

REGULAR MEETING OF THE CITY COUNCIL
OF THE CITY OF SAN ANTONIO HELD IN
THE COUNCIL CHAMBER, CITY HALL, ON
THURSDAY, FEBRUARY 5, 1981.

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The meeting was called to order at 1:00 P.M. by the presiding officer, Mayor Lila Cockrell with the following members present: CISNEROS, WEBB, DUTMER, WING, EURESTE, THOMPSON, ALDERETE, CANAVAN, ARCHER, STEEN, COCKRELL; Absent: NONE.

81-5 The invocation was given by Reverend Albert Hubertus, St. Peter, Prince of the Apostles Catholic Church.

81-5 Members of the City Council and the audience joined in the Pledge of Allegiance to the flag of the United States.

81-5 The minutes of the meeting of January 22, 1981 were approved.

81-5 CONSENT AGENDA

Mr. Steen moved that items 4-9 constituting the consent agenda be approved. Mr. Archer seconded the motion.

On roll call, the motion carrying with it the passage of the following Ordinances, prevailed by the following vote: AYES: Dutmer, Wing, Eureste, Thompson, Alderete, Canavan, Archer, Steen, Cockrell; NAYS: None; ABSENT: Cisneros, Webb.

(Later in the meeting, Item 6 was reconsidered. See page 3 for results.)

AN ORDINANCE 53,348

ACCEPTING THE LOW QUALIFIED BID OF
SPEEDWAY BUILDING SYSTEMS CO., INC.
IN THE AMOUNT OF \$83,031.00 FOR CON-
STRUCTION OF THE BRAKE SHOP BUILDING,
AUTHORIZING EXECUTION OF A CONTRACT,
AND PROVIDING FOR PAYMENT.

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AN ORDINANCE 53,349

AUTHORIZING THE CITY WATER BOARD TO
MAKE ADJUSTMENT TO CERTAIN WATER MAINS
IN CONNECTION WITH THE O'CONNOR ROAD
IMPROVEMENT PROJECT AND AUTHORIZING
TRANSFER OF THE SUM OF \$37,000.00
FROM 1970 DRAINAGE BOND FUNDS TO
O'CONNOR ROAD RE-CONSTRUCTION FUND
NO. 26-059046.

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AN ORDINANCE 53,350

AUTHORIZING EXPENDITURE OF THE SUM OF \$7,270.00 OUT OF SEWER REVENUE FUNDS FOR THE PURPOSE OF ACQUIRING AN EASEMENT TO CERTAIN LANDS; AND AUTHORIZING THE CITY MANAGER TO EXECUTE A RELEASE OF EASEMENT.

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AN ORDINANCE 53,351

ACCEPTING AWARD OF THE ADDITIONAL SUM OF \$147,417.00 IN THE GRANT FROM THE ENVIRONMENTAL PROTECTION AGENCY FOR THE WASTEWATER FACILITIES IMPROVEMENTS CATEGORIES I - III, STEP II DESIGN PROJECT IN SUPPORT OF THE COST OF THE SECOND PHASE OF THE DEVELOPMENT OF A MUNICIPAL PRETREATMENT PROGRAM; AUTHORIZING A MATCH OF \$49,139.00 FROM 1975 SEWER REVENUE BOND FUNDS: APPROPRIATING SAID SUMS IN THE PROJECT FUND; AND AUTHORIZING AN AMENDMENT TO THE AGREEMENT WITH PAPE-DAWSON INC., ET AL TO ACCOMPLISH THE SECOND PHASE OF SAID TASK.

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AN ORDINANCE 53,352

AUTHORIZING PAYMENTS OF REFUNDS TO PERSONS MAKING OVERPAYMENTS OR DOUBLE PAYMENTS ON 33 TAX ACCOUNTS.

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81-5

CITY PUBLIC SERVICE BONDS

Mayor Cockrell announced that in response to citizen inquiry, she had given the time of 3:00 P.M. for consideration of agenda items 19 and 20 dealing with the sale of City Public Service bonds, and asked Council concurrence with this time table.

81-5

O'CONNOR ROAD IMPROVEMENTS

In response to a question by Mr. Alderete as to the completion status of improvements to O'Connor Road, Mr. Frank Kiolbassa, Director of Public Works, explained the timetable involved.

81-5201 GRANT PROGRAM

In response to a question by Mr. Thompson as to the status of the 201 Grant Program with the advent of the new administration in Washington, Mr. Kiolbassa stated that he did not know yet, but that much of the 201 work was mandated by the federal government. He estimated the total five year program cost at some \$300 million.

A discussion then took place concerning possible changes to be forthcoming in the 201 program from the new administration in Washington.

81-5 At this time, Mr. Canavan made a motion to reconsider item 6. Mr. Alderete seconded the motion. On roll call, the motion to reconsider prevailed by the following vote: AYES: Dutmer, Wing, Eureste, Thompson, Alderete, Canavan, Archer, Steen, Cockrell; NAYS: None; ABSENT: Cisneros, Webb.

81-5 The Clerk then read the following Ordinance:

AN ORDINANCE 53,353

AUTHORIZING EXECUTION OF A STANDARD PROFESSIONAL SERVICES CONTRACT WITH SAWPAC A JOINT VENTURE OF PAPE-DAWSON, INC., HALLENBERGER, GALINDO & ASSOCIATES INC., AND HARRY JEWETT & ASSOCIATES, CONSULTING ENGINEERS TO PROVIDE WATERSHED FACILITIES ANALYSIS FOR THE CITY AND PROVIDING FOR PAYMENT.

* * * *

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

Mr. Canavan disqualified himself from voting on this Ordinance.

After consideration, the motion carrying with it the passage of the Ordinance, prevailed by the following vote: AYES: Dutmer, Wing, Eureste, Thompson, Alderete, Archer, Steen, Cockrell; NAYS: None; ABSENT: Cisneros, Webb; DISQUALIFICATION: Canavan.

81-5GOOD NEIGHBOR COMMITTEE

Mr. Steen noted the recent burglary of the home of Mr. Eureste, during which neighbors saw two persons enter the home. He stated that based largely on this information from neighbors, both persons were later apprehended by police. He stated that he would be happy to assist Mr. Eureste in forming a Good Neighbor Committee in his neighborhood.

Mr. Eureste provided details of the incident and commended the police officers for their rapid response-time and thanked Mr. Steen for his offer.

10. CASE 8336 - to rezone Lot 9, NCB 3577, 2125 Roosevelt Avenue, from Historic "F" Local Retail District to Historic "B-3R" Restrictive Business District, located on the southeast side of Roosevelt Avenue and a maximum depth of 165.17'.

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

Mr. Raymond Autry, the lessee of the subject property explained the proposed use.

Mrs. Dutmer expressed concern that there is no outside storage in "B-3" or "B-3R" zoning. She also expressed concern that the subject property is within the National Park area and is within the historic district.

In response to a question by Mrs. Dutmer, Mr. Autry explained that signs would be placed.

No citizen appeared to speak in opposition.

After discussion, Mr. Thompson moved that the recommendation of the Zoning Commission be approved. Mr. Steen seconded the motion. On roll call, the motion carrying with it the passage of the following Ordinance, prevailed by the following vote: AYES: Dutmer, Wing, Eureste, Thompson, Alderete, Canavan, Archer, Steen, Cockrell; NAYS: None; ABSENT: Cisneros, Webb.

AN ORDINANCE 53,354

AMENDING CHAPTER 42 OF THE CITY CODE THAT CONSTITUTES THE COMPREHENSIVE ZONING ORDINANCE OF THE CITY OF SAN ANTONIO BY CHANGING THE CLASSIFICATION AND REZONING OF CERTAIN PROPERTY DESCRIBED HEREIN AS LOT 9, NCB 3577, 2125 ROOSEVELT AVENUE, FROM HISTORIC "F" LOCAL RETAIL DISTRICT TO "B-3R" RESTRICTIVE BUSINESS DISTRICT.

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11. CASE 8277 - to rezone the west 75' of Lot A-1, NCB 15825, in the 13700 Block of I.H. 10 Expressway, from Temporary "R-1" Single Family Residential District to "B-3" Business District and Lot A-1, save and except the west 75' and Lot A-2, NCB 15825, from Temporary "R-1" Single Family Residential District to "I-1" Light Industry District; subject properties are located northeast of the intersection of I.H. 10 Expressway and Clingman Road, the "B-3" portion having 421.2' on I.H. 10 Expressway and 75' on Clingman Road, the "I-1" portion being 75' east of the intersection of I.H. 10 Expressway and Clingman Road, having 712' on Clingman Road and a depth of 347'.

Mrs. Dutmer moved that the recommendation of the Zoning Commission be approved provided that proper platting is accomplished. Mr. Steen seconded the motion.

Mr. Canavan asked if "B-3R" zoning would accommodate the purpose of the applicant and at the same time mentioned the fact that this zoning classification would prohibit the sale of alcohol.

The applicant, Mr. A.E. Harris stated that he would be satisfied with the "B-3R" zoning in lieu of "B-3".

Mr. Canavan then made a substitute motion to grant "B-3R" zoning on the subject property, provided that proper platting is accomplished. Mrs. Dutmer seconded the motion. On roll call, the motion carrying with it the passage of the following Ordinance, prevailed by the following vote: AYES: Dutmer, Wing, Eureste, Thompson, Alderete, Canavan, Archer, Steen, Cockrell; NAYS: None; ABSENT: Cisneros, Webb.

The main motion as amended carried by the following vote: AYES: Dutmer, Wing, Eureste, Thompson, Alderete, Canavan, Archer Steen, Cockrell; NAYS: None; ABSENT: Cisneros, Webb.

AN ORDINANCE 53,355

AMENDING CHAPTER 42 OF THE CITY CODE THAT CONSTITUTES THE COMPREHENSIVE ZONING ORDINANCE OF THE CITY OF SAN ANTONIO BY CHANGING THE CLASSIFICATION AND REZONING OF CERTAIN PROPERTY DESCRIBED HEREIN AS THE WEST 75' OF LOT A-1, NCB 15825, IN THE 13700 BLOCK OF I.H. 10 EXPRESSWAY FROM TEMPORARY "R-1" SINGLE FAMILY RESIDENTIAL DISTRICT TO "B-3R" RESTRICTIVE BUSINESS DISTRICT AND LOT A-1, SAVE AND EXCEPT THE WEST 75' AND LOT A-2, NCB 15825, FROM TEMPORARY "R-1" SINGLE FAMILY RESIDENTIAL DISTRICT TO "I-1" LIGHT INDUSTRY DISTRICT, PROVIDED THAT PROPER PLATTING IS ACCOMPLISHED IF NECESSARY.

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12. CASE 8304 - to rezone a 1.492 acre tract of land out of NCB 15038, being further described by field notes filed in the Office of the City Clerk, from "B-2" Business District to "B-3" Business District, located on the southeast side of Northwest Loop 410 Expressway, being 320' northeast of the intersection of Northwest Loop 410 Expressway and Peace Pipe Drive, having 259.56' on Northwest Loop 410 Expressway and a maximum depth of 313.62'.

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

Mr. John Grant representing McMillan and Company, stated that they desired to have "B-3" zoning on the subject property should the owner of the property decide to erect a restaurant facility on the subject lot.

Mr. Archer then made a substitute motion to grant "B-3R" zoning in lieu of "B-3", provided that proper platting is accomplished. Mr. Canavan seconded the motion.

Mayor Cockrell stated that should the "B-3R" zoning be approved would the applicant prefer to have "B-3R" zoning in lieu of the existing "B-2" classification.

Mr. John Grant stated that he would have to consult with the owner of the property.

Mrs. Dutmer spoke in support of the substitute motion.

Mr. Thompson expressed concern regarding the traffic congestion that would develop under "B-3" zoning.

Mr. Canavan concurred with Mrs. Dutmer's remarks and expressed concern that definite plans should be presented regarding the subject property.

Mr. Steen stated that all eleven members of the Zoning Commission had voted for "B-3R" zoning.

In response to a question by Mrs. Dutmer, Mr. Andy Guerrero, Planning Administrator explained the uses allowed under the "B-3" and "B-2" classification.

Mr. Eureste expressed concern regarding the fact that "B-3R" zoning could be forced on the applicant. He then made a motion to postpone this item until 2:30 P.M. to allow the applicant to consult with the owner of the property as to the "B-3R" rezoning. Mr. Wing seconded the motion.

After discussion, the motion to postpone carried by the following vote: AYES: Cisneros, Dutmer, Wing, Eureste, Thompson, Alderete, Canavan, Archer, Steen, Cockrell; NAYS: None; ABSENT: Webb.

CASE 8304 was postponed.

13. CASE 8358 - to rezone Lot 1, Block 1, NCB 16931, 3200 Wurzbach Road, from Temporary "R-1" Single Family Residential District to "B-3" Business District, located on the west side of Wurzbach Road, being 380.81' northwest of the intersection of Ingram Road and Wurzbach Road, having 593.18' on Wurzbach Road and 443.92' on Ingram Road.

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

No citizen appeared to speak in opposition.

After consideration, Mr. Steen moved that the recommendation of the Zoning Commission be approved. Dr. Cisneros seconded the motion. On roll call, the motion carrying with it the passage of the following Ordinance, prevailed by the following vote: AYES: Cisneros, Dutmer, Wing, Eureste, Thompson, Alderete, Canavan, Archer, Steen, Cockrell; NAYS: None; ABSENT: Webb.

AN ORDINANCE 53,356

AMENDING CHAPTER 42 OF THE CITY CODE THAT CONSTITUTES THE COMPREHENSIVE ZONING ORDINANCE OF THE CITY OF SAN ANTONIO BY CHANGING THE CLASSIFICATION AND REZONING OF CERTAIN PROPERTY DESCRIBED HEREIN AS LOT 1, BLOCK 1, NCB 16931, 3200 WURZBACH ROAD, FROM TEMPORARY "R-1" SINGLE FAMILY RESIDENTIAL DISTRICT TO "B-3" BUSINESS DISTRICT.

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14. CASE 8353 - to rezone the 4.255 acre tract of land out of NCB 13740, being further described by field notes filed in the Office of the City Clerk, in the 2300 Block of Thousand Oaks Drive, from "B-2" Business District to "R-5" Single Family Residential District, located on the northeast side of Thousand Oaks Drive, being 1016.77' southeast of the intersection of Jones Maltsberger Road, and Thousand Oaks Drive, being 201.86' northeast of Thousand Oaks Drive, having a maximum depth of 208.28' and a maximum width of 905.73'; to rezone

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the 6.107 acre tract of land out of NCB 13740, being further described by field notes filed in the Office of the City Clerk, in the 2400 Block of Thousand Oaks Drive, from "R-3" Multiple Family Residential District to "R-5" Single Family Residential District, located on the northeast side of Thousand Oaks Drive, being 2092.21' southeast of the intersection of Jones Maltsberger and Thousand Oaks Drive, being 198.6' northeast of Thousand Oaks Drive, having a maximum depth of 208.28' and a maximum width of 1321.26'.

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

No citizen appeared to speak in opposition.

After consideration, Dr. Cisneros moved that the recommendation of the Zoning Commission be approved provided that proper platting is accomplished. Mrs. Dutmer seconded the motion. On roll call, the motion carrying with it the passage of the following Ordinance, prevailed by the following vote: AYES: Cisneros, Dutmer, Wing, Eureste, Thompson, Alderete, Canavan, Archer, Steen, Cockrell; NAYS: None; ABSENT: Webb.

AN ORDINANCE 53,357

AMENDING CHAPTER 42 OF THE CITY CODE THAT CONSTITUTES THE COMPREHENSIVE ZONING ORDINANCE OF THE CITY OF SAN ANTONIO BY CHANGING THE CLASSIFICATION AND REZONING OF CERTAIN PROPERTY DESCRIBED HEREIN AS THE 4.225 ACRE TRACT OF LAND OUT OF NCB 13740, BEING FURTHER DESCRIBED BY FIELD NOTES FILED IN THE OFFICE OF THE CITY CLERK, IN THE 2300 BLOCK OF THOUSAND OAKS DRIVE, FROM "B-2" BUSINESS DISTRICT TO "R-5" SINGLE FAMILY RESIDENTIAL DISTRICT; THE 6.107 ACRE TRACT OF LAND OUT OF NCB 13740, BEING FURTHER DESCRIBED BY FIELD NOTES FILED IN THE OFFICE OF THE CITY CLERK, IN THE 2400 BLOCK OF THOUSAND OAKS DRIVE, FROM "R-3" MULTIPLE FAMILY RESIDENTIAL DISTRICT TO "R-5" SINGLE FAMILY RESIDENTIAL DISTRICT, PROVIDED THAT PROPER PLATTING IS ACCOMPLISHED.

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15. CASE 8351 - to rezone Lot 14, NCB 12116, 2435 Northeast Loop 410 Expressway, from "A" Single Family Residential District to "B-3" Business District, located on the northside of Northeast Loop 410 Expressway, being 1500' east of the intersection of Northeast Loop 410 Expressway and Starcrest Drive, having 180.3' on northeast Loop 410 Expressway and a depth of 500'.

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

No citizen appeared to speak in opposition.

After consideration, Mr. Steen moved that the recommendation of the Zoning Commission be approved. Dr. Cisneros seconded the motion. On roll call, the motion carrying with it the passage of the following Ordinance, prevailed by the following vote: AYES: Cisneros, Dutmer, Wing, Eureste, Thompson, Alderete, Canavan, Archer, Steen, Cockrell; NAYS: None; ABSENT: Webb.

AN ORDINANCE 53,358

AMENDING CHAPTER 42 OF THE CITY CODE

THAT CONSTITUTES THE COMPREHENSIVE ZONING ORDINANCE OF THE CITY OF SAN ANTONIO BY CHANGING THE CLASSIFICATION AND REZONING OF CERTAIN PROPERTY DESCRIBED HEREIN AS LOT 14, NCB 12116, 2435 NORTHEAST LOOP 410 EXPRESSWAY FROM "A" SINGLE FAMILY RESIDENTIAL DISTRICT TO "B-3" BUSINESS DISTRICT.

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81-5 The Clerk read a proposed ordinance amending section 40-2.7 of the City Code by clarifying the purposes of the performance bond provision of this chapter and section 40-4.8 of the City Code by increasing the minimum liability insurance requirement for taxicab permit holders.

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

Mr. Thompson explained the purpose of the ordinance.

Mr. Steen expressed concern that the proposed amount regarding liability insurance for property damage should be increased to \$10,000.00 in lieu of the proposed \$5,000.00.

Mr. Canavan concurred with Mr. Steen's remarks and felt that the ordinance should be amended to include the increase regarding property damage.

Mr. Raymond Buenteo, a taxicab driver spoke regarding his insurance coverage protection.

Mr. Tom Veitch, an Attorney representing a large number of taxi cab operators spoke regarding the negative effect the passage of this ordinance would have on the taxi cab operators. He stated that his clients are against charges that are unnecessary, too drastic or discriminating in nature, or that are economically stifling. He spoke regarding the high cost of performance bonds and the high cost of an annual license as compared to other cities. He stated that should the Council feel that it is necessary to increase the limits, then perhaps steps can be taken to counter-balance the cost effects of these operators. He stated that it is important for his clients to be able to function and make a profit.

Mr. Eureste commended the taxi cab drivers for hiring a representative. He explained that there is a minimum requirement established by State law and that the Council is complying along these lines regarding liability and property coverage.

In response to a legal question by Mr. Eureste, Ms. Demetrius Sampson, Assistant City Attorney, interpreted Paragraph b under section 40-2.7 of the proposed ordinance regarding the role of a franchise holder should a taxi driver become involved in an accident within the scope of his employment.

A discussion then ensued regarding the legal department's interpretation.

At this time, Zoning Case 8304 was reconsidered. See page 9 for final discussion of item no. 16.

81-5 Discussion on Item 12, Zoning Case 8304 continued.

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Mr. John Grant, representing the owner stated that he had consulted with the owner of the subject property and stated his consent to the "B-3R" zoning.

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

AN ORDINANCE 53,359

AMENDING CHAPTER 42 OF THE CITY CODE THAT CONSTITUTES THE COMPREHENSIVE ZONING ORDINANCE OF THE CITY OF SAN ANTONIO BY CHANGING THE CLASSIFICATION AND REZONING OF CERTAIN PROPERTY DESCRIBED HEREIN AS A 1.492 ACRE TRACT OF LAND OUT OF NCB 15038, BEING FUTHER DESCRIBED BY FIELD NOTES FILED IN THE OFFICE OF THE CITY CLERK, IN THE 6200 BLOCK OF NORTHWEST LOOP 410 EXPRESSWAY, FROM "B-2" BUSINESS DISTRICT TO "B-3R" RESTRICTIVE BUSINESS DISTRICT, PROVIDED THAT PROPER PLATTING IS ACCOMPLISHED.

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81-5 Mayor Cockrell was obliged to leave the meeting and Mayor Pro-Tem Thompson presided.

81-5 Discussion on Item 16 continued.

Mr. Robert Gonzalez, a taxi cab driver spoke in opposition to the proposed ordinance stating that it would cost a great burden financially and stated that it sees this as a threat to the operation of his cab.

Mr. Pete Melendez also spoke in opposition to the proposed ordinance expressing concern that it would be unbearable for taxi cab drivers to meet the increased cost.

Mr. Fisher, representing the Yellow Checker Cab Company, addressed the issue of the performance bond. He stated that he had no problems with the proposed ordinance.

(Mayor Cockrell returned to the meeting and presided.)

In response to a question by Mr. Eureste, Mr. Roger Ibarra, Public Utilities Supervisor explained the requirement on the bonds after the ordinance is passed in terms of the dollar amount.

A discussion then ensued regarding the amount required per taxi cab.

Mr. Ralph Brock, a taxi cab driver addressed the issue of the performance bond and spoke in opposition to the proposed ordinance stating that he could not afford the increase in cost for liability insurance and protection coverage.

After further discussion, Mr. Eureste made a motion to postpone the ordinance for thirty days in order to allow the independents and the committee to come up with an equitable way to reach an agreement. Mr. Wing seconded the motion. On roll call, the motion to postpone prevailed by the following vote: AYES: Cisneros, Webb, Wing, Eureste, Thompson, Alderete, Cockrell; NAYS: Dutmer, Canavan, Archer, Steen.

Item 16 was postponed.

81-5 The Clerk read the following Ordinance:

AN ORDINANCE 53,360

APPROVING THE TRANSFER OF 35 TAXICAB
PERMITS FROM BELL TAXICAB COMPANY TO
CHECKER CAB COMPANY.

* * * *

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

In response to a question by Mr. Webb, Mr. Roger Ibarra, Public Utilities Supervisor explained that Mr. Fisher, the owner of Bell Taxicab Company and Checker Cab has requested approval to transfer thirty-five taxicab permits from Bell Taxicab Company to Checker Cab for the purpose of consolidating the two operations.

After consideration, the motion to approve the Ordinance, prevailed by the following vote: AYES: Cisneros, Webb, Dutmer, Wing, Eureste, Thompson, Alderete, Canavan, Archer, Steen, Cockrell; NAYS: None; ABSENT: None.

81-5 The following Ordinance was read by the Clerk and after consideration on motion of Mr. Alderete, seconded by Mr. Wing, was passed and approved by the following vote: AYES: Cisneros, Webb, Wing, Eureste, Thompson, Alderete, Canavan, Archer, Steen, Cockrell; NAYS: Dutmer; ABSENT: None.

AN ORDINANCE 53,361

GRANTING THE EASTER SEAL SOCIETY A WAIVER
FROM THE PROVISIONS OF ORDINANCE NO. 52865
OF OCTOBER 2, 1980 SO AS TO ALLOW COLLECTION
OF DONATIONS ON CITY STREETS IN CONNECTION
WITH A FUND RAISING CAMPAIGN.

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81-5 The Clerk read the following Ordinance:

AN ORDINANCE 53,362

BY THE CITY COUNCIL OF THE CITY OF SAN
ANTONIO, TEXAS, APPROVING AND AUTHORIZING
THE GIVING OF NOTICE OF INTENTION TO ISSUE
\$75,000,000 "CITY OF SAN ANTONIO, TEXAS
ELECTRIC AND GAS SYSTEMS REVENUE IMPROVEMENT
BONDS, NEW SERIES, 1981" AND, DECLARING AN
EMERGENCY.

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

At this time, a lengthy discussion took place between the City Public Service Board staff and Council members. (A complete transcript of this discussion is on file with the minutes of this meeting and will become a part thereof.)

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The following citizens spoke on the matter:

MR. NEWTON TREY ELLISON

Mr. Ellison, member of the San Antonio Forum on Energy, expressed his views on nuclear energy with regard to economics, safety, health, and the issue of federal law. He then spoke about the use of solar energy in lieu of nuclear energy.

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MRS. BARBARA MILLER

Mrs. Miller spoke against the issuance of the \$75 million in bonds for the purpose of the South Texas Nuclear Project.

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MRS. JEANNE HAMILTON

Mrs. Hamilton stated that she was skeptical about the CPS presentation and stated that CPS has not explored alternate sources of energy.

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MRS. BEATRICE CORTEZ

Mrs. Cortez, President of Communities Organized for Public Service, stated that her group had opposed a previous rate increase for CPS because no final cost estimate for the South Texas Nuclear Project had not been made. She expressed concern that her group still had not received any final figures and spoke in opposition to the bond issue. She requested a six-week postponement of the matter, until final estimates are made on completion costs of STNP.

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MR. ED CONROY

Mr. Conroy stated that he had spoken to the director of the Atomic Safety and Licensing Board, and that group has demanded that a new quality assurance firm be retained by the STNP contractor to review its operations. He stated that his group plans to object to the licensing of the STNP and thus cause a delay or even denial of its application for a license to operate. He stated that nuclear power projects are in trouble throughout the nation.

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MRS. DOROTHY ADAMS ANDERSON

Mrs. Anderson stated that she has studied the nuclear power issue extensively and asked that the bond issue matter be postponed. She stated that there are serious health issues involved with nuclear power.

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MS. MARTHA HICKS

Ms. Hicks, speaking on behalf of the Greater San Antonio Chamber of Commerce, urged the City Council's continued support of the South Texas Nuclear Project.

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After a lengthy discussion, the motion carrying with it the passage of the Ordinance, prevailed by the following vote: AYES: Cisneros, Dutmer, Wing, Thompson, Canavan, Archer, Steen, Cockrell; NAYS: Webb, Eureste, Alderete.

81-5 The following Ordinance was read by the Clerk and after consideration, on motion of Mr. Steen, seconded by Mr. Thompson, was passed and approved by the following vote: AYES: Cisneros, Dutmer, Wing, Thompson, Canavan, Archer, Steen, Cockrell; NAYS: Webb, Eureste, Alderete; ABSENT: None.

AN ORDINANCE 53,363

BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO, TEXAS, APPROVING THE "OFFICIAL NOTICE OF SALE (INCLUDING ABBREVIATED FORM TO BE PUBLISHED) AND "OFFICIAL STATEMENT" PREPARED IN CONNECTION WITH THE ISSUANCE OF THE PROPOSED \$75,000,000 "CITY OF SAN ANTONIO, TEXAS, ELECTRIC AND GAS SYSTEMS REVENUE IMPROVEMENT BONDS, NEW SERIES 1981"; AUTHORIZING EXECUTION OF SAID DOCUMENTS AND THE PUBLICATION OF SAID ABBREVIATED NOTICE OF SALE; AND DECLARING AN EMERGENCY.

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The Clerk read the following Ordinance:

AN ORDINANCE 53,364

REAPPOINTING AND APPOINTING MEMBERS TO SERVE
ON THE METROPOLITAN TRANSIT AUTHORITY FOR
A TWO (2) YEAR TERM TO EXPIRE JANUARY 31,
1983.

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The following are hereby reappointed to serve on the
Metropolitan Transit Authority:

John A. Longoria
Paul D. Straw

* * * *

The following are hereby appointed to serve on the
Metropolitan Transit Authority in place of Linda
Ramirez, Murrene Gilford, and Marilyn Jones, respectively,
whose terms have expired:

Joe Suarez
Reverend S.H. James
Doug Harlan

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

MAYOR LILA COCKRELL: There was a motion and a second. Mr. Wing.

MR. FRANK WING: Yes Madam, I had understood that there was well, I'd like to ask that, could we, with the Council's permission or the majority of the concensus of the Council reconsider this particular item, I understand that there's a question on at least some of the Council persons' mind on the residency requirement of one of the appointees. What would be the procedure?

MAYOR COCKRELL: All right, let me just ask the City Attorney if there is a residency requirement on the appointment to the Metropolitan Transit Authority Board.

MR. LUIS GARCIA, CHIEF PROSECUTOR: Appointment of the City, no, there is no residency requirement, per se, for the Board itself. Now, it would be up to the City to decide or for you all to decide, exactly, I do not think . . .

MAYOR COCKRELL: In other words, it is not a legal matter, it would be a policy matter.

MR. GARCIA: It would be a policy matter. . . .

MAYOR COCKRELL: Let me ask then, Mr. Wing.

MR. WING: Madam Mayor, I had understood that the Council even as informal as it did do it that it did take an attitude or a stance that we would try to appoint those people that resided within the City limits of San Antonio to the different Boards and Commissions that serve the City, and I did not think that it was by ordinance or resolution.

but by the mere agreement, if you will, between the Council persons at appointment time. Bearing that, if we cannot get concensus to do so, then I would like to have each individual person considered on a roll call vote.

MAYOR COCKRELL: All right, there are several of the Councilmembers to speak, so perhaps we'll let each person speak.

MR. GENE CANAVAN: Are there any citizens . . .

MAYOR COCKRELL: On this item? No, I don't think so. Mr. Alderete.

MR. JOE ALDERETE: Yes, Madam Mayor, to follow up on the point that was raised by Councilman Wing, this Council had adopted a policy by itself not to have out of City residents serving on a City appointed position, Board or a Commission, or as a representative of San Antonio. In particular, Mr. Pete Cantu was discussed as a possible appointee to a Board and was denied appointment because of his residency in Helotes. I don't recall the specific Board as to which it was, but he was denied the appointment, based on the fact. . .

MR. CANAVAN: Insurance Advisory.

MR. ALDERETE: Insurance Advisory Board. He was denied that appointment because he lived in Helotes, Texas. Unfortunately, the last appointment session that we had for board appointments, a lot of the Councilmembers and I included were not aware that Doug Harlan was not a resident of the City of San Antonio. And I feel very strongly that we need to keep residents of the City of San Antonio representing this City on any boards or commissions or authority that appoints members too. One of the main reasons, on the VIA appointment that I think is so significant, the City of San Antonio holds only five appointments there, out of eleven members that that board is going to have. Already, the City is losing its potential influence on that particular board there. If we reduce that influence, instead of five out of eleven to four out of eleven, due to the fact that we may appoint somebody that is not a City resident, I think that further hurts the City of San Antonio in possibly getting a viable mass transportation system that would aid and assist the City of San Antonio. Along with that, the City, I think contributes nearly 98% of the sales tax revenue that goes to VIA to build its system and if that's the case, I think the proportional representation, based on contribution should be far greater than five out of eleven and certainly far greater than four out of eleven and I think that we need to consider that, that particular point there, Madam Mayor, because it is just totally wrong if we're going to keep an individual from serving on a board or a commission of the City of San Antonio because he resided in Helotes, Texas, why should we discriminate against Helotes and not against Alamo Heights, in the city that Doug Harlan resides in. I think that we need to make a decision on it, and I would like to propose that we have a . . . I'd like to move that any board or commission appointments, or any appointments that the City of San Antonio makes again to reiterate our position, should be residents of the City of San Antonio. I would like to place that motion before the floor.

MR. JOE WEBB: Second.

MAYOR COCKRELL: Actually as to whether or not that is in order I'm going have to ask for some advice from the City Attorney. We had an appointment Ordinance before us appointing members to a particular board. Is it now pertinent to this business to accept the motion as Mr. Alderete has made . . .

MR. GARCIA: No, I believe the motion would be out of order under the circumstances. I think, that if the Council wants to adopt that policy, it can be . . . It's more or less a consensus vote that you're going on right now. If you want to. . .

MR. ALDERETE: What would be the procedure if the Council had already adopted that policy. Would it not have to reconsider that policy?

MR. GARCIA: The Council can adopt any policy, it so desires.

MR. ALDERETE: But if it has decided on that policy to appoint city residents? How does the Council reverse itself? Does it have to reverse that policy decision first? By way of procedure?

MR. GARCIA: No, not necessarily. You . . .

MR. ALDERETE: Why can you do something, and undo it and not do it again. You see, Luis, that does not jive.

MAYOR COCKRELL: Excuse me, I believe Ms. Macon also had her light on to comment.

MR. JANE MACON, CITY ATTORNEY: Mr. Alderete, I think the problem before you is that the Council policy is an informal policy that the Council has decided on. There is no resolution or ordinance specifically requiring appointments that way. I understand what you're saying is that normally you would amend that before you would change it. But right now, it appears that the policy is strictly up to the Council. The Council at anytime can change it, they can change it by appointment or whatever and at this time, if the Council decides to appoint someone else, that is perfectly within your purview and if you argue from a standpoint of appointing someone only within the City that is also within your purview because it is strictly the policy of the Council.

MR. ALDERETE: Okay, fine. Then I would, I don't know if Councilman Wing put that in the form of a motion, of taking each appointment on an individual basis. Was that a motion, Frank, or a suggestion? Would we abide by that, Madam Mayor? Would we abide by voting on each individual member? Or do we need a formal motion to do that?

MAYOR COCKRELL: The course of procedure, the normal procedure is that when we have gotten to the Ordinance form, ordinarily it is just passed as a matter of routine. This is a different situation and one of the appointments is being challenged on the residency requirement. And the Chair, I think, you would need to, perhaps vote, move to have reconsideration of the appointments, or something like that. We made the appointment in an informal session when the Council did vote on them. You might wish to refer it back and see if that motion passed.

MR. ALDERETE: Well, I prefer to make the motion that we just take each case individually, instead of reconsidering the whole shooting match.

MAYOR COCKRELL: All right, there is a motion and a second that we, all right, by formal consent, we will delete the individual by whom there is a residency question. All right.

MR. WEBB: Point of information, Madam Mayor. I submit to you that there are several others that would like to talk about this. I'd like for this thing to be reconsidered, period, and not just take one person at a time.

MAYOR COCKRELL: All right, but that's not a point of information, though.

MR. WEBB: Well, if you're going to allow others to speak who weren't signed up Madam Mayor, you've let Councilman Wing speak, you've let this other Councilman over here, I can't recall his name, presently. Who's your opponent. Okay, well, I'll call his name, Canavan.

MAYOR COCKRELL: The Chair has been following the procedure right down there. And Mr. Wing is now signed up to speak the second time. We'll get around to him in just a moment. Mr. Alderete, were you . . .

MR. ALDERETE: I'm going to hold until I see what kind of action this Council is going to take.

MAYOR COCKRELL: All right, fine. Mr. Canavan.

MR. CANAVAN: Madam Mayor, the individual that we're discussing as I recall, had nine affirmative votes, and I think those votes were based on the ability to serve as a VIA Board member, and I think that's what we really need to look at. If a person lives within Bexar County, his interests, and of course the VIA service covers the entire county, not just the City, I think that there has to be communication among the County, the various Mayors and the City of San Antonio and this is a communication that we've all tried to work for and all or a sudden it's challenged on a technicality, there is no formal Council policy at all nor is there an ordinance prohibiting the appointment of an individual to a board, if we so elect to do so. The majority of the Council appointed or nominated and elected this person. This is a formal Ordinance. When we talk about control of the VIA Board and the fact that we're losing it, I would submit to you that we never had it because obviously, at the time of the rate increase, there were many of us on this Council who were opposed to the rate increase but never got an option to speak or control at that time when we had a five-four majority. So if you're talking about keeping control, I think that's, that's totally out of the window. I think that we set a bad precedent when we in "B" Session elect people in a democratic way and all of a sudden get together and renegotiate and pick up a technicality because maybe some of us would prefer someone else and use that technicality as a reason to kick them off, and I think that it is an extremely bad precedent and I would like to see the Board appointed by formal Ordinance as was elected by the majority of the Council last week.

MAYOR COCKRELL: Mrs. Dutmer.

MR. HELEN DUTMER: Yes, last week when this thing came up shortly after, my telephone rang off the wall, and at that time, it was said that there was a residency requirement of any person that the Council appointed, that they reside in the Metropolitan City of San Antonio. That isn't true, there is no Charter proviso for it, there is no law or anything else that says that. And I had said that I would reconsider based on this. My concern is that the person who is put on this board has the interest of the City of San Antonio at heart and that's my only requirement, that they do what is going to be the best for the City of San Antonio, not for Metropolitan VIA. So, in all good conscience, legal has told us that there is no residency requirement, I did vote for Mr. Harlan, I don't care who knows it, and I think he had a very strong position at that time and I'm going to have to stick with my vote with all due respect, I told Mr. Leifester that I felt that there was a place on there for the handicapped but that was based on information passed to me that there is a legal requirement that they be a resident of the City of San Antonio. Inaudible . . .

MAYOR COCKRELL: Mr. Webb.

MR. WEBB: Let me ask a question Madam Mayor, so I can find out where we are exactly. What is the motion on the floor, if there is any? Presently?

MAYOR COCKRELL: Let me refresh my memory with the City Clerk.

CITY CLERK, NORMA S. RODRIGUEZ: We have a motion by Mr. Steen, seconded by Mr. Thompson, to approve an Ordinance with John Longoria, Paul D. Straw, Joe Suarez, Reverend James, and Doug Harlan.

MAYOR COCKRELL: With all those persons signed. Now then, in addition, there was an informal request that we vote on the persons with the exclusion of the individual about whom the residency requirement had been raised. And that was not a formal motion. If you wish to . . .

MR. JOHN STEEN: I think it has to be formalized, Madam Mayor.

MAYOR COCKRELL: So at this point, we have only one motion on the floor.

MR. WEBB: Motion on the floor, I would like to ask, the question then I would like to ask or since that I am not going to be voting for all of those

names that were on there, there are some that I might not vote for. I would like to find out, Madam Mayor, if we cannot vote for each one individually.

MAYOR COCKRELL: Would you like to make that in the form of a motion?

MR. WEBB: Well, I will, but I'm just trying to get some clarity here. I'm concerned about the process and that is why I feel that maybe we should go back, we've reconsidered other board appointments before, it won't be nothing new and that is the process Madam Mayor that I am concerned about. Let me point out, Madam Mayor, that I have some strong feeling that this is too much of a change for the VIA Board in so much so, that too many new faces on the board and it might need some continuity and that's what I had to say now, if you want me to go ahead and make it in a motion now and not just reconsider the thing and go back and kind of talk it over in an informal session, like we did last time, somebody called it a "B" Session, I don't think exactly a "B" Session or is it an Executive Session, or what?

MAYOR COCKRELL: The Chair will entertain a motion, what is the motion you would like to make?

MR. WEBB: I would like to reconsider, Madam Mayor, I would like to have this Ordinance for reconsideration, the entire Ordinance.

MR. ALDERETE: Second.

MAYOR COCKRELL: You would like to in effect, postpone, pending an informal reconsideration by the Council. That has been moved and seconded.

MR. ROBERT THOMPSON: Point of information.

MAYOR COCKRELL: Yes.

MR. THOMPSON: Was that to a time certain?

MAYOR COCKRELL: Do you wish to have a time certain on that?

MR. WEBB: Well, I mean you know, we could go out and do it now or we can do it next week, it doesn't matter, Madam Mayor. We don't want to prolong it to any lengthy thing, just whatever . . .

MR. THOMPSON: So it is not for a time certain, then.

MR. WEBB: Well, if we get your vote, yes, for a time certain.

MAYOR COCKRELL: What time?

MR. WEBB: By next Thursday.

MAYOR COCKRELL: All right, the motion and second was to pull the Ordinance of appointment today and postpone it to a time certain of being on the agenda next week with the inference of being that the Council will in an informal discussion, reconsider the appointment. All right, now, then the Clerk will call the roll.

CITY CLERK: Mr. Steen.

MR. JOHN STEEN: No.

MAYOR COCKRELL: No.

DR. HENRY CISNEROS: Yes.

MR. WEBB: Yes.

MRS. DUTMER: No.

MR. WING: Yes.

MR. BERNARDO EURESTE: Yes.

MR. THOMPSON: No.

MR. ALDERETE: Yes.

MR. CANAVAN: No.

MR. VAN HENRY ARCHER: No.

CITY CLERK: The motion failed.

MAYOR COCKRELL: The motion failed. Is there further discussion, Mr. Wing.

MR. WING: Yes Madam, I just wanted to assure my Council colleague that the question that I had was based merely on the residency bit and that from some phone calls that I had gotten from persons who wanted to have handicap representation on the VIA Board and if in fact we did have a person or had gotten a person on the VIA Board that did not reside in the City of San Antonio that we felt, that if that was in some way, or somehow a violation, then the Council believed it so, then we could, certainly at that particular point in time take under consideration, somebody else that could include possibly the representation on the VIA Board of the handicap. And that was my intention and it didn't have anything to do with anyone's personality or political belief. Thank you.

MAYOR COCKRELL: Thank you. Mr. Steen.

MR. STEEN: Thank you Madam Mayor, I would really like to make all these appointments in open session everytime.

MAYOR COCKRELL: We do, it was in open session.

MR. STEEN: What was?

MAYOR COCKRELL: The board appointment . . .

MR. STEEN: I'm talking about not only an open session of votes, opened, not written ballots. And I'll tell you the reason why because after everyone of these sessions that we had I'll have at least one disgruntled person call me that didn't get elect to a certain board and ask me why they didn't get elected. I'll say, "Well, the main reason, you only got three votes." "Well, I've called six Council people and everyone of them voted for me." And I said, "Well, I don't know about that you know, but all I know is that you did not get elected to the Board, you did not get six votes." "Well, I've called six Council people and they all voted for me." So I said, "Well I don't know about that, I can't help that." But that is the reason I'd like to just vote in open session and no written ballot. Just vote for who you want to and get it over with. I'm not ashamed of who I vote for and I would rather have it be an honest thing because when someone tells you something like that, you get the feeling that they don't trust the City Council too much. And I get the same kind of feeling. But, I think that we ought to do it in open session, I'm very willing to do that, have the ballots in open session, have the voting, everything right out on the table.

MAYOR COCKRELL: Mr. Thompson.

MR. THOMPSON: I was not, I didn't have a point.

MAYOR COCKRELL: If there any other discussion? What we have now is a motion and a second. . . .

MR. ALDERETE: Excuse me Madam Mayor, point of order.

MAYOR COCKRELL: Yes, sir.

MR. ALDERETE: I understood from you to say that we had had by concensus the deletion of . . .

MAYOR COCKRELL: No, that was not accepted by the board, by the Council and there was a motion made by Mr. Webb that did not receive enough votes.

MR. ALDERETE: 757 That was the motion for reconsideration of the whole package.

MAYOR COCKRELL: That's right. But if you wish to make a motion for having individual votes on each member, or however you wish to make it, we would be glad to put that to the Council.

MR. ALDERETE: I'd like to move that we vote on all of those members that are residents of the City of San Antonio, together on one vote and then all of those who are not citizens of the City of San Antonio on another vote.

MAYOR COCKRELL: All right. Is there a second to that? Hearing no second, the motion dies for a lack of a second. We have a motion and a second. The Clerk will call the roll.

MR. EURESTE: What's the motion?

MAYOR COCKRELL: This is the roll call on the main motion which is the appointment.

CITY CLERK: Mr. Steen.

MR. STEEN: Yes.

MAYOR COCKRELL: Yes.

DR. CISNEROS No.

MR. WEBB: No.

MRS. DUTMER: Yes.

MR. WING: Yes.

MR. EURESTE: No.

MR. THOMPSON: Yes.

MR. ALDERETE: No.

MR. CANAVAN: Yes.

MR. ARCHER: Absent.

CITY CLERK: The motion carried.

MAYOR COCKRELL: All right, the motion carried. Mr. Eureste.

MR. EURESTE: I wanted to make a substitute motion.

MAYOR COCKRELL: Oh, I'm sorry I didn't . . . in time.

* * * *

81-5 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: Cisneros, Webb, Dutmer, Wing, Eureste, Alderete, Canavan, Archer, Steen, Cockrell; NAYS: None; ABSENT: None.

AN ORDINANCE 53,365

AUTHORIZING EXECUTION OF CONTRACTS WITH VARIOUS CITIES AND COUNTIES LOCATED WITHIN THE SAN ANTONIO METROPOLITAN EXCHANGE AND ZONE AREA OF SOUTHERN BELL TELEPHONE COMPANY FOR "911" EMERGENCY SERVICE.

* * * *

AN ORDINANCE 53,366

AUTHORIZING THE CITY MANAGER, DURING HIS ABSENCE OR DISABILITY, TO DESIGNATE ANY ADMINISTRATIVE OFFICER OF THE CITY TO PERFORM THE DUTIES OF CITY MANAGER; AND PROVIDING FOR CERTAIN DESIGNATED ADMINISTRATIVE OFFICERS TO PERFORM THE DUTIES OF CITY MANAGER UPON FAILURE OF CITY MANAGER TO DESIGNATE A NAMED OFFICER OF THE CITY.

* * * * *

AN ORDINANCE 53,367

CLOSING DURANGO STREET BETWEEN FRIO AND SALADO TO VEHICULAR TRAFFIC TO ALLOW SAME TO BE USED AS A MATERIAL STORAGE AND EQUIPMENT STORAGE AREA IN CONNECTION WITH THE CONTROL DATA CORPORATION CONSTRUCTION, AND WAIVING THE FEE FOR SUCH USE.

* * * * *

AN ORDINANCE 53,368

AUTHORIZING EXECUTION OF FIELD ALTERATION NO. 3 IN THE SUM OF \$26,952 TO THE CONTRACT FOR THE ALAMO PLAZA/ PASEO DEL RIO PROJECT; AND AUTHORIZING PAYMENT.

* * * * *

AN ORDINANCE 53,369

ACCEPTING THE HIGH BIDS RECEIVED IN CONNECTION WITH \$3,000,000 IN CITY FUNDS AVAILABLE FOR DEPOSIT IN INTEREST-BEARING CERTIFICATES OF DEPOSIT.

* * * * *

81-5

The Clerk read the following Ordinance:

AN ORDINANCE 53,370

APPROPRIATING \$13,335.00 PAYABLE TO THE BEXAR COUNTY APPRAISAL DISTRICT AS THE CITY'S PRO-RATA SHARE OF THE COST OF A STUDY OF THE METROPOLITAN TAX REAPPRAISAL PROJECT.

* * * * *

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

In response to a question by Mr. Thompson, Mr. Bill Burnette, Executive Director of Reappraisal Project, explained the program's status, gave a brief background of its development, and stated that it was good business to measure its effort thus far. He stated that the study would help the Council determine just what the program will take to complete its work by 1982, and also to determine why it's not on-schedule at this time.

Mrs. Dutmer spoke to the lengthy process necessary to correct problems with the reappraisal program.

Mr. Eureste stated that he was against the joint reappraisal program; that the City could do it more efficiently.

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

81-5

CITIZENS TO BE HEARD

EMETERIO T. PADRON

Mr. Padron, 7214 Gumtree, spoke in Spanish on changing the name of Main Plaza to Plaza de las Islas.

Dr. Cisneros translated his comments into english.

Mr. Padron spoke to the rationale for the suggested change, timed to occur at the same time as the City's 250th anniversary of the arrival of the original Canary Islanders and the visit by the King and Queen of Spain. He spoke to life in early San Antonio revolving around the plazas.

Mayor Cockrell stated that the request must be reviewed by City staff.

Dr. Cisneros suggested double-signage in Main Plaza, Main Plaza and Plaza de las Islas, in recognition of the contribution of the Canary Island settlers. He stated that it would be unreasonable to change the name, outright.

Mr. Padron then spoke to a request to only change the name of the actual plaza itself, not the surrounding buildings bordering the plaza.

Mayor Cockrell stated that the City would take the matter under advisement.

Dr. Cisneros then moved that City staff investigate double-signing Main Plaza and implement such a double signing to coincide with the 250th anniversary of the arrival of the Canary Islanders. Mr. Thompson seconded the motion. On roll call, the motion carried by the following vote: AYES: Cisneros, Webb, Dutmer, Wing, Eureste, Thompson, Alderete, Cockrell; NAYS: None; ABSENT: Canavan, Archer, Steen.

Mr. Wing then spoke to perhaps erecting a historic marker or plaque on Main Plaza, rather than changing the street sign.

MR. C. ELIZONDO

Mr. Elizondo, 943 San Angelo spoke to revision of the City Charter, and asked that a committee be created on the matter. He recommended changes be put to the voters on a realistic salary for City Council members, and the possibility of staggered three-year Council terms and whether or not City Council members should be seated on the CPS Board of Trustees.

Mayor Cockrell stated that the next City Council would probably be undertaking the task of the Charter Revision.

MR. TOMMY LEIFESTER

Mr. Leifester stated that the San Antonio's handicapped community was disappointed by not being represented on the VIA Board, named today by the City Council. He asked the Council to use the capabilities, not the disabilities, of the handicapped and stated that the handicapped community was uniting in order to make themselves heard.

Mayor Cockrell stated that she hoped the VIA Board members would be sensitive to the needs of the handicapped, and pointed out that several political entities appointed members to the VIA Board.

Mr. Alderete then spoke to the need for handicapped representation in City appointments much like the need to appoint women and minorities to those boards. He asked for a Council resolution asking VIA to establish an ex-officio position on its board of directors specifically for the handicapped, and stated that he would work with the Legal Department to draft such a resolution.

(Mayor Cockrell was obliged to leave the meeting and Mayor Pro-Tem Thompson presided.)

Mr. Alderete then made a motion to ask staff to draft such a resolution. Mrs. Dutmer seconded the motion. On roll call, the motion prevailed by the following vote: AYES: Cisneros, Webb, Dutmer, Wing, Eureste, Thompson, Alderete; NAYS: None; ABSENT: Canavan, Archer, Steen, Cockrell.

Mr. Thompson stated that the Council Transportation Committee would work with the handicapped for any input they might have on suggestions in the field of transportation.

MR. PAUL GARZA

Mr. Paul Garza stated that he had constructed a small park on his own property for neighborhood children to use for play, and that a man in a City vehicle had destroyed the fence he had constructed around the park. Mr. Garza stated that he wanted the fence fixed.

Dr. Cisneros explained that Mr. Garza had purchased two lots and fixed them up for neighborhood children to play on, with swings and other equipment. He explained that a City employee, driving a City-owned vehicle deliberately had destroyed the cinder-block wall around the park, and that a police report had been made on the incident.

City Attorney, Jane Macon stated that the City employee involved had been discharged January 18, 1981 because of the incident, and she was checking to see if any City funds still were owing to the man, so that they might be used to defray the cost of fixing the wall. She stated that the Council might want to consider what they might do with the matter, perhaps through the Parks Department, after a staff investigation of the matter. She explained that legally the City is not liable here because the man acted outside the scope of his employment.

By concensus, the City Council instructed the City staff to explore all avenues of redress in the matter.

There being no further business to come before the Council, the meeting was adjourned at 8:00 P.M.

A P P R O V E D

Lela Cockell

M A Y O R

ATTEST:

Norma J. Rodriguez
C i t y C l e r k

The Clerk read the following Ordinance:

AN ORDINANCE 53362

AN ORDINANCE BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO, TEXAS, APPROVING AND AUTHORIZING THE GIVING OF NOTICE OF INTENTION TO ISSUE \$75,000,000 "CITY OF SAN ANTONIO, TEXAS, ELECTRIC AND GAS SYSTEMS REVENUE IMPROVEMENT BONDS, NEW SERIES 1981", AND DECLARING AN EMERGENCY.

* * * *

The following discussion then took place:

MAYOR COCKRELL: All right. We have seven citizens registered. We'd like to have the opportunity to call on the City Public Service to give an explanation of the request. I'll call on Mr. Jack Spruce.

MR. JACK SPRUCE: We are here today to request the City Council to authorize the issuance of \$75,000,000 in revenue bonds for City Public Service's continued construction program, and I feel that all the Council is familiar with the long term objective of City Public Service and the programs on which we have embarked. I would like to run very briefly through some slides of which you are being given copies at this time. There's not any new data in here, but some information is summarized that I think will help you to understand the support that we require for our construction program.

First of all, I'm not going to go into a lot of detail because I'm sure that most of you know approximately where we stand on this, but I felt that this might give you some information and I would rather observe some time for the questions and answers later on.

The first page in there is our construction budget for the fiscal year beginning February 1, 1981, running through January 31, 1982. And the significant item in that as far as this request is concerned is the \$138.8 million allocation to the South Texas Project. That is our budget for 1981-82. Last year you will note on the project, ten months actual and two months estimate was just a little over \$120 million. Also it might be of interest to you, that last year's budget for that was considerably more. The budget last year for that was \$146 million, we only spent \$120 million. We have consistently underspent the budget on the South Texas Project, but we have to use the numbers that the project develops as far as any anticipated expenditures each year. You will also note over there, just to the right of that, that that is approximately 68% of our entire construction budget. To date we have invested \$404 million in the nuclear power plant. We feel that in order to support our construction program the requirement for the funds are large because of the nuclear plant, it is not feasible to try to raise that sort of money out of rates. Now therefore, we have developed a long term plan for issuing revenue bonds. As we pointed out before, this enables the people who use the power from that plant in the future to participate in the payment for those bonds down the road. Obviously, when we borrow the money it has to be paid back with interest but there is no way we feel that those funds could be raised from any other source, any practical source other than these bonds.

If I may go on to Chart #2 - Total Electrical Energy Sales. This last year we had a little over 7½ billion kilowatt hour sales. You'll notice a rather sharp increase for the summer of 1980, that's this fiscal year of adopted comes up to 7½ million. You'll notice that we expect that to drop down this year because we go back to normalized weather and then continue at an increased rate of 5.2%

The next page is our peak demand and you can see that this jumps around. The dotted line there which shows a normalized chart refers to normalized weather. You'll notice last year that the actual, which is the dark heavy line, did go up and that, of course, was because of a very hot summer which caused us to have a 14% increase in our peak demand over 1979. The next chart gets down to the reasons that we feel - the main reason that we feel it's necessary for San Antonio to stay in the South Texas Nuclear Project and that is the very low cost for nuclear fuel as compared with other alternatives. You can see what we project fuel oil to cost, what natural gas is expected to cost, the trend on Wyoming coal including transportation. Our estimate on what lignite will cost and then again the fuel for the South Texas Nuclear Plant. I might say at this time that City Public Service as a participant or rather the whole project does have nuclear fuel under contract to supply that plant for at least the first 13 years of operation, so it's not speculative as to what that's going to cost. That fuel has been placed under contract at a fixed price. The lignite is an estimate, we have not mined any lignite. That's our estimate as to what it will cost to develop lignite from reserves that we now own and reserves in addition thereto which we hope to expand.

The next chart is probably one that you have seen and this is the estimate of Valero Energy Corporation as to what their cost of gas is going to be. Unfortunately, it doesn't carry on out much beyond 1981, but you can see back in July, the dotted line was the projection they gave us then and the revised estimate now showing the gas going much higher. And then the tabulation of the values for that are shown down there in the lower right hand corner. The purpose there is to show you that even Valero Company has been low in forecasting what natural gas is going to cost, and this is another reason that we feel it's essential that we minimize our use of natural gas for power generation in the future.

The next chart is entitled: "Cost of energy from South Texas Project and Alternates levelized for operation between 1984 and 2003. And I need to explain to you a little bit of what this includes. The cost consists of kilowatt hours over on the left hand side that say STP, and it's broken down into components showing the fuel component operations and maintenance, transmission and capital. You see there, of course, the capital cost is a much larger component than the total cost. But that cost of 4.4¢ per kilowatt hours average over these years that we have made this run on includes our present generation plan with the South Texas Project. It does include the addition of the lignite plant in 1990, so there is more in there than just the nuclear plant itself.

The second one that says lignite is what we will project the cost to be if we did not stay with the South Texas Project, if we relied on lignite coming onstream as soon as it could be built which we estimate 1990, and if we would find it necessary to add some peaking units which would be gas turbines probably in 1987 - 1988. The 8.2¢ for kilowatt hours the third chart is without South Texas Project, without any lignite and adding more coal to our present unit, our present coal generating units, that's speculative. We do believe that we could get another coal unit on before we could get a lignite unit on the line. The next one over there is what we would expect electric power to cost if produced by combustion turbines which are gas turbines which burn gas or oil and they cost less on capital cost but the fuel cost for them we expect would be very high.

The last column on there, "Existing Gas and Oil" that assumes that we don't add any generation but that we are able to continue our gas units. At the present time there is a federal law restricting burning natural gas in a boiler for electric generation after 1990. This chart assumes that we could continue to burn gas, that our load growth would be flat. We would continue to supply the community and not add load but that is what we project the cost would be just going with our existing units, not incurring additional debt because you would not be building any additional units.

The next chart is Estimated Systems Averaged Electrical Energy Costs from '81 to '95 with the 5.2% load growth showing average cents per kilowatt hour with the South Texas Project as now included in our current generation plan and then the other costs without any megawatts coming from the South Texas Project in the next best alternate which would be lignite coming on line in 1990. You can see as we go out into future years the disparity increases greatly. A number that was given to some citizens and to the Board Members the other day was that just, for example, in one year - in the year 1990 we would project that without the South Texas Project the fuel cost alone would cost some \$366 million more to supply our customer with the next best alternative rather than supplying them from the nuclear power plant. I thought you might like to see where we stand in relation to some of the other cities in the United States and Texas.

The next chart is a Bar Chart showing the residential electric and gas bills for a fixed amount of gas and electric consumption. This is at the present time - I think this was developed in October 1980, shows that there are only two cities in the U.S. among the 25 larger cities who have combined gas and electric rates lower than San Antonio. That's Memphis who pays her electric power from the PVA System and Seattle who pays their electric power from the Bonneville and federal generating complexes up in the northwest. Now you can see that whereas we used to be a little further down on the list, most of these other utilities have been given some sort of rate increase which now puts San Antonio in the third lowest position.

The next page shows some local comparisons, by local I mean within the State shows that San Antonio is lower than any of the other 4 or 5 larger cities in Texas. We've included in this comparison some cooperatives, they don't supply electric and gas, of course, they just supply electricity. We've shown on there - New Braunfels, Laredo, which is a town that has economic conditions not too dissimilar from some of San Antonio and El Paso. You see there that San Antonio is low, except for the City of Austin. The City of Austin has a unique rate feature in that they charge a higher rate for electricity in the summer and a lower rate in the winter. The purpose in doing that was to try to minimize the need for adding load by putting a higher rate a penalty on people who use air conditioners in the summer.

Down on the bottom we show that had the Austin summer rate been applied to these same consumptions that same bill would be \$69.84. So San Antonio is not, as many people seem to believe, in a position where our rates are unreasonable or much higher than in the other cities in the U.S. nor on a local and state comparison.

The last page in this series of charts is a little complicated but without going through all the items I'll call your attention, first of all, to the lower left hand side which shows the January '81 compared to January 1970, 11 years ago. Now for this same amount of gas and electricity we just looked at, a bill now is almost \$58.00 whereas in 1970 it was \$18.00. This is about a three times increase. I might comment that compared to other things that you buy you would probably find that almost anything you buy nowadays is probably about three times as much as it was in 1970. We thought it was of interest to see where this money is going and show you how CPS is not generating internal funds in sufficient amounts to balance our needs for additional funding, such as the bond. If you look at the right side comparing 1970 versus 1981, in 1970 for this same amount of generation and natural gas we were paying the supplier \$3.24. Now we are paying him \$31.06. That is almost a ten times increase. The City's participation in the CPS rates amounts to almost twice what we were receiving back in 1970 out of this customers bill.

particular bond issue there are no funds that will be going toward the new building in this particular bond issue. Is that correct?

MR. SPRUCE: Yes, madam. I'd like to clarify that just a mite. We had - customarily we lump all of our funds for bonds and rates into the general fund and pay our obligations from that. On this first chart that I gave you, the Construction Budget Chart, the last item on there is general property and of that \$11.8 million for general property about 4.4 was put in the budget for the new building. At this reading it does not appear anywhere likely that we could spend that amount of money during this fiscal year and out of this particular bond issue obviously we - even if the property were delivered to us now and we had to pay for it before these bonds were used up about the lowest we'd be paying for would be the property itself which is well under \$1 million. So considering the amount of the bond issue and other funds that we generate we can assure the Council that we will agree that we would not use, as the Council desires, that we would not use any of these bond funds toward the new building. There's no question that we can give you that assurance.

MAYOR COCKRELL: Thank you. Then the other thing is recognizing that concern on the part of several members of the Council. I would just like to make a personal request that the City Public Service Board schedule a working "B" Session with the City Council so that the City Public Service's building program be explained in full to the Council. That they have the opportunity to ask questions or relate to that as they wish and that the information relative to City Public Service's anticipated building needs - the square footages, and the alternatives on how to provide for those be presented in full to the Council so that we can have a working session with the Council on those issues. I presume that there'd be no objection to that.

MR. SPRUCE: I give you our assurance that we will be more than glad to do that and I should have added earlier, you mentioned the Trustees. The Trustees, the other Trustees, two of them are out of town. Mr. Escobedo is tied up with a client. If he can get loose, he will be here, but they're full of support for this and they would be willing to participate also in the discussion about the building.

MAYOR COCKRELL: Thank you. At this time I'll call on Mrs. Dutmer.

MRS. HELEN DUTMER: Yes, it would seem to me that on an issue as important as \$75 million bond issue to be passed or turned down today that the Trustees would have made it their business to be here.

Number one, in your little graphs that you give us here, you say that you underspent your last bond issue by \$26 million. I believe ----

MR. SPRUCE: The budget, not the bond issue.

MRS. DUTMER: The budget, well, the budget for it. Well, what do you do with the extra \$26 million. Do you carry it over to the next bond issue and reduce it that amount or

MR. SPRUCE: Well, the money is used up. We are now, this month, using up the last of the bond funds from the bond issue that was granted by the Council last August, so there's no money left in there to carry over. The only other money we have to use for that type of activity is the money that goes into affirmative contingency fund and then that becomes - we draw down on that and that fund is becoming dangerously low. It's the same pattern that we were in last summer. We used the bond money for capital improvement for all of them, and the nuclear request and others. And then what other funds we have we will use a certain amount of those and we must retain a certain amount for improvement contingency. But the bond money

Now, dropping on down to the bottom you see that CPS in 1970 had \$7.32 left out of that \$18.00 bill for funds for additions to the gas and electric system versus now only \$2.94 out of the same consumption and this represents only about 40% of what we were getting 11 years ago out of delivering the same amount of commodity with the rate we received at that time. Basically I have talked about the comparisons and why we feel that we need to stay with our present generation plan which does include 700 megawatts from the nuclear power plant. I think that one other point that must be kept foremost in our minds is that San Antonio is trying to promote itself as a city to attract industry and to attract industrial and economic developments. We frequently are called upon to meet with industrial prospects who are considering locating a facility in San Antonio. Invariably the question they ask is, "Are you going to have sufficient power to supply our needs in the future? Is this power going to be at a competitive cost? We are presenting those clients or prospects with numbers similar to what I have shown you here today based on these same projections and we feel that we have had approval to move into this type of construction program. Once we embark on it, it is not easy to change that path. The projects that were involved in take many years to complete. We do need some support, we feel, from the Council and the community to once having agreed upon one of these programs and embarked on it that we need to stay with it and we need to stay with the program and we think they are reasonable. We think we are doing a fair job at least of operating the utilities and holding cost down. We think it's a good plan, we ask your support for that program and for this issue of bonds which is now before you. Thank you.

MAYOR COCKRELL: Thank you, sir. I'd like to start out by asking a question or two, and then Council members have some questions and then we also have some citizens to be heard on the issue. I wanted to ask on the question of the cost of energy the differentiation between the South Texas Plant and the alternatives on that sheet. What is our present cost per kilowatt hours so that we can put it in the perspective also.

MR. SPRUCE: The comparable cost would be about 3¢. Okay, that's what - are you speaking of this chart, Madam?

MAYOR COCKRELL: Yes.

MR. SPRUCE: I believe it would be about 3¢, Mayor Cockrell.

MAYOR COCKRELL: All right, about 3¢. What I was trying to do is one thing I didn't ask you to do and I don't guess any Council members asked you to do this, but I think it would be very interesting to see on the average a bill for a residential customer. What the average bill would compute under each of these potential costs per kilowatt hour alternatives, either staying with our share of the nuclear or in the absence of it going to additional lignite, more coal or the existing gas and oil and so forth. I don't think that would be very hard to compute, it might be that someone could be working on those figures and have them available, just our average bill. Is that possible to have that information.

MR. SPRUCE: I think we can do that rather quickly. We may already have something similar. We do have some average kilowatt hours per cost computed.

MAYOR COCKRELL: I just want - the average home owner, we read all of these things but what the average home owner wants to know is how does it affect my bill. And if we could put it in those terms, I think it would come home very graphically. The second thing is that several members of this City Council had been extremely interested and have had feelings about the involvement of City Public Service in the new building and in that program. As I understand it we can give assurances that in this

is not ever kept and carried forward. We pay the expenses as they are incurred out of those bond funds, and we spread them out over a period of time until the next bond issue.

MRS. DUTMER: What would have happened if you would have had to spend the full amount of the bond issue at that time?

MR. SPRUCE: If we would not have spent it?

MRS. DUTMER: If you would have had to spend it, if you had not over-estimated your project.

MR. SPRUCE: Well, if it would run out we would not have sufficient capital funds for the bond fund or not generating sufficient funds internally then we would be back to the Council before the time that we had told you. Or if we had not spent at the rate that we projected and had money remaining we would not be here now asking for bonds, we'd be back at a later time.

MRS. DUTMER: All right, in this bond issue that you have here now, do you calculate that you've over-budgeted as accustomed.

MR. SPRUCE: No, we expect an expenditure at the South Texas Project in the range of probably \$14, \$15 million a month during 1981, which means that our projection would require that we be back to the Council this summer asking for a second increment of bonds. You will recall that this is the same pattern that we have followed for the last several years and the reason we come in this manner is, first, it is hardly practical to bring bond issues much closer together than we are bringing them.

Second, we try to put them in amounts that according to our financial advisors are most marketable, the proper size will attract competitive bids and give us the best rates.

MRS. DUTMER: All right, in the next observation I made when it was pointed out is, it may not seem realistic to you but it does to me. I don't really care about the average rate payer in Austin, Dallas or any place else. I'm here in San Antonio, and I'm concerned about the rates here and although they show lower on paper we still have many, many people in this City who simply cannot afford to keep warm, cool or in some instances even eat because they're having to pay the gas and light bill.

Let's get down to the nitty-gritty of the situation. You mentioned a while ago having to buy the land, you wouldn't be able to spend all this \$4 million. You'd have to buy the land. Well, I view with a great deal of concern a City entity purchasing lands and then reselling them back to a City entity at a monetary loss to the citizens of that very City because the citizens are going to have to make up because we purchased the land, I've forgotten the exact figure, but a million or so dollars. We are going to sell it back to you at \$700 thousand, something, close to it. The difference between the \$700 thousand and the million dollars is put in by the citizens because both are city entities. So that does not set well with me. I have no problems, never have had with the South Texas Nuclear Project. I don't believe on defaulting on any contract, and if we find that the costs are getting to high for us, then we'll simply have to attempt to sell off. I don't see that happening as yet, and it's still a good project as far as I'm concerned, but I will not vote for the bonds so long as there is any reference in writing in this bond issue. Now, I'll take your word for anything else but the City Public Service Board is not here to verify that you will not use this money on that building and therefore I'd like to have it in plain words, in writing.

MR. SPRUCE: Okay, we can provide that and I can give you an assurance that there would be no problem with the Trustees, I don't think there is. I can't speak specifically, but we did that before and I don't really believe there would be a problem.

MRS. DUTMER: I will never vote for a bond issue that contains the building of a new building outside of the Central Business District, number one, and number two, in a period where the economy is as it is right now. I would say yes when the economy settles down, then perhaps I'll take another look at it. But, and you can quote me all the figures you want, but you can't convince me that it isn't cheaper. If you need parking space and that's one of your problems to buy the Zachry garage. He's trying to sell it. And it would solve three problems.

Number one, relieve your CPSB parking; number two, fulfill a verbal contract that I know did exist with Mr. Zachry; and number three, it would help the City defray some of the revenue shortfall in their new River garage because it's a well-known fact that garages, the revenues do not pay off the garages.

And I think it's about time that we realize that this is a new era, this is 1980. The people have figured out what's going on. In years past it was more or less that the CPSB Board, and I quote "Board" could do pretty much as they well pleased, but the citizens are waking up now, and I think that the CPSB had better wake up to that. Now, not staff, not you, I'm not faulting CPS. What I'm talking about is CPSB, the Board.

I also see that today when regulations are going to be lifted from gas and other petroleum products at the well head, the costs are going to escalate. And I don't care what kind of energy we turn to, those costs are going to escalate very rapidly and very high also because they're certainly not going to sit and take the leftovers from the petroleum industryinaudible.....

So, if I can get, and you might think I'm being hard-headed but I in turn think that CPSB is getting to be a little hard-headed on this building situation that if we're both going to put our feet in the mud, we're going to get nowhere because we have the votes to forget it, very candidly. Now, I will, if I can get it in writing, change my vote and you'll have the majority, otherwise you won't.

MAYOR COCKRELL: You want it in writing that

MRS. DUTMER: I want it in writing that they are not going to use any of the money of these bonds for the new building and the Vista Verde South.

MAYOR COCKRELL: All right, can we please have the statement typed up in my office

MRS. DUTMER: I'll take his word for it, Madam Mayor, but not the City Public Service's Board word for it.

MR. FRANK WING: Could you hold off on that, Madam Mayor, I might want a statement saying that they will proceed with the building signed to it at some point in time, so could you just hold it on the statement until the rest of the Council speaks.

MAYOR COCKRELL: All right. The Chair simply points out that what is at stake here is was not the final issue on whether they proceed on the building, but simply whether or not any of the funds from this particular bond issue were to go to the building. I think that is the clarification. Let's see, Mr. Steen.

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MR. JOHN STEEN: Thank you, Madam Mayor. Mr. Spruce can sit down if he wants to. I know he gets tired of standing up there, because I'm just going to make a statement and there's no use. You can stand up there if you want to, Jack, but you sure don't have to for me.

Madam Mayor and fellow Council members, while we're on the subject of the City Public Service and their money needs I'd like to pose some additional questions and request that the CPS officials have the answers ready for us whenever we have the "B" Session that you talked about previously today.

MAYOR COCKRELL: On the building.

MR. STEEN: On everything, includes the building plus some other things. I know that the rate payers of this City are up in arms and I think this Council should be over news stories that came out last week about a proposed 10% rate hike that is to come before us for action sometime this year. I know that my telephone has been ringing off the desk ever since that story came out. I guess some people like to delay looking at this increase for a while, until after April 4th. In fact, that's what the majority of the Council did last fall when CPS requested a much more modest increase of 2.4%.

I really believe that the time for stalling is past. We're all elected around this table here to make the tough decisions, so I think we should start doing our job and stop playing games with our financial future. I understand that the CPS Board adopted an operating and construction budget of \$306.4 million which will require a 10% rate hike by this fall, it's what I read in the paper. It's a substantial increase when most San Antonians have trouble paying their bills right now. Let's not keep the people or CPS guessing about what we intend to do at this time. People need to know what they should expect to pay for gas and electricity next winter. And CPS management should have time to prepare a more realistic budget if the one they have adopted is unacceptable to the City Council.

I'm requesting that the following information be presented to the Council for discussion and consideration whenever the "B" Session takes place, perhaps maybe in two weeks. First of all I would like an itemized breakdown of the proposed 10% increase so that we know exactly where the money is to go. I would like to have it in both dollar figures and as a percentage of the rate increase. In other words, if half of the increase is earmarked for nuclear power costs tell us so. What portion of the increase covers the projected rise in fuel cost and so on and so forth.

Two, I want to know if CPS plans any belt tightening in their operations for the coming year. What portion of the increase is going to pay for pay raises to their employees and how are these raises compared with what City employees can expect to receive. It's tough to tell our own workers over here at City Hall that they can have only a token raise when they see a City owned utility giving its employees much more. I'd also like to know if their plans for a freeze on hiring to keep costs in line such as the City is going to do. Let's have some details on how they propose to control their operating costs.

Three, I would like to know exactly what portion of the increase is targeted for their proposed new headquarters. I hear the cost of the building is going to be in the neighborhood of \$20 to \$25 million, but I don't know whether this includes the furniture for the new building, and I don't know whether it takes into account inflation from year to year. And if they plan to issue bonds to finance the building, tell us the real cost to the rate payers of this project. Is it double or triple the

stated amount when you figure in interest payments over the life of the bonds. I've already stated my own opposition to the new building in the face of other rising costs that we can't control. So let's get the facts and figures before the public so that the people will know exactly what utility bills they're going to be paying for.

I would also like to know in two weeks or three weeks, whenever we have the "B" Session if the CPS people would ask us for a rate increase today, what would be the amount of that rate increase? What percentage would it be? Our responsibilities, to be sure that this City has a guaranteed fuel supply for the future at the minimum possible cost. We've made a commitment to the South Texas Project which I support. We're using coal to generate electricity and that is a smart move, but these things cost money just as the decontrol of natural gas prices will cost us more. Those are costs that we have to live with. Now I'm convinced that a rate hike can be trimmed to a more reasonable figure and I would like to start doing it right today. This Council can't keep passing the buck, especially when it means that the people that are elected - when it means that the people that elected us are stuck with paying the price for our delay. So I'll say to this City Council, let's get down to business and start doing the job we were elected to do. And I, myself, would be willing consider and vote upon any type of rate increase well before April 4th if it was brought up before the City Council.

I have a copy of all of this and I'll be glad to give it to the CPS people. Thank you.

MAYOR COCKRELL: All right. Let's see, Mr. Alderete.

MR. JOE ALDERETE: Jack, I have two questions. You said that we could construct a coal plant within a shorter time period than a lignite plant. Exactly how long would it take us to construct a coal plant if we were to make the decision let's say within the next month to go in that direction.

MR. SPRUCE: We'd be talking about building an additional coal unit at the Calaveras where we already have land and have cooling water availability. There would be some permits required, but to answer your question I think we're talking in terms of 1988.....

MR. ALDERETE: Completion? If we already have the site and we have the lake and everything else, how long did it take us to build the other coal plants?

MR. ARTHUR von ROSENBERG: We started in '73, but we had already done alot of the engineeringinaudible.....

MR. ALDERETE: You might need to come up to the microphone so that you can be recorded.

MR. SPRUCE: Arthur, why don't you handle that, please.

MAYOR COCKRELL: In 1973, as he's coming up, they had on the drawing board, they already had the plans

MR. von ROSENBERG : That plant was begun really before 1973 as an oil and gas plant, and we had already ordered the boiler and many of the pieces of the equipment for that unit. In May of 1973 we decided to convert that to coal plant and the first unit was completed in '77 which was four years later and the second one five years later. But it did not require obtaining an environmental impact statement for building that plant. Today we would not only have to obtain an environmental impact statement and submit about two years of data on that plant, but we would also have to add a

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scrubber which is a major portion of a new coal plant which would lengthen the time on it. So, I think realistically 1988 is a time frame that we might try to make.

MR. ALDERETE: So in 1973 it took us about four years, if I'm understanding correctly, to construct that

MR. von ROSENBERG : But we'd already done engineering ahead of that though.

MR. ALDERETE: The engineering ahead of that.

MR. von ROSENBERG: If you're starting today on engineering a plant there would be a much larger plant. The plant that we're talking about would cost considerably, well, I have some numbers here on it, but it would cost three or four times over what that plant cost.

MR. ALDERETE: What would be the ballpark figure, Arthur?

MR. von ROSENBERG: Our estimate on that plant, let me figure it out here. The direct cost, our estimate, would be about \$12 hundred a kilowatt. In addition to that you have an indirect cost of about 12.8 making a total of about 12.19. It would have interest during construction on it of about \$200, it would run approximately \$1400 a kilowatt or a little over in 1988.

MR. ALDERETE: What is our nuclear project costing us per kilowatt right now?

MR. von ROSENBERG: It's, well, if you want to divide it out, it's 2.7 divided by 12, - a little over a thousand dollars is the present estimate.

MR. ALDERETE: Versus about 17, you say, 14 with the coal plant.

MR. von ROSENBERG: I want to be fair about it, it's the time frame, okay? So you have escalation from '84 to '88, four years of escalation which is considerable, about 8% per year.

MR. ALDERETE: If we wanted to built a lignite plant, would we built it adjacent to the Deely Plant?

MR. von ROSENBERG: We are studying that alternative. We have - are working now to do the preliminary work on environmental, siding and so forth to built a lignite plant in 1990, which we think is a reasonable time frame to get one in.

MR. ALDERETE: Your original estimate was '88. What happened, what.....

MR. von ROSENBERG: Everytime we come back, time has gone under the bridge. We really have started work on the environmental part, fuel acquisition, acquiring additional fuels up there and today it looks like it would be 1990.

MR. ALDERETE: A statement was made by former railroad commissioner Poerner that the state of Texas had approximately 400 years supply of lignite, is that a very accurate statement? As a matter of fact he made it here.

MR. von ROSENBERG: Well, when you talk about the supply of lignite it depends on at what cost. We have lignite reserved up there in the Bastrop area which we think we can mine at, as you saw on that fuel cost the

previous cost. If you talk about buying it from somebody else, you're talking about a cost more like western coal, but what we have up there which is enough, we think if we're successful on getting Camp Swift if we can get the environmental approved for Camp Swift, if we can get the environmental approved for our own area up there and we've got an awful lot of people opposed to us up there. Now in strip mining and building a lignite plant, but if that comes off we would have enough, we think, for about 1000 megawatts, which would be a little more than what we would take to replace South Texas. We are working on plans now to build a lignite plant in 1990 even with South Texas, an additional plant in 1992. 500 megawatts a piece.

MR. ALDERETE: Would they all be fed by this vein that we have at Bastrop?

MR. von ROSENBERG: They would be fed by what is called the Wilcox formation which is part of what we have up there. If you go deeper then say, right now most people don't mine below 150' deep. There is additional lignite at 200, 300, 400, and 500 feet deep, so when you talk about a resource of like 400 million tons Texas Utility already has a large part of it, excuse me, I mean 400 years supply. Texas Utility has a large plot of their plans, there may be a 400 year supply if you go deep enough at some cost, but we don't see it's very easy to acquire at a reasonable cost.

MR. ALDERETE: Are we talking about a mine now?

MR. von ROSENBERG: We're studying both. We are looking at mine now, we are looking at also building one here, we are studying both

MR. ALDERETE: Who would transport it from Bastrop?

MR. von ROSENBERG: Well, Southwest Research is doing some work for us now on looking at some of the problems that may be slurring lignite down to this location. We also have a estimate from the railroad, what they would charge us and we.....

MR. ALDERETE: I don't trust them.

MR. von ROSENBERG: We're trying to look at all of those numbers. Well we would want a contract rate which is now legal if we were to go anywhere with transportation with railroad.

MR. ALDERETE: With the lignite plant we would be able to get a little bit more than the South Texas Nuclear Project as far as megawatts. You say, would it cost us more though per kilowatt hour than it would

MR. von ROSENBERG: Yes, but it would be in a later time frame.

MR. ALDERETE: At a later time frame. By later time frame what do you mean?

MR. von ROSENBERG: Well, I mean you're building that plant to be complete in '90 and '92 instead of this one we're shooting for '84 and '86.

MR. ALDERETE: Do you think there could be enough conservation on the part of the residents to accompany growth of industry and or an economic development and still survive up to that point in time? Without let's say, without using nuclear as the intermediary form of energy.

MR. von ROSENBERG: I wouldn't say, councilman, that it wasn't possible. It might be. In fact, I think, maybe without the nuclear the fuel cost would be so high burning natural gas particularly if you've got deregulation

that you would get conservation because we're looking at fuel cost now, and we're talking about a break even cost, I mean a cost where gas would be \$5.55 in '85. If they deregulate gas today, the contracts for gas in the state of Texas are all tied together so that if one guy pays a whole lot then they turn them loose and take off deregulation. The cost of gas, I would estimate is going to be \$7.00 by next year. And if you do that then you're talking about - we're looking at a \$5.55 break even cost, I mean a cost for gas in 1985, we're looking at a break even cost in this plant versus building a lignite and burning gas until you can get the lignite will double the cost of this project. In other words

MR. ALDERETE: I see, but you did say we could possibly get a coal plant in about 7 years which would be.....

MR. von ROSENBERG: '88.

MR. ALDERETE: Around '88. It's '81 now so in about 7 years. And then up to 1990 with an on-going project for lignite you could have coal in about '88 and then lignite in '90 and move on from there. I mean we would probably have the necessary energy that we would want or need at that particular time in the form of either coal or lignite.

MR. von ROSENBERG: You would stretch it very thin in 1987. It's possible that you could do it, but we can show you with our studies that our numbers aren't good for the cost and we think if anything it may be low on gas and so forth that you really would be paying a penalty for it.

MR. ALDERETE: Yes, I see what you are driving at. Okay. Thank you for the information.

MAYOR COCKRELL: Thank you. Mr. Thompson.

MR. BOB THOMPSON: Madam Mayor, the timing of our request - there's so many things that are happening and I'm concerned about the timing. And just to digress just a moment, I know - I've heard that the President is going to be giving a speech even tonight that will reflect or at least in some way give us some insight as to what Republicans plan on doing with our country and so far I think the comments that have been made by the Administration..... and I might use the word in jest; it's been kind of in 'Republicanese' and I really haven't understood them

MR. THOMPSON: Apparently tonight after re-writing the speech we're going to be able to hear more or less what he got in mind for our country. I think because of the uncertainty that we see in a lot of our plans in the City government, and how this being a large sum of money..... 75 million dollars being a tremendous amount of money..... I am very concerned about our immediate posture: today saying yes to 75 million dollars worth of bonds.

What I'm first confronted with was: when was the decision made to sell the bonds or come to Council today, because I found out about it last Friday afternoon, not as a general issue. I was a little bit surprised at that because I had anticipated that this whole issue sometime in May or June, quite frankly, and I was led to believe that and last time you all were over here I think you said that this would be something that we would look at for the sale in the spring of this year. Now this is approaching spring but it's not what I considered spring. When did you decide, or what is the calendar that led you to come here today?

MR. SPRUCE: Well, Councilman, I would like to look back in the record. It was my recollection that when the bonds were issued last August that we said that we would be back right after the first of the year. That's what I remember: that we would be running out of money in probably February. As far as the decision having been made for us to come today, it had to do with the trustees authorizing us at the last board meeting in January to bring the matter to the Council. The matter was conveyed to the City staff and the Council through whatever normal procedures it goes through to schedule us on today. We did ask to get on as early as possible because we will use up the bond funds from the bond issue that was granted in last August; we will use them up this month. But I believe we're on schedule. Does anybody recall the date? We said right after the first of the year January, February? I believe that's right, sir, we would be glad to research the record but I feel very comfortable with that recollection.

MR. THOMPSON: I know that we are in a very tight position but seems that I'm confronted with a logic that goes something like this. That we committed ourselves to this project and there is binding commitment but no matter what the cost, we're in it. No matter what condition we find ourselves in, in the City, applied to the ratepayer, we're in it. No matter what alternatives we see, this is the only one we can do now. So we're in it, and I feel in a way trapped. Maybe by some numbers I should feel comfortably trapped, but nevertheless trapped in our posture of paying and scheduling more and more of our bonds.

On the one hand we had to fight so diligently and work so hard for our improvements to our city and capital improvements and so forth and in my district it's so hard to get a million dollars into a capital improvement project, and here we're talking about 75 million that goes over the hill. If we had this thing to see, if I could see this plan at once, I think I'd have a little easier time trying to build it but having never seen it, and I just haven't really taken the time to go down there and there's not too many San Antonians that have. It's a long ways away and the money gets on a train and leaves and we never see it and the rates going up: it's an aggravating kind of circumstance we find ourselves in and difficult for me to explain to the people that I represent how we have to fight for four months to justify a million dollar drainage project and 75 million dollars comes up and here it is on Friday and zingo, here I am on the following Thursday and I approve it not knowing much more then I did on Friday.

What I'm directing myself toward is the specifics of where we are in this project: when exactly it's going to be finished to the best of our ability, to the best of someones ability to tell us, what are those exact costs? I'm not any smarter then I was last August or whenever it was when we passed that bond issue, to know where we are in this project, and what I have read has not help me a bit. When will it be completed, the first unit?

MR. SPRUCE: Alright. The project as you know had some work stoppages. At that time a number of people on work force were let go, we cut back so, obviously then we began to slip in schedule from the base-line. Immediately the question is raised: can we, when we are able to resume those work activities, can we double up, can we work extra shifts, get back on it next month? That question has not yet been answered. Now the project is in the process at this time of formulating a new assessment; The last assessment we've been writing on for a little over a year. We will have for the participants all together developed a new assessment early this summer. That is as soon as they will be complete. There are many things that impact that project as we go along: there are continuing engineering changes; there's been some additions that were brought about because of the Three Mile Island incident; insurance factors that are required to be implemented; some additional equipment that is required. I cannot tell you precisely when it will be finished, and I cannot guarantee the present estimate, but there is an awful lot of concrete, steel and hardware equipment on the ground. It has already been bought and paid for and it is all workable, satisfactory, safe; with the exception of a few piping incidents, nothing down there is going to have to be torn out or replaced.

We feel that we are not completely convinced that we can give anybody our guarantee that we are going to write through on the present estimate because of the delay; we hope that we will be able to make them up. We are in the process now..... and incidently the welding which was halted is all now resumed; that is now getting back into full swing, a concrete pouring is being resumed, one of the other major activities is being held up. Obviously, there are certain things down there that have to be done before other things can be done, a reassessment has to be made of all of these work activities, those are dependent on others that are being done first, that will be done and its's in process now and it's expected to be completed by early summer and that is as soon as we going to have a new estimate. It may be the same, it may be more; it's probably not going to be less. The project sits at this time almost 50% complete, the whole thing.

Unit two; because some work activities were not held up, was able to go ahead a little ahead of schedule, unit one is behind schedule a bit. It's really not that far off. The whole project overall is probably 8% behind base-line at this time. We believe that much of the slippage can be regained and that's the intent of the project. But I can only tell you that the next official estimate will be concluded early this summer and that's the present schedule. It's going to take that long to get those numbers and bring them forth and all the participants will bring forth at that time.

MR. THOMPSON: What about the cost?

MR. SPRUCE: That's part of the same calculation: the length of time that is anticipated to do these functions, taking into account doubling what up is anticipated and can be done, what multiple shift work can be done, possibly concurrent activities that previously were scheduled on a linear chart at that time. Of course the cost is a function of time, no question about it.

MR. THOMPSON: Let me say, if we were having to sell these bonds or if you were having to sell the bonds right to the bond market, not going through the City of San Antonio that those questions would have to be answered. I believe that a bond buyer would have to know when that thing is going to pump out electricity and what those costs are and really have it tied down, knowing that the risk of their investment would be.

Now realizing that here the City is selling that, you meet with those people down there and I know that when you came away from the meeting and somebody said, "We don't know when it is going to be completed; we've got about a six-month delay in estimate," that probably you had to turn to some of your colleagues and say "that's going to be tough. I sure would like to know what this delay is and exactly where we stand," and if I were in a meeting and they had just told me that they didn't know where they stood and the delays were really not yet calculated, not predictable as far as completion date, not predictable as far as the cost

of the project, that's an unsettling thing to me and I know it would be to you. I anticipate it would.

Well then, I have to take that.... if you have been very truthful and I'm sure just as accurate as you can in describing to me.... and be able to turn to my people that I represent, the ones that gives the power to even approve this, and say I'm not sure as to when the project will be completed and I'm not sure exactly what the costs are going to be. Now confronted with that uncertainty, then the obligations we created earlier in going forward with the nuclear project, we've got this dilemma today to whether we are going to approve or not 75 million dollars worth of bonds.

I don't think the real question is whether or not; I think the question is one of timing. Are we at the point where we must make that decision, can we get better information to know exactly what this is going to cost us? It's very difficult because the buck stops right here and I really have a difficult time with it.

MR. SPRUCE: I understand that, Councilman Thompson. I can tell you as truthfully as I can say that we are not going to have sufficient money to continue in the project until such time as another formal estimate is made. I can tell you that I have feelings of uncertainty about being able to maintain that base-line. There are other people who say yes, we think we can get back on it. There are a lot of people who are more experienced making those projections than I am. I can still tell you that, if you heard Mr. von Rosenberg a moment ago say that the project had doubled in cost and still be economically competitive with the next best alternative by the time anything else could be got on the line and it's a moving target.

MR. SPRUCE: This has been going up; everything that parallels it has been going up, too. At least we got half of the things sitting down on the ground all paid for. What goes on from here is going to possibly increase, but so what anything else increase: the lignite plant is subject to inflation. Our best calculations show there's no way that we think could double; no way we think it could double over the estimate that it exists now. The various numbers have been thrown out. One consultant suggested that we put another six months on there, the probability was that we should make an allowance for subsequent evaluation said that a potential existed for as much as a 14-month delay. Neither of those would produce any kind of cost that would make that plant unfeasible economically. I'd be glad to provide you those numbers. You know, we can show you what that produces. That's the best data we have.

MR. THOMPSON: I know, and all of us are being very truthful, but yet it's still unsettling. Last August we had some uncertainty but there were dates given and dollar costs quoted with certainty, convincing certainty. The people that came up and briefed us when we were over there in the Mission Room. It was the best statement available and the best judgements were and they were convincing and I believed it and they were right at the time and now things have changed.

MR. SPRUCE: I don't really believe they would say things much differently than what they did then. We're further down the road. There is a lot of feeling my assessment of confidence on the project; a lot of loose ends have been buttoned up, we've got a man on that job down there now that we didn't have before that we have a lot of confidence in. He's the vice-president hired for the project, devoting full time to it with substantial experience. We see him holding a line on work activities, lining them up so if we can't do this at least we are over here doing this which is productive; don't build up this work force ahead of time until you have adequate materials and plans for them to work on. I think all these things are working in our favor. I think we are in much better shape now than we were last August, but I if we left the Council with the impression before that we had numbers then we thought we could guarantee, I believe we meant to do that.

MR. THOMPSON: No one spoke of guarantees, but there were high confidence ratings. No one spoke of not being confident though, and not

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saying "well, this is our best guess but we must emphasize guess". It wasn't that way at all. It was based upon certain criteria; a conclusion was reached that it be 2.7 billion dollars; that is ours and there were some factors of error build into that. We knew what the variance is. Today, because of the problems we've experienced the last 3-or 4 months, those now are uncertain. Those are now uncertain. And really my question cannot be answered by you because you have very truthfully described the circumstances you find yourself in. But from the approving point of view on the bonds, I am doubly perplexed because of that compounding of my requirement to commit to 75 million dollars worth of bonds for something we really don't know the extent of in obligation nor the time in which it will be able to be completed. I understand that you are running out of money; I understand that you say that at the end of this month you'll be out of money, and I assume that means you have to borrow if you don't get these bonds sold by the 5th of March, is that correct?

MR. SPRUCE: Well if the bonds are not approved, CPS will either have to we would have to have some indication or intent on the part of the Council. If the Council says we're not going to approve any more bonds, we're going to default. There's no way we can go in the open market and borrow money.

MR. THOMPSON: No, I don't even want to hear that kind of talk. I don't think the Council is even considering those kind of thoughts, that we're not going to sell any more bonds. That's not, that's some place else; that argument doesn't belong here. But I think the Council I am concerned and I've visited with other Councilmen and we're concerned about trying to establish as much certainty that leads to confidence and where we are in this nuclear project. And as we're half way through, our confidence should be building because we only have half the project to worry about now, half of it to estimate for cost and then as we have sixty we only have forty. So, as we complete, our confidence factor is in fact not linear, it's exponential with time, so we're really going to get more and more sure of what we're doing is what I guess I'm saying.

MR. SPRUCE: Well, yes, sir, I agree with that, but part of what you you're saying I don't have a similar recollection. I really feel a little more confident about the project moving forward now than I did last summer because we had not gotten any of the stop-work orders lifted. I've been trying to recall what we said at that time and for what I recollect we said. I don't think that we felt particularly comfortable at that time being in the middle of a bunch of stop-work orders about assurances that we could regain the base line and I think there are those on the project who will still say yes, we believe we still can regain the base line. That would be what we are working toward between now and the latter part of this year. We hope by the end of this year to have resumed before then but by the second half of this year it be back where we're in full production, possibly in some of the multiple shift and double up work activities and so on. Personally, I think speaking for myself and I'm speaking for those people who are involved with the thing on a day to day basis, we do have more feeling of confidence about the project being completed and being completed in a reasonable manner. Our project is not much better nor much worse than almost others that are are being build in the same time frame. The whole industry is experiencing problems with getting nuclear plans on line it's been a proliferation of the regulations of some of which we agree with; some of which we think are excessive impositions, whether some of those regulatory pressures will be more moderated now by what the new administration will do, don't know, we have hopes that possibly those things that we think are over and above when you got a factor of safety of five or six, and you want to go put seven or eight on there somewhere down the line it really does..... We hope that some of that would be.....but I would want to convey to you and the other Councilmembers that we do have alot of confidence about the project. We still think that our best interests are served for San Antonio, not for CPS Service staff or organization, but for the community of getting the cheapest power source available for the community.

MR. THOMPSON: We do, too. Those are the accepted parts of the

argument but how we achieve that is really how we are finding problems. What is your draw down rate a month? How much do you spend a month? If we've got 75 million dollars today or pass that, how long will that last?

MR. SPRUCE: We anticipate about six months.

MR. FREEMAN: It's about 15 million dollars a month.

MR. SPRUCE: That's 5 months at the rate of 15 million, it's run between twelve and fifteen, there was a large expenditure in January for bills that accumulated and had not been paid until after the first of the year. I think that one is about 25 during the month of January, but we're anticipating expenditures at the rate of about 14, 15 million dollars a month.

MR. THOMPSON: So, in January the 25 million but you anticipate about 15 million dollars for the next five would that hold true through the rest of the year?

MR. SPRUCE: Yes, sir, that's our projection.

MR. THOMPSON: Do we see that changing much throughout the entire three or four years that were now committed to get the entire plant on board, fifteen million a month?

MR. SPRUCE: Howard, can you answer what the projections would be after.....

MR. THOMPSON: Do we have a real bleak time period where we're going up; to 25 or 30 million to pay for these bonds?

MR. FREEMAN: The projections of 15 million dollars is not only the South Texas project but it's all of our construction expenditures, and the amounts of expenditures vary from year to year. Over the next couple of years it looks like they're going to be in about the same range. If we have some time while we're still working on the South Texas Project but at the same time we have to start up a lignite project or some others where we have to duplicate payments they would of course increase more than that. But basically over the next couple of years we're looking at.....

MR. THOMPSON: With that new commitment that we would have to at least join in with you. We are in a constant mode here, we're not going to have any quantum jumps to 40 million dollars a month or something like that.

MR. FREEMAN: I don't think so, you know the plans that we have shown you over the past several years have been fairly consistent. Our forecast of capital expenditures over the past few years have been in the 200 million dollars from 150 to 200 million dollar range. At 15 million dollars a month, that's a 180 dollars million dollars a year and that's a general range we're talking about for construction budget.

MR. THOMPSON: Well, Madam Mayor, I've taken lot of time and you've been very patient in bearing with me. I am concerned with those uncertainties and how we can add certainty to that to make our projections and predictions as accurate as possible instilling as much confidence in those people that are paying their bills monthly. How that, these bonds that we would sell today if we do, how that impacts and in fact subscribes us to a rate increase. Councilman Steen has very aptly describe and how we have linked ourselves one with the other, very difficult questions, and I don't know any more questions to get better answers. Thank you.

MAYOR COCKRELL: Mr. Webb.

MR. WEBB: Thank you. When is the, what's the target date for the STNP Project?

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MR. SPRUCE: For the what, sir?

MR. WEBB: What's the target date for the project?

MR. SPRUCE: The nuclear power plant.

MR. WEBB: Yes, sir.

MR. SPRUCE: The first unit the present schedule calls for the first unit to go on line in February, 1984. The second unit in February, 1986.

MR. WEBB: When did we start out? Start the project?

MR. SPRUCE: Groundbreaking, 1973. Was groundbreaking in 1973? Groundbreaking was in 1976. The engineering and the decision to build the project was made in 1973.

MR. WEBB: So, we broke ground in 1976.

MR. SPRUCE: Yes, sir.

MR. WEBB: And now we're 50% complete is that right or is it 38%

MR. SPRUCE: No, it's overall. I believe the numbers.....

(From the audience- inaudible)

MR. WEBB: 45% complete in phase one or number one is 60% complete.

MR. SPRUCE: Six-zero.

MR. WEBB: I'm trying to see really where we are, plus the six months or so that we've lost, and you feel that an 84 about what's that about November of '84.

MR. SPRUCE: February.

MR. WEBB: February of '84.

MR. SPRUCE: Yes, sir. That's is the present base line schedule.

MR. WEBB: February.

MR. SPRUCE: Yes, sir.

MR. WEBB: What is our present, what have we, how much money have we put into the project so far?

MR. SPRUCE: I believe the number is 404 million dollars.

MR. WEBB: 404 million?

MR. SPRUCE: Yes, sir, that's what is actually been invested in the plant, cash outlet.

MR. WEBB: Ok, and now it, we've got approximately 3 more years in the project. Is that right, or 4?

MR. SPRUCE: Well, it will be 3 years this month.

MR. WEBB: I mean, I'm sorry not in the project, but I mean before the first

MR. SPRUCE: Yes, the base line schedule is maintained with 3 years in this month, the first unit would become operational.

MR. WEBB: And we would have spend at the rate of 200 million dollars a year. We would have spend another 600 million dollars.

MR. SPRUCE: Well, I don't think it was, I have to look back to see what our schedule is.

MR. WEBB: Well, you said, 15 million a month.

MR. SPRUCE: Well, that's

MR. WEBB: That's a 180 million a year.

MR. SPRUCE: That's the construction budget. Let me ask someone to provide you with

MAYOR COCKRELL: That's not all STP.

MR. SPRUCE: Nuclear plant projected expenditures for the next 3 years.

MR. FREEMAN: As we mentioned before, the total construction budget which involves more than just the South Texas Project.

MR. WEBB: Well, go ahead and break down if you will.

MR. FREEMAN: Yes, the South Texas Project, our estimate currently is that in 1981-82, that for the plant itself we will spend some 87 million dollars, '82-'83, 98½ million dollars, '83-'84, about 87½ million dollars '84-'85, 49, and '85-'86 about 28. Now the total cost.....

MR. WEBB: I'm trying, don't go past the, when I first used some nuclear energy, don't go past that. When you first come on line let's just hold it right there. So how much, then you'll have to extract that 49 last total.

MR. FREEMAN: Yes.

MR. WEBB: Before you fire your first unit.

MR. FREEMAN: What will we have spent?

MR. WEBB: What will you have spent?

MR. FREEMAN: In total we will have spent.....

MR. WEBB: From now until then.

MR. FREEMAN: About 690 million dollars total.

MR. WEBB: No sir, no sir, you already spend 404 million. You're 60% complete on your first project. I want to know how much more do you plan to spend before you fire that first boiler, or what every you want to call it.

MR. FREEMAN: It will be approximately 280 million dollars.

MR. WEBB: 280 million.

MR. FREEMAN: That's for the plant.

MR. WEBB: That's approximately 685 million before you fire your first unit. Is that right?

MR. FREEMAN: Yes.

MR. WEBB: If you add the 404. What is the condition presently of the stop-order, work-stoppage, etc., where are we now? Are we clear of the nuclear stop-orders and so forth, and ready to start over again or do we have to wait until we get our report out until August?

MR. SPRUCE: No, sir, some functions on the job were never stopped, there were some activities that were not safety-related, not related to the critical parts of the plant that were never stopped.

MR. WEBB: I'm talking about the pouring of . . .

MR. SPRUCE: Okay, the welding has been released. There are two kinds of welding down here, one is called structural welding which is, supports is not as critical as what is called ASME, or safety welding. The welding has been released, we're getting back full swing on that. There were two or three categories of concrete and where is Mike . . . Mike, would you want to tell us where we stand on the concrete pours.

MAYOR COCKRELL: Would you come up to the mike, Mike, please.

MR. SPRUCE: Mr. Hardt is our nuclear Engineer, who works full-time on the South Texas Project, and he is probably the best informed on those various work activities.

MR. MIKE HARDT, CHIEF ENGINEER OF NUCLEAR PROJECTS: With respect to concrete, only complex concrete pours were stopped in the stop-work. Safety-related concrete and routine pours were continued. The complex-pour restart program which is a program designed to gear up the full production is underway and has been released. At the completion of that re-start program which is some seven critical pours, then the full release will be expected.

MR. WEBB: Mike, I'm concerned about. . . Well, number one is that I'm very much afraid of the fact that we have this nuclear energy project, you know that already. I wish there was some way that we could just pull out of this project and not be able to get on. That's my opinion. And every year, I've been saying this for the last, this is the fourth year that I am saying this same thing to you that whether you are going to continue to come back, and you have already told me that you're coming back, I'm running for re-election and that means I'm going to be here for another two years and that means that I know for a fact, that you'll be back at least four or five more times before I'm off of the Council, asking for another seventy-five to eighty million dollars on each given occasion. So then that means that I'm concerned, you can't give me an answer today, I'm on the Council and you said that it was because of the work-stoppage and a lot of things. But the point I'm trying to make is that does it actually take that much engineering, now that the work-order has stopped by his own admission, Mr. Spruce, who is standing here telling us that he cannot tell us when the project will be completed. Whether we can get back on line, on schedule, you know, bench marks that you have said. Does it actually take that long to engineer what you, or to re-do what you lost? It seems to me like a long time I can recall. . . I remember this scenario that we used to ask questions and somebody out there and would get his calculator, and would do, and come out with an answer right away. I can recall that we would ask, just a number of questions in here and he would always readily have the answers. I don't feel that, today, I feel a little bit different. I feel worse about the

project today concerning its completion, it's ability to really come on line and I make that comment because we've got too many unanswered questions, too many things that are holding back and it used to be that you would said, "Well, we'll be back in two weeks and we can tell you when, how long, what the delay is going to be." Now, you're telling me that you can't bring me an answer for the next several months, "We're studying it." And I find that real hard to except. Can you tell me some of the things that is going into this study, going into this engineering process?

MR. HARDT: I would be glad to address that. The process whereby the new estimate and therefore new schedule would be arrived at has to have a valid base of information in which to make projection. The participants feel like there is a good handle on the scope of the job with respect to the amount of concrete, the amount of steel, the amount of cable and the commodity. The uncertainty comes about in that because of the work-stoppages, they're now using somewhat a different procedure and until you had a month or two of say, full projection, that's when you'll find out how many man-hours it takes to install the cubic yards of concrete now. If you made a projection now, you would be basically using conjecture on how many men it would take to install that cubic yard of concrete; how many men it takes to pull those feet of cable. This process whereby the new estimate will be taken will be using these quantities that we now have to be installed, yet to be installed. How efficiently can they operate and how much room is there for improvement on that. And it's the desire to give a realistic number that is going to require this time frame. It's not so much the scope of the job from quantity but the performance that can be achieved under these re-start programs.

MR. WEBB: So, then, August may not be, it may be September before you can really now know how much time you've lost. What the new bench-mark is, is that correct?

MR. HARDT: It is our desire to get the creditable estimate as soon as possible, but we have to balance that with our assessment of how realistic and achievable is that, or the items that went into that.

MR. WEBB: How much weight do you place on the fact that you have a new administration and the Regulatory Commission will perhaps, may be somewhat more lenient, whether you can go back to work as usual. How much would that play on your waiting for a decision?

Honestly, don't you feel that with all of this, that it will cost a little more money? I'm not comfortable with 15 million a month at this time. I know you've built in inflation, etcetera; you've built in all of that cost, is that right?

MR. HARDT: Yes sir. All estimates generally included inflation, and we've always had some uncertainty...some contingency.

MAYOR COCKRELL: I'm sorry...would the people outside...fine...reduce the noise level.

MR. WEBB: I'm uncomfortable with the figure that you are giving me, based on what you'll be coming back with, the cost of what the project is going to be. Don't you feel that somehow there will be some new additions to what you've already projected; cost-wise?

MR. HARDT: Let me answer it this way. CPS staff will not recommend adoption of a budget or an estimate that we're not comfortable with. for the basis. I think we will be able to outline at any time we give an estimate where we think the possibilities for error are; therefore, potential increases. In the entire energy game, there's always uncertainty as we have pointed out. I think we'll be able to point this out, but we won't put out an estimate that we're not comfortable with.

MR. WEBB: How serious are you about developing another plant...coal plant...lignite?

MR. SPRUCE: Well, our projections indicate that we will need additional generation. We expect the community will continue to grow, even with conservation and reduced demand, and we have reduced our projected demand; we feel that additional capacity will be required and our 15-year plan, which this is all based on, does include moving ahead

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with building another powerplant to be on-line in the year 1990, and that is projected to be a lignite plant. We are counting on the nuclear plant to bridge the gap until such time as that plant is developed and we do not believe the lignite plant that comes on in 1990 will generate power cheaper than the nuclear plant. We hope to continue to operate the nuclear plant for 25 or 30 years, and we believe it will be the cheapest source of power we have, even after the lignite plant comes on. But we do project the need for another plant in 1990.

MR. WEBB: And when do you want to get that started?

MR. SPRUCE: Well, we are underway, as far as making air and water studies, as was previously mentioned, in the area where our lignite is, up in Bastrop County, so we're trying to put together enough lignite in a concentrated area that the plant could be built there. I think probably the Council's already aware that people who live up in that area are not enthused about having lignite mines open there. I anticipate that there's going to be some problems. Just because San Antonio would like to go up there and build a lignite plant, there's people already begun to make themselves heard who are opposed to that, so that's not going to be a simple proposition.

As Mr. Poston mentioned, one alternative might be to use that lignite and build a lignite unit out here at the Calaveras plant and bring lignite down here. We still have to get air permits and environmental tests made to see if it would be acceptable to put a plant here, in addition to the ones we already have. But as far as getting on with the lignite plant, we haven't ordered any hardware but we are developing a scope of work. We do have consultants working to evaluate the lignite reserves and to measure air quality and procedures, and seek sources of water for cooling lake...cooling facility...in Bastrop County, in the vicinity of those reserves.

MR. WEBB: So on top of this selling of bonds for nuclear energy through '86, how much additionally would the other plant cost on top of that?

MR. SPRUCE: Well, it's going to cost about as much as this; we are going to be, in my assessment of what the utility is going to be doing as time goes by, is that we probably will be over here two times a year to issue bonds, as far as I can see into the future; at least, up til 1990, and possibly beyond.

MR. WEBB: At approximately the same rate, or more?

MR. SPRUCE: Yes, sir. I believed we furnished some numbers on those; I don't have them but I can give you those numbers if you would like to have them...what we project for the next 10 to 15 years.

MR. WEBB: So then, let me just say that...so it's never your intentions to begin to conserve energy for the citizens, or to find new ways to begin to conserve energy in some manner...in other words, it looks to me that your plans are from a Cadillac point of view, if I don't offend anybody by talking about the cost of an automobile, but you know the version "a Cadillac as opposed to a Ford"...and I don't mean a Lincoln Continental, either. But I'm saying: what's the possibility that this utility company will begin to talk about conserving energy?

MR. SPRUCE: Well, I feel that City Public Service has done a pretty good job about getting the word to the citizens about conservation. We have numerous conservation workshops, we have mail-outs, we have a section in City Public Service that makes home energy audits all the time, we send out material.... Within the last couple of months every one of you received some information in your bill pertaining to conservation. On the other hand, we expect San Antonio to continue to grow. We have seen...in 1973 when costs really began to rise at a very accelerated rate, we began to see the customers using less energy per year, but still using energy. We then continued to add customers, which I think San Antonio hopes we will continue to grow and continue to have families move in, build homes, buy them and move in...so even if they reduce their consumption, we're adding customers, so the total demand for electricity goes up. I don't see that coming down. If we get business and industry in here...and that's what these projections are based on: a continuing increase in the amount of electricity that the community will require. Last summer we were projecting along at about a 5½ or 6 percent rate; it was actually over 8, as far as the

total kilowatt hours consumed, and the demand last summer went up 14 per cent, over the year before...much higher than we had expected. So we also believe that when we have very hot weather in San Antonio, the people who have air conditioners will turn them on. We believe the people who buy homes will continue to want to put air conditioners in those homes. We see people buying electrical appliances: stereos, icemakers, refrigerators...you know, there is a large market for that, and people continue to add electrical appliances. We really don't see anything wrong with that. Our job as a utility is to try to have adequate and reliable service to our existing customers and future customers at a competitive price, and I think this plan is the very best way we can do that for the community.

MR. WEBB: One other thing: on this graph that you showed a few minutes ago, or rather on the bar chart, it was...when you showed the cities and the cost of energy...was that just residential?

MR. SPRUCE: That was residential.

MR. WEBB: It's always been...and whenever I look at anything, I see some relation between the cost of commercial as opposed to residential cost for energy. Is there ever going to be a little difference in the change, the way you structure your rates, etcetera, where that those residents...and particularly those people who are on fixed income, older, etcetera...do you see any move for the utility company, the public utility...I hate to call it a public utility...do you see any move to lessen the burden for residents?

MR. SPRUCE: There's a great deal of talk and study and considerable activity in regard to looking at various means of structuring rates. Our rates are based on the Public Utility Commission's standard, and that's pretty standard for the United States. The rates are designed so that the customers that use that power bear their fair share of costs in producing and delivering it. Now your question relates to: is something going to be done for people on fixed income and low income customers, something like the Lifeline rate. Most places that have looked at the Lifeline rate back away from it because it is not a cost-of-service rate. What it means is that some other customers have to subsidize those who are furnished lower rates, below the cost of providing the service. We think the best way to address that is through some kind of a general program that consists of grants of some kind or possibly energy stamps or something of that nature. Of course, people in the San Antonio community have had some of those funds available the last two years. Last year the City administered them; this year, the County is administering that type of funds. We think that's the best way to do it. We do not recommend a system whereby one class of ratepayers subsidizes another.

MR. WEBB: I don't see any results from the settlement that we have. I don't feel, and don't see...everybody always asks me, well, what did we get, you know, from the settlement and we talked about research, etcetera, for wells and so forth. Can you provide any information presently as to what each utility connection is receiving from that settlement, presently?

MAYOR COCKRELL: Just a minute. Mr. Spruce, I know you've been up there nearly two hours. I wondered if at any point you wanted to call in Mr. Freeman or any of your other staff people? I just wanted to offer you that alternative; you may be getting a little tired.

MR. SPRUCE: Well, thank you, Mayor. As long as we've interrupted here...if Mayor Councilman Webb, Mr. Thomas does have an answer to the question that you raised earlier. But there's a point that I would like to cover before that...not that I would cover, but we do have some alternate propositions in this particular bond issue that we would like to have explained to Council before we get through with our presentation.

As far as the benefits from the settlement, I'll call on Mr. Freeman and he will tell you what some of those are and how they.....

MR. FREEMAN: Mr. Webb, in order to try to answer your question, I'm not sure that I have the amount that each customer has received, but during the year we started returning amounts to our customers based on so much per kilowatt hour. That's the way the increased cost was

paid. So, it was refunded to them on the basis of a credit per kilowatt hour, whether they were a commercial customer, industrial customer or a residential customer. And these amounts for our electrical customers during the year through December, we returned almost 7.3 million dollars to our electric customers as a result of the monies that we had received from the settlement. At the same time, there was an additional \$202,000 which was refunded to gas customers. The reason that it was considerably less for gas customers, it was based on how monies were paid. Most monies that we have received thus far in the settlement was the initial 8 million dollars which we withheld from payments to Coastal States for the difference between the cost of oil and cost of gas when gas was curtailed. This was paid by electric customers and we were trying to return it to gas and electric customers in proportion to the way they had paid it.

I know you had asked how it affects individual connections, and I don't have that particular number but that is the total amount that's been returned to all customers.

MR. WEBB: Well, I get questions like this in my district...people that I represent...and they ask me, well, how is it that you talk about building a new facility, a new building, that sort of thing...and then they ask me questions about Valero...how can they build a mansion over here and then that one's not good enough so they build another mansion. And I get people asking questions saying, well, utility bills will never go down. Even the City of San Antonio is not helping any...I'm talking about as a customer. I pass by Pittman-Sullivan Park every single night..I don't care if its 9,10,11,12 o'clock at night, and all of the lights are on over there. And I've never got a call from any of the citizens that live along there who are protesting the lights...I guess they're glad they're on because they provide some crime protection, John.

But at any rate, I fail to see any way out, based on our present structure that we have, Mayor. I've done what I could with that awesome package presented to me, and I've been trying to study a little bit more in depth rather than just talk off the top of my head. I've been trying to put some logic to what we are doing as a utility company. All I can see is compound debt on top of the other...just keep compounding. I've got grave problems with this, particularly when we are tasked with an awesome structure like STNP, and not an inkling of energy coming through it, not until I'm long gone from this Council that perhaps that we may finally get a drop of energy from that project. It's just costly, costly, costly with no way out. And I find it difficult to explain when I'm up standing before a number of citizens who ask me these questions, and I just flat don't have the answer. Some time when I'm talking I wish I could grab Poston or Spruce, one of those fellows by the arm or yourself, and say: Hey, answer these questions for me because I've been beat over the head, badgered by them, you know. My constituents ask me these various questions and when you've got a Valero coming up over here and then we're badgered always and finally we beat the railroad back, thanks to the Mayor with some help...not near what we've asked for, but at least partly.

All of these things come into play. Not only do you talk about the nuclear plant but all of these things come in when you talk about construction and you tell me that you're going to sell 180 million dollars worth of bonds and only 87 million of it is going for STNP, this next year?

MR. FREEMAN: You asked how much was going to the project. We have some other costs in the project besides that direct cost going in there. We still have to buy fuel for it in advance, we have the interest costs....

MR. WEBB: Well, those are associated costs; then it means that it's going to cost more than that.

MR. FREEMAN: It's costing more than that number that I gave you as the 404 million dollars. Actually, to date, considering the fuel costs, the interest costs that we have capitalized as a part of the project, our own indirect costs that are associated with it, and the costs paid directly to the project, we have slightly over 500 million dollars in it.

MR. WEBB: You only provide me with the numbers and then I try to see what you have given me. You told me you were going to sell 180 million dollars worth of bonds and only going to spend 87 million dollars. I would have been happier with the answer that you were going to spend only 150 million of the 180 million on STNP project. That would have sounded more logical to me, and I'm just a layman and don't have any idea what you're spending...no way to conceive how much that really is, no idea...so, let me just wrap it up, Madam Mayor, by just saying that too much of a burden, too many unanswered questions, too costly, too much to ask citizens to come up with...the bill keeps growing and I just have a real difficult time trying to see the end. There's no end, because you just heard the General Manager say there was not going to be any end to this, citizens; that he will expect to stand before us throughout his term, throughout eternity, I guess, that the company will be coming forward to ask us to sell this number of bonds, Mr. Thompson, Councilmen. He will ask, and they will be coming forth before us under the arrangement that we presently have, of providing the city with energy, whether it's nuclear or whatever kind it is, and I find that there's a hangman's noose around our neck. And people like myself and other people just don't understand the dilemma that we are in.

I've done as much homework as I know how to do, to approach the fact that today I have to sit down and vote sensibly for a project...vote my conscience...and I can't bring myself to vote for such a mess. I know it's longwinded and time-consuming, but I've sit here day after day about less importance and I notice we don't have very many Council members around the table right now, but when there's something as important as selling 75 million dollars worth of bonds I want to know where my money's going and I want to know what it's about. I find it ~~a real difficult~~ decision; I've tried to come around to a decision, Madam Mayor, I've talked with you and with other members of the Council concerning this thing and I just find myself in a real difficult situation to keep voting for a utility company that stands and tells me that they're coming back time and time and time again for the same amount of money every six months. I don't buy it.

MR. FREEMAN: Mr. Webb, I can understand your problem, and not to belabor the point but I think we had faced very similar situations when we were trying to get together enough money to purchase and build the coal plant. It looked like a lot of money; we had been paying like 35 million dollars to build a unit; the two Sommers plants cost us 70 million dollars to build; two coal plants which were identical in size cost us 250 million dollars to build, and we went through many of the same pains and soul-searching that I think we're having to go through now and all I can say is that it's been a constant fight with the railroad...I understand that...but there is considerable savings to our customers as a result of burning coal as opposed to gas. Just in the past year the savings exceeded 50 million dollars in fuel costs as a result of burning coal as opposed to gas and I think this kind of payoff is what we have to look for in the future, and also the fact that many of the units which we have now burn only gas or oil. And, as of right now, we are required after 1990 to get off of natural gas as a fuel. We may not be able to afford it, as you have already heard discussed here earlier today because of the price, but federal requirements will not allow us to burn gas...we can't add additional gas units...and it's just more costly. I wish there were a better answer, but I think that if we're going to have energy, we've got to spend money now...and the energy won't be available for about 10 years from the day that we start spending money until it starts coming on-line. And that's a perplexing thing to have to face.

MR. WEBB: One final comment, Madam Mayor, and I've heard this over again. Somebody said, well, the City's the culprit and they need to not take that portion and give it back to the citizens. Well, that's mere peanuts, what we take, from what we're talking about here today. I've thought about it, and said, well, that's the first move...that's not the first move. The City has structured itself around receiving those revenues and they're just not that much, when it comes to talking about what the cost of things are. It's just a little small portion of the pie.

MAYOR COCKRELL: Let me say that I've been trying to let each Council member take all the time they wished. We do have seven citizens, so whenever we complete the Council portion, those seven citizens I know are anxious to have the opportunity to speak, too.

MR. WEBB: First time I've ever talked that long, Madam Mayor, and I apologize.

MAYOR COCKRELL: Mr. Wing.

MR. WING: Mr. Freeman, what happens if this Council today does not grant you the votes necessary to float your bond issue. Briefly, just tell what happens..what liabilities the CPSB incurs, the City incurs.

MR. FREEMAN: First of all, if these bonds today are not passed, we would use up all of our construction funds by no later than April. Today, if the bonds are passed.....

MR. WING: Would you put figures on your construction funds.

MR. FREEMAN: We haven't closed out our January figures yet; the best estimate that I have is that we have about 6 million dollars left in bond construction funds at the end of January. We will have probably about 55 million dollars in the improvements and contingencies fund. As soon as the money for the bond fund is expended, we will begin to pay for all the construction with the INC. As soon as that is expended, which probably will be in about April or early May, we would not be able to pay the bills for the South Texas Project...which would put us in default.

MR. WING: What happens when you go into default?

MR. FREEMAN: If we go into default, the other partners have to pick up our share or they try to sell it or do whatever they can in order to provide the money. I'm not sure I can tell you all the legal requirements. Roger Wilson, the attorney, is here who could tell you more....

MR. WING: No, I don't want it from Mr. Wilson; I want it from you.

MR. FREEMAN:of what happens. But essentially, if we can't pay it, it becomes a burden...or our portion becomes payable by the other partners. And they either take over our share...they can sell our share to someone else who is a willing buyer, whatever they have to do to keep the project going and protect their interest in it. We become liable to the project for whatever lawsuit it incurs as a result of our failure to continue to make our payments in a timely manner.

MR. WING: Would you become liable for the full 28 per cent? Legally.

MR. FREEMAN: We become legally liable for whatever payments we don't make...whatever happens to the project as a result of us not making those payments.

MR. WING: So why don't you start calling some bluffs on this Council, then? That is what is going to happen if this bond issue is not voted on today, sir. I've told you when you come down here that you have a problem. Do you know what your problem is? The majority of the people like the STNP, and every time you survey them and every time they vote on it, they want the STNP. But they do not want a rate increase. And you come up here since 1977...we tell you, you've got to give the folks out in the community that are paying for these bonds the opportunity to know what it is that their money is going for. It's inconceivable for the people of San Antonio to believe that an insignificant building to the whole city, except to some very special people and some very special areas on the west side that is going to clear blight, that that is tied to a rate increase. That could be the farthest thing from the truth. That is not the sole cause of a rate increase.

MR. FREEMAN: I don't think that we have ever said.....

MR. WING: I understand that, but people around this Council have tied the entire bond package, a rate increase, to a 16 million dollar building on the west side of town. What I am saying is that the message is not getting there to the folks; the message is not getting clear to the Council, those that sit here that are penny-wise and dollar-foolish and say that they are not going to vote for this bond issue because they don't want to do anything that would put a 16 million dollar building on the west side of San Antonio and they are

willing to lose at just the outset, 61 million dollars...that's not counting the default because you still have to get rid of your maintenance funds and whatever bond funds you have left. The fact of the matter is that if the majority of this Council does want to save the ratepayers some money, what we should do is vote this issue of bonds right now and, Madam Mayor, immediately after that I would ask for Council consensus to immediately begin the process to see that we... both with CPS and this Council...put a ceiling on the amount of participation that the City of San Antonio wants to participate in. That's the way to do it. You don't do it by demagoguing the fact that a rate increase is going to be tied to the STNP or tied to a 16 million dollar building.

How long would it take for us to set up a process to determine if we want to put a ceiling on our participation in STNP?

MR. FREEMAN: I'm sure that that could be handled.....

MR. WING: Would it take eight months, a year, 15 months?

MR. FREEMAN: If we want to set a ceiling, I think the process we would have to do is go through it and find some buyer who is willing to buy some portion. It would seem to me to be a little more nebulous since we don't know exactly what the cost is but we have to find someone who is willing to buy into the project in excess of what we are willing to put into it.

MR. WING: It doesn't become as nebulous when you stop to think that if you don't get six votes on this Council today for your bond issue, you face not only the loss of approximately 61 million dollars but also face default. What I am saying is that what is the process that is required for this Council to take some kind of steps of procedure to either look into it or set a ceiling on the amount of participation in STNP. Do we have to vote, for example, today's bonds and then begin a procedure that will take eight months..12 months..15 months?

MR. FREEMAN: Okay. Yes, I think that in order to have any kind of orderly withdrawal, if that is what this Council wants, a withdrawal from the total share that we now have, then it would take the continued payments until we could find a buyer or make some orderly commitment, and I believe that the attorneys had provided some information sometime back which said that this entire process, under the agreement that we have among the partners, will take approximately one year, because we have to give the other partners the right to buy, they have to have time to evaluate it, we have to have time to offer it to any other willing buyer, and that's approximately a one-year process. In the meantime we still have the commitment to make some payments until that's finished.

MR. WING: Mr. Freeman, I'm sure that there's a majority of the people on the Council that do look at the STNP as being a stabilizing force, if you will, as it relates to energy. And when you do compare it to the rising costs and perhaps even deregulation of oil and gas and other things, the gap that the STNP will provide as far as stabilizing the rates, hopefully...and it's all a guess; you don't know whether the oil and gas is going to be deregulated tomorrow or not, or whether you'll be slapped with an order not to use nuclear power...it's all a guess. But there's still some people on the Council that believe that that is a way to go as far as stabilizing the prices. There are people in the community who are for the STNP because they do know that we do need power for our future needs and economic development and also for residential and economic growth, combined. But you're not getting, again, the word out to the public; you're not getting the word out to the community groups; and what I'm saying is that everytime you come down here, that you do not provide type of information. It gets increasingly difficult to get the six votes needed for the bonds. So, MR. Mayor Pro-Tem, I respectfully submit that if this Council really is worried about what to do about the ratepayer, that we do go ahead and vote this issue in, and then begin the process to see how we can either get rid of our involvement altogether, do we want to just keep part of it, or do we want to set any kind of limit on it. You don't do it by voting down the bond issue. You do it by voting down this one, and giving notice to the people from CPSB that you will take that action to see where it is that we want to go. That's the only way you're

going to help the ratepayer; you don't help it by demagoguing the fact that a 16 million dollar building on the west side of San Antonio is the sole reason for an increase in their rate bill. That is not true, and this whole Council knows that.

MAYOR PRO-TEM THOMPSON: Thank you, Mr. Wing. Mr. Eureste.

MR. EURESTE: Yes sir. What's the original cost of this project to the participants and then to CPS?

MR. FREEMAN: As I recall, the original price was something in the range of...I think as it's now configured, it was about 1.3 billion. When we first started talking about it in a smaller configuration it was in the range of 800 million.

MR. EURESTE: What was the cost to San Antonio?

MR. FREEMAN: Well, it would be 28 percent of those figures...sorry, I didn't bring those numbers along. I should have fully anticipated that.

MR. EURESTE: Does somebody have a calculator back there, one of your friends?

MR. FREEMAN: For 800 million, San Antonio's share would have been 224 million.

MR. EURESTE: 224 million.

MR. FREEMAN: At 1.3 billion, San Antonio's share would be 364 million.

MR. EURESTE: What's the cost today?

MR. FREEMAN: Using just those same project costs, our cost today is I believe 718 million.

MR. EURESTE: What's the cost of the project right now? You have it in your little thing that says 2.8.....

MR. FREEMAN: 2.7.....

MR. EURESTE: I thought it says here 2.8 (pause) Did you see it? The cost..here it is..it says here the...would increase the cost to over 2.8 billion.

MR. FREEMAN: We have....I can tell you exactly what we have....the cost that we have currently budgeted for the plant cost is 2.7 billion dollars.. 2.72 billion.

MR. EURESTE: 2.72.....What else is involved?

MR. FREEMAN: In addition to that we have fuel costs, which through 1985-86 we estimate to be about 128 million; we have other costs that we incur just slightly under 8 million; and we have interest on the cost of the plant until it goes into operation of about 244 million.

MR. EURESTE: Wow. Okay. What's the cost to San Antonio, then?

MR. FREEMAN: The total cost that we have budgeted on this basis is 1.1 billion dollars.

MR. EURESTE: To San Antonio?

MR. FREEMAN: Yes.

MR. EURESTE: 1.8?

MR. FREEMAN: 1.1.....

MR. EURESTE: What is that figure that it was going to cost 750 million?

MR. FREEMAN: If you are looking at the new generation units, we said that we had a project estimated cost of 2.72 billion, made up of 2.56 billion base-line, with allowances of 155 million reserve for out-of-scope items and that the total current estimated cost of the CPS share is 1.014, which is the 1.1 which I had just given you for construction and interest during construction, and the 128 million dollars for fuel to be purchased prior to the commercial operation of each unit.

MR. EURESTE: So what's the cost to San Antonio?

MR. FREEMAN: Well, with the fuel and the interest and all, its 1.1 billion.

MR. EURESTE: There's no such figure as 750 million?

MR. FREEMAN: 761 million is the plant cost.

MR. EURESTE: What is that 224....can you give me, using the 224 million or the 364 million, what is today's cost for that 364 million dollars?

MR. FREEMAN: I'm sorry. I don't understand your.....

MR. EURESTE: Well, at one time it was going to cost us 364 million dollars.

MR. FREEMAN: Okay, that compares to the 761 million.

MR. EURESTE: Okay. I think it's important to compare the same things.

MR. FREEMAN: That compares with the plant cost.

MR. EURESTE: Okay. Now, let me ask you a question. In December there was an announcement of a time slippage. Up to that announcement, how much time had the project slipped by?

MR. FREEMAN: Well, I'm not sure that a time slippage exactly has been announced, but originally, the units were scheduled to go on-line, as Mr. Spruce said earlier, about this time..in 1981...and now we're looking at a base-line startup date of 1984, so that's about three years.

MR. EURESTE: And the last unit?

MR. FREEMAN: The last unit is scheduled to on in February of 1986, and as I recall it was originally scheduled to go on-line in late '81.

MR. EURESTE: So that's about a five-year slippage?

MR. FREEMAN: That's about five years on the second unit.

MR. EURESTE: Okay, Now, there's been a three-year for one and a five-year slip for the other one, and the cost to San Antonio is a little over double what it was at the 364 million and three times what it was at the cost of original conception, the original conception cost, right, of 224 million? Today it's 761 million dollars. There's a time slippage of three years and five years: three years for one unit and five years for the other unit. Now, in December there was an announcement that there was a time-slip. Can you confirm that or deny that?

MR. FREEMAN: I don't know what time slippage was announced. In December, you may be talking about the fact that some of the projects that had been deferred or stopped were started up again...some of the work was started up again, and there is some speculation whether or not we can make up all of the time that has been lost as a result of the work-stoppage orders. I think that Mr. Spruce spoke to that earlier.

MR. EURESTE: It says here that we filed multi-shift programs and other accelerated construction procedures...that there has been a potential delay in the completion date for unit one of the project of approximately 14 months. Now, is that 14 months.....

MR. FREEMAN: That is 14 months from the February 1, 1984 date. That is the potential, and that's again what was discussed earlier when we talked about...that is, what's undergoing study now to see how much of that can be made up, whether that 14 months is actual or whether it can be made up through multi-shifts.

MR. EURESTE: That is being created because of the problems that the project has had in terms of stop-work orders, is that correct?

MR. FREEMAN: Primarily, yes.

MR. EURESTE: Okay. Now, any delay costs money, and however you try to deal with that delay is going to cost you money...that is, if you multi-shift or do whatever you want to do, it's going to cost money. What does that delay add to the cost of the project...how much cost is added to the project with a 14-month delay?

MR. FREEMAN: Well, I think that that's the part that we said that Mr. Thompson was told earlier...that we just didn't have the numbers on yet because we don't know whether those can be made up in one month or zero months or 14 months, and til that can be determined, we can't really determine what the total cost of the project is.

MR. EURESTE: I had calculated at one time that each day that this project is delayed historically, historically cost one-half a million dollars, and we can go back to the figures and do comparisons, and we can almost do them on a yearly basis, and look at the increases that this project has had, cost-wise, and we can come up with a daily average cost increase as a result of those delays. Half a million dollars times 14 months..approximately 30 days per month..is, I don't know, how much is that? 225 million? So one could say that on one end...and I think this is probably the low side...that there could be an add-on of 225 million dollars. Are you looking at that kind of increase in the cost?

MR. FREEMAN: I think that it is possible that that could happen. At this point I'm just not prepared to say. We do have a substantial part of it that has already been constructed and paid for, so we have to look at what the balance is that has to be constructed and what changes are required to the project.

MR. EURESTE: When is the new add-on cost to this project....when will that be announced?

MR. FREEMAN: As of right now, we think that it should be completed in May or June.

MR. EURESTE: Is that after the City Council elections?

MR. FREEMAN: That is after the City Council elections, but it doesn't have anything to do with the time that the estimate will be completed.

MR. EURESTE: Are you sure?

MR. FREEMAN: I'm sure that is. The City Council of San Antonio may be elected there, but we've got three other participants who are also anxious to find out what that cost change is. I don't think they all have elections at the same time.

MR. EURESTE: No, the other ones have them in November and later on. But the other ones.....okay, anyway, I'm still against the project.

MAYOR PRO-TEM THOMPSON: Okay. Thank you.

MR. EURESTE: Wait a minute. I'm not through yet. I, you know, have been voting against the bond issues and rate increases...the rate increases are tied to the bond issues, and we know already your 15-year schedule for rate increases and we know already your bond issues for the next 15 years. I would say that anybody who votes for a bond issue has to vote for a rate increase, because that is the responsible thing to do. To me, to vote for bond issues is like to buy a car on terms, and then not to vote for a rate increase is like not to make payments, along the terms that you have obligated yourself or contracted yourself to do. And I have difficulty in the way that this matter is voted on today, and when you come back for a rate increase...when will that be, in November? Or summer?

MR. FREEMAN: Well, we really have not set a time. It's something we would have to work out with the Council, when we would come back.

Our current projections indicate a rate increase in October, if that's.... I think the question that Councilman Steen asked earlier was if that rate increase came earlier, would it be less. And I think we can say yes, it would be less, but at this point in time I cannot tell you just exactly what that would be. It would depend on when. We will work those answers up and have them for you in two weeks or whenever we have our meeting.

MR. EURESTE: But you are scheduled to come back to us every year for a rate increase?

MR. FREEMAN: Yes, that is the schedule that we had been instructed to follow by the Board in 1979..to try to come back annually with more modest rate increases so that we didn't have to come in with larger ones on every second or third year. And of course, this is what we had done this past year.

MR. EURESTE: Well, you know...I would vote probably for bonds to build coal plants today, somewhere in San Antonio, than to vote to spend millions and millions of dollars...San Antonio dollars, really...to build a nuclear project in Bay City. At least the construction would involve local people. It would be good for the economy; the dollars would circulate right here and if you really need more electricity, that's the way to go. Or do the lignite or whatever else you want to do. But I don't like this project. The costs are just really...they've gotten out of hand, and I think anybody that would look at this would say that this project has gone from bad to worse, you know, from one year to the next. And we're still not through. I've said it all along, we're going to have another slippage in time and we're going to have more increases in the cost of the project. And it's happened. But I'm one lonely voice in the wilderness and it's my constituency though that are hardest hit by the rate increases that are required because of this project. I will not vote for this bond issue and I will not vote any other bond issue that comes up here as long as this project is tied to it. Neither will I vote for a rate increase.

One of the Council members who is against the rate increase might not be here the next time, but I'm going to be here, and I'm going to vote against that rate increase, one way or the other.

MR. HOWARD FREEMAN : I think as you mentioned, we have laid out our financial plan. Obviously if you look at the 15th year, I couldn't - I cannot tell you that I'm as confident that we're absolutely correct in my projections. I do feel much more confident than in the earlier years of the projection and I don't think we've tried to hide anything from this Council as far as what our bond requirements are or what we see the rate increases to be in order to finance those. And if we're going to have the energy in San Antonio, both the issuance of bonds to finance it and the rate increases in order to prove the ability to repay those bonds are going to be necessary.

MR. EURESTE: Let me tell you why I find that statement lacking. You know, here you give us statistics, you know, umpteen thousand statistics to the year 1996. Here's another one that goes to the year 1995, this one goes to the year 2006. Fuel cost forecast, Texas lignite Wyoming coal, natural gas, and fuel oil. Here you have another one for some more years. And here is another one for more years. '84 through the year 2003. The year 1995. 2003, 2006, 1981, you know, I'll be 61 years old then and you can lay that out way into the future and you can be so specific as to the advantage of one over the other.

MR. FREEMAN : When we've given you those, we've tried to give you trends in fuel costs and the main reason for that is that the plants that we are considering as alternatives all have a 20 year or more life and if you start talking from 1985, you're talking about 2003....

MR. EURESTE: I know what you're saying, but what's this? You know, you say that you're trying to give us the best up front and you can do some estimates and you could tell us, okay, Mr. Eureste, 14 months delay in this project will cost and we have those figures, more or less at this level. Now you're telling me that you can't tell me today what you might be able to tell me in May or June. I mean that's only, February, March, April, May. That's four months away. You can't tell me what's going to happen in four months with the cost and you expect me to sit here and put any confidence in what's going to happen in the year 2006. I mean really.

MR. FREEMAN: The problem is that we've got people working on those right now and if I give you a number and turn right back around in three months and it's different, then you have no reason to believe that we had any knowledge at all. So I just think that by waiting until we get the official project estimate we have agreed among the participants that we would work together on getting estimates and that we would not each one be going on our own making an estimate that is not based on the project scope and the estimate of the contractor and the project manager. We could all come up with estimates and whenever the project finally comes up with this estimate it wouldn't be the same.

MR. EURESTE: Let me just say that I think the answer is partly political. I don't know how you can determine that there's going to be a slippage of 14 months or at least that that slippage is already there and it is known and you don't know the extra cost that is involved with that slippage. I don't know that - I don't believe that that's the way you work and I believe that the price is at least known today, at least in terms of estimates and that it is not being given. That's not - I wouldn't say that that's new because everything you've ever told us about this project has turned out to be wrong. You told us in the beginning that it was going to cost \$224 million and today it's costing \$761 million and I don't know anything about what you have said and maybe not you personally but CPS comes in here year after year, what you have said about this project that today can stand the test of anything. You couldn't even put water in it. The water would come out through all the holes, this doesn't hold anything.

And I'm - you know, you come in here and you're berated and, you know, people cut you down and they're demagoguery and as Councilman Wing says, man, I mean, there isn't nothing real about this project, nothing real. All I know is that in the end and we've said this all along, me and Godfrey Conally and Lanny Sinkin and a bunch of crazy people here in this town have said, this project is too expensive and you have said this for the past three years and you have said no you're wrong, no you're wrong. Mr. Conally said, this project is going to cost you \$3.2 billion by the time you're finished. No, you're wrong, no, you're wrong. Well, my goodness very soon by May or June the total cost of this project will be \$3.1 or \$3.2 billion. I mean, pure and simple, pure and simple. And we're sitting here as intelligent people being told year after year that we are wrong.

Now, I would say that people that can make those kind of projections like Mr. Conally, Lanny Sinkin, some of those folks that take time out to deal with the realities of the costs, you know, you ought to have us working with CPS to give you the realistic estimates of this project and not sit here and try to tell us half stories which have to be re-debated and re-done every time. I mean, right now you can't tell me what the price is going to be in May or June. You cannot tell me. I mean, I don't know what, you know, you get paid a lot of money, I mean, you ought to at least be able to tell us what May and June looks like. I'm through.

MAYOR PRO-TEM THOMPSON: That was a very swift summary of the whole issue. Dr. Cisneros. Before you speak can I have - we've had people waiting and you already said you're going to relinquish your time and there's a couple or three others but we've had people waiting for a considerable period of time to be able to speak to the issue and I would request that Council be very, very brief in response to whatever you'd like to respond to and try not to open up any new issues, and let's get on through with this. The next one would be Councilwoman Helen Dutmer.

DR. CISNEROS: I'll be happy to wait until the citizens have spoken because I know there are a lot of them here. But I do have a question after the citizens have spoken about the present bond market and what advantages there might be now or later in the bond market.

I just read this article last night from the Wall Street Journal that talks about the condition of the bond market and what it's doing to the bond ratings for utilities. I have some questions about it but I'll wait until after the citizens have had a chance to speak.

MR. FREEMAN: We'll be glad to answer those and also, as Mr. Spruce mentioned, we'd like to explain some alternative bidding methods that we have included in there.

MAYOR PRO-TEM THOMPSON: Okay. As soon as the citizens have concluded their presentations, then Dr. Cisneros will renew that question, and you'll be ready for that. Councilwoman Helen Dutmer.

MRS. DUTMER: Yes, I have a very few short replies. I, of course, have to take exception to my colleague to my right and tell you that I am not being demagoguery, I'm not using demagoguery, and I am not being devisary on this building. I didn't want you to build the building anywhere. You could build it in my backyard and I'd still be against it for the simple reason it's about time we come to a screeching halt on unnecessary spending. I have elderly people in my District, and I'm sure that Mr. Wing has in his District that can't even keep their homes warm who are doing without food to pay the utility bill because if they don't pass it, they come out and cut off the gas and electricity. These are the things that I am thinking about and I think that right now, I think that the building irrespective of where it's to be built, is an unnecessary expenditure, so the divide and conquer tactics do not work. I'm sort of like Benny, he says he's a voice in the wilderness, well, I say sometimes it's more fun out in the woods.

MAYOR PRO-TEM THOMPSON: Well, okay. Now, we'll just hurry right into our citizens to be heard issue. The first one to speak is Mr. Trey Ellison followed by Barbara Miller and if the issue has been brought up if you'll just elude to the subject area and as briefly as you can.

The following citizens then spoke on this issue:

Mr. Newton Trey Ellison, member of the San Antonio Forum on Energy, expressed his views on nuclear energy with regard to economic, safety, health and the issue of federal law. He then spoke about the use of solar energy in lieu of nuclear energy.

Mrs. Barbara Miller, spoke against the issuance of the \$75 million in bonds for the purpose of the South Texas Nuclear Project.

Mrs. Jeanna Hamilton, stated that she was skeptical about the CPS presentation and stated that CPS has not explored alternate sources of energy.

Mrs. Beatrice Cortez, President of Communities Organized for Public Service, stated that her group had opposed a previous rate increase for CPS because no final cost estimate for the South Texas Nuclear Project had not been made. She expressed concern that her group still had not received any final figures and spoke in opposition to the bond issue. She requested a six week postponement of the matter, until final estimates are made on completion costs of South Texas Nuclear Project.

Mr. Ed Convoy, stated that he had spoken to the Director of the Atomic Safety and Licensing Board, and that group has demanded a new quality assurance firm be retained by the South Texas Nuclear Project contractor to review its operations. He stated that his group plans to object to

to the licensing of the South Texas Nuclear Project and thus cause a delay or even denial of its application for a license to operate. He stated that nuclear power projects are in trouble throughout the nation.

MS. DOROTHY ADAMS ANDERSON: Stated that she has studied the nuclear power issue extensively and asked that the bond issue matter be postponed. She stated that there are serious health issues involved with nuclear power.

MS. MARTHA HICKS: Speaking on behalf of the Greater San Antonio Chamber of Commerce, urged the City Council's continued support of the South Texas Nuclear Project.

MAYOR COCKRELL: Thank you. That concludes the citizens who are registered to speak on the issue. I'll now go to Dr. Cisneros.

DR. CISNEROS: Yes, madam. I'd like to speak to Mr. Freeman, if I may?

MAYOR COCKRELL: Mr. Freeman.

DR. CISNEROS: Mr. Freeman, my concern is the question of the timing of the bond issue. I just would want to inquire about the bond market as you analyze it today and the relative merits of going to the bond market with the present environment.

MR. FREEMAN: Okay. I'll be glad to give you my opinion, or we also have Sam Maclin who is our financial advisor and is more close to the market than I am. Maybe we ought to start with Mr. Maclin.

DR. CISNEROS: All right.

MR. SAM MACLIN: Dr. Cisneros, the state of the market, the depth market, of course, is not good. The prospect for this year, the total year is not extremely favorable. Since the beginning of the CPS Capital Improvement Program for fuel diversification began, the CPS has been selling bonds really as rapidly as they could in the market place and still obtain consistent with obtaining competition. We have scheduled sales twice a year and the reason for scheduling these sales twice a year is so that we can maintain competition and get competitive bids in the market.

Generally speaking the - by this scheduling we have been able to average interest rates and obtain favorable results. There is no one who I am certain would represent that they can predict a future date where interest rates might be more favorable than today.

DR. CISNEROS: What is the going interest rate for a single A or double A situation right now?

MR. MACLIN: The issue, I suppose what would be the rate

DR. CISNEROS: What might we expect, I guess is the question.

MR. MACLIN: We have scheduled alternates so as to assure a bid for bonds. The Public Service Board has traditionally borrowed with an average life for capital improvements for approximately 17 or 18 years. This is a somewhat, this is a shorter average life than most utilities. Incidentally, this is the same approximate average life that you use, that you used on your last sewer issue and also your last airport issue. This issue in today's market would sell at approximately 9 3/4 percent. This is only one quarter of one percent away from the usury limit which is 10 percent currently. So as to, inasmuch as the CPS is going to run out of funds and would default on their contract so as to assure the availability of funds we have in the official statement given bidders an alternate whereby if they cannot bid on the customary

schedule and only in that event will the City consider a shorter schedule.

DR. CISNEROS: Even shorter than 17?

MR. MACLIN: The shorter schedule would permit the City to sell bonds under any foreseeable circumstances.

DR. CISNEROS: In other words, with an open situation they're not just a fixed 10 year or 15 year or something like that, but they would dictate what number of years they would need in order to bid below 10, is that

MR. MACLIN: What we've done is we have two - we have alternate one, is a \$75 million issue with the same general design as we've used in the past, an 18 year average life. Alternate two is a \$75 million issue with an average life of approximately 13 year average life. In the event that the market was so depressed that the bidders could not bid for the full \$75 million shorter issue they would be permitted to bid on consecutive maturities as far as they could so that you would have the option of having available funds to continue the project.

DR. CISNEROS: I read this Wall Street Journal article, I read it the other evening and it is - it's a worrisome proposition, but I think there's two ways to look at it. One way is worrisome in the sense that other utilities have terrible, terrible problems. One of the situations discussed here is the Arkansas Power and Light, which had to call off a \$70 million bond sale because they were faced with paying an interest rate of 16.1 percent. The highest ever borne by a Public Utility, and they just simply couldn't do it. I don't know whether that was because of some other manager problem or credit rating situation in that case. But it's clear that other utilities have much worse situations.

We have a record and a credit rating that is such that we are able to still work, even with a bond market in the condition that it is, and one could make the argument that instead of this being a time for delay it is a time instead for taking advantage of what strength we do have which allows us to stay healthy and survive financially even when others are having the difficulty that they are and, to me, that's a very important point. If you're facing the usury limit of 10, is it not true that the trend in interest rates has been toward that usury limit in Texas.

MR. MACLIN: Yes, of course,

DR. CISNEROS: What would that look like in a trend say over the last two years, three years.

MR. MACLIN: Well, I thought the world was coming to an end when we were paying 4 percent on municipal bonds perhaps 15 years ago, and the trend has been constantly upwards since World War II, the cessation of World War II. The United States is virtually the only country in the world that has a long term market and with continued inflation this long term market, of course, is threatened. But Texas is one of the, I would say minority states that has a 10 percent usury limit. And as someone mentioned before legislation has beeninaudible..... because of your field and background you understand that one of the element in the rate is inflation and as long as we have inflation there will be pressure on rates.

DR. CISNEROS: If there's pressure on the rates, and they're pushed toward 10 it just makes that much tougher for us to ever get the bonds sold which pushes us into a serious position with respect to our ability to meet the payments on the project. So, while we are below the limit and while we have the position that we have which is a good credit rating and the ability in -

effect to stay in the game it's advantageous to move. Is that a fair assessment of why we ought to move and move now?

MR. MACLIN: The reason we really have to move is we have a contract and at present the Council is committed to meet some payment obligations and so that is really the overriding consideration, the reason we must go to market rather than default. It is fortunate that the Council has been able to average quite low rates relatively over the financing of one-half of the South Texas Project.

DR. CISNEROS: Let me ask you this. On the bond rating I noticed that Houston Power and Light suffered a decrease from double A to single A. What were the underlying factors behind that? I don't want you to - you know, if you feel

MR. MACLIN: I'm really better prepared to speak to the factors surrounding San Antonio's rates

DR. CISNEROS: The reason that I'm asking is to determine if there is a relationship between what happened there and what might happen to us because it is somehow related to the weight of the debt or something of that sort.

MR. MACLIN: A principal reason was the City of Houston has not been able to keep up with the - on the drawing board and under construction plants which will provide them with a power that they need to service their area. They are now contracting with other generating areas for the purchase of power. In other words

DR. CISNEROS: The bond market looks unkindly on them?

MR. MACLIN: Absolutely.

DR. CISNEROS: Because what?

MR. MACLIN: They are getting further behind, they have not had the prior planning to have their own capacity to keep up with their demand. And the market knows that when they catch up it's going to be at a higher price per generating unit.

DR. CISNEROS: I see, but because we have kept up there's no reason to believe the argument that we are following the same course, our bond rating is going to drop due to our participation in the project of delays in the project. You don't follow that logic, or do you.

MR. MACLIN: We don't have the same problems as Houston does in that respect. But we have problems, certainly.

DR. CISNEROS: Okay, thank you very much.

MAYOR COCKRELL: Mr. Alderete.

MR. JOE ALDERETE: Jack, just very briefly can you give me a listing of possible energy alternatives, could you send me a data sheet or information as to what CPSB would see by way of possible energy alternatives in reference to two areas. One, the coal plant, I think that we spoke about that could be built by '88. What it would cost, what the time factor would be. And number two, the lignite plant and the cost and the time factor attached to that.

MR. SPRUCE: Yes, sir. I don't have those now, but we'd be glad to

MR. ALDERETE: No, I don't mean right now, but could you send me that, please and send copies to all the Council so it wouldn't just be for me.

And also, Jack, could you give me estimates on what it would cost in addition if we were to put, for example, the coal plant that would be done sometime in '88 on a 24 hour shift basis, in other words, if we went full steam ahead on building that coal plant as quickly as possible to get it constructed and on line.

Could you get me an estimate on that because I think that would somehow have a lessening impact on inflation because the less time we wait to build the plant, if we build it quicker and sooner then there is a less impact on inflation. So could - I know that that changes the cost sometimes because the construction company doesn't necessarily want to work 24 hours a day or develop 3 eight hour shifts. But could you give me that information with reference to the coal plant and might as well give it to me for the lignite plant as well. How that would change the cost from an 8 hour shift day to a 24 hour shift day and go gang busters on constructing those plants.

And also would you attach with that information, Jack, a list of possible purchasers of our percentage in the South Texas Nuclear Project. Who would be willing as a utility would be a potential alternative group or utility that would want to purchase our portion of the South Texas Nuclear Project. Could you send me that information?

MR. SPRUCE: Yes, let me - and I won't take any time either, but to put a plant like that on a 24 hour schedule there's some, you know, the engineering you can also try to put that on a 24 hour schedule, but when you order hardware you ask them to go on a 24 hour schedule there are some restraints. They have products in the pipeline, and I don't think that by going on a schedule - there are some events that you can put on a 24 hour and some you can't, is what I am saying. So, I don't think we can cut the time in third by talking about doing that or probably ever in half, but we'll take a look at it.

MR. ALDERETE: Well, maybe we can cut the time significantly, maybe it wouldn't be instead of a 100 percent being eight years maybe we could cut it down to 80 percent of the time or maybe 70 percent of the time. But, I think that would still have a definite negative impact on inflation if we cut the time by that much. This is what I'm driving at.

MR. SPRUCE: We'll do the best we can with that estimate. As far as the other thing let me remind the Council that the participation agreement provides that before we go outside of the participants we offer for sale to them first and they, of course, are the most likely people who would want to buy.

MR. ALDERETE: I realize that. So, including those that we're already in the project with what other outside utilities, private or public, would be interested in buying our share.

MR. SPRUCE: Okay, we have a hard time getting people to indicate an interest until we have something available for sale. The Brownsville Utility, of course, I think you all know has made inquiries about buying a small part, but we'll do the best we can to provide those answers.

MR. ALDERETE: Thank you, very much, Jack.

MAYOR COCKRELL: Thank you. Mrs. Dutmer.

MRS. DUTMER: Yes, before we take this vote I want to know where my request stands and the main thing is that I don't want the Board coming back and saying, well, I'm sorry but they didn't have the authority to that promise. So, now, I don't have any problem with the nuclear energy, I think it's about time we put it to positive use. But I'm going to have to vote for either no or for a postponement if I don't have the guarantee.

MAYOR COCKRELL: May I say - I think you said you would take Mr. Spruce's word and let me just say that there - as far as I'm concerned I will just take the liberty of speaking for the Board. I'm not the Board chairman but I certainly believe that the Board will honor the request that not one penny of this particular bond fund will go for that purpose and that we will come and sit down with the Council - now that does not mean that the Council at this point or that the Board at this point has made a decision not to go forward with the building. But anyway, at this particular point that particular bond sale will not be used for that purpose and then we will have a meeting and have the opportunity for the Council to hear the whole situation and get your input on it.

MRS. DUTMER: All right. Simply because I never want San Antonio to have the reputation of defaulting on any contract. I'll go along with your bond issue and I will take your word for it that none of the money will be spent on this building, and we'll discuss the building when the rate increase and when the next bond issue comes forward. Thank you.

MAYOR COCKRELL: Mr. Thompson.

MR. THOMPSON: Thank you, madam. Since we're all kind of trying to sum up our position I'll do exactly that. Last time we spoke I think it was right, Jack, if you'll just bear with me. When we were speaking last was right in the time period when we were losing control or losing the ability to gage what our time and cost estimates were. We were shut down and there were things that were occurring at that very instant.

MR. SPRUCE: You're talking about last August, the bond issue?

MR. THOMPSON: Yes, in August we were in a shut down phase and we were then loosing our ability to gage and predict, but yet we weren't really clued on that. Whether it escaped my attention or what, it least it wasn't brought out with clarity sufficient for me to pick up on it that we were at that time loosing that ability. It wasn't brought out that explicitly at least. Today we look back and say we did loose ability at that time to gage our cost and our time and that is very simply what I'm asking. I am not in here and I don't want to fall into categories or trenches of trying to demagogue the project or trying to do this or do that. I think that the nuclear power project is a viable and attractive source of energy. But at the same time I really feel compelled to know where we are in this, and I understand that you're telling me that it's going to take until May or June for us to have what you say are estimates. And I take that to be accurate data based, studied estimates. Well, I really want the best information you have as to what it's going to cost and what the times are. The best you have, and today you've been very reluctant and our staff to give those best estimates. Can you do better than saying we will give those in June? Can we get better than that?

MR. SPRUCE: I feel that everyday that goes by we are in better shape as far as being able to make more positive comprehensive estimates. We have a much better bookkeeping system. We have better statistics and further along it will be improved.

MR. THOMPSON: Can you in 30 days give us that kind of figure?

MR. SPRUCE: 30 days?

MR. THOMPSON: Yes, sir.

MR. SPRUCE: No, sir. I would not - the project won't have that until we make an official estimate. Are you asking us to provide you an estimate

prior to the project having made formal estimates to the one that we proposed in May or June?

MR. THOMPSON: Yes, sir. Not for me, I think the whole City would like to know where we are on a continuing updated basis.

MR. SPRUCE: I don't think we're going to have that kind of information on that short of notice, I just as Mr. Hardt has told you and as I've tried to describe, there's certain work activities that have to become functional and have to establish performance records, and we have a more complex quality assurance system which has to be phased in, and we will not have enough data on the performance of those various elements to develop what we would consider a formal estimate that we will go with and that we want published and that we would use for future official projections.

MR. THOMPSON: Okay, so you're saying that at 2.72 billion.

MR. SPRUCE: That is the present base line estimate.

MR. THOMPSON: And the timing is what? The first unit comes on in 1984, September, is that right?

MR. SPRUCE: February, of '84 and February of '86 are the two present base line estimates, present base line estimate for completion.

MR. THOMPSON: Okay, now those are where we are with, that's your best data right now.

MR. SPRUCE: That is the formal estimate we have now; we have no better data. That was developed following a comprehensive study, we do have certain information now that will improve and upgrade the way the next estimate is made. But those are still the official estimates, that's what everybody's got in their publications and their statements, all four of the participants including San Antonio. I would be reluctant for our staff to go out on a limb and try to make an assessment; we just don't have the data; we just don't have the data. It would be speculation and I think that we would then give you a comprehensive estimate that with the whole project can stand behind and that would be developed by early this summer, that's the one we've been talking about.

MR. THOMPSON: Do you have, is that a purchase study? Is that a purchase study? Have we contracted ...

MR. SPRUCE: No, sir, it's being done by the project, being done by Brown and Root, Houston Lighting and Power and the whatever other engineers' services are working with me, but it's not something that's put out to a consultant, it's being done by the project.

MR. THOMPSON: Well, we've had two discussions, and I've gone on and on, and I still feel very uncomfortable and I would love to be able to ask for a thirty day delay in the sale of this. I don't think that would put you particularly at harmful risk, I think you could handle and sell bonds and not rain havoc upon the whole financial structure of CPS if we could get that information. I just, I feel like my guts tells me I shouldn't be voting for something when I don't know the extent of it. And that's where I'm really having trouble, now thirty days if it means nothing or sixty days if it means nothing is pointless to me to ask for it. It's no more than a thorn in someone's side, but I want to make as clear as I can, and I don't know how to get through to you all's organization to Brown and Root or whatever but from my point of view on one seat, District 6 in this

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City, Brown and Root and Houston Power and Light in conducting that study should share with us what they know now, what they anticipate they're going to gain in the next month or two and keep us updated. I think that their process of discovery and how they're going, there should be phase points as to where they are and what they're being able to release, from now till June it's going to be another one of those big monsters come out of down there. It's going to go from 2.72, and I'm afraid and I hate to admit it Eureste might be close to right and I'd never admit that. But I think it's just blind luck that he hit it, but nevertheless he might be close to right. And if it is, I would like to know on an ongoing weekly or monthly scheduled briefed basis where we are on this project, and I didn't ask that last time and I really thought it would be a good idea for the citizens at least. It wouldn't be a bad part of our bill, when we got that bill, fuel adjustment here we are, here's where we are on this project we're on schedule 2% behind, 3% ahead and here's what we're doing some way for everybody to know what we're spending this money on. And I wish, I really wish that I could get that, if I thought asking for a delay today. Can you tell me, is there any way that we can get that, is there any way?

MR. SPRUCE: Can you tell me that, Mr. Poston, please try to be brief, and if you can answer Councilman Thompson's question.

MR. POSTON: We share the frustrations, Councilman that you have. The fact of the matter is that annually the project, a team of analysts, technicians analyze where the schedule is, what's been completed against the base line of engineering drawings and so forth. The reason why we're delayed this time is because we had, a peculiar thing happened we had limited work take place since the beginning of last year and early January and February we had stopped work. In addition to that we've had new regulatory impacts against the project. The Nuclear Regulatory Commission has asked us to review conduit spacing on certain controls, it asked us to make brief calculations on the seismic performance during certain natural occurrencesinaudible..... intensive effort to develop a costing schedule. The need for this very important information is not unique to San Antonio, it's unique to all of the owners.

MR. THOMPSON: Have we requested that of Brown and Root? Where we are right now or is that

MR. POSTON: We have at every meeting implored them and explained to them with great intensity the importance of us getting on with an updated costing schedule, and they're working on it with great force.

MR. THOMPSON: Could you share with us your request of them and what their response is to your request?

MR. POSTON: Yes, we'd be happy to do that.

MR. THOMPSON: Okay, that'll, then we might share in your frustration and hopefully we can compound it by getting them the information.

MAYOR COCKRELL: Thank you. Let me say we don't have a motion on the floor, the chair will entertain a motion.

MR. CANAVAN: I move for approval.

MRS. DUTMER: I second the motion.

MAYOR COCKRELL: There's a motion and a second for approval. Mr. Wing.

MR. WING: Yes, Madam. I'd like to amend the motion that if the Council is as serious as they say they are especially today that the motion for approval of the bonds be amended that we also begin the process at the same time that we have a meeting to be on the building, that we begin to explore the process of what we have as alternatives to wit either limiting our participation in the STNP or to decide that we go full bore. That would take care of some of the questions that have been asked today, the information that Councilman Thompson in particular has asked for and it would also give us the process far enough in advance so that we won't have to be phased six months down the road with the ultimatum that if we do not vote for the bond issues that we face a bankrupt situation. That's my amendment.

MAYOR COCKRELL: All right, let me be sure I get it stated correctly Mr. Wing. You're asking that additionally that the Council at their briefing get the alternatives of ...

MR. WING: The process Madam Mayor, there is a process that has to be followed and I think that this is the first step of the process that you do vote for the ensuing bonds and that then the process is laid out before you. Here is the alternative within X number of months you have the alternative to do certain things. That Council at that particular time in all its wisdom would have to choose if it would, whether to participate fully, partially, or whatever other alternatives are there.

MRS. DUTMER: Second.

MAYOR COCKRELL: Thank you. You understand the amendment which is for the Council to, for the CPS staff to lay out to the Council this process so that Council will have full understanding and can make decision thereto. Let's see, Mr. Eureste.

MR. EURESTE: I would move for a thirty day postponement and the reason for that is so that CPS can come back to the Council with the updated costs of this project and an update on the scheduling for this project.

MR. ALDERETE: Second.

MAYOR COCKRELL: All right, there has been a motion for a thirty day postponement, that's a procedural motion and will take precedence at this time. We will ask for a roll call on the motion to postpone.

AYES: Webb, Eureste, Thompson, Alderete.

NAYS: Cisneros, Dutmer, Wing, Canavan, Archer, Steen, Cockrell.

ABSENT: None.

MAYOR COCKRELL: The motion failed. The next one is on Mr. Wing's motion to amend by adding those directions. The Clerk will call the roll.

AYES: Cisneros, Dutmer, Wing, Thompson, Canavan, Archer, Steen, Cockrell.

NAYS: Webb, Archer, Steen.

ABSENT: None.

MAYOR COCKRELL: Motion carried.

The main motion carried by the following vote: AYES: Cisneros, Dutmer, Wing, Thompson, Canavan, Archer, Steen, Cockrell; NAYS: Webb, Eureste, Alderete; ABSENT: None.