

REGULAR MEETING OF THE CITY COUNCIL  
OF THE CITY OF SAN ANTONIO HELD IN  
THE COUNCIL CHAMBER, CITY HALL, ON  
THURSDAY, APRIL 13, 1978.

\* \* \* \*

The meeting was called to order at 1:00 P.M. by the presiding officer, Mayor Pro-Tem Pyndus in the temporary absence of the Mayor, with the following members present: CISNEROS, WEBB, DUTMER, WING, EURESTE, ORTIZ, ALDERETE, PYNDUS, HARTMAN, STEEN, COCKRELL; Absent: NONE.

78-17 The invocation was given by The Reverend John Ross, Holy Rosary Catholic Church.

78-17 Members of the City Council and the audience joined in the Pledge of Allegiance to the flag of the United States.

78-17 The minutes of the meeting of April 6, 1978 were approved.

78-17 The following Ordinances were read by the Clerk and after consideration, on motion made and duly seconded, were each passed and approved by the following vote: AYES: Dutmer, Wing, Eureste, Alderete, Pyndus, Steen; NAYS: None; ABSENT: Cisneros, Webb, Ortiz, Hartman, Cockrell.

AN ORDINANCE 49,239

AUTHORIZING EXECUTION OF AN AMENDMENT TO AN INTERNATIONAL AIRPORT LEASE WITH SWEARINGEN AVIATION CORPORATION.

\* \* \* \*

AN ORDINANCE 49,240

AUTHORIZING THE CITY MANAGER TO EXECUTE AN AGREEMENT WITH THE GREATER SAN ANTONIO YOUTH SYMPHONY ORCHESTRAL PROGRAM THROUGH UTILIZATION OF \$11,682.20 REMAINING UNEXPENDED FROM ITS 1977 ALLOCATION; AND AUTHORIZING PAYMENT OF SAID SUM FROM FEDERAL REVENUE SHARING FUNDS.

\* \* \* \*

78-17 The Clerk read the following Resolution:

A RESOLUTION  
NO.78-17-60

MANIFESTING THE INTENT OF THE COUNCIL TO AUTHORIZE THE PAVING OF CERTAIN EXPRESSWAY RIGHT-OF-WAY LOCATIONS WITH ANY SURPLUS FROM URBAN SYSTEM FUNDS.

\* \* \* \*

Mr. Steen moved to approve the Resolution. Mrs. Dutmer seconded the motion.

In response to a question by Mrs. Dutmer, Mr. Stewart Fischer, Director of Traffic and Transportation, stated that the Resolution asks that the State Department of Highways pave the expressway right-of-way at the following locations so that they can be used for parking purposes: 1) Under I.H. 35 between Buena Vista and Nueva; 2) Under U.S. 90 near the Missouri Pacific Railroad; and 3) Under I.H. 35 south of Nueva and north of Houston Street.

Mrs. Dutmer also asked that Mr. Fischer investigate the paving condition of Fair Avenue.

On roll call, the motion, carrying with it the passage of the Resolution, prevailed by the following vote; AYES: Dutmer, Wing, Eureste, Alderete, Pyndus, Steen; NAYS: None; ABSENT: Cisneros, Webb, Ortiz, Hartman, Cockrell.

78-17 The following Ordinance was read by the Clerk and after consideration, on motion of Mr. Alderete, seconded by Mrs. Dutmer, was passed and approved by the following vote: AYES: Dutmer, Wing, Eureste, Alderete, Pyndus, Steen; NAYS: None; ABSENT: Cisneros, Webb, Ortiz, Hartman, Cockrell.

AN ORDINANCE 49,241

CLOSING ROSILLO STREET BETWEEN TAMPICO AND  
SAN CARLOS FROM 8:00 A.M. THROUGH 8:00 P.M.  
ON APRIL 15, 1978, FOR THE COOPER JUNIOR SCHOOL  
BANK PARENTS ASSOCIATION CARNIVAL.

\* \* \* \*

78-17 The following Resolution was read by the Clerk and after consideration, on motion made by Mr. Steen, seconded by Mr. Alderete, was passed and approved by the following vote: AYES: Dutmer, Wing, Eureste, Alderete, Pyndus, Steen; NAYS: None; ABSENT: Cisneros, Webb, Ortiz, Hartman, Cockrell.

A RESOLUTION  
NO.78-17-61

REQUESTING THE STATE HIGHWAY AND PUBLIC  
TRANSPORTATION COMMISSION TO DECLARE THAT CER-  
TAIN UNUSED PORTION OF FORMER SPUR 213 RIGHT  
OF WAY (NOW KNOWN AS EXPOSITION DRIVE) SURPLUS  
TO THE NEEDS OF THE STATE AND TO EFFECT A RELEASE  
OF SAID PORTION TO THE OWNER OF THE FEE IN THE LAND.

\* \* \* \*

78-17 The following Ordinances were read by the Clerk and after consideration, on motion made and duly seconded, were each passed and approved by the following vote: AYES: Dutmer, Wing, Eureste, Alderete, Pyndus, Steen; NAYS: None; ABSENT: Cisneros, Webb, Ortiz, Hartman, Cockrell.

AN ORDINANCE 49,242

AUTHORIZING EXECUTION OF AN AGREEMENT WITH THE  
TEXAS DEPARTMENT OF HEALTH FOR OPERATION OF A  
SPECIAL SUPPLEMENTAL FOOD PROGRAM FOR WOMEN,  
INFANTS AND CHILDREN IN SAN ANTONIO AND BEXAR  
COUNTY FOR AN INITIAL PERIOD ENDING SEPTEMBER  
30, 1978; APPROVING A BUDGET THEREFOR; ESTABLISHING  
A FUND AND ACCOUNTS; AND AUTHORIZING PERSONNEL  
POSITIONS.

\* \* \* \*

AN ORDINANCE 49,243

182

ACCEPTING THE PROPOSAL OF KANSAS-DENVER ASSOCIATES TO ASSIST THE PERSONNEL DEPARTMENT IN CONDUCTING THE ANNUAL PAY SURVEY AS THE BASIS FOR RECOMMENDATIONS ON ADJUSTMENTS TO THE CITY CLASSIFICATION AND PAY PLAN; AND AMENDING ORDINANCE 48892.

\* \* \* \*

AN ORDINANCE 49,244

AUTHORIZING EXECUTION OF A CONTRACT WITH HOLIDAY WITH WATER, INC., FOR A FIVE YEAR PERIOD WITH A FIVE YEAR RENEWAL OPTION, LEASING THE HEMISFAIR PLAZA AMPHITHEATER AND LAKE AREA FOR THE STAGING OF WATER SHOWS.

\* \* \* \*

78-17 The following Ordinances were read by the Clerk and after consideration, on motion made and duly seconded, were each passed and approved by the following vote: AYES: Dutmer, Wing, Eureste, Ortiz, Alderete, Pyndus, Steen; NAYS: None; ABSENT: Cisneros, Webb, Hartman, Cockrell.

AN ORDINANCE 49,245

AUTHORIZING CANCELLATION OF ACCOUNTS RECEIVABLE IN THE AMOUNT OF \$12,573.42 FOR SERVICES RENDERED IN THE EMS PROGRAM.

\* \* \* \*

AN ORDINANCE 49,246

ACCEPTING THE PROPOSAL OF TOUCHE ROSS & CO., TO PERFORM A STUDY OF THE PARTICIPATION IN THE SOUTH TEXAS NUCLEAR PROJECT BY CITY PUBLIC SERVICE BOARD.

\* \* \* \*

78-17 Item 11 being a proposed Ordinance authorizing payment of \$176,656 from the General Fund to Bexar County for the City's share of the operating cost of the City-County Appraisal Office for the period from January 1, 1975 through July 31, 1977, was withdrawn from consideration at the request of the City Manager.

78-17 The Clerk read the following Resolution:

AN ORDINANCE 49,247

REVISING FILING PROCEDURES FOR CANDIDATES FOR CITY COUNCIL.

\* \* \* \*

Mr. Steen moved the approval of the Ordinance. Mr. Alderete seconded the motion.

In response to a question by Mr. Ortiz, Mr. G.V. Jackson, Jr., City Clerk, explained that this Ordinance updates the filing procedure for candidates to the City Council to comply with the City Charter amendments.

On roll call, the motion, carrying with it the passage of the Ordinance, prevailed by the following vote; AYES: Dutmer, Wing, Eureste, Ortiz, Alderete, Pyndus, Steen; NAYS: None; ABSENT: Cisneros, Webb, Hartman, Cockrell.

78-17 The following Ordinances were read by the Clerk and after consideration, on motion made and duly seconded, were each passed and approved by the following vote: AYES: Dutmer, Wing, Eureste, Ortiz, Alderete, Pyndus, Steen; NAYS: None; ABSENT: Cisneros, Webb, Hartman, Cockrell.

AN ORDINANCE 49,248

APPROPRIATING THE SUM OF \$8,351.00 OUT OF VARIOUS FUNDS FOR THE PURPOSE OF ACQUIRING TITLE AND/OR EASEMENTS TO CERTAIN LANDS ACCEPTING THE DEDICATION OF EASEMENTS TO CERTAIN LANDS; ALL TO BE USED IN CONNECTION WITH CERTAIN RIGHT-OF-WAY PROJECTS.

\* \* \* \*

AN ORDINANCE 49,249

AUTHORIZING THE CITY MANAGER TO EXECUTE A CONTRACT FOR SEWER SERVICE TO SERVE A PORTION OF LAKESIDE SUBDIVISION WHICH IS OUTSIDE THE CITY LIMITS OF SAN ANTONIO AND OUTSIDE BUT ADJACENT TO THE CITY'S REGIONAL AGENT BOUNDARY.

\* \* \* \*

78-17 Mayor Cockrell entered the meeting and presided.

78-17 The following Ordinances were read by the Clerk and after consideration, on motion made and duly seconded, were each passed and approved by the following vote: AYES: Dutmer, Wing, Eureste, Ortiz, Alderete, Pyndus, Steen, Cockrell; NAYS: None; ABSENT: Cisneros, Webb, Hartman.

AN ORDINANCE 49,250

ACCEPTING THE LOW QUALIFIED BID OF \$1,052,260.10 OF G.P. FALBO, INC. TO CONSTRUCT THE HILLSIDE ACRES SANITARY SEWER AND WATER SYSTEM AND AUTHORIZING A CONTRACT FOR THE JOB; AUTHORIZING PAYMENT OF THE CONTRACT, \$52,615.00 FOR CONSTRUCTION CONTINGENCIES, AND \$4,174.00 IN ADDITIONAL ENGINEERING FEES TO GROVES, FERNANDEZ, FRAZOR, TELFORD & ASSOCIATES, INC., ESTABLISHING A FUND AND ACCOUNTS FOR THE PROJECT; AND AUTHORIZING TRANSFER OF FUNDS FROM FEDERAL REVENUE SHARING AND SEWER REVENUE BOND FUNDS.

\* \* \* \*

AN ORDINANCE 49,251

ACCEPTING THE PROPOSAL OF UNITED AERIAL MAPPING TO PROVIDE TOPOGRAPHIC MAPPING FOR THE PLEASANTON AND McCAULEY ROADS DRAINAGE PROJECT; AND APPROPRIATING \$12,834.00 THEREFOR.

\* \* \* \*

AN ORDINANCE 49,252

AUTHORIZING AN ADDITIONAL AGREEMENT WITH BLACK AND VEATCH FOR SEWER RATE STUDIES AND APPROPRIATING THE SUM OF \$3,300.00 THEREFOR.

\* \* \* \*

184

AN ORDINANCE 49,253

ACCEPTING THE LOW QUALIFIED BIDS OF LACHMAN-ROSE COMPANY, J.W. RICHERT, INC., AND TEXAS TOY MART, INC., TO FURNISH THE CITY PARKS AND RECREATION DEPARTMENT WITH GAMES FOR A NET TOTAL OF \$6,391.49.

\* \* \* \*

AN ORDINANCE 49,254

APPROPRIATING FUNDS FOR AND AUTHORIZING THE PURCHASE OF ONE (1) PORTABLE SEWAGE LIFT STATION FROM CRANE SUPPLY COMPANY FOR A NET TOTAL OF \$13,408.00.

\* \* \* \*

AN ORDINANCE 49,255

ACCEPTING THE PROPOSAL FROM GENERAL ELECTRIC COMPANY TO FURNISH THE CITY OF SAN ANTONIO POLICE DEPARTMENT WITH SICOMS COMPONENTS FOR A NET TOTAL OF \$29,680.00.

\* \* \* \*

78-17

The Clerk read the following Ordinance:

AN ORDINANCE 49,256

ACCEPTING THE PROPOSAL OF AWALT CONCESSIONS, INC., TO FURNISH THE CITY WITH A FOOD AND BEVERAGE CONCESSION CONTRACT FOR LA VILLITA.

\* \* \* \*

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

In response to some Council member's questions, Mr. John Brooks, Director of Purchasing, stated that three proposals had been received for this concession contract at La Villita. All three proposals met the minimum requirements as outlined in the City's request for proposals. The evaluation was made on the basis of experience and type of operation offered. In addition to the required percentage of gross receipts, Awalt Concessions also offered a \$12,000 minimum annual guarantee to the City.

Mr. John Machado, 726 Price Avenue, representing Flores Catering, stated that all bidders had met the specifications and spoke of their past experience and job performance. He also stated that the bid guarantee can only be offered by larger businesses.

Mrs. Velma Awalt Estrada stated that she has always given excellent service and has had much experience with the City. She also stated that her bid is a fair bid and asked the Council to approve the Ordinance.

After discussion and on roll call, the motion, carrying with it the passage of the Ordinance, prevailed by the following vote: AYES: Dutmer, Ortiz, Pyndus, Hartman, Steen, Cockrell; NAYS: Wing, Eureste, Alderete; ABSENT: Cisneros, Webb.

78-17 The following Ordinance was read by the Clerk and after consideration, on motion of Mr. Pyndus, seconded by Mrs. Dutmer, was passed and approved by the following vote: AYES: Dutmer, Wing, Eureste, Ortiz, Alderete, Pyndus, Hartman, Steen, Cockrell; NAYS: None; ABSENT: Cisneros, Webb.

AN ORDINANCE 49,257

AUTHORIZING AND DIRECTING THE CITY ATTORNEY  
TO FILE SUIT AGAINST HELEN JOHNSON D/B/A  
HELEN JOHNSON GALLERY AT HEMISFAIR PLAZA.

\* \* \* \*

78-17 The following Resolutions were read by the Clerk and after consideration, on motion made and duly seconded, were each passed and approved by the following vote: AYES: Dutmer, Wing, Eureste, Ortiz, Alderete, Pyndus, Hartman, Steen, Cockrell; NAYS: None; ABSENT: Cisneros, Webb.

A RESOLUTION  
NO.78-17-62

MANIFESTING THE DETERMINATION OF THE CITY  
COUNCIL THAT MR. THOMAS J. HANNIBAL HAS VESTED  
RIGHTS UNDER ARTICLE THREE OF ORDINANCE NO.  
48484.

\* \* \* \*

A RESOLUTION  
NO.78-17-63

MANIFESTING THE DETERMINATION OF THE CITY  
COUNCIL THAT MR. C.N. WIDEMAN HAS VESTED  
RIGHTS UNDER ARTICLE THREE OF ORDINANCE NO.  
48484.

\* \* \* \*

78-17 Item 25 being a proposed Ordinance appointing members to the Mayor's Commission on the Status of Women was withdrawn from consideration at the request of the City Council.

78-17 The Clerk read the following Resolution:

A RESOLUTION  
NO.78-17-64

OPPOSING THE PROPOSAL TO SHIFT FEDERAL WORK  
FROM LOCAL CIVIL SERVICE TO PRIVATE CONTRACTORS.

\* \* \* \*

Mr. Wing moved to approve the Resolution. Mr. Eureste seconded the motion.

Mr. Rudy Quiroga, representing Local Union 1617, spoke in favor of the Resolution and spoke of the training and job performance at Kelly A.F.B. He stated that many jobs will be lost if the Air Force decides to contract its work out to private contractors.

Mr. Pyndus spoke against the passage of the Resolution. He stated that this resolution will not have any effect on any decision to be made by the Department of the Air Force.

Dr. Cisneros spoke in favor of the Resolution because of the 247 jobs that would be lost if the work is contracted out to private contractors. He stated that studies are still proceeding and a position by the City government should be taken. He also spoke of the impact the City had in the case of the Defense Mapping Section at Fort Sam Houston.

Mr. Steen spoke against passage of the Resolution and stated that the action by the Department of the Air Force may result in economic savings.

Mr. Eureste spoke in favor of the Resolution and stated that the Chamber of Commerce had originally made statements opposing this action by the Air Force, however, this was contradicted by statements made at the "B" Session last night by the Chamber.

Mr. Alderete and Mrs. Dutmer also spoke in favor of the Resolution

Mr. Hartman stated that statements have been made alleging that a process known as A-76 was violated, and made a substitute motion that action on the Resolution be postponed one week to see if the A-76 process delineated by the Air Force was violated. Mr. Steen seconded the motion.

Mr. Eureste spoke against the substitute motion and spoke on behalf of the original motion.

Dr. Cisneros also stated that the issue is not whether the process was violated but the City's concern for the 247 jobs which may be lost at Kelly.

Mr. Pyndus spoke against the substitute motion.

Mayor Cockrell stated that she would be voting against the substitute motion because she felt it would be improper to evaluate if a procedure set up by the Air Force had been violated.

On roll call, the substitute motion failed to carry by the following vote: AYES: Hartman, Steen; NAYS: Cisneros, Webb, Dutmer, Wing, Eureste, Ortiz, Alderete, Pyndus, Cockrell; ABSENT: None.

Mr. Webb spoke in favor of the original motion to approve the Resolution.

Mayor Cockrell suggested that Section 1 of the Resolution be changed so as to read "The City Council of the San Antonio states its serious concerns over proposals" instead of the present wording which reads, "The City Council of San Antonio states its opposition to proposals."

Mr. Hartman stated that the City Council needs to stress in the Resolution that jobs stay in the City and agreed with Mayor Cockrell's suggested wording. After discussion, he moved to amend the wording in Section 1 as outlined by the Mayor. Mrs. Dutmer seconded the motion.

Councilman Cisneros, Ortiz and Eureste spoke in favor of the original wording.

On roll call, the motion to amend the wording failed to carry by the following vote: AYES: Dutmer, Hartman, Cockrell; NAYS: Cisneros, Webb, Wing, Eureste, Ortiz, Alderete, Steen; ABSTAIN: Pyndus; ABSENT: None.

After further discussion, the motion to approve the Resolution carried by the following vote: AYES: Cisneros, Webb, Dutmer, Wing, Eureste, Ortiz, Alderete, Hartman, Cockrell; NAYS: Pyndus, Steen; ABSENT: None.

78-17 PRESENTATION OF FIESTA MEDALS BY THE FIESTA COMMISSION

Mr. Wier Labatt, President of the Fiesta Commission, thanked the City Council for their support and spoke of the many activities planned for Fiesta Week.

Mayor Cockrell thanked the City Council Fiesta Committee and complimented Councilman Webb who did an excellent job as Chairman.

Mr. Webb commended the staff for their efforts and diligent work.

Mr. Labatt and Mr. Dave Burkett then presented the Mayor and Council with Fiesta Medals.



Mr. Robert Thompson, President and Business Agent for Amalgamated Transit Union, Local Union 694, read a prepared statement to the Council on a presentation made to VIA - Metropolitan Transit regarding the firing of Tom Fuller. (A copy of Mr. Thompson's statement is on file with the papers of this meeting.)

After a discussion by the Council on the matter, Dr. Cisneros stated that there was a need for a liaison between the Metropolitan Transit Authority Board and the City Council on a continuing basis.

78-17                    DIGNITARIES FROM MONTERREY AND GUADALAJARA, MEXICO

Mayor Cockrell introduced and welcomed dignitaries from the Sister Cities of Guadalajara and Monterrey, Mexico. She then recognized Mr. Hector Herbeck, President of the Mexican Chamber of Commerce, who was accompanying the delegation.

Mayor Cockrell outlined the activities planned for the delegation.

78-17                    CITIZENS TO BE HEARD (Continued)

MR. FRANK CORTEZ

Mr. Frank Cortez, Radio Station KCOR, spoke to the Council regarding a case of a lady attempting to pay a monthly utility bill at City Public Service in loose change. He stated that City Public Service refused to take the money. He asked Council to do something about this and other related problems at City Public Service.

Mayor Cockrell asked that staff consider an approach which may address this problem.

78-17                    GSA PARKING LOT

Mr. Hartman stated that he had received calls from residents of the King William area expressing concern with the action that is being initiated to build the motor pool in the land south of the Arsenal. They would like to know the status of this matter.

Mayor Cockrell stated that Dr. Cisneros has been working on this matter and has had meetings on it. She then asked Dr. Cisneros to comment.

Dr. Cisneros stated that they will be going to Fort Worth on Tuesday of next week to try to talk to GSA about rejecting the bids which are due on April 25. They are prepared to talk to them about using alternate sites such as the area under the expressway or the area south of Durango Street. He stated that they will keep the Council advised of any action by GSA.

BRIEFING OF STATUS OF PROCEEDING  
OF LO VACA SETTLEMENT BEFORE  
THE TEXAS RAILROAD COMMISSION

MAYOR COCKRELL: The Council wanted to have an update of the proceedings before the Railroad Commission. Mr. Ortiz, in particular, had some questions to ask. I think the underlying question is that, certainly, we would have an open session and whatever has been made as public information. If there are any portions of comments that would have to be made in executive session or any answers you could so state at the time you were asked such question. Is that agreeable?

MR. JON WOOD: That would be fine, Mayor.

MAYOR COCKRELL: Would you like to start out and just give us a summary or briefing of what has taken place and we'll ask Council members, Mr. Ortiz and others, to ask any questions they may have.

MR. WOOD: All right. As I advised you at our last status briefing on Thursday, February 23rd, the final paper work had then been completed consisting of the January 24th summary and the agreement of parties was ready for signatures. By March 6th, 1978, the agreement of parties with attached settlement plan and exhibit had been signed by the appropriate officers of the following - Coastal States Gas Corporation; Coastal States Gas Producing Company; Lo-Vaca Gathering Company; Oscar S. Wyatt; City Public Service Board of San Antonio; Lone Star Gas Company; Central Power and Light Company; United Texas Transmission Company, City of Austin; Lower Colorado River Authority; Texas Utilities Fuel Company; Union Texas Petroleum a division of Allied Chemical; Union Carbide Corporation; Channel Industries Gas Company; Dow Chemical Company; Intex Incorporated, City of Corpus Christi; Public Utilities Board of Brownsville, City of Brownsville; United States Government; Arkansas-Louisiana Gas Company; City of Robstown and it's board of trustees, the utility system, and Amoco Gas Company.

The customers who had signed the agreement together constitute approximately 80% of Lo-Vaca's 1975 sales volume, and includes all those necessary under the agreement to make it effective. The further procedure has progressed again as we advised you. The final implementation documents were filed with Railroad Commission on March 7th along with the joint motion to set a supplemental hearing on the settlement plan to grant a re-hearing regarding the December 12th final orders for the limited purpose of conducting and completing the hearing.

On March 10th the Commission granted the motion and set a hearing on the merits which began April 3rd. The hearing has been presided over by the Gas Utility Division Assistant Director, Tom Hill, along with hearing examiner and Rex White, who is the special counsel for the Commission. At the opening of the hearing the examiner first took announcements of the parties and their position with regard to the plan. Of the 400 direct customers of Lo-Vaca none made an appearance in unqualified opposition to the plan. The hearing then proceeded with opening statements, direct testimony of witnesses in support of the settlement plan and cross-examination of those witnesses which is now in progress. Evidence from other parties, if any, will then follow.

As the hearing progressed and the proponents witnesses have been cross-examined, the active participants can be put in limited categories reflecting their common interest. First, of course, there the proponents of the plan which have the burden of proving that the plan is in the public interest as an alternative to the Commission's December 12th order. Next a representative of the attorney general's office participating as a neutral party to clarify and explore various aspects of the plan.

Third, there are two spokesmen for consumer groups, Mrs. Peggy Buckhorn of Brazoria, Texas for Citizens for Equitable Utilities, and Mr. Jose Olivares of San Antonio for the League of United Latin American Citizens. The next group are certain cities which are served by Lone Star Gas Company. They are appearing inly in opposition to that portion of the plan under which Lone Star, unlike San Antonio, is planning a right to retain, and not pass through, part of the benefits of the plan. The fifth and most vocal group consists of four industrial companies, one a customer of Lone Star and three customers of Amoco. These customers are still buying gas from Lone Star and Amoco at low contract prices and object to sharing, even in the future, in the costs which San Antonio and the others have shared since 1973.

Finally, the attorneys for Crystal City and the City of Pearsall have attended from time to time and questioned some of the witnesses. I think that it's significant that out of the several million ultimate consumers who are dependent either in whole or in part on gas from the Lo-Vaca gas system that most of the opposition is coming from indirect customers who are not really complaining of the plan as a whole but only of provisions applying to Lone Star and Amoco. The hearings are now going on and will continue into next week (inaudible) cross-examination of proponents witnesses.

Mr. Miller is in Austin now and I will join him in the morning. The presiding examiner has ruled that the hearings will continue uninterrupted and if they continue on the schedule they should be completed toward the end of next week or the first part of the following week. I'm optimistic that the Commission will approve the plan, either as presented or possibly with minor modifications to deal with the Lone Star, Amoco situation which doesn't affect San Antonio within a reasonably short time after the close of the hearing. I'll be glad to answer any questions.

MAYOR COCKRELL: Fine. Mr. Ortiz.

MR. RUDY ORTIZ: Yes, thank you, Madam Mayor. If I remember correctly I had also requested that Mr. Eloy Centeno be here. I guess he's not beholden to the Council.

MAYOR COCKRELL: At this point I asked first for the attorney's to come. I thought we could perhaps have a follow up meeting with the board.

MR. ORTIZ: Good, thank you, Madam Mayor.

Mr. Wood, do you have a copy of the minutes of the proceedings of the Texas Railroad Commission?

MR. WOOD: A copy of the minutes?

MR. ORTIZ: Yes, the testimony.

MR. WOOD: No, I do not.

MR. ORTIZ: Well, I'm going to quote you from page 192. This is you addressing the Commission. "Mr. Moe's recollection was correct in my opening statement. I recited the dates in which the City Public Service Board and the City Council approved the plan of settlement contained in the summary filed with the Commission on January 24, 1977. Both the Board and the Council have been kept fully advised with regards to the process of negotiations in view of the agreement of the parties and the attested settlement plan is consistent with in furtherance of the implementation of the summary which was filed by the Commission on January 1977. Accordingly, it has been signed by the general manager of the CPSB. The agreement speaks

for itself but I would point out that the agreement recites that all signatories represent that they have the full authority to sign and be bound by the agreement in the attached settlement plan."

That statement, I take some exception to for the following reasons; number one, there are four resolutions on record, City Council resolutions on record, that address the settlement plan. I'll recite you the resolutions - Resolution 77-12-14 dated 3/3/77, Resolution 76-43-72 dated 9/16/76, Resolution 77-35-48 dated 7/7/77 which is the most recent one and - the intent of this resolution was that benefits derived from the settlement will apply directly to the benefit of gas and electric consumers and if you will check out those resolutions very carefully you will see that that is in those resolutions.

MR. WOOD: I agree.

MR. ORTIZ: Do you feel yourself bound by those resolutions, Mr. Wood?

MR. WOOD: Do I, yes sir. Is the CPSB bound, you mean?

MR. ORTIZ: I'm asking you, since you and Mr. Miller are in Austin for the Railroad Commission representing CPSB and you're both in approving the settlement plan that is currently before the Railroad Commission. Do you feel that you're bound by those resolutions of City Council?

MR. WOOD: The CPSB also passed a resolution on January 24th, 1977, on the motion of the Mayor and with unanimous approval, committing itself to a direct flow through of benefits from the settlement plan to the customer.

MR. ORTIZ: To the rate payers?

MR. WOOD: Yes, right. That's also a part .....

MR. ORTIZ: You feel that that is a binding condition to the settlement plan?

MR. WOOD: Yes, I was going to - that it's also part of the settlement plan itself which requires all those who signed it to flow through the benefits of the settlement to the full extent that they flow through the damages which have been paid Lo-Vaca for higher priced gas.

MR. ORTIZ: There have been changes between the January 24, 1977, agreement of the parties and the December 26, 1977, agreement. I felt that they should have been pointed out to the Commission when you made your statements that everything was signed and everything was proper and everything was agreed upon. There were changes, right?

MR. WOOD: The January 24 summary of settlement was obviously just that, it was a summary. The final documents are the January 24 summary but flushed out and with full detail in order to implement the terms and conditions which were summarized on January 24, 1977. In preparing those detailed documents there were as anticipated by both the Board and Council (inaudible) some minor restructuring in order to better able the participants to accomplish the goals of the summary. Those changes were summarized by me to the Board and the Council and they were covered also in the hearing by the witness that was on the stand at the time I made that statement, Mr. Paul (inaudible).

MR. ORTIZ: You're saying you did advise the Railroad Commission examiner that there were changes between the January 24, 1977, agreement and the December 26, 1977, agreement?

MR. WOOD: At this hearing, I don't believe that I personally advised the hearing examiner. He had witnesses which the proponents put on beginning with .....

MR. ORTIZ: You did not feel that these changes were important enough?

MR. WOOD: I do not view any of the changes as being material alternations or substitute deviations from the principles embodied in the January 24, 1977, summary.

MR. ORTIZ: Mr. Wood, what is the extent of the damages suffered by San Antonio because of the breach of contract in excess of \$430 million?

MR. WOOD: Yes.

MR. ORTIZ: I would think that any kind of a change in agreement of parties of settlement provisions would be of greivous importance to anybody that's connected especially when we're talking about in the excess of \$430 million of the rate payer's money, the citizens of San Antonio money. I would like to request, Madam Mayor, if I may, that you should indicate to the Railroad Commission for the benefit for their information that there are three, maybe four, resolutions of City Council along with resolutions from the CPSB relating to the benefits that will accrue from the settlement with respect to the rate payers and that you also advise the Commission that there were changes made whether they were very minor or whether, in your opinion, they were very unsubstantial, the thing is that a settlement like this and it is very complicated, I've been trying to go through it. I don't know how many of you have seen it but if you change a decimal point it could mean the difference of hundreds, thousands or millions of dollars. I wouldn't take any of this change for granted, at all, not when we're talking about \$430 million of the money of the people of San Antonio.

MAYOR COCKRELL: May I ask for one thing to be clarified. Mr. Wood, you were not the only witness. In other words, for those who were presenting the settlement and you did not yourself have the responsibility of presenting the entire case. In other words, as I understand it Mr. Palmer Moe was the one who presented a lot of the technical details such as those that Mr. Ortiz wanted to be sure the Commission was informed on all of the substantive of material that is included in the settlement. Is that correct?

MR. WOOD: I was not a witness at all. I'm appearing at those hearings, along with Mr. Miller, as Counsel for the City Public Servic Board of San Antonio. The statement which you read - I was making an objection to a question which was being asked by Mr. Moe. In the course of the proceedings, which is now or about to finish their second week, all of the restructuring which was done in the final implementation docket which could not be readily seen from the summary which was filed with the Commission on January 24, 1977, have been fully testified to by the witnesses who have been presented by the proponents of the settlement plan. They have been cross-examined on all those points.

MAYOR COCKRELL: Further, the changes - the estimates of the value of the changes that were made increased to the best of everyone's estimate knowledge, and the value to the settling customers, is that correct?

MR. WOOD: Yes, none of the restructuring, which all has been minor, changed in any way the substance or principles which were set forth in the initial summary. The changes of restructuring were made in order to make it easier to implement the settlement plan, make it more certain and easier for the customers to gain their benefits, and, as you pointed out, the last prepared tote sheet which we showed the Council showed, in effect, the changes

were for the benefit of San Antonio.

MR. ORTIZ: May I continue, Madam Mayor. The other resolution which I couldn't remember, I found now, it's Resolution No. 76-43-72, dated 16 September, 1976. At any rate the reason for pointing out these four resolutions of City Council is that all four resolutions addressed making sure that any benefits received or accrued from a settlement will go directly to the benefit of the rate payers, the consumers. Okay?

MR. WOOD: As I pointed out the plan itself requires that. The resolution which I introduced before the Commission. The Resolution 77-12-14 recites that as a fact.

MR. ORTIZ: Let's get into the settlement. Would you swear in the settlement plan that it states clearly and directly that the benefits derived from the settlement will be applied directly to the benefits of gas and electric consumers?

MR. WOOD: Yes, Councilman Ortiz, in section 6.02 subsection H on page SP24, "the proceeds to be distributed by the trustees to the beneficiaries of the settlement trusts are and will be in compromise in settlement of the claims of each settling customer. Each resale customer of Lo-Vaca and or Producing which is flowed through to and collected from its customers all damages, costs and expenses including interest, if any, which provide the basis for the claim of such resale customer that are so compromised and settled shall take all reasonable and necessary steps to effectuate a fair and equitable distribution to its customer of the net proceeds realized by it as a beneficiary of the settlement trust."

MR. ORTIZ: Can you tell me what those benefits that will be applied directly to the benefit of the gas and electric consumers, what are the exact, precise benefits that we're talking about?

MR. WOOD: All of the monies which the City Public Service Board receives from the settlement trustee.

MR. ORTIZ: That is what amount?

MR. WOOD: We don't know what amount it will be. The trustee holds several classes of securities, two classes of securities in new companies. One class of security from Coastal States Gas Corporation which under the settlement trust agreement is obliged to sell at the highest possible price over the period of seven years. I cannot now predict what price he is going to get from those shares.

The other major portion of the benefits flowing through the settlement trust, to the City Public Service Board will be the discount from market refund available under the Gas Search Program. Again, the amount of refund under the Gas Search Program depends upon whether the gas is found, how quickly it is produced and what the market price is.

MR. ORTIZ: So we're settling for the benefit of the rate payers but we don't know what we're settling for. You can't give me that amount?

MR. WOOD: I can't tell you now what the dollar amount will be. As you know we have advised Council from time to time with regard to the major elements of the settlement plan and some rough estimates regarding the security based on book values with regard to the Gas Search Program based upon comparative computerized and use such values as a comparison to previous plans and also as comparison as to what the City might expect through bankruptcy proceedings.

MR. ORTIZ: But as it is right now, you still can't tell me what amount of money we're settling for that will ultimately go back to the benefit of the rate payer.

MR. WOODS: That's right. I can't predict what these securities are going to sell for in four years.

MR. ORTIZ: Can you identify the mechanism that is developed within or by the settlement plan for implementing this particular provision that is of applying the benefits directly to the rate payers. You identify mechanisms for the Gas Search Program for trustee relationship that would be established and so forth. Can you point out the mechanism that is being developed within or by the settlement plan for applying the benefits directly to the rate payer?

MR. WOOD: There is nothing specific in the plan beyond what I read to you on page SP24 which requires "shall take all reasonable and necessary steps to affectuate a fair and equitable distribution to his customers."

MR. ORTIZ: You don't feel that it is necessary to identify or set down some kind of mechanism?

MR. WOOD: Mr. Ortiz, we are dealing here with 400 customers in pipe line. This section applies to resale customers of that pipe line company. Each resale customer is in a unique and different situation from other resale customers. I don't believe it would be practical in this document to set forth the mechanism which would equally apply to each of the resale customers and deal with their own unique circumstances. As I pointed out before, the City Public Service Board has by resolution spelled out how it's going to do it.

MR. ORTIZ: When will these benefits be applied, Mr. Wood? When it is received?

MR. WOOD: As received.

MR. ORTIZ: As received and do we have any kind of a tentative date or table, calendar on how these receipts will come in?

MR. WOOD: No, as I pointed before, the proceeds from the sale of the stock will take place over a 7 year period. The timing and amount of stock which the trustees sell at any particular time will be within his discretion. Benefits from the Gas Search Program will be spread over a 15 to 30 year period and again, it can't be possible to pinpoint exactly when you will receive any certain amount of benefits.

MR. ORTIZ: Let me continue on this. Why is CPSB agreeing to settle on the basis of 1975 gas sales volume when San Antonio could realize more benefits on the settlement plan or the settlement we're computing on the basis of the actual damages suffered by each customer. Based on the gas sale volume San Antonio benefits are about 17.07% but if we were to insist on using the actual damages suffered by the City of San Antonio which is in excess of \$430 million then we're talking about benefits amounting to 25.6%.

MR. WOOD: I believe that the figures in which you're quoting come out of a proposal which Shell Oil Co. made at the hearing. The Shell Oil proposal for those of you who aren't familiar with it, proposed that the benefits of the settlement be divided on the basis of each customer's share of the commission refund order, rather than on the basis of 1975 sales volume. In my view, the problem with using the refund percentages as the basis for dividing of the benefits of the settlement plan, is that when you start to use actual damages that you had suggested, you must in fairness to all parties take into consideration all of the damages suffered by each customer. The refund amount which Shell uses reflects only one element of the damages, that is the difference between the interim rate and the contract price, without considering other relevant damages which San Antonio and all other customers have likewise suffered. For example, curtailment damages. The refund amounts do not take into consideration the extent to which a customer was curtailed, extent to which a customer had to buy oil and burn oil, as opposed to natural gas. The lost profits of a customer due to the curtailment.

Likewise using the refund amounts do not take into consideration the fact that some customers have paid higher prices pursuant to contract, which they claim were induced by fraud on the part of Coastal. These are the kinds of claims and damages which using the refund amounts do not take into consideration and which in fairness to all of the customers you would have to take into consideration and weigh equally with the amount of damages suffered by virtue of simply paying a higher price.

It was these considerations during the negotiations which lead us to agree upon the use of 1975 sales volumes as a rough but equitable and fair division of the proceeds of the settlement. It became obvious when we tried to work out a formula which included all of these elements of damages that you would end up spending more time litigating the amount of damages for each of these customers than you would have in trying to (inaudible) in the first place.

Nineteen seventy-five is a good year to use on the system because it is the first year after the major curtailments in which all the customers got all of the gas that they wanted. In other words, there were no major curtailments. It was also a year which was prior to some of the customers like San Antonio going to other fuels and reducing their use of natural gas.

MR. ORTIZ: Yes, it's more equitable than only using the refund amount.

MR. WOOD: Yes, it's more equitable than only using the refund amount.

MR. ORTIZ: Why is CPSB agreeing to let Wyatt and Coastal retain the Corpus Christi refinery for a mere \$30 million when that facility is worth anywhere between \$120 and \$500 million fair market value and isn't in the price of oil going up and are we going to continue to be dependent on oil for some time in the future?

MAYOR COCKRELL: Mr. Wood before you answer that, may I just get some direction from Mr. Ortiz as to, I see you have quite a long paper there. Some of us are operating under the problem . . . . .

MR. ORTIZ: It's about five more questions, and some of the parties aren't here.

MAYOR COCKRELL: The problem I have is I have to get home and change and back down for the dinner. We're host to our Gadalajara and Monterrey visitors so we do just have some time restraints and Mr. Wood would you please answer that.

MR. WOOD: You're talking about the Corpus Christi refinery? That is held in a subsidiary of Coastal. Under the settlement plan Coastal will effect purchase those properties from the new company for approximately \$203.2 million based on proforma analysis as of September 30, 1977. Purchase will be accomplished by Coastal assuming approximately \$102.4 million in long term debts and increase in the inter-company account payable to the new company of approximately \$100.8 million. We looked carefully at this refinery during the negotiations process. The operation of the Corpus Christi refinery by Coastal has in the past been highly dependent upon the administration of the

Federal Crude Oil Entitlement Program, which is relied upon for part of its supply. The remaining supply they've had to rely on foreign sources. During 1977 the operation of that refinery had to rely upon foreign sources for crude oil supply for 91% of its requirements. During the negotiations we obtained a fair market value analysis, an estimate by a world engineering firm, Pytle & Duntz, for which they had made for Coastal in 1975. They used a discounted future cash flow method of estimating the fair value of that refinery a method which ignores long term debt which accounts for about half the property and a method which assumed optimization of refinery transportation and storage techniques and also assumed the full availability of crude. They came up with an estimate of about a \$100 million. The new company is not particularly interested in having the refinery simply because of the high risk of being able to obtain enough crude relying on foreign sources to make that refinery profitable. Under the settlement plan is being transferred to Coastal but on a basis for which more than compensates the new company for the value of the refinery.

MR. ORTIZ: So you're still not interested in the refinery, is that it?

MR. WOOD: That's correct.

MR. ORTIZ: You're still not interested in that?

MR. WOOD: It's my view that unless you had a firm current supply of crude oil that refinery would be worth absolutely nothing to you.

MR. ORTIZ: The settlement plan, does it require that the pass through of the 100% cost of gas to the rate payers continue and is that for one year only?

MR. WOOD: It's part of the settlement plan, there is an agreed rate order for the first year, which the parties have agreed they will not seek the change which continues 100% flow through of LoVaca's natural gas costs. The flow through provisions after that are subject to review and revision by the Railroad Commission.

MR. ORTIZ: For the first year, we will continue with 100% pass through.

MR. WOOD: That's correct.

MR. ORTIZ: Will there be an increase of between 1½ percent and 3 percent or approximately \$12 million per year in the cost of gas immediately after or the first year that the plan is implemented.

MR. WOOD: When the rate goes into effect for the first year after the settlement it is estimated that the cost of gas will increase 1.1 percent which would be approximately somewhere between \$11 and \$12 million. Also during that first year, however, San Antonio and other customers begin to receive the benefits of that settlement. That \$11 million is spread over the entire system of LoVaca. That entire system during the first year will also receive the \$8 million plus interest attributable to the note. They'll receive \$22.8 million of write-offs of receivables which San Antonio shares \$8 million. San Antonio and other customers will participate in the lignite option. If I had to venture a guess I would say that taking all of the factors into consideration that there would not be an increase during the first year on that basis.

MR. ORTIZ: You're saying that there will not be an increase on the net basis the first year?

MR. WOOD: I'm guessing that taking all the factors into consideration the benefits of settlement will far out weigh the increase in cost of gas.

MAYOR COCKRELL: Rudy, I know you have some more questions and I'm sorry but could we perhaps then continue it.

MR. ORTIZ: Yes, if we can continue it, I would like to be able to continue this.

MAYOR COCKRELL: Fine, but we do, I think all of us are going to the dinner have a problem in trying to get home and get back.

MR. ORTIZ: When can we continue this, Madam Mayor?

MAYOR COCKRELL: How many more questions do you have that are not answered?

MR. ORTIZ: Well, there's at least four more, 4 more questions.

MAYOR COCKRELL: Alright, couldn't you just submit them in writing and let them get a reply back?

MR. ORTIZ: Well, Madam Mayor, you know, we're dealing with the settlement which has an impact on our rate payers quite a bit and I think that our rate payers have already suffered in excess of \$430 million in damages, money that . . . and I'm one of those rate payers. I have to pay every month and I'd like to know what the impact of this settlement is going to be on my monthly utility bill and that's one of the questions which I wanted to get into, plus several others but I've been skipping over some of them because I know that you're pressed for time. So I would like to be able to continue this line of questioning. The Railroad Commission is not going to adjourn on its hearing until possibly late next week. An attempt has already been made to subpoena you, Madam Mayor, and I'm sure that I'm going to be subpoenaed next week and I'll be out there and I would like when I go up there to have information which is going to be as updated and as valid as possible when I go up there to testify again.

MAYOR COCKRELL: Well, I would think that we could set aside some time next Thursday. Will there be an opportunity for you to be back in town?

MR. WOOD: Well, I can come back.

MAYOR COCKRELL: Fine, perhaps we can make it in the late afternoon.

MR. PYNDUS: Point of order, Mayor.

MAYOR COCKRELL: Yes, Mr. Pyndus.

MR. PYNDUS: Mayor, if we are to gain any knowledge from the questions that Councilman Ortiz is asking, I feel that it should be in writing. It's very difficult for me to follow the questions and the answers and to get significance out of it and if we are to gain his insight I do feel that this should be put into writing, rather than it be done verbally which is very difficult to follow.

MR. ORTIZ: I will then have the questions submitted in writing to Mr. Wood and the other concerned parties and perhaps they will provide written answers. When they return again next week, perhaps we can get more verbal clarification.

MAYOR COCKRELL: Fine, thank you. We thank you for being here.

78-17 There being no further business to come before the Council, the meeting adjourned at 6:40 P.M.

A P P R O V E D

*Lela Cockrell*

M A Y O R

ATTEST:

*G. V. J. J. J.*  
C i t y C l e r k

April 13, 1978  
mm

-18-

195

184