

SPECIAL MEETING OF THE CITY COUNCIL
OF THE CITY OF SAN ANTONIO HELD ON
WEDNESDAY, AUGUST 6, 1975, IN THE
CONFERENCE ROOM AT CITY HALL.

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The meeting was called to order at 7:30 A. M., by the presiding officer, Mayor Lila Cockrell, with the following members present: PYNDUS, BILLA, CISNEROS, BLACK, HARTMAN, ROHDE, TENIENTE, NIELSEN, COCKRELL; Absent: NONE.

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CITY COUNCIL - CITY MANAGER
WORKING RELATIONSHIPS

On August 4, 1975, Mayor Cockrell addressed a memorandum to the City Manager and Council members in which she reviewed the relationship of the City Council to the City Manager as well as an assessment of the City Council after its first quarter in office. (A copy of Mayor Cockrell's memorandum is included with the papers of this meeting.)

The following conversation took place:

MAYOR LILA COCKRELL: This morning, we have several items of importance. I want to start off with the one that I initiated which was, starting with the memo and a request for a little time allocation this morning, on the subject of the City Council and City Manager working relationships. I want to start off by saying that, although it was not my intention, I realize that this has caused some problems among either Council members or in the Manager's office. I would like to just review the background of this because my offering the memo and setting this item for the agenda was really based on the fact that I think overall the City Council and the City management has been doing a very fine job. I felt that at the end of the first quarter is a good time for us to stop and assess any ways that we could strengthen our operation just so that as always we can look to improving it.

This Council has been composed of individuals who are among the most dedicated that I have been in contact with, working very, very hard. In spite of that fact, however, there have been some criticisms about our operation. I don't view this as an individual problem for any one Council member. I view it as a shared problem that we want to work with together. As I have thought back about my previous service on the Council and thought about things which took a great deal of my time I wanted to share some of these ideas with the Council and if some of these approaches would be helpful to Council members, I think we ought to look at them. Also if there are any ideas that Council members may have and I think we certainly want to share those and look at those.

I understand the problem of the way the demands of the office can consume one's time because as I was an individual member of the Council before becoming Mayor, I put quite a bit of time into the office. I've been trying to analyze those things that took the most time. It seems to me that obviously each Council member wants to free as much of their time as possible for the policy making part of our job which is our most important role for studying and thinking ahead into making a policy decision.

The things that we do that consume a great deal of time that are not specifically policy are the things I think we want to review and possibly be able to shift more over to the management side of our operation. It may not be your experience but it has been my experience that I tend to spend too much time on trying to follow through on citizens' complaints. I get a great many still as Mayor. I know I got a great many of them as a Council member. It has been my procedure to refer these automatically to the City Manager's office and then, in time, I've gotten back comments or reports from the various department heads. I still have the feeling, and maybe it's my fault, that I still

have to worry about them or follow through. I haven't really wound up the complaint and still I have followed it all the way through and been sure that the citizen has been taken care of. If there was some way of, in effect, having - knowing that this entire job was going to be followed through in the Manager's office, I would feel more comfortable with simply referring the complaint and not having to follow through on it any more. That would relieve, I think, some of the burden of Council members in their particular job. In a little while I want to come back to that point because maybe others of you have a different approach to this particular problem or a different viewpoint on this that you would like to share.

Another concern I have is for the matter of overall City projects. Just to satisfy myself that things are moving and where they are. Ordinarily, of course, we don't hear about the projects that are moving along on time because they're moving along but when projects tend to lag, it does tend to irritate citizens and we tend to hear about it and feel we have to sort of involve ourselves with it. I know in the past at one time we had some sort of a big chart available to the Council members so that a lot of the overall projects could be listed and we could see whether they were in engineering, when they go to bid, when the construction was started. This kind of thing so that we could have a feel for the total timetable of projects. Those are just two points.

I had a couple of minor procedural items which really get back to time more than anything else. We have had a problem with several items coming on the agenda which we haven't had the opportunity of discussing in "B" Session and I know this has been because Council members have been trying to help groups, help organizations and they have found ways of solving problems. We've had such a heavy workload on our "B" Session that we just haven't had time to schedule things for the "B" Session before they come to the "A" Session. This is an area where perhaps the answer to this problem is to have from time to time an extra work day as we are having today. These are not things where people have had any effort of trying not to share with the whole Council but it is simply a matter of time and the problem of trying to get the workload done and moving ahead perhaps before we've all had time to discuss it together.

On the matter of the Council trips, I certainly want to say to the Mayor Pro-Tem that I had no intention of having this meant as any kind of a criticism for any particular trip. As I reread the memo, I can certainly understand how you might have felt that it was and I want to apologize to you, Richard, for any feeling that you may have had that it was in any sense directed specifically because it was not my intent.

I just wanted to say that overall there will always be times when individual Council members have invitations that are theirs specifically. Many times though there are times when we get ideas of things that are good, that would be good for the whole Council to do and where we do I think it is great to share these and to certainly open it up to the whole Council.

I appreciate so much the help that the Mayor Pro-Tem has been and I certainly do not wish for him to feel that in any way I was critical of him or anyone particularly.

MR. RICHARD TENIENTE: The thing is this. I don't see anywhere in the memo as to how this fits into the discussion and how it comes out from left field on something that seemed to have just interrupted scheduling this meeting for that afternoon. The simple fact is that this is nothing other than just a Summer Youth Program to review and we are visiting the SANYO Youth Program and then we are going to Kelly to visit the young people working there. In no way is this a tour of an installation. I don't see how that would even come up for discussion. We haven't discussed it. I don't see how it fits in. So I really think that it's out of order, Mrs. Cockrell. I have a statement to read and

I hate to take time out to read it at this very important meeting so I'll just pass it out to the Council. I know of no other reason that this would come up except that you had tried to schedule the meeting then and we had been invited by Julian at SANYO. I always like to visit our programs and this is part of it.

MAYOR COCKRELL: I have no objection to your visiting your program and the change in the meeting was no problem at all.

MR. TENIENTE: Well, the thing is I don't see how this part of the memo came up to begin with. Has anyone tried to set up meetings at installations? Has anyone tried to bypass the Mayor's office through protocol on activities? I don't think so. I don't see the reason for it to begin with.

MAYOR COCKRELL: At any rate, let me just assure you that that was not the intent. If I may I would just like to finish the memo and then invite your comments.

The comments in regard to the manager's office are certainly suggestions only. The Manager is obviously in charge of the administrative staff. I have felt that possibly in our desire to cut down on personnel and tightening our budget I just wanted to be sure that the manager realized that if he desired any expansion of the staff in his office that certainly he would get the support from the Council in doing that and in any changes that he needed to make. We constantly increase our workload. The demands on the office are more. How he staffs his office is his business and I will just simply leave it with that. If he chooses not to make any changes that's fine but if in time to come he wanted to expand his work force, again, in our overall desire to cut back on the workload or to cut back on personnel, I don't want the manager or any of us to feel that we do not have the room to bring in whatever personnel are needed to get the job done.

There are one or two other things that I wanted to share with you. In reviewing our Council meetings, I wanted to say I have made a personal check list for myself. When I started it had been my hope that I could streamline to Council meetings perhaps more than they have been to help preserve the time of the members. I have not been able to do that as much as I would like and I am going to have to review that aspect because I know the workload is so heavy for the Council members. The time that the meetings take is running on. I will do that as a matter of personal homework to see what I can do to assist the Council in terms of speeding up the meeting.

In terms of the overall work of each Council member, I think those of you who have been present when I have been making speeches recently know that I have commented very favorably on the work of all the members of the Council and I really appreciate it. That was, I hoped, one of the thrusts of this memo that I feel that the Council members are doing a good job, that they are working hard. I share any concern about any criticism that has come into the Council. I want to do anything that I can help from the Mayor's office to eliminate any problem that there may be. If you have any suggestions about how either the manager's office or my office can serve you better, I am very open for your suggestions and if you have any this morning, fine. If you prefer to wait and take the opportunity to think it over further, fine. Overall though I feel that the Council has done well and I really want to thank each member of the Council for a lot of dedicated, hard work that you have invested in the City operation.

MR. GLEN HARTMAN: Madam Mayor, if I may, I would like to first of all say some things that I would hope get this matter of time on the part of Council members in City Hall - get that back in perspective.

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I think perhaps this is the first time in recorded human history that elected public officials are defending themselves from criticism for putting in too much time on the job. This to me is absolutely silly. I think silly is about the only word I can think of. I don't really see why this particular point was raised. I'm dumbfounded that it is. Perhaps there was need to fill some space in a particular article or something of this sort but I would say whatever its origin was I think it is such a ridiculous criticism that I would hope that we could dispense with it here and forget it. I have no qualms about the fact that I do spend a lot of time down here and I intend to spend that much or more if necessary to do my job. That's what I was elected for.

Now, with regard to the type of work that I do, all of the time that I spent here is on the policy side. To my knowledge I have never in any way engaged in anything which would be an infringement upon the Manager's side. As long as it's on the policy side if it takes me 18 hours a day, I intend to put in 18 hours a day to have it adequately done. I would hope that any further discussion about the fact that Council members put in an X amount of time, if it can be shown that it's an infringement on the Manager's business, then I would certainly like to have it pointed out, but as long as it's a matter of policy matters I will intend to keep right on and I will until the 1st of May, 1977, at which time the people can decide whether or not I have put in too much time on my particular job. So be it. I hope that perhaps this item could be laid to rest. I think we have spent entirely too many millions of groups of newsprint on the item, too many discussions and I think that there are many, many more important things that the Council has to do and I hope we can get back to them.

Secondly, I think that there has been an awful lot of discussion about the matter of the \$200 expense allowance in comparison to other cities. The suggestion was made totally within the ball park of other cities of comparable size, in smaller size, it was a matter of actually delineating, I think procedurally, what the Charter already has in it. The Charter says precisely that Council members are to be reimbursed, or words to that effect, for expenses incurred. So it's not a Charter change or an attempt to go around the Charter. I think it's merely a definition, a further definition of what the Charter says.

Now, I for one am quite willing to forego this, if this gets the people concerned about the fact that Council persons are reimbursed for their expenditures and I am ready, in fact, I would be eager to forego this. Now once again, I think the matter has been squeezed and bent entirely out of perspective. I don't think this is that much of a real policy issue but I think that it should be pointed out that under the present Charter, that under the present wording of the Charter, any Council member could, in fact, submit an expense statement and be properly reimbursed for whatever amount under the present Charter. I don't know if this has or has not been done in the past but I would think that actually the definition that the Council have attempted to come up would actually be in fact, a limitation of what could be submitted rather than an open door to submit a larger amount of money. In fact, I would think that the \$200 limitation or \$200 amount would in fact be a limitation rather than a totally open ended contract which the Charter presently permits. So I think that item also has gotten about 50 million times more time than it deserves.

Last but not least, just in order to let us go on with the job, this Council has before it and it's a tremendous job I would think that perhaps it would be useful for all the members of the Council to remember that those things that are really important are what are done down here. I think that perhaps we could refrain from issuing quite so many press releases. I think that as any football coach knows, it's the final score that counts, it's not the grandstand plays that are remembered. So I would hope that we could do the amount of press releases and get on with our job. I personally am quite happy with what I'm doing, I've enjoyed what I'm doing, I would just like to go on doing it. We have around 20 some odd months to do an awful lot of work and if we can lay what I consider very secondary issues to rest, I would like to see us get on with the important aspects. Thank you.

MAYOR COCKRELL: Thank you, Glenn. Let me ask this, I don't know if you have any comment on it, do you have any problem with the matter of the complaint procedure?

MR. HARTMAN: I have no difficulty with that whatsoever. I get the complaint. We do, as you know, have an intern working for the Council. He has done a very good job. I have had a couple of volunteers come in and help me. I have no trouble with complaints area. I also have an extremely good response from the City Manager's office and I would like to take this opportunity to compliment the Manager and his staff for being very responsive in those areas that I felt were strictly in his bailiwick and I don't intend to get into the Manager's side of the house and I don't want him to get into mine.

MAYOR COCKRELL: Fine. Ford.

DR. D. FORD NIELSEN: We've got a procedural problem that has arisen. There may be those here this morning that are here for the CDA Housing Committee meeting which raises a question that we've got to resolve among ourselves in terms of how we're going to communicate and how we - the word is going to get back and forth. Those of you who are here for the Housing component of the CDA, Community Development Act, we have re-scheduled that for, and I finally got hold of Bob last night, for Monday morning at 7:30, is that all right with you and for those of you who might be interested in that I'm sorry to inconvenience you today but we'll be back at it at 7:30 Monday morning and we've got to, Mrs. Cockrell, get this under way as soon as possible. Every week another delay. I'm sorry for the conflict between this meeting and the Housing meeting this morning but that's the way it is but we're going to overcome it, let's not let it happen again.

MAYOR COCKRELL: Any problems like that we do want to work on them, that's the problem we have then in our procedures, so we want to - what we really need is to be sure our master calendar has everything on it so we don't double schedule. Yes, Reverend Black.

REV. CLAUDE BLACK: I'd like to comment on the memo and some of the contents, if I may.

MAYOR COCKRELL: Yes.

REV. BLACK: In the process of electing the Mayor from the total City I think we have in some measure redefined the position of Mayor. I think the Mayor's responsibility is that of leadership. In the other context it was the first among equals. That's a different context. I think when we talk about electing a Mayor, we are talking about leadership.

I was greatly disturbed on the last meeting when an option was offered for dealing with the Budget and there was no alternative that came from the Mayor and yet the Mayor voted against the option. I feel that if the Mayor is going to vote against an option of that kind, the Mayor should offer an alternative because I think it's a leadership position and the leadership position requires it.

Now, I have no problem with complaints. I do think though that there is a need for a method of keeping abreast of schedule of projects. I really think we need to take a look at that because if there is an area of complaints that we get from the citizens it is not knowing when their projects are going to be handled. They know the money is there and I think we need to have a method of keeping abreast with the projects.

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I do agree with you thoroughly that items on the agenda that have not come before the Council being presented for action takes undue advantage of the members of the Council. I think that those items of substance that have to do with policy that ought to first be presented to members of the Council and then acted upon following their opportunity for review. Now, I agree wholeheartedly with that. It tends to create unity when you do it that way, when you do it the other way, it tends to produce division because you have not had a chance to even discuss the details on it. I would certainly agree that my position with reference to the Manager's office is totally his responsibility and I'm prepared to accept what he feels is necessary to run our office properly and I will not enter into that.

Now, I think that your memo is totally proper. I think you have to run the risk of disagreement with the Council. I think that's what your position calls for so I have no criticism for your presenting a memo. I think you have that responsibility to present to us a memo designed for leadership. This means, of course, that we also have the right as Councilmen to take issue with your memo and I think as Mayor of the City, I expect this from you. I'm expecting the Council's concern. Now at the same time, I'm also saying that I expect on occasion that I will take issue with you. There are occasions where I will be in agreement just as I am in - I can't overemphasize how much I am in agreement with the fact that items on this agenda that have not come before the Council before presented for action can be divisive and I certainly suggest that that recommendation be carried out.

MAYOR COCKRELL: I do want to comment. I think you have made a very valid criticism, one of which I was critical myself of the fact that that evening at the budget hearing that I had not offered the reasonable alternative of what I could have voted for. The only excuse I have for that is very honestly, I was tired and I guess that was the whole reason. We had had an all day session and then as you know we went into a night session, the time was late and it's not a good excuse but I will say that I accept that as a very valid criticism. I think in the future we need to try to avoid for all of us having night sessions follow all-day sessions because I think that the quality of our participation - I won't speak for you all - my quality of participation is not as good and I felt that that evening session was - I did not feel pleased on my part with the way I.....

REV. BLACK: Well, the only thing I felt was that you should have been open, should have voted for it.

MAYOR COCKRELL: Right. Perfectly valid criticism. Right, so I..... yes, Al.

MR. AL ROHDE: Mayor, I also (inaudible) but I found this that there is no textbook on how to be a Councilman. I think each one of us individually has to be responsible to the voters for his task, his duty and how many hours he's going to spend at his post. To me this is my life work for the next two years and I did not come to City Hall to sit on my mistletoe. I came to be a good public servant, to work for all citizens and I need the tools to do it. I need office, I need staff, I need communication, I need your help, I need each Councilman's help and I need the City Manager's help and thus far I have no complaints about the help. I feel I've had the tools. But I feel that this City Hall for the last 22 years has been run by shadow government and I do not want to see this any more citizens shadow government. I want participation from elected officials and we have a duty to each citizen here to give them the best we can do. I ran to change this type of City government and I'm here to do my best to change this and I want to be a good Councilman, and I want to do my duty to my voters and I make no apologies for what I've done today. I know that

I've put a lot of time in. I personally get involved in citizens complaints because they're sort of personal to me and yet at the same time I've had no trouble relaying them to the City staff. I gave Joe yesterday two of them. We sat down and worked them out. They were very major complaints, even with employees of this City. And the thing of it is I've had no, it hasn't been a hard task, it's been an easy task, and I just have no complaints about the procedure of working with the City Manager, and I'd take a dim view if he did more staff on because maybe I couldn't get to him as easy as I can now. Thank you.

MAYOR COCKRELL: Fine. Henry.

MR. HENRY CISNEROS: I just wanted to say something about the complaint procedure. I tend to agree with you, Madam Mayor, that we probably need to do some staffing up in the complaint handling area. Citizens call for complaints, in my experience, for a number of reasons. One, they call Councilmen because they elected Councilmen, and they don't necessarily think of the City Manager's office when they have a problem. They think a problem, and they think who is the City. To them the City is who they elected. It is the Councilmen, and they want to call somebody in the Council office. So we've been getting a fair number of complaints or at least I can speak from my experience over the past 90 days, we've been getting about 6, 7 or 8 complaints a day, and as a result, had had to make arrangements for a full time volunteer help to come in to help me handle those complaints. And we've been passing them on over to the Manager's office but the truth of the matter is, is that without any criticism of the Manager's office, because I think they've been doing a great job with the resources they have, the citizen wants someone to advocate on his behalf. He wants someone who he feels is loyal to his interests, his problem, his view of the problem and not necessarily automatically to justify the reason for it's not being solved or to defend the City bureaucracy. In other words, he wants someone who has his point of view in mind who is an advocate for him. I don't think we have that at this stage in the present system. I think we probably do need to set up something of a complaint office. Now, whether that's a person in the Manager's office or whether that's a person in the Council side or whether that's a special Council office somewhere between the two, I don't know. But I do think we have to have a focal point for receiving complaints, and I think that that person has to be such that is isolated from the bureaucratic loyalty and more loyal to taking the complaint and following it through the system and making sure it gets dealt with. We've had a lot of cases where a citizen has a complaint, he's had it for four or five, six weeks. He's called the relevant City departments not able to get action. So, then he finally turns around, and says, I've got to call a Councilman. And sometimes you're able to help them and sometimes you're not able to help him. But if we didn't have that, if he didn't have that option, then he would end up continuing to call all the City departments and not getting results.

My whole point is I think we do need to have a focal point. I do think it needs to be structured in such a way that it is clearly an advocate for the citizens and not a defender or justifier of our procedures, our timing, our resources of the City. He's an advocate for the citizen. He's going to lose some battles. There's no question about it. He may step on some people's toes occasionally but in the most instances, he will have solved a citizen's problem or at least reassured him that someone in City Hall is there and available to address himself to his problem on a continuing basis. I would go so far as to suggest that we think about that to the end of preparing the possibility of creating such an office or focal point.

MR. PHIL PYNDUS: First of all, I completely agree with your memo. I think it was necessary. I think to sit down and analyze the short period of time that we've been exposed to... (inaudible)... it's good for the City, it's good for the Council people. I agree with Glen that a \$200 expense

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fund thing should be put behind us. However, I think it's an individual thing, and I think that individually we should handle it as our conscience dictates. If you wish to indulge in the expense account, I think that's your privilege. I would rather see us put it behind us by rescinding it. However, if that's not the nature of this Council, I think that as individual members we should either take advantage or not take advantage of it and go on about our business because it's a thing we're being branded with, and how our effectiveness is hindered, I do not know.

I think that there are some problems - I'm uncomfortable with several things with the Manager's office, and I don't know if he needs an assistant or not. I feel the budget was thrust upon us with rapidity. The details were difficult to grasp. I'm in the budget business myself and I have a hard time. I took in many hours with regards to understanding it. I think it could be timed differently. I feel there is a lack of long range planning provided by our City staff, particularly with regards to legislative programs. We need county zoning, we need surface water, regional and Aquifer protection from the legislative level. I see-I do not see any coordination between this Council and the elected County officials and the elected legislative people, and I think that it's very necessary that we set the motion, a coordinated effort from the City level, from the County level, from State level these problems that affect our pocket book. I've seen some legislation that's been passed without a great attempt made to modify it or understand it with regards to increasing the taxes, with regards to the firemen and policemen receiving payment for unlimited amounts of accumulative sick leave and I think this should have been aired, and I think it should have been handled differently from the City staff, for example.

The matter of changing the fiscal year from July to January should be considered so that there will be added time for a new Council to come to grips with this situation. I see that there's need for a utilities supervisor. I feel that our utilities should have engineers running them and should not have administrative layers stacked on top of each other and duplication of expert reports such as we ran into with the City Public Service Board. We had our experts, they had their experts, and the taxpayer paid for it, and so the overall criticism is not directed to the Manager personally, but to the function of City staff. I think they are more continuous and they are more consistent, and they work on a day to day basis with these problems, and they should have a deeper grasp on them. They should have a master planning effort made that we can make decisions on. I'd like to see more condensations of the reports that we get, so that we have options instead of going into detail so much as with the water report, the telephone hike, the airport master plan. I think that there should be some condensed versions that this Council would not have to put in all the work and I think that our City is run on a very efficient basis, but I do think that we can improve and these are the suggestions that I offer from the top of my head.

MAYOR COCKRELL: Well, thank you very much and let me just invite any of you, if you have further suggestions, please feel free to offer them either to me or to the Manager to share among all of us. Again, I want to sum up by saying that I think the Council overall is doing an excellent job. I think every member is a very dedicated, very hardworking, committed person, and if there's anything that I can do through my office to be of any help to you, please let me know because I want only for all of us to be able to feel comfortable in working together and to do better. Thank you very much. We will now go on to the item of the surface water.

MR. ROHDE: Mayor, I do want to comment about your aide, Shirl Thomas. She's been great to all of us and dedicated, works hard long hours and she really keeps the communications open.

MAYOR COCKRELL: All right. Sam, which do you prefer to do first - do you prefer to do the surface water first, or how do you prefer to do it? The budget first, either one. The budget and the surface water are both the two big items today.

CITY MANAGER SAM GRANATA: We'll do the surface water.

MR. MEL SUELTFENFUSS: Actually, surface water we're going to continue the rate request, is that correct?

MAYOR COCKRELL: Yes.

MR. SUELTFENFUSS: That's all right. As you recall, and if you remember where we left off the last time we didn't quite finish our formal presentation, if you'll turn to that particular page and oddly enough, surface water is what we were reviewing when we left the presentation.

MAYOR COCKRELL: Right.

MR. SUELTFENFUSS: As you will recall, we left the surface water, and we had several additional questions as we asked to talk about program and timetables and we were talking about pumpage aspects and the regional aspects so that's where we left off last time. And we recall asking questions that the Council must address as far as policy decisions before the final rate determination is made.

The next big item, of course, was the capital improvements program, and you'll recall, we did go over the major capital improvements that were scheduled and pointed out that some of them were in the outlying areas and some of them were in the City limits. I think that's basically where we left off. Now the other big question is that does City Council agree with the existing City Water Board extension policy, and we might just very quickly review what the extension policy is.

REV. BLACK: Can I ask you a question on this, Mr. Sueltenfuss?

MR. SUELTFENFUSS: Yes, sir.

REV. BLACK: I got some questions from the newspapers that have been some changes in the capital improvements packet. Now, I don't know whether that's true or not. What I'm saying is that they had requested some responsiveness to our concern with some of the older sections. Now if that is not true, then again I want to know.

MR. SUELTFENFUSS: Well, I had discussions with some people from the Water Board yesterday. They had submitted to their board a proposal that addresses your problem, and I was thinking Mr. Van Dyke will be here this morning, and he told me until he had a response from his board, he wanted to just hold that back, but they are addressing this in a manner, in a way that Mr. Schaeffer mentioned.

REV. BLACK: Well, they're not going to then ask for the Council's action until they have addressed that issue.

MR. SUELTFENFUSS: I would assume they won't. Very briefly, under the City Water Board's present extension policy, let's say a subdivider comes in, he can get for each inch of land, he will get 100 feet free of main extension or for every house, 50 feet, normally the acreage thing is the least and that will apply. So very briefly, let's look at a typical situation. If a developer say is 10,000 feet from the existing main and that is the distance from the existing main and he has 50 acres, he gets 100 feet per acre, or he would get a total of 5,000 feet mains. All right. That means then that the rest of the main extensions would be borne by the developer, the rest of the cost of the main extension. Now, in connection with the Community Water Development Fund, and all of this is funded out of Community Water Development Fund, for each house that is connected with in that subdivision, out of rate revenues, the City Water Board reimburses that fund \$300. Now I think that's a very key point, really, the water - the Community Development Fund becomes a revolving fund through reimbursement from the revenues for each house, that is connected to that system. Now first of all the Water Board, first of all pays itself back with those \$300 in connection fees. If there's any additional money left, the developer is paid for the remaining portion.

DR. NIELSEN: Up to seven years.

MR. SUELTFUSS: Up to seven years. He has seven years to recoup that, after that he's.....

CITY MANAGER GRANATA: Would you point out - has that policy ever been enforced before?

MR. SUELTFUSS: Well, the basic policy has always been that way. Now they're putting up front money, the Water Board is. In the past, the developer put it all up and got his money back. Now the Water Board is putting up the front money, so to speak.

CITY MANAGER GRANATA: From the operation.

MR. SUELTFUSS: From the Community Water Development Fund. In addition, if there is a subdivision inside the City limits, if this subdivision is inside the City limits and under a new policy now, they will furnish the materials for the on-site mains in that subdivision. This is only inside the City limits. It generally amounts to about \$1.00 a front foot or for a 60 foot lot, it would amount to \$60 per house. Now, generally speaking, the amount of acreage that the developer plats-or it doesn't require platting, what he has is a master plan, that's general enough to pay for the - so that the Water Board foots the entire cost of the main extensions. There are very few times and you can see how that works out. For example, if a fellow has 200 acres, of course, you get 20,000 feet of line extension and that's almost four miles. So, generally speaking, the main extensions are funded through the Water Development Fund and the Water Development Fund is reimbursed through the \$300 per house as a tie-on. Is that perfectly clear?

MAYOR COCKRELL: Father, let me just say to the Council, I had agreed in previous conversations with C.O.P.S. that I would be able to recognize him from time to time for questioning. I do want to follow the procedure though first that we'll have the questions from the Council, and then I will call or watch out when you have a question, I will call on you. Yes.

DR. NIELSEN: Just the one thing that perhaps I think is needed is the - what this policy, the overall policy really...in dollars and cents.

MR. SUELTFUSS: Okay. I can answer that very quickly. Number one is if we stop the policy tomorrow and that would be a hypothetical question, I think I can in turn answer your question that way. Supposing the policy was stopped tomorrow, there's approximately 500,000 a year out of revenues that goes back into the Community Water Development Fund. That's probably the most representative figure. Also, of course, if the policy were stopped tomorrow, the balance of Community Water Development Fund would be available which is something like almost a million, two, somewhere along in that category. Now, it's two million two uncommitted balance is one million nine six plus the \$250,000 on the Anderson Pump Station. So we're talking about-roughly about two million. But this is the significant figure here. Now the main - the on-site mains are not funded - that money is not being reimbursed to the Community Water Development Fund, that's something that they're just taking out of the Water Community Development Fund and ultimately it will deplete that fund completely, depending on how long the main extensions would go on and I think that's it.

MAYOR COCKRELL: Yes, Dr. Nielsen.

DR. D. FORD NIELSEN: Yes, Mel, just very quickly, where do we differ from the general major urban areas in this state in terms of our policy? I think there's - as I understand, only one or two basic differences. We've gone to the incentive of trying to develop within the City limits with this on-site ICL policies but aren't most cities as I understand, generally doing this sort of thing and if I'm wrong, correct me.

MR. SUELTFUSS: No, I think basically this is fairly well in line with what most cities are doing. Probably the basic difference is on the approach main is that there are various policies in some cases, a very few, the developers are required to put in all the approach mains. This varies from city to city. Now on the other extreme, in some cities, everything's put in, including all the on-site mains, this - are the extremes you've got and so it varies from city to city and I think it varies from time to time depending on the funding available.

MAYOR COCKRELL: Mr. Cisneros.

MR. HENRY CISNEROS: Dr. Nielsen, I'd like to explain I've been doing some investigation in that matter and was able to get some data from the Texas Municipal League, the American Water Works Association, and the National League of Cities. This document published by the Texas Municipal League in March of 1970 is called, "Subdivision Control in Texas Cities", and it shows that in most of the cities in the state and they've done an analysis for 221, something like 70 percent the developer pays little than... (inaudible)...percent of the supply lines, mains and laterals. The argument that's being used in the City Water Board is that the pursuance of developer paying would somehow stifle the local construction economy. The truth of the matter is that the cities in which the growth rates, both within the City limits and outside the City limits, of construction have been the greatest including Dallas, for example, in Dallas a developer pays 100 percent of the cost for the supply lines, mains and laterals, and in Fort Worth an equally high growth rate city, 80 percent of the cost of regular size, 80 percent of the cost of mains and 100 percent of the cost of laterals. Now, I had the good fortune last week to talk with the City Manager of Grand Prairie, which, if you look at the statistics compared to housing construction, has one of the fastest growing suburban areas in that (inaudible) in the whole state, but particularly in the Houston, Fort Worth metro areas, and when I told him the basis of our policies was, he said, "You're about 15 years behind times. Most Cities have gone out with that 15 years ago with that kind of approach that to subsidized the developer." And his view was that in Grand Prairie, which has this phenomenal rate of growth, the developer pays 100 percent, and frankly, he thought it was a little silly that we were letting ourselves be built in the manner that we are.

Now additionally, there is material coming from the American Water Works Association that I had the fortune to talk to on Monday in the Washington office and in the Denver office, which is the headquarters, and their national policy statement calls for developer paying because they just see this as a useless expense.

One last item that I have one more point that I'd like to make on this score. I'd like to read, very briefly, it won't take me but about 45 seconds or a minute. A study that was done of Austin policies. Now Austin is in the process of changing its policies. They have something like what we have now, and they're in the process of changing it. This was a study done by Joseph B. Adair, Inc. for the City of Austin, and let me read the conclusions and one of the recommendations very quickly.

"Conclusion - a second conclusion is that the present policy is not fair and equitable to all water and sewer customers. Water and sewer profits meant to displace other City taxes are being diverted to subsidize new subdivisions that will largely be populated by newcomers to Austin. In fact, the older, more established residences and renters in the older parts of town are paying in part for subdivisions that benefit them not one bit." "Quote and I'll give you a copy of the study if you want. Now with respect to recommendations, I'd like to read you just one of the recommendation." "A fundamental recommendation is that an open-minded study group made up of citizens knowledgeable of Austin's overall needs and representing the various interest groups be appointed to study the refund contract policy. If it is decided that no refund policy is in the best interest of the City, then a phasing out program should be adopted that would reduce the refunds to zero over a period of time. If it is decided that the City should participate in subdivision financing, a formula should be devised that allows refunds only up to the amount of profit obtained from a subdivision and the policy should have a built-in levelling scheme. Simulation methods might be used to test for possible future excessive payments giving various populations and building expansions formulas. No specific formula is proposed in this report, but it is believed to be imperative that reasonable bounds be placed on any refund contract policy adopted by the City. A review of the charts on pages 18 and 19 shows beyond any reasonable doubt that the present policy is out of control, to continue such an expensive and unnecessary program as it now stands would demonstrate poor business judgment by the City governments as well as a disregard for the equitability of the municipal tax burden on citizens of lesser influence. A change in the present refund contract policy to one within reason should be the immediate goal of Austin policy makers." And then they show the charts relating to what this program costs. And it clearly is in Austin out of control. They're in the process of changing it.

And so I think that, Mel, I've asked the Texas Municipal League to do a more recent survey than this one of the ten larger cities in Texas. They don't have the information, they're getting it now. Of the ten largest cities in the state, and I'm sure that what we're going to find is that our policy we have reverted to is basically a regressive policy and is one that is simply not in the best interest of all citizens.

MAYOR COCKRELL: Dr. Nielsen.

DR. NIELSEN: I just want to comment that I think it's an error to say that we're 15 years behind the times. There have been a marked change in the last several years. For one thing, the policy of which they're speaking in Austin, was changed about four or five years ago at least to where, you know, this whole pay back mechanism was stopped in this City. I think that was a definite step forward. I'm not sure that a policy that we're trying and beginning to implement now is all that regressive. There may be areas of modifications.

MR. CISNEROS: We don't know.

DR. NIELSEN: Well, it's kind of new.

MR. CISNEROS: It's an independent.

DR. NIELSEN: But even in analysis, we'll have to deal with the facts as they are at this time.

MR. CISNEROS: Or what's being done in other places.

DR. NIELSEN: Oh yeah, now what about Houston, real quickly.

CITY MANAGER GRANATA: Well, I'm not familiar.

DR. NIELSEN: Well, I'm not all that specifically familiar but don't they have a somewhat similar policy to ours?

MR. SCHAEFER: I think that they're paying for (inaudible)

DR. NIELSEN: Yeah, I know, they're supporting, if you will, as a "public investment" through a revolving fund part of the expansion policies which deals with both inside the City. See the problem we have is if we just turn this totally around, it's going to work a hardship on the residents within the City as I see it.

MR. CISNEROS: That's not the position that we totally turn around. The position is that we have an independent analysis to determine what the options are instead of taking one voice and only one set of expert figures and analysis as the figures of those that the Water Board gives us.

MAYOR COCKRELL: All right. If there aren't any questions of the Councilmen, I do want to call on Father Benavidez if he has a question.

PHIL PYNDUS: I feel that the overall picture with regard to revenues that the City would receive from new development should be a factor and also the fact that we're going to be surrounded by incorporated cities, if we don't take that development in the surrounding or in the contiguous areas, Henry. So if we stop our policy of development, some cities could start out there, such as Shavano Park or University City or what have you.

MR. CISNEROS: That's not the point, Phil. The point is not that we are going to development, or that these other incorporations are going to. It's not even relevant to what we're talking about, frankly. What we're talking about is how it's paid for and who pays for it. And the point has been up to this point that the present policies are conducive to rates of growth and that changing those would somehow stifle the rate of local development at the fringes of the City. The truth of the matter is being in a city such as Dallas, for example, where they have a 100 percent policy where the developer paying, I can show you the numbers here, it says City pays in one column and it shows big fat zeroes and it shows what the developer pays in another column, it has 100. You can see it right here, for 210 cities the greatest proportion employ that kind of policy including cities where the rates of growth are greater than San Antonio. If you look at the statistics, San Antonio is ranked sixth out of seven - of the seven largest cities in the state in terms of growth rate at the fringes and of the six cities greater than us, the majority do not have this kind of system. So the system has little bearing, what really matters is the nature of the local economy and what kind of jobs exist, that's what we ought to be addressing and not fakely and falsely attacking this problem with subsidies to the developers. They're the ones who profit.

MR. GLEN HARTMAN: Madam Mayor, just a very brief question. I'm concerned about Dr. Nielsen's statement of the fact that the cutting off of this policy would place the burden on.....

DR. NIELSEN: But what it does is, as I understand, automatically increase building costs. My main concern is that, as I understand, what we gradually evolved to from the old system of pretty much a subsidy in order to keep some costs down and to share the load over the large community, we modified that now to where the homeowner is paying for a good part of it, and we're all paying for a smaller proportion of it in terms of, you know, growth, what's good for the whole City, jobs, the whole thing. My concern is if we just say zero to that - it's still going to be more profitable to go out, and we're not going to offer incentives to come back within the City limits and provide the jobs, the homes, etc., within the City limits where we've got a stronger tax base, and it will increase the cost then competitively for inside the City limits.....

MR. CISNEROS: I might agree with you, Ford, but I've got to see the numbers, and no one's presented them.....

DR. NIELSEN: Well, I don't have numbers.....

MR. CISNEROS: Or even the Water Board. They haven't even done that.

MAYOR COCKRELL: Okay. Rev. Black.

REVEREND CLAUDE BLACK:very easy to also measure that because we change that part, we made a change, we've got a time schedule to see whether or not there was any real change because we bought that concept based upon the fact that we were encouraging building within the City limits. Now, I don't know whether there has been a real change. I think we have an opportunity to actually test that policy, and we've had long enough time to see if it really worked.

MR. CISNEROS: In all fairness to the Water Board, this might be a pretty poor time to look at it just because the economy has been as bad as it has. But, I submit that what we need to do is look at other cities that have similar policies like ours, and see whether it has created that conflict. That's what I've been asking for in the first place, just an independent analysis.

MAYOR COCKRELL: Let me ask - I have some hands over there, and I had told the C.O.P.S. group that I would recognize them from time to time to ask questions and Father Benavides would you like to ask a question?

FATHER AL BENAVIDES:(inaudible)....be our understanding that the approach mains came out of the Community Water Development Fund, but that the monies for the on-site mains came out of the normal water main based on the extension costs.....

MR. SUELTFUSS: Well, the on-site main except for inside the City limits are all the responsibility of the developer. There's no money there at all. Now, inside the City limits the materials only are being furnished, and this is fairly new policy and the expenditure in that has not been very great at all, but it's my understanding then, and correct me, that that would be taken out of the Community Water Development funds, without any reimbursement from revenues. Is that basically correct?

MR. VAN DYKE: It will ultimately be repaid into the Community Water Development fund by the connection charges after all the approach mains.

FATHER BENAVIDES: So will the money really go out of the Community Water Development Funds or will it come to.....

MR. VAN DYKE: No.

FATHER BENAVIDES: So then the materials for on-site mains will be paid from money out of the Community Water Development funds.

MR. VAN DYKE: Inside the City limits.

FATHER BENAVIDES: Inside the City limits. Okay. Another thing which I think is significant is the figure that you projected there for the on-site mains. I think in one of our meetings with the City Water Board and City Water Board staff, I think we did establish that in fact because right now the economy is down, construction is down, but that in a normal construction year the cost for on-site mains would be 2.5 million dollars, and I believe that was a projection that you yourself put out, Mr. Van Dyke, and if that's so, we can certainly look for that figure to climb significantly higher in terms of money for on-site mains.

MR. VAN DYKE: That 2.5 million dollar cost was a projection that the Water Board would provide all of the materials and all of the labor inside and outside of the City limits, and, of course, that is not the case.

FATHER BENAVIDES: So, in a normal construction year, do you have any projections for the on-site mains under the present policy?

MR. VAN DYKE: No, we don't have enough experience really to tell how this thing is going to work.

MAYOR COCKRELL: May I make one comment. The estimate that was given the Council, I asked this same question. The estimate that was given the last Council, was that it would probably run between 5 and 600,000 a year. That was my recollection. And that was just an estimate because as Mr. Van Dyke has said, they won't know until they get the actual experience.

MR. VAN DYKE: We have that amount included in the rate proposal that's before you. It's a five or six hundred thousand dollars for those years, but again, with the economy the way it is, it just isn't working that way.

FATHER BENAVIDES: So, I think another of the significant elements here is that the justification for the on-site main policy is that it provides an incentive, but yet when we look at the amount of dollars and cents, I'm sure that when the developer is determining where to go he doesn't hinge his decision on the on-site main because you're talking about, as Mr. Sueltenfuss said, about \$60 per lot. So that it's not that much of an incentive for the developer in terms of where he goes, but it is cause that lays very heavily on the taxpayer. We believe that it would be a far more equitable procedure to allow the new homeowner to pay for the mains and not have the City Water Board subsidize the developer and in effect have the old homeowner pay for these things as well as the new homeowner. If it were tagged on to the cost of the home, then it will certainly not discriminate against anyone, the developer or the old homeowner but to put the burden where it should lie on the new homeowner in terms of low cost.

MAYOR COCKRELL: Thank you, Father Benavides, I think that certainly is a point that we have to consider very carefully. When this came up in the last Council, I voted for this change although in the past I had always supported the other policy. And at the time I voted for it I stated very definitely - and it's in the Council minutes, that I really was doing it, in effect, as sort of a trial to see if it did encourage the inside City limits growth, and I thought possibly having heard the point made that it might encourage it. I had some feeling that perhaps we ought to make a trial and see if it did encourage it. It has just been in effect now for about three months, hasn't it? Seven? At a time when the economy has been lagging, and so I don't know if the review of the figures now would provide if we've had a fair assessment of the policy, that would be my only question. Yes.

MR. CISNEROS: Madam Mayor, listening to the remarks here, there are several questions that need to be answered and one of them is not only whether it furthers growth inside the City, but what the benefits are of that growth inside that City relevant to the costs that have been expended on this program. That's one question.

MAYOR COCKRELL: So, the benefits would relate to getting properties on the tax rolls in an area where we already have City services existing, that entire area of analysis.

MR. CISNEROS: Right. Then there's the second question which is what is to say that that might not have located there any way, but you've got to do some kind of an assessment of the likelihood of that. The only way you're going to be able to do it, given, or we would be able to do it, or anybody would be able to do it, given, the fact that the economy has been as bad as it is, and the policy has been in place only seven months. It is to look at other places with comparable policies and determine there what the effects.... Otherwise, I think we really are - we really do risk having the citizens and renters of older and more established areas in the past that came for the benefits of subdivisions, but there's simply nothing there to participate in. Now, if you look at it as a job issue if you will, which you can, the creation of jobs in the fringes of the metropolitan area and so forth, I think the data will bear out again that it is not the residents of the central city who benefit from that kind of job creation. So, it's just - almost any way you look at it, it's a subsidy program.

MAYOR COCKRELL: Well, at any rate, let me just sum up at this point. This is a key issue that is going to be difficult for us to resolve. Now, that's we can see that this is one of the areas where we have to make a decision. I do want to ask at this point if the City staff has any or wishes to make any firm recommendation to the Council or if you simply would outline that this is an area of policy decision.

MR. SUELTFUSS: Mrs. Cockrell, let me make, if I can only go back just one minute because I think there's an important point that we missed. Most of the other cities we mentioned have only surface water and they can control the water. I think that's a very important point that we don't have in San Antonio. Let me show you. Supposing we have a policy here that says, no pay, no main, you know. That may be a simple way of putting it, but you've got the ability to punch water wells all over this area here. You can put in private systems. So, we're faced with some alternatives. Let's lay them out because I think it's important. Then what does the private water system alternative mean to us? In other words does then when we annex them, do we purchase them? It's not just a simple matter of saying, you know, that we have this policy, if you don't want to take our water, you pay and get water elsewhere. If you have just surface

water like Dallas and these people have, you can tell the people, well, like in Austin, if you don't like our policy, you know, tough. I'm trying to put the thing in perspective. But that's an important consideration in this whole thing, is that what are the alternatives to the policy that we've got, and I think this is what we're all talking about this morning. And I think that's something that has to be looked at very carefully. Also, I think Mr. Pyndus' analysis that if we get so restrictive on our policies and refuse to serve, certainly this is justification for incorporation of an area. So, I think we have to weigh all of this.

MR. TENIENTE: Somewhere in between there, Mel, there has to be something that would be acceptable by the old customer, the customer that is maybe a few years from paying off his mortgage and lived and paid for a lot of things and is not interested in what happens in the south, east, west or north side of town but interested in their own community. So, all those things - we have to have given to us. If it's not available, we'd better have some sort of direction.

DR. NIELSEN: Just one quick thing too. My main concern all along has been that I think there's a point at which realistically in all kinds of ways and it goes way beyond the Water Board, it has to do with the Transit Authority and we're seeing that more and more and more. It has to do with the CPS policies in terms of growth. You know most of which I think benefits as a larger community one way or another, some more than others occasionally. The question, I think, ultimately, is how long is it in terms of public expenditures before there's a realization or a return on it. If it's 15 years, then you've got a serious argument on whether that's a good policy. If it's five years and everybody is very quickly sharing in the costs to the new homeowner for instance and the older resident, then that's another issue, but the question is and we need some data on how quickly are these capitalization costs that we're all sharing in and even through bond issues, old parts of town and new, how quickly are they accomplished, how quickly do we get a public return for that public dollar.

MAYOR COCKRELL: Mr. Pyndus is next.

MR. PYNDUS: I think a clear distinction should be made with regards to what we're calling subsidizing. It seems that the general feeling is that as long as we subsidize within the inner city, we're okay. Yet when we subsidize redevelopment, new subdivisions adjacent to the inner city there is objections to it. And to me, it's the same thing. I hate to separate the two. And to say that the older, more stabilized established inside City does not benefit from a growth on the outer fringes of the City I think is a wrong. And I think that that should be taken into consideration. The matter of how much it costs us, let's look at that, however, I think the whole should be looked at rather than inside, outside, if we can discuss it.

MR. HARTMAN: I think we're all getting right back to the point where we started. The fact that we so far have just really one analysis to go on.....(inaudible)....

MAYOR COCKRELL: Basically, what we're going to have to look at is the issue that was raised in the very beginning and that is whether the Council feels that it will be able to gather all the data it needs and review the policy alternatives or whether it would be helped by having an outside consultant review these areas and make recommendations and I think that is one of the decisions we're going to have to grapple with as a Council. So, this is just, you know, what everyone feels after hearing an analysis of the areas of decision. Henry.

MR. CISNEROS: Well, I was just going to say, Madam Mayor, I think we really need sufficient time and to take advantage of the time because what the Water Board is embarking on now is not a one-time rate in terms of what they're talking about now. They're talking about a program certainly at least a five year program and probably more now that we're talking about surface water and other things like that. This is the time, is what I'm saying, to get into some of these issues and we need the best help we can possibly get to assist us with this.

MR. ROHDE: Mayor, I've been sitting here listening for an hour and I get the feeling sometimes that this Water Works doesn't belong to the City of San Antonio. It does belong to the citizens and if we can invest dollars into it regardless whose dollars it is, we're doing it for the benefit of all the citizens. Henry, I get the impression that I'd like you to lead me by the hand and really tell me what the issue is here because it's not clear to me and I've sat here for two times now and I'm being honest about it, but where you differ and give it to me simple

because I don't want to be hiring an outside consultant. He won't tell us anything we don't know already. We've got these people right here to tell us. Another thing is I want this staff to tell me today of what they're recommending to this Council of what to do about this matter. I've been to two meetings now and I still don't get your recommendation. I'm sorry, gentlemen. I want to hear what rate increase you're recommending to this Council and then we can ask the tough question.

CITY MANAGER GRANATA: Mel, would you....and go over the pages you previously had done and break down what they need by September 1st, which requires as I recall seven percent and then we need some policy decisions on where we go from there. The big thing we don't want to do is lose the ability of the Water Board's one and a half times to one coverage and correct me if I'm wrong. We've lost it already.

MR. SUELTFUSS: No, I've got it here.

CITY MANAGER GRANATA: Van says we've lost it. Go right ahead with it and then we'll make some recommendations.

MR. SUELTFUSS: Very briefly, we discussed last time that for a bare bones budget, that's no growth or anything, the Water Board needs seven percent this coming year and 11 percent the following year. Now that, and I want to go over that again, what that means. That's not a realistic number to this standpoint because that means that there'll be no system expansion at all. That's O & M, that service and included the payments for the Guadalupe and it also includes and O & M, only those very minimum type of repairs. For example, if you recall, I mentioned that if we had a main break that would mean you put a saddle on it or something and if you needed to redo the whole block, you didn't have money for it.

MR. HARTMAN: You cannot include that in O & M?

MR. SUELTFUSS: That's right. That's not an O & M.

MAYOR COCKRELL: You're putting a patch on there.

CITY MANAGER GRANATA: How about the relocation of mains on the western City projects?

MR. SUELTFUSS: That was included in that seven percent and that's one other policy, incidentally, we had two other policy questions that we didn't finish, I think, that need to be addressed. Now Mr. Rohde, to answer your question, if the Council wishes for all the policies that are remaining be continued, certainly the 25 to 30 percent range has to be planted. There's no question about it and this is why I think rather than for us to work out about 18 combinations of rates, I think we need to say on what kind of policies, do you want to set these rates. I mean we can take this out and we can take this out. So I think rather than to come to say to you that we have a specific recommendation, to me growth policy is something that we've got to make a decision on.

MR. ROHDE: Is this the only real issue we have about the developer policy?

MAYOR COCKRELL: Will you outline the areas where the policies need to be made?

MR. SUELTFUSS: All right. Let's review, I have two more sheets to go over. First of all, the surface water was a policy discussion. We went through that last time.

CITY MANAGER GRANATA: That's the nine million dollars.

MR. SUELTFUSS: That's right, and do you want to cut that, do you want more timetable and program, remember we discussed that. Then the second one, do you want to continue the existing extension policy. Obviously, that affects rates. All right. The third policy question is governmental relocations. That's a big item that we're in. We do drainage projects, the Highway Department does projects, in the past, the Water Board has paid for the cost of relocating those mains. This is a policy decision to be made.

CITY MANAGER GRANATA: That was just shifted. If they take it out of there to us, the taxpayer still pays for it.

MR. SUELTFUSS: Somebody's going to pay for it. If it comes back to us, then we have to. Let me say this too that our previous bond issues obviously didn't include this expense. So that the monies that they've got set up for the next two years it would do the past bond issues. So we're to a point if we change that policy, we're even going to have to come up with some more money from our bond issues. So for two years, they're pretty well committed to bond issues that have already been passed and approved in which those funds were set aside for maintenance. The last question is the one that Rev. Black raised on the annual replacements. In other words, does the Council desire that the Water Board step up that program, to serve the people inside the City limits. These are, I think, the basic policy issues as we see them. Depending on what decisions are made in those areas, why certainly a rate.....

CITY MANAGER GRANATA: Can you go further and break it down by percentages now if they've left any one or two of those out.

MR. SUELTFUSS: We don't have that broken down yet. I mean, we can do that. That's a simple matter once the decisions are made.

MAYOR COCKRELL: All right, let me ask the Council. We have these areas itemized that we have to make the decisions on. I think the basic questions here is whether or not the Council feels that with the information that is going to be available to us through the staff that we can go through and make these decisions or whether you want a consultant. We've had suggestions both ways and I think that's one of the major factors. I think the City staff feels that they have all the available information which they would be glad to make available to us. I think the only advantage as I look at the idea of the pros and cons of a consultant would be to have someone who is outside our city and who can perhaps make the - not a disinterested but an objective from the point of view being outside our immediate situation of our overall policies as compared with others and then make recommendations to us. Now I think that we've run into the problem of the time factor and cost. So this is just a decision that the Council needs to make.

DR. NIELSEN: I'm going to have to go. Let me just say that any final value judgement because that's what it somewhat boils down to in terms of growth policy, no growth, whatever you want to call it. I'm not sure how much help a consultant would be there. We're going to have to make these tough decisions based on data. They may be able to rearrange it, present it in a little different format but short of the Adair kind of a recommendation which cuts the value judgement a little bit. I don't think consultants generally is asked to make those kind of additives unless you tell him to, okay, then he will, there's no question about that.

My suggestion to the Council is that, and I've already asked Carl and I think Mel ought to have this broken down in some general areas as to what each of these portions of the overall bond requests, I mean the rate increase request boil down to, and I think based on that and the fact that we aren't going to resolve immediately the value of the question anyway. That's a continuous process that every city goes through and we know we're up against it. In time with both the Water Board and the City Public Service that we've got to make a decision in the next couple of weeks and there's no way a consultant can help us in that time frame whatsoever. We better get on with it, get the facts separated in that 30 per cent rate increase and decide how much of a rate increase is justified now as we continue to work on the value judgements on policies.

MR. CISNEROS: Madam Mayor, I would suggest what we do, as Ford has suggested, is separate the elements, you know, the increase. I think the seven percent is required to maintain bond coverage or whatever other the figure is, we ought to think real hard about. But probably ought to grant to buy time in effect. Then I think we ought to spend more time getting into some of these other policy questions. As I say, now is the time to get into them. The advantages of the consultant, beyond the fact that he just presents objective data is the fact that he can look at the experience of other places and do some hard economic sort of benefit analysis that we've not been able to get from our own staff, either because they just don't have time or because we don't have that kind of a staff or utility supervisor or whatever other skills are required to really do an in-depth cost effectiveness kind of analysis which is what I think we need to have here because that's what we're talking about. The time question could be solved by granting so much as is required to maintain this coverage and then holding in abeyance the other larger proportion until we are able to review the policy, the basic policy question.

MAYOR COCKRELL: Al.

MR. ROHDE: Mayor, I'd like to make a motion. I'd like for this water matter to be turned over to the Planning and Policy Committee to recommend to this Council in three weeks the appropriate rate that we should set for public hearing. I feel this is that this Water Works is going broke, there's no question about it. They need a rate increase and on the outside consultant thing, I think that's what we're here for. The issues are getting clearer to me. I think we've just got to resolve some things that we want to see and that we don't want to see and but I do feel that it's going to take some sophistication. Mel, you have not told me exactly what you're recommending to the Council, at what rate you're recommending, you said between, I want to hear a definite 25 percent, 20 percent, I mean, I'm looking at City staff to help this Council resolve this matter.

MR. RICHARD TENIENTE: Let me if I may, Mrs. Cockrell, speak to this.

MR. ROHDE: I'm making a motion.

MAYOR COCKRELL: Okay and then I'll come back to Phil Pyndus. All right, there is a motion that has been made. The motion to restate the motion was that the matter of the policy decision, the overall decision be referred to the Council Planning and Policy Committee for a recommendation within three weeks. Is there a second to that motion?

MR. PYNDUS: I second the motion.

MAYOR COCKRELL: All right. The motion has been seconded. Is there discussion on the motion? Now, Mr. Pyndus.

MR. PYNDUS: I'm inclined to think that we can get together with the Water Board with our sub-committee and get some answers for the entire Council without the necessity of an outside consultant. The problems that face us merely need a decision and I think with additional information we can make that decision.

MAYOR COCKRELL: Mr. Teniente.

MR. TENIENTE: I think the idea that Councilman Rohde has is good but I think it's placing perhaps some responsibility on that committee that should be all of ours.

MR. ROHDE: I'm only recommending, Richard.

MR. TENIENTE: I understand but I'd like to get all the information they're going to get also so that when it comes up for vote, then I can be a part of it. If we attend the meetings and we have, we run into some problem and five or six of us there and it looks as if it's a Council meeting. I question that point because I definitely want to be at the meetings too. I have to have that in order for me to... (inaudible) I wonder if that's legal.

MAYOR COCKRELL: Mr. Hartman.

MR. HARTMAN: Mayor Cockrell, to address the point that of what the main policy objectives committee can do. I think what we're really talking about here is to initially lay out what information we do or do not have. I think that's a big piece of the question. I'm not really sure that we can sense this right now. Perhaps approaching it from that standpoint, you know, to follow Al's motion, I think that this would be helpful. I think that the committee could you know better assess what we all think we know how, if that makes sense. And perhaps you know come up with something more definitive as to whether or not we do have all of that. In that context, I, as chairman of that committee, would accept that responsibility with the understanding that the committee may say, you know, here is as far as we can go but we need more for the whole Council to make up its mind.

With regard to your motion, Richard, on the matter of laying it out, I think by all means the Planning and Policy Committee would certainly find it not only appropriate but absolutely essential that after we have gone through our deliberation that there be a briefing in the "B" session such as this where we would lay out our whole thought patterns to give to the Mayor. So in that context, I am speaking for that.

MAYOR COCKRELL: Let me ask for one additional person to comment. I know we are all appreciative of the work that the volunteer members, they're not volunteers in the sense that they volunteered for the job, but they serve for the most part without any compensation in accordance to what their efforts are. They just have very moderate, minor compensation. Members of our utility board who serve for the City and Mr. Schaefer is here, the chairman of the Water Board, and I know the Water Board is very concerned about their time factors, their time problems, and I would like to ask Mr. Schaefer to make any comments he would to about the crunch. It's not a crunch the Water Board is making. Just at the moment, the Good Lord happens to have a hand in it because we're getting more rain than we ordinarily do. So Mr. Schaefer would you like to make any comments that you feel are appropriate at this time.

MR. JOHN SCHAEFER: Thank you, Mayor Cockrell. First, I apologize for being late but I was informed that we were to be third on the agenda and that there was no urgency in getting down here at 7:30 in the morning. There are several items that I would like to address in this regard. The time factor, of course, is critical. We realize and realized that our expenses had greatly increased. We've gone over this with the Council previously as to the fact that we've had a 300 percent increase in utility rates. We've had increases in wages, increases in materials. This has become even more time critical since we've had as much rain as we've had and the water usage is down.

At the present time, the Water Board is deficient \$64,000 in the required coverage of one and a half to one for their bonding. This is not including any future bonding, this isn't to cover the bonds that we have now. We brought this to the Council sometime back because we felt and at that time informed Council that we needed this rate increase effective as of September 1 to be on the October billings because we have to make up this deficit within this calendar year. This is not something that can be averaged out over a period of years. We have to keep this coverage at one and a half times on a per annum basis for the preceding two years. So that is the urgency of it.

Now as to the amount of the rate and policy decisions etc., number one, I think we need to separate the items that need to be done now and items that can be postponed to let this Council make some recommendations or decisions as to which way you will want to go or for the Board to come to the Council and say, here is why we have these policies. It is according to ordinance the Board's responsibility to set policy and to run the Water Board with the exception of rate increases and bonding. That's not to say that we haven't in the past and in the future, if there are changes in policy, to come to the Council with those changes for their approval, which is what we did at the time we adopted the current policies. Now this is totally outside of the scope of the rate

increase. This is not tied in to rate increase. This is a matter of the policy that the Board sets and the policy as it now exists and if this is to be changed, the Board, of course, will listen to recommendations from any citizen as to policy changes, and would at that time come to Council if they've decided their policy should be changed with the changes that the Board has adopted and ask the Council to concur in those which we have done previously. But that is completely and out of the scope of the rate increase. That is a separate distinct item.

Now as to the rate increase, there is approximately nine million dollars in bonding funds which are to be used for system development. By that, I mean drilling wells and putting in pump stations, putting in storage facilities, major main extensions. There is approximately \$9 million in bonding in this. There is more than that in total because part of it would come out of revenue but there's \$9 million, there's an additional \$9 million that was set aside or programmed in at the time that this was originally presented some several months back for the land acquisition for Applewhite. Since we have successfully concluded the GBRA purchase of storage facility, this is no longer critical and we have suggested that that be relabeled for surface water development rather than just strictly for land so that we can go ahead and acquire the right-of-way for the pipeline, the engineering for the pipeline and also have some funds available for emergency land acquisition as I've explained previously should development begin to occur in the area of the Applewhite Reservoir.

Now this leaves, there is one item in the budget which has substantially changed because of the successful negotiation with GBRA. In the budget, you'll notice there's \$1,700,000 annually that was set aside and that was based on \$33 per thousand acre feet or per acre foot rather for \$50,000 acre feet. The program that we worked out with GBRA requires us to pay for the storage of only \$30,000 at this point, an additional \$20 when their next storage facility is built. So that that amount has been reduced from \$1.7 down to just under \$1 million. In round figures, leaving us \$7 million of discretionary funds, I mean \$700,000 - excuse me, \$700,000 of discretionary funds. Now these funds can, one, be used to reduce the rate increase from 30 percent to 25 percent. Now that is within the purview at this time of this Council to decide whether they want to reduce that rate increase because of this change in facts or it could be used for further surface water development such as going ahead and purchasing the land for Applewhite as well as developing the pipeline or it could be used as was discussed at the previous meeting by Rev. Black to replace the inner city old mains. Now this is something that this Council and we recommend, we're saying that you have these options. Those are the three options that are open and this should be a policy decision. It would, and I will not say that the Board will recommend one or the other because we don't meet til next Tuesday, but this has changed somewhat the picture and I understand possibly some confusion about it.

Now the other item that I think that the Council must understand in this and that is that the rate increase can and should be in this instance separated from bond approval. So what I'm saying is that this rate increase should go into effect regardless of what the percentage is, whether it's 25 or 30 percent, whether you decide that you don't want to raise the rates and you don't want to put the mains in the innercity or you don't want more land acquisition then I would say that of those two, it would be my personal recommendation if you are to leave the rate increase at 30 percent, that you replace your central city mains rather than an additional land acquisition at this time. Because I don't believe that is absolutely that pressing. But this is something that, you know, you have an option of reducing the rate or that. But I will point out that it's my opinion that what should be done is that this Council immediately should set a public hearing for this. The time is dragging on in committee and committee and committee. This rate increase should be set and bite the bullet and say it's either we're going to reduce the rate increase and we can get along and we can get along with the central city mains as they are. If we couldn't, we would have had them in this budget.

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It would be desirable to change them but it's not essential. The same as for instance, the Applewhite land is no longer essential at this particular point in time. So that we could reduce this to a 25 percent rate increase. That needs to be decided but it needs to be decided and it needs to be put into effect on September 1 or they're all new questions because we won't be able to sell the bonds to do any of this and some of these things are absolutely essential to keep a viable system in a growing city.

I would recommend that the rate increase be put into effect, that be voted on either at the 25 or 30 percent level, depending on what you decide on these mains, and that the bonding, the bonding be deferred until we have decided jointly. Let the Board give you their recommendations as to what funds take priority because the rate increase merely allows us, gives us the rate structure to support the bonds. You do not have to at this time, say, we're approving the bond for A, B, C, D program and I think it should be a two-step deal and that you're speaking of here is, you know, there are going to be priorities and there should be some study into this further but it's not, in other words, it's not in all one package and there may be some misunderstanding about that. The rate increase can be put into effect in the bonding for specific items, or the bonding at all, we cannot bond without coming back to this Council and say, here are the numbers and here's what we want it for. That would be my recommendation.

Now as to policy, that is a completely separate item, and you know that can be taken up today, tomorrow or next year. It is a separate item and really is not germane to this. I just, again, I want to reiterate this rate increase needs to be taken care of and the bonding can be done later on a line item basis. But if we don't get this, believe me, we're not yelling wolfe, it's a real problem.

MAYOR COCKRELL: Mr. Schaefer, one point you may have missed was that Mr. Sueltenfuss had made the point to us that the percentage amount of the rate increase had a very definite relationship to four major policies and that he could cost out the effect on the rate of each of these four major policies in which he felt the Council needed to make decision and I think it's really from that point that we felt under some pressure to look at the policies at the same time we were looking at the total amount in relationship category.

MR. SCHAEFER: Well, if I might address myself to that, I think that the as I say, they are separate items. They certainly do tie into the rate structure. The rate structure is based on the current Water Board policies and again, it would be my suggestion that this rate, because of the time, has to be done now. It has to be done now. Then if the Council wants to look in and recommend changes of the policies that we now have, that can be done at a later time. I mean, in other words, and if you say, well, we're not going to do this so we don't need three percent, we can lower the rate at that point or decide what we're going to do with those funds. But to go in, Mrs. Cockrell, you were on the Council last time and you recall what a long and tedious process we had of arriving at the current regulations. To start a re-evaluation of the Water Board regulations and to do that, even attempt to do that prior to this rate increase would be a physical impossibility in my opinion and you're going to lose your bond coverage in the meantime. It will be another two years before you'll be able to do any capital improvements on the system. That's just the facts of life. So as I say, we're not adversed to discussing policy but the fact is that this is based on what the current regulations are, which was approved by the previous Council. If this Council wishes to discuss changing those, it can do so any time but really this rate situation is critical.

MAYOR COCKRELL: Thank you. We are trying to wind up at this point. We will - all right, if it is the Council's pleasure, we will hear this comment. Fine, Father Benavides.

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FATHER BENAVIDES: I think one of the things that must be maintained in mind by the Council is first of all the policy decisions are not separate from the rate increase requests. They are not separate. If you were to take action on policy decisions that have been brought before you, then it would very definitely effect the rate increase. If you were to take a position on growth policy that would very definitely effect the capital improvements which are the basis of the water rate increase requests. If you were to take action on the subsidy policy to the developers that would very definitely effect the water rate increase request and the size of that request and because of that we feel that until you take action on these policy questions, you cannot approve the rate increase of 30 per cent or even 25 per cent. The 25 per cent comes about just by shaving Applewhite off. But that means that the rest of the plan remains in effect and the rest of the plan is what is in the financing plan and capital improvements program for 1976 to 1980 which does include the continuation of the subsidy policies which doesn't include the continuation of a growth policy that this Council has had nothing to say about.

I think Mr. Schaefer was in effect telling this Council what it can and can't do and I don't think that's entirely proper and I don't think he was entirely correct. The master plan upon which all of the planning for the capital improvements has been done has yet to be approved by this Council. The master plan as amended in 1974 and certainly that's within your purview. I think very much more is within your purview than what Mr. Schaefer eluded to and because of that I think it must be kept in mind that the policy questions bear very directly. We, our policy and our position is that we feel until you address these policy questions, the rate increase that should be addressed is one that will allow them to continue operating at the present level but certainly not to go into the expanded capital improvements program until you have had a chance to review these very important policy questions. And I think to get those figures, this Council should go to any length necessary to get the figures that have been very difficult to get up to this point. The whole issue of incentive and what incentive the main policy afford, I think is a very clear issue which you should undertake. When we're talking about incentives, certainly when the developer advertises, he certainly doesn't say, buy over here because you get free on-site mains. The incentives that are meaningful are incentives provided by school districts, incentives provided by taxes, incentives provided by sewers, drainage, curbs and streets and these are the incentives which are meaningful. But until you review these policy questions, I feel you cannot act on the rate increase because they are very intimately and essentially intertwined.

MAYOR COCKRELL: Thank you Father. Let me just say this. We have the motion before us and the motion was just to restate it that this matter be referred to the Policy and Planning Committee for a recommendation to the Council to review the alternatives and come back as quickly as possible to the Council with a recommendation. Is there any, all right they seem to be desirous to have the question called. I have Reverend Black, left his desire to be registered as voting yes. May we have those in favor, say aye. Opposed, no. Motion is carried.

MR. CISNEROS: One comment, if I may, on the Policy Committee. We are four members. If we should hit a deadlock, I was wondering if we might not want one more other member to be assigned to that committee for this analysis because we've got an even number on the committee.

MR. HARTMAN: Madam Mayor, I would tend to be opposed to my fellow committee members. The point of that is because I think the Policy Committee was established as less than the majority of the Council. I think we need to maintain it at that if indeed there is a deadlock and I doubt that there is because we seem to be able to resolve those.

MAYOR COCKRELL: Now, I do want to make the one other point and that is the point that Mr. Schaefer made. I think we're all very sympathetic to this point and I don't want him to feel that we are losing sight of it. I know Mr. Van Dyke is concerned and we are all concerned. We recognize our responsibility for seeing that some of these deadlines are met and so we do accept that charge from you and I know that the committee will be cognizant of that problem as they do their work.

MR. HARTMAN: In fact I'd like to consider ourselves a deadlock. If there are any members of the committee here I think, today it's the 6th, if we could have a report back in a "B" session like this say in a week from today....

MAYOR COCKRELL: Well, at any rate, just with all deliberate speed.

MR. HARTMAN: Within two weeks, not more than two weeks.

MR. CISNEROS: I would just like to reiterate. It's a rare opportunity that I get to agree with my fellow Councilmen, but I would like to agree with his earlier statement that this is a City utility and therefore, I think some of Mr. Schaefer's comments with respect to a lecture what is in the purview and what is not the purview of the City Council with respect to the Water Board is somewhat inappropriate.

MAYOR COCKRELL: Well, all right, Mr. Granata.

CITY MANAGER GRANATA: Madam Mayor, if I may make two suggestions. First, I think that there's going to be some kind of conclusion come from a committee. We should set a public hearing in order to meet the timetable and I think that date should be on the last Thursday regardless of what it is, but that you're going to have a public hearing on the water rate increase number one. Number two, I offer this policy making committee that's here every day and which I'm glad to see you, any help that you need, any help from the staff, any time, we've got the staff, we have the ability. All we need is the policy guidance and we can get you the numbers once you tell us what you want to do. Do you want \$9 million to go to GBRA or do you want four? You've got to tell us. Once you tell us, we'll get you the numbers. We'll meet at six o'clock, nine o'clock, eight o'clock, whenever you're here. We're not giving you a workload, you've just given us a workload.

MAYOR COCKRELL: Well, thank you. I do want to say that I am personally very indebted to this particular committee. I think they've worked very hard and are doing a very good job. I think all of us on the Council appreciate their efforts. Other members of the Council have taken other assignments and other workloads and are helping in those ways. This committee has been very helpful, I think. Now, then I need to check the Council's time of availability. We have the other big item of the budget. Can you all stay on now?

MR. TENIENTE: How about a five minute recess on this?

MAYOR COCKRELL: Fine, all right. Is that agreeable? We'll take a five minute break and reconvene at 9:30.

75-46

1975-76 BUDGET

City Manager Granata read a prepared report to the Council concerning the status of the 197-76 Budget. Since the last meeting with the Council a budgeting error of \$309.00 was found in the Fire

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Department budget. Considering the budget revenue shortfall previously discussed of \$3,132,000 plus funds for an employee pay increase and the hiring of a Downtown Redevelopment Consultant along with the reduction in the Fire Department budget, the total additional revenue needed to balance the budget is \$4,151,000.

Mr. Granata enumerated several possible avenues for increasing revenues such as:

1. Increase in tax rate to \$1.85 instead of proposed \$1.65.
2. Increase in bus fare.
3. Increase in garbage service charge.
4. Rescinding of \$1.20 limitation on the passthrough charges on gas for electrical generation. This limitation was an action taken by the previous City Council.

Mr. Granata said that another possible source of funds would be to transfer \$1,700,000 in projects out of Revenue Sharing funds to be funded by Community Development funds. This would release that amount of Revenue Sharing funds to be used to supplement the general budget.

(A copy of Mr. Granata's report is included with the papers of this meeting.)

The City Manager's report was discussed at length by the Council members.

After discussion, Mr. Rohde made a motion that the previous City Council's action in placing a limitation of \$1.20 on the passthrough charges on gas for electrical generation be rescinded.

Mr. Hartman said that he would second the motion provided it also included the transfer of the projects listed by the City Manager from General Revenue Sharing to Community Development funding. Mr. Hartman's amendment was acceptable to Mr. Rohde.

Father Benavides, representing COPS, objected to the using of CDA or Revenue Sharing funds to supplement the general budget. He said that money should be used for drainage programs.

After discussion, on the following roll call vote, the motion by Mr. Rohde failed: AYES: Billa, Hartman, Rohde, Teniente; NAYS: Pyndus, Cisneros, Cockrell; ABSENT: Black, Nielsen.

Mayor Cockrell announced that the vote taken indicated that possibly a full Council might approve the motion. However, since the transfer of CDA funds would require HUD approval, she suggested that the matter of rescinding the \$1.20 limitation on the gas passthrough charge be put on the Council agenda for August 7 as an emergency measure and the transfer of funds be considered later. Mayor Cockrell's suggestion met approval of the other Council members and it was so ordered.

Mr. Cisneros asked that the staff provide the Council by August 7 with impact data on CPS customers if the \$1.20 limitation is rescinded.

75-46 There being no further business to come before the Council, the meeting adjourned at 10:45 A. M.

A P P R O V E D

Rita Cockrell
M A Y O R

ATTEST: *J. H. Saulman*
City Clerk

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