe for San Antonio or not. It has to be based on what is fiscally responsible for the City and the rest of its budget year. And I don't want to be sitting here voting against the rate increase and then down the road have to cut out services to the City of San Antonio. And I would just hope that the majority of this Council is serious about pursuing the fiscal questions that have arisen and have been brought to this Council by Communities Organized for Public Service. But I would submit to my Council colleagues and to the citizens of San Antonio that a rate increase today is not tied in to our participation on the South Texas Nuclear Power Plant entirely. There's alot of factors that are involved. And it's not just only STNP. If we're serious about growth in San Antonio and if you're serious about lignite plants, and coal plants in the future, there's no way that you are going to escape escalating rates for utilities. So, that's what I have to say.

MAYOR CISNEROS: Thank you very much, Mr. Wing. We will now proceed with the vote. There are three items on the table. The first one that we voted on would be a substitute motion which would use the 80% formula that Mr. Thompson introduced. 70 - rather 7% increase on the higher 80% of the rate base by use and zero percent increase in the bottom 20%. We would then vote on the amendment to the main motion which would, by Mr. Canavan, which would restrict the sale of the bonds for the building until some further analysis of various alternatives for doing that is accomplished. And then the main motion would be voted on, which would be the 6% rate increase. Is that a correct statement of your motion?

MR. CANAVAN: Yes, I believe so.

MR. EURESTE: Point of Order.

MAYOR CISNEROS: Yes sir? You're up to speak.

MR. EURESTE: The point is that the order of the vote is wrong.

MAYOR CISNEROS: The amendment is to the main motion.

MR. EURESTE: No, the amendment is to the motion that's on the floor. That's the only way it can be done.

MAYOR CISNEROS: No, amendment may be made to either the main motion or the substitute motion.

MR. EURESTE: No.

MRS. DUTMER: Yes, but not until that motion comes up to the floor.

MR. EURESTE: You've got a substitute motion right now, and Mr. Canavan's amendment can be to the substitute. It's inappropriate.

MAYOR CISNEROS: Let me ask the City Attorney. It's my understanding that an amendment may be made to either the main motion or the substitute motion.

TOM FINLEY, ASST. CITY ATTORNEY: I believe that's correct.

MAYOR CISNEROS: Mrs. Macon is here.

MR. EURESTE: You cannot..

MRS. DUTMER: You have to do it in order.

CITY ATTORNEY: It is my understanding that you can amend either one, and the key is the maker of the motion, which one he was amending at the time, and it depends on what Mr. Canavan intended to amend at that time.

MAYOR CISNEROS: All right.

MR. CANAVAN: The original motion.

MAYOR CISNEROS: We have a ruling then from the City Attorney and that would be the Chair's ruling. You're free to appeal it.

MR. EURESTE: I'm going to appeal it. Let me tell you, I'm going to have to appeal it, and I can just tell you that a substitute is treated as the primary amendment. And then to the primary amendment you can always have a secondary amendment, which is what Mr. Canavan's amendment is. You cannot have two primary amendments on the floor at the same time.

MAYOR CISNEROS: You have appealed it, and we'll vote on it. Mrs. Dutmer.

MRS. DUTMER: I'm going to have to, yes, I'm going to concur with my colleague here. The proper order of it is to take your vote on your substitute motion if it's voted up or voted down. At that time, Mr. Canavan is free to amend the main motion.

MAYOR CISNEROS: You know, I've followed the instructions or the understanding that I have with the City Attorney, and I'm prepared to have a vote on the appeal. The vote then, those who vote AYE would vote to sustain the Chair; those voting NAY would vote to overrule the Chair. And if you could call the roll, please.

ASSIST. CITY CLERK: On which one?

MAYOR CISNEROS: On the question of this appeal.

ASSIST. CITY CLERK: Support of the Chair?

MAYOR CISNEROS: Just basically the support of the ruling of the Chair, whether the vote is out of order.

MR. WEBB: Why are we pushing it, when the maker of the motion has already said he'll take it on the appeal? He'll take the motion on the main motion on the appeal. Why are we pushing for..

MAYOR CISNEROS: It is on the main motion, sir, as it stands now. Now do you want to change it, Mr. Canavan? It's up to the maker of the motion?

MR. CANAVAN: Your ruling has been appealed. It doesn't matter to me.

MAYOR CISNEROS: Okay, let's have the roll call vote.

AYES: Berriozabal, Thompson, Canavan, Archer, Hasslocher and Cisneros.

NAYS: Dutmer, Wing, Eureste, Alderete.

ABSTAIN: Webb,

ABSENT: None.

MAYOR CISNEROS: We'll research the question, Mr. Eureste; but for the moment, the ruling of the Chair stands. We'll vote first on the substitute motion, the substitute motion is the Thompson motion.

MR. EURESTE: Mr. Cisneros?

MAYOR CISNEROS: Yes?

MR. EURESTE: If the ruling, if the interpretation is incorrect, would this then be considered an illegal vote?

MAYOR CISNEROS: No. It's a procedural question.

MRS. MACON: I can clarify, if I can clarify. All you're dealing with is a procedural point. The question is whether it's a secondary amendment or not, and that's the issue. And you could take it two or three different ways. The key right now is you have a substitute. And we vote on the substitute?

MAYOR CISNEROS: All right, we'll have order please and we'll proceed with the vote. Did you have a point, Mrs. Dutmer?

MRS. DUTMER: Yes, I surely do.

MAYOR CISNEROS: Would you make it please?

MRS. DUTMER: What we're dealing with here is to make a decision on behalf of the people of the City of San Antonio. It is a very serious decision, and it should be done according to Robert's Rules of Order as adopted by this Council. I submit to you that it's not being done according to Robert's Rules of Order and if we find that it is not being done according to that order, then the vote can be declared void.

MAYOR CISNEROS: Fine, we'll proceed with the vote and the vote is first on the substitution motion, which would be the 80%, 7% increase, zero percent below that. Roll call, please on the substitution motion made by Mr. Thompson.

MRS. DUTMER: The substitute motion first?

MAYOR CISNEROS: Yes madam, which would be that the top 80% of the rate base is increased..

MRS. DUTMER: You didn't take the vote on the amendment.

MAYOR CISNEROS: The amendment is on the main motion.

MRS. DUTMER: That's what we've been trying to tell you for 15 minutes. It was only because you were trying to take the amendment first.

MAYOR CISNEROS: No madam, I'm sorry you have it exactly wrong. Exactly backwards. Okay, proceed with the roll call, please.

AYES: Alderete, Thompson.

NAYS: Webb, Dutmer, Wing, Canavan, Hasslocher, Berriozabal, Cisneros, Archer.

ABSTAIN: Eureste.

MAYOR CISNEROS: Motion fails. We go then to the amendment, which is to the main motion. The amendment would say that no bond money allocated to or authorized by the Council for the purpose of building the City Public Service Board building could be spent until further analysis of the question of options for building the building and I presume, some other direction from this Council. Is that your motion?

MR. CANAVAN: If I may state, if it's voted down, I think we can get some research done possibly prior to the 11th. At least we'll get some direction.

MR. ARCHER: Henry, do you mean by this, though that it's going to be done within a week?

MAYOR CISNEROS: That wasn't specified.

MR. CANAVAN: We'll know whether it's a plus or minus. It doesn't take long.

MAYOR CISNEROS: Okay, we'll proceed then with the roll call on the item, the amendment.

MRS. DUTMER: Are you going to have discussion to the amendment?

MAYOR CISNEROS: Well, we can have discussion if you want. We can go .. Mr. Archer, do you have any points you want to make?

MR. ARCHER: Well, if there's going to be a discussion about it, I was trying not to say anything, but if - I'm glad that Councilman Thompson's motion was defeated because I was going to up it a little bit. I was kind of thinking of maybe the 10 richest people in the City could pay..

MAYOR CISNEROS: The discussion presently is on the amendment.

MR. ARCHER: Not really the ten most, I mean Canavan and the other nine.

MAYOR CISNEROS: Mr. Eureste. Discussion on the amendment about the building.

MR. EURESTE: I don't like it. Because I think it interjects a middle person into the whole thing here and a middle building. So, I'm going to be against it.

MAYOR CISNEROS: Okay, Mrs. Dutmer.

MRS. DUTMER: Yea, I view it with some apprehension, but I don't want to appear to be closed-minded on this thing. So, if one of the alternatives could be discussing not building it at all over there, I'll listen. I'll vote for it.

MAYOR CISNEROS: Okay, Mrs. Berriozabal.

MRS. BERRIOZABAL: Yes, I was going to ask this question before and since the issue has come up again, several of the Council members have brought up the matter of the City Public Service Board Building, and it seems to me that when it's discussed, sometimes it's discussed as if you had the City Public Service Board, it's consistent with the building of Vista Verde, and if you somehow question it, it's not. And I would like to have a determination from somebody, Mr. Mayor, as to how contingent plans, current plans on Vista Verde and allocation of funds for Phase II of the Project depend on the City Public Service Board Building, specifically the laying of the foundation for the City Public Service Board as a prerequisite for Phase II monies coming from Washington?

MAYOR CISNEROS: All right, David, can we have a brief answer on that issue? Very brief.

MR. DAVID GARCIA: The way the grant agreement between the Department of Housing and Urban Development to the City of San Antonio is currently written, prior to the release of the second draw of funds, which will be \$10.8 million the foundation on the CPS building must have been poured as well as the Control Data site and various other activities in the area must be undertaken.

MRS. BERRIOZABAL: All right, then the question is, this is exactly what I understood. But, now some of my colleagues on the Council advise me that that is not so. And where would this information have been gotten?

MAYOR CISNEROS: (Inaudible)..specifically, Mrs. Dutmer.

MRS. DUTMER: I can answer that question. If you will go back to when we had this discussion and look in the minutes, listen to the tape, it was plainly stated right here, at this Council table, by, I believe our now-Mayor, who was not Mayor then, that the package was submitted to the federal government and when it was declared as public money, it was removed from the package, and they were satisfied with the remainder of the in-kind contribution. And it was stated right here at this table. And if you go upstairs and listen to the tape, that's where I got it from.

MRS. BERRIOZABAL: What's the answer to that?

MRS. DUTMER: I don't know. Somebody's lying, that's all I know.

MAYOR CISNEROS: All right, let's have a little order please, all the way around. Mrs. Berriozabal has the floor, and I'd like her to finish her question. The answer of the staff position has been given.

MRS. BERRIOZABAL: Okay, right.

MR. GARCIA: I'm not sure what the question is, madam.

MRS. BERRIOZABAL: No, you answered my question. You answered my question.

MRS. DUTMER: I'm not sure of the answer.

MAYOR CISNEROS: Mrs. Dutmer, did you have anything else?

MRS. DUTMER: No, sir.

MAYOR CISNEROS: Mr. Wing.

MR. WING: Yea. I want to speak strongly against the motion. I think that if this Council last week voted not to tie a ceiling to a rate increase, then it should follow suit and not try to bring in action about that appears to be punitive against Communities Organized for Public Service, simply because they've raised questions about the fiscal policies of CPSB as it related to STNP. I think that the rate structure issue should be taken strictly on the merits, and we shouldn't tie anything else to it.

MAYOR CISNEROS: Mr. Canavan.

MR. CANAVAN: We have debated the issue. I have stated that I think that probably the facts necessary to determine whether it would be economically feasible to lease the space can be arrived at within the next couple of weeks. So, after having come up with that determination, I certainly don't want to jeopardize the (inaudible)..will do the work anyway and I'm not going to take it personally if individuals vote it down. Your point's well taken. I'm trying to get along.

MAYOR CISNEROS: Okay, so what did you do Mr. Canavan?

MR. CANAVAN: We have to vote it up or down.

MAYOR CISNEROS: All right.

MR. CANAVAN: I'm going to vote for it, but I don't have any problems with anybody else. We're going to do the work anyway.

MAYOR CISNEROS: Okay, fine. We now have an amendment on the Table. The amendment would accomplish what Mr. Canavan has already outlined. It would hold expenditure of monies on the building until there is a further analysis of the question of possible options. And until further direction from the Council. Let's call the roll on that motion.

MRS. DUTMER: Yes.

MR. WING: No.

MR. EURESTE: I'm going to pass.

MR. THOMPSON: Yes.

MR. ALDERETE: No.

MR. CANAVAN: Yes.

MR. ARCHER: Is just to look at the..

MAYOR CISNEROS: Look at options.

MR. ARCHER: The one option of leasing the building, not anything else.

MRS. DUTMER: Alternatives.

MAYOR CISNEROS: Let's just vote on it as you understand it.

MR. ARCHER: Options on the building, but not on anything else.

MAYOR CISNEROS: That's right.

MR. ARCHER: Okay, because I seconded it on the building, but I didn't want anything else to be added on it. All right, then I'll vote yes.

MR. HASSLOCHER: I still don't understand it to vote yes or no..

MAYOR CISNEROS: On the specific question of the possibility of leasing the building.

MR. HASSLOCHER: I'll vote no on that.

MAYOR CISNEROS: No.

MRS. BERRIOZABAL: No.

MR. WEBB: No.

CITY CLERK: The motion fails.

MAYOR CISNEROS: Okay, we move forward with the main motion. The main motion is to grant the 6% rate increase.

MR. THOMPSON: Can we have a discussion on that?

MAYOR CISNEROS: Yes, you sure may. Mr. Eureste's first.

MR. EURESTE: Yea, I was going to vote. I passed a little while ago. I wanted to cast my vote as No, just in case it made a difference.

MAYOR CISNEROS: Mr. Thompson.

MR. THOMPSON: We have heard from our staff that the minimum amount of a rate increase they recommended is 6%, and anything less than that generates additional shortfalls. What I had hoped to hear was some graded criteria whereby we could look at four, three or some other percentage. Staff says a minimum of six. I feel very ill at ease in voting

for a 6% rate increase. I'll at ease in the sense that there seems to be a ploy that our staff and CPS has come up with, but what those levels below that and what kind of conditions we're in as a result of 5% or 4%. It seems that though the difference is miniscule, with a 6% rate increase, and I would like for somebody to tell me when that next rate increase issue comes before me.

CITY MANAGER HUEBNER: October 2.

MAYOR CISNEROS: In October, 2%

MR. THOMPSON: 2%.

MAYOR CISNEROS: That was my understanding. 2.4, is that correct?

MR. THOMPSON: Is it 2.4 on October 2, is the next time I face a rate increase this year?

MR. SPRUCE: The amount is not specific. It is estimated at this time that it would be at that level. It would follow a complete rate study. This is a general increase that's being done without a complete study of allocation of cost of the various classes of customers, one that we would bring back to you in the fall, would include that. It might be different percents to different classes of customers, you see..

MR. THOMPSON: We might see a lifeline rate there of low rate constant up at the front end, the lower use rates..

MR. SPRUCE: Normally, we follow the Public Utility Commission standard which provides that each class of service bears its cost of providing that service.

MR. THOMPSON: It's not regressive or progressive.

MR. SPRUCE: Under that particular philosophy, there is not a lifeline rate developed.

MR. THOMPSON: You're saying..

MR. SPRUCE: CPS can develop that as an alternative if so requested.

MAYOR CISNEROS: Does that conclude your question, Mr. Thompson?

MR. THOMPSON: Well, I'm still interested in this lifeline, this base line rate phenonema, and I would consider voting for the rate increase today if I had some assurance that we've had that kind of report given back to us.

MAYOR CISNEROS: It's all a matter of asking for it, Mr. Thompson. I think you can answer it.

MR. THOMPSON: In the past, City Public Service Board has responded to requests from individual Councilmembers. Mr. Thompson is asking for a report on methods by which some kind of lifeline principle could be enacted. If the lifeline approach that people below a certain usage level or by some other criteria, would have a different rate structure.

MR. SPRUCE: Are you asking to develop a report on that for Councilman Thompson or anyone else on the Council that requests that?

MR. THOMPSON: I'm particularly interested in those lower 20% in that area rate payers that conserve and got their use rate below a certain level. I want them to be protected at the expense of people using higher volumes of electricity. I want that kind of rate schedule developed.

MR. SPRUCE: We can give you a report on it, sir; the staff probably would not recommend that based on the principle of cost of service rate application, but we're more than glad to provide you with a study showing what that would do and who would be affected by numbers and so forth.

MAYOR CISNEROS: That's what he's asking for.

MR. THOMPSON: All right.

MAYOR CISNEROS: Mr. Eureste.

MR. EURESTE: Yes, are we open to amendments?

MAYOR CISNEROS: Yes, sir we are.

MR. EURESTE: Okay, and we only have the original motion on the floor? Is that correct?

MAYOR CISNEROS: That's correct.

MR. EURESTE: Okay I would like to move that the motion that's on the floor be amended by striking six percent and substituting in its place 5% and that the wording be added that the rate would not take effect until 30 days at which time this Council would have arrived at a decision on the ceiling question of the STNP.

MAYOR CISNEROS: Okay, I'd like to have a full Council present for a vote on that amendment. The amendment is that instead of 6%, the increase would be 5%, and that it would take effect for 30 days. Need a roll call vote. Was there not a second to that?

MRS. BERRIOZABAL: I second.

MAYOR CISNEROS: There's a second.

MRS. BERRIOZABAL: Did he read the whole motion?

MAYOR CISNEROS: That's a motion.

MR. EURESTE: Instead of 6, we're going for 5.

MAYOR CISNEROS: Five in 30 days. Roll call vote.

MR. EURESTE: At which time we would have a decision on the ceiling on the STNP.

MAYOR CISNEROS: I'd ask for a roll call vote.

MR. WING: No.

MR. EURESTE: Yes.

MR. THOMPSON: Question. Does the rate go into effect no matter what?

MAYOR CISNEROS: Thirty days.

MR. THOMPSON: No matter what.

MAYOR CISNEROS: Thirty days, is what..

MR. THOMPSON: Goes into effect in 30 days no matter what..pass.

MR. ALDERETE: Absent.

MR. EURESTE: It's really a good motion, I think.

MAYOR CISNEROS: Proceed, please.

MR. CANAVAN: It's a tough decision, but I'm going to have to go with a no.

MR. ARCHER: No.

MR. HASSLOCHER: No.

MAYOR CISNEROS: No.

MRS. BERRIOZABAL: Yes.

MR. WEBB: No.

MRS. DUTMER: No.

MR. THOMPSON: I vote No.

MAYOR CISNEROS: Motion fails. We're on the original motion, which is to grant the 6% outright, Mr. Eureste.

MR. EURESTE: Yes sir, can I speak on a parliamentary point?

MAYOR CISNEROS: Yes, sir, you may.

MR. EURESTE: Okay. A little while ago, we took a vote and it shouldn't change anything. But it states here very clearly, that a substitute offered for a main motion, is a primary amendment. And it states further that the only way to perfect a substitute motion that is made as a primary amendment, is by a secondary amendment. And that's generally the way Roberts' Rules of Order have worked, works today and has worked for years.

MAYOR CISNEROS: Neither one of those points speaks to the question, though, and that was a perfection to the original motion.

MR. EURESTE: You cannot make, you cannot have amendments other than to the primary amendment, once a primary amendment is on the floor.

MAYOR CISNEROS: All right, point is well taken. We'll proceed then.. Was that your point, Mr. Eureste?

MR. EURESTE: Yes, I just wanted to..

MAYOR CISNEROS: No further amendments or anything else? Well, we'll proceed then with the main motion. Roll call please.

AYES: Canavan, Archer, Hasslocher, Cisneros, Dutmer, Wing

NAYS: Eureste, Berriozabal, Webb, Thompson.

MR. ALDERETE: Absent.

MAYOR CISNEROS: Motion carries, and the 6% rate increase is to go into effect, I presume it can to into effect June 1, June 2. Okay.

81-25

ZONING HEARINGS

6. CASE 8446 - to rezone Tract A, NCB 13998, 10215 Wurzbach Road from "O-1" Office District to "R-1" Single Family Residential District, being located on the north side of Wurzbach Road, being 875' southwest of the intersection of Wurzbach Road and Tioga Drive, having 208.71' on Wurzbach Road and a depth of 480.99'.

The Zoning Commission has recommended that this request of change of zone be denied by the City Council.

Mr. Andy Guerrero, Zoning Administrator, explained the request and noted that nine affirmative votes would be required to approve the requested rezoning.

Mr. Canavan explained further the request by the City, stating that promised deed restriction have not been forthcoming from the developer.

Mr. Jerry Allison, 3646 Igo, spoke in favor of the rezoning.

Mr. Tom Joseph, representing the developer of the property, spoke against the downgrading of the zoning on the property and asked that the Zoning Commission recommendation be upheld.

In response to a question by Mr. Webb, Mr. Joseph explained that the deed restrictions had not been complied with because they were unfair and a restriction upon proper use of the property.

After consideration, Mr. Canavan moved to overrule the request of the Zoning Commission and approve the re-zoning. Mr. Archer seconded the motion. On roll call, the motion, carrying with it the passage of the following Ordinance, prevailed by the following vote: AYES: Berriozabal, Webb, Dutmer, Wing, Eureste, Alderete, Canavan, Archer, Hasslocher, and Cisneros: NAYS: Thompson: ABSENT: none.

AN ORDINANCE 53,782

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 TRACT A, NCB 13998, 10215 WURZBACH ROAD, FROM "O-1" OFFICE DISTRICT TO "R-1" SINGLE FAMILY RESIDENTIAL DISTRICT.

* * * *

81-25

CITY PUBLIC SERVICE RATES

At this point, on a matter of personal privilege, Mr. Alderete stated that had he been in Council Chambers earlier, when the vote on the CPS rate matter was being taken, he would have voted against it.

7. CASE 8439 - to rezone the north 170.69' of the west 94.4' of the south 341.52' of Lot 17, and the north 170.69' of the east 33.1' of the south 341.52' of Lot 19, in the 1800 Block of Flamingo Drive, from "A" Single Family Residential District to "O-1" Office District, located on the south side of Flamingo Drive, being 250.93' east of the intersection of Broadway and Flamingo Drive, having 127.5' on Flamingo Drive and a depth of 170.69'.

The Zoning Commission has recommended this request of change of zone be denied by the City Council.

Mr. Andy Guerrero, Zoning Administrator, explained the request and noted that nine affirmative votes would be required to approve the requested rezoning.

Mr. Alvin Frieden, the proponent, spoke in favor of the rezoning, stating that in view of the history of zoning the area, this was not an undesirable request for re-development of a property.

Ms. Barbara Shimkus, representing the group planning to lease the building to be constructed on the site if the rezoning is approved, spoke in favor.

Speaking in opposition to the request were a number of area residents, including Ms. Catherine Beanland, 1903 E. Lawndale; Ms. Joan Civiletto, 1910 Flamingo; Ms. Clara Gregg, 1903 Flamingo; Mr. A.D. Venezia, 111 Oak Glen, Chairman of the Oak Park North Neighborhood Association; and Mr. Robert Morris, 1815 E. Lawndale.

Mr. Webb moved to overrule the request of the Zoning Commission and approve the re-zoning. Mr. Archer seconded the motion.

After discussion, Mr. Frieden offered to provide a buffer between the property and the next neighbor by changing his requested rezoning to reflect an "R-2" zoning on the eastern half of the property and the "O-1" on the western half.

Mr. Thompson made a substitute motion to approve the zoning change offered by Mr. Frieden. Mrs. Dutmer seconded the motion.

On roll call, the substitute motion was denied by the following vote: AYES: Dutmer, Eureste, Thompson and Cisneros; NAYS: Berriozabal, Webb, Wing, Alderete, Canavan, Archer and Hasslocher: ABSENT: none.

On roll call, the main motion was denied by the following vote: AYES: Dutmer; NAYS: Berriozabal, Webb, Wing, Eureste, Thompson, Alderete, Canavan, Archer, Hasslocher, and Cisneros; ABSENT: none. Case 8437 was denied and thus the zoning denied.

8. CASE 8436 - to rezone Lot 14 and the west 59.10' of Lot 15, Block 6, NCB 10938 in the 800 Block of Hot Wells Blvd., from "B" Two Family Residential District, to "B-3R" Restrictive Business District, located on the south side of Hot Wells Blvd. being 160.25' east of the intersection of Hot Wells Blvd. and I.H. 37 Expressway, having 118.19' on Hot Wells Blvd., and a maximum depth of 340'.

The Zoning Commission has recommended that this request of change of zone be denied by the City Council.

Mr. Andy Guerrero, Zoning Administrator, explained the request.

No citizen spoke in opposition.

After discussion, Mrs. Dutmer moved to overrule the request of the Zoning Commission and grant the re-zoning. Mr. Webb seconded the motion.

On roll call, the motion, carrying with the passage of the following Ordinance, prevailed by the following vote: AYES: Webb, Dutmer, Wing, Eureste, Thompson, Alderete, Canavan, Archer, and Cisneros; NAYS: none; ABSENT: Berriozabal and Hasslocher.

AN ORDINANCE 53,783

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 LOT 14, AND THE WEST 59.10' OF LOT 15, BLOCK 6, NCB 10938 IN THE 800 BLOCK OF HOT WELLS BLVD., FROM "B" TWO FAMILY RESIDENTIAL DISTRICT TO B-3R" RESTRICTIVE BUSINESS DISTRICT.

* * * *

9. CASE 8459 - to rezone a 4.766 acre of land out of NCB 14862, beinf further described by field notes located in the Office of City Clerk, in the 11900 Block of I.H. 10 West Expressway, from Temporary "R-1" Single Family Residential District to "I-1" Light Industry District, located on the southwest side of I.H. 10 Expressway, being 356.54' northwest of the intersection of Northwest Parkway and I.H. 10 Expressway, having 455' on I.H. 10 Expressway and a maximun depth of 501.36'.

The Zoning Commission has recommended that this request of change of zone be denied by the City Council.

Mr. Andy Guerrero, Zoning Administrator, explained the request and stated that the applicant had agreed to certain restrictions upon the property, and that in view of this agreement, staff no longer opposes the rezoning as stated.

Mrs. Dutmer asked staff to continue its observation of this case to make certain that agreed-upon deed restrictions actually are carried out.

After consideration, Mr. Canavan moved to overrule the request of the Zoning Commission and grant the request for rezoning. Mr. Webb seconded the motion.

On roll call, the motion, carrying with it the passage of the following Ordinance, prevailed by the following vote: AYES: Berriozabal, Webb, Dutmer, Wing, Eureste, Thompson, Alderete, Canavan, Archer, and Cisneros; NAYS: none; ABSENT: Hasslocher.

AN ORDINANCE 53,784

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 4.766 ACRE TRACT OF LAND OUT OF NCB 14862, BEING FURTHER DESCRIBED BY FIELD NOTES IN THE OFFICE OF CITY CLERK, IN THE 11900 BLOCK OF I.H. 10 WEST EXPRESSWAY, FROM TEMPORARY "R-1" SINGLE FAMILY RESIDENTIAL DISTRICT TO "I-1" LIGHT INDUSTRY DISTRICT.

* * * *

10. CASE 8481 - to rezone a 2.10 acre tract of land out of Lot 1, Block 1, NCB 13300, being further described by field notes filed in the office of City Clerk, in the 7100 Block of Oaklawn Drive, from "B-3" Business District, to "B-2" Business District, located on the southeast side of Oaklawn Drive, being 210' southwest of the intersection of Pin Oak Drive and Oaklawn Drive, having 190.68' on Oaklawn Drive and a maximum depth of 490'.

The Zoning Commission has recommended that this request of change of zone be approved by the City Council.

Mr. Andy Guerrero, Zoning Administrator, explained the request.

No citizen appeared to speak in opposition.

After discussion, Mrs. Dutmer moved to approve the recommendation of the Zoning Commission for the request of rezoning. Mr. Canavan seconded the motion. On roll call, the motion, carrying with the passage of the following Ordinance, prevailed by the following vote: AYES: Berriozabal, Webb, Dutmer, Wing, Eureste, Thompson, Alderete, Canavan, Archer, Hasslocher, and Cisneros. NAYS: none; ABSENT: none.

AN ORDINANCE 53,785

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 2.10 ACRE TRACT OF LAND OUT OF LOT 1, BLOCK 1, NCB 13300, BEING FURTHER DESCRIBED BY FIELD NOTES FILED IN THE OFFICE OF CITY CLERK, IN THE 7100 BLOCK OF OAKLAWN DRIVE, FROM "B-3" BUSINESS DISTRICT TO "B-2" BUSINESS DISTRICT.

* * * *

11. CASE 8292 - to rezone Lot 6, Block E, NCB 12112 in the 3000 Block of Nacogdoches Road in the 9400 Block of Forest Oak Drive, from "A" Single Family Residential District to "O-1" Office District, located southwest of the intersection of Nacogdoches Road and Forest Oak Drive, having 230' on Nacogdoches Road and 209.6' on Forest Oak Drive.

The Zoning Commission has recommended that this request of change of zone be approved by the City Council.

Mr. Andy Guerrero, Zoning Administrator, explained that nine affirmative votes would be required to approve the requested rezoning.

Mr. Hasslocher noted that there had been six letters received, along with a petition, in opposition to this rezoning.

Mr. Al Rhode, realtor, spoke in favor of the request, stating that the land has been vacant for some 35 years, and opposition registered to the request was actually directed at the original request for "B-1" zoning, not the "O-1", presently being sought.

Mr. John Myster, landscape architect, and Mr. Randy Bartholomew, architect, spoke to details of the planned project.

Mr. Tom Rohde, realtor, submitted letters in favor of the request and also presented photographs of the present area.

After consideration, Mr. Thompson moved to approve the recommendation of the Zoning Commission for the request of rezoning, provided that a six foot solid screen fence is erected and maintained along both property lines, a 50' building setback line along the southeast and west boundary lines, and proper platting is accomplished. Mrs. Dutmer seconded the motion. On roll call, the motion, carrying with it the passage of the following Ordinance, prevailed by the following vote: AYES: Berriozabal, Webb, Dutmer, Wing, Thompson, Alderete, Canavan, Hasslocher and Cisneros: NAYS: Archer: ABSENT: Eureste.

AN ORDINANCE 53,786

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 LOT 6, BLOCK E, NCB 12112 IN THE 3000 BLOCK OF NACOGDOCHES ROAD, IN THE 9400 BLOCK OF FOREST GLEN DRIVE, FROM "A" SINGLE FAMILY RESIDENTIAL DISTRICT TO "O-1" OFFICE DISTRICT, PROVIDED THAT A SIX FOOT SOLID SCREEN FENCE IS ERECTED AND MAINTAINED ALONG BOTH PROPERTY LINES, A 50' BUILDING SETBACK LINE ALONG THE SOUTHEAST AND WEST BOUNDARY LINES, AND PROPER PLATTING IS ACCOMPLISHED.

* * * *

12. CASE 8454 - to rezone Lot 49, NCB 14141, in the 11600 Block of Whisper Valley Drive from "B-2" Business District, to "R-2A" Three and Four Family Residential District, located on the west side of Whisper Valley Drive, being 133.32' southwest of the intersection of Wurzbach Road and Whisper Valley Drive, having 182.90' on Whisper Valley Drive and a maximum depth of 160'.

The Zoning Commission has recommended that this request of change of zone be approved by the City Council.

Mr. Andy Guerrero, Zoning Administrator, explained the request.

No citizen appeared to speak in opposition.

After consideration, Mr. Canavan moved to approve the recommendation of the Zoning Commission for the request of rezoning. Mrs. Dutmer seconded the motion. On roll call, the motion, carrying with it the passage of the following Ordinance, prevailed by the following vote: AYES: Berriozabal, Webb, Dutmer, Wing, Eureste, Thompson, Alderete, Canavan, Archer and Cisneros; NAYS: none; ABSENT: Hasslocher.

AN ORDINANCE 53,787

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 LOT 49, BLOCK 11, NCB 14141, IN THE 11600 BLOCK OF WHISPER VALLEY DRIVE, FROM "B-2" BUSINESS DISTRICT, TO "R-2A" THREE AND FOUR FAMILY RESIDENTIAL DISTRICT.

* * * *

13. CASE 8482 - to rezone Lot 1, NCB 11958, in the 1100 Block of Parkridge Drive, from "A" Single Family Residential District to "B-3" Business District, located on the south side of Parkridge Drive, being 50' east of the intersection of Airport Blvd. and Parkridge Drive, having 100' on Parkridge Drive and a depth of 120'; Lots 23 and the east 50.2' of Lot 2, NCB 11958, in the 1100 Block of Parkridge Drive, from "A" Single Family Residential District, to "B-3" Business District, located on the south side of Parkridge Drive, being 250' east of the intersection of Airport Blvd, and Parkridge Drive, having 125.2' on Parkridge Drive, and having a maximum depth of 293'.

The Zoning Commission has recommended that this request of change of zone be approved by the City Council.

No citizen appeared to speak in opposition.

After consideration, Mr. Canavan moved to approve the recommendation of the Zoning Commission for the request of rezoning. Mr. Thompson seconded the motion. On roll call, the motion, carrying with it the passage of the following Ordinance, prevailed by the following vote: AYES: Berriozabal, Webb, Dutmer, Wing, Eureste, Thompson, Alderete, Canavan, Archer, Hasslocher, and Cisneros; NAYS: none; ABSENT: none.

AN ORDINANCE 53,788

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 LOT 1, NCB 11958, IN THE 1100 BLOCK OF PARKRIDGE DRIVE FROM "A" SINGLE FAMILY RESIDENTIAL DISTRICT TO "B-3" BUSINESS DISTRICT; LOTS 23 AND THE EAST 50.2' OF

LOT 2, NCB 11958, IN THE 1100 BLOCK OF PARKRIDGE DRIVE, FROM "A" SINGLE FAMILY RESIDENTIAL DISTRICT, TO "B-3" BUSINESS DISTRICT.

* * * *

14. CASE 8472 - to rezone a 0.595 acre tract of land out of NCB 14863, being further described by field notes filed in the Office of City Clerk, in the 11200 Block of I.H. 10 Expressway, in the 11000 Block of Fredericksburg Road, from a Temporary "R-1" Single Family Residential District, to "B-3" Business District, located at the intersection of I.H. 10 Expressway and Fredericksburg Road, having 192' on I.H. 10 Expressway and 190' on Fredericksburg Road and a maximum depth of 188.81'.

The Zoning Commission has recommended that this request of change of zone be approved by the City Council.

Mr. Andy Guerrero, Zoning Administrator, explained the request.

Mr. Canavan explained that the remodeling and additions to the existing service station on the property could be accomplished within the framework of a "B-3R" zoning.

Mr. Vernon Hanan, 1039 W. Hilderbrand, Ave., representing Exxon Corporation, stated he had no objections to this change in the request.

After discussion, Mr. Canavan moved to approve the recommendation of the Zoning Commission for the request of rezoning, provided that proper platting is accomplished. Mr. Archer seconded the motion. On roll call, the motion, carrying with it the passage of the following Ordinance, prevailed by the following vote: AYES: Berriozabal, Webb, Dutmer, Wing, Eureste, Thompson, Alderete, Canavan, Archer, Hasslocher, and Cisneros; NAYS: none; ABSENT: none.

AN ORDINANCE 53,789

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 0.595 ACRE TRACT OF LAND OUT OF NCB 14863, BEING FURTHER DESCRIBED BY FIELD NOTES FILED IN THE OFFICE OF CITY CLERK, FROM TEMPORARY "R-1" SINGLE FAMILY RESIDENTIAL DISTRICT, TO "B-3" BUSINESS DISTRICT, PROVIDED THAT PROPER PLATTING IS ACCOMPLISHED.

* * * *

81-25 The Clerk read the following Ordinance.

AN ORDINANCE 53,790

APPROVING EXECUTION OF AN AGREEMENT WITH THE TEXAS COMMITTEE FOR THE HUMANITIES FOR A GRANT TO THE SAN ANTONIO PUBLIC LIBRARY.

* * * *

Mr. Thompson moved to approve the Ordinance. Mr. Webb seconded the motion.

After discussion, the motion, carrying with it the passage of the Ordinance, prevailed by the following vote: AYES: Berriozabal, Webb, Dutmer, Wing, Eureste, Thompson, Alderete, Canavan, Archer, Hasslocher, and Cisneros; NAYS: none; ABSENT: none.

81-25 The Clerk read the following Ordinance.

AN ORDINANCE 53,791

ACCEPTING THE LOW QUALIFIED BID OF STEVECO-SAN ANTONIO, INC., TO CONSTRUCT DOWNTOWN RIVER IMPROVEMENTS AT NAVARRO, PRESA AND CROCKETT STREET BRIDGES IN THE SUM OF \$131,898; AUTHORIZING EXECUTION OF A STANDARD PUBLIC WORKS CONTRACT; APPROVING A BUDGET REVISION; AND AUTHORIZING PAYMENT.

* * * *

Mr. Alderete moved to approve the Ordinance. Mr. Archer seconded the motion.

After discussion, the motion, carrying with it the passage of the Ordinance, prevailed by the following vote: AYES: Berriozabal, Webb, Dutmer, Wing, Eureste, Thompson, Alderete, Canavan, Archer, Hasslocher, and Cisneros; NAYS: none; ABSENT: none.

81-25 The Clerk read the following Ordinance.

AN ORDINANCE 53,792

AUTHORIZING EXECUTION OF AGREEMENTS BETWEEN THE CITY AND BALLET FOLKLORICO DE SAN ANTONIO FOR USE OF THE ARNESON RIVER THEATRE TO PRESENT BALLET FOLKLORICO PERFORMANCES AND FOR OPERATION OF CONCESSIONS DURING THE PERFORMANCES.

* * * *

Mr. Canavan moved to approve the Ordinance. Mr. Hasslocher seconded the motion.

After discussion, the motion, carrying with it the passage of the Ordinance, prevailed by the following vote: AYES: Berriozabal, Webb, Dutmer, Wing, Eureste, Thompson, Alderete, Canavan, Archer, Hasslocher, and Cisneros; NAYS: none; ABSENT: none.

81-25 The Clerk read the following Ordinance.

AN ORDINANCE 53,793

AUTHORIZING THE EXECUTION OF AGREEMENTS BETWEEN THE CITY AND ALAMO KIWANIS CLUB OF SAN ANTONIO FOR USE OF THE ARNESON RIVER THEATRE TO PRESENT ITS FIESTA NOCHE DEL RIO PERFORMANCES AND OPERATION OF THE CONCESSIONS DURING FIESTA NOCHE DEL RIO PERFORMANCES.

* * * *

Mr. Archer moved to approve the Ordinance. Mrs. Dutmer seconded the motion.

After discussion, the motion, carrying with it the passage of the Ordinance, prevailed by the following vote: AYES: Berriozabal, Webb, Dutmer, Wing, Thompson, Alderete, Canavan, Archer, Hasslocher and Cisneros; NAYS: none; ABSENT: Eureste.

81-25 The Clerk read the following Ordinance.

AN ORDINANCE 53,794

AUTHORIZING THE CITY MANAGER TO SUBMIT AN APPLICATION AND ACCEPT A GRANT FOR \$517,140 FROM THE TEXAS DEPARTMENT OF HUMAN RESOURCES FOR THE 1981 SUMMER NUTRITIONAL PROGRAM; APPROVING A BUDGET AND PERSONNEL COMPLEMENT THEREFORE; & AUTHORIZING TRMPORARY LOANS TO THE PROJECT.

* * * *

Mr. Alderete moved to approve the Ordinance. Mr. Archer seconded the motion.

After discussion, the motion, carrying with the passage of the Ordinance, prevailed by the following vote: AYES: Berriozabal, Webb, Dutmer, Wing, Thompson, Alderete, Canavan, Archer, Hasslocher, and Cisneros; NAYS: none; ABSENT: Eureste.

81-25 The Clerk read the following Ordinance.

AN ORDINANCE 53,795

APPROVING THE 1981 SUMMER RECREATIONAL SUPPORT PROGRAM AND A BUDGET OF \$258,925.00 AND PERSONNEL POSITIONS THEREFORE IN THE GENERAL FUND; AUTHORIZING EXECUTION OF AGREEMENTS WITH AGENCIES FOR OPERATING SITES; AND AUTHORIZING RENTAL OF OFFICE SPACE FROM OUR LADY OF SORROWS CHURCH.

* * * *

Mr. Alderete moved to approve the Ordinance. Mr. Wing seconded the motion.

After discussion, the motion, carrying with it the passage of the Ordinance, prevailed by the following vote: AYES: Berriozabal, Webb, Dutmer, Wing, Thompson, Alderete, Canavan, Archer, Hasslocher and Cisneros; NAYS: none; ABSENT: Eureste.

81-25 The Clerk read the following Ordinance.

AN ORDINANCE 53,796

APPOINTING COUNCILMEMBERS JAMES C. HASSLOCHER, BOB THOMPSON, AND JOE WEBB TO SERVE ON THE BEXAR COUNTY CRIMINAL JUSTICE COUNCIL FOR AN INDEFINITE TERM PURSUANT OT PROVISIONS OF THE BYLAWS OF THE JUSTICE COUNCIL.

* * * *

Mr. Hasslocher moved to approve the Ordinance. Mr. Webb seconded the motion.

After discussion, the motion, carrying with the passage of the Ordinance, prevailed by the following vote: AYES: Berriozabal, Webb, Dutmer, Wing, Eureste, Thompson, Alderete, Canavan, Archer, Hasslocher, and Cisneros; NAYS: none; ABSENT: none.

81-25 The Clerk read the following Ordinance.

AN ORDINANCE 53,797

REAPPOINTING MR. ROBERT TEJEDA TO SERVE AS
AN ALTERNATE ON THE BOARD OF EQUALIZATION
FOR THE 1981-82 TAX YEAR.

* * * *

Mr. Wing moved to approve the Ordinance. Mr. Hasslocher seconded the motion.

After discussion, the motion, carrying with it the passage of the Ordinance, prevailed by the following vote: AYES: Berriozabal, Webb, Dutmer, Wing, Eureste, Thompson, Alderete, Canavan, Archer, Hasslocher and Cisneros; NAYS: none; ABSENT: none.

81-25 The Clerk read the following Ordinance.

AN ORDINANCE 53,798

APPOINTING COUNCILMEMBERS FRANK D. WING
AND VAN HENRY ARCHER, JR., TO SERVE ON
THE EMERGENCY MEDICAL SERVICE ADVISORY
COMMITTEE FOR AN INDEFINITE TERM PURSUANT
TO PROVISIONS OF THE COMMITTEE'S BYLAWS.

* * * *

Mr. Webb moved to approve the Ordinance. Mrs. Dutmer seconded the motion.

After discussion, the motion, carrying with it the passage of the Ordinance, prevailed by the following vote: AYES: Berriozabal, Webb, Dutmer, Wing, Eureste, Thompson, Alderete, Canavan, Archer, Hasslocher and Cisneros; NAYS: none; ABSENT: none.

81-25 The Clerk read the following Ordinance.

AN ORDINANCE 53,799

APPOINTING COUNCILMEMBERS BERNARDO EURESTE
AND FRANK WING TO SERVE ON THE STATE BOARD
SELECTION COMMITTEE FOR MENTAL HEALTH-MENTAL
RETARDATION FOR A TWO (2) YEAR TERM TO EXPIRE
MAY 21, 1983.

* * * *

Mrs. Dutmer moved to approve the Ordinance. Mr. Thompson seconded the motion.

After consideration, the motion, carrying with it the passage of the Ordinance, prevailed by the following vote: AYES: Berriozabal, Webb, Dutmer, Wing, Eureste, Thompson, Alderete, Canavan, Archer, Hasslocher, and Cisneros; NAYS: none; ABSENT: none.

81-25 The Clerk read the following Ordinance.

AN ORDINANCE 53,800

APPOINTING COUNCILMEMBER MARIA ANTONIETTA
BERRIOZABAL AS AN EX-OFFICIO MEMBER TO
SERVE ON THE ST. PAUL SQUARE ADVISORY
BOARD.

* * * *

Mr. Canavan moved to approve the Ordinance. Mr. Alderete seconded

the motion.

After discussion, the motion, carrying with it the passage of the Ordinance, prevailed by the following vote: AYES: Berriozabal, Webb, Dutmer, Wing, Eureste, Thompson, Alderete, Canavan, Archer, Hasslocher, and Cisneros; NAYS: none; ABSENT: none.

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81-25 The Clerk read the following Ordinance.

AN ORDINANCE 53,801

APPOINTING MAYOR HENRY CISNEROS AND COUNCILMEMBERS HELEN DUTMER, GENE CANAVAN, JAMES HASSLOCHER, BOB THOMPSON, JOE ALDERETE, AND BERNARDO EURESTE TO SERVE ON THE STEERING COMMITTEE OF THE SAN ANTONIO-BEXAR COUNTY URBAN TRANSPORTATION STUDY (SABCUTS-MPO).

* * * *

Mrs. Dutmer moved to approve the Ordinance. Mr. Webb seconded the motion.

After discussion, the motion, carrying with it the passage of the Ordinance, prevailed by the following vote: AYES: Berriozabal, Webb, Dutmer, Wing, Eureste, Thompson, Alderete, Canavan, Archer, Hasslocher, and Cisneros; NAYS: none; ABSENT: none.

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81-25 The Clerk read the following Ordinance.

AN ORDINANCE 53,802

REAPPOINTING COUNCILMEMBER HELEN DUTMER TO SERVE ON THE ADVISORY COMMITTEE FOR WASTEWATER FACILITY PLANNING (201) FOR A TERM ENDING JANUARY 31, 1983.

* * * *

Mr. Webb moved to approve the Ordinance. Mr. Archer seconded the motion.

After discussion, the motion, carrying with it the passage of the Ordinance, prevailed by the following vote: AYES: Berriozabal, Webb, Dutmer, Wing, Eureste, Thompson, Alderete, Canavan, Archer, Hasslocher and Cisneros; NAYS: none; ABSENT: none.

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81-25 The Clerk read the following Ordinance.

AN ORDINANCE 53,803

APPOINTING MAYOR HENRY CISNEROS AND OTHER INDIVIDUALS TO SERVE ON THE BOARD OF DIRECTORS OF THE INSTITUTE OF THE AMERICAS, PURSUANT TO ARTICLE II, SECTION 1 OF THE INSTITUTE'S BYLAWS; FOR A TWO (2) YEAR TERM.

* * * *

Mr. Archer moved to approve the Ordinance. Mr. Canavan seconded the motion.

After discussion, the motion, carrying with it the passage of the Ordinance, prevailed by the following vote: AYES: Berriozabal, Webb, Dutmer, Wing, Eureste, Thompson, Alderete, Canavan, Archer, Hasslocher, and Cisneros; NAYS: none; ABSENT: none.

81-25 At this point, Ms. Rebecca Q. Cedillo, Administrative Assistant to the City Manager, stated that a work session is needed to consider further board appointments by the City Council.

81-25 Mayor Cisneros stated that the matter of a pending appointment by the City Public Service Board needs attention from members of the Council later today.

81-25 The Clerk read the following Ordinance.

AN ORDINANCE 53,804

AUTHORIZING THE EXECUTION OF AN INDENTURE BETWEEN THE CITY OF SAN ANTONIO AND SOUTHERN PACIFIC TRANSPORTATION COMPANY COVERING THE CONSTRUCTION OF A DRAINAGE DITCH ON RAILROAD PROPERTY; AND ACCEPTING A MAINTENANCE GUARANTEE AND INDEMNITY AGREEMENT FROM THE WOODLAKE COMPANY IN CONNECTION THEREWITH.

* * * *

Mrs. Dutmer moved to approve the Ordinance. Mr. Webb seconded the motion.

After discussion, the motion, carrying with it the passage of the Ordinance, prevailed by the following vote: AYES: Berriozabal, Webb, Dutmer, Wing, Eureste, Thompson, Alderete, Canavan, Archer, Hasslocher and Cisneros; NAYS: none; ABSENT: none.

81-25 The Clerk read the following Ordinance.

AN ORDINANCE 53,805

ACCEPTING THE LOW BID OF ANDERSON MACHINERY SAN ANTONIO, INC., TO FURNISH THE CITY OF SAN ANTONIO WITH THE RENTAL OF A TRACTOR DOZER FOR A NET TOTAL OF \$16,450.00 FOR A THIRTY-DAY PERIOD.

* * * *

Mr. Alderete moved to approve the Ordinance. Mr. Thompson seconded the motion.

After discussion, the motion, carrying with it the passage of the Ordinance, prevailed by the following vote: AYES: Berriozabal, Webb, Dutmer, Wing, Eureste, Thompson, Alderete, Canavan, Archer, Hasslocher, and Cisneros; NAYS: none; ABSENT: none.

81-25 TRAVEL AUTHORIZATION

Mayor Henry Cisneros to travel to Indianapolis, Indiana from May 22, 1981 to May 22, 1981 to attend the National League of Cities Meeting. Granted.

81-25 The Clerk read the following Ordinance.

AN ORDINANCE 53,806

ACCEPTING THE LOW QUALIFIED BID IN THE AMOUNT OF \$251,519.20 FROM A.M. VOGEL, INC., AND HOUSTON BRIDGE AND ENGINEERING

CO., INC. TO PERFORM THE WOODLAWN
LAKE REHABILITATION - PHASE I PROJECT;
APPROVING A CONTRACT FOR THE WORK;
AUTHORIZING PAYMENT FOR THE CONTRACT
WORK, ENGINEERING FEES, AND CONTINGENT
EXPENSES, AND APPROVING A BUDGET
REVISION.

* * * *

Mr. Alderete moved to approve the Ordinance. Mrs. Dutmer seconded the motion.

After discussion, the motion, carrying with it the passage of the Ordinance, prevailed by the following vote: AYES: Berriozabal, Webb, Dutmer, Wing, Eureste, Thompson, Alderete, Canavan, Archer, Hasslocher, and Cisneros; NAYS: none; ABSENT: none.

81-25

CITIZENS TO BE HEARD

MS. BODIEL CANTU

Ms. Bodiel Cantu, San Antonio Fire Department, spoke in favor of the City hiring female firefighters, and further spoke to their abilities to perform their jobs.

In response to questions from Mr. Thompson, Mr. Jim Miller, Assistant Fire Chief, stated that there are at present only two female firefighters in the San Antonio Fire Department, and the City maintains no separate facilities for female firefighters.

Responding to Mr. Archer's comment that he doesn't feel that the City should spend \$1 million to recruit female firefighters, Mayor Cisneros pointed out that that amount reportedly is being spent by the National Association of Firefighters, not the City of San Antonio.

ANGIE CANALES

Angie Canales, 211 W. Emerson, representing St. John Berchman COPS, spoke against Tubby's Pool Room, 1402-1404 Cupples Rd., noting that numerous incidents had occurred on or near the premises. She asked the Council to enact a Resolution opposing the establishment being granted a liquor license, a rehearing for which is scheduled before the Texas Alcoholic Beverage Commission, in Austin.

Mr. Alderete moved and Mr. Canavan seconded the motion to place this matter of a Resolution on next week's agenda.

During the discussion, it was also decided that staff would attach to the Resolution being passed and carried to Austin all municipal records, especially police records, that bear upon Tubby's Pool Room.

It also was decided that a representative of the City of San Antonio would be present at the hearing on the liquor license, which had earlier been suspended.

During the discussion of this matter, Mrs. Dutmer spoke to violence that occurs at or near a lounge near her home.

Also, Mr. Thompson asked the City staff for a status report on efforts to close down places where violence occurs.

After discussion, a roll call was made and the Resolution for a liquor license renewal of Tubby's Pool Room, was passed by the following vote: AYES: Berriozabal, Webb, Dutmer, Wing, Eureste, Thompson, Alderete, Canavan, Archer, Hasslocher, and Cisneros; NAYS: none; ABSENT: none.

MS. MARIA DOMINGUEZ

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Ms. Maria Dominguez, 250 Frieling Drive, spoke against the 6% CPS rate increase.

MR. ROBERT T. BUCHANAN

Mr. Robert T. Buchanan, 133 Armour, spoke against the site selected for location of the Patio of States project, and recommended that perhaps it could be changed to near the base of the Tower of the Americas.

Mr. Tom Sokol, 342 W. Woodlawn, speaking for the San Antonio chapter of the American Institute of Architects, stated that the Patio of States site is not the proper location for the project, since too little green-space is left in downtown San Antonio anyway.

Ms. Joanna Parrish, President of the San Antonio Conservation Society, stated that her group is not opposed to the concept of the Patio of States project, but only to the site selected. She asked that a search begin for another more acceptable and suitable site, and asked for a few weeks' time to work with proponents of the project on a possible new site.

Ms. Marilyn Klinger, member of the Conservation Society and former member of the City's River Walk Commission, spoke to the number of unusual requests for approval that come before that group, and spoke against the location of the Patio of States project.

Mr. Archer, Mr. Webb, Mr. Hasslocher, and Mrs. Dutmer spoke in support of the project, and Mrs. Dutmer also spoke in favor of its currently-planned location.

Mayor Cisneros asked Deputy City Manager Louis Fox to look into the implications of perhaps halting the project's construction.

Mr. Eureste stated that digging already has begun on the site, and spoke against the project in its present location.

Mr. Eureste made a motion to direct City staff to prepare an Ordinance to rescind the previous Ordinance, granting permission to construct the Patio of States project at the northwest corner of the Convension Center. Mr. Wing seconded the motion. On roll call, the motion failed by the following vote: AYES: Berriozabal, Wing and Eureste; NAYS: Webb, Dutmer, Thompson, Alderete, Hasslocher, and Cisneros; ABSENT: Canavan and Archer.

MS. LUCILLE DYESS

Ms. Lucille Dyess, speaking on water problems associated with the Lake View Garden Water Works #2, stated that since she last appeared before City Council some months ago on this same subject, there had been another water line break in the area. She briefly explained the background of the situation, explaining that when the City widened West Commerce St., it relocated the water lines to a point beneath the sidewalk.

Mr. Frank Kiolbassa, Director of Public Works, stated he would speak with Ms. Dyess about the matter, and report back to the City Council on that meeting.

Mayor Cisneros stated that she would have an answer to her questions within one week.

81-25 The City Council recessed at 6:45 and reconvened at 7:33 p.m. to discuss City Water Board bonds.

The following discussion then took place on the City Water Board Bonds:

MAYOR CISNEROS: We will now discuss bonds for the City Water Board, half of which are for, or some of which are for the Capital Improvements Program, the Extension Program, the Main Replacement Program and part of which are for the Surface Water Program. And if the Clerk will introduce the Resolution we will hear the only citizen that I know if that is signed, and that is Mrs. Beatrice Cortez.

The City Clerk read the following Resolution:

RESOLUTION NO. 81-26-53

DIRECTING PUBLICATION OF NOTICE OF INTENTION TO ISSUE CITY OF SAN ANTONIO PRIOR LIEN WATER SYSTEM REVENUE BONDS, DIRECTING ADVERTISEMENT OF SALE, AND APPROVING A NOTICE OF SALE AND OFFICIAL STATEMENT, IN CONNECTION WITH SAID BONDS AND OFFICIAL STATEMENT.

MAYOR CISNEROS: All right, I don't really believe we need a formal presentation from the Water Board, since we had that last week. But I would want to get underway with the citizens and then any questions that the Council members have of either own own City staff or the Water Board staff would be appropriate. So we will ask Mrs. Beatrice Cortez to make her remarks first.

MRS. BEATRICE CORTEZ: Father Williams will make the statement.

FATHER RICHARD WILLIAMS: My name is Father Richard Williams. I'm a member of the Water Committee for COPS and pastor of St. Bonaventure Church in San Antonio. And part of our parish, the parish limits, will be concerned with the Applewhite Project directly.

The COPS organization is opposed to the bond package as it now stands because COPS has some very, very serious questions concerning the Applewhite Project and surface water in general. And some of the questions, and the main questions, are these: First of all, is there really a need for surface water for the city of San Antonio? Does the city of San Antonio really need any more than the Edwards Aquifer? And secondly, is the Applewhite Project itself... is this merely a showcase to show prospective industries, to try to persuade them to come to San Antonio? And is this project, the Applewhite Project, is it really a buffalo wallow as it's been described? And lastly, the question: is the Applewhite Project really a way to cut off the south side of San Antonio from water from the aquifer?

Now, these are the questions, some of the questions that the COPS organization has. And these questions must have an answer in a public hearing forum before any money is allocated by this Council for surface water. Now if there is no public discussion, then the City of San Antonio is stuck with the same garbage that the City is stuck with, with the STNP, because you are following the same procedure and what got us into STNP, no questions asked, no answers given, and who pays the price for this blank check, you know? Is it the Water Board? Does the Water Board pay that blank check? Do the Council members, Mayor Cisneros and the other Council members, do you pay that blank check? No, it's the families of San Antonio who pay that check. We've heard enough today about the rising cost of the utility bills, and we're going to add more to that. Does that make sense? This whole thing becomes something very unjust, something that becomes very immoral, that you are asking the citizens of San Antonio to do, to pay and pay and pay. And without any answers to any real questions.

Now, this Council can do a very, very reasonable thing. The reasonable thing that you can do is to remove any mention, or remove any amount of money, for surface water on this bond package until there are public hearings. This is what you can do, to be reasonable. However, City Council is not always known to act reasonably. There is an alternative, an alternate way of doing it, that you can take that four million dollars in that bond package and not apply it to Applewhite, not tie it to surface water. And you can also not give the Water Board any authority to land condemnation until the public hearings are held, until some decisions are made about surface water in San Antonio.

Now, Mayor Cisneros, several months ago at an accountability session before the elections you committed yourself to public hearings on the Applewhite Project before any decisions were made. And COPS wants to meet with you, to plan out these public hearings which you have committed yourself to. The whole idea of surface water...there's too many questions that have not been asked. There's too many answers that have not been given for the Council to make any kind of decision, to pass this bond issue as it stands. And we're waiting to hear what the Council wants to say. We're waiting to hear your decision. In fact, we'd like Councilman Thompson to register his "yes" or "no" first, on this question.

MAYOR CISNEROS: Are you finished, Father?

FATHER WILLIAMS: Yes, sir.

MAYOR CISNEROS: Thank you very much. We'll proceed with questions that the Council members may have, either of the City staff or the Water Board staff or of the citizens' spokesman who has just presented. Let me just say, Father mentioned the public hearings. I do feel that with the decision of this magnitude, that public hearings are warranted. I have indicated to the COPS organization, both in the accountability night and also in the discussion we had this week, that I felt we do need surface water, but that I was completely open to laying the whole matter open to public discussions on the questions of Applewhite and Cibolo or any other approach that might be developed to deal with the question of water future for San Antonio. I personally intend to vote for the bonds because I think we need to keep the momentum going for development of surface water, but I am 100 per cent open to whoever can show me the best solution from a supply standpoint and from a price standpoint, of the future of surface water. We'll proceed then with the Council members: Mr. Hassloch, followed by Mr. Canavan, followed by Mr. Thompson, Mr. Wing and Mr. Eusebio.

MR. HASSLOCHER: First of all, since I....first of all, since I instigated the proceedings at the last meeting to get this back on the agenda for today, I certainly feel very strongly that San Antonio has to have surface water. I want to express a few of my thoughts real briefly on this.

I do have problems with the Applewhite Project. There's no doubt about it. There are some uncertainties and some answers that I would like to see clarified before I move in this area. And I don't think that those can be answered tonight. There are many concerns and many rumors about the Applewhite Project that not only myself but some of my colleagues on the Council feel strongly that we need to look at in an in-depth study. However, because I feel this is such an important issue to San Antonio that there is a lot of good that can come out of having an ample water supply, and knowing what happens in different parts of the United States during some peak summer months where, especially out in the California area, and the longer you put this off, the more it's going to cost us. Today's cost will not be tomorrow's cost. So if it's in order, I'd like to make a motion that the bond package be approved with the following amendment: that the four million dollars.....

MAYOR CISNEROS: Let's make the motion first and then try to get the amendment, if you don't mind. I think the amendment is a separate unit.

MR. HASSLOCHER: The amendment first?

MAYOR CISNEROS: If you want to make the motion, not with the amendment but whatever thing you want embodied into it, that would be fine.

MR. HASSLOCHER: All right. I'd like.....

FROM THE AUDIENCE: I was on the list to be heard.

MAYOR CISNEROS: I'm sorry. I don't have that.

FROM THE AUDIENCE: It's on the list, immediately following Mrs. Cortez.

MAYOR CISNEROS: Let me check that one from this afternoon. In the meantime, we're going to hear Mr. Hasslocher. Proceed, if you would, please.

MR. HASSLOCHER: Thank you, Mayor. I would like to make a motion that we accept the bond package, but the four million dollars that's earmarked for land purchase be earmarked for surface water development, but not necessarily tagged to the Applewhite.

MR. THOMPSON: Second.

MAYOR CISNEROS: Okay, there's a motion and second which would approve the issuance of the bonds but with the proviso that the four million dollars that is now reserved for surface water would be designated for surface water in a general way, without specific reference to Applewhite. Is that right?

MR. HASSLOCHER: Property acquisition.

MAYOR CISNEROS: So that no property acquisition, etcetera, could occur until some future check, at some point.

MR. HASSLOCHER: A future study and that the questions that I have and others of my colleagues on the Council have can be answered. But I think it's vitally important that we get this passed and that we earmark this money and have it available so we can move expediently on this. Thank you, sir.

MAYOR CISNEROS: Let me ask just a question for clarification. What would it take, then, that the Water Board do, and I know Mr. Canavan has been working on this as well, what would it take, in your opinion, in accordance with your motion, what would it take in order for the Water Board to get movement then on either the bond sale or condemnation or anything else... a future decision by this Council?

MR. HASSLOCHER: Yes sir, I guess so, that I think that would be essential. I think we all have questions.

MAYOR CISNEROS: That would be fine. Okay, then we'll proceed with Mr. Canavan.

MR. CANAVAN: I support the motion, and I have done a little work in trying to determine a couple of things I need to speak to Mr. Van Dyke, if I may. A couple of questions, Mr. Van Dyke. The motion that is presented changes things that I'm not going to assume that motion is going to pass. So I'd like to ask a couple of questions, and one is that in your best judgment,

when will we need an alternate source of surface water? I know that we used 169,000 acre-feet of water in San Antonio last year. How long would you estimate before we actually need, if we continued at the pace we're going, using the aquifer as the primary source, how long would it be before we'd actually have to use any other surface water? Ten years?

MR. ROBERT VAN DYKE: Our estimates have been that we would need one gallon of surface water in 1985, and it would grow from that point on. Naturally, we can't build a reservoir that will hold one gallon. Also, the answer to your question is based on weather and population growth.

MR. CANAVAN: Okay. The figure that I have is 208,000 acre-feet that the City will need in 1985, when Applewhite would come on-line, based on what was proposed. Are you telling me that that's all that safely we could draw from the Aquifer? Or either that or the figures that I have received from the City are incorrect?

MR. VAN DYKE: Please re-state your question.

MR. CANAVAN: Okay, the figures that I have received show that in 1985, the utilization based on the per-capita consumption which is estimated to be 203 gallons per person in 1985, would require 208,000 acre-feet of water. You had stated that your estimate is that we will need one gallon of water in 1985, and I have a little problem with that, in that I thought we had more water available to withdraw from the Aquifer than that. I thought we were shooting at 250,000 acre-feet before we needed to actually utilize any alternate source of surface water.

MR. VAN DYKE: Mr. Councilman Canavan, the amount of water that can be withdrawn from the Aquifer, under today's law has no restrictions.

MR. CANAVAN: Correct.

MR. VAN DYKE: We can draw all the water that we can draw out of the ground, to the injury of anyone around us, and there's no law against that at the present time. An figure that we have in the future is our best estimate of those needs that are going to be needed based upon past pumpage and usage, our estimate of weather, and they are estimates and only that. Perhaps we can get 250, perhaps we could get 300, perhaps we could get 100. It depends on what our neighbors do.

MR. CANAVAN: Okay, I have...going back to the proposal as it was when I voted on, when I first got on Council, is it not true that the first utilization would be from the Applewhite of water? In other words, we're going to draw out from the Applewhite, on a daily basis, even though the Aquifer is flowing full. Is that correct?

MR. VAN DYKE: That's the concept of operation.

MR. CANAVAN: It's the problem that I had, that I have with that now is that in 1985, the treatment of water from the Aquifer costs \$65.78 estimated per acre-foot, and the Applewhite will cost \$221.91 per acre-foot. I realize that we can't...it's not 16,000 acre-feet, it's not going to supply all of the water needs, but let's say if it's flowing full and free, then we're going to draw some percentage and let's say it's half of that, that costs us \$1.6 million extra just to treat the water. So I would think the primary source should continue to come from the Aquifer for all of San Antonio and the Applewhite would be secondary, but I.....

MR. VAN DYKE: That is correct.

MR. CANAVAN: Okay. The problem that I'm having is that, based on what I have heard, what I have been reading and checking other sources, that it would be better to start looking at the land and that was the motion by Mr. Hasslocher. But I have a little trouble gutting up right now to \$41,563,000 for a treatment plant, and that's even figuring the dam.

I think I would even be more comfortable, and I think the route that this Council should take is, to wait until we find out whether we actually or the State does permit this reservoir, acquire the land, but also if there's any way possible, look at the Canyon Reservoir merely as a source of water and then hold off on building of the plant because we're probably...what? Two years to build a treatment plant?

MR. VAN DYKE: Probably.

MR. CANAVAN: Something like that, I have, had been swayed, but I think the Canyon is probably our best source, and I know that throws a whole new wrinkle in it, but I'm having trouble spending an extra \$41 million today on a treatment plant that, in the best judgment of a number of people, we're probably 10 years away from actually needing this, and I don't want to be spending money, additional money, on treating water today, for three or four times what it will cost to use the Aquifer.

So I guess what I'm saying is, I support the surface water, but I support Mr. Hasslocher's proposal and I would like to look further into anything above acquiring the land for future use to save that ratepayer, let's say for the next eight years, anyway. And the logic against that would be it's going to cost a lot more in the future. My rationale is, well, if that were the case, if we could afford it, we'd start on Cuero, we'd start on Cibolo, and we'd start them all today. We can't. I think we're going so fast with the taxpayer and the ratepayer that we can't. But I am supportive of purchasing the land. The way it's drawn up, it doesn't necessarily mean the Applewhite, but I would like to see us at least take an opportunity to check back with GBRA. If there's any way we could renegotiate, I think the downside is "NO". We can't. The upside is, we may be able to work something out favorable and eliminate that additional cost of building another dam as soon after the Applewhite as necessary. Thank you.

MAYOR CISNEROS: Mr. Thompson.

MR. THOMPSON: Mr. Van Dyke, trailing your jeep on Sunday, I almost saluted you, sir. For those that don't know, he's a full Colonel that commands the Red Horse CE Squadron, which is an advanced engineering battalion that would come in at early times of disaster and repair things. He was in full command, I assure you. The...well, full colonels, generals, I don't make any distinction. They're above me.

Could we use the Canyon Dam in lieu of the Applewhite Dam for a reservoir of storage from the Cuero-Cibolo Dam complex?

MR. VAN DYKE: I don't believe that that would physically be advisable nor economically advisable, because of the elevation.

MR. THOMPSON: It's my understanding that we were using the Applewhite, or would use the Applewhite, as a storage from either of those as we pumped upstream, a local storage facility from which we would then pump to our own treatment plants. Could we not use Canyon in the same way? Now, I understand your response pivoted around elevation differences. Is that the fulcrum for this decision?

MR. VAN DYKE: I think that you would find in an analysis of the economics of pumping water to the elevation of Canyon Reservoir, that it would be prohibitive. And the water that you would utilize if you had water available from Canyon would come by gravity and no energy cost whatever to the City of San Antonio. This is one of the points that we'd brought to the Council in 1976. So, if we've pumped water from Cuero, we pump it uphill 76 miles. If we pump water from Cibolo, we pump it uphill 37 miles, and the Applewhite Reservoir would act as the holding-reservoir for the treatment plant, but you would not have that additional lift that you would otherwise have to pump into Canyon.

MR. THOMPSON: Well.....

MR. VAN DYKE: It's expensive any way you look at it, when you're pumping this water uphill.

MR. THOMPSON: Must we pump it into a holding reservoir?

MR. VAN DYKE: Again, it's a case of economics. As you realize, the.....

MR. THOMPSON: You probably don't. Everytime somebody tells me 'I realize' something, I...red flag. I probably am getting something for the first time.

MR. VAN DYKE: The usage of water by a city varies hour by hour, and.....

MR. THOMPSON: I am aware of that.

MR. VAN DYKE: ...week by week, and month by month.

MR. THOMPSON: Okay.

MR. VAN DYKE: And so forth. Economical utilization you would use pumps that would pump at a steady rate, and you can use smaller size pumps at a steady rate rather than having pipes that are large and would take care of the capacity that you need to meet the instant demand. And that's the whole philosophy of having a holding reservoir: that you pump into it 24 hours a day, at a slower rate, and therefore you build up the amount of water that you need. We do that today in our own system. We fill our tanks at night in the off-peaks, and then are available during the day. And the concept is similar.

MR. THOMPSON: Could we not work that same, with the same principle in pumping from Cuero or Cibolo on a constant lower-volume basis that would be in fact sizeable through the course of the demand curve, and we could vary that on as we wanted to vary the flow-rate in our system? But what I'm trying to perceive is: is there a possibility that we could eliminate Applewhite and still see our surface water program not suffer, because I believe that Applewhite is not a major contributor but a necessary evil in procuring surface water from Cuero and Cibolo. If we could eliminate that, either through the use of Canyon or piping directly into our system, would be a very worthwhile savings for our ratepayers.

MR. VAN DYKE: I believe that in the foreseeable years, and this is down a way, a long time, that San Antonio, if it continues to grow, as we anticipate it will, is going to need all of the surface water that it can find. And it's going to need the Applewhite, it's going to need the Cibolo, it's going to need the Cuero, it's going to need water perhaps from Canyon and Mason Reservoirs, also. This is a long time in the future. And one of those reservoirs could certainly be eliminated at the present time, because sooner or later it's going to come.

MR. THOMPSON: Well, I would rather see the first one built that would produce the best and most effective return on capital.

MR. VAN DYKE: You had that opportunity in 1976 that you turned down.

MR. THOMPSON: Sir, my Council had that, but not me. Now I do, so I view it considerably different now when it sets before me. Now I am tending toward the elimination of the Applewhite if we can proceed without it, buying water from GBRA out of the Canyon system and putting our money to work building dams, the Cuero or Cibolo, either one of which...the one that gives us the best return, the most acre-feet for the dollar spent. I don't know which one of those it is, and that's your job to decide, I guess, but.....

MR. VAN DYKE: The Cibolo would be the very most expensive one we could find.

MR. THOMPSON: Well then, I want the Cuero. Is that what you're telling me?

MR. VAN DYKE: Out of the ones you mentioned, I said the Cibolo would be the most expensive.

MR. THOMPSON: Okay. Well, I want the one that we get the most acre-feet out of, and I think there's some dams that you would build that you'd get a lot more water out of, for the cost of the dam, than others. We'd want to use the first one, but I was concerned about being able to take the water from one of those two dams, piping it either directly into our system without having to have the Applewhite reservoir holding.

MR. VAN DYKE: It can be done.

MR. THOMPSON: Well, considering that, and I am, certainly, I want to ask... it's in the form of a hypothetical, but really it's much more pragmatic than that. What would you think of that idea, if we went to the Canyon and purchased water now, 40 to 50,000 acre-feet a year, now or in the next couple of years and put our money, instead of in Applewhite, in one of those two reservoirs, with the idea of pumping straight into our system. Would that be...how would you respond to that in comparison to the Applewhite plan?

MR. VAN DYKE: I would say it is economically feasible.

MR. THOMPSON: Yes, sir. Is it more attractive than spending the \$106 million down on the Applewhite? Do we get the same for our money? Do we get a dam downstream that provides certain storage of water, and we can pipe known quantities of water into our system where I am now with some doubt about the Applewhite?

MR. VAN DYKE: If...would you like to pick one particular reservoir, for example, the Cuero? You mentioned that.

MR. THOMPSON: Okay.

MR. VAN DYKE: All right. That particular reservoir could conceivably be built to provide 200,000 acre-feet of water for San Antonio. It's a large quantity.

MR. THOMPSON: Yes, it is.

MR. VAN DYKE: It's a very large, relatively shallow reservoir, a lot of evaporation, but it still could provide that amount of water. It's a very expensive dam. The dam itself, John Speck gave a figure here a short time ago on our tour, that it would be in excess of \$200 million.

MR. THOMPSON: Let's go to the other one.

MR. VAN DYKE: Just for the dam itself, with no pipelines and no energy cost, and you would be pumping water 76 miles uphill to San Antonio. So the energy cost would be very expensive. I don't have the figures on the total cost, and we have not looked at the Cuero in recent years because the Council directed us to go ahead with the Applewhite. And we have spent all of our time and our energy carrying out the Council's wishes.

MR. THOMPSON: I wish you hadn't said the latter part. I don't feel too good about that. I'm concerned about that, and if we had a 'best dam' site, as that word is...a site upon which we could build a dam, that would be best, then I would certainly want to review those plans in a prioritized kind of way. So, if we spend \$100 million or more, that we have achieved and purchased the most efficient system to supply water for our City.

I'm committed to surface water, but I want to buy, for that kind of money, the very best system that is out there for us. And I have increasing concerns about the utility of the Applewhite.

MAYOR CISNEROS: We'll proceed with.....

MR. VAN DYKE: Councilman, what I hear, the thing that I hear you saying is that you believe that one reservoir might be better than the other and that would be what we should select. My response to you is one reservoir is not going to be adequate in the future, and you're going to have to have a number of reservoirs to take care of the needs of San Antonio. So it isn't a matter of selecting just one, but it's a matter of selecting which one the Council wants to build first. It was the Council's decision after reviewing the report of the Edwards Task Force which was headed by Margaret Lecznar, who studied up on this situation at the City's request following many other studies, that the Canyon be pursued. It was the Council's wishes not to pursue the Canyon and to proceed with Applewhite. And so, again, the Board is following the directions of this Council.

MAYOR CISNEROS: You had some questions, Mr. Wing?

MR. WING: Yes. I guess I gotta say I share Mr. Thompson's concern. I want to make a substitute motion, and that substitute motion would be to go ahead and approve the bonds, all of it, except for \$4 million which would then be put into a, not a surface water project but a capital fund... that capital fund of \$4 million not to be tapped until after the public hearings on surface water. Obviously, a lot of the members of the Council have questions on what type of facility and where the facility would be for surface water. And I feel like this: would be the better way to go, that we satisfied that money but under a capital fund and not surface water, and wait until after the public hearings that have been promised by most of the members of this Council, to take place on surface water.

MR. EURESTE: Second it.

MAYOR CISNEROS: All right, there is a motion and a second, a substitute motion which differs from the first one in that this would be, in effect, setting up an escrow of the \$4 million that is presently dedicated right now to Applewhite and that was substituted for surface water. The next person is Mr. Eureste.

MR. EURESTE: I'm going to move to pass.

MAYOR CISNEROS: Mr. Archer.

MR. ARCHER: Mr. Van Dyke, you know Mrs. Dutmer and I were on your tour and of course it was enjoyable and educational and everything, too, and our last stop was up at Canyon and of course we kind of got spread out up there a little bit. But is the status now... I know we're not in, we don't have Canyon water... but what did they do with that excess package that they were trying to sell and never did sell it to anybody else, did they? Is it still available?

MR. VAN DYKE: The yield of the Canyon Reservoir is approximately 100,000 acre-feet of water. Fifty thousand acre-feet of that water has been permitted to the Guadalupe-Blanco River Authority for municipal purposes. To my knowledge, they have subsequently issued out that water, so to speak, in the amount of 10 to 12,000 acre-feet. I don't know the exact figure, but approximately that for other purposes, and that means that there is approximately 35 to 38,000 acre-feet that has not been put to use. There is also 50,000 acre-feet that has not been permitted.

MR. ARCHER: Well, I had to miss last week, and I was out of town. I read the newspaper reports that Mrs. Dutmer had made a motion to re-open negotiations with Canyon. To me, that's the most logical place to start, and I would like to see the Council go along with her motion if at all possible to see that, if you could open up negotiations and see what kind of deal you could come back with. I understand that several Councils previous had turned the Canyon water down because there wasn't any assurance that we could get it in time need.

MR. VAN DYKE: That is totally erroneous. There is a firm yield out of that reservoir, and the contract that was brought to the Council would have provided the water.

MR. ARCHER: Well, like I say, that's just what I heard. I can't believe you, you know, making that kind of deal, so I take it at face value. Then, Mrs. Dutmer, were you going to make that motion again? Because I would like to see us vote on it as a first step, you coming back, having time to negotiate and see what you could come up with and come back to us and see if we could, you know, get a majority to go along with that being the first step in surface water, and leave Applewhite to further down the road. It made me just about sick to ride out there and see that Applewhite property and see how beautiful it is. To me, it's the prettiest part of Bexar County. And like somebody else told me, Lou or somebody, any time you dam up water, you're talking about a very beautiful area because it's in a valley and I guess that's true, but I sure do hate to see that beautiful place out there be filled up with water. So, are you going to make your motion again, or do you want me to?

MRS. DUTMER: Mr. Archer, after I get this thinking out, I probably will.

MR. ARCHER: Okay, I'll leave it at that, but I'll second Mrs. Dutmer's motion.

MAYOR CISNEROS: Mrs. Dutmer is next.

MRS. DUTMER: All right, first, Mr. Van Dyke...and I know you can hardly keep from smiling, and mestoo, about the Canyon water, but where could you put your treatment plant if you were to go back to Canyon and successfully negotiate that contract?

MR. VAN DYKE: I don't have a place to put it because the Council turned down my site that I recommended to the Council.

MRS. DUTMER: That was the Pape property, right?

MR. VAN DYKE: Yes, madam.

MRS. DUTMER: Or "Popp-e", whichever way you want to pronounce it. Well, they won that case. You wouldn't go back to that site, I would assume? That's an assumption.

MR. VAN DYKE: I have no comment on that.

MRS. DUTMER: Well, after all, you direct the Water Board...you know what's what and where's where. Where would you attempt to go back to that site?

MR. VAN DYKE: If it were my personal selection, I would pick that precise site. It was the very best one that was available to San Antonio and at that time could have been acquired for a reasonable price.

MRS. DUTMER: But, it wasn't done correctly and that's why you lost. But at any rate, that's my hangup on the Canyon. I don't care if you bring Canyon water down and you supply Stoney Acres and half the Northside. That isn't the question. The question is that I have a lot of problems, and I realize

in some cases, it might be necessary, but the indiscriminate way that we are throwing around the laws of eminent domain in this City is just reprehensible to me. I mean it's, I don't know who is going to be next on the list. Somebody gets an idea and immediately you want to go through and condemn a whole bunch of property, because this idea is the greatest, you know. I just can't quite see it. On that tour, and I do have a transcript of that tour, we can't go out there, Mr. Canavan, in answer to your question, at least I think that I'm right in my research, you cannot just condemn land arbitrarily. It must be for a specific purpose. So, you just can't go out there and say we'll hold the land...

MR. CANAVAN: I didn't say.....inaudible...

MRS. DUTMER: So, well, that was my understanding what you were speaking of.

MR. CANAVAN: That's correct.

MRS. DUTMER: Then again, Mr. Van Dyke, on that trip, said that the City needs a dam, reservoir and treatment plant facility at the Applewhite site, south of the City, to be filled with water from the reservoir constructed at Cibolo site, and Cuero site and purchased from the Canyon dam, at a total projected cost of 3.5 billion dollars. In other words, if we build the Applewhite, we have to build these others to keep water in the Applewhite, right?

MR. VAN DYKE: No, madam.

MRS. DUTMER: Well, Mr. Van Dyke, you know that the Medina River, you advocate and correct me again, you advocate that we use the water from Applewhite Reservoir in times of plenty, and reserve the water in the Aquifer for use in times of drought, correct?

MR. VAN DYKE: That's the concept of the scalping operation.

MRS. DUTMER: Of the what?

MR. VAN DYKE: Scalping operation.

MRS. DUTMER: All right. Yes, I know. Once before, when you can before the Council...now Dr. Grubbs here says that conservation is the word, but you have said that when the water gets over a certain level in the wells and the Aquifer, it flows out to sea, so it doesn't really do any good to conserve. Is that a true statement?

MR. VAN DYKE: Yes, madam. When water is above elevation 575, there is no way you can conserve water in the Edwards because it flows out of the springs.

MRS. DUTMER: All right. These are taken from direct quotes. It's a transcript of it. Then one of the environmentalists, and I think it was Faye Sinkin, I didn't get all of this right, here...there were several people talking and didn't get it all, but anyhow, there was one statement that the water in the holding tank would quickly evaporate. That is: the holding tank, Applewhite, would quickly evaporate and possibly leak into the Edwards Aquifer (inaudible)...nearby Medina Lake. Do you recall that conversation on that tour?

MR. VAN DYKE: That statement has been said, but I don't recall it particularly on the tour.

MRS. DUTMER: Well, this was the tour transcript that I have. Well, at any rate, my only hangup with the Canyon is your insistence that there's only one spot for that treatment plant. And here again, we would have to go into condemning some more agricultural land, and it is my contention that you're the hydrologist. You know best the water needs for the city. I'm not the hydrologist. But at the same time, I'm not so dumb that I

can't see that we are rapidly using up our agricultural land. And if we don't have food to feed the people, it really doesn't make any difference whether you die in 30 days' time without water or 66 days' time without food. Either way, you know, you're gone. So, I think that I can more or less support Mr. Wing's motion more than the other motion because the other motion still deals with \$4 million in surface water. Mr. Wing's motion, I believe, deletes it from the specific use of surface water. Is that correct? Is that my understanding?

MR. WING: Yes.

MRS. DUTMER: But it does hold it in escrow for future use, should we decide that that's the way we have to go. And so I think maybe I can support Mr. Wing's motion as the best.

MR. VAN DYKE: In answer to your statement that there's only one site for a treatment plant, I would say that is less than correct. There are many, many places that you could have a treatment plant, but (inaudible).....

MRS. DUTMER: You mean.....

MR. VAN DYKE:be acquired for the site regardless of the particular site that the Council turned down was to be a terminal reservoir, a treatment plant and a well site for providing water from the ground and that's why it was selected. It was inside of Bexar County, and it was adjacent to a railroad that was necessary to bring the chemicals to the plant for treatment. And certainly, there are other sites available, but the closer you come in to San Antonio, you're coming into urbanized areas. And at that time, that was rural land and would have been the least cost because there was no development on it. That does not mean that there could not be a treatment plant beside Canyon Reservoir or anywhere in between, as long as there is a railroad or way to get chemicals and things there.

MRS. DUTMER: So then, rather than give up the possibility of Canyon at all, you would be amenable to looking at other sites other than this one site. Is that correct?

MR. VAN DYKE: You asked me if I would pick that particular site, and I would, because it was ideal and it was picked specifically for all the benefits that would accrue to San Antonio.

MRS. DUTMER: But there are other sites.

MR. VAN DYKE: There are many other sites.

MRS. DUTMER: All right, if there's many, many other sites, and I have your word for it on record now, then I would make the motion that we also include in this motion that we renegotiate the Canyon Dam water contract.

MAYOR CISNEROS: What motion are you making now?

MRS. DUTMER: I want to add.....

MAYOR CISNEROS: We have a motion and a substitute.....

MRS. DUTMER: ...amendment to his.....

MAYOR CISNEROS: You're making an amendment.

MRS. DUTMER: This is the last motion on the floor.

MAYOR CISNEROS: Right.

MRS. DUTMER: So now it's the primary motion. I am asking Mr. Wing if he would attach that as an amendment to his motion, that we renegotiate the contract, look into renegotiation of the contract.....

MAYOR CISNEROS: You can make an amendment, you can move an amendment without his permission. Just move an amendment to the substitute motion.

MRS. DUTMER: I would rather do it on a friendly basis, Mr. Mayor.

MR. VAN DYKE: Mrs. Dutmer, may I.....

MAYOR CISNEROS: Mr. Van Dyke, we have a parliamentary problem here.

MRS. DUTMER: He says he can't do it. So, then I will make an amendment to the motion that we very stringently look into the renegotiation of the Canyon water.

MR. ARCHER: I second.

MAYOR CISNEROS: All right; there's a motion and a second, that we would reinitiate re-negotiations with Canyon. Is that correct? For a review of the possible contractual possibilities here.

MR. ARCHER: And also adding to that the part that you said was not... what do you call it, permitted out. Can we see about that, too, in the re-negotiations? Is that possible?

MRS. DUTMER: In as much as you can, for a reasonable amount.

MR. ARCHER: Yes.

MRS. DUTMER: It's alot less than building 106 million dollar mud puddle out there.

MAYOR CISNEROS: Okay, Councilman Thompson is the only one left to speak and then we will recognize.

MR. THOMPSON: I pass.

MAYOR CISNEROS: You pass. We have Mr. Tom Culbertson, do you pass?

MR. THOMPSON: No, I do not pass.

MAYOR CISNEROS: I thought you did. I heard it from several people.

MR. THOMPSON: Well, everybody but you. It was just street talk. I'm concerned about Councilman Wing's statement or his motion. If we have \$15 million in bonds, and we take four million of that and put it into an account, why go borrow it in the first place?

MR. WING: Make a motion to take them out.

MR. THOMPSON: If we're borrowing at bond rate of 9%, and we're putting it in the bank and we're getting 15% I can understand that.

MR. CANAVAN: That's true.

MR. THOMPSON: That makes pretty good sense to me.

MR. CANAVAN: It sure does.

MR. THOMPSON: Is that, am I being too simplistic? Is that the truth of the matter? Can we do that?

MR. VAN DYKE: I think you would be violating arbitrage laws of the United States.

MR. THOMPSON: The arbitrage laws of the United States are not commonplace to me, Mr. Van Dyke. Could you share a little bit of light on what arbitrage laws are?

MR. VAN DYKE: I'm not an attorney, sir.

MR. THOMPSON: Well I'm not familiar with it.

CITY ATTORNEY MACON: The arbitrage laws say you cannot make money on borrowed money. The bonds have to be for specific purpose or construction projects. So you just can't go out and borrow money to make money because these are tax exempt bonds. Mr. Van Dyke has been in this business much longer than I. He may want to elaborate.

MR. THOMPSON: I gather from the comments that were made that, I will continue to call it the albatross law, if you don't mind. That we couldn't do that. We had taken \$4 million out of a fund that you had set aside for surface water construction. Is that correct?

MR. VAN DYKE: Yes.

MR. THOMPSON: Was there an agreement at the time that we put that back until next bond issue or we..

MR. VAN DYKE: Yes, there was an agreement and it was done in the October, 1980 bond issue. There was \$4 million for Applewhite in that and that replaced that money.

MR. THOMPSON: Okay, and are we, have we fulfilled the commitment of that earlier agreement?

MR. VAN DYKE: Yes and, but none of the surface water money can be spent until such time as there's a permit and..

MR. THOMPSON: I see..

MR. VAN DYKE: First of all, we have a State Permit, then we have to ask the Army Engineers for a 404 permit, and if there is condemnation this Council must do the condemning, and if so, the Council has the absolute control over the expenditure of that money anyway you cut it. So, even though you authorize the bonds as we have requested, this Council still maintains control over the use of that money for this project. You are directing the Water Board to do this, and we certainly are not going to spend any of that money for something that you don't want it spent for.

MR. THOMPSON: I think we understand that and hopefully we won't get caught in the albatross laws.

MRS. DUTMER: I think Van's done a good job. It's just that you know, it's a question, and we have to deal with it.

MR. VAN DYKE: Mrs. Dutmer, I would like to point out to you in the Resolution that the Council passed, authorizing the Applewhite project, this is Resolution 79-35-74. In Section 4, it states, "The Water Works Board of Trustees is requested to inquire of the Guadalupe-Blanco River Authority, regarding the possibility of future purchase of surface water from the source." We have done that, and I believe that that's what you were requesting in this particular motion, and it has already been done, and I would report to you that the Guadalupe-Blanco River Authority is amenable to discussion.

MRS. DUTMER: I thought it was the other day when we took the tour. I was sure he was because he was doing a hard sell job, you know. And as I've told you before (At this point, the tape was changed). The discussion continued as follows..

MR. TOM CULBERSON: ...in Geology and I also have a minor in Engineering. It doesn't make any difference whether the molecules are water, which are hydrogen and oxygen or on top of the ground, or if they're under the ground. So when somebody says they want more water, that's fine. They shouldn't have to specify whether it's on top or bottom excepting, of course, from a

biological point-of-view. Now there's another consideration. When it is on the top, you've got distinctly biological problems - health problems. And in this area you've got it under the ground. Very fortunately we've got one of the most wonderful aquifers that you could ever find. And this is the thing I think we ought to capitalize on. Really. This is the thing that we should brag about. We've got some wonderful water. All right, just let me proceed as rapidly as I can here. Take the State of Texas, the State of Texas has a drainage pattern with basically (inaudible) drainage, and we're over here in between, now let's see between Canyon and Medina Lake. Here's San Antonio right over here. Canyon Lake's right up here; Medina Lake is right over there. Of course, we've got the Amistad Dam, a wonderful reservoir over there but that's kind of inaccessible. And then Falcon reservoir here; the most logical, most reasonable. Certainly, I like your planning program Chairman, Margaret Lecznar recommended, was the Canyon reservoir. It's high, it's in the direction of the major drainage and only problem is getting it on down here to San Antonio and of course, you can do it a number of different ways. There's not just one way alone. You could even put it into the Aquifer.

Now there's a way of putting water into the bank. You put it in the bank, expecting people that are pumping it out. Now there is our political problem. You see, there's no laws on groundwater. And folks, you politicians, I know you're all amateurs but that is the challenge. We've got to get some understanding of the community on ground water that has no laws at all and surface water which is a very compound thing like you were mentioning, Van Archer, about permits from Canyon Lake and they can give you permits about twice the amount of water that would be in Applewhite.

MAYOR CISNEROS: You had better hurry.

MR. CULBERTSON: Well all right, all right. Here's the drainage pattern basically I have a handout if you like. I have given this before the Council a year or so ago, but basically, you got 10", 12, 15 and here we are about 29" and then we go over to 30", and 40" rainfall; that's the way to go. Go east. It's simple. It's simple. Go east as far east as you can and get as much water as you want. If you're anticipating a loss, go to the east. Get as much as you can. I think, Mr. Huebner here, would recognize that basically an engineer, a manager. Isn't that so?

MR. HUEBNER: I'm not an engineer.

MR. CULBERTSON: Well all right, Manager. He knows it rains move over in the east. You just start driving west and you find out it gets pretty arid. They don't have the water, and that's where Applewhite is, southwest. All right, let's see I guess we'll just say time is of the essence, and I'll have to skip some of these and eliminate some of the explanation of the water in New Mexico and how to..

MAYOR CISNEROS: Okay Mr. Culbertson.

MRS. DUTMER: Can we move on?

MAYOR CISNEROS: That bell indicated the five minutes, sir. I appreciate your presentation, very much. You've been down here a number of years that I can remember. Okay, we're going to try to move to the vote. We have a vote on the substitution motion first. I'm sorry we have an amendment first, don't we? An amendment to a substitute motion first and then a main motion. The amendment would basically indicate the Council's direction to re-negotiate with GBRA, right?

MRS. DUTMER: Right.

MAYOR CISNEROS: And to look for specific acre footage that might still be available.

MRS. DUTMER: And a site for your treatment plant.

MAYOR CISNEROS: And begin the business of studies for a site for the treatment plant.

MRS. DUTMER: Excluding the Pape property.

MAYOR CISNEROS: All right. The roll will be called on that item.

AYES: Webb, Dutmer, Wing, Eureste, Thompson, Alderete, Canavan, Archer Hasslocher, Cisneros, Berriozabal.

NAYS: None.

ABSENT: None.

MRS. DUTMER: I'm in trouble everybody said yes.

MAYOR CISNEROS: More trouble than you think. Okay, this is an amendment then to Mr. Wing's substitute motion, which would establish a capital account and would authorize the passage of the whole \$15 million we've been talking about but with the provision that 4 million of that which is in the capital account would not be sold until hearings have been held on the whole question of surface water. Let me just say I intend to vote for that motion. I think that what it does is it allows us to keep the issue of surface water open until we have the necessary studies and the necessary hearings etc., that we have indicated. If at that point, and let me clarify this with Mr. Wing, but if at that point, Mr. Wing, it appears that Applewhite is indeed the kind of project that we need over the long run, than that money would be available for that purpose under your motion, is that correct?

MR. WING: Yes.

MAYOR CISNEROS: Okay, any further discussion on this? Mr. Hasslocher.

MR. HASSLOCHER: No sir, I'll pass.

MAYOR CISNEROS: All right, Mr. Van Dyke.

MR. VAN DYKE: We've got a very serious problem. If I understood what you said, that you are not going to sell the \$4 million of bonds at this time until after the hearing.

MRS. DUTMER: No. We're going to sell them, but..

MAYOR CISNEROS: The money will be put in an escrow account.

MR. VAN DYKE: The bond authorization would still go with the other bonds.

MAYOR CISNEROS: Yes.

MR. VAN DYKE: All right. Okay that's not the way it came out.

MAYOR CISNEROS: I may have mis-stated it. All right those..call the roll on that please.

AYES: Dutmer, Wing, Eureste, Thompson, Alderete, Canavan, Hasslocher, Cisneros, Berriozabal, Webb

NAYS: None.

ABSENT: Archer.

MRS. DUTMER: Can I make another motion Mr. Mayor?

MAYOR CISNEROS: Yes.

MRS. DUTMER: I would propose that the second reservoir be the Woodlawn Lake.

MAYOR CISNEROS: We then go to the original motion as substituted.

AYES: Berriozabal, Webb, Dutmer, Wing, Eureste, Thompson, Alderete, Canavan, Archer, Hasslocher, Cisneros.

NAYS: None.

ABSENT: None.

MAYOR CISNEROS: Motion carries. We'll go then to - we'll adjourn the "A" Session and to the first "B" Session item.

81-25 There being no further business to come before the City Council the meeting adjourned at 8:35 pm.

A P P R O V E D

Henry Cisneros
M A Y O R

ATTEST:

Anna S. Rodriguez
C i t y C l e r k