

SPECIAL MEETING OF THE CITY COUNCIL
OF THE CITY OF SAN ANTONIO HELD IN
THE COUNCIL CHAMBER, CITY HALL, ON
WEDNESDAY, MARCH 1, 1978.

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The meeting was called to order at 5:00 P.M. by the presiding officer, Mayor Lila Cockrell, with the following members present: CISNEROS, WEBB, DUTMER, WING, EURESTE, ORTIZ, ALDERETE, PYNDUS, HARTMAN, STEEN, COCKRELL; Absent: NONE.

78-9 The following discussion then took place:

MAYOR LILA COCKRELL: The purpose of this meeting is to consider the agreement for the sale and conveyance of the San Antonio Transit System to the San Antonio Metropolitan Transit Authority, and at this point, I'd like to call on our City staff to present the Ordinance and give an explanation of where the negotiation stands as of this point and then we'll have the opportunity for questions. I do need the Clerk to read the caption.

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The Clerk read the following Ordinance:

AN ORDINANCE 49,100

AUTHORIZING THE EXECUTION OF A CONTRACT FOR
THE SALE AND CONVEYANCE OF CERTAIN PROPERTIES
OF THE SAN ANTONIO TRANSIT SYSTEM TO THE
SAN ANTONIO METROPOLITAN TRANSIT AUTHORITY.

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MAYOR COCKRELL: Mr. Huebner.

CITY MANAGER TOM HUEBNER: Madam Mayor and Members of the Council, I'd like Jane Macon to review in general the provisions of this agreement and discuss those with you. Then I would like to speak on one unresolved issue and present the City staff position. I'm sure the MTA staff would like to respond to that and you have a basic policy decision before you at that time.

CITY ATTORNEY JANE MACON: Madam Mayor and Members of the Council, as you will recall, the Transit System was purchased by the City of San Antonio in 1959 and as a result of the vote of the Electrate on November 8, 1977, the Metropolitan Transportation Authority was created and with that we are at this point proceeding to sell the assets of SATS and with the assets of SATS we have enumerated them as follows. We have a list of the real estate; the personal property which the majority of which includes the Rolling Stock in buses. Also, we are transferring federal grants, insurance policies, the pension plan, leases, franchises and memberships, services for contracts, and service contracts as well as the claims with the reserved amounts allocated. The assets will be transferred in an "as is" condition, and MTA will accept them in that condition.

The base figure agreed upon will be 8.7 million dollars, and subject to the audit, that base price could be adjusted upward. The audit will be available April 15 and as of May 15, the working capital remaining which will be the actual liquid assets would be transferred to the City.

The payment schedule is broken down for a two year period, and if the MTA receives taxes in excess of 12.5 million and excess of 15.5 million, then all of the assets will be purchased in toto within a two year period. If that does not occur, then we would go to an alternative payment schedule. However, in all events, the assets are being purchased with a 7 percent interest rate, on a per-annum basis, and that's the basic document that you have before you. We do have the schedules. Also MTA has agreed to continue with the repair of our heavy vehicles and trucks at a labor cost and materials cost.

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We do have one unresolved issue for this Council to consider as a policy in a business decision and Mr. Huebner will address that at this time.

MAYOR COCKRELL: Before we do, I see a couple of Councilmen registered and to be called on and see if there are any questions at this point.

MR. BERNARDO EURESTE: Yes, I'm a little confused about how these payments are going to be made. In executive session, we talked about a two year time period for the payments to be made.

CITY ATTORNEY MACON: That's correct.

MR. EURESTE: And now, it seems to me that we could get in a situation of payments of an extended time plan that goes beyond the two years.

CITY ATTORNEY MACON: That is correct. Let me explain a little further. There is set out in the agreement provisions for a two year payment schedule, the only event that it would go outside of that would be in the event MTA did not receive enough tax money to make the payment, then you would go into another schedule and that schedule is based on a four year pay-out and with that at all times would you get, however, your seven percent and in all times would you get your seventy-five percent over the base amount of tax that is estimated.

MR. EURESTE: Is that what this Council agreed to in Executive Session?

CITY ATTORNEY MACON: The agreement this Council has was a two year agreement. This is only a subsequent amount, let me mention one other thing. In this, you will see that it has Council approval if it extends past this additional time period. The set-up is basic on a two year pay-out.

MAYOR COCKRELL: In other words, to have an extension beyond that, it would then have to come back to the Council for a reaffirmation, is that correct?

CITY ATTORNEY MACON: No, not unless it's past the schedule out payment. It's two years, it's set out and the only time you would go into an additional schedule is if the taxes do not meet it, and then to extend pass the schedule payment you would have to come back for Council approval.

MAYOR COCKRELL: I see.

MR. EURESTE: Well, the only reason I brought that out was because that is not what we had agreed to in Executive Session and what is being proposed here is different from that, and no more questions.

MAYOR COCKRELL: Fine, let me just say, this is based- would you go a little bit more into the projected tax business and whether or not our Finance Director thinks that the projections are within the ball park and will be met? Is Mr. White here?

CITY MANAGER HUEBNER: No, I don't believe Carl White is here. Bill Arnett are you prepared to comment on that?

MAYOR COCKRELL: In other words, I think what we would like to know is, Mr. Eureste had raised a good point here, that the Council in fact, authorized a two year payment, that is correct. We have an additional option here that should the sales tax revenues to MTA not come in as expected, that then there would be some option for a further pay-out. So, I think what we would like to know is what are the projections relative to the income from the sales tax and what risks are we, in fact, running that we could get into this situation where they would have to be requesting the option of the additional time frame.

ASSISTANT CITY MANAGER LOUIS FOX: Madam Mayor and Members of the Council, Carl White did review the estimates made by the Comptroller's Office, State Comptroller's Office, as to what revenues would be received by the MTA. He believes that these figures are extremely conservative. We asked Carl to then give us his projection of what he believes what revenue might be produced in the same time-frame, and his figures, I believe, are reflected in the Ordinance. I don't have those specific figures with me, but Carl did reestimate the Comptroller's figures.

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MR. EURESTE: Let me get to the point that I'm trying to make here. If you estimate that you're going to be receiving a certain amount of revenue from a sales tax, why should the City of San Antonio put itself in, at a disadvantage and give the advantage to the MTA, by allowing MTA to use a top figure of expected revenue from that sales tax and instead asking them to use a lower figure. Why don't they use 11 million dollars or a lower figure?

MAYOR COCKRELL: In other words, what figures are these that are included here? The 12.5 million and the 15.5 million are those State figures, or whose figures are those?

ASSISTANT CITY MANAGER FOX: Those are the Comptroller's figures.

MAYOR COCKRELL: And those are the ones that Carl White thought - is that correct?

ASSISTANT CITY MANAGER FOX: I'm wrong, my recollection is that the State Comptroller estimated that the first year collection would be 9.5 million, Carl reestimated that to be 15 million for the first year and here's an analysis, currently we're collecting just in the City alone, on the one-cent sales tax roughly 27 million dollars. Half of that is not 9.5 million and we believe that if all the agencies or the businesses there to collect the tax and we should get approximately one half of what we collect here in the City and that's how he based his estimate plus compensation for the outlining areas, those areas outside the corporate limits.

MR. EURESTE: Thank you very much.

MAYOR COCKRELL: Thank you. Mr. Wing.

MR. FRANK WING: This is not, in essence, to what I agreed to in Executive Session. I agreed to a proposal that would have two equal payments as it was presented in Executive Session, two payments, two equal payments, and then retire the debt entirely, that's not what it says here. It doesn't even approach that. It just says at least \$2,900,000.

CITY ATTORNEY MACON: No, can I explain. As it's presented, look at 5.4 okay, you will have this as a two year pay-out, the taxes are even below what Carl White has estimated. The only time that you go into an alternate payment schedule, is if the taxes fall below what has been estimated by the Finance Director. Now, obviously if it stays within the estimate of the Finance Director, you do have a two year pay-out. Section 8 when you talk about a 2.9 million, Mr. Wing, only deals with the first year's payment, the full balance will be paid on or before 1980, which would be second year payment.

MR. WING: I can understand that. What I said is that I voted for a proposal that included two equal payments and this is not what this says.

MAYOR COCKRELL: Mr. Fox.

ASSISTANT CITY MANAGER FOX: Madam Mayor, if I could extend on that, we've passed out a payment schedule, Frank, that in a sense, it does approximate two equal payments of total principal, interest, and working capital amount that the MTA would pay to the City. It would roughly be 5.1 million the first year, 5.7 million the second year. That's how we arrived at approximation of two equal payments, over the life of the debt.

MAYOR COCKRELL: So, the total payments of the first year would be the \$5,150,000, and the second year \$5,709,520.

ASSISTANT CITY MANAGER FOX: That's correct.

MAYOR COCKRELL: That's not entirely equal, but I mean it's very close, of course. Alright, Mr. Wing, did you have any other questions? Alright Mr. Pyndus.

MR. PHIL PYNDUS: Yes, Mayor. I was wanting to get the City Manager to give us his comment with reference to one reservation, but we have the whole contract before us, and we have the appraised value. And I'm wondering if anyone knows whether that's replacement value or just appraised value.

MAYOR COCKRELL: That was the appraised value, as I recall, that was agreed to the Council, agreed to that the selling price would be at the appraised value that was set by the firm of appraisers that was retained to do this.

PHIL PYNDUS: My next question, Mayor, the operation costs San Antonio about 4 million dollars annually. We're talking about 15 million dollars of the revenue from sales tax alone for this operation. So, the cost is going to jump up in the projected revenue, almost four times.

MAYOR COCKRELL: No, sir, let me just explain that. In the first place, what we were talking about in say the four million dollar range, was simply the City's share of the operating deficit. The federal government picked up half of the operating deficit, and the City picked up half of the operating deficit. And so that was simply the City's one half share of the deficit. Now, that, of course, does not include the total budget, as it had existed for the Transit, it was simply the deficit. Now, in addition to that as you recall in the MTA proposal, one of the reasons, I think that the public supported it, was that it was proposing to greatly expand the services offered in terms of routes. So, obviously, the total cost of operating the system will be increased to furnish this additional service to the customers. So, that may help put it in perspective.

MR. PYNDUS: I follow that, and I understand that the MTA will get additional federal funds and also state funds, plus income on the sales tax revenue.

MAYOR COCKRELL: At the present time, the state subsidies, as I recall, are approximately one-fourth of the capital expenditures. In other words, the UMTA grants amount to one-half of both capital expenditures and operating deficit. The state participates only in capital expenditures and will pay one-half of the local share on capital expenditures.

MR. PYNDUS: Now, if we passed the Ordinance, and we are freed of the San Antonio Transit company obligation, I have an uncomfortable feeling without knowing if there's going to be a ceiling, or if there's going to be some sort of budget, that we should be aware that MTA is going to project before we cut it loose. In other words, I can see a tremendously expanded service, a tremendously expanded cost and I'm wondering what limit is project by the MTA people.

MAYOR COCKRELL: Now, let me say, I think that the decision to, as you say, cut it loose was made by the voters. And that was made in the referendum on the subject and their limitation is that they are limited to the amount of income which they have, which is the one-half cent on the sales tax. And their Board of Trustees for the MTA will be responsible for their budget, working with their staff and operating within the framework of that income.

MR. PYNDUS: As I understand it, we have an appointment to make to the MTA, the Council does.

MAYOR COCKRELL: The Council's appointments were made last year, and they will come up again, I believe it's January.

MR. PYNDUS: It's not just an interim representative.

MAYOR COCKRELL: The present appointees continue until , I think, January.

MR. EURESTE: Point of parliamentary inquiry.

MAYOR COCKRELL: Yes, sir.

MR. EURESTE: What kind of votes do we need on this thing tonight?

MAYOR COCKRELL: If it's to take effect immediately it would need eight votes which is, of course, what would be preferable in that the system went into effect today, the transfer, the operation began under the new system, as of today. Allright, did you have any other questions, sir?

MR. PYNDUS: Thank you very kindly.

MAYOR COCKRELL: Mr. Hartman.

MR. HARTMAN: Thank you, Madam Mayor. Looking at the actual quarreling, not quarreling, but addressing for a moment Carl White's figures, where he used the higher figure, actually, the City of San Antonio, again, this year is 27 million, half of that, of course, would be 13.5 million for the City of San Antonio. Now, in terms of sales tax generators, I guess, do we have any kind of figures as to how much in sales, for example, how much for Universal City? I'm sorry not Universal City, I'm talking about Leon Valley.

CITY MANAGER: I don't have the information.

MR. HARTMAN: But, you know I would think, I think it is safe to assume somewhere that they'd scrape a million or two dollars, you know out of what they get for the half cent. So, actually I think judgementally speaking the range seems to be quite safe, as far as the figures that Carl White has set forth here. So, I think it's always been the experience that the sales - I don't know of a single year where sales have ever gone back. So, we're certainly within, I think, a safe ballpark here of the amount of money. So, I think the figures seem to be quite easy on where to base the judgement.

MR. EURESTE: Point of parliamentary inquiry.

MAYOR COCKRELL: Yes, Mr. Eureste.

MR. EURESTE: Yes, Madam. Is it legal for me as a Councilmember to get up and talk to another Councilmember about a possible strategy on this matter? I prefer the two-year pay out, period. Because I don't want this thing to be dragged out and the taxpayers never see any kind of relief from the revenues that are coming in.

MAYOR COCKRELL: Well, let me just say you are free to talk to all of us on the strategy.

MR. EURESTE: But I'm talking about secretly.

MAYOR COCKRELL: Well, let me just. . .

MR. EURESTE: Is that legal or not?

MAYOR COCKRELL: Let me just say that if you would like to have a recess in a few minutes, we would be glad to grant you that privilege. In the meantime, if we may get all the questions laid out, and then if you'd like the Council would like to have a recess, well that's fine, Mr. Steen.

MR. STEEN: Thank you, Madam Mayor, let me say that I think the contract is a good one. It does call for a two-year pay out, but like most contracts you do have to have an alternate payment schedule, because if something happened, and they couldn't pay us in full for the second year payment, we certainly wouldn't want to repossess the Transit System and have to operate it ourselves again. So, I think, it's just good business to have an alternate payment schedule. I feel that they will pay it out in two years and that will be the end of it, but I do think that we need an alternative; and I'm glad we have one stuck in the contract. Let me say this, the City Manager wanted us to speak on something having to do with an ordinance, and I'd like to hear from him if we could.

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MAYOR COCKRELL: Well, I wanted to get all the questions answered regarding the agreed to, by agreed to I meant, I meant agreed to between the staffs and then there is one point, where there is a difference between our staff and the Transit staff that we'd like laid out. And so I would just like to go through the, everyone who wanted to speak first or ask questions about the basic document. Mr. Eureste.

MR. EURESTE: Yes, Madam, again it's not the agreement that we reached at the executive session last week. The matter of the two-year pay out versus what we have here today. During the campaign we debated back and forth how the taxpayer was going to benefit in some way from this sale. We all thought that there was going to be a lump sum payment and in our discussions last week, we were convinced or influenced, perhaps, to allow for a two-year pay off, which some of us went along sort of reluctantly, because that does get away from your one-time lump payment. And now, we're talking about two years and two-pay outs or two payments to complete the total sale. And now we have before us an item that could extend the pay back to the City for over four years. And I'm afraid that the small amount of dollars that we might be seeing, if we use the formula that is before us tonight, will never get back to the taxpayer. That dollar will disappear through inflation or through some kind of add on in the upcoming budget that those small revenues will actually disappear, not that anybody is going to steal them, but that somebody is going to find it easy to apply two or three or four million dollars to a particular program or a number of programs. And not that they're illegal or whatever, but I don't think that we would be in a position to direct that money back to the taxpayer.

MAYOR COCKRELL: Allright, thank you. Mr. Pyndus.

MR. PYNDUS: Well, Mayor, first of all I want to ask you, you mentioned a recess, and I would like to know if you would call it from the Chair whether we could speak against that recess.

MAYOR COCKRELL: Let's wait till we get to that point. At this point let's work on. . .

MR. PYNDUS: May I ask my other question. I think that it was a promise to the people that the taxes even Mrs. Jones who was running the MTA has made the remark to several Council people that there was a possibility of a tax decrease. And, I think that Councilman Eureste's remarks are well placed. I think not only should we fall back on Executive Session in which we had an understanding, for a two-year period, rather than to have a change in that at this time, unless there are justifying circumstances that we would hurt this operation, and if there are such circumstances, then I would like to hear it.

MAYOR COCKRELL: Fine, allright, I think these are perfectly valid points to raise, and I think we can just talk them all out and that's fine. Mr. Alderete.

MR. ALDERETE: Madam Mayor, my concern was not only the alternate payment schedule but under item number 5.4b, it says however, the last statement, "however, in no event may the time for payment be extended beyond the alternative payment schedule fee without Council approval," which means the possibility still lies that not only the alternate payment schedule may become a reality but even possibly a third or may be a fourth and fifth alternate payment schedule. That's my concern because as it ties in with the points Councilman Pyndus was talking about which should be a concern of ours was some of the planned uses of the money that we are talking about. You spoke about tax rate relief, John spoke about the fiscal year transition, and if this payment schedule could to on to the fourth, or fifth or maybe six alternative payment schedule, we could, I think we would just put us in a quandry as to possible uses for this money.

MAYOR COCKRELL: All right, let me just say I recognize the concerns that you raise, I am satisfied in my own mind that the sales tax income will in all likelihood meet the projections which would be the only reason that they could extend beyond the two years. I certainly recognize that this was the matter that was discussed in Executive Session, and it is not exactly as the Council did agree to it. All right, Mr. Hartman.

MR. HARTMAN: Thank you Madam Mayor. While I recognize the fact that this is a different arrangement that had been discussed in the Executive Session to the extent I think the basic question must be answered, is this or is this not a reasonable expectation? I think that the, as it has been stated, the projections of sales tax, I think certainly would support the fact that in two years we really are only dealing in terms of a two-year pay out, and I think it is a matter of judgement on part of the Council. I think as far as insuring or to address Councilman Eureste's question as to where this money goes I would think that it would be legal to establish an account to say that every dollar that comes from this would go into a separately earmarked account and then the Council can make arrangements to decide exactly how that money is to be applied. For example, in one and I'm not saying this is the final decision, I'm saying that, for example, if you wanted to apply, as Councilman Steen has indicated, to convert over in the fiscal year calendar, the fiscal year tax year. . .

MAYOR COCKRELL: All right let me just say, I think the Council will most certainly have to address what it plans to do with these funds, but I think we need to have a separate working session on that, but I think the point is being raised as to whether or not the actual document before us in fact exceeds the understanding that Councilmembers had in approving a two-year pay out. And I think that is a valid point to raise. I think it's one we need to talk through and resolve. We may in just a moment — May I ask if there are any other points that are of concern to individuals, and we'll try to get those discussed. Mr. Eureste.

MR. EURESTE: I was just going to say, if you put it in a separate account through ordinance, what's to guarantee you that that special account will remain there. How do you know the kind of Council that will be coming in the future. That will be willing to live up to a commitment that we've made in this Council. Can you trust a future Council?

MR. HARTMAN: Mr. Eureste, that is a constant question and one that we face increasingly everyday.

MAYOR COCKRELL: All right, Mrs. Dutmer.

MRS. DUTMER: The only thing that I see in here that I'm a little bit apprehensive about are the definite figures that they put in here, the 12.5 and the 15.5, ordinarily you would say one half cent would bring in one-half the revenue of a one cent sales tax but that does not hold true. When you start figuring your sales tax, it can't hold true cause there's no way you can chop-up pennies in two or three different ways, it's either a penny or it's in a half-cent and this is why, Mr. Bullock said that he did not have time to really put this thing right on the line because it has to be figured very closely. I would feel alot better if it were reduced to the 12 down to 10 and then possibly put the 15 to around 13 because I just don't think it's going to generate that high sales tax with the half-cent sales tax. I have to figure those things every year.

MAYOR COCKRELL: Are there any other questions about the basic document. We have then identified that some of the Councilmembers have problems with the pay out schedule exceeding the two-year period. Now, then let's lay out the additional problems where the staffs are not in agreement, and Mr. Huebner will you please proceed.

CITY MANAGER: Okay, Madam Mayor and Members of the City Council, the subject that I'm going to talk to you about now is street maintenance and alteration. This is an item that frankly we have not discussed with you before, I had not anticipated any problem with this one, but we managed to resolve all of the other differences between staff except on this item, and I'd like to read it to you. It's item 13.5 on page 10, Street Maintenance and Alterations. "The Authority shall pay the City one hundred thousand dollars for the first fiscal year, the amount may be pro-rated for the 77-78 fiscal year for the City, will be payable on or before July 31, 1978. Subsequently, the compensation will be based on a figure of \$100,000 plus the Handy Whitman Index or other acceptable construction cost index and will be payable on the first month of the fiscal year on an annual basis. Such funds shall be used to help maintain streets along the Author-

ity's bus routes. Such maintenance shall include payment repair and re-surfacing, special curb repairs, special bus stops, tree trimmings, street cleaning, and traffic control signs necessary or desirable for this provision of satisfactory and improved public transportation service." Now, the City position on this is quite simply this, the approval by the voters of the MTA put the City out of the subsidy business as far as public transportation is concerned. My interpretation of that is that is not only a cash subsidy that is any in-kind of contribution type of subsidy. There, I think, is no rational person who would argue that buses starting and stopping in the intersections where they do, do break up pavement and causes asphalt to ripple. They break curbs when they run over them. There are whole number of problems of street maintenance associated with bus transportation. We think that the sum we have suggested is a reasonable one, one that is not excessive in terms of the amount of work that we relate to the operation of buses. Thirdly, the City is liable for the condition of the streets, and we must control the condition of those streets. We have tried to work some kind of an arrangement with the Transit staff, and we simply could not come to an agreement.

To sum up, Mayor and Members of the Council, we feel that an appropriate reimbursement from the Transit Authority for special maintenance due to the operation of buses is an entirely reasonable provision in the agreement, the sales agreement, and we recommend that that be included.

MAYOR COCKRELL: All right, I'd like to call on representatives of the MTA to present their position on this. Does anyone have a question before we hear from MTA position? Yes, Mr. Hartman.

MR. HARTMAN: Madam Mayor, I would like to say, I think the Manager's point is quite valid, and I would certainly agree that it's a very reasonable expectation.

MAYOR COCKRELL: Mr. Alderete.

MR. ALDERETE: I was just going to clarify, this figure of \$100,000, Tom, is that the figure you think should be paid and it's a reasonable figure then?

MR. HUEBNER: Yes, we think that's a reasonable based figure to start with, but should be adjusted by construction cost index in the future. Obviously, the price of both asphalt and concrete is going to continue to rise. The sum ought to rise with it.

MAYOR COCKRELL: And you are designating that those funds will be used to maintain streets along the Authority's bus routes.

MR. HUEBNER: That's correct.

MAYOR COCKRELL: In other words, it's not just for new street construction somewhere or something like that.

MR. HUEBNER: Right.

MAYOR COCKRELL: All right, Mrs. Dutmer.

MRS. DUTMER: Yes, this doesn't pertain to the City's part, but I understand one of the bus routes are going on 410, will they have to make a separate agreement with the State or will that fall back to the City also?

MR. HUEBNER: I really can't speak to that.

MAYOR COCKRELL: All right, now then, may I ask who will, Mr. Fuller will you speak for the MTA staff on this one.

MR. TOM FULLER: I have a survey that we've done on some recent cities. I would have to say that in this survey, I'll go over it with you that the concept of transit in this day and age paying for street improvements is entirely foreign to the whole systems around the country. And let me go through each one of these transactions, and I think it will be clear to

what the intent, not only that UMTA is looking for from San Antonio and this is our whole basis, really. We're going to be asking UMTA for some \$66 million over the next several years for capital improvements that are not earmarked for San Antonio. They want to see what the intent and support for public transportation is in San Antonio. By asking MTA to use transit tax funds to spend on streets is the direct opposite of the intent they're looking for. I can assure you.

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MAYOR COCKRELL: Mr. Fuller, let me ask, wouldn't they view the actions of the citizens in authorizing a one-half cent sales tax, most of which are the citizens of San Antonio as the commitment that had formerly been made by the City government.

MR. FULLER: Well, that certainly is a strong support in the proper intent. All I can tell you is that, let me give you an example of the type of games that you play to get the UMTA money. Houston, recently used a million dollars in urban system funds to buy buses, and as you recall we have appeared before you for urban system funds. They did this as really a lever to get \$30 million of uncommitted, unallocated UMTA funds to build transit maintenance facilities. I'm just talking about the practical application of what you have to do to get these unearmarked funds for transit. Now, let me just go over these examples. Cleveland in 1975 went through a referendum one percent sales tax. They had no sales price there because actually under their operation, the City never had put any money into transit. The only consideration at the time of transaction was that the City retained a downtown site that was owned by the, privately-owned transit system, and the only commitment that transit had to make was to keep up the level service and keep the fares down. Denver went through the same referendum. There were no commitments. Although at this time, and I will show you what we plan to do, the regional transit district in Denver spends \$350 thousand dollars a year on street improvements to improve transit service. This is under their direction, out of their budget, that's quite a bit of difference than what we're talking about here. The MTA is really writing a check to the City to do this. Seattle, now if you talk about intent when they sold when they sold the transit system in 1972 for \$4.6 million, they made a concrete . . .

MAYOR COCKRELL: May I go back to that, explain what is different about the Denver.

MR. FULLER: The Denver difference is that there was nothing in the agreement that required transit to do this, that they are, in effect, doing it on their own, what they do, they've got a large area they serve out there that includes Boulder, I think and some other cities, and they put out certain period of year or request for proposals from these various cities to what do you want done to improve transit on your streets, what street improvements do you want done for better transit, and they will take proposals that the MTA Board in that case will determine which ones they feel would be best for the overall transit system then they as I say, are spending three hundred fifty thousand dollars a year in doing these type of improvements.

MAYOR COCKRELL: Now, are they spending that in Denver itself, or in the total area?

MR. FULLER: I'd say the majority would be in Denver because it is a large area that Denver is the bulk of where the service is.

MAYOR COCKRELL: Let me ask one other question, though. One of the points that our City staff has made and I'm just trying to work through these questions. Is the fact that the City itself is, in effect, responsible for the maintenance of its streets and this would seem to put the decision making on which streets to improve on the MTA board rather than in the City.

MR. FULLER: That's a fact of life and that's the truth. I might mention if we are contracted to give the City money to improve their streets, we're going to be hit with the bedroom cities, the county and everybody else, and we're very concerned with this intent and this type of language. We have other language that does the same thing, we feel a hundred thousand dollars but at our direction we'll be glad to submit that to you.

MAYOR COCKRELL: All right, fine. I think we've got some questions, Mr. Steen.

MR. STEEN: Thanks, Madam Mayor. In other words, you're saying that we can put in this contract of sale a stipulation that the MTA would spend at least \$100,000 on streets annually.

MR. FULLER: At our direction.

MR. STEEN: In other words, Tom Fuller, you'd rather have the stipulation in the contract whereby you all would agree to spend at least \$100,000.

MR. FULLER: I have the wording that we would prefer here.

MR. STEEN: You already discussed that with this other Tom over here and he didn't like that. You still don't like it, Tom?

CITY MANAGER HUEBNER: I still don't like it.

MR. FULLER: Now, the other thing, that we talk about intent. Seattle took their sales price and committed it, all the money back for transit improvement. Now, we haven't gotten that far, in asking you where you want to put this money in a special account, if you want to put it in a special account for transit. . .

MAYOR COCKRELL: You remember, that voters were told this was going to be of great benefit to the citizens of San Antonio in having funds that were going to be available to the City when you all purchased the system.

MR. FULLER: Well, I'm just showing what happened around the country. Rochester, New York, there was no provision. In Sacramento, and we checked on that because that's where Tom came from, he probably knows it better than I do, but they did have the \$3.2 million sale and part of the provisions were that the original transit would pay the City bonds off which were 65 thousand dollars plus - there were 25 bonds or something, but they don't pay for any street improvements in Sacramento. They pay for about \$1500 worth of broken curbs or things they damage, but it's not \$100,000 level. Let me just give you this which sort of . . . The other language that we would like to see on the contract, and I don't know if it's in yours would be that we would not be required to pay or reimburse the City for other repairs, maintenance or improvements to City streets or bridges or to pay any franchise fee or street rental. We just wanted to make that clear, but the second. So, really these are the three options that I think these two staffs sort of boiled it down to.

Number one being as Mr. Huebner mentioned the language there and apparently, they don't have any language of 1B in their version. Our version being to do this through grants and at the sum of \$100,000 a year the way we're showing it and that we would not be required to pay any franchise fee or street rental and that their option which we strongly suggested to Mr. Huebner at the very last, which would be to eliminate both of these items. Take out the language on franchise fee and take out the language on street maintenance, and we'll go from there.

MAYOR COCKRELL: Let me ask this, since this is a long term agreement your suggestion is talking only about the sum of \$100,000. Now, obviously going on into the future, each year the impact of inflation would, in fact, decrease the actual value of the \$100,000. Do you have any suggestions for how that could be managed?

MR. FULLER: Frankly, we have in an approved transportation improvement program which Glen, Mr. Steen and some of the member of the Transportation Steering Committee are familiar with. We have an approved item that is subject to our applying for grant that is \$955,000 worth of projects to improve arterial streets to promote transit operation. These are projects that we foresee getting into over the next period of years. So, all I, not being in the street repair business up to the time, I can't really tell you what level we should be talking about. I can refer you the fact that Denver is doing about \$350,000 a year and that's the only benchmark I have to go by. But, we definitely- we have a problem in the past of never being able to get curb cuts done that we wanted because they were not on a high enough priority lists and we understood that. We certainly are talking about in the future to use grant funds, whatever we can use to make the routes safer, to make them more comfortable for the passengers. We don't want any washboard effects at bus stops that are uncomfortable for the passengers that are damaging to the vehicles. So we are going to be addressing this, and we say in this that we would do that just a matter - we appeal very strongly that these funds should be at our direction as opposed to the City's direction.

MAYOR COCKRELL: All right, Mr. Alderete .

MR. JOE ALDERETE: Tom, why do you feel that the MTA could probably make a better decision on the street improvements and possibly the . .

MR. FULLER: Because we operate on them, and we, I would just hate to get into a controversy over where the most needed improvements should be because if we are out there operating everyday, we have safety meetings twice a month where we call in thirty operators, and we say what are the conditions out there, tell us where you're having problems, curbs, streets, tree limbs, anything dangerous, and we make notes of it and we try to get something done about it. So, we really think we know where we're operating better than where the City would.

MR. ALDERETE: Why do you feel that there would be a communication problem as far as relaying where these problem area may lie?

MR. FULLER: Well, it's a matter of priorities again. The City says that they would do this along street routes, I mean bus routes, well, I don't doubt that, I sort of question if they're setting our priorities and that's been our problem in the past. We've asked for curb cuts and never have received them, that's all I can go on.

MR. ALDERETE: Okay, you were talking about contracting out street improvements. I know that's extremely or considerably more higher than if the City . . .

MR. FULLER: I wasn't necessarily saying that'll be the way it would be done.

MR. ALDERETE: Well, would you be doing all your own street improvements?

MR. FULLER: No. We have other provisions in the contract to pay the City. We would be paying the City. It's like we do maintenance work for the City, and they pay us and we will continue to do it on vehicles. Frankly, we have not ever had any problems in working with the City on the vehicles or any of the - I'm not saying we haven't any problems, maybe it's at the upper levels sometimes, but at the lower levels we don't have any problems.

MAYOR COCKRELL: Mr. Alderete, did that take care of your question? Mr. Eureste.

MR. BERNARDO EURESTE: I was going to ask you something else, but when you made this remark that you asked for curb cuts and you never got any; you didn't come out so bad, you got several million dollars from the City. It's not a bad deal. The other point is that, and I don't know if you're that serious but you seem to be talking about trust and whether or not you trust anybody at City Hall, and I hope that's not the issue.

MR. FULLER: No, we've been hoping for trust in this whole arrangement.

MR. EURESTE: We're willing to sell this thing to you. I would tend to support what the Manager is saying on this particular item, and I just can't find a strong enough rationale from where you're coming from.

MR. FULLER: I have a hard time telling you what this strong rationale is and that is the intent we're talking about here and that moves out of San Antonio almost to the Washington level and when we talk to UMTA about this kind of provision and they-all I can tell you is that they're shocked about it; they've never heard of a City having transit once they go to authority to pay for street repair, it's just an unheard of thing.

MAYOR COCKRELL: Well, didn't you just tell us Denver was doing it?

MR. FULLER: They're doing it, but it 's not part of the deal.

MAYOR COCKRELL: The difference is because it is volunteer and not in the contract.

MR. FULLER: I think that's part of it, it makes a difference, certainly. We're suggesting that we do it, and that we administer it and that we put a dollar figure in there, I think the commitment is there.

MR. EURESTE: I was just going to say there is something unique about San Antonio, and I don't see what's so startlingly about it, it's not alot of money by selling this system to you as part of the deal as part of the sale of contract; we're asking for this kind of linkage to the City of San Antonio.

MR. FULLER: Well, I should really be just in position I think to present the facts and not be an advocate for the sale or not the sale. I would have to mention that you are relieved of a 4.2 million dollar deficit operation and that is part of the deal also and that's a growing deficit.

MAYOR COCKRELL: Mr. Pyndus.

MR. PYNDUS: Mr. Fuller, I agree with the Manager's approach to the street maintenance knowing full well that the streets will be broken down by the buses that doesn't belong to our City, and they-you have presented some examples here and my first question is do you have any other MTA's in the United States that handle their other consideration differently than what you've shown us.

MR. FULLER: Frankly, Mr. Pyndus, I've tried to do this survey as a result of a meeting yesterday and the Mayor was there, and she asked for this type of information and I ran into a problem with Cities like Atlanta, Minneapolis, Portland, and five or six others because that was a private to authority type sale. I had to limit it to City-owned because that's what we're talking about.

MR. PYNDUS: In the sales price, I noticed there's not one utility that's sold for five million dollars and I have a feeling that it was either very small operation or else it was substandard.

MR. FULLER: Well, I didn't call them out by the sale prices . . . This is all I was able to get that would . . .

MR. PYNDUS: The point that I was making if these cities are unloading an inadequate system into an MTA, they would be willing to commit funds that in their circumstances and in our circumstances we may not be as willing because we have a good system.

MAYOR COCKRELL: Mr. Steen.

MR. STEEN: I'm a very willing seller because just like you said, Tom, we paid you \$4,200,000 in deficit financing this last time that you operated, and it looks like that's going to grow by leaps and bounds. We'll be paying a lot more as time goes on, I'm sort of glad to get rid of that subsidy, myself. But, what I'm thinking in listening to you, I sort of agree with you, your buses will be damaging the street and you should know which streets you're damaging and you would be more susceptible to knowing which one should be repaired. And I would like to hear a rebuttal from our City Manager as to why he doesn't think that's a good thought, to let the MTA handle the street repairs.

MAYOR COCKRELL: Alright, May we ask the Manager to respond.

CITY MANAGER HUEBNER: Yes, well when people have a complaint about streets they're not going to call the MTA, they're going to call City of San Antonio and, legally, you know we're liable for the condition of the streets. Ultimately, we have to bear the responsibility for the shape that they're in. And I just don't think you ought to confuse whose responsible for that or who ought to direct the repair and maintenance of that kind of a facility.

MAYOR COCKRELL: If the City were to retain the control over it as you recommend - well, we have the control in the sense that we're going to ultimately decide what level of repair we're going to keep on our streets. But, in terms of the financial end of it. What type of liaison do you see in connection with the MTA staff on the matter, for example, if in a safety

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meeting with their operators they determine that, their operators felt certain streets were hazardous or at least uncomfortable to drive upon, offered problems, how would you foresee those issues being discussed and resolved.

CITY MANAGER HUEBNER: I would foresee that Mel Sueltenfuss, our Public Works Director, would designate an individual on his staff, most likely the street maintenance division chief to be responsible for liaison with the MTA and that there would be formal communications between the two groups to resolve any of these kinds of things. There's nothing particularly unusual about this kind of a situation, you know, we have to coordinate with all the public utilities in the area, people that cut into our streets whether it's CPS or CWB or any of the water districts around here. This is routine.

MAYOR COCKRELL: Alright, Mr. Hartman.

MR. HARTMAN: Thank you, Madam Mayor. Tom, to state once again, I, you know this is one that I think is reasonable, if it were a horrendous sum of money. I would see where you want might want to dismount and fight on foot but I don't think this is quite that big, I think that you'd want to, you know this is a \$100,000 in a tremendous budget, that VIA will have. It would seem that this would be one that you could swallow real hard and accept. And I would think also, that when it gets right down to it from what you're telling me, you're arguing as a matter of principle. And I think, you know the battle has been hard enough, let's you know, let's both accept the principles are traded.

MR. FULLER: It's principle, it's principle, because when we go for this 66 million dollars, and we say I'm sorry we can't get any Urban systems money for Transit; we can't get any priorities on the streets, and on top of that we're having to pay the City to maintain the streets, the Transit runs on. This is an unheard of situation.

MR. HARTMAN: Do you really honestly feel that Glen Ford will you know, toss you out of his office the next time that you have to tell him that you've got to pay City of San Antonio, \$100,000 a year for street maintenance - I don't really believe that would happen.

MR. FULLER: I guess we'll just have to wait and see. Could I get a clarification on this paragraph 13.1 is that in your version - this wording.

MAYOR COCKRELL: The relative to the franchise, is that the one you're asking. Could we get the City Manager or the City Attorney to discuss that issue.

CITY ATTORNEY MACON: That is not in the draft that they have as it exists now. Obviously, if this Council wants to put it in, we can put it in. But, as it is now, this Council is not agreeing to waive any franchise fee or any fee for street rental.

MR. FULLER: So, we can expect a franchise fee request, is that what we're hearing.

CITY ATTORNEY MACON: No, it's just not in the agreement.

MAYOR COCKRELL: Alright, let me ask this. What would be the position of the City staff on it, were the City Council to approve the City Manager's recommendations, relative to the street maintenance item, and then ask that this item be included representing the MTA's position as a combination item, what would be the management's reaction to that or recommendation?

CITY MANAGER HUEBNER: Right now, the state law as it was passed enabling the creation of an MTA here, I think, effectively, rules out a franchise fee. Obviously, that state law can be changed at some future date. If it were changed at some future date, and you had such a provision in that contract, then obviously you will not be able to take advantage of a prerogative you would have otherwise. We didn't put it in at this point. Although, we talked to both the attorneys and myself and Tom Fuller. We talked about trade-offs along this line, but when I didn't get any agreement on what I thought was a reasonable request, I just dropped consideration of inserting that.

MAYOR COCKRELL: I see, alright, so that, in effect, would be the Council's decision as to whether or not they wish to include it. Mr. Ortiz.

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MR. RUDY ORTIZ: Thank you, Mr. Fuller, first of all, I want to clarify a couple of remarks you made. You're not relieving the City of any deficit; you're relieving the City of about 22 million dollars in combined grants and revenues. And the City is not selling the transit system, it's giving it away. You have a problem with the \$100,000 Section 13.5 well, so do I. A hundred thousand dollars doesn't start to meet the costs. I know, I was out last night on Acme Rd. with a group of constituents out there, who are greatly concerned. Your buses are going through there, and the City is going to have to put up about \$200,000 for a stretch of that street to allow the buses to go through there safely. I understand that your traffic officers, safety officers have been out there, and they have said from a safety point of view, the buses can go through there, it's impossible. And if we have we have several hundred children, school children, go to an elementary school there on that road. And if one of them gets hit, gets killed, I'm going to be looking for some answers. So, I think that \$100,000 - I have a difficulty with that, too - I don't think that starts to meet the cost for just one street alone. That's all.

MAYOR COCKRELL: Alright, thank you. Mrs. Dutmer.

MRS. DUTMER: I have a question here on page 9, under 13.2 the maintenance of vehicles, do we have anything in there that puts a stop gap on the amount that can be charged to the City or the way that it can be charged to the City. I know it says at City cost, but is there a stop gap to where they can't come in and just you know - they're paying us \$100,000, and we paid them \$100,000 plus x number of dollars to maintain our vehicles.

CITY ATTORNEY MACON: The cost allocation you'll see has to be mutually agreed on between the parties. And obviously, we, two things. One, if we decide that the charges for labor are too much, we won't take out trucks there. Secondly, the cost allocation for labor would have to be mutually agreed upon. This is the standard phrase that we consulted with Mr. Sueltenfuss before we put it in, and I understand this is a very standard means of determining the cost of materials, as well as labor.

MRS. DUTMER: The other thing in here that sort of keeps me off balance is the sentence . . . "The Authority shall not be required to perform any such maintenance which is not feasible because of unavailability of space or personnel of the Authority." In other words, their work comes first and we wait last.

MAYOR COCKRELL: That is the basis on which it has been up to now.

MRS. DUTMER: That's what it's been up to now, and it's worked out alright? okay. I just had a little bit of fever over it.

MAYOR COCKRELL: Actually, I think as a matter of fact, that it, the City's work has been worked in pretty well and the flow, I don't think we've ever had any . . .

MR. TOM FULLER: Well, we're not really changing anything there. It would be on the other hand, the City could take all its work out and we would be left with personnel on our hands. It works well.

MAYOR COCKRELL: Mr. Pyndus.

MR. PYNDUS: Mayor, I would like to make a motion, is it in order?

MAYOR COCKRELL: Yes, sir.

MR. PYNDUS: I think inasmuch as Tom has placed some expense- that was questioned by the MTA of a hundred thousand, I would go along with the method of the installments for the sale of the assets, and I would move that we include . . .

MAYOR COCKRELL: If we may, let's take issues on as separately, if we may. May I make that recommendation.

MR. PYNDUS: Okay, I'm going to accept the contract as written by the City Manager, including the method of payment.

MR. HARTMAN: I would second that motion, Madam Mayor.

MAYOR COCKRELL: Alright, the motion has been made and seconded, that we approve the contract as it is now before us. And you were not offering any change to the existing contract. Alright, that motion is now before us. Mr. Steen.

MR. STEEN: I was going to make the same motion. I think it's a good contract, and I think we ought to pass it and get on with our other business.

MAYOR COCKRELL: Mr. Eureste.

MR. EURESTE: I was going to move that we amend that to a two year pay plan.

MAYOR COCKRELL: Alright, Mr. Eureste. Let me ask Mr. Fuller if he would come back . . . I failed to ask him when he was here. I would like to get their comments on this issue, because it is one that, obviously, several Council members are having difficulty with.

MR. FULLER: On the scale?

MAYOR COCKRELL: Yes, the business about going beyond the two years, in other words, should the Council wish to not offer any options beyond a two year pay-out which is what I think members of the Council has understood they were agreeing to. What you comment on what difficulties. . .

TOM FULLER: The MTA would have to pay in full.

MAYOR COCKRELL: Within two years?

MR. FULLER: Yes. You have the option of saying pay in full. Then they'll just have to borrow the money to do it. So, if you can enforce it as a two year pay-out, the way it's written. . .

MAYOR COCKRELL: May we have that clarified by the City Attorney. I think what we're saying, is that the Council does not understand at this point that they can enforce this as a two year pay-out.

CITY ATTORNEY MACON: They can enforce it as a two year pay-out, if the taxes are paid as it's indicated here. In other words what we have - Carl White's estimate was that for the first year, the MTA would receive \$15 million. We moved that down to \$12.5 million. So that if MTA receives 12.5 as it relates to tax dollars, they they are going to be paying within a two year period. Carl White's estimate for the second year was 16.5. If MTA receives as much as 15.5 in taxes the second year, then they have to pay within two years. The only time that it goes in to schedule D would be if the tax estimates, as we have even bucked down lower than what Carl White has estimate do not come in that way. Then you would go to Schedule D. One other thing, if this Council decided to want to have control as it relates to Council approval, then you would eliminate the words beyond the alternative payment, and insert the word to so that Council would have approval before you go to schedule D.

MAYOR COCKRELL: May we have indication, if this is a serious problem for some of the Council members, I would like to have that indicated, Mr. Eureste.

MR. EURESTE: I do have problems. If we're so sure of what they're going to get, and they're still asking us to include this type of clause, that means that somehow or another, their budget is not being compared so that we get paid in two years. And I would want them to do some kind of conservative budgeting so that we do get paid back in two years, and I don't see why such a clause would be necessary.

MAYOR COCKRELL: I guess they're budgeting on the basis of what their anticipated income is, and the concern they have is if there should be some short-fall that would throw their entire budget out of wack.

MR. FULLER: What we've had to match is the commitment to the public, the referendum as far as operating expenses, capital expenditures and the estimate that we would receive from the Bullock's office. We have to put those two together.

MR. EURESTE: Mr. Fuller, I also have a commitment to the public, and that is that I want this money to get back to them as soon as possible. So that's one versus the commitment that you have as an authority and the commitment that I have as a Council member and I have to run for re-election.

MAYOR COCKRELL: Mr. Fuller, it's obvious that this factor is a problem with several members of the Council.

MR. FULLER: Mr. Tarver has worked on this, and of course, he may not be able to explain it. . .

CITY ATTORNEY JANE MACON: Mr. Tarver wanted us to remind the Council that you do get 75% of any amount of taxes that come in over the Comptroller's estimate, and I'm sure the Council is aware of that but just in case you hadn't noticed it on the schedule that you have for the payment schedule, that's exactly what we're looking at, as we're talking about annual sales tax. However, again in terms of the two years it is possible to pay that within a two-year time period, but we have it tied to the tax payment, to MTA, before they go into Schedule D.

MR. EURESTE: I understood that.

MAYOR COCKRELL: All right, as a practical matter, I think you all know that we need eight votes this evening. If this is a matter of concern, I think that we would like to be advised of it, because. . .

MR. EURESTE: Let me just state for the record, that I would vote against this motion. I don't have the vote to make an amendment and not that I've talked to anybody, but I've gotten some eye motions, and I don't see the vote out there for an amendment, but I will vote against the motion as presented unless there is an amendment passed to modify this to limit it to two years. I want to see the tax payers get these dollars back, and I don't want their dollar to disappear somewhere in the next four years.

MAYOR COCKRELL: I appreciate your clarifying your position, Mr. Eureste. I'm trying to see where everybody stands on this matter. Mr. Hartman is next.

MR. HARTMAN: Okay, I think we're very close, I think that there is the concern on the part of the Council that the income may fall below that figure. I think I'm saying it right, for one reason, then there's the concern on the part of transit that it may fall below it for another reason, and I think that it's in a ballpark, actually, the figures that are being stated at 12.5 and 15.5, it seems to be a pretty good margin to work in. I would think that it might be consistent with the motion if the MTA Board just swallowed real hard. We would take a little risk, and you would take a little risk and hope that everything holds together. I don't see any particular ground swell to accepting that on the part of the MTA Board and I would hope and encourage that that might take place. I don't think it's a biggie. I think that we're making a lot out of this, I think perhaps we're goosing a ghost here in terms of thinking that something might go wrong. I see perhaps a favorable response.

MRS. MARILYN JONES: Good evening, I'm Marilyn Jones, and I'm Chairman of the Metropolitan Transit Authority Board. I've listened with great interest and there are a few points that I would like to comment on because I think that in your voting tonight, perhaps, my comments might help you. There were a couple of questions, and I would like to treat the one on method first. As you know, we did say that there were several methods that we could go by in order to pay the City for the system. One was the cash payment that we talked about. We did try to get a grant from the Urban Mass Transportation Administration and that was just not feasible. There is a loan application in process now, it would be six months to perhaps a year before that came down. We're not sure when, so we can't come to you and say that we have the cash to pay for this system, but if it does come to us, then we will be able to pay it off much earlier. I thought, that, perhaps, your having that information might help you in voting for the Method of Payment and, of course, the alternative payment schedule that is in the contract. That is there I think as Mr. Steen has said a good business practice to protect the MTA in case of some kind of default, and certainly we're not looking to have that happen and we'll do anything to avoid that. But a cash payment then early, is quite possible, and I thought that you should have that information. We didn't want to put that in the contract because we don't have that in hand, yet.

The other point question that Mr. Pyndus had earlier about the appraised value, and the replacement value - actually this is replacement value, you are receiving more than the City put out to pay for the system.

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So, it is an appreciated value, I wanted you to have that information. Now, I'm not sure that I followed your total procedure, and I don't know if you're at this point of voting on the whole contract or not.

MAYOR COCKRELL: The motion is for the adoption of the entire contract as it exists prepared by the City. We have been discussing this method of payment, however, because obviously, we would like to satisfy as many Councilmembers on the issues as we possibly can.

MRS. JONES: Well, if it would be appropriate for me now to speak to the issue that is in contention between the staff, I'd like to do that. If not, I'll wait until the appropriate time. Mr. Fuller represented very clearly the MTA position on this. We feel that there is an absolute necessity for the City to maintain a commitment in spirit if not in money in the subsidy payment, certainly which are not going to be passed over anymore. Two - the whole cost of public transportation.

We believe that any arrangement by which we would simply write out a check to the City of San Antonio for street maintenance would seriously jeopardize our getting large amounts of unallocated funds into this area for transit improvements, and that's simply our position on it. I would like to suggest an amendment to the provisions that you've received from the City Manager. One hundred thousand dollars, as you've mentioned is a very small amount. We will be spending a great deal more than that, in street improvements, in street maintenance, construction and reconstruction, in transit-related situations, I would like to suggest that you include language which would allow us to access this money through the UMTA Section 3 Grants which would allow us to use 7% local money and get 93% State and Federal. And I think that is a wise use of your money. Many of the Councilmen have remarked to the MTA Board Members that they would like to see the budget kept down, and I think that this would be a step toward keeping that budget down, if we would be able to access that kind of money based on local share. I would like to suggest that you put into that provision, language which would allow us to access that money then from MTA on specific projects. I think that would certainly satisfy your need to have the streets maintained, your responsibility and our need to provide the service that was promised to the people, and I think that it would also put us in a very good stead with the Federal Government in accessing these funds that we need for this area.

MAYOR COCKRELL: May I ask you one specific question? And that was, should the Council lean in the direction of limiting the purchase pay-out situation to no more than two years, what problems would you foresee, if any that would cause you?

MRS. JONES: I would have to say that, of course, the staff has worked this out very carefully, and I would like to rely on their conservative judgement, and it is that they do want to give some leeway in case of any kind of situation that we're not able to foresee. From the Board's point of view, let me say from my point of view I see no problem in paying it out in two years, but I would just have to say that the staff has worked much more closely with this, they are relying on conservative figures from the Comptroller's Office. The Comptroller is telling us that the tax is a new tax and the difficulty in estimating that you're going to get just one-half of 1% of what the City receives is that the reporting and the paying procedures for the merchants will not have caught up with the distribution of the tax revenues and so that is part of the reason for a conservative budget figure in the first year. We simply do not know how fast and how accurately these taxes are going to be reported and turned over to the Comptroller and then distributed to the MTA. And that is the reason for that.

MAYOR COCKRELL: I see that the Manager has comments to make.

MR. HUEBNER: Yes, just one response I think is appropriate. I've discussed many times the question of the source of funding for the MTA reimbursing the City. The staff does not care whatsoever where they get the funds from. If they can get UMTA grants or any kind of grants to pay for the expense of reimbursing the City for these kinds of repairs, fine. I'm just saying that I think the obligation is there, and it's up to them to come up with the source of funds.

MAYOR COCKRELL: All right, Mr. Wing, is next.

MR. FRANK WING: Mrs. Jones, what would've happened if this Council would've decided like it almost did to settle it in one lump sum. You wouldn't be able to do it.

MRS. JONES: Let me say that we because of some intricacy of the legislation would not have been able to access a bank loan for capital expenditure without going back to the public and issuing revenue bonds. We did not want to have another election, but we it's not that we didn't think it would pass, but there was no way to access a commercial bank loan without going back for another election and that looked like a more difficult thing to do than to come to Council and say would you entertain the idea of an installment payment or even go to UMTA and say we'd like to have a grant for this. We went through several meetings with the administrators of UMTA, sought political congressional help on this. The policy of fifteen years is simply not to allow a grant for a public to public buy out because of the reprecussions of this say in a city like Detroit or New York City that just might decide to continue changing public to public in order to access some capital. So, the loan application then a possibility to us was, but the whole procedure of the application for an UMTA loan is a longer one, then going to a bank and arranging for it. And so that's why I'm saying that we, there's a possibility of that and therefore a possibility of a pay out assumes it comes down. We don't want to promise that to you, you understand because that has not been approved yet.

MAYOR COCKRELL: But, you have started an application process?

MRS. JONES: Yes, we have.

MR. WING: Well, I have a problem because we agreed on something that's not shown on what we were presented.

MRS. JONES: Well, I don't know on what you agreed on, Mr. Wing.

MR. WING: I'm telling you that I will not vote for this unless we vote on what we agreed on in Executive Session.

MRS. JONES: Well, fine, if I might know what you voted on in Executive Session?

MAYOR COCKRELL: It was a two-year pay out, that was what I think, the gentlemen are referring to. Did that complete your question, Mr. Wing?

MR. WING: Yes.

MAYOR COCKRELL: Mr. Alderete.

MR. ALDERETE: I think it's a question you've answered several questions already that I had now, but this question might be more appropriate to Tom. Tom, what if we were to lower the figures as Helen suggested, thereby further assuring that we probably would get it then in two years like reducing that 12.5 to 10 and maybe the 15.5 to 13, what does that do to it, Tom?

MR. HUEBNER: I'd like Lou Fox to response here.

ASSISTANT CITY MANAGER LOU FOX: The figures as they're lowered, would mean that we would not achieve repayment in two years.

CITY ATTORNEY JANE MACON: You have to have, if you're looking at the tax dollars and if you look at the formula you need X amount of tax dollars to get the total sum of money together if you use the formula that you have and that's the reason why it's lowered to 12.5 and 15.5 to give us a leeway but at the same time be in a position so they would have enough tax dollars to make the payment. Now, obviously, this Council can do whatever they want to as it relates to the tax dollars, but that's the reason those figures are used. It's strictly based on the 75% over the base estimate from the Comptroller.

MR. ALDERETE: What about, I would like, Madam Mayor, as an amendment to Councilman Pyndus' motion, did your substitute get a second, I didn't....

MAYOR COCKRELL: He has not made a motion yet.

MR. EURESTE: I suggested that that's the kind of motion I would like to make.

MR. PYNDUS: Mayor, there are some questions to be asked of the Manager and also Mrs. Jones, and I'm wondering if Councilman Alderete will hold his motion.

MAYOR COCKRELL: The only motion that would close off debate would be a motion to move the previous question, and I don't believe that was what he was going to move. He can make an amendment of whatever it still leaves the whole subject open for discussion.

MR. PYNDUS: I was hoping to bring out some elements of the argument that may negate a need for a motion.

MR. ALDERETE: All I was going to suggest is an amendment is that my concern with that last statement, "however in no event may the time for payment be extended beyond the alternative payments schedule D period", striking out "without Council approval," limiting it so that it would never ever get passed as tight as we could get it. It's on page 6 item 5.4b, it's the point I raised earlier about possibly going past the two year period.

MAYOR COCKRELL: You are recommending that that last sentence in 5.4b be changed. . .

MR. ALDERETE: No, be changed to strike out "without Council approval" in other words "However in no event may the time for payment be extended beyond the alternative payment schedule D."

MR. EURESTE: So, what does that mean?

MR. ALDERETE: Which means that you don't, I'm talking about you're not going to carry this thing on forever and ever and ever again. That's what I'm talking about. That was a suggested amendment to Phil, if he wants to pick it up.

MAYOR COCKRELL: All right, Mr. Pyndus, the intent there is that it cannot be extended beyond the alternative payment schedule D, in other words it wouldn't leave any sort of open-ended possibilities that it would go on and on.

MR. PYNDUS: If it's alright to respond to it, I would like to.

MAYOR COCKRELL: Well, as a maker of the motion I guess you were, it would being asked whether or not that met your approval without going to the formal motion to amend.

MR. PYNDUS: No, I feel that the contract as written should be approved. Instead of tying it without Council approval, frankly we shouldn't lose sight of the fact that in Executive Session a two-year pay out period was proposed, but we did have some give and take of negotiations to complete, Mayor.

MR. EURESTE: Point of order, Mayor.

MAYOR COCKRELL: All right, state your point, yes, sir.

MR. EURESTE: Is Mr. Hartman outside talking to Mrs. Jones and Mr. Fuller.

MAYOR COCKRELL: I'm sorry, I don't know where Mr. Hartman is, but both the persons that you asked about are here in the audience.

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MR. PYNDUS: I'd like to pick up where I left off. I think, I was against the proposal for the regional transit authority, but I think we have a tendency to penalize them. Now this is our service and in the give and take there has been some concessions made and some concessions gained, and we have to give confidence to our professional City Manager and our legal staff.

MAYOR COCKRELL: Mr. Pyndus, may I make a suggestion to you? I would suggest to you that this is a very moderate kind of request. It simply says that the alternative schedule is agreed to, but nothing more and I would just recommend to you that . . .

MR. PYNDUS: Alright, Mayor, I'll take your recommendation, but I think if they need more time than a City Council should be allowed to give them more time. Now, I would like to ask a question of Mrs. Jones because she has made a statement that concerns me, and I'd like to get the City Manager to respond.

MAYOR COCKRELL: Alright, Mr. Pyndus, to go by parliamentary procedures we just simply gave you the floor to respond to whether or not you would agree to this amendment. You do not, I see. Mr. Alderete.

MR. ALDERETE: Okay, then a question comes back again to Lou. Lou, how can we tie it down as best possible to assure payment in two years, okay? Let me get back to that I wasn't completely clear.

ASSISTANT CITY MANAGER FOX: Well, the absolute way to do it, is to strike any language that refers to an alternate schedule and insist that the payment be made in a two year period. The item includes some language if the MTA would approach the Council and, of course, they would always have that prerogative.

MR. ALDERETE: Okay, what I was trying to reach without hitting the alternative schedule was the possibility of redoing those figures that we're talking about in order to insure it. That's what I was looking at.

ASSISTANT CITY MANAGER FOX: These figures do insure that they can repay in two years.

MAYOR COCKRELL: Alright, fine. Did you want to make any motion or anything at this point, Mr. Alderete? Mrs. Dutmer was next.

MRS. DUTMER: Yes, very frankly, I will reiterate once again that I'm having a problem with concreting numbers and amounts. Technically, on a legal contract if they took in \$12,499 - they would immediately go to Schedule D. If they wanted to push the point, and that's where I'm having my problem is with these figures. Of course, none of us are sure of the figures and I have no problem with the contract except for those figures, I don't think this was discussed the other evening. I don't think we have been briefed along these lines as to the income from the tax and then in keeping with Joe, a motion, I think it would be or an amendment I think it would be a very good amendment and I'd change the word "may" to "shall". May in the legal profession is permissive, shall is . . .

MAYOR COCKRELL: Alright, you are suggesting that it would read "However in no event shall the time for payment be extended beyond the alternative payment schedule D period." You would agree to that?

MRS. DUTMER: Yes, I would agree to that, and . . .

MAYOR COCKRELL: Alright, let me go back to Mr. Alderete. You didn't choose to make a motion, but it appears that there is some support for such a motion. Would you like to make it?

MR. ALDERETE: Okay, I so move it.

MAYOR COCKRELL: Is there a second? Was there a second, Mrs. Dutmer?

MRS. DUTMER: Yes, I second it.

MAYOR COCKRELL: Alright, it has been moved and seconded that the proposed contract be altered by striking out the word, "may" and inserting the word, "shall" and deleting the words, "without Council approval." Alright, is there discussion on that motion? Mr. Pyndus.

MR. PYNDUS: Mrs. Jones has said to us verbally that if the street maintenance paragraph is left in that it would jeopardize federal grants and I would like to have Mr. Huebner respond to that.

MR. EURESTE: Point of Order.

MR. ALDERETE: Point of Order.

MAYOR COCKRELL: This needs to be on the amendment, if we may at this point. And then if the amendment is disposed of then we'll still have open the main question.

MR. PYNDUS: I'd like to speak against the amendment. We're changing three words and we're not giving the Council any opportunity to work with this MTA. And I think it's unfair. I think the contract has been prepared by our legal authority, and I think it's well written. And I think to mince with words is not constructive.

MAYOR COCKRELL: May I ask the Manager, will you clarify for everyone's understanding, what the effect would be if this amendment would pass. That the word "shall" will replace the word "may" and that in no event may the time be extended beyond the alternative payment Schedule D. Would you just clarify for everyone what effect that would have.

CITY MANAGER HUEBNER: What that would simply mean is that the final payment must be within the time frame established in Schedule D. There is no option, if they didn't have the money on hand, they'd have to simply go borrow it. Then the City would be paid in the time frame of Schedule D. Let me make this comment if it will help Council. You know, we've tried to come to an agreement with the MTA staff. We made some concessions that we weren't so enthusiastic about. I don't have any problem at all about the suggested amendment. Frankly, I think it's going to be paid off in two years. I really believe that that's the way the numbers are going to work out. This was just a concession to the people representing MTA trying to reach an agreement.

MR. PYNDUS: I accept that, Mayor, and withdraw my opposition to that.

MAYOR COCKRELL: Fine, thank you, Mr. Hartman.

MR. HARTMAN: Yes, I think this would be . . . I realize that, I really think that we're all, you know worried about something that all likely it won't happen. I realize that, perhaps, the MTA feels that there's a matter of confidence on the part of the Council. But, I think really that it's something that we hope won't happen and probably won't. I think it's a good compromise.

MAYOR COCKRELL: Mr. Eureste.

MR. EURESTE: " " Don't understand what you said Mr. Hartman.

MR. HARTMAN: I said it's a good compromise, Mr. Eureste.

MR. EURESTE: Well, what's the business about confidence in this Council or whatever.

MR. HARTMAN: I said the statement that was made here, before the entire Council to delete without Council approval and put a period after schedule D was a good compromise, period.

MR. EURESTE: Well, okay. Mr. Manager, I still, you're saying it's going to be paid off in two years.

CITY MANAGER HUEBNER: I think so.

MR. EURESTE: Everybody is saying it's going to be paid off in two years, then why do we have this statement. Let's get that statement out of there and have this thing paid off in two years, and we've got no problem. It's as simple as that and really you shouldn't respond to that, Mr. Huebner, it's really addressed to the Council. But if everybody is so assured that the money is going to be there. You know why not strike out those two paragraphs. And reword it, so that there is a pay back in two years. And so that we can deliver on what we, some of us here anyway, told the people of San Antonio what we would do with the money once it came back. And that is to get it back to them. My fear is that a future Council might, you know, misuse that money in some way. You know you can never tell about future Councils. And I would like to be in a position, I would like to be in a position to influence a decision that will get this money back to the people, and the sooner the better. And I think I'll have the first crack at it around March 1st of next year.

MAYOR COCKRELL: All right, thank you for your comments. Mr. Steen.

MR. STEEN: Benny, the way you talk, I can't figure out whether you're going to run for reelection or not.

MR. STEEN: I'm running for Mayor.

MR. STEEN: Okay, I just want to say that I'm glad we don't keep complete minutes of these meetings, because we'd have to have that old John Deere Bldg. over there that we own just to keep the minutes of the City Council in, because I think we're going to fill it up in two years with old minutes. I would like to move the question, Madam Mayor.

MR. HARTMAN: I'll second it.

MAYOR COCKRELL: There is one other person who is ready to speak. All right, the motion has been made to call for the previous question, those in favor say aye. Any opposed no. May I see a show of hands, those in favor of the motion to close debate, raise your hand. Any opposed to the motion to close debate, raise your hands. The motion fails. All right, Mr. Pyndus.

MR. PYNDUS: Mrs. Jones made a statement that if we leave this paragraph in on street maintenance and alteration that it may jeopardize their application to get federal funds, and I.

MAYOR COCKRELL: May I state that that is not pertinent to the pending motion which is the amendment.

MR. PYNDUS: I see.

MAYOR COCKRELL: We had not voted on it, since it was a formal motion and a second. The only question before us now is the amendment, and we will - is there any other question or discussion on the amendment. All right, may we have a roll call. Excuse me, Mr. Eureste. Just a second. Mr. Alderete.

MR. ALDERETE: Phil, I don't know, but maybe I didn't hear. Did you say you would accept the amendment?

MR. PYNDUS: Yes, I did.

MAYOR COCKRELL: Well, we did have a formal motion and a second though, and we really, I think now need to go through a formal vote on the amendment. Mr. Eureste.

MR. EURESTE: Well, I just wanted to speak against the amendment, that it might go through. It's not really changing the major objection that I see and I think it's cosmetic, and it doesn't really deal with the issue that I think we're concerned with here.

MAYOR COCKRELL: All right, we'll now have a roll call on the amendment which would delete the word "may" and replace it by "shall" and put a period after schedule D. Clerk will call the roll.

AYES: Dutmer, Alderete, Pyndus, Hartman, Steen, Cockrell;

NAYS: Webb, Wing, Eureste, Ortiz, Cisneros;

ABSENT: None.

MAYOR COCKRELL: The motion carried. However, it's quite obvious that a motion on the main motion is not going to carry with this provision. So, let me point out that I think that Council needs to recognize that there is a need for eight votes. I'll point that out again. Mr. Eureste.

MR. EURESTE: Mayor, I would like to introduce an amendment to have the attorney come up with the language that would limit this to a two year time limit for pay back, with two equal installments if that's the way we want that to read. The first payment to be due on March 1st as is stated in part 5.4A of March 1, 1979 and the second installment to be due March 1, 1980.

DR. CISNEROS: I'd second the motion.

MAYOR COCKRELL: All right, fine we have a motion and a second. May I make this suggestion, Mr. Eureste. I would suggest that, perhaps, we would have a recess. If this motion passes, while the City Attorney and the City staff would carry out the intent of this motion. The intent of the motion would be to direct the City Attorney to come with alternate language which would carry out the provision that all payments would be concluded within the two year period. And that it would be in two equal installments, is that correct, Mr. Eureste. All right.

MR. EURESTE: Madam Mayor, let me make a further point here. I think it's important for this amendment to pass because I will not give my vote to the proposal, the way it is. There's got to be that change.

MAYOR COCKRELL: I understand.

MR. EURESTE: Okay, I agree with the rest of the proposal. I have no problems with it.

MAYOR COCKRELL: May I ask the attorney who has indicated a comment.

CITY ATTORNEY MACON: Yes, I was going to say, the easiest procedure will be and will certainly get the Council some additional language, would be to put a period after the word "interest" in 5.4B and just scratch out the remainder of that paragraph.

MAYOR COCKRELL: That would take care of the two year problem but not the equal.

MR. EURESTE: I want equal.

MAYOR COCKRELL: Alright, we have a motion and a second. Is there any further discussion on that motion. Mr. Steen.

MR. STEEN: Madam Mayor, is that-you know. I think we're kind of out of order here a little bit. Because we have a main motion. Now, is Benny making an amendment motion, or is he making an entirely new motion, if he is he's certainly out of order. He has to move right now to amend this to make it payable in two payments.

MAYOR COCKRELL: Alright, my understanding of the motion that the intent that it is a motion to postpone until after a recess at which time the City Attorney would be prepared to have the language which would carry out the intent as Mr. Eureste has stated it.

MR. EURESTE: Maybe we ought to recess now, Madam Mayor.

MAYOR COCKRELL: I think we need to settle this direction first . . .

MR. EURESTE: That's not what I said. I don't have the language, you know, I'm not a lawyer. And I'm not an economist, I'm not the director of Finance, so I don't know what kind of language I'm supposed to put there. But my intent is at two equal installments - one due March 1, 1979 and the other one due March 1, 1980. That is the amendment to the main motion. Now, what are we voting on - parliamentary inquiry.

MAYOR COCKRELL: Let us put it this way, then. We have a main motion - the amendment which Mr. Eureste is offering would incorporate the language to be perfected by the City Attorney in the proper legal language which would then be brought back to us in that language but would carry out the intent of the amendment as presented by Mr. Eureste. Now, then is there any further discussion. Mrs. Dutmer.

MRS. DUTMER: Well, of course, I intend to vote no on your amendment because my hang up is number and not years.

MAYOR COCKRELL: May I point out something to the Council. In order for this to pass it's going to take eight votes - the whole thing, and I just point out to the Council that it is very necessary for us to make every effort to see that the concerns of as many Council members can be addressed to vote for the motion. It was a matter of two years that was discussed in executive session, and it appears to me that it is important that we try to pull together as much of a strong feeling about this as we can. Mr. Pyndus.

MR. PYNDUS: I would like to ask Mr. Eureste a question? If this motion passes, will you vote for the package as it stands?

MR. EURESTE: Oh yes, sir, I said that already.

CITY MANAGER: Madam Mayor and members of the Council, the City Attorney has the language that will do what Councilman Eureste has requested. Would you read that, Jane?

CITY ATTORNEY MACON: Okay, the A portion will be changed that on or before March 1, 1979, the sum equaled to half of the purchase price plus principal and interest will be paid. Item B would be that on or before March 1, 1980, the entire remaining balance of the purchase price plus interest will be paid. I suggest using that language rather than in equal payments, Mr. Eureste, because you will have a half cent or something. . . .

MR. EURESTE: Right, I understand.

MAYOR COCKRELL: Alright, does that language agree with you? For point of information, will you read that again, please?

CITY ATTORNEY MACON: On or before March 1, 1979, the sum equaled half of the purchase price plus principal and interest will be paid. On or before March 1, 1980, the entire remaining balance of the purchase price plus interest will be paid in full. Dr. Cisneros.

DR. CISNEROS: I want to compliment, Mr. Eureste, on a very fine motion. I think that it deals with the public interest. He has discovered a change since the discussion of last week and has made a motion to correct it, a motion which will assure that the money from the sale would accrue to the citizens within two years. And one that deals more forth rightly with all the election promises that were made, as the MTA election was going on where people were promised everything from property tax reductions to assurances of lump sum payments, and I think that it is in the public interest that we move to the closest possible step to those it promises, and that means that this two year payment, as I understand, is the closest we can get there. I intend to vote for the motion.

MAYOR COCKRELL: Any another discussion? Those in favor of the amendment as presented by Councilman Eureste, please say Aye, Any oppose No.

AYES: Cisneros, Webb, Dutmer, Wing, Eureste, Ortiz, Alderete, Pyndus, Hartman, Steen, Cockrell;
NAYS: None;
ABSENT: None.

MAYOR COCKRELL: The motion carried. We are now ready for the roll call vote on the MTA Ordinance.

AYES: Cisneros, Webb, Dutmer, Wing, Eureste, Alderete, Pyndus, Hartman, Steen, Cockrell;
NAYS: None;
ABSTAIN: Ortiz;
ABSENT: None

MAYOR COCKRELL: The motion carried.

There being no further business to come before the Council, the meeting was adjourned at 7:00 P.M.

A P P R O V E D

Lila Cockrell
M A Y O R

ATTEST:

G. J. Jackson
C i t y C l e r k

